



balchem[®]

Investor Presentation

Q1 2022



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.

Balchem Corporation

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

Highlights

- NASDAQ: BCPC
- Founded in 1967
- Headquarters: New Hampton, NY
- Approximately 1,300 Employees
- 21 Manufacturing Sites:
 - 17 in North America
 - 3 in Europe
 - 1 in Asia
- 5 Technology Centers
- 2021 Revenues of \$799M
- 2021 Adj. EBITDA of \$189M or 24% of sales
- 2021 Cash Flow From Operations of \$161M



A Global Health And Nutrition Focused Company With A 50+ Year History

Leadership



Ted Harris, Chairman 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

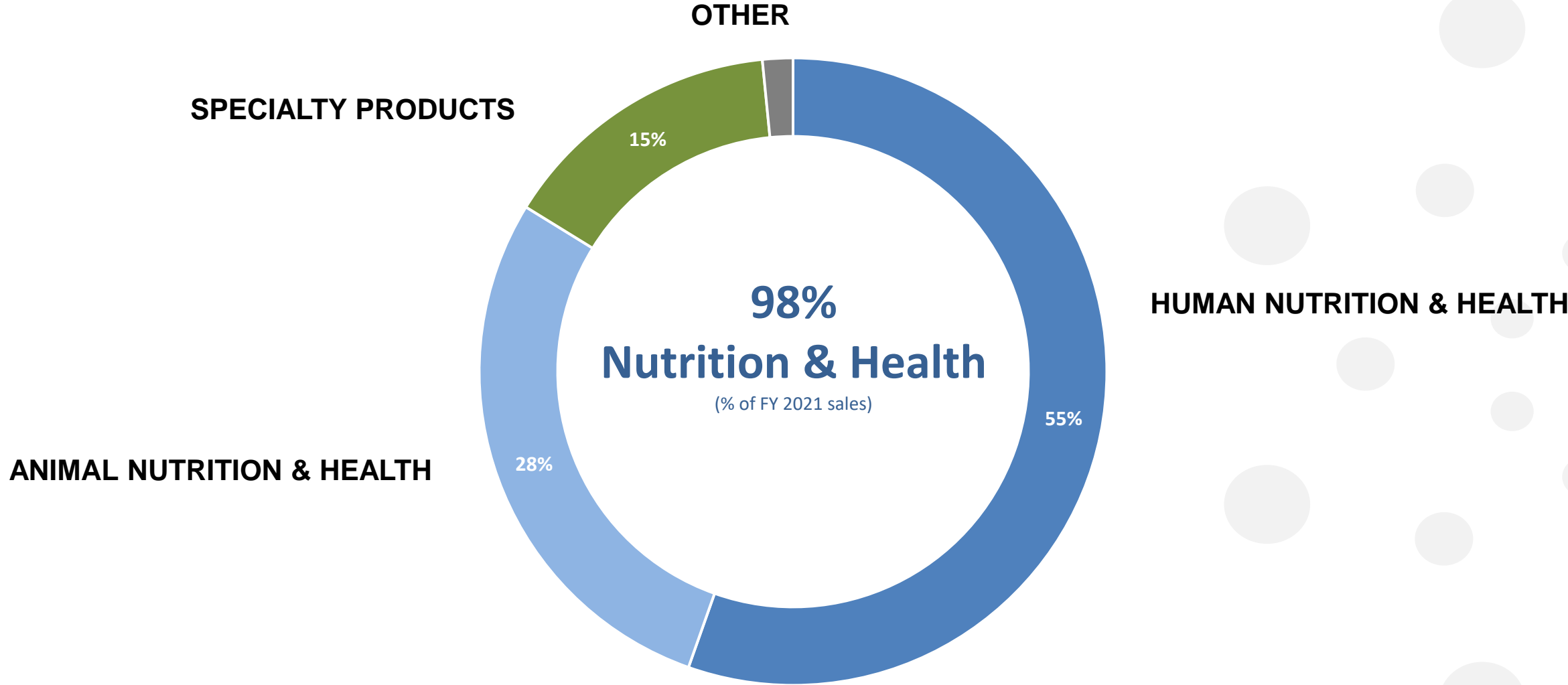
Martin Bengtsson, CFO

- 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



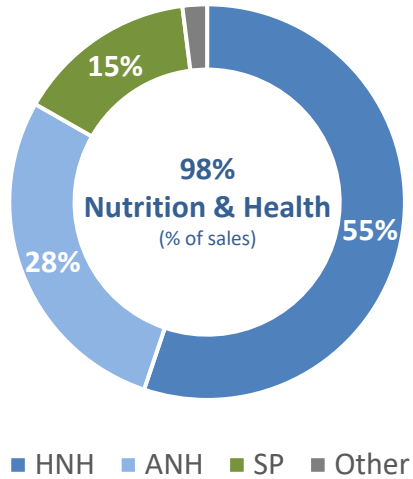
Executive Leadership

Balchem at a Glance



98% Of Revenues Focused On Nutrition & Health

Segment Overview



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 • 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 • Ethylene Oxide and Propylene Oxide re-packaging
Other	<ul style="list-style-type: none"> • Oil and Gas Fracking • Other Industrial Markets 	<ul style="list-style-type: none"> • Choline • Choline Derivatives

Leveraging Solutions Across Segments

Vision and Mission

Our Vision

To make the world a healthier place.

.....

Our Mission

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

.....

Committed To Building A Global Nutrition And Health Company

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
- **Augmenting Organic Growth through Strategic Acquisitions**
- **Maintaining a Healthy Margin Profile, Strong Cash Flow, and Solid Balance Sheet to Execute**

Staying Focused

Balchem Growth Platforms

Human Nutrition & Health

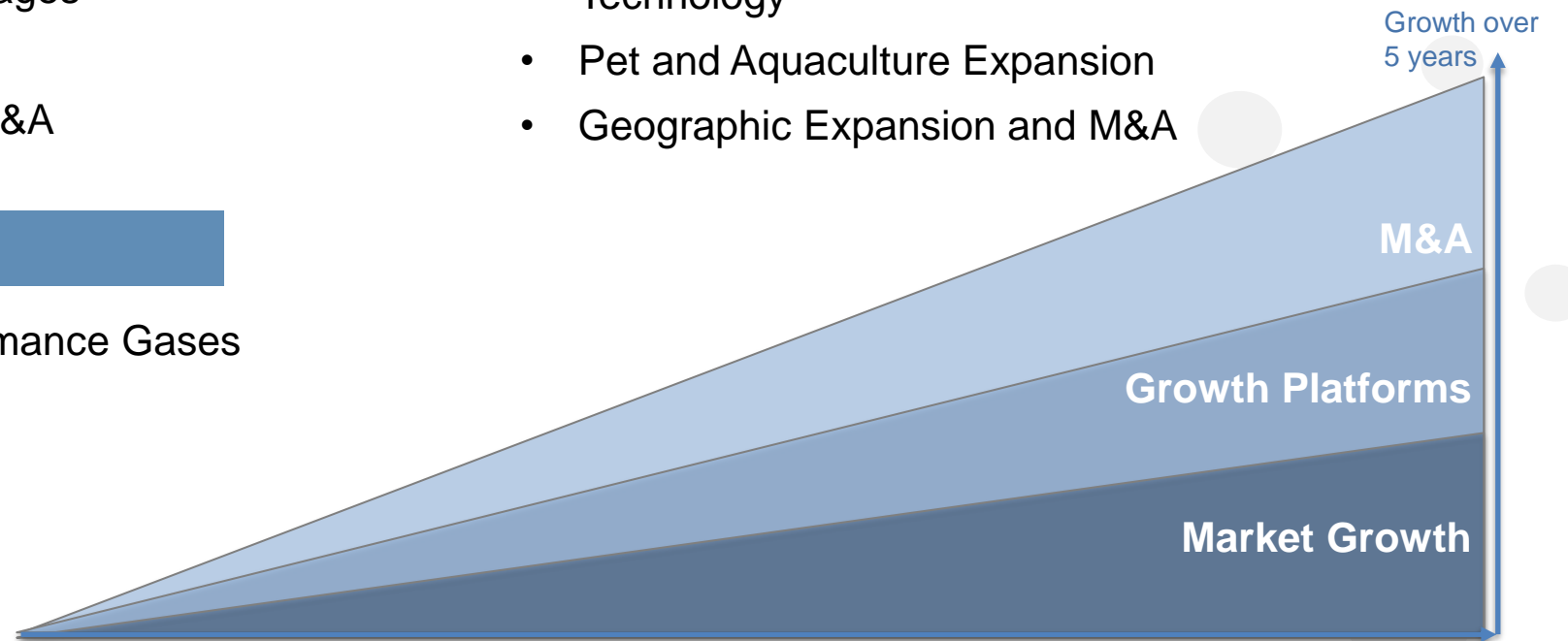
- Leveraging Synergies Across Segment
- FDA RDI for Choline and Expanded Choline Awareness / Science
- Mineral Nutrition
- Systems for Nutritional Beverages
- Curemark® Delivery System
- Geographic Expansion and M&A

Specialty Products

- Leveraging our Global Performance Gases Platform
- Plant Micronutrients
 - New Applications
 - New Products
 - Geographic Expansion

Animal Nutrition & Health

- ReaShure® Penetration
- NRC Recommendation on Choline
- Rumen Protected Nutrients for Dairy
- Next Generation By-pass and Release Technology
- Pet and Aquaculture Expansion
- Geographic Expansion and M&A



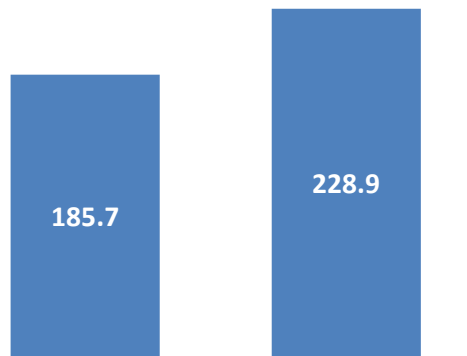
Multiple Platforms To Drive Growth

Q1 2022 Financial Summary

Sales

(\$M)

↑ 23.3%



1Q21

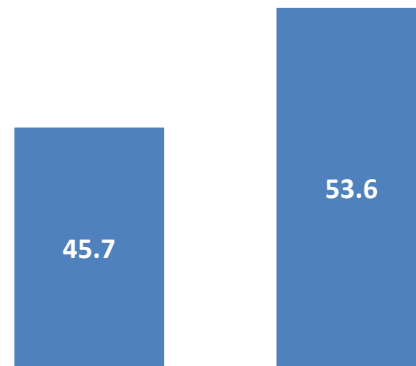
1Q22

- Strong growth in all three segments
- Increased volumes and higher average selling prices

Adj. EBITDA

(\$M)

↑ 17.2%



1Q21

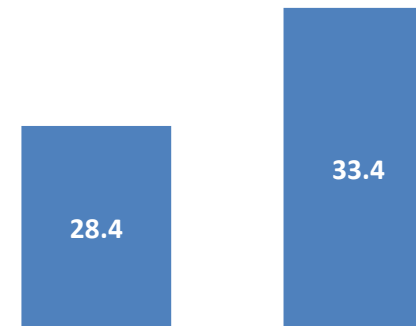
1Q22

- Driven by sales growth
- Pricing actions limiting the impact from inflationary increases to input costs

Adj. Net Earnings

(\$M)

↑ 17.3%



1Q21

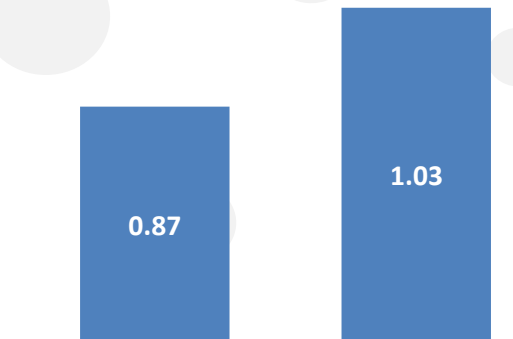
1Q22

- Driven by sales growth
- Higher tax rate in Q1 '22 compared to Q1 '21

Adj. EPS

(\$/share)

↑ 17.9%



1Q21

1Q22

- Growth in earnings
- Small decrease in diluted outstanding shares (-0.6%)

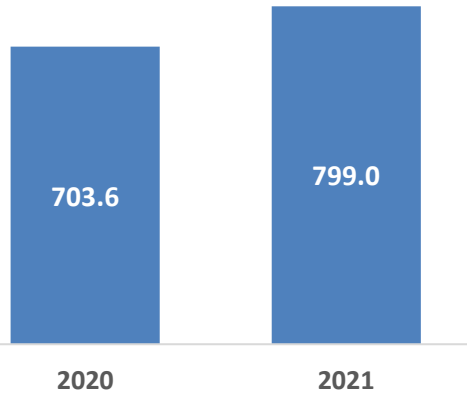
Strong Quarter In Challenging Environment

FY 2021 Financial Summary

Sales

(\$M)

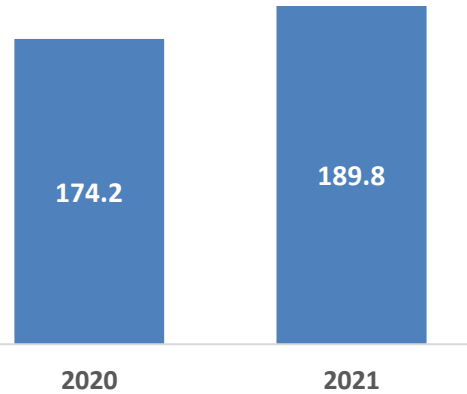
↑ 13.6%



Adj. EBITDA

(\$M)

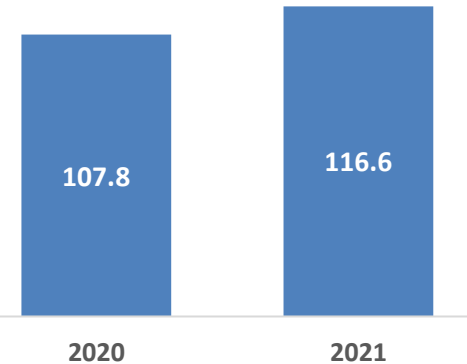
↑ 8.9%



Adj. Net Earnings

(\$M)

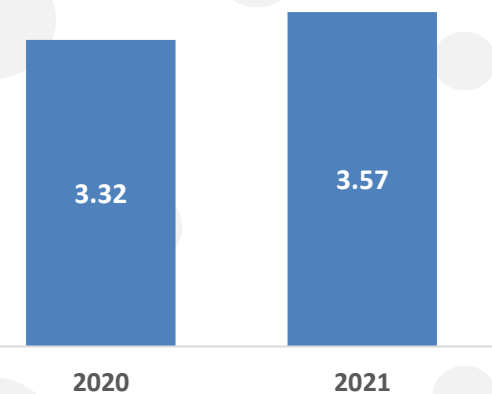
↑ 8.2%



Adj. EPS

(\$/share)

↑ 7.6%



- Strong growth in all three segments
 - HNH +10.6%
 - ANH +18.0%
 - SP +13.0%

- Driven by sales growth
- Input cost inflation partially offset by pricing

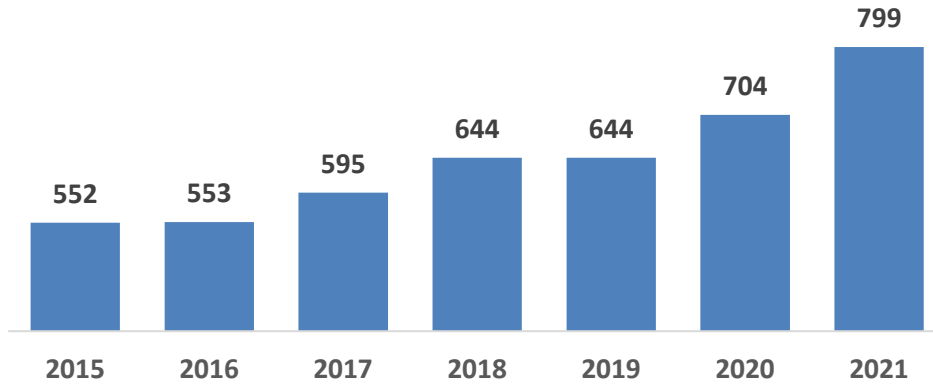
- Driven by sales growth
- Higher tax rate in 2021 compared to 2020

- Growth in earnings
- Small increase in diluted outstanding shares (+0.5%)

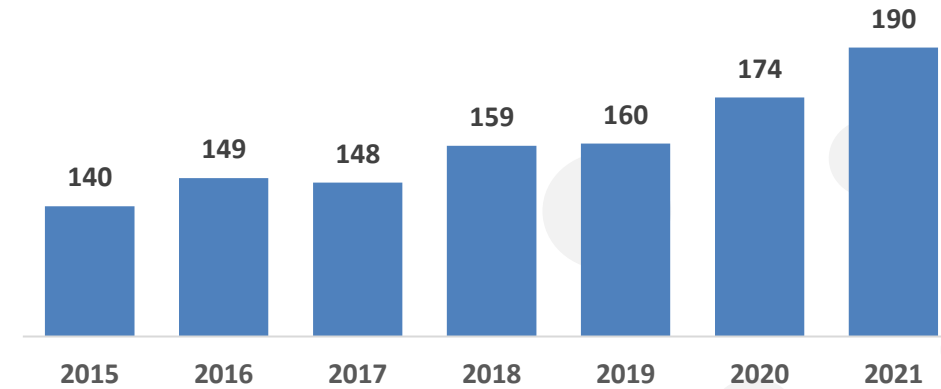
Another Strong Growth Year

Historical Financials

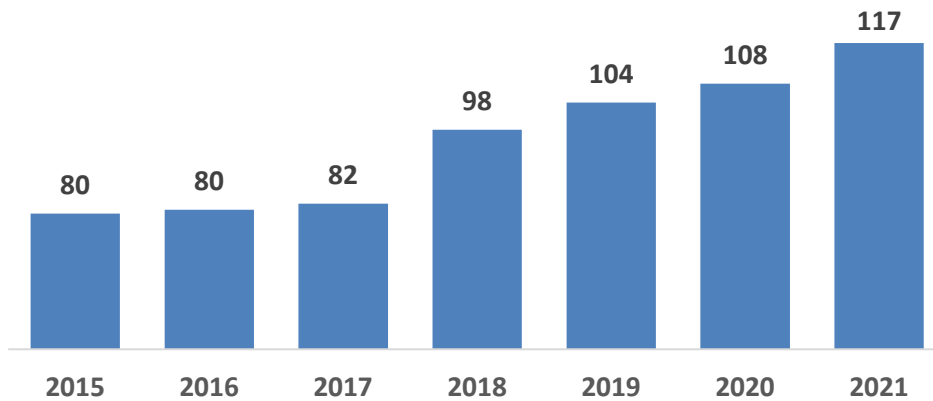
SALES (\$M)



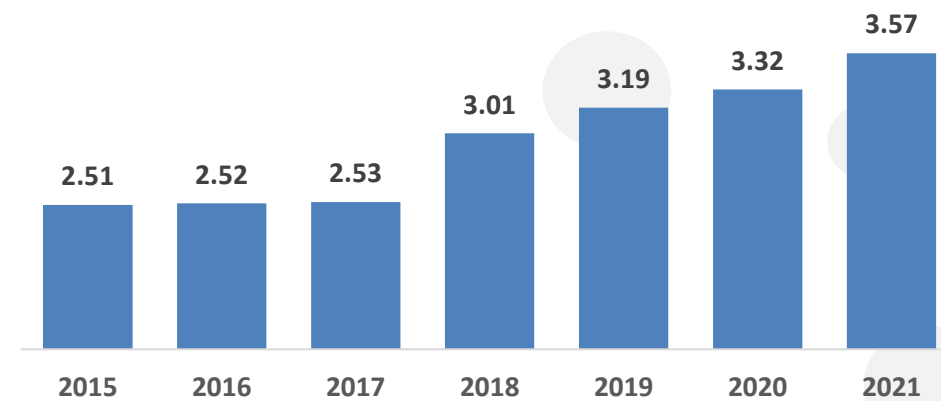
ADJ. EBITDA (\$M)



ADJ. NET EARNINGS (\$M)



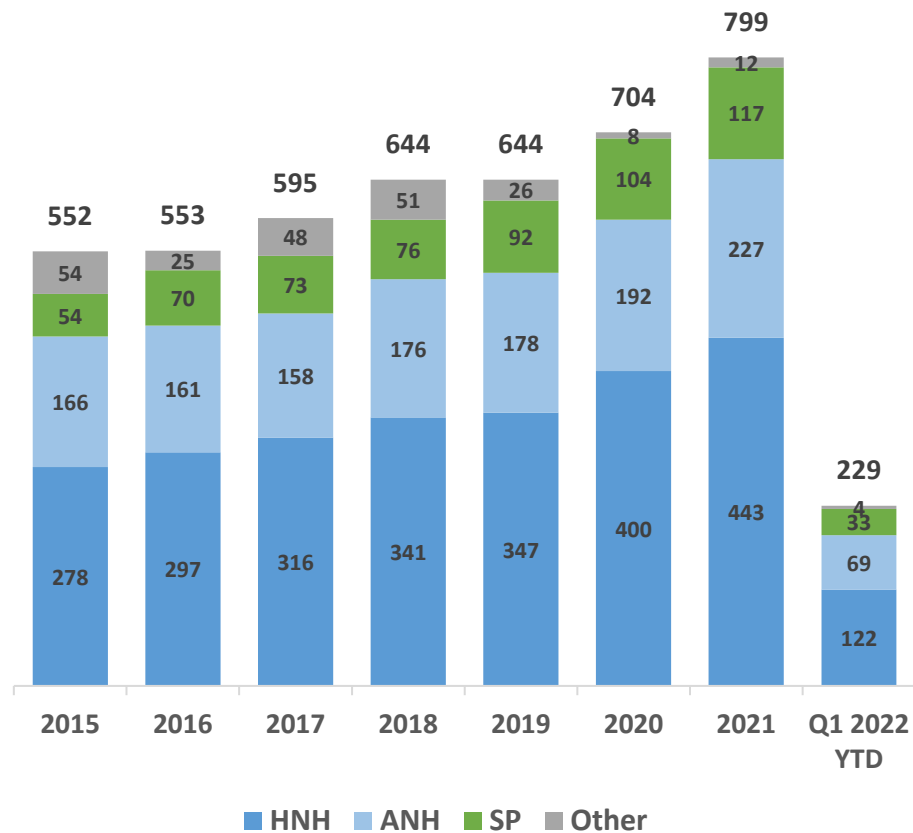
ADJ. EPS (\$/share)



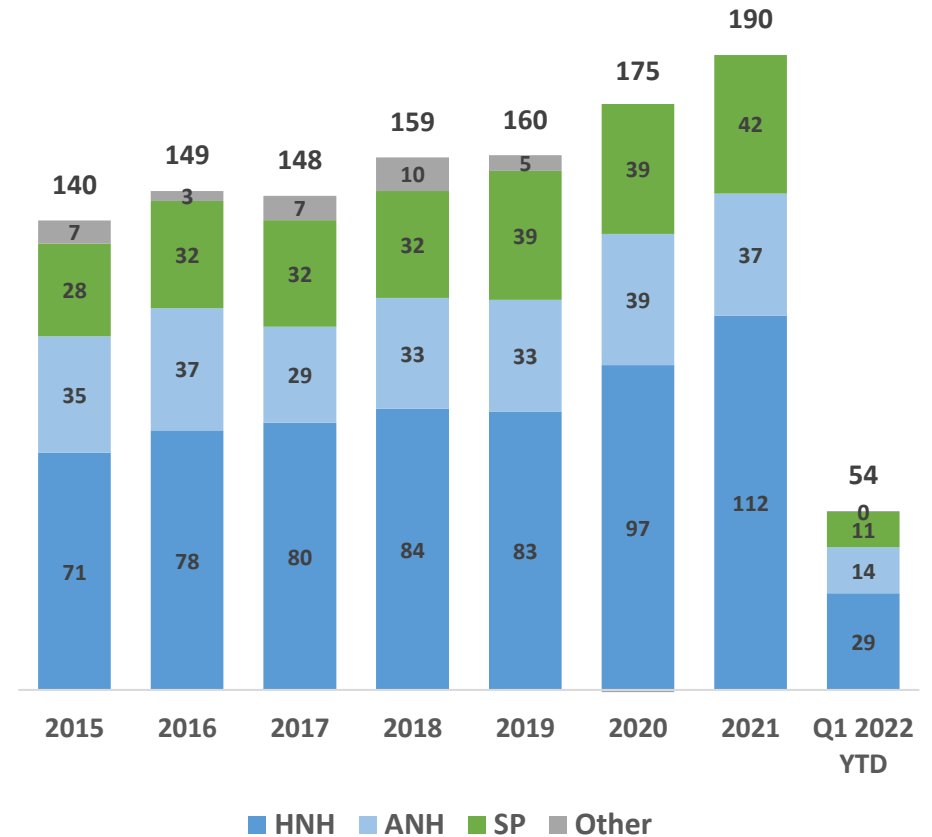
Consistent Performance Due To Resilient Business Model

Segment Financials

SALES (\$M)



ADJ. EBITDA (\$M)



Resilient Business Model

Capital Allocation Strategy and M&A

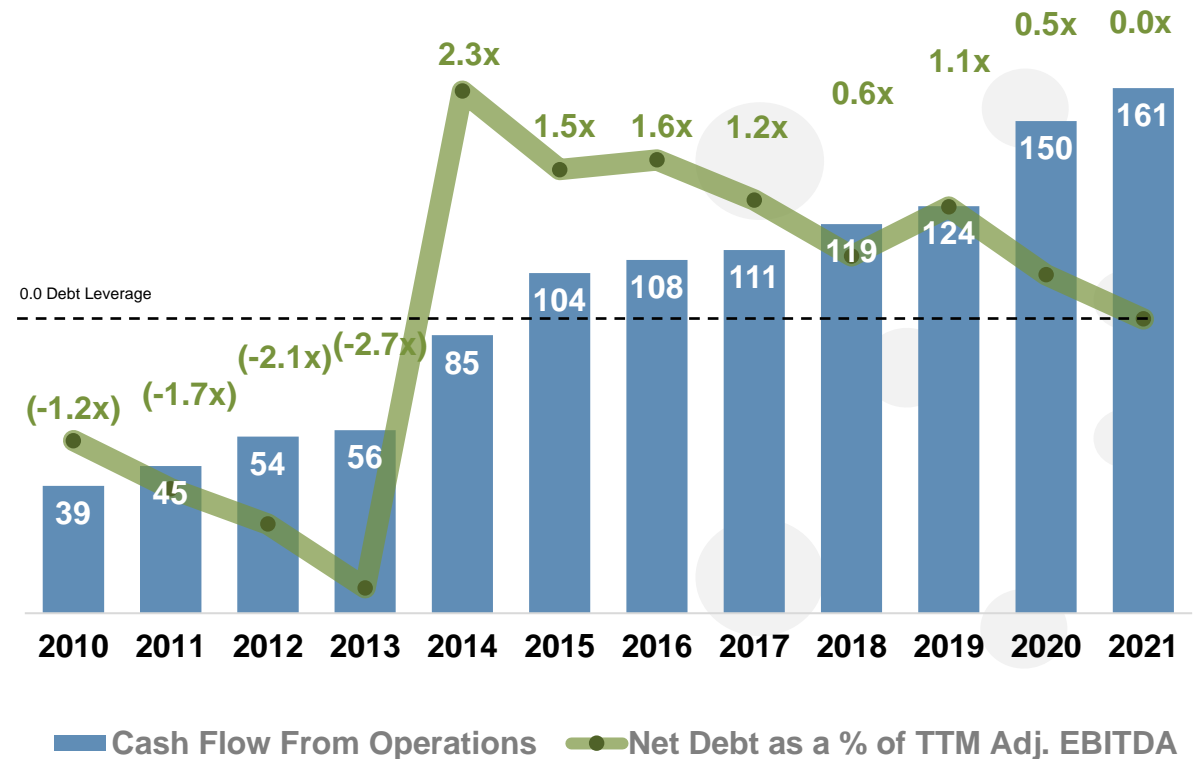
Capital Allocation Strategy

- Prioritize organic growth investments
- Augment organic growth with targeted M&A
- Pay down debt
- Continue to pay and grow dividend
- Stock buy-backs for anti-dilution

M&A

- Six acquisitions since 2016
- Focus on core Nutrition & Health
- Adding geographic reach, adjacent products/technologies, and market consolidation

Annual Cash Flow (\$M) and Debt Leverage Ratio



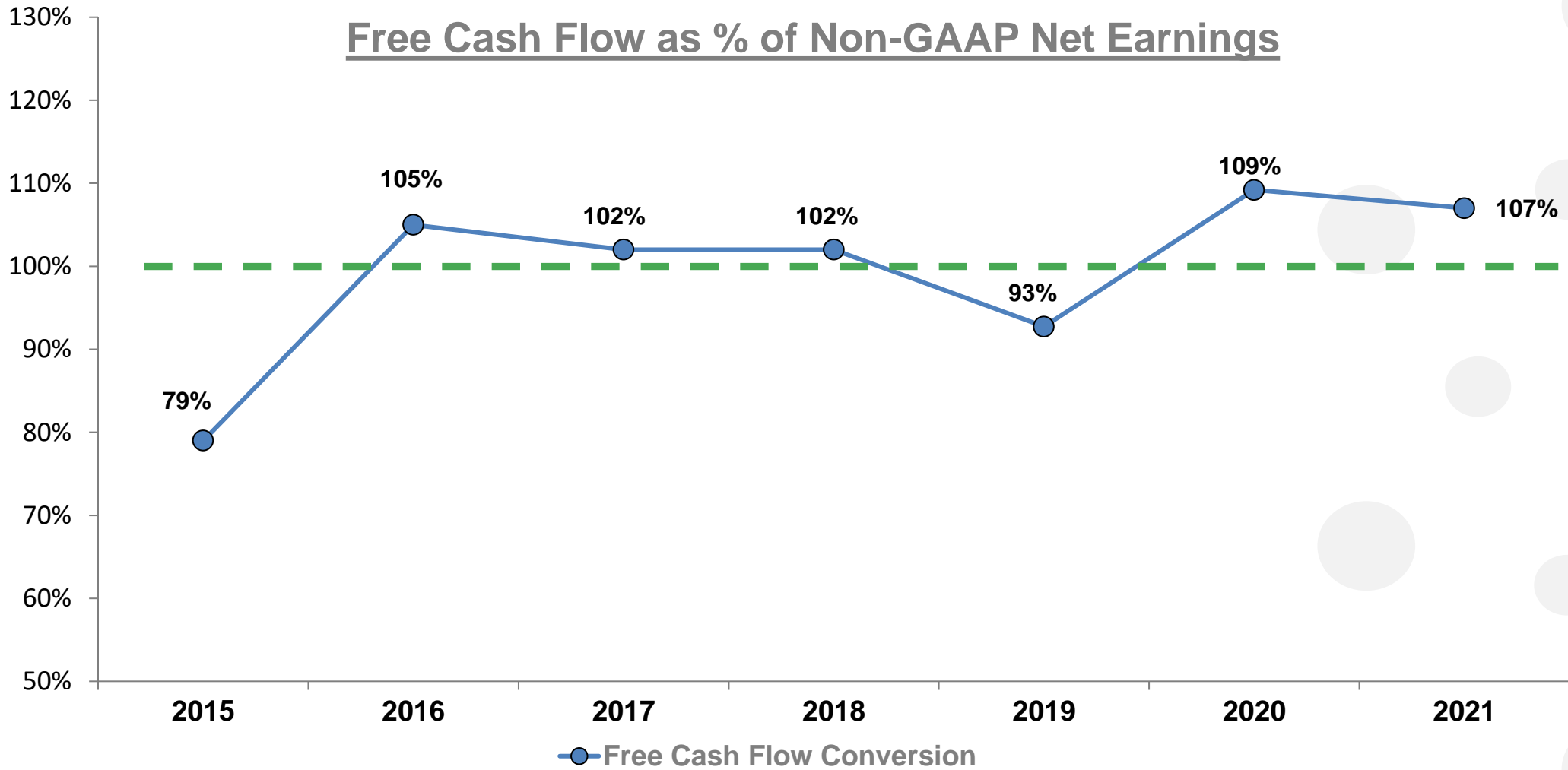
Maintain Disciplined Capital Allocation Strategy

Recent Acquisitions

	<u>Rationale</u>	<u>Key Offering</u>
Zumbro River Brand December 2019	Market consolidation and expanded product offering	High protein extrusion and agglomeration
Chemogas May 2019	Adds leadership position in Europe to already existing U.S. leadership	Ethylene Oxide re-packaging and distribution
Bioscreen August 2018	Microencapsulation manufacturing in Europe	Microencapsulation and Fermentation
IFP June 2017	Market consolidation and processing technology and capability	Microencapsulation and Agglomeration
Chol-Mix March 2017	Geographic reach into Eastern Europe	Dry Choline Chloride
Albion February 2016	Adjacent product offering	Chelated Magnesium, Iron, Calcium, Zinc, and others

Augmenting Organic Growth With Targeted Acquisitions Close To Core

Free Cash Flow Conversion



Solid Free Cash Flow Conversion, Turning Profits Into Cash

Dividends

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



Consistent Dividend Policy

Our Sustainability Framework

Our Sustainability Framework



1.4 Billion People Reached in 2021

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.

Every day, Balchem is delivering trusted solutions that enhance health and well-being through science.

The two objectives of our sustainability strategy directly support our vision of making the world a healthier place:

- providing innovative solutions for the health and nutritional needs of the world
- and operating with excellence as strong stewards of our employees, customers, shareholders, and communities

One of our proud accomplishments is Balchem's impact on 1.4 billion people each year.

Making The World A Healthier Place

Our 2030 ESG Goals

EMISSIONS REDUCTION

Balchem commits to reduce our GHG emissions by

25% 

OPPORTUNITY EXAMPLES



Process improvements in spray drying by increasing feed solids



Reduce drying with product design (e.g., ReaShure®-XC)



Major consumer efficiency improvements (e.g., modernized boilers)



Use of renewable energy sources (e.g., Grimbergen solar project)

WATER CONSERVATION

Balchem commits to reduce our global water use by

25% 

OPPORTUNITY EXAMPLES



Eliminate “once through” cooling water systems in Marano and Verona sites
























Reduce water use in clean in place (CIP) systems with improved utilization and change to dry clean options



Condensate recovery systems

Committed To 2030 Goals

Measuring Our Progress

 People	 Planet	 Profit
 <p>1.4 billion – number of people reached per year</p>	 <p>11.4 billion – number of animals reached per year</p>	 <p>27.9% – revenue from products developed in the past five years</p>
 <p>0.99 – total recordable injury rate (TRIR)</p>	 <p>3.71 GJ/ton – energy intensity (GJ of energy per ton of product produced) 77,281 (CO₂e metric tons) – scope 1 and scope 2 greenhouse gas (GHG) emissions</p>	 <p>\$799M – total revenue</p>
 <p>34% – hourly employee turnover 13% – salary employee turnover</p>	 <p>12.29 CBM – water intensity (cubic meters of water withdrawal per metric ton of product produced) 4.2M CBM of total water withdrawal 0.07% – water withdrawal from regions with high or extremely high baseline water stress</p>	 <p>\$189.8M – adjusted EBITDA</p>
 <p>76% males, 24% females – employee diversity</p>	 <p>99% – hazardous waste reused or recycled 75% – hazardous material suppliers audited in the last 3 years</p>	 <p>\$96.1M – GAAP net earnings \$2.94 – GAAP earnings per share</p>
 <p>80% – R&D focused on health and nutrition</p>	 <p>100% – of palm oil sourced certified through Roundtable on Sustainable Palm Oil (RSPO) 35% – raw materials from renewable resources</p>	 <p>130% – free cash flow conversion</p>
 <p>100% – manufacturing sites with local community engagement efforts</p>	 <p>0 – product recalls</p>	 <p>29.8% – 5-year total shareholder return (TSR) vs Russell 2000 Index</p>

People, Planet, Profit

Dedicated to a Sustainable Future For All



We support and partner with organizations that share the same mission of making the world a healthier place. With this partnership, we helped reach 200,000 women and children at risk of nutrient deficiencies in 74 countries across the world.



We support the Ten Principles of the United Nations Global Compact.



We harness the collective efforts of our employees to give back to the local communities. Our Balchem Helping Hands initiative includes Balchem's philanthropic partnerships, a matching donation program, and an employee volunteering program.



Our Women's Impact Network develops and empowers all to thrive professionally and personally.

Driving Engagement

What Makes Balchem Unique?

Proven Track Record Of Growth

- ✓ Proven ability to grow in all economic conditions
- ✓ Steady and thoughtful capital allocation
- ✓ Continued innovation

Technologies

- ✓ Delivery Systems
 - Microencapsulation
 - Systems (Powders, Flavors)
- ✓ Chelation
- ✓ Choline

Protected Positions

- ✓ Consolidated position in Choline
- ✓ Premium branded products and patent portfolio
- ✓ EPA Registrations for EO and PO

Future Upside

- ✓ Organic growth platforms and earnings power
 - Market Penetration
 - New Product Development
 - Geographic expansion
- ✓ Strategic M&A
- ✓ Curemark®

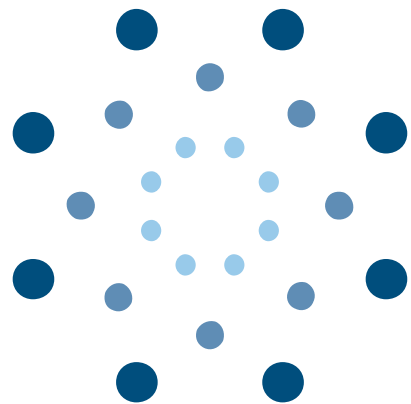
Well Positioned For The Future

Summary / Wrap Up

- Leading Positions in Attractive Markets
- Creating New Demand Through Innovation
- Delivering Healthy Margins
- Generating Cash Flow from Operations Available for Reinvestment
- Proven Track Record



Reasons To Invest



balchem[®]

Solve Today. Shape Tomorrow.

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 disclosed by the company exclude certain business combination accounting adjustments and certain other items related to acquisitions, certain unallocated equity compensation, and certain one-time or unusual transactions. 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. Management believes that these non-GAAP measures provide useful information about the Company's core operating results and thus are appropriate to enhance the overall understanding of the Company's past financial performance and its prospects for the future. 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. EBITDA is defined as earnings before interest, other expense/income, taxes, depreciation and amortization. Adjusted EBITDA is defined as earnings before interest, other expense/income, taxes, depreciation, amortization, stock-based compensation, transaction and integration costs, legal settlements, ERP implementation costs, and unallocated legal fees. Adjusted income tax expense is defined as income tax expense adjusted for the impact of ASU 2016-09. Free cash flow is defined as net cash provided by operating activities less capital expenditures and capitalized ERP implementation costs.

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,	
	2022	2021
Reconciliation of adjusted gross margin		
GAAP gross margin	\$ 71,506	\$ 58,727
Amortization of intangible assets and finance lease ⁽¹⁾	329	489
Adjusted gross margin	<u>\$ 71,835</u>	<u>\$ 59,216</u>
Reconciliation of adjusted earnings from operations		
GAAP earnings from operations	\$ 38,336	\$ 30,575
Amortization of intangible assets and finance lease ⁽¹⁾	5,961	6,536
Transaction and integration costs, ERP implementation costs, and unallocated legal fees ⁽²⁾	304	234
Adjusted earnings from operations	<u>\$ 44,601</u>	<u>\$ 37,345</u>
Reconciliation of adjusted net earnings		
GAAP net earnings	\$ 28,930	\$ 23,411
Amortization of intangible assets and finance lease ⁽¹⁾	6,032	6,607
Transaction and integration costs, ERP implementation costs, and unallocated legal fees ⁽²⁾	304	234
Income tax adjustment ⁽³⁾	(1,909)	(1,805)
Adjusted net earnings	<u>\$ 33,357</u>	<u>\$ 28,447</u>
Adjusted net earnings per common share - diluted	<u>\$ 1.03</u>	<u>\$ 0.87</u>

Non-GAAP Financial Information - Continued

Table 2
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Net earnings - as reported	\$ 28,930	\$ 23,411
Add back:		
Provision for income taxes	8,700	6,572
Other expense	706	592
Depreciation and amortization	11,857	12,293
EBITDA	50,193	42,868
Add back certain items:		
Non-cash compensation expense related to equity awards	3,077	2,622
Transaction and integration costs, ERP implementation costs, and unallocated legal fees ⁽²⁾	304	234
Adjusted EBITDA	\$ 53,574	\$ 45,724

Non-GAAP Financial Information - Continued

Table 3
(unaudited)

	Three Months Ended March 31,			
	2022	Effective Tax Rate	2021	Effective Tax Rate
GAAP Income Tax Expense	\$ 8,700	23.1 %	\$ 6,572	21.9 %
Impact of ASU 2016-09 ⁽⁴⁾	380		249	
Adjusted Income Tax Expense	<u>\$ 9,080</u>	<u>24.1 %</u>	<u>\$ 6,821</u>	<u>22.7 %</u>

Table 4
(unaudited)

	Three Months Ended March 31,	
	2022	2021
Net cash provided by operating activities	\$ 7,021	\$ 40,607
Capital expenditures and capitalized ERP implementation costs	(9,774)	(6,175)
Free cash flow	<u>\$ (2,753)</u>	<u>\$ 34,432</u>

Non-GAAP Financial Information - Continued

⁽¹⁾ 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.

⁽²⁾ Transaction and integration costs, ERP implementation costs and unallocated legal fees: Transaction and integration costs related to acquisitions and divestitures are expensed in our GAAP financial statements. ERP implementation costs related to a company-wide ERP system implementation are expensed in our GAAP financial statements. Unallocated legal fees for transaction-related non-compete agreement disputes 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 each transaction and are inconsistent in amount and frequency causing comparison of current and historical financial results to be difficult.

⁽³⁾ 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.

⁽⁴⁾ 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, 2022 and 2021, 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.