



## Cal-Maine Foods Reports Record Results for Second Quarter Fiscal 2023

December 28, 2022

### Announces Quarterly Cash Dividend of \$1.35 Per Share

RIDGELAND, Miss.--(BUSINESS WIRE)--Dec. 28, 2022-- Cal-Maine Foods, Inc. (NASDAQ: CALM) (“Cal-Maine Foods”, or the “Company”), the largest producer and distributor of fresh shell eggs in the United States, today reported results for the second quarter of fiscal 2023 (thirteen weeks) ended November 28, 2022.

### Second Quarter Fiscal 2023 Highlights

- Record quarterly net sales of \$801.7 million, a 110% increase compared with the same quarter last year, driven by record average conventional egg selling price
- Record quarterly net income of \$198.6 million, or \$4.08 per basic and \$4.07 per diluted common share
- Quarterly gross profit margin of 39.6%
- Cash dividend of \$1.35 per share

### Overview

Sherman Miller, chief executive officer of Cal-Maine Foods, commented, “We are proud to report another strong quarterly financial and operating performance for Cal-Maine Foods, with record sales and net income for the second quarter of fiscal 2023. These results reflect the current market environment characterized by record average selling prices for conventional eggs, primarily due to reduced supply related to the outbreak in the U.S. of highly pathogenic avian influenza (“HPAI”), and good customer demand. There have been no positive tests for HPAI at any of Cal-Maine Foods’ owned or contracted production facilities as of December 28, 2022. Consumer demand for shell eggs continued to be good in the quarter, especially leading up to the Thanksgiving holiday, and we experienced record quarterly volume levels for specialty eggs sold. As always, we strive to offer consumers a wide range of quality choices in shell eggs as well as enhanced egg products offerings. Our ability to meet changing demand trends with a favorable product mix has been an important differentiator for Cal-Maine Foods. With solid execution, we continued to meet the needs of our customers.

“We commend our managers and employees across our production facilities who continued to efficiently manage our operations and keep pace with demand. Our results demonstrate the strength of our operating model and ability to execute our growth strategy in a dynamic environment. We believe we are uniquely positioned to leverage our scale to manage various market cycles and continue to extend our customer reach. Above all, we remain focused on our mission – to be the most sustainable producer and reliable supplier of fresh shell eggs and egg products in the United States.”

Max Bowman, chief financial officer of Cal-Maine Foods, added, “Our financial results for the quarter were boosted by a record top line performance of \$801.7 million in net sales. Net income of \$198.6 million for the second quarter of fiscal 2023 was another Company record. The significantly higher selling prices, our enduring focus on cost control, and our ability to adapt to inflationary market pressures led to improved profitability overall with a gross profit margin of 39.6% for the second quarter of fiscal 2023, another record for Cal-Maine Foods.

“Egg prices have continued to move higher in fiscal 2023 due to the effects of a further reduction in supply related to the impact of the HPAI outbreak, combined with good customer demand buoyed in the second quarter of fiscal 2023 by typical seasonal consumer demand. Conventional egg net average selling price per dozen increased to \$2.883 compared with \$1.151 a year ago, and both conventional and specialty egg revenue reached record levels for the second quarter of fiscal 2023. Net average selling price for specialty eggs rose 24.9% to \$2.370 per dozen, compared with \$1.898 per dozen for the second quarter of 2022. We saw our highest ever quarterly sales of specialty eggs of \$227.8 million, or 29.4% of total shell egg revenue. Specialty dozens sold were 33.8% of total dozens sold compared with 28.7% in the prior-year period.”

	13 Weeks Ended		26 Weeks Ended	
	November 26, 2022	November 27, 2021	November 26, 2022	November 27, 2021
Dozen Eggs Sold (000)	284,086	269,555	559,403	524,174
Conventional Dozen Eggs Sold (000)	187,976	192,135	367,688	376,003
Specialty Dozen Eggs Sold (000)	96,110	77,420	191,715	148,171
Dozen Eggs Produced (000)	261,358	256,786	519,012	493,244

% Specialty Sales (dozen)	33.8%	28.7%	34.3%	28.3%
% Specialty Sales (dollars)	29.4%	39.7%	30.5%	40.7%
Net Average Selling Price (per dozen)	\$ 2.709	\$ 1.365	\$ 2.496	\$ 1.302
Net Average Selling Price Conventional Eggs (per dozen)	\$ 2.883	\$ 1.151	\$ 2.631	\$ 1.072
Net Average Selling Price Specialty Eggs (per dozen)	\$ 2.370	\$ 1.898	\$ 2.236	\$ 1.885
Feed Cost (per dozen)	\$ 0.685	\$ 0.529	\$ 0.676	\$ 0.537

### Sales Performance & Operating Highlights

Net sales in the second quarter of fiscal 2023 were \$801.7 million, compared with \$381.7 million in the second quarter of fiscal 2022. The Company reported net income of \$198.6 million, or \$4.08 per basic and \$4.07 per diluted common share, compared with a net income of \$1.2 million, or \$0.02 per basic and diluted common share, in the prior-year period.

For the second quarter of fiscal 2023, total dozens sold increased 5.4% to 284.1 million versus 269.6 million in the prior-year quarter, driven by strong sales volumes in the specialty eggs category. Conventional egg volumes sold decreased 2.2% compared with second quarter 2022, while specialty egg volumes sold increased by 24.1%. This increase in demand for specialty eggs was positively affected by the higher conventional egg prices as compared to the same period in the prior year. Conventional egg prices exceeding specialty egg prices has occurred for the past three quarters but is atypical historically. Demand was further supported by California's and Massachusetts' cage-free mandates going into effect January 1, 2022, as well as more retailers shifting to selling more cage-free products.

The Company reported operating income of \$259.9 million for the second quarter of fiscal 2023 amidst a challenging environment with higher costs across various inputs including feed, labor, packaging, and distribution. Overall, farm production costs per dozen increased 22.0%, or \$0.193, compared with the prior-year period, primarily tied to significantly higher feed costs. For the second quarter of fiscal 2023, feed costs per dozen were \$0.685, a 29.5% increase compared with the second quarter of fiscal 2022. Supplies of corn and soybean remained tight relative to demand in the second quarter of fiscal 2023, as evidenced by a low stock-to-use ratio for corn, due to weather-related shortfalls in production and yields, ongoing disruptions related to the COVID-19 global pandemic and the Russia-Ukraine war and its impact on the export markets. Additionally, basis levels for corn ran significantly higher in the Company's area of operations compared to prior-year second fiscal quarter, adding to the Company's expense. For fiscal 2023, the Company expects continued corn and soybean upward pricing pressures and further market volatility to affect feed costs.

### Product Mix & Cage-Free Eggs

Cal-Maine Foods is committed to sustainably meeting evolving customer needs with a product mix that aligns with current and expected demand trends. Specialty eggs remain a primary focus of the Company's growth strategy.

As market demand for specialty eggs, especially cage-free eggs, has increased, Cal-Maine Foods has made substantial investments in its production facilities to expand the Company's cage-free capacity and distribution capabilities. A significant number of Cal-Maine Foods' customers previously announced goals to offer cage-free eggs exclusively on or before 2026, though some of these customers have extended those timelines to the end of 2030. The Company continues to monitor the increasing demand for cage-free eggs and to engage with its customers in efforts to achieve a smooth transition toward their announced timelines for cage-free egg sales. For the second quarter of 2023, sales of cage-free eggs represented approximately 18.2% of shell egg revenues versus 22.4% for the same prior year period. Cage-free dozens sold increased 47.4% in the second quarter of fiscal 2023 as compared to the second quarter of fiscal 2022.

The Company is also focused on additional ways to enhance its product mix and support new opportunities in the restaurant, institutional and industrial food products arena. On October 4, 2021, Cal-Maine Foods announced a strategic investment of \$18.5 million in debt and equity in Meadow Creek Foods, LLC ("MeadowCreek") an egg products operation located in Neosho, Missouri, focused on offering hard-cooked eggs. Cal-Maine Foods serves as the preferred provider of specialty and conventional eggs for MeadowCreek to manufacture egg products. On December 13, 2022, the Board of Directors approved an additional \$13.8 million investment to expand the Company's controlling interest and fund additional equipment and working capital needs to support growth opportunities for MeadowCreek. As demand for hard-cooked eggs has continued to grow, the funds will be used for additional refrigerated storage space and expanded capacity for cooking and packaging to better serve MeadowCreek's customers. Due to delays caused by supply chain issues and plans for expansion, MeadowCreek is expected to begin operations by or before March 2023.

### Table Egg Supply Outlook

Cal-Maine Foods is closely monitoring the current outbreak of HPAI that was first detected in commercial flocks in the U.S. in February 2022. Outbreaks in commercial flocks in the U.S. have most recently occurred during each month from September to December 2022. The current HPAI epidemic has surpassed the prior 2014-2015 outbreak in terms of the number of affected hens in the U.S., and HPAI continues to circulate throughout the wild bird population in the U.S. and abroad. According to the U.S. Centers for Disease Control and Prevention, these detections do not present an immediate public health concern. There have been no positive tests for HPAI at any Cal-Maine Foods' owned or contracted production facility as of December 28, 2022. The USDA division of Animal and Plant Health Inspection Service ("APHIS") reported on December 27, 2022, that approximately 43.3 million commercial layer hens and 1.0 million pullets have been depopulated due to HPAI this year.

The Company believes the HPAI outbreak will continue to exert downward pressure on the overall supply of eggs, and the duration of these effects will depend in part on the timing of replenishment of the U.S. layer hen flock. Prior to the outbreak of HPAI in February 2022, the layer hen flock five-year average from 2017 through 2021 was comprised of approximately 328 million hens. According to a LEAP Market Analytics report dated December 8, 2022, the layer hen inventory is not projected to exceed the 328 million mark again until December of 2023. Layer hen numbers reported by the USDA as of December 1, 2022, were 308 million, which represents a decrease of 5.8% compared with the layer hen inventory a year ago. However, the USDA also reported that the hatch from July 2022 through November 2022 increased 5.8% as compared with the prior-year period. Cal-Maine Foods believes it has been mindful and proactive in implementing and maintaining robust biosecurity programs across all its locations and facilities. The Company is working closely with federal, state and local government officials, and focused industry groups to mitigate the risk of this and future outbreaks, and effectively manage a response, if needed.

### **ProEgg Cooperative**

Cal-Maine Foods has joined in the formation of a new egg farmer cooperative in the western United States. ProEgg, Inc. ("ProEgg") is comprised of leading egg production companies, including Cal-Maine Foods, servicing retail and foodservice shell egg customers in 13 western states. ProEgg is a producer-owned cooperative organized under the Capper-Volstead Act.

Cal-Maine Foods' membership in ProEgg is expected to provide benefits for its customers, including supply chain stability and enhanced reliability. Initially, Cal-Maine Foods' customer relationships and customer support are expected to remain the same. At some point in the future, it is anticipated that each producer member will sell through ProEgg the shell eggs it produces for sale in the western states covered by the cooperative. Customers would have a single point of contact for their shell egg purchases, as ProEgg would have a dedicated team to market and sell the members' combined egg production in the region.

Miller commented, "Cal-Maine Foods' top priority in joining as a member of ProEgg is serving our valued customers in this important market region. During this initial phase, we will continue our work to confirm that our participation in this new cooperative is in the best interest of our customers and aligns with our long-term interests. This consideration will take place before moving to the next phase of membership, and we expect this process to be completed on or before the end of our fiscal year 2023."

### **Dividend Payment**

For second quarter 2023, Cal-Maine Foods will pay a cash dividend of approximately \$1.35 per share to holders of its common and Class A common stock. Pursuant to Cal-Maine Foods' variable dividend policy, for each quarter in which the Company reports net income, the Company pays a cash dividend to shareholders in an amount equal to one-third of such quarterly income. Following a quarter for which the Company does not report net income, the Company will not pay a dividend with respect to that quarter or for a subsequent profitable quarter until the Company is profitable on a cumulative basis computed from the date of the most recent quarter for which a dividend was paid. The amount paid per share will vary based on the number of outstanding shares on the record date. The dividend is payable on February 9, 2023, to holders of record on January 25, 2023.

### **About Cal-Maine Foods**

Cal-Maine Foods, Inc. is primarily engaged in the production, grading, packing, marketing and distribution of fresh shell eggs, including conventional, cage-free, organic, brown, free-range, pasture-raised and nutritionally enhanced eggs. The Company, which is headquartered in Ridgeland, Mississippi, is the largest producer and distributor of fresh shell eggs in the United States and sells the majority of its shell eggs in states across the southwestern, southeastern, mid-western and mid-Atlantic regions of the United States.

### **Forward Looking Statements**

*Statements contained in this press release that are not historical facts are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on management's current intent, belief, expectations, estimates and projections regarding our company and our industry. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions and other factors that are difficult to predict and may be beyond our control. The factors that could cause actual results to differ materially from those projected in the forward-looking statements include, among others, (i) the risk factors set forth in the Company's SEC filings (including its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K), (ii) the risks and hazards inherent in the shell egg business (including disease, pests, weather conditions and potential for recall), including but not limited to the most recent outbreak of highly pathogenic avian influenza affecting poultry in the U.S., Canada and other countries that was first detected in commercial flocks in the U.S. in February 2022, (iii) changes in the demand for and market prices of shell eggs and feed costs, (iv) our ability to predict and meet demand for cage-free and other specialty eggs, (v) risks, changes or obligations that could result from our future acquisition of new flocks or businesses and risks or changes that may cause conditions to completing a pending acquisition not to be met, (vi) risks relating to the evolving COVID-19 pandemic, including without limitation increased costs, rising inflation and interest rates, which generally have been exacerbated by Russia's invasion of Ukraine starting in February 2022, (vii) our ability to retain existing customers, acquire new customers and grow our product mix and (viii) adverse results in pending litigation matters. SEC filings may be obtained from the SEC or the Company's website, [www.calmainefoods.com](http://www.calmainefoods.com). Readers are cautioned not to place undue reliance on forward-looking statements because, while we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. Further, the forward-looking statements included herein are only made as of the respective dates thereof, or if no date is stated, as of the date hereof. Except as otherwise required by law, we disclaim any intent or obligation to publicly update these*

forward-looking statements, whether as a result of new information, future events or otherwise.

**CAL-MAINE FOODS, INC. AND SUBSIDIARIES**  
**FINANCIAL HIGHLIGHTS**

(Unaudited)

(In thousands, except per share amounts)

**SUMMARY STATEMENTS OF OPERATIONS**

	<b>13 Weeks Ended</b>		<b>26 Weeks Ended</b>	
	<b>November 26, 2022</b>	<b>November 27, 2021</b>	<b>November 26, 2022</b>	<b>November 27, 2021</b>
Net sales	\$ 801,700	\$ 381,723	\$ 1,460,044	\$ 706,709
Cost of sales	483,851	337,976	924,705	656,317
Gross profit	317,849	43,747	535,339	50,392
Selling, general and administrative	57,952	47,780	111,559	94,305
(Gain) loss on disposal of fixed assets	29	(1,968)	62	(2,181)
Operating income (loss)	259,868	(2,065)	423,718	(41,732)
Other income, net	2,400	2,533	4,030	8,336
Income (loss) before income taxes	262,268	468	427,748	(33,396)
Income tax expense (benefit)	63,974	(677)	104,320	(16,515)
Net income (loss)	198,294	1,145	323,428	(16,881)
Less: Loss attributable to noncontrolling interest	(293)	(28)	(446)	(28)
Net income (loss) attributable to Cal-Maine Foods, Inc.	<u>\$ 198,587</u>	<u>\$ 1,173</u>	<u>\$ 323,874</u>	<u>\$ (16,853)</u>
Net income (loss) per common share:				
Basic	\$ 4.08	\$ 0.02	\$ 6.66	\$ (0.34)
Diluted	\$ 4.07	\$ 0.02	\$ 6.63	\$ (0.34)
Weighted average shares outstanding:				
Basic	48,624	48,857	48,624	48,859
Diluted	48,840	49,016	48,827	48,859

**CAL-MAINE FOODS, INC. AND SUBSIDIARIES**  
**FINANCIAL HIGHLIGHTS**

(Unaudited)

(In thousands)

**SUMMARY BALANCE SHEETS**

	<b>November 26, 2022</b>	<b>May 28, 2022</b>
<b>ASSETS</b>		
Cash and short-term investments	\$ 379,349	\$ 174,513
Receivables, net	305,111	219,404
Inventories, net	280,582	263,316
Prepaid expenses and other current assets	8,968	4,286
Current assets	974,010	661,519
Property, plant and equipment, net	703,882	677,796
Other noncurrent assets	85,548	88,174
Total assets	<u>\$ 1,763,440</u>	<u>\$ 1,427,489</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued expenses	\$ 240,347	\$ 148,018
Dividends payable	66,202	36,656
Current liabilities	306,549	184,674

Deferred income taxes and other liabilities	136,586	138,470
Stockholders' equity	<u>1,320,305</u>	<u>1,104,345</u>
Total liabilities and stockholders' equity	<u>\$ 1,763,440</u>	<u>\$ 1,427,489</u>

View source version on [businesswire.com](https://www.businesswire.com/news/home/20221228005357/en/): <https://www.businesswire.com/news/home/20221228005357/en/>

Sherman Miller, President and CEO  
Max P. Bowman, Vice President and CFO  
(601) 948-6813

Source: Cal-Maine Foods, Inc.