

DIRECTIONS

NEW COOPERATIVE MEMBER NEWSLETTER

DECEMBER 2022



MESSAGE TO OUR MEMBERS

Dan Dix
General Manager



Thank you to everyone who attended NEW Cooperative's 50th annual meeting December 6th at the Webster County Fairgrounds. We were blessed with nice weather that evening and we appreciated the opportunity to interact with the large crowd of members and stakeholders at the event!

Reflecting on the fiscal year ending August 31st, we are pleased to report that record volumes were achieved in grain, agronomy, and energy. Record harvest receipts and fall fertilizer applications in 2021 stretched our facilities capacities and agronomy equipment to the limits. As our business grows, so do our needs for human capital. Like many businesses, finding people needed to fill many positions across the company has led to shortages in transportation, agronomy operations and applicators, and feed manufacturing. Thank you to our amazing employee team that managed this incredibly busy time, you continue to be the best in the business! NEW continues to research ways to fill these important open positions and leverage technology to provide the level of service you expect.

Sales for 2022 were \$2.58 billion, up significantly over the prior year. Grain sales were a record 234 million bushels, up 69 million over the previous year, the result of significant market share growth in our southern areas coupled with the recent merger with MaxYield and a very large crop. Drying and storage income also increased by \$10.2 million due to increased bushels handled and a slightly wetter crop than 2020. We continue to leverage all four of our grain marketing channels, including rail, truck, feed manufacturing, and barge.

NEW's agronomy sales continued their rapid growth with \$472.5 million in sales, driven by fertilizer tons, crop protection products, seed sales and custom application acres all reaching new highs. Energy sales also witnessed a substantial increase driven by increased grain drying and the addition of the former MaxYield locations. MaxYield brought a strong history of energy sales and service, and we look forward to continuing to increase our energy footprint across our territory. Feed tons manufactured were similar to last year. With our eighth mill coming online this fall at Cooper, we expect to surpass the two million tons per year manufactured mark at the conclusion of the 2023 fiscal year.

Local earnings were up significantly and totaled \$41.6 million. Additional income received from regional cooperatives, once again driven by AGP's strong performance through their soybean processing operations, this year totaled \$22.9 million, resulting in total earnings after taxes for the year of \$59.8 million.



Earnings were passed back to members through patronage rates of \$.08 per bushel on grain, 6% percent on agronomy sales and \$.05 per gallon on energy sales, which paid back patronage for the first time in recent memory. Patronage earned on business was distributed back to the membership through qualified patronage allocations totaling \$35.6 million, with 50% of the allocation being paid in cash equaling \$17.8 million. These patronage rates equate to \$40 per acre for corn and \$18 per acre for soybeans when you purchase your agronomy inputs and market your grain through NEW.

Cash returned during our current fiscal year includes three components. The 2015 & 2016 regional deferred paid last September, the 2016 local deferred paid at the annual meeting, and the 50% cash on last year's business, paid at our annual meeting a few weeks ago. When combined, this brings the total cash returned to the membership to \$35.3 million over the last four months, a record for the company. NEW Cooperative is excited to say that the oldest member's equity in NEW today is 2017 and is held by the members currently using the company.

Investment back into the company through plant, property and equipment last year amounted to \$51.4 million dollars this past year. Major additions included the completion of the Cooper feed mill, new agronomy warehouses in Everly, and Lohrville, 1.2 million bushels of grain storage at Lanyon plus various facility and rolling stock improvements across the company. NEW Cooperative is committed to providing the best facilities, equipment, and service to our customers through continual facility improvement.

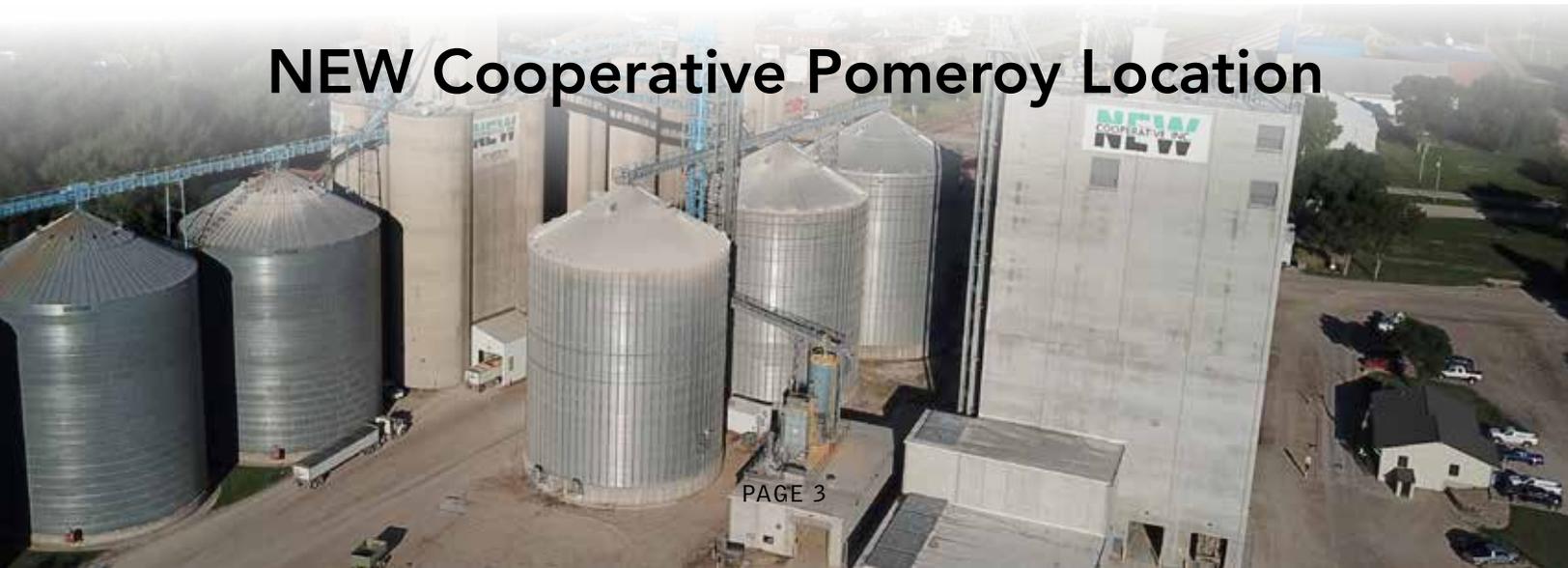
Though the recently completed harvest resulted in a great deal of variability across our area, our current fiscal year is off to a strong start. This past fall, a tremendous amount of field work was accomplished, and fertilizer applications completed are ahead of last year and position us extremely well for a great start to the 2023 growing season.

September 1st, we completed the purchase of ProAg LLC, a strong retail agronomy organization with locations in Ventura, Fertile, and Buffalo Center. We appreciate the support of our employees and customers through the transition this fall. NEW will be investing significantly in the area with the addition of two anhydrous ammonia facilities and UAN storage this coming year. Additional upcoming large scale capital projects in 2023 include a new agronomy warehouse in Pomeroy, a new refined fuels plant in Britt, the completion of the agronomy warehouse in Everly, grain storage in Lohrville, a new UAN storage tank in Roelyn, and a new grain dryer in Dows.

In addition to the fantastic keynote address by James Olson, former Chief of Soviet Operations at the CIA, who discussed Vladimir Putin and the current events surrounding Russia and Ukraine, Board of Director election results were announced at the conclusion of the annual meeting. Reelected to the Board to serve three-year terms were Brian Wagner in District 1, Greg Guenther in District 2, Ryan Kock and Keith Green in District 3 and Nick Kerr in District 4. Congratulations and thank you for your commitment to serving NEW Cooperative.

Thank you to all our members and customers for a tremendous year, we are grateful for your support of NEW Cooperative and look forward to serving your needs in the future.

NEW Cooperative Pomeroy Location



AGRONOMY

Shan Jaeschke Agronomy Manager



Thank you once again for your support to help your farmer-owned cooperative have a very successful 2022 fall agronomy season and a great start to the 2023 year, with seed and chemistry purchases. This fall, we had the widest yield swings we have seen in multiple years across our company. Our complete territory struggled on receiving the desired rainfall

this past summer, but from west to east a few timely inches of rain made for some large yield swings. Our locations to the west along I-29, struggled with some yield challenges as our locations along I-35 experienced some of the highest yield levels ever harvested. Even in the areas of below normal rain fall we had some better-than-expected yields showing us today's seed traits and genetics continue to improve.

The fall fertilizer season once again brought challenges around product pricing and availability. One of the challenges we faced was the high cost of fuel. On the dry fertilizer side, with a large portion of our MAP and Potash being imported the high transportation costs along with supply challenges coming off last year's shortages created some demand scares and price jumps. Today, this seems to be leveling off, supplies seem to be more available, and as you see at the gas pumps fuel has started to fall helping with the transportation costs on imported fertilizer. On the nitrogen side of things, we experienced a nice fall NH₃ season with product supply being available and open application window leading to larger than expected tons to be applied. This is a nice task to have completed to help reduce the spring workload. The Nitrogen market just like the dry fertilizer market has been a roller coaster over the past 10 months. We experienced 40% price swings which was very challenging to manage on top of questionable supply at times. Much like the dry fertilizer market, in the last 30 days the nitrogen market also has started to seem some relief around supply and transportation leading to prices beginning to soften.

As we move into the spring season, we want to thank you for the support this past fall. The company covered more acres of fertilizer application than ever before, which could not be done without our great employee team working with our farmers. Few items to note as we move into spring are, if you purchased Bayer branded Roundup in the 2022 season you will see a credit on your Spring Delayed term account for \$6 per gallon purchased and same for BASF branded Liberty a credit for \$4 per gallon credit. These credits on account are in a result of your farm-owned cooperative able to procure product at better pricing than expected through-out the 2022 crop year. Your local NEW Cooperative agronomist have been attending informational meetings around new products on seed and chemical for 2023 and will be around to communicate these items.

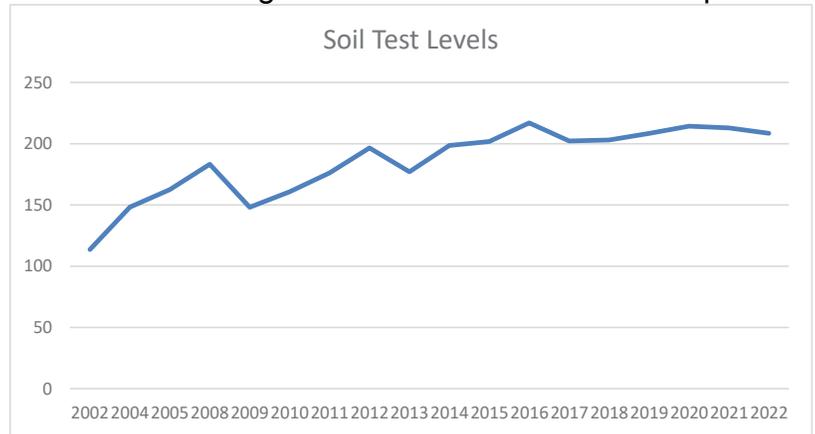
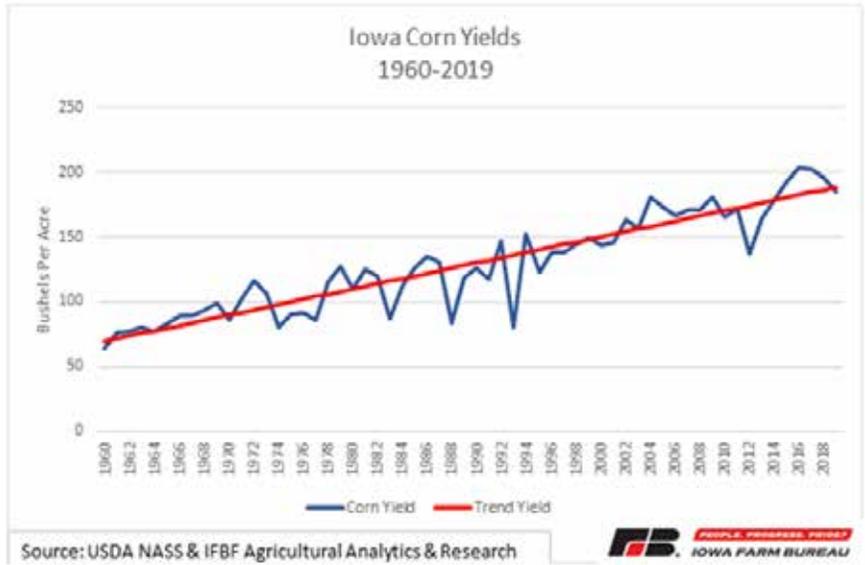


This fall during the annual ICM Conference in Ames, Dr. Antonio Mallarino announced he is changing ISU's fertility recommendations as published in PM1688. NEW Cooperative is committed to giving you the best, up to date recommendations possible and Dr. Mallirino's update has not escaped out attention. NEW Cooperative however does not rely solely on ISU for crop removal recommendations. We periodically study not only ISU but several surrounding Universities as well as soil test laboratories and our own statistical data.

The reasons behind these changes involve several factors, most of which involve our increasing yield trends. Statistically Iowa corn yields have been increasing an average of 2 bu per year since the 1960's. {Iowa FB Yield}

The change in corn the past 20 years alone has been from 165 bu in 2002 and an estimated 195 bu for Iowa in 2022. That 20 year increase has meant that corn alone is taking out of the soil 10# more Phosphorus and 8# more Potassium today than in 2002.

NEW's grid soil sampling program, combined with our industry leading variable rate software program Soilmap delivers to your farm the latest in fertility recommendations. Over the past 25 years we have learned and grew with the changing trends and our farmers soil fertility has trended upward with the growing crop yields.

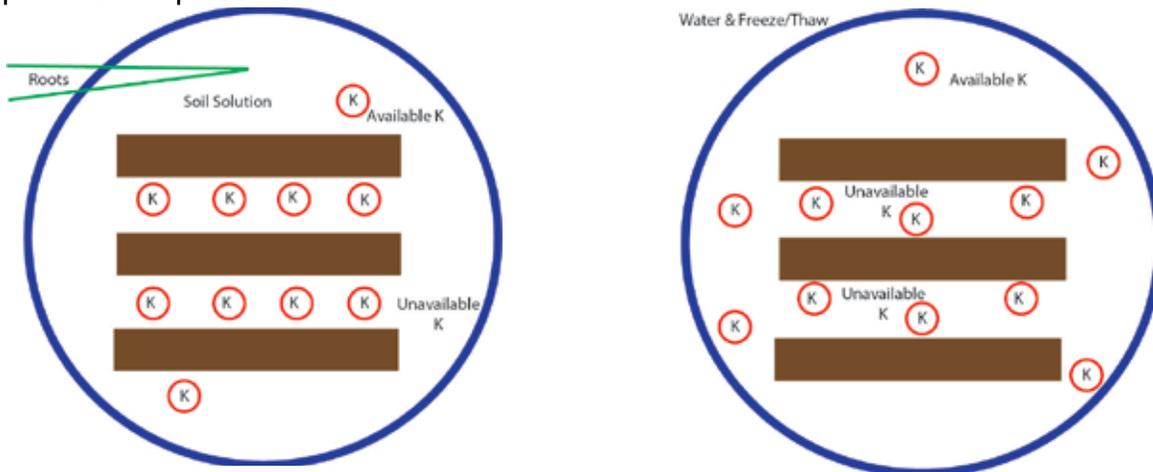


No rest for the weary... Even before harvest is finished we begin planning for the next crop. Typically, one of the first steps is looking at soil fertility. The biggest roadblock to making those decisions is waiting on fall soil sample results. Once the decision is made for what farms to sample, the crop needs to be harvested and the sampling team needs to pull the dirt then deliver to the lab. After our soil lab makes a meticulous effort to organize and test the soil, we deliver you the highest quality results possible. Once the lab is done the results are sent electronically to the MAPS team to import into Soilmap so your local agronomist can work with you on your fertilizer recommendations. NEW Coops' soil team alone sampled over 125,000 acres this fall making it our largest fall sampling year ever, so the easiest way to speed this along is to sample in the spring, after planting, so you have your results ready BEFORE harvest and can make your budget decisions quicker and easier.

One of the biggest advantages to spring sampling is the results give you a more realistic idea of what your soils have available "In Season" for your crops. Sampling after harvest isn't bad, but we get asked why fertility looks better after spring sampling vs fall sampling. The short answer is your soils have two gas tanks, available and reserve. Current sample techniques don't necessarily give a good picture of what is in "Reserve" so we don't always know what is in that tank, but what is important is what your crop has to work with.

Here is an example of the different available potassium levels fall vs spring. The brown bars represent the plate like structure of clay particles.

Clay particles make up the majority of the exchange sites for fertilizer in Iowa's Silty Clay, Des Moines Lobe soil. In the fall, the roots have intercepted much of the available K in the soil solution surrounding the soil particles, thus lowering the 'gas' in the "Available" tank. To refill the tank, potassium needs to mineralize and/or move to the available side of soils. When moisture is added through the winter and spring, along with freeze thaw actions, the potassium moves through the soil solution to the cation exchange "spots" where the next crops' roots can intercept it to take up for crop production. The available K also comes from mineralization of potash fertilizer over time and the breakdown of organic matter or previous crop residue.



Winter activity, soil health and mineralization determine how good your farms soils are, thus spring and summer soil sampling can better represent measurement of soil K that is available to your crop. Contact your local Agronomy Sales Specialist today to work up a grid sample plan to better understand your farm nutrients. Everyone at NEW Cooperative looks forward to serving you in 2023

PRECISION HARDWARE & SERVICES

360 Wave

- The 360 WAVE creates a “wave” of moist soil that rolls over the seed to simplify the job of the closing wheels.
- The 360 WAVE blade pivots - self aligning in the trench. That means it follows the trench on curves.
- The spring-loaded 360 WAVE blade moves up and over obstacles to prevent damage.



SureSpeed Features

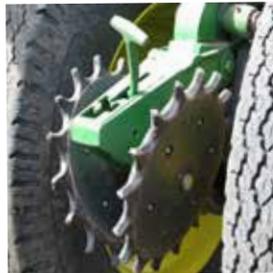
- With solutions for various makes and models of box hopper and bulk fill planters, the system was designed to give your planter high accuracy at high speeds.
- Unique meter design and controlled transfer of seeds from meter to delivery device maximizes singulation and ensures perfect spacing at all speeds up to 12mph.
- Low maintenance system. No tools required.



MeterMax Ultra



Copperhead Furrow Cruiser



- Ensures seed to soil contact
- Works in virtually all soil and tillage conditions
- Prevents furrow from re-opening

PRECISION PLANTING CONFERENCE

Precision Planting Conference will held in Webster City this winter. Contact our Precision Ag Team today to sign-up!

PLANTER METER CALIBRATIONS

Now is the time to schedule your planter meter calibrations with our Precision Ag Team! Call us today!



GRAIN

JSA Select Pricing Program

The final prices for the Fall 2022 programs are:

1 year Corn - \$7.26 (December futures price)

1 year Soybeans - \$15.43 (November futures price)

Below are two charts showing our final December corn futures and November bean futures versus the entire range over the pricing period.



Contact your NEW Cooperative Grain Merchandiser for more information.

Sign-ups for 2023 and 2024 bushels will end January 31st!



FEED

Paul Fields Feed Delivery Manager

As we conclude 2022, I want to give a big thank you to everyone that has helped in the success of NEW's feed department. It has been a long year, one that started with still navigating the effects of the pandemic last winter and global events that have made transportation and staffing a challenge.

Together we have made it through these challenges stronger and I am

pleased to say that we continue to have a great team in place at our mills and are blessed with a strong team of drivers. I want to thank everyone who has helped us achieve another successful year for our feed department.

It takes a strong team, and we appreciate everything the office staff does to keep feed orders, inventory, accounts payable and so much more moving smoothly. Thank you to our mill operators for turning out our quality feed that our customers expect. Our feed maintenance team expanded this year, and we greatly appreciate their phenomenal response time and efforts to keep our equipment running every day.

Our contract feed drivers have also worked through significant challenges, which include operating and repair costs that have increased significantly in addition to repair parts availability. Thank you for your dedication to our feed department!

Each of the teams I just mentioned was vital in the opening of the feed mill at Cooper this summer. This was the opening of our eighth mill and getting the operations and delivery teams put together is always a big task. We are grateful for everyone who had a hand in the opening of the Cooper mill.

Its an honor to be part of a team that plays a vital role in NEW's success. We take pride in providing additional markets for our member's grain and delivering quality feed products to our customers. Thank you to everyone who helped us do that in 2022. ***We wish you a Merry Christmas and Happy New Year!***

NEW Cooperative's Eighth Feed Mill at our Cooper Location.





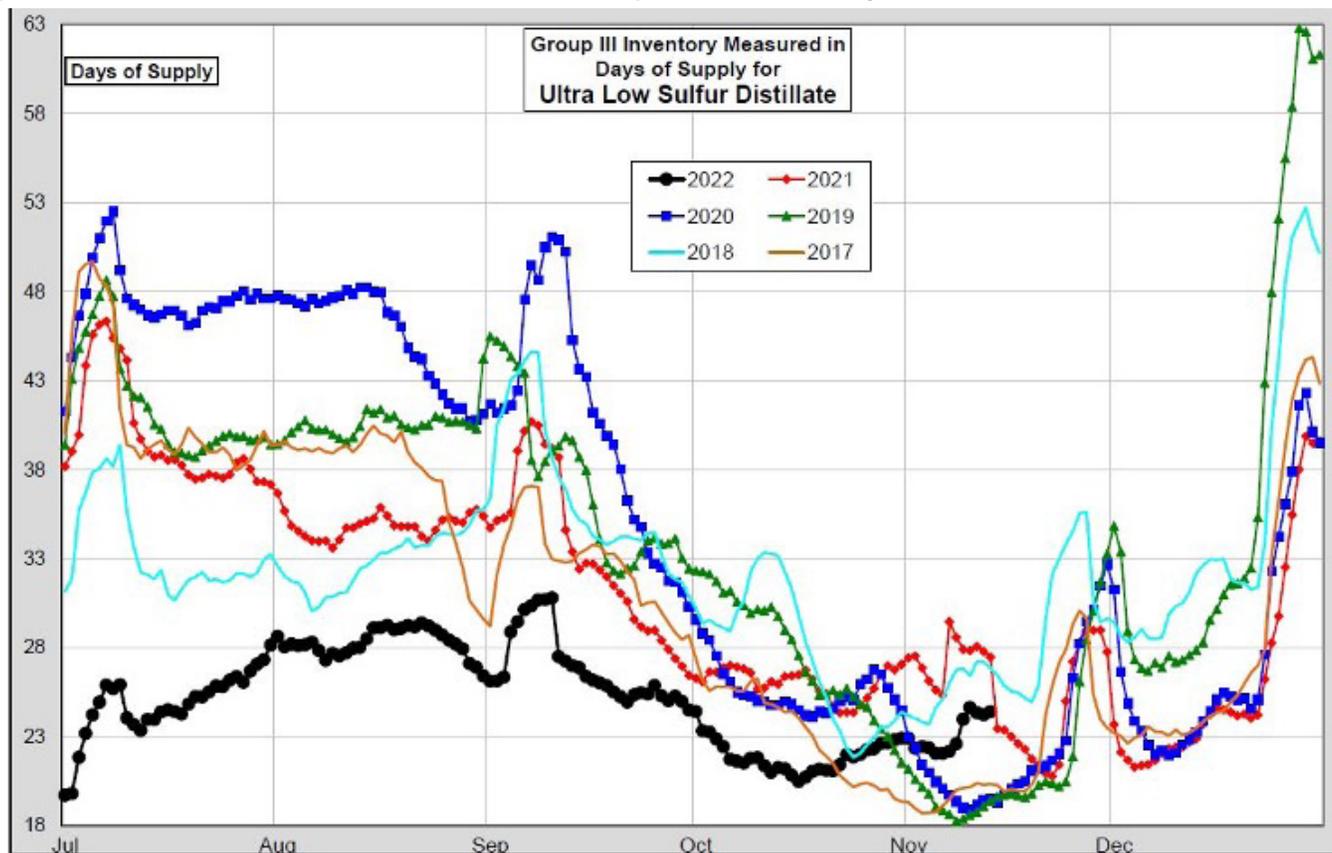
ENERGY

Chad Besch Energy Manager

In November as harvest was winding down, the amount of diesel fuel supply on-hand in the United States made national headlines. The headlines proclaimed the nation had 25 days' worth of diesel supply, a figure that is historically low and below average for the US.

What does that supply on-hand number mean, though? That number is what oil analysts use to measure the balance of supply and demand. It simply means how many days of diesel fuel we have on-hand if refineries were to completely stop nationwide. Obviously, diesel refiners are not stopping and in fact are refining at a very high capacity.

While the days of supply is lower and below average, the current diesel supply is not unprecedented. The chart below, dated November 13, 2022, represents Group III diesel fuel days of supply. Group III is the area of the country that NEW Cooperative operates in. As you can see by the heavy black line on the chart, which represents 2022, days of supply is low. However, in the years 2017, 2019 and 2020, our days of supply was lower than in 2022. Refinery usage is at increased levels and exports to other countries are also high. The incentive to refine crude oil into diesel fuel is high and if needed, diesel supply destined for export markets could be diverted to US consumption if necessary.



It also bears mentioning that while we were non-stop during fall harvest, diesel outages at the terminal were less than we normally experience. Sometimes its important to not take the headlines at face value.

As you consider your spring and fall fuel input purchases, it is important to know that in addition to the incentive for refiners to produce diesel fuel, other global factors may help with supplies. If China continues to export more heating oil that will help supply as will increased refinery space in the Middle East. Also, if the US economy slows down, that will cut demand.

Overall diesel supplies are low; however, with the large inversion of the market, at the time of this writing, the market is telling consumers to not purchase diesel fuel now. If that inversion continues you may want to look at diesel fuel values for next spring and fall. Those values appear to be better pricing opportunities than what we have in the cash market. Spring and fall contracts are at levels we haven't seen in a long time. It has been since February 2022 that retail diesel prices were below \$3.50/gallon. As of this writing contract values were back close to that level.

Whether you fill your tanks now or wait until spring it's important to balance your supply on-hand with future purchases. Continue to give us plenty of notice for diesel and propane deliveries. Same-day and next-day deliveries are difficult to accomplish in this environment, however with advance planning we can continue to accommodate your needs.

We greatly appreciate your business! With your tremendous support, NEW was able to pay five cents per gallon patronage back to members on energy. Thank you for your support during a very fast-paced fall harvest!

To order fuel, inquire about fuel contracts, risk management programs and tank purchasing options, please contact our energy desks at:

Lidderdale: 712-216-4165

Western Iowa: 712-206-4472

Northern Iowa: 515-200-1352 or 866-711-7282

NEWfuel@newcoop.com



2022 ANNUAL MEETING



hams for hunger

On Tuesday, December 13, 2022, NEW Cooperative held their 6th Annual Hams for Hunger Event in Fort Dodge. This year, NEW Cooperative handed out over 2,600 hams.

Throughout the week, NEW Cooperative delivered to 27 food pantries in 21 counties which included; Webster, Hamilton, Humboldt, Wright, Pocahontas, Calhoun, Greene, Carroll, Monona, Woodbury, Emmet, Dickinson, Cherokee, Franklin, Hancock, Cerro Gordo, Kossuth, Palo Alto, Winnebago, Worth and Clay Counties.



NEW COOPERATIVE- SCHOLARSHIP

2023-2024

SCHOLARSHIP AWARD

Eight \$2,000 SCHOLARSHIPS AWARDED TO FULL-TIME AG STUDENTS.

APPLICATION DEADLINE MARCH 10, 2023

The primary goal of the program is to encourage area youth to prepare for a career in agriculture. This scholarship program is designed to provide college financial assistance to dependents of NEW Cooperative, Inc. members and full-time employees.

WHO IS ELIGIBLE

Applicant must be a NEW Cooperative member, a dependent of a NEW Cooperative member, or a dependent of a full-time NEW Cooperative employee at the time of application.

These scholarships are available to applicants who are undergraduate students in two or four-year. High school seniors, as well as college freshman, sophomores and juniors are eligible to apply.

Applicant shall be a full-time student that has been accepted into an accredited two-year college or a four-year university. Applicants must be furthering their education by attending a two-year agricultural short course program at two-year college or a four-year university agricultural program.

To apply visit our website;
www.newcoop.com/scholarships

Recipients are chosen by an independent selection committee. Winners will be notified in early May of 2023.

BOB WALLENTINE MEMORIAL AG BUSINESS SCHOLARSHIP

NEW Cooperative is pleased to establish the Bob Wallentine Memorial Scholarship, awarding one \$4,000 scholarship to a full-time student pursuing an Agricultural Business degree.

Bob Wallentine grew up on the family farm near Lakota, Iowa and attended Gustavus Adolphus College in St. Peter, MN. Wallentine was a graduate of the first FELCO Management Training class for farmer-owned cooperatives. He dedicated his life to agriculture and the cooperatives he served, including Swea City, Matlock and Sutherland.

Wallentine went on to be General Manager at the cooperative in Vincent, IA and in 1973 NEW Cooperative was formed through the merger of the Vincent and Badger cooperatives. Wallentine served as General Manager of NEW Cooperative from its inception until his retirement in 1996. He cared deeply for the farmers and employees he worked with and served on numerous boards and community organizations. Wallentine was inducted into the Iowa Cooperative Hall of Fame in 2006.

Wallentine passed away April 11, 2022, after a courageous battle with Idiopathic Pulmonary Fibrosis. It is our honor to establish this scholarship opportunity that promotes the importance of education, leadership, and a strong work ethic to the next generation of ag leaders.

SCHOLARSHIP AWARD

The scholarship is funded by the NEW Cooperative Foundation and will award one \$4,000 scholarship to a full-time student pursuing an Agricultural Business degree.



HOW TO APPLY:

The Bob Wallentine Memorial Scholarship application is available on NEW Cooperative's website at www.newcoop.com/scholarships.

ALL applications must be received by Friday, March 10, 2023.



2626 1st Ave. South
Fort Dodge, IA 50501
RETURN SERVICE REQUESTED

THANK YOU!

To all our members and customers for a tremendous year, we are grateful for your support of NEW Cooperative and look forward to serving your farming operation in 2023!



PROUDLY SERVING THESE IOWA COMMUNITIES

Algona	Port of Blencoe	Correctionville	Fort Dodge	Humboldt	Lidderdale	Onawa	Rowan	Washta
Anthon	Bode	Dickens	Fostoria	Klemme	Lohrville	Otho	Sloan	West Bend
Badger	Britt	Dows	Garner	Knierim	LuVerne	Palmer	Spencer	Whiting
Barnum	Buffalo Center	Duncombe	Glidden	Knoke	Mallard	Pierson	Superior	Whittemore
Belmond	Clare	Emmetsburg	Greenville	Lanesboro	Mapleton	Pomeroy	Ute	Woolstock
Blairsburg	Coon Rapids	Everly	Gruver	Langdon	Meservey	Rands	Ventura	
Blencoe	Cooper	Forest City	Hornick	Lanyon	Milford	Roelyn	Vincent	