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This newsletter contains forward-looking statements. We undertake no responsibility to update any forward-looking statement. When used, the words "believe", "expect", "will", "can", "estimate", "anticipate" and similar expressions are intended to identify forward-looking statements. Readers should not place undue reliance on any forward-looking statements and recognize that the statements are not predictions of actual future results; which could, and likely will differ materially from those anticipated in the forward-looking statements due to risks and uncertainties, including those described in our SEC filings, copies of which are available through our website or upon request.

## The big picture:

# A Billion-Gallon Milestone

## March to mark 1 billionth gallon of ethanol produced

Dakota Ethanol, LLC proudly announces the company has surpassed 1 billion gallons of ethanol production at our now-90 million-gallon-per-year (MGY) facility. Dakota Ethanol began production in September 2001 with a nameplate capacity of 40 MGY. The evolution of the plant is credited to the united vision of its parent company Lake Area Corn Processors, LLC and you, our more than 1,000 members, including local producers, investors, and community members. Dakota Ethanol maintains a strong commitment to returning value to its member owners.

Dakota Ethanol's 90 million gallons of ethanol are produced from 30 million bushels of locally grown corn each year. The plant also provides a variety of distillers grains products for livestock feed, as well as corn oil. Dakota Ethanol not only produces a low carbon fuel and highly sought-after distillers grain, the plant employs 45 full-time individuals, many of whom have been with the company since startup, and positively impacts the local and regional economies.

"The work we do here at Dakota Ethanol uplifts our local ag economy and supports area farmers who helped build this industry from the ground up," said Scott Mundt, Dakota Ethanol CEO. "I'm proud of what we've accomplished as a company and want to express my gratitude to all those who helped us reach this milestone, particularly the loyalty and dedication of our employees."

The recent expansion bringing the plant to a 90-million-gallon rate has allowed for improved operational efficiencies, which have been important in improving the plant's carbon intensity (CI) score. The plant continues to focus on operational efficiencies to reduce costs and improve CI revenues the plant receives from shipping its ethanol to clean fuel markets out West.

"I'm proud of how Dakota Ethanol has been able to utilize and monetize its lower-than-average CI through plant efficiencies," said Ron Alverson, board member of Dakota Ethanol and the American Coalition for Ethanol. "There's more opportunities ahead for the plant to further reduce its CI, including proving our area growers produce corn more efficiently than the default CI the marketplace currently assigns to raising a bushel of corn. I have no doubt many producers can achieve zero carbon ethanol in the future if properly accredited for their contributions to decreasing lifecycle greenhouse gases."

## Vote by mail: Your ballot needed

Due to continuing safety precautions in light of Covid-19, Dakota Ethanol will not be hosting an in-person annual meeting for 2021. Instead, you have received pertinent information and a ballot by mail and on the company website. Please return the ballot with your vote by April 28, 2021, to the company offices as instructed on the ballot. We need your ballot to achieve a quorum and validate the election.

### About 2022 member proposals and manager nominations

In order to be considered for inclusion in next year's information statement, member proposals must be submitted in writing to the company by November 10, 2021. Manager nominations must be made on a Manager Nomination Petition and submitted by January 1, 2022, unless the company notifies the members of a different deadline. We suggest that proposals for the 2022 annual meeting of members and manager nominations be submitted by certified mail-return receipt requested.

Members who intend to present a proposal at the 2022 annual meeting of members without including such proposal in the annual meeting information statement, must provide notice of such proposal no later than January 24, 2022. Lake Area Corn Processors reserves the right to reject, rule out of order, or take appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

CFO Report:**Bumpy beginning recovers by year's-end**

2020 was quite a ride for Lake Area Corn Processors and the ethanol industry as a whole. The year began with the carry-over of the poor corn crop in our area from 2019, which elevated corn costs to Dakota Ethanol and reduced profitability.

As COVID-19 set in during the first quarter, the demand for gasoline and ethanol plummeted, supply chains filled up, ethanol plants slowed or ceased production, and ethanol and corn values fell dramatically. LACP experienced a \$10.5 million net loss for the first quarter. In April, demand for ethanol was reduced by nearly 50 percent compared to the prior year. Dakota Ethanol ran at half rate during the second quarter as the markets worked through the supply glut during the quarter. As supplies stabilized during the second quarter, market values improved and LACP was able to generate profit of \$4.2 million.

The third quarter provided for continued improvement to margins as the country began re-opening and demand for ethanol improved and there was still significantly reduced ethanol production during the quarter. Dakota Ethanol operated at full production throughout the quarter and LACP had a profit of \$5.8 million.

The fourth quarter provided for weaker margins as demand decreased following seasonal trends and additional ethanol production came back online. Dakota Ethanol ran at full production for the entire

Balance Sheet Data:	2020	2019	2018
Working Capital	\$ 12,348,891	\$ 8,323,445	\$ 72,709
Net Property, Plant & Equipment	61,367,497	66,707,481	63,748,268
Total Assets	121,857,947	119,810,318	102,866,072
Long-Term Obligations	35,561,237	37,993,208	23,593,368
Members' Equity	65,268,579	64,212,940	68,037,124
Book Value Per Capital Unit	2.20	2.17	2.30

Statement of Operations	2020	2019	2018
Revenues	\$ 130,521,814	\$ 115,986,821	\$ 74,703,630
Cost of Revenues	124,493,268	114,687,231	68,619,694
Gross Profit	6,028,546	1,299,590	6,083,936
Operating Expense	4,418,074	4,060,343	3,837,659
Income (Loss) From Operations	1,610,472	(2,760,753)	2,246,277
Other Income (Expense)	(554,833)	(1,063,431)	470,310
Net Income (Loss)	\$ 1,055,639	\$ (3,824,184)	\$ 2,716,587
Capital Units Outstanding	29,620,000	29,620,000	29,620,000
Net Income (Loss) Per Capital Unit	\$ 0.04	\$ (0.13)	\$ 0.09
Cash Distributions per Capital Unit	\$ —	\$ —	\$ 0.10

quarter, with an LACP profit of \$1.5 million.

Overall, LACP had a net profit of \$1.1 million for the year, a nice recovery from what was dramatic market upsets as COVID set in. The Ringneck Energy plant and Hankinson plant experienced similar production decreases and financial performance as Dakota Ethanol, and our share of their financial results are included in the profits and losses referenced for LACP.

The plant expansion at Dakota Ethanol that came online during 2019 has performed well, able to produce at rates exceeding the 90 million gallons annually.

The 2020 corn crop in the Dakota Ethanol area was much improved over the 2019 crop. Planted acres returned to near normal for 2020, the yields were good and quality was excellent.

—Rob Buchholtz, CFO

**LACP Capital Unit 2020 Trading Recap**

There are 29,620,000 capital units issued and outstanding and approximately 1,069 unit holders. The following table contains information concerning completed unit transactions that occurred during our last fiscal year. Units traded during 2020 represent 0.7% of the total units outstanding.

For more details on Lake Area Corn Processors, LLC trading please contact

Quarter	Low Price	High	Average	Units Traded
First Quarter 2020	2.10	2.34	2.16	59,000
Second Quarter 2020	-	-	-	-
Third Quarter 2020	1.50	1.51	1.50	45,000
Fourth Quarter 2020	1.57	1.63	1.61	90,000

Variable Investment Advisors at 1-800-859-3018, visit their website at [www.agstocktrade.com](http://www.agstocktrade.com)

or contact our office.

## Commodity update

# Tight grain supplies, cold streak keep margins on edge

The spring of 2020 started well with a rebound in planted acres for our area, and by mid-summer crops were developing well with hopes of near record crops. As the summer went on, the rains dried up and yields faded along with the lack of moisture to leave us with an average crop. However, the dry fall did allow crops to dry down quickly with excellent test weight and quality. The plant is running well on this high-quality dry corn. Corn basis has taken a few steps toward normalizing from the elevated levels of 2019-2020.

So far here in 2021, China has been an aggressive buyer of both corn and beans, keeping the basis supported here in the U.S. and abroad as China rebuilds pork production after African Swine Fever took more than 1/3 of its hog herd.

With last fall being so dry, this spring is shaping up to see some increases in planted acres yet leaving the stocks to use ratio hovering around 10% for corn, which is historically snug. Bean carry-out is projected to be at historically low or tight levels. The battle for acres seems to be well under way. We will see how this all plays out. Rest assured Dakota Ethanol will need a lot of corn. Please consider us as your delivery

location of choice; let us know if we can make improvements in how we do business to serve you, our valued customer.

We continue to pursue and monitor the carbon market. There seems to be some traction with the current administration favoring carbon markets and a general shunning of fossil fuel. Please let us know if you have opportunities or insights at the farm level.

Last year, we introduced a new feed product called Dakota Cake. This continues to perform well for area livestock producers, and we have seen good growth with that product. Please let us know if you are interested in switching or have any questions about Dakota Cake or any of our feed products. Third-party lab feed analysis can be found on the Dakota Ethanol website.

February's cold streak and polar vortex unleashed havoc on the central and southern states, such that utilities were strained to the point of power outages. Natural gas suppliers were strained already when the cold lingered too long and caused molecules to stop flowing at well heads, leaving one major southern pipeline operator to declare force majeure. This caused natural

gas prices (and electric prices) to shoot the moon, going parabolic with some prices seeing 100-fold increase, forcing users to reduce or stop burning gas. Many of us in the ethanol industry had to adjust to the situation quickly as ethanol production relies heavily on a steady and normally low-cost natural gas supply.

Dakota Ethanol recently began shipping distiller's corn oil (DCO) out in tanker rail cars. In the past, we only shipped DCO out by truck. By utilizing rail, we can access larger and more distant markets giving us more diversity and optionality when it comes to marketing our DCO. We are still shipping DCO by truck as well and getting good values for both truck and rail. DCO values have followed soybean oil market closely and are responsive to growth seen in the renewable diesel markets.

If you have driven past the plant lately, you may have noticed our message board on the sign stopped working. It was original to the plant and lasted years past its expected lifetime. DE will be replacing and upgrading with a new message board in the next month or two.

—Paul Geraets, commodity manager

## Low-carbon advances

# Dakota Ethanol partners with Summit for storage

As a producer of clean, renewable energy, Dakota Ethanol is joining forces with Summit Carbon Solutions to make a clean energy source even more environmentally friendly. The partnership will allow 250,000 tons of carbon dioxide per year to be captured, transported and deposited deep underground through Summit Carbon Solutions' transportation and storage platform.

"Creating an environmentally-friendly energy source has always been a top priority for our company," said Scott Mundt, CEO of Dakota Ethanol. "We are proud to join with Summit Carbon Solutions on this transformational project so we can continue to create clean, safe, affordable energy for rapidly growing low-carbon fuel markets."

Low-carbon fuel markets provide an opportunity for Dakota Ethanol to capture a premium on the ethanol we produce by meeting certain carbon emission standards.

"We are grateful to be able to partner with Dakota Ethanol on this project," said Bruce Rastetter, CEO of Summit Agricultural Group. Dakota Ethanol joins a progressive group of partner plants that are focused on lowering their carbon footprint in a safe, economical way."

Summit Agricultural Group is a diversified agribusiness operator and investment manager with operations in the United States and Brazil.

## **Industry leadership**

Ron Alverson, a member of Dakota Ethanol's board of directors, has recently been elected to serve as treasurer of the American Coalition for Ethanol (ACE) board of directors.

## **We are hiring**

We are looking for talented and motivated individuals to be part of our team. See our website at [www.dakotaethanol.com](http://www.dakotaethanol.com) and click the Career link for open positions.