

Quarter-end Financial Results – Statement of Financial Condition (unaudited) as of March 31, 2024

Executive Summary

Net income, after tax provision, for YTD March 2024 was \$2,405 thousand. This was \$2,405 thousand better than budget. SunStream operates on a co-operative break-even strategy.

Total YTD Income of \$12,983 thousand was \$(436) thousand less than budget due to less than planned chargeable consulting and project work. Total YTD Expense of \$10,577 thousand was \$(2,842) thousand less than budget primarily due to less than planned contractor spending on strategic projects and less than planned capital purchases of hardware and software.

SunStream's intangible assets continue to grow due to continued work on PLANT and EPM programs and SunStream continued to draw on its note payable with AgriBank to fund these programs.

The following pages display SunStream's unaudited financial statements and analysis for YTD March 2024.

Income Statement – YTD March 2024

SunStream Business Services			
Income Statement			
(in thousands)			
	YTD March 2024		
	Actual	Budget	Actual vs Budget
Vendor Services Income	\$ 12,983	\$ 13,419	\$ (436)
Total Income	\$ 12,983	\$ 13,419	\$ (436)
Salaries & Benefits	\$ 4,780	\$ 5,296	\$ (516)
Purchased Services	1,293	3,028	(1,735)
Depreciation and Maintenance	2,365	3,187	(822)
Communications	1,050	821	229
Other Operating Expenses	1,089	1,087	2
Total Expense	\$ 10,577	\$ 13,419	\$ (2,842)
Pretax Income	\$ 2,406	\$ 0	\$ 2,406
Provision for Income Taxes	1	0	1
Net Income	\$ 2,405	\$ 0	\$ 2,405

- **Net Income (after tax provision)** of \$2,405 thousand was \$2,405 thousand more than budget. The favorable variance is due to the factors noted below.
- **Total Income** of \$12,983 thousand was \$(436) thousand less than budget of \$13,419 thousand. The unfavorable variance is primarily due to less than planned chargeable consulting and project work.
- **Total Operating Expenses** of \$10,577 thousand was \$(2,842) thousand less than the budget of \$13,419 thousand due to the following:
 - o **Salaries & Benefits expense** was \$(516) thousand less than budget due primarily to higher than planned labor credits related to our capital projects.
 - o **Purchased Services expense** was \$(1,735) thousand less than budget primarily due to delays in invoicing for contractor spending.
 - o **Depreciation and Maintenance expense** was (\$822) thousand lower than budget due to less-than-planned capital purchases in the second half of 2023 and in the current year.
 - o **Communications expense** was \$229 thousand higher than budget due to higher than planned postage and processing related to our mailing service. This additional expense was billed as pass through revenue to mailing service customers.

Statement of Condition - December 31, 2023 vs March 31, 2024

SunStream Business Services			
Statement of Condition			
As of March 31			
(in thousands)			
	2023	2024	Increase/ (Decrease)
	December	March	
Assets			
Prepaid Assets	\$ 3,940	\$ 3,563	\$ (377)
Fixed Assets, net	1,699	1,413	(286)
Intangible Assets, net	39,124	41,734	2,610
Right of Use Assets, Net	2,196	1,992	(204)
Other Assets	1,391	1,543	152
Total Assets	\$ 48,350	\$ 50,245	\$ 1,895
Liabilities			
Accrued Employee benefits	\$ 3,707	\$ 2,274	(1,433)
Lease Liabilities, Net	2,328	2,123	(205)
Note Payable to AgriBank	16,323	19,950	3,627
Other Liabilities	3,179	680	(2,499)
Total Liabilities	\$ 25,537	\$ 25,027	\$ (510)
Shareholders' Equity			
Common Stock	\$ 22,500	\$ 22,500	\$ -
Unallocated Earnings	311	2,716	2,405
Accumulated OCI	2	2	-
Total Shareholders' Equity	\$ 22,813	\$ 25,218	\$ 2,405
Total Liabilities and Equity	\$ 48,350	\$ 50,245	\$ 1,895

ASSETS:

- **Prepaid Assets** decreased \$(377) thousand from \$3,940 thousand on December 31, 2023, to \$3,563 thousand on March 31, 2024. The decrease is due to a lower volume of prepaid maintenance contracts related to computer hardware and software and normal amortization.
- **Fixed Assets, net** decreased \$(286) thousand from \$1,699 thousand on December 31, 2023, to \$1,413 thousand on March 31, 2024 due to less than planned capital expenditures and the normal depreciation of hardware and software assets.
- **Intangible Assets, net** increased \$2,610 thousand from \$39,124 thousand on December 31, 2023, to \$41,734 thousand on March 31, 2024. Intangible assets, net is comprised of amounts recorded to work in progress related to the EPM and PLANT capital projects and internally developed software assets that are currently depreciating. For YTD March 2024, \$2,712 thousand of PLANT labor was capitalized and \$141k of expense

related to the building improvement was capitalized. These amounts are partially offset by amortization of intangible assets of \$(306) thousand. As of March 31, 2024, the total amount recorded to construction in progress was \$37,921 thousand and consisted primarily of \$35,877 thousand related to PLANT and \$1,403 thousand related to EPM.

- **Right of Use Assets, net** decreased (\$204) thousand from \$2,196 thousand on December 31, 2023, to \$1,992 thousand on March 31, 2024. The decrease is due to the normal amortization of operating leases, which are comprised of the occupancy sublease and MFP/Printer lease.
- **Other Assets** increased \$152 thousand from \$1,391 thousand on December 31, 2023 to \$1,543 thousand on March 31, 2024. The increase is primarily due to a \$139 thousand increase in accounts receivable related to amounts billed for the Insurance Conference.

LIABILITIES & EQUITY:

- **Accrued Employee Benefits** decreased \$(1,433) thousand from \$3,707 thousand on December 31, 2023, to \$2,274 thousand on March 31, 2024. The decrease is primarily due to the payment of annual incentives in March.
- **Lease Liabilities** decreased (\$205) thousand from \$2,328 thousand on December 31, 2023, to \$2,123 thousand on March 31, 2024. The decrease is due to the normal amortization of operating leases comprised of the occupancy sub-lease and MPF/Printer leases.
- **Note Payable to AgriBank** increased \$3,627 thousand from \$16,323 thousand on December 31, 2023, to \$19,950 thousand on March 31, 2024. The increase is due to funding expenses related to the PLANT project.
- **Other Liabilities** decreased \$(2,499) thousand from \$3,179 thousand on December 31, 2023, to \$680 thousand on March 31, 2024. The decrease is primarily due to the reversal of yearend expense accruals and subsequent delays in vendor invoices.
- **Total Shareholder's Equity** increased \$2,405 thousand from \$22,813 thousand on December 31, 2023, to \$25,219 thousand on March 31, 2024. The increase is due to the recognition of \$2,405 thousand of net income as of YTD March 2024.