Dakota ETHANOL LACP

November 2024

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Members approve deregistration, reclassification of capital units

The board of managers of Lake Area Corn Processors earlier this year unanimously recommended deregistering from SEC reporting, and it was decided to take the matter to a vote of the members. The vote was concluded at a special meeting of the members on October 22, 2024. Results of the vote were that both proposals passed. Each measure required 533 votes; 856 total votes were cast, an 80% voter response. There were 685 votes cast for proposal 1 and 680 votes cast for proposal 2.

Following the passing of the proposals, capital units will be reclassified to A, B, C, or D classes. Notification of the reclassified units were sent to members in early November.

Chairman's Report:

Dedicated to continuing to maximize profit for LACP's investors

LACP Owners, We have successfully deregistered. You should have received a letter informing you of what class of units you own. While the way we report financial information is changing, the way your management team runs the company will not.

Can you believe LACP is 25 years old? There have been a lot of decisions made to get us to where we are today. As we look to the next 25 years we will continue to make the short and long term decisions that follow our mission statement: "To Be the Lowest Cost Producer of Ethanol While Returning the Maximum Profit to All of Our Members." Deregistering, energy use efficiency/low carbon, expansion of production and investments outside of Dakota Ethanol (Guardian Hankinson and Ringneck Energy) are all things we have done to return maximum profits to you.

As we look back from the start, an original investor would have bought a $2 unit which was then split 4-for-1 on Nov. 1, 2002, making the original unit price 50 cents. The most recent unit sale on Nov. 11, 2024 was for $5.40, over 10 times original investment. Dividends paid to date have been $7.58 per unit, over 15 times the original investment. Share price appreciation and dividends added together are over 26 times original investment, or a 100% return annually on original investment!

When LACP was formed (2000) we were starting a 40 million gallon per year (mgy) ethanol plant that had $26 million debt. Fast forward to today and your investment owns 151 mgy (Dakota Ethanol 100 mgy, 27% of Guardian Hankinson - 41 mgy, and 12% of RingNeck Energy - 10 mgy) with very little debt.

Thanks for your support and trust over the years.

—Todd Brown, LACP Chairman

Board of Managers

Rick Kasperson will not be running for reelection in 2025. Rick has served on the board of managers since 2007, and we would like to thank him for his service to the board and the members.

Manager nominations for the 2025 election must be made on a Manager Nomination Petition and submitted by January 1, 2025, unless the company notifies the members of a different deadline. The nominating petition is available on the Dakota Ethanol website on the LACP page.

$0.30 distribution

The board declared a distribution at the November meeting of $0.30 per unit to members of record October 1, 2024. This is the third distribution of 2024, bringing total distributions to $0.90 per unit for the year.

CEO Report:

Recent improvement projects pay off

Harvest is complete in our area, and the new bin completed late in 2022 has been put to good use to support our production needs. With the addition of the eighth fermenter about two years ago, we have seen consistent throughput at the 100 million gallon per year production rate.

Our fall shutdown in late September was longer than normal, lasting about 10 days. This downtime was required to complete installation of the sieve bottle replacement project. After 25 years of operation it was necessary to replace our original 3-bottle sieve set; this is the process where the final water is removed from 190 proof ethanol.

Another project wrapping up this fall is the upgrade to concrete for the main driveways throughout the facility. This project connected the concrete corners and stretches of concrete installed over the past several years in high truck traffic areas.

The other major capital project in 2024 involving installation of a new whole stillage oil recovery system will be completed in the next few weeks. With this new process we expect an estimated 30% increase in corn oil produced which can be sold at a premium compared to the value received if sold as part of our distiller grains. We are also upgrading to direct loadout to rail cars for corn oil produced which will replace the current process requiring truck loadout followed by transloading trucks to rail car tankers, the new process will be more efficient.

—Scott Mundt, CEO

CFO Report:

Lower ethanol markets impact 2024 margins

Net income was lower for the three and nine months ended September 30, 2024. Processing margins were lower for Dakota Ethanol and the investee plants alike. Market values for ethanol and coproducts were lower than the prior year decreasing revenues and margins. Costs for corn and natural gas were lower also, but did not decrease as much to offset the decreases in revenues.

Income from investments was higher than the previous year primarily due to increasing the ownership share of Guardian Hankinson from 10% to 27% effective October 1, 2023.

—Rob Buchholtz, CFO

Balance Sheet Data	9/30/24	12/31/23
Current Assets	$22,531,553	$61,486,747
Total Assets	$159,353,669	$193,384,154
Current Liabilities	$15,425,078	$37,989,725
Long-Term Liabilities	$1,000	$20,001,000
Member's Equity	$143,927,591	$135,393,429
Book Value Per Capital Unit	$4.86	$4.57

Statement of Operations	Three Months Ended 9/30/2024	Three Months Ended 9/30/2023	Nine Months Ended 9/30/2024	Nine Months Ended 9/30/2023
Revenues	$48,361,257	$66,916,014	$144,448,794	$218,936,367
Gross Profit	$7,747,279	$14,277,361	$18,223,005	$24,006,963
Equity in Net Income of Investments	$5,187,967	$2,468,182	$12,268,981	$4,925,138
Net Income	$11,705,009	$16,114,768	$26,477,362	$28,160,614
Net Income Per Capital Unit	$0.40	$0.54	$0.89	$0.95
Distributions Per Capital Unit	$0.30	$0.10	$0.60	$0.20

Unit trading continues on AgStockTrade.com

Capital units continue to be traded on AgStockTrade.com. There is new formatting to the website to accommodate the different classes of units. Minimum ownership requirement is aggregate of all classes of ownership, not 5,000 for each class.

A total of 90,250 units were traded in the last year, representing 0.30% of the 29,620,000 units outstanding.

Quarter	Low Price	High Price	Average	Units Traded
Fourth Quarter 2023	$ 6.00	$ 6.08	$ 6.06	25,000
First Quarter 2024	$ 6.00	$ 6.06	$ 6.01	20,000
Second Quarter 2024	$ 6.10	$ 6.50	$ 6.31	19,500
Third Quarter 2024	$ 5.60	$ 6.00	$ 5.74	25,750