

**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 June 30, 2025

or

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

For the transition period from _____ to _____

Commission file number 1-13879

INNOSPEC INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation
or organization)

98-0181725
(I.R.S. Employer
Identification No.)

**8310 South Valley Highway Suite
350
Englewood**

Colorado
(Address of principal executive offices)

80112
(Zip Code)

Registrant's telephone number, including area code: (303) 792 5554

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	IOSP	NASDAQ

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 file). Yes No

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of July 31, 2025
Common Stock, par value \$0.01	24,833,161

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CAUTIONARY STATEMENT RELATIVE TO FORWARD-LOOKING STATEMENTS

This Form 10-Q contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included or incorporated herein may constitute forward-looking statements. Such forward-looking statements include statements (covered by words like “expects,” “estimates,” “anticipates,” “may,” “could,” “believes,” “feels,” “plans,” “intends,” “outlook” or similar words or expressions, for example) which relate to earnings, growth potential, operating performance, events or developments that we expect or anticipate will or may occur in the future. Although forward-looking statements are believed by management to be reasonable when made, they are subject to certain risks, uncertainties and assumptions, and our actual performance or results may differ materially from these forward-looking statements. Additional information regarding risks, uncertainties and assumptions relating to Innospec and affecting our business operations and prospects are described in Innospec’s Annual Report on Form 10-K for the year ended December 31, 2024, and other reports filed with the U.S. Securities and Exchange Commission (“SEC”). You are urged to review our discussion of risks and uncertainties that could cause actual results to differ from forward-looking statements under the heading “Risk Factors” in such reports. Innospec undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I FINANCIAL INFORMATION

Item 1 Condensed Consolidated Financial Statements

INNOSPEC INC. AND SUBSIDIARIES **CONDENSED CONSOLIDATED STATEMENTS OF INCOME** **(Unaudited)**

(in millions, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	\$ 439.7	\$ 435.0	\$ 880.5	\$ 935.2
Cost of goods sold	(316.5)	(308.1)	(632.2)	(652.6)
Gross profit	123.2	126.9	248.3	282.6
Operating expenses:				
Selling, general and administrative	(74.6)	(71.6)	(143.9)	(162.1)
Research and development	(13.6)	(14.0)	(26.3)	(28.0)
Adjustment to fair value of contingent consideration	(0.8)	(0.6)	(1.5)	(1.4)
Profit on disposal of property, plant and equipment	0.1	—	0.2	0.1
Total operating expenses	(88.9)	(86.2)	(171.5)	(191.4)
Operating income	34.3	40.7	76.8	91.2
Other income/(expense), net	(5.1)	0.9	(5.6)	3.6
Interest income, net	2.7	2.1	5.1	4.2
Income before income tax expense	31.9	43.7	76.3	99.0
Income tax expense	(8.4)	(12.5)	(20.0)	(26.4)
Net income	<u>\$ 23.5</u>	<u>\$ 31.2</u>	<u>\$ 56.3</u>	<u>\$ 72.6</u>
Earnings per share:				
Basic	<u>\$ 0.94</u>	<u>\$ 1.25</u>	<u>\$ 2.26</u>	<u>\$ 2.91</u>
Diluted	<u>\$ 0.94</u>	<u>\$ 1.24</u>	<u>\$ 2.24</u>	<u>\$ 2.89</u>
Weighted average shares outstanding (in thousands):				
Basic	<u>24,937</u>	<u>24,937</u>	<u>24,954</u>	<u>24,918</u>
Diluted	<u>25,042</u>	<u>25,097</u>	<u>25,097</u>	<u>25,091</u>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INNOSPEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 23.5	\$ 31.2	\$ 56.3	\$ 72.6
Other comprehensive income/(loss):				
Changes in cumulative translation adjustment	37.4	(6.3)	55.8	(14.0)
Amortization of prior service cost	—	0.2	—	0.3
Amortization of actuarial net gains	—	—	—	(0.1)
Other comprehensive income/(loss), before tax	37.4	(6.1)	55.8	(13.8)
Tax related to cumulative translation adjustment	1.5	1.0	1.8	1.4
Tax related to other movements	—	(0.1)	—	(0.1)
Income tax income/(expense) related to other comprehensive income	1.5	0.9	1.8	1.3
Total comprehensive income	\$ 62.4	\$ 26.0	\$ 113.9	\$ 60.1

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INNOSPEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<u>(in millions, except share and per share data)</u>	June 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 266.6	\$ 289.2
Trade and other accounts receivable (less allowances of \$9.4 million and \$11.9 million respectively)	336.1	341.7
Inventories (less allowances of \$37.7 million and \$34.6 million respectively):		
Finished goods	235.2	197.9
Raw materials	101.6	103.1
Total inventories	336.8	301.0
Prepaid expenses	13.7	21.0
Prepaid income taxes	12.1	3.1
Other current assets	4.4	0.6
Total current assets	969.7	956.6
Net property, plant and equipment	295.8	269.7
Operating lease right-of-use assets	49.3	44.8
Goodwill	397.6	382.5
Other intangible assets	78.3	65.4
Deferred tax assets	8.9	9.4
Pension asset	—	2.4
Other non-current assets	6.5	3.9
Total assets	<u>\$ 1,806.1</u>	<u>\$ 1,734.7</u>
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 149.4	\$ 163.8
Accrued liabilities	163.5	169.1
Current portion of operating lease liabilities	15.6	13.9
Current portion of plant closure provisions	5.0	5.0
Accrued income taxes	3.9	19.6
Total current liabilities	337.4	371.4
Operating lease liabilities, net of current portion	33.7	31.0
Plant closure provisions, net of current portion	63.8	55.3
Deferred tax liabilities	24.0	23.5
Pension liabilities and post-employment benefits	13.9	13.1
Acquisition-related contingent consideration	24.5	20.1
Other non-current liabilities	7.3	4.2
Total liabilities	504.6	518.6
Equity:		
Common stock, \$0.01 par value, authorized 40,000,000 shares, issued 29,554,500 shares	0.3	0.3
Additional paid-in capital	372.7	369.9
Treasury stock (4,656,089 and 4,594,943 shares at cost, respectively)	(104.7)	(93.0)
Retained earnings	1,060.5	1,025.0
Accumulated other comprehensive loss	(33.4)	(91.0)
Total Innospec stockholders' equity	1,295.4	1,211.2
Non-controlling interest	6.1	4.9
Total equity	1,301.5	1,216.1
Total liabilities and equity	<u>\$ 1,806.1</u>	<u>\$ 1,734.7</u>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INNOSPEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in millions)	Six Months Ended June 30,	
	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 56.3	\$ 72.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22.0	21.5
Adjustment to fair value of contingent consideration	1.5	1.4
Deferred taxes	(0.6)	0.7
Profit on disposal of property, plant and equipment	(0.2)	(0.1)
Non-cash movements on defined benefit pension plans	2.6	(1.6)
Stock option compensation	4.1	4.2
Changes in assets and liabilities, net of effects of acquired and divested companies:		
Trade and other accounts receivable	28.9	54.5
Inventories	(13.3)	(17.8)
Prepaid expenses	8.3	8.9
Accounts payable and accrued liabilities	(46.5)	(55.6)
Plant closure provisions	1.4	(0.1)
Income taxes	(22.9)	(0.1)
Unrecognized tax benefits	—	(2.9)
Other assets and liabilities	(4.0)	(0.3)
Net cash provided by operating activities	37.6	85.3
Cash Flows from Investing Activities		
Capital expenditures	(21.4)	(21.6)
Internally developed software	(10.8)	(8.1)
Business combinations, net of cash acquired	—	(0.2)
Proceeds on disposal of property, plant and equipment	0.5	0.2
Net cash used in investing activities	(31.7)	(29.7)
Cash Flows from Financing Activities		
Non-controlling interest	1.2	0.8
Refinancing costs	—	(0.3)
Dividend paid	(20.8)	(19.0)
Issue of treasury stock	0.4	0.8
Repurchase of common stock	(13.3)	(0.7)
Net cash used in financing activities	(32.5)	(18.4)
Effect of foreign currency exchange rate changes on cash	4.0	(0.7)
Net change in cash and cash equivalents	(22.6)	36.5
Cash and cash equivalents at beginning of period	289.2	203.7
Cash and cash equivalents at end of period	\$ 266.6	\$ 240.2

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INNOSPEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

(in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non- Controlling Interest	Total Equity
Balance at December 31, 2024	\$ 0.3	\$ 369.9	\$ (93.0)	\$ 1,025.0	\$ (91.0)	\$ 4.9	\$ 1,216.1
Net income				56.3			56.3
Dividend paid (\$0.84 per share)				(20.8)			(20.8)
Changes in cumulative translation adjustment, net of tax					57.6		57.6
Share of net income						1.2	1.2
Treasury stock reissued		(1.3)	1.6				0.3
Treasury stock repurchased			(13.3)				(13.3)
Stock option compensation		4.1					4.1
Balance at June 30, 2025	<u>\$ 0.3</u>	<u>\$ 372.7</u>	<u>\$ (104.7)</u>	<u>\$ 1,060.5</u>	<u>\$ (33.4)</u>	<u>\$ 6.1</u>	<u>\$ 1,301.5</u>

(in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Non- Controlling Interest	Total Equity
Balance at December 31, 2023	\$ 0.3	\$ 361.0	\$ (94.3)	\$ 1,028.2	\$ (148.1)	\$ 2.5	\$ 1,149.6
Net income				72.6			72.6
Dividend paid (\$0.76 per share)				(19.0)			(19.0)
Changes in cumulative translation adjustment, net of tax					(12.6)		(12.6)
Share of net income						0.8	0.8
Treasury stock reissued		(0.7)	1.6				0.9
Treasury stock repurchased			(0.7)				(0.7)
Stock option compensation		4.2					4.2
Amortization of prior service cost, net of tax					0.2		0.2
Amortization of actuarial net losses, net of tax					(0.1)		(0.1)
Balance at June 30, 2024	<u>\$ 0.3</u>	<u>\$ 364.5</u>	<u>\$ (93.4)</u>	<u>\$ 1,081.8</u>	<u>\$ (160.6)</u>	<u>\$ 3.3</u>	<u>\$ 1,195.9</u>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INNOSPEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

(in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensiv e Loss	Non- Controlling Interest	Total Equity
Balance at March 31, 2025	\$ 0.3	\$ 370.7	\$ (96.5)	\$ 1,057.8	\$ (72.3)	\$ 5.7	\$ 1,265.7
Net income				23.5			23.5
Dividend paid (\$0.84 per share)				(20.8)			(20.8)
Changes in cumulative translation adjustment, net of tax					38.9		38.9
Share of net income						0.4	0.4
Treasury stock reissued		(0.2)	0.3				0.1
Treasury stock repurchased			(8.5)				(8.5)
Stock option compensation		2.2					2.2
Balance at June 30, 2025	<u>\$ 0.3</u>	<u>\$ 372.7</u>	<u>\$ (104.7)</u>	<u>\$ 1,060.5</u>	<u>\$ (33.4)</u>	<u>\$ 6.1</u>	<u>\$ 1,301.5</u>

(in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensiv e Loss	Non- Controlling Interest	Total Equity
Balance at March 31, 2024	\$ 0.3	\$ 362.4	\$ (93.3)	\$ 1,069.6	\$ (155.4)	\$ 2.6	\$ 1,186.2
Net income				31.2			31.2
Dividend paid (\$0.76 per share)				(19.0)			(19.0)
Changes in cumulative translation adjustment, net of tax					(5.3)		(5.3)
Share of net income						0.7	0.7
Treasury stock reissued			0.2				0.2
Treasury stock repurchased			(0.3)				(0.3)
Stock option compensation		2.1					2.1
Amortization of prior service cost, net of tax					0.1		0.1
Balance at June 30, 2024	<u>\$ 0.3</u>	<u>\$ 364.5</u>	<u>\$ (93.4)</u>	<u>\$ 1,081.8</u>	<u>\$ (160.6)</u>	<u>\$ 3.3</u>	<u>\$ 1,195.9</u>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INNOSPEC INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934. Accordingly, they do not include all the information and notes necessary for a comprehensive presentation of financial position, results of operations and cash flows.

During the year to date, the Company has reclassified prior period amounts to conform to the 2025 presentation. The reclassification had no impact on previously reported total net revenue, operating income or net income. For the six months ended June 30, 2025, this has resulted in \$3.8 million (six months ended June 30, 2024 \$4.0 million) of costs that were previously disclosed within selling, general and administrative expenses, being moved to research and development expenses.

It is our opinion, however, that all adjustments (consisting of normal, recurring adjustments, unless otherwise disclosed) have been made which are necessary for the condensed consolidated financial statements to be fairly stated. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024, filed on February 19, 2025 (the "2024 Form 10-K").

The results for the interim period covered by this report are not necessarily indicative of the results to be expected for the full year.

When we use the terms "Innospec," "the Corporation," "the Company," "Registrant," "the Group," "we," "us" and "our," we are referring to Innospec Inc. and its consolidated subsidiaries unless otherwise indicated or the context otherwise requires.

NOTE 2 – SEGMENT REPORTING

The Company reports its financial performance based on three reportable segments, which are Performance Chemicals, Fuel Specialties and Oilfield Services.

The Chief Operating Decision Maker ("CODM") is the President and Chief Executive Officer (the Principal Executive Officer) and is a Director of Innospec Inc.. The CODM evaluates the performance of the Company's segments and makes strategic decisions relating to the Company's allocation of resources, based on the segments' gross profit and operating income.

The following table analyzes sales and other financial information by the Company's reportable segments:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net Sales:				
Personal Care	\$ 105.0	\$ 97.7	\$ 205.5	\$ 192.5
Home Care	26.1	24.3	52.4	50.7
Other	42.7	38.1	84.3	77.7
Performance Chemicals	173.8	160.1	342.2	320.9
Refinery and Performance	112.8	109.1	242.2	254.2
Other	52.3	57.5	93.2	89.3
Fuel Specialties	165.1	166.6	335.4	343.5
Oilfield Services	100.8	108.3	202.9	270.8
	<u>\$ 439.7</u>	<u>\$ 435.0</u>	<u>\$ 880.5</u>	<u>\$ 935.2</u>
Gross profit:				
Performance Chemicals	\$ 30.5	\$ 36.2	\$ 65.8	\$ 73.9
Fuel Specialties	62.9	57.6	123.7	118.2
Oilfield Services	29.8	33.1	58.8	90.5
Total gross profit	<u>\$ 123.2</u>	<u>\$ 126.9</u>	<u>\$ 248.3</u>	<u>\$ 282.6</u>
Operating income/(loss):				
Performance Chemicals	\$ 14.3	\$ 21.2	\$ 34.1	\$ 42.3
Fuel Specialties	35.4	30.4	72.3	63.8
Oilfield Services	6.2	7.3	10.3	24.2
Corporate costs	(20.9)	(17.6)	(38.6)	(37.8)
Adjustment to fair value of contingent consideration	(0.8)	(0.6)	(1.5)	(1.4)
Profit on disposal of property, plant and equipment	0.1	—	0.2	0.1
Total operating income	<u>\$ 34.3</u>	<u>\$ 40.7</u>	<u>\$ 76.8</u>	<u>\$ 91.2</u>

The difference between net sales and gross profit is defined as cost of goods sold. The difference between segmental gross profit and operating income/(expense) is split between selling, general and administrative expenses and research and development expenses.

The following table analyzes cost of goods sold by the Company's reportable segments:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Performance Chemicals	\$ 143.3	\$ 123.9	\$ 276.4	\$ 247.0
Fuel Specialties	102.2	109.0	211.7	225.3
Oilfield Services	71.0	75.2	144.1	180.3
Total cost of goods sold	<u>\$ 316.5</u>	<u>\$ 308.1</u>	<u>\$ 632.2</u>	<u>\$ 652.6</u>

The following table analyzes selling, general and administrative expenses and research and development expenses by the Company's reportable segments:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Performance Chemicals	\$ 16.2	\$ 15.0	\$ 31.7	\$ 31.6
Fuel Specialties	27.5	27.2	51.4	54.4
Oilfield Services	23.6	25.8	48.5	66.3
Corporate	20.9	17.6	38.6	37.8
Total selling, general and administrative expenses and research and development expenses	<u>\$ 88.2</u>	<u>\$ 85.6</u>	<u>\$ 170.2</u>	<u>\$ 190.1</u>

NOTE 3 – EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the effect of options that are dilutive and outstanding during the period under the treasury stock method. Per share amounts are computed as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Numerator (in millions):				
Net income available to common stockholders	\$ 23.5	\$ 31.2	\$ 56.3	\$ 72.6
Denominator (in thousands):				
Weighted average common shares outstanding	24,937	24,937	24,954	24,918
Dilutive effect of stock options and awards	105	160	143	173
Denominator for diluted earnings per share	25,042	25,097	25,097	25,091
Net income per share, basic:	\$ 0.94	\$ 1.25	\$ 2.26	\$ 2.91
Net income per share, diluted:	\$ 0.94	\$ 1.24	\$ 2.24	\$ 2.89

In the three and six months ended June 30, 2025, the average number of anti-dilutive options excluded from the calculation of diluted earnings per share were 59,418 and 23,283 (three and six months ended June 30, 2024– 10,436 and 10,483).

NOTE 4 – GOODWILL

The following table summarizes the goodwill movements in the year:

(in millions)	2025
Opening balance at January 1	\$ 382.5
Exchange effect	15.1
Closing balance at June 30	\$ 397.6

The exchange effect for the six months ended June 30, 2025 was \$14.9 million relating to our Performance Chemicals segment and \$0.2 million relating to our Fuel Specialties segment.

NOTE 5 – OTHER INTANGIBLE ASSETS

The following table analyzes other intangible assets movements in the year:

(in millions)	2025
Gross cost at January 1	\$ 331.8
Additions	10.8
Exchange effect	16.7
Gross cost at June 30	359.3
Accumulated amortization at January 1	(266.4)
Amortization expense	(5.9)
Exchange effect	(8.7)
Accumulated amortization at June 30	(281.0)
Net book amount at June 30	\$ 78.3

The amortization expense for the six months ended June 30, 2025 was \$5.9 million (six months ended June 30, 2024 – \$6.0 million).

In 2025, we have capitalized \$10.8 million in relation to our internally developed software for a new Enterprise Resource Planning (“ERP”) system covering all our regions. The project is ongoing and is currently expected to complete in 2026. The expenses capitalized include the acquisition costs for the software as well as the external consultancy costs and the internal employee costs relating to the software development.

NOTE 6 – PENSION AND POST EMPLOYMENT BENEFITS

The Company previously maintained a defined benefit pension plan covering certain current and former employees in the United Kingdom (the “UK Plan”).

The UK Plan was bought out in the fourth quarter of 2024, therefore the company is no longer responsible for the future obligation for retirement benefits due to current and former employees. As at June 30, 2025, there is no remaining asset on the balance sheet (December 31, 2024 \$2.4 million). Following the UK Plan buy-out, the Company is no longer required to make future cash contributions to the UK Plan. On July 29, 2025, the UK Plan was fully wound up.

The Company also maintains an unfunded defined benefit pension plan covering certain current and former employees in Germany (the “German plan”). The German plan is closed to new entrants and has no assets. As at June 30, 2025, we have recorded a liability of \$10.1 million (December 31, 2024 \$9.0 million).

The net periodic benefit of these plans is shown in the following table:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Service credit/(cost)	\$ (1.2)	\$ (0.9)	\$ (2.4)	\$ (1.7)
Interest cost on projected benefit obligation	—	(4.6)	(0.1)	(9.3)
Expected return on plan assets	—	6.4	—	12.8
Amortization of prior service cost	—	(0.2)	—	(0.3)
Amortization of actuarial net gains	—	—	—	0.1
Net periodic benefit/(cost)	\$ (1.2)	\$ 0.7	\$ (2.5)	\$ 1.6

The service cost has been recognized in selling, general and administrative expenses. All other items have been recognized within other income and expense. The amortization of prior service cost and actuarial net gains are a reclassification out of accumulated other comprehensive loss into other income and expense.

In addition, we have obligations for post-employment benefits in some of our other European businesses. As at June 30, 2025, we have recorded a liability of \$3.8 million (December 31, 2024 \$4.1 million).

NOTE 7 – INCOME TAXES

As of January 1, 2025, the Company had no unrecognized tax benefits, and there has been no change in unrecognized tax benefits during the six months ended June 30, 2025. Accordingly, there was no accrual for uncertain tax positions as of June 30, 2025, and the Company recorded no associated interest or penalties. The Company does not expect any significant changes to this position over the next twelve months.

As of June 30, 2025, the Company and its U.S. subsidiaries remain open to examination by the IRS for years 2021 onwards under the statute of limitations. The Company's subsidiaries in foreign tax jurisdictions are open to examination including Brazil (2020 onwards), Germany (2020 onwards), and the U.K. (2023 onwards).

NOTE 8 – LONG-TERM DEBT

As at June 30, 2025, and December 31, 2024, the Company had not drawn down on its revolving credit facility. During the first six months of 2025 and 2024, the Company did not draw down or repay any borrowing on its revolving credit facility.

The Company continues to have available a \$250.0 million multicurrency revolving credit facility until May 30, 2028.

NOTE 9 – PLANT CLOSURE PROVISIONS

The Company has continuing plans to remediate manufacturing facilities at sites around the world as and when those operations are expected to cease, or we are required to decommission the sites according to local laws and regulations. The liability for estimated plant closure costs includes costs for environmental remediation liabilities and asset retirement obligations.

The principal site giving rise to asset retirement obligations is the manufacturing site at Ellesmere Port in the U.K.. There are also asset retirement obligations and environmental remediation liabilities in respect of other manufacturing sites.

Movements in the provisions are summarized as follows:

(in millions)	2025
Total at January 1	\$ 60.3
Charge for the period	4.1
Utilized in the period	(2.6)
Exchange effect	7.0
Total at June 30	68.8
Due within one year	(5.0)
Due after one year	\$ 63.8

The charge for the six months ended June 30, 2025, was \$4.1 million (six months ended June 30, 2024 \$1.7 million). The current year charge represents the accounting accretion and a \$2.3 million increase to the provisions for legacy operations in the United States. Amounts due within one year refer to provisions where expenditure is expected to arise within one year of the balance sheet date.

NOTE 10 – FAIR VALUE MEASUREMENTS

The following table presents the carrying amount and fair values of the Company's financial assets and liabilities measured on a recurring basis:

(in millions)	June 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets				
Derivatives (Level 1 measurement):				
Other current and non-current assets:				
Emissions Trading Scheme credits	2.2	2.2	3.9	3.9
Foreign currency forward exchange contracts	1.7	1.7	1.5	1.5
Liabilities				
Non-financial liabilities (Level 3 measurement):				
Acquisition-related contingent consideration	24.5	24.5	20.1	20.1

The following methods and assumptions were used to estimate the fair values:

Emissions Trading Scheme credits: The fair value is determined by the open market pricing at the end of the reporting period.

Foreign currency forward exchange contracts: The fair value of derivatives relating to foreign currency forward exchange contracts are derived from current settlement prices and comparable contracts using current assumptions. Foreign currency forward exchange contracts primarily relate to contracts entered into to hedge future known transactions or hedge balance sheet net cash positions. The movements in the carrying amounts and fair values of these contracts are largely due to changes in exchange rates against the U.S. dollar.

Acquisition-related contingent consideration: Contingent consideration payable in cash is discounted to its fair value at each balance sheet date. Where contingent consideration is dependent upon pre-determined financial targets, an estimate of the fair value of the likely consideration payable is made at each balance sheet date. The contingent consideration payable has been calculated based on the latest forecast.

NOTE 11 – DERIVATIVE INSTRUMENTS AND RISK MANAGEMENT

The Company enters into various foreign currency forward exchange contracts to minimize currency exchange rate exposure from expected future cash flows. As at June 30, 2025, the contracts have maturity dates of up to two years at the date of inception. These foreign currency forward exchange contracts have not been designated as hedging instruments, and their impact on the income statement for the first six months of 2025 was a loss of \$6.4 million (first six months of 2024 a gain of \$1.6 million). The gain or loss has been recorded in other income or expense.

NOTE 12 – CONTINGENCIES

Legal matters

We are involved from time to time in claims and legal proceedings that result from, and are incidental to, the conduct of our business including business and commercial litigation, and employee and product liability claims.

As reported in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Form 10-K”), we have incurred financial losses and lodged a civil and criminal legal claim related to a misappropriation of inventory in Brazil. At the time of filing, there have been no significant developments to report in relation to the claims being made. Consistent with prior quarters, a corresponding asset for the potential legal or insurance recoveries has not been recorded for the resulting financial losses arising from this matter.

In addition, unrelated to the Brazil matter, in the unlikely event there are an unexpectedly large number of individual claims or proceedings with an adverse resolution, this could in the aggregate have a material adverse effect on the results of operations for a particular year or quarter.

Guarantees

The Company and certain of the Company’s consolidated subsidiaries are contingently liable for certain obligations of affiliated companies primarily in the form of guarantees of debt and performance under contracts entered into as a normal business practice. This includes guarantees of non-U.S. excise taxes and customs duties. As at June 30, 2025, such guarantees, which are not recognized as liabilities in the condensed consolidated financial statements, amounted to \$8.3 million (December 31, 2024 \$6.8 million). The remaining terms of the fixed maturity guarantees are up to 7 years, with some further guarantees having no fixed expiry date.

Under the terms of the guarantee arrangements, generally the Company would be required to perform the obligations should the affiliated company fail to fulfill its obligations under the arrangements. In some cases, the guarantee arrangements have recourse provisions that would enable the Company to recover any payments made under the terms of the guarantees from securities held of the guaranteed parties’ assets.

The Company and its affiliates have numerous long-term sales and purchase commitments in their various business activities, which are expected to be fulfilled with no adverse consequences material to the Company.

NOTE 13 – STOCK-BASED COMPENSATION PLANS

The following table summarizes the transactions of the Company’s share-based compensation for 2025 and 2024:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Stock options	\$ 2.2	\$ 2.2	\$ 4.1	\$ 4.2
Stock equivalent units	0.3	1.5	0.5	4.0
Total	\$ 2.5	\$ 3.7	\$ 4.6	\$ 8.2

The following table summarizes the transactions of the Company’s share-based compensation plans for the six months ended June 30, 2025.

	Number of shares	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2024	574,671	\$ 86.2
Granted	166,037	\$ 107.1
Vested	(165,047)	\$ 88.5
Forfeited	(9,738)	\$ 67.5
Nonvested at June 30, 2025	565,923	\$ 91.7

For the awards granted with market conditions, a Monte Carlo model has been used to calculate the grant-date fair value. For all other awards granted, a fair market value methodology has been used to calculate the grant-date fair value.

The awards granted with market conditions include a performance measure for Innospec's total shareholder return as compared to a peer group of companies. This measure can result in a maximum 130% vesting for the number of stock options granted. The maximum potential vesting has been reflected in the grant-date fair value calculation, but not reflected for the number of awards granted, as shown in the table above. All other awards granted in the quarter have similar vesting conditions to those granted in the previous periods.

As of June 30, 2025, there was \$25.3 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 2.1 years.

NOTE 14 – RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE LOSS

Reclassifications out of accumulated other comprehensive loss (“AOCL”) for the first six months of 2025 were:

(in millions) Details about AOCL Components	Amount Reclassified from AOCL	Affected Line Item in the Statement where Net Income is Presented
Defined benefit pension plan items:		
Amortization of prior service cost	\$ —	See ⁽¹⁾ below
Amortization of actuarial net gains	—	See ⁽¹⁾ below
		Total before tax
		Income tax
		expense
Total reclassifications	\$ —	Net of tax

(1) These items are included in other income and expense. See Note 6 of the Notes to the Condensed Consolidated Financial Statements for additional information.

Changes in AOCL for the first six months of 2025, net of tax, were:

(in millions)	Defined Benefit Pension Plan Items	Cumulative Translation Adjustments	Total
Balance at December 31, 2024	\$ —	\$ (91.0)	\$ (91.0)
Other comprehensive income/(loss) before reclassifications	—	57.6	57.6
Amounts reclassified from AOCL	—	—	—
Total other comprehensive income/(loss)	—	57.6	57.6
Balance at June 30, 2025	\$ —	\$ (33.4)	\$ (33.4)

Reclassifications out of AOCL for the first six months of 2024 were:

(in millions) Details about AOCL Components	Amount Reclassified from AOCL	Affected Line Item in the Statement where Net Income is Presented
Defined benefit pension plan items:		
Amortization of prior service cost	\$ 0.3	See (1) below
Amortization of actuarial net gains	(0.1)	See (1) below
	0.2	Total before tax
	(0.1)	Income tax expense
Total reclassifications	\$ 0.1	Net of tax

(1) These items are included in other income and expense. See Note 6 of the Notes to the Condensed Consolidated Financial Statements for additional information.

Changes in AOCL for the first six months of 2024, net of tax, were:

(in millions)	Defined Benefit Pension Plan Items	Cumulative Translation Adjustments	Total
Balance at December 31, 2023	\$ (77.2)	\$ (70.9)	\$ (148.1)
Other comprehensive income/(loss) before reclassifications	—	(12.6)	(12.6)
Amounts reclassified from AOCL	0.1	—	0.1
Total other comprehensive income/(loss)	0.1	(12.6)	(12.5)
Balance at June 30, 2024	\$ (77.1)	\$ (83.5)	\$ (160.6)

NOTE 15 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Company has reviewed recently issued accounting pronouncements and concluded there were no matters relevant to the Company's financial statements.

NOTE 16 – RELATED PARTY TRANSACTIONS

Mr. Patrick S. Williams has been an executive director of the Company since April 2009 and has been a non-executive director of AdvanSix Inc. ("AdvanSix"), a chemicals manufacturer, since February 2020. In the six months ended June 30, 2025, the Company did not purchase any product from AdvanSix (six months ended June 30, 2024 – nil). As at June 30, 2025, the Company owed nil to AdvanSix (December 31, 2024 nil).

Mr. Robert I. Paller was a non-executive director of the Company since November 1, 2009 until May 10, 2024, when he did not stand for re-election to the board. The Company has engaged the services of Smith, Gambrell & Russell, LLP ("SGR"), a law firm with which Mr. Paller held a position. In the six months ended June 30, 2024, the Company incurred fees from SGR of \$0.2 million.

Mr. David F. Landless has been a non-executive director of the Company since January 1, 2016 and is a non-executive director of Ausurus Group Limited which owns European Metal Recycling Limited ("EMR") which from time to time purchases scrap metal from the Company. The Company has sold less than \$0.1 million of scrap metal to EMR in the six months ended June 30, 2025 (six months ended June 30, 2024 less than \$0.1 million). A tendering process is operated periodically to select the best buyer for the sale of scrap metal by the Company. As at June 30, 2025, EMR owed nil for scrap metal purchased from the Company (December 31, 2024 nil).

Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Three and Six Months Ended June 30, 2025

This discussion should be read in conjunction with our unaudited interim condensed consolidated financial statements and the notes thereto.

CRITICAL ACCOUNTING ESTIMATES

The policies and estimates that the Company considers the most critical in terms of complexity and subjectivity of assessment are those related to plant closure provisions, income taxes and goodwill. These policies have been discussed in the Company’s 2024 Form 10-K.

RESULTS OF OPERATIONS

The Company reports its financial performance based on three reportable segments, which are Performance Chemicals, Fuel Specialties and Oilfield Services.

The following table provides sales, gross profit and operating income by reporting segment:

(in millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales:				
Performance Chemicals	\$ 173.8	\$ 160.1	\$ 342.2	\$ 320.9
Fuel Specialties	165.1	166.6	335.4	343.5
Oilfield Services	100.8	108.3	202.9	270.8
	<u>\$ 439.7</u>	<u>\$ 435.0</u>	<u>\$ 880.5</u>	<u>\$ 935.2</u>
Gross profit:				
Performance Chemicals	\$ 30.5	\$ 36.2	\$ 65.8	\$ 73.9
Fuel Specialties	62.9	57.6	123.7	118.2
Oilfield Services	29.8	33.1	58.8	90.5
	<u>\$ 123.2</u>	<u>\$ 126.9</u>	<u>\$ 248.3</u>	<u>\$ 282.6</u>
Operating income/(loss):				
Performance Chemicals	\$ 14.3	\$ 21.2	\$ 34.1	\$ 42.3
Fuel Specialties	35.4	30.4	72.3	63.8
Oilfield Services	6.2	7.3	10.3	24.2
Corporate costs	(20.9)	(17.6)	(38.6)	(37.8)
Adjustment to fair value of contingent consideration	(0.8)	(0.6)	(1.5)	(1.4)
Profit on disposal of property, plant and equipment	0.1	—	0.2	0.1
Total operating income	<u>\$ 34.3</u>	<u>\$ 40.7</u>	<u>\$ 76.8</u>	<u>\$ 91.2</u>

Three Months Ended June 30, 2025

The following table shows the changes in sales, gross profit and operating expenses by reporting segment for the three months ended June 30, 2025, and the three months ended June 30, 2024:

(in millions, except ratios)	Three Months Ended June 30,		Change	
	2025	2024		
Net sales:				
Performance Chemicals	\$ 173.8	\$ 160.1	\$ 13.7	+9%
Fuel Specialties	165.1	166.6	(1.5)	-1%
Oilfield Services	100.8	108.3	(7.5)	-7%
	<u>\$ 439.7</u>	<u>\$ 435.0</u>	<u>\$ 4.7</u>	<u>+1%</u>
Gross profit:				
Performance Chemicals	\$ 30.5	\$ 36.2	\$ (5.7)	-16%
Fuel Specialties	62.9	57.6	5.3	+9%
Oilfield Services	29.8	33.1	(3.3)	-10%
	<u>\$ 123.2</u>	<u>\$ 126.9</u>	<u>\$ (3.7)</u>	<u>-3%</u>
Gross margin (%):				
Performance Chemicals	17.5	22.6	-5.1	
Fuel Specialties	38.1	34.6	+3.5	
Oilfield Services	29.6	30.6	-1.0	
Aggregate	28.0	29.2	-1.2	
Operating expenses:				
Performance Chemicals	\$ (16.2)	\$ (15.0)	\$ (1.2)	+8%
Fuel Specialties	(27.5)	(27.2)	(0.3)	+1%
Oilfield Services	(23.6)	(25.8)	2.2	-9%
Corporate costs	(20.9)	(17.6)	(3.3)	+19%
Adjustment to fair value of contingent consideration	(0.8)	(0.6)	(0.2)	+33%
Profit on disposal of property, plant and equipment	0.1	—	0.1	n/a
	<u>\$ (88.9)</u>	<u>\$ (86.2)</u>	<u>\$ (2.7)</u>	<u>+3%</u>

Performance Chemicals

Net sales: the table below details the components which comprise the year over year change in net sales spread across the markets in which we operate:

Change (%)	Three Months Ended June 30, 2025			
	Americas	EMEA	ASPAC	Total
Volume	+11	-4	+13	+4
Price and product mix	-7	+11	-1	+2
Exchange rates	—	+5	+2	+3
	<u>+4</u>	<u>+12</u>	<u>+14</u>	<u>+9</u>

Higher sales volumes for the Americas were driven by increased demand for our personal care products, being partly offset by an adverse price and product mix due to pricing erosion and higher demand for our lower priced products. The volume decline in EMEA was offset by a favorable price and product mix, primarily driven by higher demand for higher priced personal care products. ASPAC volumes were higher driven by increased demand for our personal care products, partly offset by an adverse price and product mix due to higher demand for lower priced products. EMEA and ASPAC benefited from favorable foreign currency exchange rate movements.

Gross margin: the year over year decrease of 5.1 percentage points was primarily due to pricing erosion and higher demand for our lower priced products.

Operating expenses: increase by \$1.2 million year over year due to higher selling expenses including higher

provisions for doubtful debts together with higher research and development expenses, being partly offset by lower provisions for performance-related remuneration accruals.

Fuel Specialties

Net sales: the table below details the components which comprise the year over year change in net sales spread across the markets in which we operate:

Change (%)	Three Months Ended June 30, 2025				
	Americas	EMEA	ASPAC	AvGas	Total
Volume	-5	-	-21	-19	-7
Price and product mix	+6	+1	+5	+7	+4
Exchange rates	—	+4	+1	—	+2
	+1	+5	-15	-12	-1

Sales volumes in the Americas and ASPAC decreased year over year due to decreased demand from customers, while sales volumes in EMEA were unchanged year over year. All our regions benefited from a favorable price and product mix due to an improved sales mix and disciplined pricing. AvGas volumes were lower than the prior year due to variations in the demand from customers, being partly offset by a favorable price and product mix due to a favorable customer mix. EMEA and ASPAC benefited from favorable foreign currency exchange rate movements.

Gross margin: the year over year increase of 3.5 percentage points was driven by an improved sales mix from increased sales of higher margin products, together with disciplined pricing and reduced raw material and other inflationary pressures.

Operating expenses: the year over year increase of \$0.3 million was primarily due to higher commissions.

Oilfield Services

Net sales: have decreased year over year by \$7.5 million, or 7 percent. Sales in the Americas were higher year over year, being outweighed by lower sales in EMEA due to reduced demand. The majority of our customer activity is concentrated in the Americas region. Management continues to see potential growth opportunities for many of our oilfield markets.

Gross margin: the year over year decrease of 1.0 percentage points was due to a weaker sales mix.

Operating expenses: the year over year decrease of \$2.2 million was primarily due to lower provisions for doubtful debts and lower provisions for performance-related remuneration accruals.

Other Income Statement Captions

Corporate costs: the year over year increase of \$3.3 million was primarily due to increased provisions for environmental remediation in relation to legacy operations, together with the additional investment in our IT infrastructure, the amortization of our new group-wide ERP system and lower provisions for performance-related remuneration accruals.

Other net income/(expense): for the three months ended June 30, 2025 and 2024, included the following:

(in millions)	2025	2024	Change
Net pension credit	\$ —	\$ 1.6	\$ (1.6)
Profit attributable to non-controlling interests	(0.4)	(0.8)	0.4
Foreign exchange gains/(losses) on translation	(0.6)	0.7	(1.3)
Foreign currency forward contracts gains/(losses)	(4.1)	(0.6)	(3.5)
	<u>\$ (5.1)</u>	<u>\$ 0.9</u>	<u>\$ (6.0)</u>

Interest income/(expense), net: in the three months ended June 30, 2025 was \$2.7 million of income compared to \$2.1 million of income in the three months ended June 30, 2024, driven by the interest income being earned from our higher cash balances.

Income taxes: the effective tax rate was 26.3% and 28.6% in the second quarter of 2025 and 2024, respectively. The adjusted effective tax rate, once adjusted for the items set out in the following table, was 23.5% in 2025 compared with 28.4% in 2024. The 4.9% decrease in the adjusted effective rate was primarily due to the fact that a higher proportion of the Company's profits are being generated in lower tax jurisdictions. The Company believes that this adjusted effective tax rate, a non-GAAP financial measure, provides useful information to investors and may assist them in evaluating the Company's underlying performance and identifying operating trends. In addition, management uses this non-GAAP financial measure internally to evaluate the performance of the Company's operations and for planning and forecasting in subsequent periods.

The following table shows a reconciliation of the GAAP effective tax charge to the adjusted effective tax charge:

(in millions)	Three Months Ended June 30,	
	2025	2024
Income before income taxes	\$ 31.9	\$ 43.7
Adjustment for stock compensation	2.1	2.1
Adjustment to fair value of contingent consideration	0.8	0.6
Legacy costs of closed operations	3.0	0.8
Adjusted income before income taxes	<u>\$ 37.8</u>	<u>\$ 47.2</u>
Income taxes	\$ 8.4	\$ 12.5
Tax on stock compensation	(0.2)	0.2
Adjustment of income tax provision	—	(3.1)
Tax on adjustment to fair value of contingent consideration	—	0.2
Tax on legacy cost of closed operations	0.7	0.2
Adjustments to tax charge of prior periods	—	3.4
Adjusted income taxes	<u>\$ 8.9</u>	<u>\$ 13.4</u>
GAAP effective tax rate	26.3%	28.6%
Adjusted effective tax rate	23.5%	28.4%

Six Months Ended June 30, 2025

The following table shows the changes in sales, gross profit and operating expenses by reporting segment for the six months ended June 30, 2025, and the six months ended June 30, 2024:

(in millions, except ratios)	Six Months Ended June 30,		Change	
	2025	2024		
Net sales:				
Performance Chemicals	\$ 342.2	\$ 320.9	\$ 21.3	+7%
Fuel Specialties	335.4	343.5	(8.1)	-2%
Oilfield Services	202.9	270.8	(67.9)	-25%
	<u>\$ 880.5</u>	<u>\$ 935.2</u>	<u>\$ (54.7)</u>	<u>-6%</u>
Gross profit:				
Performance Chemicals	\$ 65.8	\$ 73.9	\$ (8.1)	-11%
Fuel Specialties	123.7	118.2	5.5	+5%
Oilfield Services	58.8	90.5	(31.7)	-35%
	<u>\$ 248.3</u>	<u>\$ 282.6</u>	<u>\$ (34.3)</u>	<u>-12%</u>
Gross margin (%):				
Performance Chemicals	19.2	23.0	-3.8	
Fuel Specialties	36.9	34.4	+2.5	
Oilfield Services	29.0	33.4	-4.4	
Aggregate	28.2	30.2	-2.0	
Operating expenses:				
Performance Chemicals	\$ (31.7)	\$ (31.6)	\$ (0.1)	+0%
Fuel Specialties	(51.4)	(54.4)	3.0	-6%
Oilfield Services	(48.5)	(66.3)	17.8	-27%
Corporate costs	(38.6)	(37.8)	(0.8)	+2%
Adjustment to fair value of contingent consideration	(1.5)	(1.4)	(0.1)	n/a
Profit on disposal of property, plant and equipment	0.2	0.1	0.1	n/a
	<u>\$ (171.5)</u>	<u>\$ (191.4)</u>	<u>\$ 19.9</u>	<u>-10%</u>

Performance Chemicals

Net sales: the table below details the components which comprise the year over year change in net sales spread across the markets in which we operate:

Change (%)	Six Months Ended June 30, 2025			
	Americas	EMEA	ASPAC	Total
Volume	+11	-3	+21	+4
Price and product mix	-6	+10	+3	+3
Exchange rates	—	-1	—	—
	<u>+5</u>	<u>+6</u>	<u>+24</u>	<u>+7</u>

Higher sales volumes for the Americas were driven by increased demand for our personal care products, being partly offset by an adverse price and product mix due to pricing erosion and higher demand for our lower priced products. The volume decline in EMEA was offset by a favorable price and product mix, primarily driven by increased demand for our higher priced products. ASPAC volumes were higher driven by increased demand for our personal care products, together with a favorable price and product mix due to higher demand for higher priced personal care products.

Gross margin: the year over year decrease of 3.8 percentage points was primarily due to pricing erosion and higher demand for our lower priced products.

Operating expenses: increased by \$0.1 million year over year due to higher selling expenses and higher research and development expenses, being partly offset by lower provisions for performance-related remuneration accruals.

Fuel Specialties

Net sales: the table below details the components which comprise the year over year change in net sales spread across the markets in which we operate:

Change (%)	Six Months Ended June 30, 2025					Total
	Americas	EMEA	ASPAC	AvGas		
Volume	-2	+1	-19	-8		-3
Price and product mix	+1	-1	+4	+6		+1
Exchange rates	—	—	—	—		—
	-1	—	-15	-2		-2

Sales volumes in the Americas and ASPAC have decreased year over year due to decreased demand from customers, being partly offset by a favorable price and product mix due to an improved sales mix and disciplined pricing. Sales volumes in EMEA have increased year over year due to increased demand from customers, being offset by an adverse price and product mix. AvGas volumes were lower than the prior year due to variations in the demand from customers, being partly offset by a favorable price and product mix due to a favorable customer mix.

Gross margin: the year over year increase of 2.5 percentage points was driven by an improved sales mix from increased sales of higher margin products, together with disciplined pricing and reduced raw material and other inflationary pressures.

Operating expenses: the year over year decrease of \$3.0 million was primarily due to lower provisions for doubtful debts together with lower provisions for performance-related remuneration accruals.

Oilfield Services

Net sales: have decreased year over year by \$67.9 million, or 25 percent, with the majority of our customer activity concentrated in the Americas region. Sales volumes in the current year were adversely impacted by the absence of production chemical activity in Latin America. Management continues to see potential growth opportunities for our other oilfield markets.

Gross margin: the year over year decrease of 4.4 percentage points was due to an unfavorable sales mix as our customer demand has weakened.

Operating expenses: the year over year decrease of \$17.8 million was due to lower customer service costs and commissions related to the reduced demand from certain customers, together with lower provisions for performance-related remuneration accruals.

Other Income Statement Captions

Corporate costs: the year over year increase of \$0.8 million was primarily due to increased provisions for environmental remediation in relation to legacy operations, the additional investment in our IT infrastructure and the amortization of our new group-wide ERP system, being partly offset by lower provisions for performance-related remuneration accruals.

Other net income/(expense): for the six months ended June 30, 2025 and 2024, included the following:

(in millions)	2025	2024	Change
Net pension credit/(cost)	\$ (0.1)	\$ 3.3	\$ (3.4)
Profit attributable to non-controlling interests	(0.4)	\$ (0.1)	(0.3)
Foreign exchange gains/(losses) on translation	1.3	(1.2)	2.5
Foreign currency forward contracts gains/(losses)	(6.4)	1.6	(8.0)
	<u>\$ (5.6)</u>	<u>\$ 3.6</u>	<u>\$ (9.2)</u>

Interest income/(expense), net: in the six months ended June 30, 2025 was \$5.1 million of income compared to \$4.2 million of income in the six months ended June 30, 2024, driven by the interest income being earned from our higher cash balances.

Income taxes: the effective tax rate was 26.2% and 26.7% in the first six months of 2025 and 2024, respectively. The adjusted effective tax rate, once adjusted for the items set out in the following table, was 24.0% in 2025 compared with 26.2% in 2024. The 1.8% decrease in the adjusted effective rate was primarily due to the fact that a higher proportion of the Company's profits are being generated in lower tax jurisdictions. The Company believes that this adjusted effective tax rate, a non-GAAP financial measure, provides useful information to investors and may assist them in evaluating the Company's underlying performance and identifying operating trends. In addition, management uses this non-GAAP financial measure internally to evaluate the performance of the Company's operations and for planning and forecasting in subsequent periods.

The following table shows a reconciliation of the GAAP effective tax charge to the adjusted effective tax charge:

(in millions)	Six Months Ended June 30,	
	2025	2024
Income before income taxes	\$ 76.3	\$ 99.0
Indemnification asset regarding tax audit	—	0.1
Adjustment for stock compensation	4.1	4.2
Adjustment to fair value of contingent consideration	1.5	1.4
Legacy cost of closed operations	3.8	1.6
Adjusted income before income taxes	<u>\$ 85.7</u>	<u>\$ 106.3</u>
Income taxes	<u>\$ 20.0</u>	<u>\$ 26.4</u>
Tax on stock compensation	(0.3)	0.1
Adjustment of income tax provision	—	(2.9)
Tax on legacy cost of closed operations	0.9	0.4
Tax on adjustment to fair value of contingent consideration	—	0.5
Adjustments to tax charge of prior periods	—	3.4
Adjusted income taxes	<u>\$ 20.6</u>	<u>\$ 27.9</u>
GAAP effective tax rate	26.2%	26.7%
Adjusted effective tax rate	24.0%	26.2%

LIQUIDITY AND FINANCIAL CONDITION

Working Capital

In the six months ended June 30, 2025 our working capital increased by \$47.1 million, while our adjusted working capital increased by \$42.9 million. The difference is primarily due to the exclusion of the increases for cash and cash equivalents, together with the changes for the current portion of income taxes.

The Company believes that adjusted working capital, a non-GAAP financial measure (defined by the Company as trade and other accounts receivable, inventories, prepaid expenses, accounts payable and accrued liabilities rather than total current assets less total current liabilities) provides useful information to investors in evaluating the Company's underlying performance and identifying operating trends. Management uses this non-GAAP financial measure internally to allocate resources and evaluate the performance of the Company's operations. Items excluded from working capital in the adjusted working capital calculation are listed in the table below and represent factors which do not fluctuate in line with the day to day working capital needs of the business.

(in millions)	June 30, 2025	December 31, 2024
Total current assets	\$ 969.7	\$ 956.6
Total current liabilities	(337.4)	(371.4)
Working capital	632.3	585.2
Less cash and cash equivalents	(266.6)	(289.2)
Less prepaid income taxes	(12.1)	(3.1)
Less other current assets	(4.4)	(0.6)
Add back accrued income taxes	3.9	19.6
Add back current portion of plant closure provisions	5.0	5.0
Add back current portion of operating lease liabilities	15.6	13.9
Adjusted working capital	\$ 373.7	\$ 330.8

We had a \$5.6 million decrease in trade and other accounts receivable, which was primarily due to the reduced revenues in our Oilfield Services segment. Days' sales outstanding increased in our Performance Chemicals segment from 61 days to 65 days; remained unchanged at 57 days in our Fuel Specialties segment; and decreased from 83 days to 61 days in our Oilfield Services segment.

We had a \$35.8 million increase in inventories, including a \$3.1 million increase in allowances, which was driven by higher levels of finished goods and raw materials in our Fuel Specialties segment, due to higher production relating to expected sales volumes and planned maintenance shutdowns. The Company continues to maintain inventory levels necessary to manage the risk of potential supply chain disruption for certain key raw materials, especially in our Fuel Specialties segment. Days' sales in inventory in our Performance Chemicals segment decreased from 63 days to 61 days; increased from 113 days to 155 days in our Fuel Specialties segment; and decreased from 76 days to 74 days in our Oilfield Services segment.

Prepaid expenses decreased \$7.3 million, from \$21.0 million to \$13.7 million, primarily due to the cyclical expensing of prepaid invoices.

We had a \$20.0 million decrease in accounts payable and accrued liabilities, which was dependent on the timing of payments for each of our reporting segments and related to the lower activity in our Oilfield Services segment. Creditor days (including goods received not invoiced) have decreased in our Performance Chemicals segment from 46 days to 45 days; increased from 44 days to 60 days in our Fuel Specialties segment; and decreased from 68 days to 55 days in our Oilfield Services segment. The changes for creditor days are impacted by the timing of sales and cost of sales in the quarter, when using a countback methodology.

Operating Cash Flows

We generated cash from operating activities of \$37.6 million in the six months ended June 30, 2025 compared to \$85.3 million in the six months ended June 30, 2024. The decrease in cash generated from operating activities was primarily related to decreased operating income, less favorable working capital cash flows and increased income tax payments.

Cash

At June 30, 2025 and December 31, 2024, we had cash and cash equivalents of \$266.6 million and \$289.2 million, respectively, of which \$141.4 million and \$133.9 million, respectively, were held by non-U.S. subsidiaries principally in the United Kingdom.

The decrease in cash and cash equivalents of \$22.6 million for the six months ended June 30, 2025 was primarily driven by our continued investments in capital projects, the payment of our semi-annual dividend and the repurchases of our common stock, being partly offset by the cash generated from operating activities.

Debt

We continue to have available a \$250.0 million multicurrency revolving credit facility.

At June 30, 2025, and December 31, 2024, we had no debt outstanding under the revolving credit facility and no obligations were outstanding under finance leases. See Note 8 of the Notes to the Condensed Consolidated Financial Statements for additional information.

Item 3 Quantitative and Qualitative Disclosures about Market Risk

The Company uses floating rate debt to finance its global operations. The Company is subject to business risks inherent in non-U.S. activities, including political and economic uncertainty, import and export limitations, and market risk related to changes in interest rates and foreign currency exchange rates. The political and economic risks are mitigated by the stability of the major countries in which the Company's largest operations are located. Credit limits, ongoing credit evaluation and account monitoring procedures are used to minimize bad debt risk. Collateral is not generally required.

From time to time, the Company uses derivatives, including interest rate swaps, commodity swaps and foreign currency forward exchange contracts, in the normal course of business to manage market risks. The derivatives used in hedging activities are considered risk management tools and are not used for trading purposes. In addition, the Company enters into derivative instruments with a diversified group of major financial institutions in order to manage the exposure to non-performance of such instruments. The Company's objective in managing the exposure to changes in interest rates is to limit the impact of such changes on earnings and cash flows and to lower overall borrowing costs. The Company's objective in managing the exposure to changes in foreign currency exchange rates is to reduce volatility on earnings and cash flows associated with such changes.

The Company offers fixed prices for some long-term sales contracts. As manufacturing and raw material costs are subject to variability, the Company, from time to time, uses commodity swaps to hedge the cost of some raw materials thus reducing volatility on earnings and cash flows. The derivatives are considered risk management tools and are not used for trading purposes. The Company's objective is to manage its exposure to fluctuating costs of raw materials.

The Company's exposure to market risk has been discussed in the 2024 Form 10-K and there have been no significant changes since that time.

Item 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Based on an evaluation carried out as of the end of the period covered by this report, under the supervision and with the participation of our management, our Chief Executive Officer and our Chief Financial Officer concluded that the Company's "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) were effective as of June 30, 2025, to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

The Company is continuously seeking to improve the efficiency and effectiveness of its operations and of its internal control over financial reporting. This is intended to result in refinements to processes throughout the Company.

As previously disclosed, we are continuing with the development of a new, company-wide, information system platform which began in 2022. The new platform provider is well established in the market. The implementation is a phased, risk-managed, site deployment following a multistage user acceptance program with the existing platform providing a fallback position. In connection with this implementation, the Company has updated its internal controls over financial reporting, as necessary, to accommodate modifications to its business processes and accounting procedures.

There were no changes to our internal control over financial reporting which were identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, 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

Legal matters

We are involved from time to time in claims and legal proceedings that result from, and are incidental to, the conduct of our business including business and commercial litigation, employee and product liability claims.

As reported in our 2023 Form 10-K, we have incurred financial losses and lodged a civil and criminal legal claim related to a misappropriation of inventory in Brazil. At the time of filing, there have been no significant developments to report in relation to the claims being made. Consistent with prior quarters, a corresponding asset for the potential legal or insurance recoveries has not been recorded for the resulting financial losses arising from this matter.

In addition, unrelated to the Brazil matter, in the unlikely event there are an unexpectedly large number of individual claims or proceedings with an adverse resolution, this could in the aggregate have a material adverse effect on the results of operations for a particular year or quarter.

Item 1A Risk Factors

Information regarding risk factors that could have a material impact on our results of operations or financial condition are described under “Risk Factors” in Item 1A of Part I of our 2024 Form 10-K. In management’s view, there have been no material changes in the risk factors facing the Company as disclosed in those SEC filings.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

There have been no unregistered sales of equity securities.

On March 10, 2025, the Company announced a repurchase program which allows for up to \$50 million of the Company’s common stock to be repurchased in the open market over a three-year period commencing on March 10, 2025. The previous repurchase program ended in February 2025. The company also repurchases its common stock in connection with the exercising of stock options by directors and employees. The following table provides information about our repurchases of equity securities in the three months ended June 30, 2025.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
April 1, 2025 through April 30, 2025	22,178	\$ 92.7	22,178	\$ 44.6 million
May 1, 2025 through May 31, 2025	48,575	\$ 91.8	45,000	\$ 40.5 million
June 1, 2025 through June 30, 2025	22,600	\$ 87.1	22,600	\$ 38.5 million
Total	93,353	\$ 90.9	89,778	\$ 38.5 million

Item 3 Defaults Upon Senior Securities

None.

Item 4 Mine Safety Disclosures

Not applicable.

Item 5 Other Information

(a), (b), and (c) – None.

Item 6 Exhibits

- 31.1 [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 32.2 [Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 XBRL Instance Document and Related Item - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
- 104 Cover Page Interactive Data File – The cover page XBRL tags are embedded within the inline XBRL document.

SIGNATURES

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

INNOSPEC INC.

Registrant

Date: August 6, 2025

By

/s/ PATRICK S. WILLIAMS

Patrick S. Williams
President and Chief Executive Officer

Date: August 6, 2025

By

/s/ IAN P. CLEMINSON

Ian P. Cleminson
Executive Vice President and Chief Financial Officer

**CERTIFICATION BY PATRICK S. WILLIAMS PURSUANT TO
SECURITIES EXCHANGE ACT 1934 RULE 13a-14 and 15d-14**

I, Patrick S. Williams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Innospec 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 (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PATRICK S. WILLIAMS

Patrick S. Williams

President and Chief Executive Officer

August 6, 2025

**CERTIFICATION BY IAN P. CLEMINSON PURSUANT TO
SECURITIES EXCHANGE ACT 1934 RULE 13a-14 and 15d-14**

I, Ian P. Cleminson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Innospec 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 (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ IAN P. CLEMINSON

Ian P. Cleminson

Executive Vice President and Chief Financial Officer

August 6, 2025

Section 1350 Certification

by Patrick S. Williams

In connection with the Quarterly Report on Form 10-Q of Innospec Inc. (the "Company") for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick S. Williams, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ PATRICK S. WILLIAMS

Patrick S. Williams

President and Chief Executive Officer

August 6, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of this Report or as a separate disclosure document.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission upon request.

Section 1350 Certification

by Ian P. Cleminson

In connection with the Quarterly Report on Form 10-Q of Innospec Inc. (the "Company") for the period ended June 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ian P. Cleminson, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ IAN P. CLEMINSON

Executive Vice President and Chief Financial Officer

Ian P. Cleminson

August 6, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of this Report or as a separate disclosure document.

A signed original of this written statement required by 18 U.S.C. § 1350 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission upon request.
