



Cal-Maine Foods Reports Financial and Operational Results for Third Quarter Fiscal 2025 and Announces Definitive Agreement to Acquire Echo Lake Foods, Inc.

April 8, 2025

RIDGELAND, Miss.--(BUSINESS WIRE)--Apr. 8, 2025-- Cal-Maine Foods, Inc. (NASDAQ: CALM) ("Cal-Maine Foods" or the "Company"), today reported financial and operational results for the third quarter of fiscal 2025 (thirteen weeks) ended March 1, 2025. Subsequent to the end of the fiscal quarter, the Company also announced it entered into a definitive agreement to acquire Echo Lake Foods, Inc. ("Echo Lake Foods").

Third Quarter Fiscal 2025 Financial, Operational and Business Highlights

- Quarterly net sales of \$1.4 billion and net income of \$508.5 million, or \$10.38 per diluted share
- Strong consumer demand during the quarter led to record total dozens sold, as the Company honored long-standing pricing frameworks with valued customers
- Significant progress on proactive steps to help mitigate the tight egg supply situation across the country, resulting in:
 - A 14% increase in the average number of layer hens during the quarter compared to the prior-year quarter, reflecting both organic and inorganic expansion
 - A 33% increase in the Company's breeder flocks as of the end of the third quarter of fiscal 2025 compared to the end of the prior-year quarter
 - A 24% increase in total chicks hatched during the third quarter of fiscal 2025 compared to the prior-year quarter
 - Expected completion in calendar 2025 of approximately \$60 million in ongoing expansion projects within the Company's current operations that are expected to add approximately 1.1 million cage-free layer hens and 250,000 pullets
 - Recovery from highly pathogenic avian influenza (HPAI)-related shutdowns of the Company's Kansas and Texas facilities
 - Successful conversion of a new egg processing facility and hatchery in Dexter, Missouri, projected to add additional capacity of 1.2 million free range hens by calendar year end
 - Rapid integration and expected continued production ramp up from recently acquired assets, including the processing facilities from ISE America, Inc. and feed mills from Deal-Rite Feeds, Inc.
 - Continued investments in best-in-class biosecurity technology, equipment, procedures, and training, with over \$70 million spent since 2015 to address ongoing HPAI threats
- Approved a \$500 million share repurchase program to expand the options for uses of capital under the Company's disciplined capital allocation strategy
- Declared a cash dividend of approximately \$170 million, or approximately \$3.46 per share, pursuant to the Company's established dividend policy
- Announced an agreement with the Company's Founding Family for a process for possible share conversions that, if executed, will result in the Company becoming a non-controlled company

Commenting on the third quarter of fiscal 2025 results, Sherman Miller, president and chief executive officer of Cal-Maine Foods, stated, "Dynamic market conditions and HPAI-related supply shortages persisted this quarter. However, the entire Cal-Maine Foods team did an outstanding job in maximizing production through a period of high demand, while operating safely and maintaining diligence on biosecurity measures. We were fortunate to have the ability to utilize our existing operational scale and to benefit from recent acquisitions, which helped increase our production capacity in this challenging supply environment. Above all, we stayed focused on meeting the needs of our valued customers, while honoring our long-standing pricing frameworks.

"Alongside our own efforts to address the current supply situation, we greatly appreciate the current administration's recently announced plan to address the volatility in our vital industry. It is clear the administration recognizes the importance of eggs as a low-cost, high-value, unprocessed protein for feeding our nation's families. Cal-Maine Foods' unwavering mission is to be the country's most sustainable producer and reliable supplier of this valuable source of nutrition," added Miller.

Definitive Agreement to Acquire Echo Lake Foods, Inc.

Subsequent to the end of the third quarter, the Company signed a definitive agreement to acquire Echo Lake Foods for approximately \$258 million, excluding expected tax assets resulting from the transaction, to be funded with available cash on hand. Echo Lake Foods was founded in 1941 and acquired by the Meinerz family in 1981. Based in Burlington, Wisconsin, Echo Lake Foods produces, packages, markets and distributes ready-to-eat egg products and breakfast foods, including waffles,

pancakes, scrambled eggs, frozen cooked omelets, egg patties, toast and diced eggs. Echo Lake Foods had annual revenues of approximately \$240 million in 2024 with a five-year CAGR of approximately 10%. The transaction has been approved by both companies' boards of directors and is expected to close by the end of fiscal 2025 following completion of regulatory approvals and subject to customary closing conditions. The transaction is not subject to shareholder approval.

Highlights of the Transaction:

Compelling Strategic Rationale

- Allows Cal-Maine Foods to enter the large, growing and highly stable value-added food portion of the egg category
- Expands strategic customer relationships with retail, quick service restaurant and other foodservice customers
- Leverages Cal-Maine Foods' extensive sales and supply chain distribution capabilities
- Echo Lake Foods will operate as a stand-alone component of Cal-Maine Foods' integrated operations with its four production facilities strategically located across the Midwest
- Kathy Brodhagen, current chief executive officer of Echo Lake Foods, to join Cal-Maine Foods' senior management team as President of Echo Lake Foods

Attractive Financial Returns

- Provides access to additional long-term growth opportunities, while reducing earnings volatility
- Expect significant synergies from egg purchasing and other operational efficiencies
- Expect to be at least mid-single digit accretive to Cal-Maine Foods' earnings starting in fiscal 2026, with a return on equity in excess of the Company's cost of capital

Commenting on the proposed transaction with Echo Lake Foods, Miller stated, "This transaction represents an exciting growth opportunity and important inflection point for Cal-Maine Foods, advancing our strategy to expand and diversify our product portfolio and customer mix. Echo Lake Foods is a leading innovator with a long history of providing quality ready-to-eat egg products and breakfast foods to a blue-chip customer base. The combined product lines and capabilities of the two companies are highly complementary and, importantly, we share similar values of pursuing operating excellence and meeting the needs of our customers. We believe the potential acquisition of Echo Lake Foods meets our disciplined set of investment criteria, including relevant geographic markets, operating synergies, product mix, proximity to customers and expected financial returns.

"The addition of Echo Lake Foods will supplement our other ready-to-eat egg product offerings, including hard-cooked eggs for retail, quick service restaurant and other foodservice needs from our expanded MeadowCreek Foods operation, and ready-to-eat egg products including egg wraps, protein pancakes, crepes, and wrap-ups from our joint venture with Crepini Foods LLC. Importantly, diversifying our product portfolio offers a strong, high-return potential that complements our existing organic growth opportunities. The Echo Lake Foods team has built a terrific business, and we look forward to working together on a successful integration and delivering on a unique opportunity for our customers and shareholders," added Miller.

Kathy Brodhagen, chief executive officer of Echo Lake Foods, added, "We are excited to have the opportunity for Echo Lake Foods to join Cal-Maine Foods and continue to expand our market reach for quality ready-to-eat egg products and breakfast foods. This business combination will benefit everyone associated with Echo Lake Foods, especially our dedicated employees and valued customers. As the leading producer and distributor of fresh shell eggs in the nation, Cal-Maine Foods has an excellent reputation with a proven record of success. We are extremely proud to join their team, and we look forward to the significant growth opportunities ahead of us."

Goldman Sachs & Co LLC is serving as Cal-Maine Foods, Inc.'s exclusive financial advisor while Sidley Austin LLP and Jones Walker LLP are serving as its legal advisors.

Key Third Quarter Fiscal 2025 Financial Drivers

Net income attributable to Cal-Maine Foods for the third quarter of fiscal 2025 was \$508.5 million, or \$10.38 per diluted share, compared with \$146.7 million, or \$3.00 per diluted share, for the third quarter of fiscal 2024. Net sales for the third quarter of fiscal 2025 were \$1.4 billion compared with \$703.1 million for the same period last year. The higher net sales were primarily driven by an increase in the net average selling price of shell eggs and also by higher volumes. The higher market prices are a direct result of the reduced supply of shell eggs across the industry due to HPAI during a period of peak seasonal demand for eggs and egg products.

For the third quarter of fiscal 2025, the net average selling price per dozen was \$4.060 compared with \$2.247 a year ago. The net average selling price generally reflects a blend of higher market-based prices for most conventional eggs with lower negotiated-price arrangements for specialty eggs, based on long-standing pricing frameworks with customers that the Company has honored throughout the various cycles that characterize the egg industry.

The Company sold a record 331.4 million dozen shell eggs, representing a 10.2% increase, including the contribution from acquisitions, compared with 300.8 million dozens for the third quarter of fiscal 2024. Sales of conventional eggs totaled 213.2 million dozens, compared with 192.2 million dozens for the prior-year period, an increase of 11.0%. Specialty egg volumes also increased by 8.8% to 118.1 million dozens sold for the third quarter of fiscal 2025 compared with 108.6 million dozens sold for the prior-year period. Demand was strong during the third fiscal quarter, which is typically a period of higher seasonal demand. The

Company believes that other factors positively impacting demand included severe weather events during the quarter, including the historic snowstorms in the southern U.S. in January 2025, which prompted families to stock up on staples including eggs, and reported recommendations of eggs as a good source of lean protein for individuals taking GLP-1 medications.

Third quarter farm production costs per dozen were 5.7% lower than the prior-year period, primarily due to more favorable commodity pricing for key feed ingredients. For the third quarter of fiscal 2025, feed costs per dozen were down 9.6% compared with the third quarter of fiscal 2024. Costs for outside egg purchases increased significantly quarter-over-quarter, primarily due to higher shell egg prices and an increase in dozens of shell eggs purchased to satisfy customer demand while the nation experienced lower overall supply due to HPAI.

Max Bowman, vice president and chief financial officer of Cal-Maine Foods, commented, "Our industry has always been prone to volatility due to external factors such as disease outbreaks, fluctuating feed and other production costs, and changes in consumer demand. At Cal-Maine Foods, we emphasize the importance of managing the aspects of our business that we can directly impact operationally. During the quarter, our team did an outstanding job with our focused efforts to help mitigate the egg supply constraint and prevent the spread of HPAI to our facilities. All of these underlying activities made a significant contribution to our results for the quarter."

Additional details on the third quarter fiscal 2025 financial drivers are shown in the chart below.

Third Quarter Fiscal 2025 and Year-To-Date Fiscal 2025 Key Statistics

	13 Weeks Ended		39 Weeks Ended	
	March 1, 2025	March 2, 2024	March 1, 2025	March 2, 2024
Dozen Eggs Sold (000)	331,395	300,779	971,218	862,078
Conventional Dozen Eggs Sold (000)	213,247	192,182	622,833	566,174
Specialty Dozen Eggs Sold (000)	118,148	108,597	348,385	295,904
Dozen Eggs Produced (000)	293,087	259,527	847,962	774,984
% Specialty Sales (dozen)	35.7%	36.1%	35.9%	34.3%
% Specialty Sales (dollars)	24.4%	38.8%	29.2%	42.8%
Net Average Selling Price (per dozen)	\$ 4.060	\$ 2.247	\$ 3.079	\$ 1.866
Net Average Selling Price Conventional Eggs (per dozen)	\$ 4.766	\$ 2.152	\$ 3.401	\$ 1.624
Net Average Selling Price Specialty Eggs (per dozen)	\$ 2.784	\$ 2.415	\$ 2.505	\$ 2.328
Feed Cost (per dozen)	\$ 0.492	\$ 0.544	\$ 0.489	\$ 0.564

HPAI Comments

Outbreaks of HPAI have continued to occur in U.S. poultry flocks. In calendar year 2024, 40.2 million commercial layer hens and pullets were depopulated due to HPAI, and in calendar year 2025, an additional 32.9 million commercial layer hens and pullets have been depopulated through March. The USDA reported that the estimated table-egg layer flock was approximately 285 million as of March 1, 2025, the lowest level since September 2015. HPAI is currently widespread in the wild bird population worldwide and no farm is immune from HPAI. The extent of possible future outbreaks in commercial laying hens, with heightened risk during migration seasons, cannot be predicted. The widely reported spread of HPAI in dairy cattle increases risks to Cal-Maine Foods' operations and those of other egg producers. According to the U.S. Centers for Disease Control and Prevention, the human health risk to the U.S. public from the HPAI virus is considered to be low. Also, according to the USDA, HPAI cannot be transmitted through safely handled and properly cooked eggs. There is no known risk related to HPAI associated with eggs that are currently in the market and no eggs have been recalled.

Dividend Payment and Share Repurchases

For the third quarter of fiscal 2025, Cal-Maine Foods will pay a cash dividend of approximately \$3.46 per share to holders of its Common Stock and Class A Common Stock. The dividend is payable on May 15, 2025, to holders of record on April 30, 2025. The final amount paid per share will be based on the number of outstanding shares on the record date.

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 in 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.

On February 25, 2025, the Company announced that its Board of Directors approved a new share repurchase program that authorizes repurchases of up to \$500 million of Cal-Maine Foods' Common Stock. The actual timing, value, and manner of share repurchases will be determined by management in its discretion. The Company expects to opportunistically repurchase shares from time to time in the open market, subject to market conditions and other factors. The Company could also use a portion of the new share repurchase program to repurchase some of the Founding Family members' Common Stock as part of the family's

portfolio diversification efforts. Any repurchases from the family members would require approval from a Special Committee of Cal-Maine Foods' Board of Directors.

The Company did not repurchase any shares pursuant to the share repurchase program during the third quarter of 2025.

Civil Investigative Demand

In March 2025, the Company received a civil investigative demand in connection with a widely publicized investigation by the Antitrust Division of the Department of Justice into the causes behind nationwide increases in egg prices. The Company is cooperating with the investigation.

Looking Ahead

Miller added, "We are proud of our team's ability to manage our operations and navigate through a very tough environment. We are encouraged by the support of the United States Department of Agriculture (USDA), which recently announced up to \$1.0 billion of investments across the industry to address HPAI, including supporting expanded biosecurity measures, regulatory relief for farmers, increased vaccine research and other options to support the domestic egg supply. While these measures will require further study and take time to implement, we believe they represent an important first step toward reaching a more favorable balance of supply and demand.

"We have learned many things from being in the cyclical shell egg business for over 60 years, but especially the importance of consistently managing our operations in a safe, efficient and sustainable manner, while doing everything we can to align production capacity with customer demand and staying disciplined in our investments. Our proven operating model has sustained our business in a dynamic environment, and this quarter was no exception. Our shell egg business will remain the core of Cal-Maine Foods, but we are excited to diversify our product mix, reduce financial volatility and add another growth opportunity to the Company with the proposed Echo Lake Foods transaction. This addition represents a terrific fit with our existing business, and we look forward to welcoming the Echo Lake Foods team to the Cal-Maine Foods family," concluded Miller.

About Cal-Maine Foods

Cal-Maine Foods, Inc. is primarily engaged in the production, packaging, marketing and distribution of fresh shell eggs, including conventional, cage-free, organic, brown, free-range, pasture-raised and nutritionally enhanced eggs, as well as a variety of ready-to-eat egg products. The Company, which is headquartered in Ridgeland, Mississippi, is the largest producer and distributor of fresh shell eggs in the nation and sells most of its shell eggs throughout the majority 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 the following, among others:

General Cautionary Statements

With respect to the Company's business generally (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 impact on the trading price of the Company's Common Stock as a result of the sale or marketing, or potential sale or marketing, of a significant number of shares of the Company's Common Stock held by the family of our late founder, Fred R. Adams Jr., as part of their potential portfolio diversification efforts, (iii) 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 current 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 and that first impacted our flocks in December 2023, (iv) changes in the demand for and market prices of shell eggs and feed costs, (v) the impacts and potential future impacts of government, customer and consumer reactions to recent high market prices for eggs, including but not limited to efforts to increase imports of eggs and egg products, pressure to change long-standing pricing frameworks, lower consumer demand for eggs, and the pending DOJ antitrust investigation (vi) our ability to predict and meet demand for cage-free and other specialty eggs, (vii) risks, changes or obligations that could result from our recent or future acquisitions of new flocks or businesses and risks or changes that may cause conditions to completing a pending acquisition, such as the pending acquisition of Echo Lake Foods, not to be met, (viii) risks relating to changes in inflation and interest rates, (ix) our ability to retain existing customers, acquire new customers and grow our product mix, (x) adverse results in pending litigation and other legal matters, and (xi) global instability, including as a result of the war in Ukraine, the conflicts in Israel and surrounding areas and attacks on shipping in the Red Sea.

Cautionary Statements Relating to the Pending Echo Lake Acquisition

With respect to the pending acquisition of Echo Lake Foods, (i) conditions to the closing of the proposed transaction may not be satisfied, (ii) antitrust clearance required for the proposed transaction may not be obtained, or required antitrust clearance may delay the proposed transaction or result in the imposition of conditions that could have a material adverse effect on the Company

or Echo Lake Foods or cause certain conditions to closing not to be satisfied, which could result in the termination of the acquisition agreement, (iii) the timing of completion of the proposed transaction is uncertain, (iv) the business of the Company or Echo Lake Foods may suffer as a result of uncertainty surrounding the proposed transaction, (v) events, changes or other circumstances could occur that could give rise to the termination of the acquisition agreement, (vi) there are risks related to disruption of management's attention from the ongoing business operations of the Company or Echo Lake Foods due to the proposed transaction, (vii) the announcement or pendency of the proposed transaction could affect the relationships of the Company or Echo Lake Foods with its customers, suppliers, operating results and business generally, including the ability of the Company or Echo Lake Foods to retain employees, and (viii) the Company or Echo Lake Foods may be adversely affected by other economic, business, and/or competitive factors as well as management's response to any of the aforementioned factors. In addition, the Company may experience unexpected challenges in integrating and managing the business of Echo Lake Foods. Integrating Echo Lake Foods' business may be more costly or time consuming than expected. Even if the acquisition is completed and the business of Echo Lake Foods is successfully integrated, the Company may not realize the benefits it expects from the acquisition, including the synergies, cost savings, reduction in earnings volatility, margin expansion, financial returns, expanded customer relationships, or sales or growth opportunities.

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 made only 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		39 Weeks Ended	
	March 1, 2025	March 2, 2024	March 1, 2025	March 2, 2024
Net sales	\$ 1,417,685	\$ 703,076	\$ 3,158,227	\$ 1,685,654
Cost of sales	701,570	484,504	1,838,852	1,330,519
Gross profit	716,115	218,572	1,319,375	355,135
Selling, general and administrative	79,967	66,020	219,532	194,844
(Gain) Loss on involuntary conversions	-	(9,929)	156	(9,929)
(Gain) loss on disposal of fixed assets	478	(306)	(1,001)	(44)
Operating income	635,670	162,787	1,100,688	170,264
Other income, net	27,359	22,372	49,255	37,746
Income before income taxes	663,029	185,159	1,149,943	208,010
Income tax expense	154,876	38,796	273,841	44,658
Net income	508,153	146,363	876,102	163,352
Less: Loss attributable to noncontrolling interest	(380)	(349)	(1,471)	(1,295)
Net income attributable to Cal-Maine Foods, Inc.	\$ 508,533	\$ 146,712	\$ 877,573	\$ 164,647
Net income per common share:				
Basic	\$ 10.42	\$ 3.01	\$ 17.99	\$ 3.38
Diluted	\$ 10.38	\$ 3.00	\$ 17.92	\$ 3.37
Weighted average shares outstanding:				
Basic	48,798	48,727	48,774	48,702
Diluted	48,971	48,884	48,962	48,865

CAL-MAINE FOODS, INC. AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS

(Unaudited)

(In thousands)

SUMMARY BALANCE SHEETS

	<u>March 1, 2025</u>	<u>June 1, 2024</u>
ASSETS		
Cash and short-term investments	\$ 1,240,373	\$ 812,377
Receivables, net	428,398	162,442
Inventories, net	307,291	261,782
Prepaid expenses and other current assets	7,220	5,238
Current assets	<u>1,983,282</u>	<u>1,241,839</u>
Property, plant and equipment, net	1,005,464	857,234
Other noncurrent assets	92,823	85,688
Total assets	<u>\$ 3,081,569</u>	<u>\$ 2,184,761</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 344,155	\$ 189,983
Dividends payable	169,503	37,760
Current liabilities	<u>513,658</u>	<u>227,743</u>
Deferred income taxes and other liabilities	180,403	159,975
Stockholders' equity	2,387,508	1,797,043
Total liabilities and stockholders' equity	<u>\$ 3,081,569</u>	<u>\$ 2,184,761</u>

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

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