

# Investor Presentation

**Elevating Essential Products**



**Q3 2021 Results**

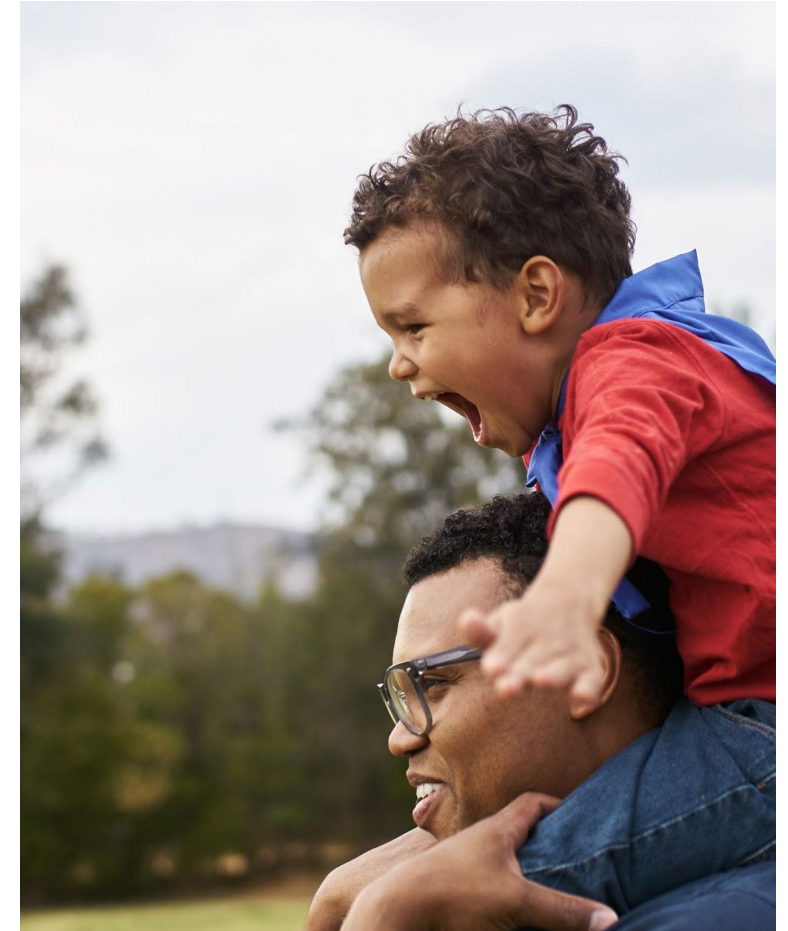
**November 9, 2021**

# Disclaimer

Statements and information contained in this communication that refer to or include Alto Ingredients' estimated or anticipated future results or other non-historical expressions of fact are forward-looking statements that reflect Alto Ingredients' current perspective of existing trends and information as of the date of the communication. Forward looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "should," "estimate," "expect," "forecast," "outlook," "guidance," "intend," "may," "might," "will," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. Such forward-looking statements include, but are not limited to, statements concerning: future market conditions; Alto Ingredients' expectations of generating gross profit and incurring selling, general and administrative expenses, and other financial results in the stated amounts; the cost, timing and effects of, including the financial results deriving from, Alto Ingredients' capital improvement projects; the timing and effects of expanded certifications; Alto Ingredients' anticipated carbon capture and sequestration project, and its initiatives to expand protein production; Alto Ingredients' expectations regarding commodity price fluctuations, including the prices of corn, specialty alcohols and fuel-grade ethanol; and Alto Ingredients' other plans, objectives, expectations and intentions. It is important to note that Alto Ingredients' plans, objectives, expectations and intentions are not predictions of actual performance. Actual results may differ materially from Alto Ingredients' current expectations depending upon a number of factors affecting Alto Ingredients' business. These factors include, among others, Alto Ingredients' ability to timely and effectively complete its capital improvement and other projects and initiatives, and to operate them as expected; adverse economic and market conditions, including for specialty alcohols and essential ingredients; export conditions and international demand for Alto Ingredients' products; fluctuations in the price of and demand for oil and gasoline; raw material costs, including production input costs, such as corn and natural gas; the continuing effects – both positive and negative – of the coronavirus pandemic and governmental, business and consumer responses to the pandemic. These factors also include, among others, the inherent uncertainty associated with financial and other projections; the anticipated size of the markets and continued demand for Alto Ingredients' products; the impact of competitive products and pricing; the risks and uncertainties normally incident to the specialty alcohol and essential ingredient production and marketing industries; changes in generally accepted accounting principles; successful compliance with governmental regulations applicable to Alto Ingredients' production facilities, products and/or businesses; changes in laws, regulations and governmental policies; the loss of key senior management or staff; and other events, factors and risks previously and from time to time disclosed in Alto Ingredients' filings with the Securities and Exchange Commission including, specifically, those factors set forth in the "Risk Factors" section contained in Alto Ingredients' Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 10, 2021.

# Who We Are

- Major producer of specialty alcohols and essential ingredients
  - Five facilities consisting of a wet mill (which includes a yeast plant) and four dry mills
  - 350 MGY of alcohol production capacity
- Focused on four key markets
  - Health, Home & Beauty
  - Food & Beverage
  - Essential Ingredients
  - Renewable Fuels
- Unique capabilities to produce specialty alcohols – 140 MGY GNS, USP, API and Industrial grades
- Customers include major food & beverage and consumer products companies



# Our Four Focus Areas

High value products...used by “Blue Chip” customers

## Health, Home & Beauty

- Mouthwash
- Cosmetics
- Pharmaceuticals
- Hand Sanitizer
- Disinfectant
- Cleaning Products
- Industrial Grade Ethyl Alcohol



## Food & Beverage

- Alcoholic Beverages
- Vinegar
- Corn Oil and Corn Germ
- Carbon Dioxide
- Beverage Carbonation
- Dry Ice



## Essential Ingredients

- Aventine™ Yeast
- Corn Gluten Meal
- Corn Condensed Distillers Solubles
- Corn Oil and Corn Germ
- Distillers Grains



## Renewable Fuels

- Ethanol
  - Transportation Fuels
- Corn Oil and Corn Germ
  - Biodiesel Feedstock

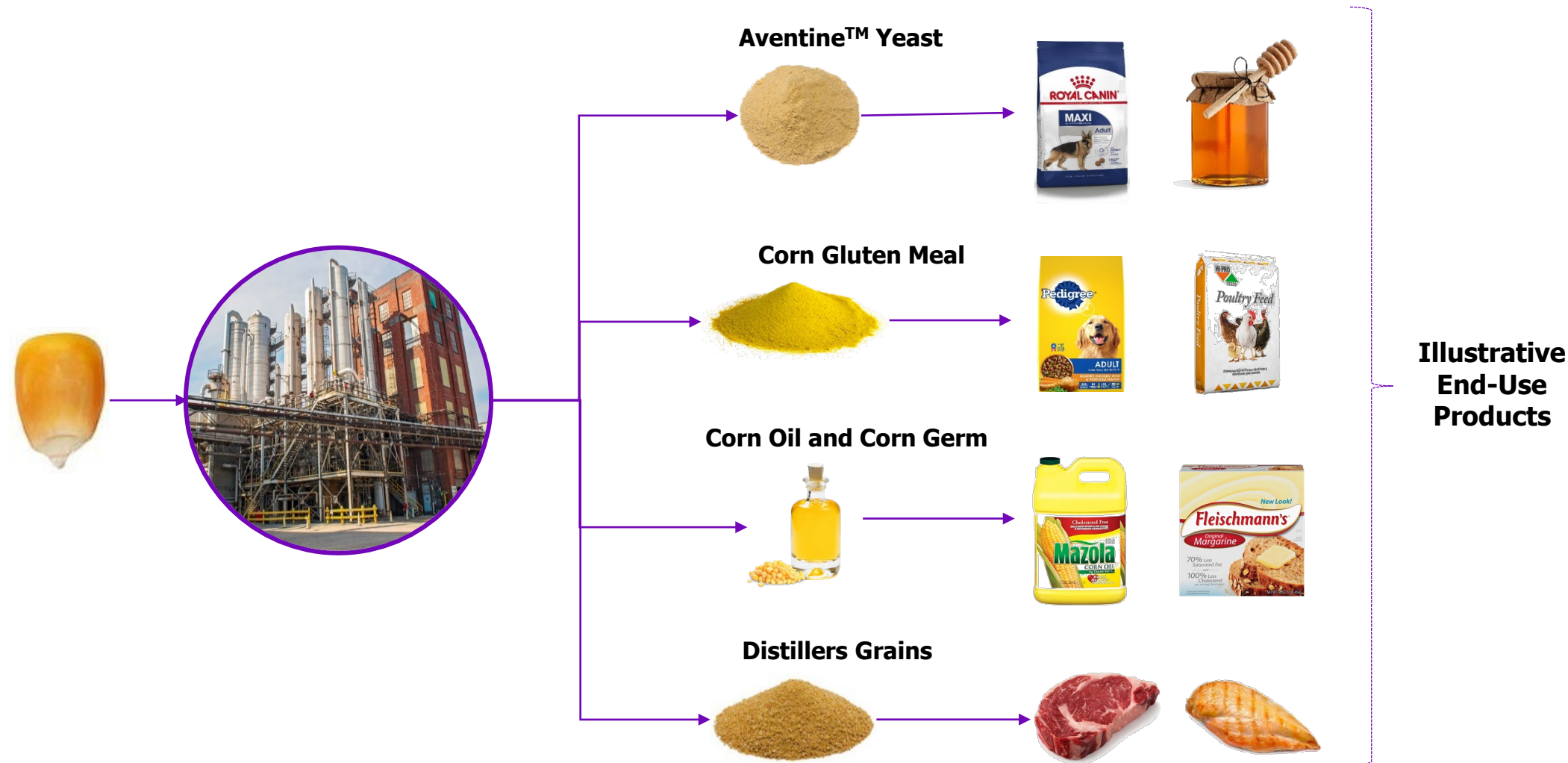


# What We Do – *Alcohols*





# What We Do – *Essential Ingredients*



# Premium to Renewable Fuel Ethanol

## Key Drivers of Price Premium Over Fuel-Grade Ethanol

- More complex products to manufacture
- Greater investments in quality assurance and certifications required
- Quality and consistency is very important to customers
  - End-products are for human consumption or applied to the skin
  - Product recall averse
- Customers less price sensitive than fuel buyers
  - Accustomed to secular rather than cyclical price movements (i.e. modest annual increases)
- Opaque pricing – not quoted commodities

# Operating Results Summary

(\$ in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 305,556	\$ 204,727	\$ 822,400	\$ 728,205
Cost of goods sold	308,955	183,797	796,729	688,983
Gross profit (loss)	(3,399)	20,930	25,671	39,222
Selling, general and administrative expenses	5,533	6,404	19,777	25,245
Asset impairments	-	-	3,100	-
Gain on litigation settlement	-	11,750	-	11,750
Income (loss) from operations	(8,932)	26,276	2,794	25,727
Interest expense, net	(429)	(4,199)	(3,359)	(14,153)
Income from loan forgiveness	5,973	-	9,860	-
Fair value adjustments	-	(6,856)	-	(7,497)
Other income (expense), net	256	(6)	641	(1,164)
Income (loss) before benefit for income taxes	(3,132)	15,215	9,936	2,913
Benefit for income taxes	-	-	-	-
Consolidated net income (loss)	(3,132)	15,215	9,936	2,913
Net loss attributed to noncontrolling interests	-	-	-	2,166
Net income (loss) attributed to Alto Ingredients, Inc.	\$ (3,132)	\$ 15,215	\$ 9,936	\$ 5,079
Preferred stock dividends	\$ (319)	\$ (319)	\$ (946)	\$ (949)
Net income (loss) available to common stockholders	\$ (3,451)	\$ 14,896	\$ 8,990	\$ 4,130
Net income (loss) per share, basic	\$ (0.05)	\$ 0.25	\$ 0.13	\$ 0.07
Net income (loss) per share, diluted	\$ (0.05)	\$ 0.24	\$ 0.12	\$ 0.07
Weighted-average shares outstanding, basic	71,383	58,503	71,002	55,620
Weighted-average shares outstanding, diluted	71,383	61,699	72,260	57,958
Adjusted EBITDA	\$ 2,965	\$ 34,123	\$ 33,362	\$ 50,615

\* A reconciling table for Adjusted EBITDA is available in the Appendix of this presentation



# Balance Sheet Summary

<i>(\$ in thousands)</i>	9/30/21	12/31/20
Cash & cash equivalents	\$ 36,029	\$ 47,667
Current assets	226,598	214,046
Total assets	483,404	476,818
Current liabilities	84,448	86,927
Total liabilities	178,208	180,583
Stockholders' equity	305,196	296,235
Total liabilities & stockholders' equity	\$ 483,404	\$ 476,818

# Key Takeaways

## Transitioning to Higher Margin Businesses

- Investing in QA / certifications to expand addressable customers and markets
- Launched enhanced protein project at one dry mill, with three more planned
- Focused on investing in infrastructure improvements
- Anticipate an additional \$18.5 million in EBITDA in 2022

## Good Visibility on Near-Term Results

- Specialty alcohol sales contracted annually in advance
- Long-term tailwinds from continued growth in demand for specialty alcohols and essential ingredients

## Improved Balance Sheet

- Now term debt free
- Sold nonstrategic fuel-grade facilities

# Use of Non-GAAP Measures

Management believes that certain financial measures not in accordance with generally accepted accounting principles ("GAAP") are useful measures of operations.

The company defines Adjusted EBITDA as unaudited net income (loss) attributed to Alto Ingredients, Inc. before interest expense, interest income, provision (benefit) for income taxes, asset impairments, loss on extinguishment of debt, purchase accounting adjustments, fair value adjustments and depreciation and amortization expense. A table is provided at the end of this presentation that provides a reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure, net income (loss) attributed to Alto Ingredients, Inc. Management provides this non-GAAP measure so that investors will have the same financial information that management uses, which may assist investors in properly assessing the company's performance on a period-over-period basis. Adjusted EBITDA is not a measure of financial performance under GAAP, and should not be considered as an alternative to net income (loss) attributed to Alto Ingredients, Inc. or any other measure of performance under GAAP, or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. Adjusted EBITDA has limitations as an analytical tool and you should not consider this measure in isolation or as a substitute for analysis of the company's results as reported under GAAP.

# Adjusted EBITDA Reconciliation

<i>(figures in thousands)</i>	3 Mos. 9/30/21	3 Mos. 9/30/20	9 Mos. 9/30/21	9 Mos. 9/30/20
Net income (loss) attributed to Alto Ingredients, Inc.	\$ (3,132)	\$ 15,215	\$ 9,936	\$ 5,079
Adjustments:				
Interest expense	429	4,199	3,359	14,153
Interest income	(183)	(196)	(553)	(368)
Asset impairments	-	-	3,100	-
Fair value adjustments	-	6,856	-	7,497
Depreciation and amortization expense*	<u>5,851</u>	<u>8,049</u>	<u>17,520</u>	<u>24,254</u>
Total adjustments	<u>6,097</u>	<u>18,908</u>	<u>23,426</u>	<u>45,536</u>
<b>Adjusted EBITDA</b>	<u><u>\$ 2,965</u></u>	<u><u>\$ 34,123</u></u>	<u><u>\$ 33,362</u></u>	<u><u>\$ 50,615</u></u>

\* Adjusted for noncontrolling interest

Thank you.

