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 September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to ___________
Commission file number: 0-52577

FUTUREFUEL CORP.
(Exact Name of Registrant as Specified in Its Charter)

Delaware — **20-3340900**
(State or Other Jurisdiction of Incorporation or Organization) — (IRS Employer Identification No.)

8235 Forsyth Blvd., Suite 400, St Louis, Missouri — **63105**
(Address of Principal Executive Offices) — (Zip Code)

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

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

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

Indicate by check mark 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 November 9, 2022: 43,763,243

PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

FutureFuel Corp.
Consolidated Balance Sheets
(Dollars in thousands)

	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 171,268	$ 137,521
Accounts receivable, inclusive of the blenders' tax credit of $8,462 and $8,232, at September 30, 2022 and December 31, 2021, respectively, and net of allowances for bad debt of $43 and $67 at September 30, 2022 and December 31, 2021, respectively	23,719	29,316
Accounts receivable – related parties	11	58
Inventory	17,400	26,920
Income tax receivable	2,001	9,760
Prepaid expenses	877	3,588
Prepaid expenses – related parties	12	4
Marketable securities	38,753	47,190
Other current assets	3,680	1,476
Total current assets	257,721	255,833
Property, plant and equipment, net	78,405	82,901
Other assets	5,212	5,596
Total noncurrent assets	83,617	88,497
Total Assets	$ 341,338	$ 344,330
Liabilities and Stockholders' Equity		
Accounts payable, inclusive of the blenders' tax credit rebates due customers of $890 and $890, respectively	$ 23,955	$ 14,912
Accounts payable – related parties	8,249	7,911
Deferred revenue – current	7,694	6,151
Dividends payable	2,626	-
Accrued expenses and other current liabilities	6,106	6,081
Accrued expenses and other current liabilities – related parties	-	1
Total current liabilities	48,630	35,056
Deferred revenue – non-current	11,084	16,755
Noncurrent deferred income tax liability	1,569	1,870
Other noncurrent liabilities	1,479	1,721
Total noncurrent liabilities	14,132	20,346
Total liabilities	62,762	55,402
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 September 30, 2022 and December 31, 2021	4	4
Accumulated other comprehensive income	5	178
Additional paid in capital	282,489	282,443
Retained earnings (accumulated deficit)	(3,922)	6,303
Total stockholders' equity	278,576	288,928
Total Liabilities and Stockholders' Equity	$ 341,338	$ 344,330

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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Revenue	$ 118,108	$ 98,490	$ 277,822	$ 213,461
Revenue – related parties	33	192	376	855
Cost of goods sold	96,459	85,895	257,476	197,033
Cost of goods sold – related parties	873	2,889	4,089	14,826
Distribution	788	1,666	2,696	4,908
Distribution – related parties	36	40	130	136
Gross profit (loss)	19,985	8,192	13,807	(2,587)
Selling, general, and administrative expenses				
Compensation expense	979	571	2,336	1,622
Other expense	995	529	2,844	1,851
Related party expense	154	136	458	473
Research and development expenses	967	814	2,401	2,386
Total operating expenses	3,095	2,050	8,039	6,332
Income (loss) from operations	16,890	6,142	5,768	(8,919)
Interest and dividend income	1,210	654	2,621	2,449
Interest expense	(32)	(32)	(97)	(96)
Loss on marketable securities	(590)	(729)	(7,956)	(192)
Other expense	(1)	(14)	(3)	(1,369)
Other income (expense)	587	(121)	(5,435)	792
Income (loss) before taxes	17,477	6,021	333	(8,127)
Income tax provision (benefit)	1,697	(3,181)	55	(12,037)
Net income	$ 15,780	$ 9,202	$ 278	$ 3,910
Earnings per common share				
Basic	$ 0.36	$ 0.21	$ 0.01	$ 0.09
Diluted	$ 0.36	$ 0.21	$ 0.01	$ 0.09
Weighted average shares outstanding				
Basic	43,763,243	43,763,243	43,763,243	43,753,646
Diluted	43,763,243	43,763,243	43,763,243	43,753,709
Comprehensive income				
Net income	$ 15,780	$ 9,202	$ 278	$ 3,910
Other comprehensive loss from unrealized net losses on available-for-sale debt securities	(71)	(67)	(219)	(67)
Income tax effect	15	14	46	14
Total other comprehensive loss, net of tax	(56)	(53)	(173)	(53)
Comprehensive income	$ 15,724	$ 9,149	$ 105	$ 3,857

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 Nine Months Ended September 30, 2022

	Common Stock		Accumulated Other Comprehensive Income (Loss)	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount				
Balance - December 31, 2021	43,763,243	$ 4	$ 178	$ 282,443	$ 6,303	$ 288,928
Cash dividends declared, $0.24 per common share	-	-	-	-	(10,503)	(10,503)
Other comprehensive loss	-	-	(49)	-	-	(49)
Net loss	-	-	-	-	(12,398)	(12,398)
Balance - March 31, 2022	43,763,243	$ 4	$ 129	$ 282,443	$ (16,598)	$ 265,978
Other comprehensive loss	-	-	(68)	-	-	(68)
Net loss	-	-	-	-	(3,104)	(3,104)
Balance - June 30, 2022	43,763,243	$ 4	$ 61	$ 282,443	$ (19,702)	$ 262,806
Stock based compensation				46		46
Other comprehensive loss			(56)			(56)
Net income					15,780	15,780
Balance - September 30, 2022	43,763,243	$ 4	$ 5	$ 282,489	$ (3,922)	$ 278,576

For the Nine Months Ended September 30, 2021

	Common Stock		Accumulated Other Comprehensive Income (Loss)	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
	Shares	Amount				
Balance - December 31, 2020	43,743,243	$ 4	$ 208	$ 282,215	$ 89,456	$ 371,883
Other comprehensive loss	-	-	(60)	-	-	(60)
Net loss	-	-	-	-	(8,773)	(8,773)
Balance - March 31, 2021	43,743,243	$ 4	$ 148	$ 282,215	$ 80,683	$ 363,050
Cash dividends declared, $2.50 per share	-	-	-	-	(109,408)	(109,408)
Proceeds for the issuance of stock	20,000	-	-	231	-	231
Other comprehensive income	-	-	60	-	-	60
Net income	-	-	-	-	3,481	3,481
Balance - June 30, 2021	43,763,243	$ 4	$ 208	$ 282,446	$ (25,244)	$ 257,414
Other comprehensive loss	-	-	(53)			(53)
Net income	-	-			9,202	9,202
Balance - September 30, 2021	43,763,243	$ 4	$ 155	$ 282,446	$ (16,042)	$ 266,563

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

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

	Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities		
Net income	$ 278	$ 3,910
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	7,850	7,887
Amortization of deferred financing costs	72	72
Benefit from deferred income taxes	(255)	(12,190)
Change in fair value of equity securities	7,940	1,027
Change in fair value of derivative instruments	(3,053)	2,147
(Gain) loss on the sale of investments	15	(835)
Stock based compensation	46	-
Loss on disposal of property and equipment	60	11
Impairment of intangible asset	-	1,315
Noncash interest expense	-	24
Changes in operating assets and liabilities:		
Accounts receivable	5,597	(5,086)
Accounts receivable – related parties	47	1,344
Inventory	9,523	(9,805)
Income tax receivable	7,759	7,895
Prepaid expenses	2,711	3,129
Prepaid expenses - related parties	(8)	(12)
Other assets	296	522
Accounts payable	9,257	13,379
Accounts payable – related parties	338	7,645
Accrued expenses and other current liabilities	25	(387)
Accrued expenses and other current liabilities – related parties	(1)	-
Deferred revenue	(4,128)	(1,652)
Other noncurrent liabilities	(242)	(513)
Net cash provided by operating activities	44,127	19,827
Cash flows from investing activities		
Collateralization of derivative instruments	865	(2,518)
Purchase of marketable securities	-	(21,671)
Proceeds from the sale of marketable securities	263	40,652
Proceeds from the sale of property and equipment	61	-
Proceeds from the sale of intangible asset	-	93
Capital expenditures	(3,692)	(665)
Net cash (used in) from investing activities	(2,503)	15,891
Cash flows from financing activities		
Proceeds from the issuance of stock	-	231
Payment of dividends	(7,877)	(117,284)
Net cash used in financing activities	(7,877)	(117,053)
Net change in cash and cash equivalents	33,747	(81,335)
Cash and cash equivalents at beginning of period	137,521	198,122
Cash and cash equivalents at end of period	$ 171,268	$ 116,787
Cash paid for interest	$ -	$ 43
Cash paid for income taxes	$ 72	$ 83
Noncash investing and financing activities:		
Noncash capital expenditures	$ 214	$ 32
Noncash operating leases	$ -	$ 269

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

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 2021 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 and none are pending evaluation.

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 was set to expire December 31, 2022. On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law. The IRA provides for new and revised tax incentives for clean energy, including the extension of the BTC through December 31, 2024. 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 recognizes 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. The Consolidated Appropriations Act, effective January 1, 2021 broadened the eligibility of the credit. FutureFuel is in the process of applying for this credit and will recognize the benefit of the credit once reasonable assurance can be made as to the retention of the credit.

3) REVENUE RECOGNITION

FutureFuel recognizes revenue when performance obligations of the customer contract are satisfied. FutureFuel sells to customers through master sales agreements or standalone purchase orders. The majority of FutureFuel's terms of sale have a single performance obligation to transfer products. Accordingly, FutureFuel recognizes revenue when control has been transferred to the customer, generally at the time of shipment or delivery of products. For certain contracts, this occurs upon delivery of the material to a FutureFuel storage location, ready for customer pickup and separated from other FutureFuel inventory. Revenue is measured as the amount of consideration FutureFuel expects to receive in exchange for transferring products and is generally based upon a negotiated price. FutureFuel sells its products directly to customers generally under agreements with payment terms of 30 to 75 days for chemical segment customers and 2 to 10 days for biofuels segment customers.

Certain of FutureFuel custom chemical contracts within the chemical segment contain a material right as defined by ASU 2014-09, *Revenue from Contracts with Customers* ("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. FutureFuel recognizes revenue when the customer takes control of the inventory, either upon shipment or when the material is made available for pickup. 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 Topic 606. FutureFuel 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, FutureFuel estimates the expected life of the product, 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 which the company invoices upon shipping. The contract assets at September 30, 2022 and December 31, 2021 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 were $733 and $178 and $733 and $707 for the three and nine months ended September 30, 2022 and 2021, respectively. Contract liabilities are reduced as the Company transfers product to the customer under the renewal option approach. Revenue recognized in the chemical segment from the contract liability reductions were $2,037 and $456 for the three months, and $5,211 and $2,192 for the nine months ended September 30, 2022 and 2021, 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.

(Dollars in thousands, except per share amounts)

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

Contract Assets and Liability Balances	September 30, 2022		December 31, 2021	
Trade receivables, included in accounts receivable*	$	14,223	$	20,780
Contract assets, included in accounts receivable	$	1,045	$	362
Contract liabilities, included in deferred revenue - short-term	$	6,971	$	5,944
Contract liabilities, included in deferred revenue - long-term	$	7,554	$	13,059

**Exclusive of the BTC of $8,462 and $8,232, respectively, and net of allowances for bad debt of $43 and $67, respectively, as of the dates noted.*

Transaction price allocated to the remaining performance obligations:

At September 30, 2022, approximately $14,525 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 two to four years. Approximately 48% of this revenue is expected to be recognized over the next 12 months, and 52% is expected to be recognized over the subsequent 36 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.

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:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Contract revenue from customers with > 1-year arrangements	$	9,762	$	6,232	$	26,052	$	17,109
Contract revenue from customers with < 1-year arrangements		108,324		92,395		251,980		197,041
Revenue from non-contractual arrangements		55		55		166		166
Total revenue	$	118,141	$	98,682	$	278,198	$	214,316

Timing of revenue:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022		2021		2022		2021	
Bill-and-hold revenue	$	9,713	$	9,185	$	26,960	$	24,612
Non-bill-and-hold revenue		108,428		89,497		251,238		189,704
Total revenue	$	118,141	$	98,682	$	278,198	$	214,316

As of September 30, 2022, $3,762 of the bill and hold revenue had not shipped. In comparison, $3,052 of bill and hold revenue as of September 30, 2021 had not shipped. The amount unshipped excludes contract assets discussed above.

(Dollars in thousands, except per share amounts)

4) INVENTORY

The carrying values of inventory were as follows as of:

	September 30, 2022	December 31, 2021
At average cost (approximates current cost)		
Finished goods	$ 10,624	$ 12,132
Work in process	1,097	462
Raw materials and supplies	20,161	30,117
	31,882	42,711
LIFO reserve	(14,482)	(15,791)
Total inventory	$ 17,400	$ 26,920

For the nine months ended September 30, 2022, a LIFO liquidation of $11,049 occurred with $2,124 related to the exit of the pipeline business and $8,925 related to reduced biodiesel feedstock and finished product inventory. This liquidation of inventory increased biofuel segment profits $1,771 in the nine months ended September 30, 2022. No LIFO liquidation occurred in the nine months ended September 30, 2021.

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 2022 or 2021. 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 $4,688 and a loss of $21,917 for the three and nine months ended September 30, 2022, respectively and a loss of $2,348 and $10,377 for the three months and nine months ended September 30, 2021, respectively.

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

	Asset (Liability)			
	September 30, 2022		December 31, 2021	
	Contract Quantity	Fair Value	Contract Quantity	Fair Value
Regulated fixed price future commitments, included in other current assets (in thousand barrels)	229	$ 2,567	142	$ (485)

The margin account maintained with a broker to collateralize these derivative instruments carried an account balance of $817 and $1,684 at September 30, 2022 and December 31, 2021, 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.

The estimated fair market value of the underlying physical commodity (feedstock and finished biodiesel inventory and undelivered feedstock commitments) was $0.7 million at September 30, 2022. This is an estimate only and not reflected in the consolidated financial statements for the nine months ended September 30, 2022.

6) MARKETABLE SECURITIES

At September 30, 2022 and December 31, 2021, FutureFuel had investments in certain marketable equity and trust preferred (debt) securities which had a fair market value of $38,753 and $47,109, respectively. These investments are classified as current assets in the consolidated balance sheets.

The Company has designated the trust preferred securities as being available-for-sale. Accordingly, these securities were recorded at fair value of $3,683 and $3,902 at September 30, 2022 and December 31, 2021, respectively, with net unrealized gains of $7 and $226, net of taxes, as a component of stockholders' equity.

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 September 30, 2022 and 2021, was reported as a component of net income with a loss of $602 and $805, respectively. The change in the fair value of marketable equity securities (preferred and other equity instruments) for the nine months ended September 30, 2022 and 2021, was a loss of $7,940 and $1,027, respectively.

The aggregate fair value of debt securities with unrealized losses totaled $1,675 at September 30, 2022 and $0 at December 31, 2021.

The Company determined an allowance for credit losses for these debt securities was not necessary as of September 30, 2022. 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 of debt securities in the nine months ended September 30, 2022 or 2021.

The debt securities held at September 30, 2022, had a contractual maturity of greater than ten years.

(Dollars in thousands, except per share amounts)

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.

The following tables provide information by level for assets and liabilities that are measured at fair value, on a recurring basis, at September 30, 2022 and December 31, 2021.

		Asset (Liability) Fair Value Measurements Using Inputs Considered as:		
Description	**Fair Value at September 30, 2022**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	$ 2,567	$ 2,567	$ -	$ -
Preferred stock and other equity instruments	$ 35,070	$ 35,070	$ -	$ -
Trust preferred stock	$ 3,683	$ 3,683	$ -	$ -

		Asset (Liability) Fair Value Measurements Using Inputs Considered as:		
Description	**Fair Value at December 31, 2021**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments	$ (485)	$ (485)	$ -	$ -
Preferred stock and other equity instruments	$ 43,288	$ 43,288	$ -	$ -
Trust preferred stock	$ 3,902	$ 3,902	$ -	$ -

(Dollars in thousands, except per share amounts)

8) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	September 30, 2022	December 31, 2021
Accrued employee liabilities	$ 4,263	$ 3,347
Accrued property, franchise, motor fuel and other taxes	849	1,912
Lease liability, current	400	644
Other	594	178
Total	$ 6,106	$ 6,081

9) BORROWINGS

On March 30, 2020, FutureFuel, with FutureFuel Chemical as the borrower and certain of FutureFuel'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. The primary amendments from the Prior Credit Agreement were a reduction in the facility by $65,000, a reduction in the facility's applicable interest rate by 0.25%, a reduction in the commitment fee, and elimination of the minimum consolidated fixed charge coverage ratio.

The interest rate floats at the following margins over LIBOR or base rate based upon the leverage ratio from time to time:

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

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

There were no borrowings under the Credit Agreement at September 30, 2022 or December 31, 2021.

10) INCOME TAX PROVISION

The following table summarizes the income tax provision.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Income tax expense (benefit)	$ 1,697	$ (3,181)	$ 55	$ (12,037)
Effective tax rate	9.7%	(52.8%)	16.5%	(148.1%)

(Dollars in thousands, except per share amounts)

The Company's effective tax rate for the nine months ended September 30, 2022 reflects the favorable impact of the BTC. This was partly offset by the derecognition of accumulated tax benefits inherent in carryforwards of certain tax attributes, as discussed below.

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 the first quarter of 2022, based on all available evidence, the Company determined that portions of its deferred tax assets for carryforwards of federal and state net operating losses, tax credits, and capital losses, do not meet the realizability standard of more likely than not. This assessment was modified in the second quarter, when a reduction in the forecasted annual tax loss facilitated the release of some of the valuation allowance established in the first quarter.

In the three and nine months ended September 30, 2021, because the Company was unable to reliably estimate its annual effective tax rate, the tax benefit was determined by applying an actual year-to-date effective rate to year-to-date pretax income. The effective tax rate for the three and nine months ended September 30, 2021 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.

11) EARNINGS PER SHARE

In the three and nine months ended September 30, 2022 and 2021, FutureFuel used the treasury method in computing earnings per share.

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

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Numerator:				
Net income	$ 15,780	$ 9,202	$ 278	$ 3,910
Denominator:				
Weighted average shares outstanding – basic	43,763,243	43,763,243	43,763,243	43,753,646
Effect of dilutive securities:				
Stock options and other awards	-	-	-	63
Weighted average shares outstanding – diluted	43,763,243	43,763,243	43,763,243	43,753,709
Basic earnings per share	$ 0.36	$ 0.21	$ 0.01	$ 0.09
Diluted earnings per share	$ 0.36	$ 0.21	$ 0.01	$ 0.09

In the three and nine months ended September 30, 2022, 44,000 and 30,667 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 nine months ended September 30, 2021, 24,000 and 30,603 options were excluded, respectively.

(Dollars in thousands, except per share amounts)

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 of biodiesel, petrodiesel, blends, and other petroleum products to these related parties along with the associated expense from the purchase of natural gas, storage and terminalling services by FutureFuel from 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.

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.

FutureFuel employs derivative instruments to manage biofuel commodity trading risk. See Note 5 for additional discussion regarding the fair market value of unsold inventory and undelivered feedstock commitments at September 30, 2022.

Summary of business by segment

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenue				
Custom chemicals	$ 16,047	$ 12,720	$ 44,028	$ 35,655
Performance chemicals	5,459	3,971	17,233	12,693
Chemicals revenue	21,506	16,691	61,261	48.348
Biofuels revenue	96,635	81,991	216,937	165,968
Total Revenue	$ 118,141	$ 98,682	$ 278,198	$ 214,316
Segment gross profit (loss)				
Chemicals	$ 8,362	$ 5,105	$ 17,976	$ 8,089
Biofuels	11,623	3,087	(4,169)	(10,676)
Total gross profit (loss)	$ 19,985	$ 8,192	$ 13,807	$ (2,587)

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 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 nine months ended September 30, 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. We do not purchase RINs. As of September 30, 2022, we held 8.1 million D4 RINs with a market value of $12,752. Comparatively, we held 12.1 million D4 RINs at September 30,2021 with a market value of $17,145.

COVID-19

During the COVID-19 pandemic, our objectives have been to protect the well-being of our employees, support our customers, obtain materials from our suppliers, and maintain our manufacturing operations. While the pandemic has reduced the overall level of activity across much of the economy, we have largely met these objectives.

As the pandemic has evolved, we have seen its effects disrupt supply chains and labor markets in often unpredictable ways. The three principles areas where COVID-19 may still negatively impact our financial performance are customer demand, raw material procurement, and our ability to operate our manufacturing facility.

Customer Demand – Several of our major chemical customers sell the products we produce for them into markets that have been impacted by COVID-19, particularly the energy and automotive markets. However, demand on the whole has recovered from the immediate disruption caused by COVID-19, although it has not yet returned to pre-pandemic volumes. COVID-19 is only one of many factors influencing the energy markets at the moment and we closely align our biodiesel production to match that demand when margins are positive.

Supply Chain Impact – Our initial concern was that supplier shutdowns might result in raw material or input shortages and negatively impact our ability to manufacture products and meet our customers' demands. While we have managed supply such that our operations have not been significantly hindered by shortages, timing of deliveries and supply chain disruptions have on occasion tempered demand from our customers.

Operations Impact - Two years into the pandemic, we have shown that our mitigation measures have been pragmatic and effective, even at the height of the Omicron variant. However, each wave has presented different challenges, and we will remain agile and flexible in our response to any future variant or surge. To date we have had no negative impact on our ability to operate the plant safely and in a way that meets our customers' demands.

COVID-19 will be with us for some time, either as an on-going outbreak or as a future threat. As such, we may continue to experience materially adverse impacts on our financial condition and results of operations.

Summary of Financial Results

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

	Three Months Ended September 30,			
	2022	2021	Dollar Change	% Change
Revenue	$ 118,141	$ 98,682	$ 19,459	20%
Income from operations	$ 16,890	$ 6,142	$ 10,748	175%
Net income	$ 15,780	$ 9,202	$ 6,578	71%
Earnings per common share:				
Basic	$ 0.36	$ 0.21	$ 0.15	71%
Diluted	$ 0.36	$ 0.21	$ 0.15	71%
Adjusted EBITDA	$ 14,806	$ 11,144	$ 3,662	33%

	Nine Months Ended September 30,			
	2022	2021	Dollar Change	% Change
Revenue	$ 278,198	$ 214,316	$ 63,882	30%
Income (loss) from operations	$ 5,768	$ (8,919)	$ 14,687	na
Net income	$ 278	$ 3,910	$ (3,632)	(93%)
Earnings per common share:				
Basic	$ 0.01	$ 0.09	$ (0.08)	(89%)
Diluted	$ 0.01	$ 0.09	$ (0.08)	(89%)
Adjusted EBITDA	$ 35,613	$ 7,987	$ 27,626	346%

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, 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 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 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 marketable securities of certain debt securities (trust preferred stock) and in preferred stock and other equity instruments. The realized and unrealized gains and losses on these marketable securities can fluctuate significantly from period to period. We include this item as an adjustment as we believe it provides 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net income	$ 15,780	$ 9,202	$ 278	$ 3,910
Depreciation	2,574	2,656	7,850	7,887
Non-cash stock-based compensation	46	-	46	-
Interest and dividend income	(1,210)	(654)	(2,621)	(2,449)
Non-cash interest expense and amortization of deferred financing costs	7	33	72	96
Loss on disposal of property and equipment	10	11	60	11
(Gain) loss on derivative instruments	(4,688)	2,348	21,917	10,377
Loss on marketable securities	590	729	7,956	192
Income tax provision (benefit)	1,697	(3,181)	55	(12,037)
Adjusted EBITDA	$ 14,806	$ 11,144	$ 35,613	$ 7,987

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

	Nine Months Ended September 30,	
	2022	2021
Net cash provided by operating activities	$ 44,127	$ 19,827
Benefit for deferred income taxes	255	12,190
Interest and dividend income	(2,621)	(2,449)
Income tax benefit	55	(12,037)
Loss on derivative instruments	21,917	10,377
Change in fair value of derivative instruments	3,053	(2,147)
Change in operating assets and liabilities, net	(31,174)	(16,459)
Impairment of intangible asset	-	(1,315)
Other	1	-
Adjusted EBITDA	$ 35,613	$ 7,987

Results of Operations

Consolidated

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2022	2021	Amount	%	2022	2021	Amount	%
Revenues	$ 118,141	$ 98,682	$ 19,459	19.7%	$ 278,198	$ 214,316	$ 63,882	29.8%
Volume/product mix effect			(10,154)	(10.3%)			(24,884)	(11.6%)
Price effect			29,613	30.0%			88,766	41.4%
Gross profit (loss)	19,985	8,192	11,793	144.0%	13,807	(2,587)	16,394	n/a
Operating expenses	(3,095)	(2,050)	(1,045)	51%	(8,039)	(6,332)	(1,707)	27.0%
Other income (expense)	587	(121)	708	n/a	(5,435)	792	(6,227)	n/a
Income tax (provision) benefit	(1,697)	3,181	(4,878)	n/a	(55)	12,037	(12,092)	n/a
Net income	$ 15,780	$ 9,202	$ 6,578	71.5%	$ 278	$ 3,910	$ (3,632)	(92.9%)

Consolidated revenue in the three and nine months ended September 30, 2022 increased $19 and $64 million, compared to the three and nine months ended September 30, 2021, respectively. The increases resulted from higher sales prices in the biofuels segment, and to a lesser extent, from increased prices and sales volumes in the chemicals segment. This increase was partially reduced by lower sales volumes in biofuels for both the three-and nine-month periods ending September 30, 2022.

Gross profit in the three months ended September 30, 2022 increased $11.8 million as compared to the same period of 2021. The increase primarily resulted from improved margins from the biofuels segment and to a lesser extent, improved sales volume in the chemical segment.

Gross profit for the nine months ended September 30, 2022 increased $16.4 million as compared to the same period of 2021. This increase primarily resulted from: i) improved margins from biofuels, ii) improved margins from the chemical segment from product mix and increased sales volumes, and iii) the prior year period included exorbitantly high natural gas prices experienced in the February 2021 from Winter Storm Uri. Mostly offsetting these increases was the change in the activity in derivative instruments with a loss of $21.9 million in the current nine-month period, as compared to $10.4 million in the same period of 2021. We experienced unprecedented volatility in the heating oil futures market which resulted in losses that were not fully recoverable on fuel sold. We have since amended our derivative strategy to help mitigate reoccurrence.

Also favorably impacting gross profit in the three-month period ended September 30, 2022 as compared to the same period of 2021, was the change in the adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. In the three months ended September 30, 2022 and 2021, this adjustment increased gross profit $6.1 million and $1.0 million, respectively. In the nine months ended September 30, 2022 and 2021, this adjustment increased gross profit $1.3 million and decreased gross profit $6.1 million, respectively. The change for the nine months ended September 30, 2022 was inclusive of a liquidation of LIFO inventory from our biofuel segment as stated in note 4 to our consolidated financial statements.

Operating expenses

Operating expenses increased $1.0 million and $1.7 million in the three and nine months ended September 30, 2022, as compared to the same periods of 2021. This increase was primarily from increased administrative fees and compensation expense.

Other income (expense)

Other income (expense) increased pretax profit $0.7 million in the three months ended September 30, 2022 as compared to the prior year period on increased interest and dividends. In the nine-month comparison period for 2022 and 2021, pretax profit decreased $6.2 million. This reduction was primarily from unrealized losses on marketable securities. In addition, an impairment charge for an intangible asset reduced other income in the prior year period by $1.4 million.

Income tax benefit

The Company's effective tax rate for the nine months ended September 30, 2022 reflects the favorable impact of the BTC. This was partly offset by the derecognition of accumulated tax benefits inherent in carryforwards of certain tax attributes, as discussed below.

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 the first quarter of 2022, based on all available evidence, the Company determined that portions of its deferred tax assets for carryforwards of federal and state net operating losses, tax credits, and capital losses do not meet the realizability standard of more likely than not. This assessment was modified in the second quarter, when a reduction in the forecasted annual tax loss facilitated the release of some of the valuation allowance established in the first quarter.

Chemical Segment

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2022	2021	Amount	%	2022	2021	Amount	%
Revenues	$ 21,506	$ 16,691	$ 4,815	28.8%	$ 61,261	$ 48,348	$ 12,913	26.7%
Volume/product mix effect			$ 785	4.7%			$ 659	1.4%
Price effect			$ 4,030	24.1%			$ 12,254	25.3%
Gross profit	$ 8,362	$ 5,105	$ 3,257	63.8%	$ 17,976	$ 8,089	$ 9,887	122.2%

Chemical revenue in the three and nine months ended September 30, 2022 increased $4.8 million and $12.9 million compared to the three and nine months ended September 30, 2021. Revenue from our custom chemicals (unique chemicals produced under contract for specific customers) for the three and nine months ended September 30, 2022 totaled $16.0 million and $44.0 million, an increase of $3.3 and $8.4 from the three-and nine-month comparative periods in 2021, respectively. The improvement in the current year periods was primarily from contractual sales prices indexed to raw material prices and general inflation. Performance chemicals (composed of multi-customer products which are sold to the open market based on specification) revenue was $5.5 million and $17.3 million, an increase of $1.5 million and $4.5 million as compared to the same periods of 2021, respectively. The increase in the current year periods was from a higher selling price of glycerin partially offset by a weaker market for our monomer additive.

Gross profit for the chemical segment for the three and nine months ended September 30, 2022 increased $3.3 and $9.9 million, respectively, from product mix and, to a lesser extent, from increased sales volumes and the change in the adjustment in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting. For the nine months ended September 30, 2022, gross profit increased when compared to the same period of 2021 from the absence of the unusually high natural gas price in the prior year period.

Biofuels Segment

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2022	2021	Amount	%	2022	2021	Amount	%
Revenues	$ 96,635	$ 81,991	$ 14,644	17.9%	$ 216,937	$ 165,968	$ 50,969	30.7%
Volume/product mix effect			$ (10,939)	(13.3%)			$ (25,543)	(15.4%)
Price effect			$ 25,583	31.2%			$ 76,512	46.1%
Gross profit (loss)	$ 11,623	$ 3,087	$ 8,536	276.5%	$ (4,169)	$ (10,676)	$ 6,507	60.9%

Biofuels revenue in the three and nine months ended September 30, 2022 increased $14.6 million and $51.0 million as compared to the same periods of 2021, respectively. The biodiesel and biodiesel blend volumes decreased as compared to the prior year periods, primarily from the availability of economical feedstock. Offsetting these volume decreases as compared to the same period of 2021, was higher selling prices with the overall increase in the fuel market.

A significant portion of our biodiesel sold was to two major refiner/blender in the three and nine months ended September 30, 2022 and 2021. No assurances can be given that we will continue to sell to such major refiners, or, if we do sell, the volume we will sell or the profit margin we will realize. We do not believe that the loss of this customer would have a material adverse effect on our biofuels segment or on us as a whole 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 gross profit was $11.6 million in the three months ended September 30, 2022, an improvement of $8.5 million compared to the same period of 2021 primarily from the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting as compared to the same period of 2021. This adjustment increased gross profit this period $5.4 million as compared to an increase in gross profit of $1.1 in the same prior year period. Also increasing gross profits was improved margins.

Gross losses were $4.2 million in the nine months ended September 30, 2022, a decreased loss of $6.5 million from the same period in 2021. This gross loss included the unpredicted volatility in the NYMEX Heating Oil contract in the current nine-month period. The decreased loss resulted primarily from: i) the change in adjustments in the carrying value of our inventory as determined utilizing the LIFO method of inventory accounting as compared to the same period of 2021; this adjustment increased gross profit this period $1.8 million as compared to a decrease in gross profit of $4.9 million in the same prior year period, and ii) the prior year period was unfavorably impacted by dramatically increased prices of natural gas resulting from Winter Storm Uri which consequently reduced sales volumes when production was curtailed to minimize natural gas consumption.

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)			
	September 30, 2022		December 31, 2021	
	Contract Quantity	Fair Value	Contract Quantity	Fair Value
Regulated fixed price future commitments (in thousand barrels)	229	$ 2,567	142	$ (485)

*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 nine months ended September 30, 2022 and 2021 were related to custom chemicals customers whereby revenue was recognized in accordance with contractual agreements based upon product being produced and ready for pickup or delivery 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 a FutureFuel warehouse 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 $9,713 and $26,960 for the three and months ended September 30, 2022.

Liquidity and Capital Resources

Our net cash from operating activities, investing activities, and financing activities for the nine months ended September 30, 2022 and 2021 are set forth in the following table.

	Nine Months Ended September 30, 2022		Nine Months Ended September 30, 2021	
Net cash provided by operating activities	$	44,127	$	19,827
Net cash provided by (used in) investing activities	$	(2,503)	$	15,891
Net cash used in financing activities	$	(7,877)	$	(117,053)

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. However, as the impact of the COVID-19 pandemic on the economy and our operations evolves, we will continue to assess our liquidity needs. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. An extended period of global supply chain and economic disruption could materially affect our business, results of operations, ability to meet debt covenants, access to sources of liquidity and financial condition.

Operating Activities

Cash provided by operating activities was $44,127 in the first nine months of 2022 as compared to $19,828 in the same period of 2021. This increase in cash was attributable to the change in inventory, demonstrating a cash inflow of $19,328; the change in benefit for deferred income taxes of $11,935; the change in accounts receivable, including accounts receivable-related parties, of $9,386; and the change in fair value of equity securities of $6,913 also demonstrating cash inflows. Partially offsetting cash inflow was a net change in accounts payable, including accounts payable-related parties, demonstrating a cash outflow of $11,429 primarily from the timing of vendor payments; and the change in the fair value of derivative instruments of $5,200 also demonstrating a cash out flow.

Investing Activities

Cash used by investing activities was $2,503 in the nine months ended September 30, 2022 as compared to cash provided by investing activities of $15,891 in the nine months ended September 30, 2021. Of the $18,394 change, $18,718 was the result of a decrease in net sales of marketable securities. Such net sales totaled $263 in the first nine months of 2022, compared to $18,981 in net sales in the first nine months of 2021. The remaining change resulted from an increase in the collateralization of derivative instruments of $3,383 and an increase in capital expenditures of $3,027.

Financing Activities

Cash used in financing activities was $7,877 and $117,053 in the nine months ended September 30, 2022 and 2021, respectively, for payments of dividends on our common stock. This change resulted from the payment of a special dividend of $109,408 in the first nine months of 2021.

Credit Facility

We have a credit agreement with a syndicated group of commercial banks for $100,000 as amended on March 30, 2020. 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.

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 and nine months of 2022 and 2021, 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 periods in 2022 and $2,624 in each of the periods of 2021. On May 10, 2021 we declared a special cash dividend of $2.50 per share and paid $109,408 on June 4, 2021.

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 2022, 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 ended September 30, 2022 and December 31, 2021, we also had investments in certain preferred stock, debt securities, and other equity instruments. We classify these investments as current assets in the accompanying consolidated balance sheets and designate the debt securities as being "available-for-sale." Accordingly, the debt securities are 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 recorded at fair value, with the unrealized gains and losses reported as a component of net income. The fair value of the debt securities and equity instruments totaled $39,426 and $47,190 at September 30, 2022 and December 31, 2021, 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 September 30, 2022 and December 31, 2021. 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 September 30, 2022 or December 31, 2021 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).

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 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 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 prices, we may enter into exchange-traded commodity futures and options contracts. We account for these derivative instruments in accordance with Topic 815, *Derivatives and Hedging.* Under this standard, the accounting for changes in the fair value of a derivative instrument depends upon whether it has been designated as an accounting hedging relationship and, further, on the type of hedging relationship. To qualify for designation as an accounting hedging relationship, specific criteria must be met and appropriate documentation maintained. We had no derivative instruments that qualified under these rules as designated accounting hedges in the first nine months of 2022 or 2021. 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 September 30, 2022 and December 31, 2021, the fair values of our derivative instruments were a net asset of $1,902 and a net liability of $485, 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 nine months of 2022. 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
Biodiesel feedstocks	269,421	LB	10.0%	18,509	134.1%
Methanol	41,734	LB	10.0%	821	5.9%
Natural gas	985	MCF	10.0%	688	5.0%
Electricity	78	MWH	10.0%	471	3.4%
Sodium methylate	7,788	LB	10.0%	388	2.8%
Coal	23	TON	10.0%	256	1.9%
Caustic soda	6,511	LB	10.0%	137	1.0%

(a) Volume requirements and average price information are based upon volumes used and prices obtained for the nine months ended September 30, 2022. Volume requirements may differ materially from these quantities in future years as our business evolves.

We had no borrowings at September 30, 2022 or December 31, 2021 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.

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, 2022 were not effective as described below 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.

In the course of preparing the Company's financial statements for the Form 10-Q, our management concluded that the following is a material weakness in internal control over financial reporting.

The Company's income tax provision for the three months ended March 31, 2022 was prepared by a related party who failed to properly calculate the income tax valuation allowance and this error was not identified upon review.

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of its financial statements would not be prevented or detected on a timely basis. These deficiencies could result in misstatements to our financial statements that would be material and would not be prevented or detected on a timely basis.

To remediate this deficiency, we plan to utilize a third party to review the valuation allowance for the life of the net operating losses, as well as timely completion of review controls.

Notwithstanding the identified material weaknesses, management believes that the condensed 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 September 30, 2022 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, 2021 filed with the SEC on March 15, 2022.

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
10.1	Omnibus Incentive Plan (incorporated by reference to Appendix A to Schedule 14A filed July 26, 2017)
10.2	Form of Option Agreement (incorporated by reference to the Quarterly Report filed August 8, 2022)
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 principal financial 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, 2021 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.

SIGNATURES

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: November 9, 2022

By: /s/ Rose M. Sparks

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

Date: November 9, 2022

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: November 9, 2022

/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: November 9, 2022

/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 Future Fuel Corp. (the "***Company"***) on Form 10-Q for the period ending September 30, 2022 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

November 9, 2022