bühler

BUHLER INDUSTRIES INC.

ANNUAL REPORT 2020

INTRODUCTION VERSATILE

Like many in manufacturing, the Company adapted to industry challenges and the COVID-19 pandemic. Fortunately, most areas in Canada and the United States had above average yields and higher quality crops than the previous three years. This, combined with increasing commodity prices, resulted in optimism and higher demand. The order writing program for 2021 was a success and more production is forecast as a result. Necessary steps were taken during the pandemic to ensure the safety of our employees, dealers, and customers. In-person calls to dealers were reduced and the Company made use of virtual tools such as video conference calls to maintain relationships and provide assistance. Despite some supply chain challenges, a significant effort was made to deliver parts and support to our customers and dealers through these unprecedented times.

We have continued our commitment to improving the dealer-manufacturer relationship through open communication, consistent programs and a predictable pricing strategy. The 2020 Equipment Dealers Association's annual satisfaction survey which ranks dealer feedback on several aspects of the relationship with manufacturers showed a significant improvement for Versatile, with improvements in nearly all categories and the highest overall satisfaction rating since 2014.

Before travel restrictions were implemented in early 2020, three regional dealer meetings were held in Canada and the US to update the dealer network on changes to Company policies. These meetings offered the dealers an opportunity for candid discussions on the future of the Company. Eight new Versatile dealers were added in 2020, including new representation in regions of Pennsylvania and northern Alberta. With the increase in optimism in the agriculture industry, the Company expects to add 10 to 12 new dealers in the coming year.

Further investment in product development continued in 2020. The Versatile Fury high speed disc was a highlight of the year and continued to attract new customers across North America. The product exceeded sales forecasts and is expected to be a cornerstone of the tillage product line moving forward. Future product development includes expanded models and options on the Fury and Viking vertical tillage machine, and the introduction of the Versatile Nemesis tractors in 235 and 255 horsepower. Looking forward towards 2021 and beyond, Versatile is well positioned to capitalize on increasing market demand and will continue to build on the momentum of this past year, expanding its reach with new and legacy products and renewed dealership confidence.

Adam Reid

Vice President of Sales & Marketing, Versatile

INTRODUCTION FARM KING

The Farm King Division experienced both successes and challenges in 2020.

This year Farm King celebrated 50 years of auger manufacturing. During the year, the Company introduced 38 new dealerships and opened up 11 new hub locations across Canada and the United States. The hub locations offer set up services for our dealers. Offsetting the growth in the dealer network during the year was the uncertainty driven by the Covid-19 pandemic which resulted in relatively flat sales compared to 2019. Additional factors included decreased tillage sales due to dealer carry over in Western Canada and the severe droughts and fires in Australia leading to reduced export sales.

In order to manage the external challenges, significant Company changes were necessary and the actions included a reduction in staff and structure of the Company. During the year, Maxim Loktionov was appointed Vice President of Farm King. Maxim has re-evaluated our priorities and focused on improving relationships with our dealership network and reducing internal costs.

During the year and subsequent to year end, Farm King made the decision to optimize production at the facility in Morden, Manitoba. Product lines manufactured at the facilities in Fargo, North Dakota and Willmar, Minnesota will be relocated to Morden in 2021.

We believe we are in a strong position moving forward and look forward to future as we reduce cost and improve our relationships with our dealers.

Maxim Loktionov

Vice President, Buhler Industries Inc.

REPORT TO SHAREHOLDERS

This year we've begun to see the impact of the strategy rolled out in early 2019, focusing on improving our dealer and customer relationships and further aligning our goals and listening to the market. This improved focus has allowed us to rationalize our inventory levels with dealers, better stock our warehouses to ensure quick responses to orders and increase our dealer network. These improvements had clear impacts with increased sales over the prior year. While making these changes we also took the opportunity to look inside and optimize our costs to improve our financial position.

Despite the improvements made, our sales remained below our forecasts and below the volumes necessary to achieve the efficiencies to cover all overhead costs. Both external and internal factors contributed to this. A key focus of the Versatile division was to assist dealers in retailing aged and aging inventory prior to delivering new tractors. This effort, while necessary, resulted in delays in orders being received, stretching and slowing our production schedules. Once the orders did start rolling in we were hit with the uncertainty of continuing production in the midst of a world wide pandemic. While we saw sustained demand for our products, the pandemic wasn't without any impact. Despite these external factors, Versatile was proud to see the first batch of our new Nemesis tractors roll off the line and hit the fields. Additional models will be added to that product line in the coming year.

Farm King proudly celebrated its fiftieth anniversary of manufacturing augers while adding 38 new dealers and 11 new hub locations across Canada and the United States. Despite the growth in dealers' the division experienced relatively flat sales compared to 2019. Similar to Versatile we found our dealer's carrying excess inventory in the prior year, resulting in slower sales this year as they sold off older product.

Action and flexibility were necessary to meet the challenges before us. New key appointments included Maxim Loktionov as Vice President of Farm King, reevaluating the priorities of the brand. Internal reviews have helped optimize staffing levels throughout the organization, and difficult reviews of production capacity and requirements have resulted in further announcements.

During, and subsequent to the year, announcements have been made to optimize production. Production lines previously located at the facilities in Fargo, ND, and Willmar, MN are currently being relocated to Morden, MB. Further changes are planned for the fall of 2021 with tillage production moving from Vegreville, AB to our Winnipeg, MB facility. These moves will allow more flexibility in meeting production demands for both our tractor and tillage production and help reduce the overall overhead costs.

In 2021 we will continue the course set in 2019, we've seen the improvements and see a bright future ahead. We'll continue to adapt to the challenges presented in this ever changing world while bringing a quality product to our customers with great after-market support. We continue to invest heavily in research and development for new products and continuously improve our existing products. For all of these reasons we are targeting strong growth in 2021. We would like to thank all of the stakeholders for their trust and dedication to the Company.

Yury Ryazanov

Chief Executive Officer and Director

Marat Nogerov

President

MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of Buhler Industries Inc. (the Company). Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent the Company's current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, the Company disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

Company Overview

The Company is headquartered in Winnipeg, Manitoba, Canada. Established in 1932 as an agricultural equipment manufacturer, the original company was purchased by John Buhler in 1969. Through expansion, new products and acquisitions, the Company has added many brands: Farm King, Ezee-On, Allied, Inland and Versatile. Today the Company operates several modern manufacturing plants and distribution centers. Factories in Morden and Winnipeg (Manitoba), Vegreville (Alberta) and Willmar (Minnesota) build tractors, augers, snow blowers, mowers, tillage equipment, compact implements and more. In addition, the Company maintains several well-stocked parts warehouses.

In 2007, Combine Factory Rostselmash Ltd, a major combine manufacturer located in Rostov-on-Don, Russia, acquired 80% of the common shares of the Company. The Company continues to grow with additional investment in engineering, research and development and production. The dealer/distribution network in North America remains steady, however the Rostselmash network adds more than 200 dealers in Russia, Ukraine and Kazakhstan that provides for additional sales growth into the future.

Buhler Industries remains committed to continuous product improvement and incorporating new value-added features. That tradition of excellence will continue well into the future.

TEN YEAR HIGHLIGHTS

In thousands of Canadian dollars (except per share amounts)

Year ended Sept. 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	**IFRS**
Revenue	279.495	357.749	340.349	325.521	245,676	274,067	311,974	287,984	229,119	**249,550**
Gross profit	42,297	54,858	57,318	47,730	22,266	21,226	36,153	3,474	10,343	**14,325**
GP%	15.1%	15.3%	16.8%	14.7%	9.1%	7.7%	11.6%	1.2%	4.5%	**5.7%**
Income from operations	21,588	31,750	34,789	22,491	(4,012)	(4,668)	9,387	(22,505)	(13,631)	**(10,466)**
As percentage of revenue	8%	9%	10%	7%	(2%)	(2%)	3%	(8%)	(6%)	**(4%)**
Net earnings	11,917	16,363	19,891	12,458	(5,316)	(2,677)	520	(49,532)	(29,489)	**(25,809)**
Earnings per share (EPS)	0.48	0.65	0.80	0.50	(0.21)	(0.11)	0.02	(1.98)	(1.18)	**(1.03)**
EBITDA	22,131	27,247	34,927	24,081	(6,489)	561	7,249	(28,792)	2,075	**(14,341)**
Total assets	241,355	250,569	283,403	362,844	339,029	278.415	319,739	290,378	262,604	**227,759**
Working capital	120,827	130,863	141,365	148,223	130,989	122,974	120,987	81,826	77,592	**53,900**
Shareholders' equity	144,562	160,925	180,816	193,274	187,958	185,281	185,801	136,269	106,780	**80,971**
Book value per share	5.78	6.44	7.23	7.73	7.52	7.41	7.43	5.45	4.27	**3.24**
Return on average capital	8%	10%	11%	6%	(3%)	(1%)	0%	(31%)	(24%)	**(11%)**
Return on average equity	9%	11%	12%	7%	(3%)	(1%)	0%	(31%)	(24%)	**(27%)**

In this table, IFRS refers to the International Financial Reporting Standards. GAAP refers to the Canadian Generally Accepted Accounting Principles that were the standard until 2011.

General Information

The following discussion and analysis dated December 24, 2020 was prepared by management and should be read in conjunction with the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The following discussion and analysis is presented in millions of Canadian dollars except where otherwise noted. The consolidated financial statements include the accounts of all subsidiaries. All subsidiaries in the United States operate with the U.S. dollar as the functional currency, while the Company and all its Canadian subsidiaries operate with the Canadian dollar as the functional currency.

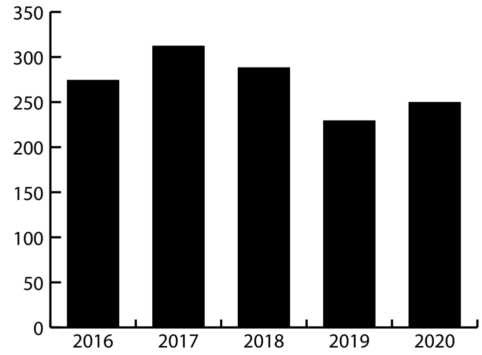
MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

Highlights

Revenue

Revenue for the year was $249.6, up 20.5 from sales of $229.1 in 2019. The Company's increased sales levels are as a result of dealers reducing field inventory in the previous year, strong harvest conditions and crop yields. Sales to North America have increased but were somewhat offset by sales in Eastern Europe and other international sales.

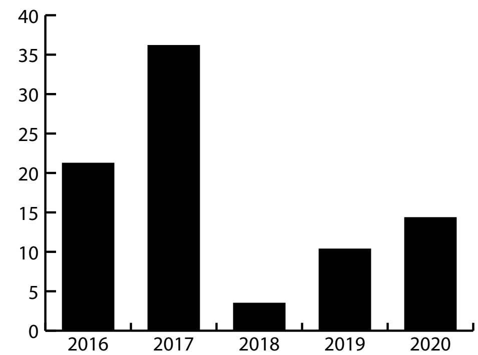
Sales (millions C$)



Gross Profit

Gross profit rose to $14.3, an increase of $4.0 from the prior year's $10.3. As a percentage of sales, gross profits were 5.7%, an increase of 1.2% from the prior year's 4.5%. The Company has continued to focus efforts on margin improvements in 2020 which has resulted in the two consecutive years of margin improvements.

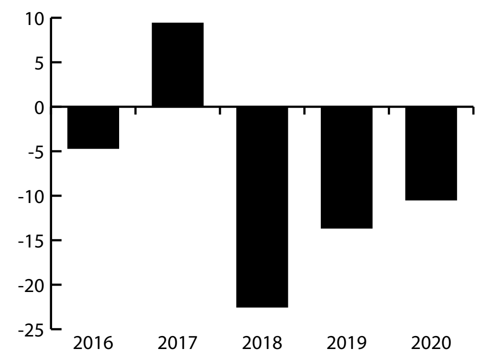
Gross Profit (millions C$)



Loss from Operations

Loss from operations came in at $10.5 compared with a loss of $13.6 in 2019. Selling and administration expenses were $24.8, up from the prior year's $24.0. As a percentage of sales, selling and administration was 9.9%, down from the prior year percentage of 10.5% primarily due to efficiencies as a result of the increase in revenues.

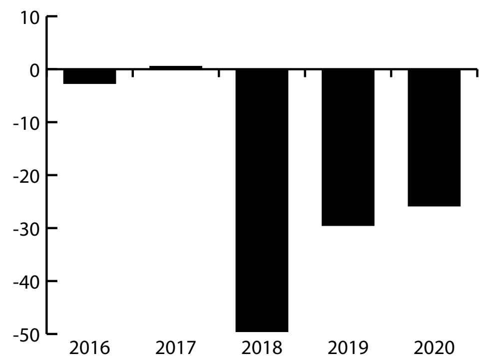
Loss from Operations (millions C$)



Net Loss

The net loss for the year was $25.8, an improvement of $3.7 from the loss in the prior year. In the current year the Company continued cost saving measures from the previous year that has resulted in continued improvements to gross margin and reductions in the loss from operations. The Company was able to reduce interest expense by managing to reduce its inventory and accounts receivable. In addition the Company reduced its R&D expenses during the period. The Company recorded a small gain on sale of capital assets of $0.5 as compared with the prior year gain of $19.4.

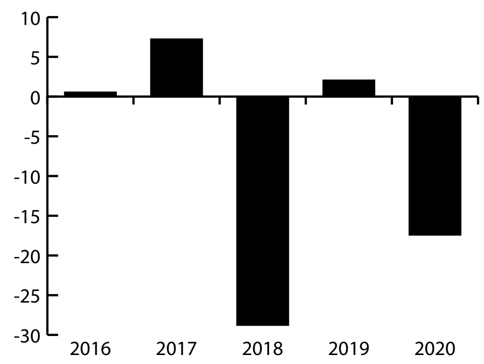
Net Loss (millions C$)



EBITDA

EBITDA is the earnings before interest, income taxes, depreciation and amortization, and is considered to be a useful measure of the cash flow from operations of the Company. EBITDA for 2020 was $(14.3), a decrease from the prior year of $16.4. The decline from the prior year was due primarily to gains on the sale of surplus assets in the prior year.

EBITDA (millions C$)

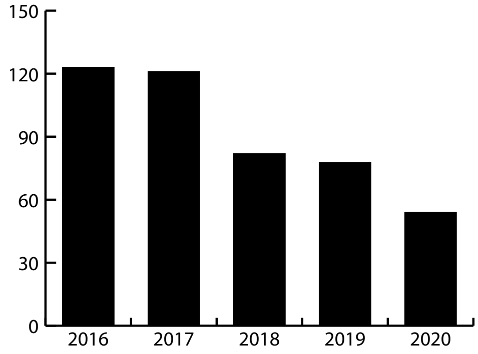


MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

Working Capital

Working capital is a measure of the Company's ability to discharge its current obligations by using its current assets. The Company continues to be in a strong position as the working capital at year end was $53.9, down from the prior year's $77.6. Accounting for much of the change were decreases in inventories of $18.7 and accounts receivable of $12.8 and increased advances from related parties of $12.3 and accounts payable of $9.5, these were offset by improvements in bank indebtedness of $30.9.

Working Capital (millions C$)



Research and Development

Consistent with the Company's strategy over the past several years, the Company continues to invest in the development of new products for the future so expenditures for research and development continued to be high. The Company reduced spending to $6.9, compared to $7.8 in 2019. Management believes this strategy will maintain the Company's competitive position in the marketplace.

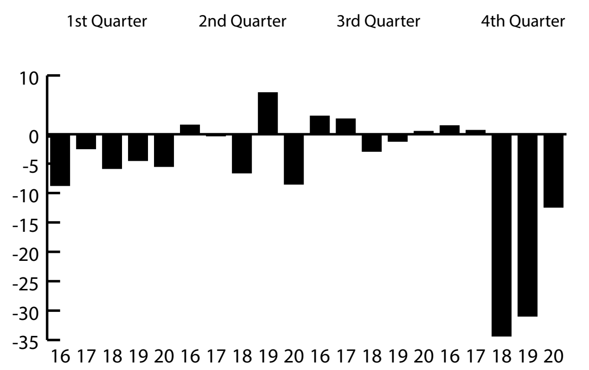
(thousands C$)

QUARTERLY NET EARNINGS RESULTS

	2016	2017	2018	2019	**2020**
1st Quarter	(8,694)	(2,440)	(5,798)	(4,444)	**(5,453)**
2nd Quarter	1,534	(251)	(6,554)	7,041	**(8,460)**
3rd Quarter	3,062	2,581	(2,876)	(1,170)	**462**
4th Quarter	1,421	630	(34,304)	(30,916)	**(12,358)**
Total	(2,677)	520	(49,532)	(29,489)	**(25,809)**

(millions C$)

NET QUARTERLY INCOME



Summary of Quarterly Results

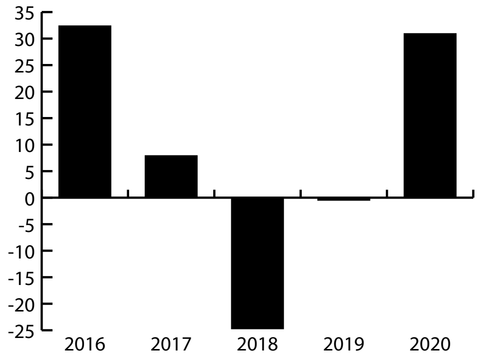
Sales for the fourth quarter was $63.9 as compared to $49.5 in the fourth quarter of 2019. The Company experienced increased sales levels and efficiencies in manufacturing coupled with reduced discounts that led to improvements over the prior year. The current year fourth quarter saw decreased interest expense, and favourable exchange rates, which were offset somewhat by increased research and development spending.

Cash Flow and Capital Resources

Operating Activities

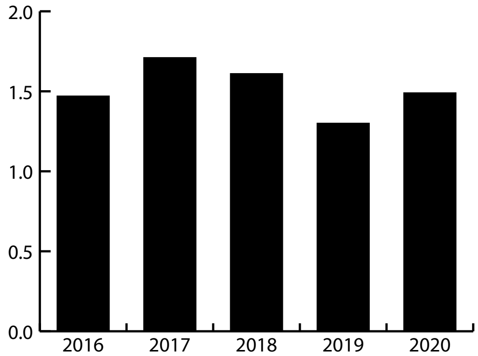
Cash for the year was up $30.9 from 2019, coming in at an indebtedness of $6.8, compared to the prior year indebtedness of $37.7. The net loss of $25.8 were offset by decreases in accounts receivable of $12.8, inventories of $18.7 and increases in accounts payable and accrued liabilities of $9.5 and advances from related parties of $12.3.

Net Cash Flow (millions C$)



Management has diligently worked to control the investment in inventory in order to keep a strong cash position. The increase in sales has resulted in an increase in the Company's inventory turns, improving to 1.5 in 2020 from 1.3 in 2019.

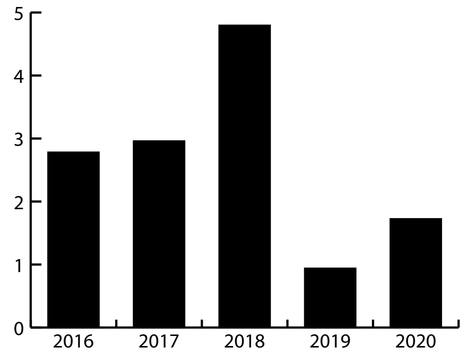
Inventory Turns



Investing Activities

Cash utilized during the year for investing activities was $0.3, compared to cash received of $18.6 in 2019. Purchases of property, plant and equipment amounted to $1.1, which were offset by the proceeds on the sale of surplus assets of $0.8. In the prior year, purchases of property, plant and equipment was $0.9, offset by proceeds on sale of surplus assets of $19.5

Asset Purchases (millions C$)



Financing Activities

The Company's financing activities resulted in an inflow of $12.9 for the year, compared to $10.5 in the prior year. During the year the Company received advances from a related party of $12.3 and $0.6 from recovery of tax credits, compared with $9.1 and $1.2 respectively in the prior year.

Resources

In order for the Company to operate and grow, continued funding resources are required. The Company has several options for funding available to it such as cash in the bank, cash provided by operations and acquiring new debt. Under the current agreements in place, the Company has access to $75.0 in credit facilities.

Risks and Financial Instruments

The Company recognizes that net earnings are exposed to changes in market interest rates, foreign exchange rates, prices of raw materials and risks regarding the financial condition of customers. These market conditions are regularly monitored and actions are taken when appropriate. Despite the methods employed to manage these risks, future fluctuations in interest rates, exchange rates, raw material costs and customers condition can be expected to impact net earnings.

The Company may enter into fixed-rate debt to minimize the risk associated with interest rate fluctuations. In addition, the Company may employ hedging programs to minimize foreign exchange risks associated with the changes in the value of the Canadian dollar relative to the U.S. dollar. To the extent possible, the Company maximizes natural currency hedging by matching inflows from sales in either currency with outflows of costs and expenses denominated in the same currency. A portion of the remaining exposure to fluctuations in exchange rates may be mitigated with forward and option contracts. The Company currently has a variable interest bank credit facility. Should future cash requirements result in additional debt be taken on, management would evaluate the financing options available at that time and take a course of action that is in the best interests of the Company in the long term. Currently, all of the financing needs of the Company are being met by the bank credit facility, which carries a low rate of variable interest.

With respect to foreign exchange, the Company manages risk by use of the natural hedge that exists between the U.S. dollar denominated accounts receivables and accounts payable. Where a large difference in this hedge is anticipated, forward foreign exchange contracts may be entered into to mitigate the risk. Purchases of foreign exchange products for the purpose of speculation are not permitted. Transactions are only conducted with certain approved financial institutions. Fluctuations in foreign exchange rates represent a material exposure for the Company's financial results. Hedging programs employed may mitigate a portion of exposures to short-term fluctuations in foreign currency exchange rates. The Company's financial results over the long term will be affected by sizeable changes in the value of the Canadian dollar relative to the U.S. dollar.

Credit risk arises from cash held with banks and credit exposure to customers, including outstanding accounts receivable. The Company assesses the credit quality of customers, taking into account their financial position, past experience and other factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases, insures accounts receivable balances against credit losses. Nonetheless, unexpected deterioration in the financial condition of a customer can have a negative impact on net earnings in the case of default.

Looking Forward

Sales increased nine percent from 2019 to 2020 and projections for 2021 are favorable as sales are expected to continue to grow in 2021. The backlog has increased as we have seen increased order activity for our products. Increased sales will require additional inventories and receivables to support the sales growth. In the past year the Company revised the manufacturing capacity and made changes to reduce the overall footprint and cost of operations. The results of these changes will begin to be seen in 2021 will the full impact of these cost reductions showing up in 2022.

Critical Accounting Estimates

The Company believes the following accounting estimates are critical to determining and understanding the operating results and the financial position of the Company.

Allowance for doubtful accounts. The Company estimates allowances for potential losses resulting from the inability of customers to make required payments of accounts receivable. Additional allowances may be required if the financial condition of any customer deteriorates.

Expected Credit Losses. The Company recognizes expected credit losses on financial assets and changes in such losses, at each reporting date to reflect changes in credit risk since the initial recognition of the financial assets. For accounts receivable, the Company applied the simplified approach permitted by IFRS 9, under which the lifetime expected credit losses must be recognized upon initial recognition. For loans classified under receivables, the Company measures credit risk based on the 12-month expected credit risk if there has not been a significant increase in credit risk since initial recognition.

Allowance for inventory obsolescence and net realizable value. The Company estimates allowances for potential losses resulting from inventory becoming obsolete or net realizable value declining below the carrying values. Additional allowances may be required if the physical condition of inventory deteriorates or customer requirements change.

Impairment of property, plant and equipment. An integral component of impairment testing is determining the asset's recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and the appropriate discount rates. The cash flows are derived from financial forecasts and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount.

Contingencies and litigation. Should a lawsuit or claim be brought against the Company, management assesses the potential financial exposure of the Company. In assessing any probable losses, the amount of possible insurance recoveries will be projected. The Company accrues such liabilities when a loss becomes probable and the net amount of the loss can reasonably be estimated. Due to the inherent uncertainties relating to the eventual outcome of litigation and potential insurance recovery, certain matters could ultimately be resolved for amounts materially different to provisions or disclosures previously made by the Company.

Warranty obligation. The Company offers warranties for its sale of equipment. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives, as well as parts and labor costs.

Economic Conditions. In the context of the COVID-19 pandemic and the related climate of uncertainty, the Company revised some of its most complex estimated and assumptions , including significant judgement areas, used in preparing the consolidated financial statements for the year ended September 30, 2020. The main estimates revised to reflect the impact of COVID-19 pandemic on financial reporting were the determination of whether there was an indication that assets, CGU's or groups of CGU's may be impaired, the assumption used in the establishment of their recoverable amount when an impairment test was deemed necessary, and the assessment of the credit risk on receivables. Additional revisions might be required in the future depending on the development of the pandemic and its impact on the final measurement of the carrying amount of the Company's assets.

Income taxes. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

The Company makes claims for Scientific Research and Experimental Development (SRED) expenditures which are included in deferred taxes. The amounts recorded are based on the Company's interpretation of the Income Tax Act of Canada provisions which govern the eligibility of SRED costs. The claims may be subject to review by the Canada Revenue Agency (CRA) before refunds are received. Actual collection may be materially different than what is recorded in the financial statements. The Company is currently challenging CRA in court in regards to certain of its SRED credits and believes that it will be successful in defending its SRED claim. The Company's SRED credits are recorded on the balance sheet after review of the relevant accounting pronouncements and collectability or recovery is reasonably assured.

The Company is subject to taxation in multiple jurisdictions. Significant judgment is required in determining the worldwide provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using management's best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Management reviews the adequacy of these provisions at each consolidated balance sheet date. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The operations and organizational structure of the Company are complex, and related tax interpretations, regulations and legislation are continually changing. As a result, there are usually some tax matters in question that result in uncertain tax positions. The Company approaches uncertain tax positions from a liability or exposure perspective. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design and effectiveness of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed and operating effectively as of September 30, 2020 to provide reasonable assurance that the information being disclosed is recorded, summarized and reported as required.

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of the controls and procedures. Based on management's design and testing of the effectiveness of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed and operating effectively as of September 30, 2020 to provide reasonable assurance that the financial information being reported is materially accurate. During the year ended September 30, 2020, there have been no changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors. The financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with the financial statements. Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. The internal control system includes an internal audit function and an established business conduct policy that applies to all employees. Management believes that the systems provide reasonable assurance that transactions are properly authorized and recorded, financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility through its Audit Committee. The Audit Committee is appointed by the Board and its directors are unrelated and independent. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and, to review the annual report, the financial statements and the external auditors' report. The Audit Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The financial statements have been audited by MNP LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.

Willy Janzen, CPA, CGA, B.Comm.
Chief Financial Officer
December 24, 2020

Yury Ryazanov
Chief Executive Officer
December 24, 2020

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Buhler Industries Inc.:

Opinion

We have audited the consolidated financial statements of Buhler Industries Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at September 30, 2020 and September 30, 2019, and the consolidated statements of loss and comprehensive loss, change in shareholders’ equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at September 30, 2020 and September 30, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis. The other information also comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis and the Annual Report prior to the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jeffrey Eckstein.

MNP LLP

Chartered
Professional Accountants

Winnipeg, Manitoba
December 24, 2020

CONSOLIDATED BALANCE SHEET

As at September 30 (000's C$)

		2020		2019
Assets				
Current Assets				
Accounts receivable, net (note 22)	$	**46,607**	$	59,373
Income taxes receivable		**242**		4,414
Inventories, net (note 7)		**146,931**		165,631
Prepaid expenses		**6,446**		3,544
Total Current Assets		**200,226**		232,962
Property, plant and equipment (note 8)		**15,770**		18,040
Deferred income tax assets (note 10)		**5,624**		5,557
Interests in joint ventures and other entities (note 11		**6,139**		6,045
Total Assets	**$**	**227,759**	$	262,604
Liabilities and Shareholders' Equity				
Current Liabilities				
Bank indebtedness (note 6)	$	**6,807**	$	37,722
Accounts payable and accrued liabilities (note 12)		**104,933**		95,422
Income taxes payable		**414**		368
Advances from related party (note 9)		**34,172**		21,858
Total Current Liabilities		**146,326**		155,370
Deferred income tax liabilities (note 10)		**48**		43
Long term debt (note 13)		**414**		411
Total Liabilities		**146,788**		155,824
Shareholders' Equity				
Share capital (note 14)		**30,000**		30,000
Retained earnings		**50,971**		76,780
Total Shareholders' Equity		**80,971**		106,780
Total Liabilities and Equity	**$**	**227,759**	$	262,604
Subsequent events (note 23)				

The accompanying notes are an integral part of the consolidated financial statements.

Approved on behalf of the board: **Yury Ryazanov** **Dmitry Udras**

Chief Executive Officer
December 24, 2020

Chairman of the Board
December 24, 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the years ended September 30 (000's C$)

		2020			2019	
Revenue net (note 9)	**$**	**249,550**		$	229,119	
Cost of goods sold (note 9)		**235,225**			218,776	
Gross Profit		**14,325**	**5.7%**		10,343	4.5%
Selling & administration expenses		**24,791**	**9.9%**		23,974	10.5%
Loss from Operations		**(10,466)**	**(4.2%)**		(13,631)	(5.9%)
Gain on disposal of assets (notes 8 and 9)		**(526)**			(19,437)	
Interest income		**(309)**			(568)	
Interest expense		**7,074**			9,050	
Loss on foreign exchange		**1,022**			494	
Share of income from interests in joint ventures and other entities (note 11)		**(94)**			(540)	
Research and development costs		**6,909**			7,802	
Net Loss Before Taxes		**(24,542)**	**(9.8%)**		(10,432)	(4.6%)
Current income taxes (note 10)		**1,384**			(415)	
Deferred income taxes (note 10)		**(117)**			19,472	
Total income taxes		**1,267**			19,057	
Net Loss and Comprehensive Loss	**$**	**(25,809)**	**(10.3%)**	$	(29,489)	(12.9%)

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

For the years ended September 30 (000's C$ except per share amounts)

		2020		2019
Capital Stock, beginning and end of year	**$**	**30,000**	$	30,000
Retained Earnings, beginning of year		**76,780**		106,269
Net loss and comprehensive loss for the year		**(25,809)**		(29,489)
Retained Earnings, end of year		**50,971**		76,780
Shareholders' Equity, end of year	**$**	**80,971**	$	106,780
Loss per share				
Basic and fully diluted	**$**	**(1.03)**	$	(1.18)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended September 30 (000's C$)

		2020		2019
Cash provided by (used in) operating activities				
Net loss and comprehensive income loss	$	**(25,809)**	$	(29,489)
Add (deduct) non-cash items				
Depreciation of property, plant and equipment		**3,127**		3,457
Gain on disposal of assets		**(526)**		(19,437)
Loss on foreign exchange		**1,011**		494
Deferred income taxes		**(117)**		19,472
Share of income from interests in joint ventures and other entities		**(94)**		(540)
		(22,408)		(26,043)
Net change in non-cash working capital balances (note 18)		**41,478**		(4,259)
		19,070		(30,302)
Investing activities				
Purchase of property, plant and equipment		**(1,096)**		(943)
Proceeds on sale of assets		**765**		19,530
		(331)		18,587
Financing activities (note 19)				
Recovery of tax credits		**566**		1,217
Advances from related party		**12,314**		9,056
Foreign exchange (loss) gain on the above items, net		**(3)**		208
		12,877		10,481
Foreign exchange (loss) gain on bank indebtedness		**(701)**		766
Net cash provided in the year		**30,915**		(468)
Bank indebtedness, beginning of year		**(37,722)**		(37,254)
Bank indebtedness, end of year	**$**	**(6,807)**	$	(37,722)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Operations

Buhler Industries Inc. (the Company) was incorporated under the laws of Canada on February 1, 1994. On March 24, 1994 the Company was listed and posted for trading on the TSX under the stock exchange symbol "BUI". The address of the registered office is 1260 Clarence Avenue, Winnipeg, Manitoba.

The Company, through its subsidiaries and a joint venture, has manufacturing and warehousing facilities in Canada and the United States of America (U.S.). The Company produces farm equipment for sale in Canada, U.S. and overseas.

2. Basis of Presentation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards.

The Company's functional currency is the Canadian dollar. The Canadian dollar is the reporting currency as much of the Company's business, as well as the majority of the Company's financing, is conducted in Canadian dollars.

The consolidated financial statements have been prepared under the historical-cost convention, except that certain financial instruments are stated at their fair value.

The consolidated financial statements were approved by the Board of Directors on December 24, 2020.

3. Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its active wholly-owned subsidiaries, Buhler Versatile Inc., Buhler Trading Inc., B.I.I. Fargo, Inc., Buhler Versatile USA Inc., Implement Sales Co. Inc., Haskett Properties Inc., ISCO Inc., Progressive Manufacturing Ltd., John Buhler Inc., and Amarillo Service and Supply Inc. Control exists when the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Company holds 100% of the voting rights of the subsidiaries, and therefore controls these entities. The financial statements of all subsidiaries are prepared as of the same reporting date using consistent accounting policies. All inter-company balances and transactions, including any unrealized profits arising from inter-company transactions have been eliminated.

(b) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs incurred are expensed and included in general and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in the statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

(c) Foreign currency translation

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. For all subsidiaries the functional currency has been determined to be the Canadian dollar. Transactions in foreign currencies are translated to the respective functional currencies of each entity within the consolidated group using the exchange rates in effect at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates prevailing at the end of the reporting period. Nonmonetary items measured at historical cost in a foreign currency are translated to the functional currency using the exchange rate prevalent at the date of acquisition. Non-monetary items denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate prevalent at the date that the fair value was determined. Foreign currency differences arising from translation are recognized in net income, except for exchange differences arising on the translation of financial instruments qualifying as a cash flow hedge, which are recognized directly in other comprehensive income ("OCI").

(d) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of variable and fixed overheads based on normal operating capacity. Any excess, unallocated, fixed overhead costs are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are written down to net realizable value if net realizable value declines below carrying amount. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed.

(e) Revenue recognition

Revenue is recognized when control of the equipment or parts has been transferred and the Company's performance obligations to the customers have been satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring the goods.

The timing of when the Company transfers the goods to the customer may differ from the timing of the customer's payment.

Revenues are stated net of discounts, allowances, settlement discounts and rebates, as well as costs for sales incentive programs, which are determined on the basis of historical costs and charged against profit for the period in which the corresponding sales are recognized.

The Company has determined that the customers from the sale of equipment and parts are generally dealers. Transfer of control, and thus related revenue recognition, generally corresponds to when the equipment and parts are made available to the customer, based on the shipping terms negotiated with customers. Most product is sold FOB Origin, while sales to related parties are shipped FOB Destination. Therefore, the Company recognizes revenue at a point in time, when control is transferred to the customer at a sale price that the Company expects to receive.

For all sales, no significant uncertainty exists surrounding the purchaser's obligation to pay for equipment and parts. The Company records appropriate allowance for credit losses.

The cost of incentives, if any, are estimated at the inception of a contract at the amount that is expected to be paid and is recognized as a reduction to revenue at the time of the sale. If the estimate of the incentive changes following the sale to the customer, the change in estimate is recognized as an adjustment to revenue in the period of the change. The Company grants certain sales incentives to support sales of its products to retail customers. At the later of the time of sale or the time an incentive is announced to dealers, the Company records the estimated impact of sales allowances in the form of dealer and customer incentives as a reduction of revenue. Subsequent adjustments to sales incentive programs related to products previously sold are recognized as an adjustment to revenues in the period the adjustment is determinable. The determination of sales allowances requires management to make estimates based upon historical data, estimated future market demand for products, field inventory levels, announced incentive programs, competitive pricing and interest rates, among other things.

(f) Sales allowances

The Company grants certain sales incentives to support sales of its products to retail customers. At the later of the time of sale or the time an incentive is announced to dealers, the Company records the estimated impact of sales allowances in the form of dealer and customer incentives as a reduction of revenue. The expense for new programs is accrued at the inception of the program. The amounts of incentives to be paid are estimated. The determination of sales allowances requires management to make estimates based upon historical data, estimated future market demand for products, field inventory levels, announced incentive programs, competitive pricing and interest rates, among other things.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes any directly attributable costs, borrowing costs on qualifying construction projects, and the costs of dismantling and removing the items and restoring the site on which they are located. When major components of an item of property and equipment have different useful lives, they are accounted for as separate items. Depreciation is calculated using the following methods to allocate the cost of assets less their residual values over their estimated useful lives as follows:

Buildings	4 - 5%	Straight line
Equipment	20 - 100%	Declining balance
Computer equipment	30 - 100%	Declining balance

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Assets under construction and land are not depreciated.

Leases of property, plant and equipment on terms that provide a contractual right of use are measured at cost, comprised of the initial measurement of the corresponding finance lease payable, lease payments made at or before the commencement date and any initial direct costs. They are subsequently depreciated on a straight-line basis and reduced by impairment losses. At year end, the Company had no right of use assets.

(h) Research and development expenses

The Company expenses all research and development costs as they are incurred unless they meet the criteria for deferral in accordance with IAS 38 Intangible Assets. No such development costs have been deferred to date.

(i) Interest in joint ventures and other entities

The Company accounts for its interest in joint ventures using the equity method. Interests in other entities where there is no significant influence are recorded at fair value.

(j) Cash/bank indebtedness

Cash/bank indebtedness includes cash on hand, bank overdrafts and bankers acceptances. Bank overdrafts are repayable on demand. Bank overdrafts and bankers acceptances form an integral part of the Company's cash management and are included as a component of cash/bank indebtedness for the purpose of the statement of cash flows.

(k) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income except to the extent that it relates to items recorded directly to equity, in which case it is recognized directly in equity.

Current income tax expense is the expected income tax payable on the taxable income for the period, using income tax rates enacted or substantively enacted in the jurisdictions the Company is required to pay income tax at the reporting date, and any income adjustments to income taxes payable in respect of previous periods. Current income tax expense is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused income tax losses.

Deferred tax expense is recognized using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities for income taxation purposes. Deferred tax is not recognized for the following temporary timing differences: the initial recognition for both goodwill and assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the income tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realized or the liability is settled, based on the income tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Current tax assets and liabilities are offset when the Company and its subsidiaries have a legally enforceable right to offset the amounts and intend to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to the same income tax authority.

(l) Financial instruments

In accordance with IFRS 9 - Financial Instruments, financial assets are classified as measured at either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on the business model for managing such financial assets and the asset's contractual cash flow characteristics. Financial liabilities are classified as measured at amortized cost using the effective interest method.

The Company's financial instruments are classified as follows: a) cash and cash equivalents (bank indebtedness) - fair value through profit and loss, b) accounts receivable - amortized cost, c) advances to related parties - amortized cost, d) accounts payable and accrued liabilities - amortized cost, d) interests in other entities - fair value through profit and loss, e) advances from related parties - amortized cost and f) long term debt - amortized cost. All financial instruments are included in the consolidated balance sheet and are measured at fair value except loans and receivables and other financial liabilities, which are measured at amortized cost.

All changes in fair value are recorded to the statement of comprehensive income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.
The Company's policy is not to utilize derivative financial instruments for trading or speculative purposes. The Company may utilize derivative instruments in the management of its foreign currency and interest rate exposures.

FVTPL financial instruments are subsequently measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired.

(m) Derivative financial instruments

The Company operates principally in Canada and the United States, which gives rise to risks that its income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. The Company may enter into foreign currency forward contracts to manage foreign exchange exposures on accounts receivable expected to be recovered in US dollars.

The fair value of each contract is included on the consolidated balance sheet within derivative financial instrument assets or liabilities, depending on whether the fair value was in an asset or liability position. Changes in fair value are recognized in the consolidated statement of comprehensive income through gains/losses on foreign exchange.

(n) Comprehensive income

Comprehensive income includes all changes in equity of the Company, except those resulting from investments by shareholders and dividends paid. Comprehensive income is the total of net income and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that require recognition, but are excluded from net income. The Company does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the year.

(o) Product warranties

The Company makes provisions for estimated expenses related to product warranties at the time products are sold. Management establishes these estimates based on historical information on the nature, frequency and average cost of warranty claims. The Company seeks to improve product quality and minimize warranty expenses arising from claims. Warranty costs may differ from those estimated if actual claim rates are higher or lower than historical rates.

(p) Impairment

Impairment of non-financial assets

Tangible assets and definite life intangible assets are reviewed at each balance sheet date to determine whether events or conditions indicate that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For tangible and intangible assets excluding goodwill, the CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at their original effective interest rate. All impairment losses are recognized in the consolidated statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the actual results. The estimates and assumptions that are critical to the determination of carrying value of assets and liabilities are addressed below.

(a) Sales incentives

The Company provides certain sales incentives on some sales that may be settled after year end. An estimate of these amounts that may be payable is accrued, but may vary based on the programs in place at the time of settlement. These have been accrued for in accounts payable and accrued liabilities.

(b) Expected Credit Losses

The Company recognizes expected credit losses on financial assets and changes in such losses, at each reporting date to reflect changes in credit risk since the initial recognition of the financial assets. For accounts receivable, the Company applied the simplified approach permitted by IFRS 9, under which the lifetime expected credit losses must be recognized upon initial recognition. For loans classified under receivables, the Company measures credit risk based on the 12-month expected credit risk if there has not been a significant increase in credit risk since initial recognition.

(c) Allowance for inventory obsolescence

The Company estimates allowances for potential losses resulting from inventory becoming obsolete and that cannot be processed and/or sold to customers. Additional allowances may be required if the physical condition of inventory deteriorates or customer requirements change and cost exceeds net realizable value.

(d) Impairment of property, plant and equipment

An integral component of impairment testing is determining the asset's recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and the appropriate discount rates. The cash flows are derived from financial forecasts and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount.

No impairment losses were recognized in 2020 nor 2019.

(e) Provision for warranty costs

The Company offers warranties for its sale of equipment. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives, as well as parts and labor costs.

(f) Income taxes

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. Management plans to take all necessary steps to utilize deferred tax attributes before they expire and believe they have a plan that ensures they will ultimately fully utilize these attributes. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

The Company makes claims for Scientific Research and Experimental Development (SRED) expenditures which are included in deferred taxes. The amounts recorded are based on the Company's interpretation of the Income Tax Act of Canada provisions which govern the eligibility of SRED costs. The claims may be subject to review by the Canada Revenue Agency (CRA) before refunds are received. Actual collection may be materially different than what is recorded in the financial statements. The Company is currently challenging CRA in court in regards to certain of its SRED credits and believes that it will be successful in defending its SRED claim. The Company's SRED credits are recorded on the balance sheet after review of the relevant accounting pronouncements (note 10).

The Company is subject to taxation in multiple jurisdictions. Significant judgment is required in determining the worldwide provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using management's best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Management reviews the adequacy of these provisions at each consolidated balance sheet date. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The operations and organizational structure of the Company are complex, and related tax interpretations, regulations and legislation are continually changing. As a result, there are usually some tax matters in question that result in uncertain tax positions. The Company approaches uncertain tax positions from a liability or exposure perspective. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

(g) Economic Conditions

In the context of the COVID-19 pandemic and the related climate of uncertainty, the Company revised some of its most complex estimated and assumptions , including significant judgement areas, used in preparing the consolidated financial statements for the year ended September 30, 2020. The main estimates revised to reflect the impact of COVID-19 pandemic on financial reporting were the determination of whether there was an indication that assets, CGU's or groups of CGU's may be impaired, the assumption used in the establishment of their recoverable amount when an impairment test was deemed necessary, and the assessment of the credit risk on receivables. Additional revisions might be required in the future depending on the development of the pandemic and its impact on the final measurement of the carrying amount of the Company's assets.

(h) Government Grants

Government assistance that requires payment and that is non-interest bearing is accounted for at its fair value, based on management's best estimates. The difference between the assistance amount and its fair value is accounted for as a government grant and recognized in income over the period in which the related cost they are intended to compensate for are recognized.

5. Accounting Standards Implemented in 2020 (000's C$)

The following accounting standards came into effect commencing in the 2020 fiscal year:

(a) Leases

The Company has adopted IFRS 16 "Leases" with a date of initial application of October 1, 2019. IFRS introduced new standards for the recognition and measurement of leases under a single model., eliminating the distinction between operating and finance leases. As a result, most leases will be recognized on the statement of financial position. Certain exemptions continue to apply for short-term leases and leases for low-value assets. The revised standards had no significant impact on the recognition and measurement of leases.

(b) Uncertainty over Income Tax Treatments

The Company has adopted IFRIC 23 with a date of initial application of October 1, 2019. IFRIC 23 "Uncertainty over Income Tax Treatments" is aimed to reduce the diversity of recognition and measurement of tax liabilities and assets. The adoption of these interpretations have not impacted the Company's consolidated financial statements .

6. Credit Facilities (000's C$)

The Company has available a financing facility in the amount of $60,000 (2019 - $60,000). This facility is an asset-based credit agreement with the Canadian Imperial Bank of Commerce. The credit facility is secured by a general security agreement and assignment of specific receivables and inventory in Canada and the US. The financing facility is at Bankers Acceptance and/or LIBOR rates plus stamping fees. At September 30, 2020, the amount drawn on this facility is $6,673 (2019 - $39,769).

During the year the company also accessed loans in the amount of $1,534 ($1,146 USD) with Alerus Financial. These loans bore interest at 1% per annum. These loans were scheduled to have repayments commence on December 15, 2020, however prior to scheduled repayments commencing, but subsequent to year end, the loans were repaid in full through receipt of government grants from the United States Small Business Administration's Paycheck Protection Program.

Cash balances of $1,400 (2019 - $2,047) have been netted with the above facilities.

7. Inventories (000's C$)

	2020	2019
Raw materials	**$ 50,786**	$ 55,200
Work in process	**5,896**	3,866
Finished goods	**90,249**	106,565
	$ 146,931	$ 165,631

During the year, inventories in the amount of $170,674 (2019 - $157,399) were expensed to cost of goods sold, which included net inventory reversals of write-downs of $1,551 (2019 - $4,442). The carrying value of inventories is pledged as security against the Company's credit facilities.

Included in inventories are units sold on consignment being held at dealers locations in the amount of $3,861 (2019 - $10,570).

8. Property, Plant and Equipment (000's C$

	Land	Buildings	Equipment	Computer Equip	Total
2018 net book value	**3,673**	**10,046**	**5,978**	**1,036**	**20,733**
Additions	-	(37)	965	15	943
Disposals	(116)	-	(63)	-	(179)
Depreciation	-	(913)	(2,235)	(309)	(3,457)
2019 net book value	**3,557**	**9,096**	**4,645**	**742**	**18,040**
Additions	-	-	1,064	32	1,096
Disposals	-	(110)	(127)	(2)	(239)
Depreciation	-	(908)	(1,988)	(231)	(3,127)
2020 net book value	**$3,557**	**$8,078**	**$3,594**	**$541**	**$15,770**
Recorded as:					
Cost	$3,557	$28,519	$61,652	$8,452	$102,180
Accumulated depreciation	-	(19,423)	(57,007)	(7,710)	(84,140)
2019 net book value	**$3,557**	**$9,096**	**$4,645**	**$742**	**$18,040**
Cost	$ 3,557	$28,361	$58,412	$6,847	$97,177
Accumulated depreciation	-	(20,283)	(54,818)	(6,306)	(81,407)
2020 net book value	**$3,557**	**$8,078**	**$3,594**	**$541**	**$15,770**

The Company reviewed its property, plant and equipment for indicators of impairment. No assets were identified as impaired.

Included in property, plant and equipment is $19 of equipment not being depreciated as the assets are not yet in use (2019 - $748).

9. Related Party Transactions (000's C$)

	2020	2019
Accounts receivable from controlling shareholder	**$3,076**	$6,342
Accounts payable to controlling shareholder	**2,086**	2,313
Advances from controlling shareholder	**34,172**	21,858
Net sales to controlling sharehold	**$6,052**	$19,282
Net purchases from controlling shareholder	**378**	321

All transactions with related parties are recorded at the exchange amount agreed to by the related parties. In the prior year, the Company sold certain intellectual properties to the controlling shareholder. These relate to an older tractor model that no longer has a market in North America for $10,000 USD and a sprayer under development that the Company has decided not to produce for $3,000 USD. There was no cost basis for these intellectual properties, which resulted in a gain on sale of $17,471. The amounts agreed upon are based on external valuations.

The advances from the controlling shareholder of $25,618 USD (2019 - $16,505 USD) bears interest at 5.0% and are due on demand.

Compensation of Key Management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Executive Committee are key management personnel. The following table details the compensation paid to these key management personnel (note - no amounts were paid for.

	2020	2019
Salaries, fees and short term employee benefits	**$1,822**	$1,872

10. Income Taxes (000's C$)

	2020	2019
Current year	**$602**	$(445)
Adjustment for prior years	**782**	30
Current income tax expense (recovery)	**$1,384**	$(415)
Origination and reversal of timing differences	**$(117)**	$(2,022)
Derecognition of tax credits	**-**	21,494
SR&ED credits earned	**-**	-
Deferred taxes (recovery) expense	**$(117)**	$19,472
Combined Canadian federal and provincial income tax rate	**27.0%**	27.0%
Foreign tax rate differences applied to profits (losses)	**(0.4)**	(24.2)
Derecognition of tax credits	**(26.8)**	(215.7)
Losses carried back at a higher tax rate	**-**	(0.2)
Adjustments for prior years	**(3.2)**	(0.3)
SR&ED credits earned	**-**	10.1
Non-taxable portion of capital gains	**-**	17.3
Permanent differences and other	**(1.8)**	3.3
Effective income tax rate	**(5.2%)**	(182.7%)

Income taxes paid during the year were $317 (2019 - $214).

Deferred income taxes are recorded to reflect the timing differences arising from deduction of warranty costs for income tax purposes, the amounts of depreciation and amortization provided in the year compared to the allowances deducted for income tax purposes, taxable losses carried forward to future periods, expected Scientific Research and Experimental Development (SRED) tax credit claims and other temporary timing differences.

The following are the components of the deferred tax assets and liabilities recognized by the Company:

	2020	20189
Deferred income tax assets	**$931**	$864
Property, plant and equipment	**4,693**	4,693
SRED credits	**$5,624**	$5,557

Deferred income tax liabilities	**2020**	2019
Property, plant and equipment	**$48**	$43

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose.

The Company has a deferred tax asset of $34,058 in Canada (2019 - $19,469). In the current year, only $5,576 has been recorded. The remaining $28,482 will be recognized in future periods when profitability returns in Canada. These losses begin to expire in 2033.

Deferred tax assets of $19,296 in the US (2019 - $17,044) in excess of the deferred tax losses are available to be carried forward to future periods. Management believes that these assets will be realized in future periods. As a result of losses over the past few years, management has decided to not recognize these assets as at September 30, 2020. These assets will be recognized in future periods when profitability returns in the US. These losses begin to expire in 2034.

The current value of all SRED claims net of estimated taxes and allowances is $4,693 (September 30, 2019 - $4,693). The Company's claims for SRED credits for the tax years 2005 - 2011 ($5,506) are currently being challenged by Canada Revenue Agency (CRA). The claim for 2005 will be reviewed by tax court, while claims for 2006 and 2007 are being held in abeyance by CRA pending the outcome of the 2005 claim. Tax years 2008 through to 2011 have received refunds in the amount of $813 during the prior year and the assessments for these years will be appealed. Final settlement for these claims may take several years to resolve.

The 2012, 2013 and 2014 claims ($2,206) have been approved and were paid out by CRA in prior years. The 2015, 2016 and 2017 claims have been approved and partially paid out by CRA ($1,633), with the remaining payment expected in a future period when there is taxable income. The 2018 claim for $482 is current under review. The 2019 and 2020 SRED claims will be filed with CRA prior to any filing deadlines.

11. Interests in Joint Ventures and Other Entities (000's C$)

The Company has a joint venture operating as Bradley Steel Processors Inc. and minority interests in other various entities.

The summarized financial information of the Company's share of the investments in joint ventures and other entities is as follows:

Balance sheet information	**2020**	2019
Assets		
Current	**$6,123**	**$6,331**
Non-current	**249**	**166**
Total Assets	**$6,372**	**$6,497**
Liabilities		
Current	**$233**	**$452**
Non-current	**-**	**-**
Total Liabilities	**233**	**452**
Equity	**6,139**	**6,045**
Total Liabilities and Equity	**$6,372**	**$6,497**
Income statement information		
Revenues	**$4,140**	**$5,555**
Profit from continuing operations	**$131**	**$653**
Net income and comprehensive income	**$94**	**$540**
Other information		
Dividends received from joint ventures and other entities	**$26**	**$231**
Depreciation	**$2**	**$9**
Income tax expense	**$36**	**$113**

12. Warranty provision (000'S C$)

The Company generally provides its customers with a warranty on the goods sold. The movement in the provision for warrant costs during the year is as follows

	2020	2019
Opening balance	**$5,810**	$6,748
Warranty accrual (recovery) (net)	**3,490**	(958)
Effect of exchange rate	**15**	20
Closing balance	**$9,315**	$ 5,810

The Company's warranty costs for the year, net of recoveries from suppliers, was $10,635 (2019 - $6,525).

13. Long term debt (000'S C$)

The Company's long term debt consists of an amount of $414, 2019 -$411 ($310 USD, 2019 -$310 USD) due to The City of Willmar. This amount bears interest at the annual rate of the implicit price deflator for Minnesota and is due June 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Capital Stock and Options (000's C$)

Authorized, an unlimited number of Class A & B common shares.

	2020		2019	
	Shares		Shares	
Issued Class A common	**25,000**	**$30,000**	25,000	$30,000

There are no options outstanding as of September 30, 2020 nor September 30, 2019.

15. Interest Paid (000's C$)

	2020	2019
Bank indebtedness	**$2,957**	$3,070
Wholesale financing	**4,117**	6,194
	$7,074	$9,264

Interest expense includes interest on long term, bank indebtedness and wholesale financing. Through an agreement with DLL, the initial wholesale financing interest expense for the dealer is paid by Buhler Industries Inc. to DLL to support a segment of Buhler's North American dealer network. Under the agreement, dealers have dedicated credit lines with DLL, customized service, and competitive terms that allow them to manage and grow their businesses effectively. The floorplan financing terms and interest costs are variable and may change from time to time.

16. Expenses by nature (000's C$)

	2020	2019
Raw materials and consumables used	**$200,395**	$176,335
Depreciation and amortization	**3,127**	3,457
Personnel expenses	**57,095**	64,361
Freight	**6,308**	6,399
	$266,925	$250,552

17. Segmented Information (000's C$)

	2020			
	Canada	**U.S.**	**CIS**	**Other**
Revenue	**$104,692**	**$118,975**	**$12,558**	**$13,325**
Property, plant, and equipment	**10,460**	**5,143**	**167**	**-**

	2019			
	Canada	U.S.	CIS	Other
Revenue	$94,789	$91,372	$21,197	$21,761
Property, plant, and equipment	12,194	5,679	167	-

CIS is the Commonwealth of Independent States, including Russia and Kazakhstan.

18. Changes in non-cash working capital (000's C$)

Details of changes in financing activities for the year ended September 30, 2020 are as follows:

	2020	2019
Accounts receivable	**$12,766**	$(1,101)
Inventories	**18,700**	5,981
Prepaid expenses	**(2,902)**	(734)
Accounts payable and accrued liabilities	**9,511**	(5,627)
Income taxes receivable/ payable	**4,218**	(1,836)
Foreign exchange loss on the above items	**(815)**	(942)
	$41,478	$(4,259)

19. Cash Flow Changes from Financing Activities (000's C$)

Details of changes in financing activities for the year ended September 30, 2020 are as follows:

	Advances to related party	Long term debt	Advances from related party	Total
September 30, 2018	**$2,173**	**$(401)**	**$(14,775)**	**$(13,003)**
Cash flows	(2,214)	-	(6,842)	(9,056)
Foreign exchange	41	(10)	(241)	(210)
September 30, 2019	**-**	**(411)**	**(21,858)**	**(22,269)**
Cash flows	-	-	(12,314)	(12,314)
Foreign exchange loss	-	(3)	-	(3)
September 30, 2020	**$-**	**$(414)**	**$(34,172)**	**$(34,586)**

In addition to the above, during the year the Company also received $566 (2019 - $1,217) of tax credits.

20. Capital Management

The Company's fundamental objectives in managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations, ensure adequate liquidity and financial flexibility at all times, and deploy capital to provide an appropriate investment return to its shareholders while maintaining prudent levels of financial risk. The Company believes that the aforementioned objectives are appropriate in the context of the Company's business.

The Company defines its capital as cash, bank indebtedness, shareholders' equity, long- term debt, net of any cash and cash equivalents. The Company's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, raise debt (secured, unsecured, convertible and/or other types of available debt instruments), enter into hedging arrangements and refinance existing debt with different characteristics, amongst others.

The Company constantly monitors and assesses its financial performance and economic conditions in order to ensure that its net debt levels are prudent.

The Company's financial objectives and strategy are reviewed on an annual basis. The Company believes that its ratios are within reasonable limits, in light of the relative size of the Company and its capital management objectives.

There are no externally imposed capital restrictions on the Company. There were no changes in the Company's approach to capital management during the year.

21. Financial Instruments (000's C$)

The following presents the carrying value and fair value of the Company's financial instruments:

		2020	
Financial Asset/ Liability	Classification	**Carried at cost/ Amortized cost**	**Fair value**
Bank indebtedness	Amortized cost	**$(6,807)**	
Accounts receivable	Amortized cost	**46,607**	
Interest in other entities	FVTPL		**157**
Accounts payable and accured liabilities	Amortized cost	**(104,933)**	
Advances from related parties	Amortized cost	**(34,172)**	
Long term debt	Amortized cost	**(414)**	

		2019	
Financial asset/ Liability	Classification	Carried at cost/ amortized cost	Fair value
Bank indebtedness	Amortized cost	$(37,722)	
Accounts receivable	Amortized cost	59,373	
Interest in other entities	FVTPL		157
Accounts payable and accrued liabilities	Amortized cost	(95,422)	
Advances from related parties	Amortized cost	(21,858)	
Long term debt	Amortized cost	(411)	

Financial instruments includes bank indebtedness, accounts receivable, advances to related parties, financial instruments, long term receivables, interests in other entities not subject to significant influence, accounts payable and accrued liabilities, advances from related parties and long term debt. Except for the long term receivables, interests in other entities and long term debt, the carrying values of these financial instruments approximate fair value due to the short term nature of the financial instruments or they are carried at fair value.

The Company has classified its interest in other entities as FVTPL. These shares are not actively traded in a quoted market and accordingly fair value has been estimated to be cost.

The Company has classified its interest in other entities as FVTPL. These shares are not actively traded in a quoted market and accordingly fair value has been estimated to be cost.

The Company categorizes its fair value measurements of financial instruments according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2 – fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable market data. The fair values of interest in other entities are disclosed at fair value based on a level 2 classification.

Level 3 – fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable data, including assumptions about risk. The Company does not have any financial instruments measured at fair values based on level 3 inputs.

22. Financial Risk Management (000's C$)

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls and sound business practices.
Risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.

Interest Rate Risk
The Company's interest rate risk arises from its variable rate bank indebtedness, wholesale financing and long term debt. The long-term debt at a very low rate, and therefore carries minimal interest rate risk. As the bank indebtedness is all variable rate, the Company is exposed to a certain level of interest rate risk. Management feels that these risks are manageable as the interest rate on this debt is less than prime and therefore has not entered into any instruments to mitigate this risk. Based on the level of bank indebtedness outstanding at September 30, 2020, a 1% increase/decrease in the rate being charged to the Company would result in a $82 (2019 - $467) decrease/ increase in net earnings.

Commodity Price Risk
The Company's manufacturing costs are affected by the price of raw materials, namely steel. In order to manage its risk, the Company applies a steel surcharge to its product when the cost of steel increases significantly. The Company's preferred practice is to match raw materials cost changes with selling price adjustments, although there is a time lag. This matching is not always possible, as customers react to selling price pressures related to raw material price fluctuations according to conditions pertaining to their markets.

Foreign Exchange Risk
The Canadian dollar is the Company's functional currency. The Company operates primarily in Canada and the United States. The reporting currency of the Company is Canadian dollars, whereas the functional currency for operations in the United States and sales to the CIS region are the U.S. dollar. Fluctuations in the exchange rate between the U.S. dollar and Canadian dollar will affect the Company's reported results. However, the impact of changes in foreign exchange rates on the Company's reported results differs over time depending on whether the Company is generating a net cash inflow or outflow of Canadian dollars. This is largely dependent on the Company's revenue mix by currency as operating costs denominated in Canadian dollars have been relatively stable.

In addition, translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in revenues. As a result of the Company's U.S. dollar net monetary position within the Canadian dollar reporting currency operations through to September 30, 2020, a one-cent strengthening/ weakening in the year-end foreign exchange rate from Canadian dollars to U.S. dollars would have decreased/ increased net earnings by $243 (2019 - $263).

The Company's exposure to foreign currency risk reported in U.S. dollars was as follows:

	2020	2019
Accounts receivable	**$18,849**	$36,332
Accounts payable and other accrued liabilities	**(11,157)**	(5,955)
Advances from related party	**(25,618)**	(16,505)
Long term debt	**(310)**	(310)
	$(18,236)	$13,562

The Company is partially insulated from large foreign exchange gains and losses by virtue of its mix of cash inflows and outflows in U.S. dollars. Gains and losses generated by fluctuations in the exchange rates used to translate U.S. dollar assets are offset by similar gains and losses on U.S. dollar liabilities. The Company also uses forward contracts to further mitigate these fluctuations when the natural hedges are forecasted to be insufficient.

As at September 30, 2020 the Company had US to CAD foreign currency contracts with a notional value of $2,500 in place (2019—$nil) Fair value adjustments are recognized with (gain) loss on foreign exchange in the consolidated statement of comprehensive income. A one-cent strengthening/weakening in the period end foreign exchange rate from CAD to USD would have increased/decreased the value of these contracts by $25 (2019—$nil) before taxes.

Liquidity Risk

Investments to drive growth can require significant financial resources. A range of funding alternatives is available to the Company including cash on hand, cash flow provided by operations, additional debt, the issuance of equity or a combination thereof. The Company has current credit facilities of $60,000 in place. Actual bank funding may differ as the result of margin availability. As at September 30, 2020 the Company had access to $58,000 (2019 - $54,000) The Company manages its liquidity risk by forecasting cash flows and determining if the credit facilities in place are adequate or if additional financing would be required.

	2021	2022	2023	2024	2025	Post 2026	Total
Bank indebtedness	$6,807	$ -	$ -	$ -	$ -	$ -	$6,807
Accounts payable and accrued liabilities	104,933	-	-	-	-	-	104,933
Due to related party	34,172	-	-	-	-	-	34,172
Long term debt	-	-	-	-	414	-	414
Total	$145,912	$ -	$ -	$ -	$414	-	$146,326

Credit Risk

Financial instruments which potentially subject the Company to credit risk and concentrations of credit risk consist principally of accounts receivable. Management has assessed that the credit risk associated with accounts receivable is mitigated by the credit agreements the Company has in place including personal guarantees from the counterparties.

The maximum exposure to the risk of credit for accounts receivable corresponds to their book value. Historically, the Company has experienced nominal bad debts as a result of the security agreements in place that allow the Company to recovery goods from dealers that has not been paid for as well as personal guarantees. During 2020 , the Company recorded a bad debt expense of $161 (2019 - $253).

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of net loss and loss within selling & administration expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against selling & administration expenses.

The following table sets out the aging details of the Company's accounts receivable balances outstanding based on the status of the receivable in relation to when the receivable was due and payable and related allowance for doubtful accounts:

	2020	2019
Current - neither impaired nor past due	**$34,234**	$47,572
Not impaired but past the due date; Within 30 days	**1,657**	2,558
31-60 days	**828**	1,541
Over 60 days	**11,028**	8,973
	47,747	60,644
Less: Allowance for doubtful accounts	**(1,140)**	(1,271)
Total receivables, net	**$46,607**	$59,373

The following table details the continuity of the allowance for doubtful accounts:

	2020	2019
Balance, beginning of year	**$(1,271)**	$(1,013)
Provisions for the year, net of recoveries	**(161)**	(253)
Uncollectible amounts written off	**289**	-
Foreign exchange impact	**3**	(5)
Balance, end of year	**$(1,140)**	$(1,271)

23. Subsequent Events

During the year the Company announced the closure of the Fargo. ND facilitiy. At year end the company was in the process of transferring production lines and inventory out of the facility. Subsequent to year end the Company also announced that the company would cease production at its Willmar, MN facility and Vegreville, AB facility. The production lines from both Fargo and Willmar will be transferred to Morden, MB during the 2021 fiscal year. The production line at Vegreville is expected to be transferred to Winnipeg, MB following the 2021 fiscal year.

Subsequent to year end the Company amended its financing facility with the Canadian Imperial Bank of Commerce, extending a further $15,000 secured by a mortgage on the Company's Winnipeg properties. The existing $60,000 facility remains in place under similar terms to those at year end.

On October 1, 2020 the Company licensed intellectual property rights to it's controlling shareholder. These rights provide the controlling shareholder the right to manufacture an older tractor model for sale outside of North America. This license was granted for a thirty- seven month period ending October 31, 2023 in exchange for $2,000 USD. There is no cost basis for this intellectual property.

COMPANY INFORMATION

Audit Committee
Allan L.V. Stewart
Konstantin Babkin
Oleg Gorbunov

Legal Counsel
Thompson Dorfman Sweatman LLP
Winnipeg, Manitoba

Exchange Listing
The shares of Buhler Industries Inc. are listed on the Toronto Stock Exchange and trading under the symbol "BUI".

Corporate Banker
Canadian Imperial Bank of Commerce
Winnipeg, Manitoba

Cusip Number
119 918 100

Transfer Agent
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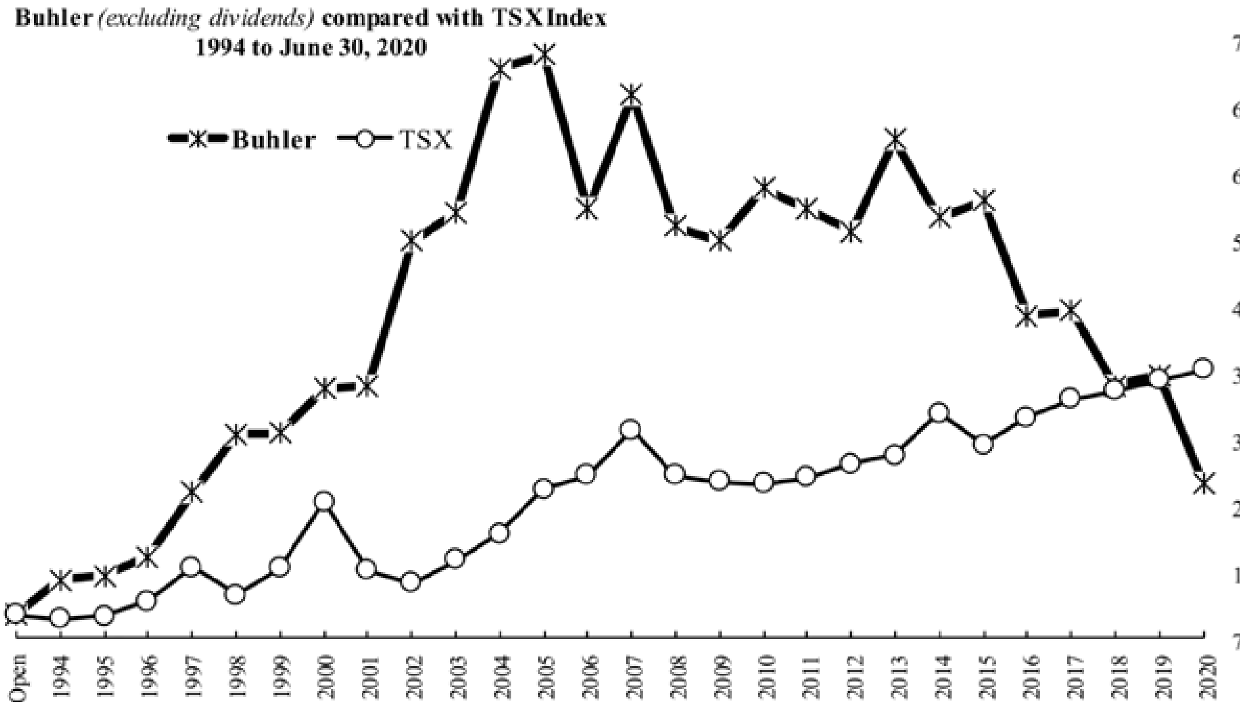
Auditors
MNP LLP
Winnipeg, Manitoba

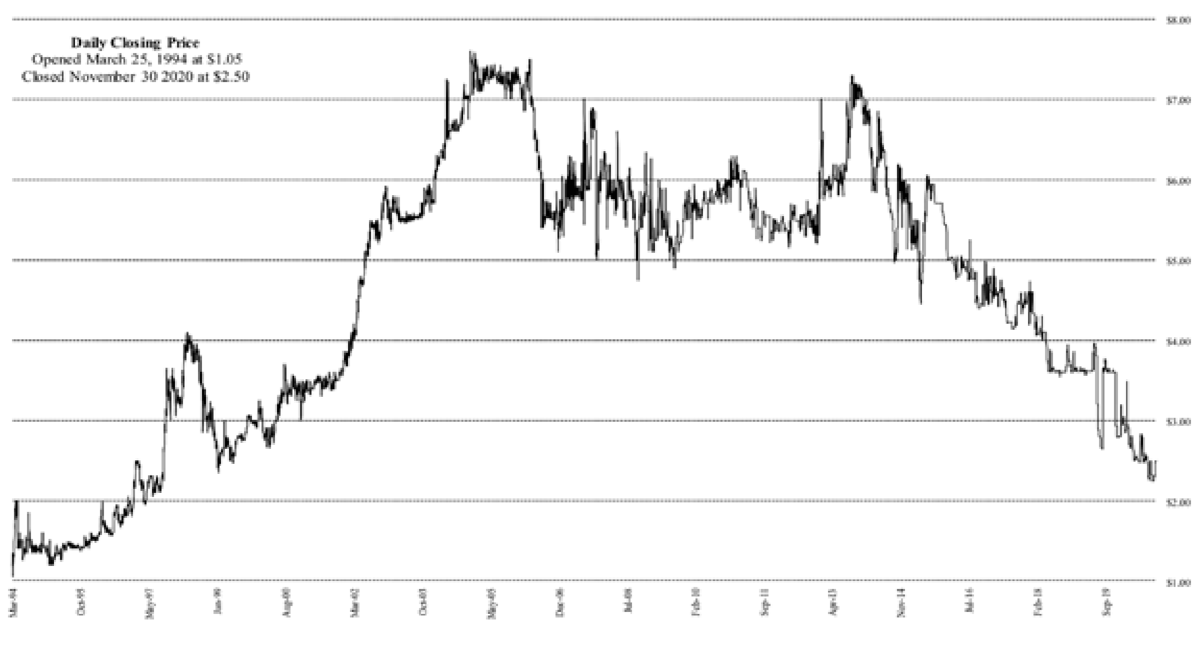
Annual Meeting
The annual meeting of shareholders will be held on March 25, 2021
11:00 AM at the Head Office,
1260 Clarence Avenue, Winnipeg Manitoba.

DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

Name	Office	Principal Occupation
Dmitry Udras	Chairman/Officer	Member and Co-owner of Novoe Sodrugestvo Ltd.
Yury Ryazanov	Director/Chief Executive Officer	Vice President and Co-owner of Novoe Sodrugestvo Ltd.
Konstantin Babkin	Director	President and Co-owner of Novoe Sodrugestvo Ltd.
Oleg Gorbunov	Director	Adviser to the CEO of "Novoe Sodrugestvo", CJSC"
Allan Stewart, B.A., LL.B.	Director	Lawyer, Thompson Dorfman Sweatman LLP
John Buhler	Director	President, Highland Park Financial Inc.
Grant Adolph, P.Mgr	Officer/Director	Chief Operating Officer, Buhler Industries Inc.
Marat Nogerov	Officer	President, Buhler Industries Inc.
Maxim Loktionov	Officer	Vice President, Buhler Industries Inc.
Willy Janzen, CPA, CGA., B.Comm.	Officer	Chief Financial Officer, Buhler Industries Inc.
Adam Reid	Management	Vice President of Sales & Marketing, Versatile
Neil Frechette	Management	Director of Information Technology
Min Lee, I.S.M.	Management	Chief Information Officer, Buhler Industries Inc.
Todd Trueman, C.I.M., P.Mgr., C.Mgr.	Management	Director of Human Resources, Buhler Industries Inc.

STOCK DATA





Yearend Sept. 30		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
High		2.10	1.60	1.98	2.54	4.25	3.25	3.74	3.75	5.50	5.92	7.30	7.63	7.60	7.25	6.90	6.34	6.00	6.50	5.69	7.25	7.30	6.50	6.00	5.00	4.89	3.98	3.89
Low		1.05	1.10	1.37	1.70	2.45	2.35	2.70	3.00	3.48	5.20	5.48	7.00	4.35	5.30	5.00	4.75	5.15	5.20	5.04	5.20	5.51	4.40	4.40	4.14	3.53	2.6	2.25
Close		1.40	1.45	1.66	2.39	3.05	3.06	3.57	3.60	5.25	5.57	7.20	7.35	5.60	6.90	5.40	5.25	5.81	5.60	5.35	6.40	5.51	5.70	4.40	4.45	3.60	3.73	2.50
Trading *(000's)*	Vol.	1,311	867	1,927	3,015	4,134	2,274	1,092	2,800	1,836	1,321	5,024	1,703	3,010	5,637	2,138	745	1,996	684	1,245	897	1,037	603	344	116	123	141	115

10 YEAR SUMMARY

SUMMARY OF OPERATIONS	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Reported standards utilized	GAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	**IFRS**
In thousands of Canadian dollars (except per share amounts)										
Revenue	279,495	357,749	340,349	325,521	245,676	274,067	311,974	287,984	229,119	**249,550**
Cost of goods sold	237,198	302,891	283,031	277,791	223,410	252,841	275,821	284,510	218,776	**235,225**
Gross profit	42,297	54,858	57,318	47,730	22,266	21,226	36,153	3,474	10,343	**14,325**
Selling & admin. expense	20,709	23,108	22,529	25,239	26,278	25,894	26,766	25,979	23,974	**24,791**
(Loss) Income from operations	21,588	31,750	34,789	22,491	(4,012)	(4,668)	9,387	(22,505)	(13,631)	**(10,466)**
Gain on sale of capital assets	(1,184)	(1,212)	(74)	(401)	(114)	(8,160)	(4,066)	(2,381)	(19,437)	**(526)**
Interest income	(557)	(553)	(300)	(314)	(376)	(332)	(332)	(511)	(568)	**(309)**
Interest expense	3,004	3,507	4,459	3,741	3,345	4,315	5,926	7,894	9,050	**7,074**
Foreign exchange (gain) loss	(1,940)	2,701	(3,586)	(3,497)	(200)	(789)	1,152	622	494	**1,022**
Share of income of joint venture	(529)	(521)	(605)	(628)	(473)	(780)	(521)	(481)	(540)	**(131)**
Research & development exp.	7,480	8,375	8,533	8,663	8,323	8,739	9,604	12,345	7,802	**6,909**
Net earnings before taxes	15,314	19,453	26,362	14,927	(14,517)	(7,661)	(2,376)	(39,993)	(10,432)	**(24,505)**
Income tax expense (recovery)	3,397	3,090	6,471	2,469	(9,201)	(4,984)	(2,896)	9,539	19,057	**1,304**
Net earnings	11,917	16,363	19,891	12,458	(5,316)	(2,677)	520	(49,532)	(29,489)	**(25,809)**
CASH FLOW SUMMARY										
Capital asset purchases	9,662	2,440	5,857	4,639	3,216	2,785	2,963	4,799	943	**1,096**
Long term debt incurred	17,068	-	-	-	-	-	-	385	-	**-**
Reduction of long term debt	1,550	5,949	2,139	3,191	4,968	2,642	-	-	-	**-**
Dividends paid	-	-	-	-	-	-	-	-	-	**-**
Net cash flow	16,287	21,203	24,297	17,871	(633)	1,230	4,219	(46,225)	(26,032)	**30,915**
Net cash (bank indebtedness)	(10,515)	19,293	24,160	(49,841)	(52,830)	(20,452)	(12,553)	(37,254)	(37,722)	**(6,807)**
BALANCE SHEET SUMMARY										
Cash, receivables and prepaid expenses	71,919	78,054	85,491	102,473	80,555	73,680	73,983	63,884	67,331	**53,295**
Inventory	126,604	131,248	153,325	213,089	201,463	142,372	180,911	171,612	165,631	**146,931**
Total current assets	198,523	209,302	238,816	315,562	282,018	216,052	254,894	235,496	232,962	**200,226**
Total assets	241,355	250,569	283,403	362,844	339,029	278,415	319,739	290,378	262,604	**227,759**
Total current liabilities	77,696	78,439	97,451	167,339	151,029	93,078	133,907	153,670	155,370	**146,326**
Total short and long term debt	17,695	11,746	9,607	6,857	2,669	-	-	401	411	**414**
Total liabilities	96,793	89,644	102,587	169,570	151,071	93,134	133,938	154,109	155,824	**146,788**
Total shareholders equity	144,562	160,925	180,816	193,274	187,958	185,281	185,801	136,269	106,780	**80,971**
Shares o/s (avg. in millions)	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	**25.0**
Working capital	120,827	130,863	141,365	148,223	130,989	122,974	120,987	81,826	77,592	**53,900**
DATA PER COMMON SHARE										
Revenue	11.18	14.31	13.61	13.02	9.83	10.96	12.48	11.52	9.16	**9.98**
EBITDA	0.89	1.09	1.40	0.96	(0.26)	0.02	0.29	(1.15)	0.08	**(0.57)**
Price to EBITDA	6.3	4.9	4.6	5.7	(22.0)	196.1	15.3	(3.1)	44.9	**(4.4)**
EBIT	0.71	0.90	1.22	0.73	(0.46)	(0.15)	0.13	(1.30)	(0.08)	**(0.69)**
Net earnings	0.48	0.65	0.80	0.50	(0.21)	(0.11)	0.02	(1.98)	(1.18)	**(1.03)**
Price to earnings	11.75	8.17	8.04	11.06	(26.81)	(41.09)	213.94	(1.82)	(3.16)	**(2.42)**
Cash flow	0.65	0.85	0.97	0.71	(0.03)	0.05	0.17	(1.85)	(1.04)	**1.23**
Dividends paid	-	-	-	-	-	-	-	-	-	**-**
Closing share price	5.60	5.35	6.40	5.51	5.70	4.40	4.45	3.60	3.73	**2.51**
Shareholders' equity	5.78	6.44	7.23	7.73	7.52	7.41	7.43	5.45	4.27	**3.24**
STATISTICAL DATA										
Current ratio	2.6	2.7	2.5	1.9	1.9	2.3	1.9	1.5	1.5	**1.4**
Interest bearing debt/ equity ratio	0.2	0.1	0.1	0.3	0.3	0.1	0.1	0.3	0.4	**0.4**
Inventory turnover	2.1	2.3	2.0	1.5	1.1	1.5	1.7	1.6	1.3	**1.5**
Gross margin (% of revenue)	15.1%	15.3%	16.8%	14.7%	9.1%	7.7%	11.6%	1.2%	4.5%	**5.7%**
Selling & Admin. (% of revenue)	7%	6%	7%	8%	11%	9%	9%	9%	10%	**10%**
EBITDA (% of revenue)	8%	8%	10%	7%	(3%)	0%	2%	(10.0%)	0.9%	**(6)%**
Net earnings (% of revenue)	4%	5%	6%	4%	(2%)	(1%)	0%	(17%)	(13%)	**(10%)**
Return on average capital	8%	10%	11%	6%	(3%)	(1%)	0%	(31%)	(24%)	**(11%)**
Return on average equity	9%	11%	12%	7%	(3%)	(1%)	0%	(31%)	(24%)	**(27%)**

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