



Energy for a Clean Environment

Ethanol Connection



Positioning GGE as preferred destination

Bin, receiving system expands direct purchase opportunities; on time and on budget to start operations by early June

By early June, Golden Grain Energy will boast more than 3.5 million bushels of on-site corn storage and improved receiving and handling facilities. The result will provide the company with greater ability to time the market, as well as the ability to provide a preferred experience to area farmers looking to sell corn directly to the plant.

The new bin, the largest freestanding steel grain bin in the world, is nearly complete, with the remaining work on infrastructure for the bin and receiving building on track to be completed by late May or early June, on schedule and on budget.

A limited open house will likely be scheduled shortly before the facility is brought online; watch Golden Grain's social media accounts for information.



Oct. 22, 2020



Feb. 1, 2021



March 26, 2021



Feb. 17, 2021



Lower production blunts start of 2021

The effects of the Covid-19 pandemic continue to be felt in the ethanol markets as lower demand, and Golden Grain operated at a slightly lower capacity in the first quarter of this fiscal year in response to that lag.

Total revenue was approximately 6 percent less for the first quarter of 2021 (ended Jan. 31, 2021) compared to the same period of 2020 due to lower quantities of ethanol, distiller grains and corn oil sold along with lower average ethanol prices. GGE sold approximately 15 percent fewer gallons of ethanol during the first quarter of 2021 compared to the same period of 2020, at a price approximately 1 percent lower than the previous year.

While distillers grains and corn oil prices were both significantly higher than the year before, due to increased corn prices, the reduced production rate resulted in fewer tons sold.

Cost per bushel of corn in the first quarter was approximately 14 percent higher in the first quarter of 2021, and natural gas prices were approximately 5 percent higher.

Adjustments to the company's financials were made in the first quarter of 2021 to account for officially receiving forgiveness of an

\$860,000 Payroll Protection Program loan received in 2020 as a result of a Covid-19 stimulus package.

A \$0.20 per unit distribution was also paid during the first quarter of 2021.

More detailed discussion is available in the complete [10-Q quarterly report](#) which can be found on the SEC website or by following the investor link at www.ggecorn.com.

K-1 notes

On Feb. 24, 2021 Golden Grain

members' K-1 tax documents were mailed or made available via the online portal. We are aware of something not functioning correctly with the mail, and some shareholders did not receive their documents. We encourage any members who have not received their K-1 for 2020 taxes to reach out to our office and we will assist them in getting the documents. Also, the form to sign up for the portal next year is available via our website.

— Brooke Peters, CFO

BALANCE SHEET	January 31, 2021	October 31, 2020
Current Assets	\$32,073,394	\$42,422,107
Total Assets	\$129,345,964	\$139,088,941
Current Liabilities	\$9,014,755	\$11,194,110
Long-term Liabilities	\$2,985,892	\$3,582,326
Members Equity	\$117,345,317	\$124,312,505
Book Value per Unit	\$5.90	\$6.26

INCOME STATEMENT	Quarter Ended 1/31/21	Quarter Ended 1/31/20
Revenue	\$53,444,657	\$57,432,202
Gross Profit (Loss)	\$(5,443,665)	\$2,605,865
Equity in Net Income (Loss) from Investments	\$2,559,481	\$2,015,270
Net Income (Loss)	\$(2,992,588)	\$3,414,218
Net Income (Loss) Per Unit	\$(0.15)	\$0.17
Distribution Paid	\$0.20	\$-

Steps toward capturing low-carbon premiums

While ethanol is largely a commodity, there are opportunities to capture premium prices for ethanol produced with a low-carbon footprint, which can be sold for \$0.50 to \$0.60 per gallon more into specific markets, particularly California and the Pacific Northwest.

Golden Grain is employing two primary tactics to produce ethanol suitable for these specific markets.

The first is the capability to process ethanol from corn fiber, a cellulosic portion of the corn kernel, which increases yields and results in greater greenhouse gas reductions to meet low carbon fuel standards. Ap-

proximately 4 percent of Golden Grain Energy's 2020 production was corn kernel fiber ethanol.

A second project which will provide further progress toward selling more gallons of GGE ethanol as low-carbon fuel will be a partnership with The Summit Group, an entity intending to sequester carbon emissions from a collective 2 billion gallons of ethanol production at a site in North Dakota. The \$2 billion pipeline and sequestration site has commitments from a number of ethanol plants in Iowa, Minnesota and the Dakotas. It is expected to be operational by 2024.

Recapping 2020 and looking ahead

Approximately 50 of Golden Grain Energy's members logged in to join the board and management in the 2021 annual meeting. During the meeting, leaders reviewed the last year and highlighted what is to come for Golden Grain Energy and the ethanol industry.

Ethanol's future

Board chairman Dave Sovereign addressed ethanol's potential to contribute significantly to efforts from national leaders to shift America toward a zero-emission economy, noting that in many cases the emissions from vehicles, especially flex-fuel or hybrid vehicles, operating on higher ethanol blends is lower than the net emissions attributed to electric vehicles charged on the Midwest power grid, which gets 60 percent of its power from coal-fired plants. "High blends of home-grown biofuels are the solution that is available today, compatible with our existing auto fleet, and affordable for communities around the world. It's a win-win for consumers and the environment," he said.

In the black

Despite a challenging year for all ethanol plants, Golden Grain Energy ended its 2020 fiscal year with a profit, including providing a dividend back to members and self-funding a major construction project without debt. "We remain a debt-free facility," Sovereign points out. Helping to boost GGE's bottom line, particularly in the fourth quarter, has been growing value in the plant's co-products of dried distillers grains and corn oil, which accounted for nearly 1/4 of the plant's revenue in the fourth quarter.

Max conversion vs. max profit

Those listening in on the meeting may have noticed that Golden Grain's conversion rate, from bushels of corn to gallons of ethanol, was down slightly from the industry-leading highs in the past. CEO Chad Kuhlers explains the intentional decisions that led to that change, by noting that to achieve that peak conversion requires higher cost inputs, and also results in less DDGS as a co-product. What is lost in the minimal reduction in conversion rate is made up for in decreased costs for inputs such as yeast and enzyme, plus the increasing value of DDGS to Golden Grain's overall revenue. "We are targeting the most profitable point of operation," Kuhlers says.

Meeting business

Among the business completed as part of the annual meeting was the election of two directors to three-year terms on the company's board, along with a vote to approve a change to the company's operating agreement. That change was approved, and incumbents Jim Boeding and Duane Lynch were elected to serve again. A question was also asked regarding how many gallons of ethanol production are represented by each membership unit in Golden Grain Energy, taking into account the company's ownership shares in other ethanol plants. Each membership unit is equivalent to 8.66 gallons of ethanol production capacity.

Keep supporting ethanol

Jerry Calease, chairman of the GGE PAC, thanks members for their financial support and encourages everyone to continue promoting and using ethanol.

Commodity comments from Scott Gudbaur

USDA's low intentions report bumps markets

Right now, the sun is trying to shine and we are about 2 weeks away from seeing corn go in the ground. Today the USDA released its Quarterly Stocks and Planting Intentions reports, with its signature surprises. Corn acreage intentions were over 2 million acres short of expectations (91.1 million acres), bean acreage intentions were over 2 million acres short (87.6 million acres). Quarterly stocks figures were near expectations (7.7 billion bushels of corn and 1.56 billion bushels of beans). The surprise took both corn and beans limit higher almost immediately.

Regardless of whether we believe the numbers, this is how the market will trade for the next few months.

These numbers will be used in the first new-crop supply-demand report in May and again in June. It's easy enough to put a corn balance sheet together and come up with near 1.5 billion bushels of corn for next year's ending stocks, assuming trend line yields of 180 bpa and reduced Chinese demand. A bean balance sheet with these acres would drop ending stocks down to zero, and that just can't happen. The job of the market will be to reduce demand, especially in beans, and the easiest way to reduce demand is to get prices high enough that alternatives sources will be found. It will also put added weather risk premium in the market. Expect extreme volatility to continue, so keep

your offers in front of us.

In brighter news, ethanol margins are improving and driving demand is picking up. It's going to be a challenging summer for corn procurement with spreads telling us to be more concerned about nearby needs than deferred needs. May futures are currently near 18 cents higher than July futures, so the market is telling us they want it now and that is basically what our bids are reflecting. Along that line, if the market is paying you 18 cents more today than they will in July, it's generally a good idea to sell the nearby premium.

We appreciate your business and hope this will be the lowest acreage report we see this year. Stay safe.

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Until next time ... Introducing new plant manager

In 2020, long-time Golden Grain Energy team member Matt Dutka was named plant manager. The Nashua High School and Northeast Iowa Area Community College graduate and U.S. Navy veteran joined Golden Grain in 2004 as maintenance supervisor. He was named production manager in 2007 and plant manager in 2020. He had worked for Norby's John Deere, Ziegler Caterpillar and Mercy Medical Center prior to joining GGE. Matt and his wife, Tara, have two daughters, Madison and Morgan.



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Dustin Petersen
Roger Shaffer

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Chad Kuhlers, CEO
Brooke Peters, CFO
Scott Gudbaur, Commodity
Manager
Matt Dutka, Plant Manager

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Add value to the corn production of the area and enhance the incomes of our investor partners while providing economic growth to the area we serve.