



# SECOND QUARTER 2024 EARNINGS PRESENTATION

August 1, 2024



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

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

# AGENDA

- 1 | Quarter highlights and updates
- 2 | Performance Chemicals Repositioning
- 3 | Consolidated financial results
- 4 | Segment performance
- 5 | Guidance  
Q&A

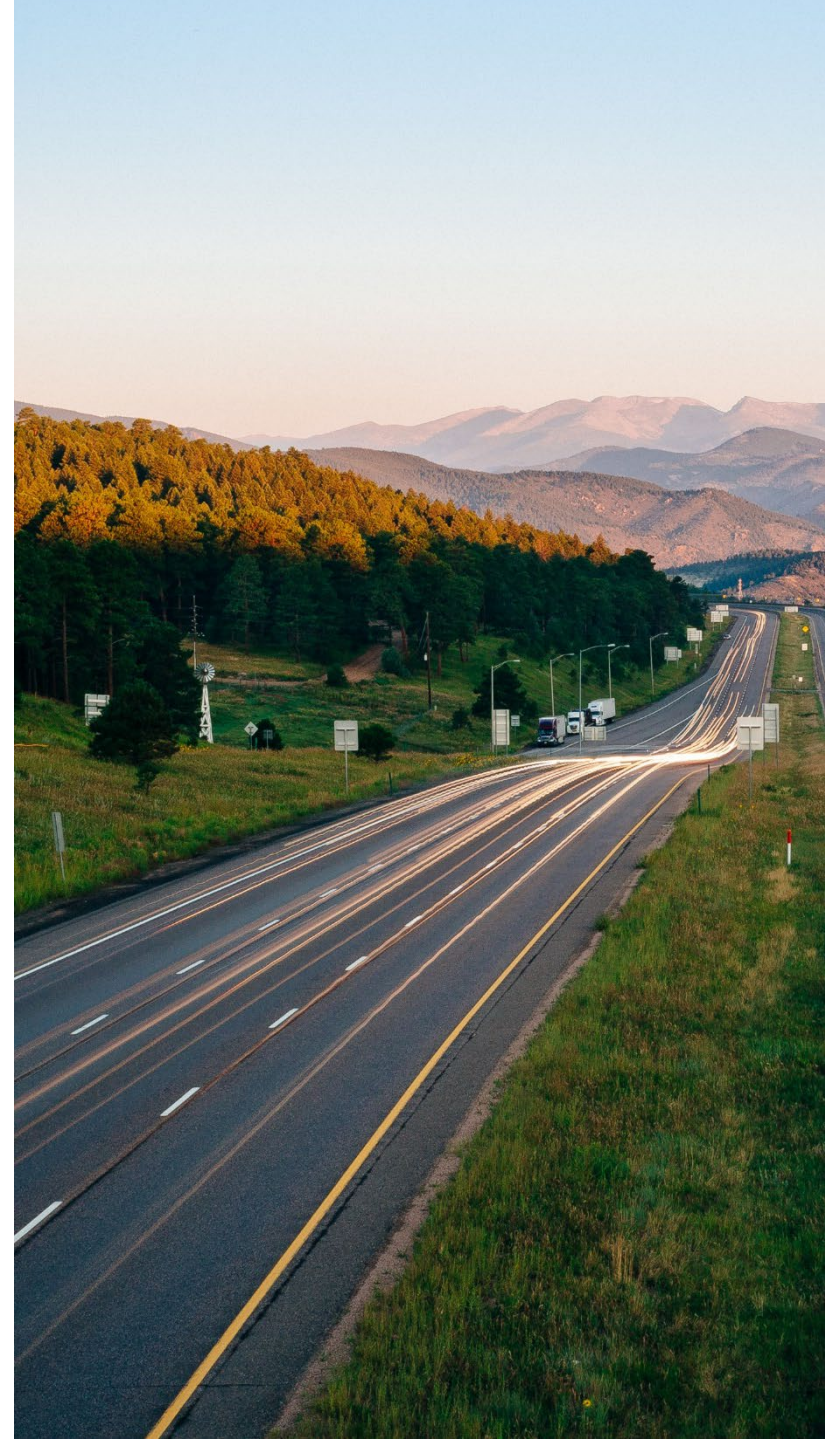
# QUARTER HIGHLIGHTS AND UPDATES

**Performance Materials delivers 4<sup>th</sup> straight quarter of 50%+ EBITDA margins, with revenue growth of 9% and EBITDA growth of 28%**

**Advanced Polymer Technologies delivers 20% EBITDA margins with its 3<sup>rd</sup> consecutive quarter of volume growth**

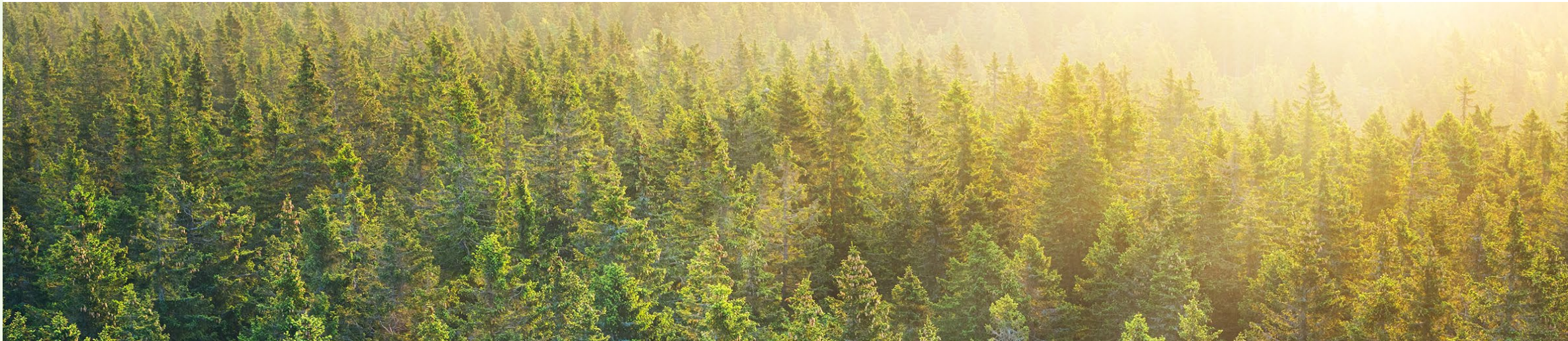
**Announced necessary steps as part of Performance Chemicals repositioning:**

- **Terminated remaining long-term contract for Crude Tall Oil (CTO) to improve flexibility and response time in navigating volatile market conditions**
- **Closing Crossett, Arkansas, plant and moving oleo-based refining to North Charleston to consolidate manufacturing footprint and improve cost position**
- **Taking additional cost reduction actions in business and support functions to better align with new footprint**



# TERMINATION OF LONG-TERM CTO CONTRACT

- CTO purchase requirements from Georgia Pacific ceased July 1
- Termination payment of \$100 million, with one payment of \$50 million made on July 1; second payment due by October 15
- As a result of the termination, CTO resale activity will cease other than previously agreed-upon contracts scheduled for delivery in 2H 2024, which are expected to result in no more than \$5 million of losses
- CTO inventory on hand plus existing short-term CTO contracts sufficient to meet expected demand into Q1 2025; confident that future CTO needs can be met through short term contracts
  - CTO inventory on hand is at elevated costs from prior purchases under long-term contract and will impact Performance Chemical results through Q1 2025
  - Beginning in Q2 2025, all CTO costs in inventory are expected to reflect market price



# CONSOLIDATING ALL REFINING TO NORTH CHARLESTON

## Consolidating oleo-based refining to North Charleston facility to maximize asset utilization

- Aligns manufacturing footprint with revised view on market demand of oleo products and improves cost structure
- Entrance into new oleo markets slower than expected due to lack of industrial recovery; focusing on legacy and adjacent end market successes
- Creates single site for oleo feedstock refining and derivatization reducing transportation and storage costs as derivatization of oleo products occurs in North Charleston

## North Charleston able to meet current and future oleo-based demand while supporting growth of CTO products

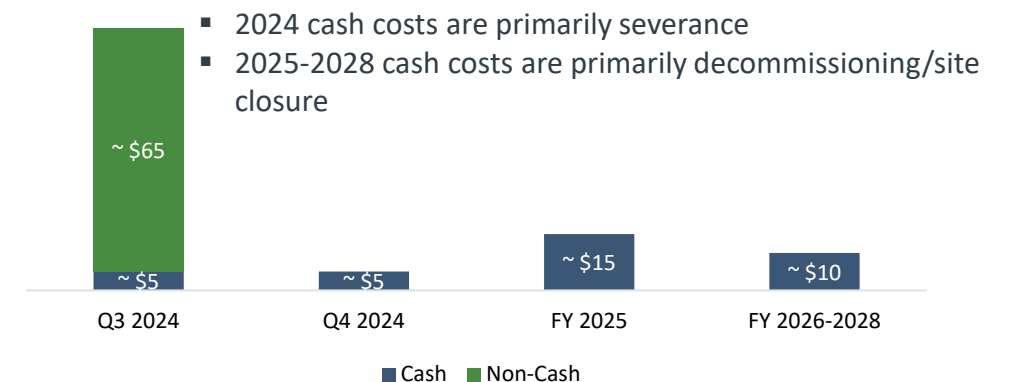
- Expected production of oleo products by end of year; adequate inventory on hand to meet projected near-term demand
- Ability to expand refining capabilities with nominal CAPEX
- No adverse impact on CTO refining activities

## Estimated to generate \$30-35 million in annual savings beginning in 2025

- Beginning in 2025, expected annual savings of ~\$20-25 million per year from Crossett, Arkansas production closure and ~\$10 million annual savings from corporate and business cost reductions
- Estimated ~\$100 million of restructuring charges; 65% Non-Cash, 35% Cash

## Estimated Timing of Non-Cash and Cash Charges

(\$M)



# PERFORMANCE CHEMICALS REPOSITIONING STRATEGY

## Products/Mix

- **Results in reduced exposure to low margin, cyclical end markets within Industrial Specialties**
  - Remaining business is smaller but more profitable and stable
- **Expect gradual improvement in Performance Chemicals EBITDA margin profile beginning in 2025:**
  - High cost inventory is consumed
  - Begin to realize cost reduction savings
  - Expect additional cost benefits with improved capacity utilization

## Manufacturing Optimization *Optimizing physical footprint*

- **Closure of DeRidder, LA site**
  - Consolidated remaining CTO based production to North Charleston, SC
- **Closure of Crossett, AR site**
  - Consolidating oleo production to North Charleston, SC
  - Increased utilization at North Charleston improves cost position
  - Cost reduction due to lower transportation and storage needs

## Other Savings

- **Termination of long term CTO supply agreement**
  - Allows for better raw material cost flexibility
- **Headcount and functional support cost rationalization**
  - Streamline support costs to better align with rightsized business

*Continuing to assess end markets, asset utilization and cost structure;  
will fine tune as needed to ensure sustained profitability*

# SECOND QUARTER (Q2) CONSOLIDATED FINANCIAL PERFORMANCE

GAAP Net loss of \$283.7 million primarily due to Performance Chemicals non-cash goodwill impairment charge of \$349.1 million

## Q2 financials <sup>(1)</sup>

\$ in millions except percentage and EPS	Q2 2024	Q2 2023	vs PY Δ%
<b>Net sales</b>	<b>\$390.6</b>	<b>\$481.8</b>	<b>(18.9)%</b>
Adjusted gross profit	\$140.5	\$169.5	
<i>Adjusted gross margin % net sales</i>	36.0%	35.2%	<b>80 bps</b>
Total SG&A excl. D&A <sup>(2)</sup>	\$38.7	\$45.8	
<i>% net sales</i>	9.9%	9.5%	<b>(40) bps</b>
Adjusted other (income) expense, net	\$0.5	\$3.0	
<i>% net sales</i>	0.2%	0.6%	<b>40 bps</b>
<b>Adjusted EBITDA</b>	<b>\$101.3</b>	<b>\$120.7</b>	<b>(16.1)%</b>
<b>% margin</b>	<b>25.9%</b>	<b>25.1%</b>	<b>80 bps</b>
Diluted adjusted EPS	\$1.01	\$1.41	<b>(28.4)%</b>

## Performance highlights

Sales down 19% primarily driven by lower sales in Industrial Specialties due to the repositioning of the Performance Chemicals segment in addition to weaker Road Technologies sales attributed to adverse weather conditions

Adjusted gross margin higher due to increased sales in the higher margin Performance Materials segment and reduced sales in lower margin end markets in Performance Chemicals

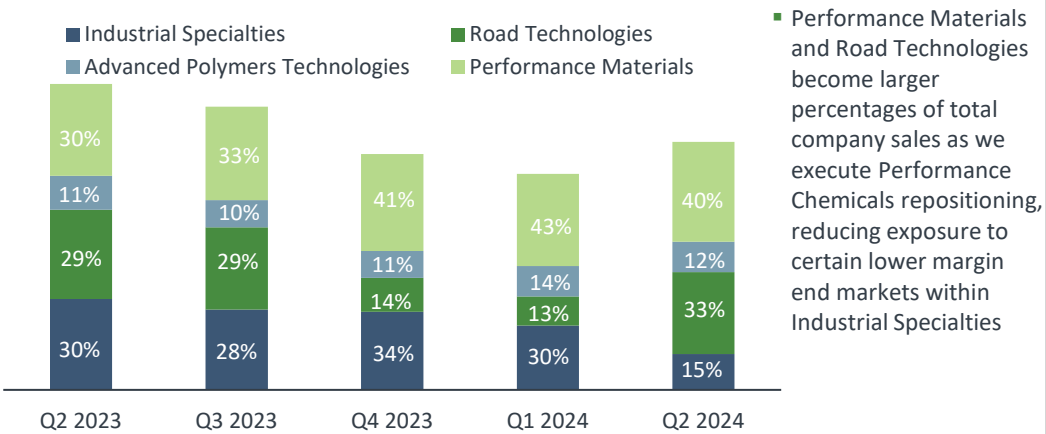
Adjusted EBITDA margin increased as improved margins in Performance Materials offset higher CTO costs in Performance Chemicals

(1) With the exception of Net sales, numbers on this slide are non-GAAP; please see appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures and reconciliations to the nearest GAAP financial measures.

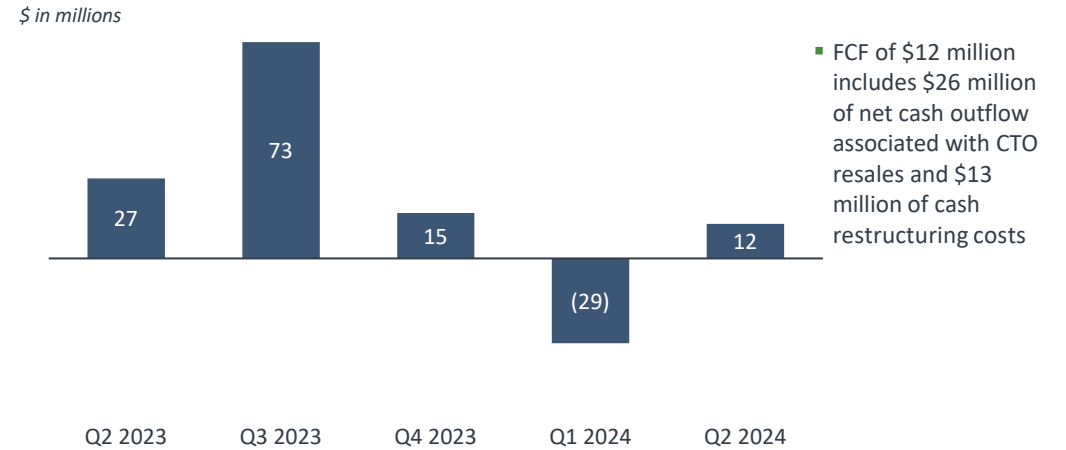
(2) Total SG&A excl. D&A includes research and technical expenses

# Q2 2024 FINANCIAL METRICS AND HIGHLIGHTS

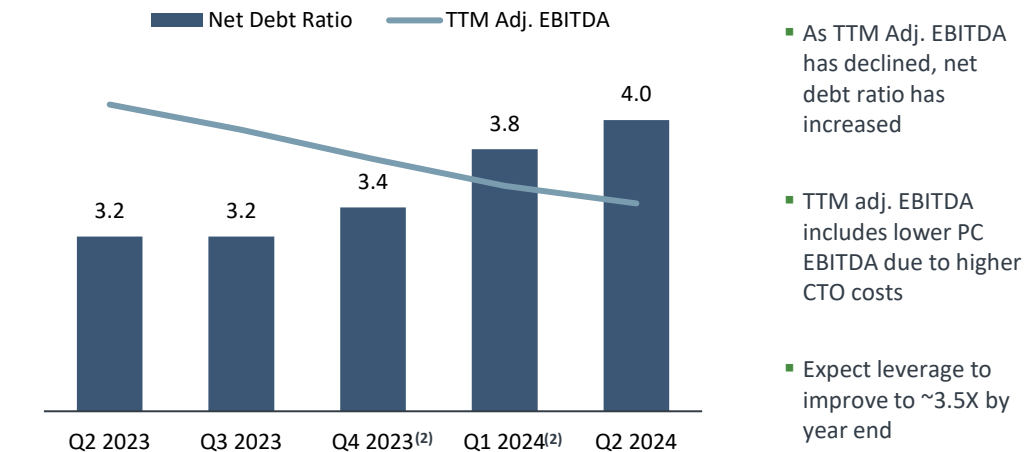
## Net Sales by Product Line



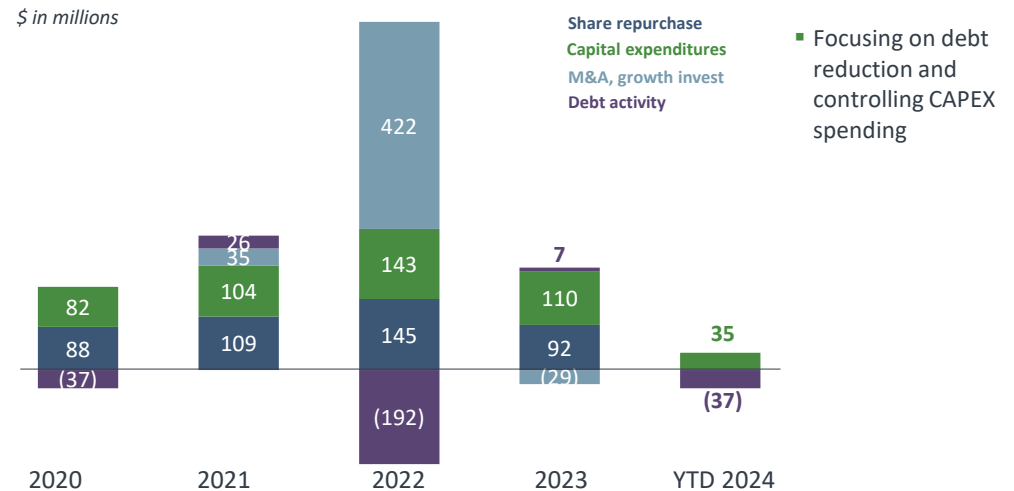
## Free cash flow <sup>(1)</sup>



## Net Debt Ratio <sup>(1)</sup> and Trailing Twelve Months (TTM) Adj. EBITDA <sup>(1)</sup>



## Capital allocation



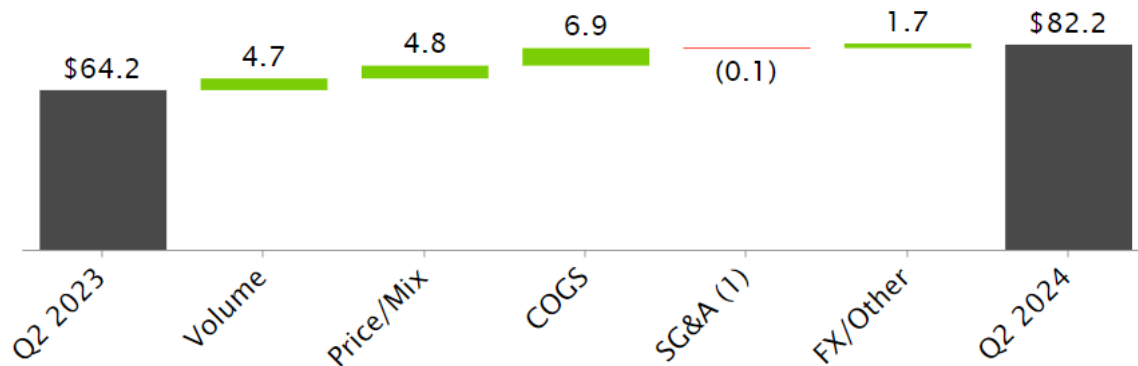
(1) Please see appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures and reconciliations to the nearest GAAP financial measures.

(2) For revised calculations, please see appendix

# PERFORMANCE MATERIALS

\$ IN MILLIONS	Q2 2024	Q2 2023	▲ \$ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
Net Sales	157.2	144.6	12.6	8.7%
Segment EBITDA	82.2	64.2	18.0	28.0%
Segment EBITDA Margin	52.3%	44.4%		790 bps

## Q2 Segment EBITDA



## Performance highlights

Sales of \$157.2 million up 9% benefited from increased pricing and automotive carbon volume

- All regions had higher sales during the quarter

Segment EBITDA of \$82.2 million up 28%; segment EBITDA margin of 52.3%

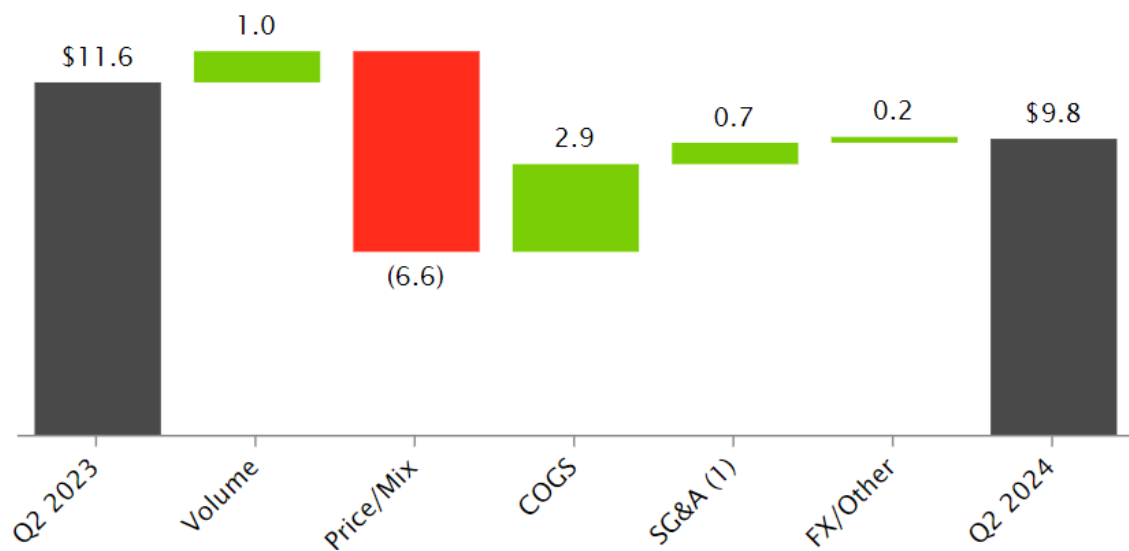
- Fourth consecutive quarter of over 50% EBITDA margins
- Margin improved primarily due to lower input costs, particularly energy, and improved operational efficiency, in addition to increased volume and pricing



# ADVANCED POLYMER TECHNOLOGIES

\$ IN MILLIONS	Q2 2024	Q2 2023	▲ \$ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
Net Sales	47.9	53.2	(5.3)	(10.0)%
Segment EBITDA	9.8	11.6	(1.8)	(15.5)%
Segment EBITDA Margin	20.5%	21.8%		(130) bps

## Q2 Segment EBITDA

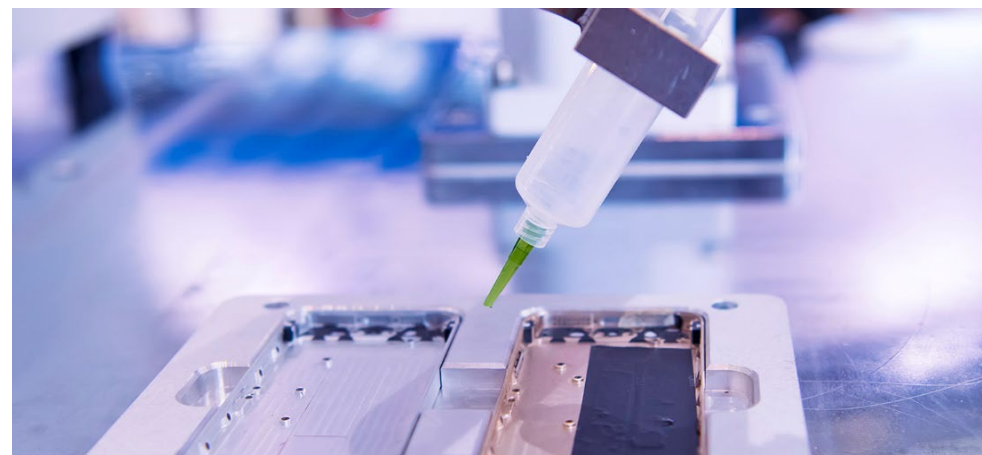


## Performance highlights

Sales of \$47.9 million down 10% as lower pricing offset increased volumes

- Third consecutive quarter of volume growth; volumes up nearly 5% vs. last year
- Europe volumes up and approaching two-year highs; China market remains challenging due to slow industrial demand and competitive pricing pressures
- Volume recovery led by coatings and adhesives sold into electronics and auto end markets

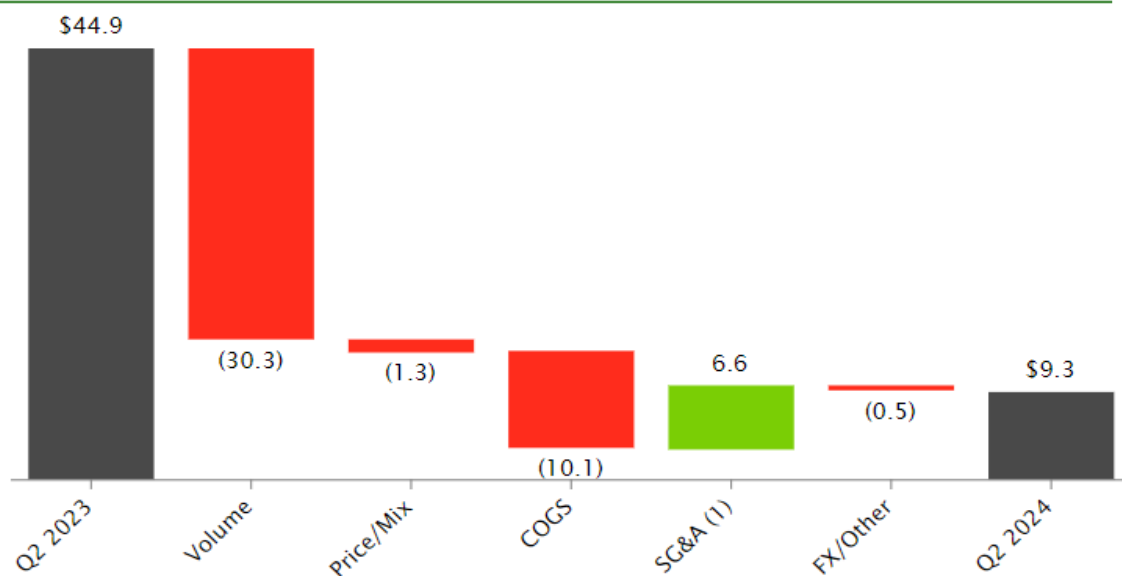
Segment EBITDA of \$9.8 million; segment EBITDA margin of 20.5%



# PERFORMANCE CHEMICALS

\$ IN MILLIONS	Q2 2024	Q2 2023	▲ \$ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
<b>Net Sales</b>	<b>185.5</b>	<b>284.0</b>	<b>(98.5)</b>	<b>(34.7)%</b>
Industrial Specialties	56.4	143.1	(86.7)	(60.6)%
Road Technologies	129.1	140.9	(11.8)	(8.4)%
<b>Segment EBITDA</b>	<b>9.3</b>	<b>44.9</b>	<b>(35.6)</b>	<b>(79.3)%</b>
<b>Segment EBITDA Margin</b>	<b>5.0%</b>	<b>15.8%</b>		<b>(1080) bps</b>

## Q2 Segment EBITDA



## Performance highlights

Sales of \$185.5 million down 35% due primarily to the segment repositioning

- **INDUSTRIAL SPECIALTIES:** Sales down 61% due to lower volumes driven primarily by the actions taken to reposition the segment, which included reducing exposure to lower margin end markets; our remaining higher margin sales have been negatively impacted by weaker industrial demand
- **ROAD TECHNOLOGIES:** Sales down 8% reflects unfavorable weather in North America impacting the paving season, and lower volumes in road markings

Segment EBITDA of \$9.3 million; segment EBITDA margin of 5.0%

- Due primarily to elevated CTO costs and low utilization rates attributed to weak industrial demand

## Repositioning Update

### CTO Resales<sup>(2)</sup>:

**Q2 2024:** \$23.5 million of CTO resale losses; \$25.5 million of cash losses (reflected in free cash flow)

### Segment Repositioning Costs Related to DeRidder Closure<sup>(2)</sup>:

**Q2 2024:** \$8.2 million of cash charges, \$1.8 million of non-cash

### Savings:

**Q2 2024:** \$21.6 million of cash savings

(1) SG&A includes research and technical expenses

(2) These costs are excluded from Performance Chemicals Segment Operating results, as well as full company Adjusted EBITDA. For a reconciliation of the full company Adjusted EBITDA to the nearest GAAP financial measure, please refer to the appendix.

# 2024 GUIDANCE AND OUTLOOK

## FY Guidance<sup>(1)</sup>

Financial metric	FY Guidance
Revenue	\$1.40 - \$1.50 billion
Adj. EBITDA <sup>(2)</sup>	\$350 - \$360 million
Capital expenditures	\$90– \$100 million
Free cash flow (FCF) <sup>(2)</sup>	≥ \$0 million (includes payment of \$100 million for CTO contract termination)
Net debt ratio <sup>(2)</sup>	~3.5x

## FY Free Cash Flow<sup>(2)</sup> Assumptions

\$ IN MILLIONS			
	Original	Revised	Change
<b>Original FCF<sup>(2)</sup> Guidance</b>			<b>≥ 75</b>
CAPEX <sup>(3)</sup>	100	95	5
CTO Resales <sup>(3)</sup>	65	55	10
CTO Contract Termination	0	100	(100)
PC Repositioning (DeRidder) <sup>(3)</sup>	55	35	20
PC Repositioning (Crossett)	0	10	(10)
Repositioning Savings <sup>(3)</sup>	(70)	(70)	0
<b>Revised FCF<sup>(2)</sup> Guidance</b>			<b>≥ 0</b>

## 2024 Uncertainties:

- Timing and pace of global industrial recovery
- Geopolitical risks
- U.S. Presidential election year dynamics

## Upside to Guidance:

- Strengthened global end market demand
- Increased pace of hybrid auto adoption
- Improved input costs
- Increased infrastructure spending
- Paving season extends into Q4

## Downside to Guidance:

- Reduced automotive production
- Further deterioration in China markets
- Adverse weather continues to impact Road Technologies

(1) Revenue guidance excludes the resale of excess CTO; Adj. EBITDA guidance excludes the expected \$55 million of loss on those CTO resales. CTO resale gain/losses will be reflected in Other (Income) Expense, net in GAAP financials.

(2) This is a non-GAAP financial measure; please see the appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures, and reconciliations to the nearest GAAP financial measures.

(3) Midpoint values of estimated ranges used



## FOR MORE INFORMATION

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### Investors

John E. Nypaver, Jr.

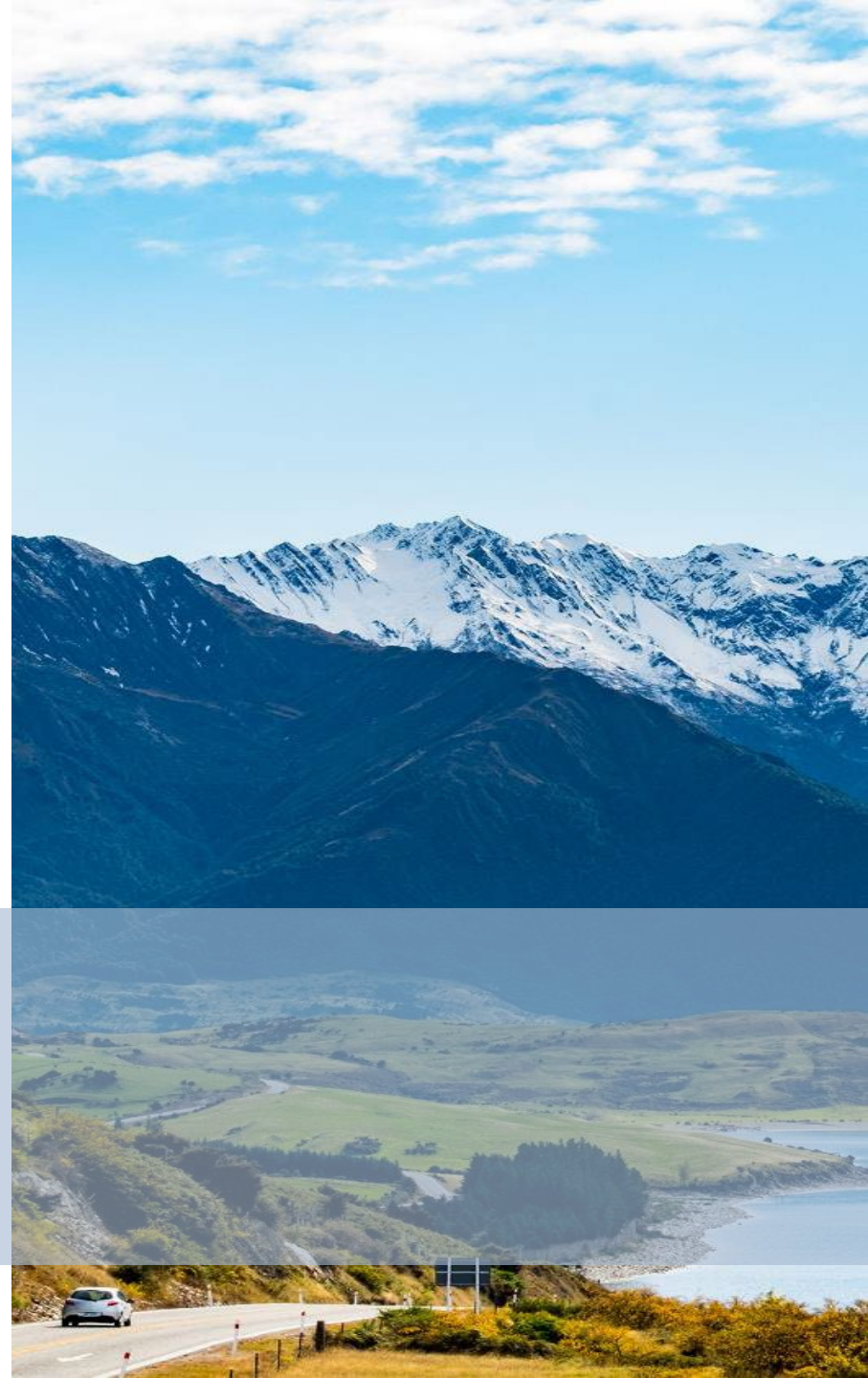
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### Media

Caroline Monahan

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Thank you for your interest in Ingevity.



# APPENDIX

# Non-GAAP Financial Measures

Ingevity has presented certain financial measures, defined below, which have not been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and has provided a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP on the following pages. These financial measures are not meant to be considered in isolation nor as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. 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.

We believe these non-GAAP financial measures provide management as well as investors, potential investors, securities analysts, and others with useful information to evaluate the performance of the business, because such measures, when viewed together with our financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance, liquidity measures, and projected future results.

Ingevity uses the following non-GAAP measures:

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

**Adjusted EBITDA** is defined as net income (loss) plus interest expense, net, provision (benefit) for income taxes, depreciation, amortization, restructuring and other (income) charges, net, goodwill impairment, acquisition and other-related (income) costs, litigation verdict charges, (gain) loss on strategic investments, loss on CTO resales, and pension and postretirement settlement and curtailment (income) charges, net.

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

**Adjusted Gross Margin** is defined as Adjusted Gross Profit divided by Net sales

**Adjusted Gross Profit** is defined as gross profit plus depreciation and amortization, inventory fair value step-up amortization resulting from purchase accounting on acquisitions, and pension and postretirement settlement and curtailment (income) charges.

**Adjusted other (income) expense, net** is defined as other (income) expense, net plus litigation verdict charges, depreciation, and amortization, less (gain) loss on strategic investments.

**Adjusted other (income) expense, net as a percent of sales** is defined as adjusted other (income) expense, net divided by Net sales.

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

**Adjusted SG&A** is defined as selling, general, and administrative costs plus research and technical expenses less depreciation and amortization.

**Adjusted SG&A as a Percent of Sales** is defined as adjusted SG&A divided by Net sales.

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

**Adjusted Tax Rate** is calculated by dividing the Provision (benefit) for income taxes on Adjusted earnings (loss) divided by Adjusted earnings (loss) before income taxes.

**Diluted adjusted earnings (loss) per share** is defined as Diluted earnings (loss) per common share plus restructuring and other (income) charges, net, per share, goodwill impairment per share, acquisition and other-related (income) costs per share, pension and postretirement settlement and curtailment (income) charges per share, loss on CTO resales per share, (gain) loss on strategic investments per share, debt refinancing fees per share, litigation verdict charge per share, and the income tax expense (benefit) per share on those items, less the provision (benefit) from certain discrete tax items per share.

**Free Cash Flow** is defined as the sum of net cash provided by (used in) the following items: operating activities less capital expenditures.

**Net Debt** is defined as the sum of notes payable, short-term debt, current maturities of long-term debt, long-term debt including finance lease obligations, and debt issuance costs, less the sum of cash and cash equivalents, restricted cash associated with our new market tax credit financing arrangement, and restricted investment associated with certain finance lease obligations, excluding the allowance for credit losses on held-to-maturity debt securities held within the restricted investment

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

Ingevity's management also uses the above financial measures as the primary measures of profitability and liquidity of the business. In addition, Ingevity believes Adjusted EBITDA and Adjusted EBITDA Margin are useful measures because they exclude the effects of financing and investment activities as well as non-operating activities.

A reconciliation of net income to adjusted EBITDA as projected for 2024 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 (income) costs; litigation verdict charges; additional pension and postretirement settlement and curtailment (income) charges; and revisions due to legislative tax rate changes. Additionally, discrete tax items could drive variability in our projected effective tax rate. All of these components could significantly impact such financial measures. Further, in the future, other items with similar characteristics to those currently included in adjusted EBITDA, that have a similar impact on the comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA.

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

<i>In millions, except per data (unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net income (loss) (GAAP)</b>	\$ (283.7)	\$ 35.5	\$ (339.7)	\$ 86.2
Restructuring and other (income) charges <sup>(1)</sup>	13.1	19.2	75.9	24.8
Goodwill impairment <sup>(2)</sup>	349.1	—	349.1	—
Acquisition and other related costs <sup>(3)</sup>	(0.2)	1.8	0.1	4.5
Loss on CTO Resales <sup>(4)</sup>	23.5	—	50.0	—
(Gain) loss on strategic investments <sup>(5)</sup>	(0.1)	—	4.7	(19.2)
Tax effect on items above <sup>(6)</sup>	(92.0)	(4.8)	(114.7)	(2.3)
Certain discrete tax provision (benefit) <sup>(7)</sup>	27.1	(0.1)	28.0	(1.3)
<b>Adjusted earnings (loss) (Non-GAAP)</b>	\$ 36.8	\$ 51.6	\$ 53.4	\$ 92.7
<b>Diluted earnings (loss) per common share (GAAP)</b>	\$ (7.81)	\$ 0.97	\$ (9.36)	\$ 2.33
Restructuring and other (income) charges	0.36	0.52	2.09	0.67
Goodwill impairment	9.62	—	9.62	—
Acquisition and other related costs	(0.01)	0.05	—	0.12
Loss on CTO Resales	0.65	—	1.38	—
(Gain) loss on strategic investments	—	—	0.13	(0.52)
Tax effect on items above	(2.55)	(0.13)	(3.17)	(0.06)
Certain discrete tax provision (benefit)	0.75	—	0.77	(0.04)
<b>Diluted adjusted earnings (loss) per share (Non-GAAP)</b>	\$ 1.01	\$ 1.41	\$ 1.46	\$ 2.50
Weighted average common shares outstanding - Diluted	36.5	36.6	36.5	37.1

(1) We regularly perform strategic reviews and assess the return on our operations, which sometimes results in a plan to restructure the business. These costs are excluded from our reportable segment results; details of which are included in the table on the slide titled **Restructuring and other (income) charges**.

(2) During the second quarter of 2024, the company concluded that the carrying amount of the Performance Chemicals' reporting unit exceeded its fair value, resulting in a non-cash goodwill impairment charge.

(3) Charges represent (gains) losses incurred to complete and integrate acquisitions and other strategic investments. Charges may include the expensing of the inventory fair value step-up resulting from the application of purchase accounting for acquisitions and certain legal and professional fees associated with the completion of acquisitions and strategic investments; details of which are included in the table on the slide titled **Acquisition and other-related (income) charges**.

(4) Due to the DeRidder Plant closure, as noted in footnote 1 above, and the corresponding reduced CTO refining capacity, we were obligated, under an existing CTO supply contract, to purchase CTO through 2025 at amounts in excess of required CTO volumes. As of July 1, 2024, we have terminated the CTO supply contract that resulted in these excess CTO volumes. As a result of the termination of this contract the purchases under the CTO supply contract ended, effective June 30, 2024. Therefore, we are no longer required to purchase this excess CTO volume through 2025, and as such, we expect to end our CTO resale activity by the end of 2024. Updates will be provided in subsequent filings of the Company's Form 10-Q in 2024.

For the three and six months ended June 30, 2024, charges relate to the Performance Chemicals segment.

(5) We exclude gains and losses from strategic investments from our segment results, as well as our non-GAAP financial measures, because we do not consider such gains or losses to be directly associated with the operational performance of the segment. We believe that the inclusion of such gains or losses, would impair the factors and trends affecting the historical financial performance of our reportable segments. We continue to include undistributed earnings or loss, distributions, amortization or accretion of basis differences, and other-than-temporary impairments for equity method investments that we believe are directly attributable to the operational performance of such investments, in our reportable segment results.

For the three and six months ended June 30, 2024, (\$0.1) million (gain) loss on strategic investments relates to the Performance Materials reportable segment, and zero and \$4.8 million relates to the Performance Chemicals segment. For the three and six months ended June 30, 2023, (gain) loss on strategic investments relates to the Performance Materials segment.

(6) Income tax impact of non-GAAP adjustments is the summation of the calculated income tax charge related to each pre-tax non-GAAP adjustment. The non-GAAP adjustments relate primarily to adjustments in the United States. As such, the income tax effect is calculated using the statutory tax rates of 21% for the United States and approximately 2.5% for state and local taxes, applied to the non-GAAP adjustments.

(7) Represents certain discrete tax items such as excess tax benefits on stock compensation and impacts of legislative tax rate changes.

## Restructuring and other (income) charges

<i>In millions</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Work force reductions and other	\$ —	\$ 7.0	\$ —	\$ 10.1
Performance Chemicals' repositioning	10.0	—	72.3	—
Restructuring charges <sup>(1)</sup>	\$ 10.0	\$ 7.0	\$ 72.3	\$ 10.1
Alternative feedstock transition	—	6.6	—	6.6
North Charleston plant transition	3.1	2.9	3.6	2.9
Business transformation costs	—	2.7	—	5.2
Other (income) charges, net <sup>(1)</sup>	\$ 3.1	\$ 12.2	\$ 3.6	\$ 14.7
Restructuring and other (income) charges, net <sup>(2)(3)</sup>	<u>\$ 13.1</u>	<u>\$ 19.2</u>	<u>\$ 75.9</u>	<u>\$ 24.8</u>

(1) Amounts are recorded within Restructuring and other (income) charges, net on the condensed consolidated statement of operations.

(2) For information on our Workforce reductions and other, Performance Chemicals' repositioning, North Charleston plant transition, and the Business transformation costs please refer to Note 15, Restructuring and Other (Income) Charges, net, in the Notes to the Consolidated Financial Statements included in the Company's Form 10-K for the year ended December 31, 2023, filed on February 22, 2024. An update has been provided in subsequent filings of the Company's Form 10-Q in 2024.

(3) The table below provides an allocation of these charges between our three reportable segments to provide investors, potential investors, securities analysts and others with the information, should they choose, to apply such (income) charges to each respective reportable segment for which the charges relate.

<i>In millions</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Performance Materials	\$ —	\$ 4.5	\$ 0.1	\$ 6.2
Performance Chemicals	13.1	13.6	75.9	16.7
Advanced Polymer Technologies	—	1.1	(0.1)	1.9
Restructuring and other (income) charges, net	<u>\$ 13.1</u>	<u>\$ 19.2</u>	<u>\$ 75.9</u>	<u>\$ 24.8</u>

## Acquisition and other-related (income) charges

<i>In millions</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Legal and professional service fees	\$ (0.2)	\$ 1.8	\$ 0.1	\$ 3.7
Acquisition-related (income) costs	\$ (0.2)	\$ 1.8	\$ 0.1	\$ 3.7
Inventory fair value step-up amortization <sup>(1)</sup>	—	—	—	0.8
Acquisition and other-related (income) charges <sup>(2)</sup>	<u>\$ (0.2)</u>	<u>\$ 1.8</u>	<u>\$ 0.1</u>	<u>\$ 4.5</u>

(1) Included in Cost of sales on the condensed consolidated statement of operations.

(2) The table below provides an allocation of these charges between our three reportable segments to provide investors, potential investors, securities analysts and others with the information, should they choose, to apply such (income) charges to each respective reportable segment for which the charges relate.

<i>In millions</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Performance Materials	\$ —	\$ —	\$ —	\$ —
Performance Chemicals	(0.2)	1.8	0.1	4.5
Advanced Polymer Technologies	—	—	—	—
Acquisition and other-related (income) costs	<u>\$ (0.2)</u>	<u>\$ 1.8</u>	<u>\$ 0.1</u>	<u>\$ 4.5</u>

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

We revised our March 31, 2024 non-GAAP Adjusted earnings (loss) calculation to remove previous adjustments of \$2.5 million related to inventory lower of cost or market charges associated with the Company's Performance Chemicals' repositioning. This change was made to address a request from the Securities and Exchange Commission to revise future filings to no longer exclude these adjustments from non-GAAP performance measures. The following table presents the three months ended March 31, 2024 as previously reported and as revised.

<i>In millions, except per data (unaudited)</i>	Three Months Ended March 31, 2024	
	As previously reported	As revised
<b>Net income (loss) (GAAP)</b>	\$ (56.0)	\$ (56.0)
Restructuring and other (income) charges <sup>(1)</sup>	65.3	62.8
Acquisition and other related costs <sup>(1)</sup>	0.3	0.3
Loss on CTO Resales <sup>(1)</sup>	26.5	26.5
(Gain) loss on strategic investments <sup>(1)</sup>	4.8	4.8
Tax effect on items above	(22.7)	(22.1)
Certain discrete tax provision (benefit)	0.9	0.9
<b>Adjusted earnings (loss) (Non-GAAP)</b>	\$ 19.1	\$ 17.2
<b>Diluted earnings (loss) per common share (GAAP)</b>	\$ (1.54)	\$ (1.54)
Restructuring and other (income) charges	1.79	1.73
Acquisition and other related costs	0.01	0.01
Loss on CTO Resales	0.73	0.73
(Gain) loss on strategic investments	0.13	0.13
Tax effect on items above	(0.62)	(0.61)
Certain discrete tax provision (benefit)	0.02	0.02
<b>Diluted adjusted earnings (loss) per share (Non-GAAP)</b>	\$ 0.52	\$ 0.47
Weighted average common shares outstanding - Diluted	36.4	36.4

(1) For more information on these charges, refer to the Reconciliation of Net Income (Loss) (GAAP) and Diluted Earnings (Loss) Per Share (GAAP) to Adjusted Earnings (Loss) (Non-GAAP) and Diluted Adjusted Earnings (Loss) Per Share (Non-GAAP) included in the Company's Form 8-K for the quarter ended March 31, 2024, filed on May 1, 2024.

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

<i>In millions, except percentages (unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Net income (loss) (GAAP)</b>	\$ (283.7)	\$ 35.5	\$ (339.7)	\$ 86.2
Provision (benefit) for income taxes	(50.9)	12.2	(66.8)	25.6
Interest expense, net	23.2	21.6	45.5	41.2
Depreciation and amortization	27.3	30.4	56.9	61.5
Restructuring and other (income) charges, net <sup>(1)</sup>	13.1	19.2	75.9	24.8
Goodwill impairment	349.1	—	349.1	—
Acquisition and other related costs <sup>(1)</sup>	(0.2)	1.8	0.1	4.5
Loss on CTO resales <sup>(1)</sup>	23.5	—	50.0	—
(Gain) loss on strategic investments <sup>(1)</sup>	(0.1)	—	4.7	(19.2)
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 101.3	\$ 120.7	\$ 175.7	\$ 224.6
Net sales	\$ 390.6	\$ 481.8	\$ 730.7	\$ 874.4
Net income (loss) margin	(72.6)%	7.4 %	(46.5)%	9.9 %
<b>Adjusted EBITDA margin</b>	25.9 %	25.1 %	24.0 %	25.7 %

(1) For more information on these charges, refer to the Reconciliation of Adjusted Earnings table on the slide titled Reconciliation of Net Income (Loss) (GAAP) and Diluted Earnings (Loss) Per Share (GAAP) to Adjusted Earnings (Loss) (Non-GAAP) and Diluted Adjusted Earnings (Loss) per share (Non-GAAP).

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

We revised our December 31, 2023 and March 31, 2024 non-GAAP Adjusted EBITDA calculation to remove previous adjustments of \$19.7 million and \$2.5 million, respectively, related to inventory lower of cost or market charges associated with the Company's Performance Chemicals' repositioning. This change was made to address a request from the Securities and Exchange Commission to revise future filings to no longer exclude these adjustments from non-GAAP performance measures. The following table presents the three and twelve months ended December 31, 2023 as previously reported and as revised and three months ended March 31, 2024 as previously reported and as revised.

<i>In millions, except percentages (unaudited)</i>	Three Months Ended December 31, 2023		Twelve Months Ended December 31, 2023	
	As previously reported	As revised	As previously reported	As revised
<b>Net income (loss) (GAAP)</b>	\$ (116.8)	\$ (116.8)	\$ (5.4)	\$ (5.4)
Provision (benefit) for income taxes	22.7	22.7	87.0	87.0
Interest expense, net	(37.2)	(37.2)	(4.7)	(4.7)
Depreciation and amortization	30.7	30.7	122.8	122.8
Restructuring and other (income) charges, net <sup>(1)</sup>	140.5	120.8	189.9	170.2
Acquisition and other related costs <sup>(1)</sup>	(0.1)	(0.1)	4.5	4.5
Loss on CTO resales <sup>(1)</sup>	22.0	22.0	22.0	22.0
(Gain) loss on strategic investments <sup>(1)</sup>	—	—	(19.3)	(19.3)
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 61.8	\$ 42.1	\$ 396.8	\$ 377.1
Net sales	\$ 371.7	\$ 371.7	\$ 1,692.1	\$ 1,692.1
Net income (loss) margin	(31.4)%	(31.4)%	(0.3)%	(0.3)%
<b>Adjusted EBITDA margin</b>	16.6 %	11.3 %	23.5 %	22.3 %
			Three Months Ended March 31, 2024	
<i>In millions, except percentages (unaudited)</i>			As previously reported	As revised
<b>Net income (loss) (GAAP)</b>			\$ (56.0)	\$ (56.0)
Provision (benefit) for income taxes			(15.9)	(15.9)
Interest expense, net			22.3	22.3
Depreciation and amortization			29.6	29.6
Restructuring and other (income) charges, net <sup>(2)</sup>			65.3	62.8
Acquisition and other related costs <sup>(2)</sup>			0.3	0.3
Loss on CTO resales <sup>(2)</sup>			26.5	26.5
(Gain) loss on strategic investments <sup>(2)</sup>			4.8	4.8
<b>Adjusted EBITDA (Non-GAAP)</b>			\$ 76.9	\$ 74.4
Net sales			\$ 340.1	\$ 340.1
Net income (loss) margin			(16.5)%	(16.5)%
<b>Adjusted EBITDA margin</b>			22.6 %	21.9 %

(1) For more information on these charges, refer to the Reconciliation of Adjusted Earnings included in the Company's Form 8-K for the year ended December 31, 2023, filed on February 21, 2024.

(2) For more information on these charges, refer to the Reconciliation of Adjusted Earnings included in the Company's Form 8-K for the quarter ended March 31, 2024, filed on May 1, 2024.

## Reconciliation of Gross Profit (GAAP) to Adjusted Gross Profit (Non-GAAP)

<i>In millions, except percentages (unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Gross Profit (GAAP)</b>	\$ 123.2	\$ 153.0	\$ 222.9	\$ 283.4
Plus:				
Depreciation and amortization	17.3	16.5	34.9	33.8
Inventory fair value step-up amortization	—	—	—	0.8
<b>Adjusted gross profit (Non-GAAP)</b>	<u>\$ 140.5</u>	<u>\$ 169.5</u>	<u>\$ 257.8</u>	<u>\$ 318.0</u>
Net Sales	\$ 390.6	\$ 481.8	\$ 730.7	\$ 874.4
<b>Gross margin (GAAP)</b>	31.5 %	31.8 %	30.5 %	32.4 %
<b>Adjusted Gross margin (Non-GAAP)</b>	36.0 %	35.2 %	35.3 %	36.4 %

## Reconciliation of SG&A (GAAP) to Adjusted SG&A (Non-GAAP)

<i>In millions, except percentages (unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>SG&amp;A (GAAP)</b>	\$ 41.4	\$ 51.7	\$ 88.6	\$ 100.3
<b>Research and technical expenses (GAAP)</b>	7.3	8.0	14.1	16.8
<b>Total SG&amp;A (GAAP)</b>	48.7	59.7	102.7	117.1
Less:				
Depreciation and amortization	10.0	13.9	22.1	26.6
<b>Adjusted SG&amp;A (Non-GAAP)</b>	\$ 38.7	\$ 45.8	\$ 80.6	\$ 90.5
Net Sales	\$ 390.6	\$ 481.8	\$ 730.7	\$ 874.4
<b>SG&amp;A as a percent of Net sales (GAAP)</b>	10.6 %	10.7 %	12.1 %	11.5 %
<b>Adjusted SG&amp;A as a percent of Net sales (Non-GAAP)</b>	9.9 %	9.5 %	11.0 %	10.3 %

## Reconciliation of Other (income) expense, net (GAAP) to Adjusted Other (income) expense, net (Non-GAAP)

<i>In millions, except percentages (unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Other (income) expense, net (GAAP)</b>	\$ 23.9	\$ 3.0	\$ 56.1	\$ (15.2)
Less:				
(Gain) loss on strategic investments	(0.1)	—	4.7	(19.2)
Loss on CTO resales	23.5	—	50.0	—
Depreciation and amortization	—	—	—	1.1
<b>Other (income) expense, net (Non-GAAP)</b>	<b>\$ 0.5</b>	<b>\$ 3.0</b>	<b>\$ 1.4</b>	<b>\$ 2.9</b>
Net Sales	\$ 390.6	\$ 481.8	\$ 730.7	\$ 874.4
<b>OIE as a percent of Net sales (GAAP)</b>	6.1 %	0.6 %	7.7 %	(1.7)%
<b>Adjusted OIE as a percent of Net sales (Non-GAAP)</b>	0.1 %	0.6 %	0.2 %	0.3 %

## Reconciliation of Cash Flow from Operations (GAAP) to Free Cash Flow (Non-GAAP)

<i>In millions (unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash Flow from Operations (GAAP)	\$ 29.7	\$ 48.4	\$ 17.6	\$ 53.7
Less: Capital Expenditures (GAAP)	18.1	21.7	34.7	47.1
<b>Free Cash Flow (Non-GAAP)</b>	<b>\$ 11.6</b>	<b>\$ 26.7</b>	<b>\$ (17.1)</b>	<b>\$ 6.6</b>

<i>In millions (unaudited)</i>	2023				2024
	Q1	Q2	Q3	Q4	Q1
Cash Flow from Operations (GAAP)	\$ 5.3	\$ 48.4	\$ 106.9	\$ 44.6	\$ (12.1)
Less: Capital Expenditures (GAAP)	25.4	21.7	33.5	29.2	16.6
<b>Free Cash Flow (Non-GAAP)</b>	<b>\$ (20.1)</b>	<b>\$ 26.7</b>	<b>\$ 73.4</b>	<b>\$ 15.4</b>	<b>\$ (28.7)</b>

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

<i>In millions, except ratios (unaudited)</i>	June 30, 2024
Notes payable and current maturities of long-term debt	\$ 103.0
Long-term debt including finance lease obligations	1,401.0
Debt issuance costs	4.8
Total Debt	\$ 1,508.8
Less:	
Cash and cash equivalents <sup>(1)</sup>	107.6
Restricted investment <sup>(2)</sup>	80.6
Net Debt	<u>\$ 1,320.6</u>

### Net Debt Ratio (Non GAAP)

<b>Adjusted EBITDA (Non-GAAP) <sup>(3)</sup></b>	
Twelve months ended December 31, 2023	377.1
Six months ended June 30, 2023	(224.6)
Six months ended June 30, 2024	175.7
Adjusted EBITDA - trailing twelve months (TTM) as of June 30, 2024	<u>\$ 328.2</u>
<b>Net debt ratio (Non GAAP)</b>	4.0x

(1) Includes \$0.2 million of Restricted Cash related to the New Market Tax Credit arrangement for the three months ended June 30, 2024.

(2) Excludes \$0.1 million allowance for credit losses on held-to-maturity debt securities.

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

## Calculation of Historical Net Debt Ratio (Non-GAAP)

<i>In millions, except ratios (unaudited)</i>	2023				2024
	Q1	Q2	Q3	Q4	Q1
Net Debt <sup>(1)</sup>	\$ 1,352.3	\$ 1,384.4	\$ 1,313.1	\$ 1,297.1	\$ 1,329.8
Adjusted EBITDA (Non-GAAP) <sup>(2)</sup>	437.5	437.1	409.3	377.1	347.6
TTM Adjusted EBITDA	<u>\$ 437.5</u>	<u>\$ 437.1</u>	<u>\$ 409.3</u>	<u>\$ 377.1</u>	<u>\$ 347.6</u>
Net Debt Ratio (Non-GAAP)	3.1x	3.2x	3.2x	3.4x	3.8x

(1) Net debt is defined as the sum of notes payable, short-term debt, current maturities of long-term debt, long-term debt including finance lease obligations, and debt issuance costs, less the sum of cash and cash equivalents, restricted cash associated with our new market tax credit financing arrangement, and restricted investment associated with certain finance lease obligations, excluding the allowance for credit losses on held-to-maturity debt securities held within the restricted investment

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

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

We revised our March 31, 2024 non-GAAP Net debt ratio calculation to remove the previous adjustments of \$2.5 million from the three months ended March 31, 2024 and \$19.7 million from the three months ended December 31, 2023, from the last twelve months Adjusted EBITDA related to inventory lower of cost or market charges associated with the Company's Performance Chemicals' repositioning. This change was made to address a request from the Securities and Exchange Commission to revise future filings to no longer exclude these adjustments from non-GAAP performance measures. The following table presents the period ended March 31, 2024 as previously reported and as revised.

<i>In millions, except ratios (unaudited)</i>	March 31, 2024	
	As previously reported	As revised
Notes payable and current maturities of long-term debt	\$ 84.7	\$ 84.7
Long-term debt including finance lease obligations	1,408.7	1,408.7
Debt issuance costs	5.0	5.0
Total Debt	1,498.4	1,498.4
Less:		
Cash and cash equivalents <sup>(1)</sup>	88.7	88.7
Restricted investment <sup>(2)</sup>	79.9	79.9
Net Debt	\$ 1,329.8	\$ 1,329.8
<b>Net Debt Ratio (Non GAAP)</b>		
<b>Adjusted EBITDA (Non-GAAP) <sup>(3)</sup></b>		
Twelve months ended December 31, 2023	\$ 396.8	\$ 377.1
Three months ended March 31, 2023	(103.9)	(103.9)
Three months ended March 31, 2024	76.9	74.4
Adjusted EBITDA - last twelve months (LTM) as of March 31, 2024	\$ 369.8	\$ 347.6
<b>Net debt ratio (Non GAAP)</b>	3.6x	3.8x

(1) Includes \$0.2 million of Restricted Cash related to the New Market Tax Credit arrangement for the three months ended March 31, 2024.

(2) Excludes \$0.1 million allowance for credit losses on held-to-maturity debt securities.

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

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

We revised our December 31, 2023 non-GAAP Net debt ratio calculation to remove the previous adjustment of \$19.7 million from the three months ended December 31, 2023, from the last twelve months Adjusted EBITDA related to inventory lower of cost or market charges associated with the Company's Performance Chemicals' repositioning. This change was made to address a request from the Securities and Exchange Commission to revise future filings to no longer exclude these adjustments from non-GAAP performance measures. The following table presents the period ended December 31, 2023 as previously reported and as revised.

	December 31, 2023	
	As previously reported	As revised
<i>In millions, except ratios (unaudited)</i>		
Notes payable and current maturities of long-term debt	\$ 84.4	\$ 84.4
Long-term debt including finance lease obligations	1,382.8	1,382.8
Debt issuance costs	5.3	5.3
Total Debt	1,472.5	1,472.5
Less:		
Cash and cash equivalents <sup>(1)</sup>	96.1	96.1
Restricted investment <sup>(2)</sup>	79.3	79.3
Net Debt	\$ 1,297.1	\$ 1,297.1
<b>Net Debt Ratio (Non GAAP)</b>		
<b>Adjusted EBITDA (Non-GAAP) <sup>(3)</sup></b>		
Adjusted EBITDA - last twelve months (LTM) as of December 31, 2023	\$ 396.8	\$ 377.1
<b>Net debt ratio (Non GAAP)</b>	<b>3.3x</b>	<b>3.4x</b>

(1) Includes \$0.2 million of Restricted Cash related to the New Market Tax Credit arrangement for the three months ended March 31, 2024.

(2) Excludes \$0.2 million allowance for credit losses on held-to-maturity debt securities.

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