EXCO TECHNOLOGIES LIMITED

2019 ANNUAL INFORMATION FORM

For the Fiscal Year Ended September 30, 2019

December 4, 2019

Throughout this document the annual report of the Company for the fiscal year ended September 30, 2019 including the financial statements and notes thereto and management's discussion and analysis will be referred to as 'Annual Report'. The financial statements of the Company and notes thereto appearing in the Annual Report will be referred to as 'Financial Statements'. Management's discussion and analysis appearing in the Annual Report will be referred to as 'MD&A'.

TABLE OF CONTENTS **PAGE**

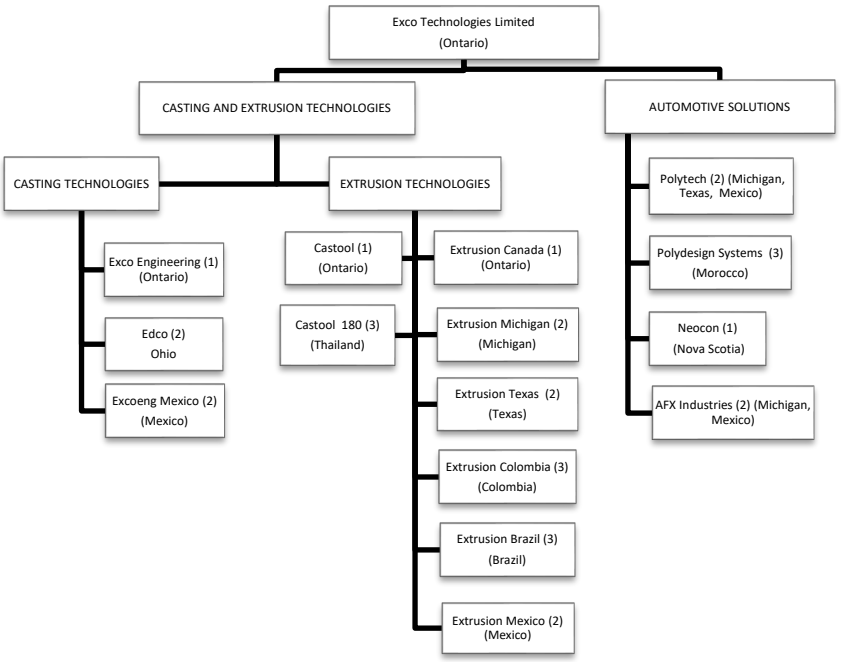
ORGANIZATION OF THE COMPANY

Exco Technologies Limited ("**Exco**" or the "**Company**") was formed by articles of amalgamation dated July 28, 1986 under the *Business Corporations Act* (Ontario) amalgamating Exco Holdings Inc. and two other holding companies with Extrusion Machine Co. Limited ("Extrusion") and Qualitool Inc. Extrusion was founded by H.H. Robbins, the father of the current President and Chief Executive Officer of the Company, and has carried on business since 1952 under the trade name Exco. Exco carries on business through 15 operating entities as indicated on the following organization chart. The Company's registered and principal office is at 130 Spy Court, 2nd Floor, Markham, Ontario, L3R 5H6.

Exco is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. Through its 15 strategic locations, Exco employs 5,358 people and services a diverse and broad customer base. Each operation constitutes an autonomous profit centre within the Company but draws upon Exco's pool of expertise and technology. The Company reports in two business segments.

The Casting and Extrusion segment designs, develops and manufactures die-casting and extrusion tooling and consumable parts for both aluminum die-casting and aluminum extrusion machines. Operations are based in North America, South America and Thailand and serve automotive and industrial markets around the world. Exco is a leader in most of its markets which principally consist of North America for die-cast tooling, North and South America for extrusion tooling and globally for consumable tooling parts and related equipment. Across its markets, Exco is focused on further entrenching itself by reducing lead times and manufacturing costs through design and process enhancements. Major capital projects have been implemented in recent years to increase capacity, reduce lead times, further improve quality and reduce costs. In the machine consumables market, Exco is leveraging its long tradition as a reliable, high-quality supplier of consumable components for the injection system of die-cast machines and aluminum extrusion presses by evaluating, coordinating and ultimately maximizing customers' overall equipment performance and longevity.

The Automotive Solutions segment designs, develops and manufactures automotive interior trim components and assemblies primarily for passenger and light truck vehicles. The Polytech and Polydesign businesses manufacture synthetic net and other cargo restraint products, injection-moulded components, shift/ brake boots, related interior trim components and assemblies. Polydesign is also a manufacturer and/or finisher of injection moulded interior trim and instrument panel components, sun visors, seat covers, head rests and other cut and sew products. Neocon is a supplier of soft plastic trunk trays, rigid plastic trunk organizer systems, floor mats and bumper covers. AFX Industries is a tier 2 supplier of leather and leather-like interior trim components to the North American automotive market. AFX also supplies die cut leather sets for seating and many other interior trim applications as well as injection-moulded, hand-sewn, machine-sewn and hand-wrapped interior trim components of all sorts. Automotive Solutions manufacturing facilities are located in Canada, the United States, Mexico, and Morocco supplying the automotive markets in North America, Europe and to a lesser extent, Asia.



1. Division of Exco Technologies Limited.
2. Indirect wholly-owned subsidiary of Exco Technologies Limited. The Company also indirectly wholly-owns, where applicable, all non-voting securities.
3. Wholly-owned subsidiary of Exco Technologies Limited.

HISTORY OF THE COMPANY

Background

The Company commenced business in 1952 when Herbert Henry Robbins founded Extrusion Machine Co. Limited as a machine shop, and shortly thereafter became a custom manufacturer of aluminum extrusion dies for Canadian aluminum extruders. Over the years, the Company has evolved from a "family style" machine shop into a sophisticated tooling company.

During the 1960's, divisions were established in England, France, Germany and Australia expressly for the production of aluminum extrusion dies for the developing extrusion industry in those areas. Following the death of H.H. Robbins in 1975, his son Brian Robbins was appointed President of the Company.

As a result of a strategic decision to develop a strong technological base (through the acquisition of advanced technology and machinery) to maximize growth, the Company's foreign interests were sold during the late 1970's and early 1980's. The sale allowed the Company to focus its investment and management efforts in its Canadian operations. During the 1980's the Canadian operation expanded and the concept of profit centres was initiated. The Company's product base grew through the application of the Company's existing and acquired technology to other related industries. The Company's activities expanded to include the design and manufacture of components for military hardware (aircraft, vehicular and marine) and civilian aircraft, intricate components for nuclear reactors, very large moulds for automotive aluminum die casting and the distribution and processing of tool steels and mould makers' supplies.

In 1986, the Company sold common shares to the public through an initial public offering. Subsequently, the Company continued to expand in its established market niches.

The Company withdrew from a non-core tool steel distribution business and closed a small division in 1993, which supplied naval hardware to Unisys for the AEGIS defence program.

Since 1994 Exco has made a number of acquisitions and expanded organically around the world. The motivation for the Company's acquisitions is to ensure that the target company fits our core competencies and, or, our Company culture.

DESCRIPTION OF CAPITAL STRUCTURE

The Company has one class of common shares. There is no limit on the amount of common shares that may be issued. Each common share is entitled to one vote and there are no restrictions on voting rights other than those imposed by law. All shareholders participate equally, in proportion with their share ownership, in the dividends declared and paid by the Company and upon dissolution or wind up of the Company. There are no constraints imposed on the ownership of securities of Exco intended to ensure that Exco has a required level of Canadian ownership. Since 1987, the Company has had no preferred shares issued or outstanding.

Dividends

The Company initiated paying quarterly cash dividends on its common shares in the amount of 1.25 cents per share in the second quarter of fiscal 2003.The following table sets forth the cash dividends paid and payable on our Common Shares in respect of each quarter for the last three years.

	Cents per share
Q2-2017 to Q1-2018	8.00
Q2-2018 to Q1-2019	8.50
Q2-2019 to Present	9.00

The Company expects to continue paying a quarterly dividend from our cash flow from operations; since 2008 the Company has consistently increased its dividend payment. The declaration and payment of dividends, including the dividend rate, is reviewed quarterly by our Board and is subject to the Board's discretion taking into account our cash flow, capital requirements, our financial condition and other factors as they consider relevant.

Normal Course Issuer Bid

The Company received approval from the Toronto Stock Exchange for a normal course issuer bid for a 12-month period beginning February 18, 2019. The Company's Board of Directors authorized the purchase of up to 2,100,000 common shares representing approximately 5% of the Company's outstanding common shares. Through September 30, 2019, the Company repurchased 895,218 shares under this program.

The issuer bid share purchase history for each fiscal year over the previous three years is as follows:

Fiscal Year	Shares Purchased	$ Per Share	$ Paid
2017	151,100	$9.66	$1,459,867
2018	696,400	$9.56	$6,656,058
2019	1,416,018	$8.69	$12,301,354

Market for Securities

The common shares of Exco are traded on the Toronto Stock Exchange under the symbol XTC. The trading price and volume is indicated in the table below.

Month Ended	High ($ per share)	Low ($ per share)	Close ($ per share)	Volume Traded
2019/09	7.89	7.21	7.35	578,362
2019/08	8.50	7.00	7.52	505,778
2019/07	8.59	7.71	8.34	443,701
2019/06	8.46	7.35	7.75	657,055
2019/05	9.40	8.18	8.20	720,060
2019/04	9.95	9.35	9.37	278,550
2019/03	10.18	9.11	9.47	547,870
2019/02	10.49	9.26	9.70	668,488
2019/01	10.07	8.89	9.97	1,297,642
2018/12	9.55	8.50	9.03	551,690
2018/11	10.04	8.90	9.47	712,298
2018/10	10.16	8.62	9.23	1,093,861

Transfer Agent

The Company's transfer agent since November 1, 2004 is TSX Trust Company, 301 – 100 Adelaide Street, West, Toronto, Ontario, M5H 4H1. Prior to that date the transfer agent was CIBC Mellon Trust Company.

LEGAL PROCEEDINGS

There are no legal proceedings against the Company or, to the knowledge of management, contemplated against the Company or its assets which either individually or in the aggregate exceed ten percent of the current assets of the Company.

CONFLICT OF INTEREST

There is no existing or potential material conflict of interest between the Company and any of its subsidiaries or between any Company's director or officer and the Company or any of its subsidiaries.

DESCRIPTION OF COMPANY

The Company's head office staff consists of seven persons who have responsibility for the collection of financial data, budgetary controls, banking, treasury, insurance, corporate philosophy and policy. The Company reports the corporate office as a reporting segment. Each of Exco's main divisions are operated as autonomous profit centres, with the exception of its *maquiladora* operations in Matamoros Mexico, and are part of either the Casting and Extrusion Technology reporting segment or the Automotive Solutions reporting segment.

The profit centre basis enables the Company to reward individual managers and senior employees for results generated directly by their performance. The maintenance of focused divisions enables the Company to respond quickly to customer requirements, shifts in the market and encourages innovation. As well, the independence of each plant allows Exco to react quickly to new business opportunities. This organizational structure allows decision-making and cost control to occur at the operational level.

The Company has a Deferred Profit Sharing Plan ("DPSP") for certain employees of the Company based on a distribution of the lesser of 1% of the eligible earnings of Canadian and US eligible employees of the Company or 5% of pre-tax profits to participants according to years of service and eligible earnings. The DPSP does not include senior divisional and corporate management. The full amount of an individual's award is invested according to the individual's election from an offered pool of managed investment products and, in Canada only, Company common shares. All funds and Company stock invested in the Canadian DPSP is purchased, held and managed by a third-party

trustee. Purchases of Company stock, to the extent required by the Canadian DPSP, are made on the open market through the facilities on the Toronto Stock Exchange by the third-party trustee.

Management believes that the personal and financial rewards offered to employees have resulted in a very stable and highly skilled work force, which includes a significant number who are engineers, toolmakers and machinists. In addition, it is the Company's belief that separate operating divisions lead to better employee relations, as management is able to work individually with employees on a daily basis.

The distribution of Exco's sales by segment is as follows:

	2019	2018
Casting and Extrusion Technology	**$204,292**	$199,920
Automotive Solutions	**303,056**	375,634
	$507,348	$575,554

Sales by geography (destination) are as follows:

Sales	**2019**	2018
Canada	**$21,752**	$20,734
United States	**304,622**	301,569
Europe	**100,138**	175,086
Mexico	**58,249**	54,639
South America	**9,549**	9,239
Asia	**8,257**	9,625
Other	**4,736**	4,662
	$507,348	$575,554

Exco's markets are well defined and sales are developed through target marketing. During fiscal 2019, sales to our largest customers as percentages of total sales are as follows:

	2019	2018
FCA	**6.5%**	4.6%
Faurecia	**6.1%**	15.5%

EXTRUSION AND CASTING TECHNOLOGY SEGMENT - THE INDUSTRY

Exco operates three related tooling and equipment businesses, namely: (i) Extrusion Technology, which involves the design and manufacture of dies for aluminum extrusions, (ii) Casting Technology, which comprises the design and manufacture of moulds for aluminum die castings as well as other light metals and (iii) extrusion and casting equipment technology (Castool), which involves the design and manufacture of components for the injection system of extrusion presses and die casting machines and other equipment accessory to these presses/machines. This segment represented 40.3% of Exco's revenue in fiscal 2019.

Extrusion Technology (Exco Canada, Exco Michigan, Exco Texas, Exco Colombia, Exco Brazil, Exco Mexico)

- ***Structure***

The Company manufactures a range of tooling products used by its customers in the aluminum extrusion industry. Aluminum extrusion dies are the most significant product area, complemented by other products, allowing the Company to offer an aluminum extrusion system.

Aluminum extrusion dies are made of round discs of high nickel chrome alloy tool steel which are machined by a combination of turning, drilling, milling and electric discharge machining ("EDM") and subsequently heat treated to a hardened state. Typical extrusion dies range in diameter from eight inches to twenty-two inches, in thickness from one to ten inches and in weight from 50 to 1,000 pounds. The Company has the capability to make dies up to diameters of 40".

Aluminum extrusion dies are used in the production of aluminum extrusions. In this process, a preheated aluminum billet is forced through an aperture in the extrusion die at the end of a cylinder causing the metal to assume the shape of the aperture in the extrusion die.

Each extrusion die must be individually designed. This involves a combination of science and art. The design and manufacture of extrusion dies has become increasingly complex as extruders require thinner wall thickness and finer tolerances.

The majority of extrusion dies are custom-designed, with the balance being repeat shapes. Orders are received on a daily basis from the aluminum extruders, as their products are usually delivered on short notice. In turn, extrusion toolmakers must respond with the design and delivery of dies within one to three weeks of being ordered.

Extrusion tooling is produced by: 1) Exco Canada a division located in Markham, Ontario, 2) Exco Michigan an indirect subsidiary of the Company located in Chesterfield, Michigan, 3) Exco Texas an indirect subsidiary of the Company located in Wylie, Texas, 4) Exco Colombia a direct subsidiary of the Company located in Medellin, Colombia 5) Exco Brazil a direct subsidiary of the Company located in Sorocaba, Brazil and 6) Exco Mexico an indirect subsidiary of the Company located in Queretaro, Mexico which began production in the third quarter 2019. These divisions employ approximately 407 people. Approximately 41 of these employees are salaried and 366 are hourly employees. Our Canada, US, and Columbia facilities are not unionized. There are 27 production employees at our Brazil facility who are represented by *Sindicato Dos Metalurgicos De Sorocaba E Regiao* and 20 production employees at our Mexica facility who are represented by *Sindicato de Trabajadores de la Industria de la Construccion, Terraceros, del Transporte y Maquinaria Paseda*. Each division designs and manufactures aluminum extrusion dies, and supplies them to aluminum extruders in North America, Central and South America, the Far East and Europe. Significant customers include Hydro, Western Extrusion, Extrudex and Alcoa (Kawneer). Exco has been involved in designing and supplying extrusion dies for over 60 years.

- ***Manufacturing Methods***

Aluminum extrusion dies are designed and manufactured with the aid of computer-aided design/computer-aided manufacturing ("CAD/CAM") and computer numerical control ("CNC") machining centres (three to six axis), flexible manufacturing systems and electronic discharge machines ("EDM"), particularly wire EDM.

EDM is the controlled vaporizing or disintegration of the die steel utilizing electrical spark. Conventional EDM uses a precision machined spark generator to control the ultimate finished shape, whereas wire EDM uses a travelling wire whose path is CNC controlled. The advent of this technology has made it possible to produce more complex shapes and achieve finer tolerances. With the application of EDM and other advanced manufacturing processes, extrusion tooling is at the forefront of metalworking technology.

The Company has upgraded its plants with 5-axis milling machines, it has harmonized design and programming and manufacturing methods within the entire group.

In the last several years the Company has pioneered at its Extrusion Canada production facility a method of mounting dies on the machining centres which materially reduces set-up time while also increasing accuracy during the machining process. This has dramatically improved production efficiency by reducing scrap and reworking costs. In 2017 the Company migrated this advanced fixturing system to its other extrusion die production facilities.

These developments, which involve significant capital costs and require highly trained staff, have made it increasingly difficult for new companies to enter and compete in the extrusion die manufacturing industry.

- ***Customers and the Market***

Extrusion tooling customers include vertically integrated aluminum producers as well as independent extruders who in turn supply aluminum extrusions to custom fabrication companies or to their own captive fabrication divisions. Aluminum extrusions are used in an increasing number of applications. The most significant application is as a building material, specifically for window framing, architectural facings of buildings and in the industrial truck and trailer market. However, the complexity and configuration of possible extrusions is virtually infinite. Applications of complex extruded components are used in the computer, electronic and aerospace industries as well as the automotive industry, where aluminum extrusion applications are expanding significantly. The individual die is a critical component in the extrusion process, but a relatively insignificant portion of the total cost of the overall aluminum extrusion manufacturing process which contributes to drive strong demand for extrusion dies.

The Company estimates that the extrusion tooling market in North America is approximately $US275 million annually. Exco believes that it is currently the largest supplier in the Canadian and U.S. extrusion tooling markets and that it accounts for approximately 30% of sales in the North American market. Sales to and within the United States have grown due to a focused marketing effort. Exco Michigan located in Chesterfield, Michigan, was acquired in 1994 to provide a base from which the Company can advance its penetration of the U.S. market. In 2008, this facility was expanded and in January 2013, Exco Texas was acquired to service the south-central region of the United States. Early in 2016 Exco Texas moved to a larger facility in Wylie Texas. The Company believes there is opportunity to further expand its presence in this market.

The North American extrusion tooling industry is comprised of a few large players and a number of much smaller operations, which are all privately owned. The North American market has experienced consolidation over the last few years in response to an increasing demand for quality, faster delivery and very competitive pricing which require a significant investment in technology. This trend is continuing although at a more moderate pace. A relatively large foreign player also entered the U.S. market in 2018 through its purchase of a small existing extrusion facility with plans to invest capital to upscale that existing facility. Nonetheless, Exco continues to make the investment it believes to be necessary to remain a leading supplier in this market. Given Exco's size, multi-plant footprint with certain locations in low cost countries, advanced manufacturing processes and ready access to capital, Exco management believes that it is in a better position than most of its competitors to continue to prosper.

Over the last ten to fifteen years extruders of certain aluminum products have moved their operations to China and other low-cost locations. These products are typically simple, yet high volume, consumer products distributed throughout North America by mass retailers such as Wal Mart and Home Depot. Tooling required by these extruders, in many cases, was resourced to tool shops located near the new extruding operations in China and other low-cost locations. This trend stabilized several years ago and in the last few years has reversed as many extruders are returning to North America after the imposition of anti-dumping duties on Chinese imports in 2010. After sunset review in 2017 these duties remain in place.

Steel costs can fluctuate depending on commodity prices and micro- and macro-economic variables. In the last decade steel prices peaked in 2011, declined and stabilized in the years to follow, but began increasing again in 2018. The Company passes on steel surcharges to its customers thereby causing revenue to increase or decrease as surcharges fluctuate. Most recently, duties on imports of steel into the USA were implemented. Many importers began receiving exemptions from these tariffs in 2019. While the Company has been passing on these duties to its customers, raw material costs have increased and has had a dampening impact on margins.

The market in Central and South America is significant and should continue to grow as those countries mine significant quantities of bauxite and aluminum. These countries efforts to develop their infrastructure and economies should also increase demand for aluminum extrusions. Sales to the United States, Central and South America, Europe, and the Far East collectively represent the vast majority of sales of the Company's extrusion technology business. In order to more closely align production with our markets, the Company expanded Exco Michigan and acquired Exco Texas (as described above) and closed an Ontario production facility called AluDie in the last decade. In 2011 the Company purchased a tool shop in Medellin, Colombia to service the Colombian, Latin and South American, excluding Brazil, markets. Also, in January 2014, the Corporation completed the construction of a 30,000 sq. ft. production facility in Sorocaba, Brazil and services the Brazilian market from that location. These Central and South American markets had been serviced before that by Exco Canada. As indicated above, the Company began construction of a new facility in

Queretaro Mexico in 2018 in order to better service that domestic market and this facility began commercial production in April 2019.

The Company believes that its best marketing tools are its engineering capability, its broad reputation for quality and reliability and its ability to design, manufacture and ship dies typically within 10 days. Management and marketing is now primarily conducted at the divisional group level with all plants coordinating their marketing efforts. Sales contact continues to be maintained through each plant's engineering department.

Casting Technology (Exco Engineering, Edco, Excoeng Mexico)

- ***Structure***

The Company designs and manufactures die-cast moulds. Moulds produced by Exco are used to produce aluminum, magnesium and structural aluminum high pressure die-castings. The die-castings are produced by forcing molten aluminum or magnesium into the mould under extremely high pressure, with the resultant die-casting precisely reflecting the detailed shape of the mould.

Moulds produced range in size from several cubic feet to several hundred cubic feet and from approximately 10 tons to 75 tons in weight. These moulds may be used to produce such products as automotive parts, consumer appliances and industrial products. The Company focuses on making moulds for automotive parts.

Participants in the automotive transmission case, engine block, and large structural component mould-making sector are Exco, OEM in-house mould shops and several other companies situated in North America, Europe, Japan and China. For the rest of the mould making sector participants are diverse and generally small owner-operated businesses. Recent years have seen greater global sourcing of large tools from a more crowded vendor base, though we believe none of our competitors have the design, development and additive manufacturing capability of our large mould businesses. Additionally, while a handful of tool shops market similar capability as Exco, nearly all rely on extensive subcontracting in order to do so, often outsourcing the most highly engineered and longest lead time components, which Exco typically produces in house.

Over the last five years tool shops located in Western Europe have increased their competitive presence in North America. These organizations had been struggling in their home markets where economic conditions were relatively weak. However, the weakening Euro against the US dollar made their exports to North America more competitive. In North America, Western European tool shops have largely competed on the basis of price, without offering the level of engineering, design or production support Exco typically offers. Competitive pressures from European tool shops in North America has become less pronounced in more recent years as economic conditions have improved in Europe but the Euro remains depressed against the US dollar, so the competition continues.

Moulds are produced and maintained at the Company's Exco Engineering division in Newmarket, Ontario, Edco Inc. located in Toledo, Ohio and at Excoeng Mexico located in Querétaro, Mexico. These divisions currently employ approximately 238 people. Approximately 65 are salaried and 173 are hourly. Excoeng Mexico has 28 hourly production staff represented by *Sindicato Nacional De Trabajadores, Empleados, Operadores, de la Industria Automotriz*. The Company believes that it is the largest independent manufacturer of large die-cast moulds in North America.

The Exco Engineering division is located in a 135,000 square foot facility. In 1998 this facility was expanded by 75%. This plant is more than three times the size of the original Engineering facility. Its crane capacity is up to 70 tons and is equipped with large and sophisticated machine tools. Included in the facility is an in-house aluminum and magnesium foundry, which is equipped with a fully automated 3,500 ton die casting machine, which is used to sample and verify new dies as they are built. This machine, which can run dies of various sizes, provides a further service to existing customers and enables the export of verified dies to customers.

Exco Engineering supplies some of the largest and most complex moulds produced in the world. It has developed and applied many new techniques to this industry. Exco engineers and accurately machines mould components, thereby reducing cost and the need for specially produced spare parts. Moulds supplied by Exco Engineering are used

primarily in the automotive industry to produce transmission case castings, engine blocks and, increasingly, structural parts.

Edco was acquired in fiscal 1995. It is located in a 48,000 square foot facility in Toledo, Ohio. Edco designs, builds and repairs large die cast moulds for the automotive industry. Edco has focused primarily on developing business with the North American Tier 1 die casting supply base and with foreign domestic automakers. It has succeeded in developing strong relationships with Tier 1 die casters which account for a significant portion of its sales.

Excoeng Mexico commenced production in 2010 and is located in Querétaro Mexico. It services the growing number of die casters establishing operations in central Mexico. The facility is approximately 20,000 sq. ft. This business also subcontracts work from Exco Engineering in Newmarket and is actively engaged in expanding its customer base among the numerous automotive die casters clustered around Queretaro, Mexico. The facility maintains and rebuilds moulds and has matured to the point where it now produces many highly technical components and complete moulds in-house. Excoeng Mexico is the only production facility in the Casting Technology Group that is unionized.

- ***Manufacturing Methods***

As the moulds required by customers have become larger and more complex, the methods of design and manufacture have also become more complex. The moulds are produced by a combination of milling, boring, drilling, turning, tapping, EDM, polishing and additive manufacturing methods. CNC machining and CAD/CAM have been extensively applied to these processes resulting in more precisely finished moulds with improved tolerances.

CAD/CAM equipment and CNC machinery have brought the mould making industry to the leading edge of technology. The high capital costs, the requirement for special facilities and the need for a skilled workforce inherent in utilizing advanced technology and equipment are constraints for all companies in the business, particularly newly established companies.

As indicated above, Exco operates its own 3,500 ton die-casting machine and foundry in its Newmarket plant to test and develop customer products. This in-house foundry has robotic process management and three dedicated furnaces to deliver standard die cast aluminum alloy, structural aluminum alloy (A365 – discussed below) and magnesium alloys. In addition to verifying dies as they are built, the operating experience and data acquired during this testing process is used to resolve production problems for its customers. In 2012, the ability to cast A365 aluminum alloys (used for structural components) was added. Our ability to test tools by forming A365 castings in house represents a significant value to our customers and a formidable collection of proprietary experience and know how. We know of no other tool shop globally with the ability to cast three distinct lightweight alloys on a 3,500 ton die cast machine, using multiple robots to fully automate part handling and external tool cooling. This automation allows Exco to virtually duplicate our customer's production processes and we believe it is a key to sustaining our leadership in tool engineering and design.

Exco's mode of operation is to work closely with the OEMs to assist in the design of next generation fuel efficient powertrain systems (engines, transmissions and other powertrain components) and to locate its operations near its customers. Exco employs the latest technology in manufacturing and quality assurance with the assistance of 3, 4, and 5-axis CNC machine tools and both traditional and optical coordinate measuring equipment which are interfaced with the Company's in house CAD/CAM capability. This interfacing permits a closed loop production cycle in which the components can be initially detailed using data and specifications supplied by the customer and subsequently manufactured and inspected in a digitally-linked system. Exco has also moved toward global sourcing of its specialty steel requirements, allowing it to control its steel cost and dramatically reduce delivery time.

Exco's manufacturing time on new tooling generally ranges from 16-32 weeks depending on the complexity of the tooling and the (often variable) lead time associated with suppliers of our key materials and components. Additionally, we believe recent investment in a system to completely automate all core manufacturing steps required to produce key mould components – a solution that is unique, globally – will results in our ability to consistently deliver tooling much faster than our competitors.

- ***Customers and the Market***

The primary customers of the mould-making sector are the major automakers and Tier 1 die casters. As well as doing their own die casting, the automakers purchase some of their requirements from independent custom die casters. Aluminum die cast moulds are also used in the production of non-automotive products but these are not a focus of Exco.

One of the main applications of die casting in the automobile industry is in the manufacture of powertrain components including transmission housings, engine blocks, and housings for water pumps, oil pumps and differentials. Increasingly a number of structural components in the vehicle are also being die-cast. These components include shock towers, engine cradles, cross members, A/B Pillars, torque boxes, battery boxes, and longitudinal members. This is occurring as automotive OEMs substitute steel with lighter weight and less complex aluminum castings in order to meet regulations related to improved fuel efficiency and reduced greenhouse gas emissions. In the US, regulations that became effective in 2012 require annual improvements for Corporate Average Fuel Economy (CAFE) expressed in miles per gallon (mpg) between model years (MY) 2017 and 2025. These standards are firm through MY2021 however are currently under review for MY2022-MY2025. Various other regions and countries around the globe (including the European Union, China, Canada, Japan) have implemented similar regulations to varying degrees.

Most of the innovation required for automakers to achieve these levels of mileage improvement will come from improvements to the internal combustion engine and powertrain. Specifically, the move from 5 and 6 speed automatic transmissions to 8, 9 and 10 speed automatic transmissions, in redesigned form, will continue to dominate the North American powertrain landscape well into and beyond 2025. This is also the preferred powertrain architecture for hybrid electric vehicles. Redesigned four cylinder engines will also increase in dominance in North America. The new fuel efficiency standards are also placing renewed emphasis on reducing the overall weight of automobiles including engines and transmissions.

While events of the last few years leave the future of the diesel engine uncertain, any impact of a decline in diesel penetration on our large mould business would be minimal, as almost no diesel engines are formed via the high pressure die casting method, and thus do not employ our tooling.

Somewhat similarly, while it is difficult to estimate when and to what extent the electric car will more significantly disrupt the conventional combustion engine industry, we expect any such disruption to the large mould business to be mitigated by the continuing need for large high pressure die castings in electric vehicles, with battery boxes and rotor/stator housings being well suited to the high pressure die casting process. As well, electric vehicles typically make extensive use of aluminum in the structure of the vehicle in order to reduce overall weight which is critical to maximizing the driving range between charge cycles.

The Company expects to benefit from these developments in two ways. First, the focus on light weighting should generally translate into increased aluminum content in future vehicles, meaning more die cast tooling generally and a broad-based benefit to tool builders like Exco. Second, to the extent the fuel economy targets mean all new engines and transmissions these programs are a strong fit with Exco's ability to deliver the required tool and represent a barrier for tool shops that generally focus on building tooling to existing designs.

The complexity and intricacy of the moulds have increased as designers incorporate more features into the die cast components. Dies are also becoming smaller as engine design is moving to smaller displacement three and four cylinder engines and transmission housings. This trend may be offset by the rise in structural components, which in many cases, require larger tools and a greater emphasis on flow characteristics and flexibility rather than rigidity. As quality requirements have increased, the die making and designing process has become increasingly complex and sophisticated.

The Company estimates that the North American market for mould making and repair for automotive transmission case and engine block programs is approximately $180 million annually depending on new programs and how many vehicles are sold in any given year. However, as mentioned previously, the market for other large die-cast transmissions and engine blocks is increasing as aluminum replaces other materials and technologies (such as cast iron and sand casting, for example) and as OEMs increasingly redesign their powertrain systems in order to achieve higher fuel efficiency. An emerging trend is the use of aluminum to make structural automotive components. While often a more technically challenging die-cast process requiring an alloy known as A365 aluminum (discussed earlier), the structural die casting process can create much lighter parts than traditionally achievable with steel. This opens an

entirely new market for Exco as the size of the moulds required and the complexity of the process are uniquely suited to Exco's crane and milling equipment capacity, our in-house foundry, and engineering/ design talent. The Company believes this market may eventually be larger than that of the traditional powertrain products.

Its competitors are mostly private companies and the largest such competitor Exco believes to be Delaware Dynamics. However, two other North American competitors, Strohwig Industries and SF Tooling Group GmbH, are believed to be of generally comparable size to Delaware Dynamics. Key European competitors are SAPP SpA, Heck and Becker and Costamp Group SPA in Italy.

Exco believes that the American and Mexican markets represent a significant opportunity for it currently. As virtually the only non-captive toolshop in Mexico capable of working on large die cast tooling we are well positioned to participate in the country's growing third party automotive die cast sector. While competitors will surely join us in Mexico at some point, we know from experience that it will take them several years to establish a credible presence and competitive threat. In the last couple of years within the United States approximately US$400 million in investments in die cast foundries have been announced by two major die casters and in Mexico another US$100 million has been announced.

Castool

- ***Structure***

The Company's Castool division designs, manufactures and sells consumable tooling components and related capital equipment for light metal die cast machines and extrusion presses. The die cast tooling system includes thermally controlled shot sleeves, proprietary plunger tips, plunger rods, lubrication, venting and controllers. The extrusion tooling system includes proprietary containers and dummy blocks, stems, lubrication, single cell die ovens and controllers. Castool has evolved their systems to include a less expensive, longer life, more energy efficient and safer products. These include a steel plunger tip to replace beryllium copper, special-coated replaceable inserts for shot sleeves that extend life and reduce cost, plunger rods with internal lubrication , a special high yield material for high pressure dummy blocks and high temperature shot sleeves, a high temperature plug for their proprietary container, a 2-piece butt-shear, a soap based release agent to replace graphite and boron nitride, a vegetable ester based plunger lubricant to replace petroleum, and an upgraded master controller for advanced reporting capabilities with the ability to connect with all major PLC brands. Patent applications have been submitted for many of these items.

All these components relate to the mechanisms in die cast machines and extrusion presses that heat the light metal and deliver it in liquid or semi-solid form to the die or mould. Castool provides both production tooling and technical advice to leading extruders and die casters globally. Castool manufactures die ovens which heat dies to the appropriate temperature before insertion into extrusion presses and most of its products are now either thermally controlled or managed by PLC/computer systems. Castool believes it is the only company to provide single sourcing and undivided responsibility for these tooling systems. It also provides technical advice through direct contact, articles in trade journals and trade association conventions.

- ***Manufacturing Methods***

Castool manufactures these products at its state of the art 65,000 sq. ft. production facility in Uxbridge, Ontario. In 2013, the Corporation constructed a 30,000 sq. ft. production facility in Chonburi, Thailand. The facility started production in July 2014 to better service the Asian and European markets. In 2019, Castool began construction of a 20,000 sq ft. addition to its Uxbridge facility to provide additional manufacturing/ warehousing space. These divisions currently employ approximately 177 people. Approximately 54 are salaried and 123 are hourly. Neither location is unionized. In 2020 the Company will begin construction of a approximately 30,000 sq. ft. facility in Kenitra, Morocco to better service the European market.

Castool designs and manufactures with the use of CAD/CAM, CNC equipment and several powerful modelling tools. CNC equipment includes 9-axis milling/turning centres, horizontal mills, vertical and horizontal lathes and various custom machines designed to make Castool products perform efficiently. Castool also designs and develops software programs that are primarily related to thermal regulation of the above referenced accessories and components.

- ***Customers and the Market***

Castool not only services the same customer base as the Extrusion Technology and Casting Technology businesses but it also sells to other customers in the global market which the Extrusion Technology and Casting Technology businesses do not currently sell to. While the latter two business groups focus on manufacturing and marketing dies and moulds that will make a high quality part, the Castool business focuses on making components and accessories that will increase the customers' extrusion press and die-cast machine uptime (longer tooling life) and yields (less scrap and energy consumption). Since the 2009 global financial crisis, both industries have become much more aware of production inefficiencies. This is an ideal market climate for Castool since its tooling systems can offer customers an attractive return on capital invested in Castool products.

Both the extrusion and die casting industries are becoming increasingly competitive. Their customers are demanding products that are larger, more complex, and with more precise tolerances than ever before. The advanced technology of Castool products allows both extruders and die casters to respond to these needs.

On October 15, 2010 the Company purchased Allper AG, a Swiss designer and global distributor (with primary market share in Europe) of plunger tips and other die cast machine consumable components. Allper AG also had, since 1993, licensed its proprietary technology to Castool in North America. With this acquisition Castool owns all aspects of its product offerings. Allper AG products are now marketed by Castool in North and South America and by sales agents throughout the rest of the world. The Swiss sales office and distribution centre was closed in March 2013 and these functions were reassigned to other Castool distributors in Europe.

Castool has sales agents and/or sales representatives in most markets in the world managing customer relationships. These include but are not limited to North America, Europe, South America, Japan, Korea, China, Thailand, Indonesia, Vietnam, Australia, the Middle East and India. Castool also presents technical papers at most international congresses and trade shows in the extrusion and die cast industries.

- ***Human Resources***

Overall, the Casting and Extrusion Technology segment has approximately 822 employees, approximately 160 of which are salaried and include design engineers and technicians. Approximately 662 are hourly employees of which 75 in Mexico and Brazil are unionized (see above for details). Exco believes employee relations are good with the Mexico and Brazil employees subject to a collective bargaining agreement. The Company provides rewards to these employees through a combination of financial benefits and personal recognition.

Exco encourages further education of these employees and is an active participant in apprenticeship programmes. In addition, the Company co-operates with and supports several local community colleges from which it typically draws its design engineers.

AUTOMOTIVE SOLUTIONS

Exco operates four businesses in the Automotive Solutions segment. Polytech and Polydesign are leading, world-class providers of flexible restraint and storage solutions for the global automotive market. Neocon is the premier designer and manufacturer of trays and rigid cargo organizer products for OEMs. AFX supplies die cut leather sets for seating and most other interior trim applications as well as injection-moulded, hand-sewn and hand-wrapped interior components of all types. This segment represented 59.7% of Exco's revenue in fiscal 2019.

Polytech and Polydesign

- ***Structure***

Polytech and Polydesign have four principal products: 1) flexible storage systems, 2) flexible restraint systems, 3) plastic injection moulded consoles, gearshift boots and componentry and 4) other interior trim products such as gap-hiders. Polydesign has also added additional product lines which include the cutting and sewing of seat covers, headrests, instrument panels, sun visors and door panels. Flexible storage systems are found in trunks, seat backs, door

panels, sun visors, centre consoles and any area of a vehicle where convenient accessible storage can be provided. Flexible storage systems are designed as convenience products for the interior passenger compartment and trunks of vehicles. While these are largely cosmetic netting products, these parts are highly engineered in order to meet flammability, ultraviolet degradation, fogging/gassing and elasticity specifications. Often this product is sold with an injection moulded part which secures the net to an interior or trunk surface. The Company's capabilities have been applied to expanding into other interior trim parts which are not related to flexible storage systems such as gap-hiders, so-named as it encloses the gap between the steering wheel and instrument panel, covering the steering column.

Flexible restraint systems are designed and tested as safety restraining devices. Accordingly, they are highly engineered and technically demanding. They are positioned in the vehicle between the passenger compartment and cargo area, typically in sport utility vehicles, vans and station wagons. They prevent baggage from moving from the cargo area to the passenger compartment and becoming dangerous projectiles in a collision. Consoles and gearshift boots are typically injection moulded components but may also require cutting and sewing of fabric or leather to form the boot. These products must meet the same specifications identified above.

In North America these products are manufactured by Polytech. They are designed and engineered at its offices in Troy, Michigan, manufactured in Matamoros, Mexico and then mostly shipped to its warehouse in Brownsville Texas for pick up by customers. The Matamoros facility is located in a free trade zone. Accordingly, raw material and equipment is shipped to Matamoros duty free, converted to finished product and shipped back to the US market duty free. A small portion of Polytech's products are sold to customers in Mexico.

Polydesign commenced production in 2002. Its products are designed, engineered and manufactured at its facility in Tangier, Morocco. Polydesign has the same capabilities as Polytech and in addition, has the capability of manufacturing seat and headrest covers and wrapping steering wheels. Products manufactured by Polydesign in Tangier, Morocco are then shipped directly to Europe by overland freight utilizing commercial ferry to cross the Strait of Gibraltar and the English Channel, if required. Polydesign is located in a free trade zone with the European Economic Union. Accordingly, products can be shipped duty-free to member countries.

In 2007 Polydesign began production of seat and headrest covers. These parts are made by cutting either fabric or leather and sewing the cut part into a final shape specified by the customer. In some cases, Polydesign receives pre-cut fabric/leather. The cover is then packaged and shipped to Tier 1 seat assemblers who fit the cover over preformed seating foam or inject liquefied foam into the headrest cover which then expands to fill the cavity. Polydesign is also cutting and wrapping leather and applying it over instrument panel, door panel, centre console and steering wheel substrates. Polydesign is also engaged in the production of sun visor assemblies by cutting and sewing fabric and assembling them with metal and electronic components.

- ***Manufacturing Methods***

Polytech's manufacturing is carried out in a 130,000 square foot facility in Matamoros, Mexico, located in close proximity to Polytech's leased warehouse in Brownsville, Texas. This manufacturing facility was purchased in April 2007. Polypropylene yarn, computer-controlled braiders, weavers and knitters are used to manufacture the bungee, webbing and netting which are subsequently sewn into restraint and storage systems. These products are affixed to the vehicle interiors by plastic hardware which is injection moulded by Polytech or by wire which is bent to exact dimensions by Polytech.

Polytech also manufactures consoles, instrument panel components and the plastic attachment hardware using plastic injection moulding presses. This vertical integration, i.e. manufacture of materials and components required in the end products, allows Polytech to control its material costs and quality.

Polytech's operations in Troy, Michigan, Brownsville, Texas and Matamoros, Mexico employ approximately 105 salaried and 1,189 hourly production employees. All these hourly employees are in Matamoros and are represented by the *Sindicato De Jornaleros Y Obreros Industriales De La Industria Maquiladora*. The provisions of the collective agreement expire in January 2020. The Company expects the settlement to be manageable however there are risks and uncertainties associated with this year's negotiation. It is required in this region of Mexico for employees of organizations of this size to be represented by a national union. The work force was stable for decades, but the

Company experienced a two-week labour strike for the first in January 2019 as the doubling of the statutory minimum wage for that jurisdiction considerably complicated collective bargaining.

Polydesign completed construction of a 100,000 sq. ft. manufacturing facility in Tangier Morocco in April 2002. In 2009, it completed the construction of an 85,000 sq. ft. addition to this facility and in 2017 added an additional 40,000 sq. ft. Polydesign is evaluating plans to construct an additional facility of up to 130,000 sq. ft. by fiscal 2021 depending on market conditions. Polydesign employs similar manufacturing processes as those carried out by Polytech described above, however, has a greater emphasis on 'cut and sew' products and also performs seat cover, headrest, steering wheel wrapping and other components.

Polydesign's manufacturing operation in Tangier, Morocco employs 117 salaried staff and 1,864 hourly production employees and is very stable and is not unionized. The nature of Polydesign's operations, working with textiles, is a common trade of the Moroccan people and, accordingly, the work force is well suited to Polydesign's operations.

- ***Customers and the Market***

Flexible storage systems were first introduced into the market in the mid-1980's. Polytech initially developed the netting for this market. Polytech's products can be found in hundreds of different automotive models on the roads today.

The primary customers for Polytech's products are the North American and certain foreign automobile manufacturers ("**OEMs**") or the OEM's Tier 1 suppliers. Currently, Polytech supplies approximately 15 OEMs and dozens of Tier One suppliers throughout the world. The Company believes that it is the largest supplier in North America for flexible restraint and storage systems. The market is mature; however, sales could be impacted by reduced production of automobiles and trucks by our customers. Polytech also manufactures plastic injection moulded consoles, gear shift boots and gap-hiders. This product broadening further expands Polytech's automotive interior product line and potential market.

Polydesign was established to penetrate the European market. Prior to the establishment of Polydesign, the European market was supplied by Polytech from Mexico. Given the size of the potential market, warehousing, shipping and duty charges, Exco determined that a facility closer to the European market was necessary. Tangier, Morocco was chosen because of its proximity to Europe, its free trade agreement with the European Economic Community, the skills of its people, competitiveness of wage rates relative to Europe and the stability of its government.

Exco believes that the size of the European market is as large as or larger than the North American market. Given the advantages offered by the Tangier, Morocco location, the manufacturing skills of Exco and the successful launch of new programs with virtually all European OEMs and major Tiers.

AFX Industries

- ***Structure***

AFX has three principal products: 1) cutting leather and other interior trim material, 2) fabricating interior trim components and 3) plastic injection moulded interior trim and componentry. Cut leather and other interior trim material is used for seat cover, headrests, sun visors, steering wheels, shift and brake knobs, armrest console lids and instrument panels. Once cut, these pieces are either sold to third parties for further sewing and assembly or further sewn and assembled by AFX 'in house'. Plastic injection moulded interior trim componentry is a core capability of AFX. These injection moulded parts are used by AFX 'in house' to produce shift and brake knobs, console lids, sun visor, armrest and other interior trim substrates.

While these products are largely standard to the interior trim of light vehicles or trucks their aesthetic quality is very important to the carmaker's overall marketing effort. Accordingly, these products are highly engineered in order to meet flammability, ultraviolet degradation, fogging/gassing and elasticity specifications. AFX steering wheel wrapping products are also tested for reaction to human skin oils and various hand cream and lotions as these are in constant contact with the steering wheel wrapping. Consoles and gearshift boots are typically injection moulded

components but may also require cutting and sewing of fabric or leather to form the boot. These products must meet the same specifications identified above.

These products are designed, engineered and manufactured at its production facility in Matamoros, Mexico and then either shipped to its warehouse in Brownsville Texas for pick up by customers or shipped directly to customers in Mexico. The Matamoros facility is located in a free trade zone. Accordingly, raw material and equipment is shipped to Matamoros duty free, converted to finished product and shipped back to the US market duty free. A portion of AFX's products are sold to customers in Mexico. The administrative and marketing offices of AFX are located in Port Huron, Michigan.

- ***Manufacturing Methods***

AFX's manufacturing is carried out in a 96,000 square foot facility in Matamoros, Mexico, located in close proximity to AFX's warehouse location in Brownsville, Texas. The Matamoros facility was purchased by the Company in October 2017. Injection moulding presses, die cutting presses, perforation machines, sewing machines and numerous jigs and fixtures are used to cut and/or manufacture the products described above.

AFX's operations in Port Huron, Michigan and Matamoros, Mexico employs approximately 141 salaried and 906 hourly production employees. Of these hourly employees 899 are represented by the *Sindicato De Jornaleros Y Obreros Industriales De La Industria Maquiladora*. The provisions of the collective agreement expire in January 2020. The Company expects the settlement to be manageable however there are risks and uncertainties associated with this year's negotiation. It is required in this region of Mexico for employees of organizations of this size to be represented by a national union. The work force was stable for decades, but the Company experienced a two-week labour strike for the first in January 2019 as the doubling of the statutory minimum wage for that jurisdiction considerably complicated collective bargaining.

- ***Customers and the Market***

The primary customers for AFX's products are the Tier 1 suppliers to the North American and foreign OEMs. Therefore, AFX is a Tier II or, in some cases, a tier III supplier to the ultimate OEM customer. Currently, AFX supplies dozens of Tier I suppliers throughout the world. The Company believes that it is a significant supplier in North America for steering wheel wrapping and shift/bake boots and knobs. The market is mature; however, sales are impacted by production levels of automobiles and trucks. AFX also manufactures plastic injection moulded consoles and gear shift boots. This product broadening further expands AFX's automotive interior product line and potential market.

AFX also has a 50% interest in a joint venture with a European leather manufacturer. The joint venture has been in existence more than a decade. The joint venture, when deemed desirable by the two joint venture owners, quotes on North American automotive interior trim programs. When the joint venture is awarded a program, the European leather manufacturer supplies the joint venture the requisite leather and AFX is sourced by the joint venture to cut, sew and assemble the products.

Neocon

- ***Structure***

Neocon manufactures and designs plastic thermoformed trays and trunk organizers for the interior compartment of automobiles. Neocon has two product categories: 1) cargo organizer systems and 2) flooring and protective systems.

The cargo organizer system focuses on organization, protection and flexibility to divide space within the open cargo area of sport utility vehicles, vans and trucks, as well as open trunk spaces in cars.

The flooring and protective systems provide a custom cargo area fit, low rise retaining walls around the perimeter of the trays (for containing slush, snow, water or any other fluids/debris that may drop off cargo stored in the sedan trunk

or SUV) and flexible and friction enhanced materials that are easy to clean. Neocon's products are designed, engineered and produced at its full-service facility in Dartmouth, Nova Scotia.

- ***Manufacturing Methods***

Neocon's manufacturing is carried out in a 77,000 square foot facility. Product design and engineering use state of the art CAD systems and design software, which fully support solid modeled parts and assemblies. The primary processing includes heavy gauge thermoforming with secondary assembly of injection and blow moulded components as well as other unique OEM compression moulded panels and assorted hardware. Neocon experiments extensively with different gauges and blends of material in order to optimize the look and feel of the product and has recently expanded its product offering to include carpeted materials which consist of a carpeted fabric being laminated to a plastic sheet. Neocon has also recently developed an injection moulding process to affix OEM logos onto trays and floor mats.

Neocon's manufacturing operation in Dartmouth, Nova Scotia has a very stable work force comprised of approximately 30 salaried and 177 hourly production employees is not unionized. The nature of Neocon's operation involves mostly lesser skilled production employees to load plastic sheet into thermoform machines and thereafter extract the formed part. Employees then trim excess plastic from the perimeter of the part with a cutting instrument. Temporary and outsourced staff is employed by Neocon from time to times as production volumes rise and fall.

- ***Customers and the Market***

Neocon was founded in 1993 in response to the growth of sport utility vehicles in the North American automotive market. The primary customers for Neocon's products are foreign domestic OEMs. These customers employ a relatively unique process for accessorizing their vehicles. The main feature involves segregating a predetermined portion of vehicles rolling off the assembly line into a holding area at the assembly plant or port-of-entry, in the case of importation of fully assembled vehicles. These segregated vehicles are then accessorized with Neocon, as well as other, components and products. In this way, vehicles are fully accessorized to the requirement of various trim levels required by the dealer network before they leave the assembly plant or port-of-entry. Accordingly, Neocon ships its products to OEM distribution centres which are typically in the northeastern US states. The customer then draws Neocon product from their distribution centres for delivery to its assembly plants or ports-of-entry. Although some of Neocon's North American and other OEM customers are incorporating Neocon products directly to their trim levels, there are still some customers that rely more heavily on their dealer 'parts and service' departments to accessorize vehicles. The trend however appears to be more direct orders.

Neocon's product line complements the flexible storage products offered by Polytech and Polydesign and further strengthens the Automotive Solutions segment. The Company believes that the consumer trend to conveniently organize and store items in vehicles will result in further growth in the market. Neocon continues to gain new programs as it has, over the years, adapted its market strategy from SUVs to crossover utility vehicles (CUVs) and hybrid vehicles. Neocon's products have achieved high market acceptance. High raw material content has been mitigated by developing plastic sheet blends that are lighter, stronger and less costly. These are mostly proprietary blends developed to meet ever changing consumer preferences. Neocon has improved its product offering to include alternate materials with a carpet finish as opposed to plastic commonly referred to as Neolux in order to be more suitable for luxury vehicles. In addition, it has begun selling bumper covers to its customer base. Bumper covers have a chrome finish and are mounted on the exterior of the vehicle atop the bumper cover.

- ***Human Resources***

Overall, the Automotive Solutions segment has approximately 4,529 employees of which 393 are salaried and 4,136 are hourly. None of these employees are subject to a collective bargaining agreement except for the Polytech and AFX production facilities in Matamoros Mexico.

At several Exco locations where design and engineering capabilities are integral parts of the business model Exco encourages further education of employees and is an active participant in apprenticeship programmes. In addition, the Company co-operates with and supports several local community colleges from which it typically draws its design engineers.

ACQUISITION AND DIVESTITURES

Acquisitions

Year	Acquisition
2019	None
2018	None
2017	None

Divestitures

Year	Divestitures
2019	Automotive Leather Company (ALC)
2018	None
2017	None

MATERIAL CONTRACTS

There are no material contracts outside the normal course of business.

DIRECTORS AND OFFICERS

As at December 4, 2019 the Directors and Officers of the Company were as follows:

Name	Period of Service	Common Shares Owned or Controlled
Brian A. Robbins, Director Aurora, Ontario Executive Chairman Exco Technologies Limited	January 1972 to date	9,819,428
Robert Magee, Director (1) (2) (3) Caledon, Ontario Chairman, The Woodbridge Group	January 2010 to date	25,000
Edward Kernaghan, Director (1) (2) (3) Toronto, Ontario Executive Vice President Kernaghan & Partners Ltd.	January 2009 to date	5,568,300
Colleen McMorrow, Director (1) (3) Oakville, Ontario Corporate Director	January 2017	10,000
Anne Marie Turnbull (2) Toronto, Ontario President AMT Associated Ltd.	January 2019 to date	0
Paul E. Riganelli, Director Markham, Ontario Executive Vice-President (4) Exco Technologies Limited	January 2004 to date	301,685
Darren Kirk (5)	November 2015 to date	25,804

Toronto, Ontario President and Chief Executive Officer		
Matthew Posno Aurora, Ontario Vice President Finance and Chief Financial Officer	May 2019 to date	5,100
Paul Robbins Uxbridge, Ontario General Manager, Castool Division	May 1975 to date	975,112
Jeff, Blackburn Newmarket, Ontario Vice President, General Manager, Casting Technologies	November 2011 to date	4,333
Nick Gnatyuk Stouffville, Ontario Vice President, General Manager, Exco Tooling Solutions Group	August 1994 to date	10,000
William Schroers Rochester Hills, Michigan CEO, President, Automotive Solutions Group	1986 to date	25,000

1. Member of the Audit Committee
2. Member of the Human Resources and Compensation Committee
3. Member of the Governance & Nominating Committee
4. Effective January 1, 2018
5. Effective January 30, 2019

As at December 4, 2019, the directors and officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over, approximately 42% of the common shares of the Company. All directors are residents of Canada.

AUDIT COMMITTEE COMPOSITION AND QUALIFICATIONS

The Audit Committee is composed of Colleen McMorrow, Edward Kernaghan, and Robert Magee. The Committee is chaired by Ms. McMorrow. All members have been determined to be independent and financially literate by the Board of Directors.

Ms. McMorrow is a retired partner of Ernst & Young LLP where she was involved with auditing public companies over the course of her careers. All other members of the Audit Committee are or have been CEO's or senior executives/directors of TSX listed public companies during their careers and as such are familiar with accounting principles applicable to the Company and are capable of assessing the general application of these principles in connection with accounting estimates, accruals, reserves and internal controls.

The Audit Committee has authority to pre-approve all non-audit services provided by the Company's external auditors. The Audit Committee Charter is attached hereto as Schedule A and should be referred to for a complete understanding of the role of the Audit Committee.

Audit Fees – The audit fees paid by the Company for the 2019 fiscal year are discussed in detail in the Management Information Circular at the section entitled 'BUSINESS TO BE TRANSACTED AT THE MEETING – APPOINTMENT OF AUDITOR'.

RISK FACTORS

The risk factors relating to the Company and its businesses are discussed in detail in the MD&A at the section entitled 'Risks and Uncertainties' in the 2019 Annual Report.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and the principal holders of Exco's securities and options to purchase securities is contained in the most recent information circular of Exco prepared in connection with the annual meeting of shareholders held on January 29, 2020. Additional financial information is provided in Exco's Financial Statements and MD&A. Also additional information is available on SEDAR at www.sedar.com.

This document contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. This information and statements relate to future events, plans and projections of our future performance, including in respect of projected growth, changing market conditions, improvements in productivity and future results and the assumptions underlying same. All statements other than statements of historical fact are forward-looking statements. We use words such as "anticipate", "plan", "may", "will", "should", "expect", "believe", "estimate" and similar expressions to identify forward-looking information and statements. Such forward-looking information and statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe to be relevant and appropriate in the circumstances.

Readers are cautioned not to place undue reliance on forward-looking information and statements as there can be no assurance that the assumptions, plans, intentions or expectations upon which these statements are based will occur. Forward-looking information and statements are subject to known and unknown risks, uncertainties, assumptions and other factors which may cause actual results or achievements to be materially different from those expressed, implied or anticipated in the forward-looking information and statements. Information concerning the risks, uncertainties and assumptions are described in the "Risks and Uncertainties" and "Outlook" sections of this Management's Discussion and Analysis in our 2019 Annual Report and in other reports and securities filings made by the Company. More information, including Exco's Annual Report, is available at www.sedar.com or from Exco.

While Exco believes that the expectations expressed by such forward-looking statements and the assumptions underlying such expectations are reasonable, there can be no assurance that they will prove to be correct. In evaluating forward-looking statements, readers should carefully consider the various factors which could cause actual results or events to differ materially from those indicated in the forward-looking statements. The Company disclaims any obligation to update publicly or otherwise revise any such factors or any forward-looking information or statements contained in this document to reflect subsequent information, events or developments, changes in risk factors or otherwise.

SCHEDULE A

AUDIT COMMITTEE CHARTER

I. Purpose of Audit Committee

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities in relation to the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualifications, independence and performance of the external auditor and the performance of the Company's internal audit function.

II. Audit Committee Composition and Meetings

Audit Committee members shall meet the applicable requirements of the *Business Corporations Act* (Ontario), Canadian securities regulatory authorities and the Toronto Stock Exchange. The Audit Committee shall comprise of three or more Directors determined by the Board, each of whom shall be outside Directors who are "independent" as such term is defined in NI 52-110 and unrelated, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall be financially literate, as defined in NI 52-110.

Audit Committee members shall be directors of the Company and shall be appointed by the Board. If an Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/approve an agenda in advance of each meeting. At each meeting, the Committee should meet with the Chief Financial Officer , the external auditors (to the extent they are present) , and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed without any members of management present.

III. Audit Committee Responsibilities and Duties

The Audit Committee's primary duties and responsibilities are to:

- Provide oversight of the Company's financial reporting process and system of internal controls.
- Monitor the independence and performance of the Company's external auditors and internal auditing practices.
- Provide an avenue of communication among the external auditors, management, and the Board of Directors.
- Report to the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit committee has the ability to retain, at the Company's expense subject to Board approval which will not be unreasonably withheld, such legal, accounting, or other consultants or experts relating to specific and discrete matters which it reasonably deems necessary in the performance of its duties (including the authority to set and pay the compensation for any properly approved advisors employed by the Audit Committee).

Review Procedures

1. Review and assess the adequacy of this Charter at least annually and submit any changes to the Charter to the Board of Directors for approval.

2. Review the Company's annual audited financial statements, the external auditors' report thereon, management discussion and analysis, the financial disclosure in the annual earnings news releases and related documents prior to filing or distribution. Review should include discussion with management and external auditors regarding material changes in or initial adoption of new accounting principles and practices and their impact, and critical accounting estimates and judgements underlying the financial statements presented by management .

3. Review with financial management the Company's quarterly financial statements, management discussion and analysis, the financial disclosure in the interim earnings news releases and related documents prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution and recommend approval to the Board. Discuss any significant changes to the Company's accounting principles.

4. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's disclosure of other financial information extracted or derived from the Company's financial statements.

5. Annually, in consultation with management and external auditors, consider the integrity and assess the adequacy of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the external auditors together with management's responses.

6. Review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Committee's view to the Board of Directors.

External Auditors

7. The external auditors are ultimately accountable to the Audit Committee and the Board of Directors, as representatives of the shareholders. The Audit Committee shall oversee and review the independence and performance of the auditors and annually recommend to the Board of Directors the appointment of the external auditors and their compensation or approve any discharge of auditors when circumstances warrant.

8. Approve the fees and other significant compensation to be paid to external auditors.

9. Pre-approve all non-audit services provided by the external auditors to the Company and its subsidiaries, as services are required. The Audit Committee Chair may be delegated authority to pre-approve non-audit services from time to time. The decisions of the Audit Committee Chair to whom this authority is delegated, must be presented to the full Committee at its next scheduled Committee meeting.

10. On an annual basis, the Committee will review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditor's independence.

11. Review and approve the Company's hiring policies regarding former and present partners and employees of the Company's external auditors.

12. Review the external auditors' audit plan and discuss and approve audit scope, staffing, locations, reliance upon management, and general audit approach.

13. Prior to releasing the year – end earnings, discuss the results of the audit with the external auditors. Discuss certain matters required to be communicated to audit committees in accordance with the standards established by appropriate professional or regulatory standards.

14. Consider the external auditors' judgements about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.

Internal Audit Function and Legal Compliance

15. Review and approve management's decisions annually related to the need for and effectiveness of the internal audit function, review the, summary plan and any material changes to the scope of the plan.

16. Discuss with management and the external auditors and internal legal counsel any litigation claims or other contingency that could have a material effect on the financial statements.

Dispute Resolution and Complaints Procedure

17. Resolve any disagreements between the Company's management and external auditors regarding financial reporting.

18. Resolve any disputes relating to accounting, internal accounting controls or audit matters among corporate management.

19. The Audit Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.

20. The Audit Committee must establish a procedure for the confidential, anonymous submission of concerns by employees of the Company regarding questionable accounting or auditing matters.

Other Audit Committee Responsibilities

21. Annually review and assess the effectiveness of the committee against the Charter and report the results of the assessment to the Board.

22. Disclose the Charter and other required information relating to the Audit Committee to shareholders as required by applicable Canadian securities laws.

23. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, at the Committee or the Board deems necessary or appropriate.

24. Maintain minutes of meetings and regularly report to the Board of Directors on significant results of the foregoing activities.

25. Review the qualifications and performance of the Company's financial management and succession planning.