

AGP NEWS

Serving Cooperatives and Agricultural Producers

A PUBLICATION OF *Ag Processing Inc* a cooperative, Spring 2023



**PROJECTS
ON SCHEDULE**

A MESSAGE FROM AGP'S CEO



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It is great to have planting season around the corner. While AGP member-owners are busy with spring fieldwork, AGP is very active with its own "fieldwork" as well.

On the cover of this edition of *AGP News*, you will find recent photos of the progress at several major AGP projects, including: new soymeal storage in Sheldon, IA; pilings ready to be driven for the new silos at the Port of Grays Harbor Terminal 2; and the Sergeant Bluff, IA soybean crush plant expansion. Site preparation for the greenfield soybean processing and degumming facilities at David City, NE is also underway. I am happy to report all projects are currently on schedule. Thanks to our engineering and operations teams for their dedication and hard work in leading these projects.

At our January Annual Meeting, AGP had a very good story to tell and there is an even better story still to write. We have just passed the midway point of Fiscal Year 2023. Market dynamics have been very favorable for FY2023 led by continued strong demand for soybean oil resulting from the growing feedstock needs of the renewable diesel industry. Another major market driver is the prospect of a significant drop in Argentine soybean production this year due to drought. Argentina is the largest soybean meal exporter in the world. A substantial decrease in the Argentine soybean crop will create additional demand for U.S. soybean meal in the international markets. The combination of high oil and soybean meal demand continues to support favorable board crush margins for the remainder of FY2023 and beyond.

I want to thank all of you who were able to attend this year's Annual Meeting. It was great to catch up with so many members and learn more about your cooperatives and views on the future of agriculture. Maintaining open communications is vital to the continuing success of the cooperative system.

Wishing everyone a safe and uninterrupted planting season.

Sincerely yours,

Chris Schäffer
Chief Executive Officer

On the cover: Projects at three AGP sites are in progress, or will be very soon. In Sheldon, IA (top left), a new meal tank will better serve customers by providing additional storage and improving truck loading times. At the Port of Grays Harbor (top right), new construction will double AGP's soybean meal export capacity. And in Sergeant Bluff, IA (bottom), plant expansion will increase crush capacity by 25%.

MEMBER VISITS

Farmers Pride Tours Sergeant Bluff



The AGP Sergeant Bluff, IA plant hosted employees and customers of Farmers Pride Cooperative earlier this year. Farmers Pride is headquartered in Battle Creek, NE and has been an AGP member since 1986. Dean Thernes, Vice Chairman of the AGP Board of Directors, is the General Manager of Farmers Pride.

Staff from the Sergeant Bluff facility and members of AGP's management team spoke to the group about how Farmers Pride's soybeans contribute to the overall processing goals of AGP. Following the presentations, the group took a bus tour of the facility to get a closer look at the soybean crush process and ask any questions.

"Our membership was able to see firsthand the value of the federated cooperative system working to bring value back to the local coop and our members," said Thernes. "Our producers appreciated the openness of the AGP management team to answer questions from our customers. It really helped producers understand how they are involved in the AGP system."



Southeast Farmers Coop Holds Meeting at AGP

Members of AGP's management team recently joined the Board of Directors and leadership team from Southeast Farmers Coop for their annual strategic planning retreat in Omaha, NE. Southeast Farmers is headquartered in Burbank, SD and has been an AGP member since 2013. Mark Sandeen (pictured at right), AGP Chief Marketing Officer, presented updates on AGP's operations and outlook for 2023. Other members of AGP management discussed project updates, movements in international markets, and renewable diesel industry growth.

"We value the working relationship we have with AGP," said Merle Lyons, General Manager of Southeast Farmers. "Our cooperative system has seen many changes over the years so it is important



to still have a regional cooperative that supports the member-owners by creating value and knowing what it takes to be successful."



2022 ANNUAL MEETING WRAP-UP

On January 19th and 20th, AGP hosted its 39th Annual Meeting at the La Vista Convention Center in La Vista, NE. Representatives from 69 member-cooperatives and nearly 900 people attended. They were pleased to hear that AGP achieved record or near-record results across its business units in fiscal 2022, making this the Company's most profitable year ever.

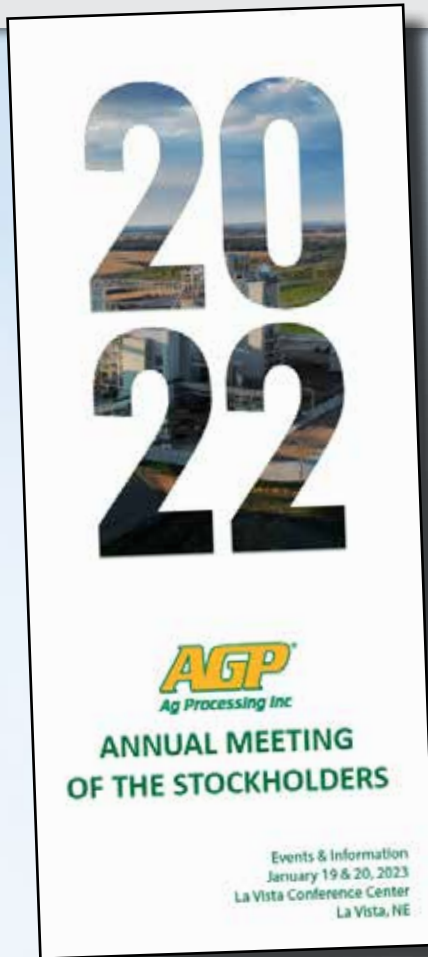
"Success doesn't just happen. There are numerous drivers that have led to the success of our cooperative over the years including culture, growth, and vision," said AGP Board Chairman Lowell Wilson. "Several substantial projects have been announced by the Company over the past year to expand production and export capabilities. I can personally attest to the work the AGP management team puts into developing these projects. They keep their eye on the ball."

In his report to stockholders, CEO Chris Schaffer praised the teamwork of AGP employees that helped contribute to such a successful year.

"Solid operational performance allowed our merchandising teams the opportunity to take advantage of favorable market conditions," Schaffer said. "Board crush margins began to rally in September of 2021 as soybean production yields came in higher than expected. Last year's soybeans contained a higher oil content, which was very beneficial given the market conditions."

Schaffer also provided details on several major capital projects and explained how these investments will position AGP for continued success even though future market dynamics will shift.

"At some point, crushing margins will almost inevitably turn due to the rapid crush expansion. Domestic crush will not run at a 92% capacity rate in the U.S. forever. Only the most cost-efficient plants, with sufficient local soybean origination and logistical advantages to product destinations will continue to operate on a



consistent basis. We are confident in our current expansion plans, but we will not be complacent if additional opportunities arise," he said.

AGP CFO Kyle Droescher informed the audience that the Company's strong financial returns allowed members to partake in that success through patronage payments and equity redemptions.

Mark Sandeen, Adam Piper, Craig Pietig, and Courtney Lawrenson also reported on their respective groups. Each highlighted the successes of the past year and discussed future opportunities within their business units.

The meeting also included member-owners casting their ballots for candidates to serve on AGP's Board of Directors. Dean Thernes, General Manager of Farmers Pride in Battle Creek, NE, was re-elected to a three-year term. Additionally, two candidates were newly elected: Doug Schurr, General Manager of Farmers Cooperative Company in Craig, IA, and Jim Wagner, producer from Cherokee, IA. AGP also said good-bye to retiring Director Chuck Schafer, who served over a decade on the Board, including as Secretary/Treasurer.

Following the business meeting, keynote speaker Gregg Doud pulled from his experience as an agricultural policymaker in Washington, D.C. to discuss the most important international and market issues facing the industry today. To cap off the event, a closing banquet was held with country music star Josh Turner playing some of his hits.

AGP's 2023 Annual Meeting will take place January 18th and 19th, 2024 at the La Vista Convention Center in La Vista, NE.



Above: Board Chairman Lowell Wilson greets the attendees of AGP's 39th Annual Meeting. Wilson joins CEO Chris Schaffer to honor outgoing Board Director Chuck Schafer and his wife, Sherri.

Elected to Board of Directors



Dean Thernes
Battle Creek, NE



Doug Schurr
Craig, IA



Jim Wagner
Cherokee, IA





Doug Schurr
Craig, IA

Jim Wagner
Cherokee, IA

For the second consecutive year, the AGP Board is welcoming two new Directors. Doug Schurr and Jim Wagner bring with them years of experience in agriculture and the cooperative industry, and are excited to be part of the team. They recently spoke with AGP News about how their careers have prepared them to serve on the AGP Board.



Q: Can you give our readers some background on yourselves and why you ran for a position on AGP's Board of Directors?

A: Doug Schurr: I grew up in northwest Iowa and attended Iowa State University. Right out of college I started working for a cooperative. I started in operations before moving into sales, and then department manager positions. I am currently the General Manager of Farmers Cooperative Company in Craig, IA. I am married and have two kids that graduated from Iowa State. I decided to run for a place on the AGP Board on the recommendation from my coop's board. They understand the significance of Craig Coop's role as a member of AGP.

Jim Wagner: I have farmed for over 30 years and grew up on a farm where soybeans were a big part of our production. I farmed with my father for the first 14 years and then together with my brother for over 20 years. The main reason I ran for the AGP Board is because I have been a coop person and believe in the coop system. I have experience with a local petroleum coop board for nine years. After that, I was on an ethanol cooperative board. I currently serve on the board of AgState. My wife and I have five children.

Q: You've mentioned your experience in cooperatives, but what was your relationship with AGP before becoming part of the Board?

A: DS: About eight years ago, the Craig Coop board decided to tour AGP's terminal at the Port of Grays Harbor in Aberdeen, WA. What an awesome experience! We sit here in northwest Iowa and we know that we have AGP plants in Sheldon and Sergeant Bluff, but to see how the meal makes it to the Port was a real eye-opener to our board. Additionally, ever since I have been the General Manager here at Craig, we have always invited some of the merchandisers from Sergeant Bluff to come to our annual meeting. It has been a great partnership over the years.

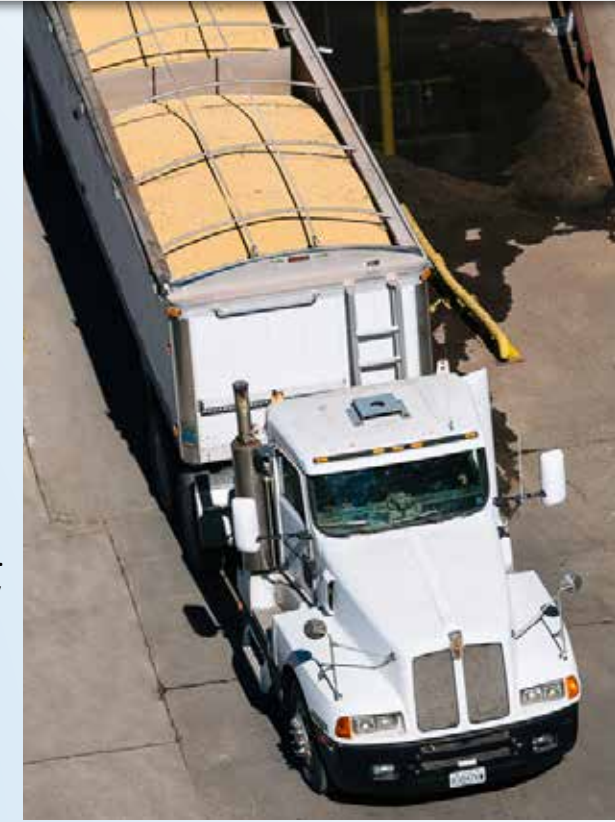


JW: We deliver beans through our local cooperative to the Sheldon facility. It has been such a positive cooperative for the area. AGP has been able to add value to our products, which has been passed back to the local level. I have felt welcomed by AGP management and the rest of the Board too. It has been such a family atmosphere. I have a lot to learn, but I know my experience on AGP's Board will be very rewarding. I am really looking forward to all the learning opportunities I will have and all the people I will meet.

Q: What type of Board member would you like to be?

A: DS: I came up through the cooperative system, so for me, it is the common sense approach when it comes to operations. Where do we want to go and what fixed assets will it take to get us there? At the same time, I 100% understand the importance of having good people. As a general manager, the better people I have the easier it makes my job. As a new Director on the Board, a lot of it for me will be learning AGP's operations and understanding the management's goals. I am looking forward to getting with the other Directors of the Board to see what we can do to give AGP the best opportunity for continued success.

JW: As people will learn at AGP, if there is something to say, I don't hold back and I don't say that in a negative way. If there is something I see, and I have information, I will bring it to someone's attention. That is how you become a good Board member. If you hold back, you do not get anything done. I am looking forward to learning and having the opportunity to make good decisions to make policies that will help AGP now and in the future. In my farming career, I have had to be resilient to keep moving forward and I feel that is the same thing with this new opportunity.



AGP Leadership Appointments



Matt Bendler
Senior Vice President
Human Resources

Matt Bendler was promoted to Senior Vice President Human Resources. Matt joined AGP in 2016 as Vice President of Human Resources. Since that time, he has successfully led all areas of HR including benefits, employee development, employee relations, recruitment, and safety as well as Omaha office services. Prior to joining AGP, Matt held numerous leadership positions in Human Resources across a 25+ year career in manufacturing. In addition to his leadership role at AGP, Matt sits on the board of Associated Benefits Corporation (ABC) where he is currently Chairman.



Allison Willis
Director
Sustainability

Allison Willis was promoted to Director Sustainability. Allison joined AGP in 2007 as Corporate Environmental Compliance Manager and has worked for over 15 years helping lead efforts to ensure AGP remains environmentally compliant and effective across all of its operations. In 2022, Allison was promoted to Senior Environmental Compliance Manager. Allison graduated with a Bachelor of Science in Environmental Science from Creighton University. In this newly created position, Allison will lead AGP's efforts to pursue sustainability related initiatives that create value for the Company's member-owners.



AGP Testifies at RFS Hearings



Courtney Lawrenson
Vice President
Oils and Energy

In December, the Environmental Protection Agency (EPA) issued its proposal for the future of the Renewable Fuel Standard (RFS). The RFS is a critical policy tool that creates demand for biofuels and supports soybean prices by requiring the blending of biofuels into our transportation fuels. The EPA proposal for 2023 through 2025 was met with skepticism from the agricultural industry. The main concern is the proposed RFS does not create any significant increases for biodiesel or renewable diesel blending, two advanced biofuels which utilize soybean oil as feedstock. Earlier this year, Courtney Lawrenson, AGP Vice President Oils and Energy, testified at the EPA's public hearing on the RFS proposal. In her testimony, Lawrenson explained AGP's primary concern that the proposal did not account for the projected growth in U.S. soybean processing capacity, driven primarily by demand for renewable diesel and sustainable aviation fuel. AGP is one of the many companies currently investing in increased soybean crush capacity.



"To protect AGP's investments in this industry and support our members and their farmer owners, AGP is respectfully requesting the agency increase the RFS volume requirements for 2023 and beyond," she said. "The proposed volumes are disconnected from the reality of current market demand for advanced liquid biofuels and it does not align with the government's goals of promoting homegrown sustainable fuels. The proposed rule will cause disruption, delay, and confusion, which will negatively impact soybean farmers and processors. If enacted, the proposed requirements will ultimately contribute to decreased rural investment and lower crop prices for farmers, contrary to the legislative goals."

The EPA will use Lawrenson's testimony, along with other presenters, in determining future biodiesel requirements under the Renewable Fuel Standard.

Earlier this year, Craig Pietig, Vice President Ag Products, visited Panama City, Panama with representatives from the United States Soybean Export Council (USSEC). Pietig is part of USSEC's Board of Directors and joined other board members and staff for an annual retreat where they engaged with USSEC area directors, heard executive reports, and discussed opportunities for the soybean industry. The USSEC Americas team also hosted the U.S. Soy Americas Agribusiness Sustainability Conference during the week, which focused on sustainable soybean production and the tools that USSEC makes available to stakeholders in the region. Pictured at right: Craig Pietig and Jim Sutter, USSEC CEO, pose before boarding the Panama Canal Railway to tour the canal during the final day of USSEC's sustainability conference.



- Hancock Cooperative in Hancock, MN appointed Mark Holleman as General Manager succeeding Dennis Jepma who retired. Mark has been the manager at the Hancock Coop gas station for the past 25 years.
- The AGP Board of Directors approved the membership of Plains Grain & Agronomy Cooperative headquartered in Enderlin, ND. Their General Manager is Keith Brandt.



Jodie Johnson (left), Merchandising Manager, Hastings, NE, and Reggie Kock (right), Merchandising Manager, St. Joseph, MO, pose with Dwight Meyer (middle) at January's annual Kansas Soybean Expo in Topeka, KS. Dwight was recognized for his 16 years of service with the Kansas Soybean Association. He is also a farmer-member of Ag Partners Cooperative in Seneca, KS.

NCFC Holds Successful Annual Meeting

In February, several AGP Board and management team members participated in the 94th Annual Meeting of the National Council of Farmer Cooperatives (NCFC). The meeting focused on the impact of political and policy disruptors for agricultural cooperatives. The conference included a speech by USDA Secretary Tom Vilsack. Secretary Vilsack also answered questions from the attendees. Session topics included analysis of current issues facing the agricultural supply chain, expectations for the upcoming Farm Bill, Board of Directors governance and leadership sessions, farm labor situation reports, updates on key tax and legal issues facing cooperatives, "climate-smart" agriculture technologies, and many other issues.



2023 Commodity Classic

AGP was again among the exhibitors selected to participate in the annual Commodity Classic. This year's theme was "Preparing for the Next Generation" and took place in Orlando, FL on March 9-11. Over 10,000 people attended the 2023 Commodity Classic where they took part in policy conferences and educational seminars.

Shara Schmeling, Regional Merchandising Manager for Eagle Grove, Emmetsburg, and Mason City, IA; Jon Wager, Merchandising Manager for Dawson, MN; and Troy Moling, Corporate Communications Manager, were there to promote AGP for the many soybean farmers and industry partners in attendance. Wager and Schmeling are pictured below speaking with Victor Bohuslavsky of the United Soybean Board.



Promoting AminoPlus®



In February, AGP employees attended the 2023 World Ag Expo in Tulare, CA. This event was an opportunity for the team to meet with dairy producers, feed manufacturers, and other allied service members in the dairy industry. Special attention was made to promote AminoPlus®, AGP's high performance soy bypass protein used in dairy rations, which is produced at four Company facilities. Pictured above are: Anthony Shimon, Merchandiser in Sergeant Bluff, IA, and Dr. Hannah Wilson, Director of Nutrition & Technical Services in Omaha, NE.

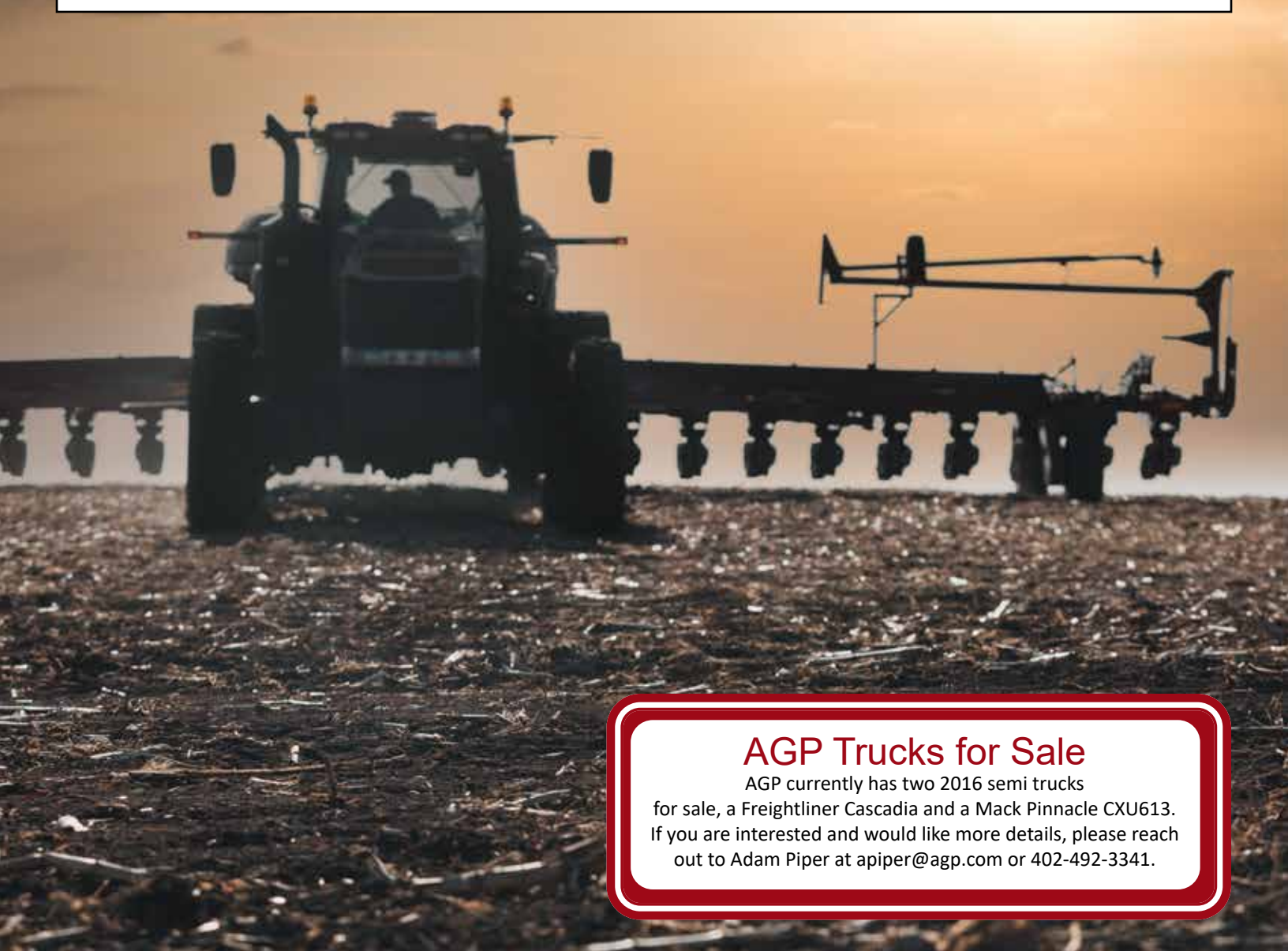


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AGP Trucks for Sale

AGP currently has two 2016 semi trucks for sale, a Freightliner Cascadia and a Mack Pinnacle CXU613. If you are interested and would like more details, please reach out to Adam Piper at apiper@agp.com or 402-492-3341.

AGP.com

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