



# Alto Ingredients, Inc.

Q3 2022 Investor Presentation

November 7, 2022

# Safe Harbor Statement

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 EBITDA or Adjusted EBITDA 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 product diversification and process certifications; Alto Ingredients' anticipated carbon capture sequestration and pipeline projects; the benefits of our recent debt financing transaction; the benefits, including their timing, of the acquisition of Eagle Alcohol; Alto Ingredients' expectations regarding commodity price fluctuations, including the prices of corn, specialty alcohols and renewable fuels; 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 and attain the anticipated results; Alto Ingredients' ability to timely draw down on all desired amounts from its recent debt financing; Alto Ingredients' ability to successfully achieve the anticipated benefits of its acquisition of Eagle Alcohol; 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 of the coronavirus pandemic, and its resurgence or abatement, and governmental, business and consumer responses to the pandemic; and the war in Ukraine and its effects on commodity prices, including for wheat and corn, and supply chains. 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, marketing and distribution 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 9, 2022.

**Mission:**

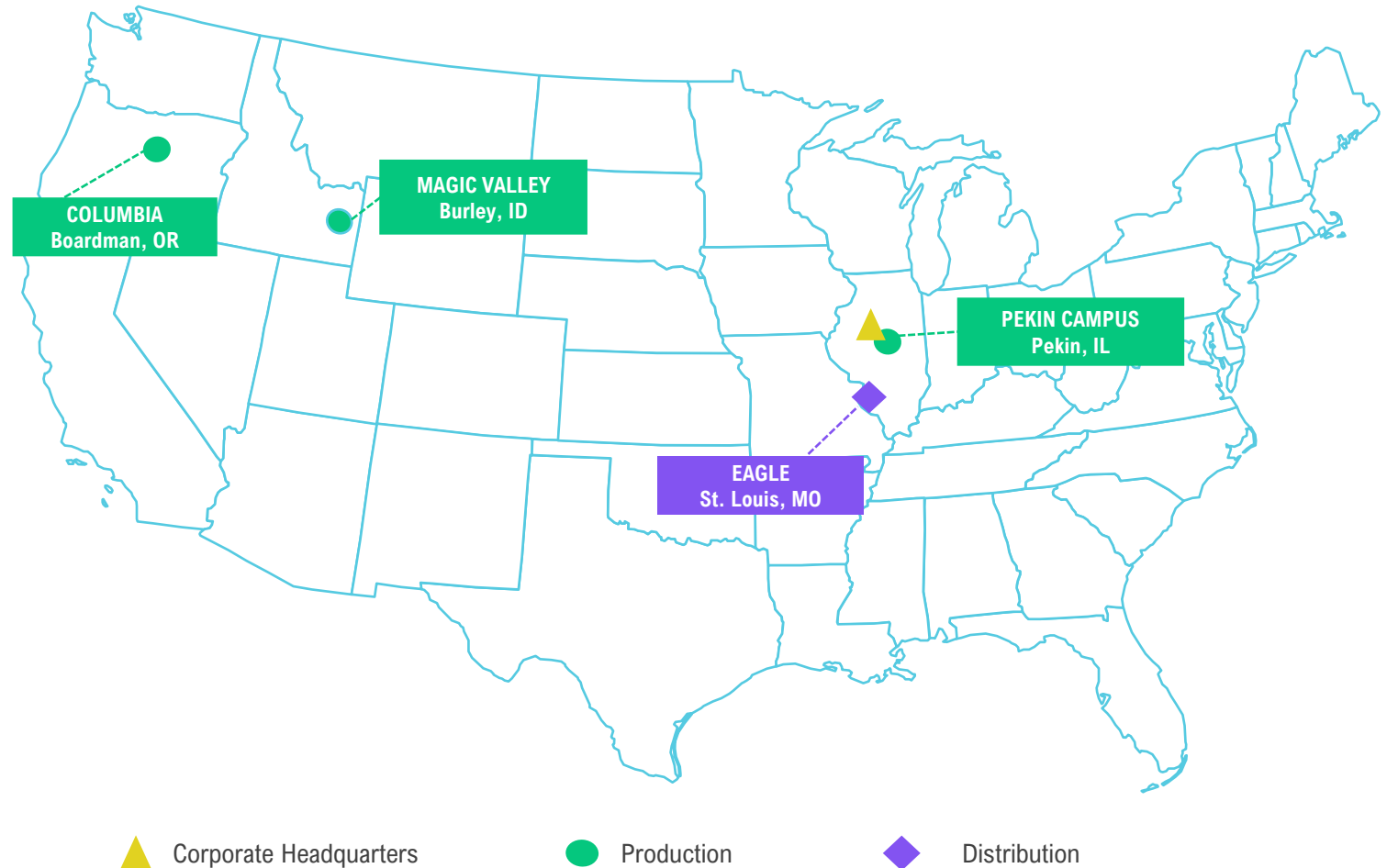
**To provide  
ingredients that  
make everyday  
life better.**



# Leveraging Unique Set of Assets to Deliver Long-term Growth

**Major producer and distributor of specialty alcohols and essential ingredients, operating 1 distribution center + 3 biorefinery campuses: 1 wet and 4 dry mills able to produce 350MGY**

- Increasing demand driven by durable long-term megatrends
- Serving 4 robust key markets
  - Health, Home & Beauty
  - Food & Beverage
  - Essential Ingredients
  - Renewable Fuels
- Expanding blue chip customer base, prioritizing reliability, service and quality
- Delivering financial improvement with clear strategy execution
- Executing ESG initiatives to improve performance



# Delivering High Value Products in Four Key Areas

Expanding blue chip customers that prioritize reliability, service and quality

## Health, Home & Beauty

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



**EASTMAN**



## Food & Beverage

- Grain Neutral Spirits
  - RTD Beverages
  - Vodka
- Vinegar
- Corn Oil and Corn Germ
- Carbon Dioxide
  - Beverage Carbonation
  - Dry Ice



## Essential Ingredients

- Alto™ Yeast
- Corn Meal
- Corn Condensed Distillers Solubles
- Corn Oil and Corn Germ
- Distillers Grains
- High Protein Feed



## Renewable Fuels

- Ethanol
  - Transportation Fuels
- Corn Oil and Corn Germ
  - Renewable Diesel Feedstock





# Specialty Alcohols and Renewable Fuel

Transforming corn into specialty alcohol used in a wide range of consumer and commercial products



GNS / Food & Beverage



API Grade Alcohol



USP Grade Alcohol



Industrial Grade Alcohol



Ethanol (Renewable Fuel)



Illustrative  
End-Use  
Products

# Essential Ingredients

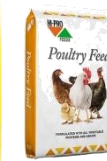
Transforming corn into essential ingredients used in wide range of consumer and commercial products



Alto™ Yeast



Corn Gluten



High Protein Co-Product



Corn Oil and Corn Germ



Distillers Grains



Illustrative  
End-Use  
Products

# Increasing Demand Driven by Durable Megatrends

**Growing consumer preference for spirits over beer and wine**

**Increasing consumption of meat globally**

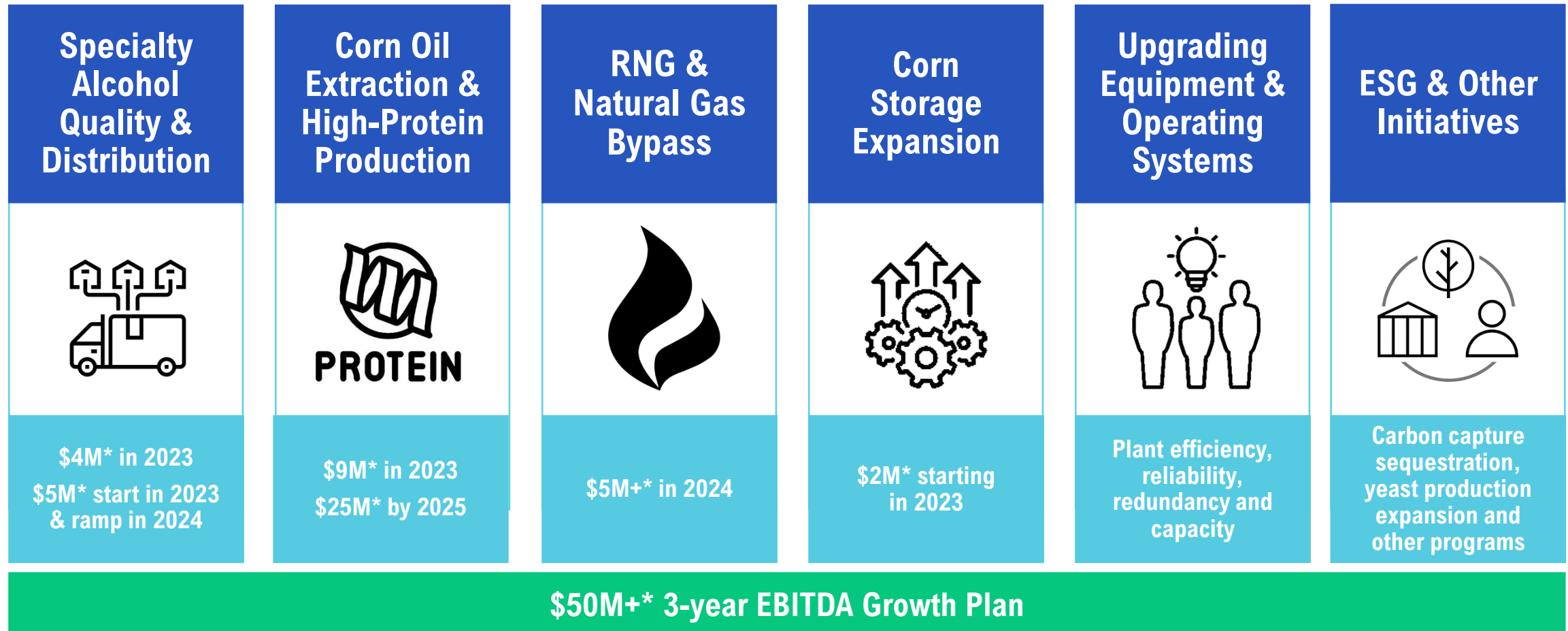
**Growth in aquaculture**

**Growing use of alcohol-based disinfectants**



# Fueling EBITDA Contribution & Growth

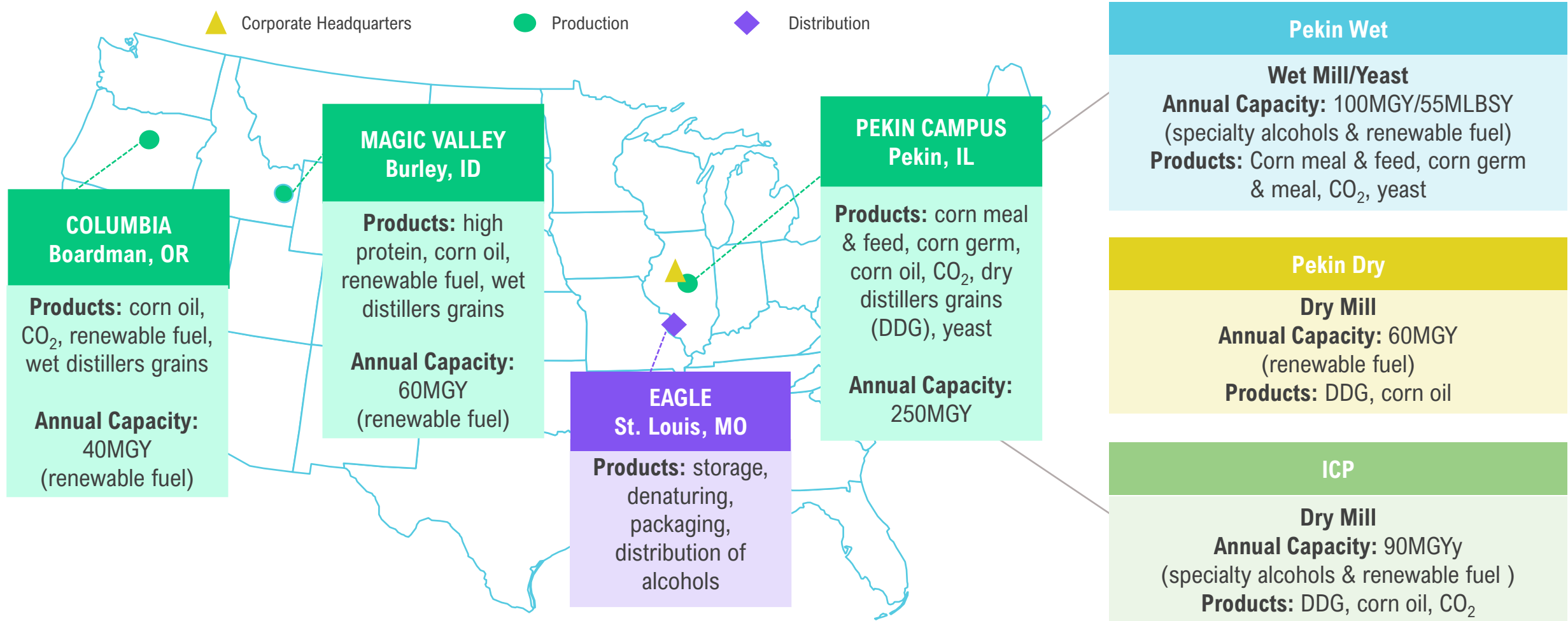
## Three-year strategic initiatives



\* Annualized EBITDA contribution when fully operational

# Investing in Assets Emphasizing Specialty Alcohols

Expanding, repurposing, and improving 5 distilleries to maximize return



# Expanding Enhanced High Value Protein Capabilities

**Capitalizing on higher protein content animal feeds, which command higher prices**

- Installing Harvesting Technology's CoPromax™
  - First at Magic Valley, ID expected completion:
    - Phase I: Corn oil expansion -- Complete
    - Phase II: Enhanced protein content – Q1'23
  - Planning rollout at 3 other dry mills
- Annual expectations at Magic Valley upon completion:
  - Produce 33,000+ tons of 50+% protein content feed
  - Increase corn oil yields ~50%, or ~9M lbs.
  - Contribute \$9.0+M in Adj. EBITDA\*

\* Annualized based on current market prices and the combination of additional sales of corn oil and high value proteins

# Attracting Customers with Reliability, Service and Quality

**Customers value long-term suppliers that consistently meet quality standards and delivery requirements**

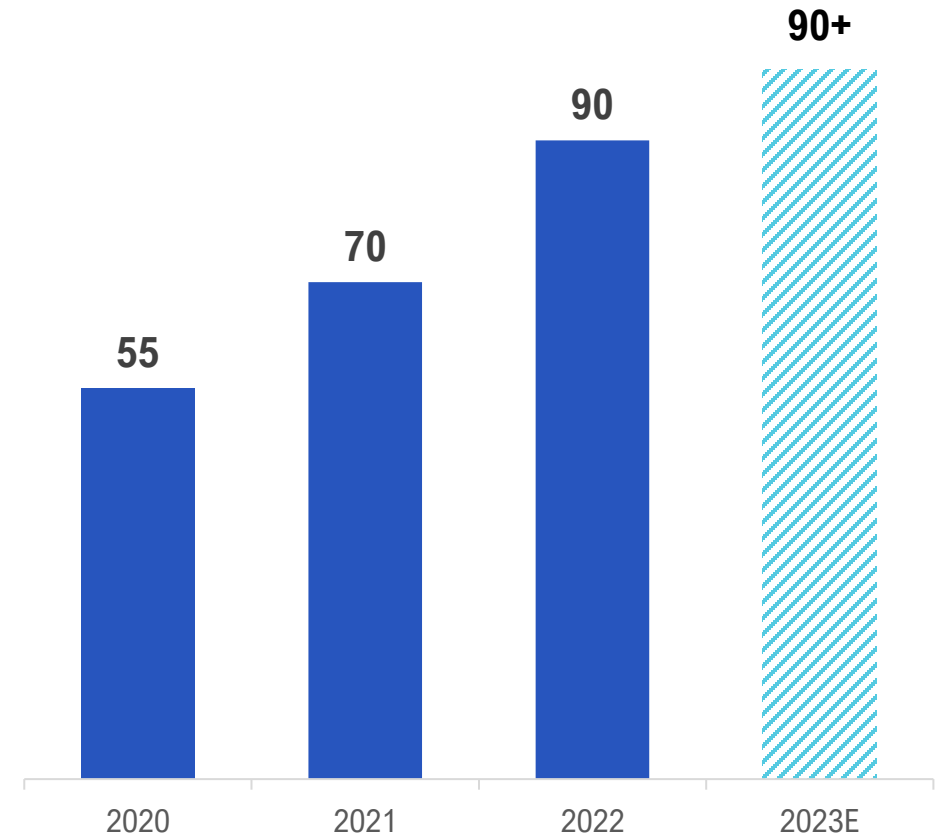
## Specialty alcohols

- Require certifications
- Are more challenging to produce
- Require audit trails and paperwork
- Create significant product performance impact for a small percentage of their cost

## Selected Alto Specialty Alcohol Customers



## Specialty Alcohol MGY Contracted in Advance of the Year



# Acquired Downstream Specialty Alcohol Distribution

**Expected to increase margins, reduce volatility and create access to new markets**

- **Acquired Eagle Alcohol headquartered in St. Louis, Missouri on January 14, 2022**
  - \$15.3M in cash plus earnout of up to \$14M, \$9M in cash and \$5M in common stock
  - Former president, Dan Croghan, continues to lead the business
- **Specialty alcohol break bulk distributor:**
  - Purchases bulk from suppliers, including Alto, stores, denatures and packages
  - Resells in smaller sizes (tank trucks, totes and drums) at a premium per gallon to bulk
  - Delivers products via its own dedicated trucking fleet and common carrier to customers in the beverage, food, pharma and related-process industries
- **Immediately accretive:**
  - \$35M in revenue and \$4M in Adj. EBITDA generated in 2021
  - \$8M to \$9M in Adj. EBITDA expected annually in 2023 and beyond, including synergies
- **Key benefits:**
  - Increases profit margins through vertical integration
  - Brings major new customers, particularly in the beverage market
  - Reduces freight costs and enhances delivery capabilities

## Selected Eagle Customers

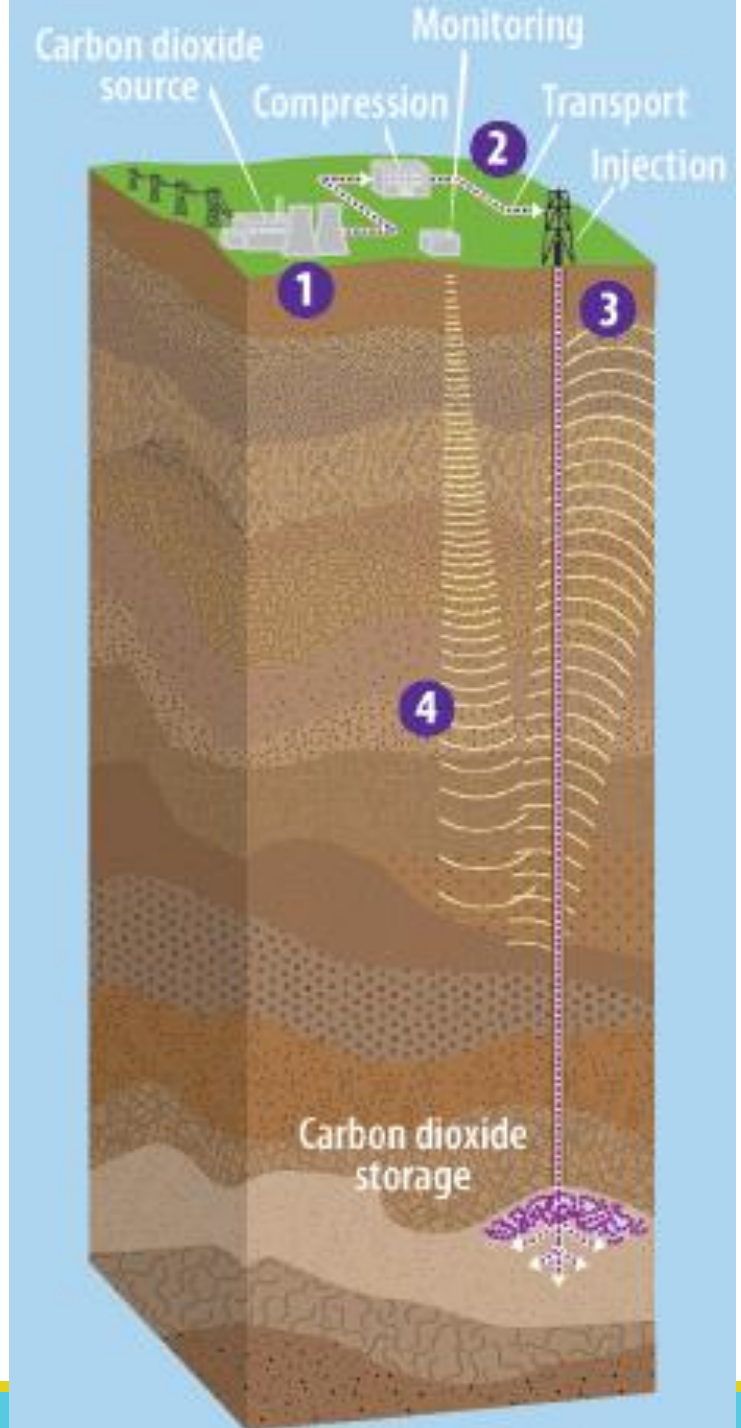




# Evaluating Carbon Capture & Sequestration Opportunities

## Inflation Reduction Act of 2022 Section 45Q improves economics

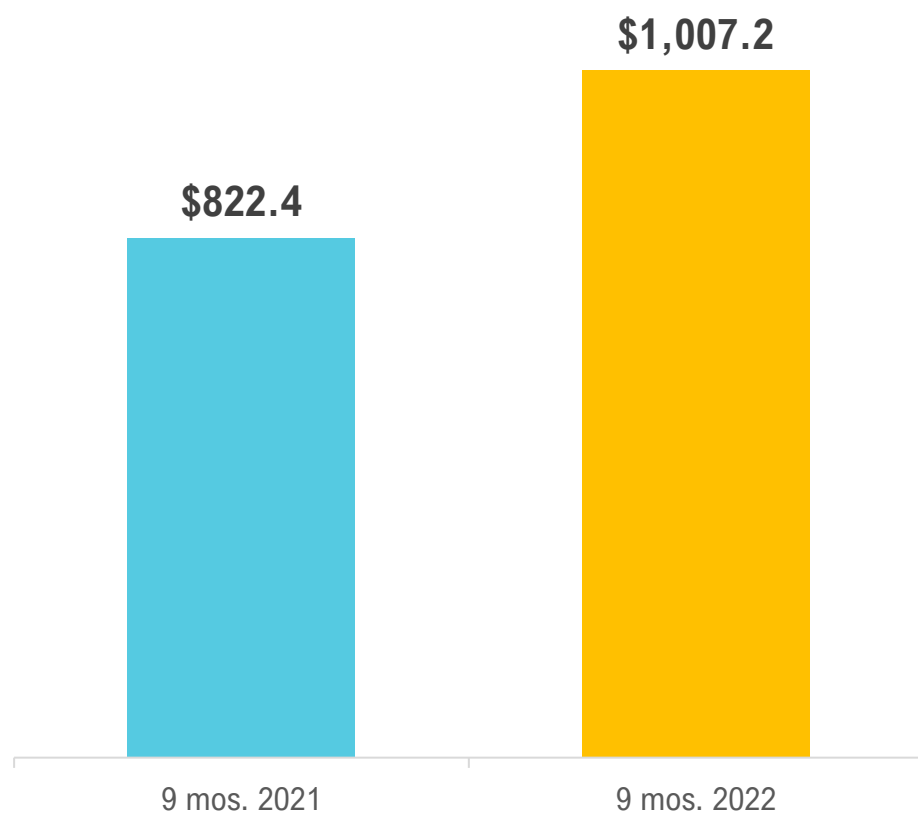
- **Signed legislation**
  - Improves environmental attributes, such as lower carbon intensity ethanol
  - Creates opportunities in other markets, such as sustainable aviation fuel (SAF), blue ethanol, etc.
- **Overview of program and opportunity**
  - \$85 per metric ton for 12 years
  - ~700,000 MT/year capacity at Pekin Campus
- **Assessing carbon capture facility**
  - Defining implementation costs
  - Reviewing pipeline preferences
  - Evaluating financial and production partnerships



# Managing Commodity Fluctuations

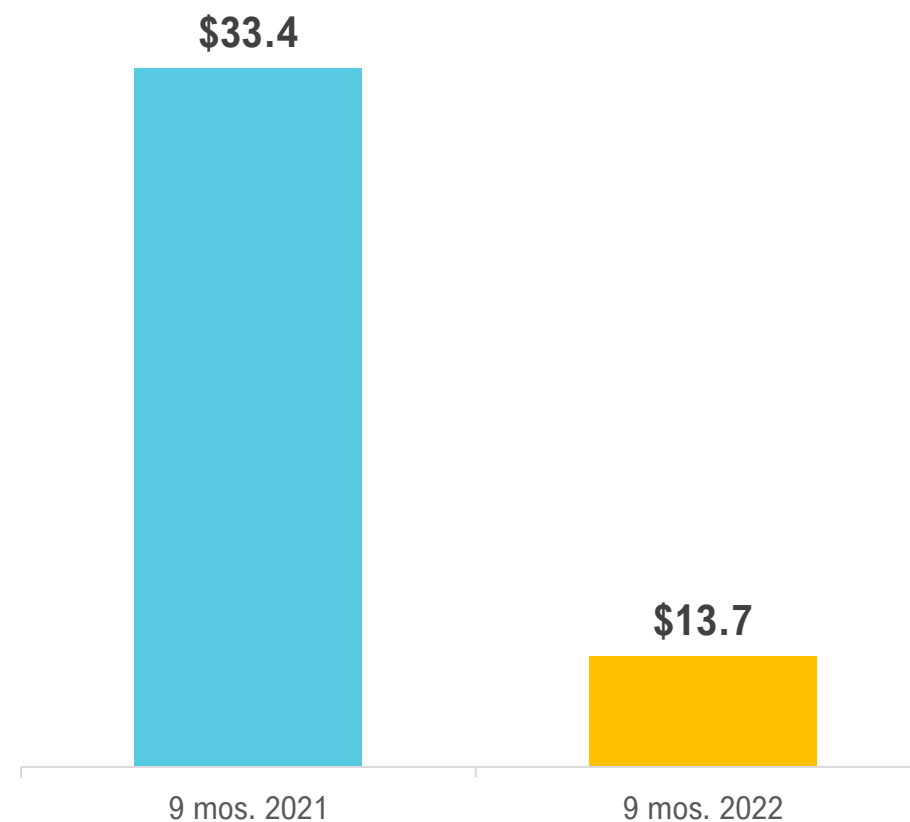
## Net Sales

(\$ millions)



## Adjusted EBITDA\*

(\$ millions)



\* Adjusted EBITDA Reconciliations in the appendix.

# \$125M in Debt Capital Strengthens Balance Sheet

Entered \$125M six-year term loan in November 2022

<i>unaudited, \$ in thousands</i>	Sept. 30, 2022	Dec. 31, 2021
Cash & cash equivalents	\$ 28,458	\$ 50,612
Restricted cash	\$ 3,955	\$ 11,513
Current assets	\$ 186,306	\$ 229,526
Current liabilities	<u>(54,513)</u>	<u>(69,602)</u>
Working capital	\$ 131,793	\$ 159,924

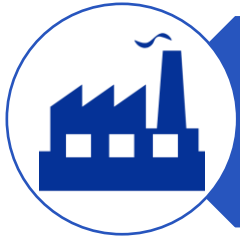
# Increase Profitability by Investing in Diversification



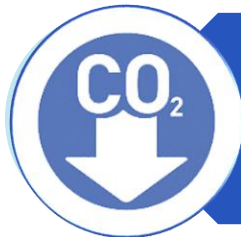
**Optimize specialty alcohol**



**Expand essential ingredients**



**Enhance existing facilities capabilities**



**Advance ESG initiatives, including CCS**



# Appendix



# Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 336,877	\$ 305,556	\$ 1,007,184	\$ 822,400
Cost of goods sold	356,716	308,955	1,013,406	796,729
Gross profit (loss)	(19,839)	(3,399)	(6,222)	25,671
Selling, general and administrative expenses	(7,403)	(5,533)	(24,028)	(19,777)
Asset impairments	—	—	—	(3,100)
Income (loss) from operations	(27,242)	(8,932)	(30,250)	2,794
Interest expense, net	(340)	(429)	(859)	(3,359)
Income from loan forgiveness	—	5,973	—	9,860
Income from cash grant	—	—	22,652	—
Other income (expense), net	(456)	256	(68)	641
Income (loss) before provision for income taxes	(28,038)	(3,132)	(8,525)	9,936
Provision for income taxes	—	—	—	—
Net income (loss)	\$ (28,038)	\$ (3,132)	\$ (8,525)	\$ 9,936
Preferred stock dividends	\$ (319)	\$ (319)	\$ (946)	\$ (946)
Income allocated to participating securities	—	—	—	(120)
Net income (loss) available to common stockholders	\$ (28,357)	\$ (3,451)	\$ (9,471)	\$ 8,870
Net income (loss) per share, basic	\$ (0.39)	\$ (0.05)	\$ (0.13)	\$ 0.12
Net income (loss) per share, diluted	\$ (0.39)	\$ (0.05)	\$ (0.13)	\$ 0.12
Weighted-average shares outstanding, basic	73,011	71,383	71,815	71,002
Weighted-average shares outstanding, diluted	73,011	71,383	71,815	72,260

# Experienced Leadership Team



**Mike Kandris**  
Director and CEO  
14 Years with Alto

Prior Experience & Education



Former President and COO



Executive Committee Member



Board Member

California State University, BS  
in Business



**Bryon McGregor**  
CFO  
15 Years with Alto

Prior Experience & Education



Brokerage Treasurer



Project Finance Head



Director

Brigham Young University, BS  
in Business Management



**Jim Sneed** <sup>(1)</sup>  
Chief Commercial Officer  
28 Years with Alto

Prior Experience & Education



Vice President, Ethanol  
Marketing & Trading



Vice President, Marketing  
& Logistics

Olivet Nazarene University, BS  
in Accounting  
Kellogg School of  
Management, MBA



**Auste Graham**  
General Counsel  
Joined February 2022

Prior Experience & Education



Vice President, Legal,  
Americas











Senior Legal Counsel

Vanderbilt University Law  
School, JD

(1) In aggregate, including years with Aventine, acquired by Alto in 2015.

# Senior Management with Deep Bench Strength

<p><b>Todd Benton<sup>(1)</sup></b> VP, Site Manager at Pekin 24 Years with Alto</p> <p>Prior Experience</p> 	<p><b>Dan Croghan</b> VP, Eagle General Manger &lt;1 Year with Alto</p> <p>Prior Experience</p> 	<p><b>Michael Kramer</b> VP, Treasurer 15 Years with Alto</p> <p>Prior Experience</p> 	<p><b>Patrick McKenzie</b> VP, Business Development and Engineering 12 Years with Alto</p> <p>Prior Experience</p> 
<p><b>Martin Michael</b> Manager, Financial Planning and Analysis 5 Years with Alto</p> <p>Prior Experience</p> 	<p><b>Rob Olander</b> VP, Corporate Controller 15 Years with Alto</p> <p>Prior Experience</p> 	<p><b>John Shriver<sup>(1)</sup></b> VP, Essential Ingredients 24 Years with Alto</p> <p>Prior Experience</p> 	<p><b>Stacy Swanson<sup>(1)</sup></b> VP, Quality &amp; Sustainability 10 Years with Alto</p> <p>Prior Experience</p> 

(1) In aggregate, including years with Aventine, acquired by Alto in 2015.

# Securing Quality Certifications

## Valuable market differentiators deepen relationships and open doors to new opportunities

- Alcohols used on consumers' skin or consumed, including in pharmaceuticals, must meet stringent quality and safety standards
- Only a small number of producers earn the certifications
- Customers are reluctant to change suppliers because of potential performance and safety risks

Alto Certifications	Grade	Markets	Description
ISO-9001	<b>USP</b>	<ul style="list-style-type: none"> <li>• All</li> </ul>	<ul style="list-style-type: none"> <li>• World's most widely recognized quality management system certification</li> </ul>
ICH-Q7	<b>USP</b>	<ul style="list-style-type: none"> <li>• Pharmaceutical</li> <li>• Cosmetics</li> <li>• Consumer Goods</li> <li>• Disinfectants</li> </ul>	<ul style="list-style-type: none"> <li>• International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use (ICH) is a non-profit organization that brings together regulators and industry to develop and implement guidelines for the manufacturing and registration of medicines</li> <li>• ICH-Q7 is a quality guideline that sets forth good manufacturing practices for active pharmaceutical ingredients</li> </ul>
EXCiPACT GMP	<b>USP</b>	<ul style="list-style-type: none"> <li>• Pharmaceutical</li> <li>• Cosmetics</li> <li>• Consumer Goods</li> <li>• Disinfectants</li> </ul>	<ul style="list-style-type: none"> <li>• EXCiPACT is a non-profit organization that sets standards for the safety and quality of excipients, the inactive components of a drug or medication.</li> <li>• GMP (Good Manufacturing Practices) certification that the basic manufacturing practices and prerequisite programs are in place for an effective EXCiPACT</li> </ul>
HACCP / GMP	<b>Food / FCC</b>	<ul style="list-style-type: none"> <li>• Beverage</li> <li>• Vinegar</li> <li>• Flavor Extracts</li> </ul>	<ul style="list-style-type: none"> <li>• HACCP (Hazard Analysis and Critical Control Points) is an international standard defining the requirements for effective control of food safety</li> <li>• GMP certification that the basic manufacturing practices and prerequisite programs are in place for an effective HACCP</li> </ul>
SMETA – 4 Pillars	<b>Social</b>	<ul style="list-style-type: none"> <li>• Customers wanting to improve responsible and sustainable practices</li> </ul>	<ul style="list-style-type: none"> <li>• SMETA, the worlds leading social audit. Sedex Members Ethical Trade Audit: 4 Pillars (Labor, Safety &amp; Health, Environmental and Business Ethics). Sedex is a leading ethical trade membership organization working to improve working conditions in global supply chains.</li> </ul>



# GAAP to Non-GAAP Reconciliation



# 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) before interest expense, interest income, provision for income taxes, asset impairments, loss on extinguishment of debt, acquisition-related expense, 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). 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) 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

	Three Months Ended September 30,		Nine Months Ended September 30,	
<i>(in thousands) (unaudited)</i>	2022	2021	2022	2021
	\$	\$		
Net income (loss)	(28,038)	(3,132)	\$ (8,525)	\$ 9,936
Adjustments:				
Interest expense	340	429	859	3,359
Interest income	(38)	(183)	(341)	(553)
Asset impairments	—	—	—	3,100
Acquisition-related expense	875	—	2,625	—
Provision for income taxes	—	—	—	—
Depreciation and amortization expense	6,260	5,851	19,122	17,520
Total adjustments	7,437	6,097	22,265	23,426
<b>Adjusted EBITDA</b>	<b>\$ (20,601)</b>	<b>\$ 2,965</b>	<b>\$ 13,740</b>	<b>\$ 33,362</b>



**ALTO**  
INGREDIENTS