



# SIUXLAND ETHANOL LLC

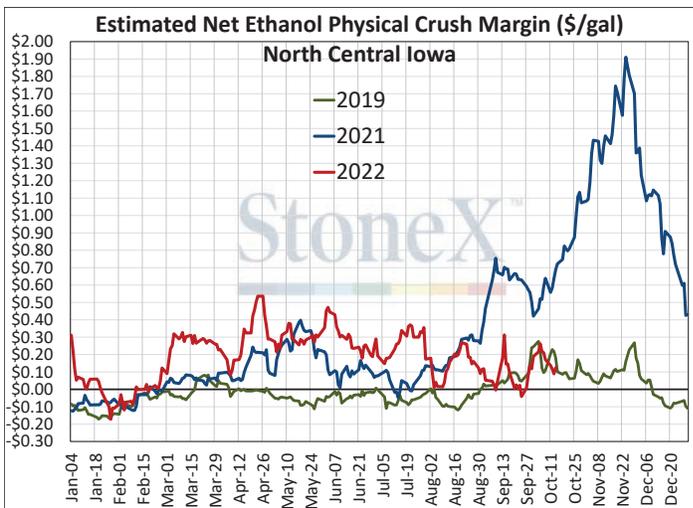
Fall 2022

# Sometimes it Pays to be Lucky!!

Siouxland Ethanol just completed its most profitable year and its 15th full year of operations aligned with an exceptional industry margin environment. The plant produced a record amount of ethanol because the Board of Directors has reinvested capital in the business and the employees delivered record-setting reliability. The plant finished FY 2022 with only 5 hours of unplanned downtime.

The fundamentals that poured the foundation for an exceptional industry margin environment this past year have evaporated as the enclosed chart depicts and FY 2023 will look very different. The amount of ethanol on hand in the United States stands at 950 million gallons as compared to 835 million gallons a year ago. Gasoline demand in 2022 is a half percent lower than 2021 and looks to finish the year at 134.5B gallons. While ethanol exports started the year on a terrific pace, the last half of 2022 is turning out to be extremely weak given the strength in the U.S. Dollar and the more affordably-priced product available to the world sourced from Brazil.

The United States corn supply has tightened as compared to a year ago and basis levels will be stronger than average in northeast Nebraska in the year ahead. The drought continues to punish a significant amount of acreage dedicated to corn and soybean production. While not as severe as 2012, the typical advantage of owning a corn processing plant that sits on top of an abundant supply of corn is absent.



The Inflation Reduction Act federal legislation that passed on August 16th contained numerous policy provisions that impact Siouxland Ethanol. The extension of the biodiesel blender's tax credit to 2024 will keep corn oil prices well supported, the increase in the value of the 45Q tax credit to capture carbon dioxide and sequester it makes carbon dioxide more valuable, and the introduction of the clean fuel production tax credit in 2025 will provide an additional economic boost to stay committed to our mission statement:

"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, ensuring long-term profitability for the industry and our investors."

The legislation allocated an additional \$500M to infrastructure supporting higher blends of biofuels. That is a step in the right direction, but pales in comparison to the \$2B in grants to US automotive manufacturing plants to retrofit to produce electric vehicles and another \$20B in taxpayer loans to build new automotive plants that manufacture electric vehicles.

The Siouxland Ethanol team is committed to the road ahead and while we deploy a forward-looking strategy focused on liquid fuels, we hope each of you will take quiet satisfaction in the \$56,512,000 distributed to unit holders in March 2022 and October 2022. The company was ready to execute but it also pays to be lucky.



*Nick Bowdish*

**Nick Bowdish**  
President & CEO

# Financial Highlights

## Comparison Of Operations Three Months Ended:

- Ethanol revenues were relatively steady quarter over quarter. Distillers grains and corn oil values were up 16% and 13% respectively, resulting in the modest increase in overall revenues when compared to the same quarter of the previous fiscal year.
- However, gross profit was down substantially, primarily the result of the increased cost of corn quarter over quarter. The combination of higher corn prices and corn hedge positions accounted for the substantial increase in our cost of goods sold, resulting in the nearly \$18.9MM reduction in gross profit quarter over quarter.

## Comparison Of Operations For The Fiscal Year Ended:

- Overall revenues were up 37% year over year. Ethanol netbacks were 30% higher. Coproduct values were 20%-46% higher year over year. These increased values, in combination with a 5.4% increase in production rates, combined for the \$86.9MM increase in total revenues year over year.
- As previously mentioned above and in previous fiscal year newsletters, our cost of corn substantially increased year over year, up 32%. In addition, natural gas cost also nearly doubled. But overall, we still achieved an increased crush margin allowing for the \$23.2MM increased gross profit year over year.

- Siouxland Ethanol will finish the year with \$55.9MM in working capital. Even with the two distributions totaling \$56.512MM paid during the fiscal year, working capital is nearly back to prior year end levels.
- 5 units traded during the quarter ending September 30, 2022, averaging \$25,000/unit.

\*\* - Unaudited

SUMMARY OF OPERATIONS	3 Months Ended 9/30/2022	3 Months Ended 9/30/2021
Total Revenues	\$80,588,698	\$78,057,657
Gross Profit (Loss)	\$3,065,224	\$21,955,081
Net Income (Loss)	\$2,571,391	\$21,419,081
Net Income(Loss)/Unit	\$728	\$6,064
Distribution/Unit	-	-

SUMMARY OF OPERATIONS	Year Ended 9/30/2022**	Year Ended 9/30/2021
Total Revenues	\$320,740,172	\$233,821,492
Gross Profit (Loss)	\$50,885,304	\$27,643,278
Net Income (Loss)	\$55,612,438	\$29,661,137
Net Income(Loss)/Unit	\$15,745	\$8,355
Distribution/Unit	\$16,000	\$1,000

BALANCE SHEET	As Of 9/30/2022**	As Of 9/30/2021
Current Assets	\$79,064,762	\$69,637,995
Total Assets	\$138,599,217	\$129,841,397
Current Liabilities	\$23,214,076	\$13,486,870
Long-Term Liabilities	\$1,289,512	\$1,359,336
Members' Equity	\$114,095,629	\$114,995,191
Book Value/Unit	\$32,303	\$32,558

KEY METRICS	3 Months Ended 9/30/2022	3 Months Ended 9/30/2021
Ethanol Yield (Gal/bu)	3.04	3.05
Corn Oil (Lbs/bu)	1.06	1.13
Ethanol Production (Gal/day)	278,495	273,589
Ethanol Production MGY	98.3	96.6
Natural Gas (BTU/gal)	22,056	23,082
Grid Electricity (KW/gal)	0.01	0.02

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# SAVE THE DATE

## ANNUAL MEETING

SOUTH SIOUX CITY MARRIOTT RIVERFRONT  
MEETING BEGINS AT 7:00 PM

# A Director's Perspective



My involvement with Siouxland Ethanol began in the spring of 2003, while visiting with Nancy Kirkholm about the possibility of building an ethanol plant in Dakota County. I thought the idea sounded good, and asked if I could help. From there it was weekly meetings in the telephone company office and fund raising. One of the first fund raising meetings was held in the shop on our farm near Belden, NE. We grilled over 100 steaks for a very interested and excited crowd. Darrel, Tom, and Pam told the story on the investment opportunity and started selling shares in our office. Together with my wife Terry, they were busy filling out subscriptions for people lined up at all four offices with checks in hand. I told Terry, "If this doesn't work, we may have to leave town!" Enough about my involvement with SLE, I was asked to share a little about my life and some thoughts on the future of agriculture.

It all started in 1898, when my great-grandfather moved from Iowa to Cedar County, and purchased a 160 acre farm for \$25/acre. Fast forward to 1970, I rented my first farm as a high schooler. Today, our operation consists of farms in Cedar, Knox, and Dixon counties. The farming is managed by my son Jeff and his wife Sadie, while the feedlot and ranching side of things are managed by my son Brian, and his wife Tiffany, who is also the office manager.

It has been fun to watch and experience farming evolve over the years. From 2 to 48 row planters, 2 row corn pickers to 16 row combines, advancements in crop genetics and soil health, to precision agriculture technology, there is always progress being made that enable us to operate more efficiently. In 1960, it took two good men to harvest 1,000 bushels of corn per day, and now we can harvest 100,000 bushels per day! The application of new technology continues to improve yields, all while using less land, water, and inputs. These advancements are enabling the demand for exports, ethanol, and livestock feed to be met. The conversion of crops to products, such as ethanol, distillers grains, and renewable soy diesel, produced at plants like SLE and the Norfolk Crush Plant being built today, keeps agriculture in very exciting times. Ethanol plants built in the Midwest have brought more cattle finishing to the area with the production of a



major co-product, distiller grains. These palatable feeds offer advantages in terms of the protein content, and ability to lower the cost of gain. While the cattle feeding industry has changed by the use of distillers grains, it remains the last of the 3 proteins (beef, pork, chicken) to stay independent rather than become vertically integrated. This is largely due to a longer life cycle, compared to that of pork or chicken, and land needed for those cycles to take place. Despite food security concerns, improvements and scientific findings with nutrition, performance, husbandry, medicinal products, and sustainability keep the industry moving forward, and producing an exceptional protein product for the consumer.

Getting that product to the consumer comes with its fair share of challenges. Between the corporate packing houses and under informed consumer, there is work to be done. With the four major meatpackers controlling most of the market, I look to see more producer owned packing plants operating in the coming years. This will allow producers a greater share of the profits, and enable cow-calf operations to grow and continue to raise animals that will eventually enter the food system; thus combating food security concerns. I also hope to see a shift in consumer education in the future. As the generational gap from the farm continues to increase, our consumers are becoming less and less food aware. As producers, we can do more to advocate our industries and educate the consumers. Whether it is more attractive packaging showcasing our products in the grocery stores, sharing through social media, or educational experiences through schools, programs, and agricultural groups, we can do more to show the consumer their food is grown in a humane and sustainable manner.

In closing, corn ethanol and distillers grains play a major role in our operation. The feedlot rations utilize the palatable protein content of distiller grains to finish our cattle at a lower cost of gain, and our fleet of cars and pickups have been using E30 for over 10 years with no trouble, at a savings of \$0.30-\$0.50 per gallon. Beyond Siouxland Ethanol's benefit to our operation, I think the goals of establishment: provide new jobs, a better corn market, a tax base for the area, and a return for the investor, have been met and exceeded. I hope my involvement, experiences, and knowledge have assisted in the accomplishment of the goals of SLE the last 19 years. It has been a learning experience and I thank you for the opportunity to serve you.



**Craig Ebberson**  
Secretary of the  
Board of Directors



# A Road Trip With Siouxland Ethanol



**Wakefield, NE - July 8th**  
Hartington Golf Club  
Ag Open



**Hartington, NE - July 18th**  
Logan Valley Golf Course  
Farmers Open



**Ponca, NE - Aug. 19th**  
Siouxland Ethanol Employee Golf Outing



**Dakota City, NE - Aug. 5th**  
South Sioux City Chamber Coffee Hour at the  
Dakota-Thurston County Fairgrounds



**Martinsburg, NE - Aug. 19th**  
2022 Siouxland Ethanol Crop Tour



**Pender, NE - Sept. 8th**  
Northeast Nebraska Corn Growers Youth Ag Festival



**Jackson, NE - Oct. 4th** - Fall 2022 Shutdown  
Replacing the 190 Condenser during our 2022  
Fall Shutdown. This vacuum condenser converts  
vapors into 190 proof liquid ethanol. Weighing in  
at 86,650 pounds empty! One heavy load!





# SIUXLAND ETHANOL LLC

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## BOARD OF DIRECTORS

- John Meuret · Brunswick, NE 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
- Pam Miller · Dakota Dunes, SD
- Luke Moser · Valentine, NE
- Doug Nelson · Jackson, NE
- Ronald Wetherell · Cleghorn, IA

## MISSION STATEMENT

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.

# SIUXLAND ETHANOL IN 2022



**33,140,345**

Bushels of corn purchased



**98,748,340**

Gallons of ethanol produced



**3,431**

Ethanol railcars loaded



**3,500**

Pounds of corn ground per minute



**12,739**

Distillers trucks loaded



**34,646,430**

Pounds of corn oil produced



**857,100**

Property taxes paid supporting local area