UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______________________ to _________________________

Commission File Number 001-31921

COMPASS MINERALS

Compass Minerals International, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-3972986**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*

9900 West 109th Street
Suite 100
Overland Park, KS 66210
(913) 344-9200
(Address of principal executive offices, zip code and telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, $0.01 par value	CMP	The New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company ☐
						Emerging growth company ☐

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

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

The number of shares outstanding of the registrant’s common stock, $0.01 par value per share, as of October 25, 2024, was 41,449,384 shares.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	(Unaudited) June 30, 2024	September 30, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12.8	$ 38.7
Receivables, less allowance for doubtful accounts of $2.3 at both June 30, 2024 and September 30, 2023	92.3	129.3
Inventories	407.5	399.5
Other current assets	34.4	33.4
Total current assets	547.0	600.9
Property, plant and equipment, net	787.9	852.5
Intangible assets, net	100.8	120.0
Goodwill	5.9	88.8
Other noncurrent assets	153.6	154.7
Total assets	$ 1,595.2	$ 1,816.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 6.3	$ 5.0
Accounts payable	69.4	116.8
Accrued salaries and wages	19.7	25.9
Income taxes payable	25.0	16.5
Accrued interest	4.5	12.9
Accrued expenses and other current liabilities	63.5	97.5
Total current liabilities	188.4	274.6
Long-term debt, net of current portion	868.8	800.3
Deferred income taxes, net	59.4	58.4
Other noncurrent liabilities	126.5	162.6
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock: $0.01 par value, 200,000,000 authorized shares; 42,197,964 issued shares at June 30, 2024 and September 30, 2023	0.4	0.4
Additional paid-in capital	418.9	413.1
Treasury stock, at cost — 835,419 shares at June 30, 2024 and 1,038,168 shares at September 30, 2023	(10.2)	(8.7)
Retained earnings	50.4	220.9
Accumulated other comprehensive loss	(107.4)	(104.7)
Total stockholders' equity	352.1	521.0
Total liabilities and stockholders' equity	$ 1,595.2	$ 1,816.9

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in millions, except share and per share data)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Nine Months Ended June 30, 2024	Nine Months Ended June 30, 2023
Sales	$ 202.9	$ 207.6	$ 908.6	$ 971.1
Shipping and handling cost	53.2	53.8	255.1	291.3
Product cost	117.1	119.2	478.0	490.0
Gross profit	32.6	34.6	175.5	189.8
Selling, general and administrative expenses	27.5	33.0	106.5	109.2
Loss on impairments	—	—	173.4	—
Other operating (income) expense	(0.8)	2.2	(17.4)	5.4
Operating earnings (loss)	5.9	(0.6)	(87.0)	75.2
Other (income) expense:				
Interest income	(0.2)	(1.7)	(0.8)	(4.7)
Interest expense	17.2	14.3	50.4	42.4
(Gain) loss on foreign exchange	(0.5)	2.3	(1.1)	4.6
Net loss in equity investee	—	0.8	—	3.1
Gain from remeasurement of equity method investment	—	(12.6)	—	(12.6)
Other expense, net	0.3	2.7	1.9	3.7
(Loss) earnings before income taxes	(10.9)	(6.4)	(137.4)	38.7
Income tax expense (benefit)	32.7	(42.8)	20.4	24.2
Net (loss) earnings	$ (43.6)	$ 36.4	$ (157.8)	$ 14.5
Basic net (loss) earnings per common share	$ (1.05)	$ 0.88	$ (3.83)	$ 0.35
Diluted net (loss) earnings per common share	$ (1.05)	$ 0.88	$ (3.83)	$ 0.35
Weighted-average common shares outstanding (in thousands):				
Basic	41,342	41,142	41,284	40,663
Diluted	41,342	41,142	41,284	40,663

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) EARNINGS
(Unaudited, in millions)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net (loss) earnings	$ (43.6)	$ 36.4	$ (157.8)	$ 14.5
Other comprehensive income (loss):				
Unrealized gain from change in pension obligations, net of tax of $0.0 for the three months ended June 30, 2024 and 2023, and $(0.2) and $0.0 for the nine months ended June 30, 2024 and 2023, respectively	0.3	—	0.7	0.1
Unrealized loss from change in other postretirement benefits, net of tax of $0.0 for the three and nine months ended June 2024 and 2023	(0.1)	—	(0.1)	—
Unrealized income (loss) on cash flow hedges, net of tax of $0.0 for the three months ended June 30, 2024 and 2023, and $0.0 and $0.3 for the nine months ended June 30, 2024 and 2023, respectively	0.9	2.2	(0.3)	(1.7)
Cumulative translation adjustment	(4.9)	11.8	(3.0)	26.3
Comprehensive (loss) earnings	$ (47.4)	$ 50.4	$ (160.5)	$ 39.2

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three and nine months ended June 30, 2024 and 2023
(Unaudited, in millions)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, September 30, 2023	$ 0.4	$ 413.1	$ (8.7)	$ 220.9	$ (104.7)	$ 521.0
Comprehensive (loss) income	—	—	—	(75.3)	13.0	(62.3)
Dividends on common stock ($0.15 per share)	—	—	—	(6.4)	—	(6.4)
Shares issued for stock units, net of shares withheld for taxes	—	(0.2)	(0.6)	—	—	(0.8)
Stock-based compensation	—	11.9	—	—	—	11.9
Balance, December 31, 2023	$ 0.4	$ 424.8	$ (9.3)	$ 139.2	$ (91.7)	$ 463.4
Comprehensive loss	—	—	—	(38.9)	(11.9)	(50.8)
Dividends on common stock ($0.15 per share)	—	—	—	(6.3)	—	(6.3)
Shares issued for stock units, net of shares withheld for taxes	—	(0.2)	(0.8)	—	—	(1.0)
Stock-based compensation	—	(4.9)	—	—	—	(4.9)
Balance, March 31, 2024	$ 0.4	$ 419.7	$ (10.1)	$ 94.0	$ (103.6)	$ 400.4
Comprehensive loss	—	—	—	(43.6)	(3.8)	(47.4)
Shares issued for stock units, net of shares withheld for taxes	—	(0.1)	(0.1)	—	—	(0.2)
Stock-based compensation	—	(0.7)	—	—	—	(0.7)
Balance, June 30, 2024	$ 0.4	$ 418.9	$ (10.2)	$ 50.4	$ (107.4)	$ 352.1

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, September 30, 2022	$ 0.4	$ 152.1	$ (7.3)	$ 235.3	$ (115.3)	$ 265.2
Comprehensive (loss) income	—	—	—	(0.3)	9.0	8.7
Dividends on common stock ($0.15 per share)	—	—	—	(6.3)	—	(6.3)
Private placement of common stock	—	240.7	—	—	—	240.7
Shares issued for stock units, net of shares withheld for taxes	—	—	(0.3)	—	—	(0.3)
Stock-based compensation	—	10.6	—	—	—	10.6
Balance, December 31, 2022	$ 0.4	$ 403.4	$ (7.6)	$ 228.7	$ (106.3)	$ 518.6
Comprehensive (loss) income	—	—	—	(21.6)	1.7	(19.9)
Dividends on common stock ($0.15 per share)	—	—	—	(6.3)	—	(6.3)
Shares issued for stock units, net of shares withheld for taxes	—	(0.3)	(1.0)	—	—	(1.3)
Stock-based compensation	—	3.1	—	—	—	3.1
Balance, March 31, 2023	$ 0.4	$ 406.2	$ (8.6)	$ 200.8	$ (104.6)	$ 494.2
Comprehensive income	—	—	—	36.4	14.0	50.4
Dividends on common stock ($0.15 per share)	—	—	—	(6.1)	—	(6.1)
Stock-based compensation	—	3.5	—	—	—	3.5
Balance, June 30, 2023	$ 0.4	$ 409.7	$ (8.6)	$ 231.1	$ (90.6)	$ 542.0

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Nine Months Ended June 30, 2024	Nine Months Ended June 30, 2023
Cash flows from operating activities:		
Net (loss) earnings	$ (157.8)	$ 14.5
Adjustments to reconcile net (loss) earnings to net cash flows provided by operating activities:		
Depreciation, depletion and amortization	78.4	72.7
Amortization of deferred financing costs	1.9	2.5
Early extinguishment of debt	—	1.1
Stock-based compensation	6.3	17.2
Deferred income taxes	1.2	(4.8)
Unrealized foreign exchange (gain) loss	(0.5)	4.5
Loss on impairments	173.4	—
Net loss in equity investees	—	3.1
Net gain from remeasurement of contingent consideration	(23.1)	—
Gain from remeasurement of equity method investment	—	(12.6)
Other, net	2.6	3.3
Changes in operating assets and liabilities:		
Receivables	36.8	73.7
Inventories	(9.9)	(28.1)
Other assets	(2.0)	9.7
Accounts payable and accrued expenses and other current liabilities	(69.4)	(13.7)
Other liabilities	(10.8)	(16.2)
Net cash provided by operating activities	27.1	126.9
Cash flows from investing activities:		
Capital expenditures	(93.3)	(84.5)
Acquisition of business, net of cash acquired	—	(18.9)
Other, net	(1.7)	(2.5)
Net cash used in investing activities	(95.0)	(105.9)
Cash flows from financing activities:		
Proceeds from revolving credit facility borrowings	359.6	66.7
Principal payments on revolving credit facility borrowings	(289.2)	(218.2)
Proceeds from issuance of long-term debt	69.4	237.5
Principal payments on long-term debt	(70.3)	(311.7)
Payments for contingent consideration	(9.1)	—
Net proceeds from private placement of common stock	—	240.7
Dividends paid	(12.7)	(18.7)
Deferred financing costs	(2.1)	(3.9)
Shares withheld to satisfy employee tax obligations	(2.0)	(1.6)
Other, net	(1.4)	(0.9)
Net cash provided by (used in) financing activities	42.2	(10.1)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	1.0
Net change in cash and cash equivalents	(25.9)	11.9
Cash and cash equivalents, beginning of the year	38.7	46.1
Cash and cash equivalents, end of period	$ 12.8	$ 58.0

Supplemental cash flow information:		
Interest paid, net of amounts capitalized	$ 56.5	$ 50.2
Income taxes paid, net of refunds	$ 21.6	$ 11.9
Net change to property, plant and equipment through accounts payable and accrued expenses and other current liabilities	$ 16.8	$ (8.3)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Accounting Policies and Basis of Presentation:

Compass Minerals International, Inc. ("CMI"), through its subsidiaries (collectively, the "Company"), is a leading global provider of essential minerals focused on safely delivering where and when it matters to help solve nature's challenges for customers and communities. The Company's salt products help keep roadways safe during winter weather and are used in numerous other consumer, industrial, chemical and agricultural applications. Its plant nutrition business is the leading North American producer of sulfate of potash ("SOP"), which is used in the production of specialty fertilizers for high-value crops and turf and helps improve the quality and yield of crops, while supporting sustainable agriculture. The Company's principal products are salt, consisting of sodium chloride and magnesium chloride, and SOP. The Company is also working to develop long-term fire-retardant solutions to help combat wildfires. Additionally, the Company had been pursuing the development of a sustainable lithium salt resource to support the North American battery market. However, as described in Note 5, the Company has terminated its pursuit of the lithium development. The Company's production sites are located in the United States ("U.S."), Canada and the United Kingdom ("U.K."). The Company also provides records management services in the U.K. Except where otherwise noted, references to North America include only the continental U.S. and Canada, and references to the U.K. include only England, Scotland and Wales. References to "Compass Minerals," "our," "us" and "we" refer to CMI and its consolidated subsidiaries.

CMI is a holding company with no significant operations other than those of its wholly-owned subsidiaries. The consolidated financial statements include the accounts of CMI and its wholly-owned domestic and foreign subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the 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 consolidated financial statements. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company for the annual period ended September 30, 2023, as filed with the Securities and Exchange Commission (the "SEC") in its Amended Annual Report on Form 10-K/A on October 29, 2024 ("2023 Form 10-K/A"). Certain amounts in prior periods have been reclassified to conform to the current period presentation. In the opinion of management, all adjustments, consisting of normal recurring adjustments considered necessary for a fair presentation, have been included.

The Company experiences a substantial amount of seasonality in its sales, including its salt deicing product sales. Consequently, Salt segment sales and operating income are generally higher in the first and second fiscal quarters (ending December 31 and March 31) and lower during the third and fourth fiscal quarters (ending June 30 and September 30). In particular, sales of highway and consumer deicing salt and magnesium chloride products vary based on the severity of the winter conditions in areas where the products are used. Following industry practice in North America and the U.K., the Company seeks to stockpile sufficient quantities of deicing salt throughout the first, third and fourth fiscal quarters (ending December 31, June 30 and September 30) to meet the estimated requirements for the winter season. Production of deicing salt can also vary based on the severity or mildness of the preceding winter season. Due to the seasonal nature of the deicing product lines, operating results for the interim periods are not necessarily indicative of the results that may be expected for the full fiscal year. The Company's plant nutrition business is also seasonal. As a result, the Company and its customers generally build inventories during the plant nutrition business' low demand periods of the year (which are typically winter and summer, but can vary due to weather and other factors) to ensure timely product availability during the peak sales seasons (which are typically spring and autumn, but can also vary due to weather and other factors). Lastly, the results of the Company's fire retardant business are also seasonal with peak demand for fire retardant products and services occurring from June through September.

The Company previously identified various misstatements related to (i) certain contingent consideration associated with the Company's acquisition of Fortress North America, LLC ("Fortress"), (ii) historical understatement of work-in-process inventory, (iii) immaterial misstatements to reclassify the impacts of non-cash capital expenditures in accounts payable in its operating and investing cash flows, (iv) an error in its interim non-GAAP Adjusted EBITDA calculation, which resulted in an understatement of its consolidated Adjusted EBITDA for the first and second quarters of 2024, and (v) certain other individual immaterial misstatements that were also immaterial in the aggregate. These misstatements were corrected via amendments to the Company's Annual Report on Form 10-K for the period ended September 30, 2023, 2022 and 2021 and its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024, both filed on October 29, 2024.

Impairments

As a result of a sustained decrease in the Company’s publicly quoted share price and market capitalization continuing into fiscal 2024 and recent developments related to its magnesium chloride-based fire retardants impacting its Fortress business, the Company determined in the second quarter of fiscal 2024 that there were indicators of impairment and therefore performed long-lived assets and goodwill impairment testing. The analysis for Plant Nutrition resulted in no long-lived asset impairment but did result in a goodwill impairment, as discussed further below. The Fortress analysis resulted in an impairment of the Company’s magnesium chloride-related assets and goodwill; see below for additional details.

On March 22, 2024, the Company was notified of the decision by the U.S. Forest Service that the Company would not be awarded a contract to supply its magnesium chloride-based aerial fire retardant for the calendar 2024 fire season. For purposes of the long-lived asset impairment evaluation, management grouped and tested the magnesium chloride-related assets given their unique classification and separately identifiable cash flows. As a result of the evaluation using the income approach, the Company impaired all magnesium chloride-related assets which resulted in a long-lived asset, net, impairment of $15.6 million (finite-lived intangible assets) and an impairment of $2.4 million of inventory for the nine months ended June 30, 2024. The long-lived asset impairment is included in loss on impairments, while the inventory impairment is reflected in product cost, both on the Consolidated Statements of Operations. The undiscounted cash flows for the remaining Fortress assets were greater than their carrying value resulting in no incremental impairment. Management will continue to monitor events and circumstances that would require a future test of recoverability on the remaining Fortress long-lived assets.

The Company performed the interim goodwill impairment tests consistent with its approach for annual impairment testing, including using similar models, inputs and assumptions. As a result of the interim goodwill impairment test in the second quarter of fiscal 2024, the Company recognized impairment charges totaling $83.0 million included in loss on impairments, on the Consolidated Statements of Operations for the nine months ended June 30, 2024. Goodwill impairment of $51.0 million was related to the Company’s Plant Nutrition segment, primarily due to decreases in projected future revenues and cash flows and an increase in discount rates due to the uncertain regulatory environment in Utah. The remaining goodwill impairment of $32.0 million was related to the Company’s Fortress reporting unit (included in the Corporate and Other segment), primarily due to changes in assumptions surrounding the magnesium chloride-based fire retardants which impacted projected future revenues and cash flows. Following the impairment charges, there is no remaining goodwill balance for the Plant Nutrition and Fortress reporting units. Refer to Note 6 for a summary of goodwill by segment. A summary of the impairments incurred for the nine months ended June 30, 2024, is detailed below (in millions):

Impairment	Financial Statement Line Item	Segment	Nine Months Ended June 30, 2024
Lithium long-lived assets, net	Loss on impairments	Corporate & Other	$ 74.8
Plant Nutrition goodwill	Loss on impairments	Plant Nutrition	51.0
Fortress goodwill	Loss on impairments	Corporate & Other	32.0
Fortress long-lived assets, net	Loss on impairments	Corporate & Other	15.6
Fortress inventory	Product cost	Corporate & Other	2.4
Total			$ 175.8

In connection with the aforementioned impairments, the Company determined the estimated fair value for each reporting unit based on discounted cash flow projections (income approach), market values for comparable businesses (market approach) or a combination of both. Under the income approach, the Company is required to make judgments about appropriate discount rates, long-term revenue growth rates and the amount and timing of expected future cash flows. The cash flows used in its estimates are based on the reporting unit's forecast, long-term business plan, and recent operating performance. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective reporting unit and market conditions. The Company’s estimates may differ from actual future cash flows. The risk adjusted discount rate used is consistent with the weighted average cost of capital of the Company’s peer companies and is intended to represent a rate of return that would be expected by a market participant. Under the market approach, market multiples are derived from market prices of stocks of companies in the Company’s peer group. The appropriate multiple is applied to the forecasted revenue and earnings before interest, taxes, depreciation and amortization of the reporting unit to obtain an estimated fair value.

The most critical assumptions used in the calculation of the fair value of each reporting unit are the projected revenue growth rates, long-term operating margin, terminal growth rates, discount rate, and the selection of market multiples. The projected long term operating margin utilized in the Company’s fair value estimates is consistent with its operating plan and is dependent on the successful execution of its long-term business plan, overall industry growth rates and the competitive environment. The discount rate could be adversely impacted by changes in the macroeconomic environment and volatility in the equity and debt markets. Although management believes its estimate of fair value is reasonable, if the future financial performance falls below expectations or there are unfavorable revisions to significant assumptions, or if the Company's market capitalization declines, an additional non-cash goodwill or long-lived asset impairment charge may be required in a future period.

Significant Accounting Policies

The Company's significant accounting policies are detailed in "Note 2 – Summary of Significant Accounting Policies" within Part II, Item 8 of its 2023 Form 10-K/A. There were no material changes in the Company's significant accounting policies from those described in its 2023 Form 10-K/A.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures", which updates reportable segment disclosure requirements primarily to include enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. Management is currently evaluating this ASU to determine its impact on the Company's disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures", which updates income tax disclosures by requiring consistent categories and additional disaggregation of information in the rate reconciliation and income taxes paid by jurisdiction. The amendments are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied prospectively; however, retrospective application is permitted. Management is currently evaluating this ASU to determine its impact on the Company's disclosures.

2. Business Acquisition:

Beginning in 2020, the Company began a series of equity investments in Fortress, a next-generation fire retardant business dedicated to developing and producing a portfolio of fire retardant products to help combat wildfires. On May 5, 2023, the Company acquired the remaining 55% interest in Fortress not previously owned in exchange for an initial cash payment of $18.9 million (net of cash held by Fortress of $6.5 million), and additional contingent consideration of up to $28 million to be paid in cash and/or Compass Minerals common stock upon the achievement of certain performance measures over the next five years, and a cash earn-out based on volumes of certain Fortress fire retardant products sold over a 10-year period. Building upon the previous 45% minority ownership stake in Fortress, the transaction provided the Company full ownership of all Fortress assets, contracts, and intellectual property. See Note 1 for impairment information. See Note 13 for fair value information related to the contingent consideration as of June 30, 2024.

3. Revenues:

Deferred Revenue

Deferred revenue represents billings under non-cancellable contracts before the related product or service is transferred to the customer. The portion of deferred revenue that is anticipated to be recognized as revenue during the succeeding twelve-month period is recorded in accrued expenses and other current liabilities on the Consolidated Balance Sheets. Deferred revenue as of June 30, 2024 and September 30, 2023 was approximately $3.6 million and $8.5 million, respectively.

See Note 10 for a disaggregation of sales by segment, type and geographical region.

4. Inventories:

Inventories consist of the following (in millions):

	June 30, 2024	September 30, 2023
Finished goods	$ 315.3	$ 319.3
Work in process	7.3	7.3
Raw materials and supplies[(a)]	84.9	72.9
Total inventories	$ 407.5	$ 399.5

(a) Excludes certain raw materials and supplies of $35.6 million and $35.8 million as of June 30, 2024 and September 30, 2023, respectively, that are not expected to be consumed within the next twelve months, included in Other noncurrent assets in the Consolidated Balance Sheets.

5. Property, Plant and Equipment, Net:

Property, plant and equipment, net, consists of the following (in millions):

	June 30, 2024	September 30, 2023
Land, buildings and structures, and leasehold improvements	$ 552.6	$ 547.9
Machinery and equipment	1,127.9	1,102.0
Office furniture and equipment	22.4	21.6
Mineral interests	169.2	169.1
Construction in progress	68.0	113.3
	1,940.1	1,953.9
Less: accumulated depreciation and depletion	(1,152.2)	(1,101.4)
Property, plant and equipment, net	$ 787.9	$ 852.5

The Company had been pursuing the development of a sustainable lithium salt resource to support the North American battery market. The passage of Utah House Bill 513 in March 2023 and the subsequent rulemaking process altered certain aspects of the regulatory landscape that will govern the development of lithium at the Great Salt Lake, introducing uncertainty into how development would proceed. As previously disclosed in the Company's 2023 Form 10-K/A, the Company indefinitely paused new investment in its lithium development project pending greater clarity on the evolving regulatory environment in Utah. In December of 2023, a revised draft of the aforementioned rulemaking was published that continued to be, in the Company's assessment, adverse to its lithium development project. In addition, in December of 2023, the Company further refined its engineering estimates that, taken together with the proposed rules and decline in market price for lithium products, would result in inadequate risk-adjusted returns on capital.

On January 23, 2024, the Company severed certain members of its lithium development team and terminated its pursuit of the lithium development. Consequently, the Company evaluated the capitalized assets, including site preparation, project engineering, equipment and materials and capitalized labor and interest. As a result, the Company has recorded an impairment charge of $74.8 million for the nine months ended June 30, 2024, including $5.3 million associated with future commitments as of June 30, 2024. The impairments were recorded to reflect the assets at their estimated fair value, considering equipment expected to be used by the on-going business and amounts estimated to be recoverable through returns or salvage value. Prior to recognizing an impairment, the Company had capitalized $72.7 million to its property, plant and equipment on its Consolidated Balance Sheet and has approximately $5.1 million remaining as of June 30, 2024, included in inventory. The Company engaged a valuation specialist to assist in determining the appropriate fair value of the lithium assets and the resulting impairment charge in the first quarter of fiscal 2024. Given the assets are likely to either be used in other operations or liquidated at a later date, the Company utilized a market-based approach that relied on Level 3 inputs (see Note 13 for a discussion of the levels in the fair value hierarchy).

6. Goodwill and Intangible Assets:

Changes in the carrying amount of goodwill are summarized as follows (in millions):

	Plant Nutrition	Corporate & Other	Consolidated
Balance as of September 30, 2023	$ 51.1	$ 37.7	$ 88.8
Foreign currency translation adjustment	0.2	0.2	0.4
Balance as of December 31, 2023	51.3	37.9	89.2
Foreign currency translation adjustment	(0.3)	—	(0.3)
Impairments	(51.0)	(32.0)	(83.0)
Balance as of March 31, 2024	—	5.9	5.9
Foreign currency translation adjustment	—	—	—
Balance as of June 30, 2024	$ —	$ 5.9	$ 5.9

In the second quarter of fiscal 2024, there were indicators necessitating an interim impairment test of the Company's goodwill based on the Company's review of its operating performance, among other factors, for the relevant reporting units. Refer to Note 1 for additional details. In addition to the Plant Nutrition and Fortress impairments, the remaining change in goodwill between September 30, 2023 and June 30, 2024, was due to the impact from translating foreign-denominated amounts to U.S. dollars.

In connection with the Fortress acquisition described in Note 2, the Company acquired identifiable intangible assets which consisted of customer relationships, developed technology, in-process research and development and trade name. The fair values were determined using Level 3 inputs (see Note 13 for a discussion of the levels in the fair value hierarchy). Upon acquisition, the fair value of the customer relationships was estimated using an income approach method while the fair values of developed technology, in-process research and development and trade name were estimated using the relief from royalty method.

As a result of the Fortress-related impairments discussed in Note 1, the Company impaired all magnesium chloride-related assets which resulted in an impairment of the Company's developed technology intangible asset of $15.6 million, net of accumulated amortization of $0.4 million. The Company continues to have Fortress-related net intangible assets consisting of customer relationships and trade name of $54.6 million and $0.2 million, respectively, as of June 30, 2024. The Company also has $2.2 million of indefinite-lived in-process research and development recognized in connection with the Fortress acquisition as of June 30, 2024, which will be reviewed for impairment at least annually, or in the event of indicators of impairment, until product development is completed.

7. Income Taxes:

The Company's effective income tax rate differs from the U.S. statutory federal income tax rate primarily due to U.S. statutory depletion, state income taxes (net of federal tax benefit), nondeductible executive compensation over $1 million, foreign income, mining and withholding taxes, base erosion and anti-abuse tax, and valuation allowances recorded on deferred tax assets.

The effective tax rates applied to the three and nine months ended June 30, 2024 were determined by excluding the U.S. losses from the overall estimated annual effective tax rate computations and a separate estimated annual effective tax rate was computed and applied to the ordinary U.S. losses.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred in the U.S. over the three-year period ended June 30, 2024. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future income. On the basis of this evaluation, during the nine months ended June 30, 2024, an additional valuation allowance of $28.0 million has been recorded to recognize only the portion of the U.S. deferred tax assets that is more likely than not to be realized. The additional valuation allowance is primarily the result of impairments recognized during the nine months ended June 30, 2024. The amount of the deferred tax assets considered realizable, however, could be adjusted if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as the Company's projections for income.

As of June 30, 2024 and September 30, 2023, the Company had $65.5 million and $65.4 million, respectively of gross federal NOL carryforwards that have no expiration date and $2.9 million at June 30, 2024 and September 30, 2023 of net operating tax-effected state NOL carryforwards which expire beginning in 2035.

Other current assets in the Consolidated Balance Sheet as of June 30, 2024 and September 30, 2023, consist principally of prepaid expenses, including prepaid tax assets of $11.2 million and $11.0 million, respectively.

Canadian provincial tax authorities have challenged tax positions claimed by one of the Company's Canadian subsidiaries and have issued tax reassessments for fiscal years 2002-2018. The reassessments are a result of ongoing audits and total $190.4 million, including interest, through June 30, 2024. The Company disputes these reassessments and will continue to work with the appropriate authorities in Canada to resolve the dispute. There is a reasonable possibility that the ultimate resolution of this dispute, and any related disputes for other open tax years, may be materially higher or lower than the amounts the Company has reserved for such disputes. In connection with this dispute, local regulations require the Company to post security with the tax authority until the dispute is resolved. The Company has posted collateral in the form of a $160.1 million performance bond and has paid $36.3 million to the Canadian tax authorities (most of which is recorded in other assets in the Consolidated Balance Sheets at June 30, 2024, and September 30, 2023), which is necessary to proceed with future appeals or litigation.

The Company expects that it will be required by local regulations to provide security for additional interest on the above unresolved disputed amounts and for any future reassessments issued by these Canadian tax authorities in the form of cash, letters of credit, performance bonds, asset liens or other arrangements agreeable with the tax authorities until the disputes are resolved.

The Company expects that the ultimate outcome of these matters will not have a material impact on its results of operations or financial condition. However, the Company can provide no assurance as to the ultimate outcome of these matters, and the impact could be material if they are not resolved in the Company's favor. As of June 30, 2024, the Company believes it has adequately reserved for these reassessments.

Additionally, the Company has other uncertain tax positions as well as assessments and disputed positions with taxing authorities in its various jurisdictions, which are consistent with those matters disclosed in the Company's 2023 Form 10-K/A.

8. Long-Term Debt:

Long-term debt consists of the following (in millions):

	June 30, 2024	September 30, 2023
6.75% Senior Notes due December 2027	$ 500.0	$ 500.0
Term Loan due May 2028	195.0	198.8
Revolving Credit Facility due May 2028	151.9	81.5
AR Securitization Facility expires March 2027	33.8	30.9
	880.7	811.2
Less unamortized debt issuance costs	(5.6)	(5.9)
Total debt	875.1	805.3
Less current portion	(6.3)	(5.0)
Long-term debt	$ 868.8	$ 800.3

On March 27, 2024, the Company entered into an amendment to its 2023 Credit Agreement, which eased the restrictions of certain covenants contained in the agreement. The amendment included increasing the maximum allowed consolidated total net leverage ratio (as defined and calculated under the terms of the amended 2023 Credit Agreement) to 6.5x as of the last day of any quarter through the fiscal quarter ended December 31, 2024, then gradually stepping down to 4.75x by the fiscal quarter ended March 31, 2026 and thereafter. The amendment also removed the flexibility related to the lithium development joint ventures, projects or similar arrangements and any related funding transactions in connection therewith. In connection with this amendment, the Company paid fees totaling $1.7 million which were capitalized as deferred financing costs. Additional arrangement and legal fees of $0.9 million were expensed as of March 31, 2024.

On March 27, 2024, certain of the Company's U.S. subsidiaries entered into an amendment to its revolving accounts receivable financing facility (the "AR Facility") with PNC Bank, National Association, extending the facility to March 2027. In connection with this amendment, the Company paid fees totaling $0.4 million which were capitalized as deferred financing costs.

As of June 30, 2024, the term loan and revolving credit facility under the 2023 Credit Agreement were secured by substantially all existing and future U.S. assets of the Company, the Goderich mine in Ontario, Canada and capital stock of certain subsidiaries. As of June 30, 2024 and September 30, 2023, the weighted average interest rate on all borrowings outstanding under the 2023 Credit Agreement was approximately 8.0% and 7.8%, respectively. Depending on the type, borrowings under the 2023 Credit Agreement accrue interest at a rate per annum equal to the Adjusted Term SOFR Rate, the Adjusted EURIBO Rate, Prime Rate or the CDO Rate (as defined in the credit agreement), as applicable, plus Applicable Margins (as defined in the credit agreement) which resulted in interest rates between 7.9% and 10.0% as of June 30, 2024, and 7.7% and 9.8% as of September 30, 2023.

As of June 30, 2024, the Company had $208.0 million of availability under its $375 million revolving credit facility. The 2023 Credit Agreement requires the Company to maintain certain financial ratios, including a minimum interest coverage ratio and a maximum total net leverage ratio. The Company was in compliance as of June 30, 2024 with its debt covenants under the 2023 Credit Agreement and its AR Securitization Facility. The consolidated total net leverage ratio represents the ratio of (a) consolidated total net debt to (b) consolidated adjusted earnings before interest, taxes, depreciation and amortization. Consolidated total net debt includes the aggregate principal amount of total debt, net of unrestricted cash not to exceed $75.0 million.

On August 12, 2024, the Company entered into amendments to its 2023 Credit Agreement and its AR Facility, which extended the deadline for delivery of the Company's June 30, 2024 financial statements for the quarter ended June 30, 2024, together with the respective compliance certificates, from 45 days to 75 days after the last day of the quarter ended June 30, 2024.

On September 13, 2024, the Company entered into amendments to its 2023 Credit Agreement and its AR Facility, which extended the deadline for delivery of the Company's June 30, 2024 financial statements for the quarter ended June 30, 2024, together with the respective compliance certificates, to November 29, 2024, 152 days after the last day of the quarter ended June 30, 2024.

On September 18, 2024, the Company received a notice of default relating to its 6.750% Senior Notes due 2027 because the Company failed to timely furnish a Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024. The Company has 90 days from receipt of the notice to remedy prior to it becoming an Event of Default under the terms of the Indenture, dated November 29, 2019.

9. Commitments and Contingencies:

As previously disclosed, the Company was the subject of an investigation by the Division of Enforcement of the SEC regarding the Company's disclosures primarily concerning the operation of the Goderich mine, the former South American businesses, and related accounting and internal control matters including Salt interim inventory valuation methodology issues that were disclosed in the Company's Form 10-K/A for the year ended December 31, 2020, and Form 10-Q/A for the quarter ended March 31, 2021, each filed with the SEC on September 3, 2021.

On September 23, 2022, the Company reached a settlement with the SEC, concluding and resolving the SEC investigation in its entirety. Under the terms of the settlement, the Company, without admitting or denying the findings in the administrative order issued by the SEC, agreed to pay a civil penalty of $12 million and to cease and desist from violations of specified provisions of the federal securities laws and rules promulgated thereunder, and to retain an independent compliance consultant for a period of approximately one year to review certain accounting practices and procedures. As set forth in the administrative order, the $12 million civil penalty was paid in installments with $10 million reflected in accrued expenses and other current liabilities on the Company's Consolidated Balance Sheets as of September 30, 2023 and subsequently paid in during the first quarter of fiscal 2024.

On April 24, 2024, the Company, two of its former officers and two current officers were named as defendants in a putative securities class action lawsuit filed in the United States District Court for the District of Kansas, alleging that the Company and such officers made misleading statements damaging shareholders relating to the Company's fire retardant business. The Company intends to vigorously defend these allegations. At this time, the Company is unable to assess with any certainty what, if any, damages could be awarded in this matter.

On May 1, 2024, Fortress was named as defendant in a trade secrets lawsuit filed by Perimeter Solutions L.P. in the United States District Court for the Eastern District of California, alleging that certain of Fortress's non-magnesium chloride fire retardant products were developed using Perimeter's trade secrets, and seeking unspecified damages (including exemplary damages) and injunctive relief. The Company intends to vigorously defend these allegations. At this time, the Company is unable to assess with any certainty what, if any, damages could be awarded in this matter. On May 1, 2024, Perimeter Solutions L.P. also filed a lawsuit in the United States District Court for the Eastern District of Missouri alleging similar claims against an employee of Fortress for breach of contract and misappropriation of trade secrets. On September 6, 2024, the Eastern District of Missouri dismissed without prejudice the suit filed against the Fortress employee.

The Company is also involved in legal and administrative proceedings and claims of various types from the ordinary course of the Company's business.

Management cannot predict the outcome of legal claims and proceedings with certainty. Nevertheless, management believes that the outcome of legal proceedings and claims, which are pending or known to be threatened, even if determined adversely, will not, individually or in the aggregate, have a material adverse effect on the Company's results of operations, cash flows or financial position, except as otherwise described in Note 7 and this Note 9.

10. Operating Segments:

The Company's reportable segments are strategic business units that offer different products and services, and each business requires different technology and marketing strategies. For the three and nine months ended June 30, 2024 and 2023, the Company has presented two reportable segments in its Consolidated Financial Statements: Salt and Plant Nutrition. The Salt segment produces and markets salt, consisting of sodium chloride and magnesium chloride, for use in road deicing for winter roadway safety and for dust control, food processing, water softening and other consumer, agricultural and industrial applications. The Plant Nutrition segment produces and markets various grades of SOP. The results of operations for the Company's fire retardant and records management businesses are included in Corporate and Other in the tables below. Refer to Note 2 for a discussion of the acquisition of the fire retardant business.

Segment information is as follows (in millions):

Three Months Ended June 30, 2024	Salt	Plant Nutrition	Corporate & Other[(a)]	Total
Sales to external customers	$ 160.6	$ 38.8	$ 3.5	$ 202.9
Intersegment sales	—	2.8	(2.8)	—
Shipping and handling cost	48.2	5.0	—	53.2
Operating earnings (loss)[(c)(d)]	25.9	(1.4)	(18.6)	5.9
Depreciation, depletion and amortization	15.7	8.6	1.8	26.1
Total assets (as of end of period)	1,013.3	408.1	173.8	1,595.2

Three Months Ended June 30, 2023	Salt	Plant Nutrition	Corporate & Other[(a)]	Total
Sales to external customers	$ 155.5	$ 47.5	$ 4.6	$ 207.6
Intersegment sales	—	2.8	(2.8)	—
Shipping and handling cost	48.2	5.6	—	53.8
Operating earnings (loss)[(d)]	21.7	2.5	(24.8)	(0.6)
Depreciation, depletion and amortization	14.2	8.2	1.9	24.3
Total assets (as of end of period)	970.1	477.1	286.3	1,733.5

Nine Months Ended June 30, 2024	Salt	Plant Nutrition	Corporate & Other[a]	Total
Sales to external customers	$ 745.3	$ 138.6	$ 24.7	$ 908.6
Intersegment sales	—	6.6	(6.6)	—
Shipping and handling cost	235.9	18.6	0.6	255.1
Operating earnings (loss)[b][c][d]	142.6	(56.7)	(172.9)	(87.0)
Depreciation, depletion and amortization	47.1	25.7	5.6	78.4

Nine Months Ended June 30, 2023	Salt	Plant Nutrition	Corporate & Other[a]	Total
Sales to external customers	$ 824.1	$ 136.8	$ 10.2	$ 971.1
Intersegment sales	—	7.1	(7.1)	—
Shipping and handling cost	274.9	16.4	—	291.3
Operating earnings (loss)[c][d]	141.9	12.8	(79.5)	75.2
Depreciation, depletion and amortization	42.9	24.6	5.2	72.7

Disaggregated revenue by product type is as follows (in millions):

Three Months Ended June 30, 2024	Salt	Plant Nutrition	Corporate & Other[a]	Total
Highway Deicing Salt	$ 84.1	$ —	$ —	$ 84.1
Consumer & Industrial Salt	76.5	—	—	76.5
SOP	—	41.6	—	41.6
Eliminations & Other	—	(2.8)	3.5	0.7
Sales to external customers	$ 160.6	$ 38.8	$ 3.5	$ 202.9

Three Months Ended June 30, 2023	Salt	Plant Nutrition	Corporate & Other[a]	Total
Highway Deicing Salt	$ 79.0	$ —	$ —	$ 79.0
Consumer & Industrial Salt	76.5	—	—	76.5
SOP	—	50.3	—	50.3
Fire Retardant	—	—	1.9	1.9
Eliminations & Other	—	(2.8)	2.7	(0.1)
Sales to external customers	$ 155.5	$ 47.5	$ 4.6	$ 207.6

Nine Months Ended June 30, 2024	Salt	Plant Nutrition	Corporate & Other[a]	Total
Highway Deicing Salt	$ 471.1	$ —	$ —	$ 471.1
Consumer & Industrial Salt	274.2	—	—	274.2
SOP	—	145.2	—	145.2
Fire Retardant	—	—	14.1	14.1
Revenue from Services	—	—	0.5	0.5
Eliminations & Other	—	(6.6)	10.1	3.5
Sales to external customers	$ 745.3	$ 138.6	$ 24.7	$ 908.6

Nine Months Ended June 30, 2023	Salt	Plant Nutrition	Corporate & Other[(a)]	Total
Highway Deicing Salt	$ 543.0	$ —	$ —	$ 543.0
Consumer & Industrial Salt	281.1	—	—	281.1
SOP	—	143.9	—	143.9
Fire Retardant	—	—	1.9	1.9
Eliminations & Other	—	(7.1)	8.3	1.2
Sales to external customers	$ 824.1	$ 136.8	$ 10.2	$ 971.1

(a) Corporate and Other includes corporate entities, records management operations, the Fortress fire retardant business, equity method investments, lithium costs and other incidental operations and eliminations. Operating earnings (loss) for corporate and other includes indirect corporate overhead, including costs for general corporate governance and oversight, lithium-related expenses, as well as costs for the human resources, information technology, legal and finance functions.

(b) The Company recognized impairments of $175.8 million for the nine months ended June 30, 2024, which impacted operating results. Refer to Note 1 for additional information regarding the Plant Nutrition and Fortress impairments and Note 5 for additional information about the impairment of lithium development assets.

(c) Corporate operating results were impacted by net gains of $0.9 million and $23.1 million related to the decline in the valuation of the Fortress contingent consideration for the three and nine months ended June 30, 2024, respectively. Corporate operating results also include net reimbursements related to the settled SEC investigation of $0.1 million for the nine months ended June 30, 2023. Refer to Note 9 for more information regarding the SEC investigation and settlement and Note 13 for information regarding the Fortress contingent consideration.

(d) The Company continued to take steps to align its cost structure to its current business needs. These initiatives impacted Corporate operating results and resulted in net severance and related charges for reductions in workforce and changes to executive leadership and additional restructuring costs related to the termination of the Company's lithium development project of $1.5 million and $17.2 million for the three and nine months ended June 30, 2024, respectively, and $2.2 million and $5.5 million for the three and nine months ended June 30, 2023, respectively.

The Company's revenue by geographic area is as follows (in millions):

	Three Months Ended June 30,		Nine Months Ended June 30,	
Revenue	2024	2023	2024	2023
United States[(a)]	$ 158.4	$ 164.4	$ 679.4	$ 695.7
Canada	35.7	35.9	191.4	224.5
United Kingdom	7.9	6.6	35.0	43.9
Other	0.9	0.7	2.8	7.0
Total revenue	$ 202.9	$ 207.6	$ 908.6	$ 971.1

(a) United States sales exclude product sold to foreign customers at U.S. ports.

11. Stockholders' Equity and Equity Instruments:

Equity Compensation Awards

In May 2020, the Company's stockholders approved the 2020 Incentive Award Plan (as amended, the "2020 Plan"), which authorized the issuance of 2,977,933 shares of Company common stock. In February 2022, the Company's stockholders approved an amendment to the 2020 Plan authorizing an additional 750,000 shares of Company stock. In March 2024, the Company's stockholders approved an amendment to the 2020 Plan authorizing an additional 3,000,000 shares of Company stock. Since the date the 2020 Plan was approved, the Company ceased issuing equity awards under the 2015 Incentive Award Plan (as amended, the "2015 Plan"). Since the approval of the 2015 Plan in May 2015, the Company ceased issuing equity awards under the 2005 Incentive Award Plan (as amended, the "2005 Plan"). The 2005 Plan, the 2015 Plan and the 2020 Plan allow for grants of equity awards to executive officers, other employees and directors, including restricted stock units ("RSUs"), performance stock units ("PSUs"), stock options and deferred stock units. For additional information regarding equity awards issued under the Company's incentive plans refer to "Note 16 – Stockholder's Equity and Equity Instruments" within Part II, Item 8 of its 2023 Form 10-K/A.

During the nine months ended June 30, 2024, the Company reissued the following number of shares from treasury stock: 252,798 shares related to the release of RSUs which vested and 46,039 shares issued for Board of Director compensation. In fiscal 2023, the Company issued 158,132 net shares from treasury stock. The Company withheld a total of 96,088 shares with a fair value of $2.1 million related to the vesting of RSUs during the nine months ended June 30, 2024. The fair value of the shares was valued at the closing price at the vesting date and represent the employee tax withholding for the employee's compensation. The Company recognized tax expense of $1.0 million from its equity compensation awards during the nine months ended June 30, 2024. During the nine months ended June 30, 2024 and 2023, the Company recorded $8.1 million and $17.7 million (includes $1.8 million and $0.5 million paid in cash), respectively, of compensation expense pursuant to its stock-based compensation plans. No amounts have been capitalized.

PSUs

During the nine months ended June 30, 2024, the Company issued new PSUs based upon several operational performance measures ("Scorecard PSUs"). The actual number of shares of common stock that may be earned with respect to Scorecard PSUs is calculated based upon the attainment of free cash flow, cash unit costs, cash unit cost reduction, capital expenditures and safety measures during the performance period and may range from 0% to 300% for each measure.

The following table summarizes stock-based compensation activity during the nine months ended June 30, 2024:

	Stock Options		RSUs		PSUs[a]	
	Number	Weighted-average exercise price	Number	Weighted-average fair value	Number	Weighted-average fair value
Outstanding at September 30, 2023	642,995	$ 59.46	393,240	$ 42.50	393,579	$ 71.37
Granted	—	—	533,399	25.55	276,916	24.69
Exercised[b]	—	—	—	—	—	—
Released from restriction[b]	—	—	(252,798)	40.18	—	—
Cancelled/expired	(443,227)	57.97	(202,439)	32.54	(425,561)	56.85
Outstanding at June 30, 2024	199,768	$ 62.78	471,402	$ 28.84	244,934	$ 43.88

(a) Until the performance period is completed, PSUs are included in the table at the target level at their grant date and at that level represent one share of common stock per PSU.

(b) Common stock issued for exercised options and for vested and earned RSUs and PSUs was issued from treasury stock.

Accumulated Other Comprehensive Loss ("AOCL")

The Company's comprehensive income (loss) is comprised of net loss, net amortization of the unrealized loss of the pension obligation, the change in the unrealized gain in other postretirement benefits, the change in the unrealized gain (loss) on natural gas and foreign currency cash flow hedges and currency translation adjustment ("CTA"). The components of and changes in AOCL are as follows (in millions):

Three Months Ended June 30, 2024[a]	Gains and (Losses) on Cash Flow Hedges	Defined Benefit Pension	Other Post-Employment Benefits	Foreign Currency	Total
Beginning balance	$ (2.6)	$ (6.2)	$ 1.7	$ (96.5)	$ (103.6)
Other comprehensive loss before reclassifications[b]	(0.6)	—	—	(4.9)	(5.5)
Amounts reclassified from AOCL	1.5	0.3	(0.1)	—	1.7
Net current period other comprehensive income (loss)	0.9	0.3	(0.1)	(4.9)	(3.8)
Ending balance	$ (1.7)	$ (5.9)	$ 1.6	$ (101.4)	$ (107.4)

Three Months Ended June 30, 2023[a]	Gains and (Losses) on Cash Flow Hedges	Defined Benefit Pension	Other Post-Employment Benefits	Foreign Currency	Total
Beginning balance	$ (5.5)	$ (2.6)	$ 1.3	$ (97.8)	$ (104.6)
Other comprehensive income before reclassifications[b]	0.4	—	—	11.8	12.2
Amounts reclassified from AOCL	1.8	—	—	—	1.8
Net current period other comprehensive income	2.2	—	—	11.8	14.0
Ending balance	$ (3.3)	$ (2.6)	$ 1.3	$ (86.0)	$ (90.6)

Nine Months Ended June 30, 2024[(a)]	Gains and (Losses) on Cash Flow Hedges	Defined Benefit Pension	Other Post-Employment Benefits	Foreign Currency	Total
Beginning balance	$ (1.4)	$ (6.6)	$ 1.7	$ (98.4)	$ (104.7)
Other comprehensive loss before reclassifications[(b)]	(3.4)	—	—	(3.0)	(6.4)
Amounts reclassified from AOCL	3.1	0.7	(0.1)	—	3.7
Net current period other comprehensive (loss) income	(0.3)	0.7	(0.1)	(3.0)	(2.7)
Ending balance	$ (1.7)	$ (5.9)	$ 1.6	$ (101.4)	$ (107.4)

Nine Months Ended June 30, 2023[(a)]	Gains and (Losses) on Cash Flow Hedges	Defined Benefit Pension	Other Post-Employment Benefits	Foreign Currency	Total
Beginning balance	$ (1.6)	$ (2.7)	$ 1.3	$ (112.3)	$ (115.3)
Other comprehensive (loss) income before reclassifications[(b)]	(3.8)	—	—	26.3	22.5
Amounts reclassified from AOCL	2.1	0.1	—	—	2.2
Net current period other comprehensive (loss) income	(1.7)	0.1	—	26.3	24.7
Ending balance	$ (3.3)	$ (2.6)	$ 1.3	$ (86.0)	$ (90.6)

(a) With the exception of the CTA, for which no tax effect is recorded, the changes in the components of AOCL presented in the tables above are reflected net of applicable income taxes.

(b) The Company recorded foreign exchange gain (loss) of $1.0 million and $1.0 million in the three and nine months ended June 30, 2024, respectively, and $(2.0) million and $(3.4) million in the three and nine months ended June 30, 2023, respectively, in AOCL related to intercompany notes which were deemed to be of a long-term investment nature.

The amounts reclassified from AOCL to expense (income) for the three and nine months ended June 30, 2024 and 2023, are shown below (in millions):

	Amount Reclassified from AOCL				Line Item Impacted in the Consolidated Statements of Operations
	Three Months Ended June 30,		Nine Months Ended June 30,		
	2024	2023	2024	2023	
Loss (gain) on cash flow hedges:					
Natural gas instruments	$ 1.5	$ 2.4	$ 3.1	$ 2.9	Product cost
Income tax expense	—	(0.6)	—	(0.8)	
Reclassifications, net of income taxes	1.5	1.8	3.1	2.1	
Amortization of defined benefit pension:					
Amortization of loss	0.3	—	0.9	0.1	Product cost
Income tax benefit	—	—	(0.2)	—	
Reclassifications, net of income taxes	0.3	—	0.7	0.1	
Amortization of other post-employment benefits:					
Amortization of gain	(0.1)	—	(0.1)	—	Product cost
Income tax expense	—	—	—	—	
Reclassifications, net of income taxes	(0.1)	—	(0.1)	—	
Total reclassifications, net of income taxes	$ 1.7	$ 1.8	$ 3.7	$ 2.2	

12. Derivative Financial Instruments:

The Company is subject to various types of market risks, including interest rate risk, foreign currency exchange rate transaction and translation risk and commodity pricing risk. Management may take actions to mitigate the exposure to these types of risks, including entering into forward purchase contracts and other financial instruments. The Company manages a portion of its commodity pricing risks and foreign currency exchange rate risks by using derivative instruments. From time to time, the Company may enter into foreign exchange contracts to mitigate foreign exchange risk. The Company does not seek to engage in trading activities or take speculative positions with any financial instrument arrangement. The Company enters into natural gas derivative instruments and foreign currency derivative instruments with counterparties it views as creditworthy. However, the Company does attempt to mitigate its counterparty credit risk exposures by, among other things, entering into master netting agreements with some of these counterparties. The Company records derivative financial instruments as either assets or liabilities at fair value in its Consolidated Balance Sheets. The assets and liabilities recorded as of June 30, 2024 and September 30, 2023 were not material.

Derivatives qualify for treatment as hedges when there is a high correlation between the change in fair value of the derivative instrument and the related change in value of the underlying hedged item. Depending on the exposure being hedged, the Company must designate the hedging instrument as a fair value hedge, a cash flow hedge or a net investment in foreign operations hedge. For the qualifying derivative instruments that have been designated as cash flow hedges, the effective portion of the change in fair value is recognized through earnings when the underlying transaction being hedged affects earnings, allowing a derivative's gains and losses to offset related results from the hedged item in the Consolidated Statements of Operations. Any ineffectiveness related to these instruments accounted for as hedges was not material for any of the periods presented. For derivative instruments that have not been designated as hedges, the entire change in fair value is recorded through earnings in the period of change.

Natural Gas Derivative Instruments

Natural gas is consumed at several of the Company's production facilities, and changes in natural gas prices impact the Company's operating margin. The Company seeks to reduce the earnings and cash flow impacts of changes in market prices of natural gas by fixing the purchase price of up to 90% of its forecasted natural gas usage. It is the Company's policy to consider hedging portions of its natural gas usage up to 36 months in advance of the forecasted purchase. As of June 30, 2024, the Company had entered into natural gas derivative instruments to hedge a portion of its natural gas purchase requirements through December 2025. As of June 30, 2024 and September 30, 2023, the Company had agreements in place to hedge forecasted natural gas purchases of 2.9 million and 2.3 million MMBtus, respectively.

On March 1, 2023, the Company de-designated its natural gas cash flow hedges related to its Ogden, Utah production facility as the Company did not believe these hedges were probable of being highly effective in the second fiscal quarter of 2023. Beginning March 1, 2023, the change in the derivative was and will be recorded in other expense, net in the Consolidated Statements of Operations. Since the transactions are still probable of occurring, previously recognized amounts in AOCL of $0.1 million remain in AOCL until the underlying forecasted transaction occurs. The Company recognized $0.1 million and $0.8 million of expense in other expense, net on the Consolidated Statements of Operations during the three and nine months ended June 30, 2024, respectively. Following the de-designation, these natural gas economic hedging instruments will be recorded at fair value through earnings unless re-designated or until settlement. Substantially all other natural gas derivative instruments held by the Company as of June 30, 2024 and September 30, 2023 qualified and were designated as cash flow hedges. As of June 30, 2024, the Company expects to reclassify from AOCL to earnings during the next twelve months $1.5 million of net losses on derivative instruments related to its natural gas hedges. Refer to Note 13 for the estimated fair value of the Company's natural gas derivative instruments as of June 30, 2024 and September 30, 2023.

The following tables present the fair value of the Company's derivatives (in millions):

	Asset Derivatives		Liability Derivatives	
	Consolidated Balance Sheet Location	June 30, 2024	Consolidated Balance Sheet Location	June 30, 2024
Derivatives designated as hedging instruments:				
Commodity contracts	Other current assets	$ 0.9	Accrued expenses and other current liabilities	$ 2.4
Commodity contracts	Other assets	0.2	Other noncurrent liabilities	0.4
Total derivatives designated as hedging instruments		1.1		2.8
Derivatives not designated as hedging instruments:				
Commodity contracts	Other current assets	—	Accrued expenses and other current liabilities	0.1
Total derivatives not designated as hedging instruments		—		0.1
Total derivatives[(a)]		$ 1.1		$ 2.9

(a) The Company has master netting agreements with its commodity hedge counterparties and accordingly has netted in its Consolidated Balance Sheets $1.1 million of its commodity contracts that are in receivable positions against its contracts in payable positions.

	Asset Derivatives		Liability Derivatives	
	Consolidated Balance Sheet Location	September 30, 2023	Consolidated Balance Sheet Location	September 30, 2023
Derivatives designated as hedging instruments:				
Commodity contracts	Other current assets	$ 0.9	Accrued expenses and other current liabilities	$ 2.3
Total derivatives designated as hedging instruments		0.9		2.3
Derivatives not designated as hedging instruments:				
Commodity contracts	Other current assets	0.1	Accrued expenses and other current liabilities	—
Total derivatives not designated as hedging instruments		0.1		—
Total derivatives[(a)]		$ 1.0		$ 2.3

(a) The Company has master netting agreements with its commodity hedge counterparties and accordingly has netted in its Consolidated Balance Sheets $1.0 million of its commodity contracts that are in receivable positions against its contracts in payable positions.

13. Fair Value Measurements:

The Company's financial instruments are measured and reported at their estimated fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. When available, the Company uses quoted prices in active markets to determine the fair values for its financial instruments (Level 1 inputs) or, absent quoted market prices, observable market-corroborated inputs over the term of the financial instruments (Level 2 inputs). The Company does not have any unobservable inputs that are not corroborated by market inputs (Level 3 inputs), except as stated below and in Note 2.

The Company holds marketable securities associated with its defined contribution and pre-tax savings plans, which are valued based on readily available quoted market prices. The Company utilizes derivative instruments to manage its risk of changes in natural gas prices and foreign exchange rates (see Note 12). The fair values of the natural gas and foreign currency derivative instruments are determined using market data of forward prices for all of the Company's contracts.

The estimated fair values for each type of instrument are presented below (in millions):

	June 30, 2024	Level One	Level Two	Level Three
Asset Class:				
Mutual fund investments in a non-qualified savings plan[(a)]	$ 3.1	$ 3.1	$ —	$ —
Total Assets	$ 3.1	$ 3.1	$ —	$ —
Liability Class:				
Derivatives designated as hedging instruments - natural gas instruments, net	$ (1.7)	$ —	$ (1.7)	$ —
Derivatives not designated as hedging instruments - natural gas instruments, net	(0.1)	—	(0.1)	—
Liabilities related to non-qualified savings plan	(3.1)	(3.1)	—	—
Total Liabilities	$ (4.9)	$ (3.1)	$ (1.8)	$ —

(a) Includes mutual fund investments of approximately 30% in common stock of large-cap U.S. companies, 5% in common stock of small to mid-cap U.S. companies, 5% in international companies, 15% in bond funds, 5% in short-term investments and 40% in blended funds.

	September 30, 2023	Level One	Level Two	Level Three
Asset Class:				
Mutual fund investments in a non-qualified savings plan[(a)]	$ 2.6	$ 2.6	$ —	$ —
Derivatives not designated as hedging instruments - natural gas instruments, net	0.1	—	0.1	—
Total Assets	$ 2.7	$ 2.6	$ 0.1	$ —
Liability Class:				
Derivatives designated as hedging instruments - natural gas instruments, net	$ (1.4)	$ —	$ (1.4)	$ —
Liabilities related to non-qualified savings plan	(2.6)	(2.6)	—	—
Total Liabilities	$ (4.0)	$ (2.6)	$ (1.4)	$ —

(a) Includes mutual fund investments of approximately 25% in the common stock of large-cap U.S. companies, 5% in the common stock of small to mid-cap U.S. companies, 10% in the common stock of international companies, 10% in bond funds, 5% in short-term investments and 45% in blended funds.

Cash and cash equivalents, receivables (net of allowance for doubtful accounts) and accounts payable are carried at cost, which approximates fair value due to their liquid and short-term nature. The Company's investments related to its non-qualified retirement plan of $3.1 million at June 30, 2024 and $2.6 million at September 30, 2023, are stated at fair value based on quoted market prices. As of June 30, 2024 and September 30, 2023, the estimated fair value of the Company's fixed-rate 6.75% Senior Notes due December 2027, based on available trading information (Level 2), totaled $477.5 million and $472.5 million, respectively, compared with the aggregate principal amount at maturity of $500.0 million. The fair value at June 30, 2024 and September 30, 2023 of amounts outstanding under the Company's term loans and revolving credit facility, based upon available bid information received from the Company's lender (Level 2), totaled approximately $342.7 million and $277.1 million, respectively, compared with the aggregate principal amount at maturity of $346.9 million and $280.3 million, respectively.

In connection with the acquisition of Fortress, the Company entered into a contingent consideration arrangement (milestone and earnout payments). The fair value of the milestone contingent consideration is estimated using a probability-weighted discounted cash flow model with significant inputs not observable in the market and is therefore considered a Level 3 measurement while the earn-out is valued using a Monte Carlo simulation, also a Level 3 measurement. For the three and nine months ended June 30, 2024, the Company recorded income of $0.9 million and $23.1 million, respectively. The change in the three months ended June 30, 2024 is reflective of updated financial performance, changes in discount rates and the passage of time. The change in the nine months ended June 30, 2024 is also reflective of milestone and earn-out payments made related to calendar year 2023 activity and recent developments related to the Company's magnesium chloride-based fire retardants, as discussed further in Note 1. The change is recorded in other operating (income) expense in the Consolidated Statements of Operations to reflect the contingent consideration liability at its fair value as of June 30, 2024. The Company will continue to recognize remeasurement changes in the estimated fair value of contingent consideration in earnings at each reporting date until all contingencies are resolved. Refer to Note 2 for a discussion of the milestone and earnout payments.

The following table presents the fair value of the Company's total contingent consideration arrangement (in millions):

Consolidated Balance Sheet Location	June 30, 2024	September 30, 2023
Accrued expenses and other current liabilities	$ —	$ 7.3
Other noncurrent liabilities	6.9	31.8
Total contingent consideration[(a)]	$ 6.9	$ 39.1

(a) The decrease in total contingent consideration was related to a net $23.1 million decrease in the fair value of the remaining contingent consideration, discussed further above, and $9.1 million of payments made during the nine months ended June 30, 2024.

The Company has certain assets, including goodwill and other intangible assets, which are measured at fair value on a non-recurring basis and are adjusted to fair value only if an impairment charge is recognized. The categorization of the framework used to measure fair value of the assets is considered to be within the Level 3 valuation hierarchy due to the subjective nature of the unobservable inputs used. Refer to Note 1 for details of the Company's impairment of goodwill related to Plant Nutrition and Fortress, Note 5 for details of the Company's impairment of long-lived assets related the termination of its lithium development and Note 6 for details of the Company's intangible asset impairment related to Fortress.

14. Earnings per Share:

On April 22, 2024, the Board of Directors determined not to declare dividends for the foreseeable future in order to align the Company's capital allocation priorities with its corporate focus on accelerating cash flow generation and debt reduction. The Company calculated earnings per share using the treasury stock method during the three months ended June 30, 2024. The following table sets forth the computation of basic and diluted earnings per common share (in millions, except for share and per-share data):

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net (loss) earnings	$ (43.6)	$ 36.4	$ (157.8)	$ 14.5
Less: net earnings allocated to participating securities[(a)]	—	(0.4)	(0.2)	(0.2)
Net (loss) earnings available to common stockholders	$ (43.6)	$ 36.0	$ (158.0)	$ 14.3
Denominator (in thousands):				
Weighted-average common shares outstanding, shares for basic earnings per share	41,342	41,142	41,284	40,663
Weighted-average awards outstanding[(b)]	—	—	—	—
Shares for diluted earnings per share	41,342	41,142	41,284	40,663
Basic net (loss) earnings per common share	$ (1.05)	$ 0.88	$ (3.83)	$ 0.35
Diluted net (loss) earnings per common share	$ (1.05)	$ 0.88	$ (3.83)	$ 0.35

(a) Weighted participating securities include RSUs and PSUs that receive non-forfeitable dividends and consist of 632,000 and 698,000 weighted participating securities for the three and nine months ended June 30, 2024, respectively, and 453,000 and 469,000 weighted participating securities for the three and nine months ended June 30, 2023, respectively.

(b) For the calculation of diluted net earnings (loss) per share, the Company uses the more dilutive of either the treasury stock method or the two-class method to determine the weighted-average number of outstanding common shares. In addition, the Company had 874,000 and 1,427,000 weighted-average equity awards outstanding for the three and nine months ended June 30, 2024, respectively, and 1,151,000 and 1,267,000 weighted-average equity awards outstanding for the three and nine months ended June 30, 2023, respectively, that were anti-dilutive.

15. Related Party Transactions:

During both the three and nine months ended June 30, 2024 and 2023, the Company recorded SOP sales of approximately $0.9 million and $2.7 million, respectively, to certain subsidiaries of Koch Industries, Inc. As of June 30, 2024 and September 30, 2023, the Company had approximately $0.5 million and $0.4 million, respectively, of receivables from related parties on its Consolidated Balance Sheets. There were no amounts payable outstanding as of June 30, 2024.

On December 20, 2023 and March 20, 2024, the Company paid a cash dividend to its stockholders of record at the close of business on December 11, 2023 and March 11, 2024, respectively, in the amount of $0.15 per share. Koch Minerals & Trading, LLC received approximately $2.1 million in respect to its common shares for the nine months ended June 30, 2024.

16. Subsequent Events:

On September 3, 2024, the Company announced a binding Voluntary Agreement ("Agreement") with the Utah Division of Forestry, Fire and State Lands ("FFSL") outlining water and land conservation commitments the company is making toward the long-term health of the Great Salt Lake. Per the terms of the Agreement, the Company will donate non-production-related water rights totaling approximately 201,000 acre feet annually to be used by the State of Utah for lake conservation and preservation. In connection with the donation of water rights, the Company performed a fair value analysis of the indefinite-lived intangible asset that resulted in an impairment of approximately $17.6 million.

Additionally, the Company will remit back to the State of Utah nearly 65,000 acres of leasehold, also currently not utilized for production, which will subsequently be set aside from future mineral leasing to be preserved in perpetuity for conservation and other beneficial uses according to FFSL's existing management authority. Finally, the Agreement outlines a progressive set of brine withdrawal caps for certain of the Company's consumptive water rights, based on annual lake elevation and informed by the Great Salt Lake Strategic Plan. The Company does not expect these consumption caps to materially impact its essential mineral production on the Great Salt Lake unless lake elevations were to fall to historic lows.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

All statements, other than statements of historical fact, contained in this Quarterly Report on Form 10-Q constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following: our mining and industrial operations; our continued ability to access ambient lake brine in the Great Salt Lake; the termination of our lithium development project; geological conditions; dependency on a limited number of key production and distribution facilities and critical equipment; weather conditions; the inability to fund necessary capital expenditures or successfully complete capital projects; uncertainties in estimating our economically recoverable reserves and resources; the useful life of our mine properties; conversion of mineral resources into mineral reserves; strikes, other forms of work stoppage or slowdown or other union activities; supply constraints or price increases for energy and raw materials used in our production processes; our indebtedness and inability to pay our indebtedness; restrictions in our debt agreements that may limit our ability to operate our business or require accelerated debt payments; tax liabilities; the inability of our customers to access credit or a default by our customers of trade credit extended by us; our payment of any dividends; financial assurance requirements; the seasonal demand for our products; the impact of anticipated changes in potash product prices and customer application rates; the impact of competition on the sales of our products; inflation risks; increasing costs or a lack of availability of transportation services; risks associated with our international operations and sales, including changes in currency exchange rates; conditions in the sectors where we sell products and supply and demand imbalances for competing products; our rights and governmental authorizations to mine and operate our properties; risks related to unanticipated litigation or investigations or pending litigation or investigations or other contingencies; compliance with environmental, health and safety laws and regulations; environmental liabilities; compliance with foreign and United States ("U.S.") laws and regulations related to import and export requirements and anti-corruption laws; changes in laws, industry standards and regulatory requirements; product liability claims and product recalls; misappropriation or infringement claims relating to intellectual property; inability to obtain required product registrations or increased regulatory requirements; our ability to successfully implement our strategies; risks related to labor shortages and the loss of key personnel; a compromise of our computer systems, information technology or operations technology or the inability to protect confidential or proprietary data; climate change and related laws and regulations; our ability to expand our business through acquisitions and investments, realize anticipated benefits from acquisitions and investments and integrate acquired businesses; outbreaks of contagious disease or similar public health threats; domestic and international general business and economic conditions; our ability to successfully remediate the material weakness in our internal controls over financial reporting disclosed in this Form 10-Q; and other risks referenced from time to time in this report and our other filings with the Securities and Exchange Commission (the "SEC"), including Part I, Item 1A, "Risk Factors" of our Amended Annual Report on Form 10-K/A for the annual period ended September 30, 2023 ("2023 Form 10-K/A").

In some cases, you can identify forward-looking statements by terminology such as "may," "might," "will," "should," "could," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," the negative of these terms or other comparable terminology. Forward-looking statements include without limitation statements about our outlook, including expected sales volumes and costs; existing or potential capital expenditures; capital projects and investments; the industry and our competition; projected sources of cash flow; potential legal liability; proposed or recently enacted legislation and regulatory action; the seasonal distribution of working capital requirements; our reinvestment of foreign earnings outside the U.S.; payment of future dividends and ability to reinvest in our business; our ability to optimize cash accessibility, minimize tax expense and meet debt service requirements; future tax payments, tax refunds and valuation allowances; leverage ratios; realization of potential savings from our restructuring activities; outcomes of matters with taxing authorities; the effects of currency fluctuations and inflation, including our ability to recover inflation-based cost increases; the seasonality of our business; and the effects of climate change. These forward-looking statements are only predictions. Actual events or results may differ materially.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We undertake no duty to update any of the forward-looking statements after the date hereof or to reflect the occurrence of unanticipated events.

Unless the context requires otherwise, references to the "Company," "Compass Minerals," "our," "us" and "we" refer to Compass Minerals International, Inc. ("CMI," the parent holding company) and its consolidated subsidiaries. Except where otherwise noted, references to North America include only the continental U.S. and Canada, and references to the United

Kingdom ("U.K.") include only England, Scotland and Wales. Except where otherwise noted, all references to tons refer to "short tons" and all amounts are in U.S. dollars. One short ton equals 2,000 pounds and one metric ton equals 2,204.6 pounds. Compass Minerals and Protassium+ and combinations thereof, are trademarks of CMI or its subsidiaries in the U.S. and other countries.

We previously identified various misstatements related to (i) certain contingent consideration associated with our acquisition of Fortress North America, LLC ("Fortress"), (ii) historical understatement of work-in-process inventory, (iii) immaterial misstatements to reclassify the impacts of non-cash capital expenditures in accounts payable in its operating and investing cash flows, (iv) an error in its interim non-GAAP Adjusted EBITDA calculation, which resulted in an understatement of its consolidated Adjusted EBITDA for the first and second quarters of 2024, and (v) certain other individual immaterial misstatements that were also immaterial in the aggregate. These misstatements were corrected via amendments to our Annual Report on Form 10-K for the periods ended September 30, 2023, 2022 and 2021 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024, both filed on October 29, 2024.

Critical Accounting Estimates

Preparation of our consolidated financial statements in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes the most complex and sensitive judgments result primarily from the need to make estimates about matters that are inherently uncertain. Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 8, Note 2 to the Consolidated Financial Statements included in our 2023 Form 10-K/A, describe the significant accounting estimates and policies used in preparation of our consolidated financial statements.

As previously disclosed in the 2023 Form 10-K and as discussed in Item 1, Note 5 of our Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, we indefinitely paused new investment in the lithium salt project pending greater clarity on the evolving regulatory environment in Utah. In December of 2023, a revised draft of rules was proposed, project engineering estimates were refined and, taken together with the decline in market price of lithium products, we determined to terminate the lithium development. Consequently, we evaluated the capitalized assets and recorded an impairment charge of $74.8 million for the nine months ended June 30, 2024, including $5.3 million associated with future commitments as of June 30, 2024. The impairment charges were recognized to value the assets at estimated fair value, considering equipment expected to be used by the on-going business and amounts estimated to be recoverable through returns or salvage value. The determination of fair value of these assets requires us to make estimates and assumptions that include, but are not limited to, estimated proceeds to be received upon sale or return of the equipment, assumptions about the ability to redeploy equipment and materials to other parts of the business and estimates regarding the utility value and replacement cost of the equipment redeployed. Actual proceeds received from asset sales or returns and our ability to utilize the assets may vary from our estimates resulting in further impairment.

As discussed in Item 1, Note 1 of our Consolidated Financial Statements included in this Quarterly Report on Form 10-Q, as a result of a sustained decrease in our publicly quoted share price and market capitalization continuing into fiscal 2024 and recent developments related to our magnesium chloride-based fire retardants impacting our Fortress business, we determined that there were indicators for impairment which necessitated impairment testing of long-lived assets and goodwill during the second quarter of fiscal 2024. As a result of the evaluation, we recorded a long-lived asset impairment, net, of $15.6 million, an inventory impairment of $2.4 million and goodwill impairment of $32.0 million related to Fortress and goodwill impairment of $51.0 million related to Plant Nutrition as of March 31, 2024. Failure to obtain full qualification by the USFS or a decision by the USFS not to enter into commercial agreements with respect to Fortress's magnesium or non-magnesium chloride-based fire retardant products could result in additional impairments related to the Fortress business. In connection with the impairments, we determined the estimated fair value for each reporting unit based on discounted cash flow projections (income approach), market values for comparable businesses (market approach) or a combination of both. The determination of fair value of the reporting units requires us to make estimates and assumptions that include, but are not limited to, discount rates, long-term revenue growth rates and the amount and timing of expected future cash flows. Our estimates may differ from actual future cash flows. Management does not believe that the remaining goodwill balance in its Corporate and Other reporting unit is currently at risk of impairment as of June 30, 2024.

For a further description of our critical accounting policies, see Item 1, Note 1 of our Consolidated Financial Statements included in this Quarterly Report on Form 10-Q. Actual results in these areas could differ from management's estimates.

Company Overview

Compass Minerals is a leading producer of essential minerals, including salt, sulfate of potash (“SOP”) specialty fertilizer and magnesium chloride. As of June 30, 2024, we operated 12 production and packaging facilities, including:

- The largest rock salt mine in the world in Goderich, Ontario, Canada;
- The largest dedicated rock salt mine in the U.K. in Winsford, Cheshire;
- A solar evaporation facility located near Ogden, Utah, which is both the largest sulfate of potash specialty fertilizer production site and the largest solar salt production site in the Western Hemisphere; and
- Several mechanical evaporation facilities producing consumer and industrial salt.

Our Salt segment provides highway deicing salt to customers in North America and the U.K. as well as consumer deicing and water conditioning products, ingredients used in consumer and commercial food preparation, and other salt-based products for consumer, industrial, chemical and agricultural applications in North America. In the U.K., we operate a records management business utilizing excavated areas of our Winsford salt mine with one other location in London, England.

Our Plant Nutrition segment produces and markets SOP products in various grades worldwide to distributors and retailers of crop inputs, as well as growers and for industrial uses. We market our SOP under the trade name Protassium+®.

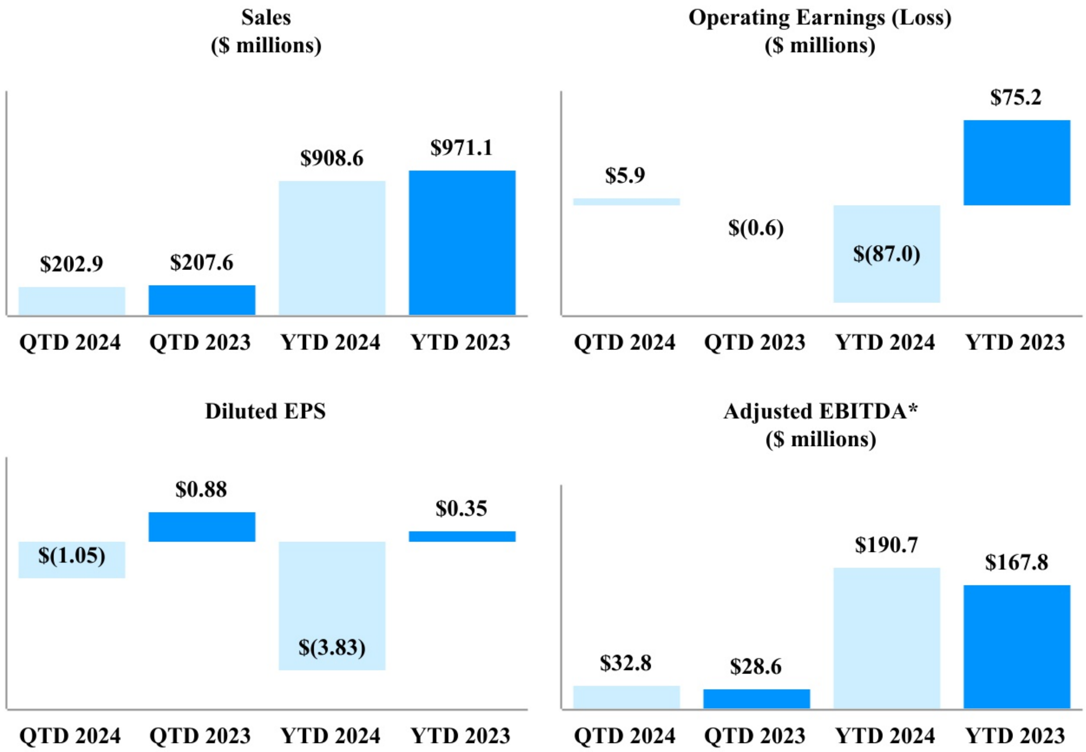
In May 2023, we completed the purchase of Fortress, a fire retardant company working to develop long-term fire retardant solutions to help combat wildfires (see Item 1, Note 2 of our Consolidated Financial Statements). December 31, 2023 marked the end of Fortress's first commercially operating fire season with the U.S. Forest Service (“USFS”). As described in Item 1, Note 1 of our Consolidated Financial Statements, the USFS recently notified us that Fortress would not be awarded a contract to supply its magnesium chloride-based aerial fire retardant for the calendar 2024 fire season. We are evaluating various alternatives regarding the path forward for the Fortress business given recent developments. Refer to the discussion above in Critical Accounting Estimates and in Item 1, Note 1 of our Consolidated Financial Statements for additional details.

Additionally, we had been pursuing development of a sustainable lithium salt resource near Ogden, UT to support the North American battery market. However, as discussed above in Critical Accounting Policies and in Item 1, Note 5 of our Consolidated Financial Statements, we have terminated our pursuit of the lithium development.

Consolidated Results of Continuing Operations

The following is a summary of our consolidated results of continuing operations for the three and nine months ended June 30, 2024 and 2023, respectively. The following discussion should be read in conjunction with the information contained in our consolidated financial statements and the notes thereto included in this Quarterly Report on Form 10-Q.

THREE AND NINE MONTHS ENDED JUNE 30



* Refer to "—Reconciliation of Net Earnings (Loss) from Continuing Operations to EBITDA and Adjusted EBITDA" for a reconciliation to the most directly comparable U.S. GAAP financial measure and the reasons we use this non-GAAP measure.

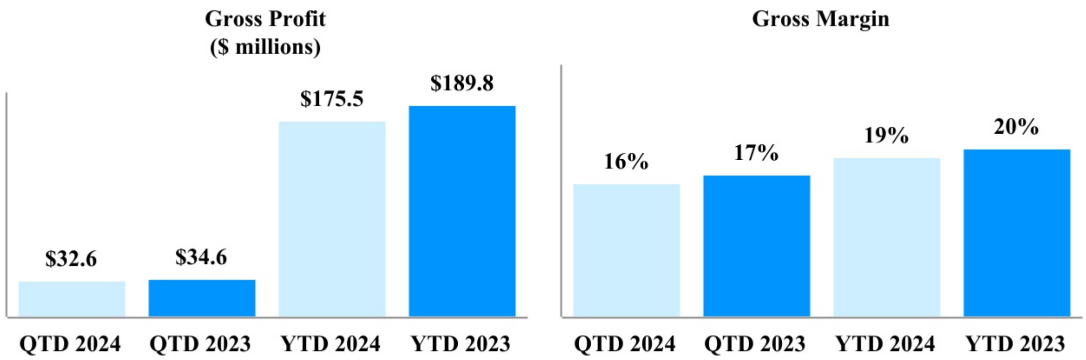
Commentary: Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

- Total sales decreased 2%, or $4.7 million, due to lower Plant Nutrition segment sales and lower sales from our Fortress business, partially offset by higher Salt segment sales. The decrease in sales for Plant Nutrition reflected lower sales volumes and average sales prices. Fortress has not been awarded a contract for the 2024 fire season. Salt sales increased from the prior year due to an increase in average sales prices, partially offset by slightly lower sales volumes.
- Operating income of $5.9 million increased $6.5 million from an operating loss of $0.6 million in the prior-year period, primarily reflecting higher Salt operating earnings and lower Corporate and Other and lithium expenses, which was partially offset by lower Plant Nutrition and Fortress operating earnings. Salt operating income increased primarily due to a 4% increase in average sales prices. Corporate and Other operating loss decreased from the prior year primarily due to lower compensation and professional services expenses. These increases were partially offset by a decrease in Plant Nutrition operating earnings due to decreases in sales volumes and average sales prices.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA")* adjusted for items management believes are not indicative of our ongoing operating performance ("Adjusted EBITDA")* increased 14.7%, or $4.2 million, benefiting from a $0.9 million gain recorded in the current period related to the decline in the valuation of the Fortress contingent consideration.
- Diluted net loss per common share of $1.05 decreased by $1.93 from net earnings of $0.88 per common share in the prior-year period.

Commentary: Nine Months Ended June 30, 2024 Compared to Nine Months Ended June 30, 2023

- Total sales decreased 6%, or $62.5 million, due to lower Salt segment sales, partially offset by sales by the Fortress fire retardant business and slightly higher Plant Nutrition segment sales. The decrease in Salt sales was primarily driven by lower sales volumes, partially offset by higher average sales prices. The increase in Plant Nutrition sales from the prior year primarily reflects higher sales volumes, partially offset by lower average sales price.
- Operating loss of $87.0 million decreased $162.2 million from operating income of $75.2 million in the prior-year period, primarily reflecting the impairments related to our previous lithium development project (see Item 1, Note 5), our Fortress business and the Plant Nutrition segment (see Item 1, Note 1) and lower Plant Nutrition operating earnings. Corporate and Other operating loss increased from the prior year primarily due to a $74.8 million lithium asset impairment and $50.0 million of goodwill, long-lived asset and inventory impairments related to the Fortress business. The increases were partially offset by the net non-cash reduction in our Fortress-related contingent consideration of $23.1 million. Plant Nutrition operating earnings decreased due primarily to a $51.0 million goodwill impairment and lower sales prices, which were partially offset by lower per-unit product and distribution costs. In addition, Salt operating earnings increased slightly due to higher average sales prices, which was mostly offset by lower Salt sales volumes and higher per-unit product costs, partially offset by higher average sales prices.
- Adjusted EBITDA increased by 14%, or $22.9 million, benefiting from a $23.1 million net gain recorded in the current year-to-date period related to the decline in the valuation of the Fortress contingent consideration.
- Diluted net loss per common share of $3.83 decreased by $4.18 from net earnings of $0.35 per common share in the prior-year period.

THREE AND NINE MONTHS ENDED JUNE 30



Commentary: Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

Gross Profit: Decreased 6%, or $2.0 million; Gross Margin decreased 1 percentage point to 16%

- Salt segment gross profit increased $2.9 million primarily due to higher average sale prices, partially offset by higher per-unit product costs and slightly lower sales volumes (see Salt operating results).
- The gross profit of the Plant Nutrition segment decreased $4.1 million due to lower average sales prices and volumes (see Plant Nutrition operating results).
- Gross profit was also negatively impacted by costs incurred related to the Fortress fire retardant business acquired in May 2023.

Commentary: Nine Months Ended June 30, 2024 Compared to Nine Months Ended June 30, 2023

Gross Profit: Decreased 8%, or $14.3 million; Gross Margin decreased 1 percentage point to 19%

- Salt segment gross profit decreased $2.9 primarily due to lower sales volumes and higher per-unit product costs, which were partially offset by higher average sales prices (see Salt operating results).
- The gross profit of the Plant Nutrition segment decreased $19.0 million due to lower average sales prices, which were partially offset by lower per-unit product and distribution costs and higher sales volumes (see Plant Nutrition operating results).
- Gross profit was also favorably impacted by the acquisition of the Fortress fire retardant business in May 2023.

OTHER EXPENSES AND INCOME

Commentary: Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

SG&A: Decreased $5.5 million; Decreased 2.3 percentage points as a percentage of sales from 15.9% to 13.6%

- The decrease in SG&A expense was primarily due to lower corporate, Salt and lithium expenses, which was partially offset by expenses related to our Fortress fire retardant business that was acquired in May 2023.

Other Operating (Income) Expense: Decreased $3.0 million from expense of $2.2 million to income of $0.8 million

- The decrease in other operating expense was primarily the result of lower restructuring charges in the current period and a $0.9 million gain in the contingent consideration related to the Fortress acquisition due to changes in projected revenues and cash flows from our magnesium chloride-based fire retardants.

Interest Income: Decreased $1.5 million to $0.2 million

- The decrease in interest income during the current period is primarily due to the higher average cash balance in the prior year resulting from proceeds received from a private placement of our common stock.

Interest Expense: Increased $2.9 million to $17.2 million

- Interest expense increased $2.9 million due to higher interest rates and debt levels in the current period.

(Gain) Loss on Foreign Exchange: Increased $2.8 million from a loss of $2.3 million to a gain of $0.5 million

- We realized a gain on foreign exchange of $0.5 million in the third quarter of fiscal 2024 compared to a loss of $2.3 million in the same quarter of the prior-year period, primarily reflecting the translation of our intercompany loans from Canadian dollars to U.S. dollars.

Net Loss in Equity Investees: $0.8 million in the prior-year period

- We realized a net loss of $0.8 million in the prior-year period reflecting our share of losses related to our equity investments as these development stage businesses positioned themselves for commercialization.

Gain from Remeasurement of Equity Method Investment

- We recognized a gain of $12.6 million for the three months ended June 30, 2023 related to our previously held equity investment in Fortress, which was remeasured to fair value upon our full acquisition of the business in May 2023.

Other Expense, net: Decreased $2.4 million to $0.3 million

- The decrease is due primarily to losses on cash flow hedges and fees paid to refinance our debt. in the prior period.

Income Tax Expense (Benefit): Decreased $75.5 million from a benefit of $42.8 million to an expense of $32.7 million

- The tax expense of $32.7 million for the three months ended June 30, 2024 is primarily due to a change in the annual effective tax rate calculations with the US loss jurisdiction having a separate annual effective tax rate applied to US losses and a foreign annual effective tax rate applied to foreign income. The tax benefit of $42.8 million for the three months ended June 30, 2023 was primarily due to the impact in the quarter of the acquisition of the Fortress business to the full year effective tax rate. See Item 1, Note 7 to the Consolidated Financial Statements.
- Our effective tax rate was (300%) for the three months ended June 30, 2024, which is primarily driven by the income mix by country with income recognized in foreign jurisdictions, for which tax expense was recorded, offset by losses recognized in the U.S. for which a valuation allowance has been recorded against the U.S. tax benefit carryforward.
- Our income tax provision for the three months ended June 30, 2024 and 2023 differs from the U.S. statutory rate primarily due to U.S. statutory depletion, state income taxes, base erosion and anti-abuse tax, nondeductible executive compensation, foreign income, mining and withholding taxes and valuation allowance expense.

Commentary: Nine Months Ended June 30, 2024 Compared to Nine Months Ended June 30, 2023

SG&A: Decreased $2.7 million; increased 0.5 percentage points as a percentage of sales from 11.2% to 11.7%

- The increase in SG&A expense was primarily due to lower corporate incentive compensation and lower lithium expenses, which was partially offset by expenses related to our Fortress fire retardant business that was acquired in May 2023.

Loss on Impairments: $173.4 million in the current-year period

- During the nine months ended June 30, 2024, we recognized goodwill impairments of $51.0 million related to our Plant Nutrition segment and $32.0 million related to our Fortress operations (within the Corporate and Other segment). The Plant Nutrition impairment was primarily the result of reduced cash flow assumptions impacting expected profitability of the Plant Nutrition segment. The Fortress impairment was primarily related to uncertainty surrounding our magnesium chloride-based fire retardants which impacted projected future revenues and cash flows. Also, during the nine months ended June 30, 2024, we recognized a $15.6 million long-lived asset impairment, net, related to Fortress magnesium chloride-based products. See Item 1, Note 1 for additional information.
- We recognized an impairment loss of $74.8 million for the nine months ended June 30, 2024 related to the termination of the lithium development (see Item 1, Note 5).

Other Operating (Income) Expense: Decreased $22.8 million from expense of $5.4 million to income of $17.4 million

- The decrease in other operating expense was due to a decrease in the contingent consideration related to the Fortress acquisition, partially offset by severance costs resulting from the decision to discontinue the pursuit of the lithium development and corporate restructuring charges in the current period.

Interest Income: Decreased $3.9 million from $4.7 million to $0.8 million

- The decrease in interest income during the current period is primarily due to a higher average cash balance in the prior period resulting from proceeds received from the private placement of our common stock.

Interest Expense: Increased $8.0 million to $50.4 million

- Interest expense increased due to higher debt levels and higher interest rates in the current period.

(Gain) Loss on Foreign Exchange: Rose by $5.7 million from a loss of $4.6 million to a gain of $1.1 million

- We realized a gain on foreign exchange of $1.1 million in the first nine months of 2024, compared to a loss of $4.6 million in the same period of the prior fiscal year, due primarily reflecting the translation of our intercompany loans from Canadian dollars to U.S. dollars.

Net Loss in Equity Investees: $3.1 million in the prior-year period

- We realized a net loss of $3.1 million in the prior-year period reflecting our share of losses related to our equity investments as these development stage businesses positioned themselves for commercialization.

Gain from Remeasurement of Equity Method Investment

- We recognized a gain of $12.6 million for the nine months ended June 30, 2023 related to our previously held equity investment in Fortress, which was remeasured to fair value upon our full acquisition of the business in May 2023.

Other Expense, net: Decreased $1.8 million to $1.9 million

- The decrease is due primarily to losses on cash flow hedges and fees paid to refinance our debt in the prior period.

Income Tax Expense: Decreased $3.8 million from $24.2 million to $20.4 million

- The decrease in income tax expense was due primarily to a decrease in pretax book income, excluding impairments, in the nine months ended June 30, 2024 compared to the nine months ended June 30, 2023. Additionally, the majority of the impairments recorded in the nine months ended June 30, 2024 were either not tax deductible or the tax benefit was offset by tax expense for a valuation allowance on the related deferred tax asset.
- Our effective tax rate of (14.8%) for the nine months ended June 30, 2024 is primarily driven by the income mix by country with income recognized in foreign jurisdictions offset by losses recognized in the U.S., for which a valuation allowance has been recorded against the U.S. tax benefit carryforward. Additionally, the majority of the impairments recorded in the nine months ended June 30, 2024 were either not tax deductible or the tax benefit was offset by tax expense for a valuation allowance on the related deferred tax asset. See Item 1, Note 7 to the Consolidated Financial Statements.
- Our income tax provision for the nine months ended June 30, 2024 and 2023 differs from the U.S. statutory rate primarily due to U.S. statutory depletion, state income taxes, base erosion and anti-abuse tax, nondeductible executive compensation, foreign income, mining and withholding taxes and valuation allowance expense.

Operating Segment Performance

The following financial results represent consolidated financial information with respect to the operations of our Salt and Plant Nutrition segments. Sales primarily include revenue from the sales of our products, or “product sales,” and the impact of shipping and handling costs incurred to deliver our salt and plant nutrition products to our customers.

The results of operations of the Fortress business include sales of $14.6 million for the nine months ended June 30, 2024. The results of operations of the consolidated records management business and other incidental revenues include sales of $3.5 million and $4.6 million for the three months ended June 30, 2024 and 2023, respectively, and $10.1 million and $10.2 million for the nine months ended June 30, 2024 and 2023, respectively. These sales are not material to our consolidated financial results and are not included in the following operating segment financial data.

Salt Results

	QTD 2024	QTD 2023	YTD 2024	YTD 2023
Salt Sales *(in millions)*	$ 160.6	$ 155.5	$ 745.3	$ 824.1
Salt Operating Earnings *(in millions)*	$ 25.9	$ 21.7	$ 142.6	$ 141.9
Salt Sales Volumes *(thousands of tons)*				
Highway deicing	1,090	1,070	6,401	7,886
Consumer and industrial	393	421	1,403	1,529
Total tons sold	1,483	1,491	7,804	9,415
Average Salt Sales Price *(per ton)*				
Highway deicing	$ 77.20	$ 73.86	$ 73.60	$ 68.86
Consumer and industrial	$ 194.35	$ 181.66	$ 195.37	$ 183.81
Combined	$ 108.27	$ 104.28	$ 95.50	$ 87.53

Commentary: Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

- Salt sales increased $5.1 million, primarily due to higher average sales prices, which was partially offset by lower sales volumes for our consumer and industrial products.
- Salt sales volumes decreased 1% in total, or 8,000 tons, reducing sales by approximately $3.5 million. Highway deicing sales volumes increased 2%, reflecting an increase in sales volumes to chemical and liquid magnesium chloride customers, which was mostly offset by lower sales volumes for deicing products. Consumer and industrial sales volumes decreased 7% primarily due to lower non-deicing volumes.
- Average sales prices increased 4% partially offsetting the volume decline by approximately $8.6 million with increases in both highway and consumer and industrial average sales prices.
- Highway deicing average sales price increased 5% across all product categories as we have sought to restore profitability and offset the impact of prior year inflation on costs by executing a commercial bidding strategy emphasizing pricing over volume. Consumer and industrial average sales price increased 7% due to price increases taken to offset inflation realized in prior years. The higher average sales prices are also reflective of sales mix.
- Salt operating earnings increased 19%, or $4.2 million, due primarily to higher average sales prices for both highway and consumer and industrial products, which were partially offset by higher per-unit product costs.

Commentary: Nine Months Ended June 30, 2024 Compared to Nine Months Ended June 30, 2023

- Salt sales decreased $78.8 million, primarily due to lower sales volumes, partially offset by higher average sales prices.
- Salt sales volumes decreased 17% reducing sales by approximately $125.4 million. Highway deicing sales volumes decreased 19% reflecting a combination of exceptionally mild weather and the impact of 7% lower total committed bid volumes year over year compared to the prior-year bid season. Consumer and industrial sales volumes decreased 8% primarily due to lower consumer deicing volumes.
- Average sales prices increased 9% partially offsetting the volume decline by approximately $46.6 million with increases in both highway and consumer and industrial average sales prices.
- Highway deicing average sales prices increased 7% across all product categories as we have sought to restore profitability and offset the impact of prior year inflation on costs by executing a commercial bidding strategy emphasizing pricing over volume. Consumer and industrial average sales prices increased 6% due to price increases taken to offset inflation realized in prior years. The higher average sales prices are also reflective of sales mix.
- Salt operating earnings increased $0.7 million, due primarily to higher average sales prices, which were mostly offset by lower sales volumes for both highway and consumer and industrial products.

Plant Nutrition Results

	QTD 2024	QTD 2023	YTD 2024	YTD 2023
Plant Nutrition Sales *(in millions)*	$ 38.8	$ 47.5	$ 138.6	$ 136.8
Plant Nutrition Operating (Loss) Earnings *(in millions)*	$ (1.4)	$ 2.5	$ (56.7)	$ 12.8
Plant Nutrition Sales Volumes *(thousands of tons)*	56	63	205	168
Plant Nutrition Average Sales Price *(per ton)*	$ 691	$ 752	$ 676	$ 814

Commentary: Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2023

- Plant Nutrition sales decreased 18%, or $8.7 million, due to lower average sales prices and sales volumes.
- Plant Nutrition sales volumes decreased 11% year over year driven by customers delaying or reducing purchases primarily as a result of worsening crop economics in key markets. The lower sales volumes decreased sales by approximately $5.2 million.
- Plant Nutrition average sales prices decreased 8%, which contributed approximately $3.5 million to the decrease in sales. Average sales prices decreased throughout fiscal 2024 due to global supply and demand dynamics for fertilizer products resulting in weakening pricing year over year.
- Plant Nutrition operating (loss) earnings decreased $3.9 million to an operating loss of $1.4 million primarily due to lower average sales prices and sales volumes.

Commentary: Nine Months Ended June 30, 2024 Compared to Nine Months Ended June 30, 2023

- Plant Nutrition sales increased 1%, or $1.8 million, due to higher sales volumes, which was mostly offset by lower average sales prices.
- Plant Nutrition sales volumes increased 22%, or 37,000 tons, which resulted in a $30.0 million increase in sales driven by normalization of demand levels in fiscal 2024 following lower demand in fiscal 2023 reflective of impacts from weather events in key markets and uncertainty regarding future fertilizer prices causing customers to cancel or delay purchases.
- Plant Nutrition average sales prices decreased 17%, partially offsetting the increase in sales volume by $28.2 million. Average sales prices decreased throughout fiscal 2024 due to global supply and demand dynamics for fertilizer products resulting in weakening pricing year over year.
- Plant Nutrition operating earnings decreased $69.5 million to an operating loss of $56.7 million primarily reflecting the write-off of goodwill and lower average sales prices, which were partially offset by lower per-unit product and distribution costs and higher sales volumes.

Outlook

- Salt sales volumes and adjusted EBITDA for fiscal year 2024 are expected to range from 9.2 million to 9.4 million tons and $215 million to $225 million, respectively, and reflect the exceptionally mild winter across our core service markets over the North American highway deicing season. Our financial results reflect the curtailment of production at our Goderich mine to reduce the inventory levels going into the coming deicing season.
- Approximately 70% of the company's North American highway deicing bidding process for the upcoming winter season has been completed. Based on regional bid results to date, we expect our average contract selling price for the coming season to be approximately 2% lower than prices in fiscal 2024. Market bid volumes are expected to be down approximately 7% to 10% compared to fiscal 2024, which is consistent with expectations given inventory levels across the service market and producer supply positions following two consecutive mild winters.
- Plant Nutrition segment sales volumes and adjusted EBITDA are expected to be within a range of 265,000 to 275,000 tons and $21 million to $26 million, respectively, in fiscal year 2024.
- Fiscal year 2024 capital expenditures are now expected to be in the $115 million to $130 million range. This includes approximately $80 million to $90 million in sustaining capital for the core Salt and Plant Nutrition businesses. In the fire retardant business, approximately $5 million to $10 million has been budgeted for fiscal year 2024, with approximately $4 million invested through the first nine months of fiscal 2024. Finally, we expect capital expenditures of roughly $30 million related to the now-terminated lithium project for items that had been committed to prior to the project's suspension in November 2023. As a result of the termination of the lithium project and the related impairments in the first half of fiscal 2024, a portion of the expenditures related to committed items that had not been received by December 31, 2023, will not be classified as capital expenditures within the Consolidated Statements of Cash Flows when paid.

Liquidity and Capital Resources

Historically, our cash flows from operating activities have generally been adequate to fund our basic operating requirements, ongoing debt service and sustaining investment in our property, plant and equipment. We have also used cash generated from operations to fund capital expenditures, pay dividends, fund smaller acquisitions and repay our debt. To a certain extent, our ability to meet our short- and long-term liquidity and capital needs is subject to general economic, financial, competitive and weather conditions, effects of climate change, geological variations in our mine deposits and other factors that are beyond our control. Historically, our working capital requirements have been the highest in the first fiscal quarter (ending December 31) and lowest in the third fiscal quarter (ending June 30). When needed, we may fund short-term working capital requirements by accessing our $375 million revolving credit facility and our $100.0 million revolving AR Securitization Facility. As of June 30, 2024, we had liquidity of approximately $220.8 million, comprised of $12.8 million of cash and cash equivalents and $208.0 million of availability under our $375 million revolving credit facility.

We have been able to manage our cash flows generated and used across Compass Minerals to indefinitely reinvest earnings in our foreign jurisdictions or efficiently repatriate those funds to the U.S. As of June 30, 2024, we had $10.9 million of cash and cash equivalents that was either held directly or indirectly by foreign subsidiaries. As a result of U.S. tax reform, we revised our permanently reinvested assertion, expecting to repatriate approximately $150 million of unremitted foreign earnings from Canada. Throughout fiscal years 2022 and 2023, we increased our repatriation expectation to include an additional $16 million from our U.K. operations. During the first quarter of fiscal 2023, $89.2 million was repatriated from Canada and in the third quarter of fiscal 2023, $15.6 million was repatriated from the U.K. Net income tax expense of $3.8 million has been recorded for foreign withholding tax, state income tax and foreign exchange losses on these changes in assertion as of June 30, 2024, consisting of a tax benefit of $0.7 million recorded in fiscal 2023 and tax expense of $4.5 million, most of which was recorded in years prior to fiscal 2021. It is our current intention to continue to reinvest the remaining undistributed earnings of our foreign subsidiaries indefinitely. We review our tax circumstances on a regular basis with the intent of optimizing cash accessibility and minimizing tax expense.

In addition, the amount of permanently reinvested earnings is influenced by, among other things, the profits generated by our foreign subsidiaries and the amount of investment in those same subsidiaries. The profits generated by our U.S. and foreign subsidiaries are impacted by the transfer price charged on the transfer of our products between them. Canadian provincial taxing authorities continue to challenge our transfer prices of certain items. The final resolution of these challenges may not occur for several years. We currently expect the outcome of these matters will not have a material impact on our results of operations. However, it is possible the resolution could materially impact the amount of earnings attributable to our foreign subsidiaries, which could impact the amount of permanently reinvested foreign earnings. See Item 1, Note 7 of our Consolidated Financial Statements for a discussion regarding our Canadian tax reassessments.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred in the U.S. over the three-year period ended December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as our projections for future income. On the basis of this evaluation, during the nine months ended June 30, 2024, an additional valuation allowance of $28.0 million has been recorded to recognize only the portion of the U.S. deferred tax assets that are more likely than not to be realized. The amount of the deferred tax assets considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are increased or reduced or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for income.

Indebtedness

As of June 30, 2024, we had $880.7 million of outstanding indebtedness, consisting of $500.0 million outstanding under our 6.75% Senior Notes due 2027, $346.9 million of borrowings outstanding under our senior secured credit facilities under the Credit Agreement, consisting of $195.0 million of term loans and $151.9 million borrowed against our revolving credit facility, and $33.8 million of outstanding loans under the accounts receivable financing facility (see Item 1, Note 8 of our Consolidated Financial Statements for more detail regarding our debt). Outstanding letters of credit totaling $15.1 million as of June 30, 2024 further reduced available borrowing capacity under our revolving credit facility to $208.0 million.

We may borrow amounts under the revolving credit facility or enter into additional financing to fund our working capital requirements, potential acquisitions and capital expenditures and for other general corporate purposes.

Our ability to make scheduled interest and principal payments on our indebtedness, to refinance our indebtedness, to fund planned capital expenditures and to fund acquisitions will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, climate-related, regulatory and other factors that are beyond our control. Based on our current level of operations, we believe that cash flow from operations and available cash, together with available borrowings under our revolving credit facility, will be adequate to meet our liquidity needs over the next 12 months.

Our debt service obligations could, under certain circumstances, materially affect our financial condition and prevent us from fulfilling our debt obligations. As a holding company, CMI's investments in its operating subsidiaries constitute substantially all of its assets. Consequently, our subsidiaries conduct substantially all of our consolidated operating activities and own substantially all of our operating assets. The principal source of the cash needed to pay our obligations is the cash generated from our subsidiaries' operations and their borrowings. Furthermore, we must remain in compliance with the terms of the 2023 Credit Agreement governing our credit facilities, including the consolidated total net leverage ratio and interest coverage ratio, in order to pay dividends to our stockholders. We must also comply with the terms of our indenture governing our 6.75% Senior Notes due December 2027, which limit the amount of dividends we can pay to our stockholders.

On March 27, 2024, we entered into an amendment to our 2023 Credit Agreement, which eased the restrictions of certain covenants contained in the agreement. The amendment included increasing the maximum allowed consolidated total net leverage ratio (as defined and calculated under the terms of the amended 2023 Credit Agreement) to 6.5x as of the last day of any quarter through the fiscal quarter ended December 31, 2024, gradually stepping down to 4.75x for the fiscal quarter ended March 31, 2026 and thereafter. The amendment also removed the flexibility related to the lithium development joint ventures, projects or similar arrangements and any related funding transactions in connection therewith. Consolidated total net debt includes the aggregate principal amount of total debt, net of unrestricted cash not to exceed $75.0 million. As of June 30, 2024, our consolidated total net leverage ratio was approximately 4.3x.

Although we are in compliance with our debt covenants as of June 30, 2024, we can make no assurance that we will remain in compliance with these ratios. Furthermore, we may need to refinance all or a portion of our indebtedness on or before maturity; however, we cannot provide assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

On March 27, 2024, certain of our U.S. subsidiaries entered into an amendment to our revolving accounts receivable financing facility (the "AR Facility") with PNC Bank, National Association, extending the facility to March 2027.

On August 12, 2024, we entered into amendments to our 2023 Credit Agreement and our AR Facility, which extended the deadline for delivery of our June 30, 2024 financial statements for the quarter ended June 30, 2024, together with the respective compliance certificates, from 45 days to 75 days after the last day of the quarter ended June 30, 2024.

On September 13, 2024, we entered into amendments to our 2023 Credit Agreement and our AR Facility, which extended the deadline for delivery of our June 30, 2024 financial statements for the quarter ended June 30, 2024, together with the respective compliance certificates, to November 29, 2024, 152 days after the last day of the quarter ended June 30, 2024.

On September 18, 2024, we received a notice of default relating to its 6.750% Senior Notes due 2027 because we failed to timely furnish a Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024. We have 90 days from receipt of the notice to remedy prior to it becoming an Event of Default under the terms of the Indenture, dated November 29, 2019.

Capital Allocation

Principally due to the nature of our deicing business, our cash flows from operations have historically been seasonal, with the majority of our cash flows from operations generated during the first half of the calendar year. When we have not been able to meet our short-term liquidity or capital needs with cash from operations, whether as a result of the seasonality of our business or other causes, we have met those needs with borrowings under our revolving credit facility. We expect to meet the ongoing requirements for debt service, any declared dividends and capital expenditures from these sources. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We manage our capital allocation considering our long-term strategic objectives, required spending to sustain our business and focus on generating adequate returns on capital. On April 22, 2024, our Board of Directors determined not to declare dividends for the foreseeable future in order to align our capital allocation policy with our corporate focus on accelerating cash flow generation and debt reduction. While our equipment and facilities are generally not impacted by rapid technology changes, our operations require refurbishments and replacements to maintain structural integrity and reliable production and shipping capabilities. When possible, we incorporate efficiency, environmental and safety improvement capabilities into our routine capital projects and we plan the timing of larger projects to balance with our liquidity and capital resources. Changes in our operating cash flows may affect our future capital allocation and spending.

During fiscal 2024, we expect to spend between $80 million and $90 million of sustaining capital in our Salt and Plant Nutrition businesses. We incurred approximately $24.4 million, including amounts accrued and unpaid, of previously committed capital in the first three quarters of fiscal 2024 (approximately $75.7 million cumulatively) towards the development phase of our former lithium development project. However, during the first quarter of fiscal 2024, we ceased further development of the lithium project. For more information, refer to Item 1, Note 5 of our Consolidated Financial Statements and Part I, Item 1A, “Risk Factors” in our 2023 Form 10-K/A.

The table below provides a summary of our cash flows by category:

NINE MONTHS ENDED JUNE 30, 2024	NINE MONTHS ENDED JUNE 30, 2023
Operating Activities:	
Net cash provided by operating activities were $27.1 million	Net cash provided by operating activities were $126.9 million
» Net loss was $157.8 million.	» Net earnings were $14.5 million.
» Non-cash depreciation and amortization expense was $78.4 million.	» Non-cash depreciation and amortization expense was $72.7 million.
» Non-cash stock-based compensation expense was $6.3 million.	» Non-cash stock-based compensation expense was $17.2 million.
» Non-cash loss on impairments was $173.4 million.	» Non-cash remeasurement gain of $12.6 million related to the acquisition of Fortress.
» Non-cash net gain from remeasurement of contingent consideration was $23.1 million.	» Working capital items were a source of operating cash flows of $25.4 million.
» Working capital items were a use of operating cash flows of $55.3 million.	» Non-cash net loss in equity investees was $3.1 million.
***Investing Activities*:**	
Net cash flows used in investing activities were $95.0 million.	Net cash flows used in investing activities were $105.9 million.
» Net cash flows used in investing activities included $93.3 million of capital expenditures.	» Net cash flows used in investing activities included $84.5 million of capital expenditures.
	» Included cash payment of $18.9 million, net of cash held by Fortress, for the acquisition of the remaining interest in Fortress.
***Financing Activities*:**	
Net cash flows provided by financing activities were $42.2 million.	Net cash flows used in financing activities were $10.1 million.
» Included net proceeds from the issuance of debt of $69.5 million.	» Included net payments on our debt of $225.7 million.
» Included the payment of dividends of $12.7 million.	» Included net proceeds from private placement of common stock of $240.7 million.
» Included the payment of contingent consideration of $9.1 million.	» Included the payment of dividends of $18.7 million.

As mentioned above, our Salt segment’s business is seasonal and our Salt segment results and working capital needs are heavily impacted by the severity and timing of the winter weather, which generally occurs from December through March of each year. Customers tend to replenish their inventory prior to the start of the winter season and following snow events; consequently, the number and timing of snow events during the winter season will impact the amount of our accounts receivable and inventory at the end of each quarter. During the nine months ended June 30, 2024, we also paid liabilities accrued as of September 30, 2023, including the remaining $10 million settlement payment to the SEC, accrued incentive compensation, and other liabilities. Additionally, at the end of Fortress’ contract term with the USFS, we recognized revenue previously deferred in accrued liabilities and decreased our contingent consideration liability due to recent revisions of potential payouts. Our operating cash flows during the nine months ended June 30, 2023, reflect the Plant Nutrition build of inventory at higher costs and reduced accounts receivable as compared to the beginning of the prior year, reflective of the reduced demand in that segment, partially offset by a decline in Salt inventory levels following the end of the winter season. Additionally, Salt accounts receivable also declined as the prior season early fill winter season sales were collected.

Other Matters

See Item 1, Notes 7 and 9 of our Consolidated Financial Statements for a discussion regarding labor, environmental and litigation matters.

Reconciliation of Net Earnings (Loss) from Continuing Operations to EBITDA and Adjusted EBITDA

Management uses a variety of measures to evaluate our performance. While our consolidated financial statements, taken as a whole, provide an understanding of our overall results of operations, financial condition and cash flows, we analyze components of the consolidated financial statements to identify certain trends and evaluate specific performance areas. In addition to using U.S. GAAP financial measures, such as gross profit, net earnings and cash flows generated by operating activities, management uses EBITDA and Adjusted EBITDA. Both EBITDA and Adjusted EBITDA are non-GAAP financial measures used to evaluate the operating performance of our core business operations because our resource allocation, financing methods, cost of capital and income tax positions are managed at a corporate level, apart from the activities of the operating segments, and our operating facilities are located in different taxing jurisdictions, which can cause considerable variation in net earnings. We also use EBITDA and Adjusted EBITDA to assess our operating performance and return on capital against other companies, and to evaluate potential acquisitions or other capital projects. EBITDA and Adjusted EBITDA are not calculated under U.S. GAAP and should not be considered in isolation or as a substitute for net earnings, cash flows or other financial data prepared in accordance with U.S. GAAP or as a measure of our overall profitability or liquidity.

EBITDA and Adjusted EBITDA exclude interest expense, income taxes and depreciation and amortization, each of which are an essential element of our cost structure and cannot be eliminated. Furthermore, Adjusted EBITDA excludes other cash and non-cash items, including stock-based compensation, interest income, (gain) loss on foreign exchange, other (income) expense, net and other significant items that management does not consider indicative of normal operations. Other significant items, such as executive transition costs, restructuring charges and impairment charges involve distinct initiatives that are not reflective of core operating activities and affect the comparability of our operational results across reporting periods. Our borrowings are a significant component of our capital structure and interest expense is a continuing cost of debt. We are also required to pay income taxes, a required and ongoing consequence of our operations. We have a significant investment in capital assets and depreciation and amortization reflect the utilization of those assets in order to generate revenues. Our employees are vital to our operations and we utilize various stock-based awards to compensate and incentivize our employees. Consequently, any measure that excludes these elements has material limitations. While EBITDA and Adjusted EBITDA are frequently used as measures of operating performance, these terms are not necessarily comparable to similarly titled measures of other companies due to the potential inconsistencies in the method of calculation.

The calculation of EBITDA and Adjusted EBITDA as used by management is set forth in the table below (in millions):

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Nine Months Ended June 30, 2024	Nine Months Ended June 30, 2023
Net (loss) earnings	$ (43.6)	$ 36.4	$ (157.8)	$ 14.5
Interest expense	17.2	14.3	50.4	42.4
Income tax expense (benefit)	32.7	(42.8)	20.4	24.2
Depreciation, depletion and amortization	26.1	24.3	78.4	72.7
EBITDA	32.4	32.2	(8.6)	153.8
Adjustments to EBITDA:				
Stock-based compensation - non-cash	(0.7)	3.5	6.3	17.2
Interest income	(0.2)	(1.7)	(0.8)	(4.7)
(Gain) loss on foreign exchange	(0.5)	2.3	(1.1)	4.6
Gain from remeasurement of equity method investment	—	(12.6)	—	(12.6)
Restructuring charges[(a)]	1.5	2.2	17.2	5.9
Loss on impairments[(b)]	—	—	175.8	—
Accrued loss and legal costs related to SEC investigation[(c)]	—	—	—	(0.1)
Other expense, net	0.3	2.7	1.9	3.7
Adjusted EBITDA	$ 32.8	$ 28.6	$ 190.7	$ 167.8

(a) We incurred severance and related charges related to reductions in workforce and changes to executive leadership and additional restructuring costs related to the termination of our lithium development project.

(b) We recognized impairments of long-lived assets related to the termination of the lithium development project; Fortress goodwill, intangible assets and inventory; and Plant Nutrition goodwill. Refer to Item 1, Note 1, Item 1, Note 5 and Item 1, Note 6 for additional details.

(c) We recognized costs, net of reimbursements, related to the settled SEC investigation.

Recent Accounting Pronouncements

See Part 1, Note 1 of our Consolidated Financial Statements for a discussion of recent accounting pronouncements.

Effects of Currency Fluctuations and Inflation

Our operations outside of the U.S. are conducted primarily in Canada and the U.K. Therefore, our results of operations are subject to both currency transaction risk and currency translation risk. We incur currency transaction risk whenever we or one of our subsidiaries enters into either a purchase or sales transaction using a currency other than the local currency of the transacting entity. With respect to currency translation risk, our financial condition and results of operations are measured and recorded in the relevant local currency and then translated into U.S. dollars for inclusion in our historical consolidated financial statements. Exchange rates between these currencies and the U.S. dollar have fluctuated significantly from time to time and may do so in the future. The majority of revenues and costs are denominated in U.S. dollars, with Canadian dollars and British pounds sterling also being significant. Significant changes in the value of the Canadian dollar or British pound sterling relative to the U.S. dollar could have a material adverse effect on our financial condition and our ability to meet interest and principal payments on U.S. dollar-denominated debt, including borrowings under our senior secured credit facilities.

Although inflation has not had a significant impact on our operations in the current period, our efforts to recover inflation-based cost increases from our customers may be hampered as a result of the structure of our contracts and the contract bidding process as well as the competitive industries, economic conditions and countries in which we operate. For more information, see Part I, Item 1A, “Risk Factors” in our 2023 Form 10-K/A.

Seasonality

We experience a substantial amount of seasonality in our sales, including our salt deicing product sales. Consequently, our Salt segment sales and operating income are generally higher in the first and second fiscal quarters (ending December 31 and March 31) and lower during the third and fourth fiscal quarters of each year (ending June 30 and September 30). In particular, sales of highway and consumer deicing salt and magnesium chloride products vary based on the severity of the winter conditions in areas where the product is used. Following industry practice in North America and the U.K., we seek to stockpile sufficient quantities of deicing salt throughout the first, third and fourth fiscal quarters (ending December 31, June 30 and September 30) to meet the estimated requirements for the winter season. Our Plant Nutrition business is also seasonal. As a result, we and our customers generally build inventories during the Plant Nutrition business' low demand periods of the year (which are typically winter and summer, but can vary due to weather and other factors) to ensure timely product availability during the peak sales seasons (which are typically spring and autumn, but can also vary due to weather and other factors). Lastly, the results of our fire retardant business are also seasonal with peak demand for fire retardant products and services occurring from June through September.

Climate Change

The potential impact of climate change on our operations, product demand and the needs of our customers remains uncertain. Significant changes to weather patterns, a reduction in average snowfall or regional drought within our served markets or at our Ogden facility could negatively impact customer demand for our products and our costs, as well as our ability to produce our products. For example, prolonged periods of mild winter weather could reduce the demand for our deicing products. Drought or excessive precipitation could similarly impact demand for our SOP products, as well as continue to impact the amount and quality of feedstock used to produce SOP at our Ogden facility due to changes in brine levels, mineral concentrations or other factors, which could have a material impact on our Plant Nutrition results of operations. Climate change could also lead to disruptions in the production or distribution of our products due to major storm events or prolonged adverse conditions, changing temperature levels, lake level fluctuations or flooding from sea level changes. Climate change or governmental initiatives to address climate change may affect our operations and necessitate capital expenditures in the future, although capital expenditures for climate-related projects are not expected to be material in fiscal 2024. For more information, see Part I, Item 1A, "Risk Factors" and Part I, Item 1 "Business—Environmental, Health and Safety and Other Regulatory Matters" in our 2023 Form 10-K/A.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Our business is subject to various types of market risks that include interest rate risk, foreign currency exchange rate risk and commodity pricing risk. Management has taken actions to mitigate our exposure to commodity pricing and foreign currency exchange rate risk by entering into natural gas derivative instruments and foreign currency contracts. We may take further actions to mitigate our exposure to interest rates, exchange rates and changes in the cost of fuel consumed at our production locations or the cost of transporting our products due to variations in our contracted carriers' cost of fuel, which is typically diesel fuel. However, there can be no assurance that our hedging activities will eliminate or substantially reduce these risks. We do not enter into any financial instrument arrangements for speculative purposes. Our market risk exposure related to these items has not changed materially since September 30, 2023.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as amended (the Exchange Act) under the supervision and with the participation of the Company's management. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as a result of the material weaknesses in internal control over financial reporting as described below, the Company's disclosure controls and procedures were ineffective as of June 30, 2024.

Per Rules 13a-15(e) and 15d-15(e), the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our Chief Executive Officer and Chief Financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud due to inherent limitations of internal controls. Because of such limitations, there is a risk that material misstatements will not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

In light of the material weaknesses described below, management performed additional analysis and other procedures to ensure that our consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's Consolidated Financial Statements included in this Form 10-Q present fairly, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness, as defined in Rule 12b-2 under the Exchange Act, is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

As disclosed in our amended Annual Report on Form 10-K/A for the fiscal year ended September 30, 2023, we previously identified material weaknesses in our internal control over financial reporting. The Company, due to a limited allocation of trained, knowledgeable resources, did not conduct an effective risk assessment process to identify and evaluate at a sufficient level of detail all relevant risks of material misstatement, including fraud risks associated with the necessary approval of transactions. Additionally, the Company did not have an effective information and communication process that identified and assessed the source of and controls necessary to ensure the reliability of information used in financial reporting and that ensured complete, reliable information was made available to financial reporting personnel on a timely basis to fulfill their roles and responsibilities. As a consequence of the material weaknesses described above, internal control deficiencies related to the design and operation of process-level controls were determined to be ineffective throughout the Company's financial reporting processes.

Remediation Efforts and Status of Material Weakness

The Company is in the process of enhancing the design of certain internal controls over financial reporting related to accounting for significant changes in its business in accordance with a remediation plan for the material weaknesses described above. Management believes the foregoing efforts will effectively remediate the material weaknesses described above. As the Company continues to evaluate and work to improve its internal control over financial reporting, management may determine to take additional measures to improve controls or determine to modify the remediation plan described above. These enhanced controls will be tested for effectiveness in future periods and the material weaknesses describe above cannot be considered remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively.

Changes in Internal Control Over Financial Reporting

Other than as discussed above, the Company has integrated Fortress' operations, including integration of financial reporting processes and procedures and internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

We are involved in the legal proceedings described in Part I, Item 1, Note 7 and Part I, Item 1, Note 9 of our Consolidated Financial Statements and, from time to time, various routine legal proceedings and claims arising from the ordinary course of our business. These primarily involve tax assessments, disputes with former employees and contract labor, commercial claims, product liability claims, personal injury claims and workers' compensation claims. Management cannot predict the outcome of legal proceedings and claims with certainty. Nevertheless, management believes that the outcome of legal proceedings and claims, which are pending or known to be threatened, even if determined adversely, will not, either individually or in the aggregate, have a material adverse effect on our results of operations, cash flows or financial condition, except as otherwise described in Part I, Item 1, Note 7 and Part I, Item 1, Note 9 of our Consolidated Financial Statements. There have been no material developments since September 30, 2023 with respect to our legal proceedings, except as described in Part I, Item 1, Note 7 and Part I, Item 1, Note 9 of our Consolidated Financial Statements.

Item 1A. ***Risk Factors***

For a discussion of the risk factors applicable to Compass Minerals, please refer to Part I, Item 1A, "Risk Factors" in our Amended Annual Report on Form 10-K/A for the annual period ended September 30, 2023.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

(a) None.

(b) None.

(c) None.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***Mine Safety Disclosures***

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***

Rule 10b5-1 Trading Plans

During the three and nine months ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

Item 6. ***Exhibits***

Exhibit No.	Exhibit Description
3.2	By-laws of Compass Minerals International, Inc., amended and restated as of May 16, 2024 (incorporated herein by reference to Exhibit 3.2 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on May 17, 2024).
10.1	Form of Final Release and Waiver of Claims between Compass Minerals International, Inc. and Lorin Crenshaw (incorporated herein by reference to Exhibit 10.1 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on June 10, 2024).
10.2	Offer Letter, signed June 7, 2024, between Compass Minerals International Inc. and Jeffrey Cathey (incorporated herein by reference to Exhibit 10.2 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on June 10, 2024).
10.3	Offer Letter, signed June 7, 2024, between Compass Minerals International Inc. and Ashley Ward (incorporated herein by reference to Exhibit 10.1 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on July 1, 2024).
10.4	Amendment No. 2, dated August 12, 2024, to the Credit Agreement dated as of April 20, 2016 as amended and restated as of November 26, 2019, as further amended and restated as of May 5, 2023 and as further amended as of March 27, 2024, among Compass Mineral International, Inc., Compass Minerals Canada Corp., Compass Minerals UK Limited, JPMorgan Chase Bank, N.A., as administrative agent and the lenders from time to time party thereto (incorporated herein by reference to Exhibit 10.1 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on August 16, 2024).
10.5	Fourth Amendment, dated August 12, 2024, to the Receivables Financing Agreement dated as of June 30, 2020, among the Receivables Financing Agreement Parties (as previously amended), by and among Compass Minerals America Inc., Compass Minerals Receivables LLC and PNC Bank National Association (incorporated herein by reference to Exhibit 10.2 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on August 16, 2024).
10.6	Amendment No. 3, dated September 13, 2024, to the Credit Agreement dated as of April 20, 2016 as amended and restated as of November 26, 2019, as further amended and restated as of May 5, 2023, as further amended as of March 27, 2024 and as further amended on August 12, 2024, among Compass Mineral International, Inc., Compass Minerals Canada Corp., Compass Minerals UK Limited, JPMorgan Chase Bank, N.A., as administrative agent and the lenders from time to time party thereto (incorporated herein by reference to Exhibit 10.1 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on September 19, 2024).
10.7	Fifth Amendment dated September 13, 2024, to the Receivables Financing Agreement dated as of June 30, 2020, among the Receivables Financing Agreement Parties (as previously amended), by and among Compass Minerals America Inc., Compass Minerals Receivables LLC and PNC Bank National Association (incorporated herein by reference to Exhibit 10.2 to Compass Minerals International, Inc.'s Current Report on Form 8-K filed on September 19, 2024).
31.1*	Section 302 Certifications of Edward C. Dowling, Jr., President and Chief Executive Officer.
31.2*	Section 302 Certifications of Jeffrey Cathey, Chief Financial Officer.
32**	Certification Pursuant to 18 U.S.C. §1350 of Edward C. Dowling, Jr., President and Chief Executive Officer, and Jeffrey Cathey, Chief Financial Officer.
95*	Mine Safety Disclosures.
101**	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive (Loss) Earnings, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) the Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (contained in Exhibit 101).

* Filed herewith

** Furnished herewith

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.

COMPASS MINERALS INTERNATIONAL, INC.

Date: October 29, 2024	By:	/s/ Jeffrey Cathey
		Jeffrey Cathey
		Chief Financial Officer
		(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION

I, Edward C. Dowling, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Compass Minerals International, Inc.;

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: October 29, 2024

By: /s/ Edward C. Dowling, Jr.
Edward C. Dowling, Jr.
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Jeffrey Cathey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Compass Minerals International, Inc.;

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: October 29, 2024

By: /s/ Jeffrey Cathey
Jeffrey Cathey
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. §1350

Each of the undersigned hereby certifies that this quarterly report on Form 10-Q for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof, based on my knowledge, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Compass Minerals International, Inc.

Date: October 29, 2024	By:	/s/ Edward C. Dowling, Jr.
		Edward C. Dowling, Jr. President and Chief Executive Officer
Date: October 29, 2024	By:	/s/ Jeffrey Cathey
		Jeffrey Cathey Chief Financial Officer

MINE SAFETY DISCLOSURE

We understand that to prevent employee and contractor injuries, we must approach safety excellence from many directions at once. We utilize a multi-faceted approach towards world class safety performance. This approach includes (1) setting a high standard of risk mitigation, (2) having robust safety management systems, and (3) supporting a culture of full engagement and personal accountability at all levels of the organization.

We continuously monitor our safety performance by assessing injury and non-injury incidents (e.g., near misses/near hits) as well as key performance indicators. We believe our approach to safety excellence will help us deliver on our commitment to our employees, contractors, their families and our customers to provide a safe working environment.

Mine Safety Data

A subsidiary of Compass Minerals International, Inc. owns and operates the Cote Blanche mine, an underground salt mine located in St. Mary Parish, Louisiana. The Cote Blanche mine is subject to regulation by the Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977, as amended (the "Mine Act").

MSHA is required to regularly inspect the Cote Blanche mine and issue a citation, or take other enforcement action, if an inspector or authorized representative believes that a violation of the Mine Act or MSHA's standards or regulations has occurred. MSHA is required to propose a civil penalty for each alleged violation that it cites.

We have the option to legally contest any enforcement action or related penalty we receive. As a result of this process, an enforcement action may be modified or vacated and any civil penalty proposed by MSHA for an alleged violation may be increased, reduced or eliminated. However, under the Mine Act, we are required to abate (or correct) each alleged violation within a specified time period, regardless of whether we contest the alleged violation.

The table below sets forth information for the quarterly period ended June 30, 2024 concerning certain mine safety violations and other regulatory matters pursuant to requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Securities and Exchange Commission rules and regulations. The information only applies to our operations regulated by the U.S. Mine Safety and Health Administration.

Mine Name/ Mine I.D. Number	Section 104 S&S Citations & Orders[1]	Section 104(b) Orders[2]	Section 104(d) Citations & Orders[3]	Section 110(b)(2) Violations[4]	Section 107(a) Orders[5]	Total Dollar Value of MSHA Proposed Assessments (Actual Amount)	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations under Section 104(e) (Yes/No)[6]	Legal Actions Pending as of Last Day of Period[7]	Legal Actions Initiated During Period[8]	Legal Actions Resolved During Period
Cote Blanche Mine/16-00358	10	0	0	0	0	$11,450	0	No	1	2	0

1 Represents the number of citations and orders issued under Section 104 of the Mine Act for alleged violations of mandatory health or safety standards that could significantly and substantially contribute to a mine health and safety hazard. The number reported includes no orders alleging an S&S violation issued under Section 104(g) of the Mine Act.
2 Represents the number of orders issued under Section 104(b) of the Mine Act for alleged failures to abate a citation issued under Section 104(a) of the Mine Act within the time period specified in the citation.
3 Represents the number of citations and orders issued under Section 104(d) of the Mine Act for alleged unwarrantable failures (aggravated conduct constituting more than ordinary negligence) to comply with mandatory safety or health standards.
4 Represents the number of violations issued under section 110(b)(2) of the Mine Act for alleged “flagrant” failures (reckless or repeated failures) to make reasonable efforts to eliminate a known violation of a mandatory safety or health standard that substantially proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
5 Represents the number of orders issued under Section 107(a) of the Mine Act for alleged conditions or practices which could reasonably be expected to cause death or serious physical harm before the condition or practice can be abated.
6 Section 104(e) written notices are issued for an alleged pattern of violating mandatory health or safety standards that could significantly and substantially contribute to a mine safety or health hazard.
7 Represents one discrimination proceeding, Docket No. CENT 2023-0236.
8 Represents initiation of two civil penalties proceedings involving the contest of Citation Nos. 9745999, 9743252, 9743253, 9743254 and 9743258.