CHIPPEWA VALLEY ETHANOL COMPANY

270 20th St NW | Benson, MN 56215



Harmon Wilts,
CVAC
CHAIRMAN

CHAIRMAN'S CHAT

As you read this newsletter the 2026 harvest is rolling along. Overall corn yields are better than expected depending where you live. In some cases the drought lowered yields. The crop came in the dryer with good test weight. Good quality corn is good for ethanol production. With the above average corn crop across the country, it is great to have CVEC. Without CVEC, think of what the price of corn would be. CVEC is good for farmers, good for our employees, good for our communities and good for all you shareholders.

CVEC had a record year. We also spent a lot of money improving the plant for you as a member as well as your next generation. Some of the approved projects include steam turbines, boilers, heat recovery, process well, decanters and a new natural gas connection.

Along with our partner plants we were able to capture significant 45Z tax credit dollars this year. With great management and product diversification along with our outside investments CVEC had record profits this year.

Thank you to all that made it to CVEC's 30 year celebration last June. It was a great event and nearly 500 people attended. As our mission the board is focused on generating distributions to our members by engaging in opportunities to increase the value of agricultural production. There are lots more opportunities for us going forward. A good example is in our region we produce nearly 322 million bushels of corn and only 60 million is used in this area so that leaves a lot of corn not being processed for added value. We also look at the large demand for ethanol going forward with E15, maritime fuel, jet fuel, exports and E98.

Our two main focus areas at our September shareholder meeting were current plant performance and expansion for the future. Your board and management have been working closely on the future expansion here in Benson. At the upcoming annual meeting we will have the details for you as shareholders. This expansion will help ensure our vision of our success as a multi-generational company. Our biggest success will be to celebrate 30 more years.

In paying dividends this fall, management and the board will look at several factors of which include cash on hand, K-1 tax statement estimates, near term projects, audit, budget projections for next year as well as where we see the industry going. The final decision will be made at the November full board meeting.

Thanks to our team at CVEC- the plant has run very well this year. We have one of the best management teams, staff and board in the country.

Please put January 21, 2027 on your calendar for our annual meeting in Benson at McKinneys.

CHIPPEWA VALLEY ETHANOL COMPANY

FALL
2026



Chad Friese,
GENERAL
MANAGER

CVEC Fall Operations Update

Celebration, Renewal, and Strategic Vision

Another Year Gone By

A year is 365 days, for CVEC we measure a fiscal year October 1st – September 30. How can a year go by so quickly? This has been a momentous year for CVEC, but it was also a remarkably busy year, and the management team is all wondering, where did the time go as we prepare to begin the next one with our best foot forward.

Operational Excellence & Fall (future) Preparation

Our September shutdown went very well as the team prepared the facility for another year of operation. Lots of items get done in a truly short window to put the plant in position for future success. Congratulations to the CVEC staff for continuously having the plant positioned for future success. The staff continue to do a phenomenal job, and the plant ran strong all year and is also positioned for future strong operations. Strong yields in both ethanol and corn oil, and an eye toward energy efficiency, all helped along by strong demand have come together to provide record profitability for 2026.

Strategic Investments & Yield Improvements

Investments in corn oil separation and lime centrifuging were very successful 2026 projects that will now drive bottom line return. A boiler replacement project that will be mostly getting constructed in 2027 is also a strategic investment towards energy efficiency, carbon intensity, and reduced future cost of operations. We also continue to explore investment into expanded production through possible expansion. Our outside investments have contributed greatly to our success, and all are on a similar process; how to strategically grow production, lower cost of operations and reduce energy (carbon intensity) per gallon produced.

Market Momentum: Room for Ethanol's Bright Future

In the article from the Board Chair, Harmon, he highlights some potential demand. Hear are some numbers to think about when we talk about future demand for ethanol.

- E15 Support: Year-round E15 has the potential to add 5 to 7 billion gallons of future ethanol demand.
- Record Consumption: High gasoline and diesel pricing are creating economic drivers domestically and abroad for biofuels. I expect we will see strong fuel prices for a while.
    - o We continue to see record E85 consumption in California and positive movement towards E15 acceptance with an average national blend at 11.2%.
- New Frontiers: Sustainable Aviation Fuel (SAF)- policies in place for 3 billion gallons of demand, and ethanol blends into shipping could be a 7-billion-gallon market opportunity.
- GREET Modeling: modeling continues to favor efficient, low-carbon production we practice here at CVEC, and additions of regenerative ag could push this even further.

Carbon intensity scoring, environmental attributes, proven usage, and a strong economic driver with high energy prices and a larger than expected corn crop makes ethanol an easy solution to a lot of questions. Potential demand suggests need for continued growth of ethanol production. Current US ethanol production is a little over 18 billion gallons per year.

(Cont'd on the next page)

Future Growth & Teamwork

We believe there continues to be significant opportunities to engage with our local producers, educate policymakers, and expand ethanol demand markets.

Thirty years of operation did not happen without the CVEC shareholder looking forward to the future. Teamwork, focus on future risks and opportunity, and the right plan towards another 30 years of successful operation will be needed. We will continue to educate the next generation towards ethanol production, and the impacts of local value creation. Thank you for your support, your hard work, and your belief in a better tomorrow. Have a safe and productive Fall!

The CVEC Management Team



Brody Padgett, COMMODITIES MANAGER

COMMODITY COMMENTS

As I write this article, corn harvest is in full swing in our area, and for the most part weather has been ideal, with temperatures running above average and very few rain delays. New crop corn quality appears to be very good, with the crop drying down naturally in the field and early indications pointing towards a crop that should allow for efficient processing through the plant. Yield reports are also very good. Many local producers are beginning to suggest that this year's corn crop has the potential to establish a new record for the Benson area.

The bumper crop has been a bright spot in what has otherwise been a difficult stretch for national corn prices. The final stocks report, released at the end of September, included a surprise increase in ending stocks that pushed the old crop carryout north of 2 billion bushels. Less than two weeks later, the USDA provided another surprise in the form of a 2.7 bushel per acre increase on the new crop national corn yield estimate. Historically this is a rather large change in yield and future increases to yield, or decreases in demand, could easily result in a new crop carryout above 2 billion bushels as well. Going forward, the market will continue to monitor the US crop size, but also quickly turn its attention to the upcoming Brazilian crops. It's been well advertised that this year's El Nino is trending towards being one of the strongest on record, which historically negatively impacts Brazilian crop size. While this is still worth watching, the recent changes to the US balance sheet makes a successful South American crop much less critical.

As always, please feel free to reach out to Sara or myself with any contracting questions, or to get set up with the CVEC customer online portal or mobile app. Thank you all for a successful past year and we'll look forward to Fiscal Year 2027.

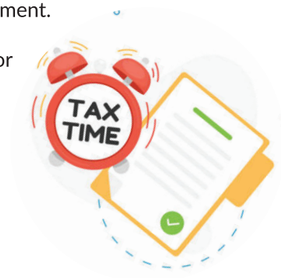
TAX ITEMS OF INTEREST:
PASS-THROUGH ENTITY (PTE) TAX

CVEC will be participating in the Minnesota Pass-through Entity (PTE) tax election for 2026. This election allows CVEC to pay Minnesota income taxes on behalf of their eligible owners, which creates a deductible business expense, effectively lowering CVEC's federal and state taxable income, which in turn lowers taxable income for eligible owners. Another benefit of CVEC making this election is it frees up the $40,400 individual level SALT cap for other state and local income taxes, and personal real estate taxes that may have previously been disallowed due to the cap.

Eligible owners include resident and nonresident individuals or estates, and grantor trusts. The grantor trust must be a disregarded entity owned by an individual who is a U.S. citizen. If you are an eligible owner and do not have any other Minnesota source income, the PTE election will satisfy an owner's Minnesota filing requirement. Eligible owners cannot elect out of the PTE tax.

The PTE tax paid for eligible owners will be reflected on the K-1 as a Pass-Through Entity Credit and is a payment towards your Minnesota income tax. It is also considered an advance of your partner distribution and will be deducted from the next distribution payment.

Please consult your tax advisor regarding the impact of these payments as each situation is different.



PLEASE NOTE: K-1 TIMING

We continue to navigate the evolving 45Z Clean Fuel Production tax credit and anticipate K-1's will be ready earlier than last year's mid-March date. However, the U.S. Treasury continues its work on regulations and anticipates issuing final rules in mid-November. Dependent on the timing of this release and the impact it could have on our recent fiscal year, this could slow the timing of K-1's. Optimistically, we are hoping to issue K-1's in mid-February, but this timing is certainly not guaranteed. We will keep you posted and update our website in early 2027.

CVAC
CHIPPEWA VALLEY AGRAFUELS COOPERATIVE

Director Nomination Procedures — Fiscal Year 2027

ALL NOMINATIONS OF PERSONS TO STAND FOR ELECTION AS DIRECTORS WHICH ARE MADE BY MEMBERS OF Chippewa Valley Agrafuels Cooperative MUST COMPLY WITH THE BELOW REQUIREMENTS

NOMINATION NOTICES MUST BE RECEIVED BY CVEC NO LATER THAN 4:30PM ON DECEMBER 4, 2026

One or more nominees for director positions up for election may be named by a nominating committee established by the directors. Additionally, any member who is entitled to vote in the election of directors may nominate one or more persons for election as directors only if written notice of nomination or nominations (a "nomination notice") has been given, either by personal delivery, email or by United States mail, postage prepaid, to the CVEC office no later than the time set forth by nominating committee. A nominee shall only be duly and validly nominated if such nominee qualifies for election to the seat to which such nominee is nominated, were such person elected.

CVEC MAIN OFFICE
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Benson, MN 56215
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P: 320-843-4813

Please inform the CVEC office on or before 4:30pm on December 4, 2026 of any nomination notice. You may do so by phone, email or U.S. mail.

If you would like to nominate someone to stand for election as a director for the upcoming fiscal year 2027, please comply with the above requirements. The nominating committee of CVAC will review all nominations to assure compliance with CVAC bylaws. The nominating committee reserves the right to modify the rules and procedures at its discretion. All three incumbents will be running for re-election.

OPEN SEATS ACCORDING TO DISTRICT

District 1: 1 open seat (3 year term) - Richard Syverson, incumbent
District 2: 1 open seat (3 year term) - Tom O'Leary, incumbent
District 3: 1 open seat (3 year term) - Chuck DeGrote, incumbent

SHAREHOLDER INFO...

1st TRIMESTER PRICE ANNOUNCED.
The price for 1st trimester of FY 2027 will be $4.00/bushel plus freight and equalization.

DELIVERY NOTICES START WITH THE LETTER "O" FOR 1st TRIMESTER.
CVAC will be calling in 35% of corn deliveries for 1st trimester of 2027. Open delivery will continue in place and any shareholders who own 50,000 shares or more will continue to have two weeks in which to deliver your corn.

Reminder of the ALTERNATE DELIVERY AGREEMENT opportunity for corn deliveries at CVEC. Please call the CVEC office to discuss details.

Please remember to sign and return DEFERRED SETTLEMENT CONTRACTS within 30 days of delivery.

The TAX PLANNING LETTER will be sent out to shareholders beginning of December.

The BENSON CORN POOL is showing a loss of approximately $0.135-$0.145 per bushel based on unaudited financial statements. The funding decision of this loss will be determined at the BCP November board meeting.

FINANCIAL STATEMENTS are found on our website using password CVEC$

FREIGHT RATE NOTICE: The CVAC Board of Directors has approved an increase to the freight rate paid on physical shareholder deliveries in FY2027. The new freight rates took effect October 1, and will apply both to Area Average +4 deliveries as well as deliveries under the Flexible Pricing Program.

Tier (mi)	Rate ($/bu)
0-10	$ 0.08
11-15	$ 0.11
16-20	$ 0.12
21-27	$ 0.13
28-33	$ 0.15
34-47	$ 0.18
48-60	$ 0.20
61-68+	$ 0.23

CVAC DELIVERY SCHEDULE

FISCAL YEAR 2027 (10/1/26 - 9/30/27)	
1st Trimester	O
2nd Trimester	F
3rd Trimester	W

FISCAL YEAR 2028 (10/1/27 - 9/30/28)	
1st Trimester	X
2nd Trimester	P
3rd Trimester	G



CVAC ANNUAL MEETING
Thursday, January 21, 2027 | 1:00pm
McKinneys on Southside, Benson