

REFINITIV

DELTA REPORT

10-Q

ODC - OIL-DRI CORP OF AMERICA

10-Q - JANUARY 31, 2024 COMPARED TO 10-Q - OCTOBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 974

█ CHANGES 121

█ DELETIONS 252

█ ADDITIONS 601

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 **October 31, 2023** **January 31, 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 001-12622

OIL-DRI CORPORATION OF AMERICA
(Exact name of the registrant as specified in its charter)

Delaware36-2048898

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

410 North Michigan Avenue, Suite 400 **60611-4213**

Chicago, Illinois (Zip Code)

(Address of principal executive offices)

Delaware

36-2048898

(I.R.S. Employer Identification No.)

410 North Michigan Avenue, Suite 400

60611-4213

Chicago, Illinois

(Zip Code)

(Address of principal executive offices)

The registrant's telephone number, including area code: (312) 321-1515

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	ODC	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large Accelerated Filer o

Accelerated Filer x

Non-accelerated Filer o

Non-accelerated Filer o

Smaller Reporting Company x

Emerging Growth Company o

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10 per share	ODC	New York Stock Exchange

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of October 31, 2023 February 29, 2024.

Common Stock – 5,132,405 5,125,142 Shares and Class B Stock – 2,170,415 2,161,907 Shares

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

	Page
Item 1: Financial Statements	3 3
Item 2: Management's Discussion and Analysis of Financial Condition and Results Of Operations	21 24
Item 4: Controls and Procedures	25 30

PART II – OTHER INFORMATION

Item 1A: Risk Factors	26 31
Item 2: Unregistered Sales of Equity Securities and Use of Proceeds	27 32
Item 4: Mine Safety Disclosures	27 32
Item 5: Other Information	32
Item 6: Exhibits	28 33
Signatures	29 34

FORWARD-LOOKING STATEMENTS

Certain statements in this report, including, but not limited to, those under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," and those statements elsewhere in this report and other documents that we file with the Securities and Exchange Commission ("SEC"), contain forward-

looking statements, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs and our management's assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls. Words Forward-looking statements can be identified by words such as "expect," "outlook," "forecast," "would," "could," "should," "project," "intend," "plan," "continue," "believe," "seek," "estimate," "anticipate," "may," "assume," "potential," "strive," and variations of such words and similar expressions are intended references to identify such forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. future periods.

Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially, including, but not limited to, those described herein and in Item 1A, "Risk Factors", Factors," in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023, and from time to time in our other filings with the SEC. Should one or more of these or other risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, intended, expected, believed, estimated, projected, planned or planned, otherwise expressed in any forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except to the extent required by law, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise.

TRADEMARK NOTICE

"Oil-Dri" is a registered trademark of Oil-Dri Corporation of America.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Balance Sheet
(Uaudited)

(in thousands, except for share and per share amounts)		October 31,		July 31,	
		ASSETS	ASSETS	2023	2023
ASSETS					
ASSETS					
Current Assets	Current Assets			Current Assets	
Cash and cash equivalents	Cash and cash equivalents	\$ 29,579	\$ 31,754		
Accounts receivable, net allowances of \$1,115 and \$1,087 at October 31, 2023 and July 31, 2023, respectively		60,663	59,287		
Accounts receivable, net allowances of \$1,072 and \$1,087 at January 31, 2024 and July 31, 2023, respectively					
Inventories, net	Inventories, net	43,832	42,612		
Prepaid expenses	Prepaid expenses	2,692	2,854		
Total Current Assets	Total Current Assets	136,766	136,507		

Property, Plant and Equipment			
Property, Plant and Equipment			
Property, Plant and Equipment	Property, Plant and Equipment		
Cost	Cost	308,564	303,871
Less accumulated depreciation and amortization	Less accumulated depreciation and amortization	(185,348)	(182,999)
Total Property, Plant and Equipment, Net	Total Property, Plant and Equipment, Net	123,216	120,872
Other Assets			
Other Assets			
Other Assets			
Goodwill	Goodwill	3,618	3,618
Trademarks and patents, net of accumulated amortization of \$581 and \$578 at October 31, 2023 and July 31, 2023, respectively		1,427	1,399
Customer list, net of accumulated amortization of \$7,785 and \$7,763 at October 31, 2023 and July 31, 2023, respectively		—	22
Intangible assets, net of accumulated amortization of \$8,383 and \$8,341 at January 31, 2024 and July 31, 2023, respectively			
Deferred income taxes	Deferred income taxes	7,028	7,201
Operating lease right-of-use assets	Operating lease right-of-use assets	8,944	9,386
Other	Other	7,769	7,230
Total Other Assets	Total Other Assets	28,786	28,856
Total Assets	Total Assets	\$288,768	\$286,235
Total Assets			
Total Assets			

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Balance Sheet (continued)
 (Unaudited)

(in thousands, except
for share and per share
amounts)

(in thousands, except
for share and per share
amounts)

LIABILITIES & STOCKHOLDERS' EQUITY

LIABILITIES & STOCKHOLDERS' EQUITY

LIABILITIES & STOCKHOLDERS' EQUITY	LIABILITIES & STOCKHOLDERS' EQUITY	October 31, 2023		July 31, 2023		January 31, 2024	July 31, 2023
		31, 2023	July 31, 2023				
Current Liabilities	Current Liabilities					Current Liabilities	
Current maturities of notes payable	Current maturities of notes payable	\$ 1,000	\$ 1,000				
Accounts payable	Accounts payable	14,867	17,101				
Dividends payable	Dividends payable	1,953	1,927				
Operating lease liabilities	Operating lease liabilities	1,872	1,872				
Accrued expenses	Accrued expenses	32,613	36,868				
Total Current Liabilities	Total Current Liabilities	52,305	58,768				
Noncurrent Liabilities	Noncurrent Liabilities						
Notes payable, net of unamortized debt issuance costs of \$158 and \$173 at October 31, 2023 and July 31, 2023, respectively		30,842	30,827				
Noncurrent Liabilities							
Notes payable, net of unamortized debt issuance costs of \$149 and \$173 at January 31, 2024 and July 31, 2023, respectively							
Deferred compensation	Deferred compensation	5,024	4,512				
Long-term operating lease liabilities	Long-term operating lease liabilities	8,345	8,810				
Other	Other	6,336	6,242				
Total Noncurrent Liabilities	Total Noncurrent Liabilities	50,547	50,391				
Total Liabilities	Total Liabilities	102,852	109,159				
Total Liabilities							
Total Liabilities							
Commitments and contingencies (See note 7)							
Stockholders' Equity	Stockholders' Equity						
Common Stock, par value \$.10 per share, issued 8,807,223 shares at October 31, 2023 and 8,750,223 shares at July 31, 2023		881	875				
Class B Stock, par value \$.10 per share, issued 2,522,056 shares at October 31, 2023 and 2,397,056 shares at July 31, 2023		252	240				

Stockholders' Equity**Stockholders' Equity**

Common Stock, par value \$.10 per share, issued 8,817,723 shares at January 31, 2024 and 8,750,223 shares at July 31, 2023

Class B Stock, par value \$.10 per share, issued 2,524,556 shares at January 31, 2024 and 2,397,056 shares at July 31, 2023

Additional paid-in capital	Additional paid-in capital	56,746	55,624
Retained earnings	Retained earnings	209,585	200,796
Accumulated other comprehensive income	Accumulated other comprehensive income	563	748
Less Treasury Stock, at cost (3,674,818 Common and 351,641 Class B shares at October 31, 2023 and 3,658,989 Common and 351,641 Class B shares at July 31, 2023)		(82,111)	(81,207)

Accumulated other comprehensive income

Accumulated other comprehensive income

Less Treasury Stock, at cost (3,694,081 Common and 362,649 Class B shares at January 31, 2024 and 3,658,989 Common and 351,641 Class B shares at July 31, 2023)

Total	Total		
Stockholders' Equity	Stockholders' Equity		
		185,916	177,076
Total Liabilities & Stockholders' Equity	Total Liabilities & Stockholders' Equity	\$288,768	\$286,235

Total Liabilities & Stockholders' Equity

Total Liabilities & Stockholders' Equity

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Statements of Operations
 (Unaudited)

(in thousands, except for per share amounts) (in thousands, except for per share amounts) For the Three Months Ended October 31, (in thousands, except for per share amounts) (in thousands, except for per share amounts)

For the Six Months Ended January 31,

	2023	2022	2024	2023
Net Sales				
Net Sales				
Net Sales	Net Sales	\$111,438	\$98,539	
Cost of Goods Sold	Cost of Goods Sold	(80,447)	(76,229)	
Gross Profit	Gross Profit	30,991	22,310	
Selling, General and Administrative Expenses	Selling, General and Administrative Expenses	(17,835)	(15,741)	
Income from Operations	Income from Operations	13,156	6,569	
Income from Operations				
Other (Expense) Income				
Other (Expense) Income				
Other (Expense) Income	Other (Expense) Income			
Interest expense	Interest expense	(361)	(364)	
Interest income	Interest income	175	56	
Other, net	Other, net	(140)	176	
Other, net				
Other, net				
Total	Total			
Other Expense, Net	Other Expense, Net	(326)	(132)	
Income Before Income Taxes				
Income Before Income Taxes				
Income Before Income Taxes	Income Before Income Taxes	12,830	6,437	
Income Tax Expense	Income Tax Expense	(2,088)	(1,207)	
Net Income	Net Income	10,742	5,230	
Net Loss Attributable to Noncontrolling Interest	Net Loss Attributable to Noncontrolling Interest	—	(11)	
Net Income Attributable to Oil-Dri	Net Income Attributable to Oil-Dri	\$ 10,742	\$ 5,241	
Net Income Per Share				
Earnings Per Share				
Earnings Per Share				
Earnings Per Share				
Basic Common	Basic Common	\$ 1.61	\$ 0.80	
Basic Common				

Basic Class B	Basic Class B			
Common	Common	\$ 1.21	\$ 0.60	
Diluted Common	Diluted Common	\$ 1.50	\$ 0.78	
Diluted Class B	Diluted Class B			
Common	Common	\$ 1.21	\$ 0.59	
Average Shares Outstanding	Average Shares Outstanding			
Basic Common	Basic Common	4,827	4,804	
Basic Common	Basic Common			
Basic Common	Basic Common			
Basic Class B	Basic Class B			
Common	Common	1,967	1,942	
Diluted Common	Diluted Common	6,794	4,913	
Diluted Class B	Diluted Class B			
Common	Common	1,967	1,963	
Dividends	Dividends			
Declared Per Share	Declared Per Share			
Basic Common	Basic Common	\$ 0.290	\$ 0.280	
Basic Common	Basic Common			
Basic Common	Basic Common			
Basic Class B	Basic Class B			
Common	Common	\$ 0.218	\$ 0.210	

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Statements of Comprehensive Income
(Uaudited)

(in thousands)	(in thousands)	For the Three Months Ended		For the Six Months Ended January 31, 2024	2023
		October 31, 2023	(in thousands)		
Net Income	Net Income				
Attributable to Oil-Dri	Attributable to Oil-Dri	\$10,742	\$5,241		
Net Income Attributable to Oil-Dri					
Net Income Attributable to Oil-Dri					
Other	Other				
Comprehensive Loss:	Comprehensive Loss:				
Other Comprehensive Loss:					
Other Comprehensive Loss:					
Pension and postretirement benefits (net of tax)					

Pension and postretirement benefits (net of tax)			
Pension and postretirement benefits (net of tax)	Pension and postretirement benefits (net of tax)	(19)	(8)
Cumulative translation adjustment	Cumulative translation adjustment	(166)	(385)
Other	Other		
Comprehensive Loss	Comprehensive Loss	(185)	(393)
Total	Total		
Comprehensive Income	Comprehensive Income	\$10,557	\$4,848

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Statements of Operations
 (in thousands, except for per share amounts)

	(unaudited)	
	For the Three Months Ended January 31,	
	2024	2023
Net Sales	\$ 105,668	\$ 101,669
Cost of Goods Sold	(74,726)	(78,653)
Gross Profit	30,942	23,016
Selling, General and Administrative Expenses	(15,777)	(15,710)
Income from Operations	15,165	7,306
Other (Expense) Income		
Interest expense	(362)	(367)
Interest income	297	59
Other, net	(418)	(1,959)
Total Other Expense, Net	(483)	(2,267)
Income Before Income Taxes	14,682	5,039
Income Tax Expense	(2,300)	(1,193)
Net Income	12,382	3,846
Net Loss Attributable to Noncontrolling Interest	—	(10)
Net Income Attributable to Oil-Dri	\$ 12,382	\$ 3,856
Net Income Per Share		
Basic Common	\$ 1.84	\$ 0.58
Basic Class B Common	\$ 1.38	\$ 0.44
Diluted Common	\$ 1.70	\$ 0.56
Diluted Class B Common	\$ 1.38	\$ 0.43

Average Shares Outstanding			
Basic Common		4,883	4,829
Basic Class B Common		1,977	1,964
Diluted Common		6,860	4,965
Diluted Class B Common		1,977	1,985
Dividends Declared Per Share			
Basic Common	\$	0.290	\$ 0.280
Basic Class B Common	\$	0.218	\$ 0.210

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Statements of Comprehensive Income
(in thousands of dollars)

	(unaudited)	
	For the Three Months Ended January 31,	
	2024	2023
Net Income Attributable to Oil-Dri	\$ 12,382	\$ 3,856
Other Comprehensive Income:		
Pension and postretirement benefits (net of tax)	(24)	(5)
Cumulative translation adjustment	194	256
Other Comprehensive Income	170	251
Total Comprehensive Income	\$ 12,552	\$ 4,107

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Consolidated Statements of Stockholders' Equity
(Uaudited)

	For the Three Months Ended January 31										
	(unaudited)										
	Number of Shares		Accumulated								
	Common & Class B Stock	Treasury Stock	Common & Class B Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Other Comprehensive Loss	Non-Controlling Interest		Total Stockholders' Equity	
Balance, October 31, 2022	11,122,674	(3,968,939)	\$ 1,112	\$ 53,385	\$ 182,135	\$ (79,648)	\$ (2,576)	\$ (380)	\$	154,028	
Net Income (Loss)	—	—	—	—	3,856	—	—	(10)		3,846	
Other Comprehensive Income	—	—	—	—	—	—	251	—		251	
Dividends Declared	—	—	—	—	(1,858)	—	—	—		(1,858)	
Purchases of Treasury Stock	—	(4,133)	—	—	—	(133)	—	—		(133)	

Net issuance of stock under long-term incentive plans	18,605	(3,246)	2	103	—	(105)	—	—	—	—
Amortization of Restricted Stock	—	—	—	840	—	—	—	—	—	840
Balance, January 31, 2023	11,141,279	(3,976,318)	\$ 1,114	\$ 54,328	\$ 184,133	\$ (79,886)	\$ (2,325)	\$ (390)	\$ 156,974	
Balance, October 31, 2023	11,329,279	(4,026,459)	\$ 1,133	\$ 56,746	\$ 209,585	\$ (82,111)	\$ 563	\$ —	\$ 185,916	
Net Income (Loss)	—	—	—	—	12,382	—	—	—	—	12,382
Other Comprehensive Income	—	—	—	—	—	—	—	170	—	170
Dividends Declared	—	—	—	—	(1,972)	—	—	—	—	(1,972)
Purchases of Treasury Stock	—	(24,746)	—	—	—	(1,703)	—	—	—	(1,703)
Net issuance of stock under long-term incentive plans	13,000	(5,525)	1	213	—	(215)	—	—	—	(1)
Amortization of Restricted Stock	—	—	—	1,246	—	—	—	—	—	1,246
Balance, January 31, 2024	11,342,279	(4,056,730)	\$ 1,134	\$ 58,205	\$ 219,995	\$ (84,029)	\$ 733	\$ —	\$ 196,038	

For the Three Months Ended October 31 (in thousands, except share amounts)										
Number of Shares										
Accumulated										
Common & Class B Stock	Treasury Stock	Common & Class B Stock	Additional Capital	Paid-In Earnings	Retained Stock	Treasury Stock	Comprehensive Loss	Non-controlling Interest	Total Stockholders' Equity	
For the Six Months Ended January 31										
For the Six Months Ended January 31										
For the Six Months Ended January 31										
(in thousands, except share amounts)										
Number of Shares										
Common & Class B Stock										
Common & Class B Stock										
Common & Class B Stock										
Accumulated										
Common & Class B Stock										
Treasury Stock										
Stock										
Balance, July 31, 2022	Balance, July 31, 2022	11,083,824	(3,961,579)	\$ 1,108	\$ 52,467	\$ 178,754	\$ (79,428)	\$ (2,183)	\$ (369)	\$ 150,349
Net Income	Net Income	—	—	—	—	5,241	—	—	(11)	5,230
(Loss)	(Loss)	—	—	—	—	—	—	—	—	—
Other	Other	—	—	—	—	—	—	—	—	—
Comprehensive Loss	Comprehensive Loss	—	—	—	—	—	—	(393)	—	(393)
Dividends Declared	Dividends Declared	—	—	—	—	(1,860)	—	—	—	(1,860)
Purchases of Treasury Stock	Purchases of Treasury Stock	—	(3,360)	—	—	(92)	—	—	—	(92)

Net issuance of stock under long-term incentive plans	Net issuance of stock under long-term incentive plans	38,850	(4,000)	4	124	—	(128)	—	—	—
Amortization of Restricted Stock	Amortization of Restricted Stock	—	—	—	794	—	—	—	—	794
Balance, October 31, 2022		11,122,674	(3,968,939)	\$ 1,112	\$ 53,385	\$ 182,135	(\$79,648)	\$ (2,576)	\$ (380)	\$ 154,028
Balance, January 31, 2023										
Balance, July 31, 2023										
Balance, July 31, 2023	Balance, July 31, 2023									
31, 2023	31, 2023	11,147,279	(4,010,630)	\$ 1,115	\$ 55,624	\$ 200,796	(\$81,207)	\$ 748	\$ —	\$ 177,076
Net Income	Net Income	—	—	—	—	10,742	—	—	—	10,742
(Loss)	(Loss)	—	—	—	—	—	—	—	—	—
Other	Other	—	—	—	—	—	—	—	—	—
Comprehensive Loss	Comprehensive Loss	—	—	—	—	—	(185)	—	—	(185)
Dividends	Dividends	—	—	—	—	(1,953)	—	—	—	(1,953)
Declared	Declared	—	—	—	—	—	—	—	—	—
Purchases of Treasury Stock	Purchases of Treasury Stock	—	(15,329)	—	—	—	(872)	—	—	(872)
Net issuance of stock under long-term incentive plans	Net issuance of stock under long-term incentive plans	182,000	(500)	18	14	—	(32)	—	—	—
Amortization of Restricted Stock	Amortization of Restricted Stock	—	—	—	1,108	—	—	—	—	1,108
Balance, October 31, 2023		11,329,279	(4,026,459)	\$ 1,133	\$ 56,746	\$ 209,585	(\$82,111)	\$ 563	\$ —	\$ 185,916
Balance, January 31, 2024										

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Statements of Cash Flows
(Uaudited)

(in thousands)	(in thousands)	For the Three Months Ended October 31,		(in thousands)	For the Six Months Ended January 31,	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	2023	2022	<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	2024	2023
Net Income	Net Income	\$10,742	\$ 5,230			

Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:
Depreciation and amortization	Depreciation and amortization	4,368 3,523
Non-cash stock-based compensation	Non-cash stock-based compensation	1,108 794
Non-cash stock-based compensation		
Non-cash stock-based compensation		
Deferred income taxes		
Deferred income taxes	Deferred income taxes	174 168
Provision for bad debts and cash discounts	Provision for bad debts and cash discounts	28 55
Accretion of Asset Retirement Obligation	Accretion of Asset Retirement Obligation	53 40
Accretion of Asset Retirement Obligation		
Accretion of Asset Retirement Obligation		
Loss on the disposals of property, plant and equipment	Loss on the disposals of property, plant and equipment	26 54
(Increase) Decrease in assets:		
(Increase) Decrease in assets:		
(Increase) Decrease in assets:	(Increase) Decrease in assets:	
Accounts receivable	Accounts receivable	(1,487) (1,622)
Inventories	Inventories	(1,374) (5,202)
Prepaid expenses	Prepaid expenses	154 59
Other assets	Other assets	341 443
Increase (Decrease) in liabilities:	Increase (Decrease) in liabilities:	
Accounts payable	Accounts payable	(1,289) 1,854
Accrued expenses	Accrued expenses	(4,365) (1,601)
Deferred compensation	Deferred compensation	512 (400)
Other liabilities	Other liabilities	(427) (581)
Other liabilities		
Other liabilities		
Total Adjustments	Total Adjustments	<u>(2,178)</u> <u>(2,416)</u>
Net Cash Provided by Operating Activities	Net Cash Provided by Operating Activities	<u>8,564</u> <u>2,814</u>

CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	Capital expenditures (8,064) (6,737)
Proceeds from sale of property, plant and equipment	
Net Cash Used in Investing Activities	Net Cash Used in Investing Activities (8,064) (6,737)
Net Cash Used in Investing Activities	
Net Cash Used in Investing Activities	
CASH FLOWS FROM FINANCING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Dividends paid	
Dividends paid	
Dividends paid	Dividends paid (1,927) (1,851)
Purchases of treasury stock	Purchases of treasury stock (872) (92)
Net Cash Used in Financing Activities	Net Cash Used in Financing Activities (2,799) (1,943)
Net Cash Used in Financing Activities	
Net Cash Used in Financing Activities	
Effect of exchange rate changes on Cash and Cash Equivalents	Effect of exchange rate changes on Cash and Cash Equivalents 124 38
Net Decrease in Cash and Cash Equivalents	Net Decrease in Cash and Cash Equivalents (2,175) (5,828)
Cash and Cash Equivalents, Beginning of Period	Cash and Cash Equivalents, Beginning of Period 31,754 16,298
Cash and Cash Equivalents, End of Period	Cash and Cash Equivalents, End of Period \$29,579 \$10,470

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA

REFINITIV CORPORATE DISCLOSURES | www.refinitiv.com | Contact Us

©2024 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. 'Refinitiv' and the Refinitiv logo are registered trademarks of Refinitiv and its affiliated companies.

15/49

REFINITIV 

Condensed Consolidated Statements of Cash Flows - Continued
(Unaudited)

(in thousands)	(in thousands)	For the Three Months Ended		(in thousands)	For the Six Months Ended January 31,	
		October 31,			2024	2023
		2023	2022			
Supplemental disclosures:	Supplemental disclosures:					
Other cash flows:	Other cash flows:					
Income tax payments (refunds)		12	(87)			
Other cash flows:						
Other cash flows:						
Interest payments, net of amounts capitalized						
Interest payments, net of amounts capitalized						
Interest payments, net of amounts capitalized						
Income tax payments, net of refunds						
Non-cash investing and financing activities:	Non-cash investing and financing activities:					
Capital expenditures accrued, but not paid	Capital expenditures accrued, but not paid	\$3,532	\$1,381			
Capital expenditures accrued, but not paid						
Capital expenditures accrued, but not paid						
Cash dividends declared and accrued, but not paid	Cash dividends declared and accrued, but not paid	\$1,953	\$1,860			

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

OIL-DRI CORPORATION OF AMERICA
Notes To Condensed Consolidated Financial Statements
(Unaudited)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and in compliance with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The financial statements and the related notes are condensed and should be read in conjunction with the Consolidated Financial Statements and related notes for the fiscal year ended July 31, 2023 included in our Annual Report on Form 10-K filed with the SEC for the fiscal year ended July 31, 2023.

The unaudited Condensed Consolidated Financial Statements include the accounts of Oil-Dri Corporation of America and its subsidiaries. All significant intercompany transactions are eliminated. Except as otherwise indicated herein or as the context otherwise requires, references to "Oil-Dri," the "Company," "we," "us" or "our" refer to Oil-Dri Corporation of America and its subsidiaries.

The unaudited Condensed Consolidated Financial Statements reflect all adjustments, consisting of normal recurring accruals and reclassifications which are, in the opinion of management, necessary for a fair presentation of the statements contained herein. Operating results for the three and six months ended October 31, 2023 January 31, 2024 are not necessarily an indication of the results that may be expected for the fiscal year ending July 31, 2024.

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These immaterial reclassifications had no effect on the previously reported net income.

Management Use of Estimates

The preparation of the unaudited Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period, as well as the related disclosures. Estimates and assumptions about future events cannot be made with certainty. All of our estimates and assumptions are revised periodically. Actual results could differ from these estimates.

Summary of Significant Accounting Policies

Our significant accounting policies, which are summarized in detail in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023, have not materially changed. The following is a description of certain of our significant accounting policies:

Trade Receivables. We recognize trade receivables when control of finished products are transferred to our customers. We record an allowance for credit losses based on our expectations and a periodic review of our accounts receivable, including a review of the overall aging of accounts, consideration of customer credit risk and analysis of facts and circumstances about specific accounts. A customer account is determined to be uncollectible when it is probable that a loss will be incurred after we have completed our internal collection procedures, including termination of shipments, direct customer contact and formal demand of payment. We retain outside collection agencies to facilitate our collection efforts. Past due status is determined based on contractual terms and customer payment history.

Property, Plant and Equipment. Property, plant and equipment includes depreciable assets such as building, machinery, equipment, furniture, vehicles, and vehicles. These assets are depreciated using the straight-line method over their estimated useful lives. Major improvements are capitalized, while maintenance and repairs that do not extend the useful life of the applicable assets are expensed as incurred. Interest expense may also be capitalized for assets that require a period of time to get them ready for their intended use.

These assets are carried at cost on the Consolidated Balance Sheets and are reviewed for possible impairment on an annual basis or when circumstances indicate impairment that an asset may become impaired. We take into consideration idle and underutilized equipment and review business plans for possible impairment. When impairment is indicated, an impairment charge is recorded for the difference between the carrying value of the asset and its fair market value.

Capital parts are long-lived spare parts that are recorded net of a valuation reserve based on aging. The capital parts reserve was \$1.7 million as of October 31, 2023 and \$2.0 million as of July 31, 2023.

Land, Mining Property and Mineral Rights. We surface mine sorbent materials on property that we either own or lease as part of our overall operations. A significant part of our overall mining cost is incurred during the process of removing the overburden (non-useable material) from the mine site, thus exposing the sorbent material used in a majority of our production processes. These stripping costs are treated as a variable inventory production cost and are included in cost of goods sold in the period they are incurred. We defer and amortize the pre-production overburden removal costs during the development phase associated with opening a new mine.

Additionally, it is our policy to capitalize the purchase cost of land and mineral rights, including associated legal fees, survey fees and real estate fees. The costs of obtaining mineral patents, including legal fees and drilling expenses, are also capitalized. Pre-production development costs on new mines and any prepaid royalties that may be offset against future royalties due upon extraction of the minerals are also capitalized. All exploration related costs are expensed as incurred.

Reclamation. We perform ongoing reclamation activities during the normal course of our overburden removal. As overburden is removed from a mine site, it is hauled to previously mined sites and is used to refill older sites. This process allows us to continuously reclaim older mine sites and dispose of overburden simultaneously, therefore minimizing the costs associated with the reclamation process.

On an annual basis we evaluate our potential reclamation liability in accordance with ASC 410, *Asset Retirement and Environmental Obligations*. The reclamation assets are depreciated over the estimated useful lives of the **various** **respective** mines. The reclamation liabilities are increased based on a yearly accretion charge over the estimated useful lives of the **respective** mines.

Leases. ASC 842, *Leases*, provides that a contract is, or contains, a lease if it conveys the right to control the use of an identified asset and, accordingly, a lease liability and a related right-of-use ("ROU") asset is recognized at the commencement date on our consolidated balance sheet. As provided in ASC 842, we have elected not to apply these measurement and recognition requirements to short-term leases (i.e., leases with a term of 12 months or less). Short-term leases will not be recorded as ROU assets or lease liabilities on our consolidated balance sheet, and the related lease payments will be recognized in net earnings on a straight-line basis over the lease term. For leases other than short-term leases, the lease liability is equal to the present value of unpaid lease payments over the remaining lease term. The lease term may reflect options to extend or terminate the lease when it is reasonably certain that such options will be exercised. To determine the present value of the lease liability, we used an incremental borrowing rate, which is defined as the rate of interest we would have to pay to borrow (on a collateralized basis over a similar term) an amount equal to the lease payments in similar economic environments. The ROU asset is based on the corresponding lease liability adjusted for certain costs such as initial direct costs, prepaid lease payments and lease incentives received. Both operating and finance lease ROU assets are reviewed for impairment, consistent with other long-lived assets, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. After a ROU asset is impaired, any remaining balance of the ROU asset is amortized on a straight-line basis over the shorter of the remaining lease term or the estimated useful life. After the lease commencement date, we evaluate lease modifications, if any, that could result in a change in the accounting for leases.

Certain of our leases provide for variable lease payments that vary due to changes in facts and circumstances occurring after the commencement date, other than the passage of time. Variable lease payments that are dependent on an index or rate (e.g., **the** Consumer Price Index) are included in the initial measurement of the lease liability and the ROU asset. Variable lease payments that are not known at the commencement date and are determinable based on the performance or use of the underlying asset, are expensed as incurred. Our variable lease payments primarily include common area maintenance charges based on the percentage of the total square footage leased and the usage of assets, such as photocopiers.

Some of our contracts may contain lease components as well as non-lease components, such as an agreement to purchase services. As allowed under ASC 842, we have elected not to separate the lease components from non-lease components for all asset classes and we will not allocate the contract consideration to these components. This policy was applied to all existing leases upon adoption of ASC 842 and will be applied to new leases on an ongoing basis.

Revenue Recognition. We recognize revenue when performance obligations under the terms of the contracts with customers are satisfied. Our performance obligation generally consists of the promise to sell finished products to wholesalers, distributors and retailers or consumers and our obligations have an original duration of one year or less. Control of the finished products are transferred upon shipment to, or receipt at, customers' locations, as determined by the specific terms of the contract. We have completed our performance obligation when control is transferred and we recognize revenue accordingly. Taxes collected from

customers and remitted to governmental authorities are excluded from net sales. Sales returns are not material nor are warranties and any related obligations.

We have an unconditional right to consideration under the payment terms specified in the **contract** **contracts** upon completion of the performance obligation. We may require certain customers to provide payment in advance of product shipment. We recorded a liability for these advance payments of **\$0.1** **\$0.2** million as of **October 31, 2023** **January 31, 2024**, and no liability as of July 31, 2023. This liability is reported in Other within Accrued Expenses on the unaudited Condensed Consolidated Balance Sheet. There was no revenue recognized during the **three** **six** months ended **October 31, 2023** **January 31, 2024**, that was included in the liability for advance payments at the beginning of the period.

We routinely commit to one-time or ongoing trade promotion programs directly with consumers, such as coupon programs, and with customers, such as volume discounts, cooperative marketing and other arrangements. We estimate and accrue the expected costs of these programs. These costs are considered variable consideration under ASC 606, *Revenue from Contracts with Customers*, and are netted against sales when revenue is recorded. The accruals are based on our best

estimate of the amounts necessary to settle future and existing obligations on products sold as of the balance sheet date. To estimate these accruals, we rely on our historical experience of trade spending patterns and that of the industry, current trends and forecasted data.

Selling, General and Administrative Expenses. Selling, general and administrative expenses ("SG&A") include salaries, wages and benefits associated with staff outside the manufacturing and distribution functions, all marketing related costs, any miscellaneous trade spending expenses not required to be included in net sales, research and development costs, depreciation and amortization related to assets outside the manufacturing and distribution process and all other non-manufacturing and non-distribution expenses.

Other Current and Noncurrent Liabilities. Other liabilities include the accruals for general expenses not yet paid, cash collected not yet voucherized, legal reserves, postretirement health benefit obligations, and reclamation liability accrual. Current liabilities are due to be paid within the next 12 months. Included in Other noncurrent liabilities on the unaudited Condensed Consolidated Balance Sheet is \$4.5 million includes \$4.6 million for the reclamation liability as of January 31, 2024 and \$4.5 million as of July 31, 2023 and \$1.8 million for postretirement health benefits benefit as of October 31, 2023, both January 31, 2024 and July 31, 2023, respectively.

Earnings Per Share. We utilize the two-class method to report our earnings per share ("EPS"). The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared and participation rights in undistributed earnings. Common Stock is entitled to cash dividends equal to at least 133.33% on a per share basis of the cash dividend paid on Class B Stock. In computing earnings per share, the Company has allocated dividends declared to Common and Class B shares based on amounts actually declared for each class of stock and 33.33% more of the undistributed earnings have been allocated to Common Stock than to the Class B shares on a per share basis. Common Stock is entitled to one vote per share and Class B Stock is entitled to ten votes per share. Common Stock have no conversion rights. Class B Stock is convertible on a share-by-share basis into Common Stock at any time and is subject to mandatory conversion under certain circumstances. Basic EPS is computed by dividing net earnings, reduced for any distributed and undistributed earnings allocated to unvested restricted shares, by the weighted-average number of shares outstanding during the period for each class of share. Diluted EPS, for each class of common stock, is computed by dividing net earnings by the weighted-average number of common shares and potential common shares outstanding during the period. Dilution for common stock takes into consideration the effect of both unvested restricted shares and convertible Class B shares, if the effect is dilutive. Dilution for Class B takes into consideration the effect of unvested restricted shares, if the effect is dilutive. Below is a reconciliation of the calculation of basic and diluted EPS.

For the Three Months Ended October 31, 2023			
(in thousands, except for per share data)			
	Total	Common	Class B
For the Six Months Ended January 31, 2024			
(in thousands, except for per share data)			
	Total	Common	Class B
Net income	Net income	\$10,742	\$ 8,236
Distributed and undistributed earnings on restricted shares	Distributed and undistributed earnings on restricted shares	(570)	(453)
Income available to stockholders	Income available to stockholders	\$10,172	\$ 7,783
Net Income (Numerator)	Net Income (Numerator)	\$ 7,783	\$2,389
Net Income (Numerator)			

Net Income (Numerator)			
Weighted	Weighted		
Average	Average		
Shares	Shares		
Outstanding	Outstanding		
(Denominator)	(Denominator)	4,827	1,967
Basic EPS	Basic EPS	\$ 1.61	\$ 1.21
Effect of dilution - Net Income (1)	Effect of dilution - Net Income (1)	\$ 2,389	\$ —
Effect of dilution - Net Income (1)	Effect of dilution - Net Income (1)		
Effect of dilution - Net Income (1)	Effect of dilution - Net Income (1)		
Net income assuming dilution (Numerator)	Net income assuming dilution (Numerator)	\$ 10,172	\$ 2,389
Effect of dilution - Shares (1)	Effect of dilution - Shares (1)		
Effect of dilution - Shares (1)	Effect of dilution - Shares (1)		
Effect of dilution - Shares (1)	Effect of dilution - Shares (1)		
Shares assuming dilution (Denominator)	Shares assuming dilution (Denominator)		
Diluted EPS			
	For the Three Months Ended January 31, 2024		
	For the Three Months Ended January 31, 2024		
	For the Three Months Ended January 31, 2024		
(in thousands, except for per share data)		(in thousands, except for per share data)	
	Total	Total	Common
Net income			
Distributed and undistributed earnings on restricted shares			
Income available to stockholders			
Net Income (Numerator)			
Net Income (Numerator)			
Net Income (Numerator)			

Weighted Average Shares Outstanding (Denominator)	
Basic EPS	
Effect of dilution - Net Income ⁽¹⁾	
Effect of dilution - Net Income ⁽¹⁾	
Effect of dilution - Net Income ⁽¹⁾	
Net income assuming dilution (Numerator)	
Effect of dilution - Shares ⁽¹⁾	
Effect of dilution - Shares ⁽¹⁾	
Effect of dilution - Shares ⁽¹⁾	Effect of dilution - Shares ⁽¹⁾
Shares assuming dilution (Denominator)	Shares assuming dilution (Denominator)
Diluted EPS	Diluted EPS

⁽¹⁾ The impact of unvested restricted stock was anti-dilutive therefore not included in the calculation of diluted EPS

2. NEW ACCOUNTING PRONOUNCEMENTS AND REGULATIONS

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." These amendments primarily require enhanced disclosures and disaggregation of income tax information by jurisdiction in the annual income tax reconciliation and quantitative disclosures regarding income taxes paid. These amendments are to be applied prospectively, with the option to apply the standard retrospectively, for annual periods beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact that the adoption of this guidance will have on our disclosures.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." These amendments primarily require enhanced disclosures about significant segment expenses regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. In addition, ASU No. 2023-07 also requires all annual disclosures currently required by Topic 280 to be included in interim periods. These amendments are to be applied retrospectively for all periods presented in the financial statements and are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact that the adoption of this guidance will have on our disclosures.

Recently Adopted Accounting Standards

There have been no new accounting pronouncements adopted in the period or issued but not yet adopted by us which are expected to have a material impact on our Consolidated Financial Statements.

1

3. INVENTORIES

The composition of inventories is as follows (in thousands):

		October			
		31, 2023	July 31, 2023		
		January 31, 2024		January 31, 2024	July 31, 2023
Finished goods	Finished goods	\$23,734	\$21,943		
Packaging	Packaging	7,434	8,007		
Spare parts, net		6,379	5,981		
Spare parts					
Other	Other	6,285	6,681		
Total	Total	\$43,832	\$42,612		
Inventories	Inventories				

Inventories are valued at the lower of cost (first-in, first-out) or net realizable value. Inventory costs include the cost of raw materials, packaging supplies, labor, and other overhead costs. Included in Other is The Company maintains reserves against inventory to reduce the inventory obsolescence reserve carrying value to the expected net realizable value. These reserves are based upon a combination of \$0.7 million factors including historical issues and market trends. Inventory reserves were \$3.5 million and \$3.6 million as of October 31, 2023 January 31, 2024 and July 31, 2023, and \$0.8 million as of July 31, 2023. Spare parts in inventory are recorded net of a valuation reserve based on aging. The spare parts reserve was \$3.0 million as of October 31, 2023, and \$2.9 million as of July 31, 2023, respectively.

4. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are prioritized into categories based on the lowest level of input that is significant to the fair value measurement. The categories in the fair value hierarchy are as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs for similar assets or liabilities or valuation models whose inputs are observable, directly or indirectly.

Level 3: Unobservable inputs.

Cash equivalents are primarily money market mutual funds classified as Level 1. We had \$15.6 million cash equivalents as of January 31, 2024 and \$15.4 million cash equivalents as of October 31, 2023 and July 31, 2023.

Balances of accounts receivable and accounts payable approximated their fair values at October 31, 2023 January 31, 2024 and July 31, 2023 due to the short maturity and nature of those balances.

Notes payable are reported at the face amount of future maturities. The estimated fair value of notes payable, including current maturities, was \$29.0 million \$30.1 million and \$29.7 million as of October 31, 2023 January 31, 2024 and July 31, 2023, respectively, and are classified as Level 2. The fair value was estimated using the exit price notion by discounting future cash flows based on an observable market rate.

We apply fair value techniques on at least an annual basis associated with: (1) valuing potential impairment loss related to goodwill, trademarks and other indefinite-lived intangible assets and (2) valuing potential impairment loss related to long-lived assets. See Note 5 of the Notes to the unaudited Condensed Consolidated Financial Statements for further information about goodwill and other intangible assets.

5. GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets, other than goodwill, include trademarks, patents, and customer lists. Estimated intangible amortization for fiscal year 2024 is \$0.1 million. Estimated intangible amortization for each of the next five fiscal years is \$0.1 million. We have one acquired trademark recorded at a cost of \$0.4 million that was determined to have an indefinite life and is not amortized.

There have been no triggering events in fiscal years 2024 or 2023 that would indicate a new impairment analysis is needed.

6. ACCRUED EXPENSES

Accrued expenses is as follows (in thousands):

	October 31, July 31, 2023 2023			
	January 31, 2024		January 31, 2024	July 31, 2023
Salaries, Wages, Commissions and Employee Benefits	Salaries, Wages, Commissions and Employee Benefits	\$ 9,556	\$19,054	
Georgia Landfill Modification Reserve				
Freight	Freight	3,016	3,078	
Georgia Landfill Modification Reserve		2,469	2,469	
Income Tax		2,359	521	
Trade Promotions and Advertising	Trade Promotions and Advertising	2,352	2,292	
Real Estate Tax	Real Estate Tax	1,508	1,038	
Other	Other	11,353	8,416	
		\$ 32,613	\$36,868	
Other		\$		
Other				

7. OTHER CONTINGENCIES

We are party to various legal actions from time to time that are ordinary in nature and incidental to the operation of our business, including ongoing litigation. While it is not possible at this time to determine with certainty the ultimate outcome of these or other lawsuits, we believe that none of the pending proceedings will have a material adverse effect on our business, financial condition, results of operations or cash flows.

In the second quarter of fiscal year 2023, we recorded a reserve of \$2.5 million for anticipated modification costs that we expect to incur to address capacity issues at our sole landfill located in Ochlocknee, Georgia. Reserves are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. The amount of the reserve represents management's best estimate of the costs for the modification with respect to this matter. There have

been no changes to Work began on the reserve estimate modifications in the first second quarter of fiscal year 2024 2024 and we increased our reserve by \$0.5 million to reflect an update to our best estimate, offset by \$0.3 million of payments made. Inherent uncertainties exist in these estimates primarily due to unknown conditions, changing governmental regulations and legal standards, and emerging technologies for handling site modification. Consequently, it is reasonably possible that modification costs in excess of amounts accrued could have a material impact on the Company's results of operations, financial condition and cash flows.

8. DEBT

We are party to an Amended and Restated Note Purchase and Private Shelf Agreement (as amended, the "Note Agreement") with PGIM, Inc. ("Prudential") and certain existing noteholders and purchasers affiliated with Prudential named therein. Pursuant to the Note Agreement, on May 15, 2021 we issued \$10 million in aggregate principal amount of our 3.95% Series B Senior Notes due May 15, 2030, of which \$7 million aggregate principal amount remained outstanding as of October 31, 2023 January 31, 2024. On December 16, 2021, under Pursuant to the Note Agreement, on December 16, 2021, we issued an additional \$25 million in aggregate principal amount of our 3.25% Series C Senior Notes due December 16, 2031, all of which remained outstanding as of October 31, 2023 January 31, 2024. The Amended Note Agreement also provides us with the ability to request, from time to time, that Prudential affiliate(s) purchase, at Prudential's discretion and on an uncommitted basis, additional senior unsecured notes of Oil-Dri (the "Shelf Notes," and collectively with the Series A Senior Notes, Series B Senior Notes, and Series C Senior Notes, the "Notes") in an aggregate principal amount of up to \$75 million minus the aggregate principal amount of Notes then outstanding and Shelf Notes that have been accepted for purchase. Interest payable on any Shelf Note agreed to be purchased under the Note Agreement will be at a rate determined by Prudential and will mature no more than fifteen years after the date of original issue of such Shelf Note.

On August 30, 2022, we entered into Amendment No. 3 (the "Third Amendment") to the Note Agreement. The Third Amendment modified the existing fixed charge coverage financial covenant and replaced the existing consolidated debt financial covenant with a maximum debt to earnings ratio and effected certain changes consistent with the Sixth Amendment to the Credit Agreement (defined below), including modifying the method for calculating consolidated EBITDA and the excess leverage fee.

On September 21, 2023, the Company entered into Amendment No. 4 (the "Fourth Amendment") to the Note Agreement. The Fourth Amendment extended Agreement extending the time frame for issuing and selling Shelf Notes to September 21, 2026.

We are party to the Credit Agreement, dated as of January 27, 2006 (as previously amended, the "Credit Agreement"), among us, BMO Harris Bank N.A ("BMO"), and certain of our domestic subsidiaries. The agreement provides for a \$45 million unsecured revolving credit facility, including a maximum of \$10 million for letters of credit.

The Credit Agreement contains restrictive covenants that, among other things and under various conditions, limit our ability to incur additional indebtedness or to dispose of assets. On August 30, 2022, we entered into the Sixth Amendment to the Credit Agreement (the "Sixth Amendment"). The Sixth Amendment extended the facility termination date to August 30, 2027; replaced the LIBOR-based reference rate with an adjusted term Secured Overnight Financing Rate ("SOFR"); revised the method for calculating consolidated EBITDA and consolidated debt for purposes of the Credit Agreement; modified certain restrictive covenants, including increasing the unsecured indebtedness basket from \$50 million to \$75 million; and revised the existing financial covenants by replacing the consolidated debt covenant with a covenant to maintain a maximum debt to earnings ratio, lowering the minimum fixed charge coverage ratio level and revising the method for calculating the fixed charge coverage ratio. As of October 31, 2023 January 31, 2024, and July 31, 2023, we were in compliance with the covenants. There were no borrowings during the first second quarter of fiscal year 2024. However, we had \$1.0 million of letters of credit outstanding under the Credit Agreement as of October 31, 2023 January 31, 2024 and July 31, 2023 under this agreement.

The Credit Agreement states that we may select a variable interest rate based on either the BMO Harris prime rate or an adjusted SOFR-based rate, plus a margin that varies depending on our debt to earnings ratio, or a fixed rate as agreed between us and BMO Harris. BMO. As of October 31, 2023 January 31, 2024, the variable rates would have been 8.50% for the BMO Harris prime-based rate or 5.38% 5.32% for the adjusted SOFR-based rate.

9. LEASES

We have operating leases primarily for real estate properties, including corporate headquarters, customer service and sales offices, manufacturing and packaging facilities, warehouses, and research and development facilities, as well as for rail tracks, railcars and office equipment. Certain of our leases for a shared warehouse and office facility, rail track and railcars have options to extend which we are reasonably certain we will exercise and, accordingly, have been considered in the lease term used to recognize our ROU assets and lease liabilities. To determine the present value of the lease liability, we use an incremental borrowing rate, which is defined as the rate of interest that the Company would have to pay to borrow (on a collateralized basis over a similar term) an amount equal to the lease payments in similar economic environments. Further information about our accounting policy for leases is included in Note 1 of the Notes to the unaudited Condensed Consolidated Financial Statements.

We have no material finance leases, and variable costs for operating leases are immaterial for the three and six months ended **October 31, 2023** **January 31, 2024**. Operating lease costs are included in Cost of Goods Sold or SG&A expenses based on the nature of the lease. The following table summarizes total lease costs for our operating leases (in thousands):

	For the Three Months Ended October 31,	
	2023	2022
	Operating Lease Cost	
Operating lease cost	\$ 546	\$ 696
Short-term operating lease cost	2	1

	For the Three Months Ended January 31,		For the Six Months Ended January 31,	
	2024	2023	2024	2023
	Operating lease cost		Operating lease cost	
Operating lease cost	\$ 1,084	\$ 687	\$ 1,630	\$ 1,383

Supplemental cash flow information related to leases was as follows (in thousands):

Other Information	For the Three Months Ended January 31,		For the Three Months Ended January 31,		For the Three Months Ended January 31,	
	2024		2024		2024	
	2023	2022	2023	2022	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities:						
Cash paid for amounts included in the measurement of operating lease liabilities:						
Cash paid for amounts included in the measurement of operating lease liabilities:			Cash paid for amounts included in the measurement of operating lease liabilities:		\$ 461	\$ 595
Right-of-use assets obtained in exchange for new operating lease liabilities			Right-of-use assets obtained in exchange for new operating lease liabilities		\$ —	\$ 21
Right-of-use assets obtained in exchange for new operating lease liabilities						
Right-of-use assets obtained in exchange for new operating lease liabilities						

Operating lease ROU assets and operating lease liabilities are separately presented on the unaudited Condensed Consolidated Balance Sheet, excluding leases with an initial term of twelve months or less. Other supplemental balance sheet information related to leases was as follows:

October 31, 2023	July 31, 2023	January 31, 2024	January 31, 2024	July 31, 2023

Weighted-average remaining lease term - operating leases	Weighted-average remaining lease term - operating leases	7.1 years	7.7 years
Weighted-average remaining lease term - operating leases			
Weighted-average discount rate - operating leases	Weighted-average discount rate - operating leases	4.19%	4.03%
Weighted-average discount rate - operating leases			
Weighted-average discount rate - operating leases		4.84%	4.03%

Lease liability maturities as of January 31, 2024, are as follows (in thousands):

Fiscal year 2024 (remaining six months)	\$ 1,621
Fiscal year 2025	3,165
Fiscal year 2026	2,845
Fiscal year 2027	2,416
Fiscal year 2028	1,551
Thereafter	4,502
Total	16,100
Less: imputed interest	(2,212)
Net lease obligation	\$ 13,888

The following table summarizes scheduled minimum future lease payments due within twelve months for operating leases with terms longer than one year for which cash flows are fixed and determinable as of October 31, 2023, (in thousands):

2024	\$ 1,686
2025	2,167
2026	1,848
2027	1,432
2028	883
Thereafter	3,825
Total	11,841
Less: imputed interest	(1,624)

Net lease obligation	\$	10,217
----------------------	----	--------

10. PENSION AND OTHER POSTRETIREE BENEFITS

The Oil-Dri Corporation of America Pension Plan ("Pension Plan") was a defined benefit pension plan for eligible salaried and hourly employees. Pension benefits were based on a formula of years of credited service and levels of compensation or stated amounts for each year of credited service. On January 9, 2020, Oil-Dri amended the Pension Plan to freeze participation, all future benefit accruals and accrual of benefit service, including consideration of compensation increases, effective March 1, 2020. Consequently, the Pension Plan was closed to new participants and existing participants no longer earned additional benefits on or after March 1, 2020. On September 20, 2022, the Company's Board of Directors (the "Board") approved a resolution to terminate the Company's defined benefit pension plan. The pension obligations were fully settled in April 2023.

A postretirement health benefits plan is also provided to domestic salaried employees who meet specific age, participation and length of service requirements at the time of retirement. Eligible employees may elect to continue their health care coverage under the Oil-Dri Corporation of America Employee Benefits Plan until the date certain criteria are met, including attaining the age of Medicare eligibility. We have the right to modify or terminate the postretirement health benefit plan at any time. The postretirement health plan is an unfunded plan. We pay insurance premiums and claims from our assets.

The components of net periodic pension and postretirement health benefit costs were as follows:

Pension Benefits		Pension Benefits			
		(in thousands)		(in thousands)	
For the Three Months Ended October 31, 2023	For the Three Months Ended October 31, 2022	For the Three Months Ended January 31, 2024		For the Six Months Ended January 31, 2024	
		2023	2022	2024	2023
Interest cost	Interest cost	\$ —	\$ 335		
Expected return on plan assets	Expected return on plan assets	—	(558)		
Amortization of:	Amortization of:				
Other actuarial loss	Other actuarial loss	—	9		
Other actuarial loss					
Net periodic benefit cost	Net periodic benefit cost	\$ —	\$ (214)		
Net periodic benefit cost					
Postretirement Health Benefits					

		Postretirement Health Benefits			
		Postretirement Health Benefits			
		Postretirement Health Benefits			
		(in thousands)		(in thousands)	
		For the Three Months Ended January 31, 2024		For the Six Months Ended January 31, 2024	
		2023	2022	2024	2023
Service cost	Service cost	\$ 19	\$ 22		
Interest cost	Interest cost	22	20		
Amortization of:	Amortization of:				
Other actuarial loss	Other actuarial loss	(24)	(18)		
Other actuarial loss	Other actuarial loss				
Prior service costs	Prior service costs	(2)	(2)		
Net periodic benefit cost	Net periodic benefit cost	\$ 15	\$ 22		

The non-service cost components of net periodic benefit cost are included in Other Income (Expense) in the line item Other, net on the unaudited Condensed Consolidated Statements of Income.

The discount rate for the net periodic benefit cost used in the calculation of the postretirement health benefits was 4.90% for the three and six months ended January 31, 2024, and 3.82% for the three and six months ended October 31, 2023, and 2022, respectively. The medical cost trend assumption for postretirement health benefits was 8.20%. The graded trend rate is expected to decrease to an ultimate rate of 4.90% in fiscal year 2044.

11. OPERATING SEGMENTS

We have two operating segments: (1) Retail and Wholesale Products Group and (2) Business to Business Products Group. These operating segments are managed separately and each segment's major customers have different characteristics. The Retail and Wholesale Products Group customers include mass merchandisers, the farm and fleet channel, drugstore chains, pet specialty retail outlets, dollar stores, retail grocery stores, distributors of industrial cleanup and automotive products, environmental service companies, sports field product users and marketers of consumer products. The Business to Business Products Group customers include: processors and refiners of edible oils, renewable diesel, petroleum-based oils and biodiesel fuel; manufacturers of animal feed and agricultural chemicals; and distributors of animal health and nutrition products. Our operating segments are also our reportable segments. The accounting policies of the segments are the same as those described in Note 1 of the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023.

Net sales for our principal products by segment are as follows (in thousands):

	Business to Business Products Group	Retail and Wholesale Products Group
	For the Three Months Ended October 31,	

Product	2023		2022		2023		2022	
	\$	—	\$	—	\$	60,861	\$	54,198
Cat Litter								
Industrial and Sports		—		—		11,416	\$	10,654
Agricultural and Horticultural		10,315		10,003		—		—
Bleaching Clay and Fluids Purification		22,406		18,229		—	\$	—
Animal Health and Nutrition		6,440		5,455		—		—
Net Sales		\$ 39,161		\$ 33,687		72,277	\$	64,852

Product	Business to Business Products Group				Retail and Wholesale Products Group			
	For the Six Months Ended January 31,							
	2024	2023	2024	2023				
Cat Litter	\$ —	\$ —	\$ 120,187	\$ 110,580				
Industrial and Sports	—	—	21,524	\$ 20,787				
Agricultural and Horticultural	19,593	19,788	—	—				
Bleaching Clay and Fluids Purification	45,115	37,241	—	\$ —				
Animal Health and Nutrition	10,687	11,812	—	—				
Net Sales	\$ 75,395	\$ 68,841	141,711	\$ 131,367				

Product	Business to Business Products Group				Retail and Wholesale Products Group			
	For the Three Months Ended January 31,							
	2024	2023	2024	2023				
Cat Litter	\$ —	\$ —	\$ 59,326	\$ 56,382				
Industrial and Sports	—	—	10,108	10,133				
Agricultural and Horticultural	9,278	9,785	—	—				
Bleaching Clay and Fluids Purification	22,709	19,012	—	—				
Animal Health and Nutrition	4,247	6,357	—	—				
Net Sales	\$ 36,234	\$ 35,154	\$ 69,434	\$ 66,515				

We do not rely on any segment asset allocations and we do not consider them meaningful because of the shared nature of our production facilities; however, we have estimated the segment asset allocations below for those assets for which we can reasonably determine. The unallocated asset category is the remainder of our total assets. The asset allocation is estimated and is not a measure used by our chief operating decision maker about allocating resources to the operating segments or in assessing their performance.

	Assets			Assets	
	October 31, 2023	July 31, 2023		2024	2023
	January 31, 2024			January 31, 2024	July 31, 2023
	(in thousands)			(in thousands)	
Business to Business Products Group	\$ 86,596	\$ 84,424			
Retail and Wholesale Products Group	140,819	136,262			

Unallocated	Unallocated		
Assets	Assets	61,353	65,549
Total	Total		
Assets	Assets	\$ 288,768	\$286,235

Net sales and operating income for each segment are provided below. The corporate expenses line includes certain unallocated expenses, including primarily salaries, wages and benefits, purchased services, rent, utilities and depreciation and amortization associated with corporate functions such as information systems, finance, legal, human resources and customer service.

	For the Three Months Ended				For the Six Months Ended January 31,			
	October 31,				January 31,			
	Net Sales		Income		Net Sales		Income	
	2023	2022	2023	2022	2024	2023	2024	2023
	(in thousands)							
Business to Business Products	Business to Business Products							
Products Group	\$ 39,161	\$33,687	\$11,123	\$7,257				
Retail and Wholesale Products	Retail and Wholesale Products							
Products Group	\$ 72,277	\$64,852	\$11,331	7,574				
Net Sales	Net Sales	\$111,438	\$98,539					
Corporate Expenses	Corporate Expenses							
Corporate Expenses								
Income from Operations	Income from Operations	13,156	6,569					
Total Other Expenses, Net	Total Other Expenses, Net							
	(326)	(132)						
Income before Income Taxes	Income before Income Taxes	12,830	6,437					
Income Tax Expense	Income Tax Expense	(2,088)	(1,207)					
Net Income	Net Income	10,742	5,230					
Net Loss Attributable to Noncontrolling Interest	Net Loss Attributable to Noncontrolling Interest							
	—	(11)						
Net Income Attributable to Oil-Dri	Net Income Attributable to Oil-Dri	\$10,742	\$5,241					
	For the Three Months Ended January 31,							
	For the Three Months Ended January 31,							

For the Three Months Ended January 31,			
Net Sales	Net Sales		Income
2024	2024	2023	2023
(in thousands)			(in thousands)
Business to Business			
Products Group			
Retail and Wholesale			
Products Group			
Net Sales			
Corporate Expenses			
Corporate Expenses			
Corporate Expenses			
Income from Operations			
Total Other Expenses, Net			
Income before Income Taxes			
Income Tax Expense			
Net Income			
Net Loss			
Attributable to Noncontrolling Interest			
Net Income			
Attributable to Oil-Dri			

12. STOCK-BASED COMPENSATION

The Amended and Restated Oil-Dri Corporation of America 2006 Long Term Incentive Plan, as amended (the "2006 Plan"), permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other stock-based and cash-based awards. Our employees and outside directors are eligible to receive grants under the 2006 Plan. The total number of shares of stock subject to grants under the 2006 Plan may not exceed 1,219,500. As of October 31, 2023 January 31, 2024, there were 120,805 638,076 Common Stock or Class B shares available for future grants under this plan.

Restricted Stock

All of our non-vested restricted stock as of October 31, 2023 January 31, 2024 was issued under the 2006 Plan with vesting periods generally between one and five years. We determined the fair value of restricted stock as of the grant date. We recognize the related compensation expense over the period from the date of grant to the date the shares vest.

There were 57 thousand 70,000 and 40 thousand 57,000 restricted shares of Common Stock granted during the first quarter six months of fiscal years 2024 and 2023, respectively. There were 125 thousand 125,000 restricted shares of Class B shares granted during the first quarter six months of fiscal year 2024 and none in fiscal year 2023. Stock-based compensation expense was \$1.0 million and \$0.8 million for the first quarter of fiscal years 2024 three-months ended January 31, 2024 and 2023 respectively, and \$1.8 million and \$1.6 million for the six months ended January 31, 2024 and 2023, respectively.

A summary of restricted stock transactions is shown below:

		Weighted		
	Restricted	Average		
	Shares	Grant		
	(in thousands)	Date Fair Value		
Non-vested restricted stock outstanding at July 31, 2023	Non-vested restricted stock outstanding at July 31, 2023	348	\$ 32.95	Weighted Average Grant Date Fair Value
Granted	Granted	182	\$ 62.29	
Vested	Vested	(57)	\$ 36.89	
Forfeitures	Forfeitures	(1)	\$ 64.00	
Non-vested restricted stock outstanding at October 31, 2023		<u>472</u>	\$ 43.75	
Non-vested restricted stock outstanding at January 31, 2024				

13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The following table summarizes the changes in accumulated other comprehensive (loss) income by component as of October 31, 2023 January 31, 2024 (in thousands):

	Pension and Postretirement Health Benefits	Accumulated Translation Adjustment	Total Comprehensive (Loss) Income	
	Pension and Postretirement Health Benefits	Accumulated Translation Adjustment	Total Comprehensive (Loss) Income	
Balance as of July 31, 2023	Balance as of July 31, 2023	\$ 1,012	\$ (264)	748
Other comprehensive loss before reclassifications, net of tax	Other comprehensive loss before reclassifications, net of tax	—	(166)	(166)
Amounts reclassified from accumulated other comprehensive income, net of tax	Amounts reclassified from accumulated other comprehensive income, net of tax	(19)	—	(19)

Net current-period other comprehensive loss, net of tax	Net current-period other comprehensive loss, net of tax	(19)	(166)	(185)
Balance as of October 31, 2023	\$ 993	\$ (430)	\$ 563	
Balance as of January 31, 2024				

14. RELATED PARTY TRANSACTIONS

One member of our Board is currently the President and Chief Executive Officer of a vendor of ours. Total payments to this vendor for fees and cost reimbursements were \$0.5 million and \$0.1 million for the first **three** **six** months of fiscal years 2024 and **2023** **2023**, respectively. There were no outstanding accounts payable to that vendor as of **October 31, 2023**, **January 31, 2024** or **July 31, 2023**.

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

The following discussion and analysis of our financial condition and results of operations should be read together with the financial statements and the related notes included herein and our Consolidated Financial Statements, accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause a difference include, but are not limited to, those discussed herein under "Forward-Looking Statements" and "Risk Factors," and those discussed under Item 1A, Risk Factors of our Annual Report on Form 10-K for the fiscal year ended July 31, 2023.

OVERVIEW

We develop, mine, manufacture and market sorbent products principally produced from clay minerals, primarily consisting of calcium bentonite, attapulgite and diatomaceous shale. Our principal products include agricultural and horticultural chemical carriers, animal health and nutrition products, cat litter, fluid purification and filtration bleaching clays, industrial and automotive floor absorbents and sports field products. Our products are sold to two primary customer groups, including customers who resell our products as originally produced to the end consumer and other customers who use our products as part of their production process or use them as an ingredient in their final finished product. We have two reportable operating segments based on the different characteristics of our two primary customer groups: the Retail and Wholesale Products Group ("Retail and Wholesale" or "R&W") and the Business to Business Products Group ("Business to Business" or "B2B"), as described in Note 11 of the Notes to the unaudited Condensed Consolidated Financial Statements. Each operating segment is discussed individually below.

RESULTS OF OPERATIONS

OVERVIEW

In the first quarter of fiscal year 2024 consolidated net sales reached a new all-time high. The three and six months ended January 31, 2024 continued to be very strong with top line growth in both the Retail and Wholesale Products Group and the Business to Business Products Group. Within Retail & Wholesale, pricing actions higher prices continued to improve profitability. The increase in net sales. Within Business to Business, revenue growth was continued to grow driven by a combination of higher prices coupled with increased volumes. Consolidated net sales increased \$12.9 million or 13% in the first quarter of fiscal year 2024 and \$16.9 million or 8% in the six months ended January 31, 2024 compared to the first quarter same periods of fiscal year 2023. Consolidated income from operations in the second quarter and first quarter six months of fiscal year 2024 increased \$6.6 million or 100% when by \$7.9 million and \$14.4 million, respectively compared to the same period periods in fiscal year 2023.

Although expenses continued to increase, consolidated net income for the three and six months ended **October 31, 2023** **January 31, 2024**, was \$10.7 million, were \$12.4 million and \$23.1 million, respectively, compared to \$5.2 million \$3.9 million and \$9.1 million in the three and six months ended **October 31, 2022** **January 31, 2023**, respectively.

Our Consolidated Balance Sheets as of **October 31, 2023**, **January 31, 2024** and our Consolidated Statements of Cash Flows for the first quarter of fiscal year 2024 six months ended January 31, 2024 show a decrease in total cash and cash equivalents from fiscal year-end 2023. The decrease is driven mostly by capital expenditures on property, plant & equipment and dividend payments offset by increases in cash from operations. Refer to the "Liquidity and Capital Resources" section below.

THREE SIX MONTHS ENDED OCTOBER JANUARY 31, 2023 2024 COMPARED TO

THREE SIX MONTHS ENDED OCTOBER 31, 2022 JANUARY 31, 2023

CONSOLIDATED RESULTS

Consolidated net sales for the **three six months ended October 31, 2023** **January 31, 2024** were **\$217.1 million**, **were \$111.4 million**, a **13% an 8% increase** compared to net sales of **\$98.5 million** **\$200.2 million** for the **three six months ended October 31, 2022** **January 31, 2023**. Net sales increased for both our **R&W Retail** and **B2B Wholesale and Business to Business** products groups, primarily due to price increases implemented across both product groups and volume growth in our B2B products group.

Consolidated gross profit in the **first quarter of fiscal year 2024** **six months ended January 31, 2024** was **\$31.0 million** **\$61.9 million**, an increase of **\$8.7 million** **\$16.6 million**, or **39% 37%**, from gross profit of **\$22.3 million** **\$45.3 million** in the **first quarter of fiscal year 2023** **six months ended January 31, 2023**. Our gross margin (defined as gross profit as a

percentage of net sales) in the **first quarter of fiscal year 2024** **six months ended January 31, 2024** increased to **28% 29%** from 23% in the same period of fiscal year 2023. Our domestic cost of goods sold per ton increased **11% 6%**, driven primarily by per ton increases in non-fuel manufacturing **freight**, and **packaging freight** offset by lower per ton natural gas and **packaging costs**. Non-fuel manufacturing costs per ton increased **15% 10%** during the **first quarter of fiscal year 2024** **six months ended January 31, 2024** compared to **first quarter of fiscal year 2023**, **six months ended January 31, 2023**, mainly due to higher per ton costs of labor, repairs, and

replacement of assets, and depreciation, offset by a decrease in the per ton cost of purchased materials. Domestic freight costs per ton increased **14% 11%** in the **first quarter of fiscal year 2024** **six months ended January 31, 2024** compared to the same period of fiscal year 2023 due to a significant customer in our cat litter business that altered shipping terms in January 2023 from collect to delivered which increased our overall freight cost. Excluding the impact of this specific customer, per ton domestic freight costs would have decreased **3% quarter over quarter**, **7%** in the **six months ended January 31, 2024** compared to the same period of fiscal year 2023. Ocean freight costs have also decreased due to both lower rates and export fees. However, In addition, our overall freight costs can vary between periods depending on the mix of products sold and the geographic distribution of our customers. Packaging costs per ton increased **2%** decreased **5%** in the **first quarter of fiscal year 2024** **six months ended January 31, 2024** compared to the same period of fiscal year 2023. Many of our contracts for packaging purchases are subject to periodic price adjustments, which trail changes in underlying commodity prices. Per ton cost of natural gas decreased **55% 42%** in the **first quarter of fiscal year 2024** **six months ended January 31, 2024** compared to the same period of fiscal year 2023 due to a decrease in natural gas prices.

Total SG&A expenses of **\$17.8 million** **\$33.6 million** for the **first quarter of fiscal year 2024** **six months ended January 31, 2024** were higher by **\$2.1 million** **\$2.2 million**, or **13% 7%**, compared to **\$15.7 million** **\$31.5 million** for the **first quarter of fiscal year 2023**. Unallocated corporate expenses were higher by **\$1.0 million**, or **13%**, **six months ended January 31, 2023**. The increase was driven by higher **compensation-related segment SG&A**. Corporate unallocated expenses **including salaries and bonus accruals**, decreased **\$0.4 million**, or **2%**. The discussion of the segments' operating incomes below describes the changes in SG&A expenses that were allocated to the operating segments.

Total other expenses were **\$0.3 million** **\$0.8 million** for the **first quarter of fiscal year 2024** **six months ended January 31, 2024** compared to **\$0.1 million** **\$2.4 million** in the same period of fiscal year 2023. The decrease was mainly due to the **\$2.5 million accrual for the landfill modification charged in the second quarter of fiscal year 2023** offset by the **increase in the landfill modification accrual in second quarter of fiscal year 2024** and higher interest income. Refer to Note 7 of the Notes to the unaudited Condensed Consolidated Financial Statements for additional details regarding the landfill modification accrual.

Consolidated net income before taxes for the **first quarter of fiscal year 2024** **six months ended January 31, 2024** was **\$12.8 million** **\$27.5 million** compared to **\$6.4 million** **\$11.5 million** for the **first quarter of fiscal year 2023**. **six months ended January 31, 2023**. Results for the **first quarter of fiscal year 2024** **six months ended January 31, 2024** were driven by the factors discussed above.

We had a tax expense **was \$4.4 million** for the **first quarter of fiscal year 2024** of **\$2.1 million** **six months ended January 31, 2024** compared to **\$1.2 million** **\$2.4 million** for the **first quarter of fiscal year 2023**, **six months ended January 31, 2023**. Our tax expense was driven primarily by higher net income. We used an estimated annual effective tax rate ("ETR") of 16% in determining our provision for income taxes, which is based on expected annual taxable **income**, **income** and the assessment of various tax deductions, including depletion.

BUSINESS TO BUSINESS PRODUCTS GROUP

Net sales of the Business to Business Products Group for the **first quarter of fiscal year 2024** **six months ended January 31, 2024** were **\$39.2 million** **\$75.4 million**, an increase of **\$5.5 million** **\$6.6 million**, or **16% 10%**, from net sales of **\$33.7 million** **\$68.8 million** for the **first quarter of fiscal year 2023**, with increases across all **three six months ended January 31, 2023**, driven by sales of our **principal product lines within this group**, **fluid purification products**. Net sales of our fluids purification products increased **\$4.2 million** **\$7.9 million**, or **23% 21%**, in the **six months ended January 31, 2024** compared to the **first quarter of the prior fiscal year**, **six months ended January 31, 2023**. The increase in net sales was primarily driven by new customers in the renewable diesel business in North America, as well as continued demand

for our products used in the filtration of edible oil and jet-fuel and to a lesser extent pricing. Net sales increased in North America, our subsidiary in the UK, and the region including Europe, Middle East, and Africa ("EMEA"), Asia, partially offset by a decrease in Latin America and Asia when compared to the first quarter of fiscal year 2023. Net sales of our animal health and nutrition products increased \$1.0 million decreased \$1.1 million, or 18% 10%, during the first quarter of fiscal year 2024 six months ended January 31, 2024 compared to the same period of fiscal year 2023. The decrease was driven by Latin America and our subsidiary in Mexico, partially offset by an increase in net sales was driven by in North America. Both in Latin America our subsidiary in China, and Asia, partially offset by a reduction in Mexico, net sales from all other regions. were down due to softer demand, while North America sales increased due to a combination of higher prices and stronger demand by existing customers when compared to the first quarter of same period in fiscal year 2023. Net sales of in Asia, including sales by our subsidiary in China, were driven by the sell off of existing inventory, as discussed further in the "Foreign Operations" section below. remained flat. Net sales of our agricultural and horticultural chemical carrier products increased \$0.3 million decreased \$0.2 million, or 3% 1%, for the first quarter of fiscal year 2024 six months ended January 31, 2024 compared to the same period in fiscal year 2023. This was a result of strategic price increases and favorable mix of products. softer volumes offset partially by higher prices.

SG&A expenses for the Business to Business Products Group decreased 7% or \$0.3 million in remained flat for the first six months of fiscal year 2024 ended January 31, 2024 compared to the same period of the prior fiscal year. The decrease is mainly driven year as higher compensation expenses were offset by a decrease in lower allocated technical service support cost costs from the Innovation Center and Microbiology Lab offset by an increase in compensation, including bonus and travel-related expenses, paid to teammates and consultants, broker commissions.

The Business to Business Products Group's operating income for the first quarter of fiscal year 2024 six months ended January 31, 2024 was \$11.1 million \$22.1 million, an increase of \$3.9 million \$7.1 million, or 53% 47%, from operating income of \$7.3 million \$15.0 million for the first quarter of fiscal year 2023. six months ended January 31, 2023. The increase in operating income was mostly driven by higher net sales across all business within this segment as discussed above, and favorable product mix.

RETAIL AND WHOLESALE PRODUCTS GROUP

Net sales of the Retail and Wholesale Products Group for the first quarter of fiscal year 2024 six months ended January 31, 2024 were \$72.3 million \$141.7 million, an increase of \$7.4 million \$10.3 million, or 11% 8%, from net sales of \$64.9 million \$131.4 million for the same period of fiscal year 2023, mainly driven by higher net sales of from our cat litter offset partially by a decline in our co-packaged cat litter business. products. Total global cat litter net sales for the first quarter of fiscal year 2024 six months ended January 31, 2024 increased \$6.7 million \$9.6 million, or 12% 9%, compared to the first quarter six months ended January 31, 2023, of fiscal year 2023 driven mostly by pricing. Domestic cat litter net sales were \$55.0 million, an which \$9.5 million of the increase of \$8.2 million from the first quarter of fiscal year 2023 was due to pricing. Net pricing actions in North America. Domestic net sales increased across all products except for private label heavy weight litter, with the greatest increase driven by sales of private label coarse litters and branded light weight scoopable and private label coarse litters. scoopable. Net sales of co-packaged cat litter products decreased \$1.6 million increased \$0.1 million compared to the same period in fiscal year 2023. This decrease The increase was primarily driven by price as volumes were still down as a result of the cyberattack on one of our customer customers, which prevented them it from placing and receiving orders during the first quarter of fiscal year 2024. Net sales of cat litter by our subsidiary in Canada increased period over period, as discussed in "Foreign Operations" below. Net sales of our global industrial and sports products increased \$0.8 million \$0.7 million, or 7% 4%, compared to the first quarter of fiscal year 2023, six months ended January 31, 2023, primarily driven by increased demand of our synthetic absorbent products and higher prices of our clay-based floor absorbent products, partially offset by a decrease in sports products. This was further supplemented by an increase in net sales of industrial products by our subsidiary in Canada as discussed further in the "Foreign Operations" section below. Canada.

SG&A expenses for the Retail and Wholesale Products Group were \$1.2 million \$2.0 million, or 32% 29%, higher during the first quarter of fiscal year 2024 six months ended January 31, 2024 compared to the first quarter of fiscal year 2023, six months ended January 31, 2023, primarily due to advertising spend. We anticipate total advertising expense in fiscal year 2024 to be higher than fiscal year 2023, however though spread more evenly throughout the year.

The Retail and Wholesale Products Group's operating income for the first three six months of fiscal year 2024 ended January 31, 2024 was \$11.3 million \$23.2 million, an increase of \$3.8 million \$7.0 million, or 50% 43%, from operating income of \$7.6 million \$16.3 million for the same period of fiscal year 2023. This was driven primarily by the increase in gross margins due to price increases, partially offset by higher cost of goods sold as discussed above.

FOREIGN OPERATIONS

Foreign operations include our subsidiary in Canada, which is reported in the Retail and Wholesale Products Group, and our subsidiaries in the UK, Mexico, China and Indonesia, which are reported in the Business to Business Products Group. Net sales by our foreign subsidiaries during for the first quarter of fiscal year 2024 six months ended January 31, 2024 were \$7.0 million \$11.5 million, an increase of 21% 2%, compared to net sales of \$5.8 million \$11.2 million during the first quarter of fiscal year 2023. six months ended January 31, 2023. All of our foreign operations, with the exception of our subsidiaries in Mexico and Indonesia, experienced an increase in net sales during the first quarter of fiscal year 2024 six months ended January 31, 2024 compared to the same period of fiscal year 2023. Net sales of our subsidiary in the United Kingdom increased by \$0.4 million, or 33%, compared to net sales in the same period in fiscal year 2023. The increase was driven by a

combination of higher demand of edible oil filtration products and price increases. Net sales of our subsidiary in China increased \$0.9 million \$0.4 million, or 117% 29%, during in the first quarter of fiscal year 2024 six months ended January 31, 2024 compared to the same period of fiscal year 2023 due to the sell off of all existing inventory to the new master distributor, which occurred in the first quarter of fiscal year 2024. Future sales to China will be directly through the Company and not through our subsidiary in China. Net sales of our subsidiary in the United Kingdom in the first quarter of fiscal year 2024 increased by \$0.4 million, or 87%, compared to net sales in the first quarter of fiscal year 2023. The increase is driven by a combination of higher demand of edible oil filtration products and price increases. Total net sales of our subsidiary in Canada during this period increased by \$0.2 million, or 6% 3%, in the six months ended January 31, 2024 compared to the same period in fiscal year 2023, driven by higher net sales of floor absorbents and private label cat litter. The increase in floor absorbent sales was driven by a combination of higher volume prices and pricing volume while the increase in cat litter sales was mainly due to price increases instituted in response to rising costs. Net sales of our subsidiary in Mexico decreased \$0.7 million, or 44% in the six months ended January 31, 2024 compared to the same period of fiscal year 2023. Net sales by our foreign subsidiaries represented 5% of our consolidated net sales for six months ended January 31, 2024 compared to 6% for the six months ended January 31, 2023.

Our foreign subsidiaries reported net income of \$0.7 million for the six months ended January 31, 2024, compared to \$0.6 million in the six months ended January 31, 2023. The increase in net income was primarily driven by increases in Canada and the UK as discussed above.

Identifiable assets of our foreign subsidiaries as of January 31, 2024, were \$11.9 million, compared to \$14.6 million as of July 31, 2023.

THREE MONTHS ENDED JANUARY 31, 2024 COMPARED TO

THREE MONTHS ENDED JANUARY 31, 2023

CONSOLIDATED RESULTS

Consolidated net sales for the second quarter of fiscal year 2024 were \$105.7 million, a 4% increase compared to net sales of \$101.7 million for the second quarter of fiscal year 2023. Net sales increased for both our Retail and Wholesale Products Group and Business to Business Products Group. The increase in Retail and Wholesale was driven by higher prices while Business to Business was predominantly driven by volume growth and to a lesser extent pricing, as further discussed below.

Consolidated gross profit for the second quarter of fiscal year 2024 was \$30.9 million, or 29% of net sales, compared to \$23.0 million, or 23% of net sales, for the second quarter of fiscal year 2023. The increase was driven by higher selling prices across multiple products and improved product mix. Domestic per ton cost of goods sold increased 1%, driven primarily by per ton increases in freight and non-fuel manufacturing costs offset by a decrease in natural gas and packaging costs. Per ton non-fuel manufacturing costs rose 5% in the second quarter of fiscal year 2024 compared to the second quarter of fiscal year 2023, due to higher per ton costs of labor, repairs, and depreciation, offset by a decrease in per ton costs of purchased materials. Domestic freight costs per ton increased 8% in the second quarter of fiscal year 2024 compared to the same period of fiscal year 2023 due to a significant customer in our cat litter business that altered shipping terms in January 2023 from collect to delivered which increased our overall freight cost. Excluding the impact of this specific customer, per ton domestic freight costs would have decreased 11% in the second quarter of fiscal year 2024 compared to the same period of fiscal year 2023. Ocean freight costs have also decreased due to favorable rates and reduction in export fees when compared to the same period in fiscal year 2023. In addition, our overall freight costs can vary between periods depending on the mix of products sold and the geographic distribution of our customers. The cost of natural gas per ton used to operate kilns that dry our clay was 24% lower in the second quarter of fiscal year 2024 compared to the second quarter of fiscal year 2023 as fuel prices have decreased. Packaging costs per ton decreased 11% in the second quarter of fiscal year 2024 compared to the same period of fiscal year 2023 due to lower commodity costs, particularly as it relates to resin and pallet costs. Many of our contracts for packaging purchases are subject to periodic price adjustments, which trail changes in underlying commodity prices.

Total selling, general and administrative expenses of \$15.8 million for the second quarter of fiscal year 2024 remained nearly flat compared to \$15.7 million for the same period of fiscal year 2023. Unallocated corporate expenses were down by \$1.4 million, or 16%, compared to the same period in fiscal year 2023 due to a reduction in corporate bonus accrual. The discussion of the segments' operating incomes below describes the changes in SG&A expenses that were allocated to the operating segments.

Total net other expense of \$0.5 million for the second quarter of fiscal year 2024 decreased compared to \$2.3 million in the same period of fiscal year 2023 mainly due to the \$2.5 million accrual for the landfill modification charged in the second quarter of fiscal year 2023, offset by the increase in the landfill modification accrual in second quarter of fiscal year 2024 and higher interest income. Refer to Note 7 of the Notes to the unaudited Condensed Consolidated Financial Statements for additional details regarding the landfill modification accrual.

Consolidated net income before taxes for the second quarter of fiscal year 2024 was \$14.7 million compared to \$5.0 million for the same period of fiscal year 2023. Results for the second quarter of fiscal year 2024 were driven by the factors discussed above.

We had a tax expense was \$2.3 million for the second quarter of fiscal year 2024 compared to \$1.2 million for the second quarter of fiscal year 2023. Our tax expense was driven primarily by higher net income. We used an estimated annual ETR of 16% in determining our provision for income taxes, which is based on expected annual taxable income and the assessment of various tax deductions, including depletion.

BUSINESS TO BUSINESS PRODUCTS GROUP

Net sales of the Business to Business Products Group for the second quarter of fiscal year 2024 were \$36.2 million, an increase of \$1.1 million, or 3%, from net sales of \$35.2 million for the second quarter of fiscal year 2023, driven by an increase in net sales of our fluid purification products. Net sales of our fluids purification products increased \$3.7 million, or 19%, compared to the second quarter of fiscal year 2023 driven primarily by the North America region. The increase in North America was due to new customers using our products for renewable diesel filtration as well as higher demand by existing customers in edible oil and jet-fuel filtration. There was also an increase in Asia driven by higher volume and timing of orders. The increase was partially offset by softer sales volumes in EMEA and Latin America. Net sales of our agricultural and horticultural chemical carrier products decreased \$0.5 million, or 5%, for the second quarter of fiscal year 2024 compared to the same period in fiscal

year 2023, primarily due to softer volumes. Net sales of our animal health and nutrition products decreased \$2.1 million, or 33%, during the second quarter of fiscal year 2024, compared to the same period in fiscal year 2023. The decrease was driven by lower demand and timing of orders in Latin America, Asia (including China), and Mexico, partially offset by an increase in net sales in North America. The increase in North America driven primarily by price as customers transition from trial to full price and to a lesser extent volume.

Total SG&A expenses for the Business to Business Products Group in the second quarter of fiscal year 2024 increased \$0.2 million, or 7%, compared to the same period of fiscal year 2023. The increase was mainly driven by compensation-related expenses to teammates and consultants, offset by a decrease in allocated technical service support costs from the Innovation Center and Microbiology Lab.

The Business to Business Products Group's operating income for the second quarter of fiscal year 2024 was \$11.0 million, an increase of \$3.3 million, or 42%, from operating income of \$7.7 million for the second quarter of fiscal year 2023. The overall increase in operating income was primarily due to higher net sales and favorable product mix.

RETAIL AND WHOLESALE PRODUCTS GROUP

Net sales of the Retail and Wholesale Products Group for the second quarter of fiscal year 2024 were \$69.4 million, an increase of \$2.9 million, or 4%, from net sales of \$66.5 million for the second quarter of fiscal year 2023, driven by higher net sales of our cat litter products. Global cat litter net sales were \$2.9 million, or 5%, higher compared to the second quarter of fiscal year 2023 driven by price increases. Net sales of co-packaged products increased \$1.6 million compared to the same period in fiscal year 2023. This increase was driven by price increases as well as timing of sales shifting from the first to second quarter as a result of a cyberattack on one of our customers, which prevented it from placing and receiving orders during the first quarter of fiscal year 2024. Domestic cat litter net sales were \$50.2 million, an increase of \$1.3 million driven mainly by price increases. Domestic net sales increased across all products except for private label heavy weight litter, with the greatest increase driven by sales of private label coarse litters and branded light weight scoopable. Net sales of our global industrial and sports products were \$10.1 million for second quarter of fiscal year 2024, of which \$9.6 million represented domestic net sales, both of which remained flat relative to the same period in 2023. Net sales of both cat litter and industrial products by our subsidiary in Canada remained flat in the second quarter of fiscal year 2024 compared to the same period of fiscal year 2023.

SG&A expenses for the Retail and Wholesale Products Group increased by \$0.8 million, or 25%, during the second quarter of fiscal year 2024 compared to the same period in fiscal year 2023. The increase was primarily driven by an increase in advertising spend, compensation-related expenses, offset by a reduction in broker commissions. We anticipate total advertising expense in fiscal year 2024 to be higher than fiscal year 2023, however spread more evenly throughout the year.

The Retail and Wholesale Products Group's operating income was \$11.9 million for the second quarter of fiscal year 2024, an increase of \$3.2 million from operating income of \$8.7 million for the same period of fiscal year 2023. This was driven primarily by the increase in gross margins due to selling price increases, partially offset by higher per ton cost of goods sold as discussed above.

FOREIGN OPERATIONS

Foreign operations include our subsidiary in Canada, which is reported in the Retail and Wholesale Products Group, and our subsidiaries in the UK, Mexico, China and Indonesia, which are reported in the Business to Business Products Group. Net sales by our foreign subsidiaries during the second quarter of fiscal year 2024 were \$4.5 million, a decrease of \$1.0 million, or 18%, compared to net sales of \$5.5 million during the same period of fiscal year 2023, driven primarily by decreases in net sales in China and Mexico. Sales of our subsidiary in China were down \$0.5 million as a result of transitioning to a distributor model in China rather than sales through our subsidiary. Future sales to China will be directly through the Company and captured the Asia region, and not through our subsidiary in China. Net sales of our subsidiary in Mexico decreased during the second quarter of fiscal year 2024 compared to the same period of fiscal year 2023 by \$0.2 million or 62%. Total net sales of our subsidiaries in Canada, the UK, and Indonesia remained flat in the second quarter of fiscal year 2024 compared to the same period in 2023. Net sales by our foreign subsidiaries represented 6% and 5% of our consolidated net sales in the first second quarter of both fiscal years 2024 and 2023, respectively.

Our foreign subsidiaries reported net income of \$0.6 million for the first second quarter of both fiscal year 2024 compared to \$0.5 million and 2023. This was driven by the decrease in sales in China and Mexico, offset by the first quarter of fiscal year 2023. The increase in net income in Canada through the first

quarter reduction of fiscal year 2024 was primarily driven by price and volume increases in Canada and the UK, manufacturing costs.

Identifiable assets of our foreign subsidiaries as of October 31, 2023, were \$11.8 million, compared to \$14.6 million as of July 31, 2023.

LIQUIDITY AND CAPITAL RESOURCES

Our principal liquidity needs are to fund our capital requirements, including funding working capital needs; purchasing and upgrading equipment, facilities, information systems, and real estate; supporting new product development; investing in infrastructure; repurchasing stock; paying dividends; and, from time to time, business acquisitions, and funding our debt service.

requirements. During the first quarter of fiscal year 2024, six months ended January 31, 2024, we principally funded these short and long-term capital requirements using cash from current operations as well as cash generated in fiscal year 2023 from previous borrowings under our Series C Senior Notes.

We currently anticipate cash flows from operations and our available sources of liquidity will be sufficient to meet our cash requirements. In addition, we are actively monitoring the timing and collection of our accounts receivable.

The following table sets forth certain elements of our unaudited Condensed Consolidated Statements of Cash Flows (in thousands):

	For the Three Months Ended October 31,		For the Six Months Ended January 31, 2024		2023
	2023	2022			
Net cash provided by operating activities	\$ 8,564	\$ 2,814			
Net cash used in investing activities	(8,064)	(6,737)			
Net cash used in financing activities	(2,799)	(1,943)			
Effect of exchange rate changes on cash and cash equivalents	124	38			
Net decrease in cash and cash equivalents	<u><u>\$(2,175)</u></u>	<u><u>\$(5,828)</u></u>			

Net cash provided by operating activities

In addition to net income, as adjusted for depreciation and amortization and other non-cash operating activities, the primary sources and uses of operating cash flows for the first quarter of fiscal years 2024 six months ended January 31, 2024 were as follows:

Accounts receivable, less allowance for doubtful accounts, increased \$1.5 million in the first quarter of fiscal year 2024. The increase in accounts receivable was driven primarily by higher net sales as sales prices increased, offset by the level and timing of collections due to payment terms.

Inventory increased by \$1.4 million \$3.7 million in the first quarter of fiscal year 2024 six months ended January 31, 2024 due to a combination of rising costs, specifically due to labor and repairs and the building of inventory levels for anticipated seasonal demand and to avoid any potential supply chain disruptions.

Prepaid expenses increased by \$3.2 million in the six months ended January 31, 2024. The increase is mainly due to the timing income tax payments.

Accounts payable decreased by \$1.3 million \$3.2 million in the first quarter of fiscal year 2024 six months ended January 31, 2024. The decrease is mainly due to the timing of payments, cost of goods and services we purchase, production volume levels and vendor payment terms.

Accrued expenses decreased \$4.4 million \$7.6 million in the first quarter of fiscal year 2024 six months ended January 31, 2024. The decrease is mainly due to the payout of annual bonuses offset by an increase in the income tax liability and taxes, and other miscellaneous expenses which fluctuate due to timing of payments, changes in the cost of goods and services we purchase, production volume levels and vendor payment terms, terms including freight.

Net cash used in investing activities

Cash used in investing activities of \$8.1 million \$15.5 million in the first quarter of fiscal year 2024 six months ended January 31, 2024 was driven by capital expenditures. During the first quarter of fiscal year 2024 six months ended January 31, 2024 we expanded our plant equipment and improved our facilities to support increased demand for our products.

Net cash used in financing activities

Cash used in financing activities of \$2.8 million \$6.5 million in the first quarter of fiscal year 2024 six months ended January 31, 2024 was primarily used for dividend payments, payments and treasury stock repurchases.

Other

Total cash balances held by our foreign subsidiaries of \$4.0 million \$5.4 million as of October 31, 2023, decreased January 31, 2024 increased compared to \$5.2 million as of July 31, 2023. See further discussion in "Foreign Operations" above.

As of October 31, 2023 January 31, 2024, we had remaining authority to repurchase 407,150 382,404 shares of Common Stock and 262,092 shares of Class B Stock under a repurchase plan approved by our Board of Directors (the "Board"). Repurchases may be made on the open market (pursuant to Rule 10b5-1 plans or otherwise) or in negotiated transactions. The timing, number and manner of share repurchases will be determined by our management pursuant to the repurchase plan approved by our Board.

We believe that cash flow from operations, availability under our Note Agreement and revolving credit facility under our Credit Agreement, current cash balances and our ability to obtain other financing, if necessary, will provide sufficient liquidity for foreseeable working capital needs, capital expenditures at existing facilities, deferred compensation payouts, dividend payments and debt service obligations for at least the next 12 months. See Note 8 of the Notes to the unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q. We expect capital expenditures in fiscal year 2024 to be greater than in fiscal year 2023. We do not believe that these increased capital expenditures will dramatically impact our cash position; however, our cash requirements are subject to change as business conditions warrant and opportunities arise.

We continually evaluate our liquidity position and anticipated cash needs, as well as the financing options available to obtain additional cash reserves. Our ability to fund operations, to make planned capital expenditures, to make scheduled debt payments and to remain in compliance with all financial covenants under debt agreements, including, but not limited to, the current credit agreement, Credit Agreement, depends on our future operating performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors. The timing and size of any new business ventures or acquisitions that we complete may also impact our cash requirements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis of financial condition and results of operations is based on our unaudited Condensed Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP for interim financial information and in compliance with instructions to Form 10-Q and Article 10 of Regulation S-X. The preparation of these financial statements requires the use of estimates and assumptions related to the reporting of assets, liabilities, revenues, expenses and related

disclosures. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements. Estimates and assumptions are revised periodically. Actual results could differ from these estimates. See the information concerning our critical accounting policies included under "Management's Discussion of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended July 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. The controls evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based upon the controls evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC, and that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees are still working remotely. We are continually monitoring and assessing the effects of a hybrid work model on our internal controls to minimize the impact to their design and operating effectiveness.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the fiscal quarter ended **October 31, 2023** **January 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

Items 1 **3** and **53** of this Part II are either inapplicable or are answered in the negative and are omitted pursuant to the instructions to Part **II** of Form 10-Q.

ITEM 1A. RISK FACTORS

The Company's operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal **year ended July 31, 2023**. **There** Except for the risk factor set forth below, there have been no material changes to our risk factors since the Company's Annual Report on Form 10-K for the fiscal **year ended July 31, 2023**.

We will no longer qualify as a "smaller reporting company" and, commencing with our quarterly report on Form 10-Q for the period ending October 31, 2024, we may no longer take advantage of reduced disclosure and reporting requirements applicable to smaller reporting companies.

We currently qualify as a "smaller reporting company" as defined by the SEC and have been able to take advantage of reduced disclosure and reporting requirements applicable to smaller reporting companies. However, management performed the annual public float test as of the last business day of the Company's second fiscal quarter ended January 31, 2024 and determined that the Company no longer qualifies as a smaller reporting company due to its public float exceeding \$250 million. The Company will continue to use the scaled disclosures permitted for a smaller reporting company through its annual report on Form 10-K for the fiscal year ending July 31, 2024. Beginning with our quarterly report on Form 10-Q for the period ending October 31, 2024, the Company will no longer be eligible to rely on the reduced

disclosure and reporting requirements applicable to smaller reporting companies. The resulting increased disclosure and reporting requirements could have a material adverse effect on our business, financial condition and results of operations if we are unable to comply on a timely basis or if the attention of our management and personnel is diverted from other business concerns.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended **October 31, 2023** **January 31, 2024**, we did not sell any securities which were not registered under the Securities Act of 1933, as amended. The following chart summarizes our Common Stock and Class B stock purchases by or on behalf of the Company or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Exchange Act) during this period. There are no shares of our Class A Common Stock currently outstanding.

ISSUER PURCHASES OF EQUITY SECURITIES ^{1,2}				
	(a)	(b)	(c)	(d)
For the Three Months Ended October 31, 2023	Total Number of Shares Purchased ³	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may yet be Purchased Under Plans or Programs ⁴
Common Stock				
August 1, 2023 to August 31, 2023	—	\$—	—	411,471
September 1, 2023 to September 30, 2023	—	\$—	—	411,471
October 1, 2023 to October 31, 2023	4,321	\$56.87	—	407,150
Class B Stock				
August 1, 2023 to August 31, 2023	—	\$—	—	273,100
September 1, 2023 to September 30, 2023	—	\$—	—	273,100
October 1, 2023 to October 31, 2023	11,008	\$56.87	—	262,092

ISSUER PURCHASES OF EQUITY SECURITIES ^{1,2}				
	(a)	(b)	(c)	(d)
Period	Total Number of Shares Purchased ³	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may yet be Purchased Under Plans or Programs ⁴
November 1, 2023 to November 30, 2023	—	\$—	—	407,150
December 1, 2023 to December 31, 2023	23,063	\$68.89	—	384,087
January 1, 2024 to January 31, 2024	1,683	\$67.88	—	382,404

¹ The table summarizes repurchases of (and remaining authority to repurchase) shares of our Common Stock and Stock. Our Board authorized the repurchase of 300,000 shares of Class B Stock. Stock on March 12, 2018, however, there have been no repurchases of Class B Stock for the three months ended January 31, 2024, and the authorized Class B Stock is not included in the table above. 262,092 shares of Class B Stock remain authorized for repurchases as of January 31, 2024. No shares of our Class A Common Stock are currently outstanding. Descriptions of our Common Stock, Class B Stock and Class A Common Stock are contained in Exhibit 4.1 of the our Annual Report on Form 10-K for the fiscal year ended July 31, 2023.

² The figures in the table reflect transactions according to the settlement dates. For purposes of our unaudited ~~Condensed Consolidated Financial statements~~ included in this **Quarterly Report on Form 10-Q**, the impact of ~~these~~ repurchases ~~is~~ are recorded according to the settlement dates.

³ All **15,329** **24,746** shares were surrendered by employees to pay taxes related to restricted stock awards.

⁴ Our Board of Directors authorized the repurchase of 250,000 shares of Common Stock on June 14, 2012 and an additional 750,000 shares of Common Stock on March 11, 2019. ~~These authorizations do~~ This authorization does not have a stated expiration date. The share numbers in this column indicate the number of shares of Common Stock that may yet be repurchased under ~~these authorizations~~ this authorization. Repurchases may be made on the open market (pursuant to Rule 10b5-1 plans or otherwise) or in negotiated transactions. The timing, number and manner of share repurchases will be determined by management.

ITEM 4. MINE SAFETY DISCLOSURES

Our mining operations are subject to regulation by the Mine Safety and Health Administration under authority of the Federal Mine Safety and Health Act of 1977, as amended. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K ~~is~~ are included in Exhibit 95 to this Quarterly Report on Form 10-Q.

ITEM 5. OTHER INFORMATION

During the three months ended January 31, 2024, none of our officers or directors adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Description	SEC Document Reference
10.1	Eighth Amendment, No. 4 dated as of January 25, 2024, to Amended and Restated Note Purchase and Private Shelf Memorandum of Agreement #1450 "Fresh Step"™ dated September 21, 2023 among Oil-Dri Corporation as of America, PGIM, Inc. and existing note holders named therein, March 12, 2001.	Incorporated by reference to Exhibit 10.1 to Oil-Dri's (file No. 001-12622) Current Report on Form 8-K filed on September 22, 2023. Filed herewith.
31	Certifications pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended.	Filed herewith.
32	Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith.
95	Mine Safety Disclosures.	Filed herewith.
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document	Filed herewith.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	Filed herewith.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101101)	Filed herewith.

Note: Stockholders may receive copies of the above listed exhibits, without fee, by written request to Investor Relations, Oil-Dri Corporation of America, 410 North Michigan Avenue, Suite 400, Chicago, Illinois 60611-4213, by telephone at (312) 321-1515 or by e-mail to info@oildri.com.

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.

OIL-DRI CORPORATION OF AMERICA
(Registrant)

BY /s/ Daniel S. Jaffee
Daniel S. Jaffee

Chairman, President and Chief Executive Officer

BY /s/ Susan M. Kreh
Susan M. Kreh
Chief Financial Officer

Dated: December 11, 2023 March 7, 2024

29 34

Exhibit 10.1

EIGHTH AMENDMENT TO AGREEMENT 1450

This Eighth Amendment to Memorandum of Agreement #1450 (MOA) is made on January 25, 2024, by and between **A & M Products Manufacturing Company**, 1221 Broadway, Oakland, California, 94612, hereinafter "**Buyer**" and **Oil-Dri Corporation of America**, 410 N. Michigan Avenue, Chicago, Illinois 60611, hereinafter "**Seller**".

RECITALS

A. Buyer and Seller are parties to Memorandum of Agreement ("MOA"), as amended, dated March 12, 2001, as amended by the First Amendment, dated December 13, 2002, and the Second Amendment, dated October 15, 2007, and the Third Amendment, dated May 27, 2016, the Fourth Amendment, dated December 4, 2020, the Fifth Amendment, dated April 14, 2023, the Sixth Amendment, dated June 29, 2023 and the Sixth Amendment, dated September 21, 2023 (the "Original Agreement"); and

A. Seller and Buyer wish to amend the Original Agreement as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the parties hereby agree to amend the Original Agreement as follows:

a. **Schedule 1. Section B. Term.** is amended and restated in its entirety to read as follows:

"The initial term of this Agreement ("Initial Term") will commence as of a Commencement Date of March 12, 2001 and expiring at [***] unless sooner terminated pursuant to this Agreement."

a. **Schedule 1. Section E.(2). Ochlocknee Product.** is amended to add the following sentence:

"Notwithstanding anything herein to the contrary, the Base Price for the product from [***] through [***] shall be [***]."

a. The terms of the Original Agreement shall remain in full force and effect except as amended, modified and superseded hereby. Capitalized terms not otherwise defined herein shall have the same meanings as set forth in the Original Agreement.

a. The parties represent and warrant to each other that any person or entity purporting to have the authority to enter into this Amendment on behalf of or for the benefit of a party has such authority.

a. This Amendment maybe executed by use of electronic signature and maybe executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement. Delivery of an executed counterpart of this agreement by electronic means, including by an electronic signature service provider complying with the provisions of the federal E-SIGN Act, the Uniform Electronic Transactions Act and/or other applicable law, portable document format (PDF) or by other electronic means shall be equally effective as delivery of an original by mail.

[The remainder of this page is intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be signed, all as of the date first written above.

BUYER: A & M Products Manufacturing Company

By: /s/ Brian Medeiros

SELLER: OilDri Corporation of America

By: /s/ Dan Jaffee

Exhibit 31:

CERTIFICATIONS PURSUANT TO RULE 13A-14(A) 13A-14(A)/15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED
Certification of Principal Executive Officer
(Section 302 of the Sarbanes-Oxley Act of 2002)

I. I, Daniel S. Jaffee, certify that:

- a. I have reviewed this quarterly report on Form 10-Q of Oil-Dri Corporation of America (the "registrant");
- b. 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;
- c. 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;
- d. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - i. 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;
 - ii. 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;

- iii. 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
- iv. 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

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

- i. 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
- ii. 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: December 11, 2023 March 7, 2024

By: /s/ Daniel S. Jaffee

Daniel S. Jaffee
Chairman, President and Chief Executive Officer

Exhibit 31 (continued):

**Certification of a Principal Financial Officer
(Section 302 of the Sarbanes-Oxley Act of 2002)**

I. I, Susan M. Kreh, certify that:

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

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

Date: December 11, 2023 March 7, 2024
By: /s/ Susan M. Kreh
Susan M. Kreh
Chief Financial Officer

2

Exhibit 32:

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

Certification

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Oil-Dri Corporation of America (the "Company") hereby certifies that to the best of my knowledge the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2023 January 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: December 11, 2023 March 7, 2024

/s/ Daniel S. Jaffee

Name: Daniel S. Jaffee
Title: Chairman, President and Chief Executive Officer

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

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

Certification

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Oil-Dri Corporation of America (the "Company") hereby certifies that to the best of my knowledge the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2023 January 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Dated: December 11, 2023 March 7, 2024

/s/ Susan M. Kreh

Name: Susan M. Kreh
Title: Chief Financial Officer

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

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 95**MINE SAFETY DISCLOSURES**

Under section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K, each operator of a coal or other mine is required to include certain mine safety information in its periodic reports filed with the Securities and Exchange Commission. The table below includes this mine safety information for each mine facility owned and operated by Oil-Dri Corporation of America, or its subsidiaries, for the quarter ended **October 31, 2023** **January 31, 2024**. Due to timing and other factors, our data may not agree with the mine data retrieval system maintained by the Mine Safety and Health Administration ("MSHA"). The columns in the table represent the total number of, and the proposed dollar assessment for, violations, citations and orders issued by MSHA during the period upon periodic inspection of our mine facilities in accordance with the referenced sections of the Federal Mine Safety and Health Act of 1977, as amended (the "Mine Act"), described as follows:

Section 104 Significant and Substantial Violations: Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard.

Section 104(b) Orders: Total number of orders issued due to a failure to totally abate, within the time period prescribed by MSHA, a violation previously cited under section 104, which results in the issuance of an order requiring the mine operator to immediately withdraw all persons from the mine.

Section 104(d) Citations and Orders: Total number of citations and orders issued for unwarrantable failure of the mine operator to comply with mandatory health and safety standards. The violation could significantly and substantially contribute to the cause and effect of a safety and health hazard, but the conditions do not cause imminent danger.

Section 110(b)(2) Flagrant Violations: Total number of flagrant violations defined as a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.

Section 107(a) Imminent Danger Orders: Total number of orders issued when an imminent danger is identified which requires all persons to be withdrawn from area(s) in the mine until the imminent danger and the conditions that caused it cease to exist.

Total Dollar Value of Proposed MSHA Assessments: Each issuance of a citation or order by MSHA results in the assessment of a monetary penalty. The total dollar value presented includes any contested penalties.

Legal Actions Pending, Initiated or Resolved: Total number of cases pending legal action before the Federal Mine Safety and Health Review Commission (the "Commission") as of the last day of the reporting period or the number of such cases initiated or resolved during the reporting period.

Mine location	Legal Actions								
	Section 104 "Significant and Substantial" Violations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b) (2) Flagrant Violations (#)	Section 107(a) Imminent Danger Orders (#)	Total Dollar Value of Proposed MSHA Assessments (\$)	Pending as of Last Day of Period (#)	Initiated During Period (#)	Resolved During Period (#)
Ochlocknee, Georgia	—	—	—	—	—	—	—	—	—
Ripley, Mississippi	—	—	—	—	—	—	—	—	—
Mounds, Illinois	2	—	—	—	—	10,265	2	2	1
Blue Mountain, Mississippi	—	—	—	—	—	—	—	—	—
Taft, California	1	—	—	—	—	2,857	—	—	—

Mine ID	Mine Location	Legal Actions									
		Section 104 "Significant and Substantial" Violations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Flagrant Violations (#)	Section 107(a) Imminent Danger Orders (#)	Total Dollar Value of Proposed MSHA Assessments (\$)	Mining Related Fatalities (#)	Pending as of Last Day of Period (#)	Initiated During Period (#)	Resolved During Period (#)

0900114	Ochlocknee, Georgia	1	—	—	—	—	—	—	—	—	—
2200035	Ripley, Mississippi	—	—	—	—	—	—	—	—	—	—
1102403	Mounds, Illinois	—	—	—	—	—	15,102	—	51	—	—
2200582	Blue Mountain, Mississippi	—	—	—	—	—	—	—	—	—	—
0402964	Taft, California	—	—	—	—	—	—	—	—	—	—

We had no mining-related fatalities at any

¹ As of our facilities the last day of the quarter ended January 31, 2024 there were five pending legal actions. All five of these pending legal actions were initiated during the three months quarter ended October 31, 2023.

During this period we also received no written notices from MSHA under section 104(e) of the Mine Act of (i) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards; or (ii) the potential to have such a pattern. All

Legal actions pending before the Commission may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA or complaints of discrimination by miners under section 105 of the Mine Act. The following is a brief description of the types of legal actions pending that may be brought before the Commission.

Contests of Citations and initiated during Orders: A contest proceeding may be filed with the period were contests Commission by operators, miners or miners' representatives to challenge the issuance of a citation or order issued by MSHA.

Contests of Proposed Penalties (Petitions for Assessment of Penalties): A contest of a proposed penalties penalty is an administrative proceeding before the Commission challenging a civil penalty that MSHA has proposed for the alleged violation contained in a citation or order. The validity of the citation may also be challenged in this proceeding as well.

Complaints for Compensation: A complaint for compensation may be filed with the Commission by miners entitled to compensation when a mine is closed by certain withdrawal orders issued by MSHA. The purpose of the proceeding is to determine the amount of compensation, if any, due miners idled by the orders.

Complaints of Discharge, Discrimination or Interference: A discrimination proceeding is a case that involves a miner's allegation that he or she has suffered a wrong by the operator because he or she engaged in some type of activity protected under the Mine Act, such as making a safety complaint.

Applications for Temporary Relief: An application for temporary relief from any modification or termination of any order or from any order issued under section 104 of the Mine Act.

Appeals of Judges' Decisions or Orders to the Commission: A filing with the Commission of a petition for discretionary review of a Judge's decision or order by a person who has been adversely affected or aggrieved by such decision or order.

Mine ID	Mine location	Contests of Citations and Orders	Contests of Proposed Penalties	Complaints for Compensation	Complaints of Discharge, Discrimination or Interference	Applications for Temporary Relief	Appeals of Judges Decisions or Orders to the Commission
0900114	Ochlocknee, Georgia	—	—	—	—	—	—
2200035	Ripley, Mississippi	—	—	—	—	—	—
1102403	Mounds, Illinois	—	2	—	2	1	—
2200582	Blue Mountain, Mississippi	—	—	—	—	—	—
0402964	Taft, California	—	—	—	—	—	—

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.