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 April 30, 2022
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 60611-4213
Chicago, Illinois (Zip Code)
(Address of principal executive offices)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large Accelerated Filer o	Accelerated Filer x	Non-accelerated Filer o	Smaller Reporting Company x	Emerging Growth Company o

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

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of April 30, 2022.
Common Stock – 5,147,400 Shares and Class B Stock – 2,045,415 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 that are based on current expectations, estimates, forecasts and projections about our future performance, our business, our beliefs and our management's assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls. Words such as "expect," "outlook," "forecast," "would," "could," "should," "project," "intend," "plan," "continue," "believe," "seek," "estimate," "anticipate," "may," "assume," "potential," "strive," and variations of such words and similar expressions are intended to identify such forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

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, 2021 and from time to time in our 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 or planned. 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" and "Ultra-Clear" are registered trademarks of Oil-Dri Corporation of America.

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Balance Sheet
(in thousands, except share and per share amounts)

ASSETS	(unaudited) April 30, 2022	July 31, 2021
Current Assets		
Cash and cash equivalents	**$ 22,825**	$ 24,591
Accounts receivable, less allowance of $1,149 and $1,174 at April 30, 2022 and July 31, 2021, respectively	**43,287**	40,923
Inventories	**34,951**	23,598
Prepaid repairs	**6,150**	6,088
Prepaid expenses and other assets	**6,489**	6,742
Total Current Assets	**113,702**	101,942
Property, Plant and Equipment		
Cost	**276,396**	274,825
Less accumulated depreciation and amortization	**(174,166)**	(178,885)
Total Property, Plant and Equipment, Net	**102,230**	95,940
Other Assets		
Goodwill	**3,618**	9,262
Other intangibles, net of accumulated amortization of $497 and $385 at April 30, 2022 and July 31, 2021, respectively	**1,473**	1,743
Customer list, net of accumulated amortization of $7,536 and $7,321 at April 30, 2022 and July 31, 2021, respectively	**249**	464
Deferred income taxes	**3,410**	2,096
Operating lease right-of-use assets	**9,934**	8,619
Other	**6,836**	7,500
Total Other Assets	**25,520**	29,684
Total Assets	**$ 241,452**	$ 227,566

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

OIL-DRI CORPORATION OF AMERICA
Condensed Consolidated Balance Sheet (continued)
(in thousands, except share and per share amounts)

LIABILITIES & STOCKHOLDERS' EQUITY	(unaudited) April 30, 2022	July 31, 2021
Current Liabilities		
Current maturities of notes payable	**$ 1,000**	$ 1,000
Accounts payable	**10,099**	9,206
Dividends payable	**1,845**	1,865
Operating lease liabilities	**1,766**	2,036
Accrued expenses	**26,697**	24,883
Total Current Liabilities	**41,407**	38,990
Noncurrent Liabilities		
Notes payable, net of unamortized debt issuance costs of $212 and $122 at April 30, 2022 and July 31, 2021, respectively	**32,788**	7,878
Deferred compensation	**4,926**	4,370
Pension and postretirement benefits	**3,919**	4,922
Long-term operating lease liabilities	**9,552**	8,022
Other	**3,105**	4,152
Total Noncurrent Liabilities	**54,290**	29,344
Total Liabilities	**95,697**	68,334
Stockholders' Equity		
Common Stock, par value $.10 per share, issued 8,682,968 shares at April 30, 2022 and 8,561,311 shares at July 31, 2021	**868**	856
Class B Stock, par value $.10 per share, issued 2,397,056 shares at April 30, 2022 and 2,397,056 shares at July 31, 2021	**240**	240
Additional paid-in capital	**51,117**	48,271
Retained earnings	**175,368**	180,443
Noncontrolling interest	**(362)**	(307)
Accumulated Other Comprehensive Loss:		
Pension and postretirement benefits	**(4,349)**	(4,428)
Cumulative translation adjustment	**124**	311
Total Accumulated Other Comprehensive Loss	**(4,225)**	(4,117)
Less Treasury Stock, at cost (3,535,568 Common and 351,641 Class B shares at April 30, 2022 and 3,192,702 Common and 346,491 Class B shares at July 31, 2021)	**(77,251)**	(66,154)
Total Stockholders' Equity	**145,755**	159,232
Total Liabilities & Stockholders' Equity	**$ 241,452**	$ 227,566

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 Nine Months Ended April 30,	
	2022	2021
Net Sales	$ 255,431	$ 226,852
Cost of Sales (1)	(210,397)	(176,417)
Gross Profit	45,034	50,435
Selling, General and Administrative Expenses (1)	(41,054)	(39,083)
Loss on Impairment of Goodwill	(5,644)	—
(Loss) Income from Operations	(1,664)	11,352
Other (Expense) Income		
Interest expense	(868)	(542)
Interest income	26	54
Other, net	1,734	1,210
Total Other Income, Net	892	722
(Loss) Income Before Income Taxes	(772)	12,074
Income Tax Benefit (Expense)	1,195	(1,651)
Net Income	423	10,423
Net Loss Attributable to Noncontrolling Interest	(55)	(87)
Net Income Attributable to Oil-Dri	$ 478	$ 10,510
Net Income Per Share		
Basic Common	$ 0.06	$ 1.52
Basic Class B Common	$ 0.05	$ 1.14
Diluted Common	$ 0.06	$ 1.49
Diluted Class B Common	$ 0.05	$ 1.11
Average Shares Outstanding		
Basic Common	5,042	5,144
Basic Class B Common	1,933	1,928
Diluted Common	5,153	5,256
Diluted Class B Common	1,963	1,969
Dividends Declared Per Share		
Basic Common	$ 0.8100	$ 0.7800
Basic Class B Common	$ 0.6075	$ 0.5850

(1) See Note 1 of the Notes to the unaudited Condensed Consolidated Financial Statements for further information about amounts included in this line item.

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 Nine Months Ended April 30,	
	2022	2021
Net Income Attributable to Oil-Dri	**$ 478**	$ 10,510
Other Comprehensive (Loss) Income:		
Pension and postretirement benefits (net of tax)	**79**	494
Cumulative translation adjustment	**(187)**	520
Other Comprehensive (Loss) Income	**(108)**	1,014
Total Comprehensive Income	**$ 370**	$ 11,524

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 April 30,	
	2022	2021
Net Sales	$ 85,761	$ 76,255
Cost of Sales (1)	(70,131)	(61,289)
Gross Profit	15,630	14,966
Selling, General and Administrative Expenses (1)	(14,013)	(13,035)
Loss on Impairment of Goodwill	(5,644)	—
(Loss) Income from Operations	(4,027)	1,931
Other (Expense) Income		
Interest expense	(378)	(186)
Interest income	9	14
Other, net	544	403
Total Other Income, Net	175	231
(Loss) Income Before Income Taxes	(3,852)	2,162
Income Tax Benefit	1,719	24
Net (Loss) Income	(2,133)	2,186
Net Loss Attributable to Noncontrolling Interest	(24)	(41)
Net (Loss) Income Attributable to Oil-Dri	$ (2,109)	$ 2,227
Net (Loss) Income Per Share		
Basic Common	$ (0.32)	$ 0.32
Basic Class B Common	$ (0.24)	$ 0.24
Diluted Common	$ (0.32)	$ 0.32
Diluted Class B Common	$ (0.24)	$ 0.24
Average Shares Outstanding (2)		
Basic Common	4,932	5,133
Basic Class B Common	1,939	1,925
Diluted Common	4,932	5,242
Diluted Class B Common	1,939	1,965
Dividends Declared Per Share		
Basic Common	$ 0.2700	$ 0.2600
Basic Class B Common	$ 0.2025	$ 0.1950

(1) See Note 1 of the Notes to the unaudited Condensed Consolidated Financial Statements for further information about amounts included in this line item.

(2) The effect of Basic Common and Basic Class B Common potential common stock equivalents related to non-vested restricted stock of 101 and 19, respectively, were excluded from the computation of average diluted shares outstanding for the three months ended April 30, 2022 as inclusion would have been anti-dilutive.

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

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

	(unaudited)	
	For the Three Months Ended April 30,	
	2022	2021
Net (Loss) Income Attributable to Oil-Dri	**$ (2,109)**	$ 2,227
Other Comprehensive (Loss) Income:		
Pension and postretirement benefits (net of tax)	**26**	165
Cumulative translation adjustment	**(93)**	112
Other Comprehensive (Loss) Income	**(67)**	277
Total Comprehensive (Loss) Income	**$ (2,176)**	$ 2,504

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

OIL-DRI CORPORATION OF AMERICA
Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)

For the Three Months Ended April 30
(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, January 31, 2021	**10,937,617**	**(3,507,783)**	**$ 1,094**	**$ 46,890**	**$ 181,265**	**$ (65,071)**	**$ (11,517)**	**$ (220)**	**$ 152,441**
Net Income (Loss)	—	—	—	—	2,227	—	—	(41)	2,186
Other Comprehensive Income	—	—	—	—	—	—	277	—	277
Dividends Declared	—	—	—	—	(1,789)	—	—	—	(1,789)
Purchases of Treasury Stock	—	(21,159)	—	—	—	(736)	—	—	(736)
Net issuance of stock under long-term incentive plans	5,000	(4,350)	—	142	—	(141)	—	—	1
Amortization of Restricted Stock	—	—	—	559	—	—	—	—	559
Balance, April 30, 2021	**10,942,617**	**(3,533,292)**	**$ 1,094**	**$ 47,591**	**$ 181,703**	**$ (65,948)**	**$ (11,240)**	**$ (261)**	**$ 152,939**
Balance, January 31, 2022	**11,065,024**	**(3,732,596)**	**$ 1,107**	**$ 50,220**	**$ 179,322**	**$ (72,862)**	**$ (4,158)**	**$ (338)**	**$ 153,291**
Net Loss	—	—	—	—	(2,109)	—	—	(24)	(2,133)
Other Comprehensive Loss	—	—	—	—	—	—	(67)	—	(67)
Dividends Declared	—	—	—	—	(1,845)	—	—	—	(1,845)
Purchases of Treasury Stock	—	(151,913)	—	—	—	(4,305)	—	—	(4,305)
Net issuance of stock under long-term incentive plans	15,000	(2,700)	1	83	—	(84)	—	—	—
Amortization of Restricted Stock	—	—	—	814	—	—	—	—	814
Balance, April 30, 2022	**11,080,024**	**(3,887,209)**	**$ 1,108**	**$ 51,117**	**$ 175,368**	**$ (77,251)**	**$ (4,225)**	**$ (362)**	**$ 145,755**

For the Nine Months Ended April 30
(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, July 31, 2020	**10,886,405**	**(3,426,046)**	**$ 1,089**	**$ 44,993**	**$ 176,579**	**$ (62,269)**	**$ (12,254)**	**$ (174)**	**$ 147,964**
Net Income (Loss)	—	—	—	—	10,510	—	—	(87)	10,423
Other Comprehensive Income	—	—	—	—	—	—	1,014	—	1,014
Dividends Declared	—	—	—	—	(5,386)	—	—	—	(5,386)
Purchases of Treasury Stock	—	(81,746)	—	—	—	(2,925)	—	—	(2,925)
Net issuance of stock under long-term incentive plans	56,212	(25,500)	5	749	—	(754)	—	—	—
Amortization of Restricted Stock	—	—	—	1,849	—	—	—	—	1,849
Balance, April 30, 2021	**10,942,617**	**(3,533,292)**	**$ 1,094**	**$ 47,591**	**$ 181,703**	**$ (65,948)**	**$ (11,240)**	**$ (261)**	**$ 152,939**
Balance, July 31, 2021	**10,958,367**	**(3,539,193)**	**$ 1,096**	**$ 48,271**	**$ 180,443**	**$ (66,154)**	**$ (4,117)**	**$ (307)**	**$ 159,232**
Net Income (Loss)	—	—	—	—	478	—	—	(55)	423
Other Comprehensive Loss	—	—	—	—	—	—	(108)	—	(108)
Dividends Declared	—	—	—	—	(5,553)	—	—	—	(5,553)
Purchases of Treasury Stock	—	(330,916)	—	—	—	(10,506)	—	—	(10,506)
Net issuance of stock under long-term incentive plans	121,657	(17,100)	12	579	—	(591)	—	—	—
Amortization of Restricted Stock	—	—	—	2,267	—	—	—	—	2,267
Balance, April 30, 2022	**11,080,024**	**(3,887,209)**	**$ 1,108**	**$ 51,117**	**$ 175,368**	**$ (77,251)**	**$ (4,225)**	**$ (362)**	**$ 145,755**

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

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

	(unaudited)	
	For the Nine Months Ended April 30,	
CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
Net Income	**$ 423**	$ 10,423
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**10,034**	10,653
Non-cash stock-based compensation	**2,267**	1,849
Deferred income taxes	**(1,311)**	716
Provision for bad debts and cash discounts	**(1)**	(107)
Loss on impairment of goodwill	**5,644**	—
Loss on impairment of patent applications	**323**	—
Loss on the disposals of property, plant and equipment	**346**	10
(Increase) Decrease in assets:		
Accounts receivable	**(2,453)**	(3,864)
Inventories	**(11,456)**	524
Prepaid expenses	**181**	(2,117)
Other assets	**971**	(1,066)
Increase (Decrease) in liabilities:		
Accounts payable	**1,333**	(4,227)
Accrued expenses	**1,120**	(4,070)
Deferred compensation	**556**	602
Pension and postretirement benefits	**(924)**	(656)
Other liabilities	**(1,593)**	(330)
Total Adjustments	**5,037**	(2,083)
Net Cash Provided by Operating Activities	**5,460**	8,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	**(16,012)**	(10,757)
Proceeds from sale of property, plant and equipment	**—**	4
Net Cash Used in Investing Activities	**(16,012)**	(10,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	**25,000**	—
Payment of debt issuance costs	**(114)**	—
Dividends paid	**(5,573)**	(5,399)
Purchases of treasury stock	**(10,506)**	(2,925)
Net Cash Provided by (Used in) Financing Activities	**8,807**	(8,324)
Effect of exchange rate changes on Cash and Cash Equivalents	**(21)**	165
Net Decrease in Cash and Cash Equivalents	**(1,766)**	(10,572)
Cash and Cash Equivalents, Beginning of Period	**24,591**	40,890
Cash and Cash Equivalents, End of Period	**$ 22,825**	$ 30,318

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

	(unaudited)	
	For the Nine Months Ended April 30,	
	2022	2021
Supplemental disclosures:		
Interest payments, net of amounts capitalized	**$ 178**	$ 198
Income tax payments	**$ 219**	$ 1,482
Non-cash investing and financing activities:		
Capital expenditures accrued, but not paid	**$ 1,071**	$ 751
Cash dividends declared and accrued, but not paid	**$ 1,845**	$ 1,795

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

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

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and in compliance with instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The financial statements and the related notes are condensed and should be read in conjunction with the Consolidated Financial Statements and related notes for the fiscal year ended July 31, 2021 included in our Annual Report on Form 10-K filed with the SEC.

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 nine months ended April 30, 2022 are not necessarily an indication of the results that may be expected for the fiscal year ending July 31, 2022.

Immaterial Correction of an Error in Previously Issued Financial Statements

Subsequent to the issuance of our Annual Report on Form 10-K for the fiscal year ended July 31, 2020, we identified an error in our historical financial statements related to the classification of certain costs as selling, general and administrative ("SG&A") expenses relating to the production of our inventory that should be classified as cost of sales. These costs generally relate to our annual discretionary bonus and 401(k) employer match for our manufacturing employees, employee salaries for individuals in our support functions that spend a portion of their time related to our manufacturing operations such as IT, and other costs mostly related to consultants and outside services.

In accordance with FASB Accounting Standards Codification 250, *Accounting Changes and Error Corrections*, we evaluated the materiality of the error from both a quantitative and qualitative perspective, and concluded that the error was immaterial to our prior period interim and annual financial statements. Since the error was not material to any prior period interim or annual financial statements, no amendments to previously filed interim or annual periodic reports are required. Consequently, we have adjusted for these errors by revising our historical condensed consolidated financial statements presented herein. The revision to our historical condensed consolidated financial statements did not result in any impact to our consolidated net income.

The effects of the corrections to each of the individual affected line items in our unaudited Condensed Consolidated Statements of Operations were as follows (in thousands):

	For the Three Months Ended April 30, 2021		
	As Previously Reported	**Corrections**	**As Corrected**
Cost of Sales	$ (59,732)	$ (1,557)	$ (61,289)
Selling, General and Administrative Expenses	$ (14,592)	$ 1,557	$ (13,035)

	For the Nine Months Ended April 30, 2021		
	As Previously Reported	**Corrections**	**As Corrected**
Cost of Sales	$ (171,853)	$ (4,564)	$ (176,417)
Selling, General and Administrative Expenses	$ (43,647)	$ 4,564	$ (39,083)

The related impacts to Inventory in our unaudited Condensed Consolidated Balance Sheet were not considered material and hence, were not adjusted.

The effects of the corrections to our Notes to the unaudited Condensed Consolidated Financial Statements for Operating Segments were as follows (in thousands):

	For the Three Months Ended April 30, 2021			
	Income			
	As Previously Reported	Reclassifications	Corrections	As Corrected
Business to Business Products	$ 7,146	$ (161)	$ (564)	$ 6,421
Retail and Wholesale Products	$ 2,898	$ (50)	$ (993)	$ 1,855
Corporate Expenses	$ (8,113)	$ 211	$ 1,557	$ (6,345)

	For the Nine Months Ended April 30, 2021			
	Income			
	As Previously Reported	Reclassifications	Corrections	As Corrected
Business to Business Products	$ 23,005	$ (479)	$ (1,710)	$ 20,816
Retail and Wholesale Products	$ 11,487	$ (150)	$ (2,854)	$ 8,483
Corporate Expenses	$ (23,140)	$ 629	$ 4,564	$ (17,947)

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications related to the transition of personnel, were not corrections of an error, and 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 the use of 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, including the potential impacts and duration of the novel coronavirus pandemic (“the coronavirus” or “COVID-19” or “the pandemic”) and its aftermath. 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 detailed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2021, 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 doubtful accounts based on our historical experience 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 customer 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.

Overburden Removal and Mining Costs. We 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 sales in the period they are incurred. We defer and amortize the pre-production overburden removal costs 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.

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.

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., Consumer Price Index) are included in the initial measurement of the lease liability and the ROU asset. Variable lease payments that are not known at the commencement date and are determinable based on the performance or use of the underlying asset, are expensed as incurred. Our variable lease payments primarily include common area maintenance charges based on the percentage of the total square footage leased and the usage of assets, such as photocopiers.

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

Revenue Recognition. We recognize revenue when performance obligations under the terms of the contracts with customers are satisfied. Our performance obligation generally consists of the promise to sell finished products to wholesalers, distributors and retailers or consumers and our obligations have an original duration of one year or less. Control of the finished products are transferred upon shipment to, or receipt at, customers' locations, as determined by the specific terms of the contract. We have completed our performance obligation when control is transferred and we recognize revenue accordingly. Taxes collected from customers and remitted to governmental authorities are excluded from net sales. Sales returns are not material nor are warranties and any related obligations.

We have an unconditional right to consideration under the payment terms specified in the contract 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 $531,000 and $256,000 as of April 30, 2022 and July 31, 2021, respectively. This liability is reported in Other within Accrued Expenses on the unaudited Condensed Consolidated Balance Sheet. Revenue recognized during the nine months ended April 30, 2022 that was included in the liability for advance payments at the beginning of the period was $187,000.

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. On March 27, 2020, in response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into U.S. law. The CARES Act provides for, among other things, deferral of the employer portion of social security taxes incurred through the end of calendar year (December) 2020. As permitted by the CARES Act, we deferred approximately $2,300,000 in payroll taxes in calendar year (December) 2020. $1,150,000 of the $2,300,000 was paid in the fourth quarter of calendar year (December) 2021 and $1,150,000 will be paid in the fourth quarter of calendar year (December) 2022. The remaining $1,150,000 accrual for these payroll taxes is included in Other within Accrued Expenses on the unaudited Condensed Consolidated Balance Sheet.

2. NEW ACCOUNTING PRONOUNCEMENTS AND REGULATIONS

Recently Adopted Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other: Simplifying the Test for Goodwill Impairment (ASC 350)*. The standard eliminates the requirement to measure the implied fair value of goodwill by assigning the fair value of a reporting unit to all assets and liabilities within that unit (the Step 2 test) from the goodwill impairment test. Instead, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited by the amount of goodwill in that reporting unit. The guidance is effective for us beginning with the first quarter of fiscal year 2023. Early adoption is permitted. We adopted this standard during the third quarter of fiscal year 2022 in conjunction with testing for our goodwill impairment. See Note 5 for additional information regarding the results of the impairment test performed.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued guidance under ASC 848, *Reference Rate Reform.* This guidance provides optional expedients and exceptions to account for debt, leases, contracts, hedging relationships and other transactions that reference LIBOR or another reference rate if certain criteria are met. The guidance is effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. We have debt agreements that reference LIBOR and to the extent that those agreements are modified to replace LIBOR with another interest rate index, ASC 848 will allow us to account for the modification as a continuation of the existing contract without additional analysis. We are currently evaluating the potential effects of the adoption of this guidance on our Consolidated Financial Statements.

In June 2016, the FASB issued guidance under ASC 326, *Financial Instruments-Credit Losses*, which requires companies to utilize an impairment model for most financial assets measured at amortized cost and certain other financial instruments, which include trade and other receivables, loans and held-to-maturity debt securities, to record an allowance for credit risk based on expected losses rather than incurred losses. In addition, this new guidance changes the recognition method for credit losses on available-for-sale debt securities, which can occur as a result of market and credit risk, as well as additional disclosures. In general, this guidance will require modified retrospective adoption for all outstanding instruments that fall under this guidance. This guidance is effective for our first quarter of fiscal year 2023. We are currently evaluating the impact of the adoption of this requirement on our Consolidated Financial Statements.

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

3. INVENTORIES

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

	April 30, 2022	July 31, 2021
Finished goods	**$ 18,084**	$ 14,179
Packaging	**9,043**	5,084
Other	**7,824**	4,335
Total Inventories	**$ 34,951**	$ 23,598

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 inventory obsolescence reserve values at April 30, 2022 and

July 31, 2021 were $610,000 and $641,000, respectively. Inventories, in all categories, have increased due to a combination of rising costs and building inventory levels for anticipated demand.

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 no cash equivalents as of April 30, 2022 and July 31, 2021.

Balances of accounts receivable and accounts payable approximated their fair values at April 30, 2022 and July 31, 2021 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 $35,051,000 and $10,231,000 as of April 30, 2022 and July 31, 2021, respectively, and are classified as Level 2. The fair value was estimated using the exit price notion of fair value.

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, customer lists and product registrations. Intangible amortization expense was $116,000 and $146,000 in the third quarter of fiscal years 2022 and 2021, respectively. Intangible amortization expense was $369,000 and $451,000 in the first nine months of fiscal years 2022 and 2021, respectively. Estimated intangible amortization for the remainder of fiscal year 2022 is $116,000. Estimated intangible amortization for the next five fiscal years is as follows (in thousands):

2023	$	261
2024	$	125
2025	$	101
2026	$	98
2027	$	95

We have one acquired trademark recorded at a cost of $376,000 that was determined to have an indefinite life and is not amortized.

Much of our goodwill cannot be specifically assigned to one of our operating segments because of the shared nature of our production facilities; however, for purposes of our impairment analysis we estimated the goodwill allocation and assigned $5,644,000 to the Retail and Wholesale Products Group and $3,618,000 to the Business to Business Products Group.

Our goodwill impairment test is based on cash flow considerations and other approaches that require significant judgment with respect to volume, revenue, expenses and allocations. We determined that, as a result of lower share prices and the continued adverse impacts of rising costs and additional expenses to prevent supply chain disruptions, that we had a triggering event during the third quarter of fiscal 2022 that necessitated a goodwill impairment test. We performed a goodwill impairment test on our Retail and Wholesale Products Group and Business to Business Products Group reporting units and determined that the carrying value of our Retail and Wholesale Products Group reporting unit was higher than its fair value. As a result, we recorded goodwill impairment of $5,644,000 which left no remaining goodwill in the Retail and Wholesale Products Group reporting unit. We also performed a quantitative impairment analysis on the Business to Business Products Group reporting unit and concluded there was excess fair value over carrying value, therefore no impairment was recorded on this reporting unit.

We will continue to consider the need to re-perform impairment testing throughout the year when circumstances such as the ultimate effects of COVID-19, unexpected adverse economic factors, inflation, unanticipated technological changes, competitive activities and acts by governments and courts indicate that goodwill may become impaired.

6. ACCRUED EXPENSES

Accrued expenses is as follows (in thousands):

	April 30, 2022	July 31, 2021
Salaries, Wages, Commissions and Employee Benefits	**$ 11,185**	$ 10,806
Trade promotions and advertising	**1,335**	1,653
Freight	**3,795**	2,845
Real Estate Tax	**631**	1,002
Other	**9,751**	8,577
	$ 26,697	$ 24,883

The increase in freight cost is primarily due to increase in fuel prices, tight truck capacity, ongoing driver shortages, and supply chain issues. The accrual for other is higher at April 30, 2022 than July 31, 2021 due to an increase in accrual for rising natural gas costs and timing of certain plant purchases and expenses.

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 June 2020, the Company received notice from a former service provider alleging a breach of contract regarding the payment of a contingency fee. Such party subsequently, in July 2020, filed a lawsuit seeking to require the Company to participate in binding mediation regarding this matter. Although we believe this claim to be without merit, as of July 31, 2020, we determined a reasonable estimate of this liability within a range, with no amount within that range being a better estimate than any other amount, and therefore recorded that estimate in Other within Accrued expenses. There have been no changes during fiscal 2021 or the nine months ended April 30, 2022 that would have changed this estimate. We believe that any loss related to this matter is unlikely to be material. However, the outcome of this legal matter is subject to significant uncertainties. The ability to predict the ultimate outcome of this legal matter involves judgments, estimates and inherent uncertainties. The actual outcome could differ materially from management’s estimates.

8. DEBT

Effective December 16, 2021 (the “Effective Date”), we entered into Amendment No. 1 (the “Amendment”) to the Amended and Restated Note Purchase and Private Shelf Agreement (the “Note Agreement”) with PGIM, Inc. (“Prudential”) and certain existing noteholders affiliated with Prudential named therein.

The Amendment provides that, among other things, an excess leverage fee will be applied to the interest rate applicable to the outstanding daily average principal amount of Notes issued on or after December 15, 2021 as follows: (i) an additional 0.25% in the event the Net Leverage Ratio (as defined in the Amendment) is 2.00:1.00 or greater as of the last day of any fiscal quarter, or (ii) an additional 1.00% in the event that the Net Leverage Ratio is greater than 2.50:1.00 as of the last day of any fiscal quarter.

Concurrent with entering into the Amendment, we issued $25,000,000 in aggregate principal amount of Series C Senior Notes (the “Series C Notes”). The Series C Notes bear interest at an annual rate of 3.25% (subject to the application of the excess leverage fee in the event the Net Leverage Ratio exceeds certain thresholds as described above) and will mature on December 16, 2031. Annual principal payments of $5,000,000 are due December 16 of each fiscal year beginning in 2027 and ending in 2031. Interest is payable semi-annually beginning June 16, 2022.

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 nine months ended April 30, 2022. Operating lease costs are included in Cost of Sales 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 April 30,		For the Nine Months Ended April 30,	
	2022	2021	2022	2021
Operating Lease Cost				
Operating lease cost	**$ 707**	$ 592	**$ 2,059**	$ 1,944
Short-term operating lease cost	**123**	173	**431**	535

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

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2022	2021	2022	2021
Other Information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	**$ 633**	$ 579	**$ 1,830**	$ 1,748

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:

	April 30, 2022	July 31, 2021
Weighted-average remaining lease term - operating leases	**8.8 years**	9.1 years
Weighted-average discount rate - operating leases	**3.90%**	3.88%

The following table summarizes scheduled minimum future lease payments due within twelve months for operating leases with terms longer than one year for which cash flows are fixed and determinable as of April 30, (in thousands):

2022	**$ 568**
2023	**2,039**
2024	**1,881**
2025	**1,749**
2026	**1,467**
Thereafter	**5,661**
Total	**13,365**
Less: imputed interest	**(2,047)**
Net lease obligation	**$ 11,318**

10. PENSION AND OTHER POSTRETIREMENT BENEFITS

Pension and Postretirement Health Benefits

The Oil-Dri Corporation of America Pension Plan ("Pension Plan") is a defined benefit pension plan for eligible salaried and hourly employees. Pension benefits are 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, we 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 is closed to new participants and current participants no longer earn additional benefits on or after March 1, 2020. On May 4, 2021, we purchased a pension annuity which settled $8.5 million of projected benefit obligations and recognized a settlement loss of approximately $0.6 million due to the annuity purchase.

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

	Pension Benefits (in thousands)			
	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2022	**2021**	**2022**	**2021**
Interest cost	**$ 267**	$ 292	**$ 801**	$ 875
Expected return on plan assets	**(646)**	(722)	**(1,939)**	(2,166)
Amortization of:				
Other actuarial loss	**36**	218	**108**	653
Net periodic benefit cost	**$ (343)**	$ (212)	**$ (1,030)**	$ (638)

	Postretirement Health Benefits (in thousands)			
	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2022	**2021**	**2022**	**2021**
Service cost	**$ 31**	$ 35	**$ 92**	$ 104
Interest cost	**15**	13	**44**	38
Amortization of:				
Other actuarial loss	—	1	—	3
Prior service costs	**(2)**	(2)	**(5)**	(5)
Net periodic benefit cost	**$ 44**	$ 47	**$ 131**	$ 140

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 Pension Plan is funded based upon actuarially determined contributions that take into account the amount deductible for income tax purposes, the normal cost and the minimum contribution required and the maximum contribution allowed under applicable regulations. We were not required to make, and did not voluntarily make, a contribution to the Pension Plan during the first nine months of fiscal year 2022. We have no minimum funding requirements for the remainder of fiscal year 2022.
The postretirement health plan is an unfunded plan. We pay insurance premiums and claims from our assets.

Assumptions used in the previous calculations were as follows:

	Pension Benefits		Postretirement Health Benefits	
	For the Three and Nine Months Ended April 30,			
	2022	2021	2022	2021
Discount rate for net periodic benefit cost	**2.57 %**	2.14 %	**2.10 %**	1.63 %
Rate of increase in compensation levels	**— %**	— %	**— %**	— %
Long-term expected rate of return on assets	**6.50 %**	6.50 %	**— %**	— %

The medical cost trend assumption for postretirement health benefits was 7.05%. The graded trend rate is expected to decrease to an ultimate rate of 4.50% in fiscal year 2038.

Supplemental Executive Retirement Plan

The Oil-Dri Corporation of America Supplemental Executive Retirement Plan (“SERP”) provided certain retired participants in the Pension Plan with the amount of benefits that would have been provided under the Pension Plan but for: (1) the limitations on benefits imposed by Section 415 of the Internal Revenue Code (“Code”) and/or (2) the limitation on compensation for purposes of calculating benefits under the Pension Plan imposed by Section 401(a)(17) of the Code. The SERP liability was actuarially determined at the end of each fiscal year using assumptions similar to those used for the Pension Plan.

On January 9, 2020, we amended the SERP to freeze participation and any excess benefit, supplemental benefit or additional benefit effective March 1, 2020. Consequently, the SERP was closed to new participants and current participants no longer earned additional benefits on or after March 1, 2020. The SERP was terminated effective June 30, 2020 and all participants were paid in the form of one lump sum in July 2021.

11. OPERATING SEGMENTS

We have two operating segments: (1) Business to Business Products Group and (2) Retail and Wholesale 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; wholesale clubs; drugstore chains; pet specialty retail outlets; dollar stores; retail grocery stores; e-commerce retailers; distributors of industrial cleanup and automotive products; environmental service companies; and sports field product users. The Business to Business Products Group customers include: processors and refiners of edible oils, petroleum-based oils and biodiesel fuel; manufacturers of animal feed and agricultural chemicals; distributors of animal health and nutrition products; and marketers of consumer 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, 2021.

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 Nine Months Ended April 30,			
Product	2022	2021	2022	2021
Cat Litter	**$ 13,353**	$ 10,826	**$ 132,400**	$ 121,820
Industrial and Sports	**—**	—	**28,528**	$ 23,477
Agricultural and Horticultural	**21,469**	18,665	**—**	—
Bleaching Clay and Fluids Purification	**43,685**	37,577	**1,575**	$ 1,457
Animal Health and Nutrition	**14,421**	13,030	**—**	—
Net Sales	**$ 92,928**	$ 80,098	**162,503**	$ 146,754

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

Product	Business to Business Products Group		Retail and Wholesale Products Group	
	For the Three Months Ended April 30,			
	2022	2021	2022	2021
Cat Litter	$ 4,026	$ 3,214	$ 43,259	$ 39,941
Industrial and Sports	—	—	10,588	9,505
Agricultural and Horticultural	7,950	6,632	—	—
Bleaching Clay and Fluids Purification	14,145	12,171	539	516
Animal Health and Nutrition	5,254	4,276	—	—
Net Sales	$ 31,375	$ 26,293	$ 54,386	$ 49,962

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	
	April 30, 2022	July 31, 2021
	(in thousands)	
Business to Business Products Group	$ 73,832	$ 69,023
Retail and Wholesale Products Group	109,024	103,268
Unallocated Assets	58,596	55,275
Total Assets	$ 241,452	$ 227,566

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 research and development, information systems, finance, legal, human resources and customer service. Corporate expenses also include the estimated annual incentive plan bonus accrual for employees dedicated to corporate operations. In addition, Income from our Business to Business and Retail and Wholesale Products as well as Corporate Expenses for the three and six months ended April 30, 2021 were adjusted for an immaterial correction of an error. See Note 1 of the Notes to the unaudited Condensed Consolidated Financial Statements.

	For the Nine Months Ended April 30,			
	Net Sales		Income	
	2022	2021	2022	2021
	(in thousands)			
Business to Business Products Group	$ 92,928	$ 80,098	$ 20,052	$ 20,816
Retail and Wholesale Products Group	$ 162,503	146,754	$ (2,113)	8,483
Net Sales	$ 255,431	$ 226,852		
Corporate Expenses			(19,603)	(17,947)
(Loss) Income from Operations			(1,664)	11,352
Total Other Income, Net			892	722
(Loss) Income before Income Taxes			(772)	12,074
Income Tax Benefit (Expense)			1,195	(1,651)
Net Income			423	10,423
Net Loss Attributable to Noncontrolling Interest			(55)	(87)
Net Income Attributable to Oil-Dri			$ 478	$ 10,510

	For the Three Months Ended April 30,			
	Net Sales		Income	
	2022	2021	2022	2021
	(in thousands)			
Business to Business Products Group	**$ 31,375**	$ 26,293	**$ 5,716**	$ 6,421
Retail and Wholesale Products Group	**54,386**	49,962	**(3,113)**	1,855
Net Sales	**$ 85,761**	$ 76,255		
Corporate Expenses			**(6,630)**	(6,345)
(Loss) Income from Operations			**(4,027)**	1,931
Total Other Income, Net			**175**	231
(Loss) Income before Income Taxes			**(3,852)**	2,162
Income Tax Benefit			**1,719**	24
Net (Loss) Income			**(2,133)**	2,186
Net Loss Attributable to Noncontrolling Interest			**(24)**	(41)
Net (Loss) Income Attributable to Oil-Dri			**$ (2,109)**	$ 2,227

12. STOCK-BASED COMPENSATION

The Oil-Dri Corporation of America 2006 Long Term Incentive Plan, as amended (the "2006 Plan"), permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other stock-based and cash-based awards. Our employees and outside directors are eligible to receive grants under the 2006 Plan. The total number of shares of stock subject to grants under the 2006 Plan may not exceed 1,219,500. As of April 30, 2022, there were 249,969 shares available for future grants under this plan.

Restricted Stock

All of our non-vested restricted stock as of April 30, 2022 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 15,000 and 5,000 restricted shares of Common Stock granted during the third quarter of fiscal years 2022 and 2021, respectively. Stock-based compensation expense was $814,000 and $559,000 for the third quarter of fiscal years 2022 and 2021, respectively. Stock-based compensation expense was $2,267,000 and $1,849,000 for the first nine months of fiscal years 2022 and 2021, 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, 2021	370	$ 33.96
Granted	122	$ 33.66
Vested	(68)	$ 34.62
Forfeitures	(17)	$ 34.56
Non-vested restricted stock outstanding at April 30, 2022	407	$ 33.73

13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The following table summarizes the changes in accumulated other comprehensive (loss) income by component as of April 30, 2022 (in thousands):

	Pension and Postretirement Health Benefits	Cumulative Translation Adjustment	Total Accumulated Other Comprehensive (Loss) Income
Balance as of July 31, 2021	$ (4,428)	$ 311	$ (4,117)
Other comprehensive loss before reclassifications, net of tax	—	(187)	(187)
Amounts reclassified from accumulated other comprehensive income, net of tax	79 (a)	—	79
Net current-period other comprehensive income (loss), net of tax	79	(187)	(108)
Balance as of April 30, 2022	$ (4,349)	$ 124	$ (4,225)

(a) Amount is net of tax expense of $24,930. Amount is included in the components of net periodic benefit cost for the pension and postretirement health plans. See Note 10 of the Notes to the unaudited Condensed Consolidated Financial Statements for further information.

14. RELATED PARTY TRANSACTIONS

One member of our Board of Directors (the "Board") retired from the role of President and Chief Executive Officer of a customer of ours in September 2019 and is currently party to a post-employment agreement with the customer. Total net sales to that customer, including sales to subsidiaries of that customer, were $112,000 and $72,000 for the third quarter of fiscal years 2022 and 2021, respectively and were $268,000 and $253,000 for the first nine months of fiscal years 2022 and 2021, respectively. Outstanding accounts receivable from that customer, and its subsidiaries, were $5,000 as of April 30, 2022 and $4,000 as of July 31, 2021.

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 $64,000 and $72,000 for the third quarter of fiscal years 2022 and 2021, respectively and were $629,000 and $273,000 for the first nine months of fiscal years 2022 and 2021, respectively. There were no outstanding accounts payable to that vendor as of April 30, 2022 or July 31, 2021.

15. SUBSEQUENT EVENTS

Effective June 3, 2022, we entered into Amendment No. 2 (the "Amendment") to the Amended and Restated Note Purchase and Private Shelf Agreement (the "Note Agreement") with PGIM, Inc. ("Prudential") and certain existing noteholders affiliated with Prudential named therein. The Amendment, among other things, revises the definition of Consolidated EBITDA (Earnings Before Interest, Depreciation, and Amortization) within the Note Agreement.

Effective June 6, 2022, we entered into a modification (the "Modification") to the credit agreement (the "Credit Agreement") with BMO Harris N.A. The Modification, among other things, revises the definition of Consolidated EBITDA and Consolidated EBITR (Earnings Before Interest, Taxes, and Rent) within the Credit Agreement.

The revised definitions of Consolidated EBITDA and consolidated EBITR are relevant to our quarterly covenant calculations based on the amended definitions noted above. The goodwill impairment recorded in the three months ended April 30, 2022, described in Note 5 of the Notes to the unaudited Condensed Consolidated Financial Statements was excluded from the quarterly covenant calculations based on the amended definitions summarized above.

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, 2021. 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 under "Forward-Looking Statements" and Item 1A, Risk Factors of our Quarterly Report on Form 10-Q for the quarter ended January 31, 2022 and of our Annual Report on Form 10-K for the fiscal year ended July 31, 2021.

OVERVIEW

We develop, mine, manufacture and market sorbent products principally produced from clay minerals and, to a lesser extent, other clay-like sorbent materials. Our principal products include agricultural and horticultural chemical carriers, animal health and nutrition products, bleaching clay and fluid purification aids, cat litter, 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 those 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: Retail and Wholesale Products Group and Business to Business Products Group, as described in Note 11 of the Notes to the unaudited Condensed Consolidated Financial Statements.

RESULTS OF OPERATIONS

OVERVIEW

In late 2019 and early 2020, COVID-19 was first reported and then declared a pandemic by the World Health Organization, and continues to have a worldwide impact. All of our facilities, with the exception of our subsidiary in China (which experienced certain disruptions in the first half of our fiscal year 2020 but subsequently resumed operations), have continued to operate as essential businesses during the course of the pandemic as permitted under exceptions in the applicable shelter-in-place mandates due to our inclusion in the Critical Manufacturing Sector as defined by the U.S. Department of Homeland Security and other functions defined as essential by government authorities. Our top priority has been, and continues to be, the safety and health of our employees, contractors, and customers. We have adhered, and continue to adhere, to guidance from the U.S. Centers for Disease Control and Prevention ("CDC") and local health and governmental authorities with respect to social distancing, physical separation, and cleaning and sanitation programs at each of our facilities. We have not experienced any shut downs due to workforce absences or illnesses.

As further discussed below, our consolidated net sales increased in the third quarter and in the first nine months of fiscal year 2022 compared to the third quarter and first nine months of fiscal year 2021. Net sales of our industrial and sports products as well as most of our fluids purification products have mostly returned to pre-pandemic levels as many businesses and sports have re-opened and air travel has been increasing. Despite the overall increase in net sales, we have not experienced any significant issues collecting amounts due from customers to date. However, parts of our business continue to be negatively impacted by the pandemic and varying recoveries from and resurgences of the pandemic in certain areas. Net sales for our industrial granules in the United Kingdom have just recently started to increase in fiscal year 2022 as a result of the return of demand following the impact of the pandemic (and also certain timing impacts). While we have had an overall increase in net sales of our fluids purification products, not all regions have resumed travel to the same extent as prior to the pandemic. In addition, net sales of our animal health and nutrition products have been dampened due to COVID-19 in certain geographic areas, particularly in China, which has continued to impose restrictions and quarantine requirements in response to COVID-19 outbreaks. We have also experienced an increase in backlog due, in part, to supply chain disruptions, shipping delays and availability of labor amidst unprecedented demand for our products. We have put in place measures to reduce the backlog that was generated during the first nine months of fiscal year 2022, including hiring additional labor, adding additional work shifts, improving operating productivity in our plants, upgrading our manufacturing facilities and equipment and increasing our overseas freight forwarders.

As discussed below in "Consolidated Results," gross profit has declined in both the third quarter and the first nine months of fiscal year 2022 compared to the same periods in fiscal year 2021 related to rising costs and supply chain disruptions. We have faced longer lead times for some of our materials purchases, which have contributed to an increase in our backlog but we have been able to avoid significant out of stock issues for most of our materials. Where possible, we have found other suppliers to meet the increase in customer demand for our products. In addition, the cost of repair parts has increased but this has not caused any significant disruption to our business. While we have experienced a shortage of production labor at certain times during the first nine months of fiscal year 2022, which has been a contributing factor to our increase in backlog, we have been able to hire additional labor and reduce our backlog related to production constraints in the third quarter of fiscal year 2022. We are closely monitoring the continuation, resurgence in certain areas, and effects of COVID-19 on all aspects of our business, including how it has impacted and may impact our suppliers and customers as well as the effects of the pandemic on economic conditions and the financial markets. In general, we have seen an increase in costs, particularly as it relates to commodities as the economy continues to react to, and recover from, the pandemic and demand surpasses supply. We have also seen costs increasing due to inflation. In addition to rising commodity costs, several of our suppliers have passed along non-commodity price increases they have experienced in their own business. However, we have not experienced any significant interruptions, and we will continue to closely monitor our inventory levels to mitigate the risk of any potential supply interruptions or changes in customer demand. It is possible that significant disruptions could occur if the pandemic and other factors such as labor shortages, ongoing geopolitical tensions, and other strains on the supply chain continue to put pressure on production, transportation, and shipping as a result of an imbalance of supply and demand or if there are continued increases in costs that we are unable to recover. The impacts of COVID-19 and related economic conditions on our future results are uncertain at this time. The scope, duration, and magnitude of the direct and indirect effects of COVID-19 continue to evolve (and in many cases, rapidly) in ways that are difficult or impossible to anticipate. In addition, although COVID-19 has not materially impacted our net sales to date, it remains uncertain whether and how consumers will modify their purchasing habits in response to the ongoing COVID-19 pandemic and/or the lifting or relaxing and/or re-imposition of mandates as various geographies experience resurgences and abatement of the pandemic. As a result, our results to date may not be indicative of the impact that COVID-19 may have on our results for the remainder of fiscal year 2022.

The impacts of COVID-19 to our specific operating segments are discussed below.

NINE MONTHS ENDED APRIL 30, 2022 COMPARED TO
NINE MONTHS ENDED APRIL 30, 2021

CONSOLIDATED RESULTS

Consolidated net sales for the nine months ended April 30, 2022 were $255,431,000, a 13% increase compared to net sales of $226,852,000 for the nine months ended April 30, 2021. Net sales increased for both our Retail and Wholesale Products Group and Business to Business Products Group due to an increase in sales volume and higher prices instituted to compensate for rising costs. The increase in demand for our products during the first nine months of fiscal year 2022 has led to an increase in our backlog of orders. We have hired additional manufacturing personnel, expanded our production shifts, increased production equipment and made various repairs to equipment in order to reduce our backlog as well as increase our use of alternate modes of transportation. We continue to analyze the constraints on our operations and implement strategies to meet the increase in customer demand. Segment results are discussed further below.

Consolidated gross profit for the first nine months of fiscal year 2022 was $45,034,000, or 18% of net sales, compared to $50,435,000, or 22%, of net sales, for the first nine months of fiscal year 2021. Higher freight, packaging, natural gas, and non-fuel manufacturing costs per ton drove the decrease in gross profit. We continue to experience high freight costs both domestically and with respect to ocean freight. Domestic freight costs per ton, excluding the freight we no longer charge to a significant customer who now picks up its own purchases, increased approximately 32% in the first nine months of fiscal year 2022 compared to the same period of fiscal year 2021. The increase relates to, in part, higher transportation rates due to a national driver shortage and tight trucking capacity. The continued increase in cost of diesel fuel has also contributed to the higher transportation rates. Currently, availability of diesel fuel reserves in the United States is tight, which is driving the increase in cost. Ocean freight costs have increased due to rising fuel costs 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 for the first nine months of fiscal year 2022 were approximately 32% higher compared to the first nine months of fiscal year 2021 due to higher 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. The cost of natural gas per ton used to operate kilns that dry our clay was 100% higher in the first nine months of fiscal year 2022 compared to the first nine months of fiscal year 2021 due to higher natural gas prices, which are being driven by demand surpassing available supply as well as the ongoing conflict between Russia and Ukraine. Non-fuel manufacturing costs per ton also increased during the first nine months of fiscal year 2022 compared to fiscal year 2021 by 13%. The increase in non-fuel manufacturing costs relate to higher repairs, utility costs, labor and benefit costs, and costs of purchased materials. In addition to the above, during the first nine months of fiscal year 2022, several suppliers started to pass along non-commodity price increases related to cost increases experienced in their own businesses and we expect such increases to persist. While we have faced higher costs due to the reasons mentioned above, we continue to strive to restore our historical margins utilizing various strategies including reducing costs where possible, increasing sales volume, and implementing price increases.

Total selling, general and administrative (“SG&A”) expenses of $41,054,000 for the first nine months of fiscal year 2022 were higher by $1,971,000, or 5%, compared to $39,083,000 for the first nine months of fiscal year 2021. SG&A expenses for the operating segments were essentially flat for the first nine months of fiscal year 2022 compared to the same period in the prior fiscal year and unallocated corporate expenses were higher by $1,656,000, or 9%. The discussion of the segments' operating incomes below describes the changes in SG&A expenses that were allocated to the operating segments. The increase in unallocated corporate expenses were driven by higher professional fees related to costs for various outside services related to growing business needs and strategic initiatives.

Loss on impairment of goodwill of $5,644,000 related to the impairment of goodwill at our Retail and Wholesale Products Group reporting unit. Our goodwill impairment test is based on cash flow considerations and other approaches that require significant judgment with respect to volume, revenue, expenses and allocations. We determined that, as a result of lower share prices and the continued adverse impacts of rising costs and additional expenses to prevent supply chain disruptions, that, despite improving margins, we had a triggering event during the third quarter of fiscal 2022 that necessitated a goodwill impairment test and resulted in the carrying value of our Retail and Wholesale Products Group reporting unit being higher than its fair value which led to the $5,644,000 impairment charge.

Other income of $892,000 for the first nine months of fiscal year 2022 was higher than the same period in fiscal year 2021 by $170,000 and included less periodic benefit costs related to our pension plan and insurance recoveries related to our property, plant and equipment partially offset by higher interest expense and exchange rate losses.

Consolidated net (loss) income before taxes for the first nine months of fiscal year 2022 was a loss of $772,000 compared to net income before taxes of $12,074,000 for the first nine months of fiscal year 2021. Results for the first nine months of fiscal year 2022 were driven by the factors discussed above.

We had a tax benefit for the first nine months of fiscal year 2022 of $1,195,000 compared to tax expense of $1,651,000 for the first nine months of fiscal year 2021. Our tax benefit was driven primarily by the tax impact of our goodwill impairment, lower net income and one-time tax savings identified during the third quarter of fiscal year 2022. We used an estimated annual effective tax rate (“ETR”) 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 first nine months of fiscal year 2022 increased compared to the first nine months of fiscal year 2021 for all our products. Net sales were $92,928,000 for the first nine months of fiscal year 2022, an increase of $12,830,000, or 16%, from net sales of $80,098,000 for the first nine months of fiscal year 2021. Net sales of our fluids purification products increased approximately $6,108,000, or 16%, compared to the first nine months of the prior fiscal year. The increase in net sales occurred for a variety of reasons, including new customer wins, increased sales to existing customers, increase in air travel in most regions, price increases that were instituted to offset rising costs, and in some cases, timing of net sales. Much of the increase in net sales relates to North America, but net sales in Latin America and Asia also increased and sales in Europe decreased slightly during the first nine months of fiscal year 2022 compared to the same period in fiscal year 2021 due to ocean freight shipping delays. Similar to our Retail and Wholesale Products Group cat litter business, our co-packaged coarse cat litter business experienced a significant increase of $2,527,000 or 23% in net sales during the first nine months of fiscal year 2022 compared to fiscal year 2021 primarily due to price increases and to some extent, an increase in volume. Net sales of our agricultural and horticultural chemical carrier products increased approximately $2,804,000, or 15%, for the first nine months of fiscal year 2022 compared to the same period in fiscal year 2021 as a result of continued strong demand for these products as well as price increases. Net sales of our animal health and nutrition products increased $1,391,000, or 11%, during the first nine months of fiscal year 2022 compared to the first nine months of the prior year. The increase in net sales relates to several new customers, a new product line in North America, and in general, timing of when sales occur. Despite the overall increase in net sales, ocean freight delays continue to negatively impact our business as does COVID-19, particularly in China which has continued to impose restrictions and quarantine requirements in response to COVID-19 outbreaks. See “Foreign Operations” below for a discussion of net sales for our foreign operations that sell our animal health and nutrition products.

SG&A expenses for the Business to Business Products Group increased approximately 20% or $1,771,000 for the first nine months of fiscal year 2022 compared to the same period of the prior fiscal year. We continued to invest in our animal health business, which resulted in higher costs due to increased headcount of sales and leadership personnel, increased travel costs, and increased marketing efforts associated with our animal feed additives. The increase in SG&A expenses in the first nine months of fiscal year 2022 also related to an increase in bad debt expense and a write off of patent applications. These higher costs were, to some degree, reduced by favorable exchange rates.

The Business to Business Products Group’s operating income for the first nine months of fiscal year 2022 was $20,052,000, a decrease of $764,000, or 4%, from operating income of $20,816,000 for the first nine months of fiscal year 2021. The decrease in operating income was driven by higher freight, packaging, natural gas, and non-fuel manufacturing costs per ton as discussed in “Consolidated Results” above as well as higher SG&A expenses.

RETAIL AND WHOLESALE PRODUCTS GROUP

Net sales of the Retail and Wholesale Products Group for the first nine months of fiscal year 2022 were $162,503,000, an increase of $15,749,000, or 11%, from net sales of $146,754,000 for the first nine months of fiscal year 2021 driven by higher net sales of both our cat litter and industrial and sports products. Total cat litter net sales were approximately $10,580,000, or 9%, higher compared to the first nine months of the prior fiscal year due to increased sales volume and price increases in response to rising costs. Net sales of branded scoopable litter, private label lightweight and heavyweight litter, and accessories (liners) increased in the first nine months of fiscal year 2022 as we gained business from new customers and existing customers either purchased certain of our products for the first time or increased the volume of their purchases from us. E-commerce sales were also higher during the first nine months of fiscal year 2022 compared to fiscal year 2021. The impact of COVID-19 on increased pet adoption continues to boost sales as well as the overall macro trend of increased spending on pets. In addition, cat litter net sales increased despite revising our shipping terms with one of our significant customers in the fourth quarter of fiscal year 2021 to provide that freight charges are the responsibility of such customer and are no longer included in the prices charged. Cat litter net sales by our subsidiary in Canada further contributed to the net sales increase, as discussed in “Foreign Operations” below. Also included in the Retail and Wholesale Products Group's results were increased net sales of our industrial and sports products compared to the first nine months of fiscal year 2021. Net sales of our industrial and sports products increased approximately $5,051,000, or 22%, compared to the first nine months of fiscal year 2021, due to an increase in volume due to the re-opening of businesses and sports fields as well as new customers and an increase in selling price per ton as we continue to respond to rising costs.

SG&A expenses for the Retail and Wholesale Products Group were lower by approximately $1,467,000, or 11%, during the first nine months of fiscal year 2022 compared to the first nine months of fiscal year 2021 primarily due to lower advertising costs partially offset by compliance penalties caused by supply chain disruptions, unfavorable exchange rates and higher travel and personnel costs. We anticipate total advertising expense in fiscal year 2022 will be lower compared to fiscal year 2021.

The Retail and Wholesale Products Group experienced an operating loss for the first nine months of fiscal year 2022 of $2,113,000, a decrease of $10,596,000, or 125%, from operating income of $8,483,000 for the first nine months of fiscal year 2021. The decrease in operating income was driven by the goodwill impairment charge recorded in the third quarter of fiscal year 2022 as well as higher freight, packaging, natural gas and non-fuel costs which outpaced the increase in net sales as described in “Consolidated Results” above.

FOREIGN OPERATIONS

Foreign operations include our subsidiaries in Canada and the United Kingdom, which are reported in the Retail and Wholesale Products Group, and our subsidiaries in China, Mexico and Indonesia, which are reported in the Business to Business Products Group. Net sales by our foreign subsidiaries during the first nine months of fiscal year 2022 were $14,353,000, an increase of $1,341,000, or 10%, compared to net sales of $13,012,000 during the first nine months of fiscal year 2021. All of our foreign operations, with the exception of our subsidiary in Mexico, experienced an increase in net sales during the first nine months of fiscal year 2022 compared to fiscal year 2021.Total net sales of our subsidiary in Canada during the first nine months of fiscal year 2022 increased by $1,521,000, or 22%, compared to the same period in fiscal year 2021 driven by higher cat litter net sales. Cat litter sales were $1,834,000 higher during the first nine months of fiscal year 2022 than in the same period in fiscal year 2021. The increase in cat litter sales was mainly driven by a key customer carrying three of our products for the first time as well as price increases instituted in response to rising costs. The increase in cat litter sales was partially offset by lower net sales of our industrial absorbent granules in the first nine months of fiscal year 2022 compared to the first nine months of fiscal year 2021. Net sales of industrial absorbent granules were higher in the first nine months of fiscal year 2021 as companies emerged from the constraints of the pandemic and there was a surge in demand. Net sales of our subsidiary in the United Kingdom in the first nine months of fiscal year 2022 increased by $118,000, or 8%, compared to net sales in the first nine months of fiscal year 2021. The increase related to timing of net sales and partly due to demand starting to slowly return post pandemic. Net sales of our subsidiary in Mexico decreased during the first nine months of fiscal year 2022 compared to the same period of fiscal year 2021 by $567,000, or 28%, as the first nine months of fiscal year 2021 included net sales of products in that region that are no longer part of our business strategy. Despite the negative impacts of COVID-19 in China, net sales of our subsidiary in China increased $100,000, or 4%, during the first nine months of fiscal year 2022 compared to the first nine months of fiscal year 2021 due primarily to the addition of a new customer. Net sales by our foreign subsidiaries represented 6% of our consolidated net sales during the first nine months of fiscal years 2022 and 2021.

Our foreign subsidiaries reported a net loss of $847,000 for the first nine months of fiscal year 2022, compared to a net loss of $177,000 for the first nine months of fiscal year 2021. The net loss in the first nine months of fiscal year 2022 was primarily driven by unfavorable exchange rates, lower net sales for our subsidiary in Mexico, higher cost of sales, and higher SG&A expenses by our subsidiary in China due to increased sales personnel and marketing of our animal feed additives as we continue to invest in our animal health and nutrition products.

Identifiable assets of our foreign subsidiaries as of April 30, 2022 were $12,594,000, compared to $12,572,000 as of July 31, 2021.

THREE MONTHS ENDED APRIL 30, 2022 COMPARED TO THREE MONTHS ENDED APRIL 30, 2021

CONSOLIDATED RESULTS

Consolidated net sales for the three months ended April 30, 2022 were $85,761,000, a 12% increase compared to net sales of $76,255,000 for the three months ended April 30, 2021. Net sales increased for both our Retail and Wholesale Products Group and Business to Business Products Group due to an increase in sales volume and higher prices instituted to compensate for rising costs. The increase in demand for our products has continued to result in higher backlog but we have put in place measures to reduce backlog. See discussion above in “Results from Operations - Nine Months Ended April 30, 2022 compared to Nine Months ended April 30, 2021” for more detail on backlog. Segment results are discussed below.

Consolidated gross profit for the three months ended April 30, 2022 was $15,630,000, or 18% of net sales, compared to $14,966,000, or 20%, of net sales, for the three months ended April 30, 2021. Higher freight, packaging, natural gas, and non-fuel manufacturing costs per ton drove the decrease in gross profit. Despite the decrease in gross profit compared to the first quarter of fiscal year 2021, we are starting to experience stronger margins during the third quarter of fiscal year 2022 as the selling prices of our products are starting to catch up to rising costs. We continue to experience high freight costs both domestically and with respect to ocean freight. Domestic freight costs per ton, excluding the freight we no longer charge to a significant customer who now picks up its own purchases, increased approximately 27% in the third quarter of fiscal year 2022 compared to the same period of fiscal year 2021. The increase relates, in part, to higher transportation rates due to a national driver shortage and tight trucking capacity. The continued increase in cost of diesel fuel has also contributed to the higher transportation rates. Currently, availability of diesel fuel reserves in the United States is tight, which is driving the increase in cost. Ocean freight costs have increased due to rising fuel costs and export fees. Our overall freight costs can also vary between periods depending on the mix of products sold and the geographic distribution of our customers. Packaging costs per ton for the third quarter of fiscal year 2022 were approximately 24% higher compared to the third quarter of fiscal year 2021 due to higher 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. The cost of natural gas per ton used to operate kilns that dry our clay was 115% higher in the third quarter of fiscal year 2022 compared to the third quarter of fiscal year 2021 due to higher natural gas prices which are being driven by demand surpassing available supply as well as the ongoing conflict between Russia and Ukraine. Non-fuel manufacturing costs per ton also increased during the third quarter of fiscal year 2022 compared to fiscal year 2021 by 12%. The increase in non-fuel manufacturing costs relate to higher repairs, utility costs, labor and benefit costs and costs of purchased materials. In addition to the above, several suppliers have passed along non-commodity price increases related to cost increases experienced in their own businesses and we expect such increases to persist. While we have faced higher costs due to the reasons mentioned above, we continue to strive to restore our historical margins utilizing various strategies including reducing costs where possible, increasing sales volume and implementing price increases.

Total SG&A expenses of $14,013,000 for the third quarter of fiscal year 2022 were higher by $978,000, or 8%, compared to $13,035,000 for the third quarter of fiscal year 2021. While unallocated corporate expenses increased 285,000 or 4% during the third quarter of fiscal year 2022 compared to fiscal year 2021, SG&A expenses for the operating segments were the primary driver of the increase. The discussion below describes the SG&A expenses allocated to the operating segments. Unallocated corporate expenses included higher professional fees related to costs for various outside services related to growing business needs and strategic initiatives partially offset by lower personnel costs.

Loss on impairment of goodwill of $5,644,000 related to the impairment of goodwill at our Retail and Wholesale Products Group reporting unit. Our goodwill impairment test is based on cash flow considerations and other approaches that require significant judgment with respect to volume, revenue, expenses and allocations. We determined that, as a result of lower share prices and the continued adverse impacts of rising costs and additional expenses to prevent supply chain disruptions, that, despite improving margins, we had a triggering event during the third quarter of fiscal 2022 that necessitated a goodwill impairment test and resulted in the carrying value of our Retail and Wholesale Products Group reporting unit being higher than its fair value which led to the $5,644,000 impairment charge.

Other income of $175,000 for the third quarter of fiscal year 2022 was lower than the same period in fiscal year 2021 by $56,000 and included higher interest expense and exchange rate losses.

Consolidated net loss before taxes for the third quarter of fiscal year 2022 was $3,852,000, compared to net income before taxes of $2,162,000 for the third quarter of fiscal year 2021. Results for the third quarter of fiscal year 2022 were driven by the factors described above.

We had a tax benefit for the third quarter of both fiscal years 2022 and 2021 of $1,719,000 and $24,000, respectively. Our tax benefit in the third quarter of fiscal year 2022 was driven primarily by the tax impact of our goodwill impairment, net operating losses and one-time tax savings identified during the third quarter of fiscal year 2022. We used an estimated annual ETR in determining our provision for income taxes, which is based on expected annual taxable income and the assessment of various tax deductions, including depletion. The tax benefit in the third quarter of fiscal year 2021 reflected a decrease in our expected annual taxable income as well as certain employment related credits we were able to take advantage in addition to a tax deduction for foreign-derived income.

BUSINESS TO BUSINESS PRODUCTS GROUP

Net sales of the Business to Business Products Group for the third quarter of fiscal year 2022 increased compared to the third quarter of fiscal year 2021 for all our products. Net sales were $31,375,000, an increase of $5,082,000, or 19%, from net sales of $26,293,000 for the third quarter of fiscal year 2021. Net sales of our fluids purification products increased approximately $1,974,000, or 16%, in the third quarter of fiscal year 2022 compared to same period in fiscal year 2021. The increase in net sales occurred for a variety of reasons, including new customer wins, increased sales to existing customers, increase in air travel in most regions, price increases that were instituted to offset rising costs and in some cases, timing of net sales. In particular, net sales of our Ultra-Clear products rebounded as global air travel increased compared to the same period last year in most, but not all, regions. Much of the increase in net sales relates to North America, but net sales in Latin America, Europe and Asia either increased or remained essentially flat during the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021. Net sales of our agricultural and horticultural chemical carrier products increased approximately $1,318,000, or 20%, in the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021 driven by both volume and price increases. While volume is still higher during the third quarter of fiscal year 2022 than the same period in fiscal year 2021, several of our customers are still experiencing their own supply chain disruptions, which negatively impacts their demand of our products. Net sales of our animal health and nutrition products increased approximately $978,000, or 23%, in the third quarter of fiscal 2022 compared to the third quarter of fiscal year 2021 due to a significant increase in volume of net sales. The increase in net sales is the direct result of our focus on our animal health and nutrition products and the fruition of increased SG&A efforts to grow the animal health and nutrition business as discussed below. The increase in net sales relates to several new customers, a new product line in North America, and to some extent, timing of when net sales occur. Despite the overall increase in net sales, ocean freight delays continue to negatively impact our business. In addition, while the impacts of COVID-19 are still dampening sales in China as a result of restrictions and quarantine requirements imposed in that region in response to COVID-19 outbreaks, net sales from our subsidiary in China increased during the third quarter of fiscal year 2022 compared to fiscal year 2021 primarily due to a new customer. See “Foreign Operations” below for a discussion of net sales for our foreign operations that sell our animal health and nutrition products. Similar to our Retail and Wholesale Products Group cat litter business, our co-packaged coarse cat litter business experienced a significant increase of $812,000, or 25%, in net sales during the third quarter of fiscal year 2022, compared to the same quarter in fiscal year 2021, primarily due to price increases and to some extent, an increase in sales volume.

SG&A expenses for the Business to Business Products Group increased approximately $1,008,000, or 34%, in the third quarter of fiscal year 2022 compared to the third quarter of fiscal year 2021. We continued to invest in our animal health business, which resulted in higher costs due to increased headcount of sales and leadership personnel, increased travel costs, broker commissions, and increased marketing efforts associated with our animal feed additives. The increase in SG&A expenses in the third quarter of fiscal year 2022 also related to higher bad debt expense and a write off of patent applications. These higher costs were, to some degree, reduced by favorable exchange rates.

The Business to Business Products Group’s operating income for the third quarter of fiscal year 2022 was $5,716,000, a decrease of $705,000, or 11%, from operating income of $6,421,000 in the third quarter of fiscal year 2021. The decrease in operating income was driven by the higher sales partially offset by higher SG&A expenses and an increase in freight, packaging, materials, natural gas, and non-fuel manufacturing costs discussed in “Consolidated Results” above.

RETAIL AND WHOLESALE PRODUCTS GROUP

Net sales of the Retail and Wholesale Products Group for the third quarter of fiscal year 2022 were $54,386,000, an increase of $4,424,000, or 9%, from net sales of $49,962,000 for the third quarter of fiscal year 2021 driven by net sales of both our cat litter and industrial and sports products. Total cat litter net sales were approximately $3,318,000, or 8%, higher in the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021 due to increased sales volume and price increases in response to rising costs. Net sales of branded scoopable litter, private label lightweight and heavyweight litter increased in the third quarter of fiscal year 2022 as existing customers increased the volume of their purchases from us. The impact of COVID-19 on increased pet adoption continues to boost sales as well as the overall macro trend of increased spending on pets. In addition, cat litter net sales increased despite revising our shipping terms with one of our significant customers in the fourth quarter of fiscal year 2021 to provide that freight charges are the responsibility of such customer and are no longer included in the prices charged. In addition, net sales of cat litter by our subsidiary in Canada continue to increase as further discussed in "Foreign Operations" below. E-commerce sales decreased during the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021 as we lost one of our customers due to price increases. Also included in the Retail and Wholesale Products Group's results were increased net sales of our industrial and sports products compared to the third quarter of fiscal year 2021. Net sales of our industrial and sports products increased approximately $1,083,000, or 11%, in the third quarter of fiscal year 2022 compared to the third quarter of fiscal year 2021, due to both an increase in volume due to the re-opening of businesses and sports fields and winning some smaller customers as well as an increase in selling price per ton in response to rising costs.

SG&A expenses for the Retail and Wholesale Products Group were lower in the third quarter of fiscal year 2022 than in fiscal year 2021 by 7%, or $293,000, primarily due to lower advertising costs partially offset by compliance penalties caused by supply chain disruptions, unfavorable exchange rates and personnel costs.

The Retail and Wholesale Products Group experienced an operating loss for the third quarter of fiscal year 2022 of $3,113,000, a decrease of $4,968,000, compared to operating income of $1,855,000 for the third quarter of fiscal year 2021. The decrease in operating income was driven by the goodwill impairment charge recorded in the third quarter of fiscal year 2022 as well as higher freight, packaging, natural gas, and non-fuel manufacturing costs which outpaced the increase in net sales as described above in "Consolidated Results."

FOREIGN OPERATIONS

Foreign operations include our subsidiaries in Canada and the United Kingdom, which are reported in the Retail and Wholesale Products Group, and our subsidiaries in China, Mexico and Indonesia, which are reported in the Business to Business Products Group. Net sales by our foreign subsidiaries during the third quarter of fiscal year 2022 were $4,727,000, a 13% increase compared to net sales of $4,174,000 in the third quarter of fiscal year 2021. All of our foreign operations, with the exception of our subsidiary in Mexico, experienced an increase in net sales during the third quarter of fiscal year 2022 compared to fiscal year 2021. Total net sales of our subsidiary in Canada during the third quarter of fiscal year 2022 increased by $294,000, or 12%, compared to the same period in fiscal year 2021 driven by cat litter net sales. Cat litter net sales for our subsidiary in Canada increased by approximately $605,000, or 35%, in the third quarter of fiscal year 2022 compared to the same period of fiscal year 2021 due to both an increase in volume and price increases. Cat litter sales in Canada experienced increased sales to existing customers, a key customer carrying three of our products they had not previously purchased, and to some extent, an increase in sales due to our ability to meet demand that our competitors could not. Partially offsetting this increase was a decrease in net sales of our industrial absorbent granules in the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021 because net sales were particularly strong in the third quarter of fiscal year 2021 as companies were emerging from the pandemic and were rebuilding stock. Net sales of our absorbent granules by our subsidiary in the United Kingdom were modestly higher during the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021 by $24,000 or 5%. This increase related partly to timing of net sales and partly to demand starting to slowly return in the United Kingdom. Net sales of our animal health and nutrition products by our subsidiary in China increased in the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021 by $228,000, or 40%, despite the continued impacts of the pandemic in China. The increase in net sales related primarily to a new customer. Net sales by our subsidiary in Mexico decreased $147,000, or 25%, in the third quarter of fiscal year 2022 compared to the same period in fiscal year 2021 as the third quarter of fiscal year 2021 included net sales of products that are no longer part of our business strategy. Our foreign subsidiaries' net sales represented approximately 6% and 5% of consolidated net sales during the third quarter of fiscal years 2022 and 2021, respectively.

Our foreign subsidiaries reported a net loss of $34,000 for the third quarter of fiscal year 2022 compared to a net loss of $134,000 for the third quarter of fiscal year 2021. The net loss in the third quarter of fiscal year 2022 was primarily driven by unfavorable foreign exchange rates, higher cost of sales, and higher SG&A expenses incurred by our subsidiary in China due to increased sales personnel and marketing of our animal feed additives as we continue to invest in our animal health and nutrition products.

LIQUIDITY AND CAPITAL RESOURCES

Our principal liquidity needs are to fund our capital requirements, including funding working capital needs; purchasing and upgrading equipment, facilities (including significant renovations at one of our plants), information systems, and real estate; supporting new product development; investing in infrastructure; repurchasing stock; paying dividends; making pension contributions; and, from time to time, business acquisitions, and funding our debt service requirements. During the first nine months of fiscal year 2022, we principally funded these requirements using cash from current operations as well as cash generated in the second quarter of fiscal year 2022 from borrowings under our Series Senior C Notes (described below).

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. Given the dynamic nature of COVID-19 and its effects, as well as the current inflationary environment and impacts of supply chain disruption on our business, we will continue to assess our liquidity needs and to actively manage our spending.

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

	For the Nine Months Ended April 30,	
	2022	**2021**
Net cash provided by operating activities	**$ 5,460**	$ 8,340
Net cash used in investing activities	**(16,012)**	(10,753)
Net cash provided by (used in) financing activities	**8,807**	(8,324)
Effect of exchange rate changes on cash and cash equivalents	**(21)**	165
Net decrease in cash and cash equivalents	**$ (1,766)**	$ (10,572)

Net cash provided by operating activities

In addition to net income, as adjusted for depreciation and amortization and other non-cash operating activities, the primary sources and uses of operating cash flows for the first nine months of fiscal years 2022 and 2021 were as follows:

Deferred income taxes increased $1,311,000 in the first nine months of fiscal year 2022 primarily due to the tax benefit related to the deductible portion of noncash impairment charge of goodwill that is deductible for tax purposes in future years. Deferred income taxes decreased $716,000 in the first nine months of fiscal year 2022 due to changes in restricted stock balances in the ordinary course of business.

Accounts receivable, less allowance for doubtful accounts, increased $2,454,000 in the first nine months of fiscal year 2022 compared to an increase of $3,971,000 in the first nine months of fiscal year 2021. Accounts receivable increased in both fiscal years 2022 and 2021 due to the increase in net sales in both periods. In addition, the variation in accounts receivable balances reflect differences in the level and timing of collections as well as the payment terms provided to various customers.

Inventory increased $11,456,000 in the first nine months of fiscal year 2022 compared to a decrease of $524,000 in the first nine months of fiscal year 2021. Inventory increased during the first nine months of fiscal year 2022 due to rising costs and building inventory levels to meet demand and thwart potential supply chain disruptions. We also increased our inventory to be able to meet demand during a planned shutdown for equipment repairs at one of our plants. The decrease in inventory in the first nine months of fiscal year 2021 was due to increased demand, which depleted inventory levels and was partially offset by higher packaging costs.

Prepaid expenses decreased $181,000 in the first nine months of fiscal year 2022 due to lower prepaid advertising costs partially offset by higher prepaid insurance costs due to the rising cost of insurance and timing of premium payments. Prepaid expenses increased $2,117,000 in the first nine months of fiscal year 2021 driven primarily by prepayment of income taxes. This increase in fiscal year 2021 was partially offset by lower prepaid advertising costs and insurance.

Other assets decreased $971,000 in the first nine months of fiscal year 2022 compared to an increase of $1,066,000 in the first nine months of fiscal year 2021. The decrease in other assets in the first nine months of fiscal year 2022 related to capitalized pre-production costs being transferred to property, plant and equipment as the mines are now in production, partly reduced by an increase in long-term royalties. The increase in other assets in the first nine months of fiscal year 2021 related primarily to an increase in capitalized pre-production mining costs partly offset by amortization of our operating lease right-of-use lease assets.

Accounts payable increased $1,333,000 in the first nine months of fiscal year 2022 compared to a decrease of $4,227,000 in the first nine months of fiscal year 2021. Higher trade payables drove the increase in accounts payable in the first nine months of fiscal year 2022. Lower trade payables drove the decrease in accounts payable in the first nine months of fiscal year 2021 as well as income taxes payable being in a prepaid position versus a payable position at the end of the third quarter of fiscal year 2021. Trade and freight payables vary in both periods due to the timing of payments, fluctuations in the cost of goods and services we purchased, production volume levels and vendor payment terms.

Accrued expenses increased $1,120,000 in the first nine months of fiscal year 2022 compared to a decrease of $4,070,000 in the first nine months of fiscal year 2021. The increase in accrued expenses during the first nine months of fiscal year 2022 is attributable to an increase in freight costs, natural gas prices and salaries and benefits. These increases were somewhat lessened by lower accrued advertising costs. Accrued expenses decreased $4,070,000 in the first nine months of fiscal year 2021 due to decreases in our discretionary accrued bonus, advertising costs, and real estate taxes offset by an increase in accrued freight and a reclassification of one of our accruals from long term to short term. Accrued freight can vary with freight rates, timing of shipments, and production requirements as well as supply and demand. In addition, accrued plant expenses can also fluctuate due to timing of payments, changes in the cost of goods and services we purchase, production volume levels and vendor payment terms.

Other liabilities decreased $1,593,000 in the first nine months of fiscal 2022 compared to a decrease of $330,000 during the first nine months of fiscal year 2021. The decrease in other liabilities for the first nine months of both fiscal years 2022 and 2021 relate to the timing of when payments for the deferral of employer taxes under the CARES Act are due.

Net cash used in investing activities

Cash used in investing activities of $16,012,000 in the first nine months of fiscal year 2022 were higher compared to cash used in investing activities of $10,753,000 in the first nine months of fiscal year 2021 driven by capital expenditures. During the first nine months of fiscal year 2022 we expanded our plant equipment and improved our facilities to support increased demand for our products as well as made improvements to our IT network.

Net cash used in financing activities

Cash provided by financing activities of $8,807,000 in the first nine months of fiscal year 2022 was higher than cash used in financing activities of $8,324,000 in the first nine months of fiscal year 2021. The first nine months of fiscal year 2022 included the issuance of $25,000,000 of notes payable offset by higher repurchases of stock than in the first nine months of fiscal year 2021.

Other

Total cash and investment balances held by our foreign subsidiaries of $3,107,000 as of April 30, 2022 were slightly higher than the April 30, 2021 balances of $3,054,000. See further discussion in “Foreign Operations” above.

On January 31, 2019, we signed a fifth amendment to our credit agreement with BMO Harris Bank N.A. (“BMO Harris”), which expires on January 31, 2024. The agreement provides for a $45,000,000 unsecured revolving credit agreement and a maximum of $10,000,000 for letters of credit. The agreement terms also state that we may select a variable interest rate based on either the BMO Harris prime rate or a LIBOR-based rate, plus a margin that varies depending on our debt to earnings ratio, or a fixed rate as agreed between us and BMO Harris. As of April 30, 2022, the variable rates would have been 3.75% for the BMO Harris prime-based rate or 2.58% for the three-month LIBOR-based rate. 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. The agreement also requires us to maintain a minimum fixed coverage ratio and a minimum consolidated net worth. As of April 30, 2022 and 2021, we were in compliance with the covenants. There were no borrowings during the first nine months of either fiscal year 2021 or 2022.

On May 15, 2020, we entered into a debt instrument pursuant to which, among other things, we issued $10,000,000 in aggregate principal amount of our 3.95% Series B Senior Notes due May 15, 2030 and entered into an amended note agreement that provides the Company with the ability to request, from time to time until May 15, 2023 (or such earlier date as provided for in the agreement), additional senior unsecured notes of the Company in an aggregate principal amount of up to $75,000,000 minus the aggregate principal amount of the notes then outstanding and the additional notes that have been accepted for purchase. The issuance of such additional notes is at the discretion of the noteholders and purchasers and on an uncommitted basis. Pursuant to the amended note agreement, on December 16, 2021, the Company issued $25,000,000 in aggregate principal amount of its 3.25% Series C Senior Notes due December 16, 2031. As of April 30, 2022 outstanding notes payable were $33,788,000, net of $212,000 of unamortized debt issuance costs.

See Note 15 of the Notes to the unaudited Condensed Consolidated Financial Statements and Item 5 "Other Information" in this Quarterly Report on Form 10-Q for discussion on amendments made to the credit agreement with BMO Harris and our Senior Note Agreements.

As of April 30, 2022, we had remaining authority to repurchase 485,196 shares of Common Stock and 273,100 shares of Class B Stock under a repurchase plan approved by our Board of Directors (the “Board”). Repurchases may be made on the open market (pursuant to Rule 10b5-1 plans or otherwise) or in negotiated transactions. The timing, number and manner of share repurchases will be determined by our management pursuant to the repurchase plan approved by our Board.

We believe that cash flow from operations, availability under our revolving credit facility, current cash and investment balances and our ability to obtain other financing, if necessary, will provide adequate cash funds 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. We expect capital expenditures in fiscal year 2022 to be greater than in fiscal year 2021, including capital expenditures to renovate one of our plants, estimated to be approximately $6,500,000. 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. Our anticipated advertising expense for fiscal year 2022 is expected to be lower compared to fiscal year 2021. Adjustments to advertising spending for the remainder of the fiscal year may occur due to any upcoming volatility in the economic environment.

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, to contribute to our pension plan and to remain in compliance with all financial covenants under debt agreements, including, but not limited to, the current 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, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

We have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees are working remotely due to COVID-19. We are continually monitoring and assessing the effects of COVID-19 on our internal controls to minimize the impact to their design and operating effectiveness.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the fiscal quarter ended April 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

PART II – OTHER INFORMATION

Items 1, 3 and 5 of this Part II are either inapplicable or are answered in the negative and are omitted pursuant to the instructions to Part II.

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 year ended July 31, 2021. There have been no material changes to our risk factors since the Company's Annual Report on Form 10-K for the year ended July 31, 2021 except as set forth in the Company's Quarterly Report for the quarter ended January 31, 2022.

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

During the three months ended April 30, 2022, we did not sell any securities which were not registered under the Securities Act of 1933. The following chart summarize our Common Stock and Class B stock purchases during this period. There are no shares of our Class A Common Stock currently outstanding.

ISSUER PURCHASES OF EQUITY SECURITIES[1, 2]

For the Three Months Ended April 30, 2022	(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]
Common Stock				
February 1, 2022 to February 28, 2022	1,038	$33.78	—	636,071
March 1, 2022 to March 31, 2022	98,112	$28.42	—	537,959
April 1, 2022 to April 30, 2022	52,763	$28.08	—	485,196

[1] The table summarizes repurchases of (and remaining authority to repurchase) shares of our Common Stock. Descriptions of our Common Stock, Class B Stock and Class A Common Stock are contained in Exhibit 4.1 to our Annual Report on Form 10-K for the fiscal year ended July 31, 2021 filed with the SEC.

[2] The figures in the table reflect transactions according to the settlement dates. For purposes of our unaudited consolidated financial statements included in this Form 10-Q, the impact of these repurchases is recorded according to the settlement dates.

[3] Includes 1,913 Common Stock shares surrendered by employees to pay taxes related to restricted stock awards.

[4] Our Board of Directors authorized the repurchase of 250,000 shares of Common Stock on June 14, 2012 and an additional 750,000 shares of Common Stock on March 11, 2019. These authorizations do not have a stated expiration date. Our Board of Directors authorized the repurchase of 300,000 shares of Class B stock on March 21, 2018. The share numbers in this column indicate the number of shares of Common Stock that may yet be repurchased under these authorizations. 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.

ITEM 4. MINE SAFETY DISCLOSURES

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

ITEM 5. OTHER INFORMATION

Effective June 3, 2022, the Company entered into Amendment No. 2 (the "Amendment") to the Amended and Restated Note Purchase and Private Shelf Agreement (the "Note Agreement") with PGIM, Inc. ("Prudential") and certain existing noteholders affiliated with Prudential named therein and, effective June 6, 2022, a modification (the "Modification") to the credit agreement with BMO Harris. Among other things, the Amendment revises the definition of Consolidated EBITDA within the Note Agreement and the Modification revises definition of Consolidated EBITDA and Consolidated EBITR within the credit agreement. See Note 15 of the Notes to the unaudited Condensed Consolidated Financial Statements, which is incorporated herein by reference. The foregoing description of the Amendment and Modification is only a summary and is qualified in its entirety by reference to the full text of the Amendment and Modification, which are filed as exhibits to this Quarterly Report on this Form 10-Q.

ITEM 6. EXHIBITS

Exhibit No.	Description	SEC Document Reference
10.1	Oil-Dri BMO - Modification to BMO Harris Bank N.A. Credit Agreement.	Filed herewith.
10.2	Amendment No. 2 to Amended and Restated Note Purchase and Private Shelf Agreement.	Filed herewith.
11	Statement re: Computation of Earnings Per Share.	Filed herewith.
31	Certifications pursuant to Rule 13a–14(a).	Filed herewith.
32	Certifications pursuant to Section 1350 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: June 7, 2022

Consent to Credit Agreement

This Consent to Credit Agreement (this *"Consent"*) dated as of June 6, 2022, is between Oil-Dri Corporation of America (the *"Company"*) and BMO Harris Bank N.A. (the *"Bank"*).

Preliminary Statements

A. The Company, the Domestic Subsidiaries of the Company, and the Bank are parties to a Credit Agreement dated as of January 27, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the *"Credit Agreement"*). All capitalized terms used herein without definition shall have the same meanings herein as in the Credit Agreement.

B. The Company has requested and, subject to the satisfaction of the conditions precedent set forth in Section 3 hereof, the Bank has consented to, a one-time modification to the Credit Agreement.

Section 1. CONSENT.

Upon satisfaction of the conditions precedent contained in Section 3 below, the following definitions shall be modified as follows, effective for the fiscal quarter ending April 30, 2022 and thereafter:

1.1 The definition of Consolidated EBITDA shall be modified by replacing the period at the end of such definition with:

> ", plus (iv) a one-time non-cash goodwill impairment charge relating to the Retail and Wholesale Reporting Segment in an amount equal to $5,644,000, taken during the fiscal quarter ending April 30, 2022, and any subsequent period that includes such fiscal quarter."

1.2 The definition of Consolidated EBITR shall be modified by including the following additional sub-clause (iv) at the end of clause (A)(iii) of such definition:

> ", plus (iv) a one-time non-cash goodwill impairment charge relating to the Retail and Wholesale Reporting Segment in an amount equal to $5,644,000, taken during the fiscal quarter ending April 30, 2022, and any subsequent period that includes such fiscal quarter,"

1.3 The attachment to Exhibit B to the Credit Agreement is amended and restated in its entirety as set forth on Exhibit A attached hereto.

Section 2. REPRESENTATIONS

In order to induce the Bank to execute and deliver this Consent, the Company hereby represents and warrants to the Bank that after giving effect to this Consent, (a) each of the representations and warranties set forth in Section 5 of the Credit Agreement is true and correct in all material respects (or in all respects to the extent subject to or qualified by materiality or similar concepts) on and as of the date of this Consent as if made on and as of the date hereof and as if each reference therein to the Credit Agreement referred to the Credit Agreement as amended hereby and (b) no Default or Event of Default exists under the Credit Agreement.

Section 3. CONDITIONS PRECEDENT.

This Consent shall become effective upon satisfaction of the following conditions precedent:

3.1. The Company and the Bank shall have executed and delivered this Consent, and each Guarantor shall have executed and delivered its consent to this Consent in the space provided for that purpose below.

3.2. The Bank's special counsel, Chapman and Cutler LLP, shall have received payment of its outstanding invoice.

Section 4. MISCELLANEOUS

4.1. The Credit Agreement shall continue in full force and effect in accordance with its original terms. Reference to this specific Consent need not be made in the Credit Agreement, the Note, or any other instrument or document executed in connection therewith, or in any certificate, letter or communication issued or made pursuant to or with respect to the Credit Agreement, any reference in any of such items to the Credit Agreement being sufficient to refer to the Credit Agreement modified hereby.

4.2. The Company agrees to pay on demand all costs and expenses of or incurred by the Bank in connection with the negotiation, preparation, execution, and delivery of this Consent.

4.3. This Consent may be executed in any number of counterparts, and by the different parties on different counterpart signature pages, all of which taken together shall constitute one and the same agreement. Any of the parties hereto may execute this Consent by signing any such counterpart and each of such counterparts shall for all purposes be deemed to be an original. Delivery of executed counterparts of this Consent by facsimile transmission or by e-mail transmission of a portable document format file (also known as a "PDF" file) shall be effective as an original. This Consent shall be governed by, and construed in accordance with, the internal laws of the State of Illinois.

[Signature Pages to Follow]

This Consent to Credit Agreement is dated as of the date first above written.

Oil-Dri Corporation of America, as the Company

By /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Chief Financial Officer

BMO Harris Bank N.A., as the Bank

By /s/ Marissa Kerley
Name: Marissa Kerley
Title: Director

Guarantors' Acknowledgment, Consent, and Reaffirmation

Each of the undersigned has heretofore guaranteed the due and punctual payment of all present and future Obligations pursuant to Section 9 of the Credit Agreement and hereby consents to the Consent to the Credit Agreement as set forth above and confirms that all of the obligations of the undersigned thereunder remain in full force and effect. Each of the undersigned further agrees that the consent of the undersigned to any further modification to the Credit Agreement shall not be required as a result of this consent having been obtained. Each of the undersigned acknowledges that the Bank is relying on the assurances provided for herein in entering into this Consent and maintaining credit outstanding to the Company under the Credit Agreement as so modified.

Oil-Dri Corporation of Georgia **Oil-Dri Production Company**

By /s/ Susan M. Kreh By /s/ Susan M. Kreh
Name: Susan M. Kreh Name: Susan M. Kreh
Title: Vice President Title: Vice President

Mounds Production Company, LLC **Mounds Management, Inc.**

By Mounds Management, Inc.
Its Managing Member

By /s/ Susan M. Kreh By /s/ Susan M. Kreh
Name: Susan M. Kreh Name: Susan M. Kreh
Title: Vice President Title: Vice President

Blue Mountain Production Company **Amlan International**

By /s/ Susan M. Kreh By /s/ Susan M. Kreh
Name: Susan M. Kreh Name: Susan M. Kreh
Title: Vice President Title: Vice President

Taft Production Company

By /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

EXHIBIT A

Attachment to Compliance Certificate
Oil-Dri Corporation of America

Compliance Calculations for Credit Agreement
Dated as of January 27, 2006
Calculations as of _____________, 20__

A. Consolidated Debt Ratio (Section 7.17(a))

1. Consolidated Debt as defined _____________

2. Net Worth _____________

3. Ratio of Line A1 to A2
(*"Consolidated Debt Ratio"*) ________ to 1.0

4. As listed in Section 7.17(b), for the date of this Certificate, the Consolidated Debt Ratio shall be less than 0.55 to 1.0

5. Company is in compliance?
(Circle yes or no) Yes/No

B. Fixed Charge Coverage Ratio (Section 7.17(b))

1. Net Income

(a) Interest Expense ____________________

(b) Federal, state, and local taxes ____________________

(c) Lease and rental expense ____________________

(d) One time non cash goodwill impairment charge relating to the Retail and Wholesale Reporting Segment in an amount equal to $5,644,000, taken during the fiscal quarter ending April 30, 2022, and any subsequent period that includes such fiscal quarter ____________________

3. Sum of Lines 1, 2(a), (b), (c) and (d) ____________________

4. Interest Income ____________________

5. Gains on sales of fixed assets ____________________

6. Sum of Lines 4 and 5 ____________________

7. Line 3 minus Line 6 (*"Consolidated EBITR"*) ____________________

8. Sum of Line 2(a) and 2(c) ____________________

9. Line 8 minus line 4 (*"Consolidated Fixed Charges"*) ____________________

10. Ratio of Line 7 to Line 9 ____________________

11. As listed in Section 7.17(c), for the date of this Certificate, the Line 10 ratio shall not be greater than 1.50:1

12. Company is in compliance? (Circle Yes or No) Yes/No

<u>Execution Version</u>

June 3, 2022

OIL-DRI CORPORATION OF AMERICA
410 North Michigan Avenue, Suite 400
Chicago, Illinois 60611
Attention: Chief Financial Officer

Re: <u>Amendment No. 2 to Amended and Restated Note Purchase and Private Shelf Agreement</u>

Ladies and Gentlemen:

Reference is made to the Amended and Restated Note Purchase and Private Shelf Agreement (as amended by Amendment No. 1 to Amended and Restated Note Purchase and Private Shelf Agreement dated as of December 16, 2021, the **"Note Agreement"**), dated as of May 15, 2020 between Oil-Dri Corporation of America, a Delaware corporation (the **"Company"**), on the one hand, and PGIM, Inc. (**"Prudential"**), the Existing Holders, the Effective Date Purchasers named in the Purchaser Schedule attached thereto and each other Prudential Affiliate (as defined therein) which becomes a party thereto, on the other hand. Capitalized terms used herein that are not otherwise defined herein shall have the meaning specified in the Note Agreement.

The Company has requested that the Holders agree to certain amendments to the Note Agreement as set forth below. Subject to the terms and conditions hereof, the Holders are willing to agree to such request. Accordingly, and in accordance with the provisions of paragraph 11C of the Note Agreement, the parties hereto agree as follows:

SECTION 1. <u>Amendments to the Note Agreement</u>. From and after the Effective Date (as defined in Section 3 hereof), the Note Agreement is hereby amended as follows, effective for the fiscal quarter ending April 30, 2022 and thereafter:

1.1. The definition of Consolidated EBITDA in paragraph 10B of the Note Agreement shall be amended and restated in its entirety as follows:

> **"Consolidated EBITDA"** shall mean, with reference to any period, Net Income for such period plus all amounts deducted in arriving at such Net Income amount in respect of (i) Interest Expense for such period, plus (ii) federal, state and local income taxes for such period, plus (iii) all amounts properly charged for depreciation of fixed assets and amortization of intangible assets during such period on the books of the Company and its Subsidiaries, plus (iv) a one-time

non-cash goodwill impairment charge relating to the Retail and Wholesale Reporting Segment in an amount equal to $5,644,000, taken during the fiscal quarter ending April 30, 2022, and any subsequent period that includes such fiscal quarter.

1.2. The definition of Consolidated Income Available for Fixed Charges in paragraph 10B of the Note Agreement shall be amended and restated in its entirety as follows:

"Consolidated Income Available for Fixed Charges" shall mean, with respect to any period, Consolidated Net Income for such period plus all amounts deducted in the computation thereof on account of (a) Fixed Charges, (b) taxes imposed on or measured by income or excess profits and (c) a one-time non-cash goodwill impairment charge relating to the Retail and Wholesale Reporting Segment in an amount equal to $5,644,000, taken during the fiscal quarter ending April 30, 2022, and any subsequent period that includes such fiscal quarter.

SECTION 2. Representations and Warranties. The Company and each Guarantor represents and warrants that (a) the execution and delivery of this letter by the Company or such Guarantor has been duly authorized by all necessary corporate or limited liability company action on behalf of such Person, this letter has been executed and delivered by a duly authorized officer of such Person, and this letter constitutes legal, valid and binding obligations of such Person, enforceable against such Person in accordance with its terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law),
(b) each representation and warranty set forth in paragraph 8 of the Note Agreement and the other Transaction Documents to which it is a party is true and correct as of the date of execution and delivery of this letter by such Transaction Party with the same effect as if made on such date, after giving effect to this letter (except to the extent such representations and warranties expressly refer to an earlier date, in which case they were true and correct as of such earlier date), and (c) no Event of Default or Default exists or has occurred and is continuing on the date hereof, immediately after giving effect to this letter.

SECTION 3. Conditions Precedent. The amendments in Section 1 of this letter shall become effective as of date (the "**Effective Date**") that each of the following conditions has been satisfied:

3.1 Documents. Prudential and the holders of Notes shall have received all of the following, in form and substance satisfactory to Prudential or such holder:

(i) counterparts of this letter executed by the Company, each Guarantor, Prudential and the Required Holder(s); and

(ii) a copy of the corresponding amendment to the Credit Agreement amending the definition of Consolidated EBITDA and Consolidated EBITR, duly executed by the Company and BMO Harris Bank N.A., and the conditions precedent to the effectiveness of such amendment shall have been satisfied and such amendment shall be in full force and effect.

3.2. Fees and Expenses. The Company shall have paid the reasonable and documented fees, charges and out-of-pocket disbursements of ArentFox Schiff LLP, special counsel to Prudential and the holders of Notes, incurred in connection with this letter agreement.

SECTION 4. Reference to and Effect on Note Agreement; Ratification of Transaction Documents. Upon the effectiveness of the amendments in Section 1 of this letter, each reference to the Note Agreement in any other Transaction Document shall mean and be a reference to the Note Agreement as modified by this letter. Except as specifically set forth in Section 1, the Note Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. Except as expressly amended hereby, each of the Note Agreement and the other Transaction Documents are hereby ratified and confirmed in all respects and shall continue in full force and effect. Except as specifically stated in this letter, the execution, delivery and effectiveness of this letter shall not (a) amend the Note Agreement or any other Transaction Document, (b) operate as a waiver of any right, power or remedy of Prudential or any holder of Notes, or (c) constitute a waiver of, or consent to any departure from, any provision of the Note Agreement or any other Transaction Document at any time. The execution, delivery and effectiveness of this letter shall not be construed as a course of dealing or other implication that Prudential or any holder of Notes has agreed to or is prepared to grant any consents or agree to any waiver to the Note Agreement in the future, whether or not under similar circumstances.

SECTION 5. Expenses. The Company hereby confirms its obligations under the Note Agreement, whether or not the transactions hereby contemplated are consummated, to pay, promptly after request by any holder of the Notes, all reasonable and documented out-of-pocket costs and expenses, including attorneys' fees and expenses, incurred by any holder of the Notes in connection with this letter agreement or the transactions contemplated hereby, in enforcing any rights under this letter agreement, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this letter agreement or the transactions contemplated hereby to the extent provided in paragraph 11B of the Note Agreement. The obligations of the Company under this Section 5 shall survive transfer by any holder of any Note and payment of any Note.

SECTION 6. Reaffirmation. Each Guarantor hereby consents to the foregoing amendments to the Note Agreement, hereby ratifies and reaffirms all of their payment and performance obligations, contingent or otherwise, under the Guaranty Agreement to which it is a party after giving effect to such amendments. Each Guarantor hereby acknowledges that, notwithstanding the foregoing amendments, that the Guaranty Agreement to which it is a party remains in full force and effect and is hereby ratified and confirmed. Without limiting the generality of the foregoing, each Guarantor agrees and confirms that the Guaranty Agreement to which it is a party continues to guaranty the Guarantied Obligations (as defined in such Guaranty Agreement) arising under or in connection with the Note Agreement, as amended by this letter agreement. The execution of this letter shall not operate as a novation, waiver of any right, power or remedy of any holder of any Note under any Guaranty Agreement.

SECTION 7. <u>Governing Law</u>. THIS LETTER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE STATE OF ILLINOIS (EXCLUDING ANY CONFLICTS OF LAW RULES WHICH WOULD OTHERWISE CAUSE THIS LETTER TO BE CONSTRUED OR ENFORCED IN ACCORDANCE WITH, OR THE RIGHTS OF THE PARTIES TO BE GOVERNED BY, THE LAWS OF ANY OTHER JURISDICTION).

SECTION 8. <u>Counterparts; Section Titles</u>. This letter may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this letter by facsimile or electronic transmission (including by ".pdf") shall be effective as delivery of a manually executed counterpart of this letter. The section titles contained in this letter are and shall be without substance, meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

(Signature Page Follows)

Very truly yours,

PGIM, INC.

By: /s/ Thomas Molzahn
Thomas Molzahn
Vice President

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: PGIM, Inc. (as Investment Manager)

By: /s/ Thomas Molzahn
Thomas Molzahn
Vice President

PRU US PP CREDIT BM FUND

By: PGIM Private Placement Investors, L.P., as Investment Advisor

By: PGIM Private Placement Investors, Inc., as General Partner

By: /s/ Thomas Malzahn
Thomas Molzahn
Vice President

PRUDENTIAL TERM REINSURANCE COMPANY

By: PGIM, Inc., as investment manager

By: /s/ Thomas Molzahn
Thomas Molzahn
Vice President

THE PRUDENTIAL LIFE INSURANCE COMPANY, LTD.

By: PGIM Japan Co., Ltd., as Investment Manager

By: PGIM, Inc., as Sub-Adviser

By: /s/ Thomas Molzahn
Thomas Molzahn
Vice President

ZURICH AMERICAN INSURANCE COMPANY

By: PGIM Private Placement Investors, L.P.
(as Investment Advisor)

By: PGIM Private Placement Investors, Inc.
(as its General Partner)

By: /s/ Thomas Molzahn
Thomas Molzahn
Vice President

ZURICH AMERICAN LIFE INSURANCE COMPANY

By: PGIM Private Placement Investors, L.P.
(as Investment Advisor)

By: PGIM Private Placement Investors, Inc.
(as its General Partner)

By: /s/ Thomas Molzahn
Thomas Molzahn
Vice President

The foregoing letter is
hereby accepted as of the
date first above written

OIL-DRI CORPORATION OF AMERICA,
a Delaware Corporation

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Chief Financial Officer

OIL-DRI CORPORATION OF GEORGIA,
a Georgia corporation

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

OIL-DRI PRODUCTION COMPANY,
a Mississippi corporation

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

MOUNDS PRODUCTION COMPANY, LLC,
an Illinois limited liability company

By: Mounds Management, Inc.,
Its Manager

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

MOUNDS MANAGEMENT, INC.,
a Delaware corporation

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

BLUE MOUNTAIN PRODUCTION COMPANY
a Mississippi corporation

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

TAFT PRODUCTION COMPANY
a Delaware corporation

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

AMLAN INTERNATIONAL,
a Nevada corporation

By: /s/ Susan M. Kreh
Name: Susan M. Kreh
Title: Vice President

Exhibit 11:

OIL-DRI CORPORATION OF AMERICA AND SUBSIDIARIES
Computation of Earnings Per Share
(in thousands, except per share amounts)

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2022	**2021**	**2022**	**2021**
Net (losses) income available to stockholders	**$ (2,109)**	$ 2,227	**$ 478**	$ 10,510
Less: Distributed and undistributed earnings (losses) allocated to non-vested restricted stock	**67**	(99)	**(54)**	(495)
(Losses) Earnings available to common shareholders	**$ (2,042)**	$ 2,128	**$ 424**	$ 10,015
Shares Calculation				
Average shares outstanding - Basic Common	**4,932**	5,133	**5,042**	5,144
Average shares outstanding - Basic Class B Common	**1,939**	1,925	**1,933**	1,928
Potential Common Stock - Basic Common - relating to non-vested restricted stock[1]	**—**	109	**111**	112
Potential Common Stock - Basic Class B Common - relating to non-vested restricted stock[1]	**—**	40	**30**	41
Average shares outstanding - Assuming dilution	**6,871**	7,207	**7,116**	7,225
Net (Loss) Income Per Share: Basic Common	**$ (0.32)**	$ 0.32	**$ 0.06**	$ 1.52
Net (Loss) Income Per Share: Basic Class B Common	**$ (0.24)**	$ 0.24	**$ 0.05**	$ 1.14
Net (Loss) Income Per Share: Diluted Common	**$ (0.32)**	$ 0.32	**$ 0.06**	$ 1.49
Net (Loss) Income Per Share: Diluted Class B Common	**$ (0.24)**	$ 0.24	**$ 0.05**	$ 1.11

[1] The effect of certain potential common stock equivalents were excluded from the computation of average diluted shares outstanding for the three months ended April 30, 2022 as inclusion would have been anti-dilutive. A summary of these average anti-dilutive potential common share equivalents is provided in the table below:

	For the Three Months Ended April 30,
	2022
ntial Common Stock - Basic Common - relating to non-vested restricted stock	101
ntial Common Stock - Basic Class B Common - relating to non-vested cted stock	19

Exhibit 31:

CERTIFICATIONS PURSUANT TO RULE 13A -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: June 7, 2022

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:	June 7, 2022
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, 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 April 30, 2022 (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: June 7, 2022

/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, 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 April 30, 2022 (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: June 7, 2022

/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 April 30, 2022. 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 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 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 ($)	Pending as of Last Day of Period (#)	Initiated During Period (#)	Resolved During Period (#)
Ochlocknee, Georgia	1	—	—	—	—	—	—	—	—
Ripley, Mississippi	17	—	4	—	—	93,737	1	1	—
Mounds, Illinois	5	—	—	—	—	6,262	—	—	—
Blue Mountain, Mississippi	4	—	—	—	—	15,538	—	—	—
Taft, California	5	—	—	—	—	5,371	—	—	—

We had no mining-related fatalities at any of our facilities during the three months ended April 30, 2022. During this period we also received no written notices from MSHA under section 104(e) of the Mine Act of (i) a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards; or (ii) the potential to have such a pattern. All legal actions pending and initiated during the period were contests of proposed penalties.