



The

DISPATCH

STEVE'S REMARKS Comments from our GM

The first half of 2022 has come and gone. It seems like yesterday when the new year rolled around, and the Christmas season was behind us. While 2022 started out rocky with rising corn cost causing our hedged position to go into an up-side-down position and creating some heartburn, I was confident it would come back to us at some point when the corn move upward slowed, which it has. We are currently up 72 million for the fiscal year ending September 30th and 30 million for the calendar year. Since our tax year is calendar for the company and as owners for you, I am sure this attracts the most attention, at least it would for me. The protein bin, warehouse, and cooling tower projects we have underway are moving along nicely but material delay is and will be with us for some time causing some delay but nothing unmanageable. The

slurry tank upgrade is on schedule and will be completed and will be operational along with the corn protein bin after our October maintenance shutdown.

I think the strongest headwind we could experience over the remainder of the year and into next is railroad performance. LSCP executes virtually 100 percent of its ethanol and distillers corn oil by rail. Our AltPro production executes 80% of its production by rail while DDGS trails the group at approximately 25%. As you can quickly determine railroad performance is tantamount to our success. If LSCP cannot execute, our tanks and bins will fill and leave us little choice but to either slow down or shutdown. To date, that has not happened. LSCP is fortunate it sits on the Canadian National Railroad line, their service compared to some has been very good. Let's hope it

continues, without the railroad it wouldn't take long for LSCP to be in a quagmire of trouble.

I do have an announcement to make. Some of you have asked me this question from time to time and

I've always answered, "not for a while". A while has arrived, I have made known to the Board of Directors and my staff that I plan to retire on June 30, 2023. I turn 70 on June 24, 2023. Its been a good run for all of us, I fully plan to work until I retire. We have projects to complete that I want to see them through.



Steve Roe
General Manager

Commodity Corner



Jake Wetter
Grain Merchandiser

What a roller coaster ride we have been on the last couple of years! It seems like every few months we have a "Black Swan Event." A black swan is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. First, we had a trade war with China, then COVID, then China came back and bought commodities and this spring the Russian/Ukraine war. Throw in normal planting & weather threats and the last

few years have had extreme volatility. Seems like the only constant anymore has been constant chaos! The most impressive trend the last two years has been profitability. Both the US farmer and ethanol producers have had two very profitable years. It has not always been the case the last 20 years to have both sectors enjoying good profit margins at the same time.

Going into August it has been a dry and warm summer but we still have potential for a good crop. Hopefully, our area can catch a few timely rains and have another bountiful crop and profitable year for both farmers and LSCP. With harvest just around the corner, we are offering free price later this summer. You can empty your bins and have until the end of October to get the grain priced. Currently, there is a huge premium

for old crop corn vs new crop of \$1.70/bu. Be sure to take advantage and get the last of those old crop bushels sold sooner rather than later. Eventually as end users get their needs covered into new crop, the big premium will fade away.

Expect the elevated prices and volatility to continue into next winter. The market will continue making wild swings moving forward. In the near term, keep an eye on late summer weather and how US crop yields turn out this fall. Outside markets will also have a big influence on commodities as traders gauge anticipated demand as we move thru this recession. South American weather and the Russian/Ukraine war will set the stage for prices as we move into winter. As always, be on the lookout for more black swans as it seems like there is a whole flock of them anymore!

Summer Maintenance



Chris Williams
Plant Manager

Where have all the spare parts and materials gone?

If anyone has done any home remodeling or vehicle repairs lately, you have likely noticed a trend that resources are getting harder to find and materials are limited and

often take longer to arrive than you are used to. Lead times for almost everything has been increased. Some specialty equipment can have a lead time longer than 52 weeks out. As LSCP has been growing equipment-wise, our warehouse appeared to be shrinking. Our maintenance shop constructed in 2007 was beginning to overflow

with the increasing amounts of spare parts and mobile equipment being stored there.

With this in mind, LSCP has decided that building an additional warehouse area would allow for better organization and future growth. We plan on storing some of our mobile equipment in these buildings to help protect them through cold winters and weather extremes. Getting equipment out of the elements should extend the life and maintenance intervals needed to keep equipment running well.

Early this spring the locating, bidding, and planning processes started. Once plans were finalized, we completed ordering materials. The excavation and dirt work started early this Summer. Concrete wall pouring has been completed, and the floor pouring will be our next step. Roofing, Framework, Electrical wiring, Insulating will continue throughout the summer.

Our goal is to move into our new construction by early winter.

Labeling and organization of the spare parts will be another process which will take time to do it right. Deciding the best flow and most resourceful layout of where to put each piece and ensuring that all spare parts have a place that will be easy to locate. A lot of arrangement and preparation will need to be put into making sure all spare parts and equipment finds a suitable home and that there is still room available for future growth.

The new construction of this building will be exciting to see from beginning to end. These continual improvements to our facility make the plant more economical. LSCP has successfully completed a lot of construction projects over the years, and it doesn't appear like it is going to end anytime soon.

Summit Carbon Solutions

(AMES, Iowa) July 21, 2021 – Summit Carbon Solutions announced today that Lee Blank has been hired as Chief Executive Officer. He will assume day-to-day leadership of Summit Carbon Solutions, working closely with the company's sponsor, Summit Agricultural Group, to deliver on the company's mission to decarbonize the agriculture and biofuels industries.

Blank has more than 30 years of leadership experience as an executive with various companies spanning the agricultural supply chain. Most recently, Blank was Chief Executive Officer of Advance Trading, Inc., an advisory and risk management firm that serves agricultural customers from producers through end users. Previously, Blank was Chief Executive Officer of GFG Ag Services, LLC, an integrated agricultural retailer, and before that was President and Chief Executive Officer of Twin Rivers Technologies, an agricultural processing company, where he was responsible for the development and construction of a \$210 million processing facility in Canada. Blank spent the first 15 years of his career with Archer Daniels Midland managing operations across commodity merchandising, logistics, and processing.

"We are excited to welcome Lee as CEO of Summit Carbon Solutions as we continue to

build momentum towards executing a transformational project for the agriculture and biofuels industries," said Bruce Rastetter, CEO of Summit Agricultural Group. "This company is deeply rooted in agriculture, as are its stakeholders in rural communities across the Midwest. Lee's background as an accomplished leader and entrepreneur, his experience in project delivery, and his ability to develop relationships and to engage with these stakeholders make him a perfect fit."

"I couldn't be more thrilled to join Summit Carbon Solutions at this critical stage," said Lee Blank, CEO of Summit Carbon Solutions. "Throughout my career in the agriculture industry, there has never been a more urgent need, nor a more difficult challenge than decarbonization, but at Summit Carbon Solutions we have an opportunity to make a tremendous impact on the industry's carbon footprint, while bolstering its long-term economic fundamentals. Summit has assembled a world class team to build this world class project and I look forward to leveraging my experience and skillset to lead its execution."

Summit Carbon Solutions was founded in 2020, and in partnership with 32 bioethanol plants across the Midwestern United States, is

developing infrastructure to capture and permanently sequester over 10 million tons per year of carbon dioxide beginning in 2024. Summit recently announced several significant project milestones, including a successful \$1.1 billion equity fundraise anchored by TPG Rise, Continental Resources, Tiger Infrastructure Partners, and SK Group, and a partnership with Minnkota Power Cooperative, which provides Summit access to the largest fully permitted carbon storage facility in the United States.

Summit Carbon Solutions seeks to lower greenhouse gas emissions by connecting industrial emitters via strategic infrastructure to store carbon dioxide safely and permanently in the Midwestern United States. For more information, visit: www.summitcarbonsolutions.com

Summit Agricultural Group is a diversified agribusiness operator and investment manager with operations in the United States and Brazil. Summit deploys capital across the agricultural supply chain with a particular focus at the intersection of agriculture and renewable energy. For more information, visit: www.summitag.com

FINANCIAL STATEMENT Review

By Laura Lunders



Laura Lunders
CFO

LSCP, LLC Statement of Operations For Periods Ended June 30, 2022 and 2021

| | Quarter Ended June 30, 2022 (Unaudited) | Quarter Ended June 30, 2021 (Unaudited) | Nine Months Ended June 30, 2022 (Unaudited) | Nine Months Ended June 30, 2021 (Unaudited) |
|-------------------------|---|---|---|---|
| Revenues | \$ 135,686,000 | \$ 112,219,500 | \$ 401,155,000 | \$ 273,064,000 |
| Cost of Goods Sold | <u>111,032,000</u> | <u>100,699,000</u> | <u>331,344,000</u> | <u>253,143,000</u> |
| Gross Margin | 24,654,000 | 11,520,500 | 69,811,000 | 19,921,000 |
| Operating Expenses | <u>1,400,000</u> | <u>1,345,500</u> | <u>4,218,000</u> | <u>3,824,000</u> |
| Income from Operations | 23,254,000 | 10,175,000 | 65,593,000 | 16,097,000 |
| Other Income (Expenses) | <u>6,069,000</u> | <u>(178,500)</u> | <u>6,283,000</u> | <u>1,798,000</u> |
| Net Income | <u>\$ 29,323,000</u> | <u>\$ 9,996,500</u> | <u>\$ 71,876,000</u> | <u>\$ 17,895,000</u> |
| Net Income/Unit | \$ 108.18 | \$ 36.88 | \$ 265.16 | \$ 66.02 |
| Distribution/Unit** | | | \$ 79.88 | \$ 23.60 |

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

Take a look at what contributed to our net income increase of 19.3M change quarter over quarter and the 53.9M year-over-year.

- Higher netbacks on products sold
 - Quarter over quarter, we seen netback for ethanol up 15%, distillers up 33%, and corn oil up 51%
 - Year-over Year, we seen netback for ethanol up 47%, distillers up 20%, and corn oil up 57%.
- Gain on hedge positions that offset the COGS increases of
 - 24% more paid for corn and 146% more paid for natural gas (quarter over quarter)
 - 32% more paid for corn and 93% more paid for natural gas (year over year)
- Other income saw a significant boost from the USDA Biofuels Producer Relief Program which was implemented to support producers who faced losses due to the COVID-19 pandemic.

Note: A distribution was declared in June of \$55.33 per share which everyone should have received by now.

LSCP, LLC Balance Sheet For Period Ended June 30, 2022

| | As of June 30, 2022 (Unaudited) | As of September 30, 2021 (Audited) |
|------------------------------|---------------------------------------|--|
| Total Current Assets | \$ 80,141,000 | \$ 65,282,000 |
| Net Property and Equipment | \$ 133,572,000 | \$ 134,355,000 |
| Other Assets | <u>4,448,000</u> | <u>3,625,000</u> |
| Total Assets | <u>\$ 218,161,000</u> | <u>\$ 203,262,000</u> |
| Total Current Liabilities | \$ 27,636,000 | \$ 23,922,000 |
| Total Long Term Debt | \$ 24,070,000 | \$ 24,070,000 |
| Owner's Equity | <u>190,525,000</u> | <u>155,270,000</u> |
| Total Liabilities and Equity | <u>\$ 218,161,000</u> | <u>\$ 203,262,000</u> |
| Book Value/Unit | \$ 703 | \$ 573 |

Total Current Assets increase stems from increased values of inventory. Corn inventory is consistent but we seen a \$2.32 increase in value from FYE 2021 to now, along with a \$0.25 move on ethanol over the same timeframe. The other contributor is the restricted cash held for positions placed on account. Net Property Plant and Equipment is slightly decreased compared to FYE 2021 as we do not have the the extent of projects on the books as we did. The Current Liabilities increase comes from the increased value of the corn and number of bushels being deferred or on price later. Long-Term Debt for the AltPro project was paid off in June 2022.

LSCP, LLC Owner's Data

Most Recent Sales

Class A
May 2022 - 522 Units @ \$800
June 2022 - 240 Units @ \$800
Class B
June 2022 - 56 Units @ \$650
June 2022 - 57 Units @ \$650
Class C

Current Offers to Sell

Class A
1,125 Units @ \$800
Class B
Class C

Current Offers to Purchase

Class A
Class B
Class C

Please be sure to contact LSCP if you have updated contact information to help ensure you receive information timely.

Cooling Tower Piping & Structure Progress





Little Sioux Corn Processors
4808 F Avenue, Marcus, IA 51035

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51031
PERMIT NO. 29



Call us daily for current corn bids. We have a large supply of distillers grains on hand at all times - Contact us for your distillers grains needs.

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The Time is Now for a Proven Fuel

*By Robert White, vice president of industry relations,
Renewable Fuels Association | August 01, 2022*

A little over ten years ago, E15 was approved by the U.S. Environmental Protection Agency for 2001 and newer vehicles, along with all flex-fuel vehicles. A chief reason for this success was the Renewable Fuels Association's hard work on the only approved Misfueling Mitigation Plan that would allow retailers to begin offering this new fuel. Approved as a gasoline blend, E15 needed to have an octane posting and the orange-and-black warning label alerting consumers of what engines are approved for the new fuel. RFA also worked with EPA on various hose configurations to minimize any chance of confusion at the pump or, ultimately, any misfueling.

In July 2012, E15 finally was on the pour at a retail station, in the college town of Lawrence, Kan., where RFA worked with a local fuel retailer to make it happen. The retailer already had E15-compatible equipment and simply required some label changes and an adjustment to the blending settings. At this point, no terminal offered E15, so the only option was to create E15 at retail by diluting E85 with E10. In just under an hour, the station was ready. The station owner

made the adjustments, and I personally updated the labels on the fuel dispensers.

Jere White, my father, was the Executive Director of Kansas Corn at that time and was the first person in the country to fill his car—a yellow 2010 Chevy Camaro—with E15. Like many other state corn organizations, Kansas Corn had provided this station with funding to install E85 a couple of years before, which allowed the extremely easy and inexpensive debut. This first tank of E15 was the culmination of years of work, and it was great to share that experience with Dad.

Despite all the warnings from anti-ethanol groups and even attack letters from the American Automobile Association (AAA), E15 rolled out without any issue. In fact, with 10 years in the history books now, not one substantiated claim of engine damage—nor any warranty claim denials—have been seen. This shouldn't be a surprise, though; EPA tested this fuel for over 6 million miles and since that time, consumers have logged more than 55 billion miles on E15. Just recently, the California Air Resources Board tested E15 and saw consistent results.

E15 works, and it works well. It saves drivers money and even lowers emissions from their vehicles. E15 also helps with growing concerns

about energy security. It's not only a domestic product, but also renewable.

Drivers seem to agree with all this, and consumer demand has helped grow E15 well beyond this one station in Kansas to more than 2,600 stations now operating in over 30 states. There are more E15 pumps opening daily, and retailers are now selling E15 under a number of different marketing names and octane levels. No matter what E15 is called, it carries the orange-and-black label so there is no confusion.

As always RFA stands ready to help retailers make the transition to E15, with a number of resources available and staff on hand to answer any questions. Soon, the U.S. Department of Agriculture is expected to roll out another round of \$100 million in matching funds via its Higher Blend Infrastructure Incentive Program (HBIIIP), so if you haven't made the switch yet, reach out and see how we can help you save money and upgrade your facilities. RFA has a perfect success rate in helping retailers take advantage of this program. With gas prices still high and oil markets in flux, this is the right time to bring a lower-cost blend to market—and it's best to move fast to take advantage of the price differential.