Cal-Maine Foods Reports Results for Fourth Quarter and Fiscal Year 2023

July 25, 2023

Announces Quarterly Cash Dividend of $0.76 Per Share

RIDGELAND, Miss.--(BUSINESS WIRE)--Jul. 25, 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 fourth quarter of fiscal 2023 (fourteen weeks) and fiscal year 2023 (fifty-three weeks) ended June 3, 2023. The fourth quarter of fiscal 2022 was a thirteen-week period and fiscal year 2022 was a fifty-two week period.

Fourth Quarter and Fiscal Year 2023 Highlights

- Quarterly net sales of $688.7 million, driven by increased sales volumes
- Quarterly net income of $110.9 million, or $2.28 per basic and $2.27 per diluted common share
- Fiscal year net sales of $3.1 billion and net income of $758.0 million
- Cash dividend of $37.1 million, or $0.76 per share, pursuant to the Company's established dividend policy

Overview

Sherman Miller, president and chief executive officer of Cal-Maine Foods, Inc. stated, "Our fourth quarter performance marked a solid finish to a strong fiscal year for Cal-Maine Foods. Our results for fiscal 2023 reflect the extreme market conditions we faced, with significantly higher average selling prices compared with the prior-year period, primarily due to the highly pathogenic avian influenza ("HPAI") outbreak and higher grain and other input costs. Prices in the fourth quarter have decreased significantly from the fiscal year's highest levels as the egg industry begins to recover from the effects of HPAI. At the same time, strong consumer demand for shell eggs supported higher sales for the fourth quarter, which included the busy Easter holiday season.

"Our operations continued to run well in the fourth quarter despite a challenging environment with inflationary pressures affecting our feed and other production costs. Cal-Maine Foods has a proven operating model that has sustained our business throughout various economic cycles, and we remain focused on managing the aspects of our business that we can control. The added challenges of the HPAI outbreak have adversely affected the overall egg supply, and we have continued to navigate through the related disruptions to meet the needs of our valued customers. Cal-Maine Foods has robust biosecurity measures in place across our operations, and we continue to invest in additional resources necessary to reduce risk. We commend our dedicated managers and employees across our operations who have followed strict protocols and efficiently managed our operations under difficult conditions."

Sales Performance & Operating Highlights

Max Bowman, vice president and chief financial officer of Cal-Maine Foods, added, "For the fourth quarter of fiscal 2023, our net sales were $688.7 million compared with $593.0 million for the same period last year. Our top line growth was driven by higher average selling price for specialty eggs as well as increased sales volumes of both conventional and specialty eggs, due in part to having 14 weeks in the fourth quarter of fiscal 2023 compared with 13 weeks in the prior-year period. Net income for the fourth quarter of fiscal 2023 was $110.9 million, or $2.27 per diluted share, compared with $110.0 million, or $2.25 per diluted share, for the fourth quarter of fiscal 2022.

"For fiscal 2023, net sales were $3.1 billion compared with $1.8 billion for fiscal 2022, and net income was $758.0 million, or $15.52 per diluted share, compared with net income of $132.7 million, or $2.72 per diluted share. These results reflect the impact of the HPAI outbreak throughout fiscal 2023, which began in February 2022 and caused higher prices for shell eggs due to the reduced egg supply. In addition, our specialty egg net average selling price also increased in response to rising feed and other input costs.

"Conventional egg net average selling price per dozen was $2.038 for the fourth quarter of fiscal 2023 compared with $2.108 the prior-year quarter and $2.739 for fiscal 2023. However, conventional egg selling prices declined significantly during the latter part of the fourth quarter of fiscal 2023. Net average selling price for specialty eggs rose to $2.499 per dozen, compared with $2.015 per dozen for the fourth quarter of fiscal 2022 and $2.403 for fiscal 2023. Specialty dozens sold were 34.6% of total dozens sold in the fourth quarter of fiscal 2023 compared with 34.0% in the prior-year period.

"We reported operating income of $136.2 million for the fourth quarter of fiscal 2023, compared with $145.7 million for the prior year quarter, and operating income of $967.7 million for fiscal 2023 compared with $143.5 million for fiscal 2022. We remained focused on disciplined cost management as we continued to incur higher costs across various inputs including feed, labor,

packaging, and distribution. Overall, fourth quarter farm production costs per dozen increased 9.9% compared with the prior-year quarter, primarily tied to higher flock amortization and facility costs. For fiscal 2023, farm production costs per dozen increased 16.1% compared with fiscal 2022, primarily tied to higher feed, facility, and flock amortization costs. For the fourth quarter of fiscal 2023, feed costs per dozen were $0.671, a 4.7% increase compared with the fourth quarter of fiscal 2022. For fiscal 2023, feed costs per dozen were $0.676, an 18.4% increase compared with fiscal 2022. Supplies of corn and soybean remained tight relative to demand, 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," added Bowman.

	14 Weeks Ended June 3, 2023	13 Weeks Ended May 28, 2022	53 Weeks Ended June 3, 2023	52 Weeks Ended May 28, 2022
Dozen Eggs Sold (000)	296,554	271,961	1,147,373	1,083,789
Conventional Dozen Eggs Sold (000)	194,031	179,396	749,076	747,914
Specialty Dozen Eggs Sold (000)	102,523	92,565	398,297	335,875
Dozen Eggs Produced (000)	276,354	264,650	1,058,540	1,022,327
% Specialty Sales (dozen)	34.6%	34.0%	34.7%	31.0%
% Specialty Sales (dollars)	39.1%	32.9%	31.6%	37.8%
Net Average Selling Price (per dozen)	$ 2.197	$ 2.076	$ 2.622	$ 1.579
Net Average Selling Price Conventional Eggs (per dozen)	$ 2.038	$ 2.108	$ 2.739	$ 1.420
Net Average Selling Price Specialty Eggs (per dozen)	$ 2.499	$ 2.015	$ 2.403	$ 1.932
Feed Cost (per dozen)	$ 0.671	$ 0.641	$ 0.676	$ 0.571

Product Mix & Cage-Free Eggs

An important focus of Cal-Maine's growth strategy is the expansion of its cage-free egg production capacity in line with expected demand. As previously reported, a significant number of the Company's customers have announced goals to offer cage-free eggs exclusively on or before 2026, subject in most cases to availability of supply, affordability, and consumer demand, among other contingencies. Some of these customers have recently changed those goals to offer 70% cage-free eggs by the end of 2030. Cal-Maine Foods continually strives to engage with customers to help them meet their expected cage-free timelines and goals. Cal-Maine Foods has made significant investments in its production and distribution capabilities as sales of cage-free eggs continue to increase and account for a larger share of the Company's product mix. Cage-free egg sales comprised 26.2% and 20.1% of total net shell egg sales for the fourth quarter and fiscal year 2023, respectively.

Table Egg Supply Outlook

The current HPAI outbreak has had a significant impact, lasting twice as long as the prior 2014-2015 outbreak and affecting a larger number of hens in the U.S. Approximately 43.3 million commercial layer hens and 1.0 million pullets have been depopulated due to HPAI, leading to higher prices for conventional shell eggs beginning in the fourth quarter of fiscal 2022 and continuing into the first part of the fourth quarter of fiscal 2023. Though the virus is still present in the wild bird population, HPAI has not been detected in a commercial egg-laying flock since December 2022. While it is evident the industry and USDA have devoted significant resources to attempt to prevent future outbreaks, no farm is immune, and the focus is now on the fall migration season.

Layer hen numbers reported by the USDA as of July 1, 2023, were 317.4 million, which represents an increase of 5.6% compared with the layer hen inventory a year ago. The USDA also reported that the hatch from February 2023 through June 2023 increased 2.1% as compared with the prior-year period, indicating that layer flocks may continue to increase in the future.

In calendar year 2022, per capita U.S. consumption was estimated to be 279 eggs. According to the USDA, the decline in consumption was primarily due to limited availability caused by the outbreak of HPAI. As of July 18, 2023, the USDA projects that the per capita consumption will increase in calendar year 2023 and 2024 to 282.6 and 292.7, respectively.

Looking Ahead

Miller added, "We are proud of our performance over the past year as we demonstrated solid execution of our organic growth strategy in a dynamic market environment. Despite ongoing uncertainties related to HPAI and other macroeconomic concerns, we remained focused on managing our operations as efficiently and safely as possible. We have continued to deliver against our key performance metrics, and we commend the work of our managers and employees for their dedication and continued support of our valued customers. Across our operations, we have a shared commitment to our mission to be the most reliable and sustainable producer of fresh shell eggs and egg products. While egg prices were higher during most of fiscal 2023 due primarily to the impact of HPAI and higher grain and other input costs, they have returned to pricing levels more in line with historic norms. Moving forward, we believe that the demand for affordable food choices will continue to grow. As the largest producer and distributor of fresh shell eggs, we are well positioned to support this need in more communities. Eggs offer a great nutritional value with high quality protein and essential vitamins and minerals for healthy living such as choline, vitamin B12 and iodine. Cal-Maine Foods' proven operating model and differentiated product mix continue to support our ability to meet changing customer demand and extend our market reach. Importantly, we have the financial strength to support our growth strategy, which includes

acquisitions and organic growth, and we look forward to the opportunities ahead for Cal-Maine Foods in fiscal 2024."

Dividend Payment

For the fourth quarter of fiscal 2023, Cal-Maine Foods will pay a cash dividend of approximately $0.76 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 August 22, 2023, to holders of record on August 7, 2023.

About Cal-Maine Foods

Cal-Maine Foods, Inc. is primarily engaged in the production, grading, packaging, 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 began in response to market conditions caused in part by the COVID-19 pandemic and which generally have been exacerbated by the Russia-Ukraine war that began 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. 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 INCOME

	14 Weeks Ended June 3, 2023	13 Weeks Ended May 28, 2022	53 Weeks Ended June 3, 2023	52 Weeks Ended May 28, 2022
Net sales	$ 688,680	$ 592,964	$ 3,146,217	$ 1,777,159
Cost of sales	490,588	397,879	1,949,760	1,440,100
Gross profit	198,092	195,085	1,196,457	337,059
Selling, general and administrative	62,159	51,640	232,207	198,631
Insurance recoveries	(125)	(2,267)	(3,345)	(5,492)
(Gain) loss on disposal of fixed assets	(167)	13	(131)	383
Operating income	136,225	145,699	967,726	143,537
Other income, net	9,690	664	30,824	22,478
Income before income taxes	145,915	146,363	998,550	166,015
Income tax expense	35,380	36,495	241,818	33,574

Net income	110,535	109,868	756,732	132,441
Less: Loss attributable to noncontrolling interest	(396)	(118)	(1,292)	(209)
Net income attributable to Cal-Maine Foods, Inc.	$ 110,931	$ 109,986	$ 758,024	$ 132,650
Net income per common share:				
Basic	$ 2.28	$ 2.26	$ 15.58	$ 2.73
Diluted	$ 2.27	$ 2.25	$ 15.52	$ 2.72
Weighted average shares outstanding:				
Basic	48,689	48,622	48,648	48,581
Diluted	48,838	48,791	48,834	48,734

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS
(Unaudited)
(In thousands)

SUMMARY BALANCE SHEETS

	June 3, 2023	May 28, 2022
ASSETS		
Cash and short-term investments	$ 647,914	$ 174,513
Receivables, net	187,213	219,404
Inventories, net	284,418	263,316
Prepaid expenses and other current assets	5,380	4,286
Current assets	1,124,925	661,519
Property, plant and equipment, net	744,540	677,796
Other noncurrent assets	85,060	88,174
Total assets	$ 1,954,525	$ 1,427,489
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	$ 145,601	$ 148,018
Dividends payable	37,130	36,656
Current liabilities	182,731	184,674
Deferred income taxes and other liabilities	162,211	138,470
Stockholders' equity	1,609,583	1,104,345
Total liabilities and stockholders' equity	$ 1,954,525	$ 1,427,489

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