



Fall 2023

LAP 20

AROUND THE TRACK



Nick Bowdish
President & CEO

Little Sioux Corn Processors completed its 20th full year of operations by producing 158,980,429 gallons. The past quarter presented an opportunity to evaluate, measure, in some cases reset, and in other cases reinforce the key focal points for the plant to be successful in its future. The employees invested numerous hours in housekeeping, organization, and cleanup of the plant buildings and grounds. Those traveling to and by the facility have shared many positive comments. Success sprouts from minding the details and all credit goes to the team for raising the bar.

The Company completed installation of two new capital investment projects. The 4th corn oil extraction machine is now online demonstrating good results and a mixer was added to provide more consistency to plant coproducts. The maintenance team took possession of the new spare parts inventory warehouse and was able to move in, organize and perform a master count on all the items kept onsite to provide plant reliability. The earnings this quarter capture the clean-up entries in aligning the balance sheet with what is actually on the shelf and useful as spare parts.

The low carbon economy continues to be a great opportunity for agriculture if all the stakeholders can

define a collaborative path to proceed. Summit Carbon Solutions continues to work toward that end. Corn ethanol to jet fuel is not feasible without using the corn plant via an ethanol plant to sequester carbon dioxide in the earth.

The jet fuel market, or sustainable aviation fuel, is an 18 billion gallon per year market in the United States and 50% of the blend by U.S. regulations can come from renewables. That's 9 billion gallons per year. To produce one gallon of jet fuel, it takes 2 gallons of corn ethanol. The market potential is therefore 18 billion gallons – larger than today's passenger vehicle demand.

Mostly because of the volumetric loss when turning ethanol into jet fuel, it also requires a significant amount of taxpayer money to incentivize this conversion. The tax credits are current law under the Inflation Reduction Act and that policy as described in the graphic opposite this article demonstrates the carbon reduction attributes required to qualify. Again, the corn farmer will not have access to the jet fuel tank without carbon sequestration under current law.

A logical and common sense approach to reduce carbon would be using ethanol's superior octane characteristics to displace toxic gasoline components in engines already on the road today by enabling blends of 25% - 30% ethanol through revised CAFÉ standards and updating other federal policies. That is exactly what the Next Generation Fuels Act would achieve.

Near term priorities include working with Cherokee County and neighboring landowners to expand the rail yard as well as optimizing the plant fermentation recipe. If successful on both fronts, I hope to be writing to you in a future year about a new record production statistic and unleashing the incremental positive benefits to local land values and corn farmers.

ANTICIPATED U.S. ETHANOL OPPORTUNITIES IN EMERGING GLOBAL ETJ SAF MARKETS

The U.S. Grains Council anticipates the U.S. and Japan will be thriving markets in the near-term for corn ethanol-to-jet (ETJ).

Considering current production announcements and ETJ production capacity, approximately **3.2 billion gallons of ethanol will be needed for SAF by 2030.**



UNITED STATES

PRODUCTION ANNOUNCEMENTS BY PRODUCERS

	Start Year	ETJ in million gals/yr	Ethanol in million gals/yr
ADM-Gevo	2025-26	500	900
Gevo Net-Zero 1	2026	55	99
LanzaJet-Marquis	2023	120	216
Blue Blade Energy	2028	135	243
Summit Agriculture	2025	250	450



JAPAN

PRODUCTION ANNOUNCEMENTS BY PRODUCERS

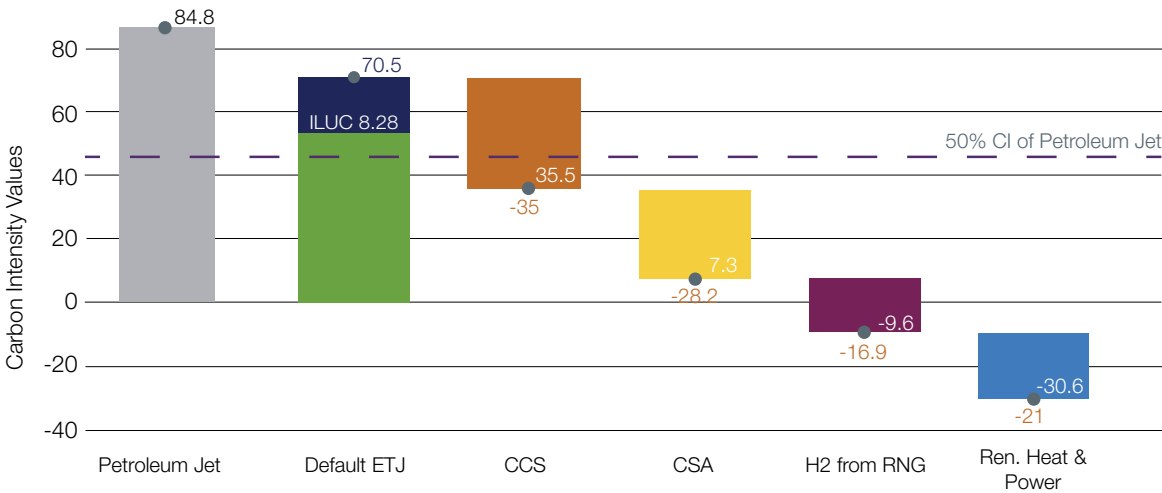
	Start Year	ETJ in million gals/yr	Ethanol in million gals/yr
Idemitsu - Project 1	2026	100	180
Idemitsu - Project 2	2030	400	720
Cosmo Oil & Mitsui & Co.	2027	220	396

*Ethanol volume is assumed based on 1.8:1 ethanol to ETJ conversion

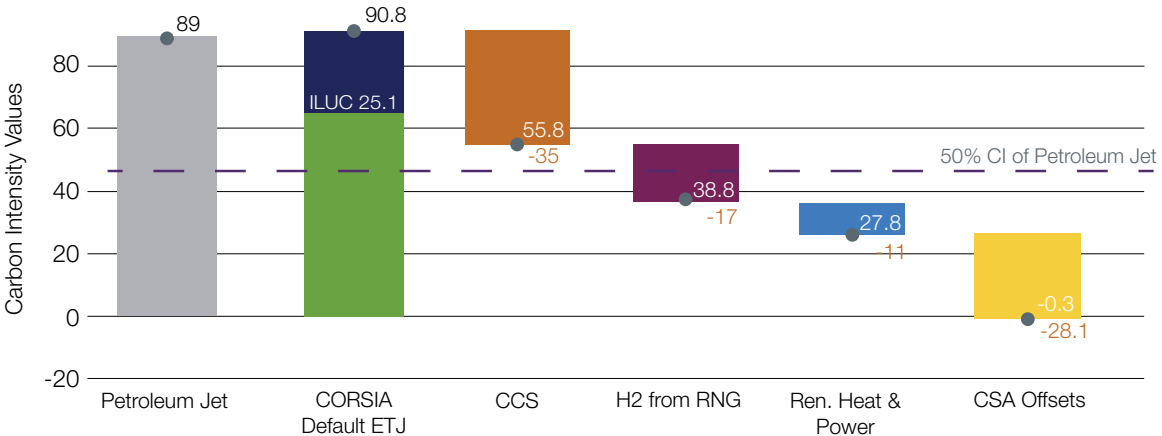
Carbon Intensity Reduction Potential of U.S. Corn Ethanol in Jet Fuel

Under the DOE GREET Model and the ICAO CORSIA Model

GREET



CORSIA



*Charts for illustration purposes only. | Default EJT in GREET chart uses standalone configuration with corn oil extraction. | CCS = carbon capture and sequestration. CCS technology is not currently recognized by CORSIA; the figure in the CORSIA chart assumes a hypothetical scenario where CCS is accepted in the policy. | CSA = climate smart agriculture. The figure of CSA Offsets in the CORSIA chart shows indirect CI reduction through carbon offsets from regenerative agricultural practices assuming same inputs in GREET.

JOHN DEERE DEVELOPS



JOHN DEERE

ETHANOL ENGINE *AGRITECHNICA 2023*

John Deere is continuing to work toward its Leap Ambitions — the company's focused goals designed to boost economic value and sustainability for customers while delivering better outcomes with less resources. Under the Leap Ambitions, John Deere is working to innovate viable low- and near-zero-carbon power solutions by 2026 within four key areas of power generation, including internal combustion engine (ICE) efficiencies, renewable fuels, hybridization, and full battery-electric options.

John Deere is committed to bringing the most advanced and effective renewable fuel solutions to its customers by prioritizing the technologies and resources that make the most sense for its customers. Within the variety of available renewable fuels, John Deere considers biodiesel, renewable diesel (or HVO), and ethanol to be the most promising options for near-term integration into heavy duty applications. Ethanol is an alcohol-based renewable fuel that is widely available in many parts of the world since it can be made from feedstocks such as corn, wheat, or sugar cane. As a high-octane fuel, ethanol is attractive for high performance spark ignited engines.

John Deere is leveraging its world-class engineering expertise to vet and test new technologies that simplify the integration of renewable fuels with combustion engine technology as it strives to deliver more value and productivity to customers. **John Deere will have a concept 9.0L engine that is compatible with ethanol on display at this year's AGRITECHNICA show.** This concept engine illustrates the company's ongoing commitment to developing a diversified portfolio of solutions that can meet power needs across equipment sizes and applications.

LET'S REVIEW THE FOURTH QUARTER VALUES OF FY23 VS FY22...

Let's review the fourth quarter values of FY23 vs FY22...

I'm going directly to Gross Profit to point out that we made up the revenue reduction plus with lower COGS.

For COGS in the period, we were again able to capture savings in corn and natural gas costs. Corn cost us around \$2 less per bushel in Q4 FY23 than it did in Q4 FY22 with our grind remaining consistent. Natural gas usage was even, yet the cost dropped by just over 3x the rate paid in Q4 FY22.

Our ethanol and co-product production remains steady with the bulk of the revenue reduction coming from the decrease in ethanol value.

Now to assess FY23 vs FY22...

For FY23, we ended the fiscal year with a net income of \$37.3M. We saw the value received for distillers grow by 5.1% in addition to

a 17.8% increase in corn oil sales volume which contributed 8.25% more to revenues. Even with the rise in the co-product revenues paired with the reduction in corn and natural gas costs by 5.5% and 32.6%, respectively, it wasn't quite enough to outweigh the 13.3% loss in value per gallon of ethanol.

Our working capital remains strong at \$53.7M at the end of the fiscal year.

Reflecting on the key metrics, our corn oil yield for the quarter is in the top 4 of our best since we began corn oil extraction in October 2005. Also, this is the 2nd quarter in a row we have been above 1.14 lbs/bu.

For the quarter-ended 09/30/2023, we had 1,481 units trade at an average of \$820/unit.

If you are interested in selling or buying units, please contact FNC Ag Stock LLC at 701-780-2828.

SUMMARY OF OPERATIONS	3 Months Ended 9/30/2023	3 Months Ended 9/30/2022	**Year Ended 9/30/2023	Year Ended 9/30/2022
Total Revenues	\$116,542,995	\$133,159,703	\$480,312,170	\$534,314,945
Gross Profit (Loss)	\$13,801,347	\$(370,612)	\$42,919,043	\$69,438,257
Net Income (Loss)	\$ 11,710,036	\$(333,274)	\$37,341,707	\$71,542,096
Net Income(Loss)/Unit	\$43	\$(1)	\$138	\$264
Distribution/Unit	\$-	\$-	\$150	\$135

** Unaudited

BALANCE SHEET	**As Of 9/30/2023	As of 9/30/2022	KEY METRICS	3 Months Ended 9/30/2023	3 Months Ended 9/30/2022
Current Assets	\$76,716,738	\$74,740,197	Ethanol Yield (Gal/bu)	2.96	2.97
Total Assets	\$211,505,670	\$214,834,462	Corn Oil (Lbs/bu)	1.146	1.065
Current Liabilities	\$22,988,157	\$24,463,164	Ethanol Production (Gal/day)	445,818	449,884
Long-Term Liabilities	\$1,991,872	\$199,790	Ethanol Production MGY	157.4	158.8
Members' Equity	\$186,525,641	\$190,171,508	Natural Gas (BTU/gal)	22,225	21,882
Book Value/Unit	\$689	\$702	Grid Electricity (KW/gal)	0.726	0.723

** Unaudited

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

LITTLE SIOUX CORN PROCESSORS

ANNUAL MEETING

MARCH 21, 2024 | 10 A.M.

AUDITORIUM AT WESTERN IOWA TECH COMMUNITY COLLEGE
Cherokee Campus, 200 Victory Dr, Cherokee, IA 51012



CHANGE IS IN THE AIR

It's hard to believe that I'm wrapping up my 24th year working on behalf of biofuels producers. To say it's been eventful would be a dramatic understatement. But more than that, I've been involved in agriculture every day of my life since growing up on a farm in southwest Iowa.

Much has changed... yields, hybrids, prices, the size of equipment. For many of us, the only thing that's stayed the same is the color of our equipment. While change has been continuous, it's also mostly been a slow evolution (not counting the random floods and droughts Mother Nature occasionally throws our way).

However, every so often there is a dramatic change that resets our expectations for the future. The growth of the ethanol industry in the first decade of this century was one such disruption. Over a 5-to-6-year period Little Sioux Corn Processors and other plants helped grow a market for 5 billion bushels of corn. The ripple effects from ethanol production have been felt for the last twenty years and won't stop anytime soon.

Now, after a decade of the more gradual change, I believe we have entered a new era of dramatic disruptions that will quickly and permanently change the future of agriculture. And this time, I don't just see one disruption occurring, but three.

First, the unprecedented, rapid expansion of soybean crush capacity in the US has no historical parallel. Over only a few years we're going from where one out of every three rows of US soybeans was routinely shipped to China to where we won't be sending much of anything to China. The creation of a massive domestic soybean meal supply will ripple throughout US commodity markets leaving nothing untouched... from acreage decisions, to DDGs values, to livestock rations.

Second, after decades of hearing “they’re coming” only to never see it materialize, many believe Brazil has finally got its agricultural house in order and is preparing to do to corn production what they previously did to soybean production. We’ve seen Brazilian corn production go from 5 to 50 million metric tons. In fact, this year Brazil surpassed the US as the world’s largest corn exporter for the first time. Smart observers are predicting Brazil’s corn production will grow to 100 or even 150 million metric tons over the next decade. And they’re growing their corn ethanol production right along with it.

Finally, the world’s desire to decarbonize air travel presents the largest opportunity to transform rural America since the advent of corn hybrids. Think of the benefits a 15-billion-gallon ethanol market created. Now, try to fathom the impact of a 100-billion-gallon worldwide sustainable aviation fuel (SAF) market. It’s mind boggling.

But the only way to unlock the SAF market is to decarbonize our ethanol. The best way for many ethanol plants to reduce their carbon score is by partnering with a carbon capture pipeline. Yet, on the precipice of unlocking the largest market in the history of agriculture, some in our state want to throw away the key and kill the carbon sequestration pipelines.

How we handle this mix of challenges and opportunities will define US agriculture for decades to come. We literally cannot afford to get it wrong.

I invite you to learn more about these topics and others at the 2024 Iowa Renewable Fuels Summit on January 11, 2024. The Summit is free and open to the public. To learn more or to register, simply go to: www.iowarenewablefuelssummit.org.



MONTE SHAW

Executive Director, Iowa
Renewable Fuels Association



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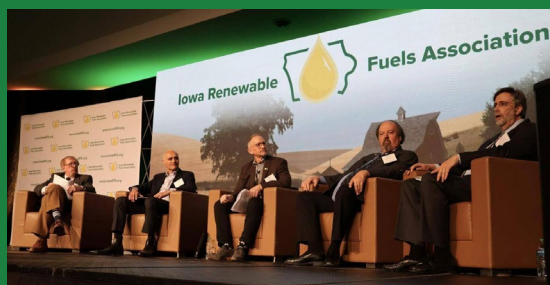
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Iowa Renewable Fuels
SUMMIT



The Iowa Renewable Fuels Summit hosts the 2nd largest biofuels trade show in the country. Exhibitors at the Summit have the opportunity to network with renewable fuels leaders from throughout the Midwest.

Summit exhibitors represent the leading brands and businesses in the biofuels industry. Don't miss your chance to establish your brand at one of the country's largest biofuels policy conferences!

Register today for the 2024 Summit!

January 11, 2024 | 7:30 a.m. – 3:30 p.m.

The 2024 IRFA Summit will be held at The Meadows Events Center within the Prairie Meadows Racetrack and Casino in Altoona, IA.

Follow the link to learn more! www.IowaRenewableFuelsSummit.org