



## Cal-Maine Foods Reports Results for Third Quarter Fiscal 2023

March 28, 2023

### Announces Quarterly Cash Dividend of \$2.20 Per Share

RIDGELAND, Miss.--(BUSINESS WIRE)--Mar. 28, 2023-- 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 third quarter of fiscal 2023 (thirteen weeks) ended February 25, 2023.

### Third Quarter Fiscal 2023 Highlights

- Quarterly net sales of \$997.5 million, driven by strong conventional egg prices
- Quarterly net income of \$323.2 million, or \$6.64 per basic and \$6.62 per diluted common share
- Cash dividend of \$107.7 million, or \$2.20 per share, pursuant to the Company's established dividend policy

### Overview

Sherman Miller, president and chief executive officer of Cal-Maine Foods, Inc. stated, "Cal-Maine Foods delivered a solid performance for the third quarter of fiscal 2023. Our results are reflective of a dynamic market environment with higher average selling prices and favorable demand. Elevated market pricing continues, primarily due to the impact of the ongoing epidemic of highly pathogenic avian influenza ("HPAI"), which has significantly reduced the nation's egg-laying capacity. At the same time, consumer demand for shell eggs remained robust in the third quarter, which included the peak winter holiday season. We are grateful that the Cal-Maine Foods' team delivered more eggs to meet the needs of our customers during the quarter and continued to successfully focus on our goal of expanding our specialty egg production capacity.

"The domestic egg market has always been intensely competitive and highly volatile even under normal market circumstances. At Cal-Maine Foods, we sell our eggs to a diverse group of retail customers, including national and regional grocery chains, club stores, companies that supply to independent supermarkets, food service distributors and egg product customers. The majority of our conventional eggs are sold based on market quotes published by Urner Barry, an independent, third-party market reporter. We are a producer and distributor and do not sell eggs directly to consumers.

"We have worked hard to respond to the challenging operating environment, targeting optimal management of every aspect of our business within our control. As always, we are focused on the long-term, working within the proven operating model that has served us well throughout the various cycles that characterize our industry. In combination with the current inflationary environment, the HPAI epidemic has created additional challenges for all producers, with increasing costs and supply chain disruptions. We are grateful to our dedicated managers and employees across our production facilities who have efficiently managed our operations during this time. We have invested substantial capital and management resources in our biosecurity measures, and these investments, along with our employees' diligent adherence to our robust biosecurity protocols, have allowed us to continue to produce and bring more quality eggs to the market. There have been no positive tests for HPAI at any Cal-Maine Foods' owned or contracted production facility as of March 28, 2023. Together, we are committed to our mission – to be the most sustainable producer and reliable supplier of fresh shell eggs and egg products in the United States," added Miller.

### Sales Performance & Operating Highlights

Max Bowman, chief financial officer of Cal-Maine Foods, added, "Our financial results for the quarter were led by net sales of \$997.5 million compared with \$477.5 million for the same period last year. Net income for the third quarter of fiscal 2023 was \$323.2 million, or \$6.62 per diluted share, compared with \$39.5 million, or \$0.81 per diluted share, for the third quarter of fiscal 2022. These results reflect the significantly higher market prices and favorable demand boosted by the busy holiday season. We remained focused on disciplined management of our costs during the quarter despite continued inflationary pressures and a tight labor market."

Conventional egg net average selling price per dozen increased to \$3.678 for the third quarter of fiscal 2023 compared with \$1.458 the prior-year quarter. Net average selling price for specialty eggs rose to \$2.616 per dozen, compared with \$1.923 per dozen for the third quarter of fiscal 2022. Specialty dozens sold were 35.7% of total dozens sold compared with 33.1% in the prior-year period.

For the third quarter of fiscal 2023, total dozens sold increased 1.3% to 291.4 million versus 287.7 million in the prior-year quarter, driven by higher sales volumes in the specialty eggs category. Conventional egg volumes sold decreased 2.7% compared with third quarter fiscal 2022, while specialty egg volumes sold increased by 9.4%.

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 four quarters but is atypical historically. Cal-Maine Foods plans to continue to focus on the expansion of the Company's specialty egg production capacity in line with changing customer demand. At the same time, the Company understands the importance of the continued ability to provide conventional eggs in order to offer customers a variety of egg choices with a long-term goal to address hunger in more communities.

The Company reported operating income of \$407.8 million for the third 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 18.2%, or \$0.166, compared with the prior-year period, primarily tied to significantly higher feed costs. For the third quarter of fiscal 2023, feed costs per dozen were

\$0.679, a 20.8% increase compared with the third quarter of fiscal 2022. Supplies of corn and soybean remained tight relative to demand in the third 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 supply-chain disruptions and the Russia-Ukraine war and its impact on the export markets. For fiscal 2023, the Company expects continued corn and soybean upward pricing pressures and further market volatility to affect feed costs.

	13 Weeks Ended		39 Weeks Ended	
	February 25, 2023	February 26, 2022	February 25, 2023	February 26, 2022
Dozen Eggs Sold (000)	291,416	287,651	850,819	811,821
Conventional Dozen Eggs Sold (000)	187,357	192,511	555,045	568,511
Specialty Dozen Eggs Sold (000)	104,059	95,140	295,774	243,310
Dozen Eggs Produced (000)	263,174	264,433	782,186	757,677
% Specialty Sales (dozen)	35.7	% 33.1	% 34.8	% 30.0
% Specialty Sales (dollars)	28.2	% 39.4	% 29.6	% 40.2
Net Average Selling Price (per dozen)	\$ 3.298	\$ 1.612	\$ 2.771	\$ 1.412
Net Average Selling Price Conventional Eggs (per dozen)	\$ 3.678	\$ 1.458	\$ 2.984	\$ 1.203
Net Average Selling Price Specialty Eggs (per dozen)	\$ 2.616	\$ 1.923	\$ 2.369	\$ 1.900
Feed Cost (per dozen)	\$ 0.679	\$ 0.562	\$ 0.677	\$ 0.546

### Product Mix & Cage-Free Eggs

As demand for specialty eggs, particularly cage-free eggs, has evolved, the Company has focused on meeting current and expected customer demand. A significant number of Cal-Maine Foods' customers previously announced goals to offer cage-free eggs exclusively on or before 2026. While some of these customers have extended those timelines to the end of 2030, the Company's priority is to work with its customers to facilitate a smooth transition to their announced timelines for cage-free egg sales. Cal-Maine Foods has made significant investments in its production and distribution capabilities as cage-free eggs are expected to comprise a larger share of the Company's product mix. Cage-free dozens sold increased 14.9% in the third quarter of fiscal 2023 as compared to the third quarter of fiscal 2022.

### Table Egg Supply Outlook

The current HPAI epidemic has surpassed the prior 2014-2015 outbreak in terms of its duration and 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. Cal-Maine Foods has followed strict biosecurity protocols across all locations and facilities since the previous outbreak and continues to closely monitor the current outbreak. The USDA division of Animal and Plant Health Inspection Service ("APHIS") reported on March 27, 2023, that approximately 43.3 million commercial layer hens and 1.0 million pullets have been depopulated due to HPAI since February 2022. According to the U.S. Centers for Disease Control and Prevention, these detections do not present an immediate public health concern. Outbreaks in commercial poultry flocks in the U.S. have most recently occurred during March 2023. There have been no positive tests for HPAI at any Cal-Maine Foods' owned or contracted production facility as of March 28, 2023. The Company is working closely with federal, state and local government officials, and focused industry groups to mitigate the risk of future outbreaks, and effectively manage a response, if needed.

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 March 21, 2023, the layer hen inventory is not projected to exceed 328 million again until January of 2024. Layer hen numbers reported by the USDA as of March 1, 2023, were 312.9 million, which represents a decrease of 3.8% compared with the layer hen inventory a year ago. However, the USDA also reported that the hatch from October 2022 through February 2023 increased 4.5% as compared with the prior-year period, indicating that layer flocks may increase in the future.

### Dividend Payment

For third quarter of fiscal 2023, Cal-Maine Foods will pay a cash dividend of approximately \$2.20 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 May 11, 2023, to holders of record on April 26, 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 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 and (ix) the evolving COVID-19 pandemic. 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

	13 Weeks Ended		39 Weeks Ended	
	February 25, 2023	February 26, 2022	February 25, 2023	February 26, 2022
Net sales	\$ 997,493	\$ 477,485	\$ 2,457,537	\$ 1,184,195
Cost of sales	534,467	385,903	1,459,172	1,042,221
Gross profit	463,026	91,582	998,365	141,974
Selling, general and administrative	58,489	52,686	170,048	146,991
Insurance recoveries	(3,220 )	(1,095 )	(3,220 )	(3,225 )
(Gain) loss on disposal of fixed assets	(26 )	421	36	370
Operating income (loss)	407,783	39,570	831,501	(2,162 )
Other income, net	17,104	13,478	21,134	21,814

Income before income taxes	424,887	53,048	852,635	19,652
Income tax expense (benefit)	102,118	13,594	206,438	(2,921 )
Net income	322,769	39,454	646,197	22,573
Less: Loss attributable to noncontrolling interest	(450 )	(63 )	(896 )	(91 )
Net income attributable to Cal-Maine Foods, Inc.	\$ 323,219	\$ 39,517	\$ 647,093	\$ 22,664

Net income per common share:

Basic	\$ 6.64	\$ 0.81	\$ 13.31	\$ 0.46
Diluted	\$ 6.62	\$ 0.81	\$ 13.25	\$ 0.46

Weighted average shares outstanding:

Basic	48,653	48,886	48,634	48,888
Diluted	48,842	49,036	48,832	49,035

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

**FINANCIAL HIGHLIGHTS**

(Unaudited)

(In thousands)

**SUMMARY BALANCE SHEETS**

**February 25, 2023    May 28, 2022**

ASSETS

Cash and short-term investments	\$ 645,032	\$ 174,513
Receivables, net	249,867	219,404
Inventories, net	290,869	263,316
Prepaid expenses and other current assets	7,599	4,286
Current assets	1,193,367	661,519
Property, plant and equipment, net	712,512	677,796

Other noncurrent assets	86,604	88,174
Total assets	\$ 1,992,483	\$ 1,427,489

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 205,340	\$ 148,018
Dividends payable	107,720	36,656
Current liabilities	313,060	184,674
Deferred income taxes and other liabilities	144,535	138,470
Stockholders' equity	1,534,888	1,104,345
Total liabilities and stockholders' equity	\$ 1,992,483	\$ 1,427,489

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Source: Cal-Maine Foods, Inc.