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, 2023

OR

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

Commission File Number: 001-37586

INGEVITY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**47-4027764**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4920 O'Hear Avenue Suite 400	**North Charleston**	**South Carolina**	**29405**
	(Address of principal executive offices)		(Zip code)

843-740-2300
(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 ($0.01 par value)	**NGVT**	**New York Stock Exchange**

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 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 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 securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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 by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 36,331,180 shares of common stock, $0.01 par value, outstanding at May 1, 2023.

Ingevity Corporation
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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INGEVITY CORPORATION

Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
In millions, except per share data	**2023**	**2022**
Net sales	$ 392.6	$ 382.8
Cost of sales	262.2	245.0
Gross profit	130.4	137.8
Selling, general, and administrative expenses	48.6	40.0
Research and technical expenses	8.8	7.3
Restructuring and other (income) charges, net	5.6	3.6
Acquisition-related costs	1.9	—
Other (income) expense, net	(18.2)	(1.4)
Interest expense, net	19.6	10.7
Income (loss) before income taxes	64.1	77.6
Provision (benefit) for income taxes	13.4	16.8
Net income (loss)	$ 50.7	$ 60.8
Per share data		
Basic earnings (loss) per share	$ 1.36	$ 1.56
Diluted earnings (loss) per share	1.35	1.55

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

INGEVITY CORPORATION

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

In millions	Three Months Ended March 31, 2023	2022
Net income (loss)	$ 50.7	$ 60.8
Other comprehensive income (loss), net of tax:		
Foreign currency adjustments:		
Foreign currency translation adjustment	10.5	(16.6)
Unrealized gain (loss) on net investment hedges, net of tax provision (benefit) of zero and $0.4	—	1.3
Total foreign currency adjustments, net of tax provision (benefit) of zero and $0.4	10.5	(15.3)
Derivative instruments:		
Unrealized gain (loss), net of tax provision (benefit) of $(0.7) and $2.0	(2.3)	6.3
Reclassifications of deferred derivative instruments (gain) loss, included in net income (loss), net of tax (provision) benefit of $(0.1) and $(0.4)	(0.2)	(1.1)
Total derivative instruments, net of tax provision (benefit) of $(0.8) and $1.6	(2.5)	5.2
Other comprehensive income (loss), net of tax provision (benefit) of $(0.8) and $2.0	8.0	(10.1)
Comprehensive income (loss)	$ 58.7	$ 50.7

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

INGEVITY CORPORATION

Condensed Consolidated Balance Sheets

In millions, except share and par value data	March 31, 2023	December 31, 2022
Assets	(Unaudited)	
Cash and cash equivalents	$ 77.9	$ 76.7
Accounts receivable, net of allowance for credit losses of $0.5 - 2023 and $0.5 - 2022	240.4	224.8
Inventories, net	361.4	335.0
Prepaid and other current assets	36.6	42.5
Current assets	716.3	679.0
Property, plant, and equipment, net	804.6	798.6
Operating lease assets, net	56.3	56.6
Goodwill	522.0	518.5
Other intangibles, net	398.7	404.8
Deferred income taxes	7.4	5.7
Restricted investment, net of allowance for credit losses of $0.4 - 2023 and $0.6 - 2022	78.8	78.0
Strategic investments	98.9	109.8
Other assets	89.2	85.5
Total Assets	$ 2,772.2	$ 2,736.5
Liabilities		
Accounts payable	$ 173.9	$ 174.8
Accrued expenses	54.6	54.4
Accrued payroll and employee benefits	21.7	53.3
Current operating lease liabilities	16.3	16.5
Notes payable and current maturities of long-term debt	0.9	0.9
Income taxes payable	11.4	3.6
Current liabilities	278.8	303.5
Long-term debt including finance lease obligations	1,502.5	1,472.5
Noncurrent operating lease liabilities	40.5	40.8
Deferred income taxes	107.5	106.5
Other liabilities	117.2	114.9
Total Liabilities	2,046.5	2,038.2
Commitments and contingencies (Note 13)		
Equity		
Preferred stock (par value $0.01 per share; 50,000,000 shares authorized; zero issued and outstanding - 2023 and 2022)	—	—
Common stock (par value $0.01 per share; 300,000,000 shares authorized; issued: 43,408,407 - 2023 and 43,228,172 - 2022; outstanding: 36,989,048 - 2023 and 37,298,989 - 2022)	0.4	0.4
Additional paid-in capital	158.9	153.0
Retained earnings	1,058.4	1,007.7
Accumulated other comprehensive income (loss)	(38.8)	(46.8)
Treasury stock, common stock, at cost (6,419,359 shares - 2023 and 5,929,183 shares - 2022)	(453.2)	(416.0)
Total Equity	725.7	698.3
Total Liabilities and Equity	$ 2,772.2	$ 2,736.5

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

INGEVITY CORPORATION

Condensed Consolidated Statements of Cash Flows (Unaudited)

In millions	Three Months Ended March 31, 2023	2022
Cash provided by (used in) operating activities:		
Net income (loss)	$ 50.7	$ 60.8
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation and amortization	31.1	27.1
Non cash operating lease costs	4.3	4.6
Deferred income taxes	(0.9)	1.4
LIFO reserve	22.3	10.7
Share-based compensation	4.0	3.0
Gain on sale of strategic investment	(19.2)	—
Other non-cash items	4.7	1.8
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable, net	(14.0)	(46.1)
Inventories, net	(48.1)	(30.4)
Prepaid and other current assets	5.2	(1.0)
Accounts payable	(0.8)	7.7
Accrued expenses	(2.7)	3.3
Accrued payroll and employee benefits	(31.7)	(25.8)
Income taxes	9.5	11.2
Operating leases	(5.2)	(5.4)
Changes in other operating assets and liabilities, net	(4.0)	1.4
Net cash provided by (used in) operating activities	$ 5.2	$ 24.3
Cash provided by (used in) investing activities:		
Capital expenditures	$ (25.4)	$ (27.6)
Proceeds from sale of strategic investment	31.4	—
Other investing activities, net	(4.1)	(2.6)
Net cash provided by (used in) investing activities	$ 1.9	$ (30.2)
Cash provided by (used in) financing activities:		
Proceeds from revolving credit facility	$ 90.3	$ —
Payments on revolving credit facility	(60.3)	—
Payments on long-term borrowings	—	(4.7)
Finance lease obligations, net	(0.3)	(0.2)
Tax payments related to withholdings on vested equity awards	(4.5)	(1.8)
Proceeds and withholdings from share-based compensation plans, net	2.6	0.8
Repurchases of common stock under publicly announced plan	(33.4)	(40.4)
Net cash provided by (used in) financing activities	$ (5.6)	$ (46.3)
Increase (decrease) in cash, cash equivalents, and restricted cash	1.5	(52.2)
Effect of exchange rate changes on cash	(0.4)	(0.7)
Change in cash, cash equivalents, and restricted cash	1.1	(52.9)
Cash, cash equivalents, and restricted cash at beginning of period	77.3	276.1
Cash, cash equivalents, and restricted cash at end of period[1]	$ 78.4	$ 223.2

(1) Includes restricted cash of $0.5 million and $0.6 million and cash and cash equivalents of $77.9 million and $222.6 million at March 31, 2023 and 2022, respectively. Restricted cash is included within "Prepaid and other current assets" within the condensed consolidated balance sheets.

Supplemental cash flow information:	2023	2022
Cash paid for interest, net of capitalized interest	$ 15.3	$ 11.0
Cash paid for income taxes, net of refunds	4.7	3.5
Purchases of property, plant, and equipment in accounts payable	4.3	5.3
Leased assets obtained in exchange for new operating lease liabilities	3.9	2.9

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

INGEVITY CORPORATION
Notes to the Condensed Consolidated Financial Statements
March 31, 2023
(Unaudited)

Note 1: Background

Description of Business

Ingevity Corporation ("Ingevity," "the Company," "we," "us," or "our") provides products and technologies that purify, protect, and enhance the world around us. Through a team of talented and experienced people, we develop, manufacture, and bring to market solutions that help customers solve complex problems and make the world more sustainable. During the first quarter of 2023, we realigned our segment reporting structure to increase transparency for our investors and better align with how our chief operating decision maker intends to measure segment operating performance and allocate resources across our operating segments. We separated our February 2019 acquisition, engineered polymers, from the Performance Chemicals reportable segment into its own reportable segment, Advanced Polymer Technologies. This reportable segment change also resulted in our Performance Chemicals reporting unit for goodwill being split into two separate reporting units for the purposes of goodwill impairment testing.

We operate in three reportable segments: Performance Chemicals, which includes specialty chemicals and pavement technologies; Advanced Polymer Technologies, which includes biodegradable plastics and polyurethane materials; and Performance Materials, which includes activated carbon. Our products are used in a variety of demanding applications, including adhesives, agrochemicals, asphalt paving, bioplastics, coatings, elastomers, lubricants, pavement markings, publication inks, oil exploration and production and automotive components that reduce gasoline vapor emissions.

Basis of Consolidation and Presentation

These unaudited Condensed Consolidated Financial Statements reflect the consolidated operations of the Company and have been prepared in accordance with United States Securities and Exchange Commission ("SEC") interim reporting requirements. Accordingly, the accompanying Condensed Consolidated Financial Statements do not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP") for full financial statements and should be read in conjunction with the Annual Consolidated Financial Statements for the years ended December 31, 2022, 2021 and 2020, collectively referred to as the “Annual Consolidated Financial Statements,” included in our Annual Report on Form 10-K for the year ended December 31, 2022 (the "2022 Annual Report").

In the opinion of management, the Condensed Consolidated Financial Statements contain all adjustments, which include only normal recurring adjustments, necessary to fairly state the condensed consolidated results for the interim periods presented. The consolidated results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

The preparation of the Condensed Consolidated Financial Statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenue, and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Certain prior year amounts have been reclassified to conform with the current year's presentation.

Note 2: New Accounting Guidance

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC" or "Codification") is the sole source of authoritative GAAP other than SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an Accounting Standards Update ("ASU") to communicate changes to the Codification. We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are not expected to have a material impact on the consolidated financial statements.

Note 3: Revenues

Disaggregation of Revenue

The following table presents our Net sales disaggregated by reportable segment and product line.

	Three Months Ended March 31,	
In millions	2023	2022
Performance Materials segment	$ 141.4	$ 148.4
Performance Chemicals segment	$ 185.6	$ 172.6
Pavement Technologies product line	*45.8*	*27.9*
Industrial Specialties product line	*139.8*	*144.7*
Advanced Polymer Technologies segment	$ 65.6	$ 61.8
Net sales	$ 392.6	$ 382.8

The following table presents our Net sales disaggregated by geography, based on the delivery address of our customer.

	Three Months Ended March 31,	
In millions	2023	2022
North America	$ 234.7	$ 212.6
Asia Pacific	85.7	97.6
Europe, Middle East, and Africa	62.7	62.7
South America	9.5	9.9
Net sales	$ 392.6	$ 382.8

Contract Balances

The following table provides information about contract assets and contract liabilities from contracts with customers. The contract assets primarily relate to our rights to consideration for products produced but not billed at the reporting date. The contract assets are recognized as accounts receivables when the rights become unconditional and the customer has been billed. Contract liabilities represent obligations to transfer goods to a customer for which we have received consideration from our customer. For all periods presented, we had no contract liabilities.

	Contract Asset	
	March 31,	
In millions	2023	2022
Beginning balance	$ 6.4	$ 5.3
Contract asset additions	3.9	3.8
Reclassification to accounts receivable, billed to customers	(4.1)	(3.1)
Ending balance (1)	$ 6.2	$ 6.0

(1) Included within "Prepaid and other current assets" on the condensed consolidated balance sheets.

Note 4: Fair Value Measurements

Fair Value Measurements

Recurring Fair Value Measurements

The following information is presented for assets and liabilities that are recorded in the condensed consolidated balance sheets at fair value measured on a recurring basis. There were no transfers of assets and liabilities that were recorded at fair value between the three-level fair value hierarchy during the periods reported.

In millions	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]	Total
March 31, 2023				
Assets:				
Deferred compensation plan investments [(4)]	$ 1.5	$ —	$ —	$ 1.5
Total assets	$ 1.5	$ —	$ —	$ 1.5
Liabilities:				
Deferred compensation arrangement [(4)]	$ 14.6	$ —	$ —	$ 14.6
Total liabilities	$ 14.6	$ —	$ —	$ 14.6
December 31, 2022				
Assets:				
Deferred compensation plan investments [(4)]	$ 1.1	$ —	$ —	$ 1.1
Total assets	$ 1.1	$ —	$ —	$ 1.1
Liabilities:				
Deferred compensation arrangement [(4)]	$ 12.5	$ —	$ —	$ 12.5
Total liabilities	$ 12.5	$ —	$ —	$ 12.5

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(1) Quoted prices in active markets for identical assets.
(2) Quoted prices for similar assets and liabilities in active markets.
(3) Significant unobservable inputs.
(4) Consists of a deferred compensation arrangement, through which we hold various investment securities. Both the asset and liability are recorded at fair value, and are included within "Other assets" and "Other liabilities" on the condensed consolidated balance sheets, respectively. In addition to the investment securities, we also have company-owned life insurance ("COLI") related to the deferred compensation arrangement. COLI is recorded at cash surrender value and included in "Other assets" on the condensed consolidated balance sheets in the amount of $13.8 million and $13.3 million at March 31, 2023 and December 31, 2022, respectively.

Nonrecurring Fair Value Measurements

There were no nonrecurring fair value measurements in the condensed consolidated balance sheet during the quarters ended March 31, 2023, and December 31, 2022.

Strategic Investments

Equity Method Investments

The aggregate carrying value of all strategic equity method investments totaled $15.7 million and $28.2 million at March 31, 2023 and December 31, 2022, respectively. During the three months ended March 31, 2023, we sold a strategic equity method investment for $31.4 million, resulting in a $19.2 million gain, recorded within "Other (income) expense, net" on the condensed consolidated statement of operations. There were no adjustments to the carrying value of equity method investments for impairment for the periods ended March 31, 2023 and December 31, 2022.

Measurement Alternative Investments

The aggregate carrying value of all measurement alternative investments where fair value is not readily determinable totaled $83.2 million and $80.8 million at March 31, 2023 and December 31, 2022, respectively. There were no adjustments to the carrying value of the measurement alternative method investments for impairment or observable price changes for the periods ended March 31, 2023 and December 31, 2022.

Restricted Investment

At March 31, 2023 and December 31, 2022, the carrying value of our restricted investment, which is accounted for as held-to-maturity ("HTM") and therefore recorded at amortized costs, was $78.8 million and $78.0 million, net of an allowance for credit losses of $0.4 million and $0.6 million, and included cash of $7.7 million and $7.0 million, respectively. The fair value at March 31, 2023 and December 31, 2022 was $76.4 million and $74.7 million, respectively, based on Level 1 inputs.

The following table shows the total amortized cost of our HTM debt securities by credit rating, excluding the allowance for credit losses and cash. The primary factor in our expected credit loss calculation is the composite bond rating. As the rating decreases, the risk present in holding the bond is inherently increased, leading to an increase in expected credit losses.

	HTM Debt Securities						
In millions	AA+	AA	AA-	A	A-	BBB+	Total
March 31, 2023	$ 13.4	—	10.4	13.2	14.1	20.4	$ 71.5
December 31, 2022	$ 13.4	—	10.5	13.2	14.1	20.4	$ 71.6

Debt and Finance Lease Obligations

At March 31, 2023 and December 31, 2022, the carrying value of finance lease obligations was $101.6 million and $101.9 million, respectively, and the fair value was $106.8 million and $106.2 million, respectively. The fair value of our finance lease obligations is based on the period-end quoted market prices for the obligations, using Level 2 inputs. The fair value of all other finance lease obligations approximates their carrying values.

The carrying amount, excluding debt issuance fees, of our variable interest rate long-term debt was $858.0 million and $828.0 million as of March 31, 2023 and December 31, 2022, respectively. The carrying value is a reasonable estimate of the fair value of the outstanding debt based on the variable interest rate of the debt.

At March 31, 2023 and December 31, 2022, the carrying value of our fixed rate debt was $550.0 million and $550.0 million, respectively, and the fair value was $478.9 million and $471.8 million, respectively, based on Level 2 inputs.

Note 5: Inventories, net

In millions	March 31, 2023	December 31, 2022
Raw materials	$ 111.8	$ 106.7
Production materials, stores, and supplies	28.9	27.9
Finished and in-process goods	270.8	228.2
Subtotal	$ 411.5	$ 362.8
Less: LIFO reserve	(50.1)	(27.8)
Inventories, net	$ 361.4	$ 335.0

Note 6: Property, Plant, and Equipment, net

In millions	March 31, 2023	December 31, 2022
Machinery and equipment	$ 1,177.9	$ 1,162.7
Buildings and leasehold improvements	204.2	200.9
Land and land improvements	25.2	24.9
Construction in progress	127.7	120.9
Total cost	$ 1,535.0	$ 1,509.4
Less: accumulated depreciation	(730.4)	(710.8)
Property, plant, and equipment, net	$ 804.6	$ 798.6

Note 7: Goodwill and Other Intangible Assets, net

Goodwill

As described in Note 1, we reorganized our segment reporting structure to increase transparency for our investors and better align with the markets and customers we serve through each of our segments. This structure is also consistent with the manner in which information is presently used internally by our chief operating decision maker to evaluate performance and make resource allocation decisions. This reportable segment change impacted the identification of reporting units, which are at the level of operating segment or lower, resulting in two reporting units (Performance Chemicals and Advanced Polymer Technologies).

We have reallocated goodwill as of January 1, 2023 to align to our new reporting unit structure by using a relative fair value approach and tested goodwill for impairment immediately before and after the realignment; no impairment was identified.

	Reporting Units			
In millions	Performance Materials	Performance Chemicals	Advanced Polymer Technologies	Total
December 31, 2022	$ 4.3	$ 514.2	$ —	$ 518.5
Segment change reallocation	—	(165.0)	165.0	—
Foreign currency translation	—	—	3.5	3.5
March 31, 2023	$ 4.3	$ 349.2	$ 168.5	$ 522.0

Other Intangible Assets

In millions	Customer contracts and relationships	Brands (1)	Developed Technology	Total
Gross Asset Value				
December 31, 2022	$ 388.5	$ 89.2	$ 88.5	$ 566.2
Foreign currency translation	3.1	1.3	1.3	5.7
March 31, 2023	$ 391.6	$ 90.5	$ 89.8	$ 571.9
Accumulated Amortization				
December 31, 2022	$ (113.8)	$ (23.9)	$ (23.7)	$ (161.4)
Amortization	(6.6)	(1.4)	(2.3)	(10.3)
Foreign currency translation	(0.7)	(0.3)	(0.5)	(1.5)
March 31, 2023	$ (121.1)	$ (25.6)	$ (26.5)	$ (173.2)
Other intangibles, net	$ 270.5	$ 64.9	$ 63.3	$ 398.7

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(1) Represents trademarks, trade names, and know-how.

Intangible assets subject to amortization were attributed to our business segments as follows:

In millions	March 31, 2023	December 31, 2022
Performance Materials	$ 1.6	$ 1.7
Performance Chemicals	192.2	198.0
Advanced Polymer Technologies	204.9	205.1
Other intangibles, net	$ 398.7	$ 404.8

Amortization expense related to our intangible assets is included in Selling, general and administrative expenses on the condensed consolidated statement of operations. During the three months ended March 31, 2023 and 2022, we recognized amortization expense of $10.3 million and $8.1 million, respectively.

Based on the current carrying values of intangible assets, estimated pre-tax amortization expense for the next five years is as follows: $31.2 million for the remainder of 2023, 2024 - $41.1 million, 2025 - $40.9 million, 2026 - $40.2 million, and 2027 - $40.2 million. The estimated pre-tax amortization expense may fluctuate due to changes in foreign currency exchange rates.

Note 8: Financial Instruments and Risk Management

Net Investment Hedges

In the third quarter of 2022, we terminated our fixed-to-fixed cross-currency interest rate swaps, accounted for as net investment hedges. During the three months ended March 31, 2023 and 2022, we recognized net interest income associated with this financial instrument of zero and $0.2 million, respectively.

Cash Flow Hedges

Foreign Currency Exchange Risk Management

As of March 31, 2023, there were $14.1 million open foreign currency derivative contracts. The fair value of the designated foreign currency hedge contracts was an asset (liability) of $(0.7) million and $(0.5) million at March 31, 2023 and December 31, 2022, respectively.

Commodity Price Risk Management

As of March 31, 2023, we had 1.6 million and 0.4 million mm BTUS (millions of British Thermal Units) in aggregate notional volume of outstanding natural gas commodity swap contracts and zero cost collar option contracts, respectively, designated as cash flow hedges. As of March 31, 2023, open commodity contracts hedge forecasted transactions until March 2024. The fair value of the outstanding designated natural gas commodity hedge contracts as of March 31, 2023 and December 31, 2022, was a net asset (liability) of $(2.8) million and $(1.6) million, respectively.

Interest Rate Risk Management

During 2022, we had floating-to-fixed interest rate swaps effectively converting a portion of our floating rate debt to a fixed rate. In the second quarter of 2022, we terminated the interest rate swap instruments.

Effect of Cash Flow and Net Investment Hedge Accounting on AOCI

In millions	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Reclassified from AOCI into Net income		Location of Gain (Loss) Reclassified from AOCI in Net income
	Three Months Ended March 31,				
	2023	2022	2023	2022	
Cash flow hedging derivatives					
Currency exchange contracts	$ (0.1)	$ 0.5	$ (0.2)	$ 0.2	Net sales
Natural gas contracts	(2.9)	4.1	0.5	1.3	Cost of sales
Interest rate swap contracts	—	3.7	—	—	Interest expense, net
Total	$ (3.0)	$ 8.3	$ 0.3	$ 1.5	

In millions	Amount of Gain (Loss) Recognized in AOCI		Amount of Gain (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)		Location of Gain or (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)
	Three Months Ended March 31,				
	2023	2022	2023	2022	
Net investment hedging derivative					
Currency exchange contracts [1]	$ —	$ 1.7	$ —	$ —	Interest expense, net
Total	$ —	$ 1.7	$ —	$ —	

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(1) Reclassifications from AOCI to Net Income were zero for all periods presented. Gains and losses would be reclassified from AOCI to Other (income) expense, net.

Within the next twelve months, we expect to reclassify $5.0 million of net gains from AOCI to income, before taxes.

Fair Value Measurements

The following information is presented for derivative assets and liabilities that are recorded in the condensed consolidated balance sheets at fair value measured on a recurring basis. There were no transfers of assets and liabilities that are recorded at fair value between Level 1 and Level 2 during the periods reported. There were no nonrecurring fair value measurements related to derivative assets and liabilities on the condensed consolidated balance sheets as of March 31, 2023, or December 31, 2022.

	March 31, 2023			
In millions	**Level 1[1]**	**Level 2[2]**	**Level 3[3]**	**Total**
Assets:				
Currency exchange contracts [4]	$ —	$ 0.9	$ —	$ 0.9
Total assets	$ —	$ 0.9	$ —	$ 0.9
Liabilities:				
Currency exchange contracts[5]	$ —	$ 1.6	$ —	$ 1.6
Natural gas contracts [5]	—	2.8	—	2.8
Total liabilities	$ —	$ 4.4	$ —	$ 4.4

	December 31, 2022			
In millions	**Level 1[1]**	**Level 2[2]**	**Level 3[3]**	**Total**
Liabilities:				
Natural gas contracts [5]	$ —	$ 1.6	$ —	$ 1.6
Currency exchange contracts [5]	—	0.5	—	0.5
Total liabilities	$ —	$ 2.1	$ —	$ 2.1

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(1) Quoted prices in active markets for identical assets.
(2) Quoted prices for similar assets and liabilities in active markets.
(3) Significant unobservable inputs.
(4) Included within "Other current assets" on the condensed consolidated balance sheet.
(5) Included within "Accrued expenses" on the condensed consolidated balance sheet.

Note 9: Debt, including Finance Lease Obligations

Current and long-term debt including finance lease obligations consisted of the following:

In millions, except percentages	March 31, 2023	December 31, 2022
Revolving Credit Facility and other lines of credit (1)	$ 858.0	$ 828.0
3.88% Senior Notes due 2028	550.0	550.0
Finance lease obligations	101.6	101.9
Total debt including finance lease obligations	$ 1,509.6	$ 1,479.9
Less: debt issuance costs	6.2	6.5
Total debt, including finance lease obligations, net of debt issuance costs	$ 1,503.4	$ 1,473.4
Less: debt maturing within one year (2)	0.9	0.9
Long-term debt including finance lease obligations	$ 1,502.5	$ 1,472.5

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(1) Letters of credit outstanding under the revolving credit facility were $2.3 million and $2.3 million and available funds under the facility were $139.7 million and $169.7 million at March 31, 2023 and December 31, 2022, respectively.

(2) Debt maturing within one year is included in "Notes payable and current maturities of long-term debt" on the condensed consolidated balance sheets.

Debt Covenants

Our indentures contain certain customary covenants (including covenants limiting Ingevity's and its restricted subsidiaries’ ability to grant or permit liens on certain property securing debt, declare or pay dividends, make distributions on or repurchase or redeem capital stock, make investments in unrestricted subsidiaries, engage in sale and lease-back transactions, and engage in a consolidation or merger, or sell, transfer or otherwise dispose of all or substantially all of the assets of Ingevity and our restricted subsidiaries, taken as a whole) and events of default (subject in certain cases to customary exceptions, as well as grace and cure periods). The occurrence of an event of default under the 2028 Senior Notes could result in the acceleration of the notes of such series and could cause a cross-default resulting in the acceleration of other indebtedness of Ingevity and its subsidiaries. We were in compliance with all covenants under the indenture as of March 31, 2023.

The credit agreements governing our revolving credit facility contain customary default provisions, including defaults for non-payment, breach of representations and warranties, insolvency, non-compliance with covenants and cross-defaults to other material indebtedness. The occurrence of an uncured event of default under the credit agreement could result in all loans and other obligations becoming immediately due and payable and our revolving credit facility being terminated. The credit agreement also contains certain customary covenants, including financial covenants. The revolving credit facility financial covenants require Ingevity to maintain on a consolidated basis a maximum total net leverage ratio of 4.0 to 1.0 (which may be increased to 4.5 to 1.0 under certain circumstances) and a minimum interest coverage ratio of 3.0 to 1.0. As calculated per the credit agreement, our net leverage for the four consecutive quarters ended March 31, 2023 was 2.6, and our actual interest coverage for the four consecutive quarters ended March 31, 2023 was 8.9. We were in compliance with all covenants under the credit agreement at March 31, 2023.

Note 10: Equity

The tables below provide a roll forward of equity.

In millions, shares in thousands	Common Stock Shares	Common Stock Amount	Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Equity
Balance at December 31, 2022	43,228	$ 0.4	$ 153.0	$ 1,007.7	$ (46.8)	$ (416.0)	$ 698.3
Net income (loss)	—	—	—	50.7	—	—	50.7
Other comprehensive income (loss)	—	—	—	—	8.0	—	8.0
Common stock issued	139	—	—	—	—	—	—
Exercise of stock options, net	41	—	2.2	—	—	—	2.2
Tax payments related to vested restricted stock units	—	—	—	—	—	(4.5)	(4.5)
Share repurchase program	—	—	—	—	—	(33.4)	(33.4)
Share-based compensation plans	—	—	3.7	—	—	0.7	4.4
Balance at March 31, 2023	43,408	$ 0.4	$ 158.9	$ 1,058.4	$ (38.8)	$ (453.2)	$ 725.7

In millions, shares in thousands	Common Stock Shares	Common Stock Amount	Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total Equity
Balance at December 31, 2021	43,102	$ 0.4	$ 136.3	$ 796.1	$ 13.1	$ (272.1)	$ 673.8
Net income (loss)	—	—	—	60.8	—	—	60.8
Other comprehensive income (loss)	—	—	—	—	(10.1)	—	(10.1)
Common stock issued	42	—	—	—	—	—	—
Exercise of stock options, net	36	—	0.4	—	—	—	0.4
Tax payments related to vested restricted stock units	—	—	—	—	—	(1.8)	(1.8)
Share repurchase program	—	—	—	—	—	(40.4)	(40.4)
Share-based compensation plans	—	—	2.9	—	—	0.5	3.4
Balance at March 31, 2022	43,180	$ 0.4	$ 139.6	$ 856.9	$ 3.0	$ (313.8)	$ 686.1

Accumulated other comprehensive income (loss)

In millions	Three Months Ended March 31, 2023	2022
Foreign currency translation		
Beginning balance	$ (45.8)	$ 18.4
Net gains (losses) on foreign currency translation	10.5	(16.6)
Gains (losses) on net investment hedges	—	1.7
Less: tax provision (benefit)	—	0.4
Net gains (losses) on net investment hedges	—	1.3
Other comprehensive income (loss), net of tax	10.5	(15.3)
Ending balance	$ (35.3)	$ 3.1
Derivative instruments		
Beginning balance	$ (1.4)	$ (2.1)
Gains (losses) on derivative instruments	(3.0)	8.3
Less: tax provision (benefit)	(0.7)	2.0
Net gains (losses) on derivative instruments	(2.3)	6.3
(Gains) losses reclassified to net income	(0.3)	(1.5)
Less: tax (provision) benefit	(0.1)	(0.4)
Net (gains) losses reclassified to net income	(0.2)	(1.1)
Other comprehensive income (loss), net of tax	(2.5)	5.2
Ending balance	$ (3.9)	$ 3.1
Pension and other postretirement benefits		
Beginning balance	$ 0.4	$ (3.2)
Other comprehensive income (loss), net of tax	—	—
Ending balance	$ 0.4	$ (3.2)
Total AOCI ending balance at March 31	$ (38.8)	$ 3.0

Reclassifications of accumulated other comprehensive income (loss)

In millions	Three Months Ended March 31, 2023	2022
Derivative instruments		
Currency exchange contracts [1]	$ (0.2)	$ 0.2
Natural gas contracts [2]	0.5	1.3
Total before tax	0.3	1.5
(Provision) benefit for income taxes	(0.1)	(0.4)
Amount included in net income (loss)	$ 0.2	$ 1.1

(1) Included within "Net sales" on the condensed consolidated statement of operations.
(2) Included within "Cost of sales" on the condensed consolidated statement of operations.

Share Repurchases

On July 25, 2022, our Board of Directors authorized the repurchase of up to $500 million of our common stock, and rescinded the prior outstanding repurchase authorization with respect to the shares that remained unused under the prior authorization. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market prevailing conditions and other factors, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

During the three months ended March 31, 2023 and 2022, we repurchased $33.4 million, inclusive of $0.2 million in excise tax, and $40.4 million in common stock, representing 449,475 and 610,447 shares of our common stock at a weighted average cost per share of $73.86 and $66.26, respectively. At March 31, 2023, $411.5 million remained unused under our Board-authorized repurchase program.

Note 11: Restructuring and Other (Income) Charges, net

Detail on the restructuring charges and other (income) charges, net, is provided below.

	Three Months Ended March 31,	
In millions	2023	2022
Severance and other employee-related costs(1)	$ 3.0	$ —
Other(2)	0.1	—
Restructuring charges	3.1	—
Business transformation costs	2.5	3.6
Other (income) charges, net	2.5	3.6
Total restructuring and other (income) charges, net	$ 5.6	$ 3.6

(1) Represents severance and employee benefit charges.
(2) Primarily represents other miscellaneous exit costs.

Restructuring Charges

During the quarter, we initiated a reorganization to streamline certain functions and reduce ongoing costs. As a result, we recorded $3.0 million in severance and other employee-related costs for the three months ended March 31, 2023.

Restructuring Reserves

Restructuring reserves which are included within Accrued expenses on the consolidated balance sheets were $0.6 million and $0.5 million at March 31, 2023 and December 31, 2022, respectively.

Other (income) charges, net

Business transformation costs

In 2020, we embarked upon a business transformation initiative that includes the implementation of an upgraded enterprise resource planning ("ERP") system. This new ERP system will equip our employees with standardized processes and secure integrated technology that enable us to better understand and meet our customers' needs and compete in the marketplace. The implementation of our new ERP occurred in multiple phases beginning with our pilot deployment which occurred during the first quarter of 2022 and concluded with our final deployment in the first quarter of 2023. Costs incurred, during the three months ended March 31, 2023 and 2022, of $2.5 million and $3.6 million, respectively, represent costs directly associated with the business transformation initiative that, in accordance with GAAP, cannot be capitalized. Over the course of this initiative, which we expect to complete in 2023, we anticipate incurring approximately $90-95 million of total costs, including $5-6 million during the remainder of 2023, and $45-50 million of non-capitalizable costs.

Note 12: Income Taxes

The effective tax rates, including discrete items, were as follows:

	Three Months Ended March 31,	
	2023	2022
Effective tax rate	20.9 %	21.6 %

We determine our interim tax provision using an Estimated Annual Effective Tax Rate methodology (“EAETR”). The EAETR is applied to the year-to-date ordinary income, exclusive of discrete items. The tax effects of discrete items are then included to arrive at the total reported interim tax provision.

The determination of the EAETR is based upon a number of estimates, including the estimated annual pre-tax ordinary income in each tax jurisdiction in which we operate. As our projections of ordinary income change throughout the year, the EAETR will change period-to-period. The tax effects of discrete items are recognized in the tax provision in the period they occur. Depending on various factors, such as the item’s significance in relation to total income and the rate of tax applicable in the jurisdiction to which it relates, discrete items in any quarter may materially impact the reported effective tax rate. As a global enterprise, our tax expense may be impacted by changes in tax rates or laws, the finalization of tax audits and reviews, as well as other factors. As such, there may be significant volatility in interim tax provisions.

The below table provides a reconciliation between our reported effective tax rates and the EAETR.

	Three Months Ended March 31,					
	2023			2022		
In millions, except percentages	**Before tax**	**Tax**	**Effective tax rate % impact**	**Before tax**	**Tax**	**Effective tax rate % impact**
Consolidated operations	$ 64.1	$ 13.4	20.9 %	$ 77.6	$ 16.8	21.6 %
Discrete items:						
Restructuring and other (income) charges, net (1)	3.0	0.7		—	—	
Sale of strategic investment (2)	(19.2)	(4.5)		—	—	
Other tax only discrete items	—	1.3		—	(0.7)	
Total discrete items	(16.2)	(2.5)		—	(0.7)	
Consolidated operations, before discrete items	$ 47.9	$ 10.9		$ 77.6	$ 16.1	
EAETR (3)			22.8 %			20.7 %

(1) See Note 11 for further information.
(2) See Note 4 for further information.
(3) Increase in EAETR for the three months ended March 31, 2023, as compared to March 31, 2022, is due to an overall change in the mix of forecasted earnings in various tax jurisdictions with varying rates, an increase in the foreign earnings deemed taxable in the U.S., and the corporate tax rate in the UK increasing from 19% to 25% on April 1, 2023.

At March 31, 2023 and December 31, 2022, we had deferred tax assets of $9.5 million and $9.2 million, respectively, resulting from certain historical net operating losses from our Brazilian and Chinese operations and U.S. state tax credits for which a valuation allowance has been established. The ultimate realization of these deferred tax assets depends on the generation of future taxable income during the periods in which these net operating losses and tax credits are available to be used. In evaluating the realizability of these deferred tax assets, we consider projected future taxable income and tax planning strategies in making our assessment. As of March 31, 2023, we cannot objectively assert that these deferred tax assets are more likely than not to be realized and therefore we have maintained a valuation allowance. We intend to continue maintaining a valuation allowance on these deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of these allowances. A release of all or a portion of the valuation allowance could be possible, if we determine that sufficient positive evidence becomes available to allow us to reach a conclusion that the valuation allowance will no longer be needed. A release of the valuation allowance would result in the recognition of certain deferred tax assets and a reduction to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change based on the level of profitability that we are able to actually achieve.

Note 13: Commitments and Contingencies

Legal Proceedings

On July 19, 2018, we filed suit against BASF Corporation ("BASF") in the United States District Court for the District of Delaware (the "Delaware Proceeding") alleging BASF infringed Ingevity's patent covering canister systems used in the control of automotive gasoline vapor emissions (U.S. Patent No. RE38,844) (the "844 Patent"). On February 14, 2019, BASF asserted counterclaims against us in the Delaware Proceeding, alleging two claims for violations of U.S. antitrust law (one for exclusive dealing and the other for tying) as well as a claim for tortious interference with an alleged prospective business relationship between BASF and a BASF customer (the "BASF Counterclaims"). The BASF Counterclaims relate to our enforcement of the 844 Patent and our entry into several supply agreements with customers of its fuel vapor canister honeycombs. The U.S. District Court dismissed our patent infringement claims on November 18, 2020, and the case proceeded to trial on the BASF Counterclaims in September 2021.

On September 15, 2021, a jury in the Delaware Proceeding issued a verdict in favor of BASF on the BASF Counterclaims and awarded BASF damages of approximately $28.3 million, which trebled under U.S. antitrust law to approximately $85.0 million when the court enters judgment. In addition, BASF may seek pre- and post-judgment interest and attorneys' fees and costs in amounts that they will have to support at a future date.

We disagree with the verdict, including the court's application of the law, and we intend to seek judgment as a matter of law in the Delaware Proceeding post-trial briefing stage and on appeal, if necessary. In addition, we intend to challenge the U.S. District Court's November 2020 dismissal of our patent infringement claims against BASF. Ingevity believes in the strength of its intellectual property and the merits of its position and intends to pursue all legal relief available to challenge these outcomes in the Delaware Proceeding. Final resolution of these matters could take up to 30 months.

As of March 31, 2023, there has been no progress in the post-trial proceedings to warrant any change to our conclusions as disclosed within our 2022 Annual Report. As such, no changes to our reserve were made during this quarter. The full amount of the trebled jury's verdict, $85.0 million, is accrued in Other liabilities on the condensed consolidated balance sheet as of March 31, 2023. The amount of any liability we may ultimately incur related to the Delaware Proceeding could be more or less than the amount accrued.

Note 14: Segment Information

Segment change

As described in Note 1, effective in the first quarter of 2023, we separated our engineered polymers product line from the Performance Chemicals reportable segment into its own reportable segment, Advanced Polymer Technologies. We have recast the data below to reflect the changes in our reportable segments to conform to the current year presentation.

	Three Months Ended March 31,	
In millions	2023	2022
Net sales		
Performance Materials	$ 141.4	$ 148.4
Performance Chemicals	185.6	172.6
Advanced Polymer Technologies	65.6	61.8
Total net sales (1)	$ 392.6	$ 382.8
Segment EBITDA (2)		
Performance Materials	$ 69.8	$ 77.9
Performance Chemicals	20.3	30.8
Advanced Polymer Technologies	13.8	10.3
Total Segment EBITDA (2)	$ 103.9	$ 119.0
Interest expense, net	(19.6)	(10.7)
(Provision) benefit for income taxes	(13.4)	(16.8)
Depreciation and amortization - Performance Materials	(10.0)	(9.0)
Depreciation and amortization - Performance Chemicals	(13.8)	(10.2)
Depreciation and amortization - Advanced Polymer Technologies	(7.3)	(7.9)
Restructuring and other income (charges), net (3)	(5.6)	(3.6)
Acquisition and other-related costs (4)	(2.7)	—
Gain on sale of strategic investment (5)	19.2	—
Net income (loss)	$ 50.7	$ 60.8

(1) Relates to external customers only, all intersegment sales and related profit have been eliminated in consolidation.

(2) Segment EBITDA is the primary measure used by our chief operating decision maker to evaluate the performance of and allocate resources among our operating segments. Segment EBITDA is defined as segment revenue less segment operating expenses (segment operating expenses consist of costs of sales, selling, general and administrative expenses, research and technical expenses, other (income) expense, net, excluding depreciation and amortization). We have excluded the following items from segment EBITDA: interest expense, net, associated with corporate debt facilities, income taxes, depreciation, amortization, restructuring and other (income) charges, net, acquisition and other related costs, litigation verdict charges, (losses) and gains from the sale of strategic investments, and pension and postretirement settlement and curtailment (income) charges, net.

(3) For the three months ended March 31, 2023, charges of $1.7 million relate to the Performance Materials segment, charges of $3.1 million relate to the Performance Chemicals segment, and charges of $0.8 million relate to the Advanced Polymer Technologies segment. For the three months ended March 31, 2022, charges of $1.3 million relate to the Performance Materials segment, charges of $1.8 million relate to the Performance Chemicals segment, and charges of $0.5 million relate to the Advanced Polymer Technologies segment. For more detail on the charges incurred see Note 11.

(4) For the three months ended March 31, 2023, all charges relate to the acquisition and integration of Ozark Materials into the Performance Chemicals segment. For more detail see Note 16.

(5) For the three months ended March 31, 2023, gain on sale of strategic investment relates to the Performance Materials segment. For more detail see Note 4.

Note 15: Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of common shares and potentially dilutive common shares outstanding for the period. The calculation of diluted net income per share excludes all antidilutive common shares.

	Three Months Ended March 31,	
In millions, except share and per share data	2023	2022
Net income (loss)	$ 50.7	$ 60.8
Basic and Diluted earnings (loss) per share		
Basic earnings (loss) per share	$ 1.36	$ 1.56
Diluted earnings (loss) per share	1.35	1.55
Shares *(in thousands)*		
Weighted average number of common shares outstanding - Basic	37,169	39,010
Weighted average additional shares assuming conversion of potential common shares	377	254
Shares - diluted basis	37,546	39,264

The following average number of potential common shares were antidilutive, and therefore, were not included in the diluted earnings per share calculation:

	Three Months Ended March 31,	
In thousands	2023	2022
Average number of potential common shares - antidilutive	182	255

Note 16: Acquisitions

Ozark Materials

On October 3, 2022, we completed our acquisition of Ozark Materials, LLC (“OM”), and Ozark Logistics, LLC (“OL” and, together with OM, “Ozark Materials”), pursuant to that certain Equity Purchase Agreement (the “Purchase Agreement”), by and among Ingevity, Ozark Materials and Ozark Holdings, Inc. (“Seller”). In accordance with the Purchase Agreement, we acquired from Seller, all of the issued and outstanding limited liability company membership interests of Ozark Materials for a purchase price of $325.0 million, subject to customary adjustments for working capital, indebtedness and transaction expenses (the "Acquisition"). The Acquisition is being integrated into our Performance Chemicals segment and is included within our pavement technologies product line. We funded the Acquisition through a combination of borrowings under our existing credit facilities and cash on hand.

The Acquisition is not considered significant to our condensed consolidated financial statements for the three months March 31, 2023; therefore, proforma results of operations have not been presented.

Preliminary Purchase Price Allocation

Ozark Materials is considered an acquisition of a business under business combinations accounting guidance, and therefore we applied acquisition accounting. Acquisition accounting requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The aggregate purchase price noted above was allocated to the major categories of assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date using primarily Level 2 and Level 3 inputs. These Level 2 and Level 3 valuation inputs include an estimate of future cash flows and discount rates. Additionally, estimated fair values are based, in part, upon outside appraisals for certain assets, including specifically-identified intangible assets. See Note 4 for an additional explanation of Level 2 and Level 3 inputs.

The allocation of the purchase price to the assets acquired and liabilities assumed, including the residual amount allocated to goodwill, is based upon preliminary information and is subject to change within the measurement period (up to one year from the acquisition date) as additional information concerning final asset and liability valuations is obtained. During the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in revised estimated values of those assets or liabilities as of that date, we will revise the preliminary purchase price allocation. The effect of measurement period adjustments to the estimated fair values will be reflected as if the adjustments had been completed on the acquisition date. The impact of all changes that do not qualify as measurement period adjustments will be included in current period earnings.

Preliminary Purchase Price Allocation

In millions	Weighted Average Amortization Period	Fair Value
Cash and cash equivalents		$ 8.0
Accounts receivable		28.7
Inventories (1)		48.4
Prepaid and other current assets		2.0
Property, plant and equipment		43.1
Intangible assets (2)		
Brands	10 years	15.0
Customer relationships	15 years	88.6
Developed technology	7 years	23.5
Goodwill (3)		109.8
Other assets, including operating leases		0.1
Total fair value of assets acquired		$ 367.2
Accounts payable		13.9
Other liabilities		2.6
Total fair value of liabilities assumed		$ 16.5
Less: Cash acquired		(8.0)
Plus: Amounts due from Seller		1.8
Total cash paid, less cash and restricted cash acquired		$ 344.5

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(1) Fair value of finished goods inventories acquired included a step-up in the value of $1.8 million, of which $0.9 million was expensed in the three months ended March 31, 2023. The expense is included within "Cost of sales" on the consolidated statement of operations. Inventories are accounted for on a FIFO basis of accounting.
(2) The aggregate amortization expense was $2.7 million for the three months ended March 31, 2023. Estimated amortization expense is as follows: $8.2 million for the remainder of 2023, 2024 - $10.9 million, 2025 - $10.7 million, 2026 - $10.0 million, and 2027 - $10.0 million.
(3) Goodwill largely consists of expected cost synergies and economies of scale resulting from the business combination. We expect the full amount to be deductible for income tax purposes. This acquired goodwill has been included within our Performance Chemicals reporting unit. See Note 7 for further information regarding our allocation of goodwill among our reporting units.

Acquisition and other-related costs

Costs incurred to complete and integrate acquisitions and other strategic investments are expensed as incurred on our consolidated statement of operations. The following table summarizes the costs incurred associated with these combined activities.

	Three Months Ended March 31,	
In millions	2023	2022
Legal and professional service fees	$ 1.9	$ —
Acquisition-related costs	1.9	—
Inventory fair value step-up amortization (1)	0.8	—
Acquisition and other-related costs	$ 2.7	$ —

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(1) Included within "Cost of sales" on the consolidated statement of operations.

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

Introduction

Management's discussion and analysis of Ingevity Corporation's ("Ingevity," "the company," "we," "us," or "our") financial condition and results of operations ("MD&A") is provided as a supplement to the Condensed Consolidated Financial Statements and related notes included elsewhere herein to help provide an understanding of our financial condition, changes in financial condition and results of our operations. The following discussion should be read in conjunction with Ingevity's consolidated financial statements as of and for the year ended December 31, 2022 filed on February 28, 2023 with the Securities and Exchange Commission ("SEC") as part of the Company's Annual Reporting on Form 10-K ("2022 Annual Report") and the unaudited interim Condensed Consolidated Financial Statements and notes to the unaudited interim Condensed Consolidated Financial Statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Investors are cautioned that the forward-looking statements contained in this section and other parts of this Quarterly Report on Form 10-Q involve both risk and uncertainty. Several important factors could cause actual results to differ materially from those anticipated by these statements. Many of these statements are macroeconomic in nature and are, therefore, beyond the control of management. See "Cautionary Statements About Forward-Looking Statements" below and at the beginning of our 2022 Annual Report.

Cautionary Statements About Forward-Looking Statements

This section and other parts of this Quarterly Report on Form 10-Q contain forward-looking statements, within the meaning of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Private Securities Litigation Reform Act of 1995 that reflect our current expectations, beliefs, plans or forecasts with respect to, among other things, future events and financial performance. Forward-looking statements are often characterized by words or phrases such as "may," "will," "could," "should," "would," "anticipate," "estimate," "expect," "outlook," "project," "intend," "plan," "believe," "target," "prospects," "potential" and "forecast," and other words, terms and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. We caution readers that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such risks and uncertainties include, among others, those discussed in Part I, Item 1A. Risk Factors of our 2022 Annual Report, as well as in our unaudited Condensed Consolidated Financial Statements, related notes, and the other information appearing elsewhere in this report and our other filings with the SEC. We do not intend, and undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. In addition to any such risks, uncertainties and other factors discussed elsewhere herein, risks, uncertainties and other factors that could cause or contribute to actual results differing materially from those expressed or implied by the forward-looking statements include, but are not limited to the following:

- we may be adversely affected by general global economic, geopolitical, and financial conditions beyond our control, including inflation and the war in Ukraine;
- we are exposed to risks related to our international sales and operations;
- adverse conditions in the automotive market have and may continue to negatively impact demand for our automotive carbon products;
- we face competition from substitute products, new technologies, and new or emerging competitors;
- if more stringent air quality standards worldwide are not adopted, our growth could be impacted;
- we may be adversely affected by a decrease in government infrastructure spending;
- adverse conditions in cyclical end markets may adversely affect demand for our products;
- our Performance Chemicals segment is highly dependent on crude tall oil ("CTO") which is limited in supply and subject to price increases that we may be unable to pass through;
- lack of access to sufficient CTO and other raw materials upon which we depend would impact our ability to produce our products;

- the inability to make or effectively integrate future acquisitions and other investments may negatively affect our results;
- we are dependent upon third parties for the provision of certain critical operating services at several of our facilities;
- adverse effects of the novel coronavirus ("COVID-19") pandemic;
- we may continue to be adversely affected by disruptions in our supply chain;
- the occurrence of natural disasters and extreme weather or other unanticipated problem such as labor difficulties (including work stoppages), equipment failure, or unscheduled maintenance and repair, which could result in operational disruptions of varied duration;
- we are dependent upon attracting and retaining key personnel;
- we are dependent on certain large customers;
- from time to time, we are and may be engaged in legal actions associated with our intellectual property rights;
- if we are unable to protect our intellectual property and other proprietary information, we may lose significant competitive advantage;
- information technology security breaches and other disruptions;
- complications with the design or implementation of our new enterprise resource planning system, including higher than anticipated associated costs;
- 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.

Overview

Ingevity is a leading global manufacturer of specialty chemicals and high performance activated carbon materials. We provide innovative solutions to meet our customers' unique and demanding requirements through proprietary formulated products. We report in three reportable segments, Performance Materials, Performance Chemicals, and Advanced Polymer Technologies.

Recent Developments

Segment Change

During the first quarter of 2023, we realigned our segment reporting structure to increase transparency for our investors and better align with how our chief operating decision maker intends to measure segment operating performance and allocate resources across our operating segments. Effective in the first quarter of 2023, we have separated our engineered polymers product line from the Performance Chemicals reportable segment into its own reportable segment, Advanced Polymer Technologies. This reportable segment change has also resulted in our Performance Chemicals reporting unit for goodwill being split into two separate reporting units for the purposes of goodwill impairment testing. This reportable segment change has no impact on our consolidated operating results or the historical operating results of our Performance Materials operating segment.

Equity Method Investment

During the three months ended March 31, 2023, we sold a strategic equity method investment for $31.4 million, resulting in a $19.2 million gain, recorded within "Other (income) expense, net" on the condensed consolidated statement of operations.

Restructuring Charges

During the quarter, we initiated a reorganization to streamline certain functions and reduce ongoing costs. As a result, we recorded $3.0 million in severance and other employee-related costs for the three months ended March 31, 2023.

Supply Agreements

On March 20, 2023, Ingevity and WestRock Shared Services, LLC and WestRock MWV, LLC, on behalf of the affiliates of WestRock Company ("WestRock"), entered into an amended and restated crude tall oil and black liquor soap skimmings agreement, which amends and restates that certain crude tall oil and black liquor soap skimmings agreement, dated as of January 1, 2016, by and between Ingevity and WestRock, as amended by that Amendment No.1 to Crude Tall Oil And Black Liquor Soap Skimmings Agreement, dated as of March 1, 2017, and Amendment No.2 to Crude Tall Oil And Black Liquor Soap Skimmings Agreement, dated as of November 3, 2020.

On March 21, 2023, Ingevity, Georgia-Pacific LLC, on behalf of itself and its subsidiaries ("Georgia-Pacific"), and GP Pine Chemicals LLC, a direct subsidiary of Georgia-Pacific LLC, entered into a Second Amendment to the Crude Tall Oil Supply Agreement, to amend certain terms of the Crude Tall Oil Supply Agreement, dated as of March 9, 2018, by and between Ingevity and Georgia-Pacific, as amended by that Amendment to the Crude Tall Oil Supply Agreement, dated as of May 1, 2020.

Results of Operations

	Three Months Ended March 31,	
In millions	**2023**	**2022**
Net sales	$ 392.6	$ 382.8
Cost of sales	262.2	245.0
Gross profit	130.4	137.8
Selling, general, and administrative expenses	48.6	40.0
Research and technical expenses	8.8	7.3
Restructuring and other (income) charges, net	5.6	3.6
Acquisition-related costs	1.9	—
Other (income) expense, net	(18.2)	(1.4)
Interest expense, net	19.6	10.7
Income (loss) before income taxes	64.1	77.6
Provision (benefit) for income taxes	13.4	16.8
Net income (loss)	$ 50.7	$ 60.8

Net sales

The table below shows the 2023 Net sales and variances from 2022:

		Change vs. prior year			
In millions	**Prior year Net sales**	**Volume**	**Price/Mix**	**Currency effect**	**Current year Net Sales**
Three months ended March 31, 2023 vs. 2022	$ 382.8	(44.3)	58.8	(4.7)	$ 392.6

Three Months Ended March 31, 2023 vs. 2022

The sales increase of $9.8 million in 2023 was driven by favorable pricing and sales composition (mix) of $58.8 million (15 percent), partially offset by unfavorable volume decline in all of our segments, particularly in our industrial specialties product line within Performance Chemicals, for a combined impact of $44.3 million (12 percent) and unfavorable foreign currency exchange of $4.7 million (one percent).

Gross Profit

Gross profit decrease of $7.4 million was driven by increased manufacturing costs of $44.1 million due to raw material and energy cost inflationary pressures primarily experienced in our Performance Chemicals reportable segment, unfavorable sales volume of $20.6 million across all of our reportable segments, and unfavorable foreign currency exchange of $1.4 million, offset by favorable pricing and sales composition (mix) of $58.7 million primarily driven by our Performance Chemicals reportable segment. Refer to the Segment Operating Results section included within this MD&A for more information on the drivers to the changes in gross profit period over period for all segments.

Selling, general and administrative expenses

Three Months Ended March 31, 2023 vs. 2022

Selling, general and administrative expenses ("SG&A") were $48.6 million (12 percent of Net sales) and $40.0 million (10 percent of Net sales) for the three months ended March 31, 2023 and 2022, respectively. The increase in SG&A as a percentage of Net sales was driven by higher employee-related costs of $5.4 million, increased amortization costs of $2.0 million primarily driven by the Ozark Materials acquisition, and increased travel and other miscellaneous costs of $1.2 million.

Research and technical expenses

Three Months Ended March 31, 2023 vs. 2022

Research and technical expenses as a percentage of Net sales remained relatively consistent period over period, increasing to 2.2 percent from 1.9 percent for the three months ended March 31, 2023 and 2022, respectively.

Restructuring and other (income) charges, net

Three Months Ended March 31, 2023 vs. 2022

Restructuring and other (income) charges, net were $5.6 million and $3.6 million for the three months ended March 31, 2023 and 2022, respectively. Severance and other employee-related costs increased $3.0 million and other restructuring charges increased $0.1 million, partially offset by a $1.1 million decrease related to our digital transformation initiative. See Note 11 within the Condensed Consolidated Financial Statements for more information.

Acquisition-related costs

Three Months Ended March 31, 2023 vs. 2022

Acquisition-related costs were $1.9 million and zero for the three months ended March 31, 2023 and 2022, respectively. For the three months ended March 31, 2023, all charges related to the integration of Ozark Materials into our Performance Chemicals segment. See Note 16 within the Condensed Consolidated Financial Statements for more information.

Other (income) expense, net

Three Months Ended March 31, 2023 vs. 2022

In millions	Three Months Ended March 31, 2023	2022
Foreign currency exchange (income) loss	$ 0.3	$ 0.3
Gain on sale of strategic investment	(19.2)	—
Other (income) expense, net	0.7	(1.7)
Total Other (income) expense, net	$ (18.2)	$ (1.4)

Interest expense, net

Three Months Ended March 31, 2023 vs. 2022

In millions	Three Months Ended March 31, 2023	2022
Finance lease obligations	$ 1.8	$ 1.8
Revolving credit and term loan facilities [(1)]	13.2	1.9
Senior notes [(1)]	5.6	9.2
Other interest (income) expense, net	(1.0)	(2.2)
Total Interest expense, net	$ 19.6	$ 10.7

(1) See Note 9 within the Condensed Consolidated Financial Statements for more information.

Provision (benefit) for income taxes

Three Months Ended March 31, 2023 vs. 2022

For the three months ended March 31, 2023 and 2022, our effective tax rate was 20.9 percent and 21.6 percent, respectively. Excluding discrete items, the effective rate was 22.8 percent compared to 20.7 percent in the three months ended March 31, 2023 and 2022, respectively. See Note 12 within the Condensed Consolidated Financial Statements for more information.

Segment Operating Results

In addition to the information discussed above, the following sections discuss the results of operations for all of Ingevity's segments. Our segments are (i) Performance Materials, (ii) Performance Chemicals and (iii) Advanced Polymer Technologies. Segment Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources among our operating segments. Segment EBITDA is defined as segment revenue less segment operating expenses (segment operating expenses consist of costs of sales, selling, general and administrative expenses, research and technical expenses, other (income) expense, net, excluding depreciation and amortization). We have excluded the following items from segment EBITDA: interest expense, net associated with corporate debt facilities, income taxes, depreciation, amortization, restructuring and other (income) charges, net, acquisition and other-related costs, litigation verdict charges, (losses) and gains from the sale of strategic investments, and pension and postretirement settlement and curtailment (income) charges.

In general, the accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies in the Annual Consolidated Financial Statements included in our 2022 Annual Report.

Performance Materials

Performance Summary

Sales in our Performance Materials segment were lower this year compared to the previous year, mainly due to a slower-than-anticipated recovery in China which also impacted other parts of Asia-Pacific. This more than offset a strong performance in North America. The strengthening of the U.S. dollar against the Chinese renminbi and the euro also contributed to the pressure on first quarter sales when compared to prior year first quarter.

The lower sales translated to a decrease in first quarter segment EBITDA when compared to the prior year period. As a result of the slower than expected recovery in China, we had unplanned downtime at our China manufacturing facilities which also negatively impacted segment EBITDA.

	Three Months Ended March 31,	
In millions	**2023**	**2022**
Total Performance Materials - Net sales	$ 141.4	$ 148.4
Segment EBITDA	$ 69.8	$ 77.9

Net Sales Comparison of Three Months Ended March 31, 2023 and March 31, 2022:

		Change vs. prior year			
Performance Materials ***(In millions)***	**Prior year Net sales**	**Volume**	**Price/Mix**	**Currency effect**	**Current year Net sales**
Three months ended March 31, 2023 vs. 2022	$ 148.4	(12.0)	8.2	(3.2)	$ 141.4

Three Months Ended March 31, 2023 vs. 2022

Segment net sales. The decrease of $7.0 million in 2023 was driven by volume decline of $12.0 million (eight percent) and unfavorable foreign currency exchange of $3.2 million (two percent). The decrease was partially offset by favorable sales composition (mix) and pricing of $8.2 million (six percent).

Segment EBITDA. The decrease of $8.1 million in 2023 was driven by the decline in sales as noted above, increased manufacturing costs of $8.9 million, a volume decline of $6.9 million, increased SG&A and research and technical expenses of $0.3 million, and unfavorable foreign currency exchange of $0.2 million. The decrease was partially offset by favorable sales composition (mix) and pricing of $8.2 million.

Performance Chemicals

Performance Summary

Sales in our Performance Chemicals segment increased compared to the prior year quarter, mainly due to higher pricing across the segment and the addition of the Ozark Materials road markings business. This was partially offset by lower volume in our industrial specialties product line. Segment EBITDA was lower primarily due to higher raw material costs, specifically CTO, lower capacity utilization and higher employee-related costs when compared to the prior year quarter.

Pavement technologies sales increased primarily due to the acquisition of Ozark Materials and growth of the legacy business outside of North America as a result of technology adoption.

Industrial specialties sales decrease was driven by volume declines primarily in adhesives, which were partially offset by price improvement across all end markets.

	Three Months Ended March 31,	
In millions	**2023**	**2022**
Total Performance Chemicals - Net sales	$ 185.6	$ 172.6
Pavement Technologies product line	*45.8*	*27.9*
Industrial Specialties product line	*139.8*	*144.7*
Segment EBITDA	$ 20.3	$ 30.8

<u>Net Sales Comparison of Three Months Ended March 31, 2023 and March 31, 2022:</u>

		Change vs. prior year			
Performance Chemicals ***(In millions)***	**Prior year Net sales**	**Volume**	**Price/Mix**	**Currency effect**	**Current year Net Sales**
Three months ended March 31, 2023 vs. 2022	$ 172.6	(25.6)	39.1	(0.5)	$ 185.6

Three Months Ended March 31, 2023 vs. 2022

Segment net sales. The increase of $13.0 million was driven by favorable sales composition (mix) and pricing of $39.1 million (23 percent), driven by increases in industrial specialties ($36.5 million) and pavement technologies ($2.6 million). This was partially offset by a volume decrease of $25.6 million (fifteen percent) driven primarily by industrial specialties ($41.1 million), and unfavorable foreign currency exchange impacted Net sales by $0.5 million (zero percent).

Segment EBITDA. The decrease of $10.5 million was driven by higher manufacturing costs of $30.9 million, volume decrease of $11.4 million, higher SG&A expenses of $7.1 million and unfavorable foreign currency exchange of $0.1 million. The decrease was partially offset by favorable sales composition (mix) and pricing of $39.0 million.

Advanced Polymer Technologies

Performance Summary

Our Advanced Polymer Technologies segment sales were above prior year first quarter due to higher prices across the segment and increased volume in North America, driven by strong automotive and bioplastics demand. This was partially offset by lower demand in Europe and customer destocking in Asia. Segment EBITDA growth was driven primarily by the higher sales pricing, partially offset by higher logistics costs.

	Three Months Ended March 31,	
In millions	**2023**	**2022**
Total Advanced Polymer Technologies - Net sales	$ 65.6	$ 61.8
Segment EBITDA	$ 13.8	$ 10.3

Net Sales Comparison of Three Months Ended March 31, 2023 and March 31, 2022:

		Change vs. prior year			
Advanced Polymer Technologies ***(In millions)***	**Prior year Net sales**	**Volume**	**Price/Mix**	**Currency effect**	**Current year Net sales**
Three months ended March 31, 2023 vs. 2022	$ 61.8	(6.7)	11.5	(1.0)	$ 65.6

Three Months Ended March 31, 2023 vs. 2022

Segment net sales. The increase of $3.8 million in 2023 was driven by favorable sales composition (mix) and pricing of $11.5 million (19 percent), partially offset by volume decline of $6.7 million (11 percent), and unfavorable foreign currency exchange of $1.0 million (two percent).

Segment EBITDA. The increase of $3.5 million was driven by favorable sales composition (mix) and pricing of $11.5 million, partially offset by higher manufacturing costs of $3.6 million, volume decline of $2.3 million, increased SG&A and research and technical expenses of $1.7 million, and unfavorable foreign currency exchange of $0.4 million.

Use of Non-GAAP Financial Measure - Adjusted EBITDA

Ingevity has presented the financial measure, Adjusted EBITDA, defined below, which has not been prepared in accordance with GAAP and has provided a reconciliation to net income, the most directly comparable financial measure calculated in accordance with GAAP. Adjusted EBITDA is not meant to be considered in isolation nor as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. Adjusted EBITDA is utilized by management as a measure of profitability.

We believe this non-GAAP financial measure provides management as well as investors, potential investors, securities analysts and others with useful information to evaluate the performance of the business, because such measure, when viewed together with our financial results computed in accordance with GAAP, provides a more complete understanding of the factors and trends affecting our historical financial performance and projected future results. We believe Adjusted EBITDA is a useful measure because it excludes the effects of financing and investment activities as well as non-operating activities.

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

This non-GAAP measure is not 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. A reconciliation of Adjusted EBITDA to net income is set forth within this section.

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	Three Months Ended March 31,	
In millions	**2023**	**2022**
Net income (loss) (GAAP)	$ 50.7	$ 60.8
Interest expense, net	19.6	10.7
Provision (benefit) for income taxes	13.4	16.8
Depreciation and amortization - Performance Materials	10.0	9.0
Depreciation and amortization - Performance Chemicals	13.8	10.2
Depreciation and amortization - Advanced Polymer Technologies	7.3	7.9
Restructuring and other (income) charges, net	5.6	3.6
Gain on sale of strategic investment	(19.2)	—
Acquisition and other-related costs	2.7	—
Adjusted EBITDA (Non-GAAP)	$ 103.9	$ 119.0

Adjusted EBITDA

Three Months Ended March 31, 2023 vs. 2022

The factors that impacted adjusted EBITDA period to period are the same factors that affected earnings discussed in the Results of Operations and Segment Operating Results sections included within this MD&A.

Current Full Year Company Outlook

Net sales are expected to be between $1.75 billion and $1.95 billion for the full year 2023. We expect some improvement in global automobile production, which will support growth in Performance Materials. Growth drivers in our Performance Chemicals segment include our pavement technologies product line as we continue to drive geographic expansion and municipalities take advantage of increased infrastructure spending. We anticipate strong performance in our oilfield products within our industrial specialties product line but expect continued volume pressure in our adhesive products. Our Advanced Polymer Technologies segment is expected to continue increasing its presence in key end markets such as automotive, bioplastics, and footwear and apparel.

Adjusted EBITDA is expected to be between $450 million to $480 million for the full year 2023. We expect EBITDA growth for our Performance Materials segment as volumes shift throughout 2023 to higher margin automotive carbon and automotive production supply chain dynamics improve. In Performance Chemicals, we expect a significant increase in the cost of CTO, a primary raw material, partially offset by higher-value end markets in the industrial specialties product line, as well as continued growth in the pavement technologies product line. In Advanced Polymer Technologies, we anticipate improved margins on a combination of volume growth in our key end markets and lower input costs.

A reconciliation of net income to adjusted EBITDA as projected for 2023 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; (losses) and gains from the sale of strategic investments; 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 within adjusted EBITDA, that have a similar impact on the comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA.

Liquidity and Capital Resources

The primary source of liquidity for our business is the cash flow provided by operating activities. We expect our cash flow provided by operations combined with cash on hand and available capacity under our revolving credit facility to be sufficient to fund our planned operations and meet our interest and other contractual obligations for at least the next twelve months. As of March 31, 2023, our undrawn capacity under our revolving credit facility was $139.7 million. Over the next twelve months, we expect to fund the following: interest payments, capital expenditures, expenditures related to our business transformation initiative, debt principal repayments, purchases pursuant to our stock repurchase program, income tax payments, and to incur additional spending associated with our Performance Materials' intellectual property litigation. In addition, we may also evaluate and consider strategic acquisitions, joint ventures, or other transactions to create stockholder value and enhance financial performance. In connection with such transactions, or to fund other anticipated uses of cash, we may modify our existing revolving credit facility, redeem all or part of our outstanding senior notes, seek additional debt financing, issue equity securities, or some combination thereof.

Cash and cash equivalents totaled $77.9 million at March 31, 2023. We continuously monitor deposit concentrations and the credit quality of the financial institutions that hold our cash and cash equivalents, as well as the credit quality of our insurance providers, customers, and key suppliers.

Due to the global nature of our operations, a portion of our cash is held outside the U.S. The cash and cash equivalents balance at March 31, 2023, included $69.2 million held by our foreign subsidiaries. Cash and earnings of our foreign subsidiaries are generally used to finance our foreign operations and their capital expenditures. We believe that our foreign holdings of cash will not have a material adverse impact on our U.S. liquidity. If these earnings were distributed, such amounts would be subject to U.S. federal income tax at the statutory rate less the available foreign tax credits, if any, and would potentially be subject to withholding taxes in the various jurisdictions. The potential tax implications of the repatriation of unremitted earnings are driven by facts at the time of distribution, therefore, it is not practicable to estimate the income tax liabilities that might be incurred if such cash and earnings were repatriated to the U.S. Management does not currently expect to repatriate cash earnings from our foreign operations in order to fund U.S. operations.

Other Potential Liquidity Needs

Share Repurchases

On July 25, 2022, our Board of Directors authorized the repurchase of up to $500 million of our common stock (the "2022 Authorization") and rescinded the prior outstanding repurchase authorizations with respect to the shares that remained unused under the prior authorization. Shares under the repurchase authorization may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market prevailing conditions and other factors, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

During the three months ended March 31, 2023 and 2022, we repurchased $33.4 million, inclusive of $0.2 million in excise tax, and $40.4 million in common stock, representing 449,475 and 610,447 shares of our common stock at a weighted average cost per share of $73.86 and $66.26, respectively. At March 31, 2023, $411.5 million remained unused under our Board-authorized repurchase program.

Capital Expenditures

Projected 2023 capital expenditures are $120 - $140 million. We have no material commitments associated with these projected capital expenditures as of March 31, 2023.

Cash flow comparison of the Three Months Ended March 31, 2023 and 2022

In millions	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Net cash provided by (used in) operating activities	$ 5.2	$ 24.3
Net cash provided by (used in) investing activities	1.9	(30.2)
Net cash provided by (used in) financing activities	(5.6)	(46.3)

Cash flows provided by (used in) operating activities

Cash flows provided by (used in) operating activities, which consists of net income (loss) adjusted for non-cash items including the cash impact from changes in operating assets and liabilities (i.e., working capital), totaled $5.2 million for the three months ended March 31, 2023.

Cash provided by (used in) operating activities for the three months ended March 31, 2023 was driven by decreased cash earnings of $4.6 million, a net increase in overall working capital of $9.0 million despite a decrease in trade working capital (accounts receivable, inventory, and accounts payable) of $5.9 million. Cash flow from operations was further reduced by an increase in cash interest paid of $4.3 million due to the rising interest rates during 2023 when compared to 2022 as well as $1.2 million of additional tax payments.

Cash flows provided by (used in) investing activities

Cash provided by investing activities in the three months ended March 31, 2023 was $1.9 million and was primarily driven by the proceeds from the sale of a strategic investment for $31.4 million, partially offset by capital expenditures of $25.4 million. In the three months ended March 31, 2023 and 2022, capital spending included the base maintenance capital supporting ongoing operations and growth and cost improvement spending primarily related to our business transformation initiative (see Note 11 within the Condensed Consolidated Financial Statements for more information).

Capital expenditure categories *In millions*	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Maintenance	$ 10.8	$ 12.4
Safety, health and environment	2.6	3.6
Growth and cost improvement	12.0	11.6
Total capital expenditures	$ 25.4	$ 27.6

Cash flows provided by (used in) financing activities

Cash used in financing activities in the three months ended March 31, 2023, was $5.6 million and was primarily driven by borrowings on our revolving credit facility of $90.3 million, partially offset by the repurchase of common stock of $33.4 million, payments on our revolving credit facility of $60.3 million, and tax payments related to withholdings on restricted stock unit vestings of $4.5 million. Cash used in financing activities in the three months ended March 31, 2022 was $46.3 million and was primarily driven by the repurchase of common stock of $40.4 million, payments on long-term borrowings of $4.7 million, and tax payments related to withholdings on restricted stock unit vestings of $1.8 million.

New Accounting Guidance

Refer to Note 2 to the Condensed Consolidated Financial Statements for a full description of recent accounting pronouncements including the respective expected dates of adoption and expected effects on our Condensed Consolidated Financial Statements.

Critical Accounting Policies and Estimates

Our Condensed Consolidated Financial Statements are prepared in conformity with GAAP. The preparation of our financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We have described our accounting policies in Note 2 to our consolidated financial statements included in our 2022 Annual Report. We have reviewed these accounting policies, identifying those that we believe to be critical to the preparation and understanding of our financial statements. Critical accounting policies are central to our presentation of results of operations and financial condition and require management to make estimates and judgments on certain matters. We base our estimates and judgments on historical experience, current conditions and other reasonable factors. For a description of our critical accounting policies and estimates, refer to Part II, Item 7, Critical Accounting Policies and Estimates in our 2022 Annual Report. Our critical accounting policies have not substantially changed from those described in the 2022 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign currency exchange rate risk

We have foreign-based operations, primarily in Europe, South America and Asia, which accounted for approximately 24 percent of our net sales in the first three months of 2023. We have designated the local currency as the functional currency of our significant operations outside of the U.S. The primary currencies for which we have exchange rate exposure are the U.S. dollar versus the euro, the Japanese yen, the pound sterling, and the Chinese renminbi. In addition, certain of our domestic operations have sales to foreign customers. In the conduct of our foreign operations, we also make inter-company sales. All of this exposes us to the effect of changes in foreign currency exchange rates. Our earnings are therefore subject to change due to fluctuations in foreign currency exchange rates when the earnings in foreign currencies are translated into U.S. dollars. In some cases, to minimize the effects of such fluctuations, we use foreign exchange forward contracts to hedge firm and highly anticipated foreign currency cash flows. Our largest exposures are to the Chinese renminbi and the euro. A hypothetical 10 percent adverse change, excluding the impact of any hedging instruments, in the average Chinese renminbi and euro to U.S. dollar exchange rates during the three months ended March 31, 2023, would have decreased our net sales and income before income taxes by approximately $3.8 million or one percent, and $1.1 million or two percent, respectively. Comparatively, a hypothetical 10 percent adverse change in the average Chinese renminbi and euro to U.S. dollar exchange rates during the three months ended March 31, 2022, would have decreased our net sales and income before income taxes by approximately $5.1 million or one percent, and $2.1 million or two percent, respectively.

Interest rate risk

As of March 31, 2023, approximately $858.0 million of our borrowings include a variable interest rate component. As a result, we are subject to interest rate risk with respect to such floating-rate debt. A hypothetical 100 basis point increase in the variable interest rate component of our borrowings for the three months ended March 31, 2023 would have increased our annual interest expense by approximately $8.6 million or eleven percent. Comparatively, a 100 basis point increase in the variable interest rate component of our borrowings for the three months ended March 31, 2022 would have increased our interest expense by approximately $3.2 million or seven percent.

Other market risks

Information about our other remaining market risks for the period ended March 31, 2023 does not differ materially from that discussed under Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk of our 2022 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

a) Evaluation of Disclosure Controls and Procedures

Ingevity maintains a system of disclosure controls and procedures designed to give reasonable assurance that information required to be disclosed in Ingevity's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

As of March 31, 2023, Ingevity's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management, conducted an evaluation of the effectiveness of Ingevity's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures are effective at the reasonable assurance level described above.

b) Changes in Internal Control over Financial Reporting

We have implemented a new global enterprise resource planning (“ERP”) system, which has replaced our existing operating and financial systems. The implementation began with our pilot deployment in the first quarter of 2022, followed by our second deployment in the fourth quarter of 2022. The final phase of our ERP implementation occurred in early 2023. We have implemented updates and changes to our processes and related control activities as a result of this implementation and have evaluated the operating effectiveness of related key controls.

Except as described above, there have been no changes in Ingevity's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, Ingevity's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain of these matters is set forth below and in Note 13 – Commitments and Contingencies within the Condensed Consolidated Financial Statements.

ITEM 1A. RISK FACTORS

Part I, Item 1A, Risk Factors of our 2022 Annual Report sets forth information relating to important risks and uncertainties that could materially adversely affect the Company’s business, financial condition and operating results.

The closure of WestRock’s paper mill in North Charleston may negatively impact our production, financial condition, and results of operations.

On May 2, 2023, WestRock Company (“WestRock”) announced that it will permanently cease operating its paper mill in North Charleston, South Carolina and notified us that it is terminating the Reciprocal Plant Operating Agreement between WestRock Charleston Kraft LLC and Ingevity South Carolina, LLC dated as of July 1, 2008, as amended (the “RPOA”), each effective as of August 31, 2023. WestRock provides certain critical operating services to us at our plant in North Charleston, South Carolina under the RPOA, including steam, water and wastewater. WestRock also disposes of brine, a by-product resulting from our conversion of black liquor soap skimmings into crude tall oil, and provides other non-critical services that support our operations. We may be required to expend significant capital to provide these services ourselves if we are unable to obtain these services from other third parties on a timely and cost-effective basis. The costs associated with replacing these services may be significant and any delay in our ability to replace these services could result in interruptions to our operations, both of which could adversely affect our financial condition and results of operations.

Except as set forth above, there have been no material changes in Ingevity's risk factors disclosed in Part I, Item 1A, Risk Factors of our 2022 Annual Report for the quarter ended March 31, 2023.

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

Issuer Purchases of Equity Securities

The following table summarizes information with respect to the purchase of our common stock during the three months ended March 31, 2023.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(1)
January 1-31, 2023	179,828	$ 76.79	179,828	$ 430,879,053
February 1-28, 2023	17,500	$ 79.68	17,500	$ 429,484,600
March 1-31, 2023	252,147	$ 71.36	252,147	$ 411,491,001
Total	449,475		449,475	

(1) On July 25, 2022, our Board of Directors authorized the repurchase of up to $500.0 million of our common stock and rescinded the prior outstanding repurchase authorizations with respect to the shares that remained unused under the prior authorization. Our repurchase program does not include a specific timetable or price targets and may be suspended or terminated at any time. Shares may be purchased through open market or privately negotiated transactions at the discretion of management based on its evaluation of market prevailing conditions and other factors, including through the use of trading plans intended to qualify under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
10.1+†	Separation and Severance Agreement between Ingevity Corporation and Erik Ripple dated February 27, 2023.
10.2*†	Amended and Restated Crude Tall Oil and Black Liquor Soap Skimmings Agreement, dated March 20, 2023, by and between WestRock Shared Services, LLC and WestRock MWV, LLC, on behalf of the affiliates of WestRock Company, and Ingevity Corporation (incorporated by reference to Exhibit 10.1 to Ingevity Corporation's Current Report on Form 8-K, as filed with the U.S. Securities and Exchange Commission on March 24, 2023).
10.3*†	Second Amendment to Crude Tall Oil Supply Agreement, dated March 21, 2023, by and between Georgia-Pacific LLC, on behalf of itself and its subsidiaries, GP Pine Chemicals LLC and Ingevity Corporation (incorporated by reference to Exhibit 10.2 to Ingevity Corporation's Current Report on Form 8-K, as filed with the U.S. Securities and Exchange Commission on March 24, 2023).
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Financial Officer.
32.1	Section 1350 Certification of the Company's Principal Executive Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
32.2	Section 1350 Certification of the Company's Principal Financial Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
101	Inline XBRL Instance Document and Related Items - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from the Company's Quarterly Report on Form 10-Q formatted in Inline XBRL (included in Exhibit 101).

____

*Incorporated by reference

+ Management contract or compensatory plan or arrangement.

† Indicates that certain information has been omitted pursuant to Item 601(a)(5) or 601(b)(10) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INGEVITY CORPORATION
(Registrant)

By: /S/ MARY DEAN HALL

Mary Dean Hall
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)

Date: May 4, 2023

EX-10.1

February 27, 2023

Erik Ripple

[Address]

Dear Erik:

This letter is written to set forth the terms and conditions for termination of your employment with Ingevity Corporation (“Ingevity” or the “Company”).

***** INGEVITY AND THE EMPLOYEE AGREE: THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION UNDER THE FEDERAL ARBITRATION ACT ("FAA"). HOWEVER, TO THE EXTENT THE FAA IS FOUND TO BE INAPPLICABLE, THIS AGREEMENT IS SUBJECT TO THE REQUIREMENTS OF SECTION 15-48-10, et seq., CODE OF LAWS OF SOUTH CAROLINA (1976) AS AMENDED *****

1. Your employment with the Company will end at the close of business on February 27, 2023 (the “Termination Date”).
2. You will be paid your normal salary and remain eligible for Company benefits through the Termination Date (except for certain welfare benefits, such as medical, dental and life insurance, which will continue through the end of the month in which your termination occurs). In addition:
    a. You may have a right to receive benefits under one or more of Ingevity’s pension and savings plans. If you have a right to receive benefits under any of those plans, you will receive additional information about your rights from Ingevity's third-party administrators, Findley/USI (pension plan) and Empower Retirement (savings plan).
    b. You have a right to “COBRA” continuation coverage under the Company’s health plans. You will receive additional information about your COBRA rights from Ingevity's third-party administrator, Benefitsolver.

You acknowledge that as of the Termination Date you have been paid by the Company for all hours worked as an employee of the Company and are in receipt of all amounts due from the Company, including but not limited to the following: (i) all wages, incentive compensation, commissions, bonuses, premium pay, overtime compensation and any other non-standard pay, and (ii) reimbursement for all reasonable and necessary business travel and entertainment expenses incurred on behalf of the Company. No other amounts are due to you from the Company or any of its affiliates, or from any of the Company’s benefit plans or plan administrators, except pursuant to this Letter Agreement (if it becomes effective and enforceable).

3. In addition, you are eligible to receive the severance benefits under the Amended and Restated Severance and Change of Control Agreement dated as of February 14, 2022 (the “Severance Agreement,” as described in paragraph 4, below). However, in order to receive most of these severance benefits, you must sign (and not revoke) this Letter Agreement and the attached Release of all legal claims against the Company. You must also comply with the restrictive covenants in the Severance Agreement, which are incorporated herein by reference. You are under no obligation to accept this proposal.
4. The following is a summary of the severance benefits the Company will provide under the Severance Agreement and this Letter Agreement (“Severance Benefits”). The Severance Benefits in subparagraphs 4(c), 4(e), 4(f), 4(g), 4(h), 4(i), 4(j) and 4(k) are payable only if you sign (and do not revoke) this Letter Agreement and the Attached Release and comply with the restrictive covenants in the Severance Agreement.
    a. The Company will pay you your payout approved by the Leadership Development and Compensation Committee for the Company’s Short Term Incentive Plan for the 2022 Plan Year, payable on or about March 15, 2023.

b. The Company will pay you the amount equal to your unpaid and outstanding annual base salary through the Termination Date in one lump sum payment within 5 days after the Termination Date in accordance with Section 6(a)(i)(a)(1) of the Severance Agreement.

c. The Company will pay you the pro-rated 2023 Target Incentive (as defined in the Severance Agreement) payment calculated in accordance with Section 6(a)(i)(a)(2) of the Severance Agreement as soon as practicable after (i) you have executed this Letter Agreement and the attached Release and (ii) the 7-day revocation period described in paragraph 12, below, has expired.

d. The Company will pay you any accrued but unused vacation pay in one lump sum payment within 5 days after the Termination Date in accordance with Section 6(a)(i)(a)(3) of the Severance Agreement.

e. The Company will pay you a severance payment equal to one (1) times the sum of (x) your current base salary and (y) the your 2023 Target Incentive, payable monthly over a one (1)-year period in accordance with Section 6(a)(i)(b) of the Severance Agreement.

f. The Company will pay you the cash value of one (1) year of COBRA continuation coverage under the Company's medical and dental plans in a single lump sum in accordance with Section 6(a)(ii) of the Severance Agreement as soon as practicable after (i) you have executed this Letter Agreement and the attached Release and (ii) the 7-day revocation period described in paragraph 12, below, has expired.

g. You will be eligible for nine (9) months of professional outplacement services through the Company's outplacement services provider in accordance with Section 6(a)(iii) of the Severance Agreement. The specific services provided will be in accordance with the agreement between the Company and its outplacement provider.

h. The Company will pay for the continuation of your AYCO financial services for one (1) year after the Termination Date.

i. The Company will vest your previously granted stock options, performance-based restricted stock units, and service-based restricted stock on a pro-rated basis in accordance with the terms of the 2016 Omnibus Incentive Plan and the associated terms and conditions in accordance with Section 6(a)(iv) of the Severance Agreement.

j. The Company will pay you $758,471.93 for any previously granted but unvested stock options, performance-based restricted stock units, and service-based restricted stock units that would otherwise be forfeited upon your termination pursuant to the terms of the 2016 Omnibus Incentive Plan. This payment will be made as follows: (1) $358,471.93 within 30 days after the Termination Date and (2) $400,000 by January 15, 2024.

k. The Company will arrange and pay for Deloitte Tax Services to prepare your 2023 and 2024 personal income tax returns (and tax equalization calculations) in order for the Company to reclaim foreign tax credits arising in connection with your prior China assignment.

To the extent required by law, the Company will withhold from such payments any applicable federal, state or local taxes and deductions.

5. In consideration of the Company's agreement to provide the Severance Benefits described in paragraph 4, above, you agree to sign (and not revoke) the attached Release. The Release specifically covers all claims that you may have under municipal, state, or federal law, or any other law, rule, regulation, Executive Order or ordinance arising out of your employment, terms of employment or the termination of you employment with the Company, including claims of age discrimination under the Age Discrimination in Employment Act ("ADEA").

6. You agree to keep confidential and not disclose, either before or after your termination, any information received by you during or as a result of your employment with the Company that might reasonably be construed to be confidential or adverse to the interests of the Company. Without limiting the generality of

the foregoing, you agree to keep confidential all proprietary or confidential information of the Company, and not to use such information whether for your own benefit or the benefit of any third party. In addition, you agree not, either directly or indirectly, to make, publish, or disseminate any statement, communication, or other representation that would hurt (or "disparage") the Company in any way; provided that this responsibility is not intended to inhibit complete and truthful testimony in the event you are ever requested to provide information to a court or government agency.

7. You acknowledge that violations of paragraph 6 of this Letter Agreement are likely to result in irreparable harm to the Company. You thus agree that if you violate paragraph 6, the Company shall have the right to seek injunctive relief in the federal or state courts of South Carolina to stop any such breaches. You agree that if such breach should occur, the Company shall be entitled to injunctive relief to prevent any such violations, and shall not be obligated to post any bond to secure that relief. You also agree that the Company shall be entitled to recover its reasonable attorneys' fees and costs incurred in pursuing its remedies, to the extent permitted by law, as well as any other damages a Court deems appropriate.

8. You expressly acknowledge and represent that: (i) you have suffered no injuries or occupational diseases arising out of or in connection with your employment with the Company; (ii) you have received all wages to which you were entitled as an employee of the Company; (iii) you have received all leave to which you were entitled under the Family and Medical Leave Act ("FMLA") or similar state law; (iv) you are not currently aware of any facts or circumstances constituting a violation of the FMLA or the Fair Labor Standards Act or similar state law, including, but not limited to, the South Carolina Wage Payment Statute (S.C. Code Ann. §41-10-10 et seq.) or the Payment of Post-Termination Claims to Sales Representatives Act (S.C. Code Ann. §§ 39-65-10, et seq.); (v) you are not aware of any facts that may constitute violations of the Company's Code of Conduct and/or legal obligations, including, but not limited to, the federal securities laws; and, (vi) you have not filed any employment discrimination, wrongful discharge, wage and hour, or any other complaints or charges in any local, state or federal court, tribunal, or administrative agency against the Company or its parent, subsidiaries (whether or not wholly-owned), affiliates, divisions, predecessors, successors, insurers or assigns, or any other related individuals or entities, jointly or individually, or their past or present stockholders, directors, officers, trustees, agents, insurers, representatives, attorneys, benefit plans, benefit plan administrators or trustees, or employees.

9. Except as provided otherwise in this Letter Agreement or by law, you affirm that you have returned, without copying or otherwise reproducing, all of the Company's property, documents, and/or any confidential information in your possession or control. You also affirm that you are in possession of all of your property that you had at the Company's premises and that the Company is not in possession of any of your property.

10. This Letter Agreement supersedes any previous agreements relating to your rights upon termination of your employment with the Company.

11. You are advised to consult with an attorney before signing this Letter Agreement and the attached Release. With the exception of your review of this Letter Agreement with your immediate family members, attorney, accountant, or income tax preparer, you agree not to disclose the terms of this Letter Agreement to any other party, including any other Ingevity employees.

12. You are advised that you have up to twenty-one (21) days to consider the terms of this Letter Agreement and the Release before you sign them. In addition, you may revoke this Letter Agreement and the Release within seven (7) days after you sign them by giving written notice to:

    General Counsel

    Ingevity Corporation

    4920 O'Hear Avenue

    Suite 400

    North Charleston, SC 29405

If you revoke this Letter Agreement or the Release, you will not be entitled to receive any benefits under the Severance Plan or any other consideration specified in this Letter Agreement.

13. You agree that any and all disputes or claims arising between you and the Company (and its subsidiaries, affiliates, directors, officers, employees, representatives, and agents) and their respective heirs, successors, and assigns concerning your employment or the termination of your employment shall be settled by final and binding arbitration, which shall be the exclusive means of resolving any such dispute or claim; provided that arbitration related to a claim for benefits under an employee benefit plan governed by the Employee Retirement Income Security Act ("ERISA") shall not be initiated until after you exhaust the relevant plan's claim and appeal process. The arbitration shall be conducted by the American Arbitration Association under its National Rules for the Resolution of Employment Disputes. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. sections 1-16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction. Your agreement to arbitrate does not include claims for workers' compensation or unemployment benefits; claims seeking equitable relief relating to the alleged breach of a restrictive covenant or confidentiality agreement or the alleged misappropriation of trade secrets; claims alleging sexual assault or sexual harassment; claims alleging violations of the National Labor Relations Act; petitions or charges that could be brought before the National Labor Relations Board or claims under a collective bargaining agreement; claims under employee pension, welfare benefit or stock option plans if those plans provide a dispute resolution procedure; and claims and administrative charges that cannot lawfully be required to be arbitrated. You agree to waive your right to a jury trial to any and all claims, including any claims that are not subject to arbitration.

14. You agree to refrain from making false statements that are disparaging, demeaning, or defamatory about the Company or the Company's customers, suppliers, or vendors, including but not limited to communications on social media websites such as Facebook, Twitter, LinkedIn, or Glassdoor on blogs, by text or email or other electronic means. This provision does not prohibit you from making truthful statements about the terms or conditions of your employment, or from exercising your rights under the National Labor Relations Act, government whistleblower programs, or whistleblowing statutes or regulations.

15. Upon request, you agree to provide documentation that may be required in connection with you resignation from any board of directors or managers that you serve on at the request of the Company.

16. You acknowledge that the federal securities law prohibit the purchase or sale of securities of the Company by any person who is aware of material nonpublic information regarding the Company, or the disclosure by any person of material nonpublic information regarding the Company to another who then trades in the Company's securities.

17. This Letter Agreement and the attached Release shall be governed by and construed in accordance with the laws of the State of South Carolina, excluding any conflicts or choice of law rule or principle that might otherwise refer to the substantive law of another jurisdiction.

18. This Letter Agreement and the attached Release set forth our entire agreement regarding your termination of employment with the Company. You understand and agree that no representations, other than what is explicitly provided for in this Letter Agreement and the attached Release, have been made to you.

19. This Letter Agreement and the attached Release may be amended or modified only by another writing executed by both the Company (by its duly authorized officer, employee or agent) and you. This Letter Agreement shall be binding upon any acquiror of the Company.

20. If any provision of this Letter Agreement or the attached Release is held to be illegal, void, invalid or unenforceable, in whole or in part, such provision shall be of no force or effect. However, the illegality or unenforceability of such provision shall have no effect upon, and shall not impair the legality or enforceability of, any other provision of this Letter Agreement and attached Release; provided, however, that upon any finding by a court of competent jurisdiction that the release and/or promises provided for in the attached Release are illegal, void or unenforceable, you agree, at the Company's request, to execute promptly a release and/or promise of comparable scope that is legal and enforceable. If such a release is not executed by you, you shall promptly return to the Company the Severance Payment.

21. If you agree to the terms set forth in this Letter Agreement, please indicate your agreement and acceptance by voluntarily signing this Letter Agreement and the attached Release in the spaces provided and return the original of each document to me.
22. In signing this Letter Agreement and the attached Release, you agree that: (i) you have carefully read this Letter Agreement and the attached Release; (ii) you fully understand all of their terms; (iii) you are freely and voluntarily entering into this Letter Agreement, and knowingly releasing the Company in accordance with the terms contained in the attached Release; (iv) before signing this Letter Agreement and attached Release, you had the opportunity to consult with an attorney of your choice and you were advised by the Company to do so; and, (v) you have been given twenty-one (21) days to consider this Letter Agreement and the attached Release and seven (7) days to revoke this Letter Agreement and the attached Release; (vii) This Letter Agreement and attached Release will not be effective until the date upon which the revocation period described in Paragraph 12 has expired, which will be the eighth day after this Letter Agreement and attached Release is executed by you ("Effective Date"); (viii) the Company has no obligation to pay any sum or perform any act referred to in this Letter Agreement or the attached Release until it becomes effective and enforceable.

[Signature page follows]

Very truly yours,

/s/ Christine Stunyo

Christine Stunyo

SVP, Chief Human Resources Officer

Agreed and accepted:

Name: /s/Erik Ripple

Date: 2/27/2023

Witness - Signature: /s/Kathryn Ripple

Printed Name: Kathryn Ripple

Date: 2/27/2023

RELEASE

In consideration of the Severance Benefits offered to me by Ingevity Corporation (the "Company") under the Ingevity Corporation Severance Plan for Salaried and Non-Union Hourly Employees and other consideration specified in a letter dated February 27, 2023 (the "Letter Agreement"), I, on behalf of myself, and on behalf of my heirs, successors, and assigns, hereby agree to release, acquit and forever discharge the Company and its parent, subsidiaries (whether or not wholly-owned), affiliates, divisions, predecessors, successors, insurers and assigns, and any and all other related individuals and entities, jointly and individually, and its and their past, present and future stockholders, directors, officers, trustees, agents, servants, insurers, representatives, attorneys, benefit plans and benefit plan administrators and trustees, and employees ("Releasees") from any and all debts, claims, demands, causes of actions, liabilities, costs, expenses, attorneys' fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, suspected and unsuspected, disclosed and undisclosed, that I might otherwise have asserted arising out of my employment with the Company, including the termination of that employment and those arising out of or in any way related to agreements, events, acts or conduct at any time prior to and including the date of the execution of this Letter Agreement, including, but not limited to:

a. all statutory claims, including all claims on the basis of age, race, color, creed, religion, national origin, sex, pregnancy, harassment, disability, handicap, affectional or sexual orientation, gender identity or expression, marital, domestic or civil union partnership status, military or veteran status, genetic information, retaliation, wage protection, or any other category or claim or arising under Title VII of the Civil Rights Act of 1866, 1964, and/or 1991, as amended, 42 U.S.C. § 2000e et seq.; Section 1981 of the Civil Rights Act, 42 U.S.C. § 1981; the Civil Rights Attorney's Fee Awards Act, 42 U.S.C. § 1988; the Equal Rights Act of 1870; the Equal Pay Act of 1963, 29 U.S.C. § 206(d) et seq.; 29 U.S.C. § 630 et seq.; the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. § 651 et seq.; the Americans with Disabilities Act ("ADA"), the Americans with Disability Act Amendments Act ("ADAAA"), 29 U.S.C. § 706 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 793(c) et seq.; the Family Medical Leave Act of 1993 ("FMLA"), 29 U.S.C. § 29601 et seq.; the Health Insurance Portability and Accountability Act of 1966 (HIPAA); the Health Information Technology for Economic and Clinical Health Act ("HITECH"); the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 301 et seq.; the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. §621 et. seq.; the Older Worker Benefit Protection Act ("OWBPA"); the American Recovery and Reinvestment Act of 2009 ("ARRA"); the Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. §4301); the South Carolina Human Affairs Law; the South Carolina Bill of Rights for Handicapped Persons (S.C. Code Ann. § 43-33-510 et seq.); the South Carolina Employment Security Law; the South Carolina Wage Payment Statute (S.C. Code Ann. §41-10-10 et seq.); the Payment of Post-Termination Claims to Sales Representatives Act (S.C. Code Ann. §§ 39-65-10, et seq.), retaliation for filing a South Carolina workers' compensation claim (S.C. Code § 41-1-80), as well as all claims arising under any other federal, state, or local statute, regulation, rule, Executive Order, or ordinance or amendment of such or common law.

b. all common law claims, including but not limited to those regarding employment, discrimination in employment, notice of termination of employment or the termination of employment on any prohibited basis and/or any and all other law or principles of equity, including (by way of example) but not limited to, claims of discrimination on the basis of age, sex, gender, pregnancy, race, disability, religion, national origin or veteran status, harassment, breach of contract (express or implied), breach of contract accompanied by fraudulent act, breach of an implied covenant of good faith and fair dealing, promissory estoppel or other contract theory, retaliation, wrongful discharge, wrongful discharge and/or retaliatory discharge in violation of public policy, retaliation for filing a South Carolina workers' compensation claim, detrimental reliance, defamation (written, oral and/or by inference), emotional distress, invasion of privacy, fraud, conspiracy negligent or intentional misrepresentation, tortious interference with contract or prospective contract, contractual advantage or economic advance, negligence, malicious prosecution, abuse of process, unfair or deceptive trade practices, infliction (negligent or intentional) of emotional distress, assault, battery, gross negligence or recklessness, work-related injury or illness, whether physical in nature or manifested by psychological or emotional stress;

c. all claims arising under the United States or any state Constitution, including, but not limited to, the Constitution of the United States and its Amendments and the Constitution of the State of South Carolina and its Amendments;

d. all claims for any damages or compensation, including back wages, front pay, bonuses, awards, commissions, health and welfare benefits, fringe benefits, severance benefits, incentive compensation, long-term incentives, compensatory, emotional distress, pain and suffering, and/or punitive damages, or any other form of economic loss; and,

e. claims or demands related to salary, bonuses, commissions, profit sharing or any other ownership interests in the Company; vacation/paid time off, fringe benefits, expense reimbursements, severance pay, or any other form of compensation

f. all claims for attorneys' fees, costs, disbursements and/or the like.

I also promise not to sue the Releasees on any claims relating to my employment with the Company or the termination of that employment, including but not limited to, the above referenced claims.

However, I understand that by signing this Release (“the Release”) I am not releasing: (i) any claims arising after the date that I sign the Release; (ii) any claims for enforcement of the Letter Agreement; (iii) any rights or claims to workers’ compensation or unemployment benefits; (iv) any claims for accrued, vested benefits under any employee benefit plan of the Company in accordance with the terms of such plans and applicable law; (v) any claim that cannot be waived as a matter of law pursuant to federal, state or local law, including without limitation, whistleblower claims under the Corporate and Criminal Fraud Accountability Act of 2002 (Sarbanes-Oxley) and claims under the Fair Labor Standards Act; and/or (vi) any claim or right I may have under the Letter Agreement.

In addition, I understand that nothing in the Release is intended to prohibit or restrict me from: (a) making any disclosure of information required by process of law; (b) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, or any self-regulatory organization; (c) filing a charge, testifying, participating in, or otherwise assisting in a proceeding with the Equal Employment Opportunity Commission or National Labor Relations Board, or relating to an alleged violation of any federal, state, or municipal law relating to discrimination or fraud, or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization; or (d) conferring with legal or financial advisors.

If any claim is not subject to release, to the extent permitted by law, I am waiving any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which the Company or any other Releasee identified in this Agreement is a party.

I understand that, as a consequence of my signing this Release, I am giving up, with respect to my employment and the termination of that employment, any and all rights or claims that I might otherwise have through the date that I sign this Release.

I acknowledge and agree that I have been advised by this writing, including as required by the ADEA, that:

A. The benefits I am receiving under the Letter Agreement and Severance Plan constitute consideration over and above any benefits that I might be entitled to receive without executing this Release;

B. The Company advised me in writing to consult with an attorney prior to signing this Release;

C. I am knowingly and voluntarily waiving and releasing any rights I may have under the Age Discrimination in Employment Act of 1967 (“ADEA”) and the Older Workers Benefit Protection Act (“OWBPA”), and that this Letter Agreement does not apply to any rights or claims that may arise under the ADEA or OWBPA after the Effective Date of this Letter Agreement;

D. I was given a period of at least twenty-one (21) days within which to consider this Release (although you may choose to knowingly and voluntarily execute this Agreement earlier);

E. The Company has advised me of my statutory right to revoke my agreement to this Release and Letter Agreement at any time within seven (7) days of my signing this Release.

I warrant and represent that my decision to sign this Release was (1) entirely voluntary on my part; (2) not made in reliance on any inducement, promise, or representation, whether express or implied, other than the inducements, representations, and promises expressly set forth herein and in the Letter Agreement; and (3) did not result from any threats or other coercive activities to induce my agreement to this Release.

If I decide to exercise my right to revoke within seven (7) days of my agreement to this Release, I warrant and represent that I will do the following: (1) notify the Company in writing, in accordance with the Letter Agreement, of my intent to revoke this Release, and (2) simultaneously return in full any consideration received from the Company.

I further warrant and represent that I fully understand and appreciate the consequences of my signing this Release.

Name	ERIK RIPPLE (Please Print)	Signature	/s/Erik Ripple
Date	2/27/2023		
Witness Name	Kathryn Ripple (Please Print)	Signature	/s/Kathryn Ripple
Date	2/27/2023		

EX-10.1

REMINDER REGARDING INGEVITY CONFIDENTIAL INFORMATION AND OTHER OBLIGATIONS

In view of your pending departure from INGEVITY, we are providing the following reminder of certain of your obligations to INGEVITY. You have an obligation to:

- keep secret, and not to use or disclose to others, confidential and proprietary information of INGEVITY, which includes information received by INGEVITY from others. This information includes technical, business, product, financial, and other information.
- not take with you any confidential and proprietary information of INGEVITY and to return such information and any copies to INGEVITY prior to your departure.

These obligations exist whether or not you executed a written agreement with INGEVITY or one of its predecessor companies during your employment. These are also referenced in the INGEVITY Code of Conduct you have affirmed. To the extent you entered into any specific written agreement with the Company on this subject, we also encourage you to review that agreement to insure you do not inadvertently breach any of your obligations under that agreement after you leave the Company. This also includes the obligation to disclose to INGEVITY any inventions or other protectable developments which you made during your employment. Thank you for your contributions to INGEVITY and your compliance with these obligations.

I acknowledge receipt of the above Reminder Regarding INGEVITY Confidential Information and other Obligations:

Name ERIK RIPPLE Signature /s/Erik Ripple

(Please Print)

Date 2/27/2023

Exhibit 31.1

CERTIFICATIONS

I, John C. Fortson, certify that:

1. I have reviewed this report on Form 10-Q of Ingevity Corporation;
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 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 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.

Date: May 4, 2023

By: /S/ JOHN C. FORTSON

John C. Fortson
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Mary Dean Hall, certify that:

1. I have reviewed this report on Form 10-Q of Ingevity Corporation;
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 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 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.

Date: May 4, 2023

By: /S/ MARY DEAN HALL

Mary Dean Hall
Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification of CEO Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

I, John C. Fortson, President and Chief Executive Officer of Ingevity Corporation ("the Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, based on my knowledge that:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 4, 2023

/S/ JOHN C. FORTSON

John C. Fortson
President and Chief Executive Officer

Exhibit 32.2

**Certification of CFO Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Mary Dean Hall, Executive Vice President and Chief Financial Officer of Ingevity Corporation (“the Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, based on my knowledge that:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 4, 2023

/S/ MARY DEAN HALL

Mary Dean Hall
Executive Vice President and Chief Financial Officer