

Millogram



OUR MISSION: Providing Quality Feed for Quality Food.

A Message from Our Chief Executive Officer

INTRODUCTION

The last six months have been some of the most difficult we have experienced as an organization as we managed through the COVID pandemic. In a very short period, we had to:

- Ensure we could operate all our feed mills remotely, if personnel shortages or severe illnesses and personnel absences occurred;
- We had to take actions to ensure that we had adequate ingredients and products on hand to manufacture feed should our supply chain be disrupted;
- There were customer contract cancellations requiring us to modify our operations; and,
- We had to make major technology modifications to enable larger portions of our team to work remotely.

While we faced all these challenges successfully, there has been some price volatility impact on the supply markets and shortages around ingredients and products. This supply challenge is now being compounded in part in the ingredient area by the grain market in Pennsylvania not being as strong as the prior year. More specifically, the upcoming harvest will be negatively impacted in certain Pennsylvania regions by the lack of adequate precipitation, and overall yields are expected to be lower. This means, in all likelihood, that more upward pressure is likely to occur on grain prices as discussed further below.

Despite the pandemic distraction, we have been able to move forward with many of our initiatives, some of which are highlighted in this Millogram.

DRIVING EXCELLENCE IN MANUFACTURING

We have continued to invest in new equipment for our mills to maintain and improve our cost effectiveness. As you will read in this newsletter, we completed major enhancements at the new Benton mill we acquired, which will largely be focused on serving dairy customers.

Investments were also made in our soy plant by putting in

new extruders and new bins to achieve more segregation of processing conventional and organic soybeans allowing us to move between these areas as demand changes. Today, we are operating our soy plant at almost full capacity.

Production planning and how we intake customer orders was also a major focus area in the last quarter as we strive to be more efficient in our feed manufacturing at each mill. The objective is to have longer production runs, more lead time with orders for planning production, and less changeovers to facilitate effective production scheduling.

Finally, my congratulations to our entire team for the successful ISO process recertification audit of our manufacturing and delivery processes and procedures by a 3rd party that was completed this summer. We have a relentless focus on continuous process improvement, and this is a validation of that effort. You will read more about the ISO certification in this newsletter.

DIVERSIFICATION FOCUS

As previously reported, we have a new focus on the dairy area and with the recent acquisitions we now have three mills that will be part of a dairy business unit focused on this segment—Martinsburg, Benton, and Gordonville (Hoover Feeds). Over the next year, we plan to bring more focus and energy around serving the needs of customers in this area as discussed in another section of the Millogram.

INGREDIENTS AND MARKET OUTLOOK

Consensus today in the corn market is for higher yields in new crop corn vs. the current USDA forecast. As we are writing this Millogram, harvest is underway, and market expectation is for the corn harvest nationally to be halfway completed by early October with supportive weather. In PA, we are right at that time frame where as soon as the corn crop dries out a little bit, we will be harvesting in southern PA. Northern PA

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markets still have some time yet until that harvest is ready to come to market. The USDA Grain Stocks Report Summary from August 30, 2020 showed national corn stocks are 10% lower than September 19 and 11% lower than the average estimate for this report, coming in at 1.995 billion bushels. Nutrifly's estimate for the corn market over the coming month is to trade sideways to slightly higher from here until we see another crop report that reflects the larger anecdotal yields coming out of the fields vs. USDA's current outlook. The next USDA report will be out on October 9, 2020.

In the current time frame, soybeans and soybean meal are both absorbing competitive market pressure within their current values. This is due to a combination of factors, export pressure and South American prices being big components of that discussion. Initial soybean yield surveys and harvest progress indicates a higher yield vs. USDA's 51.5 bushels per acre

estimate. In summary, we're at the upper end of the ranges in beans and meal and middle to lower end for corn. Barring any major market movements, we would expect the price outlook to stay relatively fixed for the coming few months.

STEWARDSHIP AND GIVING BACK

We continue to focus on giving back, and we're proud of the number of educational scholarships we awarded students and to the expanded support we gave to FFA across many counties where operate, all of which are highlighted later in the Millogram.

In closing, I want to thank all our customers for the opportunity to serve you, and we will continue to work hard to earn your business every day. Should you want to discuss any issues, please do not hesitate to reach out to me at phil.rohrbaugh@thewengergroup.com as I am always interested in the perspectives of our customers, team members, and suppliers. We want to remain as the Go To Company!

ISO: Expanding and Updating our Certification

In 2004, the Company sought ISO certification for the Wenger Feeds division. ISO is an international set of standards common in manufacturing. The International Organization for Standardization is an international standard-setting body composed of representatives from various national standards organizations. Founded in 1947, the organization promotes worldwide proprietary, industrial, and commercial standards.

Now sixteen years later, Wenger's remains the only feed manufacturer in North America to achieve triple certification in ISO 9001: Quality, ISO 14001: Environmental Management, and OHSAS 45001: Occupational Health and Safety.

The ISO standards allow us to differentiate in the market, and help us strive toward our continual improvement goals.

BENTON AND MARTINSBURG INTEGRATION

Currently, seven of the Company's mills follow the ISO standards, and the team is in the process of implementing them at the newest mills—Benton and Martinsburg.

The ISO Leadership Team, Vice President and Chief Nutrition Officer Dr. Raj Kasula, Environmental, Health and Safety Manager Sean Cramer, Quality and Food Safety Manager Justin Collins, Quality Assurance Support Clay Henry, and Quality Systems Administrator Katrina Long visited Martinsburg and Benton this summer to conduct initial training that introduced the Quality Management Systems and ISO Standards. Over the

course of the next 18 months, the ISO Leadership Team will work closely with the operations leadership at both mills in preparation for ISO Certification.

ISO 45001:2018

In addition to achieving full ISO recertification at seven mills, the team also recently achieved certification to a new safety standard: ISO 45001:2018.

CEO Phil Rohrbaugh noted, "Safety is one of our Core Values. ISO 45001:2018 is a voluntary standard, and as a Company, we feel being compliant with this standard will make us a better employer. Team members are our most valuable assets."

The process to achieve the new standard started a year ago when Vice President & Chief Operating Officer - Manufacturing Brad Wagner, and Safety and Occupational Health Coordinator Joanne Nace started the process of conforming the Wenger processes and practices to the ISO 45001:2018 standard.

The effort started with a gap analysis by an outside consultant and included an evaluation of the Safety Management System from top to bottom with significant input from all stakeholders.

Over the course of nine months, the team revamped and created new procedures to help the Company conform to the standard. The Hazard ID and Risk Assessments were revamped to evaluate every hazard at each location to allow for additional

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safety precautions, and to help improve safety measures. The Interested Parties Register document was created to evaluate Wenger Feeds' interested parties relevant to the Safety, Quality, and Environmental Management Systems.

Safety's main concern is that team members have a safe place to work at Wenger Feeds and that everyone goes home

after their shift in the same condition that they came to work. During the recent audit, these procedures and various other supporting documents were reviewed thoroughly to determine if we, as a Company, are conforming our culture to include every team member's voice. We achieved this goal of transforming our culture, and we will continue to implement this safety focus every day.

Introducing: Dairy Feeds **WENGER'S RETURNS TO DAIRY FEED MARKET WITH NEW LINE**

Wenger Feeds is again entering the dairy market with a full line of feeds available on August 1, 2020. "We're entering the dairy market again, but we've been here before. Our founder, Mel Wenger, had a keen interest in dairy cows and even owned his own personal herd. Our business has focused on excellence in poultry and swine for several decades, and now we're ready to bring our experience in research, manufacturing, and service to the dairy market," noted Eric Miller, Vice President and Chief Sales and Marketing Officer.

RENOVATIONS AT BENTON

Recently completed renovations at Wenger's Benton Mill will support the dairy effort. The renovations improved the flow of ingredients and increased the storage capacity of finished feeds that are ready for delivery. The changes also included streamlining of several manufacturing processes resulting in improved labor efficiency.

An integral part of the new bulk load out facility at Benton is a high-speed blender that accurately applies varying amounts of molasses to the feeds. This is especially important in the manufacturing of textured feeds for cows and calves. The renovations increased the finished feed capacity from 128 tons in 8 bins to 256 tons in 16 bins. Increased capacity allows for the manufacturing of larger batches, which brings on added efficiency. The project also included a new scale, which improves the speed of weighing the various feeds and commodity ingredients that are delivered to farms.

Warehouse space was increased to increase volumes of bagged ingredients that could be purchased and stored for use in feeds. Also, a pellet mill upgrade is in progress, which will enhance efficiency of the pellet manufacturing process

ACQUISITIONS

Wenger Feeds further reinforced its commitment to the dairy feed segment with its significant investment in Hooper Feeds,

Gordonville, PA in 2019 and the later purchase of the mill in late 2020. In addition, the Martinsburg Mill, acquired as part of Risser Grain, will also support the dairy segment. These acquisitions and investments are strategic, building upon a legacy of service to dairy customers that was started 75 years ago.

These investments also add a wealth of experience and expertise in dairy nutrition, forage analysis, formulation, and producer relationships to the pool of already established segment leadership of Wenger Feeds with other species. "Our innovative approach and practical dairy modeling tools will differentiate Wenger's value proposition to the dairy producers and establish a mutually beneficial partnership," says Dr. Raj Kasula, Vice President & Chief Nutrition Officer, also responsible for the Dairy Feeds initiative.

RESEARCH AND QUALITY CONTROL

As you can read on page two, the Benton Mill and Martinsburg Mill are in the process of achieving triple ISO certification by 2022. Quality Management Systems and ISO certification ensure that the established best practices are followed uniformly and consistently across the mill network among ingredient and feed quality, purchasing, manufacturing, and delivery.

Wenger Feeds has historically placed a strong emphasis on research and innovation and currently operates four monogastric research houses to test ingredients, feeding programs, and management techniques in real-world environments. The Company also operates its own Nutrition and Quality Control Laboratory and expects to set similar standards to servicing the dairy industry

Dairy feeds are available now from the Benton, Martinsburg, and Gordonville Mills. The products are supported by a team of dairy nutritionists with over 150 years of combined experience in the industry.

Ordering Guidelines FAQ

Customer Service Hours: Just a reminder that our Customer Service department is open 7 a.m. to 5 p.m. Monday through Friday. Please submit your orders during these business hours.

Express Delivery Charges: In order for us to provide top service to all of our customers, we request a minimum of 48 hours' notice for feed deliveries as all orders are made on demand. Orders received with a lead time of 8-48 hours will be assessed a charge of \$250 per occurrence. Urgent orders that are needed as soon as possible or required to be on farm in less than 8 hours will be charged \$500 per occurrence.

Weekend Orders: Normal orders that are placed on the weekend will be entered on Monday. Urgent orders that are placed on the weekend will be entered by our on-call customer service representative and will be assessed the appropriate Ex-

press Delivery charge. Please note that Sunday is not considered a production day; therefore, those hours are not included in the lead time for orders. For example, orders must be received by noon on Friday for Monday afternoon deliveries in order to not fall under 48 hours.

Questions: We understand that issues may arise that are outside of your control like plant breakdowns, processing schedule changes, severe weather, or other extenuating circumstances. Express orders resulting from these scenarios will be exempt from the additional fee. If you have any questions or concerns regarding our Express Delivery program, please contact your Relationship Manager or the Customer Service team. You can also find more information at our web site: <https://www.wengerfeeds.com/contact-us/>

STEWARDSHIP: PICNIC FUNDS DONATED TO FFA

Out of an abundance of caution, we have made the difficult decision to cancel this year's customer picnic. In lieu of an event, the Company donated to ten different local FFA organizations including: Benton FFA, Pequea Valley FFA, Manor FFA, Central FFA, Smyrna FFA, Elizabethtown FFA, Montgomery FFA, Manheim FFA, Shippensburg FFA, and Tri-Valley FFA.

"Stewardship is one of our core values, and we were looking for a place to give back to each community we serve. The FFA felt like a natural choice as it is the premier youth organization preparing members for leadership and careers in the science, business and technology of agriculture," noted Eric Miller, Vice President & Chief Sales & Marketing Officer.

TECHNOLOGY & IMPROVEMENTS: AUGER BOOTS REINFORCED

The Transportation Team completed several prototypes for a project to reinforce auger boots with heavy duty collars. Transportation Manager Chris Salisbury noted the steps in the process, "In the event that a boot is separated from the boom, we have secured harnesses and other proper personal protective equipment to allow a trained individual to retrieve the boot if reachable. If we cannot reach the boot, we will work with the grower to monitor the boot's travel through the bin and retrieve it from the bottom of the bin before it impacts the feed augers." Several designs are currently being tested on a select group of trailers.



Ten Receive Scholarships from the Wenger's Feed Mill Scholarship Foundation

The Wenger's Feed Mill Scholarship Foundation is pleased to announce the winners of the 2020 Scholarship.

The 2020 recipients and their Pennsylvania home towns are as follows: Alena Clary of Montoursville, Madison Clary of Montoursville, Zachary Falk of York, Rebecca Gillette of Elizabethtown, Levi Kennel of Turbotville, Hunter Knorr of Valley View, Erin Lownsbery of Elizabethtown, Hannah Marvin of Shickshinny, Alexis Slimak of Mount Joy, and Lauren Wood of Maytown.

"For the past five years, we have received applications from students pursuing a wide variety of degrees from healthcare and filmmaking to accounting and physics. We awarded scholarships to ten students this year including six repeat recipients," noted Lynda Limpert, Chair of the Board of Directors of the Wenger's Feed Mill Scholarship

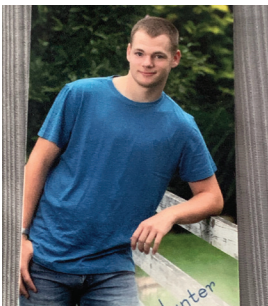
Foundation. The Foundation awarded \$50,000 in scholarships this year.

"Our team members are our greatest asset. We appreciate their dedication to The Wenger Group and are delighted to aid their children in attaining their future goals."

Individual awards are determined by the Board of Directors of the Wenger's Feed Mill Scholarship Foundation. Awards are available for use at accredited colleges or universities, community colleges, as well as trade and technical schools.

Launched in 2015, The Foundation awards academic scholarships exclusively to eligible full-time team members of The Wenger Group companies.

"Our team members are our greatest asset. We appreciate their dedication to The Wenger Group and are delighted to aid their children in attaining their future goals," noted Barry Shaw, Executive Chairman of the Board of The Wenger Group.



(Top row) Alena Clary, Madison Clary, Zachary Falk, Rebecca Gillette, Levi Kennel, (Bottom row) Hunter Knorr, Erin Lownsbery, Hannah Marvin, Alexis Slimak, and Lauren Wood.



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■ GRAIN RECEIVING CAMERAS

If you haul corn or soybeans to the Rheems, Mount Joy, Shippensburg, Spring Glen, Massey, or Muncy Mills, check our grain receiving cameras. Use the icon on the home page of wengerfeeds.com or click on "Grain Receiving" under the About tab.

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