

REFINITIV

## DELTA REPORT

### 10-Q

BCPC - BALKHEM CORP

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

**TOTAL DELTAS** 1066

CHANGES	311
DELETIONS	591
ADDITIONS	164

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

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended **June 30, 2024** **September 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-13648

**Balchem Corporation**

(Exact name of Registrant as specified in its charter)

Maryland

13-2578432

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

5 Paragon Drive, Montvale, NJ 07645  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: (845) 326-5600

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value \$.06 2/3 per share	BCPC	The Nasdaq Stock Market LLC

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 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, or a smaller reporting 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.

(Check one):      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

As of **July 18, 2024** **October 17, 2024**, the registrant had **32,443,731** **32,507,716** shares of its Common Stock, \$.06 2/3 par value, outstanding.

**BALCHEM CORPORATION**  
**QUARTERLY REPORT ON FORM 10-Q**

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### Part I. Financial Information

#### Item 1. Financial Statements

**BALCHEM CORPORATION**  
**Condensed Consolidated Balance Sheets**  
*(Dollars in thousands, except share and per share data)*

Assets	June 30, 2024 (unaudited)	December 31, 2023	Assets	September 30, 2024	December 31, 2023
Current assets:			Current assets:		

Cash and cash equivalents		
Accounts receivable, net of allowances of \$1,066 and \$908 at June 30, 2024 and December 31, 2023 respectively		
Accounts receivable, net of allowances of \$1,014 and \$908 at September 30, 2024 and December 31, 2023 respectively		
Inventories, net		
Prepaid expenses		
Other current assets		
<b>Total current assets</b>		
Property, plant and equipment, net		
Goodwill		
Intangible assets with finite lives, net		
Right of use assets - operating leases		
Right of use assets - finance lease		
Other non-current assets		
<b>Total assets</b>		
<b><u>Liabilities and Stockholders' Equity</u></b>		
<b>Current liabilities:</b>		
<b>Current liabilities:</b>		
<b>Current liabilities:</b>		
Trade accounts payable		
Trade accounts payable		
Trade accounts payable		
Accrued expenses		
Accrued compensation and other benefits		
Dividends payable		
Income taxes payable		
Operating lease liabilities - current		
Finance lease liabilities - current		
<b>Total current liabilities</b>		
Revolving loan		
Deferred income taxes		
Operating lease liabilities - non-current		
Finance lease liabilities - non-current		
Other long-term obligations		
<b>Total liabilities</b>		
Commitments and contingencies (Note 15)	Commitments and contingencies (Note 15)	Commitments and contingencies (Note 15)
<b>Stockholders' equity:</b>		
Preferred stock, \$25 par value. Authorized 2,000,000 shares; none issued and outstanding		
Preferred stock, \$25 par value. Authorized 2,000,000 shares; none issued and outstanding		
Preferred stock, \$25 par value. Authorized 2,000,000 shares; none issued and outstanding		
Common stock, \$0.0667 par value. Authorized 120,000,000 shares; 32,434,858 and 32,254,728 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively		
Common stock, \$0.0667 par value. Authorized 120,000,000 shares; 32,507,716 and 32,254,728 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively		
Additional paid-in capital		
Retained earnings		

Accumulated other comprehensive (loss) income
Accumulated other comprehensive income
<b>Total stockholders' equity</b>
<b>Total liabilities and stockholders' equity</b>

See accompanying notes to condensed consolidated financial statements.

**BALCHEM CORPORATION**  
**Condensed Consolidated Statements of Earnings**  
*(Dollars in thousands, except per share data)*  
*(unaudited)*

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2023	2024	2023
<b>Net sales</b>						
Net sales						
Net sales						
Cost of sales						
Cost of sales						
Cost of sales						
<b>Gross margin</b>						
Gross margin						
Gross margin						
<b>Operating expenses:</b>						
Operating expenses:						
Operating expenses:						
Selling expenses						
Selling expenses						
Selling expenses						
Research and development expenses						
General and administrative expenses						
<b>Earnings from operations</b>						
Earnings from operations						
Earnings from operations						
Other expenses, net:						
Other expenses, net:						
Other expenses, net:						
Interest expense, net						
Interest expense, net						
Interest expense, net						
Other expense (income), net	4,571					
		4,099				
<b>Earnings before income tax expense</b>						
Earnings before income tax expense						
Earnings before income tax expense						
Income tax expense						
Income tax expense						
Income tax expense						

Net earnings  
 Net earnings  
 Net earnings  
 Net earnings per common share - basic  
 Net earnings per common share - basic  
 Net earnings per common share - basic  
 Net earnings per common share - diluted  
 Net earnings per common share - diluted  
 Net earnings per common share - diluted

See accompanying notes to condensed consolidated financial statements.

**BALCHEM CORPORATION**  
**Condensed Consolidated Statements of Comprehensive Income**  
*(Dollars in thousands)*  
*(unaudited)*

	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Net earnings				
Net earnings				
Net earnings				
Other comprehensive (loss) income, net of tax:				
Other comprehensive (loss) income, net of tax:				
Other comprehensive (loss) income, net of tax:				
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment				
Foreign currency translation adjustment				
Foreign currency translation adjustment				
Unrealized loss on cash flow hedge				
Change in postretirement benefit plans				
<b>Other comprehensive (loss) income</b>				
<b>Other comprehensive income (loss)</b>				
Comprehensive income				
Comprehensive income				
Comprehensive income				

See accompanying notes to condensed consolidated financial statements.

**BALCHEM CORPORATION**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity**  
*For the Three and Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023*  
*(Dollars in thousands, except share and per share data)*

Total Stockholders' Equity	Total Stockholders' Equity	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock	Additional Paid-in Capital	Total Stockholders' Equity	Accumulated Other Comprehensive Income (Loss)	Common Stock	Additional Paid-in Capital	Share

Capital
Balance - December 31, 2023
Net earnings
Other comprehensive loss
Repurchases of common stock, including excise tax
Shares and options issued under stock plans
<b>Balance - March 31, 2024</b>
Net earnings
Other comprehensive loss
Repurchases of common stock, including excise tax
Shares and options issued under stock plans
<b>Balance - June 30, 2024</b>
<b>Balance - December 31, 2022</b>
<b>Balance - December 31, 2022</b>
<b>Balance - December 31, 2022</b>
Net earnings
Other comprehensive income
Repurchases of common stock, including excise tax
Shares and options issued under stock plans
<b>Balance - March 31, 2023</b>
Net earnings

Other comprehensive loss
Repurchases of common stock, including excise tax
Shares and options issued under stock plans
<b>Balance - June 30, 2023</b>
<b>Balance - September 30, 2024</b>

See accompanying notes to condensed consolidated financial statements.

**BALCHEM CORPORATION**  
**Condensed Consolidated Statements of Changes in Stockholders' Equity (continued)**  
**For the Three and Nine Months Ended September 30, 2024 and 2023**  
(Dollars in thousands, except share and per share data)

	Total Stockholders' Equity	Retained Earnings	Other Comprehensive (Loss) Income	Accumulated		Common Stock	Additional Paid-in Capital
				Shares	Amount		
<b>Balance - December 31, 2022</b>	<b>\$ 938,284</b>	<b>\$ 814,487</b>	<b>\$ (7,154)</b>	<b>32,152,787</b>	<b>\$ 2,145</b>	<b>\$ 128,806</b>	
Net earnings	22,710	22,710	—	—	—	—	—
Other comprehensive income	9,013	—	9,013	—	—	—	—
Repurchases of common stock, including excise tax	(3,887)	—	—	(28,109)	(2)	(3,885)	
Shares and options issued under stock plans	7,296	—	—	100,949	7	7,289	
<b>Balance - March 31, 2023</b>	<b>973,416</b>	<b>837,197</b>	<b>1,859</b>	<b>32,225,627</b>	<b>2,150</b>	<b>132,210</b>	
Net earnings	30,110	30,110	—	—	—	—	—
Other comprehensive loss	(1,668)	—	(1,668)	—	—	—	—
Repurchases of common stock, including excise tax	(76)	—	—	(567)	—	(76)	
Shares and options issued under stock plans	5,121	—	—	14,142	1	5,120	
<b>Balance - June 30, 2023</b>	<b>1,006,903</b>	<b>867,307</b>	<b>191</b>	<b>32,239,202</b>	<b>2,151</b>	<b>137,254</b>	
Net earnings	29,075	29,075	—	—	—	—	—
Other comprehensive loss	(14,423)	—	(14,423)	—	—	—	—
Repurchases of common stock, including excise tax	(102)	—	—	(775)	—	(102)	
Shares and options issued under stock plans	3,814	—	—	1,717	—	3,814	
<b>Balance - September 30, 2023</b>	<b>\$ 1,025,267</b>	<b>\$ 896,382</b>	<b>\$ (14,232)</b>	<b>32,240,144</b>	<b>\$ 2,151</b>	<b>\$ 140,966</b>	

See accompanying notes to condensed consolidated financial statements.

**BALCHEM CORPORATION**  
**Condensed Consolidated Statements of Cash Flows**  
(Dollars in thousands)  
(unaudited)

	Six Months Ended June 30, 2024	2023	Nine Months Ended September 30, 2024	2023
<b>Cash flows from operating activities:</b>				
<b>Net earnings</b>				
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization				
Stock compensation expense				
Deferred income taxes				
Provision for doubtful accounts				
Unrealized gain on foreign currency transactions and deferred compensation				
Asset impairment and loss on disposal of assets				
Change in fair value of contingent consideration liability				
<b>Changes in assets and liabilities</b>				
Accounts receivable				
Accounts receivable				
Accounts receivable				
Inventories				
Prepaid expenses and other current assets				
Accounts payable and accrued expenses				
Income taxes				
Other				
<b>Net cash provided by operating activities</b>				
<b>Cash flows from investing activities:</b>				
<b>Cash flows from investing activities:</b>				
<b>Cash flows from investing activities:</b>				
Capital expenditures and intangible assets acquired				
Capital expenditures and intangible assets acquired				
Capital expenditures and intangible assets acquired				
Cash paid for acquisitions, net of cash acquired				
Proceeds from sale of assets				
Proceeds from settlement of net investment hedge				
Investment in affiliates				
<b>Net cash used in investing activities</b>				
<b>Cash flows from financing activities:</b>				
<b>Cash flows from financing activities:</b>				
<b>Cash flows from financing activities:</b>				
Proceeds from revolving loan				
Proceeds from revolving loan				
Proceeds from revolving loan				
Principal payments on revolving loan				

Principal payments on finance lease	
Proceeds from stock options exercised	
Dividends paid	
Repurchases of common stock	
<b>Net cash used in financing activities</b>	
Effect of exchange rate changes on cash	
Effect of exchange rate changes on cash	
Effect of exchange rate changes on cash	
<b>(Decrease) increase in cash and cash equivalents</b>	
<b>(Decrease) increase in cash and cash equivalents</b>	
<b>(Decrease) increase in cash and cash equivalents</b>	
<b>Increase in cash and cash equivalents</b>	
<b>Increase in cash and cash equivalents</b>	
<b>Increase in cash and cash equivalents</b>	
<b>Cash and cash equivalents beginning of period</b>	
<b>Cash and cash equivalents beginning of period</b>	
<b>Cash and cash equivalents beginning of period</b>	
<b>Cash and cash equivalents end of period</b>	

See accompanying notes to condensed consolidated financial statements.

#### **BALCHEM CORPORATION**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(All dollar amounts in thousands, except share and per share data)

#### **NOTE 1 – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The condensed consolidated financial statements presented herein have been prepared in accordance with the accounting policies described in the December 31, 2023 consolidated financial statements, and should be read in conjunction with the consolidated financial statements and notes, which appear in the Annual Report on Form 10-K for the year ended December 31, 2023. The condensed consolidated financial statements reflect the operations of Balchem Corporation and its subsidiaries (the "Company" or "Balchem"). All intercompany balances and transactions have been eliminated in consolidation.

In the opinion of management, the unaudited condensed consolidated financial statements furnished in this Form 10-Q include all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal, recurring nature. The condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP" or "GAAP") governing interim financial statements and the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934 (the "Exchange Act") and therefore do not include some information and notes necessary to conform to annual reporting requirements. The results of operations for the three and **six**  
**nine** months ended **June 30, 2024**  
**September 30, 2024** are not necessarily indicative of the operating results expected for the full year or any interim period.

#### **Recent Accounting Pronouncements**

##### **Recently Issued Accounting Standards**

In December 2023, the FASB issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures." The new guidance is intended to enhance the transparency and decision usefulness of income tax disclosures by requiring disaggregated information about a reporting entity's effective tax rate reconciliation and information on income taxes paid. The amendment is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendment in this update should be applied on a prospective basis, with retrospective application permitted. The Company is in the process of evaluating the impact that the adoption of ASU 2023-09 will have to the financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures." The ASU expands reportable segment disclosure requirements by requiring disclosures of significant reportable segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of a segment's profit or loss. The ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. Additionally, ASU 2023-07 requires all segment profit or loss and assets disclosures to be provided on an annual and interim basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning December 15, 2024. Early adoption is permitted and the amendments must be applied retrospectively to all prior periods presented. The adoption of this guidance will not affect the Company's consolidated results of operations, financial position or cash flows. The Company is currently evaluating the effect the guidance will have on its disclosures.

##### **Recently Adopted Accounting Standards**

In August 2023, the FASB issued ASU 2023-05, "Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." The new guidance applies to the formation of a joint venture and requires a joint venture to initially measure all contributions received upon its formation at fair value. The guidance is intended to reduce diversity in practice and is applicable to joint venture entities with a formation date on or after January 1, 2025 on a prospective basis. While ASU 2023-05 is not currently applicable to Balchem, the Company will apply this guidance in future reporting periods after the guidance is effective to any future arrangements meeting the definition of a joint venture.

## NOTE 2 - STOCKHOLDERS' EQUITY

### **Stock-Based Compensation**

The Company's results for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023 reflected the following stock-based compensation cost, and such compensation cost had the following effects on net earnings:

	Increase/(Decrease) for the Three Months Ended June 30,	Increase/(Decrease) for the Six Months Ended June 30,	Increase/(Decrease) for the Nine Months Ended September 30,	Increase/(Decrease) for the 2024	Increase/(Decrease) for the 2023	Increase/(Decrease) for the 2024
Cost of sales						
Operating expenses						
Net earnings						

As allowed by ASC 718, the Company has made an estimate of expected forfeitures based on its historical experience and is recognizing compensation cost only for those stock-based compensation awards expected to vest.

The Company's omnibus incentive plan (**"the Plan"**) allows for the granting of stock awards and options to purchase common stock. Both incentive stock options and nonqualified stock options can be awarded under the plan. No option will be exercisable for longer than ten years after the date of grant. The Company has approved and reserved a number of shares to be issued upon exercise of the outstanding options that is adequate to cover all exercises. As of **June 30, 2024** **September 30, 2024**, the **Plan** had **841,101** **829,101** shares available for future awards, which included an additional 800,000 shares approved by the Company's shareholders during its annual meeting of shareholders held on June 22, 2023. Compensation expense for stock options and stock awards is recognized on a straight-line basis over the vesting period, generally three to five years for stock options, three years for employee restricted stock awards, three years for employee performance share awards, and three years for non-employee director restricted stock awards. Certain awards provide for accelerated vesting if there is a change in control (as defined in the plans) or other qualifying events.

Option activity for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023 is summarized below:

For the Nine Months Ended September 30, 2024	Shares (000s)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term	
				Weighted Average Exercise Price	Remaining Contractual Term
Outstanding as of December 31, 2023	1,078	\$ 104.38	\$ 47,889		
Granted	113	143.43			
Exercised	(198)	75.94			
Forfeited	(2)	137.06			
Canceled	—	—			
Outstanding as of September 30, 2024	<u>991</u>	\$ 114.49	\$ 60,932		6.0
Exercisable as of September 30, 2024	<u>626</u>	\$ 99.39	\$ 47,926		4.6

  

For the Six Months Ended June 30, 2024	Shares (000s)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term	
				Weighted Average Exercise Price	Remaining Contractual Term

Category	Shares	\$/Share	Value	Percentage
Outstanding as of December 31, 2023	1,078	\$ 104.38	\$ 47,889	
Granted	113		143.43	
Exercised	(137)		70.75	
Forfeited	(2)		137.06	
Canceled	—		—	
Outstanding as of June 30, 2024	<u>1,052</u>	\$ 112.90	\$ 43,199	6.0
Exercisable as of June 30, 2024	<u>687</u>	\$ 98.31	\$ 38,241	4.7
Weighted Average Remaining Contractual Term				
For the Six Months Ended June 30, 2023	Shares (000s)	Weighted Average Exercise Price	Aggregate Intrinsic Value	
Weighted Average Remaining Contractual Term				
For the Nine Months Ended September 30, 2023	Shares (000s)	Weighted Average Exercise Price	Aggregate Intrinsic Value	
Outstanding as of December 31, 2022				
Granted				
Granted				
Granted				
Exercised				
Exercised				
Exercised				
Forfeited				
Forfeited				
Forfeited				
Canceled				
Canceled				
Canceled				
Outstanding as of June 30, 2023				
Outstanding as of June 30, 2023				
Outstanding as of June 30, 2023	<u>1,096</u>	\$ 103.96	\$ 35,430	6.2
Outstanding as of September 30, 2023				
Outstanding as of September 30, 2023				
Outstanding as of September 30, 2023	<u>1,095</u>	\$ 104.00	\$ 26,825	5.9
Exercisable as of June 30, 2023				
Exercisable as of June 30, 2023				
Exercisable as of June 30, 2023	<u>728</u>	\$ 87.95	\$ 34,170	4.8
Exercisable as of September 30, 2023				
Exercisable as of September 30, 2023				
Exercisable as of September 30, 2023	<u>728</u>	\$ 88.01	\$ 26,512	4.6

ASC 718 requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The weighted average fair values of the stock options granted under the **Plans** were calculated using either the Black-Scholes model or the Binomial model, whichever was deemed to be most appropriate. For the six months ended June 30, 2024, the fair value of each option grant was estimated on the date of the grant using the following weighted average **assumptions**: assumptions for the nine months ended September 30, 2024 and 2023, respectively; dividend yields of 0.6% and 0.5%; expected volatilities of 28% and 28%; risk-free interest rates of 4.1%; and 3.9% and expected lives of 5.0 years. For the six months ended June 30, 2023, the fair value of each option grant was estimated on the date of

the grant using the following weighted average assumptions: dividend yields of 0.5%; expected volatilities of 28%; risk-free interest rates of 3.9%; years and expected lives of 4.8 years.

The Company used a projected expected life for each award granted based on historical experience of employees' exercise behavior. Expected volatility is volatilities are based on the Company's historical volatility levels. Dividend yields are based on the Company's historical dividend yields. Risk-free interest rates are based on the implied yields currently available on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life.

Other information pertaining to option activity during the three and **six** nine months ended **June 30, 2024** **September 30, 2024** and 2023 is as follows:

	Three Months Ended June 30, 2024		Six Months Ended June 30, 2024		Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
	2024	2023	2024	2023	2024	2023	2024	2023
Weighted-average fair value of options granted								
Total intrinsic value of stock options exercised (\$000s)								

Non-vested restricted stock activity for the **six** nine months ended **June 30, 2024** **September 30, 2024** and 2023 is summarized below:

	Six Months Ended June 30,				Nine Months Ended September 30,				Weighted Average Grant Date Fair Value	
	2024		2024		2023		2024			
	Shares (000s)	Shares (000s)	Weighted Average Grant Date Fair Value	Shares (000s)	Shares (000s)	Weighted Average Grant Date Fair Value	Shares (000s)	Weighted Average Grant Date Fair Value		
Non-vested balance as of December 31										
Granted										
Vested										
Forfeited										
Non-vested balance as of June 30										
Non-vested balance as of September 30										

Non-vested performance share activity for the **six** nine months ended **June 30, 2024** **September 30, 2024** and 2023 is summarized below:

	Six Months Ended June 30,				Nine Months Ended September 30,				Weighted Average Grant Date Fair Value	
	2024		2024		2023		2024			
	Shares (000s)	Shares (000s)	Weighted Average Grant Date Fair Value	Shares (000s)	Shares (000s)	Weighted Average Grant Date Fair Value	Shares (000s)	Weighted Average Grant Date Fair Value		
Non-vested balance as of December 31										
Granted	Granted	47	152.28	152.28	42	42	139.66	139.66	Granted	
Vested	Vested	(44)	106.57	106.57	(36)	(36)	98.84	98.84	Vested	
Forfeited	Forfeited	—	—	—	—	—	—	—	Forfeited	
Non-vested balance as of June 30										
Non-vested balance as of September 30										

The performance share ("PS") awards provide the recipients the right to receive a certain number of shares of the Company's common stock in the future, subject to an EBITDA performance hurdle, where vesting is dependent upon the Company achieving a certain EBITDA percentage growth over the performance period, and relative total shareholder return (TSR) ("TSR") where vesting is dependent upon the Company's TSR performance over the performance period relative to a comparator group consisting of the Russell 2000 index constituents. Expense is measured based on the fair value of the grant at the date of grant. A Monte-Carlo simulation has been used to estimate the fair value. The assumptions used in the fair value determination were risk free interest rates of 4.2% and 4.2%; dividend yields of 0.0% and 0.5%; volatilities of 25% and 32%; and initial TSR's of 10.3% and 4.2%, in each case for the **six** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively. Expense is estimated based on the number of shares expected to vest, assuming the requisite service period is rendered and the probable outcome of the performance condition is achieved. The estimate is revised if subsequent information indicates that the actual number of shares likely to vest differs from previous estimates. Expense is ultimately adjusted based on the actual achievement of service and performance targets. The PS will cliff vest 100% at the end of the third year following the grant in accordance with the performance metrics set forth. Grants may be subject to a mandatory holding period of one year from the vesting date. For PS grants made for the 2024-2026 performance period, grants are subject to such holding period.

As of **June 30, 2024** **September 30, 2024** and 2023, there were **\$26,557** **\$24,300** and **\$26,244** **\$22,470**, respectively, of total unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the plans. As of **June 30, 2024** **September 30, 2024**, the unrecognized compensation cost is expected to be recognized over a weighted-average period of approximately **1.9** **1.7** years. The Company estimates that share-based compensation expense for the year ended December 31, 2024 will be approximately **\$16,700** **\$16,996**.

#### **Repurchase of Common Stock**

The Company's Board of Directors has approved a stock repurchase program. The total authorization under this program is 3,763,038 shares. Since the inception of the program in June 1999, a total of **3,139,300** **3,140,215** shares have been repurchased. The Company intends to acquire shares from time to time at prevailing market prices if and to the extent it deems it is advisable to do so based on its assessment of corporate cash flow, market conditions and other factors. Open market repurchases of common stock could be made pursuant to a trading plan established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit common stock to be repurchased at a time that the Company might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions. The Company also repurchases (withholds) shares from employees in connection with the tax settlement of vested shares and/or exercised stock options under the Company's omnibus incentive plan. Such repurchases of shares from employees are funded with existing cash on hand. During the **six** months ended **June 30, 2024** **September 30, 2024** and 2023, the Company purchased **36,194** **37,109** and **28,676** **29,451** shares, respectively, from employees in connection with the tax settlement of vested shares and/or exercised stock options under the Company's omnibus incentive plan at an average cost of **\$144.04** **\$144.89** and **\$136.85** **\$136.69**, respectively.

#### **NOTE 3 – INVENTORIES**

Inventories, net of reserves at **June 30, 2024** **September 30, 2024** and December 31, 2023 consisted of the following:

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Raw materials		
Work in progress		
Finished goods		
Total inventories		

#### **NOTE 4 – PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment at **June 30, 2024** **September 30, 2024** and December 31, 2023 are summarized as follows:

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Land				
Building				
Equipment				
Construction in progress				
Less: accumulated depreciation				
Property, plant and equipment, net				

In accordance with Topic 360, the Company reviews long-lived assets for impairment whenever events indicate that the carrying amount of the assets may not be fully recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset, which is generally based on discounted cash flows. Included in "General and administrative expenses" was **\$521** of restructuring-related impairment charges related to an asset that was held for sale for both the three and nine months ended **September 30, 2024**. Included in "General and administrative expenses" were **\$6,146** **\$1,618** and **\$7,764** of restructuring-related impairment and asset disposal charges for the three and **six** months ended **June 30, 2023**. There were no such charges related to restructuring for the three and six months ended **June 30, 2024** **September 30, 2023**, respectively.

#### **NOTE 5 - INTANGIBLE ASSETS**

The Company had goodwill in the amount of ~~\$770,026~~ \$781,109 and \$778,907 as of ~~June 30, 2024~~ September 30, 2024 and December 31, 2023, respectively, subject to the provisions of ASC 350, "Intangibles-Goodwill and Other." The ~~decrease~~ increase in goodwill is due to changes in foreign currency translation.

Identifiable intangible assets with finite lives at ~~June 30, 2024~~ September 30, 2024 and December 31, 2023 are summarized as follows:

Customer relationships & lists	Amortization Period (in years)	Gross Carrying Amount at June 30, 2024	Accumulated Amortization at June 30, 2024	Gross Carrying Amount at December 31, 2023	Accumulated Amortization at December 31, 2023	Amortization Period (in years)	Gross Carrying Amount at September 30, 2024	Accumulated Amortization at September 30, 2024	Gross Carrying Amount at December 31, 2023	Accumulated Amortization at December 31, 2023
Trademarks & trade names										
Developed technology										
Other										

Amortization of identifiable intangible assets was approximately ~~\$5,243~~ \$3,795 and ~~\$11,585~~ \$15,380 for the three and ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024, respectively, and ~~\$6,892~~ \$6,947 and ~~\$14,185~~ \$21,132 for the three and ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023, respectively. Assuming no change in the gross carrying value of identifiable intangible assets, estimated amortization expense is ~~\$7,530~~ \$3,747 for the remainder of 2024, ~~\$15,645~~ \$15,659 for 2025, ~~\$15,434~~ \$15,444 for 2026, ~~\$14,907~~ \$14,916 for 2027, ~~\$14,509~~ \$14,517 for 2028 and ~~\$14,086~~ \$14,091 for 2029. At ~~June 30, 2024~~ September 30, 2024 and December 31, 2023, there were no identifiable intangible assets with indefinite useful lives as defined by ASC 350. Identifiable intangible assets are reflected in "Intangible assets with finite lives, net" on the Company's condensed consolidated balance sheets. There were no changes to the useful lives of intangible assets subject to amortization during the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024 and 2023.

#### NOTE 6 - EQUITY METHOD INVESTMENT

In 2013, the Company and Eastman Chemical Company formed a joint venture (66.66% / 33.34% ownership), St. Gabriel CC Company, LLC, to design, develop, and construct an expansion of the Company's St. Gabriel aqueous choline chloride plant. The Company contributed the St. Gabriel plant, at cost, and all continued expansion and improvements are funded by the owners. The joint venture became operational as of July 1, 2016. St. Gabriel CC Company, LLC is a Variable Interest Entity (VIE) because the total equity at risk is not sufficient to permit the joint venture to finance its own activities without additional subordinated financial support. Additionally, voting rights (2 votes each) are not proportionate to the owners' obligation to absorb expected losses or receive the expected residual returns of the joint venture. The Company ~~generally~~ receives up to 2/3 of the production offtake capacity, ~~which (percentage of offtake)~~ may be adjusted from time to time to the extent the owners agree as such, and absorbs operating expenses approximately proportional to the actual percentage of offtake. The joint venture is accounted for under the equity method of accounting since the Company is not the primary beneficiary as the Company does not have the power to direct the activities of the joint venture that most significantly impact its economic performance. The Company recognized a loss of ~~\$122~~ \$124 and ~~\$243~~ \$367 for the three and ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024, respectively, and ~~\$139~~ \$118 and ~~\$278~~ \$396 for the three and ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023, respectively, relating to its portion of the joint venture's expenses in other expense. The Company made capital contributions to the investment totaling ~~\$38~~ \$33 and ~~\$80~~ \$113 for the three and ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024, respectively, and ~~\$16~~ \$69 and ~~\$72~~ \$141 for the three and ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023, respectively. The carrying value of the joint venture at ~~June 30, 2024~~ September 30, 2024 and December 31, 2023 was ~~\$3,912~~ \$3,822 and \$4,076, respectively, and is recorded in "Other non-current assets" on the condensed consolidated balance sheets.

#### NOTE 7 – REVOLVING LOAN

On July 27, 2022, the Company entered into an Amended and Restated Credit Agreement (the "2022 Credit Agreement") with certain lenders in the form of a senior secured revolving credit facility, due on July 27, 2027. The 2022 Credit Agreement allows for up to \$550,000 of borrowing. The loans may be used for working capital, letters of credit, and other corporate purposes and may be drawn upon at the Company's discretion. As of ~~June 30, 2024~~ September 30, 2024 and December 31, 2023, the total balance outstanding on the 2022 Credit Agreement amounted to ~~\$266,569~~ \$227,000 and \$309,569, respectively. There are no installment payments required on the revolving loans; they may be voluntarily prepaid in whole or in part without premium or penalty, and all outstanding amounts are due on the maturity date.

Amounts outstanding under the 2022 Credit Agreement are subject to an interest rate equal to a fluctuating rate as defined by the 2022 Credit Agreement plus an applicable rate. The applicable rate is based upon the Company's consolidated net leverage ratio, as defined in the 2022 Credit Agreement, and the interest rate was ~~6.569%~~ 6.070% at ~~June 30, 2024~~ September 30, 2024. The Company is also required to pay a commitment fee on the unused portion of the revolving loan, which is based on the Company's consolidated net leverage ratio as defined in the 2022 Credit Agreement and ranges from 0.150% to 0.225% (0.175% at ~~June 30, 2024~~ September 30, 2024). The unused portion of the revolving loan amounted to ~~\$283,431~~ \$323,000 at ~~June 30, 2024~~ September 30, 2024. The Company is also required to pay, as applicable, letter of credit fees, administrative agent fees, and other fees to the arrangers and lenders.

Costs associated with the issuance of the revolving loans are capitalized and amortized on a straight-line basis over the term of the 2022 Credit Agreement, which is not materially different than the effective interest method. Capitalized costs net of accumulated amortization were ~~\$886~~ \$814 and \$1,030 at ~~June 30, 2024~~ September 30, 2024 and December 31, 2023, respectively, and are included in "Other non-current assets" on the condensed consolidated balance sheets. Amortization expense pertaining to these costs totaled ~~\$73~~ \$72

and \$144 for both the three and six months ended June 30, 2024 September 30, 2024, respectively, and \$71 and \$215 for the three and nine months ended September 30, 2023, respectively, and are included in "Interest expense, net" in the accompanying condensed consolidated statements of earnings.

The 2022 Credit Agreement contains quarterly covenants requiring the consolidated leverage ratio to be less than a certain maximum ratio and the consolidated interest coverage ratio to exceed a certain minimum ratio. At June 30, 2024 September 30, 2024, the Company was in compliance with these covenants. Indebtedness under the Company's loan agreements is secured by assets of the Company.

#### NOTE 8- NET EARNINGS PER SHARE

The following presents a reconciliation of the net earnings and shares used in calculating basic and diluted net earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Earnings - Basic and Diluted				
Shares (000s)				
Shares (000s)				
Shares (000s)				
Weighted Average Common Shares - Basic				
Weighted Average Common Shares - Basic				
Weighted Average Common Shares - Basic				
Effect of Dilutive Securities – Stock Options, Restricted Stock, and Performance Shares				
Weighted Average Common Shares - Diluted				
Net Earnings Per Share - Basic				
Net Earnings Per Share - Basic				
Net Earnings Per Share - Basic				
Net Earnings Per Share - Diluted				

The number of anti-dilutive shares were 339,366 189,830 and 357,534 326,020 for the three and six months ended June 30, 2024 September 30, 2024, respectively, and 352,759 332,339 and 391,269 355,419 for the three and six months ended June 30, 2023 September 30, 2023, respectively. Anti-dilutive shares could potentially dilute basic earnings per share in future periods and therefore, were not included in diluted earnings per share.

#### NOTE 9 – INCOME TAXES

The Company's effective tax rate for the three months ended June 30, 2024 September 30, 2024 and 2023, was 22.9% and 20.3%, respectively, and 22.2% and 21.6%, 21.3% for the nine months ended September 30, 2024 and 2023, respectively. The higher effective tax rate for both the quarter three and nine months ended September 30, 2024 was primarily due to lower tax benefits from stock-based compensation and certain higher state taxes, partially offset by certain lower foreign taxes. The effective tax rate was 21.8% for each of the six months ended June 30, 2024 and 2023. Certain lower foreign taxes for the six months ended June 30, 2024 were offset by certain higher state taxes.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company regularly reviews its deferred tax assets for recoverability and would establish a valuation allowance if it believed that such assets may not be recovered, taking into consideration historical operating results, expectations of future earnings, changes in its operations and the expected timing of the reversals of existing temporary differences.

The Company accounts for uncertainty in income taxes utilizing ASC 740-10, "Income Taxes". ASC 740-10 clarifies whether or not to recognize assets or liabilities for tax positions taken that may be challenged by a tax authority. It prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, and disclosures. The application of ASC 740-10 requires judgment related to the uncertainty in income taxes and could impact our effective tax rate.

The Company files income tax returns in the U.S. and in various states and foreign countries. As of June 30, 2024 September 30, 2024, in the major jurisdictions where the Company operates, it is generally no longer subject to income tax examinations by tax authorities for years before 2019. The Company had approximately \$4,766 \$4,825 and \$4,650 of unrecognized tax benefits, which are included in "Other long-term obligations" on the Company's condensed consolidated balance sheets, as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The Company includes interest expense or income as well as potential penalties on uncertain tax positions as a component of "Income tax expense" in the condensed consolidated statements of earnings. Total accrued interest and penalties related to uncertain tax positions at June 30, 2024 September 30,

2024 and December 31, 2023 were approximately \$1,530 \$1,588 and \$1,413, respectively, and are included in "Other long-term obligations" on the Company's condensed consolidated balance sheets.

The European Union ("EU") member states formally adopted the EU's Pillar Two Directive on December 15, 2022, which was established by the Organization for Economic Co-operation and Development. Pillar Two generally provides for a 15 percent minimum effective tax rate for the jurisdictions where multinational enterprises operate. While the Company does not anticipate that this will have a material impact on its tax provision or effective tax rate, the Company continues to monitor evolving tax legislation in the jurisdictions in which it operates.

#### **NOTE 10 – SEGMENT INFORMATION**

Balchem Corporation reports three reportable segments: Human Nutrition and Health, Animal Nutrition and Health, and Specialty Products. Sales and production of products outside of our reportable segments and other minor business activities are included in "Other and Unallocated".

The segment information is summarized as follows:

<b>Business Segment Assets</b>	<b>Business Segment Assets</b>	June 30, 2024	December 31, 2023	<b>Business Segment Assets</b>	September 30, 2024	December 31, 2023
Human Nutrition and Health						
Animal Nutrition and Health						
Specialty Products						
Other and Unallocated <sup>(1)</sup>						
<b>Total</b>						

  

<b>Business Segment Net Sales</b>	<b>Business Segment Net Sales</b>	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	<b>Business Segment Net Sales</b>	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Human Nutrition and Health						
Animal Nutrition and Health						
Specialty Products						
Other and Unallocated <sup>(2)</sup>						
<b>Total</b>						

  

<b>Business Segment Earnings Before Income Taxes</b>	<b>Business Segment Earnings Before Income Taxes</b>	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	<b>Business Segment Earnings Before Income Taxes</b>	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Human Nutrition and Health						
Animal Nutrition and Health						
Specialty Products						
Other and Unallocated <sup>(2)</sup>						
Interest and other expenses						
<b>Total</b>						

  

<b>Depreciation/Amortization</b>	<b>Depreciation/Amortization</b>	Three Months Ended June 30, 2024	Six Months Ended June 30, 2024	<b>Depreciation/Amortization</b>	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Human Nutrition and Health						
Animal Nutrition and Health						

Specialty Products
Other and Unallocated (2)
<b>Total</b>

<b>Capital Expenditures</b>	<b>Capital Expenditures</b>	<b>Six Months Ended June 30,</b>		<b>Capital Expenditures</b>	<b>Nine Months Ended September 30,</b>	
		2024	2023		2024	2023
Human Nutrition and Health						
Animal Nutrition and Health						
Specialty Products						
Other and Unallocated (2)						
<b>Total</b>						

(1) Other and Unallocated assets consist of certain cash, capitalized loan issuance costs, other assets, investments, and income taxes, which the Company does not allocate to its individual business segments. It also includes assets associated with a few minor businesses which individually do not meet the quantitative thresholds for separate presentation.

(2) Other and Unallocated consists of a few minor businesses which individually do not meet the quantitative thresholds for separate presentation and corporate expenses that have not been allocated to a segment. Unallocated corporate expenses consist of: (i) Transaction and integration costs of \$132 \$223 and \$572 \$795 for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and \$651 \$384 and \$1,216 \$1,600 for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, and (ii) Unallocated amortization expense of \$0 and \$0 for the three and six nine months ended June 30, 2024 September 30, 2024, respectively, and \$0 and \$312 for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, related to an intangible asset in connection with a company-wide ERP system implementation.

#### NOTE 11 – REVENUE

##### **Revenue Recognition**

Revenues are recognized when control of the promised goods is transferred to customers, in an amount that reflects the consideration the Company expects to realize in exchange for those goods.

The following table presents revenues disaggregated by revenue source. Sales and usage-based taxes are excluded from revenues.

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	2024	2023	2024	2023
	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	2024	2023	2024	2023
Product Sales Revenue				
Royalty Revenue				
<b>Total Revenue</b>				

The following table presents revenues disaggregated by geography, based on the shipping addresses of customers:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	2024	2023	2024	2023
	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	2024	2023	2024	2023
United States				
Foreign Countries				
<b>Total Revenue</b>				

##### **Product Sales Revenues**

The Company's primary operation is the manufacturing and sale of health and nutrition ingredient products, in which the Company receives an order from a customer and fulfills that order. The Company's product sales are considered point-in-time revenue.

#### **Royalty Revenues**

Royalty revenue consists of agreements with customers to use the Company's intellectual property in exchange for a sales-based royalty. Royalties are considered over time revenue and are recorded in the Human Nutrition and Health segment.

#### **Contract Liabilities**

The Company records contract liabilities when cash payments are received or due in advance of performance, including amounts which are refundable.

The Company's payment terms vary by the type and location of customers and the products offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types, the Company requires payment before the products are delivered to the customer.

#### **Practical Expedients and Exemptions**

The Company generally expenses sales commissions when incurred because the amortization period would have been one year or less. These costs are recorded within selling and marketing expenses.

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for products shipped.

#### **NOTE 12 – SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid during the ~~six~~ nine months ended ~~June 30, 2024~~ ~~September 30, 2024~~ and 2023 for income taxes and interest is as follows:

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Income taxes				
Interest				

#### **NOTE 13 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) INCOME**

The changes in accumulated other comprehensive ~~income~~ ~~loss~~ ~~income~~ were as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net foreign currency translation adjustment								
Net change of cash flow hedge (see Note 19 for further information)								
Net change of cash flow hedge (see Note 19 for further information)								
Net change of cash flow hedge (see Note 19 for further information)								
Unrealized loss on cash flow hedge								
Unrealized loss on cash flow hedge								
Unrealized loss on cash flow hedge								
Tax								
Net of tax								
Net change in postretirement benefit plan (see Note 14 for further information)								
Net change in postretirement benefit plan (see Note 14 for further information)								
Net change in postretirement benefit plan (see Note 14 for further information)								
Amortization of (gain) loss								
Amortization of (gain) loss								

Amortization of (gain) loss
Prior service loss arising during the period
Total before tax
Tax
Net of tax
Total other comprehensive (loss) income
Total other comprehensive (loss) income
Total other comprehensive (loss) income
Total other comprehensive income (loss)
Total other comprehensive income (loss)
Total other comprehensive income (loss)

Included in "Net foreign currency translation adjustment" were losses of \$434 \$0 and \$1,455 related to a net investment hedge, which were net of tax benefits of \$782 \$0 and \$1,114 for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively. The Company settled its derivative instruments on their maturity date of June 27, 2023. See Note 19, *Derivative Instruments and Hedging Activities*.

Accumulated other comprehensive **income (loss)** **income** at **June 30, 2024** **September 30, 2024** and December 31, 2023 consisted of the following:

	Foreign currency translation adjustment	Cash flow hedge	Postretirement benefit plan	Total
Balance December 31, 2023	\$ 8,408	\$ —	\$ 283	\$ 8,691
Other comprehensive (loss) income	(15,977)	—	152	(15,825)
Balance June 30, 2024	\$ (7,569)	\$ —	\$ 435	\$ (7,134)

	Foreign currency translation adjustment	Cash flow hedge	Postretirement benefit plan	Total
Balance December 31, 2023	\$ 8,408	\$ —	\$ 283	\$ 8,691
Other comprehensive income	5,661	—	151	5,812
Balance September 30, 2024	\$ 14,069	\$ —	\$ 434	\$ 14,503

#### **NOTE 14 – EMPLOYEE BENEFIT PLANS**

##### ***Defined Contribution Plans***

The Company sponsors one 401(k) savings plan for eligible employees, which allows participants to make pretax or after tax contributions and the Company matches certain percentages of those contributions. The plan also has a discretionary profit sharing portion and matches 401(k) contributions with shares of the Company's Common Stock. All amounts contributed to the plan are deposited into a trust fund administered by independent trustees.

##### ***Postretirement Medical Plans***

The Company provides postretirement benefits in the form of two unfunded postretirement medical plans; one that is under a collective bargaining agreement and covers eligible retired employees of the Verona facility and one for officers of the Company pursuant to the Balchem Corporation Officer Retiree Program.

Net periodic benefit costs for such retirement medical plans were as follows:

	Six Months Ended June 30, 2024	2023	Nine Months Ended September 30, 2024	2023
Service cost				
Interest cost				
Amortization of (gain) loss				
Net periodic benefit cost				

The amounts recorded for these obligations on the Company's condensed consolidated balance sheets as of **June 30, 2024** **September 30, 2024** and December 31, 2023 are **\$1,336** **1,381** and \$1,395, respectively, and are included in "Other long-term obligations" on the Company's condensed consolidated balance sheets. These plans are unfunded and approved claims are paid from Company funds. Historical cash payments made under such plans have typically been less than \$200 per year.

#### Defined Benefit Pension Plans

On May 27, 2019, the Company acquired Chemogas Holding NV, a privately held specialty gases company headquartered in Grimbergen, Belgium ("Chemogas"), which has an unfunded defined benefit pension plan. The plan provides for the payment of a lump sum at retirement or payments in case of death of the covered employees. The amounts recorded for these obligations on the Company's condensed consolidated balance sheets as of **June 30, 2024** **September 30, 2024** and December 31, 2023 were **\$393** **\$405** and \$420, respectively, and were included in "Other long-term obligations" on the Company's condensed consolidated balance sheets.

Net periodic benefit costs for such benefit pension plans were as follows:

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Service cost with interest to end of year				
Interest cost				
Expected return on plan assets				
Total net periodic benefit cost				

#### Deferred Compensation Plan

The Company provides an unfunded, nonqualified deferred compensation plan maintained for the benefit of a select group of management or highly compensated employees. Assets of the plan are held in a rabbi trust, and are subject to additional risk of loss in the event of bankruptcy or insolvency of the Company. The deferred compensation liability was **\$10,965** **\$11,432** as of **June 30, 2024** **September 30, 2024**, of which **\$10,946** **\$11,411** was included in "Other long-term obligations" and **\$19** **\$21** was included in "Accrued compensation and other benefits" on the Company's condensed consolidated balance sheets. The deferred compensation liability was \$10,188 as of December 31, 2023 and was included in "Other long-term obligations" on the Company's condensed consolidated balance sheets. The related assets of the irrevocable trust funds (also known as "rabbi trust funds") were **\$10,962** **\$11,429** and \$10,188 as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, and were included in "Other non-current assets" on the Company's condensed consolidated balance sheets.

#### NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Company is obligated to make rental payments under non-cancelable operating and finance leases. Aggregate future minimum rental payments required under these leases at **June 30, 2024** **September 30, 2024** are disclosed in Note 18, Leases.

The Company's Verona, Missouri facility, while held by a prior owner, Syntex Agribusiness, Inc. ("Syntex"), was designated by the U.S. Environmental Protection Agency (the "EPA") as a Superfund site and placed on the National Priorities List in 1983 because of dioxin contamination on portions of the site. Remediation was conducted by Syntex under the oversight of the EPA and the Missouri Department of Natural Resources. The Company is indemnified by the sellers under its May 2001 asset purchase agreement covering its acquisition of the Verona, Missouri facility for potential liabilities associated with the Superfund site. One of the sellers, in turn, has the benefit of certain contractual indemnification by Syntex in relation to the implementation of the above-described Superfund remedy. In June 2023, in response to a Special Notice Letter received from the EPA in 2022, BCP Ingredients, Inc. ("BCP"), the Company's subsidiary that operates the site, Syntex, EPA, and the State of Missouri entered into an Administrative Settlement Agreement and Order on Consent ("ASAOC") for a focused remedial investigation/feasibility study ("RI/FS") under which (a) BCP will conduct a source investigation of potential source(s) of releases of 1,4-dioxane and chlorobenzene at a portion of the site and (b) BCP and Syntex will complete a RI/FS to determine a potential remedy, if any is required. Activities under the ASAOC are underway and are expected to continue for some period of time.

Separately, in June 2022, the EPA conducted an inspection of BCP's Verona, Missouri facility ("2022 EPA Inspection") which was followed by BCP entering into an Administrative Order for Compliance on Consent ("AOC") with the EPA in relation to its risk management program at the Verona facility. Further, in January 2023, BCP entered into an Amended AOC with the EPA whereby the parties agreed to the extension of certain timelines. BCP timely completed all requirements under the Amended AOC. In November 2023, BCP received a notice from the Environment and Natural Resources Division of the U.S. Department of Justice ("DOJ") primarily related to the 2022 EPA Inspection, which extended the opportunity to discuss alleged violations of Sections 112(r)(7) of the Clean Air Act and regulations in 40 C.F.R. Part 68, commonly known as the Risk Management Plan Rule ("RMP Rule"). BCP has engaged in, and intends to continue to participate in, such discussions in 2024. In connection with the 2022 EPA Inspection, the Company believes that a loss contingency in this matter is probable and reasonably estimable and has recorded a loss contingency in an amount that is not material to its financial performance or operations.

In addition to the above, from time to time, the Company is a party to various legal proceedings, litigation, claims and assessments. While it is not possible to predict the ultimate disposition of each of these matters, management believes that the ultimate outcome of such matters will not have a material effect on the Company's consolidated financial position, results of operations, liquidity or cash flows.

#### NOTE 16 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has a number of financial instruments, none of which are held for trading purposes. The Company estimates that the fair value of all financial instruments at **June 30, 2024** **September 30, 2024** and December 31, 2023 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying condensed consolidated balance sheets. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The carrying value of debt approximates fair value as the interest rate is based on market and the Company's consolidated leverage ratio. The Company's financial instruments also include cash equivalents, accounts receivable, accounts payable, and accrued liabilities, which are carried at cost and approximate fair value due to the short-term maturity of these instruments. Cash and cash equivalents at **June 30, 2024** **September 30, 2024** and December 31, 2023 includes **\$5,472** **\$10,088** and **\$959** in money market funds and other interest-bearing deposit accounts, respectively.

Non-current assets at **June 30, 2024** **September 30, 2024** and December 31, 2023 included **\$10,962** **\$11,429** and **\$10,188**, respectively, of rabbi trust funds related to the Company's deferred compensation plan. The money market and rabbi trust funds are valued using level one inputs, as defined by ASC 820, "Fair Value Measurement."

The contingent consideration liabilities included on the balance sheet were **\$9** and **\$100** as of June 30, 2024 and December 31, 2023, respectively, and were valued using level three inputs, as defined by ASC 820, "Fair Value Measurement".

#### NOTE 17 – RELATED PARTY TRANSACTIONS

The Company provides services under a contractual agreement to St. Gabriel CC Company, LLC. These services include accounting, information technology, quality control, and purchasing services, as well as operation of the St. Gabriel CC Company, LLC plant. The Company also sells raw materials to St. Gabriel CC Company, LLC. These raw materials are used in the production of finished goods that are, in turn, sold by Saint Gabriel CC Company, LLC to the Company for resale to unrelated parties. As such, the sale of these raw materials to St. Gabriel CC Company, LLC in this scenario lacks economic substance and therefore the Company does not include them in net sales within the condensed consolidated statements of earnings.

Payments for the services the Company provided amounted to **\$1,120** **\$1,109** and **\$2,212** **\$3,321** for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and **\$1,028** **\$1,094** and **\$2,200** **\$3,294** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively. The raw materials purchased and subsequently sold amounted to **\$7,301** **\$7,616** and **\$13,633** **\$21,249** for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and **\$9,782** **\$7,274** and **\$19,795** **\$27,069** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively. These services and raw materials are primarily recorded in cost of goods sold, net of the finished goods received from St. Gabriel CC Company, LLC of **\$5,713** **\$5,766** and **\$10,684** **\$16,450** during the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and **\$8,223** **\$5,903** and **\$16,295** **\$22,198** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively. At **June 30, 2024** **September 30, 2024** and December 31, 2023, the Company had receivables of **\$2,959** **\$2,446** and **\$8,314**, respectively, recorded in accounts receivable from St. Gabriel CC Company, LLC for services rendered and raw materials sold. At **June 30, 2024** **September 30, 2024** and December 31, 2023, the Company had payables of **\$2,096** **\$1,588** and **\$6,050**, respectively, recorded in accounts payable for finished goods received from St. Gabriel CC Company, LLC. The Company had payables in the amount of **\$296** and **\$329**, respectively, related to non-contractual monies owed to St. Gabriel CC Company, LLC, recorded in accounts payable as of **June 30, 2024** **September 30, 2024** and December 31, 2023.

#### NOTE 18 – LEASES

The Company has both real estate leases and equipment leases. The main types of equipment leases include forklifts, trailers, printers and copiers, railcars, and trucks. Leases are categorized as both operating leases and finance leases. The Company elected the practical expedient to combine lease and non-lease components and recognizes the combined amount on the condensed consolidated balance sheet. Management determined that since the Company has a centralized treasury function, the parent company would either fund or guarantee a subsidiary's loan for borrowing over a similar term. As such, the Company's management determined it is appropriate to utilize a corporate based borrowing rate for all locations. The Company developed four tranches of leases based on lease terms and these tranches reflect the composition of the current lease portfolio. The Company's borrowing history shows that interest rates of a term loan or a line of credit depend on the duration of the loan rather than the nature of the assets purchased by those funds. Based on this understanding, the Company elected to use a portfolio approach to discount rates, applying corporate rates to the tranches of leases based on lease terms. Based on the Company's risk rating, the Company applied the following discount rates for new leases entered into during the **second** **third** quarter of 2024: (1) 1-2 years, **6.73%** **6.75%** (2) 3-4 years, **7.32%** **7.34%** (3) 5-9 years, **7.66%** **7.68%** and (4) 10+ years, **8.38%** **8.40%**.

Right of use assets and lease liabilities at **June 30, 2024** **September 30, 2024** and December 31, 2023 are summarized as follows:

Right of use assets	Right of use assets	June 30, 2024	December 31, 2023	Right of use assets	September 30, 2024	December 31, 2023
Operating leases						
Finance leases						
<b>Total</b>						
Lease liabilities - current	Lease liabilities - current	June 30, 2024	December 31, 2023	Lease liabilities - current	September 30, 2024	December 31, 2023
Operating leases						
Finance leases						
<b>Total</b>						
Lease liabilities - non-current	Lease liabilities - non-current	June 30, 2024	December 31, 2023	Lease liabilities - non-current	September 30, 2024	December 31, 2023
Operating leases						

## Finance leases

**Total**

For the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, the Company's total lease costs were as follows, which included amounts recognized in earnings, amounts capitalized on the balance sheets, and the cash flows arising from lease transactions:

	Three Months Ended June 30,	Six Months Ended June 30,	Three Months Ended September 30,	Nine Months Ended September 30,	2024	2024	2023	2024	2023	2024	2023
<b>Lease Cost</b>											
Operating lease cost											
Operating lease cost											
Operating lease cost											
Finance lease cost											
Finance lease cost											
Finance lease cost											
Amortization of ROU asset											
Amortization of ROU asset											
Amortization of ROU asset											
Interest on lease liabilities											
Total finance lease											
<b>Total lease cost</b>											
<b>Total lease cost</b>											
<b>Total lease cost</b>											
<b>Cash paid for amounts included in the measurement of lease liabilities</b>											
<b>Cash paid for amounts included in the measurement of lease liabilities</b>											
<b>Cash paid for amounts included in the measurement of lease liabilities</b>											
Operating cash flows from operating leases											
Operating cash flows from operating leases											
Operating cash flows from operating leases											
Operating cash flows from finance leases											
Financing cash flows from finance leases											
	\$										
Right-of-use assets obtained in exchange for new operating lease liabilities, net of right-of-use assets disposed											
Right-of-use assets obtained in exchange for new operating lease liabilities, net of right-of-use assets disposed											

Right-of-use assets obtained in exchange for new operating lease liabilities, net of right-of-use assets disposed											
Weighted-average remaining lease term - operating leases											
Weighted-average remaining lease term - operating leases											
Weighted-average remaining lease term - operating leases	9.17 years	5.41 years	9.17 years	5.41 years	9.18 years	5.49 years	9.18 years	5.49 years			
Weighted-average remaining lease term - finance leases	8.65 years	9.51 years	8.65 years	9.51 years	8.62 years	9.29 years	8.62 years	9.29 years			
Weighted-average discount rate - operating leases											
Weighted-average discount rate - operating leases											
Weighted-average discount rate - operating leases	7.5 %	4.1 %	7.5 %	4.1 %	7.6 %	4.3 %	7.6 %	4.3 %			
Weighted-average discount rate - finance leases	5.0 %	5.0 %	5.0 %	5.0 %	5.1 %	5.0 %	5.1 %	5.0 %			

Rent expense charged to operations under operating lease agreements for the three and **six nine** months ended **June 30, 2024** **September 30, 2024** aggregated to approximately **\$1,351** **\$1,365** and **\$2,692**, **\$4,057**, respectively, and **\$1,376** **\$1,326** and **\$2,646** **\$3,972** for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, respectively.

Aggregate future minimum rental payments required under all non-cancelable operating and finance leases at **June 30, 2024** **September 30, 2024** are as follows:

Year	Year	Year
July 1, 2024 to December 31, 2024		
October 1, 2024 to December 31, 2024		
2025		
2026		
2027		
2028		
2029		
Thereafter		
Total minimum lease payments		

#### **NOTE 19 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES**

On May 28, 2019, the Company entered into a pay-fixed (2.05%), receive-floating interest rate swap with a notional amount of \$108,569 and a maturity date of June 27, 2023, which was designated as cash flow hedge. The net interest income related to the interest rate swap contract was **\$834** **\$0** and **\$1,518** for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, respectively. There was no such income for the three and **six nine** months ended **June 30, 2024** **September 30, 2024** as the interest rate swap was settled on its maturity date of June 27, 2023. The net interest income was recorded in the condensed consolidated statements of earnings under "Interest expense, net."

On May 28, 2019, the Company also entered into a pay-fixed (0.00%), receive-fixed (2.05%) cross-currency swap to manage foreign exchange risk related to the Company's net investment in Chemogas, which was designated as net investment hedge. The derivative had a notional amount of \$108,569, an effective date of May 28, 2019, and a maturity date of June 27, 2023. The interest income related to the cross-currency swap contract was **\$569** **\$0** and **\$1,119** for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, respectively. There was no such income for the three and **six nine** months ended **June 30, 2024** **September 30, 2024** as the cross-currency swap was settled on its maturity date of June 27, 2023. The interest income was recorded in the condensed consolidated statements of earnings under "Interest expense, net."

The Company settled its derivative instruments on their maturity date of June 27, 2023 and had no other derivatives outstanding as of **June 30, 2024** **September 30, 2024**. The proceeds from the settlement of the cross-currency swap in the amount of \$2,740 were classified as investing activities in the Consolidated Statements of Cash Flows in the second quarter of 2023.

Losses on our hedging instruments were recognized in accumulated other comprehensive income (loss) and categorized as follows for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**. There were no such losses for the three and **six nine** months ended **June 30, 2024** **September 30, 2024**:

Location within Statements of Comprehensive Income	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023

Cash flow hedge (interest rate swap), net of tax	Unrealized (loss) on cash flow hedge, net	\$ (554)	\$ (1,065)
Net investment hedge (cross-currency swap), net of tax	Net foreign currency translation adjustment	(434)	(1,455)
<b>Total</b>		<b>\$ (988)</b>	<b>\$ (2,520)</b>

	Location within Statements of Comprehensive Income	Three Months Ended	Nine Months Ended
		September 30, 2023	September 30, 2023
Cash flow hedge (interest rate swap), net of tax	Unrealized (loss) on cash flow hedge, net	\$ (554)	\$ (1,065)
Net investment hedge (cross-currency swap), net of tax	Net foreign currency translation adjustment	(434)	(1,455)
<b>Total</b>		<b>\$ (988)</b>	<b>\$ (2,520)</b>

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

(All amounts in thousands, except share and per share data)

### Forward-Looking Statements

This report contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect our expectation or belief concerning future events that involve risks and uncertainties. These forward-looking statements generally are identified by the words "believe," "project," "expect," "anticipate," "estimate," "forecast," "outlook," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," or the negative thereof or variations thereon or similar expressions generally intended to identify forward-looking statements. Actions and performance could differ materially from what is contemplated by the forward-looking statements contained in this report. Factors that might cause differences from the forward-looking statements include those referred to or identified in Item 1A of the Annual Report on Form 10-K for the year ended December 31, 2023 and other factors that may be identified elsewhere in this report. Reference should be made to such factors and all forward-looking statements are qualified in their entirety by the above cautionary statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors that may affect our forward-looking statements include, among other things: (1) adverse impacts to our business operations due to pandemics, epidemics or other public health emergencies; (2) our ability to manage risks associated with our sales to customers and manufacturing operations outside the United States; (3) supply chain disruptions due to political unrest, terrorist acts, and national and international conflicts; (4) reliability and sufficiency of our manufacturing facilities; (5) our ability to recruit and retain a highly qualified and diverse workforce; (6) our ability to effectively manage labor relations; (7) the effects of global climate change or other unexpected events, including global health crises, that may disrupt our operations; (8) our ability to manage risks related to our information technology and operational technology systems and cybersecurity; (9) our reliance on third-party vendors for many of the critical elements of our global information and operational technology infrastructure and their failure to provide effective support for such infrastructure; (10) disruption and breaches of our information systems; (11) increased competition and our ability to anticipate evolving trends in the market; (12) global economic conditions, including inflation, recession, changes in tariffs and trade relations; (13) raw material shortages or price increases; (14) currency translation and currency transaction risks; (15) interest rate risks; (16) our ability to successfully consummate and manage acquisitions, joint ventures and divestitures; (17) our ability to effectively manage and implement restructuring initiatives or other organizational changes; (18) changes in our relationships with our vendors, changes in tax or trade policy, interruptions in our operations or supply chain; (19) adverse publicity or consumer concern regarding the safety or quality of food products containing our products; (20) the outcome of any litigation, governmental investigations or proceedings; (21) product liability claims and recalls; (22) our ability to protect our brand reputation and trademarks; (23) claims of infringement of intellectual property rights by third parties; (24) risks related to corporate social responsibility and reputational matters; (25) improper conduct by any of our employees, agents or business partners; (26) changes to, or changes in interpretations of, current laws and regulations, and loss of governmental permits and approvals; and (27) ability of our customers to use the ethylene oxide process to sterilize medical devices.

### Overview

We develop, manufacture, distribute and market specialty performance ingredients and products for the nutritional, food, pharmaceutical, animal health, performance gases, plant nutrition and industrial markets. Our three reportable segments are strategic businesses that offer products and services to different markets: Human Nutrition & Health, Animal Nutrition & Health, and Specialty Products. Sales and production of products outside of our reportable segments and other minor business activities are included in "Other and Unallocated".

Balchem is committed to solving today's challenges to shape a healthier tomorrow by operating responsibly and providing innovative solutions for the health and nutritional needs of the world. Sustainability is at the heart of our company's vision to make the world a healthier place, and we proudly support the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption. Our Sustainability Framework focuses on the most critical Environmental, Social, and Governance topics relevant to our business and stakeholders. We are very proud of our significant progress relating to the Company's corporate social responsibilities and will continue to foster these fundamental principles broadly along our entire value chain, develop new ideas and technologies that help us work smarter, and help build a world that is a better place to live.

As of **June 30, 2024** **September 30, 2024**, we employed approximately **1,290** **1,300** full time employees worldwide. We are seeing some modest improvement in most relevant labor markets and we believe that we have been successful in attracting skilled and experienced personnel in a competitive environment and that our human capital resources are adequate to perform all business functions. In addition, we continue to enhance technology to further optimize productivity and performance.

## Segment Results

We sell products for all three segments through our own sales force, independent distributors, and sales agents.

The following tables summarize consolidated net sales by segment and business segment earnings from operations for the three and **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023:

Business Segment Net Sales	Business Segment Net Sales	Three Months Ended June 30,	Six Months Ended June 30,	Business Segment Net Sales	Three Months Ended September 30,	Nine Months Ended September 30,
		2024	2023	2024	2023	2024
Human Nutrition & Health						
Animal Nutrition & Health						
Specialty Products						
Other and Unallocated <sup>(1)</sup>						
<b>Total</b>						

  

Business Segment Earnings From Operations	Business Segment Earnings From Operations	Three Months Ended June 30,	Six Months Ended June 30,	Business Segment Earnings From Operations	Three Months Ended September 30,	Nine Months Ended September 30,
		2024	2023	2024	2023	2024
Human Nutrition & Health						
Animal Nutrition & Health						
Specialty Products						
Other and Unallocated <sup>(1)</sup>						
<b>Total</b>						

<sup>(1)</sup> Other and Unallocated consists of a few minor businesses which individually do not meet the quantitative thresholds for separate presentation and corporate expenses that have not been allocated to a segment. Unallocated corporate expenses consist of: (i) Transaction and integration costs of \$132 \$223 and \$572 \$795 for the three and **six nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and \$651 \$384 and \$1,216 \$1,600 for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and (ii) Unallocated amortization expense of \$0 and \$0 for the three and **six nine** months ended **June 30, 2024** **September 30, 2024**, respectively, and \$0 and \$312 for the three and **six nine** months ended **June 30, 2023** **September 30, 2023**, respectively, related to an intangible asset in connection with a company-wide ERP system implementation.

## Results of Operations - Three Months Ended **June 30, 2024** **September 30, 2024** and 2023

### *Net Earnings*

Three Months Ended June 30,
Three Months Ended September 30,

*(in thousands)*

*(in thousands)*

(in thousands)		2024		2023		% Change		2024		2023		% Change	
		Net sales	Net sales	\$ 234,081	\$ 231,252	\$ 2,829	1.2	1.2	% Net sales	\$ 239,940	\$ 229,948	\$ 9,992	\$ 9,992
Gross margin	Gross margin	82,994	77,349	77,349	5,645	5,645	7.3	7.3	Gross % margin	85,361	76,544	76,544	8,817
Operating expenses	Operating expenses	37,197	34,513	34,513	2,684	2,684	7.8	7.8	Operating % expenses	37,369	32,930	32,930	4,439
Earnings from operations	Earnings from operations	45,797	42,836	42,836	2,961	2,961	6.9	6.9	Earnings % operations	47,992	43,614	43,614	4,378
Interest and other expenses	Interest and other expenses	4,571	4,436	4,436	135	135	3.0	3.0	Interest % expenses	4,099	7,139	7,139	(3,040)
Income tax expense	Income tax expense	9,157	8,290	8,290	867	867	10.5	10.5	Income % tax expense	10,056	7,400	7,400	2,656
Net earnings	Net earnings	\$ 32,069	\$ 30,110	\$ 30,110	\$ 1,959	6.5	6.5	Net % earnings	\$ 33,837	\$ 29,075	\$ 29,075	\$ 4,762	

#### Net Sales

Three Months Ended June 30,
Three Months Ended September 30,

(in thousands)

(in thousands)

(in thousands)		2024		2023		% Change		2024		2023		% Change	
		Human Nutrition & Health	Human Nutrition & Health	\$ 147,928	\$ 135,669	\$ 12,259	9.0	9.0	Human Nutrition & Health	\$ 152,283	\$ 144,455	\$ 7,828	\$ 7,828
Animal Nutrition & Health	Animal Nutrition & Health	49,557	61,329	61,329	(11,772)	(11,772)	(19.2)	(19.2)	Animal Nutrition & Health	52,906	53,944	53,944	(1,038)
Specialty Products	Specialty Products	35,094	32,726	32,726	2,368	2,368	7.2	7.2	Specialty Products	33,191	30,004	30,004	3,187
Other	Other	1,502	1,528	1,528	(26)	(26)	(1.7)	(1.7)	Other	1,560	1,545	1,545	15
Total	Total	\$ 234,081	\$ 231,252	\$ 2,829	1.2	1.2	% Total	\$ 239,940	\$ 229,948	\$ 9,992	\$ 9,992		

- The increase in net sales within the Human Nutrition & Health segment for the **second** quarter of 2024 as compared to the **second** quarter of 2023 was primarily driven by higher sales within **both** the minerals and nutrients business and the food and beverage markets. Total sales for this segment grew **9.0%** **5.4%**, with volume and mix contributing **7.6%** **4.7%**, average selling prices contributing **1.5%** **0.6%**, and the change in foreign currency exchange rates contributing **-0.1%** **0.1%**.
- The decrease in net sales within the Animal Nutrition & Health segment for the **second** quarter of 2024 compared to the **second** quarter of 2023 was driven by lower sales in **both** the monogastric and species markets, partially offset by higher sales in the ruminant species markets. Total sales for this segment decreased by **19.2%** **1.9%**, with volume and mix contributing **-11.7%**, average selling prices contributing **-7.2%** **-5.3%**, and the change in foreign currency exchange rates contributing **-0.3%** **0.2%**, and volume and mix contributing **3.2%**.

- The increase in net sales within the Specialty Products segment for the **second** quarter of 2024 compared to the **second** quarter of 2023 was primarily due to higher sales in both the performance gases business and the plant nutrition business. Total sales for this segment increased by **7.2%** **10.6%**, with volume and mix contributing **4.2%** **6.5%**, average selling prices contributing **3.4%** **3.7%**, and the change in foreign currency exchange rates contributing **-0.4%** **0.4%**.
- Sales relating to Other decreased increased slightly from the prior year primarily due to higher volumes and mix, partially offset by lower average selling prices, partially offset by higher volumes.
- Sales may fluctuate in future periods based on macroeconomic conditions, competitive dynamics, changes in customer preferences, and our ability to successfully introduce new products to the market.

#### Gross Margin

(in thousands)	Three Months Ended June 30,		Increase (Decrease)	% Change
	2024	2023		
Gross margin	\$ 82,994	\$ 77,349	\$ 5,645	7.3 %
% of net sales	35.5 %	33.4 %		

  

(in thousands)	Three Months Ended September 30,		Increase (Decrease)	% Change
	2024	2023		
Gross margin	\$ 85,361	\$ 76,544	\$ 8,817	11.5 %
% of net sales	35.6 %	33.3 %		

Gross margin dollars increased in the **second** quarter of 2024 compared to the **second** quarter of 2023 due to higher sales and a **decrease in cost of goods sold of \$2,816**. The **1.8% decrease in cost of goods sold** was mainly driven by certain lower manufacturing input costs, favorable mix.

#### Operating Expenses

(in thousands)	Three Months Ended June 30,			% Change	
	Three Months Ended September 30,				
	2024	2023	% Change		
Operating expenses	\$ 37,197	\$ 34,513	7.8	7.8 %	
Operating expenses	\$ 37,369	\$ 32,930	\$ 4,439	13.5 %	
% of net sales					

The increase in operating expenses in the **second** quarter of 2024 compared to the **second** quarter of 2023 was primarily due to an increase in compensation-related costs of **\$3,836** and an increase in transaction costs of **\$3,339**, partially offset by a decrease in amortization expense of **\$3,168**.

#### Earnings from Operations

(in thousands)	Three Months Ended September 30,		Increase (Decrease)	% Change
	2024	2023		
Human Nutrition & Health	\$ 35,578	\$ 31,275	\$ 4,303	13.8 %
Animal Nutrition & Health	3,529	5,070	(1,541)	(30.4)%
Specialty Products	10,516	8,740	1,776	20.3 %
Other and unallocated	(1,631)	(1,471)	(160)	(10.9)%
Earnings from operations	\$ 47,992	\$ 43,614	\$ 4,378	10.0 %
% of net sales (operating margin)	20.0 %	19.0 %		

- Human Nutrition & Health segment earnings from operations increased \$4,303 primarily due to the gross margin contribution of \$5,786. The increase in gross margin was primarily due to the aforementioned higher sales and a favorable mix. This was partially offset by an increase in operating expenses of \$1,484 due to the impact of favorable

adjustments to transaction costs in the prior year of \$8,000 \$2,800 and higher charges related to outside services compensation-related costs of \$1,494 \$1,882, partially offset by the impact a decrease in amortization expense of restructuring-related impairment charges and disposals of assets in the prior year of \$6,146.

#### Earnings from Operations

(in thousands)	Three Months Ended June 30,		Increase (Decrease)	% Change
	2024	2023		
Human Nutrition & Health	\$ 33,367	\$ 27,499	\$ 5,868	21.3 %
Animal Nutrition & Health	2,693	7,662	(4,969)	(64.9)%
Specialty Products	11,228	9,298	1,930	20.8 %
Other and unallocated	(1,491)	(1,623)	132	8.1 %
Earnings from operations	<u>\$ 45,797</u>	<u>\$ 42,836</u>	<u>\$ 2,961</u>	<u>6.9 %</u>
% of net sales (operating margin)	19.6 %	18.5 %		

- Human Nutrition & Health segment earnings from operations increased \$5,868 primarily due to the gross margin contribution of \$8,163. The increase in gross margin was primarily due to the aforementioned higher sales, a favorable mix, and certain lower manufacturing input costs. This was partially offset by an increase in operating expenses of \$2,295 due to the impact of favorable adjustments to transaction costs in the prior year of \$6,328, partially offset by the impact of restructuring-related impairment charges in the prior year of \$4,549. \$3,121.
- Animal Nutrition & Health segment earnings from operations decreased \$4,969 \$1,541 primarily due to a decrease higher operating expenses driven by the impact of favorable adjustments to transaction costs in gross margin the prior year of \$4,453. The decrease in gross margin was primarily due to the aforementioned lower sales, partially offset by certain lower manufacturing input costs. \$700 and higher compensation-related costs of \$378.
- Specialty Products segment earnings from operations increased \$1,930 \$1,776 primarily due to the gross margin contribution of \$2,507. \$3,460. The increase in gross margin was primarily due to the aforementioned higher sales and certain lower manufacturing input costs. a favorable mix. This was partially offset by higher operating expenses of \$1,683 primarily due to an increase in compensation-related costs of \$1,395.
- The increase decrease in Other and unallocated was primarily driven by a decrease in unallocated corporate expenses, partially offset by a decrease in gross margin.

#### Other Expenses (Income)

	Three Months Ended June 30,		% Change	2024	Three Months Ended September 30,		% Chang
	2024	2023			Interest expense, net	Other expense (income), net	
(in thousands)							
Interest expense, net	\$ 4,240	\$ 5,163	(17.9)	\$ 4,071	\$ 6,594	\$ (2,523)	
Other expense (income), net	331	(727)	(1,058)	28	545	545	(517)
	<u>\$ 4,571</u>	<u>\$ 4,436</u>	<u>3.0</u>	<u>\$ 4,099</u>	<u>\$ 7,139</u>	<u>\$</u>	<u></u>

Interest expense for the three months ended June 30, 2024 September 30, 2024 and 2023 was primarily related to outstanding borrowings under the 2022 Credit Agreement. The decrease in net interest expense is due to lower outstanding borrowings, partially offset by higher interest rates.

borrowings.

#### Income Tax Expense

		Three Months Ended June 30,				Three Months Ended September 30,					
(in thousands)											
(in thousands)		2024		2023		% Change		2024		2023	
(in thousands)		Income tax expense		Income tax expense		10.5 %		Income tax expense		35.9 %	
Income tax expense		\$ 9,157		\$ 8,290		\$ 867	10.5	\$ 10,056		\$ 7,400	\$ 2,656
Effective tax rate											

The higher effective tax rate was primarily due to lower tax benefits from stock-based compensation and certain higher U.S. state taxes, partially offset by certain lower foreign taxes.

#### Results of Operations - Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023

##### Net Earnings

		Six Months Ended June 30,				Nine Months Ended September 30,					
(in thousands)		2024		2023		% Change		2024		2023	
(in thousands)		Net sales		Net sales		\$ 473,740		\$ 463,792		\$ 713,680	
Gross margin		Gross margin		164,508	150,519	150,519	13,989	13,989	13,989	249,869	227,063
Operating expenses		Operating expenses		77,035	73,275	73,275	3,760	3,760	3,760	114,404	106,205
Earnings from operations		Earnings from operations		87,473	77,244	77,244	10,229	10,229	10,229	135,465	120,858
Interest and other expenses		Interest and other expenses		9,397	9,725	9,725	(328)	(328)	(328)	13,496	16,864
Income tax expense		Income tax expense		17,021	14,699	14,699	2,322	2,322	2,322	27,077	22,099
Net earnings		Net earnings		\$ 61,055	\$ 52,820	\$ 52,820	\$ 8,235	\$ 8,235	\$ 8,235	\$ 94,892	\$ 81,895

##### Net Sales

Six	Months	Ended
June 30,		
Nine	Months	Ended
September		
30,		

(in thousands)

(in thousands)

(in thousands)	2024	2023	% Change	2024	2023
Human Nutrition & Health	\$ 300,672	\$ 268,322	\$ 32,350	12.1	12.1
Animal Nutrition & Health	103,478	126,218	(22,740)	(22,740)	(18.0)
Specialty Products	66,707	64,957	1,750	1,750	2.7
Other	2,883	4,295	(1,412)	(1,412)	(32.9)
Total	\$ 473,740	\$ 463,792	\$ 9,948	2.1	2.1
			% Total		
				\$ 713,680	\$ 693,740

- The increase in net sales within the Human Nutrition & Health segment for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** as compared to 2023 was primarily driven by higher sales within the minerals and nutrients business. Total sales for this segment grew **12.1%** **9.7%**, with volume and mix contributing **10.6%** **8.6%** and average selling prices contributing **1.5%** **1.2%**.
- The decrease in net sales within the Animal Nutrition & Health segment for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** as compared to 2023 was driven by lower sales in both the monogastric and ruminant species markets. Total sales for this segment decreased by **18.0%** **13.2%**, with average selling prices contributing **-7.4%** and volume and mix contributing **-9.7%**, average selling prices contributing **-8.2%**, and the change in foreign currency exchange rates contributing **-0.1%** **-5.9%**.
- The increase in net sales within the Specialty Products segment for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** as compared to 2023 was due to higher sales in the performance gases market, partially offset by lower sales in the plant nutrition business. Total sales for this segment increased by **2.7%** **5.2%**, with average selling prices contributing **3.6%**, the change in foreign currency exchange rates contributing **-0.1%** **3.7%** and volume and mix contributing **-0.8%** **1.5%**.
- Sales relating to Other decreased from the prior year due to lower **average selling prices**.
- Sales may fluctuate in future periods based on macroeconomic conditions, competitive dynamics, changes in customer preferences, and our ability to successfully introduce new products to the market.

#### Gross Margin

Six Months Ended June 30,
Nine Months Ended September 30,

(in thousands)

(in thousands)

(in thousands)	2024	2023	% Change	2024	2023	% Change
Gross margin	\$ 164,508	\$ 150,519	\$ 13,989	9.3	9.3	10.0

% of net sales

Gross margin dollars increased in the **six nine** months ended **June 30, 2024** **September 30, 2024** as compared to 2023 due to higher sales, **a favorable mix** and a decrease in cost of goods sold of **\$4,041** **\$2,866**. The **1.3%** **0.6%** decrease in cost of goods sold was mainly driven by certain lower manufacturing input costs.

#### Operating Expenses

		Six Months Ended June 30,		Nine Months Ended September 30,							
(in thousands)											
(in thousands)		2024		2023		% Change		2024		2023	% Change
Operating expenses	Operating expenses	\$ 77,035		\$ 73,275		5.1	Operating expenses	\$ 114,404		\$ 106,205	7.7

% of net sales

The increase in operating expenses **in for** the **six nine** months ended **June 30, 2024** **September 30, 2024** as compared to 2023 was primarily due to the impact of favorable adjustments to transaction costs in the prior year of **\$6,400** and **\$9,900**, an increase in compensation-related costs of **\$3,426**, **\$7,353**, and an increase in outside services of **\$1,877**, partially offset by the impact of a decrease in restructuring-related impairment charges of **\$7,243**, and a decrease in the prior year amortization expense of **\$6,146**, **\$5,772**.

#### Earnings from Operations

		Six Months Ended June 30,		Nine Months Ended September 30,							
(in thousands)											
(in thousands)		2024		2023		% Change		2024		2023	
Human Nutrition & Health	Human Nutrition & Health	\$ 66,624		\$ 45,934		\$ 20,690		45.0		\$ 102,202	
Animal Nutrition & Health	Animal Nutrition & Health	4,753	17,160	17,160	(12,407)	(12,407)	(72.3)	(72.3)	8,282	22,230	22,230
Specialty Products	Specialty Products	19,427	17,244	17,244	2,183	2,183	12.7	12.7	29,943	25,984	25,984
Other and unallocated	Other and unallocated	(3,331)	(3,094)	(3,094)	(237)	(237)	(7.7)	(7.7)	(4,962)	(4,565)	(4,565)
Earnings from operations	Earnings from operations	\$ 87,473	\$ 77,244	\$ 77,244	\$ 10,229	13.2	13.2	Earnings from operations	\$ 135,465	\$ 120,858	\$ 120,858
% of net sales (operating margin)											
% of net sales (operating margin)											
% of net sales (operating margin)											

- Human Nutrition & Health segment earnings from operations increased **\$20,690** **\$24,993** primarily due to an increase in gross margin of **\$23,526**, **\$29,312**. The increase in gross margin was primarily due to the aforementioned higher sales, **a favorable mix**, and certain lower manufacturing input costs.

- Animal Nutrition & Health segment earnings from operations decreased **\$12,407** **\$13,948** primarily due to a decrease in gross margin of **\$11,981**. **\$12,313**. The decrease in gross margin was primarily due to the aforementioned lower sales and unfavorable mix, partially offset by certain lower manufacturing input costs.
- Specialty Products segment earnings from operations increased **\$2,183**. Gross margin increased **\$3,692** **\$3,959** primarily due to an increase in gross margin of **\$7,152**. The increase in gross margin was primarily due to the aforementioned higher sales and certain lower manufacturing input costs, and costs. This was partially offset by an increase in operating expenses of **\$3,193** mainly due to higher compensation-related costs.
- The decrease in Other and unallocated was primarily driven by the aforementioned lower sales, partially offset by lower unallocated corporate expenses.

### ***Other Expenses (Income)***

Six Months Ended June 30,		Nine Months Ended September 30,			
				(in thousands)	
				(in thousands)	
(in thousands)		2024	2023	% Change	
Interest expense, net	Interest expense, net	\$ 9,638	\$ 10,728	(10.2)	Interest expense, net
Other (income), net	Other (income), net	(241)	(1,003)	(76.0)	Other (income), net
		\$ 9,397	\$ 9,725	(3.4)	
					(3.4)%
					\$ 13,496
					\$ 16,86

Interest expense for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023 was primarily related to outstanding borrowings under the 2022 Credit Agreement. The decrease in **net** interest expense is due to lower outstanding borrowings, partially offset by higher interest rates. **borrowings**.

### ***Income Tax Expense***

	Six Months Ended June 30,		Nine Months Ended September 30,		
	(in thousands)				
	2024	2023		% Change	
Income tax expense	\$ 17,021	\$ 14,699	\$ 2,322	15.8	15.8 %
				Income tax expense	Income tax expense
				2024	2023
					% Change

The higher effective tax rate was 21.8% for each of the six months ended June 30, 2024 primarily due to lower tax benefits from stock-based compensation and 2023. Certain lower foreign taxes in 2024 were offset by certain higher state taxes.

## Liquidity and Capital Resources

During the **six nine** months ended **June 30, 2024** **September 30, 2024**, there were no material changes outside the ordinary course of business in the specified contractual obligations set forth in our Annual Report on Form 10-K for the year ended December 31, 2023. We expect our operations to continue generating sufficient cash flow to fund working capital requirements and necessary capital investments. We are actively pursuing additional acquisition candidates. We could seek additional bank loans or access to financial markets to fund such acquisitions, our operations, working capital, necessary capital investments or other cash requirements should we deem it necessary to do so.

#### Cash

Cash and cash equivalents **decreased** **increased** to **\$63,738** **\$73,694** at **June 30, 2024** **September 30, 2024** from **\$64,447** at December 31, 2023. At **June 30, 2024** **September 30, 2024**, the Company had **\$58,382** **\$71,878** of cash and cash equivalents held by foreign subsidiaries. We presently intend to permanently reinvest these funds in foreign operations by continuing to make additional plant related investments, and potentially invest in partnerships or acquisitions; therefore, we do not currently expect to repatriate these funds in order to fund U.S. operations or obligations. However, if these funds are needed for U.S. operations, we could be required to pay additional withholding taxes to repatriate these funds. Working capital was **\$206,834** **\$216,549** at **June 30, 2024** **September 30, 2024** as compared to **\$165,751** at December 31, 2023, an increase of **\$41,083**, **\$50,798**. Significant cash payments during the **first half of 2024** **nine months ended September 30, 2024** included net repayments on the revolving loan of **\$43,000**, **\$82,569**, income taxes paid of **\$31,575**, the payment of the 2023 declared dividend in 2024 of **\$25,568**, income taxes paid of **\$19,140**, **\$25,572**, and capital expenditures and intangible assets acquired of **\$13,788**, **\$22,936**.

	Six Months Ended June 30,				Nine Months Ended September 30,		
	(in thousands)				(in thousands)		
	2024	2023		% Change	2024	2023	
Cash flows provided by operating activities	\$ 78,380	\$ 69,829	\$ 8,551	12.2	\$ 129,682	\$ 116,355	\$ 13,788
Cash flows used in investing activities	(13,596)	(13,672)	(13,672)	76	76	0.6	0.6
Cash flows used in financing activities	(64,210)	(58,077)	(58,077)	(6,133)	(6,133)	(10.6)	(10.6)

#### Operating Activities

The increase in cash flows from operating activities was primarily driven by the increase in net earnings.

#### Investing Activities

We continue to invest in corporate projects, improvements across all production facilities, and intangible assets. Total investments in property, plant and equipment and intangible assets were **\$13,788**, **\$22,936** and **\$17,880**, **\$26,177** for the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively.

#### Financing Activities

During 2024, we borrowed \$26,000 under the 2022 Credit Agreement and made total loan payments of **\$69,000**, **\$108,569**, resulting in **\$283,431**, **\$323,000** available under the 2022 Credit Agreement (see Note 7, Revolving Loan) as of **June 30, 2024** **September 30, 2024**.

We have an approved stock repurchase program. The total authorization under this program is 3,763,038 shares. Since the inception of the program in June 1999, a total of **3,139,300** **3,140,215** shares have been purchased. We intend to acquire shares from time to time at prevailing market prices if and to the extent we deem it is advisable to do so based on our assessment of corporate cash flow, market conditions and other factors. Open market repurchases of common stock could be made pursuant to a trading plan established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, which would permit common stock to be repurchased at a time that we might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions. We also purchase (withhold) shares from employees in connection with the tax settlement of vested shares and/or exercised stock options under the Company's omnibus incentive plan. Share repurchases are funded with existing cash on hand.

Proceeds from stock options exercised were **\$9,682** **\$15,084** and **\$3,826** **\$3,888** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively. Dividend payments were **\$25,568** **\$25,572** and **\$22,869** **\$22,872** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively.

#### **Other Matters Impacting Liquidity**

As of **June** **September** 30, 2024 and December 31, 2023, we have a liability of **\$4,766** **\$4,825** and \$4,650, respectively, for uncertain tax positions, including the related interest and penalties, recorded in accordance with ASC 740-10, for which we are unable to reasonably estimate the timing of settlement, if any.

We currently provide postretirement benefits in the form of two retirement medical plans, as discussed in Note 14, *Employee Benefit Plans*. The **liability** **liabilities** recorded in "Other long-term **liabilities**" **obligations**" on the condensed consolidated balance sheets as of **June 30, 2024** **September 30, 2024** and December 31, 2023 were **\$1,336** **\$1,381** and \$1,395, respectively, and the plans are not funded. Historical cash payments made under these plans have typically been less than \$200 per year. We do not anticipate any changes to the payments made in the current year for the plans.

Chemgas has an unfunded defined benefit plan. The plan provides for the payment of a lump sum at retirement or payments in case of death of the covered employees. The amounts recorded for **these obligations** **this obligation** on our balance sheets as of **June 30, 2024** **September 30, 2024** and December 31, 2023 were **\$393** **was** \$405 and \$420, respectively, and **were** **was** included in "Other long-term obligations" on the condensed consolidated balance sheets.

We provide an unfunded, nonqualified deferred compensation plan maintained for the benefit of a select group of management or highly compensated employees. Assets of the plan are held in a rabbi trust **which were included in "Non-current assets"** on the Company's condensed consolidated balance sheet. **They** **and** are subject to additional risk of loss in the event of bankruptcy or insolvency of the Company. The deferred compensation liability as of **June 30, 2024** **September 30, 2024** and December 31, 2023 **were** **\$10,965** **was** \$11,432 and \$10,188, respectively, and **were** **was** included in "Other long-term obligations" on the condensed consolidated balance sheets. The related rabbi trust assets were **\$10,962** **\$11,429** and \$10,188 as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, and were included in "Other non-current assets" on the condensed consolidated balance sheets.

#### **Significant Accounting Policies**

There were no changes to our Significant Accounting Policies, as described in our December 31, 2023 Annual Report on Form 10-K, during the **six** **nine** months ended **June 30, 2024** **September 30, 2024**.

#### **Related Party Transactions**

We were engaged in related party transactions with St. Gabriel CC Company, LLC during the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**. Refer to Note 17, *Related Party Transactions*.

#### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Our cash and cash equivalents are held primarily in checking accounts, certificates of deposit, and money market investment funds. In 2019, we entered into an interest rate swap and cross-currency swap for hedging purposes. This derivative settled on its maturity date of June 27, 2023. Refer to details noted above (see Note 19, *Derivative Instruments and Hedging Activities*). Additionally, as of **June 30, 2024** **September 30, 2024**, our borrowings were under a revolving loan bearing interest at a fluctuating rate as defined by the 2022 Credit Agreement plus an applicable rate (See Note 7, *Revolving Loan*). The applicable rate is based upon our consolidated net leverage ratio, as defined in the 2022 Credit Agreement. A 100 basis point increase or decrease in interest rates, applied to our borrowings at **June 30, 2024** **September 30, 2024**, would result in an increase or decrease in annual interest expense and a corresponding reduction or increase in cash flow of approximately **\$2,666** **\$2,270**. We are exposed to commodity price risks, including prices of our primary raw materials. Our objective is to seek a reduction in the potential negative earnings impact of raw material pricing arising in our business activities. We manage these financial exposures, where possible, through pricing and operational means. Our practices may change as economic conditions change.

#### **Interest Rate Risk**

We have exposure to market risk for changes in interest rates, including the interest rate relating to the 2022 Credit Agreement. In the second quarter of 2019, we began to manage our interest rate exposure through the use of derivative instruments. These derivatives were utilized for risk management purposes, and were not used for trading or speculative purposes. We hedged a portion of our floating interest rate exposure using an interest rate swap (see Note 19, *Derivative Instruments and Hedging Activities*), which settled on its maturity date of June 27, 2023.

#### **Foreign Currency Exchange Risk**

The financial condition and results of operations of our foreign subsidiaries are reported in local currencies and then translated into U.S. dollars at the applicable currency exchange rate for inclusion in our consolidated financial statements. Therefore, we are exposed to foreign currency exchange risk related to these currencies. In 2019, we entered into a cross-currency swap, with a notional amount of \$108,569, which we designated as a hedge of our net investment in Chemogas (see Note 19, *Derivative Instruments and Hedging Activities*). This derivative settled on its maturity date of June 27, 2023.

#### Item 4. Controls and Procedures

##### (a) Evaluation of Disclosure Controls and Procedures

Prior to filing this report, we completed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act as of **June 30, 2024** **September 30, 2024**. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of **June 30, 2024** **September 30, 2024**.

##### (b) Changes in Internal Controls

There have been no changes in the internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Act) during the fiscal quarter ended **June 30, 2024** **September 30, 2024**, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## Part II. Other Information

#### Item 1. Legal Proceedings

In the normal course of business, we are involved in a variety of lawsuits, claims and legal proceedings, from time to time, including commercial and contract disputes, labor and employment matters, product liability claims, environmental liabilities, trade regulation matters, intellectual property disputes and tax-related matters. Further, in connection with normal operations at our plant facilities, our manufacturing sites may, from time to time, be subject to inspections or inquiries by the EPA and other agencies. To the extent any consent orders or other agreements are entered into as a result of findings from such inspections or inquiries, the Company is committed to ensuring compliance with such orders or agreements.

Information with respect to certain legal proceedings is included in Note 15, *Commitments and Contingencies*, to our consolidated financial statements for the quarter ended **June 30, 2024** **September 30, 2024** contained in this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

In our opinion, we do not expect pending legal matters to have a material adverse effect on our consolidated financial position, results of operations, liquidity or cash flows.

#### Item 1A. Risk Factors

There have been no material changes in the Risk Factors identified in the Company's Annual report on Form 10-K for the year ended December 31, 2023. For a further discussion of our Risk Factors, refer to the "Risk Factors" discussion contained in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

The following table summarizes the share repurchase activity for the **six nine** months ended **June 30, 2024** **September 30, 2024**:

Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid Per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(3)</sup>	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid Per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(3)</sup>
January 1-31, 2024							

February 1-29,

2024

March 1-31,

2024

First Quarter

First  
Quarter

36,122

First  
Quarter

36,122

36,122

April 1-30, 2024

April 1-30, 2024

April 1-30, 2024

May 1-31, 2024

June 1-30, 2024

Second  
Quarter

July 1-31, 2024

July 1-31, 2024

July 1-31, 2024

August 1-31,  
2024

September 1-  
30, 2024

Third Quarter

Total

Total

Total

(1) The Company repurchased (withheld) shares from employees solely in connection with the tax settlement of vested shares and/or exercised stock options under the Company's omnibus incentive plan.

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(1) The Company repurchased (withheld) shares from employees solely in connection with the tax settlement of vested shares and/or exercised stock options under the Company's omnibus incentive plan.

(2) Our Board of Directors has approved a stock repurchase program. The total authorization under this program is 3,763,038 shares. Since the inception of the program in June 1999, a total of 3,139,300 shares have been purchased. Other than shares withheld for tax purposes, as described in footnote 1 above, no share repurchases were made under the Company's stock repurchase program during the three and six months ended June 30, 2024. There is no expiration for this program.

(2) Our Board of Directors has approved a stock repurchase program. The total authorization under this program is 3,763,038 shares. Since the inception of the program in June 1999, a total of 3,139,300 shares have been purchased. Other than shares withheld for tax purposes, as described in footnote 1 above, no share repurchases were made under the Company's stock repurchase program during the three and six months ended June 30, 2024. There is no expiration for this program.

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(e) Our Board of Directors has approved a stock repurchase program. The total authorization under this program is 3,763,038 shares. Since the inception of the program in June 1999, a total of 3,140,215 shares have been purchased. Other than shares withheld for tax purposes, as described in footnote 1 above, no share repurchases were made under the Company's stock repurchase program during the three and nine months ended September 30, 2024. There is no expiration for this program.

(e) Our Board of Directors has approved a stock repurchase program. The total authorization under this program is 3,763,038 shares. Since the inception of the program in June 1999, a total of 3,140,215 shares have been purchased. Other than shares withheld for tax purposes, as described in footnote 1 above, no share repurchases were made under the Company's stock repurchase program during the three and nine months ended September 30, 2024. There is no expiration for this program.

(e) Our Board of Directors has approved a stock repurchase program. The total authorization under this program is 3,763,038 shares. Since the inception of the program in June 1999, a total of 3,140,215 shares have been purchased. Other than shares withheld for tax purposes, as described in footnote 1 above, no share repurchases were made under the Company's stock repurchase program during the three and nine months ended September 30, 2024. There is no expiration for this program.

(g) Dollar amounts in this column equal the number of shares remaining available for repurchase under the stock repurchase program as of the last date of the applicable month multiplied by the monthly average price paid per share.

(g) Dollar amounts in this column equal the number of shares remaining available for repurchase under the stock repurchase program as of the last date of the applicable month multiplied by the monthly average price paid per share.

(g) Dollar amounts in this column equal the number of shares remaining available for repurchase under the stock repurchase program as of the last date of the applicable month multiplied by the monthly average price paid per share.

#### Item 5. Other Information

No directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement during the fiscal quarter ended **June 30, 2024** September 30, 2024.

#### Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
<u>Exhibit 10.1</u>	<u>Form of Balchem Corporation Non-Employee Directors Restricted Stock Grant Agreement (filed herewith).*</u>
<u>Articles</u> <u>Supplementary</u> <u>(incorporated</u> <u>by</u> <u>reference to Exhibit 10.2</u>	<u>3.1 to the Form of Balchem Corporation Stock Option Grant Agreement Non-Employee Director (filed herewith).*</u> <u>8-K filed on September 20, 2024.</u>
<u>Exhibit 31.1</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(a).</u>
<u>Exhibit 31.2</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(a).</u>
<u>Exhibit 32.1</u>	<u>Certification of Chief Executive Officer pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.</u>
<u>Exhibit 32.2</u>	<u>Certification of Chief Financial Officer pursuant to Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Compensatory plan or arrangement.

#### 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.

#### BALCHEM CORPORATION

By: /s/ Theodore L. Harris

Theodore L. Harris, Chairman, President, and  
Chief Executive Officer

By: /s/ Martin Bengtsson

Martin Bengtsson, Executive Vice President and  
Chief Financial Officer

Date: **July 26, 2024** October 25, 2024

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#### **EXHIBIT 10.1**

#### **BALCHEM CORPORATION** **NON-EMPLOYEE DIRECTORS RESTRICTED STOCK GRANT AGREEMENT**

#### **2017 Omnibus Incentive Plan**

**RESTRICTED STOCK GRANT AGREEMENT** (this "Agreement") is made as of this \_\_\_\_\_th day of \_\_\_\_\_, \_\_\_\_\_, between Balchem Corporation, a Maryland corporation (the "Company") and \_\_\_\_\_ ("Grantee").

1. **Grant of Restricted Stock.** Pursuant to the Company's 2017 Omnibus Incentive Plan, as the same may be amended from time to time (the "Plan"), the Company hereby grants to Grantee \_\_\_\_\_ (\_\_\_\_\_) shares of the common stock par value six and two-thirds cents (\$0.06 2/3) per share of the Company (the "RestrictedShares"), on the terms and subject to the conditions and restrictions and other provisions set forth in this Agreement and in the Plan. Any capitalized terms used in this Agreement and not defined herein shall have the meanings set forth in the Plan. This grant of Restricted Shares is subject to Grantee's execution and delivery to the Company of a copy of this Agreement. Grantee is not required to pay any purchase price for the Restricted Shares.

2. **Vesting of Restricted Shares.** Unless they vest on an earlier date as provided in Section 4 hereof, the Restricted Shares will vest on \_\_\_\_\_, which is three (3) years from the date first set forth above, provided that Grantee has remained a director of the Company through such vesting date.

3. **Restrictions on the Restricted Shares.** Until the Restricted Shares have vested, Grantee may not sell, transfer, assign, pledge, or otherwise encumber them except as permitted in Section 6 hereof. Stock certificates representing the Restricted Shares will be registered in Grantee's name (or Grantee will be recorded as the owner of the shares on the Company's books) as of the date of this Agreement, but such certificates will be held by the Company on Grantee's behalf until such shares vest. When all or a portion of the Restricted Shares vest, a certificate representing such shares (minus any shares retained to satisfy tax withholding obligations, as described in Section 10 hereof) will be delivered to Grantee (or the vesting of such shares will be duly recorded on the Company's books) as soon as practicable. To the extent the Restricted Shares have vested, they shall be fully transferable (subject to applicable securities law requirements) and not subject to forfeiture upon cessation of being a director or otherwise. Except in circumstances where a different treatment is provided in Section 4 hereof, in the event of a termination of Grantee's directorship with the Company for any reason, all of the Restricted Shares that have not previously vested will be forfeited and automatically transferred to and reacquired by the Company at no cost to the Company. At the request of the Company, Grantee shall execute and deliver to the Company a stock power, endorsed in blank, relating to the Restricted Shares.

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4. **Acceleration of Vesting.** Notwithstanding the vesting date set forth in Section 2 hereof, the following vesting rules shall apply upon the following events.

(a) **Death.** In the event of Grantee's death while a director of the Company, all Restricted Shares shall immediately vest.

(b) **Disability.** If Grantee ceases to be a director of the Company by reason of his or her Disability (as such term is defined below), the number of Restricted Shares that shall vest upon such disability shall be the number of whole shares equal to the product of (A) 1/36th of the total number of Restricted Shares subject to this Grant and (B) the number of full months Grantee has served on the Company's Board of Directors from the date of this Agreement to the date of Grantee's Disability; and all Restricted Shares not so vested shall be immediately forfeited. For the purposes of this Agreement, the term "**Disability**" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code or successor statute.

(c) **Retirement/Resignation from Board of Directors.** In the event Grantee ceases to be a member of the Board of Directors of the Company on or following the first anniversary of the date of grant of the Restricted Shares by reason of his/her: (i) voluntary retirement from the Company's Board of Directors at the conclusion of his or her term in which he or she reaches the age of 70 in accordance with the Company's Corporate Governance Guidelines; (ii) resignation as a director of the Company due to a conflict of interest between Grantee and the Company which is determined by majority vote of the Board of Directors (excluding Grantee) to be sufficiently material to justify Grantee's resignation as a director of the Company; or (iii) resignation as a director of the Company due to a serious health issue suffered by Grantee which materially impairs Grantee's ability to perform his/her duties and responsibilities as a director of the Company, as determined by majority vote of the Board of Directors (excluding Grantee); the number of Restricted Shares that shall vest upon any of such aforementioned events shall be the number of whole shares equal to the product of (A) 1/36th of the total number of Restricted Shares subject to this Grant and (B) the number of full months of that Grantee has served on the Company's Board of Directors from the date of this Agreement to the date of Grantee's retirement or resignation, as applicable; and all Restricted Shares not so vested shall be immediately forfeited. For the avoidance of doubt, in the event Grantee ceases to be a member of the Board of Directors of the Company prior to the first anniversary of the date of grant of the Restricted Shares for any reason enumerated in subclauses (i), (ii) or (iii) of this Section 4(c), all of Grantee's Restricted Shares will be forfeited.

(d) Change in Control. The treatment of the Restricted Shares in the event of a Change in Control (as defined in the Plan), shall be governed by the terms of the Plan.

(e) Committee Discretion. The Committee shall have absolute discretion to determine the date and circumstances of Grantee's cessation as a director of the Company or of the occurrence of Disability or a Change in Control, and its determination shall be final, conclusive and binding. The Committee, in its sole discretion, may accelerate the vesting of Restricted Shares, in whole or in part, based on service, performance, and/or such other factors or criteria as the Committee may determine, subject to the minimum vesting restrictions as set forth in the Plan.

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5. Voting and Dividends. Grantee shall have the right to vote the Restricted Shares and to receive dividends with respect to the Restricted Shares equal to the dividends paid on the Stock. If any dividend is declared and paid in cash, such cash dividend will be accrued without interest until, and will be paid within thirty (30) days following the date that, the restrictions applicable to such Restricted Shares lapse, or will be forfeited at such time as such Restricted Shares are forfeited. If any dividend is declared and paid by the Company in a form other than cash, such non-cash dividend shall be subject to the same vesting schedule, forfeiture terms and other restrictions as are applicable to the Restricted Shares with respect to which the dividends were paid. Any dividends received or accrued by Grantee applicable to the Restricted Shares granted hereunder shall be forfeited and, if applicable, returned to the Company in the event the Restricted Shares do not vest in accordance with Section 2 above.

6. Permitted Transfers. The following transactions shall be exempt from the restrictions on transfer set forth in Section 3 hereof:

(a) Grantee's transfer of any or all of the Restricted Shares either during his/her lifetime or on death by will or intestacy to his/her immediate family or to a trust the beneficiaries of which are exclusively one or more of Grantee and a member or members of Grantee's immediate family, except any such transfers made pursuant to any divorce or separation proceedings or settlement (for purposes hereof, the term "immediate family" shall mean spouse, lineal descendant, father, mother, brother or sister of Grantee making the transfer); or

(b) a transfer of Restricted Shares to the guardian or conservator of Grantee; provided, however, that in any such case, the transferee or other recipient shall receive and hold such Restricted Shares subject to the provisions of this Agreement and there shall be no further transfer of such Restricted Shares except in accordance with this Agreement.

No transfer pursuant to this Section 6 shall be effective, and the Company shall not be required to recognize any transferee of Restricted Shares hereunder as a stockholder of the Company, unless and until the transferee agrees in writing to be bound by the provisions of this Agreement.

7. Restrictive Legend. At the discretion of the Company, all certificates (electronic or otherwise) representing Restricted Shares owned by Grantee shall have affixed thereto a legend in substantially the following form, in addition to any other legends that may be required under federal or state securities laws or under any applicable shareholders agreement:

THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE AND RESTRICTIONS ON TRANSFER AS SET FORTH IN A CERTAIN RESTRICTED STOCK GRANT AGREEMENT BETWEEN THE CORPORATION AND THE REGISTERED OWNER OF THIS CERTIFICATE (OR HIS/HER PREDECESSOR IN INTEREST), AND SUCH AGREEMENT IS AVAILABLE FOR INSPECTION WITHOUT CHARGE AT THE OFFICE OF THE CORPORATION.

8. Adjustments for Stock Splits, Stock Dividends, etc. In the event of any stock split-up, stock dividend, stock distribution or other reclassification of the stock of the Company, any and all new, substituted or additional securities to which Grantee is entitled by reason of his or her ownership of the Restricted Shares shall be automatically subject to the same vesting schedule, forfeiture terms and other restrictions in the same manner and to the same extent as the Restricted Shares.

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9. **Section 83(b) Election.** Grantee understands that under Section 83 of the Internal Revenue Code of 1986, as amended (the "Code"), unless Grantee files an election under Section 83(b) of the Code, Grantee will recognize ordinary compensation income on the date the Restricted Shares are no longer subject to a substantial risk of forfeiture (which is generally the date such shares vest) in an amount equal to the fair market value of the Restricted Shares on that date. Grantee may, however, elect to recognize income with respect to some or all of the Restricted Shares as of the date of grant of such Restricted Shares in an amount equal to the fair market value of the Restricted Shares on that date (without any discount for the transfer and forfeiture restrictions on the Restricted Shares). In order to make this election, Grantee must file an election under Section 83(b) of the Code with the Internal Revenue Service no later than 30 days after the date of grant of the Restricted Shares. Grantee also understands that if he or she makes a Section 83(b) election and subsequently forfeits some or all of the Restricted Shares that were subject to the election, he or she will not be able to claim a deduction or capital loss with respect to the forfeited shares. Grantee also understands that cash dividends accrued on the Restricted Shares (prior to vesting) will be taxable as ordinary compensation income when received if Grantee did not make a Section 83(b) election, and will be taxable as dividend income if Grantee made a Section 83(b) election; and that non-cash dividends on the Restricted Shares generally will be taxable as ordinary compensation income at the same time as the Restricted Shares to which such dividends relate if Grantee did not make a Section 83(b) election, or treated as dividend income when received if Grantee made a Section 83(b) election. **Grantee acknowledges that it is Grantee's sole responsibility, and not the Company's, to file a timely election under Section 83(b) if he or she chooses to do so. Grantee is relying solely on Grantee's advisors with respect to the decision as to whether or not to file a Section 83(b) election. Grantee also agrees to provide the Company with a copy of the Section 83(b) election if one is filed.**

10. **Withholding.** The Company shall have the right to deduct from payments of any kind otherwise due to Grantee, including shares otherwise deliverable upon the vesting of the Restricted Shares, any federal, state or local taxes of any kind required by law to be withheld with respect to any of the Restricted Shares issued hereunder.

11. **Severability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

12. **Amendment.** No provision of this Agreement shall be amended, either generally or in any particular instance, except in a writing signed by the Company and Grantee.

13. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Company and Grantee and their respective heirs, executors, administrators, legal representatives, and permitted transferees. No transfer of any of the Restricted Shares shall be effective unless the transferee first agrees in writing to all of the terms hereof.

14. **No Rights to Employment.** Nothing contained in this Agreement or the Plan shall be construed as giving Grantee any right to be retained, in any position, as a director or employee of, or consultant or advisor to, the Company.

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15. **Notices.** All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery, delivery by Federal Express or other recognized overnight delivery service or upon deposit in the United States Post Office, by registered or certified mail, postage prepaid, return receipt requested, if to the Company at its executive offices and if to Grantee at the address shown beneath his or her signature to this Agreement, or in either case at such other address or addresses as either party shall designate to the other in accordance with this Section.

16. **Pronouns.** Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

17. **Entire Agreement.** This Agreement and the documents and agreements referenced herein constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the subject matter of this Agreement.

18. **Governing Law.** This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Maryland without regard to conflict of law principles. The Company and Grantee hereby (a) agree that any action, suit or other proceeding arising out of or based upon

this Agreement shall be brought in the courts of the State of Maryland or any federal court located in such state, and (b) irrevocably consent and submit to the exclusive jurisdiction of such courts for the purpose of any such action, suit or proceeding.

19. Terms of Plan Control. The Restricted Shares are issued pursuant to the provisions of the Plan, a copy of which has been furnished to Grantee, and are subject to the Plan in all respects. Nothing contained in this Agreement shall in any way be deemed to alter or modify the provisions of the Plan and no act of the Company or its directors, officers or employees shall be deemed to be a waiver or modification of any provision of the Plan. The provisions of the Plan shall in all respects govern this Agreement. The Committee shall have authority in its discretion, but subject to the express provisions of the Plan, to interpret the Plan and this Agreement; to prescribe, amend and rescind rules and regulations relating to the Plan and this Agreement; and to make all other determinations deemed necessary or advisable for the administration of the Plan or this Agreement. The Committee's determination on the foregoing matters shall be conclusive.

20. Section 409A Compliance. This Agreement is intended to comply with, or be exempt from, the requirements of Section 409A of the Code and the regulations issued thereunder. To the extent of any inconsistencies with the requirements of Section 409A, this Agreement shall be interpreted and amended in order to meet such Section 409A requirements. Notwithstanding anything contained in this Agreement or in any amendments hereto to the contrary, it is the intent of the Company to have the Plan interpreted and construed to comply with, or be exempt from, any and all provisions of Section 409A including any subsequent amendments, rulings or interpretations from appropriate governmental agencies.

21. Data Privacy.

(a) Data Collection and Usage. The Company may collect, process and use certain personal information about Grantee, including, but not limited to, Grantee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Restricted Shares granted under the Plan or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in Grantee's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The Company, with its address at 5 Paragon Drive, Montvale, New Jersey 07645, acts as the data controller in respect of such Data and may be contacted at [DataPrivacy@balchem.com](mailto:DataPrivacy@balchem.com).

For Grantees in the European Union / European Economic Area / Switzerland / United Kingdom ("EEA+"), the legal basis for the processing of Data is that it is necessary for the performance of the Company's contractual obligation to deliver shares (if the conditions of the Plan and the Award Agreement are satisfied) and, generally, for the Company's legitimate interests to manage and administer Grantee's participation in the Plan.

(b) Data Disclosures. The Company transfers Data to service providers which assist the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and share Data with such other providers serving in a similar manner. Grantee may be asked to acknowledge or (where applicable) agree to separate terms and data processing practices with the service providers, with such agreement (where applicable) being a condition to the ability to participate in the Plan. The Company may also share Data: with its affiliates: with other businesses in connection with a substantial corporate transaction (such as a sale, merger, consolidation, initial public offering, or in the unlikely event of bankruptcy); in response to a subpoena, court order, legal process, law enforcement request, legal claim or government inquiry; to protect and defend the rights, interests, safety, and security of the Company, Grantee, or others; or for any other purposes disclosed to the Grantee at the time the Company collects the Data. The Company does not sell Data or share Data for cross-context behavioral / targeted advertising purposes.

(c) International Data Transfers. The Company and its service providers are based in the United States, and Data may be transferred to the United States to administer the Plan as a result. Grantee's country or jurisdiction may have different data privacy laws and protections than the United States, and the Company complies with applicable laws that may place certain restrictions on such transfers.

For Grantees in the EEA+, the Company implements appropriate safeguards in accordance with applicable law to ensure the protection of Data outside of the EEA+, including by implementing standard contractual clauses, for which Grantees based in the EEA+ may request a copy.

(d) **Data Retention.** The Company will hold and use Data only as long as is necessary to implement, administer and manage Grantee's participation in the Plan, or as required to comply with applicable law, exercise or defense of legal rights, and for archiving, back-up and deletion processes. This may extend beyond Grantee's period of service as member of the Board.

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(e) **Data Subject Rights.** Depending on where Grantee is based, and subject to applicable exceptions or exemptions, Grantee may have rights to access, correct, delete, restrict processing, or port their Data and lodge complaints with competent authorities in Grantee's jurisdiction. Grantee or Grantee's authorized agent may contact the Company at [DataPrivacy@balchem.com](mailto:DataPrivacy@balchem.com) to exercise such rights where applicable.

22. **Compensation Recovery.** The Restricted Shares shall be subject to the provisions of any applicable compensation recovery policy contained in the Plan or implemented by the Company, including without limitation any compensation recovery policy adopted to comply with the requirements of applicable law, to the extent set forth in such compensation recovery policy.

23. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Shares or other equity awards granted by the Company, whether under the Plan or otherwise, or any other Company securities by electronic means. By accepting this grant of Restricted Shares, whether electronically or otherwise, Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company, including but not limited to the use of electronic signatures or click-through acceptance of terms and conditions.

24. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**BALCHEM CORPORATION**

By: \_\_\_\_\_

Theodore L. Harris

Chairman, President and CEO

**GRANTEE:**

(Signature)

Print Name: \_\_\_\_\_

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**Appendix**  
to

**Balchem Corporation**  
**Restricted Stock Grant Agreement**

### Country-Specific Terms and Conditions

This Appendix includes special terms and conditions applicable to Grantee if Grantee primarily resides in one of the countries listed below. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Award Agreement. If Grantee is a citizen or resident of a country other than the one in which he or she is currently primarily working, or if Grantee transfers primary employment or residency to another country after the Restricted Shares is granted, the Company, in its discretion but subject to applicable laws, will determine the extent to which the terms and conditions set forth in this Appendix will apply to the Grantee.

This Appendix also includes information relating to exchange control, foreign asset / account reporting requirements and other issues of which Grantee should be aware with respect to his or her participation in the Plan. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Grantee not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Restricted Shares vests or the shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to Grantee's particular situation. The Company is not in a position to assure Grantee of any particular result. Accordingly, Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Grantee is a citizen or resident of a country other than the one in which he or she is currently primarily working, or if Grantee transfers employment or residency to another country after the Restricted Shares are granted, the information contained herein may not be applicable to Grantee.

#### France

**Restricted Shares Not Tax-Qualified.** The Restricted Shares are not intended to be French tax-qualified.

**Language Consent.** In accepting the Restricted Shares, Grantee confirms having read and understood the documents relating to the Restricted Shares (the Plan and the Award Agreement including this Appendix), which were provided in English. Grantee accepts the terms of those documents accordingly.

**Consentement Relatif à la Langue Utilisée.** En acceptant cette Attribution, le Grantee confirme avoir lu et compris les documents relatifs à cette Attribution (le Plan, le Contrat d'Attribution incluant cette Annexe), qui ont été remis en langue anglaise. Le Grantee accepte les termes de ces documents en conséquence.

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**Foreign Asset/Account Reporting Information.** Grantee is required to report any shares and foreign bank accounts, including accounts closed during the tax year, to the French tax authorities when filing his or her annual tax return on form Cerfa number 3916. This also applies to foreign accounts holding the allocated shares.

#### Netherlands

**Language Consent.** In accepting the Restricted Shares, Grantee confirms having read and understood the documents relating to the Restricted Shares (the Plan and the Award Agreement including this Appendix), which were provided in English. Grantee accepts the terms of those documents accordingly.

**Instemming taal.** Met het accepteren van de voorwaardelijk toegekende aandelen (RSU's), bevestigt de Deelnemer dat hij/zij de documenten met betrekking tot de voorwaardelijk toegekende aandelen (RSU's) (het Plan en de toekenningsovereenkomst inclusief deze Bijlage), die in het Engels zijn opgesteld, heeft gelezen en begrepen. De deelnemer aanvaardt de voorwaarden van deze documenten dienovereenkomstig.

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**Appendix  
to**

**Balchem Corporation  
Restricted Stock Grant Agreement**

**Country-Specific Terms and Conditions**

This Appendix includes special terms and conditions applicable to Grantee if Grantee primarily resides in one of the countries listed below. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Award Agreement. If Grantee is a citizen or resident of a country other than the one in which he or she is currently primarily working, or if Grantee transfers primary employment or residency to another country after the Restricted Shares is granted, the Company, in its discretion but subject to applicable laws, will determine the extent to which the terms and conditions set forth in this Appendix will apply to the Grantee.

This Appendix also includes information relating to exchange control, foreign asset / account reporting requirements and other issues of which Grantee should be aware with respect to his or her participation in the Plan. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Grantee not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Restricted Shares vests or the shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to Grantee's particular situation. The Company is not in a position to assure Grantee of any particular result. Accordingly, Grantee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Grantee is a citizen or resident of a country other than the one in which he or she is currently primarily working, or if Grantee transfers employment or residency to another country after the Restricted Shares are granted, the information contained herein may not be applicable to Grantee.

**France**

**Restricted Shares Not Tax-Qualified.** The Restricted Shares are not intended to be French tax-qualified.

**Language Consent.** In accepting the Restricted Shares, Grantee confirms having read and understood the documents relating to the Restricted Shares (the Plan and the Award Agreement including this Appendix), which were provided in English. Grantee accepts the terms of those documents accordingly.

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**Consentement Relatif à la Langue Utilisée.** En acceptant cette Attribution, le Grantee confirme avoir lu et compris les documents relatifs à cette Attribution (le Plan, le Contrat d'Attribution incluant cette Annexe), qui ont été remis en langue anglaise. Le Grantee accepte les termes de ces documents en conséquence.

**Foreign Asset/Account Reporting Information.** Grantee is required to report any shares and foreign bank accounts, including accounts closed during the tax year, to the French tax authorities when filing his or her annual tax return on form Cerfa number 3916. This also applies to foreign accounts holding the allocated shares.

**Netherlands**

**Language Consent.** In accepting the Restricted Shares, Grantee confirms having read and understood the documents relating to the Restricted Shares (the Plan and the Award Agreement including this Appendix), which were provided in English. Grantee accepts the terms of those documents accordingly.

**Instemming taal.** Met het accepteren van de voorwaardelijk toegekende aandelen (RSU's), bevestigt de Deelnemer dat hij/zij de documenten met betrekking tot de voorwaardelijk toegekende aandelen (RSU's) (het Plan en de toekenningsovereenkomst inclusief deze Bijlage), die in het Engels zijn opgesteld, heeft gelezen en begrepen. De deelnemer aanvaardt de voorwaarden van deze documenten dienovereenkomstig.

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EXHIBIT 10.2

**BALCHEM CORPORATION  
STOCK OPTION GRANT AGREEMENT  
NON-EMPLOYEE DIRECTOR**

**2017 Omnibus Incentive Plan**

This STOCK OPTION GRANT AGREEMENT (the "Grant"), dated as of \_\_\_\_\_ is between BALCHEM CORPORATION, a Maryland corporation (the "Company") and \_\_\_\_\_ ("Optionee").

**WITNESSETH:**

1. **Grant of Options.** Pursuant to the provisions of the Company's 2017 Omnibus Incentive Plan, as the same may be amended from time to time (the "Plan"), the Company has on the date set forth on Exhibit A (such date, the "Grant Date") granted to Optionee, subject to the terms and conditions of the Plan and subject further to the terms and conditions herein set forth, the right and option to purchase from the Company the number of shares of the Company's common stock par value six and two-thirds cents (\$0.06 2/3) per share ("Stock") set forth in Exhibit A at the price per share set forth in Exhibit A (the stock options granted hereby being referred to as the "Option" or the "Options"). The Option is a non-qualified stock option. Any capitalized terms used in this Grant and not defined herein shall have the meanings set forth in the Plan. This grant of Options is subject to Optionee's execution and delivery to the Company of a copy of this Grant.

2. **Terms and Conditions.** The term of the Option shall be for the period specified in Exhibit A. The Option shall vest and become exercisable on the date or dates set forth, or upon satisfaction of the conditions set forth, in Exhibit A, provided that (unless expressly provided otherwise in Section 4 hereof or in Exhibit A) Optionee is a member of the Board of Directors of the Company (the "Board") on each such date. To the extent the Option has become exercisable, it may be exercised, prior to the end of the Option term, at any time in whole or in part and from time to time, subject to earlier termination as provided in Sections 3 and 4 of this Grant, unless otherwise expressly provided in Exhibit A. Unless otherwise provided in Exhibit A, the Option may not be exercised (a) as to fewer than 100 shares at any one time (or for the remaining shares then purchasable under the Option, if fewer than 100 shares), and (b) until fulfillment of any conditions precedent set forth in Section 7 hereof. The holder of any Option shall not have any rights as a stockholder with respect to the Stock issuable upon exercise of an Option until certificates for such Stock shall have been issued and delivered to him or her after the exercise of the Option.

**3. Termination of Service.** In the event that Optionee's service as a member of the Board is terminated (other than by reason of (i) death, (ii) Disability (as such term is defined in Section 4 hereof), (iii) Retirement (as such term is defined in Section 4 hereof) on or after the first anniversary of the Grant Date, or (iv) for Cause), the Option shall be exercisable (to the extent that Optionee shall have been entitled to do so at the termination of his or her service as member of the Board) at any time prior to the expiration of the period of sixty (60) days after such termination, but in no event later than the specified expiration date of the Option, except as may be expressly provided in Exhibit A. Notwithstanding anything herein to the contrary, in the event that Optionee's service as member of the Board shall be terminated for Cause, all vested and unvested portions of the Option shall be immediately forfeited by Optionee without any consideration.

Neither the Plan nor this Agreement shall confer upon the Optionee any right to be retained as a member of the Board. Further, nothing in the Plan or this Agreement shall be construed to limit the discretion of the Company to terminate the service as a member of the Board at any time.

**4. Death, Disability, or Retirement of Optionee or Change in Control.**

(a) **Death.** If Optionee ceases his or her service as Director of the Company by reason of his or her death, the vesting of the Option shall accelerate and the Option shall become fully exercisable upon such termination of service and may be exercised by Optionee's estate, personal representative or Beneficiary who has acquired the Option by will or by the laws of descent and distribution, at any time prior to the earlier of the specified expiration date of the Option or two (2) years after the date of Optionee's death, except as may otherwise be provided in Exhibit A.

(b) **Disability.** If Optionee ceases his/her service as Director of the Company by reason of his or her Disability, the Option shall continue to vest during the Optionee's lifetime and become exercisable in accordance with the vesting schedule set forth in Exhibit A. Except as otherwise provided in Exhibit A, any unexercised portion of the Option may be exercised by Optionee (or in the event of death, by Optionee's estate, personal representative or Beneficiary who has acquired the Option by will or by the laws of descent and distribution) prior to the later of (i) two (2) years after Optionee's termination of service or (ii) two (2) years after the vesting date of the Option, but in any case, not beyond the specified expiration date of the Option. For the purposes of the Grant, the term "Disability" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code or successor statute.

(c) **Retirement.** In the event Optionee ceases to be a member of the Board on or following the first anniversary of the date of grant of the Options by reason of his/her: (i) voluntary retirement from the Board at the conclusion of his or her term in which he or she reaches the age of 70 in accordance with the Company's Corporate Governance Guidelines; (ii) resignation as a director of the Company due to a conflict of interest between Optionee and the

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Company which is determined by majority vote of the Board (excluding Optionee) to be sufficiently material to justify Optionee's resignation as a director of the Company; or (iii) resignation as a director of the Company due to a serious health issue suffered by Optionee which materially impairs Optionee's ability to perform his/her duties and responsibilities as a director of the Company, as determined by majority vote of the Board (excluding Optionee), the Option shall continue to vest during the Optionee's lifetime and become exercisable in accordance with the vesting schedule set forth in Exhibit A. Except as otherwise provided in Exhibit A, any unexercised portion of the Option may be exercised by Optionee (or in the event of death, by Optionee's estate, personal representative or Beneficiary who has acquired the Option by will or by the laws of descent and distribution) prior to the later of (i) two (2) years after Optionee's termination of service as a member of the Board or (ii) two (2) years after the vesting date of the Option, but in any case not beyond the specified expiration date of the Option. For the avoidance of doubt, if Optionee ceases to be a Director by reason of his or her Retirement prior to the first anniversary of the Grant Date, the Option shall immediately be forfeited by Optionee for no consideration.

(d) **Change in Control.** The treatment of the Option in the event of a Change in Control (as defined in the Plan) shall be governed by the terms of the Plan.

**5. Transferability of Option.** The Option shall not be transferable otherwise than by will or the laws of descent and distribution, except as, and then only to the extent, if any, provided in Exhibit A or as subsequently approved by the Board or the Committee.

**6. Adjustments Upon Changes in Capitalization.** In the event of changes in the outstanding stock of the Company by reason of stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of shares, separations, reorganizations or liquidations, the number and class of shares subject to the Option shall be correspondingly adjusted as provided in the Plan.

**7. Conditions Precedent to Exercise of Option.** In the event that the exercise of the Option or the issuance and delivery of the shares hereunder shall be subject to, or shall require, any prior exchange listing, prior approval of the stockholders of the Company, or other prior condition or act, pursuant to the applicable laws, regulations or policies of any stock exchange, federal or local government or its agencies or representatives, and/or pursuant to the Plan, then the Option shall not be deemed to be exercisable under this Grant until such condition is satisfied. The Company shall not be liable in any manner to Optionee or any other party for any failure or delay by the Company on its part to fulfill any such condition, and any such failure or delay shall not extend the term of the Option.

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**8. Methods of Exercising Option.** Subject to the terms and conditions of this Grant, the Option may be exercised by delivering a signed, completed exercise notice in the form of Exhibit B, as the same may be modified from time to time by determination of the Company in its discretion, to the Company, at its office at 5 Paragon Drive, Montvale NJ 07645 or such other address as the Company may designate. Such notice shall (i) identify the Option to which it applies, (ii) state the election to exercise the Option, (iii) designate the number of shares in respect of which the Option is being exercised, and (iv) be signed by the person or persons so exercising the Option and shall otherwise be in such form and substance as the Company may require. Such notice shall be accompanied by payment of the full purchase price of such shares. The Company shall deliver to Optionee, at such address as is provided in the notice, a certificate or certificates representing such shares as soon as practicable after the notice shall be received and all conditions to the exercise of the Option are fulfilled and satisfied. Payment of such purchase price shall be made (a) in United States dollars in cash or by check, or (b) through delivery of shares of Stock previously owned by Optionee for at least six months and having a Fair Market Value equal as of the date of the exercise to the cash exercise price of the Option, or (c) by any combination of the above. Notwithstanding the foregoing, Optionee may not pay any part of the exercise price hereof by transferring Stock to the Company if such Stock is not fully vested or is subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code. The certificate or certificates for the shares as to which the Option shall have been so exercised shall be issued in the name of the person or persons so exercising the Option (or, if the Option shall be exercised by Optionee and if Optionee shall so request in the notice exercising the Option, the certificate shall be issued in the name of Optionee and another person jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising the Option. In the event the Option shall be exercised by any person or persons other than Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise the Option. At the election of the Company, such certificate may bear such legends regarding the limited transferability of the shares under applicable securities laws as the Company may require. All shares that shall be purchased upon the exercise of the Option as provided herein shall be fully paid and non-assessable.

**9. Compliance with Law.** The exercise of the Option and the issuance and transfer of shares of Stock shall be subject to compliance by the Company and Optionee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Stock may be listed. No share of Stock shall be issued pursuant to the Option unless and until any then applicable requirements of state or federal laws and regulatory agencies have been fully complied with to the satisfaction of the Company and its counsel. Optionee understands that the Company is under no obligation to register the shares with the U.S. Securities and Exchange Commission, any state securities commission or any stock exchange to effect such compliance.

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**10. Capital Changes and Business Successions.** The Plan contains provisions covering the treatment of the Option in a number of contingencies such as stock splits and mergers. Provisions in the Plan for adjustment with respect to stock subject to options and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference. In general, Optionee should not assume that the Option necessarily would survive the acquisition of the Company.

**11. Withholding Taxes.** Optionee shall be required to remit to the Company, and the Company shall have the right to deduct from any compensation payable to Optionee, the amount sufficient to satisfy any federal, state or local withholding tax liability in respect of the Options and to take all such other action as the Committee deems necessary to satisfy all obligations for payment of such withholding taxes. To the extent permitted by the Committee, and subject to any terms and conditions imposed by the Committee, Optionee may elect to have the Company's withholding obligation for federal, state and local taxes, including payroll taxes, with respect to the Options satisfied (i) by having the Company withhold from the shares otherwise deliverable to Optionee shares of Stock having a value equal to the amount of such withholding obligation with respect to the Stock or (ii) by delivering to the Company shares of unrestricted Stock. Alternatively, the Committee may require that a portion of shares of Stock otherwise deliverable be withheld and applied to satisfy the statutory withholding obligation with respect to the Options.

**12. Terms of Plan Control.** The Option granted hereunder is granted pursuant to the provisions of the Plan, a copy of which has been made available to Optionee and are subject to the Plan in all respects. Nothing contained in this Grant shall in any way be deemed to alter or modify the provisions of the Plan and no act of the Company or its directors, officers or employees shall be deemed to be a waiver or modification of any provision of the Plan. The provisions of the Plan shall in all respects govern the Option. The Committee shall have authority in its discretion, but subject to the express provisions of the Plan, to interpret the Plan and this Grant; to prescribe, amend and rescind rules and regulations relating to the Plan and the Option; and to make all other determinations deemed necessary or advisable for the administration of the Plan or the Option. The Committee's determination on the foregoing matters shall be conclusive.

**13. Governing Law.** This Grant shall be construed, interpreted and enforced in accordance with the laws of the State of Maryland without regard to conflict of law principles. The Company and the Optionee hereby (a) agree that any action, suit or other proceeding arising out of or based upon this Grant shall be brought in the courts of the State of Maryland or any federal court located in such state, and (b) irrevocably consent and submit to the exclusive jurisdiction of such courts for the purpose of any such action, suit or proceeding.

**14. No Right as Shareholder.** Optionee shall not have any rights as a shareholder with respect to any shares of Stock subject to the Option prior to the date of exercise of the Option.

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**15. Severability.** The invalidity or unenforceability of any provision of this Grant shall not affect the validity or enforceability of any other provision of this Grant and each other provision of this Grant shall be severable and enforceable to the extent permitted by law.

**16. Pronouns.** Whenever the context may require, any pronouns used in this Grant shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

**17. Entire Agreement.** This Grant and the documents and agreements referenced herein constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the subject matter of this Grant.

**18. Notices.** All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery, delivery by Federal Express or other recognized overnight delivery service or upon deposit in the United States Post Office, by registered or certified mail, postage prepaid, return receipt requested, if to the Company at its executive offices and if to Optionee at the address shown beneath his or her signature to this Grant, or in either case at such other address or addresses as either party shall designate to the other in accordance with this Section.

**19. Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this Option, any future options or other equity awards granted by the Company, whether under the Plan or otherwise, or any other Company securities by electronic means. By accepting this Option, whether electronically or otherwise, Optionee hereby consents to receive such documents by electronic delivery and agrees to participate in

the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company, including but not limited to the use of electronic signatures or click-through electronic acceptance of terms and conditions.

**20. Counterparts.** This Grant may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

**21. Data Privacy.**

(a) **Data Collection and Usage.** The Company may collect, process and use certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Options granted under the Plan or any other entitlement to shares awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The Company, with its address at 5 Paragon Drive, Montvale, New Jersey 07645, acts as the data controller in respect of such Data and may be contacted at [DataPrivacy@balchem.com](mailto:DataPrivacy@balchem.com).

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For Optionees in the European Union / European Economic Area / Switzerland / United Kingdom ("EEA+"), the legal basis for the processing of Data is that it is necessary for the performance of the Company's contractual obligation to deliver shares (if the conditions of the Plan and the Award Agreement are satisfied) and, generally, for the Company's legitimate interests to manage and administer Optionee's participation in the Plan.

(b) **Data Disclosures.** The Company transfers Data to service providers which assist the Company with the implementation, administration and management of the Plan. In the future, the Company may select different service providers and share Data with such other providers serving in a similar manner. Optionee may be asked to acknowledge or (where applicable) agree to separate terms and data processing practices with the service providers, with such agreement (where applicable) being a condition to the ability to participate in the Plan. The Company may also share Data: with its affiliates; with other businesses in connection with a substantial corporate transaction (such as a sale, merger, consolidation, initial public offering, or in the unlikely event of bankruptcy); in response to a subpoena, court order, legal process, law enforcement request, legal claim or government inquiry; to protect and defend the rights, interests, safety, and security of the Company, Optionee, or others; or for any other purposes disclosed to the Optionee at the time the Company collects the Data. The Company does not sell Data or share Data for cross-context behavioral / targeted advertising purposes.

(c) **International Data Transfers.** The Company and its service providers are based in the United States, and Data may be transferred to the United States to administer the Plan as a result. Optionee's country or jurisdiction may have different data privacy laws and protections than the United States, and the Company complies with applicable laws that may place certain restrictions on such transfers.

For Optionees in the EEA+, the Company implements appropriate safeguards in accordance with applicable law to ensure the protection of Data outside of the EEA+, including by implementing standard contractual clauses, for which Optionees based in the EEA+ may request a copy.

(d) **Data Retention.** The Company will hold and use Data only as long as is necessary to implement, administer and manage Optionee's participation in the Plan, or as required to comply with applicable law, exercise or defense of legal rights, and for archiving, back-up and deletion processes. This may extend beyond Optionee's period of service as member of the Board.

(e) **Data Subject Rights.** Depending on where Optionee is based, and subject to applicable exceptions or exemptions, Optionee may have rights to access, correct, delete, restrict processing, or port their Data and lodge complaints with competent authorities in Optionee's jurisdiction. Optionee or Optionee's authorized agent may contact the Company at [DataPrivacy@balchem.com](mailto:DataPrivacy@balchem.com) to exercise such rights where applicable.

**22. Compensation Recovery.** The Options shall be subject to the provisions of any applicable compensation recovery policy contained in the Plan or implemented by the Company, including

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without limitation any compensation recovery policy adopted to comply with the requirements of applicable law, to the extent set forth in such compensation recovery policy.

**23. Parachute Payments.**

(a) Optionee shall bear all expense of, and be solely responsible for, any excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), provided, however, that any payment or benefit received or to be received by Optionee (whether payable under the terms of this Agreement or any other plan, arrangement or agreement with the Company or any of its affiliates) (collectively, the "**Payments**") that would constitute a "parachute payment" within the meaning of Section 280G of the Code, shall be reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax but only if, by reason of such reduction, the net after-tax benefit received by Optionee exceeds the net after-tax benefit that would be received by Optionee if no such reduction was made. If a reduction in payments or benefits constituting "parachute payments" is necessary under the preceding sentence, the reduction shall be made in the manner that results in the greatest economic benefit for Optionee.

(b) The "net after-tax benefit" shall mean (i) the Payments that Optionee receives or is then entitled to receive from the Company that would constitute "parachute payments" within the meaning of Section 280G of the Code, less (ii) the amount of all federal, state and local income and employment taxes payable by Optionee with respect to the foregoing calculated at the highest marginal income tax rate for each year in which the foregoing shall be paid to Optionee (based on the rate in effect for such year as set forth in the Code as in effect at the time of the first payment of the foregoing), less (iii) the amount of Excise Tax imposed with respect to the payments and benefits described in Section 23(a) above.

(c) The independent registered public accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the event described in Section 280G(b)(2)(A)(i) of the Code shall perform the foregoing calculations. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting such change in control, change of ownership or similar transaction, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such independent registered public accounting firm required to be made hereunder.

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(d) The independent registered public accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Optionee within thirty (30) calendar days after the date on which Optionee's right to a Payment is triggered (if requested at that time by the Company or Optionee) or such other time as reasonably requested by the Company or Optionee. Any good faith determinations of the independent registered public accounting firm made hereunder shall be final, binding and conclusive upon the Company and Optionee.

IN WITNESS WHEREOF, the Company has caused this Grant to be executed by its duly authorized officer and Optionee has executed this Grant as of the date first written above.

BALCHEM CORPORATION

By: \_\_\_\_\_  
Theodore L. Harris

Chairman, President and CEO

AGREED AND ACCEPTED:

OPTIONEE:

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**EXHIBIT A**

Balchem Corporation

5 Paragon Drive  
Montvale, NJ 07645

**Notice of Grant of Stock Options**

[Director's Name]

Participant ID: XXX-XX-XXXX

Dear [•],

Effective [insert date], you have been granted a non-qualified stock option ("Option") to buy shares of Balchem Corporation (the "Company") common stock par value six and two-thirds cents (\$0.06 2/3) per share with the following parameters:

**Plan Name:** Balchem Corporation 2017 Omnibus Incentive Plan

**Award Number:** [•]

**Shares Subject to Option Granted:** [•]

**Award Type:** Non-Qualified Stock Option

**Award Date:** [•]

**Award Price per Share:** [•]

**Vesting Schedule:**

**Shares Vest Type Vest Date**

[•] On Vest Date [•]

[•] On Vest Date [•]

[•] On Vest Date [•]

By your signature and the Company's signature below, you and the Company agree that these Options are granted under and governed by the terms and conditions of the Company's 2017 Omnibus Incentive Plan, as the same may be amended from time to time, and the Stock Option Grant Agreement between you and the Company, which are attached and made a part of this Notice. This Notice may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

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**Appendix  
to**

**Balchem Corporation  
Stock Option Grant Agreement**

**Country-Specific Terms and Conditions**

This Appendix includes special terms and conditions applicable to Optionee if Optionee primarily resides in one of the countries listed below. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Award Agreement. If Optionee is a citizen or resident of a country other than the one in which he or she is currently primarily working, or if Optionee transfers primary employment or residency to another country after the Options are granted, the Company, in its discretion but subject to applicable laws, will determine the extent to which the terms and conditions set forth in this Appendix will apply to the Optionee.

This Appendix also includes information relating to exchange control, foreign asset / account reporting requirements and other issues of which Optionee should be aware with respect to his or her participation in the Plan. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Optionee not rely on the information herein as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Options vest or the shares acquired under the Plan are sold.

In addition, the information is general in nature and may not apply to Optionee's particular situation. The Company is not in a position to assure Optionee of any particular result. Accordingly, Optionee should seek appropriate professional advice as to how the relevant laws in his or her country may apply to his or her situation. Finally, if Optionee is a citizen or resident of a country other than the one in which he or she is currently primarily working, or if Optionee transfers employment or residency to another country after the Options are granted, the information contained herein may not be applicable to Optionee.

**France**

**Option Not Tax-Qualified.** The Option is not intended to be French tax-qualified.

**Language Consent.** In accepting the Option, the Optionee confirms having read and understood the documents relating to the Option (the Plan and the Award Agreement including this Appendix), which were provided in English. The Optionee accepts the terms of those documents accordingly.

**Consentement Relatif à la Langue Utilisée.** En acceptant cette Attribution, le Optionee confirme avoir lu et compris les documents relatifs à cette Attribution (le Plan, le Contrat d'Attribution

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*inclusant cette Annexe), qui ont été remis en langue anglaise. Le Optionee accepte les termes de ces documents en conséquence.*

**Foreign Asset/Account Reporting Information.** The Optionee is required to report any shares and foreign bank accounts, including accounts closed during the tax year, to the French tax authorities when filing his or her annual tax return on form Cerfa number 3916. This also applies to foreign accounts holding the allocated shares.

**Netherlands**

**Language Consent.** In accepting the Option, Optionee confirms having read and understood the documents relating to the Option (the Plan and the Award Agreement including this Appendix), which were provided in English. Optionee accepts the terms of those documents accordingly.

**Instemming taal.** Met het accepteren van de Optie, bevestigt de Deelnemer dat hij/zij de documenten met betrekking tot de Optie (het Plan en de toekenningsovereenkomst inclusief deze Bijlage), die in het Engels zijn opgeset, heeft gelezen en begrepen. De deelnemer aanvaardt de voorwaarden van deze documenten dienovereenkomstig.

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Exhibit 31.1

#### CERTIFICATIONS

I, Theodore L. Harris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Balchem Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **July 26, 2024** October 25, 2024

*/s/* Theodore L. Harris

Theodore L. Harris

Chairman, President, and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

#### CERTIFICATIONS

REFINITIV CORPORATE DISCLOSURES | [www.refinitiv.com](http://www.refinitiv.com) | Contact Us

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REFINITIV 

I, Martin Bengtsson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Balchem Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **July 26, 2024** **October 25, 2024**

/s/ Martin Bengtsson

Martin Bengtsson  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Balchem Corporation (the "Company") on Form 10-Q for the period ended **June 30, 2024** **September 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Theodore L. Harris, President, and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ Theodore L. Harris

Theodore L. Harris  
Chairman, President, and Chief Executive Officer  
(Principal Executive Officer)

**July 26, 2024** **October 25, 2024**

This certification accompanies the above-described Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Exhibit 32.2

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

In connection with the Quarterly Report of Balchem Corporation (the "Company") on Form 10-Q for the period ended **June 30, 2024** **September 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Martin Bengtsson, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ Martin Bengtsson

Martin Bengtsson  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

**July 26, October 25, 2024**

This certification accompanies the above-described Report on Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

#### DISCLAIMER

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