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Alto Ingredients Acquires Eagle Alcohol Company, a Leading Distributor of Specialty Alcohols

- Downstream integration expected to increase margins, reduce volatility, and create access to new markets -
- Acquisition expected to be immediately accretive and grow Adjusted EBITDA by \$7 million to \$9 million annually in 2023 and beyond -
- Closing purchase price funded with cash on hand -

SACRAMENTO, Calif., Jan. 18, 2022 (GLOBE NEWSWIRE) -- Alto Ingredients, Inc. (NASDAQ: ALTO), a leading producer of specialty alcohols and essential ingredients, has acquired Eagle Alcohol Company LLC, a leading distributor of specialty alcohols headquartered in St. Louis, Missouri. The acquisition is expected to be immediately accretive and grow Adjusted EBITDA by \$7 million to \$9 million annually in 2023 and beyond, including expected synergies.

Eagle specializes in break bulk distribution of specialty alcohols. The company purchases bulk alcohol from suppliers, including Alto. Then it stores, denatures, packages, and resells alcohol products in smaller sizes, including tank trucks, totes, and drums, that garner a premium to bulk alcohols. Eagle delivers products to customers in the beverage, food, pharma, and related-process industries via its own dedicated trucking fleet and common carrier. Eagle generated over \$35 million in revenues in 2021. Eagle is now a wholly owned subsidiary of Alto, and its former president Dan Croghan, will remain with the company and has been named Vice President of Alto and General Manager of Eagle. Croghan and his team bring over 60 years of combined experience and expertise in the chemical and alcohol distribution industry.

"We have been aggressively diversifying our business to focus on specialty alcohols and essential ingredients. By acquiring an established leader in premium alcohol distribution, we expand our scope of offerings, customer base, and commercial opportunities as well as significantly accelerate our penetration of new high-margin markets," said Michael Kandris, Alto Ingredients' president and CEO. "Eagle's St. Louis distribution center specializes in small-packaged products preferred by a large segment of the specialty alcohol market, including beverage alcohol companies. Combining Alto's low-cost bulk production with Eagle's differentiated distribution capabilities and customer relationships is expected to lower our exposure to bulk alcohol price volatility, increase our margins, and create new opportunities for organic growth."

Croghan said, "I am very excited to join Mike and his team. Alto Ingredients has made substantial progress reorienting its production to emphasize specialty alcohols over the past few years. We expect to be able to seamlessly continue to service our existing customers,

and Eagle will benefit from Alto's scaled production, back-office capabilities, and financial resources. We see opportunities for growth that neither company could have easily achieved separately."

Kandris concluded, "We plan to continue to raise the quality of our production to the highest grades of grain neutral spirits by further enhancing Alto's distillation process, optimizing Alto's production capabilities, and integrating Eagle's strong distribution and sales services. We expect this acquisition to yield significant opportunities and additional financial benefits, contributing immediately and expanding Alto's Adjusted EBITDA by \$7 million to \$9 million annually in 2023 and beyond."

Terms of the Agreement

Alto Ingredients acquired Eagle Alcohol Company LLC on January 14, 2022, for \$14.0 million plus an estimated net working capital adjustment of \$1.3 million, funded from Alto's cash on hand. The shareholders of Eagle are eligible to receive up to an additional \$14.0 million of consideration payable in a combination of cash and Alto Ingredients' common stock subject to the shareholders' being employed by Alto and Eagle achieving certain financial targets over the five-year period from closing.

About Alto Ingredients, Inc.

Alto Ingredients, Inc. (NASDAQ: ALTO) is a leading producer of specialty alcohols and essential ingredients. The company is focused on products for four key markets: Health, Home & Beauty; Food & Beverage; Essential Ingredients; and Renewable Fuels. The company's customers include major food and beverage companies and consumer products companies. For more information, please visit www.altoingredients.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

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 the benefits of the acquisition of Eagle Alcohol Company including, Alto Ingredients' expectations that the acquisition will be immediately accretive and contribute \$7 million to \$9 million of Adjusted EBITDA annually in 2023 and beyond; Alto Ingredients' expectations that the integration of the two companies will increase margins, reduce volatility, create access to new markets and accelerate Alto Ingredients' penetration of new high-margin markets; Alto Ingredients' expectations that by combining Alto Ingredients' low-cost bulk production with Eagle Alcohol Company's differentiated distribution capabilities and customer relationships will lower Alto Ingredients' exposure to bulk alcohol price volatility, increase margins and create new opportunities for organic growth; and Alto Ingredients' other plans, objectives, expectations and intentions including further enhancing Alto Ingredients' distillation process and optimizing its production capabilities. 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 and its production facility enhancement initiatives. These factors include, among others, adverse economic and market conditions, including for specialty alcohols and essential ingredients; export conditions and international demand for the company's 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; and the effects – both positive and negative – of the coronavirus pandemic and its resurgence or abatement. 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 production and marketing industries; changes in generally accepted accounting principles; successful compliance with governmental regulations applicable to Alto Ingredients' 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.

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