



**SI**  **UXLAND**  
**ETHAN**  **L** LLC

Winter 2024

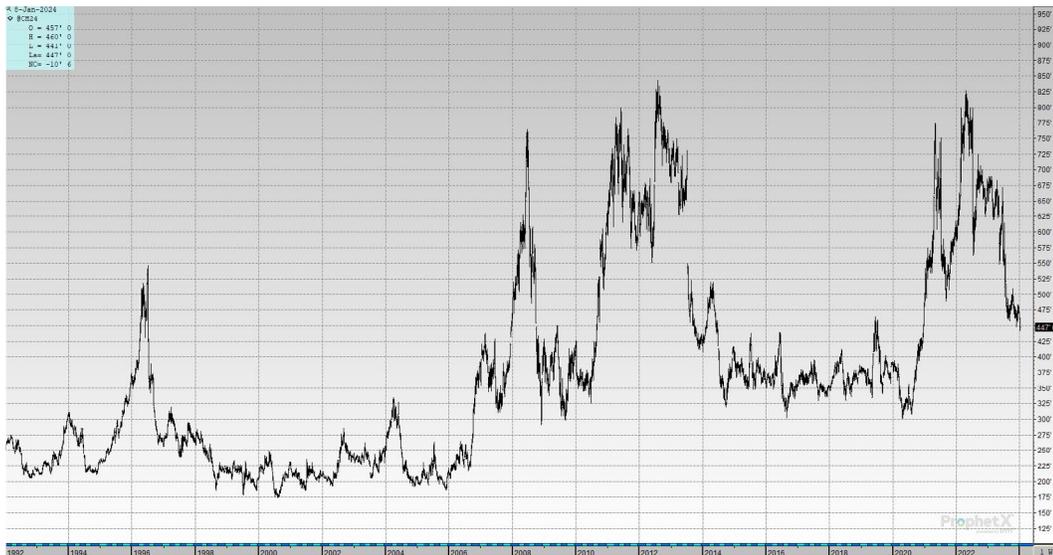
# APPLY WHAT WE ALREADY KNOW

Siouxland Ethanol achieved \$8.5M in profit for the quarter that just ended. The industry enjoyed robust margins in October and November and while the weather remained mild in December, the margins in the business went cold. The industry matched its record production rates amidst seasonal declines in gasoline demand and stocks of ethanol built to more than adequate levels. Margins have since found a footing around breakeven levels.

January has lived up to my father's definition of winter as a child. The operations team battled through back-to-back blizzards that brought the state highway system and business in general to a closed standstill. The business of Siouxland Ethanol carried on and the plant's needs were covered thanks to the stellar dedication of our outstanding employees. Fortunately, the natural gas market provided an opportunity to earn some trading revenue at the same time the logistics of serving a 24/7 operation came to an abrupt halt. The opportunity wasn't as large as February 2021, but it did serve to more than cover the fixed costs for several days.

The Company purchased 107 units for \$4,280,000 in its most recent unit tender buyback offering which is about 3% of the then outstanding units. The limited participation indicates a strong hold on the unit ownership and a renewed vote of confidence that the members are generally pleased with the current direction of the business. The Board of Directors and I would like to thank you for your vote of confidence and for your support of the numerous PAC donations we received following the \$4,000 per unit distribution paid in October 2023.

Value-added agriculture is needed as much or more so today than when the company was formed in 2005. Take a look at the long-term chart of corn prices. The weather pattern in 2023 cast the Midwest region in drought yet corn production was strong and corn supplies are returning to burdensome levels. Brazil has taken first position from the United States as the largest supplier of corn to the world after knocking our country out of that spot in the soybean trade a number of years ago.



The cost to produce almost everything in the economy today is quite a bit higher than four years ago. Businesses with large working capital needs tend not to fare as well in higher interest rate environments and agriculture is a working capital intensive industry. The path to rising land values, strong rural communities, and a vibrant rural economy is through opening markets here at home for the products we produce, not getting rid of the commodities at the cheapest world clearing price.

With public support and regulatory clearances, a couple of these markets are producing jet fuel from corn and soybeans rather than crude oil and displacing more gasoline with ethanol in the internal combustion engine fuel tank. We don't need to invent something new – we simply need to apply more of what we already know.



**Nick Bowdish**  
President & CEO

# FINANCIAL HIGHLIGHTS

## Comparison Of Operations Three Months Ended:

- When you compare our first quarter of FY24 vs FY23, although our total revenues are down ~\$12.6MM, our gross profit still increased nearly \$5.5MM. The primary reasons for the 168% increase in gross profits were due to savings in our corn and natural gas costs. Corn costs were down over \$2/bushel or ~33% when compared to Q1 FY23. Natural gas costs were down nearly 50% compared to Q1 FY23.
- Working capital decreased nearly \$5.4MM since 9/30/2023, mainly the result of the \$4,000/unit distribution, totaling \$14.128MM, that was distributed to the owners in October 2023.
- No units traded during the quarter ending 12/31/2023.

On January 19, 2024, the House Ways & Means Committee passed legislation that proposes tax matter changes and the legislation is now under review by the full Congress. Siouxland Ethanol has put a hold on mailing K-1s for FY 2023 pending final outcome. If no final outcome by February 16th, the K-1s will be mailed as prepared under current law.

SUMMARY OF OPERATIONS	3 Months Ended 12/31/2023	3 Months Ended 12/31/2022
Total Revenues	\$60,465,922	\$73,046,227
Gross Profit	\$8,744,798	\$3,265,503
Net Income	\$8,516,747	\$2,560,551
Net Income/Unit	\$2,411	\$725
Distribution/Unit	\$4,000	\$10,000

**UNIT REPURCHASE RESULTS:** At their January 15, 2024 meeting, the Board of Directors accepted and approved the tender of 107 member units for purchase at a price of \$40,000 per unit. This leaves Siouxland Ethanol with 674 members totaling 3,425 units outstanding.

BALANCE SHEET	As Of 12/31/2023	As of 9/30/2023	KEY METRICS	3 Months Ended 12/31/2023	3 Months Ended 12/31/2022
Current Assets	\$68,631,158	\$59,817,959	Ethanol Yield (Gal/bu)	3.00	2.99
Total Assets	\$136,935,408	\$128,427,307	Corn Oil (Lbs/bu)	1.10	1.01
Current Liabilities	\$30,788,016	\$16,596,861	Ethanol Production (Gal/day)	284,155	278,147
Long-Term Liabilities	\$1,973,447	\$2,045,246	Ethanol Production MGY	100.3	98.2
Members' Equity	\$104,173,945	\$109,785,200	Natural Gas (BTU/gal)	23,244	23,462
Book Value/Unit	\$29,494	\$31,083	Grid Electricity (KW/gal)	0.01	0.01

Please be sure to keep Siouxland Ethanol updated on your contact information. This helps ensure you receive your distribution check, tax & other pertinent information timely. Thank you!



## MARCH 20TH, 2024 ANNUAL MEETING

### MATT ERICKSON, GUEST SPEAKER

Matt Erickson is the Agricultural Economic and Policy Advisor for Farm Credit Services of America and Frontier Farm Credit where he provides perspective, insights, and commentary that help connect conditions in the agricultural economy to individual producer impact and resulting impacts to the organization.

Investor invitations coming soon.

# A DIRECTOR'S PERSPECTIVE

Greetings to all Siouxland Ethanol shareholders. My name is Doug Nelson and I have served on the board of directors since March of 2015. I have lived and farmed in the Jackson community my entire life. My lifelong commitment to farming in the area impacts many of my decisions on the board as I work to bring that perspective forward. I have been fortunate to see some great enhancements in the plant during my time on the board that have led to enhanced production efficiency. It has been tremendous to see a plant that was initially built to produce 50 million gallons per year currently producing close to 100 million gallons annually. As a farmer I am reminded each day

as I drive past the plant just how fortunate we are to have this facility in our back yard. It's hard to imagine where 90+ thousand bushels per day of corn would be going without it. Siouxland Ethanol has been an economic driver for our farming community. Over 40 quality jobs for people in the area, local tax revenue, and a significant basis improvement in the corn bid for area producers. It is a fantastic feeling to deliver corn to a facility and to know that if it is profitable, local investors can share in a dividend as well.

A little history about our farm family. The roots of our family go back to the turn of the century when my great grandfather immigrated



from Denmark and initially settled in western Iowa before moving to the Jackson area in the early 1900s. In terms of innovation; it was an honorable day's work to hand pick 100 bushels of corn on the farm. Today we are blessed to have had 5 generations actively involved in the farm and hopefully a 6th in the future. Today's innovation has us working to maintain over 10,000 bushels per hour of harvesting capacity. It has been truly remarkable to see the innovation and technological advancements that have come in my time of farming. I often wish that my grandparents could see how we do things today. I started farming in 1984 during some very difficult economic times. Times like that never leave the back of your mind. It has taught me to always remain optimistic about the future and to be thankful for when things go well.

On the farm I am supported by my wife, Lisa. I farm with my son Taylor and daughter-in-law Emily. They have two kids, Brock and Teagan. It is a joy to see the next generation around the farm and Lisa and I really enjoy spending time with the grandkids. My son Jeremy and his wife Elizabeth also live in the Jackson area. Jeremy works as our Crop Consultant through Nutrien Ag Solutions in South Sioux City.

In my time on the board at Siouxland one thing that stands out to me is the diversity of expertise on the board. The different perspectives have served the board well and helped guide the company in a very productive manner. My perspective and expertise align and represent

the local producers in the area. I have great respect for the other board members and have really enjoyed working along side them solving problems from several different angles. I would also like to highlight our CEO, Nick Bowdish. Nick has been a tremendous asset to this company and I feel very fortunate to have him leading our team. Nick leads with purpose and understanding and I take comfort in knowing that his understanding of the industry is guiding our board and our company.

In closing, no one knows the exact future path ethanol production will take. There is a great deal of innovation and with that comes uncertainty. As a board, we are working to put Siouxland Ethanol in the best position possible to remain an industry leader. I am thankful for the opportunity to serve the shareholders and I remain optimistic for what the future of ethanol holds.



**DOUG NELSON**  
Board Director

# A NEW YEAR, A NEW MULTI-BILLION GALLON OPPORTUNITY

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Siouxland Ethanol finished the 2023 calendar year with record production. Much like the ethanol industry, the plant is reaching peak production levels thanks to the seasoned experience of the staff combined with debottlenecking and constantly improving plant equipment.

There was even bigger news this past month than our own plant's statistics, and it could deliver even greater opportunity for corn farmers to succeed in 2024 and beyond.

Just before Christmas, the U.S. Treasury Department announced that upcoming federal rules for Section 40B sustainable aviation fuel (SAF) tax credits will feature the Department of Energy's GREET model — a method of calculating emissions that has historically included feedstocks based on agricultural commodities.

Not only does this announcement send a strong signal from the Biden Administration that ethanol should be included as a source for SAF, but it opens the door for ethanol produced from corn to access the 40B tax credit.

Let's be clear: This could be an enormous opportunity. After all, it takes nearly 2 gallons of ethanol to produce one gallon of SAF, and studies project that demand for SAF will increase to more than 2 billion gallons as soon as 2030.

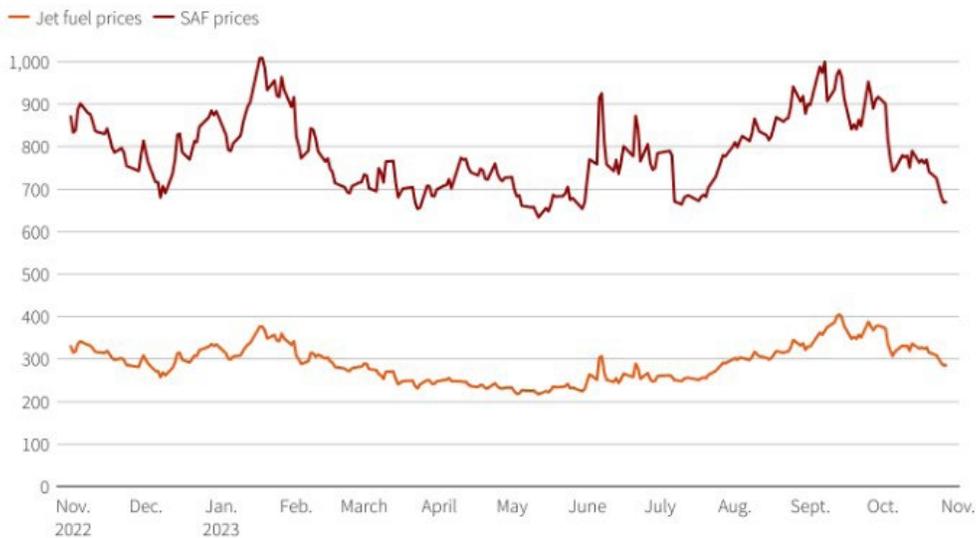
Access to the 40B credit would go a long way towards offsetting the increased cost of producing aviation fuel from renewable feedstocks rather than crude oil. Under current law, the tax credit starts at \$1.25 per gallon, but can be worth as much as \$1.75 per gallon depending on factors like carbon intensity and production processes.

While the December announcement tying 40B credits to the GREET model is a step in the right direction, a significant amount of uncertainty remains. The Biden Administration revealed their plans to make changes to the GREET model and announced those changes will be revealed by March 1, 2024.



President and CEO **Nick Bowdish** introduced Ambassador **Nikki Haley** at a recent biofuels meeting, and among other things, highlighted ethanol to sustainable aviation fuel opportunities.

## SAF trades at a premium compared to conventional jet fuel



Note: All prices in U.S. cents per gallon  
Source: Argus Media | Graphic by Sourasis Bose

Unfortunately, those changes could potentially limit whether corn ethanol-based aviation fuel can qualify as SAF by adding additional factors into its calculations for assessing carbon emissions.

Rest assured: Siouxland Ethanol is closely following the federal government's deliberations. We're working closely with industry partners and encouraging policymakers to ensure that corn ethanol producers have the certainty and fairness we need to compete in this exciting new marketplace.

This enormous opportunity is also a pointed reminder of the importance to future corn demand of carbon capture and sequestration (CCS). After all, any SAF can have no more than 50% of the emissions of petroleum-based jet fuel, and a crucial step towards meeting this standard is sequestering carbon dioxide the corn plant used to grow after it is released in the ethanol production process.

Siouxland Ethanol continues to engage in regionwide discussions about developing CCS infrastructure, including with lawmakers and leading industry groups in Nebraska and our neighboring states to lower the barriers that stand in the way of private investment.

As we start a new year, we're cautiously optimistic about the potential for this new market to develop. We're committed to making the most of every opportunity that comes our way — whether it involves what happens in Washington, D.C., Lincoln, or right here in Jackson.



# SIUXLAND ETHANOL LLC

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## BOARD OF DIRECTORS

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## 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.

## TRICK OR TREATING AT SIOUXLAND ETHANOL



## Celebrating at SE