

REFINITIV

DELTA REPORT

10-Q

AVD - AMERICAN VANGUARD CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1271
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CHANGES	152
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DELETIONS	678
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ADDITIONS	441
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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 SEPTEMBER 30, MARCH 31, 2023 2024

☐ 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 001-13795

AMERICAN VANGUARD CORPORATION

Delaware

(State or other jurisdiction of
Incorporation or organization)

95-2588080

(I.R.S. Employer
Identification Number)

4695 MacArthur Court, Newport Beach, California

(Address of principal executive offices)

92660

(Zip Code)

(949) 260-1200

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.10 \$0.10 par value	AVD	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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☒
Non-Accelerated Filer ☐ Smaller reporting company ☐
Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock, ~~\$.10~~ ~~\$0.10~~
Par Value — Value—28,750,439 27,984,744 shares as of November 2, 2023 April 29, 2024.

AMERICAN VANGUARD CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the three months ended March 31	
	2023	2022	2023	2022	2024	2023
Net sales	\$ 149,516	\$ 152,267	\$ 407,191	\$ 450,063	\$ 135,143	\$ 124,885
Cost of sales	(106,432)	(102,629)	(282,662)	(299,698)	(92,725)	(86,348)
Gross profit	43,084	49,638	124,529	150,365	42,418	38,537
Operating expenses	(38,893)	(38,394)	(113,317)	(113,559)	(30,621)	(26,402)
Selling, general and administrative					(5,706)	(8,870)
Research, product development and regulatory					6,091	3,265
Operating income	4,191	11,244	11,212	36,806		
Change in fair value of equity investments	(247)	(454)	(324)	(857)		
Change in fair value of an equity investment					638	(22)
Interest expense, net	(3,384)	(1,086)	(8,282)	(2,256)	(3,693)	(1,686)

Income before provision for income taxes	560	9,704	2,606	33,693	3,036	1,557
Income tax expense	(885)	(2,963)	(2,066)	(10,187)		
Net income (loss)	<u>\$ (325)</u>	<u>\$ 6,741</u>	<u>\$ 540</u>	<u>\$ 23,506</u>		
Net income (loss) per common share—basic	<u>\$ (.01)</u>	<u>\$.23</u>	<u>\$.02</u>	<u>\$.80</u>		
Net income (loss) per common share—assuming dilution	<u>\$ (.01)</u>	<u>\$.23</u>	<u>\$.02</u>	<u>\$.78</u>		
Income tax (expense) benefit					(1,484)	361
Net income					<u>\$ 1,552</u>	<u>\$ 1,918</u>
Earnings per common share—basic					<u>\$ 0.06</u>	<u>\$ 0.07</u>
Earnings per common share—assuming dilution					<u>\$ 0.06</u>	<u>\$ 0.07</u>
Weighted average shares outstanding—basic	27,919	29,214	28,236	29,496	<u>27,844</u>	<u>28,367</u>
Weighted average shares outstanding—assuming dilution	27,919	29,805	28,656	30,128	<u>28,128</u>	<u>29,073</u>

See notes to the [Condensed Consolidated Financial Statements](#), [condensed consolidated financial statements](#).

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (LOSS)
(In thousands)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	<u>\$ (325)</u>	<u>\$ 6,741</u>	<u>\$ 540</u>	<u>\$ 23,506</u>
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of tax effects	<u>(3,123)</u>	<u>(2,764)</u>	<u>2,928</u>	<u>(1,748)</u>
Comprehensive income (loss)	<u>\$ (3,448)</u>	<u>\$ 3,977</u>	<u>\$ 3,468</u>	<u>\$ 21,758</u>
For the three months ended March 31				
	2024	2023		
Net income	<u>\$ 1,552</u>	<u>\$ 1,918</u>		
Other comprehensive (loss) income:				
Foreign currency translation adjustment, net of tax effects	<u>(1,564)</u>	<u>2,546</u>		
Comprehensive (loss) income	<u>\$ (12)</u>	<u>\$ 4,464</u>		

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

ASSETS

	September 30, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	\$ 11,529	\$ 20,328
Receivables:		
Trade, net of allowance for doubtful accounts of \$6,274 and \$5,136, respectively	185,619	156,492
Other	11,919	9,816
Total receivables, net	197,538	166,308
Inventories	247,932	184,190
Prepaid expenses	8,517	15,850
Income taxes receivable	6,071	1,891
Total current assets	471,587	388,567
Property, plant and equipment, net	73,205	70,912
Operating lease right-of-use assets	22,907	24,250
Intangible assets, net	174,918	184,664
Goodwill	47,426	47,010
Other assets	12,435	10,769
Deferred income tax assets, net	366	141
Total assets	\$ 802,844	\$ 726,313

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 71,054	\$ 69,000
Customer prepayments	5,998	110,597
Accrued program costs	90,367	60,743
Accrued expenses and other payables	16,555	20,982
Current operating lease liabilities	5,553	5,279
Total current liabilities	189,527	266,601
Long-term debt, net	218,000	51,477
Long-term operating lease liabilities	18,102	19,492
Other liabilities, net of current installments	4,805	4,167

Deferred income tax liabilities, net	13,709	14,597
Total liabilities	444,143	356,334
Commitments and contingent liabilities (Note14)		
Stockholders' equity:		
Preferred stock, \$.10 par value per share; authorized 400,000 shares; none issued	—	—
Common stock, \$.10 par value per share; authorized 40,000,000 shares; issued 34,666,431 shares at September 30, 2023 and 34,446,194 shares at December 31, 2022	3,467	3,444
Additional paid-in capital	108,937	105,634
Accumulated other comprehensive loss	(9,254)	(12,182)
Retained earnings	326,752	328,745
Less treasury stock at cost, 5,915,182 shares at September 30, 2023 and 5,029,892 shares at December 31, 2022	(71,201)	(55,662)
Total stockholders' equity	358,701	369,979
Total liabilities and stockholders' equity	\$ 802,844	\$ 726,313
	March 31,	December 31,
ASSETS	2024	2023
Current assets:		
Cash	\$ 13,709	\$ 11,416
Receivables:		
Trade, net of allowance for credit losses of \$7,798 and \$7,107, respectively	187,197	182,613
Other	7,395	8,356
Total receivables, net	194,592	190,969
Inventories	228,309	219,551
Prepaid expenses	7,446	6,261
Income taxes receivable	2,889	3,824
Total current assets	446,945	432,021
Property, plant and equipment, net	75,909	74,560
Operating lease right-of-use assets, net	23,084	22,417
Intangible assets, net of amortization	168,723	172,508
Goodwill	50,469	51,199
Deferred income tax assets	3,307	2,849
Other assets	13,188	11,994
Total assets	\$ 781,625	\$ 767,548
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 64,642	\$ 68,833
Customer prepayments	28,520	65,560
Accrued program costs	74,343	68,076
Accrued expenses and other payables	15,927	16,354
Operating lease liabilities, current	6,358	6,081
Income taxes payable	5,633	5,591
Total current liabilities	195,423	230,495
Long-term debt, net	187,017	138,900
Operating lease liabilities, long term	17,407	17,113
Deferred income tax liabilities	7,157	7,892

Balance, January 1, 2024										34,676,787	\$ 3,467	\$ 110,810	\$ (5,963)	\$ 332,897	5,915,182	\$(71,201)	\$ 370,010
Stocks issued under ESPP	2																
	2,101																
	1,400	4						4									
	0	7						8									
	1	2	8	—	—	—	—	0	38,702	4	426	—	—	—	—	430	
Cash dividends declared on common stock (\$0.030 per share)									(85)								
	—	—	—	—	1	—	—	1)									
Cash dividends on common stock declared (\$0.030 per share)									—	—	—	—	(836)	—	—	(836)	
Foreign currency translation adjustment, net									—	—	—	(1,564)	—	—	—	(1,564)	
Stock-based compensation									—	—	2,005	—	—	—	—	2,005	
Stock options exercised; grants, termination and vesting of restricted stock units (net of shares in lieu of taxes)									39,145	4	(18)	—	—	—	—	(14)	
Net income									—	—	—	—	1,552	—	—	1,552	

Balance, March								34,754,634	\$ 3,475	\$ 113,223	\$ (7,527)	\$ 333,613	5,915,182	\$ (71,201)	\$ 371,583
31, 2024															
Balance,															
January 1,															
2023								34,446,194	\$ 3,444	\$ 105,634	\$ (12,182)	\$ 328,745	5,029,892	\$ (55,662)	\$ 369,979
Stocks issued															
under ESPP								22,101	2	478	—	—	—	—	480
Cash															
dividends on															
common															
stock															
declared															
(\$0.030 per															
share)								—	—	—	—	(851)	—	—	(851)
Foreign															
currency															
translation															
adjustment, net															
								—	—	—	2,546	—	—	—	2,546
Stock-based															
compensation															
								—	—	4	—	—	—	—	4
Stock options															
exercised;															
grants,															
termination															
and vesting															
of restricted								(4							
stock units								,4							
(net of shares								6							
in lieu of taxes)								6)	—	5	—	—	—	—	5
								(4,466)	—	5	—	—	—	—	5
Shares															
repurchased															
								—	—	—	—	—	27,835	(557)	(557)
Net income															
								—	—	—	—	1,918	—	—	1,918

Balance, June	3							
30, 2023	4,				5,		3	
	6		1		3	4	6	
	4		0		2	3	(6	9
	3,	3,	6,	(6	7,	8,	2,	,
	6	4	7	,1	9	0	8	0
	7	6	1	3	1	9	8	7
	4	4	9	1)	1	3	8)	5
Common stock	2							
issued under	7,							
ESPP	9		4					5
	2		9					0
	4	3	7	—	—	—	—	0
Cash dividends								
declared on								(
common stock					(8			8
(\$0.030 per					3			3
share)	—	—	—	—	4)	—	—	4)
Foreign								(
currency								3
translation				(3				,
adjustment, net				,1				1
				2				2
	—	—	—	3)	—	—	—	3)
Stock-based								1
compensation			1,					,
			7					7
			1					1
	—	—	6	—	—	—	—	6
Stock options								
exercised;								
grants,								
termination								
and vesting								
of restricted	(5							
stock units	,1							
(net of shares	6							
in lieu of taxes)	7)	—	5	—	—	—	—	5
					4			(
					7			8
					7,	(8		,
					0	,3		3
Shares					8	1		1
repurchased	—	—	—	—	—	9	3)	3)
Net loss								(
				(3				3
				2				2
	—	—	—	—	5)	—	—	5)

Balance,	3							
September 30,	4,			5,		3		
2023	6	1		3	9	5		
	6	0		2	1	(7	8	
	6,	3,	8,	(9	6,	5,	1,	,
	4	4	9	,2	7	1	2	7
	3	6	3	5	5	8	0	0
	1	\$ 7	\$ 7	\$ 4)	\$ 2	2	\$ 1)	\$ 1

See notes to the [Condensed Consolidated Financial Statements](#). [condensed consolidated financial statements](#).

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AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For The Three and Nine Months Ended September 30, 2022
(In thousands, except share data)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulate d Other Comprehen sive Loss	Retained Earnings	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance, December 31, 2021	34,248,21							
	8	\$ 3,426	\$ 101,450	\$ (13,784)	\$ 304,385	3,361,040	\$ (22,739)	\$ 372,738
Common stock issued under ESPP	26,751	2	434	—	—	—	—	436
Cash dividends declared on common stock (\$0.025 per share)	—	—	—	—	(736)	—	—	(736)
Foreign currency translation adjustment, net	—	—	—	7,080	—	—	—	7,080
Stock-based compensation	—	—	1,563	—	—	—	—	1,563
Stock options exercised; grants, termination and vesting of restricted stock units (net of shares in lieu of taxes)	(183,093)	(18)	(2,156)	—	—	—	—	(2,174)
Shares repurchased	—	—	—	—	—	332,404	(6,219)	(6,219)
Net income	—	—	—	—	9,935	—	—	9,935
Balance, March 31, 2022	34,091,87							
	6	3,410	101,291	(6,704)	313,584	3,693,444	(28,958)	382,623

Cash dividends declared on common stock (\$0.025 per share)	—	—	—	—	(742)	—	—	(742)
Foreign currency translation adjustment, net	—	—	—	(6,064)	—	—	—	(6,064)
Stock-based compensation	—	—	1,273	—	—	—	—	1,273
Stock options exercised; grants, termination and vesting of restricted stock units (net of shares in lieu of taxes)	351,358	35	892	—	—	—	—	927
Shares repurchased	—	—	—	—	—	606	(13)	(13)
Net income	—	—	—	—	6,830	—	—	6,830
Balance, June 30, 2022	34,443,23							
	4	3,445	103,456	(12,768)	319,672	3,694,050	(28,971)	384,834
Common stock issued under ESPP	24,489	2	399	—	—	—	—	401
Cash dividends declared on common stock (\$0.025 per share)	—	—	—	—	(715)	—	—	(715)
Foreign currency translation adjustment, net	—	—	—	(2,764)	—	—	—	(2,764)
Stock-based compensation	—	—	1,560	—	—	—	—	1,560
Stock options exercised; grants, termination and vesting of restricted stock units (net of shares in lieu of taxes)	(3,776)	(1)	11	—	—	—	—	10
Shares repurchased	—	—	—	—	—	387,340	(7,499)	(7,499)
Accelerated share repurchase pending final settlement	—	—	(4,000)	—	—	802,810	(16,000)	(20,000)
Net income	—	—	—	—	6,741	—	—	6,741
Balance, September 30, 2022	34,463,94							
	7	\$ 3,446	\$ 101,426	\$ (15,532)	\$ 325,698	4,884,200	\$ (52,470)	\$ 362,568

See notes to the Condensed Consolidated Financial Statements.

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AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 540	\$ 23,506
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization of property, plant and equipment	6,396	6,207
Amortization of intangibles assets	10,009	10,442
Amortization of other long-term assets	1,445	2,656
Loss on disposal of property, plant and equipment	7	265
Accretion of discounted liabilities	—	28

Amortization of deferred loan fees	174	174
Provision for bad debts	952	597
Fair value adjustment to contingent consideration	—	621
Stock-based compensation	4,257	4,396
Change in deferred income taxes	(977)	(64)
Changes in liabilities for uncertain tax positions or unrecognized tax benefits	467	—
Change in fair value of equity investments	324	857
Net foreign currency adjustments	199	218
Changes in assets and liabilities associated with operations:		
Increase in net receivables	(29,055)	(46,289)
Increase in inventories	(58,163)	(38,987)
Increase in prepaid expenses and other assets	(633)	(4,272)
Increase in income tax receivable/payable, net	(4,046)	(5,201)
Increase in net operating lease liability	227	10
Increase in accounts payable	1,240	14,418
Decrease in customer prepayments	(104,590)	(62,831)
Increase in accrued program costs	29,779	45,016
(Decrease) increase in other payables and accrued expenses	(4,406)	2,555
Net cash used in operating activities	(145,854)	(45,678)
Cash flows from investing activities:		
Capital expenditures	(8,589)	(8,946)
Proceeds from disposal of property, plant and equipment	200	46
Intangible assets	(759)	(1,078)
Net cash used in investing activities	(9,148)	(9,978)
Cash flows from financing activities:		
Payments under line of credit agreement	(62,800)	(64,000)
Borrowings under line of credit agreement	228,500	160,000
Net receipt from the issuance of common stock under ESPP	980	837
Net receipt from the exercise of stock options	46	783
Payment for tax withholding on stock-based compensation awards	(1,957)	(2,020)
Repurchase of common stock	(15,539)	(33,731)
Payment of cash dividends	(2,550)	(2,072)
Net cash provided by financing activities	146,680	59,797
Net (decrease) increase in cash and cash equivalents	(8,322)	4,141
Effect of exchange rate changes on cash and cash equivalents	(477)	382
Cash and cash equivalents at beginning of period	20,328	16,285
Cash and cash equivalents at end of period	\$ 11,529	\$ 20,808

	For the three months ended March 31			
	2024		2023	
Cash flows from operating activities:				
Net income	\$	1,552	\$	1,918
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation and amortization of property, plant and equipment and intangible assets		5,441		5,539
Amortization of other long-term assets		189		714

Provision for bad debts	700	581
Stock-based compensation	2,005	1,474
Change in deferred income taxes	(1,025)	122
Change in liabilities for uncertain tax positions or unrecognized tax benefits	35	371
Change in equity investment fair value	(638)	22
Other	(5)	72
Foreign currency transaction gains	(373)	(446)
Changes in assets and liabilities associated with operations:		
Increase in net receivables	(5,579)	(8,779)
Increase in inventories	(9,353)	(33,731)
Increase (decrease) in prepaid expenses and other assets	(1,466)	600
Change in income tax receivable/payable, net	1,014	(2,965)
(Decrease) increase in accounts payable	(3,951)	5,655
Decrease in customer prepayments	(37,037)	(22,759)
Increase in accrued program costs	6,399	10,660
Decrease in other payables and accrued expenses	(332)	(500)
Net cash used in operating activities	(42,424)	(41,452)
Cash flows from investing activities:		
Capital expenditures	(3,565)	(2,590)
Proceeds from disposal of property, plant and equipment	23	—
Acquisition of a product line	—	(703)
Intangible assets	(25)	(15)
Net cash used in investing activities	(3,567)	(3,308)
Cash flows from financing activities:		
Payments under line of credit agreement	(35,346)	(27,300)
Borrowings under line of credit agreement	83,463	72,000
Net receipt from the issuance of common stock under ESPP	430	480
Net (payment) receipt from the exercise of stock options	—	18
Net payment from common stock purchased for tax withholding	(14)	(13)
Repurchase of common stock	—	(557)
Payment of cash dividends	(834)	(851)
Net cash provided by financing activities	47,699	43,777
Net increase (decrease) in cash	1,708	(983)
Effect of exchange rate changes on cash and cash equivalents	585	223
Cash at beginning of period	11,416	20,328
Cash at end of period	\$ 13,709	\$ 19,568

See notes to the [Condensed Consolidated Financial Statements](#), condensed consolidated financial statements.

AMERICAN VANGUARD CORPORATION AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements
(In thousands, except share data)
(Unaudited)

1. *Summary of Significant Accounting Policies* — The accompanying unaudited condensed consolidated financial statements of American Vanguard Corporation and Subsidiaries (“AVD” or “the Company”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of consolidating adjustments, eliminations and normal recurring accruals) considered necessary for a fair statement presentation have been included. Operating results for the three- and nine-month periods three months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 December 31, 2024. The financial statements and related notes do not include all information and footnotes required by US GAAP for annual reports. This quarterly report should be read in conjunction with the consolidated financial statements included in the Company’s annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023. Certain operating cash flow items have been reclassified in the prior period condensed consolidated financial statements to conform with the September 30, 2023 presentation.

2. *Leases* — The Company has operating leases for warehouses, manufacturing facilities, offices, cars, railcars and certain equipment. The lease term includes the non-cancellable period of the lease plus any additional periods covered by either an option to extend (or not terminate) that the Company is reasonably certain to exercise. The Company has leases with a lease term ranging from one year to approximately twenty years 20.

Finance leases are immaterial to the accompanying condensed consolidated financial statements. There were no lease transactions with related parties as of and for the three- and nine-month periods presented in the table below. years.

The operating lease expense for the three-month periods three months ended September 30, 2023, March 31, 2024 and 2022, 2023 was \$1,701 1,936 and \$1,653 1,637, respectively, and \$5,012 and \$4,876 for the nine-month periods ended September 30, 2023 and 2022, respectively. Lease expenses related to variable lease payments and short-term leases were immaterial. Additional Other information related to operating leases are as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash paid for amounts included in the measurement of lease liabilities	\$ 1,601	\$ 1,613	\$ 4,788	\$ 4,846
ROU assets obtained in exchange for new lease liabilities	\$ 643	\$ 2,378	\$ 3,220	\$ 4,202

	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash paid for amounts included in the measurement of lease liabilities	\$ 2,032	\$ 1,644
Right-of-use assets obtained in exchange for new liabilities	\$ 2,382	\$ 1,884

The weighted-average remaining lease term and discount rate related to the operating leases as of September 30, 2023 March 31, 2024 were as follows:

Weighted-average remaining lease term (in years)	5.29 4.90
Weighted-average discount rate	4.37 4.83 %

Future minimum lease payments under non-cancellable operating leases as of September 30, 2023 March 31, 2024 were as follows:

2023 (excluding nine-months ended September 30, 2023)	\$ 1,682
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2024	6,113		
2024 (excluding three months ended March 31, 2024)		\$	5,433
2025	5,538		6,353
2026	4,251		4,733
2027	2,736		3,219
2028			2,236
Thereafter	6,200		4,677
Total lease payments	26,520	\$	26,651
Less: imputed interest	(2,865)		(2,886)
Total	\$ 23,655	\$	23,765
Amounts recognized in the condensed consolidated balance sheets:			
Amounts recognized in the condensed consolidated balance sheet:			
Operating lease liabilities, current	\$ 5,553	\$	6,358
Operating lease liabilities, long-term	\$ 18,102		
Operating lease liabilities, long term		\$	17,407

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3. *Revenue Recognition* —The Company recognizes revenue from the sale of its products, which include crop and non-crop products. The Company sells its products to customers, which include distributors, retailers, and growers. In addition, the Company recognizes royalty income from licensing agreements within the U.S non-crop business. Substantially all revenue is recognized at a point in time. The Company has one reportable segment. Selective enterprise information of sales disaggregated by category and geographic region is as follows:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Net sales:						
U.S. crop	\$ 67,749	\$ 69,101	\$ 185,823	\$ 220,303	\$ 67,257	\$ 61,876
U.S. non-crop	19,250	18,946	50,041	53,844	17,768	13,899
Total U.S.	86,999	88,047	235,864	274,147	85,025	75,775
International	62,517	64,220	171,327	175,916	50,118	49,110
Total net sales:	\$ 149,516	\$ 152,267	\$ 407,191	\$ 450,063	\$ 135,143	\$ 124,885

The Company recognized revenue for substantially all of its net sales at a point in time.

Contract assets relate to royalties earned on certain functional licenses granted for the use of the Company's intellectual property and amounted to \$3,100 at September 30, 2023 and December 31, 2022. The contract assets of \$3,100 are included in other receivables on the condensed consolidated balance sheets as of September 30, 2023. The short-term and long-term contract assets of \$2,098 and \$1,002 are included in other receivables and other assets, respectively, on the condensed consolidated balance sheet as of December 31, 2022.

The Company sometimes receives payments from its customers in advance of goods and services being provided in return for early cash incentive programs. These payments are included in customer prepayments on the condensed consolidated balance sheets. Revenue recognized for the three- and nine-month

periods three months ended September 30, 2023 March 31, 2024, that was included in customer prepayments at the beginning of 2023, 2024, was \$16,374 37,040 and \$82,099, respectively, and \$22,500 was refunded to customers. The Company expects to recognize all its remaining customer prepayments as revenue in fiscal 2023, 2024.

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4. *Property, Plant and Equipment* — Property, plant and equipment at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consists of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Land	\$ 2,762	\$ 2,757	\$ 2,765	\$ 2,765
Buildings and improvements	21,009	20,794	21,328	21,088
Machinery and equipment	147,376	142,980	150,940	148,912
Office furniture, fixtures and equipment	10,846	13,231	10,452	10,622
Automotive equipment	1,205	1,584	1,205	1,247
Construction in progress	8,805	5,897	11,625	10,553
Total gross value	192,003	187,243		
Total			198,315	195,187
Less accumulated depreciation	(118,798)	(116,331)	(122,406)	(120,627)
Total net value	\$ 73,205	\$ 70,912		
Property, plant and equipment, net			\$ 75,909	\$ 74,560

The Company recognized depreciation expense related to property and equipment of \$2,074 2,170 and \$2,130 2,179 for the three-month periods three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. The Company recognized depreciation expense related to property and equipment of \$6,396

and \$6,207 for the nine-month periods ended September 30, 2023 and 2022, respectively.

Substantially all of the Company's assets are pledged as collateral to with its lenders. lender banks.

5. *Inventories* — Inventories are Inventory is stated at the lower of cost or net realizable value. Cost is determined using by the first-in, first-out ("FIFO") or average cost methods, method, and includes material, labor, factory overhead and subcontracting services. Inventory reserves are recorded for excess and slow-moving inventory. The components Company recorded an inventory reserve of inventories \$2,761 and \$2,756 at March 31, 2024 and December 31, 2023, respectively.

	March 31, 2024	December 31, 2023
Finished products	\$ 199,941	\$ 198,935
Raw materials	28,368	20,616
Inventories	\$ 228,309	\$ 219,551

Finished products consist of the following: products that are sold to customers in their current form as well as intermediate products that require further formulation to be saleable to customers.

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September 30,
2023

December 31, 2022

Finished products	\$	216,767	\$	155,128
Raw materials		31,165		29,062
	\$	247,932	\$	184,190

6. **Accrued Program Costs** — The Company offers various discounts to customers based on the volume purchased within a defined time period, other pricing adjustments, some grower volume incentives or other key performance indicator driven payments which are made to distributors, retailers or growers, usually made at the end of a growing season, to distributors, retailers or growers. season. The Company describes these payments as "Programs". "Programs." Programs are a critical part of doing business in both the U.S. crop and non-crop chemicals marketplaces. These discount Programs represent variable consideration. Revenues from sales are recorded at the net sales price, which is the transaction price, net of the impact of Programs and includes estimates less an estimate of variable consideration. Variable consideration includes amounts expected to be paid to its customers estimated using the expected value method. Each quarter management reviews compares individual sale transactions with Programs to determine what, if any, estimated program Program liabilities have been incurred. Once this initial calculation is made for the specific quarter, sales and marketing management, along with support from executive and financial analysts, reviews management, review the accumulated Program balance and, for volume driven payments, make assessments of whether or not customers are tracking in a manner that indicates that they will meet the requirements set out in agreed upon terms and conditions attached to each Program. Following this assessment, management makes adjustments to adjust the accumulated accrual to properly reflect the Company's best estimate of the liability at the balance sheet date. Programs are then reviewed with executive management for final approval. Programs are paid out predominantly on an annual basis, usually in the final quarter of the financial year or the first quarter of the following year. No significant changes in estimates were made during the three- and nine-month periods ended September 30, 2023, and 2022.

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7. **Cash Dividends on Common Stock** —The Company has declared and paid the following cash dividends in the periods covered by this Form 10-Q:

Declaration Date	Record Date	Distribution Date	Dividend Per Share	Total Paid
September 12, 2023	September 22, 2023	October 6, 2023	\$ 0.030	\$ 834
June 12, 2023	June 28, 2023	July 14, 2023	\$ 0.030	\$ 848
March 13, 2023	March 24, 2023	April 14, 2023	\$ 0.030	\$ 851
December 13, 2022	December 28, 2022	January 11, 2023	\$ 0.030	\$ 851
September 12, 2022	September 23, 2022	October 7, 2022	\$ 0.025	\$ 715
June 6, 2022	June 24, 2022	July 8, 2022	\$ 0.025	\$ 742
March 14, 2022	March 25, 2022	April 15, 2022	\$ 0.025	\$ 736
December 13, 2021	December 27, 2021	January 10, 2022	\$ 0.020	\$ 594

Declaration Date	Record Date	Distribution Date	Dividend Per Share	Total Paid
March 11, 2024	March 27, 2024	April 10, 2024	\$ 0.030	\$ 836
December 15, 2023	December 29, 2023	January 12, 2024	\$ 0.030	\$ 834
March 13, 2023	March 24, 2023	April 14, 2023	0.030	851
December 12, 2022	December 28, 2022	January 11, 2023	\$ 0.030	\$ 851

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8. **Net Income (Loss) Earnings Per Share** — The components of basic and diluted net income (loss) earnings per share were as follows:

	Three Months Ended		Nine Months Ended		Three Months Ended	
	September 30,		September 30,		March 31,	
	2023	2022	2023	2022	2024	2023
Numerator:						

Net income (loss)					23,50		
	\$ (325)	\$ 6,741	\$ 540	\$ 6			
Denominator: (in thousands)							
Net income					\$ 1,552	\$ 1,918	
Denominator:							
Weighted average shares outstanding-basic	27,91	29,21	28,23	29,49			
	9	4	6	6	27,844	28,367	
Dilutive effect of stock options and grants	\$ —	591	420	632	284	706	
Weighted average shares outstanding-diluted	27,91	29,80	28,65	30,12			
	9	5	6	8	28,128	29,073	

Due to a net loss for

For the three-month period three months ended September 30, 2023, March 31, 2024 and 2023, no stock options and other grants or restricted stock awards were excluded from the computation of diluted net loss per share as the impact is anti dilutive. For the three-month ended September 30, 2022, and nine-month periods ended September 30, 2023, and 2022, no stock options were excluded from the computation of diluted income (loss) earnings per share.

9. *Debt* — The Company has a revolving line of credit that is shown as long-term debt in the condensed consolidated balance sheets at September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023. The Company has no short-term debt as of September 30, 2023, March 31, 2024 and December 31, 2022, December 31, 2023. The debt is summarized in the following table:

Long-term indebtedness (\$000's)	September 30, 2023	December 31, 2022	March 31, 2023	December 31, 2023
Revolving line of credit	\$ 218,000	\$ 52,300	\$ 187,017	\$ 138,900
Deferred loan fees	(897)	(823)	(1,127)	(1,218)
Net long-term debt	\$ 217,103	\$ 51,477		
Total indebtedness, net of deferred loan fees			\$ 185,890	\$ 137,682

The deferred loan fees as of September 30, 2023, March 31, 2024 are included in other assets on the condensed consolidated balance sheets.

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The Company and certain of its affiliates are parties to a revolving line of credit agreement entitled the "Third Amended and Restated Loan and Security Agreement" dated as of August 5, 2021 (the "Credit Agreement"), which is a senior secured lending facility among AMVAC, the Company's principal operating subsidiary, as Borrower Agent (including the Company and AMVAC BV), as Borrowers, on the one hand, and a group of commercial lenders led by BMO Bank, N.A. (formerly Bank of the West) as administrative agent, documentation agent, syndication agent, collateral agent and sole lead arranger, on the other hand. The Credit Agreement consists of a line of credit of up to \$275,000, an accordion feature of up to \$150,000, a letter of credit and swingline sub-facility (each having limits of \$25,000) and has a maturity date of August 5, 2026, August 5, 2026. The Credit Agreement amended and restated the previous credit facility, which had a maturity date of June 30, 2022. With respect to key financial covenants, the Credit Agreement contains two: namely, borrowers are required to maintain a Total Leverage ("TL") Ratio of no more than 3.5-to-1, during the first three years, stepping down to 3.25-to-1 as of December 31, 2024 for periods subsequent to September 30, 2024, and a Fixed Charge Coverage Ratio ("FCCR") of at least 1.25-to-1, 1.25-to-1. In addition, to the extent that it completes acquisitions totaling \$15 million or more in any 90-day period, AMVAC may step-up the TL Ratio by 0.5-to-1, not to exceed 4.00-to-1, for the next three full consecutive quarters. Acquisitions below \$50 million do not require Agent consent.

The Company's borrowing capacity varies with its financial performance, measured in terms of Consolidated EBITDA as defined in the Credit Agreement, for the trailing twelve-month period. Under the Credit Agreement, revolving loans bear interest at a variable rate based, at borrower's election with proper notice, on either (i) LIBOR plus the "Applicable Margin" which is based upon the Total Leverage ("TL") Ratio ("LIBOR Revolver Loan") or (ii) the greater of (x) the Prime Rate, (y) the Federal Funds Rate plus 0.5% 0.5%, and (z) the Daily One-Month LIBOR Rate plus 1.00% 1.00%, plus, in the case of (x), (y) or (z) the Applicable

Margin ("Adjusted Base Rate Revolver Loan"). The Company and the Lenders entered into an amendment to the Credit Agreement, effective March 9, 2023, whereby LIBOR was replaced by SOFR with a credit spread adjustment of 10.0 bps for all SOFR periods. The revolving loans now bear interest at a variable rate based at our election with proper notice, on either (i) SOFR plus 0.1% per annum and the "Applicable Margin" or (ii) the greater of (x) the Prime Rate, (y) the Federal Funds Rate plus 0.5%, and (z) the Daily One-Month SOFR Rate plus 1.10%, plus, in the case of (x), (y) or (z), the Applicable Margin ("Adjusted Base Rate Revolver Loan"). Interest payments for SOFR Revolver Loans are payable on the last day of each interest period (either one-, three- or six- month periods, months, as selected by the Company) and the maturity date, while interest payments for Adjusted Base Rate Revolver Loans are payable on the last business day of each month and the maturity date. The interest rate on September 30, 2023, was 7.04%. Interest was \$3,384 and \$1,086 for the three months ended September 30, 2023 and 2022, respectively, and \$8,282 and \$2,256 for the nine months ended September 30, 2023 and 2022, respectively.

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On November 7, 2023, the Company entered into Amendment Number Six to the Third Amended Loan and Security Agreement that provided relief in respect of both financial covenants. Specifically, with respect to the Maximum Total Leverage Ratio, the existing ratio of 3.5 through September 30, 2024 and 3.25 through December 31, 2024 and thereafter was changed to 5.5 through September 30, 2023, 4.5 for the periods ending December 31, 2023 and March 31, 2024, 4.0 for the period ending June 30, 2024, 3.5 through September 30, 2024 and returning to 3.25 from December 31, 2024 and thereafter. In addition, the Minimum Fixed Charge Coverage Ratio was changed from 1.25 to 1.0 for the periods ending September 30, 2023, December 31, 2023 and March 31, 2024 and returning to 1.25 for the period ending June 30, 2024 and thereafter. Further, after the delivery of financial statements and a covenant compliance certificate for the period ending December 31, 2023 assuming Total Leverage is less than 2.75, then Borrowers may terminate duration of the covenant modification period ("CMP") and revert to the terms of the existing Credit Agreement. Further, for the duration of the CMP, the Company is restricted from making share repurchases. Finally, the Applicable Margin (SOFR and Adjusted Base Rate) and Letter of Credit fees increase by 0.50 basis points for each tier of interest during CMP.

As of September 30, 2023 March 31, 2024, by virtue of Amendment Number Six to the Third Amended Loan and Security Agreement, the Company is deemed to be in compliance with its financial covenants, the terms of the CMP. The interest rate on March 31, 2024, was 8.30%. Interest incurred, including amortization of deferred loan fees, was \$3,747 and \$1,542 for the three months ended March 31, 2024 and 2023, respectively.

According At March 31, 2024, according to the terms of the Credit Agreement, as amended, and based on our performance against the most restrictive covenant listed above, the Company had the capacity to increase its borrowings by up to \$28,760 84,953 and . This compares to an available borrowing capacity of \$200,372 115,002 as of September 30, 2023 and December 31, 2022, respectively. December 31, 2023.

10. Classification Corrections — Corrections to the condensed consolidated statements of operations for the three and nine months ended September 30, 2022 were made in connection with the Company's operations in Australia, where the Company sells its products to distribution companies as well as directly to growers via third-party agents. The Company identified errors related to the classification of third-party agent's commission amounts. The Company evaluated these errors and the impact to previously issued financial statements and concluded that the impact of this classification error is not material to any previously issued quarterly or annual financial statements. However, management has recorded correcting adjustments to the previously reported financial statement line items and related disclosures. The third-party agents' commission in the amount of \$150 and \$427 was reclassified from net sales to operating expenses for the three and nine months ended September 30, 2022, respectively. The impact was an increase in net sales and gross profit in the amount of \$150 and \$427 and an offsetting increase in operating expenses in the same amount. These corrections did not have any impact on operating income, net income (loss), and net income (loss) per common share.

11. Change in Accounting Principle — Historically, the Company included warehousing, handling and outbound freight costs in operating expenses on its Consolidated Statements of Operations. Effective January 1, 2023, the Company elected to include these costs in cost of sales instead of operating expenses on its condensed consolidated statements of operations. The effects of the change in accounting have been retrospectively applied to all periods presented. The Company believes that the change in accounting is preferable as it aligns the Company's classification of this warehousing, handling and outbound freight costs in such a way as to present operational management with a clearer vision of the operational performance by business unit. This accounting change also increases the comparability of the Company's financial performance with its peer companies as most peer companies include these warehousing, handling and outbound freight costs in cost of sales rather than operating expenses. As a result, this change is intended to help interested parties better understand the Company's performance and facilitate comparisons with most of the Company's peer companies. This change in accounting principle does not impact operating income, net income (loss), and net income (loss) per share. The following table compares the Company's historical classification with the classification after the adoption of the change in accounting for the three and nine months ended September 30, 2023 and 2022:

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	Classification after adoption of accounting change		Classification prior to adoption of accounting change	
	For the three months ended September 30,		For the three months ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 149,516	\$ 152,267	\$ 149,516	152,267
Cost of sales	(106,432)	(102,629)	(91,938)	(90,733)
Gross profit	43,084	49,638	57,578	61,534
Operating expenses	(38,893)	(38,394)	(53,387)	(50,290)
Operating income	\$ 4,191	\$ 11,244	\$ 4,191	\$ 11,244

	Classification after adoption of accounting change		Classification prior to adoption of accounting change	
	For the nine months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 407,191	\$ 450,063	\$ 407,191	450,063
Cost of sales	(282,662)	(299,698)	(249,294)	(267,280)
Gross profit	124,529	150,365	157,897	182,783
Operating expenses	(113,317)	(113,559)	(146,685)	(145,977)
Operating income	\$ 11,212	\$ 36,806	\$ 11,212	\$ 36,806

12.10. Comprehensive (Loss) Income (Loss) — Total comprehensive (loss) income (loss) includes, in addition to net income, (loss), changes in equity that are excluded from the condensed consolidated statement statements of operations and are recorded directly into a separate section of stockholders' equity on the condensed consolidated balance sheets. For the three- and nine-month three-month periods ended September 30, 2023, March 31, 2024 and 2022, 2023, total comprehensive (loss) income (loss) consisted of net income (loss) attributable to American Vanguard and foreign currency translation adjustments.

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11. Stock-Based Compensation — The following tables illustrate Under the Company's Equity Incentive Plan of 1993, as amended ("the Plan"), all employees are eligible to receive non-assignable and non-transferable restricted stock (RSUs), options to purchase common stock, and other forms of equity. During the three months ended March 31, 2024 and 2023, the Company's stock-based compensation (included in operating expenses in the condensed consolidated statements of operations) expense amounted to \$2,005 and \$1,474, unamortized stock-based compensation, and remaining weighted average amortization period, respectively.

RSUs

	Stock-Based Compensation for the Three months ended	Stock-Based Compensation for the Nine months ended	Unamortized Stock-Based Compensation	Remaining Weighted Average Period (years)
September 30, 2023				
Restricted Stock	\$ 1,187	\$ 3,597	\$ 7,764	2.0
Unrestricted Stock	130	390	347	0.7
Performance-Based Restricted Stock	399	270	2,832	2.0
Total	\$ 1,716	\$ 4,257	\$ 10,943	

September 30, 2022

Restricted Stock	\$	1,184	\$	3,257	\$	8,010	2.0
Unrestricted Stock		130		369		347	0.7
Performance-Based Restricted Stock		246		770		3,093	1.9
Total	\$	1,560	\$	4,396	\$	11,450	

The Company also granted stock options in past periods. All outstanding stock options are fully vested and exercisable and no expense was recorded during the three- and nine-month periods ended September 30, 2023, and 2022.

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Time-Based Restricted and Unrestricted Stock — A summary of non-vested shares as of, and for, the three- and nine-month periods ended September 30, 2023, and 2022 nonvested RSUs outstanding is presented below:

	Three and Nine Months Ended September 30, 2023		Three and Nine Months Ended September 30, 2022	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested shares at December 31 st	742,050	\$ 18.86	817,290	\$ 17.04
Vested	(2,017)	15.71	(230,080)	17.31
Forfeited	(5,479)	19.87	(24,109)	17.10
Nonvested shares at March 31 st	734,554	18.86	563,101	16.93
Granted	279,419	21.17	242,067	23.79
Vested	(309,318)	14.83	(27,482)	22.35
Forfeited	(16,354)	19.50	(14,070)	18.53
Nonvested shares at June 30 th	688,301	21.59	763,616	18.88
Granted	9,745	13.63	13,600	18.94
Vested	(3,666)	16.79	(1,262)	19.39
Forfeited	(15,080)	21.70	(15,945)	20.09
Nonvested shares at September 30 th	679,300	\$ 21.50	760,009	\$ 18.86

Performance-Based Restricted Stock — A summary of non-vested performance-based shares as of, and for, the three- and nine-month periods ended September 30, 2023, and 2022, respectively is presented below:

Three and Nine Months Ended September 30, 2023	Three and Nine Months Ended September 30, 2022	Three Months Ended March 31, 2024	
Weighted Average Grant Number of Shares	Weighted Average Grant Number of Shares		
Date Fair Value	Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value

Nonvested shares at	318,6	18.0	379,0	16.4
December 31 st	99	\$ 5	61	\$ 3
Additional granted				
(forfeited) based on				
performance			(41,08	16.5
achievement	—	—	8)	6
Vested			(78,70	17.1
	—	—	4)	8
Forfeited				16.7
	—	—	(7,074)	7
Nonvested shares at	318,6	18.0	252,1	16.1
March 31 st	99	5	95	7
Additional granted				
(forfeited) based on				
performance	(58,82	14.7		
achievement	7)	3	—	—

Nonvested shares at						
January 1, 2024					949,510	\$ 21.28
Granted	94,02	21.5	83,19	23.6		
	8	1	0	3	51,832	10.28
Vested	(86,18	13.9				
	8)	9	—	—	(3,712)	21.55
Forfeited		16.9		17.5		
	(3,316)	1	(7,829)	0	(11,379)	21.71
Nonvested shares at	264,3	21.3	327,5	16.5		
June 30 th	96	6	56	8		
Forfeited		20.0		17.8		
	(466)	3	(2,577)	0		
Nonvested shares at	263,9	21.3	324,9	16.5		
September 30 th	30	\$ 6	79	\$ 7		
Nonvested shares at					986,251	\$ 20.69
March 31, 2024						

As of March 31, 2024, the total unrecognized stock-based compensation expense related to RSUs outstanding was \$6,816 and is expected to be recognized over a weighted-average service period of 1.8 years.

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Stock Options — The Company has stock options outstanding under its incentive stock option plans and performance incentive stock option plan. All outstanding stock options are vested and exercisable. The following tables present details for each type of plan:

Incentive Stock Option Plans

Activity for the three- and nine-month periods ended September 30, 2023:

	Number of Shares	Weighted Average Exercise Price Per Share
Balance outstanding, December 31, 2022	68,896	\$ 11.49
Options exercised	(1,537)	11.49

Balance outstanding, March 31, 2023	67,359	\$	11.49
Options exercised	(1,287)		11.49
Balance outstanding, June 30, 2023	66,072	\$	11.49
Options exercised	(1,200)		11.49
Balance outstanding, September 30, 2023	64,872	\$	11.49

All the incentive stock options outstanding as of September 30, 2023, have an exercise price per share of \$11.49, total intrinsic value of \$0, and a remaining life of 15 months.

Activity for the three- and nine-month periods ended September 30, 2022:

	Number of Shares	Weighted Average Exercise Price Per Share
Balance outstanding, December 31, 2021 and March 31, 2022	108,036	\$ 11.49
Options exercised	(33,745)	11.49
Balance outstanding, June 30, 2022	74,291	\$ 11.49
Options exercised	(1,541)	11.49
Balance outstanding, September 30, 2022	72,750	\$ 11.49

Performance Incentive Stock Option Plan

Activity for the three- and nine-month periods ended September 30, 2023:

Time-based Incentive Stock Option Plans - A summary of the time-based incentive stock option activity for the three month ended March 31, 2024 is presented below:

	Number of Shares	Weighted Average Exercise Price Per Share
Balance outstanding, December 31, 2022	81,808	\$ 11.49
Options exercised	—	—
Balance outstanding, March 31, June 30, and September 30, 2023	81,808	\$ 11.49

	Options outstanding	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance as of January 1, 2024	146,680	\$ 11.49	1.0	\$ —
Granted	680,737	\$ 10.29	6.8	\$ —
Balance as of March 31, 2024	827,417	\$ 10.51	5.7	\$ 2,022
Options vested and exercisable as of March 31, 2024	146,680	\$ 11.49	0.7	\$ 214

As of March 31, 2024, the total unrecognized stock-based compensation expense related to stock options outstanding was \$2,592 and is expected to be recognized over a weighted-average service period of 2.8 years.

Activity

12. Legal Proceedings — The Company records a liability on its consolidated financial statements for loss contingencies when a loss is known or considered probable, and the three- amount can be reasonably estimated. When determining the estimated loss or range of loss, significant judgment is required to estimate the amount and nine-month periods ended September 30, 2022; timing of a loss to be recorded. The Company recognizes legal expenses in connection with loss contingencies as incurred.

	Number of Shares	Weighted Average Exercise Price Per Share
Balance outstanding, December 31, 2021 and March 31, 2022	114,658	\$ 11.49
Options exercised	(32,850)	11.49
Balance outstanding, June 30 and September 30, 2022	81,808	\$ 11.49

All the performance incentive stock options outstanding as of September 30, 2023, have an exercise price per share of \$11.49, total intrinsic value of \$0, and a remaining life of 15 months.

14. Legal Proceedings — During the reporting period, there have been no material developments in legal proceedings that were reported in the Company's Form 10-K for the year ended December 31, 2022, except as described below.

Department of Justice and Environmental Protection Agency Investigation. On November 10, 2016, AMVAC was served with a grand jury subpoena from the United States Attorney's Office for the Southern District of Alabama, seeking documents regarding the importation, transportation, and management of a specific pesticide. The Company retained defense counsel to assist in responding to the subpoena and otherwise in defending the Company's interests. AMVAC is cooperating in the investigation. After interviewing multiple witnesses (including three employees before a grand jury in February 2022) and making multiple document requests, the Department of Justice ("DoJ" "DOJ") identified the Company and a manager-level employee as targets of the government's investigation. DoJ's DOJ's investigation focused on potential violations of two environmental statutes, the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA") and the Resource Conservation and Recovery Act ("RCRA"), as well as obstruction of an agency proceeding and false statement statutes. In March 2022, the individual target entered into a plea agreement relating to provision of false information in a government proceeding. In July 2022, the DoJ sent correspondence to the Company's counsel to the effect that it was focusing on potential RCRA violations relating to the reimportation of Australian containers in 2015. Our defense counsel has spoken conferred with DoJ on the subject intermittently from time to time over the past several 18 months and DoJ expressed an in the interest in resolving the matter. The In January 2024, the Company anticipates further discussion and DoJ reached an agreement in principle, which is subject to approval by the cognizant court and with respect to which the Company has recorded a loss contingency. A Company representative intends to attend a hearing to enter a plea on resolution of the matter. matter in late May 2024.

The governmental agencies involved in this investigation have a range of civil and criminal penalties they may seek to impose against corporations and individuals for violations of FIFRA, RCRA and other federal statutes including, but not limited to, injunctive relief, fines, penalties and modifications to business practices and compliance programs, including the appointment of a monitor. If violations are established, the amount of any fines or monetary penalties which could be assessed and the scope of possible non-monetary relief would depend on, among other factors, findings regarding the amount, timing, nature and scope of the violations, and the level of cooperation provided to the governmental authorities during the investigation. As a result, Based upon the content of agreement, in principle, the Company cannot yet anticipate does not believe that the timing or predict the ultimate resolution of this investigation financial or otherwise, which could will have a material adverse effect on our business prospects, operations, financial condition or cash flow.

Pitre etc. v. Agrocentre Ladauniere et al. On February 11, 2022, a strawberry grower named Les Entreprises Pitre, Inc. filed a complaint in the Superior Court, District of Labelle, Province of Quebec, Canada, entitled *Pitre, etc. v. Agrocentre Ladauniere, Inc. et al., including Amvac Chemical Corporation*, seeking damages in the amount of approximately \$5 million arising from stunted growth of, and cash flows. Accordingly, reduced yield from, its strawberry crop allegedly from the application of Amvac's soil fumigant, Vapam, in spring of 2021. Examinations of plaintiff were held in mid-August 2022, during which plaintiff in effect confirmed that he had planted his seedlings before expiration of the full time interval following product application (as per the product label), that he had failed to follow the practice of planting a few test seedlings before planting an entire farm, and that he had placed his blind trust in his application adviser on all manner of timing and rate. The examination of the Company's most knowledgeable witness took place in April 2024. The Company believes that the claims have no merit.

and intends to defend the matter. At this stage in the proceedings, there is not sufficient information to form a judgment as to either the probability or amount of loss; thus, the company has not recorded set aside a loss contingency for reserve in connection with this matter.

Notice of Intention to Suspend DCPA, DCPA. On April 28, 2022, the USEPA published a notice of intent to suspend (“NOITS”) DCPA, the active ingredient of an herbicide marketed by the Company under the name Dacthal. The agency cited as the basis for the suspension that the Company did not take appropriate steps to provide data studies requested in support of the registration review. In fact, over the course of several years, the Company cooperated in performing the vast majority of the nearly 90 studies requested by USEPA and had been working in good faith to meet the agency’s schedule. After an appeals court (the Environmental Appeals Board) clarified proceedings in law and motion, the proper standard for use at the hearing (namely, whether registrant took appropriate steps to respond to the data call-in), a hearing was held in January 2023 before the ALJ, by which time USEPA had narrowed the scope of its claim to nine outstanding studies, all of which have been started by the Company and none of which are necessary for USEPA to commence its risk assessment. In April 2023, the ALJ reached a decision, finding that the agency acted within its authority in issuing the NOITS. On approximately August 22, 2023, the company entered into a settlement agreement with USEPA pursuant to which the Company waived parties set a timeline for the right to appeal and accepted a suspension submission of remaining studies, which, if approved by the agency, would result in reinstatement of the registration. The Company submitted the studies in question, the agency reviewed them, and the registration was reinstated in consideration November 2023. After that reinstatement, the agency resumed registration review, during which it expressed concern over the potential health effects on farm workers in early stages of pregnancy. These concerns arose over a comparative thyroid assay (“CTA”), a relatively new and complex study, which indicated an effect on fetal rodents. In an effort to meet the agency’s concerns, over a period of several months, the Company provided significant training to USEPA on actual use patterns for Dacthal, worker re-entry practices, size of fields treated per diem and geographical focus. Nevertheless, in April 2024, USEPA concluded that, despite the mitigation measures and other information proposed by the Company and due to its safety concerns, the agency was at an impasse in advancing its registration review of the agency reinstating then current label. Accordingly, out of an abundance of caution, the registration within 75 days after submission Company submitted a significantly narrower label and voluntarily suspended sales of Dacthal pending review and potential approval of that label. The outcome of the final study (which was subsequently provided to the agency on or about August 18, 2023). That period expired on or about November 3, 2023, after which, barring a finding of inadequacy in meeting study protocols, the agency has ten days within which to reinstate. In connection with this matter, the Company believes that a loss agency’s review is neither probable nor estimable and, consequently, has not set aside a reserve in connection with this matter.

Reyes v. AMVAC. On September 28, 2023, the Company received correspondence from counsel for ex-employee Jorge Reyes Jr. addressed to the California Department of Industrial Relations alleging a host of wage and hour violations under California law. This is a precursor to a civil filing under applicable state law. Subsequently, plaintiff, putatively on behalf of the class of similarly situated, non-exempt California-based employees, served a summons and complaint on the Company’s registered agent that had been electronically filed as Case No. 238TCV23665, encaptioned, Jorge Reyes v. AMVAC etc., et al., with the Superior Court for the County of Los Angeles, Central District. As is typical of these sorts of action, plaintiff alleges wages and hours violations of all imaginable types, including overtime, minimum wage, sick leave, rest periods and so on. The Company intends to defend the matter vigorously, does not believe that the claims have any merit. Accordingly, the Company has not recorded a loss contingency for this matter. uncertain at present.

15.13. Recently Recent Issued Accounting Guidance — In November 2023, the FASB issued ASU No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure.” The ASU updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. The ASU is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied either prospectively or retrospectively. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

The Company reviewed all **other** recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to its condensed consolidated financial statements.

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16, 14. Fair Value of Financial Instruments — The accounting standard for fair value measurements provides a framework for measuring fair value and requires **certain expanded** disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. This accounting standard established a fair value hierarchy, which requires an entity to maximize the use of observable inputs, where available. The following summarizes the three levels of inputs required:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liabilities.
- Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

The carrying amount of the Company's financial instruments, which principally include cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses, approximates fair value because of the relatively short maturity of such instruments. The carrying amount of the Company's borrowings, which are considered Level 2 liabilities, approximates fair value as they bear interest at a variable rate **that represents at** current market rates.

The Company measures its contingent earn-out liabilities in connection with business acquisitions at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy. The Company may use various valuation techniques depending on the terms and conditions of the contingent consideration including a Monte-Carlo simulation. This simulation uses probability distribution for each significant input to produce hundreds or thousands of possible outcomes and the results are analyzed to determine probabilities of different outcomes occurring. The Company did not have any contingent earn-out liabilities at September 30, 2023 and December 31, 2022.

The following table illustrates the Company's contingent earn-out liability movements related to its business acquisitions as of, and for the three- and nine-month periods ended September 30, 2022:

	Three months ended September 30, 2022	Nine months ended September 30, 2022
Balance, June 30, 2022 and December 31, 2021, respectively	\$ 1,367	\$ 786
Fair value adjustment	—	635
Payments on existing obligations	(1,292)	(1,292)
Accretion of discounted liabilities	10	28
Foreign exchange effect	(85)	(157)
Balance, September 30, 2022	\$ —	\$ —

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17, 15. Accumulated Other Comprehensive Loss ("AOCL")—The following table lists the beginning balance, **annual quarterly** activity and ending balance of accumulated other comprehensive loss, which consists of foreign currency translation adjustments:

	Total
Balance, December 31, 2022	\$ (12,182)
Foreign currency translation adjustment, net of tax effects of (\$132)	2,546
Balance, March 31, 2023	(9,636)
Foreign currency translation adjustment, net of tax effects of (\$122)	3,505

Balance, June 30, 2023		(6,131)
Foreign currency translation adjustment, net of tax effects of \$133		(3,123)
Balance, September 30, 2023	\$	(9,254)
Balance, December 31, 2021	\$	(13,784)
Foreign currency translation adjustment, net of tax effects of (\$48)		7,080
Balance, March 31, 2022		(6,704)
Foreign currency translation adjustment, net of tax effects of \$109		(6,064)
Balance, June 30, 2022		(12,768)
Foreign currency translation adjustment, net of tax effects of \$81		(2,764)
Balance, September 30, 2022	\$	(15,532)

	Total
Balance, January 1, 2024	\$ (5,963)
Foreign currency translation adjustment, net of tax effects of (\$205)	(1,564)
Balance, March 31, 2024	\$ (7,527)
Balance, January 1, 2023	\$ (12,182)
Foreign currency translation adjustment, net of tax effects of (\$89)	2,546
Balance, March 31, 2023	\$ (9,636)

18. 16. Equity Investments — In February 2016, AMVAC Netherlands BV made an investment in Biological Products for Agriculture (“Bi-PA”). Bi-PA develops biological plant protection products that can be used for the control of pests and disease of agricultural crops. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022, 2023**, the Company's ownership position in Bi-PA was 15%. Since this investment does not have a readily determinable fair value, the Company has elected to measure the investment at cost less impairment, if any, and also records an increase or decrease for changes resulting from observable price changes in orderly transactions for the identical or a similar investment of Bi-PA. The Company periodically reviews the investment for possible impairment. There was no impairment or observable price changes on the investment during the **three-three months ended March 31, 2024** and **nine-month periods ended September 30, 2023 and 2022, 2023**. The investment is recorded within other assets on the condensed consolidated balance sheets and amounted to \$2,869 as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**.

On April 1, 2020, AMVAC purchased 6.25 million shares, an ownership of approximately 8%, of common stock of Clean Seed Capital Group Ltd. (TSX Venture Exchange: “CSX”) for \$1,190. The shares are publicly traded, have a readily determinable fair value, and are considered a Level 1 investment. The fair value of the stock amounted to \$**460** **1,063** and \$**784** **425** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. The Company recorded a **loss** **gain** of \$**247** **638** and \$**454** for the three-month periods ended September 30, 2023 and 2022, respectively. The Company recorded a loss of \$**324** and a gain of \$**857** **22** for the **nine-month periods** **three months** ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. The investment is recorded within other assets on the condensed consolidated balance sheets and the associated gains and losses are included in the change in fair value of equity investments. sheets.

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17. Income Taxes — Income tax expense for the three and nine months ended September 30, 2023 and 2022, is computed using the estimated effective tax rates applicable to each of the domestic and international taxable jurisdictions for the full year. The Company's tax rate is subject to management's quarterly review and revision, as necessary. The Company's provision for income taxes and effective income tax rate are significantly impacted by the mix of the Company's domestic and foreign income (loss) before income taxes.

— Income tax expense was \$885 and \$2,963 1,484 for the three-month period three months ended September 30, 2023 March 31, 2024, and 2022, respectively, and as compared to income tax benefit of \$2,066 and \$10,187 361 for the nine months three-months ended September 30, 2023 and 2022, respectively, March 31, 2023. The effective income tax rate for the three months ended March 31, 2024 was computed based on the estimated effective tax rate for the full year. This calculation resulted in an effective tax rate of 158.0% and 30.5 48.9% for the three-month periods three months ended September 30, 2023 and 2022, respectively, and March 31, 2024, as compared to negative 79.3% and 30.2 23.2% for the nine three months ended September 30, 2023 and 2022, respectively.

For the three-month period ended September 30, 2023, the March 31, 2023. The increase in the effective income tax rate for the three months ended March 31, 2024 compared to the same period in 2022, the prior year is primarily attributable attributed to an increase in losses incurred at certain entities which did not result in a benefit for income tax purposes as these entities continue to maintain a valuation allowance against their net deferred tax assets.

Additionally, for the nine-month period ended September 30, 2023, the increase in the effective income tax rate compared to the same period in 2022, is due to withholding tax charges (net of income tax credits) associated with interest on certain intercompany loans and the establishment of liabilities for uncertain tax positions in certain jurisdictions. The increase in the effective income tax rate is partially offset by assets, as well as a one-time benefit from the remeasurement of certain U.S. federal and state deferred taxes.

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taxes in the same period in the prior year.

It is expected that \$1,814 328 of unrecognized tax benefits will be released within the next twelve months due to expiration of the statute of limitations.

20.18. Stock Re-purchase Programs Program —The Company periodically repurchases shares of its common stock under a board-authorized repurchase program through a combination of open market transactions and accelerated share repurchase ("ASR") arrangements.

— On March 8, 2022, pursuant to a Board of Directors resolution, the Company announced its intention to repurchase an aggregate number of up to 1,000,000 shares of its common stock under a 10b5-1 plan, par value \$0.10 per share, in the open market over the succeeding one year, subject to limitations and restrictions under applicable securities laws. During 2022 and 2023, the Company purchased 761,985 shares of its common stock for a total of \$14,558 at an average price of \$19.11 per share under this The 10b5-1 plan which terminated on March 8, 2023.

On May 25, 2023, pursuant to a Board of Directors resolution, the Company announced its intention to repurchase up to \$15,000 of its common stock under a 10b5-1 plan, par value \$0.10 per share, in the open market over the succeeding one year, subject to limitations and restrictions under applicable securities laws. During the three months ended September 30, 2023, the Company purchased 477,089 shares of its common stock for a total of \$8,313 at an average price of \$17.42 per share under this plan. During the nine months ended September 30, 2023, the Company purchased 885,290 shares of its common stock for a total of \$15,539 at an average price of \$17.55 per share under this plan.

The table below summarizes the number of shares of the Company's common stock that were repurchased through open market transactions during the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Three months ended	Total number of shares purchased	Average price paid		Total amount paid
		per share		
September 30, 2023	477,089	\$	17.42	\$ 8,313
September 30, 2022	387,340	\$	19.36	\$ 7,499
Nine months ended	Total number of shares purchased	Average price paid		Total amount paid
		per share		
September 30, 2023	885,290	\$	17.55	\$ 15,539
September 30, 2022	720,350	\$	19.06	\$ 13,731

On August 22, 2022, pursuant to a Board of Directors resolution, the Company entered into an ASR arrangement to repurchase \$20,000 of its common stock. Under the agreement, the Company paid \$20,000 and immediately received an initial delivery of 802,810 shares in the amount of \$16,000, which the Company recorded as treasury shares. The Company recorded the remaining \$4,000 as a reduction to additional paid-in capital pending final settlement in the fourth quarter of 2022. On December 14, 2022, the ASR was completed, and pursuant to the settlement terms of the ASR, the Company received an additional 131,892 shares of its common stock. The average price paid for all of the shares delivered under the ASR was \$21.40 per share.

The table below summarizes the number of shares of the Company's common stock that were received under the accelerated share repurchase arrangement during the three- and nine-month periods ended September 30, 2022.

Three months ended	Total number of shares purchased	Average price paid per share	Total amount paid	Total number of shares purchased	Average price paid per share	Total amount paid	Maximum number of shares that may yet be purchased under the plan
September 30, 2022	802,810	\$ 19.93	\$ 16,000				
March 31, 2024				—	—	—	—
March 31, 2023				27,835	\$ 19.96	\$ 557	—

Pursuant to Amendment Number Six to the Third Amended Loan and Security Agreement, effective November 7, 2023, the Company is currently prevented from making stock repurchases.

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21. 19. Supplemental Cash Flow Information

	For the Nine Months Ended September 30,		For the three months ended March 31	
	2023	2022	2024	2023
Cash paid during the period:				
Supplemental cash flow information:				
Cash paid during the period for:				
Interest	\$ 7,317	\$ 2,073	\$ 3,594	\$ 1,316
Income taxes, net	\$ 7,643	\$ 15,530	\$ 1,350	\$ 2,104
Non-cash transactions:				
Cash dividends declared and included in accrued expenses	\$ 834	\$ 715	\$ 836	\$ 851

22. Subsequent Event—October 9, 2023, the Company completed the acquisition of Punto Verde, a well-established distributor in Guayaquil, Ecuador, to strengthen its product portfolio and market access in the Latin American region, for a total consideration of approximately \$4,800. The acquisition will be accounted for as a business combination on the Company's consolidated financial statements. 15

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Numbers in thousands)

FORWARD-LOOKING STATEMENTS/RISK FACTORS:

The Company, from time-to-time, may discuss forward-looking statements including assumptions concerning the Company's operations, future results and prospects. These forward-looking statements are based on current expectations and are subject to a number of risks, uncertainties and other factors. In connection with the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary statements identifying important factors which, among other things, could cause the actual results and events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions contained in the entire Annual Report. Such factors include, but are not limited to: product demand and market acceptance risks; the effect of

economic conditions; weather conditions; changes in regulatory policy; the impact of competitive products and pricing; changes in foreign exchange rates; product development and commercialization difficulties; capacity and supply constraints or difficulties; availability of capital resources; general business regulations, including taxes and other risks as detailed from time-to-time in the Company's reports and filings filed with the U.S. Securities and Exchange Commission (the "SEC"). It is not possible to foresee or identify all such factors. For more detailed information, refer to Item 3.3, Quantitative and Qualitative Disclosures about Market Risk, and Part II, Item 1A, 1A., Risk Factors, in this Quarterly Report on Form 10-Q.

Effective January 1, 2023, the Company includes warehousing, handling and outbound freight costs in cost of sales instead of operating expenses on its condensed consolidated statements of operations. The effects of the change in accounting have been retrospectively applied to all periods presented. The Company believes that the change in accounting is preferable as it aligns the Company's classification of these warehousing, handling and outbound freight costs in such a way as to present operational management with a clearer vision of the operational performance by business unit. This accounting change also increases the comparability of the Company's financial performance with its peer companies as most peer companies include warehousing, handling and outbound freight costs in cost of sales rather than operating expenses. As a result, this change is intended to help interested parties better understand the Company's performance and facilitate comparisons with most of the Company's peer companies. The change in accounting principle did not have any impact on operating income, net income (loss) and net income (loss) per share. Please refer to Note 11 to the condensed consolidated financial statements for further details.

MANAGEMENT OVERVIEW

Overview of the Company's Performance

The third quarter of 2023 global agriculture market remains stable but is characterized by mixed conditions. A strong United States dollar coupled with high grain inventory stocks has been marked by served to suppress commodity prices for both corn and soybeans. At these price levels, however, farming is still a profitable business. That said, while the same factors that have lingered over distribution channel has relaxed its inventory destocking practice from last year, it continues to exercise fiscal restraint in procurement. This is also true within the course of the full year to date, namely: destocking by customers that seek to avoid the high carrying costs of inventory; supply chain issues with a key herbicide; procurement of goods closer to time-of-use; the influence of low-cost generic products exported to multiple markets from China-based suppliers working within a strained economy; and a strong US Dollar with relatively stable commodity prices. These factors have tended to affect different markets somewhat disparately, as will be noted from the discussion below. non-crop markets.

Within this context, the Company's overall financial performance during the quarter was better with respect to net sales and adjusted EBITDA and slightly below net income for the third comparable period last year. During the first quarter of 2023 declined 2024 our sales increased by 8%, as compared to the third first quarter of 2022. Domestically, 2023. Regionally speaking, domestic sales of both crop and non-crop products were nearly flat with those increased by 12%, while international sales increased by 2%. Improvements along the supply chain allowed sales to normalize for some of the comparable Company's highest margin herbicides and insecticides. Improved net sales were primarily driven by increased availability of herbicides, an increase in market share in granular soil insecticides and an increase in demand for mosquito control products.

Cost of goods sold increased broadly in line with sales and were up 7%, as compared to the same quarter of 2023. This included changes in 2022. product mix, relative to the same period of last year and factory performance that was significantly better than the same period of the prior year, with both lower factory costs and slightly increased output, relative to 2023. As a result of these factors, gross margins for the conservative procurement trend, inventory of many of our crop products within the distribution channel was business remained constant at historic lows, even though end customer demand was strong; this was true, for example of Aztec, our leading corn soil insecticide. Further, we experienced mixed results among other crop protection products. For example, sales of soil fumigants in the Pacific Northwest were strong (as this is the application season and weather was favorable) 31%, while sales of cotton products (primarily into the south and southwest) were affected by reduced planted acres and unfavorable weather. Within the domestic non-crop business, retailers continued to demonstrate conservative stocking patterns. Nevertheless, we experienced steady demand for nursery, ornamental and professional pest control products. Within our international business, sales were down slightly, while some regions (e.g., Mexico) showed greater strength and others (e.g., Central America and Brazil) continued to experience market pressure from low-priced, generic goods from China-based suppliers.

Against this backdrop, on a consolidated basis, domestic sales declined by 1% while international sales declined by 3%, resulting in an overall net sales decline of 2%. Overall cost of sales increased by 4% and was 71% of sales in 2023, as compared to 67% for versus the same period of 2022. These factors, taken together with slightly higher net manufacturing costs resulted in a 13% decrease in gross profit (to \$43,084 in 2023 from \$49,638 in 2022), while overall gross margin percent declined to 29% from 33% quarter-over-quarter. 2023.

Operating expenses increased slightly by 3% versus the first quarter of 2024, due primarily to \$38,893 for increased general and administrative and foreign exchange expenses, audit fees, incentive compensation accruals and transformation costs, partially offset by decreased regulatory expenses. While the three-

months period ended September 30, 2023 from \$38,394 overall operating expenses increased on an absolute basis, they decreased as a percentage of sales to 27%, as compared to 28% in the same quarter period of the prior year; further, operating expenses year.

Interest expense increased, based upon increased average borrowings, driven by elevated interest rates and higher working capital levels as the Company starts its annual cycle that includes starting to build inventory at the start of the year to fuel sales growth planned for the rest of the year. Taxes increased by \$1,845 to \$1,484 during the quarter, versus the first three months of 2023, during which the company recorded income tax benefits amounting to \$361. The first quarter tax result was driven in part by the effect of lower financial performance in Brazil, which requires the Company to record a percent valuation allowance that results in a higher, consolidated tax rate. The Company generated net income of net sales rose \$1,552 (or \$0.06 per share) compared to 26% \$1,918 (or \$0.07 per share) in the third quarter of 2023 from 25% in the comparable period of 2022, largely due to higher research, product development costs, regulatory expenses costs and increased sales and marketing expenses. prior year.

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Operating income for the period decreased to \$4,191 from \$11,244, driven by reduced sales, higher freight charges (an element of cost of sales), a decreased gross margin percentage and higher operating expenses. During the third quarter, the Company experienced significantly higher interest expenses, due to increased borrowing and significantly higher interest rates. Income before taxes ended at \$560 including a profitable performance for most of the Company's operating entities around the world, offset by losses in certain businesses, including Brazil. Losses at that entity generate a tax benefit, which was not realized as a result of maintaining a full valuation allowance. As a result, net tax expense exceeded income before taxes, resulting in a net loss for the quarter.

These factors yielded a net loss for the period of \$325, as compared to net income of \$6,741 in the third quarter of 2022. Details on our financial performance are set forth below.

RESULTS OF OPERATIONS

Quarter Ended September 30, 2023 and 2022: March 31:

					For the three months ended March 31,			
	2023	2022	Change	% Change	2024	2023	Change	% Change
Net sales:								
U.S. crop	\$ 67,749	\$ 69,101	\$ (1,352)	-2 %	\$ 67,257	\$ 61,876	\$ 5,381	9 %
U.S. non-crop	19,250	18,946	304	2 %	17,768	13,899	3,869	28 %
Total U.S.	86,999	88,047	(1,048)	-1 %	85,025	75,775	9,250	12 %
International	62,517	64,220	(1,703)	-3 %	50,118	49,110	1,008	2 %
Total net sales	149,516	152,267	(2,751)	-2 %	\$ 135,143	\$ 124,885	\$ 10,258	8 %
Total cost of sales	(106,432)	(102,629)	(3,803)	4 %	\$ (92,725)	\$ (86,348)	\$ (6,377)	7 %
Total gross profit	\$ 43,084	\$ 49,638	\$ (6,554)	-13 %	\$ 42,418	\$ 38,537	\$ 3,881	10 %
Total gross margin	29 %	33 %			31 %	31 %		

Our domestic crop business recorded net sales during the first quarter of 2024 that were 2% lower 9% higher than those of the third first quarter of 2022 2023 (\$67,749 67,257 as compared to \$69,101) \$61,876). Our cotton products Overall herbicides sales were negatively influenced by a year-over-year decline up 17% in US cotton acreage of up to 25% in key Southeast and Mississippi delta regions resulting in reduced the quarter versus this time last year. The

quarter benefited from sales of our foliar insecticide Bidrin. Further, late planting of cotton the herbicide, Dacthal, which was not available during the comparable quarter in 2023 led due to some delayed applications supply chain constraints. On a related note, the Company has meanwhile suspended sales of our Folex harvest defoliant from this year's third quarter Dacthal for regulatory reasons (refer to Note 12 to the fourth quarter condensed consolidated financial statements for further details). In addition, we recorded no sales of our herbicide Dacthal, as foliar insecticides, the Company is awaiting reinstatement benefited from increased cotton planting with Dibrom and Bidrin sales up 39%. In granular insecticides, sales were up 9%, with Thimet growing as a result of increased peanut crop acreage, and Index® sales in corn trending higher. These positive developments in granular pesticides were partially offset by Aztec sales which were down 37%, as sales patterns normalized. In comparison, during the same period of the prior year, customers took advantage of readily available inventory of Aztec to restock after an extended period during which that product registration after having submitted data study requirements. These declines had not been available. Soil fumigant sales were largely offset down 14% due to a shortened application window driven by significantly higher sales of our corn soil insecticide Aztec, as corn rootworm pressure intensified, while channel inventories are at historical lows. Sales of our Thimet insecticide for use against wireworm infestation in sugarcane were very strong cool and wet temperatures in the third quarter. Similarly, our metam sodium soil fumigants also posted larger sales, as late summer Northwest and early autumn dry weather patterns facilitated increased third quarter application, a decrease in potato prices.

Our domestic non-crop business posted increased a 28% increase in net sales in the third first quarter of 2023, 2024, as compared to the same period in the prior year (\$19,250 versus \$18,936) 17,768 as compared to \$13,899). In this category, Dibrom® and Trumpet mosquito adulticide sales were up 16% based upon predictions for stronger than normal tropical storm activity. Our OHP business was up 10%, buoyed by strong sales of its biorational portfolio and pre-emergent herbicides. Finally, private label pest strip sales were up over 100% compared to the quarter, demand for our OHP nursery and ornamental products remained relatively flat, as consumer spending on such products remained steady. Likewise, we saw a normal late summer/early fall demand for goods that we supply to professional pest control applicators and landscapers. Sales of mosquito control product were slightly lower than those of the prior year third quarter ago period.

Net sales of our international businesses declined rose by 3% about 2% during the period (\$62,517 50,118 as compared to \$49,110). This group experienced sales growth in 2023 vs. \$64,220 foliar and granular insecticides and growth regulators, partially offset by a decrease in 2022) soil fumigants, herbicides and constituted 42% fungicides sales. The Company experienced growth in Mexico and the Asia Pacific region, although weak agave prices limited the strength in Mexico and Japanese currency volatility impacted margins for sales in this region. Brazilian sales appear to have stabilized, however Canadian sales were soft, as channel inventory for our products remained high in this jurisdiction.

On a consolidated basis, gross profit for the first quarter of our consolidated quarterly 2024 increased by 10% (\$42,418 as compared to \$38,537). Increased sales in volume, normalization of supply chains and an improved factory performance all contributed to better profitability. Gross margin for the quarter remained stable compared to the year ago period at 31%.

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Operating expenses increased by \$1,055 or 3% to \$36,327 for the three months ended September 30, 2023 and 2022, respectively. These results arose from a number of factors, including the foreign exchange effect of a strong US Dollar, various supply-chain constraints, industry-wide channel inventory destocking and intensified competition of generic products from Asia. The business benefited from sales increases in several countries of our Mocap and Namacur soil insecticides and our Counter nematocide in Brazil. Conversely, our Central American business, while maintaining a strong presence in the pineapple, banana, and citrus markets, posted lower sales attributed to significant drought conditions in the region and continued pricing pressure caused by a surge of imported generic products from China. In Mexico, our business recorded good performance driven by our Bromacil herbicide. We experienced relatively flat performance in Australia, as well as with respect to our growth regulators, biorational products and our Agrinos portfolio.

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Operating expenses were flat at \$38,893 for the three-month period ended September 30, 2023 March 31, 2024, as compared to \$38,394 for the same quarter of the prior year. period in 2023. The changes change in operating expenses by nature department are as follows:

	2023	2022	Change	%		2024	2023	Change	% Change
			e	Change					
Sales and marketing	14,71	14,31							
	\$ 8	\$ 1	\$ 407	3%					
Selling					\$	12,881	\$ 13,371	\$ (490)	-4%
General and administrative	15,09	15,57	(47						
	5	0	5)	-3%					
Other						13,313	9,130	4,183	46%
Proxy activities						—	541	(541)	-100%
Amortization						3,275	3,360	(85)	-3%
Transformation costs						1,152	—	1,152	100%
Research, product development and regulatory	9,080	8,513	567	7%		5,706	8,870	(3,164)	-36%
	38,89	38,39							
	\$ 3	\$ 4	\$ 499	1%					
Total					\$	36,327	\$ 35,272	\$ 1,055	3%

- Sales and marketing Selling expenses increased decreased by \$407 \$490 for the three-month period three months ended September 30, 2023 March 31, 2024 as compared with the same period of the prior year. This included inflation related increased wages reductions in domestic marketing and other medical insurance costs, somewhat offset by reductions in travel and marketing expenses, increased costs associated with our international businesses.
 - General and administrative expenses decreased increased by \$475 \$4,183 for the three-month period three months ended September 30, 2023 March 31, 2024 as compared to the same period of 2022, 2023. The main drivers were lower legal expenses changes in transactional foreign exchange gains/losses, increased short-term and long-term incentive compensation expenses, partially offset by inflation related increases accruals, increased reserves for credit losses in wage and other Central America, additional audit costs, and adverse movements investments in key currencies both IT and human capital initiatives during the first three months of 2024, as compared to the US Dollar same period in the prior year.
 - The Company spent \$541 in fees associated with its proxy activities during the first three months of the prior year. There were no similar costs in the same period of 2024.
 - Amortization declined slightly during the first three months of 2024 as compared to the same period of the prior year as the result of completely amortized assets.
 - Transformation costs related to the Company's digital and structural transformation project amounted to \$1,152. The digital transformation effort is intended to ensure that business process owners have access to current and complete data that has been generated through standardized systems and processes. The structural transformation effort is intended to improve operating leverage by applying business analytics to current operations, structures, products and services and identifying process improvements. The Company hired a Chief Transformation Officer to steer and drive the project. In addition, Kearney Management Consulting is assisting the Company in navigating the project to gain the maximum benefit at the earliest possible time.
 - Research, product development costs and regulatory expenses increased decreased by \$567 \$3,164 for the three-month period three months ended September 30, 2023 March 31, 2024, as compared to the same period of 2022, 2023. The main drivers for the reduction were increased spending related to the development of lower regulatory expenses, and lower costs associated with our SIMPAS system and expanded registrations for our products in Brazil, product development activities.
- On April 1, 2020, the Company made a strategic investment in Clean Seed Inc. ("Clean Seed"), in the amount of \$1,190. The investment is carried at fair value and is included in other assets on the Company's condensed consolidated balance sheets. The Company recorded negative fair value adjustments in the amount a gain of \$247 and \$454 for \$638 during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, a loss of \$22 during the same period of the prior year. The gain and loss reflect changes in fair value of the investment in Clean Seed during those periods, and are included in change in fair value of equity instruments on the Company's condensed consolidated financial statements.

Interest costs net of capitalized interest were \$3,384 \$3,693 in the three-month period ended September 30, 2023, first three months of 2024, as compared to \$1,086 \$1,686 in the same period of 2022, 2023. Interest costs are summarized in the following table:

Average Indebtedness and Interest expense

	Three months ended September 30, 2023			Three months ended September 30, 2022			Q1 2024			Q1 2023		
	Inter			Inter								
	Averag	st	Inter	Averag	st	Inter	Average	Interest	Interest	Average	Interest	Interest
	e	Expense	est	e	Expense	est	Debt	Expense	Rate	Debt	Expense	Rate
Revolving line of credit (average)	200,247	3,578	7.1%	125,441	1,104	3.5%	\$ 176,344	\$ 3,656	8.3%	\$ 90,486	\$ 1,542	6.8%
Amortization of deferred loan fees	—	56	—	—	61	—	—	91	—	—	63	—
Amortization of other deferred liabilities	—	—	—	—	10	—						
Other interest (income)	—	(44)	—	—	(1)	—						
Other interest expense							—	59	—	17,500	128	2.9%
Subtotal	200,247	3,590	7.2%	125,441	1,174	3.7%	\$ 176,344	\$ 3,806	8.6%	\$ 107,986	\$ 1,733	6.4%
Capitalized interest	—	(206)	—	—	(88)	—	—	(113)	—	—	(47)	—
Total	200,247	3,384	6.8%	125,441	1,086	3.5%	\$ 176,344	\$ 3,693	8.4%	\$ 107,986	\$ 1,686	6.2%

The Company's average overall debt for the three-month period three months ended September 30, 2023 March 31, 2024 was \$200,247, \$176,344, as compared to \$125,441 \$107,986 for the three-month period three months ended September 30, 2022 March 31, 2023. Our borrowings in the three-month period ended September 30, 2023, were higher primarily as a result of customer decisions to slow down purchases from buying early to now buying as close to time of use as possible, resulting in increased working capital for the company as we work through this change in the market places in which we operate. As can be seen from the table above, the effective bank interest rate on our revolving line of credit was 7.1% and 3.5% at each of the three-month period ended September 30, 2023 and 2022, respectively.

Income tax expense decreased by \$2,078 to \$885 for the three-month period ended September 30, 2023, as compared to \$2,963 for the comparable period in 2022. The effective tax rates for the three-month period ended September 30, 2023 and 2022, were 158.0% and 30.5%, respectively. The increase in the effective tax rate for the three months ended September 30, 2023 as March 31, 2024 were higher when compared to the same period in 2022, is primarily attributable to an increase in losses incurred at certain entities which did not result in a benefit for income tax purposes as these entities continue to maintain valuation allowances against their net deferred tax assets.

Our net loss for the three-month period ended September 30, 2023, was \$325 or (\$0.01) per basic and diluted share, as compared to net income of \$6,741 or \$0.23 per basic and diluted share in the same quarter of 2022.

Nine Months Ended September 30, 2023 and 2022:

Overview of the Company's Performance

During much of the year-to-date in 2023, the global agricultural industry has been influenced by a handful of dynamics. First, commodity prices have remained relatively stable; this has been so since the Russian invasion of Ukraine. Second, the US Dollar has been strong, while the Chinese economy has weakened. This, in turn, has created foreign exchange impacts for US-based businesses that serve international markets. In addition, China-based suppliers have oversupplied certain markets (e.g., Central America) with low-priced generic products. Third, the cost of money has risen to the point that customers have engaged in destocking activity to limit carrying costs for inventory. Finally, supply chain disruptions continued to arise from time to time, particularly among domestic companies that import goods from Asia and India. Against that backdrop, the Company's overall operating results for the first nine months of 2023 declined as compared to those of the same period of 2022.

On a consolidated basis, with domestic sales down 14% and international down by 3%, overall net sales decreased by 10% (to \$407,191 from \$450,036). Cost of sales were down 9% on an absolute basis but increased as a percent of net sales to 69% from 67%. Factory performance was less cost efficient during the first nine months of 2023, as compared to that of 2022. These factors, taken together, yielded an decrease in gross profit margin to 31% of net sales from 33% during the first nine months of 2022. Operating expenses were flat on an absolute basis but increased as a percent of net sales to 28% as compared to 25% of net sales for the same period of the prior year.

Interest expense rose sharply due to higher interest rates and higher average borrowing, while income tax expense decreased significantly to \$2,066 from \$10,187 during the comparable period last year, primarily mainly as a result of lower income before taxes. Overall, increased working capital. This is normal for the Company's net income for annual cycle which includes building inventory at the period decreased start of the calendar year to \$540 from \$23,506 support sales activities during the first nine months rest of the prior year. Details on our financial performance are set forth below.

RESULTS OF OPERATIONS

Nine months ended September 30, 2023, and 2022

	2023	2022	Change	% Change
Net sales:				
U.S. crop	\$ 185,823	\$ 220,303	\$ (34,480)	-16 %
U.S. non-crop	50,041	53,844	(3,803)	-7 %
Total U.S.	235,864	274,147	(38,283)	-14 %
International	171,327	175,916	(4,589)	-3 %
Total net sales	407,191	450,063	(42,872)	-10 %
Total cost of sales	(282,662)	(299,698)	17,036	-6 %
Total gross profit	\$ 124,529	\$ 150,365	\$ (25,836)	-17 %
Total gross margin	31 %	33 %		

Our domestic crop business recorded net sales that were 16% lower than those of the first nine months of 2022. The main driver of this performance was in our herbicide product category. Dacthal, which is used on a wide variety of high-value crops was unavailable for sale this year, as the company awaits the reinstatement of its registration. Additionally, our Impact post-emergent corn herbicide posted lower sales this year due to an unexpected grower preference for low-priced non-selective herbicides. Offsetting this decline was our leading soil insecticide Aztec, which rebounded from earlier supply constraints and saw strong demand in light of heavy rootworm pressure throughout the Midwest region. Our domestic cotton business, led by Bidrin foliar insecticide and Folex harvest defoliant, declined during the first three quarters of 2023 due to lower cotton acreage, moderate pest pressure, and a delay in harvest defoliant applications. At the same time, we posted modest increases in our soil fumigant and sugarcane products. The US crop business continues to experience the effects of channel inventory destocking, driven by high interest rate carrying costs. This has led to very cautious purchasing patterns throughout the domestic business since the beginning of the second quarter.

Year-to-date, the Company's domestic crop business was slowed by supply chain disruption of its premier corn soil insecticide Aztec and herbicide Dacthal during the first quarter. During the second quarter, both US crop and US non-crop experienced slowed sales resulting from global destocking on the part of our distribution channels. Crop sales declines were partially offset by stronger sales of soil fumigants. Within non-crop, big box stores and retailers slowed and reduced procurement activity and departed from the historical norm of maintaining about 6 months' inventory to about 30 days' inventory. Within our International business, Central America and Brazil were adversely affected by the export of low-priced generic product from China, partially offset by strong performances in Mexico and Australia.

Our **domestic non-crop business** recorded an 8% decrease in net sales for the first nine months of the year (to \$49,791 from \$53,844). We experienced a nine month reduction in consumer demand for our OHP nursery and ornamental products, most of which occurred earlier this year and now has normalized in the most recent quarter. Sales of our Dibrom® mosquito adulticide remained nearly flat while sales for commercial pest control products (pest strips and bifenthrin) declined, due in part to measures imposed by distribution to control inventory carrying costs. License revenue for our Envance technologies increased when compared to the same period in 2022, due to an increase in contractually guaranteed royalty fees.

Net sales of our **international businesses** declined by 3% during the first three quarters of 2023 (to \$171,327 in 2023 from \$175,916 in 2022). Central America experienced a rare multi-quarter sales decline due to continuing regional drought conditions and increased competitive pressure from Chinese imports. Brazil continued to gain further market penetration of our Counter granular insecticide/nematicide, but the overall business suffered otherwise from intense channel inventory destocking in the region. Mexico delivered solid performance by satisfying continuing strong demand for Bromacil herbicides and granular soil insecticides, offset somewhat by lower sales of our soil fumigant products. Australia posted higher sales with our expanded market footprint following full integration of the AgNova business, despite the recurrence of drought conditions in parts of the continent.

Operating expenses decreased by \$242 to \$113,317 for the nine-month period ended September 30, 2023, as compared to the same period in 2022. The changes in operating expenses by department are as follows:

	2023	2022	Change	% Change
Sales and marketing	\$ 41,288	\$ 38,271	\$ 3,017	8 %
General and administrative:				
Other	44,125	50,262	(6,137)	-12 %
Proxy contest activities	541	1,785	(1,244)	-70 %
Research, product development and regulatory	27,363	23,241	4,122	18 %
	<u>\$ 113,317</u>	<u>\$ 113,559</u>	<u>\$ (242)</u>	<u>0 %</u>

- Sales and marketing increased by \$3,017 for the nine-month period ended September 30, 2023, as compared to the same period of 2022. The main drivers increased inflation related increased wages, higher travel expenses associated with more in-person interactions with customers and increase expenses related changes in key currencies compared to the US Dollar, offset by lower marketing spending.
- General and administrative expenses - other decreased by \$6,137 for the nine-month period ended September 30, 2023, as compared to the same period of 2022. The main drivers were decreased incentive compensation expenses related to our financial performance, lower legal costs and beneficial movements some key currencies as compared to the US Dollar, partially offset by inflation related increases in wages.
- The Company spent \$541 in fees associated with our Proxy defense activities, as compared to \$1,785 in the comparative period of the prior year.
- Research, product development costs and regulatory expenses increased by \$4,122 for the nine-month period ended September 30, 2023, as compared to the same period of 2022. The main drivers were increased costs associated with in-field activities in support of our proprietary delivery systems, and international product defense and registration expenses supporting strong sales growth.

During the nine-month period ended September 30, 2023, the Company recorded a decrease in the fair value of our equity investment in Clean Seed in the amount of \$324 compared to \$857 during the nine months ended September 30, 2022. These changes in fair value of our investment directly reflect changes in the stock's quoted market price.

Interest costs net of capitalized interest were \$8,282 in the first nine-month period of 2023, as compared to \$2,256 in the same period of 2022. Interest costs are summarized in the following table:

Average Indebtedness and Interest expense

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Average	Interest	Interest	Average	Interest	Interest
	Debt	Expense	Rate	Debt	Expense	Rate
Revolving line of credit (average)	\$ 149,009	\$ 7,819	7.0 %	\$ 111,939	\$ 2,250	2.7 %
Amortization of deferred loan fees	—	174	—	—	199	—
Amortization of other deferred liabilities	—	—	—	—	27	—
Other interest expense	—	657	—	—	20	—

Subtotal	149,009	8,650	7.7 %	111,939	2,496	3.0 %
Capitalized interest	—	(368)	—	—	(240)	—
Total	\$ 149,009	\$ 8,282	7.4 %	\$ 111,939	\$ 2,256	2.7 %

The Company's average overall debt for the nine-month period ended September 30, 2023, was \$149,009, as compared to \$111,939 for the nine months ended September 30, 2022. During the period, our average borrowings increased due to share repurchase programs and an increase in inventory due to a slowdown in sales as a result of channel destocking. As can be seen from the table above, our effective bank interest rate on our revolving line of credit was 7.0% 8.3% for the nine three months ended September 30, 2023 March 31, 2024, as compared to 2.7% for the same period of 2022. 6.8% in 2023.

Income tax expense decreased by \$8,121 to \$2,066 was \$1,484 for the nine-month period three months ended September 30, 2023 March 31, 2024, as compared to \$10,187 an income tax benefit of \$361 for the comparable period in 2022. three-months ended March 31, 2023. The effective income tax rates rate for the nine-month period three months ended September 30, 2023 and 2022, were 79.3% and 30.2%, respectively.

The increase in March 31, 2024 was computed based on the estimated effective tax rate for the nine full year which is approximately 28%, excluding discrete items and entities subject to full valuation allowances against related net deferred tax assets. During the first three months ended September 30, 2023, as compared to of 2024, the same period majority of the Company's businesses generated taxable profits. On a consolidated basis, these taxable profits were partially offset by the performance of the Company's subsidiaries in 2022, is primarily attributable to an increase in Brazil which incurred losses. These losses incurred at certain entities which did not result in a benefit for income any tax purposes benefits as these entities continue to the Brazilian subsidiaries maintain a full valuation allowance allowances against their net deferred tax assets. Additionally, As a result, the Company's overall effective tax rate for the first quarter was 48.9%. During the first three months of the prior year, the Company's effective tax rate was impacted by the same matters as during the first three months in 2024. However, the Company recorded withholding tax charges (net of income tax credits) associated with interest on certain intercompany loans and the establishment of liabilities for uncertain tax positions in certain jurisdictions. These factors are partially offset by benefited from a one-time remeasurement benefit from the remeasurement of certain U.S. federal and state deferred taxes. taxes related to partnership arrangements associated with regulatory activities. These factors resulted in an overall negative effective tax rate of 23.2% and a tax benefit for the period of \$361.

Our overall net income for the nine-month period ended September 30, 2023 first three months of 2024 was \$540 \$1,552 or \$0.02 \$0.06 per basic and diluted share, as compared to \$23,506 \$1,918 or \$0.80 \$0.07 per basic and \$0.78 per diluted share in the same period first quarter of 2022. 2023.

LIQUIDITY AND CAPITAL RESOURCES

The Company's Company used cash of \$42,424 in operating activities utilized net cash of \$145,854 during the nine-month period three months ended September 30, 2023 March 31, 2024, as compared to \$45,678 \$41,452 during the nine three months ended September 30, 2022 March 31, 2023. Included in the \$145,854 \$42,424 are net income of \$540, \$1,552, plus non-cash depreciation, amortization of intangibles and other assets and discounted future liabilities, in the amount of \$17,850, loss on disposal of property, plant and equipment of \$7, amortization of deferred loan fees of \$174 and \$5,630, provision for bad debts in the amount of \$952. \$700 and other in the amount of \$5. Also included are stock-based compensation of \$4,257, \$2,005, an increase in deferred income taxes of \$977, changes in liabilities for uncertain tax positions or unrecognized tax benefits of \$467, \$1,025, and net change in fair value of an equity investment of \$324, and net foreign currency adjustments adjustment of \$199. \$373. These together provided net cash inflows of \$23,793, \$7,881, as compared to \$49,903 \$10,367 for the same period of 2022. 2023.

During the nine-month period first three months of 2023. 2024, the Company increased net working capital by \$160,094, \$49,996, as compared to an increase of \$59,659 \$52,995 during the same period of the prior year. Included in this change: inventories increased by \$58,163, \$9,353, as compared to \$38,987 \$33,731 for the same period first quarter of 2022. While increases in inventory are normal for the Company's annual cycle, the increase was bigger due to slowed sales resulting from global destocking on the part of our distribution channels.

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2023. Customer prepayments decreased by \$104,590, \$37,037, as compared to \$62,831 \$22,759 in the same period of 2022. 2023, driven by customer decisions regarding demand, payment timing and our cash incentive programs. Our accounts payable balances increased decreased by \$1,240, \$3,951, as compared to an increase of \$14,418 \$5,655 in the same period of 2022, driven by decreased factory activity levels. 2023. Accounts receivables receivable increased by \$29,055, \$5,579, as compared to an increase of \$46,289 \$8,779 in the same period of 2022. This is primarily driven by lower overall sales. 2023. Prepaid expenses increased by \$633, \$1,466, as compared to \$4,272 decreased by \$600 in the same period of 2022. 2023. Income tax receivable changed decreased by \$4,046, \$1,014, as compared to \$5,201 a increased by \$2,965 in the prior year. Accrued programs increased by \$29,779, (as \$6,399, as compared to \$45,016 \$10,660 in the prior year), which is normal at this point year, as a result of both higher sales and the mix of those sales including products

with higher program elements incorporated in the growing season and is related to sales volume pricing. Finally, other payables and accrued expenses decreased by \$4,406 \$332, as compared to an increase of \$2,555 \$500 in the prior year.

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With regard to our program accrual, the increase (as noted above) primarily reflects our level and mix of sales and customers in the first quarter of 2023, as compared to the prior year. The Company accrues programs in line with the growing season upon which specific products are targeted. Typically crop products have a growing season that ends on September 30th of each year. During the first nine months quarter of 2023, 2022, the Company made accruals for programs in the amount of \$62,248 \$25,266 and made payments in the amount of \$32,469. \$18,999. During the first nine months quarter of the prior year, the Company made accruals in the amount of \$78,885 \$23,669 and made payments in the amount of \$33,869. The decrease in accruals for programs in the first nine months of 2023, compared to the same period in 2022, is a direct result of an decrease in sales of qualifying products. \$13,033.

Cash used for investing activities was \$3,567 for the nine-month period three months ended September 30, 2023 March 31, 2024, and 2022 was \$9,148 and \$9,978, respectively. In 2023, as compared to \$3,308 for the three months ended March 31, 2023. The Company spent \$8,589 \$3,565 on purchases of fixed assets acquisitions primarily focused on continuing to invest in manufacturing infrastructure, as compared to \$8,946 for the same period of prior year. The Company spent \$759 on patents and other intangible assets in 2023 as compared to \$1,078 in 2022. infrastructure. In addition, the Company received proceeds from disposal of property, plant and equipment in spent \$25 on patents for the amount of \$200, as compared to \$46 in prior year. Envance technology business.

During the nine three months ended September 30, 2023 March 31, 2024, financing activities provided \$146,680, \$47,685, as compared to \$59,797 \$43,777 during the same period of the prior year. Net borrowings under the Credit Agreement amounted to \$165,700 during \$48,117 in the nine-month period ended September 30, 2023, first quarter of 2024, as compared to \$96,000 \$44,700 in the same period of the prior year. The Company paid dividends to stockholders amounting to \$2,550 \$834 during the nine three months ended September 30, 2023 March 31, 2024, as compared to \$2,072 \$851 in the same period of 2022. The Company paid \$15,539 for the repurchase of 885,290 shares of its common stock during the nine-month period ended September 30, 2023, as compared to \$13,731 for 720,350 shares and \$20,000 related to an accelerated share repurchase agreement during the nine-month period ended September 30, 2022. 2023. The Company received \$1,026 \$18 for the issuance of ESPP shares and exercise of stock options for in the nine months ended September 30, 2023, prior year, as compared to \$1,620 for none in the same period in prior year. current period. Lastly, in exchange for shares of common stock returned by employees, the Company we paid \$1,957 \$14 and \$2,020 \$13 for tax withholding on stock-based compensation awards during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The Company has a revolving line of credit that is shown as long-term debt in the condensed consolidated balance sheets at September 30, 2023 as of March 31, 2024 and December 31, 2022. These are December 31, 2023 relating to a senior credit facility as summarized in the following table:

Long-term indebtedness (\$000's)	September 30, 2023	December 31, 2022
Revolving line of credit	\$ 218,000	\$ 52,300
Long-term indebtedness	March 31, 2024	December 31, 2023
Revolving line of credit	\$ 187,017	\$ 138,900
Deferred loan fees	(1,127)	(1,218)
Total indebtedness	\$ 185,890	\$ 137,682

It is useful to note that, while classified as long-term debt, funds borrowed by the Company under the Credit Agreement are used for working capital needs on an ongoing basis. The Company has in place a cash sweep mechanism for the domestic business and follows strict controls on repaying outstanding balances promptly in order to minimize the carrying cost of borrowed funds.

As of September 30, 2023 March 31, 2024, by virtue of Amendment Number Six to the Third Amended Loan and Security Agreement, the Company is was deemed to be in compliance with its financial covenants (refer to Note 9 to the condensed consolidated financial statements for further details).

At September 30, 2023, according to the terms of the Credit Agreement, as amended, including our covenants. Based on its performance against the most restrictive covenant listed above, of the Credit Agreement with its lenders, the Company had the capacity to increase its borrowings by up to \$28,760,

compared \$84,953. This compares to \$200,372 an available borrowing capacity of \$115,002 as of December 31, 2022 December 31, 2023.

We believe that anticipated cash flow from operations, existing cash balances and available borrowings under our amended senior credit facility will be sufficient to provide us with liquidity necessary to fund our working capital and cash requirements for the next twelve months.

RECENTLY ISSUED ACCOUNTING GUIDANCE

Please refer to Note 15 13 in the accompanying Notes to the condensed consolidated financial statements Condensed Consolidated Financial Statements for recently issued and adopted accounting standards.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company continually re-assesses the critical accounting policies used in preparing its financial statements. In the Company's Form 10-K filed with the SEC for the year ended December 31, 2022 December 31, 2023, the Company provided a comprehensive statement of critical accounting policies. These policies have been reviewed in detail as part of the preparation work for this Form 10-Q. After our review of these matters, we have determined that, during the subject reporting period, except to the extent stated below, there has been no material change to the critical accounting policies that are listed in the Company's Form 10-K for the year ended December 31, 2022 December 31, 2023.

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Certain of the Company's policies require the application of judgment by management in selecting the appropriate assumptions for calculating financial estimates. These judgments are based on historical experience, terms of existing contracts, commonly accepted industry practices and other assumptions that the Company believes are reasonable under the circumstances. These estimates and assumptions are reviewed periodically, and the effects of updates to estimates and assumptions revisions are reflected in the condensed consolidated financial statements in the period that these updates revisions are determined to be necessary. Actual results may differ from these estimates under different outcomes or conditions. Our

Goodwill—The Company reviews goodwill for impairment utilizing either a qualitative or quantitative assessment. If the Company decides that it is appropriate to perform a qualitative assessment and concludes that the fair value of a reporting unit more likely than not exceeds its carrying value, no further evaluation is necessary. If the Company performs a quantitative assessment, the Company compares the fair value of a reporting unit with its carrying value and recognizes an impairment charge for the amount that the carrying amount exceeds the reporting unit's fair value. The Company annually tests goodwill for impairment at the beginning of the fourth quarter, or earlier if triggering events occur. Fair value determinations require considerable judgment and are sensitive to inherent uncertainties and changes in estimates did and assumptions regarding revenue growth rates, gross margins, expenses, capital expenditures, working capital requirements, tax rates, terminal growth rates, discount rates, and synergies available to market participants. As of October 1, 2023, the Company conducted its most recent annual impairment test by quantitatively testing goodwill assigned to its domestic and international reporting units. Based on the results of the quantitative test, the Company concluded that the fair value of both the domestic and international reporting units exceed their respective carrying value. The fair value of the domestic and international reporting units exceeded the carrying value by 18% and 9%, respectively. The carrying value of both reporting units is mainly sensitive to discount rates, the projected net sales growth rates, gross margin improvements, and terminal growth rates. Negative deviations from the Company's projections and assumptions used in its quantitative impairment test may result in an impairment. As of March 31, 2024, goodwill related to the domestic and international reporting units amounted to \$9,132 and \$41,337, respectively.

On April 9, 2024, out of an abundance of caution, the Company voluntarily suspended sales of Dacthal pending review and potential approval of a significantly narrower label submitted to the USEPA. The outcome of USEPA's review is uncertain at present (refer to Note 12 to the condensed consolidated financial statements for further details). Should the Company not change materially during be able to resume sales of Dacthal, the three- and nine-months ended September 30, 2023, Company's current assessment is that the fair value of the domestic reporting unit would be negatively impacted, but not to the extent that would result in an impairment of the domestic reporting unit goodwill. The potential loss of Dacthal sales does not have any impact on the fair value of the international reporting unit.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to changes in interest rates, primarily from its borrowing activities. The Company's indebtedness to its primary lender is evidenced by a line of credit with a variable rate of interest, which fluctuates with changes in the lender's reference rate. For more information, please refer to the applicable disclosures in the Company's Form 10-K filed with the SEC for the year ended December 31, 2022 and Note 9 to the condensed consolidated financial statements, December 31, 2023.

The Company faces market risk to the extent that changes in foreign currency exchange rates affect our non-U.S. dollar functional currency as to foreign subsidiaries' revenues, expenses, assets and liabilities. The Company currently does not engage in hedging activities with respect to such exchange rate risks.

Assets and liabilities outside the U.S. are located in regions where the Company has subsidiaries or joint ventures: Central America, South America, North America, Europe, Asia, and Australia. The Company's investments in foreign subsidiaries and joint ventures with a functional currency other than the U.S. dollar are generally considered long-term. Accordingly, the Company does not hedge these net investments.

Item 4. CONTROLS AND PROCEDURES

As of September 30, 2023 March 31, 2024, the Company has a comprehensive set of disclosure controls and procedures designed to ensure that all information required to be disclosed in our filings under the Securities Exchange Act (1934) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. As of September 30, 2023 March 31, 2024, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, has had concluded, based on their evaluation, that the Company's disclosure controls and procedures are effective to provide reasonable assurance of the achievement of the objectives described above.

There were no changes in the Company's internal controls over financial reporting that occurred during the most recent quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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PART II. OTHER INFORMATION

The Company was not required to report any matters or changes for any items of Part II except as disclosed below.

Item 1. Legal Proceedings

Please refer to Note 14 in the accompanying Notes to the condensed consolidated financial statements Condensed Consolidated Financial Statements for legal updates.

Item 1A. Risk Factors

The Company continually re-assesses the business risks, and as part of that process detailed a range of risk factors in the disclosures in American Vanguard's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed on March 16, 2023 March 27, 2024. There The following disclosure amends and supplements those risk factors and, except to the extent stated below, there are no material changes to the risk factors as so stated, except as follows:

Disruption in the global supply chain is creating delays, unavailability and adverse conditions for our industry—Despite improvement in container availability and freight costs, the global supply chain continues to present risk. Industry consolidation, coupled with longer-term production commitments, has materially affected the Company's supply of raw materials and intermediates in the past. There is no guarantee that the supply chain condition will materially

improve any time soon or that the Company will avoid material disruption. Such disruption could have a material adverse effect on the Company's operations, financial condition or cash flows.

The Company is dependent upon sole source or a limited number of suppliers for certain of its raw materials and active ingredients—There are a limited number of suppliers of certain important raw materials used by the Company in a number of its products. Certain of these raw materials are available solely from single or very few sources either domestically or overseas. In connection with supply chain disruptions in 2022 phosphorus and related compounds were increasingly difficult to source for our entire industry; ensuring a continuous supply required extraordinary efforts both with respect to sourcing and production planning. Similarly, in the first half of 2023, DCPA, the active ingredient in one of the Company's high-margin herbicides, was unavailable from its overseas supplier. That said, there is no guarantee that any of our suppliers will be willing or able to supply products to the Company reliably, continuously and at the levels anticipated by the Company or required by the market. If these sources prove to be unreliable and the Company is not able to supplant or otherwise second source these products, it is possible that the Company will not achieve its projected sales which, in turn, could adversely affect the Company's consolidated financial statements.

The Company benefits from customer early pay in meeting its working capital needs—As is the case with other companies in this industry, the Company receives cash from certain major domestic customers at year-end in exchange for granting discounts on the Company's products during the first half of the following year. The Company typically uses this cash to pay down secured debt and for other working capital needs. This flow of cash obviates the need for additional borrowing, which, in turn, preserves borrowing capacity used in part for paying customer programs in the middle of the calendar year and, consequently, reduces interest expense. There is no guarantee that the Company's customers will continue to support the early pay program at current levels. Further a material change in this program could have an adverse effect upon the Company's liquidity and its ability to meet working capital demands. **stated.**

Public statements made by USEPA regarding their preliminary findings in connection with the registration review of the Company's products could adversely affect product sales and/or commercial viability. Registrations for the Company's products are subject to registration review by the USEPA from time to time. In the course of the review, the Company submits, and the USEPA reviews, data studies. At any stage in the course of the review, USEPA may reach preliminary findings that could impair the commercial viability of a product. For example, in connection with USEPA's review of the DCPA registration, based upon a comparative thyroid assay study (which is comparatively rare and quite complex), based upon limited data points, the USEPA found an adverse effect upon neonate rodents. Consequently, in June 2023, the agency published preliminary findings, noting its concern that based upon current, permitted use patterns, the product could have an adverse effect upon human health and, in particular, pregnant women. At the same time, the agency invited the Company to examine mitigation measures to allay their concerns, which the Company is doing. There is no guarantee that mitigation measures or additional data proffered by the Company will be sufficient to overcome USEPA's conclusions. Further, it is possible that the agency could take more drastic measures to either reduce the use or cancel the registration of the product. Regulatory activities of this nature, whether in connection with DCPA or other products of significance, could have a material adverse effect upon the Company's financial performance.

Item 2. Purchases of Equity Securities by the Issuer

On May 25, 2023, pursuant to a Board of Directors resolution, the Company announced its intention to repurchase up to \$15 million of its common stock under a 10b5-1 plan, par value \$0.10 per share, in the open market over the succeeding one year, subject to limitations and restrictions under applicable securities laws.

The table below summarizes the number of shares of the Company's common stock that were repurchased during the three months ended September 30, 2023.

Month ended	Total number of shares purchased	Average price paid per share	Total amount paid
July 31, 2023	325,224	\$ 17.80	\$ 5,788
August 31, 2023	151,865	\$ 16.63	\$ 2,525
Total	477,089	\$ 17.42	\$ 8,313

Pursuant to Amendment Number Six to the Third Amended Loan and Security Agreement, effective November 7, 2023, the Company is currently prevented from making stock repurchases.

N/A

Item 4. Mine Safety Disclosures

N/A

Item 5. Other Information

N/A

Item 6. Exhibits

Exhibits required to be filed by Item 601 of Regulation S-K:

Exhibit No.	Description
10.1	Employment Agreement between American Vanguard Corporation and Eric G. Wintemute dated April 1, 2022 (filed with the Securities Exchange Commission on April 7, 2022, and incorporated herein by reference).
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.
101	The following materials from American Vanguard Corp's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations; (ii) Condensed Consolidated Statements of Comprehensive Income; (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statement of Stockholders' Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, has been formatted in Inline XBRL.

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SIGNATURES

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

AMERICAN VANGUARD CORPORATION

Dated: November 8, 2023 May 9, 2023

By: /s/ ERIC G. WINTERMUTE

Eric G. Wintermute
Chief Executive Officer and Chairman of the Board

Dated: November 8, 2023 May 9, 2023

By: /s/ DAVID T. JOHNSON

David T. Johnson
Chief Financial Officer & Principal Accounting Officer

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Exhibit 31.1

AMERICAN VANGUARD CORPORATION

**CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eric G. Wintermute, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Vanguard Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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(e) 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 condensed 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 disclosures 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 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:

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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.

Dated: November 8, 2023 May 9, 2024

/s/ ERIC G. WINTEMUTE

Eric G. Wintemute

Chief Executive Officer and Chairman of the Board

Exhibit 31.2

AMERICAN VANGUARD CORPORATION

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David T. Johnson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of American Vanguard Corporation;

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

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

4. The registrant's other certifying officer 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(e) 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 condensed 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 disclosures 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 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:

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls 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.

Dated: November 8, 2023 May 9, 2024

/s/ DAVID T. JOHNSON

David T. Johnson

Chief Financial Officer & and Principal Accounting Officer

Exhibit 32.1

AMERICAN VANGUARD CORPORATION

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

In connection with the Quarterly Report of American Vanguard Corporation (the "Company") on Form 10-Q for the period ended September 30, 2023 March 31, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002 that based on their knowledge (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (2) the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

/s/ ERIC G. WITEMUTE

Eric G. Witemute

Chief Executive Officer and Chairman of the Board

/s/ DAVID T. JOHNSON

David T. Johnson

Chief Financial Officer & and Principal Accounting Officer

November 8, 2023 May 9, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to American Vanguard Corporation and will be retained by American Vanguard Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

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