Farm Financial Situation

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Introduction

- A brief update on land values
- The farm economy over the last 5 years with an outlook for the rest of 2026 and 2027
- Net farm income (448 farms over the last 5 years)
- Financial Situation
  - Probability of Default
  - Debt to Asset Ratio
  - Working Capital Position
  - Capital Debt Repayment Capacity

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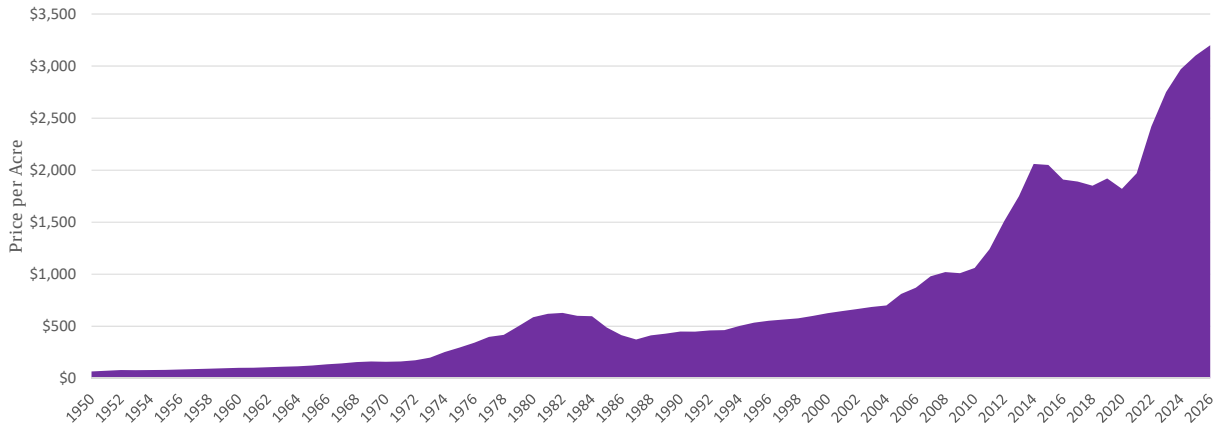
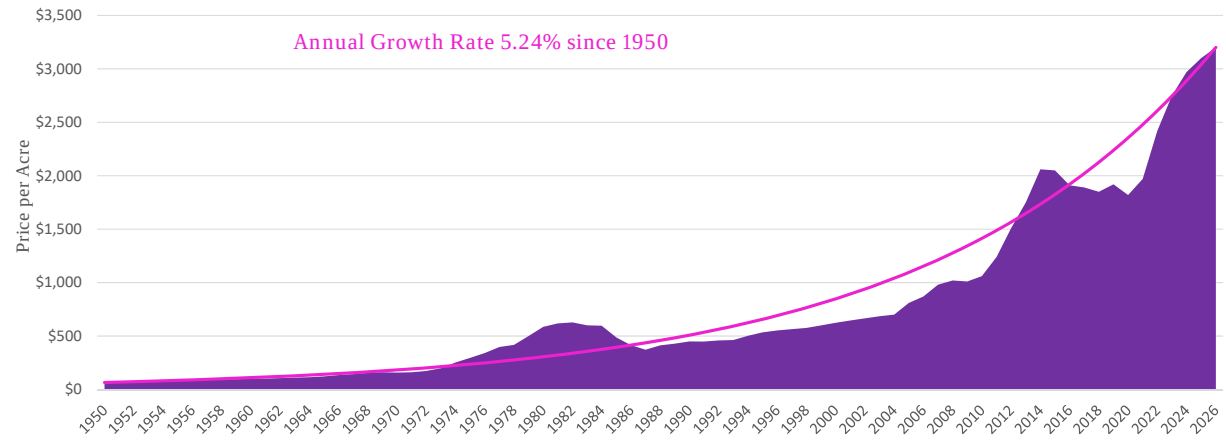
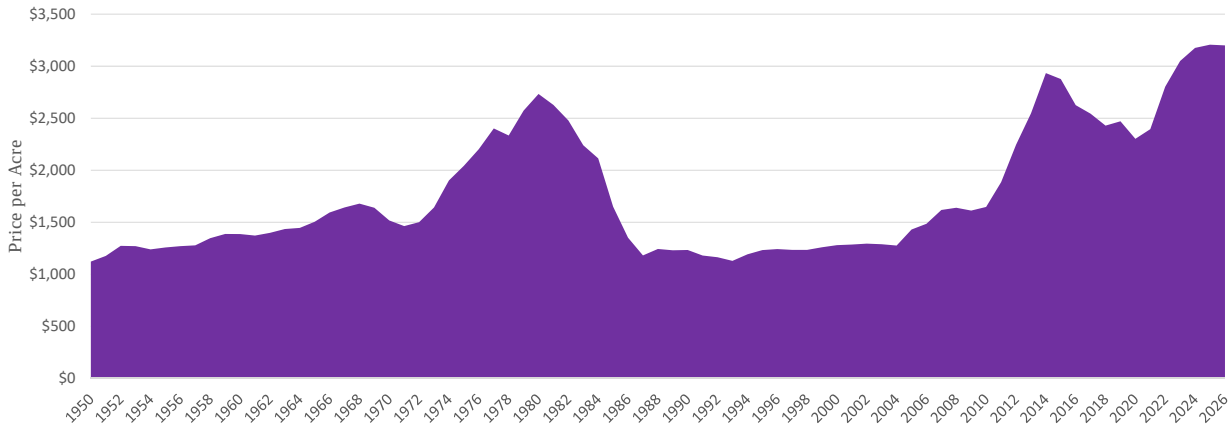
Kansas Land Values from 1950



Kansas Land Values from 1950



Inflation-Adjusted Kansas Land Values



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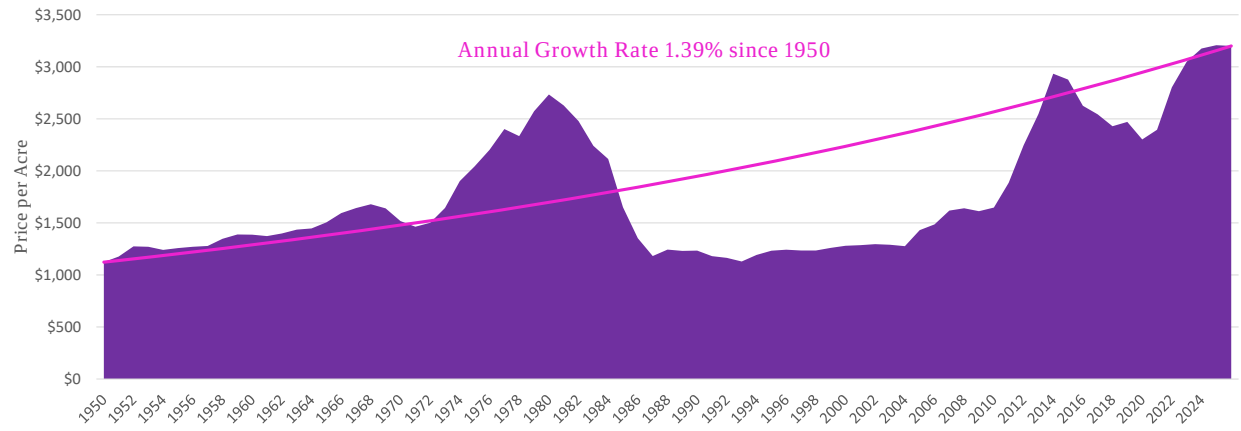
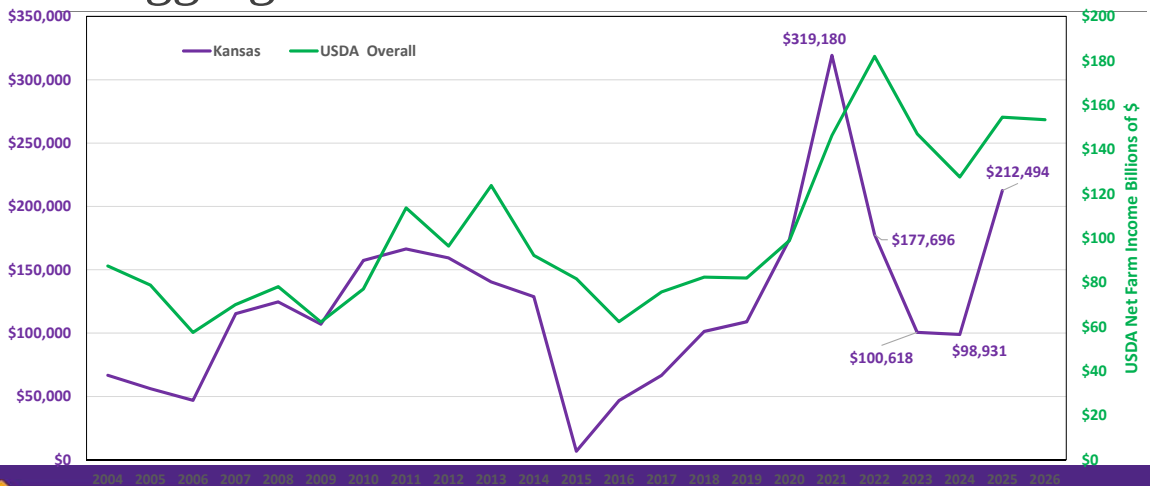


Land Value Summary

- Kansas Agricultural Land Values increased by 22.8% in 2022 and 13.6% in 2023
- Kansas Agricultural Land Values increased by 8.0% in 2024, 4.4% in 2025, and 3.2% in 2026
  - Increased from $1,970 per acre in 2021 to $3,200 in 2026, a 62.4% increase
  - Long-term average increase is 5.24%
  - Kansas nominal land values decrease 18.4% of the years since 1950
- Kansas Inflation adjusted Agricultural Land Values increased by 17.0% in 2022 and 8.8% in 2023
- Kansas inflation adjusted Agricultural Land Values increased by 4.1% in 2024 and 1.0% in 2025, and fell by 0.2% in 2026
  - Increased from $2,395 per acre in 2021 to $3,200 in 2026, a 33.5% increase
  - Long-term average increase is 1.39%
  - Kansas inflation adjusted land values decrease 38.2% of the years since 1950

Net Farm Income – Kansas Farm Management and Aggregate U.S.



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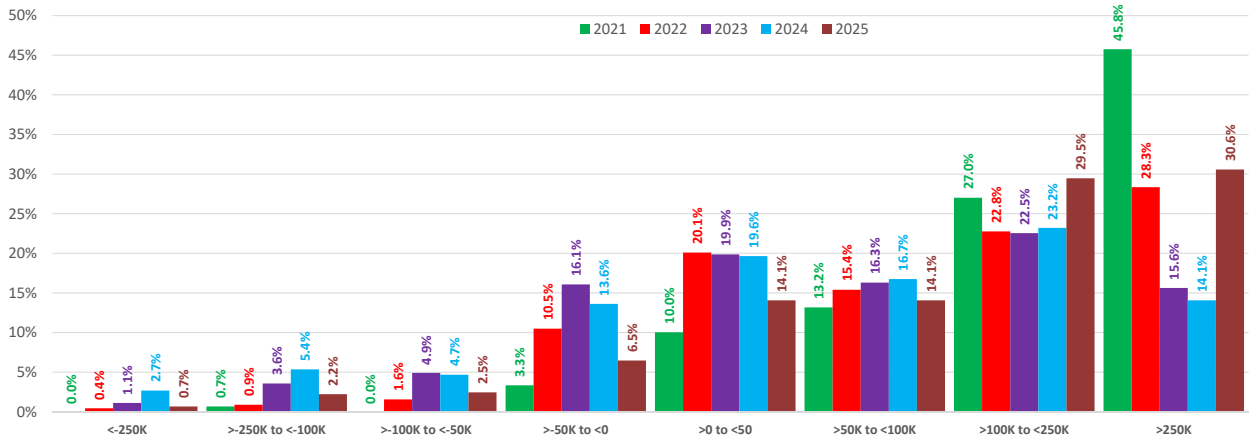
Distribution of 2021, 2022, 2023, 2024, and 2025 Net Farm Income



Accrual Net Farm Income

Income Level	2021	2022	2023	2024	2025
Negative NFI	4.0%	13.4%	25.7%	26.3%	11.8%
NFI < $50,000	14.1%	33.5%	45.5%	46.0%	25.9%

Only 5 farms had negative NFI for all 5 years (1.1%)

220 farms had positive NFI for all 5 years (59.1%)

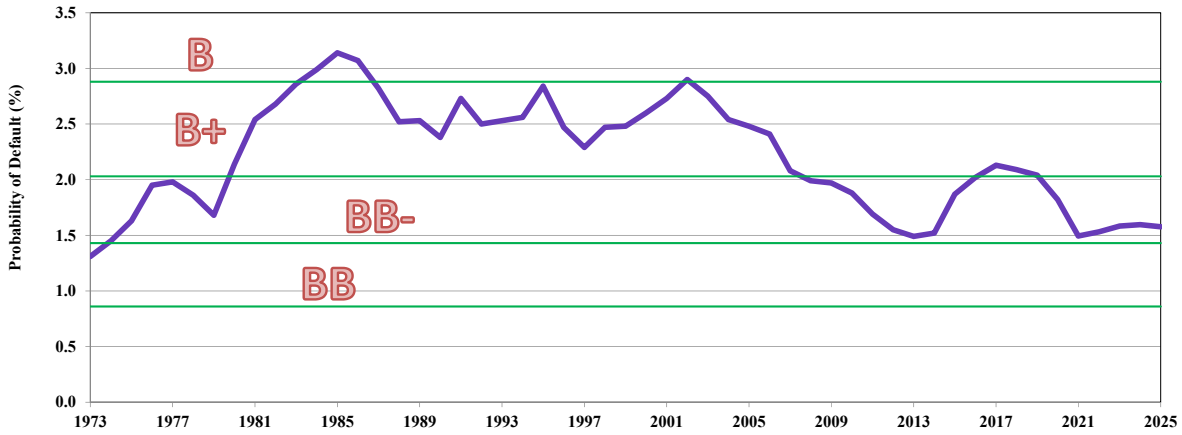
KFMA Average Net Farm Income and Government Payments

	2021	2022	2023	2024	2025
Net Farm Income	$345,673	$210,553	$105,495	$104,911	$232,598
Government Payments	$59,265	$23,366	$22,750	$66,954	$105,824
Government Payments as a Percent of Income	17.1%	11.1%	21.6%	63.8%	45.5%
Net Crop Insurance	-$9,737	$107,905	$77,900	$23,429	-$3,716

Sample size is 448 farms with 2021 to 2025 continuous data

Government Payments are important as a percentage of income for farms

Default Risk for KFMA farms 1973 through 2025



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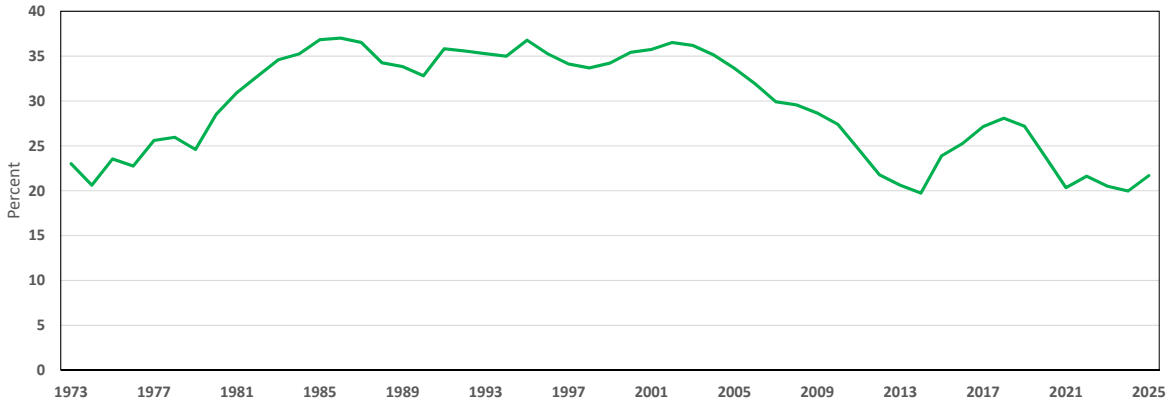
Default Risk and Debt at Risk

Income Level	2021	2022	2023	2024	2025
Default Probability	1.45%	1.48%	1.52%	1.55%	1.54%
Debt at Risk (per farm)	$13,810	$13,690	$15,358	$17,393	$19,310

KFMA Farms Debt to Asset Ratio



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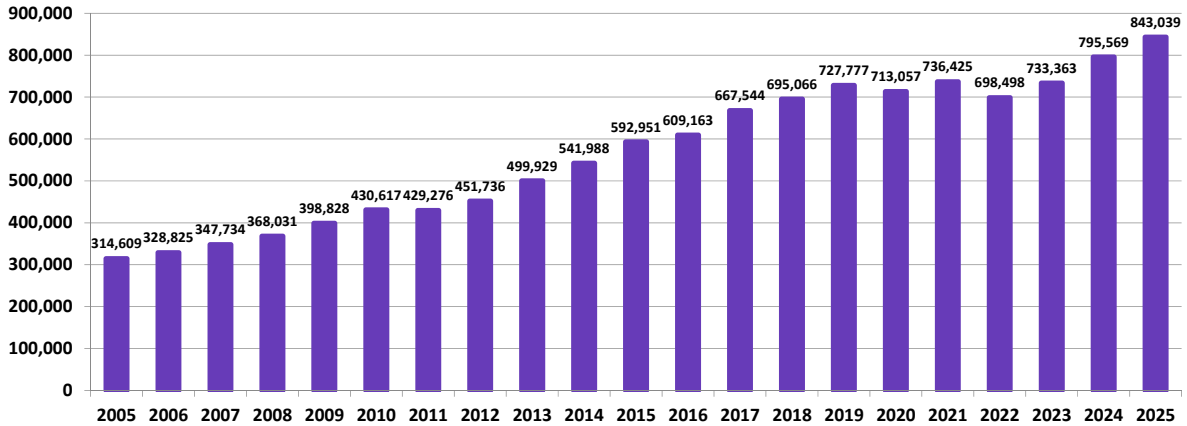
Leverage (D/A) Situation

Income Level	2021	2022	2023	2024	2025
Average	23.3%	20.9%	19.5%	19.1%	20.5%
> 40%	21.2%	17.9%	15.2%	13.8%	17.2%
> 70%	3.6	3.1%	3.3%	3.1%	4.5%

KFMA Debt Level per Farm



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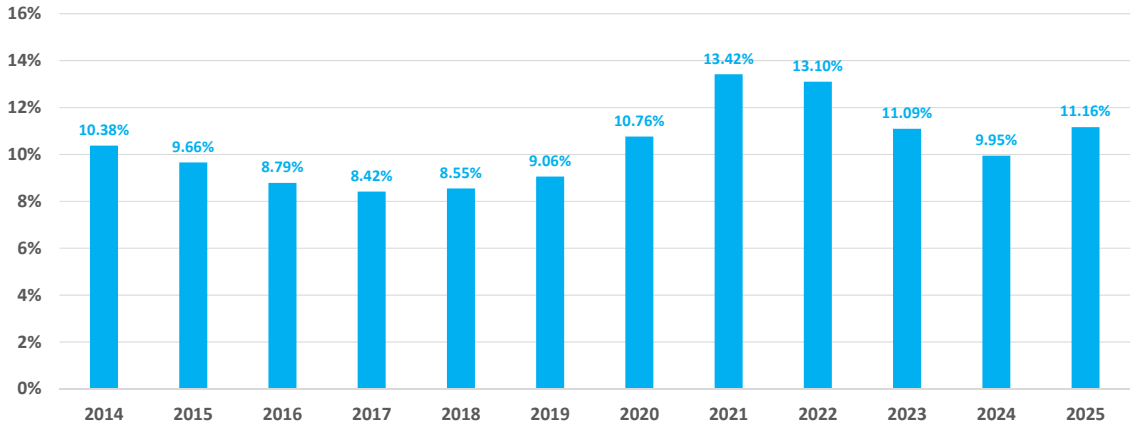
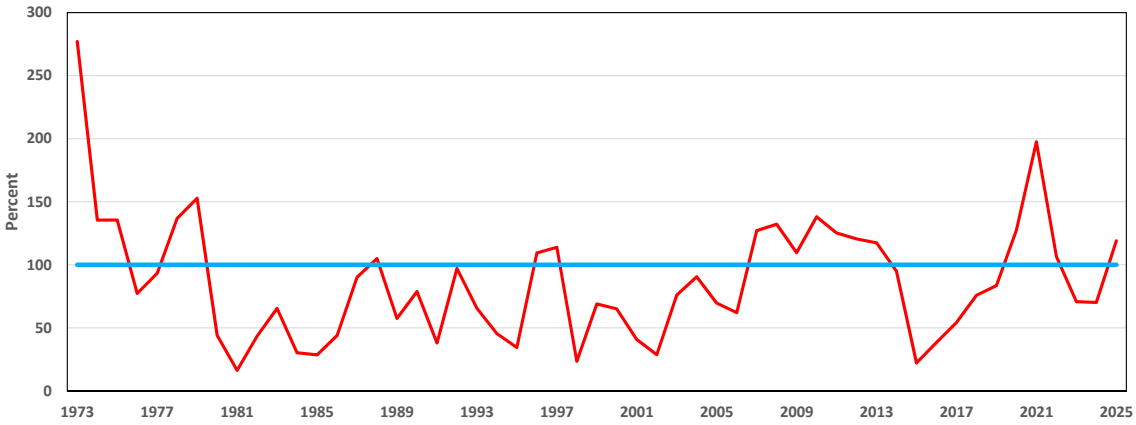
KFMA Farms Working Capital to Asset Ratio



Liquidity (WC/A) Situation

Income Level	2021	2022	2023	2024	2025
Average	14.3%	13.3%	11.0%	9.6%	11.0%
< 0%	15.0%	14.7%	17.4%	19.2%	17.2%
> 20%	27.9%	24.6%	23.7%	20.1%	23.7%

KFMA Farms Repayment Capacity



Average Net Farm Income by Farm Type

	2021	2022	2023	2024	2025
Crop, irrigated < 20%	$330,097	$187,481	$88,919	$68,544	$186,282
Crop, irrigated >20% and <60%	$710,640	$521,297	$169,984	$144,962	$316,768
Crop, irrigated >60%	$539,780	$525,279	$136,052	$78,451	$244,999
Cowherd	$39,620	$21,867	$98,739	$65,184	$107,630
Dairy	$233,204	$451,802	$195,562	$410,542	$367,743
Crop, cowherd	$102,645	$76,380	$108,717	$121,796	$230,997
General farm	$231,707	$141,968	$193,690	$170,675	$516,141
Crop, beef backgrounding	$426,250	$310,191	$288,972	$453,420	$656,188
Crop, beef	$383,196	$264,380	$292,291	$226,821	$470,257

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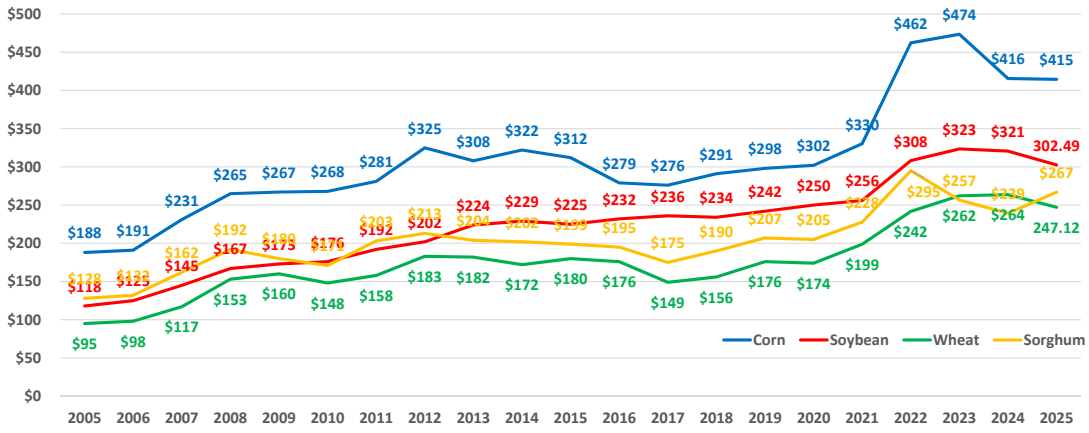
Probability of Default by Farm Type

	2021	2022	2023	2024	2025
Crop, irrigated < 20%	1.37%	1.41%	1.47%	1.54%	1.55%
Crop, irrigated >20% and <60%	1.38%	1.46%	1.46%	1.44%	1.69%
Crop, irrigated >60%	1.78%	1.75%	1.30%	1.40%	1.53%
Cowherd	1.39%	1.46%	1.11%	1.13%	1.22%
Dairy	1.73%	1.54%	1.87%	1.73%	1.73%
Crop, cowherd	1.50%	1.48%	1.61%	1.32%	0.84%
General farm	1.40%	1.60%	1.78%	2.42%	2.12%
Crop, beef backgrounding	2.39%	2.44%	2.06%	1.74%	1.88%
Crop, beef	1.80%	1.64%	1.55%	1.66%	1.52%

Debt at Risk by Farm Type

	2021	2022	2023	2024	2025
Crop, irrigated < 20%	$11,720	$11,640	$13,036	$15,434	$17,266
Crop, irrigated >20% and <60%	$18,464	$18,071	$22,070	$22,205	$24,857
Crop, irrigated >60%	$13,377	$11,069	$7,814	$11,908	$18,020
Cowherd	$7,830	$8,863	$4,391	$7,086	$11,478
Dairy	$18,295	$18,829	$25,631	$24,012	$26,052
Crop, cowherd	$6,591	$6,332	$7,585	$6,408	$5,156
General farm	$10,622	$14,443	$20,930	$30,732	$28,652
Crop, beef backgrounding	$68,003	$70,745	$64,355	$58,280	$66,637
Crop, beef	$23,483	$21,186	$20,744	$25,967	$28,487

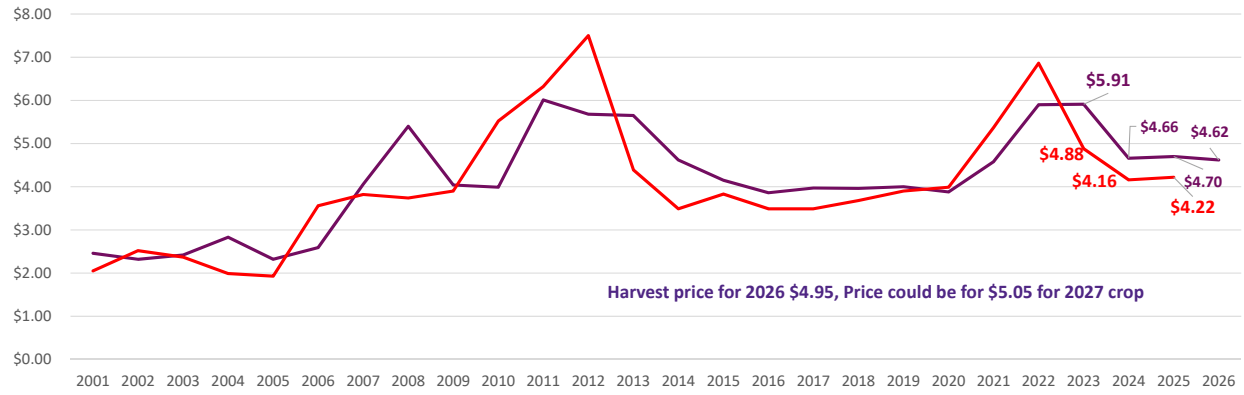
KFMA Enterprise Non-Irrigated Variable Cost of Production per Acre



Input Cost Changes (2025 vs 5-year Average)

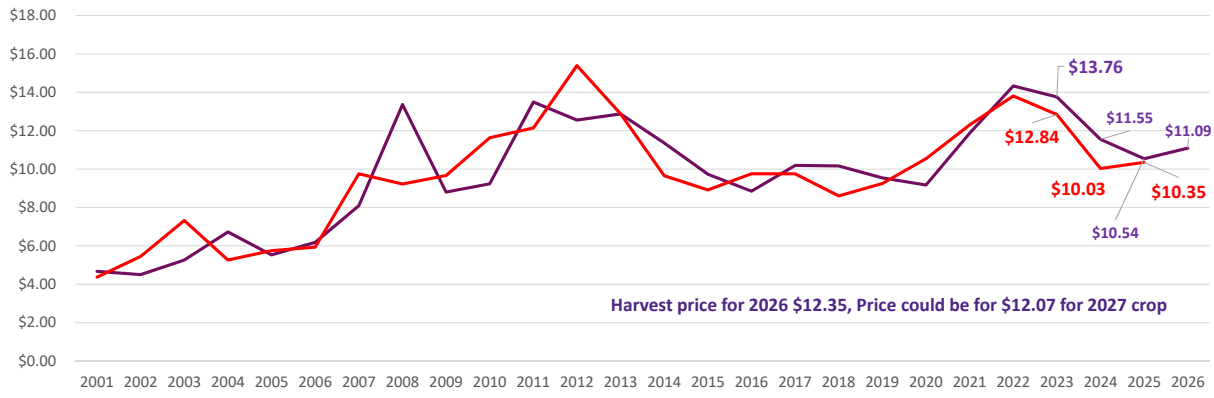
Category	Corn	Sorghum	Soybean	Wheat
Seed	14.4%	7.1%	4.7%	-3.0%
Crop Insurance	-4.8%	61.1%	0.7%	11.9%
Fertilizer	14.9%	-2.4%	-15.0%	10.6%
Machine Hire	3.2%	35.7%	4.0%	4.1%
Cash Rent	-28.8%	49.6%	-6.2%	2.6%
Pesticide	9.4%	1.0%	-1.4%	0.6%
Total Variable	9.7%	12.4%	5.6%	10.6%

Crop Insurance – Corn Contract Price



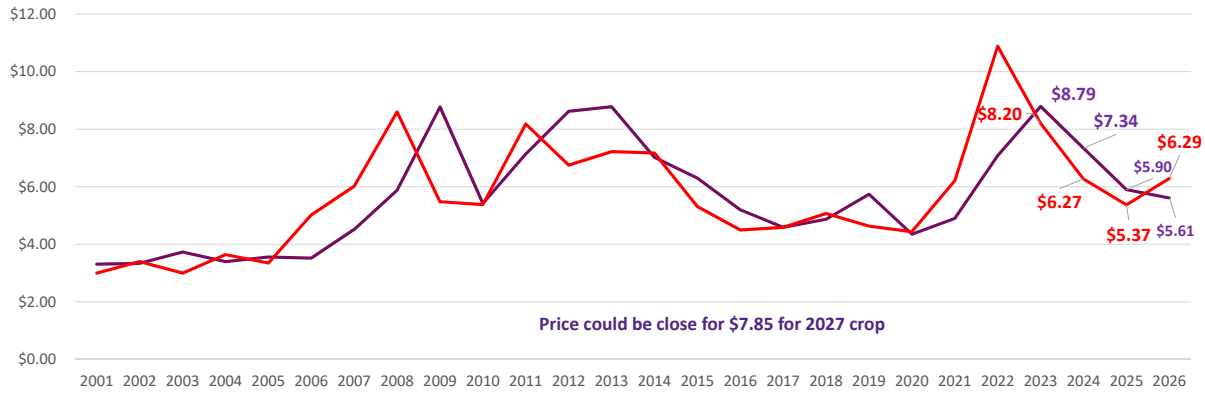
https://www.ag360insurance.com/crop-insurance-pricing/

Crop Insurance – Soybean Contract Price



https://www.ag360insurance.com/crop-insurance-pricing/

Crop Insurance – Wheat Contract Price



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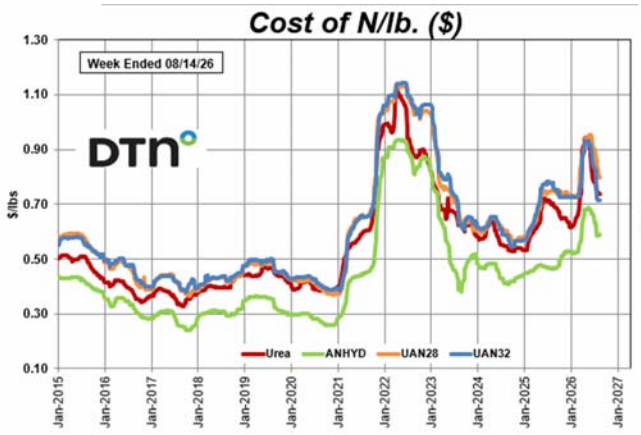
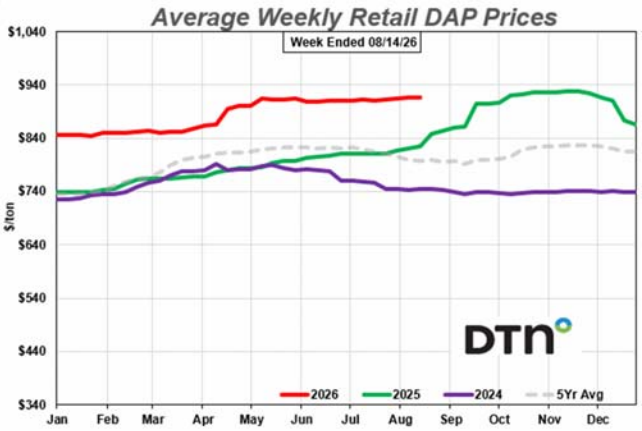
Cost of Nitrogen and Phosphate





Concluding thoughts

- The financial stability of the sector declined in 2024 and rebounded in 2025
- Perhaps increasing a bit in 2026?
- ECAP was important in shoring up the accrual financial statements in 2024
- Situation will be similar in 2025 with additional Bridge payments
- The key to financial health will rest on agricultural land values
- The lower tail of financial situations will be key
- Other buyers of farmer assets are farmers

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