S&P Global
Market Intelligence

Green Plains Inc. NasdaqGS:GPRE

Earnings Call

Wednesday, November 5, 2025 2:00 PM GMT

CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	7

Call Participants

EXECUTIVES

Chris G. Osowski
CEO & Director

Philip B. Boggs
Chief Financial Officer

ANALYSTS

Andrew Strelzik
BMO Capital Markets Equity Research

Chengxi Jiang
Jefferies LLC, Research Division

Craig Irwin
ROTH Capital Partners, LLC, Research Division

Eric Stine
Craig-Hallum Capital Group LLC, Research Division

Manav Gupta
UBS Investment Bank, Research Division

Matthew Robert Lovseth Blair
Tudor, Pickering, Holt & Co. Securities, LLC, Research Division

Pooran Sharma
Stephens Inc., Research Division

Unknown Analyst

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Presentation

Operator

Good morning, and welcome to the Green Plains Inc. Third Quarter 2025 Earnings Conference Call. [Operator Instructions]

I will now turn the call over to your host, Phil Boggs, Chief Financial Officer. Mr. Boggs, please go ahead.

Philip B. Boggs
Chief Financial Officer

Good morning, and welcome to the Green Plains Inc. Third Quarter 2025 Earnings Call. Joining me on today's call is Chris Osowski, President and Chief Executive Officer; and other members of our leadership team. There is a slide presentation available, and you can find it on the Investor page under the Events and Presentations link on our website.

During this call, we will be making forward-looking statements, which are predictions, projections or other statements about future events. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in today's press release and the comments made during this conference call and in the Risk Factors section of our Form 10-K, Form 10-Q and other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statements.

And now I'd like to turn the call over to Chris Osowski.

Chris G. Osowski
CEO & Director

Thanks, Phil, and good morning, everyone. This has been a milestone quarter for Green Plains, one defined by operational excellence, discipline and execution. I want to first thank our employees for their hard work and dedication through what has been a very, very busy quarter. Also, to our Board of Directors for their confidence in me and our leadership team and finally, to our shareholders for their continued support of Green Plains. I'm proud of what we have been able to accomplish, and I'm confident that we can and will continue to deliver sustainable, profitable results.

For the first time in years, we entered the fourth quarter with no near-term debt concerns. Our balance sheet is restructured. Our carbon capture systems are up and operational in all 3 Nebraska locations, and our plants continue to perform at record levels. We built a simpler, fundamentally restructured business, allowing us to focus on value creation and strong consistent cash flows.

In order to recap the major activities since our last call, we want to highlight the following. The first, we executed on the sale of the Obion, Tennessee facility and concluded our strategic review process. We used those funds to fully repay approximately $130 million of high-cost debt. And next, we refinanced most of our 2027 convertible debt with a new $200 million facility due in 2030. We also executed on our first 45Z clean fuel production tax credit monetization agreement. And finally, we commissioned and started up the carbon capture facility at York, Nebraska with the Wood River and Central City, Nebraska locations currently in the process of ramping up capture rates as we speak.

Operationally, we're continuing to deliver record performance with our network of plants hitting over 101% capacity utilization, the highest level we reported in over a decade. This has been driven by our operational excellence programs that have been working in the background to improve fermentation yields and reduce plant downtime. We are seeing the results of what a focused effort can do with record or near-record yields for this group of plants in ethanol, corn oil and protein.

Financially, this quarter's results, including $52.6 million in adjusted EBITDA and $11.9 million in net income reflect the new foundation we've laid, and this is just the start. During the quarter, we began realizing benefits from the 45Z clean fuel production tax credit, and we recognized $25 million of

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

production tax credit value, net of discounts and costs during the quarter, and we anticipate another $15 million to $25 million of benefit in the fourth quarter. As we look to 2026, we anticipate these values to grow as we expand the program to all of our plants and see the impact from policy changes going into effect January 1.

We're proud of the progress that we've made to deliver on what we said we would do, which is positioning us to provide solid transparent results in the fourth quarter and beyond.

With that, I'll hand it back over to Phil to review the detailed financial results, and then I'll come back with a strategic update and commercial outlook.

Philip B. Boggs
Chief Financial Officer

Thanks, Chris. For the third quarter of 2025, we reported net income attributable to Green Plains of $11.9 million or $0.17 per share versus Q3 of 2024 of $48.2 million or $0.69 per diluted share. This quarter includes $35.7 million in nonrecurring interest expense tied to the extinguishment of our high-cost junior mezzanine debt. The result also includes $2.7 million in onetime restructuring charges related to our cost reduction and efficiency improvement programs. Adjusted for restructuring charges, noncash charges and inclusive of the production tax credit benefits, Q3 2025 adjusted EBITDA ended at $52.6 million compared to Q3 2024 of $53.3 million.

During the quarter, we strengthened our balance sheet and liquidity through the sale of our Obion asset in Tennessee. We used the proceeds to fully retire the junior mezzanine debt and enhance our liquidity. We also refinanced most of our 2027 convertible notes through a new $200 million convertible note due in 2030 and used $30 million from that transaction to buy back stock. We now have no significant debt maturities for the next several years.

Revenue for the quarter was $508.5 million, down 22.8% year-over-year. Like last quarter, our Q3 revenue was lower because we exited ethanol marketing for Tharaldson earlier this year and placed our Fairmont ethanol asset on care and maintenance in January of this year. These items naturally reduced the gallons we had to market.

SG&A totaled $29.3 million, which is $2.6 million higher than the prior year Q3. Last year's results benefited from some onetime true-ups related to compensation-related adjustments and payroll tax incentive refunds, while this quarter's results included some onetime expenses related to the final earn-outs at our FQT business. We continue to expect SG&A to improve on a go-forward run rate and remain on track to exit the year at a corporate and trade SG&A target of the low $40 million area with full company consolidated SG&A run rate in the low $90 million range, significantly improved from the $133 million and $118 million we incurred in 2023 and 2024.

Q3 2025 depreciation and amortization finished at $25 million compared to $26.1 million in the prior year quarter. Interest expense rose to $47.8 million, including onetime charges totaling $35.7 million tied to the extension and then the retirement of the mezzanine notes. With that behind us now, we anticipate our recurring interest costs will fall significantly in Q4 and into 2026.

We had an income tax benefit of $25.6 million. Our 45Z clean fuel production tax credits are recorded here under ASC 740 as deferred tax assets and then adjusted with the valuation allowance to recognize the likelihood of monetization resulting in the benefit. As a result, we recorded year-to-date production tax credits in the third quarter of $26.5 million, net of discounts. To match our view of operating performance, we've included the production tax credits in adjusted EBITDA. At the end of the quarter, our federal net operating loss balance of $200.5 million will provide future tax efficiency. Our normalized tax rate going forward is expected to remain in the 24% to 25% range.

On the balance sheet, our consolidated liquidity at quarter end included $211.6 million in cash equivalents and restricted cash, $325 million in working capital revolver availability, which is designated primarily for financing commodity inventories and receivables within our business. We had $136.7 million in unrestricted liquidity available to corporate.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Capital expenditures in Q3 were $4 million, including maintenance, safety and regulatory investments. For the remainder of 2025, we expect capital expenditures to be approximately $5 million to $10 million, which excludes the carbon capture equipment for our Nebraska operations, which are already fully financed.

Our balance sheet reflects the increase in the carbon equipment liability as anticipated as a natural result of progress that is occurring on the project. This now stands at $117.5 million, up from $82 million in the prior quarter. As the project reaches full completion, this will be reclassified to debt in future periods.

With that, I'll turn the call back to Chris to provide some strategic updates and the commercial outlook.

Chris G. Osowski
CEO & Director

The balance sheet transformation we executed on earlier this year has fundamentally changed how this company operates. The sale of the Obion plant allowed us to fully retire high-cost mezzanine debt and simplify our capital structure. In October, we completed $200 million in privately negotiated exchange and subscription agreements to extend the maturity of our converts and further derisk the business.

We ended the third quarter with $353 million in total debt, down over $220 million from year-end 2024. While our carbon capture liabilities will move to debt in the near future, we have no near-term debt maturities on the horizon other than the small remaining balance of the 2027 converts, leaving us plenty of runway to focus on operational excellence initiatives and delivering value for our shareholders.

One of the significant operational excellence initiatives we recently implemented is an overhaul of our CapEx policy and requirements for project justification and returns. This new rigor is aligned with our desire to be a data-driven organization that measures twice and cuts once. Going forward, we will apply these new processes as we prioritize our capital allocation strategy, which will be focusing on: number one, strengthening our plant assets and maintaining or improving throughput, reducing our plant's carbon intensity through projects such as low energy distillation or combined heat and power, debottlenecking plant assets are incrementally expanding capacity, delevering the balance sheet through targeted debt reductions and also options for returning capital to shareholders over time.

We're developing a clear capital allocation matrix that weighs returns across each of these options so we can deploy capital where it drives the most long-term value. This is just one of the significant operational excellence initiatives we executed on during Q3. We've also completely revamped our plant financial models, taking into account all production scenarios and corresponding carbon intensity and P&L impacts. At the same time, we implemented a cross-functional sales and operations planning process and updated forecasting process that has equal involvement from our commercial, operations and finance teams.

While in Q3, we delivered results marked by strong operational execution and one of our core expectations is continuous improvement. Previously, we mentioned in Q3, our plants achieved above 100% capacity utilization, and we feel it's time to raise the bar. As we complete our budget cycle, we will be reviewing the capacity of our fleet with an eye towards updating our baseline capacity numbers for 2026. With a focus on operational excellence, we are happy to be in a position to have to make this change.

From the commercial perspective, the overall margin structure improved significantly through the second half of the third quarter and early part of the fourth quarter, driven by tighter ethanol supplies, lower input costs and stronger corn oil values. Ethanol prices rallied roughly $0.25 to $0.30 per gallon in August and September off of the early summer lows, while corn prices stayed subdued despite earlier expectations of a tight balance sheet. Favorable weather ultimately supported larger yields and a more balanced corn outlook.

Corn oil prices increased early in Q3 following the 2026 RVO ruling before moderating late in the quarter. By contrast, DDGs and high protein values remained under pressure through much of the quarter given ample supply and typical seasonality. Looking ahead, with fall maintenance and peak summer driving behind us, ethanol prices have returned to more historical levels.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Margins in the fourth quarter still remain attractive, and we are set up for a solid Q4 performance. We're about 75% hedged on crush in the fourth quarter and have put positions on for Q1 in 2026 following our disciplined hedging strategy that we've been executing on for several quarters now.

Demand drivers are in place with healthy export volumes and a growing acceptance of E15, although we do expect to see typical seasonal volatility as we move through the back half of Q4 and into traditional weaker margin winter months.

Before we move on to Q&A, I want to leave you with this perspective. Green Plains is no longer approaching an inflection point. We're right in the middle of it. With all 3 of our Nebraska facilities, Central City, Wood River and York now capturing CO2. This isn't a future of promise anymore. It's happening today. The equipment is running across all 3 locations, carbon is delivered to the pipeline, and we're generating credits. Our Advantage Nebraska strategy is operational and our overall decarbonization strategy has expanded to our entire operating platform.

In closing, a lot of the heavy lifting has been done. We are entering a new chapter built on operational excellence, discipline and execution. We've simplified our business, strengthened our liquidity and have proven our ability to deliver. Our carbon strategy is now a reality. Physical CO2 is being captured and monetized and the earnings power of Green Plains is being transformed. We're confident in the path ahead as we finish 2025 on a strong note and look forward to 2026 and beyond.
Operator, we'll now take questions.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Question and Answer

Operator

[Operator Instructions] Our first question comes from the line of Manav Gupta with UBS.

Manav Gupta
UBS Investment Bank, Research Division

You came in at a very challenging time, and you have seemed to turn this boat very quickly and very efficiently. I want to congratulate you on that. My question here is, sir, as you look forward for the next 9 to 12 months, what are your key challenges that you still think you have to encounter to get GPRE back at a run rate where it was probably 3 or 4 years ago?

Chris G. Osowski
CEO & Director

Yes, and thank you for the question. We really feel good about the actions taken over the last 6 to 9 months to manage costs in our network. We're really focused on making sure that our plant assets are competitive and the results of the operational excellence initiatives are really coming to fruition, whether it be looking at improved plant yields or reduced plant OpEx, we see these plants coming into a very competitive position.

And in terms of other obstacles going forward, we are going to focus on the things that are within our control, and we need to deliver on the opportunities the carbon program is going to provide us. So, we still have to run the plants, we still have to put gas in the pipe, and we still have to monetize the tax credits on top of being great at what we do day-to-day, which is buying corn, running plants efficiently and marketing our products to our client base.

Manav Gupta
UBS Investment Bank, Research Division

Perfect. My very quick follow-up is, as you move along this journey, it's becoming increasingly clear you are going from a state of cash burn to probably significant cash generation once all these plants start up and there is more policy clarity. Help us understand what could be the uses of some of those cash. As you said, you do not actually have any near-term maturities. So, help us understand what could be the possible uses of this cash as you generate it in '26 and '27?

Chris G. Osowski
CEO & Director

Yes, sure. And first and foremost, we are going to maintain the health of our operating assets. So, we're going to ensure that our plants can produce at a competitive position. And we want to drive those plants into the top 25% quartile of the industry. Next, we have numerous opportunities to further reduce our carbon intensity scores in plants, whether it be moving toward low-energy distillation technologies to further reduce natural gas or electrical consumption in plant or considerations for combined heat and power in plants. There are a lot of opportunities that are still available to us. And then debottlenecking and adding capacity where it makes sense. So, these are some of the opportunities, along with further debt reduction and returning value to shareholders.

Manav Gupta
UBS Investment Bank, Research Division

Congrats on a very strong quarter.

Operator

Your next question comes from the line of Pooran Sharma with Stephens Inc.

Pooran Sharma

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Stephens Inc., Research Division

Just wondering if maybe we could talk about some of the incremental unlocks beyond your Advantage Nebraska strategy. And apologies if I missed the details in your prepared remarks. But I think the last time -- last quarter, the plan was to get about $50 million of EBITDA contribution from these assets that are non-Nebraska. And so you kind of went into detail on some of the initiatives you're working on. Now that we've gotten some visibility into 45Z contribution on Nebraska. I was wondering if you could maybe peel the onion a little bit in terms of what can you do to unlock 45Z credits in your other assets beyond Nebraska? And how do you get to that $50 million essentially?

Chris G. Osowski
CEO & Director

Yes, that's a good question, and I appreciate that. For the non-pipeline plants or let's say, non-Nebraska locations, we have worked very diligently to improve the efficiency of those operations. and effectively lower their CI scores to the point where we expect them to be sub-50 effectively earning 5 points of CI reduction going forward. So, there are opportunities to further make those plants more efficient with additional technologies that we have opportunities to implement.

And we previously gave guidance around a $50 million P&L impact for those locations. We need to adjust that now that the Obion plant is not part of the fleet. So, our adjusted number is around $38 million of P&L impact just based on 120 million gallon plant with 5 points of CI reduction. So that's really where we sit, and there is just opportunities to grow that here going forward.

Pooran Sharma
Stephens Inc., Research Division

Great. Great. And I guess for my follow-up, just maybe wanted to see if you could walk through the rationale on the converts. I mean, I imagine there's a tad bit of like a tug and pull between potential dilution, but then also just cleaning up your balance sheet and making sure that you all have a good runway to operate. So, I was just wondering if maybe you could just provide some rationale on that move?

Chris G. Osowski
CEO & Director

Yes. I mean I think in general, we talked about Green Plains being at an inflection point and with the desire to eliminate debt overhang and then provide the organization the opportunity to focus on execution and running the day-to-day business. We want our employees focused on being great at buying corn, being great at running plants and being great at selling products. And the rationale behind the finance moves are really just to give us the opportunity to focus on the day-to-day business operations.

Operator

Your next question comes from the line of Matthew Blair with TPH.

Matthew Robert Lovseth Blair
Tudor, Pickering, Holt & Co. Securities, LLC, Research Division

Congrats on the strong utilization, 101% in the quarter. Could you talk a little bit more about the changes you are making at the plants? We're noticing that your CapEx is pretty low here. So, it seems like this is more process changes rather than throwing a lot of new money at the plant.

Chris G. Osowski
CEO & Director

Yes. And that's a great question. I think what you're seeing is the results of a focused effort. We are not in the process of starting up new technologies or adding complexity to our business. Our teams are focused on the blocking and tackling of running and operating the plants and driving higher yields. So, we're operating at higher yields than historically would have been anticipated when these plants were built. At the same time, a focused effort on reliability-centered maintenance to reduce planned and unplanned

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

downtime and putting in technical solutions to the things that cause us to shut down. And that's really what's driving the improvements in capacity utilization to the point now where we want to re-baseline the performance of the plants for the future. But it's a lot about setting expectation and improving the technical capabilities of both our corporate operations team and the plant management teams to run the assets as best we can.

Matthew Robert Lovseth Blair
Tudor, Pickering, Holt & Co. Securities, LLC, Research Division

Sounds good. And then for the $15 million to $25 million of 45Z credits in the fourth quarter, is that all coming from the Trailblazer plants? Or is there some contribution from the non-Trailblazer plants as well? And then also, why the range seems a little wide. What would put you at the lower end of the range versus the upper end of the range for the fourth quarter here?

Chris G. Osowski
CEO & Director

Sure. That's also a great question. And it's important to note that we still need to execute on the remainder of the fourth quarter. We've got the York, Nebraska plant up and fully operational at a very high capture efficiency. And we are in the process of getting Central City and Wood River ramped up in terms of capturing all the CO2 produced and putting it into the pipeline. So, we still -- it's still a work in progress, but we are very confident in our ability to execute on that piece. We just have to deliver here the remainder of the fourth quarter.

And to comment on the non-pipeline plants contributing to 45Z, we are working through PWA compliance for those locations that are currently operating at a sub-50 CI score. And it's really just about executing on that piece and managing the energy consumption for those plants to drive those credit values higher.

Operator

Your next question comes from the line of Eric Stine with Craig-Hallum.

Eric Stine
Craig-Hallum Capital Group LLC, Research Division

So, you're just talking about the other plants, the non-pipeline connected plants, and you mentioned the $38 million in potential 45Z. But can you give an idea of just what the investment might be? I know you're considering a number of things. I know some of those plants are already sub-50. But just some thoughts, maybe I know it's early days, but some thoughts on what that investment might look like.

Chris G. Osowski
CEO & Director

Yes. Good question. And we don't have a specific investment planned for any of those plants, but we do have numerous technologies we can deploy at any location now because effectively, starting January 1 with the removal of the ILUC or the indirect land use calculation on the CI score, we're going to see all of those plants effectively capturing 45Z value. So, each technology that is available to our plants has an equal footing regardless of pipeline status in terms of how it can deliver. So, we have a lot of options in front of us. And we're just focused on delivering this fourth quarter, generating free cash flow to give us the opportunity to then reinvest into the business.

Eric Stine
Craig-Hallum Capital Group LLC, Research Division

Got it. So, I mean, just as the calendar turns to 2026, it sounds like you do anticipate that you will start to capture some of that $38 million. It's just that there would be additional steps that you would need to take to fully capture it. Is that the way we should think about it?

Chris G. Osowski
CEO & Director

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

No. We expect to get the $38 million. That is our expectation for a 2026 run rate, independent of any additional CapEx to drive CI scores lower.

Eric Stine
Craig-Hallum Capital Group LLC, Research Division

Got it. Got it. That is very helpful. Maybe second one for me. This is -- I mean, gosh, the balance sheet and the flexibility you've got, you haven't had for a long, long time. I know you sold Obion. I mean, any thoughts, do you kind of feel like now with your 9 plants, this is where the platform should be? Or I mean, is it still kind of -- you've got a portfolio and depending on your options, there may be other asset sales?

Chris G. Osowski
CEO & Director

Well, with respect to our portfolio of plants, I mean, we feel good about the assets that we have, especially with respect to the rate of improvement we're seeing in those plant assets. At the same time, we've done a lot of work to manage our total corporate SG&A. And I feel like we've gotten the organization to its fighting weight, so to speak, such that we can be competitive in the ethanol space with the assets we have. And in terms of whether it be growth of business, we have opportunities to grow volume in our existing footprint if and when we make that sort of decision. But no really anticipation of significant changes at this point in time.

Operator

Your next question comes from the line of Salvator Tiano with Bank of America.

Unknown Analyst

This is [Hakim] on for Salvator. Quick question on the 45Z agreement on with Freepoint this year. Is it subject to any contingencies and how these credits will be finalized and audited in? And lastly, have you received any cash? And if not, when do you expect to receive cash flow?

Chris G. Osowski
CEO & Director

Yes. Thanks for the question, Salvator. Yes, we earlier announced the completion of the 45Z production tax credit monetization agreement with Freepoint. And this is for effectively all of the carbon credits that we would generate during 2025. And we are actively marketing credits for 2026, and we feel good about the relationship with Freepoint. In terms of the cash flow, I mean, that is one that is at our discretion depending -- based on our relationship with Freepoint, and we'll leave it at that.

Operator

Your next question comes from the line of Laurence Alexander with Jefferies.

Chengxi Jiang
Jefferies LLC, Research Division

This is Carol Jiang on for Laurence Alexander. Could you add a bit more color on the status of clean sugar technology? Like what is the status and the near-term monetization path for CST given the prior comments about wrapping up the effort? And what are the 2026 cash cost implications if commercialization is kind of like deprioritized?

Chris G. Osowski
CEO & Director

Yes. Very good question. With respect to CST, as previously mentioned on earnings calls, the CST technology does work, and it is functional. The issue we have is additional CapEx requirements to debottleneck the technology to get the full earnings potential out of that process. And with the recent policy changes with respect to 45Z, now we see a shift in focus in terms of putting any available cash that we have to the places where it can generate the best possible returns. And as it pertains specifically to the

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Shenandoah plant, we expect to -- we're in a position of capturing 45Z tax credits today based on how efficiently that plant is operating in terms of ethanol yields and total plant throughput. So, we have to take that into account when it comes to justifying additional CapEx in CST.

And as we mentioned, I think in the last earnings call, we're going to reevaluate that mid-2026 in terms of the path forward. But once again, that additional capital investment is going to have to compete with all the other opportunities we have to invest in our plant network.

Operator

Your next question comes from the line of Andrew Strelzik with BMO.

Andrew Strelzik
BMO Capital Markets Equity Research

I'm sorry if I missed this, but in the prepared remarks, you closed with a comment about the earnings power being transformed. And so, I was just curious with the operational improvements you've done, the cost savings, these tax credit benefits, how do you think about the earnings power going forward? How would you frame that?

Chris G. Osowski
CEO & Director

Yes. If I think of -- to frame up the ongoing earnings power, a couple of comments. We've talked about the Advantage Nebraska program delivering $150 million of P&L impact on a run rate basis. And just recently, we discussed the non-pipeline plants providing around a $38 million P&L impact. So that's a significant shift for us. At the same time, we also discussed reductions in SG&A on a year-over-year basis that are significant. And we talked earlier in this year about achieving over a $50 million cost reduction target. That on top of plant OpEx is reducing by more than $0.03 in 2025 relative to 2024. We've got a lot of good news to share, and we're very excited about being able to bring it to fruition here in 2026.

Philip B. Boggs
Chief Financial Officer

And Andrew, this is Phil. Just to add to that, on the balance sheet front, forward interest expense for next 12 months looks to be more in that $30 million to $35 million range with the restructuring of the balance sheet that we've done. So much improved from that standpoint as well. So, as Chris noted, significant improvement in core operational expenses with that $50 million and then that combined $188 million of carbon-related 45Z production tax credits and voluntary tax credit earnings power for the full year of 2026, we do believe that we're in a significantly transformed earnings position going forward.

Andrew Strelzik
BMO Capital Markets Equity Research

Okay. That's good color and super helpful. My other question kind of on the core underlying ethanol fundamentals. I think you said you're 75% hedged for the fourth quarter. How hedged are you for the first quarter? And in addition to that, how are you guys thinking about potential contributions next year from ethanol exports and E15? Obviously, a lot of headlines, trade agreements, those types of things. Can you kind of frame what a reasonable expectation around those 2 dynamics would be?

Chris G. Osowski
CEO & Director

Yes. And with respect to position taking, we don't want to get into too much detail on where we sit, but we've talked about having a disciplined strategy. And effectively, we're going to be in the market every day looking for opportunities to lock in margin when the market provides that to us. So, we're active in Q4 and Q1 of 2026.

With respect to questions around demand drivers, we see export demand strengthening on the basis of strong numbers, 2 billion-plus gallons in 2025. We expect that to grow with, in particular, demand coming

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

from Canada, the EU and India based on government mandates in those countries. And also, with respect to E15 acceptance in all 50 states is also an important driver of demand, but we don't really anticipate that to materialize until probably the second half of 2026 into 2027 based on the needs of developing infrastructure in that part of the world.

Operator

Final question comes from the line of Craig Irwin with ROTH Capital.

Craig Irwin
ROTH Capital Partners, LLC, Research Division

So, you were very clear that the sequestration equipment is working and you're putting carbon in the pipeline. But can you clarify for us whether or not Trailblazer is injecting the carbon in the sequestration wells? And is there any uncertainty around some of the delays there impacting the value of credits that you announced the sale of today?

Chris G. Osowski
CEO & Director

Thanks for the question, Craig. With respect to status of pipeline, just to recap, we have the York asset fully operational, we've got Central City and Wood River, where we've fully commissioned all of the equipment and are in the process of ramping up capture rates. And right now, the pipeline team is working on basically operationalizing the entire pipeline, sending the gas to Wyoming. So, there's a little bit of a time delay between getting equipment commissioned on the capture side of things and the actual sequestration well itself. So, like I mentioned, there's a little bit of time delay, but we are confident in our partners' ability to execute on the start-up and commissioning of that equipment. So, we really feel good about where we're positioned.

Craig Irwin
ROTH Capital Partners, LLC, Research Division

Okay. So, the second question then is, do you face a potential limit on the inventory of the carbon that you're putting into the pipeline given that there is a little bit of uncertainty around the injection at those wells in Wyoming? Or is there a fairly substantive potential to continue to put carbon into the pipeline?

Chris G. Osowski
CEO & Director

Yes. There's plenty of capacity for all of our plants to put the gas in the well. And the range we provided in terms of carbon anticipated value in Q4 is really based around the timing and the capture efficiency of our assets and also the execution of our base plant operations through the balance of Q4.

Operator

Thank you, everyone. That concludes our Q&A session for today. I will now turn the call over back to Mr. Chris Osowski for closing remarks. Please go ahead, Mr. Osowski.

Chris G. Osowski
CEO & Director

All right. Thank you, everyone, for your time today, and we look forward to updating you on our operational performance and financial results next quarter. If you have any follow-up questions for us, please reach out, and we'll find time to connect.

Operator
Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect. Have a nice day ahead, everyone.

Copyright © 2025 S&P Global Market Intelligence, a division of S&P Global Inc. All Rights reserved.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.
© 2025 S&P Global Market Intelligence.