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

Form 10-Q

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

For the Quarterly Period Ended March 31, 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 001-35397

RENEWABLE ENERGY GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware	**26-4785427**
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
416 South Bell Avenue Ames Iowa	**50010**
(Address of principal executive offices)	(Zip code)

(515) 239-8000
(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, par value $.0001 per share	REGI	The Nasdaq Stock Market LLC

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.

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 ☒

As of April 30, 2022, the registrant had 50,507,290 shares of Common Stock outstanding.

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FORWARD LOOKING STATEMENTS

This quarterly report on Form 10-Q contains, in addition to historical information, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial position, strategy and plans, and our expectations of future operations, are forward-looking statements. The words "believe," "may," "will," "would," "might," "could," "estimate," "continue," "anticipate," "design," "intend," "plan," "seek," "potential," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short-term and long-term business operations and objectives, and financial needs. Forward-looking statements include, but are not limited to, statements about:

- our pending merger transaction with Chevron Corporation (the "Merger") and the amount of costs, fees and expenses related to the Merger;
- the risk that the Agreement and Plan of Merger, dated as of February 27, 2022, by and among Chevron Corporation, a Delaware corporation, Cyclone Merger Sub Inc., a Delaware corporation and wholly owned subsidiary of Chevron, and Renewable Energy Group, Inc. (as it may be amended from time to time, the "Merger Agreement"), may be terminated in circumstances requiring REG to pay a termination fee;
- the inability to consummate the transaction within the anticipated time period, or at all, due to any reason, including the failure to obtain stockholder approval to adopt the Merger Agreement, the failure to obtain required regulatory approvals or the failure to satisfy the other conditions to the Merger;
- the nature, cost and outcome of any litigation and other legal proceedings, including any such proceedings related to the Merger and instituted against us and others;
- our business plans and strategies, including, but not limited to, our downstream objectives and undertakings and the proposed capacity expansion of our Geismar, Louisiana renewable diesel ("RD") biorefinery, including financing such expansion;
- our financial performance, including expectations regarding revenues, cost of revenues and operating expenses;
- changes in governmental programs, policymaking and requirements or encouraged use of biofuels, including Biodiesel Mixture Excise Tax Credit, Renewable Fuels Standard 2 ("RFS2") in the United States, renewable fuel policies in Canada and Europe, and state level programs such as California's Low Carbon Fuel Standard ("LCFS");
- the availability, future price and volatility of feedstocks and other inputs;
- the expansion of our distribution network and transportation costs;
- the future price and volatility of petroleum;
- our liquidity and working capital requirements;
- our leasing practices;
- anticipated trends and challenges in our business and competition in the markets in which we operate;
- our ability to successfully implement our acquisition strategy and integration strategy;
- our ability to protect proprietary technology and trade secrets;
- our risk management activities;
- the industry’s capacity, production and imports;
- product performance, in cold weather or otherwise;
- seasonal fluctuations in our business;
- our current products as well as products we are developing;
- our ability to retain and recruit key personnel;
- our current and future indebtedness and our compliance, or failure to comply, with restrictive and financial covenants in our various debt agreements;
- our marketable securities;
- critical accounting policies and estimates, the impact or anticipated impact of recent accounting pronouncements, guidance or changes in accounting principles and future recognition of impairments for the fair value of assets, including goodwill, financial instruments, intangible assets and other assets acquired;
- operating risks and the impact of disruptions to our business including, but not limited to, closures at our plant located in Geismar, Louisiana and the COVID-19 pandemic, including any potential resurgence of COVID-19 such as from the more transmissible Delta and Omicron variant strains; and
- assumptions underlying or relating to any of the foregoing.

These statements reflect current views with respect to future events and are based on assumptions and subject to risks and uncertainties. We note that a variety of factors, including but not limited to those Risk Factors discussed in Item 1A of Part II, could cause actual results and experience to differ materially from the anticipated results or expectations expressed in our forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Forward-looking statements contained in this report present management's views only as of the date of this report. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our 10-Q and 8-K reports filed with the Securities and Exchange Commission after the date hereof.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL INFORMATION

RENEWABLE ENERGY GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except share and per share amounts)

	March 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 340,703	$ 497,653
Marketable securities	342,572	290,818
Accounts receivable (net of allowance for doubtful accounts of $ 1,111 and $ 1,814, respectively)	212,584	158,187
Inventories	550,612	453,592
Prepaid expenses and other assets	134,659	93,443
Restricted cash	3,000	4,218
Total current assets	1,584,130	1,497,911
Long-term marketable securities	104,131	167,767
Property, plant and equipment, net	727,052	677,444
Right of use assets	54,178	51,730
Goodwill	40,066	43,864
Intangible assets, net	52,028	53,175
Deferred income tax assets	5,514	6,171
Other assets	60,947	60,882
TOTAL ASSETS	$ 2,628,046	$ 2,558,944
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current maturities of operating lease obligations	$ 13,217	$ 13,026
Accounts payable	221,982	162,847
Accrued expenses and other liabilities	46,003	53,884
Deferred revenue	26,890	16,856
Total current liabilities	308,092	246,613
Deferred income tax liabilities	3,896	4,659
Long-term debt (net of debt issuance costs of $ 12,727 and $ 13,243, respectively)	537,273	536,757
Long-term operating lease obligations	40,778	38,989
Other liabilities	4,034	4,100
Total liabilities	894,073	831,118
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Common stock ($0.0001 par value; 300,000,000 shares authorized; 50,469,456 and 50,294,505 shares outstanding, respectively)	6	6
Common stock—additional paid-in-capital	710,967	709,186
Retained earnings	1,117,507	1,105,030
Accumulated other comprehensive loss	(5,370)	(2,111)
Treasury stock (6,333,133 and 6,240,907 shares outstanding, respectively)	(89,137)	(84,285)
Total equity	1,733,973	1,727,826
TOTAL LIABILITIES AND EQUITY	$ 2,628,046	$ 2,558,944

See notes to condensed consolidated financial statements.

RENEWABLE ENERGY GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except share and per share amounts)

	Three months ended	
	March 31, 2022	**March 31, 2021**
REVENUES:		
Bio-based diesel sales	$ 757,914	$ 449,894
Separated RIN sales	111,474	29,601
Bio-based diesel government incentives	63,729	60,249
	933,117	539,744
Other revenue	2,872	—
	935,989	539,744
COSTS OF GOODS SOLD	868,239	465,942
GROSS PROFIT	67,750	73,802
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	48,712	31,177
(GAIN) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	(1,935)	—
IMPAIRMENT OF ASSETS	2,748	822
INCOME FROM OPERATIONS	18,225	41,803
OTHER EXPENSE, NET:		
(Loss) on debt extinguishment	—	(1,922)
Interest income	496	652
Other income (expense)	1,656	1,439
Interest expense	(7,479)	(1,117)
	(5,327)	(948)
INCOME BEFORE INCOME TAXES	12,898	40,855
INCOME TAX EXPENSE	(421)	(1,633)
NET INCOME	$ 12,477	$ 39,222
LESS—EFFECT OF PARTICIPATING SHARE-BASED AWARDS	85	639
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 12,392	$ 38,583
Basic net income per share available to common stockholders:		
Net income per share	$ 0.25	$ 0.95
Diluted net income per share available to common stockholders:		
Net income per share	$ 0.25	$ 0.88
Weighted-average shares used to compute basic net income per share available to common stockholders:		
Basic	50,338,496	40,425,593
Weighted-average shares used to compute diluted net income per share available to common stockholders:		
Diluted	50,558,898	43,661,568

See notes to condensed consolidated financial statements.

RENEWABLE ENERGY GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)
(in thousands)

	Three months ended	
	March 31, 2022	**March 31, 2021**
Net income	$ 12,477	$ 39,222
Unrealized gains (losses) on marketable securities, net of taxes of $— and $(11), respectively	(1,831)	(173)
Foreign currency translation adjustments	(1,428)	(1,337)
Other comprehensive income (loss)	(3,259)	(1,510)
Comprehensive income	$ 9,218	$ 37,712

See notes to condensed consolidated financial statements.

RENEWABLE ENERGY GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited)
(in thousands, except share amounts)

	Company Stockholders' Equity						
	Common Stock Shares	Common Stock	Common Stock - Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
BALANCE, January 1, 2022	50,294,505	$ 6	$ 709,186	$ 1,105,030	$ (2,111)	$ (84,285)	$ 1,727,826
Conversion of restricted stock units to common stock (net of 78,021 shares of treasury stock purchased)	143,068	—	—	—	—	(4,538)	(4,538)
Settlement of stock appreciation rights in common stock (net of 14,205 shares of treasury stock purchased)	31,883	—	(475)	—	—	(314)	(789)
Stock compensation expense	—	—	2,256	—	—	—	2,256
Other comprehensive loss	—	—	—	—	(3,259)	—	(3,259)
Net income	—	—	—	12,477	—	—	12,477
BALANCE, March 31, 2022	50,469,456	$ 6	$ 710,967	$ 1,117,507	$ (5,370)	$ (89,137)	$ 1,733,973

	Company Stockholders' Equity						
	Common Stock Shares	Common Stock	Common Stock - Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
BALANCE, January 1, 2021	39,334,839	$ 5	$ 392,247	$ 891,211	$ 1,160	$ (110,668)	$ 1,173,955
Conversion of restricted stock units to common stock (net of 150,906 shares of treasury stock purchased)	254,396	—	—	—	—	(10,026)	(10,026)
Settlement of stock appreciation rights in common stock (net of 2,598 shares of treasury stock purchased)	4,673	—	(176)	—	—	(1,431)	(1,607)
Equity issuance (net of issuance costs of $19,970)	5,750,000	1	365,279	—	—	—	365,280
Settlement of 2036 convertible senior notes conversions (net of tax impact of $1,143)	2,195,836	—	(26,183)	—	—	22,946	(3,237)
Stock compensation expense	—	—	1,844	—	—	—	1,844
Other comprehensive loss	—	—	—	—	(1,510)	—	(1,510)
Net income	—	—	—	39,222	—	—	39,222
BALANCE, March 31, 2021	47,539,744	$ 6	$ 733,011	$ 930,433	$ (350)	$ (99,179)	$ 1,563,921

RENEWABLE ENERGY GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three months ended	
	March 31, 2022	**March 31, 2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 12,477	$ 39,222
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation expense	10,497	10,915
Amortization expense of assets and liabilities, net	6,790	4,701
Accretion of convertible note discount	—	179
Amortization of marketable securities	1,018	659
Gain on sale of property, plant and equipment	(1,935)	—
Loss on debt extinguishment	—	1,922
Provision (benefit) for doubtful accounts	(301)	21
Impairment of property, plant and equipment	2,748	822
Stock compensation expense	2,256	1,844
Deferred tax expense	806	1,000
Other operating activities	(34)	49
Changes in assets and liabilities:		
Accounts receivable, net	(52,339)	13,770
Inventories	(97,100)	(80,664)
Prepaid expenses and other assets	(42,563)	(16,241)
Accounts payable	50,583	(24,865)
Accrued expenses and other liabilities	(5,697)	(5,908)
Operating lease obligations	(3,757)	(4,158)
Deferred revenue	10,033	(4,264)
Cash used in operating activities	(106,518)	(60,996)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for marketable securities	(53,257)	(93,092)
Cash received from maturities of marketable securities	62,184	90,722
Cash paid for purchase of property, plant and equipment	(58,534)	(10,487)
Cash receipts for sale of property, plant and equipment	3,984	—
Other investing activities	(500)	(1,500)
Cash used in investing activities	(46,123)	(14,357)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash paid on notes payable	—	(27,159)
Cash received from equity offering	—	385,250
Cash paid for equity offering costs	—	(19,565)
Cash paid for conversion of restricted stock units and stock appreciation rights	(5,327)	(11,633)
Cash provided from (used in) financing activities	(5,327)	326,893
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(157,968)	251,540
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, Beginning of period	501,871	88,218
Effect of exchange rate changes on cash	(200)	(223)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, End of period	$ 343,703	$ 339,535

(continued)

RENEWABLE ENERGY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Three months ended	
	March 31, 2022	**March 31, 2021**
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Cash paid for income taxes	$ 1,662	$ 913
Cash paid for interest	$ 180	$ 606
Leased assets obtained in exchange for new operating lease liabilities	$ 6,121	$ 11,293
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Amounts included in period-end accounts payable for:		
Purchases of property, plant and equipment	$ 29,427	$ 5,701
Equity issuance costs	$ —	$ 405

(concluded)

See notes to condensed consolidated financial statements.

NOTE 1 — BASIS OF PRESENTATION AND NATURE OF THE BUSINESS

The condensed consolidated financial statements have been prepared by Renewable Energy Group, Inc. and its subsidiaries (the "Company" or "REG"), pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted as permitted by such rules and regulations. All adjustments, consisting of normal recurring adjustments, have been included. Management believes that the disclosures are adequate to present fairly the financial position, results of operations and cash flows at the dates and for the periods presented. It is suggested that these interim financial statements be read in conjunction with the consolidated financial statements and the notes thereto appearing in the Company's latest annual report on Form 10-K filed on March 1, 2022. Results for interim periods are not necessarily indicative of those to be expected for the fiscal year.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and related disclosures. Actual results could differ from those estimates.

The Company currently owns and operates a network of eleven bio-based diesel production facilities, with nine locations in North America and two locations in Europe, and an aggregate nameplate production capacity of 470 million gallons per year ("mmgy"). Ten of these plants are "multi-feedstock capable", which allows them to use a broad range of low carbon feedstocks, such as distillers corn oil, used cooking oil and inedible animal fats in addition to vegetable oils, such as soybean oil, and canola oil.

The bio-based diesel industry and the Company's business have benefited from certain federal and state government programs. The federal biodiesel mixture excise tax credit (the "BTC") was retroactively reinstated on December 20, 2019 for the years 2018 and 2019. The BTC has also been extended through December 31, 2022. The modification of federal and state government programs could adversely affect the financial results of the Company.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies should be read in conjunction with a summary of the significant accounting policies the Company has disclosed in its Annual Report on Form 10-K for the year ended December 31, 2021.

Accounting for Business Combinations

The Company accounts for business combinations under the acquisition method of accounting. This method requires the recording of acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition date fair values. The excess of the purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates, royalty rates and asset lives, among other items.

Restricted Cash

The Company segregates certain cash balances as restricted cash that represent those funds required to be set aside by a contractual agreement. The Company classifies restricted cash between current and non-current assets based on the length of time of the restricted use.

As of March 31, 2022 and 2021, current restricted cash was $3,000 and $3,746 for each period, representing pledges for outstanding letters of credit issued to support our operations. See the table below for reconciliation of "Cash, Cash Equivalents and Restricted Cash" in the Condensed Consolidated Statements of Cash Flows:

	March 31, 2022	March 31, 2021
Cash and cash equivalents	$ 340,703	$ 335,789
Restricted cash	3,000	3,746
Total cash, cash equivalents and restricted cash in the Condensed Statements of Cash Flows	$ 343,703	$ 339,535

Marketable Securities

The Company's marketable securities are classified as available-for-sale and are reported at fair value, with unrealized gains and losses, net of tax, recorded in accumulated other comprehensive income (loss). The Company classifies its marketable securities as either current or long-term based on each instrument's underlying contractual maturity date. Realized gains or losses and declines in value judged to be other-than-temporary, if any, on available-for-sale securities are reported in other income, net. The Company evaluates such investments periodically for possible other-than-temporary impairment. A decline of fair value below amortized costs of debt securities is considered an other-than-temporary impairment if the Company has the intent to sell the security or if it is more likely than not that the Company will be required to sell the security before recovery of the entire amortized cost basis. In those instances, an impairment charge equal to the difference between the fair value and the amortized cost basis is recognized in earnings. Regardless of the Company's intent or requirement to sell a debt security, an impairment is considered other-than-temporary if the Company does not expect to recover the entire amortized cost basis; in those instances, a credit loss equal to the difference between the present value of the cash flows expected to be allocated based on credit risk and the amortized cost basis of the debt security is recognized in earnings. The Company has no current requirement or intent to sell a material portion of marketable securities as of March 31, 2022. The Company expects to recover up to (or beyond) the initial cost of investment for securities held. In computing realized gains and losses on available-for-sale securities, the Company determines cost based on amounts paid, including direct costs such as commissions to acquire the security, using the specific identification method.

Renewable Identification Numbers ("RINs")

When the Company produces and sells a gallon of bio-based diesel for use in the United States,1.5 to 1.7 RINs per gallon are generated. RINs are used to track compliance with the Renewable Fuel Standard, using the EPA moderated transaction system. RFS2 allows the Company to attach between zero and 2.5 RINs to any gallon of bio-based diesel. As a result, a portion of the selling price for a gallon of bio-based diesel sold in the U.S. is generally attributable to RFS2 compliance. However, RINs that the Company generates are a form of government incentive and not a result of the physical attributes of the bio-based diesel production. Therefore, no cost is allocated to the RIN when it is generated, regardless of whether the RIN is transferred with the bio-based diesel produced or held by the Company pending attachment to other bio-based diesel production sales. Additionally, RINs, once obtained through the production and sale of gallons of bio-based diesel, may be separated by the acquirer and sold separately.

In addition, the Company also obtains RINs from third parties who have separated the RINs from gallons of bio-based diesel. From time to time, the Company holds varying amounts of these separated RINs for resale. RINs obtained from third parties are initially recorded at their cost and are subsequently revalued at the lower of cost or net realizable value as of the last day of each accounting period. The resulting adjustments are reflected in costs of goods sold for the period. The value of these RINs is reflected in “Prepaid expenses and other assets” on the Condensed Consolidated Balance Sheets. The cost of goods sold related to the sale of these RINs is determined using the average cost method, while market prices are determined by RIN values, as reported by the Oil Price Information Service ("OPIS").

Low Carbon Fuel Standard

The Company generates LCFS credits for its low carbon fuels when its qualified low carbon fuels are transported into an LCFS market and sold for qualifying purposes. LCFS credits are used to track compliance with the LCFS. As a result, a portion of the selling price for a gallon of bio-based diesel sold into an LCFS market is also attributable to LCFS compliance. However, LCFS credits that the Company generates are a form of government incentive and not a result of the physical attributes of the bio-based diesel production. Therefore, no cost is allocated to the LCFS credit when it is generated, regardless of whether the LCFS credit is transferred with the bio-based diesel produced or held by the Company.

In addition, the Company also obtains LCFS credits from third-party trading activities. From time to time, the Company holds varying amounts of these third-party LCFS credits for resale. LCFS credits obtained from third parties are initially recorded at their cost and are subsequently revalued at the lower of cost or net realizable value as of the last day of each accounting period, and the resulting adjustments are reflected in costs of goods sold for the period. The value of LCFS credits obtained from third parties is reflected in “Prepaid expenses and other assets” on the Condensed Consolidated Balance Sheet. The cost of goods sold related to the sale of these LCFS credits is determined using the average cost method, while market prices are determined by LCFS values, as reported by the OPIS.

The Company records assets acquired and liabilities assumed through the exchange of non-monetary assets based on the fair value of the assets and liabilities acquired or the fair value of the consideration exchanged, whichever is more readily determinable.

Impairment of Long-lived Assets

The Company tests its long-lived assets for recoverability when events or circumstances indicate that its carrying amount may not be recoverable. Significant assumptions used in the undiscounted cash flow analysis, when it is required, include the projected demand for biomass-based diesel based on annual renewable fuel volume obligations under the Renewable Fuel Standards ("RFS2"), the Company's capacity to meet that demand, the market price of biomass-based diesel and the cost of feedstock used in the manufacturing process.

During the three months ended March 31, 2022, the Company recorded impairment charges of $2,748 related to certain property, plant and equipment due to the change in the intent to utilize these assets and that the carrying amounts of these assets deemed not recoverable given the assets' deteriorating physical conditions identified during the period.

During the first quarter of 2021, the Company recorded impairment charges of $822 related to certain equipment as the carrying amounts of these assets were deemed not recoverable given the assets' deteriorating physical conditions identified during the period.

Green Notes

On May 20, 2021, the Company completed the sale and issuance of $550,000 aggregate principal amount of 5.875% senior secured notes due in 2028 (the "Green Notes"). The Company recorded $14,619 in legal, professional and underwriting fees related to the issuance of the Green Notes. The Company currently intends to use the net proceeds from this offering for capital expenditures related to the improvement and expansion of its Geismar, Louisiana biorefinery. See "Note 8—Debt" for a further description of the Green Notes.

Security Repurchase Program

In February 2020, the Company's Board of Directors approved a repurchase program of up to $100,000 of the Company's shares of common stock and/or its previously outstanding convertible notes (the "2020 Program"). Under this program, the Company may repurchase shares from time to time in open market transactions, privately negotiated transactions or by other means. The timing and amount of repurchase transactions under the program are determined by the Company's management based on its evaluation of market conditions, share price, legal requirements and other factors.

There were no repurchases under the 2020 Program in the three months ended March 31, 2022, and the remaining amount of the 2020 Program was $91,914 as of March 31, 2022.

Equity Offering

On March 19, 2021, the Company completed an equity offering pursuant to which it sold 5,750,000 shares of common stock to various underwriters at a price of $67.00 per share before underwriting discounts and commissions. The proceeds that the Company received from the financing activity were $385,250 before underwriting discounts and commissions, fees, and other out-of-pocket costs of $19,970. The net proceeds from the transaction were $365,280.

Revenue Recognition

The Company generally has a single performance obligation in its arrangements with customers. The Company believes for most of its contracts with customers, control is transferred at a point in time, typically upon delivery to the customers. When the Company performs shipping and handling activities after the transfer of control to the customers (e.g., when control transfers prior to delivery), they are considered as fulfillment activities, and accordingly, the costs are accrued for when the related revenue is recognized. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. The Company generally expenses sales commissions when incurred because the amortization period would have been less than one year. The Company records these costs within selling, general and administrative expenses.

The following is a description of principal activities from which we generate revenue. Revenues from contracts with customers are recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration that we expect to receive in exchange for those goods or services.

- sales of biodiesel and RD produced at our facilities, including RINs and LCFS credits;
- resale of biodiesel, RD and petroleum and petroleum-based products acquired from third parties, along with the sale of RD and petroleum-based products further blended with biodiesel produced at our wholly owned facilities or acquired from third parties;
- sales of separated RINs and LCFS credits;
- sales of raw materials, glycerin and other co-products of the bio-based diesel production process;
- other revenue, including bio-based diesel facility management and operational services; and
- incentive payments from federal and state governments, including the BTC, and from the USDA Advanced Biofuel Program.

Disaggregation of revenue:

All revenue recognized in the income statement, except for Bio-based diesel Government Incentives, is considered to be revenue from contracts with customers. The following table depicts the disaggregation of revenue according to product line and segment:

	Reportable Segments				
Three months ended March 31, 2022	**Bio-based Diesel**	**Services**	**Corporate and other**	**Intersegment Revenues**	**Consolidated Total**
Bio-based diesel sales	$ 492,944	$ —	$ —	$ (1,107)	$ 491,837
Petroleum diesel and other petroleum-based product sales	85,719	—	88,904	—	174,623
LCFS credit sales	50,470	—	—	—	50,470
Separated RIN sales	111,474	—	—	—	111,474
Co-product sales	28,823	—	—	—	28,823
Raw material sales	2,893	—	—	—	2,893
Other bio-based diesel revenue	9,268	—	—	—	9,268
Other revenues	2,870	68,252	—	(68,250)	2,872
Total revenues from contracts with customers	$ 784,461	$ 68,252	$ 88,904	$ (69,357)	$ 872,260
Bio-based diesel government incentives	63,729	—	—	—	63,729
Total revenues	$ 848,190	$ 68,252	$ 88,904	$ (69,357)	$ 935,989

Three months ended March 31, 2021	**Bio-based Diesel**	**Services**	**Corporate and other**	**Intersegment Revenues**	**Consolidated Total**
Bio-based diesel sales	$ 348,974	$ —	$ —	$ (1,027)	$ 347,947
Petroleum diesel and other petroleum-based product sales	—	—	40,509	—	40,509
LCFS credit sales	38,311	—	—	—	38,311
Separated RIN sales	29,601	—	—	—	29,601
Co-product sales	11,684	—	—	—	11,684
Raw material sales	1,679	—	—	—	1,679
Other bio-based diesel revenue	9,764	—	—	—	9,764
Other revenues	—	17,352	—	(17,352)	—
Total revenues from contracts with customers	$ 440,013	$ 17,352	$ 40,509	$ (18,379)	$ 479,495
Bio-based diesel government incentives	60,249	—	—	—	60,249
Total revenues	$ 500,262	$ 17,352	$ 40,509	$ (18,379)	$ 539,744

Contract balances:

The following table provides information about receivables and contract liabilities from contracts with customers:

	March 31, 2022	December 31, 2021
Trade accounts receivable, gross	$ 160,289	$ 108,443
Short-term contract liabilities (deferred revenue)	$ (12,736)	$ (1,822)
Short-term contract liabilities (accounts payable)	$ (699)	$ (699)

The Company receives payments from customers based upon contractual billing schedules and accounts receivable are recorded when the right to consideration becomes unconditional. Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract. Significant changes to the contract liabilities during the three months ended March 31, 2022 and 2021 are as follows:

	January 1, 2022	Cash receipts (Payments)	Less: Impact on Revenue	March 31, 2022
Deferred revenue	$ 1,822	$ 75,475	$ 64,561	$ 12,736
Payables to customers related to BTC	699	—	—	699
	$ 2,521	$ 75,475	$ 64,561	$ 13,435

	January 1, 2021	Cash receipts (Payments)	Less: Impact on Revenue	March 31, 2021
Deferred revenue	$ 946	$ 12,963	$ 13,306	$ 603
Payables to customers related to BTC	914	—	215	699
	$ 1,860	$ 12,963	$ 13,521	$ 1,302

New Accounting Standards

On March 12, 2020, the FASB issued ASU 2020-04, which provides a relief that is elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. Optional expedients are provided for contract modification accounting under the following Codification topics and subtopics: ASC 310, Receivables; ASC 470, Debt; ASC 840 or ASC 842, Leases; and ASC 815-15, Derivatives and Hedging: Embedded Derivatives. The ASU also establishes (1) a general contract modification principle that entities can apply in other areas that may be affected by reference rate reform and (2) certain elective hedge accounting expedients. The amendments in ASU 2020-04 are effective for all entities as of March 12, 2020, through December 31, 2022. The Company has determined that the impact of the guidance on its condensed consolidated financial statements is not material.

On August 5, 2020, the FASB issued ASU 2020-06, which reduces the complexity of the accounting for convertible debt instruments and its effect on earnings per share calculation. The guidance reduces the number of accounting models used for convertible debt instruments, which will result in fewer embedded conversion features being recognized separately from the original contract. This will also affect the guidance associated with convertible debt for earnings-per-share by requiring the if-converted method rather than the treasury stock method, requiring that potential share settlement be included in the calculation of diluted earnings per share and clarifying that an entity should use the weighted-average share count from each quarter when calculating the year-to-date weighted-average share count. For public business entities, the amendments in ASU 2020-06 are effective for fiscal years beginning after December 15, 2021, including interim periods within those years, and early adoption is permitted for fiscal years beginning after December 15, 2020, including interim periods within those years. The Company has determined that the guidance has no material impact on its condensed consolidated financial statements.

On October 28, 2021, the FASB issued ASU 2021-08, which updates the guidance related to the acquisition of revenue contracts in a business combination. The new guidance requires that the acquiring entity recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date the acquirer should recognize the contract assets and liabilities under Topic 606 as they would have been recognized at contract origination rather than at fair value at the time of the acquisition. The intent is to create more comparability of recognition and measurement of the acquired contracts in business combinations. For public business entities, the amendments in ASU 2021-08 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is evaluating the impact of the guidance on its condensed consolidated finance statements.

On November 17, 2021, the FASB issued ASU 2021-10, which requires business entities to provide certain disclosures when they (1) have received government assistance and (2) use a grant or contribution accounting model by analogy to other accounting guidance. The guidance will require business entities to disclose the nature of the transactions, accounting policies used to account for the transactions, and state which line items on the balance sheet and income statement are affected by these transactions and the amount applicable to each financial statement line. Business entities will also have to disclose significant terms and conditions of transactions with a government such as the duration of the agreement, any commitments made by either side, provisions, and contingencies. The guidance in ASU 2021-10 is effective for all entities for fiscal years beginning after December 15, 2021. Entities may apply the provision either (1) prospectively to all transactions within the scope of ASC 832 that are reflected in the financial statements as of the adoption date and all new transactions entered into after the date of adoption or (2) retrospectively. Early adoption is permitted. The Company has determined that the impact of the guidance on its condensed consolidated financial statements is not material.

On March 28, 2022, the FASB issued ASU 2022-01, which updates the guidance related to the optional hedge accounting model. The guidance better portrays the economic results of an entity's risk management activities in its financial statements by expanding the scope of ASU 2017-12. The expansion allows for multiple hedged layers to be designated for a single closed portfolio of financial instruments or one or more beneficial interests secured by a portfolio of financial instruments, which is referred to as a portfolio layer method hedge. As a result, an entity can achieve hedge accounting for hedges of a greater proportion of the interest rate risk inherent in the assets included in the closed portfolio. The guidance for ASU 2022-10 is effective for public business entities December 15, 2022. Upon adoption, The Company must decide within 30 days which securities already in closed portfolios will be designated in a portfolio layer method hedge. The Company is evaluating the impact of guidance on its condensed consolidated financial statements.

NOTE 3 — ACQUISITIONS

On December 30, 2021, the Company acquired 100% of the stock of Amber Resources. Amber Resources is one of the leading full-service petroleum distributors and providers in Southern California, offering a broad product line of fuel, lubricants and diesel exhaust fluid ("DEF") solutions via highly differentiated, service-oriented model. Amber Resources is consolidated into REG in accordance with ASC 805, Business Combinations and is part of the Bio-based Diesel Reportable Segment. The Company completed its preliminary accounting of this business combination as the valuation of the acquired assets and assumed liabilities, including a tax reserve, was not finalized as of the date of this report. The consideration for the acquisition of Amber Resources, after adjusting for net working capital items allowed under the purchase agreement, was $78,434.

The Company used the income approach to value certain intangible assets. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. The Company used the income approach known as the relief from royalty method to value the fair value of the trade names. The relief from royalty method is based on the hypothetical royalty stream that would be received if we were to license the trade name and was based on expected revenues. The determination of the fair value of other assets acquired and liabilities assumed involves assessing factors such as the expected future cash flows associated with individual assets and liabilities and appropriate discount rates at the date of the acquisition.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date.

		December 30, 2021
Assets (liabilities) acquired of Amber Resources:		
Cash	$	5,643
Accounts receivable (net of allowance for doubtful accounts)		15,502
Inventory		8,830
Other current assets		4,558
Property, plant and equipment		16,248
Right of use assets		15,773
Intangibles		45,000
Goodwill		23,986
Other assets		4,023
Total assets acquired		139,563
Accounts payable		20,467
Accrued expenses and other liabilities		9,495
Current maturities of operating lease obligations		1,528
Other liabilities		2,625
Deferred income taxes		12,600
Long-term operating lease obligations		14,414
Total liabilities acquired	$	61,129

NOTE 4 — MARKETABLE SECURITIES

The Company's investments in marketable securities are stated at fair value and are available-for-sale.The following table summarizes the Company's investments in marketable securities:

	March 31, 2022				
	Maturity	Gross Amortized Cost	Total Unrealized Gains	Total Unrealized Losses	Fair Value
		Short-term marketable securities			
Commercial paper	Within one year	$ 109,247	$ —	$ (228)	$ 109,019
Corporate bonds	Within one year	224,119	2	(897)	223,224
Municipal bonds	Within one year	10,392	—	(63)	10,329
Total		$ 343,758	$ 2	$ (1,188)	$ 342,572
		Long-term marketable securities			
Corporate bonds	Within one - five years	$ 103,953	$ —	$ (1,293)	$ 102,660
Municipal bonds	Within one - five years	1,500	—	(29)	1,471
Total		$ 105,453	$ —	$ (1,322)	$ 104,131

	December 31, 2021				
	Maturity	Gross Amortized Cost	Total Unrealized Gains	Total Unrealized Losses	Fair Value
		Short-term marketable securities			
Commercial paper	Within one year	$ 116,937	$ 1	$ (36)	$ 116,902
Corporate bonds	Within one year	166,311	2	(170)	166,143
Municipal bonds	Within one year	7,781	—	(8)	7,773
Total		$ 291,029	$ 3	$ (214)	$ 290,818
		Long-term marketable securities			
Corporate bonds	Within one - five years	$ 164,071	$ —	$ (437)	$ 163,634
Municipal bonds	Within one - five years	4,162	—	(29)	4,133
Total		$ 168,233	$ —	$ (466)	$ 167,767

NOTE 5 — INVENTORIES

Inventories consist of the following:

	March 31, 2022	December 31, 2021
Raw materials	$ 196,661	$ 168,039
Work in process	7,971	7,920
Finished goods	345,980	277,633
Total	$ 550,612	$ 453,592

Inventories are valued at the lower of cost or net realizable value. Cost is determined based on the first-in, first-out method. There wereno lower of cost or market adjustments made to the inventory values reported as of March 31, 2022 and December 31, 2021.

NOTE 6 — OTHER ASSETS

Prepaid expense and other assets consist of the following:

	March 31, 2022	December 31, 2021
Commodity derivatives and related collateral, net	$ 46,735	$ 9,651
Prepaid expenses	26,890	25,537
Deposits	1,777	1,830
RIN inventory	5,643	5,741
Taxes receivable	46,866	43,735
Other	6,748	6,949
Total	$ 134,659	$ 93,443

RIN inventory is valued at the lower of cost or net realizable value. There were no lower of cost or market adjustments made to the inventory values reported as of March 31, 2022 and December 31, 2021.

Other noncurrent assets consist of the following:

	March 31, 2022	December 31, 2021
Investments	$ 16,261	$ 15,724
Spare parts inventory	2,767	2,756
Catalysts	14,985	14,985
Deposits	357	357
Long term notes receivable	11,307	11,259
Other	15,270	15,801
Total	$ 60,947	$ 60,882

NOTE 7 — INTANGIBLE ASSETS

Intangible assets consist of the following:

	March 31, 2022		
	Cost	Accumulated Amortization	Net
Raw material supply agreement	$ 6,230	$ (4,381)	$ 1,849
RD technology	8,300	(4,334)	3,966
Trade names	4,700	(235)	4,465
Acquired customer relationships	45,047	(3,299)	41,748
Other intangibles	200	(200)	—
Total intangible assets	$ 64,477	$ (12,449)	$ 52,028

	December 31, 2021		
	Cost	Accumulated Amortization	Net
Raw material supply agreement	$ 6,230	$ (4,296)	$ 1,934
RD technology	8,300	(4,196)	4,104
Trade names	4,700	—	4,700
Acquired customer relationships	44,947	(2,510)	42,437
Other intangible assets	200	(200)	—
Total intangible assets	$ 64,377	$ (11,202)	$ 53,175

The Company recorded intangible amortization expense of $1,247 for the three months ended March 31, 2022, and $382 for the three months ended March 31, 2021.

The estimated intangible asset amortization expense for the remainder of 2022 through 2027 and thereafter is as follows:

April 1, 2022 through December 31, 2022	$ 3,937
2023	5,128
2024	5,136
2025	5,202
2026	4,388
2027 and thereafter	28,237
Total	$ 52,028

NOTE 8 — DEBT

The following table shows the Company's term debt:

	March 31, 2022	December 31, 2021
5.875% Senior Secured Green Notes, due 2028	$ 550,000	$ 550,000
Less: Debt issuance costs (net of accumulated amortization of $1,892 and $1,376, respectively)	12,727	13,243
Total long-term debt	$ 537,273	$ 536,757

Green Notes

On May 20, 2021, the Company completed the sale and issuance of $550,000 aggregate principal amount 5.875% senior secured notes due 2028 pursuant to an indenture, dated May 20, 2021 (the "Indenture"), by and among the Company, certain of its subsidiaries, as guarantors, and UMB Bank, N.A., a national banking association, as trustee. The Green Notes bear interest at a rate of 5.875% per annum, payable semi-annually in arrears on June 1 and December 1, beginning on December 1, 2021. The Green Notes will mature on June 1, 2028, unless earlier repurchased or redeemed. The Company currently intends to use the net proceeds from this offering for capital expenditures related to the improvement and expansion of its Geismar, Louisiana RD biorefinery. The Company recorded $14,619 in legal, professional and underwriting fees related to the issuance of the Green Notes. These financing costs are being amortized using the effective interest method over the term of the debt. Prior to June 1, 2024, the Company may, at its option but subject to the conditions in the Indenture, (i) redeem up to 35% of the aggregate principal amount of the Green Notes at a redemption price equal to105.875% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date, with the net cash proceeds received by the Company in one or more equity offerings; provided that at least 65% of the aggregate principal amount of the Green Notes issued under the Indenture (including any additional notes originally issued under the Indenture) remain outstanding after each such redemption or (ii) redeem all or part of the Green Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date of the notes redeemed by us and a "make-whole" premium. On or after June 1, 2024, 2025 and 2026, respectively, the Company may, at its option but subject to the conditions in the Indenture, redeem some or all of the Green Notes at the redemption price of 102.938%, 101.469% and 100.000%, respectively, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date of the notes redeemed by us. Upon the occurrence of a change in control (as defined in the Indenture), each holder of the Green Notes may require the Company to repurchase all or a portion of the Green Notes in cash at a price equal to 101.0% of the aggregate principal amount to be repurchased, plus accrued and unpaid interest, if any, thereon to, but not including, the date of repurchase.

The Indenture contains covenants that, among other things, limit the Company's ability and the ability of its restricted subsidiaries to:

- incur additional indebtedness or issue certain disqualified stock or preferred stock;
- create liens;
- pay dividends or distributions, redeem or repurchase equity;
- prepay subordinated indebtedness or make certain investments;
- transfer or sell assets;
- engage in a consolidation or merger, or sell, transfer or otherwise dispose of all or substantially all of their assets; and
- enter into certain transactions with affiliates.

These covenants are subject to a number of exceptions and limitations as described in the Indenture. The Green Notes and related guarantees are secured by substantially all of the assets of the Company and its guarantor subsidiaries subject to certain exceptions and limitations; provided that the security interests granted by the Company and such guarantor subsidiaries that are obligors under the M&L and Services Revolver on (i) their working capital assets (including accounts receivable and inventory) will be contractually senior and (ii) all other assets will be contractually subordinated, in each case, to the security interests granted by them on such assets to secure the Green Notes and related guarantees pursuant to an intercreditor agreement.

The Indenture provides for customary events of default (subject in certain cases to customary grace and cure periods), which include nonpayment, breach of certain covenants, payment defaults or acceleration of other indebtedness, a failure to pay certain judgments and certain events of bankruptcy and insolvency. Generally, if an event of default occurs and is continuing, the trustee or holders of at least 25% in principal amount of the then outstanding Green Notes may declare the principal of, premium, and accrued but unpaid interest on all the Green Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately.

Line of Credit

The following table shows the Company's line of credit:

	March 31, 2022	December 31, 2021
Amount outstanding under line of credit	$ —	$ —
Maximum available to be borrowed under line of credit	$ 249,095	$ 249,666

On September 30, 2021, REG Services Group, LLC and REG Marketing & Logistics, LLC, wholly-owned subsidiaries of the Company (which subsidiaries are referred to as the "subsidiary borrowers" under the following credit agreement), entered into Amendment No. 17 to Credit Agreement, which amends that certain Credit Agreement, dated as of December 23, 2011, by and among the subsidiary borrowers, the lenders party thereto (the “Lenders”), and Wells Fargo Capital Finance, LLC, as the agent (as amended, the “M&L and Services Revolver”). Effective from September 30, 2021, the maximum commitment of the Lenders under the M&L and Services Revolver to make revolving loans increased from $150,000 to $250,000, subject to borrowing base limitations and further subject to an accordion feature, which allows the subsidiary borrowers to request commitments for additional revolving loans in an aggregate amount not to exceed $50,000 (prior to September 30, 2021) and $100,000 (on and after September 30, 2021), the making of which is subject to customary conditions, including the consent of Lenders providing such additional commitments.

The maturity date of the M&L and Services Revolver is September 30, 2026. Loans advanced under the M&L and Services Revolver bear interest based on a one-month LIBOR rate (which shall not be less than zero), plus a margin based on Quarterly Average Excess Availability (as defined in the M&L and Services Revolver), which may range from 1.50% per annum to 2.00% per annum.

The M&L and Services Revolver contains various loan covenants that restrict each subsidiary borrower’s ability (and subject to certain exceptions, each Plant Loan Party's (as defined below) ability)) to take certain actions, including restrictions on incurrence of indebtedness, creation of liens, mergers or consolidations, dispositions of assets, repurchase or redemption of capital stock, making certain investments, making distributions to the Company unless certain conditions are satisfied, entering into certain transactions with affiliates or changing the nature of the subsidiary’s business. In addition, the subsidiary borrowers are required to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 if availability under the M&L and Services Revolver is less than10% of the $250,000 maximum commitment, or $25,000. The M&L and Services Revolver is secured by the subsidiary borrowers’ membership interests and substantially all of their assets. In addition, the M&L and Services Revolver is secured by the accounts receivable and inventory of REG Albert Lea, LLC, REG Geismar, LLC, REG Seneca, LLC, REG Danville, LLC, REG Grays Harbor, LLC, REG Madison, LLC, REG Mason City, LLC, REG Newton, LLC, and REG Ralston, LLC, (collectively, the "Plant Loan Parties") subject to an overall dollar limitation with respect to each Plant Loan Party, and the obligations under the M&L and Services Revolver are guaranteed by the Company.

NOTE 9 — DERIVATIVE INSTRUMENTS

The Company enters into New York Mercantile Exchange ("NYMEX") NY Harbor ULSD ("NY Harbor ULSD" or previously referred to as heating oil), Chicago Mercantile Exchange ("CME") Soybean Oil (previously referred to as soybean oil) and NYMEX Natural Gas futures, swaps and options ("commodity contract derivatives") to reduce the risk of price volatility related to anticipated purchases of feedstock raw materials and to protect cash margins from potentially adverse effects of price volatility on bio-based diesel sales where prices are set at a future date. All of the Company’s commodity contract derivatives are designated as non-hedge derivatives and recorded at fair value on the Condensed Consolidated Balance Sheets. Unrealized gains and losses are recognized as a component of bio-based diesel costs of goods sold reflected in current results of operations. As of March 31, 2022, the net notional volumes of NY Harbor ULSD, CME Soybean Oil and NYMEX Natural Gas covered under the open commodity derivative contracts were approximately 95 million gallons, 194 million pounds, and 2.5 million million British thermal units, respectively.

The Company offsets the fair value amounts recognized for its commodity contract derivatives with cash collateral with the same counterparty under a master netting agreement. The net position is presented within prepaid and other assets in the Condensed Consolidated Balance Sheets. At March 31, 2022 and December 31, 2021, the net position included within prepaid and other assets was $46,735 and $9,651, respectively, and in accounts payable $162 and $0, respectively. The following table sets forth the fair value of the Company's commodity contract derivatives and amounts that offset within the Condensed Consolidated Balance Sheets:

	March 31, 2022		December 31, 2021	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Gross amounts of derivatives recognized at fair value	$ 24,002	$ 37,296	$ 4,783	$ 6,242
Cash collateral paid (received)	59,867	—	11,110	—
Total gross amount recognized	83,869	37,296	15,893	6,242
Gross amounts offset	(37,296)	(37,296)	(6,242)	(6,242)
Net amount reported in the condensed consolidated balance sheets	$ 46,573	$ —	$ 9,651	$ —

The following table sets forth the commodity contract derivatives gains and (losses) included in the Condensed Consolidated Statements of Operations:

	Location of Gain (Loss) Recognized in income	Three months ended March 31, 2022	Three months ended March 31, 2021
Commodity derivatives	Cost of goods sold – Bio-based diesel	$ (63,648)	$ (1,791)

NOTE 10 — FAIR VALUE MEASUREMENT

The fair value hierarchy prioritizes the inputs used in measuring fair value as follows:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are observable in active markets.
- Level 3 — Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A summary of assets (liabilities) measured at fair value is as follows:

	As of March 31, 2022			
	Total	Level 1	Level 2	Level 3
Commercial paper	$ 109,019	$ —	$ 109,019	$ —
Corporate bonds	$ 325,884	—	325,884	—
Municipal bonds	$ 11,800	—	11,800	—
Commodity contract derivatives	$ (13,294)	(2,315)	(10,979)	—
	$ 433,409	$ (2,315)	$ 435,724	$ —

	As of December 31, 2021			
	Total	Level 1	Level 2	Level 3
Commercial paper	$ 116,902	$ —	$ 116,902	$ —
Corporate bonds	$ 329,777	—	329,777	—
Municipal bonds	$ 11,906	—	11,906	—
Commodity contract derivatives	$ (1,459)	(366)	(1,093)	$ —
	$ 457,126	$ (366)	$ 457,492	$ —

The estimated fair values of the Company's financial instruments, which are not recorded at fair value, are as follows:

	As of March 31, 2022		As of December 31, 2021	
	Asset (Liability) Carrying Amount	Fair Value	Asset (Liability) Carrying Amount	Fair Value
Financial liabilities:				
Debt and line of credit	$ (550,000)	$ (567,976)	$ (550,000)	$ (552,877)

The carrying amounts reported in the Condensed Consolidated Balance Sheets for cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair values. Money market funds are included in cash and cash equivalents on the Condensed Consolidated Balance Sheets.

The Company used the following methods and assumptions to estimate fair value of its financial instruments:

Marketable securities: The fair value of marketable securities, which include Treasury bills and municipal notes/bonds, commercial paper and corporate notes/bonds is obtained using quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active and inputs other than quoted prices, e.g., interest rates and yield curves.

Commodity derivatives: The instruments held by the Company consist primarily of futures contracts, swap agreements, purchased put options and written call options. The fair value of contracts based on quoted prices of identical assets in an active exchange-traded market is reflected in Level 1. Contract fair value that is determined based on quoted prices of similar contracts in over-the-counter markets is reflected in Level 2.

Debt and line of credit: The fair value of long-term debt and line of credit was established using discounted cash flow calculations and current market rates reflecting Level 2 inputs.

NOTE 11 — NET INCOME PER SHARE

Basic net income per share is presented in conformity with the two-class method required for participating securities, which include restricted stock units ("RSUs").

Under the two-class method, net income is reduced for distributed and undistributed dividends earned in the current period. The remaining earnings are then allocated to Common Stock and the participating securities. The Company calculates the effects of participating securities on diluted earnings per share ("EPS") using both the “if-converted or treasury stock” and "two-class" methods and discloses the method which results in a more dilutive effect. The effects of stock appreciation rights on diluted EPS are calculated using the treasury stock method unless the effects are anti-dilutive to EPS.

The following table presents the calculation of diluted net income per share available to common stockholders:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Net income available to the Company's common stockholders - Basic	$ 12,392	$ 38,583
Plus (less): effect of participating securities	85	639
Net income available to common stockholders	12,477	39,222
Less: effect of participating securities	(85)	(639)
Net income available to the Company's common stockholders - Diluted	$ 12,392	$ 38,583
Shares:		
Weighted-average shares used to compute basic net income per share	50,338,496	40,425,593
Adjustment to reflect conversion of convertible notes	—	2,640,938
Adjustment to reflect stock appreciation right conversions	220,402	595,037
Weighted-average shares used to compute diluted net income per share	50,558,898	43,661,568
Net income per share available to common stockholders - Diluted		
Diluted net income	$ 0.25	$ 0.88

NOTE 12 — REPORTABLE SEGMENTS AND GEOGRAPHIC INFORMATION

The Company reports its reportable segments based on products and services provided to customers. The Company re-assesses its reportable segments on an annual basis. The Company's reportable segments generally align the Company's external financial reporting segments with its internal operating segments, which are based on its internal organizational structure, operating decisions, and performance assessment. The Company's reportable segments at March 31, 2022 and for the year ended December 31, 2021 are composed of Bio-based Diesel (formerly known as the Biomass-based Diesel segment), Services and Corporate and other activities. The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Bio-based Diesel segment processes waste vegetable oils, animal fats, virgin vegetable oils and other feedstocks into bio-based diesel. The Bio-based Diesel segment also includes the Company’s purchases and resales of bio-based diesel produced by third parties. Revenue is derived from the purchases and sales of bio-based diesel, the renewable portion of sales of biodiesel and RD blended with petroleum-based diesel, resale of biodiesel, RD and petroleum and petroleum-based products acquired from third parties, along with the sale of RD and petroleum-based products further blended with biodiesel produced at the Company's wholly owned facilities or acquired from third parties, RINs and raw material feedstocks acquired from third parties, sales of processed bio-based diesel from Company facilities, related byproducts and renewable energy government incentive payments, in the U.S. and internationally.

The Services segment offers services for managing the construction of bio-based diesel production facilities and managing ongoing operations of third-party plants and collects fees related to the services provided. The Company does not allocate items that are of a non-operating nature or corporate expenses to the business segments. Revenues from services provided to other segments are recorded by the Services segment at cost.

The Corporate and Other segment includes trading activities related to petroleum-based heating oil and diesel fuel, including the petroleum portion of sales of biodiesel and RD blended with petroleum-based diesel and petroleum-based products acquired from third parties; as well as corporate activities, which consist of corporate office expenses such as compensation, benefits, occupancy, and other administrative costs, including management service expenses. Corporate and Other also includes income/(expense) not associated with the reportable segments, such as corporate general and administrative expenses, shared service expenses, interest expense and interest income, all reflected on an accrual basis of accounting. In addition, Corporate and Other includes cash and other assets not associated with the reportable segments, including investments. Intersegment revenues are reported by the Services and Corporate and Other segments.

The following table represents the significant items by reportable segment:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Net sales:		
Bio-based Diesel	$ 848,190	$ 500,262
Services	68,252	17,352
Corporate and Other	88,904	40,509
Intersegment revenues	(69,357)	(18,379)
	$ 935,989	$ 539,744
Income (loss) before income taxes:		
Bio-based Diesel	$ 33,572	$ 48,251
Services	777	(3,998)
Corporate and Other	(21,451)	(3,398)
	$ 12,898	$ 40,855
Depreciation and amortization expense, net:		
Bio-based Diesel	$ 15,304	$ 13,904
Services	972	888
Corporate and Other	1,011	824
	$ 17,287	$ 15,616
Cash paid for purchases of property, plant and equipment:		
Bio-based Diesel	$ 57,623	$ 9,814
Services	894	348
Corporate and Other	17	325
	$ 58,534	$ 10,487

	March 31, 2022	December 31, 2021
Goodwill:		
Bio-based Diesel	$ 23,986	$ 27,784
Services	16,080	16,080
	$ 40,066	$ 43,864
Assets:		
Bio-based Diesel	$ 1,736,104	$ 1,668,801
Services	126,640	122,843
Corporate and Other	1,238,798	1,315,674
Intersegment eliminations	(473,496)	(548,374)
	$ 2,628,046	$ 2,558,944

Geographic Information:

The following geographic data include net sales attributed to the countries based on the location of the subsidiary making the sale and long-lived assets based on physical location. Long-lived assets represent the net book value of property, plant and equipment.

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenues:		
United States	$ 806,765	$ 451,482
International	129,224	88,262
	$ 935,989	$ 539,744

	March 31, 2022	December 31, 2021
Property, Plant, and Equipment:		
United States	$ 682,982	$ 642,204
International	44,070	35,240
	$ 727,052	$ 677,444

NOTE 13 — COMMITMENTS AND CONTINGENCIES

Commitments

In October 2020, the Company announced that it planned to expand the effective capacity of its Geismar, Louisiana biorefinery. The Geismar project brings together the planned improvement and expansion project for the existing site. The Geismar project is expected to take total site production capacity from 90 mmgy to 340 mmgy, enhance existing operations and improve operational reliability and logistics. The expansion is expected to be mechanically complete in 2023 with full operations in early 2024. The capital cost for the Geismar project is estimated to be $950,000. In connection with its announced improvement and expansion of our Geismar, Louisiana biorefinery facility, the Company has entered into construction, marine terminal lease, which is expected to commence in August 2023, and other long-lead time contracts for the project. Currently the estimated total future commitments under these contracts amount to approximately $567,867.

The following table outlines the minimum contract commitments related to the executed contracts noted above.

	Construction Commitments	Minimum Lease Commitments	Total Commitments
April 1 - December 31, 2022	$ 168,629	$ —	$ 168,629
2023	72,026	9,083	81,109
2024	216	21,800	22,016
2025	—	21,800	21,800
2026	—	21,800	21,800
2027	—	21,800	21,800
2028 and thereafter	—	230,713	230,713
Total	$ 240,871	$ 326,996	$ 567,867

Contingencies

In the last quarter of 2020, the Company discovered a blending discrepancy in connection with its preparation for a standard IRS audit of its BTC filings. The Company self-reported the findings to the IRS and initiated an investigation overseen by the Audit Committee of the Company's Board of Directors. In March 2021, the Company paid to the IRS the $40,505 assessment, excluding interest which was paid in April 2021, to correct the REG Seneca BTC claims (hereafter "BTC Correction"). The Company is working with its customers on BTC re-filings on the relevant gallons to reduce further the BTC Correction, which may include recovering amounts from its customers. There can be no assurances that future reduction to the BTC Correction will occur.

On March 2, 2021, a putative class action lawsuit was filed against the Company and certain of its current and former executive officers in the United Stated District Court for the Southern District of New York. On March 12, 2021, a putative class action lawsuit against the same defendants was filed in the United States District Court for the Central District of California. On June 24, 2021, the two cases were consolidated in the Southern District of New York under the caption*In re Renewable Energy Group Securities Litigation, No. 21-cv-1832*, and a consolidated amended complaint was filed on July 9, 2021.

The complaint purports to be brought on behalf of shareholders who purchased the Company's common stock between March 8, 2018 and February 25, 2021, the date on which the Company announced its restatement related to BTC. Plaintiffs allege that defendants made false and misleading statements about the Company's business, financial results and prospects in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10b-5 promulgated thereunder. The complaint seeks unspecified damages, attorneys' fees, and other costs. On January 20, 2022, the court granted defendants' motion to dismiss with prejudice and entered a judgment dismissing the case. On February 18, 2022, plaintiff filed a notice of appeal of the order granting the motion to dismiss and the entry of judgement. The Company denies any and all allegations of wrongdoing and intends to vigorously defend against the litigation.

On July 27, 2021, a stockholder derivative complaint was filed in the United States District Court for the District of Delaware based on allegations substantially similar to those in the class action, and purporting to asset claims on the Company's behalf against current and former officers and directors for alleged violation of Sections 14(a) and 20(a) of the Exchange Act, breach of fiduciary duties, unjust enrichment, and waste of corporate assets. On August 2, 2021, a second stockholder derivative complaint purportedly arising out of the same events and purporting to assert similar claims, was filed in the Supreme Court for the State of New York. Both of these derivative actions have been stayed.

In addition, the SEC requested information about the restatement, and the Company cooperated with the SEC. On October 1, 2021, the SEC Staff notified the Company that the Staff terminated its investigation with no enforcement action recommended against the Company, in accordance with SEC guidelines.

Additionally, following the announcement of the Merger (see Note 14 - Proposed Plan of Merger),ten purported stockholders of REG filed complaints against REG and each member of the Board alleging violations of the federal securities laws. Such complaints allege that REG's Schedule 14A filed on March 23, 2022 — and in the case of three complaints, the Definitive Proxy Statement — omits material information with respect to the Merger and that, as a result, all defendants violated Section 14(a) of the Exchange Act and that each Board member violated Section 20(a) of the Exchange Act. Certain of the complaints additionally allege that all defendants violated Rule 14a-9 promulgated under the Exchange Act. Certain of the complaints additionally allege that each Board member violated 17 C.F.R. § 244.100. Each complaint seeks (i) injunctive relief; (ii) rescission in the event the Merger is consummated or alternatively rescissory damages; (iii) plaintiff's attorneys' and experts' fees and costs; and (iv) other such relief that the court deems just and proper. Certain of the complaints additionally seek a direction that the Board issue a revised Schedule 14A and a declaration that the defendants violated Sections 14(a) and/or

20(a) of the Exchange Act, as well as Rule 14a-9 promulgated thereunder. REG believes the claims asserted in the complaints are without merit.

Additional lawsuits may be filed against REG, the Board, or REG's officers in connection with the Merger, which could prevent or delay completion of the Merger and result in substantial costs to REG, including any costs associated with indemnification.

For a more complete summary of the litigation relating to the Merger, see "The Merger Agreement—Litigation Relating to the Merger" beginning on page 90 of the 2022 Proxy filing.

The Company is also involved in various other legal proceedings in the normal course of business. The Company currently believes that any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

NOTE 14 — PROPOSED PLAN OF MERGER

Proposed Merger

On February 27, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Chevron Corporation, a Delaware corporation ("Parent") and Cyclone Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Subsidiary" and, together with Parent, "Buyer"). The Merger Agreement provides that, among other things, at the Effective Time (as defined in the Merger Agreement) and subject to the terms and conditions set forth therein, that Merger Subsidiary will be merged with and into the Company (the "Merger"), with the Company surviving as a wholly owned subsidiary of Parent.

At the Effective Time, each share of the Company's common stock issued and outstanding immediately prior to the Effective Time (other than Cancelled Shares (as defined in the Merger Agreement) and Dissenting Shares (as defined in the Merger Agreement)), will be converted into the right to receive $61.50 in cash, without interest (the "Merger Consideration").

At the Effective Time, and as a result of the Merger:

- Each outstanding stock appreciation right with respect to a share of common stock (each, a "Company SAR") (all of which had previously vested prior to the date of the Merger Agreement) will vest and be cancelled and converted into the right to receive a cash payment, less any applicable withholding taxes, equal to the product of (x) the excess, if any, of the Merger Consideration over the exercise price applicable to such Company SAR multiplied by (y) the number of shares of common stock subject to such Company SAR.
- Each outstanding restricted stock unit award that vests solely on the passage of time held by a Company non-employee director (each, a "Company Director RSU") will vest and be cancelled and converted into the right to receive a cash payment, less any applicable withholding taxes, equal to the product of (x) the Merger Consideration multiplied by (y) the number of shares of common stock subject to such Company Director RSU.
- Each outstanding restricted stock unit award that vests solely on the passage of time and is not a Company Director RSU (each, a "Company Employee RSU Award") to the extent vested immediately prior to the Effective Time will be cancelled and converted into the right to receive a cash payment, less any applicable withholding taxes, equal to the product of (x) the Merger Consideration multiplied by (y) the number of vested shares of common stock subject to such Company Employee RSU Award.
- Each outstanding Company Employee RSU Award to the extent unvested immediately prior to the Effective Time (each, an "Unvested Company Employee RSU Award") and certain performance-based restricted stock unit awards set forth on a schedule to the Merger Agreement (the "Scheduled PSU Awards") will be cancelled and converted into the right to receive an amount in cash, less any applicable withholding taxes, equal to the product of (x) the Merger Consideration multiplied by (y) the number of shares of common stock subject to such Unvested Company Employee RSU Award or Scheduled PSU Award, as applicable (such converted award, an "Assumed RSU Award"). Each Assumed RSU Award will be subject to the vesting schedule applicable to the corresponding Unvested Company Employee RSU Award immediately prior to the Effective Time (including, with respect to the Scheduled PSU Awards, the performance vesting conditions).
- Except with respect to the Scheduled PSU Awards, each outstanding restricted stock unit award that corresponds to shares of common stock granted under any Company Benefit Plan and vests based on the achievement of performance goals (each a "Company PSU Award") will be cancelled and converted into the right to receive an amount in cash, without interest and less any applicable withholding taxes, equal to the product of (A) the Merger Consideration multiplied by (B) the number of shares of common stock subject to such Company PSU Award (assuming that any performance based vesting conditions applicable to such Company PSU Award for any performance period that has not been completed as of the Effective Time are achieved at (x) with respect to Company PSU Awards granted in 2020 and 2021, the greater of the target performance levels and the levels based on actual achievement of pro-rated performance goals through the Effective Time or (y) with respect to Assumed PSU Awards, the target performance

levels. Each Assumed PSU Award will be subject to the vesting schedule applicable to the corresponding Company PSU Award immediately prior to the Effective Time (other than any performance based vesting conditions).

The closing of the Merger is subject to various conditions, including (i) the adoption of the Merger Agreement by holders of a majority of the issued and outstanding shares of our common stock; (ii) the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and clearance by the European Commission or expiration of any applicable waiting period, in each case under EU Regulation 139/2004 (the "EU Clearance"); (iii) the absence of any order or law prohibiting the consummation of the Merger, except if such order or law is immaterial to Parent and (iv) the accuracy of the representations and warranties contained in the Merger Agreement, subject to customary materiality qualifications, as of the date of the Merger Agreement and as of the closing of the Merger, and compliance in all material respects with the covenants and agreements contained in the Merger Agreement. In addition, the obligation of Parent and Merger Subsidiary to consummate the Merger is subject to the absence, since the date of the Merger Agreement, of a Company Material Adverse Effect (as defined in the Merger Agreement). The closing of the Merger is not subject to a financing condition. Under the terms of the Merger Agreement, consummation of the Merger will occur on the second business day following the fulfillment or waiver of the conditions to closing of the Merger or at such other time as REG and Parent agree. The HSR Act waiting period expired on April 11, 2022.

The Company's Board of Directors and the board of directors of Merger Subsidiary have each unanimously approved the Merger and the Merger Agreement. Until the closing, the Company will continue to operate as an independent, public company.

The Company expects to incur certain significant costs relating to the Merger, such as legal, accounting, financial advisory, printing and other professional services fees, as well as other customary payments. Through March 31, 2022, these costs amounted to approximately $6,636. In the event that the Merger is terminated, the Company may also be required under the Merger Agreement under certain circumstances to pay a cash termination fee to Parent of $91,000.

NOTE 15 — SUBSEQUENT EVENTS

On April 29, 2022, the Company signed a purchase agreement to acquire all stock of Mel Dawson, Inc., a fuel distributor to agricultural, industrial, construction, and individual customers in the Northern California, for approximately $40,000. The transaction is subject to customary post-closing provisions.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We encourage you to read this Management’s Discussion and Analysis of Financial Condition and Results of Operations in conjunction with the accompanying condensed consolidated financial statements and related notes. Forward-looking statements contained in this report present management’s views only as of the date of this report. Except as required under applicable law, we do not intend to issue updates concerning any future revisions of management’s views to reflect events or circumstances occurring after the date of this report.

Objective

We are one of North America's largest producers of advanced biofuels focused on providing cleaner, lower carbon transportation fuels. We utilize a nationwide production, distribution and logistics system as part of an integrated value chain model designed to convert natural fats, oils and greases into advanced biofuels. We believe our fully integrated approach, which includes acquiring feedstock, operating biorefineries, distributing fuel through a network of terminals, and managing biorefinery facility construction and upgrades, positions us to serve the market for cleaner transportation fuels.

In addition to our acquisition of Keck Energy in September 2018, we opened our first REG branded fueling station in July 2019 adjacent to our biorefinery in Seneca, Illinois to serve a variety of customers from trucking fleets and local diesel vehicle owners. In June 2020, we entered into an agreement with a third party pursuant to which it agreed to exclusively sell REG branded fuels at certain of its cardlock locations. In October 2021, we entered into a long-term agreement with GoodFuels, a leading supplier of sustainable marine biofuels and global producer and supplier of renewable fuels, for the supply and development of sustainable marine biofuel solutions for the global shipping industry. In November 2021, we entered into a partnership with Canadian Northern Railway to test biodiesel and RD blends for their locomotive fleet. In December 2021, we acquired Amber Resources, a California-based distributor of biobased diesel, petroleum diesel and lubricants. This acquisition will help enable us to access a larger network of end customers. These are part of our downstream strategy, which is focused on three important objectives: margin expansion across the value chain, including by directing production to the most profitable geographies; realization of higher biodiesel values through blends of biodiesel into petroleum and RD; and increased demand for our biodiesel via sales of 100% pure biodiesel, or B100, to end consumers.

In October 2020, we announced our plan to expand the effective capacity of our Geismar, Louisiana biorefinery. The Geismar project involves both an improvement project for the existing operations at the site as well as the capacity expansion.

The Geismar project is expected to take total annual site production from 90 million to 340 million gallons, enhance existing operations and improve operational reliability and logistics. The expansion is expected to be mechanically complete in 2023 with full operations in early 2024. We have received all required permits to proceed with construction and officially broke ground to start the construction process in the fourth quarter of 2021. The capital cost for the Geismar project is estimated to be $950 million and is funded with a combination of cash on hand, marketable securities, borrowings under our credit facilities, and proceeds from our public offering of common stock that closed in March 2021 and proceeds from our issuance of Green Notes that closed on May 20, 2021, as discussed below. In addition, in connection with the expansion we have entered into a long-term marine terminal lease for terminal and logistics services that will require a separate capital outlay. We have also agreed to construction contracts for large parts of the work associated with the improvements and expansion. There can be no guarantee that we will be able to complete this project in a timely manner or increase the capacity of our biorefinery at Geismar, Louisiana on time, at our estimated budget, or at all. The improvements and expansion are subject to a number of conditions and risks.

On March 19, 2021, we completed an equity offering pursuant to which we sold 5,750,000 shares of common stock to various underwriters at a price of $67.00 per share before underwriting discounts and commissions. The net proceeds from the offering were $365.3 million. We currently intend to use the net proceeds from this offering for working capital and other general corporate purposes, which may include the repayment of our existing indebtedness and the funding of capital expenditures, including capital expenditures related to the improvements and expansion of our Geismar, Louisiana biorefinery.

On May 20, 2021, we completed the sale and issuance of $550.0 million aggregate principal amount of our Green Notes. We recorded $14.6 million in legal, professional and underwriting fees related to the issuance of the Green Notes. We currently intend to use the net proceeds from this offering for capital expenditures related to the improvements and expansion of its Geismar, Louisiana biorefinery.

On November 2, 2021, we entered into an agreement with Booster Fuels, in which REG made a $10 million convertible note investment in Booster. Booster is a mobile fuel delivery provider that delivers of a variety of fuel types, allowing us to further expand on our downstream reach. During the first quarter of 2022, we made an additional investment of $10 million in Booster.

On March 30, 2022, we announced a new fuel product line, EnDura Fuels®. The EnDura Fuels® line is made up of 5 different fuels that provide a cleaner-burning, lower-emission fuels that we believe will strengthen our position in the biodiesel and renewable diesel marketplaces and provide solutions in the transportation industry to meet sustainability and business-growth objectives.

We believe that the execution of these strategies will enable us to expand our margins, diversify sources of profitability, manage our business through varying market conditions, and increase shareholder value.

In September 2021, we announced the closure of the Houston, Texas biorefinery. Production at this facility ceased in November 2021. The Houston plant's nameplate capacity was 35 mmgy. As a result, we now own and operate a network of 11 biorefineries. Nine biorefineries are located in the United States and two in Germany. Ten biorefineries produce biodiesel and one produces RD. Our eleven bio-based diesel production facilities have an aggregate nameplate production capacity of 470 million gallons per year (“mmgy”).

We are a lower carbon bio-based diesel producer. We primarily produce our bio-based diesel from a wide variety of low carbon feedstocks, including distillers corn oil, used cooking oil and inedible animal fat. We also produce bio-based diesel from virgin vegetable oils, such as soybean oil or canola oil. We believe our ability to process a wide variety of feedstocks at most of our facilities provides us with a competitive advantage over many bio-based diesel producers, particularly those that rely primarily on a single feedstock such as virgin vegetable oils.

We also sell petroleum-based heating oil and diesel fuel, which enables us to offer a variety of fuel products to a broader customer base. We sell heating oil and ultra-low sulfur diesel, or ULSD, at terminals throughout the northeastern United States, as well as BioHeat® blended heating fuel at one of these terminal locations. In 2018, we expanded our sales of biofuel blends to Midwest and West Coast terminal locations and look to potentially expand in other areas across North America and internationally.

The table below reflects our gallons sold during the three months ended March 31, 2022 and 2021 (totals may not foot due to rounding):

		Gallons sold (millions)	
		Three months ended March 31, 2022	Three months ended March 31, 2021
REG-produced Bio-based Diesel:			
	Biodiesel - U.S.	65.0	71.3
	Biodiesel - International	12.0	8.2
	RD	16.3	12.8
		93.3	92.3
Third party Bio-based Diesel:			
	Biodiesel	3.6	3.3
	RD	9.6	14.5
		13.2	17.8
Petroleum-based diesel and Other Petroleum-based products		50.9	24.1
Total		157.4	134.2

During 2021, we sold 621 million gallons of fuel, which included 463 million bio-based diesel gallons produced at REG facilities, 80 million bio-based diesel gallons we purchased from third parties and 78 million petroleum-based diesel gallons.

Our businesses are organized into three reportable segments – the Bio-based Diesel segment, the Services segment and Corporate and Other.

Bio-based Diesel Segment

Our Bio-based Diesel segment includes:

- the operations of the following bio-based diesel production refineries:
  - a 30 mmgy nameplate capacity biodiesel production facility located in Ralston, Iowa;
  - a 45 mmgy nameplate capacity biodiesel production facility located in Danville, Illinois;
  - a 30 mmgy nameplate capacity biodiesel production facility located in Newton, Iowa;
  - a 60 mmgy nameplate capacity biodiesel production facility located in Seneca, Illinois;
  - a 30 mmgy nameplate capacity biodiesel production facility located near Albert Lea, Minnesota;
  - a 30 mmgy nameplate capacity biodiesel production facility located in Mason City, Iowa;
  - a 75 mmgy nameplate capacity RD production facility located in Geismar, Louisiana;
  - a 27 mmgy nameplate capacity biodiesel production facility located in Emden, Germany;
  - a 23 mmgy nameplate capacity biodiesel production facility located in Oeding, Germany;
  - a 100 mmgy nameplate capacity biodiesel production facility located in Grays Harbor, Washington; and
  - a 20 mmgy nameplate capacity biodiesel production facility located in DeForest, Wisconsin.
- purchases and resales of bio-based diesel, the renewable portion of sales of biodiesel and RD blended with petroleum-based diesel and other petroleum based products acquired from third-parties, RINs and LCFS credits (each as defined herein), and raw material feedstocks acquired from third parties; and
- incentives received from federal and state programs for renewable fuels.

The nameplate capacity listed above, which is based on original plant design, is distinguished from a facility's effective capacity, which represents the maximum average throughput that satisfies certain defined technical constraints.

We derive a small portion of our revenues from the sale of co-products of the bio-based diesel production process. For the three months ended March 31, 2022 and 2021, our revenues from the sale of co-products were less than 5% of our total Bio-based Diesel segment revenues. For the three months ended March 31, 2022 and 2021, revenues from the sale of petroleum-based heating oil and diesel fuel acquired from third parties, along with the sale of these items further blended with biodiesel produced by our facilities or purchased from third parties, were approximately 16% and 8% of our total revenues, respectively.

In accordance with EPA regulations, we generate 1.5 to 1.7 RINs for each gallon of bio-based diesel we produce and sell in the United States. RINs are used to track compliance with RFS2, using the EPA moderated transaction system, or EMTS. RFS2 allows us to attach between zero and 2.5 RINs to any gallon of bio-based diesel we sell. When we attach RINs to a sale of bio-based diesel gallons, a portion of our selling price for a gallon of bio-based diesel is generally attributable to RFS2 compliance; but no cost is allocated to the RINs generated by our bio-based diesel production because RINs are a form of government incentive and not a result of the physical attributes of the bio-based diesel production. In addition, RINs, once obtained through the production and sale of gallons of bio-based diesel, may be separated by the acquirer and sold separately. We regularly obtain RINs from third parties for resale, and the value of these RINs is reflected in “Prepaid expenses and other assets” on our Condensed Consolidated Balance Sheets. At each balance sheet date, this RIN inventory is valued at the lower of cost or net realizable value and any resulting adjustments are reflected in our cost of goods sold for the period. The cost of RINs obtained from third parties is determined using the average cost method. Because we do not allocate costs to RINs generated by our bio-based diesel production, fluctuations in the value of our RIN inventory represent fluctuations in the value of RINs we have obtained from third parties.

The table below summarizes our RINs balances available to be sold and the median closing price per RIN at March 31, 2022 and December 31, 2021 according to OPIS:

	Quantity		OPIS Median Closing Price per RIN	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Bio-based diesel RINs	12,566,585	31,702,718	$ 1.48	$ 1.51
Advanced biofuels RINs	1,738,668	684,773	$ 1.48	$ 1.51

We generate LCFS credits for our low carbon fuels when our qualified low carbon fuels are imported into states that have adopted an LCFS program and sold for qualifying purposes. As a result, a portion of the selling price for a gallon of bio-based diesel sold into an LCFS market is also attributable to LCFS compliance. Like RINs, LCFS credits that we generate are a form of government incentive and not a result of the physical attributes of the bio-based diesel production. Therefore, no cost is allocated to an LCFS credit when it is generated, regardless of whether the LCFS credit is transferred with the bio-based diesel produced or held by us. LCFS prices in 2021 began to decline for California LCFS credits as the supply of these type of LCFS credits began to match the demand for the credits resulting in a market correction of prices, while Oregon CFP credit prices remained relatively consistent. During 2022, prices began to decline for California LCFS credits as the supply of these type of LCFS credits began to match the demand for the credits resulting in a market correction of prices, while Oregon CFP credit prices remained relatively consistent.

The below table summarizes approximate amounts of our LCFS credits available to be sold and the median closing price per LCFS credit at March 31, 2022 and December 31, 2021 according to OPIS:

	Quantity		OPIS Median Closing Price per LCFS Credit	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
California LCFS	13,157	18,690	$ 122.00	$ 149.75
Oregon CFP	431	797	$ 120.00	$ 124.00

Services Segment

Our Services segment, which primarily provides services to our Bio-based Diesel segment, includes:

- bio-based diesel facility management and operational services, whereby we provide day-to-day management and operational services to bio-based diesel production facilities; and
- construction management services, whereby we act as the construction management and general contractor for the construction of bio-based diesel production facilities.

Corporate and Other Segment

Our Corporate and Other segment includes:

- trading activities related to petroleum-based heating oil and diesel fuel, including the petroleum portion of sales of biodiesel and RD blended with petroleum-based diesel and petroleum-based products acquired from third parties;
- corporate activities, which consist of corporate office expenses such as compensation, benefits, occupancy and other administrative costs, including management service expenses; and
- income (expense) activities not associated with the reportable segments, such as corporate general and administrative expenses and shared service expense.

Impact of COVID-19 on Our Business

In March 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets.

We established a COVID-19 Emergency Response Team ("ERT") to monitor the health of our employees and mitigate the infection risk of our employees. We have implemented several initiatives in response to the COVID-19 pandemic, such as remote workplace requirements for all office and administrative employees, social distancing protocols for our production employees and any visitors to our facilities, and additional paid time off for employees as needed in order to deal with health or family issues related to COVID-19. As more states, counties and schools have been re-opening and with the continued successful distribution of COVID-19 vaccines, we do not anticipate having to curtail or cease our operations due to COVID-19 in the foreseeable future.

For a further discussion of the uncertainties and business risks associated with the COVID-19 pandemic, see Part II, Item 1A, "Risk Factors."

Factors Influencing Our Results of Operations

The principal factors affecting our results of operations and financial conditions are the market prices for bio-based diesel and the prices for the feedstocks used to produce bio-based diesel, as well as governmental programs designed to create incentives for the production and use of cleaner renewable fuels.

Governmental programs favoring bio-based diesel production and use

Bio-based diesel has historically been more expensive to produce than petroleum-based diesel. The bio-based diesel industry’s growth has largely been the result of federal and state programs that require or incentivize the production and use of bio-based diesel, which allows bio-based diesel to be price-competitive with petroleum-based diesel.

The RFS2 bio-based diesel requirement was implemented in 2010, stipulating volume requirements for the amount of bio-based diesel and other advanced biofuels that must be utilized in the United States each year. Under RFS2, Obligated Parties, including petroleum refiners and fuel importers, must show compliance with these standards. Currently, biodiesel and RD satisfy three categories of an Obligated Party’s annual renewable fuel required volume obligation, or RVO—bio-based diesel, advanced biofuel and renewable fuel. The final or proposed RVO targets for the bio-based diesel and advanced biofuels volumes for the years 2017 to 2022 as set by the EPA are as follows:

	2017	**2018**	**2019**	**2020**	**2021**	**2022****
Bio-based diesel	2.00 billion gallons	2.10 billion gallons	2.10 billion gallons	2.43 billion gallons	2.43 billion gallons	2.76 billion gallons
Total Advanced biofuels	4.28 billion RINs*	4.29 billion RINs*	4.92 billion RINs*	4.63 billion RINs*, **	5.20 billion RINs*, **	5.77 billion RINs*

*Ethanol equivalent gallons (defined as 1 RIN per gallon based on the RIN production of ethanol, where biodiesel equates to 1.5 RINs per gallon and RD equates to 1.7 RINs per gallon)
**Proposed RVO

The federal biodiesel mixture excise tax credit, or the BTC, has historically provided a $1.00 refundable tax credit per gallon to the first blender of bio-based diesel with petroleum-based diesel fuel. The BTC became effective January 1, 2005, but since January 1, 2010 it has been allowed to lapse and then been reinstated a number of times. The BTC is currently in place through December 31, 2022.

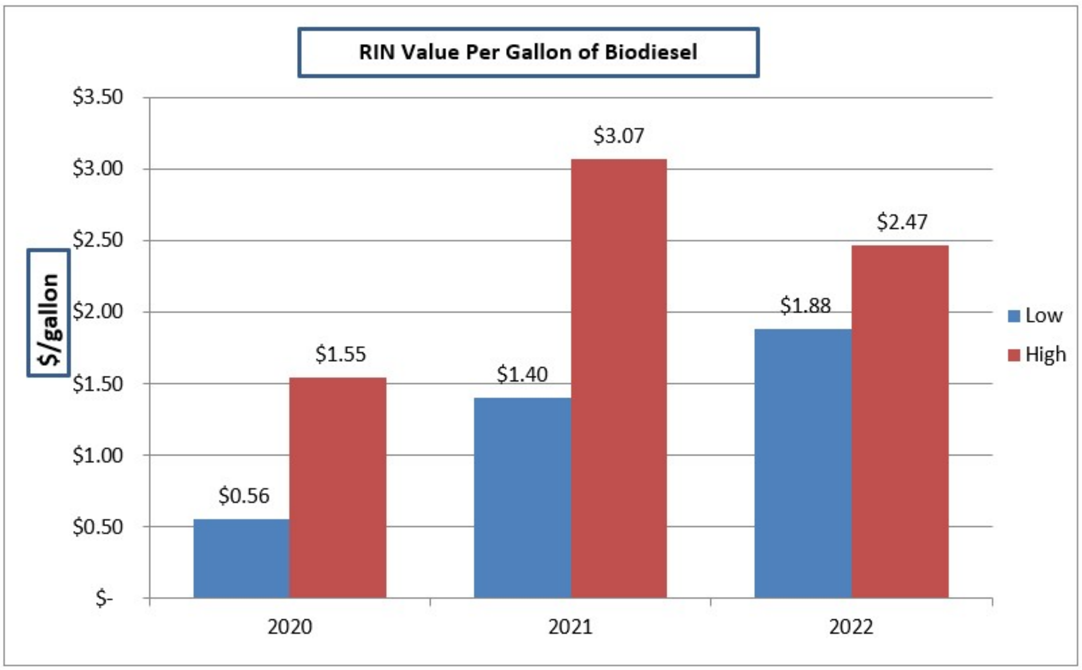
As a result of this history of retroactive reinstatement of the BTC, we and many other bio-based diesel industry producers have adopted contractual arrangements with customers and vendors specifying the allocation and sharing of any retroactively reinstated incentive. The BTC net benefit was allocated to our corresponding quarterly adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") when the business giving rise to the retroactive credit was conducted.

Bio-based diesel and feedstock price fluctuations

Our operating results generally reflect the relationship between the price of bio-based diesel, including credits and incentives, and the price of feedstocks used to produce bio-based diesel.

Bio-based diesel is a cleaner low carbon, renewable alternative to petroleum-based diesel fuel and is primarily sold to the end user after it has been blended with petroleum-based diesel fuel. Bio-based diesel prices have historically been heavily influenced by petroleum-based diesel fuel prices. Accordingly, bio-based diesel prices have generally been impacted by the same factors that affect petroleum prices, such as crude oil supply and demand balance, worldwide economic conditions, wars and other political events, OPEC production quotas, changes in refining capacity and natural disasters.

Regulatory and legislative factors also influence the price of bio-based diesel. LCFS credits, established by the California Low Carbon Fuel Standard regulation, which is a rule designed to reduce greenhouse gas emissions associated with transportation fuels used in California and the Oregon Clean Fuel Program, have had an increasing impact on our bio-based diesel pricing in those states. In addition, bio-based diesel RIN pricing, a value component that was introduced via RFS2 in July 2010, has had a significant impact on our bio-based diesel pricing in the U.S. The following table shows for 2020, 2021 and the first three months of 2022 the high and low average monthly contributory value of RINs, as reported by OPIS, to the average B100 spot price of a gallon of biodiesel, as reported by OPIS, in terms of dollars per gallon.



At the beginning of 2022, the value of RINs, as reported by OPIS, to the average B100 spot price of a gallon of biodiesel was $1.94 per gallon. The value of RINs to the average B100 spot price of a gallon of biodiesel increased to $2.22 per gallon at the end of March 2022. It reached a high of $2.47 per gallon of biodiesel in March 2022 and a low of $1.88 per gallon in January 2022. D4 RIN values trended higher throughout the first three months of 2022, supported by D6 RIN values in which the D4 category can be used to satisfy an Obligated Party's D6 RIN obligation along with an increase in feedstock pricing relative to ULSD as seen in the heating oil to soybean oil ("HOBO") spread. During 2020, RINs were negatively impacted by the overall decrease in demand for transportation fuels due to COVID-19, which translates into reduced volume obligations for

Obligated Parties under the RFS. We enter into forward contracts to sell RINs and we use risk management position limits that are intended to manage RIN exposure.

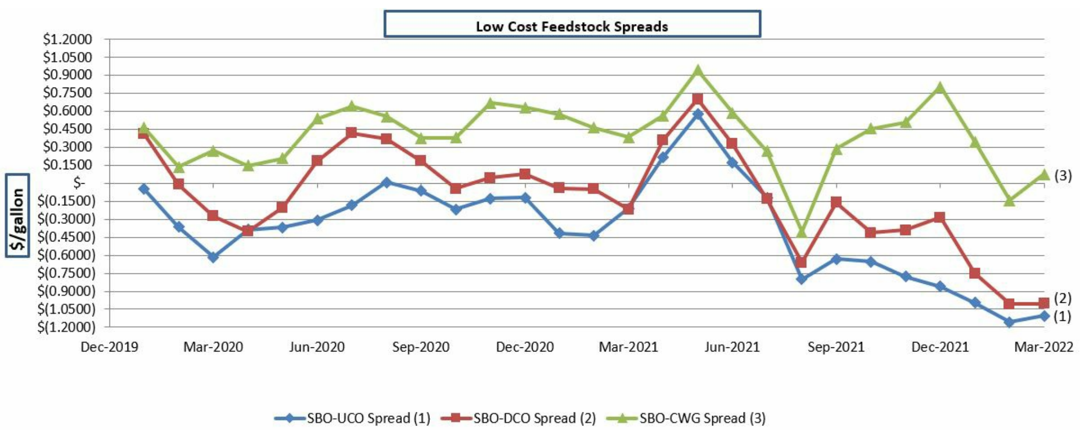
During the first three months of 2022 and the full year 2021, feedstock expense accounted for 88% and 87%, respectively, of our production cost, while methanol expense accounted for 2% and 3%, respectively, and chemical catalysts for 2%, for both periods of our production costs.

Feedstocks for bio-based diesel production, such as distillers corn oil, used cooking oil, animal fat, canola oil and soybean oil, are commodities and market prices for them will be affected by a wide range of factors unrelated to the price of bio-based diesel and petroleum-based diesel. There are a number of factors that influence the supply and price of our feedstocks, such as the following: bio-based diesel demand; export demand; government policies and subsidies; weather conditions; ethanol production; cooking habits and eating habits; number of restaurants near collection facilities; hog/beef/poultry supply and demand; palm oil supply; soybean meal demand and/or production, and crop production both in the U.S. and South America. Increasing production of bio-based diesel and, particularly recent prospective expansion of RD capacity, and the development of alternative fuels and renewable chemicals also put pressure on feedstock supply and availability to the bio-based diesel industry. The bio-based diesel industry may have difficulty procuring feedstocks at economical prices if competition for bio-based diesel feedstocks increases due to newly added production capacity.

During 2021 and the first three months of 2022, 78% and 75%, respectively, of the feedstocks used in our operations were comprised of distillers corn oil, used cooking oil and inedible animal fats, with the remainder coming from virgin vegetable oils.

The recent increase in CME Soyoil Futures price has correlated with an increase in price for all of our feedstocks. This has increased the cost of producing bio-based diesel at our refineries.

The graph below illustrates the spread between the cost of producing one gallon of biodiesel made from soybean oil to the cost of producing one gallon of biodiesel made from the specified low carbon feedstock for the period January 2020 to March 2022. The results were derived using assumed conversion factors for the yield of each feedstock and subtracting the cost of producing one gallon of biodiesel made from each respective low carbon feedstock from the cost of producing one gallon of biodiesel made from soybean oil.



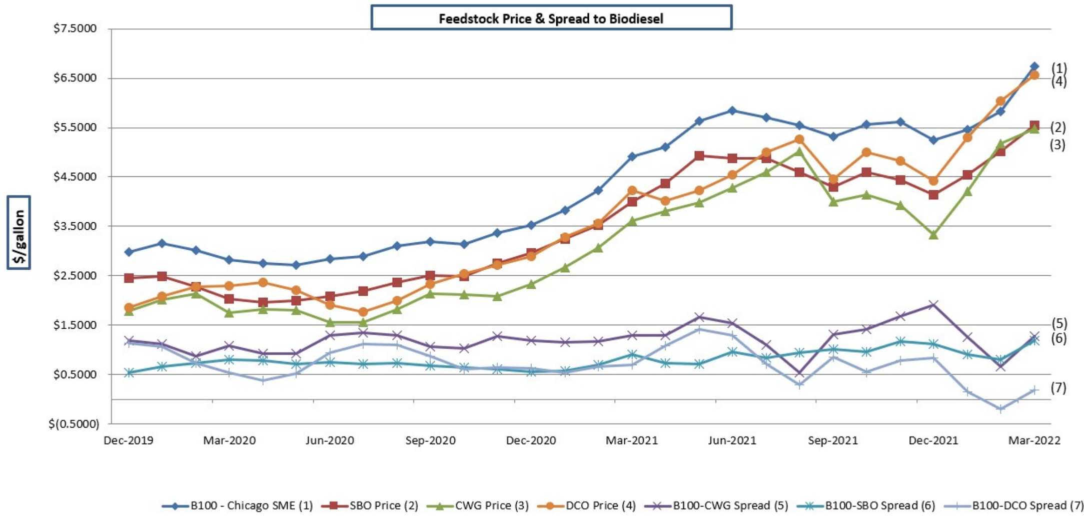
(1) Used cooking oil ("UCO") prices are based on the monthly average of the daily low sales price of Gulf of Mexico used cooking oil as reported by The Jacobsen (based on 8.5 pounds per gallon).

(2) Distillers corn oil ("DCO") prices are reported as the monthly average of the daily distillers corn oil market values delivered to Illinois as reported by The Jacobsen (based on 8.2 pounds per gallon).

(3) Choice white grease ("CWG") prices are based on the monthly average of the daily low prices of Missouri River choice white grease as reported by The Jacobsen (based on 8.0 pounds per gallon).

(4) Soybean oil (crude) ("SBO") prices are based on the monthly average of the daily closing sale price of the nearby soybean oil contract as reported by CME (based on 7.5 pounds per gallon).

Our results of operations generally will benefit when the spread between bio-based diesel prices and feedstock prices widens and will be harmed when this spread narrows. The following graph shows feedstock cost data for choice white grease, soybean oil and distillers corn oil on a per gallon basis compared to the per gallon sale price data for biodiesel, and the spread between biodiesel and each of choice white grease, soybean oil and distillers corn oil, from January 2020 to March 2022.



(1) Biodiesel prices are based on the monthly average of the midpoint of the high and low prices of B100 (Chicago SME) as reported by OPIS.

(2) Soybean oil (crude) prices are based on the monthly average of the daily closing sale price of the nearby soybean oil contract as reported by CME (based on 7.5 pounds per gallon).

(3) Choice white grease prices are based on the monthly average of the daily low price of Missouri River choice white grease as reported by The Jacobsen (based on 8.0 pounds per gallon).

(4) Distillers corn oil prices are based on based on the monthly average of the daily low price of Illinois distillers corn oil as reported by The Jacobsen (based on 8.2 pounds per gallon).

(5) Spread between biodiesel price and choice white grease price.

(6) Spread between biodiesel price and soybean oil (crude) price.

(7) Spread between biodiesel price and distillers corn oil price.

During the first three months of 2022, the average NY Harbor ULSD price was $3.07 per gallon, up $0.69 from the fourth quarter of 2021 average of $2.38 per gallon. NY Harbor ULSD prices increased sharply during the first three months of 2022, from a low of $2.36 per gallon in January 2022 to a high of $4.44 per gallon in March 2022. Stable demand and low stocks supported prices in January through February with a sharp rally and significant volatility occurring in the month of March following the Russian invasion of Ukraine. NYMEX ULSD stocks remain below the 5-year average with transportation and heating demand continuing to remain firm as prices have increased.

The U.S. biodiesel price increased significantly during the first three months of 2022. The average U.S. biodiesel price, as indicated by the Chicago SME B100 price reported by OPIS, was $6.05 per gallon for the first three months of 2022. During the first three months of 2022, B100 reached a high of $7.18 in March 2022 and a low of $5.20 in January 2022. Biodiesel prices increased primarily due to the increase in RIN, energy and agricultural commodity prices.

The average soybean oil price for the first three months of 2022 was $0.68 per pound. Soybean oil prices ranged from a high of $0.76 per pound in March 2022 to a low of $0.56 per pound in January 2022. Grains markets reacted similarly to energies with geopolitical risk in focus as potential supply disruptions in the Black Sea region along with reductions to South American crop production estimates have provided support to markets.

Risk Management

The profitability of producing bio-based diesel largely depends on the spread between prices for feedstocks and bio-based diesel, including incentives, each of which is subject to fluctuations due to market factors and each of which is not significantly correlated. Adverse price movements for these commodities directly affect our operating results. We attempt to protect cash margins for our own production and our third-party trading activity by entering into risk management contracts that are intended to mitigate the impact on our margins from price volatility in feedstocks and bio-based diesel. We create offsetting positions by using a combination of forward fixed-price physical purchases and sales contracts on feedstock and bio-based diesel and risk management futures contracts, swaps and options primarily on the New York Mercantile Exchange ("NYMEX") NY Harbor ULSD and CME Soybean Oil; however, the extent to which we engage in risk management activities varies substantially from time to time, and from feedstock to feedstock, depending on market conditions and other factors. In making risk management decisions, we utilize research conducted by outside firms to provide additional market information in addition to our internal research and analysis.

Distillers corn oil, used cooking oil, inedible animal fat, canola oil and soybean oil were the primary feedstocks we used to produce bio-based diesel in 2021 and the first three months of 2022. We utilize several varieties of inedible animal fat, such as beef tallow, choice white grease and poultry fat derived from livestock. There is no established futures market for these low carbon feedstocks. The purchase prices for low carbon feedstocks are generally set on a negotiated flat price basis or spread to a prevailing market price reported by the USDA price sheet or The Jacobsen. Our efforts to risk manage against changing prices for distillers corn oil, used cooking oil and inedible animal fat have involved entering into futures contracts, swaps or options on other commodity products, such as CME soybean oil and NYMEX NY Harbor ULSD. However, these products do not always experience the same price movements as low carbon feedstocks, making risk management for these feedstocks challenging. We manage feedstock supply risks related to bio-based diesel production in a number of ways, including, where available, through long-term supply contracts. The purchase price for soybean oil under these contracts may be indexed to prevailing CME soybean oil market prices with a negotiated market basis. We utilize futures contracts, swaps and options to risk manage, or lock in, the cost of portions of our future feedstock requirements generally for varying periods up to one year.

Our ability to mitigate our risk of falling bio-based diesel prices is limited. We have entered into forward contracts to supply bio-based diesel. However, pricing under these forward sales contracts generally has been indexed to prevailing market prices, as fixed price contracts for long periods on acceptable terms have generally not been available. There is no established derivative market for bio-based diesel in the United States. Our efforts to hedge against falling bio-based diesel prices generally involve entering into futures contracts, swaps and options on other commodity products, such as diesel fuel and NYMEX NY Harbor ULSD. However, price movements on these products are not highly correlated to price movements of all of the contract components in aggregate of bio-based diesel.

We generate 1.5 to 1.7 bio-based diesel RINs for each gallon of bio-based diesel we produce and sell in the United States. We also obtain RINs from third-party transactions which we hold for resale. There is no established futures market for bio-based diesel RINs, which severely limits the ability to risk manage the price of RINs. We enter into forward contracts to sell RINs, and we use risk management position limits to manage RIN exposure, however, pricing under those forward contracts generally has been indexed to prevailing market prices as fixed price contracts for long periods have generally not been available.

As a result of our strategy, we frequently have gains or losses on derivative financial instruments that are conversely offset by losses or gains on forward fixed-price physical contracts on feedstocks and bio-based diesel or inventories. Gains and losses on derivative financial instruments are recognized each period in operating results while corresponding gains and losses on physical contracts are generally not recognized until quantities are delivered or title transfers which may be in the same or later periods. Our results of operations are impacted when there is a period mismatch of recognized gains or losses associated with the change in fair value of derivative instruments used for risk management purposes at the end of the reporting period but the purchase or sale of feedstocks or bio-based diesel has not yet occurred resulting in the offsetting gain or loss that will be recognized in a later accounting period.

We recorded a risk management loss of $63.6 million from our derivative financial instrument activity for the three months ended March 31, 2022, compared to a loss of $1.8 million and for the three months ended March 31, 2021. Changes in the value of these futures, swaps or options instruments are recognized in current income or loss.

Increasing importance of RD

RD is made from the same renewable resources as biodiesel but uses a different production process. The result is a renewable fuel that is chemically identical to and a drop-in replacement for petroleum diesel. RD is a relatively new fuel but has quickly become popular because it reduces emissions and delivers strong performance. RD can also be blended with biodiesel. Our proprietary blend of RD and biodiesel which we call REG Ultra Clean® captures the best properties of the two fuels.

RD has become an increasingly significant part of our business. RD carries a premium price to biodiesel as a result of a variety of factors including the ability to blend it with petroleum diesel seamlessly, better cold weather performance, and because it generates more RINs on a per gallon basis. Our RD production facility in Geismar, Louisiana generated a significant portion of our adjusted EBITDA in 2021 and in the first three months of 2022. We experienced two fires at this facility in 2015 that each resulted in the plant being shut down for a certain period of time. If production at this facility were interrupted again due to severe weather or a global pandemic such as COVID-19, it would have a disproportionately significant and material adverse impact on our results of operations and financial condition.

Seasonality

Our operating results are influenced by seasonal fluctuations in the demand for biodiesel. Our biodiesel sales tend to decrease during the winter season due to reduced blending concentrations to adjust for performance during colder weather. Colder seasonal temperatures can cause the higher cloud point biodiesel we make from inedible animal fats to become cloudy and eventually gel at a higher temperature than petroleum-based diesel, RD, or lower cloud point biodiesel made from soybean oil, canola oil or distillers corn oil. Such gelling can lead to plugged fuel filters and other fuel handling and performance problems for customers and suppliers. Reduced demand in the winter for our higher cloud point biodiesel can result in excess supply of such higher cloud point biodiesel and lower prices for such biodiesel. In addition, most of our biodiesel production facilities are located in colder Midwestern states in proximity to feedstock origination, and our costs of shipping can increase as more biodiesel is transported to warmer climate geographies during winter. To mitigate some of these seasonal fluctuations, we upgraded our Newton and Danville biorefineries in 2018 to produce distilled biodiesel from low-cost feedstocks, which has improved cold-weather performance.

RIN prices may also be subject to seasonal fluctuations. The RIN is dated for the calendar year in which it is generated, commonly referred to as the RIN vintage. Since only 20% of the annual RVO of an Obligated Party (as defined under the RFS2) can be satisfied by prior year RINs, most RINs must come from biofuel produced or imported during the RVO year. As a result, RIN prices can be expected to decrease as the calendar year progresses if the RIN market is oversupplied compared to that year's RVO and increase if the market is undersupplied. The table below provides a comparison between actual RIN generation and RVO level for Advanced Biofuel as set by the EPA, together with the impact of the SREs.

Period	RIN Generation (Advanced Biofuel)	Finalized RVO level for Advanced Biofuel	Estimated Advanced Biofuel RVO Exempted due to SREs
2017	4.23 billion RINs	4.28 billion RINs*	0.40 billion RINs
2018	4.34 billion RINs	4.29 billion RINs*	0.32 billion RINs
2019	4.87 billion RINs	4.92 billion RINs*	**
2020	5.28 billion RINs	4.63 billion RINs*, ***	**
2021	5.67 billion RINs	5.20 billion RINs ***	**

*Ethanol equivalent gallons
**Not yet determined
*** Proposed amount

Industry capacity, production, and imports

Our operating results are influenced by our industry's capacity and production, including in relation to RFS2 production requirements. Under RFS2, Obligated Parties are entitled to satisfy up to 20% of their annual requirement with prior year RINs. Bio-based diesel production and/or imports, as reported by EMTS, were 2.88 billion gallons for 2020. The amount of bio-based diesel produced and/or imported into the U.S. in 2021 was 3.09 billion gallons. In the first three months of 2022, according to EMTS data, 0.78 billion gallons of bio-based diesel were produced and/or imported into the U.S., compared to the equivalent 0.64 billion gallons over the same period in 2021.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, equities, revenues and expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for judgments we make about the carrying values of assets and liabilities that are not readily apparent from other sources. Because these estimates can vary depending on the situation, actual results may differ from the estimates.

We have disclosed under the heading "Critical Accounting Policies" in our Annual Report on Form 10-K for the year ended December 31, 2021 the critical accounting policies which materially affect our financial statements. There have been no material changes from the critical accounting policies previously disclosed. You should carefully consider the critical accounting policies set forth in our Annual Report on Form 10-K.

Results of Operations

Three months ended March 31, 2022 and 2021

Set forth below is a summary of certain financial information (dollars in thousands and gallons in millions except for per gallon data) for the periods indicated:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Gallons sold	157.4	134.2
Average bio-based diesel price per gallon	$ 5.21	$ 3.70
Revenues	$ 935,989	$ 539,744
Costs of goods sold	868,239	465,942
Gross profit	67,750	73,802
Selling, general and administrative expenses	48,712	31,177
(Gain) on disposal of property, plant and equipment	(1,935)	—
Impairment of assets	2,748	822
Income from operations	18,225	41,803
Other expense, net	(5,327)	(948)
Income tax expense	(421)	(1,633)
Net income	$ 12,477	$ 39,222
Effect of participating share-based awards	85	639
Net income available to the Company's common stockholders	$ 12,392	$ 38,583

Results of Operations:

Revenues. Our total revenues for the first quarter of 2022 increased significantly by $396.2 million, or 73%, compared to the same quarter in 2021. The significant increase in revenues was primarily attributable to a substantial increase in the average bio-based diesel price per gallon. In the first three months of 2022, ULSD prices averaged $3.07 per gallon compared to $1.75 per gallon in the same period in 2021. The significant increase in ULSD prices was partially attributable to general market optimism and improving demand stemming from the easing of lockdown measures in the United States and internationally, as well as the conflict between Russia and Ukraine causing volatility in the commodities market and particularly crude oil. The heightened volatility impacted prices for both ULSD and feedstocks, causing the heating oil to soybean oil ("HOBO") spread to move substantially throughout the period. In addition, RIN values trended higher throughout the first three months of 2022. As a result of these factors, our average selling price significantly increased by $1.51, or 41%, in the three months ended March 31, 2022, compared to the same period in 2021.

The increase in the average sales price contributed to a $202.6 million increase in revenues for the three months ended March 31, 2022, when applied to the number of gallons sold in the comparable 2021 period. The increase in RIN prices also positively affected separated RIN sales resulting in a revenues increase of $81.9 million, or an increase of 277%, for the three months ended March 31, 2022 compared to the same period in 2021. The increase in gallons sold for the three months ended March 31, 2022 accounted for revenues increasing by $120.9 million, using the average selling price for bio-based diesel for the three months ended March 31, 2021.

Costs of goods sold. Our costs of goods sold increased $402.3 million, or 86%, for the three months ended March 31, 2022, compared to the same period in 2021. Costs of goods sold as a percentage of revenues was 93%, for the three months ended March 31, 2022, and 86% for the three months ended March 31, 2021. The increase in costs of goods sold was primarily driven by significantly higher feedstock costs in the quarter compared to same period in 2021, as described below. The increase was also driven up by risk management losses of $63.6 million, in the three months ended March 31, 2022 compared to losses of $1.8 million in the same period in 2021. For the three months ended March 31, 2022, risk management losses resulted primarily from significant increases in ULSD prices.

We experienced significantly higher costs across all of our feedstocks in the three months ended March, 2022. Average prices for low carbon feedstocks used in our production were $0.62, per pound for the three months ended March 31, 2022, as compared to $0.36 per pound for the three months ended March 31, 2021. Average soybean oil costs were $0.68 per pound for the three months ended March 31, 2022, as compared to $0.45 per pound for the three months ended March 31, 2021. Average canola oil costs were $0.66 per pound for the three months ended March 31, 2022, as compared to $0.43 per pound for the three months ended March 31, 2021. Average distillers corn oil costs were $0.62 per pound for the three months ended March 31, 2022, as compared to $0.36 per pound for the three months ended March 31, 2021.

Selling, general and administrative expenses. Our selling, general and administrative expenses were $48.7 million for the three months ended March 31, 2022, or 5% of total revenue for the period, and $31.2 million, or 6% of total revenue, for the same period in 2021. The increase of $17.5 million, or 56%, resulted primarily from higher professional service expense incurred as a result of the proposed Merger and from higher employee related compensation and benefits.

Impairment of assets. During the three months ended March 31, 2022, the Company recorded impairment charges of $2.7 million related to certain property, plant and equipment due to the change in the intent to utilize these assets and that the carrying amounts of these assets deemed not recoverable given the assets' deteriorating physical conditions identified during the period. During the same periods of 2021, we recorded impairment charges of $0.8 million related to certain property, plant and equipment as the carrying amounts of these assets were deemed not recoverable given the assets' deteriorating physical conditions identified during the period.

Other expense, net. Other expense was $5.3 million for the three months ended March 31, 2022, compared to $0.9 million for the same period in 2021. Other expense is primarily comprised of loss on debt extinguishment, interest expense, interest income and other non-operating items. The change in other expense for the three months ended March 31, 2022 was due to interest expense of $7.5 million primarily due to the issuance of our Green Notes, compared to interest expense of $1.1 million for the same respective period in 2021. The increase in Other expense, net was slightly offset by Other income in the three months ended March 31, 2022 of $1.7 million, compared to Other income of $1.4 million, for the same period in 2021.

Income tax expense. We recognized an income tax expense of $0.4 million for the three months ended March 31, 2022, as compared to an income tax expense of $1.6 million for the same period in 2021. Our tax provision for an interim period is determined using an estimate of our annual effective tax rate, adjusted for discrete items arising in that period. Our effective tax rate differs from the statutory tax rate primarily due to the fact that we have a valuation allowance on our domestic deferred tax assets.

Effects of participating share-based awards. Effects of participating share-based awards was $0.1 million for the three months ended March 31, 2022 compared to $0.6 million for the same period in 2021.

Non-GAAP Financial Measures:

Adjusted EBITDA

Earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA are not measures of financial performance under GAAP. We use EBITDA and EBITDA adjusted for certain additional items, identified in the table below, or Adjusted EBITDA, as a supplemental performance measure. We present EBITDA and Adjusted EBITDA because we believe they assist investors in analyzing our performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. In addition, we use Adjusted EBITDA to evaluate, assess and benchmark our financial performance on a consistent and a comparable basis and as a factor in determining incentive compensation for our executives.

(In thousands)	Three months ended March 31, 2022	Three months ended March 31, 2021
Net income	**$ 12,477**	**$ 39,222**
Adjustments:		
Income tax expense	421	1,633
Interest expense	7,479	1,117
Depreciation	10,497	10,915
Amortization of intangible and other assets	1,757	671
EBITDA	$ 32,631	$ 53,558
(Gain) on sale of assets	(1,935)	—
Loss on debt extinguishment	—	1,922
Interest income	(496)	(652)
Other expense, net	(1,656)	(1,439)
Expenses related to Proposed Plan of Merger	6,636	—
Impairment of assets	2,748	822
Stock compensation	2,256	1,844
Adjusted EBITDA	**$ 40,184**	**$ 56,055**

Adjusted EBITDA is a supplemental performance measure that is not required by, or presented in accordance with, generally accepted accounting principles, or GAAP. Adjusted EBITDA should not be considered as an alternative to net income (loss) or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities or a measure of our liquidity or profitability. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for any of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or the impact of certain cash charges that we consider not to be an indication of our ongoing operations;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital requirements;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our indebtedness;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements;
- Non-recurring, non-operating expenses related to the proposed merger with Chevron have been added back to Adjusted EBITDA;
- stock-based compensation expense is an important element of our long term incentive compensation program, although we have excluded it as an expense when evaluating our operating performance; and
- other companies, including other companies in our industry, may calculate these measures differently than we do, limiting their usefulness as a comparative measure.

Liquidity and Capital Resources

Our principal sources of liquidity are existing cash balances, marketable securities, cash generated by our operations and our ability to borrow under our revolving credit facilities, or such credit facilities as we may be able to obtain from time to time. Our principal uses of liquidity are paying the costs and expenses associated with our operations, servicing outstanding indebtedness and making capital expenditures. Our cash requirements will also depend on capital expenditures in connection with future facility projects, such as our announced capacity expansion of our Geismar, Louisiana biorefinery and expenditures in connection with future acquisitions of assets or businesses that are complementary to our operations or part of our growth strategies.

On March 19, 2021, we completed an equity offering pursuant to which it sold 5,750,000 shares of common stock to various underwriters at a price of $67.00 per share before underwriting discounts and commissions. The net proceeds from the offering were $365.3 million. We currently intend to use the net proceeds from this offering for working capital and other general corporate purposes, which may include the repayment of our existing indebtedness and the funding of capital expenditures, including capital expenditures related to the improvements and expansion of our Geismar, Louisiana biorefinery.

On May 20, 2021, we completed the sale and issuance of $550.0 million aggregate principal amount of our Green Notes due 2028. We recorded $14.6 million in legal, professional and underwriting fees related to the issuance of the Green Notes. We currently intend to use the net proceeds from the Green Notes for capital expenditures related to the improvements and expansion of its Geismar, Louisiana biorefinery.

Sources of liquidity. At March 31, 2022, the total of our cash and cash equivalents and marketable securities was $787.4 million, compared to $956.2 million at December 31, 2021. At March 31, 2022, we had total assets of $2,628.0 million, compared to $2,558.9 million at December 31, 2021. At March 31, 2022, and December 31, 2021, we had term debt before debt issuance costs of $550.0 million. Our debt is subject to various financial covenants. We were in compliance with all financial covenants associated with our borrowings as of March 31, 2022.

Our term debt (in thousands) is as follows:

	March 31, 2022	December 31, 2021
5.875% Senior Secured Green Notes, due 2028	$ 550,000	$ 550,000

A full description of our credit facilities and other agreements related to our outstanding indebtedness is included under the heading “Liquidity and Capital Resources” in our Annual Report on Form 10-K for the year ended December 31, 2021.

In addition, we had revolving debt (in thousands) as follows:

	March 31, 2022	December 31, 2021
Amount outstanding under line of credit	$ —	$ —
Maximum available to be borrowed under line of credit	$ 249,095	$ 249,666

On September 30, 2021, we amended the M&L and Services Revolver in order to increase the maximum commitment under the M&L and Services Revolver from $150.0 million to $250.0 million subject to an accordion feature which allows the subsidiary borrowers to request commitments for additional revolving loans in an aggregate amount not to exceed $50.0 million (prior to September 30, 2021) and $100.0 million (on and after September 30, 2021). Availability under this credit agreement is subject to a borrowing base and if availability is less than 10% of the maximum commitment, ($15.0 million prior to giving effect to the amendment and $25.0 million after giving effect to the amendment), then the subsidiary borrowers are required to maintain a fixed charge coverage ratio of at least 1.0 to 1.0. As of March 31, 2022, the subsidiary borrowers would have been able to satisfy that fixed coverage if availability was less than 10% of the maximum commitment.

Cash flows. The following table presents information regarding our cash flows and cash and cash equivalents for the three months ended March 31, 2022 and 2021 (in thousands):

	Three Months March 31,	
	2022	2021
Cash used in operating activities	$ (106,518)	$ (60,996)
Cash used in investing activities	(46,123)	(14,357)
Cash provided by (used in) financing activities	(5,327)	326,893
Net change in cash, cash equivalents and restricted cash	(157,968)	251,540
Cash, cash equivalents and restricted cash end of period	$ 343,703	$ 339,535

In the first three months of 2022, we used $106.5 million of cash in operations primarily due to a build in inventory of $97.1 million, an increase in accounts receivable of $52.3 million in line with increased sales for the period and an increase in prepaid expenses and other assets of $42.6 million. The increase in prepaid expenses and other assets is largely due to an increase in cash collateral paid to derivative counterparties. The cash used was partially offset by increases in accounts payable of $50.6 million. In the first three months of 2021, we used $61.0 million of cash in operations primarily due to a build in inventory of $80.7 million, a decrease in accounts payable of $24.9 million and an increase in prepaid expenses and other assets of $16.2 million. The cash used was partially offset by net income of $39.2 million.

We used $46.1 million of cash in investing activity in the first three months of 2022, compared to $14.4 million in the first three months of 2021. The increase in cash used by investing activities was primarily due to our use of $58.5 million of cash for property, plant and equipment purchases and plant upgrades in 2022 compared to $10.5 million in 2021. Partially offset by cash provided by the maturity of $8.9 million of marketable securities, compared to net purchases of $2.4 million in high quality marketable securities in 2021.

Cash flows used in financing activities for the three months ended March 31, 2022 was $5.3 million compared to cash provided financing activities of $326.9 million for the three months ended March 31, 2021. The $332.2 million decrease was primarily due to the three months ended March 31, 2021 reflecting the net proceeds of $365.7 million from the equity offering in March 2021, partially offset by cash paid for notes payable of $27.2 million.

Capital expenditures. During the three months ended March 31, 2022, our capital expenditures were $58.5 million compared to $10.5 million in 2021 over the same time period. Both periods' capital expenditures involve various plant optimization projects and the Geismar expansion.

In October 2020, we announced our plan to expand the effective capacity of our Geismar, Louisiana biorefinery. The Geismar project involves both an improvement project for the existing operations at the site as well as the capacity expansion. The Geismar project is expected to take total annual site production from 90 million to 340 million gallons, enhance existing operations and improve operational reliability and logistics. The expansion is expected to be mechanically complete in 2023 with full operations in early 2024. We have received all required permits to proceed with construction and officially broke ground to start the construction process in the fourth quarter of 2021. The capital cost for the Geismar project is estimated to be $950 million and is funded with a combination of cash on hand, marketable securities, borrowings under our credit facilities, and proceeds from our public offering of common stock that closed in March 2021 and proceeds from our issuance of Green Notes that closed on May 20, 2021, as discussed below. In addition, in connection with the expansion we have entered into a long-term marine terminal lease for terminal and logistics services that will require a separate capital outlay. We have also agreed to construction contracts for large parts of the work associated with the improvements and expansion. There can be no guarantee that we will be able to complete this project in a timely manner or increase the capacity of our biorefinery at Geismar, Louisiana on time, at our estimated budget, or at all. The improvements and expansion are subject to a number of conditions and risks.

We estimate that the capital spending for the project has been approximately 10% in 2021 and will be approximately 40% in 2022, with the remainder of spend slated for 2023. At the end of March 2022, almost all of the long lead equipment for the project had been purchased. For capital spend beyond Geismar, we remain on track with our board-approved plan of approximately $90.0 million, which includes investments in low cost, high return projects, environmental, health and safety projects and growth projects.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Recent Accounting Pronouncements

For a discussion of new accounting pronouncements affecting the Company, refer to “Note 2 – Summary of Significant Accounting Policies” to our Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objectives of our investment activity are to preserve principal, provide liquidity and maximize income without significantly increasing risk. Some of the securities we invest in are subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. To minimize this risk, we maintain a portfolio of cash equivalents in short-term investments in money market funds.

Commodity Price Risk

Over the period from January 2020 through March 31, 2022, average diesel prices based on Platts reported pricing for Group 3 (Midwest) have ranged from a high of approximately $4.17 per gallon reported in March 2022 to a low of approximately $0.62 per gallon in April 2020, with prices averaging $1.79 per gallon during this period. Over the period January 2020 to March 31, 2022, soybean oil prices (based on daily closing nearby futures prices on the Chicago Board of Trade for crude soybean oil) have ranged from a high of $0.76 per pound, or $5.72 per gallon of biodiesel, in March 2022, to a low of $0.25 per pound, or $1.87 per gallon, in April 2020, assuming 7.5 pounds of soybean oil yields one gallon of biodiesel with closing sales prices averaging $0.47 per pound, or $3.53 per gallon. Over the period from January 2020 through March 31, 2022, animal fat prices (based on prices from The Jacobsen Missouri River, for choice white grease) have ranged from a high of $0.74 per pound in March 2022 to a low of $0.18 per pound in July 2020, with sales prices averaging $0.39 per pound during this period. Over the period from January 2020 through March 31, 2022, RIN prices (based on prices from OPIS) have ranged from a high of $2.05 in June 2021 to a low of $0.37 in January 2020, with sales prices averaging $1.11 during this period.

Adverse fluctuations in feedstock prices as compared to bio-based diesel prices result in lower profit margins and, therefore, represent unfavorable market conditions. The availability and price of feedstocks are subject to wide fluctuations due to unpredictable factors such as weather conditions during the growing season, rendering volumes, carry-over from the previous crop year and current crop year yield, governmental policies with respect to agriculture and supply and demand.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to our sales contracts, low carbon feedstock requirements, soybean oil requirements and the related exchange-traded contracts for the first three months of 2022. Market risk is estimated as the potential loss in fair value, resulting from a hypothetical 10% adverse change in the fair value of our low carbon feedstock and soybean oil requirements and bio-based diesel sales. The results of this analysis, which may differ from actual results, are as follows:

	First nine months of 2021 Volume (in millions)	Units	Hypothetical Adverse Change in Price	Impact on Gross Profit (in millions)	Percentage Change in Gross Profit
Total Bio-based Diesel	106.5	gallons	10 %	$ (55.5)	81.9 %
Total Low Carbon Feedstocks	587.0	pounds	10 %	$ (36.2)	53.4 %
Total Canola Oil	81.1	pounds	10 %	$ (5.3)	7.9 %
Total Soy Oil	117.9	pounds	10 %	$ (8.0)	11.8 %

We attempt to protect operating margins by entering into risk management contracts that reduce the risk of price volatility related to anticipated purchases of feedstocks, such as inedible animal fat and distillers corn oil and energy prices. We create offsetting positions by using a combination of forward physical purchases and sales contracts on feedstock and bio-based diesel, including risk management futures contracts, swaps and options primarily on NYMEX NY Harbor ULSD, CME Soybean Oil, and NYMEX Natural Gas; however, the extent to which we engage in risk management activities varies substantially from time to time, and from feedstock to feedstock, depending on market conditions and other factors. A 10% adverse change in the prices of NYMEX NY Harbor ULSD would have had a positive effect on the fair value of these instruments of $31.8 million at March 31, 2022. A 10% adverse change in the price of CME Soybean Oil would have had a negative effect on the fair value of these instruments of $13.5 million at March 31, 2022. A 10% adverse change in the price of NYMEX Natural Gas would have had an immaterial impact on our gross margin at March 31, 2022.

Interest Rate Risk

We have minimal exposure to interest rate risk and as such any material changes in interest rates would not have a material effect on our financial position.

Foreign Currency Risk

We have minimal exposure to foreign currency risk and as such the cost of hedging this risk is viewed to be in excess of the benefit of further reductions in our exposure to foreign currency exchange rate fluctuations.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the Company's reports we file or submit under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, under the supervision of and with the participation of the CEO and CFO, performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15-d-15(e) under the Exchange Act) as of the end of the period covered by this report, March 31, 2022. In connection with our evaluation of disclosure controls and procedures, we have concluded that our disclosure controls and procedures were effective as of March 31, 2022.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2022. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

On December 30, 2021, we acquired Amber Resources. Amber Resources represented 6 percent of total assets and less than 1 percent of total revenues of the consolidated financial statement amounts as of and for the year ended December 31, 2021. We are in the process of integrating Amber Resources and our management is in the process of evaluating any related changes to our internal control over financial reporting as a result of this integration.

Changes in Internal Control over Financial Reporting

There have been no changes during our quarter ended March 31, 2022 in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) 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

On March 2, 2021, a putative class action lawsuit was filed against the Company and certain of its current and former executive officers in the United States District Court for the Southern District of New York. On March 12, 2021, a putative class action lawsuit against the same defendants was filed in the United States District Court for the Central District of California. On June 24, 2021, the two cases were consolidated in the Southern District of New York under the caption *In re Renewable Energy Group Securities Litigation, No. 21-cv-1832*, and a consolidated amended complaint was filed on July 9, 2021.

The complaint purports to be brought on behalf of shareholders who purchased the Company's common stock between March 8, 2018 and February 25, 2021, the date on which the Company announced its restatement related to BTC. Plaintiffs allege that defendants made false and misleading statements about the Company's business, financial results and prospects in violation of Sections 10(b) and 20(1) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint seeks unspecified damages, attorneys' fees, and other costs. On January 20, 2022, the court granted defendants' motion to dismiss with prejudice and entered a judgment dismissing the case. On February 18, 2022, plaintiff filed a notice of appeal of the order granting the motion to dismiss and the entry of judgement. The Company denies any and all allegations of wrongdoing and intends to vigorously defend against the litigation.

On July 27, 2021, a stockholder derivative complaint was filed in the United States District Court for the District of Delaware based on allegations substantially similar to those in the class action, and purporting assert claims on the Company's behalf against current and former officers and directors for alleged violation of Sections 14 (a) and 20 (a) of the Exchange Act, breach of fiduciary duties, unjust enrichment, and waste of corporate assets. On August 2, 2021, a second stockholder derivative complaint purportedly arising out of the same events and purporting to assert similar claims, was filed in the Supreme Court for the state of New York. Both of these derivative actions have been stayed.

In addition, the SEC requested information about the restatement, and the Company cooperated with the SEC. On October 1, 2021, the SEC Staff notified the Company that the Staff terminated its investigation with no enforcement action recommended against the Company, in accordance with SEC guidelines.

Following the announcement of the Merger (see Note 14 – Proposed Plan of Merger), ten purported stockholders of REG filed complaints against REG and each member of the Board alleging violations of the federal securities laws. Such complaints allege that REG's Schedule 14A filed on March 23, 2022—and in the case of three complaints, the Definitive Proxy Statement—omits material information with respect to the Merger and that, as a result, all defendants violated Section 14(a) of the Exchange Act and that each Board member violated Section 20(a) of the Exchange Act. Certain of the complaints additionally allege that all defendants violated Rule 14a-9 promulgated under the Exchange Act. Certain of the complaints additionally allege that each Board member violated 17 C.F.R. § 244.100. Each complaint seeks (i) injunctive relief; (ii) rescission in the event the Merger is consummated or alternatively rescissory damages; (iii) plaintiff's attorneys' and experts' fees and costs; and (iv) other such relief that the court deems just and proper. Certain of the complaints additionally seek a direction that the Board issue a revised Schedule 14A and a declaration that the defendants violated Sections 14(a) and/or 20(a) of the Exchange Act, as well as Rule 14a-9 promulgated thereunder. An additional complaint was sent to REG's outside legal counsel in connection with Merger, but remains unfiled. This unfiled complaint makes similar allegations as in the filed complaints. In addition, following the filing of the Definitive Proxy Statement, three purported REG stockholders sent REG's outside legal counsel demand letters alleging similar deficiencies in the Definite Proxy Statement as those alleged in the above-referenced complaints. An additional purported REG stockholder sent REG's outside legal counsel a demand letter pursuant to Section 220 of the Delaware General Corporation Law alleging similar disclosure deficiencies and demanding inspection of certain REG books and records. REG believes the allegations asserted in the complaints and demand letters are without merit.

Additional lawsuits and demands may be filed or made, respectively, against REG, the Board, or REG's officers in connection with the Merger, which could prevent or delay completion of the Merger and result in substantial costs to REG, including any costs associated with indemnification.

The Company is also involved in various other legal proceedings in the normal course of business. The Company currently believes that any ultimate liability arising out of such proceedings will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

ITEM 1A. Risk Factors

You should carefully consider the risk factors discussed in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021, which could materially affect our business, financial condition, results of operations and liquidity. The information set forth in this report, including without limitation, the risk factors presented below, updates and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K. Our business, financial condition, results of operations and liquidity are subject to various risks and uncertainties, including those described below. As a result, the trading price of our common stock could decline.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties that could affect our ability to successfully implement our business strategy and affect our financial results. You should carefully consider all of the information in this report and, in particular, the following principal risks and all of the other specific factors described in Item 1A. of this report, "Risk Factors," before deciding whether to invest in our company.

- The Renewable Fuel Standard Program, a federal law requiring the consumption of qualifying biofuels, could be repealed, curtailed or otherwise changed, which would have a material adverse effect on our revenues, operating margins and financial condition.
- Loss of or reductions in federal and state government tax incentives for bio-based diesel production or consumption may have a material adverse effect on our revenues and operating margins.
- We derive a significant portion of our revenues from sales of our renewable fuel in the State of California primarily as a result of California's Low Carbon Fuel Standard, ("LCFS"); adverse changes in this law or reductions in the value of LCFS credits would harm our revenues and profits.

- We derive a significant portion of our revenues from sales of our renewable fuel in Canada and Europe; adverse changes in the programs requiring the use of renewable and lower carbon fuels or reductions in the value of credits would harm our revenues and profits.
- The COVID-19 pandemic may adversely impact our business.
- We derive a substantial portion of our profitability from the production of renewable diesel at our plant in Geismar, Louisiana and any interruption in our operations would have a material adverse effect on operations and financial conditions.
- Our planned capacity expansion at our Geismar, Louisiana facility will require significant capital expenditures and there is no guarantee that the project will be completed on time or on budget, which could have a negative effect on revenues and operations.
- Increased industry-wide production of biodiesel due to potential utilization of existing excess production capacity, announced plant expansions of RD and potential co-processing of RD by petroleum refiners, could reduce prices for our fuel and increase costs of feedstocks, which would seriously harm our revenues and operations.
- Our gross margins are dependent on the spread between bio-based diesel prices and feedstock costs, each of which are volatile and can cause our results of operations to fluctuate substantially.
- Risk management transactions could significantly increase our operating costs and may not be effective.
- One customer accounted for a meaningful percentage of revenues and a loss of this customer could have an adverse impact on our total revenues.
- Our facilities and our business, and our customers' facilities, are subject to risks associated with fire, explosions, leaks, natural disasters, including climate change, and political turmoil, which may disrupt our business and increase costs and liabilities.
- Cyberattacks targeting our process control networks or other digital infrastructure could have a material adverse impact on our business and results of operations.
- In addition to biodiesel and RD, we store and transport petroleum-based fuels. The dangers inherent in the storage and transportation of fuels could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities.
- Our insurance may not protect us against our business and operating risks.
- We operate in a highly competitive industry and expect that competition in our industry will increase.
- We are dependent upon one supplier to provide hydrogen necessary to execute our RD production process and the loss of this supplier could disrupt our production process.
- Technological advances and changes in production methods in the bio-based diesel industry could render our plants obsolete and adversely affect our ability to compete.
- Our intellectual property is integral to our business. If we are unable to protect our intellectual property, or others assert that our operations violate their intellectual property, our business could be adversely affected.
- Increases in transportation costs or disruptions in transportation services could have a material adverse effect on our business.
- We are dependent upon our key management personnel and other personnel, and the loss of these personnel could adversely affect our business and results of operations.
- We may encounter difficulties in integrating the businesses we acquire, including our international businesses where we have limited operating history.
- We incur significant expenses to maintain and upgrade our operating equipment and plants, and any interruption in the operation of our facilities may harm our operating performance.
- Growth in the use, sale and distribution of biodiesel is dependent on the expansion of related infrastructure which may not occur on a timely basis, if at all, and our operations could be adversely affected by infrastructure limitations or disruptions.
- Our business is subject to seasonal changes based on regulatory factors and weather conditions and this seasonality could cause our revenues and operating results to fluctuate.
- Failure to comply with governmental and state regulations, including EPA requirements relating to RFS2, BTC, LCFS and other programs or new laws designed to deal with climate change, could result in the imposition of higher costs, penalties, fines, or restrictions on our operations and remedial liabilities.
- RD fuel is superior to biodiesel in certain respects and if RD production capacity increases to a sufficient extent, it could largely supplant biodiesel; we may not be successful in expanding our RD production capacity.
- Nitrogen oxide emissions from biodiesel may harm its appeal as a renewable fuel and increase costs.
- We and certain subsidiaries have indebtedness, which subjects us to potential defaults, that could adversely affect our ability to raise additional capital to fund our operations and limits our ability to react to changes in the economy or the bio-based diesel industry.
- Our debt agreements impose significant operating and financial restrictions on our subsidiaries, which may prevent us from capitalizing on business opportunities.
- We may still incur significant additional indebtedness that could increase the risks associated with our indebtedness.

- Certain provisions in the indenture governing our Senior Secured Green Notes (the "Green Notes") could delay or prevent an otherwise beneficial takeover or takeover attempt of us.
- The market price for our common stock may be volatile.
- We have never paid dividends on our capital stock and we do not anticipate paying dividends in the foreseeable future.
- We may issue additional common stock as consideration for future investments or acquisitions.
- If we fail to maintain effective internal control over our financial reporting and financial forecasting, we may not be able to report our financial results accurately, provide accurate financial guidance or prevent fraud, and if we fail to maintain effective internal governance and conduct policies, such as our Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers and Trading by Insiders Policy, or if our employees fail to adhere to such policies, we may be unable to maintain a proper control environment. If any of these failures occur, our business could be harmed, our stockholders could lose confidence in our financial reporting and financial guidance or our business integrity and we could suffer negative media attention, which could negatively impact the value of our stock.
- Delaware law and our certificate of incorporation and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.
- The proposed Merger is subject to approval of our stockholders as well as the satisfaction of other closing conditions, including government consents and approvals, some or all of which may not be satisfied or completed within the expected timeframe, if at all.
- We may not complete the proposed Merger within the time frame we anticipate or at all, which could have an adverse effect on our business, financial results and/or operations.
- We will be subject to various uncertainties while the Merger is pending that may cause disruption and may make it more difficult to maintain relationships with customers and other third-party business partners.
- In certain instances, the Merger Agreement requires us to pay a termination fee to parent, which could affect the decisions of a third party considering making an alternative acquisition proposal.
- We have incurred, and will continue to incur, direct and indirect costs as a result of the Merger.
- Litigation challenging the Merger Agreement may prevent the Merger from being consummated within the expected timeframe or at all.

RISKS RELATED TO RENEWABLE FUEL AND LOW CARBON FUEL INCENTIVES

The Renewable Fuel Standard Program, a federal law requiring the consumption of qualifying biofuels, could be repealed, curtailed or otherwise changed, which would have a material adverse effect on our revenues, operating margins and financial condition.

We and other participants in the bio-based diesel industry rely on governmental programs requiring or incentivizing the consumption of biofuels. Bio-based diesel has historically been more expensive to produce than petroleum-based diesel fuel and these governmental programs support a market for bio-based diesel that might not otherwise exist.

One of the most important of these programs is the RFS2, a federal law that requires that transportation fuels in the United States contain a minimum amount of renewable fuel. This program is administered by the U.S. Environmental Protection Agency ("EPA"). The EPA's authority includes setting annual minimum aggregate levels of consumption in four renewable fuel categories, including the two primary categories in which our fuel competes bio-based diesel and advanced biofuel. The parties obligated to comply with this RVO are petroleum refiners and petroleum fuel importers.

The petroleum industry is strongly opposed to the RFS2 and can be expected to continue to press for changes both in the RFS2 itself and in the way that it is administered by the EPA. One key point of contention is the rate of growth in the annual RVO. The RVO for bio-based diesel was set at steadily rising levels beginning at 1.00 billion gallons in 2012 and increasing to 2.00 billion gallons in 2017. However, growth in the RVO for bio-based diesel was constrained in years 2017 through 2019, as the bio-based diesel RVO increased by only 100,000 gallons from 2.00 billion to 2.10 billion gallons while the advanced biofuel RVO increased from 4.28 billion gallons to 4.92 billion gallons. For 2020 and 2021, the EPA set the bio-based diesel RVO at 2.43 billion gallons. The 2020 advanced biofuel RVO was set at 4.63 billion gallons which represents zero growth in the advanced biofuels category after taking into account the increase in the cellulosic volumes. We believe that growth in the annual RVOs strongly influences our ability to grow our business and supports the price of our fuel through the RINs. The EPA's future decisions regarding the RVO will significantly influence our revenues and profit margins.

The RFS2 also grants to the EPA authority to waive a qualifying refiner's obligation to comply with RFS2, through a small refinery exemption ("SRE"), based on a determination that the program is causing severe economic harm to that refinery. SREs can significantly harm demand for bio-based diesel and the value of RINs. In December 2019, the EPA issued a ruling on the reallocation of the required volumes under RFS2 in an attempt to offset the effect of the SREs. The ruling detailed the intent to redistribute the exempt volumes granted through the SRE to non-exempt obligated parties. This redistribution will be calculated on a three-year rolling average, based on the U.S. Department of Energy ("DoE") recommended relief. The EPA has consistently granted more relief through small refinery waivers than recommended by the DoE.

The table below summarizes the small refinery waiver petitions requested, granted, denied or pending and the impacted volumes as of April 21, 2022, according to the EPA's website:

	2022	2021	2020	2019	2018	2017
Petitions received	—	5	30	32	44	37
Petitions granted	—	—	—	—	—	35
Petitions denied or withdrawn	—	—	—	3	41	1
Petitions pending	—	5	30	29	3	1
Estimated volume of fuel exempted (million gallons)	—	—	—	—	—	17,050
Estimated Advanced Biofuel RVO Exempted (million RINs)	—	—	—	—	—	1,820
Estimated Advanced Biofuel RVO Exempted (% of Advanced biofuels RVOs)	— %	— %	— %	— %	— %	9.4 %

Subsequent to the EPA's December 2019 ruling, in January 2020, the 10th Circuit Court of Appeals issued a ruling invalidating the process the EPA had been using to grant SREs. The U.S. Supreme Court overturned this ruling in June 2021. This ruling invalidated the requirement to have a continuous trend of applications for SREs. The EPA could change their procedures to permit more SREs and that has the potential to cause further harm to RIN values.

The EPA released its proposed RVO for 2021 and 2022 with increases in bio-based diesel and advanced categories. The EPA also proposed to retroactively reduce the 2020 RVO as part of the announcement. In addition, EPA sought comments on denying more than 60 pending SRE's between 2016 and 2021. If finalized, these developments will provide more certainty to the industry to know what the requirement of the obligated parties will be in 2022.

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

Loss of, substantive changes in or reductions in federal and state government tax incentives for bio-based diesel production or consumption may have a material adverse effect on our revenues and operating margins.

Federal and state tax incentives have assisted the bio-based diesel industry by making the price of bio-based diesel more cost competitive with the price of petroleum-based diesel fuel.

Federal Tax Incentives

The most significant tax incentive program has been the federal biodiesel mixture excise tax credit, referred to as the Biodiesel Tax Credit ("BTC"). Under the BTC, the first person to blend pure bio-based diesel with petroleum-based diesel fuel receives a $1.00-per-gallon refundable tax credit.

The BTC was established on January 1, 2005 and has lapsed and been reinstated retroactively and prospectively several times. Most recently in December 2019, the BTC was retroactively reinstated for 2018 and 2019 and is in effect from January 2020 through December 2022. Unlike the RFS2 program, the BTC has a direct effect on federal government spending and changes in federal budget policy could result in its elimination or in changes to its terms that are less beneficial to us. We cannot predict what action, if any, Congress may take with respect to the BTC after 2022. There is no assurance that the BTC will be reinstated, that it will be reinstated on the same terms or, if reinstated, that its application will be retroactive, prospective or both. Any adverse changes in the BTC can be expected to harm our results of operations and financial condition.

State Tax Incentives

Several states have enacted tax incentives for the use of biodiesel.

For example, Illinois has a generally applicable 6.25% sales tax, but offers an exemption from this tax for a blend of fuel that consists of a minimum blend level of biodiesel. Under the current law, a blend level of 10% biodiesel or more is eligible for the sales tax exemption. This exemption expires on December 31, 2023. Starting on January 1, 2024, the minimum blend levels are, (i) more than 13% in 2024; (ii) more than 16% in 2025; and, (iii) more than 19% in 2026, for the months of April to November (the exemption will apply to blends of 10% or more during the months of December to March). These exemptions expire on December 31, 2030.

In Iowa, retailers currently earn $0.035 per gallon for 5%-10% biodiesel blends and $0.055 per gallon for blends of 11% or more until December 31, 2023. Iowa also has a bio-based diesel production incentive that provides $0.02 per gallon of production capped at the first 25 million gallons per production plant. The Iowa legislature voted to pass the Iowa Biofuels Access Bill on April 26, 2022, and we expect the governor to sign it into law in early May 2022. Under the new law starting on January 1, 2023, Iowa retailers will earn a tax credit as follows: (i) $0.05 per gallon for blends of 11% or more; (ii) $0.07 per gallon for blends of 20%; and, (iii) $0.10 per gallon for blends of 30%. These retail tax credits expire on December 31, 2027. In addition, under the new law, the bio-based diesel production incentive will be $0.04 per gallon of production capped at $1 million per production plant from January 1, 2023, to December 31, 2027.

The biodiesel and RD portion of fuel blends are exempt from Texas state excise tax, which results in a $0.20 per gallon incentive. Minnesota law requires a 5% biodiesel blend except during the summer months when a 20% biodiesel blend is required. State budget or other considerations could cause the modification or elimination of tax incentive programs. The curtailment or elimination of such incentives could materially and adversely affect our revenues and profitability.

We derive a significant portion of our revenues from sales of our renewable fuel in the State of California primarily as a result of California’s LCFS; adverse changes in this law, cancellation, suspension or reductions in the value of LCFS credits would harm our revenues and profits.

We estimate that our revenues from the sale of renewable fuel in California and from sales of credits received under LCFS were approximately $293 million in the first three months of 2022. The LCFS is designed to reduce greenhouse gas ("GHG") emissions associated with transportation fuels used in California by ensuring that the total amount of fuel consumed meets declining targets for such emissions. The regulation quantifies lifecycle GHG emissions by assigning a “carbon intensity” ("CI") score to each transportation fuel based on that fuel’s lifecycle assessment. Each petroleum fuel provider, generally the fuel’s producer or importer is required to ensure that the overall CI score for its fuel pool meets the annual carbon intensity target for a given year. This obligation is tracked through credits and deficits and credits can be traded. We receive LCFS credits when we sell qualified fuels in California. As a result of the trading price of LCFS credits, California has become a desirable market in which to sell our bio-based diesel and an increasing percentage of our revenue and profit is related to sales to California and LCFS credit values. In the first three months of 2022, LCFS credit prices ranged from a high of $154 per credit in January to a low of $112 per credit in March. The dramatic decrease in LCFS credit values from a high of $218 in 2020 to the current low has reduced earnings. If the value of LCFS credits were to further decrease as a result of over-supply or a lack of demand, our revenues and profits would be further harmed. Furthermore, if we experienced reduced demand for our fuels or LCFS credits in California, either as a result of oversupply, competitive pressure, lack of market liquidity, or regulatory change, or for other reasons including the impact of the COVID-19 pandemic, our revenues and profits would be seriously harmed. In addition, if the fuel we produced is deemed not to qualify for LCFS credits, or if the LCFS or the manner in which it is administered or applied were otherwise changed in a manner adverse to us, our revenues and profits would be seriously harmed.

We derive a significant portion of our revenues from sales of our renewable fuel in Canada and Europe; adverse changes in the programs, or the cancellation, or suspension of such programs, requiring the use of renewable and lower carbon fuels or reductions in the value of credits would harm our revenues and profits.

We estimate that our revenues from the sale of renewable fuels in Canada and Europe were approximately $137 million in the first three months of 2022. Canadian provinces and certain European countries have policies designed to increase the level of renewable content in transportation fuels and/or reduce GHG emissions associated with such fuels. As a result of these policies, these markets have become increasingly important for our bio-based diesel and an increasing percentage of our revenue and profit is related to sales into these markets. If the value of bio-based diesel in these markets were to materially decrease, as a result of reduced demand or increased supply by competitors, or for other reasons including the impact of the COVID-19 pandemic, if the fuel we produce is deemed not to qualify for compliance in those markets, or those policies are otherwise changed in a manner adverse to us, our revenues and profits could be seriously harmed.

RISKS RELATED TO OUR BUSINESS OPERATIONS AND THE MARKETS IN WHICH WE OPERATE

The COVID-19 pandemic may adversely impact our business.

The COVID-19 pandemic has negatively impacted the global economy. While we did not incur significant, unmanageable operational or financial disruptions during the year ended December 31, 2021 or the first three months of 2022 from the COVID-19 pandemic and its variants as well as those measures to address the pandemic, the extent to which the COVID-19 pandemic may adversely impact our business depends on future developments, which are highly unpredictable.

The extent of the impact of the COVID-19 pandemic and its variants on our business, including our planned site improvement and capacity expansion at our Geismar, Louisiana facility, is highly uncertain, as information is evolving with respect to the duration and severity of the pandemic. We cannot reasonably estimate the duration and severity of the COVID-19 pandemic, or its impact, which may be significantly harmful to our operations and profitability.

We derive a substantial portion of our profitability from the production of RD at our plant in Geismar, Louisiana and any interruption in our operations would have a material adverse effect on operations and financial conditions.

RD carries a premium price compared to biodiesel as a result of a variety of factors including its ability to be blended with petroleum diesel, better cold weather performance, and generation of more RINs on a per gallon basis. We estimate that our RD production in Geismar, Louisiana generated a significant portion of our net income and our non-GAAP adjusted earnings before interest, taxes, depreciation and amortization, ("EBITDA") for the first three months of 2022 and 2021. We experienced two fires at this facility in 2015 that each resulted in the plant being shut down for a lengthy period. If production at this facility were interrupted again due to any reason, such as due to natural disasters, it would have a disproportionately significant and material adverse impact on our operations and financial conditions.

Our planned site improvements and capacity expansion at our Geismar, Louisiana facility will require significant capital expenditures and there is no guarantee that the project will be completed on time or on budget, there may be cost overruns and construction delays, the project may suffer from the inability to obtain governmental permits and third party easements required or necessary to initiate or complete the improvement and expansion project which could have a negative effect on revenues and operations.

In October 2020, we announced our plan to expand the effective capacity of our Geismar, Louisiana biorefinery. The Geismar project involves both an improvement project for the existing operations at site with the capacity expansion. The Geismar project is expected to take total annual site production capacity from 90 million to 340 million gallons, enhance existing operations and improve operational reliability and logistics. The improvement and expansion is expected to be mechanically complete in 2023 with full operations in early 2024. We have received all required permits to proceed with construction and officially broke ground to start the construction process in the fourth quarter of 2021. The capital cost for the Geismar project is estimated to be $950 million. We have obtained funding to finance the project with a combination of cash on hand, marketable securities, borrowings under our credit facilities, and proceeds from our public offering of common stock that closed in March 2021 and proceeds from our issuance of Green Notes that closed in May 2021. In addition, in connection with the expansion, we have entered into an agreement for a long-term marine terminal lease for terminal and logistics services that will require a separate capital outlay. There is no guarantee that the project will be completed timely or within budget. If there are cost overruns or construction delays, delays due to natural disaster or other reasons, or if we are not able to obtain the governmental permits and third party easements required or necessary to initiate or complete the project, there could be a negative effect on our revenues and operations.

Increased industry-wide production of biodiesel due to potential utilization of existing excess production capacity, announced plant expansions of RD and potential co-processing of RD by petroleum refiners, could reduce prices for our fuel and increase costs of feedstocks, which would seriously harm our revenues and operations.

If additional volumes of advanced biofuel RIN production comes online and the EPA does not increase the RVO in accordance with the increased production, the volume of advanced biofuel RINs generated could exceed the volume required under the RFS2. In the event this occurs, bio-based diesel and advanced biofuel RIN prices would be expected to decrease, potentially significantly, harming demand for our products and our profitability.

Several leading bio-based diesel companies have announced their intention to expand production of RD for the U.S. market. World Energy has announced that it will expand capacity at its Los Angeles area biorefinery from 45 mmgy to over 300 mmgy. Diamond Green Diesel, the largest U.S. producer of RD, has expanded its 275 mmgy capacity by 400 mmgy as well as constructing an additional 470 mmgy biorefinery in Texas. Neste, the largest global producer of RD, is expanding its Singapore facility which exports a significant portion of its production to the U.S. West Coast. Traditional petroleum refiners are also entering the RD market with CVR, Holly Frontier, Marathon Petroleum and Philips 66 converting existing refineries to RD production facilities.

Further, due to economic incentives available, several petroleum refiners have started or may soon start to produce co-processed RD, or CPRD. CPRD uses the same feedstocks to produce bio-based diesel and it generates an advanced biofuel RIN. CPRD may be more cost-effective to produce than bio-based diesel, particularly biodiesel.

If production of competitive advanced biofuels increases significantly as a result of utilization of existing excess production capacity or new capacity as described above, competition for feedstocks would increase significantly, harming margins. Furthermore, if supply of advanced biofuels exceeds demand, prices for RD and for RINs and other credits may decrease significantly, harming profitability and potentially forcing us to idle, reduce capacity, or shut down facilities.

Our gross margins are dependent on the spread between bio-based diesel prices and feedstock costs, each of which are volatile and can cause our results of operations to fluctuate substantially.

Bio-based diesel has traditionally been marketed primarily as an additive or alternative to petroleum-based diesel fuel, and, as a result, bio-based diesel prices have been heavily influenced by the price of petroleum-based diesel fuel, adjusted for government incentives supporting renewable fuels, more so than bio-based diesel production costs. The absence of a close correlation between production costs and bio-based diesel prices means that we may be unable to pass increased production costs on to our customers in the form of higher prices. If there is a decrease in the spread between bio-based diesel prices and feedstock costs, whether as a result of an increase in feedstock prices, availability of feedstocks, or as a result of a reduction in bio-based diesel and credit prices, gross margins, cash flow and operations would be adversely affected.

Energy prices, particularly the market price for crude oil, are volatile. The NYMEX ULSD prices increased throughout the first three months of 2022 as a result of economic recovery from the pandemic and continued increases in commodity prices partially due to the conflict between Russia and Ukraine, ranging from a high of $4.44 per gallon to a low of $2.36 per gallon.

In addition, an element of the price of bio-based diesel that we produce is the value of the associated credits, including RINs. RIN prices in the bio-based diesel category, as reported by the OPIS, have been trending higher in 2022, ranging from $1.26 to $1.65 per RIN, while in 2021, RIN prices were trending sharply higher, ranging from $0.94 to $2.05 per RIN. For the past several years, there has been significant volatility in RIN prices. Reductions in RIN values, such as those experienced in prior years, may have a material adverse effect on our revenues and profits as they directly reduce the value that we are able to capture for our bio-based diesel.

A decrease in the availability or an increase in the price of feedstocks may have a material adverse effect on our financial condition and operating results. The price and availability of feedstocks and other raw materials may be influenced by general economic, market, environmental, and regulatory factors. During periods when the BTC has lapsed, bio-based diesel producers may elect to continue purchasing feedstock and producing bio-based diesel at negative margins under the assumption the BTC will be retroactively reinstated, and consequently, the price of feedstocks may not decrease to a level proportionate to current operating margins. Increasing production of bio-based diesel puts pressure on feedstock supply and availability to the bio-based diesel industry. The bio-based diesel industry may have difficulty in procuring feedstocks at economical prices if competition for bio-based diesel feedstocks increases due to newly added capacity.

Historically, the spread between bio-based diesel prices and feedstock costs has varied significantly. Although actual yields vary depending on the feedstock quality, the average monthly spread between the price per gallon of B100 as reported by OPIS, and the price per gallon for the amount of choice white grease necessary to produce one gallon of B100 was $1.12 in 2020, $1.34 in 2021 and $1.06 in the first three months of 2022, assuming eight pounds of choice white grease yields one gallon of bio-based diesel. The average monthly spread for the amount of crude soybean oil required to produce one gallon of B100, based on the nearby futures contract as reported on the Chicago Board of Trade, was $0.70 in 2020, $0.89 in 2021 and $0.97 in the first three months of 2022, assuming 7.5 pounds of soybean oil yields one gallon of bio-based diesel. For 2020, 2021 and the first three months of 2022, approximately 65%, 78% and 75%, respectively, of our annual total feedstock usage was distillers corn oil, used cooking oil or inedible animal fat, and approximately 35%, 22% and 25%, respectively, was virgin vegetable oils. When the spread between bio-based diesel prices and feedstock prices narrows, our profitability will be harmed.

Risk management transactions could significantly increase our operating costs and may not be effective.

In an attempt to partially offset the effects of volatile feedstock costs and bio-based diesel fuel prices, we enter into contracts that establish market positions in feedstocks, such as distillers corn oil, used cooking oil, inedible animal fats and soybean oil, along with related commodities, such as heating oil and ULSD. The financial impact of such market positions depends on commodity prices at the time that we are required to perform our obligations under these contracts as well as the cumulative sum of the obligations we assume under these contracts.

Risk management activities can themselves result in losses when a position is purchased in a declining market or a position is sold in a rising market. Risk management arrangements expose us to the risk of financial loss where the counterparty defaults on its contract or, in the case of exchange-traded or over-the-counter futures or options contracts, where there is a change in the expected differential between the underlying price in the contract and the actual prices paid or received by us. Changes in the value of these futures instruments are recognized in current income and may result in margin calls. We had risk management losses of $63.6 million from our derivative financial instrument trading activity for the three months ended March 31, 2022, compared to a risk management losses of $1.8 million for the three months ended March 31, 2021. At March 31, 2022, the net notional volumes of NY Harbor ULSD, CME Soybean Oil and NYMEX Natural Gas covered under our open risk management contracts were approximately 95 million gallons, 194 million pounds and 2.5 million million British thermal units, respectively. A 10% positive change in the prices of NYMEX NY Harbor ULSD would have a negative effect of $31.8 million on the fair value of these instruments at March 31, 2022. A 10% positive change in the price of CME Soybean Oil would have had a positive effect of $13.5 million on the fair value of these instruments at March 31, 2022. If these adverse changes in derivative instrument fair value were to occur in larger magnitude or simultaneously, a significant amount of liquidity would be needed to fund margin calls. In addition, we may also vary the amount of risk management strategies we undertake, or we may choose not to engage in risk management transactions at all. Our results of operation may be negatively impacted if we are not able to manage our risk management strategy effectively.

One customer accounted for a meaningful percentage of revenues and a loss of this customer could have an adverse impact on our total revenues.

One customer, Pilot Travel Centers LLC ("Pilot"), the largest operator of travel centers in North America, accounted for 18%, 15% and 19% of our total biodiesel gallons sold in each of the first three months of 2022, and the full year periods for 2021 and 2020, respectively. In the event we lose Pilot as a customer or Pilot significantly reduces the volume of bio-based diesel purchased from us, it could be difficult to replace the lost revenues, and our profitability and cash flow could be materially harmed. We do not have a long-term contract with Pilot that ensures a continuing level of business from Pilot.

Our facilities and our business, and our customers' facilities, are subject to risks associated with fire, explosions, leaks, natural disasters, including climate change, and political turmoil, which may disrupt our business and increase costs and liabilities.

Because bio-based diesel and some of its inputs and outputs are combustible and/or flammable, a leak, fire or explosion may occur at a plant or customer's, supplier's or vendor's facility which could result in damage to the plant and nearby properties, injury or death to employees and others, cause environmental contamination, and interruption of operations. For example, we experienced fires at our Geismar facility in April 2015 and again in September 2015 and there was a fire at our Madison facility in June 2017. As a result of these fires, people were injured, and the affected facilities were shut down for lengthy periods while repairs and upgrades were completed.

The operations at our facilities are also subject to the risk of natural disasters. Our Geismar facility, due to its Gulf Coast location, is vulnerable to hurricanes, tropical storms and flooding, which may cause plant damage, injury or death to employees and others and interruption of operations. For example, in August 2021, Hurricane Ida hit Louisiana causing reduced operating days at our Geismar facility as a result of the damaging winds and flooding that created necessary safety checks for our employees and the facility before it was deemed safe to restart operations. As another example, in August 2016 we experienced reduced operating days at our Geismar facility as a result of local area flooding and reduced operating days at our former Houston facility as a result of Hurricane Harvey in August 2017. A majority of our facilities are located in the Midwest and are subject to tornadic activity. In addition, California has become one of our largest markets, serviced by our Geismar and Midwest facilities. An earthquake, fires, or other natural disaster could disrupt our ability to transport, store and deliver products to California. Changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability and frequency of natural disasters and have created additional uncertainty. The Company's operations could be exposed to a number of physical risks from climate change, such as changes in rainfall rates, rising sea levels, reduced water availability, higher temperatures, fire and other extreme weather events. We are not able to accurately predict the materiality of any potential losses or costs associated with the physical effects of climate change.

If we experience a fire or other serious incident at our facilities or if any of our facilities is affected by a natural disaster, we may incur significant additional costs, including, loss of profits due to unplanned temporary or permanent shutdowns of our facilities, loss of the ability to transport products or increased costs to do so, cleanup costs, liability for damages or injuries, legal and reconstruction expenses. The incurrence of significant additional costs would harm our results of operations and financial condition.

Our operations are reliant on a number of consumables and other components as well as services that are provided by third party suppliers that are critical to our manufacturing processes and overall supply chain. The loss of one of these suppliers may have a significant impact on our business and result in production delays while we seek alternative sources for supply. For example, our European operations rely on the availability of a particular catalyst. In 2021, the supplier of the catalyst experienced a large explosion at its facility resulting in the interruption of supply of the catalyst. The resulting disruption resulted in the suspension of operations at our facilities in Germany for a period of time while replacement solutions and other suppliers were located.

Political and economic instability (such as the recent events in Ukraine), as well as other impactful events and circumstances in the countries in which we or our suppliers are located, the availability of feedstocks, disruption or delay in the transportation of our products, currency exchange rates, transport availability and cost, transport security, inflation and other factors relating to the suppliers and the countries in which they are located are beyond our control. In addition, the U.S. foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods and other factors relating to foreign trade are beyond our control. These and other factors affecting us or our suppliers could adversely affect our financial performance.

Cyberattacks targeting our process control networks or other digital infrastructure could have a material adverse impact on our business and results of operations.

There are numerous and evolving risks to our cybersecurity and privacy from cyber threat actors, including criminal hackers, state-sponsored intrusions, industrial espionage and employee malfeasance. These cyber threat actors, whether internal or external to us, are becoming more sophisticated and coordinated in their attempts to access our information technology (IT) systems and data, including the IT systems of cloud providers and other third parties with whom we conduct business. Although we devote resources to prevent unwanted intrusions and to protect our systems and data, whether such data is housed internally or by external third parties, it is possible we may experience cyber incidents of varying degrees in the conduct of our business. Cyber threat actors could compromise our process control networks or other critical systems and infrastructure, resulting in disruptions to our business operations, injury to people, harm to the environment or our assets, disruptions in access to our financial reporting systems, or loss, misuse or corruption of our critical data and proprietary information, including our intellectual property and business information and that of our employees, customers, partners, suppliers, and other third parties. Any of the foregoing can be exacerbated by a delay or failure to detect a cyber incident or the full extent of such incident. Further, we have exposure to cyber incidents and the negative impacts of such incidents related to our critical data and proprietary information housed on third-party IT systems, including the cloud. Additionally, authorized third-party IT systems or software and open source platforms used by third parties can be compromised and used to gain access or introduce malware to our IT systems that can materially impact our business. Regardless of the precise method or form, cyber events could result in significant financial losses, legal or regulatory violations, reputational harm, and legal liability and could ultimately have a material adverse effect on our business and results of operations.

In addition to biodiesel and RD, we store and transport petroleum-based fuels. The dangers inherent in the storage and transportation of fuels could cause disruptions in our operations and could expose us to potentially significant losses, costs or liabilities.

We store fuel in above ground storage tanks, underground storage tanks and transport fuel in our own trucks and rail cars as well as with third-party truck and rail carriers. Our operations are subject to significant hazards and risks inherent in transporting and storing fuel. These hazards and risks include, but are not limited to, accidents, fires, explosions, spills, leaks, discharges, and other releases, any of which could result in distribution difficulties and disruptions, environmental pollution, governmentally-imposed fines or clean-up obligations, personal injury or wrongful death claims, and other damage to property. Any such event not covered by our insurance could have a material adverse effect on our business, financial condition and results of operations.

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

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

We operate in a highly competitive industry and expect that competition in our industry will increase.

The bio-based diesel industry has historically been primarily comprised of smaller entities that engage exclusively in biodiesel production, large integrated agribusiness companies that produce biodiesel along with their soybean and other crop crush businesses. More recently, integrated petroleum companies have announced construction of RD facilities. We face competition for capital, labor, feedstocks and other resources from these companies. In the United States, we compete with processors, including Archer-Daniels-Midland Company, Cargill, and Louis Dreyfus Commodities. In Europe, we compete directly with Greenergy, KFS, Mercuria, Neste and Sunoil. Our indirect competitors in the European market are British Petroleum, Cargill, Shell and Vitol.

In addition, petroleum refiners across the globe are increasingly entering into the bio-based diesel or advanced biofuels business, and many petroleum refiners are converting their existing plants to produce biofuels. Such petroleum refiners include Neste Corporation with RD production in both Asia and Europe, and Valero Energy Corporation through its Diamond Green Diesel joint venture in the United States. In addition, petroleum refiners such as British Petroleum, Eni SPA, Holly Frontier, Philips 66, Marathon Petroleum, Repsol, Saras SRS, Shell, and Total SE, have announced that they have begun or have plans to begin producing RD at a new facility or at a current refinery and/or co-processing bio-based diesel or advanced biofuels at certain of their refineries. All of these existing competitors and potential competitors may have more significant financial resources than we do and may be able to produce bio-based diesel at a lower cost or be more resilient due to their integrated operations, procurement organizations, greater refining capacity and greater financial resources.

According to EIA's Short Term Energy Outlook projections, production of bio-based diesel and advanced biofuels is expected to increase by 24% in 2022 as compared to 2021. The increased production of bio-based diesel or advanced biofuels may increase the demand and prices for feedstocks and other inputs which may materially adversely affect our profitability and results of operations. For example, the combination of increasing margin pressure, driven by higher feedstock costs, and a high fixed cost lease structure made the operation of our Houston, Texas biodiesel facility economically unattractive, and as such we have shutdown of the facility.

Petroleum companies and diesel retailers form the primary distribution networks for marketing bio-based diesel through blended petroleum-based diesel. If these companies increase their direct or indirect bio-based diesel production, including in the form of co-processing, there will be less need to purchase bio-based diesel and credits from independent bio-based diesel producers like us. Such a shift in the market would materially harm our operations, cash flows and profitability.

We are dependent upon one supplier to provide hydrogen necessary to execute our RD production process and the loss of this supplier could disrupt our production process.

Our Geismar facility relies on one supplier to provide hydrogen necessary to execute the production process. Any disruptions to the hydrogen supply during production from this supplier will result in the shutdown of our Geismar plant operations.

Technological advances and changes in production methods in the bio-based diesel industry could render our plants obsolete and adversely affect our ability to compete.

Advances in the process of converting oils and fats into biodiesel and RD, including CPRD, could allow our competitors to produce bio-based diesel faster and more efficiently and at a substantially lower cost. In addition, we currently produce bio-based diesel to conform to or exceed standards established by the American Society for Testing and Materials ("ASTM"), whose standards for bio-based diesel and bio-based diesel blends may be modified in response to new technologies from the industries involved with diesel fuel.

New standards or production technologies may require us to make additional capital investments in, change equipment and processes, or otherwise modify plant operations to meet these standards. If we are unable to adapt or incorporate technological advances into our operations, our production facilities could become less competitive or obsolete. Further, it may be necessary for us to make significant expenditures to acquire any new technology, acquire licenses or other rights to technology and retrofit our plants in order to remain competitive. There is no assurance that we will be able to obtain such technologies, licenses or rights on favorable terms. If we are unable to obtain, implement or finance new technologies, our production facilities could be less efficient, and our ability to produce bio-based diesel on a competitive level may be harmed, negatively affecting our revenues and profitability.

Our intellectual property is integral to our business. If we are unable to protect our intellectual property, or others assert that our operations violate their intellectual property, our business could be adversely affected.

We rely on a combination of intellectual property rights, including patents, copyrights, trademarks and trade secrets in the United States and in select foreign countries to protect our intellectual property. Effective patent, copyright, trademark and trade secret protection may be unavailable, limited, subject to challenge or not obtained in some countries.

We rely in part on trade secret protection to protect our knowhow, confidential and proprietary information and processes. However, trade secrets are difficult to protect. We have taken measures to protect our trade secrets and proprietary information, but these measures may not be effective. For example, we require new employees and consultants to execute confidentiality agreements upon the commencement of their employment or consulting arrangement with us. These agreements generally require that all confidential information developed by the individual or made known to the individual by us during the course of the individual’s relationship with us be kept confidential and not disclosed to third parties. These agreements also generally provide that knowhow and inventions conceived by the individual in the course of rendering services to us or during the course of employment are our exclusive property. Nevertheless, these agreements may be breached, expire, or may not be enforceable, and our proprietary information may be disclosed. Despite the existence of these agreements, third parties may independently develop or acquire from others equivalent proprietary information and techniques.

It may be difficult to protect and enforce our intellectual property and litigation initiated to enforce and determine the scope of our proprietary rights can be costly and time-consuming. Adverse judicial decision(s) in any legal action could limit our ability to assert our intellectual property rights, limit our ability to develop new products, limit the value of our technology, reduce the scope of coverage of our rights, or otherwise negatively impact our business, financial condition and results of operations.

A competitor could seek to enforce intellectual property claims against us. Defending intellectual property claims asserted against us, regardless of merit, could be time-consuming, expensive to litigate or settle, divert management resources and attention and force us to acquire intellectual property rights and licenses, which may involve substantial royalty payments or settlement fees. Further, a third party claim, if successful, could secure a judgment that requires us to pay significant damages, limit our operations or obtain injunctive relief requiring a design around or other solutions and options to be developed.

Increases in transportation costs or disruptions in transportation services could have a material adverse effect on our business.

Our business depends on transportation services. The costs of these transportation services are affected by the volatility in fuel prices or other factors. Prices per Platts Group 3 (Midwest) decreased steadily in the first two months of 2020 and then plummeted to its low point in late April 2020 of $0.62 and prices slowly increased through mid-November 2020 and then increased more rapidly throughout 2020 and 2021 to end the year at $2.31 as of December 31, 2021. In the first three months of 2022, prices have continued to increase rapidly as at the end of March 2022 the index was priced at $3.57.

Our transportation costs are also affected by U.S. oil production in the Bakkens, which has had a significant impact on tank car availability and prices. If oil production from this area increases, the demand for rail cars will rise and will significantly increase rail car prices. We have not been able in the past, and may not be able in the future, to pass along part or all of any of these price increases to customers.

If we continue to be unable to increase our prices as a result of increased fuel costs charged to us by transportation providers, or transportation services are unable to provide trucks due to labor shortages, work stoppages or strikes, our gross margins may be materially adversely affected. If any transportation providers fail to deliver raw materials to us in a timely manner, we may be unable to manufacture products on a timely basis. Shipments of products and raw materials may be delayed and any such delay or failure could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our business, financial condition and results of operations.

We are dependent upon our key management personnel and other personnel, and the loss of these personnel could adversely affect our business and results of operations.

Our success depends on the abilities, expertise, judgment, discretion, integrity and good faith of our management and employees. We are highly dependent upon key members of our relatively small management team and employee base that possess unique technical skills for the operation of our facilities and the execution of our business plan. The inability to retain our management team and employee base or attract suitably qualified replacements and additional staff could adversely affect our business. The loss of management and employees could delay or prevent the achievement of our business objectives and have a material adverse effect upon our results of operations and financial position.

We may encounter difficulties in integrating the businesses we acquire, including our international businesses where we have limited operating history.

We may face significant challenges in integrating entities and businesses that we acquire, and we may not realize the benefits anticipated from such acquisitions. Our integration of acquired businesses involves a number of risks, including:

- difficulty in integrating the operations and retaining of personnel, customers and suppliers of the acquired company;
- difficulty in effectively integrating the acquired technologies, products or services with our current technologies, products or services;
- demands on management related to the increase in our size after an acquisition and integration of the acquired business and personnel;
- failure to achieve expected synergies and costs savings;
- difficulties in the assimilation of different cultures and practices, as well as in the assimilation of broad and geographically dispersed personnel and operations;

- difficulties in the integration of departments, systems, including accounting systems, technologies, books and records and procedures, as well as in maintaining uniform standards and controls, including internal control over financial reporting, and related procedures and policies;
- the incurrence of acquisition-related costs or amortization costs for acquired intangible assets that could impact our operating results;
- the need to fund significant working capital requirements of any acquired production or other facilities;
- potential failure of the due diligence processes to identify significant problems, liabilities or other shortcomings or challenges of an acquired company or technology, including but not limited to, issues with the acquired company’s intellectual property, product quality, environmental liabilities, data back-up and security, revenue recognition or other accounting practices, employee, customer or partner issues or legal and financial contingencies;
- exposure to litigation or other claims in connection with, or inheritance of claims or litigation risk as a result of, an acquisition, including but not limited to, claims from terminated employees, customers, former stockholders, suppliers, or other third parties;
- the incurrence of significant exit charges if products or services acquired in business combinations are unsuccessful;
- challenges caused by distance, language, cultural differences, political economic and social instability;
- difficulties in protecting and enforcing intellectual property rights;
- the inability to extend proprietary rights in our technology into new jurisdictions;
- currency exchange rate fluctuations and foreign tax consequences;
- general economic and political conditions in foreign jurisdictions;
- foreign exchange controls or U.S. tax laws in respect of repatriating income earned outside the United States;
- compliance with the U.S.'s Foreign Corrupt Practices Act and other similar anti-bribery and anti-corruption regulations, and
- higher costs associated with doing business internationally, such as those associated with complying with export, import regulations and trade and tariff restrictions.

Our failure to successfully manage and integrate our acquisitions could have an adverse effect on our operating results, ability to recognize international revenue, and our overall financial condition.

We incur significant expenses to maintain and upgrade our operating equipment and plants, and any interruption in the operation of our facilities may harm our operating performance.

The facilities, processes, machines and equipment that we use to produce our products are complex, have many parts and some operate on a continuous basis. We must perform routine maintenance on our equipment and will have to periodically replace a variety of parts, consumables and components. In addition, our facilities require periodic shutdowns to perform major maintenance, consumable replacement and upgrades. Other equipment may have a long lead time requirement if equipment is damaged and needs to be replaced or may otherwise be unavailable to continue operations. These scheduled shutdowns of facilities result in decreased sales and increased costs in the periods in which a shutdown occurs and could result in unexpected operational issues as a result of changes to equipment, operational and mechanical processes made during the shutdown.

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

While RD has a similar chemical composition as petroleum diesel and can utilize the same distribution infrastructure, biodiesel has a different chemical composition and may require separate or additional infrastructure. Growth in the biodiesel market depends on continued development and expansion of infrastructure for the distribution of biodiesel, which may or may not occur and which is outside of our control. Also, we compete with other biofuel companies for access to some of the key infrastructure components, and the increased production of biodiesel will increase the demand and competition for necessary infrastructure. Any delay or failure in expanding distribution infrastructure could hurt the demand for or prices of biodiesel, impede delivery of our biodiesel, and impose additional costs, each of which would have a material adverse effect on our results of operations and financial condition.

Our business is subject to seasonal changes based on regulatory factors and weather conditions and this seasonality could cause our revenues and operating results to fluctuate.

Our operating results are influenced by seasonal fluctuations in the price of and demand for bio-based diesel. Seasonal fluctuations may be based on both the weather and the status of both the BTC and RVO.

Demand for our bio-based diesel may be higher in the quarters leading up to the expiration of the BTC as customers seek to purchase bio-based diesel when they can benefit from the agreed upon value sharing of the BTC with producers. This higher demand prompted by an expiring BTC has often resulted in reduced demand for biodiesel in the following quarter. In addition, RIN prices may also be subject to seasonal fluctuations. The RIN is dated for the calendar year in which it is generated. Since 20% of an obligated party's annual RVO can be satisfied by prior year RINs, most RINs must come from biofuel produced or imported during the RVO year. As a result, RIN prices can be expected to increase as the calendar year progresses if the RIN market is undersupplied compared to that year's RVO and decrease if it is oversupplied.

Weather also impacts our business because biodiesel typically has a higher cloud point than petroleum-based or RD. The cloud point is the temperature below which a fuel exhibits a noticeable cloudiness and eventually gels, leading to fuel handling and performance problems for customers and suppliers. Reduced demand in the winter for our higher cloud point biodiesel may result in excess supply of such higher cloud point biodiesel and lower prices for such higher cloud point biodiesel. Most of our production facilities are located in colder Midwestern states and our costs of shipping biodiesel to warmer climates generally increase in cold weather months.

The tendency of biodiesel to gel in colder weather may also result in long-term storage problems. In cold climates, fuel may need to be stored in a heated building or heated storage tanks, which results in higher storage costs. Higher cloud point biodiesel may have other performance problems, including the possibility of particulate formation above the cloud point which may result in increased expenses as we try to remedy these performance problems, including the costs of extra cold weather treatment additives. Remedying these performance problems may result in decreased yields, lower process throughput or both, as well as substantial capital costs. Any reduction in the demand for our biodiesel product, or the production capacity of our facilities will reduce our revenues and have an adverse effect on our cash flows and results of operations.

Failure to comply with governmental and state regulations, including EPA requirements relating to RFS2, BTC, LCFS and other programs or new laws designed to deal with climate change, could result in the imposition of higher costs, penalties, fines, or restrictions on our operations and remedial liabilities.

The bio-based diesel industry is subject to extensive federal, state and local laws and regulations, and we could be held strictly liable for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release or contamination, and regardless of whether current or prior operations were conducted consistent with the accepted standards of practice. Many of our assets and plants were acquired from third parties and we may incur costs to remediate property contamination caused by previous owners. In addition, we are subject to similar laws and regulations in Europe and Canada for the renewable fuels we sell there. Compliance with these laws, regulations and obligations could require substantial capital expenditures.

Changes in environmental laws and regulations occur frequently, and changes resulting in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance. In January 2021, the Biden Administration issued an executive order directing all federal agencies to review and take action to address any federal regulations, orders, guidance documents, policies and any similar agency actions promulgated during the prior administration that may be inconsistent with the current administration's policies. As a result, it is unclear the degree to which certain recent regulatory developments may be modified, extended, or rescinded.

Climate change continues to attract considerable attention globally. Numerous proposals have been made and could continue to be made at the international, national, regional, state and local levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate future emissions. In January 2021, the Biden Administration issued another executive order focused on addressing climate change. Among other things, the 2021 climate change executive order directed the federal government to identify "fossil fuel subsidies" to take steps to ensure that, to the extent consistent with applicable law, federal funding is not directly subsidizing fossil fuels. As a result, our operations are subject to a series of regulatory, litigation and financial risks associated with the production and transportation of biofuel products and emission of GHGs. The potential effects of GHG emission limits on our business are subject to significant uncertainties based on, among other things, the timing of the implementation of any new requirements, the required levels of emission reductions, and the nature of any market-based or tax-based mechanisms adopted to facilitate reductions. Compliance with changes in laws and regulations relating to climate change could increase our costs of operating and could require us to make significant financial expenditures that cannot be predicted with certainty at this time. We are subject to various laws and regulations including RFS2, BTC, LCFS, and other jurisdictions. These regulations are highly complex and continuously evolving, requiring us to periodically update our systems to maintain compliance, which could require significant expenditures. In 2014, the EPA issued a final rule to establish a quality assurance program and also implemented regulations related to the generation and sale of bio-based diesel RINs. Any violation of these regulations by us, could result in significant fines and harm our customers’ confidence in the RINs we issue, either of which could have a material adverse effect on our business.

RD fuel is superior to biodiesel in certain respects and if RD production capacity increases to a sufficient extent, it could largely supplant biodiesel; we may not be successful in expanding our RD production capacity.

RD is not as widely available as biodiesel, but it has certain characteristics that favorably distinguish it from biodiesel and as a result RD carries a price premium compared to biodiesel. For example, RD has similar chemical properties to petroleum-based diesel, which permits 100% RD (unlike 100% biodiesel) to flow through the same fuel storage and distribution network as petroleum diesel. RD can be used in its pure form in modern engines rather than as a blend with petroleum diesel and has similar cold weather performance as petroleum diesel. RD and CPRD may receive 1.6 or 1.7 RINs per gallon, whereas biodiesel receives 1.5 RINs per gallon. As the value of RINs increases, this RIN advantage makes RD more valuable. If RD proves to be preferred over biodiesel by market participants, revenues from our biodiesel plants and our results of operations would be adversely impacted.

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

In some instances, biodiesel may increase emissions of nitrogen oxide as compared to petroleum-based diesel fuel, which could harm air quality. Nitrogen oxide is a contributor to ozone and smog. While newer diesel engines are believed to eliminate any such increase, emissions from older vehicles may decrease the appeal of biodiesel to environmental groups and agencies who have been historic supporters of the biodiesel industry, potentially harming our ability to market biodiesel.

In addition, several states may act to regulate potential nitrogen oxide emissions from biodiesel. California adopted regulations that limit the volume of biodiesel that can be used or requires an additive to reduce potential emissions. In states where such an additive is required to sell biodiesel, an additive may not be available or if available, the additional cost of the additive may make biodiesel less profitable or make biodiesel less cost competitive against petroleum-based diesel or RD, which in each case would negatively impact our ability to sell biodiesel in such states and therefore have an adverse effect on our revenues and profitability.

Effective August 1, 2021, under California's Alternative Diesel Fuel regulation, additives used to mitigate biodiesel NOX emissions above B5 are no longer available. This change limited the ability to blend biodiesel for many of our customers and negatively impacted demand from those customers.

In addition, there may also be other requirements of fleet and retail fueling station owners to reduce nitrogen oxide emissions. The requirements relate to the type of vehicle and age of the vehicle. These requirements could result in additional costs for the operators and therefore may make the use of biodiesel less attractive, which could negatively affect our ability to sell biodiesel in such states and therefore have an adverse effect on our revenues and profitability.

RISKS RELATED TO OUR INDEBTEDNESS

Our existing and future indebtedness, which subjects us to potential defaults, could adversely affect our cash flows, ability to raise additional capital to fund our operations and repay our debt, and limit our ability to react to changes in the economy or the bio-based diesel industry.

At March 31, 2022 our total term debt before debt issuance costs was $550.0 million. This is the aggregate carrying value on our $550.0 million face amount, 5.875% senior secured Green Notes due June 2028, which we refer to as the “Green Notes”. At March 31, 2022, we had $249.1 million of unused revolving commitments under our line of credit, subject to borrowing base limitations.

Our indebtedness could:

- make it difficult for us to satisfy our obligations under the Green Notes, the M&L and Services Revolver and any other future indebtedness and contractual and commercial commitments;
- require us to dedicate a substantial portion of our cash flow from operations to payments of principal, interest on, and other fees related to such indebtedness, thereby reducing the availability of our cash flow to fund working capital and capital expenditures, and for other general corporate purposes;
- limit our ability to borrow, or increase our cost of borrowing, additional funds;
- prevent us from raising the funds necessary to repurchase Green Notes tendered to us if there is a change of control; a change of control which would also constitute a default under the M&L and Services Revolver under the Indenture, dated as of May 20, 2021, pursuant to which the Green Notes were issued (the "Indenture");
- increase our vulnerability to general adverse economic and bio-based diesel industry conditions, including interest rate fluctuations, because a portion of our revolving credit facilities are and will continue to be at variable interest rates, and
- limit our flexibility in planning for, or reacting to, changes in our business and the bio-based diesel industry, which may place us at a competitive disadvantage compared to our competitors that have less debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness depends on our future financial performance, which is subject to several factors including economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to satisfy our obligations under our indebtedness or any future indebtedness we may incur as well as our ability to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, refinancing or obtaining additional capital on terms that may be onerous or highly dilutive. Our ability to refinance our existing or future indebtedness will depend on the conditions in the capital markets and our financial condition prior to maturity of the indebtedness.

Our debt agreements impose significant operating and financial restrictions on our subsidiaries, which may prevent us from capitalizing on business opportunities.

The M&L and Services Revolver and the Indenture impose significant operating and financial restrictions on certain of our subsidiaries. These restrictions limit certain of our subsidiaries' ability, among other things, to:

- incur additional indebtedness or issue certain disqualified stock and preferred stock;
- place restrictions on the ability of certain of our subsidiaries to pay dividends or make other payments to us;
- grant certain additional liens on our assets or permit them to exist;
- redeem or repurchase equity securities;
- make certain investments, including acquisitions of substantially all or a portion of another entity's business assets;
- engage in transactions with affiliates;
- sell certain assets or merge with or into other companies;
- guarantee indebtedness; and
- create liens.

Subject to the terms of the intercreditor agreement entered into in connection with the issuance of the Green Notes, when (and for as long as) the availability under the M&L and Services Revolver is less than a specified amount for a certain period of time, funds deposited into certain deposit accounts used for collections will be transferred on a daily basis into a blocked account with the administrative agent and applied to prepay loans under the M&L and Services Revolver.

As a result of these covenants and restrictions, we may be limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants, including on us and/or our subsidiaries that are not obligors under the M&L and Services Revolver. There is no assurance that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants.

There are limitations on our ability to utilize the full amount of revolving commitments under the M&L and Services Revolver. Currently, the maximum aggregate principal amount that we may borrow under the M&L and Services Revolver is $250.0 million. In addition, the commitments of the lenders under the M&L and Services Revolver is further limited by a specified borrowing base consisting of a percentage of eligible accounts receivable and inventory, less customary reserves. In addition, under the M&L and Services Revolver, a monthly fixed charge coverage ratio would be triggered if availability under the M&L and Services Revolver is less than 10% of the then current revolving loan commitments which equates to $25 million. At December 31, 2021, the M&L and Services Revolver had approximately $249.1 million of unused revolving commitments, after the effect of borrowing base limitations. However, it is possible that availability under the M&L and Services Revolver could fall below the applicable threshold in a future period. If the covenant testing period is triggered, our subsidiaries who are the borrowers under the M&L and Services Revolver would be required to satisfy and maintain on the last day of each month a fixed charge coverage ratio of at least 1.0 to 1.0 for the preceding twelve-month period.

As of March 31, 2022, the fixed charge coverage ratio for the M&L and Services Revolver was above 1.0, which is the minimum amount required for compliance with this ratio. As noted above, we are not required to comply with the minimum fixed charge covenant of 1.0 unless availability under the M&L and Services Revolver drops below the agreed threshold. Our ability to meet the required fixed charge coverage ratio can be affected by events beyond our control, and we cannot assure you that we will meet this ratio. A breach of any of these covenants would result in a default under the M&L and Services Revolver.

We may still incur significant additional indebtedness that could increase the risks associated with our indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness, including additional secured indebtedness, in the future. As of March 31, 2022, we had $249.1 million of unused revolving commitments under the M&L and Services Revolver, subject to borrowing base limitations. We currently expect to fund the estimated $950 million of capital expenditures in connection with the improvement and expansion of our Geismar, Louisiana facility with a combination of cash on hand, marketable securities, borrowings under our credit facilities, offerings of equity and debt (including the equity offering completed in March 2021 and the offering of the Green Notes completed in May 2021) or from other sources. If we are unable to complete the improvement and expansion within the estimated budget, we will require additional funds to do so. If new debt or other liabilities are added to our current debt levels, the related risks that we and our subsidiaries now face could intensify. Additionally, debt financing arrangements may also be rated by credit rating agencies. Any potential future negative change in our credit ratings may make it more expensive for us to raise long term permanent financing or additional capital on terms that are acceptable to us, if at all; negatively impact the price of our common stock; increase our overall cost of capital; and have other negative implications on our business, many of which are beyond our control.

Certain provisions in the Indenture could delay or prevent an otherwise beneficial takeover or takeover attempt of us.

Certain provisions in the Indenture could make it more difficult or more expensive for a third party to acquire us. If a takeover triggers a "Change of Control" as defined under the Indenture, each holder of the Green Notes will have the right to require us to repurchase their Green Notes in cash, at a price equal to 101.0% of the aggregate principal amount to be repurchased, plus accrued and unpaid interest, if any, thereon to, but not including the date of repurchase, which could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management. If we are unable to comply with the restrictions and covenants in our debt agreements, there could be a default under the terms of such agreements, which could result in an acceleration of repayment.

RISKS RELATED TO OUR COMMON STOCK

The market price for our common stock may be volatile.

The market price for our common stock is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in the performance or market valuations of other companies engaged in our industry;
- issuance of new or updated research reports by securities or industry analysts;
- changes in financial estimates by us or of securities or industry analysts;
- investors' general perception of us and the industry in which we operate;
- investors' reactions to our press releases, other public announcements and filings with the SEC;
- changes in the political climate in the industry in which we operate, existing laws, regulations and policies applicable to our business and products, including RFS2, and the continuation or adoption or failure to continue or adopt renewable energy requirements and incentives, including the BTC;
- other regulatory developments in our industry affecting us, our customers or our competitors;
- announcements of technological innovations by us or our competitors;
- announcement or expectation of additional financing efforts, including sales or expected sales of additional common stock;
- additions or departures of key management or other personnel;
- litigation involving us or our industry, or both, or investigations by regulators into our operations or those of our competitors;
- inadequate trading volume;
- general market conditions in our industry;
- the effects of the COVID-19 pandemic and measures to address the pandemic;
- whether our shares are included in stock market indexes such as the S&P SmallCap 600 index; and
- general economic and market conditions, including continued dislocations and downward pressure in the capital markets.

In addition, stock markets experience significant price and volume fluctuations from time to time that are not related to the operating performance of particular companies. These market fluctuations may have material adverse effect on the market price of our common stock. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Any securities litigation that may be instituted against us in the future could result in substantial costs, regardless of the outcome of the litigation, and divert resources and our management's attention to our business. In addition, the occurrence of any of the factors listed above, among others, may cause our stock price to decline significantly, and there can be no assurance that our stock price would recover. As such, you may not be able to sell your shares at or above the price you paid, and you may lose some or all of your investment.

We have never paid dividends on our capital stock and we do not anticipate paying dividends in the foreseeable future.

We have never paid dividends on any of our capital stock and currently intend to retain any future earnings to fund the development and growth of our business. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. As a result, stockholders must look solely to appreciation of our common stock to realize a gain on their investment. This appreciation may not occur. Investors seeking cash dividends should not invest in our common stock. Furthermore, we may in the future become subject to contractual restrictions on, or prohibitions against, the payment of dividends.

We may issue additional common stock as consideration for future investments or acquisitions.

We have issued in the past, and may issue in the future, our securities in connection with investments and acquisitions. Our stockholders could suffer significant dilution, from our issuances of equity or convertible debt securities. Any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. The amount of our common stock or securities convertible into or exchangeable for our common stock issued in connection with an investment or acquisition could constitute a material portion of our then outstanding common stock.

If we fail to maintain effective internal control over our financial reporting and financial forecasting, we may not be able to report our financial results accurately, provide accurate financial guidance or prevent fraud, and if we fail to maintain effective internal governance and conduct policies, such as our Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers and Trading by Insiders Policy, or if our employees fail to adhere to such policies, we may be unable to maintain a proper control environment. If any of these failures occur, our business could be harmed, our stockholders could lose confidence in our financial reporting and financial guidance or our business integrity and we could suffer negative media attention, which could negatively impact the value of our stock.

Effective internal controls over our financial reporting and adherence to our internal governance and conduct policies are necessary for us to provide reliable financial reports and to prevent fraud. The process of maintaining our internal controls may be expensive and time consuming and may require significant attention from management. The failure to do so may harm our business or our reputation and could negatively impact the value of our stock. Even if our management concludes that, as of the end of a fiscal quarter or fiscal year, our internal control over financial reporting provided reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements.

In addition, failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness in our internal control over financial reporting, the disclosure of that weakness could harm the value of our stock and our business.

As a result of the matters discussed in the explanatory note to the Form 10-K/A filed by us on February 25, 2021, we concluded that our previously issued audited consolidated financial statements for fiscal years ended December 31, 2019 and 2018, each of our unaudited condensed consolidated financial statements for the quarterly and year-to-date periods during such years, and related disclosures, as well as our unaudited condensed consolidated financial statements and related disclosures for the quarterly periods ended March 31, June 30 and September 30, 2020, should be restated. Two class action lawsuits were filed against us and certain of our current and former executive officers following the restatements. As a result of these restatements and the errors that resulted in these restatements, we are subject to additional risks and uncertainties, including potential additional litigation and loss of investor confidence.

On July 27, 2021, a stockholder derivative complaint was filed in the United States District Court for the District of Delaware based on allegations substantially similar to those in the class action, and purporting to assert claims on the Company's behalf against current and former officers and directors for alleged violation of Sections 14(a) and 20(a) of the Exchange Act, breach of fiduciary duties, unjust enrichment, and waste of corporate assets. On January 20, 2022, the court granted defendants' motion to dismiss with prejudice and entered a judgment dismissing the case. On February 18, 2022, plaintiff filed a notice of appeal of the order granting the motion to dismiss and the entry of judgement.

In connection with this restatement of our historical consolidated financial statements, we identified a material weakness in our internal control over financial reporting, and management concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of December 31, 2020, which has been remediated since December 31, 2021.

If we are unsuccessful in remediating any future material weaknesses or other deficiencies in our internal control over financial reporting or disclosure controls and procedures, investors may lose confidence in our financial reporting and the accuracy and timing of our financial reporting and disclosures and our business, reputation, results of operations, liquidity, financial condition, ability to access the capital markets, perceptions of our creditworthiness, and ability to complete acquisitions could be adversely affected. In addition, we may be unable to maintain or regain compliance with applicable securities laws, stock market listing requirements, and the covenants under our debt instruments regarding the timely filing of periodic reports; we may be subject to penalties; we may suffer defaults or accelerations under our debt instruments to the extent we are unable to obtain waivers from the required creditors or counterparties or are unable to cure any breaches; and our stock price may decline.

Further, effective financial forecasting is necessary for us to provide reliable financial guidance. The process of providing accurate financial guidance may be expensive and time consuming, may require significant attention from management, and is inherently uncertain. Nevertheless, the failure to do so accurately may harm our business or our reputation and could negatively impact the value of our stock. For example, in the second quarter of 2020, we identified errors in our financial guidance model that led to our June 23, 2020 announcement of a revised outlook for the second quarter of 2020, which announcement was followed by a drop in the price of our stock.

It is also necessary for our employees, and in particular our senior officers, to adhere to all of our internal governance and conduct policies, including our Code of Business Conduct and Ethics, Code of Ethics for Senior Financial Officers and Trading by Insiders Policy. Failure to adhere to our policies could result in negative media attention or otherwise harm our reputation and cause stockholders to lose confidence in our business integrity or management. For example, in connection with an internal investigation into the series of events that led to our June 23, 2020 announcement of a revised outlook for the second quarter of 2020, we uncovered certain violations of our policies by senior officers, which resulted in disciplinary actions and remediations for the officers involved. The investigation also prompted a review of all of our internal policies and codes of ethics, which is resulting in a number of revisions intended to further strengthen them and their associated assurance processes. Any failure to maintain these policies or failure by our employees, and in particular our senior officers, to adhere to these policies could still result in harm to our reputation and could negatively impact the value of our stock.

Delaware law and our certificate of incorporation and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- the right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors;
- the requirement for advance notice for nominations for election to the board of directors or for proposing matters that can be acted upon at a stockholders’ meeting;
- the ability of the board of directors to alter our bylaws without obtaining stockholder approval;
- the ability of the board of directors to issue, without stockholder approval, up to 10,000,000 shares of preferred stock with rights set by the board of directors, which rights could be senior to those of common stock;
- a classified board;
- the required approval of holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or amend or repeal the provisions of our amended and restated certificate of incorporation regarding the classified board, the election and removal of directors and the ability of stockholders to take action by written consent; and
- the elimination of the right of stockholders to call a special meeting of stockholders and to take action by written consent.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law ("DGCL"). These provisions may prohibit or restrict large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us. These provisions in our certificate of incorporation and bylaws and under Delaware law could discourage potential takeover attempts and could reduce the price that investors might be willing to pay for shares of our common stock in the future and result in our market price being lower than it would without these provisions.

RISKS RELATED TO THE PROPOSED MERGER

The proposed Merger is subject to approval of our stockholders as well as the satisfaction of other closing conditions, including government consents and approvals, some or all of which may not be satisfied or completed within the expected timeframe, if at all.

Completion of the Merger is subject to a number of closing conditions, including obtaining the approval of our stockholders, the expiration or termination of any waiting period (and any extension thereof) applicable to the consummation of the Merger under the HSR Act and the EU Clearance. The HSR waiting period expired on April 11, 2022. We can provide no assurance that all required consents and approvals will be obtained or that all closing conditions will otherwise be satisfied (or waived, if applicable), and, even if all required consents and approvals can be obtained and all closing conditions are satisfied (or waived, if applicable), we can provide no assurance as to the terms, conditions and timing of such consents and approvals or the timing of the completion of the Merger. Many of the conditions to completion of the Merger are not within our control, and we cannot predict when or if these conditions will be satisfied (or waived, if applicable). Any adverse consequence of the pending Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

Each party's obligation to consummate the Merger is also subject to the accuracy of the representations and warranties of the other party (subject to customary materiality qualifications) and compliance in all material respects with the covenants and agreements contained in the Merger Agreement as of the closing of the Merger, including, with respect to us, covenants to conduct our business in the ordinary course and to not engage in certain kinds of material transactions prior to closing. In addition, the Merger Agreement may be terminated under certain specified circumstances, including, but not limited to, in connection with a change in the recommendation of our Board of Directors to enter into an agreement for a Superior Proposal (as defined in the Merger Agreement). As a result, we cannot assure you that the Merger will be completed, even if our stockholders approve the Merger, or that, if completed, it will be exactly on the terms set forth in the Merger Agreement or within the expected time frame.

We may not complete the proposed Merger within the time frame we anticipate or at all, which could have an adverse effect on our business, financial results and/or operations.

The proposed Merger may not be completed within the expected timeframe, or at all, as a result of various factors and conditions, some of which may be beyond our control. If the Merger is not completed for any reason, including as a result of our stockholders failing to adopt the Merger Agreement, our stockholders will not receive any payment for their shares of our common stock in connection with the Merger. Instead, we will remain a public company, our common stock will continue to be listed and traded on The Nasdaq Global Select Market and registered under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and we will be required to continue to file periodic reports with the SEC. Moreover, our ongoing business may be materially adversely affected, and we would be subject to a number of risks, including the following:

- we may experience negative reactions from the financial markets, including negative impacts on our stock price, and it is uncertain when, if ever, the price of the shares would return to the prices at which the shares currently trade;
- we may experience negative publicity, which could have an adverse effect on our ongoing operations including, but not limited to, retaining and attracting employees, customers, partners, suppliers and others with whom we do business;
- we will still be required to pay certain significant costs relating to the Merger, such as legal, accounting, financial advisory, printing and other professional services fees, which may relate to activities that we would not have undertaken other than in connection with the Merger;
- we may be required to pay a cash termination fee to Parent of $91.0 million, as required under the Merger Agreement under certain circumstances;
- while the Merger Agreement is in effect, we are subject to restrictions on our business activities, including, among other things, restrictions on our ability to engage in certain kinds of material transactions, which could prevent us from pursuing strategic business opportunities, taking actions with respect to our business that we may consider advantageous and responding effectively and/or timely to competitive pressures and industry developments, and may as a result materially adversely affect our business, results of operations and financial condition;
- matters relating to the Merger require substantial commitments of time and resources by our management, which could result in the distraction of management from ongoing business operations and pursuing other opportunities that could have been beneficial to us;
- we may commit significant time and resources to defending against litigation related to the Merger; and
- we may encounter difficulties retaining our workforce due to the Merger.

If the Merger is not consummated, the risks described above may materialize, and they may have a material adverse effect on our business operations, financial results and stock price, particularly to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed.

We will be subject to various uncertainties while the Merger is pending that may cause disruption and may make it more difficult to maintain relationships with customers and other third-party business partners.

Our efforts to complete the Merger could cause substantial disruptions in, and create uncertainty surrounding, our business, which may materially adversely affect our results of operation and our business. Uncertainty as to whether the Merger will be completed may affect our ability to recruit prospective employees or to retain and motivate existing employees. Employee retention may be particularly challenging while the Merger is pending because employees may experience uncertainty about their roles following the Merger. As mentioned above, a substantial amount of our management's and employees' attention is being directed toward the completion of the Merger and thus is being diverted from our day-to-day operations. Uncertainty as to our future could adversely affect our business and our relationship with customers and potential customers. For example, customers, suppliers and other third parties may defer decisions concerning working with us, or seek to change existing business relationships with us. Changes to or termination of existing business relationships could adversely affect our revenue, earnings and financial condition, as well as the market price of our common stock. The adverse effects of the pendency of the Merger could be exacerbated by any delays in completion of the Merger or termination of the Merger Agreement.

In certain instances, the Merger Agreement requires us to pay a termination fee to Parent, which could affect the decisions of a third party considering making an alternative acquisition proposal.

Under the terms of the Merger Agreement, we may be required to pay Parent a termination fee of $91.0 million under specified conditions, including in the event Parent terminates the Merger Agreement before receipt of our stockholders' approval due to a change in recommendation by our Board of Directors, in the event we terminate the Merger Agreement to enter into a Superior Proposal, or in the event we enter into an alternative transaction within twelve months of termination of the Merger Agreement in certain circumstances and the alternative transaction is consummated. This payment could affect the structure, pricing and terms proposed by a third party seeking to acquire or merge with us and could discourage a third party from making a competing acquisition proposal, including a proposal that would be more favorable to our stockholders than the Merger.

We have incurred, and will continue to incur, direct and indirect costs as a result of the Merger.

We have incurred, and will continue to incur, significant costs and expenses, including regulatory costs, fees for professional services and other transaction costs in connection with the Merger, for which we will have received little or no benefit if the Merger is not completed. There are a number of factors beyond our control that could affect the total amount or the timing of these costs and expenses. Many of these fees and costs will be payable by us even if the Merger is not completed and may relate to activities that we would not have undertaken other than to complete the Merger.

Litigation challenging the Merger Agreement may prevent the Merger from being consummated within the expected timeframe or at all.

Lawsuits have been and may continue to be filed against us, our Board of Directors or other parties to the Merger Agreement, challenging our acquisition by Parent and making other claims in connection therewith. Such lawsuits have been brought by our purported stockholders and seek, among other things, to enjoin consummation of the Merger. One of the conditions to the consummation of the Merger is that the consummation of the Merger is not prohibited, made illegal or enjoined by any applicable law or regulation or by any judgment, injunction, order or decree. As such, if the plaintiffs in such lawsuits are successful in obtaining an injunction prohibiting the defendants from completing the Merger on the agreed upon terms, then such injunction may prevent the Merger from becoming effective, or from becoming effective within the expected timeframe.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The Company has established several security repurchase programs. See the details of the repurchase programs in "Note 2—Summary of Significant Accounting Policies."

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(A) Exhibits:

Exhibit No.	Description
10.1	Agreement and Plan of Merger, dated as of February 27, 2022 by and among Renewable Energy Group, Inc., Cyclone Merger Sub Inc. and Chevron Corporation (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed on February 28, 2022 and incorporated herein by reference).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
32.1	Certification of the Chief Executive Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of the Chief Financial Officer pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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

RENEWABLE ENERGY GROUP, INC.

Dated: May 5, 2022	By:	/s/ Cynthia J. Warner
		Cynthia J. Warner
		President and Chief Executive Officer (Principal Executive Officer)
Dated: May 5, 2022	By:	/s/ R. Craig Bealmear
		R. Craig Bealmear
		Chief Financial Officer (Principal Financial Officer)
Dated: May 5, 2022	By:	/s/ Todd M. Samuels
		Todd M. Samuels
		Chief Accounting Officer & Controller (Principal Accounting Officer)

Exhibit 31.1

I, Cynthia J. Warner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Renewable Energy Group, Inc.

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 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 officer(s) 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 our 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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 (or persons performing the equivalent functions):

    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.

Dated: May 5, 2022

/s/ Cynthia J. Warner
Cynthia J. Warner
President and Chief Executive Officer

Exhibit 31.2

I, R. Craig Bealmear, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Renewable Energy Group, Inc.
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 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 officer(s) 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 our 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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 (or persons performing the equivalent functions):
    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.

Dated: May 5, 2022

/s/ R. Craig Bealmear
R. Craig Bealmear
Chief Financial Officer

Exhibit 32.1

SECTION 1350 CERTIFICATIONS

I, Cynthia J. Warner, President and Chief Executive Officer of Renewable Energy Group, Inc. (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the Quarterly Report on Form 10-Q of the Company (the “Report”), which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2022

/s/ Cynthia J. Warner

Cynthia J. Warner
President and Chief Executive Officer

Exhibit 32.2

SECTION 1350 CERTIFICATIONS

I, R. Craig Bealmear, Chief Financial Officer of Renewable Energy Group, Inc. (the “Company”), certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge the Quarterly Report on Form 10-Q of the Company (the “Report”), which accompanies this Certificate, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2022

/s/ R. Craig Bealmear

R. Craig Bealmear
Chief Financial Officer