



**EXCO TECHNOLOGIES LIMITED**  
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Unaudited Condensed Interim Report  
to the shareholders  
for the twelve months ended  
September 30, 2023

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## **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 twelve- month periods ended September 30, 2023 and 2022 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 September 30, 2023	As at September 30, 2022 (note 2)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$15,796	\$17,024
Accounts receivable	128,449	119,261
Inventories	111,166	97,962
Prepaid expenses and deposits	4,660	4,322
Derivative instruments	5,401	2,066
Income taxes recoverable	711	9,114
Total current assets	266,183	249,749
Property, plant and equipment, net (note 4)	222,429	207,103
Intangible assets, net (note 5)	30,601	34,446
Goodwill (note 5)	91,330	88,699
Deferred tax assets	1,528	1,640
Total assets	\$612,071	\$581,637
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	4,964	\$12,363
Trade accounts payable	54,043	51,359
Accrued payroll liabilities	17,823	15,859
Other accrued liabilities	18,061	24,003
Provisions	7,191	6,445
Customer advance payments	5,152	3,169
Total current liabilities	107,234	113,198
Lease liabilities- long-term portion	6,396	6,650
Long-term debt (note 7)	105,000	95,000
Deferred tax liabilities	22,421	18,280
Total liabilities	241,051	233,128
<b>Shareholders' equity</b>		
Share capital (note 8)	48,767	48,767
Contributed surplus	5,791	5,431
Accumulated other comprehensive income	16,829	4,618
Retained earnings	299,633	289,693
Total shareholders' equity	371,020	348,509
Total liabilities and shareholders' equity	\$612,071	\$581,637

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**  
**(Unaudited)**

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

	Three months ended September 30		Twelve months ended September 30	
	2023	2022	2023	2022
<b>Sales</b>	<b>160,152</b>	<b>\$140,411</b>	<b>\$619,303</b>	<b>\$489,943</b>
Cost of sales	124,421	112,329	488,709	392,673
Selling, general and administrative expenses	12,827	11,534	56,271	44,432
Depreciation (note 4)	7,221	6,446	27,231	21,445
Amortization (note 5)	1,172	1,166	4,686	3,927
Loss (gain) on disposal of property, plant and equipment	3	10	(167)	(179)
Interest expense, net	2,275	1,392	8,068	2,446
	<b>147,919</b>	<b>132,877</b>	<b>584,798</b>	<b>464,744</b>
Income before income taxes	12,233	7,534	34,505	25,199
Provision for income taxes (note 11)	3,023	1,965	8,221	6,233
<b>Net income for the period</b>	<b>9,210</b>	<b>5,569</b>	<b>26,284</b>	<b>18,966</b>
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods:				
Net unrealized gain (loss) on derivatives designated as cash flow hedges (a)	(674)	483	2,458	1,119
Unrealized gain on foreign currency translation	2,394	10,089	9,753	2,383
	<b>1,720</b>	<b>10,572</b>	<b>12,211</b>	<b>3,502</b>
<b>Comprehensive income</b>	<b>\$10,930</b>	<b>\$16,141</b>	<b>\$38,495</b>	<b>\$22,468</b>
<b>Income per common share</b>				
Basic	\$0.24	\$0.14	\$0.68	\$0.49
Diluted	\$0.24	\$0.14	\$0.68	\$0.49
<b>Weighted average number of common shares outstanding (,000)'s</b>				
Basic	38,912	38,912	38,912	39,085
Diluted	38,912	38,912	38,912	39,089

(a) Net of income tax receivable of \$240 and income tax payable of \$877 for the three- and twelve- month periods ended September 30, 2023 (2022 - net of income tax payable of \$172 and \$399 for the three- and twelve- month periods ended September 30, 2022)

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, 2022	\$48,767	\$5,431	\$289,693	\$1,520	\$3,098	\$4,618	\$348,509
Net income for the period	-	-	4,523	-	-	-	4,523
Dividend paid (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	101	-	-	-	-	101
Other comprehensive income	-	-	-	652	7,679	8,331	8,331
Balance, December 31, 2022	\$48,767	\$5,532	\$290,130	\$2,172	\$10,777	\$12,949	\$357,378
Net income for the period	-	-	6,288	-	-	-	6,288
Dividend paid (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	85	-	-	-	-	85
Other comprehensive income	-	-	-	1,539	4,116	5,655	5,655
Balance, March 31, 2023	\$48,767	\$5,617	\$292,332	\$3,711	\$14,893	\$18,604	\$365,320
Net income for the period	-	-	6,263	-	-	-	6,263
Dividends paid (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	86	-	-	-	-	86
Other comprehensive income (loss)	-	-	-	941	(4,436)	(3,495)	(3,495)
Balance, June 30, 2023	\$48,767	\$5,703	\$294,509	\$4,652	\$10,457	\$15,109	\$364,088
Net income for the period	-	-	9,210	-	-	-	9,210
Dividends (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	88	-	-	-	-	88
Other comprehensive income (loss)	-	-	-	(674)	2,394	1,720	1,720
Balance, September 30, 2023	\$48,767	\$5,791	\$299,633	\$3,978	\$12,851	\$16,829	\$371,020

Accumulated other comprehensive income							
				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
	Share capital	Contributed surplus	Retained earnings				
Balance, October 1, 2021	\$48,983	\$5,087	\$289,872	\$401	\$715	\$1,116	\$345,058
Net income for the period	-	-	2,736	-	-	-	2,736
Dividend paid (note 3)	-	-	(3,927)	-	-	-	(3,927)
Stock option expense	-	98	-	-	-	-	98
Other comprehensive (loss)	-	-	-	(331)	(3,483)	(3,814)	(3,814)
<b>Balance, December 31, 2021</b>	<b>\$48,983</b>	<b>\$5,185</b>	<b>\$288,681</b>	<b>\$70</b>	<b>(\$2,768)</b>	<b>(\$2,698)</b>	<b>\$340,151</b>
Net income for the period	-	-	5,098	-	-	-	5,098
Dividend paid (note 3)	-	-	(4,105)	-	-	-	(4,105)
Stock option expense	-	84	-	-	-	-	84
Exercise of stock options	264	(40)	-	-	-	-	224
Repurchase of share capital (note 8)	(249)	-	(1,577)	-	-	-	(1,826)
Other comprehensive (loss)	-	-	-	(545)	(3,160)	(3,705)	(3,705)
<b>Balance, March 31, 2022</b>	<b>\$48,998</b>	<b>\$5,229</b>	<b>\$288,097</b>	<b>(\$475)</b>	<b>(\$5,928)</b>	<b>(\$6,403)</b>	<b>\$335,921</b>
Net income for the period	-	-	5,563	-	-	-	5,563
Dividends paid (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	101	-	-	-	-	101
Repurchase of share capital (note 8)	(231)	-	(1,364)	-	-	-	(1,595)
Other comprehensive income (loss)	-	-	-	1,512	(1,063)	449	449
<b>Balance, June 30, 2022</b>	<b>\$48,767</b>	<b>\$5,330</b>	<b>\$288,210</b>	<b>\$1,037</b>	<b>(\$6,991)</b>	<b>(\$5,954)</b>	<b>\$336,353</b>
Net income for the period	-	-	5,569	-	-	-	5,569
Dividends (note 3)	-	-	(4,086)	-	-	-	(4,086)
Stock option expense	-	101	-	-	-	-	101
Other comprehensive income	-	-	-	483	10,089	10,572	10,572
<b>Balance, September 30, 2022</b>	<b>\$48,767</b>	<b>\$5,431</b>	<b>\$289,693</b>	<b>\$1,520</b>	<b>\$3,098</b>	<b>\$4,618</b>	<b>\$348,509</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 September 30		Twelve months ended September 30	
	2023	2022	2023	2022
<b>OPERATING ACTIVITIES:</b>				
Net income for the period	<b>\$9,210</b>	\$5,569	<b>\$26,284</b>	\$18,966
Add non-operating and items not involving a current outlay of cash				
Depreciation (note 4)	<b>7,221</b>	6,446	<b>27,231</b>	21,445
Amortization (note 5)	<b>1,172</b>	1,166	<b>4,686</b>	3,927
Stock-based compensation expense	<b>250</b>	83	<b>684</b>	352
Deferred income taxes	<b>3,337</b>	2,788	<b>3,462</b>	2,759
Net interest expense	<b>2,275</b>	1,392	<b>8,068</b>	2,446
Loss (gain) on disposal of property, plant and equipment	<b>3</b>	10	<b>(167)</b>	(179)
	<b>23,468</b>	17,454	<b>70,248</b>	49,716
Net change in non-cash working capital (note 10)	<b>(5,893)</b>	(21,470)	<b>(12,079)</b>	(26,243)
<b>Cash provided by operating activities</b>	<b>17,575</b>	(4,016)	<b>58,169</b>	23,473
<b>FINANCING ACTIVITIES:</b>				
Increase (decrease) in bank indebtedness	<b>(7,641)</b>	698	<b>(7,399)</b>	6,823
Financing from long-term debt	-	15,000	<b>10,000</b>	95,000
Interest paid, net	<b>(2,275)</b>	(1,392)	<b>(8,068)</b>	(2,446)
Dividends paid (note 3)	<b>(4,086)</b>	(4,086)	<b>(16,344)</b>	(16,204)
Repurchase of share capital	-	-	-	(3,421)
Issuance of share capital	-	-	-	224
<b>Cash provided by (used in) financing activities</b>	<b>(14,002)</b>	10,220	<b>(21,811)</b>	79,976
<b>INVESTING ACTIVITIES:</b>				
Business acquisition, net of cash acquired (notes 4, 5 and 12)	-	-	-	(57,616)
Purchase of property, plant and equipment (note 4)	<b>(9,339)</b>	(16,100)	<b>(38,449)</b>	(52,112)
Purchase of intangible assets (note 5)	<b>(230)</b>	(288)	<b>(534)</b>	(1,393)
Proceeds from disposal of property, plant and equipment	<b>839</b>	116	<b>1,192</b>	765
<b>Cash used in investing activities</b>	<b>(8,730)</b>	(16,272)	<b>(37,791)</b>	(110,356)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>24</b>	454	<b>205</b>	(167)
<b>Net increase in cash during the period</b>	<b>(5,133)</b>	(9,614)	<b>(1,228)</b>	(7,074)
Cash, beginning of period	<b>20,929</b>	26,638	<b>17,024</b>	24,098
<b>Cash, end of period</b>	<b>\$15,796</b>	\$17,024	<b>\$15,796</b>	\$17,024

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 21 strategic locations in 9 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 twelve- month periods ended September 30, 2023 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 2022 audited annual consolidated financial statements.

In the ordinary course of business, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. During 2018, the Company agreed with a customer (the “Customer”) to utilize a government-sponsored third party (the “Third Party”) tool financing program (the “Program”). The Program allows the Company to receive payment from the Third Party in advance (the “Advance Payments”) of either tool delivery or the Customer’s receipt of payment from the Original Equipment Manufacturer (the “OEM”). The Customer is obligated to pay all costs of the Program including principal and interest. The Third Party retains recourse against the Company if the Customer fails to repay the Advance Payments to the Third Party within 24 months of the Advance Payment. In previous years these contingent liabilities were disclosed by a note to financial statements however, effective January 1, 2023 the Company has included these amounts in the condensed interim consolidated statements of financial position under accounts receivable (\$4,752) and other accrued liabilities (\$4,752). In addition, in the September 30, 2022 consolidated statement of financial position the Company recorded an increase to accounts receivable of \$5,321 and increase in other accrued liabilities of \$5,321.

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 Company’s critical accounting estimates are affected as a result of the various ongoing economic, geopolitical and social impacts, including the global pandemic, Russian invasion of Ukraine and recessionary conditions. There continues to be significant uncertainty as to the likely effects these items which may, among other things, impact our employees, suppliers, and customers. It is not possible to predict the impact these items will have on the Company, its financial position and the results of operations in the future. The Company is monitoring the future impact of all these items on all aspects of its business. Each reporting period, management carries out this assessment for indications that goodwill and other long-lived assets may be impaired. As required, management will continue to assess these assumptions as the situation changes.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s 2023 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 twelve- month periods ended September 30, 2023 were authorized for issue by the Board of Directors on November 29, 2023.

**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

**EXCO TECHNOLOGIES LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

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

statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

**Accounting standards adopted in fiscal year 2023**

*IAS 37 Provisions, Contingent Liabilities, and Contingent Assets*

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2022 the IASB issued amendments to IAS 37 to clarify costs to be included when determining if a contract is onerous. As the Company does not have any significant onerous contracts the standard did not have an impact on adoption.

**Accounting standards issued but not yet adopted**

All pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards, amendments and interpretations to existing standards may have been issued but are not expected to have a material impact to the Company's consolidated financial statements.

*IFRS 1, Presentation of Financial Statements ("IFRS 1"), IFRS 8 Definition of Accounting Estimates ("IFRS 8")*

Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2023 the IASB issued amendments to IFRS 1 to allow a more general approach in classification of liabilities as current and non-current and IFRS 8 to distinguish between accounting policies and accounting estimates. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

*Amendments to IAS 1, Classification of Liabilities as Current or Non-current ("IAS 1")*

The amendments to paragraphs 69 to 76 of IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on its consolidated financial statements.

*Amendments to IAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction ("IAS 12")*

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

*Amendments to IAS 12, International Tax Reform-Pillar Two Model Rules ("IAS 12")*

In May 2023, the IASB issued narrow-scope amendments to IAS 12 that aim to provide temporary relief from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments also introduce targeted disclosure requirements for affected companies, and they require entities to disclose:

- The fact that they have applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- Their current tax expense (if any) related to the Pillar Two income taxes; and
- During the period between the legislation being enacted or substantially enacted and the legislation becoming effective, entities will be required to disclose known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.



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

**(Unaudited)**

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

The amendments to IAS 12 are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with IAS 8, including the requirement to disclose the fact that the exception has been applied if the entity's income taxes will be affected by enacted or substantively enacted tax law that implements the OECD's Pillar Two model rules. The disclosures relating to the known or reasonably estimable exposure to Pillar Two income taxes are required for annual reporting periods beginning on or after January 1, 2023, but they are not required to be disclosed in interim financial reports for any interim period ending on or before December 31, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

### 3. CASH DIVIDEND

During the three- and twelve- month periods ended September 30, 2023, the Company paid quarterly cash dividends totaling \$4,086 and \$16,344 (2022 - \$4,086 and \$16,204). The quarterly dividend rate in the fourth quarter of 2023 was \$0.105 per common share (2022 - \$0.105).

### 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, 2022	\$260,324	\$24,824	\$93,195	\$14,517	\$29,861	\$8,551	\$431,272
Additions	4,530	1,856	1,879	-	29,453	731	38,449
Less: disposals	(6,950)	(1,120)	(224)	(77)	-	(958)	(9,329)
Reclassification	29,419	536	9,109	-	(39,064)	-	-
Foreign exchange movement	3,734	399	1,696	384	459	389	7,061
<b>Balance as at September 30, 2023</b>	<b>\$291,057</b>	<b>\$26,495</b>	<b>\$105,655</b>	<b>\$14,824</b>	<b>\$20,709</b>	<b>\$8,713</b>	<b>\$467,453</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, 2022	\$158,910	\$18,306	\$45,660	\$0	\$0	\$1,293	\$224,169
Depreciation	19,926	2,509	4,029	-	-	767	27,231
Less: disposals	(6,691)	(1,088)	(186)	-	-	(340)	(8,305)
Foreign exchange movement	1,242	326	349	-	-	12	1,929
<b>Balance as at September 30, 2023</b>	<b>\$173,387</b>	<b>\$20,053</b>	<b>\$49,852</b>	<b>\$-</b>	<b>\$-</b>	<b>\$1,732</b>	<b>\$245,024</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, 2022	\$101,414	\$6,518	\$47,535	\$14,517	\$29,861	\$7,258	\$207,103
<b>As at September 30, 2023</b>	<b>\$117,670</b>	<b>\$6,442</b>	<b>\$55,803</b>	<b>\$14,824</b>	<b>\$20,709</b>	<b>\$6,981</b>	<b>\$222,429</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, 2022	\$9,585	\$58,163	\$24	\$67,772	\$88,699
Additions	444	-	90	534	-
Less: disposals	(831)	-	-	(831)	-
Reclassification	33	-	(33)	-	-
Foreign exchange movement	104	(1)	2	105	2,631
<b>Balance as at September 30, 2023</b>	<b>\$9,335</b>	<b>\$58,162</b>	<b>\$83</b>	<b>\$67,580</b>	<b>\$91,330</b>

	<b>Computer Software and Other</b>	<b>Acquisition Intangibles*</b>	<b>Assets under Construction (Software)</b>	<b>Total Intangible Assets</b>
<b>Accumulated amortization and impairment losses</b>				
Balance as at September 30, 2022	7,852	25,474	-	33,326
Amortization for the period	751	3,935	-	4,686
Less: disposals	(831)	-	-	(831)
Foreign exchange movement	1	(203)	-	(202)
<b>Balance as at September 30, 2023</b>	<b>\$7,773</b>	<b>\$29,206</b>	<b>\$-</b>	<b>\$36,979</b>

**Carrying amounts**

As at September 30, 2022	\$1,733	\$32,689	\$24	\$34,446	\$88,699
<b>As at September 30, 2023</b>	<b>\$1,562</b>	<b>\$28,956</b>	<b>\$83</b>	<b>\$30,601</b>	<b>\$91,330</b>

\*Acquisition intangibles are composed of customer relationships and trade names resulting from business acquisitions and the purchase price allocation thereof.

**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 twelve-month period ended September 30, 2023 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:

	September 30, 2023		September 30, 2022	
	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash and cash equivalents	\$15,796	\$15,796	\$17,024	\$17,024
Accounts receivable	128,449	128,449	119,261	119,261
Trade accounts payable	(54,043)	(54,043)	(51,359)	(51,359)
Bank indebtedness	(4,964)	(4,964)	(12,363)	(12,363)
Customer advance payments	(5,152)	(5,152)	(3,169)	(3,169)
Accrued liabilities	(35,884)	(35,884)	(39,862)	(39,862)
Derivative instruments	5,401	5,401	2,066	2,066
Long-term debt	(\$105,000)	(\$105,000)	(\$95,000)	(\$95,000)

## 7. LONG-TERM DEBT

On February 23, 2022, the Company renewed the Committed Revolving Credit Facility (“the Credit Facility”) increasing amount to \$125,000 and to extend the maturity date to February 28, 2025. As at September 30, 2023 \$109,964 was utilized (September 30, 2022 - \$106,828). 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. Effective November 7, 2022 the Company closed an amendment to increase the Credit Facility by \$25,000 to \$150,000 with no changes to terms or conditions.

The Credit Facility is available to fund working capital, capital expenditures and other general corporate purposes of the Company and its subsidiaries, including acquisitions. Interest rates vary based on prime, bankers’ acceptance or CDOR base rates plus a relevant margin depending on the level of the Company’s net leverage ratio and as at September 30, 2023 average interest rate was 7.6%.

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 September 30, 2023.

## 8. SHARE CAPITAL

In each of February 2023 and 2022 the Company received approval from the Toronto Stock Exchange for a normal course issuer bid for the following 12-month period. The Company’s Board of Directors authorized the purchase of up to 1,785,000 and 1,955,000 common shares under each of these normal course issuer bids, respectively, which represented approximately 5% of the Company’s outstanding common shares at each approval date. During the fourth quarter and year to date no common shares were repurchased (2022- 0, 385,033).

As at September 30, 2023 the Company had 38,912,464 common shares issued and outstanding.

## 9. SEGMENTED INFORMATION

### Business segments

The Company operates in two business segments: Casting and Extrusion Technology (“Casting and Extrusion”) and Automotive Solutions.

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

**(Unaudited)**

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

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 and Europe.

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).

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

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 September 30, 2023</b>				
	<b>Casting and Extrusion</b>	<b>Automotive Solutions</b>	<b>Corporate</b>	<b>Total</b>
Sales	<b>\$79,364</b>	<b>\$88,180</b>	<b>\$-</b>	<b>\$167,544</b>
Intercompany sales	<b>(6,797)</b>	<b>(595)</b>	<b>-</b>	<b>(7,392)</b>
Net sales	<b>72,567</b>	<b>87,585</b>	<b>-</b>	<b>160,152</b>
Depreciation	<b>6,137</b>	<b>1,064</b>	<b>20</b>	<b>7,221</b>
Amortization	<b>334</b>	<b>838</b>	<b>-</b>	<b>1,172</b>
Segment pre-tax income (loss) before interest	<b>5,331</b>	<b>9,985</b>	<b>(808)</b>	<b>14,508</b>
Net interest expense				<b>(2,275)</b>
Income before income taxes				<b>12,233</b>
Property, plant and equipment additions	<b>6,632</b>	<b>2,707</b>	<b>-</b>	<b>9,339</b>
Property, plant and equipment, net	<b>186,273</b>	<b>34,879</b>	<b>1,277</b>	<b>222,429</b>
Intangible asset additions	<b>194</b>	<b>36</b>	<b>-</b>	<b>230</b>
Intangible assets, net	<b>10,487</b>	<b>20,114</b>	<b>-</b>	<b>30,601</b>
Goodwill	<b>27,844</b>	<b>63,486</b>	<b>-</b>	<b>91,330</b>
Total assets	<b>391,920</b>	<b>235,567</b>	<b>(15,416)</b>	<b>612,071</b>
Total liabilities	<b>66,801</b>	<b>68,074</b>	<b>106,176</b>	<b>241,051</b>

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

Three Months Ended September 30, 2022				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$81,122	\$66,824	\$-	\$147,946
Intercompany sales	(6,729)	(806)	-	(7,535)
Net sales	74,393	66,018	-	140,411
Depreciation	5,678	743	25	6,446
Amortization	337	829	-	1,166
Segment pre-tax income (loss) before interest	2,558	6,478	(110)	8,926
Net interest expense				(1,392)
Income (loss) before income taxes				7,534
Property, plant and equipment additions	11,248	4,702	150	16,100
Property, plant and equipment additions from business acquisition	25,729	-	-	25,729
Property, plant and equipment, net	173,730	32,025	1,348	207,103
Intangible asset additions	259	29	-	288
Intangible asset additions from business acquisition	9,649	-	-	9,649
Intangible assets, net	10,713	23,733	-	34,446
Goodwill	26,051	62,648	-	88,699
Total assets	357,708	231,966	(13,358)	576,316
Total liabilities	63,340	59,809	104,658	227,807

Twelve Months Ended September 30, 2023				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$321,567	\$329,767	\$-	\$651,334
Intercompany sales	(29,374)	(2,657)	-	(32,031)
Net sales	292,193	327,110	-	619,303
Depreciation	23,141	4,006	84	27,231
Amortization	1,305	3,381	-	4,686
Segment pre-tax income (loss) before interest	15,142	34,851	(7,420)	42,573
Net interest expense				(8,068)
Income before income taxes				34,505
Property, plant and equipment additions	31,980	6,455	14	38,449
Property, plant and equipment, net	186,273	34,879	1,277	222,429
Intangible asset additions	444	90	-	534
Intangible assets, net	10,487	20,114	-	30,601
Goodwill	27,844	63,486	-	91,330
Total assets	391,920	235,567	(15,416)	612,071
Total liabilities	66,801	68,074	106,176	241,051

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

**(Unaudited)**

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

Twelve Months Ended September 30, 2022				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$253,500	\$256,056	\$-	\$509,556
Intercompany sales	(17,466)	(2,147)	-	(19,613)
Net sales	236,034	253,909	-	489,943
Depreciation	18,216	3,135	94	21,445
Amortization	721	3,206	-	3,927
Segment pre-tax income (loss) before interest	11,970	20,904	(5,229)	27,645
Net interest expense				(2,446)
Income before income taxes				25,199
Property, plant and equipment additions	40,422	11,487	203	52,112
Property, plant and equipment additions from business acquisition	25,729	-	-	25,729
Property, plant and equipment, net	173,730	32,025	1,348	207,103
Intangible asset additions	1,249	144	-	1,393
Intangible asset additions from business acquisition	9,649	-	-	9,649
Intangible assets, net	10,713	23,733	-	34,446
Goodwill	26,051	62,648	-	88,699
Total assets	357,708	231,966	(13,358)	576,316
Total liabilities	63,340	59,809	104,658	227,807

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

Twelve months ended September 30		
	<b>2023</b>	2022
Accounts receivable	<b>(\$7,445)</b>	(\$18,453)
Inventories	<b>(11,745)</b>	(13,165)
Prepaid expenses and deposits	<b>(252)</b>	(708)
Trade accounts payable	<b>1,640</b>	10,204
Accrued payroll liabilities	<b>1,710</b>	(1,013)
Other accrued liabilities	<b>(6,921)</b>	4,161
Provisions	<b>746</b>	209
Customer advance payments	<b>1,872</b>	(1,776)
Income taxes recoverable	<b>8,316</b>	(5,702)
	<b>(\$12,079)</b>	(\$26,243)

**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 rates for the three- and twelve- month periods ended September 30, 2023 were 24.7% and 23.8% (three- and twelve- month periods ended September 30, 2022 – 26.1% and 24.7%). The income tax rate in the current quarter and year to date were impacted by geographic distribution and foreign rate differentials.

**12. ACQUISITION**

On May 2, 2022 the Company completed the acquisition of 100% of the ownership interest in Halex extrusion operations (“Halex”) for consideration of \$60.2 million. Halex Extrusion Dies operates four key manufacturing locations – two in Germany and two in Italy.

Management determined that the assets and processes comprised a business and therefore accounted for the transaction as a business combination using the acquisition method of accounting with the results of operations included in the Company’s consolidated financial statements from the date of acquisition. The results of Halex are reported within the Casting and Extrusion segment.

Assets acquired and liabilities assumed have been recorded at their estimated fair value at the date of acquisition as follows:

Cash and cash equivalents	\$ 2,592
Accounts receivable	10,750
Inventories	5,198
Other current assets	153
Property, plant and equipment	25,729
Intangible assets	9,649
Current liabilities	(13,722)
Lease liabilities – long term portion	(6,650)
Deferred tax liability	(3,264)
Net identifiable assets	30,435
Residual purchase price allocated to goodwill	29,773
	<b>\$60,208</b>
Acquisition funded as follows:	
Cash	\$ 60,208
	<b>\$ 60,208</b>

During fiscal 2022 the Company incurred acquisition related costs of \$584 which were expensed under selling, general and administrative expenses on the condensed interim consolidated statements of income and comprehensive income (loss).

The fair value of trade accounts receivable equals the gross amount of the trade accounts receivable less allowance for bad debts and amounts to \$9,871. The net contractual amount was considered collectible at the date of acquisition.

The primary factors that contributed to the residual purchase price allocation and resulted in the recognition of goodwill are: the existing Halex business; the acquired workforce; and the combined strategic value to the Company’s growth plan.

## **CORPORATE INFORMATION**

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 21 strategic locations in 9 countries, we employ approximately 5,000 people and service a diverse and broad customer base.

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## **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

## **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

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