

ingevity

SECOND QUARTER 2022 EARNINGS PRESENTATION

August 3, 2022

Use of non-GAAP financial measures: This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided within the Appendix to this presentation. Investors are urged to consider carefully the comparable GAAP measures and the reconciliations to those measures provided. The company does not attempt to provide reconciliations of forward-looking non-GAAP guidance to the comparable GAAP measure because the impact and timing of the factors underlying the guidance assumptions are inherently uncertain and difficult to predict and are unavailable without unreasonable efforts. In addition, Ingevity believes such reconciliations would imply a degree of certainty that could be confusing to investors.

Forward-looking statements: This presentation contains "forward-looking statements" within the meaning of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements generally include the words "will," "plans," "intends," "targets," "expects," "outlook," "believes," "anticipates" or similar expressions. Forward-looking statements may include, without limitation, the potential benefits of any acquisition or investment transaction, the anticipated timing of the closing of any announced acquisition, expected financial positions, expected financial positions, guidance, results of operations and cash flows; financing plans; business strategies and expectations; operating plans; impact of COVID-19; capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost-reduction initiatives, plans and objectives; litigation related strategies and outcomes; markets for securities and expected future repurchases of shares, including statements about the manner, amount and timing of repurchases. Actual results could differ materially from the views expressed. Factors that could cause actual results to materially differ from those contained in the forward-looking statements, or that could cause other forward-looking statements to prove incorrect, include, without limitation, adverse effects from the COVID-19 pandemic; adverse effects from general global economic, geopolitical and financial conditions beyond our control, including inflation and war in Ukraine; risks related to our international sales and operations; adverse conditions in the automotive market; competition from substitute products, new technologies and new or emerging competitors; worldwide air quality standards; a decrease in government infrastructure spending; adverse conditions in cyclical end markets; the limited supply of or lack of access to sufficient crude tall oil and other raw materials; integration of future acquisitions; the provision of services by third parties at several facilities; supply chain disruptions; natural disasters and extreme weather events; or other unanticipated problems such as labor difficulties (including work stoppages), equipment failure or unscheduled maintenance and repair; attracting and retaining key personnel; dependence on certain large customers; legal actions associated with our intellectual property rights; protection of our intellectual property and other proprietary information; information technology security breaches and other disruptions; complications with designing or implementing our new enterprise resource planning system; government policies and regulations, including, but not limited to, those affecting the environment, climate change, tax policies, tariffs and the chemicals industry; and losses due to lawsuits arising out of environmental damage or personal injuries associated with chemical or other manufacturing processes, and the other factors detailed from time to time in the reports we file with the SEC, including those described in Part I, Item 1A. Risk Factors in our 2021 Annual Report on Form 10-K as well as in our other filings with the SEC. These forward-looking statements speak only to management's beliefs as of the date of this presentation. Ingevity assumes no obligation to provide any revisions to, or update, any projections and forward-looking statements contained in this presentation.

AGENDA

1. Quarter highlights
2. Consolidated financial results
3. Segment performance
4. Strategic growth investments
5. Guidance
6. Q&A



QUARTER HIGHLIGHTS

Record sales quarter; second highest adjusted EBITDA

Record safety performance in first half of 2022

Strategic growth investments
- **Investment in Nexeon**
- **Agreement to acquire Ozark Materials**

Appointment of two new Board members



SECOND QUARTER (Q2) CONSOLIDATED FINANCIAL PERFORMANCE

Q2 financials

$ in millions except percentage and EPS	Q2 2022	Q2 2021	vs PY Δ%
Net sales	**$419.9**	**$358.4**	**17.2%**
Gross profit	$150.6	$139.8	**7.7%**
% margin	35.9%	39.0%	***-310 bps***
Core SG&A [1]	$38.8	$36.6	**6.0%**
% net sales - core SG&A [1]	*9.2%*	*10.2%*	***-100 bps***
Adjusted EBITDA [1]	$121.1	$117.7	**2.9%**
% margin [1]	***28.8%***	***32.8%***	***-400 bps***
Adjusted tax rate [1]	21.5%	20.5%	**+100 bps**
Diluted adjusted EPS [1]	$1.73	$1.55	**11.6%**

Performance highlights

Record sales up 17% reflecting price increases across the company; revenue mix shift to 71% Performance Chemicals vs. 65% last year

- Increased pricing across Performance Chemicals to offset inflation
- China COVID-related auto shut-downs reduced Performance Materials volume of automotive carbon, negatively impacting revenue

Gross margin reflects margin pressure in both segments and the revenue mix shift from Performance Materials to Performance Chemicals

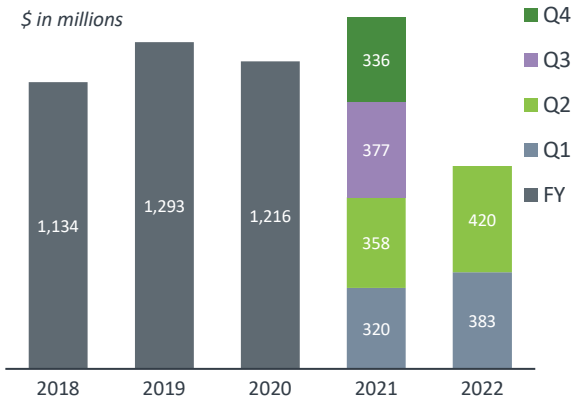
Adjusted EBITDA [1] up nearly 3% due to strong revenue growth

Diluted adjusted EPS [1] of $1.73; second highest ever

(1) Please see appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures and reconciliations to the nearest GAAP financial measures.

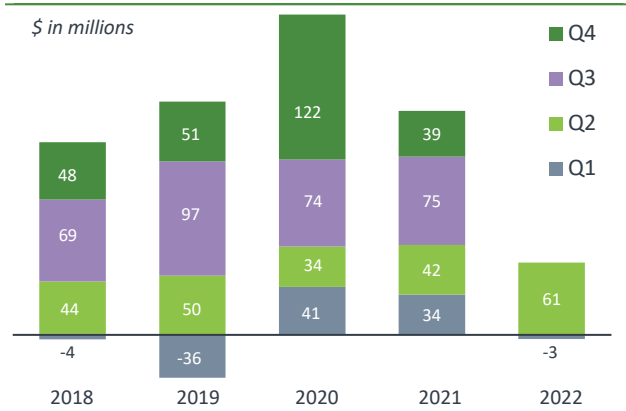
Q2 2022 FINANCIAL METRICS AND HIGHLIGHTS

Net Sales



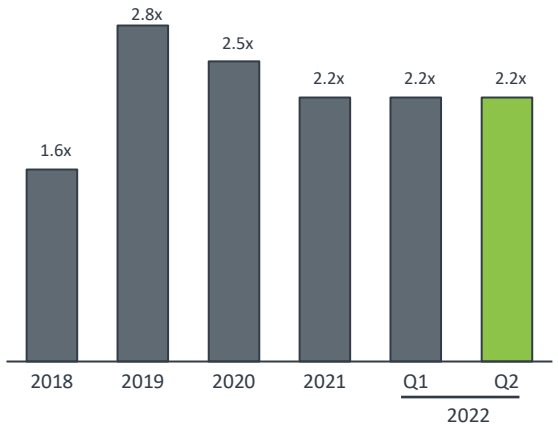
- Record Q2 2022; up 17.2% vs. prior year
- Growth led by Performance Chemicals
  - Industrial Specialties and Engineered Polymers higher due to price increases
  - Pavement higher due to increased volume

Free cash flow (1)



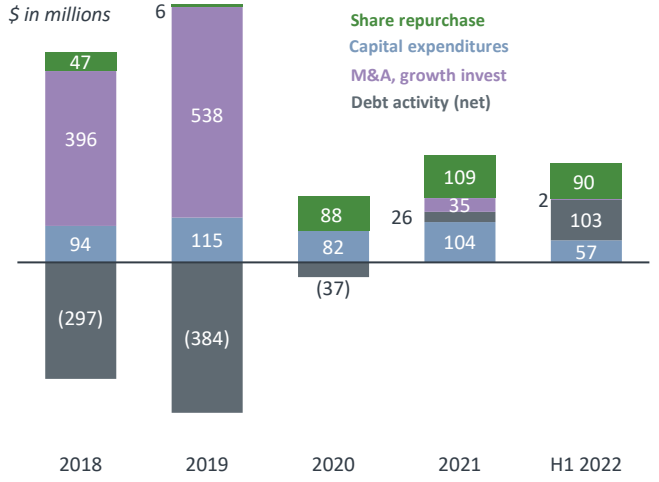
- Solid FCF of $61 million enabled $49.5 million of share repurchases in the quarter

Net Debt Ratio (1)



- Net debt of 2.2x remains well within 2.0 -2.5x guidance; debt restructuring completed in quarter was leverage-neutral
- Upsized revolving credit facility from $500mm to $1bn
- Repaid term loan due to expire next year using revolver

Capital allocation



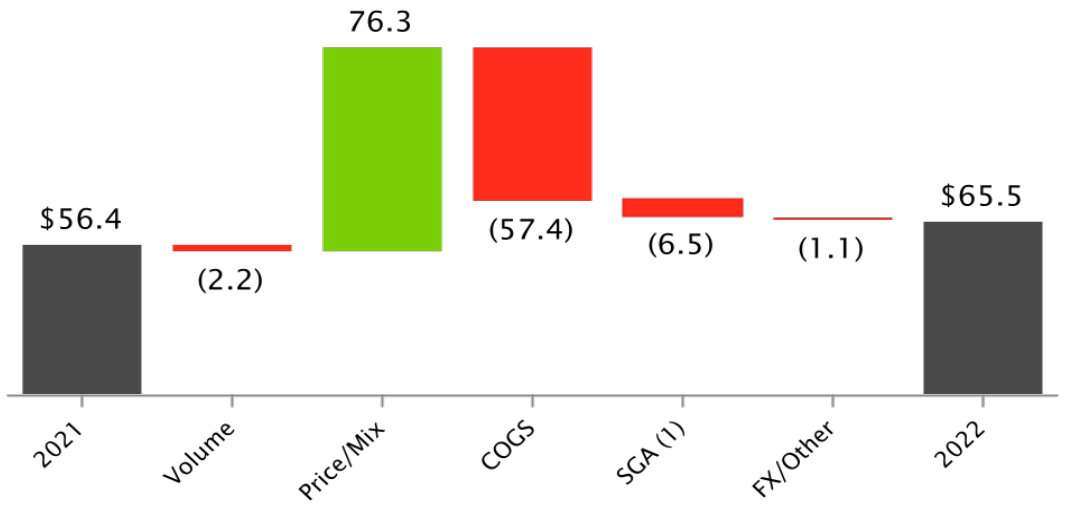
- New board authorization of $500M for share repo
- Year to date, $89.9 million of share purchases at an average price of $67.59
- Future impact of growth investments:
  - M&A - Ozark ($325M)
  - Investment in Nexeon ($60M)
  - Anticipate funding with cash and borrowings

(1) Please see appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures and reconciliations to the nearest GAAP financial measures.

PERFORMANCE CHEMICALS

$ IN MILLIONS	Q2 2022	Q2 2021	▲ $ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
Net Sales	**297.5**	**232.4**	**65.1**	**28.0%**
Engineered Polymers	53.8	44.6	9.2	20.6%
Industrial Specialties	165.9	120.1	45.8	38.1%
Pavement Technologies	77.8	67.7	10.1	14.9%
Segment EBITDA	**65.5**	**56.4**	**9.1**	**16.1%**
Segment EBITDA Margin	**22.0%**	**24.3%**		**-230 bps**

Q2 Segment EBITDA



Performance highlights

Sales of $297.5 million up 28% due to price gains across the segment to offset inflationary cost increases

- **ENGINEERED POLYMERS:** Strong sales up 20.6% due to price increases on continued strong demand
- **INDUSTRIAL SPECIALTIES*:*** Record sales up over 38% driven by double digit growth in adhesives, oilfield and lubricants markets
- **PAVEMENT TECHNOLOGIES:** Record sales up 14.9% led by volume growth in the Americas

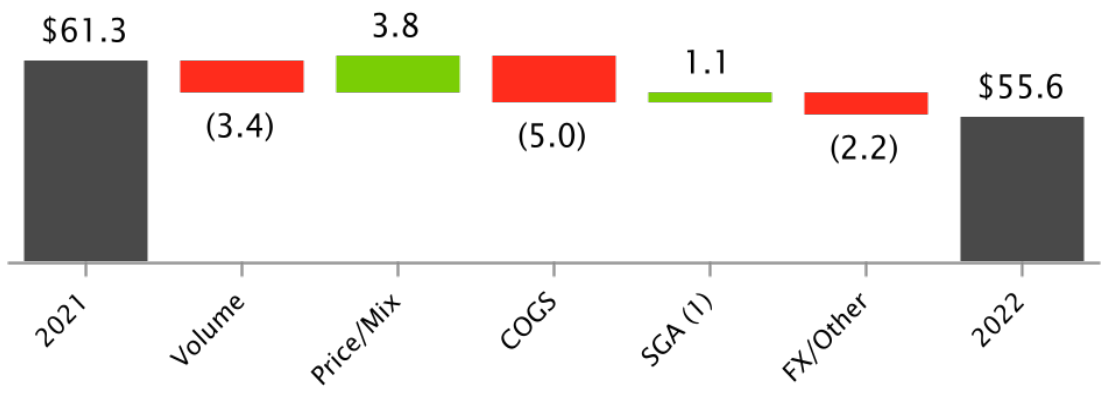
Segment EBITDA of $65.5 million up over 16%; segment EBITDA margin of 22% down due to constrained volume production attributed primarily to raw material availability and supply chain disruptions

(1) SG&A includes research and technical expenses

PERFORMANCE MATERIALS

$ IN MILLIONS	Q2 2022	Q2 2021	▲ $ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
Net Sales	**122.4**	**126.0**	**(3.6)**	**(2.9)%**
Segment EBITDA	**55.6**	**61.3**	**(5.7)**	**(9.3)%**
Segment EBITDA Margin	**45.4%**	**48.7%**		**-330 bps**

Q2 Segment EBITDA



Performance highlights

Sales of $122.4 million down 2.9%

- Sales of our automotive activated carbon products were negatively impacted by lower automotive production due to the China COVID-related shutdowns
  - Sales lower across Asia-Pacific stemming from China COVID-related supply chain disruptions
  - Automotive carbon sales in North America up vs. prior year quarter, attributed to improving microchip supply
  - Process Purification volumes increased to help offset impact of reduced auto

Segment EBITDA of $55.6 million down 9.3%; segment EBITDA margin of 45.4% primarily driven by lower automotive carbon volume

(1) SG&A includes research and technical expenses

NEXEON INVESTMENT



Investment in Nexeon opens activated carbon pathway into battery electric vehicle market with joint development arrangement

nexeon®

- Global leader in development of next generation silicon-based anode materials
- Advancing silicon/carbon technology to improve battery performance
- Large patent portfolio
- Headquartered in the UK

ingevity

- Supplying sustainable activated carbon to support joint development
- Decades of auto industry expertise
- Significant scalability with consistent quality
- Invested $60 million; Board seat

OZARK MATERIALS
Transaction Overview

Summary

- Ingevity has reached an agreement to acquire leading pavement marking materials business, Ozark Materials
- Anticipate closing transaction by early Q4 2022, subject to regulatory approval and other customary closing conditions
- Business to be included as part of Ingevity's Performance Chemicals segment

Transaction Value

- Cash purchase price of $325 million
- ~11x 2022E EBITDA(1)
- Expected to be immediately accretive to Ingevity EPS

Financing

- To be financed through a combination of cash on-hand and existing credit facilities
- Expect net leverage to remain below 3.0x and return to target range of 2.0-2.5x within 12 months

(1) *Earnings before interest, taxes, depreciation and amortization*

OZARK MATERIALS
Strategic Rationale



Transaction Strengthens Existing Pavement and Adhesives Businesses and Serves as Platform for Further Growth and Expansion

Pavement ⟵ Road Striping ⟶ Adhesives



OZARK MATERIALS, LLC

PAVEMENT MARKINGS INDUSTRY SNAPSHOT

Highway and Traffic Markings

- North America pavement markings industry estimated to be $1.5B in 2022; industry should benefit from:
  - Infrastructure bill spending
  - Larger road markings as a result of continued growth of driver-assist technology
- Industry volumes expected to grow ~4% per year through 2026
- Market comprised of:
  - Thermoplastics – fastest growing segment
  - Paints
  - Preformed Thermoplastics
- Demand in US, Canada and other developed markets primarily comes from re-marking of current & aging highway / road infrastructure

Technology Overview

Thermoplastics

- Thicker and more durable than traditional traffic paint
- Most often used in high traffic areas and areas prone to adverse weather conditions

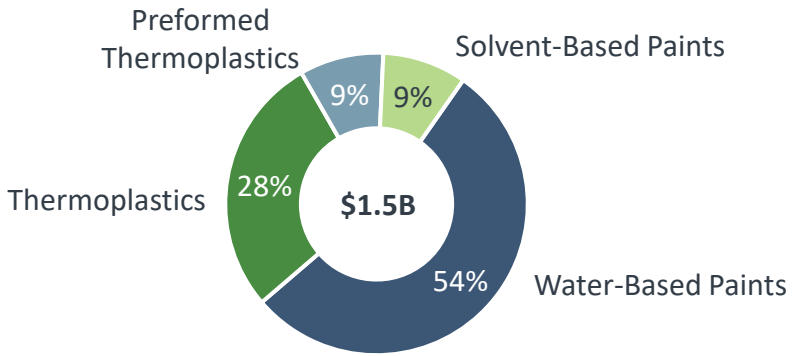
Coatings

- Waterborne paints are largest share of road marking materials market
- Used in areas where winters are milder, and roads aren't repaved annually

Preformed and Raised Markings

- Used in high-volume applications such as crosswalks and intersections, and temporary mobile markings
- Reflective pavement markings are plastic or metal markers that provide increased visibility in inclement weather conditions

Market by Technology



Source: Market statistics per L.E.K. Consulting

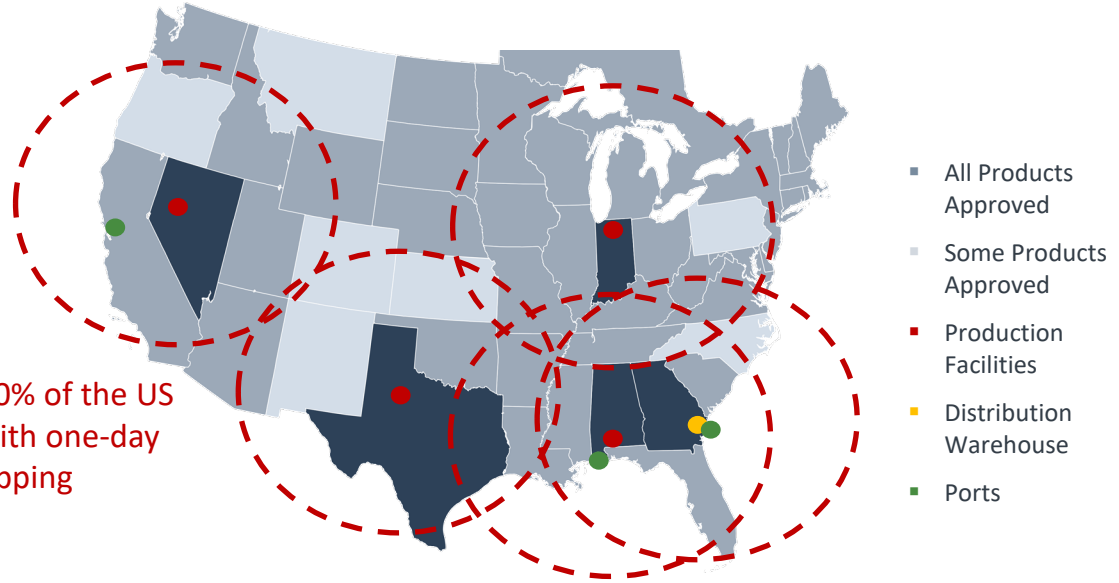
OZARK MATERIALS
Business Profile

Business Description

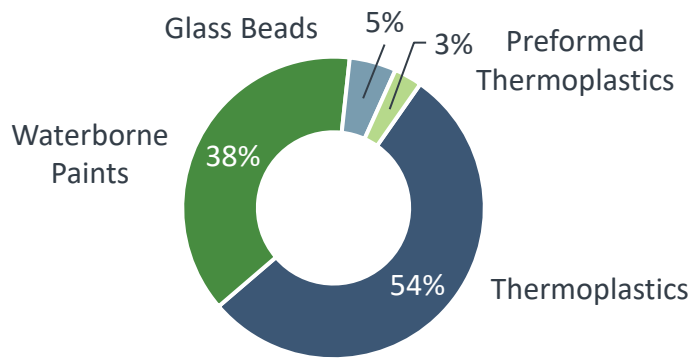
- Leading manufacturer of pavement marking materials
  - Headquartered in Greenville, AL
- Specialize in waterborne traffic paints, thermoplastic pavement markings, preformed thermoplastics and glass beads
- Strategically located facilities across the Unites States
- Diverse customer base including contractors and government agencies
- Ozark Logistics
  - Fleet of over 70 trucks servicing both Ozark Materials and 3rd party customers
- More than 200 employees
- Has experienced significant growth and is expected to generate revenues of ~$150 million and EBITDA margins of ~20% in 2023(1)

OZARK MATERIALS, LLC

Strategically Located Production Facilities(2)



Business Mix(3)

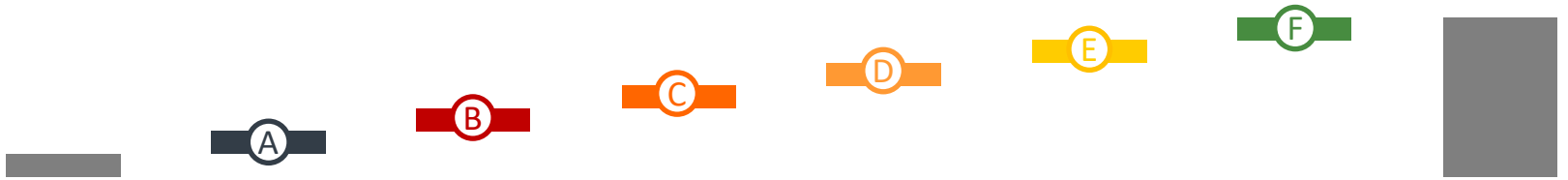


(1) Ingevity estimate
(2) Circles represent a 600-mile radius in which Ozark could service with one-day shipping
(3) Based off 2021A sales

ingevity

OZARK MATERIALS
Unique Fit with Growth Opportunities

Multitude of Factors Expected to Drive Continued Growth and Expansion of Business



A

Increased Government Spending on Infrastructure

B

Outlet for Ingevity Rosin

C

New Product Development

D

Geographic & Customer Expansion

E

Leverage Ingevity Pavement Sales Force to Accelerate Growth

F

Various Margin Expansion Opportunities

- Procurement efficiencies, logistics savings, insurance savings, etc.

Note: Above chart not to scale and is illustrative in nature

ingevity

2022 GUIDANCE: REAFFIRMING PRIOR GUIDANCE

FY Guidance

Financial metric	FY Guidance
Revenue	$1,525 - $1,650
Adj. EBITDA (1)	$430 - $470
Capital expenditures	$155 – $175
Free cash flow (1)	≥$150
Net debt ratio (1)	2.0 – 2.5x

- Continuing to raise prices to offset cost pressures
- Expanding markets in which we participate
- Anticipate recovery in back half of year in Performance Materials assuming:
  - Fewer China shutdowns
  - New incentives from Chinese government and OEMs to purchase autos
- Recession risk: impact to end market demand unclear

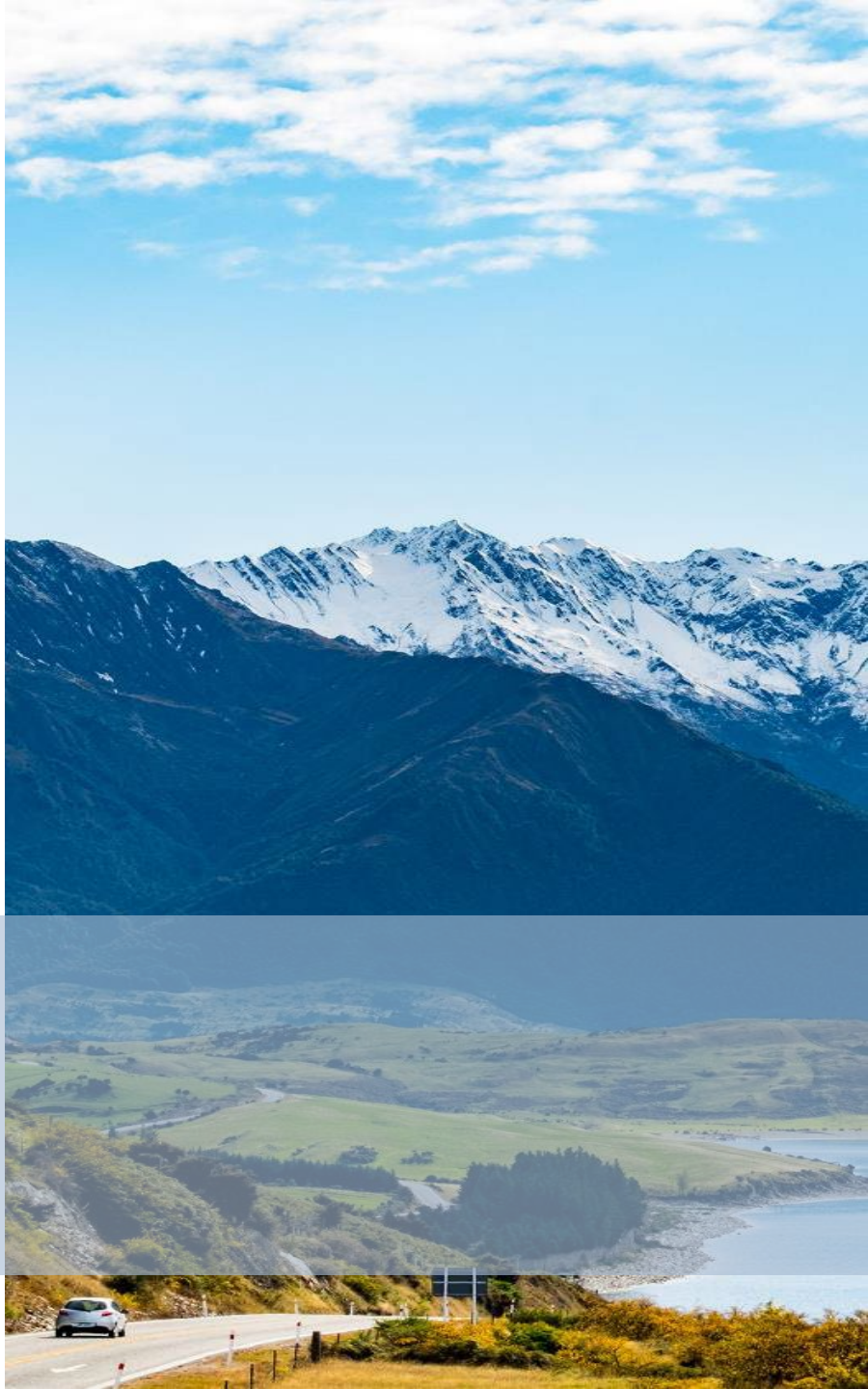
(1) Please see appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures and reconciliations to the nearest GAAP financial measures.

FOR MORE INFORMATION

Investors
John Nypaver, Jr. (843) 740 - 2002

Media
Caroline Monahan (843) 740 - 2068

Thank you for your interest in Ingevity.



APPENDIX

Non-GAAP Financial Measures

Ingevity has presented certain financial measures, defined below, which have not been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and has provided a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP. These financial measures are not meant to be considered in isolation or as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. The Company believes these non-GAAP measures provide investors, potential investors, securities analysts and others with useful information to evaluate the performance of the business, because such measures, when viewed together with our financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance and projected future results.
Ingevity uses the following non-GAAP measures:

Adjusted earnings (loss) is defined as net income (loss) plus restructuring and other (income) charges, net, acquisition and other-related costs, debt refinancing fees, litigation verdict charges, pension and postretirement settlement and curtailment (income) charges and the income tax expense (benefit) on those items, less the provision (benefit) from certain discrete tax items.

Diluted adjusted earnings (loss) per share is defined as net income (loss) per diluted share plus restructuring and other (income) charges, net, acquisition and other related costs, debt refinancing fees, litigation verdict charges, pension and postretirement settlement and curtailment (income) charges and the income tax expense (benefit) on those items, less the tax provision (benefit) from certain discrete tax items, in each case on a per share basis.

Adjusted EBITDA is defined as net income (loss) plus interest expense, net, provision (benefit) for income taxes, depreciation, amortization, restructuring and other (income) charges, net, acquisition and other-related costs, litigation verdict charges, pension and postretirement settlement and curtailment (income) charges, net.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Net sales.

Adjusted earnings (loss) before income taxes is defined as Adjusted EBITDA less depreciation, amortization, interest expense, net, and debt refinancing fees.

Provision (benefit) for Income Taxes on Adjusted earnings (loss) is defined as provision for income taxes plus the tax expense (benefit) on restructuring and other (income) charges, net, acquisition and other-related costs, debt refinancing fees, litigation verdict charges, pension and postretirement settlement and curtailment (income) charges, less the provision (benefit) from certain discrete tax items.

Adjusted Tax Rate is defined as the Provision (benefit) for income taxes on Adjusted earnings (loss) divided by Adjusted earnings (loss) before income taxes.

Core SG&A is defined as selling, general, and administrative costs less depreciation and amortization.

Core SG&A as a Percent of Sales is defined as Core SG&A divided by Net sales.

Free Cash Flow is defined as net cash provided by operating activities less capital expenditures.

Net Debt is defined as the sum of notes payable, short-term debt, current maturities of long-term debt and long-term debt less the sum of cash and cash equivalents, restricted cash associated with our New Market Tax Credit financing arrangement, and restricted investment.

Net Debt Ratio is defined as Net Debt divided by last twelve months Adjusted EBITDA, inclusive of acquisition-related pro forma adjustments.

Ingevity also uses the above financial measures as the primary measures of profitability used by managers of the business. In addition, Ingevity believes Adjusted EBITDA and Adjusted EBITDA Margin are useful measures because they exclude the effects of financing and investment activities as well as non-operating activities. None of the above non-GAAP financial measures are intended to replace the presentation of financial results in accordance with GAAP and investors should consider the limitations associated with these non-GAAP measures, including the potential lack of comparability of these measures from one company to another. Reconciliations of these non-GAAP financial measures are set forth within the following pages.

A reconciliation of net income to adjusted EBITDA as projected for 2022 is not provided. Ingevity does not forecast net income as it cannot, without unreasonable effort, estimate or predict with certainty various components of net income. These components, net of tax, include further restructuring and other income (charges), net; additional acquisition and other-related costs; litigation verdict charges; debt refinancing fees; additional pension and postretirement settlement and curtailment (income) charges; and revisions due to legislative tax rate changes. Additionally, discrete tax items could drive variability in our projected effective tax rate. All of these components could significantly impact such financial measures. Further, in the future, other items with similar characteristics to those currently included in adjusted EBITDA, that have a similar impact on comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA. A reconciliation of our GAAP effective tax rate to adjusted tax rate as projected for 2022 is not provided due to the same reasons as listed under the net income to adjusted EBITDA as projected for 2022 detailed above. A reconciliation of our total debt to net income ratio to our net debt ratio as projected for 2022 is not provided as we do not forecast net income as noted above.

Reconciliation of Net Income (Loss) (GAAP) and Diluted Earnings (Loss) Per Share (GAAP) to Adjusted Earnings (Loss) (Non-GAAP) and Diluted Adjusted Earnings (Loss) Per Share (Non-GAAP)

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions, except per data (unaudited)	2022	2021	2022	2021
Net income (loss) (GAAP)	$ 59.8	$ 44.3	$ 120.6	$ 93.0
Restructuring and other (income) charges [1]	3.7	4.3	7.3	8.2
Acquisition and other related costs [2]	—	0.4	—	0.7
Debt refinancing fees [3]	5.1	—	5.1	—
Tax effect on items above	(2.1)	(1.1)	(2.9)	(2.0)
Certain discrete tax provision (benefit) [4]	0.5	14.4	0.4	14.3
Adjusted earnings (loss) (Non-GAAP)	$ 67.0	$ 62.3	$ 130.5	$ 114.2
Diluted earnings (loss) per common share (GAAP)	$ 1.54	$ 1.10	$ 3.09	$ 2.30
Restructuring and other (income) charges	0.10	0.11	0.19	0.20
Acquisition and other related costs	—	0.01	—	0.02
Debt refinancing fees	0.13	—	0.13	—
Tax effect on items above	(0.05)	(0.03)	(0.07)	(0.05)
Certain discrete tax provision (benefit)	0.01	0.36	0.01	0.35
Diluted adjusted earnings (loss) per share (Non-GAAP)	$ 1.73	$ 1.55	$ 3.35	$ 2.82
Weighted average common shares outstanding - Diluted	38.7	40.3	39.0	40.5

(1) Income (charges) for all periods presented relate to restructuring activity and costs associated with the business transformation initiative. For the three and six months ended June 30, 2022, charges of $1.3 million and $2.6 million relate to the Performance Materials segment and charges of $2.4 million and $4.7 million relate to the Performance Chemicals segment, respectively. For the three and six months ended June 30, 2021, charges of $1.7 million and $3.4 million relate to the Performance Materials segment and charges of $2.6 million and $4.8 million relate to the Performance Chemicals segment, respectively.

(2) For the three and six months ended June 30, 2021, charges of $0.2 million and $0.2 million relate to the acquisition of a strategic investment in the Performance Materials segment, respectively, and charges of $0.2 million and $0.5 million relate to the integration of Perstorp Holding AB's caprolactone business into our Performance Chemicals segment, respectively.

(3) Represents the acceleration of deferred financing fees, debt extinguishment premium paid and other fees incurred related to our senior note redemption, term loan repayment, revolving credit facility amendment, and termination of certain interest rate swaps during the period ended June 30, 2022. Management believes excluding these items assists investors, potential investors, securities analysts, and others in understanding the continuing operating results thereby providing useful supplemental information about operational performance.

(4) Represents certain discrete tax items such as excess tax benefits on stock compensation and impacts of legislative tax rate changes. Management believes excluding these discrete tax items assists investors, potential investors, securities analysts, and others in understanding the tax provision and the effective tax rate related to continuing operating results thereby providing useful supplemental information about operational performance.

Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss) (GAAP)	$ 59.8	$ 44.3	$ 120.6	$ 93.0
Provision (benefit) for income taxes	16.7	29.4	33.5	42.5
Interest expense, net	15.1	12.2	25.8	24.6
Depreciation and amortization	25.8	27.1	52.9	54.1
Restructuring and other (income) charges, net	3.7	4.3	7.3	8.2
Acquisition and other related costs	—	0.4	—	0.7
Adjusted EBITDA (Non-GAAP)	$ 121.1	$ 117.7	$ 240.1	$ 223.1
Net sales	$ 419.9	$ 358.4	$ 802.7	$ 678.7
Net income (loss) margin	14.2%	12.4%	15.0%	13.7%
Adjusted EBITDA margin	28.8%	32.8%	29.9%	32.9%

Reconciliation of Provision for Income Taxes (GAAP) to Provision for Income Taxes on Adjusted Earnings (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Adjusted EBITDA (Non-GAAP)	$ 121.1	$ 117.7	$ 240.1	$ 223.1
Less:				
Depreciation and amortization	25.8	27.1	52.9	54.1
Interest expense, net	15.1	12.2	25.8	24.6
Debt refinancing fees [1]	(5.1)	—	(5.1)	—
Adjusted earnings (loss) before taxes (Non-GAAP)	$ 85.3	$ 78.4	$ 166.5	$ 144.4
Provision (benefit) for income taxes (GAAP)	$ 16.7	$ 29.4	$ 33.5	$ 42.5
Less:				
Tax provision (benefit) on certain items	(2.1)	(1.1)	(2.9)	(2.0)
Discrete tax provision (benefit) [2]	0.5	14.4	0.4	14.3
Provision (benefit) for Income Taxes on Adjusted Earnings (Non-GAAP)	$ 18.3	$ 16.1	$ 36.0	$ 30.2
Tax Rate (GAAP)	21.8%	39.9%	21.7%	31.4%
Adjusted Tax Rate (Non-GAAP)	21.5%	20.5%	21.6%	20.9%

(1) Represents the acceleration of deferred financing fees, debt extinguishment premium paid and other fees incurred related to our senior note redemption, term loan repayment, revolving credit facility amendment, and termination of certain interest rate swaps during the period ended June 30, 2022. Management believes excluding these items assists investors, potential investors, securities analysts, and others in understanding the continuing operating results thereby providing useful supplemental information about operational performance.

(2) Primarily related to legislative tax rate changes enacted in the United Kingdom ("UK") and the resulting revaluation of our net deferred tax liability associated with our UK operations in the three and six months ended June 30, 2021.

Reconciliation of Selling, General and Admin (SG&A) (GAAP) to Core SG&A (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
SG&A (GAAP)	$ 48.7	$ 47.5	$ 88.7	$ 87.5
Less:				
Depreciation and amortization	9.9	10.9	20.3	21.7
Core SG&A (Non-GAAP)	$ 38.8	$ 36.6	$ 68.4	$ 65.8
Net sales	$ 419.9	$ 358.4	$ 802.7	$ 678.7
SG&A as a percent of Net sales	11.6%	13.3%	11.1%	12.9%
Core SG&A as a percent of Net sales	9.2%	10.2%	8.5%	9.7%

Calculation of Free Cash Flow (Non-GAAP)

In millions (unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cash Flow from Operations	$ 90.5	$ 65.8	$ 114.8	$ 116.9
Less: Capital Expenditures	29.6	23.9	57.2	40.9
Free Cash Flow	$ 60.9	$ 41.9	$ 57.6	$ 76.0

Calculation of Historical Free Cash Flow (Non-GAAP)

	2018				2019			
In millions (unaudited)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cash Flow from Operations	$ 9.7	$ 61.4	$ 95.3	$ 85.6	$ (8.0)	$ 79.5	$ 118.7	$ 85.5
Less: Capital Expenditures	13.3	17.1	26.2	37.3	28.1	29.6	22.1	35.0
Free Cash Flow	$ (3.6)	$ 44.3	$ 69.1	$ 48.3	$ (36.1)	$ 49.9	$ 96.6	$ 50.5

	2020				2021			
In millions (unaudited)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Cash Flow from Operations	$ 60.2	$ 48.9	$ 90.0	$ 153.3	$ 51.1	$ 65.8	$ 100.1	$ 76.0
Less: Capital Expenditures	19.5	15.0	16.5	31.1	17.0	23.9	25.5	37.4
Free Cash Flow	$ 40.7	$ 33.9	$ 73.5	$ 122.2	$ 34.1	$ 41.9	$ 74.6	$ 38.6

	2022
In millions (unaudited)	Q1
Cash Flow from Operations	$ 24.3
Less: Capital Expenditures	27.6
Free Cash Flow	$ (3.3)

Calculation of Net Debt to Adjusted EBITDA Ratio (Non-GAAP)

In millions, except ratios (unaudited)	June 30, 2022
Notes payable and current maturities of long-term debt	$ 0.9
Long-term debt including finance lease obligations	1,176.2
Debt issuance costs	7.0
Total Debt	$ 1,184.1
Less:	
Cash and cash equivalents [1]	131.6
Restricted investment	77.1
Net Debt	$ 975.4

Net Debt Ratio (Non GAAP)	
Adjusted EBITDA [2]	
Twelve months ended December 31, 2021	422.2
Six months ended June 30, 2021	(223.1)
Six months ended June 30, 2022	240.1
Adjusted EBITDA - last twelve months (LTM) as of June 30, 2022	439.2
Net debt ratio (Non GAAP)	2.2x

(1) Includes $0.3 million of Restricted Cash related to the New Market Tax Credit arrangement for the three months ended June 30, 2022.

(2) Refer to the Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP) schedule for the reconciliation to the most comparable GAAP financial measure.

Calculation of Historical Net Debt Ratio (Non-GAAP)

	December 31,			2021				2022
In millions, except ratios (unaudited)	2018	2019	2020	Q1	Q2	Q3	Q4	Q1
Net Debt [1]	$ 610.2	$ 1,121.0	$ 974.8	$ 982.6	$ 981.8	$ 940.2	$ 928.7	$ 976.1
Adjusted EBITDA[2]	320.5	396.9	397.9	411.1	461.6	453.5	422.2	435.8
Pine Chemical Pro Forma [3]	4.8	—	—	—	—	—	—	—
Caprolactone Pro Forma [3]	61.1	5.5	—	—	—	—	—	—
LTM Pro Forma Adjusted EBITDA	$ 386.4	$ 402.4	$ 397.9	$ 411.1	$ 461.6	$ 453.5	$ 422.2	$ 435.8
Net Debt Ratio	1.6x	2.8x	2.5x	2.4x	2.1x	2.1x	2.2x	2.2x

(1) Represents total debt including capital lease obligation, excluding deferred financing fees, less cash and cash equivalents less restricted investment for each period included above. See the Company's Form 10-K and 10-Q for each period for more information. This does not include any pro forma adjustment for acquisition related debt.

(2) Represents net income (loss) plus provision for income taxes, interest expense, depreciation and amortization, restructuring and other (income) charges, acquisition and other related costs, litigation verdict accrual and pension and postretirement settlement and curtailment (income) charges for each period included above. See the Company's Form 10-K and 10-Q for each period for more information.

(3) Pro forma amounts include historical results of the Pine Chemical Business and Caprolactone Business, prior to the acquisition dates of March 8, 2018 and February 13, 2019, respectively. These amounts also include adjustments as if the acquisitions had occurred on January 1st of the year preceding the acquisition date. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the businesses on January 1st of the year preceding the acquisition date. Details associated with the pro forma results for both acquisitions are included within the Management Discussion and Analysis section of the Company's Form 10-K for each respective period.