

REFINITIV

DELTA REPORT

10-Q

ASIX - ADVANSIX INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 698

█ **CHANGES** 204

█ **DELETIONS** 296

█ **ADDITIONS** 198

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**

or

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

For the transition period from _____ to _____
Commission File Number: 1-37774

AdvanSix Inc.

(Exact name of registrant as specified in its charter)

Delaware

81-2525089

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

300 Kimball Drive, Suite 101, Parsippany, New Jersey

07054

(Address of principal executive offices)

(Zip Code)

(973) 526-1800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ASIX	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If 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 in Rule 12b-2 of the Exchange Act). Yes No

The Registrant had **26,953,680** **26,818,944** shares of common stock, \$0.01 par value, outstanding at **October 27, 2023** **April 26, 2024**.

ADVANSIX INC.
FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADVANSIX INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Uncertified)
(Dollars in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sales	Three Months Ended March 31,			
Sales	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			

Sales	Sales	\$ 322,907	\$ 478,769	\$ 1,151,391	\$ 1,541,578
Costs, expenses and other:	Costs, expenses and other:				
Costs, expenses and other:	Costs, expenses and other:				
Costs of goods sold	Costs of goods sold				
Costs of goods sold	Costs of goods sold	314,785	443,646	1,004,844	1,296,128
Selling, general and administrative expenses	Selling, general and administrative expenses	21,585	23,069	70,711	65,120
Selling, general and administrative expenses	Selling, general and administrative expenses				
Selling, general and administrative expenses	Selling, general and administrative expenses				
Interest expense, net	Interest expense, net				
Interest expense, net	Interest expense, net	2,075	686	5,296	2,017
Other non-operating (income) expense, net	Other non-operating (income) expense, net	(5,485)	(1,394)	(6,918)	(1,825)
Other non-operating (income) expense, net	Other non-operating (income) expense, net				
Other non-operating (income) expense, net	Other non-operating (income) expense, net				
Total costs, expenses and other	Total costs, expenses and other				
Total costs, expenses and other	Total costs, expenses and other	332,960	466,007	1,073,933	1,361,440
Income (loss) before taxes	Income (loss) before taxes	(10,053)	12,762	77,458	180,138
Income (loss) before taxes	Income (loss) before taxes				
Income tax expense (benefit)	Income tax expense (benefit)	(2,076)	2,730	17,753	41,876
Net income (loss)	Net income (loss)	\$ (7,977)	\$ 10,032	\$ 59,705	\$ 138,262
Income tax expense (benefit)	Income tax expense (benefit)				
Income tax expense (benefit)	Income tax expense (benefit)				
Net Income (Loss)	Net Income (Loss)				
Net Income (Loss)	Net Income (Loss)				
Earnings per common share	Earnings per common share				
Earnings per common share	Earnings per common share				
Earnings per common share	Earnings per common share				
Basic	Basic	\$ (0.29)	\$ 0.36	\$ 2.18	\$ 4.92
Basic	Basic				
Basic	Basic				
Diluted	Diluted	(0.29)	0.35	2.12	4.74
Diluted	Diluted				

Weighted average common shares outstanding	Weighted average common shares outstanding
Weighted average common shares outstanding	Weighted average common shares outstanding
Basic	Basic
Basic	Basic
Diluted	Diluted
Diluted	Diluted
Diluted	Diluted

See accompanying notes to Condensed Consolidated Financial Statements.

ADVANSIX INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Net income (loss)				
Net income (loss)				
Net income (loss)	Net income (loss)	\$ (7,977)	\$ 10,032	\$ 59,705
Foreign exchange	Foreign exchange			
translation adjustment	translation adjustment	197	(32)	39
Foreign exchange translation adjustment				
Foreign exchange translation adjustment				
Cash-flow hedges				
Cash-flow hedges				
Cash-flow hedges	Cash-flow hedges	—	57	(150)
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	197	25	(111)
Other comprehensive income (loss), net of tax				
Other comprehensive income (loss), net of tax				
Comprehensive income (loss)	Comprehensive income (loss)	\$ (7,780)	\$ 10,057	\$ 59,594
Comprehensive income (loss)				

See accompanying notes to Condensed Consolidated Financial Statements.

ADVANSIX INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands, except share and per share amounts)

	September 30, 2023	December 31, 2022	
	March 31, 2024	March 31, 2024	December 31, 2023
ASSETS	ASSETS		
Current assets:	Current assets:		
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents	\$ 22,110	\$ 30,985
Accounts and other receivables	Accounts and other receivables		
– net	– net	144,673	175,429
Inventories – net	Inventories – net	229,199	215,502
Taxes receivable	Taxes receivable	1,498	9,771
Other current assets	Other current assets	16,251	9,241
Total current assets	Total current assets	413,731	440,928
Property, plant and equipment – net	Property, plant and equipment – net	830,399	811,065
Operating lease right-of-use assets	Operating lease right-of-use assets	102,267	114,688
Goodwill	Goodwill	56,192	56,192
Intangible assets	Intangible assets	46,955	49,242
Other assets	Other assets	26,910	23,216
Total assets	Total assets	\$1,476,454	\$1,495,331
LIABILITIES	LIABILITIES		
LIABILITIES			
LIABILITIES			
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:	Current liabilities:		
Accounts payable	Accounts payable	\$ 230,547	\$ 272,770
Accounts payable			
Accrued liabilities	Accrued liabilities	41,302	48,820
Income taxes payable			

Operating lease liabilities – short-term	Operating lease liabilities – short-term	33,690	37,472
Deferred income and customer advances	Deferred income and customer advances	2,415	34,430
Total current liabilities			
Total current liabilities			
Total current liabilities	Total current liabilities	307,954	393,492
Deferred income taxes	Deferred income taxes	161,431	160,409
Operating lease liabilities – long-term	Operating lease liabilities – long-term	68,875	77,571
Line of credit – long-term	Line of credit – long-term	170,000	115,000
Postretirement benefit obligations	Postretirement benefit obligations	3,419	—
Postretirement benefit obligations			
Postretirement benefit obligations			
Other liabilities	Other liabilities	10,290	10,679
Total liabilities	Total liabilities	721,969	757,151
COMMITMENTS AND CONTINGENCIES (Note 9)	COMMITMENTS AND CONTINGENCIES (Note 9)		
COMMITMENTS AND CONTINGENCIES (Note 9)			
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01; 200,000,000 shares authorized; 32,597,015 shares issued and 27,055,067 outstanding at September 30, 2023; 31,977,593 shares issued and 27,446,520 outstanding at December 31, 2022		326	320
Preferred stock, par value \$0.01; 50,000,000 shares authorized and 0 shares issued and outstanding at September 30, 2023 and December 31, 2022		—	—
Treasury stock at par (5,541,948 shares at September 30, 2023; 4,531,073 shares at December 31, 2022)		(55)	(45)
STOCKHOLDERS' EQUITY	STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01; 200,000,000 shares authorized; 32,922,935 shares issued and 26,813,996 outstanding at March 31, 2024; 32,598,946 shares issued and 26,750,471 outstanding at December 31, 2023			

Common stock, par value \$0.01;
200,000,000 shares authorized;
32,922,935 shares issued and
26,813,996 outstanding at March 31,
2024; 32,598,946 shares issued and
26,750,471 outstanding at December
31, 2023

Common stock, par value \$0.01;
200,000,000 shares authorized;
32,922,935 shares issued and
26,813,996 outstanding at March 31,
2024; 32,598,946 shares issued and
26,750,471 outstanding at December
31, 2023

Preferred stock,
par value \$0.01;
50,000,000 shares
authorized and 0
shares issued and
outstanding at
March 31, 2024
and December 31,
2023

Treasury stock at
par (6,108,939
shares at March
31, 2024;
5,848,475 shares
at December 31,
2023)

Additional paid-in capital	Additional paid-in capital	143,965	174,585
Retained earnings	Retained earnings	614,557	567,517
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(4,308)	(4,197)
Total stockholders' equity	Total stockholders' equity	754,485	738,180
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	<u>\$1,476,454</u>	<u>\$1,495,331</u>

See accompanying notes to Condensed Consolidated Financial Statements.

ADVANSIX INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

		Nine Months Ended September 30,			
		2023	2022		
		Three Months Ended March 31,		Three Months Ended March 31,	
		2024	2024	2023	2023
Cash flows from operating activities:	Cash flows from operating activities:				
Net income		\$ 59,705	\$138,262		
Net income (loss)					

Net income (loss)			
Net income (loss)			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	Depreciation and amortization		
Depreciation and amortization	Depreciation and amortization	54,337	51,870
Loss on disposal of assets	Loss on disposal of assets	939	1,303
Deferred income taxes	Deferred income taxes	1,069	8,696
Stock-based compensation	Stock-based compensation	5,840	7,599
Amortization of deferred financing fees	Amortization of deferred financing fees	464	464
Operational asset adjustments		(4,472)	—
Changes in assets and liabilities, net of business acquisitions:	Changes in assets and liabilities, net of business acquisitions:		
Changes in assets and liabilities, net of business acquisitions:	Changes in assets and liabilities, net of business acquisitions:		
Accounts and other receivables	Accounts and other receivables	42,185	7,346
Accounts and other receivables	Accounts and other receivables		
Accounts and other receivables	Accounts and other receivables		
Inventories	Inventories	(14,082)	27
Taxes receivable	Taxes receivable	8,273	(13,983)
Accounts payable	Accounts payable	(47,987)	33,769
Income taxes payable	Income taxes payable		
Accrued liabilities	Accrued liabilities	(7,787)	(7,666)
Deferred income and customer advances	Deferred income and customer advances	(32,015)	(188)

Other assets and liabilities	Other assets and liabilities	(9,088)	(23,512)
Net cash provided by operating activities		57,381	203,987
Net cash provided by (used for) operating activities			
Cash flows from investing activities:	Cash flows from investing activities:		
Cash flows from investing activities:	Cash flows from investing activities:		
Expenditures for property, plant and equipment	Expenditures for property, plant and equipment	(69,025)	(61,010)
Acquisition of businesses		—	(97,456)
Expenditures for property, plant and equipment			
Expenditures for property, plant and equipment			
Other investing activities			
Other investing activities			
Other investing activities	Other investing activities	(2,404)	(1,587)
Net cash used for investing activities	Net cash used for investing activities	(71,429)	(160,053)
Cash flows from financing activities:	Cash flows from financing activities:		
Cash flows from financing activities:	Cash flows from financing activities:		
Borrowings from line of credit			
Borrowings from line of credit			
Borrowings from line of credit	Borrowings from line of credit	371,000	354,000
Payments of line of credit	Payments of line of credit	(316,000)	(354,000)
Principal payments of finance leases	Principal payments of finance leases	(698)	(712)
Principal payments of finance leases			
Principal payments of finance leases			
Dividend payments	Dividend payments	(12,354)	(11,083)

Purchase of treasury stock	Purchase of treasury stock	(37,651)	(23,591)
Issuance of common stock	Issuance of common stock	876	1,046
Net cash (used for) provided by financing activities		5,173	(34,340)
Net cash provided by (used for) financing activities			
Net cash provided by (used for) financing activities			
Net cash provided by (used for) financing activities			
Net change in cash and cash equivalents			
Net change in cash and cash equivalents			
Net change in cash and cash equivalents	Net change in cash and cash equivalents	(8,875)	9,594
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	30,985	15,100
Cash and cash equivalents at the end of period	Cash and cash equivalents at the end of period	\$ 22,110	\$ 24,694
Supplemental non-cash investing activities:	Supplemental non-cash investing activities:		
Supplemental non-cash investing activities:			
Capital expenditures included in accounts payable			
Capital expenditures included in accounts payable			
Capital expenditures included in accounts payable	Capital expenditures included in accounts payable	\$ 21,188	\$ 19,182
Supplemental cash activities:	Supplemental cash activities:		
Supplemental cash activities:			
Cash paid for interest			
Cash paid for interest			
Cash paid for interest	Cash paid for interest	\$ 4,998	\$ 1,580
Cash paid for income taxes	Cash paid for income taxes	\$ 7,037	\$ 55,840

See accompanying notes to Condensed Consolidated Financial Statements.

ADVANSIX INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands)

Common Stock		Common Stock	Additional Stock	Paid-In Capital	Retained Earnings	Treasury Stock	Comprehensive Income (Loss)	Other	Total Equity
Balance at December 31, 2023									
Balance at December 31, 2023									
Balance at December 31, 2023									
Net Income (Loss)									
Net Income (Loss)									
Net Income (Loss)									
Comprehensive income									
Foreign exchange translation adjustments									
Foreign exchange translation adjustments									
Foreign exchange translation adjustments									
Cash-flow hedges									
Other comprehensive income (loss), net of tax									
Other comprehensive income (loss), net of tax									
Other comprehensive income (loss), net of tax									
Issuance of common stock									

Purchase of treasury stock (260,464 shares)	
Stock-based compensation	
Dividends	
Balance at	
March 31, 2024	

	Common Stock		Additional		Accumulated Other			Total	Treasury Stock
	Shares	Amount	Paid-In Capital	Retained Earnings	Treasury Stock	Comprehensive Income (Loss)			
Balance at December 31, 2022	31,977,593	\$ 320	\$ 174,585	\$ 567,517	\$ (45)	\$ (4,197)	\$ 738,180		
Net income	—	—	—	34,954	—	—	—	34,954	
Comprehensive income									
Foreign exchange translation									
adjustments	—	—	—	—	—	(33)	(33)		
Cash-flow hedges	—	—	—	—	—	(150)	(150)		
Other comprehensive income (loss), net of tax	—	—	—	—	—	(183)	(183)		
Issuance of common stock	555,249	5	617	—	—	—	—	622	
Purchase of treasury stock (333,054 shares)	—	—	(13,496)	—	(3)	—	—	(13,499)	
Stock-based compensation	—	—	2,013	—	—	—	—	2,013	
Dividends	—	—	112	(4,132)	—	—	—	(4,020)	
Balance at March 31, 2023	32,532,842	325	163,831	598,339	(48)	(4,380)	758,067		
Net income	—	—	—	32,728	—	—	—	32,728	
Comprehensive income									
Foreign exchange translation									
adjustments	—	—	—	—	—	(125)	(125)		
Cash-flow hedges	—	—	—	—	—	—	—	—	
Other comprehensive income (loss), net of tax	—	—	—	—	—	(125)	(125)		
Issuance of common stock	45,020	1	122	—	—	—	—	123	
Purchase of treasury stock (410,862 shares)	—	—	(14,881)	—	(5)	—	—	(14,886)	

Stock-based compensation	—	—	2,436	—	—	—	2,436
Dividends	—	—	198	(4,182)	—	—	(3,984)
Balance at June 30, 2023	32,577,862	326	151,706	626,885	(53)	(4,505)	774,359
Net Income (loss)	—	—	—	(7,977)	—	—	(7,977)
Comprehensive income							—
Foreign exchange translation adjustments	—	—	—	—	—	197	197
Cash-flow hedges	—	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	—	197	197
Issuance of common stock	19,153	—	131	—	—	—	131
Purchase of treasury stock (266,959 shares)	—	—	(9,264)	—	(2)	—	(9,266)
Stock-based compensation	—	—	1,391	—	—	—	1,391
Dividends	—	—	1	(4,351)	—	—	(4,350)
Balance at September 30, 2023	32,597,015	\$ 326	\$ 143,965	\$ 614,557	\$ (55)	\$ (4,308)	\$ 754,485

ADVANXIX INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands)

	Accumulated							
	Common Stock		Additional		Other			
	Shares	Amount	Paid-In Capital	Retained Earnings	Treasury Stock	Comprehensive Income (Loss)	Total Equity	Treasury Stock
Balance at December 31, 2021	31,755,430	\$ 318	\$ 195,931	\$ 411,516	\$ (36)	\$ (6,539)	\$ 601,190	Stock
Common Stock								
Common Stock								
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Foreign exchange translation adjustments							
Foreign exchange translation adjustments	Foreign exchange translation adjustments	—	—	—	—	—	57
Cash-flow hedges	Cash-flow hedges	—	—	—	—	—	512
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	—	—	—	—	—	569
Other comprehensive income (loss), net of tax							
Issuance of common stock	Issuance of common stock	144,875	1	713	—	—	714
Purchase of treasury stock (181,536 shares)		—	—	(7,010)	—	(2)	—
Purchase of treasury stock (333,054 shares)							
Stock-based compensation	Stock-based compensation	—	—	3,374	—	—	3,374
Dividends	Dividends	—	—	313	(3,830)	—	(3,517)
Balance at March 31, 2022		31,900,305	319	193,321	470,759	(38)	(5,970)
Balance at March 31, 2023							
Net Income							
Comprehensive income		—	—	—	65,157	—	65,157
Foreign exchange translation adjustments		—	—	—	—	—	(35)
Cash-flow hedges		—	—	—	—	295	295
Other comprehensive income (loss), net of tax		—	—	—	—	260	260
Issuance of common stock		61,651	1	317	—	—	318
Purchase of treasury stock (87,251 shares)		—	—	(3,406)	—	(1)	—
Stock-based compensation		—	—	2,005	—	—	2,005
Dividends		—	—	155	(3,670)	—	(3,515)
Balance at June 30, 2022		31,961,956	320	192,392	532,246	(39)	(5,710)
Net Income							
Comprehensive income		—	—	—	10,032	—	10,032
Foreign exchange translation adjustments		—	—	—	—	—	(32)
Cash-flow hedges		—	—	—	—	57	57
Pension obligation adjustments		—	—	—	—	—	—
Other comprehensive income (loss), net of tax		—	—	—	—	25	25
Issuance of common stock		510	—	14	—	—	14
Purchase of treasury stock (362,609 shares)		—	—	(13,169)	—	(3)	—
Stock-based compensation		—	—	2,220	—	—	2,220
Dividends		—	—	171	(4,222)	—	(4,051)

Balance at September 30, 2022	31,962,466	\$ 320	\$ 181,628	\$ 538,056	\$ (42)	\$ (5,685)	\$ 714,277
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See accompanying notes to Condensed Consolidated Financial Statements.

ADVANSIX INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts and as otherwise noted)

1. Organization, Operations and Basis of Presentation

Description of Business

AdvanSix Inc. ("AdvanSix," the "Company," "we" or "our") is a diversified chemistry company playing a critical role in global supply chains, innovating and delivering essential products for our customers in a wide variety of end markets and applications that touch people's lives, such as building and construction, fertilizers, agrochemicals, plastics, solvents, packaging, paints, coatings, adhesives and electronics. Our reliable and sustainable supply of quality products emerges from the integrated value chain of our five U.S.-based manufacturing facilities. AdvanSix strives to deliver best-in-class customer experiences and differentiated products in the industries of nylon solutions, plant nutrients and chemical intermediates, and plant nutrients, guided by our core values of Safety, Integrity, Accountability and Respect.

Basis of Presentation

The Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the Company's financial position as of **September 30, 2023** **March 31, 2024**, and its results of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** and cash flows for the nine months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**. The year-end Condensed Consolidated Balance Sheet data was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. The results of operations of any interim period are not necessarily indicative of the results of operations to be expected for the full fiscal year. These financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** (the "2022" "2023 Form 10-K"). All intercompany transactions have been eliminated.

Certain prior period amounts have been reclassified for consistency with the current period presentation.

It is our practice to establish actual quarterly closing dates using a predetermined fiscal calendar, which requires our businesses to close their books on a Saturday in order to minimize the potentially disruptive effects of quarterly closing on our business processes. Historically, the effects of this practice have generally not been significant to reported results for any quarter and only existed within a reporting year. In the event that differences in actual closing dates are material to year-over-year comparisons of quarterly or year-to-date results, we will provide the appropriate disclosures. Our actual closing dates for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** were **September 30, 2023** **March 30, 2024** and **October 1, 2022** **April 1, 2023**, respectively.

Liabilities to creditors to whom we have issued checks that remained outstanding at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** aggregated to \$5.0 million and \$9.0 million, respectively, and were included in Cash and cash equivalents and Accounts payable in the Condensed Consolidated Balance Sheets.

The Company was party to three transactions during the third quarter of 2023: (i) exit from its alliance with Oben Holding Group S.A. resulting in a pre-tax gain of approximately \$11.4 million, (ii) notification from a licensee of certain legacy ammonium sulfate technology assets operated at the licensee's fertilizer manufacturing facility, that it intends to close its facility no later than August 2024, resulting in a non-cash, pre-tax charge of approximately \$4.5 million and (iii) a strategic decision to exit production of certain low-margin oximes products resulting in a non-cash, pre-tax charge of approximately \$2.4 million. Each of these transactions, totaling a net pre-tax gain of approximately \$4.5 million, was recorded during the third quarter of 2023 and included as a component of Other non-operating (income) expense, net on the Condensed Consolidated Statements of Operations and a non-cash transaction on the Condensed Consolidated Statements of Cash Flows.

The Company's Board of Directors (the "Board") has authorized share repurchase programs to repurchase shares of the Company's common stock as follows:

ADVANSIX INC.

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Date of Authorization		Authorized Amount Remaining as of		Authorized Amount Remaining as of March 31, 2024	
Date of Authorization	Date of Authorization	Authorized	September 30, 2023	Authorized	Remaining as of March 31, 2024
		Amount (millions)	(millions)	Amount (millions)	(millions)
Date of Authorization	Date of Authorization	Authorized	September 30, 2023	Authorized	Remaining as of March 31, 2024

May 4, 2018	May 4, 2018	\$ 75.0	\$ —
February 22, 2019	February 22, 2019	75.0	1.6
February 17, 2023	February 17, 2023	75.0	75.0
Totals	Totals	\$ 225.0	\$ 76.6

Repurchases may be made from time to time on the open market in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including through the use of trading plans intended to qualify under Rule 10b5-1 of the Exchange Act. The size and timing of these repurchases will depend on pricing, market and economic conditions.

ADVANSIX INC.

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legal and contractual requirements and other factors. The share repurchase program has no expiration date and may be modified, suspended or discontinued at any time. The par value of the shares repurchased is applied to Treasury stock and the excess of the purchase price over par value is applied to Additional paid-in capital.

As of **September 30, 2023** **March 31, 2024**, the Company has repurchased a total of **5,541,948** **6,108,939** shares of common stock, including **854,340** **999,111** shares withheld to cover tax withholding obligations in connection with the vesting of awards, for an aggregate of **\$173.6 million** **\$189.0 million** at a weighted average market price of **\$31.33** **\$30.94** per share. As of **September 30, 2023** **March 31, 2024**, **\$76.6** **\$65.2** million remained available for share repurchases under the current authorization. During the period **October 1, 2023** **April 1, 2024** through **October 27, 2023** **April 26, 2024**, the Company repurchased an additional **101,387** **2,865** shares covering tax withholding obligations in connection with the vesting of equity awards at a weighted average market price of **\$29.07** per share primarily **\$27.15**, and no additional shares were repurchased under the current currently authorized repurchase program.

2. Recent Accounting Pronouncements

Recent Accounting Pronouncements – The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

In September 2022, On December 13, 2023, the FASB issued ASU No. 2022-04, Liabilities - Supplier Finance Programs (Subtopic 405-50) 2023-09, Income Taxes (Topic 740): Disclosure of Supplier Finance Program Obligations, Improvements to Income Tax Disclosures. The amendments in this ASU require that a buyer public business entities, on an annual basis, disclose specific categories in a supplier finance program disclose sufficient quantitative the rate reconciliation and qualitative provide additional information about its supplier finance programs for reconciling items that are equal to allow a user or greater than 5 percent of the financial statements to understand amount computed by multiplying pretax income (or loss) by the program's nature, activity during applicable statutory income tax rate. The amendments also require that the period, changes from period to period and potential magnitude. On a retrospective basis, for each annual reporting period, an entity should Company disclose the key terms following (net of the program, including a description of the payment terms, assets pledged as security or other forms of guarantees, the confirmed amount outstanding that remains unpaid, a description of where the obligations are presented in the balance sheet and a roll-forward of those obligations confirmed as well as refunds received): (1) the amount of obligations subsequently paid. In each interim reporting period, an entity should disclose income taxes paid disaggregated by federal (national), state, and foreign taxes and (2) the amount of confirmed obligations outstanding, income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than 5 percent of total income taxes paid. Additionally, the amendments in this update eliminate the requirement for all entities to disclose the nature and estimate of the range of the reasonably possible change in the unrecognized tax benefits balance in the next 12 months or to make a statement that an estimate of the range cannot be made, and remove the requirement to disclose the cumulative amount of each type of temporary difference when a deferred tax liability is not recognized because of the exceptions to comprehensive recognition of deferred taxes related to subsidiaries and corporate joint ventures. The guidance is effective for fiscal years public business entities for annual periods beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on roll-forward information, which is effective for fiscal years beginning after December 15, 2023 December 15, 2024. Early adoption of the amendments in this update is permitted, are permitted for annual financial statements that have not yet been issued. The Company adopted ASU 2022-04, effective January 1, 2023, which did is evaluating the pronouncement and does not expect adoption to have a material impact on the Company's consolidated financial position or results of operations upon adoption. operations.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280). The amendments in this ASU require incremental disclosures about the Company's reportable segments, but do not change the definition of a segment or the guidance for determining reportable segments. The incremental disclosures should include (1) significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, (2) an amount for other segment items by reportable segment and a description of its composition, (3) profit or loss and assets currently required by Topic 280 in interim periods, (4) clarification if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources and (5) the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The guidance is effective for public entities with fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Additionally, public entities should apply the amendments retrospectively to all prior periods presented in the financial statements, unless impractical. The Company is evaluating the pronouncement and does not expect adoption to have a material impact on the Company's consolidated financial position or results of operations.

3. Revenues

Revenue Recognition

We serve approximately 400 customers annually in approximately 4045 countries across a wide variety of industries. For each of the three months ended September 30, 2023 March 31, 2024 and 2022, the Company's ten largest customers accounted for approximately 41% and 43% 37% of total sales, respectively. For the nine months ended September 30, 2023 and 2022, the Company's ten largest customers accounted for approximately 39% and 39% of total sales, respectively.

We typically sell to customers under master service agreements, with primarily one-year terms, or by purchase orders. We have historically experienced low customer turnover and have long-standing customer relationships, which span decades. Our largest

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customer is Shaw Industries Group, Inc. ("Shaw"), a significant consumer of caprolactam and Nylon 6 resin, to whom we sell under a long-term agreement. For the three months ended September 30, 2023 March 31, 2024 and 2022, the Company's sales to Shaw were 12% 9% and 16% of our total sales, respectively. For the nine months ended September 30, 2023 and 2022, the Company's sales to Shaw were 11% and 12% 10% of our total sales, respectively.

The Company's revenue by product line, and related approximate percentage of total sales, for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows:

		Three Months Ended September 30,				Nine Months Ended September 30,											
		2023		2022		2023		2022									
Three Months Ended March 31,																	
Three Months Ended March 31,																	
Three Months Ended March 31,																	
2024																	
2024																	
2024																	
Nylon																	
Nylon	Nylon	\$ 86,056	27%	\$ 141,017	29%	\$ 278,381	24%	\$ 391,731	25%								
Caprolactam	Caprolactam	68,794	21%	90,818	19%	215,867	19%	247,992	16%								
Caprolactam																	
Caprolactam																	
Ammonium Sulfate																	
Ammonium Sulfate	Ammonium Sulfate																
Ammonium Sulfate																	
Chemical Intermediates	Chemical Intermediates	83,460	26%	115,268	24%	298,333	26%	409,568	27%								
Ammonium Sulfate	Ammonium Sulfate	84,597	26%	131,666	28%	358,810	31%	492,287	32%								
Chemical Intermediates																	
Chemical Intermediates																	
Total	Total	\$ 322,907	100%	\$ 478,769	100%	\$ 1,151,391	100%	\$ 1,541,578	100%								
Total																	
Total																	

The Company's revenues by geographic area, and related approximate percentage of total sales, for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows:

		Three Months Ended September 30,				Nine Months Ended September 30,											
		2023		2022		2023		2022									
Three Months Ended March 31,																	
Three Months Ended March 31,																	
Three Months Ended March 31,																	

Three Months Ended March 31,											
		2024									
		2024									
		2024									
United States	United States	\$ 264,858	82%	\$ 393,447	82%	\$ 953,392	83 %	\$ 1,290,621	84 %		
International	International	58,049	18%	85,322	18%	197,999	17 %	250,957	16 %		
International											
Total	Total	\$ 322,907	100%	\$ 478,769	100%	\$ 1,151,391	100 %	\$ 1,541,578	100 %		
Total											
Total											

Deferred Income and Customer Advances

The Company defers revenues when cash payments are received in advance of our performance. Below is a roll-forward of Deferred income and customer advances for the **nine** three months ended **September 30, 2023** **March 31, 2024**:

Opening balance January 1, 2023	January 1, 2024	\$ 34,430	15,678
Additional cash advances			7,307 393
Less amounts recognized in revenues			(39,322) (4,785)
Ending balance September 30, 2023	March 31, 2024	\$ 2,415	11,286

The Company expects to recognize as revenue the **September 30, 2023** **March 31, 2024** ending balance of Deferred income and customer advances within one year or less.

4. Earnings Per Share

The computation of basic and diluted earnings per share ("EPS") is based on Net income (loss) divided by the basic weighted average number of common shares outstanding and diluted weighted average number of common shares outstanding, respectively. The details of the basic and diluted EPS calculations for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** were as follows:

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Three Months Ended September 30,				Nine Months Ended September 30,									
2023		2022		2023		2022							
Three Months Ended March 31,													
Three Months Ended March 31,													
Three Months Ended March 31,													
2024													
2024													
2024													
Basic	Basic												
Net income (loss)	\$ (7,977)	\$ 10,032		\$ 59,705	\$ 138,262								
Basic													
Basic													
Net Income (Loss)													
Net Income (Loss)													
Net Income (Loss)													

Weighted average common shares outstanding					
Weighted average common shares outstanding					
Weighted average common shares outstanding	Weighted average common shares outstanding	27,209,521	27,944,494	27,433,851	28,103,255
EPS – Basic	EPS – Basic	\$ (0.29)	\$ 0.36	\$ 2.18	\$ 4.92
EPS – Basic					
EPS – Basic					
Diluted	Diluted				
Diluted	Diluted				
Diluted effect of equity awards and other stock-based holdings	Dilutive effect of equity awards and other stock-based holdings	—	945,164	759,870	1,070,282
Dilutive effect of equity awards and other stock-based holdings					
Dilutive effect of equity awards and other stock-based holdings					
Weighted average common shares outstanding					
Weighted average common shares outstanding					
Weighted average common shares outstanding	Weighted average common shares outstanding	27,209,521	28,889,658	28,193,721	29,173,537
EPS – Diluted	EPS – Diluted	\$ (0.29)	\$ 0.35	\$ 2.12	\$ 4.74
EPS – Diluted					
EPS – Diluted					

Diluted EPS is computed based upon the weighted average number of common shares outstanding for the period plus the dilutive effect of common stock equivalents using the treasury stock method and the average market price of our common stock for the period.

The diluted EPS calculations exclude the effect of stock options when the options' assumed proceeds exceed the average market price of the common shares during the period. The anti-dilutive common stock equivalents outstanding at the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 were as follows:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Options and stock equivalents	498,652	227,144	447,950	156,418

Dividend activity for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 was as follows:

Three Months Ended September 30,	Nine Months Ended September 30,		
2023	2022	2023	2022

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
		2024		2024		2024	
Cash dividends declared per share							
Cash dividends declared per share							
Cash dividends declared per share	Cash dividends declared per share	\$ 0.16	\$ 0.145	\$ 0.465	\$ 0.395		
Aggregate dividends paid to shareholders	Aggregate dividends paid to shareholders	\$ 4,349	\$ 4,051	\$ 12,354	\$ 11,083		
Aggregate dividends paid to shareholders							
Aggregate dividends paid to shareholders							

5. Accounts and Other Receivables – Net

		September 30, 2023	December 31, 2022	March 31, 2024		March 31, 2024		December 31, 2023
Accounts	receivables			Accounts	receivables			
Accounts receivables	receivables	\$ 134,664	\$ 171,923					
Other	Other	10,987	4,100					
Total accounts and other receivables	Total accounts and other receivables	145,651	176,023					
Less – allowance for doubtful accounts	Less – allowance for doubtful accounts	(978)	(594)					
Total accounts and other receivables – net	Total accounts and other receivables – net	\$ 144,673	\$ 175,429					

6. Inventories

		September 30, 2023	December 31, 2022	March 31, 2024		March 31, 2024		December 31, 2023
Raw	Raw	materials	materials	Raw	Raw	materials	materials	Raw
Raw materials	Raw materials	\$ 133,103	\$ 126,060					

Work in progress	Work in progress	64,368	64,669
Finished goods	Finished goods	97,310	60,711
Spares and other	Spares and other	30,730	28,892
		325,511	280,332
	254,972		
Reduction to LIFO cost basis	Reduction to LIFO cost basis	(96,312)	(64,830)
Total inventories	Total inventories	\$ 229,199	\$ 215,502

Substantially all of the Company's inventories at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 are valued at the lower of cost or market using the last-in, first-out ("LIFO") method. However, approximately 9% 8% was valued at average cost using the first-in, first-out ("FIFO") method at September 30, 2023 March 31, 2024.

The excess of replacement cost over the carrying value of total inventories subject to LIFO was \$61.4 million \$62.2 million and \$58.2 million \$65.3 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

7. Leases

We determine if an arrangement is a lease at inception. Operating leases are included in Operating lease right-of-use assets ("ROU"), Operating lease liabilities – short-term, and Operating lease liabilities – long-term in our Condensed Consolidated Balance Sheets. Finance leases are included in Property, plant and equipment – net, Accounts payable, and Other liabilities in our Condensed Consolidated Balance Sheets.

The components of lease expense were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Finance lease cost:				
Finance lease cost:				
Finance lease cost:	Finance lease cost:			
Amortization of right-of-use asset	Amortization of right-of-use asset	\$ 237	\$ 229	\$ 675
Amortization of right-of-use asset	Amortization of right-of-use asset			
Interest on lease liabilities	Interest on lease liabilities			
Interest on lease liabilities	Interest on lease liabilities	28	15	69
Total finance lease cost	Total finance lease cost	265	244	744
Total finance lease cost	Total finance lease cost			740
Operating lease cost	Operating lease cost	12,032	11,711	34,873
				32,321

Operating lease cost						
Operating lease cost						
Short-term lease cost						
Short-term lease cost						
Short-term lease cost	Short-term lease cost	1,572	1,541	4,109	4,091	
Total lease cost	Total lease cost	\$ 13,869	\$ 13,496	\$ 39,726	\$ 37,152	
Total lease cost						
Total lease cost						

As of **September 30, 2023** **March 31, 2024**, we have additional operating and finance leases that have not yet commenced for approximately **\$1.4 million** **\$126.7 million** and approximately **\$0.4 million**. These leases will commence during **December 2023** and **January 2024** with lease terms of up to 7 years.

8. Goodwill and Intangible Assets

Intangible assets with finite lives acquired through a business combination are recorded at fair value, less accumulated amortization. Customer relationships and trade-names are amortized on a straight-line basis over their expected useful lives of 15 to 20 years and 5 years, respectively.

Goodwill

There was no change in the carrying amount of goodwill for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**.

Finite-Lived Intangible Assets

Intangible assets subject to amortization were as follows:

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		September 30, 2023			December 31, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
			March 31, 2024				
			March 31, 2024				
			March 31, 2024				
		Gross Carrying Amount					
		Gross Carrying Amount					
		Gross Carrying Amount					
Customer relationships	Customer relationships						
Customer relationships	Customer relationships	\$ 36,820	\$ (3,283)	\$ 33,537	\$ 36,820	\$ (1,854)	\$ 34,966
Licenses	Licenses	18,451	(5,766)	12,685	18,451	(5,074)	13,377
Licenses	Licenses						
Trade names	Trade names						
Trade names	Trade names	1,100	(367)	733	1,100	(201)	899
Total	Total	\$ 56,371	\$ (9,416)	\$ 46,955	\$ 56,371	\$ (7,129)	\$ 49,242
Total							
Total							

For each of the three months ended **September 30, 2023** **March 31, 2024** and **September 30, 2022** **March 31, 2023**, the Company recorded amortization expense on intangible assets of \$0.8 million. For the nine months ended September 30, 2023 and September 30, 2022, the Company recorded amortization expense on intangible assets of \$2.3 million and \$2.0 million, respectively.

9. Commitments and Contingencies

The Company is subject to a number of lawsuits, investigations and disputes, some of which may involve substantial amounts claimed, arising out of the conduct of the Company or other third-parties in the normal and ordinary course of business. A liability is recognized for any contingency that is probable of occurrence and reasonably estimable. The Company continually assesses the likelihood of adverse judgments or outcomes in these matters, as well as potential ranges of possible losses, based on an analysis of each matter with the assistance of legal counsel and, if applicable, other experts.

Given the uncertainty inherent in such lawsuits, investigations and disputes, the Company does not believe it is possible to develop estimates of reasonably possible loss in excess of current accruals for these matters. Considering the Company's past experience and existing accruals, the Company does not expect the outcome of these matters, either individually or in the aggregate, to have a material adverse effect on the Company's consolidated financial position or results of operations. Potential liabilities are subject to change due to new developments, changes in settlement strategy or the impact of evidentiary requirements, which could cause the Company to pay damage awards or settlements (or become subject to equitable remedies) that could have a material adverse effect on the Company's consolidated results of operations, balance sheet and/or operating cash flows in the periods recognized or paid.

We assumed from Honeywell International Inc. ("Honeywell") all health, safety and environmental ("HSE") liabilities and compliance obligations related to the past and future operations of our current business as of the spin-off, as well as all HSE liabilities associated with the three manufacturing locations assumed from Honeywell that are used in our current operations, including any cleanup or other liabilities related to any contamination that may have occurred at such locations in the past. Honeywell retained all HSE liabilities related to former business locations or the operation of our former businesses. Although we have ongoing environmental remedial obligations at certain of our facilities, in the past three years, the associated remediation costs have not been material, and we do not expect our known remediation costs to have a material adverse effect on the Company's consolidated financial position or results of operations.

10. Income Taxes

The (benefit) provision for income taxes was (\$2.1 million) and \$2.7 million \$9.3 million for the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, resulting in an effective tax rate of 20.7% 25.7% and 21.4%, respectively. The provision for income taxes was \$17.8 million and \$41.9 million for the nine months ended September 30, 2023 and 2022, respectively, resulting in an effective tax rate of 22.9% and 23.2% 21.0%, respectively.

The Company's provision for income taxes in interim periods is computed by applying an estimated annual effective tax rate against Income (Loss) before taxes for the period in addition to recording any tax effects of discrete items for the quarter. The Company's effective tax rate for the three and nine months ended **September 30, 2023** and **2022** differed from **March 31, 2024** was higher than the U.S. federal statutory rate, due to the impacts of state taxes and executive compensation deduction limitations, partially offset by tax credits. The Company's effective tax rate for the three months ended March 31, 2023 approximated the U.S. federal statutory rate, due to the impacts of state taxes and executive compensation deduction limitations which generally increase the tax rate, offset by tax credits and the foreign-derived intangible income deduction deduction which generally decrease the tax rate. Additionally, for 2023, a discrete tax adjustments relating adjustment was recorded in the first quarter of 2023 related to the vesting of equity compensation changes in state tax legislation and return to provision adjustments related to the filing of the Company's 2022 U.S. federal income tax return that resulted in a net 4.4% increase 2.3% decrease to the Company's quarterly effective tax rate and a net 1.6% decrease to the year-to-date effective tax rate.

11. Fair Value Measurements

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On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into law. This legislation includes significant changes relating to tax, climate change, energy and health care. Among other provisions, the IRA introduces a corporate alternative minimum tax (CAMT) on adjusted financial statement income of certain large corporations and a 1% excise tax on share repurchases. The Company is not currently subject to the CAMT which became effective for tax years beginning after December 31, 2022. The 1% excise tax is generally applicable to publicly traded corporations for the net value of certain stock that the corporation repurchases during the year and is also effective for tax years beginning after December 31, 2022. The impact of any excise tax imposed on the Company for share repurchases is generally accounted for as an equity transaction with no consequences to the Company's results in operations, and this provision of the law is not expected to have a material impact on the Company's financial condition. The IRA also includes significant extensions, expansions and enhancements related to climate and energy tax credits designed to encourage investment in the adoption and expansion of renewable and alternative energy sources. The Company continues to evaluate these energy credit provisions of the law in relation to our sustainability and environmental, social and governance initiatives.

11. Fair Value Measurements

Financial and non-financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. In July 2019, the Company entered into an interest rate swap transaction related to its credit agreement. The interest rate swap, considered a Level 2 liability, expired February 21, 2023.

The pension plan assets are invested in collective investment trust funds. These investments are measured at fair value using the net asset value per share as a practical expedient. Investments valued using the net asset value method (NAV) (or its equivalent) practical expedient are excluded from the fair value hierarchy disclosure.

The Company's Condensed Consolidated Balance Sheets also include Cash and cash equivalents, Accounts receivable and Accounts payable all of which are recorded at amounts which approximate fair value.

The Company also has assets that are required to be recorded at fair value on a non-recurring basis. These assets are evaluated when certain triggering events occur (including a decrease in estimated future cash flows) that indicate the asset should be evaluated for impairment which could result in such assets being measured at fair value. Goodwill must be evaluated at least annually. Our annual evaluation occurred on **March 31, 2023** **October 28, 2023** and we concluded that an impairment for goodwill did not occur.

12. Derivative and Hedging Instruments

The specific credit and market, commodity price and interest rate risks to which the Company is exposed in connection with its ongoing business operations are described below. This discussion includes an explanation of any hedging instrument and interest rate swap agreement, used to manage the Company's interest rate risk associated with a fixed and floating-rate borrowing.

For cash flow hedges, the entire change in the fair value of the hedging instrument included in the assessment of hedge effectiveness is recorded in Other comprehensive income. Those amounts are reclassified to earnings in the same income statement line item that is used to present the earnings effect of the hedged item when the hedged item affects earnings.

Credit and Market Risk – Financial instruments, including derivatives, expose the Company to counterparty credit risk for non-performance and to market risk related to changes in commodity prices, interest rates and foreign currency exchange rates. The Company manages its exposure to counterparty credit risk through specific minimum credit standards, diversification of counterparties, and procedures to monitor concentrations of credit risk. The Company's counterparties in derivative transactions are substantial investment and commercial banks with significant experience using such derivative instruments. The Company monitors the impact of market risk on the fair value and cash flows of its derivative and other financial instruments considering reasonably possible changes in commodity prices, interest rates and foreign currency exchange rates and restricts the use of derivative financial instruments to hedging activities.

The Company continually monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. The terms and conditions of credit sales are designed to mitigate or eliminate concentrations of credit risk with any single customer. The Company did not have any customers with significant concentrations of trade accounts receivable – net at September 30, 2023 or December 31, 2022. Allowance for doubtful accounts is calculated based upon the Company's estimate of expected credit losses over the life of exposure based upon both historical information as well as future expected losses.

ADVANSIX INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts and as otherwise noted)

Commodity Price Risk Management – The Company's exposure to market risk for commodity prices can result in changes in the cost of production. We primarily mitigate our exposure to commodity price risk by using long-term, formula-based price contracts with our suppliers and formula-based price agreements with customers. Our customer agreements provide for price adjustments based on relevant market indices and raw material prices and generally do not include take-or-pay terms. We may also enter into forward commodity contracts with third-parties designated as hedges of anticipated purchases of several commodities. Forward commodity contracts are marked-to-market, with the resulting gains and losses recognized in earnings, in the same category as the items being hedged, when the hedged transaction is recognized. At September 30, 2023 and 2022, we had no financial contracts related to forward commodity agreements.

Interest Rate Risk Management – The Company had entered into **one** **an** interest rate swap agreement for a total notional amount of \$50 million to exchange floating for fixed rate interest payments for our LIBOR-based borrowings. The interest rate swap had a fair value of zero at inception and was effective July 31, 2019 and matured on February 21, 2023. In accordance with ASC 815, the Company designated the interest rate swap as a cash flow hedge of floating-rate borrowings. The interest rate swap converted the Company's interest rate payments on the first \$50 million of variable-rate, 1-month LIBOR-based debt to a fixed interest rate. The interest rate swap involved the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the interest rate swap without an exchange of the underlying principal amount.

	Asset (Liability) Derivatives					
	September 30, 2023			December 31, 2022		
	Balance Sheet	Classification	Fair Value	Balance Sheet	Classification	Fair Value
Derivatives designated as hedging instruments under ASC 815:						
Interest Rate Contracts	Accounts and other receivables, net	\$	—	Accounts and other receivables, net	\$	197
Total Derivatives	\$	—	\$	—	\$	197

The following table summarizes At March 31, 2024, the Company had no derivatives designated as hedging instruments under ASC 815 and had no fair value adjustments related to cash flow hedge included in Cash-flow hedges, in hedging for the Condensed Consolidated Statements of Comprehensive Income:

	September 30, 2023
Gain on derivative instruments included in Accumulated other comprehensive loss at December 31, 2022	\$ 197
Fair value adjustment	(197)
Gain (Loss) on derivative instruments included in Accumulated other comprehensive loss at September 30, 2023	\$ —

At September 30, 2023, the Company expects no reclassifications of net gains or losses on derivative instruments from Accumulated other comprehensive income ("AOCI") to earnings during the next 12 three months as the interest rate swap agreement matured on February 21, 2023 ended March 31, 2024. The following table summarizes the reclassification of net (gains) losses on derivative instruments from AOCI into earnings:

	Amount of (Gain) Loss Recognized in Earnings			
	Three Months Ended		Nine Months Ended	
	September 30, 2023	2022	September 30, 2023	2022
Derivatives:				
Interest Rate Contracts	\$ —	\$ (256)	\$ —	\$ (375)
Total Derivatives	\$ —	\$ (256)	\$ —	\$ (375)

13. Acquisitions

ADVANSIX INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts and as otherwise noted)

In February 2022, the Company acquired the stock of U.S. Amines, a leading North American producer of alkyl and specialty amines serving high-value end markets such as agrochemicals and pharmaceuticals for a purchase price of approximately \$97.5 million, net of cash acquired.

In January 2021, the Company acquired certain assets associated with ammonium sulfate packaging, warehousing and logistics services in Virginia from Commonwealth Industrial Services, Inc. ("CIS") for approximately \$9.5 million.

14. Supplier Finance Programs

The Company has entered into a supply chain finance program with a financial intermediary providing participating suppliers the option to be paid by the intermediary earlier than the original invoice due date. AdvanSix's responsibility is limited to making payments to the intermediary based upon payment terms negotiated with the suppliers, regardless of whether the intermediary pays the supplier in advance of the original due date. The Company's payment terms with suppliers are consistent, regardless of whether a vendor participates in the supply chain finance program or not. All related agreements are terminable by either party upon at least 30 days' notice.

The total amount due to the financial intermediaries to settle supplier invoices under the supplier finance programs was approximately \$17 million \$13 million as of September 30, 2023 March 31, 2024 and December 31, 2022 approximately \$17 million as of December 31, 2023. These amounts outstanding are included in Accounts payable payable.

15. Subsequent Events

As announced on November 3, 2023 May 3, 2024, the Board declared a quarterly cash dividend of \$0.160 per share on the Company's common stock, payable on November 28, 2023 May 28, 2024 to stockholders of record as of the close of business on November 14, 2023 May 14, 2024.

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

The following discussion and analysis of the Company's financial condition and results of operations, which we refer to as our "MD&A," should be read in conjunction with the Condensed Consolidated Financial Statements and the notes thereto contained in this Quarterly Report on Form 10-Q (this "Form 10-Q"), as well as the MD&A section included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the Securities and Exchange Commission ("SEC") on February 17, 2023 February 16, 2024 (the "2022/2023 Form 10-K"). Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors that can affect our performance in both the near- and long-term, including those incorporated by reference in Item 1A of Part II of this Form 10-Q as such factors may be revised or supplemented in subsequent filings with the SEC, as well as those discussed in the section entitled "Note Regarding Forward-Looking Statements" below.

Note Regarding Forward-Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements in this MD&A regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). When used in this Form 10-Q, words such as "expect," "anticipate," "estimate," "outlook," "project," "strategy," "intend," "plan," "target," "goal," "may," "will," "should," and "believe," and other variations or similar terminology and expressions identify forward-looking statements. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control and

difficult to predict, which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to: general economic and financial conditions in the U.S. and globally; the potential effects of inflationary pressures, labor market shortages and supply chain issues; instability or volatility in financial markets or other unfavorable economic or business conditions caused by geopolitical concerns, including as a result of the conflict between Russia and Ukraine, the conflict in Israel and Gaza and the possible expansion of such conflicts; the effect of the foregoing on our customers' demand for our products and our suppliers' ability to manufacture and deliver our raw materials, including implications of reduced refinery utilization in the U.S.; our ability to sell and provide our goods and services; the ability of our customers to pay for our products; any closures of our and our customers' offices and facilities; risks associated with increased phishing, compromised business emails and other cybersecurity attacks, data privacy incidents and disruptions to our technology infrastructure; risks associated with employees working remotely or operating with a reduced workforce; risks associated with our indebtedness including compliance with financial and restrictive covenants, and our ability to access capital on reasonable terms, at a reasonable cost, or at all, due to economic conditions or otherwise; the impact of scheduled turnarounds and significant unplanned downtime and interruptions of production or logistics operations as a result of mechanical issues or other unanticipated events such as fires, severe weather conditions, natural disasters, pandemics and geopolitical conflicts and related events; price fluctuations, cost increases and supply of raw materials; our operations and growth projects requiring substantial capital; growth rates and cyclicity of the industries we serve including global changes in supply and demand; failure to develop and commercialize new products or technologies; loss of significant customer relationships; adverse trade and tax policies; extensive environmental, health and safety laws that apply to our operations; hazards associated with chemical manufacturing, storage and transportation; litigation associated with chemical manufacturing and our business operations generally; inability to acquire and integrate businesses, assets, products or technologies; protection of our intellectual property and proprietary information; prolonged work stoppages as a result of labor difficulties or otherwise; failure to maintain effective internal controls; our ability to declare and pay quarterly cash dividends and the amounts and timing of any future dividends; our ability to repurchase our common stock and the amount and timing of any future repurchases; disruptions in supply chain, transportation and logistics; potential for uncertainty regarding qualification for tax treatment of our spin-off; fluctuations in our stock price; and changes in laws or regulations applicable to our business. Forward-looking statements are not guarantees of future performance and actual results could differ materially from those contemplated by the forward-looking statements as a result of a number of risks, uncertainties and other factors including those noted above and those detailed in Item 1A of Part I and elsewhere in our 2022 Form 10-K, and subsequent reports filed with the SEC. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph. We do not undertake to update or revise any of our forward-looking statements.

Business Overview

AdvanSix is a diversified chemistry company playing a critical role in global supply chains, innovating and delivering essential products for our customers in a wide variety of end markets and applications that touch people's lives, such as building and construction, fertilizers, agrochemicals, plastics, solvents, packaging, paints, coatings, adhesives and electronics. Our reliable and sustainable supply of quality products emerges from the integrated value chain of our five U.S.-based manufacturing facilities. AdvanSix strives to deliver best-in-class customer experiences and differentiated products in the industries of nylon solutions, plant nutrients and chemical intermediates, and plant nutrients, guided by our core values of Safety, Integrity, Accountability and Respect. Our four key product lines are as follows:

- **Nylon Solutions**
 - **Nylon** – We sell our Nylon 6 resin globally, primarily under the Aegis® brand name. Nylon 6 is a polymer resin which is a synthetic material used by our customers to produce fibers, filaments, engineered plastics and films that, in turn, are used in such end-products as carpets, automotive and electric components, sports apparel, food packaging and other industrial applications. In addition, our Nylon 6 resin is used to produce nylon films which we sell to our customers primarily under the Capran® brand name.
 - **Caprolactam** – Caprolactam is the key monomer used in the production of Nylon 6 resin. We internally polymerize caprolactam into Aegis® Nylon 6 Resins, and we also market and sell the caprolactam that is not consumed internally to customers who use it to manufacture polymer resins to produce nylon fibers, films compounds and other nylon products. Our Hopewell, VA manufacturing facility is one of the world's largest single-site producers of caprolactam as of September 30, 2023 March 31, 2024.
- **Ammonium Sulfate** – Our ammonium sulfate is used by customers as a fertilizer containing nitrogen and sulfur, two key plant nutrients. Ammonium sulfate fertilizer is derived from the integrated operations at the Hopewell manufacturing facility. Because of our Hopewell facility's size, scale and technology design, we are the world's largest single-site producer of ammonium sulfate fertilizer as of March 31, 2024. We market and sell ammonium sulfate primarily to North American and South American distributors, farm cooperatives and retailers to fertilize crops.
- **Chemical Intermediates** – We manufacture, market and sell a number of other chemical intermediate products that are derived from the manufacturing processes within our integrated supply chain. Most significant is acetone which is used by our customers in the production of adhesives, paints, coatings, solvents, herbicides and engineered plastic resins. Other intermediate chemicals that we manufacture, market and sell include phenol, alpha-methylstyrene ("AMS"), cyclohexanone, 2-pentanone oxime, cyclohexanol, sulfuric acid, ammonia and carbon dioxide. With the acquisition of U.S. Amines Limited ("U.S. Amines"), we now produce alkyl and specialty amines serving high-value end markets such as agrochemicals and pharmaceuticals.
- **Ammonium Sulfate** – Our ammonium sulfate is used by customers as a fertilizer containing nitrogen and sulfur, two key plant nutrients. Ammonium sulfate fertilizer is derived from the integrated operations at the Hopewell manufacturing facility. Because of our Hopewell facility's size, scale and technology design, we are the world's largest single-site producer of ammonium sulfate fertilizer as of September 30, 2023. We market and sell ammonium sulfate primarily to North American and South American distributors, farm cooperatives and retailers to fertilize crops.

Global demand for Nylon 6 resin spans a variety of end-uses such as textiles, engineered plastics, industrial filament, food and industrial films, and carpet. The market growth typically tracks global GDP growth over the long-term but varies by end-use. Generally, prices for We produce and sell caprolactam as a commodity product and produce and sell our Nylon 6 resin as both a commoditized and caprolactam reflect supply differentiated resin product. Our results of operations are primarily driven by production volume and demand trends in the marketplace as well as spread between the value sales prices of our products and the costs of the basic underlying raw materials used in the production of caprolactam, consisting primarily of benzene built into market-based and depending on the manufacturing process utilized, natural gas and sulfur value-based pricing models. The global prices for nylon resin typically track a spread over the price of caprolactam, which in turn tracks as a spread over benzene because the key feedstock materials for caprolactam, phenol or cyclohexane, are derived from benzene. This price spread has historically experienced variation cyclical as a result of global changes in supply and

demand. Generally, Nylon 6 resin prices generally track the cyclicity of caprolactam prices, although prices set above the average commodity spread are achievable when nylon resin manufacturers, like AdvanSix, formulate and produce differentiated nylon resin products for current and new customer applications. Our differentiated Nylon 6 products, applications, such as our wire and cable and co-polymer offerings, are typically valued at a higher level than commodity resin products.

We also manufacture, market and sell a number of chemical intermediate products that are derived from the manufacturing processes within our integrated supply chain. Most significant is acetone, the price of which is influenced by its own supply and demand dynamics but can also be influenced by the underlying move in propylene input costs. Our differentiated product offerings include high-purity applications and high-value intermediates including our U.S. Amines portfolio as well as our oximes-based EZ-Blox™ anti-skinning agent used in paints and Nadone® cyclohexanone, which is a solvent used in various high-value applications.

Global prices for ammonium sulfate fertilizer are influenced by several factors including the price of urea, which sets the nutrient value for nitrogen as it is the most widely used source of nitrogen-based fertilizer in the world. Other global factors driving ammonium sulfate fertilizer demand are general agriculture trends, including planted acres and the price of crops. Our ammonium sulfate product is positioned with the added value proposition of sulfur nutrition to increase yields of key crops. In addition, due to its nutrient density, the typical ammonium sulfate product delivers pound for pound the most readily available sulfur and nitrogen to crops as compared to other fertilizers. We also directly supply packaged ammonium sulfate to customers, primarily in North and South America, and have diversified and optimized our offerings to include spray-grade adjuvants to support crop protection, as well as other specialty fertilizers and products for industrial use.

We produce ammonium sulfate fertilizer continuously throughout the year as part of our manufacturing process, however, but quarterly sales experience seasonality fluctuate reflecting both geographical and product sales mix considerations based on the timing and length of the growing seasons in North and South America. The North America planting season runs from July through June. The new season fill typically occurs in the third quarter and proceeds sequentially into the following spring which is the peak period for fertilizer application for key crops in North America. As a result of this typical pattern, North American ammonium sulfate demand and pricing, particularly for our higher-value granular product, are typically the strongest during second quarter fertilizer application and then typically decline seasonally with new season fill in the first half of the year through application for the spring crop and then decline third quarter. Ammonium sulfate industry prices in the corn belt have declined approximately 10% from the second half. Our export sales, primarily into South America, are predominantly of quarter to the standard grade product third quarter, on average, since 2016. Due to the ammonium sulfate fertilizer sales cycle, we occasionally build up higher inventory balances because our production is continuous and not tied to seasonal demand for fertilizers. Sales of most of our other products have generally been subject to minimal, or no, seasonality.

We also manufacture, market and sell a number of chemical intermediate products that are derived from the manufacturing processes within our integrated supply chain. Most significant is acetone, the price of which is influenced by its own supply and demand dynamics but can also be influenced by the underlying move in propylene input costs. Our differentiated product offerings include high-purity applications and high-value intermediates including our U.S. Amines portfolio as well as our oximes-based EZ-Blox™ anti-skinning agent used in paints and Nadone® cyclohexanone, which is a solvent used in various high-value applications.

We seek to run our production facilities on a nearly continuous basis for maximum efficiency as several of our intermediate products are key feedstock materials for other products in our integrated manufacturing chain. While our integration, scale and range of product offerings make us one of the most efficient manufacturers in our industry, these attributes also expose us to increased risk associated with material disruptions at any one of our production facilities or logistics operations which could impact the overall manufacturing supply chain. Further, although we believe that our sources of supply for our raw materials, including cumene, natural gas and sulfur, are generally robust, it is difficult to predict the impact that shortages, increased costs and related supply chain logistics considerations may have in the future. In order to mitigate the risk of unplanned interruptions, we schedule several planned plant turnarounds each year to conduct routine and major maintenance across our facilities. We also utilize maintenance excellence and mechanical integrity programs, targeted buffer inventory of intermediate chemicals necessary for our manufacturing process, and co-producer swap arrangements, which are intended to mitigate the extent of any production losses as a result of planned and unplanned downtime; however, the mitigation of all or part of any such production impact cannot be assured.

Recent Developments

Business Operations

In the second quarter of 2019, January 2024, the Company entered into an alliance with Oben Holding Group S.A. ("Oben"), experienced a third-party producer of films for the flexible packaging industry. On September 8, 2023, the Company entered into an agreement to exit process-based operational disruption at its alliance with Oben. The exit of the alliance provides a termination fee payable by Oben to AdvanSix in exchange for full transition of AdvanSix's share of the alliance. The Company recorded a gain of \$11.4 million in the third quarter of 2023. The gain represents management's estimate of the value of the termination fee, which is calculated based upon a formula that takes into account a combination of historical Frankford, Pennsylvania manufacturing site temporarily reducing phenol and future performance, and is included as a component of Other non-operating (income) expense, net. Approximately 60% of the termination fee is subject to change as it is based on an estimate of future performance. This fee is payable in 3 installments, with the first installment of \$4.4 million received in the fourth quarter of 2023. Subsequent installments are expected to be paid in the third quarters of 2024 and 2025.

On September 21, 2023, the Company was notified by a licensee of certain legacy ammonium sulfate fertilizer technology assets operated acetone production at the licensee's fertilizer manufacturing facility, that it intends to close as well as production at its facility no later than August 2024. Hopewell and Chesterfield, Virginia facilities. As a result of a delayed ramp to targeted utilization rates, the Company recognized a non-cash, pre-tax charge related to the assets located at the licensee's facility of approximately \$4.5 million in the third quarter of 2023. The charge is included as a component of Other non-operating (income) expense, net. The remaining asset balance of \$2.6 million, an amount equal to the cash-flows expected to be received through the end of the contract, will be depreciated through August 2024.

During the third quarter of 2023, the Company made a strategic decision to cease production of certain low-margin products in the oximes family. The Company incurred an approximately \$2.4 million unfavorable impact to pre-tax income during in the third first quarter 2024 of 2023 primarily as a result of a non-cash write-down approximately \$27 million, comprised of the assets associated with these products.

Share Repurchase Authorization

On February 17, 2023, the Company announced that the Board authorized a share repurchase program impact of up to an additional \$75 million of the Company's common stock, which was in addition to the remaining capacity available under the previously approved share repurchase program. Repurchases may be made from time to time on the open

market in accordance with Rule 10b-18 of the Exchange Act, including through the use of trading plans intended to qualify under Rule 10b5-1 of the Exchange Act. The size and timing of these repurchases will depend on pricing, market and economic conditions, legal and contractual requirements lost sales and other factors. The repurchase program has no expiration date additional costs including purchases of replacement product and may be modified, suspended or discontinued at any time.

Hopewell, VA Collective Bargaining Agreements

On April 7, 2023, the Company issued a press release announcing that a labor strike had been initiated by the Hopewell South bargaining unit, consisting of the International Chemical Workers Union Council/the United Food and Commercial Workers, Local 591-C, the International Brotherhood of Electrical Workers, Local 666, the International Association of Machinists and Aerospace Workers, Local No. 10, and the United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry, Local 851, affecting approximately 340 workers at the Company's manufacturing facility in Hopewell, Virginia. incremental plant spend. The Company had robust contingency measures in place and was returned to targeted utilization rates at its Frankford, Pennsylvania manufacturing site, as well prepared as across its value chain, prior to support safe, stable and sustainable operations during this period. On May 8, 2023, the Company announced that the Hopewell South bargaining unit voted to ratify a new five-year collective bargaining agreement and that Hopewell South employees would return to work on May 10, 2023. The strike did not have a material impact on the Company's results of operations.

On September 29, 2023, the Company's Hopewell North bargaining unit, represented by the United Steelworkers, ratified a new five-year labor agreement in advance of the prior agreement's anticipated expiration date of October 4, 2023. The ratified labor agreement affects approximately 130 workers at the Company's manufacturing facility in Hopewell, Virginia.

Dividends

During 2023, the Company has declared dividends as follows:

Date of Announcement	Date of Record	Date Payable	Dividend per Share
11/3/2023	11/14/2023	11/28/2023	\$0.160
8/4/2023	8/15/2023	8/29/2023	\$0.160
5/5/2023	5/16/2023	5/30/2023	\$0.145
2/17/2023	3/3/2023	3/17/2023	\$0.145

quarter end.

Results of Operations

(Dollars in thousands, unless otherwise noted)

Sales

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Sales	Sales	\$ 322,907	\$ 478,769	\$ 1,151,391
% change compared with prior year period	% change compared with prior year period	(32.6)%		(25.3)%
% change compared with prior year period				
% change compared with prior year period				

The change in sales compared to the prior year period is attributable to the following:

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Volume	(1.0)%	(3.6)%

Price	(31.6)%	(22.5)%
Acquisition	—%	0.8%
	(32.6)%	(25.3)%
Three Months Ended March 31, 2024		
Volume	(6.7)%	
Price	(9.0)%	
	(15.7)%	

Sales decreased in the three months ended **September 30, 2023** **March 31, 2024** compared to the prior year period by **\$155.9 million** **\$63.7 million** (approximately **33% 16%**) due to (i) net unfavorable market-based pricing (approximately **24% 9%**) primarily reflecting reduced ammonium sulfate pricing amid lower raw material input costs and a more stable global nitrogen supply environment, as well as lower nylon pricing due to unfavorable supply and demand conditions, (ii) lower raw material pass-through pricing (approximately **8%**) as a result of a net cost decrease in benzene and propylene (inputs to cumene which is a key feedstock to our products) and (iii) (ii) a decrease in sales volume (approximately **1% 7%**), primarily driven by lost sales resulting from the first quarter operational disruption.

Sales decreased in the nine months ended September 30, 2023 compared to the prior year period by **\$390.2 million** (approximately **25%**) due to (i) net unfavorable market-based pricing (approximately **16%**) primarily reflecting reduced ammonium sulfate pricing amid lower raw material input costs and a more stable global nitrogen supply environment, as well as lower nylon pricing due to unfavorable supply and demand conditions, (ii) unfavorable raw material pass-through pricing

(approximately **6%**) as a result of a net cost decrease in benzene and propylene (inputs to cumene which is a key feedstock to our products) and (iii) decreased sales volume (approximately **3%**) driven primarily by chemical intermediates, partially offset by the acquisition of U.S. Amines (approximately **1%**).

Costs of Goods Sold

	Three Months Ended		Nine Months Ended	
	September 30,	2023	September 30,	2022
Three Months Ended				
March 31,				
Three Months Ended				
March 31,				
Three Months Ended				
March 31,				
2024				
2024				
2024				
Costs of goods sold				
Costs of goods sold				
Costs of goods sold	\$ 314,785	\$ 443,646	\$ 1,004,844	\$ 1,296,128
% change				
compared with				
prior year period	(prior year period)	(29.0)%	(22.5)%	
% change compared with prior year period				
% change compared with prior year period				
Gross Margin percentage	2.5%	7.3%	12.7%	15.9%
Gross Margin percentage				
Gross Margin percentage				

Costs of goods sold **decreased** **increased** in the three months ended **September 30, 2023** **March 31, 2024** compared to the prior year period by **\$128.9 million** **\$3.8 million** (approximately **29% 1%**) due to (i) the net impact of lower production volumes and incremental costs primarily driven by the process-based operational disruption at the Frankford, Pennsylvania manufacturing site (approximately **4%**), partially offset by decreased prices of raw materials (approximately **24%**) and (ii) a decrease in plant spend driven primarily by lower planned plant turnaround expenses and natural gas utility costs (approximately **5%**).

Costs of goods sold decreased in the nine months ended September 30, 2023 compared to the prior year period by \$291.3 million (approximately 22%) due to (i) decreased prices of raw materials (approximately 20%), (ii) lower sales volume (approximately 3%) and (iii) a decrease due to lower planned plant turnaround expenses (approximately 1%), partially offset by the impact of the U.S. Amines acquisition (approximately 1%).

Gross margin percentage decreased in the three months ended **September 30, 2023** **March 31, 2024** compared to the prior year period (approximately 5% 17%) due primarily to (i) the impact of market-based pricing, net of raw material costs (approximately 10%) and (ii) the net impact of lower sales volume and changes in sales mix (approximately 2% 7%) partially offset by (i) as well as lower planned plant turnaround expenses production volumes and natural gas utility incremental costs (approximately 6% 4%), both which were driven primarily by the process-based operational disruption at the Frankford, Pennsylvania manufacturing site and (ii) lower functional support costs (approximately 1%).

Gross margin percentage decreased in the nine months ended September 30, 2023 compared to the prior year period (approximately 3%) due primarily to the impact of market-based pricing, net of raw material costs (approximately 3% 6%).

Selling, General and Administrative Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Selling, general and administrative expenses				
Selling, general and administrative expenses				
Selling, general and administrative expenses				
Percentage of Sales	Percentage of Sales	6.7%	4.8%	6.1%
Percentage of Sales				
Percentage of Sales				

Selling, general and administrative expenses decreased by \$1.5 million in the three months ended **September 30, 2023** **March 31, 2024** compared to the prior year period due to lower incentive-based compensation expense and reduction in IT and other functional support costs.

Selling, general and administrative expenses increased by \$5.6 million in the nine months ended September 30, 2023 compared to the prior year period due primarily to increased functional support costs including upgrades to our enterprise resource planning system, costs associated with pursuing the business interruption insurance claim in connection with the June 2019 shutdown of cumene supplier, Philadelphia Energy Solutions, and a reduction in bad debt expense in the prior year period associated with a cash collection of a previously reserved customer receivable partially offset by lower incentive-based compensation costs.

Income Tax Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				

		2024			
		2024			
Income tax expense (benefit)					
Income tax expense (benefit)					
Income tax expense (benefit)	Income tax expense (benefit)	\$ (2,076)	\$ 2,730		
Effective tax rate	Effective tax rate	20.7%	21.4%		
Effective tax rate					
Effective tax rate					

The Company's effective tax rate for the three and nine months ended September 30, 2023 and 2022 differed from March 31, 2024 was higher than the U.S. federal statutory rate, due to the impacts of state taxes and executive compensation deduction limitations, partially offset by tax credits. The Company's effective tax rate for the three months ended March 31, 2023 approximated the U.S. federal statutory rate, due to the impacts of state taxes and executive compensation deduction limitations which generally increase the tax rate, offset by tax credits and the foreign-derived intangible income deduction, deduction which generally decrease the tax rate. Additionally, in 2023, a discrete tax adjustment relating to the vesting of equity compensation changes in state tax legislation and return to provision adjustments related to the filing of the Company's 2022 U.S. federal income tax return that resulted in a net 4.4% increase to the quarterly effective tax rate and a net 1.6% 2.3% decrease to the year-to-date Company's quarterly effective tax rate.

The Company's effective tax rate for the three months ended September 30, 2023 slightly differed from March 31, 2024 was higher than the prior year period due primarily to changes in state taxes, including the larger impact of state rate changes, additional tax credits, and equity compensation vestings in the prior year period versus the current year period. Additionally, the Company is not currently anticipating a decrease benefit in 2024 related to the foreign-derived intangible income deduction. The Company's effective tax rate for the nine months ended September 30, 2023 approximated the prior year.

On August 16, 2022 January 31, 2024, the Inflation Reduction Act U.S. House of 2022 (the "IRA") was signed into law. This legislation includes significant changes relating to Representatives approved a tax climate change, energy and health care. Among bill, which among other provisions, the IRA introduces a corporate alternative minimum tax (CAMT) on adjusted financial statement income of certain large corporations aims to reinstate 100% bonus depreciation for property placed in service after December 31, 2022 until January 1, 2026 and a 1% excise tax on share repurchases. The Company is not currently subject to the CAMT which became effective for allow taxpayers to expense domestic research costs retroactively back to 2022 and prospectively through tax years beginning after December 31, 2022. The 1% excise tax is generally applicable to publicly traded corporations for before 2026. Enactment remains highly uncertain, but the net value of certain stock that the corporation repurchases during the year and is also effective for tax years beginning after December 31, 2022. The impact of any excise tax imposed on the Company for share repurchases is generally accounted for as an equity transaction with no consequences to the Company's results of operations, and this provision of the law is not expected to have a material impact on the Company's financial condition. The IRA also includes significant extensions, expansions and enhancements related to climate and energy tax credits designed to encourage investment in the adoption and expansion of renewable and alternative energy sources. The Company continues to evaluate these energy credit provisions of monitor for ongoing developments in the law in relation to our sustainability and environmental, social and governance initiatives, proposed legislation.

Net Income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ (7,977)	\$ 10,032	\$ 59,705	\$ 138,262

	Three Months Ended	
	March 31,	
	2024	2023
Net Income (Loss)	\$ (17,396)	\$ 34,954

As a result of the factors described above, Net income (loss) Income (Loss) was (\$8.0) 17.4 million and \$59.7 million for the three and nine months ended September 30, 2023 March 31, 2024 as compared to \$10.0 million and \$138.3 million \$35.0 million in the corresponding prior year period.

Non-GAAP Measures

(Dollars in thousands, unless otherwise noted)

The following tables set forth the non-GAAP financial measures of Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income (Loss) and Adjusted Earnings Per Share. Adjusted EBITDA is defined as Net income (loss) before Interest, Income taxes, Depreciation and amortization, Non-cash stock-based compensation, Non-recurring, unusual or extraordinary expenses, Non-cash amortization from acquisitions and One-time merger and acquisition costs. Adjusted EBITDA Margin is equal to Adjusted EBITDA divided by Sales. The Company believes these non-GAAP financial measures provide meaningful supplemental information as they are used by the Company's management to evaluate the Company's operating performance, enhance a reader's understanding of the financial performance of the Company, and facilitate a better comparison among fiscal periods and performance relative to its competitors, as the non-GAAP measures exclude items that management believes do not reflect the Company's ongoing operations.

These non-GAAP results are presented for supplemental informational purposes only and should not be considered a substitute for the financial information presented in accordance with U.S. GAAP. Non-GAAP financial measures should be read only in conjunction with the comparable U.S. GAAP financial measures. The Company's non-GAAP measures may not be comparable to other companies' non-GAAP measures.

The following is a reconciliation between the non-GAAP financial measures of Adjusted Net Income (Loss), Adjusted EBITDA and Adjusted EBITDA Margin to their most directly comparable U.S. GAAP financial measure:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	\$ (7,977)	\$ 10,032	\$ 59,705	\$ 138,262
Net Income (loss)				
Non-cash stock-based compensation	Non-cash stock-based compensation	1,391	2,220	5,840
Non-recurring, unusual or extraordinary expenses (income) *		(4,472)	—	(4,472)
Non-cash stock-based compensation				
Non-cash stock-based compensation				
Non-recurring, unusual or extraordinary income				
Non-recurring, unusual or extraordinary income				
Non-recurring, unusual or extraordinary income				
Non-cash amortization from acquisitions				
Non-cash amortization from acquisitions				
Non-cash amortization from acquisitions	Non-cash amortization from acquisitions	532	532	1,596
Non-recurring M&A costs	Non-recurring M&A costs	—	—	—
Expense (benefit) from income taxes relating to reconciling items		776	(466)	(157)
Adjusted Net Income (loss) (non-GAAP)		(9,750)	12,318	62,512
Non-recurring M&A costs				
Non-recurring M&A costs				
Benefit from income taxes relating to reconciling items				
Benefit from income taxes relating to reconciling items				
Benefit from income taxes relating to reconciling items				
Adjusted Net Income (Loss) (non-GAAP)				145,961

Adjusted Net Income (Loss) (non-GAAP)						
Adjusted Net Income (Loss) (non-GAAP)						
Interest expense, net						
Interest expense, net	Interest expense, net	2,075	686	5,296	2,017	
Income tax expense (benefit) - Adjusted	Income tax expense (benefit) - Adjusted	(2,852)	3,196	17,911	43,337	
Income tax expense (benefit) - Adjusted						
Income tax expense (benefit) - Adjusted						
Depreciation and amortization - Adjusted	Depreciation and amortization - Adjusted	17,848	17,113	52,741	50,586	
Depreciation and amortization - Adjusted						
Depreciation and amortization - Adjusted						
Adjusted EBITDA (non-GAAP)						
Adjusted EBITDA (non-GAAP)						
Adjusted EBITDA (non-GAAP)	Adjusted EBITDA (non-GAAP)	\$ 7,321	\$ 33,313	\$ 138,460	\$ 241,901	
Sales	Sales	\$ 322,907	\$ 478,769	\$ 1,151,391	\$ 1,541,578	
Adjusted EBITDA Margin** (non-GAAP)	2.3%	7.0%	12.0%	15.7%		
Sales						
Sales						
Adjusted EBITDA Margin* (non-GAAP)						
Adjusted EBITDA Margin* (non-GAAP)						
Adjusted EBITDA Margin* (non-GAAP)						

* Includes a pre-tax gain of approximately \$11.4 million related to the Company's exit from the Oben alliance, the unfavorable impact to pre-tax income of approximately \$4.5 million associated with a licensee of certain legacy ammonium sulfate fertilizer technology assets closing its facility, and the unfavorable impact to pre-tax income of approximately \$2.4 million from the exit of certain low-margin oximes products.

** Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Sales

The following is a reconciliation between the non-GAAP financial measures of Adjusted Earnings Per Share to its most directly comparable U.S. GAAP financial measure:

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
	2024		
	2024		
	2024		
Net Income (Loss)			
Net Income (Loss)			
Net Income (Loss)			
Adjusted Net Income (Loss) (non-GAAP)			
Adjusted Net Income (Loss) (non-GAAP)			
Adjusted Net Income (Loss) (non-GAAP)			
	Three Months Ended September 30,		
		Three Months Ended September 30,	
		Nine Months Ended September 30,	

Weighted-average number of common shares outstanding - basic								
		2023	2022		2023		2022	
Net Income (loss)		\$ (7,977)	\$ 10,032		\$ 59,705		\$ 138,262	
Adjusted Net Income (loss) (non-GAAP)		(9,750)	12,318		62,512		145,961	
Weighted-average number of common shares outstanding - basic								
Weighted-average number of common shares outstanding - basic	Weighted-average number of common shares outstanding - basic	27,209,521	27,944,494		27,433,851		28,103,255	
Dilutive effect of equity awards and other stock-based holdings	Dilutive effect of equity awards and other stock-based holdings	—	945,164		759,870		1,070,282	
Dilutive effect of equity awards and other stock-based holdings								
Dilutive effect of equity awards and other stock-based holdings								
Weighted-average number of common shares outstanding - diluted								
Weighted-average number of common shares outstanding - diluted	Weighted-average number of common shares outstanding - diluted	27,209,521	28,889,658		28,193,721		29,173,537	
EPS - Basic	EPS - Basic	\$ (0.29)	\$ 0.36		\$ 2.18		\$ 4.92	
EPS - Basic								
EPS - Basic								
EPS - Diluted								
EPS - Diluted	EPS - Diluted	\$ (0.29)	\$ 0.35		\$ 2.12		\$ 4.74	
Adjusted EPS - Basic (non-GAAP)	Adjusted EPS - Basic (non-GAAP)	\$ (0.36)	\$ 0.44		\$ 2.28		\$ 5.19	
Adjusted EPS - Basic (non-GAAP)								
Adjusted EPS - Diluted (non-GAAP)	Adjusted EPS - Diluted (non-GAAP)	\$ (0.36)	\$ 0.43		\$ 2.22		\$ 5.00	
Adjusted EPS - Diluted (non-GAAP)								
Adjusted EPS - Diluted (non-GAAP)								

Liquidity and Capital Resources

(Dollars in thousands, unless otherwise noted)

Liquidity

We believe that cash balances and operating cash flows, together with available capacity under our credit agreement, as utilized in the first quarter of 2024, will provide adequate funds to support our current short-term operating objectives as well as our longer-term strategic plans, subject to the risks and uncertainties outlined below, in our "Note Regarding Forward-Looking Statements" above, and in the risk factors previously disclosed in Item 1A of Part I of our 2022 2023 Form 10-K. Our principal source of liquidity is our cash flow generated from operating activities, which is expected to provide us with the ability to meet the majority of our short-term funding requirements. Our cash flows are affected by capital requirements and production volume, which may be materially impacted by unanticipated events such as unplanned downtime, material disruptions at our production facilities, the prices of our raw materials, general economic and industry trends and customer demand. The Company applies a proactive and disciplined approach to working capital management to optimize cash flow and to enable capital allocation options in support of the Company's strategy. We utilize supply chain financing and trade receivables discount arrangements with third-party financial institutions which optimize terms and conditions related to accounts receivable and accounts payable in order to enhance liquidity and enable us to efficiently manage our working capital needs. Although we continue to optimize supply chain financing and trade receivable programs in the ordinary course, our utilization of these arrangements has not had a material impact on our liquidity. In addition, we monitor the third-party depository institutions that hold our cash and cash equivalents. Our emphasis is primarily on the safety of principal and secondarily on maximizing yield on those funds. We diversify our cash and cash equivalents among counterparties to minimize exposure to any one of these entities.

On a recurring basis, our primary future cash needs will be centered on operating activities, working capital, capital expenditures, dividends and liquidity reflecting disciplined capital deployment. Capital expenditures are deployed for various ongoing investments and initiatives to improve reliability, yield and quality, expand production capacity and comply with health, safety and environmental ("HSE") regulations. We believe that our future cash from operations, together with cash on hand and available capacity under our credit agreement, as well as our access to credit and capital markets, will provide adequate resources to fund our expected operating and financing needs and obligations. Our ability to fund our capital needs, however, will depend on our ongoing ability to generate cash from operations and access to credit and capital markets, both of which are subject to the risk factors previously disclosed in Item 1A of Part I of our 2022 2023 Form 10-K, as well as general economic, financial, competitive, regulatory and other factors that are beyond our control.

As of the end of the third first quarter of 2023, 2024, the Company had approximately \$22.1 million \$20.6 million of cash on hand with approximately \$329 million \$254 million of additional capacity available under the revolving credit facility. The Company's Consolidated Leverage Ratio financial covenant of its credit facility allows it to net up to \$75 million of cash with debt. Capital expenditures are expected to be approximately \$115 million \$140 million to \$150 million in 2023 2024 compared to \$89 million \$107 million in 2022, 2023, reflecting increased spend due to critical infrastructure, other replacement maintenance, and growth and cost savings projects, projects and enterprise programs.

We assumed from Honeywell International Inc. ("Honeywell") all HSE liabilities and compliance obligations related to the past and future operations of our current business as of the spin-off, as well as all HSE liabilities associated with the three manufacturing locations assumed from Honeywell that are used in our current operations, including any cleanup or other liabilities related to any contamination that may have occurred at such locations in the past. Honeywell retained all HSE liabilities related to former business locations or the operation of our former businesses. Although we have ongoing environmental remedial obligations at certain of our facilities, in the past three years, the associated remediation costs have not been material, and we do not expect our known remediation costs to have a material adverse effect on the Company's consolidated financial position or results of operations.

We expect that our primary cash requirements for 2023 2024 will be to fund costs associated with ongoing operations, capital expenditures, and amounts related to other contractual obligations.

The Company made no cash contributions to the defined benefit pension plan during the nine three months ended September 30, 2023 and does not expect to make March 31, 2024. The Company expects aggregate cash contributions during the fourth quarter of 2023. Additional \$0 to \$5 million in 2024 and additional contributions may be made in future years sufficient to satisfy pension funding requirements in those periods.

The Company's Board of Directors (the "Board") has authorized share repurchase programs to repurchase shares of the Company's common stock as follows:

Date of Authorization		Authorized Amount Remaining as of September 30, 2023 (millions)	Authorized Amount (millions)	Authorized Amount Remaining as of March 31, 2024 (millions)
Date of Authorization	Date of Authorization			
May 4, 2018	May 4, 2018	\$ 75.0	\$ —	
February 22, 2019	February 22, 2019	75.0	1.6	
February 17, 2023	February 17, 2023	75.0	75.0	
Totals	Totals	\$ 225.0	\$ 76.6	

Repurchases may be made from time to time on the open market in accordance with Rule 10b-18 of the Exchange Act, including through the use of trading plans intended to qualify under Rule 10b-1 of the Exchange Act. The size and timing of these repurchases will depend on pricing, market and economic conditions, legal and contractual requirements and

other factors. The share repurchase program has no expiration date and may be modified, suspended or discontinued at any time. The par value of the shares repurchased is applied to Treasury stock and the excess of the purchase price over par value is applied to Additional paid-in capital.

As of **September 30, 2023** **March 31, 2024**, the Company has repurchased a total of **5,541,948** **6,108,939** shares of common stock life-to-date, including **854,340** **999,111** shares withheld to cover tax withholding obligations in connection with the vesting of awards, for an aggregate of **\$173.6 million** **\$189.0 million** at a weighted average market price of **\$31.33** **\$30.94** per share. As of **September 30, 2023** **March 31, 2024**, **\$76.6 million** **\$65.2 million** remained available for share repurchases under the current authorization. During the period from **October 1, 2023** **April 1, 2024** through **October 27, 2023** **April 26, 2024**, the Company repurchased an additional **101,387** **2,865** shares covering tax withholding obligations in connection with the vesting of equity awards at a weighted average market price of **\$29.07** per share primarily **\$27.15**, and no additional shares were repurchased under the currently authorized repurchase program.

As of **September 30, 2023** **March 31, 2024**, the Company did not have any off-balance sheet arrangements as described in Instruction 8 to Item 303(b) of Regulation S-K and did not have any material changes in the commitments or contractual obligations detailed in the Company's **2022** **2023** Form 10-K (see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" under "Liquidity and Capital Resources - Liquidity"). The Company has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Dividends

The Company commenced the declaration of dividends on September 28, 2021.

Since commencement of dividends, the Company has declared dividends. Dividends announced during 2024 are as follows:

Date of Announcement	Date of Record	Date Payable	Dividend per Share	Total Approximate Dividend Amount (\$M)
11/3/2023	11/14/2023	11/28/2023	\$0.160	\$ 4.3
8/4/2023	8/15/2023	8/29/2023	\$0.160	\$ 4.4
5/5/2023	5/16/2023	5/30/2023	\$0.145	\$ 4.0
2/17/2023	3/3/2023	3/17/2023	\$0.145	\$ 4.0
11/4/2022	11/15/2022	11/29/2022	\$0.145	\$ 4.0
8/5/2022	8/16/2022	8/30/2022	\$0.145	\$ 4.1
5/6/2022	5/17/2022	5/31/2022	\$0.125	\$ 3.5
2/18/2022	3/1/2022	3/15/2022	\$0.125	\$ 3.5
9/28/2021	11/9/2021	11/23/2021	\$0.125	\$ 3.5

Date of Announcement	Date of Record	Date Payable	Dividend per Share	Total Approximate Dividend Amount (\$M)
5/3/2024	5/14/2024	5/28/2024	\$0.160	\$4.3
2/16/2024	3/4/2024	3/18/2024	\$0.160	\$4.3

The timing, declaration, amount and payment of future dividends to stockholders, if any, will fall within the discretion of our Board. Holders of shares of our common stock will be entitled to receive dividends when, and if, declared by our Board at its discretion out of funds legally available for that purpose, subject to the terms of our indebtedness, the preferential rights of any preferred stock that may be outstanding, legal requirements, regulatory constraints, industry practice and other factors that our Board deems relevant.

Credit Agreement

On September 30, 2016, the Company as the borrower, entered into a Credit Agreement with Bank of America, as administrative agent (the "Original Credit Agreement"), which was amended on February 21, 2018 pursuant to Amendment No. 1 to the Original Credit Agreement (the "First Amended and Restated Credit Agreement"), and further amended on February 19, 2020 pursuant to Amendment No. 2 to the First Amended and Restated Credit Agreement (after giving effect to the Second Amendment, the "Second Amended and Restated Credit Agreement"). The Second Amended and Restated Credit Agreement had a five-year term with a scheduled maturity date of February 21, 2023.

On October 27, 2021, the Company completed a refinancing of the Second Amended and Restated Credit Agreement by entering into a new Credit Agreement (the "Credit Agreement"), among the Company, the lenders party thereto, the swing line lenders party thereto, the letter of credit issuers party thereto and Truist Bank, as administrative agent, which provides for a new senior secured revolving credit facility in an aggregate principal amount of \$500 million (the "Revolving Credit Facility").

Borrowings under the Revolving Credit Facility are subject to customary borrowing conditions.

The Revolving Credit Facility has a scheduled maturity date of October 27, 2026. The Credit Agreement permits the Company to utilize up to \$40 million of the Revolving Credit Facility for the issuance of letters of credit and up to \$40 million for swing line loans. The Company has the option to establish a new class of term loans and/or increase the amount of the Revolving Credit Facility in an aggregate principal amount for all such incremental term loans and increases of the Revolving Credit Facility of up to the sum of (x) \$175 million plus (y) an amount such that the Company's Consolidated First Lien Secured Leverage Ratio (as defined in the Credit Agreement) would not be greater than 2.75 to 1.00, in each case, to the extent that any one or more lenders, whether or not currently party to the Credit Agreement, commits to be a lender for such amount or any portion thereof.

With the cessation of LIBOR on June 30, 2023 and subject to the First Amendment to the Credit Agreement, dated as of June 27, 2023, the Eurodollar Rate was replaced with the Adjusted Term SOFR as an alternative benchmark rate for purposes of the Credit Agreement. The transition was effective July 1, 2023. Borrowings under the Credit Agreement bear interest at a rate equal to either the sum of a base rate plus a margin ranging from 0.25% to 1.25% or the sum of an Adjusted Term SOFR rate plus a margin ranging from 1.25% to 2.25%, with either such margin varying according to the Company's Consolidated Leverage Ratio (as defined in the Credit Agreement). The Company is also required to pay a commitment fee in respect of unused commitments under the Revolving Credit Facility, if any, at a rate ranging from 0.15% to 0.35% per annum depending on the Company's Consolidated Leverage Ratio. In conjunction with the cessation of LIBOR, as of July 1, 2023, the applicable margin under the Credit Agreement was 0.25% for base rate loans and 1.25% for Adjusted Term SOFR loans and the applicable commitment fee rate was 0.15% per annum.

Substantially all tangible and intangible assets of the Company and its domestic subsidiaries are pledged as collateral to secure the Company's obligations under the Credit Agreement.

The Credit Agreement contains customary covenants limiting the ability of the Company and its subsidiaries to, among other things, pay cash dividends, incur debt or liens, redeem or repurchase stock of the Company, enter into transactions with affiliates, make investments, make capital expenditures, merge or consolidate with others or dispose of assets. The Credit Agreement also contains financial covenants that require the Company to maintain a Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) of not less than 3.00 to 1.00 and to maintain a Consolidated Leverage Ratio of (i) 4.00 to 1.00 or less for the fiscal quarter ending December 31, 2021, through and including the fiscal quarter ending September 30, 2023 and (ii) 3.75 to 1.00 or less for each fiscal quarter thereafter (subject to the Company's option to elect a consolidated leverage ratio increase in connection with certain acquisitions). If the Company does not comply with the covenants in the Credit Agreement, the lenders may, subject to customary cure rights, require the immediate payment of all amounts outstanding under the Revolving Credit Facility. We were in compliance with all of our covenants at **September 30, 2023** **March 31, 2024** and through the date of the filing of this Form 10-Q.

We had a borrowed balance of **\$115 million** **\$170 million** under the Revolving Credit Facility at **December 31, 2022** **December 31, 2023**. We borrowed an incremental net amount of **\$55 million** **\$75 million** during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, bringing the balance under the Revolving Credit Facility to **\$170 million** **\$245 million**, and available credit for use of approximately **\$329 million** **\$254 million** as of **September 30, 2023** **March 31, 2024**. We expect that Cash provided by operating activities will fund future interest payments on the Company's outstanding indebtedness.

Cash Flow Summary

		Nine Months Ended September 30,	
		2023	2022
		Three Months Ended March 31,	
		2024	2024
Cash provided by (used for):	Cash provided by (used for):		
Operating activities	Operating activities	\$57,381	\$203,987
Investing activities	Investing activities	(71,429)	(160,053)
Financing activities	Financing activities	5,173	(34,340)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	<u>\$ (8,875)</u>	<u>\$ 9,594</u>

Cash provided by operating activities decreased by **\$146.6 million** **\$37.8 million** for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** versus the prior year period due primarily to (i) a **\$92.9 million unfavorable** **\$52.4 million** decrease in net income partially offset by a **\$16.1 million** cash impact from working capital (comprised of Accounts and other receivables, Inventories, Accounts payable and Deferred income and customer advances) with a **\$51.9 million** **\$42.3 million** unfavorable cash impact from working capital for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** compared to a **\$41.0 million favorable** **\$58.4 million unfavorable** cash impact in the prior year period. The favorable cash change in working capital was primarily due to the timing of payments and lower raw material prices in accounts payable of **\$81.8 million** and the unfavorable favorable impact of customer advances of **\$32.0 million** driven by the unwinding of ammonium sulfate pre-buy advances and (ii) a **\$78.6 million** decrease in net income. This was inventory partially offset by (i) Accounts and other receivables. Accrued liabilities were also a **\$22.3 million** favorable source of cash impact from Taxes receivable and (ii) a **\$14.4 million** favorable cash impact from Other assets and liabilities driven primarily by a reduction in the net pension liability due to previous year cash contributions to the defined benefit pension plan during the **nine** months ended **September 30, 2023** compared to the prior year period. **\$10.6 million** year-over-year.

Cash used for investing activities decreased increased by \$88.6 million \$11.2 million for the **nine three** months ended **September 30, 2023** **March 31, 2024** versus the prior year period due primarily to cash paid for the acquisition of U.S. Amines for approximately \$97.5 million during the prior year period offset by increased cash payments for capital expenditures of approximately \$8.0 million \$10.8 million during the current year period due primarily to reflecting increased spend for critical infrastructure, other due to replacement maintenance, and growth and cost savings projects, projects and enterprise programs.

Cash used for financing activities decreased increased by \$39.5 million \$69.0 million for the **nine three** months ended **September 30, 2023** **March 31, 2024** versus the prior year period due primarily to net borrowings of \$75.0 million during the three months ended March 31, 2024 compared to net borrowings of \$12.0 million during the prior year period, partially offset by payments for share repurchases of \$37.7 million \$7.0 million and cash paid for dividends of approximately \$12.4 million \$4.3 million during the **nine three** months ended **September 30, 2023** **March 31, 2024** compared to \$23.6 million \$13.5 million and \$11.1 million \$4.0 million during the prior year period, respectively, partially offset by net borrowings of \$55.0 million during the nine months ended September 30, 2023 compared to net borrowings of \$0, where incremental borrowings equaled incremental repayments, during the prior year period.

respectively.

Capital Expenditures

(Dollars in thousands, unless otherwise noted)

Our operations are capital intensive, requiring ongoing investments that have consisted, and are expected to continue to consist, primarily of capital expenditures required to maintain and improve equipment reliability, expand production output, further improve mix, yield and cost position, and comply with environmental and safety regulations.

The following table summarizes ongoing and expansion capital expenditures:

	Nine Three Months Ended
	September 30, 2023
	March 31,
	2024
Capital expenditures in Accounts payable at December 31, 2022 December 31, 2023	\$ 14,879 22,660
Purchases of property, plant and equipment	75,334 26,170
Less: Capital expenditures in Accounts payable at September 30, 2023 March 31, 2024	(21,188) (13,442)
Cash paid for capital expenditures	\$ 69,025 35,388

For **2023, 2024**, we expect our total capital expenditures to be approximately \$115 million \$140 million to \$150 million compared to \$89 million \$107 million in **2022, 2023**, reflecting increased spend due to address critical infrastructure, other maintenance, enterprise risk mitigation and growth and cost savings projects. Capital expenditures are deployed for various ongoing investments and initiatives projects including our SUSTAIN (Sustainable U.S. Sulfate to improve reliability, yield and quality, expand production capacity and comply with HSE regulations. Accelerate Increased Nutrition) program.

Critical Accounting Policies and Estimates

The preparation of our Condensed Consolidated Financial Statements in accordance with U.S. GAAP is based on the selection and application of accounting policies that require us to make significant estimates and assumptions about the effects of matters that are inherently uncertain. We consider these accounting policies to be critical to the understanding of our Condensed Consolidated Financial Statements. For a full description of our critical accounting policies, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our **2022, 2023** Form 10-K. While there have been no material changes to our critical accounting policies, or the methodologies or assumptions we apply under them, we continue to monitor such methodologies and assumptions.

Recent Accounting Pronouncements

See "Note 2. Recent Accounting Pronouncements" to the Condensed Consolidated Financial Statements included in Part I. Item 1 of this Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Our exposure to risk based on changes in interest rates during the **nine-month** **three-month** period ended **September 30, 2023** **March 31, 2024** relates primarily to the Revolving Credit Facility. The Revolving Credit Facility bears interest at floating rates. For variable rate debt, interest rate changes generally do not affect the fair market value of such debt assuming all other factors remain constant but do impact future earnings and cash flows. Accordingly, we may be exposed to interest rate risk on borrowings under the Credit Agreement.

Based on current borrowing levels at **September 30, 2023** **March 31, 2024**, a 25-basis point fluctuation in interest rates for the **nine three** months ended **September 30, 2023** **March 31, 2024** would have resulted in an increase or decrease to our interest expense of approximately \$0.4 million \$0.6 million.

See "Note 12. Derivative and Hedging Instruments" to the Condensed Consolidated Financial Statements, included in Part I. Item 1 of this Form 10-Q, for a discussion relating to credit and market, commodity price and interest rate risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in 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 and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Because there are inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud have been, or will be, detected.

Our Chief Executive Officer and Chief Financial Officer, with the assistance of other members of our management, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this quarterly report. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective at a reasonable assurance level as of **September 30, 2023** **March 31, 2024**, the end of the period covered by this quarterly report.

Changes in Internal Control over Financial Reporting

Management has not identified any change in the Company's internal control over financial reporting that occurred during the quarter ended **September 30, 2023** **March 31, 2024** that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The United States Environmental Protection Agency ("EPA") and the Company entered into an Administrative Compliance Order on Consent in February 2023 and a second Administrative Compliance Order on Consent in February 2024 in connection with alleged violations involving the Company's risk management program at its manufacturing facility in Hopewell, Virginia. The Company is currently implementing an EPA-approved work plan to improve its risk management program at Hopewell in connection with the orders. The Company and EPA also entered into an Administrative Compliance Order on Consent in February 2024 connection with alleged violations involving the Company's stormwater and other discharges. These EPA allegations may potentially subject the Company to penalties. Although the outcome of these matters cannot be predicted with certainty, we do not believe that it will have a material adverse effect on our consolidated financial position, results of operations or operating cash flows.

From time to time, we are involved in litigation relating to claims arising outside of the ordinary course of our business operations. We are not a party to, and, to our knowledge, there are no pending claims or actions against us, the ultimate disposition of which could be expected to have a material adverse effect on our consolidated financial position, results of operations or operating cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to our risk factors as previously disclosed in Item 1A of Part I of the Company's **2022** **2023** Form 10-K, which are hereby incorporated by reference.

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

On May 4, 2018, the Company announced that the Board authorized a share repurchase program of up to \$75 million of the Company's common stock. On February 22, 2019, the Company announced that the Board authorized a share repurchase program of up to an additional \$75 million of the Company's common stock, which was in addition to the remaining capacity authorized under the May 2018 share repurchase program. On February 17, 2023, the Company announced that the Board authorized a share repurchase program of up to an additional \$75 million of the Company's common stock, which was in addition to the remaining capacity available under the previously approved share repurchase program. Repurchases may be made from time to time on the open market in accordance with Rule 10b-18 of the Exchange Act, including through the use of trading plans intended to qualify under Rule 10b5-1 of the Exchange Act. The size and timing of these repurchases will depend on pricing, market and economic conditions, legal and contractual requirements and other factors. The repurchase program has no expiration date and may be modified, suspended or discontinued at any time.

The below table sets forth the repurchases of Company common stock, by month, for the quarter ended **September 30, 2023** **March 31, 2024**. During the quarter ended **September 30, 2023** **March 31, 2024**, **261,884** **115,693** shares were purchased under our share repurchase program and **5,075** **144,771** shares were withheld to cover tax withholding obligations in connection with the vesting of equity awards.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
July 2023	97,215	\$ 36.54	97,215	\$ 82,074,017
August 2023	77,483	35.34	72,408	79,503,677
September 2023	92,261	31.26	92,261	76,619,954
Total	266,959	\$ 34.37	261,884	

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
January 2024	57,028	\$ 26.43	57,028	\$ 66,702,294
February 2024 (1)	203,436	27.10	58,665	65,167,589
March 2024	—	—	—	65,167,589
Total	260,464	\$ 26.95	115,693	

(1) Total number of shares purchased includes 5,075 144,771 shares covering tax withholding obligations in connection with the vesting of equity awards

During the period October 1, 2023 April 1, 2024 through October 27, 2023 April 26, 2024, we the Company repurchased an additional 101,387 2,865 shares covering tax withholding obligations in connection with the vesting of equity awards at a weighted average market price of \$29.07 per share primarily \$27.15, and no additional shares were repurchased under the currently authorized repurchase program.

ITEM 5. OTHER INFORMATION

Insider Rule 10b5-1 Trading Plans

During On March 13, 2024, Christopher Gramm, the quarter ended September 30, 2023, none Company's Vice President and Controller, entered into a trading plan intended to satisfy the affirmative defense conditions of our directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 Rule 10b5-1(c) under the Exchange Act. The plan provides for the sale of Regulation S-K.

14,000 shares and 10,374 stock options. Mr. Gramm's plan will expire on June 18, 2025.

ITEM 6. EXHIBITS

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of AdvanSix Inc. (conformed copy). (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 1, 2019).
3.2	Amended and Restated By-laws of AdvanSix Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 20, 2023).
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Company's Principal Financial Officer.
32.1	Section 1350 Certification of the Company's Principal Executive Officer. The information contained in this Exhibit shall not be deemed filed with the SEC nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
32.2	Section 1350 Certification of the Company's Principal Financial Officer. The information contained in this Exhibit shall not be deemed filed with the SEC nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101)

† Indicates management contract or compensatory plan.

SIGNATURE

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

ADVANSIX INC.

Date: November 3, 2023 May 3, 2024

By: /s/ Michael Preston

Michael Preston

Senior Vice President and Chief Financial Officer

CERTIFICATIONS

I, Erin N. Kane, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AdvanSix Inc.;
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: November 3, 2023 May 3, 2024

/s/ Erin N. Kane

Erin N. Kane

President and Chief Executive Officer

CERTIFICATIONS

I, Michael Preston, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AdvanSix Inc.;
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: **November 3, 2023** **May 3, 2024**

/s/ Michael Preston

Michael Preston

Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of AdvanSix Inc. (the "Company") on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **November 3, 2023** **May 3, 2024**

/s/ Erin N. Kane

Erin N. Kane

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of AdvanSix Inc. (the "Company") on Form 10-Q for the period ended **September 30, 2023** **March 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: **November 3, 2023** **May 3, 2024**

/s/ Michael Preston

Michael Preston

Chief Financial Officer

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