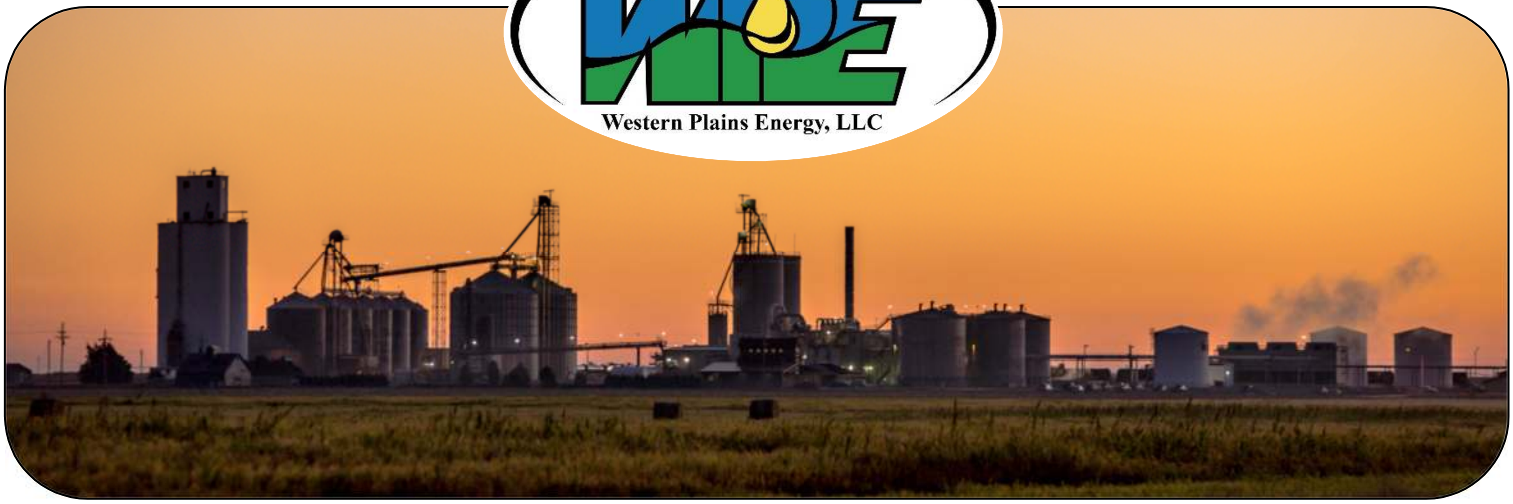
Western Plains Energy, LLC



January 2023 Newsletter

And just like that, we have completed the first quarter of the new fiscal year. As shared in the October 2022 newsletter, FY2022-23 is proving itself to be a challenging year. The drought had a substantial impact on corn and sorghum production in the state, leaving a much smaller supply of grain. The latest USDA crop report pegged the 2022 Kansas corn crop at 510.6 million bushels, which is 32% lower than the previous crop year. The report also reported 105.3 million bushels for the Kansas sorghum crop, which in less than half the production of the previous year.

Crop Year	Kansas Corn Production (million bu)	Kansas Sorghum Production (million bu)
2018	642.42	233.20
2019	800.66	204.00
2020	766.48	238.00
2021	750.60	265.20
2022	510.60	105.30

Competition for both corn and sorghum has been strong as end users work to secure their grain needs. Our ability to compete against the other end users of grain is limited by the value of the products that we sell. As a result, we made the decision prior to harvest to reduce our production rate starting in October to minimize the financial impact of the higher priced grain. We have also tried to be more patient and opportunistic in our grain purchasing, and we are securing grain from areas outside of our normal grain draw region. Lastly, sorghum has proven to be a good alternative for us this year compared to corn.

The unaudited financials for the first fiscal quarter of the year are included with this newsletter. As mentioned above grain costs have been a major challenge for us this fiscal year. For the first fiscal quarter, the average market price for corn was $6.68 per bushel with a high of $6.98 and a low of $6.26 per bushel. Comparatively, corn prices for the first quarter of the previous fiscal year averaged $5.67. Basis values this year are averaging around $0.50 per bushel higher.

October opened with Chicago cash price ethanol at $2.36 per gallon, and values made a steady incline up to $2.84 per gallon in early November. This set the stage for a good financial performance for November. After the peak, ethanol cash values fell to $2.10 by mid-December, which then set the stage for a poor financial performance in December.

With the reduced production rate in the first quarter, the volume of ethanol sold for the quarter was down 17% compared to the same quarter last fiscal year, and the net unit value of ethanol sold was down $0.60 per gallon. Tons of wet distiller grain sold were 6% lower, but the unit price increased 40% due to the increase in grain pricing. Pounds of distiller oil sold were down 36%, but the value of the oil sold increased by an average of 8 cents for the quarter. Overall, net sales were 24% lower for the first quarter of this fiscal year compared to the same quarter of the previous fiscal year.

Grain expenses were 11% higher and bushels used was 18% lower for the quarter compared to the same quarter last fiscal year. Ingredient expenses were 14% lower, and energy expenses were 2% higher. Overall net income for the quarter was substantially below that from the previous year, as we had an extremely strong first quarter performance last year. The ethanol yield for the first three months of this fiscal year finished nearly 3% better compared to the same quarter from last fiscal year. Natural gas usage was 9% lower and electrical usage was 10% lower. Both natural gas and electrical usage on a per gallon of ethanol produced basis increased by 7% for this quarter compared to the first quarter of previous fiscal year.

As we look forward, this fiscal year is expected to continue to be a challenge. The availability and the price of grain will continue to put pressure on margins. The value of ethanol is also likely to be of concern, especially for the winter months. As mentioned many times over the years, the first three months of the calendar year are almost always our most challenging months. Gasoline demand is usually at its lowest during these months, which means that demand for ethanol is also at its lowest. Further, our industry has had a difficult time slowing production to meet the reduced demand, which results in the erosion of margins. As such, I believe that these next couple of months are going to continue to be pressured, and then hopefully we will see some margin improvements in the spring when gasoline and ethanol demand picks back up.

I mentioned in the previous newsletter that we are moving forward with the construction of additional grain storage silos. The new storage will replace some of the older, dilapidated assets that we have and will also add about 600,000 bushels of new storage. The crews have been onsite the last several weeks completing the civil work prior to the construction of the silos.

Included with this newsletter is your copy of the FY2021-22 audited financials. In addition, K-1's for members will be sent out in the mail in the near future.

Our 2023 Annual Meeting of Members is scheduled for March 21st at 6:30pm at the Oakley Country Club. We hope to see everyone there for the meeting, and please be on the lookout for additional meeting information that will be sent in the mail.

Save the Date

2023 Annual Meeting
March 21st at 6:30pm
Oakley Country Club

Employee Highlights

Employee Work Anniversaries

Name	Position	Start Date	Years of Service
Barb Boldt	Commodities Clerk	3/17/2004	19
Verlyn Richardson	WPT Driver	1/29/2011	12
Darin Honeyman	WPT Driver	1/29/2011	12
Dusty Zerr	CFO	3/1/2018	5
Kyle Braun	Materials Operator	1/4/2021	2

Employee Birthdays

January Birthdays	Tracy Ellegood, Miranda Ashmore, Valdemar Rubio-Gomez
February Birthdays	Troy Meier, Jesus Campos, Justin Deges
March Birthdays	Giovani Caasi, Kyle Braun, Tom Womack

Welcome to our newest employee:
Nate Bellamy (Maintenance Manager)