

## Item 6. [Reserved]

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### 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 statements can be guaranteed. Actual future results may vary materially. Significant factors affecting the expectations and forecasts are set forth under “Item 1A — Risk Factors” in this Annual Report on Form 10-K.

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.

### Executive Summary

Worldwide sales increased 17% in 2021 to \$1.858 billion as compared with \$1.595 billion in 2020. Foreign exchange had a favorable impact on sales of \$27 million or 2%. Consolidated income from operations was \$235.7 million as compared with \$187.9 million in the prior year. Included in income from operations for 2021 was \$4.0 million related to acquisition-related expenses and \$1.1 million for restructuring and other items, net. Included in income from operations in 2020 was \$10.4 million related to litigation expenses associated with the bankruptcy of Novinda Corp, \$7.6 million for assets write-downs and severance-related costs, \$3.1 million of acquisition-related expenses and \$4.0 million in costs related to system restoration and risk mitigation following a ransomware attack on certain of the Company’s information technology systems. Net income was \$164.4 million in 2021, as compared to \$112.4 million in the prior year. The Company reported diluted earnings of \$4.86 per share in 2021 as compared with \$3.29 per share in the prior year.

In 2021, the Company continued to execute on its key growth initiatives of geographic expansion, new product innovation and acquisitions. In the fourth quarter of 2021, the Company signed two new Paper and Packaging satellite contracts in Asia, advancing geographic expansion of our core product lines. The Company also continued to advance on its strategic growth initiatives through the commercialization of new value-added products. On July 26, 2021, the Company completed the acquisition of Normerica Inc., a leading North American supplier of premium quality cat litter. As a leader in the pet product industry, they provide premium products, both branded and private label to world-class retailers and their product portfolio consists primarily of bentonite-based cat litter products. In addition, in November, we acquired the Specialty PCC assets of a company in the Midwest U.S., helping us expand our manufacturing reach and providing us a strategic logistics footprint at a key point along the Mississippi River.

Although the COVID-19 pandemic continues to impact our business operations, we experienced limited disruptions during 2021. We are taking safety measures to protect our employees and monitoring our operations and public health measures implemented by governmental authorities in response to the pandemic. COVID-19 also continues to impact the global supply chain, causing disruptions to service providers, logistics and the flow and availability of supplies and products. Despite these challenges, we were able to maintain a stable supply of raw materials to meet our production requirements.

Our balance sheet continues to be strong. Cash, cash equivalents and short-term investments were \$304.4 million as of December 31, 2021. Cash flow from operations for 2021 was \$232.4 million. The Company currently has more than \$500 million of available liquidity, including cash on hand, as well as availability under its revolving credit facility. We believe these factors will allow us to meet our anticipated funding requirements. Our intention is to maintain a balanced approach to capital deployment, by using cash flow for investments in growth, continued debt reduction and selective share repurchases.