

REFINITIV

DELTA REPORT

10-Q

NEU - NEWMARKET CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	534
--------------	-----

 CHANGES	180
---	-----

 DELETIONS	170
---	-----

 ADDITIONS	184
---	-----

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 March 31, 2024 June 30, 2024

OR

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

For the transition period from to

Commission File Number 1-32190

NEWMARKET CORPORATION

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction of incorporation or organization)

330 South Fourth Street

Richmond, Virginia

(Address of principal executive offices)

20-0812170

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

23219-4350

(Zip Code)

Registrant's telephone number, including area code - (804) 788-5000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, with no par value	NEU	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such

reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. ☐

[Table of Contents](#)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Number of shares of common stock, with no par value, outstanding as of **March 31, 2024** **June 30, 2024:** **9,594,250** **9,594,110**

NEWMARKET CORPORATION

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

Consolidated Statements of Income - Three Second Quarter and Six Months Ended March 31, 2024June 30, 2024 and March 31, 2023June 30, 2023	4
Consolidated Statements of Comprehensive Income - Three Second Quarter and Six Months Ended March 31, 2024June 30, 2024 and March 31, 2023June 30, 2023	5
Condensed Consolidated Balance Sheets - MarchJune 30, 2024 and December 31, 2024 and December 31, 20232023	6
Consolidated Statements of Shareholders' Equity - Three Second Quarter and Six Months Ended March 31, 2024June 30, 2024 and March 31, 2023June 30, 2023	7
Condensed Consolidated Statements of Cash Flows - Three Six Months Ended March 31, 2024June 30, 2024 and March 31, 2023June 30, 2023	8
Notes to Condensed Consolidated Financial Statements	9
Financial Statement Presentation	9
Acquisition of Business	9
Net Sales	11
Segment Information	11 12
Pension Plans and Other Postretirement Benefits	12
Earnings Per Share	13
Inventories	13 14
Intangibles (Net of Amortization) and Goodwill	14
Long-term Debt	14 15
Commitments and Contingencies	16
Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss	16 17
Fair Value Measurements	17
Recent Accounting Pronouncements	17 18

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18 19
---	---------------------------------------

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk	23 25
--	---------------------------------------

ITEM 4. Controls and Procedures	23 25
---	---------------------------------------

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings	25 26
---	---------------------------------------

ITEM 1A, 1A. Risk Factors	25 26
---	---------------------------------------

ITEM 5. Other Information	25 26
---	---------------------------------------

ITEM 6. Exhibits	25 26
----------------------------------	---------------------------------------

SIGNATURES	26 27
----------------------------	---------------------------------------

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

NEWMARKET CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(in thousands, except per-share amounts)							
(in thousands, except per-share amounts)							
(in thousands, except per-share amounts)							
	Three Months	(in thousands, except	Second Quarter		Six Months		
	Ended March 31,	per-share amounts)	Ended June 30,		Ended June 30,		
	2024		2023	2024	2023	2024	2023
Net sales							
Cost of goods sold							
Gross profit							
Selling, general, and administrative expenses							
Research, development, and testing expenses							
Operating profit							
Interest and financing expenses, net							
Other income (expense), net							
Other income (expense), net							
Other income (expense), net							
Income before income tax expense							
Income tax expense							
Net income							
Earnings per share - basic and diluted							
Cash dividends declared per share							

See accompanying Notes to Condensed Consolidated Financial Statements

NEWMARKET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in thousands)							
(in thousands)							
	Three Months Ended March 31,	(in thousands)	Second Quarter Ended June 30,		Six Months Ended June 30,		
(in thousands)	2024		2023	2024	2023	2024	2023
Net income							
Other comprehensive income (loss):							
Pension plans and other postretirement benefits:							
Pension plans and other postretirement benefits:							
Pension plans and other postretirement benefits:							
Amortization of prior service cost (credit) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(174) in 2024 and \$(171) in 2023							
Amortization of prior service cost (credit) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(173) in second quarter 2024, \$(170) in second quarter 2023, \$(347) in six months 2024, and \$(341) in six months 2023.							
Amortization of prior service cost (credit) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(174) in 2024 and \$(171) in 2023							
Amortization of prior service cost (credit) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(173) in second quarter 2024, \$(170) in second quarter 2023, \$(347) in six months 2024, and \$(341) in six months 2023.							
Amortization of prior service cost (credit) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(174) in 2024 and \$(171) in 2023							
Amortization of prior service cost (credit) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(173) in second quarter 2024, \$(170) in second quarter 2023, \$(347) in six months 2024, and \$(341) in six months 2023.							

Amortization of actuarial net loss (gain) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(122) in 2024 and \$(118) in 2023

Amortization of actuarial net loss (gain) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(122) in 2024 and \$(118) in 2023

Amortization of actuarial net loss (gain) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(122) in 2024 and \$(118) in 2023

Amortization of actuarial net loss (gain) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(122) in second quarter 2024, \$(119) in second quarter 2023, \$(244) in six months 2024, and \$(237) in six months 2023.

Amortization of actuarial net loss (gain) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(122) in second quarter 2024, \$(119) in second quarter 2023, \$(244) in six months 2024, and \$(237) in six months 2023.

Amortization of actuarial net loss (gain) included in net periodic benefit cost (income), net of income tax expense (benefit) of \$(122) in second quarter 2024, \$(119) in second quarter 2023, \$(244) in six months 2024, and \$(237) in six months 2023.

Total pension plans and other postretirement benefits

Foreign currency translation adjustments, net of income tax expense (benefit) of \$(238) in 2024 and \$207 in 2023

Foreign currency translation adjustments, net of income tax expense (benefit) of \$(850) in second quarter 2024, \$491 in second quarter 2023, \$(1,088) in six months 2024, and \$698 in six months 2023.

Foreign currency translation adjustments, net of income tax expense (benefit) of \$(238) in 2024 and \$207 in 2023

Foreign currency translation adjustments, net of income tax expense (benefit) of \$(850) in second quarter 2024, \$491 in second quarter 2023, \$(1,088) in six months 2024, and \$698 in six months 2023.

Foreign currency translation adjustments, net of income tax expense (benefit) of \$(238) in 2024 and \$207 in 2023

Foreign currency translation adjustments, net of income tax expense (benefit) of \$(850) in second quarter 2024, \$491 in second quarter 2023, \$(1,088) in six months 2024, and \$698 in six months 2023.

Other comprehensive income (loss)

Other comprehensive income (loss)

Other comprehensive income (loss)

Comprehensive income

See accompanying Notes to Condensed Consolidated Financial Statements

NEWMARKET CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

		March		(in thousands, except share amounts)	June	December
		31,	December 31,		30,	31,
(in thousands, except share amounts)	(in thousands, except share amounts)	2024	2023		2024	2023
ASSETS						
Current assets:						
Current assets:						
Current assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents						
Trade and other accounts receivable, less allowance for credit losses						
Trade and other accounts receivable, less allowance for credit losses						
Trade and other accounts receivable, less allowance for credit losses						
Inventories						
Prepaid expenses and other current assets						
Total current assets						
Property, plant, and equipment, net						
Intangibles (net of amortization) and goodwill						
Prepaid pension cost						
Operating lease right-of-use assets, net						
Deferred charges and other assets						
Deferred charges and other assets						
Deferred charges and other assets						
Total assets						

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:
Current liabilities:
Current liabilities:
Accounts payable
Accounts payable
Accounts payable
Accrued expenses
Dividends payable
Income taxes payable
Operating lease liabilities
Other current liabilities
Other current liabilities
Other current liabilities
Total current liabilities
Long-term debt
Operating lease liabilities-noncurrent
Other noncurrent liabilities

Total liabilities

Commitments and contingencies (Note 10)	Commitments and contingencies (Note 10)	Commitments and contingencies (Note 10)
---	---	---

Shareholders' equity:

Common stock and paid-in capital (with no par value; authorized shares - 80,000,000; issued and outstanding shares - 9,594,250 at March 31, 2024 and 9,590,086 at December 31, 2023)
Common stock and paid-in capital (with no par value; authorized shares - 80,000,000; issued and outstanding shares - 9,594,250 at March 31, 2024 and 9,590,086 at December 31, 2023)
Common stock and paid-in capital (with no par value; authorized shares - 80,000,000; issued and outstanding shares - 9,594,250 at March 31, 2024 and 9,590,086 at December 31, 2023)
Common stock and paid-in capital (with no par value; authorized shares - 80,000,000; issued and outstanding shares - 9,594,110 at June 30, 2024 and 9,590,086 at December 31, 2023)
Common stock and paid-in capital (with no par value; authorized shares - 80,000,000; issued and outstanding shares - 9,594,110 at June 30, 2024 and 9,590,086 at December 31, 2023)

Common stock and paid-in capital (with no par value; authorized shares - 80,000,000; issued and outstanding shares - 9,594,110 at June 30, 2024 and 9,590,086 at December 31, 2023)

Accumulated other comprehensive loss

Retained earnings

Total shareholders' equity

Total liabilities and shareholders' equity

See accompanying Notes to Condensed Consolidated Financial Statements

6

NEWMARKET CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)

(in thousands, except share and per-share amounts)	(in thousands, except share and per-share amounts)	Common Stock and Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity	(in thousands, except share and per-share amounts)	Common Stock and Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
Balance at March 31, 2023										
Balance at March 31, 2023										
Balance at March 31, 2023										
Net income										
Other comprehensive income (loss)										
Cash dividends (\$2.25 per share)										
Repurchases of common stock										
Stock-based compensation										

Stock-based compensation
Stock-based compensation
Balance at June 30, 2023
Balance at March 31, 2024
Balance at March 31, 2024
Balance at March 31, 2024
Net income
Other comprehensive income (loss)
Cash dividends (\$2.50 per share)
Stock-based compensation
Stock-based compensation
Stock-based compensation
Balance at June 30, 2024
Balance at December 31, 2022
Balance at December 31, 2022
Balance at December 31, 2022
Net income
Other comprehensive income (loss)
Cash dividends (\$2.10 per share)
Cash dividends (\$4.35 per share)

Repurchases of common stock
Tax withholdings related to stock-based compensation
Tax withholdings related to stock-based compensation
Tax withholdings related to stock-based compensation
Stock-based compensation
Balance at March 31, 2023
Balance at June 30, 2023
Balance at December 31, 2023
Balance at December 31, 2023
Balance at December 31, 2023
Net income
Other comprehensive income (loss)
Cash dividends (\$2.50 per share)
Cash dividends (\$5.00 per share)
Tax withholdings related to stock-based compensation
Tax withholdings related to stock-based compensation
Tax withholdings related to stock-based compensation

Stock-based compensation
Balance at March 31, 2024
Balance at June 30, 2024

See accompanying Notes to Condensed Consolidated Financial Statements

NEWMARKET CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(in thousands)</i>	<i>(in thousands)</i>	Three Months Ended March 31,	<i>(in thousands)</i>	Six Months Ended June 30,
		2024	2023	20242023
Cash and cash equivalents at beginning of year				
Cash flows from operating activities:				
Net income				
Net income				
Net income				
Adjustments to reconcile net income to cash flows from operating activities:				
Adjustments to reconcile net income to cash provided from operating activities:				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization				
Deferred income tax benefit				
Working capital changes				
Working capital changes				
Working capital changes				
Cash pension and postretirement contributions				
Cash pension and postretirement contributions				
Cash pension and postretirement contributions				
Other, net				

Cash provided from (used in) operating activities

Cash flows from investing activities:

Capital expenditures

Capital expenditures

Capital expenditures

Acquisition of business (net of \$15,580 of cash acquired)

Acquisition of business (net of \$15,588 of cash acquired)

Cash provided from (used in) investing activities

Cash provided from (used in) investing activities

Cash provided from (used in) investing activities

Cash flows from financing activities:

Net borrowings (repayments) under revolving credit facility

Net borrowings (repayments) under revolving credit facility

Net borrowings (repayments) under revolving credit facility

Proceeds from term loan

Dividends paid

Debt issuance costs

Repurchases of common stock

Other, net

Other, net

Other, net

Cash provided from (used in) financing activities

Effect of foreign exchange on cash and cash equivalents

Increase in cash and cash equivalents

(Decrease) increase in cash and cash equivalents

Cash and cash equivalents at end of period

See accompanying Notes to Condensed Consolidated Financial Statements

1. Financial Statement Presentation

In the opinion of management, the accompanying consolidated financial statements of NewMarket Corporation and its subsidiaries contain all necessary adjustments for the fair presentation of, in all material respects, our consolidated financial position as of **March 31, 2024** **June 30, 2024** and December 31, 2023, our consolidated results of operations, comprehensive income, and changes in shareholders' equity for the **three** **second quarter** and six months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, and our cash flows for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**. All adjustments are of a normal, recurring nature, unless otherwise disclosed. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the NewMarket Corporation Annual Report on Form 10-K for the year ended December 31, 2023 (2023 Annual Report), as filed with the Securities and Exchange Commission (SEC). The results of operations for the **three** **six** month period ended **March 31, 2024** **June 30, 2024** are not necessarily indicative of the results to be expected for the full year ending December 31, 2024. The December 31, 2023 condensed consolidated balance sheet data was derived from **the** audited financial statements **included in the 2023 Annual Report** but does not include all disclosures required by accounting principles generally accepted in the United States of America.

Unless the context otherwise indicates, all references to "we," "us," "our," the "company," and "NewMarket" are to NewMarket Corporation and its consolidated subsidiaries.

Supplier Finance Program

We offer our vendors a supplier finance program, which allows our vendors to receive payment from a third-party finance provider earlier than our normal payment terms would provide. NewMarket and its subsidiaries are not a party to any arrangement between our vendors and the finance provider, and there are no assets pledged as security or other forms of guarantees provided by NewMarket to the finance provider. For those vendors who opt to participate in the program, we pay the finance provider the full amount of the invoices on the normal due date. At both **March 31, 2024** **June 30, 2024** and December 31, 2023, the amount of confirmed invoices under the supplier finance program was not material.

2. Acquisition of Business

On January 16, 2024, we completed the acquisition of all issued and outstanding ownership units of AMPAC Intermediate Holdings, LLC, the ultimate parent company of American Pacific Corporation (AMPAC), for approximately **\$700 million** **\$697 million**. Based in Cedar City, Utah, AMPAC has one operating facility from which it manufactures and sells critical specialty materials primarily used in solid rocket motors for space launch and military defense applications. AMPAC is qualified on many NASA and Department of Defense programs and has been serving space launch and national defense programs for more than 60 years. The acquisition of AMPAC expands our presence in mission-critical, resilient sectors. It was funded by cash on hand and borrowings under our then existing revolving credit facility. The purchase consideration **is** **was** subject to a customary post-closing adjustment for working capital, which **is expected to be** **was** finalized during the second quarter of 2024.

The preliminary fair values of the assets acquired and the liabilities assumed in the AMPAC acquisition are as follows (in millions):

Cash and cash equivalents	\$	16
Trade and other accounts receivable, net		6
Inventories		28 25
Prepaid expenses and other current assets		3
Property, plant, and equipment, net		111
Intangibles and goodwill		650
Deferred charges and other assets		5
Accounts payable		(3)
Accrued expenses		(5)
Other noncurrent liabilities		(111)
Fair value of net assets acquired	\$	700 697

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Identified intangible assets acquired consisted of the following (in millions):

		Fair Value		Fair Value		Estimated Useful Lives (in years)		Fair Value		Estimated Useful Lives (in years)
Customer base	Customer base	\$272	17.5	17.5	Customer base	\$275	17.5	17.5		
Formulas and technology	Formulas and technology	60	8	8	Formulas and technology	60	8	8		
Trademarks and trade names	Trademarks and trade names	30	15	15	Trademarks and trade names	30	15	15		
Water rights	Water rights	30	indefinite	indefinite	Water rights	29	indefinite	indefinite		
	\$									

As part of the acquisition, we recorded \$258 million \$256 million of goodwill. The goodwill recognized is attributable to increased access to mission-critical, resilient sectors with a role in global safety, security, and space exploration, as well as the value of the skilled assembled workforce of AMPAC. All of the goodwill recognized is part of the specialty materials segment, and none of the goodwill is deductible for income tax purposes.

The allocation of the purchase price of AMPAC to the tangible and intangible assets acquired and liabilities assumed was developed using preliminary estimates of fair value and based on information currently available. We are continuing to finalize the valuation of certain assets and liabilities and expect to complete our valuations within one year of the date of acquisition.

Acquisition-related charges of \$1 million consisted primarily of legal and professional fees and are included in selling, general, and administrative expenses in our Consolidated Statements of Income.

We are accounting for this acquisition using the acquisition method of accounting for business combinations under the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 805, Business Combinations (ASC 805) and have included the results of operations of the acquired business in our Consolidated Statement of Income from the date of acquisition, as well as in the specialty materials segment in Note 4. These results include a charge related to the sale of finished goods inventory acquired, which was recorded at fair market value on the acquisition date and sold to customers from the date of acquisition through March 31, 2024 June 30, 2024. The following table presents the financial results in thousands for AMPAC from the date of acquisition through March 31, 2024 June 30, 2024 and for the second quarter ended June 30, 2024.

Supplemental Information (in thousands)		January 16 to March 31, 2024	
AMPAC			
Net sales		\$	17,047
Loss before income taxes			(5,001)

AMPAC	Second	
	Quarter Ended June 30, 2024	January 16 to June 30, 2024
Net sales	\$ 38,010	\$ 55,057
Income (loss) before income taxes	4,923	(78)

The following table presents our estimated unaudited pro forma consolidated results for the three second quarter and six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023, assuming the acquisition of AMPAC had occurred on January 1, 2023. The unaudited pro forma information is presented for informational purposes only and is not indicative of the results of operations that would have been realized if the acquisition had been completed at the beginning of 2023, nor is it indicative of expected results for any future period. In addition, no effect is given to any future synergistic benefits that could result from the integration of AMPAC into the NewMarket companies, NewMarket.

Unaudited pro forma information for the three second quarter and six months ended March 31, 2024 June 30, 2024 and March 31, 2023 include June 30, 2023 includes adjustments to depreciation and amortization based upon the fair value allocation of the purchase price to AMPAC's tangible and intangible assets acquired and liabilities assumed as though the acquisition had occurred on January 1, 2023, as well as adjustments for debt-related costs and management fees. The acquisition-related costs and the charge related to the fair value adjustment to acquisition-date inventory were recognized in actual results during the three second quarter and six months ended March 31, 2024 June 30, 2024, but for the presentation below, these costs are excluded from 2024 unaudited pro forma income before income taxes and are instead reflected in 2023 pro forma income before income taxes as though they were incurred during the three second quarter and six months ended March 31, 2023 June 30, 2023.

Pro Forma Supplemental Information (unaudited) (in thousands)		Three Months Ended	
Consolidated		March 31, 2024	March 31, 2023
Net sales	\$	701,836	\$ 718,983
Income before income taxes		140,004	105,984

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Pro Forma Supplemental Information (unaudited) (in thousands)				
Consolidated	Second Quarter Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 710,228	\$ 707,196	\$ 1,412,064	\$ 1,426,179
Income before income taxes	144,971	113,162	284,975	219,146

3. Net Sales

Our revenues are predominantly derived from the manufacture and sale of petroleum additives products. We sell petroleum additives products across the world to customers located in the North America (the United States and Canada), Latin America (Mexico, Central America, and South America), Asia Pacific, and EMEAI (Europe/Middle East/Africa/India) regions. Our petroleum additives customers primarily consist of global, national, and independent oil companies. Our petroleum additives contracts generally include one performance obligation, which is satisfied at a point in time when products are shipped, delivered, or consumed by the customer, depending on the underlying contracts.

Additionally, we have revenue from the manufacture and sale of critical specialty materials products used primarily in solid rocket motors for space launch and military defense applications. The sale of specialty materials products is predominantly to customers located in the United States, with limited amounts to customers in other countries. Our specialty materials customers are primarily contractors or subcontractors of the U.S. government. Specialty materials contracts generally include one performance obligation, which is typically satisfied at a point in time when the products are shipped from the plant site.

In limited cases, we collect funds in advance of shipping product to our customers and recognizing the related revenue. These prepayments from customers are recorded as a contract liability until we ship the product and recognize the revenue. Prepayments from our customers totaled \$6.5 million at June 30, 2024, primarily from specialty materials segment customers, and \$0.3 million at December 31, 2023. Some of our contracts also include variable consideration in the form of rebates, tiered pricing, and/or business development funds. We regularly review these and make adjustments to estimated amounts when necessary, recognizing the full amount of any adjustment in the period identified.

The following table provides information on our net sales by geographic area. Information on net sales by segment is presented in Note 4.

	Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,		Six Months Ended June 30,			
							Second Quarter Ended June 30,			
(in thousands)	(in thousands)						2024	2023	(in thousands)	2024 2023 2024 2023
Net sales										
United States										
United States										
United States										

Europe, Middle East, Africa, India
Asia Pacific
Other foreign
Net sales

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. Segment Information

The tables below show our consolidated segment results. The “All other” category includes the operations of the antiknock compounds business, as well as certain contracted manufacturing and related services associated with Ethyl Corporation (Ethyl).

Net Sales by Segment									
Three Months Ended March 31,					Six Months Ended June 30,				
Three Months Ended March 31,					Second Quarter Ended June 30,				
(in thousands)					(in thousands)				
2024					2023				
Petroleum additives									
Lubricant additives									
Lubricant additives									
Lubricant additives									
Fuel additives									
Total									
Specialty materials									
All other									
Net sales									

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Segment Operating Profit

	Three Months Ended March 31,			Three Months Ended March 31,			Three Months Ended March 31,			
	Second Quarter Ended June 30,			Six Months Ended June 30,						
(in thousands)	(in thousands)	2024	2023	(in thousands)	2024	2023	2024	2023	2024	2023
Petroleum additives										
Specialty materials										
All other										
Segment operating profit										
Corporate, general, and administrative expenses										
Interest and financing expenses, net										
Other income (expense), net										
Other income (expense), net										
Other income (expense), net										
Income before income tax expense										

Pension benefits
Pension benefits
Pension benefits

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The tables below present information on net periodic benefit cost (income) for our domestic and foreign pension plans and domestic postretirement benefit plan. The service cost component of net periodic benefit cost (income) is reflected in cost of goods sold; selling, general, and administrative expenses; or research, development, and testing expenses, according to where other compensation costs arising from services rendered by the pertinent employee are recorded on the Consolidated Statements of Income. The remaining components of net periodic benefit cost (income) are recorded in other income (expense), net on the Consolidated Statements of Income.

		Domestic											
		Pension Benefits		Postretirement Benefits									
		Three Months Ended March 31,				Domestic							
		Pension Benefits		Postretirement Benefits									
		Second Quarter Ended June 30,											
(in thousands)	(in thousands)	2024		2023		2024		2023	(in thousands)	2024	2023	2024	2023
Service cost													
Interest cost													
Expected return on plan assets													
Amortization of prior service cost (credit)													
Amortization of actuarial net (gain) loss													
Net periodic benefit cost (income)													

(in thousands)	Domestic			
	Pension Benefits		Postretirement Benefits	
	Six Months Ended June 30,			
	2024	2023	2024	2023

Service cost	\$	6,078	\$	5,317	\$	269	\$	260
Interest cost		11,649		9,072		836		782
Expected return on plan assets		(27,265)		(23,019)		(385)		(403)
Amortization of prior service cost (credit)		93		12		(1,514)		(1,514)
Amortization of actuarial net (gain) loss		(915)		(823)		(31)		(151)
Net periodic benefit cost (income)	\$	(10,360)	\$	(9,441)	\$	(825)	\$	(1,026)

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Foreign

Pension Benefits

Foreign

Pension Benefits

Three Months Ended March

31,

Second Quarter Ended

June 30,

Six Months Ended

June 30,

	(in thousands)		2024	2023	(in thousands)	2024	2023	2024	2023
Service cost									
Interest cost									
Expected return on plan assets									
Amortization of prior service cost (credit)									
Amortization of actuarial net (gain) loss									
Net periodic benefit cost (income)									

6. Earnings Per Share

We had 34,678 34,538 shares of nonvested restricted stock at March 31, 2024 June 30, 2024 and 34,579 34,448 shares of nonvested restricted stock at March 31, 2023 June 30, 2023 that were excluded from the calculation of diluted earnings per share, as their effect on earnings per share would be anti-dilutive. The nonvested restricted stock is considered a participating security since the restricted stock contains nonforfeitable rights to dividends. As such, we use the two-class method to compute basic and diluted earnings per share for all periods presented since this method yields the most dilutive result. The following table illustrates the earnings allocation method utilized in the calculation of basic and diluted earnings per share.

	Three Months Ended March 31,	
(in thousands, except per-share amounts)	2024	2023
Earnings per share numerator:		

Net income attributable to common shareholders before allocation of earnings to participating securities	\$	107,732	\$	97,583
Earnings allocated to participating securities		(373)		(306)
Net income attributable to common shareholders after allocation of earnings to participating securities	\$	107,359	\$	97,277
Earnings per share denominator:				
Weighted-average number of shares of common stock outstanding - basic and diluted		9,557		9,643
Earnings per share - basic and diluted	\$	11.23	\$	10.09

7. Inventories

(in thousands)	March 31, 2024	December 31, 2023
Finished goods and work-in-process	\$ 386,068	\$ 351,746
Raw materials	83,606	82,441
Stores, supplies, and other	23,880	22,047
	<u>\$ 493,554</u>	<u>\$ 456,234</u>

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Second Quarter Ended June 30,		Six Months Ended June 30,	
(in thousands, except per-share amounts)	2024	2023	2024	2023
Earnings per share numerator:				
Net income attributable to common shareholders before allocation of earnings to participating securities	\$ 111,620	\$ 99,624	\$ 219,352	\$ 197,207
Earnings allocated to participating securities	(400)	(356)	(773)	(662)
Net income attributable to common shareholders after allocation of earnings to participating securities	<u>\$ 111,220</u>	<u>\$ 99,268</u>	<u>\$ 218,579</u>	<u>\$ 196,545</u>
Earnings per share denominator:				
Weighted-average number of shares of common stock outstanding - basic and diluted	<u>9,560</u>	<u>9,577</u>	<u>9,559</u>	<u>9,610</u>
Earnings per share - basic and diluted	<u>\$ 11.63</u>	<u>\$ 10.36</u>	<u>\$ 22.87</u>	<u>\$ 20.45</u>

7. Inventories

	June 30, 2024	December 31, 2023
(in thousands)		
Finished goods and work-in-process	\$ 375,987	\$ 351,746
Raw materials	91,370	82,441
Stores, supplies, and other	25,281	22,047
	<u>\$ 492,638</u>	<u>\$ 456,234</u>

8. Intangibles (Net of Amortization) and Goodwill

The net carrying amount of intangibles and goodwill was \$769 million \$763 million at March 31, 2024 June 30, 2024 and \$125 million at December 31, 2023. The gross carrying amount and accumulated amortization of each type of intangible asset and goodwill are presented in the table below.

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023	
(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)	(in thousands)
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	
Amortizing intangible assets					
Formulas and technology					
Formulas and technology					
Formulas and technology					
Contract					
Customer base					
Customer bases					
Trademarks and trade names					
Water rights					
Goodwill					
Goodwill					
Goodwill					
	\$	\$	\$	\$	

—
\$
=

Of the total intangibles and goodwill, \$125 million \$124 million is attributable to the petroleum additives segment and \$644 million \$639 million is attributable to the specialty materials segment. The change in the gross carrying amount between December 31, 2023 and March 31, 2024 June 30, 2024 is due to the identifiable intangible assets and goodwill from the acquisition of AMPAC, as well as the write-off of fully amortized identifiable intangible assets and the foreign currency fluctuation on goodwill in the petroleum additives segment. See Note 2 for further information on the intangibles and goodwill obtained with the AMPAC acquisition. There is no accumulated goodwill impairment.

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Amortization expense was (in thousands):

Three months Second quarter ended March 31, 2024	June 30, 2024	\$	5,372	6,388
Six months ended June 30, 2024			11,760	
Three Second quarter ended June 30, 2023			355	
Six months ended March 31, 2023	June 30, 2023		356	711

Estimated amortization expense for the remainder of 2024, as well as estimated annual amortization expense related to our intangible assets for the next five years, is expected to be (in thousands):

2024
2025
2026
2027
2028
2029

We amortize the formulas and technology over 8 years, the customer base bases over 17.5 to 20 years, and the trademarks and trade names over 15 years.

9. Long-term Debt

(in thousands)	March 31, 2024	December 31, 2023
Senior notes - 2.70% due 2031 (net of related deferred financing costs)	\$ 393,843	\$ 393,622
Senior notes - 3.78% due 2029	250,000	250,000
Term loan (net of related deferred financing costs)	249,614	0
Revolving credit facility	386,000	0
	<u>\$ 1,279,457</u>	<u>\$ 643,622</u>

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(in thousands)	June 30, 2024	December 31, 2023
Senior notes - 2.70% due 2031 (net of related deferred financing costs)	\$ 394,064	\$ 393,622
Senior notes - 3.78% due 2029	250,000	250,000
Term loan (net of related deferred financing costs)	249,668	0
Revolving credit facility	279,000	0
	<u>\$ 1,172,732</u>	<u>\$ 643,622</u>

Senior Notes - The 2.70% senior notes, which were issued in 2021, are unsecured with an aggregate principal amount of \$400 million. The offer and sale of the notes were registered under the Securities Act of 1933, as amended.

The 3.78% senior notes are unsecured and were issued in a 2017 private placement with The Prudential Insurance Company of America and certain other purchasers.

We were in compliance with all covenants under all issuances of senior notes as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

Term Loan - On January 22, 2024, NewMarket entered into an unsecured credit agreement for a \$250 million term loan (the Term Loan Credit Agreement), which matures on January 22, 2026. We borrowed the entire \$250 million available under the Term Loan Credit Agreement and paid financing costs of \$0.4 million, which are being amortized over the term of the agreement. NewMarket is required to repay the principal amount borrowed under the term loan in full at maturity. We may, in our sole discretion and subject to the conditions set forth in the Term Loan Credit Agreement, prepay amounts borrowed under the term loan, together with any accrued and unpaid interest, prior to maturity. Any amounts prepaid prior to maturity are not available for additional borrowings by NewMarket.

The principal amount borrowed under the term loan initially bears interest at a variable rate equal to Term SOFR plus the Applicable Rate. We may, at our option, elect for outstanding portions of the principal amount to instead bear interest at a variable rate equal to the Base Rate or Weekly Adjusted Term SOFR, plus, in each case, the Applicable Rate, subject to the conditions set forth in the Term Loan Credit Agreement. The Applicable Rate is based, at our option, on either our Leverage Ratio or Ratings Level. All capitalized terms are as defined in the Term Loan Credit Agreement.

The Term Loan Credit Agreement contains certain customary covenants, including financial covenants, which require NewMarket to maintain a consolidated Leverage Ratio (as defined in the Term Loan Credit Agreement) of no more than 3.75 to 1.00 except during an Increased Leverage Period (as defined in the Term Loan Credit Agreement). We were in compliance with all covenants under the term loan as of **March 31, 2024** **June 30, 2024**.

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Revolving Credit Facility - On January 22, 2024, NewMarket entered into a credit agreement for a new \$900 million revolving credit facility (the Revolving Credit Agreement). The revolving credit facility matures on January 22, 2029 and includes a \$500 million sublimit for multicurrency borrowings, an initial letter of credit sublimit of \$25 million, and a \$20 million sublimit for swingline loans.

The Revolving Credit Agreement includes an expansion feature allowing us, subject to certain conditions, to request an increase in the aggregate amount of the revolving credit facility or obtain incremental term loans in an amount up to \$450 million. We may also request an extension of the maturity date as provided for in the Revolving Credit Agreement. Certain of NewMarket's foreign subsidiaries may, from time to time, become borrowers under the Revolving Credit Agreement. The obligations under the Revolving Credit Agreement are unsecured and are fully and unconditionally guaranteed by NewMarket.

Concurrently with entering into the Revolving Credit Agreement, we terminated our former revolving credit facility dated as of March 5, 2020. Upon termination, we repaid the amount then outstanding under the former revolving credit facility, plus accrued and unpaid interest.

Borrowings made under the revolving credit facility bear interest at a variable rate determined, at our option, at an annual rate equal to (i) the Base Rate, (ii) Term SOFR, (iii) the Weekly Adjusted Term SOFR, (iv) the Alternative Currency Term Rate, or (v) the Alternative Currency Daily Rate, each plus the Applicable Rate and all as defined in the Revolving Credit Agreement. The Applicable Rate is based, at our option, on either our Leverage Ratio or Ratings Level. All capitalized terms are as defined in the Revolving Credit Agreement.

The Revolving Credit Agreement contains certain customary covenants, including financial covenants, which require NewMarket to maintain a consolidated Leverage Ratio (as defined in the Revolving Credit Agreement) of no more than 3.75 to 1.00 except during an Increased Leverage Period (as defined in the Revolving Credit Agreement). We were in compliance with all covenants under the revolving credit facility in effect as of March 31, 2024 June 30, 2024 and December 31, 2023.

We paid financing costs in 2024 of approximately \$1.8 million related to this revolving credit facility and carried over deferred financing costs from the former revolving credit facility of approximately \$0.4 million, resulting in total deferred financing costs of \$2.2 million as of March 31, 2024 June 30, 2024, which we are amortizing over the term of the Revolving Credit Agreement.

The average interest rate for borrowings under the revolving credit agreements in place during a given period was 6.6% during the first three six months of 2024 and 6.2% during the full year of 2023.

Outstanding borrowings under the applicable revolving credit facility amounted to \$386 million \$279 million at March 31, 2024 June 30, 2024 and none at December 31, 2023. Outstanding letters of credit amounted to approximately \$2 million at both March 31, 2024 June 30, 2024 and

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

December 31, 2023. December 31, 2023. The unused portion of the applicable revolving credit facility amounted to \$512 million \$619 million at March 31, 2024 June 30, 2024 and \$898 million at December 31, 2023.

10. Commitments and Contingencies

Legal Matters

We are involved in legal proceedings that are incidental to our business and may include administrative or judicial actions. Some of these legal proceedings involve governmental authorities and relate to environmental matters. For further information, see Environmental below.

While it is not possible to predict or determine with certainty the outcome of any legal proceeding, we believe the outcome of any of these proceedings, or all of them combined, will not result in a material adverse effect on our consolidated results of operations, financial condition, or cash flows.

Environmental

We are involved in environmental proceedings and potential proceedings relating to soil and groundwater contamination, disposal of hazardous waste, and other environmental matters at several of our current or former facilities, or at third-party sites where we have been designated as a potentially responsible party. While we believe we are currently adequately accrued for known environmental issues, it is possible that unexpected future costs could have a significant impact on our consolidated financial position, results of operations, and cash flows. Our total accruals for environmental remediation, dismantling, and decontamination were approximately \$11 million at both March 31, 2024 June 30, 2024 and December 31, 2023. Of the total accrual, the current portion is included in accrued expenses and the noncurrent portion is included in other noncurrent liabilities on the Condensed Consolidated Balance Sheets.

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Our more significant environmental sites include a former plant site in Louisiana and a Houston, Texas plant site. Together, the amounts accrued on a discounted basis related to these sites represented approximately \$8 million \$9 million of the total accrual above at March 31, 2024 both June 30, 2024 and \$9 million at December 31, 2023, using discount rates ranging from 3% to 9% for both periods. The aggregate undiscounted amount for these sites was \$10 million \$11 million at March 31, 2024 both June 30, 2024 and \$11 million at December 31, 2023.

Leases

At March 31, 2024 June 30, 2024, we had commitments of approximately \$4 \$3 million for leases that have not yet commenced.

11. Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss

The balances of, and changes in, the components of accumulated other comprehensive loss, net of tax, consist of the following:

(in thousands)

(in thousands)

	Pension Plans and Other Postretirement Benefits	Foreign Currency Translation Adjustments	Accumulated Other Comprehensive (Loss) Income	Pension Plans and Other Postretirement Benefits	Foreign Currency Translation Adjustments	Accumulated Other Comprehensive (Loss) Income
(in thousands)						
Balance at December 31, 2022						
Other comprehensive income (loss) before reclassifications						
Amounts reclassified from accumulated other comprehensive loss (a)						
Other comprehensive income (loss)						
Balance at March 31, 2023						
Balance at June 30, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						

Other comprehensive income
(loss) before reclassifications

Amounts reclassified from
accumulated other
comprehensive loss (a)

Other comprehensive income
(loss)

Balance at March 31, 2024

Balance at June 30, 2024

(a) The pension plan and other postretirement benefit components of accumulated other comprehensive loss are included in the computation of net periodic benefit cost (income). See Note 5 in this Quarterly Report on Form 10-Q and Note 17 in our 2023 Annual Report for further information.

NEWMARKET CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

12. Fair Value Measurements

The carrying amount of cash and cash equivalents in the Condensed Consolidated Balance Sheets, as well as the fair value, was \$117 million \$88 million at March 31, 2024 June 30, 2024 and \$112 million at December 31, 2023. The fair value is classified as Level 1 in the fair value hierarchy.

No material events occurred during the three six months ended March 31, 2024 June 30, 2024 requiring adjustment to the recognized balances of assets or liabilities which are recorded at fair value on a nonrecurring basis.

Long-term debt – We record the carrying amount of our long-term debt at historical cost, less deferred financing costs related to our outstanding senior notes and term loan. The estimated fair value of our long-term debt is shown in the table below and is based primarily on estimated current rates available to us for debt of the same remaining duration and adjusted for nonperformance risk and credit risk. The estimated fair value of our publicly traded outstanding senior notes included in the table below is based on the last quoted price closest to March 31, 2024 June 30, 2024. The fair value of our debt instruments is classified as Level 2.

		March 31, 2024		December 31, 2023	
		June 30, 2024		December 31, 2023	
(in thousands)	(in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt					

13. Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" (ASU 2023-07). ASU 2023-07 requires expanded disclosures about reportable segments including additional information on segment expenses, expanded interim period disclosures, and an explanation of how the chief operating decision maker utilizes segment information in evaluating segment performance. ASU 2023-07 was effective for our reporting period beginning January 1, 2024 with the interim period requirements effective for our reporting period beginning January 1, 2025. ASU 2023-07 only currently impacts the disclosures in our annual

consolidated financial statements, which will be included in our 2024 Annual Report on Form 10-K. 10-K for the year ending December 31, 2024. We are currently assessing the impact that the adoption of ASU 2023-07 will have on the disclosures in our consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" (ASU 2023-09). The FASB issued ASU 2023-09 to enhance the transparency and decision-making usefulness of income tax disclosures by requiring additional information on an entity's tax rate reconciliation, as well as income taxes paid. ASU 2023-09 is effective for our reporting period beginning January 1, 2025. We are currently assessing the impact that the adoption of ASU 2023-09 will have on the disclosures in our consolidated financial statements.

[Table of Contents](#)

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

Forward-Looking Statements

This report contains forward-looking statements about future events and expectations within the meaning of the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future results. When we use words in this document such as "anticipates," "intends," "plans," "believes," "estimates," "projects," "expects," "should," "could," "may," "will," and similar expressions, we do so to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding future prospects of growth in the petroleum additives or specialty materials markets, other trends in these markets, our ability to maintain or increase our market share, and our future capital expenditure levels.

We believe our forward-looking statements are based on reasonable expectations and assumptions, within the bounds of what we know about our business and operations. However, we offer no assurance that actual results will not differ materially from our expectations due to uncertainties and factors that are difficult to predict and beyond our control.

Factors that could cause actual results to differ materially from expectations include, but are not limited to, the availability of raw materials and distribution systems; disruptions at production facilities, including single-sourced facilities; hazards common to chemical businesses; the ability to respond effectively to technological changes in our industries; failure to protect our intellectual property rights; sudden, sharp, or prolonged raw material price increases; competition from other manufacturers; current and future governmental regulations; the loss of significant customers; termination or changes to contracts with contractors and subcontractors of the U.S. government or directly with the U.S. government; failure to attract and retain a highly-qualified workforce; an information technology system failure or security breach; the occurrence or threat of extraordinary events, including natural disasters, terrorist attacks, wars, and health-related epidemics; risks related to operating outside of the United States; political, economic, and regulatory factors concerning our products; the impact of substantial indebtedness on our operational and financial flexibility; the impact of fluctuations in foreign exchange rates; resolution of environmental liabilities or legal proceedings; limitation of our insurance coverage; our inability to realize expected benefits from investment in our infrastructure or from acquisitions, or our inability to successfully integrate acquisitions into our business; the underperformance of our pension assets resulting in additional cash contributions to our pension plans; and other factors detailed from time to time in the reports that NewMarket files with the SEC, including the risk factors in Part I, Item 1A. "Risk Factors" of our 2023 Annual Report, on Form 10-K, which is available to shareholders at www.newmarket.com, as well as Part II, Item 1A. "Risk Factors" of this Quarterly Report on Form 10-Q.

You should keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this discussion after the date hereof, except as may be required by law. In light of these risks and uncertainties, any forward-looking statement made in this report or elsewhere, might not occur.

Overview

When comparing the results of the petroleum additives segment for the first three six months of 2024 with the first three six months of 2023, net sales were 3.2% 2.7% lower, resulting primarily from lower selling prices, which were partially offset by an increase in product shipments of 4.7% 2.7%. Petroleum additives operating profit was 14.3% 13.1% higher when comparing the 2024 and 2023 three six months periods, primarily reflecting the favorable impact of lower raw material and operating costs, as well as higher shipments, which were partially offset by the lower selling prices and product mix. prices.

We completed the acquisition of AMPAC for approximately \$700 million \$697 million on January 16, 2024. See Note 2 for further information on the acquisition. The operations of AMPAC since the date of acquisition are reflected in the specialty materials segment in the Results of Operations section below.

On January 22, 2024, we entered into a new \$900 million revolving credit facility, as well as a \$250 million unsecured term loan. Concurrently with the entry into the new revolving credit facility, we terminated our former revolving credit facility. See Note 9 for further information on our debt agreements.

We remain challenged by the uncertain global economic environment, but continue to focus on managing our operating costs, our inventory levels, and our portfolio profitability, while continuing our investment in technology.

Despite the challenging economic environment, our financial position remains strong. We have sufficient access to capital, if needed, and do not anticipate any issues with meeting the covenants for all our debt agreements for the foreseeable future.

[Table of Contents](#)

Our business typically generates significant amounts of cash beyond its operational needs. We continue to invest in and manage our business for the long-term with the goal of helping our customers succeed in their marketplaces. Our investments continue to be in organizational talent, technology development and processes, and global infrastructure.

[Table of Contents](#)

Results of Operations

Net Sales

Consolidated net sales for the second quarter of 2024 totaled \$710.2 million, representing an increase of \$25.1 million, or 3.7% from the second quarter of 2023. Consolidated net sales for the first three six months of 2024 totaled \$696.7 million \$1.4 billion, representing a slight decrease an increase of \$6.1 million \$19.0 million, or 0.9% 1.4%, from the first three six months of 2023. The following table shows net sales by segment and product line. The net sales in the table below for the specialty materials segment only include those sales since the acquisition of AMPAC on January 16, 2024.

Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,					
		Second Quarter Ended June 30,		Six Months Ended June 30,					
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023	2024	2023	
Petroleum additives									
Lubricant additives									

Lubricant additives

Lubricant additives

Fuel additives

Total

Specialty materials

All other

Net sales

Petroleum Additives Segment

The regions in which we operate include North America, Latin America, Asia Pacific, and EMEA. While there is some fluctuation, the percentage of net sales generated by region remained fairly consistent when comparing the **three** six months of 2024 with the same period in 2023, as well as with the full year of 2023.

Petroleum additives net sales for the **second quarter of 2024** were **\$669.8 million** compared to **\$684.0 million** for the **second quarter of 2023**, a decrease of 2.1%. The decrease for the second quarter comparison was across all regions with North America representing about 55%, Asia Pacific about 23%, EMEA about 17%, and Latin America about 5%.

Petroleum additives net sales for the first **three** six months of 2024 were **\$677.3 million** **\$1.3 billion**, while the first **three** six months of 2023 were **\$700.0 million** **\$1.4 billion**, representing a decrease of **3.2%** **2.7%**. **The** Almost all of the decrease for the six months comparison was in the North America **and** region with the Latin America regions reported decreases for the first three months region reporting a smaller decrease, both of 2024 compared to the same 2023 period, which **was** were partially offset by **smaller** **small** increases in the EMEA and Asia Pacific **and** EMEA regions.

The following table details the approximate components of the changes in petroleum additives net sales between the **second quarter** and first **three** six months of 2024 and 2023.

<i>(in millions)</i>		Three Months	
Period ended March 31, 2023		\$	700.0
Lubricant additives shipments			4.8
Fuel additives shipments			12.3
Selling prices			(39.3)
Foreign currency impact, net			(0.5)
Period ended March 31, 2024		\$	677.3

<i>(in millions)</i>	Second Quarter	Six Months
Period ended June 30, 2023	\$ 684.0	\$ 1,384.0
Lubricant additives shipments	8.8	13.5
Fuel additives shipments	(2.0)	9.9
Selling prices	(18.2)	(56.9)
Foreign currency impact, net	(2.8)	(3.4)
Period ended June 30, 2024	\$ 669.8	\$ 1,347.1

When comparing the **second quarter of 2024** and 2023, the decrease in petroleum additives net sales was primarily due to lower selling prices, along with smaller impacts from lower fuel additives shipments and an unfavorable foreign currency impact. These factors were partially offset by an increase in lubricant additives shipments. When comparing the first **three** six months of 2024 and

2023, the decrease in petroleum additives net sales was primarily due to lower selling prices, as well as an unfavorable foreign currency impact, which were partially offset by increases in both lubricant additives and fuel additives shipments. Foreign currency exchange rates had a small unfavorable impact on net sales.

The primary currencies in which we transact include the Euro, Pound Sterling, Japanese Yen, Chinese Renminbi, and Indian Rupee. Comparing the second quarter of 2024 and 2023, the United States Dollar strengthened against all of the Indian Rupee, Chinese Renminbi, and Japanese Yen major

[Table of Contents](#)

currencies in which we transact, except for the Pound Sterling, resulting in an the unfavorable impact to petroleum additives net sales for the comparative periods but weakened second quarter comparison reflected in the above table. For the six months comparison, the United States Dollar strengthened against both all of the Euro and major currencies in which we transact, except for the Pound Sterling for the same comparison, which substantially offset and Euro, resulting in the unfavorable impact on to net sales shown above. The unfavorable impact for the second quarter comparison was primarily from the change in the exchange rates of the Rupee, Japanese Yen, Chinese Renminbi, and Yen. Euro. The unfavorable impact for the six months comparison was primarily from the Japanese Yen and Chinese Renminbi, which was partially offset by a favorable impact from the Euro.

On a worldwide basis, the volume of product shipments for petroleum additives increased 4.7% approximately 1% when comparing the two second quarter periods and 2.7% when comparing the first three six months of 2024 and 2023. The For the second quarter comparison, a slight increase in lubricant additives shipments was partially offset by a very small decrease in fuel additives shipments. Both the North America and Asia Pacific regions experienced increases in lubricant additives shipments and decreases in fuel additives shipments for the second quarter comparison, while both the EMEA and Latin America regions experienced decreases in lubricant additives shipments and increases in fuel additives shipments. For the six months comparison, the increase was in both lubricant additives and fuels additives across all additives. Both the North America and Asia Pacific regions except Latin America, which reported a decrease increases in lubricant additives product shipments, which were partially offset by decreases in the EMEA and North Latin America which regions. The EMEA and Latin America regions reported a decrease increases in fuel additives product shipments. shipments, which were partially offset by decreases in the North America and Asia Pacific regions.

Specialty Materials Segment

The specialty materials segment includes the operations of AMPAC, which operates predominantly in the North America region. Total net sales were \$17.0 million \$38.0 million for the second quarter 2024 and \$55.1 million for the period that we owned AMPAC during the first three six months of 2024.

[Table of Contents](#)

All Other

The "All other" category includes the operations of the antiknock compounds business, as well as certain contracted manufacturing and related services associated with Ethyl.

Segment Operating Profit

NewMarket evaluates the performance of the petroleum additives and specialty materials businesses based on segment operating profit. NewMarket Services Corporation expenses are charged to NewMarket and each subsidiary pursuant to services agreements between the companies. Depreciation on of segment property, plant, and equipment, as well as amortization of segment intangible assets and lease right-of-use assets, is included in segment operating profit.

The following table reports segment operating profit for the three second quarter and six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023. The amount reported for specialty materials is for the period from January 16, 2024 to March 31, 2024 June 30, 2024.

Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,					
		Second Quarter Ended June 30,		Six Months Ended June 30,					
(in millions)	(in millions)	2024	2023	(in millions)	2024	2023	2024	2023	
Petroleum additives									
Specialty materials									
All other									

Petroleum Additives Segment

Petroleum additives segment gross profit increased \$16.4 million \$12.1 million and operating profit increased \$18.8 million \$15.7 million when comparing the first three months second quarter of 2024 to the second quarter of 2023. For the first three six months of 2023, 2024 compared to the first six months of 2023, petroleum additives segment gross profit increased \$28.5 million and operating profit increased \$34.5 million.

The following table presents petroleum additives cost of goods sold as a percentage of net sales and the operating profit margin.

Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,					
		Second Quarter Ended June 30,		Six Months Ended June 30,					
2024		2024		2023		2024		2023	

Cost of goods sold as a percentage of net sales	Cost of goods sold as a percentage of net sales	68.4 %	71.7 %	Cost of goods sold as a percentage of net sales	68.9 %	71.3 %	68.6 %	71.5 %
Operating profit margin	Operating profit margin	22.3 %	18.9 %	Operating profit margin	22.1 %	19.3 %	22.2 %	19.1 %

[Table of Contents](#)

For the rolling four quarters ended **March 31, 2024** **June 30, 2024**, the operating profit margin for petroleum additives was **20.0%** **20.7%**, which is within our historical range of operating profit margin. While operating margins will fluctuate from quarter to quarter due to multiple factors, we believe the fundamentals of our business and industry as a whole are unchanged.

When comparing **both** the **second quarter** and first **three six** months of 2024 and 2023, the increase in both gross profit and operating profit primarily included the favorable **impact** **impacts** of lower raw material and operating costs, **as well as a favorable impact from higher shipments, which were partially offset by lower selling prices and product mix, prices.** We remain challenged by the ongoing inflationary environment impacting us. Cost control and margin management remain high priorities for us.

Petroleum additives selling, general, and administrative (SG&A) expenses (SG&A) for the second quarter of 2024 were \$1.7 million higher than the second quarter of 2023. SG&A expenses for the first **three six** months of 2024 were **\$0.4 million lower** **\$1.3 million higher** than the first **three six** months of 2023. SG&A expenses as a percentage of net sales **was 4.8%** **were 4.7%** for the second quarter of 2024, 4.4% for the second quarter of 2023, 4.7% for the first **three six** months of 2024, and **4.7%** **4.5%** for the first **three six** months of 2023. Our SG&A costs are primarily personnel-related and include salaries, benefits, and other costs associated with our workforce, including travel-related expenses. While personnel-related costs fluctuate from period to period, there were no significant changes in the drivers of these costs when comparing the periods.

Our investment in petroleum additives research, development, and testing (R&D) decreased **approximately \$2.0 million** **\$5.3 million** when comparing the second quarter periods of 2024 and 2023 and **\$7.3 million** when comparing the first **three six** months periods of 2024 and 2023. As a percentage of net sales, **our R&D investment was 4.6%** **4.3%** for the second quarter of 2024, 5.0% for the second quarter of 2023, 4.4% for the first **three six** months of 2024 and **4.7%** **4.9%** for the first **three six** months of 2023. Our R&D investments reflect our efforts to support the development of solutions that meet our customers' needs, meet new and evolving standards, and support our expansion into new product areas. Our approach to R&D investments, as it is with SG&A costs, is one of purposeful spending on programs to support our current product base and to ensure that we develop products to support our customers' programs in the future. R&D investments include personnel-related costs, as well as costs for internal and external testing of our products.

Specialty Materials Segment

The specialty materials segment reported **an** operating **loss** **profit** of \$5.0 million **for second quarter of 2024, resulting in operating profit of \$5 thousand** for the period from the AMPAC acquisition date of January 16, 2024 to **March 31, 2024** **June 30, 2024**. The **loss is primarily due to specialty materials results for the second quarter and first six months of 2024 include** the sale of AMPAC finished goods inventory that we

[Table of Contents](#)

acquired **which** at closing. This inventory was recorded at fair **market** value on the acquisition date and, **when sold during the first half of 2024, generated no margin.** While we may experience substantial variation in quarterly results for AMPAC on an ongoing

basis due to customers from the date nature of acquisition through March 31, 2024. its business, we anticipate full year 2024 results to be consistent with our pre-acquisition expectations.

The following discussion references certain captions on the Consolidated Statements of Income.

Interest and Financing Expenses, Net

Interest and financing expenses were \$15.7 million \$15.9 million for the second quarter of 2024, \$10.3 million for the second quarter of 2023, \$31.6 million for the first three six months of 2024, and \$10.8 million \$21.0 million for the first three six months of 2023.

The increase for both the three second quarter and six months comparison comparisons resulted primarily from both higher average debt outstanding, and as well as a higher average interest rate. Capitalized interest, as well as amortization and fees were also unfavorable.

Other Income (Expense), Net

Other income (expense), net was income of \$12.5 million \$12.0 million for the second quarter of 2024, \$10.7 million for the second quarter of 2023, \$24.5 million for the first three six months of 2024 and \$10.9 million \$21.6 million for the first three six months of 2023. The amounts for both the 2024 and 2023 three second quarter and six months periods primarily reflect the components of net periodic benefit cost (income), except for service cost, from defined benefit pension and postretirement plans. See Note 5 for further information on total periodic benefit cost (income).

Income Tax Expense

Income tax expense was \$30.0 million \$31.4 million for the second quarter of 2024 and \$25.1 million for the second quarter of 2023. The effective tax rate was 21.9% for the second quarter of 2024 and 20.1% for the second quarter of 2023. Income tax expense increased \$3.7 million due to higher income before income tax expense and \$2.6 million due to the higher effective tax rate.

Income tax expense was \$61.3 million for the first three six months of 2024 and \$27.6 million \$52.7 million for the first three six months of 2023. The effective tax rate was 21.8% 21.9% for the first three six months of 2024 and 22.0% 21.1% for the first three six months of 2023. Income tax expense increased \$2.8 million \$6.5 million due to higher income before income tax expense which was partially offset by a \$0.4 million decrease caused by and \$2.2 million due to the lower higher effective tax rate.

[Table of Contents](#)

On October 8, 2021, almost all members of the Organisation for Economic Co-operation and Development (OECD) reached an agreement on a two-pillar approach to international tax reform, including the establishment of a 15% global minimum tax for large multinational entities. Several jurisdictions in which we operate have adopted or are in the process of adopting this global minimum tax, with effective dates in 2024 or 2025. We are continuing to monitor the legislation in these jurisdictions and have recognized an immaterial impact to our effective tax rate and income tax liabilities related to the enactment of these rules for the first three six months of 2024.

Cash Flows, Financial Condition, and Liquidity

Cash and cash equivalents at March 31, 2024 June 30, 2024 were \$117.1 million \$87.6 million, an increase a decrease of \$5.1 million \$24.3 million since December 31, 2023.

Cash and cash equivalents held by our foreign subsidiaries amounted to \$103.1 million \$80.1 million at March 31, 2024 June 30, 2024 and \$86.5 million at December 31, 2023. Periodically, we repatriate cash from our foreign subsidiaries to the United States through intercompany dividends and loans. We do not anticipate significant tax consequences from future distributions of foreign earnings.

A portion of our foreign cash balances is associated with earnings that we have asserted are indefinitely reinvested. We plan to use these indefinitely reinvested earnings to support growth outside of the United States through funding of operating expenses, research and development expenses, capital expenditures, and other cash needs of our foreign subsidiaries.

We expect that cash from operations, together with borrowing available under our revolving credit facility, will continue to be sufficient to cover our operating needs including planned short-term and long-term capital expenditures.

Cash Flows – Operating Activities

Cash provided from operating activities for the first three six months of 2024 was \$102.8 million \$217.8 million, including \$21.4 million \$40.7 million of higher working capital requirements. The \$21.4 million \$40.7 million excluded a favorable foreign currency impact to the components of working capital on the balance sheet.

The working capital of AMPAC is included in our consolidated balance sheet at March 31, 2024 June 30, 2024. Excluding the impact of AMPAC working capital, when comparing the March 31, 2024 June 30, 2024 balances with those at December 31, 2023, the most significant changes in working capital included increases in trade and other accounts receivable, inventory, and accounts payable, and a decrease in accrued expenses. payable. The increase in trade and other accounts receivable primarily reflects higher sales during the first three months second quarter of 2024 compared to the fourth quarter of 2023. The increase in inventory reflects increased production during the second quarter of 2024 as compared to our planned inventory rationalization that took place in 2023. The increase in accounts payable is primarily the result of increased purchases during the first three months of 2024 and normal invoice payment timing. The change in accrued expenses primarily reflects normal payments related to rebate payments to customers, interest payments on our long-term debt and personnel payments.

[Table of Contents](#)

Including cash and cash equivalents, as well as the impact of changes in foreign currency exchange rates on the balance sheet, we had total working capital of \$728.5 million \$695.7 million at March 31, 2024 June 30, 2024 and \$675.4 million at December 31, 2023. The current ratio was 2.86 2.66 at March 31, 2024 June 30, 2024 and 2.85 at December 31, 2023.

Cash Flows – Investing Activities

Cash used in investing activities totaled \$697.5 million \$710.0 million during the first three six months of 2024, comprised of the acquisition of AMPAC for \$683.9 million \$681.5 million (net of cash acquired) and capital expenditures of \$13.6 million \$28.5 million. We expect that our total capital spending during 2024 will be in the \$50 million to \$70 million range and will include several improvements to our manufacturing and R&D infrastructure around the world. We expect to continue to finance capital spending through cash on hand and cash provided from operations, together with borrowing available under our revolving credit facility.

Cash Flows – Financing Activities

Cash provided from financing activities during the first three six months of 2024 amounted to \$601.4 million \$470.5 million. These cash flows primarily included net borrowings of \$386.0 million \$279.0 million on the revolving credit facility and proceeds of \$250 million from the term loan, partially offset by cash dividends of \$24.0 million \$48.0 million.

Debt

Our long-term debt was \$1.3 billion \$1.2 billion at March 31, 2024 June 30, 2024 compared to \$643.6 million at December 31, 2023.

On January 22, 2024, we entered into a new \$900 million revolving credit facility, as well as a \$250 million unsecured term loan. Concurrently with the entry into the new revolving credit facility, we terminated our former revolving credit facility. See Note 9 for additional information on the 2.70% senior notes, 3.78% senior notes, term loan, and revolving credit facility, including the unused portion of our revolving credit facility.

All of our senior notes, the term loan, and the revolving credit facility contain covenants, representations, and events of default that management considers typical of credit arrangements of this nature. The covenants under the 3.78% senior notes, as well as the term loan, include negative covenants, certain financial covenants, and events of default which are substantially similar to the covenants and events of default in our revolving credit facility.

[Table of Contents](#)

The revolving credit facility contains financial covenants that require NewMarket to maintain a consolidated Leverage Ratio (as defined in the agreement) of no more than 3.75 to 1.00, except during an Increased Leverage Period (as defined in the agreement) at the end of each quarter. At **March 31, 2024** **June 30, 2024**, the Leverage Ratio was **1.92** **1.71** under the revolving credit facility.

At **March 31, 2024** **June 30, 2024**, we were in compliance with all covenants under the 3.78% senior notes, 2.70% senior notes, term loan, and revolving credit facility.

As a percentage of total capitalization (total long-term debt and shareholders' equity), our total long-term debt increased from 37.4% at December 31, 2023 to **52.6%** **48.7%** at **March 31, 2024** **June 30, 2024**. The change resulted primarily from the increase in outstanding revolving credit facility and term loan borrowings, partially offset by the increase in shareholders' equity. The increase in shareholders' equity primarily reflects our earnings, partially offset by the impact of foreign currency translation adjustments and dividend payments. Generally, we repay any outstanding long-term debt with cash from operations or refinancing activities.

Critical Accounting Policies and Estimates

This Form 10-Q and our 2023 Annual Report **on Form 10-K** include discussions of our accounting policies, as well as methods and estimates used in the preparation of our financial statements. We also provided a discussion of Critical Accounting Policies and Estimates in our 2023 Annual **Report on Form 10-K**. **Report**. The following provides an update to the information related to intangibles, net of amortization, and goodwill provided in the Critical Accounting Policies and Estimates section of our 2023 Annual **Report on Form 10-K**. **Report**.

We have certain identifiable intangibles amounting to **\$386.9 million** **\$383.5 million** and goodwill amounting to **\$382.0 million** **\$379.9 million** at **March 31, 2024** **June 30, 2024** that are discussed in Note 8. Of these identifiable intangibles and goodwill, **\$124.6 million** **\$124.5 million** relate to our petroleum additives business and **\$644.3 million** **\$638.9 million** relate to the specialty materials business. The amortizable identifiable intangibles have remaining lives of up to approximately 17 years. We continue to assess the markets related to the intangibles and goodwill, as well as their specific values and evaluate the intangibles and goodwill for any potential impairment when significant events or circumstances occur that might impair the value of these assets. We have concluded the values are appropriate, as are the amortization periods for the intangibles. However, if conditions were to substantially deteriorate in the petroleum additives or specialty materials markets, it could possibly cause a decrease in the estimated useful lives of the intangible assets or result in a noncash write-off of all or a portion of the intangibles and goodwill carrying amounts. A reduction in the amortization period of the intangibles would have no effect on cash flows. We do not anticipate such a change in market conditions in the near term.

[Table of Contents](#)

Recent Accounting Pronouncements

For a full discussion of the more significant recently issued accounting standards, see Note 13.

Outlook

Our goal is to provide a 10% compounded return per year for our shareholders over any ten-year period (defined by earnings per share growth plus dividend yield), although we may not necessarily achieve a 10% return each year. We continue to have confidence in our customer-focused strategy and approach to the market. We believe the fundamentals of how we run our business - a long-term view, safety-first culture, customer-focused solutions, technology-driven product offerings, and world-class supply chain capability - will continue to be beneficial for all of our stakeholders over the long term.

We expect our Our petroleum additives segment to may experience impacts to its operating performance during 2024 due to the uncertain global economic environment in which we operate, as we continue to see challenges with from inflationary trends impacting our operating costs and raw material prices. trends. As a result, we will continue to focus on cost control and operating profit margin recovery throughout the year. We expect over the long-term that the petroleum additives market will grow annually up to 2%. We plan to exceed that growth rate in our petroleum additives segment.

Over the past several years we have made significant investments in our petroleum additives business as the industry fundamentals remain positive. These investments have been and will continue to be in organizational talent, technology development and processes, and global infrastructure, consisting of technical centers, production capability and geographic expansion. We intend to utilize these investments to improve our ability to deliver the solutions that our customers value, expand our global reach, and enhance our operating results. We will continue to invest in our capabilities to provide even better value, service, technology, and customer solutions.

We anticipate continued strength in our petroleum additives segment in 2024 and also look forward to the ongoing integration of AMPAC into our business during the year. While we may see experience substantial variation in quarterly results for AMPAC

Table of Contents

on an ongoing basis due to the nature of its business, we anticipate full year results to be consistent with our pre-acquisition expectations.

Our business typically generates significant amounts of cash beyond its operational needs. We regularly review our many internal opportunities to utilize excess cash from technological, geographic, production capability, and product line perspectives. We believe our capital spending is creating the capability we need to grow and support our customers worldwide, and our research and development investments are positioning us well to provide added value to our customers.

While our recent AMPAC acquisition is outside of our core petroleum additives business, we believe it is an excellent opportunity to provide long-term value for our shareholders. Nonetheless, our primary focus in the acquisition area remains on the petroleum additives industry. It is our view that the petroleum additives industry will provide the greatest opportunity for solid returns on our investments while minimizing risk. We remain focused on this strategy and will evaluate any future opportunities. We will continue to evaluate all alternative uses of cash to enhance shareholder value, including stock repurchases and dividends.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

At March 31, 2024 June 30, 2024, there were no material changes in our market risk from the information provided in the 2023 Annual Report except for a change in interest rate risk for our variable rate debt.

At December 31, 2023, we had no outstanding variable rate debt under our revolving credit facility. As such, we had no interest rate risk on variable rate debt at December 31, 2023. At **March 31, 2024** **June 30, 2024**, we had **\$386 million** **\$279 million** outstanding under our revolving credit facility and \$250 million outstanding under the term loan. Holding all other variables constant at **March 31, 2024** **June 30, 2024**, if the variable portion of the interest rates hypothetically increased 10%, the effect on our earnings and cash flow would be **\$3.8 million** **\$3.0 million**.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of internal control over financial reporting to provide reasonable, but not absolute, assurance of the reliability of the financial records and the protection of assets. Under Rule 13a-15(b) of the Securities Exchange Act of 1934 (the Exchange Act), we carried out an evaluation, with the participation of our management, including our principal executive officer and our principal financial officer, of the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Exchange Act, as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level. As permitted by SEC guidance, the scope of this evaluation did not include the disclosure controls and procedures of AMPAC related to our internal controls over financial reporting. See Note 2 for further information on this acquisition.

Other than the changes arising from the ongoing integration activities associated with the AMPAC acquisition, there has been no change in our internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act, which occurred during the quarter ended **March 31, 2024** **June 30, 2024** that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

[Table of Contents](#)

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

There have been no material changes to our legal proceedings as disclosed in "Legal Proceedings" in Item 3 of Part I of the 2023 Annual Report.

ITEM 1A. Risk Factors

Except as highlighted below, there were no material changes during the **three** **six** months ended **March 31, 2024** **June 30, 2024** to the risk factors disclosed in Item 1A - Risk Factors in our 2023 Annual **Report on Form 10-K**. **Report**.

A significant portion of our specialty materials business conducted through AMPAC is under contracts with contractors or subcontractors of the U.S. government. These contracts are impacted by governmental priorities and are subject to potential fluctuations in funding or early termination, including for convenience, any of which could have a material adverse effect on our results of operations, financial condition, or cash flows.

Sales to U.S. government contractors and subcontractors, as well as directly to the U.S. government, represent a significant portion of our specialty materials business conducted through AMPAC. Funding of U.S. governmental programs is generally subject to annual congressional appropriations, which are subject to change. In the case of major programs, U.S. government contracts are usually incrementally funded. In addition, U.S. government expenditures for defense and space programs may fluctuate from year to year, and specific programs may be terminated or curtailed. The U.S. government often has the ability to terminate contracts, in whole or in part, for convenience. If this were to occur, the full profit anticipated under a given contract is unlikely to be realized. A shift in governmental priorities, programs, strategies, or funding levels impacting the defense and space

industries more generally or the specific areas of those industries in which we operate could negatively affect our results of operations, financial condition, or cash flows.

ITEM 5. Other Information

During the quarter ended **March 31, 2024** **June 30, 2024**, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of NewMarket Corporation adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) or Regulation S-K.

ITEM 6. Exhibits

Exhibit 3.1	Articles of Incorporation Amended and Restated effective April 27, 2012 (incorporated by reference to Exhibit 3.1 to Form 8-K (File No. 1-32190) filed April 30, 2012)
Exhibit 3.2	NewMarket Corporation Bylaws Amended and Restated effective August 6, 2015 (incorporated by reference to Exhibit 3.1 to Form 8-K (File No. 1- 32190) filed August 6, 2015)
Exhibit 31(a)	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Thomas E. Gottwald
Exhibit 31(b)	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by William J. Skrobacz
Exhibit 32(a)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by Thomas E. Gottwald
Exhibit 32(b)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 by William J. Skrobacz
Exhibit 101	Inline XBRL Instance Document and Related Items (the instance document does not appear in the Interactive Data File because its Inline XBRL tags are embedded within the Inline XBRL document)
Exhibit 104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

[Table of Contents](#)

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.

NEWMARKET CORPORATION

(Registrant)

Date: April 25, 2024 July 30, 2024

By: /s/ William J. Skrobacz

William J. Skrobacz
Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: April 25, 2024 July 30, 2024

By: /s/ Gail C. Ridgeway

Gail C. Ridgeway
Controller
(Principal Accounting Officer)

26 27

Exhibit 31(a)

CERTIFICATION

I, Thomas E. Gottwald, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 of NewMarket Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: April 25, 2024 July 30, 2024

By: /s/ Thomas E. Gottwald

Thomas E. Gottwald

Chairman of the Board, President, and Chief
Executive Officer

Exhibit 31(b)

CERTIFICATION

I, William J. Skrobacz, certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 June 30, 2024 of NewMarket Corporation;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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: April 25, 2024 July 30, 2024

By: /s/ William J. Skrobacz

William J. Skrobacz

Vice President and Chief Financial Officer

Exhibit 32(a)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO**

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of NewMarket Corporation (the "Company") for the period ending **March 31, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. Gottwald, chief executive officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Thomas E. Gottwald

Thomas E. Gottwald

Chairman of the Board, President, and Chief Executive Officer

April 25, July 30, 2024

Exhibit 32(b)

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

In connection with the Quarterly Report on Form 10-Q of NewMarket Corporation (the "Company") for the period ending **March 31, 2024** **June 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William J. Skrobacz, chief financial officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ William J. Skrobacz

William J. Skrobacz

Vice President and Chief Financial Officer

April 25, July 30, 2024

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.