



Alto Ingredients, Inc.

Q4 and YTD 2021 Results,

March 10, 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, and incurring selling, general and administrative expenses, and generating other financial results in the stated amounts; the cost, timing and effects of, including the financial results deriving from, Alto Ingredients' capital improvement projects, including its initiative to expand protein production; the effects of expanded product and process certifications; Alto Ingredients' anticipated carbon capture and sequestration project; 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; Alto Ingredients' ability to successfully use its acquisition of Eagle Alcohol to penetrate new high-margin markets; 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; 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 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 November 12, 2021.

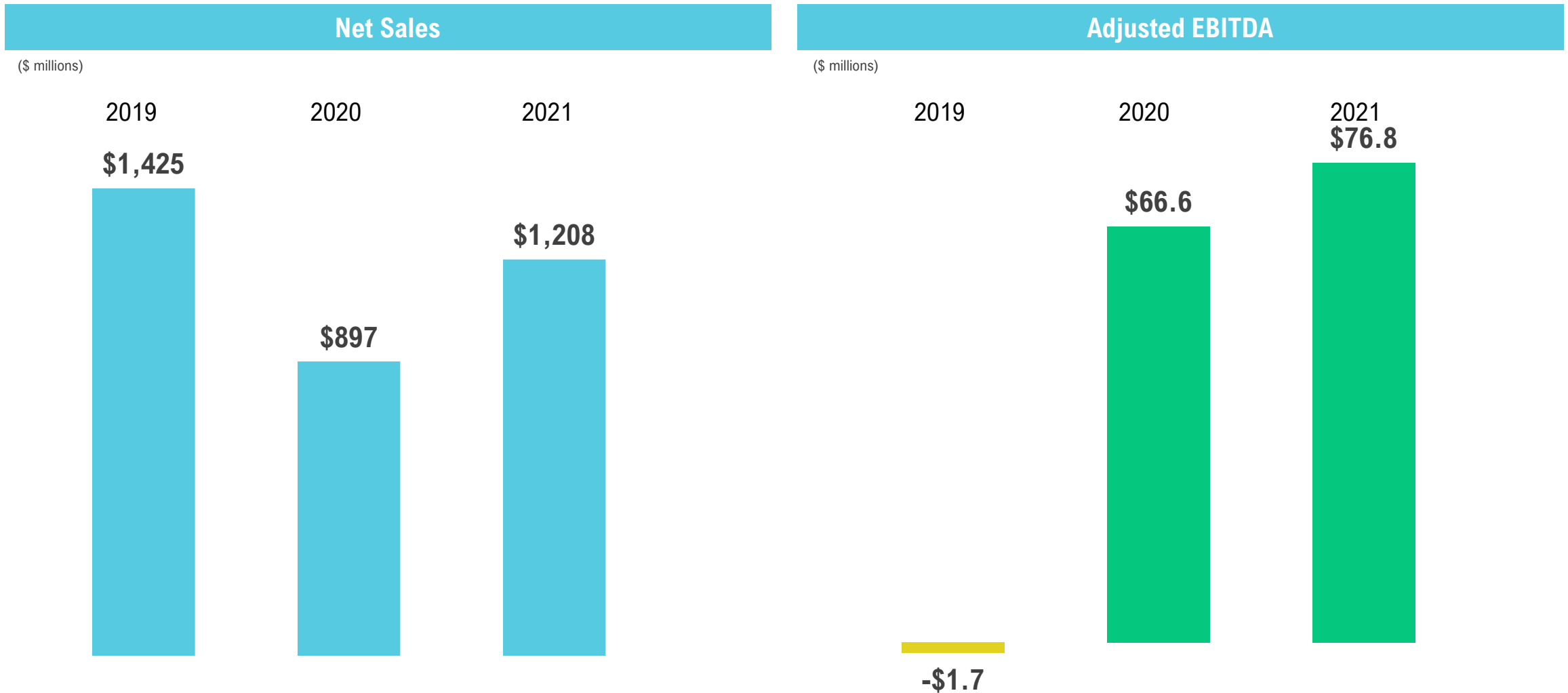
Mission:

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



Improving Financial Position

Sold facilities for \$43.5M in cash, eliminated restrictive debt and increased cash to \$50.6M

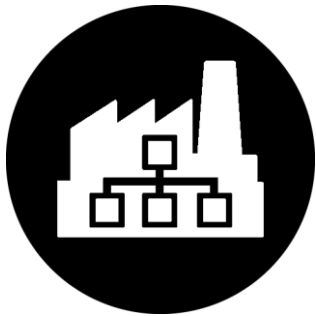


Adjusted EBITDA Reconciliations in the appendix.

Focusing on Strengths to Increase Margin Contribution

Pursuing more profitable, consistent return markets and deemphasizing commoditized markets

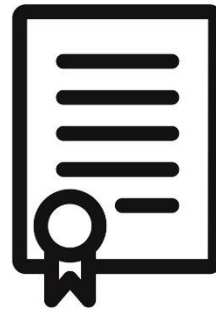
**Invest
Capacity**



**Expand
Capabilities**



**Secure
Certifications**



**Optimize
Assets**



**Acquire
Bolt-on Assets**



Expanding Enhanced High Value Protein Capabilities

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

- Installing Harvesting Technology CoPromax™
 - First at Magic Valley, ID
 - 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*



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

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 the potential performance and safety risks

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

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 \$14.0M, \$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

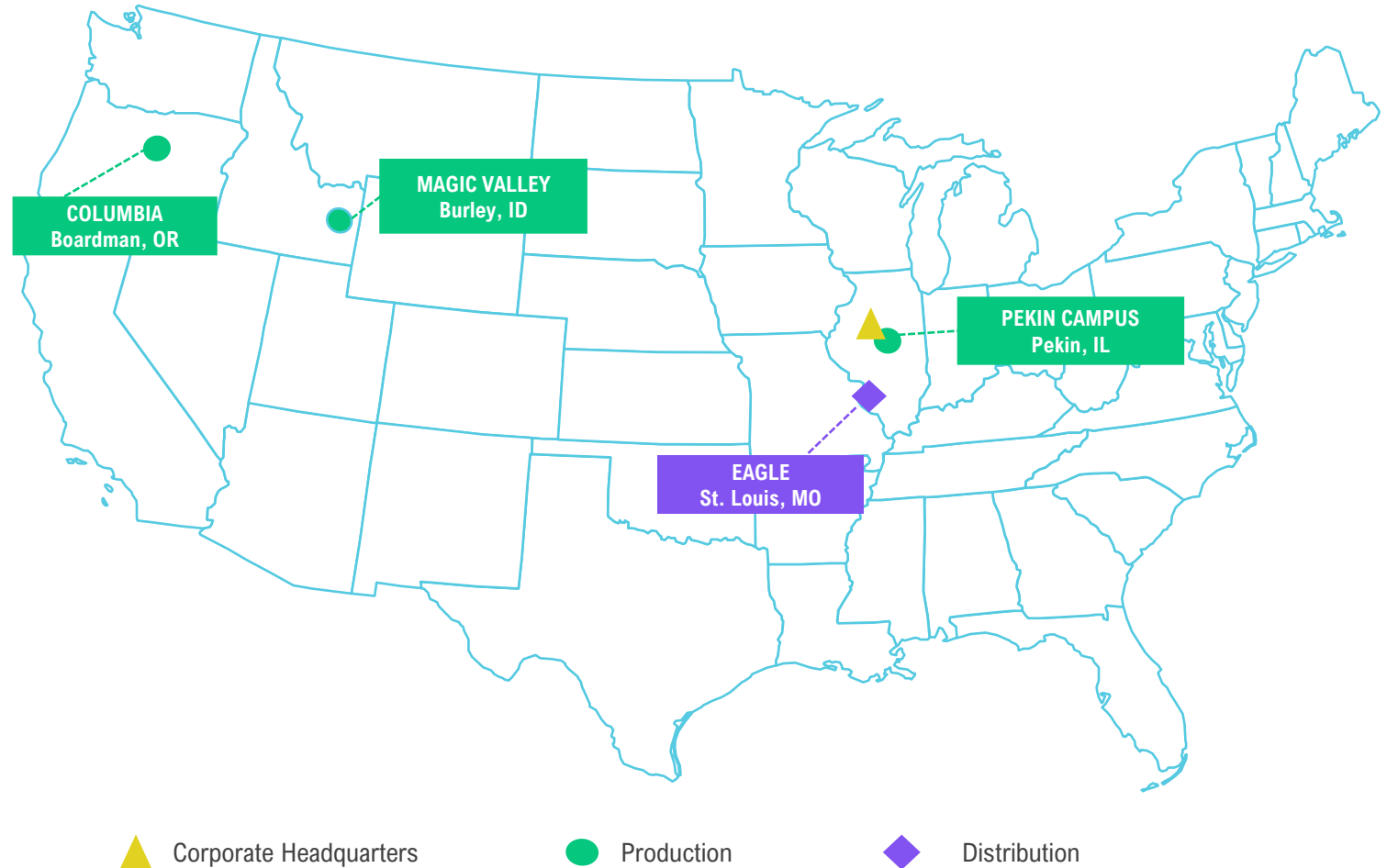
Selected Eagle Customers



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



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



Food & Beverage

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



Essential Ingredients

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



Renewable Fuels

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



Strategies for 2022 and Beyond



Invest to optimize specialty alcohol distribution



Expand corn storage at Pekin campus



Reinvest in existing facilities



Complete and add high value protein installations



Assess natural gas bypass at Pekin campus



Advance carbon capture and sequestration

Operating Results

(\$ in thousands, except per share amounts)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Net sales	\$ 385,492	\$ 168,818	\$ 1,207,892	\$ 897,023
Cost of goods sold	<u>343,379</u>	<u>155,181</u>	<u>1,140,108</u>	<u>844,164</u>
Gross profit	42,113	13,637	67,784	52,859
Selling, general and administrative expenses	(9,408)	(6,735)	(29,185)	(31,980)
Asset impairments	-	(24,356)	(3,100)	(24,356)
Gain on sale of assets	4,571	3,223	4,571	1,580
Gain on litigation settlement	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,750</u>
Income (loss) from operations	37,276	(14,231)	40,070	9,853
Interest expense, net	(228)	(3,790)	(3,587)	(17,943)
Income from loan forgiveness	-	-	9,860	-
Fair value adjustments	-	(2,462)	-	(9,959)
Other income, net	<u>567</u>	<u>271</u>	<u>1,208</u>	<u>750</u>
Income (loss) before income taxes	37,615	(20,212)	47,551	(17,299)
Provision (benefit) for income taxes	<u>1,469</u>	<u>(17)</u>	<u>1,469</u>	<u>(17)</u>
Consolidated net income (loss)	36,146	(20,195)	46,082	(17,282)
Net loss attributed to noncontrolling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,166</u>
Net income (loss) attributed to Alto Ingredients, Inc.	\$ <u>36,146</u>	\$ <u>(20,195)</u>	\$ <u>46,082</u>	\$ <u>(15,116)</u>
Preferred stock dividends	\$ <u>(319)</u>	\$ <u>(319)</u>	\$ <u>(1,265)</u>	\$ <u>(1,268)</u>
Income allocated to participating securities	\$ <u>(477)</u>	\$ <u>-</u>	\$ <u>(600)</u>	\$ <u>-</u>
Net income (loss) available to common stockholders	\$ <u>35,350</u>	\$ <u>(20,514)</u>	\$ <u>44,217</u>	\$ <u>(16,384)</u>
Net income (loss) per share, basic	\$ <u>0.50</u>	\$ <u>(0.30)</u>	\$ <u>0.62</u>	\$ <u>(0.28)</u>
Net income (loss) per share, diluted	\$ <u>0.49</u>	\$ <u>(0.30)</u>	\$ <u>0.61</u>	\$ <u>(0.28)</u>
Weighted-average shares outstanding, basic	<u>71,387</u>	<u>67,512</u>	<u>71,098</u>	<u>58,609</u>
Weighted-average shares outstanding, diluted	<u>72,222</u>	<u>67,512</u>	<u>72,219</u>	<u>58,609</u>
Adjusted EBITDA	\$ <u>43,438</u>	\$ <u>16,221</u>	\$ <u>76,800</u>	\$ <u>66,626</u>

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

Balance Sheet Summary

<i>(\$ in thousands)</i>	12/31/21	12/31/20
Cash & cash equivalents	\$ 50,612	\$ 47,667
Current assets	229,526	214,046
Total assets	484,953	476,818
Current liabilities	69,602	86,927
Total liabilities	139,739	180,583
Stockholders' equity	345,214	296,235
Total liabilities & stockholders' equity	\$ 484,953	\$ 476,818

Attracting Customers with Reliability, Service and Quality

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

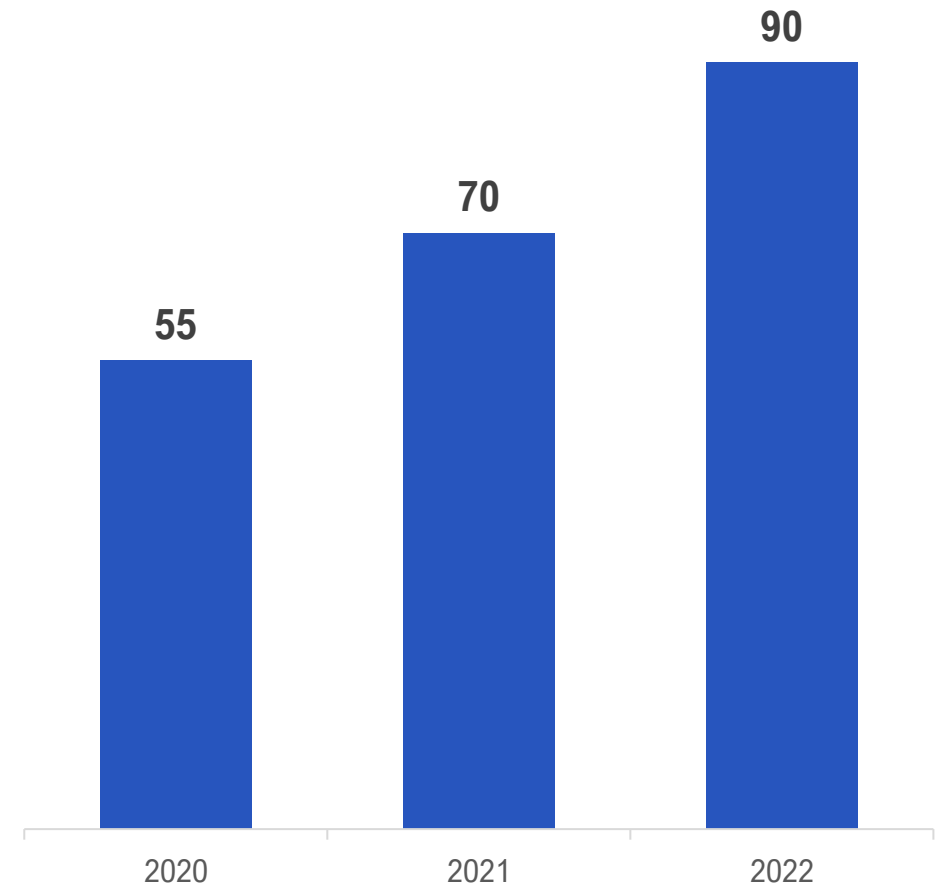
Specialty alcohols

- 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



2021 Accomplishments

Execution delivers strong performance

Invested in Capacity	Expanded Capabilities	Secured Certifications	Optimized Assets	Acquired Eagle Alcohol
<ul style="list-style-type: none">• Refurbished grain neutral spirits system• Increased specialty alcohol production	<ul style="list-style-type: none">• Began CoPromax™ system installation• Increasing feed protein and corn oil yields	<ul style="list-style-type: none">• ICH Q7 for active pharmaceutical ingredient• EXCiPACT Good Manufacturing Practices for excipients• For both ICP & Pekin facilities	<ul style="list-style-type: none">• Sold Madera for \$19.5M in cash• Sold Stockton for \$24M in cash• Became net debt free	<ul style="list-style-type: none">• Expanded scope: offerings, customer base, and commercial opportunities• Expected to accelerate penetration into new high-margin markets



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) 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 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. 12/31/21	3 Mos. 12/31/20	12 Mos. 12/31/21	12 Mos. 12/31/20
Net income (loss) attributed to Alto Ingredients, Inc.	\$ 36,146	\$ (20,195)	\$ 46,082	\$ (15,116)
Adjustments:				
Interest expense	228	3,790	3,587	17,943
Interest income	(177)	(190)	(730)	(768)
Asset impairments	-	24,356	3,100	24,356
Fair value adjustments	-	2,462	-	9,959
Provision (benefit) for income taxes	1,469	(17)	1,469	(17)
Depreciation expense	<u>5,772</u>	<u>6,015</u>	<u>23,292</u>	<u>30,269</u>
Total adjustments	<u>7,292</u>	<u>36,416</u>	<u>30,718</u>	<u>81,742</u>
Adjusted EBITDA	<u>\$ 43,438</u>	<u>\$ 16,221</u>	<u>\$ 76,800</u>	<u>\$ 66,626</u>



ALTO
INGREDIENTS