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 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)

Delaware	36-2048898
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
410 North Michigan Avenue, Suite 400 Chicago, Illinois	60611-4213
(Address of principal executive offices)	(Zip Code)

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 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 such files). Yes ☒ No ☐

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

Large Accelerated Filer ☐	Non-accelerated Filer ☐
Accelerated Filer ☒	Smaller Reporting Company ☒
	Emerging Growth Company ☐

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

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of February 29, 2024.
Common Stock – 5,125,142 Shares and Class B Stock – 2,161,907 Shares

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PART I – FINANCIAL INFORMATION

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. 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 similar references to 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," 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 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
(Unaudited)

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

ASSETS	January 31, 2024	July 31, 2023
Current Assets		
Cash and cash equivalents	**$ 27,800**	$ 31,754
Accounts receivable, net allowances of $1,072 and $1,087 at January 31, 2024 and July 31, 2023, respectively	**59,336**	59,287
Inventories, net	**46,230**	42,612
Prepaid expenses	**6,067**	2,854
Total Current Assets	**139,433**	136,507
Property, Plant and Equipment		
Cost	**315,908**	305,851
Less accumulated depreciation and amortization	**(190,881)**	(184,979)
Total Property, Plant and Equipment, Net	**125,027**	120,872
Other Assets		
Goodwill	**3,618**	3,618
Intangible assets, net of accumulated amortization of $8,383 and $8,341 at January 31, 2024 and July 31, 2023, respectively	**1,454**	1,421
Deferred income taxes	**6,820**	7,201
Operating lease right-of-use assets	**12,649**	9,386
Other	**7,151**	7,230
Total Other Assets	**31,692**	28,856
Total Assets	**$ 296,152**	$ 286,235

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)

LIABILITIES & STOCKHOLDERS' EQUITY	January 31, 2024	July 31, 2023
Current Liabilities		
Current maturities of notes payable	$ **1,000**	$ 1,000
Accounts payable	**12,009**	17,101
Dividends payable	**1,963**	1,927
Operating lease liabilities	**2,637**	1,872
Accrued expenses	**28,554**	36,868
Total Current Liabilities	**46,163**	58,768
Noncurrent Liabilities		
Notes payable, net of unamortized debt issuance costs of $149 and $173 at January 31, 2024 and July 31, 2023, respectively	**30,851**	30,827
Deferred compensation	**5,423**	4,512
Long-term operating lease liabilities	**11,251**	8,810
Other	**6,426**	6,242
Total Noncurrent Liabilities	**53,951**	50,391
Total Liabilities	**100,114**	109,159
Commitments and contingencies (See note 7)		
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	**882**	875
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	**252**	240
Additional paid-in capital	**58,205**	55,624
Retained earnings	**219,995**	200,796
Accumulated other comprehensive income	**733**	748
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)	**(84,029)**	(81,207)
Total Stockholders' Equity	**196,038**	177,076
Total Liabilities & Stockholders' Equity	$ **296,152**	$ 286,235

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)	For the Six Months Ended January 31,	
	2024	**2023**
Net Sales	**$ 217,106**	$ 200,208
Cost of Goods Sold	**(155,173)**	(154,882)
Gross Profit	**61,933**	45,326
Selling, General and Administrative Expenses	**(33,612)**	(31,451)
Income from Operations	**28,321**	13,875
Other (Expense) Income		
Interest expense	**(723)**	(731)
Interest income	**472**	115
Other, net	**(558)**	(1,783)
Total Other Expense, Net	**(809)**	(2,399)
Income Before Income Taxes	**27,512**	11,476
Income Tax Expense	**(4,388)**	(2,400)
Net Income	**23,124**	9,076
Net Loss Attributable to Noncontrolling Interest	**—**	(21)
Net Income Attributable to Oil-Dri	**$ 23,124**	$ 9,097
Earnings Per Share		
Basic Common	**$ 3.44**	$ 1.37
Basic Class B Common	**$ 2.58**	$ 1.03
Diluted Common	**$ 3.19**	$ 1.34
Diluted Class B Common	**$ 2.58**	$ 1.02
Average Shares Outstanding		
Basic Common	**4,856**	4,817
Basic Class B Common	**1,971**	1,953
Diluted Common	**6,827**	4,937
Diluted Class B Common	**1,971**	1,975
Dividends Declared Per Share		
Basic Common	**$ 0.580**	$ 0.560
Basic Class B Common	**$ 0.436**	$ 0.420

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

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

(in thousands)	For the Six Months Ended January 31,	
	2024	2023
Net Income Attributable to Oil-Dri	**$ 23,124**	$ 9,097
Other Comprehensive Loss:		
Pension and postretirement benefits (net of tax)	**(43)**	(13)
Cumulative translation adjustment	**28**	(129)
Other Comprehensive Loss	**(15)**	(142)
Total Comprehensive Income	**$ 23,109**	$ 8,955

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
(Unaudited)

For the Three Months Ended January 31
(unaudited)

	Number of Shares								
	Common & Class B Stock	**Treasury Stock**	**Common & Class B Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated 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 Six Months Ended January 31
(in thousands, except share amounts)

	Number of Shares								
	Common & Class B Stock	Treasury Stock	Common & Class B Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total Stockholders' Equity
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 (Loss)	—	—	—	—	9,097	—	—	(21)	9,076
Other Comprehensive Loss	—	—	—	—	—	—	(142)	—	(142)
Dividends Declared	—	—	—	—	(3,718)	—	—	—	(3,718)
Purchases of Treasury Stock	—	(7,493)	—	—	—	(225)	—	—	(225)
Net issuance of stock under long-term incentive plans	57,455	(7,246)	6	227	—	(233)	—	—	—
Amortization of Restricted Stock	—	—	—	1,634	—	—	—	—	1,634
Balance, January 31, 2023	**11,141,279**	**(3,976,318)**	**$ 1,114**	**$ 54,328**	**$ 184,133**	**$ (79,886)**	**$ (2,325)**	**$ (390)**	**$ 156,974**
Balance, July 31, 2023	**11,147,279**	**(4,010,630)**	**$ 1,115**	**$ 55,624**	**$ 200,796**	**$ (81,207)**	**$ 748**	**$ —**	**$ 177,076**
Net Income (Loss)	—	—	—	—	23,124	—	—	—	23,124
Other Comprehensive Loss	—	—	—	—	—	—	(15)	—	(15)
Dividends Declared	—	—	—	—	(3,925)	—	—	—	(3,925)
Purchases of Treasury Stock	—	(40,075)	—	—	—	(2,575)	—	—	(2,575)
Net issuance of stock under long-term incentive plans	195,000	(6,025)	19	227	—	(247)	—	—	(1)
Amortization of Restricted Stock	—	—	—	2,354	—	—	—	—	2,354
Balance, January 31, 2024	**11,342,279**	**(4,056,730)**	**$ 1,134**	**$ 58,205**	**$ 219,995**	**$ (84,029)**	**$ 733**	**$ —**	**$ 196,038**

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

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

(in thousands)	For the Six Months Ended January 31,	
CASH FLOWS FROM OPERATING ACTIVITIES	**2024**	**2023**
Net Income	**$ 23,124**	$ 9,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**8,854**	7,274
Non-cash stock-based compensation	**2,354**	1,634
Deferred income taxes	**381**	166
Provision for bad debts and cash discounts	**(16)**	207
Accretion of Asset Retirement Obligation	**105**	80
Loss on the disposals of property, plant and equipment	**141**	15
(Increase) Decrease in assets:		
Accounts receivable	**(64)**	(5,738)
Inventories	**(3,666)**	(2,717)
Prepaid expenses	**(3,217)**	626
Other assets	**311**	1,000
Increase (Decrease) in liabilities:		
Accounts payable	**(3,243)**	180
Accrued expenses	**(7,582)**	3,891
Deferred compensation	**911**	(118)
Other liabilities	**(448)**	(1,359)
Total Adjustments	**(5,179)**	5,141
Net Cash Provided by Operating Activities	**17,945**	14,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(15,546)**	(12,640)
Proceeds from sale of property, plant and equipment	**—**	5
Net Cash Used in Investing Activities	**(15,546)**	(12,635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(3,889)**	(3,711)
Purchases of treasury stock	**(2,575)**	(225)
Net Cash Used in Financing Activities	**(6,464)**	(3,936)
Effect of exchange rate changes on Cash and Cash Equivalents	**111**	7
Net Decrease in Cash and Cash Equivalents	**(3,954)**	(2,347)
Cash and Cash Equivalents, Beginning of Period	**31,754**	16,298
Cash and Cash Equivalents, End of Period	**$ 27,800**	$ 13,951

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

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

(in thousands)	For the Six Months Ended January 31,	
	2024	**2023**
Supplemental disclosures:		
Other cash flows:		
Interest payments, net of amounts capitalized	**$ 545**	$ 567
Income tax payments, net of refunds	**8,072**	1,323
Non-cash investing and financing activities:		
Capital expenditures accrued, but not paid	**$ 1,727**	$ 1,283
Cash dividends declared and accrued, but not paid	**$ 1,963**	$ 1,858

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 included in our Annual Report on Form 10-K 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 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 capitalized spare parts. 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.

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-usable 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 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 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 $0.2 million as of 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 six months ended 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 vouchered, legal reserves, postretirement health benefit obligations, and reclamation liability accrual. Current liabilities are due to be paid within the next 12 months. Other noncurrent liabilities on the unaudited Condensed Consolidated Balance Sheet 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 benefit as of 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 Six Months Ended January 31, 2024 (in thousands, except for per share data)		
	Total	Common	Class B
Net income	$ 23,124	$ 17,597	$ 5,527
Distributed and undistributed earnings on restricted shares	(1,339)	(905)	(434)
Income available to stockholders	$ 21,785	$ 16,692	$ 5,093
Net Income (Numerator)		$ 16,692	$ 5,093
Weighted Average Shares Outstanding (Denominator)		4,856	1,971
Basic EPS		**$ 3.44**	**$ 2.58**
Effect of dilution - Net Income [(1)]		$ 5,093	$ —
Net income assuming dilution (Numerator)		$ 21,785	$ 5,093
Effect of dilution - Shares [(1)]		1,971	$ —
Shares assuming dilution (Denominator)		6,827	$ 1,971
Diluted EPS		**$ 3.19**	**$ 2.58**

	For the Three Months Ended January 31, 2024 (in thousands, except for per share data)		
	Total	Common	Class B
Net income	$ 12,382	$ 9,415	$ 2,967
Distributed and undistributed earnings on restricted shares	(698)	(453)	(245)
Income available to stockholders	$ 11,684	$ 8,962	$ 2,722
Net Income (Numerator)		$ 8,962	$ 2,722
Weighted Average Shares Outstanding (Denominator)		4,883	1,977
Basic EPS		**$ 1.84**	**$ 1.38**
Effect of dilution - Net Income [(1)]		$ 2,722	$ —
Net income assuming dilution (Numerator)		$ 11,684	$ 2,722
Effect of dilution - Shares [(1)]		1,977	$ —
Shares assuming dilution (Denominator)		6,860	$ 1,977
Diluted EPS		**$ 1.70**	**$ 1.38**

[(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.

3. INVENTORIES

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

	January 31, 2024	July 31, 2023
Finished goods	**$ 24,596**	$ 21,943
Packaging	**8,299**	8,007
Spare parts	**6,775**	5,981
Other	**6,560**	6,681
Total Inventories	**$ 46,230**	$ 42,612

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. The Company maintains reserves against inventory to reduce the carrying value to the expected net realizable value. These reserves are based upon a combination of factors including historical issues and market trends. Inventory reserves were $3.5 million and $3.6 million as of January 31, 2024 and 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 July 31, 2023.

Balances of accounts receivable and accounts payable approximated their fair values at 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 $30.1 million and $29.7 million as of 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):

	January 31, 2024	July 31, 2023
Salaries, Wages, Commissions and Employee Benefits	**$ 11,831**	$ 19,054
Georgia Landfill Modification Reserve	**2,762**	2,469
Freight	**2,196**	3,078
Trade Promotions and Advertising	**1,722**	2,292
Real Estate Tax	**266**	1,038
Other	**9,777**	8,937
	$ 28,554	$ 36,868

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. Work began on the modifications in the second quarter of fiscal year 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 January 31, 2024. 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 January 31, 2024. The 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 September 21, 2023, the Company entered into Amendment No. 4 to the Note 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 January 31, 2024, and July 31, 2023, we were in compliance with the covenants. There were no borrowings during the second quarter of fiscal year 2024. However, we had $1.0 million of letters of credit outstanding under the Credit Agreement as of January 31, 2024 and July 31, 2023.

The Credit Agreement states that we may select a variable interest rate based on either the BMO 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. As of January 31, 2024, the variable rates would have been 8.50% for the BMO prime-based rate or 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 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 January 31,		For the Six Months Ended January 31,	
	2024	2023	**2024**	2023
Operating lease cost	**$ 1,084**	**$ 687**	**$ 1,630**	$ 1,383

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

	For the Three Months Ended January 31,		For the Six Months Ended January 31,	
	2024	2023	**2024**	2023
Cash paid for amounts included in the measurement of operating lease liabilities:	**$ 1,062**	**$ 585**	**$ 1,686**	$ 1,180
Right-of-use assets obtained in exchange for new operating lease liabilities	**$ 3,699**	**$ —**	**$ 3,699**	$ 21

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:

	January 31, 2024	**July 31, 2023**
Weighted-average remaining lease term - operating leases	**6.3 years**	7.7 years
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**

10. PENSION AND OTHER POSTRETIREMENT 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 (in thousands)			
	For the Three Months Ended January 31,		For the Six Months Ended January 31,	
	2024	**2023**	**2024**	**2023**
Interest cost	**$ —**	$ 338	**$ —**	$ 673
Expected return on plan assets	**—**	(558)	**—**	(1,116)
Amortization of:				
Other actuarial loss	**—**	19	**—**	28
Net periodic benefit cost	**$ —**	$ (201)	**$ —**	$ (415)

	Postretirement Health Benefits (in thousands)			
	For the Three Months Ended January 31,		For the Six Months Ended January 31,	
	2024	**2023**	**2024**	**2023**
Service cost	**$ 18**	$ 20	**$ 37**	$ 42
Interest cost	**19**	16	**41**	36
Amortization of:				
Other actuarial loss	**(29)**	(23)	**(53)**	(41)
Prior service costs	**(1)**	(1)	**(3)**	(3)
Net periodic benefit cost	**$ 7**	$ 12	**$ 22**	$ 34

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 2023. 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 Six Months Ended January 31,			
Product	**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

	Business to Business Products Group		Retail and Wholesale Products Group	
	For the Three Months Ended January 31,			
Product	**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	
	January 31, 2024	**July 31, 2023**
	(in thousands)	
Business to Business Products Group	**$ 88,681**	$ 84,424
Retail and Wholesale Products Group	**143,962**	136,262
Unallocated Assets	**63,509**	65,549
Total Assets	**$ 296,152**	$ 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 Six Months Ended January 31,			
	Net Sales		Income	
	2024	2023	2024	2023
	(in thousands)			
Business to Business Products Group	$ **75,395**	$ 68,841	$ **22,108**	$ 14,991
Retail and Wholesale Products Group	$ **141,711**	131,367	$ **23,208**	16,256
Net Sales	$ **217,106**	$ 200,208		
Corporate Expenses			**(16,995)**	(17,372)
Income from Operations			**28,321**	13,875
Total Other Expenses, Net			**(809)**	(2,399)
Income before Income Taxes			**27,512**	11,476
Income Tax Expense			**(4,388)**	(2,400)
Net Income			**23,124**	9,076
Net Loss Attributable to Noncontrolling Interest			—	(21)
Net Income Attributable to Oil-Dri			$ **23,124**	$ 9,097

	For the Three Months Ended January 31,			
	Net Sales		Income	
	2024	2023	2024	2023
	(in thousands)			
Business to Business Products Group	$ **36,234**	$ 35,154	$ **10,985**	$ 7,734
Retail and Wholesale Products Group	$ **69,434**	66,515	$ **11,877**	8,682
Net Sales	$ **105,668**	$ 101,669		
Corporate Expenses			**(7,697)**	(9,110)
Income from Operations			**15,165**	7,306
Total Other Expenses, 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

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 1,719,500. As of January 31, 2024, there were 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 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 70,000 and 57,000 restricted shares of Common Stock granted during the first six months of fiscal years 2024 and 2023, respectively. There were 125,000 restricted shares of Class B shares granted during the first 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 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:

	Restricted Shares (in thousands)	Weighted Average Grant Date Fair Value
Non-vested restricted stock outstanding at July 31, 2023	348	$ 32.95
Granted	195	$ 62.51
Vested	(142)	$ 31.07
Forfeitures	(6)	$ 40.95
Non-vested restricted stock outstanding at January 31, 2024	395	$ 48.11

13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

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

	Pension and Postretirement Health Benefits	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive (Loss) Income
Balance as of July 31, 2023	$ 1,012	$ (264)	$ 748
Other comprehensive loss before reclassifications, net of tax	—	28	28
Amounts reclassified from accumulated other comprehensive income, net of tax	(43)	—	(43)
Net current-period other comprehensive loss, net of tax	(43)	28	(15)
Balance as of January 31, 2024	$ 969	$ (236)	$ 733

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 six months of fiscal years 2024 and 2023, respectively. There were no outstanding accounts payable to that vendor as of 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

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, higher prices continued to drive the increases in net sales. Within Business to Business, revenue continued to grow driven by a combination of higher prices and increased volumes. Consolidated net sales increased $4.0 million or 4% in the second quarter and $16.9 million or 8% in the six months ended January 31, 2024 compared to the same periods of fiscal year 2023. Consolidated income from operations in the second quarter and first six months of fiscal year 2024 increased by $7.9 million and $14.4 million, respectively compared to the same periods in fiscal year 2023.

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

Our Consolidated Balance Sheets as of January 31, 2024 and our Consolidated Statements of Cash Flows for the six months ended January 31, 2024 show a decrease in total cash and cash equivalents from fiscal year-end 2023. The decrease was 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.

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

CONSOLIDATED RESULTS

Consolidated net sales for the six months ended January 31, 2024 were $217.1 million, an 8% increase compared to net sales of $200.2 million for the six months ended January 31, 2023. Net sales increased for both our Retail and 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 six months ended January 31, 2024 was $61.9 million, an increase of $16.6 million, or 37%, from gross profit of $45.3 million in the six months ended January 31, 2023. Our gross margin (defined as gross profit as a percentage of net sales) in the six months ended January 31, 2024 increased to 29% from 23% in the same period of fiscal year 2023. Our domestic cost of goods sold per ton increased 6%, driven primarily by per ton increases in non-fuel manufacturing and freight offset by lower per ton natural gas and packaging costs. Non-fuel manufacturing costs per ton increased 10% during the six months ended January 31, 2024 compared to six months ended January 31, 2023, mainly due to higher per ton costs of labor, repairs, and depreciation, offset by a decrease in the per ton cost of purchased materials. Domestic freight costs per ton increased 11% in the 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 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. 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 decreased 5% in the 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 42% in the 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 $33.6 million for the six months ended January 31, 2024 were higher by $2.2 million, or 7%, compared to $31.5 million for the six months ended January 31, 2023. The increase was driven by higher segment SG&A. Corporate unallocated expenses 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 $0.8 million for the six months ended January 31, 2024 compared to $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 six months ended January 31, 2024 was $27.5 million compared to $11.5 million for the six months ended January 31, 2023. Results for the six months ended January 31, 2024 were driven by the factors discussed above.

We had a tax expense was $4.4 million for the six months ended January 31, 2024 compared to $2.4 million for the 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 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 six months ended January 31, 2024 were $75.4 million, an increase of $6.6 million, or 10%, from net sales of $68.8 million for the six months ended January 31, 2023, driven by sales of our fluid purification products. Net sales of our fluids purification products increased $7.9 million, or 21%, in the six months ended January 31, 2024 compared to the six months ended January 31, 2023. The increase 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 Asia, partially offset by a decrease in Latin America and in the Europe, Middle East, and Africa ("EMEA") region. Net sales of our animal health and nutrition products decreased $1.1 million, or 10%, during the 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 in North America. Both in Latin America and Mexico, net sales 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 same period in fiscal year 2023. Net sales in Asia, including sales by our subsidiary in China, remained flat. Net sales of our agricultural and horticultural chemical carrier products decreased $0.2 million, or 1%, for the six months ended January 31, 2024 compared to the same period in fiscal year 2023. This was a result of softer volumes offset partially by higher prices.

SG&A expenses for the Business to Business Products Group remained flat for the six months ended January 31, 2024 compared to the same period of the prior fiscal year as higher compensation expenses were offset by lower allocated technical service support costs from the Innovation Center and Microbiology Lab and broker commissions.

The Business to Business Products Group’s operating income for the six months ended January 31, 2024 was $22.1 million, an increase of $7.1 million, or 47%, from operating income of $15.0 million for the six months ended January 31, 2023. The increase in operating income was mostly driven by higher sales and favorable product mix.

RETAIL AND WHOLESALE PRODUCTS GROUP

Net sales of the Retail and Wholesale Products Group for the six months ended January 31, 2024 were $141.7 million, an increase of $10.3 million, or 8%, from net sales of $131.4 million for the same period of fiscal year 2023, mainly driven by higher net sales from our cat litter products. Total global cat litter net sales for the six months ended January 31, 2024 increased $9.6 million, or 9%, compared to the six months ended January 31, 2023, of which $9.5 million of the increase was due to 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. Net sales of co-packaged cat litter products increased $0.1 million compared to the same period in fiscal year 2023. The increase was driven by price as volumes were still down as a result of the cyberattack on one of our customers, which prevented 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 $0.7 million, or 4%, compared to the 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.

SG&A expenses for the Retail and Wholesale Products Group were $2.0 million, or 29%, higher during the six months ended January 31, 2024 compared to the 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, though spread more evenly throughout the year.

The Retail and Wholesale Products Group's operating income for the six months ended January 31, 2024 was $23.2 million, an increase of $7.0 million, or 43%, from operating income of $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 for the six months ended January 31, 2024 were $11.5 million, an increase of 2%, compared to net sales of $11.2 million during the 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 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 $0.4 million, or 29%, in the 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. Total net sales of our subsidiary in Canada increased $0.2 million, or 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 prices and 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.

<u>THREE MONTHS ENDED JANUARY 31, 2024 COMPARED TO</u>
<u>THREE MONTHS ENDED JANUARY 31, 2023</u>

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 driven by 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 $0.5 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 4% and 5% of our consolidated net sales during the second quarter of fiscal years 2024 and 2023, respectively.

Our foreign subsidiaries reported net income of $0.1 million for the second quarter of both fiscal year 2024 and 2023. This was driven by the decrease in sales in China and Mexico, offset by the increase in net income in Canada through the reduction of manufacturing costs.

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 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 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 Six Months Ended January 31,	
	2024	**2023**
Net cash provided by operating activities	**$ 17,945**	$ 14,217
Net cash used in investing activities	**(15,546)**	(12,635)
Net cash used in financing activities	**(6,464)**	(3,936)
Effect of exchange rate changes on cash and cash equivalents	**111**	7
Net decrease in cash and cash equivalents	**$ (3,954)**	$ (2,347)

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 six months ended January 31, 2024 were as follows:

Inventory increased by $3.7 million in the 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 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 $3.2 million in the six months ended January 31, 2024. The decrease was mainly due to the timing of payments, cost of goods and services we purchase, production volume levels and vendor payment terms.

Accrued expenses decreased $7.6 million in the six months ended January 31, 2024. The decrease was mainly due to the payout of annual bonuses 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 including freight.

Net cash used in investing activities

Cash used in investing activities of $15.5 million in the six months ended January 31, 2024 was driven by capital expenditures. During the 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 $6.5 million in the six months ended January 31, 2024 was primarily used for dividend payments and treasury stock repurchases.

Other

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

As of January 31, 2024, we had remaining authority to repurchase 382,404 shares of Common Stock and 262,092 shares of Class B Stock under a repurchase plan approved by our 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 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

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 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 and 3 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. 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 January 31, 2024, we did not sell any securities which were not registered under the Securities Act of 1933, as amended. The following table summarizes our Common 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.

ISSUER PURCHASES OF EQUITY SECURITIES[1, 2]

Period	(a) Total Number of Shares Purchased[3]	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) 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. Our Board authorized the repurchase of 300,000 shares of Class B 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 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 repurchases are recorded according to the settlement dates.

[3] All 24,746 shares were surrendered by employees to pay taxes related to restricted stock awards.

[4] Our Board authorized the repurchase of 750,000 shares of Common Stock on March 11, 2019. 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 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 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, dated as of January 25, 2024, to Memorandum of Agreement #1450 "Fresh Step" ™ dated as of March 12, 2001.	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 101)	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: March 7, 2024

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)**. **<u>Ochlocknee Product</u>.** 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 may be executed by use of electronic signature and may be 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: Oil Dri Corporation of America

By: /s/ Dan Jaffee

Exhibit 31:

CERTIFICATIONS PURSUANT TO RULE 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: March 7, 2024

By: /s/ Daniel S. Jaffee

Daniel S. Jaffee
Chairman, President and Chief Executive Officer

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: March 7, 2024
By: /s/ Susan M. Kreh
Susan M. Kreh
Chief Financial Officer

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 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: 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 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: 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 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.

									Legal Actions		
Mine ID	Mine Location	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	—	5[1]	—	—
2200582	Blue Mountain, Mississippi	—	—	—	—	—	—	—	—	—	—
0402964	Taft, California	—	—	—	—	—	—	—	—	—	—

[1] As of 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 quarter ended October 31, 2023.

During this period we 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.

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 that may be brought before the Commission.

Contests of Citations and Orders: A contest proceeding may be filed with the 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 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	—	—	—	—	—	—