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Unaudited Condensed Interim Report
to the shareholders
for the nine months ended
June 30, 2021

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	Three Months Ended June 30		Nine Months Ended June 30	
<i>(in \$ thousands except per share amounts)</i>				
	2021	2020	2021	2020
Sales	\$114,967	\$70,962	\$354,729	\$311,629
Net income	\$8,682	(\$848)	\$31,332	\$16,705
Basic earnings per share	\$0.22	(\$0.02)	\$0.80	\$0.42
Diluted earnings per share	\$0.22	(\$0.02)	\$0.80	\$0.42
Weighted avg basic common shares o/s (000's)	39,270	39,348	39,270	39,282

The following management's interim discussion and analysis of operations and financial position of Exco Technologies Limited ("Exco" or the Company) are prepared as at July 28, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine month periods ended June 30, 2021 and 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, Free Cash Flow and Maintenance Fixed Asset Additions 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 is calculated as cash provided by operating activities less interest paid and Maintenance Fixed Asset Additions. Maintenance Fixed Asset Additions represents investment in fixed assets that are required to continue current capacity levels. 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. Given the Company's elevated planned capital spending on fixed assets for growth initiatives (including additional Greenfield locations, energy efficient heat treatment equipment and increased capacity) through the near term, the Company has modified its calculation of Free Cash Flow. This change is meant to enable investors to better gauge the amount of generated cash flow that is available for these investments

as well as acquisitions and/or returns to shareholders in the form of dividends or share buyback programs.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the third quarter ended June 30, 2021 were \$115.0 million compared to \$71.0 million in the same quarter last year – an increase of \$44.0 million, or 63%. Year-to-date sales were \$354.7 million compared to \$311.6 million the prior year – an increase of \$43.1 million, or 14%. Foreign exchange movements considerably depressed sales during the quarter and year. Sales would have been \$126.2 million (78% increase) for the quarter and \$371.6 million (19% increase) for the year if the exchange rate was comparable to the prior year periods.

The Automotive Solutions segment reported sales of \$61.0 million in the third quarter – an increase of \$32.9 million, or 117% from the prior year quarter. Year-to-date segment sales totaled \$206.4 million – an increase of \$36.5 million, or 21% compared to last year. Excluding foreign exchange rate movements, segment revenues would have been \$67.2 million for the quarter and \$215.8 million year-to-date, representing growth of 139% and 27% respectively. This strong sales growth reflects a normalization of activities compared to the prior year when 3 of our 4 manufacturing plants in this segment were shut down for April and much of May due to COVID-19 government restrictions. Notwithstanding this improvement, growth in the current year periods was hampered by the global microchip supply issues, which management estimates reduced vehicle production volumes and segment sales between 15% to 20% in the quarter. Segment sales were supported by a number of key program launches for both new and existing products and favourable vehicle mix. The segment received several 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 \$53.9 million for the third quarter – an increase of \$11.1 million, or 26%, from the same period last year. Year-to-date, the segment reported sales of \$148.3 million – an increase of \$6.6 million, or 5%. Foreign exchange movements decreased segment sales by \$5.0 million in the quarter and \$7.6 million year-to-date. Excluding the negative impact of foreign exchange movements, the segment's sales were up 37% for the quarter and 10% year-to-date and continue to exceed pre-COVID-19 levels. Although the impact of the microchip shortage was not as significant in the Casting and Extrusion segment as it was in the Automotive segment, sales in the Castool and Large Mould groups were negatively impacted from certain customers during the quarter and year-to-date. Third quarter segment sales reflect the third consecutive quarterly increase (10% over F2021 Q2) even with the negative impact of foreign exchange and the microchip issues. The Extrusion group experienced higher sales at all locations, reflecting demand for extrusion tools across all industry segments particularly in the building sector coupled with operational improvements that have continued to reduce lead times contributing to market share gains. At Castool, the group's revenues were higher for the quarter and year-to-date. Demand for Castool's die-cast consumable tooling and extrusion products was solid, with a slightly stronger demand for the die-cast consumable tooling solutions leading the quarter. Castool continues to invest heavily in new equipment and advance its proprietary tooling solutions which are increasingly required by customers as their manufactured components increase in size and complexity while they focus on improving their own productivity and efficiency measures. The Large Mould group sales were up 31% from F2021 Q2 with diversity of its customer base and solid additive sales representing key drivers of the results. New business from current and new customers was awarded in the quarter; as a result, inventories and backlog continue to grow.

Consolidated net income for the third quarter was \$8.7 million or basic and diluted earnings of \$0.22 per share compared to a loss of \$0.8 million or \$0.02 loss per share in the same quarter last year – an increase in net income of \$9.5 million. Year-to-date, consolidated net income was \$31.3 million or \$0.80 per share compared to \$16.7 million or \$0.42 per share last year – an increase in net income of 87%. The consolidated

effective income tax rate of 12% in the current quarter compared to 10% in the prior year period. Year-to-date, the consolidated effective income tax rate was 20% compared to 21% last year. The income tax rate in the current quarter and year was favorably impacted by the recognition of Scientific Research and Experimental Development income tax credits during the quarter.

The Automotive Solutions segment reported pretax profit of \$5.1 million in the third quarter compared to a loss of \$3.8 million in the same quarter last year – an increase of \$8.9 million. Year-to-date, the segment reported pretax profit of \$26.1 million – an increase of \$12.5 million or 91% compared to the prior year period. The segment's profitability growth reflects three months sales compared to the plant shutdowns in the prior year due to COVID-19, as indicated above. Overall profit margins were lower than expected due to decreased fixed cost absorption from lower sales as a result of the microchip shortage and raw material price increases due to inflationary pressures experienced in most inputs but particularly resin. As well, supply issues persisted across the segment resulting in significant inefficiencies and much higher freight/transportation costs. 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 \$7.8 million of pretax profit in the third quarter – an increase of \$2.8 million or 57% from the same quarter last year. Year-to-date, the segment reported pretax profit of \$19.8 million – an increase of \$6.0 million, or 44% compared to the prior year period. Similar to the Automotive segment, the Casting and Extrusion segment profitability growth over the prior year periods is a result of higher sales due to the impact of COVID-19 last year. This impact, however, was somewhat muted last year by the nature of much of the segment's tooling products as they feed into many essential industries. Consistent with the higher third quarter sales, segment profitability continued to improve. Quarterly segment pretax profit was 5% higher than F2021 Q2 profit. In addition, fixed cost absorption improved, and we benefited from greater labour efficiencies reflecting our past and continuing investments in new equipment and processes, as part of our continuous improvement initiatives. These improvements were partially offset by higher freight and raw material input costs.

The Corporate segment expenses were \$2.8 million in the second quarter compared to \$1.9 million in the prior year quarter. Year-to-date, Corporate expenses were \$6.7 million up \$0.9 million compared to the prior year period. Corporate expenses increased for the year and the quarter due to foreign exchange losses relating to the strengthening Canadian dollar compared to prior periods and increased incentive expenses.

Consolidated EBITDA for the third quarter totaled \$15.2 million compared to \$4.7 million in the same quarter last year – an increase of \$10.5 million. Year-to-date, consolidated EBITDA totaled \$54.8 million compared to \$37.7 million last year – an increase of \$17.1 million, or 45%. For the quarter, EBITDA as a percentage of sales increased to 13.2% in the current period compared to 6.6% the prior year driven by an improvement in the Automotive Solutions segment (11% compared to negative 7%) and Casting & Extrusion segment (21% compared to 20%).

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital totaled \$13.9 million in the third quarter compared to \$5.0 million in the same period last year. Year-to-date, operating cash flow before net change in non-cash working capital totaled \$47.6 million compared to \$33.5 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 contributed \$5.1 million of cash in the current quarter compared to \$15.6 million the prior year period. Year-to-date, non-cash working capital consumed \$7.1 million of cash compared to a contribution of \$15.4 million the prior year period. The non-cash working capital movements were mainly driven by increased accounts receivable and inventory associated with higher

sales partially offset by increased accounts payables, accruals, customer advance payments and income taxes. Consequently, net cash provided by operating activities amounted to \$19.0 million in the current quarter compared to \$20.6 million in the same quarter last year. Year-to-date, net cash provided by operating activities amounted to \$40.5 million compared to \$48.9 million the prior year period.

Cash used in financing activities in the current quarter was \$5.0 million compared to \$4.0 million of cash used in the same quarter last year. Year-to-date, cash used in financing activities totaled \$9.8 million compared to \$11.7 million the prior year period. Bank indebtedness increased as a result of increased quarterly dividend payments and decreases in long term debt.

Cash used in investing activities in the third quarter totaled \$16.6 million compared to \$4.3 million in the same quarter last year. Year-to-date, cash used in investing activities totaled \$26.6 million compared to \$16.7 million the prior year. The increase in investing activities reflects the construction of our Castool Morocco facility, investments in the heat treatment facility in Newmarket, upgrades to the Extrusion group's heat treatment assets and other capital improvement projects across the Company. As outlined in the commitments table below, capital investments will remain elevated compared to recent levels and depreciation amounts through the fourth quarter and in F2022 in order to position the Company for the significant growth opportunities we see.

The Company's financial position and liquidity remain strong. Exco's net cash position totaled \$26.3 million as at June 30, 2021. Principal sources of liquidity include generated Free Cash Flow, \$34.9 million of balance sheet cash and \$41.4 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 June 30, 2021.

Exco owns all 16 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.

	June 30, 2021			
	Total	< 1 year	1-3 years	4-5 years
Bank Indebtedness	\$8,545	\$8,545	\$ -	\$ -
Trade accounts payable	37,829	37,829	-	-
Long term debt	-	-	-	-
Lease commitments	963	417	500	46
Purchase commitments	31,415	31,415	-	-
Capital expenditures	20,858	20,858	-	-
	\$99,610	\$99,064	\$500	\$46

Quarterly results

The following table sets out financial information for each of the eight quarters through to the third quarter ended June 30, 2021:

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
<i>(\$ thousands except per share amounts)</i>				
Sales	\$114,867	\$118,360	\$121,402	\$100,680
Net income	\$8,682	\$11,734	\$10,916	\$10,719

Earnings per share				
Basic	\$0.22	\$0.30	\$0.28	\$0.27
Diluted	\$0.22	\$0.30	\$0.28	\$0.27

	June	March	December	September
<i>(\$ thousands except per share amounts)</i>	30, 2020	31, 2020	31, 2019	30, 2019
Sales	\$70,962	\$120,244	\$120,423	\$121,815
Net income	(\$848)	\$9,495	\$8,058	\$6,773
Earnings per share				
Basic	(\$0.02)	\$0.24	\$0.20	\$0.17
Diluted	(\$0.02)	\$0.24	\$0.20	\$0.17

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 idled for much of the quarter 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 June 30		Nine Months ended June 30	
	(in \$ thousands)			
	2021	2020	2021	2020
Net income	\$8,682	(\$848)	\$31,332	\$16,705
Provision for income tax	1,226	(91)	7,572	4,346
Pretax Profit	9,908	(939)	38,904	21,051
Depreciation	4,294	4,415	12,807	13,087
Amortization	880	1,021	2,768	3,047
Net interest expense	139	183	298	519
EBITDA	15,221	4,680	54,777	37,704
Sales	\$114,967	\$70,962	\$354,729	\$311,629
EBITDA margin	13.2%	6.6%	15.4%	12.1%
Cash provided by operating activities	\$18,998	\$20,620	\$40,493	\$48,936
Interest	(139)	(183)	(298)	(519)
Maintenance fixed asset additions	(3,585)	(3,526)	(6,058)	(10,139)
Free Cash Flow	\$15,274	\$16,911	\$34,137	\$38,278

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 June 30, 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 Company’s internal control over financial reporting during the Company’s most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Outstanding Share Capital

As at June 30, 2021 Exco had 39,270,497 common shares issued and outstanding and stock options outstanding to purchase up to 1,006,000 common shares at exercise prices ranging from \$8.29 to \$10.48.

Outlook

The overall outlook is very favorable across Exco’s various businesses. Consumer demand for automotive vehicles is currently outstripping supply in most markets, constrained by a shortage of microchips and to a lesser extent other raw materials and components. Dealer inventory levels are now near record lows, while average transaction prices are at record highs and the average age of the broader fleet has continued to increase to an all-time high. This bodes well for higher levels of future vehicle production and the sales opportunity of Exco’s various automotive components and accessories once supply chains normalize. In addition, OEM’s are increasingly looking to the sale of higher margin accessory products as a means to enhance their own levels of profitability. Exco’s Automotive Solutions segment derives a significant amount of activity from such products and is a leader in the prototyping, development and marketing of the same. Moreover, the rapid movement towards an electrified fleet is enticing new market entrants into the automotive market while causing traditional OEM incumbents to further differentiate their product offerings, all of which is driving above average opportunities for Exco.

With respect to Exco’s Casting and Extrusion segment, the intensifying global focus on environmental sustainability is creating significant growth drivers that are expected to persist through at least the next decade. Automotive OEMs are looking to light-weight metals such as aluminum to reduce vehicle weight and reduce carbon dioxide emissions. This trend is evident regardless of powertrain design - whether internal combustion engines, electric vehicles or hybrids. As well, a renewed focus on the efficiency of OEMs in their own manufacturing process is creating higher demand for advanced tooling that can contribute towards their profitability and sustainability goals. Tesla, in particular, has adopted the approach of utilizing much larger die cast machines to cast entire sub-frames of vehicles out of an aluminum based alloy rather than assemble numerous pieces of separately stamped and welded pieces of ferrous metal. Exco expects traditional OEMs will ultimately follow this trend and is positioning its operations to capitalize accordingly.

On the cost side, inflationary pressures have intensified in recent quarters while prompt availability of various input materials and components has become more challenging. We are offsetting these dynamics through various efficiency initiatives and taking pricing action where possible although there is typically several quarters of lag before the counter measures are evident.

Exco itself is also looking inwards with respect to ESG and sustainability trends to ensure its own operations are sustainable. We are investing significant capital to improve the efficiency of our own operations and lower our own carbon footprint. We expect to update the market on these initiatives over the coming quarters.

Over the next 5 years Exco is currently targeting a compounded average annual growth rate of approximately 10% for revenues and slightly higher levels for EBITDA and Net Income during this timeframe, producing an annual EPS of roughly \$1.90 in fiscal 2026. This target is expected to be achieved through the launch of new programs, general market growth, and also market share gains consistent with the Company's operating history. Capital investments will remain elevated in the next few years in order to position the Company for the significant growth opportunities we see. Capital expenditures are expected to exceed \$40 million for fiscal 2021.

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", "may", "will", "should", "expect", "believe", "estimate", "5-year target" and similar expressions to identify forward-looking information and statements especially with respect to growth, outlook 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, operating efficiencies, improvements in, expansion of and/or guidance or outlook as to future revenue, sales, production sales, margin, earnings, earnings per share, including the outlook for 2026, are forward-looking statements. 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. These forward-looking statements are based on our plans, intentions or expectations which are based on, among other things, the current improving global economic recovery from the COVID-19 pandemic and containment of any future 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, supply disruptions, economic conditions, inflation, currency fluctuations, trade restrictions, our ability to integrate acquisitions, our ability to continue increasing market share, or launch of new programs and the rate at which our current and future greenfield operations in Mexico and Morocco achieve sustained profitability. 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. 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-and nine- month periods ended June 30, 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 June 30, 2021	As at September 30, 2020
ASSETS		
Current		
Cash and cash equivalents	\$34,881	\$33,124
Accounts receivable	83,705	82,222
Inventories	70,805	61,158
Prepaid expenses and deposits	3,595	2,787
Derivative instruments	1,504	-
Income taxes recoverable	1,847	2,761
Total current assets	196,337	182,052
Property, plant and equipment, net (note 4)	141,355	131,029
Intangible assets, net (note 5)	25,936	30,535
Goodwill (note 5)	60,631	64,980
Deferred tax assets	1,245	1,184
Total assets	\$425,504	\$409,780
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$8,545	\$3,418
Trade accounts payable	37,829	32,873
Accrued payroll liabilities	13,010	11,391
Other accrued liabilities	10,664	11,381
Derivative instruments	-	1,758
Provisions	2,904	2,902
Customer advance payments	5,644	3,557
Long-term debt - current portion (note 7)	-	93
Total current liabilities	78,596	67,373
Long-term debt - long-term portion (note 7)	-	3,000
Deferred tax liabilities	8,997	8,401
Total liabilities	87,593	78,774
Shareholders' equity		
Share capital (note 8)	48,983	48,968
Contributed surplus	4,991	4,718
Accumulated other comprehensive income (loss)	(2,774)	10,356
Retained earnings	286,711	266,964
Total shareholders' equity	337,911	331,006
Total liabilities and shareholders' equity	\$425,504	\$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 June 30		Nine months ended June 30	
	2021	2020	2021	2020
Sales	\$114,967	\$70,962	\$354,729	\$311,629
Cost of sales	89,613	60,386	269,526	245,690
Selling, general and administrative expenses (note 12)	10,218	5,931	30,566	28,312
Depreciation (note 4)	4,294	4,415	12,807	13,087
Amortization (note 5)	880	1,021	2,768	3,047
Loss (gain) on disposal of property, plant and equipment	(85)	(35)	(140)	(77)
Interest expense, net	139	183	298	519
	105,059	71,901	315,825	290,578
Income before income taxes	9,908	(939)	38,904	21,051
Provision for income taxes (note 11)	1,226	(91)	7,572	4,346
Net income for the period	8,682	(848)	31,332	16,705
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)	314	1,261	2,404	(1,800)
Unrealized gain (loss) on foreign currency translation	(2,142)	(8,547)	(15,534)	4,689
	(1,828)	(7,286)	(13,130)	2,889
Comprehensive income	\$6,854	(\$8,134)	\$18,202	\$19,594
Income per common share				
Basic	\$0.22	(\$0.02)	\$0.80	\$0.42
Diluted	\$0.22	(\$0.02)	\$0.80	\$0.42
Weighted average number of common shares outstanding				
Basic	39,270	39,751	39,270	39,946
Diluted	39,348	39,751	39,282	39,946

(a) Net of income tax payable of \$112 and \$858 for the three- and nine- month periods ended June 30, 2021 (2020 - net of income tax payable of \$450 and income tax recoverable of \$642 for the three- and nine- month periods ended June 30, 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)
Balance, December 31, 2020	\$48,968	\$4,806	\$274,149	\$1,371	\$5,477	\$6,848	\$334,771
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)
Balance, March 31, 2021	\$48,983	\$4,897	\$281,956	\$792	(\$1,738)	(\$946)	\$334,890
Net loss for the period	-	-	8,682	-	-	-	8,682
Dividends paid (note 3)	-	-	(3,927)	-	-	-	(3,927)
Stock option expense	-	94	-	-	-	-	94
Other comprehensive income (loss)	-	-	-	314	(2,142)	(1,828)	(1,828)
Balance, June 30, 2021	\$48,983	\$4,991	\$286,711	\$1,106	(\$3,880)	(\$2,774)	\$337,911

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)
Balance, December 31, 2019	\$50,117	\$4,435	\$264,331	\$914	\$7,869	\$8,783	\$327,666
Net income for the period	-	-	9,495	-	-	-	9,495
Dividend paid (note 3)	-	-	(3,777)	-	-	-	(3,777)
Stock option expense	-	94	-	-	-	-	94
Repurchase of Share Capital (note 8)	(548)	-	(2,801)	-	-	-	(3,349)
Other comprehensive income (loss)	-	-	-	(4,182)	15,054	10,872	10,872
Balance, March 31, 2020	\$49,569	\$4,529	\$267,248	(\$3,268)	\$22,923	\$19,655	\$341,001
Net income for the period	-	-	(848)	-	-	-	(848)
Dividends paid (note 3)	-	-	(3,776)	-	-	-	(3,776)
Stock option expense	-	95	-	-	-	-	95
Other comprehensive income (loss)	-	-	-	1,261	(8,547)	(7,286)	(7,286)
Balance, June 30, 2020	\$49,569	\$4,624	\$262,624	(\$2,007)	\$14,376	\$12,369	\$329,186

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 June 30		Nine months ended June 30	
	2021	2020	2021	2020
OPERATING ACTIVITIES:				
Net income for the period	\$8,682	(\$848)	\$31,332	\$16,705
Add non-operating and items not involving a current outlay of cash				
Depreciation (note 4)	4,294	4,415	12,807	13,087
Amortization (note 5)	880	1,021	2,768	3,047
Stock-based compensation expense	109	220	706	332
Deferred income taxes	(92)	23	(189)	(72)
Net interest expense	139	183	298	519
Loss (gain) on disposal of property, plant and equipment	(85)	(35)	(140)	(77)
	13,927	4,979	47,582	33,541
Net change in non-cash working capital (note 10)	5,071	15,641	(7,089)	15,395
Cash provided by operating activities	18,998	20,620	40,493	48,936
FINANCING ACTIVITIES:				
Increase (decrease) in bank indebtedness	(928)	(11)	5,127	34
Financing from long-term debt	-	-	-	10,917
Repayment of long-term debt	-	(4)	(3,093)	(5,008)
Interest paid, net	(139)	(183)	(298)	(519)
Dividends paid (note 3)	(3,927)	(3,776)	(11,585)	(11,170)
Repurchase of share capital	-	-	-	(6,000)
Issuance of Share Capital	-	-	13	-
Cash used in financing activities	(4,994)	(3,974)	(9,836)	(11,746)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (note 4)	(16,655)	(4,292)	(26,676)	(17,670)
Purchase of intangible assets (note 5)	(110)	(21)	(239)	(278)
Proceeds from disposal of property, plant and equipment	151	60	334	1,253
Cash used in investing activities	(16,614)	(4,253)	(26,581)	(16,695)
Effect of exchange rate changes on cash and cash equivalents	(394)	(602)	(2,319)	459
Net increase in cash during the period	(3,004)	11,791	1,757	20,954
Cash, beginning of period	37,885	35,651	33,124	26,488
Cash, end of period	\$34,881	\$47,442	\$34,881	\$47,442

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 nine- month periods ended June 30, 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.

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- and nine- month periods ended June 30, 2021 were authorized for issue by the Board of Directors on July 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 nine- month periods ended June 30, 2021, the Company paid quarterly cash dividends totaling \$3,927 and \$11,585 (2020 -\$3,776 and \$11,170). The quarterly dividend rate in the third quarter of 2021 was \$0.10 per common share (2020 - \$0.095).

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	3,072	886	559	-	22,021	138	26,676
Less: disposals	(6,330)	(200)	(234)	-	-	(217)	(6,981)
Reclassification	13,644	725	459	-	(14,828)	-	-
Foreign exchange movement	(5,366)	(675)	(2,344)	(303)	(121)	(104)	(8,913)
Balance as at June 30, 2021	\$210,864	\$23,277	\$77,803	\$12,281	\$16,028	\$1,602	\$341,855

	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	8,625	1,495	2,313			374	12,807
Less: disposals	(6,193)	(195)	(234)			(169)	(6,791)
Reclassification	60	-	(60)				-
Foreign exchange movement	(3,835)	(592)	(1,092)			(41)	(5,560)
Balance as at June 30, 2021	\$141,892	\$17,254	\$40,659	\$0	\$0	\$695	\$200,500

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 June 30, 2021	\$68,972	\$6,023	\$37,144	\$12,281	\$16,028	\$907	\$141,355

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	189	-	50	239	-
Less: disposals	(197)	-	-	(197)	-
Reclassifications	43	-	(43)	-	-
Foreign exchange movement	(245)	(3,137)	(3)	(3,385)	(4,349)
Balance as at June 30, 2021	\$8,080	\$44,417	\$50	\$52,547	\$60,631

	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	457	2,311	-	2,768	-
Less: disposals	(193)	-	-	(193)	-
Foreign exchange movement	(231)	(1,088)	-	(1,319)	-
Balance as at June 30, 2021	\$7,261	\$19,350	\$-	\$26,611	\$-

Carrying amounts

As at September 30, 2020	\$1,062	\$29,427	\$46	\$30,535	\$64,980
As at June 30, 2021	\$819	\$25,067	\$50	\$25,936	\$60,631

*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 nine-month period ended June 30, 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:

	June 30, 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	\$34,881	\$34,881	\$33,124	\$33,124
Accounts receivable	83,705	83,705	82,222	82,222
Trade accounts payable	(37,829)	(37,829)	(32,873)	(32,873)
Bank indebtedness	(8,545)	(8,545)	(3,418)	(3,418)
Customer advance payments	(5,644)	(5,644)	(3,557)	(3,557)
Accrued liabilities	(26,578)	(26,578)	(22,772)	(22,772)
Derivative instruments	1,504	1,504	(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 June 30, 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:

	June 30, 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 June 30, 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 – nil and 777,066) for a total cost of \$nil (2020 - \$nil 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 June 30, 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.

Three Months Ended June 30, 2021				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$55,918	\$61,412	\$-	\$117,330
Intercompany sales	(1,977)	(386)	-	(2,363)
Net sales	53,941	61,026	-	114,967
Depreciation	3,427	845	22	4,294
Amortization	116	764	-	880
Segment pre-tax income (loss) before interest	7,783	5,110	(2,846)	10,047
Net interest expense				(139)
Income (loss) before income taxes				9,908
Property, plant and equipment additions	16,431	224	-	16,655
Property, plant and equipment, net	116,819	23,261	1,275	141,355
Intangible asset additions	91	19	-	110
Intangible assets, net	739	25,197	-	25,936
Goodwill	-	60,631	-	60,631
Total assets	225,536	210,835	(10,867)	425,504
Total liabilities	37,608	45,936	4,049	87,593

EXCO TECHNOLOGIES LIMITED
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

Three Months Ended June 30, 2020				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$44,333	\$28,257	\$-	\$72,590
Intercompany sales	(1,524)	(104)	-	(1,628)
Net sales	42,809	28,153	-	70,962
Depreciation	3,556	820	39	4,415
Amortization	143	877	1	1,021
Pre-tax income (loss) before interest	4,943	(3,786)	(1,913)	(756)
Net interest expense				(183)
Income (loss) before income taxes				(939)
Property, plant and equipment additions	4,037	255	-	4,292
Property, plant and equipment, net	104,499	25,146	1,364	131,009
Intangible asset additions	22	(1)	-	21
Intangible assets, net	953	31,108	-	32,061
Goodwill	-	65,366	-	65,366
Total assets	198,613	204,660	14,236	417,509
Total liabilities	25,415	30,233	32,675	88,323

Nine Months Ended June 30, 2021				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$155,491	\$208,097	\$-	\$363,588
Intercompany sales	(7,149)	(1,710)	-	(8,859)
Net sales	148,342	206,387	-	354,729
Depreciation	10,232	2,508	67	12,807
Amortization	371	2,397	-	2,768
Pre-tax income (loss) before interest	19,797	26,136	(6,731)	39,202
Net interest expense				(298)
Income before income taxes				38,904
Property, plant and equipment additions	24,740	1,936	-	26,676
Property, plant and equipment, net	116,819	23,261	1,275	141,355
Intangible asset additions	189	50	-	239
Intangible assets, net	739	25,197	-	25,936
Goodwill	-	60,631	-	60,631
Total assets	225,536	210,835	(10,867)	425,504
Total liabilities	37,608	45,936	4,049	87,593

EXCO TECHNOLOGIES LIMITED
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

Nine Months Ended June 30, 2020				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$146,987	\$170,223	\$-	\$317,210
Intercompany sales	(5,244)	(337)	-	(5,581)
Net sales	141,743	169,886	-	311,629
Depreciation	10,352	2,651	84	13,087
Amortization	465	2,580	2	3,047
Pre-tax income (loss) before interest	13,751	13,653	(5,834)	21,570
Net interest expense				(519)
Income before income taxes				21,051
Initial recognition IFRS 16 assets	389	1,266	32	1,687
Property, plant and equipment additions	15,796	1,874	-	17,670
Property, plant and equipment, net	104,499	25,146	1,364	131,009
Intangible asset additions	273	5	-	278
Intangible assets, net	953	31,108	-	32,061
Goodwill	-	65,366	-	65,366
Total assets	198,613	204,660	14,236	417,509
Total liabilities	25,415	30,233	32,675	88,323

10. NET CHANGE IN NON-CASH WORKING CAPITAL

Nine months ended June 30		
	2021	2020
Accounts receivable	(\$5,059)	\$25,524
Inventories	(11,765)	6,996
Prepaid expenses and deposits	(858)	(638)
Trade accounts payable	6,142	(19,409)
Accrued payroll liabilities	2,069	(2,689)
Other accrued liabilities	(608)	743
Provisions	2	235
Customer advance payments	2,177	1,013
Income taxes payable	811	3,620
	(\$7,089)	\$15,395

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 three- and nine-month periods ended June 30, 2021 was 12.4% and 19.5% (three- and nine-month periods ended June 30, 2020 – 9.7% and 20.6%). The income tax rate for the nine-month periods ended June 30, 2021 was favorably impacted by tax credits for research and development.

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 nine - month periods ended June 30, 2021 the Company recorded assistance of \$13 and \$493 (2020 – \$2,963 and \$2,963). 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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XTC

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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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