
LITTLE SIOUX
CORN
PROCESSORS
Winter 2025

2025: THE YEAR THE GOLDEN STATE SHOULD LEGALIZE E15!

LSCP achieved $2.6M in profit for the quarter that just ended. It was a timeframe that corn prices were rangebound from $4.40 to $4.60 per bushel and the dry weather pattern at the end of the growing season in 2024 created record dry corn to handle during the harvest period. The team worked safely throughout the quarter and finished the year with 332 days since the last lost time accident.

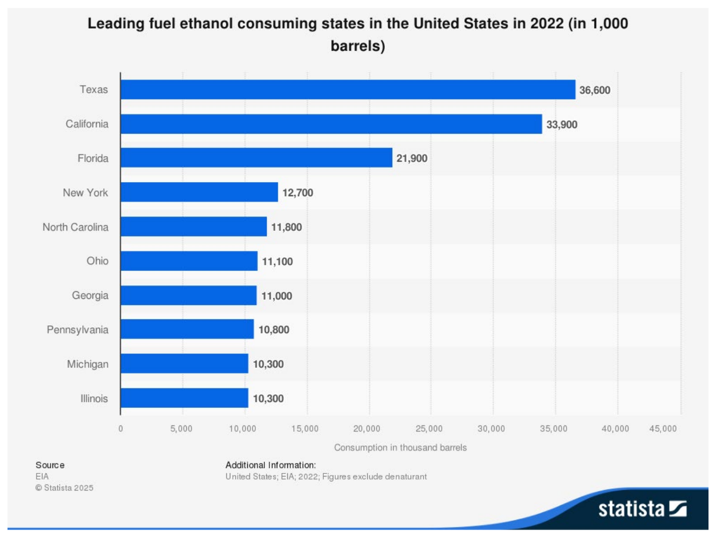
The plant is running well and the year ahead has the large capital expenditure ongoing to modernize the corn receiving and storage assets. The company expects the new assets to be in service by October 1, 2025. The operations team set a new company record for annual ethanol production in 2024. Make no mistake, this was solely achieved due to the focus, hard work, and dedication of the team. If you see an employee around town, please extend a word of thanks.

U.S. gasoline demand in 2024 was 137.6 billion gallons which was up 0.4% from the year prior but still not quite as high as the record set back in 2018 of 144.9 billion gallons. The gasoline consumed in the United States in 2024 contained on average 10.4% ethanol and toward the end of the calendar year, the monthly statistics demonstrated that ethanol inclusion rates were reaching all-time new highs approaching 10.9%. The trend of businesses and the federal government ordering employees to work back in the office five days per week will be helpful to future ethanol demand. The work-from-home experiment was more detrimental to ethanol demand thus far than the total displacement of liquid fuels caused by electric vehicle penetration rates.

Ethanol margins are following seasonal trends and the industry is currently at about breakeven while it builds stocks of ethanol on hand and waits for the return of the spring driving season. California has included language in their 2025 budget and plans to finally approve the use of E15 and make it a legal fuel in that state which is important given their size of total fuel consumption. The Governor of California has recently gone all-in on supporting this policy change given his need for political capital to lower fuel prices in the state and in general.

Cherokee County recently called the office to let us know they intend to begin construction on paving F Avenue as soon as the winter subsides. LSCP will contribute $1M to the project as stated in the agreement the parties signed in 2016.

Thank you for your continued business and support.



Nick Bowdish
President & CEO

FINANCIAL METRICS

Summary of Operations

In the Summary of Operations, the quarter ended December 31, 2024 of FY 2025, ended on the positive side with net income of 2.6M. In comparison to the same quarter of FY 2024, it wasn't as encouraging as the total revenues are down 20%, which was an effect of the ethanol netback tumbling 16% even with production up 1.9M gallons quarter over quarter, coupled with a drop in corn oil production and coproduct netbacks falling 30%-35%. While the production costs did not follow suit and only seen a reduction of 12%, energy cost dropped 20% with corn cost having the greatest impact with a 69% reduction in cost which does have a bearing on net income.

On the Balance Sheet, the increase in current assets and current liabilities stems from the amount of deferred corn contracts during the quarter. The members' equity remains steady as there was no distribution declared in the first quarter of the FY 2025.

In evaluating the plant performance, peek at the various yield and production metrics. The ethanol yield has returned to 3.0, the plant has been running at a consistent increased rate, and there is a reduction in BTU and KWH being used to produce every gallon, this is exciting for LSCP!

Unit Trading

There were no units traded in the quarter-ending December 2024.

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 12/31/2024	3 Months Ended 12/31/2023
Total Revenues	$83,480,706	$100,335,809
Gross Profit (Loss)	$3,693,666	$11,206,471
Net Income (Loss)	$2,634,182	$10,066,920
Net Income(Loss)/Unit	$10	$37
Distribution/Unit	$-	$80

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

BALANCE SHEET	As Of 12/31/2024	As of 9/30/2024
Current Assets	$103,970,400	$87,722,235
Total Assets	$236,408,690	$221,985,720
Current Liabilities	$34,647,499	$22,693,833
Long-Term Liabilities	$2,128,915	$2,231,973
Members' Equity	$199,632,277	$197,060,094
Book Value/Unit	$737	$727

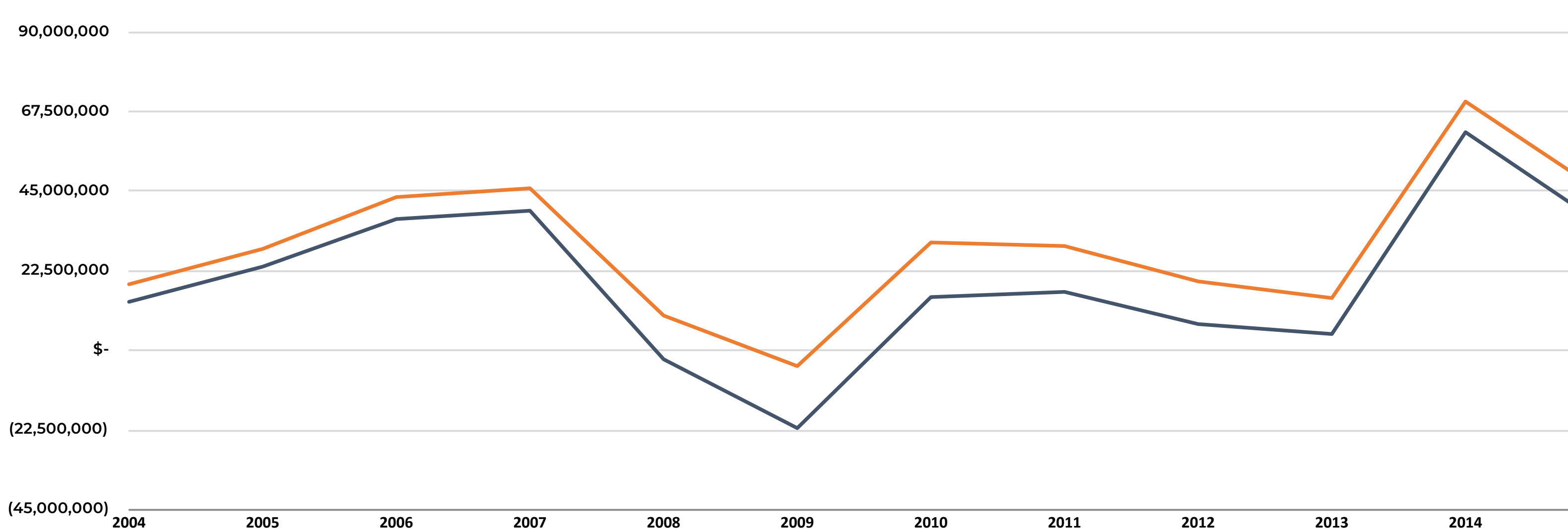
KEY METRICS	3 Months Ended 12/31/2024	3 Months Ended 12/31/2023
Ethanol Yield (Gal/bu)	3.00	2.93
Ethanol Production (Gal/day)	474,562	462,582
Ethanol Production MGY	167.5	163.3
Natural Gas (BTU/gal)	21,150	22,597
Grid Electricity (KW/gal)	0.563	0.705
Corn Oil (Lbs/bu)	1.038	1.262

In Memory OF OUR FRIEND

It is with sadness that we share the news that Darrell Downs died on February 1, 2025. Darrell was a founding Director of Little Sioux Corn Processors and its success stemmed from many contributions like those that Darrell provided the company for numerous years. Eternal rest grant unto him, O Lord, and let perpetual light shine upon him.

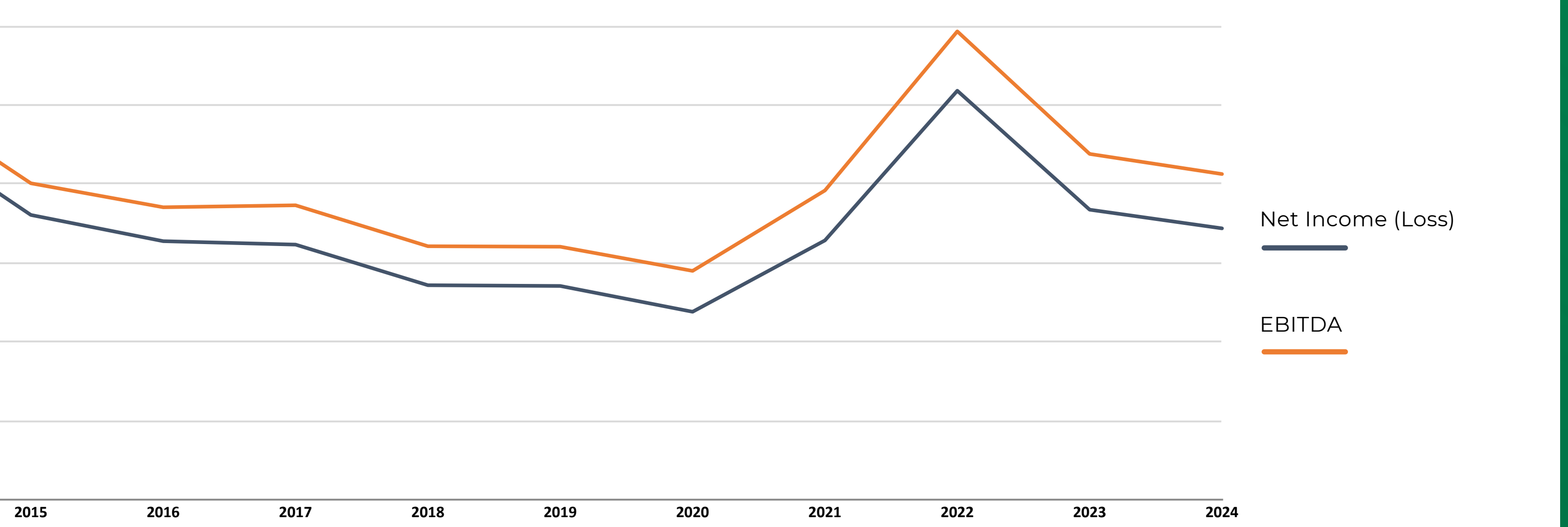
20 YEAR FINANCIAL HISTORY

FISCAL YEARS (Ending September 30th)	2005	2006	2007	2008	2009	2010	2011	2012	2013
Gallons Sold	49,189,013	53,235,275	53,882,095	90,313,734	107,836,828	108,840,520	112,019,449	107,451,646	114,593,908
Bushels Used	17,639,915	19,090,486	19,429,338	32,749,157	38,634,012	38,807,542	39,983,990	39,542,378	40,394,201
Ethanol Yield (Gal/bu)	2.79	2.79	2.79	2.76	2.80	2.80	2.81	2.72	2.84
Revenues	$95,881,420	$113,785,666	$132,832,570	$227,922,942	$200,118,150	$204,556,371	$329,582,693	$328,285,267	$354,988,950
Gross profit (Loss)	$30,624,334	$40,107,631	$43,669,812	$10,202,512	$(10,481,401)	$24,405,818	$22,858,156	$14,728,250	$8,963,586
Net income (Loss)	$23,645,446	$37,082,533	$39,441,307	$(2,513,573)	$(21,954,997)	$15,049,320	$16,518,868	$7,423,23	$4,623,945
Net income (Loss) per Gallon	$0.48	$0.70	$0.73	$(0.03)	$(0.20)	$0.14	$0.15	$0.07	$0.04
Outstanding Units									
Net income (Loss) per Unit									
Cash Distribution Total	$8,581,000	$15,361,000	$24,099,000	$15,494,454	$ –	$ –	$4,909,945	$4,080,008	$618,741
Allocated Tax Credits Total	$5,213,639	$2,402,309	$2,541,739	$ –	$ –	$ –	$1,503,212	$ –	$ –
%of Net Income Distributed in Cash & Tax Credits	58.3%	47.9%	67.5%	–616.4%	0.0%	0.0%	38.8%	55%	13.4%
Earnings before interest, taxes, depreciation and amortization (EBITDA):									
Depreciation	$3,888,573	$4,919,769	$5,177,591	$8,359,229	$10,698,107	$10,848,827	$10,497,502	$10,634,378	$9,650,720
Interest	$1,126,101	$1,286,265	$1,153,268	$3,988,150	$6,813,069	$4,574,697	$2,445,394	$1,423,709	$498,803
EBITDA	$28,660,120	$43,288,567	$45,772,166	$19,833,806	$(4,443,822)	$30,472,845	$29,461,765	$19,481,320	$14,773,468
EBITDA/gallon	$0.58	$0.81	$0.85	$0.11	$(0.04)	$0.28	$0.26	$0.18	$0.13
Balance Sheet Data - (Sep 30th):									
Current assets	$26,189,436	$31,509,119	$17,393,080	$45,382,830	$16,552,934	$28,602,888	$35,980,695	$4,327,922	$18,424,698
Total assets	$77,182,293	$91,647,172	$137,001,307	$155,606,247	$123,605,173	$127,902,178	$127,364,399	$88,805,002	$91,869,290
Current liabilities	$6,638,602	$2,554,953	$10,383,600	$8,261,713	$4,405,516	$4,571,348	$6,754,889	$11,595,832	$10,597,698
Long-term liabilities	$20,146,029	$16,973,024	$39,156,206	$77,891,060	$71,701,180	$59,475,021	$47,145,886	$402,319	$459,539
Members' equity	$50,397,661	$72,119,195	$87,461,501	$69,453,474	$47,498,477	$63,855,809	$73,463,624	$76,806,850	$80,812,053



LITTLE SIOUX CORN PROCESSORS

2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	20YR TOTAL
99,702,238	119,510,782	141,457,596	140,623,171	158,109,217	151,297,091	158,592,995	156,091,459	162,391,918	158,827,739	162,720,313	2,455,532,055
40,297,836	41,823,133	46,708,146	47,449,182	54,743,973	49,874,807	52,363,193	53,229,124	53,585,183	53,495,432	55,302,400	852,321,435
2.41	2.90	2.96	2.99	2.92	3.01	3.00	3.00	2.98	2.97	2.95	2.88
$299,049,106	$233,037,923	$244,310,672	$244,851,214	$265,002,506	$248,862,618	$253,655,150	$383,692,471	$533,160,546	$479,213,371	$362,816,208	$5,622,232,906
$60,459,589	$31,680,464	$31,804,248	$32,175,220	$21,169,227	$7,898,873	$12,868,023	$32,306,182	$70,418,759	$43,920,592	$35,058,410	$574,755,342
$61,620,573	$36,124,495	$28,651,023	$ 27,672,62	$16,095,476	$15,881,065	$8,528,800	$28,871,050	$71,542,34	$37,624,41	$32,304,780	$497,946,463
$0.62	$0.30	$0.20	$0.20	$0.10	$0.10	$0.05	$0.18	$0.44	$0.24	$0.20	$0.20
				271,065	271,065	271,065	271,065	271,065	270,940	270,940	
				$59	$59	$31	$107	$264	$139	$119	
$14,844,920	$44,820,003	$18,499,995	$23,470,885	$12,685,264	$1,923,729	$10,842,600	$6,397,134	$36,653,289	$40,891,160	$22,034,123	$308,457,250
$39,499	$5,129,654	$3,682,889	$4,401,818	$2,638,160	$3,864,447	$5,933,860	$15,659,399	$10,236,017	$6,108,442	$5,870,454	$78,000,770
24.2%	138.3%	77.4%	100.7%	95.2%	36.4%	196.7%	76.4%	65.5%	124.9%	86.4%	77.6%
$8,616,986	$9,029,437	$9,664,918	$1,208,307	$11,114,313	$11,188,501	$11,585,192	$13,140,343	$16,963,213	$15,891,519	$15,482,195	$212,081,637
$37,145	$ –	$ –	$ –	$ –	$ –	$66,109	$1,096,873	$(47,543)	$2,912	$578	$25,904,550
$70,274,705	$45,153,932	$38,315,940	$38,880,932	$27,209,789	$27,069,566	$20,180,101	$43,108,266	$88,458,012	$53,518,843	$47,787,553	$735,932,650
$0.70	$0.38	$0.27	$0.28	$0.17	$0.18	$0.13	$0.28	$0.54	$0.34	$0.29	$0.30
$57,438,500	$47,444,904	$53,557,986	$39,872,876	$34,537,915	$49,248,768	$24,105,098	$68,046,441	$86,247,058	$80,521,876	$75,092,573	
$140,580,878	$131,393,980	$144,093,268	$134,281,965	$136,505,271	$158,666,416	$148,996,100	$206,563,600	$225,433,843	$218,975,889	$222,066,513	
$12,472,883	$11,825,524	$14,203,611	$15,644,656	$14,593,969	$22,911,156	$15,676,193	$26,931,165	$35,074,690	$30,152,845	$22,760,624	
$520,290	$676,258	$846,432	$894,664	$758,445	$645,067	$523,513	$24,362,124	$199,790	$2,033,553	$2,231,793	
$127,587,705	$118,892,197	$129,043,225	$117,742,645	$121,152,857	$135,110,193	$132,796,394	$155,270,310	$190,159,363	$186,789,491	$197,074,096	



ALPHABET SOUP FOR POLICY GEEKS

BY NICK BOWDISH

The Biden Administration departed Washington, D.C. on January 20th and their exit did not occur until they grabbed the soup ladle and gave the pot one last tsunami of a stir.

The Inflation Reduction Act was passed by Congress on August 16, 2022 and this law created new tax credits available for manufacturing clean hydrogen (45V), technology components (45X), nuclear power (45U), clean electricity production (45Y), clean electricity investment (48E), advanced energy investment (48C), sustainable aviation fuel (40B), and the granddaddy of them all, the Clean Fuel Production Credit whose alias is better known by the simple three characters: 45Z!

The text of the law was available for 887 days while the Biden Administration was in office but taxpayers got the first glimpse of the 45Z rules exactly 10 days before they left town. Happy New Year!

Cliff Notes:

- The 45Z tax credit as written in law today is available for years 2025 thru 2027.
- The 45Z tax credit is a clean fuel production tax credit – you have to produce fuel to claim it.
- The bulletin published by the U.S. Treasury Department on January 10, 2025 was sufficient to provide the basis for taxpayers like LSCP to claim the 45Z tax credit.
- The bulletin published by the U.S. Treasury Department on January 10, 2025 was very specific on the formula to be used to determine

the tax credit available per qualifying gallon. The guidance on the formula and how it directs taxpayers to round effectively means that all scores above 47.5 will not generate any tax credit value because they round to zero. It also means that scores above 42.5 and up to 47.5 will round to 10 cents per gallon multiplied by the qualifying gallons.

- How many workshops, conferences, meetings, and roundtable experts have you heard state 45Z is worth 2 cents per gallon per point below 50? **Hold-up! That would be false today.**
- The bulletin published by the U.S. Treasury Department on January 10, 2025 specifically disclaims the use of climate smart agricultural practices in determining a taxpayer's fuel score until the Treasury Department and the IRS propose rules at a future date.
- **That means under current law and rules that farm practices have no way of generating any value inside the current 45Z production tax credit scheme.**
- The 45Z GREET model released by the U.S. Department of Energy on January 15, 2025 was sufficient to support the Treasury Department bulletin so that a taxpayer could input its data and determine the cleanliness of the fuel they produce as measured by the kilograms of CO2 equivalent per MMBtu of energy. This is what you hear referred to as a CI score. (Carbon Intensity)
- The interim rule published by the U.S. Department of Agriculture on January 15, 2025 on Technical Guidelines for Climate Smart Agriculture and corresponding Feedstock Carbon Intensity Calculator are worthless to a taxpayer to use under current guidance given the wording in the U.S. Treasury Department's January 10, 2025 bulletin.
- LSCP scores a 49.66 carbon intensity upon inputting its 2024 data into the 45Z GREET model.

What is next?

- The Trump Administration arrived in Washington, D.C. on January 20th in case you hadn't noticed and the tidal wave of executive orders could best be summarized by stating hold-up a minute! Everyone take a 60-day break and let's review.......
- Will a Trump Administration want to perpetuate something with the word climate in it?
- Will the new Congress controlled by Republicans think it is a good idea to keep the alphabet soup around in its current form including how it requires taxpayers to meet prevailing wage and apprenticeship hurdles?
- Will one Big Beautiful Bill to extend income tax rates and estate tax exemptions in this country need offsets like the Green New Deal (45Z) to manage the federal budget moving forward?

LSCP has been fortunate and successful for 21 years and in those twenty-one years clean fuel production tax credits like 45Z did not exist. The use of the federal treasury in programs like 45Z can have substantial unintended consequences like establishing different winners and losers inside an industry that is still producing the same 16B gallons of ethanol while consuming the same 5.5B bushels of corn.

It is a matter of fact that turning corn ethanol into jet fuel cannot occur economically today without massive subsidies from governments or customers. Current economics would suggest that corn ethanol-based jet fuel costs $4.60 per gallon to produce and that assumes someone gave you the money to construct the jet fuel plant for free! A recent example of that was the federal government providing a loan guarantee to a developer for approximately 90% of the plant's construction cost.

Petroleum derived jet fuel is trading for about $2.50 per gallon so currently the taxpayer or consumer would have to provide more than $2.00 per gallon in subsidies to make corn disappear into jet fuel.

More corn can disappear into the gasoline tank and save the consumer money with zero federal taxpayer subsidies if the United States simply adopts policies to make it legal to blend more ethanol into gasoline. What a novel concept.

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Plant Manager, Chris, presented Beau, production operator, with a gift to celebrate his new baby born December 26th, Bennett Wrigley. **Congratulations Beau!**

SAVE THE DATE

ANNUAL MEMBER'S MEETING

APRIL 22, 2025