

General Manager Update

It is late July and summer has settled in and we hope you are finding effective ways to beat the heat! In light of the excessive dryness that many Missouri farmers are experiencing, our Co-Product Merchandiser Anthony Schreiner has provided some information on the following pages about how Show Me Ethanol's feed products can help provide the nutrition that animals need. Please contact Anthony or Kim in our office to learn more.

The second quarter of 2023 was a tremendous success for Show Me Ethanol. Our Controller, Alice Foose, has provided the financial statements, highlighted by net income of \$4.7 million on revenue over \$55MM. The fuel ethanol market was strong in the 2nd quarter, and that has continued in the current quarter. The Board of Managers declared another \$3.0MM distribution in late June, 2023. These checks have been mailed and the balance sheet impact is reflected in these financial statements. The Board has now distributed \$6.0 million for the fiscal year 2023. Thank you for your continued support and confidence.

We continue to focus our efforts to transform into a leading supplier of specialty alcohol products for use in the food, pharmaceutical, personal care and beverage markets. In July we will complete our international Food Safety System Certification scheme 22000 (FSSC 22000). The plant team, led by Josh Kofford, Quality Manager, has implemented a Food Safety Management System that complies with this standard and has been audited twice by an external auditor. Many customers in the food, beverage, and pharmaceutical markets rely on this certification to be assured that their raw materials are safe for use in the food chain. We are proud of our staff for completing this effort.

Our outlook for the remainder of the year is bright. We continue to run the new distillation system at capacity and are sold out of product for the next several months. The fuel ethanol market is strong, with driving demand forecasted at the highest levels since the COVID-19 pandemic. While we know it has been a tough crop year so far, we wish you timely rain, strong yields and a safe and productive harvest season.



Brian Pasbrig



Co-product Update

Tough pasture conditions have cattle producers looking to stretch short hay crops with distillers' co-products. 2023 has been a rough year for grass in much of our area. Early season warm weather kickstarted the growing season, then a hard frost set it back. Mix in the lack of moisture and it all boils down to a short hay crop this year with many coming off a not-so-great hay crop last year. That leaves many producers talking about feed alternatives, and for us that means more interest in locally produced modified and dry distillers.

Surprising to most, on average around 25% of our feed stays within a couple hundred miles of Carrollton and it's not just modified, dry as well. Our customer base ranges from local producers buying 2 tons a week, to large-scale feed mills using 15 loads a week. This allows producers of all sizes access to a great locally produced product at wholesale prices. Distillers' co-products can have a positive impact on your operation in rough times like these.

When feeding a new feed product, it can seem overwhelming, but due to the increase in ethanol production over the past 20 years, a large amount of information is free and available. The University systems across the country have a massive amount of information about feed rations. I recommend starting with University of Missouri Extension because each county has a designated livestock specialist who can guide you through the information and most have some experience with distillers' co-products.

Other options are available for hire, some do customer rations, while others calculate rations and recommendations combined with selling balancer products tailored for your specific needs. The feedback I receive from the local services has been very positive. Like all new things, I recommend you put in some time, do some research, and see if and what product works for you and your operation. It is not a one size fits all feed, every producer's operation

is unique, take your time and find what works for you. In most cases producers know someone that is or has fed some type distillers. Use that resource to get some firsthand knowledge of how it worked for them. One word of advice, not all distillers products are created equally; moisture, protein and fat all change from plant to plant. The industry likes to all use the same descriptions but read the fine print. Comparing feed tags per product will save you a lot of time and frustration in the end.

At SME, we do our best to make the order and pickup process easy. We offer delivery service through a local carrier for both wet and dry feed. We loadout feed Monday-Friday, 7:30am to 4:00pm. Our payment terms are net due 10 days after invoice date once an account is approved. Account setup is easy and fast with many paying for each load with a check as they pick it up. Contracts are offered seasonally and can be tailored to fit your operation. All loads must be schedule and generally 3-4 business days ahead of pickup date is a good rule of thumb.



For more information please give me a call

Anthony Schreiner

MODIFIED WET DISTILLERS GRAINS WITH SOLUBLES (MWDGS)

Approximately 48% dry material

Minimum Crude Protein: 10%

Minimum Crude Fat: 2.5%

Maximum Crude Fiber: 15%

Maximum Moisture: 60%

Guaranteed on an as-is basis

DRIED DISTILLERS GRAINS WITH SOLUBLES (DDGS)

Approximately 90% dry matter

Minimum Crude Protein: 25%

Minimum Crude Fat: 5.5%

Maximum Crude Fiber: 15.0%

Guaranteed on an as-is basis

Financial Results

For Quarter Ending June 30, 2023

Total Sales were \$55.3 million. Ethanol was 59%, GNS 25%, and co-products 16% of total sales.

Total expenses were \$50.6million. Corn costs were 81% at \$40.9 million.

Net income (Loss) for the 2nd quarter of 2023 was \$4.7 million.

Summary of Operations (\$000)

	Apr -June 2023	Apr - June 2022	Jan-June 2023	Jan-June 2022
Total Revenues	55,279	58,991	99,442	109,547
Net Income (Loss)	4,657	6,850	3,331	10,587

Balance Sheet (\$000)	As of 06/30/2023	As of 12/31/2022
Total Assets	68,563	71,101
Total Liabilities	16,169	16,037
Total Members' Equity	52,394	55,064
Current Value of Min Investment (\$30,000)	41,519	43,635

