UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the fiscal year ended September 30, 2024

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**

For the transition period from __________ to __________

COMMISSION FILE NUMBER 000-52033

RED TRAIL ENERGY, LLC

(Exact name of registrant as specified in its charter)

North Dakota	**76-0742311**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3682 Highway 8 South, P.O. Box 11, Richardton, ND 58652
(Address of principal executive offices, Zip code)

(701) 974-3308
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act: Class A Membership Units

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,”and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☐
Non-Accelerated Filer	☒	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
☐ Yes ☒ No

The aggregate market value of the membership units held by non-affiliates of the registrant as of March 31, 2024 was $34,969,920. There is no established public trading market for our membership units. The aggregate market value was computed by reference to the most recent offering price of our Class A units which was $1 per unit.

As of January 14, 2024, there were 40,148,160 Class A Membership Units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant has incorporated by reference into Part III of this Annual Report on Form 10-K portions of its definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year covered by this Annual Report.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains historical information, as well as forward-looking statements that involve known and unknown risks and relate to future events, our future financial performance, or our expected future operations and actions. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "future," "intend," "could," "hope," "predict," "target," "potential," or "continue" or the negative of these terms or other similar expressions. These forward-looking statements are only our predictions based on current information and involve numerous assumptions, risks, and uncertainties. Our actual results or actions may differ materially from these forward-looking statements for many reasons, including the reasons described in this report. While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us include:

- The reduction or elimination of the renewable fuels use requirement in the Federal Renewable Fuels Standard (RFS);
- Decreases in export demand due to the imposition of tariffs by foreign governments on ethanol, distillers grains, and soybeans produced in the United States including:
  - The Chinese distillers grains tariffs and their impact on world distillers grains markets; and
  - The Chinese and Brazilian ethanol import duties and their impact on world ethanol demand and prices.
- Any delays in shipping our products by rail and corresponding decreases in our sales as a result of these shipping delays;
- An unfavorable spread between the market price of our products and our feedstock costs;
- Fluctuations in the price and market for ethanol, distillers grains, and corn oil;
- Availability and costs of our raw materials, particularly corn and natural gas;
- Changes in or lack of availability of credit;
- Changes in the environmental regulations that apply to our plant operations and our ability to comply with such regulations;
- Ethanol supply exceeding demand and corresponding ethanol price reductions impacting our ability to operate profitably and maintain a positive spread between the selling price of our products and our raw material costs;
- Our ability to generate and maintain sufficient liquidity to fund our operations, meet debt service requirements and necessary capital expenditures;
- Our ability to continue to meet our loan covenants;
- Our ability to retain key employees and maintain labor relations;
- Limitations and restrictions contained in the instruments and agreements governing our indebtedness;
- Results of our hedging transactions and other risk management strategies;
- Changes in or elimination of governmental laws, tariffs, trade, or other controls or enforcement practices that currently benefit the ethanol industry including:
  - national, state, or local energy policy - examples include legislation already passed such as the California low-carbon fuel standard as well as potential legislation in the form of carbon cap and trade;
  - legislation mandating the use of ethanol or other oxygenate additives; or
  - environmental laws and regulations that apply to our plant operations and their enforcement.
- Changes and advances in ethanol production technology;
- Competition from alternative fuels and alternative fuel additives;
- Competition from the increased use of electric vehicles;
- Use by the EPA of small refinery exemptions;
- Global economic uncertainty, inflation, market disruptions, and increased volatility in commodity prices caused in part by the Russian invasion of Ukraine and resulting sanctions by the United States and other countries; and
- Instability in the Middle East following the 2023 Hamas-led attacks on Israel and resulting conflict.

Our actual results or actions could and likely will differ materially from those anticipated in the forward-looking statements for many reasons, including the reasons described in this report. We are not under any duty to update the forward-looking statements contained in this report. We cannot guarantee future results, levels of activity, performance, or achievements. We caution you not to put undue reliance on any forward-looking statements, which speak only as of the date of this report. You should read this report and the documents that we reference in this report and have filed as exhibits completely and with the understanding that our actual future results may be materially different from what we currently expect. We qualify all of our forward-looking statements by these cautionary statements.

AVAILABLE INFORMATION

Information about us is also available at our website at *www.redtrailenergyllc.com*, under "SEC Compliance," which includes links to reports we have filed with the Securities and Exchange Commission. The contents of our website are not incorporated by reference in this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS

Business Development

Red Trail Energy, LLC was formed as a North Dakota limited liability company in July of 2003, for the purpose of constructing, owning, and operating a fuel-grade ethanol plant near Richardton, North Dakota in western North Dakota. References to "we," "us," "our" and the "Company" refer to Red Trail Energy, LLC. We began production in January 2007.

Distribution

On December 20, 2023, our board of governors (the "Board") declared a cash distribution of $0.15 per membership unit to the holders of units of record at the close of business on December 20, 2023 for a total distribution of $6,022,224. The distribution was paid on January 10, 2024.

Debt Financing

On April 12, 2024, we entered into a revolving promissory note for a $10 million loan (the "Promissory Note") with our primary lender, Cornerstone Bank. The promissory note has a maturity date of April 9, 2025. Interest accrues on any outstanding balance on the promissory note at a rate of 0.25% less than the prime rate as published by the Wall Street Journal, adjusted monthly. The revolving loan has a minimum interest rate of 7.5%. In connection with the Promissory Note, we also modified our mortgage with Cornerstone Bank.

Asset Purchase Agreement

On September 10, 2024, we entered into an Asset Purchase Agreement (the "APA") with Gevo, Inc., a Delaware corporation ("Gevo"), and its wholly owned subsidiaries Richardton CCS, LLC, a Delaware limited liability company ("R-CCS"), and Net-Zero Richardton, LLC, a Delaware limited liability company ("NZ-R", and together with R-CCS, the "Buyers"). Pursuant to the APA, and subject to the terms and conditions thereof, Buyers will acquire substantially all of the assets, and assume certain liabilities, of the Company on the terms set forth therein (the "Asset Sale"). The Asset Sale is expected to close in the first calendar quarter of 2025, subject to (i) the approval by holders of a majority of the Company's outstanding Class A Membership Units, (ii) regulatory approvals under the Hart-Scott-Rodino Antitrust Improvements Act, (iii) the procurement of debt financing by Gevo and Buyers on terms satisfactory to Gevo and Buyers and (iv) other closing conditions. If we close on the Asset Sale, we will cease our current business and will have no operating assets.

The cash purchase price for the Purchased Assets is $210,000,000, subject to customary adjustments, including working capital adjustments (the "Purchase Price"). In connection with the APA, the Company and Gevo entered into an escrow agreement pursuant to which Gevo (i) has deposited $10,000,000 in earnest money, which will applied against the Purchase Price, (ii) will deposit $1,260,000 of the Purchase Price at closing for the purposes of securing the post-closing indemnification obligations of the Company, and (iii) will deposit $5,000,000 of the Purchase Price at closing for purposes of securing any Purchase Price adjustments. In addition, Buyers will obtain a representation and warranty insurance policy to provide coverage for certain breaches of representations and warranties of the Company, which coverage is subject to certain exclusions, deductibles and other terms and conditions as set forth in the policy.

Each of the Company, Gevo and Buyers have made customary representations and warranties and covenants in the APA, including covenants to use their respective reasonable best efforts to affect the Asset Sale. In addition, the Company has agreed to other customary covenants, including, among others, covenants to conduct its business in the ordinary course during the interim period between the execution of the APA and the closing of the Asset Sale.

The APA, the Asset Sale and the other transactions contemplated by the APA have been unanimously approved by our Board. The members approved the Asset Sale on December 5, 2024. We received regulatory approval of the sale pursuant to the Hart-Scott-Rodino Antitrust Improvements Act and we are working on the other conditions to close the sale.

Principal Products

The principal products that we produce are ethanol, distillers grains, and corn oil. The table below shows the approximate percentage of our total revenue which is attributed to each of our primary products for each of our last three fiscal years.

Product	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022
Ethanol	74.9 %	76.0 %	77.2 %
Distillers Grains	18.0 %	18.2 %	16.4 %
Corn Oil	6.7 %	5.5 %	5.7 %

Ethanol

Our primary product is ethanol which we manufacture from corn. Ethanol is ethyl alcohol, a fuel component made primarily from corn and various other grains, which can be used as: (i) an octane enhancer in fuels; (ii) an oxygenated fuel additive for the purpose of reducing ozone and carbon monoxide vehicle emissions; and (iii) a non-petroleum-based gasoline substitute. Although the ethanol industry continues to explore production technologies employing various feedstocks, such as biomass, our management believes corn-based production technologies remain the most practical and provide the lowest operating risks. Corn produces large quantities of carbohydrates, which convert into glucose more easily than most other kinds of biomass.

Ethanol produced in the United States is primarily used for blending with unleaded gasoline and other fuel products. Ethanol blended fuel is typically designated in the marketplace according to the percentage of the fuel that is ethanol, with the most common fuel blend being E10, which contains 10% ethanol. The United States Environmental Protection Agency (the "EPA") has approved the use of gasoline blends that contain 15% ethanol, or E15, for use in all vehicles manufactured in model year 2001 and later. In 2019, the EPA changed regulations which would allow E15 to be sold year-round in all markets in the United States, however, this rule was reversed by the federal courts. The EPA issued a temporary emergency waiver in the summer of 2022 which permitted the sale of E15 year-round. The EPA issued several temporary emergency waivers in the summer of 2023 that approved the use of E15 from May 1, 2023 through September 15, 2023 in response to industry disruptions due to the war in Ukraine. On February 22, 2024, the EPA granted a petition approving the use of E15 year-round in eight Midwestern states. However, the implementation of this rule was delayed until April 28, 2025. The EPA then issued several temporary emergency waivers in the summer of 2024 that approved the use of E15 from May 1, 2024 through September 15, 2024. In addition, flexible fuel vehicles can use gasoline blends that contain up to 85% ethanol called E85.

Distillers Grains

The principal co-product of the ethanol production process is distillers grains, a high protein, high energy animal feed supplement primarily marketed to the dairy, beef, poultry, and swine industries. We produce two forms of distillers grains: distillers dried grains and modified distillers grains. Modified distillers grains is processed corn mash that has been dried to approximately 50% moisture which has a shelf life of approximately seven days and is often sold to nearby markets. Distillers dried grains is processed corn mash that has been dried to approximately 10% moisture. It has an almost indefinite shelf life and may be sold and shipped to any market regardless of its vicinity to our ethanol plant.

Corn Oil

In March 2012, we commenced operating our corn oil extraction equipment to separate corn oil contained in our distillers grains for sale. The corn oil that we are capable of producing is not food grade corn-oil and it cannot be used for human consumption. The primary uses of the corn oil that we produce are for animal feed, industrial uses, and biodiesel production.

Principal Product Markets

We market nearly all of our products through a professional third party marketer, RPMG, Inc. ("RPMG"). The only products we sell which are not marketed by RPMG are E85 and E30 and certain modified distillers grains which we market internally to local customers. RPMG is a subsidiary of Renewable Products Marketing Group, LLC ("RPMG, LLC"). We are a part owner of RPMG, LLC which allows us to realize favorable marketing fees for our products and allows us to share in the profits generated by RPMG, LLC. Our ownership interest in RPMG, LLC also entitles us to a seat on its board of directors which is filled by Jodi Johnson, our Chief Executive Officer. Except for the modified distillers grains and E85/E30 we market locally, RPMG decides where our products are marketed and sold.

Our products are primarily sold in the domestic market; however, as domestic production of ethanol, distillers grains, and corn oil continue to expand, we anticipate increased international sales of our products. Exports of ethanol were higher for 2022 but were lower in 2023. Exports of ethanol were higher for 2024 with the Canada, the United Kingdom, and India serving as top export destinations. Tariffs implemented by Brazil and China on ethanol imported from the United States have reduced export demand from those countries. Tariffs imposed by China remained in place during during the past year. In March 2022, Brazil suspended its tariff through the end of the year on ethanol imported from the United States following a 10% reduction on the tariff in November 2021. However, in February 2023, Brazil reinstated tariffs on American ethanol of 16% for 2023 which then increased to 18% in 2024. Trade barriers with key markets may continue to take a toll on ethanol export demand which could negatively affect domestic ethanol prices particularly if the U.S. were to impose additional tariffs on foreign imports under the Trump administration.

Exports of distillers grains increased in 2022 and 2023 with the United States exporting about a third of distillers grain produced. The export market has remained strong in 2024 with Mexico, South Korea, Vietnam, and Indonesia continuing as top destinations for distillers grains exports. Turkey and Canada imported sizeable volumes of distillers grains as well. Historically, the United States ethanol industry exported a significant amount of distillers grains to China. The imposition of anti-dumping and anti-subsidy duties by China over the past several years effectively closed the Chinese market.

We expect our product marketer to explore all markets for our products, including export markets. However, due to high transportation costs, and the fact that we are not located near a major international shipping port, we expect a majority of our products to continue to be marketed and sold domestically.

Distribution Methods

Our ethanol plant is located near Richardton, North Dakota in Stark County, in the western half of North Dakota. We selected the Richardton site because of its proximity to existing coal supplies, the initial fuel source for our ethanol plant, and accessibility to road and rail transportation. Our plant is served by the Burlington Northern and Santa Fe Railway Company.

We sell and market the ethanol, distillers grains, and corn oil produced at the plant through normal and established markets, including local, regional, and national markets. Our products are primarily shipped by rail and by truck in our local market. We have separate marketing agreements with RPMG for our ethanol, industrial ethanol, distillers grains, and corn oil. Whether or not our products are sold in local markets will depend on decisions made by RPMG, except for the E85/E30 and the modified distillers grains which we internally market locally. Local markets are evaluated on a case-by-case basis.

Ethanol

We have an exclusive marketing agreement with RPMG for the purposes of marketing and distributing all of the ethanol we produce at the ethanol plant. Because we are an owner of RPMG, LLC, our marketing fees are based on RPMG's actual cost to market our ethanol. Our ethanol marketing agreement provides that we can sell our ethanol either through an index arrangement or at a fixed price agreed to between us and RPMG. The term of our ethanol marketing agreement is perpetual, until it is terminated according to the terms of the agreement. The primary reasons the ethanol marketing agreement would terminate are if we cease to be an owner of RPMG, LLC, if there is a breach of the agreement which is not cured, or if we give advance notice to RPMG that we would like to terminate the agreement. Notwithstanding our right to terminate the ethanol marketing agreement, we may be obligated to continue to market our ethanol through RPMG for a period of time after the termination. Further, if the agreement is terminated, following the termination, we have agreed to accept an assignment of certain railcar leases which RPMG has secured to service us. If the ethanol marketing agreement is terminated, it would automatically trigger a redemption of our ownership interest in RPMG, LLC.

Distillers Grains

On August 29, 2013, we executed a distillers grain marketing agreement with RPMG which started on October 1, 2013. Pursuant to the marketing agreement, RPMG markets all of the dried distillers grains we produce and we continue to internally market our modified distillers grains. Due to the fact that we are a part owner of RPMG, LLC, RPMG will only charge us its actual cost of marketing our distillers grains to its customers. The initial term of the marketing agreement was one year and thereafter the agreement renews for additional one year periods unless we elect not to renew the agreement. The agreement may be terminated by either party based on certain events described in the agreement or based on the bankruptcy or insolvency of either party.

We market and sell our modified distillers grains internally. Substantially all of our sales of modified distillers grains are to local farmers and feed lots.

Corn Oil

In March 2012, we executed a corn oil marketing agreement with RPMG to sell all of the corn oil that we produce. We pay RPMG a commission based on each pound of corn oil that RPMG sells on our behalf. The initial term of the corn oil marketing agreement was one year and the agreement automatically renews for additional one year terms unless either party gives notice that it will not extend the agreement past the current term.

New Products and Services

We started capturing carbon dioxide during our 2022 fiscal year. During our 2023 and 2024 fiscal years, we were able to monetize the carbon capture program through the sale of carbon tons and tax credits. No carbon credits were sold in fiscal year 2024.

Sources and Availability of Raw Materials

Corn

Our ethanol plant used approximately 22.3 million bushels of corn during our 2024 fiscal year, as the feedstock for its dry milling process. Our commodity manager is responsible for purchasing corn for our operations, scheduling corn deliveries, and establishing hedging positions to protect the price we pay for corn.

During our 2024 fiscal year, we were able to secure sufficient corn to operate the plant at capacity. We do not anticipate any problems securing enough corn during our 2025 fiscal year. Almost all of our corn is supplied from farmers and local grain elevators in North Dakota and South Dakota. During our 2024 fiscal year, corn prices were lower than prior years, mainly due to increased corn supply. On October 11, 2024, the USDA released a report estimating the 2024 corn crop in the United States at approximately 15.2 billion bushels, down 1% from last year's production, with yields averaging 183.8 bushels per acre. The USDA forecasted area harvested for corn at 82.7 million acres, down 4% from 2023. We have not had difficulty securing the corn we require for our operations and we anticipate that we will be able to secure the corn we need to operate the ethanol plant during our 2025 fiscal year, although potentially at a higher price. While we do not anticipate encountering problems sourcing corn, a shortage of corn could develop, particularly if we experience an extended drought or other production problems during our 2025 fiscal year. Poor weather can be a major factor in increasing corn prices. If the United States were to endure an entire growing season with poor weather conditions, it could result in a prolonged period of higher than normal corn prices.

Corn prices are also impacted by world supply and demand, the price of other commodities, current and anticipated stocks, domestic and export prices and supports, and the government's current and anticipated agricultural policy. Corn prices have been volatile in the past and volatility could return to the market in the future.

Natural Gas

We use natural gas as the fuel source to power our ethanol plant. We are using natural gas to produce process steam and to dry our distillers grains products. Due to our close proximity to the Bakken oil field which produces a significant amount of natural gas, we anticipate that natural gas prices in our area will remain lower and the cost to transport the natural gas to our ethanol plant will be low compared to our competitors. We entered into a natural gas supply agreement with Rainbow Gas Company which provides a supply of natural gas to the ethanol plant. We do not anticipate any difficulty securing the natural gas we require to operate the ethanol plant.

Electricity

The production of ethanol uses significant amounts of electricity. We entered into a contract with Roughrider Electric Cooperative to provide our needed electrical energy. This contract was renewed in August 2019. This contract automatically renews unless either party gives notice of its intent not to renew the agreement.

Water

To meet the plant's water requirements, we entered into a ten-year contract with Southwest Water Authority to purchase raw water. Our contract requires us to purchase a minimum of 160 million gallons of water per year. We anticipate receiving adequate water supplies during our 2025 fiscal year.

Patents, Trademarks, Licenses, Franchises and Concessions

We do not currently hold any patents, trademarks, franchises, or concessions. We were granted a perpetual and royalty free license by ICM, Inc. ("ICM") to use certain ethanol production technology necessary to operate our ethanol plant. The cost of the license granted by ICM was included in the amount we paid to Fagen, Inc. to design and build the plant.

Seasonality of Sales

We experience some seasonality of demand for our ethanol, distillers grains, and corn oil. Since ethanol is predominantly blended with gasoline for use in automobiles, ethanol demand tends to shift in relation to gasoline demand. As a result, we experience some seasonality of demand for ethanol in the summer months related to increased driving and, as a result, increased gasoline demand. In addition, we experience some increased ethanol demand during holiday seasons related to increased gasoline demand. We also experience decreased distillers grains demand during the summer months due to natural depletion in the number of animals at feed lots and during times when cattle are turned out to pasture. Finally, corn oil is used for biodiesel production which typically decreases in the winter months due to decreased biodiesel demand.

Working Capital

We primarily use our working capital for purchases of raw materials necessary to operate our ethanol plant and for capital expenditures to maintain and upgrade the plant. During our 2024 fiscal year, our primary sources of working capital were cash from our operations as well as our revolving loan with Cornerstone Bank.

Dependence on a Few Major Customers

As discussed above, we rely on RPMG for the sale and distribution of all of our ethanol, dried distillers grains and corn oil. Accordingly, we are highly dependent on RPMG for the successful marketing of most of our products. We anticipate that we would be able to secure alternate marketers should RPMG fail, however, a loss of our relationship with RPMG could significantly harm our financial performance.

Competition

We are in direct competition with numerous ethanol producers, many of which have greater resources than we have. Larger ethanol producers may be able to take advantage of economies of scale due to their larger size and increased bargaining power with both customers and raw material suppliers. As of November 6, 2024, the Renewable Fuels Association ("RFA") estimates that there are approximately 197 ethanol production facilities in the United States with capacity to produce approximately 17.9 million gallons of ethanol annually, with additional ethanol production facilities under production that have an estimated total capacity to produce 24 million gallons of ethanol annually. In the past, the ethanol industry experienced consolidation where a few larger ethanol producers emerged who control a large portion of United States ethanol production. The largest ethanol producers include Archer Daniels Midland, Green Plains Renewable Energy, POET, and Valero Renewable Fuels, each of which is capable of producing significantly more ethanol than we produce. Collectively this group controls approximately 39.6% of the ethanol production capacity in the United States.

The following table identifies the largest ethanol producers in the United States along with their production capacities.

U.S. FUEL ETHANOL PRODUCTION CAPACITY BY TOP PRODUCERS
Producers of Approximately 900 million gallons per year or more

Company	Current Capacity (MMgy)	Percent of Total Industry Capacity
POET Biorefining	3,005	16.8 %
Valero Renewable Fuels	1,585	8.8 %
Archer Daniels Midland	1,613	9 %
Green Plains Renewable Energy	903	5.0 %
TOTAL	7,106	39.6 %

Updated: November 6, 2024

Ethanol Competition

Ethanol is a commodity product where competition in the industry is predominantly based on price and consistent fuel quality. Further, some oil companies have purchased ethanol production facilities, including Valero Renewable Fuels, which is a subsidiary of a larger energy company. Oil companies are required to blend a certain amount of ethanol each year. Therefore, the oil companies may be able to operate their ethanol production facilities at times when it is unprofitable for us to operate our ethanol plant. Further, some ethanol producers own multiple ethanol plants which may allow them to compete more effectively by providing them flexibility to run certain production facilities while they have other facilities shut down. This added flexibility may allow these ethanol producers to compete more effectively, especially during periods when operating margins are unfavorable in the ethanol industry. Finally some ethanol producers who own ethanol plants in geographically diverse areas of the United States may spread the risk they encounter related to feedstock prices due to localized decreased corn production and supplies.

We anticipate competition from renewable fuels that do not use corn as the feedstock. Many of the current ethanol production incentives are designed to encourage the production of renewable fuels using raw materials other than corn. One type of ethanol production feedstock that is being explored is cellulose. Cellulose is the main component of plant cell walls and is the most common organic compound on earth. Cellulose is found in wood chips, corn stalks, and rice straw, amongst other common plants. Cellulosic ethanol is ethanol produced from cellulose. Cellulosic ethanol may also capture more government subsidies and assistance than corn-based ethanol. This could decrease demand for our product or result in competitive disadvantages for our ethanol production process.

A number of automotive, industrial, and power generation manufacturers are developing alternative clean power systems using fuel cells, plug-in hybrids, electric cars, or clean burning gaseous fuels. Electric car technology has grown in popularity, especially in urban areas. While in the past there were a limited number of vehicle recharging stations, making electric cars not feasible for all consumers, there has been increased focus on developing these recharging stations which have made electric car technology more widely available. Additional competition from these other sources of alternative energy, particularly in the automobile market, could reduce the demand for ethanol, which would negatively impact our profitability.

In addition to domestic producers of ethanol, we face competition from ethanol produced in foreign countries, particularly Brazil. Ethanol imports have been lower in recent years and ethanol exports have been higher which was one of the reasons for improved operating margins in the ethanol industry. As of May 1, 2013, Brazil increased its domestic ethanol use requirement from 20% to 25% which decreased the amount of ethanol available in Brazil for export. In addition, Brazil instituted a tariff on ethanol produced in the United States which has resulted in less ethanol exports to Brazil. In the future, we may experience increased ethanol imports from Brazil which could put negative pressure on domestic ethanol prices and result in excess ethanol supply in the United States. However, Brazil is considering legislation which would require an ethanol-gasoline blend of 30%, an increase of 2.5% over the current blend requirement of 27.5%. We continue to look for opportunities to export ethanol to other countries and open new markets for ethanol produced in the United States.

Competition among ethanol producers may continue to increase as gasoline demand decreases due to more fuel efficient vehicles being produced. If the concentration of ethanol used in most gasoline does not increase and gasoline demand is lower due to increased fuel efficiency by the vehicles operated in the United States, competition may increase among ethanol producers to supply the ethanol market.

Finally, many ethanol producers increased their production capacities through expansion projects which started becoming operational during our 2018 fiscal year. These expansion projects have increased the supply of ethanol in the market, negatively impacted market ethanol prices and may result in excess ethanol supply in the future. During our 2019 fiscal year, many ethanol producers reduced production or ceased production altogether due to unfavorable operating margins which somewhat offset the additional ethanol production from the 2018 expansion projects. During 2020, the ethanol industry was impacted by decreased gasoline and ethanol demand because of social distancing restrictions implemented because of the COVID-19 pandemic. During our 2021 fiscal year, ethanol demand increased and we experienced much more favorable financial margins. During our 2022 fiscal year, ethanol prices increased, particularly during our first fiscal quarter of 2022, and we experienced favorable financial margins. During our 2023 fiscal year, ethanol prices were down slightly, and we experienced less favorable financial margins compared to our 2022 fiscal year. During our 2024 fiscal year, ethanol prices again decreased and we experienced less favorable margins compared to our 2023 fiscal year.

Distillers Grains Competition

Our ethanol plant competes with other ethanol producers in the production and sales of distillers grains. Distillers grains are primarily used as an animal feed which replaces corn and soybean meal. As a result, we believe that distillers grains prices are positively impacted by increases in corn and soybean prices. In addition, in recent years the United States ethanol industry has increased exports of distillers grains which management believes has positively impacted demand and prices for distillers grains in the United States. In the event these distillers grains exports decrease, it could lead to an oversupply of distillers grains in the United States which could result in increased competition among ethanol producers for sales of distillers grains and could negatively impact distillers grains prices in the United States.

In recent years, an increasing amount of distillers grains have been used in the swine and poultry markets. Numerous feeding trials show advantages in milk production, growth, rumen health, and palatability over other dairy cattle feeds. With the advancement of research into the feeding rations of poultry and swine, we expect these markets to expand and create additional demand for distillers grains; however, no assurance can be given that these markets will in fact expand, or if they do, that we will benefit from it. The market for distillers grains is generally confined to locations where freight costs allow it to be competitively priced against other feed ingredients. Distillers grains compete with four other feed formulations: soybean meal, corn gluten feed, dry brewers grain and mill feeds. The primary value of these products as animal feed is their protein content. Soybean meal, dry brewers grain and distillers grains have about the same protein content, and corn gluten feed and mill feeds have slightly lower protein contents. Recently, additional soybean crushing facilities are being constructed which may increase the supply of soybean meal in the market. Soybean crush capacity in the United States has grown 7% in the past three years. It is anticipated that soybean crush capacity may increase by 23% by 2027. This increase in soybean meal could negatively impact the market price of distillers grains.

Corn Oil Competition

We compete with many ethanol producers for the sale of corn oil. Many ethanol producers have installed the equipment necessary to separate corn oil from the distillers grains they produce which has increased competition for corn oil sales and at times has resulted in lower market corn oil prices. In recent years, corn oil prices and demand have been higher due to commodity prices generally and increased demand for corn oil from the biodiesel and renewable diesel industries. Corn oil demand is projected to increase over the next eight years. However, it is not guaranteed that such demand will increase, or that we will be able to take advantage of any increased demand.

Governmental Regulation and Federal Ethanol Supports

Federal Ethanol Supports

The ethanol industry is dependent on several economic incentives to produce ethanol. One significant federal ethanol support is the ethanol use requirement in the Federal Renewable Fuels Standard (the "RFS"). The RFS requires that in each year, a certain amount of renewable fuels must be used in the United States. The RFS is a national program that does not require that any renewable fuels be used in any particular area or state, allowing refiners to use renewable fuel blends in those areas where it is most cost-effective. The RFS statutory volume requirement increased incrementally each year until the United States was required to use 36 billion gallons of renewable fuels in 2022. Starting in 2009, the RFS required that a portion of the RFS must be met by certain "advanced" renewable fuels. These advanced renewable fuels include ethanol that is not made from corn, such as cellulosic ethanol and biomass based biodiesel. The use of these advanced renewable fuels increases each year as a percentage of the total renewable fuels required to be used in the United States.

Prior to 2023, the EPA had the authority to waive the RFS statutory volume requirement, in whole or in part, provided one of the following two conditions have been met: (1) there is inadequate domestic renewable fuel supply; or (2) implementation of the requirement would severely harm the economy or environment of a state, region or the United States. Annually, the EPA was required to pass a rule that established the number of gallons of different types of renewable fuels that must be used in the United States which is called the renewable volume obligations ("RVO"). Now the EPA has authority to propose the RFS annually as the law creating the RFS only set the statutory volume requirement through 2022.

The statutory RVO for all renewable fuels for 2018 was 19.29 billion gallons, of which corn-based ethanol could meet 15 billion gallons of the RVO. On November 30, 2018, the final RVO for 2019 was set at 19.92 billion gallons and the corn-based ethanol RVO was set at 15 billion gallons. On December 7, 2021, the EPA issued a proposed RVO rule which set the 2022 RVO at 15 billion gallons for corn-based ethanol, set the 2021 RVO for corn-based ethanol at 13.3 billion gallons, less than the statutory requirement in the RFS of 15 billion gallons. The December 7, 2021 proposed rule also proposed to reopen the 2020 RVO which was previously set at 15 billion gallons for corn-based ethanol and retroactively reduce that amount to 12.5 billion gallons. On June 21, 2023, the EPA issued final RVO rules, which for 2023 is set at 20.94 billion gallons, for 2024 is set at 21.54 billion gallons, and for 2025 is set at 22.33 billion gallons. For 2023, 2024, and 2025, the corn-based ethanol RVO was set at 15 billion gallons. The EPA has not yet issued a proposed RVO rule for 2026.

During 2019 it came to light that the EPA was issuing waivers of the RVO obligations for certain small refineries. These small refinery waivers resulted in significant decreases in ethanol demand during 2018 and 2019 which were below the RVO requirements. Many in the ethanol industry believe these waivers did not meet the standards set out in the RFS. The ethanol industry has been pushing the EPA to reverse the effects of these small refinery waivers which we believe contributed to poor operating margins starting in 2018 and continuing through our 2020 fiscal year. In January 2020, the Tenth Circuit Court of Appeals ruled that small refinery exemptions may only be granted to refineries that had secured them continuously each year since 2010. Consistent with this ruling, in September 2020, the EPA denied certain small refinery exemption petitions filed by oil refineries in 2020 seeking retroactive relief from their ethanol use requirements for prior years. In June 2021, the U.S. Supreme Court reversed the decision finding that a small refinery may obtain a hardship exemption even if its earlier exemption had lapsed in one or more previous years. In June 2022, the EPA announced the denial of 69 small refinery exemption petitions for one or more compliance years between 2016 and 2021 on the grounds that the petitioners had failed to show that the EPA had a basis to approve them. In July 2023, the EPA further announced the denial of 26 small refinery exemption petitions for one or more of the compliance years between 2016 and 2023 on similar grounds. Several small refineries challenged the 2022 denials. In July, 2024, the U.S. Court of Appeals for the District of Columbia found that the EPA's rationale in making the denials was contrary to law and vacated the denials. The EPA subsequently filed a voluntary motion rescinding their denial of the exemptions in 2023. If the EPA were to significantly reduce the volume requirements under the RFS by the exercise of the EPA waiver authority, the market price and demand for ethanol could decrease.

In June 2012, the EPA gave final approval for the sale of E15, gasoline which is blended at a rate of 15% ethanol and 85% gasoline, for use in vehicles manufactured in the model year 2001 and later. Although there have been significant steps towards introduction of E15 in the marketplace, there are still obstacles to meaningful market penetration by E15. Many states still have regulatory issues that hamper or prevent the sale of E15. In addition, sales of E15 may be limited because E15 is not approved for use in all vehicles, the EPA requires a label that may discourage consumers from using E15, and retailers may choose not to sell E15 due to concerns regarding liability. Previously, different gasoline blendstocks were required at certain times of the year due to federal regulations related to fuel evaporative emissions which prevented E15 from being used during certain times of the year in various states. In May 2019, the EPA issued a final rule allowing the year-round sale of E15. However in June 2021, the U.S. Court of Appeals for the District of Columbia struck down this rule finding that the EPA exceeded its authority. In May 2022, the EPA issued an emergency waiver to allow sales of E15 during the summer months. The reason given for the temporary suspension of the prohibition on year-round sales was that it was an effort to counteract rising gasoline prices. The EPA again issued several temporary emergency waivers in the summer of 2023 that approved the use of E15 from May 1, 2023 through September 15, 2023 in response to industry disruptions due to the war in Ukraine. On February 22, 2024, the EPA granted a petition approving the use of E15 year-round in eight Midwestern states. However, the implementation of this rule was delayed until April 28, 2025. The EPA then issued several temporary emergency waivers in the summer of 2024 that approved the use of E15 from May 1, 2024 through September 15, 2024.

A blender pump is a gasoline pump that can dispense a variety of different ethanol/gasoline blends. Blender pumps typically can dispense E10, E20, E30, E40, E50 and E85. These blender pumps accomplish these different ethanol/gasoline blends by internally mixing ethanol and gasoline which are held in separate tanks at the retail gas stations. Many in the ethanol industry believe that increased use of blender pumps will increase demand for ethanol by allowing gasoline retailers to provide various mid-level ethanol blends in a cost effective manner and allowing consumers with flex-fuel vehicles to purchase more ethanol through these mid-level blends. However, the expense of blender pumps has delayed their availability in the retail gasoline market.

On August 16, 2022, the Inflation Reduction Act of 2022, which has several provisions that may benefit the ethanol industry, was signed into law. Since then, considerable regulatory guidance has been issued on certain topics; however, many of the finer points of the new law are still evolving and remain uncertain, with additional regulatory guidance forthcoming. The Inflation Reduction Act maintains the 12-year credit period for the existing Section 45Q tax credit for carbon capture and storage ("CCS"). However, the Inflation Reduction Act extends eligibility for the credit to facilities that have commenced construction by December 31, 2032, and substantially lowers the minimum annual capture requirements to 12,500 tons for certain qualifying facilities. In addition, the potential credit rate is increased five times for industrial facilities and power plants that capture their carbon emissions to $85 per metric ton of carbon oxide stored in secure geologic formations, $60 per ton for the beneficial utilization of captured carbon emissions, and $60 per ton for carbon oxide stored in oil and gas fields, with these amounts adjusted for inflation in future years. We will receive $50 per metric ton for our stored carbon dioxide because we placed our sequestration equipment in service before January 1, 2024. Prevailing wage and apprenticeship requirements must be met by the facility to claim the full amount of the higher credit. On August 29, 2023, the Treasury issued proposed regulations providing guidance on when and how to satisfy the prevailing wage and apprenticeship requirements, with comments due to the Treasury by October 29, 2023. Then, on June 18, 2024, final regulations were issued to clarify certain aspects of the requirements. The final regulations generally apply to qualified facilities that begin construction and are placed in service after June 25, 2024, although facilities placed in service before then may choose to apply the final regulations. In connection with these final regulations, the Treasury has released guidance on certain topics through publications and a FAQ website.

With respect to monetizing the Section 45Q credit (and other energy credits), taxpayers for qualified projects may elect to be directly paid by the Treasury, making them refundable. There is a registration process for this, along with making the election on the taxpayer's tax return. Plus, certain limitations and conditions apply to fully benefiting from this direct pay feature. Alternatively, taxpayers can monetize the Section 45Q credit by selling it to an unrelated third party for cash without significant adverse income tax consequences. This feature also includes certain registration and election requirements.

The Inflation Reduction Act also creates a new Clean Fuel Production Tax Credit under Section 45Z for the production of low-emissions transportation and aviation fuel produced and sold in 2025, 2026, and 2027, subject to certain registration requirements as well as prevailing wage and apprenticeship conditions. Like above with Section 45Q, this credit is eligible for direct pay and may be sold or transferred to unrelated third parties in most circumstances. The Clean Fuel Production Tax Credit is not available, however, for a facility that qualifies for the Section 45Q credit. Since enactment of the Inflation Reduction Act, Treasury has issued certain guidance on this credit.

Effect of Governmental Regulation

The government's regulation of the environment changes constantly. We are subject to extensive air, water, and other environmental regulations, and we have been required to obtain a number of environmental permits to construct and operate the ethanol plant. It is possible that more stringent federal or state environmental rules or regulations could be adopted, which could increase our operating costs and expenses. It also is possible that federal or state environmental rules or regulations could be adopted that could have an adverse effect on the use of ethanol. Plant operations are governed by the Occupational Safety and Health Administration ("OSHA"). OSHA regulations may change such that the costs of operating the ethanol plant may increase. Any of these regulatory factors may result in higher costs or other adverse conditions effecting our operations, cash flows, and financial performance.

We have obtained all of the necessary permits to operate the ethanol plant. During our 2024 fiscal year, we incurred costs and expenses of approximately $364,000 complying with environmental laws, including the cost of obtaining permits. Although we have been successful in obtaining all of the permits currently required, any retroactive change in environmental regulations, either at the federal or state level, could require us to obtain additional or new permits or spend considerable resources in complying with such regulations. Management believes converting the plant to use natural gas as the fuel source instead of coal has reduced our environmental compliance costs.

In late 2009, California passed a Low Carbon Fuels Standard ("LCFS"). The California LCFS requires that renewable fuels used in California must accomplish certain reductions in greenhouse gases which is measured using a lifecycle analysis, similar to the RFS. The LCFS could have a negative impact on demand for corn-based ethanol and result in decreased ethanol prices affecting our ability to operate profitably.

In August 2017, Brazil instituted an import quota for ethanol produced in the United States and exported to Brazil, along with a 20% tariff on ethanol imports in excess of the quota. In September 2019, the Brazilians increased the tariff free import quota from 600 million liters to 750 million liters. In December 2020, the tariff free quota was revoked. In March 2022, this tariff was suspended through December 2022. However, in February 2023, Brazil reinstated tariffs on American ethanol of 16% for 2023 which then increased to 18% in 2024. This tariff and quota have reduced exports of ethanol to Brazil and may continue to negatively impact ethanol exports from the United States. Any reduction in ethanol exports could negatively impact market ethanol prices in the United States. In addition, the Chinese government increased the tariff on United States ethanol imports into China from 30% to 45% and subsequently to 70%. In 2020, this tariff was again reduced to 45%. Management does not expect these Chinese tariffs to be removed in the near term. Both China and Brazil have been major sources of import demand for United States ethanol and distillers grains. These trade actions may result in negative operating margins for United States ethanol producers.

Employees

As of January 14, 2024, we had 48 full-time employees. We anticipate that we will have approximately 49 full-time employees during the next 12 months unless we complete the Asset Sale and cease our current business operations.

Item 1A. Risk Factors

You should carefully read and consider the risks and uncertainties below and the other information contained in this report. The risks and uncertainties described below are not the only ones we may face. The following risks, together with additional risks and uncertainties not currently known to us or that we currently deem immaterial could impair our financial condition and results of operation.

Risks Relating to Our Business

The EPA has issued small refinery waivers to the RFS requirement which has resulted in demand destruction and negatively impacted profitability in the ethanol industry. During 2019, the ethanol industry learned that the EPA had been issuing small refinery waivers to the ethanol use requirements in the RFS. In previous years, when the EPA issued small refinery waivers, it reallocated the waived requirements to other refiners. The EPA under the Trump Administration was granting significantly more waivers than in the past and was not reallocating the waived amounts to other refiners. These actions resulted in demand destruction starting in 2018 which continued to result in reduced demand for ethanol through 2019. This reduction in ethanol demand negatively impacted profitability in the ethanol industry. These small refinery waivers could be issued in future years which could impact ethanol demand.

A decrease in the spread between the price we receive for our products and our raw material costs will negatively impact our profitability. Practically all of our revenue is derived from the sale of our ethanol, distillers grains, and corn oil. Our primary raw material costs are corn costs and energy costs. Our profitability depends on a positive spread between the market price of the ethanol, distillers grains and corn oil we produce and the raw material costs related to these products. While ethanol, distillers grains and corn oil prices typically change in relation to corn prices, this correlation may not always exist. In the event the prices for our products decrease at a time when our raw material costs are increasing, we may not be able to profitably operate the plant. In the event the spread between the price we receive for our products and the raw material costs associated with producing those products is negative for an extended period of time, we may not be able to maintain liquidity which could negatively impact the value of our units.

Declines in the price of ethanol, distillers grain or corn oil would significantly reduce our revenues. The sales prices of ethanol, distillers grains, and corn oil can be volatile as a result of a number of factors such as overall supply and demand, the price of gasoline and corn, levels of government support, tariffs and import quotas, and the availability and price of competing products. We are dependent on a favorable spread between the price we receive for our ethanol, distillers grains, and corn oil and the price we pay for corn and natural gas. Any lowering of ethanol, distillers grains, or corn oil prices, especially if it is associated with increases in corn and natural gas prices, may affect our ability to operate profitably. We anticipate the price of ethanol and distillers grains to continue to be volatile in our 2025 fiscal year as a result of the net effect of changes in the price of gasoline and corn and increased ethanol supply offset by increased export demand. In addition, growing conditions in a particular season's harvest may cause the corn crop to be of poor quality resulting in corn shortages and a decrease in distillers grains prices. Declines in the prices we receive for our ethanol and distillers grains will lead to decreased revenues and may result in our inability to operate the ethanol plant profitably for an extended period of time which could decrease the value of our units.

Decreasing gasoline prices could negatively impact our ability to operate profitably. Discretionary blending is an important secondary market which is often determined by the price of ethanol versus the price of gasoline. In periods when discretionary blending is financially unattractive, demand for ethanol may be reduced. Historically, the price of ethanol has been less than the price of gasoline which increased demand for ethanol from fuel blenders. In recent years, low oil prices reduced the price of gasoline which reduced the spread between the price of gasoline and the price of ethanol which discouraged discretionary blending, and resulted in a downward market adjustment in the price of ethanol. If oil and gasoline prices remain lower for a significant period of time, it could hurt our ability to profitably operate the ethanol plant which could decrease the value of our units.

Increases in the price of corn or natural gas would reduce our profitability. Our primary source of revenue is from the sale of ethanol, distillers grains and corn oil. Our results of operations and financial condition are significantly affected by the cost and supply of corn and natural gas. Changes in the price and supply of corn and natural gas are subject to and determined by market forces over which we have no control including weather and general economic factors.

Ethanol production requires substantial amounts of corn. Generally, higher corn prices will produce lower profit margins and, therefore, negatively affect our financial performance. If a period of high corn prices were to be sustained for some time, such pricing may reduce our ability to operate profitably because of the higher cost of operating our plant. We may not be able to offset any increase in the price of corn by increasing the price of our products. If we cannot offset increases in the price of corn, our financial performance may be negatively affected.

The prices for and availability of natural gas are subject to volatile market conditions. These market conditions often are affected by factors beyond our control such as higher prices as a result of colder than average weather conditions or natural disasters, overall economic conditions and foreign and domestic governmental regulations and relations. Significant disruptions in the supply of natural gas could impair our ability to manufacture ethanol and more significantly, distillers grains for our customers. Furthermore, increases in natural gas prices or changes in our natural gas costs relative to natural gas costs paid by competitors may adversely affect our results of operations and financial condition.

Our business is not diversified which could negatively impact our ability to operate profitably. Our success depends largely on our ability to profitably operate our ethanol plant. We do not have any other lines of business or other sources of revenue. If economic or political factors adversely affect the market for ethanol, distillers grains, or corn oil, we have no other line of business to fall back on. Our business would also be significantly harmed if the ethanol plant could not operate at full capacity for any extended period of time.

Our inability to maintain or secure credit facilities we may require in the future may negatively impact our liquidity. While we do not currently require more financing than we have, in the future we may need additional financing. If we require financing in the future and we are unable to secure such financing, or we are unable to secure the financing we require on reasonable terms, it may have a negative impact on our liquidity. This could negatively impact the value of our units.

We engage in hedging transactions which involve risks that could harm our business. We are exposed to market risk from changes in commodity prices, including the prices we pay for our raw materials and the prices we receive for our finished products. We seek to minimize our exposure to fluctuations in the prices of corn, ethanol and distillers grains through the use of hedging instruments. However, our hedging activities may not successfully reduce the risk caused by price fluctuations which may leave us vulnerable to volatility in corn, ethanol and distillers grains prices. Alternatively, we may choose not to engage in hedging transactions in the future and our operations and financial conditions may be adversely affected during periods in which the prices for these commodities fluctuate. Further, using cash for margin calls to support our hedge positions can have an impact on the cash we have available for our operations which could negatively impact our liquidity. The effects of our hedging activities may negatively impact our ability to profitably operate which could reduce the value of our units.

We may violate the terms of our credit agreements and financial covenants which could result in our lender demanding immediate repayment of our loans. Management anticipates that we will be in compliance with our loan covenants in our loans. However, if we violate the terms of our credit agreement, Cornerstone Bank could deem us in default of our loans and require us to immediately repay any outstanding balance of our loans. If we do not have sufficient cash to repay these loans or if we are unable to secure other sources of financing, it could negatively impact the value of our units.

Changes and advances in ethanol production technology could require us to incur costs to update the ethanol plant or could otherwise hinder our ability to compete in the ethanol industry or operate profitably. Advances and changes in the technology of ethanol production are expected to occur, including the potential use of A.I. technology. Such advances and changes may make the ethanol production technology installed in our ethanol plant less desirable or obsolete. These advances could allow our competitors to produce ethanol at a lower cost than us. If we are unable to adopt or incorporate technological advances, our ethanol production methods and processes could be less efficient than our competitors, which could cause the ethanol plant to become uncompetitive or completely obsolete. If our competitors develop, obtain, or license technology that is superior to ours or that makes our technology obsolete, we may be required to incur significant costs to enhance or acquire new technology so that our ethanol production remains competitive. Alternatively, we may be required to seek third-party licenses, which could also result in significant expenditures. These third-party licenses may not be available or, once obtained, they may not continue to be available on commercially reasonable terms. These costs could negatively impact our financial performance by increasing our operating costs and reducing our net income which could decrease the value of our units.

We depend on our management and key employees, and the loss of these relationships could negatively impact our ability to operate profitably. We are highly dependent on our management team to operate our ethanol plant. We may not be able to replace these individuals should they decide to cease their employment with us, or if they become unavailable for any other reason. While we seek to compensate our management and key employees in a manner that will encourage them to continue their employment with us, they may choose to seek other employment. Any loss of these officers and key employees may prevent us from operating the ethanol plant profitably and could decrease the value of our units.

Failures of our information technology infrastructure could have a material adverse effect on operations. We utilize various software applications and other information technology that are critically important to our business operations. We rely on information technology networks and systems, including the Internet, to process, transmit, and store electronic and financial information, to manage a variety of business processes and activities, including production, manufacturing, financial, logistics, sales, marketing, and administrative functions. We depend on our information technology infrastructure to communicate internally and externally with employees, customers, suppliers, and others. We also use information technology networks and systems to comply with regulatory, legal, and tax requirements. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions, or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, computer viruses, attacks by computer hackers or other cybersecurity risks, telecommunication failures, user errors, natural disasters, terrorist attacks, or other catastrophic events. If any of our significant information technology systems suffer severe damage, disruption or shutdown, and our disaster recovery and business continuity plans do not effectively resolve the issues in a timely manner, our product sales, financial condition and results of operations may be materially and adversely affected.

A cyber attack or other information security breach could have a material adverse effect on our operations and result in financial losses. We are regularly the target of attempted cyber and other security threats and must continuously monitor and develop our information technology networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. If we are unable to prevent cyber attacks and other information security breaches, we may encounter significant disruptions in our operations which could adversely impact our business, financial condition and results of operations or result in the unauthorized disclosure of confidential information. Such breaches may also harm our reputation, result in financial losses or subject us to litigation or other costs or penalties.

Adverse weather conditions, including as a result of climate change, may adversely affect the availability, quality, and price of agricultural commodities and agricultural commodity products, as well as our operations and operating results. Adverse weather conditions have historically caused volatility in the agricultural commodity industry and consequently in our operating results by causing crop failures or significantly reduced harvests, which may affect the supply and pricing of the agricultural commodities that we sell and use in our business, reduce demand for our fertilizer products and negatively affect the creditworthiness of agricultural producers who do business with us. Higher basis levels or adverse crop conditions in our corn purchase area can increase the input costs or lower the market value of our products relative to other market participants that do not have the same geographic concentration. Additionally, the potential physical impacts of climate change are uncertain and may vary by region. These potential effects could include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels that could adversely impact our costs and business operations, the location, costs, and competitiveness of agricultural commodity production and related storage and processing facilities and the supply and demand for agricultural commodities. These effects could be material to our results of operations, liquidity, or capital resources and could reduce the value of our units.

Investor sentiment towards climate change, fossil fuels, and other ESG matters could adversely affect our business, cost of capital, and the price of our stock and other securities. There have been efforts in recent years, which intensified during the COVID-19 pandemic, aimed at the investment community, to promote the divestment of securities of energy companies, as well as to pressure lenders and other financial services companies to limit or curtail activities with energy companies. As a result, some financial intermediaries, investors, and other capital markets participants have reduced or ceased lending to, or investing in, companies that operate in industries with higher perceived environmental exposure, such as the energy industry. If this or similar divestment efforts are continued, the value of our units may be negatively impacted.

Members of the investment community are also increasing their focus on ESG practices and disclosures, including practices and disclosures related to GHGs and climate change in the energy industry in particular, and diversity and inclusion initiatives and governance standards among companies more generally. As a result, we may face increasing pressure regarding our ESG practices and disclosures. Additionally, members of the investment community may screen companies such as ours for ESG performance. If we are unable to meet the ESG standards or investment or lending criteria set by these investors and funds, we may lose investors, investors may allocate a portion of their capital away from us, our cost of capital may increase, the price of our units may be negatively impacted, and our reputation may also be negatively affected.

The invasion of Ukraine by Russia and resulting sanctions by the United States, European Union and other countries have contributed to inflation, market disruptions and increased volatility in commodity prices in the United States and a slowdown in global economic growth. On February 24, 2022, a military invasion of Ukraine by Russian troops was reported. In response to the attacks on Ukraine, sanctions and other penalties have been levied by the United States, European Union, and other countries and additional sanctions and penalties have been proposed. The invasion by Russia and resulting sanctions have had a broad range of adverse impacts on global business and financial markets some of which have had and may continue to have adverse impacts on our business. These include increased inflation, significant market disruptions and increased volatility in commodity prices such as corn, oil and natural gas. Although the duration and extent of the ongoing military conflict is highly unpredictable and the magnitude of the potential economic impact is currently unknown, Russian military actions and resulting sanctions could have a negative effect on our financial condition and operating results.

Risks Related to the Ethanol Industry

The ethanol industry is an industry that is changing rapidly which can result in unexpected developments that could negatively impact our operations and the value of our units. The ethanol industry has grown significantly in the last decade. This rapid growth has resulted in significant shifts in supply and demand of ethanol over a very short period of time. As a result, past performance by the ethanol plant or the ethanol industry generally might not be indicative of future performance. We may experience a rapid shift in the economic conditions in the ethanol industry which may make it difficult to operate the ethanol plant profitably. If changes occur in the ethanol industry that make it difficult for us to operate the ethanol plant profitably, it could result in a reduction in the value of our units.

Increased competition from electric vehicles could reduce demand for liquid fuels which could negatively impact demand for ethanol which could negatively impact our profitability. Electric car technology has improved significantly in recent years and many automakers are focusing on electric car technology for automobiles they are releasing or plan to release in the future. Increased reliance on electric vehicle technology is expected to result in decreased gasoline demand. Recently, governments and private entities have focused on improving and expanding vehicle recharging stations which may make electric automobiles more attractive in the market. As gasoline powered vehicles become a smaller part of the worldwide vehicle fleet, it is expected to have a negative impact on gasoline demand which will also impact ethanol demand. This shift in demand could negatively impact our financial performance and could reduce or eliminate the value of our units.

Excess ethanol supply in the market could put negative pressure on the price of ethanol which could lead to tight operating margins and may impact our ability to operate profitably. In the past the ethanol industry has confronted market conditions where ethanol supply exceeded demand which led to unfavorable operating conditions. A disconnect between ethanol supply and demand can result in lower ethanol prices which can result in unfavorable operating conditions. The United States has recently benefited from additional exports of ethanol which may not continue to occur during our 2025 fiscal year. We may experience periods of ethanol supply and demand imbalance during our 2025 fiscal year, particularly if the EPA issues additional small refinery waivers from the RFS. If we experience excess ethanol supply, either due to increased ethanol production, lower ethanol demand or lower overall gasoline demand, it could negatively impact the price of ethanol which could hurt our ability to profitably operate the ethanol plant.

Distillers grains demand and prices have been negatively impacted by the Chinese anti-dumping duty. China was previously the world's largest importer of distillers grains produced in the United States. On January 12, 2016, the Chinese government announced that it would commence an anti-dumping and countervailing duty investigation related to distillers grains imported from the United States. On January 10, 2017, China announced a final ruling related to its anti-dumping and countervailing duty investigation imposing anti-dumping duties from a range of 42.2% to 53.7% and anti-subsidy duties from 11.2% to 12.0%. The imposition of these duties has resulted in a significant decline in demand from this top importer and negatively impacted prices for distillers grains produced in the United States. Due to trade disputes between the United States and China these tariffs continued into our 2022 fiscal year. In January 2023, the Chinese government extended tariffs on distillers grains from the United States for an additional five years. This reduction in demand has negatively impacted our profitability, and continued tariffs may further impact our profitability.

Demand for ethanol may not continue to grow unless ethanol can be blended into gasoline in higher percentage blends for standard vehicles. Currently, ethanol is primarily blended with gasoline for use in standard (non-flex fuel) vehicles to create a blend which is 10% ethanol and 90% gasoline. Estimates indicate that approximately 137 billion gallons of gasoline are sold in the United States each year. Assuming that all gasoline in the United States is blended at a rate of 10% ethanol and

90% gasoline, the maximum domestic demand for ethanol is 13.7 billion gallons. This is commonly referred to as the "blend wall," which represents a theoretical limit where more ethanol cannot be blended into the national gasoline pool. Many in the ethanol industry believe that the ethanol industry has reached and surpassed this blend wall. In order to expand demand for ethanol, higher percentage blends of ethanol must be utilized in standard vehicles. Such higher percentage blends of ethanol are a contentious issue. Automobile manufacturers and environmental groups have fought against higher percentage ethanol blends. The EPA approved the use of E15 for standard vehicles produced in the model year 2001 and later. The fact that E15 has not been approved for use in all vehicles and the labeling requirements associated with E15 may lead to gasoline retailers refusing to carry E15. Without an increase in the allowable percentage blends of ethanol that can be used in all vehicles, demand for ethanol may not continue to increase which could decrease the selling price of ethanol and could result in our inability to operate the ethanol plant profitably which could reduce or eliminate the value of our units.

A reduction in ethanol exports to Brazil due to the imposition by the Brazilian government of a tariff on U.S. ethanol has and could continue to have a negative impact on ethanol prices. Brazil has historically been a top destination for ethanol produced in the United States. However, in 2017, Brazil imposed a tariff on ethanol which is produced in the United States and exported to Brazil. This tariff has resulted in a decline in demand for ethanol from Brazil in the past and could negatively impact the market price of ethanol in the United States and could negatively impact our ability to profitably operate the ethanol plant.

Chinese ethanol tariffs have and could continue to have a negative impact on ethanol prices. As a result of trade disputes between the United States and China, China imposed a 45% tariff on ethanol produced in the United States. This tariff has effectively closed the Chinese market for United States ethanol exports. China represents a significant potential source of demand for ethanol. Without access to the Chinese market, we may experience excess ethanol supply which could negatively impact ethanol prices in the United States. Lower ethanol prices could negatively impact our ability to profitably operate the ethanol plant.

We operate in an intensely competitive industry and compete with larger, better financed entities which could impact our ability to operate profitably. There is significant competition among ethanol producers. There are numerous producer-owned and privately-owned ethanol plants operating throughout the Midwest and elsewhere in the United States. We also face competition from outside of the United States. The largest ethanol producers include Archer Daniels Midland, Green Plains Renewable Energy, POET, and Valero Renewable Fuels, each of which is capable of producing significantly more ethanol than we produce. Further, many believe that there will be further consolidation occurring in the ethanol industry in the future which could lead to a few companies which control a significant portion of the United States ethanol production market. We may not be able to compete with these larger entities. These larger ethanol producers may be able to affect the ethanol market in ways that are not beneficial to us which could negatively impact our financial performance.

Technology advances in the commercialization of cellulosic ethanol may decrease demand for corn-based ethanol which may negatively affect our profitability. The current trend in ethanol production research is to develop an efficient method of producing ethanol from cellulose-based biomass, such as agricultural waste, forest residue, municipal solid waste, and energy crops. This trend is driven by the fact that cellulose-based biomass is generally cheaper than corn, and producing ethanol from cellulose-based biomass would create opportunities to produce ethanol in areas of the country which are unable to grow corn. The Energy Independence and Security Act of 2007 and the 2008 Farm Bill offer strong incentives to develop commercial scale cellulosic ethanol. Additionally, state and federal grants have been awarded to several companies which are seeking to develop commercial-scale cellulosic ethanol plants. This has encouraged innovation and has led to several companies which are either in the process or have completed construction of commercial scale cellulosic ethanol plants. If an efficient method of producing ethanol from cellulose-based biomass is developed, we may not be able to compete effectively. If we are unable to produce ethanol as cost-effectively as cellulose-based producers, our ability to generate revenue and our financial condition will be negatively impacted.

Risks Related to Regulation and Governmental Action

Government incentives for ethanol production may be eliminated in the future, which could hinder our ability to operate at a profit. The ethanol industry is assisted by various federal ethanol production and tax incentives, including the RFS set forth in the Energy Policy Act of 2005. The RFS helps support a market for ethanol that might disappear without this incentive. The United States Environmental Protection Agency ("EPA") has the authority to annually EPA passes a rule that establishes the number of gallons of different types of renewable fuels that must be used in the United States which is called the renewable volume obligations. In the past, the EPA has set the renewable volume obligations below the statutory volume requirements and expanded its use of waivers to small refineries. The effect of these waivers is that the refinery is no longer required to earn or purchase blending credits, known as RINs, negatively affecting ethanol demand and resulting in lower ethanol prices. If the EPA were to significantly reduce the volume requirements under the RFS or if the RFS were to be otherwise reduced or eliminated by the exercise of the EPA waiver authority or by Congress, the market price and demand for ethanol could decrease which will negatively impact our financial performance.

Changes in environmental regulations or violations of these regulations could be expensive and reduce our profitability. We are subject to extensive air, water and other environmental laws and regulations. In addition, some of these laws require our plant to operate under a number of environmental permits. These laws, regulations and permits can often require expensive pollution control equipment or operational changes to limit actual or potential impacts to the environment. A violation of these laws and regulations or permit conditions can result in substantial fines, damages, criminal sanctions, permit revocations and/or plant shutdowns. In the future, we may be subject to legal actions brought by environmental advocacy groups and other parties for actual or alleged violations of environmental laws or our permits. Additionally, any changes in environmental laws and regulations, both at the federal and state level, could require us to spend considerable resources in order to comply with future environmental regulations. The expense of compliance could be significant enough to reduce our profitability and negatively affect our financial condition.

The California Low Carbon Fuel Standard may decrease demand for corn based ethanol which could negatively impact our profitability. California passed a Low Carbon Fuels Standard ("LCFS") which requires that renewable fuels used in California must accomplish certain reductions in greenhouse gases which reductions are measured using a lifecycle analysis. Management believes that these regulations could preclude corn-based ethanol produced in the Midwest from being used in California. California represents a significant ethanol demand market. If the ethanol industry is unable to supply corn-based ethanol to California, it could significantly reduce demand for the ethanol we produce which could result in a reduction of our revenues and negatively impact our ability to profitably operate the ethanol plant.

Government policies and regulations, particularly those affecting the agricultural sector and related industries, could adversely affect our operations and profitability. Agricultural commodity production and trade flows are significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, trade tariffs, duties, subsidies, import and export restrictions on commodities and commodity products, can influence industry profitability, the planting of certain crops, the location and size of crop production, whether unprocessed or processed commodity products are traded, and the volume and types of imports and exports. In addition, international trade disputes can adversely affect trade flows by limiting or disrupting trade between countries or regions. Future governmental policies, regulations, or actions affecting our industry may adversely affect the supply of, demand for and prices of our products, restrict our ability to do business and cause our financial results to suffer.

New, stricter environmental laws and other industry-related regulations or environmental litigation could significantly impact our operations and/or increase our costs, which could adversely affect our results of operations and financial condition. Our operations are subject to federal, state, and municipal laws and regulations regulating environmental matters. The trend in environmental regulation has been towards more restrictions and limitations on activities that may affect the environment over time including new or more stringent emissions standards. Our business may be adversely affected by increased costs and liabilities resulting from such stricter laws and regulations. We try to anticipate future regulatory requirements that might be imposed and plan accordingly to remain in compliance with changing environmental laws and regulations and to minimize the costs of such compliance. Risks related to our environmental permits, including the risk of noncompliance, permit interpretation, permit modification, renewal of permits on less favorable terms, judicial or administrative challenges to permits by citizens groups or federal, state, or municipal entities or permit revocation are inherent in the operation of our business as it is with other companies engaged in similar businesses. We may not be able to renew the permits necessary for our operations, or we may be forced to accept terms in future permits that limit our operations or result in additional compliance costs. There can be no assurances as to the timing and type of such changes in existing laws or the promulgation of new laws or the amount of any required expenditures associated therewith. Climate change continues to attract considerable public and scientific attention. In recent years environmental interest groups have filed suit against companies in the energy industry related to climate change. Should such suits succeed, we could face additional compliance costs or litigation risks.

Risks Related to the Asset Sale

The proposed Asset Sale is subject to a number of conditions beyond our control. Failure to complete the Asset Sale could materially and adversely affect our future business, results of operations and financial condition. The closing of the Asset Sale was approved by our members but is conditioned on the satisfaction of other closing conditions, including receipt of regulatory approvals and third-party consents, Buyers obtaining debt financing and performance in all material respects by each party of its obligations under the APA.

We cannot predict whether and when the conditions will be satisfied. If one or more of these conditions is not satisfied, and as a result, we do not complete the Asset Sale, or in the event the Asset Sale is not completed or is delayed for any other reason, our business, results of operations and financial condition may be harmed because:

- management's and our employees' attention may be diverted from our day-to-day operations as they focus on matters related to the Asset Sale;
- we could potentially lose key employees if such employees experience uncertainty about their future roles with us and decide to pursue other opportunities;
- we have agreed to restrictions in the APA that limit how we conduct our business prior to the closing of the Asset Sale which may not be in our best interests and may disrupt or otherwise adversely affect our business and our relationships with our suppliers, customers, distributors, marketers, and others having business relationships with us, prevent us from pursuing otherwise attractive business opportunities, limit our ability to respond effectively to competitive pressures, industry developments and future opportunities, and otherwise harm our business, financial results and operations;
- we have incurred and expect to continue to incur expenses related to the Asset Sale, such as legal, financial advisory and accounting fees, and other expenses that are payable by us whether or not the Asset Sale is completed;
- activities related to the Asset Sale and related uncertainties may lead to a loss of revenue and market position unrelated to the Asset Sale that we may not be able to regain if the Asset Sale does not occur; and
- the failure to, or delays in, consummating the Asset Sale may result in a negative impression of us with our suppliers, customers, distributors, marketers, and others having business relationships with us.

The occurrence of these or other events individually or in combination could have a material adverse effect on our business, results of operations, financial condition and stock price.

The APA contains provisions that prohibit competing offers. The APA contains "no solicitation" provisions that restrict our ability to solicit, initiate, seek or encourage any inquiry, proposal or offer from, furnish any information to or participate in any discussion or negotiation regarding any acquisition of the Company's equity interests, assets or business, in whole or in part (by purchase, merger, tender offer, statutory share exchange, joint venture or otherwise). These provisions prevent the Company from considering or proposing an alternative acquisition transaction, even if such alternative transaction offered to pay a higher price than what would be received in the Asset Sale.

Our executive officers may have interests in the Asset Sale that may be different from, or in addition to, the interests of our members generally. Our executive officers may be deemed to have interests in the Asset Sale that may be different from or in addition to those of our members, generally due to their expectation of employment following the Asset Sale. In particular, our Chief Executive Officer, Jodi Johnson is a Key Person under the APA and has been offered employment with the parent after closing subject to consummation of the Asset Sale. The acceptance of employment by Ms. Johnson is a condition to Buyers' obligation to complete the Asset Sale.

In addition, Ms. Johnson will receive a retention bonus of approximately $25,000 from the Company in connection with the closing of the Asset Sale.

These interests by our executive officers may create a potential conflict of interest. The Board was aware of these potentially differing interests and considered it, among other matters, in evaluating and negotiating the APA and in reaching its decision to approve the APA and the transactions thereunder.

We will incur significant expenses in connection with the Asset Sale, whether or not it is consummated. We have and will continue to incur substantial expenses related to the Asset Sale, whether or not it is completed. These expenses include, but are not limited to, legal fees, accounting fees and expenses, certain consultant expenses, filing fees, printing expenses and other related fees and expenses. Many of these expenses will be payable by us regardless of whether the Asset Sale is completed. We anticipate that we will incur approximately $275,000 in aggregate expenses due to the Asset Sale. Payment of these expenses if the Asset Sale is not completed would adversely affect our operating results and financial condition.

We cannot be sure if or when the Asset Sale will be completed. The consummation of the Asset Sale is subject to the satisfaction or waiver of various conditions. We cannot guarantee that the closing conditions set forth in the APA will be satisfied. If we are unable to satisfy the closing conditions in Buyers favor or if other mutual closing conditions are not satisfied, Buyers will not be obligated to complete the Asset Sale.

The failure to consummate the Asset Sale by the prescribed deadline will likely result in the Asset Sale being abandoned. Either the Buyers or the Company may terminate the APA without penalty if the Asset Sale is not completed on or before June 30, 2025 (unless such deadline is missed due to a material breach by the party seeking termination of its representations, warranties, covenants or agreements in the APA). In the event that the Asset Sale is abandoned, the potential adverse effects from failing to consummate the Asset Sale discussed above may be implicated.

We may not receive all third-party and regulatory consents required in order for us to consummate the Asset Sale. The Asset Sale cannot be consummated until all closing conditions are met. These conditions include certain third-party consents and compliance with the HSR Act required to effectively transfer ownership of the assets and certain contracts of the Company. Until those consents are obtained and we have complied with the HSR Act, we cannot consummate the Asset Sale. We are in the process of obtaining the required consents. Although we expect to receive the required consents, no assurances can be made that the required consents will in fact be obtained or will not be significantly delayed or will not contain terms, conditions or restrictions that would be detrimental to us, the Buyers and our collective abilities to close the Asset Sale.

The Company did not receive a fairness opinion in connection with the Asset Sale. Our Board did not seek or obtain a fairness opinion from an investment bank or other firm that the consideration to be paid in connection with the Asset Sale is fair from a financial point of view to our members.

We may be subject to litigation related to the Asset Sale, which is expensive and could divert our attention. We may be subject to litigation in connection with the Asset Sale. Litigation against us could result in substantial costs and divert our management's attention from closing the Asset Sale, which could harm our business and increase our expenses, which could decrease our net proceeds from the Asset Sale.

If we close on the Asset Sale, we cannot determine at this time the timing, amount or nature of any distributions to our members because there are many factors, some of which are outside of our control, that could affect our ability to make such distributions. After the Asset Sale is completed, we will no longer have any operating assets, other than cash. We will use a portion of our cash to satisfy our liabilities and transactions costs. Of the remaining cash, it is anticipated that a significant portion will be distributed to the members shortly after the closing of the Asset Sale in the form of an initial distribution payment (with potential subsequent distributions thereafter). However, the amount and timing of distributions to members will be determined by the Board in its discretion. We will retain a portion of our cash to fund our ongoing costs given that we will not be generating operating revenue and we are not likely to reinvest our remaining cash in any investment securities that would yield a meaningful return.

The amount of consideration members will receive or when they will receive it depend on a variety of factors, including, but not limited to, whether we are able to close the Asset Sale; any amendment to the APA resulting from the failure to satisfy any condition to closing; if operating results of the Company are less favorable than currently estimated by management; the amount we will be required to pay to satisfy unknown or contingent liabilities in the future; the cost of operating our business through the date of our final liquidation; general business and economic conditions; and other matters.

For the foregoing reasons, there can be no assurance as to the timing and amount of distributions to members.

Following the closing of the Asset Sale, we will continue to incur significant expenses and administrative burdens as a public company despite our revenue being significantly lower, which could have an adverse effect on our business, financial condition and results of operations. Following the closing of the Asset Sale, we will continue to incur significant legal, accounting, administrative and other costs and expenses as a public company which will reduce the amount of the distributions to our members.

The amount of net proceeds that we receive from the Asset Sale is subject to decrease. As consideration for the Company's sale to Buyers of substantially all of our assets and the Company's other covenants and obligations under the APA, Buyers will pay a cash purchase price of $210,000,000, subject to certain upward or downward adjustments related to working capital of the business and certain downward adjustments related to indebtedness and selling expenses (the "Purchase Price"). In addition, the amount of $1,260,000 is to be set aside to be used for potential indemnification obligations that might be owed by the Company to Buyers under the APA and the amount of $5,000,000 will be set aside out of the Purchase Price to be paid to Buyers in the event of a working capital adjustment resulting in a lower Purchase Price, to the extent of the amount of such adjustment. Further, the Buyers will assume certain of our liabilities as specified in the APA.

The amount of the working capital of the business at any given point in time is dependent upon a number of factors beyond our control. If the working capital at the closing of the Asset Sale is less than $11,086,470, the net proceeds we will receive in connection with the Asset Sale will be decreased on a dollar-for-dollar basis, in addition to reductions with respect to our indebtedness and selling expenses at the closing of the Asset Sale. There can be no assurance that the closing working capital will be at or above $11,086,470, and that we will receive the full $210,000,000 purchase price.

Even if the Asset Sale is completed, we cannot provide any assurances that we will realize the benefits we currently anticipate from the Asset Sale. We cannot provide any assurances that we will realize the benefits we currently anticipate from the Asset Sale. Any failure to realize the benefits we currently anticipate from the Asset Sale could have a material adverse impact on our future operating results and financial condition.

The tax treatment of the Asset Sale and any subsequent cash distribution should be relatively consistent from member to member as to the character of any gain or income but may vary, and the discussions in this proxy statement regarding such tax treatment are general in nature. You should consult your own tax advisor instead of relying on the discussions of tax treatment in this proxy statement for tax advice. We have not requested a ruling from the Internal Revenue Service ("IRS") with respect to the anticipated tax consequences of the Asset Sale and any subsequent cash distribution, and we will not seek an opinion of counsel with respect to the anticipated tax consequences of this transaction. If any of the anticipated tax consequences described in this proxy statement prove to be incorrect, the result could be increased taxation at the member level, thereby reducing the benefit to our members and us from the Asset Sale. Tax considerations applicable to particular members may vary with and be contingent upon the member's particular circumstances.

Members should anticipate recognizing taxable capital gain and/or ordinary income for federal income tax purposes from the Asset Sale, followed by a non-taxable cash distribution. As a result of the Asset Sale, for federal income tax purposes, it is anticipated that the Asset Sale will be recognized by the Company as a taxable transaction resulting in capital gain and/or ordinary income depending on the mix of assets sold and the allocation of the sales price among those assets. This gain and income (and any loss) will then be passed through to the members, generally on a pro rata basis in proportion to their ownership of membership units.

Although the Company intends to distribute cash to its members after the Asset Sale, the Company has not yet determined the amount of the cash distribution(s), and will make that decision following the closing of the Asset Sale, after considering the Company's cash resources, its anticipated future working capital needs and obligations, other potential uses of the proceeds of the transaction, and applicable legal requirements.

Any such cash distribution should not be taxable to a member, as distributions will simply reduce a member's tax basis in its membership units that was increased by the allocation of income and gain from the Asset Sale.

Members may not be able to recognize a loss for federal income tax purposes until they receive a final distribution from us. As a result of the liquidation of the Company for federal income tax purposes, if and when that occurs, members will recognize gain or loss equal to the difference between (a) the sum of the amount of cash distributed to them and the aggregate fair market value of any property distributed to them, and (b) their tax basis for their holdings in the Company. A member's tax basis in their holdings in the Company will depend upon various factors, including the member's cost and the amount and nature of any distributions received with respect thereto. Any loss generally will be recognized only when the final distribution from us has been received, and if the member is still the owner of his, her, or its membership units the Company.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

We maintain a data protection and cybersecurity risk management program to assess, identify and manage cybersecurity risks. We also maintain an incident response plan to coordinate the activities we take to protect against, detect, respond to and remediate cybersecurity incidents. In the event of an incident, we intend to follow our incident response plan, which provides a step-by-step framework to follow from incident detection to mitigation, recovery and notification, including notifying functional areas (e.g., legal), as well as senior leadership and the Board of Directors, as appropriate. As part of our risk management program, we regularly conduct vulnerability assessments, as well as internal user training and tabletop exercises. We also conduct self and third-party assessments of our cybersecurity risk management program to evaluate effectiveness and alignment with industry standards and best practices. As part of the above approach and processes, we periodically engage with assessors, consultants, auditors, and other third-parties, for purposes of evaluating our cybersecurity posture and identifying areas for continued focus, improvement and/or compliance.

Our Company's business strategy, results of operations and financial condition have not been materially affected, and we believe that they are not reasonably likely to be materially affected, by risks from cybersecurity threats, but we cannot provide assurance that the Company will not be materially affected in the future by such risks or any future material incidents. For more information about the cybersecurity risks we face, see "**ITEM 1A. Risk Factors**."

Cybersecurity Governance

Our cybersecurity program addresses potential risks, implements processes to support our cybersecurity program and respond to potential cyber incidents. Our cybersecurity program is managed by our senior management with support from a third-party that provides relevant expertise, certifications and skills in cybersecurity. Quarterly risk assessments are performed and incorporated as part of our overall enterprise risk management process, which is overseen by our Board of Directors. The third-party provider provides regular data protection and cybersecurity reports to our senior management who then provides regular reports to the Audit Committee and the Board of Directors. These reports include updates on cybersecurity initiatives, cybersecurity metrics and threat landscape.

ITEM 2. PROPERTIES

Our ethanol plant is located just east of the city limits of Richardton, North Dakota, and just north and east of the entrance/exit ramps to Interstate I-94. The plant complex is situated inside a footprint of approximately 25 acres of land which is part of an approximately 135 acre parcel. We acquired ownership of the land in 2004 and 2005. Included in the immediate campus area of the plant are perimeter roads, buildings, tanks, and equipment. An administrative building and parking area are located approximately 400 feet from the plant complex. During 2008, we purchased an additional 10 acre parcel of land that is adjacent to our current property. Our rail unloading facility and storage site was built on this property. During our 2012 fiscal year, we purchased an additional approximately 110 acres of land that is adjacent to our current property. During our 2017 fiscal year, we purchased approximately 338 acres of land which we use as part of our rail yard allowing us to ship larger trains.

The site also contains improvements such as rail tracks and a rail spur, landscaping, drainage systems and paved access roads. The ethanol plant was placed in service in January 2007, is in excellent condition and is capable of functioning in excess of its 50 million gallon name-plate production capacity.

During our 2024 fiscal year, all of our tangible and intangible property, real and personal, served as the collateral for our senior credit facility with Cornerstone Bank. Our senior credit facility is discussed in more detail under "**ITEM 7. Management's Discussion and Analysis - Capital Resources.**"

ITEM 3. LEGAL PROCEEDINGS

From time to time in the ordinary course of business, we may be named as a defendant in legal proceedings related to various issues, including without limitation, workers' compensation claims, tort claims, or contractual disputes. We are not currently involved in any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED MEMBER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

There is no established trading market for our membership units. We have engaged FNC Ag Stock, LLC to create a Qualified Matching Service ("QMS") in order to facilitate trading of our units. The QMS consists of an electronic bulletin board that provides information to prospective sellers and buyers of our units. Please see the table below for information on the prices of units transferred in transactions completed via the QMS. We do not become involved in any purchase or sale negotiations arising from the QMS and we take no position as to whether the average price or the price of any particular sale is an accurate measure of the value of our units. As a limited liability company, we are required to restrict the transfers of our membership units in order to preserve our partnership tax status. Our membership units may not be traded on any established securities market or readily traded on a secondary market (or the substantial equivalent thereof). All transfers are subject to a determination that the transfer will not cause the Company to be deemed a publicly traded partnership.

We have no role in effecting the transactions beyond approval, as required under our Operating Agreement and the issuance of new certificates. So long as we remain a publicly reporting company, information about us will be publicly available through the SEC's EDGAR filing system. However, if at any time we cease to be a publicly reporting company, we may continue to make information about us publicly available on our website.

As of January 14, 2024, there were 938 holders of record of our Class A membership units.

The following table contains historical information by quarter for the past two years regarding the actual unit transactions that were completed by our unit-holders during the periods specified. The information was compiled by reviewing the completed unit transfers that occurred on the QMS bulletin board or through private transfers during the quarters indicated.

Quarter		Low Price		High Price		Average Price	# of Units Traded
2023 1st	$	2.10	$	3.01	$	2.46	816,326
2023 2nd	$	3.00	$	3.15	$	3.05	77,000
2023 3rd	$	3.25	$	3.75	$	3.68	160,339
2023 4th	$	—	$	—	$	—	—
2024 1st	$	3.75	$	3.90	$	3.84	25,000
2024 2nd	$	—	$	—	$	—	—
2024 3rd	$	—	$	—	$	—	—
2024 4th	$	—	$	—	$	—	—

Distributions

Our Board has complete discretion over the timing and amount of distributions to our members. Our expectations with respect to our ability to make future distributions are discussed in greater detail in "**Item 7 - Management Discussion and Analysis of Financial Condition and Results of Operations.**"

Recent Sales of Unregistered Securities

None.

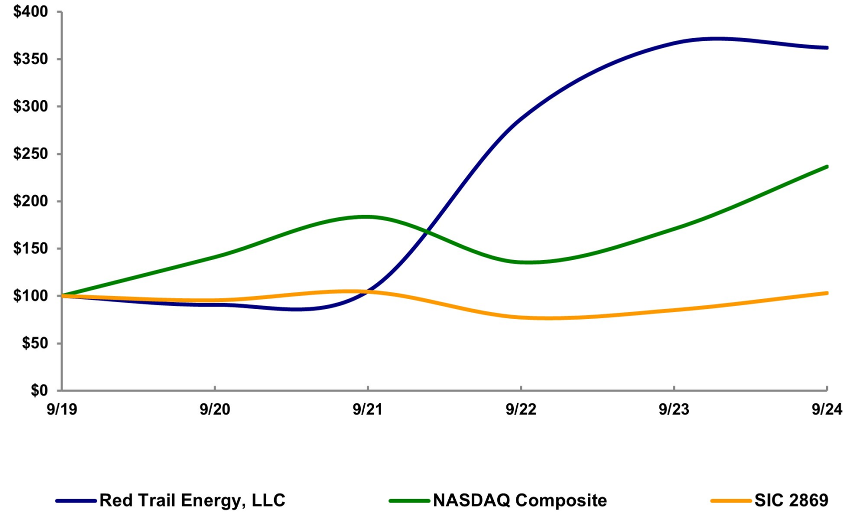
Issuer Purchases of Equity Securities

None.

PERFORMANCE GRAPH

The graph below matches the cumulative 5-Year total return of holders of Red Trail Energy, LLC's membership units with the cumulative total returns of the NASDAQ Composite index and a customized peer group of over forty five (45) companies with a SIC number of 2869 (Industrial Organic Chemicals, not elsewhere classified), somewhat similar to Red Trail Energy, LLC. The graph assumes that the value of the investment in our common membership units, in each index, and in the peer group (including reinvestment of dividends) was $100 on September 30, 2019 and tracks it through September 30, 2024.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Red Trail Energy, LLC, the NASDAQ Composite Index,
and SIC 2869



*$100 invested on 9/30/19 in stock or index, including reinvestment of dividends.
Fiscal year ending September 30.

Pursuant to the rules and regulations of the Securities and Exchange Commission, the performance graph and the information set forth therein shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 6. SELECTED FINANCIAL DATA

Reserved.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations for the Years Ended September 30, 2024 and 2023

The following table shows the results of our operations and the percentages of revenues, cost of goods sold, general and administrative expenses and other items to total revenues in our statements of operations for the years ended September 30, 2024 and 2023:

	Year Ended September 30, 2024		Year Ended September 30, 2023	
Statement of Operations Data	**Amount**	**%**	**Amount**	**%**
Revenues	$ 149,862,807	100.00	$ 199,645,418	100.00
Cost of Goods Sold	145,607,817	97.16	187,590,830	93.96
Gross Profit	4,254,990	2.84	12,054,588	6.04
General and Administrative Expenses	5,071,998	3.38	5,812,462	2.91
Operating Income	(817,008)	(0.54)	6,242,126	3.13
Other Income (Expense)	(355,769)	(0.24)	(680,871)	(0.34)
Net Income	$ (1,172,777)	0.78	$ 5,561,255	2.79

The following table shows additional data regarding production and price levels for our primary inputs and products for the years ended September 30, 2024 and 2023:

	Year Ended September 30, 2024	Year Ended September 30, 2023
Production:		
Ethanol sold (gallons)	67,122,136	64,779,275
Dried distillers grains sold (tons)	104,343	104,349
Modified distillers grains sold (tons)	108,375	110,238
Corn oil sold (pounds)	21,105,640	17,553,020
Revenues:		
Ethanol average price per gallon (net of hedging)	$ 1.67	$ 2.34
Dried distillers grains average price per ton	169.53	223.57
Modified distillers grains average price per ton	85.13	115.88
Corn oil average price per pound	0.47	0.62
Primary Inputs:		
Corn ground (bushels)	23,395,358	22,248,317
Natural gas (MMBtu)	1,630,699	1,601,918
Costs of Primary Inputs:		
Corn average price per bushel (net of hedging)	$ 4.33	$ 6.61
Natural gas average price per MMBtu (net of hedging)	2.87	4.57
Other Costs (per gallon of ethanol sold):		
Chemical and additive costs	$ 0.068	$ 0.082
Denaturant cost	0.038	0.046
Electricity cost	0.035	0.074
Direct labor cost	0.069	0.076

Revenue

For our 2024 fiscal year, ethanol sales comprised approximately 74.9% of our revenues; distillers grains sales comprised approximately 18.0% of our revenues; and corn oil sales comprised approximately 6.7% of our revenues. For our 2023 fiscal year, ethanol sales comprised approximately 76.0% of our revenues; distillers grains sales comprised approximately 18.2% of our revenues; and corn oil sales comprised approximately 5.5% of our revenues.

Ethanol

The average price we received per gallon of ethanol sold was approximately 29% lower during our 2024 fiscal year compared to our 2023 fiscal year. Energy prices, including gasoline prices, were lower in 2024, which negatively impacted the market price of ethanol. In addition, lower corn prices typically have an impact on ethanol prices. During our 2024 fiscal year, corn prices were lower on average compared to our 2023 fiscal year which correlated with lower ethanol prices. In addition, increased market supply had a negative effect on ethanol prices during our 2024 fiscal year. Management anticipates that ethanol prices will remain at their current levels during our 2025 fiscal year due to expected consistent ethanol demand and ethanol supplies.

We sold approximately 4% more gallons of ethanol during our 2024 fiscal year compared to our 2023 fiscal year due to increased ethanol production during the 2024 fiscal year. Our ethanol production was more during our 2024 fiscal year compared to our 2023 fiscal year due to increased corn to ethanol conversion efficiency during our 2024 fiscal year. Management anticipates consistent ethanol production during our 2025 fiscal year compared to our 2024 fiscal provided we do not experience any unexpected plant shutdowns or slowdowns. However, if we complete the Asset Sale, we will cease our current business and will no longer have any operating assets.

We had no gains or losses related to ethanol derivative instruments during our 2024 fiscal year. We experienced a gain of approximately $22,000 related to our ethanol derivative instruments during our 2023 fiscal year which increased our revenue.

Distillers Grains

The average price we received for our dried distillers grains during our 2024 fiscal year was approximately 24% less per ton than the average price we received during our 2023 fiscal year primarily due to lower average corn prices during our 2024 fiscal year which typically impacts distillers grains prices. The average price we received from our modified distillers grains during our 2024 fiscal year was approximately 27% lower compared to our 2023 fiscal year due to decreased local demand for distillers grains and lower corn prices. Our modified distillers grains are primarily sold in our local market. Management anticipates distillers grains prices will be comparable during our 2025 fiscal year to our 2024 fiscal year due to anticipated consistent distillers grain demand and comparable corn prices. However, the United States experienced strong distillers grains export demand during 2024 which may not continue. Without these distillers grains exports, distillers grains prices may be reduced during our 2025 fiscal year.

We sold approximately the same number of tons of dried distillers grains during our 2024 fiscal year compared to our 2023 fiscal year. We sold approximately 2,000 fewer tons of modified distillers grains, a decrease of approximately 2% during our 2024 fiscal year compared to our 2023 fiscal year resulting in an overall decrease in our distillers grains production due to increased corn oil production during the 2024 period. When we produce more pounds of corn oil, it has a corresponding negative impact on the volume of distillers grains we produce. We decide whether to produce dried distillers grains versus modified/wet distillers grains based on market conditions and the relative cost of producing each form of distillers grains. Management anticipates that distillers grains production will remain at its current mix during our 2025 fiscal year unless distillers grains exports increase significantly which could favor producing more dried distillers grains. However, if we complete the Asset Sale, we will cease our current business and will no longer have any operating assets.

Corn Oil

The average price we received for our corn oil was approximately 24.2% less during our 2024 fiscal year compared to our 2023 fiscal year primarily due to lower corn prices and increased oil supplies in the market which both negatively impacted market corn oil prices. Corn oil is used for biodiesel and renewable diesel production which have increased recently, benefiting market corn oil prices. However, oil supplies have also increased which have impacted the market price of corn oil.

Our corn oil sales increased by approximately 20.2% during our 2024 fiscal year compared to our 2023 fiscal year due to increased overall production at the ethanol plant during our 2024 fiscal year. Management anticipates that corn oil production will remain at its current levels during our 2025 fiscal year provided market conditions allow us to continue to operate the ethanol plant at capacity and provided the market price of corn oil remains at current levels. However, if we complete the Asset Sale, we will cease our current business and will no longer have any operating assets.

Syrup

The total gallons of syrup we sold was lower during our 2024 fiscal year compared to our 2023 fiscal year due to decreased overall production. Management anticipates that our syrup production will remain at the current levels during our 2025 fiscal year provided that market conditions allow us to continue to operate the ethanol plant at capacity. However, if we complete the Asset Sale, we will cease our current business and will no longer have any operating assets. The average price we received for our syrup during our 2024 fiscal year was lower compared to the average price we received during our 2023 fiscal year primarily due to discounted pricing to ensure product moves in a timely manner.

Cost of Goods Sold

Our cost of goods sold is primarily made up of corn and energy expenses. Our total cost of goods sold was lower for our 2024 fiscal year compared to our 2023 fiscal year due primarily to lower corn and natural gas costs during our 2024 fiscal year.

Corn Costs

Our cost of goods sold related to corn was approximately 31.2% less during our 2024 fiscal year compared to our 2023 fiscal year due to lower average corn costs per bushel offset by an increase in bushels of corn used during our 2024 fiscal year. Our average cost per bushel of corn used, without including our derivative instrument gains and losses, was approximately 34.5% lower during our 2024 fiscal year compared to our 2023 fiscal year. Management attributes this decrease in corn costs to a larger corn crop harvested in the fall of 2023 which resulted in lower market corn prices during our 2024 fiscal year compared to the corn prices we experienced during our 2023 fiscal year. Management believes that there will be sufficient corn in our local market to continue to operate the ethanol plant at capacity during our 2025 fiscal year. Our corn use increased by approximately 5.2% during our 2024 fiscal year compared to our 2023 fiscal year due to increased overall production at the ethanol plant. Management anticipates that we will use a comparable amount of corn in the future provided operating margins remain favorable. However, if we complete the Asset Sale, we will cease our current business and will no longer have any operating assets.

From time to time we enter into forward purchase contracts for our commodity purchases and sales. On September 30, 2024, we had forward corn purchase contracts for various delivery periods through May 2025 for a total commitment of approximately 6 million bushels of corn. We had a loss of approximately $936,000 related to our corn derivative instruments which increased our cost of goods sold during our 2024 fiscal year. We had a gain of approximately $2,363,000 related to our corn derivative instruments during our 2023 fiscal year which decreased our cost of goods sold. We recognize the gains or losses that result from the changes in the value of our derivative instruments from corn in cost of goods sold as the changes occur. As corn prices fluctuate, the value of our derivative instruments is impacted, which affects our financial performance.

Natural Gas Costs

Our total natural gas costs to operate the ethanol plant were lower for our 2024 fiscal year compared to our 2023 fiscal year due to decreased cost per MMBtu of natural gas during the 2024 period. Our average cost per MMBtu of natural gas was approximately 37.2% lower during our 2024 fiscal year compared to our 2023 fiscal year. Management believes this decrease in natural gas costs during our 2024 fiscal year was due to lower energy prices generally during our 2024 fiscal year. We used approximately the same MMBtu of natural gas during our 2024 fiscal year compared to our 2023 fiscal year. We had a gain on our natural gas derivative instruments of approximately $667,000, which decreased our cost of goods sold during our 2024 fiscal year. We had a loss on our natural gas derivative instruments of approximately $74,000, which increased our cost of goods sold during our 2023 fiscal year. Management expects that natural gas prices will remain lower during our 2025 fiscal year unless we experience a colder than average winter which could result in natural gas price spikes which could negatively impact delivered natural gas costs, particularly during the winter months.

General and Administrative Expenses

Our general and administrative expense was lower during our 2024 fiscal year than our 2023 fiscal year due to lower professional fees and permitting expenses related to our Carbon Capture and Storage project and fuel pathway applications during the 2023 period.

Other Income/Expense

We had more interest income during our 2024 fiscal year compared to our 2023 fiscal year due to having more cash on hand during the 2024 period. We had more other income during our 2024 fiscal year compared to our 2023 fiscal year due to the sale of old assets. We had more interest expense during our 2024 fiscal year compared to our 2023 fiscal year due to interest accretion expense related to the Asset Retirement Obligation.

Results of Operations for the Years Ended September 30, 2023 and 2022

The following table shows the results of our operations and the percentages of revenues, cost of goods sold, general and administrative expenses, and other items to total revenues in our statements of operations for the years ended September 30, 2023 and 2022:

	Year Ended September 30, 2023		Year Ended September 30, 2022	
Statement of Operations Data	**Amount**	**%**	**Amount**	**%**
Revenues	$ 199,645,418	100.00	$ 217,135,121	100.00
Cost of Goods Sold	187,590,830	93.96	190,828,171	87.88
Gross Profit	12,054,588	6.04	26,306,950	12.12
General and Administrative Expenses	5,812,462	2.91	3,801,583	1.75
Operating Income	6,242,126	3.13	22,505,367	10.37
Other Income	(680,871)	(0.34)	6,991,313	3.22
Net Income	$ 5,561,255	2.79	$ 29,496,680	13.59

The following table shows additional data regarding production and price levels for our primary inputs and products for the years ended September 30, 2023 and 2022:

	Year Ended September 30, 2023		Year Ended September 30, 2022	
Production:				
Ethanol sold (gallons)		64,779,275		66,268,466
Dried distillers grains sold (tons)		104,349		94,077
Modified distillers grains sold (tons)		110,238		121,043
Corn oil sold (pounds)		17,553,020		18,466,990
Revenues:				
Ethanol average price per gallon (net of hedging)	$	2.34	$	2.52
Dried distillers grains average price per ton		223.57		231.16
Modified distillers grains average price per ton		115.88		114.76
Corn oil average price per pound		0.62		0.66
Primary Inputs:				
Corn ground (bushels)		22,248,317		22,338,824
Natural gas (MMBtu)		1,601,918		1,571,101
Costs of Primary Inputs:				
Corn average price per bushel (net of hedging)	$	6.61	$	6.77
Natural gas average price per MMBtu (net of hedging)		4.57		6.13
Other Costs (per gallon of ethanol sold):				
Chemical and additive costs	$	0.082	$	0.085
Denaturant cost		0.046		0.051
Electricity cost		0.074		0.052
Direct labor cost		0.076		0.072

Revenue

For our 2023 fiscal year, ethanol sales comprised approximately 76.0% of our revenues; distillers grains sales comprised approximately 18.2% of our revenues; and corn oil sales comprised approximately 5.5% of our revenues. For our 2022 fiscal year, ethanol sales comprised approximately 77.2% of our revenues; distillers grains sales comprised approximately 16.5% of our revenues; and corn oil sales comprised approximately 5.7% of our revenues.

Ethanol

The average price we received per gallon of ethanol sold was approximately 7% lower during our 2023 fiscal year compared to our 2022 fiscal year. Energy prices, including gasoline prices, were lower in 2023, which negatively impacted the market price of ethanol. In addition, lower corn prices typically have an impact on ethanol prices. During our 2023 fiscal year, corn prices were lower on average compared to our 2022 fiscal year which correlated with lower ethanol prices.

We sold approximately 2% fewer gallons of ethanol during our 2023 fiscal year compared to our 2022 fiscal year due to reduced ethanol production during the 2023 period. Our ethanol production was less during our 2023 fiscal year compared to our 2022 fiscal year due to reduced corn to ethanol conversion efficiency during our 2023 fiscal year.

We experienced a gain of approximately $22,000 related to our ethanol derivative instruments during our 2023 fiscal year which increased our revenue. We experienced a gain of approximately $454,000 related to our ethanol derivative instruments during our 2022 fiscal year which increased our revenue.

Distillers Grains

The average price we received for our dried distillers grains during our 2023 fiscal year was approximately 3% less per ton than the average price we received during our 2022 fiscal year primarily due to lower average corn prices during our 2023 fiscal year which typically impacts distillers grains prices. The average price we received from our modified distillers grains during our 2023 fiscal year was approximately 1% higher compared to our 2022 fiscal year due to stronger local demand for distillers grains partially offset by lower corn prices. Our modified distillers grains are primarily sold in our local market.

We sold approximately 10,000 more tons of dried distillers grains, an increase of approximately 11%, during our 2023 fiscal year compared to our 2022 fiscal year due to market conditions which incentivized us to sell more distillers grains in the dried form. Offsetting this increase, we sold approximately 11,000 fewer tons of modified distillers grains, a decrease of approximately 9% during our 2023 fiscal year compared to our 2022 fiscal year. These two changes resulted in an overall decrease in our distillers grains production due to less production generally. We decide whether to produce dried distillers grains versus modified/wet distillers grains based on market conditions and the relative cost of producing each form of distillers grains.

Corn Oil

The average price we received for our corn oil was approximately 6.1% less during our 2023 fiscal year compared to our 2022 fiscal year primarily due to lower corn prices and increased oil supplies in the market which both negatively impacted market corn oil prices. The biodiesel blenders' tax credit was set to expire on December 31, 2022. However, the Inflation Reduction Act extended the biodiesel blenders' tax credit until December 31, 2024.

Our corn oil sales decreased by approximately 4.9% during our 2023 fiscal year compared to our 2022 fiscal year due to decreased overall production at the ethanol plant during our 2023 fiscal year.

Cost of Goods Sold

Our cost of goods sold is primarily made up of corn and energy expenses. Our total cost of goods sold was lower for our 2023 fiscal year compared to our 2022 fiscal year due primarily to lower corn and natural gas costs during our 2023 fiscal year.

Corn Costs

Our cost of goods sold related to corn was approximately 2.7% less during our 2023 fiscal year compared to our 2022 fiscal year due to lower average corn costs per bushel along with slightly less bushels of corn used during our 2023 fiscal year. Our average cost per bushel of corn used, without including our derivative instrument gains and losses, was approximately 2.4% lower during our 2023 fiscal year compared to our 2022 fiscal year. Management attributes this decrease in corn costs to a larger corn crop harvested in the fall of 2023 which resulted in lower market corn prices compared to the corn prices we experienced during our 2022 fiscal year. Our corn use decreased by approximately 0.4% during our 2023 fiscal year compared to our 2022 fiscal year due to decreased overall production at the ethanol plant.

From time to time we enter into forward purchase contracts for our commodity purchases and sales. On September 30, 2023, we had forward corn purchase contracts for various delivery periods through May 2024 for a total commitment of approximately 6 million bushels of corn. We had a gain of approximately $2,363,000 related to our corn derivative instruments which decreased our cost of goods sold during our 2023 fiscal year. We had a gain of approximately $1,616,000 related to our corn derivative instruments during our 2022 fiscal year which decreased our cost of goods sold. We recognize the gains or losses that result from the changes in the value of our derivative instruments from corn in cost of goods sold as the changes occur. As corn prices fluctuate, the value of our derivative instruments is impacted, which affects our financial performance.

Natural Gas Costs

Our total natural gas costs to operate the ethanol plant were lower for our 2023 fiscal year compared to our 2022 fiscal year due to decreased natural gas costs per MMBtu partially offset by increased natural gas consumption during the 2023 period. Our average cost per MMBtu of natural gas was approximately 25.4% lower during our 2023 fiscal year compared to our 2022 fiscal year. Management believes this decrease in natural gas costs during our 2023 fiscal year was due to lower energy prices generally during our 2023 fiscal year. We used approximately 2.0% more MMBtu of natural gas during our 2023 fiscal year compared to our 2022 fiscal year due to increased dried distiller grains production at the ethanol plant which uses more natural gas.

General and Administrative Expenses

Our general and administrative expense was higher during our 2023 fiscal year than our 2022 fiscal year due to an increase in professional fees and permitting expenses related to our Carbon Capture and Store and USP ethanol projects during the 2023 period.

Other Income/Expense

We had more interest income during our 2023 fiscal year compared to our 2022 fiscal year due to having more cash on hand during the 2023 period along with higher interest rates during the 2023 period. Our other income was less during our 2023 fiscal year compared to our 2022 fiscal year. During our 2022 fiscal year, we had partial forgiveness of our Ethanol Recovery Loan and the receipt of a USDA Biofuels Producers Relief Payment which resulted in higher other income during the 2022 fiscal year. We had more interest expense during our 2023 fiscal year compared to our 2022 fiscal year due to having more borrowing on our loans and higher interest rates on our outstanding loans.

Changes in Financial Condition for the Year Ended September 30, 2024 and 2023

Current Assets. We had less cash and equivalents on our balance sheet on September 30, 2024 compared to September 30, 2023 due to less deferred corn payments in 2024 compared to 2023. We had more restricted cash on September 30, 2024 compared to September 30, 2023 as a result of having more cash deposited in our margin account with our commodities broker related to our risk management positions. We had less accounts receivable on September 30, 2024 compared to September 30, 2023 due primarily to the timing of payments from our product marketers at the end of our 2024 fiscal year compared to the end of our 2023 fiscal year. We had more inventory on hand on September 30, 2024 compared to September 30, 2023 due to more finished goods inventory on September 30, 2024 due primarily to the timing of the end of our 2024 fiscal year compared to the end of our 2023 fiscal year and the amount of finished goods we had during the 2024 period.

Property, Plant and Equipment. The value of our property, plant and equipment was less at September 30, 2024 compared to September 30, 2023 due to regular depreciation of our assets during our 2024 fiscal year partially offset by capital projects which were completed and construction in progress at September 30, 2024 compared to September 30, 2023. The asset retirement obligation and related depreciation expense related to our Class VI injection and monitoring wells facility closure plan is included within net property, plant and equipment.

Other Assets. Our other assets were higher on September 30, 2024 than at September 30, 2023 due primarily to an increase in our patronage equity with Roughrider Electric Cooperative due to increased electric costs during our 2024 fiscal year. The net right of use asset related to our operating leases was lower on September 30, 2024 than at September 30, 2023 due to a decrease in the amount of equipment we were leasing partially offset by amortization of our operating leases during our 2024 fiscal year.

Current Liabilities. Our accounts payable was lower at September 30, 2024 compared to September 30, 2023 due to a larger number of producers deferring corn payments than in 2023 fiscal year. Our accrued expenses were higher on September 30, 2024 compared to September 30, 2023 due to having more accrued compensation and benefits for our employees. We had a higher liability associated with our corn derivative instrument positions at September 30, 2024 compared to September 30, 2023 due to changing market corn prices compared to our derivative instrument positions. We had a higher accrued loss on our firm corn purchase commitments due to the difference between the market value of our firm corn purchases and the contract price of our corn purchases. The current maturities of our long-term debt was lower on September 30, 2024 compared to September 30, 2023 due to a lower amount we need to pay on our debt instruments in the next 12 months. The current portion of our operating lease liability was higher on September 30, 2024 compared to September 30, 2023 due to amortization of our leases during the 2024 fiscal year.

Long-term Liabilities. We had less long-term liabilities on September 30, 2024 compared to September 30, 2023 due due to loan payments we made during our 2024 fiscal year. We had a lower long-term liability related to operating leases on September 30, 2024 compared to September 30, 2023 due to having fewer equipment leases at September 30, 2024 compared to September 30, 2023, and regular amortization of our operating leases. We had an increase to the asset retirement obligation due to interest accretion expense.

Critical Accounting Policies

Management uses estimates and assumptions in preparing our financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Of the significant accounting policies described in the notes to our financial statements, we believe that the following are the most critical.

Inventory

Corn is the primary raw material and, along with other raw materials and supplies, is stated at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis. Work in process and finished goods, which consists of ethanol, distillers grains, and corn oil produced, is stated at the lower of average cost or net realizable value. Spare parts inventory is valued at lower of cost or net realizable value on a FIFO basis.

Allowance for Credit Losses

Management's estimate of the Allowance for Credit Losses is based on management's estimate of the collectability of identified receivables, as well as the aging of customer accounts. A 10% change in management's estimate regarding the Allowance for Credit Losses as of September 30, 2024 could impact net income by approximately $5,000 for our 2025 fiscal year.

Revenue Recognition

The Company sells ethanol and related products pursuant to marketing agreements. The Company recognizes revenue from sales of ethanol and co-products at the point in time when the performance obligations in the contract are met, which is when the customer obtains control of such products and typically occurs upon shipment depending on the terms of the underlying contracts. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. In some instances, the Company enters into contracts with customers that contain multiple performance obligations to deliver volumes of co-products over a contractual period of less than 12 months. The Company allocates the transaction price to each performance obligation identified in the contract based on relative standalone selling prices and recognizes the related revenue as control of each individual product is transferred to the customer in satisfaction of the corresponding performance obligation. Revenues are shown net of any fees incurred under the terms of the Company's agreements for the marketing and sale of ethanol and related products.

Long Lived Assets

Property, plant, and equipment are stated at cost. Depreciation is provided over estimated useful lives by use of the straight line method. Maintenance and repairs are expensed as incurred. Major improvements and betterments are capitalized. The present values of finance lease obligations are classified as long-term debt and the related assets are included in property, plant and equipment. Amortization of equipment under finance leases is included in depreciation expense. Management does not believe it is reasonably likely that the valuation of its property, plant and equipment will change in any material manner in future estimates.

Liquidity and Capital Resources

Based on financial forecasts performed by our management, we anticipate that we will have sufficient cash from our expected credit facilities and cash from our operations to continue to operate the ethanol plant for the next 12 months. Should we experience unfavorable operating conditions in the future, we may have to secure additional debt or equity sources for working capital or other purposes. We do not have any planned capital projects for which we anticipate requiring additional borrowing.

We have entered into an APA for the sale of substantially all of our business assets. If we close on the Asset Sale, we will cease our current business and will have no operating assets.

The following table shows cash flows for the years ended September 30, 2024 and 2023:

	2024	2023
Net cash provided by operating activities	$ 4,007,455	$ 10,814,443
Net cash (used in) investing activities	(3,024,469)	(2,744,472)
Net cash (used in) financing activities	(8,428,721)	(4,670,883)
Net increase (decrease) in cash	$ (7,445,735)	$ 3,399,088
Cash and equivalents, end of period	$ 7,105,368	$ 14,551,103

Cash Flow from Operations

Our operations provided less cash during our 2024 fiscal year compared to our 2023 fiscal year due primarily to a lower net income we generated during the 2024 period compared to our 2023 fiscal year.

Cash Flow from Investing Activities

We used more cash for capital expenditures during our 2024 fiscal year compared to our 2023 fiscal year. During our 2024 fiscal year we had capital expenditures primarily relating to the completion of the cooling tower restoration, and the engineering of combined heat and power.

Cash Flow from Financing Activities

Our financing activities used more cash during our 2024 fiscal year due primarily to fewer proceeds we received from our debt instruments during the 2024 fiscal year.

Our liquidity, results of operations and financial performance will be impacted by many variables, including the market price for commodities such as, but not limited to, corn, ethanol and other energy commodities, as well as the market price for any co-products generated by the facility and the cost of labor and other operating costs. Assuming future relative price levels for corn, ethanol and distillers grains remain consistent, we expect operations to generate adequate cash flows to maintain operations. If we close on the Asset Sale, we will cease our current business and will have no operating assets.

The following table shows cash flows for the years ended September 30, 2023 and 2022:

	2023	2022
Net cash provided by operating activities	$ 10,814,443	$ 24,059,078
Net cash (used in) investing activities	(2,744,472)	(20,328,018)
Net cash provided by (used in) financing activities	(4,670,883)	2,205,711
Net increase in cash	$ 3,399,088	$ 5,936,771
Cash and equivalents, end of period	$ 14,551,103	$ 11,152,015

Cash Flow from Operations

Our operations provided less cash during our 2023 fiscal year compared to our 2022 fiscal year due primarily to a lower net income we generated during the 2023 period compared to our 2022 fiscal year. We used less cash to purchase inventory during our 2023 fiscal year which positively impacted our cash flow during that period compared to our 2022 fiscal year. We had a significant change in the value of our derivative instruments and noncash patronage equity which impacted our cash flow generated during our 2023 fiscal year.

Cash Flow from Investing Activities

We used less cash for capital expenditures during our 2023 fiscal year compared to our 2022 fiscal year. During our 2022 fiscal year we had significant capital expenditures related to the implementation of carbon capture and sequestration where we capture carbon dioxide ("CO2") from the fermentation process and inject into a saline formation to lower the carbon intensity value if our ethanol.

Cash Flow from Financing Activities

Our financing activities provided less cash during our 2023 fiscal year due primarily to loan proceeds we received during our 2022 fiscal year partially offset by a smaller dividend we paid during our 2023 fiscal year.

Our liquidity, results of operations and financial performance will be impacted by many variables, including the market price for commodities such as, but not limited to, corn, ethanol and other energy commodities, as well as the market price for any co-products generated by the facility and the cost of labor and other operating costs. Assuming future relative price levels for corn, ethanol and distillers grains remain consistent, we expect operations to generate adequate cash flows to maintain operations.

Capital Expenditures

We had approximately $2.7 million in construction in progress as of September 30, 2024 primarily relating to the completion of the cooling tower restoration, and the engineering of combined heat and power. The Company plans to finance this construction in progress using cash from current business operations.

Capital Resources

Revolving Loan

On January 22, 2020, we entered into a $10 million revolving loan (the "Revolving Loan") with Cornerstone Bank. Interest currently accrues on any outstanding balance on the Revolving Loan at a rate of 0.25% less than the prime rate as published by the Wall Street Journal, adjusted monthly. The Revolving Loan has a minimum interest rate of 7.5%. The maturity date on the Revolving Loan was previously April 5, 2024. On April 12, 2024, the Revolving Loan was renewed and the new maturity date is April 9, 2025. The Revolving Loan is secured by a lien on substantially all of our assets. At September 30, 2024, we had $10 million available on the Revolving Loan. The variable interest rate on September 30, 2024 was 7.75%.

Construction Loan

On October 28, 2022, we entered into a $25 million loan to replace the First Construction Loan and CCS Construction Loan (the "Construction Loan"). Interest accrues on any outstanding balance on the Construction Loan at a fixed rate of 4.65%. We make annual payments of approximately $3.1 million due in January of each year. The outstanding balance at September 30, 2024 was approximately $20 million. The maturity date of the Construction Loan is January 31, 2032. The Construction Loan is secured by a lien on substantially all of our assets.

Ethanol Recovery Program

On July 13, 2020, we entered into a loan with the Bank of North Dakota Ethanol Recovery Program and Cornerstone for $5.41 million. The Ethanol Recovery Program was developed by the North Dakota Ethanol Producers Association and the Bank of North Dakota to use the existing Biofuels Pace program and value-added loan guarantee program to help ethanol production facilities weather the pandemic economic challenges. Ethanol producers could qualify for up to $15 million dollars of a low interest loan of 1% based on the amount of annual corn grind. On December 3, 2021, we received forgiveness of $2.65 million of the loan. The fixed interest rate as of September 30, 2024 was 3.75% with an interest rate buy down through the Bank of North Dakota to 1%. The maturity date of the loan was July 13, 2025. The balance outstanding on the loan at September 30, 2024 was $0.

Contractual Obligations and Commercial Commitments

We have the following contractual obligations as of September 30, 2024:

Contractual Obligations:	**Total**	**Less than 1 Yr**	**1-3 Years**	**3-5 Years**	**Thereafter**
Long-term debt obligations	$ 20,180,392	$ 2,125,864	$ 7,010,675	$ 5,246,418	$ 5,797,435
Corn purchases *	15,377,724	15,377,724	—	—	—
Water purchases	1,060,000	424,000	212,000	424,000	—
Operating lease obligations	1,746,527	381,257	1,143,028	222,242	—
Finance leases	680	680	—	—	—
Total	$ 38,365,323	$ 18,309,525	$ 8,365,703	$ 5,892,660	$ 5,797,435

* Amounts determined assuming prices, including freight costs, at which corn had been contracted for cash corn contracts and current market prices as of September 30, 2024 for basis contracts that had not yet been fixed.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to the impact of market fluctuations associated with commodity prices as discussed below. We have no exposure to foreign currency risk as all of our business is conducted in U.S. Dollars and we have immaterial exposure to interest rate risk as we had $10 million outstanding on variable interest debt indexed to prime interest rates. We use derivative financial instruments as part of an overall strategy to manage market risk. We use cash, futures and option contracts to hedge changes to the commodity prices of corn and ethanol. We do not enter into these derivative financial instruments for trading or speculative purposes, nor do we designate these contracts as hedges for accounting purposes pursuant to the requirements of Generally Accepted Accounting Principles ("GAAP").

Commodity Price Risk

We expect to be exposed to market risk from changes in commodity prices. Exposure to commodity price risk results from our dependence on corn in the ethanol production process and the sale of ethanol.

We enter into fixed price contracts for corn purchases on a regular basis. It is our intent that, as we enter into these contracts, we will use various hedging instruments (puts, calls, and futures) to maintain a near even market position. For example, if we have 1 million bushels of corn under fixed price contracts we would generally expect to enter into a short hedge position to offset our price risk relative to those bushels we have under fixed price contracts. Because our ethanol marketing company (RPMG) is selling substantially all of the gallons it markets on a spot basis we also include the corn bushel equivalent of the ethanol we have produced that is inventory but not yet priced as bushels that need to be hedged.

Although we believe our hedge positions will accomplish an economic hedge against our future purchases, they are not designated as hedges for accounting purposes, which would match the gain or loss on our hedge positions to the specific commodity purchase being hedged. We use fair value accounting for our hedge positions, which means as the current market price of our hedge positions changes, the gains and losses are immediately recognized in our cost of sales. The immediate recognition of hedging gains and losses under fair value accounting can cause net income to be volatile from quarter to quarter and year to year due to the timing of the change in value of derivative instruments relative to the cost of the commodity being hedged. However, it is likely that commodity cash prices will have the greatest impact on the derivatives instruments with delivery dates nearest the current cash price.

As of September 30, 2024, we had approximately 6 million bushels of corn under fixed price contracts.

It is the current position of our ethanol marketing company, RPMG, that under current market conditions selling ethanol in the spot market will yield the best price for our ethanol. RPMG will, from time to time, contract a portion of the gallons they market with fixed price contracts.

We estimate that our expected corn usage will be between 20 million and 23 million bushels per calendar year for the production of approximately 59 million to 64 million gallons of ethanol. As corn prices move in reaction to market trends and information, our income statements will be affected depending on the impact such market movements have on the value of our derivative instruments. However, if we close on the Asset Sale, we will cease our current business and will have no operating assets.

A sensitivity analysis has been prepared to estimate our exposure to corn, natural gas, and ethanol price risk. Market risk related to our corn, natural gas and ethanol prices is estimated as the potential change in income resulting from a hypothetical 10% adverse change in the average cost of our corn and natural gas, and our average ethanol sales price as of September 30, 2024, net of the forward and future contracts used to hedge our market risk for corn, natural gas and ethanol. The volumes are based on our expected use and sale of these commodities for a one year period from September 30, 2024. The results of this analysis, which may differ from actual results, are as follows:

	Estimated Volume Requirements for the next 12 months (net of forward and futures contracts)	Unit of Measure	Hypothetical Adverse Change in Price	Approximate Adverse Change to Income
Ethanol	63,900,000	Gallons	10 %	$ (9,585,000)
Corn	15,697,000	Bushels	10 %	$ (5,965,000)
Natural gas	1,384,000	MMBtu	10 %	$ (277,000)

For comparison purposes, below is our analysis for our fiscal year ended September 30, 2023.

	Estimated Volume Requirements for the next 12 months (net of forward and futures contracts)	Unit of Measure	Hypothetical Adverse Change in Price	Approximate Adverse Change to Income
Ethanol	63,900,000	Gallons	10 %	$ (15,975,000)
Corn	20,600,000	Bushels	10 %	$ (10,648,312)
Natural gas	1,664,000	MMBtu	10 %	$ (374,000)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

EideBailly
CPAs & BUSINESS ADVISORS

Report of Independent Registered Public Accounting Firm

Board of Governors
Red Trail Energy, LLC
Richardton, North Dakota

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Red Trail Energy, LLC (the Company) as of September 30, 2024 and 2023, and the related statements of operations, changes in members' equity, and cash flows, for the years ended September 30, 2024, 2023, and 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years ended September 30, 2024, 2023, and 2022, in conformity with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note 1 to the financial statements, the 2023 financial statements have been restated to correct a misstatement.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Red Trail Energy, LLC in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory Valuation

As discussed in Note 1 of the financial statements, the Company's balance of inventory was $9,913,061 as of September 30, 2024. The valuation of inventories, specifically the inventory components of corn raw materials, work in process, and ethanol finished goods, requires management to make significant assumptions and complex judgments about the inventory cost and net realizable value. These assumptions include the assessment of net realizable value by inventory category, considering market inputs and demand.

We identified the valuation of the inventory components of corn, work in process and ethanol as a critical audit matter. Auditing these complex judgments and assumptions involves especially challenging auditor judgment due to the nature and extent of audit evidence and effort required to address these matters, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Gaining an understanding of management's processes, controls and methodology to develop the estimates.
- Evaluating the reasonableness of the significant assumptions used by management including those related to market inputs, industry standards, and conversion factors.
- Testing the completeness, accuracy and relevance of the underlying data used in management's estimate, which included comparing the price used for corn valuation to readily available market information, verifying inputs for ethanol tank capacity, and evaluating other costs necessary to produce ethanol.

Eide Bailly LLP

/s/ Eide Bailly LLP (PCAOB ID: 286)

We have served as the Company's auditor since 2012.

Denver, Colorado
January 14, 2025

RED TRAIL ENERGY, LLC

Balance Sheets

ASSETS	September 30, 2024	September 30, 2023 Restated
Current Assets		
Cash and equivalents	$ 3,390,382	$ 11,617,435
Restricted cash	3,714,985	2,933,668
Accounts receivable, net, primarily related party	4,030,089	7,669,441
Inventory	9,913,061	9,099,945
Prepaid expenses	569,376	369,430
Total current assets	21,617,893	31,689,919
Property, Plant and Equipment		
Land	1,333,681	1,333,681
Land improvements	18,563,059	18,563,059
Buildings	15,333,676	15,320,492
Plant and equipment and railroad	124,473,132	122,444,522
Construction in progress	2,759,400	1,986,776
	162,462,948	159,648,530
Less accumulated depreciation	89,641,814	83,208,524
Net property, plant and equipment	72,821,134	76,440,006
Other Assets		
Right of use operating lease assets, net	1,746,528	2,122,550
Investment in RPMG	940,642	940,642
Patronage equity	7,047,604	6,457,604
Deposits	40,000	40,000
Total other assets	9,774,774	9,560,796
Total Assets	$ 104,213,801	$ 117,690,721

Notes to Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
Balance Sheets

LIABILITIES AND MEMBERS' EQUITY		September 30, 2024		September 30, 2023 Restated
Current Liabilities				
Accounts payable	$	2,527,925	$	6,805,187
Accrued expenses		2,271,428		1,921,880
Commodities derivative instruments, at fair value (see Note 4)		289,200		—
Accrued loss on firm purchase commitments		50,000		—
Customer deposits		25,895		38,294
Current maturities of notes payable		2,126,544		2,341,784
Current portion of operating lease liabilities		381,258		376,021
Total current liabilities		7,672,250		11,483,166
Long-Term Liabilities				
Notes payable, less current maturities		18,054,528		20,188,774
Long-term operating lease liabilities, net of current portion		1,365,270		1,746,528
Asset Retirement Obligation (see Note 1 and Note 12)		1,002,032		900,521
Total long-term liabilities		20,421,830		22,835,823
Commitments and Contingencies (Notes 6, 8, 10 and 14)				
Members' Equity (Class A Membership Units issued and outstanding on September 30, 2024 and 2023, respectively)		76,119,721		83,371,732
Total Liabilities and Members' Equity	$	104,213,801	$	117,690,721

Notes to Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
Statements of Operations

	Year Ended September 30, 2024	Year Ended September 30, 2023	Year Ended September 30, 2022
Revenues, primarily related party	$ 149,862,807	$ 199,645,418	$ 217,135,121
Cost of Goods Sold			
Cost of goods sold	144,239,817	186,981,830	189,606,091
Lower of cost or net realizable value adjustment	—	74,000	337,080
Loss on firm purchase commitments	1,368,000	535,000	885,000
Total Cost of Goods Sold	145,607,817	187,590,830	190,828,171
Gross Profit	4,254,990	12,054,588	26,306,950
General and Administrative Expenses	5,071,998	5,812,462	3,801,583
Operating Income (Loss)	(817,008)	6,242,126	22,505,367
Other Income (Expense)			
Interest income	278,486	112,627	31,524
Other income	510,034	292,988	6,983,063
Interest expense	(1,144,289)	(1,086,486)	(23,274)
Total other income (expense), net	(355,769)	(680,871)	6,991,313
Net Income (Loss)	$ (1,172,777)	$ 5,561,255	$ 29,496,680
Weighted Average Units Outstanding			
Basic	40,148,160	40,148,160	40,148,160
Diluted	40,148,160	40,148,160	40,148,160
Net Income (Loss) Per Unit			
Basic	$ (0.03)	$ 0.14	$ 0.73
Diluted	$ (0.03)	$ 0.14	$ 0.73

Notes to Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
Statements of Changes in Members' Equity
Years Ended September 30, 2024, 2023 and 2022

	Class A Member Units				Treasury Units		
	Units (a)	Amount	Additional Paid in Capital	Accumulated Retained Earnings	Units	Amount	Total Member Equity
Balances - September 30, 2021	40,148,160	$ 39,044,595	$ 75,541	$ 31,034,079	140,000	$(159,540)	$ 69,994,675
Units Issued	—	—	—	—	—	—	—
Units repurchased and retired	—	—	—	—	—	—	—
Distribution	—	—	—	(13,650,220)	—	—	(13,650,220)
Net Income	—	—	—	29,496,680	—	—	29,496,680
Balances - September 30, 2022	40,148,160	$ 39,044,595	$ 75,541	$ 46,880,539	140,000	$(159,540)	$ 85,841,135
Units Issued	—	—	—	—	—	—	—
Units repurchased and retired	—	—	—	—	—	—	—
Distribution	—	—	—	(8,030,658)	—	—	(8,030,658)
Net Income	—	—	—	5,561,255	—	—	5,561,255
Balances - September 30, 2023	40,148,160	$ 39,044,595	$ 75,541	$ 44,411,136	140,000	$(159,540)	$ 83,371,732
Units Issued	—	—	—	—	—	—	—
Units repurchased and retired	—	—	—	—	—	—	—
Distribution	—	—	—	(6,079,234)	—	—	(6,079,234)
Net Income	—	—	—	(1,172,777)	—	—	(1,172,777)
Balances - September 30, 2024	40,148,160	$ 39,044,595	$ 75,541	$ 37,159,125	140,000	$(159,540)	$ 76,119,721

(a) - Amounts shown represent member units outstanding.

Notes to Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC

Statements of Cash Flows

	Year Ended September 30, 2024	Year Ended September 30, 2023	September 30, 2022 Restated
Cash Flows from Operating Activities			
Net income (Loss)	$ (1,172,777)	$ 5,561,255	$ 29,496,680
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	6,433,289	6,336,196	4,327,706
Loss on disposal of fixed assets	210,053	11,196	—
Change in fair value of derivative instruments	289,200	(1,162,273)	1,162,273
Accrued purchase commitment losses (gains)	50,000	(9,000)	(175,000)
Lower of cost or net realizable value adjustment	—	74,000	337,080
Loss on firm purchase commitments	1,368,000	535,000	885,000
Increase in Noncash patronage equity	(590,000)	(1,058,089)	(475,392)
Loan Forgiveness	—	—	(2,650,773)
ARO Interest Accretion	101,511	—	—
Change in operating assets and liabilities:			
Accounts receivable, net, primarily related party	3,639,352	(2,790,431)	(3,410,490)
Inventory	(2,181,117)	2,835,088	(2,219,271)
Prepaid expenses	(199,946)	143,341	(46,734)
Customer deposits	(12,400)	27,659	(372)
Accounts payable and accrued expenses	(3,927,710)	310,501	(3,171,629)
Net cash provided by operating activities	4,007,455	10,814,443	24,059,078
Cash Flows from Investing Activities			
Proceeds from Disposal of Fixed Assets	159,000	35,550	—
Investment in RPMG	—	(335,642)	—
Capital expenditures	(3,183,469)	(2,444,380)	(20,328,018)
Net cash (used in) investing activities	(3,024,469)	(2,744,472)	(20,328,018)
Cash Flows from Financing Activities			
Disbursements in excess of bank balances	—	—	(1,343,608)
Dividends paid	(6,079,234)	(8,030,658)	(13,650,220)
Proceeds from notes payable	5,000,000	7,000,000	18,000,000
Debt and finance lease repayments	(7,349,487)	(3,640,225)	(800,461)
Net cash provided by (used in) financing activities	(8,428,721)	(4,670,883)	2,205,711
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(7,445,735)	3,399,088	5,936,771
Cash, Cash Equivalents and Restricted Cash - Beginning of Period	14,551,103	11,152,015	5,215,244
Cash, Cash Equivalents and Restricted Cash - End of Period	$ 7,105,368	$ 14,551,103	$ 11,152,015
Reconciliation of Cash, Cash Equivalents and Restricted Cash			
Cash and cash equivalents	$ 3,390,382	$ 11,617,435	$ 6,366,990
Restricted Cash	3,714,986	2,933,668	4,785,025
Total Cash, Cash Equivalents and Restricted Cash	$ 7,105,368	$ 14,551,103	$ 11,152,015
Supplemental Disclosure of Cash Flow Information			
Interest paid	$ 79,144	$ 85,451	$ 79,149

Noncash Investing and Financing Activities			
Asset Retirement Obligation	$ —	$ —	$ 900,521
Operating lease asset acquired	$ —	$ 2,157,569	$ —
Capital expenditures in accounts payable	$ —	$ —	$ 53,201
Capitalized Interest	$ —	$ —	$ 411,875

Notes to Financial Statements are an integral part of this Statement.

RED TRAIL ENERGY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Red Trail Energy, LLC, a North Dakota limited liability company (the "Company"), owns and operates a 65 million gallon annual name-plate production ethanol plant near Richardton, North Dakota (the "Plant"). The Plant commenced production on January 1, 2007. Fuel grade ethanol, distillers grains and corn oil are the Company's primary products. All products are marketed and sold primarily within the continental United States.

Reduced Carbon Dioxide Fuels Credits

The Company recently entered a market to sell voluntary carbon dioxide reduction credits. The Company is generating these credits through our carbon dioxide sequestration project. The Company holds these credits in inventory as we seek buyers who are interested in purchasing the credits. The Company is using the inventory method of accounting for these credits and we are not including these credits as assets on our balance sheet as they have negligible incremental costs associated with generating the credits. When the Company enters into a contract to sell these credits, we will recognize income upon transferring of the credit.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment, inventory, asset retirement obligation and allowance for credit losses. Actual results could differ from those estimates.

Cash and Equivalents

The Company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and equivalents approximates fair value. Balances in excess of federally insured limits are not covered by FDIC insurance; these balances total $7.07 million. Restricted cash is cash deposited in our margin account with our commodities broker related to our risk management positions.

Investment in RPMG

RPMG is a subsidiary of Renewable Products Marketing Group, LLC ("RPMG, LLC"). We own approximately 5.0% of RPMG, LLC which allows us to realize favorable marketing fees for our products and allows us to share in the profits generated by RPMG, LLC. Our ownership interest in RPMG, LLC also entitles us to a seat on its board of directors which is filled by Jodi Johnson, our Chief Executive Officer. The Company accounts for the investment in RPMG at cost minus impairment.

Accounts Receivable and Concentration of Credit Risk

The Company generates accounts receivable from sales of ethanol, distillers grains and corn oil. The Company has entered into agreements with RPMG, Inc. ("RPMG") for the marketing and distribution of the Company's ethanol, corn oil and dried distiller's grains. Under the terms of the marketing agreement, RPMG bears the risk of loss of nonpayment by their customers. The Company markets its modified distiller's grains internally.

For sales of modified distiller's grains and industrial ethanol, credit is extended based on evaluation of a customer's financial condition and collateral is not required. Accounts receivable are due 30 days from the invoice date. Accounts outstanding longer than the contractual payment terms are considered past due. Internal follow up procedures are followed accordingly. Interest is charged on past due accounts.

All receivables are stated at amounts due from customers net of any allowance for credit losses. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's perceived current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for credit losses. The Company had an allowance for credit losses of $46,305 and $41,675 at September 30, 2024 and 2023, respectively.

Inventory

Corn is the primary raw material and, along with other raw materials and supplies, is stated at the lower of cost or net realizable value on a first-in, first-out (FIFO) basis. Work in process and finished goods, which consists of ethanol, distillers grains and corn oil produced, is stated at the lower of average cost or net realizable value. Spare parts inventory is valued at lower of cost or net realizable value on a FIFO basis.

Patronage Equity

The Company receives, from certain vendors organized as cooperatives, patronage dividends, which are based on several criteria, including the vendor's overall profitability and the Company's purchases from the vendor. Patronage equity typically represents the Company's share of the vendor's undistributed current earnings which will be paid in either cash or equity interests to the Company at a future date. Investments in cooperatives are stated at cost, plus unredeemed patronage refunds received in the form of capital stock and are included in Other Assets on the Company's balance sheet.

Derivative Instruments

The Company enters into derivative transactions to hedge its exposure to commodity and interest rate price fluctuations. The Company is required to record these derivatives in the balance sheet at fair value.

In order for a derivative to qualify as a hedge, specific criteria must be met and appropriate documentation maintained. Gains and losses from derivatives that do not qualify as hedges, or are undesignated, must be recognized immediately in earnings. If the derivative does qualify as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will be either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. Changes in the fair value of undesignated derivatives related to corn are recorded in costs of goods sold within the statements of operations. Changes in the fair value of undesignated derivatives related to ethanol are recorded in revenue within the statements of operations.

Additionally the Company is required to evaluate its contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted as “normal purchases or normal sales.” Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Certain corn, ethanol, and distillers grain contracts that meet the requirement of normal purchases or sales are documented as normal and exempted from the accounting and reporting requirements, and therefore, are not marked to market in our financial statements.

Firm Purchase Commitments

The Company typically enters into fixed price contracts to purchase corn to ensure an adequate supply of corn to operate its plant. The Company will generally seek to use exchange traded futures, options or swaps as an offsetting economic hedge position. The Company closely monitors the number of bushels hedged using this strategy to avoid an unacceptable level of margin exposure. Contract prices are analyzed by management at each period end and, if necessary, valued at the lower of cost or net realizable value in the balance sheets.

Revenue Recognition

The Company generally sells ethanol and related products pursuant to marketing agreements. The Company recognizes revenue from sales of ethanol and co-products at the point in time when the performance obligations in the contract are met, which is when the customer obtains control of such products and typically occurs upon shipment depending on the terms of the underlying contracts. Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. In some instances, the Company enters into contracts with customers that contain multiple performance obligations to deliver volumes of co-products over a contractual period of less than 12 months. The Company allocates the transaction price to each performance obligation identified in the contract based on relative standalone selling prices and recognizes the related revenue as control of each individual product is transferred to the customer in satisfaction of the corresponding performance obligation. Revenues are shown net of any fees incurred under the terms of the Company's agreements for the marketing and sale of ethanol and related products. Revenues are also shown net of any discounts given for sales of modified distillers grains.

Long-lived Assets

Property, plant, and equipment are stated at cost. Depreciation is provided over estimated useful lives by use of the straight line method. Maintenance and repairs are expensed as incurred. Major improvements and betterments are capitalized. For the year ended September 30, 2024 the Company capitalized $2.2 million in assets related to plant and CCS equipment, along with upgrades to the chemical tank and piping. The present values of finance lease obligations are classified as a liability and the related assets are included in property, plant and equipment. Amortization of equipment under finance leases is included in depreciation expense.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Minimum Years	Maximum Years
Land improvements	15	30
Buildings	10	40
Plant and equipment	7	20
Railroad	10	30

Depreciation expense included in cost of goods sold is $5,950,362 for the year ended September 30, 2024, $5,298,318 for the year ended September 30, 2023 and $4,027,744 for the year ended September 30, 2022. Depreciation expense included in general and administrative expenses is $482,927 for the year ended September 30, 2024, $1,037,875 for the year ended September 30, 2023, and $299,962 for the year ended September 30, 2022.

Long-lived assets, such as property, plant, and equipment subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals.

Fair Value Measurements

The Company has adopted guidance for accounting for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company has adopted guidance for fair value measurement related to nonfinancial items that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

RED TRAIL ENERGY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 and 2022

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Except for those assets and liabilities which are required by authoritative accounting guidance to be recorded at fair value in our balance sheets, the Company has elected not to record any other assets or liabilities at fair value. No events occurred during the fiscal years ended September 30, 2024 and 2023 that required adjustment to the recognized balances of assets or liabilities, which are recorded at fair value on a nonrecurring basis.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, and accounts payable approximate their fair values because of their short-term nature. The fair values of notes payable approximates the carrying value based on estimated discounted future cash flows using the current rates at which similar loans would be made.

Income Taxes

The Company is treated as a partnership for federal and state income tax purposes and generally does not incur income taxes. Instead, its earnings and losses are included in the income tax returns of the members. Therefore, no provision or liability for federal or state income taxes has been included in these financial statements.

Differences between financial statement basis of assets and tax basis of assets is primarily related to depreciation, derivatives, inventory, compensation and capitalization and amortization of organization and start-up costs for tax purposes, whereas these costs are expensed for financial statement purposes.

The Company has evaluated whether it has any significant tax uncertainties that would require recognition or disclosure. Primarily due to its partnership tax status, the Company does not have any significant tax uncertainties that would require recognition or disclosure. The Company's policy is to recognize interest expense and penalties related to uncertain tax positions as incurred.

Net Income (Loss) Per Unit

Net Income (Loss) per unit is calculated on a basic and fully diluted basis using the weighted average units outstanding during the period.

Environmental Liabilities

The Company's operations are subject to environmental laws and regulations adopted by various governmental entities in the jurisdiction in which it operates. These laws require the Company to investigate and remediate the effects of the release or disposal of materials at its location. Accordingly, the Company has adopted policies, practices and procedures in the areas of pollution control, occupational health and the production, handling, storage and use of hazardous materials to prevent material, environmental or other damage, and to limit the financial liability which could result from such events. Environmental liabilities, if any, are recorded when the liability is probable and the costs can reasonably be estimated. The Company is not aware of any environmental liabilities identified as of September 30, 2024.

Restatement of Prior Financial Information

The Company's previously filed audited balance sheet and the 2022 cash flow statement has been restated to correct errors in an asset retirement obligation. From a quantitative and qualitative perspective, the Company determined that correcting the previously filed financial statements would not require amendment to its previously filed reports on Form 10-Q and 10-K. The statement increased land improvements and long-term liabilities by $900,521 as of September 30, 2023. The effect of the correction and the non-cash investing and financing activity as of September 30, 2022 is summarized below:

RED TRAIL ENERGY, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 and 2022

	September 30, 2023		
	Previously Reported	Adjustment	Restated
Consolidated Balance Sheet			
Land Improvements	$ 17,662,538	$ 900,521	$ 18,563,059
Property, plant and equipment, net	75,539,485	900,521	76,440,006
Total Assets	$116,790,200	$ 900,521	$117,690,721
Asset Retirement Obligation	—	900,521	900,521
Total Liabilities and Equity	$116,790,200	$ 900,521	$117,690,721

	September 30, 2023			September 30, 2022		
	Previously Reported	Adjustment	Restated	Previously Reported	Adjustment	Restated
Statement of Cash Flows						
Noncash Investing and Financing Activities						
Asset Retirement Obligation	$ —	$ —	$ —	$ —	$ 900,521	$ 900,521

2. CONCENTRATIONS

Coal and Natural Gas

In previous years coal was an important input to our manufacturing process. During the second quarter of our 2015 fiscal year we converted the energy source for our ethanol plant to natural gas. As a result, we do not anticipate using coal to fire the ethanol plant in the future and changes in the price or availability of coal will not impact our operations. However, we maintain the equipment necessary to operate the ethanol plant using coal as the fuel source which management believes could benefit us in the future, especially if natural gas prices increase or natural gas is not available at the ethanol plant. The Company signed a sales agreement with Rainbow Gas Company to supply natural gas to the plant through October 2025.

Sales

We are substantially dependent upon RPMG for the purchase, marketing, and distribution of our ethanol, DDGS, and corn oil. RPMG purchases 100% of the ethanol, DDGS, and corn oil produced at our plant, all of which is marketed and distributed to its customers. Therefore, we are highly dependent on RPMG for the successful marketing of our ethanol, DDGS, and corn oil. In the event that our relationship with RPMG is interrupted or terminated for any reason, we believe that we could locate another entity to market the ethanol, DDGS, and corn oil. However, any interruption or termination of this relationship could temporarily disrupt the sale and production of ethanol, DDGS, and corn oil and adversely affect our business and operations and potentially result in a higher cost to the Company. Amounts due from RPMG represent approximately 93% and 89% of the Company's outstanding trade receivables balance at September 30, 2024 and 2023, respectively. Approximately 93%, 93%, and 90% of revenues are comprised of sales to RPMG for the years ended September 30, 2024, September 30, 2023 and September 30, 2022, respectively.

3. REVENUE

Revenue Recognition

The Company recognizes revenue from sales of ethanol and co-products at the point in time when the performance obligations in the contract are met, which is when the customer obtains control of such products and typically occurs upon shipment (depending on the terms of the underlying contracts). Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing services. In some instances, the Company enters into contracts with customers that contain multiple performance obligations to deliver specified volumes of co-products over a contractual period of less than 12 months. In such instances, the Company allocates the transaction price to each performance obligation identified in the contract based on relative standalone selling prices and recognizes the related revenue when control of each individual product is transferred to the customer in satisfaction of the corresponding performance obligation.

Revenue by Source

The following table disaggregates revenue by major source for the twelve months ended September 30, 2024, 2023, and 2022.

Revenues	For the twelve months ended September 30, 2024 (audited)	For the twelve months ended September 30, 2023 (audited)	For the twelve months ended September 30, 2022 (audited)
Ethanol, E85 and Industrial Ethanol	$ 112,253,708	$ 151,715,123	$ 167,657,194
Distillers Grains	26,915,080	36,259,096	35,713,434
Syrup	545,569	649,811	1,477,622
Corn Oil	9,926,722	10,823,649	12,114,628
Other	221,728	197,739	172,243
Total revenue from contracts with customers	$ 149,862,807	$ 199,645,418	$ 217,135,121

Shipping and Handling Costs

We account for shipping and handling activities related to contracts with customers as costs to fulfill our promises to transfer the associated products. Accordingly, we record customer payments associated with shipping and handling costs as a component of revenue and classify such costs as a component of cost of goods sold.

Customer Deposits

Customer deposits are contract liabilities for payments in excess of revenue recognized. Customer deposits are recognized when modified distillers grains customers make prepayments on their contracts. The beginning and ending balances for accounts receivable and customer deposits were as follows for the periods ended September 30, 2024, 2023, and 2022.

	September 30, 2024 (audited)	September 30, 2023 (audited)	September 30, 2022 (audited)
Accounts receivable	$ 4,030,089	$ 7,669,441	$ 4,879,011
Customer deposits	$ 25,895	$ 38,294	$ 10,636

4. DERIVATIVE INSTRUMENTS

Commodity Contracts

As part of its hedging strategy, the Company may enter into ethanol, soybean, soybean oil, natural gas, and corn commodity-based derivatives in order to protect cash flows from fluctuations caused by volatility in commodity prices and in order to protect gross profit margins from potentially adverse effects of market and price volatility on ethanol sales, corn oil sales, and corn purchase commitments where the prices are set at a future date. These derivatives are not designated as effective hedges for accounting purposes. For derivative instruments that are not accounted for as hedges, or for the ineffective portions of qualifying hedges, the change in fair value is recorded through earnings in the period of change. Ethanol derivative and soybean oil derivative fair market value gains or losses are included in the results of operations and are classified as revenue and corn derivative and natural gas derivative changes in fair market value are included in cost of goods sold.

As of:	**September 30, 2024**				**September 30, 2023**			
Contract Type	**# of Contracts**	**Notional Amount (Qty)**		**Fair Value**	**# of Contracts**	**Notional Amount (Qty)**		**Fair Value**
Corn options	912	4,560,000	bushels	$ (289,200)	—	—	bushels	$ —
Total fair value				$ (289,200)				$ —

Amounts are recorded separately on the balance sheet - negative numbers represent liabilities

The following tables provide details regarding the Company's derivative financial instruments at September 30, 2024 and September 30, 2023:

Derivatives not designated as hedging instruments:

Balance Sheet - as of September 30, 2024	**Asset**	**Liability**
Commodity derivative instruments, at fair value	$ —	$ 289,200
Total derivatives not designated as hedging instruments for accounting purposes	$ —	$ 289,200

Balance Sheet - as of September 30, 2023	**Asset**	**Liability**
Commodity derivative instruments, at fair value	$ —	$ —
Total derivatives not designated as hedging instruments for accounting purposes	$ —	$ —

Statement of Operations Income/ (expense)	**Location of gain (loss) in fair value recognized in income**	**Amount of gain (loss) recognized in income during the year ended September 30, 2024**	**Amount of gain (loss) recognized in income during the year ended September 30, 2023**	**Amount of gain (loss) recognized in income during the year ended September 30, 2022**
Corn derivative instruments	Cost of Goods Sold	$ (935,698)	$ 2,362,917	$ 1,615,619
Ethanol derivative instruments	Revenue	—	21,999	454,365
Natural gas derivative instruments	Cost of Goods Sold	666,660	(74,000)	(107,450)
Total		$ (269,038)	$ 2,310,916	$ 1,962,534

5. INVENTORY

Inventory is valued at lower of cost or net realizable value. Inventory values as of September 30, 2024 and September 30, 2023 were as follows:

As of	**September 30, 2024**	**September 30, 2023**
Raw materials, including corn, chemicals and supplies	$ 5,107,854	$ 4,263,403
Work in process	1,058,478	1,435,905
Finished goods, including ethanol and distillers grains	1,252,483	1,918,439
Spare parts	2,494,246	1,482,198
Total inventory	$ 9,913,061	$ 9,099,945

Lower of cost or net realizable value adjustments for the years ended September 30, 2024, and 2023 and 2022 were as follows:

	For the year ended September 30, 2024	For the year ended September 30, 2023	For the year ended September 30, 2022
Loss on firm purchase commitments	$ 1,368,000	$ 535,000	$ 885,000
Loss on lower of cost or net realizable value adjustment for inventory on hand	—	74,000	337,080
Total loss on lower of cost or market adjustments	$ 1,368,000	$ 609,000	$ 1,222,080

The Company has entered into forward corn purchase contracts under which it is required to take delivery at the contract price. At the time the contracts were created, the price of the contract approximated market price. Subsequent changes in market conditions could cause the contract prices to become higher or lower than market prices. As of September 30, 2024 and 2023, the average price of corn purchased under certain fixed price contracts, that had not yet been delivered, was greater than approximated market price. Based on this information, the Company has an estimated loss on firm purchase commitments of $1,368,000 and $535,000 for the fiscal years ended September 30, 2024 and 2023, respectively. The loss is recorded in "Loss on firm purchase commitments" on the statements of operations. The amount of the loss was determined by applying a methodology similar to that used in the impairment valuation with respect to inventory. Given the uncertainty of future ethanol prices, this loss may or may not be recovered, and further losses on the outstanding purchase commitments could be recorded in future periods.

The Company recorded inventory valuation impairments of $0 and $74,000 for the fiscal years ended September 30, 2024 and 2023, respectively. The impairments, as applicable, were attributable primarily to decreases in market prices of corn and ethanol. The inventory valuation impairment was recorded in "Lower of cost or net realizable value adjustment" on the statements of operations.

6. BANK FINANCING

Revolving Loan

The Company has a $10 million revolving loan (the "Revolving Loan") with Cornerstone Bank. The maturity date on the Revolving Loan was previously April 5, 2024. On April 12, 2024, the Revolving Loan was renewed and the new maturity date is April 9, 2025. At September 30, 2024, the Company had $10 million available on the Revolving Loan. Interest currently accrues on any outstanding balance on the Revolving Loan at a rate of 0.25% less than the prime rate as published by the Wall Street Journal, adjusted monthly. The Revolving Loan has a minimum interest rate of 7.5%. The variable interest rate on September 30, 2024 was 7.75%.

Construction Loans

On October 28, 2022, the Company entered into a $25 million loan to replace the First Construction Loan and CCS Construction Loan. Interest accrues on the Construction Loan at a fixed rate of 4.65%. The Company makes annual payments of approximately $3.1 million due in January of each year. The outstanding balance at September 30, 2024 was approximately $20 million. The maturity date of the Construction Loan is January 31, 2032. The Construction Loan is secured by a lien on substantially all of our assets.

Ethanol Recovery Program

On July 13, 2020 the Company received a loan through the Bank of North Dakota Ethanol Recovery Program and Cornerstone Bank for $5.41 million. The Ethanol Recovery Program was developed by the North Dakota Ethanol Producers Association and the Bank of North Dakota to use the existing Biofuels Partnership in Assisting Community Expansion ("PACE") program and Value-added Guarantee Loan program to help ethanol production facilities weather the economic challenges caused by the COVID-19 pandemic. Ethanol producers could qualify for up to $15 million dollars of a low interest loan of 1% based on the amount of such producers' annual corn grind. On December 31, 2021, the Company received forgiveness of $2.65 million of the loan. The fixed interest rate on September 30, 2024 was 3.75% with an interest rate buy down through the Bank of North Dakota to 1%. The maturity date of the loan was July 13, 2025. At September 30, 2024, the outstanding balance on the loan was $0.

The Company's loans are secured by a lien on substantially all of the assets of the Company.

Schedule of debt maturities for the years ended September 30	Totals
2025	$ 2,126,544
2026	2,229,313
2027	2,335,215
2028	2,446,147
2029	2,562,348
Thereafter	8,481,505
Total	$ 20,181,072

7. FAIR VALUE MEASUREMENTS

The following table provides information on those assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2024 and September 30, 2023, respectively.

	Carrying Amount as of September 30, 2024	Fair Value as of September 30, 2024	Fair Value Measurement Using Level 1	Level 2	Level 3
Liabilities					
Commodities derivative instruments	$ 289,200	$ 289,200	$ 289,200	$ —	$ —

	Carrying Amount as of September 30, 2023	Fair Value as of September 30, 2023	Fair Value Measurement Using Level 1	Level 2	Level 3
Liabilities					
Commodities derivative instruments	$ —	$ —	$ —	$ —	$ —

The fair value of the corn, ethanol and soybean oil derivative instruments is based on quoted market prices in an active market.

8. LEASES

The Company leases railcar and plant equipment. Operating lease right of use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate, unless an implicit rate is readily determinable, as the discount rate for each lease in determining the present value of lease payments. For the twelve months ended September 30, 2024, the Company's estimated discount rate was 7.75%. Operating lease expense is recognized on a straight-line basis over the lease term.

The Company determines if an arrangement is a lease or contains a lease at inception. The Company's leases have remaining lease terms of approximately 1 year to 7 years, which may include options to extend the lease when it is reasonably certain the Company will exercise those options. At September 30, 2024, the weighted average remaining lease term is 5 years. The Company does not have lease arrangements with residual value guarantees, sale leaseback terms, or material restrictive covenants. The Company does not have any sublease agreements.

The Company is generally responsible for maintenance, taxes, and utilities for leased equipment. Rent expense for operating leases was approximately $793,868 for the year ended September 30, 2024, $867,000 for the year ended September 30, 2023, and $948,000 for the year ended September 30, 2022.

Equipment under financing leases consists of office equipment and plant equipment. Equipment under financing leases is as follows at:

As of	September 30, 2024	September 30, 2023
Equipment	$ 493,414	$ 493,414
Less accumulated amortization	(246,032)	(243,277)
Net equipment under finance lease	$ 247,382	$ 250,137

At September 30, 2024, the Company had the following minimum commitments, which at inception had non-cancelable terms of more than one year. Amounts shown below are for the years ending September 30:

	Operating Leases	Financing Leases
2025	$ 381,258	$ 680
2026	409,434	—
2027	404,817	—
2028	328,777	—
2029	222,242	—
Total minimum lease commitments	$ 1,746,528	$ 680
Less amount representing interest		—
Present value of minimum lease commitments included in notes payable on the balance sheet		$ 680

9. MEMBERS' EQUITY

The Company has one class of membership units outstanding (Class A) with each unit representing a pro rata ownership interest in the Company's capital, profits, losses, and distributions. As of September 30, 2024, 2023, and 2022 there were 40,148,160 units issued and outstanding, respectively. The Company held a total of 140,000 treasury units as of September 30, 2024, 2023, and 2022, respectively.

Total units authorized are 40,288,160 as of September 30, 2024, 2023, and 2022.

10. COMMITMENTS AND CONTINGENCIES

Firm Purchase Commitments

Corn

To ensure an adequate supply of corn to operate the Plant, the Company enters into contracts to purchase corn from local farmers and elevators. At September 30, 2024, the Company had various fixed price contracts for the purchase of approximately 6 million bushels of corn. Using the stated contract price for the fixed price contracts, the Company had commitments of approximately $30.9 million related to the 6 million bushels under contract.

Water

To meet the plant's water requirements, we entered into a ten-year contract with Southwest Water Authority to purchase raw water. Our contract requires us to purchase a minimum of 160 million gallons of water per year. The minimum estimated liability for this contract is $424,000 per year.

Profit and Cost Sharing Agreement

The Company entered into a Profit and Cost Sharing Agreement with Bismarck Land Company, LLC, which became effective on November 1, 2016. The Profit and Cost Sharing Agreement provides that the Company will share 70% of the net revenue generated by the Company from business activities which are brought to the Company by Bismarck Land Company, LLC and conducted on the real estate purchased from the Bismarck Land Company, LLC. The real estate was initially purchased in exchange for 2 million membership units of the Company at $1.66 per unit. This obligation will terminate ten years after the real estate closing date of October 11, 2016 or after Bismarck Land Company, LLC receives $10 million in proceeds from the agreement. In addition, the Profit and Cost Sharing Agreement provides that the Company will pay Bismarck Land Company, LLC 70% of any net proceeds received by the Company from the sale of the subject real estate if a sale were to occur prior to termination of this obligation in accordance with to the $10 million cap and the 10 year termination of this obligation. The Company paid Bismarck Land Company, LLC $300,000 during our 2024 fiscal year and has paid a total of $1,947,581 as of September 30, 2024.

11. DEFINED CONTRIBUTION RETIREMENT PLAN

The Company established a 401k retirement plan for its employees effective January 1, 2011. The Company matches employee contributions to the plan up to 4% of employee's gross income. The Company contributed approximately $197,000, $183,000, and $155,000 to the 401k plan for the years ended September 30, 2024 and 2023, and 2022, respectively.

12. ASSET RETIREMENT OBLIGATION

In accordance with accounting guidance for conditional Asset Retirement Obligations (ARO), the Company recognizes a liability for the fair value of an ARO on the obligation date if the liability's fair value can be reasonably estimated and is conditional on a future event. Settlement dates and future costs are reasonably estimated when sufficient information becomes available. Management has identified an ARO related to our Class VI injection and monitoring wells' facility closure plan and has performed fair value calculations, reflecting expected probabilities for settlement scenarios.

The fair value of an ARO is recorded as a liability in Other Long-Term Liabilities with a corresponding amount included in Property, Plant and Equipment, Net on the accompanying balance sheets. The ARO assets are depreciated, and the ARO liabilities are accreted over the estimated life of the obligation with corresponding credits recorded as accumulated depreciation and ARO liabilities, respectively.

A reconciliation of the beginning and ending carrying amounts of the Company's ARO liabilities are as follows:

	September 30, 2024	September 30, 2023
Balance as of Beginning of Year	$ 900,521	$ 900,521
Accretion	101,511	—
Balance as of end of year	$ 1,002,032	$ 900,521

Any changes in the assumptions used to calculate the fair value of the ARO are recorded as an offset to the related regulatory asset. Surety bonds have been established to cover the cost of a portion of the facility closure plan.

13. RELATED-PARTY TRANSACTIONS

The Company has balances and transactions in the normal course of business with various related parties for the purchase of corn, sale of distillers grains, and sale of ethanol. The related parties include unit holders, members of the board of governors of the Company, and our third party marketer, RPMG, Inc. ("RPMG") whom we have an ownership interest in. Significant related party activity affecting the financial statements is as follows:

	September 30, 2024	September 30, 2023
Balance Sheet		
Accounts receivable	$ 3,815,434	$ 6,939,350
Accounts Payable	87,635	1,299,333
Accrued Expenses	—	—

	For the year ended September 30, 2024	For the year ended September 30, 2023	For the year ended September 30, 2022
Statement of Operations			
Revenues	$ 142,951,660	$ 188,262,423	$ 202,902,678
Cost of goods sold	3,123,194	3,338,134	3,249,001
General and administrative	—	39,889	—
Inventory Purchases	$ 31,659,948	$ 38,614,812	$ 40,383,126

14. SUBSEQUENT EVENTS

The APA, the Asset Sale and the other transactions contemplated by the APA have been unanimously approved by our Board. The members approved the Asset Sale on December 5, 2024. We received regulatory approval of the sale pursuant to the Hart-Scott-Rodino Antitrust Improvements Act and we are working on the other conditions to close the sale.

15. UNCERTAINTIES IMPACTING THE ETHANOL INDUSTRY AND OUR FUTURE OPERATIONS

The Company has certain risks and uncertainties that it experiences during volatile market conditions, which can have a severe impact on operations. The Company's revenues are derived from the sale and distribution of ethanol and distillers grains to customers primarily located in the United States. Corn for the production process is supplied to the plant primarily from local agricultural producers and from purchases on the open market. The Company's operating and financial performance is largely driven by prices at which the Company sells ethanol and distillers grains and by the cost at which it is able to purchase corn for operations. The price of ethanol is influenced by factors such as prices, supply and demand, weather, government policies and programs, and unleaded gasoline and the petroleum markets, although since 2005 the prices of ethanol and gasoline began a divergence with ethanol selling for less than gasoline at the wholesale level. Excess ethanol supply in the market, in particular, puts downward pressure on the price of ethanol. The Company's largest cost of production is corn. The cost of corn is generally impacted by factors such as supply and demand, weather, and government programs, global political or economic issues, including but not limited to the war in Ukraine and sanctions associated therewith, or global damaging growing conditions, such as plant disease or adverse weather, including drought, increased fertilizer costs as well as global conflicts, including but not limited to unrest in the Middle East.

The Company's financial performance is highly dependent on the Federal Renewable Fuels Standard ("RFS"), which requires that a certain amount of renewable fuels must be used each year in the United States. Corn based ethanol, such as the ethanol the Company produces, can be used to meet a portion of the RFS requirement. In November 2013, the EPA issued a proposed rule which would reduce the RFS for 2014, including the RFS requirement related to corn based ethanol. The EPA proposed rule was subject to a comment period which expired in January 2014. On November 30, 2015, the EPA released its final ethanol use requirements for 2014, 2015 and 2016, which were lower than the statutory requirements in the RFS. However, the final RFS for 2017 equaled the statutory requirement which was also the case for the 2018, 2019, 2020, 2021, and 2022 RFS final rules. The final RFS for 2022 was significantly larger than 2021, with a final volume requirement of 20.63 billion gallons and a supplemental standard of .25 billion gallons. The final RFS for 2023, 2024, and 2025 contains a volume requirement of 20.94 billion gallons, 21.54 billion gallons, and 22.33 billion gallons, respectively. For 2023, 2024, and 2025, the corn-based ethanol RVO was set at 15 billion gallons. The EPA has not yet issued a proposed RVO rule for 2026.

The Company anticipates that the results of operations during fiscal year 2025 will be affected by volatility in the commodity markets. The volatility is due to various factors, including uncertainty with respect to the availability and supply of corn, increased demand for grain from global and national markets, speculation in the commodity markets, and demand for corn from the ethanol industry.

16. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summary quarter results are as follows:

Year Ended September 30, 2024	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 43,456,009	$ 34,034,993	$ 34,578,254	$ 37,793,551
Gross profit (loss)	3,103,320	(4,924,153)	5,294,634	781,189
Operating income (loss)	1,807,378	(6,216,426)	4,063,255	(471,215)
Net income (loss)	2,160,515	(6,406,145)	3,805,053	(732,200)
Net income (loss) per unit-basic and diluted	0.05	(0.16)	0.09	0.01

Year Ended September 30, 2023	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 44,498,440	$ 54,652,822	$ 49,690,760	$ 50,803,396
Gross profit (loss)	3,389,237	962,698	1,652,430	6,050,223
Operating income (loss)	2,148,927	(585,455)	341,954	4,336,700
Net income (loss)	1,865,215	(799,450)	136,250	4,359,240
Net income (loss) per unit-basic and diluted	0.05	(0.02)	—	0.11

Year Ended September 30, 2022	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 60,827,197	$ 51,677,779	$ 55,720,460	$ 48,909,685
Gross profit (loss)	17,809,414	5,079,156	6,437,590	(3,019,210)
Operating income (loss)	16,712,235	4,419,297	5,638,600	(4,264,765)
Net income (loss)	19,371,546	4,439,004	9,921,072	(4,234,942)
Net income (loss) per unit-basic and diluted	0.48	0.11	0.25	(0.11)

The above quarterly financial data is unaudited, but in the opinion of management, all material adjustments necessary for a fair presentation of the selected data for these periods presented have been included.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company has established disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and, as such, is accumulated and communicated to the Company’s management, including our Chief Executive Officer ("CEO"), Jodi Johnson, and Chief Financial Officer ("CFO"), Joni Entze, as appropriate, to allow timely decisions regarding required disclosure. Management, together with our CEO and CFO, evaluated the effectiveness of the Company’s disclosure controls and procedures, as defined in Rule 13a-15(e) of the Exchange Act, as of September 30, 2024. Based on their evaluation, the CEO and CFO concluded that our disclosure controls and procedures were not effective as of September 30, 2024.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the criteria set forth in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including the CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2024 based upon Internal Control-Integrated Framework (2013) issued by COSO. Based on this evaluation, management has concluded that our internal control over financial reporting were not effective as of September 30, 2024.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected in a timely basis.

As of September 30, 2024, we did not maintain effective monitoring and oversight of controls over property, plant and equipment. Specifically, reviewing assets for asset retirement obligations. In June 2022 an asset retirement obligation related to our Class VI monitoring and injection wells should have been recognized and recorded.

The errors arising from the underlying deficiency are not material to the financial statements reported in any interim or annual period and therefore, did not result in a revision to previously filed financial statements. However, this control deficiency could result in misstatements of the aforementioned accounts and disclosures that would result in a material misstatement to the annual or interim financial statements that would not be prevented or detected in a timely manner. Accordingly, we have determined that this control deficiency constitutes a material weakness.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. As we are a non-accelerated filer, management's report is not subject to attestation by our registered public accounting firm pursuant to Section 404(c) of the Sarbanes-Oxley Act of 2002 that permits us to provide only management's report in this annual report.

Remediation of the Material Weakness

The Company is evaluating the material weakness and developing a plan of remediation to strengthen our overall internal control. The remediation plan will include the following actions:

- A review and update of month-end standard operating procedures.
- The Month End Checklist has been updated to include additional steps to review the current ARO for any changes in assumptions and review all assets placed into service to determine if additional ARO's exists.

The Company is committed to maintaining a strong internal control environment and believes that these remediation efforts will represent significant improvements in our controls. The company has started to implement these steps. Additional controls may be required over time. Until all remediation steps set forth above are fully implemented and tested, the material weakness described above will continue to exist.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fourth quarter of our fiscal year ended September 30, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

The Company's management, including the Company's CEO and CFO, does not expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting will prevent or detect all error and all fraud. A control system, regardless of how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the following:

- Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes.

- Controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override.

- The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

- Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

ITEM 9B. OTHER INFORMATION

No governor or officer of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of the Company's securities during the fourth quarter of the fiscal year ended September 30, 2024. No trades were made by the Company or any of the Company's governors or officers during the fourth quarter of the fiscal year ended September 30, 2024. The Company did not adopt or terminate any Rule 10b5-1 trading arrangement during the fourth quarter of the fiscal year ended September 30, 2024.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. GOVERNOR, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference in the definitive proxy statement from our 2025 Annual Meeting of Members to be filed with the Securities and Exchange Commission within 120 days of our 2024 fiscal year end. This proxy statement is referred to in this report as the "2025 Proxy Statement."

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to the 2025 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED MEMBER MATTERS.

The information required by this Item is incorporated by reference to the 2025 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND GOVERNOR INDEPENDENCE

The information required by this Item is incorporated by reference to the 2025 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item is incorporated by reference to the 2025 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

Exhibits Filed as Part of this Report and Exhibits Incorporated by Reference.

The following exhibits and financial statements are filed as part of, or are incorporated by reference into, this report:

(1) **Financial Statements**

The financial statements appear beginning at page 39 of this report.

(2) **Financial Statement Schedules**

All supplemental schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

(3) **Exhibits**

Exhibit No.	Exhibit	Filed Herewith	Incorporated by Reference
2.1	Asset Purchase Agreement, dated September 10, 2024, by Red Trail Energy, LLC, Gevo, Inc. and Net-Zero Richardton, LLC.		Filed as Exhibit 2.1 to the registrant's registration statement on Form 8-K on September 16, 2024 (000-52033) and incorporated by reference herein.
3.1	Articles of Organization, as filed with the North Dakota Secretary of State on July 16, 2003.		Filed as Exhibit 3.1 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
3.2	Amended and Restated Operating Agreement of Red Trail Energy, LLC.		Filed as exhibit 3.1 to our Current Report on Form 8-K on August 6, 2008. (000-52033) and incorporated by reference herein.
4.1	Membership Unit Certificate Specimen.		Filed as Exhibit 4.1 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
4.2	Member Control Agreement of Red Trail Energy, LLC.		Filed as Exhibit 4.2 to our Annual Report on Form 10-K for the year ended December 31, 2006. (000-52033) and incorporated by reference herein.

4.3	Description of Class A Membership Units of Red Trail Energy, LLC	Filed as Exhibit 4.3 to our Annual Report on Form 10-K for the fiscal year ended September 30, 2021 (000-52033) and incorporated by reference herein.
10.1	The Burlington Northern and Santa Fe Railway Company Lease of Land for Construction/ Rehabilitation of Track made as of May 12, 2003 by and between The Burlington Northern and Santa Fe Railway Company and Red Trail Energy, LLC.	Filed as Exhibit 10.1 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
10.2	Agreement for Electric Service made the dated August 18, 2005, by and between West Plains Electric Cooperative, Inc. and Red Trail Energy, LLC.	Filed as Exhibit 10.10 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
10.3	Lump Sum Design-Build Agreement between Red Trail Energy, LLC, and Fagen, Inc. dated August 29, 2005.	Filed as Exhibit 10.12 to the registrant's registration statement on Form 10-12G/A-3 (000-52033) and incorporated by reference herein.
10.4	License Agreement between Red Trail Energy, LLC and ICM, Inc. dated September 9, 2005.	Filed as Exhibit 10.12 at Exhibit D to the registrant's registration statement on Form 10-12G/ A-3 (000-52033) and incorporated by reference herein.
10.5	Security Agreement and Deposit Account Control Agreement made December 16, 2005, by and among First National Bank of Omaha, Red Trail Energy, LLC, and Bank of North Dakota.	Filed as Exhibit 10.19 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
10.6	Security Agreement given as of December 16, 2005, by Red Trail Energy, LLC, to First National Bank of Omaha.	Filed as Exhibit 10.20 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
10.7	Control Agreement Regarding Security Interest in Investment Property, made as of December 16, 2005, by and between First National Bank of Omaha, Red Trail Energy, LLC, and First National Capital Markets, Inc.	Filed as Exhibit 10.21 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
10.8	Southwest Pipeline Project Raw Water Service Contract, executed by Red Trail Energy, LLC, on March 8, 2006, by the Secretary of the North Dakota State Water Commission on March 31, 2006, and by the Chairman of the Southwest Water Authority on April 2, 2006.	Filed as Exhibit 10.28 to the registrant's registration statement on Form 10-12G (000-52033) and incorporated by reference herein.
10.9	Contract dated April 26, 2006, by and between the North Dakota Industrial Commission and Red Trail Energy, LLC.	Filed as Exhibit 10.29 to the registrant's second amended registration statement on Form 10-12G/A (000-52033) and incorporated by reference herein.
10.10	Subordination Agreement, dated May 16, 2006, among the State of North Dakota, by and through its Industrial Commission, First National Bank and Red Trail Energy, LLC.	Filed as Exhibit 10.30 to the registrant's second amended registration statement on Form 10-12G/A (000-52033) and incorporated by reference herein.
10.11	Firm Gas Service Extension Agreement, dated June 7, 2006, by and between Montana-Dakota Utilities Co. and Red Trail Energy, LLC.	Filed as Exhibit 10.31 to the registrant's second amended registration statement on Form 10-12G/A (000-52033) and incorporated by reference herein.
10.12	Security Agreement and Deposit Account Control Agreement effective August 16, 2006 by and among First National Bank of Omaha and Red Trail Energy, LLC.	Filed as Exhibit 10.34 to our Annual Report on Form 10-K for the year ended December 31, 2006. (000-52033) and incorporated by reference herein.
10.13	Option to Purchase 200,000 Class A Membership Units of Red Trail Energy, LLC by Red Trail Energy, LLC from North Dakota Development Fund and Stark County dated December 11, 2006.	Filed as Exhibit 10.36 to our Annual Report on Form 10-K for the year ended December 31, 2006. (000-52033) and incorporated by reference herein.
10.14	Audit Committee Charter adopted April 9, 2007.	Filed as Exhibit 10.37 to our Annual Report on Form 10-K for the year ended December 31, 2006. (000-52033) and incorporated by reference herein.

10.15	Senior Financial Officer Code of Conduct adopted March 28, 2007.	Filed as Exhibit 10.38 to our Annual Report on Form 10-K for the year ended December 31, 2006. (000-52033) and incorporated by reference herein.
10.16	Member Ethanol Fuel Marketing agreement by and between Red Trail Energy, LLC and RPMG, Inc dated January 1, 2008.	Filed as Exhibit 10.41 to our Annual Report on Form 10-K for the year ended December 31, 2007 (000-52033) and incorporated by reference herein.
10.17	Contribution Agreement by and between Red Trail Energy, LLC and Renewable Products Marketing Group, LLC dated January 1, 2008.	Filed as Exhibit 10.42 to our Annual Report on Form 10-K for the year ended December 31, 2007 (000-52033) and incorporated by reference herein.
10.18	Distillers Grain Marketing Agreement by and between Red Trail Energy, LLC and CHS, Inc dated March 10, 2008.	Filed as Exhibit 10.44 to our Annual Report on Form 10-K for the year ended December 31, 2007 (000-52033) and incorporated by reference herein.
10.19	Assignment and Assumption Agreement dated April 1, 2008, by and between Commodity Specialist Company and Red Trail Energy, LLC.	Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 (000-52033) and incorporated by reference herein.
10.20	Employment Agreement dated August 8, 2008 by and between Red Trail Energy, LLC and Mark Klimpel.	Filed as exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on August 13, 2008 (000-52033) and incorporated by reference herein.
10.21	Amended and Restated Member Control Agreement of Red Trail Energy, LLC.	Filed as exhibit 4.2 to our Current Report on Form 8-K filed with the SEC on June 1, 2009 (000-52033) and incorporated by reference herein.
10.22	Amended and Restated Management Agreement made and entered into as of September 10, 2009 by and between Red Trail Energy, LLC, and Greenway Consulting, LLC.	Filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (000-52033) and incorporated by reference herein.
10.23	Employment Agreement between Red Trail Energy, LLC and Gerald Bachmeier dated July 8, 2010.	Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (000-52033) and incorporated by reference herein.
10.24	Mediated Settlement Agreement between Red Trail Energy, LLC, Fagen, Inc. and Fagen Engineering, LLC, and ICM, Inc. dated November 8, 2010. +	Filed as Exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on December 20, 2010 (000-52033) and incorporated by reference herein.
10.25	Letter Agreement between Greenway Consulting, LLC and Red Trail Energy, LLC dated January 13, 2011.	Filed as Exhibit 10.56 to our Current Report on Form 10-K for the fiscal year ended December 31, 2010 (000-52033) and incorporated by reference herein.
10.26	First Amended and Restated Revolving Promissory Note dated June 1, 2011 by and between Red Trail Energy, LLC and First National Bank of Omaha.	Filed as Exhibit 99.2 to our Current Report on Form 8-K dated June 1, 2011 (000-52033) and incorporated by reference herein.
10.27	Equity Grant Agreement between Kent Anderson and Red Trail Energy, LLC dated July 1, 2011.	Filed as Exhibit 10.1 to our Current Report on Form 10-Q for the quarter ended June 30, 2011 (000-52033) and incorporated by reference herein.
10.28	Corn Oil Separation System Agreement between Solution Recovery Services, LLC and Red Trail Energy, LLC dated October 6, 2011. +	Filed as Exhibit 10.60 to our Current Report on Form 10-K for the transition period ended September 30, 2011 (000-52033) and incorporated by reference herein.
10.29	First Amended and Restated Construction Loan Agreement between First National Bank of Omaha and Red Trail Energy, LLC dated April 16, 2012.	Filed as Exhibit 10.1 to our Current Report on Form 10-Q for the quarter ended March 31, 2012 (000-52033) and incorporated by reference herein.
10.30	Amended and Restated Ethanol Marketing Agreement between RPMG, Inc. and Red Trail Energy, LLC dated August 27, 2012. +	Form 10-K for the fiscal year ended September 30, 2012 (000-52033) and incorporated by reference herein.
10.31	Member Corn Oil Marketing Agreement between RPMG, Inc. and Red Trail Energy, LLC dated March 21, 2012. +	Filed as Exhibit 10.63 to our Annual Report on Form 10-K for the fiscal year ended September 30, 2012 (000-52033) and incorporated by reference herein.

10.32	First Amendment of First Amended and Restated Construction Loan Agreement between First National Bank of Omaha and Red Trail Energy, LLC dated October 31, 2012.		Filed as Exhibit 10.64 to our Annual Report on Form 10-K for the fiscal year ended September 30, 2012 (000-52033) and incorporated by reference herein.
10.33	Distillers' Grain Marketing Agreement between RPMG, Inc and Red Trail Energy, LLC dated October 1, 2013.+		Filed as Exhibit 10.31 to our Annual report on Form 10-K for the fiscal year ended September 30, 2013 (000-52033) and incorporated by reference
10.34	Rainbow Gas Asset Management Agreement, Dated September 3, 2014		Filed as Exhibit 10.32 to our Annual report on Form 10-K for the fiscal year ended September 30, 2014 (000-52033) and incorporated by reference herein.
10.35	Fourth Amendment of First Amended and Restated Construction Loan Agreement between First National Bank of Omaha and Red Trail Energy, LLC dated March 7, 2015		Filed as Exhibit 10.1 to our Quarterly report on Form 10-Q for the quarter ended March 31, 2015 (000-52033) and incorporated by reference herein.
10.36	First Amended and Restated Term Note between First National Bank of Omaha and Red Trail Energy, LLC dated March 20, 2015		Filed as Exhibit 10.2 to our Quarterly report on Form 10-Q for the quarter ended March 31, 2015 (000-52033) and incorporated by reference herein.
10.37	Second Amendment of First Amended and Restated Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement between First National Bank of Omaha and Red Trail Energy, LLC dated March 20, 2015		Filed as Exhibit 10.3 to our Quarterly report on Form 10-Q for the quarter ended March 31, 2015 (000-52033) and incorporated by reference herein.
10.38	Third Amended and Restated Revolving Credit Note between First National Bank of Omaha and Red Trail Energy, LLC dated March 20, 2015		Filed as Exhibit 10.4 to our Quarterly report on Form 10-Q for the quarter ended March 31, 2015 (000-52033) and incorporated by reference herein.
10.39	Fifth Amendment of First Amended and Restated Construction Loan Agreement between First National Bank of Omaha and Red Trail Energy, LLC dated March 20, 2015		Filed as Exhibit 10.5 to our Quarterly report on Form 10-Q for the quarter ended March 31, 2015 (000-52033) and incorporated by reference herein.
10.40	CEO Employment Agreement		Filed as Exhibit 10.1 to our Quarterly report on Form 10-Q for the quarter ended March 31, 2017 and incorporated by reference herein.
10.41	Promissory Note - 10 Million between Red Trail Energy, LLC and Cornerstone Bank dated January 22, 2020.		Filed as Exhibit 10.1 to our Quarterly report on Form 10-Q for the quarter ended December 31, 2019 and incorporated by reference herein.
10.42	Promissory Note - 7 Million between Red Trail Energy, LLC and Cornerstone Bank dated January 22, 2020.		Filed as Exhibit 10.2 to our Quarterly report on Form 10-Q for the quarter ended December 31, 2019 and incorporated by reference herein.
10.43	Commercial Security Agreement between Red Trail Energy, LLC and Cornerstone Bank dated January 22, 2020.		Filed as Exhibit 10.3 to our Quarterly report on Form 10-Q for the quarter ended December 31, 2019 and incorporated by reference herein.
10.44	Business Loan Agreement between Red Trail Energy, LLC and Cornerstone Bank dated January 22, 2020.		Filed as Exhibit 10.4 to our Quarterly report on Form 10-Q for the quarter ended December 31, 2019 and incorporated by reference herein.
10.45	Promissory Note - $28 million between Red Trail Energy, LLC and Cornerstone Bank dated February 1, 2021		Form 10-Q for the quarter ended December 31, 2020 (000-52033) and incorporated by reference herein.
10.46	Promissory Note - $10 million between Red Trail Energy, LLC and Cornerstone Bank dated February 1, 2021		Filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended December 31, 2020 (000-52033) and incorporated by reference herein
10.47	Promissory Note - $10 million between Red Trail Energy, LLC and Cornerstone Bank dated April 11, 2024		Filed as Exhibit 99.1 to our Current Report on Form 8-K dated April 18, 2024 (000-52033) and incorporated by reference herein.
31.1	Certificate Pursuant to 17 CFR 240.15(d)-14(a)	X	

31.2	Certificate Pursuant to 17 CFR 240.15(d)-14(a)	X
32.1	Certificate Pursuant to 18 U.S.C. Section 1350	X
32.2	Certificate Pursuant to 18 U.S.C. Section 1350	X
101.INS	Inline XBRL Instance Document	X
101.SCH	Inline XBRL Schema Document	X
101.CAL	Inline XBRL Calculation Document	X
101.LAB	Inline XBRL Labels Linkbase Document	X
101.PRE	Inline XBRL Presentation Linkbase Document	X
101.DEF	Inline XBRL Definition Linkbase Document	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Interactive Data Files submitted as Exhibit 101)	

(+) Confidential Treatment Requested.
(X) Filed herewith.
(**) Furnished herewith

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RED TRAIL ENERGY, LLC

Date: January 14, 2024	/s/ Jodi Johnson
	Jodi Johnson
	President and Chief Executive Officer
	(Principal Executive Officer)
Date: January 14, 2024	/s/ Joni Entze
	Joni Entze
	Chief Financial Officer
	(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date:	January 14, 2024	/s/ Sid Mauch
		Sid Mauch, Chairman and Governor
Date:	January 14, 2024	/s/ Syd Lawler
		Syd Lawler, Governor
Date:	January 14, 2024	/s/ Ambrose Hoff
		Ambrose Hoff, Secretary and Governor
Date:	January 14, 2024	/s/ Ron Aberle
		Ron Aberle, Governor
Date:	January 14, 2024	/s/ Mike Appert
		Mike Appert, Governor
Date:	January 14, 2024	/s/ Frank Kirschenheiter
		Frank Kirschenheiter, Governor
Date:	January 14, 2024	/s/ William A. Price
		William A. Price, Governor