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Unaudited Condensed Interim Report  
to the shareholders  
for the six months ended  
March 31, 2021

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<i>(in \$ thousands except per share amounts)</i>				
	2021	2020	2021	2020
Sales	\$118,360	\$120,244	\$239,762	\$240,667
Net income	\$11,734	\$9,495	\$22,650	\$17,553
Basic earnings per share	\$0.30	\$0.24	\$0.58	\$0.44
Diluted earnings per share	\$0.30	\$0.24	\$0.58	\$0.44
Weighted avg basic common shares o/s (000's)	39,270	39,914	39,270	39,946

*The following management's interim discussion and analysis of operations and financial position are prepared as at April 28, 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.exco corp.com](http://www.exco corp.com) or through the SEDAR website at [www.sedar.com](http://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 second quarter ended March 31, 2021 were \$118.4 million compared to \$120.2 million in the same quarter last year – a decrease of \$1.8 million, or 1%. Year-to-date sales were \$239.8 million compared to \$240.7 million the prior year – a decrease of \$0.9 million. The average USD/CAD exchange rate was 7% lower in the quarter (\$1.27 versus \$1.36) and 4% lower year-to-date (\$1.29 versus \$1.34), decreasing sales by \$6.6 million and \$7.5 million in the respective periods. The average EUR/CAD

exchange rate was 1% higher in the quarter (\$1.52 versus \$1.50) and 4% higher year-to-date (\$1.54 versus \$1.48), increasing sales \$0.2 million \$1.6 million in the respective periods.

The Automotive Solutions segment reported sales of \$69.3 million in the second quarter – a decrease of \$4.1 million, or 6% from the prior year quarter. Year-to-date segment sales totaled \$145.4 million – an increase of \$3.7 million, or 3% compared to last year. Foreign exchange rate movements decreased segment sales by \$3.5 million in the quarter and \$2.9 million on segment sales year-to-date. Excluding foreign exchange rate movements on Exco's results, segment revenues were lower by \$0.6 million, or 1% during the quarter and higher by \$6.6 million, or 4.6% year-to-date. After adjusting for the impact of foreign exchange rate movements, the segment continues to perform above IHS vehicle production estimates of negative 5% in North America and negative 1% in Europe in the quarter representing content per vehicle growth. This segment's sales were favourable when considering the negative impact from the global microchip shortage, continued COVID-19 lockdowns, the Texas snowstorm, and shipping delays from congested ports which reduced vehicle production in the quarter. Segment sales were supported by a number of program launches for both new and existing products and favourable vehicle mix. The segment has received multiple contract wins during the quarter and management continues to see decent quoting activities for new programs across the segment's various businesses supporting future growth.

The Casting and Extrusion segment reported sales of \$49.1 million for the second quarter – an increase of \$2.3 million, or 5%, from the same period last year. Year-to-date, the segment reported sales of \$94.4 million – a decrease of \$4.5 million, or 4%. Foreign exchange movements decreased segment sales by \$2.8 million in the quarter and \$3.1 million year-to-date. Excluding the negative impact of foreign exchange movements, the segment's sales were up 11% and continue to rebound and exceed pre-COVID-19 levels. Segment sales continued the quarterly progression from the low in Q4 F2020 especially in the Extrusion and Castool groups. Extrusion group sales were higher during the quarter and year-to-date periods as sales at all 6 locations were strong, reflecting high demand for extrusion tools across North and South America across all industry segments. At Castool, the group's revenues were also higher for the quarter and year-to-date. Demand for Die-Cast consumable tooling has been the primary driver of Castool's strong sales, but orders for larger capital goods in extrusion end markets increased through the second quarter. The Large Mould group sales were down in the quarter and year-to-date as customers delayed shipping dates on existing programs, however inventories increased in the quarter and new business from current and new customers continues to outpace shipments for this group.

Consolidated net income for the second quarter was \$11.7 million or basic and diluted earnings of \$0.30 per share compared to \$9.5 million or \$0.24 per share in the same quarter last year – an increase in net income of 23%. Year-to-date, consolidated net income was \$22.7 million or \$0.58 per basic share compared to \$17.6 million or \$0.44 per basic share last year – an increase in net income of 29%. The consolidated effective income tax rate of 22% in the current quarter was the same as the prior year period. Year-to-date, the consolidated effective income tax rate was 22% compared to 20% last year. The income tax rate in the prior year period was favorably impacted by the recognition of deferred tax assets and an increase in earnings in jurisdictions with lower tax rates in both the first and second quarters of fiscal 2020.

The Automotive Solutions segment reported pretax profit of \$9.4 million in the second quarter – consistent with the same quarter last year. Year-to-date, the segment reported pretax profit of \$21.0 million – an increase of \$3.6 million or 21% compared to the prior year period. For the quarter, the segment maintained traditional profitability despite the slight sales decline through continued cost discipline. In addition new product launches and a favourable sales mix were offset by ramp-up costs for future programs, supply chain challenges, raw material cost inflation, and fluctuations with customer releases caused by uncertainty due to the microchip shortage. Year-to-date profit improvement reflects increased cost absorption with higher sales and elimination of costs from the prior year including the negative impact of the General Motors strike and certain program launch 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 include management's expectations for higher future costs.

The Casting and Extrusion segment reported \$7.4 million of pretax profit in the second quarter – an increase of \$2.9 million or 65% from the same quarter last year. Year-to-date, the segment reported pretax profit of \$12.0 million – an increase of \$3.2 million, or 36% compared to the prior year period. The segment's profitability improvement for the quarter and year-to-date was driven by strong efficiency gains in both material and labour usage coupled with greater overhead absorption. This, in turn, reflects our past and ongoing investments in new equipment and processes as part of our various continuous improvement initiatives. Of note, the profitability improvement occurred despite rising input cost inflation, supply chain bottlenecks and current restrictions on travel, which greatly impede management's ability to operate its various global manufacturing facilities at optimal levels of efficiency.

The Corporate segment expenses were \$1.7 million in the second quarter compared to \$1.6 million in the prior year quarter. Year-to-date, Corporate expenses were consistent with the prior year at \$3.9 million.

Consolidated EBITDA for the second quarter totaled \$20.2 million compared to \$17.6 million in the same quarter last year – an increase of \$2.6 million, or 15%. Year-to-date, consolidated EBITDA totaled \$39.6 million compared to \$33.0 million last year – an increase of \$6.6 million, or 20%. For the quarter, EBITDA as a percentage of sales increased to 17.1% in the current period compared to 14.7% the prior year driven by an improvement in segment margins in both the Casting & Extrusion segment (22% compared to 17%) and the Automotive Solutions segment (16% compared to 15%).

### **Financial Resources, Liquidity and Capital Resources**

Operating cash flow before net change in non-cash working capital totaled \$17.3 million in the second quarter compared to \$15.0 million in the same period last year. Year-to-date, operating cash flow before net change in non-working capital totaled \$33.7 million compared to \$28.6 million the prior year period. The year over year variance in the respective periods is primarily driven by Net Income, which was higher in the current quarter and year-to-date. Non-cash working capital consumed \$5.4 million of cash in the current quarter compared to a contribution of \$3.5 million the prior year period. Year-to-date, non-cash working capital consumed \$12.2 million of cash compared to \$0.2 million the prior year period. The non-cash working capital movements were mainly driven by increased accounts receivable and inventory associated with higher sales offset by customer advance payments and income taxes. Consequently, net cash provided by operating activities amounted to \$11.9 million in the current quarter compared to \$18.6 million in the same quarter last year. Year-to-date, net cash provided by operating activities amounted to \$21.5 million compared to \$28.3 million the prior year period.

Cash used in financing activities in the current quarter was \$3.3 million compared to \$0.7 million of cash used in the same quarter last year. Year-to-date, cash used in financing activities totaled \$4.8 million compared to \$7.8 million the prior year period. Bank indebtedness increased as a result of quarterly dividend payments and decreases in long term debt.

Cash used in investing activities in the second quarter totaled \$5.0 million compared to \$5.9 million in the same quarter last year. Year-to-date, cash used in investing activities totaled \$10.0 million compared to \$12.4 million the prior year. The difference was due to the timing of planned capital expenditures. Capital expenditures will be back-end loaded this year as commitments for new equipment have increased and will continue in the coming months.

The Company's financial position and liquidity remain strong. Exco's net cash position totaled \$28.4 million as at March 31, 2021. Principal sources of liquidity include generated Free Cash Flow, \$37.9 million of

balance sheet cash and \$40.5 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, which the Company was in compliance with as at March 31, 2021.

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.

	March 31, 2021			
	Total	< 1 year	1-3 years	4-5 years
Bank Indebtedness	\$9,473	\$9,473	-	-
Trade accounts payable	34,044	34,044	-	-
Long term debt	-	-	-	-
Lease commitments	1,107	456	583	68
Purchase commitments	36,978	36,978	-	-
Capital expenditures	9,340	9,340	-	-
	\$90,942	\$90,291	\$583	\$68

## Quarterly results

The following table sets out financial information for each of the eight quarters through to the second quarter ended March 31, 2021:

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
<i>(\$ thousands except per share amounts)</i>				
Sales	\$118,360	\$121,402	\$100,680	\$70,962
Net income	\$11,734	\$10,916	\$10,719	(\$848)
Earnings per share				
Basic	\$0.30	\$0.28	\$0.27	(\$0.02)
Diluted	\$0.30	\$0.28	\$0.27	(\$0.02)

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
<i>(\$ thousands except per share amounts)</i>				
Sales	\$120,244	\$120,423	\$121,815	\$119,944
Net income	\$9,495	\$8,058	\$6,773	\$7,477
Earnings per share				
Basic	\$0.24	\$0.20	\$0.17	\$0.18
Diluted	\$0.24	\$0.20	\$0.17	\$0.18

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 March 31		Six Months ended March 31	
	(in \$ thousands)			
	2021	2020	2021	2020
Net income	\$11,734	\$9,495	\$22,650	\$17,553
Provision for income tax	3,265	2,669	6,346	4,437
Pretax Profit	14,999	12,164	28,996	21,990
Depreciation	4,262	4,294	8,513	8,672
Amortization	927	1,027	1,888	2,026
Net interest expense	76	157	159	336
EBITDA	20,264	17,642	39,556	33,024
Sales	\$118,360	\$120,244	\$239,762	\$240,667
EBITDA margin	17.1%	14.7%	16.5%	13.7%
Weighted average basic shares outstanding	39,270	39,914	39,270	39,946
EPS	\$0.30	\$0.24	\$0.58	\$0.44
Cash provided by operating activities	\$11,861	\$18,552	\$21,495	\$28,316
Interest	(76)	(157)	(159)	(336)
Investment in Fixed assets net of proceeds of disposal	(4,982)	(5,903)	(9,967)	(12,442)
Free Cash Flow	\$6,803	\$12,492	\$11,369	\$15,538

## Recent Accounting Changes and Effective Dates

There are no recent 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 March 31, 2021 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 March 31, 2021 Exco had 39,270,467 common shares issued and outstanding and stock options outstanding to purchase up to 1,031,000 common shares at exercise prices ranging from \$8.29 to \$14.44.

## 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](http://www.sedar.com) or [www.excocorp.com](http://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-and six- month periods ended March 31, 2021 and 2020 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 March 31, 2021	As at September 30, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$37,885	\$33,124
Accounts receivable	87,637	82,222
Inventories	68,166	61,158
Prepaid expenses and deposits	3,268	2,787
Derivative instruments	1,077	-
Income taxes recoverable	635	2,761
Total current assets	198,668	182,052
Property, plant and equipment, net (note 4)	129,213	131,029
Intangible assets, net (note 5)	27,115	30,535
Goodwill (note 5)	61,306	64,980
Deferred tax assets	1,161	1,184
Total assets	\$417,463	\$409,780
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$9,473	\$3,418
Trade accounts payable	34,044	32,873
Accrued payroll liabilities	9,850	11,391
Other accrued liabilities	10,000	11,381
Derivative instruments	-	1,758
Provisions	2,789	2,902
Customer advance payments	7,480	3,557
Long-term debt - current portion (note 7)	-	93
Total current liabilities	73,636	67,373
Long-term debt - long-term portion (note 7)	-	3,000
Deferred tax liabilities	8,937	8,401
Total liabilities	82,573	78,774
<b>Shareholders' equity</b>		
Share capital (note 8)	48,983	48,968
Contributed surplus	4,897	4,718
Accumulated other comprehensive income (loss)	(946)	10,356
Retained earnings	281,956	266,964
Total shareholders' equity	334,890	331,006
Total liabilities and shareholders' equity	\$417,463	\$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 March 31		Six months ended March 31	
	2021	2020	2021	2020
<b>Sales</b>	<b>\$118,360</b>	<b>\$120,244</b>	<b>\$239,762</b>	<b>\$240,667</b>
Cost of sales	88,843	91,443	179,913	185,304
Selling, general and administrative expenses (note 12)	9,249	11,160	20,348	22,381
Depreciation (note 4)	4,262	4,294	8,513	8,672
Amortization (note 5)	927	1,027	1,888	2,026
Loss (gain) on disposal of property, plant and equipment	4	(1)	(55)	(42)
Interest expense, net	76	157	159	336
	<b>103,361</b>	<b>108,080</b>	<b>210,766</b>	<b>218,677</b>
Income before income taxes	14,999	12,164	28,996	21,990
Provision for income taxes (note 11)	3,265	2,669	6,346	4,437
<b>Net income for the period</b>	<b>11,734</b>	<b>9,495</b>	<b>22,650</b>	<b>17,553</b>
Other comprehensive income (loss)				
Items that may be reclassified to profit or loss in subsequent periods:				
Net unrealized gain (loss) on derivatives designated as cash flow hedges (a)	(579)	(4,182)	2,090	(3,061)
Unrealized gain (loss) on foreign currency translation	(7,215)	15,054	(13,392)	13,236
	<b>(7,794)</b>	<b>10,872</b>	<b>(11,302)</b>	<b>10,175</b>
<b>Comprehensive income</b>	<b>\$3,940</b>	<b>\$20,367</b>	<b>\$11,348</b>	<b>\$27,728</b>
<b>Income per common share</b>				
Basic	\$0.30	\$0.24	\$0.58	\$0.44
Diluted	\$0.30	\$0.24	\$0.58	\$0.44
<b>Weighted average number of common shares outstanding</b>				
Basic	39,270	39,914	39,270	39,946
Diluted	39,317	39,914	39,270	39,946

(a) Net of income tax recoverable of \$207 and income tax payable of \$952 for the three- and six- month periods ended March 31, 2021 (2020 - net of income tax recoverable of \$1,492 and \$1,092 for the three- and six- month periods ended March 31, 2020)

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)
<b>Balance, December 31, 2020</b>	<b>\$48,968</b>	<b>\$4,806</b>	<b>\$274,149</b>	<b>\$1,371</b>	<b>\$5,477</b>	<b>\$6,848</b>	<b>\$334,771</b>
Net income for the period	-	-	11,734	-	-	-	11,734
Dividend paid (note 3)	-	-	(3,927)	-	-	-	(3,927)
Stock option expense	-	93	-	-	-	-	93
Exercise of stock options	15	(2)	-	-	-	-	13
Other comprehensive income (loss)	-	-	-	(579)	(7,215)	(7,794)	(7,794)
<b>Balance, March 31, 2021</b>	<b>\$48,983</b>	<b>\$4,897</b>	<b>\$281,956</b>	<b>\$792</b>	<b>(\$1,738)</b>	<b>(\$946)</b>	<b>\$334,890</b>

	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, 2019	\$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)
<b>Balance, December 31, 2019</b>	<b>\$50,117</b>	<b>\$4,435</b>	<b>\$264,331</b>	<b>\$914</b>	<b>\$7,869</b>	<b>\$8,783</b>	<b>\$327,666</b>
Net income for the period	-	-	9,495	-	-	-	9,495
Dividend paid (note 3)	-	-	(3,777)	-	-	-	(3,777)
Stock option expense	-	94	-	-	-	-	94
Exercise of stock options	-	-	-	-	-	-	0
Repurchase of Share Capital (note 8)	(548)	-	(2,801)	-	-	-	(3,349)
Other comprehensive income (loss)	-	-	-	(4,182)	15,054	10,872	10,872
<b>Balance, March 31, 2020</b>	<b>\$49,569</b>	<b>\$4,529</b>	<b>\$267,248</b>	<b>(\$3,268)</b>	<b>\$22,923</b>	<b>\$19,655</b>	<b>\$341,001</b>

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 March 31		Six months ended March 31	
	2021	2020	2021	2020
<b>OPERATING ACTIVITIES:</b>				
Net income for the period	\$11,734	\$9,495	\$22,650	\$17,553
Add non-operating and items not involving a current outlay of cash				
Depreciation (note 4)	4,262	4,294	8,513	8,672
Amortization (note 5)	927	1,027	1,888	2,026
Stock-based compensation expense	278	(44)	597	112
Deferred income taxes	7	86	(97)	(95)
Net interest expense	76	157	159	336
Loss (gain) on disposal of property, plant and equipment	4	(1)	(55)	(42)
	17,288	15,014	33,655	28,562
Net change in non-cash working capital (note 10)	(5,427)	3,538	(12,160)	(246)
<b>Cash provided by operating activities</b>	<b>11,861</b>	<b>18,552</b>	<b>21,495</b>	<b>28,316</b>
<b>FINANCING ACTIVITIES:</b>				
Increase (decrease) in bank indebtedness	3,790	(4,308)	6,055	45
Financing from long-term debt	-	10,917	-	10,917
Repayment of long-term debt	(3,089)	-	(3,093)	(5,004)
Interest paid, net	(76)	(157)	(159)	(336)
Dividends paid (note 3)	(3,927)	(3,777)	(7,658)	(7,394)
Repurchase of share capital	-	(3,349)	0	(6,000)
Issuance of Share Capital	13	-	13	0
<b>Cash used in financing activities</b>	<b>(3,289)</b>	<b>(674)</b>	<b>(4,842)</b>	<b>(7,772)</b>
<b>INVESTING ACTIVITIES:</b>				
Purchase of property, plant and equipment (note 4)	(5,000)	(5,736)	(10,021)	(13,378)
Purchase of intangible assets (note 5)	(52)	(191)	(129)	(257)
Proceeds from disposal of property, plant and equipment	70	24	183	1,193
<b>Cash used in investing activities</b>	<b>(4,982)</b>	<b>(5,903)</b>	<b>(9,967)</b>	<b>(12,442)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(962)</b>	<b>1,111</b>	<b>(1,925)</b>	<b>1,061</b>
<b>Net increase in cash during the period</b>	<b>2,628</b>	<b>13,086</b>	<b>4,761</b>	<b>9,163</b>
Cash, beginning of period	35,257	22,565	33,124	26,488
<b>Cash, end of period</b>	<b>\$37,885</b>	<b>\$35,651</b>	<b>\$37,885</b>	<b>\$35,651</b>

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- and six- month periods ended March 31, 2021 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](http://www.sedar.com) and on the Corporation’s website at [www.excocorp.com](http://www.excocorp.com). The unaudited condensed interim consolidated financial statements and accompanying notes for the three- and six- month periods ended March 31, 2021 were authorized for issue by the Board of Directors on April 28, 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.

**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

*\$(000)'s except per share amounts*

**3. CASH DIVIDEND**

During the three- and six- month periods ended March 31, 2021, the Company paid quarterly cash dividends totaling \$3,927 and \$7,658 (2020 - \$3,777 and \$7,394). The quarterly dividend rate in the second quarter of 2021 was \$0.10 per common share (2020 - \$0.095).

**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>Machinery and Equipment</b>	<b>Tools</b>	<b>Buildings</b>	<b>Land</b>	<b>Assets under Construction</b>	<b>Right of Use Assets</b>	<b>TOTAL</b>
<b>Cost</b>							
Balance as at September 30, 2020	\$205,844	\$22,541	\$79,363	\$12,584	\$8,956	\$1,785	\$331,073
Additions	1,575	684	293	-	7,331	138	10,021
Less: disposals	(4,999)	(46)	(13)	-	-	(117)	(5,175)
Reclassification	9,078	550	130	-	(9,758)	-	-
Foreign exchange movement	(4,792)	(604)	(2,173)	(311)	(124)	(89)	(8,093)
<b>Balance as at March 31, 2021</b>	<b>\$206,706</b>	<b>\$23,125</b>	<b>\$77,600</b>	<b>\$12,273</b>	<b>\$6,405</b>	<b>\$1,717</b>	<b>\$327,826</b>

	<b>Machinery and Equipment</b>	<b>Tools</b>	<b>Buildings</b>	<b>Land</b>	<b>Assets under Construction</b>	<b>Right of Use Assets</b>	<b>TOTAL</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance as at September 30, 2020	\$143,235	\$16,546	\$39,732	\$0	\$0	\$531	\$200,044
Depreciation	5,674	995	1,585			259	8,513
Less: disposals	(4,914)	(41)	(13)			(83)	(5,051)
Foreign exchange movement	(3,375)	(525)	(959)			(34)	(4,893)
<b>Balance as at March 31, 2021</b>	<b>\$140,620</b>	<b>\$16,975</b>	<b>\$40,345</b>	<b>\$0</b>	<b>\$0</b>	<b>\$673</b>	<b>\$198,613</b>

<b>Carrying amounts</b>	<b>Machinery and Equipment</b>	<b>Tools</b>	<b>Buildings</b>	<b>Land</b>	<b>Assets under Construction</b>	<b>Right of Use Assets</b>	<b>TOTAL</b>
As at September 30, 2020	\$62,609	\$5,995	\$39,631	\$12,584	\$8,956	\$1,254	\$131,029
<b>As at March 31, 2021</b>	<b>\$66,086</b>	<b>\$6,150</b>	<b>\$37,255</b>	<b>\$12,273</b>	<b>\$6,405</b>	<b>\$1,044</b>	<b>\$129,213</b>

**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
*\$(000)'s except per share amounts*

**5. INTANGIBLE ASSETS AND GOODWILL**

	<b>Computer Software and Other</b>	<b>Acquisition Intangibles*</b>	<b>Assets under Construction (Software)</b>	<b>Total Intangible Assets</b>	<b>Goodwill</b>
<b>Cost</b>					
Balance as at September 30, 2020	\$8,290	\$47,554	\$46	\$55,890	\$64,980
Additions	98	-	31	129	-
Less: disposals	(197)	-	-	(197)	-
Reclassifications	43	-	(43)	-	-
Foreign exchange movement	(206)	(2,510)	(3)	(2,719)	(3,674)
<b>Balance as at March 31, 2021</b>	<b>\$8,028</b>	<b>\$45,044</b>	<b>\$31</b>	<b>\$53,103</b>	<b>\$61,306</b>

	<b>Computer Software and Other</b>	<b>Acquisition Intangibles*</b>	<b>Assets under Construction (Software)</b>	<b>Total Intangible Assets</b>	<b>Goodwill</b>
<b>Accumulated amortization and impairment losses</b>					
Balance as at September 30, 2020	7,228	18,127	-	25,355	-
Amortization for the period	324	1,564	-	1,888	-
Less: disposals	(193)	-	-	(193)	-
Foreign exchange movement	(197)	(865)	-	(1,062)	-
<b>Balance as at March 31, 2021</b>	<b>\$7,162</b>	<b>\$18,826</b>	<b>\$-</b>	<b>\$25,988</b>	<b>\$-</b>

**Carrying amounts**

As at September 30, 2020	\$1,062	\$29,427	\$46	\$30,535	\$64,980
<b>As at March 31, 2021</b>	<b>\$866</b>	<b>\$26,218</b>	<b>\$31</b>	<b>\$27,115</b>	<b>\$61,306</b>

\*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 six-month period ended March 31, 2021 there were no transfers between Level 1 and Level 2 fair value measurements.

**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
*\$(000)'s except per share amounts*

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

	March 31, 2021		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	\$37,885	\$37,885	\$33,124	\$33,124
Accounts receivable	87,637	87,637	82,222	82,222
Trade accounts payable	(34,044)	(34,044)	(32,873)	(32,873)
Bank indebtedness	(9,473)	(9,473)	(3,418)	(3,418)
Customer advance payments	(7,480)	(7,480)	(3,557)	(3,557)
Accrued liabilities	(22,639)	(22,639)	(22,772)	(22,772)
Derivative instruments	1,077	1,077	(1,758)	(1,758)
Long-term debt	\$-	\$-	(\$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 March 31, 2021 \$nil 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.

The components of long-term debt are as follows:

	March 31, 2021	September 30, 2020
Bank debt	\$0	\$3,000
Term notes	-	-
Promissory note	-	93
Subtotal	-	3,093
Less: current portion	-	(93)
Long-term debt, long-term portion	\$0	\$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 March 31, 2021.

## 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, 2021. The Company's Board of Directors authorized the purchase of up to 1,960,000 common shares representing approximately 5% of the Company's outstanding common shares. During the quarter and year- to -date no common shares were repurchased (2020 – 439,066 and 777,066) for a total cost of \$nil (2020 - \$3,349 and \$6,000). The cost to repurchase the common shares in the year exceeded their stated value by \$nil (2020 - \$5,031) which was recorded against retained earnings.

As at March 31, 2021 the Company had 39,270,497 common shares issued and outstanding.



**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

*\$(000)'s except per share amounts*

**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.

<b>Three Months Ended March 31, 2021</b>				
	<b>Casting and Extrusion</b>	<b>Automotive Solutions</b>	<b>Corporate</b>	<b>Total</b>
<b>Sales</b>	<b>\$51,778</b>	<b>\$69,828</b>	<b>\$-</b>	<b>\$121,606</b>
<b>Intercompany sales</b>	<b>(2,681)</b>	<b>(565)</b>	<b>-</b>	<b>(3,246)</b>
<b>Net sales</b>	<b>49,097</b>	<b>69,263</b>	<b>-</b>	<b>118,360</b>
<b>Depreciation</b>	<b>3,402</b>	<b>837</b>	<b>23</b>	<b>4,262</b>
<b>Amortization</b>	<b>121</b>	<b>806</b>	<b>-</b>	<b>927</b>
<b>Segment pre-tax income (loss) before interest</b>	<b>7,407</b>	<b>9,383</b>	<b>(1,715)</b>	<b>15,075</b>
<b>Net interest expense</b>				<b>(76)</b>
<b>Income (loss) before income taxes</b>				<b>14,999</b>
<b>Property, plant and equipment additions</b>	<b>4,302</b>	<b>698</b>	<b>-</b>	<b>5,000</b>
<b>Property, plant and equipment, net</b>	<b>103,852</b>	<b>24,063</b>	<b>1,298</b>	<b>129,213</b>
<b>Intangible asset additions</b>	<b>21</b>	<b>31</b>	<b>-</b>	<b>52</b>
<b>Intangible assets, net</b>	<b>771</b>	<b>26,344</b>	<b>-</b>	<b>27,115</b>
<b>Goodwill</b>	<b>-</b>	<b>61,306</b>	<b>-</b>	<b>61,306</b>
<b>Total assets</b>	<b>212,021</b>	<b>217,316</b>	<b>(11,874)</b>	<b>417,463</b>
<b>Total liabilities</b>	<b>34,549</b>	<b>44,340</b>	<b>3,684</b>	<b>82,573</b>

**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

*\$(000)'s except per share amounts*

Three Months Ended March 31, 2020				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$49,279	\$73,543	\$-	\$122,822
Intercompany sales	(2,460)	(118)	-	(2,578)
Net sales	46,819	73,425	-	120,244
Depreciation	3,458	814	22	4,294
Amortization	161	866	-	1,027
Pre-tax income (loss) before interest	4,488	9,391	(1,558)	12,321
Net interest expense				(157)
Income (loss) before income taxes				12,164
Property, plant and equipment additions	5,264	472	-	5,736
Property, plant and equipment, net	106,000	26,297	1,386	133,683
Intangible asset additions	185	6	-	191
Intangible assets, net	1,080	33,283	1	34,364
Goodwill	-	67,512	-	67,512
Total assets	205,948	226,387	11,107	443,442
Total liabilities	25,905	41,610	34,926	102,441

Six Months Ended March 31, 2021				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$99,573	\$146,685	\$-	\$246,258
Intercompany sales	(5,172)	(1,324)	-	(6,496)
Net sales	94,401	145,361	-	239,762
Depreciation	6,805	1,663	45	8,513
Amortization	255	1,633	-	1,888
Pre-tax income (loss) before interest	12,014	21,026	(3,885)	29,155
Net interest expense				(159)
Income before income taxes				28,996
Property, plant and equipment additions	8,309	1,712	-	10,021
Property, plant and equipment, net	103,852	24,063	1,298	129,213
Intangible asset additions	98	31	-	129
Intangible assets, net	771	26,344	-	27,115
Goodwill	-	61,306	-	61,306
Total assets	212,021	217,316	(11,874)	417,463
Total liabilities	34,549	44,340	3,684	82,573

**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
*\$(000)'s except per share amounts*

Six Months Ended March 31, 2020				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$102,654	\$141,966	\$-	\$244,620
Intercompany sales	(3,720)	(233)	-	(3,953)
Net sales	98,934	141,733	-	240,667
Depreciation	6,796	1,831	45	8,672
Amortization	322	1,703	1	2,026
Pre-tax income (loss) before interest	8,808	17,439	(3,921)	22,326
Net interest expense				(336)
Income before income taxes				21,990
Initial recognition IFRS 16 assets	389	1,266	32	1,687
Property, plant and equipment additions	11,759	1,619	-	13,378
Property, plant and equipment, net	106,000	26,297	1,386	133,683
Intangible asset additions	251	6	-	257
Intangible assets, net	1,080	33,283	1	34,364
Goodwill	-	67,512	-	67,512
Total assets	205,948	226,387	11,107	443,442
Total liabilities	25,905	41,610	34,926	102,441

**10. NET CHANGE IN NON-CASH WORKING CAPITAL**

Six months ended March 31		
	2021	2020
Accounts receivable	<b>(\$8,466)</b>	(\$2,769)
Inventories	<b>(8,839)</b>	7,368
Prepaid expenses and deposits	<b>(529)</b>	184
Trade accounts payable	<b>2,238</b>	(6,937)
Accrued payroll liabilities	<b>(1,144)</b>	(4,352)
Other accrued liabilities	<b>(1,341)</b>	1,237
Provisions	<b>(113)</b>	(58)
Customer advance payments	<b>3,997</b>	775
Income taxes payable	<b>2,037</b>	4,306
	<b>(12,160)</b>	(\$246)

**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
*\$(000)'s except per share amounts*

**11. INCOME TAXES**

The consolidated effective income tax rate for the six-month period ended March 31, 2021 was 21.9% (six-month period ended March 31, 2020 – 20.2%). The income tax rate for the six-month period ended March 31, 2020 was favorably impacted by higher income in low tax jurisdictions.

**12. GOVERNMENT ASSISTANCE**

As a result of the impact of COVID-19, the Company has applied to multiple government assistance programs. During the three and six - month periods ended March 31, 2021 the Company recorded assistance of \$4 and \$480 (2020 – \$nil, \$nil). This assistance 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

## **DIRECTORS**

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**

Brian A. Robbins, PEng

Executive Chairman

Darren M. Kirk, CFA, MBA

President and CEO

Matthew Posno, CPA, CA, MBA

Vice President Finance, CFO and Secretary

Paul E. Riganelli, MA, MBA, LLB

Executive Vice President

## **TRANSFER AGENT**

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