

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

FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 31, 2023



Ascent Industries Co.

(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| Delaware (State or other jurisdiction of incorporation or organization) | 0-19687 (Commission File Number) | 57-0426694 (I.R.S. Employer Identification No.) |
| 1400 16th Street, Suite 270, Oak Brook, Illinois (Address of principal executive offices) | (630) 884-9181 (Registrant's telephone number, including area code) | 60523 (Zip Code) |
| Inapplicable (Former name or former address if changed since last report) | | |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition

On March 31, 2023, Ascent Industries Co ("the Company") issued a press release announcing financial information for its fourth quarter and year ended December 31, 2022. The press release is attached as Exhibit 99.1 to this Form 8-K and is furnished to, but not filed with, the Commission.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit NumberDescription of Exhibit

| | |
|----------------------|---|
| 99.1 | Ascent Industries Co Press Release dated March 31, 2022 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURE

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

Dated: March 31, 2023

Ascent Industries Co

By: /s/ Aaron M. Tam

Aaron M. Tam

Chief Financial Officer



Ascent Industries Co. Reports Fourth Quarter and Full Year 2022 Results

Second Consecutive Year of Growth in Net Sales and Net Income Year-Over-Year, Reflecting Continued Improvements Across the Organization

Ascent Chemicals Continues to Outperform with Year-Over-Year Growth in Net Sales, Net Income, and Adjusted EBITDA for Full Year 2022

Fourth Quarter Net Income of \$0.1 Million and Adjusted EBITDA of Negative \$2.0 Million Includes Net Loss of \$8.9 Million and Adjusted EBITDA of Negative \$7.4 million Attributable to its Munhall Facility¹

Oak Brook, Illinois, March 31, 2023 – Ascent Industries Co. (Nasdaq: ACNT) (“Ascent” or the “Company”), an industrials company focused on the production and distribution of industrial tubular products and specialty chemicals, is reporting its results for the fourth quarter and full year ended December 31, 2022.

Fourth Quarter 2022 Summary

| <i>(in millions, except per share and margin)</i> | Q4 2022 | Q4 2021 | Change |
|---|----------------|----------------|---------------|
| Net Sales | \$81.6 | \$95.7 | -14.7% |
| Gross Profit | \$1.6 | \$19.9 | -92.0% |
| Gross Profit Margin | 2.0% | 20.8% | -1880bps |
| Net Income | \$0.1 | \$8.1 | -98.4% |
| Diluted Earnings per share | \$0.01 | \$0.84 | -98.5% |
| Adjusted EBITDA | \$(2.0) | \$14.9 | -113.2% |
| Adjusted EBITDA Margin | (2.4)% | 15.5% | -1790bps |

Full Year 2022 Summary

| <i>(in millions, except per share and margin)</i> | 2022 | 2021 | Change |
|---|-------------|-------------|---------------|
| Net Sales | \$414.1 | \$334.7 | 23.7% |
| Gross Profit | \$56.5 | \$60.8 | -7.0% |
| Gross Profit Margin | 13.7% | 18.2% | -450bps |
| Net Income | \$22.1 | \$20.2 | 9.0% |
| Diluted Earnings per share | \$2.12 | \$2.14 | -1.0% |
| Adjusted EBITDA | \$36.0 | \$44.3 | -18.7% |
| Adjusted EBITDA Margin | 8.7% | 13.2% | -450bps |

¹Company management has previously articulated its intent to reduce operations at the Company's facility in Munhall, PA, specifically its galvanized pipe and tube operations. The majority of the galvanized reduction has been completed as of March 31, 2023, and the Company is currently evaluating strategic alternatives for the operations at this facility.

Management Commentary

“Although we certainly faced some challenges during the last two quarters of the year, I don’t want that to take away from the progress we made throughout 2022 towards operational excellence,” said Chris Hutter, president and CEO of Ascent. “This year proved to be another step in the right direction as we made tangible progress in growing Ascent Chemicals, rebranded our entire organization for a more seamless go-to-market strategy and made significant investments to improve internal processes that we believe will further streamline our operations. While these efforts are ongoing, we believe our top-down approach to eliminating inherited inefficiencies and more purposefully rebuilding the operational mindset of the organization is positioning Ascent for long-term success.

“As expected, specific items within our tubular products segment negatively impacted our consolidated financial results to close out the year. That said, the bulk of the financial issues were contained to our Munhall, PA facility where we have previously expressed our frustration with the galvanized business we inherited and our belief that this product line is not a meaningful part of our long-term business plan. As we began the process of evaluating strategic alternatives for the Munhall facility, we significantly reduced our galvanized business there, which led to the facility becoming meaningfully unprofitable in the fourth quarter. As of today, we are no longer producing galvanized products at Munhall and, excluding this facility, our consolidated results were in-line with expectations.

“Ascent Chemicals remained a stalwart during the fourth quarter with year-over-year growth across the top line and a minimal decline in the bottom line as the pricing environment continued to stabilize. We are pleased with the overall profile of this segment given its stable customer base and high margin, recurring revenue that we believe can provide a solid base for us to meaningfully grow over the long-term. Our sales pipeline for Ascent Chemicals in 2023 remains strong, and we believe the foundation we have built more easily allows us to incorporate adjacent products and new offerings as the broader M&A landscape begins to open up. We believe that our specialty chemicals segment has significant long-term growth potential, and we are confident in the ability of our team to seize these opportunities.

“Overall, we believe we are on a path toward sustained profitable growth over the long-term. To achieve this, we will focus on providing best-in-class products and services, investing in technology and automation to improve efficiencies, and pursuing strategic acquisitions within the specialty chemicals segment that meet our return thresholds. Our dedicated team remains steadfast in their commitment to delivering long-term value to our shareholders through a culture of hard work and performance-based results.”

Fourth Quarter 2022 Financial Results

Net sales were \$81.6 million compared to \$95.7 million in the prior year period, primarily attributable to a reduction in low-margin sales within the tubular products segment, partially offset by year-over-year growth in the specialty chemicals segment.

Gross profit was \$1.6 million, or 2.0% of net sales, compared to \$19.9 million, or 20.8% of net sales, in the fourth quarter of 2021. The decrease is primarily attributable to the aforementioned decline in net sales within the tubular products segment, along with increased input and labor costs and a slightly unfavorable product mix over the prior year.

Net income was \$0.1 million, or \$0.01 diluted earnings per share, compared to \$8.1 million, or \$0.84 diluted earnings per share, in the fourth quarter of 2021. The decline is primarily attributable to the aforementioned lower gross profit, accelerated depreciation and amortization charges related to the strategic reassessment of certain operations within the tubular products segment, and an increase in corporate expenses to optimize internal processes, partially offset by an income tax benefit associated with the ceased Palmer operations.

Adjusted EBITDA was \$(2.0) million compared to \$14.9 million in the fourth quarter of 2021. Adjusted EBITDA margin was (2.4)% compared to 15.5% in the prior year period. The decrease is primarily attributable to the aforementioned lower net sales, the bulk of which were contained in one operating site that the Company is in the process of meaningfully contracting, and an increase in corporate expenses.

Full Year 2022 Financial Results

Net sales increased 24% to \$414.1 million compared to \$334.7 million in 2021. The increase was primarily attributable to a more favorable pricing environment in the first half of the year, partially offset by a lower volume of products shipped due to product mix shifts to meet long-term profitability objectives.

Gross profit was \$56.5 million, or 13.7% of net sales, compared to \$60.8 million or 18.2% of net sales in 2021. The modest decrease was primary attributable to an increase in raw materials and freight costs.

Net income increased 9% to \$22.1 million, or \$2.12 diluted earnings per share, compared to \$20.2 million, or \$2.14 diluted earnings per share in 2021. The increase was primarily attributable to the aforementioned increase in net sales and an income tax benefit that wasn't recognized in the prior year period.

Adjusted EBITDA was \$36.0 million compared to \$44.3 million in 2021. Adjusted EBITDA as a percentage of net sales was 8.7% compared to 13.2% in the prior year. The slight decline is primarily attributable to lower operating margins in the tubular products segment compared to the prior year.

Segment Results

Ascent Tubular – net sales in the fourth quarter of 2022 were \$58.1 million compared to \$73.8 million in the fourth quarter of 2021. Operating loss in the fourth quarter was \$4.3 million compared to operating income of \$11.8 million in the prior year period. Adjusted EBITDA in the fourth quarter was \$(1.6) million compared to \$13.8 million in the prior year period. As a percentage of segment net sales, adjusted EBITDA was (2.8)% compared to 18.7% in the fourth quarter of 2021.

Net sales in 2022 increased 15% to \$306.6 million compared to \$267.2 million in 2021. Operating income in 2022 was \$27.6 million compared to \$33.6 million in the prior year. Adjusted EBITDA in 2022 was \$35.8 million compared to \$43.0 million in the prior year. As a percentage of segment net sales, adjusted EBITDA was 11.7% compared to 16.1% in 2021.

Ascent Chemicals – net sales in the fourth quarter of 2022 increased 7% to \$23.5 million compared to \$21.9 million in the fourth quarter of 2021. Operating income in the fourth quarter was \$0.9 million compared to \$1.7 million in the prior year period. Adjusted EBITDA in the fourth quarter was \$2.0 million compared to \$2.5 million in the prior year period. As a percentage of segment net sales, adjusted EBITDA was 8.6% compared to 11.7% in the fourth quarter of 2021.

Net sales in 2022 increased 59% to \$107.5 million compared to \$67.5 million in 2021. Operating income in 2022 increased significantly to \$7.0 million compared to \$3.7 million in the prior year. Adjusted EBITDA in 2022 increased 80% to \$11.8 million compared to \$6.5 million in the prior year. As a percentage of segment net sales, adjusted EBITDA increased 120 basis points to 10.9% compared to 9.7% in 2021.

Liquidity

As of December 31, 2022, total debt was \$71.5 million under the Company's revolving credit facility, compared to \$70.4 million at December 31, 2021. As of the end of 2022, the Company had \$37.6 million of remaining available borrowing capacity under its revolving credit facility, compared to \$39.4 million at December 31, 2021.

For the year ended December 31, 2022, the Company repurchased 110,404 shares at an average cost of \$12.16 per share for approximately \$1.3 million.

Conference Call

Ascent will conduct a conference call today at 5:00 p.m. Eastern time to discuss its results for the fourth quarter and full year ended December 31, 2022.

Ascent management will host the conference call, followed by a question-and-answer period.

Date: Friday, March 31, 2023

Time: 8:30 a.m. Eastern time

Live Call Registration Link: [Here](#)

Webcast Registration Link: [Here](#)

To access the call by phone, please register via the live call registration link above [or here](#) and you will be provided with dial-in instructions and details. If you have any difficulty connecting with the conference call, please contact Gateway Group at 1-949-574-3860.

The conference call will also be broadcast live and available for replay via the webcast registration link above [or here](#). The webcast will be archived for one year in the investor relations section of the Company's website at www.ascentco.com.

About Ascent Industries Co.

Ascent Industries Co. (Nasdaq: ACNT) is a company that engages in a number of diverse business activities including the production of stainless steel and galvanized pipe and tube, the master distribution of seamless carbon pipe and tube, and the production of specialty chemicals. For more information about Ascent, please visit its web site at www.ascentco.com.

Forward-Looking Statements

This press release may include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other applicable federal securities laws. All statements that are not historical facts are forward-looking statements. Forward looking statements can be identified through the use of words such as "estimate," "project," "intend," "expect," "believe," "should," "anticipate," "hope," "optimistic," "plan," "outlook," "should," "could," "may" and similar expressions. The forward-looking statements are subject to certain risks and uncertainties which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward-looking statements and to review the risks as set forth in more detail in Ascent Industries Co.'s Securities and Exchange Commission filings, including our Annual Report on Form 10-K, which filings are available from the SEC or on our website. Ascent Industries Co. assumes no obligation to update any forward-looking information included in this release.

Non-GAAP Financial Information

Financial statement information included in this earnings release includes non-GAAP (Generally Accepted Accounting Principles) measures and should be read along with the accompanying tables which provide a reconciliation of non-GAAP measures to GAAP measures.

Adjusted EBITDA is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results to determine the value of a company. An item is excluded in the measure if its periodic value is inconsistent and sufficiently material that not identifying the item would render period comparability less meaningful to the reader or if including the item provides a clearer representation of normalized periodic earnings. The Company excludes in Adjusted EBITDA two categories of items: 1) Base EBITDA components, including: interest expense (including change in fair value of interest rate swap), income taxes, depreciation and amortization, and 2) Material transaction costs including: goodwill impairment, asset impairment, gain on lease modification, stock-based compensation, non-cash lease cost, acquisition costs and other fees, proxy contest costs and recoveries, loss on extinguishment of debt, earn-out adjustments, realized and unrealized (gains) and losses on investments in equity securities and other investments, retention costs and restructuring & severance costs from net income.

Management believes that these non-GAAP measures are useful because they are key measures used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions as well as allow readers to compare the financial results between periods. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

Company Contact

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Chief Financial Officer
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Investor Relations

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Ascent Industries Co.
Condensed Consolidated Balance Sheets
(\$ in thousands)

| | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,441 | \$ 2,021 |
| Accounts receivable, net of allowance for credit losses of \$1,250 and \$216, respectively | 45,120 | 50,126 |
| Inventories, net | 114,452 | 103,249 |
| Prepaid expenses and other current assets | 8,982 | 3,728 |
| Assets held for sale | 380 | 855 |
| Total current assets | 170,375 | 159,979 |
| Property, plant and equipment, net | 42,346 | 43,720 |
| Right-of-use assets, operating leases, net | 29,224 | 30,811 |
| Goodwill | 11,389 | 12,637 |
| Intangible assets, net | 10,387 | 14,382 |
| Deferred income taxes | 1,353 | — |
| Deferred charges, net | 203 | 302 |
| Other non-current assets, net | 3,766 | 4,171 |
| Total assets | \$ 269,043 | \$ 266,002 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 22,731 | \$ 32,318 |
| Accounts payable - related parties | — | 2 |
| Accrued expenses and other current liabilities | 6,560 | 12,407 |
| Current portion of note payable | 387 | — |
| Current portion of long-term debt | 2,464 | 2,464 |
| Current portion of earn-out liabilities | — | 1,961 |
| Current portion of operating lease liabilities | 1,056 | 1,104 |
| Current portion of finance lease liabilities | 280 | 233 |
| Total current liabilities | 33,478 | 50,489 |
| Long-term debt | 69,085 | 67,928 |
| Long-term portion of operating lease liabilities | 30,911 | 32,059 |
| Long-term portion of finance lease liabilities | 1,242 | 1,414 |
| Deferred income taxes | — | 2,433 |
| Other long-term liabilities | 68 | 89 |
| Total non-current liabilities | 101,306 | 103,923 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Common stock, par value \$1 per share; authorized 24,000,000 shares; issued 11,085,103 shares | 11,085 | 11,085 |
| Capital in excess of par value | 47,021 | 46,058 |
| Retained earnings | 85,146 | 63,080 |
| | 143,252 | 120,223 |
| Less: cost of common stock in treasury - 924,504 and 918,471 shares, respectively | (8,993) | (8,633) |
| Total shareholders' equity | 134,259 | 111,590 |
| Total liabilities and shareholders' equity | \$ 269,043 | \$ 266,002 |

Note: The condensed consolidated balance sheets at December 31, 2022 and 2021 have been derived from the audited consolidated financial statements at that date.

Ascent Industries Co.
Condensed Consolidated Statements of Income - Comparative Analysis (Unaudited)
(\$ in thousands, except per share data)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|--|------------------------------------|------------------|----------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net sales | | | | |
| Tubular Products | \$ 58,087 | \$ 73,799 | \$ 306,605 | \$ 267,238 |
| Specialty Chemicals | 23,473 | 21,868 | 107,542 | 67,477 |
| | <u>\$ 81,560</u> | <u>\$ 95,667</u> | <u>\$ 414,147</u> | <u>\$ 334,715</u> |
| Operating income (loss) | | | | |
| Tubular Products | \$ (4,323) | \$ 11,767 | \$ 27,607 | \$ 33,561 |
| Specialty Chemicals | 860 | 1,658 | 6,971 | 3,656 |
| Corporate | | | | |
| Unallocated corporate expenses | (2,761) | (1,690) | (12,997) | (6,828) |
| Acquisition costs and other | (363) | (800) | (1,200) | (1,001) |
| Proxy contest costs and recoveries | — | — | — | (168) |
| Earn-out adjustments | — | (442) | 7 | (1,872) |
| Total Corporate | <u>(3,124)</u> | <u>(2,932)</u> | <u>(14,190)</u> | <u>(9,869)</u> |
| Operating income (loss) | <u>(6,587)</u> | <u>10,493</u> | <u>20,388</u> | <u>27,348</u> |
| Interest expense | 1,104 | 418 | 2,742 | 1,486 |
| Loss on extinguishment of debt | — | — | — | 223 |
| Change in fair value of interest rate swap | — | — | — | (2) |
| Other, net | <u>(34)</u> | <u>(10)</u> | <u>(209)</u> | <u>143</u> |
| Income (loss) before income taxes | <u>(7,657)</u> | <u>10,085</u> | <u>17,855</u> | <u>25,498</u> |
| Income tax provision (benefit) | <u>(7,784)</u> | <u>2,018</u> | <u>(4,211)</u> | <u>5,253</u> |
| Net income | <u>\$ 127</u> | <u>\$ 8,067</u> | <u>\$ 22,066</u> | <u>\$ 20,245</u> |
| Net income per common share | | | | |
| Basic | \$ 0.01 | \$ 0.85 | \$ 2.16 | \$ 2.17 |
| Diluted | \$ 0.01 | \$ 0.84 | \$ 2.12 | \$ 2.14 |
| Average shares outstanding | | | | |
| Basic | 10,213 | 9,518 | 10,230 | 9,340 |
| Diluted | 10,416 | 9,617 | 10,410 | 9,456 |

Other data:

| | | | | |
|------------------------------|------------|-----------|-----------|-----------|
| Adjusted EBITDA ¹ | \$ (1,964) | \$ 14,861 | \$ 36,021 | \$ 44,308 |
|------------------------------|------------|-----------|-----------|-----------|

¹The term Adjusted EBITDA is a non-GAAP financial measure that the Company believes is useful to investors in evaluating its results to determine the value of a company. An item is excluded in the measure if its periodic value is inconsistent and sufficiently material that not identifying the item would render period comparability less meaningful to the reader or if including the item provides a clearer representation of normalized periodic earnings. The Company excludes in Adjusted EBITDA two categories of items: 1) Base EBITDA components, including: interest expense (including change in fair value of interest rate swap), income taxes, depreciation and amortization, and 2) Material transaction costs including: goodwill impairment, asset impairment, gain on lease modification, stock-based compensation, non-cash lease cost, acquisition costs and other fees, proxy contest costs and recoveries, loss on extinguishment of debt, earn-out adjustments, realized and unrealized (gains) and losses on investments in equity securities and other investments, retention costs and restructuring & severance costs from net income. For a reconciliation of this non-GAAP measure to the most comparable GAAP equivalent, refer to the Reconciliation of Net Income (Loss) to Adjusted EBITDA.

Ascent Industries Co.
Consolidated Statements of Cash Flows
(\$ in thousands)

| | Year Ended December 31, | |
|---|-------------------------|-----------------|
| | 2022 | 2021 |
| Operating activities | | |
| Net income | \$ 22,066 | \$ 20,245 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation expense | 8,722 | 7,547 |
| Amortization expense | 3,995 | 2,794 |
| Amortization of debt issuance costs | 99 | 95 |
| Asset impairments | — | 233 |
| Loss on extinguishment of debt | — | 223 |
| Deferred income taxes | (4,211) | (2,071) |
| Earn-out adjustments | (7) | 1,872 |
| Payments of earn-out liabilities in excess of acquisition date fair value | (662) | (138) |
| Provision for (reduction of) losses on accounts receivable | 1,034 | (398) |
| Provision for losses on inventories | 3,052 | 1,649 |
| Loss (gain) on disposal of property, plant and equipment | 27 | (848) |
| Non-cash lease expense | 414 | 481 |
| Non-cash lease termination loss | — | 5 |
| Change in fair value of interest rate swap | — | (2) |
| Payments for termination of interest rate swap | — | (46) |
| Issuance of treasury stock for director fees | 364 | 132 |
| Stock-based compensation expense | 1,407 | 799 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 3,972 | (16,185) |
| Inventories | (13,779) | (18,873) |
| Other assets and liabilities | (12) | (55) |
| Accounts payable | (10,277) | 10,835 |
| Accounts payable - related parties | (2) | 2 |
| Accrued expenses | (2,702) | 1,506 |
| Accrued income taxes | (7,923) | 9,253 |
| Net cash provided by operating activities | 5,577 | 19,055 |
| Investing activities | | |
| Purchases of property, plant and equipment | (5,074) | (1,497) |
| Proceeds from disposal of property, plant and equipment | 99 | 1,400 |
| Acquisitions, net of cash acquired | — | (32,564) |
| Net cash (used in) provided by investing activities | (4,975) | (32,661) |
| Financing activities | | |
| Borrowings from long-term debt | 443,363 | 215,528 |
| Proceeds from note payable | 967 | — |
| Proceeds from the issuance of common stock related to Rights Offering | — | 10,010 |
| Proceeds from the exercise of stock options | 175 | 109 |
| Payments on long-term debt | (442,206) | (206,505) |
| Payments on note payable | (580) | — |
| Principal payments on finance lease obligations | (266) | (92) |
| Payments on earn-out liabilities | (1,292) | (3,494) |
| Repurchase of common stock | (1,343) | — |
| Payments for deferred financing costs | — | (165) |
| Net cash used in financing activities | (1,182) | 15,391 |
| (Decrease) increase in cash and cash equivalents | (580) | 1,785 |
| Cash and cash equivalents, beginning of period | 2,021 | 236 |
| Cash and cash equivalents, end of period | \$ 1,441 | \$ 2,021 |

Ascent Industries Co.
Non-GAAP Financial Measures Reconciliation
Reconciliation of Net Income to Adjusted EBITDA (Unaudited)
(\$ in thousands)

| (\$ in thousands) | Three Months Ended December 31, | | Year Ended December 31, | |
|---|------------------------------------|------------------|----------------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Consolidated | | | | |
| Net income | \$ 127 | \$ 8,067 | \$ 22,066 | \$ 20,245 |
| Adjustments: | | | | |
| Interest expense | 1,104 | 418 | 2,742 | 1,486 |
| Change in fair value of interest rate swap | — | — | — | (2) |
| Income taxes | (7,784) | 2,018 | (4,211) | 5,253 |
| Depreciation | 2,343 | 2,088 | 8,722 | 7,547 |
| Amortization | 1,407 | 754 | 3,995 | 2,794 |
| EBITDA | (2,803) | 13,345 | 33,314 | 37,323 |
| Acquisition costs and other | 363 | 800 | 1,200 | 1,001 |
| Proxy contest costs and recoveries ¹ | — | — | — | 168 |
| Shelf registration costs | 12 | — | 12 | — |
| Loss on extinguishment of debt | — | — | — | 223 |
| Earn-out adjustments | — | 442 | (7) | 1,872 |
| Loss on investment in equity securities and other investments | — | — | — | 363 |
| Asset impairments | — | — | — | 233 |
| Gain on lease modification | — | — | (2) | — |
| Stock-based compensation | 308 | 103 | 1,016 | 799 |
| Non-cash lease expense | 92 | 108 | 414 | 481 |
| Retention expense | — | 6 | — | 500 |
| Restructuring and severance costs | 64 | 57 | 74 | 1,345 |
| Adjusted EBITDA | <u>\$ (1,964)</u> | <u>\$ 14,861</u> | <u>\$ 36,021</u> | <u>\$ 44,308</u> |
| % sales | (2.4)% | 15.5 % | 8.7 % | 13.2 % |

¹Proxy contest costs and recoveries for the year months ended December 31, 2021 are reimbursements of documented, out-of-pocket costs to Privet and UPG partially offset by insurance recoveries for costs related to the 2020 shareholder activism.

Ascent Industries Co.
Non-GAAP Financial Measures Reconciliation
Reconciliation of Net Income to Adjusted EBITDA (Unaudited)
(\$ in thousands)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|-------------------------------------|------------------------------------|-----------|----------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| <i>(\$ in thousands)</i> | | | | |
| Tubular Products | | | | |
| Net income (loss) | \$ (4,392) | \$ 11,335 | \$ 27,644 | \$ 31,893 |
| Adjustments: | | | | |
| Interest expense | — | — | 1 | — |
| Depreciation expense | 1,375 | 1,293 | 4,814 | 5,485 |
| Amortization expense | 1,217 | 680 | 3,092 | 2,721 |
| EBITDA | (1,800) | 13,308 | 35,551 | 40,099 |
| Acquisition costs and other | 96 | — | 96 | — |
| Earn-out adjustments | — | 442 | (7) | 1,872 |
| Stock-based compensation | 36 | 54 | 100 | 129 |
| Retention expense | — | 6 | — | 500 |
| Restructuring and severance costs | 20 | — | 20 | 363 |
| Tubular Products Adjusted EBITDA | \$ (1,648) | \$ 13,810 | \$ 35,760 | \$ 42,963 |
| % segment sales | (2.8)% | 18.7 % | 11.7 % | 16.1 % |
| Specialty Chemicals | | | | |
| Net income | \$ 852 | \$ 1,588 | \$ 6,935 | \$ 3,589 |
| Adjustments: | | | | |
| Interest expense | 9 | 9 | 36 | 11 |
| Depreciation expense | 949 | 768 | 3,846 | 1,932 |
| Amortization expense | 191 | 73 | 903 | 73 |
| EBITDA | 2,001 | 2,438 | 11,720 | 5,605 |
| Acquisition costs and other | — | 61 | — | 61 |
| Asset impairments | — | — | — | 233 |
| Stock-based compensation | 12 | (8) | 41 | 165 |
| Non-cash lease expense | — | — | 2 | — |
| Restructuring and severance costs | 8 | 57 | 8 | 484 |
| Specialty Chemicals Adjusted EBITDA | \$ 2,021 | \$ 2,548 | \$ 11,771 | \$ 6,548 |
| % segment sales | 8.6 % | 11.7 % | 10.9 % | 9.7 % |