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CEO Report:

Shutdown, expansion set stage for production increase

The first quarter of 2026 resulted in strong production and financial performance. Increased ethanol and corn oil pricing contributed to good margins during the quarter supported by consistent production operations.

Shutdown complete

Spring shutdown completed the last week of April was very busy and productive. Major projects completed during the shutdown included an overhaul of the regenerative thermal oxidizer (replacement of ceramic blocks and insulation) along with new tray installation in distillation beer stripper column #1. This new tray design will facilitate increased throughput required in 2027 with expanded production.

45Z tax credit update

As previously disclosed in August 2025, November 2025, and February 2026 newsletters, we are working very hard to realize tax credit revenue from the 45Z clean fuels tax credit (the "45Z Credit"). Although the IRS has not approved final regulations regarding the 45Z Credit, we have met the prevailing wage requirements for 2025 and realized tax credit revenue of $.20 per gallon for 2025. This is expected to increase to $.30 per gallon for 2026 through 2029 with removal of Indirect Land Use Change from our Carbon Intensity (CI) calculation as proposed. Increased production gallons from the expansion to 150 MGY will increase the revenue expected from the 45Z Credit.

Construction underway

The expansion project to increase ethanol production from 100 MGY to 150 MGY is moving from the design phase to the construction phase. A new storage building in the southeast portion of the site is nearing completion, which will allow relocation of the maintenance department to the existing storage building as it is vacated.

The control room and laboratory offices will relocate to the old maintenance area which facilitates installation of new process equipment to support the expanded ethanol volume. Excavation and foundation work has begun for new fermentation tanks, cooling tower cells, and additional process tanks required. We anticipate completion of construction and startup to occur in mid 2027.

—Scott Mundt, CEO

Still monitoring Climate Smart Ag rules for farm level CI scoring opportunities

The ethanol industry is awaiting final rules from the Department of Treasury and USDA surrounding 45Z rules and the ability to incorporate farm level CI scores into the CI calculator. Management is evaluating opportunities for the farmer and assessing how to reward the farmer for low-CI farm practices.

Please monitor the Dakota Ethanol website page "CSA/45Z" for developments. Any questions, please contact our staff for assistance.

CFO Report:

Input, energy prices combine for strong quarter

Dakota Ethanol production was steady, producing 24.7 million gallons during the first quarter 2026.

Profits for the quarter were up primarily due to decreased cost of revenues.

Revenues for the quarter were stronger due to increased ethanol and distillers corn oil prices as the energy markets rose due to the war in Iran and the Straits of Hormuz.

Cost of revenues were lower as the corn markets were lower with strong yields and carryout in the 2025 corn crop.

Income from the investee plants also increased with strong crush margins and production rates at Hankinson and Ringneck.

Additionally, the first quarter of 2026 was influenced by accruals for the 45Z credits. 2025 did not have any credits accrued in Q1.

—Rob Buchholtz, CFO

Balance Sheet Data	3/31/26	12/31/25
Current Assets	$42,751,815	$74,803,223
Total Assets	$199,285,642	$207,671,497
Current Liabilities	$12,386,498	$26,805,153
Long-Term Liabilities	$-	$1,000
Member's Equity	$186,899,144	$180,865,344
Book Value Per Capital Unit	$6.31	$6.11

Statement of Operations	Three Months Ended 3/31/2026	Three Months Ended 3/31/2025
Revenues	$52,038,161	$51,815,288
Gross Profit	$11,322,579	$6,058,696
Equity in Net Income of Investments	$4,702,857	$1,203,007
Net Income	$17,885,744	$5,492,523
Net Income Per Capital Unit	$0.60	$0.19
Distributions Per Capital Unit	$0.40	$0.01

Unit prices trend higher in limited trading activity

Capital units continue to be traded on AgStockTrade.com. Less than 1 percent of the total 29,620,000 outstanding units have traded in the last four quarters. Second quarter 2026 activitiy has been steady with 40,000 Class C united traded at an average price of $7.64 per unit.

Unit Trades by Quarter	Low Price	High Price	Average	Units Traded
Second Quarter 2025	$5.40	$5.50	$5.42	12,500
Third Quarter 2025	$5.40	$6.10	$5.62	96,500
Fourth Quarter 2025	$5.40	$8.00	$6.84	36,000
First Quarter 2026	$7.05	$8.00	$7.31	95,000

Directors re-elected

Three directors were elected to the board at the 2026 annual meeting in April. Marty Thompson, Todd Brown and Wayne Backus were reelected and will each be serving 3-year terms.

Second distribution declared

Dakota Ethanol's board of managers has declared a $0.10 per unit distribution to members of record as of April 1, 2026. This is the second distribution of the year, following a $0.40 distribution paid to members of record as of Jan. 1, 2026.