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**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549**

**FORM 10-K**

**(Mark One)**

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2023

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to ______________

Commission file number: 0-52577

FUTUREFUEL CORP.

(Exact Name of Registrant as Specified in Its Charter)

| | |
|---|---|
| **Delaware** | **20-3340900** |
| (State or Other Jurisdiction of Incorporation or Organization) | (IRS Employer Identification No.) |
| **8235 Forsyth Blvd., Suite 400 , St Louis , Missouri** | **63105** |
| (Address of Principal Executive Offices) | (Zip Code) |

**( 314 ) 854-8352**
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock | FF | NYSE |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | | | |
|---|---|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☑ | | |
| Non-accelerated filer | ☐ | Smaller reporting company | ☑ | Emerging growth company | ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: $ 228,789,156 .

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 14, 2024: 43,763,243

**Forward-Looking Information**

This report and the documents incorporated by reference into this report contain forward-looking statements. Forward-looking statements deal with our current plans, intentions, beliefs, and expectations, and statements of future economic performance. Statements containing such terms as “believe,” “do not believe,” “plan,” “expect,” “intend,” “estimate,” “anticipate,” and other phrases of similar meaning are considered to contain uncertainty and are forward-looking statements. In addition, from time to time we or our representatives have made or will make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in various filings that we make with the U.S. Securities and Exchange Commission (the “SEC”), or in press releases, or in oral statements made by or with the approval of one of our authorized executive officers.

These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause actual results to differ include, but are not limited to, those set forth under the headings “Risk Factors” beginning at page 15 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning at page 33 and in our other filings made with the SEC. You should not place undue reliance on any forward-looking statements contained in this report which reflect our management’s opinions only as of their respective dates. Except as required by law, we undertake no obligation to revise or publicly release the results of any revisions to forward-looking statements. The risks and uncertainties described in this report and in subsequent filings with the SEC are not the only ones we face. New factors emerge from time to time, and it is not possible for us to predict which will arise. There may be additional risks not presently known to us or that we currently believe are immaterial to our business. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. If any such risks occur, our business, operating results, liquidity, and financial condition could be materially affected in an adverse manner. You should consult any additional disclosures we have made or will make in our reports to the SEC on Forms 10-K, 10-Q, and 8-K, and any amendments thereto. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

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# PART I

## Item 1. Business

### General

FutureFuel Corp. (sometimes referred to as the “Company,” “we,” “us,” or “our,” and includes our wholly-owned subsidiaries) is a Delaware corporation, and, through its wholly-owned subsidiary, FutureFuel Chemical Company, manufactures diversified chemical products, bio-based fuel products, and bio-based specialty chemical products. Unless otherwise stated, all dollar amounts other than per share amounts are in thousands.

We are headquartered in St. Louis, Missouri, and our manufacturing operations are conducted at our facility in Batesville, Arkansas. Trading of our common stock on the New York Stock Exchange (“NYSE”) commenced on March 23, 2011 under the symbol “FF”.

During 2023, we distributed normal quarterly cash dividends of $0.06 per share. We have declared normal quarterly cash dividends of $0.06 per share on our common stock for the calendar year 2024.  Additionally, during the first quarter of 2024, we declared a special cash dividend of $2.50 per share on our common stock payable on April 9, 2024, to the holders of record of all the issued and outstanding shares of common stock as of the close of business on March 26, 2024.

Our business is managed in two segments: chemicals and biofuels. The chemicals segment manufactures a diversified listing of chemical products that are sold to third party customers. The majority of the revenues from the chemicals segment are derived from the custom manufacturing of specialty chemicals for specific customers. We have actively worked to develop our chemicals business with new customers in more diversified growth markets. As part of that focus on growth, we have introduced procedural updates to our operation to allow re-entry to the pharma intermediates market. This capability has been validated by third party audits. Our chemicals business is based on a solid reputation as a technology-driven, highly reliable, and globally competitive chemicals producer. We retain a strong emphasis on operational excellence, cost control, and efficiency improvements to enable us to compete in the worldwide chemical industry.

With respect to our biofuels segment, our plant demonstrated capacity of approximately 59 million gallons per year (“MMgy”) during 2023. This scale and the design of our plant in Batesville allows us to process a wide variety of feedstocks and continuously achieve high biodiesel yields. Combined with the synergies of operating a shared chemical manufacturing facility, this has allowed us to be consistently successful in a highly competitive market.

**Narrative Description of Our Business**

*Principal Executive Offices*

Our principal executive offices are located at 8235 Forsyth Blvd., 4th Floor, Clayton, Missouri 63105. Our telephone number is (314) 854-8352. FutureFuel Chemical Company's principal executive offices are located at 2800 Gap Road, Highway 394 South, Batesville, Arkansas 72501-9680. FutureFuel Chemical Company's telephone number is (870) 698-3000.

*Plant Location*

We own approximately 2,200 acres of land six miles southeast of Batesville in north central Arkansas. Approximately 500 acres of the site are occupied with our manufacturing facilities, laboratories, and associated infrastructure, including on-site liquid hazardous and non-hazardous waste treatment. Land and infrastructure are available to support expansion and business growth.

*Operations*

For the year ended December 31, 2023, approximately 78% of our revenue was derived from biofuels, 18% from manufacturing specialty chemicals for specific customers ("custom manufacturing"), and 4% of revenues from multi-customer specialty chemicals ("performance chemicals").

Our biofuels business segment primarily involves the production and sale of biodiesel and petrodiesel blends.  Our custom chemicals manufacturing involves producing unique products for strategic customers, generally under long-term contracts. The custom chemicals manufacturing portfolio includes biocides intermediates, specialty polymers, dyes, stabilizers, oil and gas, and chemicals intermediates. Our performance chemicals product portfolio includes polymer modifiers that enhance stain resistance and dye-ability of nylon and polyester fibers, in addition to several small-volume specialty chemicals and solvents for diverse applications.

We are committed to growing and adapting our biofuels and chemicals businesses. For the biofuels business segment, we will continue to leverage our technical capabilities and quality certifications, secure local and regional markets, and expand marketing efforts to fleets and regional/national customers. For our chemicals segment, we intend to pursue development and commercialization of new products, including building block chemicals and intermediate chemicals requiring Good Manufacturing Practices ("GMP"). GMP is a recognized and auditable system ensuring products are produced consistently and controlled according to strict quality standards. It covers all aspects of manufacturing, facilities, equipment, and training utilizing detailed written procedures affecting the quality and consistency of the finished product. GMP complements the Company's current and active quality registrations, including ISO 9001 and BQ9000, and will benefit our custom chemicals business. GMP will open growth opportunities for the Company to serve customers active in the pharmaceutical intermediates, food ingredients, and other fine chemicals segment. While pursuing this strategy, we will continue our efforts to establish a name identity for both segments.

*Biofuels Business Segment*

*Biofuel Products*

Our biofuels business segment began in 2005 and primarily includes the production and sale of biodiesel. In addition, we sell petrodiesel in blends with our biodiesel and, from time to time, with no biodiesel added.

Biodiesel is a renewable energy product consisting of mono-alkyl esters of fatty acids. These esters are typically produced from vegetable oil, fat, or grease feedstocks. Biodiesel is used primarily as a blend with petrodiesel (usually 5%, commonly referenced as "B5," to 20%, commonly referenced as "B20," by volume). A major advantage of biodiesel is that it can be used in most existing diesel engines and fuel injection equipment in blends up to B20 with no material impact to engine performance. Biodiesel also benefits from favorable properties compared to petrodiesel (e.g., negligible sulfur content, lower particulate matter, lower greenhouse gas emissions, and a higher cetane number leading to better engine performance and lubrication). See https://afdc.energy.gov/files/pdfs/30882.pdf.

Our technical and operational competency developed as a supplier of specialty chemicals, inclusive of research and development and analytical laboratory testing, enabled the expansion of a flexible manufacturing process. Our process can use a broad range of feedstock oils, including, but not limited to, soy oil, cottonseed oil, pork lard, poultry fat, inedible corn oil, yellow grease, inedible tallow, choice white grease, used cooking oil, and beef tallow. Our Batesville plant produces biodiesel, which is sometimes referenced as “B100.” We offer B100 and biodiesel blended with petrodiesel (B2, B5, B10, B20, B50, and B99 blends) at our Batesville facility and at a short-term leased storage facility in Little Rock, Arkansas. In addition, we deliver blended product to customers within our region.

*Biodiesel Production/Capacity*

While biodiesel can be made from various renewable sources, the choice of feedstock to be used at any particular facility is determined primarily by the price and availability of each feedstock variety; the yield of biodiesel achieved from that feedstock; and the capabilities of the producer’s biodiesel production facility. In addition, the chemical properties of the biodiesel (e.g., cloud point, pour point, and cetane number) depend on the type of feedstock.

In the United States, the majority of biodiesel historically has been made from domestically produced crude soybean oil due to its widespread availability and ease of processing. However, it is also one of the more costly feedstocks on the market. As a result, the biodiesel feedstock market in the United States transitioned from this expensive first-generation soy feedstock to incorporate alternative second-generation lower-cost, non-food feedstocks, such as waste vegetable oil, tallow, and inedible corn oil. Our ability to efficiently manage the co-products and waste products associated with these more challenging feedstocks and still achieve excellent yields and processing rates has allowed us to remain competitive.  Demand for second-generation feedstocks has increased substantially as they are also used to produce renewable diesel which has lower marginal costs than conventional biodiesel production and can also be used as a direct substitute for petrodiesel. Our continuous production line can produce biodiesel from this wide range of feedstocks, allowing for maximum flexibility in feedstock selection.  Our plant has a demonstrated production capacity of 59 MMgy.

*Legislative Incentives*

Biodiesel production and use in the United States continues to be heavily influenced in large part by legislative initiatives at both the federal and state levels.

Federal Renewable Fuels Mandate

The largest incentive program at this time is the federal mandate enacted by Congress as part of the Energy Policy Act of 2005 (the “2005 Act”). The 2005 Act included several provisions intended to spur the production and use of biodiesel. In particular, the 2005 Act’s provisions included biodiesel as part of the minimum volume (i.e., a mandate) of renewable fuels (the “renewable fuels standard” or “RFS”) to be included in the nationwide gasoline and diesel pool. The volume, which is intended to increase each year, began at four billion gallons per year in 2006. The 2005 Act required the Environmental Protection Agency (the “USEPA”) to publish “renewable fuel obligations” applicable to refiners, blenders, and importers in the contiguous 48 states. The renewable fuel obligations are expressed in terms of a volume percentage of gasoline sold or introduced into commerce and consist of a single applicable percentage that applies to all categories of refiners, blenders, and importers. The renewable fuel obligations are based on estimates that the Energy Information Association provides to the USEPA on the volumes of transportation fuels it expects will be sold or introduced into commerce. The USEPA released the final rules to implement the RFS on April 10, 2007. Under those rules, the RFS compliance period began on September 1, 2007. No differentiation was made among the various types of renewable fuels (e.g., biodiesel or ethanol).

On December 19, 2007, the Energy Independence and Security Act of 2007 (the “2007 Act”) was enacted which, among other things, expanded the RFS (“RFS2”). Prior to the enactment of the 2007 Act, the RFS requirement was mostly filled by ethanol. In contrast to the 2005 Act, the 2007 Act provided a renewable fuel standard carve-out specifically applicable to biodiesel. On July 1, 2010, RFS2’s biodiesel requirement became effective, thus requiring that a certain percentage of the diesel fuel consumed in the United States be made from renewable sources. The biomass-based diesel mandate rose annually and reached 2.43 billion gallons per year in 2021. On June 21, 2023, USEPA finalized a package of actions setting biofuel volumes for the Renewable Fuel Standard (RFS) program for years 2023, 2024, and 2025.

The following table shows the finalized volume requirements by the USEPA with a steady growth rate in biomass-based diesel.

| | **Renewable Fuel Volumes (billion RINs)*** | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| Cellulosic biofuel | 0.84 | 1.09 | 1.38 |
| Biomass-based diesel | 2.82 | 3.04 | 3.35 |
| Advanced biofuel | 5.94 | 6.54 | 7.33 |
| Renewable fuel | 20.94 | 21.54 | 22.33 |

* Units for all volumes are ethanol-equivalent, except for biomass-based diesel volumes, which are expressed as physical gallons.

* See https://www.epa.gov/renewable-fuel-standard-program/final-renewable-fuels-standards-rule-2023-2024-and-2025.

Federal Blenders' and Producers' Credits

Biodiesel tax incentives have been provided through various federal statutes, including the 2005 Act and the American Jobs Creation Act, and later, the Emergency Economic Stabilization Act of 2008. The most important of these is the one dollar per gallon Blenders' Tax Credit ("BTC") applicable to all biodiesel. This credit has lapsed and been reinstated numerous times over the last decade. The Inflation Reduction Act of 2022 extended the credit through December 31, 2024 and established a new Clean Fuel Production Credit ("CFPC") effective January 1, 2025. The CFPC consolidates and replaces several fuel related credits currently scheduled to expire at the end of 2024, including credits for the production of biodiesel, agri-biodiesel, renewable diesel, second-generation biofuel, sustainable aviation fuel, alternative fuels, and alternative fuels mixtures. In contrast to these expiring provisions, which subsidize specific types of low-greenhouse gas ("GHG") emission fuels, the CFPC is technology neutral and is intended to subsidize the production of any transportation fuel with zero or low GHG emissions. The CFPC is structured on a sliding scale so that producers become eligible for larger credits as the GHG emissions of the fuels they produce approach zero. For producers meeting prevailing wage and registered apprenticeship requirements, the maximum credit is $1.00 per gallon of nonaviation fuel and $1.75 per gallon of aviation fuel. For producers not meeting prevailing wage and registered apprenticeship requirements, the maximum credit is 20 cents per gallon of nonaviation fuel and 35 cents per gallon of aviation fuel.

Like the BTC, the small agri-biodiesel credit which provides for an annual tax incentive in the amount of $0.10 per gallon on the first 15 million gallons of qualified agri-biodiesel produced was also extended to December 31, 2024 by the Inflation Reduction Act of 2022 and has not been reinstated with the CFPC.

State Incentives

Our review of state statutes reveals that virtually all states provide user or producer incentives for biodiesel, several states provide both types of incentives, and more than 35 states provide incentives to biodiesel producers to build facilities in their states, typically offering tax credits, grants, and other financial incentives. We are also registered in fuel programs in the states of California and Oregon, which incentivize the use of low carbon fuels specific to biomass-based diesel. We will continue to assess these and other state incentives and determine if we qualify. We will also stay abreast of regulations and update registrations if eligible.

Summary

We will continue to identify and pursue other legislative incentives to support our business. However, no assurances can be given that we will qualify for any such incentives or, if we do qualify, what the amount of such incentives will be or whether such incentives will continue to be available.

*Quality*

For quality specification purposes, and to qualify for the federal mandate, biodiesel must meet the requirements of American Society for Testing and Materials ("ASTM") D6751. This specification ensures that blends up to B20 are compatible with diesel engines and associated fuel system hardware. See *Status and Issues for Biodiesel in the United States* , National Renewable Energy Laboratory, Theresa Alleman, Margo Melendez, and Wendy Dafoe et. al., Feb. 2015. All biodiesel manufactured at our Batesville plant is tested in on-site quality control laboratories and confirmed to meet, and typically exceed, the ASTM D6751 standard.

Commercially available biodiesels can contain small amounts of unreacted or partially reacted oils and fats as well as other minor impurities. The unreacted or partially reacted oils and fats are called glycerides. In rare instances, the glycerides and other minor components and impurities can clog engine filters. To address this issue, ASTM D6751 was amended in February 2012 to create two new grades of biodiesel. Grade No. 2 is essentially the specifications in effect before the amendment. Grade No. 1 provides for a maximum total monoglyceride content and a maximum cold soak filterability time and, in theory, would be used where the cloud point of No. 2 biodiesel does not provide adequate assurance of quality. Both grades of biodiesel qualify as "biodiesel" for purposes of the RFS2 mandate. The Company continues to operate under the most recently published version of ASTM D6751, Standard Specifications for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels. All biodiesel made in our continuous process meets the more stringent specifications for No. 1 biodiesel.

The U.S. biodiesel industry created the BQ-9000 program to address quality issues that arose during the early years of the industry. This program is run by the National Biodiesel Accreditation Committee, which is a cooperative and voluntary program for the accreditation of biodiesel producers and marketers. The program is a quality system-oriented program that includes standards for storage, sampling, testing, blending, shipping, distribution, and fuel management practices. Since the creation and adoption of the BQ-9000 program, the quality of biodiesel in the U.S. market has markedly improved. Our plant has operated as a BQ-9000 accredited production facility since 2006.

The ISO 9000 family of standards represents an international consensus on good quality management practices. It consists of standards and guidelines relating to quality management systems and related supporting standards. ISO 9001 provides a set of standardized requirements for a quality management system, regardless of what the user organization does, its size, or whether it is in the private or public sector. It is the only international standard against which organizations can be certified, although certification is not a compulsory requirement of the standard. Our plant is an ISO 9001 accredited production facility for both chemicals and biofuels.

*Renewable Identification Numbers*

As noted above, the RFS2 mandates levels of various types of renewable fuels that are to be blended with U.S. gasoline and diesel fuel by U.S. refiners, blenders, and importers. Renewable Identification Numbers ("RINs") are the mechanism for ensuring that the prescribed levels of blending are reached. As ethanol and biodiesel is produced or imported, the producer or importer has the responsibility to report the activity in the USEPA's Moderated Transaction System ("EMTS") where a series of numbers (i.e., a RIN) is assigned to their product. Assignment is made according to guidelines established by the USEPA. Currently, 1.5 RINs are assigned for each gallon of biodiesel produced. When biofuels change ownership to the refiners, importers, and blenders of the fuel, the RINs are also transferred. The RINs ultimately are separated from the renewable fuel generally at the time the renewable fuel is blended. The refiners, importers, and blenders generally use the RINs to establish that they have blended their applicable percentage of renewable fuels during the applicable reporting period. However, once the RINs are separated from the underlying biofuels (e.g., by blending the underlying biodiesel with petrodiesel), they can also be sold separate and apart from the underlying biofuels.

We generate RINs with our biodiesel. At times, we sell biodiesel with the RIN attached to the fuel. If we blend the biodiesel with petrodiesel in blends of B80 or less (e.g., B5 or B20), we can either sell the RINs with our blended biodiesel or we can sell them as a separate, free-standing instrument removed from the biodiesel. The decision of whether or not to separate the RINs from the blended biodiesel depends on the desires of the customer and market conditions for separated RINs, particularly, market prices. While biodiesel RINs continue to be traded through market makers, no assurances can be given that a separate market for RINs will be sustained or what value will be realized upon the sale of biodiesel RINs.

*Byproducts*

Glycerin

A byproduct of the biodiesel process is crude glycerin, which is produced at the rate of approximately 10% by mass of the quantity of biodiesel produced. Our business produces both crude glycerin and refined glycerin for commercial sales. Crude glycerin is sold into commercially viable uses for the crude product such as construction materials, agricultural and animal feed, and other applications not requiring high purity. The price of crude glycerin is impacted by supply and demand balance, energy prices, and prices for other commodities such as corn and soy.

We also refine a large portion of our crude glycerin into a purer form which is used in higher value markets such as specialty chemical production, agricultural formulations, food, pharmaceutical, and/or cosmetic applications. Our business strives to maximize availability of the higher value refined glycerin based on refining capacity, product specifications, prices, and other market conditions.

Biodiesel Residue

An additional byproduct of the biodiesel production process is biodiesel distillation residue. This is a relatively low-priced commodity that we aggregate and sell to multiple customers, primarily for use in Bunker C #6 Oil and as an asphalt release agent.

*Biodiesel Production Capacity*

According to Biodiesel Magazine 2024 Winter Edition, the United States had a total combined annual operational capacity of 2,221 million gallons from 64 biodiesel plants. Operational plant capacity decreased more than 550 million gallons from 2020 as the renewable diesel market expanded (see *Competition*) and feedstock prices increased. Nevertheless, the biodiesel industry has been resilient throughout this period with production levels in the first nine months of 2023 similar to those of 2021 and 2022 (Source: https://www.eia.gov/totalenergy/data/browser/index.php?tbl=T10.04A#/?f=M&start=200101&end=202309&charted=20-6.) Even so, we believe that the biodiesel industry will continue to be highly competitive given the excess capacity and increased competition for feedstocks.

*Customers and Markets*

Biodiesel and biodiesel blends are currently used in nearly all of the end markets where petrodiesel is used. Most biodiesel in the United States is consumed in the on-road diesel fuel market, although some is used for off-road purposes such as farming, residential/commercial heating oil, and power generation.

We currently market our biodiesel products by truck and rail directly to customers in the United States. We also have the capability to load through barge from a terminal in Little Rock, Arkansas. Through the utilization of liquid bulk storage facilities and barge loading capabilities, we are positioned to market biodiesel throughout the United States predominately for transportation.

For the year ended December 31, 2023, two customers represented approximately 44% of biofuel revenue (35% of total revenue). For the year ended December 31, 2022, two customers represented approximately 34% of biofuel revenue (27% of total revenue). For the year ended December 31, 2021, three customers represented approximately 52% of biofuel revenue (41% of total revenue). Significant customers for the years ended December 31, 2023, 2022, and 2021 varied from year to year, and were comprised of five customers. We do not have long term contracts with any biofuels customer, but rather sell on the basis of monthly or short-term, multi-month purchase orders at prices based upon then-prevailing market rates. We do not believe that the loss of any of these customers would have a material adverse effect on our biofuels segment or on us as a whole in that: (i) biofuels are a commodity with a large potential customer base; (ii) we believe that we could readily sell biofuels to other customers; (iii) the prices we receive from these customers are based upon then-market rates; and (iv) our sales to the customers are not under fixed terms, and the customers have no obligation to purchase any minimum quantities except as stipulated by short term purchase orders.

*Competition*

Renewable diesel continues to be a rapidly growing and competing biofuel with biodiesel. The Company uses a conventional process of transesterification of feedstocks fats, vegetable oils, or waste cooking oils to make biodiesel. Renewable diesel is produced via hydro-processing of the same feedstocks. Renewable diesel, unlike conventional biodiesel, meets the fuel specification requirements of ASTM D975 (petrodiesel fuel) and ASTM D396 (home heating oil) and can be used as a direct substitute without requiring the need for petrodiesel blending. As a result, renewable diesel trades at a premium price to conventional biodiesel based on fungibility with petrodiesel, better cold weather performance and generation of a higher number of RINS on a per gallon basis.

Renewable diesel operational capacity in the US has grown significantly since 2018 and at the end of 2023 was at approximately 3,249 million gallons per year with that figure expected to continue to rise over the next five years. In 2023 renewable diesel capacity and production surpassed that of conventional biodiesel. The forecasted increases in renewable diesel capacity will require an increase in the supply chain to meet that demand. This was also the case in 2018 and new capacity was constructed to meet demand. As well as being driven by the benefits of the RFS and those of the Californian Low Carbon Fuel Standard (LCFS), renewable diesel production is also attractive to US Oil companies as it allows them to repurpose refinery hydro-processing equipment close to existing hydrogen supply facilities that would otherwise be redundant or uneconomical. The future of biodiesel will be driven by feedstock availability; its market price compared to renewable diesel; and State and Federal regulations and incentives.

We also compete with other producers of biodiesel regionally, nationally, and with foreign imports. The principal methods of competition in the biodiesel industry are price, supply reliability, biodiesel quality, and RIN integrity, i.e., the degree of confidence the market maintains in the validity of a biodiesel producer’s RINs. The number of operational biodiesel plants has dropped significantly in the past three years, but these have tended to be smaller, simpler plants with limited access to feedstock. Additionally, we compete with numerous other smaller producers and emerging renewable diesel and cellulosic based biodiesel technologies.

We cannot give any assurances that renewable diesel fuel, green diesel, natural gas or some other product produced by these or similar competing technologies will not supplant biodiesel as an alternative to conventional petrodiesel. The manufacturing processes for biodiesel and renewable diesel are inherently different and it would not be economically feasible to retrofit the Company’s operation to produce renewable diesel.

The biodiesel industry also is in competition with the petroleum-based diesel fuel industry. The biodiesel industry is small relative to the size of the petroleum-based diesel fuel industry, and large petroleum companies have greater resources than we do. Without government incentives and requirements, it is uncertain how the market would react and what the consequent impact on processing economics would be.

*Supply and Distribution*

As a result of our feedstock-flexible process, we can source feedstock from a broad supplier base, which includes degummed soy oil, distilled corn oil producers, reclaimed used cooking oil, and pork, chicken, and beef rendering facilities from both national and regional suppliers. Crude corn oil has been sourced from several national and regional producers. All feedstocks are currently supplied by either rail or truck. As discussed in the previous section, sourcing supplies of economically attractive feedstocks is becoming increasingly competitive.

We sell biodiesel from our plant site as well as ship it to liquid bulk storage facilities for further distribution. Sales from our plant site are made by railcar and tank truck. Biodiesel is being delivered by Company-owned tank trucks and common carriers to a liquid bulk storage facility leased by us for distribution there and for further transportation by barge or tank truck.

*Cyclicality and Seasonality*

Biodiesel producers have historically experienced seasonal fluctuations in demand for biodiesel. Biodiesel demand has tended to be lower during the winter in northern and Midwestern states due to historical concerns about biodiesel's ability to operate optimally in cold weather as compared to petrodiesel. This seasonal fluctuation has been strongest for biodiesel made from animal fats and used cooking oils. Biodiesel made from such feedstocks has a higher cloud point (which is the point at which a fuel begins to gel) than biodiesel produced from vegetable oils, such as soybean, canola, or crude corn oil.

The mandate for biodiesel usage as established by RFS2 may interject an additional seasonal fluctuation in our biodiesel business. Once the mandate for a calendar year is met, or is anticipated to be met, demand for biodiesel may decrease.

*Outlook for the Biodiesel Industry/Our Future Strategy*

The passage of the Inflation Reduction Act in August of 2022 extended the BTC through December 31, 2024 and introduced the CFPC effective January 1, 2025. There has yet to be definitive guidance on how the CFPC will be interpreted and how it may impact the other market variables that ultimately determine operating margin. Large scale investment in large scale renewable diesel plants competing for the same feedstock pool has put significant pressure on small scale conventional biodiesel producers. We believe that producers who are proactive in responding to these changes can remain competitive and benefit in this emerging market. These responses include: new and improved technologies; alternative feedstocks with higher yields; production scalability and flexibility options; supply chain, distribution and co-location strategies; the sale of RINs separate from the underlying biodiesel; and innovative risk management strategies.

Our future strategy for our biofuels segment is geared towards these responses. Notwithstanding our future strategy, our continued production of biodiesel may be limited, in part, by our ability to source feedstock given competitive growing renewable diesel markets, or, in a worst-case scenario, eliminated entirely, in the event Congress eliminates the federal mandate of the RFS2. See "Risk Factors" beginning at page 15 below.

*Chemicals Business Segment*

*Overview of the Segment*

Our chemicals segment manufactures diversified chemical products that are sold to third party customers. This segment comprises two components: "custom manufacturing" (manufacturing specialty chemicals for specific customers) and "performance chemicals" (multi-customer specialty chemicals).

*Chemical Products*

Custom manufacturing involves producing unique products for strategic customers, generally under multi-year or long-term contracts. Most of these products are produced under confidentiality agreements in order to protect each company's intellectual property. This is a service-based business where customers value dependability, regulatory compliance, technical capabilities, responsiveness, quality assurance and control, process improvement, operational safety, and environmental protection. Our custom manufacturing products are manufactured by continuous production, dedicated batch or general-purpose batch mode depending on the specific product and the volumes required. Management believes that we are a full-service strategic partner to our key and potential customers in this segment. Our commercial, engineering and technology teams work collaboratively with our customers to further drive continuous process improvements and with potential customers to deliver new business.

Our plant's custom manufacturing product portfolio includes products that are used in the coatings, chemical intermediates, industrial and consumer cleaning, oil and gas, dyes, and specialty polymers industries. Historically, our custom manufacturing product portfolio was highly concentrated on two significant legacy products, namely a laundry detergent additive for a leading consumer products company and a proprietary row crop herbicide. The year 2021 marked the first full year that these legacy products were no longer sold. Our current custom manufacturing product portfolio is more diversified into multiple markets including agrochemicals, oilfield chemicals, industrial intermediates, and fabric care markets.

Performance chemicals comprise products which are generally available to the open market and sold to multiple customers. These products are sold based upon specification and are intended for specific performance in specialty end-use applications determined by the customer. This portfolio includes a family of polymer (nylon and polyester) modifiers, glycerin products, consumer cleaning products, surfactants, and several small-volume specialty chemicals and solvents for diverse applications.

*Future Strategy*

We believe we have built a solid reputation as a safe, reliable, cost competitive, and technology-driven chemical producer. To further build on this reputation, we must continuously increase our focus on maintaining and adding customer relationship development, cost control, operational efficiency, capacity utilization, operational safety, and environmental protection to maximize earnings. We also believe that the ability to use large-scale batch and continuous production processes and a constant focus on process improvements allows us to compete effectively in the global custom manufacturing market and to remain cost competitive with, and for some products cost-advantaged over, our competitors. Furthermore, our site's fully integrated infrastructure facilities, including utilities and waste treatment, provide us with an advantage over many of our competitors, and allow us to provide a complete package of custom manufacturing services. With GMP capabilities and ISO/BQ certifications, we strengthen our capabilities to grow our business further. We intend to improve margins in this area of our business by expansion of the customer base in additional market segments, careful management of product mix with regard to size of opportunity, timing to market, capital efficiency and matching of opportunities to assets and capabilities. We possess a core competency in chemical processing of bio-based feedstocks and expertise in specialty chemical synthesis and process development. We believe that this positions us favorably as a preferred manufacturer of custom chemicals and sustainable products in growing markets.

*Customers and Markets*

Our chemical products are used in a variety of markets and end uses, including detergent, agrochemical, automotive, oil and gas, coatings, nutrition, and polymer additives. Some of the chemical products can be cyclically driven by changes in general demand factors. In the case of our custom manufacturing business, the customers are typically the "brand owners" and, therefore, they control factors related to production demand, such as market development, patent expirations and their external manufacturing strategy. In such cases, we may be unable to increase or maintain our level of sales revenue for these products.

No chemical customer represented greater than 10% of total sales revenue in 2023 or 2022.

*Competition*

Historically, there have been significant barriers to entry for competitors with respect to specialty chemicals, primarily due to the fact that the relevant technology and manufacturing capability has been held by a small number of companies. As technology and investment have increasingly moved outside of North America, competition from international multi-national chemical manufacturers has intensified, primarily from manufacturers in India and China. We compete with these and other producers primarily based on price, customer service, technology, quality, and reliability. Our major competitors in this segment include large multi-national companies with internal specialty chemical manufacturing divisions and smaller independent producers. The international multi-national competitors are often disadvantaged by poor responsiveness and customer service, while the small producers often have limited technology and financial resources. We believe that we are well positioned for growth due to the combination of our scale of operations, technical capabilities, on-site utilities and wastewater treatment, reputation, and financial strength.

*Supply and Distribution*

Specialty chemicals are generally high unit value products sold in bulk, or low-volume packaged form, and for which distribution is a relatively minor component of cost. Most products are sold FOB the Batesville site for distribution globally. Similarly, raw materials for these products are comparatively higher-value components that are sourced globally. An exception is the biofuels co-products, which are recovered from local processing.

*Cyclicality and Seasonality*

Some of the chemical products can be cyclical, driven by changes in energy prices and agricultural commodity prices. For example, demand for chemical products sold into energy exploration and transportation markets is influenced by oil prices. The use of chemical products in agricultural markets likewise is influenced by agricultural commodity prices. Supply and demand dynamics determine profitability at different stages of cycles and global economic conditions affect the length of each cycle. Despite sensitivity to cyclicality in these industries, many of the products in the chemical segment provide stable earnings.

*Backlog*

The majority of our chemical revenue is derived from custom manufacturing agreements with specific customers. These customers generally provide us with forecasts of demand on a monthly or quarterly basis. These forecasts are intended to enable us to optimize the efficiency of our production processes and generally are not firm sales orders. As such, we do not monitor or report backlog.

*Intellectual Property*

We consider our intellectual property portfolio to be a valuable corporate asset, which we intend to expand and protect globally through a combination of trade secrets, confidentiality and non-disclosure agreements, patents, trademarks, and copyrights. As a producer of a broad and diverse portfolio of chemicals, our intellectual property relates to a wide variety of products and processes acquired through the development and manufacture of over 300 specialty chemicals. Our primary strategy regarding our intellectual property portfolio is to appropriately protect all innovations and know-how in order to provide our business segments with a technology-based competitive advantage wherever possible. In the chemicals business segment, custom manufacturing projects are primarily conducted within the framework of confidentiality agreements with each customer to ensure that intellectual property rights are defined and protected. In the chemicals business segment, performance chemicals are protected utilizing patents, both United States patents and international patents, or maintained as Trade Secrets. In the biofuels business segment, innovations and process know-how are vigorously protected as appropriate.

As may be necessary, we will seek to license technologies from third parties that complement our strategic business objectives. Neither our business as a whole, nor any particular segment, is materially dependent upon any one particular patent, copyright, or trade secret. As the laws of many foreign countries do not protect intellectual property to the same extent as the laws of the United States, we can make no assurance that we will be able to adequately protect all of our intellectual property assets.

*Research and Development*

We devote considerable resources to our research and development programs, which are primarily targeted towards three objectives:

- innovating, developing, and improving biofuels processes, in particular biodiesel and other biofuels, including value-up technology and applications for co-products;
- developing and improving processes for custom manufacturing products; and
- innovating, developing, and improving performance chemical products and manufacturing processes.

Our research and development capabilities comprise analytical chemistry competencies to assay and characterize raw materials and products, organic chemistry expertise applied across a breadth of reaction chemistries and materials, design and process engineering capabilities for batch and continuous processing of both solid and liquid materials, and proficiency in process safety and scale-up necessary to design safe chemical manufacturing processes. We believe that these core competencies, established in support of the legacy chemical business, are applicable to building a technology-based position in biofuels and associated bio-based specialty products and expanding our chemical segment product lines.

Research and development expense incurred by us for the years ended December 31, 2023, 2022 and 2021 were $4,398,000, $3,415,000, and $3,484,000, respectively. Substantially all of such research and development expense are related to the development of new products, services, and processes or the improvement of existing products, services, and processes.

*Environmental Matters*

Various aspects of our operations are subject to regulation by state and federal agencies. Biofuel and chemical operations are subject to numerous, stringent and complex laws and regulations at the federal, state, and local levels governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may:

- require acquisition of permits regarding discharges into the air and discharge of waste waters;
- place restrictions on the handling and disposal of hazardous and other wastes; and
- require capital expenditures to implement pollution control equipment.

Compliance with such laws and regulations can be costly, and noncompliance can result in substantial civil and even criminal penalties. Some environmental laws impose strict liability for environmental contamination, rendering a person liable for environmental damages and cleanup costs without regard to negligence or fault. Moreover, there is strong public interest in the protection of the environment. Our operations could be adversely affected to the extent laws are enacted or other governmental action is taken that imposes environmental protection requirements that result in increased costs to the biofuels and/or chemical manufacturing industry in general. The following provides a general discussion of some of the significant environmental laws and regulations that impact our activities.

The federal Comprehensive Environmental Response, Compensation and Liability Act (or “CERCLA”), and analogous state laws, impose joint and several liability, without regard to fault or the legality of the original act, on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner and operator of the site where the release occurred, past owners and operators of the site, and companies that disposed of or arranged for the disposal of hazardous substances found at the site. Responsible parties under CERCLA may be liable for the costs of cleaning up hazardous substances that have been released into the environment and for damages to natural resources. Additionally, it is not uncommon for third parties to assert claims for personal injury and property damage allegedly caused by the release of hazardous substances or other pollutants into the environment.

The federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (“RCRA”), is the principal federal statute governing the management of wastes, including the treatment, storage and disposal of hazardous wastes. RCRA imposes stringent operating requirements, and liability for failure to meet such requirements, on a person who is either a generator or transporter of hazardous waste or an owner or operator of a hazardous waste treatment, storage, or disposal facility. Many of the wastes generated in our manufacturing facility are governed by RCRA.

The federal Oil Pollution Act of 1990 (“OPA”) and regulations thereunder impose liability on responsible parties for damages resulting from oil spills into or upon navigable waters, adjoining shorelines, or in the exclusive economic zone of the United States. A responsible party may include, but is not limited to, the owner or operator of an onshore facility. Spill cleanup liability may not apply to the facility if a spill is caused by another party’s gross negligence or willful misconduct. Responsible parties may be subject to penalties if the spill resulted from violation of a federal safety, construction, or operating regulation, or if a party fails to report a spill or to cooperate fully in a clean-up. Failure to comply with OPA’s requirements may subject a responsible party to civil, criminal, or administrative enforcement actions via the Water Pollution Control Act.

The federal Water Pollution Control Act (the “Clean Water Act”) imposes restrictions and controls on the discharge of pollutants into navigable waters. These controls have become more stringent over the years, and it is possible that additional restrictions may be imposed in the future. Permits must be obtained to discharge pollutants into state and federal waters. The Clean Water Act provides for civil, criminal, and administrative penalties for discharges of oil and other pollutants and imposes liability on parties responsible for those discharges for the costs of cleaning up any environmental damage caused by the release and for natural resource damages resulting from the release. Comparable state statutes impose liability and authorize penalties in the case of an unauthorized discharge of petroleum or its derivatives, or other pollutants, into state waters.

The federal Clean Air Act and associated state laws and regulations restrict the emission of air pollutants from many sources, including facilities involved in manufacturing chemicals and biofuels. New facilities are generally required to obtain permits before operations can commence, and new or existing facilities may be required to incur certain capital expenditures to install air pollution control equipment in connection with obtaining and maintaining operating permits and approvals. Federal and state regulatory agencies can impose administrative, civil, and criminal penalties for non-compliance with permits or other requirements of the Clean Air Act and associated state laws and regulations.

The federal Endangered Species Act, the federal Marine Mammal Protection Act, and similar federal and state wildlife protection laws prohibit or restrict activities that could adversely impact protected plant and animal species or habitats. Manufacturing activities could be prohibited or delayed in areas where such protected species or habitats may be located, or expensive mitigation may be required to accommodate such activities.

The Toxic Substances Control Act ("TSCA") seeks to reduce risks of injury to health, or the environment associated with the manufacture, processing, distribution, use, or disposal of chemical substances. TSCA requires reporting, record-keeping and testing of certain chemicals and restricts use of some chemical substances and/or mixtures. Some substances are excluded from TSCA, including food, drugs, cosmetics and pesticides. Government agencies may initiate regulatory action to label, restrict, or ban a chemical, or to require the submission of additional data needed to determine the risk a chemical may pose. The statute contains enforcement provisions that include both criminal and civil penalties.

Our policy is to operate our plant and facilities in a manner that protects the environment and the health and safety of our employees and the public. We intend to continue to make expenditures for environmental protection and improvements in a timely manner consistent with our policies and with the technology available. In some cases, applicable environmental regulations such as those adopted under the Clean Air Act and RCRA, and related actions of regulatory agencies, determine the timing and amount of environmental costs incurred by us.

We establish reserves for closure/post-closure costs associated with the environmental and other assets we maintain. Environmental assets include waste management units, such as chemical waste destructors, storage tanks, and boilers. When these types of assets are constructed or installed, a reserve is established for the future costs anticipated to be associated with the closure of the site based on the expected life of the environmental assets, the applicable regulatory closure requirements, and our environmental policies and practices. These expenses are charged into earnings over the estimated useful life of the assets. Currently, we estimate the useful life of each individual asset up to 27 years.

In addition to our general environmental policies and policies for asset retirement obligations and environmental reserves, we accrue environmental costs when it is probable that we have incurred a liability and the amount can be reasonably estimated. In some instances, the amount cannot be reasonably estimated due to insufficient data, particularly in the nature and timing of the future performance. In these cases, the liability is monitored until such time that sufficient data exists. With respect to a contaminated site, the amount accrued reflects our assumptions about remedial requirements at the site, the nature of the remedy, the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites, and the number and financial viability of other potentially responsible parties. Changes in the estimates on which the accruals are based, unanticipated government enforcement action, or changes in health, safety, environmental, chemical control regulations, and testing requirements could result in higher or lower costs.

Our cash expenditures related to environmental protection and improvement were approximately $12,854,000, $10,268,000, and $9,547,000 for the years ended December 31, 2023, 2022 and 2021, respectively, and are included in costs of goods sold in the consolidated statements of income for each period. These amounts pertain primarily to operating costs associated with environmental protection equipment and facilities but also include expenditures for construction and development. The USEPA recently updated the Miscellaneous Organic NESHAP ("MON") regulation, 40 CFR Part 63 Subpart FFFF, which governs emissions from organic chemical manufacturing facilities. To comply with this regulation, we updated equipment monitoring systems, chemical leak detection programs, maintenance programs, vessel pressure relief systems, emission reporting protocols and related procedures. While we do not expect future environmental capital expenditures arising from requirements of environmental laws and regulations to materially increase our planned level of annual capital expenditures for environmental control facilities, we can give no assurances that such requirements will not materialize in the future.

We believe that we have obtained, in all material respects, the necessary environmental permits and licenses to carry on our operations as presently conducted. We have reviewed environmental investigations of the properties owned by us and believe, based on the results of the investigations carried out to date, that there are no material environmental issues that adversely impact us. In connection with our acquisition of our warehouse in Batesville, the seller agreed to remediate certain environmental conditions existing at the facility on the date that we acquired it and to indemnify us with respect to those environmental conditions. We continue to monitor the seller's compliance with its remediation obligations.

The Company is a leading provider of renewable fuel and actively works to reduce its carbon footprint. The Company supports the global movement transitioning to a low-carbon economy and strives to control climate change related costs through process innovation, inventory control, and price indexing. Energy, transportation, and raw material costs have all been negatively impacted by climate change.

The Company has the ability to treat hazardous and non-hazardous waste on-site. Over 99% of all generated waste is treated at the facility, eliminating most greenhouse gas emissions associated with transportation of waste, and significantly reducing liability associated with public exposure to waste.

Greenhouse gases may have an adverse impact on global weather patterns and crop production and, therefore, could impact the availability and pricing of raw materials used in biodiesel production. The Company has developed strategies for coping with seasonal, weather related, and market driven volatility. These strategies improve the Company's ability to dampen the impact of climate driven challenges but may not successfully overcome poor market conditions. Profits may be negatively impacted if the Company is unable to pass along price increases to our customers.

The Company's chemical segment uses many commodities derived from crude oil feedstock. These materials are affected by climate change driven policies that regulate petroleum and other energy production industries. Prices are subject to volatility caused in part by supply and demand, political movements, production difficulties, transportation disruptions, and other world events that may be linked to climate change.

The Company has on-site emergency response equipment, trained personnel, and preparedness plans in place detailing actions needed to cope with the occurrence of severe weather. The Company's production location is in an area generally unaffected by hurricanes or floods; however, changing weather patterns and the increased occurrence of severe weather has the potential to impede raw material supply lines, product distribution, and plant operations. Key raw materials and spare production equipment are maintained on-site to mitigate the effects of such occurrences.

*Management Team and Human Capital*

Our executive management team at the Batesville plant consists of individuals with a combined 100 plus years of experience in the chemicals industry, comprising technical, operational, and business responsibilities. The members of the executive team also have international experience, including assignments in Europe and Asia. The operational and commercial management group at the Batesville site includes additional degreed professionals with an average experience of more than 25 years in the chemical industry.

Our Batesville workforce comprises approximately 515 full and part time non-union employees, and includes degreed professionals including chemists (some with PhDs) and engineers (including licensed professional electrical, mechanical, and chemical engineers). Operations personnel have received extensive training and are highly skilled. Additionally, all site manufacturing and infrastructure is fully automated and computer-controlled. Due to the lack of locally-available process industry infrastructure, the workforce is substantially self-sufficient in the range of required operational skills and experience. Voluntary attrition at the site has averaged 9.2% over the past five years. Our Batesville operation is also supported by a small commercial team based in our corporate office in Clayton, Missouri.

**Available Information**

We file annual, quarterly, and other reports, proxy statements, and other information with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers such as us that file electronically with the SEC. You may access that site at https://www.sec.gov.

Our Internet website address is www.futurefuelcorporation.com. We make available free of charge, through the "Investors" section of our Internet website (https://futurefuel-corporation.ir.rdgfilings.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (or the Exchange Act), as soon as reasonably practicable after electronically filing such material with, or furnishing it to, the SEC.

We also make available free of charge, through the "Investors - Corporate Governance" section of our website (https://futurefuel-corporation.ir.rdgfilings.com/corporate-governance), the corporate governance guidelines of our board of directors, the charters of each of the committees of our board of directors, and the code of business conduct and ethics for our directors, officers, and employees. Such materials will be made available in print upon the written request of any shareholder to FutureFuel Corp., 8235 Forsyth Blvd., 4th Floor, Clayton, Missouri 63105, Attention: Investor Relations.

**Item 1A. Risk Factors.**

An investment in us involves a high degree of risk and may result in the loss of all or part of your investment. You should consider carefully all of the information set out in this document and the risks attaching to an investment in us, including, in particular, the risks described below. The information below does not purport to be an exhaustive list and should be considered in conjunction with the contents of the rest of this document.

***Risks Related to Economic Conditions, Governmental Action, and our Industry***

***Our industry is greatly influenced by the overall global economy and as such adverse economic conditions have the potential to adversely affect our business, results of operations, or financial condition.***

We source certain raw materials for our chemicals segment internationally, and as such we are subject to supply chain disruptions and price inflation for those raw materials, which can adversely impact our business. The impacts include, but are not limited to:

- a significant decline in demand for our products due to market disruptions, resulting in a decline in sales and prices;
- limitations of feedstocks, price volatility, or disruptions to our suppliers' operations;
- the interruption of our distribution system, or temporary or long-term disruption in our supply chains, or delays in the delivery of our product;
- suspension of renewable fuel and/or low carbon fuel policies;
- limitations on our ability to operate our business as a result of federal, state or local regulations, including any changes to the designation of our business as "essential" by the U.S. Department of Homeland Security; and
- decreases in the demand for and price of RINs and LCFS credits as a result of reduced demand for petroleum-based gasoline and diesel fuel.

***We operate within the biomass-based diesel industry, which is influenced by governmental programs requiring or incentivizing the consumption of biofuels, including the BTC and CFPC. The expiration or loss of mandates or incentives would have a material adverse effect on our business.***

The biomass-based diesel industry relies on governmental programs requiring or incentivizing the consumption of biofuels. Biomass-based diesel has historically been more expensive to produce than petroleum-based diesel fuel and these governmental programs support a market for biomass-based diesel that might not otherwise exist. The petroleum industry is opposed to many of these government incentives and can be expected to continue to challenge these incentives.

The most significant tax incentive program in the biomass-based diesel industry has been the BTC. Under the BTC, the first person to blend pure biomass-based diesel with petroleum-based diesel fuel receives a one dollar per gallon refundable tax credit. The BTC was not in place during 2018 and not in place for the majority of 2019. However, in late December 2019, the BTC was retroactively reinstated from its expiry on January 1, 2018 through December 31, 2022. With the passage of the Inflation Reduction Act in August 2022, the BTC has been extended through December 31, 2024, but is to be replaced by the CFPC on January 1, 2025. The CFPC is structured on a sliding scale so that producers become eligible for larger credits as the GHG emissions of the fuels they produce approach zero. For producers meeting prevailing wage and registered apprenticeship requirements, the maximum credit is $1.00 per gallon of biodiesel. However, the maximum credit would require zero GHG emissions which is unrealistic for almost every biodiesel producer. Guidance surrounding this credit have yet to be finalized. Our relative position to other biodiesel producers and our absolute position with regard to the value of that credit could have a material adverse effect on us and on the biodiesel industry in general.

If biodiesel feedstock costs do not decrease significantly relative to biodiesel prices, we could realize a negative gross margin on biodiesel. As a result, we could cease producing biodiesel, which could have an adverse effect on our financial condition.

***Our biofuels operations may be harmed if federal or state governments were to change current laws and regulations.***

Alternative fuels businesses benefit from government subsidies and mandates. If any of the state or federal laws and regulations relating to the government subsidies and mandates change, our ability to benefit from our alternative fuels business could be harmed.

With respect to our biofuels platform, the United States Congress could repeal, curtail or otherwise change the RFS2 program in a manner adverse to us. Similarly, the USEPA could curtail or otherwise change its administration of the RFS2 program in a manner adverse to us, including by not increasing or even decreasing the required renewable fuel volumes, by waiving compliance with the required renewable fuel volumes or otherwise. In addition, while Congress specified RFS2 renewable fuel volume requirements through 2022 (subject to adjustment in the rulemaking process), beginning in 2023 required volumes of renewable fuel will be largely at the discretion of the USEPA (in coordination with the Secretary of Energy and Secretary of Agriculture). We cannot predict what changes, if any, will be instituted or the impact of any changes on our business, although adverse changes could seriously harm our revenues, earnings and financial condition.

Further, our biofuels platform is subject to federal, state, and local laws and regulations governing the application and use of alternative energy products, including those related specifically to biodiesel. For instance, biodiesel benefits from successful completion of USEPA Tier I and Tier II health effects testing under Section 211(b) of the Clean Air Act.  This testing verified biodiesel does not pose a threat to human health and improves air quality as a replacement for petroleum diesel. Also, portions of our biofuels may, from time to time, be registered in states where we obtain benefits from state specific subsidies, mandates or programs. If federal or state agency determinations, laws, and regulations relating to the application and use of alternative energy are changed, the marketability and sales of biodiesel production could be materially adversely affected.

***We have historically derived a significant portion of our revenues from sales of our biofuels in the State of California primarily as a result of California's Low Carbon Fuel Standard ("LCFS"); adverse changes in this law or reductions in the value of LCFS credits would harm our revenues and profits.***

The LCFS is designed to reduce greenhouse gas ("GHG") emissions associated with transportation fuels used in California by ensuring that the total amount of fuel consumed meets declining targets for such emissions. The regulation quantifies lifecycle GHG emissions by assigning a "carbon intensity" ("CI") score to each transportation fuel based on that fuel's lifecycle assessment. Each petroleum fuel provider, generally the fuel's producer or importer is required to ensure that the overall CI score for its fuel pool meets the annual carbon intensity target for a given year. This obligation is tracked through credits and deficits and credits can be traded. We generate LCFS credits when we sell qualified fuels which are used in California. As a result of the trading price of LCFS credits, California has become a desirable market in which to sell our biodiesel. If the value of LCFS credits were to materially decrease as a result of over-supply, as a result of reduced demand for our fuels, or if the fuel produced is deemed not to qualify for LCFS credits; or if the LCFS or the manner in which it is administered or applied were otherwise changed in a manner adverse to us, our revenues and profits could be seriously harmed.

***The industries in which we compete are highly competitive.***

The biodiesel and specialty chemical industries are highly competitive. There is competition within these industries and also with other industries in supplying the energy, fuel, and chemical needs of industry and individual customers. We compete with other firms in the sale or purchase of various goods or services in many national and international markets. We compete with large national and multi-national companies that have longer operating histories, greater financial, technical, and other resources, and greater name recognition than we do. In addition, we compete with several smaller companies capable of competing effectively on a regional or local basis, and the number of these smaller companies is increasing. Our competitors may be able to respond more quickly to new or emerging technologies and services and changes in customer requirements. As a result of competition, we may lose market share or be unable to maintain or increase prices for our products and/or services or to acquire additional business opportunities, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. Although we will employ all methods of competition that are lawful and appropriate for such purposes, no assurances can be made that they will be successful. A key component of our competitive position, particularly given the commodity-based nature of many of our products, will be our ability to manage expenses successfully, which requires continuous management focus on reducing unit costs and improving efficiency. No assurances can be given that we will be able to successfully manage such expenses.

Our competitive position in the markets in which we participate is, in part, subject to external factors, in addition to those that we can impact. Natural disasters, changes in laws or regulations, trade disputes, war or other outbreak of hostilities, or other political factors in any of the countries or regions in which we operate or do business, or in countries or regions that are key suppliers of strategic raw materials, could negatively impact our competitive position and our ability to maintain market share.

As to our biofuels segment, biodiesel produced in Canada, South America, Europe, Eastern Asia, the Pacific Rim, or other regions may be imported into the United States to compete with U.S. -produced biodiesel. These regions may benefit from biodiesel production incentives or other financial incentives in their home countries that offset some of their biodiesel production costs and enable them to profitably sell biodiesel in the U.S. at lower prices than U.S.-based biodiesel producers. Under the RFS2, imported biodiesel may be eligible to satisfy an obligated party’s requirements and, therefore, may compete to meet the volumetric requirements of RFS2. This could make it more challenging for us to market or sell biodiesel in the United States, which would have a material adverse effect on our revenues.

The total current U.S. production capacity for biodiesel is in excess of the current RFS2 mandate for 2023 and 2024. Excess production capacity over the annual mandates could result in a decline in biodiesel prices and profitability, negatively impacting our ability to maintain the profitability of our biofuels segment and recover capital expenditures in this business segment.

Biodiesel is encountering increased competition from renewable diesel, which is produced via hydrotreating a biomass-based feedstock. Renewable diesel can be used interchangeably with conventional petroleum diesel, is not limited in blends, and can be transported via existing fuel pipeline infrastructure. A significant capital investment would be required for the Company to produce renewable diesel, and the current economics and business uncertainty do not support this level of investment.

***Fluctuations in commodity prices may cause a reduction in the demand or profitability of the products or services we produce.***

Prices for alternative fuels tend to fluctuate widely based on a variety of political and economic factors. These price fluctuations heavily influence the oil and gas industry. Lower energy prices for existing products tend to limit the demand for alternative forms of energy services and related products and infrastructure. Historically, the markets for alternative fuels have been volatile, and they are likely to continue to be volatile. Wide fluctuations in alternative fuel prices may result from relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and other factors that are beyond our control, including:

- worldwide and domestic supplies of oil and gas;
- the price and/or availability of biodiesel feedstocks;
- weather conditions;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the availability of pipeline and refining capacity;
- the price and level of foreign imports;
- domestic and foreign governmental regulations and taxes;
- the ability of the members of the Organization of Petroleum Exporting Countries (OPEC) to agree to and maintain oil price and production controls;
- political instability or armed conflict in oil-producing regions;
- pandemics, epidemics, or disease outbreaks; and
- the overall economic environment.

These factors and the volatility of the commodity markets make it extremely difficult to predict future alternative fuel price movements with any certainty. There may be a decrease in the demand for our products or services and our profitability could be adversely affected.

***We are reliant on certain strategic raw materials for our operations.***

We are reliant on certain strategic raw materials (such as biodiesel feedstocks and methanol) for our operations. We have implemented certain risk management tools, such as multiple suppliers and hedging, to mitigate short-term market fluctuations in raw material supply and costs. There can be no assurance, however, that such measures will result in cost savings or supply stability or that all market fluctuation exposure will be eliminated. In addition, inflation, natural disasters, changes in laws or regulations, war or other outbreak of hostilities, or other political factors in any of the countries or regions in which we operate or do business, or in countries or regions that are key suppliers of strategic raw materials, could affect availability and costs of raw materials.

While temporary shortages of raw materials may occasionally occur, these items have historically been sufficiently available to cover current requirements. However, their continuous availability and price are impacted by natural disasters, plant interruptions occurring during periods of high demand, domestic and world market and political conditions, changes in government regulation, and war or other outbreak of hostilities. In addition, as we increase our biodiesel capacity, we will require larger supplies of raw materials, which have not yet been secured and may not be available for the foregoing reasons or may be available only at prices higher than current levels. Our operations or products may, at times, be adversely affected by these factors.

***Market conditions or transportation impediments may hinder access to raw goods and distribution markets.***

Market conditions, the unavailability of satisfactory transportation, or the location of our manufacturing complex from more lucrative markets may hinder our access to raw goods and/or distribution markets. The availability of a ready market for biodiesel depends on a number of factors, including the demand for and supply of biodiesel and the proximity of the plant to trucking and terminal facilities. The sale of large quantities of biodiesel necessitates that we transport our biodiesel to other markets, since the Batesville, Arkansas regional market is not expected to absorb all of our contemplated production. Common carrier pipelines do not transport biodiesel or biodiesel/ petrodiesel blends, which means trucks, barges, and rail cars are the potentially available means of distribution of our product from the plant to these storage terminals for further distribution. However, the availability of rail cars is limited and at times unavailable because of repairs or improvements, or as a result of priority transportation agreements with other shippers. Additionally, the current availability of barges is limited, particularly heated barges to transport biodiesel during winter months. If transportation is restricted or is unavailable, we may not be able to sell into more lucrative markets, and consequently our cash flow from sales of biodiesel could be restricted.

***Concerns regarding the environmental impact of biodiesel production could affect public policy, which could impair our ability to operate at a profit and substantially harm our revenues and operating margins.***

The environmental impacts associated with biodiesel production and use have not yet been fully analyzed. Under the 2007 Energy Independence and Security Act, the USEPA is required to produce a study every three years of the environmental impacts associated with current and future biofuel production and use, including effects on air and water quality, soil quality and conservation, water availability, energy recovery from secondary materials, ecosystem health and biodiversity, invasive species, and international impacts. The first such triennial report was published in January 2011. The second triennial report was published June 29, 2018. The 2018 report reaffirms the findings of the 2011 report and reflects the current understanding about biofuel production using data gathered through May 2017. The USEPA released its third triennial report to Congress on biofuels and the environment in 2023, which builds on the previous two reports and provides an update on the impacts to date of the RFS and RFS2 on the environment.

To the extent that state or federal laws are modified, or public perception turns against biodiesel, use requirements, such as RFS2, may not continue, which could materially harm our ability to operate profitably.

***Climate change regulations may impact our ability to operate at a profit and harm our operating margins.***

Future regulations may impose new operational burdens, require investment in additional emission control technology, or result in unfavorable market changes. The cost of compliance with stringent climate change regulations could adversely affect our ability to compete with companies in locations that are not subject to stringent climate change regulations.

***Growth in the sale and distribution of biodiesel is dependent on the expansion of related infrastructure, which may not occur on a timely basis, if at all, and our operations could be adversely affected by infrastructure limitations or disruptions.***

Growth in the biodiesel industry depends on substantial development of infrastructure for the distribution of biodiesel. Substantial investment required for these infrastructure changes and expansions may not be made on a timely basis or at all. The scope and timing of any infrastructure expansion are generally beyond our control. Also, we compete with other biofuel companies for access to some of the key infrastructure components, such as terminal capacity. As a result, increased production of biodiesel or other biofuels will increase the demand and competition for necessary infrastructure. Any delay or failure in expanding distribution infrastructure could hurt the demand for or prices of biodiesel, impede delivery of our biodiesel, and impose additional costs, each of which would have a material adverse effect on our results of operations and financial condition. Our business will be dependent on the continuing availability of infrastructure for the distribution of increasing volumes of biodiesel and any infrastructure disruptions could materially harm our business.

***Nitrogen oxide emissions from biodiesel may harm its appeal as a renewable fuel and increase costs.***

In some instances, biodiesel may increase emissions of nitrogen oxide as compared to petrodiesel, which could harm air quality. Nitrogen oxide is a contributor to ozone depletion and smog. These emissions may decrease the appeal of biodiesel to environmental groups and agencies who have been historic supporters of the biodiesel industry, potentially harming our ability to market our biodiesel.

In addition, several states have acted to regulate potential nitrogen oxide emissions from biodiesel. Texas currently requires biodiesel blends contain an additive to eliminate this perceived nitrogen oxide increase. California is in the process of formulating biodiesel regulations that may also require such an additive. The USEPA may also institute requirements for such an additive. In states where such an additive is required to sell biodiesel, the additional cost of the additive may make biodiesel less profitable or make biodiesel less cost competitive against petrodiesel or renewable diesel, which would negatively impact our ability to sell our products in such states and therefore have an adverse effect on our revenues and profitability.

**Risks Related to our Business**

***We are reliant upon a relatively small number of customers.***

Our chemical business is concentrated with four large customers covering multiple products representing greater than 69% of our chemicals segment product sales, or 15% of total revenues. Although this business is contracted in longer-term production agreements, the loss of any of these strategic customers could have a material adverse effect on our chemicals business.

Additionally, our biofuels segment has two large customers. We do not believe that the loss of these customers would have a material adverse effect on our biofuels segment or on us as a whole in that: (i) unlike our custom manufacturing products, biodiesel is a commodity with a large potential customer base; (ii) we believe that we could readily sell our biodiesel to other customers as potential demand from other customers for biodiesel exceeds our production capacity; (iii) our sales to these customers are not under fixed terms and the customers have no fixed obligation to purchase any minimum quantities except as stipulated by short term purchase orders; and (iv) the prices we receive from these customers are based upon then-market rates, as would be the case with sales of this commodity to other customers.

Sales to these biodiesel customers totaled approximately 35% of total revenue (or $127,763,000) in 2023. Sales in 2022 to our two largest customers represented 27% of total revenues (or $107,898,000). Sales to three largest biodiesel customers totaled 52% of total revenues in 2021 (or $133,231,000). We do not have a contract with these customers but rather sell based on monthly or short-term, multi-month purchase orders placed with us by the customers at prices based upon then-prevailing market rates.

***Changes in technology may render our products or services obsolete.***

The alternative fuel and chemical industries may be substantially affected by rapid and significant changes in technology. Examples include competitive product technologies, such as green gasoline, renewable diesel produced from catalytic hydrotreating of renewable feedstock oils, and competitive process technologies, such as advanced biodiesel continuous reactor and washing designs that increase throughput. Additionally, new supplies of natural gas in the U.S., primarily as a result of shale gas development, have lowered natural gas prices. Lower natural gas prices may lead to increased use of natural gas as a transportation fuel. Increased usage of natural gas in the transportation market, or other markets that have traditionally used petrodiesel or biodiesel, may lead to declines in the demand for petrodiesel and biodiesel. Lastly, new and more active compounds may be discovered that require less volume or different manufacturing methods, or the end products may become obsolete and be replaced with differing materials.

These changes may render obsolete certain existing products, energy sources, services, and technologies currently used by us. We cannot provide assurances that the technologies used by or relied upon by us will not be subject to such obsolescence. While we may attempt to adapt and apply the services provided by us to newer technologies, we cannot provide assurances that we will have sufficient resources to fund these changes or that these changes will ultimately prove successful.

***Failure to comply with governmental regulations could result in the imposition of penalties, fines or restrictions on operations and remedial liabilities.***

The biofuel and chemical industries are subject to extensive federal, state, local, and foreign laws and regulations related to the general population's health and safety and those associated with compliance and permitting obligations (including those related to the use, storage, handling, discharge, emission, and disposal of municipal solid waste and other waste, pollutants or hazardous substances or waste, or discharges and air and other emissions) as well as land use and development. Existing laws also impose obligations to clean up contaminated properties, or to pay for the cost of such remediation, often upon parties that did not cause the contamination. Compliance with these laws, regulations, and obligations could require substantial capital expenditures. Failure to comply could result in the imposition of penalties, fines, or restrictions on operations and remedial liabilities. These costs and liabilities could adversely affect our operations.

Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal, or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our business segments in general and on our results of operations, competitive position, or financial condition. We are unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially adversely increase our cost of doing business or affect our operations in any area.

Under certain environmental laws and regulations, we could be held strictly liable for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release or contamination, or if current or prior operations were conducted consistent with accepted standards of practice. Such liabilities can be significant and, if imposed, could have a material adverse effect on our financial condition or results of operations.

***Our insurance may not protect us against our business and operating risks.***

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance policies may become unavailable or available only for reduced amounts of coverage. As a result, we may not be able to renew our existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all. Although we will maintain insurance at levels we believe are appropriate for our business and consistent with industry practice, we will not be fully insured against all risks that cannot be sourced on economic terms. In addition, pollution and environmental risks generally are not fully insurable. Losses and liabilities from uninsured and underinsured events and delay in the payment of insurance proceeds could have a material adverse effect on our financial condition and results of operations.

If a significant accident or other event resulting in damage to our operations (including severe weather, terrorist acts, war, civil disturbances, pollution, or environmental damage) occurs and is not fully covered by insurance or a recoverable indemnity from a customer, it could adversely affect our financial condition and results of operations.

***We depend on key personnel, the loss of any of whom could materially adversely affect our future operations.***

Our success depends to a significant extent upon the efforts and abilities of our executive officers and lead management team. The loss of the services of one or more of these key employees could have a material adverse effect on us. Our business is also dependent upon our ability to attract and retain qualified personnel. Acquiring or retaining these personnel could prove more difficult to hire or cost substantially more than estimated. This could cause us to incur greater costs.

***If we are unable to effectively manage the commodity price risk of our raw materials or finished goods, we may have unexpected losses.***

We hedge our raw materials and/or finished products for our biofuels segment to some degree to manage the commodity price risk of such items. This requires the purchase or sale of commodity futures contracts and/or options on those contracts or similar financial instruments. We may be forced to make cash deposits available to counterparties as they mark-to-market these financial hedges. This funding requirement may limit the level of commodity price risk management that we are prudently able to complete. If we do not manage or are not capable of managing the commodity price risk of our raw materials and/or finished products for our biofuels segment, we may incur losses as a result of price fluctuations with respect to these raw materials and/or finished products.

In most cases, we are not capable of hedging raw material and/or finished products for our chemicals segment. Certain of our products are produced under manufacturing agreements with our customers, which provide us the contractual ability to pass along raw material price increases. However, we do not have this protection for all product lines within the chemicals segment. If we do not manage or are not capable of managing escalating raw material prices and/or passing these increases along to our customers via increased prices for our finished products, we may incur losses.

***If we are unable to acquire or renew permits and approvals required for our operations, we may be forced to suspend or cease operations altogether.***

The operation of our manufacturing plant requires numerous permits and approvals from governmental agencies. We may not be able to obtain or renew all necessary permits (or modifications thereto) and approvals and, as a result, our operations may be adversely affected. In addition, obtaining all necessary renewal permits (or modifications to existing permits) and approvals for future expansions may necessitate substantial expenditures and may create a significant risk of expensive delays or loss of value if a project is unable to function as planned due to changing requirements.

***Our indebtedness may limit our ability to borrow additional funds or capitalize on acquisition or other business opportunities.***

We hold a $100 million revolving credit facility with a commercial bank. This credit facility expires in March 2025. Although as of the date of this report we have no outstanding borrowings under the existing facility, if and when we do borrow, the restrictions governing this type of indebtedness (such as total debt to EBITDA limitations) could reduce our ability to incur additional indebtedness, engage in certain transactions, or capitalize on acquisition or other business opportunities. On March 1, 2023, the credit facility was amended to transition it from LIBOR to the secured overnight financing rate (“SOFR”) and to reflect other conforming changes.

***We expect to have capital expenditure requirements, and we may be unable to obtain needed financing on satisfactory terms due to inflation and increased interest rates.***

We expect to make capital expenditures for the expansion of our biofuels and chemicals production capacity and complementary infrastructure. We intend to finance these capital expenditures primarily through cash flow from our operations, borrowings under our credit facility, and existing cash. However, if our capital requirements vary materially from those provided for in our current projections, we may require additional financing sooner than anticipated. A decrease in expected revenues, in addition to high rates of inflation and high interest rates currently being experienced and expected to persist in the near-term could make obtaining this financing economically unattractive or impossible. As a result, we may lack the capital necessary to complete the projected expansions or capitalize on other business opportunities.

***We may be unable to successfully integrate future acquisitions with our operations or realize all of the anticipated benefits of such acquisitions.***

Failure to successfully integrate future acquisitions, if any, in a timely manner may have a material adverse effect on our business, financial condition, results of operations, and cash flows. The difficulties of combining acquired operations include, among other things:

- operating a significantly larger combined organization;
- consolidating corporate technological and administrative functions;
- integrating internal controls and other corporate governance matters; and
- diverting management's attention from other business concerns.

In addition, we may not realize all of the anticipated benefits from future acquisitions, such as increased earnings, cost savings, and revenue enhancements, for various reasons, including difficulties integrating operations and personnel, higher and unexpected acquisition and operating costs, unknown liabilities, and fluctuations in markets. If benefits from future acquisitions do not meet the expectations of financial or industry analysts, the market price of our shares of common stock may decline.

***If we are unable to respond to changes in ASTM or customer standards, our ability to sell biodiesel may be harmed.***

We currently produce biodiesel to conform to or exceed standards established by ASTM. ASTM standards for biodiesel and biodiesel blends may be modified in response to new observations from the industries involved with diesel fuel. New tests or more stringent standards may require us to make additional capital investments in, or modify, plant operations to meet these standards. In addition, some biodiesel customers have developed their own biodiesel standards that are stricter than the ASTM standards. If we are unable to meet new ASTM standards or our biodiesel customers' standards cost effectively or at all, our production technology may become obsolete, and our ability to sell biodiesel may be harmed, negatively impacting our revenues and profitability.

***If we fail to maintain effective internal control over financial reporting, we might not be able to report our financial results accurately or prevent fraud***; ***in that case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the value of our stock.***

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. The process of maintaining our internal controls may be expensive, and time consuming, and may require significant attention from management. Although we have concluded as of December 31, 2023, that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness, the disclosure of that fact could harm the value of our stock and our business.

***The risk of loss of the Company's intellectual property, trade secrets or other sensitive business information or disruption of operations could negatively impact the Company's financial results.***

The Company has information and information processing assets, including intellectual property, trade secrets, and other sensitive, business critical information as well as on-premises and cloud-based business applications critical to conducting business. In addition, our chemical manufacturing facilities are highly automated using modern computer systems. Cyber-incidents affecting the Company, its supply chain or customers could compromise confidential, business critical information, cause a disruption in the Company's operations, harm the Company's reputation, or endanger the environment if the Company, its suppliers or customers do not effectively prevent, detect and recover from these or other security breaches. The Company, like many companies today, is the target of industrial espionage, including cyber-attacks. The Company has determined that these cyber-attacks have resulted, and could result in the future, in unauthorized parties gaining access to certain confidential business information. When unauthorized access is discovered, the Company reports such situations to governmental authorities for investigation, as appropriate, and takes measures to mitigate any potential impact.

Although management does not believe that the Company has experienced any material losses to date related to these cyber security incidents, there can be no assurance that such losses will not be suffered in the future. The Company seeks to actively manage the risks within its control that could lead to business disruptions and cyber security incidents through a comprehensive cyber security program that is continuously reviewed (through internal and third party auditing), maintained, and upgraded. As these threats continue to evolve, particularly around cybersecurity, the Company may be required to expend significant resources to enhance its control environment, processes, practices, and other protective measures. Despite these efforts, such events could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

***Confidentiality agreements with customers, employees, and others may not adequately prevent disclosures of confidential information, trade secrets, and other proprietary information.***

We rely in part on trade secret protection to protect our confidential and proprietary information and processes. However, trade secrets are difficult to protect. We have taken measures to protect our trade secrets and proprietary information, but these measures may not be effective. For example, we require new custom manufacturing chemical customers to execute confidentiality agreements before we begin manufacturing custom chemicals for them. We also require employees and consultants to execute confidentiality agreements upon the commencement of their employment or consulting arrangement with us. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. These agreements also generally provide that know-how and inventions conceived by the individual in the course of rendering services to us are our exclusive property. Nevertheless, these agreements may be breached, or may not be enforceable, and our proprietary information may be disclosed. Further, despite the existence of these agreements, third parties may independently develop substantially equivalent proprietary information and techniques. Accordingly, it may be difficult for us to protect our trade secrets. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Moreover, we cannot assure that our technology does not infringe upon any valid claims of patents that other parties own. In the future, if we were found to be infringing on a patent owned by a third party, we might have to seek a license from such third party to use the patented technology. We cannot assure that, if required, we would be able to obtain such a license on terms acceptable to us, if at all. If a third party brought a legal action against us or our licensors, we could incur substantial costs in defending ourselves, and we cannot assure that such an action would be resolved in our favor. If such a dispute were to be resolved against us, we could be subject to significant damages.

***We depend on our ability to maintain relationships with industry participants, including our strategic partners.***

Our ability to maintain commercial arrangements with chemical and biodiesel customers, raw material and feedstock suppliers, and transportation and logistics services providers may depend on maintaining close working relationships with industry participants. There can be no assurance that we will be able to maintain or establish additional necessary strategic relationships, in which case the opportunity to grow our business may be negatively affected.

***There is currently excess renewable fuel production capacity and low utilization in the industry and if non-operational and underused facilities commence or increase operations, our results of operations may be negatively affected.***

Many biodiesel plants in the United States do not operate at full capacity. Further, a number of renewable diesel plants are under construction in the United States as of December 2023, and if completed, would add additional renewable fuel production capacity. The annual production capacity of existing plants and plants under construction far exceeds both historic consumption of renewable fuels in the United States and required consumption under RFS2. If this excess production capacity was used, it would increase competition for our feedstocks, increase the volume of renewable fuels on the market, and may reduce our biodiesel gross margins, harming our revenues and profitability.

***Several biofuel companies throughout the United States have filed for bankruptcy over the last several years due to industry and economic conditions.***

Unfavorable worldwide economic conditions, lack of financing, and volatile biofuel prices and feedstock costs have likely contributed to the necessity of bankruptcy filings by biofuel producers. Our business may be negatively impacted by the industry conditions that influenced the bankruptcy proceedings of other biofuel producers, or we may encounter new competition from buyers of distressed biodiesel properties who enter the industry at a lower cost than original plant investors.

***We are exposed to government credit risk and fluctuations in market values of our cash and cash equivalent portfolio.***

We have deposits with certain U.S. banks in excess of the maximum amounts insured by the U.S. Federal Deposit Insurance Corporation (the “FDIC”) and holdings in certain United States Government Select Funds. As of December 31, 2023, we maintained with such banks cash balances of approximately $90.8 million in excess of the amounts insured by the FDIC.

***We are exposed to operating risks.***

As a manufacturer of diversified chemical products and biofuels, our business is subject to operating risks common to chemical manufacturing, storage, handling, and transportation. These risks include, but are not limited to, fires, explosions, inclement weather, natural disasters, mechanical failure, unscheduled downtime, transportation interruptions, remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases. Significant limitation on our ability to manufacture products due to disruption of manufacturing operations or related infrastructure could have a material adverse effect on our sales revenue, costs, results of operations, and financial condition.

Disruptions could also occur due to internal factors such as computer or equipment malfunction (accidental or intentional), operator error, or process failures; or external factors such as computer or equipment malfunction at third-party service providers, natural disasters, pandemic illness, changes in laws or regulations, war or other outbreak of hostilities or terrorism, cyber-incidents, or breakdown or degradation of transportation infrastructure used for delivery of supplies to the Company or for delivery of products to customers. No assurances can be provided that any future disruptions due to these, or other, circumstances will not have a material effect on operations. Such disruptions could result in an unplanned event that could be significant in scale and could negatively impact operations, neighbors, and the environment, and could have a negative impact on our results of operations.

### Risks Associated With Owning Our Shares

***We may issue substantial amounts of additional shares without stockholder approval.***

Our certificate of incorporation authorizes the issuance of 75,000,000 shares of common stock and 5,000,000 shares of preferred stock. As of the date of this report, 43,763,243 shares of our common stock currently are outstanding. The issuance of any additional shares of our common stock or preferred stock would dilute the percentage ownership of our company held by existing stockholders.

***The market price of our common stock is highly volatile and may increase or decrease dramatically at any time.***

The market price of our common stock is highly volatile, and our shares are thinly traded. Our stock price may change dramatically as the result of: (i) announcements of new products or innovations by us or our competitors; (ii) uncertainty regarding the viability of any of our product initiatives; (iii) significant customer contracts; (iv) significant litigation; (v) uncertainty with respect to changing laws and regulations that impact our business and our ability to take advantage of tax credits such as the BTC and CFPC; or (vi) other factors or events that would be expected to affect our business, financial condition, results of operations, and future prospects.

The market price for our common stock may also be affected by various factors not directly related to our business or future prospects, including the following:

- a reaction by investors to trends in our stock rather than the fundamentals of our business;
- a single acquisition or disposition, or several related acquisitions or dispositions, of a large number of our shares, including by short sellers covering their position;
- the interest of the market in our business sector, without regard to our financial condition, results of operations, or business prospects;
- positive or negative statements or projections about us or our industry by analysts and other persons;
- the adoption of governmental regulations or government grant programs and similar developments in the United States or abroad that may enhance or detract from our ability to offer our products and services or affect our cost structure; and
- economic and other external market factors, such as a general decline in market price due to poor economic conditions, investor distrust, or a financial crisis.

***If securities or industry analysts issue an adverse or misleading opinion regarding our stock or do not publish research or reports about our business, our stock price and trading volume could decline.***

The trading market for shares of our common stock will rely in part on the research and reports that equity research analysts publish about us and our business. The price of our common stock could decline if one or more equity research analysts downgrade our common stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

***If Mr. P.A. Novelly, II or his designees exercises his registration rights, such exercise may have an adverse effect on the market price of our shares of common stock.***

St. Albans Global Management, LLC ("St. Albans"), an entity affiliated with Mr. P. A. Novelly II, a member of the board, is entitled to demand that the Company register under the Securities Act of 1933, as amended (the "Securities Act"), the resale of all shares of the Company's common stock beneficially owned by it. If St. Albans exercises its registration rights with respect to all 17,085,100 shares of the Company's common stock currently owned by it, there will be an additional 6,637,600 registered shares of common stock available for trading in the public market, which may have an adverse effect on the market price of our common stock.

***We may be suspended or delisted from the New York Stock Exchange if we do not satisfy their continued listing requirements.***

Our common stock trades on the NYSE under the symbol "FF". Securities admitted to the NYSE may be suspended from dealing or delisted at any time the listed company fails to satisfy certain continued listing criteria. These criteria could be triggered if, among other things, the number of our publicly-held shares fall below 600,000, the average closing price of our common stock is less than $1.00 per share over a consecutive 30 trading-day period, or we fail to file certain reports with the SEC. As a matter of practice, the NYSE generally gives a listed company notice if any of these criteria are triggered, and generally provides the listed company with certain cure periods. If we suffer such an event, but do not cure it, or if such event cannot be cured, trading of our common stock on the NYSE may be suspended from dealing or our stock may be delisted. Any such suspension or delisting may have an adverse effect on the market price of our common stock.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 1C. Cybersecurity.**

**Risk Management and Strategy**

The Company understands the importance of managing risks from cybersecurity incidents and utilizes a multilayered strategy guided by the National Institute of Standards and Technology ("NIST") Cybersecurity Framework for assessing, identifying, detecting and responding to threats and other potential incidents. Key aspects of our strategy for managing risks of cybersecurity threats include:

- Timely security patching of endpoints;
- Network and endpoint-based monitoring with autonomous protection capabilities;
- Backups which are regularly tested for recovery with key backups hardened against malicious access;
- Third-party security services for audit, benchmarking, and improvement of our cyber security program;
- Ongoing monitoring and evaluation of our cybersecurity posture and performance through regular vulnerability scans, simulated phishing tests, and penetration tests;
- Oversight of third-party service providers by conducting vendor diligence upon onboarding and ongoing monitoring;
- An incident response plan designed to coordinate the activities that we and our third-party security service providers take to prepare to respond and recover from cybersecurity incidents, which include processes to triage, assess severity, investigate, escalate, contain, and remediate incidents, as well as to comply with applicable legal obligations and mitigate any reputational damage;
- Structured management of change process to ensure material changes to our systems or operations have an updated assessment of their potential impact associated with internal and external threats to the security, confidentiality, integrity, and availability of our data and systems, along with other material risks to our operations;
- Ongoing, annual employee security awareness training; and
- Cybersecurity insurance coverage to help mitigate the risk of loss from cybersecurity incidents.

To date, the Company does not believe that cybersecurity incidents have materially affected the Company, its business strategy, results of operations, or financial condition. The Company cannot provide assurance that it will not be materially affected by any future material cybersecurity incidents. For more information about the cybersecurity risks the Company faces, see Item 1A, Risk Factors, above.

**Governance**

The Company's Information Technology ("IT") Director is responsible for developing and implementing our cybersecurity program and has over 20 years of cybersecurity experience in various roles involving information security, developing cybersecurity strategies, and implementing cybersecurity programs. Our program includes that all employees complete annual cybersecurity awareness training. The IT Director is responsible for reporting audit findings and risk information to the Company's Chief Financial Officer ("CFO").

Our board of directors is responsible for overseeing our enterprise risk management activities in general, and each of the committees of our board of directors assists the board of directors in the role of risk oversight. The Audit Committee of the board of directors oversees our cybersecurity risk and receives reports from time to time from our CFO on cybersecurity risk management. Promptly after becoming aware of a material cybersecurity incident affecting our IT systems or data, the IT Director would work with management to formulate a mitigation plan and review compliance with such plan, as well as to ensure compliance with any external regulatory or disclosure requirements, including any disclosures of material cybersecurity incidents.

## Item 2. Properties.

Our principal asset is a manufacturing plant situated on approximately 2,200 acres of land six miles southeast of Batesville in north central Arkansas fronting the White River. Approximately 500 acres of the site are occupied with batch and continuous manufacturing facilities, laboratories, and infrastructure, including on-site liquid waste treatment. Our subsidiary, FutureFuel Chemical Company, is the fee owner of this plant and the land upon which it is situated (which plant and land are not subject to any major encumbrances) and manufactures both biofuels and chemicals at the plant. Use of these facilities may vary with product mix and economic, seasonal, and other business conditions, but the plant is substantially used with the exception of facilities designated for capacity expansion of biodiesel. The plant, including approved expansions, has sufficient capacity for existing needs and expected near-term growth. We believe that the plant is well maintained, in good operating condition, and suitable and adequate for its uses.

## Item 3. Legal Proceedings.

We are not a party to, nor is any of our property subject to, any material pending legal proceedings, other than ordinary routine litigation incidental to our business. From time to time, we may be parties to, or targets of, lawsuits, claims, investigations, and proceedings, including product liability, personal injury, asbestos, patent and intellectual property, commercial, contract, environmental, antitrust, health and safety, and employment matters, which we expect to be handled and defended in the ordinary course of business. While we are unable to predict the outcome of any matters currently pending, we do not believe that the ultimate resolution of any such pending matters will have a material adverse effect on our overall financial condition, results of operations, or cash flows.

## Item 4. Mine Safety Disclosures.

Not applicable.

## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

### Market Information

The shares of our common stock are traded on the NYSE under the trading symbol “FF”. As of March 14, 2024, there are 43,763,243 shares of our common stock outstanding.

### Holders

The shares of our common stock were held by approximately 294 holders of record on March 14, 2024 as recorded on our transfer agents' register. We believe that the number of beneficial owners of our common stock is substantially greater than the number of holders of record.

### Dividends

The payment of cash dividends by us is dependent upon our existing cash and cash equivalents, future earnings, capital requirements, and overall financial condition. We declared and paid regular cash dividends for 2023 and 2022, and we have also declared dividends for 2024. While we anticipate similar regular cash dividends after 2024, no assurances can be given that we will declare or pay dividends for years after 2024. Additionally, during the first quarter of 2024, we declared a special cash dividend of $2.50 per share on our common stock payable on April 9, 2024, to the holders of record of all the issued and outstanding shares of common stock as of the close of business on March 26, 2024.

### Securities Authorized for Issuance Under Equity Compensation Plan

Our board of directors adopted an omnibus incentive plan, which was approved by our shareholders at our 2017 annual shareholder meeting (the “Incentive Plan”). We do not maintain any other equity compensation plan or individual equity compensation arrangement. Under the Incentive Plan, awards are limited to 10% of the issued and outstanding shares of our common stock in the aggregate. The shares to be issued under the Incentive Plan were registered with the SEC on a Form S-8 filed on November 9, 2017. Through December 31, 2023, we issued 64,000 options to purchase shares of our common stock and awarded no shares to participants under the Incentive Plan.

Following is additional information regarding the incentive plans as of December 31, 2023.

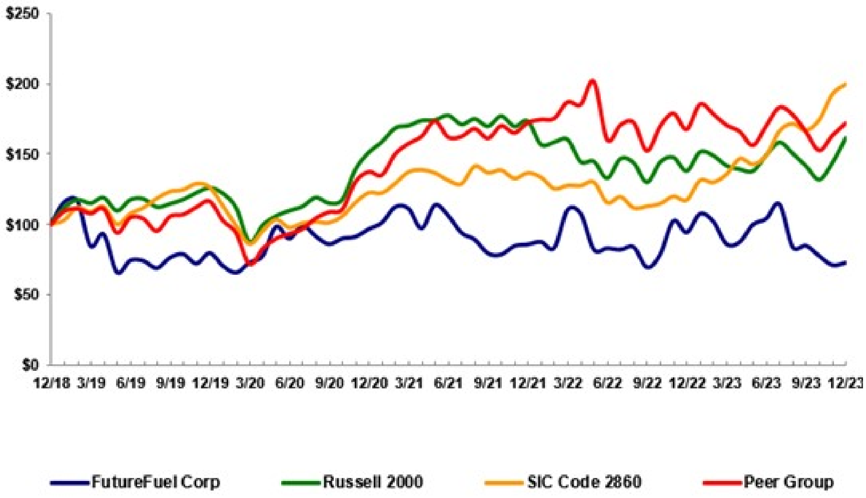
| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 34,000 | $ 9.13 | 4,310,167 |

**Performance Graph**

The graph below compares the cumulative 5-Year total return to holders of the Company's common stock relative to the cumulative total returns of the Russell 2000 index and 24 companies, listed in footnote 1 below. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock, in each index and in each of the peer groups on December 31, 2018 and its relative performance is tracked through December 31,2023.

(1.) The 24 companies included in the company's peer group are: Archer-Daniels-Midland Co, Arkema S.A., Albemarle Corp, Alto Ingredients Inc, Aemetis Inc, Bunge Global S.A., Cabot Corp, Chemours Co, Celanese Corp, Darling Ingredients Inc, Dow Inc, Eastman Chemical Co, Gevo Inc, Green Plains Inc, Hudson Technologies Inc, Huntsman Corp, Kronos Worldwide Inc, Lanxess A.G., Lyondellbasell Industries N.V., Olin Corp, Rex American Resources Corp, Stepan Co, Solvay S.A., and Westlake Corp.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among FutureFuel Corp, the Russell 2000 Index,
SIC Code 2860 and Peer Group




*$100 invested on 12/31/18 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.



**Unregistered Sales of Equity Securities**

We did not sell any of our securities within the period covered by this report in transactions that were not registered under the Securities Act.

**Purchase of Securities by Us**

During 2023, neither we, nor anyone acting on our behalf, purchased any shares of our common stock, which is the only class of our equity securities that is registered pursuant to Section 12 of the Exchange Act. On March 12, 2024, the Company's board of directors authorized the repurchase of up to $25.0 million of Company common stock through a stock repurchase program expiring March 12, 2026. The program could be suspended or discontinued at any time, based on market, economic, or business conditions. The timing and amount of repurchase transactions will be determined by management based on its evaluation of market conditions, share price, and other factors.

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[TBR1]The ultimate language should be aligned here and in the earnings release.

**Item 6. [Reserved].**

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our consolidated financial statements, including the Notes thereto, set forth herein.

This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements. See "Forward-Looking Information" below for additional discussion regarding risks associated with forward-looking statements.

Unless otherwise stated, all dollar amounts are in thousands.

**Overview**

*In General*

Our company is managed and reported in two reporting segments: chemicals segment and biofuels segment. Within the chemicals segment are two product groups: custom chemicals and performance chemicals. The custom chemicals group is comprised of chemicals manufactured for a single customer, whereas the performance chemicals product group is comprised of chemicals manufactured for multiple customers. The biofuels segment is comprised of one product group. Management believes that the diversity of each segment strengthens the Company by better using resources and is committed to growing each segment.

Major products in the custom chemicals group include: (i) consumer products (cosmetics and personal care products, specialty polymers, and specialty products used in the fuels industry); (ii) chlorinated polyolefin adhesion promoters and antioxidant precursors for a customer; and (iii) a biocide intermediate.

Pricing for the other custom manufacturing products is negotiated directly with the customer. Some, but not all, of these products have pricing mechanisms and/or protections against raw material, energy, or conversion cost changes.

Performance chemicals consist of specialty chemicals that are manufactured to general market-determined specifications and are sold to a broad customer base. A major product line in the performance chemicals group is SSIPA/LiSIPA, a polymer modifier that aids the properties of nylon and polyesters. This group of products also includes other sulfonated monomers and hydrotropes, specialty solvents, polymer additives, and chemical intermediates, such as glycerin.

SSIPA/LiSIPA revenues are generated from a diverse customer base of nylon and polyester fiber manufacturers and other customers that produce condensation polymers. Contract sales are, in certain instances, indexed to key raw materials for inflation; otherwise, there is no pricing mechanism or specific protection against raw material or conversion cost changes.

Pricing for the other performance chemical products is established based upon competitive market conditions. Some, but not all, of these products have pricing mechanisms and/or specific protections against raw material or conversion cost changes.

For our biofuels segment, we procure all of our own feedstock and only sell biodiesel for our own account. We have the capability to process multiple types of feedstocks including vegetable oils, animal fats, and separated food waste oils. We can receive feedstock by rail or truck, and we have substantial storage capacity to acquire feedstock at advantaged prices when market conditions permit. Our annual biodiesel production capacity is 59 million gallons per year.

There currently is uncertainty as to whether we will produce biodiesel in the future. This uncertainty results from changes in feedstock prices relative to biodiesel prices and the lack of permanency of government mandates including the BTC, the small producer's tax credit, the CFPC (effective January 1, 2025), the renewable fuels program, and the California low carbon fuel program credits. See "Risk Factors" above as well as Note 3 to our consolidated financial statements. This uncertainty also results from government mandates that strengthen markets that we compete against including renewable diesel and electric vehicles.

While biodiesel is the principal component of the biofuels segment, we also generate revenue from the sale of petrodiesel both in blends with our biodiesel and, from time to time, with no biodiesel added. Petrodiesel and biodiesel blends are available to customers at our leased storage facility in North Little Rock, Arkansas and at our Batesville plant. In addition, we deliver blended product to a small group of customers within our region. We also sell D4 and D6 RINs from time to time. At December 31, 2023 we held 4.3 million RINs with a market value of $6,567 and at December 31, 2022, we held 1.5 million RINs in inventory with a market value of $2,557.

Most of our sales are FOB the Batesville plant, although some transfer points are in other states or foreign ports. While many of our chemicals are used to manufacture products that are shipped, further processed, and/or consumed throughout the world, the chemical products, with limited exceptions, generally leave the United States only after we have transferred ownership. Rarely are we the exporter of record, never are we the importer of record into foreign countries, and we are not always aware of the exact quantities of our products that are moved into foreign markets by our customers. We do track the addresses of our customers for invoicing purposes and use this address to determine whether a particular sale is within or outside the United States. Our revenue for the last three fiscal years attributable to the United States and foreign countries (based upon the billing addresses of our customers) is set forth in the following table.

| Period | United States | All Foreign Countries | Total |
|---|---|---|---|
| Year ended December 31, 2023 | $ 367,368 | $ 882 | $ 368,250 |
| Year ended December 31, 2022 | $ 394,671 | $ 1,343 | $ 396,014 |
| Year ended December 31, 2021 | $ 320,148 | $ 1,238 | $ 321,386 |

The majority of our expenses are cost of goods sold. Cost of goods sold includes raw material costs as well as both fixed and variable conversion costs, such conversion costs being those expenses that are directly or indirectly related to the operation of our plant. Significant conversion costs include labor, benefits, energy, supplies, depreciation, and maintenance and repair. In addition to raw material and conversion costs, cost of goods sold includes environmental reserves and costs related to idle capacity. Finally, cost of goods sold includes hedging gains and losses recognized by us related to our biofuels segment. Cost of goods sold is allocated to the chemicals and biofuels business segments based on equipment and resource usage for most conversion costs and based on revenue for most other costs.

Operating costs include selling, general and administrative, and research and development expenses.

The discussion of results of operations that follows is based on revenue and expenses in total and for individual product lines and does not differentiate related party transactions.

**Fiscal Year Ended December 31, 2023 Compared to Fiscal Year Ended December 31, 2022**

Set forth below is a summary of certain financial information for the periods indicated.

(Dollars in thousands other than per share amounts)

| | Year Ended December 31, 2023 | Year Ended December 31, 2022* | Dollar Change | % Change |
|---|---|---|---|---|
| Revenue | $ 368,250 | $ 396,014 | $ (27,764) | (7)% |
| Income from operations | $ 27,368 | $ 17,546 | $ 9,822 | 56% |
| Net income | $ 37,382 | $ 15,211 | $ 22,171 | 146% |
| Earnings per common share: | | | | |
| Basic | $ 0.85 | $ 0.35 | $ 0.50 | 143% |
| Diluted | $ 0.85 | $ 0.35 | $ 0.50 | 143% |
| Adjusted EBITDA* | $ 34,983 | $ 27,763 | $ 7,220 | 26% |

**Adjusted EBITDA for 2022 has been restated to be consistent with 2023 reporting. Adjusted EBITDA in both years excludes the impact from unrealized gains or losses on derivatives. Realized gains and losses are included in Adjusted EBITDA in both 2022 and 2023.*

We use adjusted EBITDA as a key operating metric to measure both performance and liquidity. Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is not a substitute for operating income, net income, or cash flow from operating activities (each as determined in accordance with GAAP) as a measure of performance or liquidity. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of results as reported under GAAP. We define adjusted EBITDA as net income before interest, income taxes, depreciation, and amortization expenses, excluding, when applicable, non-cash stock-based compensation expenses, public offering expenses, acquisition-related transaction costs, purchase accounting adjustments, losses on disposal of property and equipment, unrealized gains or losses on derivative instruments, and other non-operating income or expenses. Information relating to adjusted EBITDA is provided so that investors have the same data that we employ in assessing the overall operation and liquidity of our business. Our calculation of adjusted EBITDA may be different from similarly titled measures used by other companies; therefore, the results of our calculation are not necessarily comparable to the results of other companies.

Adjusted EBITDA allows our chief operating decision makers to assess the performance and liquidity of our business on a consolidated basis to assess the ability of our operating segments to produce operating cash flow to fund working capital needs, to fund capital expenditures and to pay dividends. In particular, our management believes that adjusted EBITDA permits a comparative assessment of our operating performance and liquidity, relative to a performance and liquidity based on GAAP results, while isolating the effects of depreciation and amortization, which may vary among our operating segments without any correlation to their underlying operating performance, and of non-cash stock-based compensation expense, which is a non-cash expense that varies widely among similar companies, and unrealized gains and losses on derivative instruments, which can cause net income to appear volatile from period to period relative to the sale of the underlying physical product.

We enter into commodity derivative instruments to protect our operations from downward movements in commodity prices and to provide greater certainty of cash flows associated with sales of our commodities. We enter into hedges, and we use mark-to-market accounting to account for these instruments. Thus, our results in any given period can be impacted, and sometimes significantly, by changes in market prices relative to our contract price along with the timing of the valuation change in the derivative instruments relative to the sale of biofuel. We include the unrealized gains and losses on the derivative instruments as an adjustment as we believe it provides a relevant indicator of the underlying performance of our business in a given period.

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The following table reconciles adjusted EBITDA with net income, the most directly comparable GAAP financial measure.

(Dollars in thousands)

| | Years ended December 31: | |
|---|---|---|
| | **2023** | **2022*** |
| Net income | $ 37,382 | $ 15,211 |
| Depreciation | 10,348 | 10,454 |
| Non-cash stock-based compensation | - | 46 |
| Interest and dividend income | (9,577) | (4,870) |
| Non-cash interest expense and amortization of deferred financing costs | 135 | 128 |
| Loss on disposal of property and equipment | 29 | 64 |
| Unrealized gain on derivative instruments | (1,878) | (343) |
| (Gain) loss on marketable securities | (575) | 8,546 |
| Other income | (882) | - |
| Income tax provision (benefit) | 1 | (1,473) |
| Adjusted EBITDA* | $ 34,983 | $ 27,763 |

The following table reconciles adjusted EBITDA with cash flows from operations, the most directly comparable GAAP liquidity financial measure:

(Dollars in thousands)

| | Years ended December 31: | |
|---|---|---|
| | **2023** | **2022*** |
| Net cash provided by operating activities | $ 23,985 | $ 52,451 |
| Benefit for deferred income taxes | - | 1,822 |
| Interest and dividend income | (9,577) | (4,870) |
| Income tax provision (benefit) | 1 | (1,473) |
| Changes in operating assets and liabilities, net | 21,456 | (20,168) |
| Other non-operating (income) expense | (882) | 1 |
| Adjusted EBITDA* | $ 34,983 | $ 27,763 |

**Adjusted EBITDA for 2022 has been restated to be consistent with 2023 reporting. Adjusted EBITDA in both years excludes the impact from unrealized gains or losses on derivatives. Realized gains and losses are included in Adjusted EBITDA in both 2022 and 2023.*

*Results of Operations*

*Consolidated*

| (Dollars in thousands) | 2023 Compared to 2022: 2023 | 2022 | Change | $% | 2022 Compared to 2021: 2022 | 2021 | Change | $% |
|---|---|---|---|---|---|---|---|---|
| Sales | $ 368,250 | $ 396,014 | $ (27,764) | (7.0)% | $ 396,014 | $ 321,386 | $ 74,628 | 23.2% |
| Volume/product mix effect | | | $ 45,350 | 11.5% | | | $ (30,301) | (9.4)% |
| Price effect | | | $ (73,114) | (18.5)% | | | $ 104,929 | 32.6% |
| Gross profit | $ 40,979 | $ 28,993 | $ 11,986 | 41.3% | $ 28,993 | $ 23,537 | $ 5,456 | 23.2% |
| Operating expense | $ 13,611 | $ 11,447 | $ 2,164 | 18.9% | $ 11,447 | $ 10,639 | $ 808 | 7.6% |
| Other (income) expense | $ (10,015) | $ 3,808 | $ (13,823) | NA | $ 3,808 | $ (3,032) | $ 6,840 | NA |
| Pretax income | $ 37,383 | $ 13,738 | $ 23,645 | 172.1% | $ 13,738 | $ 15,930 | $ (2,192) | (13.8)% |
| Income tax provision (benefit) | $ 1 | $ (1,473) | $ 1,474 | NA | $ (1,473) | $ (10,325) | $ 8,852 | (85.7)% |
| Net income | $ 37,382 | $ 15,211 | $ 22,171 | 145.8% | $ 15,211 | $ 26,255 | $ (11,044) | (42.1)% |

**2023 Compared to 2022**

Consolidated sales revenue decreased 7.0% or $27,764 in 2023 compared to 2022 primarily from lower average sales prices in the biofuel segment ($71,198) and, to a lesser extent, in the chemical segment ($1,916). This decrease was partially offset by higher biodiesel sales volumes in the biofuel segment ($44,994).

Gross profit increased 41.3% or $11,986 in 2023 compared to 2022. This comparative increase was primarily attributable to improved margins in both the biofuel and chemical segments inclusive of (i) the change in the realized activity of derivative instruments in comparison to the prior year with a gain of $694 as compared to a loss of $24,703 in the prior year; the prior year loss included an unfavorable impact of volatility in the NYMEX heating oil futures market of $10,500 and (ii) the change in the unrealized activity of derivative instruments in comparison to the prior year with a gain of $1,878 in the current year and a gain of $343 in the prior year. Also contributing to this improved margin was the benefit from the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting which increased gross profit $10,334 in 2023 and decreased gross profit $3,944 in 2022 (net of a liquidation of $1,850 from exiting the pipeline business).

Operating expenses increased $2,164 in 2023 compared to 2022. This increase was primarily the result of increased compensation expense.

Other income was $10,015 in 2023 as compared to other expenses of $3,808. During 2023, we exited our position in marketable securities and transferred the funds to interest earning deposits. As a result, interest and dividend income increased $4,707 in 2023 as compared to 2022. The net realized gain on the sale of marketable securities was $575 in 2023 as compared to an unrealized loss of $8,546 in 2022 (see Note 7 of our consolidated financial statements for further details).

*Income tax provision (benefit)*

The income tax provision was $1 in 2023 or an effective tax rate of 0.0% as compared to a benefit in 2022 of ($1,473) or an effective tax rate of (10.7%).

The Company's effective tax rates for the years 2023 and 2022 reflect the positive effect of certain tax credits and incentives, the most significant of which are the BTC and the Small Agri-biodiesel Producer Tax Credit. Based on technical guidance from the Internal Revenue Service, the Company excludes the portion of the BTC not used to satisfy excise tax liabilities from income. See Note 3 to our consolidated financial statements for a discussion of the pretax earnings impact of the BTC.

The Company's effective tax rate for 2023 and 2022 includes an expense of $6,821 or 18.2% and $7,392 or 53.8%, respectively, from the recording of a valuation allowance against its deferred tax assets. The Company evaluates its deferred tax assets and records a valuation allowance to reduce these assets to the amount that is more likely than not to be realized. As of December 31, 2023, based on all available and allowable evidence, the Company determined that its deferred tax assets are more likely than not realizable only to the extent of its deferred tax liabilities and recorded the resulting valuation allowance.

The Company's unrecognized tax benefit totaled $0 at December 31, 2023 and 2022.

**2022 Compared to 2021**

Consolidated sales revenue increased 23.2% or $74,628 in 2022 compared to 2021 primarily from higher average sales prices in the biofuel segment and, to a lesser extent, in the chemical segment. This increase was reduced in part by lower sales volumes primarily in the biofuels segment and, to a lesser extent, in the chemicals segment.

Gross profit increased 23.2% or $5,456 in 2022 compared to 2021. This comparative increase was primarily attributable to: (i) improved margins in the chemical segment, and (ii) the prior year was unfavorably impacted by significantly atypical natural gas prices incurred in February 2021 from Winter Storm Uri. Partially offsetting this improvement in gross profit was the unfavorable change in the realized and unrealized activity of derivative instruments which resulted in a reduction in gross profit of $10,500 in 2022. The comparative unfavorable change was primarily from the unprecedented volatility in the NYMEX heating oil futures market.

Operating expenses increased $808 in 2022 compared to 2021. This increase was primarily the result of increased compensation expense.

Other expense increased $6,840 from 2022 primarily from realized and unrealized losses on equity securities with a loss of $8,546 in 2022 as compared to a loss of $70 in 2021.

*Income tax benefit (provision)*

The income tax benefit in 2022 was $1,473 or an effective tax rate of (10.7%) as compared to a benefit in 2021 of $10,325 or an effective tax rate of (64.8%).

The Company’s effective tax rates for the years 2022 and 2021 reflect the positive effect of certain tax credits and incentives, the most significant of which was the BTC and the Small Agri-biodiesel Producer Tax Credit. Based on technical guidance from the Internal Revenue Service, the Company excludes the portion of the BTC not used to satisfy excise tax liabilities from income.

The Company’s effective tax rate for 2022 includes an expense of $7,392 or 53.8% from the recording of a valuation allowance against its deferred tax assets. The Company evaluates its deferred tax assets and records a valuation allowance to reduce these assets to the amount that is more likely than not to be realized. As of December 31, 2022, based on all available and allowable evidence, the Company determined that its deferred tax assets are more likely than not realizable only to the extent of its deferred tax liabilities and recorded the resulting valuation allowance.

The Company’s unrecognized tax benefit totaled $0 at December 31, 2022 and 2021.

*Chemicals Segment*

| (Dollars in thousands) | 2023 Compared to 2022: 2023 | 2022 | Change | $% | 2022 Compared to 2021: 2022 | 2021 | Change | $% |
|---|---|---|---|---|---|---|---|---|
| Sales | $ 79,333 | $ 80,893 | $ (1,560) | (1.9)% | $ 80,893 | $ 67,542 | $ 13,351 | 19.8% |
| Volume/product mix effect | | | 356 | 0.4% | | | (1,137) | (1.7)% |
| Price effect | | | (1,916) | (2.4)% | | | 14,488 | 21.5% |
| Gross profit | $ 29,936 | $ 25,645 | $ 4,291 | 16.7% | $ 25,645 | $ 13,970 | $ 11,675 | 83.6% |

**2023 Compared to 2022**

Chemical sales revenue decreased 1.9% or $1,560 in 2023 compared with 2022. Sales revenue for our custom chemical product line (chemicals produced for specific customers) totaled $64,286, an increase of 9.4% or $5,549 from 2022. Included in this net increase was higher sales volumes of chemical intermediates in the oil and gas industry and contractual price increases partially offset by reduced amortization of deferred revenue of $3,081 (see Note 4 of our consolidated financial statements for further details). Performance chemicals revenue (comprised of multi-customer products which are sold based on specification) was $15,047 in 2023, a decrease of 32.1% or $7,109 from 2022. This decrease resulted from lower selling prices of our glycerin products partially offset by higher volumes.

Gross profit for the chemicals segment increased 16.7% or $4,291 in 2023 compared with 2022. This improvement was primarily from the change in adjustments in the carrying value of our inventory as determined utilizing the last-in, first-out (“LIFO”) method of inventory accounting which increased gross profit $1,920 in 2023 and decreased gross profit $1,093 in 2022. Also contributing to this increase was stronger margins and higher sales volumes in products sold into the oil and gas industry. Partially reducing these improvements was the change in the timing of deferred revenue amortization of $3,081 and lower margins from glycerin products on reduced selling price from increased imports.

**2022 Compared to 2021**

Chemical sales revenue increased 19.8% or $13,351 in 2022 compared with 2021. Sales revenue for our custom chemical product line (chemicals produced for specific customers) totaled $58,737, an increase of 15.9% or $8,062 from 2021. This increase was primarily from higher sales volumes of chemical intermediates in the oil and gas industry. Performance chemicals revenue (comprised of multi-customer products which were sold based on specification) was $22,156 in 2022, an increase of 31.4% or $5,289 from 2021. This increase resulted from higher selling prices of our glycerin products partially offset by lower volumes of polymer modifiers.

Gross profit for the chemicals segment increased 83.6% or $11,675 in 2022 compared with 2021. This increase resulted primarily from stronger margins and higher sales volumes in products sold into the oil and gas industry and glycerin markets. In addition, the prior year gross profit was negatively impacted from higher natural gas prices incurred from Winter Storm Uri.

*Biofuel Segment*

| (Dollars in thousands) | 2023 Compared to 2022: 2023 | 2022 | Change | $% | 2022 Compared to 2021: 2022 | 2021 | Change | $% |
|---|---|---|---|---|---|---|---|---|
| Sales | $ 288,917 | $ 315,121 | $ (26,204) | (8.3)% | $ 315,121 | $ 253,844 | $ 61,277 | 24.1% |
| Volume/product mix effect | | | 44,994 | 14.3% | | | (29,164) | (11.5)% |
| Price effect | | | (71,198) | (22.6)% | | | 90,441 | 35.6% |
| Gross profit | $ 11,043 | $ 3,348 | $ 7,695 | 229.8% | $ 3,348 | $ 9,567 | $ (6,219) | (65.0)% |

**2023 Compared to 2022**

Biofuels sales revenue decreased 8.3% or $26,204 in 2023 compared to 2022, primarily from decreased selling prices of biodiesel and biodiesel blends, inclusive of a decline in separated RIN sale prices. RIN prices declined during 2023 as production levels exceeded the renewable volume obligations set by the EPA.

A portion of our biodiesel sold was to two major refiners in the United States in 2023 and 2022. No assurances can be given that we will continue to sell to such major refiners, or, if we do sell, the volume we will sell or the profit margin we will realize. We do not believe that the loss of this customer would have a material adverse effect on our biofuels segment or on us as a whole in that: (i) unlike our custom manufacturing products, biodiesel is a commodity with a large potential customer base; (ii) we believe that we could readily sell our biodiesel to other customers as potential demand from other customers for biodiesel exceeds our production capacity; (iii) our sales to this customer are not under fixed terms and the customer has no fixed obligation to purchase any minimum quantities except as stipulated by short term purchase orders; and (iv) the prices we receive from this customer are based upon then-market rates, as would be the case with sales of this commodity to other customers.

Biofuels gross profit increased $7,695 in 2023 compared to 2022. Gross profit primarily increased from the prior year from: (i) the change in the realized activity of derivative instruments in comparison to the prior year with a gain of $694 as compared to a loss of $24,360 in the prior year; the prior year was unfavorably impacted by the volatility in the NYMEX heating oil futures market which generated realized losses of $10,500 and (ii) the change in the unrealized activity of derivative instruments in comparison to the prior year with a gain of $1,878 in the current year and a gain of $343 in the prior year. Also improving gross profit was the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting increased gross profit $8,414 in 2023 as compared to a decrease in gross profit of $5,794 in 2022. In 2022, the liquidation effect of exiting the pipeline business increased gross profit $1,851 in 2022; no such liquidation occurred in 2023.

**2022 Compared to 2021**

Biofuels sales revenue increased 24.1% or $61,277 in 2022 compared to 2021, primarily from increased selling prices of biodiesel and biodiesel blends, inclusive of separated RIN sales. Sales revenue declined in part on lower sales volumes as margins narrowed from the prior year.

A portion of our biodiesel sold was to two major refiners in the United States in 2022 as compared with three major refiners in 2021. No assurances can be given that we will continue to sell to such major refiners, or, if we do sell, the volume we will sell or the profit margin we will realize. We do not believe that the loss of this customer would have a material adverse effect on our biofuels segment or on us as a whole in that: (i) unlike our custom manufacturing products, biodiesel is a commodity with a large potential customer base; (ii) we believe that we could readily sell our biodiesel to other customers as potential demand from other customers for biodiesel exceeds our production capacity; (iii) our sales to this customer are not under fixed terms and the customer has no fixed obligation to purchase any minimum quantities except as stipulated by short term purchase orders; and (iv) the prices we receive from this customer are based upon then-market rates, as would be the case with sales of this commodity to other customers.

Biofuels gross profit decreased 65.0% or $6,219 in 2022 compared to 2021. Gross profit primarily decreased due to the unprecedented volatility in the heating oil futures market which resulted in a basis risk loss of $10,500 and lower sales volumes. Partially improving gross profit was (i) the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting reduced gross profit $9,921 in 2021 as compared to $5,794 in 2022, (ii) the liquidation effect of exiting the pipeline business, which increased profits $1,851 in 2022, and (iii) 2021 gross profit was unfavorably impacted by higher natural gas prices incurred from Winter Storm Uri.

*Critical Accounting Policies and Estimates*

*Useful Lives of Property, Plant, and Equipment*

We primarily base our estimate of an asset's useful life on our experience with other similar assets. The actual useful life of an asset may differ significantly from our estimate for such reasons as the asset's build quality, the manner in which the asset is used, or changes in the business climate. We monitor the estimated useful lives of our assets. Depreciation is provided for using the straight-line method over the associated asset's estimated useful lives.

*Revenue Recognition*

We recognize revenue in accordance with Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, when performance obligations of the customer contract are satisfied. We sell to customers through master sales agreements or standalone purchase orders. The majority of our revenue is from short-term contracts with revenue recognized when a single performance obligation to transfer product under the terms of a contract with a customer is satisfied. Accordingly, we recognize revenue when control is transferred to the customer, which is when products are considered to meet customer specification per the customer contract and title and risk of loss are transferred. This typically occurs at the time of shipment or delivery; or for certain contracts, this occurs upon delivery of the material to one of our storage locations, ready for customer pickup and separated from our other inventory. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products and is generally based upon a negotiated price. We sell products directly to customers generally under agreements with payment terms of 30 to 75 days for chemical segment customers and 2 to 10 days for biofuels segment customers.

Certain long-term contracts have an upfront non-refundable payment considered a material right. The Company applies the renewal option approach in allocating the transaction price to the material right. For each of these contracts, the Company estimated the expected contractual term and expected volumes to be sold at the most likely expected sales price as a basis for allocating the transaction price to the material right. Each estimate is updated quarterly on a prospective basis. These custom chemical contracts have payment terms of 30 days. See Notes 2 and 4 of our consolidated financial statements for additional discussion.

For most product sales, revenue is recognized when product is shipped from our facilities and when control has transferred to the customer, which is in accordance with our customer contracts and the stated shipping terms. Nearly all custom manufactured products are manufactured under written master service agreements. Performance chemicals and biodiesel are generally sold pursuant to the terms of written purchase orders. In general, customers do not have any rights of return, except for quality disputes. All of our products are tested for quality before shipment, and historically returns have been inconsequential. We do not offer rebates, except those related to the BTC.

Biodiesel selling prices can at times fluctuate based on the timing of unsold, internally generated RINs. From time to time, sales of biodiesel are on a "RINs-free" basis. Such method of selling results in applicable RINs being held. The value of RINs is not reflected in revenue until such time as the RINs sale has been completed with the transfer of the RINs.

Revenue from bill-and-hold transactions in which a performance obligation exists is recognized when the total performance obligation has been met and control of the product has transferred. Bill-and-hold transactions for 2023 and 2022 were related to custom chemicals customers whereby revenue was recognized in accordance with contractual agreements based upon product being produced and ready for use by the customer. These sales were subject to written monthly purchase orders with agreement that production was reasonable. The product was custom manufactured and stored at the customer's request and could not be sold to another buyer. Credit and payment terms for bill-and-hold customers are similar to other custom chemicals customers. Sales revenue under bill-and-hold arrangements were $43,766, $36,805, and $34,695 for the years ended December 31, 2023, 2022 and 2021, respectively. At December 31, 2023 and 2022, $4,317 and $4,473, respectively, was included in revenue for products that had not shipped. The latter amounts do not include Contract Assets of $734 and $775 that have not been billed nor shipped at December 31, 2023 and 2022, respectively.

Taxes collected from customers and remitted to governmental authorities are recorded on a net basis within cost of goods sold. Shipping and handling fees related to sales transactions were billed to customers and recorded as sales revenue.

*Income Taxes*

The provision for (benefit from) income taxes is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for (benefit from) income taxes represent income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted.

A tax valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax assets will not be realized. In assessing the recoverability of its deferred tax assets, the Company evaluates available positive and negative evidence to estimate whether it is more likely than not that sufficient future taxable income will be generated to permit use of the existing deferred tax assets in each taxing jurisdiction. In making this determination, the Company considers positive evidence in the form of projections of future taxable income, reversing temporary differences, and tax planning strategies. In years in which the Company has experienced objective negative evidence in the form of three cumulative years of tax losses, the Company no longer uses taxable income projections to overcome the presumption of losses and deferred tax asset valuations are computed taking into account tax planning strategies and the reversing net deferred tax liability from temporary differences as sources of income.

The Company recognizes income tax positions that meet the more likely than not threshold and accrues interest related to unrecognized income tax positions which is recorded as a component of the income tax provision.

*Liquidity and Capital Resources*

Our net cash provided by (used in) operating activities, investing activities, and financing activities for the years ended December 31, 2023, 2022 and 2021 are set forth in the following table.

(Dollars in thousands)

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Net cash provided by operating activities | $ 23,985 | $ 52,451 | $ 44,084 |
| Net cash provided by (used in) investing activities | $ 30,336 | $ (3,829) | $ 14,993 |
| Net cash used in financing activities | $ (10,517) | $ (10,503) | $ (119,678) |

*Operating Activities*

Cash provided by operating activities decreased in 2023 to $23,985 from $52,451 in 2022, a net decrease of $28,466. This decrease was attributed to the change in (i) accounts payable, including accounts payable - related parties, of $27,928, (ii) fair value of equity securities of $11,414 with the sale of marketable securities, (iii) income taxes receivable of $7,773, and (iv) inventory of $6,379. Partially offsetting the decrease in cash from operations was the increase of $22,137 in net income in 2023 compared to 2022.

Cash provided by operating activities increased in 2022 to $52,451 from $44,084 in 2021, a net increase of $8,367. This increase was attributed to the change in (i) accounts receivable, including accounts receivable - related parties, of $9,731 and (ii) accounts payable, including accounts payable-related parties, of $4,656. Primarily offsetting the increase in cash from operations was the increase of $6,807 in inventory in 2022 compared to 2021.

*Investing Activities*

Cash provided by investing activities was $30,336 in 2023 compared to cash used by investing activities of $3,829 in 2022 for a net increase in cash of $34,165. This increase was primarily attributable to the sale of marketable securities in 2023 of $37,701 compared to sales of marketable securities in 2022 of $1,292. Increased capital expenditures decreased cash from investing activities by $1,244.

Cash used by investing activities was $3,829 in 2022 compared to cash provided by investing activities of $14,993 in 2021 for a net decrease in cash of $18,822. This decrease was primarily attributable to sales of marketable securities in 2022 of $1,292 compared to the net sales of marketable securities in 2021 of $17,106. Increased capital expenditures decreased cash from investing activities by $3,322.

*Financing Activities*

Cash used in financing activities was $10,517 in 2023, primarily from the payment of dividends of $10,503.

Cash used in financing activities decreased to $10,503 in 2022, from $119,678 in 2021, a net decrease of $109,175. This decrease resulted from the payment of special cash dividends in 2021 of $109,408 compared to $0 in 2022.

*Capital Expenditure Commitments*

We had $560 of infrastructure capital repair projects that generated commitments as of December 31, 2023.

Historically, we finance capital requirements for our business with cash flows from operations and have not had the need to incur bank indebtedness to finance any of our operations during the periods discussed herein.

*Credit Facility*

On March 30, 2020, the Company, with FutureFuel Chemical Company as the borrower and certain of the Company's other subsidiaries as guarantors, amended and restated its credit agreement (the "Credit Agreement") originally entered into on April 16, 2015 (as amended, the "Prior Credit Agreement") with the lenders party thereto, Regions Bank as administrative agent and collateral agent, and PNC Bank, N.A., as syndication agent. The Credit Agreement consists of a five-year revolving credit facility in a dollar amount of up to $100,000, which includes a sublimit of $30,000 for letters of credit and $15,000 for swingline loans (collectively, the "Credit Facility"). The Credit Facility expires on March 30, 2025. The primary amendments from the Prior Credit Agreement were a reduction in the facility's credit limit by $65,000, a reduction in the facility's applicable interest rate by 0.25%, a reduction in the commitment fee, and elimination of the minimum consolidated fixed charge coverage ratio.

We will be permitted to use net proceeds of any borrowings under the Credit Facility for working capital and other general corporate purposes. No borrowings were made under the Credit Agreement or the Prior Credit Agreement as of December 31, 2023 and 2022. See Note 13 of the consolidated financial statements for additional information regarding our Credit Agreement.

The Credit Facility contains certain affirmative and negative covenants, including negative covenants that limit or restrict, among other things, indebtedness, liens and encumbrances, dividends, burdensome agreements, mergers and fundamental changes, assets sales, investments, transactions with affiliates, changes in fiscal years, and other matters customarily restricted in such agreements.

On March 1, 2023, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment"). The First Amendment primarily amends the Credit Agreement to transition the Credit Facility from LIBOR to SOFR and to reflect other conforming changes, in each case as more specifically set forth in the First Amendment. The First Amendment does not modify the aggregate amount, or expiration date, of the Credit Facility. We do not expect the transition from LIBOR to have a material impact on the Credit Facility. Pursuant to the First Amendment, the interest rate floats at the following margins over SOFR or base rate based upon our leverage ratio. We do not expect the transition from LIBOR to have a material impact on the Credit Facility or any new agreement we might enter into.

| **Consolidated Leverage Ratio** | **Adjusted SOFR Rate Loans and Letter of Credit Fee** | **Base Rate Loans** | **Commitment Fee** |
|---|---|---|---|
| < 1.00:1.0 | 1.00% | 0.00% | 0.15% |
| ≥ 1.00:1.0 And < 1.50:1.0 | 1.25% | 0.25% | 0.15% |
| ≥ 1.50:1.0 And < 2.00:1.0 | 1.50% | 0.50% | 0.20% |
| ≥ 2.00:1.0 And < 2.50:1.0 | 1.75% | 0.75% | 0.20% |
| ≥ 2.50:1.0 | 2.00% | 1.00% | 0.25% |

Certain of our subsidiaries have entered into guarantees of payment on behalf of the Company for amounts outstanding under the Credit Facility. In addition, we and certain subsidiaries have entered into a pledge and security agreement with the lender parties to secure the obligations under the Credit Facility. Pursuant to the pledge and security agreement, we and certain of our subsidiaries have pledged certain collateral, including but not limited to, interests in intellectual property rights and certain equity interests in our subsidiaries.

We intend to fund future capital requirements for our businesses from cash flow generated by us as well as from existing cash, cash investments, and, if the need should arise, borrowings under our credit facility. We do not believe there will be a need to issue any securities to fund such capital requirements.

*Dividends*

In 2023, we paid regular cash dividends aggregating $0.24 per share on our common stock with record dates and payment dates as previously discussed. The regular cash dividends declared in 2023 totaled $10,503 to be paid in 2024.

In 2022, we paid regular cash dividends aggregating $0.24 per share on our common stock with record dates and payment dates as previously discussed. The regular cash dividends declared in 2022 totaled $21,006; $10,503 paid in 2022 and $10,503 paid in 2023.

In 2021, we paid regular cash dividends aggregating $0.24 per share on our common stock with record dates and payment dates as previously discussed. The regular cash dividends totaled $10,498. On May 10, 2021, we also declared a special cash dividend of $2.50 per share on our common stock. This special cash dividend paid on June 4, 2021, amounted to $109,408. Total cash dividends paid in 2021 were $119,906.

*Capital Management*

As a result of positive operating results, we accumulated excess working capital. We intend to retain the remaining cash to fund infrastructure and capacity expansion at our Batesville plant or to otherwise fund our future growth. Third parties have not placed significant restrictions on our working capital management decisions.

A significant portion of these funds were held in cash or cash equivalents at multiple financial institutions. In the first six months of 2023 and the twelve months of 2022, we also had investments in certain preferred stock and other equity instruments measured at fair value and changes in fair value recognized in net income. We also held certain trust preferred securities. We classified these investments as current assets in the accompanying consolidated balance sheets and designate them as being “available-for-sale”. Accordingly, they were recorded at fair value with the unrealized gains and losses, net of taxes, reported as a component of stockholders’ equity. We exited our position in these marketable securities during 2023. The fair value of these preferred stock, trust preferred securities, and other equity instruments, including accrued dividends and interest, totaled $0 and $37,126 as of December 31, 2023 and 2022, respectively.

The unrealized losses on equity securities were $0 and $8,297 as of December 31, 2023 and 2022, respectively.

Lastly, we maintain depository accounts such as checking accounts, money market accounts, and other similar accounts at selected financial institutions. As of December 31, 2023, approximately 55% of these deposits were insured by the Federal Deposit Insurance Corporation.

**Off-Balance Sheet Arrangements**

We engage in two types of hedging transactions. First, we hedge our biofuels sales through the purchase and sale of futures contracts and options on futures contracts of energy commodities. This activity was captured on our consolidated balance sheets at December 31, 2023 and 2022. Second, we hedge our biofuels feedstock through the execution of purchase contracts and supply agreements with certain vendors which meet the normal purchase and normal sales exception of ASC 815 *Derivatives and Hedging*. These hedging transactions are recognized in earnings and do not qualify as a hedge accounting treatment on our consolidated balance sheets at December 31, 2023 or 2022, as they do not meet the definition of a hedge instrument as defined under GAAP. The purchase of biofuels feedstock generally involves two components: basis and price. Basis covers any refining or processing required as well as transportation. Price covers the purchases of the actual agricultural commodity. Both basis and price fluctuate over time. A supply agreement with a vendor constitutes a hedge when we have committed to a certain volume of feedstock in a future period and have fixed the basis for that volume.

**Contractual Obligations**

Purchase obligations include the purchase of biodiesel feedstock and various other infrastructure and capital repairs as follows:

| | | |
|---|---|---|
| Less than 1 year | $ | 45,389 |
| 1-3 years | | 43 |
| 4-5 years | | - |
| More than 5 years | | - |
| Total | $ | 45,432 |

A component of other noncurrent liabilities is a reserve for asset retirement obligations and environmental contingencies of $1,431 at December 31, 2023. We are liable for these asset retirement obligations and environmental contingencies only in certain events, primarily the closure of our Batesville, Arkansas facility. As such, we do not expect a payment related to these liabilities in the foreseeable future and therefore we have excluded this amount from the table above.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

In recent years, general economic inflation has not had a material adverse impact on our costs and, as described elsewhere herein, we have passed some contractual inflationary price increases along to our customers. However, we are subject to certain market risks as described below.

Market risk represents the potential loss arising from adverse changes in market rates and prices. Commodity price risk is inherent in the chemical and biofuels business both with respect to input (electricity, coal, raw materials, biofuel feedstocks, etc.) and output (manufactured chemicals and biofuels).

We seek to mitigate our market risks associated with the manufacturing and sale of chemicals by entering into term sale contracts that include contractual market price adjustment protections to allow changes in market prices of key raw materials to be passed on to the customer. Such price protections are not always obtained, however, so raw material price risk remains a significant risk.

In order to manage price risk caused by market fluctuations in biofuel prices, we may enter into exchange traded commodity futures and options contracts. We account for these derivative instruments in accordance with Topic 815, *Derivatives and Hedging.* Under this standard, the accounting for changes in the fair value of a derivative instrument depends upon whether it has been designated as an accounting hedging relationship and, further, on the type of hedging relationship. To qualify for designation as an accounting hedging relationship, specific criteria must be met and appropriate documentation maintained. We had no derivative instruments that qualified under these rules as designated accounting hedges in 2023 or 2022. Changes in the fair value of our derivative instruments are recognized at the end of each accounting period and recorded in the consolidated statement of operations as a component of cost of goods sold.

Our immediate recognition of derivative instrument gains and losses can cause net income to be volatile from period to period due to the timing of the change in value of the derivative instruments relative to the sale of biofuel being sold. As of December 31, 2023 and 2022, the fair values of our derivative instruments were in an asset position in the amount of $1,736 and a liability position of $142, respectively.

Our gross profit will be impacted by the prices we pay for raw materials and conversion costs (costs incurred in the production of chemicals and biofuels) for which we do not possess contractual market price adjustment protection. These items are principally comprised of crude corn oil and yellow grease and petrodiesel. The availability and price of these items are subject to wide fluctuations due to unpredictable factors such as weather conditions, overall economic conditions, governmental policies, commodity markets, and global supply and demand.

We prepared a sensitivity analysis of our exposure to market risk with respect to key raw materials and conversion costs for which we do not possess contractual market price adjustment protections based on average prices in 2023. We included only those raw materials and conversion costs for which a hypothetical adverse change in price would result in a 1% or greater decrease in gross profit. Assuming that the prices of the associated finished goods could not be increased and assuming no change in quantities sold, a hypothetical 10% change in the average price of the commodities listed below would result in the following change in annual gross profit.

(Volumes and dollars in thousands)

| Item | Volume Requirements(a) | Units | Hypothetical Adverse Change in Price | Decrease in Gross Profit | Percentage Decrease in Gross Profit |
|---|---|---|---|---|---|
| Biodiesel feedstocks | 55,835 | GAL | 10% | $ 25,532 | 62.3% |
| Methanol | 9,747 | GAL | 10% | $ 989 | 2.4% |
| Electricity | 105 | MWH | 10% | $ 664 | 1.6% |
| Sodium Methylate | 13,929 | LB | 10% | $ 653 | 1.6% |

(a) Volume requirements and average price information are based upon volumes used and prices obtained for the year ended December 31, 2023. Volume requirements may differ materially from these quantities in future years as our business evolves.

We had no borrowings as of December 31, 2023 or 2022, and, as such, we were not exposed to interest rate risk for those years. Due to the relative insignificance of transactions denominated in a foreign currency, we consider our foreign currency risk to be immaterial.

**Item 8. Financial Statements and Supplementary Data.**

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of FutureFuel Corp.

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of FutureFuel Corp. and its subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 14, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter
The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of this critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Deferred income tax asset valuation allowance relating to the account balances Noncurrent deferred income tax liability and Income tax benefit - see also Note 1 and Note 15 to the consolidated financial statements*
As described in Note 1 and Note 15 to the consolidated financial statements, the Company records deferred taxes which result from differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted. Additionally, valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Determining the required valuation allowance requires management's judgment regarding projected future taxable income. We identified the income tax valuation allowance as a critical audit matter because auditing the valuation allowance involved significant auditor effort and judgement due to the subjective and complex nature of income tax projections and determining whether management can appropriately rely on such projections for purposes of calculating the valuation allowance.

Our audit procedures related to the Company's income tax valuation allowance included the following, among others:

- We obtained an understanding of the relevant controls over management's accounting for the income tax valuation allowance, and their related financial reporting disclosures and tested such controls for design and operating effectiveness as of December 31, 2023
- We obtained management's calculation of the income tax valuation allowance, including the sources of projected taxable income
- We tested the mathematical accuracy of management's calculations
- With the assistance of our income tax subject matter specialists, we performed the following procedures:
    - We evaluated the appropriateness of management's decision to not rely on projections of future taxable income due to the three-year history of cumulative income tax losses and the Company's related income tax policy
    - We evaluated management's considerations of both positive and negative evidence regarding other sources of taxable income, including any relevant tax planning strategies and reversal patterns of deferred tax liabilities into taxable income
    - We considered relevant tax laws and regulations in evaluating the appropriateness of management's estimates of future sources of taxable income
    - We evaluated management's conclusion that the valuation allowance sufficiently reduces the amount of the deferred tax assets to an amount that is more likely than not to be realized

/s/ RSM US LLP

We have served as the Company's auditor since 2019.

St. Louis, Missouri
March 14, 2024

**FutureFuel Corp.**
**Consolidated Balance Sheets**
**As of December 31, 2023 and 2022**
**(Dollars in thousands)**

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 219,444 | $ 175,640 |
| Accounts receivable, inclusive of the blenders' tax credit of $ 11,381 and $8,970, and net of allowances for credit losses of $55 and $48, respectively | 28,406 | 26,198 |
| Accounts receivable – related parties | 1 | 6 |
| Inventory | 32,978 | 26,761 |
| Income tax receivable | 1,940 | 1,959 |
| Prepaid expenses | 4,346 | 3,694 |
| Prepaid expenses – related parties | 12 | 12 |
| Marketable securities | - | 37,126 |
| Other current assets | 3,419 | 2,380 |
| Total current assets | 290,546 | 273,776 |
| Property, plant and equipment, net | 72,711 | 76,941 |
| Other assets | 3,824 | 5,252 |
| Total noncurrent assets | 76,535 | 82,193 |
| **Total Assets** | $ 367,081 | $ 355,969 |
| **Liabilities and Stockholders' Equity** | | |
| Accounts payable, inclusive of the blenders' tax credit rebates due to customers of $ 890 and $890, respectively | $ 22,178 | $ 28,546 |
| Accounts payable – related parties | 42 | 7,799 |
| Deferred revenue – current | 3,863 | 3,772 |
| Dividends payable | 10,503 | 10,503 |
| Accrued expenses and other current liabilities | 4,758 | 5,477 |
| Accrued expenses and other current liabilities – related parties | - | 1 |
| Total current liabilities | 41,344 | 56,098 |
| Deferred revenue – non-current | 12,570 | 15,079 |
| Other noncurrent liabilities | 3,287 | 1,792 |
| Total noncurrent liabilities | 15,857 | 16,871 |
| Total liabilities | 57,201 | 72,969 |
| Commitments and contingencies: | | |
| Preferred stock, $0.0001 par value, 5,000,000 shares authorized, none issued and outstanding | - | - |
| Common stock, $0.0001 par value, 75,000,000 shares authorized, 43,763,243 and 43,763,243 issued and outstanding as of December 31, 2023 and 2022 | 4 | 4 |
| Accumulated other comprehensive income | - | ( 1) |
| Additional paid in capital | 282,489 | 282,489 |
| Retained earnings | 27,387 | 508 |
| Total stockholders' equity | 309,880 | 283,000 |
| **Total Liabilities and Stockholders' Equity** | $ 367,081 | $ 355,969 |

The accompanying notes are an integral part of these financial statements.

**FutureFuel Corp.**
**Consolidated Statements of Income and Comprehensive Income**
**For the Years Ended December 31, 2023, 2022 and 2021**
**(Dollars in thousands, except per share amounts)**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Revenue | $ 368,228 | $ 395,555 | $ 320,125 |
| Revenue – related parties | 22 | 459 | 1,261 |
| Cost of goods sold | 324,311 | 357,182 | 274,293 |
| Cost of goods sold – related parties | ( 315) | 5,425 | 16,593 |
| Distribution | 3,099 | 4,240 | 6,787 |
| Distribution – related parties | 176 | 174 | 176 |
| **Gross profit** | 40,979 | 28,993 | 23,537 |
| Selling, general, and administrative expenses | | | |
| Compensation expense | 4,545 | 3,540 | 2,586 |
| Other expense | 4,052 | 3,881 | 3,920 |
| Related party expense | 616 | 611 | 649 |
| Research and development expenses | 4,398 | 3,415 | 3,484 |
| **Total operating expenses** | 13,611 | 11,447 | 10,639 |
| **Income from operations** | 27,368 | 17,546 | 12,898 |
| Interest and dividend income | 9,577 | 4,870 | 3,119 |
| Interest expense | ( 138) | ( 128) | ( 131) |
| Gain (loss) on marketable securities | 575 | ( 8,546) | ( 70) |
| Other income (expense) | 1 | ( 4) | 114 |
| **Other income (expense)** | 10,015 | ( 3,808) | 3,032 |
| Income before income taxes | 37,383 | 13,738 | 15,930 |
| Income tax provision (benefit) | 1 | ( 1,473) | ( 10,325) |
| **Net income** | $ 37,382 | $ 15,211 | $ 26,255 |
| | | | |
| **Earnings per common share** | | | |
| Basic | $ 0.85 | $ 0.35 | $ 0.60 |
| Diluted | $ 0.85 | $ 0.35 | $ 0.60 |
| **Weighted average shares outstanding** | | | |
| Basic | 43,763,243 | 43,763,243 | 43,756,065 |
| Diluted | 43,764,683 | 43,763,489 | 43,756,113 |

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Comprehensive income** | | | |
| Net income | $ 37,382 | $ 15,211 | $ 26,255 |
| Other comprehensive income (loss) from unrealized net losses on available-for-sale debt securities | 2 | ( 227) | ( 38) |
| Income tax effect | ( 1) | 48 | 8 |
| Total unrealized gain (loss), net of tax | 1 | ( 179) | ( 30) |
| **Comprehensive income** | $ 37,383 | $ 15,032 | $ 26,225 |

The accompanying notes are an integral part of these financial statements.

**FutureFuel Corp.**
**Consolidated Statements of Cash Flows**
**For the Years Ended December 31, 2023, 2022 and 2021**
**(Dollars in thousands)**

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income | $ 37,382 | $ 15,211 | $ 26,255 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 10,348 | 10,454 | 10,452 |
| Amortization of deferred financing costs | 101 | 95 | 95 |
| Benefit for deferred income taxes | - | ( 1,822) | ( 10,454) |
| Change in fair value of equity securities | ( 3,117) | 8,297 | 904 |
| Change in fair value of derivative instruments | ( 1,878) | ( 343) | 609 |
| Loss (gain) on the sale of investments | 2,543 | 248 | ( 834) |
| Stock based compensation | - | 46 | - |
| Loss on disposal of property, plant, and equipment | 29 | 64 | 11 |
| Impairment of intangible asset | - | - | 1,315 |
| Noncash interest expense | 34 | 33 | 32 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | ( 2,208) | 3,118 | ( 7,929) |
| Accounts receivable – related parties | 5 | 52 | 1,368 |
| Inventory | (6,217) | 162 | 6,969 |
| Income tax receivable | 19 | 7,801 | 7,908 |
| Prepaid expenses | ( 652) | ( 106) | 379 |
| Prepaid expenses – related party | - | ( 8) | ( 4) |
| Other assets | 3,523 | 799 | 732 |
| Accounts payable | ( 6,493) | 13,790 | 2,095 |
| Accounts payable – related parties | ( 7,757) | ( 112) | 6,927 |
| Accrued expenses and other current liabilities | ( 719) | ( 948) | 870 |
| Accrued expenses and other current liabilities – related parties | ( 1) | - | 1 |
| Deferred revenue | ( 2,418) | ( 4,055) | ( 2,931) |
| Other noncurrent liabilities | 1,461 | ( 325) | ( 686) |
| **Net cash provided by operating activities** | 23,985 | 52,451 | 44,084 |
| **Cash flows from investing activities** | | | |
| Collateralization of derivative instruments | ( 1,343) | ( 404) | ( 750) |
| Purchase of marketable securities | - | - | ( 23,546) |
| Proceeds from the sale of marketable securities | 37,701 | 1,292 | 40,652 |
| Proceeds from the sale of property, plant, and equipment | - | 61 | - |
| Proceeds from the sale of intangible assets | - | - | 93 |
| Capital expenditures | ( 6,022) | ( 4,778) | ( 1,456) |
| **Net cash provided by (used in) investing activities** | 30,336 | ( 3,829) | 14,993 |
| **Cash flows from financing activities** | | | |
| Minimum tax withholding on stock options exercised | - | - | ( 3) |
| Deferred financing costs | ( 14) | - | - |
| Proceeds from the issuance of stock | - | - | 231 |
| Payment of dividends | ( 10,503) | ( 10,503) | ( 119,906) |
| **Net cash used in financing activities** | ( 10,517) | ( 10,503) | ( 119,678) |
| Net change in cash and cash equivalents | 43,804 | 38,119 | ( 60,601) |
| Cash and cash equivalents at beginning of period | 175,640 | 137,521 | 198,122 |
| **Cash and cash equivalents at end of period** | $ 219,444 | $ 175,640 | $ 137,521 |
| | | | |
| Cash paid for interest | $ - | $ 3 | $ 47 |
| Cash paid for income taxes | $ 20 | $ 69 | $ 83 |
| Noncash investing and financing activities: | | | |
| Noncash capital expenditures included in accounts payable | $ 333 | $ 208 | $ 364 |
| Noncash operating leases | $ - | $ 707 | $ 269 |
| Dividends payable | $ 10,503 | $ 10,503 | $ - |

The accompanying notes are an integral part of these financial statements.

**FutureFuel Corp.**
**Consolidated Statements of Changes in Stockholders' Equity**
**For the Years Ended December 31, 2023, 2022 and 2021**
**(Dollars in thousands)**

| | Common Stock | | Accumulated Other Comprehensive Income | Additional paid-in Capital | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| Balance - December 31, 2020 | 43,743,243 | $ 4 | $ 208 | $ 282,215 | $ 89,456 | $ 371,883 |
| Cash dividends declared | - | - | - | - | ( 109,408) | ( 109,408) |
| Proceeds from the issuance of stock | 20,000 | - | - | 231 | - | 231 |
| Minimum tax withholding | - | - | - | ( 3) | - | ( 3) |
| Other comprehensive loss | - | - | ( 30) | - | - | ( 30) |
| Net Income | - | - | - | - | 26,255 | 26,255 |
| Balance - December 31, 2021 | 43,763,243 | $ 4 | $ 178 | $ 282,443 | $ 6,303 | $ 288,928 |
| Cash dividends declared | - | - | - | - | ( 21,006) | ( 21,006) |
| Stock based compensation | - | - | - | 46 | - | 46 |
| Other comprehensive loss | - | - | ( 179) | - | - | ( 179) |
| Net Income | - | - | - | - | 15,211 | 15,211 |
| Balance - December 31, 2022 | 43,763,243 | $ 4 | $ ( 1) | $ 282,489 | $ 508 | $ 283,000 |
| Cash dividends declared | - | - | - | - | ( 10,503) | ( 10,503) |
| Other comprehensive income | - | - | 1 | - | - | 1 |
| Net Income | - | - | - | - | 37,382 | 37,382 |
| Balance - December 31, 2023 | 43,763,243 | $ 4 | $ - | $ 282,489 | $ 27,387 | $ 309,880 |

The accompanying notes are an integral part of these financial statements

**Notes to Consolidated Financial Statements of FutureFuel Corp.**
**(Dollars in thousands, except per share amounts)**

## 1. DESCRIPTION OF BUSINESS AND OPERATIONS

FutureFuel Corp. (the "Company") is a Delaware corporation with its wholly owned subsidiaries, FutureFuel Chemical Company; FFC Grain, L.L.C.; FutureFuel Warehouse Company, L.L.C.; and Legacy Regional Transport, L.L.C.

The Company's sole operating facility is FutureFuel Chemical Company located in Batesville, Arkansas, a manufacturer of specialty and performance chemicals and biofuels.

## 2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

*Financial Presentation*

The consolidated financial statements of FutureFuel Corp. and subsidiaries are prepared in conformity with accounting principles generally accepted ("GAAP") in the United States and include amounts that are based upon management estimates and judgments which could differ from actual future results. Intercompany transactions and balances are eliminated in consolidation. Certain reclassifications were made to prior year amounts to conform to the 2023 presentation.

*Cash and cash equivalents*

Cash equivalents consist of highly liquid investments with original maturities of three months or less and are carried at cost, which approximates market. The Company places its temporary cash investments with high credit quality financial institutions. At times, bank deposits may be in excess of the Federal Deposit Insurance Corporation insurance limit, however, no loss has occurred.

*Accounts receivable and allowance for credit losses*

Accounts receivable are recorded at the invoiced amount and only bear interest if outstanding beyond the agreed upon payment terms. The Company has established procedures to monitor credit risk and has not experienced significant credit losses in prior years. Accounts receivable have been reduced by an allowance for amounts that may be uncollectible in the future. This estimated allowance is based upon management's evaluation of the collectability of individual invoices and is based upon management's evaluation of the financial condition of its customers and historical bad debt experience. Write-offs are recorded at the time a customer receivable is deemed uncollectible.

In accordance with Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses, Measurement of Credit Losses on Financial Instruments* the Company recognizes expected credit losses based on a broader range of reasonable and supportable information to inform credit loss estimates.

*Customer concentrations*

For the year ended December 31, 2023, 2022 and 2021, significant portions of the Company's sales were made to a relatively small number of customers. Sales to two biodiesel customers totaled $ 127,763 ( 35 % of revenue) in 2023. Sales to two biodiesel customers totaled $ 107,898 ( 27 % of total revenue) in 2022 and sales to three customers totaled $ 133,231 ( 41 % of revenue) in 2021. Receivables for the significant customers at December 31, 2023 and 2022, were 0.2 % and 2 % of total receivables, respectively.

No chemical customer represented a greater than 10% of total sales revenue in 2023, 2022, or 2021.

*Inventory*

Inventories are valued at the lower of cost or market. The Company determines the cost of raw materials, work in process, and finished goods inventories by the last-in, first-out ("LIFO") method. The cost of all other inventories is determined by the average cost method, which approximates the first-in, first-out ("FIFO") method. The Company writes-down its inventories for estimated obsolescence or unmarketable inventory equal to the difference between the carrying value of inventory and the estimated market value based upon assumptions about future demand and market conditions.

*Derivative instruments*

The Company records all derivative instruments at fair value. Fair value is determined by using the closing prices of the derivative instruments on the New York Mercantile Exchange at the end of an accounting period. Changes in the fair value of derivative instruments are recognized at the end of each accounting period and recorded in the statement of income as a component of cost of goods sold.

In order to manage commodity price risk caused by market fluctuations in biofuel prices, future purchases of feedstock used in biodiesel production, physical feedstock, finished product inventories attributed to the process, and other petroleum products purchased or sold, the Company may enter into exchange-traded commodity futures and options contracts. The Company accounts for these derivative instruments in accordance with Accounting Standards Codification ("ASC") 815-20-25, *Derivatives and Hedging*. Under this standard, the accounting for changes in the fair value of a derivative instrument depends upon whether it has been designated as an accounting hedging relationship and, further, on the type of hedging relationship. To qualify for designation as an accounting hedging relationship, specific criteria must be met and appropriate documentation maintained. The Company had no derivative instruments that qualified under these rules as designated accounting hedges in 2023 or 2022. The Company has elected the normal purchase and normal sales exception for certain feedstock purchase contracts and supply agreements and for certain biodiesel sales contracts.

*Marketable securities*

Investments consist of marketable equity and debt securities stated at fair value. The debt securities are designated as available-for-sale securities at the time of purchase based upon the intended holding period. Gains and losses from the sale of marketable securities and the changes in the fair value of equity securities are recognized as "gains (losses) on marketable securities" as a component of other income (expense) in the consolidated statements of income and comprehensive income. The cost basis used for all marketable securities is specific identification. Changes in the fair value of debt securities are recognized in "accumulated other comprehensive income" on the consolidated balance sheets, unless the Company determines that an unrealized loss will not be recovered before it is sold, in which case, the Company will recognize the loss as a component of other income (expense).

See Notes 7 and 8 for further information on marketable securities and fair value measurements.

*Fair value measurements*

The Company records recurring and non-recurring financial assets and liabilities as well as all non-financial assets and liabilities subject to fair value measurement at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. These fair value principles prioritize valuation inputs across three broad levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. An asset or liability's classification within the various levels is determined based on the lowest level input that is significant to the fair value measurement.

*Property, plant, and equipment*

Property, plant, and equipment is carried at cost. Maintenance and repairs are charged to earnings; replacements and betterments are capitalized. When the Company retires or otherwise disposes of an asset, it removes the cost of such asset and related accumulated depreciation from the accounts. The Company records any profit and loss on retirement or other disposition in earnings.

Depreciation expense is calculated based on historical cost and the estimated useful lives of the assets, generally using the straight-line method with the following useful lives:

| | |
|---|---|
| Building & building equipment (years) | 20 – 39 |
| Machinery and equipment (years) | 3 – 33 |
| Transportation equipment (years) | 5 – 33 |
| Other (years) | 5 – 33 |

*Impairment of assets*

The Company evaluates the carrying value of long-lived tangible assets when events or changes in circumstances indicate that the carrying value may not be recoverable. Such events and circumstances include, but are not limited to, significant decreases in the market value of the asset, adverse changes in the extent or manner in which the asset is being used, significant changes in business climate, or current or projected cash flow losses associated with the use of the assets. The carrying value of a long-lived asset is considered impaired when the total projected undiscounted cash flows from such assets are separately identifiable and are less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. For long-lived assets to be held for use in future operations and for tangible assets, fair value is determined primarily using either the projected cash flows discounted at a rate commensurate with the risk involved or an appraisal. For long-lived assets to be disposed of by sale or other than sale, fair value is determined in a similar manner, except those fair values are reduced for disposal costs.

*Asset retirement obligations and environmental costs*

The Company establishes reserves for closure/post-closure costs associated with the environmental and other assets it maintains, which include, but are not limited to, waste management units, such as a chemical waste destructor, storage tanks, and boilers. When these types of assets are constructed or installed, a liability is established with a corresponding asset for the future costs anticipated to be associated with the closure of the site based on an expected life of the environmental assets, the applicable regulatory closure requirements, and the Company's environmental policies and practices. These expenses are charged into earnings over the estimated useful life of the assets. Currently, the Company estimates the useful life of each individual asset up to 27 years. Changes made in estimates of the asset retirement obligation costs or the estimate of the useful lives of these assets are reflected in earnings as an increase or decrease in the period such changes are made.

Environmental costs are capitalized if they extend the life of the related property, increase its capacity, and/or mitigate or prevent future contamination. The cost of operating and maintaining environmental control facilities is charged to expense.

*Litigation*

The Company and its operations from time to time may be parties to or targets of lawsuits, claims, investigations, and proceedings including product liability, personal injury, patent and intellectual property, commercial, contract, environmental, health and safety, and environmental matters, which are handled and defended in the ordinary course of business. The Company accrues a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When a single amount cannot be reasonably estimated but the cost can be estimated within a range, the Company accrues the minimum amount.

*Revenue recognition*

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, the Company recognizes revenue when performance obligations of the customer contract are satisfied. The Company sells to customers through master sales agreements or standalone purchase orders. The majority of the Company's revenue is from short-term contracts with revenue recognized when a single performance obligation to transfer product under the terms of a contract with a customer is satisfied. Accordingly, the Company recognizes revenue when control is transferred to the customer, which is when products are considered to meet customer specification per the customer contract and title and risk of loss are transferred. This typically occurs at the time of shipment or delivery; or for certain contracts, this occurs upon delivery of the material to a Company storage location, ready for customer pickup and separated from other Company inventory. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products and is generally based upon a negotiated price. The Company sells its products directly to customers generally under agreements with payment terms of 30 to 75 days for chemical segment customers and 2 to 10 days for biofuels segment customers.

The Company applies the practical expedient and excludes the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less; and (ii) contracts for which the Company recognizes revenue at the amount to which the Company has the right to invoice for services performed.

Revenue within the biofuel segment includes revenue from biodiesel RINs. RINs are renewable identification numbers under the Renewable Fuel Standard ("RFS2") used to incent the use of renewable fuels domestically. RINs are generated at 1.5 RINs per gallon of biodiesel produced and sold. Revenue is recognized from RINs when transferred to the buyer in the government provided tracking system. No cost is incurred in the generation of a RIN.

Taxes collected from customers remitted to governmental authorities are excluded from revenue. Shipping and handling fees related to sales transactions are billed to customers and recorded as sales revenue.

*Cost of goods sold and distribution*

Cost of goods sold consists of raw and packaging materials, direct manufacturing costs, depreciation, analytical lab costs, inbound freight, purchasing, and other indirect costs necessary to manufacture products. Biodiesel cost of goods sold also includes a credit for the one dollar per gallon Blenders' Tax Credit ("BTC") for blending biodiesel with petroleum diesel when in law. The BTC was in law during 2021, 2022, and 2023 and is in effect until December 31, 2024. See Note 3 for further discussion.

Distribution expense includes outbound freight costs, depreciation of distribution equipment, and other indirect costs necessary to distribute product.

*Selling, general, and administrative expenses*

Selling, general, and administrative expenses include personnel costs associated with sales, marketing, and administration; legal and related costs; consulting and professional service fees; advertising expenses; and other similar costs.

*Research and development expenses*

Research and development expenses include direct salaries, depreciation of equipment, material expenditures, contractor fees, and other indirect costs. All costs identified as research and development costs are charged to expense when incurred.

*Comprehensive income*

Comprehensive income is comprised of net income and other comprehensive income (loss) (“OCI”). Comprehensive income comprises all changes in stockholders’ equity from transactions and other events and circumstances from non-owner sources. The Company’s OCI comprises unrealized gains and losses resulting from its investments in marketable debt securities classified as available-for-sale (see Note 7).

Unrealized gains and losses were determined using the specific identification method and are classified in OCI.

*Income taxes*

The income tax (benefit) provision is determined using the asset and liability approach of accounting for income taxes. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for (benefit from) income taxes represent income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from differences between the financial and tax bases of the Company’s assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted.

A tax valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax assets will not be realized. In assessing the recoverability of its deferred tax assets, the Company evaluates available positive and negative evidence to estimate whether it is more likely than not that sufficient future taxable income will be generated to permit use of the existing deferred tax assets in each taxpaying jurisdiction. In making this determination, the Company considers positive evidence in the form of projections of future taxable income, reversing temporary differences, and tax planning strategies. In years in which the Company has experienced objective negative evidence in the form of three cumulative years of tax losses, the Company no longer uses taxable income projections to overcome the presumption of losses and deferred tax asset valuations are computed using only the reversing net deferred tax liability from temporary differences as a source of income.

*Issued accounting standards not yet adopted*

In December 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (AS U) No. 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which aims to address requests for improved income tax disclosures from investors that use the financial statements to make capital allocation decisions. The amendments in this ASU address the investor requests for more transparency of income tax information and apply to all entities that are subject to income taxes. The ASU is effective for years beginning after December 15, 2024, but early adoption is permitted. This ASU should be applied on a prospective basis, although retrospective application is permitted. Management is currently evaluating the impact of the changes required by the new standard on the Company's financial statements and related disclosures.
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In November 2023, the FASB issued Accounting Standard Update (ASU) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which aims to improve disclosures about a public entity’s reportable segments. This update addresses requests from investors for more detailed information about a reportable segment’s expenses in order to improve understanding of a public entity’s business activities, overall performance, and potential future cash flows. The amendments in this ASU include a requirement for public business entities to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and are included within each reported measure of segment profit or loss. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years starting after December 15, 2024. This ASU must be applied retrospectively to all prior periods presented. Management is currently evaluating the impact of the changes required by the new standard on the Company's financial statements and related disclosures.

*Proposed accounting standards*

In July 2023, the FASB issued Proposed Accounting Standards Update (ASU) No. 2023-ED500 Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which aims to provide investors with more useful information about an entity's expenses by improving disclosures on income statement expenses. The amendments in this Proposed ASU would require public business entities to disclose disaggregated information about specific categories underlying certain income statement expense line items. The Company is evaluating this proposed accounting standard.

*Recently adopted accounting standards*

None.

## 3. GOVERNMENT TAX CREDITS

BTC and Small Agri-Biodiesel Producer Tax Credit and Clean Fuel Production Tax Credit

The BTC provides a one dollar per gallon tax credit to the blender of biomass-based diesel with at least 0.1% petroleum-based diesel fuel. The Company recorded this credit as a reduction to cost of goods sold as applicable sales were made.

The Further Consolidated Appropriations Act of 2020 was passed by Congress and signed into law on December 20, 2019, retroactively reinstating the BTC for 2018 and 2019 and extending it through December 31, 2022. With the passage of the Inflation Reduction Act ("IRA") in August 2022, the BTC was extended through December 31, 2024.

As part of each law from which the BTC mentioned above was reinstated, small agri-biodiesel producers with production capacity not in excess of 60 million gallons were eligible for an additional income tax credit of $0.10 per gallon on the first 15 million gallons of agri-biodiesel sold (the "Small Agri-biodiesel Producer Tax Credit"). The Company was eligible for this credit and recognized $ 1,500 for 2023, 2022, and 2021 in the same accounting period as the benefit from the BTC as described above. The benefit of this credit is recognized as a component of income tax (benefit) provision.

The Inflation Reduction Act (IRA), created the clean fuel production credit ("CFPC") for qualifying transportation fuel produced after 2024 and sold on or before December 31, 2027. The CFPC consolidates and replaces several fuel related credits set to expire December 31, 2024 including the BTC and the Small Agri-biodiesel Producer Tax Credit.

The CFPC is an income tax credit structured on a sliding scale so that producers become eligible for larger credits as the GHG emissions of the fuels they produce approach zero. For producers meeting the prevailing wage and registered apprenticeship requirements, the maximum credit is $1.00 per gallon of nonaviation fuel. For producers not meeting the prevailing wage and registered apprenticeship requirements, the maximum credit is 20 cents per nonaviation fuel gallon.

CARES ACT – EMPLOYEE RETENTION TAX CREDIT

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), was enacted on March 27, 2020, to encourage eligible employers to retain employees on their payroll. The Consolidated Appropriations Act, effective January 1, 2021, broadened the eligibility of the credit. The Company applied for this credit and will recognize the benefit of the credit once reasonable assurance can be made as to the retention of the credit.

(Dollars in thousands, except per share amounts)

## 4. REVENUE RECOGNITION

The majority of revenue is from short term contracts with revenue recognized when a single performance obligation to transfer product under the terms of a contract with a customer are satisfied.

Certain of the Company's custom chemical contracts within the chemical segment contain a material right, as defined by ASC Topic 606, from the provision of a customer option to purchase future goods or services at a discounted price as a result of upfront payments provided by customers. Each contract also has a performance obligation to transfer products with 30-day payment terms. The Company recognizes revenue when the customer takes control of the inventory, either upon shipment or when the material is made available for pick up. If the customer is deemed to take control of the inventory prior to pick up, the Company recognizes the revenue as a bill-and-hold transaction in accordance with ASC Topic 606. The Company applies the renewal option approach in allocating the transaction price to these material rights and transfer of product. As a basis for allocating the transaction price to the material right and transfer of product, the Company estimates the expected life of the contract, the expected contractual volumes to be sold over that life, and the most likely expected sales price. Each estimate is updated quarterly on a prospective basis.

**Contract Assets and Liabilities:**

Contract assets consist of unbilled amounts resulting from revenue recognized through bill-and-hold arrangements. The contract assets for 2023 and 2022 consist of unbilled revenue from only one customer and are recorded as accounts receivable in the consolidated balance sheets. Contract liabilities consist of advance payments related to material rights recorded as deferred revenue in the consolidated balance sheets. Increases to contract liabilities from cash received for a performance obligation of chemical segment plant expansions were $ 538 and $ 1,983 in 2023 and 2022, respectively. Contract liabilities are reduced as the Company transfers product to the customer under the renewal option approach. Revenue recognized in the chemical segment from the contract liability reductions were $ 2,734 and $ 5,816 in 2023 and 2022, respectively. These contract asset and liability balances are reported on the consolidated balance sheets on a contract-by-contract basis at the end of each reporting period.

The following table provides the balances of receivables, contract assets, and contract liabilities from contracts with customers.

**Contract balances**

**Contract Assets and Liabilities**

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Trade receivables, included in accounts receivable* | $ 15,897 | $ 16,459 |
| Contract assets, included in accounts receivable | 1,128 | 775 |
| Contract liabilities, included in Deferred revenue - short-term | 3,656 | 3,565 |
| Contract liabilities, included in Deferred revenue - long-term | 9,318 | 11,605 |

**Exclusive of the BTC of $ 11,381 and $ 8,970 , respectively, and net of allowances for bad debt of $ 55 and $ 48 , respectively, as of the dates noted.*

(Dollars in thousands, except per share amounts)

**Transaction price allocated to the remaining performance obligations**

As of December 31, 2023, approximately $ 12,974 of revenue is expected to be recognized in the future from remaining performance obligations. The Company expects to recognize this revenue ratably based upon the expected sales over the expected term of its long-term contracts which range from one to four years. Approximately 28 % of this revenue is expected to be recognized over the next 12 months, and 72 % is expected to be recognized between one and three years. These amounts are subject to change based upon changes in the estimated contract life, estimated quantities, and most-likely expected sales price over the contract life. See Note 2 for further information.

**Disaggregation of revenue - contractual and non-contractual**

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Contract revenue from customers with > 1-year arrangement | $ 37,055 | $ 33,686 | $ 25,918 |
| Contract revenue from customer with < 1-year arrangement | 330,973 | 362,106 | 295,246 |
| Revenue from non-contractual arrangements | 222 | 222 | 222 |
| Total revenue | $ 368,250 | $ 396,014 | $ 321,386 |

**Timing of revenue**

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Bill-and-hold revenue | $ 43,766 | $ 36,805 | $ 34,695 |
| Non-bill-and-hold revenue | 324,484 | 359,209 | 286,691 |
| Total revenue | $ 368,250 | $ 396,014 | $ 321,386 |

Bill-and-hold transactions consisted of five specialty chemical customers in 2023, and four in each of 2022 and 2021, whereby revenue was recognized in accordance with contractual agreements based on product produced, readied for use and loaded into customer provided containers. These sales were subject to written monthly purchase orders with revenue recognized upon production and loading into customer provided containers. The inventory was segregated from other Company inventory as it was custom manufactured and stored at the customer's request and could not be sold to another buyer. Credit and payment terms for bill-and-hold transactions are similar to other specialty chemical customers. Sales revenue under bill-and-hold arrangements totaled $ 43,766 , $ 36,805 , and $ 34,695 , for the years ended December 31, 2023, 2022, and 2021, respectively. Of the bill-and-hold sales revenue recognized, $ 4,317 , $ 4,473 , and $ 3,154 had not been shipped for the years ended December 31, 2023, 2022, and 2021, respectively. These balances do not include contract assets that have not been billed or shipped as described above.

The Company's revenues for the years ended December 31, 2023, 2022 and 2021 attributable to the United States and foreign countries (based upon the billing addresses of its customers) were as follows.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| United States | $ 367,368 | $ 394,671 | $ 320,148 |
| All Foreign Countries | 882 | 1,343 | 1,238 |
| Total | $ 368,250 | $ 396,014 | $ 321,386 |

For the years ended December 31, 2023, 2022 and 2021, no revenues from a single foreign country were greater than 1% of total revenues.

**(Dollars in thousands, except per share amounts)**

## 5. INVENTORY

The carrying values of inventory were as follows as of December 31:

| | 2023 | 2022 |
|---|---|---|
| At average cost (approximates current cost) | | |
| Finished goods | $ 16,235 | $ 11,719 |
| Work in process | 611 | 879 |
| Raw and indirect materials | 25,532 | 33,897 |
| | 42,378 | 46,495 |
| LIFO reserve | ( 9,400) | ( 19,734) |
| Total inventory | $ 32,978 | $ 26,761 |

In 2022, a LIFO liquidation resulted in a decrease of $ 2,124 to “Cost of goods sold”. There was no LIFO liquidation in 2023.

## 6. DERIVATIVE INSTRUMENTS

Realized and unrealized gains and losses on derivative instruments and changes in fair value of the derivative instruments are recorded in the consolidated statements of income as a component of cost of goods sold and amounted to a net gain of $ 2,571 for the year ended December 31,2023 and a net loss of $ 24,360 and $ 10,377 for the years ended December 31, 2022 and 2021, respectively.

The volumes and carrying values of the Company’s derivative instruments were as follows at December 31:

| | Asset/ (Liability) | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| | Contract Quantity | Fair Value | Contract Quantity | Fair Value |
| Regulated fixed price future commitments, included in other current assets (in thousand barrels) | 354 | $ 1,736 | 305 | $ ( 142) |

The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of $ 745 and $ 2,088 at December 31, 2023 and 2022, respectively, and is classified as other current assets in the consolidated balance sheet.

## 7. MARKETABLE SECURITIES

At December 31, 2023, the Company held no marketable equity or trust preferred (debt) securities. The previous sale of these securities was recorded as a component of net income with a gain of $ 575 in the year ended December 31, 2023. At December 31, 2022, the Company had investments in certain marketable equity and debt securities which had a fair market value of $ 37,126 . These investments were classified as current assets in the consolidated balance sheets.

The Company had designated the trust preferred securities as being available-for-sale. Accordingly, these securities were recorded at fair value of $ 3,675 at December 31, 2022, with the unrealized loss of $ 1 and an unrealized gain of $ 226 , net of taxes, as a component of stockholders' equity.

For the years ended December 31, 2022 and 2021, in accordance with ASC 321, the change in the fair value of equity securities (preferred and other equity instruments) was reported as a loss on marketable securities as a component of net income in the amount of $ 8,297 and $ 904 , respectively.

In 2023, 2022, and 2021, the Company had no recategorized net gain or loss to report from accumulated other comprehensive income.

## 8. FAIR VALUE MEASUREMENTS

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants as of the measurement date. Fair value accounting pronouncements also include a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy is broken down into three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Marketable securities and derivative instruments were fair value measurements using inputs considered as Level 1 holdings in the year ended December 31, 2023. The Company had no Level 2 or Level 3 securities.

(Dollars in thousands, except per share amounts)

## 9. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following at December 31:

| | 2023 | 2022 |
|---|---|---|
| Land and land improvements | $ 6,044 | $ 5,923 |
| Buildings and building equipment | 27,182 | 27,226 |
| Machinery and equipment | 188,794 | 183,999 |
| Construction in progress | 1,809 | 771 |
| Accumulated depreciation | ( 151,118) | ( 140,978) |
| Total | $ 72,711 | $ 76,941 |

Depreciation expense totaled $ 10,348 , $ 10,454 , and $ 10,452 for the years ended December 31, 2023, 2022 and 2021, respectively.

## 10. OTHER ASSETS

Other assets primarily comprise supplies and parts which are not expected to be used in the twelve-month period subsequent to the consolidated balance sheet date. The balance related to these items totaled $ 3,409 and $ 4,114 at December 31, 2023 and 2022, respectively.

## 11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following at December 31:

| | 2023 | 2022 |
|---|---|---|
| Accrued employee liabilities | $ 2,179 | $ 3,287 |
| Accrued property, franchise, motor fuel and other taxes | 1,346 | 1,165 |
| Lease liability, current | 389 | 630 |
| Other current liabilities | 844 | 395 |
| Total | $ 4,758 | $ 5,477 |

(Dollars in thousands, except per share amounts)

## 12. BORROWINGS

On March 30, 2020, the Company, with FutureFuel Chemical Company as the borrower and certain of the Company's other subsidiaries as guarantors, amended and restated its credit agreement (the "Credit Agreement") originally entered into on April 16, 2015 (as amended, the "Prior Credit Agreement") with the lenders party, Regions Bank as administrative agent and collateral agent, and PNC Bank, N.A., as syndication agent. The Credit Agreement consists of a five-year revolving credit facility in a dollar amount of up to $100,000, which includes a sublimit of $ 30,000 for letters of credit and $ 15,000 for swingline loans (collectively, the "Credit Facility"). The Credit Facility expires on March 30, 2025.

On March 1, 2023, the Company entered into a First Amendment to the Credit Agreement (the "First Amendment"). The First Amendment primarily amends the Credit Agreement to transition the Credit Facility from LIBOR to the Secured overnight financing rate ("SOFR") and other conforming changes, in each case as more specifically set forth in the First Amendment. The First Amendment does not modify the aggregate amount, or expiration date, of the Credit Facility. We do not expect the transition from LIBOR to have a material impact on the Credit Facility. Pursuant to the First Amendment, the interest rate floats at the following margins over SOFR or base rate based upon our leverage ratio.

| Consolidated Leverage Ratio | Adjusted SOFR Rate Loans and Letter of Credit Fee | Base Rate Loans | Commitment Fee |
|---|---|---|---|
| < 1.00:1.0 | 1.00% | 0.00% | 0.15% |
| ≥ 1.00:1.0 And < 1.50:1.0 | 1.25% | 0.25% | 0.15% |
| ≥ 1.50:1.0 And < 2.00:1.0 | 1.50% | 0.50% | 0.20% |
| ≥ 2.00:1.0 And < 2.50:1.0 | 1.75% | 0.75% | 0.20% |
| ≥ 2.50:1.0 | 2.00% | 1.00% | 0.25% |

The terms of the Credit Facility contain certain negative covenants and conditions including a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio.

There were no borrowings under the Credit Agreement at December 31, 2023 or 2022.

At December 31, 2023 and 2022, the Company had $ 7 and $ 46 outstanding with a domestic financing company for computer technology under a three-year financing agreement.

## 13. ASSET RETIREMENT OBLIGATIONS AND ENVIRONMENTAL RESERVES

The Batesville plant generates hazardous and non-hazardous wastes, the treatment, storage, transportation, and disposal of which are regulated by various governmental agencies. In addition, the Batesville plant may be required to incur costs for environmental and closure and post-closure costs under the Resource Conservation and Recovery Act. The Company's liability for asset retirement obligations and environmental contingencies was $ 1,431 and $ 1,396 as of December 31, 2023 and 2022, respectively. These amounts are recorded in other noncurrent liabilities in the accompanying consolidated balance sheet. The accretion expense for 2023, 2022, and 2021 was $ 35 , $ 32 , and $ 32 , respectively. The periodic review of the asset retirement obligation calculations resulted in an addition to the reserve of $ 0 in 2023, 2022, and 2021.

**(Dollars in thousands, except per share amounts)**

## 14. LEASE COMMITMENTS AND PURCHASE OBLIGATIONS

The Company leases railcars under multi-year arrangements primarily for delivery of feedstock and biodiesel within its biofuels segment. The lease fees are fixed with no option to purchase and no upfront fees or residual value guarantees. All railcar leases are direct, and no subleases exist. The Company determines lease existence and classification at inception when an agreement conveys the right to control the identified property for a period of time in exchange for consideration. These leases expire by the end of December 31, 2024. As operating leases do not provide a readily determinable implicit interest rate, the Company uses an incremental borrowing rate based on information available at the commencement date in determining present value of the lease payments.

Following are supplemental income statement and cash flow information related to leases.

| | Year ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Operating lease expense | $ 881 | $ 862 | $ 887 |
| Short-term lease expense | $ 8 | $ 31 | $ 23 |
| Cash paid for operating leases | $ 881 | $ 862 | $ 887 |
| Right of use assets obtained in exchange for lease obligations | $ - | $ 707 | $ 269 |
| Weighted average discount rate, per annum | 5.5% | 5.2% | 3.6% |

On December 31, 2023 and 2022, a right of use asset was reported as other noncurrent assets of $ 389 and $ 1,019 , other current liabilities of $ 389 and $ 630 , and other noncurrent liabilities of $ 0 and $ 389 , respectively.

The imputed interest of the other noncurrent asset at December 31,2023 was $ 9 .

*Purchase obligations*

The Company has entered into contracts for the purchase of goods and services including contracts for feedstocks for biodiesel, expansion of the Company's specialty chemicals segment, and related infrastructure with less than one-year terms.

The Company holds one non-cancelable obligation for software maintenance with payment obligations presented as follows.

| | |
|---|---|
| 2024 | $ 37 |
| 2025 - 2026 | 43 |
| Total | $ 80 |

**(Dollars in thousands, except per share amounts)**

## 15. INCOME TAX BENEFIT

The following table summarizes the income tax provision (benefit) for the years ended:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Income before taxes - U.S. | $ 37,383 | $ 13,738 | $ 15,930 |
| Income tax provision (benefit): | | | |
| Federal | | | |
| Current | - | 290 | 142 |
| Deferred | - | ( 1,998) | ( 10,417) |
| State and other | | | |
| Current | 1 | 60 | ( 13) |
| Deferred | - | 175 | (37) |
| Total | $ 1 | $ ( 1,473) | $ ( 10,325) |

Differences between the income tax provision (benefit) computed using the U.S. federal statutory income tax rate were as follows:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Amount computed using the statutory rate of 21% for 2023, 2022, and 2021 | 21.0% | 21.0% | 21.0% |
| Agri-biodiesel production credit | ( 3.2) | ( 8.6) | ( 7.4) |
| Federal BTC benefit | ( 32.3) | ( 76.2) | ( 75.2) |
| State BTC benefit | ( 4.4) | ( 7.0) | ( 8.9) |
| Credit for increasing research activities | ( 0.5) | ( 1.0) | ( 0.7) |
| Dividends received deduction | ( 0.1) | ( 1.6) | ( 1.6) |
| State income taxes, net | 2.3 | 5.1 | 3.5 |
| State rate change and other deferred adjustments | ( 1.0) | 3.6 | 5.0 |
| Valuation allowance for deferred tax assets | 18.2 | 53.8 | - |
| CARES Act | - | - | - |
| Other | - | 0.2 | ( 0.5) |
| Income tax benefit | 0.0% | ( 10.7)% | ( 64.8)% |

The income tax provision in 2023 was $ 1 or an effective tax rate of 0.0 % as compared to an income tax benefit of $ 1,473 or an effective tax rate of 10.7 % in 2022 and an income tax benefit of $ 10,325 or an effective tax rate of 64.8 % in 2021.

The Company's effective tax rates for the years 2023, 2022, and 2021 reflect the positive effect of the BTC and Small Agri-biodiesel Producer Tax Credit. Based on technical guidance from the Internal Revenue Service, the Company excludes the portion of the BTC not used to satisfy excise tax liabilities from income. Both incentives are currently due to expire in December 2024.

The Company's 2022 and 2021 effective tax rate provisions reflect the negative impact to the Company's overall state income tax position of its 2021 decision to phase out its shipments on the petroleum products common carrier pipelines and the termination of these operations in 2022. This operational change shifts the Company's business among various states such that its net deferred tax liabilities will be realized at higher rates. Additionally, the Company's 2023 and 2021 state deferred tax provision reflects a one-time benefit from state legislation enacted during the year which applies a lower tax rate to future reversals of deferred tax liabilities.

In 2023 and 2022, the Company determined that its deferred tax assets are realizable only to the extent of its deferred tax liabilities and recorded a valuation allowance that reduces its net deferred tax asset to $0.

**(Dollars in thousands, except per share amounts)**

The significant components of deferred tax assets and liabilities were as follows as of December 31:

| | 2023 | 2022 |
|---|---|---|
| **Deferred tax assets** | | |
| Compensation | $ 43 | $ 391 |
| Inventory reserves | 618 | 601 |
| Self-insurance | 65 | 70 |
| Asset retirement obligation | 316 | 323 |
| Deferred revenue | 3,693 | 4,081 |
| Federal net operating loss carryforwards | 15,240 | 9,360 |
| State net operating loss carryforwards | 2,765 | 1,884 |
| Accrued expenses | 742 | 2,648 |
| Stock based compensation | 24 | 24 |
| Federal credit carryforwards | 6,915 | 5,216 |
| State credit carryforwards | 676 | 687 |
| Research & development costs | 1,451 | 749 |
| Derivative instruments | - | 29 |
| Capital loss carryforwards | 1,898 | 1,241 |
| Trading securities | - | 656 |
| Other | 89 | 96 |
| Subtotal deferred tax assets | 34,535 | 28,056 |
| Valuation Allowance | ( 14,216) | ( 7,392) |
| Total deferred tax assets | 20,319 | 20,664 |
| | | |
| **Deferred tax liabilities** | | |
| Derivative instruments | ( 403) | - |
| LIFO inventory | ( 3,957) | ( 2,740) |
| Depreciation | ( 14,978) | ( 17,046) |
| Prepaid expenses | ( 981) | ( 878) |
| Total deferred tax liabilities | ( 20,319) | ( 20,664) |
| **Net deferred tax liabilities** | $ - | $ - |

The Company's federal net operating loss carryforwards at December 31, 2023 do not expire and can be carried forward indefinitely. Utilization of these carryforwards is limited to 80 % of taxable income in any given year. State net operating loss carryforwards at December 31, 2023 reflect losses generated in 2019 through 2023 and, if unused, will expire in years 2024 through 2033. Federal and state tax losses are primarily a function of the nontaxable nature of the BTC.

Federal tax credit carryforwards at December 31, 2023 include the Small Agri-biodiesel Producer Credit and Credit for Increasing Research generated in years 2019 through 2023 and expiring in 2039 through 2043. State credit carryforwards comprise Arkansas In-house Research Credits generated in 2019 through 2020 and expiring in 2028 through 2029.

Capital loss carryforwards were generated in 2019 through 2023 and will expire in 2024 through 2028.

A tax valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax assets will not be realized. In assessing the recoverability of its deferred tax assets, the Company evaluates available positive and negative evidence to estimate whether it is more likely than not that sufficient future taxable income will be generated to permit use of the existing deferred tax assets in each taxing jurisdiction. In making this determination, the Company considers positive evidence in the form of projections of future taxable income, reversing temporary differences, and tax planning strategies. In years in which the Company has experienced objective negative evidence in the form of three cumulative years of tax losses, the Company no longer uses taxable income projections to overcome the presumption of losses and deferred tax asset valuations are computed taking into account tax planning strategies and the reversing net deferred tax liability from temporary differences as sources of income.

As of December 31, 2023 and 2022, the Company recorded valuation allowances of $ 14,216 and $ 7,392 , respectively, after determining that its total deferred tax assets are more likely than not realizable only to the extent of its deferred tax liabilities.

There are no unrecognized tax positions as of December 31, 2023, 2022, or 2021, and the Company does not anticipate any change over the next twelve months.

The Company records interest expense (income) and penalties, net, as a component of income tax (benefit) provision and had accrued interest and penalties of $ 0 , ($ 95 ), and ($ 60 ) for December 31, 2023, 2022 and 2021, respectively. Liabilities for accrued interest and tax penalties on unrecognized tax benefits were $ 0 at both December 31, 2023 and 2022, respectively.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and with various state jurisdictions. In general, the Company is subject to U.S., state, and local examinations by tax authorities from 2020 forward.

(Dollars in thousands, except per share amounts)

## 16. EARNINGS PER SHARE

In the year ended December 31, 2023, 2022 and 2021, the Company used the treasury method in computing earnings per share as all shares with participating security holders had vested.

There were no outstanding restricted stock units for the year ended December 31, 2023, 2022 and 2021.

Basic and diluted earnings per common share were computed as follows:

| | Years ended December 31: | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| **Numerator:** | | | |
| Net income | $ 37,382 | $ 15,211 | $ 26,255 |
| **Denominator:** | | | |
| Weighted average shares outstanding – basic | 43,763,243 | 43,763,243 | 43,756,065 |
| **Effect of dilutive securities:** | | | |
| Stock options | 1,440 | 246 | 48 |
| Weighted average shares outstanding – diluted | 43,764,683 | 43,763,489 | 43,756,113 |
| | | | |
| **Basic earnings per share** | $ 0.85 | $ 0.35 | $ 0.60 |
| **Diluted earnings per share** | $ 0.85 | $ 0.35 | $ 0.60 |

Certain options to purchase the Company's common stock were not included in the computation of diluted earnings per share for the years ended December 31, 2023, 2022, and 2021 because they were anti-dilutive in the period. The weighted number of options excluded on this basis was 40,060 , 33,754 , and 28,953 , respectively.

## 17. STOCK-BASED COMPENSATION

The Board of Directors of the Company adopted an omnibus incentive plan which was approved by the shareholders of the Company at its 2017 annual shareholder meeting (the "Incentive Plan"). The purpose of the plan is to:

- Encourage ownership in the Company by key personnel whose long-term employment with or engagement by the Company or its subsidiaries is considered essential to its continued progress and, thereby, encourage recipients to act in the Company's shareholders' interests and share in its success;
- Encourage such persons to remain in the Company's employ or in the employ of its subsidiaries; and
- Provide incentives to persons who are not the Company employees to promote the Company's success.

The Incentive Plan authorizes the Company to issue stock options (including incentive stock options and nonqualified stock options), common stock awards, and stock appreciation rights. Eligible participants in the plan include: (i) members of the Company's board of directors and its executive officers; (ii) regular, active employees of the Company and any of its subsidiaries; and (iii) persons engaged by the Company or any of its subsidiaries to render services to the Company or its subsidiaries as an advisor or consultant.

Awards under the Incentive Plan are limited to shares of the Company's common stock, which may be shares acquired by the Company, including shares purchased in the open market, or authorized but un-issued shares. Awards are limited to 10 % of the issued and outstanding shares of the Company's common stock in the aggregate.

The Incentive Plan became effective upon its approval by the Company's shareholders on September 7, 2017 and continues in effect for a term of ten years thereafter unless amended and extended by the Company or unless otherwise terminated.

The Company recognizes compensation expense in its financial statements for common stock-based options based upon the grant-date fair value over the requisite service period.

No common stock awards were issued in 2023, 2022, or 2021.

No stock options were granted under the Incentive Plan in 2023 or 2021. In August 2022, the Company granted a total of 20,000 stock options, respectively, to two new members of the Board of Directors and to the Chief Operating Officer. The options awarded have an exercise price equal to the mean between the highest and lowest quoted sales prices for the Company's common stock as of the grant date as reported by the New York Stock Exchange. All options awarded in 2022 vested immediately and expire in August 2027. The Company has used the Black Scholes Merton option pricing model, which relies on certain assumptions, to estimate the fair value of the options it granted. The weighted average fair value of options granted was $ 2.30 per option in 2022.

(Dollars in thousands, except per share amounts)

There were no stock options exercised in 2023 or 2022. All of the options exercised in 2021 were exercised on a cash basis.

The assumptions used in the determination of the fair value of the options granted are provided in the following table:

| Assumptions | 2023 Options | 2022 Options | 2021 Options |
|---|---|---|---|
| Expected volatility rate | n/a | 56.61% | n/a |
| Expected dividend yield | n/a | 3.34% | n/a |
| Risk-free interest rate | n/a | 3.20% | n/a |
| Expected forfeiture rate | n/a | 0.00% | n/a |
| Expected term in years | n/a | 2.3 | n/a |

The volatility rate for the options granted in 2022 were derived from the historical stock price volatility of the Company's common stock over the same time period as the expected term of each stock option award. The volatility rate is derived by a mathematical formula using the daily closing stock price data over the expected term.

The expected dividend yield is calculated using the Company's expected dividend amount at the date of the option grant over the expected term divided by the fair market value of the Company's common stock.

For the years ended December 31, 2023, 2022 and 2021, total share-based compensation expense (before tax) totaled $0, $ 46 , and $0, respectively. In the year ended December 31, 2022, this balance was recorded as an element of selling, general, and administrative expenses. As of December 31, 2023 and 2022, there was no unrecognized compensation expense related to stock options.

A summary of the activity of the Company's stock options and awards for the period beginning January 1, 2021 and ending December 31, 2023 is presented below.

| | Options | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at January 1, 2021 | 44,000 | $ 12.73 |
| Granted | - | - |
| Exercised | ( 20,000) | 11.56 |
| Canceled, forfeited, or expired | - | - |
| Outstanding at December 31, 2021 | 24,000 | 13.71 |
| Granted | 20,000 | 7.18 |
| Exercised | - | - |
| Canceled, forfeited, or expired | - | - |
| Outstanding at December 31, 2022 | 44,000 | 10.74 |
| Granted | - | - |
| Exercised | - | - |
| Canceled, forfeited, or expired | ( 10,000) | 16.21 |
| Outstanding at December 31, 2023 | 34,000 | 9.13 |

(Dollars in thousands, except per share amounts)

There were 4,310,167 options available for grant under the Incentive Plan. The following table provides the remaining contractual term and weighted average exercise prices of stock options outstanding and exercisable from the Incentive Plan at December 31, 2023.

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| Exercise Price | Number Outstanding at December 31, 2023 | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Number Exercisable at December 31, 2022 | Weighted Average Exercise Price |
| $ 12.07 | 10,000 | 0.71 | $ 12.07 | 10,000 | $ 12.07 |
| 11.56 | 4,000 | 1.06 | 11.56 | 4,000 | 11.56 |
| 7.18 | 20,000 | 3.61 | 7.18 | 20,000 | 7.18 |
| | 34,000 | 2.46 | 9.13 | 34,000 | 9.13 |

The aggregate intrinsic values of total options outstanding and exercisable at December 31, 2023 and 2022 were $ 0 and $ 19 , respectively. Intrinsic value is the amount by which the last trade price of the common stock closest to December 31, 2023 and 2022, respectively, exceeded the exercise price of the options granted.

## 18. STOCKHOLDERS' EQUITY

St. Albans Global Management, LLC ("St. Albans"), an entity affiliated with Mr. P. A. Novelly II, a member of the board, is entitled to demand that the Company register under the Securities Act of 1933, as amended (the "Securities Act"), the resale of all shares of the Company's common stock beneficially owned by it. If St. Albans exercises its registration rights with respect to all 17,085,100 shares of the Company's common stock currently owned by it, there will be an additional 6,637,600 registered shares of common stock available for trading in the public market.

(Dollars in thousands, except per share amounts)

## 19. EMPLOYEE BENEFIT PLANS

*Defined contribution savings plan*

The Company currently offers its employees a company 401(k) matching savings plan, which covers substantially all employees. Under this plan, the Company matches the amount of eligible employees' contributions, subject to specified limits, up to 6 % of earnings. Company contributions totaled $ 1,923 , $ 1,719 , and $ 1,770 for the years ended December 31, 2023, 2022 and 2021, respectively.

## 20. RELATED PARTY TRANSACTIONS

The Company enters into transactions with companies affiliated with or controlled by a director or significant stockholder. Revenues, expenses, accounts receivable, prepaid amounts, and unpaid amounts related to these transactions are captured on the consolidated financial statements as related party line items. These related party transactions are summarized in the following table and further described below.

*Related party balance sheet accounts*

| | 2023 | 2022 |
|---|---|---|
| Accounts receivable | | |
| Biodiesel, petrodiesel, blends and other petroleum products | $ 1 | $ 6 |
| Total accounts receivable | $ 1 | $ 6 |
| Prepaid expenses | | |
| Administrative services and other | $ 12 | $ 12 |
| Total prepaid expenses | $ 12 | $ 12 |
| Accounts payable | | |
| Natural gas and fuel purchases | $ - | $ 7,788 |
| Travel and administrative services | 42 | 11 |
| Total accounts payable | $ 42 | $ 7,799 |
| Accrued liabilities | | |
| Travel and administrative services | $ - | $ 1 |
| Total accrued liabilities | $ - | $ 1 |

*Related party income statement accounts*

| | Years ended December 31: | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Revenues | | | |
| Biodiesel, petrodiesel, blends and other petroleum products | $ 22 | $ 459 | $ 1,261 |
| Total revenues | $ 22 | $ 459 | $ 1,261 |
| Cost of goods sold | | | |
| Biodiesel, petrodiesel, blends, and other petroleum products | $ - | $ 5,425 | $ 5,233 |
| Natural gas purchases | ( 315) | - | 11,360 |
| Total cost of goods sold | $ ( 315) | $ 5,425 | $ 16,593 |
| Distribution | | | |
| Distribution and related services | $ 176 | $ 174 | $ 176 |
| Total distribution | $ 176 | $ 174 | $ 176 |
| Selling, general and administrative expenses | | | |
| Commodity trading advisory fees | $ 308 | $ 307 | $ 308 |
| Travel and administrative services | 188 | 184 | 221 |
| Income tax, consulting services and other | 120 | 120 | 120 |
| Total selling, general, and administrative expenses | $ 616 | $ 611 | $ 649 |

*Biodiesel, petrodiesel, blends, and other petroleum products*

The Company enters into agreements to buy and sell biofuels (biodiesel, petrodiesel, biodiesel/petrodiesel blends, RINs, and biodiesel production byproducts) and other petroleum products, such as gasoline, with an affiliate from time to time. Such agreements are priced at the then-current market price of the product as determined from bids from other customers and/or market pricing services. Cost of goods sold related to these sales includes variable costs and allocated fixed costs. The revenue amounts presented in the table above result when the Company sells biodiesel, petrodiesel, blends, and other petroleum products to a related party regardless of who the material was purchased from. Likewise, cost of goods sold amounts result when biodiesel, petrodiesel, blends, and other petroleum products are purchased from a related party regardless of who the material was sold to.

*Natural gas purchases*

The Company uses natural gas to generate steam for its manufacturing process and to support certain of its air and waste treatment utilities. During 2021, natural gas was purchased through an affiliate provider of natural gas marketing services. Expenses related to these purchases include the cost of the natural gas only; transportation charges were paid to an independent third party. The natural gas matter as discussed in Note 23, Legal proceedings, is in reference to the natural gas supplier, not the related party. The amount shown in 2023 reflects the settlement on the legal matter.

*Distribution and related services*

The Company leases oil storage capacity from an affiliate under a storage and throughput agreement. This agreement provides for the storage of biodiesel, diesel or biodiesel/petrodiesel blends, methanol, and biodiesel feedstocks in above-ground storage tankage at designated facilities of the affiliate. Expenses related to this agreement include monthly lease charges, generally on a per-barrel basis, and associated heating, throughput, and other customary terminalling charges.

*Commodity trading advisory fees*

The Company entered into a commodity trading advisory agreement with an affiliate. Pursuant to the terms of this agreement, the affiliate provides advice to the Company concerning the purchase, sale, exchange, conversion, and/or hedging of commodities as requested from time to time.

*Travel and administrative services*

The Company reimburses an affiliate for legal, trading, travel and other administrative services incurred on its behalf. Such reimbursement is performed at cost with the affiliate realizing no profit on the transaction.

*Income tax and consulting services*

An affiliate provides professional services to the Company, primarily in the area of income tax preparation and consulting. The Company also receives certain finance and accounting expertise from this affiliate as requested. Expenses related to these services comprise an agreed quarterly fee plus reimbursement of expense, at cost and are reported as selling, general, and administrative expenses.

(Dollars in thousands, except per share amounts)

## 21. SEGMENT INFORMATION

The Company has two reportable segments organized along similar product lines – chemicals and biofuels. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2.

*Chemicals*

The Company's chemicals segment manufactures diversified chemical products that are sold to third party customers. This segment comprises two product groups: "custom manufacturing" (manufacturing chemicals for specific customers) and "performance chemicals" (multi-customer specialty chemicals).

*Biofuels*

The Company's biofuels segment manufactures and markets biodiesel. Biodiesel revenues are generated through the sale of biodiesel to customers through the Company's distribution network at the Batesville plant, through distribution facilities available at leased oil storage facilities, and through a network of remotely located tanks. Results of the biofuels business segment also reflect the sale of biodiesel blends with petrodiesel, petrodiesel with no biodiesel added, RINs, and biodiesel production byproducts.

*Summary of business by segment*

| | Years ended December 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Revenue | | | |
| Custom chemicals | $ 64,286 | $ 58,737 | $ 50,675 |
| Performance chemicals | 15,047 | 22,156 | 16,867 |
| Chemicals revenue | 79,333 | 80,893 | 67,542 |
| Biofuels revenue | 288,917 | 315,121 | 253,844 |
| Total Revenue | $ 368,250 | $ 396,014 | $ 321,386 |
| | | | |
| Segment gross profit | | | |
| Chemicals | $ 29,936 | $ 25,645 | $ 13,970 |
| Biofuels | 11,043 | 3,348 | 9,567 |
| Total gross profit | $ 40,979 | $ 28,993 | $ 23,537 |

Depreciation is allocated to segment cost of goods sold based on plant usage. The total assets and capital expenditures of the Company have not been allocated to individual segments as large portions of these assets are shared to varying degrees by each segment, causing such an allocation to be of little value.

**(Dollars in thousands, except per share amounts)**

## 22. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

| | Quarter | | | |
|---|---|---|---|---|
| | 1st | 2nd | 3rd | 4th |
| **2023** | | | | |
| Revenues | $ 74,181 | $ 85,308 | $ 116,752 | $ 92,009 |
| Gross profit (loss) | $ 21,623 | $ ( 8,592) | $ 3,870 | $ 24,078 |
| Net income (loss) | $ 21,081 | $ ( 9,859) | $ 2,776 | $ 23,384 |
| Net income (loss) per common share: | | | | |
| Basic | $ 0.48 | $ ( 0.23) | $ 0.06 | $ 0.53 |
| Diluted | $ 0.48 | $ ( 0.23) | $ 0.06 | $ 0.53 |
| | | | | |
| **2022** | | | | |
| Revenues | $ 42,261 | $ 117,796 | $ 118,141 | $ 117,816 |
| Gross (loss) profit | $ ( 7,155) | $ 977 | $ 19,985 | $ 15,186 |
| Net (loss) income | $ ( 12,398) | $ ( 3,104) | $ 15,780 | $ 14,933 |
| Net (loss) income per common share: | | | | |
| Basic | $ ( 0.28) | $ ( 0.07) | $ 0.36 | $ 0.34 |
| Diluted | $ ( 0.28) | $ ( 0.07) | $ 0.36 | $ 0.34 |

Earnings per share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly amounts will not necessarily equal the total for the year.

## 23. LEGAL PROCEEDINGS

The Company is not a party to, nor is any of its property subject to, any material pending legal proceedings, other than ordinary routine litigation incidental to its business. However, from time to time, the Company may be a party to, or a target of, lawsuits, claims, investigations, and proceedings, including product liability, personal injury, asbestos, patent and intellectual property, commercial, contract, environmental, antitrust, health and safety, and employment matters, which the Company expects to be handled and defended in the ordinary course of business. While the Company is unable to predict the outcome of any matters currently pending, the Company does not believe that the ultimate resolution of any such pending matters will have a material adverse effect on its overall financial condition, results of operations, or cash flows. However, adverse developments could negatively impact earnings or cash flows in future periods.

The Company entered into a settlement agreement to resolve the previously reported dispute regarding its February 2021 natural gas bill.

The natural gas settlement was a reduction to Cost of goods sold-related parties in the Consolidated Statements of Operations and Comprehensive Income in the period ended December 31, 2023 in the amount of $ 882 . This settlement reduced Cost of goods sold for each segment equally.

As discussed in Note 21, Related Party Transactions, the “ultimate” natural gas supplier was not a related party of the Company.

## 24. SUBSEQUENT EVENT

On March 12, 2024, the Company’s board of directors authorized the repurchase of up to $ 25.0 million of Company common stock through a stock repurchase program expiring March 12, 2026. The program could be suspended or discontinued at any time, based on market, economic, or business conditions. The timing and amount of repurchase transactions will be determined by management based on its evaluation of market conditions, share price, and other factors.

The Company's board of directors also authorized on March 12, 2024 a special cash dividend of $ 2.50 per share on our common stock payable on April 9, 2024, to the holders of record of all the issued and outstanding shares of common stock as of the close of business on March 26, 2024.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our chief executive officer and our principal financial officer and other senior management personnel, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and our principal financial officer have concluded that these disclosure controls and procedures as of December 31, 2023 were effective to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms.

**Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on this assessment, management has concluded that, as of December 31, 2023, our internal control over financial reporting is effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2023 has been audited by RSM US LLP, a registered public accounting firm, which expressed an unqualified opinion as stated in their report, a copy of which is included below.

**Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Management believes that the consolidated financial statements included in this Annual Report on Form 10-K present fairly in all material respects our consolidated financial position, results of operations and cash flows for the period presented.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of FutureFuel Corp.

**Opinion on the Internal Control Over Financial Reporting**

We have audited FutureFuel Corp. and its subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of income and comprehensive income, cash flows, and changes in stockholders' equity for each of the three years in the period ended December 31, 2023 and the related notes to the consolidated financial statements (collectively, the financial statements) of the Company and our report dated March 14, 2024 expressed an unqualified opinion.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion

**Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/RSM US LLP

St. Louis, Missouri
March 14, 2024

### Changes in Internal Control Over Financial Reporting

We did not make any changes in our internal control over financial reporting as a result of our evaluation that occurred during the fiscal quarter ended December 31, 2023.

## Item 9B. Other Information.

None.

## Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

## PART III

Unless otherwise stated, all dollar amounts are in thousands.

### Item 10. Directors, Executive Officers, and Corporate Governance.

**Identification of Directors**

Our directors are as follows:

| Name | Age | Director Since | Term Expires |
|---|---|---|---|
| Paul A. Novelly, Chairman | 80 | 2005 | 2024 |
| Donald C. Bedell, Vice Chairman | 82 | 2008 | 2025 |
| Paul M. Manheim | 75 | 2011 | 2026 |
| Dale E. Cole | 75 | 2015 | 2024 |
| Terrance C.Z. Egger | 66 | 2015 | 2025 |
| Rose Sparks | 57 | 2019 | 2026 |
| Paul A. Novelly, II | 56 | 2022 | 2026 |
| Ron J. Kruszewski | 65 | 2022 | 2025 |
| G. Bruce Greer* | 63 | 2024 | 2024 |

*Mr. Greer was appointed to the Board of Directors as of March 12, 2024, to fill a vacancy upon the resignation of Alain Louvel.
There is no arrangement or understanding between any of the above directors and any other person pursuant to which such person was or is to be selected as a director.

**Identification of Executive Officers**

Our executive officers are as follows:

| Name | Position | Age | Officer Since |
|---|---|---|---|
| Tom McKinlay (a) | Chief Executive Officer | 60 | 2017 |
| Rose M. Sparks | Principal Financial Officer and Chief Financial Officer | 57 | 2012 |
| Charles W. Lyon | Chief Commercial Officer | 63 | 2021 |
| Kyle Gaither (b) | Chief Operations Officer | 56 | 2023 |

(a) Mr. McKinlay was appointed Chief Executive Officer on July 31, 2022.

(b) Mr. Gaither was appointed Chief Operations Officer effective February 9, 2023.

There is no other arrangement or understanding between any of the above officers and any other person pursuant to which such person was or is to be selected as an officer.

### Family Relationships

Paul A. Novelly, II is the son of Paul A. Novelly, chairman of our board. There are no other family relationships between any of our executive officers and directors.

### Business Experience

***Paul A. Novelly*** has been our chairman of the board since 2005. Mr. Novelly recently retired as chairman and chief executive officer of Apex Oil Company, Inc., a privately-held company based in St. Louis, Missouri engaged in the trading, storage, marketing, and transportation of petroleum products, including liquid terminal facilities in the Midwest and Eastern United States, and towboat and barge operations. Mr. Novelly is a director and the chairman of World Point Terminals, Inc., a Delaware company based in Missouri that, through its operating subsidiaries, owns and operates petroleum storage facilities in the United States, and formerly served as chief executive officer of St. Albans Global Management, LLC, which provided corporate management services. In the past seven years, Mr. Novelly was a director of WPT GP, LLC, a wholly owned subsidiary of World Point Terminals, Inc. and general partner of World Point Terminals, LP. World Point Terminals, LP was a publicly traded master limited partnership listed on the New York Stock Exchange until July 2017. Mr. Novelly has also served on the board of directors at FC Financial Holdings, Inc., a holding company whose material subsidiary was Florida Community Bank. Mr. Novelly previously served on the board of directors of Boss Holdings, Inc., a distributor of work gloves, boots and rainwear, and other consumer products, and World Point Terminals, Inc., a Canadian and Toronto Stock Exchange company and the predecessor of World Point Terminals, Inc.

Our board believes that Mr. Novelly's experience, knowledge, skills, and expertise as our chairman since 2005 and his knowledge of our operations and effectiveness of our business strategies provide valuable perspective to our board and add significant value. Additionally, Mr. Novelly's experience of executive positions with Apex Oil Company, Inc., St. Albans Global Management, LLC, and WPT GP, LLC and as the chairman of World Point Terminals, Inc. are integral to our board's assessment of our business opportunities and strategic options. Finally, Mr. Novelly's service and experience as a director for other boards, including active involvement in strategic planning for those companies, strengthens the governance and functioning of our board.

***Donald C. Bedell*** has been a member of our board since 2008 and Vice Chairman of the board since December 2023. Mr. Bedell is chairman of the board of privately held Castle Partners and its affiliates, based in Sikeston, Missouri, which operate over 35 skilled nursing, health care, pharmaceutical, hospice, and therapy facilities throughout Missouri and other states. Mr. Bedell is a director of First Community Bank of Batesville, Arkansas and is a member of the executive committee of such bank and its holding company. He is also a director of World Point Terminals, Inc., a Delaware company based in Missouri that, through its operating subsidiaries, owns and operates petroleum storage facilities in the United States.

Our board believes that Mr. Bedell's experience, knowledge, skills, and expertise acquired as the chairman at Castle Partners, including experience and understanding of business strategy formation and execution from both a board and management perspective, add significant value to our board. Additionally, Mr. Bedell's service and experience as a director for other boards, including active involvement in strategic planning for those companies, strengthens the governance and functioning of our board.

***Paul M. Manheim*** has served on our board since 2011. Mr. Manheim is currently a non-executive director of HAL Real Estate Inc., which develops and owns a portfolio of real estate in the Pacific Northwest consisting of multi-family, office, and mixed-use assets. He was the president and chief executive officer of HAL Real Estate Inc. until September 2005. HAL Real Estate Inc. is a subsidiary of HAL Holding N.V. Mr. Manheim joined Holland America Line, N.V., the predecessor of HAL Holding N.V., an international holding company traded on the Amsterdam Stock Exchange, in 1982 and filled various positions in the financial and corporate development areas. June 2005 to 2014, Mr. Manheim was the chairman of the board of Shanghai Red Star Optical Company, which owned a portfolio of optical retail outlets in China and was affiliated with Europe's largest optical retailer. Mr. Manheim has served as a director and chairman of the audit committee of World Point Terminals, Inc. and its predecessor since 2009. He is also a director of World Point Terminals, Inc., a Delaware company based in Missouri that, through its operating subsidiaries, owns and operates petroleum storage facilities in the United States. Mr. Manheim received a bachelor of commerce degree with honors from the University of New South Wales, Australia, and qualified as a Chartered Accountant in 1976.

Our board believes that Mr. Manheim's experience, knowledge, skills, and expertise acquired as the president and chief executive officer at HAL Real Estate Inc., including experience and understanding of business strategy formation and execution from both a board and management perspective, add significant value to our board. Additionally, Mr. Manheim's service and experience as a director for other boards, strengthens the governance and functioning of our board. Finally, Mr. Manheim's experience as the chairman of the audit committee of WPT GP, LLC and his experience as a chartered accountant add significant value to our board.

***Dale E. Cole*** has served on our board since 2015 and is a graduate of the University of Texas at Austin with an undergraduate degree in business and finance and the Graduate School of Banking at Louisiana State University. Mr. Cole's career in banking began in 1974 with Texas Bank and Trust Company in Dallas, TX. He then worked with First National Bank in Marshal, TX, and became President of Banc Texas McKinney in McKinney, TX in 1983. In 1988, Mr. Cole became Chairman and CEO of Worthen Banking Corporation, with two banks in Batesville and Newark, AR. Mr. Cole founded First Community Bank in 1997. He currently serves as Chairman and CEO of First Community Bank and its holding company. Mr. Cole previously served on the Board of Trustees of the Barret School of Banking in Memphis, TN, the Board of Visitors of the University of Arkansas Community College in Batesville, AR, the Board of the Chamber of Commerce, Economic Development Foundation in Batesville, AR, Lyon College Advisory Counsel, and the board of White River Medical Center in Batesville, AR. Mr. Cole previously served on the board of Lyon College in Batesville. As of December 31, 2023, First Community Bank had 33 branch locations in Northeast Arkansas and Southwest Missouri and maintained assets of over $2.4 billion.

Mr. Cole's extensive career in banking built in him a strong foundation in business, regulatory environments, and corporate governance. Having served on numerous committees throughout his career, including compensation, trust, executive, asset/liability, investment, and many others, Mr. Cole's well-rounded experience and exposure in banking and regulatory environments will strengthen the governance function of our board. Additionally, Mr. Cole's service and experience as chairman for other boards, including active involvement in strategic planning for those companies, strengthens the governance and functioning of our board.

***Terrance C.Z. (Terry) Egger*** has served on our board since 2015. He retired as the publisher and CEO of Philadelphia Media Network, parent company of the Philadelphia Inquirer, the Philadelphia Daily News and Philly.com, that region's largest news company, in which capacity he oversaw all operations of the newspaper and its affiliates. Prior to August 2015, Mr. Egger served as president and CEO of the Cleveland 2016 Host Committee, Inc., where he led the successful effort for the City of Cleveland to host the 2016 Republican National Convention. In 2013, Mr. Egger had retired as chairman of The Plain Dealer Publishing Co. in Cleveland, parent company of The Plain Dealer, Ohio's largest newspaper, where he had served in several executive capacities from 2006. From 1996 to 2006, Mr. Egger was the president and publisher of the St. Louis Post-Dispatch, where he supervised all operations, including its website STLtoday.com and Suburban Journals of Greater St. Louis. Terry started his newspaper career managing marketing and advertising for papers in Los Angeles, California and Tucson, Arizona. Mr. Egger is a member of the Board of Directors of Medical Mutual of Ohio and a member of the Board of Trustees of the Cleveland Clinic Foundation. He has a bachelor's degree from Augustana College and a master's degree in speech communication from San Diego State University.

Our board believes that Mr. Egger's experience, knowledge, skills, and expertise, including experience and understanding of business strategy, development, supervision, operations and management add significant value to our board. Additionally, Mr. Egger's service and experience on other boards, strengthens the governance and functioning of our board.

***Paul A. Novelly, II*** has served on our board since July 2022. He serves as the Chief Executive Officer of Apex Holding Co. and its subsidiary Apex Oil Company, Inc., a privately held company based in St. Louis, Missouri, which together with its affiliates is engaged in trading, storage, marketing, and transportation of petroleum products, including liquid terminal facilities in the Midwest and Eastern United States, and towboat and barge operations on the inland waterway system. He has been a registered broker at Stifel, Nicolaus & Co., Inc. since 2005. Mr. Novelly II is the chief executive officer of Apex Holding Co. and the sole manager of SAGM Holdings, LLC, which is the manager of St. Albans Global Management, LLC, a family investment company. He is also the owner and president of St. Albans Construction Company, which serves the needs of the luxury custom home buyers. He also serves as a director of Apex Oil Company Charitable Foundation.

Our board believes that Mr. Novelly's experience, knowledge, skills, and expertise, including experience acquired in management of various companies, and his knowledge of the Company and its business along with his extensive experience as a broker with national securities firms in evaluating public companies and their financial reports, add significant value to our board and the Company.

***Ronald J. Kruszewski*** has served on our board since July 2022. He is Chairman of the Board and Chief Executive Officer of Stifel Financial Corp. and its principal subsidiary, Stifel, Nicolaus & Company, Incorporated. He joined the firm as Chief Executive Officer in 1997 and was named Chairman in 2001. Mr. Kruszewski is the current Chairman of the American Securities Association (ASA) and serves on the Board of Directors of the Securities Industry and Financial Markets Association (SIFMA). From 2014 through 2019, he served on the Federal Advisory Council of the St. Louis Federal Reserve Board of Directors. Additionally, he serves on the Board of Trustees for both Saint Louis University and the U.S. Ski and Snowboard Team Foundation.

Active in community affairs, Mr. Kruszewski serves as a member of the Chair's Council for Greater St. Louis Inc. He is also the past Chairman of the Board of Directors of Downtown STL, Inc. and past non-executive Chairman of the Board of Directors of Angelica Corporation. In addition, he is a member of the St. Louis Chapter of the World Presidents' Organization, and under Mr. Kruszewski's leadership, Stifel became a member of the World Economic Forum in 2023. In 2019, Mr. Kruszewski won the Horatio Alger Award and was selected for membership in the Horatio Alger Association of Distinguished Americans, which honors individuals who have overcome adversity to achieve success and who have demonstrated commitment to higher education and charitable endeavors.

Our board believes that Mr. Kruszewski's extensive managerial and leadership experience in the financial services industry in addition to a comprehensive understanding and knowledge of public companies' day-to-day operations and strategy add significant value to our board.

***G. Bruce Greer*** has served on our board since March 2024. Mr. Greer has served as President of GBGJR Advisors, an advisory firm providing strategic advice to chemical companies, private equity firms and consulting firms, since April 2017. Mr. Greer served as Vice President of Strategic Planning and IT at Olin Corporation ("Olin") for 12 years. Prior to joining Olin, Mr. Greer spent nine years as a Vice President of Solutia, a public company spin off of The Monsanto Company, heading R&D, Commercial and Corporate Development, Strategy, M&A and running several businesses and was President of Pharma Services, and four years as a Vice President of Gemini Consulting and Services in Europe and the US, a global consulting firm with a focus on chemicals. He was a Vice President/Senior Director of Monsanto, working for the Chairman and at G D Searle. Mr. Greer was Chairman of the Board of Directors of Flexsys America L.P. Mr. Greer spent a year as a Senior Associate at Arthur Andersen LLP where his work focused on cost accounting and chemicals. He was an Assistant Professor at Northwestern University from 1988 through 1991 and served in the U.S. Navy.

Our board believes that Mr. Greer's extensive managerial and leadership experience in the chemical industry add significant value to our board.

***Tom McKinlay*** became the Company and FutureFuel Chemical Company's Chief Executive Officer in July 2022 and Chief Operating Officer in January 2017. Mr. McKinlay is a Chemical Engineer and business operations executive with over 30 years of global experience in the oil and gas industry. He has extensive experience in the oil and gas industry on both sides of the Atlantic. This includes responsibility for large scale refining and trading operations; midstream assets; renewables production and trading; retail; contract negotiation; and mergers and acquisitions.

For over two years prior to his hire by the Company, Mr. McKinlay was the owner and president of Gilrita Consulting Limited, a UK based independent downstream consultancy firm. Prior to Gilrita Consulting Limited, he was Executive Vice President of Murphy Oil Corporation for more than three years, a role which latterly incorporated the role of Managing Director of Murco Petroleum Limited, a UK based oil refining company. Mr. McKinlay was employed for approximately six years by Murphy Oil where he became Executive Vice President of Worldwide Downstream Operations. Mr. McKinlay received a bachelor of science in chemical engineering (with honors) from the University of Strathclyde in Glasgow, UK in 1985.

Our board believes the experience, knowledge, skills, and expertise Mr. McKinlay acquired in his past roles in operations add significant, strategic value to the Company. Additionally, Mr. McKinlay's experience with large scale production and trading provides the company with significant understanding in the regional and global biodiesel industry.

***Rose M. Sparks*** has served on our board since 2019 and has been our principal financial officer and treasurer and principal accounting officer since 2012 and our chief financial officer since 2013. Prior to 2013, Mrs. Sparks served as the controller of FutureFuel Chemical Company since its acquisition in 2006 and has over 32 years of experience at the Batesville facility. Prior to our acquisition of FutureFuel Chemical Company, Mrs. Sparks worked for Eastman Chemical as controller at the Batesville plant. Mrs. Sparks graduated from Arkansas College with a BS in accounting and is a certified public accountant with inactive status.

Our board believes that Mrs. Sparks' experience, knowledge, skills, and expertise acquired as controller of FutureFuel Chemical Company, and her knowledge of our operations and business strategies gained over her years of service in that role, as well as experience as a certified public accountant, add significant value to the Company.

***Charles W. Lyon*** has served as our chief commercial officer since 2022. Mr. Lyon was previously hired as Senior Vice President of Strategy and Planning at FutureFuel Chemical Company, a wholly owned subsidiary of the Company, on September 7, 2021. Mr. Lyon leads the Company in sales, marketing, and technology and in implementing a business growth strategy for custom chemicals, specialty chemicals, and biodiesel products. Mr. Lyon is a global business executive with nearly 40 years of experience in the specialty chemicals industry and 30 years of international business experience in the industrial chemical and specialty chemical industries. He has extensive experience in establishing and growing specialty chemicals businesses, especially in the Americas and Asia Pacific regions. Mr. Lyon received a BS in Chemical Engineering (Magna Cum Laude) and a MS in Engineering Management, both from the University of Missouri in Rolla (now Missouri University of Science and Technology).

Prior to joining FutureFuel Chemical Company, Mr. Lyon was employed by Prefere Resins, where he was Business Director for the Americas and Asia. Prior to Prefere, and for fifteen years, he was Business Director, Americas and Asia, for INEOS Melamines, a unit of INEOS. Mr. Lyon also worked for UCB and Solutia, Inc. in various business leadership roles. He started his career with Monsanto Company, and held management positions in engineering, manufacturing, and global product management serving numerous specialty market segments.

Our board believes the experience, knowledge, skills, and expertise Mr. Lyon acquired in his past roles in leadership of specialty chemicals businesses add significant, strategic value to the Company. Additionally, Mr. Lyon's experience with business growth in multiple specialty chemicals segments provides the Company with significant understanding of the domestic and global chemical industry.

***Kyle Gaither*** was appointed as our Chief Operations Officer in February 2023. Prior to this appointment, Mr. Gaither served as General Manager since January 2018. Mr. Gaither has worked for FutureFuel Chemical Company and its predecessor, Eastman Chemical Company, and Eastman Kodak Company, for over 32 years in various leadership and engineering roles. He has spent the majority of his career in manufacturing and manufacturing support which has allowed him to gain a great working knowledge of the Company's manufacturing operations and capabilities. Mr. Gaither received a BS degree in Chemical Engineering from the University of Arkansas and holds a Professional Engineer license. Our board believes that Mr. Gaither's experience, knowledge, skills, and expertise acquired through his years of working in manufacturing for FutureFuel Chemical Company and its predecessors add significant value to the Company.

**Involvement in Legal Proceedings**

None of our directors or executive officers were involved within the past ten years in any matter described in Item 401(f) of Regulation S-K.

**Code of Business Conduct and Ethics**

We adopted a code of business conduct and ethics that applies to all of our employees and the employees of our subsidiaries, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of this code of business conduct and ethics has been posted on our Internet website and may be accessed at https://futurefuelcorporation.gcs-web.com/corporate-governance. We will provide any person, without charge, a copy of such code of business conduct and ethics upon request to FutureFuel Corp., 8235 Forsyth Blvd., 4th Floor, Clayton, Missouri 63105, attention: Investor Relations.

**Nominating Committee**

Our board established a nominating/corporate governance committee and adopted a charter for such committee. A copy of this nominating/corporate governance committee charter is posted on our website and may be accessed at http://futurefuelcorporation.gcs-web.com/corporate-governance. The nominating/corporate governance committee charter contains procedures for Company shareholders to submit recommendations for nomination to our board. The nominating/corporate governance committee charter was attached as an exhibit to our Form 10 Registration Statement filed with the SEC on April 24, 2007 and was last updated on July 16, 2015. The current members of the nominating committee are as follows:

Donald C. Bedell (Chair)
Dale E. Cole
Terrance C.Z. Egger
Paul M. Manheim

**Audit Committee**

We have a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, and have adopted an audit committee charter. A copy of this audit committee charter has been posted on our website and may be accessed at http://futurefuelcorporation.gcs-web.com/corporate-governance. The current members of the audit committee are as follows:

Dale E. Cole
Terrance C.Z. Egger
Paul M. Manheim (Chair)

**Audit Committee Expert**

Our board of directors determined that each member of our audit committee is an audit committee financial expert. Each such member of our audit committee is independent, as independence for audit committee members is defined in the listing standards applicable to us.

**Insider Trading Policies**

Our board adopted insider trading policies governing the purchase and sale of securities by our directors, officers, and employees and those of our subsidiaries. A copy of this insider trading policy has been posted on our website and may be accessed at https://futurefuel-corporation.ir.rdgfilings.com/wp-content/uploads/sites/34/2021/04/Insider_Trading_Policy.pdf.

## Item 11. Executive Compensation.

### General

Our board of directors has established a compensation committee. The compensation committee's responsibilities include, among other things, determining our policy on remuneration to the Company's officers and directors and the executive officers and directors of FutureFuel Chemical Company. In 2023, we paid salaries, bonuses, and other forms of compensation to the Company's officers and the officers of FutureFuel Chemical Company as described below.

For 2023, our directors received an annual fee of $50. Additional annual fees paid were $25, $20, and $10 to our chairman of the board, audit committee chairman, and other committee chairmen, respectively. During 2023, the compensation committee reviewed and approved this fee schedule as reasonable and appropriate compensation to our directors and has determined to use the same fee structure for 2024.

With the exception of Rose M. Sparks, who serves as our principal financial officer and chief financial officer and FutureFuel Chemical Company's chief financial officer, we determined for 2023 not to pay salaries, bonuses, or other forms of cash compensation to any of our board members that serve as executive officers (in their capacities as such). Executive officer compensation will be monitored during 2024 and set or adjusted as the board deems appropriate.

### Compensation Discussion and Analysis

The objectives of our compensation program are to provide a competitive compensation package that rewards sustained financial and operating performance that creates long-term value for our shareholders. Our compensation programs are intended to meet the goals of attracting and retaining qualified personnel; motivating these individuals to achieve short-term and long-term corporate goals without undue risk-taking and to promote equity among executive officer positions, while considering external competitiveness and differences in job responsibilities.

The elements of our compensation program include base salary, bonuses, and certain retirement, insurance, and other benefits generally available to all employees. In addition, in 2017, our board adopted the Incentive Plan which was approved by our shareholders at our 2017 annual meeting. The Incentive Plan provides equity-based compensation to our executive officers and our directors. Our compensation committee, and the Company generally, makes decisions with respect to each compensation element paid or payable to our personnel on an individual-by-individual basis and does not necessarily take into account decisions made with respect to other elements of compensation that may be paid to such individual. The overall goal of our compensation program, however, is to achieve the goals described above.

*Cash Salaries and Bonuses*

Upon his appointment to Chief Executive Officer, Mr. McKinlay's base salary was initially unchanged, but in January 2023, the compensation committee adjusted Mr. McKinlay's annual base salary to $400, retroactive to his date of appointment, with the aggregate amount of the retroactive adjustment paid to Mr. McKinlay in a lump sum in February 2023. The base salary for Mrs. Sparks was increased for 2023, and director fees of $105 were paid to Mrs. Sparks in 2023. Mr. Lyon's and Mr. Gaither's base salaries were also increased in 2023.

For the year 2023, we established a bonus pool for the employees of our subsidiary, FutureFuel Chemical Company. The total bonus target amount was determined by our chief executive officer in consultation with our other executive officers. Eligible FutureFuel Chemical Company employees hired prior to January 1, 2023 received bonuses of approximately 114 hours of pay at their normal hourly rate. Employees hired in 2023 received a prorated or reduced amount based on their length of service. Salaried employees of FutureFuel Chemical Company (other than FutureFuel Chemical Company's lead management team) received an additional bonus amount ranging from $0 to $9. Bonuses to FutureFuel Chemical Company's managers other than the lead management team were determined by FutureFuel Chemical Company's officers. Bonuses in 2023 for Mr. McKinlay, Mrs. Sparks, Mr. Lyon, Mr. Gaither, and other members of lead management of FutureFuel Chemical Company were recommended by our compensation committee in respect of our chief executive officer and by our chief executive officer for all other executive officers, then reviewed and approved by the Compensation Committee of our Board after considering several factors, including our overall financial performance and comparative information regarding the executive pay practices of our competitors. Such bonus distributions were designed to be sufficient compensation for the services rendered, competitive with market rates for similar services, and sufficient to motivate these individuals to aid in our achievement of short-term and long-term corporate goals.

We expect to establish an annual cash bonus program commencing in 2024. The total bonus amount will be determined based on annual performance and will be solely on a discretionary basis. In determining actual bonus payouts for such years, we expect the compensation committee will consider performance against Company performance goals to be established by us, as well as individual performance goals. We expect that this annual cash bonus program will apply to certain key employees of FutureFuel Chemical Company in addition to the executives whose compensation is described herein. The actual amount of bonuses, if any, will be determined near the end of our fiscal year.

*Omnibus Incentive Plan*

Our board of directors adopted the Incentive Plan, which was approved by our shareholders at our 2017 annual shareholder meeting. The purpose of the Incentive Plan is to:

- Encourage ownership in us by key personnel whose long-term employment with or engagement by us or our subsidiaries (including FutureFuel Chemical Company) is considered essential to our continued progress and, thereby, encourage recipients to act in our shareholders' interests and share in our success;
- Encourage such persons to remain in our employ or in the employ of our subsidiaries; and
- Provide incentives to persons who are not our employees to promote our success.

The Incentive Plan authorizes us to issue stock options (including incentive stock options and nonqualified stock options), stock awards, and stock appreciation rights. As of December 31, 2023, 44,000 options for shares of stock and no awards of shares of stock have been made under the Incentive Plan. See Note 17 to our consolidated financial statements for a detailed discussion of 2023 stock-based compensation awards.

Eligible participants in the Incentive Plan include (i) members of our board of directors and our executive officers; (ii) regular, active employees of us or of any of our subsidiaries; and (iii) persons engaged by us or by any of our subsidiaries to render services to us or our subsidiaries as an advisor or consultant.

Awards under the Incentive Plan are limited to shares of our common stock, which may be shares reacquired by us, including shares purchased in the open market, or authorized but unissued shares. Awards are limited to 10% of the issued and outstanding shares of our common stock in the aggregate, or 4,374,167 shares, as of the date of the adoption of the Incentive Plan. Taking into account the prior grants of stock options and stock awards under the Incentive Plan, 4,310,167 shares are available to be issued under the Incentive Plan as of December 31, 2023.

The Incentive Plan is administered by: (i) our board, (ii) a committee of our board appointed for that purpose; or (iii) if no such committee is appointed, our board's compensation committee (in any case, the "Administrator"). The Administrator may appoint agents to assist it in administering the Incentive Plan. The Administrator may delegate to one or more individuals the day-to-day administration of the Incentive Plan and any of the functions assigned to the Administrator in the Incentive Plan. Such delegation may be revoked at any time. All decisions, determinations, and interpretations by the Administrator regarding the Incentive Plan and the terms and conditions of any award granted thereunder will be final and binding on all participants.

The Incentive Plan became effective upon its approval by our shareholders and will continue in effect for a term of ten years thereafter unless amended and extended by us or unless earlier terminated. The individuals and number of persons who may be selected to participate in the plan in the future is at the discretion of the Administrator and, therefore, are not determinable at this time. Likewise, the number of stock options, stock awards and stock appreciation rights that will be granted to eligible participants pursuant to the plan are not determinable at this time.

The Administrator may grant a stock option or provide for the grant of a stock option either from time to time in the discretion of the Administrator or automatically upon the occurrence of events specified by the Administrator, including the achievement of performance goals or the satisfaction of an event or condition within the control of the participant or within the control of others. Each option agreement must contain provisions regarding (i) the number of shares of common stock that may be issued upon exercise of the option; (ii) the type of option; (iii) the exercise price of the shares and the means of payment for the shares; (iv) the term of the option; (v) such terms and conditions on the vesting or exercisability of the option as may be determined from time to time by the Administrator; (vi) restrictions on the transfer of the option and forfeiture provisions; and (vii) such further terms and conditions not inconsistent with the plan as may be determined from time to time by the Administrator. Unless otherwise specifically determined by the Administrator or otherwise set forth in the Incentive Plan, the vesting of an option will occur only while the participant is employed or rendering services to us or one of our subsidiaries, and all vesting will cease upon a participant's termination of employment for any reason.

The Administrator may grant annual performance vested options. Performance will be tied to annual cash flow targets (our consolidated income plus depreciation plus amortization) in amounts to be determined. Annual performance vested options will vest 25% for each year that the annual cash flow target is achieved (with provisions for subsequent year catch-ups). Neither our management nor our compensation committee, however, has through the year ended December 31, 2023 made any awards that were contingent upon the achievement of specified performance goals or that were otherwise performance-vested. Rather, through 2022, all grants were made in the discretion of our compensation committee based upon their authority under the Incentive Plan.

The Administrator may grant cumulative performance vested options. Performance will be tied to cumulative cash flow in amounts to be determined for periods to be determined.

The Administrator may issue other options based upon the following performance criteria either individually, alternatively, or in any combination, applied to either us as a whole or to a business unit, subsidiary, or business segment, either individually, alternatively, or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Administrator: (i) cash flow; (ii) earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings) ; (iii) earnings per share; (iv) growth in earnings or earnings per share; (v) stock price; (vi) return on equity or average shareholders' equity; (vii) total shareholder return; (viii) return on capital; (ix) return on assets or net assets; (x) return on investment; (xi) revenue; (xii) income or net income; (xiii) operating income or net operating income; (xiv) operating profit or net operating profit; (xv) operating margin; (xvi) return on operating revenue; (xvii) market share; (xviii) overhead or other expense reduction; (xix) growth in shareholder value relative to the moving average of the S&P 500 Index or a peer group index; (xx) strategic plan development and implementation; and (xxi) any other similar criteria.

Such options will vest and expire (including on a pro rata basis) on such terms as may be determined by the Administrator from time to time consistent with the terms of the Incentive Plan.

The Administrator may award shares of our common stock to participants. The grant, issuance, retention, or vesting of each stock award may be subject to such performance criteria and level of achievement versus these criteria as the Administrator determines, which criteria may be based on financial performance, personal performance evaluations, or completion of service by the participant. Unless otherwise provided for by the Administrator, upon the participant's termination of employment other than due to death or retirement, the unvested portions of the stock award and the shares of our common stock subject thereto will generally be forfeited. Unless otherwise provided for by the Administrator, if a participant's termination of employment is due to death or retirement, all outstanding stock awards will continue to vest provided certain conditions to be determined are met. Unless otherwise provided for by the Administrator, if a participant's termination of employment is due to his death, a portion of each outstanding stock award granted to such participant will immediately vest and all forfeiture provisions and repurchase rights will lapse as to a prorated number of shares of common stock determined by dividing the number of whole months since the grant date by the number of whole months between the grant date and the date that the stock award would have fully vested.

The Administrator may grant stock appreciation rights either alone or in conjunction with other awards. The Administrator will determine the number of shares of common stock to be subject to each award of stock appreciation rights. The award of stock appreciation rights will not be exercisable for at least six months after the date of grant except as the Administrator may otherwise determine in the event of death, disability, retirement, or voluntary termination of employment of the participant. Except as otherwise provided by the Administrator, the award of stock appreciation rights will not be exercisable unless the person exercising the award of stock appreciation rights has been at all times during the period beginning with the date of the grant thereof and ending on the date of such exercise, employed by or otherwise performing services for us or one of our subsidiaries.

In the event there is a change in control of the Company, as determined by our board, our board may, in its discretion: (i) provide for the assumption or substitution of, or adjustment to, each outstanding award; (ii) accelerate the vesting of awards and terminate any restrictions on cash awards or stock awards; and (iii) provide for the cancellation of awards for a cash payment to the participant.

**Federal Income Tax Consequences of the Incentive Plan**

Upon the exercise of a non-qualified stock option, a participant in the Incentive Plan will realize income in the year of exercise equal to the difference between the exercise price and the value of the shares acquired, and we may deduct an amount equal to the income recognized by the participant, subject to the limits under applicable laws. We will not receive a tax deduction at the time of a grant or exercise of an incentive stock option, and no income is recognized by a participant when an incentive stock option is granted or exercised. When an incentive stock option is exercised, the difference between fair market value at the date of exercise and the exercise price will be an item of adjustment for purposes of calculating the participant's alternative minimum tax for the year of exercise.

If the shares of our common stock acquired upon exercise of an incentive stock option are disposed of after the later of two years from the date of option grant or one year after the transfer of the shares to the participant (the "holding period"), any gain or loss upon disposition of the shares will be treated for federal income tax purposes as long-term capital gain or loss, as the case may be. A disposition includes a sale, exchange, gift or other transfer of legal title. In general, a participant's basis in the shares of our common stock received upon exercise of an incentive option will be the exercise price paid by him or her for the shares. If the option shares are disposed before the expiration of the holding period, all or part of any gain will be characterized as ordinary income depending upon the relative amount of the sale price of the shares as compared with the exercise price of the shares. The amount of ordinary income realized by an employee in a sale or exchange for which a loss would be recognized is limited to the excess of the amount realized on the sale or exchange over the stock's adjusted basis.

Ordinary income received on account of a disposition of shares within the holding period will be taxable as additional compensation, and we may treat that income as a deductible expense for federal income tax purposes.

*Retirement Benefits*

We adopted a 401(k) plan for FutureFuel Chemical Company which is generally available to all of its employees.

*Life Insurance and Other Employee Benefits*

Our executive officers generally participate in employee welfare plans (life insurance, medical insurance, disability insurance, vacation pay, and the like) maintained by FutureFuel Chemical Company for all of its employees.

*The Compensation Committee*

Our compensation committee currently consists of Donald C. Bedell (Chair), Dale E. Cole, and Terrance C.Z. Egger. Each of these individuals is an "independent director" under the rules of the NYSE, a "Non-Employee Director" within the meaning of Section 16 of the Exchange Act, and an "outside director" within the meaning of §162(m) of the Internal Revenue Code of 1986, as amended.

*Recommendations from Management*

Our chairman and chief executive officer make recommendations to the compensation committee regarding salaries and bonuses for executive officers, as well as awards under the Incentive Plan. The compensation committee takes these recommendations into consideration in approving all such salaries, bonuses, and awards.

**Summary Compensation Table**

Our executive officers were paid the following compensation for the three-year period ended December 31, 2023.

**Summary Compensation Table**

**(Dollars in thousands)**

| Person | Year | Salary | Bonus | Stock Awards (f) | Option Awards (g) | All Other Compensation (h) | Total |
|---|---|---|---|---|---|---|---|
| Tom McKinlay (a), (d) | 2023 | $ 442 | $ 206 | $ - | $ - | $ 51 | $ 699 |
| Chief Executive Officer and former | 2022 | 287 | 150 | - | - | 49 | 486 |
| Chief Operating Officer FutureFuel Chemical Company | 2021 | 287 | 125 | - | - | 14 | 426 |
| Rose M. Sparks (a), (b) | 2023 | 280 | 152 | - | - | 128 | 560 |
| Chief Financial Officer, principal financial officer, and treasurer, | 2022 | 212 | 110 | - | - | 58 | 380 |
| FutureFuel Corp. and FutureFuel Chemical Company | 2021 | 191 | 95 | - | - | 55 | 341 |
| Charles Lyon (a), (c) | 2023 | 271 | 149 | - | - | 45 | 465 |
| Chief Commerical Officer FutureFuel Corp. | 2022 | 225 | 111 | - | - | 44 | 380 |
| and FutureFuel Chemical Company | 2021 | 68 | - | - | - | 77 | 145 |
| Kyle Gaither (a), (e) | 2023 | 248 | 145 | - | - | 24 | 417 |
| Chief Operations Officer FutureFuel Corp. and FutureFuel Chemical Company | | | | | | | |

(a) Executive officers of FutureFuel Chemical Company for the years indicated.

(b) For Mrs. Sparks, all other compensation includes director fees of $105, $37 and $32 in 2023, 2022, and 2021, respectively.

(c) Mr. Lyon was hired on September 7, 2021.

(d) Mr. McKinlay was appointed as chief executive officer on July 31, 2022 upon Mr. Novelly's retirement. In 2023, the compensation committee approved an adjustment to Mr. McKinlay's base salary to $400 per annum and that resulted in a lump sum payment in February 2023 of $56 (based on a deemed retroactive adjustment to August 2022). This lump sum payment is included in Mr. McKinlay's compensation for 2023.

(e) Mr. Gaither was appointed Chief Operations Officer effective February 9, 2023. Prior to such appointment, Tom McKinlay served in this role.

(f) Represents the grant date valuation of the awards under ASC Topic 718, *Stock Compensation*. Assumptions used for determining the value of awards reported here are set forth in Note 17 to our consolidated financial statements included elsewhere herein.

(g) Represents the grant date valuation of all stock option awards under ASC 718, *Stock Compensation*, using the Black-Scholes option-pricing model, excluding the effect of estimated forfeitures. Assumptions used in the calculation of these amounts are included in Note 17 to our consolidated financial statements included elsewhere herein. These amounts do not necessarily correspond to the actual value recognized or that may be recognized by the named executive officers.

(h) Includes contributions (including accrued contributions) to vested and unvested defined contribution plans, HSA matching contributions, and the dollar value of any insurance premiums paid by, or on behalf of, us during or for the covered fiscal year with respect to life and disability insurance for the benefit of the named person. The above amounts do not include travel expenses reimbursed pursuant to Company policy. For 2023, the value of all other compensation not a perquisite or personal benefit in excess of $10 was for 401(k) match for $16 to Mrs. Sparks, $14 to Mr. Lyon, and $10 to Mr. Gaither.

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### Grants of Plan-Based Awards

No stock options were awarded to our executive officers in 2023.

### Outstanding Equity Awards at Fiscal Year-End

| | Option Awards | | | | |
|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#)Unexercisable | Equity Incentive Plan Awards: Number of Options (#) | Option Exercise Price ($) | Option Expiration Date |
| Tom McKinlay(a) | 4,000 | 0 | 0 | 11.56 | 1/21/2025 |
| Rose M. Sparks(b) | 10,000 | 0 | 0 | 12.07 | 9/27/2024 |

(a) In January 2020, we granted 24,000 stock options to Tom McKinlay as our chief operating officer. The options awarded have an exercise price equal to the mean between the highest and lowest quoted sales prices for the Company's common stock as of the grant date as reported by the New York Stock Exchange. The options awarded vested immediately and expire on January 21, 2025. Please see Note 17 to our consolidated financial statements for a discussion of the Company's plan-based awards.
(b) In September 2019, we granted 10,000 stock options to Rose M. Sparks in connection with her appointment to our board of directors and in her capacity as a board member. The options awarded have an exercise price equal to the mean between the highest and lowest quoted sales price for the Company's common stock as of the grant date as reported by the New York Stock Exchange. The options awarded vested immediately and expire on September 17, 2024. This same information is reflected in the unexercised options, stock awards, and equity in incentive plan table in the Compensation of Directors table below. See note 17 to our consolidated financial statements for a discussion of the Company's plan-based awards.

### Option Exercises and Stock Vested

No options were exercised by our executive officers in 2023. No stock awards vested in 2023.

### Potential Payments upon Termination or Change in Control

None.

### Compensation of Directors

For 2023, our directors received an annual fee of $50, prorated if their service was for less than the full year. Committee heads received an additional $25 (chairman of the board), $20 (audit committee chairman), or $10 (other committee chairmen), on an annual basis, again prorated if serving as committee chairman for less than the full year. The compensation committee also approved the payment to our directors of $5 for each board meeting and $2.5 for each committee meeting, whether attended in person or telephonically.

The following was the compensation paid to our directors for 2023.

| Director | Fees Earned or Paid in Cash ($) | Stock Awards ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Paul A. Novelly | 135 | 0 | 0 | 0 | 0 | 0 | 135 |
| Donald C. Bedell | 146 | 0 | 0 | 0 | 0 | 0 | 146 |
| Paul M. Manheim | 145 | 0 | 0 | 0 | 0 | 0 | 145 |
| Dale E. Cole | 141 | 0 | 0 | 0 | 0 | 0 | 141 |
| Terrance C.Z. Egger | 141 | 0 | 0 | 0 | 0 | 0 | 141 |
| Alain Louvel | 120 | 0 | 0 | 0 | 0 | 0 | 120 |
| P.A. Novelly, II* | 115 | 0 | 0 | 0 | 0 | 0 | 115 |
| Ron J. Kruszewski* | 110 | 0 | 0 | 0 | 0 | 0 | 110 |
| Rose Sparks | 105 | 0 | 0 | 0 | 0 | 0 | 105 |

*Director fees were designated to be paid to a charitable organization by P.A. Novelly, II and Ron J. Kruszewski in the amount of $115 and $20, respectively.

For 2024, the compensation committee reviewed and approved this fee schedule as reasonable and appropriate compensation to our directors and determined to use the same fee structure as 2023.

The following table sets forth information concerning unexercised options, stock awards that have not vested, and equity incentive plan awards as of December 31, 2023, with respect to our directors.

| | Option Awards | | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Equity Incentive Plan Awards: Number of Securities Unexercised Unearned Options (#) | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested ($) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) |
| Rose Sparks | 10,000 | 0 | 0 | 12.07 | 9/17/2024 | 0 | 0 | 0 | 0 |
| P.A. Novelly, II | 10,000 | 0 | 0 | 7.18 | 8/1/2027 | 0 | 0 | 0 | 0 |
| Ron Kruszewski | 10,000 | 0 | 0 | 7.18 | 8/1/2027 | 0 | 0 | 0 | 0 |

(a) In August 2022 and December 2019, we granted a total of 20,000 and 10,000, respectively, stock options to our new board members. The options awarded have an exercise price equal to the mean between the highest and lowest quoted sales prices for the Company's common stock as of the grant date as reported by the New York Stock Exchange. The options awarded vested immediately and expire on August 1, 2027 and September 17, 2024, respectively. See Note 17 to our consolidated financial statements for a discussion of the company's plan-based awards.

### Pay Ratio Disclosure

This section provides the annual ratio of the median employee's annual total compensation to the total annual compensation of the principal executive officer ("PEO"). The Company's PEO is Mr. Tom McKinlay. The purpose of this disclosure is to provide a measure of the equitability of pay within the organization. The Company believes its compensation philosophy and process yield an equitable result.

Median total annual compensation of all employees other than our PEO: $70,819

PEO total annual compensation: $675,560

Ratio of PEO to Median Employee Compensation – 9.54

In determining the median employee, a listing was prepared of all full and part-time employees as of December 31, 2023. Employees' actual gross wages and salaries were used for the full year of 2023. The median amount was selected from the list. For simplicity, the value of the Company's 401(k) plan and medical benefits provided was excluded. As of December 31, 2023, the Company employed 515 persons of which approximately 341 were in an operations role.

### Compensation Committee Interlocks and Insider Participation

The members of our compensation committee during 2023 were Donald C. Bedell, Terrance C.Z. Egger, and Dale E. Cole. The committee was chaired by Mr. Bedell. None of such individuals are or have been an officer or employee of the Company, nor did we enter into any transactions with such individuals during 2023 (other than the payment of directors' fees and other compensation, as noted above, solely in their capacity as directors).

Mr. Novelly, Mr. Novelly, II, Mr. Bedell (one of our directors and the chair of our compensation committee), and Mr. Manheim (one of our directors and the chair of the audit committee) are directors of World Point Terminals, Inc., a Delaware company based in Missouri that, through its operating subsidiaries, owns and operates petroleum storage facilities in the United States. World Point Terminals, Inc. does not have a separate compensation committee.

### Compensation Committee Report

The compensation committee of our board has reviewed and discussed the Compensation Discussion and Analysis set forth above with our management. Based on this review and discussions, the compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this annual report on Form 10-K.

Donald C. Bedell (chair), Terrance C.Z. Egger, and Dale E. Cole

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

**Securities Authorized for Issuance Under Equity Compensation Plans**

Our board of directors adopted the Incentive Plan which was approved by our shareholders at our 2017 annual shareholder meeting. We do not have any other equity compensation plans or individual equity compensation arrangement. Under the Incentive Plan, awards are limited to 10% of the issued and outstanding shares of our common stock in the aggregate. The shares to be issued under the Incentive Plan were registered with the SEC on a Form S-8 filed on November 9, 2017. Through December 31, 2022, we have issued options to purchase 64,000 shares of our common stock, of which options to purchase 44,000 shares remain issued and outstanding, but have awarded no shares to participants under the Incentive Plan. The following additional information regarding the Incentive Plan is as of December 31, 2023.

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by security holders | 34,000 | $ 9.13 | 4,310,167 |

**Security Ownership of Certain Beneficial Owners**

As of the date of this report, 43,763,243 shares of our common stock are issued and outstanding, and we have no other securities issued and outstanding. The shares of common stock are our only voting securities issued and outstanding. The following table sets forth the number and percentage of shares of common stock owned by all persons known by us to be the beneficial owners of more than 5% of shares of our common stock as of February 25, 2024.

| Name and Address of Beneficial Owner | Amount of Beneficial Ownership | Percent of Common Stock |
|---|---|---|
| Paul Anthony Novelly II (a)<br>8235 Forsyth Blvd., 4th Floor<br>Clayton, MO 63105 | 17,470,100 | 39.9% |
| Dimensional Fund Advisors LP (b)<br>6300 Bee Cave Road, Building One<br>Austin, TX 78746 | 2,516,806 | 5.8% |
| BlackRock, Inc. (c)<br>55 East 52nd Street<br>New York, NY 10055 | 2,226,538 | 5.1% |

(a) Includes 17,085,100 shares of common stock held by St. Albans Global Management, LLC and 375,000 shares of common stock held by Apex Holding Co. Mr. Novelly II is the sole manager of SAGM Holdings, LLC, which is the manager of St. Albans Global Management, LLC and the chief executive officer of Apex Holding Co., and thereby has voting and investment power over such shares and may be deemed to share beneficial ownership. Also includes 10,000 shares that may be acquired pursuant to the exercise of options awarded under the Incentive Plan.

(b) Based solely upon an Amendment to Schedule 13G/A filed with the SEC by the listed person on February 9, 2024. According to the filing, Dimensional Fund Advisors LP furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager or sub-advisor to certain other commingled funds, group trusts and separate accounts (collectively, the “Funds”). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-advisor to certain Funds. In its role as investment advisor, sub-advisor and/or manager, Dimensional Fund Advisors LP or its subsidiaries (collectively, “Dimensional”) may possess voting and/or investment power over the securities of the Issuer that are owned by the Funds, and may be deemed to be the beneficial owner of the shares of the Issuer held by the Funds. However, all securities reported above are owned by the Funds. Dimensional reported power to vote or to direct the vote of 2,461,095 shares and sole power to dispose or to direct the disposition of 2,516,806 shares. Dimensional disclaims beneficial ownership of such securities.

(c) Based solely upon an Amendment to Schedule 13G/A filed with the SEC by the listed person on January 31, 2024. According to the filing, BlackRock, Inc. filed the Schedule 13G amendment as the parent holding company or control person of Aperio Group, LLC, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Financial Management, Inc., and BlackRock Investment Management, LLC. BlackRock, Inc. reported sole voting power over 2,179,664 shares and sole dispositive power over 2,226,538 shares.

### Security Ownership of Management

The following table sets forth information regarding the beneficial ownership of our common stock as of the date of this report by each of our directors and executive officers and the executive officers of FutureFuel Chemical Company. Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned by them and none of such shares have been pledged as security.

| Name of Beneficial Owner | Amount of Beneficial Ownership | Percent of Common Stock |
|---|---|---|
| Paul A. Novelly II (a) | 17,470,100 | 39.9% |
| Paul A. Novelly | 265,000 | * |
| Donald C. Bedell (b) | 87,950 | * |
| Rose M. Sparks (c) | 24,283 | * |
| Tom McKinlay (d) | 24,000 | * |
| Paul M. Manheim | 13,103 | * |
| Ron J. Krusweski (c) | 10,000 | * |
| Terrance C.Z. Egger | 4,895 | * |
| Dale E. Cole | 2,516 | * |
| Kyle Gaither | 1,161 | * |
| All directors and executive officers | 17,903,008 | 40.9% |

** less than 1%*

(a) Includes 17,085,100 shares of common stock held by St. Albans Global Management, LLC and 375,000 shares of common stock held by Apex Holding Co. Mr. Novelly II is the sole manager of SAGM Holdings, LLC, which is the manager of St. Albans Global Management, LLC, and the chief executive officer of Apex Holding Co. and thereby has voting and investment power over such shares and may be deemed to share beneficial ownership. Includes 10,000 shares that may be acquired pursuant to the exercise of options awarded to Mr. Novelly II as director under the Incentive Plan.

(b) Includes 2,500 shares of common stock owned by the Alexandra Nicole Bedell Trust, a trust established by Mr. Bedell for his granddaughter as to which Mr. Bedell serves as trustee but holds no pecuniary interest; Mr. Bedell disclaims beneficial ownership of all shares of our common stock held by this trust. Includes 2,553 shares of common stock owned by the Ashlyn Tate Bedell Trust, a trust established by Mr. Bedell for his granddaughter as to which Mr. Bedell serves as trustee but holds no pecuniary interest; Mr. Bedell disclaims beneficial ownership of all shares of our common stock held by this trust. Includes 2,500 shares of common stock owned by the Hailey Bedell Trust, a trust established by Mr. Bedell for his granddaughter as to which Mr. Bedell serves as trustee but holds no pecuniary interest; Mr. Bedell disclaims beneficial ownership of all shares of our common stock held by this trust. Includes 86,197 shares of our common stock held by the Africa Exempt Trust, of which Mr. Bedell is a beneficiary. Includes 200 shares of common stock owned by the Charlie Cash Bedell Trust, a trust established by Mr. Bedell for his grandson as to which Mr. Bedell serves as trustee but holds no pecuniary interest; Mr. Bedell disclaims beneficial ownership of all shares of our common stock held by this trust.

(c) Includes 10,000 shares that may be acquired pursuant to the exercise of options awarded under the Incentive Plan.

(d) Includes 4,000 shares that may be acquired pursuant to the exercise of options awarded under the Incentive Plan.

### Change in Control

We are not aware of any arrangement the operation of which may at a date subsequent to the date of this report result in a change of control of our company.

## Item 13. Certain Relationships and Related Transactions, and Director Independence.

### Transactions with Related Persons

From time to time, we may sell to Apex Oil Company, Inc. and/or its affiliates biofuels (including biodiesel) produced by us, and Apex Oil Company, Inc. and/or its affiliates may sell to us, or we may sell to them, diesel fuel, gasoline, natural gas, and other petroleum products in our biofuels business. Such sales will be at then posted prices for comparable products plus or minus applicable geographical differentials. We also may reimburse Apex Oil Company, Inc. for certain legal, trading and administrative services. The dollar amounts of such transactions and other related party transactions are detailed in Note 20 to our consolidated financial statements included elsewhere herein.

### Review, Approval, or Ratification of Transactions with Related Persons

Any transaction in which we (or one of our subsidiaries) are a participant, the amount involved exceeds the lesser of $120 or 1% of our net income, total assets, or total capital, and in which any party related to us has or will have a direct or indirect material interest must be approved by a majority of the disinterested members of our board of directors as fair to us and our shareholders. This policy was adopted by our board on January 8, 2007 and amended on February 2, 2011, and can be found through the “Investors - Corporate Governance” section of our website (https://futurefuel-corporation.ir.rdgfilings.com/corporate-governance/). All of the agreements described above in this Item 13 and in Note 20 to our consolidated financial statements have been approved by a majority of the disinterested members of our board of directors.

In addition, we adopted a Code of Business Conduct and Ethics which sets forth legal and ethical standards of conduct for our directors, officers, and employees and the directors, officers, and employees of our subsidiaries. This Code is designed to deter wrongdoing and to promote: (i) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; (ii) full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the SEC and in other public communications made by us; (iii) compliance with applicable governmental laws, rules, and regulations; (iv) the prompt internal reporting of violations of this Code to appropriate persons identified in this Code; and (v) accountability for adherence to this Code. This Code was adopted by our board on November 30, 2005 and was amended on February 3, 2011, January 1, 2016, and August 5, 2023, is in writing, and can be found through the “Investors - Corporate Governance” section of our website (https://futurefuel-corporation.ir.rdgfilings.com/corporate-governance/). Each of the transactions described above (under the caption “Transactions with Related Persons”) was undertaken in compliance with our Code of Business Conduct and Ethics and approved by a majority of the disinterested members of our board of directors.

### Director Independence

The SEC has promulgated Rule 10A-3, which sets forth the independence requirements for members of an audit committee. The following members of our board of directors are independent under the SEC’s definitions of independence:

Donald C. Bedell
Paul M. Manheim
Terrance C.Z. Egger
Dale E. Cole
Ron J. Kruszewski
G. Bruce Greer

Each member of our board of directors’ compensation, audit, and nominating/corporate governance committees are comprised of directors who are independent under the definition of independence adopted by the NYSE.

**Item 14. Principal Accountant Fees and Services.**

**Audit Fees**

During fiscal 2023 and 2022, we incurred $445,000 and $477,000, respectively for audit and financial statement review services from RSM US LLP.

**Audit-Related Fees**

During fiscal 2023 and 2022, we incurred $16,000 and $15,000, respectively, for each year's employee benefit plan audit procedures from RSM US LLP.

**Tax Fees**

During fiscal 2023 and 2022, we incurred fees of $0 and $0, respectively, for tax compliance, tax advice and tax planning services from RSM US LLP.

**All Other Fees**

We did not incur any other fees for other services from RSM US LLP during fiscal 2023 or fiscal 2022.

**Pre-Approval Policies**

Our audit committee approves the engagement of our independent auditors prior to their rendering audit or non-audit services and sets their compensation. Pursuant to SEC regulations, our audit committee approves all fees payable to the independent auditors for all routine and non-routine services provided. Our audit committee considers and approves the budget for the annual audit and financial statement review services prior to the initiation of the work. Non-routine services in the ordinary course of business, which are not prohibited under SEC regulation, such as tax planning, tax compliance, and other services are generally pre-approved on a case-by-case basis.

**Percentage of Hours Expended**

N/A

## PART IV

### Item 15. Exhibits and Financial Statement Schedules.

(a) List separately all financial statements filed as part of this report.

1. FutureFuel Corp.'s audited consolidated Balance Sheets as at December 31, 2023 and 2022 and the related consolidated Statements of Operations, Statements of Changes in Stockholders' Equity, and Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021.

(b) Exhibits required by Item 601 of Regulation S-K.

3.1. Fourth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit No. 3.3.f to Amendment No. 2 to Form 10 filed February 29, 2008)

3.2. FutureFuel Corp.'s Bylaws (incorporated by reference to Exhibit No. 3.2.a to Form 10 filed April 24, 2007)

4.1. Registration Rights Agreement dated July 12, 2006 among FutureFuel Corp., St. Albans Global Management, Limited Partnership, LLLP, Lee E. Mikles as Trustee of the Lee E. Mikles Gift Trust dated October 6, 1999, Lee E. Mikles as Trustee of the Lee E. Mikles Revocable Trust dated March 26, 1996, Douglas D. Hommert as Trustee of the Douglas D. Hommert Revocable Trust, Edwin A. Levy, Joe C. Leach, Mark R. Miller, RAS LLC, Edwin L. Wahl, Jeffery H. Call and Ken Fenton (incorporated by reference to Exhibit No. 4.5 to Form 10 filed April 24, 2007)

4.2. Description of common stock (incorporated by reference to Exhibit No.4.2 to Form 10-K filed March 16, 2021).

10.1. Registrar Agreement dated June 27, 2008 between FutureFuel Corp. and Computershare Investor Services (Channel Islands) Limited (incorporated by reference to Exhibit No. 10.2 to Form 10-K filed March 16, 2009)

10.2. Storage and Thruput Agreement dated November 1, 2006 between FutureFuel Chemical Company and Center Point Terminal Company (incorporated by reference to Exhibit No. 10. to Form 10 filed April 24, 2007)

10.3 Commodity Trading Advisor Agreement dated November 1, 2006 between FutureFuel Chemical Company and Apex Oil Company, Inc., as amended (incorporated by reference to Exhibit No. 10.5 to Form 10 filed April 24, 2007 and Exhibit No. 10.3 to Form 10-Q filed August 10, 2015)

10.4. Service Agreement dated November 1, 2006 between FutureFuel Corp. and Pinnacle Consulting, Inc. (incorporated by reference to Exhibit No. 10.6 to Form 10 filed April 24, 2007)

10.5. Time Sharing Agreement dated April 18, 2007 between Apex Oil Company, Inc. and FutureFuel Corp. (incorporated by reference to Exhibit No. 10.15 to Form 10 filed April 24, 2007)

| | |
|---|---|
| 10.6 | Omnibus Incentive Plan (incorporated by reference to Appendix A to Schedule 14A filed July 26,2017) |
| 10.7 | Amended and Restated Credit Agreement dated as of March 30, 2020 by and among FutureFuel Corp. and FutureFuel Chemical Company, certain Subsidiaries from time to time party thereto, as guarantors, the Lenders from time to time party thereto, and Regions Bank, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.21 to Form 10-Q filed May 8, 2020) |
| 10.8 | Amended and Restated Pledge and Security Agreement dated as of March 30, 2020 among the Obligors party thereto and Regions Bank, in its capacity as collateral agent (incorporated by reference to Exhibit 10.22 to Form 10-Q filed May 8, 2020) |
| 10.9 | First Amendment to Amended and Restated Credit Agreement, dated as of March 1, 2023, by and among FutureFuel Corp. and FutureFuel Chemical Company, certain Subsidiaries from time to time party thereto, as guarantors, the Lenders from time to time party thereto, and Regions Bank as administrative agent and collateral agent (incorporated by reference to Exhibit 10.10 to Form 10-K filed March 14, 2023). |
| 19.1 | FutureFuel Corp. Insider Trading Policy |
| 21.1 | Subsidiaries of FutureFuel Corp. |
| 23.1 | Consent of RSM US LLP |
| 31.1 | Rule 13a-15(e)/15d-15(e) Certification of chief executive officer |
| 31.2 | Rule 13a-15(e)/15d-15(e) Certification of principal financial officer |
| 32.1 | Section 1350 Certification of chief executive officer and principal financial officer |
| 97.1 | FutureFuel Corp. Clawback Policy |
| 101.1 | Interactive Data Files** |
| 101.INS | Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

**Item 16. Summary**

Registrants may voluntarily include a summary of information required by Form 10-K under this Item 16. The Company has elected not to include such summary information.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FUTUREFUEL CORP.

By: /s/ Rose M. Sparks

Rose M. Sparks, Chief Financial Officer, Principal Financial Officer, and Principal Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated**.**

/s/ Tom McKinlay

Tom McKinlay, Chief Executive Officer

By: /s/ Rose M. Sparks

Rose M. Sparks, Chief Financial Officer, Principal Financial Officer, and Principal Accounting Officer

/s/ Paul A. Novelly

Paul A. Novelly, Chairman and Director

/s/ Donald C. Bedell

Donald C. Bedell, Vice Chairman and Director

/s/ Paul M. Manheim

Paul M. Manheim, Director

/s/ Dale E. Cole

Dale E. Cole, Director

/s/ Terrance C.Z. Egger

Terrance C.Z. Egger, Director

/s/ Ron J. Kruszewski

Ron J. Kruszewski, Director

/s/ P.A. Novelly, II

P.A. Novelly, II, Director

/s/ Rose M. Sparks

Rose M. Sparks, Director

Date: March 14, 2024

**Exhibit 19.1**

**Approved by FutureFuel Corp.'s Board of Directors on February 3, 2011, as amended on May 27, 2022**

**FUTURE FUEL CORP.**
**INSIDER TRADING POLICY**

FutureFuel Corp., a Delaware corporation (the "***Company***"), hereby adopts the following Insider Trading Policy (the "***Policy***"). This Policy applies to the Company and its subsidiaries, and each of their employees, officers, and directors. The Company reserves the right to amend, alter, or terminate this Policy at any time for any reason.

The purchase or sale of securities while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in the Company's securities, is prohibited by the federal securities laws. Insider trading violations are pursued vigorously by the United States Securities and Exchange Commission (the "***SEC***") and federal prosecutors and are punished severely. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

The Company's board of directors ("***Board***") has adopted this Policy, as amended to date, both to satisfy the Company's obligation to prevent insider trading and to help Company personnel avoid the severe consequences associated with violations of the insider trading laws. The Policy also is intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company (and not just "insiders").

**Consequences of Insider Trading**

The consequences of an insider trading violation can be severe and can include civil and criminal liability (including fines in excess of $1,000,000) for both Company personnel who trade on (or tip) inside information and for the Company and its management.

An employee's failure to comply with the Company's insider trading policy may subject the employee to Company-imposed sanctions, including dismissal for cause, whether or not the employee's failure to comply results in a violation of law.

**Policy Statement**

It is the policy of the Company that no director, officer, or other employee of the Company who is aware of material nonpublic information relating to the Company may, directly or through family members or other persons or entities: (i) buy or sell securities of the Company (other than pursuant to a pre-approved Trading Plan, as defined below, that complies with SEC Rule 10b5-1), or engage in any other action to take personal advantage of that information; or (ii) pass that information on to others outside the Company, including family and friends. In addition, it is the policy of the Company that no director, officer, or other employee of the Company who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities until the information becomes public or is no longer material.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not excepted from this Policy. The securities laws do not recognize such mitigating circumstances and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

*Disclosure Of Information To Others.*

The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not, therefore, disclose information to anyone outside the Company, including family members and friends, other than in accordance with those procedures. You also may not discuss the Company or its business in an internet "chat room" or similar internet-based forum.

*Material Information.*

Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect the Company's stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material are:

- Projections of future earnings or losses, or other earnings guidance;
- Earnings that are inconsistent with the Company's expectations;
- A pending or proposed merger, acquisition, or tender offer;
- A pending or proposed acquisition or disposition of a significant asset;
- A change in dividend policy, the declaration of a stock split, or an offering of additional securities;
- A change in management;
- Development of a significant new product or process;
- Impending bankruptcy or the existence of severe liquidity problems; or
- The gain or loss of a significant customer or supplier.

*When Information is "Public".*

If you are aware of material nonpublic information, you may not trade until the information has been disclosed broadly to the marketplace (such as by press release) and the investing public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, information should not be considered fully absorbed by the marketplace until after the second business day after the information is released.

*Transactions by Family Members.*

This Policy also applies to your family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in company securities). You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in the Company's securities.

*Transactions Under Company Plans.*

<u>Stock Option Exercises</u>. This Policy does not apply to the exercise of an employee stock option, or to the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

401(k) Plan. This Policy does not apply to purchases of Company stock in the 401(k) plan resulting from your periodic contribution of money to the plan pursuant to your payroll deduction election. This Policy does apply, however, to certain elections you may make under the 401(k) plan, including: (i) an election to increase or decrease the percentage of your periodic contributions that will be allocated to the Company stock fund; (ii) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund; (iii) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company stock fund balance; and (iv) your election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company stock fund.

*Additional Prohibited Transactions.*

The Company considers it improper and inappropriate for any director, officer, or other employee of the Company to engage in short-term or speculative transactions in the Company's securities. It therefore is the Company's policy that directors, officers, and other employees may not engage in any of the following transactions.

Short-term Trading. An employee's short-term trading of the Company's securities may be distracting to the employee and may unduly focus the employee on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, any director, officer, or other employee of the Company who purchases Company securities in the open market may not sell any company securities of the same class during the six months following the purchase.

Short Sales. Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy.

Publicly Traded Options. A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that the director or employee is trading based on inside information. Transactions in options also may focus the director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls, or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy. Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions."

Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the director or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the director or employee may no longer have the same objectives as the Company's other shareholders. Therefore, the Company strongly discourages you from engaging in such transactions. Any person wishing to enter into such an arrangement must first pre-clear the proposed transaction with the Board. Any request for pre-clearance of a hedging or similar arrangement must be submitted to the Board at least two weeks prior to the proposed execution of documents evidencing the proposed transaction and must set forth a justification for the proposed transaction. The Company may withhold its consent to such transaction in its sole discretion.

Margin Accounts and Pledges. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities, directors, officers, and other employees are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan. An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company securities as collateral for a loan must submit a request for approval to the Board at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.

*Covered Persons*

***"Covered Persons***" means (i) all directors of the Company, (ii) all executive officers, vice presidents and general managers of the Company, (iii) all employees working in the finance or legal departments, and (iv) certain other employees that the Company may designate from time to time as Covered Persons because of their position, responsibilities or their actual or potential access to material information.

Regardless of whether or not they are aware of any material nonpublic information, Covered Persons (as defined below) may not buy or sell the Company's securities during the following periods (each, a "***Blackout Period***"): (i) the period commencing March 21 and ending after the second business day after the Company files its quarterly report with the SEC for the immediately preceding calendar quarter ending March 31; (ii) the period commencing June 20 and ending after the second business day after the Company files its quarterly report with the SEC for the immediately preceding calendar quarter ending June 30; (iii) the period commencing September 20 and ending after the second business day after the Company files its quarterly report with the SEC for the immediately preceding calendar quarter ending September 30; (iv) the period commencing December 16 and ending after the second business day after the Company files its annual report with the SEC for the immediately preceding calendar year ending December 31; and (v) any other period the Board or an executive officer may designate from time to time due to specific nonpublic facts and circumstances regarding the Company (such as negotiation of mergers, acquisitions or dispositions, investigation and assessment of cybersecurity incidents or new product developments) (a "***Special Blackout Period***"). When a Special Blackout Period is imposed, the Covered Persons to whom such Special Blackout Period applies will be notified, but the Special Blackout Period will not otherwise be announced to the public or other persons within the Company.

As a general principle, Covered Persons should trade in the Company's securities only following the wide dissemination of information on the status of the Company and current results and at those times when there is relative stability in the Company's operations and the market for its securities. Covered Persons should be guided by a sense of fairness to all segments of the investing public.

**Trading Plans**

Notwithstanding the above restrictions on trading in Company securities, persons subject to this Policy may transact in securities pursuant to a pre-existing written plan, contract, instruction, or arrangement under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (a "***Trading Plan***") that:

a. has been entered into in good faith when the individual is not aware of any material nonpublic information about the Company (and for a Covered Person, outside of a Blackout Period),

b. has been reviewed and approved at least 20 days in advance of any trades thereunder by the Chief Financial Officer (or, if revised or amended, such revisions or amendments have been reviewed and approved by the Chief Financial Officer at least 30 days in advance of any subsequent trades); and

c. gives a third party the discretionary authority to execute such purchases and sales, outside the control of the individual, so long as such third party does not possess any material nonpublic information about the Company; or explicitly specifies the security or securities to be purchased or sold, the number of shares, the prices and/or dates of transactions, or other formula(s) describing such transactions.

Frequent amendment or entry into, and then termination of, Trading Plans is discouraged as it can be perceived as a method to circumvent the restrictions of this Policy and the securities laws and will be reviewed on a case-by-case basis by the Chief Financial Officer taking into account the individual's liquidity and other financial needs.

**Pre-Clearance Procedure**

All transactions in the Company's securities by any Covered Persons must be authorized in advance by the Company's Chief Financial Officer. Any clearance obtained in this manner will be valid for three business days (unless otherwise determined by the Chief Financial Officer) and must be renewed if the person fails to execute the purchase or sale within such time. These procedures also apply to transactions by immediate family members of Covered Persons subject to this Policy (including a spouse, a child, parents, grandparents, siblings and in-laws), anyone else who lives in the same household, and any person or entity under such person's influence or control.

**Post-Termination Transactions**

This Policy continues to apply to your transactions in Company securities even after you have terminated employment. If you are in possession of material nonpublic information when your employment terminates, you may not trade in Company securities until that information has become public or is no longer material.

**Company Assistance**

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Company's chief executive officer. Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with the individual employee, officer, or director. Each case must ultimately stand or fall on its own merits. No single rule could possibly cover all situations.

**Dissemination**

This Policy will be distributed to each existing employee, officer, and director of the Company and to each new employee, officer, and director of the Company upon commencement of his or her employment or other relationship with the Company.

**Certifications**

All employees must certify their understanding of, and intent to comply with, this Policy. Each officer and director of the Company must certify their understanding of, intent to comply with, and continued compliance with, this Policy on not less than an annual basis. A copy of the certification that all directors, officers, and employees must sign is attached hereto.

**CERTIFICATION**

I certify that:

1. I have read and understand FutureFuel Corp.'s (the " ***Company***") Insider Trading Policy regarding securities trades by Company personnel (the "***Policy***"). I understand that the Company's chief executive officer is available to answer to any questions I have regarding the Policy.

2. Since February 3, 2011, or such shorter period of time that I have been an employee, officer, or director of the Company, I have complied with the Policy.

3. I will continue to comply with the Policy for as long as I am subject to the policy.

Signature: ______________________________

Name: ______________________________

Date: ______________________________

**Exhibit 21**
**Subsidiaries of FutureFuel Corp.**

FutureFuel Chemical Company, a Delaware corporation

FFC Grain, L.L.C., an Arkansas limited liability company

FutureFuel Warehouse Company, LLC, an Arkansas limited liability company

Legacy Regional Transport, L.L.C., an Arkansas limited liability company

**Exhibit 23.1**
**Consent of RSM US LLP**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statement (No. 333-221457) on Form S-8 of FutureFuel Corp. of our reports, dated March 14, 2024, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of FutureFuel Corp., appearing in this Annual Report on Form 10-K of FutureFuel Corp. for the year ended December 31, 2023.

/s/RSM US LLP

St. Louis, Missouri
March 14, 2024

**Exhibit 31.1**
**Certification**

I, Tom McKinlay, certify that:

1. I have reviewed this report on Form 10-K of FutureFuel Corp. (the “registrant”).

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially effect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2024

/s/ Tom McKinlay

Tom McKinlay
Chief Executive Officer

**Exhibit 31.2**
**Certification**

I, Rose M. Sparks, certify that:

1. I have reviewed this report on Form 10-K of FutureFuel Corp. (the "registrant").

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially effect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 14, 2024

/s/ Rose M. Sparks

Rose M. Sparks
Chief Financial Officer and Principal Financial Officer

**Exhibit 32**
**Certification**
**Pursuant to 18 U.S.C.**
**1350, As Adopted**
**Pursuant to**
**§906 of the Sarbanes-Oxley**
**Act of 2002**

In connection with the Annual Report of Future Fuel Corp. (the "Company") on Form 10-K for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of §13(a) of the Securities Exchange Act of 1934, as amended.

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Tom McKinlay

Tom McKinlay,
Chief Executive Officer

/s/ Rose M. Sparks

Rose M. Sparks,
Chief Financial Officer and Principal Financial Officer

March 14, 2024

**Exhibit 97.1**

**Approved by FutureFuel Corp.'s**
**Board of Directors on May 30, 2023**

**FUTUREFUEL CORP.**
**CLAWBACK POLICY**
**(Effective May 30, 2023)**

**<u>Introduction</u>**

The Board of Directors (the "***Board***") of FutureFuel Corp. (the "***Company***") believes it is in the best interests of the Company and its shareholders to provide competitive compensation packages to executive officers and directors that reward sustained financial and operating performance that creates long-term value for shareholders. The Board has adopted this policy (the "***Policy***") to provide for the recoupment of certain executive compensation in the event of an accounting restatement resulting from material noncompliance with financial reporting requirements under the federal securities laws. For the avoidance of doubt, this Policy applies to awards granted under the Company's 2017 Omnibus Incentive Plan, effective September 7, 2017 (as it may be amended, restated, modified or supplemented from time to time (the "***Incentive Plan***"), and the awards issued pursuant thereto. This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), and the listing standards of New York Stock Exchange LLC and its affiliates (collectively, the "***NYSE***") or any other national securities exchange on which the Company's securities are listed.

**<u>Administration</u>**

This Policy shall be administered by the Board or, for so long as designated by the Board, the Board's compensation committee (the "***Committee***"), in which case references herein to the Board shall be deemed references to the Committee. The Committee shall make a recommendation to the Board for application of this Policy. Any determinations made by the Board shall be final and binding on all affected individuals.

**<u>Covered Participants</u>**

This Policy applies to the Company's current and former executive officers and directors, as determined by the Board in accordance with Section 10D of the Exchange Act, Rule 10D-1 thereunder and the listing standards of the NYSE or any other national securities exchange on which the Company's securities are listed, and such other senior executives and employees of the Company and its subsidiaries, and persons engaged by the Company or by any of its subsidiaries to render services as advisors or consultants, who may from time to time be deemed subject to the Policy by the Board (each, a "***Covered Participant***" and collectively, "***Covered Participants***").

**Recoupment; Accounting Restatement**

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, the Board will require prompt reimbursement or forfeiture of any excess Incentive-Based Compensation received by any Covered Participant during the three completed

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fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement, in addition to any transition period (that results from any change in the Company's fiscal year) within or immediately following such three completed fiscal years (the "***Recoupment Amount***"). The Recoupment Amount shall be computed without regard to any taxes paid by the Covered Participant with respect to such Incentive-Based Compensation. Incentive-Based Compensation is deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award in attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

**Incentive-Based Compensation**

For purposes of this Policy, "***Incentive-Based Compensation***" means any of the following; provided that, such compensation is granted, earned, or vested based wholly or in part upon the attainment of a "***Financial Reporting Measure***" (as defined below):

- Annual bonuses and other short- and long-term cash incentives;
- Restricted stock;
- Restricted stock units;
- Performance shares;
- Performance units;
- Stock options (including incentive stock options and nonqualified stock options);
- Stock awards; and
- Stock appreciation rights.

A "***Financial Reporting Measure***" is a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, including any measure that is derived wholly or in part from such measure, including, but not limited to:

- Cash flow;
- Earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings);
- Earnings per share;
- Growth in earnings or earnings per share;
- Company stock price;
- Return on equity or average shareholders' equity;
- Total shareholder return;
- Return on capital;

- Return on assets or net assets;
- Return on investment;
- Revenue;
- Income or net income;
- Operating income or net operating income;
- Operating profit or net operating profit;
- Operating margin;
- Return on operating revenue;
- Market share;
- Overhead or other expense reduction;
- Growth in shareholder value relative to the moving average of the S&P 500 Index or a peer group index;
- Strategic plan development and implementation; and
- Any other similar criteria.

**Excess Incentive-Based Compensation: Amount Subject to Recovery**

The amount to be recovered will be the excess of the Incentive-Based Compensation paid to the Covered Participant based on the erroneous data over the Incentive-Based Compensation that would have been paid to the Covered Participant had it been based on the restated results, as determined by the Board.

If the Board cannot determine the amount of excess Incentive-Based Compensation received by the Covered Participant directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement.

**Method of Recoupment**

The Board will determine, in its sole discretion, the method for recouping Incentive-Based Compensation hereunder which may include, without limitation:

- Requiring reimbursement of cash Incentive-Based Compensation previously paid;
- Seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Participant;
- Cancelling outstanding vested or unvested equity awards; and/or

- Taking any other remedial and recovery action permitted by law, as determined by the Board.

**No Indemnification**

The Company shall not indemnify any Covered Participant against the loss of any incorrectly awarded Incentive-Based Compensation.

**Interpretation**

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Commission (the "***SEC***"), the NYSE or any national securities exchange on which the Company's securities are listed (collectively, the "***Applicable Rules***").

**Effective Date**

This Policy shall be effective as of the date first set forth above (the " ***Effective Date***") and shall apply to Incentive-Based Compensation that is approved, awarded or granted to Covered Participants, whether prior to, on, or after the Effective Date.

**Amendment; Termination; Applicable Rules**

The Board may amend or terminate this Policy from time to time in its discretion. This Policy shall be interpreted in a manner that is consistent with any Applicable Rule and shall otherwise be interpreted (including in the determination of amounts recoverable) in the business judgment of the Board. To the extent the Applicable Rules require recovery of Incentive-Based Compensation in additional circumstances beyond those specified in this Policy, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules. This Policy shall be deemed to be automatically amended, as of the date the Applicable Rules become effective with respect to the Company, as of the date the Applicable Rules become effective with respect to the Company, to the extent required for this Policy to comply with the Applicable Rules.

**Other Recoupment Rights**

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, stock options award agreement, performance-accelerated restricted shares award agreement, stock appreciation rights award agreement, or other similar agreement or instrument entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Participant to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any compensation plan or policy, employment agreement, equity award agreement, stock options award agreement, performance-accelerated restricted shares award agreement, stock appreciation rights award agreement, or other similar agreement or instrument and any other legal remedies available to the Company.

**Impracticability**

The Board shall recover any excess Incentive-Based Compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with the Applicable Rules.

**Successors**

This Policy shall be binding and enforceable against all Covered Participants and their beneficiaries, heirs, executors, administrators or other legal representatives.