



The

DISPATCH

STEVE'S REMARKS Comments from our GM

The ethanol industry is always full of surprises and this year was not an exception. I don't think anyone thought the plant would perform this well. The company enjoyed a net income of 10.876 million and 28.87 million for the 4th quarter and fiscal year. To date, the calendar year 2021 performance is approximately 29.3 million. Margins are very good at present although with 1 ½ months remaining in 2021 at this writing its too early to speculate on the current quarter's result although demand and commodity prices do align for a promising finish to 2021.

Summit Carbon Sequester has held information meetings in the area to present their project and receive input from landowners that will be affected. Surveying and design is underway. The next step will include submission of a pipeline permit application to the IUB, subsequent approval, and construction. Completion is scheduled for late 2023 and startup in early 2024. A lot needs to be done before this project becomes

reality, but Summit has put together a very talented group to manage through the project's completion. The sequestration of our CO2 will have a positive effect on your company's revenue earning potential.

Chris will walk through the operations of the Corn Protein system (MSC) the company installed in his commentary for the quarter. I can assure everyone this system will be an asset to the company. It will generate additional revenue now and into the future. Its new to everyone including the customers who buy our product. Plant personnel with each passing day get better at managing the MSC system and its integration into the ethanol production process. We still have more to learn but we have a dedicated team who is determined to make this system work at peak production and profitability. Our marketer, RPMG has made great strides in market development. RPMG has developed customers relationships on a national level and has been successful in exporting a portion of our production which has created

a diverse demand base.

The corn and soybean yields were a surprise to many. Even those who never lose an optimistic outlook were concerned about

yield prospects, but when yield reports started to come in it surprised everyone. Corn and corn yields recorded were at the high end of expectations on a local and national level. Demand on the export side has been dismal to this point, while the current margin outlook in ethanol is strong. Until we as capitalist over produce and build stocks in storage, margins should remain attractive. I don't want to sound overly optimistic, but it really does look like a good 2022 for Agriculture.

Have a good Thanksgiving and Christmas Holiday!



Steve Roe
General Manager

Commodity Corner



Jake Wetter
Grain Merchandiser

all led to high Inflation. October inflation was reported at the highest level since

Our industry is still significantly impacted by the after effects of COVID 19. Fortunately, at the moment those impacts are very positive. Massive fiscal stimulus, labor issues and supply chain challenges have

1990. 2021 has seen several commodities go to extreme peaks and then crash back down. Chinese coal, lumber, freight, natural gas, hogs and steel have all had tremendous runs and have cooled off. Currently wheat, ethanol, fertilizer, renewable diesel, ethanol & soy processing margins & inflation are all heading straight up. By the time this newsletter hits your mailbox, some or all of them could have already come crashing down.

Ethanol margins are just fantastic right now!! Not many times are we netting over \$1/gallon margins like we have the

1st week of November. Ethanol prices and margins are hitting levels last seen in 2014. The strength in ethanol is related to gasoline demand returning to pre COVID levels, but the major driver comes back to supply chain issues at the point of blending & retail consumption. Gasoline pipeline & truck logistics are being hindered due to a number of issues. These bottlenecks are creating tight supplies and high prices for gasoline & ethanol. Ethanol prices are doing all the work for our profitability at the moment. The strong profitability on ethanol is putting pressure on DDGS, corn oil & corn basis as plants try to maximize run rates. The ethanol industry is just

...continued on page 3

A feed with High Protein Secures Higher Dollar Markets



Chris Williams
Plant Manager

Little Sioux Corn Processors has purchased, installed, and is operating a Fluidquip High Protein Feed System. The construction phase took a little over a year. This is an added process that has required additional operators and maintenance technicians, two new buildings, a ring dryer, two storage silos, and modifications to our loadout system. The initial operation of the high protein system began in late May 2021.

The process flow takes our whole stillage product (which is the corn mash feed product after ethanol is distilled off) and runs it through several mechanical processes to separate fiber, fats, and protein and return the fiber and fats back to the ethanol part of the plant

and dries the concentrated protein part of the feed stream in the ring dryer.

The whole stillage product is run through pressure screens, separating off the fiber streams, and then through the paddle screen centrifuges, through fiber centrifuges, and out to our wetcake pad or current DDG streams of product. This product is comparative to what we have been making for DDG and slightly higher fiber in the modified wetcake.

The thinner, more liquid, less fiber concentrate is ran through clarifying units, that spin the product with wash water separating the fat from the protein portion. The fat portion goes back to the ethanol side of the plant, through evaporation units, through oil separators, and comes out as syrup or distillers corn oil.

From the clarifier the heavier product rich in protein goes through protein centrifuges where the liquid concentrate portion is returned to the front end of the process and the cake portion is ran through the ring dryer and is stored in newly built protein silos. It can be loaded onto both railcars and trucks. This product that

is much higher in protein is called ALTIPRO. The ALTIPRO product has a moisture guarantee below 8%, a crude protein guarantee of 50%, crude fat guarantee between 2-6% and is currently marketed at a premium to bean meal.

The flow sounds relatively easy, but the added equipment creates more pieces to monitor, maintain, and troubleshoot. Mixing ethanol plant flows with MSC flows changes the product densities and the way both the ethanol and the MSC plant operates, creating challenges and learning experiences along the way. These are the challenges that employees and managers have pushed through to learn, correct, and resolve over the last five to six months. It has taken many months to work out the kinks. There have been great hurdles and maneuvers to learn, and to be honest there are still some out there we haven't found or worked through yet. In time, we will get to a streamlined operations when it comes to protein much like we have made for the ethanol process, it just takes time.

Midlands Voices: High gas prices call for higher ethanol blends

Source: By Todd Sneller, Omaha World Herald • Posted: Sunday, November 14, 2021

It's déjà vu all over again: So said Yogi Berra in one of his more famous quotes. But it sure fits these days as we are once again paying the price, literally, for our dependence on oil. If you feel like you have been here before, you have, multiple times over the past several decades. Yet we do not seem to have learned any lessons.

The ethanol industry was born out of the oil embargoes of the 1970s and has proved to be an important hedge against gasoline prices. With a few occasional inversions, ethanol has consistently been less expensive than gasoline. At this writing we are seeing a 25-cent differential between base gasoline and ethanol, meaning blenders of 10% blends, the norm in the U.S., are saving that difference. For every gallon of gasoline they replace with ethanol, they make 10 gallons of the blend.

In 2014, the last time we had a serious price spike like we are seeing now, a study by Merrill Lynch concluded that ethanol was lowering the price of gasoline by 50 cents per gallon.

With no federal subsidies, ethanol remains competitive today. Not only is there a price differential but ethanol also has significantly higher octane and allows refiners to make mid-grade and premium-grade gasoline at even more profit to them.

If you think that is a feel-good story for ethanol, how about doubling the price benefit? Or tripling it? What if we could take out 20% or 30% of the gasoline and replace it with a higher-octane, low-carbon, lower-cost fuel? Well, we can.

While 15% ethanol blends have begun to enter the market, the opportunity to go well beyond that exists.

Here in Nebraska we have tested E30 blends and seen no adverse effects on vehicle emissions or performance. Mileage differences have been negligible, and with the cost considerations, it is time to embrace a higher octane standard. It would utilize more ethanol, provide significantly greater mileage gains, and provide consumers across the country a welcome reduction in gasoline prices.

The agriculture and ethanol industries

have shown they can respond quickly to increased demand. We went from displacing 2% of the gasoline used in the U.S. to 10% in just a few years. Using higher ethanol blends would be a boost to agriculture, create jobs in other sectors, and serve as an economic stimulus, lowering costs across a range of industries and consumer goods.

So what's the holdup? The U.S. EPA has, to put it kindly, failed to truly embrace ethanol and consequently has neglected provisions of existing law that would open the market to higher blends.

Prior to enactment of the RFS, I served as administrator of the Nebraska Ethanol Board and chairman of the Clean Fuels Development Coalition. I was in the trenches working on the Clean Air Act Amendments of 1990 that included a requirement for EPA to reduce toxic, carcinogenic aromatic compounds in gasoline. High-octane, low-carbon ethanol is the perfect replacement for those harmful compounds. EPA needs to act to enforce that provision, which would in turn open the market to higher blends.

FINANCIAL STATEMENT Review

By Laura Lunders



Laura Lunders
CFO

LSCP, LLC Statement of Operations For Periods Ended September 30, 2021 and 2020

	Quarter Ended September 30, 2021 (Unaudited)	Quarter Ended September 30, 2020 (Audited)	Fiscal Year Ended September 30, 2021 (Unaudited)	Fiscal Year Ended September 30, 2020 (Audited)
Revenues	\$107,464,500	\$71,475,000	\$380,528,000	\$253,593,000
Cost of Goods Sold	95,742,000	\$61,352,000	348,888,000	241,006,500
Gross Margin	11,722,500	10,123,000	31,640,000	12,586,500
Operating Expenses	\$1,295,500	868,000	5,116,000	4,959,000
Income from Operations	10,427,000	9,255,000	26,524,000	7,627,500
Other Income (Expenses)	449,000	508,000	2,347,000	\$901,000
Net Income	\$10,876,00	\$9,763,000	\$28,871,000	\$8,528,500
Net Income/Unit	\$40.12	\$36.02	\$106.51	\$31.46
Distribution/Unit**			\$23.60	\$40.00

When looking at the quarterly financials comparison, we again see revenue and COGS increases. The revenue growth is due to averaging ~90¢ more per gallon from 2020 to 2021 along with the co-product netbacks seeing an average increase of 75% and adding the AlitPro product line. The COGS jump is primarily due to cost of corn and natural gas costs. In the annual comparison, we see increases in revenues and COGS for the same reasons: better netbacks on ethanol and co-products offset to an extent by higher corn cost & NG costs. Other income is up due to a CARES Act grants/funding.

** Distributions were given in December 2020 (FYE 21) and December 2019 (FYE 20).

LSCP, LLC Balance Sheet For Periods Ended September 30, 2021 and 2020

	As of September 30, 2021 (Unaudited)	As of September 30, 2020 (Audited)
Total Current Assets	\$65,775,000	\$24,953,000
Net Property and Equipment	\$134,355,000	\$122,295,000
Other Assets	3,328,000	3,135,000
Total Assets	\$203,458,000	\$150,383,000
Total Current Liabilities	\$24,284,000	\$16,601,000
Total Long-Term Debt	\$23,891,000	\$973,000
Owner's Equity	155,283,000	\$132,809,000
Total Liabilities and Equity	\$203,458,000	\$150,383,000
Book Value/Unit	\$573	\$490

The increase in cash from positive margins and increased valuations on inventory are the reasons for the increase in Total Current Assets. The Net Property Plant and Equipment is due to various capital improvements and the AltiPro project. The Current Liabilities increase is from the 8M annual term debt payment. Long-Term Debt is the the financing of the AltiPro project. Increase in Owner's Equity is a result of yearly earnings less distributions to owners.

Reminder, tax year end for LSCP is December 31. We are currently working with a cost segregation team to allocate the MSC project costs to pass along tax savings to our shareholders. You can look for a tax estimate letter the week of Dec 13th.

LSCP, LLC Owner's Data

Most Recent Sales

Class A - Sept 2021 - 750 Units @ \$433.34
Class A - Sept 2021 - 90 Units @ \$515
Class A - Oct 2021 - 300 Units @ \$425
Class B - Oct 2021 - 150 Units @ \$480
Class C - Oct 2021 - 120 Units @ \$525
Class A - Oct 2021 - 30 Units @ \$495
Class B - Sept 2021 - 60 Units @ \$500

Current Offers to Purchase

Class A - 120 Units @ \$525

Current Offers to Sell

None

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

From front page

running as hard as possible and overrunning logistics at the moment for our co products. Ethanol logistics will slow production rates down eventually as the supply chain is not set up to move the record ethanol production of the last few weeks. We are most certainly enjoying the profitability while it lasts!!!

The local corn crop is harvested and quality and yields impressed and surprised everyone. It will be great to have a plentiful supply of quality corn to process in the next year. In the corn market, both futures and cash basis are benefiting from inflation fears. High fertilizer prices, lucrative ethanol crush margins, fears of lower 2022 US corn area and tight holding by farmers flush with cash have all added to the upside momentum. We have already had a pretty good rally this fall. Cash prices were below \$5 in September and are firmly in the upper \$5 range and flirting with \$6 at times. With strong yields and prices, revenue per acre is the highest in years. The unfortunate part is that so is the cost of production for next year's crop. Almost all inputs for crops are higher today than one year ago. Fortunately, revenue per acre has more than made up for the increase in cost of production and crop production is profitable. Please take advantage of these profitable times and lock in some sales of both old & new crop. One never knows when the balloon will pop and prices & profitability will come crashing down.



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

PRSRT STD
U.S. POSTAGE
PAID
LE MARS, IA
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.

BOARD OF DIRECTORS:

Ron Wetherell, *Chair* - Cleghorn, IA
Myron Pingel, *Vice-Chair* - Cherokee, IA
Tim Ohlson, *Secretary* - Meriden, IA
Doug Lansink, *Asst Secretary* - Arthur, IA
Dale Arends - Newell, IA
Vince Davis - Spirit Lake, IA
Darrell Downs - Marcus, IA
Daryl Haack - Primghar, IA
Verdell Johnson - Cleghorn, IA
Steve Core - Frost, MN
Ray Bradbury - Decatur, IL

Ethanol Keeps Gaining Ground in the Race to Reduce Carbon

ARTICLE COURTESY
URBAN AIR INITIATIVE

September 29, 2021: Replacing toxic carcinogens in gasoline provides a huge boost to an already impressive carbon reduction number for ethanol, according to a new study published by Transport Energy Strategies (TES), a leading energy consultancy with expertise in emissions, fuel and oil refining.

TES found that ethanol's inclusion in the fuel supply has had an even greater impact on reducing carbon emissions than previously determined. This occurs because ethanol replaces toxic aromatics in gasoline, the most carbon intensive component of the fuel. Ethanol has the highest octane rating of any other additive and reduces the need for these known carcinogens at an oil refinery.

Based on the findings by TES, Urban Air Initiative calculates that when credited for lowering aromatics, ethanol's greenhouse gas (GHG) emissions are 56% lower than gasoline, compared to the currently modeled 43% reduction.

"For years, the ethanol industry has touted the value of displacing aromatics with ethanol from an air pollution and public

health standpoint, but no one has, to our team's knowledge, ever truly factored in what displacement might mean for carbon intensity and for reducing GHG emissions," said Tammy Klein, founder and CEO of Transport Energy Strategies and a member of the study team. "Our findings break new ground."

Until now, all of the modeling around corn ethanol and carbon centered on the lifecycle analysis of how ethanol gets from the corn field through the processing stage. TES looked into the carbon impact of blending ethanol into gasoline in order to more accurately assess the total lifecycle. The study found that the displaced aromatics have a high carbon score, and the inclusion of ethanol therefore improves the GHG impact of the finished fuel. This advantageous blending attribute is due to ethanol's high octane rating and has been neglected in prior literature.

"This is just one more example of how ethanol helps decarbonize liquid transportation fuels. It's a readily available, clean, plant based solution that's already made more of a difference than it has been credited for. The findings by



TES demonstrate the need to update the current science and recognize ethanol's ability to have an even larger carbon benefit with increased availability of higher blends," said Urban Air Initiative President Dave VanderGriend.

VanderGriend said the goal is now for ethanol's updated carbon score to be incorporated into a calculation of the Greenhouse Gas and Regulated Emissions in Transportation (GREET) - Model, which is the gold standard of GHG emissions modeling developed by the Department of Energy through their Argonne National Laboratory.