



PRIMELAND



Primeland Perspective



By Ken Blakeman
general manager, CHS Primeland

Year-end results: From concern to cautious optimism

At the beginning of the fiscal year in September 2021, we were concerned. We had just handled one of the worst crops ever, due to the historic drought that gripped the region. But throughout the year, we took a conservative approach to spending across all our businesses and worked hard to manage our expenses so we could maintain a strong bottom line.

Our customers were taking a similar approach as a result of the drought and became more conservative, scaling back on tillage and pulling back on input and overall spending.

Our teams worked harder, smarter and made tough choices. So when we closed the books at the end of August this year, the results were better than we had expected with a profit of \$4.4 million. That's down from \$8.4 million the previous year, which was boosted by a huge crop — one of the best in our history.

Here's a quick overview of how our businesses performed in fiscal 2022:

- Grain, Seed, Agronomy and Energy were profitable.
- Retail experienced a small loss, affected by inflation, ongoing logistic issues in stocking products, and the general pullback in spending by customers.

CHS Primeland's results are just part of the story. To date, CHS is having an excellent year. We'll

share the final financials in the next newsletter. For the first nine months of fiscal year 2022, the company reported net income of \$1.2 billion and revenues of \$34.4 billion, up from 2021.

What do these results mean to you, our growers and customers? Between CHS Inc., and local CHS Primeland profitability, patronage rates should remain strong. CHS intends to return a total of \$1 billion in cash patronage and equity redemptions to its owners in 2023.

This would be the largest annual distribution to owners in CHS history.

Benefits like these underscore the value of being a member of CHS Primeland. Our member-owners and local communities are at the heart of all we do, and we thank you for your ongoing support, especially during difficult times.

Throughout this newsletter, you'll learn more about credit options; market and product opportunities; a holiday retail event and new Agronomy employees.





*By Craig Stillwell
agronomy manager,
Seed and Agronomy Division*

Now's the time to think spring

This year, as we moved into fall, it looked as though prices would be about 30-35% cheaper than in the spring. But they slowly began creeping up to about 15-20% of spring prices, and by the time everyone started to buy for fall, the markets moved up again.

When it comes to pricing and product availability, Spring 2023 may be a replay of Spring 2022. We're anticipating the major crop protection product manufacturers will raise prices 5-15%. This fall, we're meeting with their reps to go over the products and learn what will be allocated. We're expecting supply will be about the same as last year, although we still don't have a good handle on how much Hurricane Ian disrupted production and supply.

For growers, it's time to start thinking spring and procure your nutrient and crop protection products as soon as possible. Make your farm plan and determine what your needs and expectations are for 2023. Sit down with your agronomy sales rep to go over your plan and begin making arrangements where possible. Not only will this planning help your operation, it will also help us with logistics so that you have the products when you need them.

As we did last year, we're working to get out in front of any supply issues and setting up logistics that don't rely on just one mode of delivery.



*By Russ Braun
manager, Grain Division*

Navigating uncharted market territory

We're still in uncharted market territory. The length of time this volatility has lasted, as well as swings of 30-40 cents/bushel up or down in wheat future contracts, are unprecedented. Unfortunately, this situation will probably continue until the market believes several global situations are resolved and settles into a more normal pattern.

For example, the uncertainty caused by the conflict between Russia and Ukraine is affecting pricing of some of 2023's production, via hedge-to-arrive. Price builder bonuses for September and December of next year currently exceed \$10.50/bushel.

With extremely high input prices added to the mix, it's especially important for growers to protect their market exposure. That's why it's not a bad time to begin marketing some of your 2023 production.

Markets will gradually start taking more price direction from South America and Australia. With an average growing season projected, prices may return to near-normal levels.

For any questions about how to best navigate these volatile markets, please contact us.



*By Butch Schwindt
manager, Retail Division*

Welcome the holidays with CHS Primeland

CHS Primeland hosted its 2nd annual wine-tasting and holiday event Nov. 12, at the CHS Primeland Country Store in Lewiston, Idaho.

Representatives from more than five local wineries offered tastings. There also were horse-drawn wagon rides (the ticket to ride was a donation of canned goods for the local food bank), a 24-foot inflatable Santa (we have those for sale, too) and displays of our newest lights, trees and other decorations. We hope you were able to join in the festivities!

We're also making progress on negotiating with a new restaurateur for the space at the Walla Walla location.

This vendor would move their existing business into the space. Their menu has a Hispanic flavor, and they have a great reputation in the area. We're hoping they'll be open by the first of the year, if not sooner. We're looking forward to offering the community and travelers a top-quality experience.



In other Retail news, we're installing new equipment to make stores and inventory tracking more efficient.

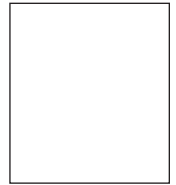
To help make the most of this upgrade and make additional improvements, we've hired Taylor Hartley as our new retail inventory specialist. Taylor comes to CHS Primeland with years of experience in inventory control. Join me in welcoming him to our staff!

Our goal is to make sure we're offering the most-popular, up-to-date items. Our selections are new and fresh and our top sellers are always in stock.



PRIMELAND

PO Box 467-468
Lewiston, ID 83501-0467



*By Kimberly Wilkening
manager, Credit and Finance*

Deferred financing: Ensuring you have credit when you need it

In our region, we roll right from harvest into fall planting. With the markets being especially volatile, you can't assume last year's credit limit will be enough. That's why it's important to avoid mid-season panic and line up financing early to ensure you have enough credit to cover your input costs.

The CHS Deferred Financing Program provides a line of credit separate from operating credit. It gives you flexibility to cope with price fluctuations for seed, chemicals and fertilizer and can be used as a back-up for operating expenses. Payment for inputs won't be due until after the 2023 harvest.

The application process is simple. You'll also need to meet with your agronomy sales representative to help determine the appropriate credit limit. Then, just fill out the one-page form and submit it to our office, along with a current balance sheet. The deadline is Dec. 1.

Now's the time to also plan for your operating expenses for 2023 with your bank, credit union or FSA office.

Meet our new employees

It's exciting to announce we've hired three new Agronomy employees:



Tim Silflow is now working out of the Kendrick/Moscow/Palouse area. He came to CHS Primeland from a larger pulse company, which has given him good knowledge of our grower base and types of crops grown, as well as the competition. Tim will be working to rebuild our business in the area. He's great to work with and a real asset for our team and growers.



Tim Koziol was born and raised on a Montana farm and has worked in sales for a number of years. He's got a great background, sales skills and is training to learn about the Rockford area, crops and the products we offer. Join me in welcoming him!



Dillon Blair is no stranger to CHS Primeland, having worked six years on the service side of the Agronomy Division. This fall, he's 100% transitioned to the sales group and is working in the Kendrick/Moscow area. Already familiar with a lot of our growers, Dillon is training and shadowing other reps. Please congratulate him on this step up.

While we've brought in new team members, I can't say enough about our current sales team. They're the best in the business and have worked diligently to serve our customers. Together, they've helped CHS Primeland and our growers have an outstanding year.