



THIRD QUARTER 2024 EARNINGS PRESENTATION

October 30, 2024



SPEED
LIMIT
45

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 conflict in the middle east; 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 Consolidated financial results
- 3 Segment performance
- 4 Guidance
- 5 Q&A

QUARTER HIGHLIGHTS AND UPDATES

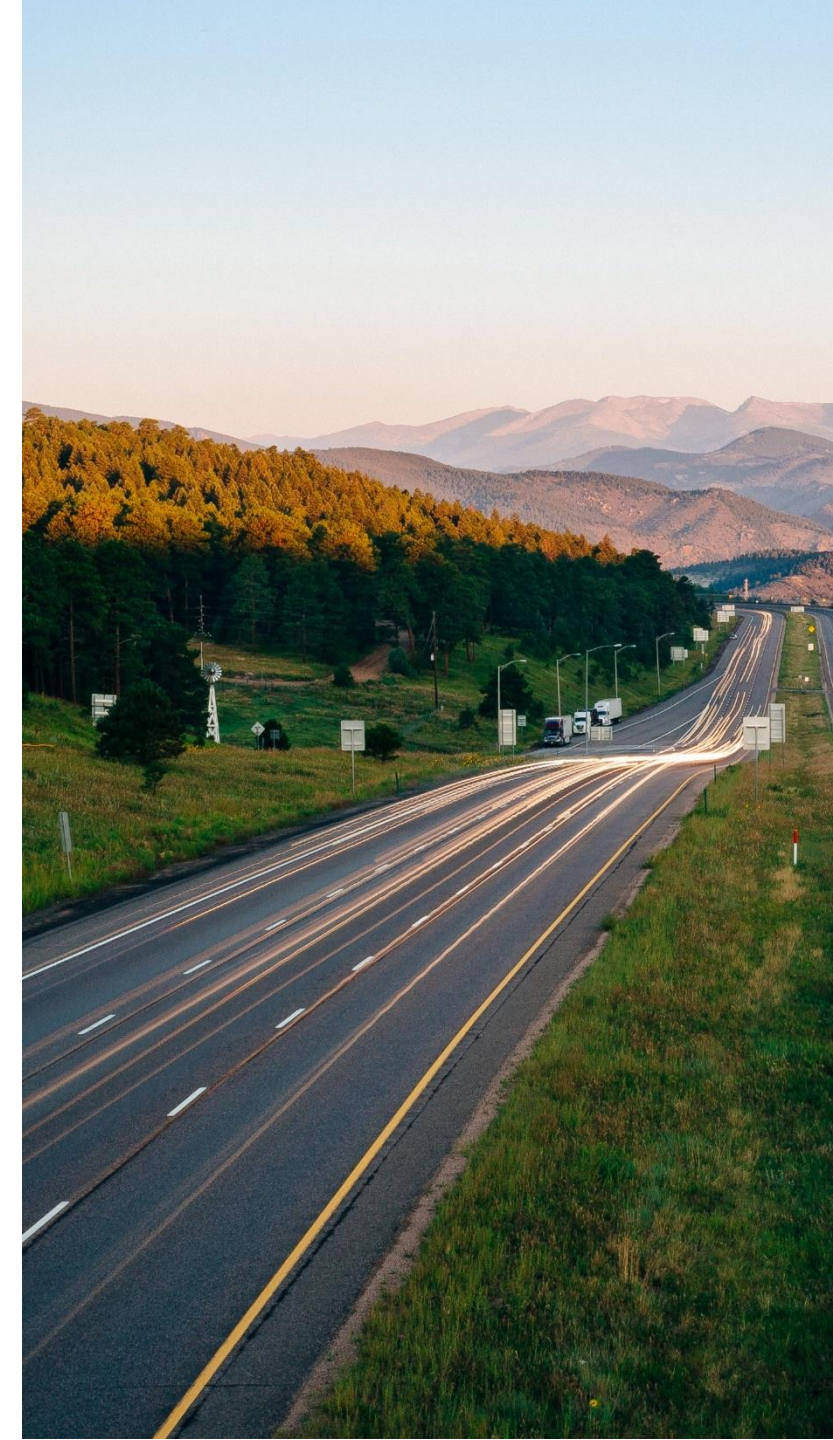
Luis Fernandez-Moreno takes over as interim CEO as of October 2nd

Performance Materials delivered solid sales growth of 3% and 53.3% EBITDA margin as investments in operational efficiencies resulted in lower consumption of natural gas, helping to reduce input costs

Advanced Polymer Technologies delivered 14% sales growth and 20% EBITDA margin as volumes improved versus last year's peak customer destocking

Performance Chemicals improved EBITDA margin by 160bps as a result of repositioning actions that included the exit of lower-margin end markets and cost savings

- **Expect to complete closure of Crossett facility and transitioning oleochemical refining to North Charleston by year-end**
- **Completed second and final termination payment of long-term CTO supply contract in October**



THIRD QUARTER (Q3) CONSOLIDATED FINANCIAL PERFORMANCE

GAAP Net loss of \$107.2 million is a result of before tax restructuring charges of \$86.9 million primarily related to the closure of our Crossett, Arkansas facility and \$100.0 million for the termination of a long-term CTO contract

Q3 Financials ⁽¹⁾

\$ in millions except percentage and EPS	Q3 2024	Q3 2023	vs PY Δ%
Net sales	\$376.9	\$446.0	(15.5)%
Adjusted gross profit	\$146.0	\$145.5	
<i>% margin</i>	38.7%	32.6%	610 bps
Total SG&A excl. D&A ⁽²⁾	\$35.3	\$33.7	
<i>% net sales</i>	9.4%	7.6%	(180) bps
Adjusted other (income) expense, net	\$4.3	\$1.4	
<i>% net sales</i>	1.2%	0.3%	(90) bps
Adjusted EBITDA	\$106.4	\$110.4	(3.6)%
<i>% margin</i>	28.2%	24.8%	340 bps
Diluted adjusted EPS	\$1.10	\$1.21	(9.1)%

Performance Highlights

Sales down 16% primarily due to the repositioning of the Performance Chemicals segment and weather-related impacts in the Road Technologies product line

Adjusted gross margin higher due to increased sales in the higher margin Performance Materials segment, reduced exposure in lower margin end markets in Performance Chemicals, and realized savings of \$14 million related to the Performance Chemicals repositioning

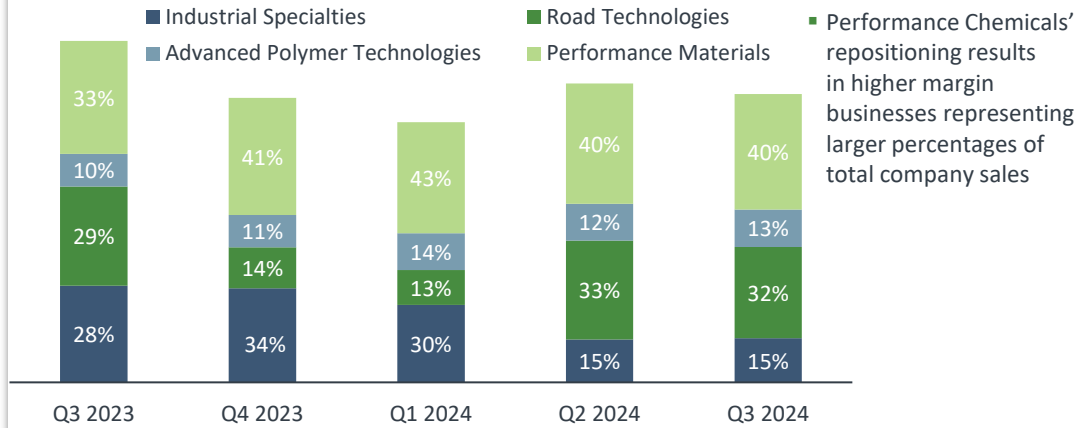
Adjusted EBITDA margin increased with improved margins in Performance Materials and \$18 million of total savings from the repositioning efforts in Performance Chemicals

(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

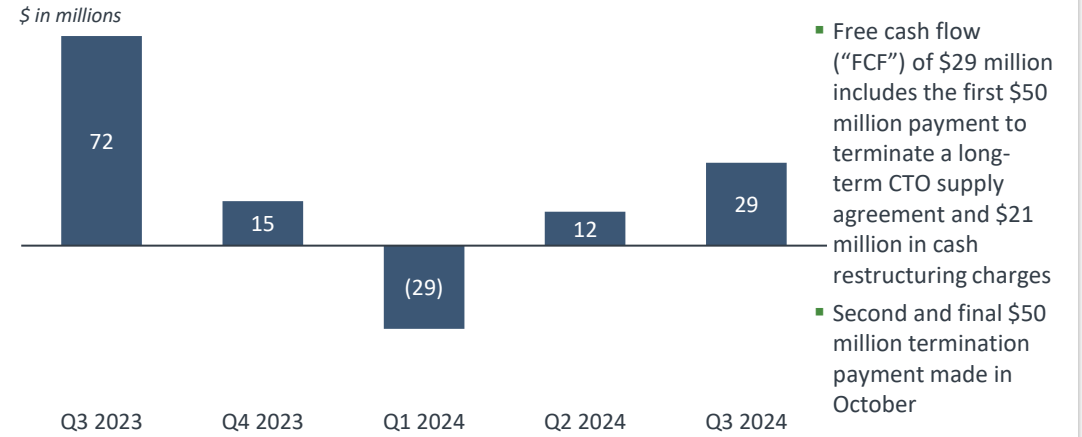
(2) Total SG&A excl. D&A includes research and technical expenses

Q3 2024 FINANCIAL METRICS AND HIGHLIGHTS

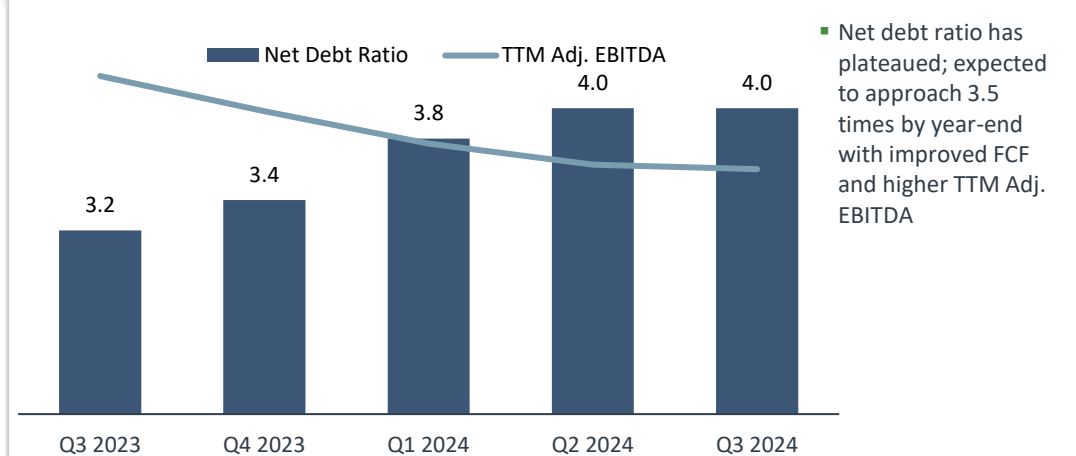
Net Sales by Product Line



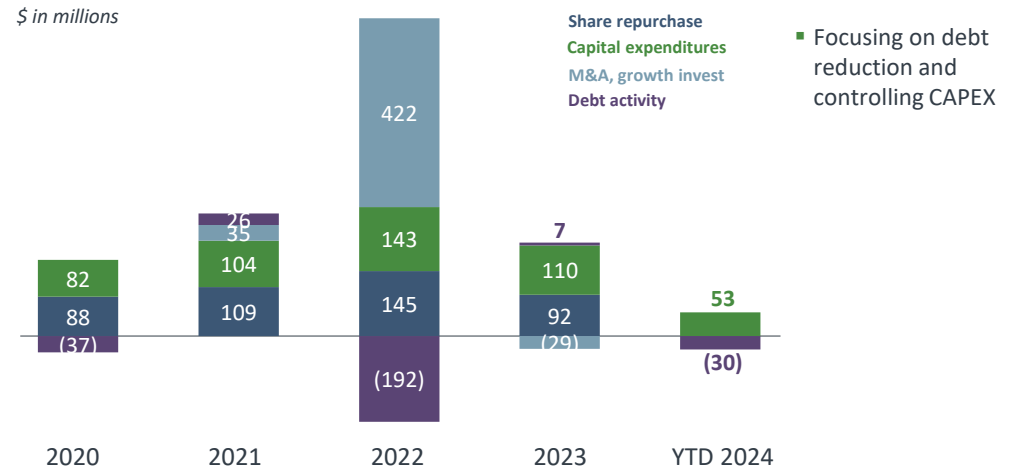
Free Cash Flow ⁽¹⁾



Net Debt Ratio ⁽¹⁾ and Trailing Twelve Months (TTM) Adj. EBITDA ⁽¹⁾



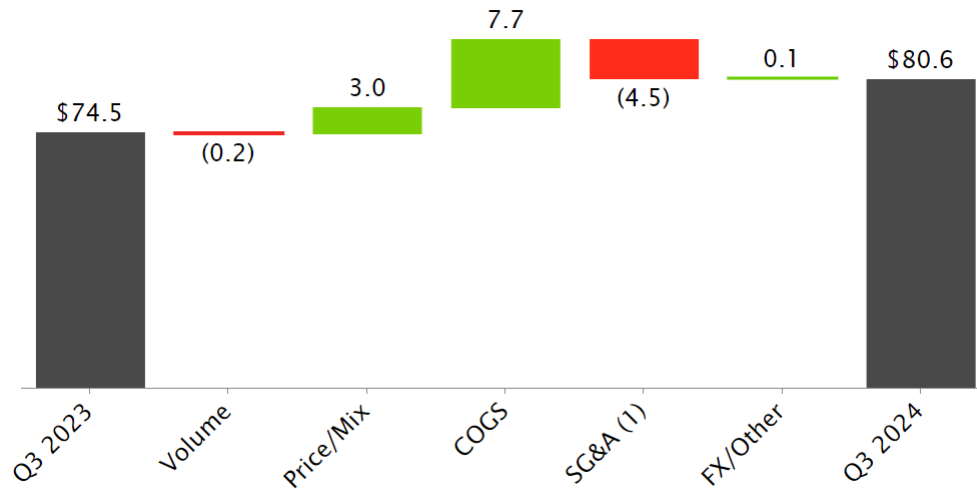
Capital Allocation



PERFORMANCE MATERIALS

\$ IN MILLIONS	Q3 2024	Q3 2023	▲ \$ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
Net Sales	151.1	147.2	3.9	2.6%
Segment EBITDA	80.6	74.5	6.1	8.2%
Segment EBITDA Margin	53.3%	50.6%		270 bps

Q3 Segment EBITDA



Performance Highlights

Sales of \$151.1 million up 3%, benefited from increased pricing on selected products

- Approximately \$4.0 million of revenue was delayed until the fourth quarter as a result of the port strike on the U.S. east coast

Segment EBITDA of \$80.6 million up 8%; segment EBITDA margin of 53.3%

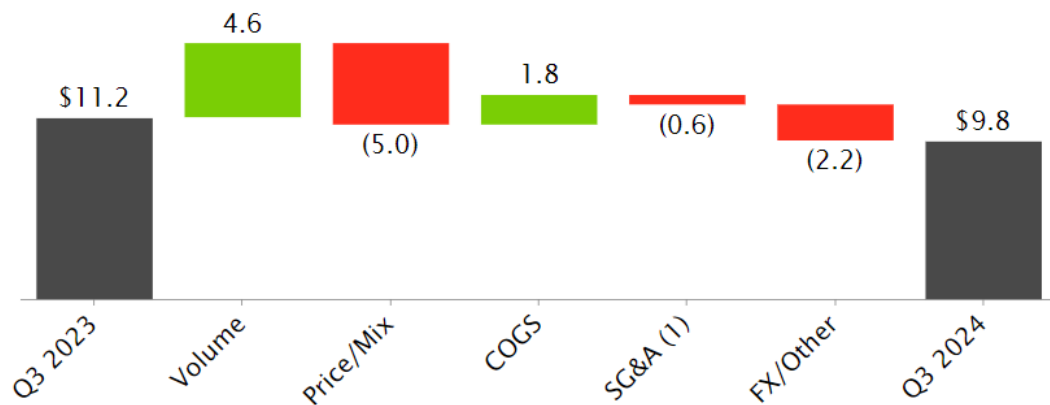
- Margin improved primarily due to improved operational efficiency resulting in lower input costs



ADVANCED POLYMER TECHNOLOGIES

\$ IN MILLIONS	Q3 2024	Q3 2023	▲ \$ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
Net Sales	48.8	42.8	6.0	14.0%
Segment EBITDA	9.8	11.2	(1.4)	(12.5)%
Segment EBITDA Margin	20.1%	26.2%		(610) bps

Q3 Segment EBITDA



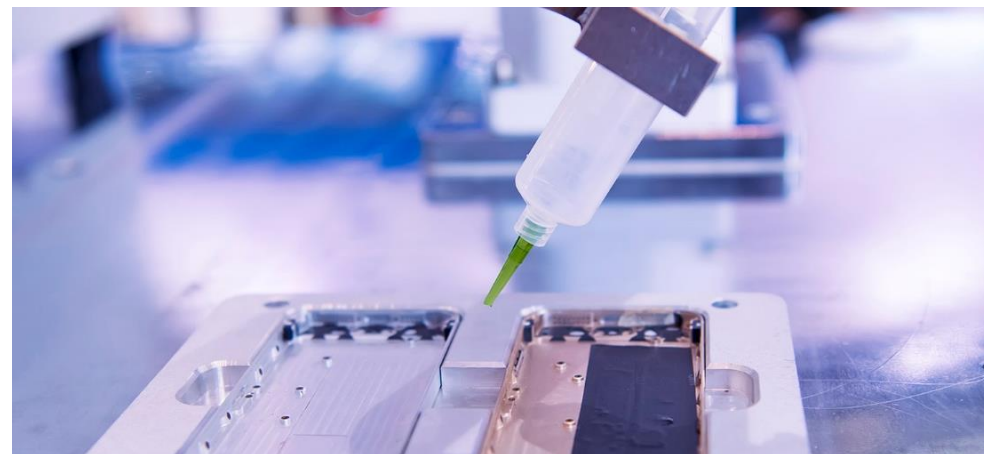
Performance Highlights

Sales of \$48.8 million up 14% as volumes recovered from last year's lows

- Strong market growth in Asia, particularly in paint-protective-film for autos as market demand in China began to show some signs of improvement

Segment EBITDA of \$9.8 million; segment EBITDA margin of 20.1%

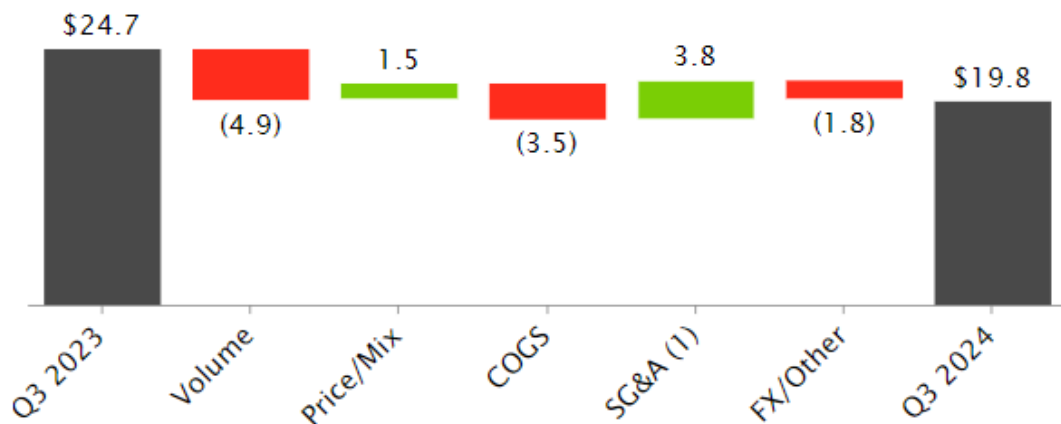
- Higher volumes resulted in improved utilization rates, but this was more than offset by pricing pressure, product mix, and unfavorable FX rates



PERFORMANCE CHEMICALS

\$ IN MILLIONS	Q3 2024	Q3 2023	▲ \$ VS. PRIOR YEAR	▲ % VS. PRIOR YEAR
Net Sales	177.0	256.0	(79.0)	(30.9)%
Industrial Specialties	58.0	126.3	(68.3)	(54.1)%
Road Technologies	119.0	129.7	(10.7)	(8.2)%
Segment EBITDA	19.8	24.7	(4.9)	(19.8)%
Segment EBITDA Margin	11.2%	9.6%		160 bps

Q3 Segment EBITDA



Performance Highlights

Sales of \$177.0 million down 31% due primarily to the segment repositioning

- **INDUSTRIAL SPECIALTIES:** Sales down 54% due primarily to the impact of the segment's repositioning actions which are focused on reducing exposure to lower margin end markets, as well as continued weakness in industrial demand
- **ROAD TECHNOLOGIES:** Sales down 8% driven by unfavorable weather conditions in key regions of North America

Segment EBITDA of \$19.8 million; segment EBITDA margin of 11.2%

- Segment EBITDA margin improved 160 basis points as the segment benefited from repositioning actions resulting in the exit of lower-margin end markets and cost savings

Q3 Repositioning Update

CTO Resales⁽²⁾:

\$0.8 million of CTO resale losses

Repositioning Costs Driven by Crossett Plant Closure⁽²⁾:

\$20.6 million of cash charges, \$68.8 million of non-cash charges

CTO Contract Termination Payment of \$100 Million⁽²⁾:

First \$50 million paid in July; second and final \$50 million paid in October

Savings:

\$18.0 million of cash savings

Industrial Specialties Target Markets

- Ag Chem
- Lubricants
- Mining
- Rubber
- Adhesives (limited)

(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⁽¹⁾

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

2024 Uncertainties

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

INTERIM CEO KEY PRIORITIES

- Accelerate execution and focus of business strategies
- Reduce leverage
- Reevaluate business portfolio and overall corporate strategy

(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.



FOR MORE INFORMATION

Investors

John E. Nypaver, Jr.

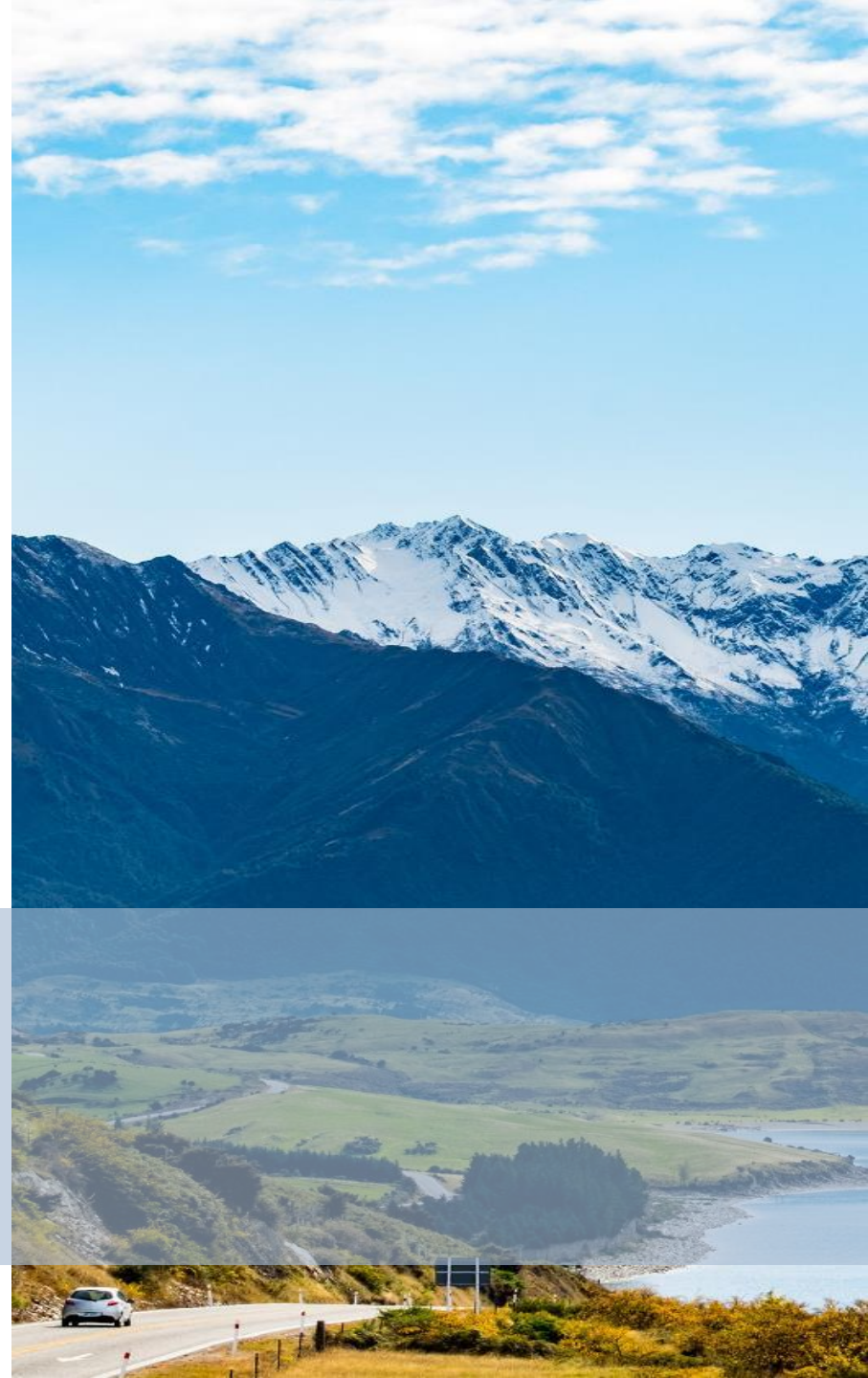
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Thank you for your interest in Ingevity.



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, CTO supply contract termination 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, CTO supply contract termination charges, 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 less (gain) loss on strategic investments, loss on CTO resales, CTO supply contract termination charges, litigation verdict charges, depreciation and amortization.

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, loss on CTO resales, CTO supply contract termination charges, 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, CTO supply contract termination charges 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; 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) (GAAP)	\$ (107.2)	\$ 25.2	\$ (446.9)	\$ 111.4
Restructuring and other (income) charges ⁽¹⁾	86.9	24.6	162.8	49.4
Goodwill impairment ⁽²⁾	—	—	349.1	—
Acquisition and other related costs ⁽³⁾	(0.1)	0.1	—	4.6
Loss on CTO Resales ⁽⁴⁾	0.8	—	50.8	—
CTO supply contract termination charges ⁽⁵⁾	100.0	—	100.0	—
(Gain) loss on strategic investments ⁽⁶⁾	6.7	(0.1)	11.4	(19.3)
Tax effect on items above ⁽⁷⁾	(43.3)	(5.8)	(158.0)	(8.1)
Certain discrete tax provision (benefit) ⁽⁸⁾	(3.6)	0.2	24.4	(1.1)
Adjusted earnings (loss) (Non-GAAP)	<u>\$ 40.2</u>	<u>\$ 44.2</u>	<u>\$ 93.6</u>	<u>\$ 136.9</u>
Diluted earnings (loss) per common share (GAAP)	\$ (2.95)	\$ 0.69	\$ (12.31)	\$ 3.03
Restructuring and other (income) charges	2.39	0.67	4.48	1.34
Goodwill impairment	—	—	9.62	—
Acquisition and other related costs	—	—	—	0.13
Loss on CTO Resales	0.02	—	1.40	—
CTO supply contract termination charges	2.75	—	2.75	—
(Gain) loss on strategic investments	0.18	—	0.31	(0.52)
Tax effect on items above	(1.19)	(0.16)	(4.36)	(0.23)
Certain discrete tax provision (benefit)	(0.10)	0.01	0.67	(0.03)
Diluted adjusted earnings (loss) per share (Non-GAAP)	<u>\$ 1.10</u>	<u>\$ 1.21</u>	<u>\$ 2.56</u>	<u>\$ 3.72</u>
Weighted average common shares outstanding - Diluted ⁽⁹⁾	36.5	36.4	36.5	36.8

(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 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 nine months ended September 30, 2024, charges relate to the Performance Chemicals segment.

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)

- (5) As consideration for the termination of the CTO supply contract, we made a cash payment in the amount of \$50.0 million on July 1, 2024 and an additional cash payment in the amount of \$50.0 million on October 8, 2024. Since this contract termination is directly attributable to the Performance Chemicals' repositioning, that is, it does not represent normal, recurring expenses necessary to operate our business, we have excluded the CTO supply contract termination charges for the purposes of calculating our non-GAAP financial performance measures.
- (6) 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.

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Performance Materials	\$ —	\$ (0.1)	\$ (0.1)	\$ (19.3)
Performance Chemicals	4.5	—	9.3	—
Advanced Polymer Technologies	2.2	—	2.2	—
(Gain) loss on strategic investments	<u>\$ 6.7</u>	<u>\$ (0.1)</u>	<u>\$ 11.4</u>	<u>\$ (19.3)</u>

- (7) 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.
- (8) Represents certain discrete tax items such as excess tax benefits on stock compensation and impacts of legislative tax rate changes.
- (9) The average number of shares outstanding used in the three and nine months ended September 30, 2024 diluted adjusted earnings (loss) per share computation (Non-GAAP) includes 0.2 million diluted shares. This number of shares differs from the average number of shares outstanding used in diluted earnings (loss) per share computations (GAAP) as we had a net loss on a GAAP basis.

Restructuring and other (income) charges

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Work force reductions and other	\$ —	\$ 1.5	\$ —	\$ 11.6
Performance Chemicals' repositioning	85.6	—	157.9	—
Restructuring charges ⁽¹⁾	\$ 85.6	\$ 1.5	\$ 157.9	\$ 11.6
Alternative feedstock transition	—	11.8	—	18.4
North Charleston plant transition	1.3	9.8	4.9	12.7
Business transformation costs	—	1.5	—	6.7
Other (income) charges, net ⁽¹⁾	\$ 1.3	\$ 23.1	\$ 4.9	\$ 37.8
Restructuring and other (income) charges, net ⁽²⁾⁽³⁾	<u>\$ 86.9</u>	<u>\$ 24.6</u>	<u>\$ 162.8</u>	<u>\$ 49.4</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, Alternative feedstock transition, 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Performance Materials	\$ 0.6	\$ 1.3	\$ 0.7	\$ 7.5
Performance Chemicals	86.1	22.9	162.0	39.6
Advanced Polymer Technologies	0.2	0.4	0.1	2.3
Restructuring and other (income) charges, net	<u>\$ 86.9</u>	<u>\$ 24.6</u>	<u>\$ 162.8</u>	<u>\$ 49.4</u>

Acquisition and other-related (income) charges

<i>In millions</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Legal and professional service fees	\$ (0.1)	\$ 0.1	\$ —	\$ 3.8
Acquisition-related (income) costs	\$ (0.1)	\$ 0.1	\$ —	\$ 3.8
Inventory fair value step-up amortization ⁽¹⁾	—	—	—	0.8
Acquisition and other-related (income) charges ⁽²⁾	<u>\$ (0.1)</u>	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 4.6</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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Performance Materials	\$ —	\$ —	\$ —	\$ —
Performance Chemicals	(0.1)	0.1	—	4.6
Advanced Polymer Technologies	—	—	—	—
Acquisition and other-related (income) costs	<u>\$ (0.1)</u>	<u>\$ 0.1</u>	<u>\$ —</u>	<u>\$ 4.6</u>

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

<i>In millions, except percentages (unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income (loss) (GAAP)	\$ (107.2)	\$ 25.2	\$ (446.9)	\$ 111.4
Provision (benefit) for income taxes	(30.7)	6.9	(97.5)	32.5
Interest expense, net	23.8	23.1	69.3	64.3
Depreciation and amortization	26.2	30.6	83.1	92.1
Restructuring and other (income) charges, net ⁽¹⁾	86.9	24.6	162.8	49.4
Goodwill impairment	—	—	349.1	—
Acquisition and other related costs ⁽¹⁾	(0.1)	0.1	—	4.6
Loss on CTO resales ⁽¹⁾	0.8	—	50.8	—
CTO supply contract termination charges ⁽¹⁾	100.0	—	100.0	—
(Gain) loss on strategic investments ⁽¹⁾	6.7	(0.1)	11.4	(19.3)
Adjusted EBITDA (Non-GAAP)	\$ 106.4	\$ 110.4	\$ 282.1	\$ 335.0
Net sales	\$ 376.9	\$ 446.0	\$ 1,107.6	\$ 1,320.4
Net income (loss) margin	(28.4)%	5.7 %	(40.3)%	8.4 %
Adjusted EBITDA margin	28.2 %	24.8 %	25.5 %	25.4 %

(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 Gross Profit (GAAP) to Adjusted Gross Profit (Non-GAAP)

<i>In millions, except percentages (unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Gross Profit (GAAP)	\$ 129.9	\$ 129.0	\$ 352.8	\$ 412.4
Plus:				
Depreciation and amortization	16.1	16.5	50.9	50.3
Inventory fair value step-up amortization	—	—	—	0.8
Adjusted gross profit (Non-GAAP)	<u>\$ 146.0</u>	<u>\$ 145.5</u>	<u>\$ 403.7</u>	<u>\$ 463.5</u>
Net Sales	\$ 376.9	\$ 446.0	\$ 1,107.6	\$ 1,320.4
Gross margin (GAAP)	34.5 %	28.9 %	31.9 %	31.2 %
Adjusted Gross margin (Non-GAAP)	38.7 %	32.6 %	36.4 %	35.1 %

Reconciliations of SG&A (GAAP) to Adjusted SG&A (Non-GAAP)

<i>In millions, except percentages (unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
SG&A (GAAP)	\$ 38.7	\$ 40.0	\$ 127.3	\$ 140.3
Research and technical expenses (GAAP)	6.7	7.8	20.8	24.6
Total SG&A (GAAP)	45.4	47.8	148.1	164.9
Less:				
Depreciation and amortization	10.1	14.1	32.2	40.7
Adjusted SG&A (Non-GAAP)	<u>\$ 35.3</u>	<u>\$ 33.7</u>	<u>\$ 115.9</u>	<u>\$ 124.2</u>
Net Sales	\$ 376.9	\$ 446.0	\$ 1,107.6	\$ 1,320.4
SG&A as a percent of Net sales (GAAP)	10.3 %	9.0 %	11.5 %	10.6 %
Adjusted SG&A as a percent of Net sales (Non-GAAP)	9.4 %	7.6 %	10.5 %	9.4 %

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

<i>In millions, except percentages (unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Other (income) expense, net (GAAP)	\$ 111.8	\$ 1.3	\$ 167.9	\$ (13.9)
Less:				
Loss on CTO resales	0.8	—	50.8	—
CTO supply contract termination charges	100.0	—	100.0	—
(Gain) loss on strategic investments	6.7	(0.1)	11.4	(19.3)
Depreciation and amortization	—	—	—	1.1
Other (income) expense, net (Non-GAAP)	<u>\$ 4.3</u>	<u>\$ 1.4</u>	<u>\$ 5.7</u>	<u>\$ 4.3</u>
Net Sales	\$ 376.9	\$ 446.0	\$ 1,107.6	\$ 1,320.4
OIE as a percent of Net sales (GAAP)	29.7 %	0.3 %	15.2 %	(1.1)%
Adjusted OIE as a percent of Net sales (Non-GAAP)	1.2 %	0.3 %	0.5 %	0.3 %

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

<i>In millions (unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash Flow from Operations (GAAP)	\$ 46.5	\$ 105.2	\$ 64.1	\$ 158.9
Less: Capital Expenditures (GAAP)	18.0	33.5	52.7	80.6
Free Cash Flow (Non-GAAP)	\$ 28.5	\$ 71.7	\$ 11.4	\$ 78.3

<i>In millions (unaudited)</i>	2023		2024	
	Q3	Q4	Q1	Q2
Cash Flow from Operations (GAAP)	\$ 105.2	\$ 44.6	\$ (12.1)	\$ 29.7
Less: Capital Expenditures (GAAP)	33.5	29.2	16.6	18.1
Free Cash Flow (Non-GAAP)	\$ 71.7	\$ 15.4	\$ (28.7)	\$ 11.6

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

<i>In millions, except ratios (unaudited)</i>	September 30, 2024
Notes payable and current maturities of long-term debt	\$ 100.7
Long-term debt including finance lease obligations	1,397.6
Debt issuance costs	4.5
Total Debt	\$ 1,502.8
Less:	
Cash and cash equivalents ⁽¹⁾	135.7
Restricted investment ⁽²⁾	81.3
Net Debt	<u>\$ 1,285.8</u>

Net Debt Ratio (Non GAAP)

Adjusted EBITDA (Non-GAAP) ⁽³⁾	
Twelve months ended December 31, 2023	377.1
Nine months ended September 30, 2023	(335.0)
Nine months ended September 30, 2024	282.1
Adjusted EBITDA - trailing twelve months (TTM) as of September 30, 2024	<u>\$ 324.2</u>
Net debt ratio (Non GAAP)	4.0x

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

Calculation of Historical Net Debt Ratio (Non-GAAP)

<i>In millions, except ratios (unaudited)</i>	2023		2024	
	Q3	Q4	Q1	Q2
Net Debt ⁽¹⁾	\$ 1,313.1	\$ 1,297.1	\$ 1,329.8	\$ 1,320.6
Adjusted EBITDA (Non-GAAP) ⁽²⁾	409.3	377.1	347.6	328.2
TTM Adjusted EBITDA	<u>\$ 409.3</u>	<u>\$ 377.1</u>	<u>\$ 347.6</u>	<u>\$ 328.2</u>
Net Debt Ratio (Non-GAAP)	3.2x	3.4x	3.8x	4.0x

(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.