**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

**or**

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

Commission File Number 1-11430

## MINERALS TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **25-1190717** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**622 Third Avenue, New York, New York 10017-6707**
(Address of principal executive offices, including zip code)

**(212) 878-1800**
(Registrant's telephone number, including area code)

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

| Title of each class | Trading Symbol | Name of exchange on which registered |
|---|---|---|
| Common Stock, $0.10 par value | MTX | New York Stock Exchange LLC |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

**Yes ☒ No ☐**

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

**Yes ☒ No ☐**

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

**Large Accelerated Filer ☒**
**Accelerated Filer ☐**
**Non-accelerated Filer ☐**
**Smaller Reporting Company ☐**
**Emerging Growth Company ☐**

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

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

**Yes ☐ No ☒**

As of April 17, 2024, there were 32,248,162 shares of common stock, par value of $0.10 per share, of the registrant outstanding.

**MINERALS TECHNOLOGIES INC.**
**INDEX TO FORM 10-Q**

## PART 1. FINANCIAL INFORMATION

### ITEM 1. Financial Statements

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**(Unaudited)**

| | Three Months Ended | |
|---|---|---|
| **(in millions of dollars, except per share data)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Net sales | $ 534.5 | $ 546.1 |
| Cost of goods sold | 398.6 | 425.4 |
| Production margin | 135.9 | 120.7 |
| Marketing and administrative expenses | 53.0 | 52.3 |
| Research and development expenses | 5.6 | 5.3 |
| Acquisition-related expenses | — | 0.1 |
| Litigation expenses | 2.1 | — |
| Income from operations | 75.2 | 63.0 |
| Interest expense, net | (14.9) | (14.2) |
| Other non-operating (deductions) income, net | (0.2) | (1.1) |
| Total non-operating deductions, net | (15.1) | (15.3) |
| Income before tax and equity in earnings | 60.1 | 47.7 |
| Provision for taxes on income | 13.9 | 10.5 |
| Equity in earnings of affiliates, net of tax | 1.4 | 0.9 |
| Net income | 47.6 | 38.1 |
| Less: | | |
| Net income attributable to non-controlling interests | 0.9 | 1.1 |
| Net income attributable to Minerals Technologies Inc. | $ 46.7 | $ 37.0 |
| **Earnings per share:** | | |
| Basic: | | |
| Net income attributable to Minerals Technologies Inc. | $ 1.45 | $ 1.14 |
| Diluted: | | |
| Net income attributable to Minerals Technologies Inc. | $ 1.44 | $ 1.14 |
| Cash dividends declared per common share | $ 0.10 | $ 0.05 |
| **Shares used in computation of earnings per share:** | | |
| Basic | 32.3 | 32.5 |
| Diluted | 32.4 | 32.5 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(Unaudited)**

| | Three Months Ended | |
|---|---|---|
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Net income | $ 47.6 | $ 38.1 |
| Other comprehensive income (loss), net of tax: | | |
| Foreign currency translation adjustments | (24.3) | 10.0 |
| Pension and postretirement plan adjustments | 0.2 | 0.4 |
| Unrealized (loss) gains on cash flow hedges | 1.4 | (2.3) |
| Total other comprehensive income (loss), net of tax | (22.7) | 8.1 |
| Total comprehensive income including non-controlling interests | 24.9 | 46.2 |
| Comprehensive income attributable to non-controlling interests | 0.2 | 1.4 |
| Comprehensive income attributable to Minerals Technologies Inc. | $ 24.7 | $ 44.8 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

| (in millions of dollars) | Mar. 31, 2024* | Dec. 31, 2023 ** |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 315.7 | $ 317.2 |
| Short-term investments | 4.4 | 4.3 |
| Accounts receivable, net | 396.3 | 399.1 |
| Inventories | 326.0 | 325.4 |
| Prepaid expenses and other current assets | 58.9 | 53.0 |
| Total current assets | 1,101.3 | 1,099.0 |
| | | |
| Property, plant and equipment | 2,185.3 | 2,190.1 |
| Less accumulated depreciation and depletion | (1,208.3) | (1,203.3) |
| | | |
| Property, plant and equipment, net | 977.0 | 986.8 |
| Goodwill | 913.1 | 913.6 |
| Intangible assets | 227.6 | 231.0 |
| Deferred income taxes | 14.8 | 16.0 |
| Other assets and deferred charges | 105.3 | 100.2 |
| Total assets | $ 3,339.1 | $ 3,346.6 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| | | |
| Current liabilities: | | |
| Short-term debt | $ 75.7 | $ 85.4 |
| Current maturities of long-term debt | 21.4 | 18.0 |
| Accounts payable | 194.7 | 188.7 |
| Other current liabilities | 150.0 | 165.2 |
| Total current liabilities | 441.8 | 457.3 |
| | | |
| Long-term debt, net of unamortized discount and deferred financing costs | 904.4 | 911.1 |
| Deferred income taxes | 142.7 | 139.3 |
| Accrued pension and post-retirement benefits | 50.4 | 51.7 |
| Other non-current liabilities | 103.9 | 100.5 |
| Total liabilities | 1,643.2 | 1,659.9 |
| | | |
| Commitments and contingencies | | |
| | | |
| Shareholders' equity: | | |
| Common stock | 5.0 | 4.9 |
| Additional paid-in capital | 503.6 | 501.2 |
| Retained earnings | 2,404.1 | 2,360.6 |
| Accumulated other comprehensive loss | (391.3) | (369.4) |
| Less common stock held in treasury | (860.3) | (845.3) |
| | | |
| Total Minerals Technologies Inc. shareholders' equity | 1,661.1 | 1,652.0 |
| Non-controlling interests | 34.8 | 34.7 |
| Total shareholders' equity | 1,695.9 | 1,686.7 |
| Total liabilities and shareholders' equity | $ 3,339.1 | $ 3,346.6 |

* Unaudited
** Condensed from audited financial statements

See accompanying Notes to Condensed Consolidated Financial Statements.

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| (in millions of dollars) | Three Months Ended Mar. 31, 2024 | Three Months Ended Apr. 2, 2023 |
|---|---|---|
| **Operating Activities:** | | |
| Net income | $ 47.6 | $ 38.1 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 23.5 | 23.7 |
| Reduction of right of use asset | 3.4 | 3.4 |
| Other non-cash items, net | 7.2 | 4.2 |
| Net changes in operating assets and liabilities | (25.8) | (35.7) |
| Net cash provided by operating activities | 55.9 | 33.7 |
| **Investing Activities:** | | |
| Purchases of property, plant and equipment, net | (16.5) | (24.4) |
| Proceeds from sale of short-term investments | 1.1 | 1.6 |
| Purchases of short-term investments | (1.3) | (2.0) |
| Other investing activities | 0.1 | 0.1 |
| Net cash used in investing activities | (16.6) | (24.7) |
| **Financing Activities:** | | |
| Repayment of long-term debt | (3.6) | (3.8) |
| Proceeds from issuance of short-term debt | — | — |
| Repayment of short-term debt | (9.7) | (1.2) |
| Purchase of common stock for treasury | (15.0) | — |
| Proceeds from issuance of stock under option plan | 2.3 | 0.2 |
| Excess tax benefits related to stock incentive programs | (2.8) | (2.8) |
| Cash dividends paid | (3.2) | (1.6) |
| Net cash used in financing activities | (32.0) | (9.2) |
| Effect of exchange rate changes on cash and cash equivalents | (8.8) | 2.7 |
| Net increase (decrease) in cash and cash equivalents | (1.5) | 2.5 |
| Cash and cash equivalents at beginning of period | 317.2 | 247.2 |
| Cash and cash equivalents at end of period | $ 315.7 | $ 249.7 |
| **Supplemental disclosure of cash flow information:** | | |
| Interest paid | $ 20.3 | $ 19.1 |
| Income taxes paid | $ 7.3 | $ 4.7 |
| **Non-cash financing activities:** | | |
| Treasury stock purchases settled after period end | $ 0.4 | $ — |

See accompanying Notes to Condensed Consolidated Financial Statements.

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
**(Unaudited)**

| | Equity Attributable to Minerals Technologies Inc. | | | | | | |
|---|---|---|---|---|---|---|---|
| **(in millions of dollars)** | **Common Stock** | **Additional Paid-in Capital** | **Retained Earnings** | **Accumulated Other Comprehensive Loss** | **Treasury Stock** | **Non-controlling Interests** | **Total** |
| *Balance as of December 31, 2023* | $ 4.9 | $ 501.2 | $ 2,360.6 | $ (369.4) | $ (845.3) | $ 34.7 | $ 1,686.7 |
| Net income | — | — | 46.7 | — | — | 0.9 | 47.6 |
| Other comprehensive income, net | — | — | — | (21.9) | — | (0.8) | (22.7) |
| Dividends declared | — | — | (3.2) | — | — | — | (3.2) |
| Issuance of shares pursuant to employee stock compensation plans | 0.1 | 2.3 | — | — | — | — | 2.4 |
| Purchase of common stock for treasury | — | — | — | — | (15.0) | — | (15.0) |
| Stock-based compensation | — | 2.9 | — | — | — | — | 2.9 |
| Conversion of RSU's for tax withholding | — | (2.8) | — | — | — | — | (2.8) |
| *Balance as of March 31, 2024* | $ 5.0 | $ 503.6 | $ 2,404.1 | $ (391.3) | $ (860.3) | $ 34.8 | $ 1,695.9 |

| | Equity Attributable to Minerals Technologies Inc. | | | | | | |
|---|---|---|---|---|---|---|---|
| **(in millions of dollars)** | **Common Stock** | **Additional Paid-in Capital** | **Retained Earnings** | **Accumulated Other Comprehensive Loss** | **Treasury Stock** | **Non-controlling Interests** | **Total** |
| *Balance as of December 31, 2022* | $ 4.9 | $ 487.6 | $ 2,284.6 | $ (366.5) | $ (831.1) | $ 33.7 | $ 1,613.2 |
| Net income | — | — | 37.0 | — | — | 1.1 | 38.1 |
| Other comprehensive income, net | — | — | — | 7.7 | — | 0.4 | 8.1 |
| Dividends declared | — | — | (1.6) | — | — | — | (1.6) |
| Issuance of shares pursuant to employee stock compensation plans | — | 0.2 | — | — | — | — | 0.2 |
| Stock-based compensation | — | 2.7 | — | — | — | — | 2.7 |
| Conversion of RSU's for tax withholding | — | (2.7) | — | — | — | — | (2.7) |
| *Balance as of April 2, 2023* | $ 4.9 | $ 487.8 | $ 2,320.0 | $ (358.8) | $ (831.1) | $ 35.2 | $ 1,658.0 |

See accompanying Notes to Condensed Consolidated Financial Statements.

**Note 1. Basis of Presentation and Summary of Significant Accounting Policies**

The accompanying unaudited condensed consolidated financial statements have been prepared by management of Minerals Technologies Inc. (the "Company", "MTI", "we", or "us") in accordance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three-month periods ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

**Company Operations**

The Company is a leading, technology-driven specialty minerals company that develops, produces, and markets a broad range of mineral and mineral-based products, related systems and services. The Company serves globally a wide range of consumer and industrial markets, including household, food and pharmaceutical, paper, packaging, automotive, construction, and environmental.

The Company has two reportable segments: Consumer & Specialties and Engineered Solutions.

- The Consumer & Specialties segment serves consumer end markets directly and provides mineral-based solutions and technologies that are essential to our customers' products. The two product lines in this segment are Household & Personal Care - our mineral-to-shelf product line that serves pet care, personal and household care, fluid purification and other consumer oriented markets, and Specialty Additives, delivering specialty mineral additives to a variety of consumer and industrial end markets including paper, packaging, construction, automotive, and food and pharmaceuticals.

- The Engineered Solutions segment combines all engineered systems, mineral blends, and technologies that are designed to aid in customer processes and projects. The two product lines in this segment are High-Temperature Technologies – combining all of our mineral-based blends, technologies, and systems serving the foundry, steel, glass, aluminum and other high-temperature processing industries, and Environmental & Infrastructure, which includes environmental and remediation solutions such as geosynthetic clay lining systems, water remediation technologies as well as drilling, commercial building and infrastructure-related products.

*Use of Estimates*

The Company employs accounting policies that are in accordance with U.S. generally accepted accounting principles and require management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reported period. Significant estimates include those related to revenue recognition, valuation of long-lived assets, goodwill and other intangible assets, income taxes, including valuation allowances, contingent liabilities, and pension plan assumptions. Actual results could differ from those estimates.

*Recently Issued Accounting Standards*

Changes to accounting principles generally accepted in the United States of America (U.S. GAAP) are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position and results of operations.

*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*

In November 2023, the FASB issued ASU 2024-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which requires entities to report incremental information about significant segment expenses included in a segment's profit or loss measure, as well as the name and title of the chief operating decision maker. The guidance also requires interim disclosures related to reportable segment profit or loss and assets that had previously only been disclosed annually. The new standard is effective for interim and annual periods beginning on or after December 15, 2024. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*

In December 2023, the FASB issued ASU 2024-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", that requires entities to disclose additional information about federal, state, and foreign income taxes primarily related to the income tax rate reconciliation and income taxes paid. The new standard also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The new standard is effective for interim and annual periods beginning on or after December 15, 2024. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

**Note 2. Revenue from Contracts with Customers**

The following table disaggregates our revenue by major source (product line) for the three-month periods ended March 31, 2024 and April 2, 2023:

| **(in millions of dollars)** | **Three Months Ended** | |
|---|---|---|
| **Net Sales** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Household & Personal Care | $ 138.4 | $ 129.2 |
| Specialty Additives | 158.5 | 168.1 |
| **Consumer & Specialties Segment** | 296.9 | 297.3 |
| High-Temperature Technologies | 177.3 | 178.6 |
| Environmental & Infrastructure | 60.3 | 70.2 |
| **Engineered Solutions Segment** | 237.6 | 248.8 |
| **Total** | $ 534.5 | $ 546.1 |

**Note 3 . Earnings per Share (EPS)**

Basic earnings per share are based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share are based upon the weighted average number of common shares outstanding during the period assuming the issuance of common shares for all potentially dilutive common shares outstanding.

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

| | **Three Months Ended** | |
|---|---|---|
| **(in millions, except per share data)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| **Net income attributable to Minerals Technologies Inc.** | $ 46.7 | $ 37.0 |
| Weighted average shares outstanding | 32.3 | 32.5 |
| Dilutive effect of stock options and deferred restricted stock units | 0.1 | — |
| Weighted average shares outstanding, adjusted | 32.4 | 32.5 |
| **Basic earnings per share attributable to Minerals Technologies Inc.** | $ 1.45 | $ 1.14 |
| **Diluted earnings per share attributable to Minerals Technologies Inc.** | $ 1.44 | $ 1.14 |

Of the options outstanding of 1,671,687 and 1,608,613 for the three-month periods ended March 31, 2024 and April 2, 2023, respectively, options to purchase 900,163 shares and 1,002,344 shares of common stock for the three-month periods ending March 31, 2024 and April 2, 2023, respectively, were not included in the computation of diluted earnings per share because they were anti-dilutive, as the exercise prices of the options were greater than the average market price of the common shares.

**Note 4. Restructuring and Other Items, net**

In the second quarter of 2023, the Company initiated a restructuring and cost savings program to further streamline its cost structure as a result of organizational efficiencies gained through the resegmentation in the first quarter of 2023. As a result, the Company recorded a charge of $6.6 million for restructuring and other charges related to severance and other costs. In the third quarter of 2023, an incremental charge of $0.3 million was recorded relating to this program.

At March 31, 2024, the Company had $3.7 million included within other current liabilities in the Condensed Consolidated Balance Sheet for cash expenditures needed to satisfy remaining obligations under workforce reduction initiatives. The Company expects to pay these amounts by end of 2024.

The following table is a reconciliation of our restructuring liability balance as of March 31, 2024:

| **(in millions of dollars)** | | |
|---|---|---|
| Restructuring liability, December 31, 2023 | $ | 3.8 |
| Cash payments | | (0.1) |
| Restructuring liability, March 31, 2024 | $ | 3.7 |

**Note 5. Income Taxes**

Provision for taxes was $13.9 million and $10.5 million during the three-month periods ended March 31, 2024 and April 2, 2023, respectively. The effective tax rate was 23.1% for the three months ended March 31, 2024, as compared with 22.0% for the three months ended April 2, 2023. The higher tax rate was primarily due to the mix of earnings.

As of March 31, 2024, the Company had approximately $2.9 million of total unrecognized income tax benefits. Included in this amount were a total of $2.1 million of unrecognized income tax benefits that, if recognized, would affect the Company's effective tax rate. While it is expected that the amount of unrecognized tax benefits will change in the next 12 months, the Company does not expect the change to have a significant impact on the results of operations or the financial position of the Company.

The Company's accounting policy is to recognize interest and penalties accrued relating to unrecognized income tax benefits as part of its provision for income taxes. The Company had a net addition of approximately $0.1 million during the three-month period ended March 31, 2024 and had an accrued balance of $0.6 million of interest and penalties as of March 31, 2024.

The Company operates in multiple taxing jurisdictions, both within and outside the U.S. In certain situations, a taxing authority may challenge positions that the Company has adopted in its income tax filings. The Company, with a few exceptions (none of which are material), is no longer subject to U.S. federal, state, local, and international income tax examinations by tax authorities for years prior to 2017.

In December 2021, as part of the Organization for Economic Co-operation and Development's ("OECD") released the Pillar Two Model Rules which aim to reform international corporate taxation rules, including the implementation of a global minimum tax rate. The Company began implementation of the Pillar Two Model Rules in the first quarter of 2024. The Company continues to assess the rules in all jurisdictions and does not anticipate a material impact to its financial statements.

**Note 6. Inventories**

The following is a summary of inventories by major category:

| (in millions of dollars) | Mar. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Raw materials | $ 142.3 | $ 144.3 |
| Work-in-process | 11.1 | 11.7 |
| Finished goods | 117.7 | 113.5 |
| Packaging and supplies | 54.9 | 55.9 |
| Total inventories | $ 326.0 | $ 325.4 |

**Note 7. Goodwill and Other Intangible Assets**

Goodwill and other intangible assets with indefinite lives are not amortized, but instead are assessed for impairment, at least annually. The carrying amount of goodwill was $913.1 million and $913.6 million as of March 31, 2024 and December 31, 2023, respectively. The net change in goodwill from December 31, 2023 to March 31, 2024 is attributable to the effects of foreign exchange.

Acquired intangible assets subject to amortization as of March 31, 2024 and December 31, 2023 were as follows:

| | | Mar. 31, 2024 | | Dec. 31, 2023 | |
|---|---|---|---|---|---|
| (in millions of dollars) | Weighted Average Useful Life (Years) | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Tradenames | 34 | $ 221.3 | $ 60.3 | $ 221.5 | $ 59.1 |
| Technology | 13 | 18.8 | 14.6 | 18.8 | 14.2 |
| Patents and trademarks | 19 | 6.4 | 6.4 | 6.4 | 6.4 |
| Customer relationships | 21 | 78.4 | 16.0 | 79.0 | 15.0 |
| | 29 | $ 324.9 | $ 97.3 | $ 325.7 | $ 94.7 |

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 29 years. Estimated amortization expense is $8.8 million for the remainder of 2024, $47.8 million for 2025–2028 and $171.0 million thereafter.

**Note 8. Derivative Financial Instruments**

As a multinational corporation with operations throughout the world, the Company is exposed to certain market risks. The Company uses a variety of practices to manage these market risks, including, when considered appropriate, derivative financial instruments. The Company's objective is to offset gains and losses resulting from interest rates and foreign currency exposures with gains and losses on the derivative contracts used to hedge them. The Company uses derivative financial instruments only for risk management and not for trading or speculative purposes.

By using derivative financial instruments to hedge exposures to changes in interest rates and foreign currencies, the Company exposes itself to credit risk and market risk. Credit risk is the risk that the counterparty will fail to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty, and therefore, it does not face any credit risk. The Company minimizes the credit risk in derivative instruments by entering into transactions with major financial institutions.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates, currency exchange rates, or commodity prices. The market risk associated with interest rate and forward exchange contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

*Cash Flow Hedges*

For derivative instruments that are designated and qualify as cash flow hedges, the Company records the effective portion of the gain or loss in accumulated other comprehensive income (loss) as a separate component of shareholders' equity. The Company subsequently reclassifies the effective portion of gain or loss into earnings in the period during which the hedged transaction is recognized in earnings.

The Company utilizes interest rate swaps to limit exposure to market fluctuations on floating-rate debt. In the second quarter of 2023, the Company entered into a floating to fixed interest rate swap for a notional amount of $150 million. The fair value of this swap is an asset of $1.9 million at March 31, 2024 and is recorded in other assets and deferred charges on the Condensed Consolidated Balance Sheet. This interest rate swap is designated as a cash flow hedge. As a result, the gains and losses associated with this interest rate swap are recorded in accumulated other comprehensive income (loss).

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

- Market approach - prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - amount that would be required to replace the service capacity of an asset or replacement cost.
- Income approach - techniques to convert future amounts to a single present amount based on market expectations, including present value techniques, option-pricing and other models.

The Company primarily applies the income approach for interest rate derivatives for recurring fair value measurements and attempts to utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of our interest rate and cross currency rate swap contracts are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2.

**Note 9. Long-Term Debt and Commitments**

The following is a summary of long-term debt:

| **(in millions of dollars)** | **Mar. 31, 2024** | **Dec. 31, 2023** |
|---|---|---|
| ***Secured Credit Agreement:*** | | |
| Term Loan due 2027, net of unamortized deferred financing costs of $2.3 million and $2.4 million | $ 527.1 | $ 530.4 |
| ***Senior Notes:*** | | |
| 5.00% due 2028, net of unamortized deferred financing costs of $3.7 million and $3.9 million | 396.3 | 396.1 |
| Other debt | 2.4 | 2.6 |
| Total | 925.8 | 929.1 |
| Less: Current maturities | 21.4 | 18.0 |
| Total long-term debt | $ 904.4 | $ 911.1 |

On August 11, 2022, the Company entered into a Refinancing Facility Agreement (the "Amendment") to amend the Company's previous credit agreement (the "Previous Credit Agreement"; the previous credit agreement, as amended by the Amendment, being the "Amended Credit Agreement"). The Amendment provides for, among other things, a new senior secured revolving credit facility with aggregate commitments of $300 million (the "Revolving Facility"), a portion of which may be used for the issuance of letters of credit and swingline loans, and a new senior secured term loan facility with aggregate commitments of $550 million (the "Term Loan Facility" and, together with the Revolving Facility, the "Senior Secured Credit Facilities"). The Revolving Facility and the Term Loan Facility replaced the facilities under the Previous Credit Agreement, which provided for, among other things, a $788 million senior secured floating rate term loan facility and a $300 million senior secured revolving credit facility. The maturity date for loans under the Senior Secured Credit Facilities is August 11, 2027.

Loans under the Senior Secured Credit Facilities will bear interest at a rate equal to, at the election of the Company, Term SOFR plus a credit spread adjustment equal to 0.100% plus an applicable margin equal to 1.500% per annum or a base rate plus an applicable margin equal to 0.500% per annum, subject in each case to (a) an increase of 25 basis points in the event that, and for so long as, the net leverage ratio (as defined in the Amended Credit Agreement) is greater than or equal to 3.00 to 1.00 as of the last day of the preceding fiscal quarter, (b) a decrease of 12.5 basis points in the event that, and for so long as, the net leverage ratio is less than 2.00 to 1.00 and greater than or equal to 1.00 to 1.00 as of the last day of the preceding fiscal quarter and (c) an decrease of 25 basis points in the event that, and for so long as, the net leverage ratio is less than 1.00 to 1.00 as of the last day of the preceding fiscal quarter. The Company will pay certain fees under the Amended Credit Agreement, including (a) a commitment fee of 0.250% per annum on the undrawn portion of the Revolving Facility (subject to a step-up to 0.300% and step-downs to 0.175% and 0.150% at the same levels described above), (b) a fronting fee of 0.125% per annum on the average daily undrawn amount of, plus unreimbursed amounts in respect of disbursements under, letters of credit issued under the Revolving Facility and (c) customary annual administration fees. The obligations of the Company under the Senior Secured Credit Facilities are unconditionally guaranteed jointly and severally by, subject to certain exceptions, all material domestic subsidiaries of the Company (the “Guarantors”) and secured, subject to certain exceptions, by a security interest in substantially all of the tangible and intangible assets of the Company and the Guarantors. In the third quarter of 2023, the Company's subsidiaries Barretts Minerals Inc. and Barretts Ventures Texas LLC were removed as borrowers under, and Guarantors of, the Senior Secured Credit Facilities.

As of March 31, 2024, there were $75.0 million in loans and $9.1 million in letters of credit outstanding under the Revolving Facility.

On June 30, 2020, the Company issued $400 million aggregate principal amount of 5.0% Senior Notes due 2028 (the “Notes”). The Notes were issued pursuant to an indenture, dated as of June 30, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Indenture”). The Notes bear an interest rate of 5.0% per annum payable semi-annually on January 1 and July 1 of each year, beginning on January 1, 2021. The Notes are unconditionally guaranteed on a senior unsecured basis by each of the Company’s existing and future wholly owned domestic restricted subsidiaries that is a borrower under or that guarantees the Company’s obligations under its Senior Secured Credit Facilities or that guarantees the Company’s or any of the Company’s wholly owned domestic subsidiaries’ long-term indebtedness in an aggregate amount in excess of $50 million. In the third quarter of 2023, the Company’s subsidiaries Barretts Minerals Inc. and Barretts Ventures Texas LLC were removed as guarantors of the Notes.

The Company may redeem some or all of the Notes at any time and from time to time at the applicable redemption prices listed in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

If the Company experiences a change of control (as defined in the indenture), the Company is required to offer to repurchase the Notes at 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Amended Credit Agreement and the Indenture both contain certain customary affirmative and negative covenants that limit or restrict the ability of the Company and its restricted subsidiaries to enter into certain transactions or take certain actions, as well as customary events of default. In addition, the Amended Credit Agreement contains financial covenants that require the Company to maintain, as of the last day of any fiscal quarter, (x) a maximum net leverage ratio (as defined in the Amended Credit Agreement) of 4.00 to 1.00 for the four fiscal quarter period preceding such day (subject to an increase to 5.00 to 1.00 for four quarters in connection with certain significant acquisitions) and (y) a minimum interest coverage ratio (as defined in the Amended Credit Agreement) of 3.00 to 1.00. The Company is in compliance with all the covenants contained in the Amended Credit Agreement throughout the period covered by this report.

The Company has a committed loan facility in Japan. As of March 31, 2024, $1.2 million was outstanding under this loan facility. Principal will be repaid in accordance with the payment schedule ending in 2026. The Company repaid $0.1 million on this facility in the first quarter of 2024.

As part of the acquisition of Concept Pet Heimtierprodukte GmbH ("Concept Pet") in 2022, the Company assumed $1.9 million in long-term debt, recorded at fair value, consisting of two terms loans, one that matures in 2025 and one that matures in 2027. Both loans have annual payments and carry a variable interest rate. The Company did not make repayments on these loans during the first quarter of 2024.

As of March 31, 2024, the Company had $25.3 million in uncommitted short-term bank credit lines, of which $0.7 million were in use.

**Note 10. Benefit Plans**

The Company and its subsidiaries have pension plans covering the majority of eligible employees on a contributory or non-contributory basis. The Company also provides postretirement health care and life insurance benefits for the majority of its U.S. retired employees. Disclosures for the U.S. plans have been combined with those outside of the U.S. as the international plans do not have significantly different assumptions, and together represent less than 21% of our total benefit obligation.

**Components of Net Periodic Benefit Cost**

| | Pension Benefits | |
|---|---|---|
| | Three Months Ended | |
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Service cost | $ 1.2 | $ 1.2 |
| Interest cost | 4.0 | 3.9 |
| Expected return on plan assets | (5.0) | (4.5) |
| Amortization: | | |
| Recognized net actuarial loss | 0.4 | 0.6 |
| Net periodic benefit cost | $ 0.6 | $ 1.2 |

| | Post-Retirement Benefits | |
|---|---|---|
| | Three Months Ended | |
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Service cost | $ — | $ — |
| Interest cost | — | — |
| Amortization: | | |
| Recognized net actuarial (gain) | (0.1) | (0.1) |
| Net periodic benefit cost | $ (0.1) | $ (0.1) |

Amortization amounts of prior service costs and recognized net actuarial losses are recorded, net of tax, as increases to accumulated other comprehensive income.

The Company expects to contribute approximately $13.2 million to its pension plans and $0.1 million to its other postretirement benefit plans in 2024. As of March 31, 2024, approximately $1.0 million has been contributed to the pension plans and no contributions have been made to the other postretirement benefit plans.

**Note 11. Comprehensive Income**

The following table summarizes the amounts reclassified out of accumulated other comprehensive loss attributable to the Company:

| | Three Months Ended | |
|---|---|---|
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Amortization of pension items: | | |
| Pre-tax amount | $ 0.3 | $ 0.5 |
| Tax | (0.1) | (0.1) |
| Net of tax | $ 0.2 | $ 0.4 |

The pre-tax amounts in the table above are included within the components of net periodic pension benefit cost (see Note 10 to the Condensed Consolidated Financial Statements) and the tax amounts are included within the provision for taxes on income line within the Condensed Consolidated Statements of Income.

The major components of accumulated other comprehensive loss, net of related tax, attributable to MTI are as follows:

| (in millions of dollars) | Foreign Currency Translation Adjustment | Unrecognized Pension Costs | Net Gain (Loss) on Derivative Instruments | Total |
|---|---|---|---|---|
| Balance as of December 31, 2023 | $ (350.9) | $ (28.8) | $ 10.3 | $ (369.4) |
| Other comprehensive income (loss) before reclassifications | (23.5) | — | 1.4 | (22.1) |
| Amounts reclassified from AOCI | — | 0.2 | — | 0.2 |
| Net current period other comprehensive income (loss) | (23.5) | 0.2 | 1.4 | (21.9) |
| Balance as of March 31, 2024 | $ (374.4) | $ (28.6) | $ 11.7 | $ (391.3) |

**Note 12. Contingencies**

The Company is party to a number of lawsuits arising in the normal course of our business. The Company and certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for alleged exposure to asbestos-contaminated talc products sold by the Company's subsidiary Barretts Minerals Inc. ("BMI"). On October 2, 2023 (the "Petition Date"), notwithstanding the Company's confidence in the safety of BMI's talc products, the Company's subsidiaries, BMI and Barretts Ventures Texas LLC (together with BMI, "Barretts"), filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Chapter 11 Cases") to address and comprehensively resolve BMI's liabilities associated with talc. Minerals Technologies Inc. and the Company's other subsidiaries were not included in the Chapter 11 filing. During the pendency of the Chapter 11 Cases, the Company anticipates that BMI will benefit from the operation of the automatic stay, which stays ongoing litigation in connection with talc-related claims against BMI. In addition, subject to certain exceptions, the filing or continued prosecution of all talc-related claims against BMI's non-debtor affiliates is temporarily stayed through May 13, 2024 (subject to further extensions), the date on which a hearing is scheduled on the status of the Chapter 11 Cases.

As of March 31, 2024, we had 594 open cases related to certain talc products previously sold by BMI, which is an increase from previous years. As a result of the Chapter 11 Cases, these cases are stayed. The following table details case activity related to talc products previously sold by BMI:

| (number of claims) | Three Months Ended Mar. 31, 2024 | Apr. 2, 2023 |
|---|---|---|
| Claims pending, beginning of period | 574 | 439 |
| Claims filed | 30 | 62 |
| Claims dismissed, settled or otherwise resolved | 10 | 41 |
| Claims pending, end of period | 594 | 460 |

These claims typically allege various theories of liability, including negligence, gross negligence and strict liability and seek compensatory and, in some cases, punitive damages, but most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability, if any. We are unable to state an amount or range of amounts claimed in any of these lawsuits because state court pleading practices do not require the plaintiff to identify the amount of the claimed damage. The Company's position, as stated publicly, is that the talc products sold by BMI are safe and do not cause cancer.

The Company records accruals for loss contingencies associated with legal matters, including talc-related litigation, when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. Amounts accrued for legal contingencies often result from a complex series of judgments about future events and uncertainties that rely heavily on estimates and assumptions including timing of related payments. The ability to make such estimates and judgments can be affected by various factors, including whether damages sought in the proceedings are unsubstantiated or indeterminate, the stage of the litigation, the factual and legal matters in dispute, the ability to achieve comprehensive settlements, the availability of co-defendants with substantial resources and assets participating in the litigation, and our evaluation of the unique attributes of each claim.

While costs relating to the talc-related cases have increased concurrently with the volume, the majority of these costs have historically been borne by Pfizer Inc. in connection with certain agreements entered into in connection with the Company's initial public offering in 1992, and as long as the litigation is subject to the stay under the Chapter 11 Cases, the Company will not be required to make any payments in respect thereof. The Company is entitled to indemnification, pursuant to agreement, for liabilities arising from sales prior to the initial public offering. The Company continues to receive information from Pfizer Inc. with respect to potential costs associated with the defense and/or settlement of talc-related cases that Pfizer alleges are not subject to indemnification. Although the Company believes that the talc products are safe and that claims to the contrary are without merit, BMI opportunistically settled certain talc-related cases in 2022 and 2023. None of such settlements have been material to the Company.

In the first quarter of 2024, BMI entered into an agreement to sell its talc assets under section 363 of the Bankruptcy Code. The sale is expected to close in the second quarter of 2024. Proceeds of the sale will be used to fund the Chapter 11 Cases. BMI's ultimate goal in the Chapter 11 Cases is to confirm a plan of reorganization under Section 524(g) of the U.S. Bankruptcy Code and utilize this provision to establish a trust that will address all current and future talc-related claims. Following the Chapter 11 filing, the activities of Barretts are now subject to review and oversight by the bankruptcy court. As a result, Barretts was deconsolidated as of the Petition Date, and its assets and liabilities were derecognized from the Company's consolidated financial statements on a prospective basis.

The broader litigation and regulatory environments for talc-related claims continue to evolve. Moreover, although the Chapter 11 Cases are progressing, it is not possible at this time to predict the form of any ultimate resolution or when an ultimate resolution might occur. Given the foregoing factors, it is reasonably possible that the Company will incur a loss for liabilities associated with future talc claims in excess of the amount currently recognized. This risk is based on the potential for new talc-related claims that could eventually be asserted together with their associated disposition cost and related legal costs, despite the automatic stay with respect to claims against BMI, taking into account the portion of such hypothetical claims that may be subject to indemnification by Pfizer Inc., as well as the inability to estimate the amount that may be necessary to fully and finally resolve all of BMI's future talc-related claims in connection with a confirmed Chapter 11 plan of reorganization. Accordingly, the Company is currently unable to provide an estimate or range of the magnitude of any potential loss related to future talc claims.

## Note 13. Segment and Related Information

The Company has two reportable segments: Consumer & Specialties and Engineered Solutions. See Note 1 to the Condensed Consolidated Financial Statements. Segment information for the three-month periods ended March 31, 2024 and April 2, 2023 is as follows:

| | Three Months Ended | |
|---|---|---|
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| **Net Sales** | | |
| Consumer & Specialties | $ 296.9 | $ 297.3 |
| Engineered Solutions | 237.6 | 248.8 |
| Total | $ 534.5 | $ 546.1 |
| | | |
| **Income from Operations** | | |
| Consumer & Specialties | $ 42.0 | $ 32.2 |
| Engineered Solutions | 38.5 | 35.3 |
| Total | $ 80.5 | $ 67.5 |

A reconciliation of the totals reported for the operating segments to the applicable line items in the condensed consolidated financial statements is as follows:

| | Three Months Ended | |
|---|---|---|
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Income from operations for reportable segments | $ 80.5 | $ 67.5 |
| Acquisition-related expenses | — | (0.1) |
| Litigation expenses | (2.1) | — |
| Unallocated and other corporate expenses | (3.2) | (4.4) |
| Consolidated income from operations | 75.2 | 63.0 |
| Non-operating deductions, net | (15.1) | (15.3) |
| Income before tax and equity in earnings | $ 60.1 | $ 47.7 |

The Company's sales by product category are as follows:

| | Three Months Ended | |
|---|---|---|
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** |
| Household & Personal Care | $ 138.4 | $ 129.2 |
| Specialty Additives | 158.5 | 168.1 |
| High-Temperature Technologies | 177.3 | 178.6 |
| Environmental & Infrastructure | 60.3 | 70.2 |
| Total | $ 534.5 | $ 546.1 |

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Minerals Technologies Inc.:

*Results of Review of Interim Financial Information*

We have reviewed the condensed consolidated balance sheet of Minerals Technologies Inc. and subsidiaries (the Company) as of March 31, 2024, the related condensed consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the three-month periods ended March 31, 2024 and April 2, 2023, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 16, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

*Basis for Review Results*

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ KPMG LLP

New York, New York
April 26, 2024

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

**Executive Summary**

Our consolidated sales for the first quarter of 2024 were $534.5 million, a decrease of 2% as compared with $546.1 million in the prior year. Income from operations was $75.2 million, as compared with $63.0 million in the prior year. Included in income from operations for the first quarter of 2024 was $2.1 million of litigation expenses incurred in connection with the bankruptcy of the Company's subsidiaries, Barretts Minerals Inc. ("BMI") and Barretts Ventures Texas LLC (together with BMI, "Barretts"). Net income was $46.7 million, as compared to $37.0 million in the first quarter of 2023. Diluted earnings in the first quarter ended March 31, 2024 were $1.44 per share, as compared with $1.14 per share in the first quarter of 2023.

Our balance sheet continues to be strong. Cash, cash equivalents and short-term investments were $320.1 million as of March 31, 2024 and the Company had more than $500 million of available liquidity, including cash on hand as well as availability under its revolving credit facility. We believe that these factors will allow us to meet our anticipated funding requirements.

**Outlook**

The Company will also continue to focus on innovation and new product development and other opportunities for sales growth from our existing businesses in 2024, as follows:

Consumer & Specialties Segment

- Increase our presence and market share in global pet litter products, particularly in emerging markets.
- Deploy new products in pet care such as lightweight litter.
- Increase our sales of calcium carbonate products by further penetration into filling and coating applications in the paper and packaging markets.
- Promote the Company's expertise in crystal engineering by developing crystal morphologies that help our customers achieve functional benefits.
- Deploy new calcium carbonate products in paint, coating and packaging applications.
- Continue developing products and processes for waste management and recycling opportunities to reduce the environmental impact for our customers by reducing energy consumption and improve the sustainability of their products.
- Continue to develop innovative applications for our bleaching earth products for edible oil and biofuel industries.
- Develop new mineral-based solutions for personal care applications.
- Increase our presence and market share in globally for retinol delivery technology for personal care applications.
- Expand our bentonite product solutions for animal health applications.
- Increase our presence and market share in fabric care, particularly in emerging markets.

Engineered Solutions Segment

- Increase our presence and gain penetration of our bentonite-based foundry customers for the metalcasting industry in emerging markets, such as China and India.
- Deploy value-added formulations of refractory materials that not only reduce costs but improve performance.
- Deploy our laser measurement technologies into new applications.
- Expand our refractory maintenance model to other steel makers globally.
- Continue the development and market penetration of our FLUORO-SORB® products which address PFAS contamination in soil, groundwater, drinking water sources, landfill leachate and wastewater treatment facilities.
- Pursue opportunities for the expanded use of our products in environmental, building and construction, infrastructure and oil and gas drilling and water treatment globally.
- Increase our presence and market share for geosynthetic clay liners globally.

All Segments

- Further operational excellence principles into all aspects of the organization, including system infrastructure and lean principles.
- Continue to explore selective acquisitions to fit our competencies in minerals and our core technologies.

However, there can be no assurance that we will achieve success in implementing any one or more of these opportunities.

**Results of Operations**

***Three months ended March 31, 2024 as compared with three months ended April 2, 2023***

***Consolidated Income Statement Review***

| | Three Months Ended | | |
|---|---|---|---|
| **(in millions of dollars)** | **Mar. 31, 2024** | **Apr. 2, 2023** | **% Change** |
| Net sales | $ 534.5 | $ 546.1 | (2)% |
| Cost of sales | 398.6 | 425.4 | (6)% |
| Production margin | 135.9 | 120.7 | 13% |
| *Production margin %* | *25.4%* | *22.1%* | |
| | | | |
| Marketing and administrative expenses | 53.0 | 52.3 | 1% |
| Research and development expenses | 5.6 | 5.3 | 6% |
| Acquisition-related expenses | — | 0.1 | * |
| Litigation expenses | 2.1 | — | * |
| | | | |
| Income from operations | 75.2 | 63.0 | 19% |
| *Operating margin %* | *14.1%* | *11.5%* | |
| | | | |
| Interest expense, net | (14.9) | (14.2) | 5% |
| Other non-operating income (deductions), net | (0.2) | (1.1) | (82)% |
| Total non-operating deductions, net | (15.1) | (15.3) | (1)% |
| | | | |
| Income before tax and equity in earnings | 60.1 | 47.7 | 26% |
| Provision for taxes on income | 13.9 | 10.5 | 32% |
| *Effective tax rate* | *23.1%* | *22.0%* | |
| | | | |
| Equity in earnings of affiliates, net of tax | 1.4 | 0.9 | 56% |
| | | | |
| Net income | 47.6 | 38.1 | 25% |
| | | | |
| Net income attributable to non-controlling interests | 0.9 | 1.1 | (18)% |
| Net income attributable to Minerals Technologies Inc. | $ 46.7 | $ 37.0 | 26% |

* Not meaningful

**Net Sales**

| (in millions of dollars) | Three Months Ended Mar. 31, 2024 Net Sales | | Three Months Ended Mar. 31, 2024 % of Total Sales | % Change | Three Months Ended Apr. 2, 2023 Net Sales | | Three Months Ended Apr. 2, 2023 % of Total Sales |
|---|---|---|---|---|---|---|---|
| U.S. | $ | 275.1 | 51.5% | (4)% | $ | 288.0 | 52.7% |
| International | | 259.4 | 48.5% | 1% | | 258.1 | 47.3% |
| Total sales | $ | 534.5 | 100.0% | (2)% | $ | 546.1 | 100.0% |
| | | | | | | | |
| Consumer & Specialties Segment | $ | 296.9 | 55.5% | 0% | $ | 297.3 | 54.4% |
| Engineered Solutions Segment | | 237.6 | 44.5% | (5)% | | 248.8 | 45.6% |
| Total sales | $ | 534.5 | 100.0% | (2)% | $ | 546.1 | 100.0% |

Worldwide net sales decreased 2% to $534.5 million in the first quarter from $546.1 million in the prior year. Included in sales from the prior year were $13.1 million of sales related to BMI, which was deconsolidated in the fourth quarter of 2023.

Net sales in the United States were $275.1 million in the first quarter of 2024, as compared to $288.0 million in the prior year, a decrease of 4%. International sales increased 1% to $259.4 million from $258.1 million in the prior year.

**Operating Costs and Expenses**

Cost of sales was $398.6 million and represented 74.6% of sales for the three month period ended March 31, 2024, as compared with $425.4 million and 77.9% of sales in the prior year. Production margin increased from 22.1% of sales in the prior year to 25.4% of sales in the first quarter of 2024. This increase was primarily due to price and cost management as well as productivity improvements.

Marketing and administrative costs were $53.0 million and 9.9% of sales for the three months ended March 31, 2024, as compared to $52.3 million and 9.6% of sales in the prior year.

Research and development expenses were $5.6 million and represented 1.0% of sales for the three months ended March 31, 2024, as compared with $5.3 million and 1.0% of sales in the prior year.

The Company recorded litigation expenses of $2.1 million in connection with BMI's bankruptcy during the three months ended March 31, 2024.

**Income from Operations**

The Company recorded income from operations of $75.2 million as compared to $63.0 million in the prior year. Operating income during the three months ended March 31, 2024 includes litigation expenses of $2.1 million in connection with BMI's bankruptcy.

**Other Non-Operating Income (Deductions), net**

In the first quarter of 2024, non-operating deductions were $15.1 million, as compared with $15.3 million in the prior year. The Company had higher interest expense in the current year resulting from higher interest rates. Included in other non-operating deductions in the first quarter of 2024 was net interest expense of $14.9 million, as compared to $14.2 million in the first quarter of the prior year.

**Provision for Taxes on Income**

Provision for taxes on income was $13.9 million and $10.5 million for the three months ended March 31, 2024 and April 2, 2023, respectively. The effective tax rate was 23.1% and 22.0% for the three months ended March 31, 2024 and April 2, 2023, respectively. The higher tax rate was primarily due to the mix of earnings.

**Net Income Attributable to MTI Shareholders**

Net income attributable to MTI shareholders was $46.7 million for the three months ended March 31, 2024, as compared with $37.0 million in the prior year.

***Segment Review***

The following discussions highlight the operating results for each of our two segments.

| Consumer & Specialties Segment | Three Months Ended Mar. 31, 2024 | Three Months Ended Apr. 2, 2023 | % Change |
|---|---|---|---|
| | (in millions of dollars) | | |
| **Net Sales** | | | |
| Household & Personal Care | $ 138.4 | $ 129.2 | 7% |
| Special Additives | 158.5 | 168.1 | (6)% |
| Total net sales | $ 296.9 | $ 297.3 | 0% |
| | | | |
| **Income from operations** | $ 42.0 | $ 32.2 | 30% |
| % of net sales | 14.1% | 10.8% | |

Net sales in the Consumer & Specialties segment was $296.9 million for the three months ended March 31, 2024, as compared with $297.3 million in the prior year. Household & Personal Care sales increased 7% to $138.4 million, as compared with $129.2 million in the prior year on continued strong demand for our pet litter products as well as growth in other high-margin consumer-oriented products. Sales in Specialty Additives decreased $9.6 million, or 6% as compared with prior year. Included in sales from the prior year were $13.1 million of sales related to BMI, which was deconsolidated in the fourth quarter of 2023.

Income from operations was $42.0 million and represented 14.1% of sales, as compared to $32.2 million in the prior year and 10.8% of sales, a 30% improvement. This increase was the result of volume growth, productivity improvement, pricing and cost control.

| Engineered Solutions Segment | Three Months Ended Mar. 31, 2024 | Three Months Ended Apr. 2, 2023 | % Change |
|---|---|---|---|
| | (in millions of dollars) | | |
| **Net Sales** | | | |
| High-Temperature Technologies | $ 177.3 | $ 178.6 | (1)% |
| Environmental & Infrastructure | 60.3 | 70.2 | (14)% |
| Total net sales | $ 237.6 | $ 248.8 | (5)% |
| | | | |
| **Income from operations** | $ 38.5 | $ 35.3 | 9% |
| % of net sales | 16.2% | 14.2% | |

Net sales in the Engineered Solutions segment decreased 5% to $237.6 million from $248.8 million in the prior year primarily driven by slow commercial construction market conditions in North America. High-Temperature Technologies sales decreased 1% to $177.3 million, as compared with $178.6 in the prior year. Environmental & Infrastructure sales decreased 14% to $60.3 million, as compared with $70.2 million in the prior year due to slow commercial construction market conditions and two large remediation projects that were completed in the first quarter of 2023.

Income from operations was $38.5 million and 16.2% of sales as compared with $35.3 million and 14.2% of sales in the prior year driven by strong operating performance in High-Temperature Technologies.

**Liquidity and Capital Resources**

Cash provided from operations during the three months ended March 31, 2024, was approximately $55.9 million. Cash flows provided from operations during the first three months of 2024 were principally used to fund capital expenditures, repay debt, repurchase shares, and to pay the Company's dividend to common shareholders. The aggregate maturities of long-term debt are as follows: remainder of 2024 - $14.4 million; 2025 - $31.7 million; 2026 - $41.9 million; 2027 - $443.7 million; 2028 - $400.0 million; thereafter - $0.0 million.

On August 11, 2022, the Company entered into a Refinancing Facility Agreement (the "Amendment") to amend the Company's previous credit agreement (the "Previous Credit Agreement"; the previous credit agreement, as amended by the Amendment, being the "Amended Credit Agreement"). The Amendment provides for, among other things, a new senior secured revolving credit facility with aggregate commitments of $300 million (the "Revolving Facility"), a portion of which may be used for the issuance of letters of credit and swingline loans, and a new senior secured term loan facility with aggregate commitments of $550 million (the "Term Loan Facility" and, together with the Revolving Facility, the "Senior Secured Credit Facilities"). The Revolving Facility and the Term Loan Facility replace the facilities under the Previous Credit Agreement, which provided for, among other things, a $788 million senior secured floating rate term loan facility and a $300 million senior secured revolving credit facility. The maturity date for loans under the Senior Secured Credit Facilities is August 11, 2027.

Loans under the Senior Secured Credit Facilities will bear interest at a rate equal to, at the election of the Company, Term SOFR plus a credit spread adjustment equal to 0.100% plus an applicable margin equal to 1.500% per annum or a base rate plus an applicable margin equal to 0.500% per annum, subject in each case to (a) an increase of 25 basis points in the event that, and for so long as, the net leverage ratio (as defined in the Amended Credit Agreement) is greater than or equal to 3.00 to 1.00 as of the last day of the preceding fiscal quarter, (b) a decrease of 12.5 basis points in the event that, and for so long as, the net leverage ratio is less than 2.00 to 1.00 and greater than or equal to 1.00 to 1.00 as of the last day of the preceding fiscal quarter and (c) an decrease of 25 basis points in the event that, and for so long as, the net leverage ratio is less than 1.00 to 1.00 as of the last day of the preceding fiscal quarter. The Company will pay certain fees under the Amended Credit Agreement, including (a) a commitment fee of 0.250% per annum on the undrawn portion of the Revolving Facility (subject to a step-up to 0.300% and step-downs to 0.175% and 0.150% at the same levels described above), (b) a fronting fee of 0.125% per annum on the average daily undrawn amount of, plus unreimbursed amounts in respect of disbursements under, letters of credit issued under the Revolving Facility and (c) customary annual administration fees. The obligations of the Company under the Senior Secured Credit Facilities are unconditionally guaranteed jointly and severally by, subject to certain exceptions, all material domestic subsidiaries of the Company (the "Guarantors") and secured, subject to certain exceptions, by a security interest in substantially all of the tangible and intangible assets of the Company and the Guarantors. In the third quarter of 2023, the Company's subsidiaries Barretts Minerals Inc. and Barretts Ventures Texas LLC were removed as borrowers under, and Guarantors of, the Senior Secured Credit Facilities.

As of March 31, 2024, there were $75.0 million in loans and $9.1 million in letters of credit outstanding under the Revolving Facility.

On June 30, 2020, the Company issued $400 million aggregate principal amount of 5.0% Senior Notes due 2028 (the "Notes"). The Notes were issued pursuant to an indenture, dated as of June 30, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Indenture"). The Notes bear an interest rate of 5.0% per annum payable semi-annually on January 1 and July 1 of each year, beginning on January 1, 2021. The Notes are unconditionally guaranteed on a senior unsecured basis by each of the Company's existing and future wholly owned domestic restricted subsidiaries that is a borrower under or that guarantees the Company's obligations under its Senior Secured Credit Facilities or that guarantees the Company's or any of the Company's wholly owned domestic subsidiaries' long-term indebtedness in an aggregate amount in excess of $50 million. In the third quarter of 2023, the Company's subsidiaries Barretts Minerals Inc. and Barretts Ventures Texas LLC were removed as guarantors of the Notes.

The Company may redeem some or all of the Notes at any time and from time to time at the applicable redemption prices listed in the Indenture, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

If the Company experiences a change of control (as defined in the indenture), the Company is required to offer to repurchase the Notes at 101% of the principal amount of such Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

The Amended Credit Agreement and the Indenture both contain certain customary affirmative and negative covenants that limit or restrict the ability of the Company and its restricted subsidiaries to enter into certain transactions or take certain actions, as well as customary events of default. In addition, the Amended Credit Agreement contains financial covenants that require the Company to maintain, as of the last day of any fiscal quarter, (x) a maximum net leverage ratio (as defined in the Amended Credit Agreement) of 4.00 to 1.00 for the four fiscal quarter period preceding such day (subject to an increase to 5.00 to 1.00 for four quarters in connection with certain significant acquisitions) and (y) a minimum interest coverage ratio (as defined in the Amended Credit Agreement) of 3.00 to 1.00. The Company is in compliance with all the covenants contained in the Amended Credit Agreement throughout the period covered by this report.

The Company has a committed loan facility in Japan. As of March 31, 2024, $1.2 million was outstanding under this loan facility. Principal will be repaid in accordance with the payment schedule ending in 2026. The Company repaid $0.1 million on this facility during 2024.

As part of the Concept Pet acquisition, the Company assumed $1.9 million in long-term debt, recorded at fair value, consisting of two terms loans, one that matures in 2025 and one that matures in 2027. Both loans have annual payments and carry a variable interest rate. The Company did not make repayments on these loans during the first quarter of 2024.

As of March 31, 2024, the Company had $25.3 million in uncommitted short-term bank credit lines, of which $0.7 million were in use. The credit lines are primarily outside the U.S. and are generally one year in term at competitive market rates at large, well-established institutions. The Company typically uses its available credit lines to fund working capital requirements or local capital spending needs. We anticipate that capital expenditures for 2024 should be between $90 million and $100 million, principally related to opportunities to improve our operations and meet our strategic growth objectives.

In the second quarter of 2023, the Company entered into a new floating to fixed interest rate swap for a notional amount of $150 million. The fair value of this instrument at March 31, 2024 is an asset of $1.9 million.

On October 18, 2023, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to $75 million of the Company's shares over a one-year period. As of March 31, 2024, 443,775 shares have been repurchased under this program for $29.2 million, or an average price of approximately $65.76 per share.

The Company is required to make future payments under various contracts, including debt agreements and lease agreements. The Company also has commitments to fund its pension plans and provide payments for other postretirement benefit plans. During the three months ended March 31, 2024, there were no material changes in the Company's contractual obligations.

The Company and certain of the Company's subsidiaries are among numerous defendants in over five hundred cases seeking damages for alleged exposure to asbestos-contaminated talc products sold by the Company's subsidiary BMI. The Company's position is that these cases are meritless and all talc products sold by BMI are safe. On October 2, 2023 (the "Petition Date"), notwithstanding the Company's confidence in the safety of BMI's talc products, Barretts, filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Chapter 11 Cases") to address and comprehensively resolve BMI's liabilities associated with talc. Minerals Technologies Inc. and the Company's other subsidiaries were not included in the Chapter 11 filing. In the first quarter of 2024, BMI entered into an agreement to sell its talc assets under section 363 of the U.S. Bankruptcy Code. The sale is expected to close in the second quarter of 2024. Proceeds of the sale will be used to fund the Chapter 11 Cases. Barretts' ultimate goal in the Chapter 11 Cases is to confirm a plan of reorganization under Section 524(g) of the U.S. Bankruptcy Code and utilize this provision to establish a trust that will address all current and future talc-related claims. During the pendency of the Chapter 11 Cases, the Company anticipates that BMI will benefit from the operation of the automatic stay, which stays ongoing litigation in connection with talc-related claims against Barretts. In addition, subject to certain exceptions, the filing or continued prosecution of all talc-related claims against Barretts' non-debtor affiliates is temporarily stayed through May 13, 2024 (subject to further extensions), the date on which a hearing is scheduled on the status of the Chapter 11 Cases. Barretts has been deconsolidated from the Company's financial statements since the Petition Date. Although the Chapter 11 Cases are progressing, it is not possible to predict the form of any ultimate resolution or when an ultimate resolution might occur at this time. Accordingly, the amount that will be necessary to fully and finally resolve all of BMI's current and future talc-related claims in connection with a confirmed Chapter 11 plan of reorganization cannot be estimated with certainty at this time. See Note 12 to the condensed consolidated financial statements included in this report for more information.

**Cautionary Statement for "Safe Harbor" Purposes under the Private Securities Litigation Reform Act of 1995**

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. This report contains statements that the Company believes may be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, particularly statements relating to the Company's objectives, plans or goals, future actions, future performance or results of current and anticipated products, sales efforts, expenditures, and financial results. From time to time, the Company also provides forward-looking statements in other publicly-released materials, both written and oral. Forward-looking statements provide current expectations and forecasts of future events such as new products, revenues and financial performance, and are not limited to describing historical or current facts. They can be identified by the use of words such as "outlook," "forecast," "believes," "expects," "plans," "intends," "anticipates," and other words and phrases of similar meaning.

Forward-looking statements are necessarily based on assumptions, estimates and limited information available at the time they are made. A broad variety of risks and uncertainties, both known and unknown, as well as the inaccuracy of assumptions and estimates, can affect the realization of the expectations or forecasts in these statements. Many of these risks and uncertainties are difficult to predict or are beyond the Company's control. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially. Significant factors that could affect the expectations and forecasts include worldwide general economic, business, and industry conditions; the cyclicality of our customers' businesses and their changing regional demands; our ability to compete in very competitive industries; consolidation in customer industries, principally paper, foundry and steel; our ability to renew or extend long term sales contracts for our satellite operations; our ability to generate cash to service our debt; our ability to comply with the covenants in the agreements governing our debt; our ability to effectively achieve and implement our growth initiatives or consummate the transactions described in the statements; our ability to successfully develop new products; our ability to defend our intellectual property; the increased risks of doing business abroad; the availability of raw materials and access to ore reserves at our mining operations, or increases in costs of raw materials, energy, or shipping; compliance with or changes to regulation in the areas of environmental, health and safety, and tax; risks and uncertainties related to the voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code filed by our subsidiaries Barretts Minerals Inc. and Barretts Ventures Texas LLC; claims for legal, environmental and tax matters or product stewardship issues; operating risks and capacity limitations affecting our production facilities; seasonality of some of our businesses; cybersecurity and other threats relating to our information technology systems; and other risk factors set forth under "Item 1A — Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and in Exhibit 99 to this Quarterly Report on Form 10-Q.

The Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances that arise after the date hereof. Investors should refer to the Company's subsequent filings under the Securities Exchange Act of 1934 for further disclosures.

**Recently Issued Accounting Standards**

Changes to accounting principles generally accepted in the United States of America (U.S. GAAP) are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position and results of operations.

*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*

In November 2023, the FASB issued ASU 2024-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which requires entities to report incremental information about significant segment expenses included in a segment's profit or loss measure, as well as the name and title of the chief operating decision maker. The guidance also requires interim disclosures related to reportable segment profit or loss and assets that had previously only been disclosed annually. The new standard is effective for interim and annual periods beginning on or after December 15, 2024. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*

In December 2023, the FASB issued ASU 2024-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", that requires entities to disclose additional information about federal, state, and foreign income taxes primarily related to the income tax rate reconciliation and income taxes paid. The new standard also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The new standard is effective for interim and annual periods beginning on or after December 15, 2024. The adoption of this standard is not expected to have a material impact on the Company's financial statements.

**Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, valuation of long-lived assets, goodwill and other intangible assets, income taxes, including valuation allowances and pension plan assumptions. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that cannot readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

There have been no material changes to the critical accounting estimates that our accounting policies require us to make in the preparation of our consolidated financial statements, as described in the 2023 Annual Report on Form 10-K.

## ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and foreign currency and interest rates. We are exposed to market risk because of changes in foreign currency exchange rates as measured against the U.S. dollar. We do not anticipate that near-term changes in exchange rates will have a material impact on our future earnings or cash flows. However, there can be no assurance that a sudden and significant decline in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. A portion of our long-term bank debt bears interest at variable rates; therefore, our results of operations would be affected by interest rate changes to the extent of such outstanding bank debt. An immediate 10 percent change in interest rates would have a material effect on our results of operations over the next fiscal year. A one-percent change in interest rates, inclusive of the impact of our interest rate derivatives, would result in $3.8 million in incremental interest charges on an annual basis.

We do not enter into derivatives or other financial instruments for trading or speculative purposes. When appropriate, we enter into derivative financial instruments, such as forward exchange contracts, hedges and interest rate swaps, to mitigate the impact of foreign exchange rate movements and interest rate movements on our operating results. The counterparties are major financial institutions. Such forward exchange contracts, hedges and interest rate swaps would not subject us to additional risk from exchange rate or interest rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities, and transactions being hedged.

In the second quarter of 2023, the Company entered into a floating to fixed interest rate swap for a notional amount of $150 million. The fair value of this instrument at March 31, 2024 is an asset of $1.9 million.

## ITEM 4. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, and under the supervision and with participation of the Company’s management, including the Chief Executive Officer and the Chief Financial Officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of the end of the period covered by this report the Company’s disclosure controls and procedures were effective.

### Changes in Internal Control Over Financial Reporting

There were no changes in the Company’s internal controls over financial reporting during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

# PART II – OTHER INFORMATION

## ITEM 1. Legal Proceedings

From time to time, the Company and its subsidiaries are the subject of various legal actions and claims arising in the ordinary course of their businesses. Additional information regarding legal proceedings is disclosed in Note 12 to the Condensed Consolidated Financial Statements included elsewhere in this report, which disclosure is incorporated herein by reference.

## ITEM 1A. Risk Factors

For a description of Risk Factors, see Exhibit 99 attached to this report. There have been no material changes to our risk factors from those disclosed in our 2023 Annual Report on Form 10-K.

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

| | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of the Publicly Announced Program | Dollar Value of Shares that May Yet be Purchased Under the Program |
|---|---|---|---|---|
| January 1 - January 28 | 80,813 | $ 66.82 | 308,940 | $ 55,401,617 |
| January 29 - February 25 | 69,229 | $ 69.26 | 378,169 | $ 50,606,967 |
| February 26 - March 31 | 65,606 | $ 73.01 | 443,775 | $ 45,817,211 |
| Total | 215,648 | $ 69.49 | | |

On October 18, 2023, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to $75 million of the Company's shares over a one-year period. As of March 31, 2024, 443,775 shares have been repurchased under this program for $29.2 million, or an average price of approximately $65.76 per share.

**ITEM 3. Default Upon Senior Securities**

Not applicable.

**ITEM 4. Mine Safety Disclosures**

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Quarterly Report on Form 10-Q.

**ITEM 5. Other Information**

During the three months ended March 31, 2024, none of our directors or executive officers adopted or terminated any Rule 10b5-1 trading arrangement or any non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

**ITEM 6. Exhibits**

| Exhibit No. | Exhibit Title |
|---|---|
| 15 | Letter Regarding Unaudited Interim Financial Information. |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal executive officer. |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal financial officer. |
| 32 | Section 1350 Certifications. |
| 95 | Information concerning Mine Safety Violations |
| 99 | Risk Factors |
| 101.INS | XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document). |
| 101.SCH | Inline XBRL Taxonomy Extension Schema |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase |
| 104 | Cover Page Interactive Data File (formatted as inline XBRL and contain in Exhibit 101). |

## SIGNATURE

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

Minerals Technologies Inc.

By: **/s/ Erik C. Aldag**

Erik C. Aldag
Senior Vice President, Finance and Treasury,
Chief Financial Officer

April 26, 2024

**EXHIBIT 15**

**ACCOUNTANTS' ACKNOWLEDGEMENT**

April 26, 2024

Minerals Technologies Inc.
New York, New York

Re: Registration Statement Nos. 333-160002, 333-59080, 333-62739, 333-138245, 333-206244 and 333-249761

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 26, 2024 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

New York, New York

**EXHIBIT 31.1**

**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Douglas T. Dietrich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Minerals Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(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:

   (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 26, 2024

By: **/s/ Douglas T. Dietrich**

Douglas T. Dietrich
Chairman of the Board and Chief Executive Officer

**EXHIBIT 31.2**

**RULE 13a-14(a)/15d-14(a) CERTIFICATION**

I, Erik C. Aldag, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Minerals Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(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:

   (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 26, 2024

By: **/s/ Erik C. Aldag**
Erik C. Aldag
Senior Vice President, Finance and Treasury,
Chief Financial Officer

**EXHIBIT 32**

**SECTION 1350 CERTIFICATIONS**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18, United States Code), each of the undersigned officers of Minerals Technologies Inc., a Delaware corporation (the "Company"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2024

By: **/s/ Douglas T. Dietrich**
Douglas T. Dietrich
Chairman of the Board and Chief Executive Officer

Date: April 26, 2024

By: **/s/ Erik C. Aldag**
Erik C. Aldag
Senior Vice President, Finance and Treasury,
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Exchange Act Rule 13a-14(b); is not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section; and is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act of 1934.

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K contain certain reporting requirements regarding coal or other mine safety. The Company, through its subsidiaries Specialty Minerals Inc., Barretts Minerals Inc., and American Colloid Company, operates fourteen mines in the United States. The operation of our mines is subject to regulation by the federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects our mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act.

The following table sets forth the required information with respect to each mine for which we are the operator for the period January 1, 2024 to March 31, 2024:

| Mine | Section 104(a) S&S | Section 104(b) | Section 104(d) | Section 110(b)(2) | Section 107(a) | Proposed Assessments | Fatalities |
|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) |
| Lucerne Valley, CA 04-00219 | 0 | 0 | 0 | 0 | 0 | $ 7,876 | 0 |
| Canaan, CT 06-00019 | 4 | 0 | 0 | 0 | 0 | $ 9,351 | 0 |
| Adams, MA 19-00035 | 2 | 0 | 0 | 0 | 0 | $ 8,402 | 0 |
| Barretts Mill, Dillon, MT 24-00157 | 0 | 0 | 0 | 0 | 0 | $ 147 | 0 |
| Regal Mine, Dillon, MT 24-01994 | 0 | 0 | 0 | 0 | 0 | $ 0 | 0 |
| Treasure Mine, Dillon, MT 24-00160 | 0 | 0 | 0 | 0 | 0 | $ 0 | 0 |
| Belle/Colony Mine, WY 48-00888 | 0 | 0 | 0 | 0 | 0 | $ 294 | 0 |
| Belle Fourche Mill, SD 39-00049 | 0 | 0 | 0 | 0 | 0 | $ 0 | 0 |
| Colony East, WY 48-00594 | 1 | 0 | 0 | 0 | 0 | $ 0 | 0 |
| Colony West, WY 48-00245 | 1 | 0 | 0 | 0 | 0 | $ 442 | 0 |
| Gascoyne, ND 32-00459 | 1 | 0 | 0 | 0 | 0 | $ 622 | 0 |
| Lovell, WY 48-00057 | 0 | 0 | 0 | 0 | 0 | $ 0 | 0 |
| Sandy Ridge, AL 01-00093 | 0 | 0 | 0 | 0 | 0 | $ 0 | 0 |
| Yellowtail, WY 48-00607 | 0 | 0 | 0 | 0 | 0 | $ 0 | 0 |
| Ste. Genevieve, MO 23-02564 | 0 | 0 | 0 | 0 | 0 | $ 0 | 0 |

(A) The total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under section 104 of the Mine Act for which we received a citation from MSHA.

(B) The total number of orders issued under section 104(b) of the Mine Act.

(C) The total number of citations and orders for unwarrantable failure of the Company to comply with mandatory health or safety standards under section 104(d) of the Mine Act.

(D) The total number of flagrant violations under section 110(b)(2) of the Mine Act.

(E) The total number of imminent danger orders issued under section 107(a) of the Mine Act.

(F) The total dollar value of proposed assessments from MSHA under the Mine Act.

(G) The total number of mining-related fatalities, other than fatalities determined by MSHA to be unrelated to mining activity.

During the period January 1, 2024 to March 31, 2024, we did not receive any written notice from MSHA, with respect to any mine for which we are the operator, of (A) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health and safety hazards under section 104(e) of the Mine Act or (B) the potential to have such a pattern.

The following table sets forth the required information with respect to legal actions before the Federal Mine Safety and Health Review Commission involving each mine for which we are the operator for the period January 1, 2024 to March 31, 2024:

| Mine | Legal Actions Pending as of Last Day of Period | Legal Actions Initiated During Period | Legal Actions Resolved During Period |
|---|---|---|---|
| Lucerne Valley, CA | 0 | 0 | 0 |
| Canaan, CT | 0 | 0 | 0 |
| Adams, MA | 0 | 0 | 4 |
| Barretts Mill, Dillon, MT | 0 | 0 | 0 |
| Regal Mine, Dillon, MT | 0 | 0 | 0 |
| Treasure Mine, Dillon, MT | 0 | 0 | 0 |
| Belle/Colony Mine, WY | 0 | 0 | 0 |
| Belle Fourche Mill, SD | 0 | 0 | 0 |
| Colony East, WY | 0 | 0 | 0 |
| Colony West, WY | 0 | 0 | 0 |
| Gascoyne, ND | 0 | 0 | 0 |
| Lovell, WY | 0 | 0 | 0 |
| Sandy Ridge, AL | 0 | 0 | 0 |
| Yellowtail, WY | 0 | 0 | 0 |
| Ste. Genevieve, MO | 0 | 0 | 0 |

# RISK FACTORS

Our business faces significant risks. Set forth below are all risks that we believe are material at this time. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. These risks should be read in conjunction with the other information in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and this Quarterly Report on Form 10-Q.

## Industry and Market Risks

***Worldwide general economic, business, and industry conditions may have an adverse effect on the Company's results.***

The Company's business and operating results are affected by worldwide and regional economic, business, and industry conditions. In recent years, we have experienced, among other things, declining consumer and business confidence, volatile raw material prices, instability in credit markets, high unemployment, fluctuating interest and exchange rates, and other challenges in the countries in which we operate. Uncertainty or a deterioration in the economic conditions affecting the businesses to which, or geographic areas in which, we sell products could reduce demand for our products and inflationary pressures may increase our costs. The Company's customers and potential customers may experience deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. As discussed below, the industries we serve have in the past been adversely affected by the uncertain global economic climate due to the cyclical nature of their businesses. As a result, existing or potential customers may reduce or delay their growth and investments and their plans to purchase products, pursue inventory reduction measures, and may not be able to fulfill their obligations in a timely fashion. Further, suppliers could experience similar conditions, which could affect their ability to fulfill their obligations to the Company. We may also experience pricing pressure on products and services, or be unsuccessful in passing along to our customers an increase in our raw materials costs or energy prices, which could decrease our revenues and have an adverse effect on our financial condition and cash flows. Adversity within capital markets may also impact the Company's results of operations by negatively affecting the amount of expense the Company records for its pension and other postretirement benefit plans. Actuarial valuations used to calculate income or expense for the plans reflect assumptions about financial market and other economic conditions – the most significant of which are the discount rate and the expected long-term rate of return on plan assets. Such actuarial valuations may change based on changes in key economic indicators. Global economic markets remain uncertain, and there can be no assurance that market conditions will improve in the near future. Future weakness in the global economy could materially and adversely affect our business and operating results.

***A number of our customers' businesses are cyclical or have changing regional demands. Our operations are subject to these trends, and we may not be able to mitigate these risks.***

A significant portion of the sales of the High-Temperature product line of our Engineered Solutions segment are derived from the metalcasting market. The metalcasting market is dependent upon the demand for castings for automobile components, farm and construction equipment, oil and gas production equipment, power generation turbine castings, and rail car components. Many of these types of equipment are sensitive to fluctuations in demand during periods of recession or difficult economic conditions. This product line also serves the steel industry. In recent years, global steel production has been volatile. These trends have affected and may continue to affect the demand for our Engineered Solutions segment's products and services. We expect steel consumption to be similar to 2023 levels.

In the paper industry, which is served by the Specialty Additives product line of our Consumer & Specialties segment, production levels for uncoated freesheet within North America and Europe, our two largest markets, are projected to continue to decrease. The reduced demand for premium writing paper products has resulted in closures and conversions of mills in both North America and Europe. We expect paper consumption to remain similar to prior year levels in both regions.

The Environmental & Infrastructure product line of our Engineered Solutions segment serves the commercial construction, infrastructure and oil & gas markets. In addition, the Specialty Additives product line of our Consumer & Specialties segment is affected by the domestic residential building and construction markets, as well as the automotive market.

Demand for our products is subject to trends in these markets. During periods of economic slowdown, our customers often reduce their capital expenditure and defer or cancel pending projects. Such developments occur even amongst customers that are not experiencing financial difficulties. In addition, these trends could cause our customers to face liquidity issues or bankruptcy, which could deteriorate the aging of our accounts receivable, increase our bad debt exposure and possibly trigger impairment of assets or realignment of our businesses. The Company has taken steps to reduce its exposure to variations in its customers' businesses, including by diversifying its portfolio of products and services through geographic expansion, growth in less cyclical consumer oriented markets, and by structuring most of its long-term satellite contracts to provide a degree of protection against declines in the quantity of product purchased, since the price per ton of our products generally rises as the number of tons purchased declines. In addition, many of our product lines lower our customers' costs of production or increase their productivity, which should encourage them to use our products. However, there can be no assurance that these efforts will mitigate the risks of our dependence on these industries. Continued weakness in the industries we serve has had, and may in the future have, an adverse effect on sales of our products and our results of operations. A continued or renewed economic downturn in one or more of the industries or geographic regions that the Company serves, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.

***The Company operates in very competitive industries, which could adversely affect our profitability.***

The Company has many competitors. Some of our principal competitors have greater financial and other resources than we have. Accordingly, these competitors may be better able to withstand economic downturns and changes in conditions within the industries in which we operate and may have significantly greater operating and financial flexibility than we do. We also face competition for some of our products from alternative products, and some of the competition we face comes from competitors in lower-cost production countries like China and India. As a result of the competitive environment in the markets in which we operate, we currently face and will continue to face pressure on the sales prices of our products from competitors, which could reduce profit margins.

***The Company's sales could be adversely affected by consolidation in customer industries.***

Several consolidations in the paper industry have taken place in recent years and such consolidation could continue in the future. These consolidations could result in partial or total closure of some paper mills where the Company operates satellite plants. Such closures would reduce the Company's sales, except to the extent that they resulted in shifting paper production and associated purchases of calcium carbonate to another location served by the Company. Similarly, consolidations have occurred in the foundry and steel industries. Such consolidations in the major industries we serve concentrate purchasing power in the hands of a smaller number of manufacturers, enabling them to increase pressure on suppliers, such as the Company. This increased pressure could have an adverse effect on the Company's results of operations in the future.

***The Company's sales could be adversely affected by our failure to renew or extend long-term sales contracts for our satellite operations.***

The Company's sales of calcium carbonate to paper customers are typically pursuant to long-term evergreen agreements, initially ten years in length, with paper mills where the Company operates satellite plants. Sales pursuant to these contracts represent a significant portion of our sales in the Specialty Additives product line of the Consumer & Specialties segment. The terms of many of these agreements have been extended or renewed in the past, often in connection with an expansion of the satellite plant. However, failure of a number of the Company's customers to renew or extend existing agreements on terms as favorable to the Company as those currently in effect, or at all, could have a substantial adverse effect on the Company's results of operations, and could also result in impairment of the assets associated with the satellite plant.

**Financial Risks**

***Servicing the Company's debt will require a significant amount of cash. This could reduce the Company's flexibility to respond to changing business and economic conditions or fund capital expenditures or working capital needs. Our ability to generate cash depends on many factors beyond our control.***

At March 31, 2024, the Company had $1,001.4 million aggregate principal amount of total indebtedness (consisting primarily of $529.4 million aggregate principal amount of loans under our term facility, $400.0 million aggregate principal amount of notes and $75.0 million outstanding under our revolving credit facility) and an additional $215.9 million of borrowing capacity under the revolving credit facility (after giving effect to $9.1 million of outstanding letters of credit). Our outstanding indebtedness will require a significant amount of cash to make interest payments. Further, the interest rate on a significant portion of our borrowings under our senior secured credit facility is based on SOFR interest rates, which has resulted in and could continue to result in higher interest expense in the event of continued increases in interest rates. Our ability to pay interest on our debt and to satisfy our other debt obligations will depend in part upon our future financial and operating performance and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, regulatory and other factors, many of which are beyond our control, will affect our ability to make these payments. We cannot guarantee that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to fund our liquidity needs. If we are unable to generate sufficient cash flow to meet our debt service obligations, we will have to pursue one or more alternatives, such as reducing or delaying capital or other expenditures, refinancing debt, selling assets, or raising equity capital. Further, the requirement to make significant interest payments may reduce the Company's flexibility to respond to changing business and economic conditions or fund capital expenditure or working capital needs and may increase the Company's vulnerability to adverse economic conditions.

***The agreements and instruments governing our debt contain various covenants that could significantly impact our ability to operate our business.***

The agreement governing our senior secured credit facility and the indenture that governs our 5.0% Senior Notes due 2028 contain a number of significant covenants that, among other things, limit our ability to: incur or guarantee additional indebtedness, pay dividends or make other distributions or repurchase or redeem capital stock, prepay, redeem or repurchase certain debt, issue certain preferred stock or similar equity securities, make loans and investments, sell or otherwise dispose of assets, incur liens, enter into transactions with affiliates, enter into agreements restricting our subsidiaries' ability to pay dividends and consolidate, merge or sell all or substantially all of our assets. In addition, we are required to comply with specific financial ratios, including a maximum net leverage ratio and a minimum interest coverage ratio, under which we are required to achieve specific financial results. Our ability to comply with these provisions may be affected by events beyond our control. A breach of any of these covenants would result in a default under the applicable agreements. In the event of any default under our senior secured credit facility, our lenders could elect to declare all amounts borrowed under the credit agreement, together with accrued interest thereon, to be due and payable. In such an event, we cannot assure you that we would have sufficient assets to pay debt then outstanding under the credit agreement, the indenture governing our notes, and any other agreements governing our debt. Any future refinancing of the senior secured credit facility is likely to contain similar restrictive covenants. We may also incur future debt obligations that might subject us to additional restrictive covenants that could affect our financial and operational flexibility. We cannot assure you that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements or that we will be able to refinance our debt on terms acceptable to us, or at all.

## Technology, Development and Growth Risks

***The Company's results could be adversely affected if it is unable to effectively achieve and implement its growth initiatives.***

Sales and income growth of the Company depends upon a number of uncertain events. Growth will depend in part on sales growth from our existing businesses and customers. The Company has a strategic growth initiative to increase penetration into geographic markets such as Brazil, India and China as well as other Asian and Eastern European countries. The Company also has a strategic growth initiative to increase penetration into consumer oriented markets such as pet litter, personal care, and oil purification. Our strategy also anticipates growth through future acquisitions. However, our ability to identify and consummate any future acquisitions on terms that are favorable to us may be limited by the number of attractive acquisition targets, internal demands on our resources and our ability to obtain financing. Our success in integrating newly acquired businesses will depend upon our ability to retain key personnel, avoid diversion of management's attention from operational matters, and integrate general and administrative services. In addition, future acquisitions could result in the incurrence of additional debt, costs and contingent liabilities. Integration of acquired operations may take longer, or be more costly or disruptive to our business, than originally anticipated, and it is also possible that expected synergies from future acquisitions may not materialize. We also may incur costs and divert management attention with regard to potential acquisitions that are never consummated. Difficulties, delays or failure of any of these strategies could affect the future growth rate of the Company.

***Delays or failures in new product development could adversely affect the Company's operations.***

The Company's future business success will depend in part upon its ability to maintain and enhance its technological capabilities, to respond to changing customer needs, and to successfully anticipate or respond to technological changes on a cost-effective and timely basis. The Company is engaged in a continuous effort to develop new products and processes in all of its product lines. Difficulties, delays or failures in the development, testing, production, marketing or sale of such new products could cause actual results of operations to differ materially from our expected results.

***The Company's ability to compete is dependent upon its ability to defend its intellectual property against inappropriate disclosure, theft and infringement.***

The Company's ability to compete is based in part upon proprietary knowledge, both patented and unpatented. The Company's ability to achieve anticipated results depends in part on its ability to defend its intellectual property against inappropriate disclosure and theft as well as against infringement. In addition, development by the Company's competitors of new products or technologies that are more effective or less expensive than those the Company offers could have a material adverse effect on the Company's financial condition or results of operations.

***The Company's operations could be impacted by the increased risks of doing business abroad.***

The Company does business in many areas internationally. Approximately 47% of our sales in 2023 were derived from outside the United States and we have significant production facilities which are located outside of the United States. We have in recent years expanded our operations in emerging markets, and we plan to continue to do so in the future, particularly in China, India, Brazil, the Middle East, and Eastern Europe. Some of our operations are located in areas that have experienced political or economic instability, including Indonesia, Malaysia, Nigeria, Egypt, Saudi Arabia, Turkey, Brazil, Thailand, China and South Africa. As the Company expands its operations overseas, it faces increased risks of doing business abroad, including inflation, fluctuation in interest rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization, expropriation, limits on repatriation of funds, civil unrest, unstable governments and legal systems, and other factors. Further, geopolitical and terrorism threats, including armed conflict among countries, could in the future affect our business overseas, including leading to, among other things, impairment of our or our customers' ability to conduct operations, adverse impact to our employees, and a loss of our investment. While recent geopolitical conflicts, such as between Russia and Ukraine and between Israel and Hamas, have not significantly affected our business, the broader consequences of geopolitical and terrorism threats, which may include sanctions that prohibit our ability to do business in specific countries, embargoes, supply chain disruptions, potential contractual breaches and litigation, regional instability and geopolitical shifts, cannot be predicted. We are also subject to increased risks of natural disasters, public health crises, including the occurrence of a contagious disease or illness, such as COVID-19, and other catastrophic events in such countries. Many of these risks are beyond our control and can lead to sudden, and potentially prolonged, changes in demand for our products, difficulty in enforcing agreements, and losses in the realizability of our assets. Adverse developments in any of the areas in which we do business could cause actual results to differ materially from historical and expected results. In addition, a significant portion of our raw material purchases and sales outside the United States are denominated in foreign currencies, and liabilities for non-U.S. operating expenses and income taxes are denominated in local currencies. Accordingly, reported sales, net earnings, cash flows and fair values have been and, in the future, will be affected by changes in foreign currency exchange rates. Our overall success as a global business depends, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions. We cannot assure you that we will implement policies and strategies that will be effective in each location where we do business.

***The Company's operations are dependent on the availability of raw materials and access to ore reserves at its mining operations. Increases in costs of raw materials, energy, or shipping could adversely affect our financial results.***

The Company depends in part on having an adequate supply of raw materials for its manufacturing operations, particularly lime and carbon dioxide for the production of PCC, and magnesia and alumina for its refractory operations. Purchase prices and availability of these critical raw materials are subject to volatility. At any given time, we may be unable to obtain an adequate supply of these critical raw materials on a timely basis, on price and other terms, or at all. While most such raw materials are readily available, the Company has purchased approximately 54% of its magnesia requirements from sources in China over the past five years. The price and availability of magnesia have fluctuated in the past and they may fluctuate in the future. Price increases for certain other of our raw materials, including petrochemical products, as well as increases in energy prices, have also affected our business. Our production processes consume a significant amount of energy, primarily electricity, diesel fuel, natural gas and coal. We use diesel fuel to operate our mining and processing equipment and our freight costs are heavily dependent upon fuel prices and surcharges. Energy costs also affect the cost of raw materials. On a combined basis, these factors represent a large exposure to petrochemical and energy products which may be subject to significant price fluctuations. The contracts pursuant to which we construct and operate our satellite plants generally adjust pricing to reflect the pass-through of increases in costs resulting from inflation, including energy. However, there is a time lag before such price adjustments can be implemented. The Company and its customers will typically negotiate reasonable price adjustments in order to recover these escalating costs, but there can be no assurance that we will be able to recover increasing costs through such negotiations.

The Company also depends on having adequate access to ore reserves of appropriate quality at its mining operations. There are numerous uncertainties inherent in estimating ore reserves including subjective judgments and determinations that are based on available geological, technical, contract and economic information. In addition, mining permits, leases and other rights are, or may be, required for certain of the Company's mining operations. Such permits, leases and other rights are subject to modification, renewal and revocation. Our ability to maintain such mining permits, leases and other rights has been, and may continue to be, affected by changes in laws, regulations and governmental actions, particularly in emerging markets such as Turkey and China. We cannot assure you that we will be able to maintain such mining permits, leases and other rights to the extent we currently maintain them or at all.

The Company relies on shipping bulk cargos of bentonite from the United States, Turkey and China to customers, as well as our own subsidiaries, and we are sensitive to our ability to recover these shipping costs. In the last few years, bulk cargo shipping rates have been very volatile, and, to a lesser extent, the availability of bulk cargo containers has been suspect. If we cannot secure our container requirements or offset additional shipping costs with price increases to customers, our profitability could be impacted. We are also subject to other shipping risks. In particular, rail service interruptions have affected our ability to ship, and the availability of rail service, and our ability to recover increased rail costs, may be beyond our control. In addition, governmental restrictions can, and during the COVID-19 pandemic did, affect our ability to ship our products.

**Operational Risks**

***The Company's subsidiaries, Barretts Minerals Inc. ("BMI") and Barretts Ventures Texas LLC (together with BMI, "Barretts"), have filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code to address and comprehensively resolve BMI's liabilities associated with talc. Risks and uncertainties related to this filing could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.***

The Company and certain of the Company's subsidiaries are among numerous defendants in over five hundred cases seeking damages for alleged exposure to asbestos-contaminated talc products sold by the Company's subsidiary BMI. On October 2, 2023 (the "Petition Date"), notwithstanding the Company's confidence in the safety of BMI's talc products, BMI and Barretts Ventures Texas LLC filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Chapter 11 Cases") to address and comprehensively resolve BMI's liabilities associated with talc. Minerals Technologies Inc. and the Company's other subsidiaries were not included in the Chapter 11 filing. In the first quarter of 2024, BMI entered into an agreement to sell its talc assets under section 363 of the U.S. Bankruptcy Code. The sale is expected to close in the second quarter of 2024. Proceeds of the sale will be used to fund the Chapter 11 Cases. Barretts' ultimate goal in the Chapter 11 Cases is to confirm a plan of reorganization under Section 524(g) of the U.S. Bankruptcy Code and utilize this provision to establish a trust that will address all current and future talc-related claims. During the pendency of the Chapter 11 Cases, the Company anticipates that BMI will benefit from the operation of the automatic stay, which stays ongoing litigation in connection with talc-related claims against BMI. In addition, subject to certain exceptions, the filing or continued prosecution of all talc-related claims against BMI's non-debtor affiliates is temporarily stayed through May 13, 2024 (subject to further extensions), the date on which a hearing is scheduled on the status of the Chapter 11 Cases. Barretts has been deconsolidated from the Company's financial statements since the Petition Date.

Although the Chapter 11 Cases are progressing, it is not possible at this time to predict the form of any ultimate resolution or when an ultimate resolution might occur. Accordingly, the amount that will be necessary to fully and finally resolve all of BMI's current and future talc-related claims in connection with a confirmed Chapter 11 plan of reorganization cannot be estimated at this time. Several risks and uncertainties related to Barretts' Chapter 11 Cases could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows, including the value of Barretts, as deconsolidated, reflected in the Company's financial statements, the ultimate amount necessary to be contributed to any trust established pursuant to Section 524(g) of the U.S. Bankruptcy Code, the potential for the Company's talc-related exposure to extend beyond BMI arising from claims by talc plaintiffs relating to the Company's liability for talc claims, corporate veil piercing efforts or otherwise, any final resolution of the scope of the Pfizer indemnity, the costs of the Chapter 11 Cases and the length of time necessary to resolve the cases, either through settlement or as a result of litigation arising in connection with the Chapter 11 Cases, and the possibility that Barretts will be unsuccessful in attaining relief under Chapter 11. Further, while the Company anticipates that Barretts will benefit from the operation of the automatic stay during the Chapter 11 proceedings, depending on the ultimate outcome of any of these litigation matters, the Company could in the future be required to pay significant amounts as a result of settlements or judgments, potentially in excess of liabilities accrued to date in respect of such matters. The resolution of, or recognition of additional liabilities in connection with, pending litigation could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

For a further discussion of the Chapter 11 Cases and BMI talc-related liabilities, see Note 12 to the Condensed Consolidated Financial Statements, included in this report.

***The Company is subject to stringent regulation in the areas of environmental, health and safety, and tax, and may incur unanticipated costs or liabilities arising out of claims for various legal, environmental and tax matters or product stewardship issues that could materially harm the Company's results of operations, cash flows and financial condition.***

The Company's operations are subject to international, federal, state and local governmental environmental, health and safety, tax and other laws and regulations. We have expended, and may be required to expend in the future, substantial funds for compliance with such laws and regulations. In addition, future events, such as changes to or modifications of interpretations of existing laws and regulations, or enforcement polices, or further investigation or evaluation of the potential environmental impacts of operations or health hazards of certain products, may affect our mining rights or give rise to additional compliance and other costs that could have a material adverse effect on the Company. Further, certain of our customers are subject to various federal and international laws and regulations relating to environmental and health and safety matters, especially customers of our Environmental & Infrastructure product line of our Engineered Solutions segment, who are subject to drilling permits, waste water disposal and other regulations. To the extent that these laws and regulations affecting our customers change, demand for our products and services could also change and thereby affect our financial results. State, national, and international governments and agencies have been evaluating climate-related legislation and regulation that would restrict emissions of greenhouse gases in areas in which we conduct business, and some such legislation and regulation have already been enacted or adopted. Enactment of climate-related legislation or adoption of regulation that restrict emissions of greenhouse gases in areas in which we conduct business could have an adverse effect on our operations or demand for our products. Our manufacturing processes for our products use a significant amount of energy and, should energy prices increase as a result of such legislation or regulation, we may not be able to pass these increased costs on to purchasers of our products. We cannot predict if or when currently proposed or additional laws and regulations regarding climate change or other environmental or health and safety concerns will be enacted or adopted.

The Company is also subject to income tax laws and regulations in the United States and various foreign jurisdictions. Significant judgment is required in evaluating and estimating our provision and accruals for these taxes. Our income tax liabilities are dependent upon the location of earnings among these different jurisdictions. Our income tax provision and income tax liabilities could be adversely affected by the jurisdictional mix of earnings, changes in valuation of deferred tax assets and liabilities and changes in tax treaties, laws and regulations.

The Company is currently a party in various litigation matters and tax and environmental proceedings and faces risks arising from various unasserted litigation matters, including product liability, patent infringement, antitrust claims, and claims for third-party property damage or personal injury stemming from alleged torts, including, as discussed elsewhere in this Report, a number of cases seeking damages for alleged exposure to asbestos-contaminated talc products sold by the Company's subsidiary Barretts Minerals Inc. Any failure to appropriately manage safety, human health, product liability and environmental risks associated with the Company's products and production processes could adversely impact the Company's employees and other stakeholders, the Company's reputation, and its results of operations, cash flows and financial condition. Public perception of the risks associated with the Company's products and production processes could impact product acceptance and influence the regulatory environment in which the Company operates. Any unanticipated liability arising out of a current matter or proceeding, or from the other risks described above, could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

***Production facilities are subject to operating risks and capacity limitations that may adversely affect the Company's financial condition or results of operations.***

The Company is dependent on the continued operation of its production facilities. Production facilities are subject to hazards associated with the manufacturing, handling, storage, and transportation of chemical materials and products, including pipeline leaks and ruptures, explosions, fires, inclement weather and natural disasters, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, and environmental risks. Production facilities are also subject to governmental requirements that may, and during the Covid-19 pandemic did, affect our ability to operate. We maintain property, business interruption and casualty insurance but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies. Further, from time to time, we may experience capacity limitations in our manufacturing operations. In addition, if we are unable to effectively forecast our customers' demand, it could affect our ability to successfully manage operating capacity limitations. These hazards, limitations, disruptions in supply and capacity constraints could adversely affect financial results.

***Operating results for some of our businesses are seasonal.***

Certain of our businesses are affected by seasonal weather patterns. A majority of revenues from our energy services business within the Environmental & Infrastructure product line of our Engineered Solutions segment is derived from the Gulf of Mexico and surrounding states, which are susceptible to hurricanes that typically occur June 1st through November 30th. Actual or threatened hurricanes can result in volatile demand for services provided by our energy services business. Our other businesses within the Environmental & Infrastructure product line are affected by weather patterns which determine the feasibility of construction activities. Typically, less construction activity occurs in winter months and thus this segment's revenues tend to be greatest in the second and third quarters when weather patterns in our geographic markets are more conducive to construction activities. Additionally, some of the businesses within the Specialty Additives product line of our Consumer & Specialties segment are subject to similar seasonal patterns.

***Our operations have been and will continue to be subject to cyber-attacks and other disruptions to our information systems that could have a material adverse impact on our business, consolidated results of operations, and consolidated financial condition.***

Our operations are dependent on digital technologies and services. We use these technologies for activities important to our business, including managing and operating our manufacturing facilities, communications within our company and with customers and suppliers, maintaining accurate financial records, protecting confidential information, complying with regulatory, financial reporting, and legal requirements, and otherwise storing, processing and transmitting our data. Increased use of remote working arrangements has only increased our reliance on these technologies and services. Our business has in the past and could in the future be negatively affected by security incidents and systems disruptions. These disruptions or incidents may be caused by cyberattacks and other cyber incidents, network or power outages, software, equipment or telecommunications failures, the unintentional or malicious actions of employees or contractors, natural disasters, fires or other catastrophic events.

Cyberattacks and other cyber incidents are occurring more frequently, the techniques used to gain access to information technology systems and data, disable or degrade service or sabotage systems are constantly evolving and becoming more sophisticated in nature and are being carried out by groups and individuals with a wide range of expertise and motives. Cyberattacks and cyber incidents may be difficult to detect for periods of time and take many forms including cyber extortion, denial of service, social engineering, introduction of viruses or malware (such as ransomware), exploiting vulnerabilities in hardware, software or other infrastructure, hacking, website defacement or theft of passwords and other credentials, unauthorized use of computing resources and business email compromise. Continued geopolitical instability has heightened the risk of cyberattacks.

Like other global companies, our systems are subject to recurring attempts by third parties to access information, manipulate data or disrupt our operations, and we have experienced cyber incidents. If we do not allocate and effectively manage the resources necessary to continue building and maintaining our information technology infrastructure, or if we fail to timely identify or appropriately respond to cyberattacks or other cyber incidents, our business has been and can continue to be adversely affected by, among other things: interruption of our business operations; loss of or damage to intellectual property, proprietary or confidential information, or customer, supplier, or employee data; and increased costs required to prevent, respond to, or mitigate cybersecurity attacks. Similar risks exist with respect to our business partners and third-party providers that we rely upon. We are subject to the risk that the activities associated with our business partners and third-party providers can adversely affect our business even if the attack or breach does not directly impact our systems or information.

Although the cyber incidents that we have experienced to date have not had a material effect on our business, such incidents or disruptions could have a material adverse effect on us in the future. While we believe we devote significant resources to network security, disaster recovery, employee training and other measures to secure our information technology systems and prevent unauthorized access to or loss of data, there can be no guarantee that they will be adequate to safeguard against all cyber incidents, systems disruptions, or misuses of data. In addition, while we currently maintain insurance coverage that is intended to address costs associated with certain aspects of cyber incidents and information systems failures, this insurance coverage may not cover all losses or all types of claims that arise from an incident, or the damage to our reputation or brands that may result from an incident.