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# Darling Ingredients, Inc. (DAR)

Q2 2025 Earnings Call

# CORPORATE PARTICIPANTS

#### **Suann Guthrie**

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### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

### **Robert Day**

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

### Matthew J. Jansen

Chief Operating Officer-North America, Darling Ingredients, Inc.

# OTHER PARTICIPANTS

### **Manav Gupta**

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#### **Heather Jones**

Analyst, Heather Jones Research

### **Dushyant Ailani**

Analyst, Jefferies LLC

#### **Derrick Whitfield**

Analyst, Texas Capital

#### Ryan M. Todd

Analyst, Piper Sandler & Co.

### **Matthew Blair**

Analyst, Tudor, Pickering, Holt & Co. Securities LLC

### Benjamin Joseph Kallo

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Analyst, TD Cowen

# MANAGEMENT DISCUSSION SECTION

**Operator**: Good morning and welcome to the Darling Ingredients, Inc. Conference Call to Discuss the Company's Second Quarter 2025 Financial Results. After the speakers' prepared remarks, there will be a question-and-answer period and instructions to ask a question will be given at that time. Today's call is being recorded.

I would now like to turn the call over to Ms. Suann Guthrie, Senior Vice President of Investor Relations. Please go ahead.

#### **Suann Guthrie**

Senior Vice President-Investor Relations, Sustainability and Global Communications, Darling Ingredients, Inc.

Thank you for joining the Darling Ingredients second quarter 2025 earnings call. Here with me today are Mr. Randall C. Stuewe, Chairman and Chief Executive Officer; Mr. Bob Day, Chief Financial Officer; and Mr. Matt Jansen, Chief Operating Officer, North America.

Our second quarter 2025 earnings news release and slide presentation are available on the Investor page of our corporate website and will be joined by a transcript of this call once that is available.

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, 10-Q, and other important filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statement.

Now, I will hand the call off to Randy.

### Randall C. Stuewe

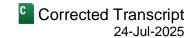
Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Good morning. Thanks, Suann; and thanks, everybody, for joining us for our second quarter 2025 earnings call. This quarter, we saw early signs of momentum building across our businesses, even as we continue to navigate a complex renewable fuel environment. We delivered positive earnings, maintained strict capital discipline, and enhanced our financial flexibility through a successful refinancing. We locked in our borrowing cost for the next five-plus years, and we've positioned ourselves to invest confidently in long-term growth.

We also advanced our strategic agenda with the announcement of our intention to form Nextida, our new joint venture focused in the health and wellness space. This move aligns with our strategy to diversify and grow in high margin, high growth like health and wellness.

Combined adjusted EBITDA for the quarter came in at \$249.5 million. While the regulatory environment has been a headwind in recent quarters, we are now seeing signs of clarity and constructive market changes, particularly in our Feed segment, setting us up for a stronger performance in the second half of 2025 and into 2026.

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DGD continues to face near-term pressure, but we remain confident in its long-term value as policy support begins to take hold. Across the board, we're focused on execution and believe the fundamentals are now moving in the right direction.

Now turning to the Feed Ingredients segment. Global rendering volumes are steady and in line with our expectations. We saw margin expansion both quarter-over-quarter and year-over-year, reflecting focused execution, operational efficiency, and improved premium ingredient pricing. Rising fat prices, supported by recent public policy that favors domestic sources, are creating a favorable pricing environment, which we expect to continue and expand. As a result, a larger portion of our domestic fat portfolio is now headed to DGD. Tariff volatility and increased domestic oilseed crush has put pressure on protein prices, especially on our sales into Asia. However, fat prices are outweighing the higher protein supply and softer prices.

Now, turning to our Food segment. As I mentioned, we signed a non-binding term sheet with Tessenderlo to form Nextida. We are concluding due diligence and expect to sign a definitive agreement in this quarter. We believe this platform already is a meaningful contributor to earnings, has the potential to grow at an accelerated rate as we increase our presence in the health and wellness and nutrition market.

Global demand for collagen and gelatin continues to strengthen, driven by health, wellness and functional nutritional needs. We are advancing scientific validation for Nextida GC, our glucose control product. These studies are near-complete, and early results are showing strong potential. And we are beginning to see repeat orders for this product as well.

In our Fuels segment, the renewables environment remains difficult. The overhang on small refinery exemptions and delayed 2024 RIN compliance enforcement is preventing mandates from reflecting real demand and continuing to put pressure on renewable fuel margins. However, DGD remains a leader, consistently delivering best-in-class performance.

SAF volumes continue to demonstrate flexibility and resilience and are helping us to balance the difficult market dynamics. We are seeing the feedstock supply chain rebalance itself due to tariffs and regulatory and tax changes, all benefiting Darling's core business.

In addition, changes implemented by CARB to increase mandated greenhouse gas reductions in California as of July 1, and we expect LCFS premiums will strengthen and support margin recovery over time. Meanwhile, the proposed RVO framework represents a major tailwind for the renewables market. And RINs, as long as mandated volumes, net of SREs or anywhere close to what has been proposed, it will reinforce long-term demand and support a healthy margin environment.

DGD I, however, will remain offline until margins show some meaningful improvement. Meanwhile, DGD III is scheduled for a turnaround starting here in third quarter. The timing aligns well with our outlook, positioning us for full utilization as policy rules are clarified later in 2025 and enabling DGD to run full in 2026 when we anticipate a significantly stronger margin environment. We believe the groundwork we're laying now through operational discipline and strategic timing positions us well when the margin environment improves.

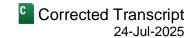
Now, with that, I'd like to hand the call over to Bob to take us through the financials, and I'll come back and give you my thoughts on the balance of 2025. Bob?

### Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.



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Thank you, Randy; good morning, everyone. For second quarter of 2025, Darling's combined adjusted EBITDA was \$249.5 million versus \$273.6 million in the second quarter of 2024. And adjusting for DGD, second quarter 2025 EBITDA was approximately \$207 million versus approximately \$197 million in the second quarter of 2024. Year-to-date, combined adjusted EBITDA totaled \$445.3 million as compared to \$553.7 million for the same period of 2024.

Total net sales in the second quarter of 2025 were \$1.48 billion versus \$1.46 billion in the second quarter of 2024, while raw material volume was almost the same at 3.74 million metric tons and 3.76 million metric tons. Year-to-date volumes for 2025 were 7.53 million metric tons, compared to 7.56 million metric tons for the same period versus 2024.

Gross margins improved to 23.3% for the second quarter of 2025, compared to 22.5% in the second quarter of 2024. We also saw a nice gross margin improvement year-to-date at 23.0% for the first six months of 2025, compared to 21.9% for the first half of 2024.

Looking at the Feed segment, total net sales increased and EBITDA improved on relatively unchanged volumes. Total sales for the second quarter of 2025 were \$936.5 million versus \$934.1 million in the second quarter of 2024. For the six months of 2025, total sales were \$1.83 billion, compared to \$1.82 billion for the same time in 2024.

Feed raw material volumes were approximately 3.1 million metric tons for both quarters and materially unchanged year-over-year at roughly 6.2 million metric tons.

For second quarter 2025, gross margins improved nicely to 22.9% versus 21.0% in the second quarter of 2024. Meanwhile, lower protein values created a slight headwind that will alleviate as we continue to find better markets for premium protein products. And while fat prices moved considerably higher during the second quarter, the lag between raw material procurement and finished fat sales resulted in lower margins than we expect to see as prices flatten.

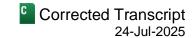
All things considered, we are pleased with the improvement in gross margins for the quarter. And as Randy said, the outlook is very positive. Year-to-date, gross margins were also better at 21.6%, compared to 20.9% in the first six months of 2024.

Moving to the Food segment, the margin environment continued to show healthy signs as we were able to maintain gross margins per unit sold, while increasing sales volumes. Total sales for the second quarter of 2025 were \$386.1 million, higher than second quarter of 2024 at \$378.8 million. Second quarter 2025 gross margins for the Food segment were unchanged from quarter two of 2024 at 26.9%. Year-to-date, gross margins for 2025 were 28.1% versus 25.3% from the same time a year ago.

Raw material volumes increased to 323,900 metric tons versus 304,700 metric tons. Year-to-date, raw material volumes for the Food segment were 653,400 metric tons, compared to 604,400 metric tons, reflecting an increase in global demand.

EBITDA for the second quarter of 2025 was slightly down at \$69.9 million versus \$73.2 million in the second quarter of 2024, while year-to-date 2025 EBITDA was \$140.9 million versus \$134.9 million from the same period a year ago.

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Looking at the Fuel segment, as Randy mentioned, the renewable fuel environment continued to be challenging. Darling's share of DGD EBITDA was approximately \$42.6 million for the second quarter of 2025, versus approximately \$76.6 million of EBITDA for the second quarter of 2024. Year-to-date 2025 Darling's share of DGD EBITDA was \$48.7 million versus \$191.7 million for the first six months of 2024.

In the second quarter of 2025, the impact of Darling for LIFO was negative \$31.1 million, and it included a lower of cost or market, or LCM benefit of \$55.6 million. Year-to-date, LIFO for Darling's half of DGD was negative \$59.5 million, while LCM generated a positive \$101.1 million.

Overall, Fuel segment sales for the second quarter of 2025, which does not include DGD, were \$158.8 million versus \$142.3 million in the second quarter of 2024. Year-to-date sales in 2025 were \$293.9 million versus \$281.5 million in 2024.

Raw material volumes in the second quarter of 2025 were 337,600 metric tons versus 362,000 metric tons in the second quarter of 2024. Year-to-date raw material volumes in 2025 were 711,700 metric tons versus 718,900 metric tons for the same period in 2024.

Combined adjusted EBITDA for the full Fuel segment was \$61.3 million in the second quarter of 2025, versus \$96.8 million in the second quarter of 2024. And year-to-date, 2025 Fuel segment combined adjusted EBITDA was \$85.5 million compared to \$229.9 million in 2024.

During the second quarter, we accomplished several important objectives related to our credit and balance sheet, providing the company with a significant amount of flexibility and stability for the next 5 to 7 years. First, we refinanced and upsized our Eurobond from €515 million to €750 million for 7 years at a fixed rate of 4.5%. Second, we paid off our revolving credit facility and the four remaining Term Loan A facilities, replacing them with \$2.9 billion in credit facilities through two senior secured debt agreements.

First, a five-year \$2 billion revolver, and second, a six-year \$900 million Farm Credit Term Loan A. While the Eurobond at 4.5% replaced the previous Eurobond at [ph] 3.62% (00:23:19), the upsizing of the bond allowed us to maintain an average cost of borrowing materially unchanged, while ensuring a stable financial position for many years.

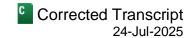
The company's total debt, net of cash, and other items as of June 28, 2025 was \$3.89 billion versus \$3.97 billion on December 28, 2024, helping lower the preliminary leverage ratio to 3.34 times at the end of quarter two 2025 from 3.93 times at the year end 2024. In addition, we ended the second quarter of 2025 with approximately \$1.27 billion available on our revolving credit facility.

Capital expenditures totaled \$71 million in the second quarter of 2025 and \$134 million for the six months of 2025. The company recorded an income tax expense of \$4.1 million for the three months ended June 28, 2025, yielding an effective tax rate of 22.2%, which is slightly higher than the federal statutory rate of 21%, due primarily to certain losses that provided no tax benefit offset by the producer's tax credit.

The effective tax rate, excluding the impact of the producer's tax credit and discrete items, [Technical Difficulty] (00:24:33) for the three months ended June 28, 2025. The company also paid \$22.8 million of income taxes in the second quarter and \$32 million year-to-date.

For 2025, we expect the effective tax rate to be around 15% and cash taxes of approximately \$40 million for the remainder of the year for a projected total of around \$72 million. Overall, the company's net income was \$12.7

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million for the second quarter of 2025, or \$0.08 per diluted share, compared to net income of \$78.9 million, or \$0.49 per diluted share for the second quarter of 2024. And year-to-date 2025, Darling had a net loss of \$13.5 million, or negative \$0.09 per diluted share.

Now, I will turn the call back over to Randy.

### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Thanks, Bob. Now, as we look ahead, we remain confident in the strength of our business, particularly our core ingredients platform, which continues to benefit from a favorable public policy outlook. We expect sequential improvement across the board with rising fat prices supporting our Feed segment. While premium proteins remain a modest headwind, we're sighting signs of stabilization.

At DGD, although the current environment remains challenging and volumes will be lower in the third quarter due to a planned turnaround, we believe this sets us up well for full utilization in 2026. While the timing of RIN recoveries remains uncertain due to ongoing small refinery exemptions issues, we anticipate a more constructive market environment ahead. Based on what we see today, we expect full-year combined adjusted EBITDA in the range of \$1.05 billion to \$1.1 billion.

With that now, let's go ahead and open it up to questions.

# QUESTION AND ANSWER SECTION

**Operator:** Of course. We will now begin the question-and-answer session. We ask that all participants only ask one question and one follow-up. [Operator Instructions] Our first question comes from line of Manav Gupta with UBS. Your line is now open.

#### **Manay Gupta**

Analyst, UBS Securities LLC

Good morning, guys. My first question is, when we look at the revised RVO much higher, coupled with 50% RINs for foreign feedstock and no PTC for imported RD, this [indiscernible] (00:27:09) real winner. Can you talk about some of the policy benefits which want more domestic renewable diesel, make for more domestic feedstock, and how that really benefits Darling Ingredients?

#### Matthew J. Jansen

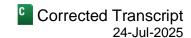
Chief Operating Officer-North America, Darling Ingredients, Inc.

Hi, Manav. Good morning. This is Matt. I'll start off and then maybe ask Randy or Bob to kick in. But you're absolutely right in terms of this – we see this going forward and it's more of an evolving into a domestic-oriented market, more so than what we have seen in the past. We expect a drop in imported raw material. And as a result, we're seeing the benefit of that in our US fat pricing.

And through the quarter, fat prices were moved up significantly. And we see that continued trend, and fat prices maintain being well-supported. So our focus right now in the US is on reliability and making sure our processing plants on the raw material side can run as planned and as expected, so we can continue to maximize the production of the US fat to supply the RD market.



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### Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah, I'll just add. This is Bob. So I agree with Matt. It is very supportive to US or North American fat values. That's great for Darling. It doesn't really hurt us so much outside of the US, because of the dynamics of the regional markets there. So overall, that's good for the Feed segment. It's also – if the RVO and the stated mandate holds as a mandate, net of SREs, which we're all kind of waiting to see. But if it does hold as a mandate, then it's very positive, in our view, for renewable diesel margins, just based on the supply and demand and capacity availability to produce renewable diesel and biodiesel in the United States relative to that demand number.

So we still see those things as positive. The 50% RIN, an interesting policy dynamic, if we see that hold and it would support those things, it would eliminate access to foreign feedstocks, which is some flexibility we like, but the other positive impacts outweigh the negative impact of that.

#### Manay Gupta

Analyst, UBS Securities LLC

Perfect. And my quick follow-up here is amended LCFS has gone into effect. Carbon prices are already moving up. I think they are close to \$55. The prices were higher before OAL stepped in and kind of blocked it. So I'm just trying to understand, you guys still expect that we could get to like \$70 a ton by year-end, and if everything is right, then maybe even \$80 in 2026? So your outlook for LCFS prices, and again, how it benefits Darling Ingredients? Thank you.

## Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

So I think the first thing I'd say is – what we view as very positive is now that with the increased greenhouse gas obligation and elimination of greenhouse gas obligation in California, we're starting to see the bank finally coming down. And that's a very positive sign. Based on where we are today and what we see playing out, that will – this bank will continue to decrease.

How that results exactly and price per ton of LCF credits, it's very hard to estimate that. That's going to depend on obligated parties in California, the sense of urgency they feel – they need as far as procuring those credits. But we agree that it's moving in a positive direction and likely to head higher.

**Operator**: Thank you for your question. Our next question comes the line of Heather Jones with Heather Jones Research. Your line is now open.

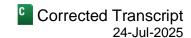
#### **Heather Jones**

Analyst, Heather Jones Research

Good morning. Thanks for the question. My first one is on UCO. So in your slide deck, you talk about – I think it was a roughly \$13 million year-on-year hit from lower UCO pricing, whereas spot pricing for the last two to three quarters would suggest that would have been higher.

So just wondering if you could explain to us what happened in the quarter and maybe the year-ago quarter comparison that would have caused that? And when we should expect to see the current pricing we're seeing come through?

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### Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. Thanks, Heather. I'm trying to get to that slide in the deck. I think the – let me just address the last part of your question first. The dynamics of that market are – it's very fluid. And so as we are pricing with suppliers, the timing at which we're pricing relative to the indication we use – or let's say, the timing at which we sell product relative to the timing at which we price for suppliers, those can be different. And in a rising market like we've had in the last quarter, that can work against us. What we expect is as prices flatten at a higher level where we are today than the margin is higher because of our percentage that we keep of the total price.

But I think during the quarter, what we saw was we're selling out in front, fixing prices as the index continues to go higher when we set the price that we're paying, it's higher than what it was at the time we sold. And so that's the biggest impact that we had on that.

#### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Yeah, that's well said, Bob. I mean, really and what you're looking at, Heather, is in a rising raw material procurement market, which we're in with forward sales, it's always the lag effect as things go accelerate here. I think what's most important today is, as we lay the outlook is Q3 fat prices, really, you got to look at yellow grease and UCO as both of those go to Diamond Green Diesel. A bigger share of our mix now in North America is going to Diamond Green Diesel.

And the prices are up anywhere from \$0.10 to \$0.14 a pound over Q2. In Q2, you really only saw versus Q1 about a \$60 a ton or a \$0.03 a pound price rise between the UCO and the yellow grease as it flowed through the P&L. And that's just a typical lag factor.

#### **Heather Jones**

Analyst, Heather Jones Research

Okay. Thank you. My second question is, with the exception of that change in fair value of contingent consideration that was noted in the press release in the Feed segment, just wanting to know, is there anything unusual in this quarter's results, whether it be inventory adjustment, insurance recoveries, or whatever, that would affect the comparability for Q3 and later quarters to this quarter? I'm just, like, wondering if this is like a – I guess, a clean quarter us to build on going forward?

#### **Robert Day**

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. Thanks, Heather. I think the price lag in fats, it affected us across all the fats in the segment. So I would say, it wasn't – to use your term – a clean quarter from that standpoint. I think as we get into the third quarter here, we are sort of operating in a higher level environment. We're not seeing a situation so far. We're pricing our suppliers at a higher value than what we had to sell. And so this will probably be a more reflective of that. But that was a pretty significant impact in the second quarter. Other than that, we did have some deferred profit losses that will come back in the third quarter from related party sales.

#### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

The contingent valuation, Heather, is related to the Brazilian acquisition that had an earnout attached to it that completed or will complete here at the end of July. And that's just an adjustment. And that's representative of that business operating now really well.

**Operator**: Thank you for your questions. Our next question comes from line of Dushyant Ailani with Jefferies. Your line is now open.

**Dushyant Ailani** 

Analyst, Jefferies LLC

Hi, team. Good morning. Thanks for taking my questions. Maybe the first one, could you talk to the opportunities for Darling – of DGD rather outside of California? Margins in Canada, Oregon, you also seem to be firming up some. So could you share how much of RD you are exporting outside of California, shipping outside of California versus within California? And how that's going to evolve?

Matthew J. Jansen

Chief Operating Officer-North America, Darling Ingredients, Inc.

Hi, Dushyant. This is Matt. I would say that California is a big market in the RD space, but it's by far not the only market. And we sell a lot of our product on an ongoing basis in various other states that are here in the US. But we also export quite a bit and predominantly to the UK and Europe. And so as these tariffs and all the different moving parts, let's say, that have come about continue to play out, that mix may shift from one to the other, but we continue to be a significant exporter of RD to Europe and the UK.

Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Yeah. And I think the other thing I would add to what Matt is saying – that's spot on is I think this morning you saw the Neste release. And the positive takeaway for me there is there's always been some consternation that demand is diminishing out there and it's absolutely not. It's growing for RD around the world and it's growing for SAF and margins are improving.

**Dushyant Ailani** 

Analyst, Jefferies LLC

Got it. Thank you. And then, just my next one, and I think you guys have also touched on it some on just the SREs. What are your expectations for what the EPA could do with these SREs, I mean, just based on the conversations that you guys have been having with folks in the industry...

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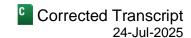
Matthew J. Jansen

Chief Operating Officer-North America, Darling Ingredients, Inc.

That's the million dollar question. This is Matt again. That's the million dollar question. The SREs, we expect, will come sometime in the next, let's say, 60 days. Don't know exactly when that announcement will become public. But frankly, we don't have a clear view on what that number is going to be. There's lots of chatter out there. But frankly, as far as I'm concerned, no one really knows what that number is going to be.

So we're anxiously awaiting that. And it's not only the number, but also how they get treated, whether they are, let's say, reallocated back or not. And so that's still to come. And like I mentioned, we think that's imminent here in the next few weeks. But we're anxiously awaiting that.

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#### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Yeah. And I would add to what Matt's saying there. I mean, at the end of the day, we've modeled two or three different scenarios here. And really, the RVO is big enough to accept and adapt to whatever avenue they take. And so end of the day, it is a bit of a hangover out there. And I think that's why we, in a sense – just to clarify for everybody on the call why we lowered guidance. It's not because of the core ingredient business. The core ingredient business is as exciting as it's ever been. It's just we don't know the timing of when the marketplace is going to react, meaning RINs and LCFS to whatever the SRE adjustment is going to be.

**Operator**: Thank you for your questions. Our next question comes from the line of Derrick Whitfield with Texas Capital. Your line is now open.

#### **Derrick Whitfield**

Analyst, Texas Capital

Good morning, all, and thanks for taking my questions. Beginning on 45Z, the policy is approved, places a cap on SAF at the \$1 per gallon level. As you guys think about this, how does it impact your view on margins relative to RD, given the state of the voluntary markets and the likely environment where we'll see less SAF supply?

#### **Robert Day**

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. Thanks, Derrick. This is Bob. So ultimately, when DGD is looking at selling SAF, they add all components to inputs and sales price when they negotiate the price that they're selling, and ultimately, the margin that they're shooting for. But today, it's made up of many different things. The support we get from 45Z today starts at \$1.75 max. It land somewhere in \$1 or in that range.

Just with the change, probably around \$0.35, \$0.40 less would come from the PTC, which then means if we're still shooting for the same margin, we're going to have to get it in the premium that SAF sells at relative to renewable diesel. And we'll just see how that all plays out. Ultimately, SAF – really, the price of SAF and the margins for SAF should be determined based on the supply and demand for SAF. And so we're not really uncomfortable with the change so much. We just are more focused on the overall supply and demand for SAF and getting fair value for the product and the margin.

### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

And I would just add that one flexibility that we have, and we're not there yet. But we do have the flexibility to choose between whether we produce RD or SAF in our line. And so right now, we're running SAF as much as we can, and we expect that to continue. But we do have that additional flexibility.

#### **Derrick Whitfield**

Analyst, Texas Capital

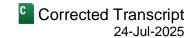
Great. Then with respect to food and your plans to advance the Nextida JV this quarter, it appears your conversations are progressing better than expected. I guess, could you offer some color on the degree of synergy and growth acceleration you're seeing across the combined company?

#### Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.



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So, yeah. Thanks. This is Bob. We're really excited about it. And we're encouraged by what we're seeing. There's really – we're limited in what we can say today, because we haven't signed definitive agreements. And the next step will be filing for antitrust. So we just want to be really cautious there. But I think what we see with the two different companies is very complementary geographic spread.

So they're in some countries that we're not. That diversifies our portfolio. And that's especially helpful in, let's say, the current environment where the cost of trading between countries differs from country to country. And so that diversification is worth more than what it might otherwise have been. And then, there's also just a kind of a practical capacity access that comes with that transaction that we're really excited about.

They bring some very important extraction capacity and some hydrolyzed collagen capacity that's important in the fast-growing hydrolyzed collagen market. So when we put all those things together, there are some really exciting synergies. There's always sort of the cost side of it that's more straightforward. But the more exciting part is sort of the increased revenue opportunity.

**Operator**: Thank you for your questions. Our next question comes from the line of Ryan Todd with Piper Sandler. Your line is now open.

#### Ryan M. Todd

Analyst, Piper Sandler & Co.

Thanks. Good morning. Maybe first, can you maybe walk through what's assumed in your updated EBITDA guidance for 2025? I mean, I think it implies roughly 25% improvement in quarterly EBITDA in the second half compared with what we saw in the second quarter. So what do you see as the primary drivers of improvement? And can you maybe walk us through what you've seen to-date that provide confidence in that number?

### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

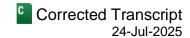
Yeah, Ryan. This is Randy. And obviously, the number is a reflection of an improvement in the core ingredient business as related to flow-through of higher fat prices, in a sense, catching up and leveling off relative to raw material prices moving up the higher pay to the slaughterhouses.

The challenge in Q2 was while the higher fat prices, even though de minimis, were flowing through – we were playing catch up. But the higher premium proteins, as we refer to them, let's call it, low-ash chicken meal that goes to aquaculture. That was – you had a tariff on one day, a tariff off one day, whether it's Vietnam or China, and just trying to adjust markets and customers was really a negative in there.

We see that kind of steady now. I'm not telling you a giant improvement there, but it feels like the disruption is less than it was in Q2 now. So higher flow-through of fat prices. And then, as my comments were earlier, I mean, we're going to have DGD III offline here in August. It'll be on, ready to run in September, I believe, is the timing. So we'll have all plants with new catalysts ready to rock and roll September 1, if you will.

If that RIN market starts to normalize and reflect what it's going to take from a variable profitability perspective, the guidance that we threw out there could be extremely conservative; or if it delays till January 1, the market doesn't react, and then, I think we're really pretty much in the fairway here saying that we'll have minimal but some type of contribution from DGD, especially the SAF side through the end of the year here.

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### Ryan M. Todd

Analyst, Piper Sandler & Co.

Okay. Thanks. Maybe that's a good segue to the follow-up question on SAF. I mean, you are — what, seven, eight, eight-plus months into operations there. Can you maybe talk about what you've learned so far? How would you characterize demand? Is there anything that's been surprising on the SAF front in terms of geographic mix of demand or pricing, et cetera? And then, it's still a pretty young market. As you look out, what [ph] things or (00:46:21) challenges do you think still remain that may need to get ironed out over the coming months or years?

Matthew J. Jansen

Chief Operating Officer-North America, Darling Ingredients, Inc.

Yeah. Hey, Ryan. This is Matt. I would say, from what we've learned, we started off running in last November. And operationally, we have, I would tell you, as expected, done well. The thing that I would say surprising, for example – the reduction in the PTC was something that wasn't necessarily in the cards when we planned this, but we've learned logistically, we've moved the product around, again, as expected.

I would say, over the last few months, maybe some of the conversations have gone a little bit quieter in terms of new business, just because of all of the associated noise related to the other things that we all know about with the RVOs, and the PTCs, and the tariffs, and all those things that slowed things down a little bit. But we continue to see solid, let's say, demand. We're running well, making deliveries on contracts. We've got a good sales book on. So [indiscernible] (00:47:39) the returns are meeting or exceeding the expectations of the project. So we're very satisfied with it.

**Operator**: Thank you for your questions. Our next question comes from the line of Matthew Blair with TPH. Your line is now open.

**Matthew Blair** 

Analyst, Tudor, Pickering, Holt & Co. Securities LLC

Hey, good morning, and thanks for taking my question. Maybe circling back to Nextida. Could you talk a little bit more about what the scientific studies are showing here? We've run some of our own tests. And it appears to be quite impactful, quite an improvement. And then, also I appreciate that you probably can't talk too much about what the EBITDA contribution is going to look like and what the potential there is. But, I guess, in terms of timing, do you think that Nextida would start to make a material impact in 2026? Or is this a longer-dated timeframe? Thank you.

**Robert Day** 

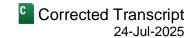
Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah, thanks, Matthew. This is Bob. So the status of the trials are – we're completing this summer a second round of trials with a much larger sample size. That is what the larger CPG companies have asked for in order for them to get comfortable marketing the product and really pushing it on to market.

We're seeing the same thing that you talked about. So ultimately, what that product does is it stimulates GLP-1 secretion into the blood. That leads to a – controlling the post-meal sugar spike and the symptoms around that are curbed appetite and just more stable blood sugar.

Those are really positive. We're seeing the same thing with all the trials. The timeline on when we could see a big impact would be, as we finish these trials in the summer, we kind of go out and we present all this to the large

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CPG companies. And hopefully, by the end of the year, we're talking about much more significant volume. So in 2026, it can have a much bigger impact on EBITDA.

It's really just going to depend on kind of what this next round of trials shows and how compelling it is. But like you pointed out and the tests that you've done yourself, it is really powerful. And we're seeing great results.

Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Bob, do you want to talk about the [ph] brine (00:50:04) side real quick?

Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. And I guess, the interesting thing here is we're rolling out a portfolio of products. Ultimately, what our team is able to do is they identify what's the molecule that would cause the body to have a natural reaction that generates a helpful, targeted health benefit. And so by using a different mix of enzymes in the collagen, we can create a peptide profile that's unique, and one that we can patent. And it causes that natural reaction in the human body.

So we've identified what that combination looks like in order to help with memory retention, gut health, women's health. And all these products are in different stages of development. But it's a great process that our R&D team has been able to iron out. And so we're excited about Nextida GC. But we're really excited about what the portfolio of products can mean for the company over the next several years.

Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

And, Matt, I think one of your question was contribution. Clearly, 2026, we're going to get some acceleration here. We requested – the health and wellness sector in the world is a very, very large piece out there, \$60 billion or \$80 billion. You don't need much for it to be significant into your portfolio here. The clinicals are key on that. We're seeing reorders now of the GLP-1 or Nextida GC product now, which is really, really good news.

We're excited about it. If you look at the history, and I've always said in the Suann's deck is that the history of the Food segment, which is really anchored by Rousselot/Nextida here. And that business has been built off of the hydrolyzed collagen business out there that we developed.

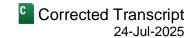
And this is really hydrolyzed collagen 2.0 now. And if we're half as successful in volume there, we can double the earnings in that segment. Now, that's probably a three- to five-year window to get there. 2026 should accelerate. 2027 should be really meaningful.

Matthew Blair
Analyst, Tudor, Pickering, Holt & Co. Securities LLC

Great. Great. Thanks for all the helpful commentary. And then, I guess, turning to the Brazil rendering outlook, there's been a lot of chatter that the US rendering outlook is excellent after RVO and the 45Z tax changes.

But could you talk about what you're expecting for Brazil? Do you think there'll be pressure from things like the RVO and tariffs? And do you expect to kind of reorient your exported rendering volumes from Brazil to other markets?

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And then, finally, could you remind us just the overall split between US rendered volumes and Brazil rendered volumes for Darling? Is it – I don't know, like roughly 80/20? Thank you.

Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

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Yeah. Good question. Number one. The Brazil for us in the rendering side has been a truly wonderful experience. The challenge there has been taking a private company and making it public and making profits versus tax avoidance a priority here, getting raw material procurement, margin management as part of the culture. I'd say, we check the box now. And we're doing very, very well there on that.

Brazil is an incredible place, because right now, as the US cattle numbers are down, although cattle feedlot margins are way up, Brazil's numbers are moving sharply up. And so we've got a pile of raw material, as we call it, down there. So life is pretty good.

The reality of the arbitrage of fats out of there is Brazil has really developed a very strong biofuel market. And ultimately, the percentage inclusion, I'd suspect, will rise again here in 2026. I mean, there's no lack of tension here right now between the US and Brazil and we acknowledge that. But there's no problem with that being a domestic-oriented business.

Matt, anything you want to add there?

Matthew J. Jansen

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Chief Operating Officer-North America, Darling Ingredients, Inc.

I would just say, the market is going to dictate where these products flow. And from a quality standpoint, the Brazilian quality for RD is, I think, very good; preferred. But at the same time, Brazil, they can – as Randy mentioned, their biodiesel program inside the US can change – even with 1% change in that which is expected that can shift a whole lot more of the volume to stay in home there.

So that will continue to play out. And the market's going to dictate where the flow goes, on what gets exported. Historically, a fair bit of that has come to the US, but maybe that shifts towards Europe.

**Operator**: Thank you for your questions. Our next question comes [Technical Difficulty] (00:55:12) line is now open.

Q

Hey, good morning. Thanks for taking the questions. My first one, I was curious, if you could comment on what you're seeing in terms of biofuels industry utilization rates and the demand for feedstocks. It seems from the feedstock pricing, like things are moving in the right direction. But you've talked about DGD I still being offline. I'm sure there are others as well.

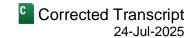
So just curious to what extent you've actually seen production utilization rates pick up across the industry. And related to that, where do RINs need to get to in order to encourage production to ramp more materially?

**Robert Day** 

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

A

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Yeah. Thanks, [ph] Andrew. (00:55:56) This is Bob. I think one thing we're seeing is a lower capacity utilization rate for biodiesel across the board, about half a capacity roughly. And that hasn't changed very much throughout the year. And we're seeing renewable diesel capacity utilization move slightly higher month-to-month through the year.

I think our view on that is that's more about the market's view of where RINs are going than where they are today. And so if you think about it, if you're an obligated party and you can generate RINs and you believe that the RINs are going higher, you'll use this opportunity to make more RINs.

And so while margins aren't great for renewable diesel, there's – we've got enough information about future policy to suggest that margins and RIN values should be higher in the future. And so that is what we believe is encouraging the production of renewable diesel today to slightly go up month-to-month. And we'll probably continue to see that at least until we get final clarification on SREs and what the actual mandate is.

Okay. And...

[indiscernible] (00:57:08)

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#### Matthew J. Jansen

Chief Operating Officer-North America, Darling Ingredients, Inc.

 $\dots$ if the RVO holds, we're going to see – we're going to need the addition – the capacity to return online to meet that obligation.

Д

### Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Yeah. [ph] Andrew, (00:57:18) this is Randy. That was Matt. This is Randy. I think it's going to be interesting, at least from my chair over the next 10 days, to see some reporting of second quarter earnings for some of these RD plants that have been running. And that'll kind of tell you, are they running for fine or not.

Got it. Okay. That makes sense. And then, my other question was just around your CapEx plans. You're tracking solidly below last year so far this year. It seems like from your commentary there's greater focus on capital discipline. So how should we be thinking about CapEx for your business for the remainder of this year, maybe even into next year? Is there any reason that that should accelerate? Or how should we be thinking about that? Thanks.

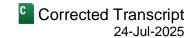
Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

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Yeah. I mean, look, I think we've been really clear about this, [ph] Andrew, (00:58:14) that we're committed to paying down debt and getting our debt coverage ratio down below 3.0x by the end of the year. What you see in the form of our CapEx year-to-date is exactly that. We will see it go higher here in the summer. Winter projects are slowed down because of weather. But we're committed to keeping our CapEx at \$400 million or lower for the

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year. And we'll see where we are and what our markets look like when we achieve our goals as far as debt coverage ratios and decide what to do at that point. But our goal is to continue to pay down debt.

Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

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Yeah. And this is Randy. I mean, the reality is, is I want to be clear about a couple of things. One, we're not capital-starving any of the assets out there today by any means. We have delayed some growth projects here. Nothing that's material. But at the end of the day, I think we're focused on getting below 3.0x. We're waiting for the sun to shine in 2026 here.

**Operator**: Thank you for your question. Our next question comes from the line of Benjamin Kallo with Baird. Your line is now open.

Benjamin Joseph Kallo

Analyst, Robert W. Baird & Co., Inc.

Hey, good morning, guys. Just following up on that last question. In the past, you guys have talked about maybe having a dividend or repurchasing shares. Just trying to think – also SAF 2, just thinking about the capital allocation as we move into 2016, and you hit your debt targets. And then, I have a follow-up.

**Robert Day** 

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.



Well, yeah, thanks, Ben. This is Bob. I think SAF 2, we need more much more clarity around the market before we move down that path. So whether we get that or not in 2026 and whether we would move towards that in 2026 is entirely dependent on clarification of policies and near-term margin environment that would be required to justify something like that. We're not there today. So as we look at 2026, it's not currently in the plans to move forward. Those things can change.

As we look at everything else, we want to -I mean, I think, first of all, if I look at the Food segment, we have a great plan there with the formation of Nextida and the joint venture that will allow us to continue to move - to grow in that industry and space. And that's a noncash transaction that provides access to that new capacity. So that's very convenient in a time like this, where we can continue growing and it doesn't require capital.

So that really leaves us with the Feed segment. And there are opportunities for us to continue to grow our platform globally in the Feed segment. We're focused on getting to the right leverage ratios and getting our balance sheet in the right place before we move on any of those things. But we'll get to that point, and then, look at those opportunities. But right now, I think 2026 is likely to be maybe not as conservative as 2025, but continue to be focused on paying down debt.

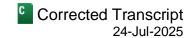
Benjamin Joseph Kallo



Analyst, Robert W. Baird & Co., Inc.

Okay, great. And just going back to the Food segment. Just in the interim between where we get to Nextida and the growth there, last year there was some weakness in collagen sales. It looks like it bottomed out there. Is that the trend? Or could you just talk more about the trend in collagen sales that you're seeing and how we should look forward to the second half of the year? Thank you.

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### Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. I think so – I would sort of rephrase it a little bit from last year. What we saw was a slight oversupply in the market, more so of gelatin. We did see some collagen. I think what's important to understand is in order to make hydrolyzed collagen, you have to have, let's call it, gelatin extraction capacity that you're building it on top of.

What we've experienced throughout this entire period is a consistent increase in demand for hydrolyzed collagen. What we saw last year was just a lot of our competitors putting capacity in the market. On a short-term basis, there was a bit more supply of hydrolyzed collagen relative to demand than there had been prior to that. But now, very quickly, we're starting to reverse that trend.

And what's exciting about collagen going forward is the investment required to add new hydrolyzed collagen capacity is significant because you've got to have the extraction capacity behind it. That's a very large investment to make.

So overall, what we see is a tightening of the gelatin supply and demand. Gelatin is not a fast-growing category, but it sort of grows at population rates. Hydrolyzed collagen, on the other hand, is continuing to grow at very strong rates. And so we're encouraged by that. And ourselves, we're well-positioned with all of the hydrolyzed collagen capacity that we have to continue to grow into that market. And as we form the joint venture with PB Leiner, that's going to give us access to more capacity.

**Operator**: Thank you for your questions. Our next question comes from line of Pooran Sharma with Stephens. Your line is now open.

### **Pooran Sharma**

Analyst, Stephens, Inc.

Thanks for the question. Just wanted to start off and hone in on guidance just a tad bit more. I think in prior calls, you've given us a split of the core business versus DGD. I wanted to understand second half DGD doesn't sound like there's too much benefit in there. As you mentioned, you'll be offline for 3Q. You did mention that you'll be running in September. So I just wanted to understand, are you baking in more of a margin uplift in 4Q from the current environment? Just wanted to understand guidance with a bit finer detail.

#### Randall C. Stuewe

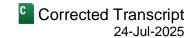
Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Pooran, this is Randy. Yeah, I think you framed it okay. But I think what I want to clarify for you is clearly the core ingredients business is accelerating all the way through the end of the year here. I mean, if you look at the cash prices and you back into them, we were up about \$0.03 a pound in fat in the mid-40s versus the below 40s in Q1. We're now well above \$0.55 a pound on most FOB plants in North America now. That's a big number.

Now you got to kind of balance that with the raw material price rise that happens during that process.

Proteins have stabilized. Demand for global collagen is really consistent, feels like the destocking is done that we've talked about in prior quarters. The big unknown in the guidance here is, do we get a RIN boost once that SRE announcement's out there, when does the market wake up? I think we use a lot of discussion around the table here with the team that the RIN market, the LCFS market, because of the number of obligated parties, does not react like a dynamic futures market that's out there that reflects daily views and guidance and delivery and et cetera, et cetera.

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So the reality in our guidance here, as we went forward, was we said we're confident in our core business and we love it, and we prefer to always talk about our core business. I think for the last five years, all I've done is talk about DGD. And we'll see if DGD becomes a meaningful contributor. The table is set with the RVO. There is no doubt about it. The question is timing here.

The guys always look at me and they know what line I'm about to bring here. And that is I've never made a bad trade, but I've lost a fortune in timing. And so right now, it's really a timing issue as to when this kicks in and all starts to react. I mean, you're seeing the bean oil complex. You're seeing crush margins react. They're now above the five-year average. I mean, this is a pretty darn good setup now as we enter fourth quarter. Q3 is set offline. Now we're down in August and we're ready to run full September 1, if margins are there. We're not going to run for fun and burn up catalyst until the time is ready.

#### **Pooran Sharma**

Analyst, Stephens, Inc.

Got it. Got it. Appreciate that color. I guess, just real quickly on the follow-up. Wanted to understand the SAF opportunity kind of in Europe. Obviously, they have a really strong mandate, but wanted to understand it operationally. I think there's some nuances with the classifications that they allow. Could you help me understand that with a little bit finer detail? And also, just wanted to understand if there's any regulations in process that would make feedstock – US product a little bit easier to get into those markets?

Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

I'll jump in quick, and Matt, add to this. I think you're highlighting one – something that's important here and that's all these different destination markets, they have different requirements as far as the feedstocks you can use in order to make the fuel. The certification body that's required in order to do that. These have presented challenges since sort of the implementation of the policies that we're seeing, because it takes time to get those certifications in place and also to sort of get your supply chain sorted, so you've got the right feedstocks coming in the door.

I think one thing, I would say, and this is a bit of an add-on to the last answer Randy gave is, when we look at Diamond Green Diesel and turning around catalyst in Port Arthur, that really allows us to position that business well in the fourth quarter, because we can use that as an opportunity to put the right feedstocks in place that allow us to maximize destination markets that we're going to earn duty drawbacks that we've got in reserve, all these kinds of things.

And so as time goes on, all of that gets better and better, because you've got those certifications in place, you've got the right supply chains coming in the door, and – but all that takes time to put in place.

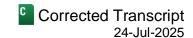
**Operator**: Thank you for your questions. Our next question comes from the line of Betty Zhang with Scotiabank. Your line is now open.

### **Betty Zhang**

Analyst, Scotiabank

Thank you. Hi. Good morning. Thanks for taking my questions. My first question, you've kind of covered this, but I wanted to ask, is there a number you could – or a range you could provide for the core business EBITDA for this year?

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### Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. I mean, I think that's – thank you, Betty, for asking that because that's what everybody has been trying to ask, but you asked it straight up here. It's very funny. I'm going to give you a \$900 million to \$1 billion. So on the \$1 billion side, that's the fat prices flowing through and that means the RINs don't react. If the RINs react, we go way above that, because the profitability of DGD will be much more than it's been today.

**Betty Zhang** 

Analyst, Scotiabank

Perfect. Very clear. Thank you and thanks for these scenarios. Actually, I will just leave it there. All my questions have been covered. Thank you very much.

**Operator**: Thank you for your questions. Our final question comes from the line of Jason Gabelman with TD Securities. Your line is now open.

Jason Gabelman

Analyst, TD Cowen

Hey, morning. Thanks for taking my questions. I wanted to go back to the RVO proposal. And I understand there'll be more clarity once the small refinery exemptions get announced. But there's probably some conservatism among investors just given they have been burnt in recent past on regulation. So I imagine, they'd want to see the proposal finalized.

And to that end, there's a lot in that RVO proposal. In your views and conversations with the administration, have there been – are there things within the proposal that you think are sacred cows more [indiscernible] (01:11:43) items that you think are more trial balloons that that could be – that cannot make it into the final rule?

Matthew J. Jansen

Chief Operating Officer-North America, Darling Ingredients, Inc.

Jason, this is Matt. Good morning. I would say quickly that, first of all, there was the – the public comment period is still ongoing, and it's going to run through the early days of August. And so that is – there was a virtual inperson comment that went on in there a few weeks ago. A lot of written comments are being submitted as we speak.

So it's hard to say from that if anything comes out. I would say, at the headline level, the administration remains very supportive of the RVO and the RVO process and is looking for something that is going to support the industries and the ag community. And so that's the headline.

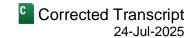
Now what – in the SREs is, I think, I mentioned we're expecting that to come in the next few weeks, and then, the RVO to be finalized in October. So that's the timelines. Are there things in play there? I'm sure. Which ones and to what extent? That remains to be open other than the fact that our view is that the administration is very supportive of a solid RVO and on the long-term basis.

Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. Jason, this is Bob. I think when you read the tea leaves, it seems like the priorities – and we're encouraged by this is that one is this policy needs to support US farm prices. That's first and foremost. Second, it's got to

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minimize cost to the federal government. So those are some of the important changes. And then, third is protecting US industry – US biofuel industry. Some of these things – announced policies probably could change, but ultimately, we believe they're going to try to achieve those three goals and whatever that outcome is we think it's going to be positive.

Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

Bob, we've got the two issues here, SRE and then, the 2024. You want to comment about that?

Robert Day

Executive Vice President & Chief Financial Officer, Darling Ingredients, Inc.

Yeah. I guess, the other is, is that normally 2024 RIN compliance would be obligated as of March 31 of this year. And until they formally revise the D3 RIN numbers from 2024, that date is not fixed. Whether that's going to be October 1 or November 1, it's unclear. But that's the other – other piece to this is that compliance is required in order – in our view, in order for the real [ph] RIN SND (01:14:28) for 2024, to kind of show itself and then 2025 as well. And our view of the [ph] RIN SND (01:14:35) when you look at the D6, D4, D5, all together, is we're at a deficit for 2025, and certainly, will be at 2026. And so as long as compliance is enforced, we believe we'll see higher RINs and that'll result in a decent margin for renewable diesel.

Jason Gabelman

Analyst, TD Cowen

Got it. Thanks. Appreciate that. And my follow-up is just on status of the monetization of 45Z. I think on the last call, you were optimistic that you would have something in place by this time. Just wondering how those conversations are going. Thanks.

Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

This is Randy. I'll take that. So we are very close to where we thought we would be right now. These are somewhat new, and it's kind of unchartered waters out there. But I would just tell you to stay tuned. There's nothing that's changed on our side, but that doesn't say that won't be accomplished here very shortly. In the land of lawyers, there's too many involved.

**Operator**: Thank you for your questions, Jason. That'll be all the questions in our Q&A session today. I would now like turn the call back to Randy for final remarks.

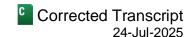
Randall C. Stuewe

Chairman & Chief Executive Officer, Darling Ingredients, Inc.

All right. Thank you. Thank you, everybody. Great questions today. Leave you with a couple of thoughts. Number one, we appreciate the interest in the company. We appreciate your patience. We have a positive outlook for the balance of the year, especially in the core ingredients, some timing unknowns in Diamond Green Diesel. But that asset, as you'll see over the next 10 days, as other people release, is still what I believe to be the best-in-class out there and poised to really deliver for us in 2026.

So be safe. We look forward to talking to you again here, I believe, in October.

Operator: That concludes today's call. Thank you for your participation and enjoy the rest of your day.



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