

**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, 2020

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 1-8524

Myers Industries, Inc.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

1293 South Main Street
Akron, Ohio
(Address of principal executive offices)

34-0778636
(IRS Employer Identification
Number)

44301
(Zip code)

(330) 253-5592

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Exchange on Which Registered
Common Stock, without par value	MYE	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
Non-Accelerated filer

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 shares outstanding of the issuer's common stock, without par value, as of July 24, 2020 was 35,794,830 shares.

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Part I — Financial Information**Item 1. Financial Statements****MYERS INDUSTRIES, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Operations (Unaudited)***(Dollars in thousands, except per share data)*

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Net sales	\$ 118,394	\$ 134,285	\$ 240,644	\$ 273,400
Cost of sales	75,821	87,349	155,588	180,905
Gross profit	42,573	46,936	85,056	92,495
Selling, general and administrative expenses	30,317	36,809	61,433	71,277
Gain on disposal of fixed assets	—	(55)	(7)	(98)
Impairment charges	—	—	—	916
Gain on sale of notes receivable	—	—	(11,924)	—
Operating income	12,256	10,182	35,554	20,400
Interest expense, net	1,194	1,017	2,263	2,066
Income from continuing operations before income taxes	11,062	9,165	33,291	18,334
Income tax expense	2,694	2,559	8,197	5,085
Income from continuing operations	8,368	6,606	25,094	13,249
Income from discontinued operations, net of income tax	—	—	—	127
Net income	\$ 8,368	\$ 6,606	\$ 25,094	\$ 13,376
Income per common share from continuing operations:				
Basic	\$ 0.23	\$ 0.19	\$ 0.70	\$ 0.37
Diluted	\$ 0.23	\$ 0.18	\$ 0.70	\$ 0.37
Income (loss) per common share from discontinued operations:				
Basic	\$ —	\$ —	\$ —	\$ —
Diluted	\$ —	\$ —	\$ —	\$ —
Net income per common share:				
Basic	\$ 0.23	\$ 0.19	\$ 0.70	\$ 0.37
Diluted	\$ 0.23	\$ 0.18	\$ 0.70	\$ 0.37

See notes to unaudited condensed consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES**Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)***(Dollars in thousands)*

	<u>For the Quarter Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net income	\$ 8,368	\$ 6,606	\$ 25,094	\$ 13,376
Other comprehensive income (loss):				
Foreign currency translation adjustment	1,220	758	(1,535)	1,535
Total other comprehensive income (loss)	1,220	758	(1,535)	1,535
Comprehensive income	<u>\$ 9,588</u>	<u>\$ 7,364</u>	<u>\$ 23,559</u>	<u>\$ 14,911</u>

See notes to unaudited condensed consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Financial Position (Unaudited)

(Dollars in thousands)

	June 30, 2020	December 31, 2019
Assets		
Current Assets		
Cash	\$ 72,322	\$ 75,527
Accounts receivable, less allowances of \$2,542 and \$1,945, respectively	71,270	62,279
Income tax receivable	—	142
Inventories, net	49,551	44,260
Prepaid expenses and other current assets	5,746	2,834
Total Current Assets	198,889	185,042
Property, plant, and equipment, net	54,328	54,964
Right of use asset - operating leases	4,801	5,901
Goodwill	66,202	66,774
Intangible assets, net	26,366	30,754
Deferred income taxes	856	5,807
Other	3,403	3,897
Total Assets	\$ 354,845	\$ 353,139
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 44,857	\$ 46,867
Accrued employee compensation	10,424	12,488
Income taxes payable	2,834	—
Accrued taxes payable, other than income taxes	1,315	1,104
Accrued interest	1,785	1,785
Other current liabilities	17,726	18,324
Operating lease liability - short-term	1,546	2,057
Long-term debt - current portion	39,956	—
Total Current Liabilities	120,443	82,625
Long-term debt	37,420	77,176
Operating lease liability - long-term	3,478	4,074
Other liabilities	11,809	22,582
Shareholders' Equity		
Serial Preferred Shares (authorized 1,000,000 shares; none issued and outstanding)	—	—
Common Shares, without par value (authorized 60,000,000 shares; outstanding 35,784,525 and 35,710,934; net of treasury shares of 6,767,932 and 6,841,523, respectively)	21,845	21,785
Additional paid-in capital	297,522	296,363
Accumulated other comprehensive loss	(17,884)	(16,349)
Retained deficit	(119,788)	(135,117)
Total Shareholders' Equity	181,695	166,682
Total Liabilities and Shareholders' Equity	\$ 354,845	\$ 353,139

See notes to unaudited condensed consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(Dollars in thousands, except per share data)

	Quarter Ended June 30, 2020				
	Common Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total Shareholders' Equity
Balance at April 1, 2020	\$ 21,828	\$ 296,736	\$ (19,104)	\$ (123,237)	\$ 176,223
Net income	—	—	—	8,368	8,368
Foreign currency translation adjustment	—	—	1,220	—	1,220
Shares issued under incentive plans, net of shares withheld for tax	17	93	—	—	110
Stock compensation expense	—	693	—	—	693
Declared dividends - \$0.135 per share	—	—	—	(4,919)	(4,919)
Balance at June 30, 2020	<u>\$ 21,845</u>	<u>\$ 297,522</u>	<u>\$ (17,884)</u>	<u>\$ (119,788)</u>	<u>\$ 181,695</u>
	Quarter Ended June 30, 2019				
	Common Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total Shareholders' Equity
Balance at April 1, 2019	\$ 21,627	\$ 292,608	\$ (17,503)	\$ (138,306)	\$ 158,426
Net income	—	—	—	6,606	6,606
Foreign currency translation adjustment	—	—	758	—	758
Shares issued under incentive plans, net of shares withheld for tax	19	196	—	—	215
Stock compensation expense	—	1,262	—	—	1,262
Declared dividends - \$0.135 per share	—	—	—	(4,857)	(4,857)
Balance at June 30, 2019	<u>\$ 21,646</u>	<u>\$ 294,066</u>	<u>\$ (16,745)</u>	<u>\$ (136,557)</u>	<u>\$ 162,410</u>

See notes to unaudited condensed consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Shareholders' Equity (Unaudited)

(Dollars in thousands, except per share data)

	Six Months Ended June 30, 2020				
	Common Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total Shareholders' Equity
Balance at January 1, 2020	\$ 21,785	\$ 296,363	\$ (16,349)	\$ (135,117)	\$ 166,682
Net income	—	—	—	25,094	25,094
Foreign currency translation adjustment	—	—	(1,535)	—	(1,535)
Shares issued under incentive plans, net of shares withheld for tax	60	(187)	—	—	(127)
Stock compensation expense	—	1,346	—	—	1,346
Declared dividends - \$0.27 per share	—	—	—	(9,765)	(9,765)
Balance at June 30, 2020	<u>\$ 21,845</u>	<u>\$ 297,522</u>	<u>\$ (17,884)</u>	<u>\$ (119,788)</u>	<u>\$ 181,695</u>
	Six Months Ended June 30, 2019				
	Common Shares	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Deficit	Total Shareholders' Equity
Balance at January 1, 2019	\$ 21,547	\$ 292,558	\$ (18,280)	\$ (141,187)	\$ 154,638
Net income	—	—	—	13,376	13,376
Adoption of ASU 2016-02	—	—	—	905	905
Foreign currency translation adjustment	—	—	1,535	—	1,535
Shares issued under incentive plans, net of shares withheld for tax	99	(712)	—	—	(613)
Stock compensation expense	—	2,220	—	—	2,220
Declared dividends - \$0.27 per share	—	—	—	(9,651)	(9,651)
Balance at June 30, 2019	<u>\$ 21,646</u>	<u>\$ 294,066</u>	<u>\$ (16,745)</u>	<u>\$ (136,557)</u>	<u>\$ 162,410</u>

See notes to unaudited condensed consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in thousands)

	For the Six Months Ended June 30,	
	2020	2019
Cash Flows From Operating Activities		
Net income (loss)	\$ 25,094	\$ 13,376
Income (loss) from discontinued operations, net of income taxes	—	127
Income (loss) from continuing operations	25,094	13,249
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used for) operating activities		
Depreciation	7,243	8,051
Amortization	4,518	4,046
Non-cash stock-based compensation expense	1,346	2,220
Gain on disposal of fixed assets	(7)	(98)
Gain on sale of notes receivable	(11,924)	—
Impairment charges	—	916
Other	407	340
Payments on long-term performance based compensation	—	(413)
Other long-term liabilities	478	3,514
Cash flows provided by (used for) working capital		
Accounts receivable	(9,672)	(56)
Inventories	(5,453)	1,450
Prepaid expenses and other current assets	(2,926)	(2,041)
Accounts payable and accrued expenses	2,681	(15,005)
Net cash provided by (used for) operating activities - continuing operations	11,785	16,173
Net cash provided by (used for) operating activities - discontinued operations	—	7,297
Net cash provided by (used for) operating activities	11,785	23,470
Cash Flows From Investing Activities		
Capital expenditures	(5,589)	(4,406)
Acquisition of business	(691)	—
Proceeds from sale of property, plant and equipment	—	7,514
Proceeds on sale of notes receivable	1,200	—
Net cash provided by (used for) investing activities - continuing operations	(5,080)	3,108
Net cash provided by (used for) investing activities - discontinued operations	—	—
Net cash provided by (used for) investing activities	(5,080)	3,108
Cash Flows From Financing Activities		
Cash dividends paid	(9,736)	(9,733)
Proceeds from issuance of common stock	235	365
Shares withheld for employee taxes on equity awards	(362)	(978)
Net cash provided by (used for) financing activities - continuing operations	(9,863)	(10,346)
Net cash provided by (used for) financing activities - discontinued operations	—	—
Net cash provided by (used for) financing activities	(9,863)	(10,346)
Foreign exchange rate effect on cash	(47)	79
Net (decrease) increase in cash	(3,205)	16,311
Cash at January 1	75,527	58,894
Cash at June 30	<u>\$ 72,322</u>	<u>\$ 75,205</u>

See notes to unaudited condensed consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements (Dollars in thousands, except where otherwise indicated)

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Myers Industries, Inc. and all wholly owned subsidiaries (collectively, the “Company”), and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures are adequate to make the information not misleading. These interim 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, 2019.

Results from our former Brazil Business, which was sold in 2017, are presented as discontinued operations. Net cash flows provided by discontinued operations in 2019 resulted from the remaining receipt of the tax benefit from a worthless stock deduction, which was recognized as part of the sale. Net income from discontinued operations for the six months ended June 30, 2019 related to interest income net of tax recognized on the receipt of the tax benefit in the first quarter of 2019. There was no discontinued operations activity for the quarter and six months ended June 30, 2020.

In the opinion of the Company, the accompanying condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position as of June 30, 2020, and the results of operations and cash flows for the periods presented. The results of operations for the quarter and six months ended June 30, 2020 are not necessarily indicative of the results of operations that will occur for the year ending December 31, 2020.

Accounting Standards Adopted

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting due to the cessation of the London Interbank Offered Rate (LIBOR). The amendments in this update are effective for the Company as of March 12, 2020 through December 31, 2022. The Company adopted this standard effective March 12, 2020. The adoption of this standard had no effect in the quarter or six months ended June 30, 2020, and its future impact will depend on the manner in which the Company and its lenders ultimately address the removal of LIBOR as it relates to the Loan Agreement described in Note 13.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)*. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Company adopted this standard effective January 1, 2020 and the adoption of this standard did not have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20)*. This ASU modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. For the Company, the ASU is effective retrospectively beginning with the 2020 annual financial statements, but is not applicable to its interim financial statements. The Company adopted this standard effective January 1, 2020 and the adoption of this standard is not expected to have a material impact on its annual consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU modifies the disclosure requirements on fair value measurements by removing, modifying, or adding certain disclosures. Certain disclosures in this ASU are required to be applied on a retrospective basis and others on a prospective basis. The Company adopted this standard effective January 1, 2020 and the adoption of this standard did not have a material impact on its consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued) (Dollars in thousands, except where otherwise indicated)

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment*. This ASU eliminates Step 2 of the goodwill impairment test and requires goodwill impairment to be measured as the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of its goodwill. The Company adopted this standard effective January 1, 2020 and the adoption of this standard did not have a material impact on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*, which introduces new guidance for the accounting for credit losses on instruments. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. The Company adopted the new guidance effective January 1, 2020. Adoption of the new standard resulted in changes to the Company's accounting policy and disclosures related to its allowance for expected credit losses for accounts receivable. The impact of adopting this standard on the Company's consolidated financial statements was not material and no cumulative transition adjustment was required.

Accounting Standards Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This ASU is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and by clarifying and amending existing guidance to improve consistent application. For the Company, this ASU is effective beginning with the first quarter of 2021. Early adoption is permitted. Certain amendments within this ASU are required to be applied on a retrospective basis, certain other amendments are required to be applied on a modified retrospective basis and all other amendments on a prospective basis. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

Fair Value Measurement

The Company follows guidance included in ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets and liabilities, as required. Under ASC 820, the hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is divided into three levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs that are observable either directly or indirectly.
- Level 3: Unobservable inputs for which there is little or no market data or which reflect the entity's own assumptions.

The Company has financial instruments, including cash, accounts receivable, accounts payable and accrued expenses. The fair value of these financial instruments approximates carrying value due to the nature and relative short maturity of these assets and liabilities.

The fair value of debt under the Company's Loan Agreement, as defined in Note 13, approximates carrying value due to the floating rates and relative short maturity (less than 90 days) of any revolving borrowings under this agreement. The fair value of the Company's fixed rate senior unsecured notes was estimated using market observable inputs for the Company's comparable peers with public debt, including quoted prices in active markets and interest rate measurements which are considered Level 2 inputs. At June 30, 2020 and December 31, 2019, the aggregate fair value of the Company's outstanding fixed rate senior unsecured notes was estimated to be \$80.5 million and \$79.0 million, respectively.

The purchase price allocation associated with the August 26, 2019 acquisition of Tuffy Manufacturing Industries, Inc., as described in Note 3, required fair value measurements using unobservable inputs which are considered Level 3 inputs. The fair value of the acquired intangible assets was determined using the income approach.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) are as follows:

	Foreign Currency	Defined Benefit Pension Plans	Total
Balance at January 1, 2020	\$ (14,602)	\$ (1,747)	\$ (16,349)
Other comprehensive income (loss) before reclassifications	(1,535)	—	(1,535)
Net current-period other comprehensive income (loss)	(1,535)	—	(1,535)
Balance at June 30, 2020	<u>\$ (16,137)</u>	<u>\$ (1,747)</u>	<u>\$ (17,884)</u>

Allowance for Credit Losses

Management has established certain requirements that customers must meet before credit is extended. The financial condition of customers is continually monitored and collateral is usually not required. The Company evaluates the collectability of accounts receivable based on a combination of factors. The Company reviews historical trends for credit loss as well as current economic conditions in determining an estimate for its allowance for credit losses. Additionally, in circumstances where the Company is aware of a specific customer's inability to meet its financial obligations, a specific allowance for credit losses is recorded against amounts due to reduce the net recognized receivable to the amount the Company reasonably expects will be collected.

The change in the allowance for credit losses for the six months ended June 30, 2020 was as follows:

	2020
Balance at January 1	\$ 1,356
Provision for expected credit loss, net of recoveries	447
Write-offs and other	(286)
Balance at June 30	<u>\$ 1,517</u>

2. Revenue Recognition

The Company's revenue by major market is as follows:

	For the Quarter Ended June 30, 2020			
	Material Handling	Distribution	Inter-company	Consolidated
Consumer	\$ 31,211	\$ —	\$ —	\$ 31,211
Vehicle	13,813	—	—	13,813
Food and beverage	9,072	—	—	9,072
Industrial	26,759	—	(2)	26,757
Auto aftermarket	—	37,541	—	37,541
Total net sales	<u>\$ 80,855</u>	<u>\$ 37,541</u>	<u>\$ (2)</u>	<u>\$ 118,394</u>

	For the Quarter Ended June 30, 2019			
	Material Handling	Distribution	Inter-company	Consolidated
Consumer	\$ 22,515	\$ —	\$ —	\$ 22,515
Vehicle	21,962	—	—	21,962
Food and beverage	16,818	—	—	16,818
Industrial	34,607	—	(12)	34,595
Auto aftermarket	—	38,395	—	38,395
Total net sales	<u>\$ 95,902</u>	<u>\$ 38,395</u>	<u>\$ (12)</u>	<u>\$ 134,285</u>

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

	For the Six Months Ended June 30, 2020			
	Material Handling	Distribution	Inter-company	Consolidated
Consumer	\$ 51,498	\$ —	\$ —	\$ 51,498
Vehicle	30,125	—	—	30,125
Food and beverage	26,491	—	—	26,491
Industrial	56,817	—	(23)	56,794
Auto aftermarket	—	75,736	—	75,736
Total net sales	<u>\$ 164,931</u>	<u>\$ 75,736</u>	<u>\$ (23)</u>	<u>\$ 240,644</u>

	For the Six Months Ended June 30, 2019			
	Material Handling	Distribution	Inter-company	Consolidated
Consumer	\$ 40,300	\$ —	\$ —	\$ 40,300
Vehicle	44,482	—	—	44,482
Food and beverage	41,967	—	—	41,967
Industrial	72,104	—	(22)	72,082
Auto aftermarket	—	74,569	—	74,569
Total net sales	<u>\$ 198,853</u>	<u>\$ 74,569</u>	<u>\$ (22)</u>	<u>\$ 273,400</u>

Revenue is recognized when obligations under the terms of a contract with customers are satisfied. In both the Distribution and Material Handling segments, this generally occurs with the transfer of control of the products. This transfer of control may occur at either the time of shipment from a Company facility, or at the time of delivery to a designated customer location. Obligations under contracts with customers are typically fulfilled within 90 days of receiving a purchase order from a customer, and generally no other future obligations are required to be performed. The Company generally does not enter into any long-term contracts with customers greater than one year. Based on the nature of the Company's products and customer contracts, no deferred revenue has been recorded, with the exception of cash advances or deposits received from customers prior to transfer of control of the product. These advances are typically fulfilled within the 90-day time frame mentioned above.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring the products. Certain contracts with customers include variable consideration, such as rebates or discounts. The Company recognizes estimates of this variable consideration each period, primarily based on the most likely level of consideration to be paid to the customer under the specific terms of the underlying programs. While the Company's contracts with customers do not generally include explicit rights to return product, the Company will in practice allow returns in the normal course of business and as part of the customer relationship. Expected returns allowances are recognized each period based on an analysis of historical experience, and when physical recovery of the product from returns occurs, an estimated right to return asset is also recorded based on the approximate cost of the product.

Amounts included in the Condensed Consolidated Statements of Financial Position (Unaudited) related to revenue recognition include:

	June 30, 2020	December 31, 2019	Statement of Financial Position Classification
Returns, discounts and other allowances	\$ (1,025)	\$ (589)	Accounts receivable
Right of return asset	377	312	Inventories, net
Customer deposits	(19)	(269)	Other current liabilities
Accrued rebates	(3,174)	(2,349)	Other current liabilities

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

Sales, value added, and other taxes collected with revenue from customers are excluded from net sales. The cost for shipments to customers is recognized when control over products has transferred to the customer and is classified as *Selling, General and Administrative* expenses for the Company's manufacturing business and as *Cost of Sales* for the Company's distribution business. Costs for shipments to customers in *Selling, General and Administrative* expenses were approximately \$1.7 million and \$2.0 million for the quarters ended June 30, 2020 and 2019, respectively, and \$3.3 million and \$4.1 million for the six months ended June 30, 2020 and 2019, respectively, and in *Cost of Sales* were approximately \$1.5 million for each of the quarters ended June 30, 2020 and 2019 and \$2.9 million for each of the six months ended June 30, 2020 and 2019.

Based on the short-term nature of contracts described above, contract acquisition costs are not significant. These costs, as well as other incidental items that are immaterial in the context of the contract, are recognized as expense as incurred.

3. Acquisition

On August 26, 2019, the Company acquired the assets of Tuffy Manufacturing Industries, Inc. ("Tuffy"), a warehouse distributor of tire repair equipment and supplies, which is included in the Distribution Segment. The Tuffy acquisition aligns with the Company's strategy to grow in key niche markets and focus on strategic account customers. The purchase price for the acquisition was \$18.7 million, which includes a working capital adjustment of \$0.7 million that was paid during the quarter ended March 31, 2020. The Company funded the acquisition using available cash.

The acquisition of Tuffy was accounted for using the acquisition method, whereby all of the assets acquired and liabilities assumed were recognized at their fair value on the acquisition date, with any excess of the purchase price over the estimated fair value recorded as goodwill. The following table summarizes the allocation of the purchase price based on the estimated fair value of assets acquired and liabilities assumed based on their preliminary estimated fair values at the acquisition date, which are subject to adjustment. The purchase accounting will be finalized within one year from the acquisition date.

Assets acquired:	
Accounts receivable	\$ 2,105
Inventories	2,719
Prepaid expenses	43
Property, plant and equipment	124
Right of use asset - operating leases	229
Intangible assets	8,400
Goodwill	7,143
Assets acquired	<u>\$ 20,763</u>
Liabilities assumed:	
Accounts payable	\$ 1,675
Accrued expenses	143
Operating lease liability - short term	112
Operating lease liability - long term	117
Total liabilities assumed	<u>2,047</u>
Net acquisition cost	<u><u>\$ 18,716</u></u>

The goodwill represents the future economic benefits arising from other assets acquired that could not be individually and separately recognized, and the Company expects that the goodwill recognized for the acquisition will be deductible for tax purposes.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

The intangible assets included above consist of the following:

	Fair Value	Weighted Average Estimated Useful Life
Customer relationships	\$ 7,300	7.3 years
Trade name	500	5.0 years
Non-competition agreements	600	5.0 years
Total amortizable intangible assets	\$ 8,400	

4. Assets Held for Sale

As of June 30, 2020 and December 31, 2019, a building with a carrying value of \$1.9 million was classified as held for sale and is included in *Other Assets*. During the first half of 2019, the Company sold two buildings, which had previously been held for sale, for total net proceeds of \$7.4 million. These buildings were in the Material Handling Segment.

When a facility meets held for sale classification criteria, it is also evaluated for impairment by comparing its carrying value to its estimated fair value less estimated costs to sell. Estimated fair value of these buildings was based on third party offers, which are Level 2 inputs. No impairment related to assets held for sale was recognized in the quarters ended June 30, 2020 or 2019 or for the six months ended June 30, 2020. An impairment charge of \$0.9 million was recorded during the six months ended June 30, 2019 in connection with a building meeting the held for sale criteria.

5. Settlement of Note Receivable and Lease Guarantee

In 2015, the Company sold its Lawn and Garden business to an entity controlled by Wingate Partners V, L.P. (“L&G Buyer”), which later became HC Companies, Inc. (“HC”). The terms of the sale included promissory notes from HC. Due to uncertainty of collection, a provision for expected loss of \$23.0 million was recorded within continuing operations during the third quarter of 2018 to fully impair the notes and corresponding interest receivable. The Company also ceased recognizing interest income following recognition of the provision.

Also, in connection with the sale of the Lawn and Garden business, the Company became a guarantor for any remaining rent payments under one of HC’s facility leases expiring in September 2025. Annual rent for the facility is approximately \$2 million. Due to the financial risk associated with HC, the Company assessed its range of potential obligations under the lease guarantee, and recorded a liability and related pre-tax charge of \$10.3 million during the third quarter of 2018. The carrying value of the lease contingency as of December 31, 2019 was \$10.7 million, which represented the initial liability recorded plus accretion and was included in *Other Liabilities*.

In January 2020, the Company sold to HC the fully-reserved promissory notes and related accrued interest receivable in exchange for \$1.2 million and the release from the lease guarantee resulting in an \$11.9 million pre-tax gain.

6. Restructuring

In March 2019, the Company committed to implementing a restructuring plan involving its Ameri-Kart Corp. subsidiary (“Ameri-Kart”) that operates within the Material Handling Segment. The Company plans to consolidate manufacturing operations currently conducted at Ameri-Kart’s Cassopolis, Michigan and Bristol, Indiana facilities with expanded operations in a new facility in Bristol, Indiana (the “Ameri-Kart Plan”). In December 2019, the Company entered into an agreement where a new manufacturing and distribution facility in Bristol, Indiana will be constructed, and when substantially complete, the Company will lease that new facility and sell its existing facility in Bristol, Indiana. In December 2019, the Company also provided one year advance termination notice on the lease of its Cassopolis, Michigan facility. The Ameri-Kart Plan is expected to be substantially completed in the first quarter of 2021 and total restructuring costs expected to be incurred are approximately \$1.1 million, primarily related to equipment relocation and facility shut down costs.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

In March 2019, the Company committed to implementing transformation initiatives within the Distribution Segment (the “Distribution Transformation Plan”) that are intended to increase sales force effectiveness, reduce costs and improve contribution margins. The Company realigned its Distribution Segment’s commercial sales structure, which included the elimination of certain sales and administrative positions, and put into place plans to expand its e-commerce platform. All actions under the Distribution Transformation Plan were substantially completed by the end of 2019.

No restructuring charges were incurred during the quarters ended June 30, 2020 and 2019. Charges for the above restructuring plans for the six months ended June 30, 2020 and 2019 are as follows:

Segment	For the Six Months Ended June 30,					
	2020			2019		
	Cost of Sales	SG&A	Total	Cost of Sales	SG&A	Total
Distribution	\$ —	\$ —	\$ —	\$ —	\$ 901	\$ 901
Material Handling	—	—	—	—	—	—
Total	\$ —	\$ —	\$ —	\$ —	\$ 901	\$ 901

7. Inventories

Inventories are valued at the lower of cost or market for last-in, first-out (“LIFO”) inventory and lower of cost or net realizable value for first-in, first-out (“FIFO”) inventory. Approximately 50 percent of inventories are valued using the LIFO method of determining cost. All other inventories are valued using the FIFO method of determining cost. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on inventory levels and costs at that time. Accordingly, interim LIFO calculations must be based on management’s estimates of expected year-end inventory levels and costs. Because these calculations are subject to many factors beyond management’s control, annual results may differ from interim results as they are subject to the final year-end LIFO inventory valuation. Based on management’s projections of inventory levels and costs, no adjustment to the LIFO reserve was recorded for the quarter or six months ended June 30, 2020. During 2019, one inventory pool had a reduction in inventory quantities that was expected to remain through year-end, and therefore, a LIFO liquidation adjustment of \$0.3 million was recorded to decrease cost of sales in the quarter and six months ended June 30, 2019.

Inventories consisted of the following:

	June 30, 2020	December 31, 2019
Finished and in-process products	\$ 35,837	\$ 32,537
Raw materials and supplies	13,714	11,723
	<u>\$ 49,551</u>	<u>\$ 44,260</u>

8. Other Liabilities

The balance in *Other Current Liabilities* is comprised of the following:

	June 30, 2020	December 31, 2019
Customer deposits and accrued rebates	\$ 3,193	\$ 2,618
Dividends payable	5,143	5,114
Accrued litigation, claims and professional fees	869	479
Current portion of environmental reserves	1,471	1,533
Accrued product replacement costs	741	1,835
Other accrued expenses	6,309	6,745
	<u>\$ 17,726</u>	<u>\$ 18,324</u>

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

In August 2019, a manufacturing defect was identified for certain boxes produced within the Material Handling segment in May and June 2019. Certain of the affected boxes require replacement. The total range of cost to replace these boxes is estimated to be \$3.5 million to \$4.0 million. In the quarter ended September 30, 2019, \$3.5 million of estimated costs were recorded related to this matter, of which \$0.7 million remains accrued as of June 30, 2020 and is included within *Other Current Liabilities*.

The balance in *Other Liabilities* (long-term) is comprised of the following:

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Lease guarantee contingency	\$ —	\$ 10,724
Environmental reserves	6,600	6,658
Supplemental executive retirement plan liability	1,622	1,776
Pension liability	968	956
Other long-term liabilities	2,619	2,468
	<u>\$ 11,809</u>	<u>\$ 22,582</u>

9. Goodwill and Intangible Assets

The change in goodwill for the six months ended June 30, 2020 was as follows:

	<u>Distribution</u>	<u>Material Handling</u>	<u>Total</u>
January 1, 2020	\$ 7,716	\$ 59,058	\$ 66,774
Purchase accounting adjustment	(68)	—	(68)
Foreign currency translation	—	(504)	(504)
June 30, 2020	<u>\$ 7,648</u>	<u>\$ 58,554</u>	<u>\$ 66,202</u>

Intangible assets other than goodwill primarily consist of trade names, customer relationships, patents, non-competition agreements and technology assets established in connection with acquisitions. These intangible assets, other than certain trade names, are amortized over their estimated useful lives. Indefinite-lived trade names had a carrying value of \$9.8 million at both June 30, 2020 and December 31, 2019. Refer to Note 3 for the intangible assets acquired through the Tuffy acquisition during the quarter ended September 30, 2019.

10. Net Income per Common Share

Net income per common share, as shown on the accompanying Condensed Consolidated Statements of Operations (Unaudited), is determined on the basis of the weighted average number of common shares outstanding during the periods as follows:

	<u>For the Quarter Ended June 30,</u>		<u>For the Six Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Weighted average common shares outstanding basic	35,774,241	35,471,795	35,749,110	35,430,392
Dilutive effect of stock options and restricted stock	146,224	271,768	150,411	322,662
Weighted average common shares outstanding diluted	<u>35,920,465</u>	<u>35,743,563</u>	<u>35,899,521</u>	<u>35,753,054</u>

Options to purchase 455,958 and 466,658 shares of common stock that were outstanding for the for the quarter and six months ended June 30, 2020, respectively, and 643,813 and 648,313 for the quarter and six months ended June 30, 2019, respectively, were not included in the computation of diluted earnings per share as the exercise prices of these options were greater than the average market price of common shares, and were therefore anti-dilutive.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued) (Dollars in thousands, except where otherwise indicated)

11. Stock Compensation

The Company's Amended and Restated 2017 Incentive Stock Plan (the "2017 Plan") authorizes the Compensation Committee of the Board of Directors to issue up to 5,126,950 shares of various stock awards including stock options, performance stock units, restricted stock units and other forms of equity-based awards to key employees and directors. Options granted and outstanding vest over the requisite service period and expire ten years from the date of grant.

Stock compensation expense was approximately \$0.7 million and \$1.3 million for the quarters ended June 30, 2020 and 2019, respectively, and \$1.3 million and \$2.2 million for the six months ended June 30, 2020 and 2019, respectively. These expenses are included in *Selling, General and Administrative* expenses. Total unrecognized compensation cost related to non-vested stock-based compensation arrangements at June 30, 2020 was approximately \$7.1 million, which will be recognized over the next three years, as such compensation is earned.

12. Contingencies

The Company is a defendant in various lawsuits and a party to various other legal proceedings arising in the ordinary course of business, some of which are covered in whole or in part by insurance. When a loss arising from these matters is probable and can reasonably be estimated, the most likely amount of the estimated probable loss is recorded, or if a range of probable loss can be estimated and no amount within the range is a better estimate than any other amount, the minimum amount in the range is recorded. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary.

Based on current available information, management believes that the ultimate outcome of these matters, including those described below, will not have a material adverse effect on our financial position, cash flows or overall trends in our results of operations. However, these matters are subject to inherent uncertainties, and unfavorable rulings could occur. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on the financial position and results of operations of the period in which the ruling occurs, or in future periods.

New Idria Mercury Mine

In September 2015, the U.S. Environmental Protection Agency ("EPA") informed a subsidiary of the Company, Buckhorn, Inc. ("Buckhorn") via a notice letter and related documents (the "Notice Letter") that it considers Buckhorn to be a potentially responsible party ("PRP") in connection with the New Idria Mercury Mine site ("New Idria Mine"). New Idria Mining & Chemical Company ("NIMCC"), which owned and/or operated the New Idria Mine through 1976, was merged into Buckhorn Metal Products Inc. in 1981, which was subsequently acquired by Myers Industries in 1987. As a result of the EPA Notice Letter, Buckhorn and the Company engaged in negotiations with the EPA with respect to a draft Administrative Order of Consent ("AOC") proposed by the EPA for the Remedial Investigation/Feasibility Study ("RI/FS") to determine the extent of remediation necessary and the screening of alternatives.

During the fourth quarter of 2018, the Company and the EPA finalized the AOC and related Statement of Work ("SOW") with regards to the New Idria Mine. The AOC is effective as of November 27, 2018, the date that it was executed by the EPA. The AOC and accompanying SOW document the terms, conditions and procedures for the Company's performance of the RI/FS. In addition, the AOC requires the Company to provide \$2 million of financial assurance to the EPA to secure its performance during the estimated life of the RI/FS. In January 2019, the Company provided this assurance as a letter of credit. The AOC also includes provisions for payment by the Company of the EPA's costs of oversight of the RI/FS, including a prepayment in the amount of \$0.2 million, which was paid in January 2019.

A draft work plan for the RI/FS, in accordance with the AOC and related SOW, was submitted to the EPA for review and approval in July 2019. Upon preparation of the draft work plan for the RI/FS, the Company received preliminary estimates from its consultants for the cost of the execution of the work plan. Based on these preliminary estimates, the Company recognized additional expense of \$4.0 million during the second quarter of 2019. These preliminary estimates will continue to be refined through the finalization and approval of the draft work plan, which is anticipated to occur in 2020. The Company believes it has insurance coverage that applies to the New Idria Mine and thus may be able to recover a portion of the estimated costs; however, as of June 30, 2020, the Company has not recognized potential recovery in its consolidated financial statements.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued) (Dollars in thousands, except where otherwise indicated)

Since October 2011, when New Idria was added to the Superfund National Priorities List by the EPA, the Company has recognized \$9.9 million of costs, of which approximately \$3.4 million has been paid to date. These costs are comprised primarily of estimates to perform the RI/FS, negotiation of the AOC, identification of possible insurance resources and other PRPs, EPA oversight fees, past cost claims made by the EPA (who, as of April 2020, is represented by the U.S. Department of Justice), periodic monitoring, and responses to unilateral administrative orders issued by the EPA. No expenses were recorded related to the New Idria Mine in the quarter and six months ended June 30, 2020. Expenses of \$4.0 million were recorded in the quarter and six months ended June 30, 2019. As of June 30, 2020, the Company has a total reserve of \$6.5 million related to the New Idria Mine, of which \$1.1 million is classified in *Other Current Liabilities* and \$5.4 million in *Other Liabilities* (long-term).

It is possible that adjustments to the aforementioned reserves will be necessary as new information is obtained, including after finalization and EPA approval of the work plan for the RI/FS. Estimates of the Company's liability are based on current facts, laws, regulations and technology. Estimates of the Company's environmental liabilities are further subject to uncertainties regarding the nature and extent of site contamination, the range of remediation alternatives available, evolving remediation standards, imprecise engineering evaluation and cost estimates, the extent of remedial actions that may be required, the extent of oversight by the EPA and the number and financial condition of other PRPs that may be named, as well as the extent of their responsibility for the remediation.

At this time, we have not accrued for remediation costs in connection with this site as we are unable to estimate the liability, given the circumstances referred to above, including the fact that the final remediation strategy has not yet been determined.

New Almaden Mine

A number of parties, including the Company and its subsidiary, Buckhorn (as successor to NIMCC), were alleged by trustee agencies of the United States and the State of California to be responsible for natural resource damages due to environmental contamination of areas comprising the historical New Almaden mercury mines located in the Guadalupe River Watershed region in Santa Clara County, California ("County"). In 2005, Buckhorn and the Company, without admitting liability or chain of ownership of NIMCC, resolved the trustees' claim against them through a consent decree that required them to contribute financially to the implementation by the County of an environmentally beneficial project within the impacted area. Buckhorn and the Company negotiated an agreement with the County, whereby Buckhorn and the Company agreed to reimburse one-half of the County's costs of implementing the project, originally estimated to be approximately \$1.6 million. As a result, in 2005, the Company recognized expense of \$0.8 million representing its share of the initial estimated project costs, of which approximately \$0.5 million has been paid to date. In April 2016, the Company was notified by the County that the original cost estimate may no longer be appropriate due to expanded scope and increased costs of construction and provided a revised estimate of between \$3.3 million and \$4.4 million. The Company completed a detailed review of the support provided by the County for the revised estimate, and as a result, recognized additional expense of \$1.2 million in 2016. No costs were incurred related to New Almaden in the quarters or six months ended June 30, 2020 or 2019. As of June 30, 2020, the Company has a total reserve of \$1.5 million related to the New Almaden Mine, of which \$0.3 million is classified in *Other Current Liabilities* and \$1.2 million in *Other Liabilities* (long-term).

The project has not yet been implemented though significant work on design and planning has been performed. The Company is currently awaiting notice from Santa Clara County on the expected timing of fieldwork to commence. As work on the project occurs, it is possible that adjustments to the aforementioned reserves will be necessary to reflect new information. In addition, the Company may have claims against and defenses to claims by the County under the 2005 agreement that could reduce or offset its obligation for reimbursement of some of these potential additional costs. With the assistance of environmental consultants, the Company will closely monitor this matter and will continue to assess its reserves as additional information becomes available.

Patent Infringement

On December 11, 2018, No Spill Inc. filed suit against Scepter Manufacturing LLC and Scepter Corporation ("Scepter") in the United States District Court for the District of Kansas asserting infringement of two patents, breach of contract, and trade dress claims in relation to plastic gasoline containers Scepter manufactures and sells in the United States. A full schedule in the case has not yet issued. Scepter intends to defend itself vigorously in this matter. On December 28, 2019, Scepter filed petitions for *inter partes* review ("IPR") of the two patents asserted by No Spill, Inc. in the District of Kansas litigation. The U.S. Patent & Trademark Office ("USPTO") instituted one IPR and denied the other. For the instituted IPR, a final decision on the validity of the patent is expected by July 2021. Due to the inherent uncertainties of litigation, the Company cannot accurately predict the ultimate outcome of this matter, and is unable at this time to determine whether the outcome of the litigation will have a material impact on its results of operations, financial condition, or cash flows. Accordingly, the Company has not recorded any reserves for this matter.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

13. Long-Term Debt and Loan Agreements

Long-term debt consisted of the following:

	June 30, 2020	December 31, 2019
Loan Agreement	\$ —	\$ —
4.67% Senior Unsecured Notes due January 15, 2021	40,000	40,000
5.25% Senior Unsecured Notes due January 15, 2024	11,000	11,000
5.30% Senior Unsecured Notes due January 15, 2024	15,000	15,000
5.45% Senior Unsecured Notes due January 15, 2026	12,000	12,000
	<u>78,000</u>	<u>78,000</u>
Less unamortized deferred financing costs	624	824
	<u>77,376</u>	<u>77,176</u>
Less current portion long-term debt	39,956	—
Long-term debt	<u>\$ 37,420</u>	<u>\$ 77,176</u>

In March 2017, the Company entered into a Fifth Amended and Restated Loan Agreement (the “Loan Agreement”). The Loan Agreement amended the pre-existing senior revolving credit facility’s borrowing limit to \$200 million, inclusive of letters of credit, and extended the maturity date from December 2018 to March 2022. As of June 30, 2020, the Company had \$194.2 million available under the Loan Agreement. The Company had \$5.8 million of letters of credit issued related to insurance and other contracts requiring financial assurance in the ordinary course of business, including the \$2 million provided to the EPA as discussed in Note 12. Borrowings under the Loan Agreement bear interest at the LIBOR rate, prime rate, federal funds effective rate, the Canadian deposit offered rate, or the euro currency reference rate depending on the type of loan requested by the Company, plus the applicable margin as set forth in the Loan Agreement.

The Company also holds Senior Unsecured Notes (“Notes”), which range in face value from \$11 million to \$40 million, with interest rates ranging from 4.67% to 5.45%, payable semiannually, and maturing between January 2021 and January 2026. At June 30, 2020, \$78.0 million of the Notes were outstanding.

The weighted average interest rate on borrowings under the Company’s long-term debt was 6.28% and 6.27% for the quarters ended June 30, 2020 and 2019, respectively, and 6.26% and 6.25% for the six months ended June 30, 2020 and 2019, respectively, which includes a quarterly facility fee on the used and unused portion, as well as amortization of deferred financing costs.

As of June 30, 2020, the Company was in compliance with all of its debt covenants associated with its Loan Agreement and Notes. The most restrictive financial covenants for all of the Company’s debt are an interest coverage ratio (defined as earnings before interest, taxes, depreciation and amortization, as adjusted, divided by interest expense) and a leverage ratio (defined as total debt divided by earnings before interest, taxes, depreciation and amortization, as adjusted).

14. Retirement Plans

The Company and certain of its subsidiaries have pension and profit sharing plans covering substantially all of their employees. The Company’s defined benefit pension plan, *The Pension Agreement between Akro-Mils and United Steelworkers of America Local No. 1761-02*, provides benefits primarily based upon a fixed amount for each year of service. The plan was frozen in 2007, and no benefits for service were accumulated after this date.

Net periodic pension cost is as follows:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Interest cost	\$ 48	\$ 60	\$ 96	\$ 120
Expected return on assets	(51)	(46)	(102)	(92)
Amortization of net loss	20	24	40	48
Net periodic pension cost	<u>\$ 17</u>	<u>\$ 38</u>	<u>\$ 34</u>	<u>\$ 76</u>

The Company expects to make contributions to the plan totaling \$150 in 2020.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

15. Income Taxes

The Company's effective tax rate was 24.4% and 24.6% for the quarter and six months ended June 30, 2020, respectively, compared to 27.9% and 27.7% for the quarter and six months ended June 30, 2019, respectively. The effective income tax rate for both periods was different than the Company's statutory rate, primarily due to state taxes and non-deductible expenses.

The total amount of gross unrecognized tax benefits that would reduce the Company's effective tax rate was \$1.1 million at June 30, 2020 and December 31, 2019.

The Company and its subsidiaries file U.S. Federal, state and local, and non-U.S. income tax returns. As of June 30, 2020, the Company is no longer subject to U.S. Federal examination by tax authorities for tax years before 2015. The Company's 2017 U.S. Federal tax return is currently under audit by the Internal Revenue Service ("IRS"). The Company is subject to state and local examinations for tax years of 2015 through 2018. In addition, the Company is subject to non-U.S. income tax examinations for tax years of 2015 through 2019.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. While the Company expects to realize certain benefits under the CARES Act and is continuing to evaluate its impacts, it does not believe the CARES Act will materially affect its consolidated financial statements.

16. Leases

The Company determines if an arrangement is a lease at inception. The Company has leases for manufacturing facilities, distribution centers, warehouses, office space and equipment, with remaining lease terms of one to eight years. Certain of these leases include options to extend the lease for up to five years, and some include options to terminate the lease early. Leases with an initial term of 12 months or less are not recorded on the statement of financial position; the Company recognizes lease expense for these short-term leases on a straight-line basis over the lease term. Operating leases with an initial term greater than 12 months are included in *right of use asset – operating leases* ("ROU assets"), *operating lease liability – short term*, and *operating lease liability – long term* in the Condensed Consolidated Statement of Financial Position (Unaudited).

The ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments. ROU assets and lease liabilities are recognized at commencement date based on the present value of the lease payments over the lease term. When leases do not provide an implicit rate, the Company's incremental borrowing rate is used, which is then applied at the portfolio level, based on the information available at commencement date in determining the present value of lease payments. The Company has also elected not to separate lease and non-lease components. The lease terms include options to extend or terminate the lease when it is reasonably certain the option will be exercised. Lease expense is recognized on a straight-line basis over the lease term.

Amounts included in the Condensed Consolidated Statement of Financial Position (Unaudited) related to leases include:

	June 30, 2020	December 31, 2019
Right of use asset - operating leases	\$ 4,801	\$ 5,901
Operating lease liability - short-term	\$ 1,546	\$ 2,057
Operating lease liability - long-term	3,478	4,074
Total operating lease liabilities	<u>\$ 5,024</u>	<u>\$ 6,131</u>

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

The components of lease expense include:

Lease Cost	Classification	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
		2020	2019	2020	2019
Operating lease cost (1)	Cost of sales	\$ 435	\$ 442	\$ 834	\$ 857
Operating lease cost (1)	Selling, general and administrative expenses	427	426	868	897
Total lease cost		\$ 862	\$ 868	\$ 1,702	\$ 1,754

(1) Includes short-term leases and variable lease costs, which are immaterial

Supplemental cash flow information related to leases was as follows:

Supplemental Cash Flow Information	For the Six Months Ended June 30,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,244	\$ 1,149
Right-of-use assets obtained in exchange for new lease liabilities:		
Operating leases	\$ —	\$ 1,037
Lease Term and Discount Rate	June 30, 2020	December 31, 2019
Weighted-average remaining lease term (years):		
Operating leases	4.13	4.23
Weighted-average discount rate:		
Operating leases	5.0%	5.0%
Maturity of Lease Liabilities - As of June 30, 2020		Operating Leases
2020 (1)	\$	1,060
2021		1,339
2022		1,189
2023		1,016
2024		339
After 2024		621
Total lease payments		5,564
Less: Interest		(540)
Present value of lease liabilities	\$	5,024

(1) Represents amounts due in 2020 after June 30, 2020

In December 2019, the Company entered into an agreement where a new manufacturing and distribution facility in Bristol, Indiana will be constructed, and when it is substantially complete, the Company will lease that new facility and sell its existing facility in Bristol, Indiana. As described in Note 6, this agreement was in connection with the Ameri-Kart Plan, which includes facility consolidation for this business within the Material Handling Segment. This lease is not included in the tables disclosed above because it has not yet commenced; it commences when the facility is substantially complete, which is expected to be in the second half of 2020. Upon commencement, the lease has an initial term of fifteen years with base annual rent of approximately \$0.8 million during the first year. Inclusive of scheduled increases the total expected future minimum lease payments during the initial term of the lease is approximately \$13.5 million, but may vary depending on the actual cost of certain construction activities. At commencement of this lease, the Company expects assets and liabilities within the Consolidated Statement of Financial Position to each increase by approximately \$9 million.

MYERS INDUSTRIES, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Financial Statements – (Continued)
(Dollars in thousands, except where otherwise indicated)

17. Industry Segments

The Company manages its business under two operating segments, Material Handling and Distribution, consistent with the manner in which the Chief Operating Decision Maker (“CODM”) evaluates performance and makes resource allocation decisions. None of the reportable segments include operating segments that have been aggregated. These segments contain individual business components that have been combined on the basis of common management, customers, products, production processes and other economic characteristics. The Company accounts for intersegment sales and transfers at cost plus a specified mark-up.

The Material Handling Segment manufactures a broad selection of plastic reusable containers, pallets, small parts bins, bulk shipping containers, storage and organization products and rotationally-molded plastic tanks for water, fuel and waste handling. This segment conducts its primary operations in the United States and Canada. Markets served include industrial manufacturing, food processing, retail/wholesale products distribution, agriculture, automotive, recreational vehicles, marine vehicles, healthcare, appliance, bakery, electronics, textiles, consumer, and others. Products are sold both directly to end-users and through distributors.

The Distribution Segment is engaged in the distribution of equipment, tools, and supplies used for tire servicing and automotive undervehicle repair and the manufacture of tire repair and retreading products. The product line includes categories such as tire valves and accessories, tire changing and balancing equipment, lifts and alignment equipment, service equipment and tools, and tire repair/retread supplies. The Distribution Segment also manufactures and sells certain traffic markings, including reflective highway marking tape. The Distribution Segment operates domestically through its sales offices and five regional distribution centers in the United States, and in certain foreign countries through export sales. In addition, the Distribution Segment operates directly in certain foreign markets, principally Central America, through foreign branch operations. Markets served include retail and truck tire dealers, commercial auto and truck fleets, auto dealers, general service and repair centers, tire retreaders, and government agencies. The acquisition of Tuffy, described in Note 3, is included in the Distribution Segment.

Total sales from foreign business units were approximately \$9.2 million and \$11.4 million for the quarters ended June 30, 2020 and 2019, respectively, and \$18.2 million and \$24.2 million for the six months ended June 30, 2020 and 2019.

Summarized segment detail for the quarters and six months ended June 30, 2020 and 2019 are presented in the following table:

	For the Quarter Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Net Sales				
Material Handling	\$ 80,855	\$ 95,902	\$ 164,931	\$ 198,853
Distribution	37,541	38,395	75,736	74,569
Inter-company sales	(2)	(12)	(23)	(22)
Total net sales	\$ 118,394	\$ 134,285	\$ 240,644	\$ 273,400
Operating income				
Material Handling	\$ 15,796	\$ 17,589	\$ 30,963	\$ 33,796
Distribution	1,636	3,328	3,486	3,541
Corporate (1)	(5,176)	(10,735)	1,105	(16,937)
Total operating income	12,256	10,182	35,554	20,400
Interest expense, net	(1,194)	(1,017)	(2,263)	(2,066)
Income from continuing operations before income taxes	\$ 11,062	\$ 9,165	\$ 33,291	\$ 18,334

(1) Corporate results for the six months ended June 30, 2020 include the \$11.9 million gain on sale of notes receivable as described in Note 5 and results for the quarter and six months ended June 30, 2019 include the \$4.0 million environmental charge as described in Note 12.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q and the information incorporated by reference contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including information regarding the Company’s financial outlook, future plans, objectives, business prospects and anticipated financial performance. Forward-looking statements can be identified by words such as “will,” “believe,” “anticipate,” “expect,” “estimate,” “intend,” “plan,” or variations of these words, or similar expressions. These forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Company’s current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, these statements inherently involve a wide range of inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. The Company’s actual actions, results, and financial condition may differ materially from what is expressed or implied by the forward-looking statements.

Specific factors that could cause such a difference include, without limitation, impacts from the novel coronavirus (COVID-19) pandemic on our business, operations, customers and capital position; the impact of COVID-19 on local, national and global economic conditions; the effects of various governmental responses to the COVID-19 pandemic; raw material availability, increases in raw material costs, or other production costs; risks associated with our strategic growth initiatives or the failure to achieve the anticipated benefits of such initiatives; unanticipated downturn in business relationships with customers or their purchases; competitive pressures on sales and pricing; changes in the markets for the Company’s business segments; changes in trends and demands in the markets in which the Company competes; operational problems at our manufacturing facilities or unexpected failures at those facilities; future economic and financial conditions in the United States and around the world; inability of the Company to meet future capital requirements; claims, litigation and regulatory actions against the Company; changes in laws and regulations affecting the Company; and other risks and uncertainties detailed from time to time in the Company’s filings with the Securities and Exchange Commission, including without limitation, the risk factors disclosed in Item 1A, “Risk Factors,” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019 as updated in Item 1A, “Risk Factors,” in this Quarterly Report on Form 10-Q. Given these factors, as well as other variables that may affect our operating results, readers should not rely on forward-looking statements, assume that past financial performance will be a reliable indicator of future performance, nor use historical trends to anticipate results or trends in future periods. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. The Company expressly disclaims any obligation or intention to provide updates to the forward-looking statements and the estimates and assumptions associated with them.

Executive Overview

The Company conducts its business activities in two reportable segments: The Material Handling Segment and the Distribution Segment. The former Brazil Business, which was sold in December 2017, is classified as discontinued operations in all periods presented.

The Company designs, manufactures, and markets a variety of plastic and rubber products. The Material Handling Segment manufactures products that range from plastic reusable material handling containers and small parts storage bins to plastic OEM parts, custom plastic products, consumer fuel containers, military water containers as well as ammunition packaging and shipping containers. The Distribution Segment is engaged in the distribution of tools, equipment and supplies used for tire, wheel and under vehicle service on passenger, heavy truck and off-road vehicles, as well as the manufacturing of tire repair and retreading products.

The Company’s results of operations for the quarter and six months ended June 30, 2020 are discussed below. However, the Company’s past results of operations may not reflect its future operating trends. In March 2020, the COVID-19 pandemic began to affect the U.S. economy and has created additional uncertainty for the Company’s operations, particularly for the remainder of 2020. Regulatory actions in response to COVID-19 have varied across jurisdictions and have included closure of nonessential businesses. The duration and extent of these measures is unknown, including possible reimplementations of any measures that have been removed or relaxed. Through the date of this report, most of the Company’s businesses are considered essential because they supply food and agricultural, automotive, healthcare, industrial and consumer end markets. Accordingly, those businesses have continued to operate. However, two manufacturing facilities of our Ameri-Kart business in the Material Handling segment and our Distribution business in Central America were temporarily closed in part of March and April 2020 due to the regulatory requirements resulting from the pandemic. Beyond the impact of these temporary closures, some of our businesses have been and may continue to be affected by the broader economic effects from COVID-19 and related regulatory actions, including customer demand for our products. The Company’s results in the second quarter of 2020 reflect this volatility with lower demand for our products in the beginning of the quarter and then improving towards the end of the quarter for most end-markets. The Company believes it is well-positioned to manage through this uncertainty – it has a strong balance sheet, with sufficient liquidity and borrowing capacity, and a diverse product offering and customer base.

Results of Operations:

Comparison of the Quarter Ended June 30, 2020 to the Quarter Ended June 30, 2019

Net Sales:

(dollars in millions)

Segment	Quarter Ended June 30,		Change	% Change
	2020	2019		
Material Handling	\$ 80.9	\$ 95.9	\$ (15.0)	(16)%
Distribution	37.5	38.4	(0.9)	(2)%
Inter-company sales	—	—	—	—
Total net sales	\$ 118.4	\$ 134.3	\$ (15.9)	(12)%

Net sales for the quarter ended June 30, 2020 were \$118.4 million, a decrease of \$15.9 million or 12% compared to the quarter ended June 30, 2019. Net sales were negatively impacted by lower volume, primarily in the Material Handling Segment, of \$19.9 million, lower pricing of \$0.7 million, and the effect of unfavorable currency translation of \$0.3 million, and were partially offset by \$5.0 million of incremental sales due to the Tuffy acquisition in the Distribution Segment on August 26, 2019. Tuffy's historical annual sales are approximately \$20 million.

Net sales in the Material Handling Segment decreased \$15.0 million or 16% for the quarter ended June 30, 2020 compared to the quarter ended June 30, 2019. The decrease in net sales was due to lower volume of \$14.0 million, lower pricing of \$0.7 million, and the effect of unfavorable currency translation of \$0.3 million. The lower volume was primarily due to declines in the vehicle market, food and beverage market and the industrial market and was partially offset by higher volume in the consumer market.

Net sales in the Distribution Segment decreased \$0.9 million or 2% for the quarter ended June 30, 2020 compared to the quarter ended June 30, 2019, primarily as a result of lower volume of \$5.9 million partially offset by \$5.0 million of incremental sales due to the Tuffy acquisition on August 26, 2019.

Cost of Sales & Gross Profit:

	Quarter Ended June 30,		Change	% Change
	2020	2019		
Cost of sales	\$ 75.8	\$ 87.3	\$ (11.5)	(13)%
Gross profit	\$ 42.6	\$ 46.9	\$ (4.3)	(9)%
Gross profit as a percentage of sales	36.0%	35.0%		

Gross profit margin increased to 36.0% in the quarter ended June 30, 2020 compared to 35.0% for the quarter ended June 30, 2019, primarily due to lower commodity raw material costs offsetting the effect of lower volumes.

Gross profit decreased \$4.3 million, or 9%, primarily due to lower volume as described under Net Sales above, partly offset by lower commodity raw material costs.

Selling, General and Administrative Expenses:

	Quarter Ended June 30,		Change	% Change
	2020	2019		
SG&A expenses	\$ 30.3	\$ 36.8	\$ (6.5)	(18)%
SG&A expenses as a percentage of sales	25.6%	27.4%		

Selling, general and administrative (“SG&A”) expenses for the quarter ended June 30, 2020 were \$30.3 million, a decrease of \$6.5 million or 18% compared to the same period in the prior year. SG&A expenses in the second quarter 2019 included a \$4.0 million charge related to the environmental contingencies discussed in Note 12. Year-over-year comparisons were also affected by: lower compensation and benefit costs of \$1.0 million, lower travel expenses of \$0.9 million, lower freight of \$0.3 million and savings from the Distribution Transformation Plan, that were partly offset by \$0.9 million of incremental SG&A from the August 26, 2019 Tuffy acquisition.

Net Interest Expense:

<i>(dollars in millions)</i>	Quarter Ended June 30,		Change	% Change
	2020	2019		
Net interest expense	\$ 1.2	\$ 1.0	\$ 0.2	20%
Average outstanding borrowings, net	\$ 78.0	\$ 78.0	\$ 0.0	0%
Weighted-average borrowing rate	6.28%	6.27%		

Net interest expense for the quarter ended June 30, 2020 was \$1.2 million, an increase of \$0.2 million, or 20%, compared with \$1.0 million for the quarter ended June 30, 2019. The higher net interest expense was due primarily to lower interest income in the current year.

Income Taxes:

<i>(dollars in millions)</i>	Quarter Ended June 30,	
	2020	2019
Income from continuing operations before income taxes	\$ 11.1	\$ 9.2
Income tax expense	\$ 2.7	\$ 2.6
Effective tax rate	24.4%	27.9%

The Company's effective tax rate was 24.4% for the quarter ended June 30, 2020, compared to 27.9% for the quarter ended June 30, 2019. The decrease in the effective tax rate was primarily the result of lower non-deductible expenses. Refer to Note 15.

Comparison of the Six Months Ended June 30, 2020 to the Six Months Ended June 30, 2019**Net Sales:**

<i>(dollars in millions)</i>	Six Months Ended June 30,		Change	% Change
	2020	2019		
Segment				
Material Handling	\$ 164.9	\$ 198.8	\$ (33.9)	(17)%
Distribution	75.7	74.6	1.1	1%
Inter-company elimination	—	—	—	
Total net sales	\$ 240.6	\$ 273.4	\$ (32.8)	(12)%

Net sales for the six months ended June 30, 2020 were \$240.6 million, a decrease of \$32.8 million or 12% compared to the six months ended June 30, 2019. Net sales were negatively impacted by lower volume, primarily in the Material Handling Segment, of \$40.4 million, lower pricing of \$1.9 million, and the effect of unfavorable currency translation of \$0.4 million, and were partially offset by \$9.9 million of incremental sales due to the Tuffy acquisition, in the Distribution Segment, on August 26, 2019. Tuffy's historical annual sales are approximately \$20 million.

Net sales in the Material Handling Segment decreased \$33.9 million or 17% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease in net sales was due to lower volume of \$31.6 million, lower pricing of \$1.9 million, and the effect of unfavorable currency translation of \$0.4 million. The lower volume was primarily due to declines in the vehicle market, food and beverage market and the industrial market and was partially offset by higher volume in the consumer market

Net sales in the Distribution Segment increased \$1.1 million or 1% for the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily the result of \$9.9 million of incremental sales due to the August 26, 2019 Tuffy acquisition partly offset by \$8.8 million of lower volume.

Cost of Sales & Gross Profit:

<i>(dollars in millions)</i>	Six Months Ended June 30,		Change	% Change
	2020	2019		
Cost of sales	\$ 155.6	\$ 180.9	\$ (25.3)	(14)%
Gross profit	\$ 85.1	\$ 92.5	\$ (7.4)	(8)%
Gross profit as a percentage of sales	35.3%	33.8%		

Gross profit margin increased to 35.3% in the six months ended June 30, 2020 compared to 33.8% for the six months ended June 30, 2019, primarily due to lower commodity raw material costs offsetting the effect of lower volumes.

Gross profit decreased \$7.4 million, or 8%, primarily due to lower volume as described under Net Sales above, partly offset by lower commodity raw material costs.

Selling, General and Administrative Expenses:

<i>(dollars in millions)</i>	Six Months Ended June 30,		Change	% Change
	2020	2019		
SG&A expenses	\$ 61.4	\$ 71.3	\$ (9.9)	(14)%
SG&A expenses as a percentage of sales	25.5%	26.1%		

SG&A expenses for the six months ended June 30, 2020 were \$61.4 million, a decrease of \$9.9 million or 14% compared to the same period in the prior year. SG&A expenses in the second quarter 2019 included a \$4.0 million charge related to the environmental contingencies discussed in Note 12 and \$0.9 million of restructuring costs incurred in the prior year related to the implementation of the Distribution Transformation Plan that did not reoccur in 2020. Year-over-year comparisons were also affected by: lower compensation and benefit costs of \$3.0 million, lower travel expenses of \$1.0 million, lower freight of \$0.8 million and savings from the Distribution Transformation Plan, that were partly offset by \$1.8 million of incremental SG&A from the August 26, 2019 Tuffy acquisition.

Restructuring:

As discussed in Note 6, the Company has implemented various restructuring programs.

In the Material Handling Segment, the Ameri-Kart Plan involves consolidation of two manufacturing facilities into a single new manufacturing facility, and is expected to be substantially completed in the first quarter of 2021. In connection with this plan, the Company plans to commence a new facility lease once construction of the new facility is substantially completed, as described in Note 16. Although construction has commenced, no restructuring costs were incurred during the six months ended June 30, 2020 or 2019 related to the Ameri-Kart Plan. As previously announced, the Company expects annualized benefits of approximately \$1.5 million upon completion.

The Distribution Transformation Plan was announced during the first quarter of 2019 and was substantially completed by the end of 2019. No costs were incurred during the six months ended June 30, 2020. Restructuring costs of \$0.9 million were incurred during the six months ended June 30, 2019.

Impairment Charges:

During the six months ended June 30, 2019, the Company recognized a \$0.9 million impairment charge in connection with classifying a previously-closed facility as held for sale. See further discussion in Note 4.

Gain on Sale of Notes Receivable:

During the six months ended June 30, 2020, the Company recorded a pre-tax gain of \$11.9 million related to the sale to HC of the fully-reserved promissory notes and related accrued interest receivable in exchange for \$1.2 million and the release from a lease guarantee with a carrying value of \$10.7 million related to one of HC's facilities as discussed in Note 5.

Net Interest Expense:

<i>(dollars in millions)</i>	Six Months Ended June 30,		Change	% Change
	2020	2019		
Net interest expense	\$ 2.3	\$ 2.1	\$ 0.2	10%
Average outstanding borrowings, net	\$ 78.0	\$ 78.0	\$ 0.0	0%
Weighted-average borrowing rate	6.26%	6.25%		

Net interest expense for the six months ended June 30, 2020 was \$2.3 million, an increase of \$0.2 million, or 10%, compared with \$2.1 million during the six months ended June 30, 2019. The higher interest expense was due primarily to lower interest income in the current year.

Income Taxes:

<i>(dollars in millions)</i>	Six Months Ended June 30,		Change	% Change
	2020	2019		
Income from continuing operations before income taxes	\$ 33.3	\$ 18.3		
Income tax expense	\$ 8.2	\$ 5.1		
Effective tax rate	24.6%	27.7%		

The Company's effective tax rate was 24.6% for the six months ended June 30, 2020, compared to 27.7% for the six months ended June 30, 2019. The decrease in the effective tax rate was primarily the result of lower non-deductible expenses. Refer to Note 15.

Financial Condition, Liquidity and Capital Resources:

The Company's primary sources of liquidity are cash on hand, cash generated from operations and availability under the Loan Agreement (defined below). At June 30, 2020, the Company had \$72.3 million of cash, \$194.2 million available under the Loan Agreement and outstanding debt with face value of \$78.0 million. Based on this liquidity and borrowing capacity, the Company believes it is well-positioned to manage through the uncertainty caused by COVID-19. The Company believes that cash on hand, cash flows from operations and available capacity under its Loan Agreement will be sufficient to meet expected business requirements including capital expenditures, dividends, working capital, debt service, and to fund future growth, including selective acquisitions.

Operating Activities

Net cash provided by operating activities from continuing operations was \$11.8 million for the six months ended June 30, 2020, compared to \$16.2 million in the same period in 2019. The decrease was primarily due to lower volume of sales.

Net cash provided by operating activities from discontinued operations was \$7.3 million in 2019 and resulted from the remaining receipt of the tax benefit from the worthless stock deduction related to the sale of the Brazil Business in 2017.

Investing Activities

Net cash used by investing activities of continuing operations was \$5.1 million for the six months ended June 30, 2020 compared to cash provided of \$3.1 million for the six months ended June 30, 2019. In 2020, the Company paid the working capital adjustment of \$0.7 million related to the 2019 acquisition of Tuffy discussed in Note 3, and received proceeds from the sale of notes receivable of \$1.2 million as discussed in Note 5. In 2019, the Company received proceeds from the sale of fixed assets of \$7.5 million, substantially all of which related to the sale of two buildings as discussed in Note 4. Capital expenditures were \$5.6 million and \$4.4 million for the six months ended June 30, 2020 and 2019, respectively. Full year 2020 capital expenditures are expected to be approximately \$15 million.

Financing Activities

There were no net payments or borrowings on the credit facility for the six months ended June 30, 2020 or 2019. The Company used cash to pay dividends of \$9.7 million for each of the six months ended June 30, 2020 and 2019.

Credit Sources

In March 2017, the Company entered into a Fifth Amended and Restated Loan Agreement (the “Loan Agreement”). The Loan Agreement amended the pre-existing senior revolving credit facility’s borrowing limit to \$200 million, inclusive of letters of credit, and extended the maturity date from December 2018 to March 2022. As of June 30, 2020, the Company had \$5.8 million of letters of credit issued related to insurance and other financing contracts in the ordinary course of business, including the \$2 million provided to the EPA as described in Note 12, and there was \$194.2 million available under our Loan Agreement. Borrowings under the Loan Agreement bear interest at the LIBOR rate, prime rate, federal funds effective rate, the Canadian deposit offered rate, or the eurocurrency reference rate depending on the type of loan requested by the Company, in each case plus the applicable margin as set forth in the Loan Agreement.

At June 30, 2020, \$78 million face value of Senior Unsecured Notes are outstanding. The series of four notes range in face value from \$11 million to \$40 million, with interest rates ranging from 4.67% to 5.45%, payable semiannually, and maturing between January 15, 2021 and 2026. The \$40 million note of these Senior Unsecured Notes is due January 15, 2021.

As of June 30, 2020, the Company was in compliance with all of its debt covenants. The most restrictive financial covenants for all of the Company’s debt are an interest coverage ratio (defined as earnings before interest, taxes, depreciation and amortization, as adjusted, divided by interest expense) and a leverage ratio (defined as total debt divided by earnings before interest, taxes, depreciation and amortization, as adjusted). The ratios as of and for the period ended June 30, 2020 are shown in the following table:

	<u>Required Level</u>	<u>Actual Level</u>
Interest Coverage Ratio	3.00 to 1 (minimum)	13.47
Leverage Ratio	3.25 to 1 (maximum)	1.27

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably expected to have, a material current or future effect on its financial condition, results of operations, liquidity, capital expenditures or capital resources.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The Company has certain financing arrangements that require interest payments based on floating interest rates, and to that extent, the Company's financial results are subject to changes in the market rate of interest. At present, the Company has not entered into any interest rate swaps or other derivative instruments to fix the interest rate on any portion of its financing arrangements with floating rates. As of June 30, 2020, the Company has no borrowings outstanding under its floating rate debt.

Foreign Currency Exchange Risk

Some of the Company's subsidiaries operate in foreign countries and their financial results are subject to exchange rate movements. The Company has operations in Canada with foreign currency exposure, primarily due to U.S. dollar sales made from businesses in Canada to customers in the United States. The Company has a systematic program to limit its exposure to fluctuations in exchange rates related to certain assets and liabilities of its operations in Canada that are denominated in U.S. dollars. The net exposure generally ranges from \$1 million to \$3 million. The foreign currency contracts and arrangements created under this program are not designated as hedged items under ASC 815, *Derivatives and Hedging*, and accordingly, the changes in the fair value of the foreign currency arrangements, which have been immaterial, are recorded in the Condensed Consolidated Statements of Operations (Unaudited). The Company's foreign currency arrangements are typically three months or less and are settled before the end of a reporting period. At June 30, 2020, the Company had no foreign currency arrangements or contracts in place.

Commodity Price Risk

The Company uses certain commodities, primarily plastic resins, in its manufacturing processes. The cost of operations can be affected as the market for these commodities changes. The Company currently has no derivative contracts to hedge this risk; however, the Company also has no significant purchase obligations to purchase fixed quantities of such commodities in future periods. Significant future increases in the cost of plastic resin or other adverse changes in the general economic environment could have a material adverse impact on the Company's financial position, results of operations or cash flows.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

The Company carries out a variety of on-going procedures, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, to evaluate the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2020.

Changes in Internal Control Over Financial Reporting

During the six months ended June 30, 2020, there have been no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – Other Information

Item 1. Legal Proceedings

Certain legal proceedings in which the Company is involved are discussed in Note 12, Contingencies, in the Unaudited Condensed Consolidated Financial Statements in Part I of this report, and Part I, Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The Company's disclosures relating to legal proceedings in Note 12, Contingencies, in the Unaudited Condensed Consolidated Financial Statements in Part I of this report is incorporated into Part II of this report by reference. The Company is a defendant in various lawsuits and a party to various other legal proceedings, in the ordinary course of business, some of which are covered in whole or in part by insurance. We believe that the outcome of these lawsuits and other proceedings will not individually or in the aggregate have a future material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

For a discussion of risk factors related to the Company, refer to Part 1, Item 1A, "Risk Factors," contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The following risk factor should be read in conjunction with the risk factors described in the Annual Report on Form 10-K.

The COVID-19 pandemic could negatively affect our business, financial position, results of operations and/or liquidity.

In December 2019, a strain of coronavirus (COVID-19) first surfaced in Wuhan, China, and has since been labeled a pandemic and has spread rapidly to other areas of the world, including our primary markets. Regulatory actions in response to the COVID-19 pandemic have included closure of nonessential businesses and other requirements to maintain social distance and limit further spread of the coronavirus. Through the date of this report, most of our businesses are considered essential because they supply food and agricultural, automotive, healthcare, industrial and consumer end markets. Accordingly, these businesses have continued to operate. However, two manufacturing facilities of our Ameri-Kart business in the Material Handling segment and our Distribution business in Central America were temporarily closed due to the regulatory requirements resulting from the pandemic. Beyond the impact of these temporary closures, some of our businesses have been and may continue to be affected by the broader economic effects from the COVID-19 and related regulatory actions, including customer demand for our products. While we have so far been able to source required materials and products at reasonable cost, the pandemic may also affect our supply chain in ways that are beyond our control. We may also incur costs or experience further disruption to comply with new or changing regulations in response to the pandemic.

The overall magnitude of the COVID-19 pandemic, including the extent of its direct and indirect impact on our business, financial position, results of operations or liquidity is inherently uncertain due to the rapid development and fluidity of the situation. Further, the ultimate impact of the COVID-19 pandemic depends on many factors that are not within our control, including, but not limited, to: governmental, business and individuals' actions that have been and continue to be taken in response to the COVID-19 pandemic; the severity and duration of outbreaks of the virus; the impact of the COVID-19 pandemic and actions taken in response on global and regional economies, travel, and economic activity; the availability of federal, state, local or non-U.S. funding programs; general economic uncertainty in key global markets and financial market volatility; global economic conditions and levels of economic growth; and the pace of recovery, particularly in our end markets, when the COVID-19 pandemic subsides.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) The following table presents information regarding the Company's stock repurchase plan during the quarter ended June 30, 2020.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of the Publicly Announced Plans or Programs	Maximum number of Shares that may yet be Purchased Under the Plans or Programs (1)
4/1/2020 to 4/30/2020	—	\$ —	5,547,665	2,452,335
5/1/2020 to 5/31/2020	—	—	5,547,665	2,452,335
6/1/2020 to 6/30/2020	—	—	5,547,665	2,452,335

(1) On July 11, 2013, the Board authorized the repurchase of up to 5.0 million shares of the Company's common stock. This authorization was in addition to the 2011 Board authorized repurchase of up to 5.0 million shares. The Company completed the repurchase of approximately 2.0 million shares in 2011 pursuant to Rule 10b5-1 plans, which were adopted pursuant to the 2011 authorized share repurchase.

Item 6. Exhibits

- 3(a) [Myers Industries, Inc. Amended and Restated Articles of Incorporation. Reference is made to Exhibit 3\(a\) to Form 10-K filed with the Commission on March 16, 2005.](#)
- 3(b) [Myers Industries, Inc. Amended and Restated Code of Regulations. Reference is made to Exhibit 3.1 to Form 8-K filed with the Commission on April 30, 2020.](#)
- 10(a) [Form of 2020 Restricted Stock Unit Award Agreement under the Amended and Restated 2017 Incentive Stock Plan of Myers Industries, Inc.* \(filed herewith\)](#)
- 10(b) [Form of 2020 Performance Stock Unit Award Agreement under the Amended and Restated 2017 Incentive Stock Plan of Myers Industries, Inc.* \(filed herewith\)](#)
- 31.1 [Certification of Michael P. McGaugh, President and Chief Executive Officer of Myers Industries, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Kevin L. Brackman, Executive Vice President and Chief Financial Officer of Myers Industries, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certifications of Michael P. McGaugh, President and Chief Executive Officer, and Kevin L. Brackman, Executive Vice President and Chief Financial Officer, of Myers Industries, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following financial information from Myers Industries, Inc. Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020, formatted in inline XBRL includes: (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Financial Position, (iv) Condensed Consolidated Statements of Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Indicates executive compensation plan or arrangement.

SIGNATURE

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

July 30, 2020

MYERS INDUSTRIES, INC.

/s/ Kevin L. Brackman

Kevin L. Brackman
Executive Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

**RESTRICTED STOCK UNIT AWARD AGREEMENT
(2020)**

This Stock Unit Award Agreement (the "Agreement") is made as of the 28th day of April, 2020 between Myers Industries, Inc., an Ohio corporation (the "Company"), and an employee (the "Employee") of the Company or one or more of its Subsidiaries.

WHEREAS, the Company has heretofore adopted the 2017 Incentive Stock Plan of Myers Industries, Inc., as amended and restated (the "Plan"); and

WHEREAS, it is a requirement of the Plan that a Stock Unit Award Agreement be executed to evidence the Stock Units awarded to the Employee.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto have agreed, and do hereby agree as follows:

1. Grant of Stock Units. The Company hereby grants to the Employee an Award of _____ Stock Units on the terms and conditions set forth herein and in the Plan. Each Stock Unit represents the right of the Employee to receive an amount equal to the Fair Market Value of a Share on the date that payment is made with respect to the Stock Unit.

2. Rights with Respect to Stock Units. The Stock Units granted pursuant to this Agreement represent an unfunded and unsecured obligation of the Company, and the Employee shall have no rights with respect to the Stock Units other than those of a general creditor of the Company. Prior to the issuance of Shares as payment with respect to the Stock Units, the Employee shall have no rights of ownership in or to the Shares underlying the Stock Units and shall not be deemed the beneficial owner of such Shares.

3. Restrictions on and Vesting of the Stock Units.

(a) Except as otherwise provided in this Agreement, none of the Stock Units may be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of; provided, however, the right to receive payment with respect to the Stock Units may be transferred upon the death of the Employee to the Employee's Successor.

(b) The Stock Units subject to this Agreement shall vest in three equal installments on each of March 6, 2021, March 6, 2022, and March 6, 2023 (each such date, a "Vesting Date") or, if earlier, upon the termination of the Employee's employment with the Company and its Subsidiaries by reason of his or her death, disability or retirement on or after his or her sixty-fifth birthday, or the termination of the Employee's employment with the Company and its Subsidiaries without Cause (as defined herein unless defined in any written agreement or severance plan between the Company and the Employee in effect at the time of such termination of employment) if by the Company or for Good Reason (as defined herein unless defined in any written agreement or severance plan between the Company and the Employee in effect at the time of such termination of employment) if by the Employee, in either case following a Change in Control of the Company (an "Acceleration Event").

(c) In the event of the complete termination of the Employee's employment with the Company and its Subsidiaries for any reason other than (i) by reason of the Employee's death, disability or retirement on or after the Employee's sixty-fifth birthday prior to the earlier of the third anniversary of the date of this Agreement or (ii) by the Company without Cause or by the Employee for Good Reason, in either case following a Change in Control of the Company, the Stock Units that have not vested as of the date of such termination shall be immediately and automatically forfeited to the Company without notice for no consideration.

(d) For purposes of this Agreement, "disability" shall mean a physical or mental incapacity that prevents the Employee from performing his duties for a period of one hundred eighty (180) consecutive days.

4. Payment and Issuance of Shares. On each Vesting Date or, if earlier, upon an Acceleration Event (each such Vesting Date or Acceleration Event, a "Payment Date"), or within thirty (30) days thereafter in the case of an Acceleration Event or by March 15 of the year in which such Vesting Date occurs, the Company shall make a payment to the Employee of one Share for every Stock Unit that became vested as of such Payment Date (and with respect to which a payment has not previously been made pursuant to this Section 4) as payment with respect to each such vested Stock Unit. If any dividends are declared on the Company's Shares while the Stock Units subject to this Agreement are outstanding, the Company shall make a payment to the Employee on each Payment Date, or within thirty (30) days thereafter in the case of an Acceleration Event or by March 15 of the year in which such Vesting Date occurs,

with respect to each Stock Unit that became vested as of such Payment Date, in an amount equal to the aggregate amount of dividends that would have been payable to the Employee with respect to each such vested Stock Unit had such vested Stock Unit instead been an issued and outstanding Share on the record date of any such dividends (the "Dividend Equivalent Amount"), but only to the extent that the Dividend Equivalent Amount has not previously been paid to the Employee with respect to such vested Stock Unit. At the Company's discretion, payment of the Dividend Equivalent Amount may be made in cash or in Shares having a Fair Market Value on the Payment Date equal to the Dividend Equivalent Amount. At the Company's election, the Company shall cause the Shares delivered as payment with respect to the vested Stock Units to either be evidenced by a book entry account maintained by the Company's stock transfer agent (the "Transfer Agent"), by a certificate issued in the Employee's name, or by delivery to the Employee's individual share holdings account in the Company's equity plan manager's system ("Employee's Account"). Upon the earlier of the date the Shares are evidenced in a book entry account maintained by the Transfer Agent, the date a certificate for the Shares are issued in the Employee's name, or the transfer to the Employee's Account, the Employee shall be a shareholder with respect to the Shares and shall have all of the rights of a shareholder with respect to the Shares, including the right to vote the Shares and to receive any dividends and other distributions paid with respect to the Shares. Notwithstanding anything to the contrary herein, following a Change of Control of the Company, the Company, at its election, may elect to make any payment required to be made to the Employee pursuant to this Section 4 in cash rather than Shares.

5. **Taxes.** The Company shall have the right to satisfy any obligation of the Company to withhold taxes or other amounts with respect to the Stock Units by withholding Shares otherwise deliverable to the Employee with respect to the Stock Units having a Fair Market Value equal to the amount of such tax or other withholdings, provided the amount will not result in liability accounting for the Company. Furthermore, the Company may elect to deduct from any cash payment made to the Employee pursuant to this Agreement the amount of any taxes or other amounts which the Company is or will be required to withhold with respect to such cash payment.

6. **No Right to Employment.** Nothing in this Agreement shall confer upon the Employee any right to continue in the employ of the Company or any of its Subsidiaries or interfere with or restrict in any way with the right of the Company or any such Subsidiary to terminate his employment at any time for any reason whatsoever, with or without cause.

7. **Acknowledgement and Section 409A Compliance.**

(a) Employee acknowledges that neither the Company nor any of the Company's affiliates, officers, shareholders, employees, agents or representatives has provided or is providing the undersigned with tax advice regarding the Stock Units subject to this Agreement or any other matter, and the Company has urged the Employee to consult with his own tax advisor with respect to the income taxation consequences associated with the Stock Units subject to this Agreement.

(b) It is intended that this Award of Stock Units comply with Section 409A of the Code, and this Award and the terms of this Agreement shall be interpreted and administered in a manner consistent with such intent, although in no event shall the Company have any liability to the Employee if this Award or the terms of this Agreement are determined not to comply with Section 409A of the Code. For purposes of this Agreement, termination of employment means a "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(h).

(c) Whenever payment under this Agreement specifies a payment period with reference to a number of days (e.g., payment may be made within thirty (30) days after the Payment Date), the actual date of payment within the specified period will be determined solely by the Company.

(d) If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of his "separation from service" within the meaning of Section 409A of the Code, then any payment otherwise required to be made to him under this Agreement on account of his separation from service, to the extent such payment (after taking into account all exclusions applicable to such payment under Section 409A of the Code) is properly treated as deferred compensation subject to Section 409A of the Code, shall not be made until the first business day after (i) the expiration of six months from the date of the Employee's separation from service, or (ii) if earlier, the date of the Employee's death.

(e) The Employee's right to receive each installment of Stock Units shall be treated as separate payments for purposes of Section 409A of the Code.

8. **Cause and Good Reason.** Unless otherwise defined in a written agreement between the Employee and the Company, for purposes of this Agreement the terms “Cause” and “Good Reason” shall have the following meanings:

(a) “Cause” means:

(i) The commission by the Employee (evidenced by a conviction or written, voluntary and freely given confession) of a criminal act constituting a felony involving fraud or moral turpitude;

(ii) the repeated failure of the Employee to follow the reasonable directives of the Employee’s superiors after having been given written notice thereof; or

(iii) commission by the Employee of any act, which both (A) constitutes gross negligence or willful misconduct and (B) results in material economic harm to the Company or has a materially adverse effect on the Company’s operations, properties or business relationships.

(b) “Good Reason” means the occurrence of one or more of the following conditions arising without the consent of the Employee:

(i) a material diminution in the Employee’s annual base salary;

(ii) a material diminution in the Employee’s duties and responsibilities; or

(iii) a material change in the geographic location at which the Employee must perform his Duties.

In order for a condition to constitute a Good Reason, the Employee must provide written notification to the Company of the existence of the condition within forty-five (45) days of the initial existence of the condition (or within forty-five (45) days following the Employee actually becoming aware of such condition, if later), upon the notice of which the Company shall have a period of thirty (30) days during which it may remedy the condition. Furthermore, to constitute a Good Reason, the Employee must voluntarily terminate employment with the Company within one hundred eighty (180) days following the initial existence of the condition (or within one hundred eighty (180) days following the Employee actually becoming aware of such condition. The parties agree that “Good Reason” will not be deemed to have occurred merely because the Company becomes a subsidiary or division of another entity following a Change in Control.

9. **Incorporation of Provisions of the Plan.** All of the provisions of the Plan pursuant to which the Stock Units are granted are hereby incorporated by reference and made a part hereof as if specifically set forth herein, and to the extent of any conflict between this Agreement and the terms contained in the Plan, the Plan shall control. To the extent any capitalized terms are not otherwise defined herein, they shall have the meanings set forth in the Plan.

10. **Invalidity of Provisions.** The invalidity or unenforceability of any provision of this Agreement as a result of a violation of any state or federal law, or of the rules or regulations of any governmental regulatory body, shall not affect the validity or enforceability of the remainder of this Agreement.

11. **Waiver and Modification.** The provisions of this Agreement may not be waived or modified unless such waiver or modification is in writing and signed by the parties hereto.

12. **Interpretation.** All decisions or interpretations made by the Committee with regard to any question arising under the Plan or this Agreement as provided by Section 4 of the Plan, shall be binding and conclusive on the Company and the Employee.

13. **Multiple Counterparts.** This Agreement may be signed in multiple counterparts, all of which together shall constitute an original agreement. The execution by one party of any counterpart shall be sufficient execution by that party, whether or not the same counterpart has been executed by any other party.

14. **Governing Law.** This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed, and the Employee has hereunto set his hand, all as of the day and year first above written.

MYERS INDUSTRIES, INC.

By:



Michael P. McGaugh

Its: President & Chief Executive Officer

Employee

**PERFORMANCE STOCK UNIT AWARD AGREEMENT
(2020)**

This Performance Stock Unit Award Agreement (the "Agreement") is made as of the 28th day of April, 2020 between Myers Industries, Inc., an Ohio corporation (the "Company"), and _____, an employee (the "Employee") of the Company or one or more of its Subsidiaries.

WHEREAS, the Company has heretofore adopted the 2017 Incentive Stock Plan of Myers Industries, Inc., as amended and restated (the "Plan"); and

WHEREAS, it is a requirement of the Plan that a Performance Stock Unit Award Agreement be executed to evidence the Performance Stock Units awarded to the Employee.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto have agreed, and do hereby agree as follows:

1. Grant of Performance Stock Units. The Company hereby grants to the Employee an Award of Performance Stock Units (such number to be determined as set forth in Section 4(b) based on a target award of _____ Performance Stock Units) on the terms and conditions set forth herein and in the Plan. Each Performance Stock Unit represents the right of the Employee to receive the payment of one Share on the date that payment is made.

2. Defined Terms. Capitalized terms not defined herein shall have the meanings ascribed to them in the Plan. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Adjusted EBITDA" means the Company's earnings before interest, taxes, depreciation and amortization in each case as set forth on the Company's audited financial statements for the fiscal year with such adjustments as may be approved by the Compensation Committee of the Company's Board of Directors, in its discretion.

(b) Unless otherwise defined in a written agreement between Employee and the Company, "Cause" means:

- (i) The commission by the Employee (evidenced by a conviction or written, voluntary and freely given confession) of a criminal act constituting a felony or involving fraud or moral turpitude;
- (ii) The repeated failure of the Employee to follow the reasonable directives of the Employee's superiors after having been given written notice thereof; or
- (iii) Commission by the Employee of any act, which both (A) constitutes gross negligence or willful misconduct and (B) has a materially adverse effect on the Company's operations, properties or business relationships.

(c) "Disability" means a physical or mental incapacity that prevents the Executive from performing his duties for a total of one hundred eighty (180) days in any twenty four (24) month period.

(d) Unless otherwise defined in a written agreement between the Employee and the Company, "Good Reason" means the occurrence of one or more of the following conditions arising without the consent of the Employee:

- (i) A material diminution in the Employee's annual base salary;
- (ii) A material diminution in the Employee's duties and responsibilities; or
- (iii) A material change in the geographic location at which the Employee must perform his duties.

In order for a condition to constitute Good Reason, the Employee must provide written notice to the Company of the existence of the condition within forty-five (45) days of the initial existence of the condition (or within forty-five (45) days following the Employee actually becoming aware of such condition, if later), upon receipt of such notice, the Company shall have a period of thirty (30) days during which it may remedy the condition. Furthermore, to constitute Good Reason, the Employee must voluntarily terminate employment with the Company within one hundred eighty (180) days following the initial existence of the condition (or within one hundred eighty (180) days following the Employee actually becoming aware of such condition, if later). The parties agree that "Good Reason" will not be deemed to have occurred merely because the Company becomes a subsidiary or division of another entity following a Change of Control.

(e) "Performance Goals" mean the levels of Adjusted EBITDA and ROIC established by the Compensation Committee of the Company's Board of Directors for the Performance Period.

(f) "Performance Period" means the three calendar year period commencing on January 1 of the year of this Agreement and ending on December 31 of the third calendar year thereafter.

(g) "ROIC" means the Company's annual return on invested capital as calculated by the following formula: Net Operating Profit after Taxes (NOPAT)/Invested Capital (IC), with NOPAT based on the Company's adjusted operating income after taxes and IC based on the Company's total equity plus par value of debt, in each case as determined from the Company's audited financial statements for the fiscal year with such adjustments as may be approved by the Compensation Committee of the Company's Board of Directors, in its discretion.

3. Rights with Respect to Performance Stock Units. The Performance Stock Units granted pursuant to this Agreement represent an unfunded and unsecured obligation of the Company, and the Employee shall have no rights with respect to the Performance Stock Units other than those of a general creditor of the Company. Prior to the issuance of Shares as payment with respect to the Performance Stock Units, the Employee shall have no voting, dividend or other rights of ownership in or to the Shares underlying the Performance Stock Units and shall not be deemed the beneficial owner of such Shares.

4. Restrictions on Number and Vesting of the Performance Stock Units.

(a) Except as otherwise provided in this Agreement, none of the Performance Stock Units may be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of; provided, however, the right to receive payment with respect to the Performance Stock Units may be transferred upon the death of the Employee to the Employee's Successor.

(b) The number of Performance Stock Units earned shall be determined, and shall vest, as of the last day of the Performance Period based on the relative level of achievement of the Performance Goals as set forth in Exhibit A or earlier, upon an Acceleration Event (as defined in Section 5). The number of Performance Stock Units earned shall be determined by providing equal weight to the Performance Goals (such number of Performance Stock Units, the "Vested Performance Stock Units"). The determination of the Vested Performance Stock Units shall be made by the Compensation Committee of the Board of Directors in its sole discretion as soon as administratively possible after the Company's audited financial statements are available for the final fiscal year of the Performance Period. Any Performance Stock Units or rights to Performance Stock Units that do not become Vested Performance Stock Units as of the last day of the Performance Period, or earlier upon an Acceleration Event, shall be immediately and automatically forfeited to the Company without notice and without consideration.

(c) In the event of the complete termination of the Employee's employment by the Company for Cause (as defined herein unless defined in any written agreement between the Company and the Employee in effect at the time of such termination of employment) or by the Employee without Good Reason (as defined herein unless defined in any written agreement between the Company and the Employee in effect at the time of such termination of employment) prior to the earlier of the last day of the Performance Period or an Acceleration Event, the Employee's right to any Stock Units subject to this Agreement shall be immediately and automatically forfeited to the Company without notice for no consideration. For the avoidance of doubt, a termination by the Employee without Good Reason will not include a termination by reason of the Employee's death, disability, retirement on or after the Employee's sixty-fifth birthday or a termination by the Employee for Good Reason.

5. Payment and Issuance of Shares. As soon as administratively practicable following the determination of the achievement of the Performance Goals for the Performance Period, but in no event later than March 15 following the end of the Performance Period (the "Payment Date"), the Company shall make a payment to the Employee of one Share for every Vested Performance Stock Unit as payment with respect to each such Vested Performance Stock Unit. Notwithstanding the foregoing, if the Employee's employment with the Company is terminated prior to the last day of the Performance Period by reason of the Employee's

death or disability (an “Acceleration Event”), then (i) for purposes of determining the number of Vested Performance Stock Units as of such Acceleration Event, the achievement of the Performance Goals shall be deemed to be 100% and the award shall be prorated for the shortened Performance Period (ii) the Company shall make a payment to the Employee of one Share for every Vested Performance Stock Unit as soon as reasonably practicable following such Acceleration Event, but in no event later than thirty (30) days after the date of the Acceleration Event, and (iii) the Employee will not be entitled to any further payment pursuant to this Agreement. If the Employee’s employment with the Company is terminated prior to the last day of the Performance Period or an Acceleration Event (i) by reason of retirement on or after the Employee’s sixty-fifth birthday, (ii) by the Company without Cause (as defined herein unless defined in any written agreement between the Company and the Employee in effect at the time of such termination of employment), or (iii) by the Employee for Good Reason (as defined herein unless defined in any written agreement between the Company and the Employee in effect at the time of such termination of employment), the determination of the number of Vested Performance Stock Units, and any payment to be made to the Employee with respect to any Vested Performance Stock Units, shall be made as soon as reasonably practicable following the determination of the achievement of the Performance Goals for the Performance Period, but in no event later than March 15 of the calendar year following the end of the Performance Period. If any dividends are declared on the Company’s Shares while the Performance Stock Units subject to this Agreement are outstanding, the Company shall make a payment to the Employee on the Payment Date or the Acceleration Event, as the case may be, with respect to each Performance Stock Unit that became a Vested Performance Stock Unit on the Payment Date or the Acceleration Event, in an amount equal to the aggregate amount of dividends that would have been payable to the Employee with respect to each such Vested Performance Stock Unit had such Vested Stock Performance Unit instead been an issued and outstanding Share on the record date of any such dividends (the “Dividend Equivalent Amount”). At the Company’s discretion, payment of the Dividend Equivalent Amount may be made in cash or in Shares having a Fair Market Value on the Payment Date or the Acceleration Event, as the case may be, equal to the Dividend Equivalent Amount. In no event will dividends or any dividend equivalents be paid on unvested Performance Stock Units which are forfeited. At the Company’s election, the Company shall cause the Shares delivered as payment with respect to the Vested Performance Stock Units to either be evidenced by a book entry account maintained by the Company’s stock transfer agent (the “Transfer Agent”), by a certificate issued in the Employee’s name, or by delivery to the Employee’s individual share holdings account in the Company’s equity plan manager’s system (“Employee’s Account”). Upon the earlier of the date the Shares are evidenced in a book entry account maintained by the Transfer Agent, the date a certificate for the Shares are issued in the Employee’s name, or the date transferred to Employee’s Account, the Employee shall be a shareholder with respect to the Shares and shall have all of the rights of a shareholder with respect to the Shares, including the right to vote the Shares and to receive any dividends and other distributions paid with respect to the Shares. Notwithstanding anything to the contrary herein, following a Change of Control of the Company, the Company, at its election, may elect to make any payment required to be made to the Employee pursuant to this Section 5 in cash rather than Shares.

6. **Taxes.** The Company shall have the right to satisfy any obligation of the Company to withhold taxes or other amounts with respect to the Vested Performance Stock Units by withholding Shares otherwise deliverable to the Employee with respect to the Vested Performance Stock Units having a Fair Market Value equal to the amount of such tax or other withholdings, provided that the amount will not result in liability accounting for the Company. Furthermore, the Company may elect to deduct from any cash payment made to the Employee pursuant to this Agreement the amount of any taxes or other amounts which the Company is or will be required to withhold with respect to such cash payment.

7. **No Right to Employment.** Nothing in this Agreement shall confer upon the Employee any right to continue in the employ of the Company or any of its Subsidiaries or interfere with or restrict in any way with the right of the Company or any such Subsidiary to terminate his employment at any time for any reason whatsoever, with or without Cause.

8. **Acknowledgement and Section 409A Compliance.**

(a) Employee acknowledges that neither the Company nor any of the Company’s affiliates, officers, shareholders, employees, agents or representatives has provided or is providing the undersigned with tax advice regarding the Performance Stock Units subject to this Agreement or any other matter, and the Company has urged the Employee to consult with his own tax advisor with respect to the income taxation consequences associated with the Performance Stock Units subject to this Agreement.

(b) It is intended that this Award of Performance Stock Units comply with Section 409A of the Code, and this Award and the terms of this Agreement shall be interpreted and administered in a manner consistent with such intent, although in no event shall the Company have any liability to the Employee if this Award or the terms of this Agreement are determined not to comply with Section 409A of the Code. For purposes of this Agreement, termination of employment means a “separation from service” within the meaning of Treasury Regulations Section 1.409A-1(h).

(c) Whenever payment under this Agreement specifies a payment period with reference to a number of days (e.g., payment may be made within thirty (30) days after the Payment Date), the actual date of payment within the specified period will be determined solely by the Company.

(d) If the Employee is a "specified employee" within the meaning of Section 409A of the Code at the time of his "separation from service" within the meaning of Section 409A of the Code, then any payment otherwise required to be made to him under this Agreement on account of his separation from service, to the extent such payment (after taking into account all exclusions applicable to such payment under Section 409A of the Code) is properly treated as deferred compensation subject to Section 409A of the Code, shall not be made until the first business day after (i) the expiration of six months from the date of the Employee's separation from service, or (ii) if earlier, the date of the Employee's death.

9. Incorporation of Provisions of the Plan. All of the provisions of the Plan pursuant to which the Performance Stock Units are granted are hereby incorporated by reference and made a part hereof as if specifically set forth herein, and to the extent of any conflict between this Agreement and the terms contained in the Plan, the Plan shall control. To the extent any capitalized terms are not otherwise defined herein, they shall have the meanings set forth in the Plan.

10. Invalidity of Provisions. The invalidity or unenforceability of any provision of this Agreement as a result of a violation of any state or federal law, or of the rules or regulations of any governmental regulatory body, shall not affect the validity or enforceability of the remainder of this Agreement.

11. Waiver and Modification. The provisions of this Agreement may not be waived or modified unless such waiver or modification is in writing and signed by the parties hereto.

12. Interpretation. All decisions or interpretations made by the Committee with regard to any question arising under the Plan or this Agreement as provided by Section 4 of the Plan, shall be binding and conclusive on the Company and the Employee.

13. Multiple Counterparts. This Agreement may be signed in multiple counterparts, all of which together shall constitute an original agreement. The execution by one party of any counterpart shall be sufficient execution by that party, whether or not the same counterpart has been executed by any other party.

14. Governing Law. This Agreement shall be governed by the laws of the State of Ohio.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed, and the Employee has hereunto set his hand, all as of the day and year first above written.

MYERS INDUSTRIES, INC.

By:



Michael P. McGaugh

Its: President and Chief Executive Officer

_____, Employee



Myers Industries Performance Unit Calculation
in millions

Exhibit 31.1
Certification Per Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael P. McGaugh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Myers Industries, 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 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 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.

Date: July 30, 2020

/s/ Michael P. McGaugh

Michael P. McGaugh, President and Chief Executive Officer

Exhibit 31.2
Certification Per Section 302 of the Sarbanes-Oxley Act of 2002

I, Kevin L. Brackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Myers Industries, 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 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 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.

Date: July 30, 2020

/s/ Kevin L. Brackman

Kevin L. Brackman, Executive Vice President and Chief Financial Officer

Exhibit 32.1
CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Myers Industries, Inc. (the Company) on Form 10-Q for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Michael P. McGaugh, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and to my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2020 which this certification accompanies 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.

Dated: July 30, 2020

/s/ Michael P. McGaugh

Michael P. McGaugh, President and Chief Executive Officer

Exhibit 32.1
CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Myers Industries, Inc. (the Company) on Form 10-Q for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Kevin L. Brackman, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and to my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2020 which this certification accompanies 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.

Dated: July 30, 2020

/s/ Kevin L. Brackman

Kevin L. Brackman, Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.