2025 Annual Benefit Report

Other Half Processing, SBC

A Minnesota Specific Public Benefit Corporation

March 25, 2026

Other Half Processing was incorporated on July 16, 2017, as a Specific Benefit Corporation under Minnesota's Public Benefit Corporation Act (the "Act"). Pursuant to Section 304A.101 of the Act, Other Half Processing's specific public benefit purpose as stated in its Articles of Incorporation is:

To create high value and high-quality products in ways that are ethical and respectful to the animal, and support regenerative farmers, ranchers and agricultural systems.

Throughout this report, Other Half Processing will be referred to as OHP or may refer to itself as "we", or "our" or "us."

OTHER HALF PROCESSING SBC

Other Half Processing SBC (OHP) partners with US farmers and ranchers to source and market identity-preserved byproducts from the "other half" of US livestock raised under regenerative and organic systems.

The following is a description of how we believe we succeeded in achieving the goals of our specific public benefit purpose.

OHP had mixed success in 2025 in building demand and sales of traceable and verified regenerative hides for leather. While demand from VF corporation and several other brands continued or expanded, increased tariffs and other negative impacts on global hide markets dropped commodity hide prices significantly in early 2025. This directly impacted OHP sales and caused some potential customers to defer decisions. To remain competitive in that market, OHP had to cut its hide prices in the market. This reduction was mostly taken by OHP and processors, but price paid to producers was also reduce. While unfortunate, the price reduction did allow OHP to continue hide purchases throughout the year in an environment where many of these slaughter plants were paying to dispose of their hides if OHP didn't purchase (and passing waste costs on to the producers). In 2025, OHP payments to partnering regenerative farmer and rancher organizations in 2023 as premiums for the hides totaled $156.612.

The USDA grant funding for the project OHP helped lead was suspended in early 2025. OHP and the grant team worked throughout the year on revisions and submissions to USDA and succeeded in getting it reinstated in early 2026. Most of the grant funds will be paid directly to Minnesota and US farmers and ranchers using prescribed grazing methods to raise beef and buffalo. Funding will provide incentives and support for producers to be part of value-added

markets, collect data, and get education and training around regenerative grazing systems. There will also be work with many small-medium sized meat processors to help them get more value and use out of beef and bison byproducts.

OHP's hide sales and prices were negatively impacted by tariffs and other global trade impacts in 2025. However, OHP continued to meet its specific public benefit goals through ongoing purchases of hides from regenerative producers.

CERTIFICATION BY THE BOARD OF DIRECTORS The undersigned, being all the directors of Other Half Processing, hereby acknowledge and certify that we have reviewed and approved the enclosed Annual Benefit Report.

James Kleinschmit

Mark Kleinschmit

SUBMISSION:

1, the undersigned, certify that I am the Chief Executive Officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have provided all required information and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

James Kleinschmit, CEO

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Steve Simon
Secretary of State