Dakota ETHANOL

LACP

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

CEO Report:

45Z credits on the horizon

On July, 3, 2025, the One Big Beautiful Bill Act (OBBBA) passed Congress. Part of the OBBBA important to the ethanol industry are extension and modifications to the 45Z clean fuel production credit, reinstatement of the Research and Development immediate expensing provisions, and improvement of the 45Q carbon sequestration and utilization credit will provide a growth-oriented tax policy climate that ethanol producers can count on, improving the role that renewable fuels can play in helping reach our nation's energy independence goals.

Dakota Ethanol and the investee plants stand to benefit from the 45Z and R&D credits. Under the 45Z credits, the lower the plant carbon intensity score, the greater the tax credit availability. Final rule making for the 45Z credits is yet to be completed. Management is evaluating the opportunities and the known rules of the program. It is impossible to determine the exact financial impact of the financial incentives in the OBBBA, however, we anticipate that these financial incentives could positively impact Dakota Ethanol over the next several years.

—Scott Mundt, CEO

Commodity Update:

Time to think space and dryers

Harvest 2025 is upon us.

How do we best prepare for this harvest? It is looking really good for both corn and bean yields. Along with increased acres, where are we going to store it all? New bin space is too late and very expensive. One needs to consider what alternatives are available for more space. Possibly getting those derecho damaged bins fixed from a few years ago if you haven't already. Or consider renting a retired farmer's bin space. Maybe an ag bag would work for your operation if you have a spot for it where the animals will leave it alone. Maybe the weather will allow some fields to stand for a few weeks longer allowing space to free up at some of your delivery destinations.

Continued on Page 2

Returning more profits to members

The Lake Area Corn Processors Board of Managers has declared a second distribution to members for 2025. At the August meeting, the board declared a second distribution of $0.20 per unit to members of record as of July 1, 2025, bringing the total for the year to $0.40 per unit. During fiscal year 2024, the board made distributions totaling $0.90 per unit.

Unit trading report: Light but picking up

Capital units continue to be traded on AgStockTrade.com. While less than 1% of units have traded in the last four quarters (0.26%), third quarter activity for 2025 is picking up with 79,500 traded at $5.52 per unit average by mid-August, compared to only 12,500 units at $5.42 average during Q2.

Unit Trades by Quarter	Low Price	High Price	Average	Units Traded
Third Quarter 2024	$5.60	$6.00	$5.74	25,750
Fourth Quarter 2024	$5.25	$5.80	$5.39	37,000
First Quarter 2025	$5.50	$5.50	$5.50	1,000
Second Quarter 2025	$5.40	$5.50	$5.42	12,500

CFO Report:

High corn prices impact production costs

The second quarter 2025 resulted in improved profitability over the first quarter. However, year-to-date results are lower than 2024.

Revenues were influenced by increased production and lower sales prices. Dakota Ethanol had increased production due to a shorter spring maintenance shutdown duration. Total production for the quarter was 24.0 million gallons. Sales prices were lower related to energy and commodity market values.

Cost of revenues were higher due to early year corn market price increases. Natural gas values have been stable with adequate supplies.

Guardian Energy-Hankinson and Ringneck Energy experienced similar profit margins as Dakota Ethanol. Equity in income of investees was higher in 2024 due to insurance proceeds at Ringneck from the 2023 explosion at their plant.

Additional financial information for the quarter is available on the Company's website.

—Rob Buchholtz, CFO

Balance Sheet Data	6/30/2025	12/31/2024
Current Assets	$22,380,852	$45,615,219
Total Assets	$158,474,149	$184,564,771
Current Liabilities	$12,490,438	$29,178,523
Long-Term Liabilities	$1,000	$16,011,000
Member's Equity	$145,982,711	$139,375,248
Book Value Per Capital Unit	$4.93	$4.71

Statement of Operations	Three Months Ended 6/30/2025	Three Months Ended 6/30/2024	Six Months Ended 6/30/2025	Six Months Ended 6/30/2024
Revenues	$50,929,649	$49,439,857	$102,744,937	$96,087,538
Gross Profit	$6,927,011	$7,892,276	$12,985,707	$10,478,298
Equity in Net Income of Investments	$1,978,106	$6,094,749	$3,181,113	$7,081,015
Net Income	$7,200,566	$12,414,699	$12,693,088	$14,772,353
Net Income Per Capital Unit	$0.24	$0.42	$0.43	$0.50
Distributions Per Capital Unit	$0.20	$-	$0.21	$0.30

Continued from Page 1

Looking ahead to harvest, marketing decisions

It looks like the market is rewarding us for storing both corn and beans this fall.

Taking the corn and beans to town is the normal thing to do when the bins are full at home, but those delivery locations will likely be getting full and be posting a wide basis especially during those heavy delivery periods….so be prepared.

Having a delivery contract normally gives producers a priority over those doing delayed pricing or to some extent priority over spot deliveries.

Here at Dakota Ethanol we will be offering a fall Delayed Pricing program at the cost of a 20 cent minimum until Jan. 1, then 10 cents per bu per month thereafter prorated daily. However, this DP program will be ending at a point in time in which we will need to protect enough space for our contracted bushels to be delivered in a timely manner.

Another reminder is to get your grain dryer in good working order as DE can only grind a limited amount of wet corn with only a small bin in which to blend higher moisture corn back out. We normally accept corn up to 18% moisture with limited space, but we generally can accept corn up to 16% moisture with fewer space restrictions.

Future outlook

Past performance is NOT indicative of future results, but the last few years we've bottomed this market out in Aug/Sept and enjoyed nice rallies into Jan/Feb with a second chance to sell into the early spring. This last USDA WASDE report likely showed the largest yield and acreage number and most likely will be coming down in their subsequent monthly reports. South America is raising more soybeans than the USA by far and therefore the seasonal adjustments are changing and coming earlier than the historicals. Please take the time to place triggers at price levels that you can live with, not hit the home run with...you can't live life in reverse. Break your sales up into 5-10 marketing decisions. Use a market advisor and or banker to help make some of these difficult decisions.

Feeders

Please book your feed needs early as there are a number of competitors who are going to be taking extended shutdowns in September. This is also a good time of the year to contract your needs now through the winter. We offer a variety of contracts/pricing options. Please contact one of the fine members in our distillers marketing department and we'll take care of you and your operation with top notch customer service with premium quality distiller's products.

—Paul Geraets, Commodity Manager