



# Vertex Energy Acquisition of Shell Mobile Refinery

Conference Call Presentation  
May 27, 2021

The background is a collage of six images related to the energy industry, arranged in a geometric pattern of overlapping triangles. The images include: 1) A close-up of a textured surface, possibly a honeycomb or a similar material. 2) A large industrial truck, likely a tanker, parked in an industrial setting. 3) A large offshore oil platform or FPSO vessel floating on the ocean. 4) A laboratory flask containing a yellow liquid, with a smaller flask below it. 5) A city skyline at night, with lights reflecting on a body of water. 6) A large industrial refinery or processing plant at night, with many lights and structures. 7) A cable-stayed bridge at night, with its lights reflecting on the water.

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This presentation discusses “EBITDA”, “Adjusted EBITDA” and free cash flow. EBITDA represents net income before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA before stock-based compensation expense and gain (loss) on change in value of derivative warrant liability and unrealized gains and losses on derivative instruments for hedging activities. Free cash flow represents net cash provided by (used in) operating activities, less capital expenditures. These measurements have not been audited, are not recognized in accordance with generally accepted accounting principles (GAAP) and should not be viewed as an alternative to GAAP measures of performance. EBITDA, Adjusted EBITDA and free cash flow are presented because we believe they provide additional useful information to investors due to the various noncash items during the period. EBITDA, Adjusted EBITDA and free cash flows have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our operating results as reported under GAAP. The Company’s presentation of these measures should not be construed as an inference that future results will be unaffected by unusual or nonrecurring items. See also “Non-GAAP Reconciliation—Reconciliation of Net Loss attributable to Vertex Energy, Inc., to EBITDA, Adjusted EBITDA and Free Cash Flow”, in the Appendix, below.

# Transaction Overview

## Vertex Energy to Acquire the Shell Mobile Refinery

### Key Highlights

- Vertex has entered into a definitive agreement to acquire 100% of the Mobile, Alabama refinery from Royal Dutch Shell Plc for approximately \$75 million
- Transaction will transform Vertex into a leading independent refiner of both renewable and conventional products
- Further supports low-carbon energy transition strategy

### Timing & Transition

- The transaction is expected to close in 4Q21, subject to customary closing conditions and regulatory approvals; Vertex to retain Mobile refinery employees
- Vertex expects to enter into long-term crude supply offtake agreement with Shell, minimizing working capital requirements
- Vertex expects to enter into multi-year product offtake agreements with Shell, Bunker One and Idemitsu Apollo Corporation

### Planned Transaction Funding Sources & Uses<sup>(1)</sup>

#### Funding Sources

- New \$125 million credit facility
- Potential asset divestitures
- Issuance of common equity, if required

#### Transaction Uses

- \$75 million acquisition of Mobile refinery and related logistics assets
- \$85 million capital project at Mobile to produce renewable diesel

### Expected Financial Impact

- Pro-forma for the completion of the renewable diesel project (“RDP”), Vertex anticipates the Mobile refinery has the potential to generate at least \$3 billion in annual revenue and \$400 million in annual gross profit for the full-year 2023, given current project economics
- This transaction also provides a pathway to recapitalize Vertex’s balance sheet, adding significant access to liquidity

(1) At closing, Vertex will acquire the Mobile refinery’s existing hydrocarbon inventory through funding provided by Bunker One. The hydrocarbon inventory will be valued at closing based on actual volumes and prevailing market prices. The current value of the hydrocarbon inventory would range from \$65 to \$85 million, assuming current market prices and historic inventory volumes under normal operating conditions.

# Compelling Transaction Rationale

## Transitioning the Mobile refinery's conventional fuels production toward renewable fuels

### 1 Transforms Vertex into a pure-play independent refiner and producer of renewable and conventional products

- The Mobile Refinery will become Vertex's core refining asset at closing, representing more than 94% of total capacity and 97% of annualized adjusted EBITDA<sup>(1)</sup>
- Positions Vertex to become a business of scale with more than 90,000 bpd of production capacity, together with more than 3 million barrels of feedstock and product storage and related logistics assets

### 3 Highly-compelling transaction economics, pro-forma for renewable diesel project

- At close, Vertex will initiate an \$85 million project that will result in new, incremental production of 10,000 bpd of renewable fuels by year-end 2022, increasing to 14,000 bpd by mid-year 2023
- Vertex expects the average gross profit per barrel on its renewable diesel production is significantly higher than that of Mobile's conventional fuels production, given the current benefit of tax subsidies and carbon reduction incentives

### 2 Long-term supply/off-take agreements minimize working capital requirements, ensure multi-year demand

- At closing, Vertex plans to enter into a five-year crude oil supply agreement with Shell and an ongoing renewable feedstock sourcing relationship with Synergy Supply & Trading; potential to also source from the Company's planned Myrtle Grove pretreatment facility in Belle Chasse, LA.
- Shell and Bunker One are expected to purchase 100% of Mobile's conventional fuels production, while CA-based Idemitsu Apollo will purchase 100% of the Refinery's renewable diesel production

### 4 Positions Vertex to accelerate its low-carbon energy transition strategy

- Acquisition of Mobile Refinery, including the impact of the renewable diesel project (RDP), positions Vertex to become a leading producer and marketer of renewable fuels
- Upon completion of the RDP, proportionally all of Vertex's annualized Adjusted EBITDA will be derived from renewable fuels, given current project economics

(1) Pro-forma for the completion of the renewable diesel project to be completed by year-end 2022

# Mobile Refinery Overview

Strategically-located refining asset with significant feedstock optionality

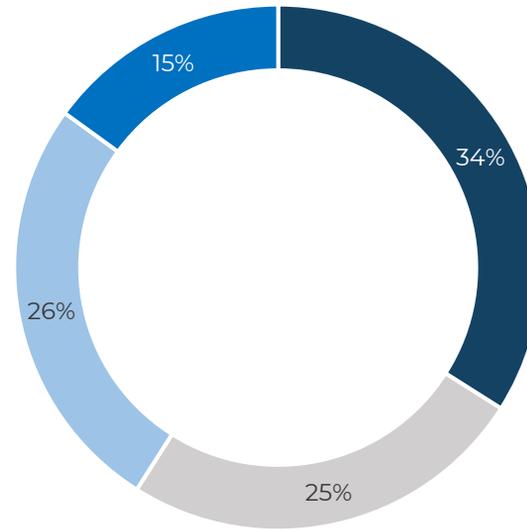
## Mobile Refinery

Key operating metrics

<b>Nameplate Capacity</b>	91,000 bpd
<b>Nelson Complexity Factor</b>	4.4
<b>Total Storage Capacity</b>	3.2 million barrels
<b>Truck Rack Offtake</b>	175 trucks per day
<b>Total Acres / Undeveloped</b>	864/720
<b>Annual CAPEX requirement <sup>(1)</sup></b>	~\$25 million
<b>Employees</b>	~200
<b>OSHA Recordable Rate</b>	<u>Zero</u> in 2020
<b>Trailing 5-Yr. Avg. Utilization</b>	~95%

## Current Crude Slate

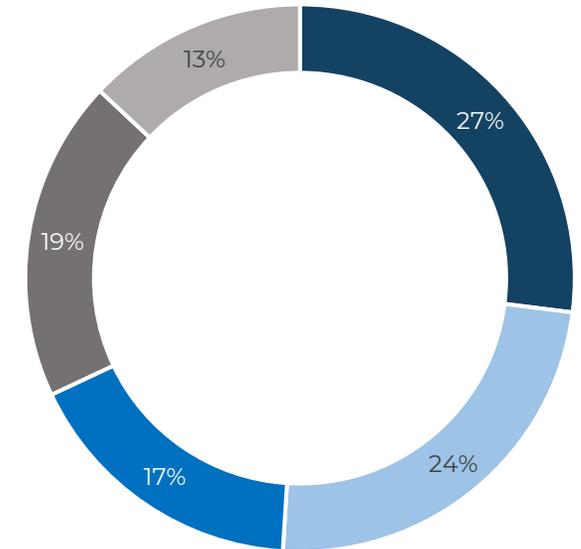
98% delivered by marine or pipeline



- Mississippi Sweet
- Gulf Coast Light Sweet
- Other Light Sweet
- Jay

## Current Product Slate

Distillate-centric refinery <sup>(2)</sup>



- Diesel
- Gasoline
- Jet
- VGO
- Other

(1) Average annual maintenance capital expenditures in non-turnaround year; last turnaround conducted in 2019 for total cost of ~\$30 million

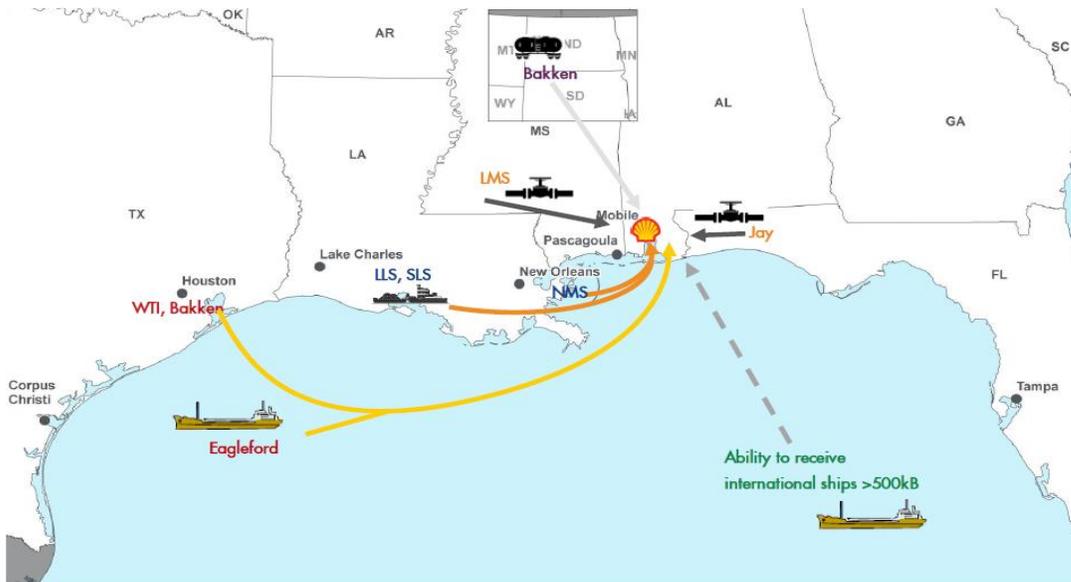
(2) "Other" includes vacuum tower bottoms, benzene concentrate, LPG and sulfur

# Strategically Located Southeastern U.S. Refining Asset

## Significant feedstock optionality, broad distribution footprint

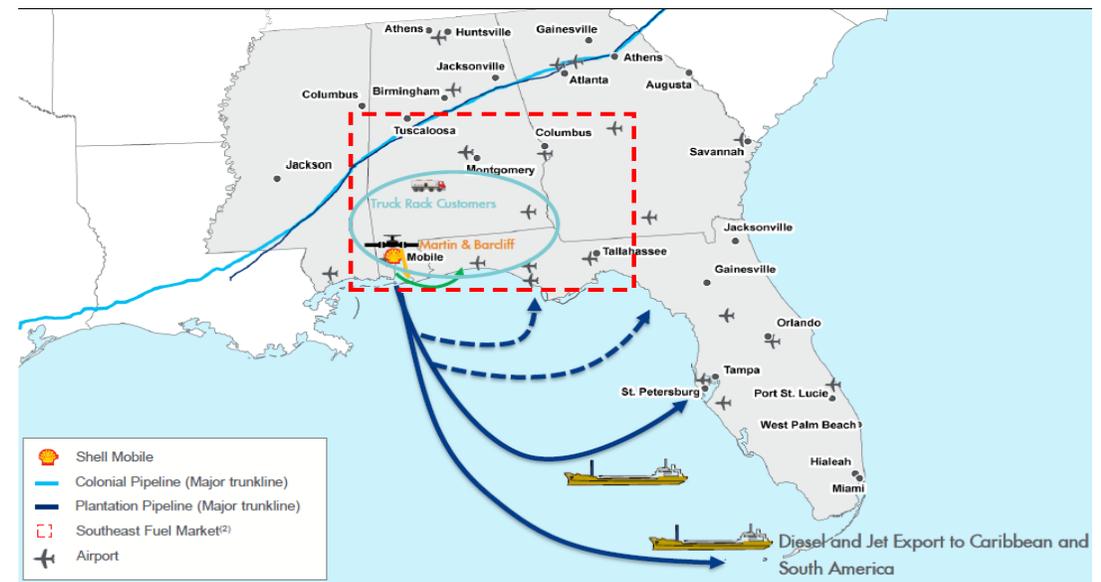
### Diverse Feedstock Supply Capabilities

- Geographically and logistically positioned to receive domestic, cost-advantaged feedstock
- Currently processing 10-15 crudes supplied via pipeline and barge
- Current feedstock supply is 56% via marine, 42% via pipeline, 2% via truck



### Broad Production Distribution Footprint

- Local producer in an import region with limited pipeline accessibility
- Major supplier to the Eastern MS, AL, Western GA, and NW FL markets Ability to export diesel and jet fuel to the Caribbean and South America
- Competing with Motiva (Centerpoint), BP/Citgo (Niceville), MS River (Tampa Bay), Placid Refining (FL GC), Chevron (Pascagoula)



# Mobile Accelerates Our Low-Carbon, Energy Transition Strategy

Vertex expects to become a leading producer and marketer of renewable diesel fuel

## 1 Lower emission, cleaner burning substitute

- Renewable diesel is a diesel fuel made in a manner similar to traditional petroleum diesel with the exceptions being that the feedstocks (vegetable oils and animal fats) are renewable, rather than petroleum based.
- Renewable diesel represents a more than 70% decline in GHG emissions vs. petroleum diesel fuel<sup>(1)</sup>

## 2 Significant market potential

- California is leading the way in incentivizing renewable diesel production through the Federal Renewable Standards Program and Low Carbon Fuel Standards Program
- After being introduced into the CA market in 2011, RD now satisfies ~10% of the State's total diesel demand<sup>(1)</sup>
- CA RD demand is expected to increase by more than 600% over the next decade<sup>(1)</sup>
- Multiple other states are expected to follow CA's lead<sup>(1)</sup>

## 3 Mobile accelerates our market entry

- Mobile refinery provides an operating hydrocracker that can be modified to produce renewable diesel
- The cost-competitive hydrocracker conversion project is expected to require nine months to reconfigure, versus ~3 years for a greenfield project of similar size and scope
- We believe our rapid, lower-cost entry into a newer, developing market through the conversion of an existing, operating process unit provides an "early-mover" advantage

## 4 Renewable diesel is a fully fungible substitute

- Renewable diesel represent a critical and viable substitute for petroleum-based diesel fuel
- Renewable diesel can be used in all engines designed to operate on conventional diesel fuel
- This compatibility reduces technical barriers and allows for a strong entry point into the renewable fuels market

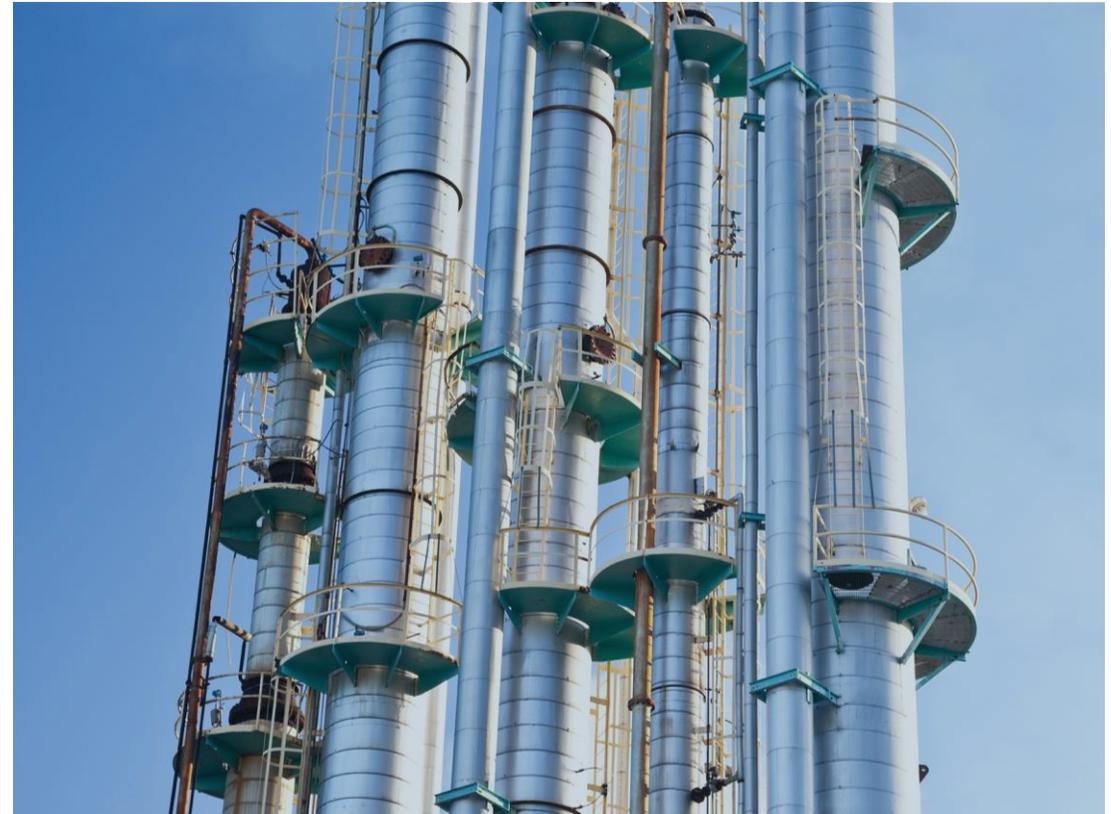
(1) California Advanced Biofuels Alliance – Roadmap for Eliminating Petroleum Diesel (February 2019)

# High-Return Renewable Diesel Capital Project

\$85 million, ~9-month project with less than 1-year estimated payback period

## Mobile Hydrocracker Conversion Project

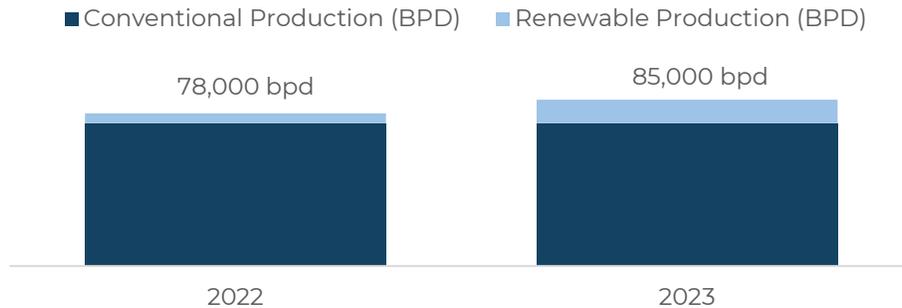
- At close, Vertex plans to commence an \$85 million project to modify the Mobile refinery's existing olefin feed hydrocracker to produce renewable diesel fuel
- Upon completion of the capital project by year-end 2022, the refinery will be able to produce ~10,000 bpd of renewable diesel fuel, propane and naphtha ramping to 14,000 bpd by mid-2023
- Modification of the hydrocracker will require approximately nine months; the unit will remain operational for five of those months while engineering and procurement is underway prior to on-site construction
- Total cost of completion is estimated to be ~50% less than a similar, "greenfield" project, as a fully operable hydrocracker is already in place
- Primary feedstocks may include soybean oil, distiller corn oil, tallow, yellow wax, grease and used cooking oil
- Vertex believes the Mobile refinery's "brownfield" hydrocracker conversion will be one of the lowest cost conversion of any announced project in the United States



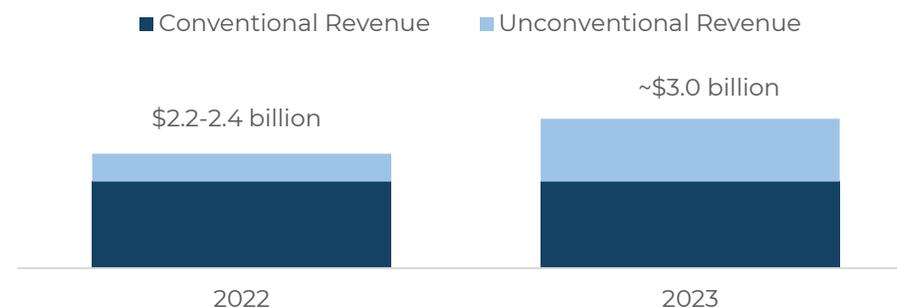
# Mobile Refinery Three-Year Financial Forecast

\$3+ billion in revenue and \$400+ million in gross profit annually beginning in 2023

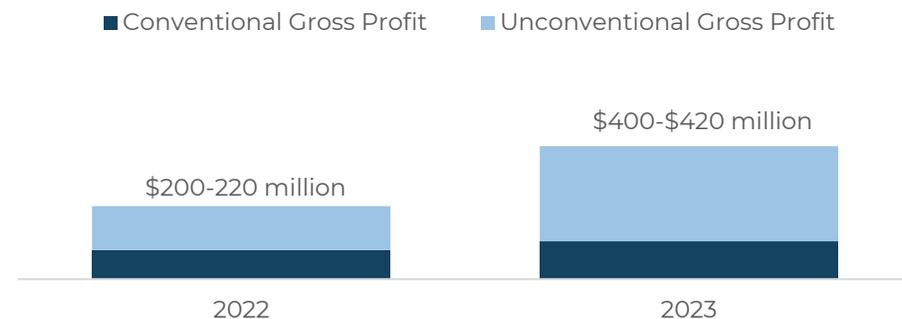
## 1 Anticipate significant production growth driven by increased renewable fuels production



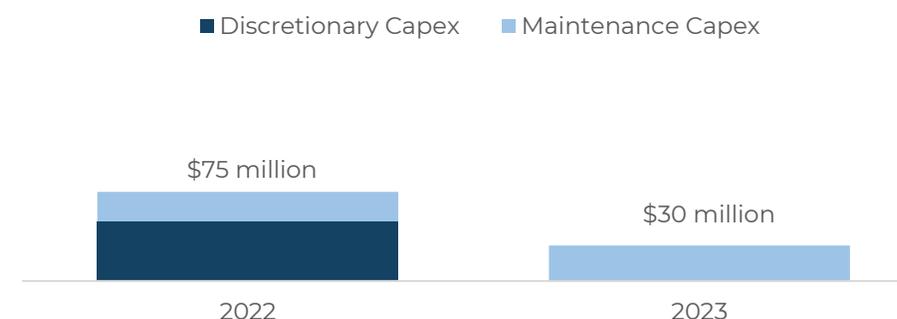
## 2 Anticipate significant growth in unconventional product revenue



## 3 Anticipate more than \$400 million of annual gross profit by 2023, given current economics



## 4 Anticipate major step-down in CAPEX beginning in 2023, supporting improved FCF generation



(1) Key assumptions include average WTI per barrel \$60 in Year One and \$56 per barrel in Year Two and Three; also assumes WTI to LLS differential of \$2.00 to \$2.50 per barrel in Year One thru Three

# Vertex is Well-Positioned for Long-Term Value Creation

Leading supplier of alternative fuels in support of the low-carbon energy transition

## 1 Mobile will become our flagship refining asset

- Will position Vertex to become one of the leading suppliers of alternative fuels to the SE US
- Upon completion of the renewable diesel project, the majority of Vertex's annualized EBITDA will be renewables-related, given current project economics

## 2 Mobile is a strategic asset of scale

- 91,000 bpd nameplate capacity facility of scale with high-value light product slate
- Multi-channel access to both crude oil and renewable feedstocks; significant SE US distribution capabilities
- 3.2 million barrels of feedstock and product storage

## 3 Mobile is a safe, efficient refinery

- Strong track record of safe and reliable operations
- Zero OSHA recordable incidents in 2020
- Consistently operated above 95% utilization over multi-year period

## 4 High-return renewable diesel project economics

- \$85 million, nine-month project with less than one-year estimated payback
- Pro-forma for completion of the project by year-end 2022, we anticipate the refinery will produce at least \$400 million in annual gross profit, given current economics

## 5 Planned recapitalization of balance sheet

- Management anticipates this transaction will create an opportunity to materially improve its liquidity profile and reduce its weighted average cost of capital, over the medium-term

Transformational Acquisition Positions Vertex To Become a Leading “Clean Refiner” & Marketer of Renewable Fuels