

CEO message to the members

Financial performance

2024 was a relatively good year for the company. We paid out patronage, retired equities, built and improved on facilities and equipment and grew the business. Overall earnings came in very close to last year's performance, albeit from different sources. This is the benefit of being a diversified company. Brad Locke, our CFO, will go into the financial results in much more detail but let me hit some of the highlights.

- Sales came in at just over \$900 million – down a little from last year due to the price of fuel and fertilizer being lower per unit. Volumes are actually up from last year.
- Consolidated net income was \$21.8 million down slightly from last years \$22.7 million
- Inflationary pressures and higher interest rates have impacted us just as it has all of you. Though margin is up over last year, expenses and interest are up even more. In spite of that , your cooperative had a good year and we plan on returning both cash and equity back to the members in the amount of approximately \$4 million in cash patronage, and \$5 million in equity retirements - a total of \$9 million in cash returns to the members. That's \$9 million more than any other non-cooperative business you could choose to do business with. We sure hope you see the cooperative business model does work and that it benefits you.

Growth into new areas

2024 was a year that saw us grow into new areas. The merger with Stanislaus Farm Supply that took place on September 1st has been pretty smooth and we strongly believe that all members will see the benefits from expanding our footprint into this ag intense area of central California. They are great cooperatively minded people there and are very proud to display the Valley Wide and Valley Ag sign and logo on all their buildings and equipment.

I mentioned the strength of diversification earlier. Growing our footprint into California is a way to show our suppliers that we are the cooperative company that they should support and bring us value that we can pass on to all our members. I know there are many of you out there that maybe didn't support this last merger. I completely respect your decisions and your choice. But I can't stress enough to you all how challenging it is to compete with companies that are global in reach. Valley Wide and Valley Ag now cover 7 states. Its quite possible that our competition covers 7 countries. That's tough competition but we have been successful due to our great people, our competitive pricing, our tenacity to work hard and our cooperative difference in patronage paid. Growing into new areas gives relevance

to our brand and allows us to command the best pricing from our suppliers. Growth is a must! And it will continue. You all grow crops – if you had a crop that didn't grow -you'd plow it under.

Proud of our past, Investing in our future

One of the most important roles your board of directors' play is that as directors, they govern this company in a way that ensures we stay true to our roots – our purpose if you will, as a cooperative and that we continually invest in ways that support that purpose and ensures its continued success well into the future.

This past year we made investments in all three segments of the business.

In retail, we opened three new stores. The Wendell store on I-84 in south central Idaho opened in May of this last year – a new store that replaced two old stores in a community that has supported the cooperative for decades. Its new location on the edge of town along I 84 gives us access to all the traffic on the interstate and is easy access to all of our customers in the area.

We also purchased two existing stores in the Treasure Valley of southwestern Idaho. Legacy Feed and Fuel with locations in Meridian and Nampa, was offered to us this past year. These stores were very similar in their look and their offering and we felt this was a great opportunity. These are communities that Valley Wide has had a presence in but only in energy and agronomy. Purchasing existing stores that offered both farm and home supplies as well as fuel allowed us to be in the retail business without the headache and time constraints of building from scratch. All three business divisions are now well represented in this great market.

On the energy side, we opened new locations in Brighton Colorado, Cascade Idaho and Wilbur, Washington. Brighton is a startup business focusing on cylinder exchange and growing the bulk delivery business. Cascade and Wilbur are both investments in current facilities to ensure we have safe and efficient facilities that meet the needs of our customers well into the future. .

In Agronomy, Valley Ag has replaced an old, under-capacity facility in Royal City, Washington with a new 4,000-ton dry fertilizer facility. Our Paul, Idaho facility received a new office and warehouse, and we added some needed liquid fertilizer storage in Mount Angel, Oregon.

But investments are not to be limited to brick and mortar alone. Just like a home is not a home without the family, this company can't be what it is meant to be without the people who work here or the people this company is here to serve. Investments must be made in our employees, our communities and our customers.

As CEO, I'm tasked with ensuring we have a reliable, talented, and dedicated team that you as members and customers can count on day in and day out. Not an easy assignment when you consider how difficult it is to find quality help in a very competitive environment. For me, it starts with finding leadership at the top that is of the highest quality and character. People like

Brad Locke – our Chief Financial Officer and
Chief Operating Officer, Greg Mapes –
George Barron, our Vice President of Human Resources
Richard Gallegos, Vice President of Information Systems
Brad Barnes, Director of member accounts
Jake Astorquia, Vice President of Energy
Greg Wood, Vice President of Retail and last but not least,
Greg Lierman, General manager of Valley Agronomics

These are the ones who report to me and are responsible for carrying out the mission for Valley Wide and Valley Ag. They represent an investment in people – in leadership - that has paid tremendous dividends. All of them would say the same about the ones who work for them throughout the company. We have a great team of people.

We've also made investments in our communities. All total, I believe the dollar amount is almost \$500,000 for this last year in grants and donations to support local initiatives and needs. Food banks and food drives for the needy, donations to first responders to help in the acquiring of needed equipment. 4H and FFA are also top of the list when it comes to making investments in our communities. All these investments not only pay valuable dividends but are part of fulfilling our responsibility as a vital part of the communities we do business in.

And lastly, Investments in our members are amongst the most rewarding. We do this through the support of the key associations our members are a part of like the FFA, the 4H, Leadership Idaho Ag, and the time and money we invest with the Farm Bureau into the Young Farmers and Ranchers group is an investment in our membership. Scholarships are also an excellent way to invest in our membership. This last year we helped sponsor 15 students with \$2,000 each in educational funds to help them on their way to a promising career. Money well spent.

Looking forward

Let's talk about what's ahead.

Someone asked me onetime if, as a pilot, I was licensed to fly at night. I said "sure, the only thing hard about flying at night is the fact that you can't see". To which they had no response – just this puzzled, awkward look on their face. The fact is, at night you need to

rely on all the other sources of information to maintain coordinated flight – which is ok if you’ve done your homework and are prepared.

Looking ahead for Valley Wide is somewhat the same. You don’t really know what’s ahead because you can’t see the future – but you can prepare for it, plan for it and because of your experience, can make some fairly reliable assumptions as to what you’ll encounter and how to navigate through it all.

I think 2025 will be a more challenging business environment in that farm income has declined significantly since 2022, as has the general population’s disposable income and its forecasted to decline again in 2025 before any recovery begins. The cost of labor remains high as does the cost of any equipment repairs. Add to these inflationary pressures the cost of money – or high interest rates – and you have conditions that equate to farmers spending less. Paying more for labor, supplies and repairs and borrowed capital returns no additional return for the business like adding equipment might, or buying additional fertilizer would. You would expect a return on those investments. Inflation and high interest rates just add expense. The same applies to your cooperative. We also know that competition will continue to be relentless for the products and services we sell – we are all fighting hard for the dollars to be spent.

Our game plan then is to be frugal, careful with our expenses and outshine our competition through competitive pricing and excellent, reliable products and service when you need them.

Challenging economic times can also create opportunities as business owners contemplate their appetite to stay in business. And there continues to be a lot of consolidation in the industry at all levels as businesses try and take refuge or look for an exit strategy. This is particularly true in the cooperative world as local co-ops either struggle to compete with the global giants among them or are looking for partners to join forces with to ensure their success or survival. This cooperative will watch carefully for those opportunities and as always, will carefully scrutinize the ones that may come our way. In the meantime, we have plenty of locations already under our ownership that need attention. Our new California business is ripe for growth in energy and agronomy and our new stores that we just opened will need significant time and attention as well – so there is plenty to do. So, we will control what we can control and navigate the rest.

2025 is also the beginning of my 30th year with the company. A lot has changed since my beginnings in Menan, Idaho with a one-location company and \$3 million in sales. I remember years ago when we were just getting started and I was telling my wife, Reyne, how the little co-op was growing and doing well. I’ll never forget the words she told me – how they both humbled me and inspired me. She said, “don’t you realize that me and the

kids pray for the co-op every day?” The Lord sure has blessed this little cooperative – not with just financial success but something even better. Many great employees and thousands of great customers who believe in the cooperative way of business.

Thank you for your continued support and we will see you - in person – next year.