

UNAUDITED CONDENSED INTERIM CONSOLIDATED  
**FINANCIAL STATEMENTS**  
FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

CERVUS EQUIPMENT CORPORATION



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**CERVUS EQUIPMENT CORPORATION**

Unaudited Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2021 and December 31, 2020

(\$ thousands)	Note	March 31, 2021	December 31, 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 37,768	\$ 26,697
Accounts receivable and other assets		50,931	53,486
Inventories	5	299,745	229,208
<b>Total current assets</b>		<b>388,444</b>	<b>309,391</b>
<b>Non-current assets</b>			
Other long-term assets		12,230	11,660
Property and equipment		128,118	134,685
Intangible assets		37,045	37,223
Goodwill		23,032	23,138
<b>Total non-current assets</b>		<b>200,425</b>	<b>206,706</b>
<b>Total assets</b>		<b>\$ 588,869</b>	<b>\$ 516,097</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities		\$ 99,191	\$ 82,731
Floor plan payables	6	144,774	83,509
Current portion of term debt	6	2,547	2,872
Current portion of lease obligation		8,568	7,998
<b>Total current liabilities</b>		<b>255,080</b>	<b>177,110</b>
<b>Non-current liabilities</b>			
Term debt	6	2,510	2,938
Lease obligation		75,408	80,342
Deferred income tax liability		6,481	6,999
<b>Total non-current liabilities</b>		<b>84,399</b>	<b>90,279</b>
<b>Total liabilities</b>		<b>339,479</b>	<b>267,389</b>
<b>Equity</b>			
Shareholders' capital	7	85,840	85,525
Deferred share plan		4,956	5,290
Other reserves		4,722	5,207
Accumulated other comprehensive income		2,525	2,632
Retained earnings		151,347	150,054
<b>Total equity</b>		<b>249,390</b>	<b>248,708</b>
<b>Total liabilities and equity</b>		<b>\$ 588,869</b>	<b>\$ 516,097</b>

Approved by the Board:

"Peter Lacey" Director      "Wendy Henkelman" Director

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

**CERVUS EQUIPMENT CORPORATION**Unaudited Condensed Interim Consolidated Statements of Comprehensive Income (Loss)  
For the three month periods ended March 31, 2021 and 2020

(\$ thousands)	Note	Three month periods ended March 31	
		2021	2020
<b>Revenue</b>			
Equipment sales		\$ 174,628	\$ 182,497
Parts		55,505	49,914
Service		19,263	20,606
Rentals and other		4,538	3,860
Total revenue		253,934	256,877
Cost of sales		(208,301)	(213,343)
<b>Gross profit</b>		45,633	43,534
Other income (loss)	8	1,440	(3,286)
Selling, general and administrative expense		(40,969)	(40,512)
<b>Income (loss) from operating activities</b>		6,104	(264)
Finance income		164	158
Finance costs		(2,098)	(3,449)
Net finance costs	9	(1,934)	(3,291)
<b>Income (loss) before income tax</b>		4,170	(3,555)
Income tax (expense) recovery		(1,183)	852
<b>Income (loss) for the period</b>		2,987	(2,703)
<b>Other comprehensive income (loss)</b>			
Foreign currency translation differences for foreign operations, net of tax		(107)	(1,964)
<b>Total comprehensive income (loss) for the period</b>		2,880	(4,667)
<b>Net income (loss) per share:</b>			
Basic	10	\$ 0.19	\$ (0.17)
Diluted	10	\$ 0.19	\$ (0.17)

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

## CERVUS EQUIPMENT CORPORATION

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

For the three month periods ended March 31, 2021 and 2020

Attributable to Equity Holders of the Company

(\$ thousands)	Note	Shareholder's capital	Deferred share plan	Other reserves	Accumulated Other Comprehensive (Loss) Income	Retained earnings	Total
<b>Balance December 31, 2019</b>		\$ 83,740	\$ 10,271	\$ 5,195	\$ (136)	\$ 128,068	\$ 227,138
<b>Loss for the period</b>		—	—	—	—	(2,703)	(2,703)
Foreign currency translation adjustments, net of tax		—	—	—	(1,964)	—	(1,964)
Total comprehensive loss for the period		—	—	—	(1,964)	(2,703)	(4,667)
<b>Transactions with owners, recorded directly in equity</b>							
Dividends to equity holders		—	—	—	—	(1,714)	(1,714)
Shares issued through Dividend Reinvestment Plan ("DRIP")		236	—	—	—	—	236
Shares issued through deferred share plan		3,139	(3,139)	—	—	—	—
Share-based payment transactions		—	(864)	7	—	—	(857)
Transactions with owners		3,375	(4,003)	7	—	(1,714)	(2,335)
<b>Balance March 31, 2020</b>		\$ 87,115	\$ 6,268	\$ 5,202	\$ (2,100)	\$ 123,651	\$ 220,136
<b>Balance December 31, 2020</b>		\$ 85,525	\$ 5,290	\$ 5,207	\$ 2,632	\$ 150,054	\$ 248,708
<b>Income for the period</b>		—	—	—	—	2,987	2,987
Foreign currency translation adjustments, net of tax		—	—	—	(107)	—	(107)
<b>Total comprehensive (loss) income for the period</b>		—	—	—	(107)	2,987	2,880
<b>Transactions with owners, recorded directly in equity</b>							
Dividends to equity holders		—	—	—	—	(1,694)	(1,694)
Shares issued through DRIP	7	65	—	—	—	—	65
Shares issued through deferred share plan	7	250	(250)	—	—	—	—
Share-based payment transactions		—	(84)	(485)	—	—	(569)
Transactions with owners		315	(334)	(485)	—	(1,694)	(2,198)
<b>Balance March 31, 2021</b>		\$ 85,840	\$ 4,956	\$ 4,722	\$ 2,525	\$ 151,347	\$ 249,390

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

**CERVUS EQUIPMENT CORPORATION**Unaudited Condensed Interim Consolidated Statement of Cash Flows  
For the three month periods ended March 31, 2021 and 2020

(\$ thousands)	Note	Three month periods ended March 31	
		2021	2020
<b>Cash flows from operating activities</b>			
Income (loss) for the period		\$ 2,987	\$ (2,703)
Adjustments for:			
Income tax expense (recovery)		1,183	(852)
Depreciation		4,213	4,383
Amortization of intangibles		895	887
Equity-settled share-based payment transactions		(569)	(857)
Net finance costs	9	2,060	3,394
Unrealized foreign exchange loss	8	114	4,077
Non-cash impairment of inventories	5	102	375
Gain on sale of property and equipment	8	(37)	(136)
Change in non-cash working capital	11	8,544	1,805
Cash provided from operating activities		19,492	10,373
Cash taxes paid		(2,194)	(178)
Interest paid		(2,224)	(3,552)
<b>Net cash provided from operating activities</b>		<b>15,074</b>	<b>6,643</b>
<b>Cash flows from investing activities</b>			
Interest received		164	158
Purchase of property and equipment		(2,099)	(1,635)
Payments for intangible assets		(819)	(92)
Proceeds from disposal of property and equipment		1,808	375
<b>Net cash (used in) investing activities</b>		<b>(946)</b>	<b>(1,194)</b>
<b>Cash flows from financing activities</b>			
Net (repayments) proceeds from term debt		(651)	11,983
Dividends paid		(857)	(1,453)
Payment of lease obligation		(2,165)	(1,945)
Receipt of deposits with manufacturers		94	114
<b>Net cash (used in) provided from financing activities</b>		<b>(3,579)</b>	<b>8,699</b>
Increase in cash and cash equivalents		10,549	14,148
Effect of foreign currency translation on cash		522	2,379
Cash and cash equivalents, beginning of period		26,697	7,946
<b>Cash and cash equivalents, end of period</b>		<b>\$ 37,768</b>	<b>\$ 24,473</b>

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

# CERVUS EQUIPMENT CORPORATION

## Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three month periods ended March 31, 2021 and 2020

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### 1. Reporting Entity

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Cervus Equipment Corporation (“Cervus” or the “Company”) is incorporated under the Canada Business Corporations Act and is domiciled in Canada. The head office of the Company is situated at 6302 – 333, 96<sup>th</sup> Avenue N.E., Calgary, Alberta, Canada, T3K 0S3. The unaudited consolidated financial statements of the Company as at and for the period ended March 31, 2021, comprise the Company and its subsidiaries (“the Group”).

Cervus provides equipment solutions to customers in agriculture, transportation, and industrial markets across Canada, Australia, and New Zealand. Throughout its territories and across its diverse markets, Cervus dealerships are united in delivering sales and support of the market-leading equipment our customers depend on to earn a living. The Company operates 64 Cervus dealerships and is the authorized representative of leading Original Equipment Manufacturers (“OEMs”) including: John Deere agricultural equipment; Peterbilt transportation equipment; and Clark, Sellick, Doosan, JLG and Baumann material handling equipment. The common shares of Cervus are listed on the Toronto Stock Exchange and trade under the symbol “CERV”.

### 2. Basis of Preparation

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#### (a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. The unaudited condensed interim financial information should be read in conjunction with the audited annual consolidated financial statements prepared for the year ended December 31, 2020.

The Board of Directors authorized the issue of these unaudited condensed interim consolidated financial statements on May 5, 2021.

#### (b) Use of Judgements and Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements as at and for the year ended December 31, 2020. The uncertainty of estimates and judgments increases in periods of high market volatility and rapid unprecedented change, which is currently occurring due to impacts of COVID-19 (see Note 27 of the audited annual financial statements for the year ended December 31, 2020).

### 3. Significant Accounting Policies

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The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2020.

## CERVUS EQUIPMENT CORPORATION

### Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the three month periods ended March 31, 2021 and 2020

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#### 4. Seasonality

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The Canadian, New Zealand and Australian retailing of agriculture, transportation, and industrial equipment is influenced by seasonality. Sales activity for the Agriculture segment is normally highest between April and September during growing seasons in Canada and July through December in New Zealand and Australia. Sales in the Transportation and Industrial segments are not as heavily impacted by seasonality but do experience slower sales activity in the winter months. As a result, profit or losses may not accrue uniformly from quarter to quarter.

#### 5. Inventories

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(\$ thousands)	March 31, 2021	December 31, 2020
New equipment	\$ 156,637	\$ 96,247
Used equipment	79,446	75,077
Parts and accessories	61,936	56,957
Work-in-progress	1,726	927
<b>Total inventories</b>	<b>\$ 299,745</b>	<b>\$ 229,208</b>

Included in costs of sales are amounts related to inventory impairments of \$0.1 million and \$0.4 million for the three month periods ended March 31, 2021 and 2020, respectively.

## CERVUS EQUIPMENT CORPORATION

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three month periods ended March 31, 2021 and 2020

### 6. Loans and Borrowings

#### *Pre-Approved Credit Limits and Available Credit Facilities*

The Company has various facilities, the amount available under which are limited to the lesser of pre-approved credit limits or the available unencumbered assets. A summary of the Company's maximum pre-approved credit limits on available credit facilities as at March 31, 2021, and December 31, 2020, are as follows:

(\$ thousands)	March 31, 2021				December 31, 2020			
	Total Limits	Borrowings	Letters of Credit	Amount Available	Total Limits	Borrowings	Letters of Credit	Amount Available
Operating and other bank credit facilities	\$122,193	\$ —	\$ 9,600	\$ 112,593	\$ 122,288	\$ —	\$ 9,600	\$ 112,688
Floor plan facilities and rental equipment term loan financing	(a)	149,994				89,505		
<b>Total borrowing</b>		<b>149,994</b>				<b>89,505</b>		
Total current portion long term debt		(2,547)				(2,872)		
Total inventory floor plan facilities		(144,774)				(83,509)		
Deferred debt issuance costs		(163)				(186)		
<b>Total long term debt</b>		<b>\$ 2,510</b>				<b>\$ 2,938</b>		

- (a) For floor plan facilities, the additional amount available under the facilities is limited to the lesser of the pre-approved credit limit of \$441 million (December 31, 2020 - \$443 million) or the available unencumbered assets which are estimated at \$16 million as at March 31, 2021 (December 31, 2020 - \$14 million).

As at March 31, 2021, the Company is in compliance with all its covenants.



**CERVUS EQUIPMENT CORPORATION**

Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three month periods ended March 31, 2021 and 2020

**7. Capital and Other Components of Equity**

The Company has unlimited authorized share capital without par value for all common shares. All issued common shares have been fully paid.

**Share Capital**

(thousands)	Number of common shares	Total carrying amount
<b>Balance at January 1, 2020</b>	15,349	\$ 83,740
Issued under the DRIP	30	236
Issued under the deferred share plan	195	3,139
<b>Balance at March 31, 2020</b>	15,574	87,115
Issued under the DRIP	29	169
Issued under the deferred share plan	51	375
Repurchased under the NCIB	(290)	(2,134)
<b>Balance at December 31, 2020</b>	15,364	85,525
Issued under the DRIP	6	65
Issued under the deferred share plan	30	250
<b>Balance at March 31, 2021</b>	<b>15,400</b>	<b>\$ 85,840</b>

**8. Other Income (Loss)**

Other income (loss) for the three month periods ended March 31, 2021 and 2020 is comprised of the following:

(\$ thousands)	Three month periods ended March 31	
	2021	2020
Net gain on sale of property and equipment	\$ 37	\$ 136
Unrealized foreign exchange loss <sup>(a)</sup>	(114)	(4,077)
Government subsidies <sup>(b)</sup>	1,097	—
Other income	420	655
<b>Total other income (loss)</b>	<b>\$ 1,440</b>	<b>\$ (3,286)</b>

- (a) Unrealized foreign exchange loss is due to changes in fair value of our foreign exchange derivatives and from period close translation of accounts payable and floor plan payables denominated in U.S. dollars.
- (b) Included in other income for the three month period ended March 31, 2021, is \$1.1 million related to the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs.

**CERVUS EQUIPMENT CORPORATION**Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three month periods ended March 31, 2021 and 2020**9. Finance Income and Finance Costs**

(\$ thousands)	Three month periods ended March 31	
	2021	2020
<b>Finance income</b>	\$ 164	\$ 158
Interest expense on mortgage and term debt obligations	(22)	(436)
Interest expense on financial liabilities	(2,202)	(3,116)
<b>Finance costs</b>	\$ (2,224)	\$ (3,552)
Net finance costs recognized separately	(1,934)	(3,291)
Net finance costs recognized in cost of sales	(126)	(103)
<b>Total net finance costs</b>	\$ (2,060)	\$ (3,394)

**CERVUS EQUIPMENT CORPORATION**Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three month periods ended March 31, 2021 and 2020**10. Earnings per Share****Per Share Amounts**

Both basic and diluted per share amounts have been calculated using the net earnings (loss) of the Company as the numerator. No adjustments to net earnings (loss) were necessary for the three month periods ended March 31, 2021 and 2020.

**Weighted Average Number of Common Shares**

The weighted average number of shares for the purposes of basic per share amounts is as follows:

(\$ thousands)	Three month periods ended March 31	
	2021	2020
Issued common shares opening	15,364	15,349
Effect of shares issued under the DRIP	5	25
Effect of shares issued under the deferred share plan	13	104
<b>Weighted average number of common shares</b>	<b>15,382</b>	15,478

**Weighted Average Number of Diluted Shares**

The calculation of diluted earnings (loss) per share at March 31, 2021 and 2020 was based on the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding. All convertible instruments for the period ended March 31, 2020 were excluded from the calculation, as they were considered anti-dilutive. The weighted average number of common shares outstanding, after adjustment for effects of dilutive potential common shares, consists of the following:

(\$ thousands)	Three month periods ended March 31	
	2021	2020
Weighted average number of common shares (basic)	15,382	15,478
Effect of dilutive securities:		
Deferred share plan	427	—
Options	60	—
<b>Weighted average number of shares (diluted)</b>	<b>15,869</b>	15,478

**11. Supplemental Cash Flow Information**

(\$ thousands)	Three month periods ended March 31	
	2021	2020
<b>Changes in non-cash working capital:</b>		
Inventory	\$ (73,193)	\$ (54,287)
Floor plan	61,036	39,580
Trade and other receivables	6,283	(378)
Trade and other liabilities	14,418	16,890
<b>Total change in non-cash working capital</b>	<b>\$ 8,544</b>	\$ 1,805

**CERVUS EQUIPMENT CORPORATION**Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three month periods ended March 31, 2021 and 2020**12. Segment Information**

The Company has four reportable segments: Agriculture, Transportation, Industrial and Corporate.

Corporate expenses consist of certain overheads and shared services provided to the divisions, along with public company costs, salaries, share-based compensation, office and administrative costs relating to corporate employees and officers, and interest cost on general corporate borrowings.

Financial information for each reportable segment is presented in the table below, which includes the disaggregation of revenues by type of service or good.

(\$ thousands)	Agriculture	Transportation	Industrial	Corporate	Total
<b>Segmented income figures</b>					
<b>Three months ended March 31, 2021</b>					
Revenue					
Equipment sales	\$ 127,559	\$ 42,666	\$ 4,403	\$ —	\$ 174,628
Parts	26,330	26,521	2,654	—	55,505
Service	10,152	6,906	2,205	—	19,263
Rentals and other	1,374	573	2,591	—	4,538
<b>Total revenue</b>	<b>\$ 165,415</b>	<b>\$ 76,666</b>	<b>\$ 11,853</b>	<b>\$ —</b>	<b>\$ 253,934</b>
Other income	114	1,178	148	—	1,440
Depreciation and amortization	3,151	1,109	752	96	5,108
Finance income	54	—	—	110	164
Finance expense including amounts in costs of sales	(1,420)	(563)	(87)	(154)	(2,224)
Income (loss) for the period before income tax	2,773	2,928	800	(2,331)	4,170
Capital additions	684	51	117	1,247	2,099
<b>Segmented assets and liabilities as at March 31, 2021</b>					
Reportable segment assets	\$ 334,314	\$ 172,660	\$ 35,960	\$ 45,935	\$ 588,869
Intangible assets	21,911	8,846	6,288	—	37,045
Goodwill	19,819	2,547	666	—	23,032
Reportable segment liabilities	187,370	121,097	21,359	9,653	339,479

**CERVUS EQUIPMENT CORPORATION**
**Notes to the Unaudited Condensed Interim Consolidated Financial Statements  
For the three month periods ended March 31, 2021 and 2020**
**12. Segment Information (continued)**

(\$ thousands)	Agriculture	Transportation	Industrial	Corporate	Total
<b>Segmented income figures</b>					
<b>Three months ended March 31, 2020</b>					
Revenue					
Equipment sales	\$ 134,129	\$ 43,717	\$ 4,651	\$ —	\$ 182,497
Parts	22,228	25,063	2,623	—	49,914
Service	10,390	7,842	2,374	—	20,606
Rentals and other	1,020	758	2,082	—	3,860
<b>Total revenue</b>	<b>\$ 167,767</b>	<b>\$ 77,380</b>	<b>\$ 11,730</b>	<b>\$ —</b>	<b>\$ 256,877</b>
Other income (loss)	234	(3,609)	89	—	(3,286)
Depreciation and amortization	3,124	1,348	674	124	5,270
Finance income	36	—	—	122	158
Finance expense including amounts in costs of sales	(1,984)	(1,136)	(80)	(352)	(3,552)
Income (loss) for the period before income tax	1,579	(2,953)	62	(2,243)	(3,555)
Capital additions	689	257	11	678	1,635
<b>Segmented assets and liabilities as at March 31, 2020</b>					
Reportable segment assets	\$ 367,086	\$ 215,091	\$ 25,359	\$ 64,435	\$ 671,971
Intangible assets	23,236	9,943	3,838	—	37,017
Goodwill	19,553	2,547	666	—	22,766
Reportable segment liabilities	229,873	164,166	14,693	43,103	451,835

The Company primarily operates in Canada, but includes subsidiaries in Australia (Cervus Australia Pty Ltd.) and in New Zealand (Cervus NZ Equipment Ltd.), which together operate 16 agriculture equipment dealerships. Gross revenues for the three month periods ended March 31, 2021, for the New Zealand and Australian territories were \$52 million (2020 – \$43 million). Non-current assets for New Zealand and Australia as at March 31, 2021, were \$28 million (2020 – \$29 million). The Australia and New Zealand operations are included in the Agriculture Segment.