



Cal-Maine Foods Reports Results for First Quarter Fiscal 2024

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RIDGELAND, Miss.--(BUSINESS WIRE)--Oct. 3, 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 first quarter of fiscal 2024 (thirteen weeks) ended September 2, 2023.

First Quarter Fiscal Year 2024 Highlights

- Quarterly net sales of \$459.3 million
- Quarterly net income of \$926,000 or \$0.02 per basic and diluted common share
- Net average selling price for specialty eggs increased 8.4 percent quarter-over-quarter
- Cash dividend of \$294,000, or \$0.006 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 results for the first quarter of fiscal 2024 reflect the current dynamic market conditions. After reaching record high levels in fiscal 2023, average selling prices for shell eggs have since returned to more normalized levels as the overall egg supply recovers from the most recent highly pathogenic avian influenza ("HPAI") outbreak, which depleted the national hen supply. Customer demand has been favorable with conventional egg volumes higher than a year ago, offset by lower sales of specialty eggs. We continue to focus on offering customers a wide range of quality choices in shell eggs, as well as egg products offerings, with a favorable product mix in line with changing consumer demand trends.

"Our operations ran well during the quarter, and we benefitted from lower feed costs, although we generally continued to incur higher input costs. Our team has continued to focus on managing our operations in an efficient and sustainable manner. While there have been no recent outbreaks of HPAI in commercial egg laying flocks, we remain diligent in following strict protocols and continue to invest in additional resources to reduce future risk. We commend the work of our managers and employees who responsibly managed our production and continued to bring more quality eggs to the market to support our valued customers. We also have a number of expansion projects underway to increase our production capacity, and we look forward to the opportunities to expand our market reach.

"In addition to our organic growth initiatives, we have continued to expand our business through selective acquisitions. Following the end of the first quarter, we announced a definitive agreement to acquire substantially all the assets of Fassio Egg Farms, Inc., related to its commercial shell egg production, and processing business, located in Erda, Utah, outside of Salt Lake City. The assets to be acquired include facilities with a current capacity of approximately 1.2 million laying hens, primarily cage-free, a feed mill, pullets, a fertilizer production and composting operation and land. We expect to close this transaction during the second fiscal quarter. We are excited about the opportunity to expand our market presence in Utah and the western United States," added Miller.

Sales Performance & Operating Highlights

Max Bowman, vice president and chief financial officer of Cal-Maine Foods, Inc., added, "For the first quarter of fiscal 2024, our net sales were \$459.3 million compared with \$658.3 million for the same period last year, which was an exceptionally strong first quarter performance driven by record average conventional selling prices and record specialty sales volumes. The decline in revenue for the first quarter of fiscal 2024 was primarily due to the decrease in the net average selling price for conventional eggs, partially offset by the increase in the net average selling price for specialty eggs. Net income for the first quarter of fiscal 2024 was \$926,000, or \$0.02 per diluted share, compared with \$125.3 million, or \$2.57 per diluted share, for the first quarter of fiscal 2023.

"Conventional egg net average selling price per dozen was \$1.241 for the first quarter of fiscal 2024 compared with \$2.368 for the prior-year quarter. Conventional egg selling prices declined significantly in the first quarter of fiscal 2024 compared to the first quarter of fiscal 2023 as the U.S. egg supply recovers from the most recent HPAI outbreak. Net average selling price for specialty eggs rose to \$2.278 per dozen, compared with \$2.101 per dozen for the first quarter of fiscal 2023. Specialty dozens sold were 33.5% of total dozens sold in the first quarter of fiscal 2024 compared with 34.7% in the prior-year period.

"We reported an operating loss of \$6.8 million for the first quarter of fiscal 2024, compared with operating income of \$163.9 million for the prior-year quarter, reflecting lower conventional shell egg prices and increased labor costs, partially offset by lower farm production costs due to the decrease in feed ingredient prices. We remained focused on disciplined cost management as we generally continued to incur higher input costs at our production, processing and distribution centers, as well as costs incurred for additional bio-security measures to mitigate the risk of HPAI. Overall, first quarter farm production costs per dozen decreased 1.0% compared with the prior-year quarter. For the first quarter of fiscal 2024, feed costs per dozen were \$0.597, a 10.5% decrease compared with the first quarter of fiscal 2023.

"Current indications for corn project an overall better stocks-to-use ratio; however, until this year's harvest is complete and as long as outside factors remain uncertain [including weather patterns and the Russia-Ukraine war and its effect on export markets], volatility could remain. Soybean meal supply has remained tight relative to demand in the first quarter of fiscal 2024.

September 2, 2023 August 27, 2022

Dozen Eggs Sold (000)	273,126		275,317	
Conventional Dozen Eggs Sold (000)	181,530		179,712	
Specialty Dozen Eggs Sold (000)	91,596		95,605	
Dozen Eggs Produced (000)	250,356		257,654	
% Specialty Sales (dozen)	33.5	%	34.7	%
% Specialty Sales (dollars)	47.7	%	31.8	%
Net Average Selling Price (per dozen)	\$ 1.589		\$ 2.275	
Net Average Selling Price Conventional Eggs (per dozen)	\$ 1.241		\$ 2.368	
Net Average Selling Price Specialty Eggs (per dozen)	\$ 2.278		\$ 2.101	
Feed Cost (per dozen)	\$ 0.597		\$ 0.667	

Product Mix & Cage-Free Eggs

"Specialty eggs remain an important area of focus of Cal-Maine Food's growth strategy. A top priority of this strategy is to expand our cage-free production capacity with the goal of meeting future customer needs in line with changing state requirements. We continue to work closely with our customers regarding their expected timing and purchase decisions related to their previously announced plans to offer cage-free eggs exclusively by specific future dates. We have invested significant capital to acquire and construct cage-free facilities as our volume of cage-free egg sales has continued to increase and account for a greater share of our product mix. Cage-free egg revenue comprised approximately 33.0% of total net shell egg revenue for the first quarter of fiscal 2024," added Bowman.

Table Egg Supply Outlook

The most recent outbreak of HPAI affected the Company's business and financial results primarily during the fourth quarter of fiscal 2022 and continuing into the first part of the fourth quarter of fiscal 2023. While the last occurrence in a commercial egg laying flock was in December 2022, there have been occurrences in other avian populations in the U.S. since then. HPAI is still present in the wild bird population and the extent of possible future outbreaks, particularly during the upcoming fall migration season, cannot be predicted. There have been no positive tests for HPAI at any of Cal-Maine Foods' owned or contracted production facilities as of October 2, 2023. Based on USDA data, the Company believes that the U.S. layer hen flock, which declined as a result of flock depletions due to HPAI, has largely recovered but remains slightly lower than the five-year average.

Layer hen numbers reported by the USDA as of September 1, 2023, were 318.2 million, which represents an increase of 3.1% compared with the layer hen inventory a year ago. The USDA also reported that the hatch from April 2023 through August 2023 increased 2.0% as compared with the prior-year period, indicating that layer flocks may continue to increase in the future.

Looking Ahead

Miller added, "We look forward to the opportunities ahead for Cal-Maine Foods in fiscal 2024. While we face ongoing challenges related to the threat of HPAI and inflationary headwinds, we will continue to manage the aspects of our business we can control. We are uniquely positioned to support the nation's food supply with nutritious and affordable protein, and we believe demand for our products will continue to grow. We are confident we have the right strategy in place to meet this demand, with a proven operating model that will drive long-term growth. 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. Importantly, we have a dedicated workforce, and sufficient capital to fund internal expansion projects and consider additional potential acquisitions to support our strategy. Above all, we will strive to meet the demands of our valued customers and deliver greater value to our shareholders."

Dividend Payment

For the first quarter of fiscal 2024, Cal-Maine Foods will pay a cash dividend of approximately \$0.006 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 November 16, 2023, to holders of record on November 1, 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 2023, (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, and higher and potentially further increases in 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 2023, (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

	13 Weeks Ended	
	September 2, 2023	August 27, 2022
Net sales	\$ 459,344	\$ 658,344
Cost of sales	413,911	440,854
Gross profit	45,433	217,490
Selling, general and administrative	52,246	53,607
(Gain) loss on disposal of fixed assets	(56)	33
Operating income (loss)	(6,757)	163,850
Other income, net	7,490	1,630
Income before income taxes	733	165,480
Income tax expense	322	40,346
Net income	411	125,134

Less: Loss attributable to noncontrolling interest	(515)	(153)
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Net income attributable to Cal-Maine Foods, Inc.	\$ 926		\$ 125,287	
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Net income per common share:

Basic	\$ 0.02		\$ 2.58	
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Diluted	\$ 0.02		\$ 2.57	
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Weighted average shares outstanding:

Basic	48,690		48,623	
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Diluted	48,840		48,811	
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FINANCIAL HIGHLIGHTS

(Unaudited)

(In thousands)

SUMMARY BALANCE SHEETS

September 2, 2023 **June 3, 2023**

ASSETS

Cash and short-term investments	\$ 609,962	\$ 647,914
Receivables, net	159,150	187,213
Inventories, net	280,801	284,418
Prepaid expenses and other current assets	14,145	5,380
Current assets	1,064,058	1,124,925
Property, plant and equipment, net	752,580	744,540
Other noncurrent assets	83,729	85,060
Total assets	\$ 1,900,367	\$ 1,954,525

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable and accrued expenses	\$ 126,088	\$ 145,601
Dividends payable	294	37,130
Current liabilities	126,382	182,731
Deferred income taxes and other liabilities	162,655	162,211
Stockholders' equity	1,611,330	1,609,583
Total liabilities and stockholders' equity	\$ 1,900,367	\$ 1,954,525

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Source: Cal-Maine Foods, Inc.