

2022 BUHLER ANNUAL REPORT



bühler



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VERSATILE INTRODUCTION

Versatile tractors and tillage continue to enjoy strong demand as farmers across North America remain in a great position to buy equipment due to high commodity prices. Field inventory is at record lows and the presell programs continue to be very successful. The Company continues to monitor factors such as regional droughts, rising input costs and interest rates to ensure market conditions remain upbeat.

Versatile faced many challenges this year as the supply chain issues that have impacted the entire agriculture equipment sector continue to strain production and limit shipments. Our purchasing and production teams worked with existing suppliers and developed new suppliers to improve the situation but, despite our best efforts, component availability was still an issue that caused delays and resulted in an inconsistent production schedule.

Supporting our dealer network continues to be a priority despite the limited availability of product. The results of the Equipment Dealers Association's annual satisfaction survey back this up. The survey ranks manufacturers based on several factors including communication, parts quality and availability, warranty and marketing. For the most part, the entire industry saw a drop in categories when compared to 2021. However, Versatile surpassed the industry average in all categories and continues to be a top scoring manufacturer among key competitors.

Further investment in product development and marketing continued in 2022. Last year saw the successful release of the 2023 MFWD and Nemesis tractors and the launch of the Versatile CBX platform. CBX is designed to share relevant equipment information with customers and dealers in a safe and secure manner. The technology makes it possible for

owners and dealers to understand technical issues, be more responsive and have a record of machine history. Versatile also announced an agreement with Cummins Inc., the exclusive engine brand used in Versatile tractors, to work together in the development of a tractor powered by a hydrogen engine. We are excited about future product development and are proud to be the off-highway partner of choice to test this innovative technology.

Last year also marked the first piece of tillage manufactured at the Winnipeg facility. Manufacturing tillage in-house in Manitoba instead of Alberta will help us maintain consistent quality control and bring the product closer to key markets in the United States and Canada. Building the tillage line closer to significant markets will also reduce logistics time and costs. Production at the former Ezee-On facility in Vegreville, Alberta, ceased in September 2021.

The road ahead will no doubt continue to present challenges, however, we are positive that our current product lineup, operational improvements and strong dealer support will help put us in a favorable position moving forward.



A handwritten signature in black ink that reads "Adam Reid". The signature is fluid and cursive, matching the printed name below it.

Adam Reid
Vice President, Sales & Marketing,
Versatile

FARM KING INTRODUCTION

Consumer demand remained strong due to global food insecurity, high commodity prices and a conflict in one of the main grain producing regions of the world. Some of our key product lines, namely backsaver augers, were sold out as early as February 2022.

However, our collective ability to meet robust customer demand was limited. Supply chain limitations paired with manpower shortages continued to dominate the manufacturing world. In this strenuous environment, combined with earlier capacity consolidation and product rationalization, the Farm King division increased sales by 2.1% over the previous year.

Our main focus has been on hay tools, grain handling and landscaping equipment. Application equipment was discontinued while tillage equipment distribution was extremely limited.

Manpower challenges were mitigated by a series of actions including extensive recruitment efforts, in house training, attrition reduction and incentive programs. Farm King achieved inventory and warranty cost reductions accompanied by service parts fill rate

improvement. Critical infrastructure investments in the Morden facility coupled with new conventional auger development continued.

Supply chain will remain an issue in 2023, however we are seeing gradual reduction in lead times on a number of components and materials. Material prices have softened from their record levels, but started to creep back up towards the end of the year. Farm equipment demand will remain high due to significant pent up demand and higher commodity prices.

The Farm King division will continue to work aggressively on quality, on time delivery and efficiency improvements along with inventory reduction. We will also continue to pursue new dealer development focusing on markets in United States and Canada.



Maxim Loktionov
Vice President, Buhler Industries Inc.

PRESIDENT'S MESSAGE

The past year has been extremely difficult for our Company. The main factor negatively effecting results was the limited production capacity resulting from parts shortages. The supply chain disruptions that began in 2021 continued throughout 2022. The production volumes of tractors were insufficient to cover the entire order of the book, and the accumulated backlog made it impossible to fulfill the originally planned budget.

We will continue to work closely with our partners and suppliers to overcome this situation, and our purchasing and production teams are doing everything possible to increase our production volumes.

Despite the lower revenue figures, the Company continues to maintain a level of resources and competencies necessary to deploy a more aggressive production program at a time when the situation with the supply of components will return to normal.

The Company also continues with all the programs launched in 2020 and 2021 to develop new products and the necessary changes in the current product line. The understanding of the vital importance of research and development is constantly maintained within the Company at the proper level. The Company continues to invest in research and development as it continues to believe that updating and improving products is vitally important to the Company and its customers.

I would like to express my gratitude to the employees, suppliers, dealers and all other stakeholders of the Company for their commitment, diligent work and productive cooperation, as well as for their support during these difficult times.

The primary goal for 2023 remains to resolve issues with components and bring the production level to volumes that will meet the demand of our customers and increase the number of units in inventory available in the field.



A handwritten signature in black ink, appearing to read 'Marat Nogerov'.

Marat Nogerov
President



A handwritten signature in black ink, appearing to read 'Yury Ryazanov'.

Yury Ryazanov
Chief Executive Officer and Director

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) build tractors, augers, snow blowers, mowers, tillage equipment, compact implements and more. In addition, the Company maintains Versatile and Farm King warehouses in both Canada and the United States.

Versatile has the claim of being the first North American manufacturer to mass-produce and market articulated four-wheel drive tractors. Since Versatile opened more than 50 years ago, the Company has built over 100,000 tractors at its plant in Winnipeg, Manitoba, Canada. Currently, the plant builds fixed-frame front-wheel assist tractors from 175 to 365 horsepower and articulated four-wheel drives and DeltaTrack models from 405 to 620, designed on the cornerstones of reliability, durability, and ease of service and maintenance. Farm King products are manufactured in Morden, Manitoba, Canada. The dealer network of over 1,200 North American locations provides first class service and professional expertise to farmers and customers.

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

MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

TEN YEAR HIGHLIGHTS

In thousands of Canadian dollars (except per share amounts)

PERIOD END	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Revenue	340,349	325,521	245,676	274,067	311,974	287,984	229,119	249,550	317,178	239,869
Gross profit	57,318	47,730	22,266	21,226	36,153	3,474	10,343	11,685	33,079	34,009
GP%	16.8%	14.7%	9.1%	7.7%	11.6%	1.2%	4.5%	4.7%	10.4%	14.2%
Income from operations	34,789	22,491	(4,012)	(4,668)	9,387	(22,505)	(13,631)	(10,444)	6,305	11,440
As percentage of revenue	10%	7%	(2%)	(2%)	3%	(8%)	(6%)	(4%)	2%	5%
Net earnings	19,891	12,458	(5,316)	(2,677)	520	(49,532)	(29,489)	(25,809)	8,911	(1,031)
Earnings per share (EPS)	0.80	0.50	(0.21)	(0.11)	0.02	(1.98)	(1.18)	(1.03)	0.36	(0.04)
EBITDA	34,953	24,081	(6,489)	561	7,249	(28,792)	2,075	(14,342)	19,177	7,247
Total assets	283,403	362,844	339,029	278,415	319,739	290,378	262,604	227,759	224,949	231,611
Working capital	141,365	148,223	130,989	122,974	120,987	81,826	77,592	88,072	84,898	86,732
Shareholders' equity	180,816	193,274	187,958	185,281	185,801	136,269	106,780	80,971	89,882	88,851
Book value per share	7.23	7.73	7.52	7.41	7.43	5.45	4.27	3.24	3.60	3.55
Return on average capital	11%	6%	(3%)	(1%)	0%	(31%)	(24%)	(27%)	10%	(1%)
Return on average equity	12%	7%	(3%)	(1%)	0%	(31%)	(24%)	(27%)	10%	(1%)

In this table, IFRS refers to the International Financial Reporting Standards. In 2021 the Company changed its year-end to December 31 and reported results for 15 months. All prior years ended September 30.

GENERAL INFORMATION

The following discussion and analysis dated March 28, 2023 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. The consolidated financial statements

include the accounts of all subsidiaries. The Company and all its Canadian subsidiaries operate with the Canadian dollar as the functional currency. In the prior year the Company changed the year end to December 31. Therefore, comparisons will be between the four quarters of fiscal 2022 versus the five quarters of fiscal 2021.

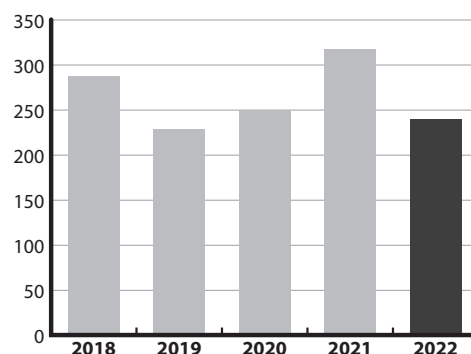
MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

HIGHLIGHTS

REVENUE

Revenue for the year was \$239.9, down \$77.3 from sales of \$317.2 in 2021. The Company's decreased sales for the year primarily results from the accounting change to a December year end in 2021 and the supply chain challenges faced by the industry. Included in 2021 are fifteen months of sales versus twelve months of sales in 2022.

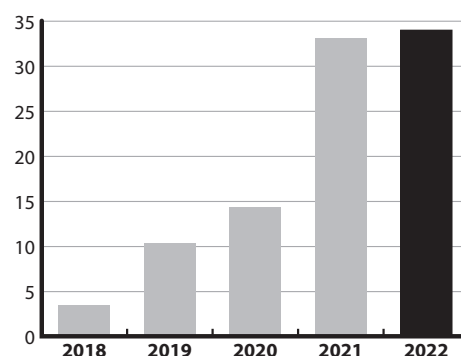
SALES (MILLIONS C\$)



GROSS PROFIT

Gross profit reached \$34.0 in the year which is an increase of \$0.9 from the prior year's \$33.1. As a percentage of sales, gross profits were 14.2%, an increase from the prior year's 10.4%. The Company achieved improvements in its gross profits due to continued strong demand for its products and its efforts to streamline its operations.

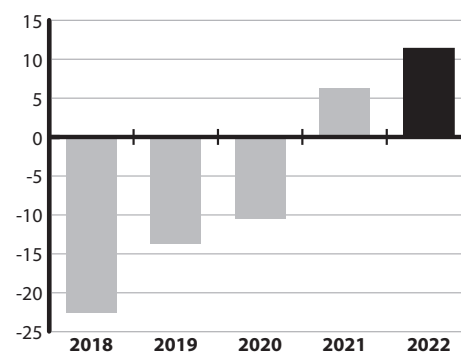
GROSS PROFIT (MILLIONS C\$)



INCOME FROM OPERATIONS

The Company achieved income from operations of \$11.4 compared with an income of \$6.3 in the prior year. Selling and administration expenses were \$22.6, down from the prior year's \$26.8 primarily due to the changed in accounting year end. As a percentage of sales, selling and administration was 9.4%, up from the prior year percentage of 8.4%.

INCOME FROM OPERATIONS (MILLIONS C\$)

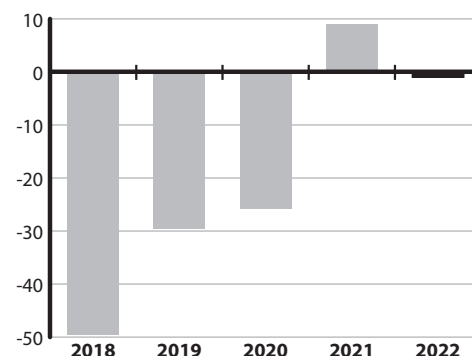


MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

LOSS AND COMPREHENSIVE LOSS

The net loss for the year was \$1.0, a decrease of \$9.9 from the \$8.9 earnings in the prior year. The significant items that account for this decrease are a reduction in the gain on disposal of assets of \$11.0 due to a sale of intellectual property of \$12.7 in the prior year, a decrease in the gain on forgiveness of debt of \$1.5, a reduction in interest expense of \$1.5 and a loss on foreign exchange of \$2.7 compared to the prior year gain of \$2.1.

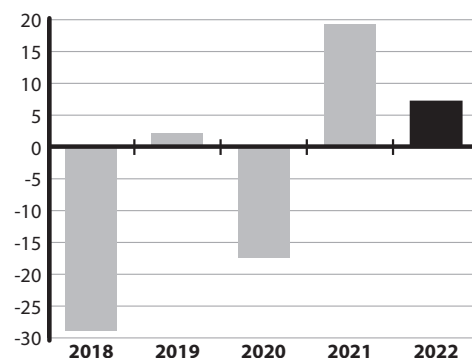
NET LOSS (MILLIONS C\$)



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 2022 was \$7.2, a decrease of \$12.0 from the prior year. The decrease from the prior year was due primarily due to the sale of intellectual property of \$12.7 last year.

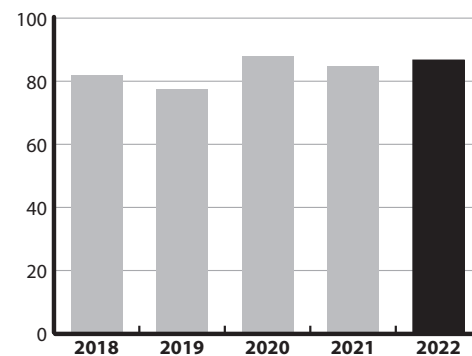
EBITDA (MILLIONS C\$)



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 \$86.7, an increase from the prior year's \$84.9. Accounting for much of the change were an increase in accounts receivable of \$1.0, an increase in inventory of \$8.9 offset by a decrease of prepaid expenses of \$1.8 and an increase in current bank debt of \$5.9.

WORKING CAPITAL (MILLIONS C\$)



MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

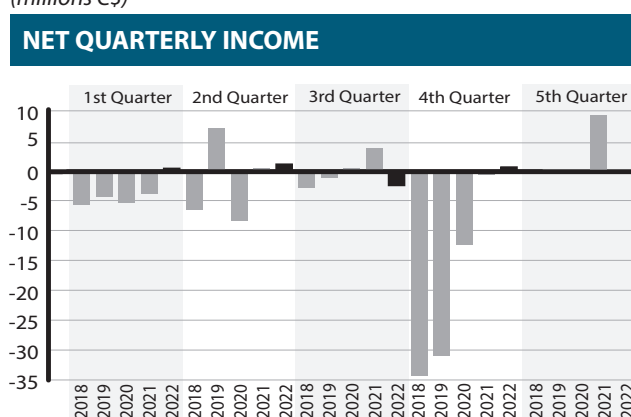
RESEARCH AND DEVELOPMENT

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 spent \$7.4 in 2022 compared to \$8.1 in 2021. The change in accounting year end accounts for most of the decrease in spending due to reporting four quarters in 2022 versus five quarters in 2021. Management believes this strategy will maintain the Company's competitive position in the marketplace.

(thousands C\$)

QUARTERLY NET EARNINGS RESULTS					
	2018	2019	2020	2021	2022
1st Quarter	(5,798)	(4,444)	(5,453)	(3,815)	394
2nd Quarter	(6,554)	7,041	(8,460)	436	1,054
3rd Quarter	(2,876)	(1,170)	462	3,759	(2,541)
4th Quarter	(34,304)	(30,916)	(12,358)	(743)	62
5th Quarter	-	-	-	9,274	-
Total	(49,532)	(29,489)	(25,809)	8,911	(1,031)

(millions C\$)



SUMMARY OF QUARTERLY RESULTS

The change in accounting for the fiscal period resulted in five quarters during 2021 versus four quarters in 2022. The resulting quarterly discussion compares the January to December 2022 period versus the October to December 2021 prior period.

Sales for the last quarter of 2022 was \$61.6 which is a decrease of \$2.2 compared to prior period of 2021. The Company did realize higher income from operations of \$4.2 due to higher gross profit of \$5.7 offset by higher selling and administrative expenses of \$1.4. Net income for the quarter decreased by \$9.2 to \$0.06 primarily due to the \$12.1 gain on sale of intellectual property that occurred in the last quarter of 2021.

MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

CASH FLOW AND CAPITAL RESOURCES

OPERATING ACTIVITIES

Cash for the year was down \$5.9 from 2021 coming in at an indebtedness of \$27.9 compared to the prior year indebtedness of \$22.0. Accounting for the decrease in cash was a net loss of \$1.0, a reduction in non-cash working capital of \$7.7 and net payments from financing activities of \$2.1. This was offset by an increase in net proceeds from investing activities of \$4.2 and an increase in non-cash operating activities of \$0.8.

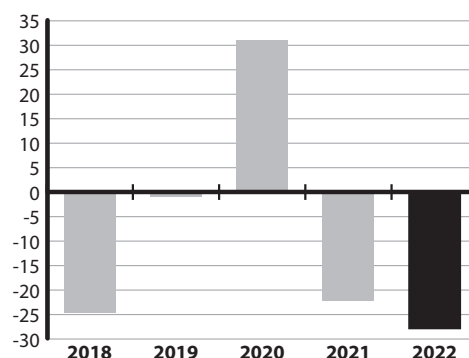
INVENTORY TURNS

Management continues to work diligently to control the investment in inventory in order to keep a strong cash position. The Company's inventory turns decreased to 1.2 in 2022 from 1.8 in 2021 as inventory increased during the year. The Company dealt with significant supply-chain disruptions in 2022 that continued from 2021 which negatively impacted the manufacturing and shipment of products.

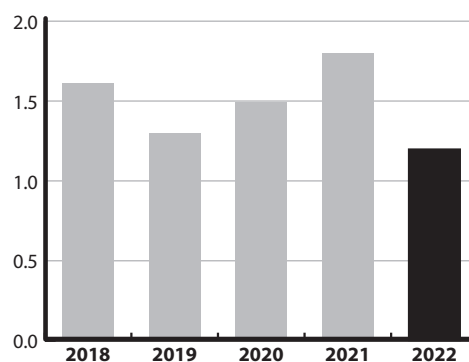
INVESTING ACTIVITIES

Cash received during the year for investing activities was \$4.2, compared to cash received of \$6.5 in 2021. Purchases of property, plant and equipment amounted to \$3.1, which were offset by the cash proceeds on the sale of intellectual property of \$3.2 and the sale of surplus assets of \$4.1. In the prior year, purchases of property, plant and equipment was \$5.0, offset by the cash proceeds on the sale of intellectual property of \$11.2 and the sale of surplus assets of \$0.2.

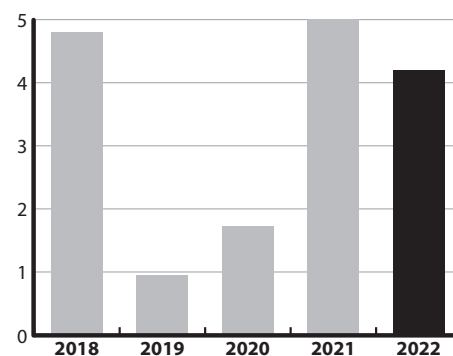
NET CASH FLOW (MILLIONS C\$)



INVENTORY TURNS



ASSET PURCHASES (MILLIONS C\$)



MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

FINANCING ACTIVITIES

The Company's financing activities resulted in an outflow of \$2.1 for the year, compared to an inflow of \$5.0 in the prior year. During the year the Company made mortgage payments of \$2.1. In the prior period the Company received mortgage financing of \$15.0 and this was offset by repayment of debt of \$2.1 and repayment of advances from a related party of \$7.8.

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 maximum the Company can borrow is \$71.2 (\$60.0 line of credit, \$11.2 mortgage facility) from its credit facilities. As at December 31, 2022 the Company had access to \$50.0 based on the covenant requirements of the credit facility.

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 to 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

MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

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

Increased sales are projected for 2023 as the Company continues to work through supply chain issues. The Company has a large backlog of sales and continues to have strong demand for agricultural machinery and equipment. Increased sales will require additional inventories and receivables to support the sales growth. The Company continues to experience supply chain challenges faced by agricultural manufacturers as it works to improve shipments. The Company expects to see margin improvement through the year stemming from the increased customer demand and efficiency on its production line as it works the supply chain challenges.

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.

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.

MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

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 December 31, 2022. 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. In general the Company has not seen significant impacts from COVID-19 to date other than supply chain challenges.

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.

MANAGEMENT DISCUSSION & FINANCIAL ANALYSIS

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 & INTERNAL CONTROLS

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 December 31, 2022 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 December 31, 2022 to provide reasonable assurance that the financial information being reported is materially accurate. During the period ended December 31, 2022, 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 Baker Tilly HMA LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.

Yury Ryazanov



Chief Executive Officer
March 28, 2023

Willy Janzen, CPA, CGA, B.Comm.



Chief Financial Officer
March 28, 2023

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 balance sheet as at December 31, 2022, and the consolidated statements of income (loss) and comprehensive income (loss) and cash flows for the year 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 December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit 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 audit 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 MATTER

The consolidated financial statements for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 31, 2022.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF INVENTORY

DESCRIPTION OF THE KEY AUDIT MATTER

The provision for obsolescence of inventory requires the application of significant judgment by the Company, particularly in the identification of slow moving and obsolete inventory and the quantification of the provision to apply to the inventory identified. The discussion on the assessment of the estimate and the underlying assumptions is included in Note 4(b) of the consolidated financial statements.

HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT

We assessed the key assumptions applied by the Company to calculate the provision. We tested the calculation of the provision and we compared the results of the analysis to comparable entities.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report, and
- The information included in the Management Discussion & Financial Analysis.

INDEPENDENT AUDITOR'S REPORT

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 audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report and the Management Discussion & Financial Analysis 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 in this auditor's report. 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.

INDEPENDENT AUDITOR'S REPORT

- 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.
- 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Baker Tilly HMA LLP

Winnipeg, Manitoba
March 28, 2023

**Chartered
Professional Accountants**

CONSOLIDATED BALANCE SHEET

(000's C\$)

	As at December 31, 2022	As at December 31, 2021
Assets		
Current Assets		
Accounts receivable, net (note 9 and 22)	\$ 23,366	\$ 22,366
Income taxes receivable	96	493
Inventories, net (note 7)	175,312	166,404
Prepaid expenses	4,014	5,801
Total Current Assets	202,788	195,064
Property, plant and equipment (note 8)	14,416	14,735
Assets held for sale (note 8)	1,765	2,932
Deferred income tax assets (note 10)	5,773	5,624
Interests in joint ventures and other entities (note 11)	6,869	6,594
Total Assets	\$ 231,611	\$ 224,949
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness (note 6)	\$ 27,943	\$ 22,074
Accounts payable and accrued liabilities (note 12)	75,854	75,057
Income taxes payable	250	178
Current portion of long-term debt (note 13)	11,244	12,857
Advances from related parties (note 9)	765	-
Total Current Liabilities	116,056	110,166
Deferred income tax liabilities (note 10)	22	39
Long-term debt (note 13)	-	393
Advances from related parties (notes 9)	26,682	24,469
Total Liabilities	142,760	135,067
Shareholders' Equity		
Share capital (note 14)	30,000	30,000
Retained earnings	58,851	59,882
Total Shareholders' Equity	88,851	89,882
Total Liabilities and Equity	\$ 231,611	\$ 224,949

Subsequent events (note 23)

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

Approved on behalf of the board:



Yury Ryazanov
Chief Executive Officer
March 28, 2023



Grant Adolph P. Mgr.
Chairman of the Board
March 28, 2023

CONSOLIDATED STATEMENT OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

For the year ended December 31, 2022 and the fifteen month period ended December 31, 2021 (000's C\$)

	2022		2021
Revenue, net (note 9 and 17)	\$ 239,869		\$ 317,178
Cost of goods sold (note 9 and 16)	<u>205,860</u>		<u>284,099</u>
Gross Profit	34,009 14.2%		33,079 10.4%
Selling & administration expenses (note 16)	<u>22,569 9.4%</u>		<u>26,774 8.4%</u>
Income/(Loss) from Operations	11,440 4.8%		6,305 2.0%
Gain on disposal of assets	(3,035)		(14,068)
Gain on forgiveness of debt (note 6)	-		(1,525)
Interest income	(74)		(20)
Interest expense (notes 15)	5,946		7,429
(Gain)/Loss on foreign exchange	2,653		(2,097)
Share of income from interests in joint ventures and other entities (note 11)	(337)		(508)
Research and development costs (note 16)	<u>7,406</u>		<u>8,106</u>
Net Income/(Loss) Before Taxes	(1,119) -0.5%		8,988 2.8%
Current income taxes (note 10)	78		77
Deferred income taxes (note 10)	<u>(166)</u>		<u>-</u>
Total income taxes	(88)		77
Net Income/(Loss) and Comprehensive Income/(Loss)	\$ (1,031) -0.4%		\$ 8,911 2.8%

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2022 and the fifteen month period ended December 31, 2021 (000's C\$ except per share amounts)

	2022		2021
Capital Stock, beginning and end of period	\$ 30,000		\$ 30,000
Retained Earnings, beginning of period	<u>59,882</u>		<u>50,971</u>
Net income/(loss) and comprehensive income/(loss) for the period	<u>(1,031)</u>		<u>8,911</u>
Retained Earnings, end of period	<u>58,851</u>		<u>59,882</u>
Shareholders' Equity, end of period	\$ 88,851		\$ 89,882
Loss per share			
Basic and fully diluted	\$ (0.04)		\$ 0.36

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022 and the fifteen month period ended December 31, 2021 (000's C\$)

	2022	2021
Cash provided by (used in) operating activities		
Net income/(loss) and comprehensive income/(loss)	\$ (1,031)	\$ 8,911
Add (deduct) non-cash items		
Depreciation of property, plant and equipment	2,420	2,760
Gain on disposal of assets	(3,035)	(14,068)
Gain on forgiveness of debt	-	(1,525)
(Gain)/Loss on foreign exchange	2,653	(2,097)
Deferred income taxes	(166)	-
Share of income from interests in joint ventures and other entities	(337)	(508)
	<u>504</u>	<u>(6,527)</u>
Net change in non-cash working capital balances (note 18)	(7,712)	(20,242)
	<u>(7,208)</u>	<u>(26,769)</u>
Investing activities		
Purchase of property, plant and equipment	(3,131)	(4,961)
Proceeds on sale of assets	4,141	252
Proceeds on sale of property	3,169	11,184
	<u>4,179</u>	<u>6,475</u>
Financing activities (note 19)		
Repayment of long-term debt	(2,143)	(2,143)
Proceeds on long-term debt issuance	-	15,000
Advances/(repayment) from related party	-	(7,833)
	<u>(2,143)</u>	<u>5,024</u>
Foreign exchange (loss) gain on bank indebtedness	(697)	3
Net cash in the period	(5,869)	(15,267)
Bank indebtedness, beginning of period	(22,074)	(6,807)
Bank indebtedness, end of period	\$ (27,943)	\$ (22,074)

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 majority shareholder is Combine Factory Rostselmash Ltd. and as of December 31, 2022 owns 96.7% of all outstanding shares of the Company.

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.

The geopolitical situation in Eastern Europe intensified on February 24, 2022 with Russia's invasion of Ukraine. The situation continues to evolve as military activity proceeds and additional sanctions are imposed. The war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation and global supply-chain disruption.

The Company's majority owner is Combine Factory Rostselmash Ltd. ("Rostselmash"), a privately held Russian-based manufacturer of agricultural equipment. No sanctions have been imposed on the Company's majority shareholder, the owners of the majority shareholder or any officers or directors of the Company. The Company has limited sales and purchases in the region and is not materially impacted by the conflict. In addition, the Company does not store inventories or other assets in the region and as a result the Company has no exposure to its assets.

Political events and sanctions are continually changing and differ across the globe. As a result, volatility in commodity prices and currencies may impact the supply chain, demand for equipment and profit margins. The Company continues to monitor the situation.

2. Basis of Presentation

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

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

In the prior year, the Company voted on changing its financial year end to December 31 from its previous year end of September 30. As a result, the amounts presented in these consolidated financial statements are not entirely comparable: the Company has prepared

consolidated financial statements as at December 31, 2022 incorporating financial results for the calendar year from January 1, 2022 to December 31, 2022; the comparative consolidated financial statements as of December 31, 2021 incorporates the financial results for the fifteen-month transition period from October 1, 2020 to December 31, 2021.

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 March 28, 2023.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Functional and presentation currency

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operates.

Transaction and balances

Transactions in foreign currencies are translated to the respective functional currency 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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, assets held for sale 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, e) interests in other entities - fair value through profit and loss, f) advances from related parties - amortized cost and g) long-term. 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

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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) Allowance for inventory obsolescence and net realizable value

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. The Company has high estimation uncertainty regarding its inventory provision. The Company provision ranges from 20% to 30% on selected items. If this assumption changed by 10%, the provision would increase or decrease by \$5.4 million.

(c) 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.

(d) 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

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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.

(e) 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 December 31, 2022. 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.

The Covid-19 pandemic continues to disrupt supply chains and the Company's ability to produce all parts on a timely basis.

(f) 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. Recently Adopted and Future Accounting Pronouncements

(a) Recently Adopted Accounting Pronouncements

The following standard amendment has been adopted by the Company on January 1, 2022:

IAS 37, Provisions, Contingent Liabilities and Contingent Assets – The IASB issued amendments to IAS 37 to clarify costs to be included when determining if a contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The implementation of this standard amendment did not have a significant impact on the Company's consolidated financial statements.

(b) Future Accounting Pronouncements

A number of amendments to standards have been issued but are not yet effective for the financial year ended December 31, 2022, and accordingly, have not been applied in preparing these consolidated financial statements. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's

consolidated financial statements is provided below. The Company is in the process of reviewing these amendments to determine the impact on the consolidated financial statements. Based upon our current facts and circumstances, we do not expect our financial performance or disclosure to be materially affected by the application of the amended standards.

IFRS 1, Presentation of Financial Statements – Effective for annual periods beginning on or after January 1, 2023, the IASB issued amendments to IFRS 1 to allow a more general approach in classification of liabilities as current and non-current.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – Effective for annual periods beginning on or after January 1, 2023, these amendments introduce a definition of 'accounting estimates' and clarify the difference between changes in accounting policies and changes in accounting estimates. These amendments will impact changes in accounting policies and changes in accounting estimates made after these amendments are adopted by the Company.

6. Credit Facilities (000's C\$)

The Company has available a financing facility in the amount of \$60,000 (2021 - \$60,000). This facility is an asset-based credit agreement with the Canadian Imperial Bank of Commerce (CIBC). The credit facility is secured by a general security agreement and assignment of specific receivables and inventory in Canada and the US. In addition, certain Canadian properties are also secured by CIBC. The Company covenants that the value of its accounts receivable and inventories are not less than or equal to 85% of its calculated borrowing base or it is subjected to a Fixed Charge Coverage Ratio of not less than 1.05:1.00. The financing facility is at Bankers Acceptance and/or SOFR rates plus stamping fees. At December 31, 2022, the amount drawn on this facility is \$41,053, (December 31, 2021 - \$27,299). Cash balances of \$13,110 have been netted with the facility (December 31, 2021 - \$5,224).

The financing agreement incorporates an Anti-Corruption Laws and Sanctions covenant requiring the Company and its officers, directors, employees and agents to not be a sanctioned person. The agreement also contains a Material Adverse Effect covenant. Due to its Russian ownership (Note 1), management is monitoring ongoing compliance.

In fiscal 2020 the Company 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, the loans were repaid in full through receipt of government grants from the United States Small Business Administration's Paycheck Protection Program.

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7. Inventories (000's C\$)

	2022	2021
Raw materials	\$ 93,270	\$ 83,048
Work in process	4,443	4,284
Finished goods	77,599	79,072
	\$ 175,312	\$ 166,404

During the year, inventories in the amount of \$149,575 (2021 - \$206,678) were expensed to cost of goods sold, which included net inventory reversals of write-downs of \$869 (2021 - recoveries \$4,212).

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 \$592 (2021 - \$782).

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

	Land	Buildings	Equipment	Computer Equipment	Total
Sept. 30, 2020 net book value	3,557	8,078	3,594	541	15,770
Additions	-	1,708	2,772	481	4,961
Disposals	-	-	(274)	(30)	(304)
Transfer to held for sale	(1,275)	(1,657)	-	-	(2,932)
Depreciation	-	(1,054)	(1,509)	(197)	(2,760)
Dec. 31, 2021 net book value	2,282	7,075	4,583	795	14,735
Additions	-	1,119	1,950	62	3,131
Disposals	(763)	(1,304)	(116)	(14)	(2,197)
Transfer to held for sale	(130)	(543)	-	-	(673)
Held for sale assets sold	596	1,244	-	-	1,840
Depreciation	-	(682)	(1,490)	(248)	(2,420)
Dec. 31, 2022 net book value	\$ 1,985	\$ 6,909	\$ 4,927	\$ 595	\$ 14,416

Recorded as:

	Land	Buildings	Equipment	Computer Equipment	Total
Cost	\$3,557	\$30,015	\$54,278	\$7,131	\$94,981
Transfer to held for sale	(1,275)	(1,657)	-	-	(2,932)
Accumulated depreciation	-	(21,283)	(49,695)	(6,336)	(77,314)
2021 net book value	\$ 2,282	\$ 7,075	\$ 4,583	\$ 795	\$ 14,735
Cost	\$ 2,794	\$28,975	\$53,833	\$4,419	\$90,021
Transfer to held for sale	(809)	(956)	-	-	(1,765)
Accumulated depreciation	-	(21,110)	(48,906)	(3,824)	(73,840)
2022 net book value	\$ 1,985	\$ 6,909	\$ 4,927	\$ 595	\$ 14,416

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 \$626 of equipment not being depreciated as the assets are not yet in use (2021 - \$709).

In the prior year, the Company transitioned operations from its Vegreville, AB facility to its Winnipeg facility. As a result, the facility and related land in this location are now considered redundant to the needs of the Company and are actively listed for sale. It is anticipated the assets at the Vegreville, AB location will be sold in the coming year.

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

	2022	2021
Accounts receivable from controlling shareholder	\$1,097	\$4,229
Accounts payable to controlling shareholder	32	83
Advances from controlling shareholder	27,447	24,469
Net sales to controlling shareholder	\$935	\$19,572
Net purchases from controlling shareholder	2	143

All transactions with related parties are recorded at the fair value agreed to by the related parties. In the prior year, the Company sold certain intellectual properties to the controlling shareholder. These relate to Tier III tractor models that no longer have a market in North America for \$14,400. There was no cost basis for these intellectual properties, which resulted in a gain on sale of \$14,400. The amounts agreed upon are based on external valuations.

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The advances from the controlling shareholder of \$20,265 USD (2021 - \$19,300 USD) bears interest at 5.0%. Amounts are repayable in USD as follows:

Due Date	2022	2021
November 2023	-	\$8,000
January 2024	11,300	11,300
December 2024 (revised from November 2023)	8,000	-
Accrued interest	965	-
Total	\$20,265	\$19,300

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 post-retirement benefits nor were there any share based payments):

	2022	2021
Salaries, fees and short term employee benefits	\$2,591	\$2,781

10. Income Taxes (000's C\$)

	2022	2021
Current period	\$300	\$107
Adjustment for prior years	(222)	(30)
Current income tax expense (recovery)	\$78	\$77
Origination and reversal of timing differences	(166)	-
Deferred taxes (recovery) expense	(166)	-
Combined Canadian federal and provincial income tax rate	27.0%	27.0%
Foreign tax rate differences applied to profits (losses)	-	-
Derecognition of tax credits	(68.2%)	(4.6%)
Adjustments for prior years	(10.0%)	3.6%
SR&ED credits earned	29.8%	(4.0%)
Non-taxable portion of capital gains	10.9%	(24.4%)
Permanent differences and other	19.0%	3.3%
Effective income tax rate	8.5%	0.9%

Income taxes paid during the period were \$457 (2021 - \$468).

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:

	2022	2021
Deferred income tax assets		
Property, plant and equipment	\$1,080	\$931
SRED credits	4,693	4,693
Total	\$5,773	\$5,624

	2022	2021
Deferred income tax liabilities		
Property, plant and equipment	\$22	\$39

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 \$35,285 in Canada (2021 - \$35,308). In the current year, only \$5,773 (2021 - \$5,624) has been recorded. The remaining \$29,512 will be recognized in future periods when profitability returns in Canada. These losses begin to expire in 2037.

Deferred tax assets of \$12,529 USD in the US (2021 - \$18,211 USD) 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 not to recognize these assets as at December 31, 2022. 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 (December 31, 2021 - \$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 a 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 in a prior year and the assessments for these years will be appealed. Final settlement for these claims may take several years to resolve.

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The 2012 - 2014 claims (\$2,206) have been approved and were paid out by CRA in prior years. The 2015 - 2021 claims have been approved and partially paid out by CRA (\$2,393), with the remaining payment expected in a future period when there is taxable income. The 2022 SRED claim 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	2022	2021
Assets		
Current	\$7,113	\$6,942
Non-current	135	174
Total Assets	\$7,248	\$7,116
Liabilities		
Current	\$378	\$520
Non-current	1	2
Total Liabilities	379	522
Equity	6,869	6,594
Total Liabilities and Equity	\$7,248	\$7,116
Income statement information		
Revenues	\$7,519	\$7,239
Profit from continuing operations	\$462	\$697
Net income and comprehensive income	\$337	\$508
Other information		
Dividends received from joint ventures and other entities	\$12	\$10
Depreciation	\$34	\$38
Income tax expense	\$127	\$189

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:

	2022	2021
Opening balance	\$11,312	\$9,315
Warranty accrual (recovery) (net)	(1,018)	2,045
Effect of exchange rate	4	(48)
Closing balance	\$10,298	\$11,312

The Company's warranty costs for the year, net of recoveries from suppliers, was \$6,938 (2021 - \$15,179).

13. Short and Long-Term Debt (000's C\$)

The Company's long-term debt consists of a \$15,000 facility with Canadian Imperial Bank of Commerce, secured by a mortgage on the Company's Winnipeg properties and a guarantee from Export Development Canada. The loan matures on October 31, 2023 and is amortized over 84 months with principal repayments that began February 2021 in the amount of \$179 per month. It is anticipated that this will be renewed in October 2023 and the balance is \$10,715 at year end (2021—\$12,857).

The CIBC long-term debt facility incorporates the same Anti-Corruption Laws and Sanctions and Material Adverse Effect covenants as the credit facility discussed in Note 6.

The Company has long-term debt of \$529, 2021—\$393 (\$391 USD, 2021—\$310 USD) due to The City of Willmar. This amount bears interest at the annual rate of the implicit price deflator for Minnesota and was fully paid in January 2023.

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

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

	2022		2021	
	Shares	Shares	Shares	Shares
Issued Class A common	25,000	\$30,000	25,000	\$30,000

There are no options outstanding as of December 31, 2022 nor December 31, 2021.

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15. Interest Paid (000's C\$)

	2022	2021
Bank indebtedness	\$1,807	\$691
Wholesale financing	2,110	4,161
Long-term debt	2,029	2,577
	<u>\$5,946</u>	<u>\$7,429</u>

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. As part of the agreement with DLL, the Company guarantees the repurchase of equipment in certain instances such as dealer bankruptcy.

16. Expenses by Nature (000's C\$)

	2022	2021
Raw materials and consumables used	\$171,803	\$243,681
Depreciation and amortization	2,420	2,760
Personnel expenses	53,824	64,095
Freight	7,788	8,443
	<u>\$235,835</u>	<u>\$318,979</u>

17. Segmented Information (000's C\$)

	2022			
	Canada	U.S.	CIS	Other
Revenue	\$90,576	\$139,010	\$1,952	\$8,331
Property, plant, and equipment	12,057	2,359	-	-
Assets Held for Sale	1,096	669	-	-
	2021			
	Canada	U.S.	CIS	Other
Revenue	\$122,170	\$154,847	\$7,381	\$32,780
Property, plant, and equipment	12,628	1,940	167	-
Assets Held for Sale	-	2,932	-	-

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 December 31, 2022 and December 31, 2021 are as follows:

	2022	2021
Accounts receivable	\$(4,169)	\$24,240
Inventories	(8,908)	(19,473)
Prepaid expenses	1,788	644
Accounts payable and accrued liabilities	2,159	(29,875)
Income taxes receivable/payable	469	(487)
Foreign exchange loss on the above items	949	4,709
	<u>\$(7,712)</u>	<u>\$(20,242)</u>

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

Details of changes in financing activities for the year ended December 31, 2022 and December 31, 2021 are as follows:

	Short-term debt	Long-term debt	Advances from related parties	Total
Sept 30, 2020	-	\$(414)	\$(34,172)	\$(34,586)
Cash flows	(12,857)	-	7,833	(5,024)
Foreign exchange	-	21	1,870	1,891
Dec 31, 2021	(12,857)	(393)	(24,469)	(37,719)
Cash flows	2,143	-	-	2,143
Foreign exchange	(1)	(26)	(1,726)	(1,753)
Non-cash interest	-	(110)	(1,252)	(1,362)
Reclassification of debt	(529)	529	-	-
Dec 31, 2022	\$(11,244)	\$-	\$(27,447)	\$(38,691)

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, advances from related parties, net of any cash and cash equivalents. The Company's financial strategy is designed to maintain a flexible capital structure consistent with

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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:

		2022	
Financial Asset/ Liability	Classification	Carried at cost/ Amortized cost	Fair value
Bank indebtedness	Amortized cost	\$(27,943)	
Accounts receivable	Amortized cost	23,366	
Interest in other entities	FVTPL		41
Accounts payable and accrued liabilities	Amortized cost	(75,854)	
Current portion of long-term debt	Amortized cost	(11,244)	
Long term debt	Amortized cost	-	
Advances from related parties	Amortized cost	(27,447)	

		2021	
Financial Asset/ Liability	Classification	Carried at cost/ Amortized cost	Fair value
Bank indebtedness	Amortized cost	\$(22,074)	
Accounts receivable	Amortized cost	22,366	
Interest in other entities	FVTPL		103
Accounts payable and accrued liabilities	Amortized cost	(75,057)	
Current portion of long-term debt	Amortized cost	(12,857)	
Long term debt	Amortized cost	(393)	
Advances from related parties	Amortized cost	(24,469)	

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 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

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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 is 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 near prime interest rate and therefore has not entered into any instruments to mitigate this risk. Based on the level of bank indebtedness outstanding at December 31, 2022, a 1% increase/decrease in the rate being charged to the Company would result in a \$279 (2021 - \$273) decrease/ increase in net earnings.

As the mortgage financing is all variable rate, the Company is exposed to certain level of interest rate risk. Based on the level of mortgage financing at December 31, 2022, a 1% increase/decrease to the Company would result in a \$107 (2021 - \$129) decrease/ increase in net earnings.

As the wholesale financing is all variable rate, the Company is exposed to certain level of interest rate risk. Based on the level of mortgage financing at December 31, 2022, a 1% increase/decrease to the

Company would result in a \$172 (2021 - \$555) 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 December 31, 2022 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 \$213 (2021 - \$90).

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

	2022	2021
Accounts receivable	\$9,219	\$5,949
Accounts payable and other accrued liabilities	(16,916)	(4,821)
Advances from related party	(20,265)	(19,300)
Long term debt	(391)	(310)
	\$(28,353)	\$(18,482)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 December 31, 2022 the Company had US to CAD foreign currency contracts with a notional value of \$nil in place (2021—\$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 \$nil (2021—\$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 subject to meeting certain accounts receivable and inventory covenants. As at December 31, 2022 the Company had access to \$49,952 (2021 - \$42,970), subject to compliance to covenants in the credit facility (Note 6). 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.

The 2023 requirements for capital expenditures, working capital and debt repayments can be financed from cash resources, cash flow provided by operating activities and unused credit facilities. The long-term debt of \$11,244 assumes the renewal of the mortgage in October 2023 when the bank agreement is renewed. The following table outlines the maturity analysis of the Company's financial liabilities:

2023	2024	2025	2026	2027	Post 2027	Total
Bank indebtedness						
\$27,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$27,943
Accounts payable and accrued liabilities						
75,854	-	-	-	-	-	75,854
Due to related parties						
765	26,682	-	-	-	-	27,447
Long-term debt						
2,672	2,143	2,143	2,143	2,143	-	11,244
Total						
\$107,234	\$28,825	\$2,143	\$2,143	\$2,143	-	\$142,488

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 recover goods from dealers that have not been paid for as well as personal guarantees. During 2022, the Company recorded a bad debt expense of \$261 (2021 - \$617).

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 income 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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2022	2021
Current - neither impaired nor past due	\$22,146	\$20,176
Not impaired but past the due date; Within 30 days	604	623
31-60 days	71	47
Over 60 days	1,827	2,455
	24,648	23,301
Less: Allowance for doubtful accounts	(1,282)	(935)
Total receivables, net	\$23,366	\$22,366

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

	2022	2021
Balance, beginning of period	\$(935)	\$(1,140)
Provisions for the period, net of recoveries	(261)	(617)
Uncollectible amounts written off (recovered)	(89)	763
Foreign exchange impact	3	59
Balance, end of period	\$(1,282)	\$(935)

23. Subsequent Events

- a) The Company repaid its long-term debt of \$529 due to the City of Willmar in the first quarter of 2023.
- b) During the quarter, the Company received a successful decision from the court on its 2005 SRED tax credit claim. Final details are yet to come.

COMPANY INFORMATION

Audit Committee

Ossama AbouZeid - Audit Chairman
Allan L.V. Stewart
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

Computershare Trust Company of Canada
Calgary, Alberta

Corporate Office

1260 Clarence Avenue
Winnipeg, Manitoba, R3T 1T2
Ph: (204) 661-8711
Fax: (204) 654-2503
Web site: www.buhlerindustries.com

Auditors

Baker Tilly HMA LLP
Winnipeg, Manitoba

Annual Meeting

The annual meeting of shareholders will be held on June 22, 2023, 11:00 AM at 1260 Clarence Avenue, Winnipeg, Manitoba

DIRECTORS

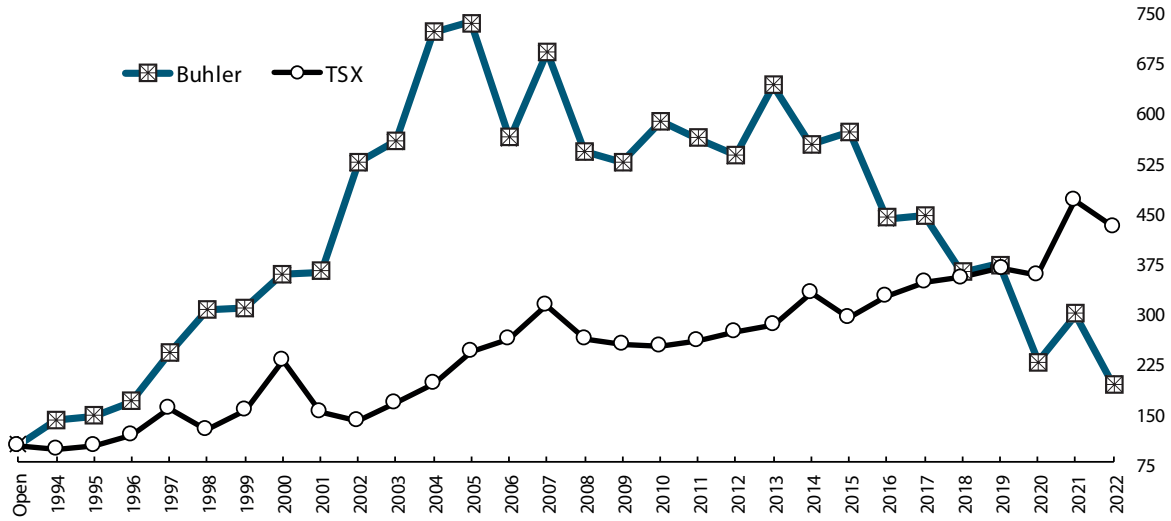
NAME	OFFICE	PRINCIPAL OCCUPATION
Grant Adolph P.Mgr	Director/Chairman	Chief Operating Officer, Buhler Industries Inc.
Yury Ryazanov	Director/CEO	Vice President and Co-owner of Novoe Sodrugestvo Ltd.
Ossama AbouZeid PhD, MBA	Director/Audit Chairman	Partner/Consultant of NXT partners
Adam Reid	Director	Vice President of Sales & Marketing, Versatile
Allan Stewart B.A., LL.B.	Director	Lawyer, Thompson Dorfman Sweatman LLP
Dmitry Udras	Director	Member and Co-owner of Novoe Sodrugestvo Ltd.
Oleg Gorbunov	Director	Adviser to the CEO of Novoe Sodrugestvo Ltd.

OFFICERS AND SENIOR MANAGEMENT

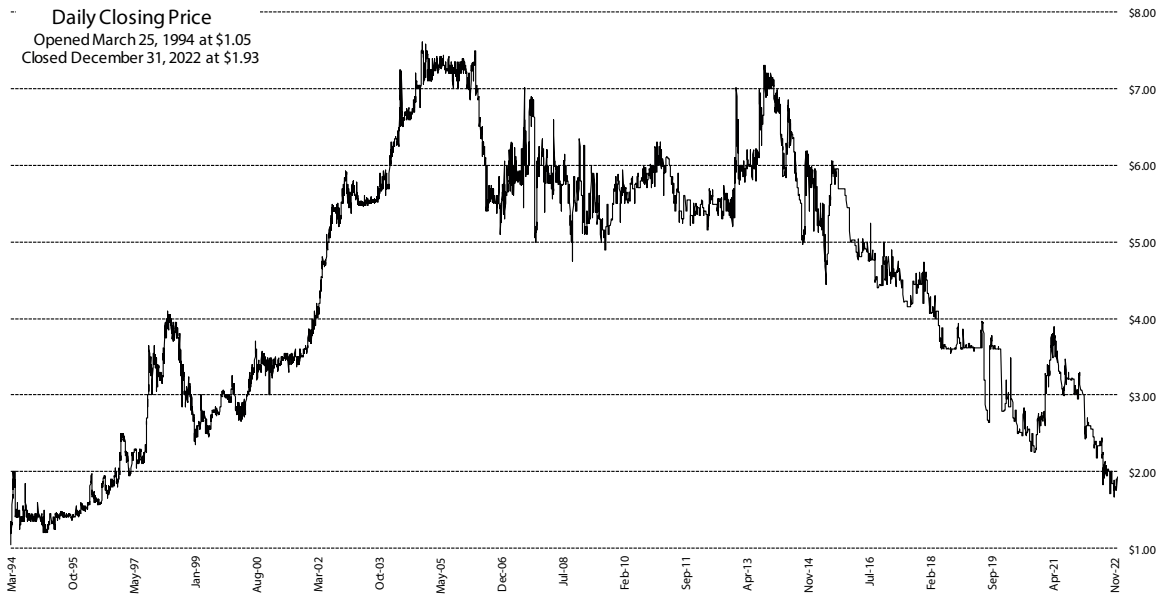
Marat Nogerov	Officer	President, Buhler Industries Inc.
Maxim Loktionov	Officer	Vice President, Buhler Industries Inc.
Grant Adolph P.Mgr	Officer	Chief Operating Officer, Buhler Industries Inc.
Willy Janzen CPA, CGA, B.Comm.	Officer	Chief Financial Officer, Buhler Industries Inc.
Adam Reid	Management	Vice President of Sales & Marketing, Versatile
Todd Trueman C.I.M., P.Mgr., C.Mgr.	Management	Director of Human Resources, Buhler Industries Inc.
Neil Frechette	Management	Director of Information Technology, Buhler Industries Inc.
Louis Lepine	Management	Director of Corporate Quality, Buhler Industries Inc.
Doug White	Management	Operations Manager, Versatile
Olga Shopp	Management	Director of Engineering, Versatile
Natalia Nikushkina	Management	Director of Purchasing, Versatile

STOCK DATA

Buhler (excl. dividends) compared with TSX Index
1994 to December 31, 2022



Daily Closing Price
Opened March 25, 1994 at \$1.05
Closed December 31, 2022 at \$1.93



Yearend	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	2021	2022
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	3.89	3.29
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	2.20	1.51
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	2.96	1.93
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	199	98

10 YEAR SUMMARY

SUMMARY OF OPERATIONS	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Reported standards utilized	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
In thousands of Canadian dollars (except per share amounts)										
Revenue	340,349	325,501	245,676	274,067	311,974	287,984	229,119	249,550	317,178	239,869
Cost of goods sold	283,031	277,791	223,410	252,841	275,821	284,510	218,776	237,865	284,099	205,860
Gross profit	57,318	47,730	22,266	21,226	36,153	3,474	10,343	11,685	33,079	34,009
Selling & admin. expense	22,529	25,239	26,278	25,894	26,766	25,979	23,974	22,129	26,774	22,569
(Loss) Income from operations	34,789	22,491	(4,012)	(4,668)	9,387	(22,505)	(13,631)	(10,466)	6,305	11,440
Gain on sale of capital assets	(74)	(401)	(114)	(8,160)	(4,066)	(2,381)	(19,437)	(526)	(15,593)	(3,035)
Interest income	(300)	(314)	(376)	(332)	(332)	(511)	(568)	(309)	(20)	(74)
Interest expense	4,459	3,741	3,345	4,315	5,926	7,894	9,050	7,074	7,429	5,946
Foreign exchange (gain) loss	(3,586)	(3,497)	(200)	(789)	1,152	622	494	1,022	(2,097)	2,653
Share of income of joint venture	(605)	(628)	(473)	(780)	(521)	(481)	(540)	(94)	(508)	(337)
Research & development exp.	8,533	8,663	8,323	8,739	9,604	12,345	7,802	6,909	8,106	7,406
Net earnings before taxes	26,362	14,927	(14,517)	(7,661)	(2,376)	(39,993)	(10,432)	(24,542)	8,988	(1,119)
Income tax expense (recovery)	(6,471)	(2,469)	(9,201)	(4,984)	(2,896)	9,539	19,057	1,267	77	(88)
Net earnings	19,891	12,458	(5,316)	(2,677)	520	(49,532)	(29,489)	(25,809)	8,911	(1,031)
CASH FLOW SUMMARY										
Capital asset purchases	5,857	4,639	3,216	2,785	2,963	4,799	943	1,096	(4,961)	(3,131)
Long term debt incurred	-	-	-	-	-	385	-	-	15,000	-
Reduction of long-term debt	2,139	3,191	4,968	2,642	-	-	-	-	(2,143)	2,143
Dividends paid	-	-	-	-	-	-	-	-	-	-
Net cash flow	24,323	17,871	(633)	1,230	4,219	(46,225)	(26,032)	(22,682)	(11,671)	1,389
Net cash (bank indebtedness)	24,160	(51,715)	(52,830)	(20,452)	(12,553)	(37,254)	(37,722)	(6,807)	(22,074)	(27,943)
BALANCE SHEET SUMMARY										
Cash, receivables and prepaid expenses	85,491	102,473	80,555	73,680	73,983	63,884	67,331	53,295	28,660	27,476
Inventory	153,325	213,089	201,463	142,372	180,911	171,612	165,631	146,931	166,404	175,312
Total current assets	238,816	315,562	282,018	216,052	254,894	235,496	232,962	200,226	195,064	202,788
Total assets	283,403	362,844	339,029	278,415	319,739	290,378	262,604	227,759	224,949	231,611
Total current liabilities	97,451	167,339	151,029	93,078	133,907	153,670	155,370	112,154	110,166	116,056
Total short and long-term debt	9,607	6,857	2,669	-	-	401	411	414	13,250	11,244
Total liabilities	102,587	169,570	151,071	93,134	133,938	154,109	155,824	146,788	135,067	142,760
Total shareholders equity	180,816	193,274	187,958	185,281	185,801	136,269	106,780	80,971	89,882	88,851
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	141,365	148,223	130,989	122,974	120,987	81,826	77,592	88,072	84,898	86,732
DATA PER COMMON SHARE										
Revenue	13.61	13.02	9.83	10.96	12.48	11.52	9.16	9.98	12.69	9.59
EBITDA	1.40	0.96	(0.26)	0.02	0.29	(1.15)	0.08	(0.57)	0.77	0.29
Price to EBITDA	4.6	5.7	(22.0)	196.1	15.3	(3.1)	44.9	(3.9)	3.9	6.7
EBIT	1.22	0.73	(0.46)	(0.15)	0.13	(1.30)	(0.08)	(0.71)	0.66	0.19
Net earnings	0.80	0.50	(0.21)	(0.11)	0.02	(1.98)	(1.18)	(1.03)	0.36	(0.04)
Price to earnings	8.04	11.06	(24.81)	(41.09)	213.94	(1.82)	(3.16)	(2.19)	8.30	(48.25)
Cash flow	0.97	0.71	(0.03)	0.05	0.17	(1.85)	(1.04)	(0.91)	0.47	0.06
Dividends paid	-	-	-	-	-	-	-	-	-	-
Closing share price	6.40	5.51	5.70	4.40	4.45	3.60	3.73	2.26	2.96	1.93
Shareholders' equity	7.23	7.73	7.52	7.41	7.43	5.45	4.27	3.24	3.60	3.55
STATISTICAL DATA										
Current ratio	2.5	1.9	1.9	2.3	1.9	1.5	1.5	1.8	1.8	1.8
Interest bearing debt/ equity ratio	0.1	0.3	0.3	0.1	0.1	0.3	0.4	0.1	0.4	0.4
Inventory turnover	2.0	1.5	1.1	1.5	1.7	1.6	1.3	1.5	1.8	1.2
Gross margin (% of revenue)	16.8%	14.7%	9.1%	7.7%	11.6%	1.2%	4.5%	4.7%	10.4%	14.2%
Selling & Admin. (% of revenue)	7%	8%	11%	9%	9%	9%	10%	9%	8%	9.4%
EBITDA (% of revenue)	10%	7%	(3%)	0%	2%	(10.0%)	1%	(5.7%)	6%	3%
Net earnings (% of revenue)	6%	4%	(2%)	(1%)	0%	(17%)	(13%)	(10%)	3%	0%
Return on average capital	11%	6%	(3%)	(1%)	0%	(31%)	(24%)	(27%)	10%	(1%)
Return on average equity	12%	7%	(3%)	(1%)	0%	(31%)	(24%)	(27%)	10%	(1%)

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