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Dakota ETHANOL LACP

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CEO Report:

Board OKs 3rd 2026 distribution

The first six months of 2026 resulted in strong production and financial performance. Increased ethanol and corn oil pricing contributed to good margins supported by consistent production operations. The Board approved a $.10 per unit distribution to be paid in August to members of record on July 1, 2026. This is the third distribution of the year. Total distributions thus far in 2026 equal $0.60 per unit.

The expansion project to increase ethanol production from 100 MGY to 150 MGY is moving along as planned. Capital costs of about $110 million have been approved for the process equipment required. We are evaluating alternatives for increased infrastructure (corn storage, rail, natural gas) that will facilitate the new production volume. We anticipate completion of construction and startup to occur mid-2027.

—Scott Mundt, CEO

CFO Report:

Energy prices, 45Z credits boost revenue

Dakota Ethanol production was 22.6 million gallons during the second quarter, slightly lower due to the spring maintenance shut down.

Operating revenues have increased on higher ethanol and corn oil prices as the energy markets continue to trade at higher prices due to the war in Iran. Cost of revenues are lower as the corn market has softened compared to the prior year. Higher corn production and inventory reports influenced the corn markets.

The net income of Dakota Ethanol and the investee plants has increased in 2026 as accruals of estimated 45Z tax credit transfer agreements are made in 2026 that were not accrued to date in 2025.

The investee plants are seeing similar influences affecting their profitability also. Hankinson production exceeds 160 MGY rates and Ringneck production exceeds 90 MGY rates.

—Rob Buchholtz, CFO

Balance Sheet Data	6/30/26	12/31/25
Current Assets	$42,398,663	$74,803,223
Total Assets	$226,868,316	$207,671,497
Current Liabilities	$20,938,541	$26,805,153
Long-Term Liabilities	$500,000	$1,000
Member's Equity	$205,429,775	$180,865,344
Book Value Per Capital Unit	$6.94	$6.11

Statement of Operations	Three Months Ended 6/30/2026	Three Months Ended 6/30/2025	Six Months Ended 6/30/2026	Six Months Ended 6/30/2025
Revenues	$57,172,198	$50,929,649	$109,210,359	$102,744,937
Gross Profit	$13,737,627	$6,927,011	$25,060,206	$12,985,707
Equity in Net Income of Investments	$6,030,698	$1,978,106	$10,733,555	$3,181,113
Net Income	$21,805,781	$7,200,566	$39,691,526	$12,693,088
Net Income Per Capital Unit	$0.74	$0.24	$1.34	$0.43
Distributions Per Capital Unit	$0.10	$0.20	$0.51	$0.21

AN OPPORTUNITY FOR DAKOTA ETHANOL CORN Producers

Could Your Corn Earn a Carbon-Intensity (CI) Premium?

DAKOTA ETHANOL HAS INVESTED MILLIONS TO LOWER THE CI OF OUR ETHANOL. NOW WE HAVE AN OPPORTUNITY TO WORK TOGETHER WITH OUR CORN SUPPLIERS TO LOWER THE CI OF THE CORN DELIVERED.

Why Does Carbon Intensity Matter?

The 45Z Clean Fuel Production Credit creates a new opportunity for ethanol producers and farmers to work together. Carbon intensity (CI) measures the greenhouse-gas emissions associated with producing a product. For corn used by Dakota Ethanol, farming practices can affect the CI of the feedstock—and a lower feedstock CI can help lower the CI of the ethanol we produce.

The lower the CI score, the better. Dakota Ethanol is working to understand the final rules and develop a program that can reward farmers for producing lower-CI corn.

What Farming Practices Can Lower Corn CI?

Practice	BETTER — LOWER CI	MIDDLE	HIGHER CI
Tillage	No-Till	Reduced Till	Conventional Tillage
Nitrogen Rate	~0.6 lb N/bu*	~0.8 lb N/bu*	~1.0 lb N/bu*
Nitrification Inhibitor	Applied to 100% of N	Applied to 50% of N	None
Cover Crops	Yes	Cover crop with grazing	No

*Illustrative examples only—not final 45Z requirements. Actual CI calculations will depend on the final USDA methodology and the practices used on each farm.

You May Already Be Producing Lower-CI Corn

You don't necessarily have to change your entire farming system. Many farmers are already using practices that may lower CI—reduced tillage, efficient nitrogen management, nitrification inhibitors, and cover crops..

The first step is to find out where your farm is today. Dakota Ethanol wants to work with its corn suppliers to identify the practices that can lower CI while still making agronomic and economic sense for each operation.

WHAT CAN YOU DO?

- ✓ Know your nitrogen rate and fertilizer practices
- ✓ Know your tillage system and passes
- ✓ Consider nitrification inhibitors where they make agronomic sense
- ✓ Consider cover crops where they fit your operation
- ✓ Watch for more information from Dakota Ethanol as the 45Z rules develop

We're Just Getting Started

The 45Z rules and the USDA feedstock carbon-intensity methodology are still developing. Dakota Ethanol's goal is to keep our farmer-owners informed and give you as much practical information as possible about the practices that can lower your corn's CI—and potentially create a premium opportunity.

LOWER THE CI OF THE CORN → LOWER THE CI OF THE ETHANOL → INCREASE THE VALUE OF THE ETHANOL

Dakota Ethanol — Working with our corn suppliers to make lower-CI corn and lower-CI ethanol.

Todd Brown, LACP Chariman

Minimal unit trading, but prices continue to tick up

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. Third quarter 2026 activitiy has been light with only 6,000 units traded at an average price of $8.50 per unit.

Unit Trades by Quarter	Low Price	High Price	Average	Units Traded
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
Second Quarter 2026	$7.25	$8.11	$7.75	52,000