

August 29, 2025

VALUATION

Current Price	\$64.11
52 Week Range	\$33.4–\$64.9
Market Cap (\$-Mn)	1,056
Ent. Value (\$-Mn)	831
Shares Out. (Mn)	16.5
Float	87.9%
Avg. 3-Month Volume	0.11Mn
LTM P/S	1.6x
LTM P/E	21.7x

Source: TIKR

FUNDAMENTALS

Revenue (FY23)	\$833 Mn
Revenue (FY24)	\$642 Mn
Revenue (LTM)	\$650 Mn
EPS (FY23)	\$3.47
EPS (FY24)	\$3.30
EPS (LTM)	\$2.95
Cash and cash equivalents (2Q FY25)	\$310.5 Mn

Source: Company Filings, TIKR

STOCK PRICE PERFORMANCE



Source: TIKR

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REX American Resources Corp. (REX)

Strategic Execution and Industry & Regulatory Tailwinds Position REX for Sustained Growth and Value Creation

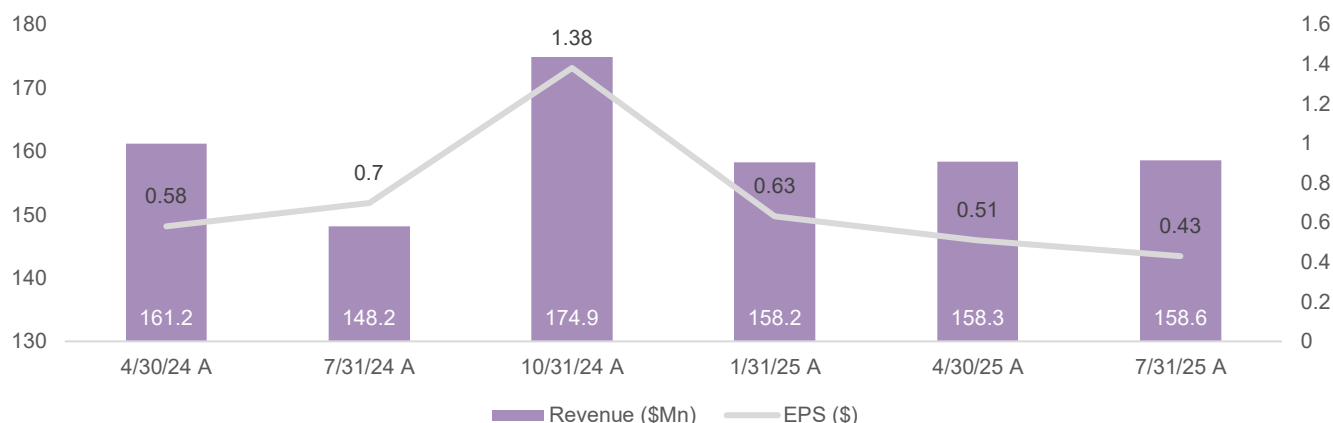
■ Key Takeaways:

- Operational excellence drives 20th consecutive profitable quarter, led by higher ethanol sales volume and strong corn oil pricing.
- The One Earth facility ethanol production expansion remains on schedule for completion in 2026 and Carbon Capture project is also project progressing well.
- Regulatory tailwinds continue – passage of The Big Beautiful Bill Act strengthens REX's carbon capture economics and growth potential.
- A favorable industry outlook and continued execution of 3P strategy focused on Profit, Position, and Policy point to growth and margin expansion in the coming quarters.
- Reasonably valued given growth prospects and industry/regulatory tailwinds. Stock split to boost liquidity and expand investor base.

■ Operational excellence drives 20th consecutive profitable quarter, led by higher ethanol sales volume and strong corn oil pricing. REX reported net sales of \$158.6 million in 2QFY25 (quarter ending 7/31/25), up 7% y/y as ethanol sales volume came in at 70.6 million gallons vs. 65.1 million gallons in 2QFY24, offset partially by average selling price (ASP) of \$1.75/gallon during the quarter, down versus \$1.79/gallon in the prior year.

- Dried distillers grain (DDG) sales volumes during 2Q FY25 totaled ~148,000 tons (vs. 133,000 tons y/y) with an ASP of \$143.63/ton (vs. \$164.45/ton y/y). Modified distillers grain sales volumes came in at 19,000 tons for the quarter with an ASP of \$64.41/ton.
- Corn oil sales volumes were ~23.1 million pounds, +14% y/y, with an ASP of \$0.54 per pound, +26% y/y, resulting in a 46% y/y increase in corn oil sales during the quarter.
- Gross profit came in at \$14.3 million, down from \$19.8 million in 2Q FY24 due to lower sales prices for dried distiller grains and higher shipping costs. SG&A decreased to \$6.2 million vs. \$6.4 million y/y, reflecting cost discipline and strong execution. Interest and other income totaled \$3.1 million vs. \$4.4 million a year ago.
- Net income came in at \$7.1 million or \$0.43 per share, compared to \$12.4 million, or \$0.70 per share, in 2Q FY24. While earnings declined y/y due to lower DDG pricing and higher shipping costs, the quarter still marked REX's twentieth consecutive quarter of profitability, a notable achievement in a volatile ethanol industry.
- This consistency makes REX a standout player in the industry, and underscores two key strengths that the company has:** (1) disciplined execution and cost management, which enables REX to maintain margins despite commodity price fluctuations, and (2) strategic positioning in the U.S. Corn Belt, providing reliable feedstock supply, competitive logistics through Class 1 rail connectivity, and strong access to both domestic and export markets.

Chart 1: REX Revenue & EPS (Quarterly)



Source: Exec Edge Research, REX SEC Filings, TIKR. REX's Fiscal ends on 1/31.

- **The One Earth facility ethanol production expansion remains on schedule for completion in 2026 and Carbon Capture project is also project progressing well.** REX has advanced its growth initiatives at The One Earth facility, completing the energy efficiency upgrades that will support lower carbon intensity and higher operational efficiency. The ethanol production expansion, targeting an increase in capacity, remains on schedule for 2026. On the carbon capture front, construction of the capture and compression systems was substantially completed in FY24. The remaining step, EPA approval for the Class VI injection well is progressing, with the final decision now expected in March 2026, earlier than previously anticipated.
 - **To date, REX has invested \$126.7 million in these strategic projects, against a combined budget of \$220-\$230 million,** reaffirming disciplined capital execution and long-term growth positioning.
 - **Pipeline construction contingent on moratorium expiry and multiple regulatory approvals.** REX aims to begin building its carbon pipeline after the Illinois moratorium on carbon pipelines expires in July 2026, provided all required approvals are secured. Beyond the EPA's Class VI well permit, the company needs a local county special-use permit, clearance from the Illinois Environmental Protection Agency (IEPA), and approval from the Illinois Commerce Commission (ICC), which is currently finalizing related guidelines. The planned pipeline will be less than 6.5 miles long and was intentionally routed away from the aquifer to protect drinking water and comply with legislation prohibiting sequestration beneath aquifers. Once ICC approval is granted, construction is expected to take only a few months, enabling operations to commence in 2026 if all timelines align.
 - **Utility interconnection issue resolved.** The earlier interconnection problem for the One Earth CCS project has been fully resolved. The facility now receives power directly from Ameren, ensuring no disruption to project timelines.
- **Regulatory tailwinds continue – passage of The Big Beautiful Bill Act strengthens REX's carbon capture economics and growth potential.** The passage of the Big Beautiful Bill Act during the quarter provides significant support for REX's CCS strategy by preserving the 45Q tax credit and extending the 45Z tax credit through 2029, both critical to the project's financial viability. These incentives position REX to fully capitalize on tax benefits as it expands ethanol production capacity to 175 million gallons and then to 200 million gallons. The legislation also removes the requirement for climate-smart farming practices, simplifying compliance and improving REX's Carbon Intensity score. Additionally, by excluding clean fuels produced with feedstock sourced outside the U.S., Mexico, or Canada from 45Z eligibility, the Act reinforces the competitive advantage for domestic producers and benefits REX's farmer partners.
 - **45Z incentives can result in potentially ~\$150 million per annum in potential tax credits while 45Q tax credit benefits are likely to total ~\$36 million annually.** For REX, the continuation of 45Q and 45Z materially enhances project economics, creating substantial recurring tax credit revenue streams. These incentives will improve returns on its \$220–\$230 million investment in ethanol expansion and CCS, accelerate payback timelines, and significantly boost long-term cash flows, making REX's low-carbon fuel strategy more profitable and resilient against margin volatility.

- **Carbon Intensity (CI) score likely to get a boost.** While REX has not publicly disclosed its CI score due to the lack of clear regulatory guidelines, the recent removal of climate-smart farming requirements under the 45Z framework is expected to lower CI scores by 4-6 points, potentially bringing REX closer to the threshold of 50. This improvement increases the likelihood of qualifying for tax credits even before its carbon capture project is operational. Additionally, ongoing energy efficiency initiatives at the One Earth facility are expected to further enhance CI performance.

Chart 2: REX – Enjoying Regulatory Tailwinds

45Q Program

- Credit of \$85 per ton of carbon sequestered
- Available for the first 12 years after project begins operation
- Taxpayer can elect direct pay during first 5 years
- Potential tax credit benefits to REX of approx. \$36 million annually



45Z Program*

- Credits may be earned in \$0.10 increments between \$0.10 and \$1.00 per gal. on a carbon intensity (CI) score below 50, with the first \$0.10 earned on a CI score below 47.5
- Only available during calendar years 2025-2029
- Potential tax credit benefits to REX of approx. \$150 million annually

Source: Exec Edge Research, Company Investor Presentation. *The ethanol industry is awaiting guidance from the U.S. Treasury Department on final rules and qualifications for 45Z tax credits.

- **A favorable industry outlook and continued execution of REX's 3P strategy focused on Profit, Position, and Policy point to growth and margin expansion in the coming quarters.** REX has consistently delivered profitability, supported by operational discipline and improved efficiencies such as increased corn oil yields, demonstrating strong plant performance. For 3Q FY25, REX expects results to exceed 2Q, though not reach last year's record levels. On the positioning front, the One Earth ethanol expansion and carbon capture project remain on schedule and within budget, ensuring sustainable long-term growth. Policy tailwinds add further momentum, with the continuation of 45Q and extension of 45Z tax credits through 2029 enhancing project economics and strengthening future earnings potential.
- **Strong export momentum and corn supply expected to drive 3Q and full-year FY25 performance.** Favorable crop conditions in Illinois, South Dakota, and Iowa where REX also owns a minority stake in Big River should ensure ample feedstock supply, reducing input cost pressures. Ethanol exports remain a key tailwind, already trending 10% ahead of 2024 levels, with additional upside from tariff-related improvements and strong buying interest from the U.K. and Japan also planning to buy due to tariff negotiation. On co-products, corn oil pricing and volumes remain strong, supporting revenue growth, while DDG demand is relatively soft due to weaker export volumes, including lower purchases from Mexico. Management remains optimistic that these favorable trends, combined with strong export demand and record harvest prospects, will support margin expansion in 2H FY25.
- **Community event strengthens local and state relationships, boosting Sustainability profile.** REX hosted its first-ever community event at the One Earth facility this summer, attracting a large turnout of a few hundred attendees, including local residents, shareholders, local officials, and some state representatives. Management emphasized that the goal was to reinforce REX's role as a responsible corporate citizen in Gibson City and build stronger ties within the community.
- **A strong, debt-free balance sheet with ample liquidity to support growth plans.** REX ended 2Q FY25 with \$310.5 million in cash, cash equivalents, and short-term investments, providing sufficient capital to complete its major growth initiatives, including ethanol expansion and the carbon capture project while preserving flexibility for future organic growth or strategic acquisitions. REX carries no bank debt (only debt is related to right-of-use agreements), reinforcing its conservative financial strategy and resilience in volatile markets.

Chart 3: REX - Quarterly Financial Snapshot

REX (\$Mn)	4/30/24 A	7/31/24 A	10/31/24 A	1/31/25 A	4/30/25 A	7/31/25 A
Revenue	161.2	148.2	174.9	158.2	158.3	158.6
% Change YoY	-24.2%	-30.1%	-20.9%	-15.7%	-1.8%	7.0%
EBIT	8.3	13.3	31.3	11.4	8.4	8.2
% Change YoY	89.7%	37.0%	-1.3%	36.7%	0.7%	-38.5%
% EBIT Margins	5.2%	9.0%	17.9%	7.2%	5.3%	5.2%
EBT Normalized	16.0	19.5	39.5	17.9	13.6	12.1
% Change YoY	83.7%	21.5%	-4.3%	12.2%	-14.6%	-37.9%
% EBT Margins	9.9%	13.2%	22.6%	11.3%	8.6%	7.6%
Net Income Normalized	10.2	12.4	24.5	11.1	8.7	7.1
% Change YoY	94.6%	36.7%	-6.0%	8.9%	-14.6%	-42.6%
% Net Income Margins	6.3%	8.4%	14.0%	7.0%	5.5%	4.5%
EPS	0.58	0.7	1.38	0.63	0.51	0.43
% Change YoY	93.3%	34.6%	-7.4%	-45.7%	-12.1%	-38.6%

Source: Exec Edge Research, REX SEC Filings, TIKR. REX's Fiscal ends on 1/31.

- **Reasonably valued given growth prospects and industry/regulatory tailwinds. Stock split to boost liquidity and expand investor base.** We use multiple approaches, including time series and comparison with trading peers for valuation analysis. **Please note that the upside shown in the analysis below is not a stock price target or a buy/sell/hold recommendation on the stock. Rather, it is just an illustration of the valuation analysis conducted by us.**
- **While we do not have a price target for REX, our analysis shows that it is a reasonably valued play on the renewable fuels and low-carbon economy theme despite its recent re-rating.** We analyzed REX's LTM P/S and LTM P/E multiples and note that the stock has re-rated, driven by multiple catalysts. First, the company's best-in-class execution is resulting in superior earnings. Second, regulatory tailwinds, most notably the passage of the Big Beautiful Bill Act which extended the 45Z tax credit through 2029 and preserved 45Q – these strengthen the economics of REX's CCS project and long-term growth outlook. In addition, bumper crops in South Dakota, Illinois (particularly the McLean County), and strong ethanol export momentum support margin expansion and earnings visibility. Combined with REX's debt-free balance sheet and disciplined execution, these regulatory and industry tailwinds enhance confidence and position the stock for sustained multiple expansion as the company executes on its growth initiatives.
 - **P/S multiple analysis.** REX currently trades as 1.6x LTM P/S multiple, below its five-year peak of 1.9x. Assuming a reversion to the peak driven by strengthening fundamentals, we arrive at a market cap of \$1.2 billion or \$74.1/share basis ~16.5 million s/o.

Chart 4: Valuation Analysis Based on LTM P/S Multiple

LTM Sales (\$Mn)	650.0
P/S Multiple (x)	1.9
Market Cap (\$ Mn)	1,222.0
Shares Outstanding (Mn)	16.5
Price/share (\$)	74.1
Current Price (\$)	64.1
Upside Potential	16%



Source: Exec Edge Research, TIKR. Data as of 8/28 close.

- **P/E multiple analysis.** REX currently trades as 21.4x LTM P/E multiple, below its three-year peak of 27.7x. Assuming a reversion to the peak and applying the 27.7x multiple to LTM EPS of \$2.95 gives us a price/share of \$81.7 vs. current price of \$64.1

Chart 5: Valuation Analysis Based on LTM P/E Multiple



Source: Exec Edge Research, TIKR. Data as of 8/28 close.

- **Peer analysis (relative valuation).** REX is trading at an LTM EV/Sales multiple of 1.3x, which is a 28% discount to peer average of 1.8x. Its LTM Price/Earnings multiple of 21.7x is also significantly below the peer average of 37.3x, suggesting REX's consistent profitability and strong balance sheet are not fully reflected in its current valuation. Overall, the company has re-rated higher backed by regulatory tailwinds and strong execution. However, further re-rating could be driven by continued execution of strategic initiatives. These include (1) securing EPA Class VI well approval by March 2026 and subsequent state and county permits; (2) completing the One Earth ethanol expansion to 175 million gallons by 2026 and moving toward 200 million gallons thereafter; (3) capitalizing on the 45Z and 45Q tax credits; (4) leveraging record corn harvests and feedstock supply to maintain low input costs; and (5) continuing to drive export growth, particularly in markets like the U.K. and Japan following tariff negotiations. Successful execution of these initiatives could position REX for stronger earnings and margin expansion.

Chart 6: Trading Comps – REX vs. Peers*

Ticker	Company	Market Cap (\$Mn)	EV (\$Mn)	LTM EV/Sales (x)	LTM P/E (x)	LTM P/Sales(x)
REX	REX American Resources Corporation	1,056	831	1.3	21.7	1.6
AMTX	Aemetis Inc	171	648	2.9	(1.7)	0.8
GEVO	Gevo inc	405	524	6.5	(6.8)	5.1
GPPE	Green Plains Inc	728	1,235	0.5	(4.7)	0.3
ALTO	Alto Ingredients Inc	88	197	0.2	(1.2)	0.1
ADM	Archer Daniels Midland Co	30,106	39,914	0.5	27.5	0.4
VLO	Valero Energy Corp	46,958	55,937	0.5	62.7	0.4
Average		11,359	14,184	1.8	37.3	1.2

Source: Exec Edge Research, TIKR. Data as of 8/28 close. *Negative values are excluded from calculation of the respective averages.

- **REX announced a 2-for-1 stock split**, effective for shareholders of record as of September 8, 2025. The split reflects management's confidence in the business going forward and should help boost stock liquidity and expand investor base.

Chart 7: REX – Financial Snapshot

Income Statement \$Mn	FY22	FY23	FY24	1Q FY25	2Q FY25
Revenues	855.0	833.4	642.5	158.3	158.6
Total Revenues	855.0	833.4	642.5	158.3	158.6
% Change YoY	10.4%	-2.5%	-22.9%	-1.8%	7.0%
Cost of Goods Sold	-806.4	-735.2	-551.0	-144.0	-144.2
Gross Profit	48.6	98.2	91.5	14.3	14.4
% Change YoY	-46.4%	102.1%	-6.9%	-0.8%	-27.6%
% Gross Margins	5.7%	11.8%	14.2%	9.1%	9.0%
Selling General & Admin Expenses	-22.8	-29.4	-27.2	-5.9	-6.2
Total Operating Expenses	-22.8	-29.4	-27.2	-5.9	-6.2
Operating Income	25.8	68.8	64.3	8.4	8.2
% Change YoY	-62.7%	167.1%	-6.6%	0.7%	-39.1%
% Operating Margins	3.0%	8.3%	10.0%	5.3%	5.1%
Interest And Investment Income	13.0	14.7	19.2	4.2	3.1
Income (Loss) On Equity Invest.	8.7	13.9	9.4	1.0	0.9
Other Non Operating Income (Expenses)					
EBT Excl. Unusual Items	47.5	97.5	92.9	13.6	12.1
Other Unusual Items		1			
EBT Incl. Unusual Items	47.5	98.5	92.9	13.6	12.1
Income Tax Expense	-9.5	-22.6	-21.4	-3.0	-2.8
Earnings From Continuing Operations	37.9	75.9	71.5	10.7	9.3
Earnings Of Discontinued Operations					
Net Income to Company	37.9	75.9	71.5	10.7	9.3
Minority Interest	-10.2	-15.0	-13.3	-2.0	-2.2
Net Income	27.7	60.9	58.2	8.7	7.1
Balance Sheet - Key Items \$Mn. Period-ending data.	FY22	FY23	FY24	1Q FY25	2Q FY25
Cash And Equivalents	69.6	223.4	196.3	159.9	241.0
Short Term Investments	211.3	155.3	162.8	156.0	69.5
Total Cash And Short Term Investments	280.9	378.7	359.1	315.9	310.5
Accounts Receivable	25.2	23.2	21.5	28.0	24.8
Restricted Cash	1.7	2.2	2.5		
Total Current Assets	372.6	452.1	435.8	398.8	390.5
Net Property Plant And Equipment	150.7	168.6	231.7	257.2	271.9
Total Assets	579.6	664.8	720.0	693.8	700.6
Accounts Payable	34.1	42.1	28.3	21.0	17.6
Total Current Liabilities	54.6	66.3	50.4	42.6	37.0
Long-Term Debt					
Total Liabilities	68.6	77.2	76.4	74.2	69.5
Total Common Equity	448.0	513.9	560.3	536.4	545.9
Minority Interest	63.0	73.7	83.3	83.3	85.2
Total Equity	511.0	587.6	643.6	619.6	631.1
Total Liabilities And Equity	579.6	664.8	720.0	693.8	700.6
Cash Flow Statement \$Mn	FY22	FY23	FY24	1Q FY25	2Q FY25
Depreciation & Amortization	23.3	23.0	21.7	5.0	5.8
Cash from Operations	54.8	128.0	64.2	-3.5	16.3
Capital Expenditure	-15.6	-37.7	-71.3	-6.9	-22.0
Cash from Investing	-198.5	28.4	-72.9	1.8	65.7
Cash from Financing	-17.0	-4.3	-18.5	-34.7	-0.9
Net Change in Cash	-160.7	152.1	-27.1	-36.3	81.0

Source: Exec Edge Research, Company Filings, TIKR. REX's Fiscal ends on 1/31.

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