

**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 June 30, 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**

(State or other jurisdiction of incorporation or organization)

**47-4027764**

(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 |
|----------------------------------------|-------------------|-------------------------------------------|
| <b>Common Stock (\$0.01 par value)</b> | <b>NGVT</b>       | <b>New York Stock Exchange</b>            |

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 | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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 36,224,436 shares of common stock, \$0.01 par value, outstanding at July 31, 2023.

# Ingevity Corporation

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## PART I - FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

#### INGEVITY CORPORATION

#### Condensed Consolidated Statements of Operations (Unaudited)

| <i>In millions, except per share data</i>     | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|-----------------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                               | 2023                        | 2022     | 2023                      | 2022     |
| Net sales                                     | \$ 481.8                    | \$ 419.9 | \$ 874.4                  | \$ 802.7 |
| Cost of sales                                 | 328.8                       | 269.3    | 591.0                     | 514.3    |
| Gross profit                                  | 153.0                       | 150.6    | 283.4                     | 288.4    |
| Selling, general, and administrative expenses | 51.7                        | 48.7     | 100.3                     | 88.7     |
| Research and technical expenses               | 8.0                         | 8.2      | 16.8                      | 15.5     |
| Restructuring and other (income) charges, net | 19.2                        | 3.7      | 24.8                      | 7.3      |
| Acquisition-related costs                     | 1.8                         | —        | 3.7                       | —        |
| Other (income) expense, net                   | 3.0                         | (1.6)    | (15.2)                    | (3.0)    |
| Interest expense, net                         | 21.6                        | 15.1     | 41.2                      | 25.8     |
| Income (loss) before income taxes             | 47.7                        | 76.5     | 111.8                     | 154.1    |
| Provision (benefit) for income taxes          | 12.2                        | 16.7     | 25.6                      | 33.5     |
| Net income (loss)                             | \$ 35.5                     | \$ 59.8  | \$ 86.2                   | \$ 120.6 |
| Per share data                                |                             |          |                           |          |
| Basic earnings (loss) per share               | \$ 0.98                     | \$ 1.55  | \$ 2.34                   | \$ 3.11  |
| Diluted earnings (loss) per share             | 0.97                        | 1.54     | 2.33                      | 3.09     |

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

# INGEVITY CORPORATION

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

| <i>In millions</i>                                                                                                                                                | Three Months Ended June 30, |         | Six Months Ended June 30, |          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------|---------------------------|----------|
|                                                                                                                                                                   | 2023                        | 2022    | 2023                      | 2022     |
| Net income (loss)                                                                                                                                                 | \$ 35.5                     | \$ 59.8 | \$ 86.2                   | \$ 120.6 |
| Other comprehensive income (loss), net of tax:                                                                                                                    |                             |         |                           |          |
| Foreign currency adjustments:                                                                                                                                     |                             |         |                           |          |
| Foreign currency translation adjustment                                                                                                                           | 4.0                         | (53.0)  | 14.5                      | (69.6)   |
| Unrealized gain (loss) on net investment hedges, net of tax provision (benefit) of zero, \$1.8, zero, \$2.2                                                       | —                           | 6.0     | —                         | 7.3      |
| Total foreign currency adjustments, net of tax provision (benefit) of zero, \$1.8, zero, \$2.2                                                                    | 4.0                         | (47.0)  | 14.5                      | (62.3)   |
| Derivative instruments:                                                                                                                                           |                             |         |                           |          |
| Unrealized gain (loss), net of tax provision (benefit) of zero, \$0.7, \$(0.7), \$2.7                                                                             | (0.1)                       | 2.4     | (2.4)                     | 8.7      |
| Reclassifications of deferred derivative instruments (gain) loss, included in net income (loss), net of tax (provision) benefit of \$0.5, \$(0.6), \$0.4, \$(1.0) | 1.3                         | (2.2)   | 1.1                       | (3.3)    |
| Total derivative instruments, net of tax provision (benefit) of \$0.5, \$0.1, \$(0.3), \$1.7                                                                      | 1.2                         | 0.2     | (1.3)                     | 5.4      |
| Pension & other postretirement benefits:                                                                                                                          |                             |         |                           |          |
| Unrealized actuarial gains (losses) and prior service (costs) credits, net of tax of zero for all periods                                                         | —                           | —       | —                         | —        |
| Reclassifications of net actuarial and other (gain) loss and amortization of prior service cost, included in net income, net of tax of zero for all periods       | 0.1                         | 0.1     | 0.1                       | 0.1      |
| Total pension and other postretirement benefits, net of tax of zero for all periods                                                                               | 0.1                         | 0.1     | 0.1                       | 0.1      |
| Other comprehensive income (loss), net of tax provision (benefit) of \$0.5, \$1.9, \$(0.3), \$3.9                                                                 | 5.3                         | (46.7)  | 13.3                      | (56.8)   |
| Comprehensive income (loss)                                                                                                                                       | \$ 40.8                     | \$ 13.1 | \$ 99.5                   | \$ 63.8  |

*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*

|                                                                                                                                                                                 | June 30, 2023 | December 31, 2022 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------|
|                                                                                                                                                                                 | (Unaudited)   |                   |
| <b>Assets</b>                                                                                                                                                                   |               |                   |
| Cash and cash equivalents                                                                                                                                                       | \$ 68.0       | \$ 76.7           |
| Accounts receivable, net of allowance for credit losses of \$2.1 - 2023 and \$0.5 - 2022                                                                                        | 259.7         | 224.8             |
| Inventories, net                                                                                                                                                                | 387.1         | 335.0             |
| Prepaid and other current assets                                                                                                                                                | 49.6          | 42.5              |
| Current assets                                                                                                                                                                  | 764.4         | 679.0             |
| Property, plant, and equipment, net                                                                                                                                             | 800.6         | 798.6             |
| Operating lease assets, net                                                                                                                                                     | 66.5          | 56.6              |
| Goodwill                                                                                                                                                                        | 527.1         | 518.5             |
| Other intangibles, net                                                                                                                                                          | 394.2         | 404.8             |
| Deferred income taxes                                                                                                                                                           | 7.0           | 5.7               |
| Restricted investment, net of allowance for credit losses of \$0.3 - 2023 and \$0.6 - 2022                                                                                      | 79.5          | 78.0              |
| Strategic investments                                                                                                                                                           | 99.4          | 109.8             |
| Other assets                                                                                                                                                                    | 89.6          | 85.5              |
| Total Assets                                                                                                                                                                    | \$ 2,828.3    | \$ 2,736.5        |
| <b>Liabilities</b>                                                                                                                                                              |               |                   |
| Accounts payable                                                                                                                                                                | \$ 203.6      | \$ 174.8          |
| Accrued expenses                                                                                                                                                                | 63.7          | 54.4              |
| Accrued payroll and employee benefits                                                                                                                                           | 20.1          | 53.3              |
| Current operating lease liabilities                                                                                                                                             | 17.7          | 16.5              |
| Notes payable and current maturities of long-term debt                                                                                                                          | 0.9           | 0.9               |
| Income taxes payable                                                                                                                                                            | 5.1           | 3.6               |
| Current liabilities                                                                                                                                                             | 311.1         | 303.5             |
| Long-term debt including finance lease obligations                                                                                                                              | 1,525.5       | 1,472.5           |
| Noncurrent operating lease liabilities                                                                                                                                          | 49.2          | 40.8              |
| Deferred income taxes                                                                                                                                                           | 109.5         | 106.5             |
| Other liabilities                                                                                                                                                               | 118.9         | 114.9             |
| Total Liabilities                                                                                                                                                               | 2,114.2       | 2,038.2           |
| Commitments and contingencies (Note 13)                                                                                                                                         |               |                   |
| <b>Equity</b>                                                                                                                                                                   |               |                   |
| 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: 43,430,049 - 2023 and 43,228,172 - 2022; outstanding: 36,207,689 - 2023 and 37,298,989 - 2022) | 0.4           | 0.4               |
| Additional paid-in capital                                                                                                                                                      | 163.6         | 153.0             |
| Retained earnings                                                                                                                                                               | 1,093.9       | 1,007.7           |
| Accumulated other comprehensive income (loss)                                                                                                                                   | (33.5)        | (46.8)            |
| Treasury stock, common stock, at cost (7,222,360 shares - 2023 and 5,929,183 shares - 2022)                                                                                     | (510.3)       | (416.0)           |
| Total Equity                                                                                                                                                                    | 714.1         | 698.3             |
| Total Liabilities and Equity                                                                                                                                                    | \$ 2,828.3    | \$ 2,736.5        |

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

**INGEVITY CORPORATION**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

| <i>In millions</i>                                                                             | Six Months Ended June 30, |                   |
|------------------------------------------------------------------------------------------------|---------------------------|-------------------|
|                                                                                                | 2023                      | 2022              |
| <b>Cash provided by (used in) operating activities:</b>                                        |                           |                   |
| Net income (loss)                                                                              | \$ 86.2                   | \$ 120.6          |
| Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities: |                           |                   |
| Depreciation and amortization                                                                  | 62.5                      | 52.9              |
| Non cash operating lease costs                                                                 | 8.9                       | 9.2               |
| Deferred income taxes                                                                          | (1.0)                     | (0.6)             |
| Disposal/impairment of assets                                                                  | 5.8                       | 1.0               |
| LIFO reserve                                                                                   | 40.7                      | 10.7              |
| Share-based compensation                                                                       | 8.9                       | 6.7               |
| Gain on sale of strategic investment                                                           | (19.2)                    | —                 |
| Other non-cash items                                                                           | 12.3                      | 9.4               |
| Changes in operating assets and liabilities, net of effect of acquisitions:                    |                           |                   |
| Accounts receivable, net                                                                       | (36.3)                    | (64.8)            |
| Inventories, net                                                                               | (94.7)                    | (52.7)            |
| Prepaid and other current assets                                                               | (6.5)                     | (5.2)             |
| Planned major maintenance outage                                                               | (9.9)                     | (4.4)             |
| Accounts payable                                                                               | 27.7                      | 49.1              |
| Accrued expenses                                                                               | 7.2                       | (6.7)             |
| Accrued payroll and employee benefits                                                          | (33.2)                    | (17.3)            |
| Income taxes                                                                                   | 1.4                       | 5.8               |
| Operating leases                                                                               | (10.7)                    | (10.6)            |
| Changes in other operating assets and liabilities, net                                         | 3.5                       | 11.7              |
| Net cash provided by (used in) operating activities                                            | <u>\$ 53.6</u>            | <u>\$ 114.8</u>   |
| <b>Cash provided by (used in) investing activities:</b>                                        |                           |                   |
| Capital expenditures                                                                           | \$ (47.1)                 | \$ (57.2)         |
| Proceeds from sale of strategic investment                                                     | 31.4                      | —                 |
| Other investing activities, net                                                                | (5.8)                     | (1.4)             |
| Net cash provided by (used in) investing activities                                            | <u>\$ (21.5)</u>          | <u>\$ (58.6)</u>  |
| <b>Cash provided by (used in) financing activities:</b>                                        |                           |                   |
| Proceeds from revolving credit facility                                                        | \$ 197.8                  | \$ 788.0          |
| Payments on revolving credit facility                                                          | (144.8)                   | (256.0)           |
| Payments on long-term borrowings                                                               | —                         | (628.1)           |
| Debt issuance costs                                                                            | —                         | (3.0)             |
| Debt repayment costs                                                                           | —                         | (3.8)             |
| Finance lease obligations, net                                                                 | (0.5)                     | (0.4)             |
| Tax payments related to withholdings on vested equity awards                                   | (4.5)                     | (2.0)             |
| Proceeds and withholdings from share-based compensation plans, net                             | 4.0                       | 1.9               |
| Repurchases of common stock under publicly announced plan                                      | (92.1)                    | (89.9)            |
| Net cash provided by (used in) financing activities                                            | <u>\$ (40.1)</u>          | <u>\$ (193.3)</u> |
| Increase (decrease) in cash, cash equivalents, and restricted cash                             | (8.0)                     | (137.1)           |
| Effect of exchange rate changes on cash                                                        | (0.7)                     | (7.2)             |
| Change in cash, cash equivalents, and restricted cash                                          | (8.7)                     | (144.3)           |
| Cash, cash equivalents, and restricted cash at beginning of period                             | 77.3                      | 276.1             |
| Cash, cash equivalents, and restricted cash at end of period <sup>(1)</sup>                    | <u>\$ 68.6</u>            | <u>\$ 131.8</u>   |
| <b>Supplemental cash flow information:</b>                                                     |                           |                   |
| Cash paid for interest, net of capitalized interest                                            | \$ 40.0                   | \$ 28.7           |
| Cash paid for income taxes, net of refunds                                                     | 23.6                      | 26.9              |
| Purchases of property, plant, and equipment in accounts payable                                | 5.3                       | 6.0               |
| Leased assets obtained in exchange for new operating lease liabilities                         | 18.8                      | 7.7               |

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

**INGEVITY CORPORATION**  
**Notes to the Condensed Consolidated Financial Statements**  
**June 30, 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 engineered polymers product line 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.

**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. Recently issued ASUs that are not listed within this Form 10-Q have been assessed and determined to be either not applicable or are not expected to have a material impact on the consolidated financial statements.

**INGEVITY CORPORATION**  
**Notes to the Condensed Consolidated Financial Statements**  
**June 30, 2023**  
**(Unaudited)**

**Note 3: Revenues**

**Disaggregation of Revenue**

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

| <i>In millions</i>                         | <b>Three Months Ended June 30,</b> |              | <b>Six Months Ended June 30,</b> |              |
|--------------------------------------------|------------------------------------|--------------|----------------------------------|--------------|
|                                            | <b>2023</b>                        | <b>2022</b>  | <b>2023</b>                      | <b>2022</b>  |
| Performance Materials segment              | \$ 144.6                           | \$ 122.4     | \$ 286.0                         | \$ 270.8     |
| Performance Chemicals segment              | \$ 284.0                           | \$ 243.7     | \$ 469.6                         | \$ 416.3     |
| <i>Pavement Technologies product line</i>  | <i>140.9</i>                       | <i>77.8</i>  | <i>186.7</i>                     | <i>105.7</i> |
| <i>Industrial Specialties product line</i> | <i>143.1</i>                       | <i>165.9</i> | <i>282.9</i>                     | <i>310.6</i> |
| Advanced Polymer Technologies segment      | \$ 53.2                            | \$ 53.8      | \$ 118.8                         | \$ 115.6     |
| Net sales                                  | \$ 481.8                           | \$ 419.9     | \$ 874.4                         | \$ 802.7     |

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

| <i>In millions</i>              | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|---------------------------------|------------------------------------|-------------|----------------------------------|-------------|
|                                 | <b>2023</b>                        | <b>2022</b> | <b>2023</b>                      | <b>2022</b> |
| North America                   | \$ 327.2                           | \$ 255.2    | \$ 561.9                         | \$ 467.8    |
| Asia Pacific                    | 86.2                               | 86.1        | 171.9                            | 183.7       |
| Europe, Middle East, and Africa | 56.3                               | 68.7        | 119.0                            | 131.4       |
| South America                   | 12.1                               | 9.9         | 21.6                             | 19.8        |
| Net sales                       | \$ 481.8                           | \$ 419.9    | \$ 874.4                         | \$ 802.7    |

**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.

| <i>In millions</i>                                           | <b>Contract Asset</b> |             |
|--------------------------------------------------------------|-----------------------|-------------|
|                                                              | <b>June 30,</b>       |             |
|                                                              | <b>2023</b>           | <b>2022</b> |
| Beginning balance                                            | \$ 6.4                | \$ 5.3      |
| Contract asset additions                                     | 8.1                   | 8.3         |
| Reclassification to accounts receivable, billed to customers | (7.2)                 | (7.0)       |
| Ending balance <sup>(1)</sup>                                | \$ 7.3                | \$ 6.6      |

(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

**INGEVITY CORPORATION**  
**Notes to the Condensed Consolidated Financial Statements**  
**June 30, 2023**  
**(Unaudited)**

fair value between the three-level fair value hierarchy during the periods reported.

| <i>In millions</i>                                    | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> | Total   |
|-------------------------------------------------------|------------------------|------------------------|------------------------|---------|
| <b>June 30, 2023</b>                                  |                        |                        |                        |         |
| Assets:                                               |                        |                        |                        |         |
| Deferred compensation plan investments <sup>(4)</sup> | \$ 1.8                 | \$ —                   | \$ —                   | \$ 1.8  |
| Total assets                                          | \$ 1.8                 | \$ —                   | \$ —                   | \$ 1.8  |
| Liabilities:                                          |                        |                        |                        |         |
| Deferred compensation arrangement <sup>(4)</sup>      | \$ 15.4                | \$ —                   | \$ —                   | \$ 15.4 |
| Total liabilities                                     | \$ 15.4                | \$ —                   | \$ —                   | \$ 15.4 |
| <b>December 31, 2022</b>                              |                        |                        |                        |         |
| Assets:                                               |                        |                        |                        |         |
| Deferred compensation plan investments <sup>(4)</sup> | \$ 1.1                 | \$ —                   | \$ —                   | \$ 1.1  |
| Total assets                                          | \$ 1.1                 | \$ —                   | \$ —                   | \$ 1.1  |
| Liabilities:                                          |                        |                        |                        |         |
| Deferred compensation arrangement <sup>(4)</sup>      | \$ 12.5                | \$ —                   | \$ —                   | \$ 12.5 |
| Total liabilities                                     | \$ 12.5                | \$ —                   | \$ —                   | \$ 12.5 |

(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 \$14.3 million and \$13.3 million at June 30, 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 June 30, 2023, and December 31, 2022.

**Strategic Investments**

***Equity Method Investments***

The aggregate carrying value of all strategic equity method investments totaled \$16.2 million and \$28.2 million at June 30, 2023 and December 31, 2022, respectively. During the first quarter of 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 June 30, 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 June 30, 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 June 30, 2023 and December 31, 2022.

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**Restricted Investment**

At June 30, 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 \$79.5 million and \$78.0 million, net of an allowance for credit losses of \$0.3 million and \$0.6 million, and included cash of \$8.3 million and \$7.0 million, respectively. The fair value at June 30, 2023 and December 31, 2022 was \$76.1 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.

| <i>In millions</i> | HTM Debt Securities |    |      |      |      |      | Total   |
|--------------------|---------------------|----|------|------|------|------|---------|
|                    | AA+                 | AA | AA-  | A    | A-   | BBB+ |         |
| June 30, 2023      | \$ 13.3             | —  | 10.4 | 13.2 | 24.5 | 10.1 | \$ 71.5 |
| December 31, 2022  | \$ 13.4             | —  | 10.5 | 13.2 | 14.1 | 20.4 | \$ 71.6 |

**Debt and Finance Lease Obligations**

At June 30, 2023 and December 31, 2022, the carrying value of finance lease obligations was \$101.4 million and \$101.9 million, respectively, and the fair value was \$104.8 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 \$881.0 million and \$828.0 million as of June 30, 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 June 30, 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 \$470.9 million and \$471.8 million, respectively, based on Level 2 inputs.

**Note 5: Inventories, net**

| <i>In millions</i>                         | June 30, 2023   | December 31, 2022 |
|--------------------------------------------|-----------------|-------------------|
| Raw materials                              | \$ 146.3        | \$ 106.7          |
| Production materials, stores, and supplies | 29.5            | 27.9              |
| Finished and in-process goods              | 279.8           | 228.2             |
| Subtotal                                   | \$ 455.6        | \$ 362.8          |
| Less: LIFO reserve                         | (68.5)          | (27.8)            |
| Inventories, net                           | <u>\$ 387.1</u> | <u>\$ 335.0</u>   |

**Note 6: Property, Plant, and Equipment, net**

| <i>In millions</i>                   | June 30, 2023   | December 31, 2022 |
|--------------------------------------|-----------------|-------------------|
| Machinery and equipment              | \$ 1,218.3      | \$ 1,162.7        |
| Buildings and leasehold improvements | 210.7           | 200.9             |
| Land and land improvements           | 26.1            | 24.9              |
| Construction in progress             | 92.9            | 120.9             |
| Total cost                           | \$ 1,548.0      | \$ 1,509.4        |
| Less: accumulated depreciation       | (747.4)         | (710.8)           |
| Property, plant, and equipment, net  | <u>\$ 800.6</u> | <u>\$ 798.6</u>   |

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**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.

| <i>In millions</i>           | Reporting Units       |                       |                               | Total    |
|------------------------------|-----------------------|-----------------------|-------------------------------|----------|
|                              | Performance Materials | Performance Chemicals | Advanced Polymer Technologies |          |
| December 31, 2022            | \$ 4.3                | \$ 514.2              | \$ —                          | \$ 518.5 |
| Segment change reallocation  | —                     | (165.0)               | 165.0                         | —        |
| Foreign currency translation | —                     | 0.1                   | 8.5                           | 8.6      |
| June 30, 2023                | \$ 4.3                | \$ 349.3              | \$ 173.5                      | \$ 527.1 |

**Other Intangible Assets**

| <i>In millions</i>              | Customer contracts and relationships | Brands <sup>(1)</sup> | Developed Technology | Total      |
|---------------------------------|--------------------------------------|-----------------------|----------------------|------------|
| <b>Gross Asset Value</b>        |                                      |                       |                      |            |
| December 31, 2022               | \$ 388.5                             | \$ 89.2               | \$ 88.5              | \$ 566.2   |
| Foreign currency translation    | 7.7                                  | 3.2                   | 3.1                  | 14.0       |
| June 30, 2023                   | \$ 396.2                             | \$ 92.4               | \$ 91.6              | \$ 580.2   |
| <b>Accumulated Amortization</b> |                                      |                       |                      |            |
| December 31, 2022               | \$ (113.8)                           | \$ (23.9)             | \$ (23.7)            | \$ (161.4) |
| Amortization                    | (13.3)                               | (2.9)                 | (4.7)                | (20.9)     |
| Foreign currency translation    | (1.9)                                | (0.6)                 | (1.2)                | (3.7)      |
| June 30, 2023                   | \$ (129.0)                           | \$ (27.4)             | \$ (29.6)            | \$ (186.0) |
| <b>Other intangibles, net</b>   | \$ 267.2                             | \$ 65.0               | \$ 62.0              | \$ 394.2   |

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

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

| <i>In millions</i>            | June 30, 2023 | December 31, 2022 |
|-------------------------------|---------------|-------------------|
| Performance Materials         | \$ 1.5        | \$ 1.7            |
| Performance Chemicals         | 186.5         | 198.0             |
| Advanced Polymer Technologies | 206.2         | 205.1             |
| Other intangibles, net        | \$ 394.2      | \$ 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 and six months ended June 30, 2023, we recognized

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amortization expense of \$10.5 million and \$20.9 million, respectively, and during the three and six months ended June 30, 2022, we recognized amortization expense of \$7.8 million and \$15.9 million, respectively.

Based on the current carrying values of intangible assets, estimated pre-tax amortization expense for the next five years is as follows: \$20.8 million for the remainder of 2023, 2024 - \$41.4 million, 2025 - \$41.2 million, 2026 - \$40.4 million, and 2027 - \$40.4 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**

During the three and six months ended June 30, 2023, we recognized net interest income associated with this financial instrument of zero and zero, respectively, and during the three and six months ended June 30, 2022, we recognized net interest income associated with this financial instrument of \$2.5 million and \$2.7 million, respectively. In the third quarter of 2022, we terminated our fixed-to-fixed cross-currency interest rate swaps, accounted for as net investment hedges.

**Cash Flow Hedges**

***Foreign Currency Exchange Risk Management***

As of June 30, 2023, there were \$11.7 million open foreign currency derivative contracts. The fair value of the designated foreign currency hedge contracts was a net asset (liability) of \$(0.3) million and \$(0.5) million at June 30, 2023 and December 31, 2022, respectively.

***Commodity Price Risk Management***

As of June 30, 2023, we had 1.0 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 June 30, 2023, open commodity contracts hedge forecasted transactions until March 2024. The fair value of the outstanding designated natural gas commodity hedge contracts as of June 30, 2023 and December 31, 2022, was a net asset (liability) of \$(1.4) 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. Upon termination of the interest rate swap instruments, we reclassified a \$1.7 million gain from AOCI into Interest expense, net on the condensed consolidated statement of operations.

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**Effect of Cash Flow and Net Investment Hedge Accounting on AOCI**

| <i>In millions</i>                         | 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 June 30,              |                |                                                                                                       |               |                                                                                                            |
|                                            | 2023                                     | 2022           | 2023                                                                                                  | 2022          |                                                                                                            |
| Cash flow hedging derivatives              |                                          |                |                                                                                                       |               |                                                                                                            |
| Currency exchange contracts                | \$ —                                     | \$ 0.8         | \$ (0.3)                                                                                              | \$ 0.6        | Net sales                                                                                                  |
| Natural gas contracts                      | (0.1)                                    | 0.3            | (1.5)                                                                                                 | 0.5           | Cost of sales                                                                                              |
| Interest rate swap contracts               | —                                        | 2.0            | —                                                                                                     | 1.7           | Interest expense, net                                                                                      |
| Total                                      | <u>\$ (0.1)</u>                          | <u>\$ 3.1</u>  | <u>\$ (1.8)</u>                                                                                       | <u>\$ 2.8</u> |                                                                                                            |
|                                            | 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 June 30,              |                |                                                                                                       |               |                                                                                                            |
|                                            | 2023                                     | 2022           | 2023                                                                                                  | 2022          |                                                                                                            |
| Net investment hedging derivative          |                                          |                |                                                                                                       |               |                                                                                                            |
| Currency exchange contracts <sup>(1)</sup> | \$ —                                     | \$ 7.8         | \$ —                                                                                                  | \$ 2.5        | Interest expense, net                                                                                      |
| Total                                      | <u>\$ —</u>                              | <u>\$ 7.8</u>  | <u>\$ —</u>                                                                                           | <u>\$ 2.5</u> |                                                                                                            |
| <i>In millions</i>                         | 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                                               |
|                                            | Six Months Ended June 30,                |                |                                                                                                       |               |                                                                                                            |
|                                            | 2023                                     | 2022           | 2023                                                                                                  | 2022          |                                                                                                            |
| Cash flow hedging derivatives              |                                          |                |                                                                                                       |               |                                                                                                            |
| Currency exchange contracts                | \$ (0.1)                                 | \$ 1.3         | \$ (0.5)                                                                                              | \$ 0.8        | Net sales                                                                                                  |
| Natural gas contracts                      | (3.0)                                    | 4.4            | (1.0)                                                                                                 | 1.8           | Cost of sales                                                                                              |
| Interest rate swap contracts               | —                                        | 5.7            | —                                                                                                     | 1.7           | Interest expense, net                                                                                      |
| Total                                      | <u>\$ (3.1)</u>                          | <u>\$ 11.4</u> | <u>\$ (1.5)</u>                                                                                       | <u>\$ 4.3</u> |                                                                                                            |
|                                            | 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) |
|                                            | Six Months Ended June 30,                |                |                                                                                                       |               |                                                                                                            |
|                                            | 2023                                     | 2022           | 2023                                                                                                  | 2022          |                                                                                                            |
| Net investment hedging derivative          |                                          |                |                                                                                                       |               |                                                                                                            |
| Currency exchange contracts <sup>(1)</sup> | \$ —                                     | \$ 9.5         | \$ —                                                                                                  | \$ 2.7        | Interest expense, net                                                                                      |
| Total                                      | <u>\$ —</u>                              | <u>\$ 9.5</u>  | <u>\$ —</u>                                                                                           | <u>\$ 2.7</u> |                                                                                                            |

(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 \$3.4 million of net gains from AOCI to income, before taxes.

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**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 June 30, 2023, or December 31, 2022.

| <i>In millions</i>                         | June 30, 2023          |                        |                        |        |
|--------------------------------------------|------------------------|------------------------|------------------------|--------|
|                                            | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> | Total  |
| <b>Assets:</b>                             |                        |                        |                        |        |
| Currency exchange contracts <sup>(4)</sup> | \$ —                   | \$ 0.3                 | \$ —                   | \$ 0.3 |
| Natural gas contracts <sup>(4)</sup>       | —                      | 0.1                    | —                      | 0.1    |
| Total assets                               | \$ —                   | \$ 0.4                 | \$ —                   | \$ 0.4 |
| <b>Liabilities:</b>                        |                        |                        |                        |        |
| Currency exchange contracts <sup>(5)</sup> | \$ —                   | \$ 0.6                 | \$ —                   | \$ 0.6 |
| Natural gas contracts <sup>(5)</sup>       | —                      | 1.5                    | —                      | 1.5    |
| Total liabilities                          | \$ —                   | \$ 2.1                 | \$ —                   | \$ 2.1 |

  

| <i>In millions</i>                         | December 31, 2022      |                        |                        |        |
|--------------------------------------------|------------------------|------------------------|------------------------|--------|
|                                            | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> | Total  |
| <b>Liabilities:</b>                        |                        |                        |                        |        |
| Natural gas contracts <sup>(5)</sup>       | \$ —                   | \$ 1.6                 | \$ —                   | \$ 1.6 |
| Currency exchange contracts <sup>(5)</sup> | —                      | 0.5                    | —                      | 0.5    |
| Total liabilities                          | \$ —                   | \$ 2.1                 | \$ —                   | \$ 2.1 |

(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.

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**Note 9: Debt, including Finance Lease Obligations**

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

| <i>In millions, except percentages</i>                                      | June 30, 2023 | December 31, 2022 |
|-----------------------------------------------------------------------------|---------------|-------------------|
| Revolving Credit Facility and other lines of credit <sup>(1)</sup>          | \$ 881.0      | \$ 828.0          |
| 3.88% Senior Notes due 2028                                                 | 550.0         | 550.0             |
| Finance lease obligations                                                   | 101.4         | 101.9             |
| Total debt including finance lease obligations                              | \$ 1,532.4    | \$ 1,479.9        |
| Less: debt issuance costs                                                   | 6.0           | 6.5               |
| Total debt, including finance lease obligations, net of debt issuance costs | \$ 1,526.4    | \$ 1,473.4        |
| Less: debt maturing within one year <sup>(2)</sup>                          | 0.9           | 0.9               |
| Long-term debt including finance lease obligations                          | \$ 1,525.5    | \$ 1,472.5        |

(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 \$116.7 million and \$169.7 million at June 30, 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 Senior Notes indenture contains 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 June 30, 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 June 30, 2023 was 2.6, and our actual interest coverage for the four consecutive quarters ended June 30, 2023 was 8.1. We were in compliance with all covenants under the credit agreement at June 30, 2023.

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**Note 10: Equity**

The tables below provide a roll forward of equity.

|                                                       | <b>Common Stock</b> |               |                                   |                          |                                                      |                       |                     |  |
|-------------------------------------------------------|---------------------|---------------|-----------------------------------|--------------------------|------------------------------------------------------|-----------------------|---------------------|--|
| <i>In millions, shares in thousands</i>               | <b>Shares</b>       | <b>Amount</b> | <b>Additional paid in capital</b> | <b>Retained earnings</b> | <b>Accumulated other comprehensive income (loss)</b> | <b>Treasury stock</b> | <b>Total Equity</b> |  |
| 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            |  |
| Net income (loss)                                     | —                   | —             | —                                 | 35.5                     | —                                                    | —                     | 35.5                |  |
| Other comprehensive income (loss)                     | —                   | —             | —                                 | —                        | 5.3                                                  | —                     | 5.3                 |  |
| Common stock issued                                   | 22                  | —             | —                                 | —                        | —                                                    | —                     | —                   |  |
| Exercise of stock options, net                        | —                   | —             | —                                 | —                        | —                                                    | —                     | —                   |  |
| Tax payments related to vested restricted stock units | —                   | —             | —                                 | —                        | —                                                    | —                     | —                   |  |
| Share repurchase program                              | —                   | —             | —                                 | —                        | —                                                    | (58.7)                | (58.7)              |  |
| Noncontrolling interest distributions                 | —                   | —             | —                                 | —                        | —                                                    | —                     | —                   |  |
| Share-based compensation plans                        | —                   | —             | 4.7                               | —                        | —                                                    | 1.6                   | 6.3                 |  |
| Balance at June 30, 2023                              | 43,430              | \$ 0.4        | \$ 163.6                          | \$ 1,093.9               | \$ (33.5)                                            | \$ (510.3)            | \$ 714.1            |  |

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|                                                       | <b>Common Stock</b> |               |                                       |                              |                                                                  |                           |                     |  |
|-------------------------------------------------------|---------------------|---------------|---------------------------------------|------------------------------|------------------------------------------------------------------|---------------------------|---------------------|--|
| <i>In millions, shares in thousands</i>               | <b>Shares</b>       | <b>Amount</b> | <b>Additional paid<br/>in capital</b> | <b>Retained<br/>earnings</b> | <b>Accumulated<br/>other<br/>comprehensive<br/>income (loss)</b> | <b>Treasury<br/>stock</b> | <b>Total Equity</b> |  |
| 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            |  |
| Net income (loss)                                     | —                   | —             | —                                     | 59.8                         | —                                                                | —                         | 59.8                |  |
| Other comprehensive income (loss)                     | —                   | —             | —                                     | —                            | (46.7)                                                           | —                         | (46.7)              |  |
| Common stock issued                                   | 18                  | —             | —                                     | —                            | —                                                                | —                         | —                   |  |
| Exercise of stock options, net                        | 2                   | —             | 0.1                                   | —                            | —                                                                | —                         | 0.1                 |  |
| Tax payments related to vested restricted stock units | —                   | —             | —                                     | —                            | —                                                                | (0.2)                     | (0.2)               |  |
| Share repurchase program                              | —                   | —             | —                                     | —                            | —                                                                | (49.5)                    | (49.5)              |  |
| Share-based compensation plans                        | —                   | —             | 3.3                                   | —                            | —                                                                | 1.4                       | 4.7                 |  |
| Balance at June 30, 2022                              | 43,200              | \$ 0.4        | \$ 143.0                              | \$ 916.7                     | \$ (43.7)                                                        | \$ (362.1)                | \$ 654.3            |  |

**INGEVITY CORPORATION**  
**Notes to the Condensed Consolidated Financial Statements**  
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**Accumulated other comprehensive income (loss)**

| <i>In millions</i>                                 | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|----------------------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
|                                                    | <b>2023</b>                        | <b>2022</b> | <b>2023</b>                      | <b>2022</b> |
| <b>Foreign currency translation</b>                |                                    |             |                                  |             |
| Beginning balance                                  | \$ (35.3)                          | \$ 3.1      | \$ (45.8)                        | \$ 18.4     |
| Net gains (losses) on foreign currency translation | 4.0                                | (53.0)      | 14.5                             | (69.6)      |
| Gains (losses) on net investment hedges            | —                                  | 7.8         | —                                | 9.5         |
| Less: tax provision (benefit)                      | —                                  | 1.8         | —                                | 2.2         |
| Net gains (losses) on net investment hedges        | —                                  | 6.0         | —                                | 7.3         |
| Other comprehensive income (loss), net of tax      | 4.0                                | (47.0)      | 14.5                             | (62.3)      |
| Ending balance                                     | \$ (31.3)                          | \$ (43.9)   | \$ (31.3)                        | \$ (43.9)   |

**Derivative instruments**

|                                               |          |        |          |          |
|-----------------------------------------------|----------|--------|----------|----------|
| Beginning balance                             | \$ (3.9) | \$ 3.1 | \$ (1.4) | \$ (2.1) |
| Gains (losses) on derivative instruments      | (0.1)    | 3.1    | (3.1)    | 11.4     |
| Less: tax provision (benefit)                 | —        | 0.7    | (0.7)    | 2.7      |
| Net gains (losses) on derivative instruments  | (0.1)    | 2.4    | (2.4)    | 8.7      |
| (Gains) losses reclassified to net income     | 1.8      | (2.8)  | 1.5      | (4.3)    |
| Less: tax (provision) benefit                 | 0.5      | (0.6)  | 0.4      | (1.0)    |
| Net (gains) losses reclassified to net income | 1.3      | (2.2)  | 1.1      | (3.3)    |
| Other comprehensive income (loss), net of tax | 1.2      | 0.2    | (1.3)    | 5.4      |
| Ending balance                                | \$ (2.7) | \$ 3.3 | \$ (2.7) | \$ 3.3   |

**Pension and other postretirement benefits**

|                                                                                                                                                                 |           |           |           |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|
| Beginning balance                                                                                                                                               | \$ 0.4    | \$ (3.2)  | \$ 0.4    | \$ (3.2)  |
| Unrealized actuarial gains (losses) and prior service (costs) credits                                                                                           | —         | —         | —         | —         |
| Less: tax provision (benefit)                                                                                                                                   | —         | —         | —         | —         |
| Net actuarial gains (losses) and prior service (costs) credits                                                                                                  | —         | —         | —         | —         |
| Amortization of actuarial and other (gains) losses, prior service cost (credits), and settlement and curtailment (income) charge reclassified to net income     | 0.1       | 0.1       | 0.1       | 0.1       |
| Less: tax (provision) benefit                                                                                                                                   | —         | —         | —         | —         |
| Net actuarial and other (gains) losses, amortization of prior service cost (credits), and settlement and curtailment (income) charge reclassified to net income | 0.1       | 0.1       | 0.1       | 0.1       |
| Other comprehensive income (loss), net of tax                                                                                                                   | 0.1       | 0.1       | 0.1       | 0.1       |
| Ending balance                                                                                                                                                  | \$ 0.5    | \$ (3.1)  | \$ 0.5    | \$ (3.1)  |
| Total AOCI ending balance at June 30                                                                                                                            | \$ (33.5) | \$ (43.7) | \$ (33.5) | \$ (43.7) |

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**Reclassifications of accumulated other comprehensive income (loss)**

| <i>In millions</i>                                 | <b>Three Months Ended June 30,</b> |               | <b>Six Months Ended June 30,</b> |               |
|----------------------------------------------------|------------------------------------|---------------|----------------------------------|---------------|
|                                                    | <b>2023</b>                        | <b>2022</b>   | <b>2023</b>                      | <b>2022</b>   |
| Derivative instruments                             |                                    |               |                                  |               |
| Currency exchange contracts <sup>(1)</sup>         | \$ (0.3)                           | \$ 0.6        | \$ (0.5)                         | \$ 0.8        |
| Natural gas contracts <sup>(2)</sup>               | (1.5)                              | 0.5           | (1.0)                            | 1.8           |
| Net investment hedge contract <sup>(3)</sup>       | —                                  | 1.7           | —                                | 1.7           |
| Total before tax                                   | (1.8)                              | 2.8           | (1.5)                            | 4.3           |
| (Provision) benefit for income taxes               | 0.5                                | (0.6)         | 0.4                              | (1.0)         |
| Amount included in net income (loss)               | <u>\$ (1.3)</u>                    | <u>\$ 2.2</u> | <u>\$ (1.1)</u>                  | <u>\$ 3.3</u> |
| Pension and other post retirement benefits         |                                    |               |                                  |               |
| Amortization of prior service costs <sup>(2)</sup> | \$ 0.1                             | \$ 0.1        | \$ 0.1                           | \$ 0.1        |
| Total before tax                                   | 0.1                                | 0.1           | 0.1                              | 0.1           |
| (Provision) benefit for income taxes               | —                                  | —             | —                                | —             |
| Amount included in net income (loss)               | <u>\$ 0.1</u>                      | <u>\$ 0.1</u> | <u>\$ 0.1</u>                    | <u>\$ 0.1</u> |

(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.

(3) Included within "Interest expense, net" 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 and six months ended June 30, 2023, we repurchased \$58.7 million, inclusive of \$0.6 million in excise tax, and \$92.1 million, inclusive of \$0.8 million in excise tax, in common stock, representing 819,898 and 1,269,373 shares of our common stock at a weighted average cost per share of \$70.87 and \$71.93, respectively. At June 30, 2023, \$353.4 million remained unused under our Board-authorized repurchase program.

During the three and six months ended June 30, 2022, we repurchased \$49.5 million and \$89.9 million in common stock, representing 719,236 and 1,329,683 shares of our common stock at a weighted average cost per share of \$68.72 and \$67.59, respectively.

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

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

| <i>In millions</i>                                        | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|-----------------------------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
|                                                           | <b>2023</b>                        | <b>2022</b> | <b>2023</b>                      | <b>2022</b> |
| Severance and other employee-related costs <sup>(1)</sup> | \$ 4.4                             | \$ —        | \$ 7.4                           | \$ —        |
| Other <sup>(2)</sup>                                      | 2.6                                | —           | 2.7                              | —           |
| Restructuring charges                                     | 7.0                                | —           | 10.1                             | —           |
| Alternative Feedstock Transition                          | 6.6                                | —           | 6.6                              | —           |
| North Charleston Plant Transition                         | 2.9                                | —           | 2.9                              | —           |
| Business transformation costs                             | 2.7                                | 3.7         | 5.2                              | 7.3         |
| Other (income) charges, net                               | 12.2                               | 3.7         | 14.7                             | 7.3         |
| Total restructuring and other (income) charges, net       | \$ 19.2                            | \$ 3.7      | \$ 24.8                          | \$ 7.3      |

(1) Represents severance and employee benefit charges.

(2) Primarily represents other miscellaneous exit costs.

**Restructuring Charges**

In the first quarter of 2023, we initiated several measures to pursue greater cost efficiency which included a reorganization to streamline certain functions and reduce ongoing costs. During the second quarter, we took further actions to reorganize our operations. The combined restructuring program is expected to cost approximately \$12-14 million and is expected to be completed over the remainder of 2023. During the three and six months ended June 30, 2023, we recorded \$4.4 million and \$7.4 million in severance and other employee-related costs and \$2.6 million and \$2.7 million in other restructuring charges, including asset write-offs associated with our reorganization.

**Restructuring Reserves**

Restructuring reserves which are included within Accrued expenses on the condensed consolidated balance sheets were \$5.9 million and \$0.5 million at June 30, 2023 and December 31, 2022, respectively.

**Other (income) charges, net**

*Alternative Fatty Acid Transition*

In April 2023, we began the feedstock transition of our Crossett, Arkansas manufacturing plant (“Crossett”). This transition will convert Crossett from a crude tall oil (“CTO”) based feedstock production facility to produce fatty acids from alternative plant based feedstocks. To initiate this transition, we halted all production at Crossett in April.

During the three and six months ended June 30, 2023, we incurred \$6.6 million in costs. We expect to incur approximately \$20-25 million of expense in 2023, representing non-capital retooling and stranded costs, with modest levels of capital expenditure.

*North Charleston Plant Transition*

Our North Charleston, South Carolina Performance Chemicals manufacturing plant is co-located with a WestRock Company (“WestRock”) paper mill. WestRock provides certain critical operating services to us including steam, water and wastewater. WestRock also disposes of brine, a by-product resulting from our conversion of black liquor soap skimmings into CTO and provides other non-critical services that support our operations. In May 2023, WestRock announced that it will permanently cease operating its North Charleston paper mill by August 31, 2023 and notified us that it is terminating the shared services in accordance with our operating agreement.

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We expect to incur approximately \$15-20 million of non-capital transition costs in 2023 as we continue to transition those shared services and minimize disruption to our operations and are continuing to evaluate the future impact. During the three and six months ended June 30, 2023, we incurred \$2.9 million in costs.

***Business transformation costs***

We embarked upon a business transformation initiative that includes the implementation of an upgraded enterprise resource planning ("ERP") system. 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 and six months ended June 30, 2023, of \$2.7 million and \$5.2, respectively, and during the three and six months ended June 30, 2022, of \$3.7 million and \$7.3 million, respectively. Costs are directly associated with the business transformation initiative that, in accordance with GAAP, cannot be capitalized. We expect to complete this initiative by the end of 2023 and anticipate incurring an additional \$3-4 million in non-capitalizable costs.

**Note 12: Income Taxes**

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

|                    | Three Months Ended June 30, |        | Six Months Ended June 30, |        |
|--------------------|-----------------------------|--------|---------------------------|--------|
|                    | 2023                        | 2022   | 2023                      | 2022   |
| Effective tax rate | 25.6 %                      | 21.8 % | 22.9 %                    | 21.7 % |

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.

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

| <i>In millions, except percentages</i>                       | Three Months Ended June 30, |         |                                |            |         |                                |
|--------------------------------------------------------------|-----------------------------|---------|--------------------------------|------------|---------|--------------------------------|
|                                                              | 2023                        |         |                                | 2022       |         |                                |
|                                                              | Before tax                  | Tax     | Effective tax rate %<br>impact | Before tax | Tax     | Effective tax rate %<br>impact |
| Consolidated operations                                      | \$ 47.7                     | \$ 12.2 | 25.6 %                         | \$ 76.5    | \$ 16.7 | 21.8 %                         |
| Discrete items:                                              |                             |         |                                |            |         |                                |
| Restructuring and other (income) charges, net <sup>(1)</sup> | 4.4                         | 1.0     |                                | —          | —       |                                |
| Legislative tax rate changes                                 | —                           | —       |                                | —          | 0.1     |                                |
| Other tax only discrete items                                | —                           | (0.8)   |                                | —          | (0.2)   |                                |
| Total discrete items                                         | 4.4                         | 0.2     |                                | —          | (0.1)   |                                |
| Consolidated operations, before discrete items               | \$ 52.1                     | \$ 12.4 |                                | \$ 76.5    | \$ 16.6 |                                |
| EAETR <sup>(3)</sup>                                         |                             |         | 23.8 %                         |            |         | 21.7 %                         |

  

| <i>In millions, except percentages</i>                       | Six Months Ended June 30, |         |                                |            |         |                                |
|--------------------------------------------------------------|---------------------------|---------|--------------------------------|------------|---------|--------------------------------|
|                                                              | 2023                      |         |                                | 2022       |         |                                |
|                                                              | Before tax                | Tax     | Effective tax rate %<br>impact | Before tax | Tax     | Effective tax rate %<br>impact |
| Consolidated operations                                      | \$ 111.8                  | \$ 25.6 | 22.9 %                         | \$ 154.1   | \$ 33.5 | 21.7 %                         |
| Discrete items:                                              |                           |         |                                |            |         |                                |
| Restructuring and other (income) charges, net <sup>(1)</sup> | 7.4                       | 1.7     |                                | —          | —       |                                |
| Sale of strategic investment <sup>(2)</sup>                  | (19.2)                    | (4.5)   |                                | —          | —       |                                |
| Other tax only discrete items                                | —                         | 0.5     |                                | —          | (0.8)   |                                |
| Total discrete items                                         | (11.8)                    | (2.3)   |                                | —          | (0.8)   |                                |
| Consolidated operations, before discrete items               | \$ 100.0                  | \$ 23.3 |                                | \$ 154.1   | \$ 32.7 |                                |
| EAETR <sup>(3)</sup>                                         |                           |         | 23.3 %                         |            |         | 21.2 %                         |

(1) See Note 11 for further information.

(2) See Note 4 for further information.

(3) Increase in EAETR for the three and six months ended June 30, 2023, as compared to June 30, 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 June 30, 2023 and December 31, 2022, we had deferred tax assets of \$10.1 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 June 30, 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.

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Undistributed earnings of Ingevity's foreign subsidiaries have historically been indefinitely reinvested offshore. Management does not currently expect to repatriate cash earnings from our foreign operations to fund U.S. operations; however, during the second quarter, we determined that the current year's earnings of our China subsidiaries are no longer permanently reinvested. No deferred tax liability was recorded as a result of this change in our assertion, as the impacts will be captured in the year current earnings are distributed.

**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 our 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. On May 18, 2023, the court in the Delaware Proceeding entered judgment on the jury's verdict, which commenced the post-trial briefing stage. In addition, BASF is seeking pre-judgment interest and has indicated it will seek attorneys' fees and costs in amounts that they will have to support at a future date. Unless the judgment is set aside, BASF will be entitled to post-judgment interest pursuant to the rate provided under federal law.

We disagree with the verdict, including the court's application of the law and entry of judgment, and are seeking judgment as a matter of law, or a new trial in the alternative, in the Delaware Proceeding post-trial briefing stage and intend to do so on appeal, if necessary. In addition, we may 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 June 30, 2023, nothing has occurred in the post-trial proceedings to warrant any change to our conclusions as disclosed within our 2022 Annual Report. 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 June 30, 2023. In addition, as a result of entering the judgment on May 18, 2023, we have started accruing for the post-judgment interest. The amount of any liability we may ultimately incur 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.

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| <i>In millions</i>                                                | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|-------------------------------------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                                                   | 2023                        | 2022     | 2023                      | 2022     |
| Net sales                                                         |                             |          |                           |          |
| Performance Materials                                             | \$ 144.6                    | \$ 122.4 | \$ 286.0                  | \$ 270.8 |
| Performance Chemicals                                             | 284.0                       | 243.7    | 469.6                     | 416.3    |
| Advanced Polymer Technologies                                     | 53.2                        | 53.8     | 118.8                     | 115.6    |
| Total net sales <sup>(1)</sup>                                    | \$ 481.8                    | \$ 419.9 | \$ 874.4                  | \$ 802.7 |
| Segment EBITDA <sup>(2)</sup>                                     |                             |          |                           |          |
| Performance Materials                                             | \$ 64.2                     | \$ 55.6  | \$ 134.0                  | \$ 133.5 |
| Performance Chemicals                                             | 44.9                        | 61.7     | 65.2                      | 92.5     |
| Advanced Polymer Technologies                                     | 11.6                        | 3.8      | 25.4                      | 14.1     |
| Total Segment EBITDA <sup>(2)</sup>                               | \$ 120.7                    | \$ 121.1 | \$ 224.6                  | \$ 240.1 |
| Interest expense, net                                             | (21.6)                      | (15.1)   | (41.2)                    | (25.8)   |
| (Provision) benefit for income taxes                              | (12.2)                      | (16.7)   | (25.6)                    | (33.5)   |
| Depreciation and amortization - Performance Materials             | (9.2)                       | (8.8)    | (19.2)                    | (17.8)   |
| Depreciation and amortization - Performance Chemicals             | (14.0)                      | (9.5)    | (27.8)                    | (19.7)   |
| Depreciation and amortization - Advanced Polymer Technologies     | (8.2)                       | (7.5)    | (15.5)                    | (15.4)   |
| Restructuring and other income (charges), net <sup>(3), (6)</sup> | (18.2)                      | (3.7)    | (23.8)                    | (7.3)    |
| Acquisition and other-related costs <sup>(4)</sup>                | (1.8)                       | —        | (4.5)                     | —        |
| Gain on sale of strategic investment <sup>(5)</sup>               | —                           | —        | 19.2                      | —        |
| Net income (loss)                                                 | \$ 35.5                     | \$ 59.8  | \$ 86.2                   | \$ 120.6 |

(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 and six months ended June 30, 2023, charges of \$4.5 million and \$6.2 million relate to the Performance Materials segment, charges of \$12.6 million and \$15.7 million relate to the Performance Chemicals segment, and charges of \$1.1 million and \$1.9 million relate to the Advanced Polymer Technologies segment, respectively. For the three and six months ended June 30, 2022, charges of \$1.3 million and \$2.6 million relate to the Performance Materials segment, charges of \$1.9 million and \$3.7 million relate to the Performance Chemicals segment, and charges of \$0.5 million and \$1.0 million relate to the Advanced Polymer Technologies segment, respectively. For more detail on the charges incurred see Note 11.

(4) For the three and six months ended June 30, 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 and six months ended June 30, 2023, gain on sale of strategic investment relates to the Performance Materials segment. For more detail see Note 4.

(6) Excludes \$1.0 million of depreciation and amortization for the three and six months ended June 30, 2023, relating to the alternative feedstock transition within our Performance Chemicals reportable segment. Refer to Note 11 for more information.

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**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.

| <i>In millions, except share and per share data</i>                               | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|-----------------------------------------------------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
|                                                                                   | <b>2023</b>                        | <b>2022</b> | <b>2023</b>                      | <b>2022</b> |
| Net income (loss)                                                                 | \$ 35.5                            | \$ 59.8     | \$ 86.2                          | \$ 120.6    |
| Basic and Diluted earnings (loss) per share                                       |                                    |             |                                  |             |
| Basic earnings (loss) per share                                                   | \$ 0.98                            | \$ 1.55     | \$ 2.34                          | \$ 3.11     |
| Diluted earnings (loss) per share                                                 | 0.97                               | 1.54        | 2.33                             | 3.09        |
| Shares <i>(in thousands)</i>                                                      |                                    |             |                                  |             |
| Weighted average number of common shares outstanding - Basic                      | 36,373                             | 38,515      | 36,768                           | 38,762      |
| Weighted average additional shares assuming conversion of potential common shares | 225                                | 233         | 303                              | 250         |
| Shares - diluted basis                                                            | 36,598                             | 38,748      | 37,071                           | 39,012      |

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

| <i>In thousands</i>                                      | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|----------------------------------------------------------|------------------------------------|-------------|----------------------------------|-------------|
|                                                          | <b>2023</b>                        | <b>2022</b> | <b>2023</b>                      | <b>2022</b> |
| Average number of potential common shares - antidilutive | 473                                | 217         | 346                              | 201         |

**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 and six months ended June 30, 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

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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**

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

(1) Fair value of finished goods inventories acquired included a step-up in the value of \$1.8 million, of which zero and \$0.8 million was expensed in the three and six months ended June 30, 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 and \$5.5 million for the three and six months ended June 30, 2023. Estimated amortization expense is as follows: \$5.4 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.

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**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.

| <i>In millions</i>                                       | Three Months Ended June 30, |             | Six Months Ended June 30, |             |
|----------------------------------------------------------|-----------------------------|-------------|---------------------------|-------------|
|                                                          | 2023                        | 2022        | 2023                      | 2022        |
| Legal and professional service fees                      | \$ 1.8                      | \$ —        | \$ 3.7                    | \$ —        |
| Acquisition-related costs                                | 1.8                         | —           | 3.7                       | —           |
| Inventory fair value step-up amortization <sup>(1)</sup> | —                           | —           | 0.8                       | —           |
| Acquisition and other-related costs                      | <u>\$ 1.8</u>               | <u>\$ —</u> | <u>\$ 4.5</u>             | <u>\$ —</u> |

(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**

### **Restructuring Charges**

In the first quarter of 2023, we initiated several measures to pursue greater cost efficiency which included a reorganization to streamline certain functions and reduce ongoing costs. During the second quarter, we took further actions to reorganize our operations. The combined restructuring program is expected to cost approximately \$12-14 million and is expected to be completed over the remainder of 2023. During the three and six months ended June 30, 2023, we recorded \$4.4 million and \$7.4 million in severance and other employee-related costs and \$2.6 million and \$2.7 million in other restructuring charges, including asset write-offs associated with our reorganization.

### ***Alternative Fatty Acid Transition***

In April 2023, we began the feedstock transition of our Crossett, Arkansas manufacturing plant. During the three and six months ended June 30, 2023, we incurred \$6.6 million in costs. We expect to incur approximately \$20-25 million of expense in 2023, representing non-capital retooling and stranded costs, with modest levels of capital expenditure.

### ***North Charleston Plant Transition***

In May 2023, WestRock announced that it will permanently cease operating its North Charleston paper mill by August 31, 2023 and notified us that it is terminating the shared services in accordance with our operating agreement. We expect to incur approximately \$15-20 million of non-capital transition costs in 2023 as we continue to transition those shared services and minimize disruption to our operations and are continuing to evaluate the future impact. During the three and six months ended June 30, 2023, we incurred \$2.9 million in costs.

## Results of Operations

| <i>In millions</i>                            | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|-----------------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                               | 2023                        | 2022     | 2023                      | 2022     |
| Net sales                                     | \$ 481.8                    | \$ 419.9 | \$ 874.4                  | \$ 802.7 |
| Cost of sales                                 | 328.8                       | 269.3    | 591.0                     | 514.3    |
| Gross profit                                  | 153.0                       | 150.6    | 283.4                     | 288.4    |
| Selling, general, and administrative expenses | 51.7                        | 48.7     | 100.3                     | 88.7     |
| Research and technical expenses               | 8.0                         | 8.2      | 16.8                      | 15.5     |
| Restructuring and other (income) charges, net | 19.2                        | 3.7      | 24.8                      | 7.3      |
| Acquisition-related costs                     | 1.8                         | —        | 3.7                       | —        |
| Other (income) expense, net                   | 3.0                         | (1.6)    | (15.2)                    | (3.0)    |
| Interest expense, net                         | 21.6                        | 15.1     | 41.2                      | 25.8     |
| Income (loss) before income taxes             | 47.7                        | 76.5     | 111.8                     | 154.1    |
| Provision (benefit) for income taxes          | 12.2                        | 16.7     | 25.6                      | 33.5     |
| Net income (loss)                             | \$ 35.5                     | \$ 59.8  | \$ 86.2                   | \$ 120.6 |

### Net sales

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

| <i>In millions</i>                        | Prior year Net sales | Change vs. prior year |           |                 | Current year Net Sales |
|-------------------------------------------|----------------------|-----------------------|-----------|-----------------|------------------------|
|                                           |                      | Volume                | Price/Mix | Currency effect |                        |
| Three months ended June 30, 2023 vs. 2022 | \$ 419.9             | 19.3                  | 45.4      | (2.8)           | \$ 481.8               |
| Six months ended June 30, 2023 vs. 2022   | \$ 802.7             | (25.0)                | 104.1     | (7.4)           | \$ 874.4               |

### **Three Months Ended June 30, 2023 vs. 2022**

The sales increase of \$61.9 million in 2023 was driven by favorable mix of \$45.4 million (11 percent) across all segments, favorable volume improvement of \$19.3 million (five percent) supported by Performance Materials and the Performance Chemicals' pavement technologies business line, including Ozark Materials, LLC and Ozark Logistics, LLC (collectively, "Ozark Materials") acquisition completed in the fourth quarter of 2022, more than offset weaker volumes in Performance Chemicals' industrial specialties business line and Advanced Polymer Technologies. These favorable impacts to Net sales were partially offset by unfavorable foreign currency exchange of \$2.8 million (one percent).

### **Six Months Ended June 30, 2023 vs. 2022**

The sales increase of \$71.7 million in 2023 was driven by favorable mix of \$104.1 million (13 percent) across all segments, partially offset by unfavorable volume decline, particularly in our Performance Chemicals' Industrial Specialties business line, for a combined impact of \$25.0 million (three percent), and unfavorable foreign currency exchange of \$7.4 million (one percent).

## Gross Profit

### ***Three Months Ended June 30, 2023 vs. 2022***

Gross profit increase of \$2.4 million was driven by favorable pricing and product mix of \$41.9 million, favorable sales volume of \$12.8 million, primarily driven by our Performance Materials and Advanced Polymer Technologies reportable segments and favorable foreign currency exchange of \$1.1 million, offset by increased manufacturing costs of \$53.4 million due to raw material inflationary pressures, primarily CTO within our industrial specialties product line. 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.

### ***Six Months Ended June 30, 2023 vs. 2022***

Gross profit decrease of \$5.0 million was driven by increased manufacturing costs of \$97.4 million due to raw material inflationary pressures, primarily CTO within our industrial specialties product line in our Performance Chemicals reportable segment, unfavorable sales volume of \$7.8 million, and unfavorable foreign currency exchange of \$0.3 million, offset by pricing improvements and favorable mix of \$100.5 million primarily driven by our industrial specialties product line. 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 June 30, 2023 vs. 2022***

Selling, general and administrative expenses ("SG&A") were \$51.7 million (11 percent of Net sales) and \$48.7 million (12 percent of Net sales) for the three months ended June 30, 2023 and 2022, respectively. The decrease in SG&A as a percentage of Net sales was driven by higher sales, lower employee-related costs of \$0.4 million, and decreased travel and other miscellaneous costs of \$0.9 million, partially offset by increased amortization expense of \$4.3 million primarily driven by the Ozark Materials acquisition.

### ***Six Months Ended June 30, 2023 vs. 2022***

Selling, general and administrative expenses ("SG&A") were \$100.3 million (11 percent of Net sales) and \$88.7 million (11 percent of Net sales) for the six months ended June 30, 2023 and 2022, respectively. SG&A as a percentage of Net sales was unchanged as the impact of increased amortization costs of \$6.3 million, primarily driven by the Ozark Materials acquisition, higher employee-related costs of \$5.0 million, and increased travel and other miscellaneous costs of \$0.3 million were offset by higher sales.

## Research and technical expenses

### ***Three Months Ended June 30, 2023 vs. 2022***

Research and technical expenses as a percentage of Net sales remained relatively consistent period over period, decreasing to 1.7 percent from 2.0 percent for the three months ended June 30, 2023 and 2022, respectively.

### ***Six Months Ended June 30, 2023 vs. 2022***

Research and technical expenses as a percentage of Net sales remained consistent period over period, at 1.9 percent and 1.9 percent for the six months ended June 30, 2023 and 2022, respectively.

Restructuring and other (income) charges, net**Three and Six Months Ended June 30, 2023 vs. 2022**

Restructuring and other (income) charges, net were \$19.2 million and \$24.8 million for the three and six months ended June 30, 2023, respectively, and \$3.7 million and \$7.3 million for the three and six months ended June 30, 2022, respectively. Severance and other employee-related costs increased \$4.4 million and \$7.4 million, and other restructuring charges increased \$2.6 million and \$2.7 million. Additionally, alternative fatty acid transition costs increased \$6.6 million, and costs associated with the North Charleston plant transition increased \$2.9 million, both for the three and six months ended June 30, 2023, respectively. The increase was partially offset by a \$1.0 million and \$2.1 million decrease related to our digital transformation initiative for the three and six months ended June 30, 2023, respectively. See Note 11 within the Condensed Consolidated Financial Statements for more information.

Acquisition-related costs**Three and Six Months Ended June 30, 2023 vs. 2022**

Acquisition-related costs were \$1.8 million and \$3.7 million for the three and six months ended June 30, 2023, respectively, and zero for the three and six months ended June 30, 2022, respectively. For the three and six months ended June 30, 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 and Six Months Ended June 30, 2023 vs. 2022**

| <i>In millions</i>                      | Three Months Ended June 30, |                 | Six Months Ended June 30, |                 |
|-----------------------------------------|-----------------------------|-----------------|---------------------------|-----------------|
|                                         | 2023                        | 2022            | 2023                      | 2022            |
| Foreign currency exchange (income) loss | \$ 2.4                      | \$ 0.1          | \$ 2.7                    | \$ 0.4          |
| Gain on sale of strategic investment    | —                           | —               | (19.2)                    | —               |
| Other (income) expense, net             | 0.6                         | (1.7)           | 1.3                       | (3.4)           |
| Total Other (income) expense, net       | <u>\$ 3.0</u>               | <u>\$ (1.6)</u> | <u>\$ (15.2)</u>          | <u>\$ (3.0)</u> |

Interest expense, net**Three and Six Months Ended June 30, 2023 vs. 2022**

| <i>In millions</i>                                       | Three Months Ended June 30, |                | Six Months Ended June 30, |                |
|----------------------------------------------------------|-----------------------------|----------------|---------------------------|----------------|
|                                                          | 2023                        | 2022           | 2023                      | 2022           |
| Finance lease obligations                                | \$ 1.8                      | \$ 1.9         | \$ 3.6                    | \$ 3.7         |
| Revolving credit and term loan facilities <sup>(1)</sup> | 15.0                        | 4.2            | 28.2                      | 6.1            |
| Senior notes <sup>(1)</sup>                              | 5.6                         | 12.7           | 11.2                      | 21.9           |
| Litigation related interest expense <sup>(2)</sup>       | 0.4                         | —              | 0.4                       | —              |
| Other interest (income) expense, net                     | (1.2)                       | (3.7)          | (2.2)                     | (5.9)          |
| Total Interest expense, net                              | <u>\$ 21.6</u>              | <u>\$ 15.1</u> | <u>\$ 41.2</u>            | <u>\$ 25.8</u> |

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

(2) See Note 13 within the Condensed Consolidated Financial Statements for more information.

Provision (benefit) for income taxes

***Three and Six Months Ended June 30, 2023 vs. 2022***

For the three months ended June 30, 2023 and 2022, our effective tax rate was 25.6 percent and 21.8 percent, respectively. Excluding discrete items, the effective rate was 23.8 percent compared to 21.7 percent in the three months ended June 30, 2023 and 2022, respectively. See Note 12 within the Condensed Consolidated Financial Statements for more information.

For the six months ended June 30, 2023 and 2022, our effective tax rate was 22.9 percent and 21.7 percent, respectively. Excluding discrete items, the effective rate was 23.3 percent compared to 21.2 percent in the six months ended June 30, 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 increased compared to the prior year quarter, mainly due to improved automotive carbon volumes in the North America auto market and some improvement in China. Segment EBITDA growth was driven primarily by the higher sales volume and price, partially offset by lower capacity utilization in an effort to reduce inventory levels.

| <i>In millions</i>                      | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|-----------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                         | 2023                        | 2022     | 2023                      | 2022     |
| Total Performance Materials - Net sales | \$ 144.6                    | \$ 122.4 | \$ 286.0                  | \$ 270.8 |
| Segment EBITDA                          | \$ 64.2                     | \$ 55.6  | \$ 134.0                  | \$ 133.5 |

#### Net Sales Comparison of Three and Six Months Ended June 30, 2023 and June 30, 2022:

| <b>Performance Materials (In millions)</b> | Prior year Net sales | Change vs. prior year |           |                 | Current year Net sales |
|--------------------------------------------|----------------------|-----------------------|-----------|-----------------|------------------------|
|                                            |                      | Volume                | Price/Mix | Currency effect |                        |
| Three months ended June 30, 2023 vs. 2022  | \$ 122.4             | 17.8                  | 7.2       | (2.8)           | \$ 144.6               |
| Six months ended June 30, 2023 vs. 2022    | \$ 270.8             | 5.8                   | 15.4      | (6.0)           | \$ 286.0               |

#### Three Months Ended June 30, 2023 vs. 2022

**Segment net sales.** The increase of \$22.2 million in 2023 was driven by a volume increase of \$17.8 million (15 percent) and favorable mix of \$7.2 million (six percent), partially offset by unfavorable foreign currency exchange of \$2.8 million (two percent).

**Segment EBITDA.** The increase of \$8.6 million in 2023 was driven by the increase in sales as noted above, a volume increase of \$10.8 million, favorable mix of \$4.8 million, and decreased SG&A and research and technical expenses of \$1.2 million. The increase was partially offset by increased manufacturing costs of \$5.5 million, and unfavorable foreign currency exchange of \$2.7 million.

#### Six Months Ended June 30, 2023 vs. 2022

**Segment net sales.** The increase of \$15.2 million in 2023 was driven by favorable mix of \$15.4 million (six percent) and a volume increase of \$5.8 million (two percent). This was partially offset by unfavorable foreign currency exchange of \$6.0 million (two percent).

**Segment EBITDA.** The increase of \$0.5 million in 2023 was driven by the increase in sales as noted above, favorable mix of \$12.9 million, a volume increase of \$3.9 million, and decreased SG&A and research and technical expenses of \$0.9

million. The increase was partially offset by increased manufacturing costs of \$14.3 million, and unfavorable foreign currency exchange of \$2.9 million.

## Performance Chemicals

### Performance Summary

Sales in our Performance Chemicals segment increased compared to the prior year quarter, primarily due to higher pricing across the segment and the addition of the Ozark Materials road markings business, 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.

Pavement technologies sales increased due to continued growth of the legacy business as a result of technology adoption as well as the acquisition of Ozark Materials.

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

| <i>In millions</i>                         | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|--------------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                            | 2023                        | 2022     | 2023                      | 2022     |
| Total Performance Chemicals - Net sales    | \$ 284.0                    | \$ 243.7 | \$ 469.6                  | \$ 416.3 |
| <i>Pavement Technologies product line</i>  | 140.9                       | 77.8     | 186.7                     | 105.7    |
| <i>Industrial Specialties product line</i> | 143.1                       | 165.9    | 282.9                     | 310.6    |
| Segment EBITDA                             | \$ 44.9                     | \$ 61.7  | \$ 65.2                   | \$ 92.5  |

### Net Sales Comparison of Three and Six Months Ended June 30, 2023 and June 30, 2022:

| <b>Performance Chemicals</b> <i>(In millions)</i> | Prior year Net sales | Change vs. prior year |           |                 | Current year Net Sales |
|---------------------------------------------------|----------------------|-----------------------|-----------|-----------------|------------------------|
|                                                   |                      | Volume                | Price/Mix | Currency effect |                        |
| Three months ended June 30, 2023 vs. 2022         | \$ 243.7             | 9.3                   | 31.3      | (0.3)           | \$ 284.0               |
| Six months ended June 30, 2023 vs. 2022           | \$ 416.3             | (16.3)                | 70.4      | (0.8)           | \$ 469.6               |

### Three Months Ended June 30, 2023 vs. 2022

**Segment net sales.** The increase of \$40.3 million was driven by favorable mix of \$31.3 million (13 percent), driven by increases in industrial specialties (\$21.9 million) and pavement technologies (\$9.4 million), and a volume increase of \$9.3 million (four percent), driven by an increase in pavement technologies (\$53.8 million), primarily due to Ozark Materials, offset by a decrease in industrial specialties (\$44.5 million). Unfavorable foreign currency exchange also negatively impacted net sales by \$0.3 million (zero percent).

**Segment EBITDA.** The decrease of \$16.8 million was driven by higher manufacturing costs of \$50.8 million, and higher SG&A expenses of \$1.1 million. The decrease was partially offset by favorable mix of \$30.2 million, a volume increase of \$4.7 million, and favorable foreign currency exchange of \$0.2 million.

### Six Months Ended June 30, 2023 vs. 2022

**Segment net sales.** The increase of \$53.3 million was driven by favorable mix of \$70.4 million (17 percent), driven by increases in industrial specialties (\$58.4 million) and pavement technologies (\$12.0 million). This was partially offset by a volume decrease of \$16.3 million (four percent), driven by a decrease in industrial specialties (\$85.7 million), partially offset by an increase in pavement technologies (\$69.4 million), and unfavorable foreign currency exchange of \$0.8 million (zero percent).

**Segment EBITDA.** The decrease of \$27.3 million was driven by higher manufacturing costs of \$81.7 million, higher SG&A expenses of \$8.2 million, and volume decrease of \$6.7 million. The decrease was partially offset by favorable mix of \$69.2 million and favorable foreign currency exchange of \$0.1 million.

## Advanced Polymer Technologies

### Performance Summary

Our Advanced Polymer Technologies segment sales were flat compared to the prior year quarter due to market weakness in footwear and industrials, largely offset by volume improvement in automotive and bioplastics and higher prices across the segment. Segment EBITDA growth was driven primarily by profit recovery initiatives, including pricing actions and product mix management, and lower input costs.

| <i>In millions</i>                              | Three Months Ended June 30, |         | Six Months Ended June 30, |          |
|-------------------------------------------------|-----------------------------|---------|---------------------------|----------|
|                                                 | 2023                        | 2022    | 2023                      | 2022     |
| Total Advanced Polymer Technologies - Net sales | \$ 53.2                     | \$ 53.8 | \$ 118.8                  | \$ 115.6 |
| Segment EBITDA                                  | \$ 11.6                     | \$ 3.8  | \$ 25.4                   | \$ 14.1  |

### Net Sales Comparison of Three and Six Months Ended June 30, 2023 and June 30, 2022:

| <i>Advanced Polymer Technologies (In millions)</i> | Prior year Net sales | Change vs. prior year |           |                 | Current year Net sales |
|----------------------------------------------------|----------------------|-----------------------|-----------|-----------------|------------------------|
|                                                    |                      | Volume                | Price/Mix | Currency effect |                        |
| Three months ended June 30, 2023 vs. 2022          | \$ 53.8              | (7.8)                 | 6.9       | 0.3             | \$ 53.2                |
| Six months ended June 30, 2023 vs. 2022            | \$ 115.6             | (14.5)                | 18.3      | (0.6)           | \$ 118.8               |

### Three Months Ended June 30, 2023 vs. 2022

**Segment net sales.** The slight decrease of \$0.6 million in 2023 was driven by a volume decline of \$7.8 million (14 percent), partially offset by favorable mix of \$6.9 million (13 percent), and favorable foreign currency exchange of \$0.3 million (one percent).

**Segment EBITDA.** The increase of \$7.8 million was driven by favorable pricing and mix of \$6.9 million, decreased manufacturing costs, primarily energy costs, of \$4.6 million, decreased SG&A and research and technical expenses of \$1.0 million, partially offset by volume decline of \$2.7 million, and unfavorable foreign currency exchange of \$2.0 million.

### Six Months Ended June 30, 2023 vs. 2022

**Segment net sales.** The increase of \$3.2 million in 2023 was driven by favorable mix of \$18.3 million (16 percent), partially offset by volume decline of \$14.5 million (13 percent), and unfavorable foreign currency exchange of \$0.6 million (one percent).

**Segment EBITDA.** The increase of \$11.3 million was driven by favorable mix of \$18.4 million, and decreased manufacturing costs of \$1.0 million, partially offset by volume decline of \$5.0 million, unfavorable foreign currency exchange of \$2.4 million, and increased SG&A and research and technical expenses of \$0.7 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***

| <i>In millions</i>                                            | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|---------------------------------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                                               | 2023                        | 2022     | 2023                      | 2022     |
| Net income (loss) (GAAP)                                      | \$ 35.5                     | \$ 59.8  | \$ 86.2                   | \$ 120.6 |
| Interest expense, net                                         | 21.6                        | 15.1     | 41.2                      | 25.8     |
| Provision (benefit) for income taxes                          | 12.2                        | 16.7     | 25.6                      | 33.5     |
| Depreciation and amortization - Performance Materials         | 9.2                         | 8.8      | 19.2                      | 17.8     |
| Depreciation and amortization - Performance Chemicals         | 14.0                        | 9.5      | 27.8                      | 19.7     |
| Depreciation and amortization - Advanced Polymer Technologies | 8.2                         | 7.5      | 15.5                      | 15.4     |
| Restructuring and other (income) charges, net <sup>(1)</sup>  | 18.2                        | 3.7      | 23.8                      | 7.3      |
| Gain on sale of strategic investment                          | —                           | —        | (19.2)                    | —        |
| Acquisition and other-related costs                           | 1.8                         | —        | 4.5                       | —        |
| Adjusted EBITDA (Non-GAAP)                                    | \$ 120.7                    | \$ 121.1 | \$ 224.6                  | \$ 240.1 |

(1) Excludes \$1.0 million of Depreciation and amortization for the three and six months ended June 30, 2023, relating to the alternative feedstock transition within our Performance Chemicals reportable segment. Refer to Note 11 for more information.

### **Adjusted EBITDA**

#### ***Three and Six Months Ended June 30, 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 vs. Prior Year**

Net sales are expected to be between \$1.6 billion and \$1.7 billion for the full year 2023. We expect improvement in global automobile production over prior year, which will support growth in our Performance Materials reportable segment. In our Performance Chemicals reportable segment we expect growth from the pavement technologies product line as we continue to drive geographic expansion and municipalities take advantage of increased infrastructure spending, partially offset by volume pressure within the industrial specialties product line, primarily in rosin-based products, as well as other industrial end markets. Our Advanced Polymer Technologies reportable segment is expected to see growth in key end markets such as automotive and bioplastics however we expect pressure in other end markets such as footwear.

Adjusted EBITDA is expected to be between \$390 million to \$420 million for the full year 2023. We expect EBITDA growth for our Performance Materials segment as volumes shift to higher margin automotive carbon due to improved global automotive production. In Performance Chemicals, we expect a significant increase in the cost of CTO, a primary raw material, partially offset by continued growth in the pavement technologies product line. In Advanced Polymer Technologies, we anticipate improved margins on a combination of volume growth in strategic 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 June 30, 2023, our undrawn capacity under our revolving credit facility was \$116.7 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 (and related excise tax payments), income tax payments, and restructuring activities such as our alternative feedstock transition and North Charleston plant transition. 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 \$68.0 million at June 30, 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 June 30, 2023, included \$58.4 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 and rescinded the prior outstanding repurchase authorizations 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 and six months ended June 30, 2023, we repurchased \$58.7 million, inclusive of \$0.6 million in excise tax, and \$92.1 million, inclusive of \$0.8 million in excise tax, in common stock, representing 819,898 and 1,269,373 shares of our common stock at a weighted average cost per share of \$70.87 and \$71.93, respectively. At June 30, 2023, \$353.4 million remained unused under our Board-authorized repurchase program.

During the three and six months ended June 30, 2022, we repurchased \$49.5 million and \$89.9 million in common stock, representing 719,236 and 1,329,683 shares of our common stock at a weighted average cost per share of \$68.72 and \$67.59, respectively.

#### ***Capital Expenditures***

Projected 2023 capital expenditures are \$100 - \$120 million. We have no material commitments associated with these projected capital expenditures as of June 30, 2023.

### ***Cash flow comparison of the Six Months Ended June 30, 2023 and 2022***

| <i>In millions</i>                                  | Six Months Ended June 30, |          |
|-----------------------------------------------------|---------------------------|----------|
|                                                     | 2023                      | 2022     |
| Net cash provided by (used in) operating activities | \$ 53.6                   | \$ 114.8 |
| Net cash provided by (used in) investing activities | (21.5)                    | (58.6)   |
| Net cash provided by (used in) financing activities | (40.1)                    | (193.3)  |

#### ***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 \$53.6 million for the six months ended June 30, 2023.

Cash provided by (used in) operating activities for the six months ended June 30, 2023 was driven by a net increase in overall working capital of \$56.3 million including an increase in trade working capital (accounts receivable, inventory, and accounts payable) of \$34.9 million. Cash flow from operations was reduced by an increase in cash interest paid of \$11.3 million due to the rising interest rates during 2023 when compared to 2022. This was partially offset by a reduction in tax payments of \$3.3 million and increased cash earnings of \$3.1 million.

#### ***Cash flows provided by (used in) investing activities***

Cash used in investing activities in the six months ended June 30, 2023 was \$21.5 million and was primarily driven by capital expenditures of \$47.1 million, partially offset by the proceeds from the sale of a strategic investment for \$31.4 million. In the six months ended June 30, 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**

| <i>In millions</i>             | Six Months Ended June 30, |         |
|--------------------------------|---------------------------|---------|
|                                | 2023                      | 2022    |
| Maintenance                    | \$ 23.4                   | \$ 27.5 |
| Safety, health and environment | 5.5                       | 7.0     |
| Growth and cost improvement    | 18.2                      | 22.7    |
| Total capital expenditures     | \$ 47.1                   | \$ 57.2 |

#### ***Cash flows provided by (used in) financing activities***

Cash used in financing activities in the six months ended June 30, 2023, was \$40.1 million and was primarily driven by payments on our revolving credit facility of \$144.8 million, the repurchase of common stock of \$92.1 million, and tax payments related to withholdings on restricted stock unit vestings of \$4.5 million, partially offset by borrowings on our revolving credit facility of \$197.8 million. Cash used in financing activities in the six months ended June 30, 2022 was \$193.3 million and was primarily driven by payments on long-term borrowings of \$628.1 million, payments on revolving credit facility of \$256.0 million, the repurchase of common stock of \$89.9 million, and tax payments related to withholdings on restricted stock unit vestings of \$2.0 million, partially offset by borrowings on our revolving credit facility of \$788.0 million.

#### **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. Recently issued ASUs that are not listed within this Form 10-Q have been assessed and determined to be either not applicable or are not expected to have a material impact on the 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 21 percent of our net sales in the first six 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 six months ended June 30, 2023, would have decreased our net sales and income before income taxes by approximately \$7.9 million or two percent, and \$2.1 million or three percent, respectively. Comparatively, a hypothetical 10 percent adverse change in the average Chinese renminbi and euro to U.S. dollar exchange rates during the six months ended June 30, 2022, would have decreased our net sales and income before income taxes by approximately \$9.8 million or one percent, and \$4.1 million or two percent, respectively.

#### ***Interest rate risk***

As of June 30, 2023, approximately \$881.0 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 six months ended June 30, 2023 would have increased our annual interest expense by approximately \$8.8 million or ten percent. Comparatively, a 100 basis point increase in the variable interest rate component of our borrowings for the six months ended June 30, 2022 would have increased our interest expense by approximately \$5.3 million or 12 percent.

#### ***Commodity price risk***

A portion of our manufacturing costs includes purchased raw materials, which are commodities whose prices fluctuate as market supply and demand fundamentals change. Accordingly, product margins and the level of our profitability tend to fluctuate with the changes in these commodity prices.

#### ***Crude tall oil price risk***

Our results of operations are directly affected by the cost of our raw materials, particularly crude tall oil ("CTO"), which represented approximately 23 percent of our consolidated cost of sales for the six months ended June 30, 2023. Pricing for CTO is driven by the limited supply of the product and competing demands for its use, both of which drive pressure on its price. Our gross profit and margins could be adversely affected by increases in the cost of CTO if we are unable to pass the increases on to our customers.

### ***Other market risks***

Information about our other remaining market risks for the period ended June 30, 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 June 30, 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) during the quarter ended June 30, 2023 that materially affected, or are 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. Except as set forth below, 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 June 30, 2023.

*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 Ingevity 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"), 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.

### 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 June 30, 2023.

| Period           | Total Number of<br>Shares Purchased | Average Price Paid<br>Per Share | Total Number of Shares<br>Purchased as Part of<br>Publicly Announced Plans<br>or Programs | Approximate Dollar Value<br>of Shares that May Yet be<br>Purchased Under the Plans<br>or Programs <sup>(1)</sup> |
|------------------|-------------------------------------|---------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| April 1-30, 2023 | 667,440                             | \$ 71.07                        | 667,440                                                                                   | \$ 364,052,723                                                                                                   |
| May 1-31, 2023   | 152,458                             | \$ 69.97                        | 152,458                                                                                   | \$ 353,384,633                                                                                                   |
| June 1-30, 2023  | —                                   | \$ —                            | —                                                                                         | \$ 353,384,633                                                                                                   |
| Total            | 819,898                             |                                 | 819,898                                                                                   |                                                                                                                  |

(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**

| <b>Exhibit No.</b>                       | <b>Description of Exhibit</b>                                                                                                                                                                                                                                                                                              |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#"><u>10.1</u></a> <sup>†</sup> | Performance Chemicals Transformation Restricted Stock Unit Award dated effective as of May 1, 2023 between Ingevity Corporation and Richard A. White.                                                                                                                                                                      |
| <a href="#"><u>10.2</u></a> <sup>*</sup> | Amended and Restated 2017 Ingevity Corporation Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to Ingevity Corporation's Registration Statement on Form S-8, as filed with the U.S. Securities and Exchange Commission on May 4, 2023).                                                            |
| <a href="#"><u>31.1</u></a>              | Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Executive Officer.                                                                                                                                                                                                                                       |
| <a href="#"><u>31.2</u></a>              | Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Financial Officer.                                                                                                                                                                                                                                       |
| <a href="#"><u>32.1</u></a>              | 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. |
| <a href="#"><u>32.2</u></a>              | 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

**INGEVITY CORPORATION**

By: /S/ MARY DEAN HALL

Mary Dean Hall

**Executive Vice President and Chief Financial Officer**

(Principal Financial Officer and Duly Authorized Officer)

Ingevity Corporation  
Restricted Stock Unit Awards  
*(Performance Chemicals Transformation Award Tier I Commercial - Performance-Based)*

**CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (i) NOT MATERIAL AND (ii) IS THE TYPE THAT THE COMPANY TREATS AS PRIVATE OR CONFIDENTIAL. SUCH EXCLUDED INFORMATION IS DENOTED BY ASTERISKS IN BRACKETS [\*\*\*\*\*].**

### TERMS AND CONDITIONS

1. **Terms and Conditions:** This grant of performance-based Restricted Stock Units is made under the Ingevity Corporation 2016 Omnibus Incentive Plan, (the “Plan”), and is subject in all respects to the terms of the Plan. All terms of the Plan are hereby incorporated into these terms and conditions (the “Terms and Conditions”) by reference. In the event of a conflict between one or more provisions of these Terms and Conditions and one or more provisions of the Plan, the provisions of the Plan shall govern; provided that the terms of any individual written Agreement entered into by the Company and the Grantee approved by the Committee shall supersede these Terms and Conditions so long as consistent with the Plan. Each capitalized term not defined herein has the meaning assigned to such term in the Plan.
2. **Confirmation of Grant:** Effective as of May 1, 2023 (the “Award Date”), Ingevity Corporation (the “Company”) granted the individual whose name is set forth in the notice of grant (the “Grantee”) performance-based Restricted Stock Units with respect to a specified number of shares of Common Stock as set forth in the Grantee’s notice of grant (the “PSUs”). By accepting the PSUs, the Grantee acknowledges and agrees that the PSUs are subject to these Terms and Conditions and the terms of the Plan.
3. **Stockholder Rights:**
  - a. The Grantee will not have any stockholder rights or privileges (including voting rights) with respect to the shares of Common Stock subject to the PSUs until such shares of Common Stock are actually issued and registered in the Grantee’s name in the Company’s books and records.
  - b. However, if the Company declares a cash dividend on its shares of Common Stock, on the payment date of the dividend, the Grantee shall be credited with dividend equivalents equal to the amount of such cash dividend per share of Common Stock multiplied by the number of shares of Common Stock subject to the PSUs. The dividend equivalents will be subject to the same terms regarding vesting and forfeiture as the PSUs and will be paid in cash at the time(s) that the corresponding shares of Common Stock associated with the PSUs are delivered (or forfeited at the time that the PSUs are forfeited). Such cash payment will be subject to withholding for applicable taxes.
4. **Automatic Forfeiture:** The PSUs will automatically be forfeited and all rights of the Grantee to the PSUs shall terminate under the following circumstances:
  - a. Employment of the Grantee is terminated for Cause.
  - b. The Grantee breaches any confidentiality, non-solicitation or non-competition covenant set forth on the attached Exhibit B or in any restrictive covenants agreement between the Grantee and the Company or an affiliate.
  - c. The Committee requires recoupment of the PSUs in accordance with any recoupment policy adopted or amended by the Company from time to time.
5. **Restrictive Covenants:** By accepting the PSUs, the Grantee agrees to comply with the confidentiality, non-solicitation and non-competition covenants set forth on the attached Exhibit B. If the Grantee has a written restrictive covenants agreement with the Company or an affiliate, the Grantee also agrees to continue to comply with the obligations under such restrictive covenants agreement as a condition of grant of the PSUs.

6. **Transferability:** The PSUs shall not be sold, transferred, assigned, pledged or otherwise encumbered or disposed.
7. **Determination of Earned PSUs:** Subject to the remainder of the terms and conditions of this Award, the Grantee shall (a) earn, and become eligible to become vested in, the PSUs based on attainment of the performance goals set forth on the attached Exhibit A (the “Performance Goals”) during the period beginning on May 1, 2023 and ending on June 30, 2025 (the “Performance Period”), provided the Grantee continues to be employed by the Company through the date, following the end of the Performance Period, that the Committee certifies that the Performance Goals have been attained (the “Determination Date”) (such number of PSUs, if any, the “Earned PSUs”), and (b) on the Vesting Date (as defined below), become vested in the Earned PSUs. At the end of the Performance Period, the Committee shall determine whether and to what extent the Performance Goals have been met, shall certify attainment of the Performance Goals and shall authorize the settlement of PSU Awards consistent with the achievement of the Performance Goals upon the Vesting Date. In the event that the Performance Goals have not been met at the end of the Performance Period, the PSUs shall automatically be forfeited and all rights of the Grantee to the PSUs shall terminate. Except as otherwise provided below, if the Grantee terminates employment prior to the Vesting Date, the PSUs shall be cancelled and all rights of the Grantee to the PSU Award shall terminate.
8. **Accelerated Determination Date:** If, following the first anniversary of the Award Date, but prior to the end of the Performance Period, the Performance Goals are met at 100% of Target PSUs Earned for all metrics set forth on Exhibit A, the Committee shall certify the attainment of the Performance Goals as soon as reasonably practicable thereafter, and such date shall be deemed the Determination Date notwithstanding that the Performance Period has not been completed.
9. **Vesting Date:** The Earned PSUs shall vest (if at all) upon the first anniversary of the Determination Date, provided that, except as set forth in Section 10 below, the Grantee continues to be employed by the Company through the Vesting Date. The settlement of the Earned PSUs shall take place as soon as practicable after the Vesting Date.
10. **Termination of Employment:** If, following the first anniversary of the Award Date and prior to the Vesting Date (but after the Determination Date), (i) the Grantee’s employment is terminated by reason of death or Disability (as defined below), or (ii) the Grantee’s employment is involuntarily terminated without Cause or other circumstances outlined in Section 4 above, the Grantee’s Earned PSUs shall vest immediately based on the achievement of the Performance Goals as certified by the Committee on the Determination Date.

The vested PSUs shall be settled as described in Section 12 below. For purposes of this Award, “Disability” means permanently and totally disabled under the terms of the Company’s qualified retirement plans.

11. **Leave of Absence:** In the event that the Grantee is on an approved leave of absence, the Grantee’s PSUs shall continue to vest in accordance with these terms during his or her leave of absence, subject to the Committee’s discretion.
12. **Settlement:** The PSUs shall be settled by delivery of one share of Common Stock for each PSU earned based on the achievement of Performance Goals during the Performance Period. The PSUs shall be settled as soon as practicable after the Vesting Date. Notwithstanding the foregoing, to the extent that the PSUs are subject to Section 409A of the Internal Revenue Code, all such payments shall be made in compliance with the requirements of Section 409A of the Internal Revenue Code.
13. **Change of Control:** In the event of a Change in Control, Section 14 of the Plan shall apply and Section 14 of the Plan shall supersede in all respects Sections 7, 8, 9, 10, 11 and 12 of these Terms and Conditions.
14. **Tax Withholding:** The Grantee is solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the PSUs. The Grantee may satisfy any tax withholding obligations arising upon settlement of the PSUs by (a) paying the cash necessary to satisfy the tax withholding by authorizing the Company to either deduct such amount from the Grantee’s brokerage account or withhold such amount through payroll, (b) authorizing the Company to withhold shares of Common Stock otherwise issuable as

part of the PSUs, (c) tendering shares of Common Stock previously acquired to the Company, or (d) authorizing the Company to sell a portion of shares of Common Stock otherwise issuable in respect of the PSUs in an amount necessary to generate sufficient cash to satisfy the tax withholding obligation. A grantee may satisfy any tax withholding obligations arising upon the lapse of any risk of forfeiture (including FICA due upon such lapse) as provided in clause (a) above or withholding of the number of shares of Common Stock subject to the PSUs required to satisfy such tax withholding obligation. If the Company receives no instruction from the Grantee, the tax withholding obligation shall be satisfied by withholding shares of Common Stock otherwise issuable in respect of the Grantee's PSUs. The Company may withhold shares up to the maximum applicable withholding tax rate for federal (including FICA) state, local and foreign tax liabilities. If shares of Common Stock are used to satisfy tax withholding, such shares shall be valued based on the Fair Market Value when the tax withholding is required to be made.

15. **No Right to Continued Employment.** The Grantee understands and agrees that these Terms and Conditions do not impact the right of the Company or any of its affiliates employing the Grantee to terminate or change the terms of the Grantee's employment at any time for any reason, with or without cause. The Grantee understands and agrees that the Grantee's employment with the Company or any of its affiliates is on an "at-will" basis.
16. **Captions.** Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of these Terms and Conditions.
17. **Severability.** In the event that any provision in these Terms and Conditions shall be held invalid or unenforceable for any reason, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of these Terms and Conditions.

**Exhibit A**

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**Exhibit B**

**Restrictive Covenants**

By accepting the PSUs, the Grantee agrees to comply with the following terms:

**Confidential Information**

- (a) For purposes of these Terms and Conditions, the term “Confidential Information” shall mean information that the Company or any of its affiliates owns or possesses, that the Company or its affiliates have developed at significant expense and effort, that they use or that is potentially useful in the business of the Company or its affiliates, that the Company or its affiliates treat as proprietary, private or confidential, and that is not generally known to the public. Confidential information includes, but is not limited to, information that qualifies as a trade secret under applicable law. The Grantee acknowledges that the Grantee’s relationship with the Company is one of confidence and trust such that the Grantee has in the past been, and may in the future be, privy to Confidential Information of the Company or its affiliates.
- (b) The Grantee hereby covenants and agrees at all times during employment with the Company and its affiliates and thereafter to hold in strictest confidence, and not to use, any Confidential Information, except for the benefit of the Company, and not to disclose any Confidential Information to any person or entity without written authorization of the Company, except as otherwise required by law.

**Non-Solicitation**

- (a) The Grantee covenants and agrees that during the Grantee’s employment with the Company and its affiliates, and during the 12 month period following the Grantee’s termination of employment for any reason (the “Restricted Period”), the Grantee shall not, directly or indirectly, (i) solicit, hire or attempt to hire any employee of the Company or any of its affiliates as an employee, consultant or independent contractor of the Grantee or any other person or business entity for the purpose of providing services or products competitive with those offered by the Company or any of its affiliates, or (ii) solicit any employee, consultant or independent contractor of the Company or any of its affiliates to change or terminate his or her relationship with the Company or any of its affiliates for the purpose of providing services or products competitive with those offered by the Company or any of its affiliates, unless in each case, more than six months shall have elapsed between the last day of such person’s employment or service with the Company or any of its affiliates and the first date of such solicitation or hiring.
- (b) The Grantee covenants and agrees that during the Grantee’s employment with the Company and its affiliates and during the Restricted Period, the Grantee shall not, either directly or indirectly:
  - (i) solicit or do business with, or attempt to solicit or do business with, any customer with whom the Grantee had material contact, or about whom the Grantee received

Confidential Information within 12 months prior to the Grantee’s date of termination for the purpose of providing such customer with services or products competitive with those offered by the Company or any of its affiliates during the Grantee’s employment with the Company or its affiliates, or

- (ii) encourage any customer with whom the Grantee had material contact, or about whom the Grantee received Confidential Information within 12 months prior to the Grantee’s date of termination to reduce the level or amount of business such customer conducts with the Company or any of its affiliates.

**Non-Competition**

- (a) The Grantee covenants and agrees that during the Grantee’s employment with the Company and its affiliates and during the Restricted Period, the Grantee will not, without the Company’s express written consent, in any geographic area in which the Grantee had responsibility within the last two years prior to

the Grantee's termination of employment where the Company or its affiliates do business, directly or indirectly in the same or similar capacity to the services the Grantee performed for the Company;

- (i) own, maintain, finance, operate, invest or engage in any business that competes with the businesses of the Company and its affiliates in which the Grantee was materially involved during the two years prior to the Grantee's termination; or
  - (ii) provide services, as an employee, consultant, independent contractor, agent or otherwise, to any business that competes with the Company and its affiliates in businesses in which the Grantee was materially involved during the two years prior to the Grantee's termination.
- (b) Notwithstanding the foregoing, the Grantee may invest in or have an interest in entities traded on any public market, provided that such interest does not exceed five percent of the voting control of such entity.

**Other Acknowledgements and Agreements**

- (a) The Grantee acknowledges and agrees that in the event the Grantee breaches any of the covenants or agreements contained in this Exhibit B:
- (i) The Grantee shall forfeit the outstanding PSUs (including PSUs that have vested but not yet been settled), and the outstanding PSUs shall immediately terminate, and
  - (ii) The Company may in its discretion require the Grantee to return to the Company any cash or Shares received upon distribution of the PSUs. The Committee shall exercise the right of recoupment provided in this section (b) within one year after the Company's discovery of the Grantee's breach of the covenants or agreements contained in this Exhibit B. In addition, in the event of a breach or threatened breach of the restrictions in this Exhibit B, the Company shall be entitled to preliminary and permanent injunctive relief, in addition to any other remedies available to it, to prevent such breach or threatened breach.
- (b) If any portion of the covenants or agreements contained in this Exhibit B, or the application hereof, is construed to be invalid or unenforceable, the other portions of such covenants or agreements or the application thereof shall not be affected and shall be given full force and effect without regard to the invalid or unenforceable portions to the fullest extent possible. If any covenant or agreement in this Exhibit B is held to be unenforceable because of the duration thereof or the scope thereof, then the court making such determination shall have the power to reduce the duration and limit the scope thereof, and the covenant or agreement shall then be enforceable in its reduced form. The covenants and agreements contained in this Exhibit B shall survive the termination of the PSUs.

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: August 3, 2023

By: /S/ JOHN C. FORTSON  
**John C. Fortson**  
**President and Chief Executive Officer**

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: August 3, 2023

By: /S/ MARY DEAN HALL  
**Mary Dean Hall**  
**Executive Vice President and Chief Financial Officer**

**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 June 30, 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: August 3, 2023

/S/ JOHN C. FORTSON

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**John C. Fortson**  
President and Chief Executive Officer

**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 June 30, 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: August 3, 2023

/S/ MARY DEAN HALL

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**Mary Dean Hall**  
**Executive Vice President and Chief Financial Officer**