

REFINITIV




# DELTA REPORT

## 10-Q

ACNT - ASCENT INDUSTRIES CO.

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

The following comparison report has been automatically generated

|   |     |
|---|-----|
| TOTAL DELTAS  | 912 |
|  CHANGES   | 213 |
|  DELETIONS | 422 |
|  ADDITIONS | 277 |

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-Q

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

For the Quarterly Period Ended **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 0-19687

 Ascent Logo.jpg

**Ascent Industries Co.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or  
organization)

**57-0426694**

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

**1400 16th Street, Suite 270,**

**Oak Brook, Illinois**

(Address of principal executive offices)

**60523**

(Zip Code)

**(630) 884-9181**

(Registrant's telephone number,  
including area code)

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

| <u>Title of each class</u>               | <u>Trading Symbol</u> | <u>Name of exchange on which registered</u> |
|--|-----------------------|---|
| Common Stock, par value \$1.00 per share | ACNT                  | NASDAQ Global Market                        |

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 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, smaller reporting company or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If 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. Yes ☐ No ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of November 6, 2023 May 6, 2024 was 10,125,533 10,129,683

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**Ascent Industries Co.**  
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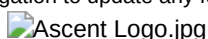
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## Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other applicable federal securities laws. All statements that are not historical facts are forward-looking statements. Forward looking statements can be identified through the use of words such as "estimate," "project," "intend," "expect," "believe," "should," "anticipate," "hope," "optimistic," "plan," "outlook," "should," "could," "may" and similar expressions. The forward-looking statements are subject to certain risks and uncertainties, including without limitation those identified below, which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward-looking statements. The following factors could cause actual results to differ materially from historical results or those anticipated: adverse economic conditions, including risks relating to the impact and spread of and the government's response to COVID-19; inability to weather an economic downturn; the impact of competitive products and pricing; product demand and acceptance risks; raw material and other increased costs; raw material availability; financial stability of the Company's customers; customer delays or difficulties in the production of products; loss of consumer or investor confidence; employee relations; ability to maintain workforce by hiring trained employees; labor efficiencies; risks associated with acquisitions; environmental issues; negative or unexpected results from tax law changes; inability to comply with covenants and ratios required by the Company's debt financing arrangements; and other risks detailed from time-to-time in Ascent Industries Co.'s Securities and Exchange Commission filings, including our Annual Report on Form 10-K, which filings are available from the SEC. Ascent Industries Co. assumes no obligation to update any forward-looking information included in this release.



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## Part I - Financial Information

### Item 1. Financial Statements

#### Ascent Industries Co.

#### Condensed Consolidated Balance Sheets

(in thousands, except par value and share data)

| (Unaudited)  |                           |                       |                      |                |                   |
|--|---------------------------|-----------------------|----------------------|----------------|-------------------|
|  | (Unaudited)               |                       |                      |                |                   |
|  |                           | September<br>30, 2023 | December<br>31, 2022 | March 31, 2024 | December 31, 2023 |
| Assets   | Assets                    |                       |                      |                |                   |
| Current assets:  | Current assets:           |                       |                      |                |                   |
| Current assets:  |                           |                       |                      |                |                   |
| Current assets:  |                           |                       |                      |                |                   |
| Cash and cash equivalents  | Cash and cash equivalents | \$ 730                | \$ 1,440             |                |                   |
| Accounts receivable, net of allowance for credit losses of \$1,105 and \$762, respectively |                           | 32,910                | 37,062               |                |                   |
| Cash and cash equivalents  |                           |                       |                      |                |                   |
| Cash and cash equivalents  |                           |                       |                      |                |                   |

|  |  |            |            |
|--|--|------------|------------|
| Accounts receivable, net of allowance for credit losses of \$792 and \$463, respectively |  |            |            |
| Inventories  | Inventories                                | 83,044     | 85,572     |
| Prepaid expenses and other current assets  | Prepaid expenses and other current assets  | 8,775      | 7,801      |
| Assets held for sale   | Assets held for sale                       | 8,956      | 380        |
| Current assets of discontinued operations  | Current assets of discontinued operations  | 620        | 38,120     |
| Total current assets   | Total current assets                       | 135,035    | 170,375    |
| Property, plant and equipment, net   | Property, plant and equipment, net         | 31,981     | 37,045     |
| Right-of-use assets, operating leases, net   | Right-of-use assets, operating leases, net | 28,170     | 29,198     |
| Goodwill   |  | —          | 11,389     |
| Intangible assets, net   |  |            |            |
| Intangible assets, net   |  |            |            |
| Intangible assets, net   | Intangible assets, net                     | 8,872      | 10,001     |
| Deferred income taxes  | Deferred income taxes                      | 9,217      | 1,353      |
| Deferred charges, net  | Deferred charges, net                      | 128        | 203        |
| Other non-current assets, net  | Other non-current assets, net              | 1,782      | 1,862      |
| Long-term assets of discontinued operations  |  | 6          | 7,617      |
| Total assets   |  |            |            |
| Total assets   |  |            |            |
| Total assets   | Total assets                               | \$ 215,191 | \$ 269,043 |
| Liabilities and Shareholders' Equity   | Liabilities and Shareholders' Equity       |            |            |
| Liabilities and Shareholders' Equity   |  |            |            |

| Liabilities and Shareholders'                    |  |           |           |  |
|--|--|-----------|-----------|--|
| Equity   |  |           |           |  |
| Current liabilities:                             | Current liabilities:                             |           |           |  |
| Current liabilities:                             |  |           |           |  |
| Current liabilities:                             |  |           |           |  |
| Accounts payable                                 |  |           |           |  |
| Accounts payable                                 |  |           |           |  |
| Accounts payable                                 | Accounts payable                                 |           |           |  |
|  |  | \$ 25,758 | \$ 19,623 |  |
| Accrued expenses and other current liabilities   | Accrued expenses and other current liabilities   |           |           |  |
|  |  | 5,608     | 6,039     |  |
| Accrued expenses and other current liabilities   |  |           |           |  |
| Accrued expenses and other current liabilities   |  |           |           |  |
| Current portion of note payable                  | Current portion of note payable                  |           |           |  |
|  |  | 630       | 387       |  |
| Current portion of long-term debt                |  | 2,464     | 2,464     |  |
| Current portion of operating lease liabilities   |  |           |           |  |
| Current portion of operating lease liabilities   |  |           |           |  |
| Current portion of operating lease liabilities   | Current portion of operating lease liabilities   |           |           |  |
|  |  | 1,132     | 1,029     |  |
| Current portion of finance lease liabilities     | Current portion of finance lease liabilities     |           |           |  |
|  |  | 296       | 280       |  |
| Current liabilities of discontinued operations   | Current liabilities of discontinued operations   |           |           |  |
|  |  | 970       | 3,656     |  |
| Total current liabilities                        | Total current liabilities                        |           |           |  |
|  |  | 36,858    | 33,478    |  |
| Long-term debt                                   |  | 50,543    | 69,085    |  |
| Long-term portion of operating lease liabilities |  |           |           |  |
| Long-term portion of operating lease liabilities |  |           |           |  |
| Long-term portion of operating lease liabilities | Long-term portion of operating lease liabilities |           |           |  |
|  |  | 30,051    | 30,911    |  |

|  |  |                   |                   |
|--|--|-------------------|-------------------|
| Long-term portion of finance lease liabilities   | Long-term portion of finance lease liabilities | 1,378             | 1,242             |
| Other long-term liabilities  | Other long-term liabilities                    | 59                | 68                |
| Other long-term liabilities  |  |                   |                   |
| Other long-term liabilities  |  |                   |                   |
| Total non-current liabilities  | Total non-current liabilities                  | 82,031            | 101,306           |
| <b>Total liabilities</b>   | <b>Total liabilities</b>                       | <b>\$ 118,889</b> | <b>\$ 134,784</b> |
| Commitments and contingencies – See Note 13  | Commitments and contingencies – See Note 13    |                   |                   |
| Commitments and contingencies – See Note 13  |  |                   |                   |
| Commitments and contingencies – See Note 13  |  |                   |                   |
| Shareholders' equity:  | Shareholders' equity:                          |                   |                   |
| Common stock, par value \$1 per share; 24,000,000 shares authorized; 11,085,103 and 10,120,281 shares issued and outstanding, respectively |  | \$ 11,085         | \$ 11,085         |
| Shareholders' equity:  |  |                   |                   |
| Shareholders' equity:  |  |                   |                   |
| Common stock, par value \$1 per share; 24,000,000 shares authorized; 11,085,103 and 10,124,781 shares issued and outstanding, respectively |  |                   |                   |
| Common stock, par value \$1 per share; 24,000,000 shares authorized; 11,085,103 and 10,124,781 shares issued and outstanding, respectively |  |                   |                   |
| Common stock, par value \$1 per share; 24,000,000 shares authorized; 11,085,103 and 10,124,781 shares issued and outstanding, respectively |  |                   |                   |
| Capital in excess of par value   | Capital in excess of par value                 | 47,189            | 47,021            |
| Retained earnings  | Retained earnings                              | 47,379            | 85,146            |
|  |  | 105,653           | 143,252           |



|   |   |                   |                   |
|---|---|-------------------|-------------------|
| Less: cost of common stock in treasury - 964,822 and 924,504 shares, respectively |   |                   |                   |
|   |   | (9,351)           | (8,993)           |
| Less: cost of common stock in treasury - 960,323 and 990,282 shares, respectively |   |                   |                   |
| Total shareholders' equity  | Total shareholders' equity                        | 96,302            | 134,259           |
| <b>Total liabilities and shareholders' equity</b>                                 | <b>Total liabilities and shareholders' equity</b> | <b>\$ 215,191</b> | <b>\$ 269,043</b> |

Note: The condensed consolidated balance sheet at **December 31, 2022** December 31, 2023 has been derived from the audited consolidated financial statements at that date. See accompanying notes to condensed consolidated financial statements.

 Ascent Logo.jpg

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**Ascent Industries Co.**  
**Condensed Consolidated Statements of Income (Loss) (Unaudited)**  
(in thousands, except per share data)

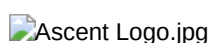
|                                     |                                     | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|-------------------------------------|-------------------------------------|----------------------------------|-----------|---------------------------------|------------|
|                                     |                                     | 2023                             | 2022      | 2023                            | 2022       |
|                                     |                                     | Three Months Ended March 31,     |           |                                 |            |
|                                     |                                     | Three Months Ended March 31,     |           |                                 |            |
|                                     |                                     | Three Months Ended March 31,     |           |                                 |            |
|                                     |                                     | 2024                             |           |                                 |            |
|                                     |                                     | 2024                             |           |                                 |            |
|                                     |                                     | 2024                             |           |                                 |            |
| Net sales                           | Net sales                           |                                  |           |                                 |            |
| Net sales                           | Net sales                           |                                  |           |                                 |            |
| Net sales                           | Net sales                           | \$ 56,113                        | \$ 78,221 | \$ 184,197                      | \$ 246,530 |
| Cost of sales                       | Cost of sales                       | 50,097                           | 64,129    | 167,814                         | 190,795    |
| Cost of sales                       | Cost of sales                       |                                  |           |                                 |            |
| Cost of sales                       | Cost of sales                       |                                  |           |                                 |            |
| Gross profit                        | Gross profit                        |                                  |           |                                 |            |
| Gross profit                        | Gross profit                        |                                  |           |                                 |            |
| Gross profit                        | Gross profit                        | 6,016                            | 14,092    | 16,383                          | 55,735     |
| Selling, general and administrative | Selling, general and administrative | 7,352                            | 9,258     | 22,614                          | 25,435     |
| Selling, general and administrative | Selling, general and administrative |                                  |           |                                 |            |
| Selling, general and administrative | Selling, general and administrative |                                  |           |                                 |            |

|  |                             |          |         |             |           |
|--|-----------------------------|----------|---------|-------------|-----------|
| Acquisition costs and other                                  |                             |          |         |             |           |
| Acquisition costs and other                                  |                             |          |         |             |           |
| Acquisition costs and other                                  | Acquisition costs and other | 42       | 149     | 323         | 836       |
| Goodwill impairment  |                             | 11,389   | —       | 11,389      | —         |
| Operating income (loss) from continuing operations           |                             | (12,767) | 4,685   | (17,943)    | 29,464    |
| Operating loss from continuing operations                    |                             |          |         |             |           |
| Operating loss from continuing operations                    |                             |          |         |             |           |
| Operating loss from continuing operations                    |                             |          |         |             |           |
| Other expense (income)                                       | Other expense (income)      |          |         |             |           |
| Other expense (income)                                       |                             |          |         |             |           |
| Other expense (income)                                       |                             |          |         |             |           |
| Interest expense   |                             |          |         |             |           |
| Interest expense   |                             |          |         |             |           |
| Interest expense   | Interest expense            | 1,063    | 827     | 3,217       | 1,637     |
| Other, net   | Other, net                  | (97)     | (118)   | (344)       | (176)     |
| Income (loss) from continuing operations before income taxes |                             | (13,733) | 3,976   | (20,816)    | 28,003    |
| Income tax provision (benefit)                               |                             | (964)    | 871     | (2,350)     | 4,069     |
| Income (loss) from continuing operations                     |                             | (12,769) | 3,105   | (18,466)    | 23,934    |
| Loss from discontinued operations, net of tax                |                             | (5,163)  | (2,481) | (19,301)    | (1,993)   |
| Net income (loss)  | \$                          | (17,932) | \$ 624  | \$ (37,767) | \$ 21,941 |
| Other, net   |                             |          |         |             |           |
| Other, net   |                             |          |         |             |           |
| Loss from continuing operations before income taxes          |                             |          |         |             |           |
| Loss from continuing operations before income taxes          |                             |          |         |             |           |
| Loss from continuing operations before income taxes          |                             |          |         |             |           |
| Income tax benefit   |                             |          |         |             |           |
| Income tax benefit   |                             |          |         |             |           |
| Income tax benefit   |                             |          |         |             |           |
| Loss from continuing operations                              |                             |          |         |             |           |
| Loss from continuing operations                              |                             |          |         |             |           |
| Loss from continuing operations                              |                             |          |         |             |           |
| (Loss) income from discontinued operations, net of tax       |                             |          |         |             |           |
| (Loss) income from discontinued operations, net of tax       |                             |          |         |             |           |

|  |         |    |        |    |        |    |        |           |
|--|---------|----|--------|----|--------|----|--------|-----------|
| (Loss) income from discontinued operations, net of tax           |         |    |        |    |        |    |        |           |
| Net loss   |         |    |        |    |        |    |        |           |
| Net loss   |         |    |        |    |        |    |        |           |
| Net loss   |         |    |        |    |        |    |        |           |
| Net income (loss) per common share from continuing operations:   |         |    |        |    |        |    |        |           |
| Net loss per common share from continuing operations:            |         |    |        |    |        |    |        |           |
| Net loss per common share from continuing operations:            |         |    |        |    |        |    |        |           |
| Basic  |         |    |        |    |        |    |        |           |
| Basic  |         |    |        |    |        |    |        |           |
| Basic  | Basic   | \$ | (1.26) | \$ | 0.30   | \$ | (1.82) | \$ 2.34   |
| Diluted  | Diluted | \$ | (1.26) | \$ | 0.30   | \$ | (1.82) | \$ 2.30   |
| Diluted  |         |    |        |    |        |    |        |           |
| Diluted  |         |    |        |    |        |    |        |           |
| Net loss per common share from discontinued operations:          |         |    |        |    |        |    |        |           |
| Net (loss) income per common share from discontinued operations: |         |    |        |    |        |    |        |           |
| Net (loss) income per common share from discontinued operations: |         |    |        |    |        |    |        |           |
| Net (loss) income per common share from discontinued operations: |         |    |        |    |        |    |        |           |
| Basic  |         |    |        |    |        |    |        |           |
| Basic  |         |    |        |    |        |    |        |           |
| Basic  | Basic   | \$ | (0.51) | \$ | (0.24) | \$ | (1.90) | \$ (0.19) |
| Diluted  | Diluted | \$ | (0.51) | \$ | (0.24) | \$ | (1.90) | \$ (0.19) |
| Diluted  |         |    |        |    |        |    |        |           |
| Diluted  |         |    |        |    |        |    |        |           |
| Net income (loss) per common share:                              |         |    |        |    |        |    |        |           |
| Net loss per common share:                                       |         |    |        |    |        |    |        |           |
| Net loss per common share:                                       |         |    |        |    |        |    |        |           |
| Net loss per common share:                                       |         |    |        |    |        |    |        |           |
| Basic  | Basic   | \$ | (1.77) | \$ | 0.06   | \$ | (3.72) | \$ 2.14   |
| Basic  |         |    |        |    |        |    |        |           |
| Basic  |         |    |        |    |        |    |        |           |
| Diluted  |         |    |        |    |        |    |        |           |
| Diluted  |         |    |        |    |        |    |        |           |
| Diluted  | Diluted | \$ | (1.77) | \$ | 0.06   | \$ | (3.72) | \$ 2.11   |

|   |                                      |        |        |        |        |
|---|--------------------------------------|--------|--------|--------|--------|
| Weighted average shares outstanding:          | Weighted average shares outstanding: |        |        |        |        |
| Weighted average shares outstanding:          |                                      |        |        |        |        |
| Weighted average shares outstanding:          |                                      |        |        |        |        |
| Basic   | Basic                                | 10,135 | 10,253 | 10,151 | 10,235 |
| Dilutive effect from stock options and grants |                                      | —      | 212    | —      | 172    |
| Basic   |                                      |        |        |        |        |
| Basic   |                                      |        |        |        |        |
| Diluted                                       | Diluted                              | 10,135 | 10,465 | 10,151 | 10,407 |
| Diluted                                       |                                      |        |        |        |        |
| Diluted                                       |                                      |        |        |        |        |

See accompanying notes to condensed consolidated financial statements.



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**Ascent Industries Co.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
(in thousands)

|  |                             | Nine Months Ended September 30, |           |                              |      |
|--|-----------------------------|---------------------------------|-----------|------------------------------|------|
|  |                             | Three Months Ended March 31,    |           | Three Months Ended March 31, |      |
|  |                             | 2023                            | 2022      | 2024                         | 2023 |
| <b>Operating activities</b>  | <b>Operating activities</b> | <b>Operating activities</b>     |           | <b>Operating activities</b>  |      |
| Net income (loss)  |                             | \$ (37,767)                     | \$ 21,941 |                              |      |
| Loss from discontinued operations, net of tax  |                             | (19,301)                        | (1,993)   |                              |      |
| Net income (loss) from continuing operations   |                             | (18,466)                        | 23,934    |                              |      |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                             |                                 |           |                              |      |
| Net loss   |                             |                                 |           |                              |      |
| (Loss) income from discontinued operations, net of tax                                   |                             |                                 |           |                              |      |

|   |                                     |         |         |
|---|-------------------------------------|---------|---------|
| Net loss from continuing operations   |                                     |         |         |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                                     |         |         |
| Depreciation expense  |                                     |         |         |
| Depreciation expense  |                                     |         |         |
| Depreciation expense  | Depreciation expense                | 4,833   | 4,950   |
| Amortization expense  | Amortization expense                | 1,128   | 2,440   |
| Amortization of debt issuance costs   | Amortization of debt issuance costs | 75      | 75      |
| Goodwill impairment   |                                     | 11,389  | —       |
| Deferred income taxes   | Deferred income taxes               | (7,864) | (1,227) |
| Payments on earn-out liabilities in excess of acquisition date fair value       |                                     | —       | (372)   |
| Provision for losses on accounts receivable                                     |                                     | 343     | 608     |
| Provision for losses on inventories   |                                     | 2,199   | 1,372   |
| Deferred income taxes   |                                     |         |         |
| Deferred income taxes   |                                     |         |         |
| Provision for (reduction of) losses on accounts receivable                      |                                     |         |         |
| Provision for (reduction of) losses on accounts receivable                      |                                     |         |         |
| Provision for (reduction of) losses on accounts receivable                      |                                     |         |         |
| (Reduction of) provision for losses on inventories                              |                                     |         |         |

|   |   |        |          |  |  |
|---|---|--------|----------|--|--|
| Loss on disposal of property, plant and equipment                             | Loss on disposal of property, plant and equipment                 | 182    | 31       |  |  |
| Non-cash lease expense  | Non-cash lease expense  | 205    | 322      |  |  |
| Issuance of treasury stock for director fees                                  |   | —      | 364      |  |  |
| Stock-based compensation expense  |   |        |          |  |  |
| Stock-based compensation expense  |   |        |          |  |  |
| Stock-based compensation expense  | Stock-based compensation expense                                  | 718    | 951      |  |  |
| Changes in operating assets and liabilities:                                  | Changes in operating assets and liabilities:                      |        |          | Changes in operating assets and liabilities: |  |
| Accounts receivable   | Accounts receivable   | 3,809  | (6,210)  |  |  |
| Inventories   | Inventories   | 526    | (30,252) |  |  |
| Other assets and liabilities  | Other assets and liabilities                                      | 323    | (515)    |  |  |
| Accounts payable  | Accounts payable  | 5,934  | 10,154   |  |  |
| Accrued expenses  | Accrued expenses  | (430)  | (1,508)  |  |  |
| Accrued expenses  |   |        |          |  |  |
| Accrued expenses  |   |        |          |  |  |
| Accrued income taxes  | Accrued income taxes  | (772)  | 555      |  |  |
| Net cash provided by operating activities - continuing operations             | Net cash provided by operating activities - continuing operations | 4,132  | 5,672    |  |  |
| Net cash provided by (used in) operating activities - discontinued operations |   | 17,395 | (4,679)  |  |  |

|   |   |                      |         |
|---|---|----------------------|---------|
| Net cash provided by operating activities - discontinued operations |   |                      |         |
| Net cash provided by operating activities                           | Net cash provided by operating activities                       | 21,527               | 993     |
| Investing activities  | Investing activities  | Investing activities |         |
| Purchases of property, plant and equipment                          | Purchases of property, plant and equipment                      | (2,660)              | (2,875) |
| Proceeds from disposal of property, plant and equipment             |   | —                    | 5       |
| Net cash used in investing activities - continuing operations       |   |                      |         |
| Net cash used in investing activities - continuing operations       |   |                      |         |
| Net cash used in investing activities - continuing operations       | Net cash used in investing activities - continuing operations   | (2,660)              | (2,870) |
| Net cash used in investing activities - discontinued operations     | Net cash used in investing activities - discontinued operations | (145)                | (592)   |
| Net cash used in investing activities                               | Net cash used in investing activities                           | (2,805)              | (3,462) |
| Financing activities  | Financing activities  | Financing activities |         |
| Borrowings from long-term debt                                      | Borrowings from long-term debt                                  | 201,588              | 352,513 |
| Proceeds from note payable  |   | 900                  | 967     |
| Proceeds from exercise of stock options                             |   | —                    | 175     |
| Payments on long-term debt  |   |                      |         |
| Payments on long-term debt  |   |                      |         |

|   |  |           |           |
|---|--|-----------|-----------|
| Payments on long-term debt  | Payments on long-term debt                                 | (220,130) | (350,311) |
| Payments on note payable  | Payments on note payable                                   | (657)     | (387)     |
| Principal payments on finance lease obligations                             | Principal payments on finance lease obligations            | (231)     | (193)     |
| Payments on earn-out liabilities  |  | —         | (484)     |
| Repurchase of common stock  | Repurchase of common stock                                 | (903)     | (492)     |
| Net cash provided by (used in) financing activities - continuing operations |  | (19,433)  | 1,788     |
| Net cash used in financing activities - discontinued operations             |  | —         | (808)     |
| Repurchase of common stock  |  |           |           |
| Repurchase of common stock  |  |           |           |
| Net cash used in financing activities                                       | Net cash used in financing activities                      | (19,433)  | 980       |
| Decrease in cash and cash equivalents                                       | Decrease in cash and cash equivalents                      | (711)     | (1,489)   |
| Less: Cash and cash equivalents of discontinued operations                  | Less: Cash and cash equivalents of discontinued operations | 1         | 4         |
| Cash and cash equivalents at beginning of period                            | Cash and cash equivalents at beginning of period           | 1,440     | 2,017     |
| Cash and cash equivalents at end of period                                  | Cash and cash equivalents at end of period                 | \$ 730    | \$ 532    |

#### Supplemental Disclosure of Cash Flow Information

Cash paid for:

|          |    |    |    |       |
|----------|----|----|----|-------|
| Interest | \$ | 68 | \$ | 1,061 |
|----------|----|----|----|-------|



|                                      |    |     |        |
|--------------------------------------|----|-----|--------|
| Income taxes                         |    | —   | 817    |
| <b>Noncash Investing Activities:</b> |    |     |        |
| Capital expenditures, not yet paid   | \$ | 583 | \$ 266 |

See accompanying notes to condensed consolidated financial statements.

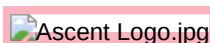


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**Ascent Industries Co.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
**Continued**

|   | Nine Months Ended September 30, |          |
|---|---------------------------------|----------|
|   | 2023                            | 2022     |
| <b>Supplemental Disclosure of Cash Flow Information</b> |                                 |          |
| Cash paid for:  |                                 |          |
| Interest  | \$ 2,937                        | \$ 1,176 |
| Income taxes  | 817                             | 4,248    |
| <b>Noncash Investing Activities:</b>                    |                                 |          |
| Capital expenditures, not yet paid                      | \$ 201                          | \$ 785   |

See accompanying notes to condensed consolidated financial statements.



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**Ascent Industries Co.**  
**Condensed Consolidated Statements of Shareholders' Equity (Unaudited)**  
(in thousands)

|  | Three Months Ended September 30, 2023 |           |            |           |                |            |            |
|--|---------------------------------------|-----------|------------|-----------|----------------|------------|------------|
|  | Common Stock                          |           | Capital in | Retained  | Treasury Stock |            | Total      |
|  | Shares                                | Amount    | Excess of  | Earnings  | Shares         | Amount     |            |
|  |                                       |           | Par Value  |           |                |            |            |
| <b>Balance June 30, 2023</b>                           | 11,085                                | \$ 11,085 | \$ 46,951  | \$ 65,311 | 927            | \$ (9,021) | \$ 114,326 |
| Net loss   | —                                     | —         | —          | (17,932)  | —              | —          | (17,932)   |
| Issuance of 6,860 shares of common stock from treasury | —                                     | —         | (67)       | —         | (7)            | 67         | —          |
| Stock-based compensation                               | —                                     | —         | 305        | —         | —              | —          | 305        |
| Repurchase of 44,799 shares of common stock            | —                                     | —         | —          | —         | 45             | (397)      | (397)      |
| <b>Balance as of September 30, 2023</b>                | 11,085                                | \$ 11,085 | \$ 47,189  | \$ 47,379 | 965            | \$ (9,351) | \$ 96,302  |
|  | Nine Months Ended September 30, 2023  |           |            |           |                |            |            |
|  | Common Stock                          |           | Capital in | Retained  | Treasury Stock |            | Total      |
|  | Shares                                | Amount    | Excess of  | Earnings  | Shares         | Amount     |            |
|  |                                       |           | Par Value  |           |                |            |            |

|   |               |           |               |           |               |           |               |           |            |           |                |           |               |
|---|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|------------|-----------|----------------|-----------|---------------|
| <b>Balance at December 31, 2022</b>                     | 11,085        | \$        | 11,085        | \$        | 47,021        | \$        | 85,146        | \$        | 924        | \$        | (8,993)        | \$        | 134,259       |
| Net loss  | —             |           | —             |           | —             |           | (37,767)      |           |            |           | —              |           | (37,767)      |
| Issuance of 55,636 shares of common stock from treasury | —             |           | —             |           | (542)         |           | —             |           | (55)       |           | 542            |           | —             |
| Stock-based compensation                                | —             |           | —             |           | 710           |           | —             |           |            |           | —              |           | 710           |
| Repurchase of 95,955 shares of common stock             | —             |           | —             |           | —             |           | —             |           | 96         |           | (900)          |           | (900)         |
| <b>Balance as of September 30, 2023</b>                 | <u>11,085</u> | <u>\$</u> | <u>11,085</u> | <u>\$</u> | <u>47,189</u> | <u>\$</u> | <u>47,379</u> | <u>\$</u> | <u>965</u> | <u>\$</u> | <u>(9,351)</u> | <u>\$</u> | <u>96,302</u> |

| Three Months Ended March 31, 2024                       |               |                  |                                |                   |                |                   |                   |  |  |  |  |  |
|---|---------------|------------------|--------------------------------|-------------------|----------------|-------------------|-------------------|--|--|--|--|--|
|   | Common Stock  |                  | Capital in Excess of Par Value | Retained Earnings | Treasury Stock |                   | Total             |  |  |  |  |  |
|   | Shares        | Amount           |                                |                   | Shares         | Amount            |                   |  |  |  |  |  |
| <b>Balance December 31, 2023</b>                        | 11,085        | \$ 11,085        | \$ 47,333                      | \$ 58,517         | 990            | \$ (9,525)        | \$ 107,410        |  |  |  |  |  |
| Net loss  | —             | —                | —                              | (5,493)           |                | —                 | (5,493)           |  |  |  |  |  |
| Issuance of 46,289 shares of common stock from treasury | —             | —                | (445)                          | —                 | (46)           | 445               | —                 |  |  |  |  |  |
| Stock-based compensation                                | —             | —                | 209                            | —                 |                | —                 | 209               |  |  |  |  |  |
| Repurchase of 16,330 shares of common stock             | —             | —                | —                              | —                 | 16             | (162)             | (162)             |  |  |  |  |  |
| <b>Balance as of March 31, 2024</b>                     | <u>11,085</u> | <u>\$ 11,085</u> | <u>\$ 47,097</u>               | <u>\$ 53,024</u>  | <u>960</u>     | <u>\$ (9,242)</u> | <u>\$ 101,964</u> |  |  |  |  |  |

See accompanying notes to condensed consolidated financial statements.



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**Ascent Industries Co.**  
**Condensed Consolidated Statement of Shareholders' Equity (Unaudited)**  
**Continued**

|  | Three Months Ended September 30, 2022 |           |                        |           |                |            |            |
|--|---------------------------------------|-----------|------------------------|-----------|----------------|------------|------------|
|  | Common Stock                          |           | Capital in             | Retained  | Treasury Stock |            | Total      |
|  | Shares                                | Amount    | Excess of<br>Par Value | Earnings  | Shares         | Amount     |            |
|  |                                       |           |                        |           |                |            |            |
| Balance June 30, 2022                                  | 11,085                                | \$ 11,085 | \$ 46,162              | \$ 84,397 | 825            | \$ (7,760) | \$ 133,884 |
| Net income   | —                                     | —         | —                      | 624       | —              | —          | 624        |
| Issuance of 4,102 shares of common stock from treasury | —                                     | —         | (39)                   | —         | (4)            | 39         | —          |
| Exercise of stock options for 980 shares, net          | —                                     | —         | 4                      | —         | (1)            | 9          | 13         |
| Stock-based compensation                               | —                                     | —         | 510                    | —         | —              | —          | 510        |
| Repurchase of 30,200 shares of common stock            | —                                     | —         | —                      | —         | 30             | (492)      | (492)      |
| Balance as of September 30, 2022                       | 11,085                                | 11,085    | 46,637                 | 85,021    | 850            | (8,204)    | \$ 134,539 |
|  |                                       |           |                        |           |                |            |            |
|  | Nine Months Ended September 30, 2022  |           |                        |           |                |            |            |
|  | Common Stock                          |           | Capital in             | Retained  | Treasury Stock |            | Total      |
|  | Shares                                | Amount    | Excess of<br>Par Value | Earnings  | Shares         | Amount     |            |
|  |                                       |           |                        |           |                |            |            |

|   | Shares | Amount    | Par Value |           | Shares | Amount     |            |
|---|--------|-----------|-----------|-----------|--------|------------|------------|
| <b>Balance at December 31, 2021</b>                     | 11,085 | \$ 11,085 | \$ 46,058 | \$ 63,080 | 918    | \$ (8,633) | \$ 111,590 |
| Net Income  | —      | —         | —         | 21,941    | —      | —          | 21,941     |
| Issuance of 79,903 shares of common stock from treasury | —      | —         | (387)     | —         | (80)   | 751        | 364        |
| Exercise of Stock option for 18,098 Shares, net         | —      | —         | 5         | —         | (18)   | 170        | 175        |
| Stock-based compensation                                | —      | —         | 961       | —         | —      | —          | 961        |
| Repurchase 30,200 of common stock                       | —      | —         | —         | —         | 30     | (492)      | (492)      |
| <b>Balance as of September 30, 2022</b>                 | 11,085 | 11,085    | 46,637    | 85,021    | 850    | (8,204)    | \$ 134,539 |

|   | Three Months Ended March 31, 2023 |           |                     |           |                |            |            |
|---|-----------------------------------|-----------|---------------------|-----------|----------------|------------|------------|
|   | Common Stock                      |           | Capital in          | Retained  | Treasury Stock |            | Total      |
|   | Shares                            | Amount    | Excess of Par Value | Earnings  | Shares         | Amount     |            |
| <b>Balance December 31, 2022</b>                        | 11,085                            | \$ 11,085 | \$ 47,021           | \$ 85,146 | 924            | \$ (8,993) | \$ 134,259 |
| Net loss  | —                                 | —         | —                   | (5,199)   | —              | —          | (5,199)    |
| Issuance of 43,479 shares of common stock from treasury | —                                 | —         | (429)               | —         | (43)           | 429        | —          |
| Stock-based compensation                                | —                                 | —         | 311                 | —         | —              | —          | 311        |
| Repurchase of 32,313 shares of common stock             | —                                 | —         | —                   | —         | 32             | (327)      | (327)      |
| <b>Balance as of March 31, 2023</b>                     | 11,085                            | 11,085    | 46,903              | 79,947    | 913            | (8,891)    | \$ 129,044 |

See accompanying notes to condensed consolidated financial statements.



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## Ascent Industries Co.

### Notes to Condensed Consolidated Financial Statements (Unaudited) (Unaudited)

Unless indicated otherwise, the terms "Company," "we," "us," and "our" refer to Ascent Industries Co. and its consolidated subsidiaries.

#### Note 1: Basis of Presentation

##### Basis of Financial Statement Presentation

The accompanying unaudited condensed consolidated financial statements and notes to the unaudited condensed consolidated financial statements are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not include all the disclosures normally required in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The unaudited condensed consolidated financial statements, in the opinion of management, contain all normal recurring adjustments necessary to present a fair statement of the condensed consolidated balance sheets as of **September 30, 2023** **March 31, 2024**, the statements of income (loss) and shareholders' equity for the three **and nine** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, and the statements of cash flows for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**. The **December 31, 2022** **December 31, 2023** condensed consolidated balance sheet was derived from the audited financial statements.

These interim unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** (the

"Annual Report"). The financial results for the interim periods may not be indicative of the financial results for the entire year as our future assessment of our current expectations could result in material impacts to our consolidated financial statements in future reporting periods.

#### Use of Estimates

The preparation of the Company's financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosures of contingent assets and liabilities. Significant items subject to such estimates and assumptions include the carrying value of property, plant and equipment; intangible assets; the fair value of assets or liabilities acquired in a business combination; valuation allowances for receivables, inventories and deferred income tax assets and liabilities; environmental liabilities; liabilities for potential tax deficiencies; and, potential litigation claims and settlements. The Company bases these estimates on historical results and various other assumptions believed to be reasonable, all of which form the basis for making estimates concerning the carrying value of assets and liabilities that are readily available from other sources. Actual results may differ from these estimates.

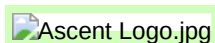
#### Reclassifications

Certain prior period amounts have been reclassified to conform to current period presentation, including the reclassification of immaterial revenue Company's Munhall and expenses related to the Palmer business within the Company's reportable segments Specialty Pipe and the Company's Munhall Tube operations within the Tubular Products segment to discontinued operations.

#### Accounting Pronouncements Recently Not Yet Adopted

On March 31, 2023 In November 2023, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and footnote disclosures.

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The ASU requires consistent categories and greater disaggregation of information in the rate reconciliation and income taxes paid disaggregated by jurisdiction. The amendments also require that all entities disclose more detailed information about income taxes paid, including by jurisdiction; pretax income (or loss) from continuing operations; and income tax expense (or benefit). The ASU is effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025, and subsequent interim periods, with early



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### Ascent Industries Co.

#### Notes to Consolidated Financial Statements (Unaudited)

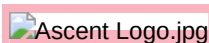
adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and footnote disclosures.

Recent accounting pronouncements pending adoption not discussed in this Form 10-Q are either not applicable to the Company adopted ASU 2020-04 "Reference Rate Reform (Topic 848): Facilitation of Effects of Reference Rate Reform on Financial Reporting." The ASU, and subsequent clarifications, provide practical expedients for contract modification accounting related or are not expected to the transition away from the London Interbank Offered Rate (LIBOR) and other interbank offering rates to alternative reference rates. The expedients are applicable to contract modifications made and hedging relationships entered into on or before December 31, 2024. The Company intends to use the expedients where needed for reference rate transition. The adoption of this standard by the Company did not have a material effect impact on the condensed consolidated financial statements or footnote disclosures. Company.

#### Note 2: Discontinued Operations

During the fourth quarter of 2022, the Company began a strategic reassessment of certain operations to drive an increased focus on its core operations and to continue to improve overall performance and operating profitability. As a result of this reassessment, management and the Board of Directors decided to pursue an exit of the Company's galvanized pipe and tube operations at its Munhall facility ("Munhall"). Closure

During the second quarter of 2023, the Board of Directors of the Company made the decision to permanently cease operations at Munhall effective on or around August 31, 2023. It is anticipated that the complete exit and disposal of all assets at Munhall



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## Ascent Industries Co.

### Notes to Condensed Consolidated Financial Statements (Unaudited)

will be completed within one year from the date the decision was made. The strategic decision to cease manufacturing operations at Munhall is part of the Company's ongoing efforts to consolidate manufacturing to drive an increased focus on its core operations and to improve profitability while driving operational efficiencies.

As a result of this decision, during the second quarter ended June 30, 2023, the Company incurred asset impairment charges of \$6.4 million related to the write down of inventory and long-lived assets as well as \$1.4 million in increased reserves on accounts receivable at the facility. During the third quarter ended September 30, 2023, of 2023, the Company incurred additional asset impairment charges of \$2.4 million related to the write down of inventory to net realizable value. During the first quarter of 2024, the Company incurred additional asset impairment charges of \$1.1 million related to the write down of the remaining long-lived assets at the facility. Certain assets of Munhall were also classified as held for sale and the results of operations have been classified as discontinued operations for all periods presented. See [Note 4](#) for further discussion of the assets held for sale and related fair value measurements.

#### Divestiture of Specialty Pipe & Tube, Inc.

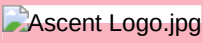
On December 22, 2023, the Company and its wholly-owned subsidiary Specialty Pipe & Tube, Inc. ("SPT") entered into an Asset Purchase Agreement pursuant to which Ascent and SPT sold substantially all of the assets primarily related to SPT to Specialty Pipe & Tube Operations, LLC, a Delaware limited liability company. The consideration for the transaction was approximately \$55 million of cash proceeds subject to certain closing adjustments. The transaction closed on December 22, 2023. Ascent and Purchaser also entered into a Transition Services Agreement (the "TSA") and an Employee Leasing Agreement (the "ELA") each dated December 22, 2023, pursuant to which Ascent has agreed to provide certain transition services and to lease certain employees to Purchaser immediately after the closing for certain agreed upon transition periods. As result of the sale, SPT results of operations are classified under discontinued operations for all periods presented. Prior to the divestiture, SPT was reported under the Company's Tubular Products segment.

The following table presents the aggregate carrying amounts of the classes of assets and liabilities of the Company's discontinued operations:

| (in thousands)   | March 31, 2024 | December 31, 2023 |
|--|----------------|-------------------|
| Carrying amounts of assets included as part of discontinued operations:              |                |                   |
| Accounts receivable, net   | \$ —           | \$ 778            |
| Prepaid expenses and other current assets  | 46             | 83                |
| Current assets classified as discontinued operations                                 | 46             | 861               |
| Carrying amounts of current liabilities included as part of discontinued operations: |                |                   |
| Accounts payable   | 90             | 107               |
| Accrued expenses and other current liabilities                                       | 1,286          | 1,366             |
| Total current liabilities classified as discontinued operations                      | \$ 1,376       | \$ 1,473          |

In May of **Munhall**, 2023, the Company was named as a defendant in a lawsuit filed in the U.S. District Court for the Western District of Pennsylvania, asserting various claims for breach of contracts resulting in losses to the plaintiff and seeking damages in the amount of \$0.8 million plus prejudgment interest and attorney's fees. Although we continue to defend ourselves against the claims, we believe we may incur a material loss in this matter and that our financial statements could be materially affected by an adverse decision regarding the assessment of damages incurred by the plaintiff. Accordingly, the Company has an estimated liability of \$1.0 million for expected losses related to this lawsuit as of March 31, 2024 and December 31, 2023.

| (in thousands)   |  | September 30, 2023 | December 31, 2022 |
|--|--|--------------------|-------------------|
| Carrying amounts of assets included as part of discontinued operations:              |  |                    |                   |
| Cash and cash equivalents  |  | \$ —               | \$ 1              |
| Accounts receivable, net   | Ascent Industries Co.                                  | 500                | 8,058             |
| Inventories  | Notes to Consolidated Financial Statements (Unaudited) | —                  | 28,880            |
| Prepaid expenses and other current assets  |  | 120                | 1,181             |
| Current assets classified as discontinued operations                                 |  | 620                | 38,120            |
| Property, plant and equipment, net   |  |                    | 5,301             |
| Right-of-use assets, operating leases, net   |  | 6                  | 26                |
| Intangible assets, net   |  | —                  | 386               |
| Other non-current assets, net  |  | —                  | 1904              |
| (in thousands)   |  |                    |                   |
| Long-term assets classified as discontinued operations                               |  |                    |                   |
| Net sales  |  | \$ 2,650           | \$ 21,945         |
| Total assets classified as discontinued operations                                   |  | \$ 6,640           | \$ 24,469         |
| Cost of sales  |  | (3,990)            | (2,524)           |
| Gross profit   |  | (3,990)            | (2,524)           |
| Carrying amounts of current liabilities included as part of discontinued operations: |  |                    |                   |
| Accounts payable   |  | \$ 170             | \$ 595            |
| Selling, general and administrative expense  |  | 182                | 348               |
| Accrued expenses and other current liabilities                                       |  | 2,416              | 615               |
| Asset impairments  |  | —                  | 7                 |
| Current portion of operating lease liabilities                                       |  | —                  | —                 |
| Earnout adjustments  |  | —                  | —                 |
| Total current liabilities classified as discontinued operations                      |  | (8,576)            | (3,119)           |
| Operating loss or discontinued operations  |  | (8,576)            | (3,119)           |
| Loss on classification as held for sale  | Ascent Logo.jpg  | —                  | 83                |
| Loss on discontinued operations before income taxes                                  |  | (6,576)            | (3,119)           |
| Income tax benefit   |  | (1,413)            | (638)             |
| Net loss from discontinued operations  |  | \$ (5,163)         | \$ (2,481)        |



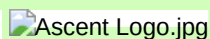
| (in thousands)   |  | Three Months Ended March 31, |           |
|--|--|------------------------------|-----------|
| Ascent Industries Co.  |  | 2024                         | 2023      |
| Notes to Condensed Consolidated Financial Statements (Unaudited)   |  |                              |           |
| Net sales  |  | \$ 242                       | \$ 27,592 |
| Cost of sales  |  | 647                          | 24,765    |
| Gross profit   |  | (405)                        | 2,827     |
| Note 3: Revenue Recognition  |  |                              |           |
| Revenue is generated primarily from contracts to produce, ship and deliver steel and specialty chemical products. Revenues are recognized when control of the promised goods or services is transferred to our customers upon shipment, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. The Company's revenues are derived from contracts with customers where performance obligation is satisfied at a point-in-time or over-time. For certain contracts under which the Company produces product with no alternative use and for which the Company has an enforceable right to payment during the production cycle, product in which the material is customer owned or in which the customer simultaneously consumes the benefits throughout the production cycle, progress toward satisfying the performance obligation is measured using an output method of units produced. Certain customer arrangements consist of bill-and-hold characteristics under which transfer of control has been met (including the passing of title and significant risk and reward of ownership to the customer), therefore, the customers own |  |                              |           |
| Net (loss) income from discontinued operations   |  | (1,791)                      | 789       |
|  |  | (392)                        | 200       |

direct the use of the bill-and-hold inventory while we retain physical possession of the product until it is shipped to a customer at a point in time in the future.

Sales tax and other taxes we collect with revenue-producing activities are excluded from revenue. Shipping costs charged to customers are treated as fulfillment activities and are recorded in both revenue and cost of sales at the time control is transferred to the customer. Costs related to obtaining sales contracts are incidental and are expensed when incurred. Because customers are invoiced at the time title transfers and the Company's right to consideration is unconditional at that time, the Company does not maintain contract asset balances. Additionally, the Company does not maintain material contract liability balances, as performance obligations for substantially all contracts are satisfied prior to customer payment for product. The Company offers industry standard payment terms.

The following table presents the Company's revenues, disaggregated by product group from continuing operations:

|  |  | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|--|--|----------------------------------|-----------|---------------------------------|------------|
|  |  | Three Months Ended March 31,     |           | Three Months Ended March 31,    |            |
|  |  | Three Months Ended March 31,     |           | Three Months Ended March 31,    |            |
| (in thousands)   |  |                                  |           |                                 |            |
| (in thousands)   |  |                                  |           |                                 |            |
| (in thousands)   | (in thousands)   | 2023                             | 2022      | 2023                            | 2022       |
| Fiberglass and steel liquid storage tanks and separation equipment | Fiberglass and steel liquid storage tanks and separation equipment | \$ —                             | \$ 287    | \$ 50                           | \$ 401     |
| Heavy wall seamless carbon steel pipe and tube                     |  | 9,366                            | 12,284    | 32,052                          | 36,782     |
| Fiberglass and steel liquid storage tanks and separation equipment |  |                                  |           |                                 |            |
| Fiberglass and steel liquid storage tanks and separation equipment |  |                                  |           |                                 |            |
| Stainless steel pipe and tube                                      |  |                                  |           |                                 |            |
| Stainless steel pipe and tube                                      |  |                                  |           |                                 |            |
| Stainless steel pipe and tube                                      | Stainless steel pipe and tube                                      | 26,695                           | 38,322    | 86,931                          | 125,277    |
| Specialty chemicals  | Specialty chemicals  | 20,052                           | 27,328    | 65,164                          | 84,070     |
| Specialty chemicals  |  |                                  |           |                                 |            |
| Specialty chemicals  |  |                                  |           |                                 |            |
| Net sales  | Net sales  | \$ 56,113                        | \$ 78,221 | \$ 184,197                      | \$ 246,530 |
| Net sales  |  |                                  |           |                                 |            |
| Net sales  |  |                                  |           |                                 |            |



## Notes to Consolidated Financial Statements (Unaudited)

Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract. The following table represents the Company's revenue recognized at a point-in-time and over-time:

|                |                | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|----------------|----------------|----------------------------------|-----------|---------------------------------|------------|
|                |                | Three Months Ended March 31,     |           | Three Months Ended March 31,    |            |
|                |                | Three Months Ended March 31,     |           | Three Months Ended March 31,    |            |
| (in thousands) |                |                                  |           |                                 |            |
| (in thousands) |                |                                  |           |                                 |            |
| (in thousands) | (in thousands) | 2023                             | 2022      | 2023                            | 2022       |
| Point-in-time  | Point-in-time  | \$ 51,403                        | \$ 71,616 | \$ 170,037                      | \$ 225,237 |
| Point-in-time  |                |                                  |           |                                 |            |
| Point-in-time  |                |                                  |           |                                 |            |
| Over-time      | Over-time      | \$ 4,710                         | \$ 6,605  | \$ 14,160                       | \$ 21,293  |
| Over-time      |                |                                  |           |                                 |            |
| Over-time      |                |                                  |           |                                 |            |

### Note 4: Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, we use a three-tier valuation hierarchy based upon observable and non-observable inputs:

Level 1 - Unadjusted quoted prices that are available in active markets for identical assets or liabilities at the measurement date.

Level 2 - Significant other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;

Ascent Logo.jpg

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## Ascent Industries Co.

### Notes to Condensed Consolidated Financial Statements (Unaudited)

- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Significant unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using model-based techniques, including option pricing models, discounted cash flow models, probability weighted models, and Monte Carlo simulations.

### Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

During the three and nine months ended September 30, 2023 and March 31, 2024, the Company's only significant measurements of assets or liabilities at fair value on a non-recurring basis subsequent to their initial recognition were certain long-lived assets.

#### Long-lived assets

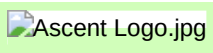


The Company reviews the carrying amounts of long-lived assets whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company assesses performance quarterly against historical patterns, projections of future profitability, and whether it is more likely than not that the assets will be disposed of significantly prior to the end of their estimated useful life for evidence of possible impairment. An impairment loss is recognized when the carrying amount of the asset (disposal) group is not recoverable and exceeds fair value. The Company estimates the fair values of assets subject to long-lived asset impairment based on the Company's own judgments about the assumptions market participants would use in pricing the assets and observable market data, when available.

During the fourth quarter of 2022, the Company began a strategic reassessment of certain operations to drive an increased focus on its core operations and to continue to improve overall performance and operating profitability. As a result of this reassessment, management and the Board of Directors decided to pursue an exit of the Company's galvanized pipe and tube operations at its Munhall facility ("Munhall"). During the first quarter of 2023, it was determined that a continued change in the use of the assets of the Munhall facility had occurred before the end of their previous useful lives, and therefore, had experienced a triggering event and were evaluated for recoverability. Based on this evaluation of the Munhall assets, it was determined the assets were recoverable and no impairment was recorded during the first quarter.

During the second quarter of 2023, the Board of Directors of the Company made the decision to permanently cease operations at the Munhall facility effective on or around August 31, 2023. As a result of this decision, it was determined to be more likely than not that the assets of Munhall would be sold or otherwise disposed of significantly before the end of their previously estimated useful lives, and therefore, experienced a triggering event and were evaluated for recoverability. Based on this evaluation, inventory at Munhall was written down to its net realizable value of \$16.0 million and certain long-lived assets, including intangible assets, were written down to their estimated fair value of \$2.6 million, resulting in asset impairment charges of \$6.4 million in the second quarter of 2023.

During the third quarter of 2023, the remaining inventory at Munhall was written down to its net realizable value of \$4.0 million resulting in asset impairment charges of \$2.4 million in the third quarter of 2023. During the first quarter of 2024, the Company incurred additional asset impairment charges of \$1.1 million related to the write down of the remaining long-lived assets at the facility. See [Note 2](#) for further information on the Company's discontinued operations.



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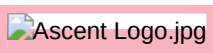
Ascent Industries Co.  
Notes to Consolidated Financial Statements (Unaudited)

Assets Held for Sale

As a result of the Company's decision to cease operations and exit Munhall, during the three and nine months ended September 30, 2023 March 31, 2024, certain assets of Munhall were classified as held for sale and classified as Level 2 fair value measurements. The Company remains obligated under the terms of the leases for the rent and other costs that may be associated with the lease of the Munhall facility through 2036. The Company is actively pursuing a sublease for the facility.

Munhall assets classified as held for sale as are as follows:

| (in thousands)                     | September 30, 2023 | December 31, 2022 |
|------------------------------------|--------------------|-------------------|
| Inventory, net                     | \$ 4,021           | \$ —              |
| Property, plant and equipment, net | 2,382              | —                 |
| Other assets, net                  | 2,553              | —                 |
| Assets held for sale               | \$ 8,956           | \$ —              |



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Ascent Industries Co.  
Notes to Condensed Consolidated Financial Statements (Unaudited)

On February 17, 2021, the Board of Directors authorized the permanent cessation of operations at Palmer of Texas Tanks, Inc. ("Palmer") and the subleasing of the Palmer facility. As of December 31, 2021, the Company permanently ceased operations at the Palmer facility and determined that the remaining asset group met the criteria to be classified as held for sale, and therefore classified the related assets as held for sale on the consolidated balance sheets. The Company determined that the exit from this business did not represent a strategic shift that had a major effect on its consolidated results of operations, and therefore this business was not classified as discontinued operations. As of September 30, 2023, the Company has disposed of all remaining assets classified as held for sale at the Palmer facility. The Palmer assets held for sale at December 31, 2022 were classified as Level 2 fair value measurements.

Palmer assets classified as held for sale as are as follows:

| <i>(in thousands)</i>              | September 30, 2023 | December 31, 2022 |
|------------------------------------|--------------------|-------------------|
| Inventory, net                     | \$ —               | \$ 198            |
| Property, plant and equipment, net | —                  | 182               |
| Assets held for sale               | <u>\$ —</u>        | <u>\$ 380</u>     |

The Company remains obligated under the terms of the leases for the rent and other costs that may be associated with the lease of the Palmer facility through 2036. During the fourth quarter of 2022, the Company entered into an amended sublease agreement with a third party to sublease the entirety of the Palmer facility. The sublease agreement amends the previous sublease agreement entered into in the fourth quarter of 2021 and continues through the remaining term of the Master Lease Agreement. The sublease will expire on September 30, 2036, unless terminated in accordance with the amended sublease agreement. The sublease provides for an annual base rent of approximately \$0.4 million, which increases on an annual basis by 2.0%. The sublessee is responsible for its pro rata share of certain costs, taxes and operating expenses related to the subleased space. The sublease includes an initial security deposit of \$0.1 million.

| <i>(in thousands)</i>              | March 31, 2024  | December 31, 2023 |
|------------------------------------|-----------------|-------------------|
| Property, plant and equipment, net | 1,259           | 2,374             |
| Other assets, net                  | 533             | 538               |
| Assets held for sale               | <u>\$ 1,792</u> | <u>\$ 2,912</u>   |

## Fair Value of Financial Instruments

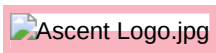
The fair values of cash and cash equivalents, accounts receivable, accounts payable and the Company's note payable approximated their carrying value because of the short-term nature of these instruments. The Company's revolving line of credit and long-term debt, which is based on a variable interest rate, are also reflected in the financial statements at carrying value which approximate fair values as of September 30, 2023 March 31, 2024. The carrying amount of cash and cash equivalents are considered Level 1 measurements. The carrying amounts of accounts receivable, accounts payable, note payable, revolving line of credit and long-term debt are considered Level 2 measurements. See Note 8 for further information on the Company's debt.

## Note 5: Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by either specific identification or weighted average methods. The components of inventories are as follows:

| <i>(in thousands)</i> | <i>(in thousands)</i> | September 30, 2023 | December 31, 2022 | <i>(in thousands)</i> | March 31, 2024 | December 31, 2023 |
|-----------------------|-----------------------|--------------------|-------------------|-----------------------|----------------|-------------------|
| Raw materials         | Raw materials         | \$ 51,941          | \$ 49,655         |                       |                |                   |
| Work-in-process       | Work-in-process       | 15,223             | 10,931            |                       |                |                   |
| Finished goods        | Finished goods        | 21,475             | 28,157            |                       |                |                   |
|                       |                       | <u>88,639</u>      | <u>88,743</u>     |                       |                |                   |

|             |             |           |           |
|-------------|-------------|-----------|-----------|
|             |             | 57,242    |           |
| Less:       | Less:       |           |           |
| inventory   | inventory   |           |           |
| reserves    | reserves    | (5,595)   | (3,171)   |
| Inventories | Inventories | \$ 83,044 | \$ 85,572 |



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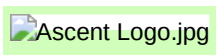
## Ascent Industries Co.

### Notes to Condensed Consolidated Financial Statements (Unaudited)

#### Note 6: Property, Plant and Equipment

Property, plant and equipment from continuing operations consist of the following:

| (in thousands)                            | (in thousands)                            | September 30, 2023 | December 31, 2022 | (in thousands) | March 31, 2024 | December 31, 2023 |
|---|---|--------------------|-------------------|----------------|----------------|-------------------|
| Land                                      | Land                                      | \$ 723             | \$ 723            |                |                |                   |
| Leasehold improvements                    | Leasehold improvements                    | 3,672              | 4,114             |                |                |                   |
| Buildings                                 | Buildings                                 | 1,534              | 1,534             |                |                |                   |
| Machinery, fixtures and equipment         | Machinery, fixtures and equipment         | 98,323             | 99,786            |                |                |                   |
| Construction-in-progress                  | Construction-in-progress                  | 1,181              | 1,881             |                |                |                   |
|   |   | 105,433            | 108,038           |                |                |                   |
|   |   | 100,436            |                   |                |                |                   |
| Less:                                     | Less:                                     |                    |                   |                |                |                   |
| accumulated depreciation and amortization | accumulated depreciation and amortization | (73,452)           | (70,993)          |                |                |                   |
| Property, plant and equipment, net        | Property, plant and equipment, net        | \$ 31,981          | \$ 37,045         |                |                |                   |



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## Ascent Industries Co.

### Notes to Consolidated Financial Statements (Unaudited)

The following table sets forth depreciation expense related to property, plant and equipment:

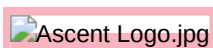
|                                     |                                     | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|-------------------------------------|-------------------------------------|----------------------------------|----------|---------------------------------|----------|
|                                     |                                     | Three Months Ended March 31,     |          | Three Months Ended March 31,    |          |
|                                     |                                     | Three Months Ended March 31,     |          | Three Months Ended March 31,    |          |
| (in thousands)                      |                                     |                                  |          |                                 |          |
| (in thousands)                      |                                     |                                  |          |                                 |          |
| (in thousands)                      | (in thousands)                      | 2023                             | 2022     | 2023                            | 2022     |
| Cost of sales                       | Cost of sales                       | \$ 1,527                         | \$ 1,690 | \$ 4,643                        | \$ 4,774 |
| Cost of sales                       |                                     |                                  |          |                                 |          |
| Cost of sales                       |                                     |                                  |          |                                 |          |
| Selling, general and administrative |                                     |                                  |          |                                 |          |
| Selling, general and administrative |                                     |                                  |          |                                 |          |
| Selling, general and administrative | Selling, general and administrative | 63                               | 58       | 190                             | 176      |
| Total depreciation                  | Total depreciation                  | \$ 1,590                         | \$ 1,748 | \$ 4,833                        | \$ 4,950 |
| Total depreciation                  |                                     |                                  |          |                                 |          |
| Total depreciation                  |                                     |                                  |          |                                 |          |

#### Note 7: **Goodwill, Intangible Assets and Deferred Charges**

##### **Goodwill**

As of September 30, 2023 the Company had no goodwill. As of December 31, 2022, the Company had a goodwill balance of \$11.4 million, attributable to the Specialty Chemicals segment.

During the third quarter of 2023, the Company determined potential indicators of impairment within the Specialty Chemicals reporting unit, with an associated goodwill balance of \$11.4 million existed. Macroeconomic conditions and pressures, increased risks within the broader specialty chemicals business, reporting unit operating losses and a decline in the reporting unit's net sales compared to forecast, collectively, indicated that the reporting unit had experienced a triggering event and the need to perform a quantitative evaluation of goodwill. The Company performed a discounted cash flow analysis and a market multiple analysis for the Specialty Chemicals reporting unit to determine the reporting unit's fair value. The discounted cash flow analysis included management assumptions for expected sales growth, capital expenditures and overall operational forecasts while the market multiple analysis included historical and projected performance, market capitalization, volatility and multiples for industry peers. Determining the fair value of the reporting unit and allocation of that fair value to individual assets and liabilities within the reporting unit to determine the implied fair value of the goodwill is judgmental in nature and requires the use of significant management estimates and assumptions. Any changes in the judgments, estimates, or assumptions could produce significantly different results. As a result of the goodwill impairment evaluation, it was concluded that the estimated fair value of the Specialty Chemicals reporting unit was below its carrying value by 27.6% resulting in a goodwill impairment charge of \$11.4 million for the three and nine months ended September 30, 2023.



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#### **Ascent Industries Co.**

#### **Notes to Condensed Consolidated Financial Statements (Unaudited)**

##### **Intangible Assets**

The balance of intangible assets from continuing operations subject to amortization are as follows:

Estimated amortization expense related to intangible assets for the next five years are as follows:

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|            |            |       |
|------------|------------|-------|
| 2027       |            |       |
| 2027       | 2027       | 930   |
| 2028       | 2028       | 786   |
| 2028       |            |       |
| 2028       |            |       |
| 2029       |            |       |
| 2029       |            |       |
| 2029       |            |       |
| Thereafter | Thereafter | 2,867 |
| Thereafter |            |       |
| Thereafter |            |       |

#### Deferred Charges

Deferred charges represent debt issuance costs and are amortized over their estimated useful lives using the straight-line method over a period of four years.

The balance of deferred charges subject to amortization are as follows:

| (in thousands)                               | (in thousands)                               | September 30, 2023 | December 31, 2022 | (in thousands) | March 31, 2024 | December 31, 2023 |
|--|--|--------------------|-------------------|----------------|----------------|-------------------|
| Deferred charges, gross                      | Deferred charges, gross                      | \$ 397             | \$ 398            |                |                |                   |
| Accumulated amortization of deferred charges | Accumulated amortization of deferred charges | (269)              | (195)             |                |                |                   |
| Deferred charges, net                        | Deferred charges, net                        | \$ 128             | \$ 203            |                |                |                   |

 Ascent Logo.jpg

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#### Ascent Industries Co.

Notes to **Condensed** Consolidated Financial Statements **(Unaudited)** **(Unaudited)**

#### Note 8: Debt

##### Short-term debt

On June 13, 2023, the Company entered into a note payable in the amount of \$0.9 million with an interest rate of 3.70% maturing April 1, 2024. The agreement is associated with the financing of the Company's insurance premium in the current year. As of **September 30, 2023** **March 31, 2024**, the outstanding balance was **\$0.6 million** **\$0.1 million**.

##### Credit Facilities

| (in thousands)                                 | September 30, 2023 | December 31, 2022 |
|--|--------------------|-------------------|
| Revolving line of credit, due January 15, 2025 | \$ 49,436          | \$ 67,442         |
| Term loan, due January 15, 2025                | 3,571              | 4,107             |

|   |           |           |
|---|-----------|-----------|
| Total long-term debt                    | 53,007    | 71,549    |
| Less: Current portion of long-term debt | (2,464)   | (2,464)   |
| Long-term debt, less current portion    | \$ 50,543 | \$ 69,085 |

During the first quarter of 2023, the Company entered into an Amended and Restated Credit Agreement ("Credit Agreement") with BMO Harris Bank, N.A. ("BMO") to replace LIBOR with the Secured Overnight Funding Rate ("SOFR").

During the fourth quarter of 2023, the Company entered into a Limited Consent, Second Amendment to Credit Agreement and Omnibus Amendment to Loan Documents with BMO Bank N.A. and the other lenders under the Company's credit facility (the "Credit Facility Amendment"). The Credit Agreement provides Facility Amendment contains a consent for the SPT divestiture, released the lien on the assets of SPT and removed SPT as a loan party. The Credit Facility Amendment also reduced the maximum revolving loan commitment under the credit facility from \$105 million to \$80 million, and increased the interest rate for the credit facility from SOFR plus an interest rate margin of between 1.60% and 1.70% to SOFR plus an interest rate margin of between 1.85% and 2.10%, depending on average availability under the credit facility and the Company's consolidated fixed charge coverage ratio. As required by the Credit Facility Amendment, the Company with a four-year revolving used the proceeds from the SPT divestiture to prepay in full the term loan in the original principal amount of \$5 million under the credit facility with up and used the remaining proceeds to \$150.0 million of borrowing capacity (the "Facility"). prepay in part the revolving loans under the credit facility.

The initial borrowing capacity under the Facility credit facility totals \$110.0 \$80.0 million consisting of a \$105.0 \$80.0 million revolving line of credit and a \$5.0 million delayed draw term loan. The revolving line of credit which includes a \$17.5 million machinery and equipment sub-limit which requires quarterly payments sub-limit. The Company had no debt outstanding under its credit facilities as of \$0.4 million with a balloon payment due upon maturity of the Facility in January 2025. The term loan requires quarterly payments of \$0.2 million with a balloon payment due upon maturity of the Facility in January 2025. March 31, 2024 and December 31, 2023.

We have pledged all of our accounts receivable, inventory, and certain machinery and equipment as collateral for the Credit Agreement. Availability under the Credit Agreement is subject to the amount of eligible collateral as determined by the lenders' borrowing base calculations. Amounts outstanding under the revolving line of credit portion of the Facility currently bear interest at the Company's option, at (a) the Base Rate (as defined in the Credit Agreement) plus 0.50% 0.75%, or (b) SOFR plus 1.50%. Amounts outstanding under the delayed draw term loan portion of the Facility bear interest at SOFR plus 1.65% 1.85%. The Facility Credit Agreement also provides an unused commitment fee based on the daily used portion of the Facility.

The weighted average interest rate per annum was 7.20% as of September 30, 2023. credit facility.

Pursuant to the Credit Agreement, the Company was required to pledge all of its tangible and intangible properties, including the stock and membership interests of its subsidiaries. The Facility Credit Agreement contains covenants requiring the maintenance of a minimum consolidated fixed charge coverage ratio if excess availability falls below the greater of (i) \$7.5 million and (ii) 10% of the revolving credit facility (currently \$10.5 \$8.0 million). As of September 30, 2023 March 31, 2024, the Company was in compliance with all financial debt covenants.

As of September 30, 2023 March 31, 2024, the Company had \$41.8 \$63.6 million of remaining available capacity availability under its it credit facility.



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## Ascent Industries Co.

### Notes to Condensed Consolidated Financial Statements (Unaudited) (Unaudited)

#### Note 9: Leases

The Company's portfolio of leases contains both finance and operating leases that relate to real estate and manufacturing equipment. Substantially all of the value of the Company's lease portfolio relates to the Master Lease with Store Master Funding XII, LLC ("Store"), an affiliate of Store Capital Corporation ("Store Capital") that was entered into in 2016 and amended with the American Stainless acquisition in 2019 as well as the sale of land at the Munhall facility in 2020. As of September 30, 2023 March 31, 2024, operating lease liabilities related to the master lease agreement with Store Capital totaled \$30.9 \$30.4 million, or 94% 95% of the total lease liabilities on the consolidated balance sheet.

During the three and nine months ended September 30, 2023 March 31, 2024, the Company entered did not enter into any new finance lease agreements resulting in an additional \$0.1 million and \$0.5 million, respectively, of right-of-use assets and lease liabilities.

Balance Sheet Presentation agreements.

Operating and finance lease amounts from continuing operations included in the unaudited condensed consolidated balance sheet are as follows (in thousands):

| Classification          | Classification          | Financial Statement Line Item                              | September 30, 2023 | December 31, 2022 | Classification | Financial Statement Line Item | March 31, 2024 | December 31, 2023 |
|-------------------------|-------------------------|--|--------------------|-------------------|----------------|-------------------------------|----------------|-------------------|
| Long-term Assets        | Long-term Assets        | Right-of-use assets, operating leases                      | \$ 28,170          | \$ 29,198         |                |                               |                |                   |
| Long-term Assets        | Long-term Assets        | Property, plant and equipment                              | 1,624              | 1,494             |                |                               |                |                   |
| Current liabilities     | Current liabilities     | Current portion of lease liabilities, operating leases     | 1,132              | 1,029             |                |                               |                |                   |
| Current liabilities     | Current liabilities     | Current portion of lease liabilities, finance leases       | 296                | 280               |                |                               |                |                   |
| Non-current liabilities | Non-current liabilities | Non-current portion of lease liabilities, operating leases | 30,051             | 30,911            |                |                               |                |                   |
| Non-current liabilities | Non-current liabilities | Non-current portion of lease liabilities, finance leases   | 1,378              | 1,242             |                |                               |                |                   |

Total Lease Cost

Individual components of the total lease cost incurred by the Company are as follows:

|                | Three Months Ended September 30, | Nine Months Ended September 30, |
|----------------|----------------------------------|---------------------------------|
|                | Three Months Ended March 31,     |                                 |
|                | Three Months Ended March 31,     |                                 |
|                | Three Months Ended March 31,     |                                 |
| (in thousands) |                                  |                                 |



| (in thousands)                        |                                       |          |          |          |          |
|---------------------------------------|---------------------------------------|----------|----------|----------|----------|
| (in thousands)                        | (in thousands)                        | 2023     | 2022     | 2023     | 2022     |
| Operating lease cost <sup>1</sup>     | Operating lease cost <sup>1</sup>     | \$ 989   | \$ 1,039 | \$ 2,971 | \$ 3,116 |
| Operating lease cost <sup>1</sup>     |                                       |          |          |          |          |
| Operating lease cost <sup>1</sup>     |                                       |          |          |          |          |
| Finance lease cost:                   |                                       |          |          |          |          |
| Finance lease cost:                   |                                       |          |          |          |          |
| Finance lease cost:                   | Finance lease cost:                   |          |          |          |          |
| Amortization of right-of-use assets   | Amortization of right-of-use assets   | 87       | 71       | 251      | 204      |
| Amortization of right-of-use assets   |                                       |          |          |          |          |
| Amortization of right-of-use assets   |                                       |          |          |          |          |
| Interest on finance lease liabilities |                                       |          |          |          |          |
| Interest on finance lease liabilities |                                       |          |          |          |          |
| Interest on finance lease liabilities | Interest on finance lease liabilities | 24       | 9        | 62       | 27       |
| Sublease income                       | Sublease income                       | (91)     | (32)     | (273)    | (96)     |
| Sublease income                       |                                       |          |          |          |          |
| Sublease income                       |                                       |          |          |          |          |
| Total lease cost                      | Total lease cost                      | \$ 1,009 | \$ 1,087 | \$ 3,011 | \$ 3,251 |
| Total lease cost                      |                                       |          |          |          |          |
| Total lease cost                      |                                       |          |          |          |          |

<sup>1</sup>Includes short term leases, which are immaterial

Reduction in carrying amounts of right-of-use assets held under finance leases is included in depreciation expense. Minimum rental payments under operating leases are recognized on a straight-line method over the term of the lease including any periods of free rent and are included in selling, general, and administrative expense on the unaudited condensed consolidated statements of income (loss).

The Company currently subleases the former Palmer facility and records cash receipts related to the sublease in other expense (income) on the unaudited condensed consolidated statements of income (loss). Future expected cash receipts from the Company's sublease as of September 30, 2023 March 31, 2024 are as follows:

| (in thousands)    | (in thousands) | Sublease Receipts (in thousands) | Sublease Receipts |
|-------------------|----------------|----------------------------------|-------------------|
| Remainder of 2023 | \$ 92          |                                  |                   |
| 2024              | 370            |                                  |                   |
| Remainder of 2024 |                |                                  |                   |
| 2025              | 2025           | 377                              |                   |
| 2026              | 2026           | 385                              |                   |
| 2027              | 2027           | 392                              |                   |
| 2028              |                |                                  |                   |

|                         |                         |          |
|-------------------------|-------------------------|----------|
| Thereafter              | Thereafter              | 3,786    |
| Total sublease receipts | Total sublease receipts | \$ 5,402 |



Ascent Industries Co.  
Notes to Condensed Consolidated Financial Statements (Unaudited) (Unaudited)

Maturity of Leases

The amounts of undiscounted future minimum lease payments under leases in continuing operations as of September 30, 2023 March 31, 2024 are as follows:

| (in thousands)                                   | (in thousands)                                   | Operating | Finance  | (in thousands) | Operating | Finance |
|--|--|-----------|----------|----------------|-----------|---------|
| Remainder of 2023                                |  | \$ 916    | \$ 99    |                |           |         |
| 2024   |  | 3,667     | 367      |                |           |         |
| Remainder of 2024                                |  |           |          |                |           |         |
| 2025   | 2025   | 3,687     | 361      |                |           |         |
| 2026   | 2026   | 3,703     | 361      |                |           |         |
| 2027   | 2027   | 3,765     | 361      |                |           |         |
| 2028   |  |           |          |                |           |         |
| Thereafter                                       | Thereafter                                       | 36,152    | 387      |                |           |         |
| Total undiscounted minimum future lease payments | Total undiscounted minimum future lease payments | 51,890    | 1,936    |                |           |         |
| Imputed interest                                 | Imputed interest                                 | (20,707)  | (262)    |                |           |         |
| Present value of lease liabilities               | Present value of lease liabilities               | \$ 31,183 | \$ 1,674 |                |           |         |

Lease Term and Discount Rate

| Weighted-average remaining lease term | Weighted-average remaining lease term | September 30, 2023 | December 31, 2022 | Weighted-average remaining lease term | March 31, 2024 | December 31, 2023 |
|---------------------------------------|---------------------------------------|--------------------|-------------------|---------------------------------------|----------------|-------------------|
| Operating leases                      | Operating leases                      | 12.90 years        | 13.61 years       | Operating leases                      | 12.43 years    | 12.67 years       |
| Finance leases                        | Finance leases                        | 5.30 years         | 6.06 years        | Finance leases                        | 4.84 years     | 5.07 years        |

|                                |                                |      |   |      |   |                |  |  |  |  |  |  |  |  |  |
|--------------------------------|--------------------------------|------|---|------|---|----------------|--|--|--|--|--|--|--|--|--|
| Weighted-average discount rate | Weighted-average discount rate |      |   |      |   |                |  |  |  |  |  |  |  |  |  |
| Operating leases               | Operating leases               | 8.32 | % | 8.31 | % |                |  |  |  |  |  |  |  |  |  |
| Operating leases               |                                |      |   |      |   |                |  |  |  |  |  |  |  |  |  |
| Operating leases               |                                |      |   |      |   |                |  |  |  |  |  |  |  |  |  |
| Finance leases                 | Finance leases                 | 5.92 | % | 2.32 | % | Finance leases |  |  |  |  |  |  |  |  |  |
| 8.33 % 8.33 % 5.92 % 5.92 %    |                                |      |   |      |   |                |  |  |  |  |  |  |  |  |  |

## Note 10: Shareholders' Equity

### Share Repurchase Program

On December 20, 2022, the Board of Directors re-authorized the Company's share repurchase program. The previous share repurchase program had a term of 24 months and was set to expire on February 17, 2023. The share repurchase program allows for repurchase of up to 790,383 shares of the Company's outstanding common stock and extends to February 17, 2025. The shares will be purchased from time to time at prevailing market prices, through open market or privately negotiated transactions, depending on market conditions. Under the program, the purchases will be funded from available working capital, and the repurchased shares will be returned to the status of authorized, but unissued shares of common stock or held in treasury. There is no guarantee as to the exact number of shares that will be repurchased by the Company and the Company may discontinue purchases at any time that management determines additional purchases are not warranted. As of September 30, 2023 March 31, 2024, the Company has 584,024 520,541 shares of its share repurchase authorization remaining.

Shares repurchased 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,<br>Three Months Ended March 31,<br>Three Months Ended March 31,<br>2024<br>2024<br>2024 |            |                                 |            |
| Number of shares repurchased                  |   |  |            |                                 |            |
| Number of shares repurchased                  |   |  |            |                                 |            |
| Number of shares repurchased                  | Number of shares repurchased                  | 44,799   | 30,200     | 95,955                          | 30,200     |
| Average price per share                       | Average price per share                       | \$ 8.87  | \$ 16.29   | \$ 9.38                         | \$ 16.59   |
| Average price per share                       |   |  |            |                                 |            |
| Average price per share                       |   |  |            |                                 |            |
| Total cost of shares repurchased <sup>1</sup> | Total cost of shares repurchased <sup>1</sup> | \$ 398,861   | \$ 492,741 | \$ 903,012                      | \$ 492,741 |
| Total cost of shares repurchased <sup>1</sup> |   |  |            |                                 |            |
| Total cost of shares repurchased <sup>1</sup> |   |  |            |                                 |            |

<sup>1</sup>Includes broker commissions paid as part of repurchase transactions

**Ascent Industries Co.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited) (Unaudited)**

**Note 11: Earnings (Loss) Per Share**

The following table sets forth the computation of basic and diluted earnings (loss) per share:

|  |  | Three Months Ended September 30, |            | Nine Months Ended September 30, |            |
|--|--|----------------------------------|------------|---------------------------------|------------|
|  |  | Three Months Ended March 31,     |            | Three Months Ended March 31,    |            |
|  |  | Three Months Ended March 31,     |            | Three Months Ended March 31,    |            |
|  |  |                                  |            |                                 |            |
| (in thousands, except per share data)          |  |                                  |            |                                 |            |
| (in thousands, except per share data)          |  |                                  |            |                                 |            |
| (in thousands, except per share data)          | (in thousands, except per share data)      | 2023                             | 2022       | 2023                            | 2022       |
| Numerator:                                     | Numerator:                                 |                                  |            |                                 |            |
| Net income (loss) from continuing operations   |  | \$ (12,769)                      | \$ 3,105   | \$ (18,466)                     | \$ 23,934  |
| Net loss from discontinued operations          |  | \$ (5,163)                       | \$ (2,481) | \$ (19,301)                     | \$ (1,993) |
| Net income (loss)                              |  | \$ (17,932)                      | \$ 624     | \$ (37,767)                     | \$ 21,941  |
| Numerator:                                     |  |                                  |            |                                 |            |
| Numerator:                                     |  |                                  |            |                                 |            |
| Net loss from continuing operations            |  |                                  |            |                                 |            |
| Net loss from continuing operations            |  |                                  |            |                                 |            |
| Net loss from continuing operations            |  |                                  |            |                                 |            |
| Net (loss) income from discontinued operations |  |                                  |            |                                 |            |
| Net (loss) income from discontinued operations |  |                                  |            |                                 |            |
| Net (loss) income from discontinued operations |  |                                  |            |                                 |            |
| Net loss                                       |  |                                  |            |                                 |            |
| Net loss                                       |  |                                  |            |                                 |            |
| Net loss                                       |  |                                  |            |                                 |            |
| Denominator:                                   |  |                                  |            |                                 |            |
| Denominator:                                   |  |                                  |            |                                 |            |
| Denominator:                                   | Denominator:                               |                                  |            |                                 |            |
| Weighted-average common shares outstanding     | Weighted-average common shares outstanding | 10,135                           | 10,253     | 10,151                          | 10,235     |

|   |   |    |        |        |        |    |        |    |      |
|---|---|----|--------|--------|--------|----|--------|----|------|
| Weighted-average common shares outstanding                |   |    |        |        |        |    |        |    |      |
| Weighted-average common shares outstanding                |   |    |        |        |        |    |        |    |      |
| Effect of dilutive securities:                            |   |    |        |        |        |    |        |    |      |
| Effect of dilutive securities:                            |   |    |        |        |        |    |        |    |      |
| Effect of dilutive securities:                            | Effect of dilutive securities:              |    |        |        |        |    |        |    |      |
| Employee stock options and stock grants                   | Employee stock options and stock grants     |    |        |        |        |    |        |    |      |
|   |   |    | —      | 212    | —      |    | 172    |    |      |
| Employee stock options and stock grants                   |   |    |        |        |        |    |        |    |      |
| Employee stock options and stock grants                   |   |    |        |        |        |    |        |    |      |
| Weighted-average common shares, as adjusted               |   |    |        |        |        |    |        |    |      |
| Weighted-average common shares, as adjusted               |   |    |        |        |        |    |        |    |      |
| Weighted-average common shares, as adjusted               | Weighted-average common shares, as adjusted |    |        |        |        |    |        |    |      |
|   |   |    | 10,135 | 10,465 | 10,151 |    | 10,407 |    |      |
| Net income (loss) per share from continuing operations:   |   |    |        |        |        |    |        |    |      |
| Net loss per share from continuing operations:            |   |    |        |        |        |    |        |    |      |
| Net loss per share from continuing operations:            |   |    |        |        |        |    |        |    |      |
| Net loss per share from continuing operations:            |   |    |        |        |        |    |        |    |      |
| Basic   |   |    |        |        |        |    |        |    |      |
| Basic   |   |    |        |        |        |    |        |    |      |
| Basic   | Basic                                       | \$ | (1.26) | \$     | 0.30   | \$ | (1.82) | \$ | 2.34 |
| Diluted   | Diluted                                     | \$ | (1.26) | \$     | 0.30   | \$ | (1.82) | \$ | 2.30 |
| Diluted   |   |    |        |        |        |    |        |    |      |
| Diluted   |   |    |        |        |        |    |        |    |      |
| Net loss per share from discontinued operations:          |   |    |        |        |        |    |        |    |      |
| Net (loss) income per share from discontinued operations: |   |    |        |        |        |    |        |    |      |
| Net (loss) income per share from discontinued operations: |   |    |        |        |        |    |        |    |      |

|   |         |    |        |    |        |    |        |    |        |
|---|---------|----|--------|----|--------|----|--------|----|--------|
| Net (loss) income per share from discontinued operations: |         |    |        |    |        |    |        |    |        |
| Basic   |         |    |        |    |        |    |        |    |        |
| Basic   |         |    |        |    |        |    |        |    |        |
| Basic   | Basic   | \$ | (0.51) | \$ | (0.24) | \$ | (1.90) | \$ | (0.19) |
| Diluted   | Diluted | \$ | (0.51) | \$ | (0.24) | \$ | (1.90) | \$ | (0.19) |
| Diluted   |         |    |        |    |        |    |        |    |        |
| Diluted   |         |    |        |    |        |    |        |    |        |
| Net income (loss) per share:                              |         |    |        |    |        |    |        |    |        |
| Net loss per share:                                       |         |    |        |    |        |    |        |    |        |
| Net loss per share:                                       |         |    |        |    |        |    |        |    |        |
| Net loss per share:                                       |         |    |        |    |        |    |        |    |        |
| Basic   |         |    |        |    |        |    |        |    |        |
| Basic   |         |    |        |    |        |    |        |    |        |
| Basic   | Basic   | \$ | (1.77) | \$ | 0.06   | \$ | (3.72) | \$ | 2.14   |
| Diluted   | Diluted | \$ | (1.77) | \$ | 0.06   | \$ | (3.72) | \$ | 2.11   |
| Diluted   |         |    |        |    |        |    |        |    |        |
| Diluted   |         |    |        |    |        |    |        |    |        |

The diluted earnings (loss) per share calculations exclude the effect of potentially dilutive shares when the inclusion of those shares in the calculation would have an anti-dilutive effect. The Company had 0.1\$0.1 million shares that were anti-dilutive for the three and nine months ended September 30, 2023. The Company had an immaterial number of shares that were anti-dilutive for the three March 31, 2024 and nine months ended September 30, 2022, 2023, respectively.

**Note 12: Income Taxes**

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company is no longer subject to U.S. federal examinations for years before 2019 2020 or state examinations for years before 2018, 2019. During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company did not identify nor reserve for any unrecognized tax benefits.

Our income tax provision (benefit) benefit and overall effective tax rates for continuing operations for the periods presented are as follows:

| Three Months Ended September 30, |                           |       |        | Nine Months Ended September 30, |          |      |      |
|----------------------------------|---------------------------|-------|--------|---------------------------------|----------|------|------|
| Three Months Ended March 31,     |                           |       |        | Three Months Ended March 31,    |          |      |      |
| Three Months Ended March 31,     |                           |       |        | Three Months Ended March 31,    |          |      |      |
| Three Months Ended March 31,     |                           |       |        | Three Months Ended March 31,    |          |      |      |
| (in thousands)                   | (in thousands)            | 2023  | 2022   | 2023                            | 2022     | 2023 | 2022 |
| Income tax provision (benefit)   | \$                        | (964) | \$ 871 | \$ (2,350)                      | \$ 4,069 |      |      |
| (in thousands)                   |                           |       |        |                                 |          |      |      |
| (in thousands)                   |                           |       |        |                                 |          |      |      |
| Income tax benefit               |                           |       |        |                                 |          |      |      |
| Income tax benefit               |                           |       |        |                                 |          |      |      |
| Income tax benefit               |                           |       |        |                                 |          |      |      |
| Effective income tax rate        | Effective income tax rate | 7.0 % | 22.1 % | 11.2 %                          | 14.6 %   |      |      |
| Effective income tax rate        |                           |       |        |                                 |          |      |      |
| Effective income tax rate        |                           |       |        |                                 |          |      |      |

## Ascent Industries Co.

### Notes to Condensed Consolidated Financial Statements (Unaudited)

The effective tax rate for continuing operations was 7.0% and 11.2% 22.3% for the three and nine months ended September 30, 2023 March 31, 2024. The September 30, 2023 March 31, 2024 effective tax rate was lower higher than the U.S. statutory rate of 21.0% primarily due to the effects amount of permanent goodwill impairment reducing the state tax benefit in the period. relative to pretax losses.

## Ascent Industries Co.

### Notes to Consolidated Financial Statements (Unaudited)

The effective tax rate for continuing operation was 22.1% and 14.6% 21.7% for the three and nine months ended September 30, 2022 March 31, 2023. The three months ended September 30, 2022 March 31, 2023, effective tax rate was higher than the U.S. statutory rate 21.0% primarily due to lower quarter the effects of discrete tax charges related to date pretax earnings relative to permanent differences. The nine months ended September 30, 2022 effective tax rate was lower than the U.S. statutory tax rate of 21.0% primarily due to the year-to-date release of federal valuation allowances. stock based compensation.

#### Note 13: Commitments and Contingencies

In October 2021, the Company acquired DanChem Technologies, Inc. ("DanChem"), a specialty chemical manufacturer based in Virginia. In June of 2020, DanChem received a demand letter from Henkel US Operations Corporation ("Henkel"), a former customer, asserting various claims for breach of contract alleging that product supplied by DanChem under four (4) purchase orders in 2018 and 2019 were defective and/or non-conforming and seeking approximately \$315,000 in damages. DanChem responded in August 2020 disputing the claims and denying wrongdoing. Henkel was silent almost two years and then, in August 2022, sent another demand letter to DanChem asserting similar, if not identical claims, but now seeking alleged damages of approximately \$3 million (with the main difference between the two demands being Henkel's new claims for lost profits and other consequential damages). Henkel filed a lawsuit against DanChem in Connecticut state court in October 2022 seeking its newly alleged damages of approximately \$3 million. The Company settled the lawsuit with Henkel during the third quarter of 2023.

In addition, from From time to time, we are involved in various other legal proceedings arising from the normal course of business activities. We are not presently a party to any other such litigation the outcome of which, we believe, if determined adversely to us, would individually, or taken together, have a material adverse effect on our business, operating results, cash flows, or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

#### Note 14: Industry Segments

Ascent Industries Co. has two reportable segments: Specialty Chemicals and Tubular Products and Specialty Chemicals. The Tubular Products segment includes the operating results of the Company's plants involved in the production and distribution of stainless steel and seamless carbon pipe and tube. The Tubular Products segment serves markets through pipe and tube and customers in the appliance, architectural, automotive and commercial transportation, brewery, chemical, petrochemical, pulp and paper, mining, power generation (including nuclear), water and waste-water treatment, liquid natural gas ("LNG"), food processing, pharmaceutical, oil and gas and other industries.

On January 1, 2023, the Company changed the grouping of certain immaterial revenue and expenses associated with the ceased Palmer operations. As a result, certain prior period Tubular Products segment results have been reclassified to All Other to be comparable to the current period's presentation. During the second quarter of 2023, the Board of Directors made the decision to permanently cease operations at the Company's Munhall facility effective on or around August 31, 2023. As a result, certain prior period Tubular Products segment results have been reclassified to remove Munhall's results from continuing operations to discontinued operations.

**Products.** The Specialty Chemicals segment includes the operating results of the Company's plants involved in the production of specialty chemicals. The Specialty Chemicals segment produces products for the pulp and paper, coatings, adhesives, sealants and elastomers (CASE), textile, automotive, household, industrial and institutional ("HII"), agricultural, water and waste-water treatment, construction, oil and gas and other industries.

The Tubular Products segment includes the operating results of the Company's plants involved in the production of stainless steel pipe and tube. The Tubular Products segment serves markets through pipe and tube and customers in the appliance, architectural, automotive and commercial transportation, brewery, chemical, petrochemical, pulp and paper, mining, power generation (including nuclear), water and waste-water treatment, liquid natural gas ("LNG"), food processing, pharmaceutical, oil and gas and other industries.

During the second quarter of 2023, the Board of Directors made the decision to permanently cease operations at the Company's Munhall facility effective on or around August 31, 2023. As a result, certain prior period Tubular Products segment results have been reclassified to remove Munhall's results from continuing operations to discontinued operations. On December 22, 2023, the Company announced the sale of substantially all of the assets of Specialty Pipe & Tube ("SPT"). As a result, certain prior period Tubular Products segment results have been reclassified to remove SPT's results from continuing operations to discontinued operations.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measures being operating income and adjusted earnings (loss) before interest, income taxes, depreciation and amortization. Adjusted earnings (loss) before interest, income taxes, depreciation and amortization excludes certain items that management believes are not indicative of future results.

The accounting principles applied at the operating segment level are the same as those applied at the consolidated financial statement level. Intersegment sales and transfers are eliminated at the corporate consolidation level.



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The following table summarizes certain information regarding segments of the Company's continuing operations:

|                     |                     | Three Months Ended September 30, |           | Nine Months Ended September 30, |            |
|---------------------|---------------------|----------------------------------|-----------|---------------------------------|------------|
|                     |                     | Three Months Ended March 31,     |           | Three Months Ended March 31,    |            |
|                     |                     | Three Months Ended March 31,     |           | Three Months Ended March 31,    |            |
| (in thousands)      |                     |                                  |           |                                 |            |
| (in thousands)      |                     |                                  |           |                                 |            |
| (in thousands)      | (in thousands)      | 2023                             | 2022      | 2023                            | 2022       |
| Net sales           | Net sales           |                                  |           |                                 |            |
| Net sales           |                     |                                  |           |                                 |            |
| Net sales           |                     |                                  |           |                                 |            |
| Tubular Products    |                     |                                  |           |                                 |            |
| Tubular Products    |                     |                                  |           |                                 |            |
| Tubular Products    | Tubular Products \$ | 36,061                           | \$ 50,606 | \$ 118,983                      | \$ 162,059 |
| Specialty Chemicals | Specialty Chemicals | 20,052                           | 27,328    | 65,164                          | 84,070     |
| Specialty Chemicals |                     |                                  |           |                                 |            |
| Specialty Chemicals |                     |                                  |           |                                 |            |



|                                |                                |           |           |            |            |
|--------------------------------|--------------------------------|-----------|-----------|------------|------------|
| All Other                      | All Other                      | —         | 287       | 50         | 401        |
|                                |                                | \$ 56,113 | \$ 78,221 | \$ 184,197 | \$ 246,530 |
| Operating income (loss)        |                                |           |           |            |            |
| All Other                      |                                |           |           |            |            |
| All Other                      |                                |           |           |            |            |
|                                |                                | \$        |           |            |            |
|                                |                                | \$        |           |            |            |
|                                |                                | \$        |           |            |            |
| Operating (loss) income        |                                |           |           |            |            |
| Operating (loss) income        |                                |           |           |            |            |
| Operating (loss) income        |                                |           |           |            |            |
| Tubular Products               |                                |           |           |            |            |
| Tubular Products               |                                |           |           |            |            |
| Tubular Products               | Tubular Products               | \$ 1,705  | \$ 7,640  | \$ 3,264   | \$ 34,761  |
| Specialty Chemicals            | Specialty Chemicals            | (11,481)  | 1,097     | (10,935)   | 6,111      |
| Specialty Chemicals            |                                |           |           |            |            |
| Specialty Chemicals            |                                |           |           |            |            |
| All Other                      |                                |           |           |            |            |
| All Other                      |                                |           |           |            |            |
| All Other                      | All Other                      | (132)     | (13)      | (684)      | (330)      |
| Corporate                      | Corporate                      |           |           |            |            |
| Corporate                      |                                |           |           |            |            |
| Corporate                      |                                |           |           |            |            |
| Unallocated corporate expenses | Unallocated corporate expenses | (2,859)   | (3,890)   | (9,314)    | (10,241)   |
| Unallocated corporate expenses |                                |           |           |            |            |
| Unallocated corporate expenses |                                |           |           |            |            |
| Acquisition costs and other    |                                |           |           |            |            |
| Acquisition costs and other    |                                |           |           |            |            |
| Acquisition costs and other    | Acquisition costs and other    | —         | (149)     | (274)      | (837)      |
| Total Corporate                | Total Corporate                | (2,859)   | (4,039)   | (9,588)    | (11,078)   |
| Operating income (loss)        |                                | (12,767)  | 4,685     | (17,943)   | 29,464     |
| Total Corporate                |                                |           |           |            |            |
| Total Corporate                |                                |           |           |            |            |
| Operating loss                 |                                |           |           |            |            |
| Operating loss                 |                                |           |           |            |            |
| Operating loss                 |                                |           |           |            |            |
| Interest expense               |                                |           |           |            |            |
| Interest expense               |                                |           |           |            |            |



|  |                     |                    |                   |             |           |
|--|---------------------|--------------------|-------------------|-------------|-----------|
| Interest expense   | Interest expense    | 1,063              | 827               | 3,217       | 1,637     |
| Other, net   | Other, net          | (97)               | (118)             | (344)       | (176)     |
| Income (loss) from continuing operations before income taxes |                     | \$ (13,733)        | \$ 3,976          | \$ (20,816) | \$ 28,003 |
|  | As of               |                    |                   |             |           |
| Other, net   |                     |                    |                   |             |           |
| Other, net   |                     |                    |                   |             |           |
| Loss from continuing operations before income taxes          |                     |                    |                   |             |           |
| Loss from continuing operations before income taxes          |                     |                    |                   |             |           |
| Loss from continuing operations before income taxes          |                     |                    |                   |             |           |
| As of  |                     |                    |                   |             |           |
| As of  |                     |                    |                   |             |           |
| As of  |                     |                    |                   |             |           |
| (in thousands)   |                     |                    |                   |             |           |
| (in thousands)   |                     |                    |                   |             |           |
| (in thousands)   | (in thousands)      | September 30, 2023 | December 31, 2022 |             |           |
| Identifiable assets  | Identifiable assets |                    |                   |             |           |
| Identifiable assets  |                     |                    |                   |             |           |
| Identifiable assets  |                     |                    |                   |             |           |
| Tubular Products   |                     |                    |                   |             |           |
| Tubular Products   |                     |                    |                   |             |           |
| Tubular Products   | Tubular Products    | \$ 106,968         | \$ 112,926        |             |           |
| Specialty Chemicals  | Specialty Chemicals | 53,529             | 72,990            |             |           |
| Specialty Chemicals  |                     |                    |                   |             |           |
| Specialty Chemicals  |                     |                    |                   |             |           |
| Corporate and other  | Corporate and other | 54,694             | 83,127            |             |           |
| Corporate and other  |                     |                    |                   |             |           |
| Corporate and other  |                     |                    |                   |             |           |
|  |                     | \$                 |                   |             |           |
|  |                     | \$                 |                   |             |           |
|  |                     | \$                 |                   |             |           |
|  |                     | \$                 |                   |             |           |
|  |                     | \$ 215,191         | \$ 269,043        |             |           |

#### Note 15: Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were available to be issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or

disclosure in the financial statements.



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## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis summarizes the significant factors affecting our consolidated operating results, liquidity, and capital resources during the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. We intend for this discussion to provide the reader with information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements that are included in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the Annual Report), as well as the condensed consolidated financial statements (unaudited) and notes to the condensed consolidated financial statements (unaudited) contained in this report. Unless otherwise specified, all comparisons made are to the corresponding period of 2022, 2023. This discussion and analysis is presented in five sections:

- Executive Overview
- Results of Operations and Non-GAAP Financial Measures
- Liquidity and Capital Resources
- Material Cash Requirements from Contractual and Other Obligations
- Critical Accounting Policies and Estimates



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### Executive Overview

During Ascent Industries Co. is a diverse industrials company focused on the third quarter, we continued production of specialty chemicals and industrial tubular products. Ascent Industries Co. was incorporated in 1958 as the successor to experience challenges to a chemical manufacturing business founded in 1945 known as Blackman Uhler Industries Inc.

The Company's business is divided into two reportable operating segments, Specialty Chemicals and Tubular Products. The Specialty Chemicals segment produces specialty products for the strategic changes we have implemented over pulp and paper, coatings, adhesives, sealants and elastomers (CASE), textile, automotive, household, industrial and institutional ("HII"), agricultural, water and waste-water treatment, construction, oil and gas and other industries. The Tubular Products segment serves markets through pipe and tube production and customers in the last several quarters, along with difficult end market conditions from macro-economic volatility including continued inflationary pressures, continued increased raw material appliance, architectural, automotive and labor costs in both segments of our business as well as continued reduced demand resulting from inventory management measures being pursued by our customers. Despite this difficult environment, we believe we are making progress to stabilize the business commercial transportation, brewery, chemical, petrochemical, pulp and return to an acceptable level of profitability. We have continued managing working capital effectively throughout the year to generate cash paper, mining, power generation (including nuclear), water and pay down debt, a decrease of \$18.5 million to date in 2023. During the quarter, we also continued our efforts of creating sustainable value for our shareholders by repurchasing 44,799 shares for \$0.4 million bringing our year to date total to 95,955 shares for a total of \$0.9 million repurchased under our share repurchase program.

waste-water treatment, liquid natural gas ("LNG"), food processing, pharmaceutical, oil and gas and other industries.

*Munhall Closure*

During the second quarter of 2023, the Board of Directors of the Company made the decision to permanently cease operations at Munhall effective on or around August 31, 2023. This strategic decision is part of the Company's ongoing efforts to consolidate manufacturing to drive an increased focus on its core operations and to improve profitability while driving operational efficiencies. As a result of this decision, the Company incurred asset impairment charges of \$1.1 million related to the write down of remaining long-lived assets at the facility during the three months ended March 31, 2024. Munhall results have been reclassified from the Tubular Products segment and as discontinued operations in all periods presented.

#### *Divestiture of Specialty Pipe & Tube, Inc.*

On December 22, 2023, the Company and its wholly-owned subsidiary Specialty Pipe & Tube, Inc. ("SPT") entered into an Asset Purchase Agreement pursuant to which Ascent and SPT sold substantially all of the assets primarily related to SPT to Specialty Pipe & Tube Operations, LLC, a Delaware limited liability company. The consideration for the transaction was approximately \$55 million of cash proceeds subject to certain closing adjustments. The transaction closed on December 22, 2023. As result of the sale, SPT results of operations are classified under discontinued operations for all periods presented. Prior to the divestiture, SPT was reported under the Company's Tubular Products segment. The discussion and analysis of our results of operations refers to continuing operations unless noted.

#### *Goodwill Impairment Review*

During the third quarter of 2023, as described in [Note 7 - Goodwill, Intangible Assets and Deferred Charges](#), we tested our goodwill for impairment. The Company determined potential indicators of impairment within the Specialty Chemicals reporting unit, with an associated goodwill balance of \$11.4 million existed. Macroeconomic conditions and pressures, increased risks within the broader specialty chemicals business, reporting unit operating losses and a decline in the reporting unit's net sales compared to forecast, collectively, indicated that the reporting unit had experienced a triggering event and the need to perform a quantitative evaluation of goodwill. The Company performed a discounted cash flow analysis and a market multiple analysis for the Specialty Chemicals reporting unit to determine the reporting unit's fair value. The discounted cash flow analysis included management assumptions for expected sales growth, capital expenditures and overall operational forecasts while the market multiple analysis included historical and projected performance, market capitalization, volatility and multiples for industry peers. Determining the fair value of the reporting unit and allocation of that fair value to individual assets and liabilities within the reporting unit to determine the implied fair value of the goodwill is judgmental in nature and requires the use of significant management estimates and assumptions. Any changes in the judgments, estimates, or assumptions could produce significantly different results. As a result of the goodwill impairment evaluation, it was concluded that the estimated fair value of the Specialty Chemicals reporting unit was below its carrying value by 27.6% resulting in a goodwill impairment charge of \$11.4 million for the three and nine months ended September 30, 2023.

#### *Macroeconomic Events*

In February 2022, the United States announced targeted sanctions on Russia factors driving volatility in response global markets. Macroeconomic and inflationary pressures have negatively impacted our revenue, operating margins and net income in 2023 and 2024 to date, including increased pricing pressures within both segments of our business as well as increased costs of labor and overhead. We also continue to experience reduced demand from inventory management measures being pursued by our customers driving reductions in volume. The ongoing factors driving volatility in global markets that could impact our business' earnings and cash flows include, but are not limited to, the military conflict in Ukraine. As our operations are located in North America, we have no direct exposure to Russia misalignment of supply and Ukraine. However, we are actively monitoring the broader economic impact of the crisis, especially the potential impact on commodity and fuel prices, and the potential decreased demand for our products.

There are additional macroeconomic uncertainties, including continued global supply chain constraints, labor, shortages energy, raw materials and other inputs, the continuing impact inflation of inflation, which continues to impact the Company's (or unavailability of) raw material costs, inputs and transportation and logistics services, currency fluctuations, rising interest rates and extreme weather, the purchasing of commodities and relative commodity prices. The Company continues efforts to implement price increases, as appropriate, to offset these inflationary pressures and continues to take action to drive improve working capital efficiencies and evaluate other opportunities to maintain and improve financial performance in the short and long term. term, however, if these inflationary and demand pressures continue, our revenue, gross and operating margins and net income will continued to be impacted in 2024.

#### **Results of Operations**

##### *Consolidated Performance Summary*

Consolidated net sales for the third first quarter of 2023 2024 were \$56.1 million \$44.1 million, a decrease of \$22.1 10.8 million, or 28.3% 19.6%, compared to net sales for the third first quarter of 2022 2023. The decrease in net sales was primarily driven by a 23.2% decrease in pounds shipped and a 6.4% 15.3% decrease in average selling prices.

Consolidated net sales for the first nine months of 2023 were \$184.2 million, prices and a decrease of \$62.3 million, or 25.3%, compared to net sales for the first nine months of 2022. The decrease in net sales was primarily driven by a 21.5% 7.7% decrease in pounds shipped and a 3.8% decrease in average selling prices. shipped.

For the third first quarter of 2023, 2024, consolidated gross profit decreased 57.3% increased 72.4% to \$6.0 million \$2.5 million, or 10.7% 5.7% of sales, compared to \$14.1 million \$1.5 million, or 18.0% 2.7% of sales in the third first quarter of 2022. For the first nine months of 2023, consolidated gross profit decreased 70.6% to \$16.4 million, or 8.9% of sales, compared to \$55.7 million, or 22.6% of sales for the first nine months of 2022. 2023. The decrease increase was primarily attributable to the decrease improved sourcing measures resulting in volumes lower raw material costs as well as continued increasing raw material reductions in shipping and labor costs in 2023. other production related costs.

Consolidated selling, general, and administrative expense (SG&A) for the third first quarter of 2023 decreased \$1.9 million 2024 increased \$0.2 million to \$7.4 million \$7.8 million, or 13.1% 17.6% of sales, compared to \$9.3 million \$7.6 million, or 11.8% 13.8% of sales in the third first quarter of 2022. 2023. The decrease increase in SG&A

expense for the third first quarter of 2023 2024 was primarily driven by decreases in incentive bonus, amortization expense and salaries, wages and benefits, partially offset by increases in professional fees and bad debt expense.

Consolidated SG&A expense, for the first nine months of 2023 decreased \$2.8 million to \$22.6 million, or 12.3% of sales, compared to \$25.4 million, or 10.3% of sales for the first nine months of 2022. The decrease in SG&A expense for the first nine months of 2023 was primarily driven by decreases in incentive bonus, amortization expense, salaries wages and benefits, bad debt expense, travel expense and stock based compensations expense partially offset by increases in professional fees.

Consolidated operating loss in the third quarter of 2023 totaled \$12.8 million compared to operating income of \$4.7 million in the third quarter of 2022. The operating decrease in the third quarter of 2023 was primarily driven by the aforementioned goodwill impairment within the Company's Specialty Chemicals segment and decrease in gross profit partially offset by decreases in SG&A costs, salaries, wages and benefits, gains on the sale of assets and stock compensation expense.

Consolidated operating loss in the first nine months quarter of 2023 2024 totaled \$17.9 million \$5.3 million compared to operating income loss of \$29.5 million \$6.4 million in the first nine months quarter of 2022. 2023. The operating loss decrease in the first nine months quarter of 2023 2024 was primarily driven by the aforementioned goodwill impairment within the Company's Specialty Chemicals segment and decrease increase in gross profit partially offset by decreases increases in SG&A costs.

#### Tubular Products

On January 1, 2023, the Company changed the grouping of certain immaterial revenue and expenses associated with the ceased Palmer operations. As a result, certain prior period Tubular Products segment results have been reclassified to be comparable to the current period's presentation.

Net sales in the third quarter of 2023 totaled \$36.1 million, a decrease of \$14.5 million, or 28.7%, from the third quarter of 2022. The decrease was primarily driven by a 19.7% decrease in pounds shipped and a 10.9% decrease in average selling prices.

Net sales in the first nine months of 2023 totaled \$119.0 million, a decrease of \$43.1 million, or 26.6%, from the first nine months of 2022. The decrease was primarily driven by a 21.8% decrease in pounds shipped and a 5.5% decrease in average selling prices.

The net sales decrease for the third quarter of 2023 compared to the third quarter of 2022 is summarized as follows:

| (\$ in thousands)                              | \$                 | %       | Average selling price | Units shipped |
|--|--------------------|---------|-----------------------|---------------|
| Heavy wall seamless carbon steel pipe and tube | (2,918)            | (23.8)% | (9.0)%                | (16.2)%       |
| Stainless steel pipe and tube                  | (11,627)           | (30.3)% | (11.1)%               | (21.6)%       |
| Total decrease                                 | <u>\$ (14,545)</u> |         |                       |               |

The net sales decrease for the first nine months of 2023 compared to the first nine months of 2022 is summarized as follows:

| (\$ in thousands)                              | \$                 | %       | Average selling price | Units shipped |
|--|--------------------|---------|-----------------------|---------------|
| Heavy wall seamless carbon steel pipe and tube | (4,730)            | (12.9)% | 3.5%                  | (15.8)%       |
| Stainless steel pipe and tube                  | (38,346)           | (30.6)% | (7.0)%                | (25.4)%       |
| Total decrease                                 | <u>\$ (43,076)</u> |         |                       |               |

SG&A expense for the third quarter of 2023 decreased to \$2.5 million compared to \$3.2 million in the third quarter of 2022. As a percentage of sales, SG&A expense increased to 7.0% of sales in the third quarter of 2023 compared to 6.3% of sales in the third quarter of 2022. The changes in SG&A were primarily driven by decreases in amortization expense and salaries, wages and benefits compared to prior year, partially offset by increase in bad debt expense.

SG&A expense for the first nine months of 2023 decreased to \$7.9 million compared to \$10.0 million in the first nine months of 2022. As a percentage of sales, SG&A expense increased to 6.6% of sales in the first nine months of 2023 compared to 6.2% of sales in the first nine months of 2022. The changes in SG&A were primarily driven by decreases in amortization expense, salaries, wages and benefits, travel and incentive bonus expense in the current year compared to the prior year.

Operating income decreased to \$1.7 million for the third quarter of 2023 compared to operating income of \$7.6 million for the third quarter of 2022. Operating income decreased to \$3.3 million for the first nine months of 2023 compared to operating income of \$34.8 million for the first nine months of 2022. Current year decrease in operating income was primarily driven by the aforementioned decrease in net sales and continued increases in material and labor costs partially offset by decreases in SG&A expense.

### Specialty Chemicals

Net sales in the third first quarter of 2023 2024 totaled \$20.1 million \$20.3 million, representing a \$7.3 million \$3.5 million, or 26.6% 14.5%, decrease from the third first quarter of 2022, 2023. The decrease was driven by a 24.8% decrease in pounds shipped as well as a 2.7% 10.3% decrease in average selling prices, prices and a 8.8% decrease in pounds shipped.

Net Gross profit for the first quarter of 2024 decreased to \$1.6 million, or 7.6% of sales, compared to \$3.1 million, or 13.1% of sales in the first nine months of 2023 totaled \$65.2 million, representing a \$18.9 million, or 22.5%, decrease from the first nine months of 2022. The decrease was driven by a 21.0% decrease in pounds shipped partially offset by a 0.3% increase in average selling prices.

SG&A expense for the third quarter of 2023 decreased to \$2.0 million, or 9.8% of sales, compared to \$2.3 million, or 8.3% of sales in the third quarter of 2022, 2023. The decrease was primarily driven by decreases attributable to the reductions in incentive bonus and amortization expense partially offset by net sales as well as increases in professional fees shrinkage and salaries, wages and benefits, other production related costs.

SG&A expense for the first nine months quarter of 2023 de 2024 increased to \$5.3 \$3.0 million, or 8.1% 14.7% of sales, compared to \$5.4 \$1.8 million, or 6.5% 7.4% of sales in the first nine months quarter of 2022, 2023. The increase was primarily driven by decreases increases in

amortization corporate expense and allocation, incentive bonus, partially offset by increases in professional fees and salaries, wages and benefits bad debt expense.

Operating loss increased to \$11.5 million \$1.4 million for the third first quarter of 2023 2024 compared to operating income of \$1.1 million \$1.4 million for the third first quarter of 2022. Current 2023. The current year increase in operating loss was primarily driven by the aforementioned goodwill impairment charge reduction in net sales coupled with increases in SG&A expenses.

#### *Tubular Products*

Net sales in the first quarter of \$11.4 2024 totaled \$23.8 million, and a decrease of \$7.2 million, or 23.3%, from the first quarter of 2023. The decrease was primarily driven by a 21.4% decrease in net sales, average selling prices and a 3.7% decrease in pounds shipped.

For the first quarter of 2024, gross profit increased 184.3% to \$1.1 million, or 4.8% of sales, compared to a gross loss of \$1.4 million, or (4.4)% of sales in the first quarter of 2023. The increase was primarily attributable to improved sourcing measures resulting in lower raw material costs as well as reductions in shipping and other production related costs.

SG&A expense for the first quarter of 2024 increased to \$2.6 million, or 11.1% of sales, compared to \$1.9 million, or 6.2% of sales, in the first quarter of 2023. The changes in SG&A were primarily driven by increases in corporate expense allocation partially offset by reductions in incentive bonus expense.

Operating loss increased decreased to \$10.9 million \$1.5 million for the first nine months quarter of 2023 2024 compared to an operating income loss of \$6.1 million \$3.3 million for the first nine months quarter of 2022. Current 2023. The current year increase decrease in operating loss was primarily driven by the aforementioned goodwill impairment charge of \$11.4 million and the decrease increase in net sales.



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gross profit partially offset by increases in SG&A expense.

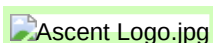
#### *Corporate & Other Items*

Unallocated corporate and other expenses for the third first quarter of 2023 2024 decreased \$1.2 \$1.9 million, or 28.6% 45.4%, to \$3.0 \$2.3 million, or 5.3% 5.2% of sales, compared to \$4.2 million, or 5.4% of sales, in the prior year. The third quarter of 2023 decrease was primarily driven by decreases in incentive bonus, salaries, wages and benefits and other corporate overhead, partially offset by increases in professional fees, taxes and licenses and insurance expense.

Unallocated corporate and other expenses for the first nine months of 2023 decreased \$1.0 million, or 8.4%, to \$10.0 million, or 5.5% of sales, compared to \$11.0 million, or 4.5% 7.7% of sales, in the prior year. The first nine months quarter of 2023 2024 decrease was primarily driven by decrease increases in incentive bonus, corporate allocation expenses, decreases in salaries, wages and benefits and stock compensation and other corporate overhead costs, expense partially offset by increases in professional fees, taxes and licenses and insurance expense.

Interest expense for the third first quarter of 2023 increased 2024 decreased to \$1.1 million \$0.1 million, from \$0.8 million for the third quarter of 2022. Interest expense \$1.1 million for the first nine month quarter of 2023 increased to \$3.2 million, from \$1.6 million for the first nine month of 2022. 2023. The increase decrease is primarily driven by higher interest rates related to lower outstanding debt in the current year compared to the prior year.

The effective tax rate for continuing operations was 7.0% and 11.2% 22.3% for the three and nine months ended September 30, 2023 March 31, 2024. The September 30, 2023 March 31, 2024 effective tax rate was lower than the U.S. statutory rate of 21.0% primarily due to the effects amount of permanent goodwill impairment reducing the state tax benefit in the period. expense relative to pretax losses.



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## Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), we use the following non-GAAP financial measures: EBITDA and Adjusted EBITDA. Management believes that these non-GAAP measures are useful because they are key measures used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions as well as allow readers to compare the financial results between periods. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

### EBITDA and Adjusted EBITDA

We define "EBITDA" as earnings before interest, (including change in fair value of interest rate swap), income taxes, depreciation and amortization. We define "Adjusted EBITDA" as EBITDA further adjusted for the impact of non-cash and other items we do not consider in our evaluation of ongoing performance. These items include: goodwill impairment, asset impairment, gain on lease modification, stock-based compensation, non-cash lease cost, acquisition costs and other fees, proxy contest costs and recoveries, shelf registration costs, loss on extinguishment of debt, earn-out adjustments, realized and unrealized (gains) and losses on investments in equity securities and other investments, retention costs and restructuring and severance costs from net income. We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by other companies because not all companies calculate EBITDA and Adjusted EBITDA in the same manner. We present EBITDA and Adjusted EBITDA because we consider them to be important supplemental measures of our performance and investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations.

Consolidated EBITDA and Adjusted EBITDA from continuing operations are as follows:

| (\$ in thousands)                   | Three Months Ended March 31, |            |
|-------------------------------------|------------------------------|------------|
|                                     | 2024                         | 2023       |
| <b>Consolidated</b>                 |                              |            |
| Net loss from continuing operations | \$ (4,094)                   | \$ (5,788) |
| Adjustments:                        |                              |            |
| Interest expense                    | 127                          | 1,106      |
| Income taxes                        | (1,166)                      | (1,607)    |
| Depreciation                        | 1,522                        | 1,549      |
| Amortization                        | 367                          | 376        |
| EBITDA                              | (3,244)                      | (4,364)    |
| Acquisition costs and other         | 12                           | 261        |
| Stock-based compensation            | 59                           | 220        |
| Non-cash lease expense              | 55                           | 64         |
| Retention expense                   | 3                            | —          |
| Restructuring and severance cost    | —                            | 84         |
| Adjusted EBITDA                     | \$ (3,115)                   | \$ (3,735) |
| % of sales                          | (7.1)%                       | (6.8)%     |

 Ascent Logo.jpg

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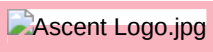
Consolidated Specialty Chemicals EBITDA and Adjusted EBITDA from continuing operations are as follows:

|  | Three Months Ended March 31,     |          | Three Months Ended March 31,    |           | Three Months Ended March 31, |  |
|--|----------------------------------|----------|---------------------------------|-----------|------------------------------|--|
| (\$ in thousands)                            |                                  |          |                                 |           |                              |  |
| Specialty Chemicals                          |                                  |          |                                 |           |                              |  |
| Specialty Chemicals                          |                                  |          |                                 |           |                              |  |
| Specialty Chemicals                          |                                  |          |                                 |           |                              |  |
| Net (loss) income                            |                                  |          |                                 |           |                              |  |
| Net (loss) income                            |                                  |          |                                 |           |                              |  |
| Net (loss) income                            |                                  |          |                                 |           |                              |  |
| Adjustments:                                 |                                  |          |                                 |           |                              |  |
| Adjustments:                                 |                                  |          |                                 |           |                              |  |
| Adjustments:                                 |                                  |          |                                 |           |                              |  |
| Interest expense                             |                                  |          |                                 |           |                              |  |
| Interest expense                             |                                  |          |                                 |           |                              |  |
| Interest expense                             |                                  |          |                                 |           |                              |  |
| Depreciation                                 |                                  |          |                                 |           |                              |  |
| Depreciation                                 |                                  |          |                                 |           |                              |  |
| Depreciation                                 |                                  |          |                                 |           |                              |  |
| Amortization                                 |                                  |          |                                 |           |                              |  |
| Amortization                                 |                                  |          |                                 |           |                              |  |
| Amortization                                 |                                  |          |                                 |           |                              |  |
| EBITDA                                       |                                  |          |                                 |           |                              |  |
| EBITDA                                       |                                  |          |                                 |           |                              |  |
| EBITDA                                       |                                  |          |                                 |           |                              |  |
| Acquisition costs and other                  |                                  |          |                                 |           |                              |  |
| Acquisition costs and other                  |                                  |          |                                 |           |                              |  |
| Acquisition costs and other                  |                                  |          |                                 |           |                              |  |
|  | Three Months Ended September 30, |          | Nine Months Ended September 30, |           |                              |  |
| (\$ in thousands)                            | 2023                             | 2022     | 2023                            | 2022      |                              |  |
| Consolidated                                 |                                  |          |                                 |           |                              |  |
| Net income (loss) from continuing operations | \$ (12,769)                      | \$ 3,105 | \$ (18,466)                     | \$ 23,934 |                              |  |

|                          |                                  |          |          |          |           |
|--------------------------|----------------------------------|----------|----------|----------|-----------|
| Adjustments:             |                                  |          |          |          |           |
| Stock-based compensation |                                  |          |          |          |           |
|                          | Interest expense                 | 1,063    | 827      | 3,217    | 1,637     |
| Stock-based compensation |                                  |          |          |          |           |
| Stock-based compensation |                                  |          |          |          |           |
| Non-cash lease expense   |                                  |          |          |          |           |
| Non-cash lease expense   |                                  |          |          |          |           |
| Non-cash lease expense   |                                  |          |          |          |           |
|                          | Income taxes                     | (964)    | 871      | (2,350)  | 4,069     |
| Specialty Chemicals      |                                  |          |          |          |           |
| Adjusted EBITDA          |                                  |          |          |          |           |
|                          | Depreciation                     | 1,590    | 1,748    | 4,833    | 4,950     |
| Specialty Chemicals      |                                  |          |          |          |           |
| Adjusted EBITDA          |                                  |          |          |          |           |
|                          | Amortization                     | 376      | 1,098    | 1,129    | 2,440     |
| EBITDA                   |                                  | (10,704) | 7,649    | (11,637) | 37,030    |
|                          | Acquisition costs and other      | 42       | 149      | 323      | 836       |
|                          | Goodwill impairment              | 11,389   | —        | 11,389   | —         |
|                          | Gain on lease modification       | —        | —        | —        | (2)       |
|                          | Stock-based compensation         | 142      | 307      | 389      | 697       |
|                          | Non-cash lease expense           | 69       | 109      | 205      | 323       |
|                          | Retention expense                | 6        | —        | 6        | —         |
|                          | Restructuring and severance cost | —        | —        | 103      | 10        |
| Adjusted EBITDA          | \$                               | 944      | \$ 8,214 | \$ 778   | \$ 38,894 |
| % of sales               |                                  | 1.7 %    | 10.5 %   | 0.4 %    | 15.8 %    |
| Specialty Chemicals      |                                  |          |          |          |           |
| Adjusted EBITDA          |                                  |          |          |          |           |
| % of segment sales       |                                  |          |          |          |           |
| % of segment sales       |                                  |          |          |          |           |
| % of segment sales       |                                  |          |          |          |           |

Tubular Products EBITDA and Adjusted EBITDA from continuing operations are as follows:

| (\$ in thousands)                     | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |           |
|---------------------------------------|-------------------------------------|----------|------------------------------------|-----------|
|                                       | 2023                                | 2022     | 2023                               | 2022      |
| <b>Tubular Products</b>               |                                     |          |                                    |           |
| Net income from continuing operations | \$ 1,705                            | \$ 7,640 | \$ 3,265                           | \$ 34,760 |
| Adjustments:                          |                                     |          |                                    |           |
| Depreciation                          | 626                                 | 637      | 1,916                              | 2,000     |
| Amortization                          | 217                                 | 576      | 653                                | 1,728     |
| EBITDA                                | 2,548                               | 8,853    | 5,834                              | 38,488    |
| Acquisition costs and other           | 42                                  | —        | 46                                 | —         |
| Stock-based compensation              | 11                                  | 34       | 2                                  | 53        |
| Non-cash lease expense                | 36                                  | —        | 109                                | (1)       |
| Restructuring and severance costs     | —                                   | —        | 97                                 | —         |
| Tubular Products Adjusted EBITDA      | \$ 2,637                            | \$ 8,887 | \$ 6,088                           | \$ 38,540 |
| % of segment sales                    | 7.3 %                               | 17.6 %   | 5.1 %                              | 23.8 %    |



Specialty Chemicals EBITDA and Adjusted EBITDA are as follows:

|                                     |                              |
|-------------------------------------|------------------------------|
|                                     | Three Months Ended March 31, |
|                                     | Three Months Ended March 31, |
|                                     | Three Months Ended March 31, |
| (\$ in thousands)                   |                              |
| (\$ in thousands)                   |                              |
| (\$ in thousands)                   |                              |
| <b>Tubular Products</b>             |                              |
| <b>Tubular Products</b>             |                              |
| <b>Tubular Products</b>             |                              |
| Net loss from continuing operations |                              |
| Net loss from continuing operations |                              |
| Net loss from continuing operations |                              |
| Adjustments:                        |                              |
| Adjustments:                        |                              |
| Adjustments:                        |                              |

|                            |                             | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|----------------------------|-----------------------------|----------------------------------|----------|---------------------------------|----------|
| (\$ in thousands)          |                             | 2023                             | 2022     | 2023                            | 2022     |
| <b>Specialty Chemicals</b> |                             |                                  |          |                                 |          |
| Net income (loss)          | \$                          | (11,498)                         | \$ 1,088 | \$ (10,974)                     | \$ 6,083 |
| Adjustments:               |                             |                                  |          |                                 |          |
|                            | Depreciation                |                                  |          |                                 |          |
|                            | Depreciation                |                                  |          |                                 |          |
|                            | Depreciation                |                                  |          |                                 |          |
|                            | Amortization                |                                  |          |                                 |          |
|                            | Amortization                |                                  |          |                                 |          |
|                            | Amortization                |                                  |          |                                 |          |
| EBITDA                     |                             |                                  |          |                                 |          |
| EBITDA                     |                             |                                  |          |                                 |          |
| EBITDA                     |                             |                                  |          |                                 |          |
|                            | Acquisition costs and other |                                  |          |                                 |          |
|                            | Acquisition costs and other |                                  |          |                                 |          |
|                            | Acquisition costs and other |                                  |          |                                 |          |
|                            | Interest expense            | 21                               | 9        | 52                              | 28       |
|                            | Depreciation                | 942                              | 1,097    | 2,850                           | 2,897    |
|                            | Amortization                | 159                              | 520      | 475                             | 712      |
| EBITDA                     |                             | (10,376)                         | 2,714    | (7,597)                         | 9,720    |
|                            | Stock-based compensation    |                                  |          |                                 |          |
|                            | Acquisition costs and other | —                                | —        | 2                               | —        |
|                            | Goodwill impairment         | 11,389                           | —        | 11,389                          | —        |
|                            | Stock-based compensation    | 3                                | 12       | (13)                            | 29       |
|                            | Stock-based compensation    |                                  |          |                                 |          |
|                            | Non-cash lease expense      | 23                               | —        | 69                              | 1        |
| Specialty Chemicals        |                             |                                  |          |                                 |          |
| Adjusted EBITDA            | \$                          | 1,039                            | \$ 2,726 | \$ 3,850                        | \$ 9,750 |
|                            | % of segment sales          | 5.2 %                            | 10.0 %   | 5.9 %                           | 11.6 %   |
|                            | Stock-based compensation    |                                  |          |                                 |          |
|                            | Non-cash lease expense      |                                  |          |                                 |          |

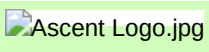
|                                   |
|-----------------------------------|
| Non-cash lease expense            |
| Non-cash lease expense            |
| Restructuring and severance costs |
| Restructuring and severance costs |
| Restructuring and severance costs |
| Tubular Products Adjusted EBITDA  |
| Tubular Products Adjusted EBITDA  |
| Tubular Products Adjusted EBITDA  |
| % of segment sales                |
| % of segment sales                |
| % of segment sales                |
| % of segment sales                |

Liquidity and Capital Resources

We closely manage our liquidity and capital resources. Our liquidity requirements depend on key variables, including level of investment required to support our business strategies, the performance of our business, capital expenditures, credit facilities and working capital management. Capital expenditures and share repurchases are a component of our cash flow and capital management strategy which we can adjust in response to economic and other changes in our business environment. We have a disciplined approach to capital allocation focusing on priorities that support our business and growth.

Sources of Liquidity

Funds generated by operating activities supplemented by our available cash and cash equivalents and our credit facilities are our most significant sources of liquidity. As of September 30, 2023March 31, 2024, we held \$0.7 million\$1.3 million of cash and cash equivalents, as well as \$41.8\$63.6 million of remaining available capacity on our revolving line of credit. We believe our sources of liquidity will be sufficient to fund operations and anticipated capital expenditures as well as repay our debt obligations as they become due over the next 12 months and beyond.



Cash Flows

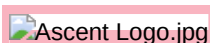
Cash flows from continuing operations were as follows:

|                                 |
|---------------------------------|
| Nine Months Ended September 30, |
|---------------------------------|

| Three Months Ended<br>March 31,                      |                                   |                   |                | Three Months Ended March 31, |      |
|--|-----------------------------------|-------------------|----------------|------------------------------|------|
| (in thousands)                                       | (in thousands)                    | 2023              | 2022           | (in thousands)               | 2023 |
| Total cash provided by (used in):                    | Total cash provided by (used in): |                   |                |                              |      |
| Operating activities                                 | Operating activities              | \$ 4,132          | \$5,672        |                              |      |
| Operating activities                                 |                                   |                   |                |                              |      |
| Investing activities                                 | Investing activities              | (2,660)           | (2,870)        |                              |      |
| Financing activities                                 | Financing activities              | (19,433)          | 1,788          |                              |      |
| Net increase (decrease) in cash and cash equivalents |                                   | <u>\$(17,961)</u> | <u>\$4,590</u> |                              |      |
| Net decrease in cash and cash equivalents            |                                   |                   |                |                              |      |

#### Operating Activities

The decrease in cash provided by operating activities for the nine three months ended September 30, 2023 March 31, 2024, compared to cash provided by operating activities in the nine three months ended September 30, 2022 March 31, 2023, was primarily driven by the decrease in earnings in the current year partially offset changes in working capital, capital partially offset by decreases in net loss year over year. Changes in working capital can vary significantly depending on factors such as the timing of inventory production and purchases, customer payments of accounts receivable and payments to vendors in the regular course of business. Inventory increased operating cash flows for the first nine three months of



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2023 2024 by \$0.5 million \$1.2 million compared to a decrease an increase of \$30.3 million \$9.5 million for the first nine three months of 2022, 2023, while accounts payable increased operating cash flows by \$5.9 million \$4.0 million for the first nine three months of 2023, 2024, compared to \$10.2 million \$6.8 million in the first nine three months of 2022, 2023. The decrease changes in inventory and accounts payable is primarily driven by lower inventory purchases to match inventory levels with sales, partially and slightly higher lower inventory turns year-over-year offset by decrease and increases in days payables outstanding. Accounts receivable increased decreased operating cash flows by \$3.8 million \$1.9 million in the first nine three months of 2023 2024 compared to a \$6.2 million \$1.1 million decrease in the first nine three months of 2022, 2023. The increase decrease in cash generated by accounts receivable is primarily driven by a decrease an increase in days sales outstanding compared to the first nine three months of 2022, 2023.

#### Investing Activities

Net cash used in investing activities primarily consists of transactions related to capital expenditures. The decrease in cash used in investing activities for the **nine three** months ended **September 30, 2023, March 31, 2024** compared to the cash used in investing activities for the **nine three** months ended **September 30, 2022, March 31, 2023** was primarily due to decreases in capital expenditures in the current year compared to the prior year.

#### Financing Activities

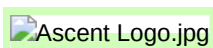
Net cash used in financing activities primarily consists of transactions related to our long-term debt. The **increase decrease** in cash used in financing activities for the **nine three** months ended **September 30, 2023, March 31, 2024** compared to cash used in financing activities for the **nine three** months ended **September 30, 2022, March 31, 2023** was primarily due to decreased **total** borrowings and **increased** repayments under the Company's credit facility compared to the prior year. **The Company had no debt outstanding as of March 31, 2024 and December 31, 2023.**

#### Short-term Debt

The Company has a note payable in the amount of \$0.9 million with an annual interest rate of 3.70% maturing April 1, 2024, associated with the financing of the Company's insurance premium in **the current year, 2023**. As of **September 30, 2023, March 31, 2024**, the outstanding balance was **\$0.6 million \$0.1 million**.

#### Long-term Debt

During the fourth quarter of 2023, the Company entered into a Limited Consent, Second Amendment to Credit Agreement and Omnibus Amendment to Loan Documents with BMO Bank N.A. and the other lenders under the Company's credit facility (the "Credit Facility Amendment"). The Credit Facility Amendment contains a consent for the SPT divestiture, released the lien on the assets of SPT and removed SPT as a loan party. The Credit Facility Amendment also reduced the maximum revolving loan commitment under the credit facility from \$105 million to \$80 million, and increased the interest rate for the credit facility from SOFR plus an interest rate margin of between 1.60% and 1.70% to SOFR plus an interest rate margin of between 1.85% and 2.10%, depending on average availability under the credit facility and the Company's consolidated fixed charge coverage ratio. **The Company had no debt outstanding under its credit facilities as of March 31, 2024 and its subsidiaries have a December 31, 2023.**



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**The Credit Agreement with BMO providing the Company with a four-year revolving credit facility, maturing on January 15, 2025, and providing the Company with up to \$150.0 million of borrowing capacity. As of September 30, 2023, the Company had \$53.0 million of total borrowings outstanding with its lender, a decrease of \$18.5 million from the balance at December 31, 2022. The Facility contains covenants requiring the maintenance of a minimum consolidated fixed charge coverage ratio if excess availability falls below the greater of (i) \$7.5 million and (ii) 10% of the revolving credit facility (currently \$10.5 \$8.0 million). As of September 30, 2023, March 31, 2024, the Company was in compliance with all financial debt covenants. See Note 8 in the notes to the unaudited condensed consolidated financial statements for additional information on the Company's line of credit.**

#### Share Repurchases and Dividends

We have a share repurchase program, authorized by the Company's Board of Directors, that is executed through purchases made from time to time at prevailing market prices, through open market or privately negotiated transactions, depending on market conditions. Shares repurchased are returned to status of authorized, but unissued shares of common stock or held in treasury.

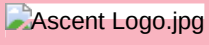
**Shares repurchased for the three and nine months ended September 30, 2023 and 2022 were as follows:**

|                                  | Three Months Ended September 30, |          | Nine Months Ended September 30, |          |
|----------------------------------|----------------------------------|----------|---------------------------------|----------|
|                                  | 2023                             | 2022     | 2023                            | 2022     |
| Number of shares repurchased     | 44,799                           | 30       | 95,955                          | 30       |
| Average price per share          | \$ 8.87                          | \$ 16.29 | \$ 9.38                         | \$ 16.59 |
| Total cost of shares repurchased | \$ 398,861                       | \$ 493   | \$ 903,012                      | \$ 493   |

As of September 30, 2023 March 31, 2024, the Company has 584,024 520,541 shares of its share repurchase authorization remaining. Shares repurchased for the three months ended March 31, 2024 and 2023 were as follows:

|                                  | Three Months Ended March 31, |            |
|----------------------------------|------------------------------|------------|
|                                  | 2024                         | 2023       |
| Number of shares repurchased     | 16,330                       | 32,313     |
| Average price per share          | \$ 9.97                      | \$ 10.11   |
| Total cost of shares repurchased | \$ 163,221                   | \$ 327,521 |

At the end of each fiscal year the Board of Directors reviews the financial performance and capital needed to support future growth to determine the amount of cash dividend, if any, which is appropriate. In 2022, 2023, no dividends were declared or paid by the Company.



Other Financial Measures

Below are additional financial measures that we believe are important in understanding the Company's liquidity position from year to year. The metrics are defined as:

Liquidity Measure:

- Current ratio = current assets divided by current liabilities. The current ratio will be determined by the Company using generally accepted accounting principles, consistently applied.

Leverage Measure:

- Debt to capital = total debt divided by total capital. The debt to capital ratio will be determined by the Company using generally accepted accounting principles, consistently applied.

Profitability Ratio:

- Return on average equity ("ROAE") = net income divided by the trailing 12-month average of equity. The ROAE will be determined by the Company using generally accepted accounting principles, consistently applied.

Results of these additional measures are as follows:

|                 |                 | September 30, 2023 | December 31, 2022 |                   |         |
|-----------------|-----------------|--------------------|-------------------|-------------------|---------|
|                 |                 | March 31, 2024     |                   |                   |         |
|                 |                 | March 31, 2024     |                   |                   |         |
|                 |                 | March 31, 2024     |                   | December 31, 2023 |         |
| Current ratio   | Current ratio   | 3.7                | 4.4               | Current ratio     | 3.2 3.7 |
| Debt to capital | Debt to capital | 35%                | 44%               | Debt to capital   | —% —%   |



|                          |                          |         |       |                          |        |         |
|--------------------------|--------------------------|---------|-------|--------------------------|--------|---------|
| Return on average equity | Return on average equity | (20.8)% | 33.7% | Return on average equity | (4.9)% | (38.6)% |
|--------------------------|--------------------------|---------|-------|--------------------------|--------|---------|

Material Cash Requirements from Contractual and Other Obligations

As of September 30, 2023 March 31, 2024, our material cash requirements for our known contractual and other obligations were as follows:

- Debt Obligations and Interest Payments - Outstanding obligations on our revolving credit facility and term loan were \$49.4 million and \$3.6 million, respectively, with \$2.5 million payable within 12 months. The interest payments on our remaining borrowings will be determined based upon the average outstanding balance of our borrowings and the prevailing interest rate during that time. Outstanding obligations on our note payable were \$0.6 million, which matures within 12 months. Interest payments on the remaining note payable borrowings will be based on an interest rate of 3.70%. See Note 8 for further detail of our debt and the timing of expected future payments.
- Operating and Finance Leases - The Company enters into various lease agreements for the real estate and manufacturing equipment used in the normal course of business. Operating and finance lease obligations were \$32.9\$32.1 million, with \$1.4\$1.5 million payable within 12 months. See Note 9 for further detail of our lease obligations and the timing of expected future payments.



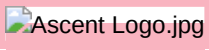
The Company has no off-balance sheet arrangements that are reasonably likely to have a material current or future effect on the Company's financial position, revenues, results of operations, liquidity, or capital expenditures. We expect capital spending to be as much as \$1.0\$6.2 million for the remainder of fiscal 2023, 2024.

Critical Accounting Policies and Estimates

We describe our significant accounting policies in Note 1, Summary of Significant Accounting Policies, in the notes to the consolidated financial statements presented in the Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. We discuss our critical accounting estimates in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of fiscal 2022, except as discussed below. 2023.

Assets Held for Sale

We classify long-lived assets or disposal groups as held for sale in the period when all of the following conditions have been met:



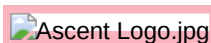
- the Board of Directors have approved and committed to a plan to sell the assets or disposal group;
- the asset or disposal group is available for immediate sale in its present condition;
- an active program to locate a buyer and other actions required to complete the sale have been initiated;
- the sale of the asset or disposal group is probable and expected to be completed within one year;
- the asset or disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and,

- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

We initially measure a long-lived asset or disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell and recognize any loss in the period in which the held for sale criteria are met. Gains are not recognized until the date of sale. We cease depreciation and amortization of a long-lived asset, or assets within a disposal group, upon their designation as held for sale and subsequently assess fair value less any costs to sell at each reporting period until the asset or disposal group is no longer classified as held for sale.

### Item 3. Quantitative and Qualitative Disclosures about Market Risks

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act; therefore, we are not required to provide the information required by this Item.



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### Item 4. Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures” is defined in Rule 13a-15(e) of the Exchange Act as “controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms.” The Company’s disclosure controls and procedures are designed to ensure that material information relating to the Company and its consolidated subsidiaries is accumulated and communicated to its management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company’s disclosure controls and procedures as of September 30, 2023 March 31, 2024. Based upon that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were not effective as of September 30, 2023 March 31, 2024, because of the previously reported material weaknesses in internal control over financial reporting, as described below.

#### Previously Reported Material Weaknesses in Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15f-15(f). As reported in our 2022 2023 Form 10-K, we did not maintain effective internal control over financial reporting as of December 31, 2022 December 31, 2023 as a result of material weaknesses in the control environment and control activities areas. A material weakness (as defined in Rule 12b-2 under the Exchange Act) is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Refer to our 2022 2023 Form 10-K for a description of our material weaknesses.

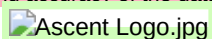
#### Ongoing Remediation Efforts to Address Material Weaknesses

Our material weaknesses were not remediated at September 30, 2023 March 31, 2024. Our Board of Directors and management are committed to the continued implementation of remediation efforts to address the material weaknesses. The Company has a remediation plan which includes designing and implementing review and approval controls over the data utilized in various accounting processes, controls that will address the accuracy, timely recording and completeness of data used in the determination of significant accounting estimates, reserves and valuations in accordance with U.S. GAAP, controls that will address the sufficient review of complex accounting areas and controls that will address the monitoring of general information technology areas including user access, cyber security and segregation of duties.

The following steps are among the measures being taken by the Company with a number of these initiatives directly related to strengthening our controls and addressing specific control deficiencies which contributed to the material weaknesses. The steps to remediate the deficiencies underlying the material weaknesses include:

- Hiring adequate accounting, finance Engaging an outside service provider to assist management with the remediation efforts including to help review and information technology resources make recommendations with respect to enhance the capabilities redesign and implementation of these functions across the organization.

- Providing and expanding relevant training on our internal controls over financial reporting to control owners general information technology controls, including user access provisioning, cyber-security and control preparers across the organization to reinforce the importance of a strong control environment
- Evaluating and realigning roles and responsibilities of management
- Evaluating and realigning roles and responsibilities of control owners and control preparers to maintain segregation of duties
- Developing enhanced policies and procedures relating to documentation of control activities performed including those that reflect the control attributes performed and the demonstration of completeness and accuracy of the data used in the control.



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- Enhancing/designing/implementing controls over the inventory, revenue recognition and accounts receivable, period-end financial reporting, account analyses, and journal entry processes
- Enhancing/designing/implementing controls over accounting for complex areas income taxes
- Enhancing/designing/implementing controls over general information technology controls, including user access provisioning and cyber-security



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The Audit Committee of the Board of Directors is monitoring management's ongoing remediation efforts. With the Audit Committee's oversight, management has dedicated significant resources and efforts to improve our internal control environment to remedy the identified material weaknesses. As we continue to evaluate and implement improvements to our internal control over financial reporting, our management may decide to take additional measures to address our control deficiencies or to modify the remediation efforts undertaken. Because the reliability of the internal control process requires repeatable execution, our material weaknesses cannot be considered fully remediated until all remedial processes and procedures (including additional remediation efforts identified by our senior management as necessary) have been implemented, each applicable control has operated for a sufficient period of time and management has concluded, through testing, that the controls are operating effectively. Until all identified material weaknesses are remediated, we will not be able to assert that our internal controls are effective.

## Changes in Internal Control over Financial Reporting

Other than the ongoing remediation efforts described above, there have been no changes in the Company's internal control over financial reporting during the three and nine months ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## PART II

### Item 1. Legal Proceedings

It is not unusual for us and our subsidiaries to be involved in various unresolved legal actions, administrative proceedings and claims in the ordinary course of business involving, among other things, product liability, commercial, employment, workers' compensation, and environmental matters.. With respect to such lawsuits, claims and proceedings, the Company records reserves when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. We cannot predict with any certainty the outcome of these unresolved legal actions or, in some cases, the range of possible loss or recovery. Information pertaining to legal proceedings can be found in [Note 13](#) - Commitments and Contingencies in the notes to the unaudited condensed consolidated financial statements, and is incorporated by reference herein.

### Item 1A. Risk Factors

There were no material changes in our assessment of risk factors as discussed in Part I, Item 1A in the Company's Annual Report on Form 10-K for the year ended [December 31, 2022](#) [December 31, 2023](#).

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Issuer Purchases of Equity Securities

The following table sets forth information with respect to purchases of the Company's common stock on a trade date basis made during the three months ended [September 30, 2023](#) [March 31, 2024](#):

| Period                                 | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs <sup>1</sup> | Number of Shares that May Yet Be Purchased under the Program |
|--|----------------------------------|------------------------------|--|--|
| July 1, 2023 - July 31, 2023           | 22,276                           | \$ 8.86                      | 22,276   | 606,547  |
| August 1, 2023 - August 31, 2023       | 12,499                           | 9.12                         | 12,499   | 594,048  |
| September 1, 2023 - September 30, 2023 | 10,024                           | 8.59                         | 10,024   | 584,024  |
| <b>As of September 30, 2023</b>        | <b>44,799</b>                    | <b>\$ 8.87</b>               | <b>44,799</b>  | <b>584,024</b>   |

| Period                               | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs <sup>1</sup> | Number of Shares that May Yet Be Purchased under the Program |
|--------------------------------------|----------------------------------|------------------------------|--|--|
| January 1, 2024 - January 31, 2024   | 8,506                            | \$ 9.96                      | 8,506  | 528,365  |
| February 1, 2024 - February 29, 2024 | 6,768                            | 9.89                         | 6,768  | 521,597  |
| March 1, 2024 - March 31, 2024       | 1,056                            | 10.44                        | 1,056  | 520,541  |
| <b>As of March 31, 2024</b>          | <b>16,330</b>                    | <b>\$ 9.97</b>               | <b>16,330</b>  | <b>520,541</b>   |

<sup>1</sup>Pursuant to the 790,383 share stock repurchase program re-authorized by the Board of Directors in December 2022. The stock repurchase program expires in February 2025 and there is no guarantee to the exact number of shares that will be repurchased by the Company over that period. See [Note 10](#) for additional information.

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## Item 3. Defaults Upon Senior Securities

None.

## Item 4. Mine Safety Disclosures

None.

## Item 5. Other Information

**None.** During the three months ended March 31, 2024, none of the Company's directors or executive officers adopted or terminated any contract, instruction, or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Regulation S-K, Item 408).

Item 6. Exhibits

| Exhibit No.   | Description   |
|---|---|
| <a href="#">31.1</a>  | <a href="#">Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer</a>                |
| <a href="#">31.2</a>  | <a href="#">Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer</a>             |
| <a href="#">32.1</a>  | <a href="#">Certifications Pursuant to 18 U.S.C. Section 1350</a>                                 |
| 101.INS*  | XBRL Instance Document  |
| 101.SCH*  | XBRL Taxonomy Extension Schema  |
| 101.CAL*  | XBRL Taxonomy Extension Calculation Linkbase  |
| 101.LAB*  | XBRL Taxonomy Extension Label Linkbase  |
| 101.PRE*  | XBRL Taxonomy Extension Presentation Linkbase   |
| 101.DEF*  | XBRL Taxonomy Extension Definition Linkbase   |
| 104   | Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101*) |
| * In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed "furnished" and not "filed." |   |



SIGNATURES

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

ASCENT INDUSTRIES CO.  
(Registrant)

Date: November May 8, 2023 2024

By: /s/ Christopher G. Hutter J. Bryan Kitchen

Christopher G. Hutter J. Bryan Kitchen

President and Chief Executive Officer

(principal executive officer)

Date: November May 8, 2023 2024

By: /s/ William S. Steckel Ryan Kavalauskas

William S. Steckel Ryan Kavalauskas

Chief Financial Officer

(principal accounting officer)

**CERTIFICATIONS**

I, Christopher G. Hutter, J. Bryan Kitchen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ascent Industries Co.;
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 officers 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 officers 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 8, 2023 2024 /s/ Christopher G. Hutter J. Bryan Kitchen  
Christopher G. Hutter J. Bryan Kitchen  
Chief Executive Officer

## CERTIFICATIONS

I, William S. Steckel, Ryan Kavalauskas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ascent Industries Co.;
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 officers 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 officers 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 May 8,  
2023 2024      /s/ William S. Steckel Ryan Kavalauskas  
William S. Steckel Ryan Kavalauskas  
 Chief Financial Officer

### Certifications Pursuant to 18 U.S.C. Section 1350

The undersigned, who are the chief executive officer and the chief financial officer of Ascent Industries Co., each hereby certifies that, to the best of his knowledge, the accompanying Form 10-Q of the issuer fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: ~~November 2023~~ May 8, 2024 /s/ ~~Christopher G. Hutter~~ J. Bryan Kitchen  
~~Christopher G. Hutter~~ J. Bryan Kitchen  
 Chief Executive Officer

Date: ~~November 2023~~ May 8, 2024 /s/ ~~William S. Steckel~~ Ryan Kavalauskas  
~~William S. Steckel~~ Ryan Kavalauskas  
 Chief Financial Officer



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