



Alto Ingredients, Inc.
Q1 2024 Investor Presentation
May 6, 2024

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 Alto Ingredients' projected outlook, future performance, projected amounts of capital expenditures and repair and maintenance, margin improvements and ethanol crush margin spreads; Alto Ingredients' plant improvement, other capital projects, including carbon capture and storage at its Pekin Campus and corn oil and high-protein at its Magic Valley facility, and other business initiatives and strategies, and their financing, costs, timing and effects, including, but not limited to, EBITDA and/or Adjusted EBITDA that Alto Ingredients' expects to generate as a result of its projects, initiatives and strategies; the timing and effects of Alto Ingredients' efforts to correct production rate, quality and consistency challenges of its corn oil and high-protein system at its Magic Valley facility; Alto Ingredients' expected volumes of contracted specialty alcohol for future periods and any related premiums to fuel-grade ethanol; Alto Ingredients' expectations around its new product offerings; benefits of sustainability efforts; 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 many factors affecting Alto Ingredients' business and plans. These factors include, among others, Alto Ingredients' ability to finalize definitive documentation with Vault 44.01 for its carbon capture and storage project on acceptable terms and to fund and execute the project as intended; adverse economic and market conditions, including for renewable fuels, specialty alcohols and essential ingredients; export conditions and international demand for the company's products; unexpected repair and maintenance expenses; fluctuations in the price of and demand for oil and gasoline; raw material costs, including production input costs, such as corn and natural gas; adverse impacts of inflation and supply chain constraints; and the cost, ability to fund, timing and effects of, including the financial and other results deriving from, Alto Ingredients' plant improvement and other capital projects, including carbon capture and storage at its Pekin Campus and corn oil and high-protein at its Magic Valley facility, and other business initiatives and strategies. These factors also include, among others, the inherent uncertainty associated with financial and other projections and large-scale capital projects; 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 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, including with respect to the Inflation Reduction Act's tax and other benefits Alto Ingredients expects to derive from carbon capture and storage; 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' Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 14, 2024.



Transforming corn
into higher-margin
specialty alcohol and
essential ingredients
used in a wide range of
consumer and
commercial products

Producer and distributor of renewable fuel and essential ingredients and the largest producer of specialty alcohols in the U.S.

Targeting
higher-margin
markets with
premium
products

Pursuing
carbon capture &
storage as part
of lowering
carbon footprint

Optimizing
asset base
& executing
efficiency
initiatives

Advancing
traceability &
sustainability
certifications &
programs

Broadening
customer
base

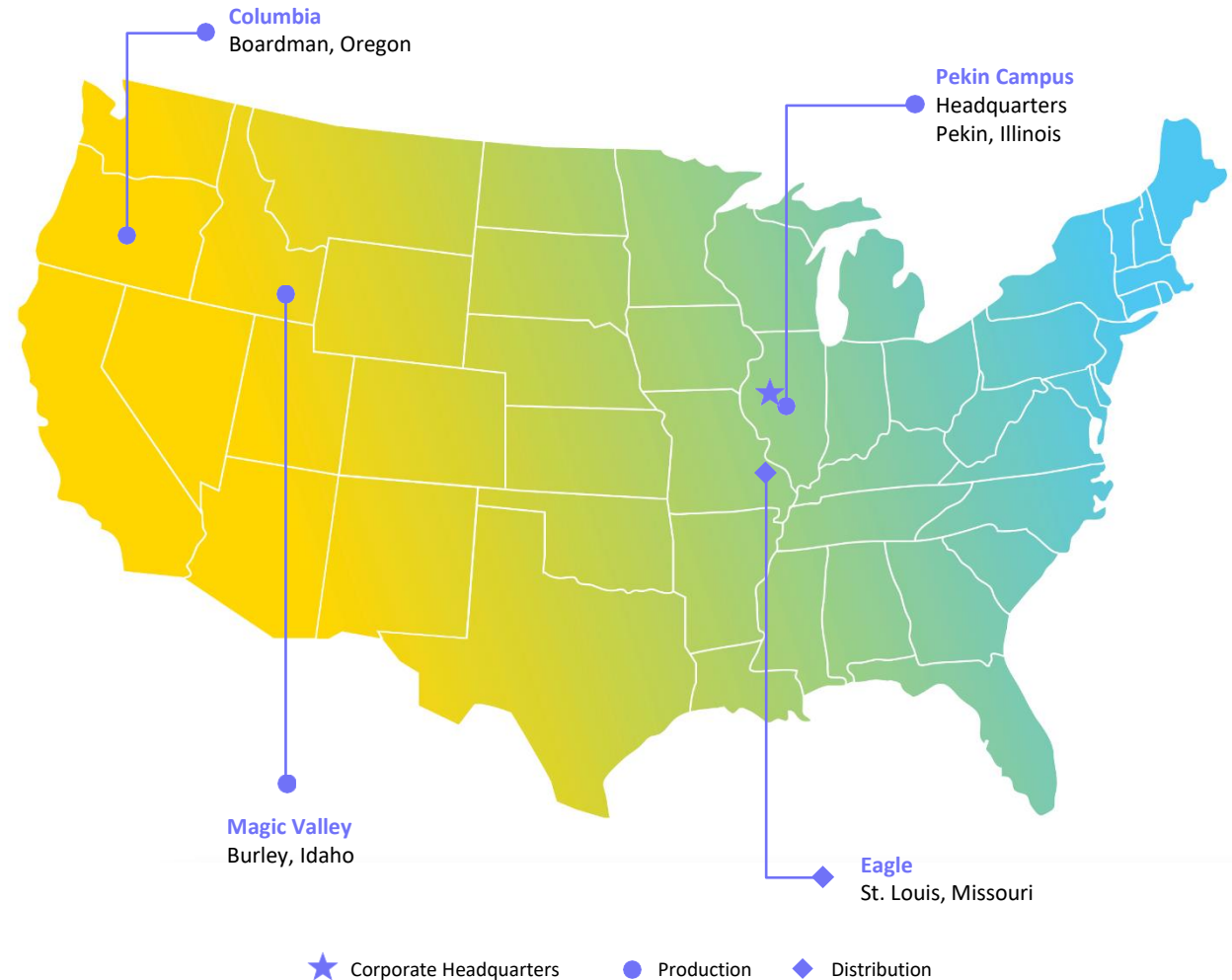
**Expanding Higher-margin Production
and Improving Profitability**

Targeting Higher-margin Markets

Making everyday products better:

- Health, Home & Beauty
- Food & Beverage
- Industry & Agriculture
- Essential Ingredients
- Renewable Fuels

Engaging in decarbonization to support sustainability



Producing Premium Products



Health, Home & Beauty

- API Grade Ethyl Alcohol
- USP Grade Ethyl Alcohol



Food & Beverage

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



Industry & Agriculture

- Industrial Grade Ethyl Alcohol
- Fertilizer
- Automotive



Essential Ingredients

- Alto Yeast
- Corn Meal
- Corn Protein Feed
- Corn Oil
- Corn Germ
- High Protein DDGS
- Distillers Grains



Renewable Fuels

- Transportation Fuel
 - Ethanol
- Corn Oil
 - Renewable Diesel Feedstock



Pursuing Carbon Capture & Storage (CCS)



- Signed letter of intent with Vault for safe and permanent CO₂ storage deep underground in a secure geologic reservoir
 - Vault completed 2D seismic geological survey, began analysis and advanced the work required for the EPA Class VI permit application
 - ALTO and Vault undertaking their respective activities for system design, community outreach, vendor negotiations, and schedule alignment to procure equipment for compression and support the installation of additional power
 - Evaluating attractive options to meet Pekin Campus' current and future energy needs:
 - FEED study assessing onsite cogen energy facilities that may be built, owned and operated by independent third party
 - Discussions to increase capacity with current utility provider
 - Exploring other market opportunities: sustainable aviation fuel (SAF), blue ethanol, ethanol-to-jet fuel, synthetic natural gas, etc.
-
- **Inflation Reduction Act of 2022 Section 45Q tax incentive improves economics: \$85 per metric ton for 12 years ~600,000 MT/year capacity at Pekin Campus**
 - **Mount Simon Sandstone formation and near the Illinois Basin**
 - **Designed as dedicated relatively short-distance intrastate pipeline, which greatly limits disruption and risk concerns**

Sustainability Efforts

Published Inaugural Sustainability Report in December 2023

Earned at Pekin campus

- Safe Food/Safe Feed - a third-party product safety certification
- 2 EcoVadis Silver Medals, 80th percentile among peers



Completed materiality survey and initial roadmap

- Strengthened environmental, health, safety, and security policy and objectives
- Improved Code of Ethics and Supplier Code of Conduct
- Implemented a supplier transparency program
- Partnered with SEDEX, improving sustainability and ensuring ethical sourcing



Conducted responsible distribution audit at Eagle Alcohol

Completed annual third-party Scope 1 & 2 Greenhouse Gas verifications

Investing in Premier Assets & Creating Differentiation, Increasing Efficiencies



Upgraded Specialty Alcohol Distillery

- 192 proof GNS & ultra low-moisture 200 proof GNS
- 93 MG contracted for 2024

Installed High-efficiency Boiler

- Replaced two inefficient boilers
- Reduced energy needs & operating costs

Increased Corn Storage

- Increased flexibility, lowered costs
- Exceeded expectations to date

Increasing Corn Oil & Installing High Protein

- Implementing modifications
- Hot-idled Magic Valley for improvements during low crush margin period

Expanding Alcohol Distribution

- Break bulk services
- Leveraging trucking
- Expanding reach

Certifications Create Differentiation

Deepen Relationships and Open Doors to New Customers

Specialty Alcohols & Essential Ingredients:

More challenging to produce

Required audits, process verification
and document retention

Create significant product performance impact
for a small percentage of their cost



Expanding Customer Base

Customers prioritize Alto's certifications, reliability, service and quality
Sample list follows:



Health, Home & Beauty



Food & Beverage



Industry & Agriculture



Essential Ingredients



Renewable Fuels



Improving Financials

Improving Performance

- \$0.8M improvement in gross loss YOY
- \$3.4M improvement in Adj. EBITDA YOY

Strong Liquidity

- \$26M available under operating line of credit
- \$65M available under term loan, subject to certain conditions

unaudited, \$ in thousands	Mar. 31, 2024	Dec. 31, 2023
Cash & cash equivalents	\$ 29,310	\$ 30,014
Current assets	\$ 150,843	\$ 168,770
Current liabilities	\$ (55,054)	\$ (65,288)
Working capital	\$ 95,789	\$ 103,482

Capital Initiatives to Improve Adj. EBITDA

Diversifying revenue, investing in assets and optimizing facilities

In Operation

Specialty
Alcohol
Quality &
Distribution

Corn
Storage
& Boiler
Upgrades

Magic
Valley:
Corn Oil &
High Protein

Under Development

Carbon Capture & Storage

Target Ann. Adj. EBITDA \$30M+

Partnership Energy Projects:
Cogen & Natural Gas Pipeline

in process to save costs

For Future Evaluation

- Primary Yeast
- Biogas conversion
- Corn Oil:
3 additional plants
- Other CCS market opportunities:
 - Sustainable aviation fuel (SAF)
 - Blue ethanol
 - Ethanol-to-jet fuel
 - Synthetic natural gas



Expanding Higher-margin Production and Improving Profitability

Targeting higher-margin markets with premium products

Pursuing CCS as part of lowering carbon footprint

Optimizing asset base & executing efficiency initiatives

Advancing traceability & sustainability certifications & programs

Broadening customer base



Appendix

Experienced Leadership Team



Bryon McGregor
President & CEO
16 years with Alto

*Brigham Young University
BS in Business Management*



Todd Benton⁽¹⁾
COO
25 years with Alto

*Eastern Illinois University
BS in Biology
Business Admin. at Bradley University*



Rob Olander, CPA
Chief Financial Officer
17 years with Alto

*Midland University
BS in Business Administration*



Jim Sneed⁽¹⁾
Chief Commercial Officer
32 years with Alto

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



Auste Graham
General Counsel
2 years with Alto

*Vanderbilt University
Law School, JD*

Prior Experience and Education



Brokerage Treasurer



Project Finance Head



Director



Plant Manager and
Senior Process Engineering



Site Manager



Controller and Business Manager



Senior Auditor



Vice President, Ethanol
Marketing & Trading



Vice President, Marketing & Logistics



Vice President, Legal Americas



Senior Legal Counsel

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

Senior Management with Deep Bench Strength

Ed Baker
VP, Human Resources
16 years with Alto

Prior Experience



Dan Croghan
VP, Eagle General Manager
2 years with Alto

Prior Experience



Michael Kramer
VP, Treasurer
17 years with Alto

Prior Experience



Patrick McKenzie
VP, Business Development
and Engineering
13 years with Alto

Prior Experience



John Shriver ⁽¹⁾
VP, Operations
25 years with Alto

Prior Experience



Stacy Swanson ⁽¹⁾
VP, Quality & Sustainability
11 years with Alto

Prior Experience



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

Consolidated Statements of Operations

	Three Months Ended March 31,	
	2024	2023
<i>unaudited, in thousands except per share data</i>		
Net sales	\$ 240,629	\$ 313,891
Cost of goods sold	<u>243,029</u>	<u>317,055</u>
Gross loss	(2,400)	(3,164)
Selling, general and administrative expenses	(7,932)	(7,882)
Asset impairments	<u>—</u>	<u>(574)</u>
Loss from operations	(10,332)	(11,620)
Interest expense, net	(1,634)	(1,565)
Other income, net	<u>241</u>	<u>19</u>
Loss before provision for income taxes	(11,725)	(13,166)
Provision for income taxes	<u>—</u>	<u>—</u>
Net loss	<u>\$ (11,725)</u>	<u>\$ (13,166)</u>
Preferred stock dividends	<u>\$ (315)</u>	<u>\$ (312)</u>
Net loss available to common stockholders	<u>\$ (12,040)</u>	<u>\$ (13,478)</u>
Net loss per share, basic and diluted	<u>\$ (0.17)</u>	<u>\$ (0.18)</u>
Weighted-average shares outstanding, basic and diluted	72,766	73,815



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 consolidated net income (loss) before interest expense, interest income, provision for income taxes, asset impairments, loss on extinguishment of debt, unrealized derivative gains (losses), acquisition-related expense, 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 March 31,	
	2024	2023
(in thousands, unaudited)		
Net loss	\$ (11,725)	\$ (13,166)
Adjustments:		
Interest expense	1,634	1,565
Interest income	(175)	(221)
Unrealized derivatives gains	(3,190)	(5,926)
Acquisition-related expense	675	700
Asset impairments	—	574
Depreciation and amortization expense	<u>5,728</u>	<u>6,055</u>
Total adjustments	<u>4,672</u>	<u>2,747</u>
Adjusted EBITDA	<u>\$ (7,053)</u>	<u>\$ (10,419)</u>