



balchem[®]
Solve Today. Shape Tomorrow.



Investor Presentation Q1 2024

Safe Harbor Statement

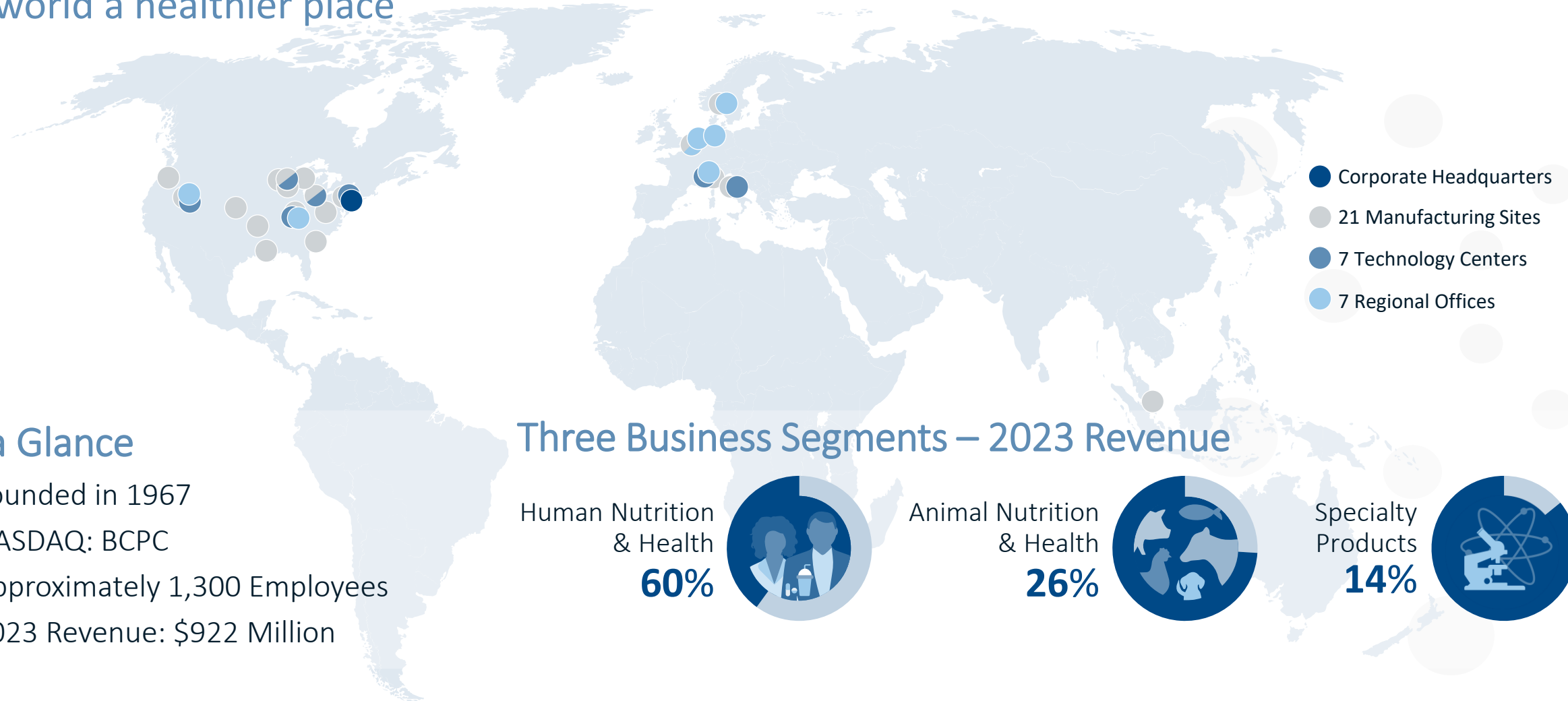
- During the course of this presentation, management may make forward-looking statements regarding financial performance and future events.
- We will attempt to identify these statements by use of words such as expect, believe, anticipate, intend, and other words that denote future events. You should understand that, even though our forward-looking statements are based on assumptions we believe are reasonable when made, they are still subject to uncertainties that could cause actual results to differ materially from those in the forward-looking statements.
- We caution you to consider the important risk and other factors as set forth in the forward-looking statements section and in Item 1A risk factors in our Annual Reports on Form 10-K as filed with the U.S. Securities and Exchange Commission that could cause actual results to differ from those in the forward-looking statements as contained in this presentation.
- Forward-looking statements made herein are summaries of previous public disclosures, do not represent revised guidance, and we do not undertake to revise or update them from the date or dates of previous disclosure.
- In the case of any presentation delivered during the company's prescribed black-out periods, there will be no discussion or questions addressed regarding the current quarter's expected performance.

Agenda

- **Balchem Overview**
- Vision and Strategic Focus
- Financial Performance & Capital Allocation
- Corporate Social Responsibility
- Wrap Up
- Appendix
 - GAAP to Non-GAAP reconciliations

Balchem Corporation

Balchem develops, manufactures, and markets specialty ingredients that help make the world a healthier place



At a Glance

- Founded in 1967
- NASDAQ: BCPC
- Approximately 1,300 Employees
- 2023 Revenue: \$922 Million

Three Business Segments – 2023 Revenue



Executive Leadership



Ted Harris | Chairman, President, and CEO

- Joined Balchem in May 2015
- Prior to Balchem was a Senior VP of Ashland Inc. where he held a series of senior leadership roles over 10+ years
- Independent director and member of the Board of Directors of Pentair plc.
- MBA from Harvard University and bachelor's degree from Lehigh University in chemical engineering

Martin Bengtsson | CFO

- Joined Balchem in February 2019
- Prior to Balchem had a 15-year career at Honeywell and most recently was CFO for the \$11B Performance Materials & Technologies segment
- Bachelor's degree from Northwestern University in economics and began career as Senior Auditor for Deloitte



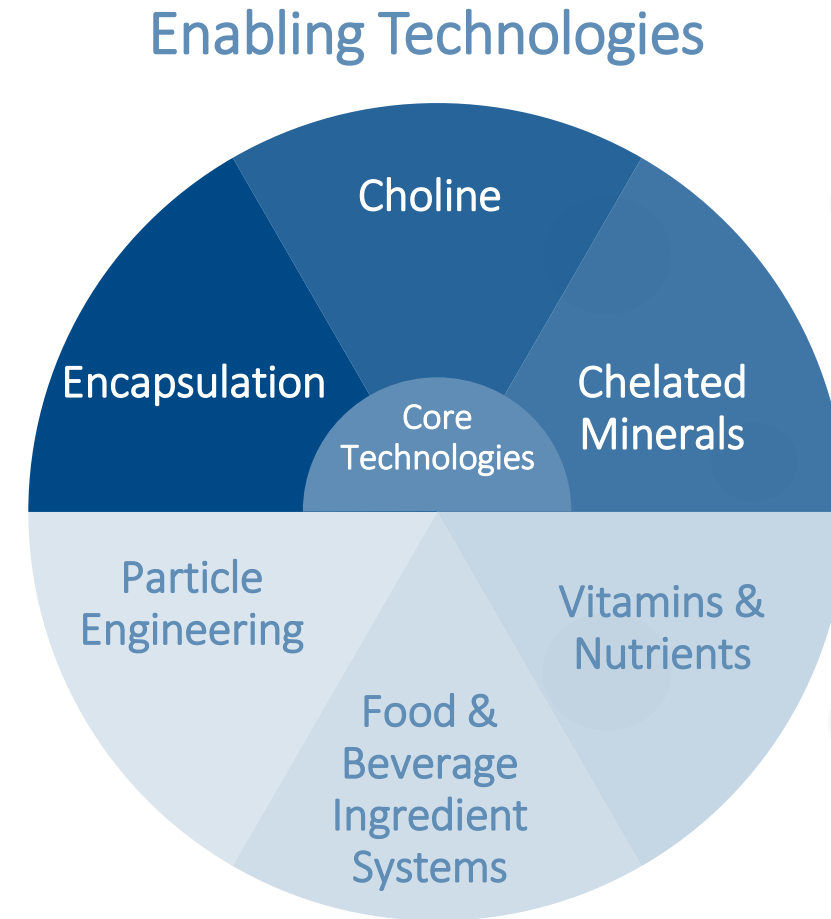
Balchem's Value Proposition

Value to our Customers

- High efficacy nutrients essential for life
- Enhanced animal health and feed productivity
- Functional ingredient systems formulations and application expertise
- Crop protection and yield improvement
- Complete supply chain capabilities and assurance

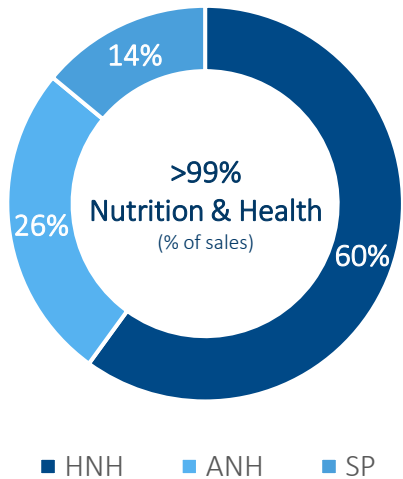
Value to society

- Increased health and well-being of humans and animals
- Enhanced food chain productivity to give a growing population sustainable access to food



Segment Overview

Leveraging Solutions Across Segments



Segment	Markets Served	Solutions
Human Nutrition & Health	<ul style="list-style-type: none"> • Nutritional Supplements • Food and Beverage • Infant & Toddler Formula • Organic Cereal 	<ul style="list-style-type: none"> • Microencapsulation • Choline, & Vitamin K2 • Chelated Minerals • Powder, Flavor, & Cereal Systems
Animal Nutrition & Health	<ul style="list-style-type: none"> • Dairy • Poultry and Swine • Companion Animal • Aquaculture 	<ul style="list-style-type: none"> • Microencapsulation • Choline • Chelated Minerals • Amino Acids and Other Nutrients
Specialty Products	<ul style="list-style-type: none"> • Medical Device Sterilization • Nut and Spice Fumigation • Plant Nutrition 	<ul style="list-style-type: none"> • Chelated Minerals • Performance Gases re-packaging and supply chain capabilities
Other	<ul style="list-style-type: none"> • Oil and Gas Fracking • Other Industrial Markets 	<ul style="list-style-type: none"> • Choline • Choline Derivatives

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Our vision

is clear – to make the world a healthier place.

Our mission

is focused – to build a global nutrition and health company delivering trusted, innovative and science-based solutions to our customers.

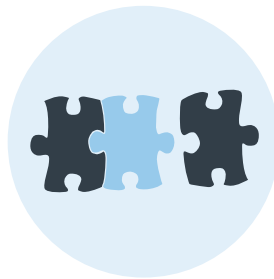
Our Core Values



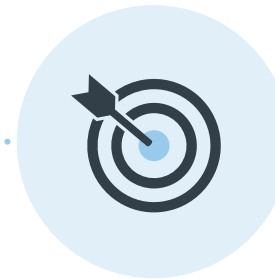
Always doing the **right** thing



Thinking **big** and acting small



Collaborating and growing **together**



Playing to **win**



Staying focused on the **customer**

How Do We Make the World a Healthier Place?

Improve nutrient bioavailability for animals, reducing feed inputs and land required to produce high quality animal protein

Help farmers grow crops that are hardier when faced with stressors like disease and pests

Provide food, beverage, and dietary supplement ingredients that support cognitive, emotional, and physical well-being across generations

Power the day with plant & animal proteins, healthy fats, minerals, nutrients, and specialty nutraceuticals

Support prenatal, infant and toddler health with targeted nutritional ingredients

Create higher yields and higher quality crops with fewer inputs.

Improve nutrient bioavailability to reduce animal waste excreted into the environment

Decrease food waste from farm to table via natural technologies

Provide nutritious foods for companion animals

Provide products and services to medical device sterilizers



Strategic Focus

- **Strengthening Positions in Attractive, Growing Markets**
 - Building scale, adding adjacent capabilities, expanding market and geographic reach, broadening our portfolio of solutions, investing in new science, enabling market awareness
- **Driving Organic Growth**
 - Creating new demand through innovation, market penetration, new product launches, geographic expansion, and expanding addressable markets
- **Strategic M&A**
 - Augment organic growth and accelerate strategic initiatives
- **Excellence in Execution**
 - Maintaining a strong margin profile, efficient cash flow conversion, and a solid balance sheet

Growth Platforms

Multiple platforms to drive growth

Human Nutrition & Health

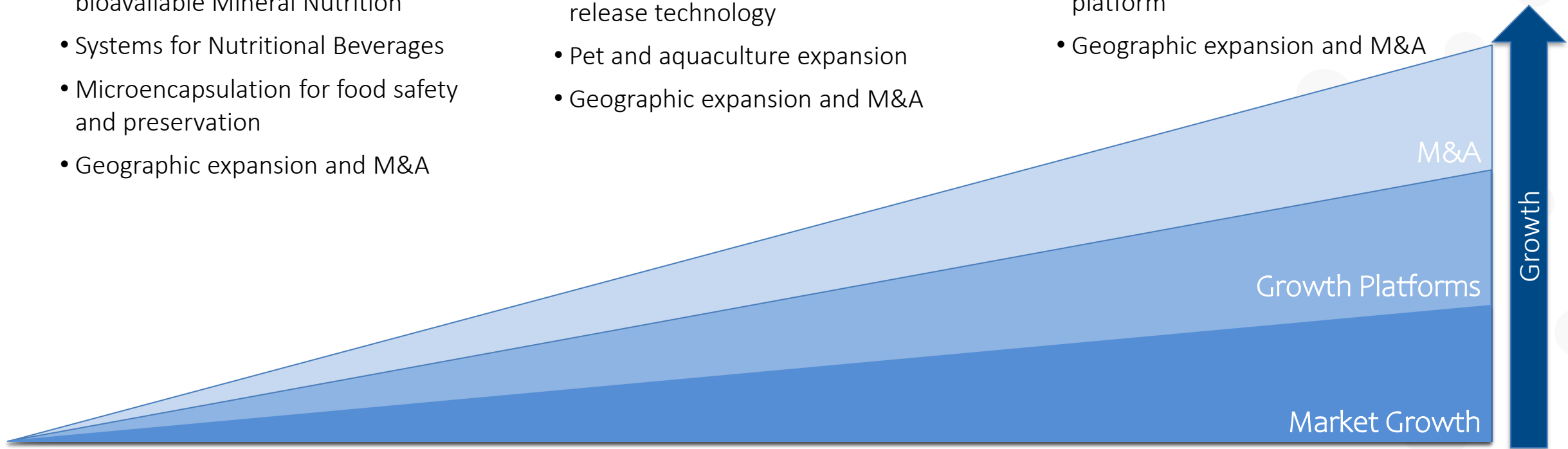
- Realize Choline and Vitamin K2 market potential
- Transition from low to high bioavailable Mineral Nutrition
- Systems for Nutritional Beverages
- Microencapsulation for food safety and preservation
- Geographic expansion and M&A

Animal Nutrition & Health

- Rumen-protected nutrients for Dairy
- Reashure® penetration
- Next generation rumen by-pass and release technology
- Pet and aquaculture expansion
- Geographic expansion and M&A

Specialty Products

- Plant micronutrients penetration and application
- Leveraging Global Performance Gases platform
- Geographic expansion and M&A



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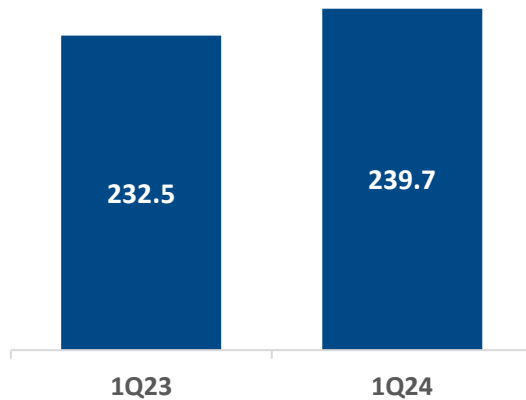
Q1 2024 Financial Summary

Profitability growth and margin expansion

Sales

(\$M)

↑ 3.1%

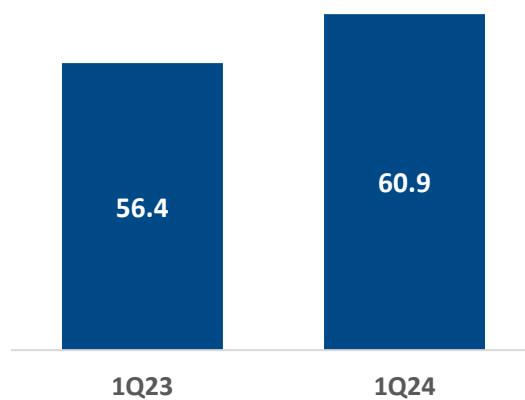


- Growth driven by strong Human Nutrition & Health segment sales

Adj. EBITDA

(\$M)

↑ 8.0%

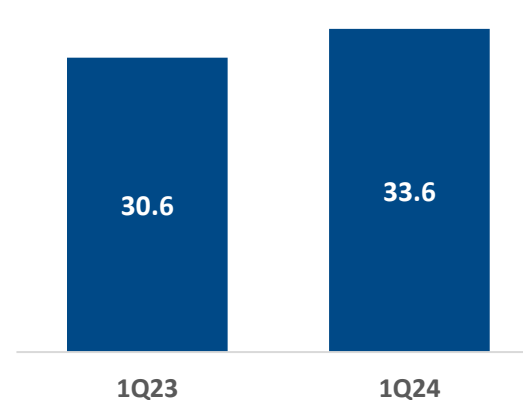


- Adj. EBITDA growth driven by sales growth and favorable portfolio mix

Adj. Net Earnings

(\$M)

↑ 9.8%

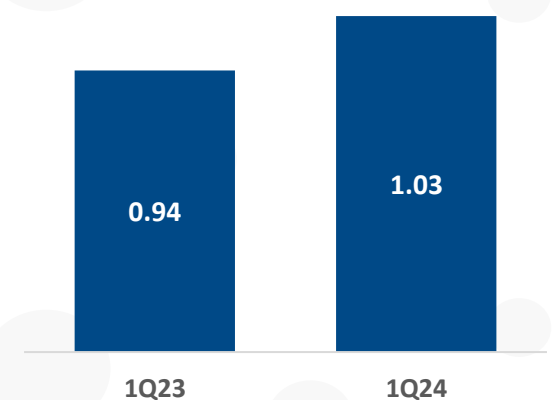


- Driven by sales growth

Adj. EPS

(\$/share)

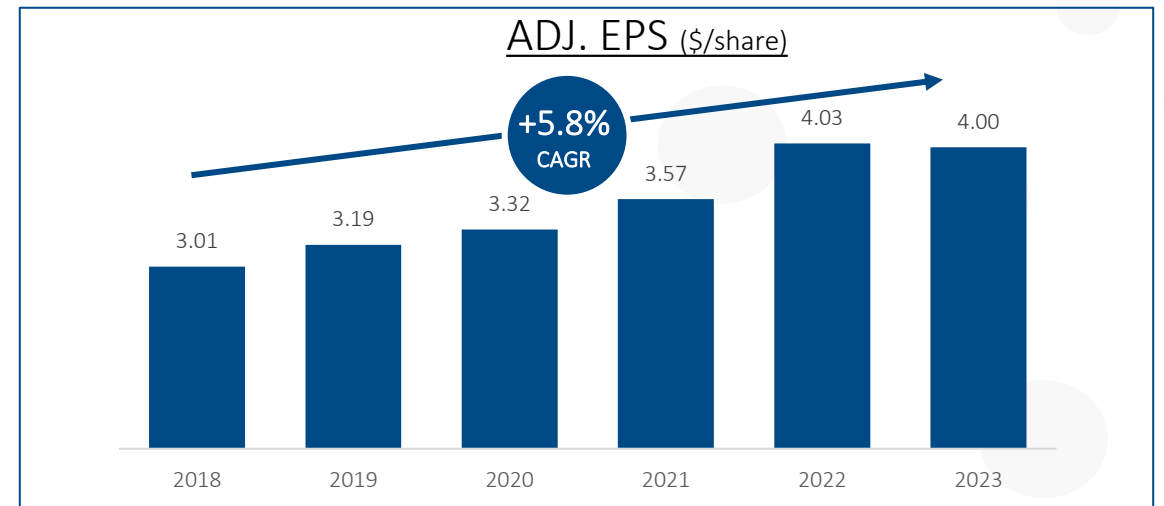
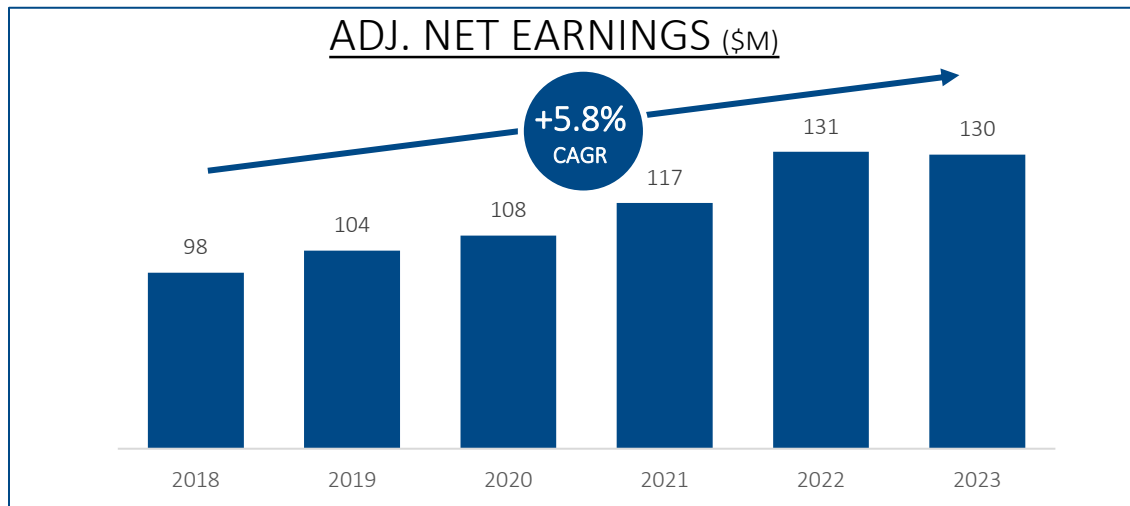
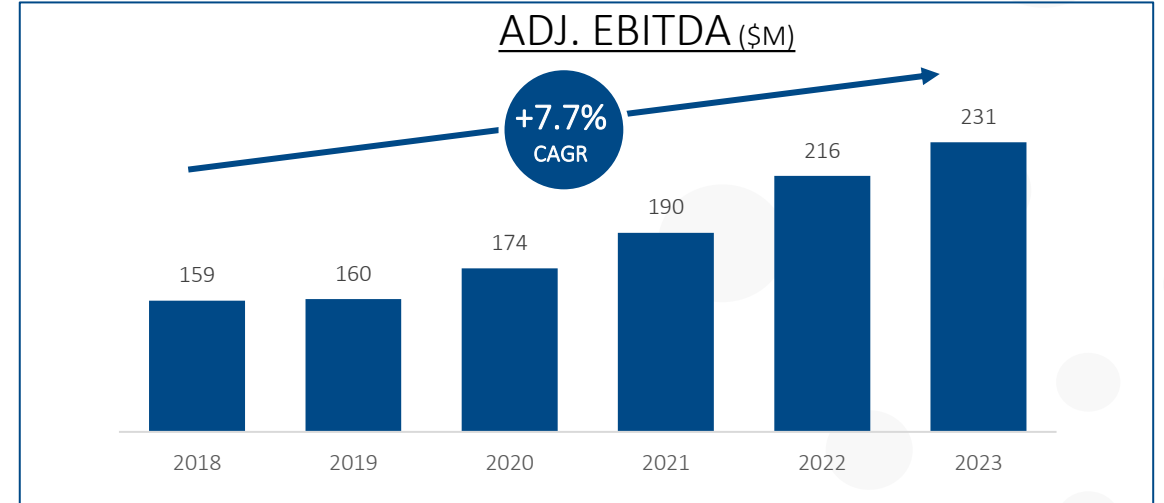
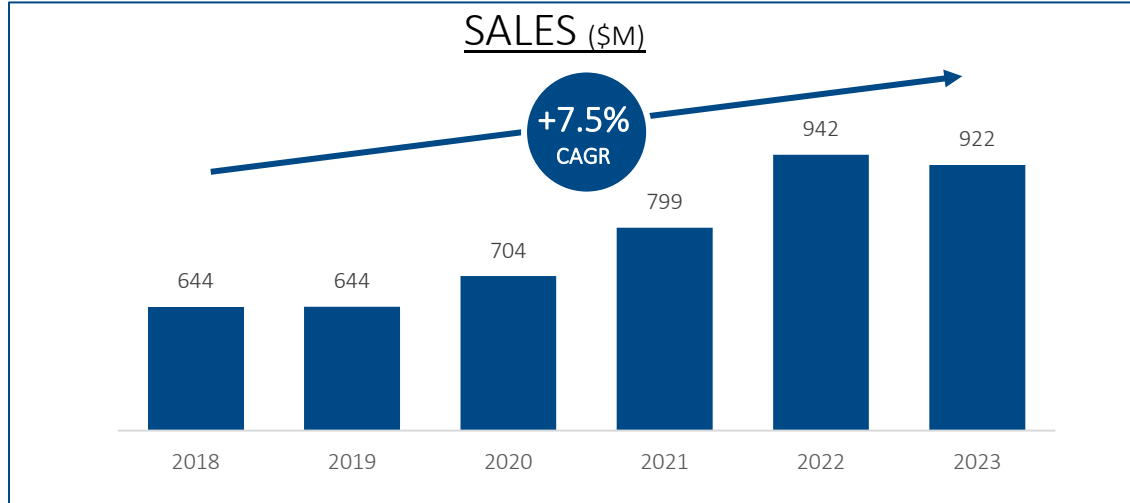
↑ 9.1%



- Growth in earnings slightly offset by an increase in diluted outstanding shares (+0.7%)

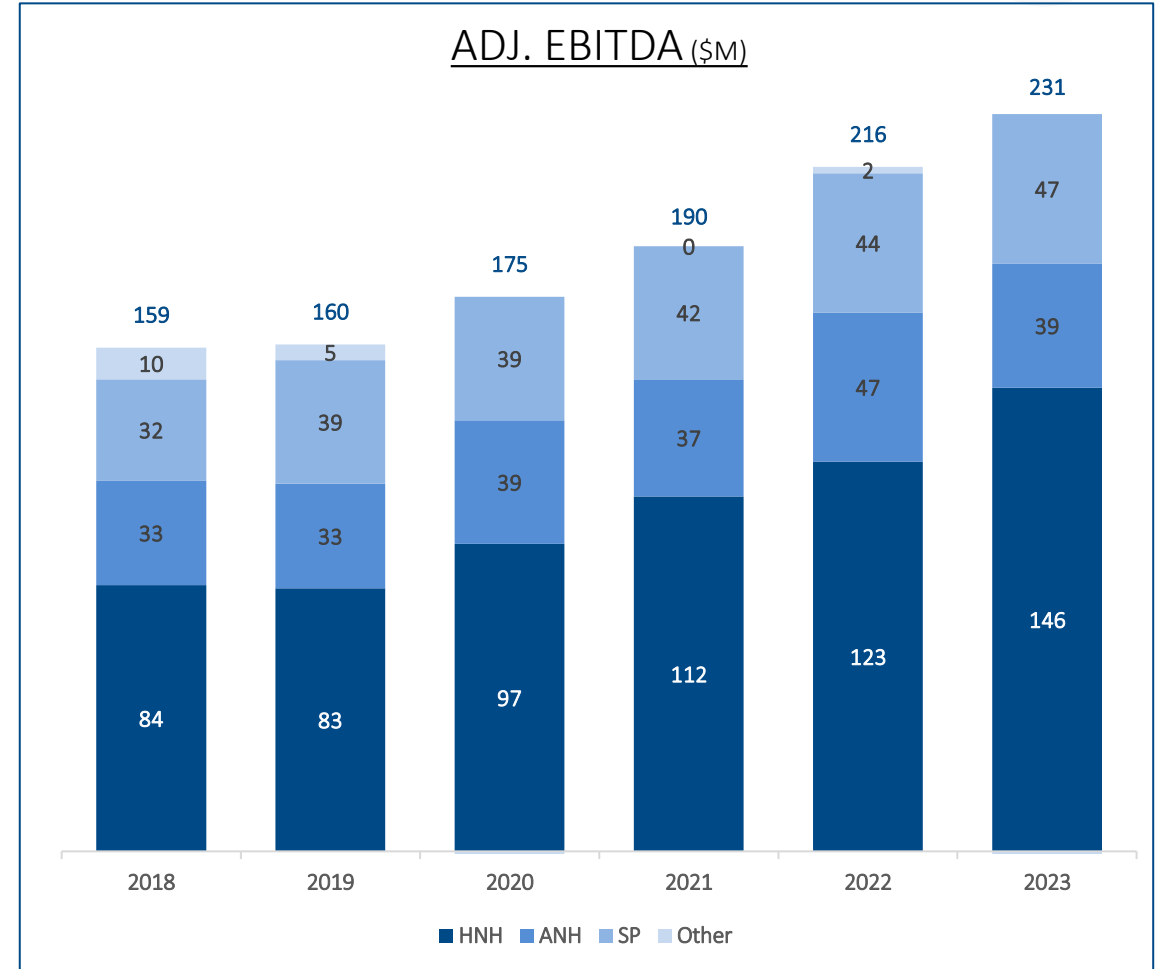
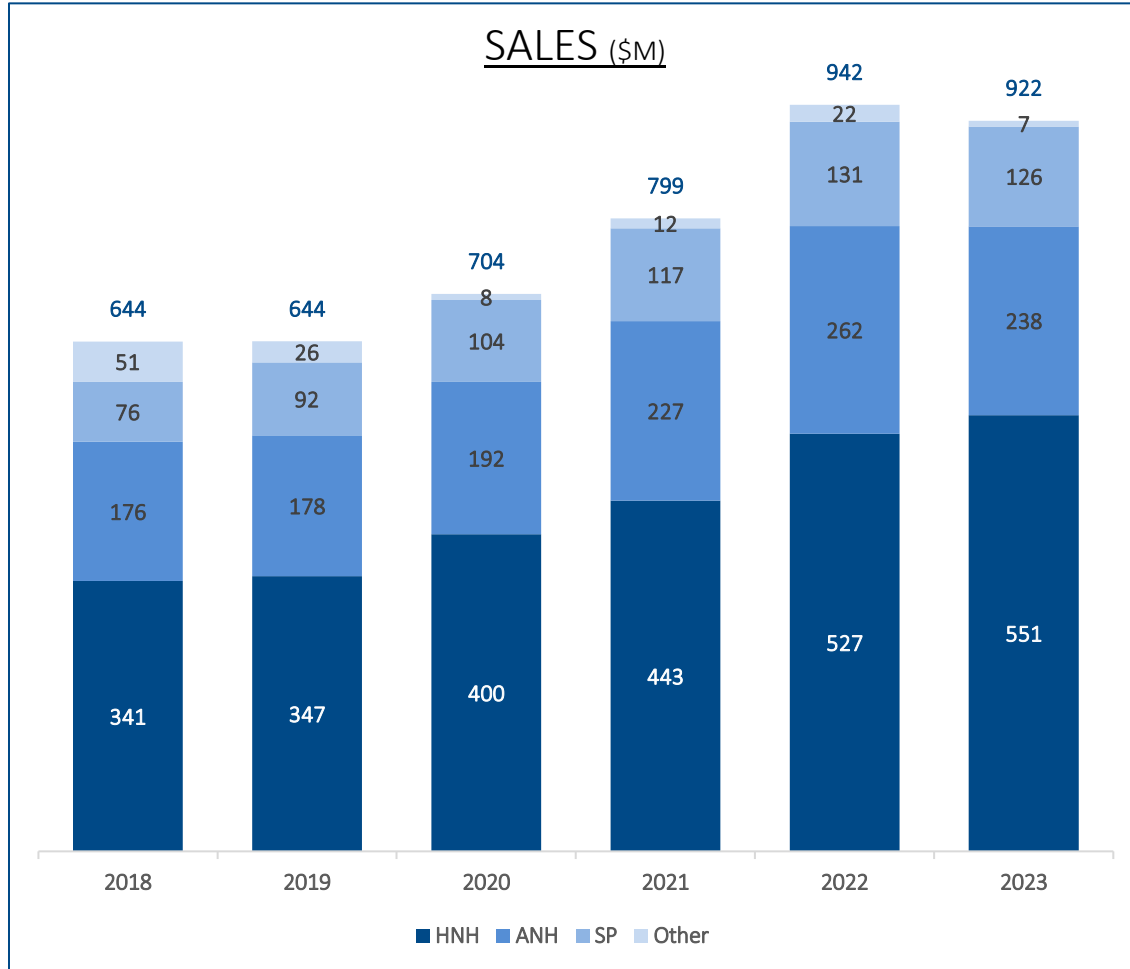
Historical Financials

Consistent performance over the years



Historical Financials

Solid contribution from all reporting segments over the years



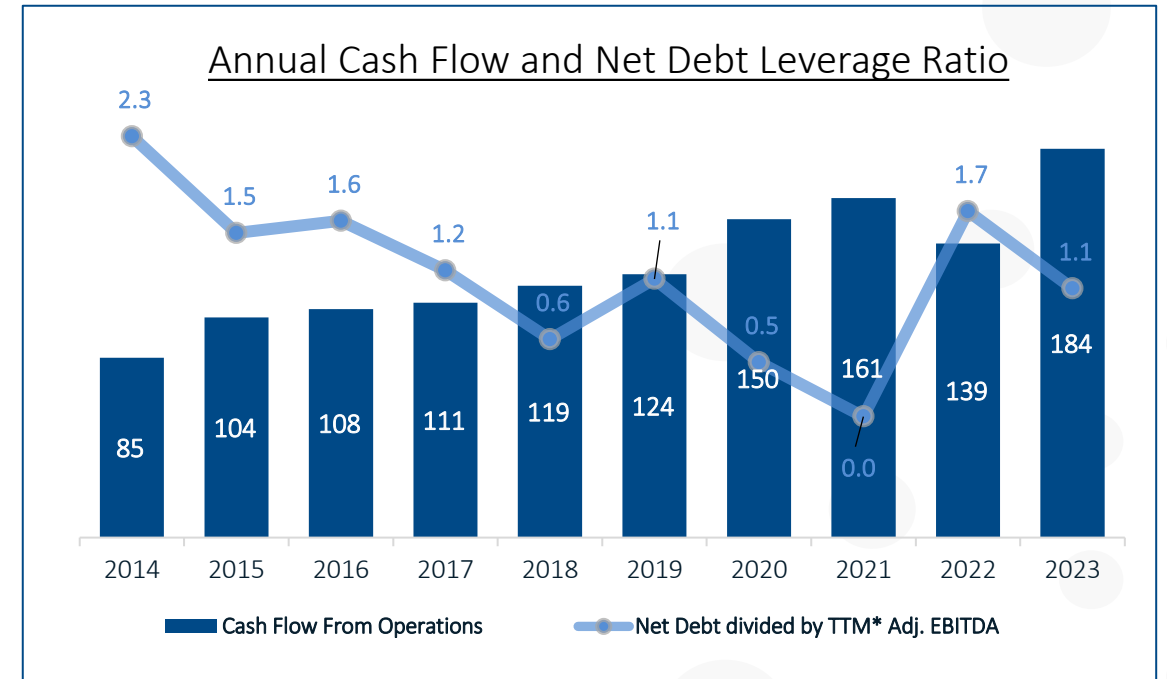
Balchem's Capital Allocation Strategy

Capital allocation Priorities

- Support organic growth opportunities
- Augment growth with targeted M&A
- Diligent debt service
- Continue to pay and grow dividend
- Stock buy-backs for anti-dilution

M&A

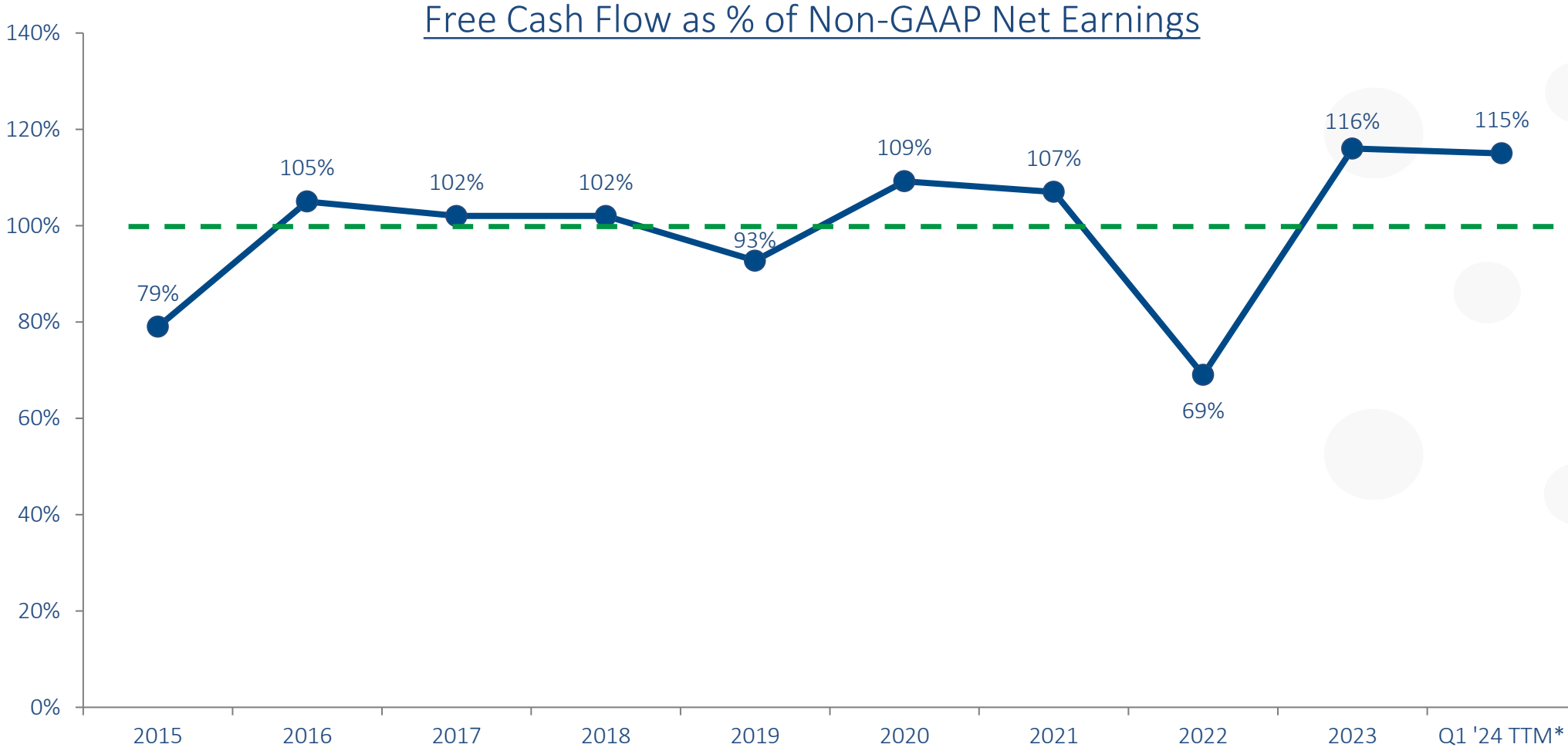
- Eight acquisitions since 2016
- Focus on nutrition and health
- Adding geographic reach and adjacent products/technologies, while consolidating markets



* Trailing Twelve Months (TTM)

Free Cash Flow Conversion

Translating profits into cash



* TTM – Trailing Twelve Months

Recent Acquisitions

Augmenting organic growth with targeted acquisitions close to core

Albion Minerals

- Adjacent product offering in high growth market
- Chelated Magnesium, Iron, Calcium, Zinc etc.

Bioscreen

- Geographic expansion and processing technology
- Microencapsulation and Fermentation

Kappa Bioscience

- Portfolio extension in high growth specialty vitamin market
- Vitamin K2 as MK-7

Bergstrom Nutrition

- Portfolio extension in high growth specialty mineral market
- Specialty sulfur for supplements

2017

Chol-Mix

- Geographic reach into Europe
- Dry Choline Chloride

IFP

- Market consolidation and processing technology
- Microencapsulation and Agglomeration

2019

Chemogas

- Geographic expansion of market leadership to Europe
- Performance gas solutions

Zumbro River Brand

- Consolidation and portfolio extension
- High protein extrusion and agglomeration

2018

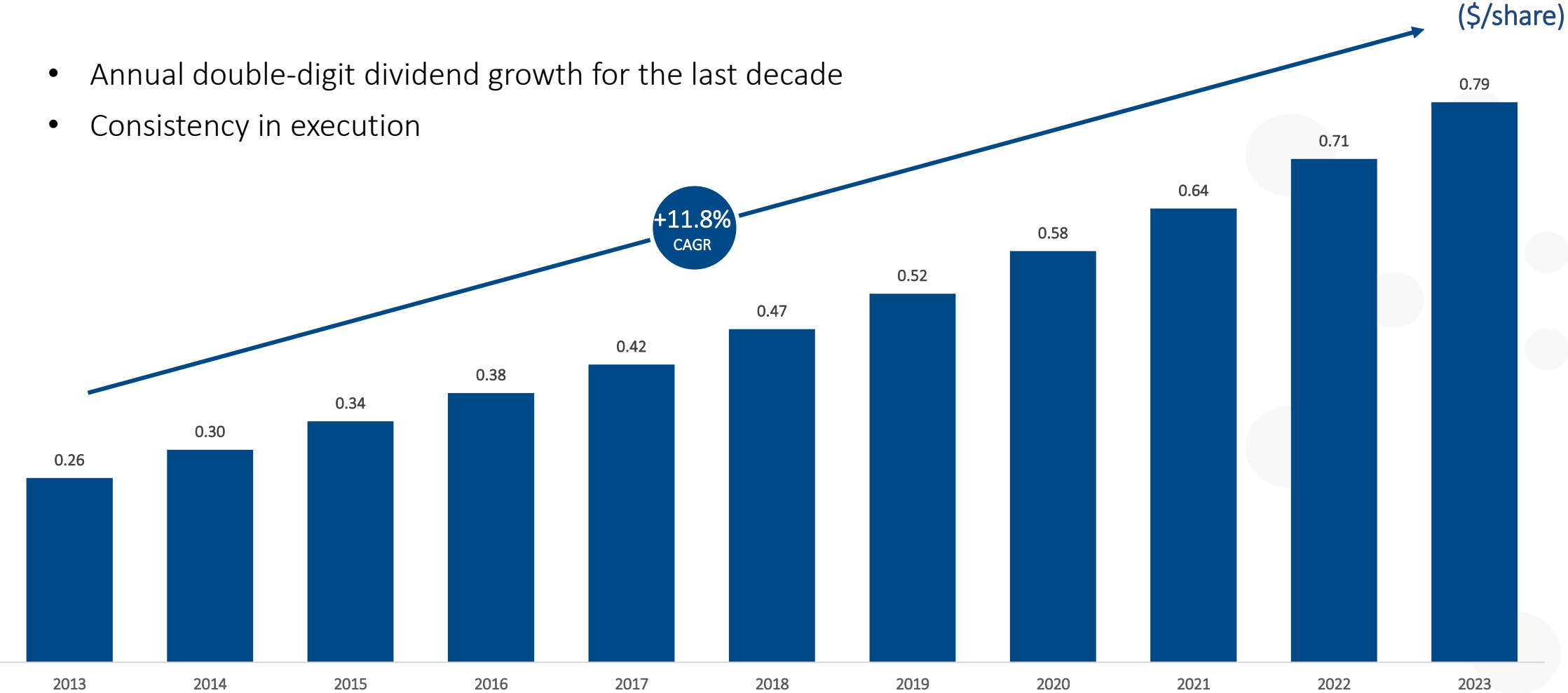
2022

2016

Dividends

Consistent dividend policy

- Annual double-digit dividend growth for the last decade
- Consistency in execution



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Sustainability at Balchem

Our Sustainability Objectives & Framework

Provide innovative solutions for the health & nutritional needs of the world.

Company



People



Planet



Profit

Culture

Operate with excellence as strong stewards of our employees, customers, shareholders & communities

Making the world a healthier place

1.1 billion
people reached
in 2023

The total number of people impacted is calculated by measuring the annual consumption of protein and the daily recommended doses of minerals, essential nutrients and vitamins.

Sustainability At Balchem

Supporting a future for all

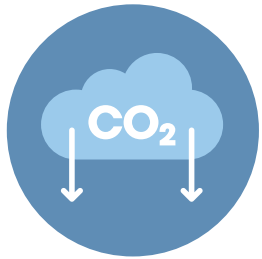
- As a signatory to the United Nations (UN) Global Compact, Balchem supports the Ten Global Principles in the areas of human rights, labor, environment and anti-corruption.
- We are committed to advancing the broad goals of the UN across our areas of influence.

Balchem was named one of **America's Most Responsible Companies** by Newsweek magazine for the fourth consecutive year.



Our 2030 Sustainability Goals and Priorities

2030 Sustainability Goals



Balchem commits to reducing our GHG emissions use by **25%**



Balchem commits to reducing our global water use by **25%**

Our Priority Sustainable Development Goals



Learn more about our sustainability programs



More than 70% of our product line revenues directly support UN SDGs 2, 3, and 12.

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Balchem

A global nutrition and health company delivering trusted, innovative and science-based solutions to our customers

- Leading positions in attractive markets
- Creating new demand through innovation
- Strong financial performance, delivering healthy margins and cash flows available for reinvestment
- Proven track record and well positioned for the future

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- Corporate Social Responsibility
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Non-GAAP Financial Information

Non-GAAP Financial Information

In addition to disclosing financial results in accordance with United States (U.S.) generally accepted accounting principles (GAAP), this earnings release contains non-GAAP financial measures that we believe are helpful in understanding and comparing our past financial performance and our future results. The non-GAAP financial measures in this press release include adjusted gross margin, adjusted earnings from operations, adjusted net earnings and the related adjusted per diluted share amounts, EBITDA, adjusted EBITDA, adjusted income tax expense, and free cash flow. The non-GAAP financial measures disclosed by the company exclude certain business combination accounting adjustments and certain other items related to acquisitions, certain equity compensation, nonqualified deferred compensation plan expense (income), and certain one-time or unusual transactions. Detailed non-GAAP adjustments are described in the reconciliation tables below and also explained in the related footnotes. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated. Investors should not consider non-GAAP measures as alternatives to the related GAAP measures.

Non-GAAP Financial Information - Continued

Table 1

Reconciliation of Non-GAAP Measures to GAAP

(Dollars in thousands, except per share data)

(unaudited)

	Three Months Ended March 31,	
	2024	2023
Reconciliation of adjusted gross margin		
GAAP gross margin	\$ 81,514	\$ 73,170
Inventory valuation adjustment ⁽¹⁾	—	1,202
Amortization of intangible assets and finance lease ⁽²⁾	704	681
Adjusted gross margin	<u>\$ 82,218</u>	<u>\$ 75,053</u>
Reconciliation of adjusted earnings from operations		
GAAP earnings from operations	\$ 41,676	\$ 34,408
Inventory valuation adjustment ⁽¹⁾	—	1,202
Amortization of intangible assets and finance lease ⁽²⁾	6,402	7,350
Transaction and integration costs ⁽³⁾	440	2,165
Nonqualified deferred compensation plan expense ⁽⁴⁾	403	237
Adjusted earnings from operations	<u>\$ 48,921</u>	<u>\$ 45,362</u>
Reconciliation of adjusted net earnings		
GAAP net earnings	\$ 28,986	\$ 22,710
Inventory valuation adjustment ⁽¹⁾	—	1,202
Amortization of intangible assets and finance lease ⁽²⁾	6,474	7,422
Transaction and integration costs ⁽³⁾	440	2,165
Income tax adjustment ⁽⁵⁾	(2,316)	(2,918)
Adjusted net earnings	<u>\$ 33,584</u>	<u>\$ 30,581</u>
Adjusted net earnings per common share - diluted	<u>\$ 1.03</u>	<u>\$ 0.94</u>

Non-GAAP Financial Information - Continued

Table 2
(unaudited)

Reconciliation of GAAP Net Earnings to EBITDA and to Adjusted EBITDA
(Dollars in thousands)

	Three Months Ended March 31,	
	2024	2023
Net earnings - as reported	\$ 28,986	\$ 22,710
Add back:		
Provision for income taxes	7,864	6,409
Interest and other expenses	4,826	5,289
Depreciation and amortization	13,597	13,575
EBITDA	55,273	47,983
Add back certain items:		
Non-cash compensation expense related to equity awards	4,750	4,770
Inventory valuation adjustment ⁽¹⁾	—	1,202
Transaction and integration costs ⁽³⁾	440	2,165
Nonqualified deferred compensation plan expense ⁽⁴⁾	403	237
Adjusted EBITDA	\$ 60,866	\$ 56,357

Non-GAAP Financial Information - Continued

Table 3
(unaudited)

Reconciliation of GAAP Effective Income Tax Rate to Non-GAAP Effective Income Tax Rate
(Dollars in thousands)

	Three Months Ended March 31,			
	2024	Effective Tax Rate	2023	Effective Tax Rate
GAAP Income Tax Expense	\$ 7,864	21.3 %	\$ 6,409	22.0 %
Impact of ASU 2016-09 ⁽⁶⁾	708		396	
Adjusted Income Tax Expense	\$ 8,572	23.3 %	\$ 6,805	23.4 %

Table 4
(unaudited)

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
(Dollars in thousands)

	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 33,388	\$ 34,838
Capital expenditures and proceeds from the sale of assets	(6,573)	(9,612)
Free cash flow	\$ 26,815	\$ 25,226

Non-GAAP Financial Information - Continued

(1) Inventory valuation adjustment: Business combination accounting principles require us to measure acquired inventory at fair value. The fair value of inventory reflects the acquired company's cost of manufacturing plus a portion of the expected profit margin. The non-GAAP adjustment to our cost of sales excludes the expected profit margin component that is recorded under business combination accounting principles. We believe the adjustment is useful to investors as an additional means to reflect cost of sales and gross margin trends of our business.

(2) Amortization of intangible assets and finance lease: Amortization of intangible assets and finance lease consists of amortization of customer relationships, trademarks and trade names, developed technology, regulatory registration costs, patents and trade secrets, capitalized loan issuance costs, other intangibles acquired primarily in connection with business combinations, an intangible asset in connection with a company-wide ERP system implementation, and one finance lease. We record expense relating to the amortization of these intangibles and finance lease in our GAAP financial statements. Amortization expenses for our intangible assets and finance lease are inconsistent in amount and are significantly impacted by the timing and valuation of an acquisition. Consequently, our non-GAAP adjustments exclude these expenses to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.

(3) Transaction and integration costs: Transaction and integration costs related to acquisitions and divestitures are expensed in our GAAP financial statements. Management excludes these items for the purposes of calculating Adjusted EBITDA and other non-GAAP financial measures. We believe that excluding these items from our non-GAAP financial measures is useful to investors because these are items associated with transactions that are inconsistent in amount and frequency causing comparison of current and historical financial results to be difficult.

(4) Nonqualified deferred compensation plan (income) expense: Gains and losses on rabbi trust assets related to our nonqualified deferred compensation plan are recorded in other (income) expense while the offsetting increases or decreases to the deferred compensation liability are recorded within earnings from operations. The increases and decreases in the deferred compensation liability are driven by market volatility and are not a true reflection of company performance. We believe excluding these amounts from our non-GAAP financial measures is useful to investors because these items are inconsistent in amount based on market conditions causing comparison of current and historical financial results to be difficult. Adjustments have been made to the prior period presentation to conform with the current period presentation.

(5) Income tax adjustment: For purposes of calculating adjusted net earnings and adjusted diluted earnings per share, we adjust the provision for (benefit from) income taxes to tax effect the taxable and deductible non-GAAP adjustments described above as they have a significant impact on our income tax (benefit) provision. Additionally, the income tax adjustment is adjusted for the impact of adopting ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting" and uses our non-GAAP effective rate applied to both our GAAP earnings before income tax expense and non-GAAP adjustments described above. See Table 3 for the calculation of our non-GAAP effective tax rate.

(6) Impact of ASU 2016-09: The primary impact of ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"), was the recognition during the three months ended March 31, 2024 and 2023, of excess tax benefits as a reduction to the provision for income taxes and the classification of these excess tax benefits in operating activities in the consolidated statement of cash flows instead of financing activities.



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Thank you