



SIUXLAND ETHANOL LLC UPDATE

The Decade Ahead for Ethanol

An Overview from Nick Bowdish President & CEO



Siouxland Ethanol is entering 2020 firing on all cylinders as our company continues to set new records on many key indicators. Our team is determined to enhance the profitability of our business for our investors by executing on our strengths. We're reminded every day of the numerous things we can't control, yet remain committed to maneuver around those things to build a more prosperous ethanol industry and strengthen our local economy.

From 2000 to 2010, the U.S. ethanol industry blossomed from 1.6 BGY to 13.1 BGY. From 2010 to 2020, the U.S. ethanol industry matured from 13.1 BGY to 15.8 BGY.

Siouxland Ethanol aspires to see our industry be a 30 BGY powerhouse by 2030. A bold growth rate in the next 10 years is not going to come from clinging to slogans such as "Don't Mess with the RFS" or ignoring the consumer's desire to have traceability on the products they consume and understand the impact those products have on the world's climate. We see a prosperous path for America's corn farmers and ethanol producers to embrace low carbon fuel standards and drive higher concentration rates of ethanol in our liquid fuel supply.

During the past quarter, the USMCA and Phase I China trade agreements were signed. A successful ethanol industry depends on the pillars of free trade with zero tariffs and the repeal of non-duty trade barriers such as tedious registration processes and erroneous environmental constraints. We believe the United States will resume both ethanol and DDG exports to China in 2020. We are also advocating for Mexico to reject the MTBE lobby's false claims about nitrous oxide emissions when combusting ethanol.

To achieve bold growth opportunities in our industry, we must leverage our cohesive talents and powerful voice – the core of which already exists within today's ethanol industry. There are efficiencies to gain as we build a more profitable future. As we work with industry peers on public policy, Siouxland Ethanol is focused on making investments that lower the carbon intensity of our fuel, which diversify our co-product revenue streams and which allow our company to secure a platform for future production growth. This is what our 2020 capital expenditures and investments are set to achieve.

We greatly respect and admire the generation of leaders that built out our industry from 2000 to 2010. But since 2010, our company finds the lack of industry growth and status quo public policy stances as frustrating, unacceptable, and not meeting the expectations of our stakeholders. We must challenge ourselves to achieve greater things ahead. At Siouxland Ethanol, we are committed and ready to invest the work in the trenches to make it happen. We will achieve more in the next ten years as we solidify the ethanol industry by combining our resources and working together.

The corn harvest of Fall 2019 was very good here in northeast Nebraska. The ground pile ended up with 2.5 million bushels at the end. This picture shows the plant in full grain receiving mode – notice the trucks lined up and going through the scale and on to the grain receiving area as well as the ground pile of corn in the upper left of the picture. Our team of grain receiving employees did an awesome job of managing an excellent harvest and treating our customers to good service!



Life's a Struggle But You Can Win

Pam Miller *Board Chair and Director of Industry and Investor Relations*



I recently had the privilege to meet Erin Brockovich at a high powered leadership seminar in Omaha, NE. You know Erin Brockovich from the movie in her name starring Julia Roberts. We had dinner together with a few others from the ethanol industry and some people from the seminar. Never have I met someone so true to their mission to rid the world in general, and small towns specifically, of corporate greed that harms people's health in the process.

We all talk about Big Oil and the harm they continue to inflict on the ethanol industry in general. But we need to talk about the harm the oil companies do to people when they continue to use the bottom of the barrel to make an oxygenate for gasoline. The bottom of the barrel contains nasty chemicals that cause cancer and other diseases. These chemicals are benzene, toluene and xylene. Over 25% of our gasoline is made up of these chemicals and the EPA thinks that's okay.

It's not okay and it's time for us to stand up for all Americans and demand that a

better product that does not cause cancer or other diseases be used. That product is ethanol and it is a superior product to this carcinogenic oxygenate, collectively known as aromatics.

Oil refiners had to find a new oxygenate when lead was phased out because of its harmful health effects. Then oil refiners went to MTBE which ended up causing groundwater contamination with harmful side effects for our health. They then went to aromatics (benzene, toluene and xylene) because they could produce that out of the bottom of their barrel of oil. Based on numerous health studies, we now know and understand that aromatics pose terrible health problems. In fact, in 2015 the Environmental and Energy Study Institute (EESI) stated that aromatics in gasoline are the new lead. And the Environmental Protection Agency has classified aromatics as hazardous air pollutants.

A 2015 study published in the American Journal of Epidemiology says benzene in traffic emissions is tied to childhood leukemia. A 2012 study out of the University of California ties the risk of autism to traffic pollution. And a 2015 study published in the Journal of Environmental Health Perspectives links tiny particles in car exhaust to heart disease.

Ethanol on the other hand, has the highest octane rating of any component in gasoline and is proven to reduce toxic

emissions. In 2018, two separate studies by North Carolina State University and the University of California Riverside found that ethanol blends reduce toxic tailpipe emissions by up to 50%. These studies also found that aromatics like benzene and toluene added to gasoline to boost octane directly raise emissions, while ethanol added to fuel decreases emissions. Plus as more ethanol is added to fuel, studies found that it displaced the toxic aromatics.

We can choose to sit by silently and let EPA allow Big Oil to continue to choose profits over public health by using aromatics in our fuel supply. Or we can follow Erin Brockovich's advice and fight Big Oil's use of aromatics. Let's be that advocate, that pain in their backside that never gives up. Erin's book in 2001 was entitled "Take It From Me: Life's a Struggle But You Can Win". She never gives up and we can't either.



Siouxland Ethanol donates to the Cancer Center



Siouxland Ethanol partnered with June E. Nylen Cancer Center, Nebraska Ethanol Board and HoChunk, Inc. to raise awareness of how using ethanol blends of gasoline can displace cancer-causing chemicals in our gasoline. An event called "Fuel the Cure" was held at Pony Express in South Sioux City in October with on-air interviews with KSUX personalities Tony Michaels and Candice Nash. Afterward, a check was presented by Pam Miller to the June E. Nylen Cancer Center in Sioux City to assist with their efforts in preventing cancer and caring for those with cancer.

FINANCIAL REPORT

SUMMARY OF OPERATIONS NOTES

- Total revenues for this quarter increased nearly 23% compared to same period in 2018 due to increased plant outputs combined with higher prices received for ethanol and distillers grain
- Gross profit for this quarter higher primarily a result of a 28% increase in crush margins over the same quarter in 2018

BALANCE SHEET NOTES

- Working capital down primarily as a result of a \$1,250/unit distribution declared and paid in late October 2019, totaling over \$4.5MM
- Current liabilities up primarily due to Accounts Payable-Corn increasing with the large amount of corn received and payments deferred until January 2020

KEY METRICS NOTES

- Corn oil production increased by 10% quarter over quarter
- Production rates 6% higher quarter over quarter

UNIT TRADING NEWS

- 17 units traded during the quarter ending 12/31/2019, averaging \$26,000/unit

TAX INFORMATION

- Siouxland Ethanol estimates net taxable income around \$3,850/unit for full year unit holders. We also estimate allocating a federal Research and Development tax credit of \$450/unit. Tax information forms K-1 were completed and mailed in late January 2020.

Please be sure to keep Siouxland Ethanol updated on your contact information. We would like to have your email address on file for faster dissemination of information. Please send to amy.williams@siouxlandethanol.com. Thank you!

UNAUDITED

SUMMARY OF OPERATIONS

	3 Months Ended 12/31/2019	3 Months Ended 12/31/2018
Total Revenues	\$45,059,789	\$36,708,648
Gross Profit	\$5,049,601	\$1,517,311
Net Income	\$4,337,760	\$959,137
Net Income/Unit	\$1,192	\$264

UNAUDITED

BALANCE SHEET

	As of 12/31/2019	As of 9/30/2019
Current Assets	\$51,761,244	\$46,136,579
Total Assets	\$108,934,145	\$98,763,489
Current Liabilities	\$16,228,655	\$5,814,060
Long-Term Liabilities	\$1,545,255	\$1,579,454
Members' Equity	\$91,160,235	\$91,369,975
Book Value/Unit	\$25,058	\$25,115

KEY METRICS

	3 Months Ended 12/31/2019	3 Months Ended 12/31/2018
Ethanol Yield (Gal/bu)	3.03	3.03
Natural Gas (BTUs/gal)	20,195	20,361
Electricity (KW/gal)	.51	.52
Corn Oil (Lbs/bu)	1.07	.97
Ethanol Production (Gals/day)	277,445	262,510
Ethanol Production (Gals/year)	97,938,212	92,666,011

Siouxland Ethanol holds its Annual Meeting



Aimee James and Amy Williams greeted attendees as they arrived.



Tom and Jean Lynch, formerly of Jackson, NE and now living in Lincoln, NE

Siouxland Ethanol held its annual meeting of its unitholders on January 14, 2020 at the Marriott Hotel ballroom in South Sioux City. Over 300 people attended this annual event. The attendees received information on upcoming projects and performance of Siouxland Ethanol for the past year. Re-elected to the board of directors were Craig Ebberson, Pam Miller, John Meuret, and Shennen Saltzman. Tom Lynch and his wife Jean were recognized for their attendance and past service to Siouxland Ethanol. Tom was one of the founders of the company and the first chairman of the board.



Taylor Nelson of Jackson, NE and Brian Ebberson of Belden, NE attended the event.



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BOARD OF DIRECTORS

Pam Miller • Dakota Dunes, SD Chair
Shennen Saltzman • Dakota Dunes, SD Vice-Chair
Steve Ausdemore • Wisner, NE Treasurer
Craig Ebberson • Belden, NE Secretary
Mark Condon • Sioux City, IA
Darrell Downs • Marcus, IA
Vern Henjes • Dakota Dunes, SD
Luke Moser • Valentine, NE
John Meuret • Brunswick, NE
Doug Nelson • Jackson, NE
Ronald Wetherell • Cleghorn, IA

Our Mission

To be an efficient producer of ethanol and its co-products with a low carbon footprint, and to promote the "clean octane" value of ethanol which will ensure long-term profitability for the industry and the investors in Siouxland Ethanol.



Got Corn?
To sell corn or buy
DG products, call Kasey or Jana
402-632-6206

Fake News

Let's talk about the the EPA. EPA stands for Environmental Protection Agency and governs many facets of the transportation fuels industry, including ethanol. A person would think that EPA protects the air we breathe and as a governmental agency follows the laws set out by Congress and carries out the intent of that law with proper regulations. Not so fast...

EPA uses exact science to make regulations. FAKE NEWS!

One example – EPA's Motor Vehicle Emissions Simulator (MOVES) model from 2014 incorrectly blames higher blends of ethanol for raising tailpipe emissions by using incorrect blends (phantom fuels) rather than using a splash blended fuel with up to 30% ethanol.



EPA fairly considers small refinery exemptions to the RFS according to the letter of the law. FAKE NEWS!

The 10th Circuit Court ruled January 24th that EPA overstepped its authority and granted three small refinery exemptions illegally. The Clean Air Act Amendments passed by Congress clearly states how EPA may grant an extension of a small refinery exemption. EPA has acted illegally on this matter with increasing frequency since 2016.

EPA uses the most up-to-date model to analyze the greenhouse gas emissions of transportation fuels, including ethanol. FAKE NEWS!

EPA uses an outdated formula rather than the industry standard provided by the Department of Energy's Argonne Lab. The EPA model has not been updated to reflect, among

other things, actual land use changes and today's agricultural practices that are environmentally friendly such as cover crops and appropriate application of nitrogen. The EPA model still uses assumptions (that never came true) from 20+ years ago. The Argonne model called GREET is continuously updated and improved with actual results from field studies and analysis.

The administrator of the EPA is impartial to Big Oil. FAKE NEWS!

The administrator of EPA is appointed by the President. The past administrator appointed by President Trump was Scott Pruitt from Oklahoma who had strong ties to the oil industry. The current administrator appointed by President Trump is Andrew Wheeler who was a former coal and energy lobbyist. Regulations favorable to Big Oil have continued to negatively impact ethanol under both of these administrators.