

BERRY TRACTOR INSIDER

July | August | September
2022



What a strong second quarter! We continue to show a lot of grit and perseverance taking care of customers even though we continue to face numerous challenges. Thank you to everyone for their hard work! We will continue to make changes to better support our employees and our customers so we can elevate the level of service we provide. I wanted to take this opportunity to touch on a few key takeaways from the Komatsu dealer strategy meeting we recently attended.

Komatsu is anticipating continued supply chain issues for at least another 12 months. Although it's not what we want to hear, they increased their stocking levels in North America by \$34MM. We have seen an improvement on fast moving parts availability but still have issues with major components. Please continue to elevate these issues and we will work with the expediting team to do anything we can to improve lead times.

Komatsu spent a lot of time talking about carbon neutrality. They are committed to a 50% carbon reduction by 2030 and complete carbon neutrality by 2050. Berry, along with several other dealers, asked a lot of questions around how they would reach those goals and if they would be releasing electric machines. They would not disclose if an electric machine was eminent, but it appears they have made large investments in hybrid machines, hydrogen fuel cell, and other alternative options.

Komatsu has invested \$100MM on Smart Construction development. They also formed a joint venture with Sony, Nomura Research Institute, and NTT Communication Corporation to form Earthbrain. It was mentioned numerous times that Smart Construction is not something of the future, but it is the present! We will see a major initiative coming to educate ourselves and our customers on these offerings. There is a huge push across the industry for advancement in telematics and construction technology so it will be critical that everyone makes an effort to get on board and get our customers on board our system. More information to come on this! We will see a focus on getting our customers signed up on My Komatsu. Komatsu's goal is to have 5,000 users on My Komatsu a day and have 25% of parts sold through that platform by 2025.

These are just a few of the items discussed but I thought overall the feeling was that our industry is evolving very rapidly, and Komatsu wants to be on the leading edge. It will be critical that our business evolves as well!

Scott Schmittlein
Operations Manager

WHAT'S GOING ON?

Wichita

In July, Berry Tractor Wichita supported the Sedgwick County Fair in Cheney, KS. We had a dozer on display at the fair entrance for a couple of days and then it was moved down to the arena to help prepare for the Figure 8 Races Friday night and Demo Derby on Saturday night. The announcer did a great job of giving Berry Tractor a shoutout multiple times throughout both nights. We had an awesome turnout both nights and it was fun seeing Berry Tractor represented!



Shoutout to Racheal Bird for working her tail off in the ticket booth selling pit passes at the Demo Derby, and shoutout to Teri Albers for being a huge part of the fair (Carnival Coordinator, Demo Derby team with family) and coordinating the dozer appearance!



In September, Berry Companies held the Parts & Rental Managers meeting. The Parts team made 3 different top 10 lists: Parts Revenue, Parts Counter Sales, and Parts Revenue % of Total Revenue. Congrats to our Wichita Parts Department and thank you for all of you do to make our customers happy!

The team (left to right): Allan Bell (Parts Sales), Joel Plank (Parts Sales), Rebekah Buller (Warehouse Associate), Paul Dow (Parts Manager), and VJ Gianelloni (Parts Sales)



The parts team was happy to upgrade their forklift to a Hyster 60XT! Loaded up with side shift, fork positioner, and plenty of power this upgrade will help the department be more efficient and handle a wide variety of shipments.



"This past quarter, a large portion of all Rental and Parts Managers within Berry Companies attended a bi-annual conference. At this conference, Chief People Officer, Stephanie Farley took the time to discuss several HR related topics. In relation to organizational hiring trends, she addressed that the turnover of one individual can cost the company two to five times the annual salary of that employee. This financial strain is just one aspect of the strain that the team feels when they have to cover for the lost role and the overall impact on morale.

Wichita's rental department saw 100% turnover this past quarter. It is with sheer excitement and joy that I can announce that we feel strongly that we have found two outstanding candidates that have joined this team. Mike Harris joined us as the new Rental Manager and Josh Steinle joined us as the new Rental Associate. Both of them bring forward outstanding attributes that we feel will make them ideal team players.

Starting off this third quarter, Mike and Josh will be in full control of Wichita's rental and inventory needs. A BIG thank you goes out to Justin Sly who stood in as the Rental Manager for both his store as well as Wichita. Down here in Wichita, the service team, led by Service Manager, Kevin Helt, Assistant Service Manager, Jack Law, and Service Writer, Melony Sims, were pivotal to helping sustain operations. Within the shop, all the technicians jumped in to help out, but specifically Zach Stephens shouldered a heavy load to help keep our team and our customers supported. A HUGE thank you goes out to these team members as they helped cover the gap! They showed great hustle and great attitude!" - Scott Dunaway, Rental Operations Manager

WHAT'S GOING ON?

Wichita

"The Team in Wichita is pleased to have successfully completed another WA600-6 rebuild through the Berry Tractor RENEW program. Technicians Joe Kaba and Erik Howland were tasked with this major undertaking, and their hard work and attention to detail were on display throughout the process.

This is the second complete WA600-6 rebuild to come through the Wichita shop. What makes the project sweeter is that it was the second Komatsu rebuild for Harshman Construction out of Cedar Point, KS. Harshman Construction owns and operates nineteen quarries, and they currently own twenty-two Komatsu machines, three of which are WA600-6s, and they have fully bought in to the reliability of the Komatsu name and the backing of Berry Tractor.



The team (left to right): VJ Gianelloni, Kevin Helt, Larry Joe Kaba, Ray Russell, and Erik Howland

Their first foray into Komatsu second life rebuilds came back in 2019. It was a learning experience for everyone involved, but we all felt good about the result. Harshman was also pleased with the finished product and opted to begin the process of rebuilding unit number two, a process that began in July of 2021.

The 17,000-hour machine arrived at the Wichita shop in November of 2021 and went through the process of being cleaned and disassembled. Unfortunately, it sat for two months prior to being brought into the shop due to a record number of jobs already in progress. Something that is not common during the winter months. It made it in the shop by February 2022, and the rebuild process began.

The loader received remanufactured engine and transmission/torque flow assemblies, as well as remanufactured hydraulic pumps and a new cooling package. In addition, 90% of the hoses were replaced, along with all new wiring harnesses. The front and rear differentials, and the final drives were refreshed in house, and the center articulation joint received new pins and bushings. As a testament to how well the people at Harshman maintain their machinery, only the bucket pins and bushings were replaced. All other work equipment pins were still in fantastic condition, and they were able to be reused.

Once the unit was operational again, it was taken across town (on road, at 6 AM, on a Sunday morning to avoid traffic) to be painted and receive new graphics. After coming back, the final details were tended to, and it was shipped back to Harshman Construction where it is ready to be put back into production at one of their quarries.

This was a job well done by our Wichita Team!" - Jesse Coleman, PSSR



WHAT'S GOING ON?

Garden City

"It felt like rental slowed down a little bit this quarter but we are still ahead of where we were last year. It was kind of nice to actually have the machines on the yard to get them thoroughly checked over and cleaned up. We had our Rental Managers meeting and it was nice to see Berry Tractor represent well with all four stores making the Top 10 list for Rental Revenue. Shoutout to Joey and Robert for helping make that happen, we definitely couldn't have done it without them! Supplies are holding steady still in comparison to last year. We are slightly down in sales but our net and gross profits are up. We had a couple of odd items last year that skewed our numbers high, so to only be down a little is pretty significant." - Kade McDiffett, Rental Manager



Congratulations to Brooklyn Beckstrom, Administrative Assistant, on her recent engagement! Best wishes to Brooklyn on this new adventure.

Our Garden City team is now selling Oakley sunglasses so make sure to reach out to upgrade your shades!



The store in Garden City has been staying busy! The fence around the back yard area has been completed and the team has been working on getting the equipment rearranged and more organized to fully take advantage of the new space.

WHAT'S GOING ON?

Topeka

"Another quarter down puts us halfway through the year. We have a lot of things going on for our location. Inventory is still a topic that everyone is talking about, and machine delivery dates are being pushed further and further out. All departments are doing well, and gross sales are up from last year. A big thank you to the whole team for all their efforts!

As we look to the future, a new opportunity has risen for the Topeka location with our local university. We have started a partnership to have diesel technology students from Washburn Tech come in and shadow our services technicians. This will allow the students to see how the technicians work in the "real world" and how they can transfer their lessons from school to a shop setting. We hope this will soon expand to possible internships and potential signing days at Washburn University." - Oscar Burton, Branch/Service Manager

Topeka Rental Department has been staying busy this quarter! Justin Sly, Rental Manager, has been covering Topeka rentals as well as Wichita Rentals. Justin is excited for Mike Harris, Wichita Rental Manager, to take the reins and get situated into his role down there. Justin would like to give a shoutout to the Service Department in Topeka for keeping the machines running and being sure everything is good to go before sending them out to our customers.

Thank you to Sam Leighton, Rental yard Attendant, for ensuring the machines are clean and ready to go for the next rental!



The Parts Department has finished up another successful quarter! Mike Stevens, Parts Manager, said that his team did an awesome job yet again. The rack oil system install has been completed and is now up and running.

The Parts Department also added an office space in their Warehouse for Inventory Specialist, Kris Dick. The office space is set up to run AC in the summer and heat in the winter to help keep Kris comfortable while hard at work!



WHAT'S GOING ON?

Topeka

"Topeka Service is busy as ever. We have begun the process of starting two rebuilds in the near future, a WA600-6 and a HD785-5LC. Within the past 3 months we have had a Management Trainee and Operations Trainer come sit with us to learn the ins and outs of running the service office. We also had two of the Washburn students visit our shop and shadow each of the technicians here at the store. CJ and Colby (students) were able to observe the technicians while they performed work on a variety of different projects. The techs have been putting in long hours and have really stepped up and helped during our busy season. So, a huge shout out to them!" - Andrew Ball, Assistant Service Manager



Oscar Burton, Service/Branch Manager, Shawn Rendell (Center), Shop Foreman, Troy Dettman (left), Field Service Technician, and H Craig (right), General Manager teamed up during the Hamm Foundation Golf Tourney on July 30th. The tournament is held at the Jayhawk Club in Lawrence, KS and the event raises money to fund scholarships and grants used to help bring innovative and well-trained individuals into our industry.



Thatcher Starling, PSSR Topeka and our Aggregate Sales Reps, Tyler McConnell and Sean Wallace, participated in a Sporting Clay Tournament hosted by the Sunflower Safety Council. The Sunflower Safety Council hosted the event in Lenexa, KS at the Powder Creek Shooting Range to raise money for their scholarship fundraiser.

WHAT'S GOING ON?

Springfield

Springfield is making progress on the new building site and will hopefully be breaking ground soon. More information to come on that, so stay tuned!

All departments are staying busy and everyone has a lot going on. Parts is as busy as ever and Gary Lunsford, Parts Sales, will be transitioning to the PSSR role soon. Thank you Gary for your time at the parts counter and good luck on your new role with the company! Rental and Service are staying busy as well. Service doesn't foresee it slowing down any time soon so they're staying focused and getting machines in and out to keep our customers satisfied and up-and-running!

Our Springfield store hosted a Customer Appreciation lunch at the beginning of September. They provided drinks and lunch to those in attendance and also had door prizes to give away!



Tyler McConnell, MO Aggregate Sales Rep, and wife, Kaylyn, welcomed their 4th daughter into their family! Kyla was born August 21st, weighing 7lb 15oz and measuring 20in long. Tyler and Kaylyn have 3 other daughters: Korah (8), Klara (3), and Kenna (2). Be sure to congratulate Tyler when you see him next and wish him luck on his busy future!

WHAT'S GOING ON?

In August, we had representatives from each locations Parts & Service Departments meet in Wichita for internal McCloskey training. Sean Wallace, KS Aggregate Rep, lead the presentation and gave an overview of the products and common terminology used. Tyler McConnell, MO Aggregate Rep, was also in attendance and was ready to jump in with answers and any other information deemed important. Thank you to: Joel Plank(Wichita), Paul Dow (Wichita), Steve Sanders (Wichita), Mark Schupp (Wichita), Jack Law (Wichita), Israel Ayala (Garden City), Braydon Wasson (Garden City), Russell Crone (Garden City), Oscar Burton (Topeka), Aron Hazard (Topeka), Seth Zielinski (Topeka), Dakota Carter (Springfield), Gary Lunsford (Springfield) for being in attendance and putting in the time and effort to help us with the transition into the aggregate world.



THANK YOU!

Wichita had a cookout in July to celebrate their 1st Quarter success. Springfield catered in food to celebrate their NCAA basketball winnings from our internal contest, they also hosted a Customer Appreciation lunch in September. Topeka grilled up some hamburgers and hotdogs before celebrating Labor Day. Thank you everyone for everything you do day in and day out!



WELCOME TO THE TEAM!



Kris Moore
Topeka

I am a technician in Topeka. I have more than 10 years in the heavy equipment industry as a field technician. So far the atmosphere here has been great to work in and everyone is willing to give anyone a helping hand when needed. I am ready to learn more about Komatsu equipment. I grew up south of Chanute in Galesburg, KS and have been married for 2 years now and have a 9 month old boy. Outside of work I like to work on classic cars and off road vehicles of all kinds in my shop.



Dusty Konklin
Wichita

I started as a Technician in Wichita in July. I joined with former experience as a mechanic/tech. I look forward to getting a paycheck most. I grew up in Mulvane, KS and spend majority of my time working.



Nick Richmeier
Garden City

I started as a mechanic in August. I have experience in hydraulic repair and working as a machinist. I grew up in Garden City and enjoy working on fabrication projects when I'm not at work. I look forward to working with better people here at Berry.



Mike Harris
Wichita

I am the Rental Manager in Wichita. I grew up in El Dorado, KS for the most part, and have worked Retail Management for the last 20 years. I worked in Retail Management for the last 20 years. I look forward to working as a team to keep the growth going strong and learning a new industry. Outside of work I love to watch the KC Chiefs, golf, hunt, and fish with my kids. I have a wife (Jenna), daughter (Piper), son (Brooks), and a corgi (Chief).



Keaghan Rainey
Springfield

I started as the Warehouse Associate in July. I grew up in Seymour, MO and before coming to Berry I worked as a Waiter at Bass Pro Conf. enter. I am looking forward to companionship and a busy work environment with this new position. Outside of work I am an avid reader, I also like to hang out with friends and find records to collect. Fun fact: I can play the bass and acoustic guitars!



Josh Steinle
Wichita

I am the Rental Associate out of Wichita. I grew up in Salina and moved to Wichita about 5 years ago. Before starting at Berry I worked as an automotive tech.

Outside of work I like spending time with my two dogs: Oreo and Macy. I also enjoy working on cars, trying new things, and meeting new people. I look forward to working in an awesome work environment and working with the great people here.



Zach Stevens
Wichita

I started as a Tech Assistant in July. I grew up in Norwich, KS and started working for my father on our family farm when I was 14. I look forward to getting to work on big equipment. When I'm not at work I like to hang out with my friends and play games.

LET'S CELEBRATE!

Birthdays

OCTOBER

Rebekah Buller (the 1st)
Derrick Sutton (the 4th)
Aron Hazard (the 11th)
Gabe Ramirez (the 13th)
Janiece Smith (the 14th)
Russell Crone (the 17th)
Maynard Richmeier (the 18th)
Atlee Preheim (the 20th)
Clayton Shively (the 22nd)
John Lang (the 22nd)
Dakota Carter (the 24th)
H Craig (the 25th)
Mike Davis (the 26th)
"Whitey" Smith (the 29th)

NOVEMBER

Brian Meisenheimer (the 19th)
Tristan McCoy-Bachofer (the 24th)

DECEMBER

Kaitlyn Ray (the 8th)
Joel Plank (the 9th)
Kris Dick (the 11th)
J Kennedy (the 12th)
Dusty Konklin (the 12th)
Gary Lunsford (the 21st)
Bri Campbell (the 23rd)
Robert Kessler (the 28th)
Jon Crow (the 30th)
John Rainey (the 31st)

Anniversaries

OCTOBER

Veronica Godinez (1 year)
Brian Meisenheimer (1 year)
Bri Campbell (1 year)
Johnny Mai (2 years)
Thatcher Starling (2 years)
Nolan Lankton (3 years)
Troy Dettman (4 years)
Paul Dow (4 years)
John Lang (5 years)
Justin Sly (6 years)
Jason Smith (7 years)
Steve Richard (33 years)

NOVEMBER

Makayla Core (1 year)
Janiece Smith (22 years)
Sean Wallace (7 years)

DECEMBER

Russell Crone (38 years)
Maynard Richmeier (35 years)
Davey Johnson (7 years)
Kayla Joyce (7 years)
Steve Sanders (43 years)
Gene Ogden (1 year)
Gary Lunsford (1 year)
Kris Dick (2 years)
Jon Crow (7 years)
VJ Gianelloni (3 years)
Rebekah Buller (2 years)

We want YOUR feedback! Let us know your thoughts on the newsletter or things you'd like to see more or less of by emailing Kaitlyn, kray@berrytractor.com

FINAL THOUGHTS

	FY '23 YTD	FY '22	% Change
Sales Department			
Sales	\$ 20,466,492	\$ 17,787,341	15%
Net Profit	\$ 1,120,507	\$ 1,267,852	-11%
Rental Department			
Sales	\$ 7,662,660	\$ 7,532,427	1%
Net Profit	\$ 1,343,952	\$ 1,000,009	34%
Parts Department			
Sales	\$ 7,854,895	\$ 6,946,177	13%
Net Profit	\$ 1,347,472	\$ 1,210,475	11%
Service Department			
Sales	\$ 4,625,434	\$ 3,688,418	25%
Net Profit	\$ 1,036,515	\$ 709,997	45%
Supply Department			
Sales	\$ 472,588	\$ 513,398	-7%
Net Profit	\$ 110,081	\$ 126,365	-12%
Total All			
Sales	\$ 41,082,069	\$ 36,467,761	12%
Net Profit	\$ 1,355,256	\$ 1,396,049	-2%



Wow, already halfway through our fiscal year! It has been a strong first half of the year. Overall, Sales are up 12% over the same time last year. Parts, Service, and Sales are having a great year and Rental is healthy. All departments' profits are up but so are our expenses. Increased expenses are being caused by multiple issues creating a challenging first half; some supply chain issues, with both parts and equipment, continue to frustrate us and our customers.

It may not feel like it, but I do believe they are getting better. It still does not feel good to disappoint our customers even though it is not in our control. The other challenge is the high inflation rate and slowing economy, this is directly affecting each of us, our customers, and Berry Tractor. The high inflation increases all our costs personally and in business, to combat the high inflation rate the Fed. has increased interest rates multiple times this year - more than doubling our borrowing cost, this leaves all of us and our customers feeling uneasy to downright angry. The good news is that all your hard work has helped us equal our net profit from last year even with all the challenges. Thank you for continuing to do all you can to help our customers to the best of our abilities. One thing is certain, we will always have challenges, but we have shown that when we work together as one, we can overcome most anything!

H. Craig
General Manager