

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 Industries Co.

(Exact name of registrant as specified in its charter)

Delaware

57-0426694

(State or other jurisdiction of incorporation or
organization)

(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:

Title of each class

Trading Symbol

Name of exchange on which registered

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**

Ascent Industries Co.

Table of Contents

PART I. FINANCIAL INFORMATION

<u>Disclosure Regarding Forward Looking Statements</u>	<u>2</u>
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets as of September 30, 2023 March 31, 2024 (unaudited) and December 31, 2022 December 31, 2023	3
Condensed Consolidated Statements of Income (Loss) for the Three Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023 (unaudited)	4
Condensed Consolidated Statements of Cash Flows for the Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023 (unaudited)	5
Condensed Consolidated Statements of Shareholders' Equity for the Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023 (unaudited)	76
Notes to Condensed Consolidated Financial Statements (unaudited)	
Note 1: Basis of Presentation	9 <u>7</u>
Note 2: Discontinued Operations	9 <u>8</u>
Note 3: Revenue Recognition	11 <u>9</u>
Note 4: Fair Value of Financial Instruments	11 <u>10</u>
Note 5: Inventories	13 <u>11</u>
Note 6: Property, Plant and Equipment	14 <u>11</u>
Note 7: Goodwill , Intangible Assets and Deferred Charges	14 <u>12</u>
Note 8: Debt	16 <u>13</u>
Note 9: Leases	17 <u>14</u>
Note 10: Shareholders' Equity	18 <u>15</u>
Note 11: Earnings Per Share	19 <u>16</u>
Note 12: Income Taxes	19 <u>16</u>
Note 13: Commitments and Contingencies	20 <u>17</u>
Note 14: Industry Segments	20 <u>17</u>
Note 15: Subsequent Events	21 <u>18</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22 <u>19</u>
Item 3. Quantitative and Qualitative Disclosures About Market Risk	31 <u>26</u>
Item 4. Controls and Procedures	32 <u>26</u>

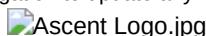
PART II. OTHER INFORMATION

Item 1. Legal Proceedings	33 <u>27</u>
Item 1A. Risk Factors	33 <u>27</u>
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	33 <u>27</u>
Item 3. Defaults Upon Senior Securities	33 <u>27</u>
Item 4. Mine Safety Disclosures	33 <u>27</u>
Item 5. Other Information	33 <u>27</u>
Item 6. Exhibits	34 <u>28</u>
Signatures	35 <u>29</u>



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.



2

Part I - Financial Information

Item 1. Financial Statements

Ascent Industries Co.

Condensed Consolidated Balance Sheets

(in thousands, except par value and share data)

		(Unaudited)		March 31, 2024	December 31, 2023		
		(Unaudited)					
		September 30, 2023	December 31, 2022				
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	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	\$ 215,191	\$ 269,043
Liabilities and Shareholders' Equity	Liabilities and Shareholders' Equity		
Liabilities and Shareholders' Equity			

Liabilities and Shareholders' Equity			
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			
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			
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
Total liabilities	Total liabilities	\$ 118,889	\$ 134,784
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 10,124,781 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
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	
	<u>\$ 215,191</u>	<u>\$ 269,043</u>

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.



3

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	\$ 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					
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					

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								
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	<u>10,135</u>	<u>10,465</u>	<u>10,151</u>	<u>10,407</u>
Diluted					
Diluted					

See accompanying notes to condensed consolidated financial statements.



4

Ascent Industries Co.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

		Nine Months Ended September 30,		Three Months Ended March 31,	
		2023	2022	2024	2023
Operating activities	Operating activities				
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	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	
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		
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
Noncash Investing Activities:		
Capital expenditures, not yet paid	\$ 583	\$ 266

See accompanying notes to condensed consolidated financial statements.



5

Ascent Industries Co.

Condensed Consolidated Statements of Cash Flows (Unaudited)

Continued

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

See accompanying notes to condensed consolidated financial statements.



6

Ascent Industries Co.

Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(in thousands)

	Three Months Ended September 30, 2023							
	Common Stock		Capital in Excess of Par Value		Retained Earnings		Treasury Stock	
	Shares	Amount	Par Value	Earnings	Shares	Amount	Total	
Balance June 30, 2023	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)	
Balance as of September 30, 2023	11,085	\$ 11,085	\$ 47,189	\$ 47,379	965	\$ (9,351)	\$ 96,302	
Nine Months Ended September 30, 2023								
	Common Stock		Capital in Excess of Par Value		Retained Earnings		Treasury Stock	
	Shares	Amount	Par Value	Earnings	Shares	Amount	Total	

Balance at December 31, 2022	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)
Balance as of September 30, 2023	11,085	\$ 11,085	\$ 47,189	\$ 47,379	\$ 965	\$ (9,351)	\$ 96,302

Three Months Ended March 31, 2024							
	Common Stock		Capital in Excess of Par Value		Retained Earnings	Treasury Stock	
	Shares	Amount	Par Value	Earnings	Shares	Amount	Total
Balance December 31, 2023	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)
Balance as of March 31, 2024	11,085	\$ 11,085	\$ 47,097	\$ 53,024	960	\$ (9,242)	\$ 101,964

See accompanying notes to condensed consolidated financial statements.



7

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

Three Months Ended September 30, 2022							
	Common Stock		Capital in Excess of Par Value		Retained Earnings	Treasury Stock	
	Shares	Amount	Par Value	Earnings	Shares	Amount	Total
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 Excess of		Retained Earnings	Treasury Stock		Total
	Shares	Amount	Par Value	Earnings	Shares	Amount		
Balance as of September 30, 2022	11,085	\$ 11,085	\$ 46,637	\$ 85,021	850	\$ (8,204)	\$ 134,539	

	Shares	Amount	Par Value		Shares	Amount	
Balance at December 31, 2021	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)
Balance as of September 30, 2022	11,085	11,085	46,637	85,021	850	(8,204)	\$ 134,539

Three Months Ended March 31, 2023							
	Common Stock		Capital in Excess of Par Value		Retained Earnings	Treasury Stock	
	Shares	Amount	Par Value	Earnings	Shares	Amount	Total
Balance December 31, 2022	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)
Balance as of March 31, 2023	11,085	11,085	46,903	79,947	913	(8,891)	\$ 129,044

See accompanying notes to condensed consolidated financial statements.



86

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.

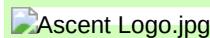
Reclassifications

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



7

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 on the condensed consolidated financial statements or footnote disclosures.

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



9

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)		
Prepaid expenses and other current assets			—	28,880
Current assets classified as discontinued operations			120	1,181
Property, plant and equipment, net			620	38,120
of income (loss). The following table summarizes the results of the Company's discontinued operations of Munhall: operations:				5,301
Right-of-use assets, operating leases, net			6	26
Intangible assets, net		Three Months Ended		Nine Months Ended
Other non-current assets, net		September 30,		September 30,
(in thousands)				1904
Long-term assets classified as discontinued operations		2023	2022	
Net sales	\$ 2,650	\$ 21,945	\$ 25,313	\$ 86,057
Total assets classified as discontinued operations	\$ 6,640	24,469	\$ 36,868	\$ 45,737
Cost of sales		626		86,854
Gross profit				
Carrying amounts of current liabilities included as part of discontinued operations:				
Accounts payable		(3,990)	(2,524)	(11,555)
Selling, general and administrative expense	\$ 170	595	348	\$ 4,310
Accrued expenses and other current liabilities	2,416	—	615	8,720
Asset impairments				521
Current portion of operating lease liabilities		—	7	—
Earnout adjustments		—	—	(7)
Total current liabilities classified as discontinued operations	(\$ 6,576)	(3,119)	970	\$ (24,585)
Operating loss of discontinued operations				(3,655)
Loss on classification as held for sale		—	—	83
Loss on discontinued operations before income taxes	(6,576)	(3,119)	(24,668)	(2,489)
Income tax benefit	(1,413)	(638)	(5,367)	(496)
Net loss from discontinued operations	\$ (5,163)	\$ (2,481)	\$ (19,301)	\$ (1,993)



10

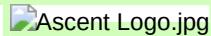
(in thousands)	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 242	\$ 27,592
Cost of sales	647	24,765
Gross profit	(405)	2,827
Note 3: Revenue Recognition		
Revenue is generated primarily from contracts to produce, ship and deliver steel and specialty chemical products. Revenues are recognized 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 obligations are 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 made (including the passing of title and significant risk and reward of ownership to the customer) before, the customers	182	1,964
Selling, general and administrative expense		
Acquisition costs and other		
Operating lease costs		
Income tax (benefit) expense		
Net (loss) income from discontinued operations	(1,791)	789

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,			
(in thousands)		Three Months Ended March 31,			
(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,			Nine Months Ended March 31,		
Three Months Ended March 31,			Nine Months Ended March 31,		
(in thousands)			(in thousands)		
(in thousands)			(in thousands)		
Point-in-time	Point-in-time	\$ 51,403	\$ 71,616	\$ 170,037	\$ 225,237
<hr/>					
Point-in-time					
<hr/>					
Over-time	Over-time	\$ 4,710	\$ 6,605	\$ 14,160	\$ 21,293
<hr/>					
Over-time					
<hr/>					
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;



11

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 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.



10

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 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	\$ —



12

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 are as follows:

(in thousands)	September 30, 2023	December 31, 2022
Inventory, net	\$ —	\$ 198
Property, plant and equipment, net	—	182
Assets held for sale	\$ —	\$ 380

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.

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

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:

(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	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			
		88,639	88,743			

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



13

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: accumulated depreciation and amortization	Less: accumulated depreciation and amortization	(73,452)	(70,993)			
Property, plant and equipment, net	Property, plant and equipment, net	\$ 31,981	\$ 37,045			



11

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,			
(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.



14

Ascent Industries Co.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Intangible Assets

Intangible assets represent the fair value of intellectual, non-physical assets resulting from business acquisitions and are amortized over their estimated useful life using either an accelerated or straight-line method over a period of 15 years.

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

		September 30, 2023	December 31, 2022				
		March 31, 2024				March 31, 2024	December 31, 2023
	(in thousands)	(in thousands)	Gross	Gross	(in thousands)	Gross	(in thousands)
			Carrying Amount	Accumulated Amortization		Carrying Amount	Accumulated Amortization
Definite-lived intangible assets:	Definite-lived intangible assets:						
Customer related							
Customer related							
Customer related	Customer related	\$ 26,061	\$ (17,766)	\$ 26,061	\$ (16,658)		
Trademarks and trade names	Trademarks and trade names	150	(17)	150	(12)		
Other	Other	500	(56)	500	(40)		
Total definite-lived intangible assets	Total definite-lived intangible assets	<u>\$ 26,711</u>	<u>\$ (17,839)</u>	<u>\$ 26,711</u>	<u>\$ (16,710)</u>		

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

(in thousands)	(in thousands)	
Remainder of 2023		\$ 376
2024		1,487
(in thousands)		
(in thousands)		
Remainder of 2024		
Remainder of 2024		
Remainder of 2024		
2025		
2025		
2025	2025	1,324
2026	2026	1,102
2026		
2026		
2027		

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			



1512

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 credit facility.



1613

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	Line Item	Financial Statement		Classification	Item	Financial Statement Line	March 31, 2024	December 31, 2023
			September 30, 2023	December 31, 2022					
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 ¹	Operating lease cost ¹	\$	989	\$	1,039	\$	2,971	\$	3,116
Operating lease cost ¹									
Operating lease cost ¹									
Finance lease cost:									
Finance lease cost:									
Finance lease cost:	Finance lease cost:								
Amortization of right-of-use assets	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								
Interest on finance lease liabilities									
Sublease income	Sublease income								
Sublease income									
Total lease cost	Total lease cost	\$	1,009	\$	1,087	\$	3,011	\$	3,251
Total lease cost									
Total lease cost									

¹Includes 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	Total	
sublease	sublease	
receipts	receipts	\$ 5,402



1714

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	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 December		Weighted-average remaining lease term	March 31, 2024	December 31, 2023
		30, 2023	31, 2022			
Operating leases	Operating leases	12.90	13.61	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					8.33 %	8.33 %	
Finance leases	Finance leases	5.92 %	2.32 %	Finance leases		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,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Number of shares repurchased				
Number of shares repurchased				
Number of shares repurchased	Number of shares repurchased			
44,799		30,200		95,955
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 ¹	Total cost of shares repurchased ¹	\$	\$	\$
398,861	492,741		903,012	492,741
Total cost of shares repurchased ¹				
Total cost of shares repurchased ¹				

¹Includes 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									
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	\$	(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,				Nine Months Ended September 30,			
Three Months Ended March 31,				Nine Months Ended September 30,			
(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 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.

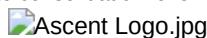
Products. The Specialty Chemicals segment includes the operating results of the Company's plants involved in the production of specialty chemicals. The Specialty Chemicals segment produces products for the pulp and paper, coatings, adhesives, sealants and elastomers (CASE), textile, automotive, household, 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.



2017

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

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,	
(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	(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.



2118

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



2219

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 We continued to experience challenges related to ongoing economic 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	\$ (14,545)			

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	\$ (43,076)			

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.

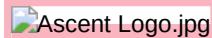
Tubular Products

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.



25

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.



21

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
Consolidated		
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)%



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

	Three Months Ended March 31,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(\$ in thousands)				
(\$ in thousands)				
(\$ 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				
(\$ 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		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Tubular Products				
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	<u>\$ 2,637</u>	<u>\$ 8,887</u>	<u>\$ 6,088</u>	<u>\$ 38,540</u>
% of segment sales	7.3 %	17.6 %	5.1 %	23.8 %



27

Specialty Chemicals EBITDA and Adjusted EBITDA are as follows:

(\$ in thousands)	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,
(\$ in thousands)			
(\$ in thousands)			
Tubular Products			
Tubular Products			
Tubular Products			
Net loss from continuing operations			
Net loss from continuing operations			
Net loss from continuing operations			
Adjustments:			
Adjustments:			
Adjustments:			

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Specialty Chemicals				
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	\$ 1,039	\$ 2,726	\$ 3,850	\$ 9,750
Adjusted EBITDA	<u><u>\$ 1,039</u></u>	<u><u>\$ 2,726</u></u>	<u><u>\$ 3,850</u></u>	<u><u>\$ 9,750</u></u>
% of segment sales	5.2 %	10.0 %	5.9 %	11.6 %
Stock-based compensation	—	—	—	—
Non-cash lease expense	—	—	—	—

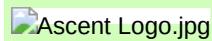
Non-cash lease expense	
Non-cash lease expense	
Restructuring and severance costs	
Restructuring and severance costs	
Restructuring and severance costs	
Tubular Products Adjusted EBITDA	
Tubular Products Adjusted EBITDA	
Tubular Products Adjusted EBITDA	
% of segment sales	
% of segment sales	
% of segment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

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, 2023** **March 31, 2024**, we held **\$0.7 million** **\$1.3 million** of cash and cash equivalents, as well as **\$41.8 million** **\$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.



23

Cash Flows

Cash flows from continuing operations were as follows:

**Nine Months
Ended
September 30,**

Three Months Ended March 31,				Three Months Ended March 31,
(in thousands)	(in thousands)	2023	2022	(in thousands)
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><u>\$(17,961)</u></u>	<u><u>\$ 4,590</u></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



28

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. 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.



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.



29

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	December		
		30, 2023	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
Debt to capital	Debt to capital	35%	44%	Debt to capital	—%

Return on average equity	Return on average equity	Return on average equity
(20.8)%	33.7%	(4.9)%

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.



25

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:



30

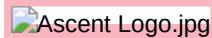
- the Board of Directors have approved and committed to a plan to sell the assets or disposal group;
- the asset or disposal group is available for immediate sale in its present condition;
- an active program to locate a buyer and other actions required to complete the sale have been initiated;
- the 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.



31

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.

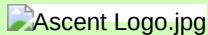
Ongoing Remediation Efforts to Address Material Weaknesses

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:

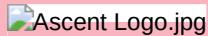
- Hiring adequate accounting, finance Engaging an outside service provider to assist management with the remediation efforts including to help review and information technology resources make recommendations with respect to enhance the capabilities redesign and implementation of these functions across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



26

- 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



32

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 ¹		Number of Shares that May Yet Be Purchased under the Program
			Number of Shares that May Yet Be Purchased under the Program	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
As of September 30, 2023	44,799	\$ 8.87	44,799		584,024

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs ¹		Number of Shares that May Yet Be Purchased under the Program
			Number of Shares that May Yet Be Purchased under the Program	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
As of March 31, 2024	16,330	\$ 9.97	16,330		520,541

¹Pursuant 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.



3327

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
31.1 Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer	
31.2 Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer	
32.1 Certifications Pursuant to 18 U.S.C. Section 1350	
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."



34 28

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 May 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.

November May 8,

Date:

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

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

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.