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Unaudited Condensed Interim Report
to the shareholders
for the three months ended
December 31, 2020

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	Three Months ended December 31	
<i>(in \$ thousands except earnings per share amounts)</i>	2020	2019
Sales	\$121,402	\$120,423
Net income	\$10,916	\$8,058
Basic and diluted earnings per share	\$0.28	\$0.20
Weighted average Basic Common shares outstanding (000's)	39,269	40,222

The following management's interim discussion and analysis of operations and financial position are prepared as at February 2, 2021 and should be read in conjunction with the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2020 Annual Report.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding Exco, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.excocorp.com or through the SEDAR website at www.sedar.com.

Use of Non-IFRS Measures

In this MD&A, reference may be made to EBITDA, EBITDA Margin, Pretax Profit and Free Cash Flow which are not measures of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA as earnings before interest, taxes, depreciation, amortization and other expenses and EBITDA Margin as EBITDA divided by sales. Exco calculates Pretax Profit as segmented earnings before other income/expense, interest and taxes. Free Cash Flow is calculated as cash provided by operating activities less interest paid less investment in fixed assets net of proceeds of disposal. EBITDA, EBITDA Margin, Pretax Profit and Free Cash Flow are used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use these measures as well when evaluating Exco's financial performance. These measures, as calculated by Exco, do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the first quarter ended December 31, 2020 were \$121.4 million compared to \$120.4 million in the same quarter last year – an increase of \$1.0 million or less than 1%. Over the quarter the average USD/CAD exchange rate was 1.5% lower from the prior year period (\$1.30 versus \$1.32), which decreased sales by \$1.0 million. The average EUR/CAD exchange rate was 7% higher in the quarter compared to last year (\$1.56 versus \$1.46), which increased sales by \$1.3 million.

The Automotive Solutions segment reported sales of \$76.1 million in the first quarter – an increase of \$7.8 million, or 11% from the same quarter last year. Foreign exchange rate movements increased sales in this segment by \$0.6 million. The segment's sales increase compares favorably to overall industry vehicle production volumes in North America and Europe which were relatively flat in the quarter. Segment sales were supported by a number of program launches for both new and existing products, higher order volumes as OEMs continue to fill the pipeline and adjust safety stock levels due to the impact of COVID-19, favourable product mix and higher tooling sales. The segment has received multiple contract wins during the quarter and management continues to see strong quoting activities for new potential programs across the segment's various business supporting future growth.

The Casting and Extrusion segment reported sales of \$45.3 million in the quarter – a decrease of \$6.8 million, or 13%, from the same period last year. Excluding modest foreign exchange rate movements, segment sales were lower due to the deterioration of economic conditions due to COVID-19 compared to the first quarter 2020, changes in product mix and delivery timing as well as lower steel costs. Sales at Extrusion and Castool were marginally lower than the prior year quarter and the Large Mould group continues to build new tools and win contracts, however, shipments were lower compared to the prior year quarter. First quarter 2021 sales were down compared to the first quarter 2020, however, sequentially sales are up \$5.8 million or 15% compared to the fourth quarter 2020. This 15% quarter over quarter increase reflects increased demand across the Large Mould, Extrusion and the Castool groups. This segment continued to receive considerable quotation requests and order input remains strong particularly within the die-cast end markets where the Large Mould and Castool groups are winning new orders from existing and new customers.

Consolidated net income for the first quarter was \$10.9 million or basic and diluted earnings of \$0.28 per share compared to \$8.1 million or \$0.20 per share in the same quarter last year – an increase in net income of 35%. The consolidated effective income tax rate for the current quarter was 22% compared to 18% the prior year period. The income tax rate in the prior year quarter was favorably impacted by the recognition of deferred tax assets and an increase in earnings in jurisdictions with lower tax rates. Excluding the recognition of the deferred tax assets, the effective income tax rate for the prior year quarter was 20%.

The Automotive Solutions segment reported pretax profit of \$11.6 million in the quarter – an increase of \$3.6 million or 45% over the same quarter last year. The key factors in this segment's improved margins include improved cost absorption with higher sales, lower costs due to management's actions associated with the pandemic which improved operational efficiencies, and favourable product mix. In addition, the prior year quarter segment pretax profits were negatively impacted by adverse foreign exchange rate movements, the impact of the strike at General Motors and certain program launch costs inefficiencies. Management remains focused on improving the efficiency of its operations and reducing its overall cost structure. Pricing discipline also remains a focus and new program awards embed management's expectations for higher future costs.

The Casting and Extrusion segment reported \$4.6 million of pretax profit in the quarter – an increase of \$0.3 million or 7% from the same quarter last year. The Extrusion group's profits benefited from a balanced sales performance across all locations and lower steel costs. The Castool group benefited from lower selling costs and a shift to higher margin products. Although quoting activity and new business awards were strong in the quarter in the Large Mould Group, actual shipments of tools were dampened due to the impact of COVID-19 in the prior quarters. Additionally, Large Mould costs were impacted by new work on several new programs. Margins tend to be lower at the front end and improve as incremental moulds are completed. As the backlog continues to increase, these timing issues are expected to reverse in the following quarters.

The Corporate segment expenses were \$2.2 million in the quarter compared to \$2.4 million in the prior year quarter. Consolidated EBITDA for the first quarter totaled \$19.3 million compared to \$15.4 million in the same quarter last year – an increase of 25%. EBITDA as a percentage of sales increased to 15.9% in the

current quarter compared to 12.8% the prior year. The EBITDA margin in the Casting and Extrusion segment increased to 18.0% from 14.8% last year while the EBITDA margin in the Automotive Solutions segment increased to 17.5% compared to 14.5% last year.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled \$16.4 million in the first quarter compared to \$13.5 million in the same period last year. The \$2.9 million increase was driven by a similar increase in net income in the current year period. Non-cash working capital consumed \$6.7 million of cash in the quarter compared to \$3.8 million in the same quarter last year. The non-cash working capital movements were mainly driven by increased accounts receivable and inventory balances due to sales and production increases partially offset by higher accounts payable and accruals. Consequently, net cash provided by operating activities amounted to \$9.6 million in the current quarter compared to \$9.8 million in the same quarter last year.

Cash used in financing activities in the current quarter was \$1.6 million compared to \$7.1 million of cash used in the same quarter last year. The differences in the respective periods was primarily attributable to increased debt repayment amounts in the prior year period as well as a lower use of cash in the current year period for share repurchases partially offset by an increase in bank indebtedness in the current year period.

Cash used in investing activities was \$5.0 million in the current quarter compared to \$6.5 million the prior year. The difference is mostly due to timing differences of capital spending plans. Management's capital spending plans for the current year remain unchanged at approximately \$30 million.

The Company's financial position and liquidity remain strong. Exco's net cash position totaled \$26.5 million as at December 31, 2020. Exco's principal sources of liquidity include Free Cash Flow, \$35 million of balance sheet cash and \$47 million of unused availability under its \$50 million committed credit facility which matures February 2023. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at December 31, 2020.

Exco owns all 15 of its manufacturing facilities and essentially all of its production equipment. The Company leases sales and support centers in Troy, Michigan, Port Huron, Michigan and a warehouse in Brownsville, Texas. The following table summarizes all short-term and long-term commitments Exco has entered.

		December 31, 2020			
		Total	< 1 year	1-3 years	4-5 years
Bank Indebtedness	\$	5,683	\$ 5,683		
Trade accounts payable		36,283	36,283		
Long term debt		3,089	89	3,000	
Lease commitments		1,253	487	755	11
Purchase commitments		35,304	35,304		
Capital expenditures		3,837	3,837		
	\$	85,449	\$ 81,683	\$ 3,755	\$ 11

Quarterly results

The following table sets out financial information for each of the eight quarters through to the first quarter ended December 31, 2020:

<i>(\$ thousands except per share amounts)</i>	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Sales	\$121,402	\$100,680	\$70,962	\$120,244
Net income	\$10,916	\$10,719	(\$848)	\$9,495
Earnings per share				
Basic	\$0.28	\$0.27	(\$0.02)	\$0.24
Diluted	\$0.28	\$0.27	(\$0.02)	\$0.24

<i>(\$ thousands except per share amounts)</i>	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Sales	\$120,423	\$121,815	\$119,944	\$123,465
Net income	\$8,058	\$6,773	\$7,477	\$8,564
Earnings per share				
Basic	\$0.20	\$0.17	\$0.18	\$0.21
Diluted	\$0.20	\$0.17	\$0.18	\$0.21

Exco typically experiences softer sales and profits in the first and fourth fiscal quarters, which coincides with our customers' plant shutdowns during the holiday season and summer months. Current year quarterly comparisons varied from these common trends due to the impact of COVID-19. Sales and net income were considerably lower in the third quarter fiscal 2020 due to the impact of COVID-19 with three of four of our Automotive plants virtually idled and operations across all other plants down approximately 20%. The fourth quarter of fiscal 2020 improved from the third quarter, but sales remained lower compared to normal due to the impact of COVID-19.

Non-IFRS Measures

The following table provides a reconciliation for the periods from net income to EBITDA, EBITDA margin, and a reconciliation of cash provided by operating activities to free cash flow.

	Three Months ended December 31	
	<i>(in \$ thousands)</i>	
	2020	2019
Net income	10,916	8,058
Provision for income tax	3,081	1,768
Pretax Profit	13,997	9,826
Depreciation	4,251	4,378
Amortization	961	999
Net interest expense	83	179
EBITDA	19,292	15,382

Sales	\$121,402	\$120,423
EBITDA margin	15.9%	12.8%
Cash provided by operating activities	\$9,634	\$9,764
Interest	(83)	(179)
Investment in Fixed assets net of proceeds of disposal	(4,985)	(6,539)
Free Cash Flow	\$4,566	\$3,046

Accounting Changes and Effective Dates

There are no accounting policy changes effective October 1, 2020.

Controls and Procedures

Based on the current Canadian Securities Administrators (the “CSA”) rules under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at December 31, 2020 that they are responsible for establishing and maintaining disclosure controls and procedure and internal control over financial reporting.

No changes were made in the Corporation’s internal control over financial reporting during the Corporation’s most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

Outstanding Share Capital

As at December 31, 2020 Exco had 39,268,997 common shares issued and outstanding and stock options outstanding to purchase up to 1,237,000 common shares at exercise prices ranging from \$8.29 to \$14.58.

Forward -looking information

This Management Discussion and Analysis contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "plan", "may", "will", "should", "expect", "believe", "estimate" and similar expressions to identify forward-looking information and statements especially with respect to growth and financial performance of the Company's business units, contribution of our start-up business units, contribution of awarded programs yet to be launched, margin performance, financial performance of acquisitions, liquidity and operating efficiencies are forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements throughout this document and are also cautioned that the foregoing list of important factors is not exhaustive. These forward-looking statements are based on our plans, intentions or expectations which are based on, among other things, the current uncertain global economic impact of the COVID-19 pandemic or similar outbreak of epidemic, pandemic, or contagious diseases that may emerge in the human population, which may have a material effect on how we and our customers operate our businesses and the duration and extent to which this will impact our future operating results, assumptions about the number of automobiles produced in North America and Europe, production mix between passenger cars and trucks, the number of extrusion dies required in North America and South America, the rate of economic growth in North America, Europe and emerging market countries, investment by OEMs in drivetrain architecture and other initiatives intended to reduce fuel consumption and/or the weight of automobiles in response to rising climate risks, raw material prices, economic conditions, currency fluctuations, trade restrictions, our ability to close or otherwise dispose of unprofitable operations in a timely manner, our ability to integrate acquisitions and the

rate at which our operations in Brazil, and Mexico achieve sustained profitability. These forward-looking statements include known and unknown risks, uncertainties, assumptions and other factors which may cause actual results or achievements to be materially different from those expressed or implied. The Company will update its disclosure upon publication of each fiscal quarter's financial results and otherwise disclaims any obligations to update publicly or otherwise revise any such factors or any of the forward-looking information or statements contained herein to reflect subsequent information, events or developments, changes in risk factors or otherwise. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in our latest Annual Report, Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com or www.excocorp.com.

NOTICE TO READER

The attached unaudited condensed interim consolidated financial statements have been prepared by management of the Company. The condensed interim consolidated financial statements for the three-month period ended December 31, 2020 and 2019 have not been reviewed by the auditors of the Company.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
\$ (000)'s

	As at December 31, 2020	As at September 30, 2020
ASSETS		
Current		
Cash and cash equivalents	\$35,257	\$33,124
Accounts receivable	87,315	82,222
Inventories	63,361	61,158
Prepaid expenses and deposits	2,475	2,787
Derivative instruments	1,863	-
Income taxes recoverable	1,489	2,761
Total current assets	191,760	182,052
Property, plant and equipment, net (note 4)	130,927	131,029
Intangible assets, net (note 5)	28,328	30,535
Goodwill (note 5)	63,075	64,980
Deferred tax assets	1,211	1,184
Total assets	\$415,301	\$409,780
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$5,683	\$3,418
Trade accounts payable	36,283	32,873
Accrued payroll liabilities	8,441	11,391
Other accrued liabilities	11,257	11,381
Derivative instruments	-	1,758
Provisions	2,931	2,902
Customer advance payments	3,661	3,557
Long-term debt - current portion (note 7)	89	93
Total current liabilities	68,345	67,373
Long-term debt - long-term portion (note 7)	3,000	3,000
Deferred tax liabilities	9,185	8,401
Total liabilities	80,530	78,774
Shareholders' equity		
Share capital (note 8)	48,968	48,968
Contributed surplus	4,806	4,718
Accumulated other comprehensive income	6,848	10,356
Retained earnings	274,149	266,964
Total shareholders' equity	334,771	331,006
Total liabilities and shareholders' equity	\$415,301	\$409,780

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)****(Unaudited)**

\$ (000)'s except for income per common share

	Three months ended	
	December 31	
	2020	2019
Sales	\$121,402	\$120,423
Cost of sales	91,070	93,861
Selling, general and administrative expenses (note 12)	11,099	11,221
Depreciation (note 4)	4,251	4,378
Amortization (note 5)	961	999
Gain on disposal of property, plant and equipment	(59)	(41)
Interest expense, net	83	179
	107,405	110,597
Income before income taxes	13,997	9,826
Provision for income taxes (note 11)	3,081	1,768
Net income for the period	10,916	8,058
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss in subsequent periods:		
Net unrealized gain on derivatives designated as cash flow hedges (a)	2,669	1,121
Unrealized loss on foreign currency translation	(6,177)	(1,818)
	(3,508)	(697)
Comprehensive income	\$7,408	\$7,361
Income per common share		
Basic	\$0.28	\$0.20
Diluted	\$0.28	\$0.20
Weighted average number of common shares outstanding		
Basic	39,269	40,222
Diluted	39,269	40,222

(a) Net of income tax payable of \$952 for the three- month period ended December 31, 2020 (2019 - net of income tax payable of \$400 for the three- month period ended December 31, 2019)

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
\$ (000)'s

	Accumulated other comprehensive income						
	Share capital	Contributed surplus	Retained earnings	Net unrealized gain (loss) on derivatives designated as cash flow hedges	Unrealized gain (loss) on foreign currency translation	Total accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, October 1, 2020	\$48,968	\$4,718	\$266,964	(\$1,298)	\$11,654	\$10,356	\$331,006
Net income for the period	-	-	10,916	-	-	-	10,916
Dividend paid (note 3)	-	-	(3,731)	-	-	-	(3,731)
Stock option expense	-	88	-	-	-	-	88
Other comprehensive income (loss)	-	-	-	2,669	(6,177)	(3,508)	(3,508)
Balance, December 31, 2020	\$48,968	\$4,806	\$274,149	\$1,371	\$5,477	\$6,848	\$334,771

	Accumulated other comprehensive income						
	Share capital	Contributed surplus	Retained earnings	Net unrealized gain (loss) on derivatives designated as cash flow hedges	Unrealized gain (loss) on foreign currency translation	Total accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, October 1, 2018	\$50,538	\$4,349	\$262,120	(\$207)	\$9,687	\$9,480	\$326,487
Net income for the period	-	-	8,058	-	-	-	8,058
Dividend paid (note 3)	-	-	(3,617)	-	-	-	(3,617)
Stock option expense	-	86	-	-	-	-	86
Repurchase of Share Capital (note 8)	(421)	-	(2,230)	-	-	-	(2,651)
Other comprehensive income (loss)	-	-	-	1,121	(1,818)	(697)	(697)
Balance, December 31, 2019	\$50,117	\$4,435	\$264,331	\$914	\$7,869	\$8,783	\$327,666

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

\$ (000)'s

	Three months ended December 31	
	2020	2019
OPERATING ACTIVITIES:		
Net income for the period	\$10,916	\$8,058
Add non-operating and items not involving a current outlay of cash		
Depreciation (note 4)	4,251	4,378
Amortization (note 5)	961	999
Stock-based compensation expense	319	156
Deferred income taxes	(104)	(181)
Net interest expense	83	179
Gain on disposal of property, plant and equipment	(59)	(41)
	16,367	13,548
Net change in non-cash working capital (note 10)	(6,733)	(3,784)
Cash provided by operating activities	9,634	9,764
FINANCING ACTIVITIES:		
Increase in bank indebtedness	2,265	4,353
Repayment of long-term debt	(4)	(5,004)
Interest paid, net	(83)	(179)
Dividends paid (note 3)	(3,731)	(3,617)
Repurchase of share capital	-	(2,651)
Cash used in financing activities	(1,553)	(7,098)
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (note 4)	(5,021)	(7,642)
Purchase of intangible assets (note 5)	(77)	(66)
Proceeds from disposal of property, plant and equipment	113	1,169
Cash used in investing activities	(4,985)	(6,539)
Effect of exchange rate changes on cash and cash equivalents	(963)	(50)
Net increase (decrease) in cash during the period	2,133	(3,923)
Cash, beginning of period	33,124	26,488
Cash, end of period	\$35,257	\$22,565

The accompanying notes are an integral part of these condensed unaudited interim consolidated financial statements

EXCO TECHNOLOGIES LIMITED
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

1. CORPORATE INFORMATION

Exco Technologies Limited (the “Company”) 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 15 strategic locations in 7 countries, the Company services a diverse and broad customer base. The Company is incorporated and domiciled in Canada. The registered office is located at 130 Spy Court, Markham, Ontario, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These unaudited condensed interim consolidated financial statements present the Company’s financial results of operations and financial position as at and for the three- month period ended December 31, 2020 and have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”). The accounting policies used in preparing these unaudited condensed interim financial statements are consistent with those used in the preparation of the 2020 audited annual consolidated financial statements except as noted below.

The Company’s preparation of unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the application of the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements were the same as those that applied to the Company’s consolidated financial statements as at and for the year ended September 30, 2020. These areas of critical accounting estimates were impacted when the World Health Organization characterized the COVID-19 virus as a global pandemic in March 2020. There continues to be significant uncertainty as to the likely effects of this outbreak which may, among other things, impact our suppliers and customers. It is not possible to predict the impact COVID-19 will have on the Company, its financial position, and the results of operations in the future. The Company is monitoring the impact of the pandemic on all aspects of its business.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s 2020 audited annual consolidated financial statements, which are available at www.sedar.com and on the Corporation’s website at www.excocorp.com. The unaudited condensed interim consolidated financial statements and accompanying notes for the three-month period ended December 31, 2020 were authorized for issue by the Board of Directors on February 2, 2021.

Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, its subsidiaries. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all of the following: power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

The Company has an interest in a joint operation, whereby the joint operators have a contractual arrangement that establishes joint control over the economic activities of the individual entity. The Company recognized its share of the joint operation’s assets, liabilities, revenues and expenses in the condensed interim consolidated financial statements.

3. CASH DIVIDEND

During the three- month period ended December 31, 2020, the Company paid quarterly cash dividends totaling \$3,731 (2019 -\$3,617). The quarterly dividend rate in the first quarter of 2021 was \$0.095 per common share (2020 - \$0.09).

EXCO TECHNOLOGIES LIMITED
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
Cost							
Balance as at September 30, 2020	\$205,844	\$22,541	\$79,363	\$12,584	\$8,956	\$1,785	\$331,073
Additions	404	239	167	-	4,076	135	5,021
Less: disposals	(917)	-	-	-	-	(105)	(1,022)
Reclassification	6,029	300	45	-	(6,374)	-	-
Foreign exchange movement	(2,176)	(262)	(830)	(44)	121	(53)	(3,244)
Balance as at December 31, 2020	\$209,184	\$22,818	\$78,745	\$12,540	\$6,779	\$1,762	\$331,828

	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
Accumulated depreciation and impairment losses							
Balance as at September 30, 2020	\$143,235	\$16,546	\$39,732	\$0	\$0	\$531	\$200,044
Depreciation	2,811	505	801			134	4,251
Less: disposals	(898)					(70)	(968)
Foreign exchange movement	(1,683)	(267)	(461)			(15)	(2,426)
Balance as at December 31, 2020	\$143,465	\$16,784	\$40,072	\$0	\$0	\$580	\$200,901

Carrying amounts	Machinery and Equipment	Tools	Buildings	Land	Assets under Construction	Right of Use Assets	TOTAL
As at September 30, 2020	\$62,609	\$5,995	\$39,631	\$12,584	\$8,956	\$1,254	\$131,029
As at December 31, 2020	\$65,719	\$6,034	\$38,673	\$12,540	\$6,779	\$1,182	\$130,927

EXCO TECHNOLOGIES LIMITED
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

5. INTANGIBLE ASSETS AND GOODWILL

	Computer Software and Other	Acquisition Intangibles*	Assets under Construction (Software)	Total Intangible Assets	Goodwill
Cost					
Balance as at September 30, 2020	\$8,290	\$47,554	\$46	\$55,890	\$64,980
Additions	77	-	-	77	-
Less: disposals	(192)	-	-	(192)	-
Reclassifications	-	-	-	-	-
Foreign exchange movement	(83)	(2,014)	(2)	(2,099)	(1,905)
Balance as at December 31, 2020	\$8,092	\$45,540	\$44	\$53,676	\$63,075

	Computer Software and Other	Acquisition Intangibles*	Assets under Construction (Software)	Total Intangible Assets	Goodwill
Accumulated amortization and impairment losses					
Balance as at September 30, 2020	7,228	18,127	-	25,355	-
Amortization for the period	169	792	-	961	-
Less: disposals	(192)	-	-	(192)	-
Foreign exchange movement	(91)	(685)	-	(776)	-
Balance as at December 31, 2020	\$7,114	\$18,234	\$-	\$25,348	\$-

Carrying amounts

As at September 30, 2020	\$1,062	\$29,427	\$46	\$30,535	\$64,980
As at December 31, 2020	\$978	\$27,306	\$44	\$28,328	\$63,075

*Acquisition intangibles are comprised primarily of customer relationships and trade names resulting from business acquisitions.

6. FINANCIAL INSTRUMENTS

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Presented below is a comparison of the fair value of each financial instrument to its carrying value.

The fair value of cash and cash equivalents, bank indebtedness, trade and other receivables and trade and other payables approximates their carrying amounts due to the short-term maturities of these instruments. The estimated fair value of long-term debt approximates its carrying value since debt is subject to terms and conditions similar to those available to the Company for instruments with comparable terms, and the interest rates are variable and a reflection of market-based rates.

The fair value of derivative instruments that are not traded in an active market such as over-the-counter foreign exchange options and collars is determined using quoted forward exchange rates at the consolidated statement of financial position dates and are Level 2 instruments.

During the three-month period ended December 31, 2020 there were no transfers between Level 1 and Level 2 fair value measurements.

The carrying value and fair value of all financial instruments are as follows:

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(Unaudited)

\$(000)'s except per share amounts

	December 31, 2020		September 30, 2020	
	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash and cash equivalents	\$35,257	\$35,257	\$33,124	\$33,124
Accounts receivable	87,315	87,315	82,222	82,222
Trade accounts payable	(36,283)	(36,283)	(32,873)	(32,873)
Bank indebtedness	(5,683)	(5,683)	(3,418)	(3,418)
Customer advance payments	(3,661)	(3,661)	(3,557)	(3,557)
Accrued liabilities	(19,698)	(19,698)	(22,772)	(22,772)
Derivative instruments	1,863	1,863	(1,758)	(1,758)
Long-term debt	(\$3,089)	(\$3,089)	(\$3,093)	(\$3,093)

7. LONG-TERM DEBT

On February 7, 2020, the Company renewed the \$50,000 Committed Revolving Credit Facility to extend the maturity date to February 28, 2023. As at December 31, 2020 \$3,000 was utilized (September 30, 2020 - \$3,000). The facility is collateralized by a general security agreement covering all assets of the Company's subsidiaries located in Canada and the US, with the exception of real property. There are no specific repayment terms prior to maturity.

The components of long-term debt are as follows:

	December 31, 2020	September 30, 2020
Bank debt	\$3,000	\$3,000
Term notes	-	-
Promissory note	89	93
Subtotal	3,089	3,093
Less: current portion	(89)	(93)
Long-term debt, long-term portion	\$3,000	\$3,000

Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at December 31, 2020.

8. SHARE CAPITAL

The Company received approval from the Toronto Stock Exchange for a normal course issuer bid for a 12-month period beginning February 18, 2020. The Company's Board of Directors authorized the purchase of up to 2,000,000 common shares representing approximately 5% of the Company's outstanding common shares. During the quarter no common shares were repurchased (2019 - 338,000) for a total cost of \$nil (2019 - \$2,651). The cost to repurchase the common shares in the year exceeded their stated value by \$nil (2019 - \$2,230) which was recorded against retained earnings.

As at December 31, 2020 the Company had 39,268,997 common shares issued and outstanding.

EXCO TECHNOLOGIES LIMITED
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9. SEGMENTED INFORMATION

Business segments

The Company operates in two business segments: Casting and Extrusion Technology (“Casting and Extrusion”) and Automotive Solutions. The accounting policies followed in the operating segments are consistent with those outlined in note 2 to the consolidated financial statements.

The Casting and Extrusion segment designs and engineers tooling and other manufacturing equipment. Its operations are substantially for automotive and other industrial markets in North America.

The Automotive Solutions segment produces automotive interior components and assemblies primarily for seating, cargo storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers). (See Note 12)

The Company evaluates the performance of its operating segments primarily based on pre-tax income before interest and other expense.

The Corporate segment involves administrative expenses that are not directly related to the business activities of the above two operating segments.

Three Months Ended December 31, 2020				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$47,795	\$76,857	\$-	\$124,652
Intercompany sales	(2,491)	(759)	-	(3,250)
Net sales	45,304	76,098	-	121,402
Depreciation	3,403	826	22	4,251
Amortization	134	827	-	961
Segment pre-tax income (loss) before interest and other income (expense)	4,607	11,643	(2,170)	14,080
Net interest expense				(83)
Income (loss) before income taxes				13,997
Property, plant and equipment additions	4,007	1,014	-	5,021
Property, plant and equipment, net	104,748	24,859	1,320	130,927
Intangible asset additions	77	-	-	77
Intangible assets, net	885	27,443	-	28,328
Goodwill	-	63,075	-	63,075
Total assets	203,900	223,783	(12,382)	415,301
Total liabilities	28,621	45,794	6,115	80,530

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(Unaudited)

\$(000)'s except per share amounts

Three Months Ended December 31, 2019				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$53,375	\$68,423	\$-	\$121,798
Intercompany sales	(1,260)	(115)	-	(1,375)
Net sales	52,115	68,308	-	120,423
Depreciation	3,338	1,017	23	4,378
Amortization	161	837	1	999
Pre-tax income (loss) before interest and other expense	4,320	8,048	(2,363)	10,005
Net interest expense				(179)
Income before income taxes				9,826
Initial recognition IFRS 16 assets	389	940	32	1,361
Property, plant and equipment additions	6,495	1,147	-	7,642
Property, plant and equipment, net	103,808	24,825	1,408	130,041
Intangible asset additions	66	-	-	66
Intangible assets, net	1,060	31,297	1	32,358
Goodwill	-	62,291	-	62,291
Total assets	207,996	212,943	(7,967)	412,972
Total liabilities	29,446	39,384	16,476	85,306

10. NET CHANGE IN NON-CASH WORKING CAPITAL

Three months ended December 30		
	2020	2019
Accounts receivable	(\$6,348)	\$1,027
Inventories	(2,870)	4,922
Prepaid expenses and deposits	304	136
Trade accounts payable	3,736	(5,832)
Accrued payroll liabilities	(2,813)	(4,634)
Other accrued liabilities	(148)	(2,150)
Provisions	29	(62)
Customer advance payments	152	1,153
Income taxes payable	1,225	1,656
	(6,733)	(\$3,784)

11. INCOME TAXES

The consolidated effective income tax rate for the three-month period ended December 31, 2020 was 22.0% (three-month period ended December 31, 2019 – 18.0%). The income tax rate for the three-month period ended December 31, 2019 was favorably impacted by higher income in low tax jurisdictions.

EXCO TECHNOLOGIES LIMITED
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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12. GOVERNMENT ASSISTANCE

As a result of the impact of COVID-19, the Company has applied to multiple government assistance programs. During the three- month period ended December 31, 2020 the Company recorded \$476 of assistance (2019- \$nil) which was recorded as a reduction of selling, general and administrative expense.

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 15 strategic locations in 7 countries, we employ approximately 4,800 people and service a diverse and broad customer base.

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TORONTO STOCK EXCHANGE LISTING

XTC

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Edward H. Kernaghan

Darren M. Kirk, President and CEO

Robert B. Magee, Lead Director

Colleen M. McMorrow

Paul E. Riganelli

Brian A. Robbins, Executive Chairman

Anne Marie Turnbull

CORPORATE OFFICERS

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Executive Chairman

Darren M. Kirk, CFA, MBA

President and CEO

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