



The

DISPATCH

STEVE'S REMARKS Comments from our GM

The company had a banner quarter, fiscal, and calendar year. You seldom get such a strong finish in all three. The company recorded a positive 70 plus million calendar year. We closed the first 2022 fiscal quarter with 43.7 million in earnings. It surpassed anyone's expectations, but it was most welcome. This performance has further strengthened your company to weather any unforeseen economic issues that may arise. In summation the company was strong before, we are stronger now. We are in a commodity business and fortunes come and go in waves. A case in point, the Covid lockdown and subsequent economic slowdown. The company was forced to slow production for a short period but came back strong. We were in position to capitalize on the 2021 economic recovery. By anyone's measure we did quite well.

Our project list for 2022 is relatively short compared to previous years. The company has four projects:

1. We are moving the distillation cooling tower to a new location to lesson its affects on

plant operations. The protein drier install encircled the tower with equipment. The company had little choice but to move the tower for operational and safety concerns associated with the towers exhaust.

- 2 The company currently utilizes two 700-ton protein bins. We are installing a third tank for more storage space (obviously) but more importantly so we can segregate quality. The higher value markets require superior quality. The extra tank will allow us to segregate product when the protein plant is operating perfectly. The goal is the highest value for all our production.
3. The slurry tank is the first process point ground corn hits in our process. Equipment wears out when you use it, that is not a mystery. The tank requires replacement before it fails. Failure is not an option since without this tank we are dead in the water and could not operate.
4. We are constructing a warehouse dedicated to our spare parts inventory. I don't need to

explain the difficulty with procurement of spare parts. Long wait times for delivery are the normal today not the exception. The company must have an ever more expansive spare parts inventory on site to maintain operational integrity.

I remain optimistic on the future of the company in 2022 and beyond. The board has made investments in the company's infrastructure which will provide financial reward into the future. All of us need to remain diligent and aware. We continue to have our adversaries that find fault with corn ethanol. It is a great product that does provides benefits to our energy supply and reduces greenhouse gas emissions. We need to keep pushing both.



Steve Roe
General Manager

Commodity Corner



Jake Wetter
Grain Merchandiser

What an incredible year it turned out to be! As we flip the calendar into 2022, what will we find?

After a bit of a rough start, 2021 turned out to be a banner year for ethanol producers. Powered by explosive ethanol and corn oil prices, many plants ended 2021 with one of their best years ever, Little Sioux Corn Processors was no exception.

So far, the big story of 2022 is inflation. Inflation is at its highest level since February 1982 with Jan CPI at 7.5% increasing from 7% in December. With no signs of inflation abating, investors seemed to be getting comfortable with four or five Fed hikes priced in for 2022. Some are of the opinion that inflation is so bad that the Fed will need to be more aggressive in bringing it under control. This means that investors want to have ownership of those commodities that tend to rise in tandem with inflation. That makes the grain and oilseed sector more attractive to fund managers seeking to hedge their portfolios against inflation. These will be longer term positions, all adding to commodity buy and hold mentality. Commodity prices will be volatile and stay at elevated levels until investors

sentiment changes. Adding fuel to the fire is a weather market in South America. Hot & dry conditions have trimmed an estimated 500 mbu from previous crop size estimates. Elevated commodity prices should lead to good production margins for both ethanol producers and grain farmers. Be sure to take advantage of these higher prices while you can. Cash prices are well above \$6 cash for old crop corn and approaching \$6 for new crop. Lock in some profitable sales while they are available.

Once investor sentiment changes, markets can and will collapse at impressive speeds when money is pulled back out of the market. Markets look to be extremely volatile in the year ahead. Regardless of which direction the markets head, LSCP has the operational efficiencies, economies of scale and excellent markets to weather the storm!

Weather Challenges



Chris Williams
Plant Manager

Winter weather can be a challenge in any workplace. Little Sioux Corn Processors faces many weather obstacles each year as it runs 24 hours a day, 365 days a year.

To keep running efficiently, seasonal dialing in of equipment occurs and constant monitoring is required. With the weather constantly changing it is important that equipment is repaired effectively by employees and contractors during spring and fall shutdowns or else it will leave critical combinations hanging in the balance.

We all know Iowa weather, one day the

temperatures are below freezing with high winds and next the temperatures are over one hundred degrees with no wind and high humidity. Although good engineering practices and safety process hazard analysis are conducted by our teams before adding any additional equipment, freezing temperatures and moisture can wreak havoc with instrumentation and sensors. Ice formations can restrict air flows, add additional weight to structures and restrict movement.

Many efforts are made by maintenance technicians and operators to keep insulation and heat trace working in all areas so freeze ups are never a problem. Keeping warm product moving and recirculating is a way to avoid downtime in colder months. Steam heat generation is used in many of our plant applications, also the recycling effects of heat exchange helps manage this.

Snow removal off plant haul roads and along

walking paths for sampling and preventive maintenance is imperative. Adequate traction, salting and sanding are extra tasks required to keep everyone safe throughout the winter months.

Rest assured once winter is over, the workload is not complete. In the summer, the weather struggles are to keep everything cool with cooling towers and chillers. In fact, these weather changes alter the way the plant operates and how recipes are created, monitored, and maintained by employees. Boilers must be tuned by a trained individual for the different type of air whether it be cold, dry air or hot, moist air.

The LSCP attitude is never set it and forget it. It is constantly changing to get the most effective and efficient process stream. One thing is guaranteed in Iowa, if you don't like the weather wait a day or two and it will change.

In Defense of Ethanol Gasoline Requirements

As an avid reader of the Journal, I feel compelled to respond to the editorial board following last week's release of renewable volume requirements by the Environmental Protection Agency ("Biden Raises the Ethanol Gas Tax," Review & Outlook, Dec. 16).

Gasoline needs an additive to help it burn more cleanly and ethanol is the cheapest option. Gasoline used to contain something called MTBE for that purpose, but it may have been causing cancer. The Renewable Fuel Standard law was actually proposed by petroleum producers, who came to me to get them out of the pickle. The credits that some refiners chose to purchase rather than blending biofuels were also their idea to make compliance easier, and the EPA has consistently found that they do not impose significant costs on refiners, as the editorial claims.

What Big Oil really does not like is competition for a shrinking market for liquid fuels from low-cost, cleaner, domestically produced biofuels. That's why Big Oil lobbied the EPA to reopen and reduce the final blend

levels for 2020. The reduction is not necessary to address reduced gasoline consumption, as claimed, because the RFS contains a self-correcting mechanism that reduces blend levels by the percentage of volume that is used for the compliance year.

The editorial's wording leaves the impression it has made a case that biofuels are more expensive than gasoline and drive up gas prices. But go to any gas station that sells both ethanol-blended and ethanol-free gasoline. The blend with 10% ethanol will be least 25-40 cents a gallon cheaper than straight gasoline.

The drive to slash emissions is putting petroleum producers in a pickle again, and once again biofuels can get them out of it. That's why some forward-thinking oil companies have warmed to biofuels, as the editorial board acknowledges, while unprofitable refineries whine because biofuels take away market share.

SEN. CHUCK GRASSLEY (R. IOWA)
New Harford, Iowa

The doublespeak and hypocrisy from oil refiners reached a fever pitch following last week's release of long delayed renewable fuel volume requirements. From one side of their mouth, refiners claim they need President Biden to give them compliance bailouts because they must swallow the costs of complying with renewable fuel standards. From the other, they say they fully pass those compliance costs along to rivers. Which is it?

It can't be both; and in fact, it is neither. Refiners who refuse to blend renewable fuels can instead buy credits from refiners who blended more than required. The value of those credits is already universally baked in to wholesale refinery prices for gasoline. When ethanol is blended with gasoline at wholesale terminals, the RFS credit value is offset. Economically, RFS compliance is a zero-sum game. But the end result of blending more ethanol with gasoline is lower prices at the pump for consumers and cleaner air.

GEOFF COOPER
*Renewable Fuels Association
Washington*

FINANCIAL STATEMENT

Review

By Laura Lunders



Laura Lunders
CFO

LSCP, LLC Statement of Operations For Periods Ended December 31, 2021 and 2020

	Quarter Ended December 31, 2021 (Unaudited)	Quarter Ended December 31, 2020 (Unaudited)
Revenues	\$149,768,000	\$71,177,000
Cost of Goods Sold	104,535,000	\$71,957,000
Gross Margin	45,233,000	(780,000)
Operating Expenses	\$1,455,000	1,236,000
Income from Operations	43,778,000	(2,016,000)
Other Income (Expenses)	(64,000)	1,087,000
Net Income	\$43,714,000	(\$929,000)
Net Income/Unit	\$161.27	(\$3.43)
Distribution/Unit**	\$79.88	\$23.60

When looking at the quarterly financials comparison, we seen just over a 1x increase in revenues with ethanol and corn oil leading that charge. From Dec 2020 to Dec 2021, our netback on ethanol increased by more than \$1.50/gal while corn oil doubled. The bulk of the COGS increase was due to corn cost (up 32%), natural gas (up 92%), chemical costs (up 25%), along with the addition of 12 employees for the MSC process. We see our operating expenses are consistent year over year and the other income (expenses) swing stems from having interest expense in 2021 along with 2020 having CARES Act grants/funding.

** Distributions were given in December 2021 (FYE 22) and December 2020 (FYE 21).

LSCP, LLC Balance Sheet For Periods Ended December 31, 2021 and 2020

	As of December 31, 2021 (Unaudited)	As of December 31, 2020 (Unaudited)
Total Current Assets	\$119,307,000	\$27,870,000
Net Property and Equipment	\$132,184,000	\$127,407,000
Other Assets	4,157,000	3,318,000
Total Assets	\$255,648,000	\$158,595,000
Total Current Liabilities	\$54,388,000	\$23,243,000
Total Long-Term Debt	\$23,898,000	\$9,869,000
Owner's Equity	177,362,000	\$125,483,000
Total Liabilities and Equity	\$255,648,000	\$158,595,000
Book Value/Unit	\$654	\$463

Total Current Assets increase is a combination of positive margins and increased valuations on inventory. Net Property Plant and Equipment is due to various capital improvements and the AltiPro project. Other Assets increase stems from the Summit Carbon Solutions investment. The Current Liabilities increase comes from the increased value of the corn and number of bushels being deferred. On deferred contracts alone, we seen approx. 1.5M bushel increase at an avg. of \$2 more on all bushels. Long-Term Debt is the the financing of the AltiPro project. The increase in Owner's Equity is a result of yearly earnings less distributions to owners.

LSCP, LLC Owner's Data

Most Recent Sales
None

Current Offers to Purchase
Class A - 120 Units @ \$525
Class A - 50 Units @ \$500
Class B - 56 Units @ \$525

Current Offers to Sell
Class A - 120 Units @ \$625
Class B - 56 Units @ \$575
Class B - 150 Units @ \$900
Class C - 120 Units @ \$775

The Board of Directors declared a dividend of \$79.88/unit paid in December 2021.
Please be sure to contact LSCP if you have updated contact information to help ensure you receive information timely.

Ethanol Diesel Engine Passes Road Test

ClearFlame Ethanol Technology
Passes Road Test in Class 8 Diesel
Truck Engine

By Todd Neeley, DTN Staff Reporter

LINCOLN, Neb. (DTN) -- A startup company developing technology that allows diesel trucks to run on straight renewable fuels such as ethanol announced this week at had successfully completed an on-road demonstration of the technology.

ClearFlame Engine Technologies said in a news release the demonstration included installing its technology to a Class 8 diesel truck running on a Cummins X15 500hp 15L heavy-duty engine -- commonly used for long-haul truck and off-highway applications -- allowing it to run on E98 ethanol.

The company said it will continue testing trucks under various operating conditions throughout the first quarter of 2022 and plans to launch customer beta testing, or user-acceptance testing, by the end of 2022.

In October 2021, ClearFlame announced it had received about a \$17 million investment from the Bill Gates-owned Breakthrough Energy Ventures, John Deere, commodity trader Mercuria and Clean Energy Ventures.

The funding is expected to enable commercialization of the company's engine technology for the long-haul trucking, agriculture and power-generation sectors.

The engine can run on 98% ethanol straight off the rack or even on E85 so long as the fuel is close to 85% ethanol.

In October 2020, ClearFlame announced the technology delivered 500 horsepower and more than 2,500 foot-pounds of torque, "while eliminating the need for additional aftertreatment such as selective catalytic reduction or diesel particulate filter systems."

Previously, ClearFlame received \$4 million in non-dilutive and grant funding from the Iowa, Minnesota, Kansas and Illinois Corn Growers Associations, the National Science Foundation, the Department of Energy and others. The company completed its \$3 million Series Seed financing in early 2020, led by Clean Energy Ventures.

In addition to long-haul trucking, the technology enables emissions reduction for hard-to-electrify applications in a wide range of industries, including agriculture, power generation and other off-highway markets, the company said in a news release.



Little Sioux Corn Processors
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Fish Grow Bigger with AltiPro



USDA: Ethanol exports at 1.24 billion gallons in 2021

By Erin Voegelé | February 08, 2022

The U.S. exported 117.93 million gallons of ethanol and 933,882 metric tons of distillers grains in December according to data released by the USDA Foreign Agricultural Service on Feb. 8. Exports of both products were up when compared to December 2020.

The 117.93 million gallons of U.S. ethanol exported in December was down from 149.44 million gallons exported in November, but up when compared to the 112.87 million gallons exported in December 2020.

The U.S. exported ethanol to 40 countries in December. Canada was the top destination for U.S. ethanol at 36.33 million gallons, followed by India at 15.94 million gallons and South Korea at 14.3 million gallons.

The value of U.S. ethanol exports was at \$334.91 million in December, down from \$391.95 million the previous month, but up from \$190.06 million in December 2020.

The U.S. exported a total of 1.24 billion

gallons of ethanol last year at a value of \$2.77 billion, compared to 1.31 billion gallons exported in 2020 at a value of \$2.29 billion.

The 933,882 metric tons of distillers grains exported in December was down from 1.02 million metric tons in November, but up when compared to the 864,059 metric tons exported in December 2020.

The U.S. exported distillers grains to more than 30 countries in December. Mexico was the top destination at 166,756 metric tons, followed by South Korea at 130,754 metric tons and Vietnam at 103,518 metric tons.

The value of U.S. distillers grains exports increased to \$248.85 million in December, up from \$247.4 million the previous month and \$202.7 million in December 2020.

Total U.S. distillers grains exports for 2021 reached 11.6 million metric tons at a value of nearly \$3 billion, compared to 10.93 million metric tons exported in 2020 at a value of \$2.33 billion.

Additional data is available on the USDA FAS website.