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DELTA REPORT

10-Q

FF - FUTUREFUEL CORP.

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	591
CHANGES	84
DELETIONS	229
ADDITIONS	278

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

FORM 10-Q

(Mark One)

 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2023June 30, 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

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(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 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 9, 2023August 9, 2023: 43,763,243

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

FutureFuel Corp.
Consolidated Balance Sheets
(Dollars in thousands)

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Assets				
Cash and cash equivalents	$ 145,058	$ 175,640	$ 166,690	$ 175,640
Accounts receivable, inclusive of the blenders' tax credit of $7,037 and $8,970, and net of allowances for bad debt of $74 and $48, respectively	25,921	26,198		
Accounts receivable, inclusive of the blenders' tax credit of $9,807 and $8,970, and net of allowances for bad debt of $80 and $48, respectively			28,567	26,198
Accounts receivable – related parties	6	6	7	6
Inventory	69,234	26,761	67,362	26,761
Income tax receivable	1,936	1,959	1,940	1,959
Prepaid expenses	3,169	3,694	1,988	3,694
Prepaid expenses – related parties	12	12	12	12
Marketable securities	37,681	37,126	-	37,126
Other current assets	8,481	2,380	7,707	2,380
Total current assets	291,498	273,776	274,273	273,776
Property, plant and equipment, net	76,899	76,941	75,689	76,941
Other assets	4,881	5,252	4,497	5,252
Total noncurrent assets	81,780	82,193	80,186	82,193
Total Assets	$ 373,278	$ 355,969	$ 354,459	$ 355,969
Liabilities and Stockholders' Equity				
Accounts payable, inclusive of the blenders' tax credit rebates due customers of $890 and $890, respectively	$ 29,009	$ 28,546	$ 22,313	$ 28,546
Accounts payable – related parties	7,824	7,799	7,823	7,799
Deferred revenue – current	3,664	3,772	3,602	3,772
Dividends payable	7,877	10,503	5,252	10,503
Accrued expenses and other current liabilities	5,207	5,477	5,798	5,477
Accrued expenses and other current liabilities – related parties	-	1	-	1
Total current liabilities	53,581	56,098	44,788	56,098
Deferred revenue – non-current	13,913	15,079	13,212	15,079
Other noncurrent liabilities	1,686	1,792	2,236	1,792
Total noncurrent liabilities	15,599	16,871	15,448	16,871
Total liabilities	69,180	72,969	60,236	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 March 31, 2023 and December 31, 2022	4	4		
Accumulated other comprehensive income (loss)	16	(1)		
Common stock, $0.0001 par value, 75,000,000 shares authorized, 43,763,243 and 43,763,243 issued and outstanding as of June 30, 2023 and December 31, 2022			4	4

Accumulated other comprehensive loss			-	(1)
Additional paid in capital	282,489	282,489	282,489	282,489
Retained earnings	21,589	508	11,730	508
Total stockholders' equity	304,098	283,000	294,223	283,000
Total Liabilities and Stockholders' Equity	$ 373,278	$ 355,969	$ 354,459	$ 355,969

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

FutureFuel Corp.

Consolidated Statements of Operations and Comprehensive Income

(Dollars in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,		**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue	$ 74,161	$ 42,074	$ 85,308	$ 117,640	$ 159,469	$ 159,714
Revenue – related parties	20	187	-	156	20	343
Cost of goods sold	51,936	47,219	92,626	113,798	144,562	161,017
Cost of goods sold – related parties	10	1,260	18	1,956	28	3,216
Distribution	558	884	1,216	1,024	1,774	1,908
Distribution – related parties	54	53	40	41	94	94
Gross profit (loss)	21,623	(7,155)				
Gross (loss) profit			(8,592)	977	13,031	(6,178)
Selling, general, and administrative expenses						
Compensation expense	1,138	656	954	701	2,092	1,357
Other expense	1,009	963	874	886	1,883	1,849
Related party expense	153	154	156	150	309	304
Research and development expenses	1,072	679	1,007	755	2,079	1,434
Total operating expenses	3,372	2,452	2,991	2,492	6,363	4,944
Income (loss) from operations	18,251	(9,607)				
(Loss) income from operations			(11,583)	(1,515)	6,668	(11,122)
Interest and dividend income	2,336	664	1,732	747	4,068	1,411
Interest expense	(33)	(32)	(34)	(33)	(67)	(65)
Gain (loss) on marketable securities	533	(4,127)	42	(3,239)	575	(7,366)
Other income	1	-				
Other income (expense)	2,837	(3,495)				
Income (loss) before taxes	21,088	(13,102)				
Other expense			(1)	(2)	-	(2)
Other income (expense)			1,739	(2,527)	4,576	(6,022)
(Loss) income before taxes			(9,844)	(4,042)	11,244	(17,144)
Income tax provision (benefit)	7	(704)	15	(938)	22	(1,642)
Net income (loss)	$ 21,081	$ (12,398)				
Net (loss) income			$ (9,859)	$ (3,104)	$ 11,222	$ (15,502)
Earnings (loss) per common share						
(Loss) earnings per common share						
Basic	$ 0.48	$ (0.28)	$ (0.23)	$ (0.07)	$ 0.26	$ (0.35)
Diluted	$ 0.48	$ (0.28)	$ (0.23)	$ (0.07)	$ 0.26	$ (0.35)

Weighted average shares outstanding						
Basic	43,763,243	43,763,243	43,763,243	43,763,243	43,763,243	43,763,243
Diluted	43,766,536	43,763,243	43,763,243	43,763,243	43,764,890	43,763,243
Comprehensive income (loss)						
Net income (loss)	$ 21,081	$ (12,398)				
Other comprehensive income (loss) from unrealized net gains (losses) on available-for-sale debt securities	22	(62)				
Comprehensive (loss) income						
Net (loss) income			$ (9,859)	$ (3,104)	$ 11,222	$ (15,502)
Other comprehensive (loss) income from unrealized net (losses) gains on available-for-sale debt securities			(20)	(86)	2	(148)
Income tax effect	(5)	13	4	18	(1)	31
Total other comprehensive income (loss), net of tax	17	(49)				
Comprehensive income (loss)	$ 21,098	$ (12,447)				
Total other comprehensive (loss) income, net of tax			(16)	(68)	1	(117)
Comprehensive (loss) income			$ (9,875)	$ (3,172)	$ 11,223	$ (15,619)

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

FutureFuel Corp.
Consolidated Statements of Stockholders' Equity
(Dollars in thousands)
(Unaudited)

	For the Three Months Ended March 31, 2023						For the Six Months Ended June 30, 2023				
	Common Stock		Accumulated Other Comprehensive	Additional paid-in	Retained	Total Stockholders'	Common Stock		Accumulated Other Comprehensive	Additional paid-in	R
	Shares	Amount	(Loss) Income	Capital	Earnings	Equity	Shares	Amount	(Loss) Income	Capital	E
Balance - December 31, 2022	43,763,243	$ 4	$ (1)	$ 282,489	$ 508	$ 283,000	43,763,243	$ 4	$ (1)	$ 282,489	$
Other comprehensive gain		-	17	-	-	17	-	-	17	-	
Net income		-	-	-	21,081	21,081	-	-	-	-	
Balance - March 31, 2023	43,763,243	$ 4	$ 16	$ 282,489	$ 21,589	$ 304,098	43,763,243	$ 4	$ 16	$ 282,489	$ 21,
Other comprehensive loss							-	-	(16)	-	
Net loss							-	-	-	-	
Balance - June 30, 2023							43,763,243	$ 4	$ -	$ 282,489	$

	For the Three Months Ended March 31, 2022				For the Six Months Ended June 30, 2022		
	Accumulated Other	Additional	Total		Accumulated Other	Additional	T

	Common Stock		Comprehensive	paid-in	Retained	Stockholders'	Common Stock		Comprehensive	paid-in	Retained	Stock
	Shares	Amount	Income (Loss)	Capital	Earnings	Equity	Shares	Amount	Income (Loss)	Capital	Earnings	E
Balance - December 31, 2021	43,763,243	$ 4	$ 178	$ 282,443	$ 6,303	$ 288,928	43,763,243	$ 4	$ 178	$ 282,443	$ 6,303	$
Cash dividends declared, $0.24 per common share		-	-	-	(10,503)	(10,503)	-	-	-	-	(10,503)	
Other comprehensive loss		-	(49)	-	-	(49)	-	-	(49)	-	-	
Net loss		-	-	-	(12,398)	(12,398)	-	-	-	-	(12,398)	
Balance - March 31, 2022	43,763,243	$ 4	$ 129	$ 282,443	$ (16,598)	$ 265,978	43,763,243	$ 4	$ 129	$ 282,443	$ (16,598)	$
Other comprehensive loss							-	-	(68)	-	-	
Net loss							-	-	-	-	(3,104)	
Balance - June 30, 2022							43,763,243	$ 4	$ 61	$ 282,443	$ (19,702)	$

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

FutureFuel Corp.
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Three Months Ended March 31,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cash flows from operating activities				
Net income (loss)	$ 21,081	$ (12,398)	$ 11,222	$ (15,502)
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation	2,551	2,570	5,155	5,276
Amortization of deferred financing costs	24	24	49	48
Benefit for deferred income taxes	(5)	(719)	-	(1,672)
Change in fair value of equity securities	(533)	4,100	(3,117)	7,339
Change in fair value of derivative instruments	(4,902)	(1,536)	(3,259)	(2,388)
Loss on the sale of investments	-	27	2,543	27
Loss on disposal of property and equipment	-	6	8	50
Noncash interest expense	8	8	17	17
Changes in operating assets and liabilities:				
Accounts receivable	277	11,268	(2,369)	(8,172)
Accounts receivable – related parties	-	58	(1)	(20)
Inventory	(42,473)	(10,700)	(40,601)	(4,664)
Income tax receivable	23	15	19	(20)
Prepaid expenses	525	631	1,706	1,773
Prepaid expenses - related parties	-	(8)	-	(8)
Other assets	(5,165)	38	1,806	125

Accounts payable	413	(730)	(6,269)	19,171
Accounts payable – related parties	25	57	24	326
Accrued expenses and other current liabilities	(270)	(917)	321	(659)
Accrued expenses and other current liabilities – related parties	(1)	(1)	(1)	(1)
Deferred revenue	(1,274)	(2,269)	(2,037)	(2,769)
Other noncurrent liabilities	(114)	(100)	427	(187)
Net cash used in operating activities	(29,810)	(10,576)	(34,357)	(1,910)
Cash flows from investing activities				
Collateralization of derivative instruments	4,327	(2,664)	(3,154)	383
Proceeds from the sale of marketable securities	-	250	37,701	250
Proceeds from the sale of property and equipment	-	56	-	56
Capital expenditures	(2,459)	(977)	(3,875)	(1,895)
Net cash provided by (used in) investing activities	1,868	(3,335)	30,672	(1,206)
Cash flows from financing activities				
Payment of dividends	(2,626)	(2,626)	(5,251)	(5,251)
Deferred financing costs	(14)	-	(14)	-
Net cash used in financing activities	(2,640)	(2,626)	(5,265)	(5,251)
Net change in cash and cash equivalents	(30,582)	(16,537)	(8,950)	(8,367)
Cash and cash equivalents at beginning of period	175,640	137,521	175,640	137,521
Cash and cash equivalents at end of period	$ 145,058	$ 120,984	$ 166,690	$ 129,154
Cash paid for interest	$ -	$ -		
Cash paid for income taxes	$ -	$ -	$ 20	$ 276
Noncash investing and financing activities:				
Cash dividends declared, not paid	$ 7,877	$ 7,877		
Noncash capital expenditures	$ 258	$ 174	$ 244	$ 95

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

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

1) SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by FutureFuel Corp. ("FutureFuel" or "the Company") in accordance and consistent with the accounting policies stated in the Company's 2022 Annual Report on Form 10-K, inclusive of the audited consolidated financial statements and should be read in conjunction with these consolidated financial statements.

In the opinion of FutureFuel, all normal recurring adjustments necessary for a fair presentation have been included in the unaudited consolidated financial statements. The unaudited consolidated financial statements have been prepared in compliance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with instructions to Form 10-Q adopted by the Securities and Exchange Commission (“SEC”). Accordingly, the unaudited consolidated financial statements do not include all the information and footnotes required by GAAP for complete financial statements, and do include amounts that are based upon management estimates and judgments. Future actual results could differ from such current estimates. The unaudited consolidated financial statements include assets, liabilities, revenues, and expenses of FutureFuel and its direct and indirect wholly owned subsidiaries; namely, FutureFuel Chemical Company; FFC Grain, L.L.C.; FutureFuel Warehouse Company, L.L.C.; and Legacy Regional Transport, L.L.C. Intercompany transactions and balances have been eliminated in consolidation.

Recent Accounting Standards

No new accounting standards have been adopted recently.

Proposed Accounting Standards

In March 2023, the Financial Accounting Standards Board (the "FASB") issued Proposed Accounting Standards Update (ASU) No. 2023-ED100 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 Proposed ASU, if adopted, would address the investor requests for more transparency of income tax information and would apply to all entities that are subject to income taxes. The Company is in the process of evaluating this proposed accounting standard.

2) GOVERNMENT TAX CREDITS

BIODIESEL BLENDERS' TAX CREDIT AND SMALL AGRI-BIODIESEL PRODUCER TAX CREDIT

The biodiesel Blenders' Tax Credit ("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 BTC will expire December 31, 2024 based on current law. The Company records this credit as a reduction to cost of goods sold.

Within the law of the BTC, small agri-biodiesel producers with production capacity not in excess of 60 million gallons are eligible for an additional 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 as part of the tax provision.

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. payroll through, among other things, an available employee retention tax credit. The Consolidated Appropriations Act, effective January 1, 2021 broadened the eligibility of the credit. FutureFuel has 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.

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

3) 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 typically resulting from revenue recognized through bill-and-hold arrangements. The contract assets at March 31, June 30, 2023 and December 31, 2022 consist of unbilled revenue from 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 was were $32 and $0 for the three months and $32 and $0 for the six months ended March 31, June 30, 2023 and 2022. 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 $1,219 was $739 and $2,213 in $961 for the three months and $1,958 and $3,173 for the six months ended March 31, June 30, 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 Assets and Liability Balances	March 31, 2023		December 31, 2022		June 30, 2023	December 31, 2022	
Trade receivables, included in accounts receivable*	$	17,794	$	16,459	$ 17,670	$	16,459
Contract assets, included in accounts receivable	$	1,096	$	775	$ 1,097	$	775
Contract liabilities, included in deferred revenue - short-term	$	3,457	$	3,565	$ 3,395	$	3,565
Contract liabilities, included in deferred revenue - long-term	$	10,493	$	11,605	$ 9,849	$	11,605

**Exclusive of the BTC of $7,037 $9,807 and $8,970, respectively, and net of allowances for bad debt of $74 $80 and $48, respectively, as of the dates noted.*

Transaction price allocated to the remaining performance obligations:

At March 31, June 30, 2023, approximately $13,950 $13,244 of revenue is expected to be recognized from remaining performance obligations. FutureFuel expects to recognize this revenue ratably over expected sales over the expected term of its long-term contracts which range from three to four five years. Approximately 25% 26% of this revenue is expected to be recognized over the next 12 months, and 75% 74% is expected to be recognized over the subsequent 36 48 months. These amounts are subject to change based upon changes in the estimated contract life and estimated quantities to be sold over the contract life.

The Company applies the practical expedient in ASC 606-10-50-14 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 it has the right to invoice for services performed.

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

The following tables provide revenue from customers disaggregated by the type of arrangement and by the timing of the recognized revenue.

Disaggregation of revenue - contractual and non-contractual: non-contractual:

	Three Months Ended March 31,				Three Months Ended June 30,		Six Months Ended June 30,	
	2023		2022		2023	2022	2023	2022
Contract revenue from customers with > 1 year arrangements	$	10,465	$	10,142				
Contract revenue from customers with < 1 year arrangements		63,661		32,064				
Contract revenue from customers with > 1-year arrangements					$ 9,562	$ 6,148	$ 20,027	$ 16,290
Contract revenue from customers with < 1-year arrangements					75,690	111,592	139,351	143,656
Revenue from non-contractual arrangements		55		55	56	56	111	111
Total revenue	$	74,181	$	42,261	$ 85,308	$ 117,796	$ 159,489	$ 160,057

Timing of revenue:

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(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022	2023	2022
Bill-and-hold revenue	$ 10,590	$ 9,276	$ 10,765	$ 7,971	$ 21,355	$ 17,247
Non-bill-and-hold revenue	63,591	32,985	74,543	109,825	138,134	142,810
Total revenue	$ 74,181	$ 42,261	$ 85,308	$ 117,796	$ 159,489	$ 160,057

As of March 31, June 30, 2023 and December 31, 2022, $3,651 4,302 and $4,473 of bill-and-hold revenue had not shipped, respectively.

4) INVENTORY

The carrying values of inventory were as follows as of:

	March 31, 2023	December 31, 2022	June 30, 2023	December 31, 2022
At average cost (approximates current cost)				
Finished goods	$ 43,052	$ 11,719	$ 30,632	$ 11,719
Work in process	1,040	879	1,574	879
Raw materials and supplies	41,093	33,897	51,395	33,897
	85,185	46,495	83,600	46,495
LIFO reserve	(15,951)	(19,734)	(16,238)	(19,734)
Total inventory	$ 69,234	$ 26,761	$ 67,362	$ 26,761

No liquidation of last in first out ("LIFO") layers occurred in the three six months ended March 31, June 30, 2023 and 2022.

5) 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 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.

Realized gains and losses on derivative instruments and changes in fair value of the derivative instruments are recorded in the consolidated statements of operations as a component of cost of goods sold and amounted to a gain of $8,307 $4,389 and $12,695 (realized gains of $6,032 and $9,437) for the three and six months ended June 30, 2023, respectively, and a loss of $9,129 $17,476 and $26,605 (realized losses of $18,327 and $28,992) for the three and sixmonths ended March 31, 2023 June 30, 2022, and 2022,respectively.

The volumes and carrying values of FutureFuel's derivative instruments were as follows at:

(Dollars in thousands, except per share amounts)

	Asset (Liability)					
	March 31, 2023			December 31, 2022		
	Contract Quantity	Fair Value		Contract Quantity	Fair V	
Regulated fixed price future commitments, included in other current assets (in thousand barrels)	575	$	4,760	305	$	

	Asset (Liability)					
	June 30, 2023			December 31, 2022		
	Contract Quantity	Fair Value		Contract Quantity	Fair Va	
Regulated fixed price future commitments, included in other current assets (in thousand barrels)	476	$	3,117	305	$	

The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of ($2,329) 1,066) and $2,088 at March 31, June 30, 2023 and December 31, 2022, respectively, and was classified as other current assets in the consolidated balance sheets. The carrying values of the margin account and of the derivative instruments are included net, in other current assets.

6) MARKETABLE SECURITIES

At During the March 31, three months ended June 30, 2023, FutureFuel exited its position in marketable equity and trust preferred (debt) securities. The sale of these securities was recorded as a component of net income with gains of $42 and $575 in the three and six months ended June 30, 2023, respectively.
At December 31, 2022, FutureFuel had investments in certain marketable equity and trust preferred (debt) securities which had a fair market value of $37,681 and $37,126, respectively. $37,126. These investments are were classified as current assets in the consolidated balance sheets.
sheet. The Company has designated the trust preferred securities held at December 31, 2022 were designated as being available-for-sale. Accordingly, these securities were recorded at fair value of $3,697 and $3,675 at March 31, 2023 and December 31, 2022, respectively, with the unrealized gain of $21 and unrealized loss of $1, net of taxes, as a component of stockholders' equity. $3,675.

In accordance with ASC 321, the change in the fair value of marketable equity securities (preferred and other equity instruments) for the three months ended March 31, 2023 June 30, and 2022 was reported as a component of net income as a gain loss of $533 $3,239. The change in the fair value of marketable equity securities (preferred and other equity instruments) for the six months ended June 30, 2022 was a loss of $4,100, respectively. $7,339.

The aggregate fair value of debt securities with unrealized losses totaled $1,676 and $2,627 at March 31, 2023 and December 31, 2022, 2022. respectively.
The Company determined an allowance for credit losses for these debt securities was not necessary as of March 31, 2023. The large financial institutions have strong credit ratings with no recent history of defaulting on outstanding obligations, nor is the Company aware of any long-term credit risk related to delinquency under these obligations.
There were no sales Sales of debt securities were $0 in the three six months ended March 31, 2023 June 30, or 2022.
The debt securities held at March 31, 2023, had a contractual maturity of greater than ten years.

7) 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 FutureFuel. Unobservable inputs are inputs that reflect FutureFuel'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.

(Dollars in thousands, except per share amounts)

The following tables provide information by level for assets and liabilities that are measured at fair value, on a recurring basis, at March 31, June 30, 2023 and December 31, 2022.

	Asset (Liability)				**Asset (Liability)**			
		Fair Value Measurements Using				**Fair Value Measurements Using**		
	Fair Value at	**Inputs Considered as:**			**Fair Value at**	**Inputs Considered as:**		
Description	**March 31, 2023**	**Level 1**	**Level 2**	**Level 3**	**June 30, 2023**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	$ 4,760	$ 4,760	$ -	$ -	$ 3,117	$ 3,117	$ -	$ -
Preferred stock and other equity instruments	$ 33,984	$ 33,984	$ -	$ -				
Trust preferred stock	$ 3,697	$ 3,697	$ -	$ -				

	Asset (Liability)			
		Fair Value Measurements Using		
	Fair Value at	**Inputs Considered as:**		
Description	**December 31, 2022**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	$ (142)	$ (142)	$ -	$
Preferred stock and other equity instruments	$ 33,450	$ 33,450	$ -	$
Trust preferred stock	$ 3,676	$ 3,676	$ -	$

8) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	March 31, 2023	**December 31, 2022**	**June 30, 2023**	**December 31, 2022**
Accrued employee liabilities	$ 3,119	$ 3,287	$ 3,871	$ 3,287
Accrued property, franchise, motor fuel and other taxes	1,086	1,165	1,281	1,165
Lease liability, current	571	630	498	630
Other	431	395	148	395
Total	$ 5,207	$ 5,477	$ 5,798	$ 5,477

9) 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 I
< 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 consolidated minimum interest coverage ratio.

There were no borrowings under the Credit Agreement at March 31, June 30, 2023 or December 31, 2022.

10) INCOME TAX PROVISION

The following table summarizes the income tax provision.

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Income tax provision (benefit)	$ 7	$ (704)	$ 15	$ (938)	$ 22	$ (1,642)
Effective tax rate	0.0 %	5.4 %	(0.2 %)	23.2 %	0.2 %	9.6 %

The Company's effective tax rate rates for the three and sixmonths ended March 31, June 30, 2023 decreased compared to the three and six months ended June 30, 2022 primarily due to changes in the assessment of realizability of deferred tax assets. In the three and six month periods in 2023, the income tax provision reflects only small amounts of current state taxes. No deferred tax benefits have been recognized, reflecting management's assessment determination that none of the tax benefits anticipated to be generated in 2023 are realizable. Accordingly, valuation allowances have been recorded such that net deferred tax assets both generated in on its 2023 and anticipated at year-end tax losses are $0. The net deferred tax asset at December 31, 2022 was also $0. The net income tax benefit for the three months ended March 31, 2022 was unfavorably impacted by the recognition of tax expense for valuation allowances against various tax attributes existing at January 1, 2022.

The Company evaluates its deferred tax assets quarterly and records a valuation allowance to reduce these assets to the amount that is more likely than not to be realized. During In the first three quarter of and 2023, six based month periods in 2022, tax benefits on all available evidence, tax losses generated were recognized, but limited by the Company determined assessment that its assets for the net operating loss, capital loss, and tax credit carryforwards as well as its other deferred tax assets are generated would more likely than not realizable be only to the extent of its deferred liabilities. Accordingly, its net deferred tax asset after application of valuation allowance at March 31, 2023 is $0. During the first quarter of 2022, based on all available evidence, the Company determined that portions of its deferred tax assets for carryforwards of capital losses, state tax credits, and state net operating losses expiring in the next ten years are not more likely than not to be partially realized.

The effective tax rate for the three months ended March 31, 2023 and March 31, 2022 reflected the positive effects of certain tax credits and incentives, the most significant of which are the BTC and Small Agri-biodiesel Producer Tax Credit. While the Company remains eligible for these benefits in 2023, realizability concerns have negated their impacts on the effective rate.

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Notes to Consolidated Financial Statements of FutureFuel Corp.

(Dollars in thousands, except per share amounts)

(Unaudited)

11) EARNINGS PER SHARE

In the three and six months ended March 31, June 30, 2023 and 2022, FutureFuel used the treasury method in computing earnings per share.

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

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Numerator:						
Net income (loss)	$ 21,081	$ (12,398)				
Net (loss) income			$ (9,859)	$ (3,104)	$ 11,222	$ (15,502)
Denominator:						
Weighted average shares outstanding – basic	43,763,243	43,763,243	43,763,243	43,763,243	43,763,243	43,763,243
Effect of dilutive securities:						
Stock options and other awards	3,293	-	-	-	1,647	-
Weighted average shares outstanding – diluted	43,766,536	43,763,243	43,763,243	43,763,243	43,764,890	43,763,243
Basic earnings (loss) per share	$ 0.48	$ (0.28)				
Diluted earnings (loss) per share	$ 0.48	$ (0.28)				
Basic (loss) earnings per share			$ (0.23)	$ (0.07)	$ 0.26	$ (0.35)
Diluted (loss) earnings per share			$ (0.23)	$ (0.07)	$ 0.26	$ (0.35)

For the three and six months ended March 31, June 30, 2023, 22,000 and 2022, 40,707 and 24,000 42,354 options to purchase FutureFuel's common stock were excluded, respectively, in the computation of diluted earnings per share as all were anti-dilutive. In the three and six months ended June 30, 2022, 12,000 and 24,000 options were excluded, respectively.

12) RELATED PARTY TRANSACTIONS

FutureFuel enters into transactions with companies affiliated with or controlled by a director and significant shareholder. Revenues, expenses, prepaid amounts, and unpaid amounts related to these transactions are captured in the accompanying consolidated financial statements as related party line items.

Related party revenues are the result of sales of biodiesel, petrodiesel, blends, other petroleum products, and other similar or related products to these related parties.

Related party cost of goods sold and distribution are the result of sales and purchases of biodiesel, petrodiesel, blends, and other petroleum products to with these related parties along with the associated expense from storage and terminalling services provided by these related parties.

During 2021, a related party managed natural gas purchases for FutureFuel, initially paid for the natural gas, and subsequently invoiced FutureFuel for the same plus a nominal fee for such services. The natural gas matter as discussed in Note 14, Legal Matters, is in reference to the natural gas supplier, not the related party. As of November 1, 2021, FutureFuel began managing all of its natural gas purchases.

Notes to Consolidated Financial Statements of FutureFuel Corp.

(Dollars in thousands, except per share amounts)

(Unaudited)

13) SEGMENT INFORMATION

FutureFuel has two reportable segments organized along similar product groups – chemicals and biofuels.

Chemicals

FutureFuel's chemical segment manufactures diversified chemical products that are sold externally to third party customers. This segment is composed of two components: "custom manufacturing" (manufacturing chemicals for specific customers) and "performance chemicals" (multi-customer specialty chemicals).

Biofuels

FutureFuel's biofuels segment primarily manufactures and markets biodiesel. Biodiesel revenues are generated through the sale of biodiesel to customers through FutureFuel's distribution network at the Batesville Plant, through distribution facilities available at leased oil storage facilities, and through a network of remotely located tanks. Biofuels revenues also include the sale of biodiesel blends with petrodiesel; petrodiesel with no biodiesel added; internally generated, separated Renewable Identification Numbers ("RINs"); biodiesel production byproducts; and the purchase and sale of other petroleum products on common carrier pipelines. Biodiesel selling prices and profitability can at times fluctuate based on the timing of unsold, internally generated RINs. FutureFuel does not allocate production costs to internally generated RINs, and, from time to time, can enter into sales of biodiesel on a "RINs-free" basis, resulting in FutureFuel maintaining possession of the applicable RINs from the sale. The benefit derived from the eventual sale of the RINs is not reflected in results of operations until such time as the RINs sale has been completed, which may lead to variability in reported operating results.

As of June 30, 2023, FutureFuel held 11.8 million of RINs in inventory with a fair market value of $19,461 and no cost, which were traded in July. Comparatively, at June 30, 2022, FutureFuel held 2.8 million of RINs in inventory with a fair market value of $4,943 and no cost.

Summary of business by segment

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue						
Custom chemicals	$ 16,620	$ 15,715	$ 15,576	$ 12,266	$ 32,196	$ 27,981
Performance chemicals	5,261	5,846	3,180	5,928	8,441	11,774
Chemicals revenue	21,881	21,561				
Biofuels revenue	52,300	20,700				
Chemical revenue			18,756	18,194	40,637	39,755
Biofuel revenue			66,552	99,602	118,852	120,302
Total Revenue	$ 74,181	$ 42,261	$ 85,308	$ 117,796	$ 159,489	$ 160,057
Segment gross profit (loss)						
Chemicals	$ 8,623	$ 5,418				
Biofuels	13,000	(12,573)				
Chemical			$ 6,416	$ 4,196	$ 15,039	$ 9,614
Biofuel			(15,008)	(3,219)	(2,008)	(15,792)
Total gross profit (loss)	$ 21,623	$ (7,155)	$ (8,592)	$ 977	$ 13,031	$ (6,178)

Depreciation is allocated to segment cost of goods sold based on plant usage. The total assets and capital expenditures of FutureFuel 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.

14) LEGAL MATTERS

From time to time, FutureFuel and its operations are parties to, or targets of, lawsuits, claims, investigations, regulatory matters, and proceedings, which are being handled and defended in the ordinary course of business. While FutureFuel is unable to predict the outcomes of these matters, it does not believe, based upon currently available facts, 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.

As a result of the extraordinary increase in natural gas prices, the Attorney General of Arkansas launched a civil investigative demand against several natural gas suppliers in 2021. At this time, the company is disputing The Company continues to dispute the February 2021 natural gas bill, and payment thereof is pending further investigation.
The natural gas expense was a component of Cost of goods sold-related parties in the Consolidated Statements of Operations and Comprehensive Income in the three months ended March 31, 2021. However, as discussed in Note 12, Related Party Transactions, the natural gas supplier is not a related party of FutureFuel.

Item 2. 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 of FutureFuel Corp. ("FutureFuel", "the Company", "we", or "our") 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

Our company is managed and reported in two reporting segments: chemicals and biofuels. Within the chemical segment are two product groupings: custom chemicals and performance chemicals. The custom product group is composed of specialty chemicals manufactured for a single customer whereas the performance product group is composed of chemicals manufactured for multiple customers. The biofuels segment is composed of one product group. Management believes that the diversity of each segment strengthens the company in the ability to utilize resources and is committed to growing each segment.

Within the United States Environmental Protection Agency (EPA) Renewable Fuel Standard (RFS), we generate 1.5 Renewable Identification Numbers (RINs) for each gallon of biodiesel sold in the United States with a classification of a D4 RIN. RINs are used to monitor the level of renewable fuel traded in a given year in accordance with RFS 2 within the EPA moderated transaction system (EMTS). We do not assign cost of goods sold to the generation of RINs as the physical fuel generates the full cost. As of March 31, 2023 June 30, 2023, we held 1.5 11.8 million D4 RINs with a fair market value of $2,357. $19,461, all of which were sold in July. Comparatively, as of June 30, 2022, we held 2.8 million RINs with a fair market value of $4,943.

Summary of Financial Results

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

	Three Months Ended March 31,			
	2023	2022	Dollar Change	% Chang
Revenue	$ 74,181	$ 42,261	$ 31,920	
Income (loss) from operations	$ 18,251	$ (9,607)	$ 27,858	
Net income (loss)	$ 21,081	$ (12,398)	$ 33,479	
Earnings per common share:				
Basic	$ 0.48	$ (0.28)	$ 0.76	
Diluted	$ 0.48	$ (0.28)	$ 0.76	
Adjusted EBITDA	$ 12,495	$ 2,098	$ 10,397	

	Three Months Ended June 30,			
	2023	2022*	Dollar Change	% Change
Revenue	$ 85,308	$ 117,796	$ (32,488)	
Loss from operations	$ (11,583)	$ (1,515)	$ (10,068)	
Net loss	$ (9,859)	$ (3,104)	$ (6,755)	
Loss per common share:				
Basic	$ (0.23)	$ (0.07)	$ (0.16)	
Diluted	$ (0.23)	$ (0.07)	$ (0.16)	
Adjusted EBITDA*	$ (7,329)	$ 382	$ (7,711)	

	Six Months Ended June 30,			
	2023	2022*	Dollar Change	% Chang
Revenue	$ 159,489	$ 160,057	$ (568)	
Income (loss) from operations	$ 6,668	$ (11,122)	$ 17,790	
Net income (loss)	$ 11,222	$ (15,502)	$ 26,724	
Earnings (loss) per common share:				
Basic	$ 0.26	$ (0.35)	$ 0.61	
Diluted	$ 0.26	$ (0.35)	$ 0.61	
Adjusted EBITDA*	$ 8,571	$ (8,186)	$ 16,757	

** Adjusted EBITDA restated for the three and six months of 2022 consistent with 2023 reporting to exclude cash (realized) gains and losses on derivative instruments.*

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, non-cash 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. This measure isolates the effects of certain items, including depreciation and amortization (which may vary among our operating segments without any correlation to their underlying operating performance), non-cash stock-based compensation expense (which is a non-cash expense that varies widely among similar companies), and non-cash 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 utilize commodity derivative instruments primarily 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 utilize 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 mark-to-market or non-cash portion of this item as an adjustment as we believe it provides a relevant indicator of the underlying performance of our business in a given period.

Additionally, we invest in held marketable securities of certain debt securities (trust preferred stock) and in preferred stock and other equity instruments. instruments during the six months ended June 30, 2023, but sold all investments during the three months ended June 30, 2023. The realized and unrealized gains and losses on these marketable securities can fluctuate significantly fluctuated from period to period. We include included this item as an adjustment as we believe believed it provides provided a relevant indicator of the underlying performance of our business in a given period.

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

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022*	2023	2022*
Net income (loss)	$ 21,081	$ (12,398)				
Net (loss) income			$(9,859)	$(3,104)	$11,222	$(15,502)
Depreciation	2,551	2,570	2,604	2,706	5,155	5,276
Interest and dividend income	(2,336)	(664)	(1,732)	(747)	(4,068)	(1,411)
Non-cash interest expense and amortization of deferred financing costs	32	32	34	33	66	65
Loss on disposal of property and equipment	-	6	8	44	8	50
(Gain) loss on derivative instruments	(8,307)	9,129				
Unrealized loss (gain) on derivative instruments			1,643	(851)	(3,259)	(2,388)
(Gain) loss on marketable securities	(533)	4,127	(42)	3,239	(575)	7,366
Income tax provision (benefit)	7	(704)	15	(938)	22	(1,642)
Adjusted EBITDA	$ 12,495	$ 2,098				
Adjusted EBITDA*			$(7,329)	$ 382	$ 8,571	$ (8,186)

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

	Three Months Ended March 31,		Six Months Ended June 30,	
	2023	2022	2023	2022*
Net cash used in operating activities	$ (29,810)	$ (10,576)	$(34,357)	$(1,910)
Benefit for deferred income taxes	5	719	-	1,672
Interest and dividend income	(2,336)	(664)	(4,068)	(1,411)
Income tax provision (benefit)	7	(704)	22	(1,642)
(Gain) loss on derivative instruments	(8,307)	9,129		
Change in fair value of derivative instruments	4,902	1,536		
Change in operating assets and liabilities, net	48,034	2,658	46,974	(4,895)
Adjusted EBITDA	$ 12,495	$ 2,098		
Adjusted EBITDA*			$ 8,571	$(8,186)

** Adjusted EBITDA restated for the three and six months of 2022 consistent with 2023 reporting to exclude cash (realized) gains and losses on derivative instruments.*

Results of Operations

Consolidated

	Three Months Ended March 31,				Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change				Change	
	2023	2022	Amount	%	2023	2022	Amount	%	2023	2022	Amount	%
Revenues	$ 74,181	$ 42,261	$ 31,920	75.5%	$85,308	$117,796	$ (32,488)	(27.6%)	$159,489	$160,057	$ (568)	(0.4%)
Volume/product mix effect			$ 17,944	42.5%			$ (10,574)	(9.0%)			$ 7,370	4.6%
Price effect			$ 13,976	33.1%			$ (21,914)	(18.6%)			$ (7,938)	(5.0%)
Gross profit (loss)	$ 21,623	$ (7,155)	$ 28,778	n/a								

Gross (loss) profit					$ (8,592)	$ 977	$ (9,569)	n/a	$ 13,031	$ (6,178)	$ 19,209	n/a
Operating expenses	(3,372)	(2,452)	(920)	37.5%	(2,991)	(2,492)	(499)	(20.0%)	(6,363)	(4,944)	(1,419)	(28.7%)
Other income (expense)	2,837	(3,495)	6,332	n/a	1,739	(2,527)	4,266	n/a	4,576	(6,022)	10,598	n/a
Income tax provision (benefit)	7	(704)	711	n/a	15	(938)	953	n/a	22	(1,642)	1,664	n/a
Net income (loss)	$ 21,081	$ (12,398)	$ 33,479	n/a								
Net (loss) income					$ (9,859)	$ (3,104)	$ (6,755)	(217.6%)	$ 11,222	$ (15,502)	$ 26,724	n/a

Consolidated revenue in the three and six months ended March 31, 2023 increased 75.5% or $31,920 June 30, 2023 decreased $32,488 and $568 compared to the three and six months ended March 31, 2022 June 30, 2022. These decreases resulted, in part, from the timing of separated RINs in our biofuel segment held in inventory at June 30, 2023 with a fair market value of $19,461 which were sold in July. (See Critical Accounting Estimates.) In addition, in the three months ended June 30, 2023, biofuel segment sales volume decreased 11% or $11,057 (and inventory increased) on forward sales to the second half of 2023 on stronger margins. In the six months ended June 30, 2023, biofuel segment sales volumes increased 4.9% or $5,901.
As a result of the separated RINs mentioned above, and held in inventory at no cost, a gross loss of $8,592 resulted in the three months ended June 30, 2023 (a reduction of $9,569 from the comparative prior year period). Partially offsetting this decrease was the change in the adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. This increase adjustment decreased gross profit $288 and $5,307 in the three months ended June 30, 2023 and 2022, respectively. In addition, in the prior three-month comparison period, derivative losses resulted from increased sales volume and price unprecedented volatility in the biofuels heating oil futures market for which we modified our derivative strategy to help mitigate reoccurrence. Margins also improved in our chemical segment and to a lesser extent, 34% from increased sales volume 23% in the chemical segment which was partially offset by reduced sales prices in the chemical segment from prior year period on new product trials and product mix.

Gross profit in for the three six months ended March 31, 2023 June 30, 2023 was $21,623 $13,031 as compared to a gross loss of $7,155 $6,178 in the three six months ended March 31, 2022 June 30, 2022. This increase primarily resulted from i) (i) the change in the activity in our realized derivative instruments with a gain gains of $8,307 $9,437 in the three months ended March 31, 2023 and a loss current six-month period as compared to realized losses of $9,129 $28,992 in the same prior six-month period of the prior year (these include realized gains given unprecedented market volatility as described above, and losses and a mark to market assessment against inventories yet to be sold -see note 5 of our consolidated financial statements). Affordable feedstocks were acquired and converted to biodiesel which will be sold mostly in the three months ended June 30 and September 30, 2023; and ii) (ii) the change in the adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. This adjustment increased gross profit $3,783 $3,495 in the three months ended March 31, 2023 current six-month period as compared to $481 a decrease of gross profit of $4,825 in the prior year quarter. six-month period. Gross profit did not include $19,461 from separated RINs generated in the six months ended June 30, 2023 and sold in July 2023. Lastly, for the six-month comparative period, chemical margins improved to 37% from 24% in the prior six-month period on new products and product mix.

Operating expenses

Operating expenses increased $920 $499 and $1,419 in the three and six months ended March 31, 2023 June 30, 2023, as compared to the three-months three and six months ended March 31, 2022 June 30, 2022. This slight increase was primarily from increased compensation and legal expense.

Other income (expense)

Other income was $2,837 (expense) increased income $4,266 and $10,598 in the three and six months ended March 31, 2023 June 30, 2023, as compared to the same periods of 2022. In the current three- and six-month period, marketable securities were sold with realized gains of $42 and $575 as compared to the comparative prior year other expense of $3,495 which was primarily from: i) the change in periods with unrealized gains losses on marketable securities of $3,239 and $7,366, respectively. In addition, interest and dividend income increased $985 and $2,657 in the current period as compared to unrealized losses in the same period of the prior year three- and ii) an increase in interest income. six-month periods.

Income tax provision (benefit)

The Company's effective tax rate rates for the three and six months ended March 31, 2023 was unfavorably impacted June 30, 2023 decreased compared to the three and six months ended June 30, 2022 primarily due to changes in the assessment of realizability of deferred tax assets. In the three- and six-month periods in 2023, the income tax provision reflects only small amounts of current state taxes. No deferred tax benefits have been recognized, reflecting management's determination that none of the net deferred tax assets generated on its 2023 tax losses are more likely than not to be realized. In the three- and six-month periods in 2022, tax benefits on tax losses generated were recognized, but limited by the assessment that the net deferred tax assets generated would not more likely than not be realizable in full. The effective tax rate for the three months ended March 31, 2023 reflected the positive effects of certain tax credits and incentives, the most significant of which are the BTC and Small Agri-biodiesel Producer Tax Credit. While the Company remains eligible for these credits in 2023, realizability concerns have negated their impacts on the effective rate. Additionally, the net income tax benefit for the three months ended March 31, 2022 was unfavorably impacted by the recognition of tax expense for valuation allowances against various tax attribute carryforwards existing at January 1, 2022.

The Company evaluates its deferred tax assets quarterly and records a valuation allowance to reduce these assets to the amount that is more likely than not to be only partially realized.

Chemical Segment

	Three Months Ended March 31,				Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change				Change	
	2023	2022	Amount	%	2023	2022	Amount	%	2023	2022	Amount	%
Revenues	$ 21,881	$ 21,561	$ 320	1.5 %	$ 18,756	$ 18,194	$ 562	3.1 %	$ 40,637	$ 39,755	$ 882	2.2 %
Volume/product mix effect			$ 987	4.6 %			$ 483	2.7 %			$ 1,469	3.7 %
Price effect			$ (667)	(3.1 %)			$ 79	0.4 %			$ (587)	(1.5 %)
Gross profit	$ 8,623	$ 5,418	$ 3,205	59.2 %	$ 6,416	$ 4,196	$ 2,220	52.9 %	$ 15,039	$ 9,614	$ 5,425	56.4 %

Chemical revenue in the three and six months ended March 31, 2023 June 30, 2023 increased 1.5% 3.1% or $320 $562 and 2.2% or $882 compared to the three and six months ended March 31, 2022 June 30, 2022. Revenue for our custom chemicals (unique chemicals produced under contract for specific customers) for the three and six months ended March 31, 2023 June 30, 2023 totaled $16,620, $15,576 and $32,196, an increase of $905 $3,310 and $4,215 from the same period periods in 2022. Custom chemicals used in the manufacture of industrial antioxidants gas and oil and antioxidant industries experienced stronger volumes and higher selling prices. In addition, new business from other custom products contributed $1,129, an increase of $893 increased $1,622 and $2,155, in the three and six months, respectively, from the comparative prior year. year periods. Performance chemicals (composed of multi-customer products which are sold to the open market based on specification) revenue was $5,261, $3,180 and $8,441, a decrease of $585 $2,748 and $3,333 from the three and six months ended March 31, 2022. June 30, 2022, respectively. This decrease was mostly from lower sales prices of glycerin partially offset by the production timing of certain products which are produced batch-wise during the course of the year. as markets softened.

Gross profit for the chemical segment for the three and six months ended March 31, 2023 June 30, 2023, increased $3,205 $2,220 and $5,425 when compared to the same period of 2022 primarily from improved margins in the three and six months of the current year (34% and 37%) as compared to the prior year (23% and 24%) on stronger volumes as noted above and on favorable product mix as described above. from new products.

Biofuels Biofuel Segment

	Three Months Ended March 31,				Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change				Change	
	2023	2022	Amount	%	2023	2022	Amount	%	2023	2022	Amount	%
Revenues	$ 52,300	$ 20,700	$ 31,600	152.6 %	$ 66,552	$ 99,602	$ (33,050)	(33.2 %)	$ 118,852	$ 120,302	$ (1,450)	(1.2 %)
Volume/product mix effect			$ 16,958	81.9 %			$ (11,057)	(11.1 %)			$ 5,901	4.9 %
Price effect			$ 14,642	70.7 %			$ (21,993)	(22.0 %)			$ (7,351)	(6.1 %)
Gross profit (loss)	$ 13,000	$ (12,573)	$ 25,573	n/a								
Gross (loss) profit					$ (15,008)	$ (3,219)	$ (11,789)	(366.2 %)	$ (2,008)	$ (15,792)	$ 13,784	87.3

Biofuels revenue in the three and six months ended March 31, 2023 increased 152.6% or $31,600 June 30, 2023 decreased $33,050 and $1,450 as compared to the same period periods of 2022. The biodiesel and biodiesel blend These decreases resulted, in part, from the timing of separated RINs held in inventory at June 30, 2023, with a fair market value of $19,461 which were sold in July. (See Critical Accounting Estimates.) In addition, in the three months ended June 30, 2023, biofuel segment sales volume decreased 11% or $11,057 (and inventory increased) on forward sales to the second half of 2023 on stronger margins. In the six months ended June 30, 2023, biofuel segment sales volumes increased as compared to the prior year, primarily from the absence of economical feedstock in the prior year period. In addition, selling prices increased with the overall improvement in the fuel industry and from improved RIN prices. 4.9% or $5,901.

A significant portion of our biodiesel sold was to three two major refiners/blenders in the three and six months ended March 31, 2023 June 30, 2023 and to two major refiners in the first quarter of 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 these customers would have a material adverse effect on our biofuels segment or on us as a whole because: (i) we believe that we could readily sell our biodiesel to other customers as potential demand from other customers for biodiesel exceeds our production capacity; (ii) 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 (iii) 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.

Biofuels As a result of the separated RINs mentioned above, and held in inventory at no cost, biofuels gross profit loss was $13,000 $15,008 and $2,008, in the three and six months ended March 31, 2023, June 30, 2023; an increase of $25,573 from the gross increased loss of $12,573 $11,789 in the same three-month comparative period, and a decreased loss of $13,784 in the six-month comparative period of 2022. This
Partially offsetting this increased profit loss in the three-month comparative period was from: i) the change in the activity in derivative instruments with a realized gain of $8,307 $6,032 in the three current three-month period, as compared to a realized loss of $18,327 in the prior year comparative period and the change in the adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. This adjustment decreased gross profit $251 in the current three-month period as compared to a decrease of $4,640 in the three-month period of 2022.
Gross losses in the six months ended March 31, 2023 June 30, 2023 were lower as compared to the same period of the prior year from: (i) the change in the activity in derivative instruments with a realized gain of $9,437 in the six months ended June 30, 2023, as compared to a realized loss of $9,129 $28,992 in the three six months ended March 31, 2022 (these include realized June 30, 2022, (ii) the change in the activity in derivative instruments with unrealized gains of $3,259 in the six months ended June 30, 2023 as compared to an unrealized gain of $2,388 in the prior year six month period, and losses and a mark to market assessment against inventories yet to be sold - see note 5 of our consolidated financial statements), ii) an increase in biodiesel margins, and iii) (iii) the change in the adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. This adjustment increased gross profit $2,614 $2,624 in the three six months ended March 31, 2023 June 30, 2023 as compared to $967 a decrease in gross profit of $3,652 in the same prior year quarter. period.

In regards to our derivative activity, we recognize all derivative instruments as either assets or liabilities at fair value in our consolidated balance sheets. The realized and unrealized derivative gains and losses are recorded as cost of goods sold. Our derivative instruments do not qualify for hedge accounting under the specific guidelines of Topic 815, *Derivatives and Hedging*. None of the derivative instruments are designated and accounted for as hedges primarily due to the extensive record keeping requirements.

The volumes and carrying values of our derivative instruments were as follows:

	Asset (Liability)			
	March 31, 2023		December 31, 202	
	Contract Quantity	Fair Value	Contract Quantity	Fair
Regulated fixed price future commitments (in thousand barrels)	575	$ 4,760	305	$

	Asset (Liability)			
	June 30, 2023		December 31, 2022	
	Contract Quantity	Fair Value	Contract Quantity	Fair Va
Regulated fixed price future commitments (in thousand barrels)	476	$ 3,117	305	$

*All derivative instruments are entered into with the standard contract terms and conditions in accordance with major trading authorities of the New York Mercantile Exchange.

Critical Accounting Estimates

Revenue Recognition

The Company recognizes revenue under Topic 606, *Revenue from Contracts with Customers.* Certain long-term contracts had upfront non-cancellable payments considered material rights. The Company applied the renewal option approach in allocating the transaction price to the material rights. For each of these contracts, the Company estimated the expected contractual volumes to be sold at the most likely expected sales price as a basis for allocating the transaction price to the material right. Estimates are updated quarterly on a prospective basis. These custom chemical contracts have payment terms of 30 days. See Note 3 to our consolidated financial statements.

For most product sales, revenue is recognized when product is shipped from our facilities and risk of loss and title have passed 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 the RINs is not reflected in revenue until such time as the RIN sale has been completed.

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 the three and six months ended March 31, 2023 June 30, 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. Revenues under bill-and-hold arrangements were $10,590 $10,765 and $9,276 $21,355 for the three and six months ended March 31, 2023 and 2022, June 30, 2023, respectively.

Liquidity and Capital Resources

Our net cash from operating activities, investing activities, and financing activities for the three six months ended March 31, 2023 June 30, 2023 and 2022 are set forth in the following table.

	Three Months Ended March 31,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net cash used in operating activities	$ (29,810)	$ (10,576)	$ (34,357)	$ (1,910)
Net cash provided by (used in) investing activities	$ 1,868	$ (3,335)	$ 30,672	$ (1,206)
Net cash used in financing activities	$ (2,640)	$ (2,626)	$ (5,265)	$ (5,251)

We believe that existing cash balances and cash flow to be generated from operating activities and borrowing capacity under the amended and restated credit agreement will be sufficient to fund operations, product development, cash dividends, and capital requirements for the foreseeable future.

Operating Activities

Cash used in operating activities was $29,810 $34,357 in the three six months ended March 31, 2023 June 30, 2023 as compared to $10,576 $1,910 in the same period of 2022. This decrease in cash was primarily attributable to the change in inventory demonstrating a cash outflow of $31,773, $35,937, the change in accounts receivable, payable, including accounts receivable payable - related parties, demonstrating a cash outflow of $11,049, $25,742, primarily from the timing of customer vendor payments, and the change in fair value of equity securities of $4,633. $10,456. Partially offsetting these cash outflows was the change in net income of $33,479. $26,724.

Investing Activities

Cash provided by investing activities was $1,868 $30,672 in the three six months ended March 31, 2023 June 30, 2023 as compared to cash used in investing activities of $3,335 $1,206 in the three six months ended March 31, 2022 June 30, 2022. Of the $5,203 $31,878 change, $6,991 $37,451 was the result of a decrease in increased proceeds from the collateralization sale of derivate instruments. marketable securities. Offsetting this increase in cash was an increase in the collateralization of derivative instruments of $3,537 and an increase of capital expenditures of $1,482 and a net decrease in the sales of marketable securities of $250. $1,980.

Financing Activities

Cash used in financing activities was $2,640 $5,265 and $2,626 $5,251 in the three six months ended March 31, 2023 June 30, 2023 and 2022, respectively, primarily for payments of dividends on our common stock.

Credit Facility

We have a credit agreement, as amended on March 30, 2020, with a syndicated group of commercial banks for $100,000 as amended on March 30, 2020. $100,000. The loan is a revolving facility, the proceeds of which may be used for our working capital, capital expenditures, and general corporate purposes. The facility terminates on March 30, 2025. See Note 9 to our consolidated financial statements for additional information regarding our Credit Agreement. credit agreement.

We intend to fund future capital requirements for our businesses from cash flow 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 the three months ended March 31, 2023 first two quarters of 2023 and 2022, we paid a regular quarterly cash dividend in the amount of $0.06 per share on our common stock. The regular cash dividend amounted to $2,626 in each of the three months ended March 31, 2023 quarters of 2023 and $2,626 $2,625 in each of the three months ended March 31, 2022. quarters of 2022. The declaration of these regular quarterly cash dividends was made in the three months ended December 31, 2022 and March 31, 2022, respectively.

Capital Management

As a result of our initial equity offering, our subsequent positive operating results, the exercise of warrants, and the issuance of shares in our at-the-market offering, we accumulated excess working capital. Some of this excess working capital has been paid out as special and regular cash dividends. Additionally, regular dividends will be paid in 2023, as previously reported. Third parties have not placed significant restrictions on our working capital management decisions.

A significant portion of these funds was held in cash or cash equivalents at multiple financial institutions. In the periods period ended March 31, 2023 and December 31, 2022, we also had investments in certain preferred stock, debt securities, and other equity instruments. We classify classified these investments as current assets in the accompanying consolidated balance sheets and designate designated the debt securities as being "available-for-sale." Accordingly, the debt securities are were recorded at fair value, with the unrealized gains and losses, net of taxes, reported as a component of stockholders' equity. We also held equity securities with readily available market values. These equity instruments are were recorded at fair value, with the unrealized gains and losses reported as a component of net income. We sold all marketable securities in the three months ended June 30, 2023. The fair value of the debt securities and equity instruments totaled $37,681 $0 and $37,126 at March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

Lastly, we maintain depositary accounts such as checking accounts, money market accounts, and other similar accounts at selected financial institutions.

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 in our consolidated balance sheets at March 31, 2023 June 30, 2023 and December 31, 2022. Second, we hedge our biofuels feedstock through the execution of purchase contracts and supply agreements with certain vendors or they meet the normal purchase and normal sales exception of ASC 815 *Derivatives and Hedging*. These hedging transactions are recognized in earnings and were not recorded in our consolidated balance sheets at March 31, 2023 June 30, 2023 or December 31, 2022 because they do not meet the definition of a hedge instrument as defined under GAAP. The purchase of biofuels feedstock generally involves two risk 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

All dollar amounts expressed as numbers in these Market Risk Disclosures are in thousands (except per share amounts).

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 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 chemicals and biofuels business both with respect to inputs (electricity, coal, raw materials, biofuels biofuel feedstock, etc.) and outputs (manufactured chemicals and biofuels).

We seek to mitigate our market risks associated with the manufacturing and sale of chemicals by entering into long-term sale sales 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, and some raw material price risk remains significant.

In order to manage price risk caused by market fluctuations in biofuels biofuel prices, we may enter into exchange-traded commodity futures and options contracts. We account for these derivative instruments in accordance with ASC 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 the first three six months of 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 within the biodiesel segment.

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 volume of biofuel being sold. At March 31, 2023 June 30, 2023 and December 31, 2022, the fair values value of our derivative instruments were a net asset of $4,760 $3,117 and a net liability 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 composed of crude corn oil and yellow grease and petrodiesel. The availability and price of these items are subject to 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 for the first three six months of 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 commodity listed below would result in the following change in gross profit.

(Volume and dollars in thousands)

Item	Volume Requirements (a)	Units	Hypothetical Adverse Change in Price	Decrease in Gross Profit	Percentage Decrease in Gross Profit	Volume Requirements (a)	Units	Hypothetical Adverse Change in Price	Decrease in Gross Profit	Percentage Decrease in Gross Profit
Biodiesel feedstocks	104,119	LB	10 %	5,320	24.6 %	164,741	LB	10 %	10,976	84.2 %
Methanol	15,281	LB	10 %	257	1.2 %	33,918	LB	10 %	566	4.3 %
Electricity						53	MWH	10 %	326	2.5 %
Sodium Methylate						6,621	LB	10 %	326	2.5 %
Natural Gas						709	MCF	10 %	263	2.0 %
Coal						19	TON	10 %	215	1.7 %
Caustic Soda						5,390	LB	10 %	133	1.0 %

(a) Volume requirements and average price information are based upon volumes used and prices obtained for the three six months ended March 31, 2023 June 30, 2023. Volume requirements may differ materially from these quantities in future years as our business evolves.

We had no borrowings at March 31, 2023 June 30, 2023 or December 31, 2022, and as such, we were not exposed to interest rate risk for those periods. Due to the relative insignificance of transactions denominated in foreign currency, we consider our foreign currency risk to be immaterial.

REFINITIV

Item 4. Controls and Procedures.

Management's Evaluation of our 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 Securities Exchange Act of 1934, as amended (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 at March 31, 2023 June 30, 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 believes that the consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly in all material respects our consolidated financial position, results of operations and cash flows for the period presented.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended March 31, 2023 June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. 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. However, from time to time, we 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 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. However, adverse developments could negatively impact earnings or cash flows in future periods.

Item 1A. Risk Factors.

There have been no material changes to the risk factors we previously disclosed in Item 1A of our Form 10-K, Annual Report for the year ended December 31, 2022 filed with the SEC on March 14, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit	Description
31(a).	Rule 13a-15(e)/15d-15(e) Certification of chief executive officer
31(b).	Rule 13a-15(e)/15d-15(e) Certification of chief principal officer
32.	Section 1350 Certification of chief executive officer and principal financial officer
101	Interactive Data Files**
101.INS	Inline XBRL Instance
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation
101.DEF	Inline XBRL Taxonomy Extension Definition
101.LAB	Inline XBRL Taxonomy Extension Labels
101.PRE	Inline XBRL Taxonomy Extension Presentation
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.

Special Note Regarding 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 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” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in FutureFuel’s Form 10-K Annual Report for the year ended December 31, 2022 and in our future 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.

S I G N A T U R E S

Pursuant to the requirements 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/ Tom McKinlay

Tom McKinlay, Chief Executive Officer

Date: May 9, 2023 August 9, 2023

By: /s/ Rose M. Sparks

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

Date: May 9, 2023 August 9, 2023

Exhibit 31(a)

Certification

I, Tom McKinlay, certify that:

1. I have reviewed this report on Form 10-Q 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: May August 9, 2023

/s/ Tom McKinlay

Tom McKinlay, Chief Executive Officer

Exhibit 31(b)

Certification

I, Rose M. Sparks, certify that:

1. I have reviewed this report on Form 10-Q 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: May 9, 2023 August 9, 2023

/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 Quarterly Report of FutureFuel Corp. (the ***"Company"***) on Form 10-Q for the period ending March 31, 2023 ended June 30, 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

May August 9, 2023

DISCLAIMER