UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended September 30, 2023

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 1-16091

AVIENT CORPORATION
(Exact name of registrant as specified in its charter)

Ohio	**34-1730488**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
Avient Center **33587 Walker Road** **Avon Lake, Ohio**	**44012**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: **(440) 930-1000**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value $.01 per share	**AVNT**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

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

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

Large accelerated filer	☒	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

The number of the registrant's outstanding common shares, par value $.01 per share, as of September 30, 2023 was 91,161,436.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Avient Corporation
Condensed Consolidated Statements of Income (Unaudited)
(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sales	$ 753.7	$ 823.3	$ 2,423.8	$ 2,606.5
Cost of sales	558.4	627.9	1,740.2	1,895.8
Gross margin	195.3	195.4	683.6	710.7
Selling and administrative expense	161.0	154.8	529.9	467.8
Operating income	34.3	40.6	153.7	242.9
Interest expense, net	(30.3)	(37.3)	(88.5)	(70.4)
Other income (expense), net	1.0	(32.3)	1.5	(31.3)
Income (loss) from continuing operations before income taxes	5.0	(29.0)	66.7	141.2
Income tax benefit (expense)	0.1	1.2	(18.0)	(41.5)
Net income (loss) from continuing operations	5.1	(27.8)	48.7	99.7
Income (loss) from discontinued operations, net of income taxes	—	17.1	(0.9)	58.8
Net income (loss)	$ 5.1	$ (10.7)	$ 47.8	$ 158.5
Net loss (income) attributable to noncontrolling interests	—	0.4	(0.7)	0.1
Net income (loss) attributable to Avient common shareholders	$ 5.1	$ (10.3)	$ 47.1	$ 158.6
Earnings (loss) per share attributable to Avient common shareholders - Basic				
Continuing operations	$ 0.06	$ (0.30)	$ 0.53	$ 1.09
Discontinued operations	—	0.19	(0.01)	0.65
Total	$ 0.06	$ (0.11)	$ 0.52	$ 1.74
Earnings (loss) per share attributable to Avient common shareholders - Diluted				
Continuing operations	$ 0.06	$ (0.30)	$ 0.52	$ 1.08
Discontinued operations	—	0.19	(0.01)	0.64
Total	$ 0.06	$ (0.11)	$ 0.51	$ 1.72
Weighted-average shares used to compute earnings per common share:				
Basic	91.1	90.9	91.1	91.3
Dilutive impact of share-based compensation	0.8	—	0.7	0.7
Diluted	91.9	90.9	91.8	92.0
Anti-dilutive shares not included in diluted common shares outstanding	0.5	1.0	0.6	0.3
Cash dividends declared per share of common stock	$ 0.2475	$ 0.2375	$ 0.7425	$ 0.7125

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Avient Corporation
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	$ 5.1	$ (10.7)	$ 47.8	$ 158.5
Other comprehensive (loss) income, net of tax:				
Translation adjustments and related hedging instruments	(41.9)	(61.1)	(40.6)	(120.4)
Cash flow hedges	—	0.2	—	2.3
Other	(1.6)	—	(4.7)	—
Total other comprehensive loss	(43.5)	(60.9)	(45.3)	(118.1)
Total comprehensive (loss) income	(38.4)	(71.6)	2.5	40.4
Comprehensive loss (income) attributable to noncontrolling interests	—	0.4	(0.7)	0.1
Comprehensive (loss) income attributable to Avient common shareholders	$ (38.4)	$ (71.2)	$ 1.8	$ 40.5

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Avient Corporation
Condensed Consolidated Balance Sheets
(In millions)

	(Unaudited) September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 439.6	$ 641.1
Accounts receivable, net	436.9	440.6
Inventories, net	349.6	372.7
Other current assets	138.2	115.3
Total current assets	1,364.3	1,569.7
Property, net	978.2	1,049.2
Goodwill	1,681.3	1,671.9
Intangible assets, net	1,563.0	1,597.6
Other non-current assets	202.9	196.6
Total assets	$ 5,789.7	$ 6,085.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term and current portion of long-term debt	$ 9.5	$ 2.2
Accounts payable	389.5	454.4
Accrued expenses and other current liabilities	328.1	412.8
Total current liabilities	727.1	869.4
Non-current liabilities:		
Long-term debt	2,070.8	2,176.7
Pension and other post-retirement benefits	65.1	67.2
Deferred income taxes	293.2	342.5
Other non-current liabilities	337.6	276.4
Total non-current liabilities	2,766.7	2,862.8
SHAREHOLDERS' EQUITY		
Avient shareholders’ equity	2,276.9	2,334.5
Noncontrolling interest	19.0	18.3
Total equity	2,295.9	2,352.8
Total liabilities and equity	$ 5,789.7	$ 6,085.0

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Avient Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Nine Months Ended September 30,	
	2023	**2022**
Operating Activities		
Net income	$ 47.8	$ 158.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	142.6	110.3
Accelerated depreciation	1.9	4.0
Share-based compensation expense	9.7	9.5
Changes in assets and liabilities, net of the effect of acquisitions:		
Increase in accounts receivable	(5.7)	(66.5)
Decrease (increase) in inventories	16.5	(12.5)
(Decrease) increase in accounts payable	(59.1)	43.5
Taxes paid on gain on sale of business	(104.1)	—
Accrued expenses and other assets and liabilities, net	(2.5)	(22.9)
Net cash provided by operating activities	47.1	223.9
Investing activities		
Capital expenditures	(75.0)	(55.1)
Business acquisitions, net of cash acquired	—	(1,426.1)
Settlement of foreign exchange derivatives	—	93.3
Net proceeds from divestiture	7.3	—
Other investing activities	2.3	—
Net cash used by investing activities	(65.4)	(1,387.9)
Financing activities		
Debt proceeds	—	1,300.0
Purchase of common shares for treasury	—	(36.4)
Cash dividends paid	(67.6)	(65.2)
Repayment of long-term debt	(103.8)	(6.8)
Debt financing costs	(2.3)	(49.3)
Other financing	(2.3)	(4.2)
Net cash (used) provided by financing activities	(176.0)	1,138.1
Effect of exchange rate changes on cash	(7.2)	(30.9)
Decrease in cash and cash equivalents	(201.5)	(56.8)
Cash and cash equivalents at beginning of year	641.1	601.2
Cash and cash equivalents at end of period	$ 439.6	$ 544.4

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Avient Corporation
Consolidated Statements of Shareholders' Equity (Unaudited)
(In millions)

	Common Shares		Shareholders' Equity							
	Common Shares	Common Shares Held in Treasury	Common Shares	Additional Paid-in Capital	Retained Earnings	Common Shares Held in Treasury	Accumulated Other Comprehensive (Loss) Income	Total Avient shareholders' equity	Non-controlling Interests	Total equity
Balance at January 1, 2023	122.2	(31.3)	$ 1.2	$ 1,520.5	$ 1,823.6	$ (935.0)	$ (75.8)	$ 2,334.5	$ 18.3	$ 2,352.8
Net income	—	—	—	—	19.9	—	—	19.9	0.5	20.4
Other comprehensive income	—	—	—	—	—	—	16.1	16.1	—	16.1
Cash dividends declared -- $0.2475 per share	—	—	—	—	(22.5)	—	—	(22.5)	—	(22.5)
Share-based compensation and exercise of awards	—	—	—	0.5	—	1.4	—	1.9	—	1.9
Balance at March 31, 2023	122.2	(31.3)	$ 1.2	$ 1,521.0	$ 1,820.9	$ (933.6)	$ (59.7)	$ 2,349.8	$ 18.8	$ 2,368.6
Net income	—	—	—	—	22.1	—	—	22.1	0.2	22.3
Other comprehensive loss	—	—	—	—	—	—	(17.9)	(17.9)	—	(17.9)
Cash dividends declared -- $0.2475 per share	—	—	—	—	(22.5)	—	—	(22.5)	—	(22.5)
Share-based compensation and exercise of awards	—	—	—	3.1	—	0.1	—	3.2	—	3.2
Balance at June 30, 2023	122.2	(31.3)	$ 1.2	$ 1,524.1	$ 1,820.5	$ (933.5)	$ (77.6)	$ 2,334.7	$ 19.0	$ 2,353.7
Net income	—	—	—	—	5.1	—	—	5.1	—	5.1
Other comprehensive loss	—	—	—	—	—	—	(43.5)	(43.5)	—	(43.5)
Cash dividends declared -- $0.2475 per share	—	—	—	—	(22.5)	—	—	(22.5)	—	(22.5)
Share-based compensation and exercise of awards	—	—	—	2.2	—	0.9	—	3.1	—	3.1
Balance at September 30, 2023	122.2	(31.3)	$ 1.2	$ 1,526.3	$ 1,803.1	$ (932.6)	$ (121.1)	$ 2,276.9	$ 19.0	$ 2,295.9

	Common Shares		Shareholders' Equity							
	Common Shares	Common Shares Held in Treasury	Common Shares	Additional Paid-in Capital	Retained Earnings	Common Shares Held in Treasury	Accumulated Other Comprehensive (Loss) Income	Total Avient shareholders' equity	Non-controlling Interests	Total equity
Balance at January 1, 2022	122.2	(30.6)	$ 1.2	$ 1,511.8	$ 1,208.0	$ (900.7)	$ (45.6)	$ 1,774.7	$ 15.8	$ 1,790.5
Net income	—	—	—	—	84.2	—	—	84.2	0.3	84.5
Other comprehensive loss	—	—	—	—	—	—	(7.9)	(7.9)	—	(7.9)
Cash dividends declared -- $0.2375 per share	—	—	—	—	(21.7)	—	—	(21.7)	—	(21.7)
Repurchase of common shares	—	(0.3)	—	—	—	(15.8)	—	(15.8)	—	(15.8)
Share-based compensation and exercise of awards	—	0.1	—	(2.2)	—	1.9	—	(0.3)	—	(0.3)
Balance at March 31, 2022	122.2	(30.8)	$ 1.2	$ 1,509.6	$ 1,270.5	$ (914.6)	$ (53.5)	$ 1,813.2	$ 16.1	$ 1,829.3
Net income	—	—	—	—	84.7	—	—	84.7	—	84.7
Other comprehensive loss	—	—	—	—	—	—	(49.3)	(49.3)	—	(49.3)
Cash dividends declared -- $0.2375 per share	—	—	—	—	(21.7)	—	—	(21.7)	—	(21.7)
Repurchase of common shares	—	(0.5)	—	—	—	(20.6)	—	(20.6)	—	(20.6)
Share-based compensation and exercise of awards	—	—	—	3.4	—	—	—	3.4	—	3.4
Balance at June 30, 2022	122.2	(31.3)	$ 1.2	$ 1,513.0	$ 1,333.5	$ (935.2)	$ (102.8)	$ 1,809.7	$ 16.1	$ 1,825.8
Net income	—	—	—	—	(10.3)	—	—	(10.3)	(0.4)	(10.7)
Other comprehensive loss	—	—	—	—	—	—	(60.9)	(60.9)	—	(60.9)
Cash dividends declared -- $0.2375 per share	—	—	—	—	(21.6)	—	—	(21.6)	—	(21.6)
Repurchase of common shares	—	—	—	—	—	—	—	—	—	—
Share-based compensation and exercise of awards	—	—	—	3.4	—	0.1	—	3.5	—	3.5
Balance at September 30, 2022	122.2	(31.3)	$ 1.2	$ 1,516.4	$ 1,301.6	$ (935.1)	$ (163.7)	$ 1,720.4	$ 15.7	$ 1,736.1

See accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Avient Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 — BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Form 10-Q instructions and in the opinion of management contain all adjustments, including those that are normal, recurring and necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. These interim financial statements should be read in conjunction with the financial statements and accompanying notes included in the Annual Report on Form 10-K for the year ended December 31, 2022 of Avient Corporation. When used in this Quarterly Report on Form 10-Q, the terms “we,” “us,” “our,” “Avient” and the “Company” mean Avient Corporation and its consolidated subsidiaries.

Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be attained in subsequent periods or for the year ending December 31, 2023. Historical information has been retrospectively adjusted to reflect the classification of discontinued operations. Discontinued operations are further discussed in Note 3, *Discontinued Operations*.

Accounting Standards Adopted

Accounting Standards Update (ASU) 2022-04, *Liabilities - Supplier Finance Programs* (Subtopic 405-50), provides guidance that requires entities that use supplier finance programs in connection with the purchase of goods and services to disclose the key terms of the program and information about their obligations that are outstanding at the end of the reporting period. The Company has evaluated the impact of adopting this standard and has concluded that there is not material activity under supplier finance programs that would require disclosure within the notes to the consolidated financial statements.

Note 2 — BUSINESS COMBINATIONS

On September 1, 2022, the Company completed the acquisition of the DSM Protective Materials business, including the Dyneema® brand, the World's Strongest Fiber™. The ultra-light specialty fiber is used in demanding applications such as ballistic personal protection, marine and sustainable infrastructure, renewable energy, industrial protection and outdoor sports. The acquired business is collectively referred to as APM, and the acquisition is referred to as the APM Acquisition. The APM Acquisition enhances Avient's material offerings of composites and engineered fibers, and results are recognized within the Specialty Engineered Materials segment.

Total consideration paid by the Company to complete the APM Acquisition was $1.4 billion, net of cash acquired. The APM Acquisition was accounted for under the acquisition method of accounting in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 805. As of September 30, 2023, the purchase accounting for the APM Acquisition was complete. Measurement period adjustments since our preliminary estimates reported in our third quarter 2022 Form 10-Q are reflected in the table below. Measurement period adjustments recorded to the *Condensed Consolidated Statements of Income* were not material for the three and nine months ended September 30, 2023.

(in millions)	Preliminary Allocation As of 9/1/2022	Measurement Period Adjustments	Final Allocation
Cash and cash equivalents	$ 50.7	$ —	$ 50.7
Accounts receivable	52.2	1.8	54.0
Inventories	136.2	(8.1)	128.1
Other current assets	2.0	1.7	3.7
Property	361.9	(15.5)	346.4
Intangible assets:			
Indefinite-lived trade names	254.9	—	254.9
Customer relationships	198.7	20.0	218.7
Patents, technology, and other	275.1	—	275.1
Goodwill	277.1	129.7	406.8
Other non-current assets	12.3	(0.1)	12.2
Accounts payable	32.2	—	32.2
Accrued expenses and other current liabilities	12.9	0.3	13.2
Deferred tax liabilities	86.1	129.9	216.0
Noncontrolling interests	—	2.3	2.3
Other non-current liabilities	13.1	(3.0)	10.1
Total purchase price consideration	$ 1,476.8	$ —	$ 1,476.8

Definite-lived intangible assets that have been acquired have a useful life range of 15 - 20 years. Goodwill of $406.8 million resulting from the acquisition was recorded to the Specialty Engineered Materials segment. The goodwill recognized is primarily attributable to intangible assets that do not qualify for separate recognition and the deferred tax impact of applying purchase accounting. Goodwill is not deductible for tax purposes.

Had the APM Acquisition occurred on January 1, 2021, sales and income from continuing operations before income taxes on a pro forma basis would have been as follows:

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Sales	$ 884.0	$ 2,862.6
(Loss) income from continuing operations before income taxes	(3.8)	175.8

The unaudited pro forma financial information has been calculated after applying our accounting policies and adjusting the historical results with pro forma adjustments that assume the APM Acquisition occurred on January 1, 2021. These unaudited pro forma results do not represent financial results realized, nor are they intended to be a projection of future results.

The pro forma (loss) income from continuing operations before income taxes for the three and nine months ended September 30, 2022 gives effect to intangible amortization from the purchase price allocation and changes to interest expense resulting from the financing transactions associated with the APM Acquisition and sale of the Distribution business.

Note 3 — DISCONTINUED OPERATIONS

On November 1, 2022, Avient sold its Distribution business to an affiliate of H.I.G. Capital for $950.0 million in cash consideration, subject to a customary working capital adjustment. Total proceeds received were $935.5 million, of which $7.3 million was received in the nine months ended September 30, 2023. The results of the Distribution business are classified as discontinued operations for all periods presented.

The following table summarizes the major line items constituting pretax income of discontinued operations associated with the Distribution business for the three and nine months ended September 30, 2023 and 2022.

(In millions)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Sales	$ —	$ 398.6	$ —	$ 1,211.6
Cost of sales	—	355.4	—	1,085.9
Selling and administrative expense	—	18.2	0.2	44.9
Other expense	—	0.9	0.7	1.0
Income (loss) from discontinued operations before income taxes	—	24.1	(0.9)	79.8
Income tax expense	—	(7.0)	—	(21.0)
Income (loss) from discontinued operations, net of income taxes	$ —	$ 17.1	$ (0.9)	$ 58.8

Note 4 — GOODWILL AND INTANGIBLE ASSETS

Goodwill as of September 30, 2023 and December 31, 2022 and changes in the carrying amount of goodwill by segment were as follows:

(In millions)	Specialty Engineered Materials	Color, Additives and Inks	Total
Balance at December 31, 2022	$ 652.2	$ 1,019.7	$ 1,671.9
Acquisition of businesses	10.3	—	10.3
Currency translation	0.4	(1.3)	(0.9)
Balance at September 30, 2023	$ 662.9	$ 1,018.4	$ 1,681.3

Indefinite and finite-lived intangible assets consisted of the following:

	As of September 30, 2023			
(In millions)	Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	$ 726.2	$ (190.6)	$ 4.5	$ 540.1
Patents, technology and other	841.8	(202.9)	2.0	640.9
Indefinite-lived trade names	368.0	—	14.0	382.0
Total	$ 1,936.0	$ (393.5)	$ 20.5	$ 1,563.0

	As of December 31, 2022			
(In millions)	Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	$ 695.9	$ (164.3)	$ 5.9	$ 537.5
Patents, technology and other	841.8	(168.8)	3.5	676.5
Indefinite-lived trade names	368.0	—	15.6	383.6
Total	$ 1,905.7	$ (333.1)	$ 25.0	$ 1,597.6

Note 5 — EMPLOYEE SEPARATION AND RESTRUCTURING COSTS

We are engaged in a restructuring program associated with our integration of Clariant Color. These actions are expected to enable us to better serve customers, improve efficiency and deliver cost savings. We expect that the full restructuring plan will be implemented through 2024 and anticipate that we will incur approximately $75.0 million of charges in connection with the restructuring plan. As of September 30, 2023, $59.5 million had been incurred.

A summary of the Clariant Color integration restructuring is shown below:

(in millions)	Workforce reductions	Plant closing and other	Total
Balance at January 1, 2022	$ 7.5	$ 0.6	$ 8.1
Restructuring costs	30.8	2.1	32.9
Payments, utilization and translation	(4.0)	(0.3)	(4.3)
Balance at December 31, 2022	$ 34.3	$ 2.4	$ 36.7
Restructuring costs	1.3	2.3	3.6
Payments, utilization and translation	(2.6)	(1.9)	(4.5)
Balance at March 31, 2023	$ 33.0	$ 2.8	$ 35.8
Restructuring costs	(0.3)	1.0	0.7
Payments, utilization and translation	(0.8)	(0.1)	(0.9)
Balance at June 30, 2023	$ 31.9	$ 3.7	$ 35.6
Restructuring costs	0.6	2.3	2.9
Payments, utilization and translation	(5.2)	(5.2)	(10.4)
Balance at September 30, 2023	$ 27.3	$ 0.8	$ 28.1

Personnel reductions were taken in the first half of 2023 as a result of slowing global demand, which resulted in a charge of $0.7 million and $15.7 million recorded during the three and nine months ended September 30, 2023, respectively.

Note 6 — INVENTORIES, NET

Components of *Inventories, net* are as follows:

(In millions)	**As of September 30, 2023**	**As of December 31, 2022**
Finished products	$ 150.7	$ 157.7
Work in process	25.3	22.7
Raw materials and supplies	173.6	192.3
Inventories, net	$ 349.6	$ 372.7

Note 7 — PROPERTY, NET

Components of *Property, net* are as follows:

(In millions)	**As of September 30, 2023**	**As of December 31, 2022**
Land and land improvements	$ 96.0	$ 103.5
Buildings	427.9	432.2
Machinery and equipment	1,336.2	1,325.3
Property, gross	1,860.1	1,861.0
Less accumulated depreciation	(881.9)	(811.8)
Property, net	$ 978.2	$ 1,049.2

Note 8 — INCOME TAXES

During the three months ended September 30, 2023, the Company's effective tax rate was a benefit of 3.1%, which is below the U.S. federal statutory rate of 21.0%. The lower tax rate is primarily due to a favorable return-to-provision adjustment related to increased capital loss deduction, partially offset by foreign withholding tax associated with the future repatriation of certain foreign earnings, an increase in valuation allowances and certain non-deductible expense.

During the nine months ended September 30, 2023, the Company's effective tax rate of 26.9% was above the U.S. federal statutory rate of 21.0%. The higher tax rate is primarily due to foreign withholding tax associated with the future repatriation of certain foreign earnings, an increase in valuation allowances and certain non-deductible expense, offset by the capital loss disclosed above along with the U.S. research and development tax credit.

During the three months ended September 30, 2022, the effective tax rate benefit of 4.1% was below the U.S. federal statutory rate of 21.0%. The tax rate benefit relates to a pretax loss as well as state income tax benefits, favorable U.S. return-to-provision adjustments for 2021 and the U.S. research and development tax credit. These favorable items were partially offset by global intangible low-taxed income (GILTI) tax, certain non-deductible expense and an increase in valuation allowances.

During the nine months ended September 30, 2022, the Company's effective tax rate of 29.4% was above the U.S. federal statutory rate of 21.0% primarily due to GILTI tax, foreign withholding tax liabilities accrued associated with the future repatriation of certain foreign earnings, certain non-deductible expense and an increase in valuation allowances. These unfavorable items were partially offset by favorable U.S. return-to-provision adjustments for 2021, state tax benefits and the U.S. research and development tax credit.

Note 9 — FINANCING ARRANGEMENTS

Debt consists of the following instruments:

As of September 30, 2023 (in millions)	Principal Amount	Unamortized discount and debt issuance cost	Net Debt	Weighted average interest rate
Senior secured revolving credit facility due 2026	$ —	$ —	$ —	— %
Senior secured term loan due 2029	729.8	19.7	710.1	7.87 %
5.75% senior notes due 2025	650.0	3.4	646.6	5.75 %
7.125% senior notes due 2030	725.0	9.1	715.9	7.125 %
Other Debt	7.7	—	7.7	
Total Debt	2,112.5	32.2	2,080.3	
Less short-term and current portion of long-term debt	9.5	—	9.5	
Total long-term debt, net of current portion	$ 2,103.0	$ 32.2	$ 2,070.8	

As of December 31, 2022 (in millions)	Principal Amount	Unamortized discount and debt issuance cost	Net Debt	Weighted average interest rate
Senior secured revolving credit facility due 2026	$ —	$ —	$ —	— %
Senior secured term loan due 2026	426.9	3.3	423.6	3.81 %
Senior secured term loan due 2029	404.7	19.2	385.5	6.53 %
5.75% senior notes due 2025	650.0	4.8	645.2	5.75 %
7.125% senior notes due 2030	725.0	10.1	714.9	7.125 %
Other Debt	9.7	—	9.7	
Total Debt	2,216.3	37.4	2,178.9	
Less short-term and current portion of long-term debt	2.2	—	2.2	
Total long-term debt, net of current portion	$ 2,214.1	$ 37.4	$ 2,176.7	

On August 16, 2023, the Company refinanced its senior secured term loans by amending its Credit Agreement (the "Term Loan Amendment"). Pursuant to the Term Loan Amendment, Avient incurred a new tranche of Senior Secured Term Loan due 2029 in an aggregate principal amount of $731.6 million. The proceeds, together with $102.3 million of cash on hand, were used to settle all of the outstanding principal of previous tranches of senior secured term loans. The amendment aligned the maturity date for all of the Company’s term loan debt to August 29, 2029. The amendment also aligned and reduced the interest rates per annum, which now are either (i) Adjusted Term SOFR (as defined in the Term Loan Amendment) plus 2.50%, or (ii) a Base Rate (as defined in the Term Loan Amendment) plus 1.50%. We recognized $1.9 million related to the write-off of unamortized issuance costs and discounts within *Interest expense, net* for the three and nine months ended September 30, 2023 as a result of the amendment.

As of September 30, 2023, we had no borrowings outstanding under our senior secured revolving credit facility due 2026 (the Revolving Credit Facility), which had remaining availability of $198.2 million.

The agreements governing our Revolving Credit Facility, our senior secured term loan, and the indentures and credit agreements governing other debt, contain a number of customary financial and restrictive covenants that, among other things, limit our ability to: sell or otherwise transfer assets, including in a spin-off, incur additional debt or liens, consolidate or merge with any entity or transfer or sell all or substantially all of our assets, pay dividends or make certain other restricted payments, make investments, enter into transactions with affiliates, create dividend or other payment restrictions with respect to subsidiaries, make capital investments and alter the business we conduct. As of September 30, 2023, we were in compliance with all covenants.

The estimated fair value of Avient's debt instruments at September 30, 2023 and December 31, 2022 was $2,059.7 million and $2,153.1 million, respectively. The fair value of Avient's debt instruments was estimated using prevailing market interest rates on debt with similar creditworthiness, terms and maturities and represent Level 2 measurements within the fair value hierarchy.

Note 10 — SEGMENT INFORMATION

Avient has two reportable segments: (1) Color, Additives and Inks and (2) Specialty Engineered Materials. Operating income is the primary measure that is reported to our chief operating decision maker (CODM) for purposes of allocating resources to the segments and assessing their performance. Operating income at the segment level does not include: corporate general and administrative expenses that are not allocated to segments; intersegment sales and profit eliminations; charges related to specific strategic initiatives such as the consolidation of operations; restructuring activities, including employee separation costs resulting from personnel reduction programs, plant closure and phase-in costs; executive separation agreements; share-based compensation costs; asset impairments; environmental remediation costs, along with related gains from insurance recoveries, and other liabilities for facilities no longer owned or closed in prior years; actuarial gains and losses associated with our pension and other post-retirement benefit plans; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by our CODM. These costs are included in Corporate.

Segment information for the three and nine months ended September 30, 2023 and 2022 is as follows:

	Three Months Ended September 30, 2023		**Three Months Ended September 30, 2022**	
(In millions)	**Sales**	**Operating Income**	**Sales**	**Operating Income**
Color, Additives and Inks	$ 486.5	$ 64.5	$ 565.6	$ 68.6
Specialty Engineered Materials	267.9	30.3	258.2	31.4
Corporate	(0.7)	(60.5)	(0.5)	(59.4)
Total	$ 753.7	$ 34.3	$ 823.3	$ 40.6

	Nine Months Ended September 30, 2023		**Nine Months Ended September 30, 2022**	
(In millions)	**Sales**	**Operating Income**	**Sales**	**Operating Income**
Color, Additives and Inks	$ 1,548.0	$ 198.1	$ 1,864.2	$ 256.7
Specialty Engineered Materials	878.4	113.1	743.6	104.9
Corporate	(2.6)	(157.5)	(1.3)	(118.7)
Total	$ 2,423.8	$ 153.7	$ 2,606.5	$ 242.9

	Total Assets	
(In millions)	**As of September 30, 2023**	**As of December 31, 2022**
Color, Additives and Inks	$ 2,644.1	$ 2,703.1
Specialty Engineered Materials	2,471.1	2,526.5
Corporate	674.5	855.4
Total assets	$ 5,789.7	$ 6,085.0

Note 11 — COMMITMENTS AND CONTINGENCIES

We have been notified by federal and state environmental agencies and by private parties that we may be a potentially responsible party (PRP) in connection with the environmental investigation and remediation of certain sites. While government agencies frequently assert that PRPs are jointly and severally liable at these sites, in our experience, the interim and final allocations of liability costs are generally made based on the relative contribution of waste. We may also initiate corrective and preventive environmental projects of our own to support safe and lawful activities at our operations. We believe that compliance with current governmental regulations at all levels will not have a material adverse effect on our financial position, results of operations or cash flows.

In September 2007, the United States District Court for the Western District of Kentucky (Court) in the case of *Westlake Vinyls, Inc. v. Goodrich Corporation, et al*., held that Avient must pay the remediation costs at the former Goodrich Corporation Calvert City facility (now largely owned and operated by Westlake Vinyls, Inc. (Westlake Vinyls)), together with certain defense costs of Goodrich Corporation. The rulings also provided that Avient can seek indemnification for contamination attributable to Westlake Vinyls.

Following the rulings, the parties to the litigation agreed to settle all claims regarding past environmental costs incurred at the site. The settlement agreement provides a mechanism to pursue allocation of future remediation costs at the Calvert City site to Westlake Vinyls. We continue to pursue available insurance coverage related to this matter and are in current litigation to recover previously incurred costs. It is reasonably possible that insurance recoveries could result in a material benefit to our *Condensed Consolidated Statements of Income* in a future period, though the amounts, if any, nor the timing are currently known.

The environmental obligation at the site arose as a result of an agreement between The B.F. Goodrich Company (n/k/a Goodrich Corporation) and our predecessor, The Geon Company, at the time of the initial public offering in 1993. Under the agreement, The Geon Company agreed to indemnify Goodrich Corporation for certain environmental costs at the site. Neither Avient nor The Geon Company ever operated the facility.

Since 2009, Avient, along with respondents Westlake Vinyls and Goodrich Corporation, has worked with the United States Environmental Protection Agency (USEPA) to address the remedial activities at the site. The USEPA issued its Record of Decision (ROD) in September 2018. In April 2019, the respondents signed an Administrative Settlement Agreement and Order on Consent with the USEPA to conduct the remedial actions at the site. In February 2020, three companies signed the agreed Consent Decree and remedial action Work Plan, which received Federal Court approval in January 2021. In August 2023, the Company received construction bids for components of the remedial action and we updated our accruals to align to the selected bid costs, which resulted in a $36.2 million accrual increase. As of September 30, 2023, we had accrued $138.5 million for this matter. We are in the process of remedial action for a portion of the site, while continuing to progress through remedial design for other portions of the site.

Total environmental accruals of $147.6 million and $118.3 million are reflected within *Accrued expenses and other current liabilities* and *Other non-current liabilities* in our *Condensed Consolidated Balance Sheets* as of September 30, 2023 and December 31, 2022, respectively. These undiscounted accruals represent our best estimate of probable future costs that we can reasonably estimate, based upon currently available information and technology and how the remedy will be implemented. It is reasonably possible that we could incur additional costs in excess of the amount accrued, which could be material to our *Condensed Consolidated Statements of Income*. However, such additional costs cannot currently be estimated as they are dependent upon the results of future testing and findings during the execution of remedial design and remedial action, the ultimate remedial action undertaken, changes in regulations, technology development, new information, newly discovered conditions and other factors that are not currently known.

During the three and nine months ended September 30, 2023, Avient recognized $38.1 million and $52.5 million, respectively, primarily due to the ongoing remedial action at Calvert City and updated cost estimates, compared to $18.8 million and $23.8 million recognized during the three and nine months ended September 30, 2022, respectively. These costs are recognized in *Cost of Sales* within the *Condensed Consolidated Statements of Income*.

Avient is subject to a broad range of claims, administrative and legal proceedings such as lawsuits that relate to contractual allegations, tax audits, product claims, personal injuries, and employment related matters. Although it is not possible to predict with certainty the outcome or cost of these matters, the Company believes our current reserves are appropriate and these matters will not have a material adverse effect on the condensed consolidated financial statements.

Note 12 — DERIVATIVES AND HEDGING

We are exposed to market risks, such as changes in foreign currency exchange rates and interest rates. To manage the volatility related to these exposures we may enter into various derivative transactions. We formally assess, designate and document, as a hedge of an underlying exposure, the qualifying derivative instrument that will be accounted for as an accounting hedge at inception. Additionally, we assess both at inception and at least quarterly thereafter, whether the financial instruments used in the hedging transaction are effective at offsetting changes in either the fair values or cash flows of the underlying exposures. In accordance with ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* (ASU 2017-12), that ongoing assessment will be done qualitatively for highly effective relationships.

As a means of mitigating the impact of currency fluctuations on our euro investments in foreign entities, we have executed cross currency swaps, in which we pay fixed-rate interest in euros and receive fixed-rate interest in U.S. dollars related to our future obligations to exchange euros for U.S. dollars. These cross currency swaps effectively convert a portion of our U.S. dollar denominated fixed-rate debt to euro denominated fixed-rate debt.

We currently hold cross currency swaps with a combined notional amount of €1,467.2 million, maturing in May 2025 and €900.0 million maturing in August 2027. We designated the cross currency swaps as net investment hedges of our net investment in our European operations under ASU 2017-12 and applied the spot method to these hedges. The changes in fair value of the derivative instruments that are designated and qualify as hedges of net investments in foreign operations are recognized within *Accumulated Other Comprehensive Income* (AOCI) to offset the changes in the values of the net investment being hedged. For the three and nine months ended September 30, 2023, a gain of $42.0 million and loss of $15.7 million were recognized within translation adjustments in AOCI, net of tax, respectively, compared to a gain of $98.3 million and $150.2 million, net of tax, for the three and nine months ended September 30, 2022, respectively. Net interest payments received reduce *Interest expense, net* within the *Condensed Consolidated Statements of Income* and resulted in interest income of $9.7 million and $29.1 million, respectively, for the three and nine months ended September 30, 2023, compared to $8.0 million and $20.6 million for the three and nine months ended September 30, 2022.

All of our derivative assets and liabilities measured at fair value are classified as Level 2 within the fair value hierarchy. We determine the fair value of our derivatives based on valuation methods, which project future cash flows and discount the future amounts to present value using market based observable inputs, including interest rate curves and foreign currency rates.

The fair value of derivative financial instruments recognized in the *Condensed Consolidated Balance Sheets* is as follows:

(In millions)	**Balance Sheet Location**	**As of September 30, 2023**	**As of December 31, 2022**
Net investment hedge	Other non-current liabilities	$ 91.4	$ 68.6

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Business

We are a premier formulator of specialized and sustainable material solutions that transform customer challenges into opportunities, bringing new products to life for a better world. Our products include specialty engineered materials, performance fibers, advanced composites, and color and additive systems. We are also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants and fluoropolymer and silicone colorants. Headquartered in Avon Lake, Ohio, we have manufacturing and warehouses across the globe. We provide value to our customers through our ability to link our knowledge of polymers and formulation technology with our manufacturing and supply chain capabilities to provide value-added solutions to designers, assemblers and processors of plastics. When used in this Quarterly Report on Form 10-Q, the terms "we," "us," "our," "Avient" and the "Company" mean Avient Corporation and its consolidated subsidiaries.

Highlights and Executive Summary

Trends and Developments

APM Acquisition

On September 1, 2022, the Company completed the acquisition of the DSM Protective Materials business, including the Dyneema® brand, the World's Strongest Fiber™. The ultra-light specialty fiber is used in demanding applications such as ballistic personal protection, marine and sustainable infrastructure, renewable energy, industrial protection and outdoor sports. The acquired business is collectively referred to as APM, and the acquisition is referred to as the APM Acquisition. The APM Acquisition enhances Avient's material offerings of composites and engineered fibers.Total consideration paid by the Company was $1.4 billion, net of cash acquired.

Distribution business sale

On November 1, 2022, Avient sold its Distribution business to an affiliate of H.I.G. Capital for $950.0 million in cash, subject to a customary working capital adjustment. Total proceeds received were $935.5 million, of which $7.3 million was received in the nine months ended September 30, 2023. The results of the Distribution business are presented as discontinued operations for all periods presented.

Results of Operations — *The three and nine months ended September 30, 2023 compared to three and nine months ended September 30, 2022:*

(Dollars in millions, except per share data)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Variances — Favorable (Unfavorable) Change	Variances — Favorable (Unfavorable) % Change	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Variances — Favorable (Unfavorable) Change	Variances — Favorable (Unfavorable) % Change
Sales	$ 753.7	$ 823.3	$ (69.6)	(8.5)%	$ 2,423.8	$ 2,606.5	$ (182.7)	(7.0)%
Cost of sales	558.4	627.9	69.5	11.1 %	1,740.2	1,895.8	155.6	8.2 %
Gross margin	195.3	195.4	(0.1)	(0.1)%	683.6	710.7	(27.1)	(3.8)%
Selling and administrative expense	161.0	154.8	(6.2)	(4.0)%	529.9	467.8	(62.1)	(13.3)%
Operating income	34.3	40.6	(6.3)	(15.5)%	153.7	242.9	(89.2)	(36.7)%
Interest expense, net	(30.3)	(37.3)	7.0	18.8 %	(88.5)	(70.4)	(18.1)	(25.7)%
Other income (expense), net	1.0	(32.3)	33.3	nm	1.5	(31.3)	32.8	nm
Income (loss) from continuing operations before income taxes	5.0	(29.0)	34.0	117.2 %	66.7	141.2	(74.5)	(52.8)%
Income tax benefit (expense)	0.1	1.2	(1.1)	nm	(18.0)	(41.5)	23.5	nm
Net income (loss) from continuing operations	5.1	(27.8)	32.9	118.3 %	48.7	99.7	(51.0)	(51.2)%
Income (Loss) from discontinued operations, net of income taxes	—	17.1	(17.1)	nm	(0.9)	58.8	(59.7)	nm
Net income (loss)	5.1	(10.7)	15.8	147.7 %	47.8	158.5	(110.7)	(69.8)%
Net loss (income) attributable to noncontrolling interests	—	0.4	(0.4)	nm	(0.7)	0.1	(0.8)	nm
Net income (loss) attributable to Avient common shareholders	$ 5.1	$ (10.3)	$ 15.4	149.5 %	$ 47.1	$ 158.6	$ (111.5)	(70.3)%
Earnings (loss) per share attributable to Avient common shareholders - Basic								
Continuing operations	$ 0.06	$ (0.30)			$ 0.53	$ 1.09		
Discontinued operations	—	0.19			(0.01)	0.65		
Total	$ 0.06	$ (0.11)			$ 0.52	$ 1.74		
Earnings (loss) per share attributable to Avient common shareholders - Diluted								
Continuing operations	$ 0.06	$ (0.30)			$ 0.52	$ 1.08		
Discontinued operations	—	0.19			(0.01)	0.64		
Total	$ 0.06	$ (0.11)			$ 0.51	$ 1.72		

nm - not meaningful

Sales

Sales decreased $69.6 million, or 8.5%, in the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The APM Acquisition increased sales by 7.2% and favorable foreign exchange rates had a 1.0% impact, which was more than offset by impacts of lower global demand and customer destocking. Sales decreased $182.7 million, or 7.0%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The APM Acquisition increased sales by 9.7%, which was more than offset by the impacts of lower global demand and customer destocking, while unfavorable foreign exchange rates had a 1.3% impact.

Gross Margin

Gross margin as a percentage of sales was 25.9% for the three months ended September 30, 2023 compared to 23.7% for the three months ended September 30, 2022. The gross margin improvement was driven primarily by mix and raw material deflation in 2023. Further, 2023 included $19.3 million of higher environmental remediation costs, while 2022 included $10.6 million of expense associated with the APM Acquisition purchase accounting inventory step-up.

Gross margin as a percentage of sales was 28.2% for the nine months ended September 30, 2023 compared to 27.3% for the nine months ended September 30, 2022. The gross margin improvement was driven primarily by mix and raw material deflation in 2023, which more than offset higher environmental remediation charges of $28.7 million.

Selling and administrative expense

Selling and administrative expense increased $6.2 million and $62.1 million during the three and nine months ended September 30, 2023, respectively, compared to the three and nine months ended September 30, 2022, primarily driven by the APM Acquisition, which began to be reflected in results as of September 1, 2022.

Interest expense, net

Interest expense, net decreased $7.0 million for the three months ended September 30, 2023 compared to the three months ended September 30, 2022 as a result of committed financing costs of $10.0 million incurred in the three months ended September 30, 2022 associated to the APM Acquisition. *Interest expense, net* increased $18.1 million in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, related to new debt incurred to finance the APM Acquisition and the impact of higher interest rates on our variable term debt.

Income taxes

During the three months ended September 30, 2023, the Company’s effective tax rate was a benefit of 3.1% versus expense of 4.1% for the three months ended September 30, 2022. The income tax rate decrease is primarily driven by a favorable return-to-provision adjustment related to a 2022 capital loss deduction partially offset by the impact of higher non-deductible expense.

During the nine months ended September 30, 2023, the Company's effective tax rate was 26.9% versus 29.4% for the nine months ended September 30, 2022. The income tax rate decrease is primarily driven by the capital loss deduction combined with favorable international tax rate differentials. These benefits were partially offset by higher valuation allowances and foreign withholding tax associated with the future repatriation of certain foreign earnings.

SEGMENT INFORMATION

Avient has two reportable segments: (1) Color, Additives and Inks; and (2) Specialty Engineered Materials. As a result of the agreement to divest the Distribution business segment, we have removed Distribution as a separate reportable segment and its results are presented as a discontinued operation. Historical information has been retrospectively adjusted to reflect these changes.

Operating income is the primary measure that is reported to our chief operating decision maker (CODM) for purposes of allocating resources to the segments and assessing their performance. Operating income at the segment level does not include: corporate general and administrative expenses that are not allocated to segments; intersegment sales and profit eliminations; charges related to specific strategic initiatives such as the consolidation of operations; restructuring activities, including employee separation costs resulting from personnel reduction programs, plant closure and phase-in costs; executive separation agreements; share-based compensation costs; asset impairments; environmental remediation costs, along with related gains from insurance recoveries, and other liabilities for facilities no longer owned or closed in prior years; actuarial gains and losses associated with our pension and other post-retirement benefit plans; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by our CODM. These costs are included in Corporate.

Sales and Operating Income — *The three and nine months ended September 30, 2023 compared to the three and nine months ended September 30, 2022*:

	Three Months Ended September 30,		Variances — Favorable (Unfavorable)		Nine Months Ended September 30,		Variances — Favorable (Unfavorable)	
(Dollars in millions)	**2023**	**2022**	**Change**	**% Change**	**2023**	**2022**	**Change**	**% Change**
Sales:								
Color, Additives and Inks	$ 486.5	$ 565.6	$ (79.1)	(14.0)%	$ 1,548.0	$ 1,864.2	$ (316.2)	(17.0)%
Specialty Engineered Materials	267.9	258.2	9.7	3.8 %	878.4	743.6	134.8	18.1 %
Corporate	(0.7)	(0.5)	(0.2)	(40.0)%	(2.6)	(1.3)	(1.3)	(100.0)%
Total Sales	$ 753.7	$ 823.3	$ (69.6)	(8.5)%	$ 2,423.8	$ 2,606.5	$ (182.7)	(7.0)%
Operating income:								
Color, Additives and Inks	$ 64.5	$ 68.6	$ (4.1)	(6.0)%	$ 198.1	$ 256.7	$ (58.6)	(22.8)%
Specialty Engineered Materials	30.3	31.4	(1.1)	(3.5)%	113.1	104.9	8.2	7.8 %
Corporate	(60.5)	(59.4)	(1.1)	(1.9)%	(157.5)	(118.7)	(38.8)	(32.7)%
Total Operating Income	$ 34.3	$ 40.6	$ (6.3)	(15.5)%	$ 153.7	$ 242.9	$ (89.2)	(36.7)%

Color, Additives and Inks

Sales decreased $79.1 million, or 14.0%, and $316.2 million, or 17.0%, in the three and nine months ended September 30, 2023, respectively, compared to the three and nine months ended September 30, 2022, primarily driven by lower global demand and customer destocking.

Operating income decreased $4.1 million and $58.6 million in the three and nine months ended September 30, 2023, respectively, compared to the three and nine months ended September 30, 2022 driven primarily by the impacts of the aforementioned lower global demand and customer destocking. Lower raw material costs and cost reduction actions have partially offset the demand impacts.

Specialty Engineered Materials

Sales increased $9.7 million, or 3.8%, in the three months ended September 30, 2023 compared to the three months ended September 30, 2022. The APM Acquisition increased sales by 22.8%, which was partially offset by the impacts of lower global demand and customer destocking. Sales increased $134.8 million, or 18.1%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The APM Acquisition increased sales by 34.0%, which was partially offset by the impacts of lower global demand and customer destocking.

Operating income decreased $1.1 million in the three months ended September 30, 2023 compared to the three months ended September 30, 2022 due to lower demand and customer destocking, partially offset by the APM Acquisition, lower raw material costs and other cost reductions. Operating income increased $8.2 million in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 due to the APM Acquisition and cost saving actions, partially offset by lower demand and customer destocking.

Corporate

Corporate costs increased $1.1 million in the three months ended September 30, 2023, driven by $19.3 million of higher environmental remediation costs in 2023 while the three months ended September 30, 2022 included $10.6 million of expense associated with the APM purchase accounting inventory step-up as well as $8.0 million of transaction costs associated with the acquisition. Corporate costs increased $38.8 million in the nine months ended September 30, 2023 primarily driven by $28.7 million of higher environmental costs and $12.9 million of higher restructuring charges.

Liquidity and Capital Resources

Our objective is to finance our business through operating cash flow and an appropriate mix of debt and equity. By laddering the maturity structure, we avoid concentrations of debt maturities, reducing liquidity risk. We may from time to time seek to retire or purchase our outstanding debt with cash and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. We may also seek to repurchase our outstanding common shares. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved have been and may continue to be material.

The following table summarizes our liquidity as of September 30, 2023 and December 31, 2022:

(In millions)	As of September 30, 2023		As of December 31, 2022	
Cash and cash equivalents	$	439.6	$	641.1
Revolving credit availability		198.2		246.2
Liquidity	$	637.8	$	887.3

As of September 30, 2023, approximately 62% of the Company’s cash and cash equivalents resided outside the United States.

Expected sources of cash needed to satisfy cash requirements for 2023 include our cash on hand, cash from operations and available liquidity under our revolving credit facility, if needed, and we believe that these sources will provide sufficient liquidity to satisfy our expected uses of cash for at least the next twelve months and the foreseeable future thereafter. Expected uses of cash for 2023 include interest payments, cash taxes, dividend payments, share repurchases, environmental remediation costs and capital expenditures.

Cash Flows

The following describes the significant components of cash flows from operating, investing and financing activities for the nine months ended September 30, 2023 and 2022.

Operating Activities **—** In the nine months ended September 30, 2023, net cash provided by operating activities was $47.1 million as compared to $223.9 million for the nine months ended September 30, 2022, driven primarily by lower earnings and taxes paid associated with the sale of the Distribution business.

Investing Activities **—** Net cash used by investing activities during the nine months ended September 30, 2023 of $65.4 million primarily reflects the impact of capital expenditures, offset by $7.3 million of proceeds received from the divestiture of the Distribution business.

Net cash provided by investing activities during the nine months ended September 30, 2022 of $1,387.9 million reflects $1,426.1 million related to the APM Acquisition and capital expenditures of $55.1 million, partially offset by the settlement of cross-currency swaps of $93.3 million.

Financing Activities **—** Net cash used by financing activities for the nine months ended September 30, 2023 of $176.0 million primarily reflects $103.8 million for the payment of long-term debt and $67.6 million of dividends paid.

Net cash provided by financing activities for the nine months ended September 30, 2022 of $1,138.1 million primarily reflects $1,300.0 million of debt proceeds, $65.2 million of dividends paid, debt financing costs of $49.3 million, repayment of debt of $6.8 million, and the repurchase of our outstanding common shares of $36.4 million.

Debt

As of September 30, 2023, our principal amount of debt totaled $2,112.5 million. Aggregate maturities of the principal amount of debt for the current year, next four years and thereafter, are as follows:

(In millions)		
2023	$	2.2
2024		9.5
2025		659.5
2026		7.8
2027		7.7
Thereafter		1,425.8
Aggregate maturities	$	2,112.5

On August 16, 2023, the Company refinanced its senior secured term loans by amending its Credit Agreement (the "Term Loan Amendment"). Pursuant to the Term Loan Amendment, Avient incurred a new tranche of Senior Secured Term Loan due 2029 in an aggregate principal amount of $731.6 million. The proceeds, together with $102.3 million of cash on hand, were used to settle all of the outstanding principal of previous tranches of senior secured term loans. The amendment aligned the maturity date for all of the Company’s term loan debt to August 29, 2029. The amendment also aligned and reduced the interest rates per annum, which now are either (i) Adjusted Term SOFR (as defined in the Term Loan Amendment) plus 2.50%, or (ii) a Base Rate (as defined in the Term Loan Amendment) plus 1.50%. We recognized $1.9 million related to the write-off of unamortized issuance costs and discounts within *Interest expense, net* for the three and nine months ended September 30, 2023 as a result of the amendment.

As of September 30, 2023, we were in compliance with all financial and restrictive covenants pertaining to our debt. For additional information regarding our debt, please see Note 9, *Financing Arrangements* to the accompanying condensed consolidated financial statements.

Derivatives and Hedging

We are exposed to market risks, such as changes in foreign currency exchange rates and interest rates. To manage the volatility related to these exposures we may enter into various derivative transactions. For additional information regarding our derivative instruments, please see Note 12, *Derivatives and Hedging* to the accompanying condensed consolidated financial statements.

Material Cash Requirements

We have future obligations under various contracts relating to debt and interest payments, derivative instruments, operating leases, pension and post-retirement benefit plans, purchase obligations, and environmental remediation obligations. During the nine months ended September 30, 2023, we completed the Term Loan Amendment, refer to Note 9, *Financing Arrangements*, and recorded adjustments to the Calvert City environmental remediation accrual, refer to Note 11, *Commitments and Contingencies*. There were no other material changes to these obligations as reported in our Annual Report on Form 10-K for the year ended December 31, 2022.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

In this Quarterly Report on Form 10-Q, statements that are not reported financial results or other historical information are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They use words such as "will," “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with any discussion of future operating or financial condition, performance and/or sales. In particular, these include statements relating to future actions; prospective changes in raw material costs, product pricing or product demand; future performance; estimated capital expenditures; results of current and anticipated market conditions and market strategies; sales efforts; expenses; the outcome of contingencies such as legal proceedings and environmental liabilities; and financial results. Factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to:

- disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future;
- the effect on foreign operations of currency fluctuations, tariffs and other political, economic and regulatory risks;
- the current and potential future impact of the COVID-19 pandemic on our business, results of operations, financial position or cash flows, including without limitation, any supply chain and logistics issues;
- changes in laws and regulations regarding plastics in jurisdictions where we conduct business;
- fluctuations in raw material prices, quality and supply, and in energy prices and supply;
- production outages or material costs associated with scheduled or unscheduled maintenance programs;
- unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters;
- an inability to raise or sustain prices for products or services;
- our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
- information systems failures and cyberattacks;
- amounts for cash and non-cash charges related to restructuring plans that may differ from original estimates, including because of timing changes associated with the underlying actions;
- our ability to achieve strategic objectives and successfully integrate acquisitions, including APM;
- other factors affecting our business beyond our control, including without limitation, changes in the general economy, changes in interest rates, changes in the rate of inflation and any recessionary conditions; and
- other factors described in our Annual Report on Form 10-K for the year ended December 31, 2022 under Item 1A, “Risk Factors.”

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. You are advised, however, to consult any further disclosures we make on related subjects in our reports on Forms 10-Q, 8-K and 10-K filed with the Securities and Exchange Commission. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to exposures to market risk as reported in our Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

Avient's management, under the supervision of and with the participation of its Chief Executive Officer and its Chief Financial Officer, has evaluated the effectiveness of the design and operation of Avient's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as of the end of the period covered by this Quarterly Report. Based upon this evaluation, Avient's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report, its disclosure controls and procedures were effective.

Changes in internal control over financial reporting

There were no changes in Avient's internal control over financial reporting during the quarter ended September 30, 2023 that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain legal proceedings can be found in Note 11, *Commitments and Contingencies* to the accompanying condensed consolidated financial statements and is incorporated by reference herein.

ITEM 1A. RISK FACTORS

We face a number of risks that could adversely affect our business, results of operations, financial position or cash flows. A discussion of our risk factors can be found in Item 1A, Risk factors, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. During the nine months ended September 30, 2023, there were no material changes to our previously disclosed risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The table below sets forth information regarding the repurchase of shares of our common shares during the period indicated.

Period	Total Number of Shares Purchased	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program [1]
July 1 to July 31	—	$ —	—	4,957,472
August 1 to August 31	—	—	—	4,957,472
September 1 to September 30	—	—	—	4,957,472
Total	—	$ —	—	

[1] Our Board of Directors approved a common share repurchase program authorizing Avient to purchase its common shares in August 2008, which share repurchase authorization has been subsequently increased from time to time. On December 9, 2020, we announced that we would increase our share buyback by an additional 5.0 million shares. As of September 30, 2023, approximately 5.0 million shares remained available for purchase under these authorizations, which have no expiration. Purchases of common shares may be made by open market purchases or privately negotiated transactions and may be made pursuant to Rule 10b5-1 plans and accelerated share repurchases.

ITEM 5. OTHER INFORMATION

Trading Arrangements

None of the Company's directors or officers (as defined in Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934) adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K, during the Company's fiscal quarter ended September 30, 2023.

Named Executive Officer Retirement

On November 1, 2023, Lisa K. Kunkle, the Company's Senior Vice President, General Counsel and Secretary, announced her intention to retire from the Company, effective as of January 31, 2024. In connection with Ms. Kunkle's retirement, the Compensation Committee of the Board of Directors approved vesting upon retirement of all of Ms. Kunkle's outstanding long-term incentive awards.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Exhibit Description
3.1	Amended and Restated Articles of Incorporation of Avient Corporation (as amended through June 30, 2020) (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, SEC File No. 1-16091)
3.2	Avient Corporation Regulations (amended and restated effective May 11, 2023) (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed May 16, 2023, SEC File No. 1-16091)
10.1†	Amendment Agreement No. 8, dated August 16, 2023, by and among Avient Corporation, the subsidiaries of Avient Corporation party thereto, Citibank, N.A, as administrative agent, Morgan Stanley Bank, N.A., as the Amendment No. 8 Additional Term Lender (as defined in the Term Loan Agreement), and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 17, 2023, SEC File No. 1-16091)
31.1	Certification of Robert M. Patterson, Chairman, President and Chief Executive Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Jamie A. Beggs, Senior Vice President and Chief Financial Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by Robert M. Patterson, Chairman, President and Chief Executive Officer
32.2	Certification pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by Jamie A. Beggs, Senior Vice President and Chief Financial Officer
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)
†	Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K and will be provided to the Securities and Exchange Commission upon request.

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.

November 2, 2023	AVIENT CORPORATION
	/s/ Jamie A. Beggs
	Jamie A. Beggs Senior Vice President and Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Robert M. Patterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avient Corporation;

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

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

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

November 2, 2023

/s/ Robert M. Patterson

Robert M. Patterson
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Jamie A. Beggs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Avient Corporation;

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

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

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 2, 2023

/s/ Jamie A. Beggs

Jamie A. Beggs
Senior Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Avient Corporation (the “Company”) for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert M. Patterson, President and Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(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 results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Robert M. Patterson
Robert M. Patterson
Chairman, President and Chief Executive Officer

November 2, 2023

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Avient Corporation (the “Company”) for the period ended September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jamie A. Beggs, Senior Vice President, Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(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 results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Jamie A. Beggs
Jamie A. Beggs
Senior Vice President and Chief Financial Officer

November 2, 2023

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