



October 24, 2022

Dear Amana Society, Inc. Stockholder:

Introduction

In the third quarter of 2022, we began to experience the impact of historically high inflation. To offset the effect, we continue to raise prices. The organization is in a strong financial position. We remain watchful of the overall health of the consumer as interest rates have risen and inflation is at a 40-year high. In 2021, success in retail sales helped to offset low crop sales but in 2022, the reverse has taken place.

Operating Results

Financial results through the second quarter 2022 are shown in the following table. Operating results for Amana Society, Inc. show a sales increase of \$4,262,201 compared to 2021. Key drivers include a \$1.1 million increase in sales at Cedar Rapids Millwork compared to last year. Crop and beef sales increased by \$3.15 million collectively. Service Company sales were down by \$134,449. Hotel Millwright sales were up \$184,784 year-to-date.

Retail sales began to show signs of a more cautious consumer during the third quarter. Retail businesses, excluding the meat shop, show a year-to-date sales decline of \$169,689 compared to last year. Inflation during the first half of the year ate into profit margins, but all businesses have now raised prices and gross margins are back in line. Meat shop prices were raised 18% since Easter.

AMANA SOCIETY, INC. & SUBSIDIARIES
Year-to-Date September 30, 2022

	Sales		Profit (Loss) Before Tax	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
Amana Society, Inc.	\$ 19,071,669	\$ 17,964,861	\$ (2,411,630)	\$ (1,359,734)
Amana Farms, Inc.	\$ 12,824,792	\$ 9,537,185	\$ 2,917,605	\$ 1,359,494
Amana Society Service Co.	\$ 7,930,223	\$ 8,064,672	\$ 1,226,856	\$ 1,551,551
Total from Continuing Operations	\$ 39,826,684	\$ 35,566,718	\$ 1,732,831	\$ 1,551,311
Community & Stockholder Expense	\$ 30,997	\$ 28,762	\$ (330,524)	\$ (286,152)
Total	\$ 39,857,681	\$ 35,595,480	\$ 1,402,307	\$ 1,265,159

The figures in the table for Amana Farms are reflective of Crop, Beef, Administration, Forestry, the Digester, Fertilizer, and the RV Park.

Amana Farms

Amana Farms, Inc. (AFI) reported year-to-date sales of \$12,824,792 and pre-tax income of \$2,917,605 in 2022. This compares with sales of \$9,537,185 and pre-tax income of \$1,359,494 in 2021. Crop sales increased by \$2,205,961 over 2021, due to a larger 2021 harvest compared to the derecho year in 2020. Beef sales were up by \$950,801.

Despite dry conditions, the 2022 crop appears to be good with anticipated yields exceeding 220 bushels per acre for corn and 61 bushels per acre in soybeans. Acres harvested should equal acres planted as we did not experience any flooding in 2022.

2022 Products - Planted by Acre

Corn		Soybeans	
White Corn	2,523	Soybeans NGMO	1,540
Waxy Corn - Traited	834	Soybeans - Plenish	408
Waxy Corn NGMO	1,617	Soybeans -Bayer - Rent Back	869
Silage/HM Corn	545		
Total	5,519	Total	2,817

The Anaerobic Digester and the **Land Application** businesses continue to prove valuable. Through the third quarter, they collectively accounted for income of \$559,643, but trailing \$670,602 in 2021. We anticipated building a 4th storage tank for the IFF fertilizer product in the third quarter of 2022, but we've put that off until 2023. Once built, it will provide Amana Farms, Inc. the capacity to meet service obligations going forward, and to grow that business.

Amana Farms Beef was started to mitigate market risk. Sales through the third quarter totaled \$135,019 in 2022, far exceeding \$76,073 in 2021. The sales increase can be attributed to multiple factors including participation in Farmers' Markets including those in Cedar Rapids, Iowa City and Hiawatha, and the launching of a delivery service in the Cedar Rapids and Iowa City corridor. We've also seen success selling some product through the Amana Meat Shop. Product is sold under the Amana Farms Beef name and through the website amanafarmsbeef.com. We're concerned that inflation in meat prices will hurt sales in the near term.

Service Company

The Service Company reported year-to-date sales of \$7,930,223 and pre-tax income of \$1,226,856 through the third quarter of 2022. This compares with sales of \$8,064,672 and pre-tax income of \$1,551,551 in 2021. During the third quarter, the water tower in Homestead was painted. The biggest project in the foreseeable future is to replace the water main along V Street in Homestead.

We still await guidance on the testing results from the 2020 highly publicized high nitrate levels at three Amana wells. All three wells remain offline. In the interim, the Service Company continues to have plenty of capacity to handle the needs of the community.

Retail (Amana General Store, Amana Woolen Mill & the Amana Furniture Shop)

Collectively the Amana General Store, Little Red Wagon, Haus Maus Tees, Amana Woolen Mill and Amana Furniture Shop reported sales of \$3,775,744 and a pre-tax loss of \$137,710 through September. This compares with sales of \$3,945,433 and a pre-tax profit of \$166,482 through the third quarter of 2021. The disconnect between sales and profitability though the third quarter can be attributed to inflation and the deterioration of gross margins. Input costs affected by inflation include labor, materials, and transportation (shipping), driven by higher fuel costs. We have brought current gross margins back in line but in some cases, there was a lag as inflation accelerated very rapidly. In other cases, we were contractually locked into prices, which we have now rectified.

Third quarter traffic at the retail stores was noticeably less than in 2021. Total sales were slightly less but prices were significantly higher which means we sold less overall product.

Amana Meat Shop

As covered in the last newsletter we struggled with sales margins during the first half of 2022 as we were locked into catalog prices while meat costs were accelerating. Since Easter, we've raised prices by approximately 18%. Year-to-date sales of \$4,238,959 trail 2021 sales of \$4,526,779. Gross margins through September were 22.5% in 2022 compared to 23.7% a year ago. The difference translates to \$50,868 in profitability. Gross margin in September, following the latest price increases was 30.0%. Troubling though is that in September, catalog sales trailed last year by \$68,386. It's too early to know if this is a trend.

Hotel Millwright

Hotel Millwright third quarter sales disappointed. Through September, total sales are 26.6% under budget. Room revenue was 25.3% under budget, restaurant sales were 44.0% under budget, and banquet sales were 4.6% under budget.

In June, the decision was made to exit the agreement with IDM and look for another management company, as ASI does not have the in-house expertise to run a hotel. Per the contract, IDM was officially notified of the intent on October 1 with a termination date of January 1, 2023. IDM Hospitality served the purpose of the hotel development and opening, but now we need a partner positioned to grow the business.

After much research we identified Leisure Hotels and Resorts (LH&R), domiciled in Baxter, MN., as a viable replacement. LH&R has more focus on resort/retreat/vacation properties and the marketing expertise needed to get Hotel Millwright on plan. We're currently working through contract details and hotel staff has been informed of our intent to change. So far, the dialogue and the beginning of the transition is going smoothly.

Getting Hotel Millwright on plan is the greatest area of emphasis for the organization.

Note: The Indigo Room continues to offer a 15% discount to all Amana Society employees, Amana Society Shareholders, and residents of Amana on Sundays and Wednesdays. The discount will be applied to food and drink orders in the Indigo Room.

Amana Golf Club

Sales through the third quarter totaled \$1,157,435 compared to \$1,092,803 for the same period last year. The results are very good considering there were many more rainout days in 2022 than in 2021. The course is in outstanding shape.

Cedar Rapids Millwork

Cedar Rapids Millwork continues to have another strong year in 2022. Year-to-date sales total \$5,920,214 compared to \$4,815,969 in 2021. Pre-tax 2022 income \$360,676 far exceeds 2021 income of \$184,036. Open orders have stayed strong despite rising interest rates, however with a 20-year high in mortgage rates, we're cautious and expecting at least a slight pullback that will continue well into 2023.

Amana Insurance

On August 25, 2023, Bruce Eichacker officially retired from the Amana Insurance Agency after 56 years at Amana Society. Billy Martin joined Amana Insurance in early May as a sales agent. Billy came to Amana Insurance from Farm Bureau in Hiawatha. Year-to-date, insurance sales total \$2,083,345 compared to \$1,872,699 in 2021.

This year, we've successfully brought on Travelers Insurance as a carrier and are considering growth in other areas, including offering more life insurance and legal insurance. These areas could provide significant markets for growth in the future.

Eco Park - Disc Golf

Amana Society Inc. is in the final stages of constructing the disc golf course to the south and east around Hotel Millwright. This is the first step in developing and Eco Park along Price Creek. The general course layout is known and the hardware for the holes has arrived. We've contracted with an individual that designed the popular Wildcat Disc Golf Course in Urbana, IA. Although the layout is known, the contractor wants to bring in several competitive players to "throw" the proposed course to ensure the layout is one that will draw players. This likely sets the course opening to the spring of 2023. The course will be a great addition to Amana and to the hotel.

Agritourism

We've completed the marketing, feasibility, environmental and engineering studies needed to apply for funding under the Destination Iowa program, which was implemented by Governor Kim Reynolds. We are now finalizing the financial proforma necessary to apply for funding. Once the proforma is complete, we plan to have the application reviewed by an administrator of the program prior to final submission by the December 31st deadline.

Stockholder Newsletters

If you prefer to receive future stockholder newsletters via email, please send an email request (with your preferred email address in the message) and send your request to: Bruce Trumpold at btrumpold@amanas.net. You may also update your shareholder mailing preferences at

<http://bit.ly/amanashareholder>. This newsletter will also be posted on the Amana Society corporate website www.amanasociety.com in the secure shareholder portal section.

Long Term Debt

At the end of September, long term debt totaled \$21,948,434, down from \$22,241,168 at the end of June and down from \$24,868,620 through September of 2021.

Outlook

Amana Society, Inc. and its subsidiaries are in a solid financial position through September of 2022. Over the last several months, there have been significant changes in the economy due to inflation, which has driven the Federal Reserve to raise interest rates with more on the horizon. This causes some concern about consumer sentiment going forward, but we anticipate people will continue to spend through the 4th quarter holiday season. We're keeping a watchful eye on how this develops.

The performance at the hotel remains the greatest priority for ASI and the management change from IDM Hospitality to Leisure Hotels & Resorts will have a major impact.

Cedar Rapids Millwork has performed very well through the third quarter and open orders remain near all-time highs, although rising mortgage rates at a 20-year high pose a serious threat to the homebuilding industry. We believe the local market is somewhat shielded as Iowa City typically benefits from U of I and the Cedar Rapids market is still short in terms of single-family homes.

Amana Service Company is positioned to have another outstanding year providing consistent financial performance.

Amana Farms is looking to potentially harvest a \$9.5 million crop which would be a record. In addition, we benefit from the use of our own fertilizer from the digester. With grain and cattle prices high, AFI should provide a great hedge against what could be a tough economy in 2023.

We are confident that our core businesses will continue to perform well for the remainder of 2022, but we will continue to carefully monitor the changing economy in 2023.

Sincerely,



Greg Luerkens
President & CEO

Note: This newsletter contains confidential information for the private use of the Amana Society shareholders and is not intended for public use.