January 31, 2025

Grower Update

Via: text

Dear Grower,

The incentive payment for timely contracting and providing post plant and pre-harvest Strider information should be hitting your accounts today. Jacob tells me that we are well into contracting for the 2025 crop and acres are looking very promising. Please finish your contracting as soon as possible. It helps us with planning, and it is easier to get it done this time of year rather than later in the spring.

The factory continues to run well, the extraction number is lower this year, but our recovery of 2.91 cwts per ton of beets is on target and stable. The extraction number is determined by the sugar sliced and for the last two years the sugar slice vs. the sugar harvest has been higher. When this occurs the extraction number goes down, but the most important number is sugar in the bins and last year we got the sugar in the bins that we needed, and we are on pace this year. This is why "recovery" is the number I use for planning and budgeting.

We finally received our H2B workers in January, and while we made do early this year, we were falling behind. The arrival of the workers was a relief and has been very helpful and they will allow us the resources to finish strong.

Due to the lost slice time with the diffuser crash and the bumper crop we will be slicing beets into March this year. Fortunately, the weather has been as good as we could ask for and beet storage has been excellent, but we still have over a month to go. We will be on ventilated beets in about two weeks, so we have very little risk exposure.

As, I'm sure, many of you have heard through the rumor mill, the Company is exploring the purchase of a tower diffuser. Our current diffuser is at the end of its life. We know it was used when it came to Worland in the 1980s, but we cannot determine its true age. You are all aware of the problems over the past few years and while we have been able to rebound the risk is not diminishing. Further, despite Chad's efforts and positive attitude, our old diffuser cannot recover sugar efficiently from higher content sugar beets. A tower diffuser brings many positives: reliability; great variability in slice rate (3,200 tons/day – 4,800 tons/day); greater extraction (less sugar loss to pulp); energy efficiency; and lower maintenance cost. If we are truly looking to the future this needs to be explored.

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The Management team hired VEi Global to perform a Phase I this summer. VEi Global, has led the installation on two tower diffusers in the last decade, just finishing up one last fall. Earlier this month the Management team presented the findings of VEi, a process analysis, financial analysis and plan for throughput growth to the Board. Over the course of two days the Board examined, and stress tested the work of the Management team. The Board has directed the Management team to continue to explore the project. The initial decision is that while this is a significant project it is the right direction for the Company. There is much work to be done before a final decision is made, but it is the Board's, and my, hope that we can get to that point in the next 60-90 days. Once the decision is made by the Board, we will engage in a "shop tour" to walk all our members through the details. For now, just know we are working on it – it needs to be addressed – it might be a big investment, but it works.

I will dispel a rumor shared with me. We have every intention and are on track to make the full announced payment for the 2024 crop. There has not, nor will there be any discussion to "hold back the last payment to pay for a new diffuser".

Again, we have another 30 plus days of slice, but we are on track. The February payment will go out as scheduled. Have a great weekend.

Respectfully,

Michael D. Greear
President & CEO

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