

Fiscal Year 2021 Results and Member Equity Update

Frenchman Valley Coop's Fiscal Year 2021 ended January 31st, 2021 with positive results. Local Earnings stood at \$4.2 million while Patronage the FVC received from outside sources saw additional earnings of \$2.7 million. Total Pretax Income stood at just shy of \$7 million. Dollar sales were lower during fiscal year 2021 as prices for grains and inputs were generally lower than the previous year. Looking back that is hard to believe after the past six months of seeing commodities rise. Grain volume sales were lower as the Cooperative slowed sales to capture better market values pushing some revenue into Fiscal Year 2022 while supply volumes continued the uptrend we have seen the past several years.

All Operating Divisions contributed to these positive results with profits from Local Operations for first time since 2012. Cost containment and refined risk management combined with better oversight and deploying capital more wisely helped in this goal.

Capital Asset Investments for our Members and Customers saw FVC add \$45 million of Long-Term Investments over the past 3 years. This is truly a remarkable dollar investment representing over half of our undepreciated asset value. Only our financial results, Board commitment and our Customer's support has allowed these Long-Term Assets to be added to our locally owned and controlled Company. This year FVC will see the addition of Grain Storage in Grant and an Agronomy expansion in Chappell as major projects after adding Grain Storage last fiscal year in Kimball, Chappell and Culbertson.

Patronage for FY21 will equal last year's allocations with one million dollars to be distributed as cash for business done in 2020-21, one million dollars of Non-Qualified issued in 2010 will be paid out and an additional one million dollars will be deferred as Non-Qualified for 2021. A retirement distribution of Qualified Equity is planned for later this year based on Membership Year of Birth. This is our third year of working through our Equity Plan the Board adopted in 2019 and including the 2021 distribution Frenchman Valley Coop will have paid over \$9 million back to our members in cash payments for the past three fiscal years.

M John Bender

CEO/President
Frenchman Valley Cooperative