UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For The Fiscal Year Ended **May 28, 2022**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission file number: 001-38695

CAL-MAINE FOODS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**64-0500378**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1052 Highland Colony Pkwy, Suite 200, Ridgeland, Mississippi 39157
(Address of principal executive offices) (Zip Code)

(601) 948-6813
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, $0.01 par value per share	CALM	The NASDAQ Global Select Market

Securities registered pursuant to Section 12 (g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value, as reported by The NASDAQ Global Select Market, of the registrant's Common Stock, $0.01 par value, held by non-affiliates at November 26, 2021, which was the date of the last business day of the registrant's most recently completed second fiscal quarter, was $1,428,527,739.

As of July 19, 2022, 44,139,524 shares of the registrant's Common Stock, $0.01 par value, and 4,800,000 shares of the registrant's Class A Common Stock, $0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
The information called for by Part III of this Form 10-K is incorporated herein by reference from the registrant's Definitive Proxy Statement for its 2022 annual meeting of stockholders which will be filed pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

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PART I.

FORWARD-LOOKING STATEMENTS

This report contains numerous forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act") relating to, among other things, our shell egg business, including estimated future production data, expected construction schedules, projected construction costs, potential future supply of and demand for our products, potential future corn and soybean price trends, potential future impact on our business of the COVID-19 pandemic, potential future impact on our business of new legislation, rules or policies, potential outcomes of legal proceedings, and other projected operating data, including anticipated results of operations and financial condition. Such forward-looking statements are identified by the use of words such as "believes," "intends," "expects," "hopes," "may," "should," "plans," "projected," "contemplates," "anticipates," or similar words. Actual outcomes or results could differ materially from those projected in the forward-looking statements. The forward-looking statements are based on management's current intent, belief, expectations, estimates, and projections regarding the Company and its 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 Item 1A Risk Factors and elsewhere in this report as well as those included in other reports we file from time to time with the Securities and Exchange Commission (the "SEC") (including our 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 product recall), including but not limited to the most recent outbreak of highly pathogenic avian influenza ("HPAI") 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 and 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. 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, 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 because of new information, future events, or otherwise.

ITEM 1. BUSINESS

Our Business

We are the largest producer and distributor of shell eggs in the United States. Our mission is to be the most sustainable producer and reliable supplier of consistent, high quality fresh shell eggs and egg products in the country, demonstrating a "Culture of Sustainability" in everything we do, and creating value for our shareholders, customers, team members and communities. We sell most of our shell eggs in the southwestern, southeastern, mid-western and mid-Atlantic regions of the U.S. and aim to maintain efficient, state-of-the-art operations located close to our customers. We were founded in 1957 by the late Fred R. Adams, Jr. and are headquartered in Ridgeland, Mississippi.

The Company has one operating segment, which is the production, grading, packaging, marketing and distribution of shell eggs. Our integrated operations consist of hatching chicks, growing and maintaining flocks of pullets, layers and breeders, manufacturing feed, and producing, processing, packaging, and distributing shell eggs. Layers are mature female chickens, pullets are female chickens usually less than 18 weeks of age, and breeders are male and female chickens used to produce fertile eggs to be hatched for egg production flocks. Our total flock as of May 28, 2022 consisted of approximately 42.2 million layers and 11.5 million pullets and breeders.

Many of our customers rely on us to provide most of their shell egg needs, including specialty and conventional eggs. Specialty eggs encompass a broad range of products. We classify nutritionally enhanced, cage-free, organic, free-range, pasture-raised and brown eggs as specialty eggs for accounting and reporting purposes. We classify all other shell eggs as conventional products. While we report separate sales information for these egg types, there are many cost factors that are not specifically available for conventional or specialty eggs due to the nature of egg production. We manage our operations and allocate resources to these types of eggs on a consolidated basis based on the demands of our customers.

Throughout the Company's history, we have acquired other companies in our industry. Since 1989 through our fiscal year ended May 28, 2022, we have completed 23 acquisitions ranging in size from 160 thousand layers to 7.5 million layers. Most recently, effective on May 30, 2021, the Company acquired the remaining 50% membership interest in Red River Valley Egg Farm, LLC ("Red River"), which owns and operates a specialty shell egg production complex that includes 1.7 million cage-free hens. For further description of this transaction, refer to Part II. Item 8. Notes to the Consolidated Financial Statements, Note 2 – Acquisition.

In fiscal 2021, we announced that our Board of Directors approved several new capital projects with an estimated cost of $105 million to further expand the Company's cage-free egg production capabilities. These projects include expanding our cage-free egg production at our Okeechobee, Florida, production facility. The project is designed to include the construction of two cage-free layer houses and one cage-free pullet house with capacity for approximately 400 thousand cage-free hens and 210 thousand pullets, respectively. Construction is well underway, with the first pullets placed in mid-May 2022, the first layer house to be finished by September 2022, and with the second layer house and project completion expected by January 2023. In Delta, Utah, we are constructing four new cage-free layer houses and two pullet house conversions with capacity for approximately 810 thousand cage-free layer hens, which is expected to be completed by fall of 2023. At our Guthrie, Kentucky farm, we are converting existing facilities into nine cage-free layer houses and two pullet houses with capacity for approximately 953 thousand cage-free hens, which is expected to be completed by spring of 2025. The Company plans to fund these projects through a combination of available cash on hand, investments and operating cash flow.

In October 2021, we announced a strategic investment in MeadowCreek Foods, LLC, that will specialize in high value commercial product solutions targeting specific needs in the food industry. For further description of this transaction, refer to "—Egg Products" below.

Effective December 5, 2021, we made an additional investment in our joint venture Southwest Specialty Eggs, LLC ("Southwest Specialty"), to acquire warehouse and distribution capability to expand Southwest Specialty' customer base in the southern California, Arizona and Nevada markets.

Subsequent to the end of fourth quarter 2022, the Company's Board of Directors approved a capital project to expand the Company's cage-free production capabilities. The proposed project at Chase, Kansas will convert existing conventional layer capacity to cage-free capacity for approximately 1.5 million cage-free hens and include remodels of all remaining pullet facilities. Work is expected to commence immediately with project completion expected by year-end 2025.

When we use "we," "us," "our," or the "Company" in this report, we mean Cal-Maine Foods, Inc. and our consolidated subsidiaries, unless otherwise indicated or the context otherwise requires. Our fiscal year 2022 ended May 28, 2022, and the first three fiscal quarters of fiscal 2022 ended August 28, 2021, November 27, 2021, and February 26, 2022. All references herein to a fiscal year means our fiscal year and all references to a year mean a calendar year.

Industry Background

According to the U.S. Department of Agriculture ("USDA") Agricultural Marketing Service in 2021, approximately 71% of table eggs produced in the U.S. were sold as shell eggs, with 55.7% sold through food at home outlets such as grocery and convenience stores, 11.9% sold to food-away-from home channels such as restaurants and 3.7% that are exported. The USDA estimates that 29% of eggs produced in the U.S. are sold as egg products (shell eggs broken and sold in liquid, frozen, or dried form) to institutions (e.g. companies producing baked goods). For information about egg producers in the U.S., see "Competition" below.

We are closely monitoring the latest outbreak of highly pathogenic avian influenza ("HPAI") that was first detected in commercial flocks in the U.S. in February 2022. 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 July 19, 2022. The USDA division of Animal and Plant Health Inspection Service ("APHIS") reported that approximately 30.7 million commercial layer hens have been depopulated due to HPAI, representing approximately 9.5% of the table layer flock based on February 2022 reported layer numbers. Pullets impacted comprise approximately 1.0 million. According to APHIS, the most recently reported outbreaks of HPAI affecting commercial layer hens and pullets occurred June 7, 2022 and June 9, 2022, respectively. We believe the HPAI outbreak will continue to impact the overall supply of eggs until the layer hen flock is fully replenished. While no farm is immune from HPAI, we believe we have implemented and continue to maintain robust biosecurity programs across our locations. We are also 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 our response, if needed.

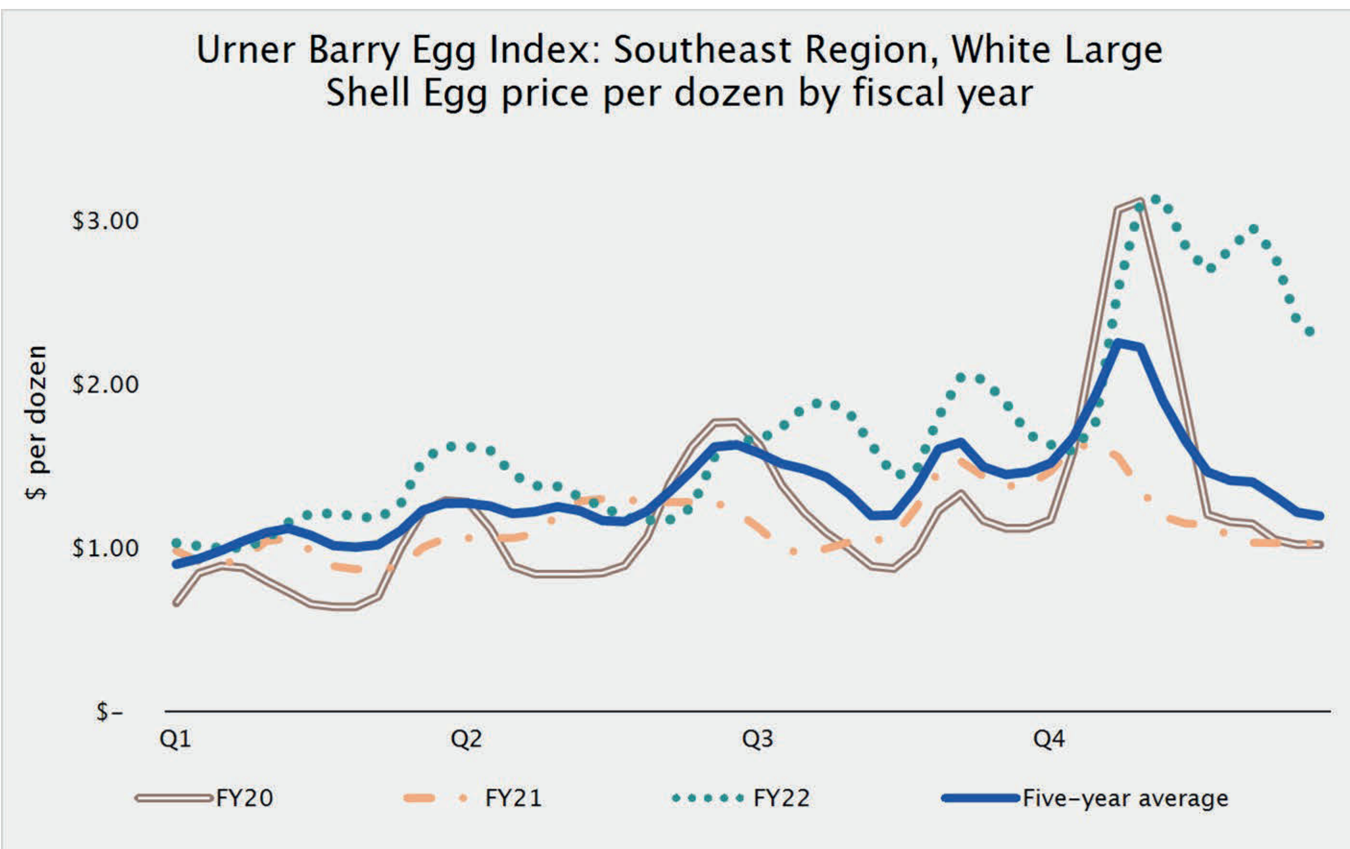
Given historical consumption trends, we believe in the U.S. that general demand for eggs increases basically in line with the overall U.S. population growth. Specific events can impact egg consumption in a particular period, as occurred with the 2015

HPAI outbreak, the pandemic, and the most recent HPAI outbreak. For example, in 2015, egg consumption decreased approximately 3.4% compared with 2014, primarily tied to a shortage of eggs resulting from an outbreak of HPAI in U.S. commercial flocks in 2014 and 2015. In 2016, consumption rebounded and increased approximately 6.0% versus 2015 and 2.5% versus the pre-shortage level of 2014. According to the USDA's Economic Research Service, estimated annual per capita consumption in the United States between 2016 and 2021 varied, ranging from 271 to 288 eggs. In calendar year 2021, per capita U.S. consumption was estimated to be 280 eggs, or approximately 5.4 eggs per person per week. The USDA calculates per capita consumption by dividing total shell egg disappearance in the U.S. by the U.S. population. Sales prices of eggs are dependent upon many factors other than consumption. For information about shell egg prices see "Prices for Shell Eggs" below.

Prices for Shell Eggs

Wholesale shell egg sales prices are a critical component of revenue for the Company. Wholesale shell egg prices are volatile, cyclical, and impacted by a number of factors, including consumer demand, seasonal fluctuations, the number and productivity of laying hens in the U.S., the pandemic and outbreaks of HPAI. While we use several different pricing mechanisms in pricing agreements with our customers, we believe the majority of conventional shell eggs sold in the U.S. in the retail and foodservice channels are sold at prices that take into account, in varying ways, independently quoted wholesale market prices, such as those published by Urner Barry Publications, Inc. ("UB") for shell eggs. We sell the majority of our conventional shell eggs based on formulas that take into account, in varying ways, independently quoted regional wholesale market prices for shell eggs or formulas related to our costs of production, which include the cost of corn and soybean meal. We do not sell eggs directly to consumers or set the prices at which eggs are sold to consumers.

The weekly average price for the southeast region for large white conventional shell eggs as quoted by UB is shown below for the past three fiscal years along with the five-year average price. As further discussed in Part II. Item 7. Management's Discussion and Analysis – Results of Operations, conventional shell egg prices rose in our fourth quarter of fiscal 2022, due to the reduced supply related to the HPAI outbreak first detected in commercial flocks in February 2022 and steady shell egg demand. In the fourth quarter of fiscal 2020 there was a brief but significant increase in shell egg demand from retail consumers related to the onset of the COVID-19 pandemic. The actual prices that we realize on any given transaction will not necessarily equal quoted market prices because of the individualized terms that we negotiate with individual customers which are influenced by many factors.

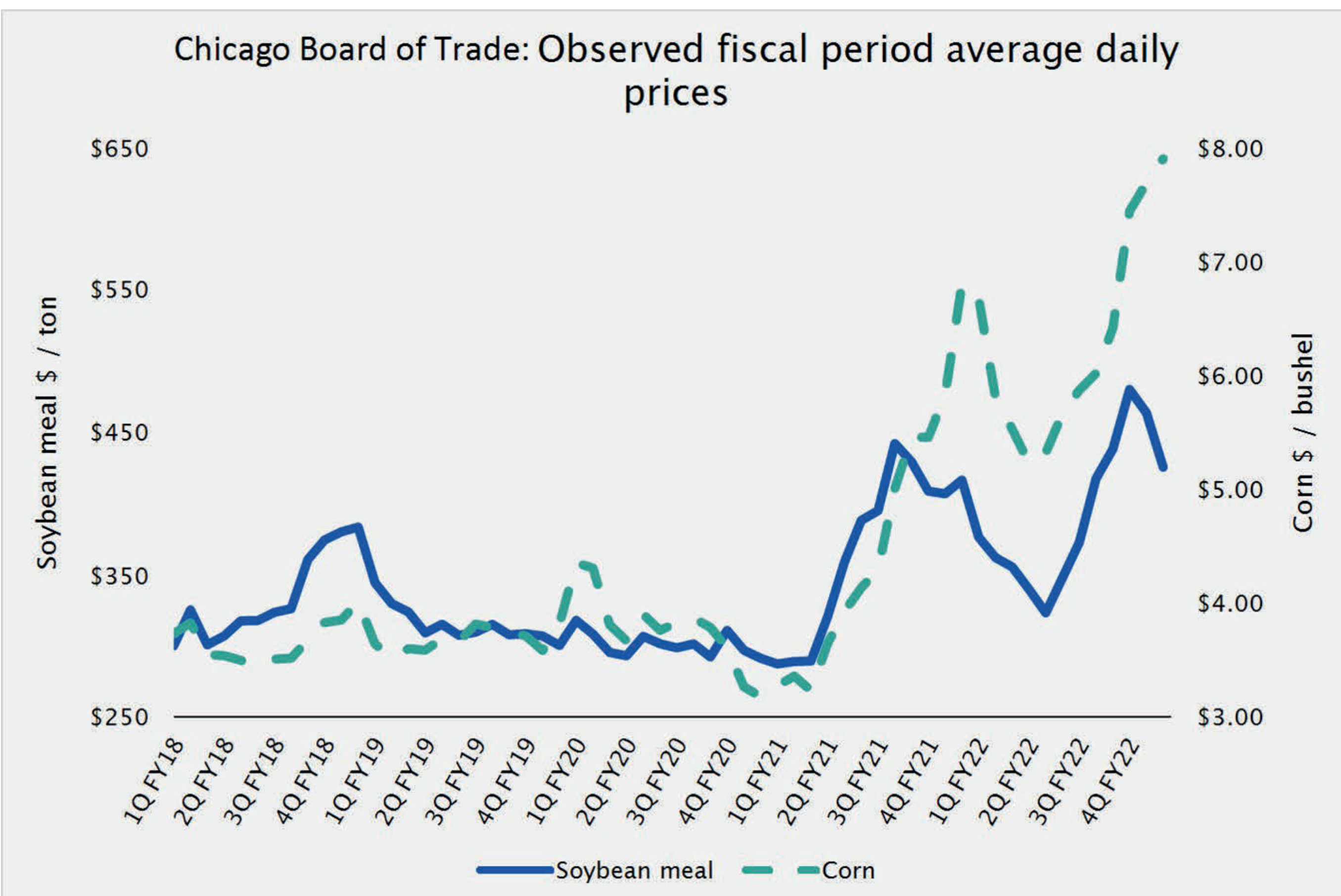


Specialty eggs are typically sold at prices and terms negotiated directly with customers. Historically, prices for specialty eggs have experienced less volatility than prices for conventional shell eggs and have generally been higher due to customer and consumer willingness to pay more for specialty eggs.

Feed Costs for Shell Egg Production

Feed is a primary cost component in the production of shell eggs and represented 61.9% of our fiscal 2022 farm production costs. We routinely fill our storage bins during harvest season when prices for feed ingredients are generally lower. To ensure continued availability of feed ingredients, we may enter into contracts for future purchases of corn and soybean meal, and as part of these contracts, we may lock-in the basis portion of our grain purchases several months in advance. Furthermore, due to the more limited supply for organic ingredients we may commit to purchase organic ingredients in advance to help assure supply. Ordinarily, we do not enter into long-term contracts beyond a year to purchase corn and soybean meal or hedge against increases in the prices of corn and soybean meal. As the quality and composition of feed is a critical factor in the nutritional value of shell eggs and health of our chickens, we formulate and produce the vast majority of our own feed at our feed mills located near our production plants. Our annual feed requirements for fiscal 2022 were 1.9 million tons of finished feed, of which we manufactured 1.8 million tons. We currently have the capacity to store 174 thousand tons of corn and soybean meal, and we replenish these stores as needed throughout the year.

Our primary feed ingredients, corn and soybean meal, are commodities subject to volatile price changes due to weather, various supply and demand factors, transportation and storage costs, speculators and agricultural, energy and trade policies in the U.S. and internationally and most recently the Russia-Ukraine war. While we do not import corn or soy directly from the region, the Russia-Ukraine war has had a negative impact on the worldwide supply of grain, including corn, putting upward pressure on prices. We purchase the vast majority of our corn and soybean meal from U.S sources but may be forced to purchase internationally when U.S. supplies are not readily available. Feed grains are currently available from an adequate number of sources in the U.S. As a point of reference, a multi-year comparison of the average of daily closing prices per Chicago Board of Trade for each period in our fiscal calendar are shown below for corn and soybean meal:



Shell Egg Production

Our percentage of dozens produced to sold was 94.3% of our total shell eggs sold in fiscal 2022, with 91.7% of such production coming from company-owned facilities, and 8.3% from contract producers. Under a typical arrangement with a contract producer, we own the flock, furnish all feed and critical supplies, own the shell eggs produced and assume market risks. The contract producers own and operate their facilities and are paid a fee based on production with incentives for performance.

The commercial production of shell eggs requires a source of baby chicks for laying flock replacement. We grow the majority of our chicks in our own breeder farms and hatcheries in a computer-controlled environment and obtain the balance from commercial sources.

After eggs are produced, they are cleaned, graded and packaged. Substantially all our farms have modern "in-line" facilities which mechanically gather, clean, grade and package the eggs at the location where they are laid. The in-line facilities generate significant efficiencies and cost savings compared to the cost of eggs produced from non-in-line facilities, which process eggs that have been laid at another location and transported to the facility. The in-line facilities also produce a higher percentage of USDA Grade A eggs, which sell at higher prices. Eggs produced on farms owned by contractors are brought to our processing plants to be graded and packaged. Because shell eggs are perishable, we do not maintain large egg inventories. Our egg inventory averaged six days of sales during fiscal 2022. We believe our constant focus on production efficiencies and automation throughout the supply chain enable us to be a low-cost supplier in our markets.

We are proud to have created and upheld what we believe is a leading poultry Animal Welfare Program ("AWP"). We have aligned our AWP with regulatory, veterinary and our certifying bodies' guidance to govern welfare of animals in our direct care, our contract farmers' care and our farmer-suppliers' care. We continually review our program to monitor and evolve standards that guide how we hatch chicks, rear pullets and nurture breeder and layer hens. At each stage of our animals' lives, we are dedicated to providing welfare conditions aligned to our commitment to the principles of the internationally recognized *Five Freedoms of Animal Welfare*. Our standards apply to our enterprise and are tailored for our owned and contract grower operations with oversights and approvals from senior members of our compliance team.

We do not use artificial hormones in the production of our eggs. Hormone use in the poultry and egg production industry has been effectively banned in the U.S. since the 1950s. We have an extensive written protocol that allows the use of medically important antibiotics only when animal health is at risk, consistent with guidance from the United States Food and Drug Administration ("FDA") and the Guidance for Judicious Therapeutic Use of Antimicrobials in Poultry, developed by the American Association of Avian Pathologists. When antibiotics are medically necessary, a licensed veterinary doctor will approve and administer approved doses for a restricted period. Our programs are designed to ensure antibiotics are ordered and used only when necessary and records of their usage – when and where – are maintained to monitor compliance with our protocols. We do not use antibiotics for growth promotion or performance enhancement.

Specialty Eggs

We are one of the largest producers and marketers of value-added specialty shell eggs in the U.S., which continues to be a significant and growing segment of the market. We classify nutritionally enhanced, cage-free, organic, free-range, pasture-raised, and brown eggs as specialty eggs for accounting and reporting purposes. Specialty eggs are intended to meet the demands of consumers who are sensitive to environmental, health and/or animal welfare issues.

As defined by the USDA, eggs packed in USDA grade marked consumer packages labeled as cage-free are laid by hens that are able to roam vertically and horizontally in indoor houses and have access to fresh food and water. Cage-free systems must allow hens to exhibit natural behaviors and include enrichments such as scratch areas, perches and nests. Hens must have access to litter, protection from predators and be able to move in a barn in a manner that promotes bird welfare.

A significant number of our customers have announced goals to offer cage-free eggs exclusively on or before 2026, subject in most cases to availability of supply, affordability and customer demand, among other contingencies. Additionally, several states have passed legislation requiring the sale and production of only cage-free eggs within this time period and other states are considering such requirements. We have monitored, and will continue to monitor, this legislation and any legal challenges to these new laws. Recently, the Supreme Court of the U.S. announced that in October 2022 it will review a case challenging California's Proposition 12 that requires the sale of only cage-free eggs in that state. Our customers typically do not commit to long-term purchases of specific quantities or types of eggs with us, and as a result, it is difficult to accurately predict customer requirements for cage-free eggs. We are, however, engaging with our customers in an effort to achieve a smooth transition in meeting their announced goals and needs. Sales of cage-free eggs represented approximately 22.1% of our shell egg revenues for fiscal year 2022. At the end of our fiscal 2021, our production capacity for cage-free eggs exceeded our customers' requirements;

however, as our customers have continued to transition to meet consumer demand and comply with their public commitments and evolving legal requirements, and as HPAI has adversely impacted cage-free flocks, we believe current supply and demand for cage-free eggs is more balanced and expect demand for cage-free eggs to continue to increase. We have invested significant capital in recent years to acquire and construct cage-free facilities, and we expect our focus for future expansion will continue to include cage-free facilities. At the same time, we understand the importance of our continued ability to provide more affordable conventional eggs in order to provide our customers with a variety of egg choices and to address hunger in our communities.

We are a member of the Eggland's Best, Inc. cooperative ("EB") and produce, market, distribute and sell *Egg-Land's Best*® and *Land O' Lakes*® branded eggs under license from EB at our facilities under EB guidelines. *Land O' Lakes*® branded eggs are produced by hens that are fed a whole-grain vegetarian diet. Our *Farmhouse Eggs*® brand eggs are produced at our facilities by cage-free hens that are provided with a vegetarian diet. We market organic, vegetarian and omega-3 eggs under our *4-Grain*® brand, which consists of conventional and cage-free eggs. We also produce, market and distribute private label specialty shell eggs to several customers.

Egg Products

Egg products are shell eggs broken and sold in liquid, frozen, or dried form. We sell liquid and frozen egg products primarily to the institutional, foodservice and food manufacturing sectors in the U.S. Our egg products are sold through our wholly owned subsidiaries American Egg Products, LLC located in Georgia and Texas Egg Products, LLC located in Texas.

During October 2021, we announced that our Board of Directors approved a strategic investment that will specialize in high-value commercial product solutions targeting specific needs in the food industry. The initial focus will include hard-cooked eggs. The new entity, located in Neosho, Missouri, will operate as MeadowCreek Foods, LLC ("MeadowCreek"). We have committed up to $18.5 million in debt and equity capital to MeadowCreek for the purchase of property and equipment and to fund working capital, and we retained a controlling interest in the venture. We will serve as the preferred provider to supply specialty and conventional eggs that MeadowCreek needs to manufacture egg products. MeadowCreek's marketing plan is designed to extend our reach in the foodservice and retail marketplace and bring new opportunities in the restaurant, institutional and industrial food products arenas. We anticipate that the MeadowCreek operation will initiate production late in our fiscal 2023 second quarter.

Summary of Conventional and Specialty Shell Egg and Egg Product Sales

The following table sets forth the contribution as a percentage of revenue and volumes of dozens sold of conventional and specialty shell egg and egg product sales for the following fiscal years:

	2022		2021		2020	
	Revenue	Volume	Revenue	Volume	Revenue	Volume
Conventional Eggs	59.8 %	69.0 %	56.8 %	73.2 %	61.4 %	76.1 %
Specialty Eggs						
Egg-Land's Best®	19.2 %	15.9 %	20.9 %	13.5 %	19.2 %	12.7 %
Other Specialty Eggs	17.3 %	15.1 %	19.1 %	13.3 %	16.7 %	11.2 %
Total Specialty Eggs	36.5 %	31.0 %	40.0 %	26.8 %	35.9 %	23.9 %
Egg Products	3.4 %		2.7 %		2.3 %	

Marketing and Distribution

We sell most of our shell eggs in the southwestern, southeastern, mid-western and mid-Atlantic regions of the U.S. through our extensive distribution network to a diverse group of customers, including national and regional grocery store chains, club stores, companies servicing independent supermarkets in the U.S., foodservice distributors and egg product consumers. Some of our sales are completed through co-pack agreements – a common practice in the industry whereby production and processing of certain products are outsourced to another producer. Although we face intense competition from numerous other companies, we believe that we have the largest market share for the sale of shell eggs in the grocery segment, including large U.S. food retailers.

We are a member of the Eggland's Best, Inc. cooperative and produce, market, distribute and sell EB and Land O'Lakes branded eggs, directly and through our joint ventures, Specialty Eggs, LLC and Southwest Specialty Eggs, LLC, under exclusive license agreements in Alabama, Arizona, Florida, Georgia, Louisiana, Mississippi and Texas, and in portions of Arkansas, California, Nevada, North Carolina, Oklahoma and South Carolina. We also have an exclusive license in New York City in addition to exclusivity in select New York metropolitan areas, including areas within New Jersey and Pennsylvania.

The majority of eggs sold are based on the daily or short-term needs of our customers. Most sales to established accounts are on payment terms ranging from seven to 30 days. Although we have established long-term relationships with many of our customers, most of them are free to acquire shell eggs from other sources.

The shell eggs we sell are either delivered to our customers' warehouse or retail stores, by our own fleet or contracted refrigerated delivery trucks, or are picked up by our customers at our processing facilities.

Customers

Our top three customers accounted for an aggregate of 45.9%, 48.6% and 51.1% of net sales dollars for fiscal 2022, 2021, and 2020, respectively. Our largest customer, Walmart Inc. (including Sam's Club), accounted for 29.5%, 29.8% and 32.1% of net sales dollars for fiscal 2022, 2021 and 2020, respectively.

In fiscal 2022, approximately 87.5% of our revenue related to sales to retail customers, 9.1% to sales to foodservice providers and 3.4% to egg products sales. Retail customers include primarily national and regional grocery store chains, club stores, and companies servicing independent supermarkets in the U.S. Foodservice customers include primarily companies that sell food products and related items to restaurants, healthcare and education facilities and hotels.

Competition

The production, processing, and distribution of shell eggs is an intensely competitive business, which has traditionally attracted large numbers of producers in the United States. Shell egg competition is generally based on price, service and product quality. The shell egg production industry remains highly fragmented. According to *Egg Industry Magazine*, the ten largest producers owned approximately 53% of industry table egg layer hens at year-end 2021 and 2020. We believe industry consolidation may continue, and we plan to capitalize on opportunities as they arise. We believe further concentration could result in reduced cyclicality of shell egg prices, but no assurance can be given in that regard.

Seasonality

Retail sales of shell eggs historically have been highest during the fall and winter months and lowest during the summer months. Prices for shell eggs fluctuate in response to seasonal demand factors and a natural increase in egg production during the spring and early summer. Historically, shell egg prices tend to increase with the start of the school year and tend to be highest prior to holiday periods, particularly Thanksgiving, Christmas and Easter. Consequently, and all other things being equal, we would expect to experience lower selling prices, sales volumes and net income (and may incur net losses) in our first and fourth fiscal quarters ending in August/September and May/June, respectively. Accordingly, we generally expect our need for working capital to be highest during those quarters.

Growth Strategy

Our growth strategy is focused on remaining a low-cost provider of shell eggs located near our customers, offering our customers choices that meet their requirements for eggs and egg products and continuing to grow our focus on specialty eggs and egg products. For example, our recent investment in MeadowCreek, discussed above, is intended to extend our reach in the foodservice and retail marketplace and bring new opportunities in the restaurant, institutional and industrial food products arenas.

In light of the growing customer demand and increased legal requirements for cage-free eggs, we intend to continue to closely evaluate the need to expand through selective acquisitions, with a priority on those that will facilitate our ability to expand our cage-free shell egg production capabilities in key locations and markets. We will continue to closely evaluate the need to continue to expand and convert our own facilities to increase production of cage-free eggs based on a timeline designed to meet the anticipated needs of our customers and comply with evolving legal requirements. As the ongoing production of cage-free eggs is more costly than the production of conventional eggs, aligning our cage-free production capabilities with changing demand for cage-free eggs is important to the success of our business.

Trademarks and License Agreements

We own the trademarks *Farmhouse Eggs®*, *Sunups®*, *Sunny Meadow®* and *4Grain®*. We produce and market *Egg-Land's Best®* and *Land O' Lakes®* branded eggs under license agreements with EB. We believe these trademarks and license agreements are important to our business.

Government Regulation

Our facilities and operations are subject to regulation by various federal, state, and local agencies, including, but not limited to, the FDA, USDA, Environmental Protection Agency ("EPA"), Occupational Safety and Health Administration ("OSHA") and corresponding state agencies or laws. The applicable regulations relate to grading, quality control, labeling, sanitary control and reuse or disposal of waste. Our shell egg facilities are subject to periodic USDA, FDA, EPA and OSHA inspections. Our feed production facilities are subject to FDA, EPA and OSHA regulation and inspections. We maintain our own inspection program to monitor compliance with our own standards and customer specifications. It is possible that we will be required to incur significant costs for compliance with such statutes and regulations. In the future, additional rules could be proposed that, if adopted, could increase our costs.

Ten states have passed legislation or regulations mandating minimum space or cage-free requirements for egg production or mandated the sale of only cage-free eggs and egg products in their states, with implementation of these laws ranging from January 2022 to January 2026. These states represent approximately 27% of the U.S. total population according to the 2020 U.S. Census. In California and Massachusetts, which collectively represent 14% of the total U.S. population according to the 2020 U.S. Census, cage-free legislation went into effect January 1, 2022. However, these laws are subject to judicial challenge, and the Supreme Court of the U.S. recently announced that in October 2022 it will review a case challenging California's law that requires the sale of only cage-free eggs in that state. These laws have already effected and, if upheld, will continue to affect sourcing, production and pricing of eggs (conventional as well as specialty) as the national demand for cage-free production could be greater than the current supply, which would increase the price of cage-free eggs, unless more cage-free production capacity is constructed. Likewise, the national supply for eggs from conventional production could exceed consumer demand which would decrease the price of conventional eggs.

Environmental Regulation

Our operations and facilities are subject to various federal, state, and local environmental, health and safety laws and regulations governing, among other things, the generation, storage, handling, use, transportation, disposal, and remediation of hazardous materials. Under these laws and regulations, we must obtain permits from governmental authorities, including, but not limited to, wastewater discharge permits. We have made, and will continue to make, capital and other expenditures relating to compliance with existing environmental, health and safety laws and regulations and permits. We are not currently aware of any major capital expenditures necessary to comply with such laws and regulations; however, as environmental, health and safety laws and regulations are becoming increasingly more stringent, including those relating to animal wastes and wastewater discharges, it is possible that we will have to incur significant costs for compliance with such laws and regulations in the future.

Human Capital Resources

As of May 28, 2022, we had 2,985 employees, of whom 2,346 worked in egg production, processing, and marketing, 197 worked in feed mill operations and 442, including our executive officers, were administrative employees. Approximately 4.7% of our personnel are part-time, and we utilize temporary employment agencies and independent contractors to augment our staffing needs when necessary. For fiscal 2022, the average monthly full-time equivalent for contingent workers was 1,046. None of our employees are covered by a collective bargaining agreement. We consider our relations with employees to be good.

Culture and Values

We are proud to be contributing corporate citizens where we live and work and to help create healthy, prosperous communities. Our colleagues help us continue to enhance our community contributions, which are driven by our longstanding culture that strives to promote an environment that upholds integrity and respect and provides opportunities for each colleague to realize full potential. These commitments are encapsulated in the *Cal-Maine Foods Code of Ethics* for Directors, Officers and Employees and in our *Human Rights Statement*.

Health and Safety

Our top priority is the health and safety of our employees, who continue to produce high-quality, affordable egg choices for our customers and contribute to a stable food supply. Our enterprise safety committee comprises two corporate safety managers, eight area compliance managers, 55 local site compliance managers, feed mill managers and general managers. The committee that oversees health and safety regularly reviews our written policies and changes to OSHA regulation standards and shares information as it relates to outcomes from incidents in order to improve future performance. The committee's goals include working to help ensure that our engagements with our consumers, customers, and regulators evidence our strong commitment to our workers' health and safety.

Our commitment to our colleagues' health includes a strong commitment to on-site worker safety, including a focus on accident prevention and life safety. Our Safety and Health Program is designed to promote best practices that help prevent and minimize workplace accidents and illnesses. The scope of our Safety and Health Program applies to all enterprise colleagues. Additionally, to help protect the health and well-being of our colleagues and people in our value chain, we require that any contractors or vendors acknowledge and agree to comply with the guidelines governed by our Safety and Health Program. At each of our locations, our general managers are expected to uphold and implement our Employee Safety and Health Program in alignment with OSHA requirements. We believe that this program, which is reviewed annually by our senior management team, contributes to strong safety outcomes. As part of our Safety and Health Program, we conduct multi-lingual training that covers topics such as slip-and-fall avoidance, respiratory protection, prevention of hazardous communication of chemicals, the proper use of personal protective equipment, hearing conservation, emergency response, lockout and tagout of equipment and forklift safety, among others. We have also installed dry hydrogen peroxide biodefense systems in our processing facilities to help protect our colleagues' respiratory health. To help drive our focus on colleague safety, we developed safety committees at each of our sites with employee representation from each department.

We review the success of our safety programs on a monthly basis to monitor their effectiveness and the development of any trends that need to be addressed. During fiscal year 2022 our recordable incident rates decreased by 6% compared to fiscal 2021.

Diversity, Equity and Inclusion

Our culture seeks to embrace the diversity and inclusion of all our team members. This culture is driven by our board and executive management team. Our board comprises seven members, four of whom are independent. Women comprise 29% of our board and 14% of our board members identify as a racial or ethnic minority. As of May 28, 2022, our total workforce comprised 29% women and 52% of colleagues who identify as racial or ethnic minorities. Our Policy against Harassment, Discrimination, Unlawful or Unethical Conduct and Retaliation; Reporting Procedure affirms our commitment to supporting our employees regardless of race, color, religion, sex, national origin or any other basis protected by applicable law.

Cal-Maine Foods strives to ensure that our colleagues are treated equitably. We are an Equal Opportunity Employer that prohibits, by policy and practice, any violation of applicable federal, state, or local law regarding employment. Discrimination because of race, color, religion, sex, pregnancy, age, national origin, citizenship status, veteran status, physical or mental disability, genetic information, or any other basis protected by applicable law is prohibited. We value diversity in our workplaces or in work-related situations. We maintain strong protocols to help our colleagues perform their jobs free from harassment and discrimination. Our focus on equitable treatment extends to recruitment, employment applications, hiring, placement, job assignments, career development, training, remuneration, benefits, discharge and other matters tied to terms and conditions of employment. We are committed to offer our colleagues opportunities commensurate with our operational needs, their experiences, goals and contributions.

Recruitment, Development and Retention

We believe in compensating our colleagues with fair and competitive wages, in addition to offering competitive benefits. Approximately 76% of our employees are paid at hourly rates, with the majority paid at rates above the federal minimum wage requirement. We offer our full-time eligible employees a range of benefits, including company-paid life insurance. The Company provides a comprehensive self-insured health plan and pays approximately 85% of the costs of the plan for participating employees and their families as of December 31, 2021. Recent benchmarking of our health plan indicates comparable benefits, at lower employee contributions, when compared to an applicable Agriculture and Food Manufacturing sector grouping, as well as peer group data. In addition, we offer employees the opportunity to purchase an extensive range of other group plan benefits, such as dental, vision, accident, critical illness, disability and voluntary life. After one year of employment, full-time employees who meet eligibility requirements may elect to participate in our KSOP retirement plan, which offers a range of investment alternatives and includes many positive features, such as automatic enrollment with scheduled automatic contribution increases and loan provisions. Regardless of the employees' elections to contribute to the KSOP, the Company contributes shares of Company stock or cash equivalent to 3% of pre-tax earnings for each pay period that hours are worked.

We provide extensive training and development related to safety, regulatory compliance, and task training. We invest in developing our future leaders through our Management Intern, Management Trainee and informal mentoring programs.

Sustainability

We understand that climate, and the potential consequences of climate change, freshwater availability and preservation of global biodiversity, in addition to responsible management of our flocks, are vital to the production of high-quality eggs and egg products and to the success of our Company. We have engaged in agricultural production for more than 60 years. Our agricultural practices continue to evolve as we continue to strive to meet the need for nutritious, affordable foods to feed a growing population even as we exercise responsible natural resource stewardship. We plan to publish our most recent sustainability update on or around late July 2022, which will be available on our website. Information contained in our website is not a part of this report.

COVID-19 Pandemic

For information regarding our response to the COVID-19 pandemic, and its impact on our business, see Part I. Item 1A. Risk Factors and Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Our Corporate Information

We maintain a website at www.calmainefoods.com where general information about our business and corporate governance matters is available. The information contained in our website is not a part of this report. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and all amendments to those reports are available, free of charge, through our website as soon as reasonably practicable after we file them with the SEC. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Information concerning corporate governance matters is also available on our website. Cal-Maine Foods, Inc. is a Delaware corporation, incorporated in 1969.

ITEM 1A. RISK FACTORS

Our business and results of operations are subject to numerous risks and uncertainties, many of which are beyond our control. The following is a description of the known factors that may materially affect our business, financial condition or results of operations. They should be considered carefully, in addition to the information set forth elsewhere in this Annual Report on Form 10-K, including under Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, in making any investment decisions with respect to our securities. Additional risks or uncertainties that are not currently known to us, or that we are aware of but currently deem to be immaterial or that could apply to any company could also materially adversely affect our business, financial condition or results of operations.

INDUSTRY RISK FACTORS

Market prices of wholesale shell eggs are volatile, and decreases in these prices can adversely impact our revenues and profits.

Our operating results are significantly affected by wholesale shell egg market prices, which fluctuate widely and are outside our control. As a result, our prior performance should not be presumed to be an accurate indication of future performance. Under certain circumstances, small increases in production, or small decreases in demand, within the industry might have a large adverse effect on shell egg prices. Low shell egg prices adversely affect our revenues and profits.

Market prices for wholesale shell eggs have been volatile and cyclical. Shell egg prices have risen in the past during periods of high demand such as the initial outbreak of the COVID-19 pandemic and periods when high protein diets are popular. Shell egg prices have also risen during periods of constrained supply, such as the latest highly pathogenic avian influenza ("HPAI") outbreak that was first detected in domestic commercial flocks in February 2022. We believe, based on published industry estimates, that the HPAI outbreak has impacted approximately 30.7 million laying hens in 2022 through June. During times when prices are high, the egg industry has typically geared up to produce more eggs, primarily by increasing the number of layers, which historically has ultimately resulted in an oversupply of eggs, leading to a period of lower prices.

As discussed above under the heading “Seasonality” in Part I. Item 1. Business, seasonal fluctuations impact shell egg prices. Therefore, comparisons of our sales and operating results between different quarters within a single fiscal year are not necessarily meaningful comparisons.

A decline in consumer demand for shell eggs can negatively impact our business.

We believe the increase in meals prepared at home due to COVID-19 pandemic, high-protein diet trends, industry advertising campaigns and the improved nutritional reputation of eggs have all contributed at one time or another to increased shell egg demand. However, it is possible that the demand for shell eggs will decline in the future. Adverse publicity relating to health or safety concerns and changes in the perception of the nutritional value of shell eggs, changes in consumer views regarding consumption of animal-based products, as well as movement away from high protein diets, could adversely affect demand for shell eggs, which would have a material adverse effect on our future results of operations and financial condition.

Feed costs are volatile and increases in these costs can adversely impact our results of operations.

Feed costs are the largest element of our shell egg (farm) production cost, ranging from 55% to 62% of total farm production cost in the prior five fiscal years. Although feed ingredients, primarily corn and soybean meal, are available from a number of sources, we do not have control over the prices of the ingredients we purchase, which are affected by weather, various global and U.S. supply and demand factors, transportation and storage costs, speculators, and agricultural, energy and trade policies in the U.S. and internationally and most recently the Russia-Ukraine war. While we do not import corn or soy directly from the region, the Russia-Ukraine war has had a negative impact on the worldwide supply of grain, including corn, putting upward pressure on prices. Increases in feed costs unaccompanied by increases in the selling price of eggs can have a material adverse effect on the results of our operations and cash flow. Alternatively, low feed costs can encourage industry overproduction, possibly resulting in lower egg prices and lower revenue.

Shell eggs and shell egg products are susceptible to microbial contamination, and we may be required to, or we may voluntarily, recall contaminated products.

Shell eggs and shell egg products are vulnerable to contamination by pathogens such as Salmonella. The Company maintains policies and procedures designed to comply with the complex rules and regulations governing egg production, such as The Final Egg Rule issued by the FDA "Prevention of Salmonella Enteritidis in Shell Eggs During Production, Storage, and Transportation,” and the FDA’s Food Safety Modernization Act. Shipment of contaminated products, even if inadvertent, could result in a violation of law and lead to increased risk of exposure to product liability claims, product recalls and scrutiny by federal and state regulatory agencies. In addition, products purchased from other producers could contain contaminants that might be inadvertently redistributed by us. As such, we might decide or be required to recall a product if we, our customers or regulators believe it poses a potential health risk. Any product recall could result in a loss of consumer confidence in our products, adversely affect our reputation with existing and potential customers and have a material adverse effect on our business, results of operations and financial condition.

Agricultural risks, including outbreaks of avian disease, could harm our business.

Our shell egg production activities are subject to a variety of agricultural risks. Unusual or extreme weather conditions, disease and pests can materially and adversely affect the quality and quantity of shell eggs we produce and distribute. Outbreaks of avian influenza among poultry occur periodically worldwide and have occurred sporadically in the U.S. Most recently, an outbreak of HPAI, which was first detected in February 2022, impacted the industry. Prior to 2022, there was another significant HPAI outbreak in the U.S. impacting poultry during 2015. There have been no positive tests for HPAI at any Cal-Maine Foods’ owned or contracted facility as of July 19, 2022. The Company maintains controls and procedures designed to reduce the risk of exposing our flocks to harmful diseases; however, despite these efforts, outbreaks of avian disease can and do still occur and may adversely impact the health of our flocks. An outbreak of avian disease could have a material adverse impact on our financial results by increasing government restrictions on the sale and distribution of our products and requiring us to euthanize the affected layers. Negative publicity from an outbreak within our industry can negatively impact customer perception, even if the outbreak does not directly impact our flocks. If a substantial portion of our layers or production facilities are affected by any of these factors in any given quarter or year, our business, financial condition, and results of operations could be materially and adversely affected.

BUSINESS AND OPERATIONAL RISK FACTORS

The COVID-19 pandemic has had an adverse impact on our business and operations

Since early 2020, the coronavirus ("COVID-19") outbreak, characterized as a pandemic by the World Health Organization on March 11, 2020, has caused significant disruptions in international and U.S. economies and markets. The effects of COVID-19 have had, and may continue to have (if a significant resurgence occurs including due to variants or related strains of the virus become prevalent) a negative impact on our business. Negative impacts have included, and may include in the future, disruptions in the supply chain resulting in increased costs and decreased availability of packaging supplies, increased labor costs and increased medical costs.

Our acquisition growth strategy subjects us to various risks.

As discussed in Part I. Item I. Business – Growth Strategy, we plan to pursue a growth strategy that includes selective acquisitions of other companies engaged in the production and sale of shell eggs, with a priority on those that will facilitate our ability to expand our cage-free shell egg production capabilities in key locations and markets. We may over-estimate or under-estimate the demand for cage-free eggs, which could cause our acquisition strategy to be less-than-optimal for our future growth and profitability. The number of existing companies with cage-free capacity that we may be able to purchase is limited, as most production of shell eggs by other companies in our markets currently does not meet customer demands or legal requirements to be designated as cage-free. Conversely, if we acquire cage-free production capacity, which is more expensive to purchase and operate, and customer demands or legal requirements for cage-free eggs were to change, the resulting lack of demand for cage-free eggs may result in higher costs and lower profitability.

Acquisitions require capital resources and can divert management's attention from our existing business. Acquisitions also entail an inherent risk that we could become subject to contingent or other liabilities, including liabilities arising from events or conduct prior to our acquisition of a business that were unknown to us at the time of acquisition. We could incur significantly greater expenditures in integrating an acquired business than we anticipated at the time of its purchase.

We cannot assure you that we:

- will identify suitable acquisition candidates;
- can consummate acquisitions on acceptable terms;
- can successfully integrate an acquired business into our operations; or
- can successfully manage the operations of an acquired business.

No assurance can be given that companies we acquire in the future will contribute positively to our results of operations or financial condition. In addition, federal antitrust laws require regulatory approval of acquisitions that exceed certain threshold levels of significance, and we cannot guarantee that such approvals would be obtained.

The consideration we pay in connection with any acquisition affects our financial results. If we pay cash, we could be required to use a portion of our available cash or credit facility to consummate the acquisition. To the extent we issue shares of our Common Stock, existing stockholders may be diluted. In addition, acquisitions may result in additional debt.

Our largest customers have accounted for a significant portion of our net sales volume. Accordingly, our business may be adversely affected by the loss of, or reduced purchases by, one or more of our large customers.

Our top three customers accounted for an aggregate of 45.9%, 48.6% and 51.1% of net sales dollars for fiscal 2022, 2021, and 2020, respectively. Our largest customer, Walmart Inc. (including Sam's Club), accounted for 29.5%, 29.8% and 32.1% of net sales dollars for fiscal 2022, 2021, and 2020, respectively. Although we have established long-term relationships with most of our customers who continue to purchase from us based on our ability to service their needs, they are generally free to acquire shell eggs from other sources. If, for any reason, one or more of our large customers were to purchase significantly less of our shell eggs in the future or terminate their purchases from us, and we were not able to sell our shell eggs to new customers at comparable levels, it would have a material adverse effect on our business, financial condition, and results of operations.

Our business is highly competitive.

The production and sale of fresh shell eggs, which accounted for virtually all of our net sales in recent years, is intensely competitive. We compete with a large number of competitors that may prove to be more successful than we are in producing, marketing and selling shell eggs. We cannot provide assurance that we will be able to compete successfully with any or all of these companies. Increased competition could result in price reductions, greater cyclicality, reduced margins and loss of market share, which would negatively affect our business, results of operations, and financial condition.

We are dependent on our management team, and the loss of any key member of this team may adversely affect the implementation of our business plan in a timely manner.

Our success depends largely upon the continued service of our senior management team. The loss or interruption of service of one or more of our key executive officers could adversely affect our ability to manage our operations effectively and/or pursue our growth strategy. We have not entered into any employment or non-compete agreements with any of our executive officers. Competition could cause us to lose talented employees, and unplanned turnover could deplete institutional knowledge and result in increased costs due to increased competition for employees.

Our business is dependent on our information technology systems and software, and failure to protect against or effectively respond to cyber-attacks, security breaches, or other incidents involving those systems, could adversely affect day-to-day operations and decision making processes and have an adverse effect on our performance and reputation.

The efficient operation of our business depends on our information technology systems, which we rely on to effectively manage our business data, communications, logistics, accounting, regulatory and other business processes. If we do not allocate and effectively manage the resources necessary to build and sustain an appropriate technology environment, our business, reputation, or financial results could be negatively impacted. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including systems failures, natural disasters, terrorist attacks, viruses, ransomware, security breaches or cyber incidents. Cyber-attacks are becoming more sophisticated and are increasing in the number of attempts and frequency by groups and individuals with a wide range of motives.

A security breach of sensitive information could result in damage to our reputation and our relations with our customers or employees. Any such damage or interruption could have a material adverse effect on our business.

Labor shortages or increases in labor costs could adversely impact our business and results of operations.

Labor is a primary component of our farm production costs. Our success is dependent upon recruiting, motivating, and retaining staff to operate our farms. Approximately 76% of our employees are paid at hourly rates, often in entry-level positions. While all our employees are paid at rates above the federal minimum wage requirements, any significant increase in local, state or federal minimum wage requirements could increase our labor costs. In addition, any regulatory changes requiring us to provide additional employee benefits or mandating increases in other employee-related costs, such as unemployment insurance or workers compensation, would increase our costs. A shortage in the labor pool, which may be caused by competition from other employers, the remote locations of many of our farms, decreased labor participation rates or changes in government-provided support or immigration laws, particularly in times of lower unemployment, could adversely affect our business and results of operations. A shortage of labor available to us could cause our farms to operate with reduced staff, which could negatively impact our production capacity and efficiencies. In fiscal 2021 and 2022, our labor costs increased primarily due to the pandemic and its effects, which caused us to increase wages in response to labor shortages, and these trends may continue. Accordingly, any significant labor shortages or increases in our labor costs could have a material adverse effect on our results of operations.

We are controlled by the family of our late founder, Fred R. Adams, Jr., and Adolphus B. Baker, our Chief Executive Officer and Chairman of our Board of Directors controls the vote of 100% of our outstanding Class A Common Stock.

Fred R. Adams, Jr., our Founder and Chairman Emeritus died on March 29, 2020. Mr. Adams' son-in-law, Adolphus B. Baker, our Chief Executive Officer and Chairman of our board of directors, Mr. Baker's spouse and her three sisters (Mr. Adams' four daughters) beneficially own, directly or indirectly through related entities, 100% of our outstanding Class A Common Stock (which has 10 votes per share), controlling approximately 52.1% of our total voting power. Additionally, such persons and Jean Reed Adams ("Mrs. Adams"), the widow of Mr. Adams, also have additional voting power due to beneficial ownership of our Common Stock (which has one vote per share), directly or indirectly through related entities, resulting in family voting control of approximately 57.5% of our total voting power. Mr. Baker controls the vote of 100% of our outstanding Class A Common Stock.

We understand that the Adams and Baker families intend to retain ownership of a sufficient amount of our Common Stock and our Class A Common Stock to assure continued ownership of more than 50% of the voting power of our outstanding shares of capital stock. As a result of this ownership, the Adams and Baker families have the ability to exert substantial influence over matters requiring action by our stockholders, including amendments to our certificate of incorporation and by-laws, the election and removal of directors, and any merger, consolidation, or sale of all or substantially all of our assets, or other corporate transactions. Delaware law provides that the holders of a majority of the voting power of shares entitled to vote must approve certain fundamental corporate transactions such as a merger, consolidation and sale of all or substantially all of a corporation's assets; accordingly, such a transaction involving us and requiring stockholder approval cannot be effected without the approval of the Adams and Baker families. Such ownership will make an unsolicited acquisition of our Company more difficult and discourage certain types of transactions involving a change of control of our Company, including transactions in which the holders of our Common Stock might otherwise receive a premium for their shares over then current market prices. The Adams and Baker families' controlling ownership of our capital stock may adversely affect the market price of our Common Stock.

The price of our Common Stock may be affected by the availability of shares for sale in the market, and you may experience significant dilution as a result of future issuances of our securities, which could materially and adversely affect the market price of our Common Stock.

The sale or availability for sale of substantial amounts of our Common Stock could adversely impact its price. As described in Note 19 – Related Party Transaction of Part II. Item 8. Notes to the Consolidated Financial Statements, in August 2020 Mrs. Adams and the Daughters' Trust (of which the daughters of our late founder are beneficiaries) sold 6.9 million shares of Common Stock in a secondary public offering pursuant to a previously disclosed Agreement Regarding Common Stock (the "Agreement") filed as an exhibit to this report. After the sale, approximately 5.0 million shares (the "Subject Shares") remain subject to potential sale under the Agreement. The Agreement generally provides that if a holder of Subject Shares intends to sell any of the Subject Shares, such party must give the Company a right of first refusal to purchase all or any of such shares. The price payable by the Company to purchase shares pursuant to the exercise of the right of first refusal will reflect a 6% discount to the then-current market price based on the 20 business-day volume-weighted average price. If the Company does not exercise its right of first refusal and purchase the shares offered, such party will, subject to the approval of a special committee of independent directors of the Board of Directors, be permitted to sell the shares not purchased by the Company pursuant to a Company registration statement, Rule 144 under the Securities Act of 1933, or another manner of sale agreed to by the Company. Although pursuant to the Agreement the Company will have a right of first refusal to purchase all or any of those shares, the Company may elect not to exercise its rights of first refusal, and if so such shares would be eligible for sale pursuant to the registration rights in the Agreement or pursuant to Rule 144 under the Securities Act of 1933. Sales, or the availability for sale, of a large number of shares of our Common Stock could result in a decline in the market price of our Common Stock.

In addition, our articles of incorporation authorize us to issue 120,000,000 shares of our Common Stock. As of May 28, 2022, there were 44,139,524 shares of our Common Stock outstanding. Accordingly, a substantial number of shares of our Common Stock are outstanding and are, or could become, available for sale in the market. In addition, we may be obligated to issue additional shares of our Common Stock in connection with employee benefit plans (including equity incentive plans).

In the future, we may decide to raise capital through offerings of our Common Stock, additional securities convertible into or exchangeable for Common Stock, or rights to acquire these securities or our Common Stock. The issuance of additional shares of our Common Stock or additional securities convertible into or exchangeable for our Common Stock could result in dilution of existing stockholders' equity interests in us. Issuances of substantial amounts of our Common Stock, or the perception that such issuances could occur, may adversely affect prevailing market prices for our Common Stock, and we cannot predict the effect this dilution may have on the price of our Common Stock.

LEGAL AND REGULATORY RISK FACTORS

Pressure from animal rights groups regarding the treatment of animals may subject us to additional costs to conform our practices to comply with developing standards or subject us to marketing costs to defend challenges to our current practices and protect our image with our customers. In particular, changes in customer preferences and new legislation have accelerated an increase in demand for cage-free eggs, which increases uncertainty in our business and increases our costs.

We and many of our customers face pressure from animal rights groups, such as People for the Ethical Treatment of Animals and the Humane Society of the United States, to require companies that supply food products to operate their business in a manner that treats animals in conformity with certain standards developed or approved by these groups. In general, we may incur additional costs to conform our practices to address these standards or to defend our existing practices and protect our image with our customers. The standards promoted by these groups change over time, but typically require minimum cage space for hens, among other requirements, and some of these groups have led successful legislative efforts to ban any form of caged housing in various states. As discussed in Part I. Item 1. Business - Government Regulation, several states have passed minimum space and/or cage-free requirements for hens, and other states are considering such requirements. In addition, in recent years, many large restaurant chains, foodservice companies and grocery chains, including our largest customers, announced goals to transition to an exclusively cage-free egg supply chain by specified future dates, in some cases subject to available supply, affordability and consumer demand. While we anticipate that our retail and foodservice customers will continue to transition to selling cage-free eggs given public commitments, there is no assurance that this transition will take place or take place according to the timeline of current cage-free commitments. For example, customers may accelerate their transition to stocking cage-free eggs, which may challenge our ability to meet the cage-free volume needs of those customers and result in a loss of shell egg sales. Similarly, customers who commit to stock greater proportional quantities of cage-free eggs are under no obligation to continue to do so, which may result in an oversupply of cage-free eggs and result in lower specialty egg prices. In addition, legislation passed by states requiring cage-free sale of eggs is facing and may continue to face legal challenges and could be stayed or overturned. These or other judicial outcomes could also lead to an oversupply of cage-free eggs and result in lower specialty egg prices, which could reduce the return on our capital investment in cage-free production.

Changing our infrastructure and operating procedures to conform to consumer preferences, customer demands and new laws has resulted and will continue to result in additional costs, including capital and operating cost increases. The USDA reported that the estimated cage-free flock is 103.6 million hens as of July 1, 2022, which is approximately 34.8% of the total U.S. table egg layer hen population. These numbers reflect recent cage-free layer hen losses due to the HPAI outbreak. According to the USDA Agricultural Marketing Service, approximately 221 million hens, or about 74.0% of the U.S. non-organic laying flock would have to be in cage-free production by 2026 to meet projected demand from the retailers, foodservice providers and food manufacturers that have made promises to transition to cage-free eggs.

In response to our customers' announced goals and increased legal requirements for cage-free eggs, we increased capital expenditures to increase our cage-free production capacity. We are also enhancing our focus on cage-free capacity when considering acquisition opportunities. Our customers typically do not commit to long-term purchases of specific quantities or type of eggs with us, and as a result, we cannot predict with any certainty which types of eggs they will require us to supply in future periods. The ongoing production of cage-free eggs is more costly than the production of conventional eggs, and these higher production costs contribute to the higher prices of cage-free eggs compared with conventional eggs. Many consumers prefer to buy less expensive conventional shell eggs. These consumer preferences may in turn influence our customers’ future needs for cage-free eggs. Due to these uncertainties, we may over-estimate future demand for cage-free eggs, which could increase our costs unnecessarily, or we may under-estimate future demand for cage-free eggs, which could harm us competitively. If our competitors obtain non-cancelable long-term contracts to provide cage-free eggs to our existing or potential customers, then there may be decreased demand for our cage-free eggs due to these lost potential sales. If we and our competitors increase cage-free egg production and there is no commensurate increase in demand for cage-free eggs, this overproduction could lead to an oversupply of cage-free eggs, reducing the sales price for specialty eggs and our return on capital investments in cage-free production.

Failure to comply with applicable governmental regulations, including environmental regulations, could harm our operating results, financial condition, and reputation. Further, we may incur significant costs to comply with any such regulations.

We are subject to federal, state and local regulations relating to grading, quality control, labeling, sanitary control, waste disposal, and other areas of our business. As a fully-integrated shell egg producer, our shell egg facilities are subject to regulation and inspection by the USDA, OSHA, EPA and FDA, as well as state and local health and agricultural agencies, among others. All of our shell egg production and feed mill facilities are subject to FDA, EPA and OSHA regulation and inspections. In addition, rules are often proposed that, if adopted as proposed, could increase our costs.

Our operations and facilities are subject to various federal, state and local environmental, health, and safety laws and regulations governing, among other things, the generation, storage, handling, use, transportation, disposal, and remediation of hazardous materials. Under these laws and regulations, we are required to obtain permits from governmental authorities, including, but not limited to wastewater discharge permits and manure and litter land applications.

If we fail to comply with applicable laws or regulations, or fail to obtain necessary permits, we could be subject to significant fines and penalties or other sanctions, our reputation could be harmed, and our operating results and financial condition could be materially adversely affected. In addition, because these laws and regulations are becoming increasingly more stringent, it is possible that we will be required to incur significant costs for compliance with such laws and regulations in the future.

Climate change and legal or regulatory responses may have an adverse impact on our business and results of operations.

Extreme weather events, such as derechos, wildfires, drought, tornadoes, hurricanes, storms, floods or other natural disasters could materially and adversely affect our operating results and financial condition. In fact, derechos, fires, floods, tornadoes and hurricanes have affected our facilities or the facilities of other egg producers in the past. Increased global temperatures and more frequent occurrences of extreme weather events, which may be exacerbated by climate change, may cause crop and livestock areas to become unsuitable, including due to water scarcity or high or unpredictable temperatures, which may result in much greater stress on food systems and more pronounced food insecurity globally. Lower global crop production, including corn and soy, which are the primary feed ingredients that support the health of our animals, may result in significantly higher prices for these commodity inputs, impact our ability to source the commodities we use to feed our flocks, and negatively impact our ability to maintain or grow our operations. Climate change may increasingly expose workers and animals to high heat and humidity stressors that adversely impact poultry production. Increased greenhouse gas emissions may also negatively impact air quality, soil quality and water quality, which may hamper our ability to support our operations, particularly in higher water- and soil-stressed regions.

Increasing frequency of severe weather events, whether tied to climate change or any other cause, may negatively impact our ability to raise poultry and produce eggs profitably or to operate our transportation and logistics supply chains. Regulatory controls and market pricing may continue to drive the costs of fossil-based fuels higher, which could negatively impact our ability to source commodities necessary to operate our farms or plants and our current fleet of vehicles. These changes may cause us to change, significantly, our day-to-day business operations and our strategy. Climate change and extreme weather events may also impact demand for our products given evolution of consumer food preferences. Even if we take measures to position our business in anticipation of such changes, future compliance with legal or regulatory requirements may require significant management time, oversight and enterprise expense. We may also incur significant expense tied to regulatory fines if laws and regulations are interpreted and applied in a manner that is inconsistent with our business practices. We can make no assurances that our efforts to prepare for these adverse events will be in line with future market and regulatory expectations and our access to capital to support our business may also be adversely impacted.

Current and future litigation could expose us to significant liabilities and adversely affect our business reputation.

We and certain of our subsidiaries are involved in various legal proceedings. Litigation is inherently unpredictable, and although we believe we have meaningful defenses in these matters, we may incur liabilities due to adverse judgments or enter into settlements of claims that could have a material adverse effect on our results of operations, cash flow and financial condition. For a discussion of our ongoing legal proceedings see Part I. Item 3. Legal Proceedings below. Such lawsuits are expensive to defend, divert management's attention, and may result in significant adverse judgments or settlements. Legal proceedings may expose us to negative publicity, which could adversely affect our business reputation and customer preference for our products and brands.

FINANCIAL AND ECONOMIC RISK FACTORS

Weak or unstable economic conditions, including higher inflation, could negatively impact our business.

Weak or unstable economic conditions, including higher inflation, may adversely affect our business by:

- Limiting our access to capital markets or increasing the cost of capital we may need to grow our business;
- Changing consumer spending and habits and demand for eggs, particularly higher-priced specialty eggs;
- Restricting the supply of energy sources or increasing our cost to procure energy; or
- Reducing the availability of feed ingredients, packaging material, and other raw materials, or increasing the cost of these items.

Deterioration of economic conditions could also negatively impact:

- The financial condition of our suppliers, which may make it more difficult for them to supply raw materials;
- The financial condition of our customers, which may decrease demand for eggs or increase our bad debt expense; or
- The financial condition of our insurers, which could increase our cost to obtain insurance, and/or make it difficult for or insurers to meet their obligations in the event we experience a loss due to an insured peril.

According to the U.S. Bureau of Labor Statistics, from May 2021 to May 2022, the Consumer Price Index for All Urban Consumers increased 8.6 percent, the largest 12-month increase since the period ending December 1981. Inflationary costs have increased our input costs, and if we are unable to pass these costs through to the customer it could have an adverse effect on our business.

The loss of any registered trademark or other intellectual property could enable other companies to compete more effectively with us.

We utilize intellectual property in our business. For example, we own the trademarks *Farmhouse Eggs*®, *4Grain*®, *Sunups*®, and *Sunny Meadow*®. We produce and market *Egg-Land's Best*® and *Land O' Lakes*® under license agreements with EB. We have invested a significant amount of money in establishing and promoting our trademarked brands. The loss or expiration of any intellectual property could enable our competitors to compete more effectively with us by allowing them to make and sell products substantially similar to those we offer. This could negatively impact our ability to produce and sell those products, thereby adversely affecting our operations.

Impairment in the carrying value of goodwill or other assets could negatively affect our results of operations or net worth.

Goodwill represents the excess of the cost of business acquisitions over the fair value of the identifiable net assets acquired. Goodwill is reviewed at least annually for impairment by assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. As of May 28, 2022, we had $44.0 million of goodwill. While we believe the current carrying value of this goodwill is not impaired, future goodwill impairment charges could adversely affect our results of operations in any particular period and our net worth.

Events beyond our control such as pandemics, extreme weather and natural disasters could negatively impact our business.

Pandemics such as COVID-19, or similar disease outbreaks in the future, may depress demand for shell eggs due to quarantines or restrictions on public interactions that would limit the ability of consumers to purchase shell eggs. Pandemics, or similar disease outbreaks in the future, may disrupt our supply chain and operations at our facilities. If a significant percentage of our workforce, or the workforce of our suppliers or transportation providers, is unable to work because of illness or government restrictions, our operations would be negatively impacted, potentially materially. Pandemics or disease outbreaks may also impact hens or the food supply.

Fire, bioterrorism, pandemics, extreme weather or natural disasters, including droughts, floods, excessive cold or heat, water rights restrictions, hurricanes or other storms, could impair the health or growth of our flocks, decrease production or availability of feed ingredients, or interfere with our operations due to power outages, fuel shortages, discharges from overtopped or breached wastewater treatment lagoons, damage to our production and processing facilities, labor shortages or disruption of transportation channels, among other things. Any of these factors could have a material adverse effect on our financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The table below provides summary information about the primary operational facilities we use in our business as of May 28, 2022.

Type	Quantity [(a)]	Owned	Leased	Production Capacity	Location
Breeding Facilities	3	3	—	House up to 255,000 hens	GA, MS
Distribution Centers	4	4	—	NA	FL, GA, NC, TX
Feed Mills	25	24	1	Production capacity of 859 tons of feed per hour	AL, AR, FL, GA, KS, KY, LA, MS, OH, OK, SC, TN, TX, UT
Hatcheries	2	1	1	Hatch up to 407,600 chicks per week	FL, MS
Processing and Packaging	43	42	1	Approximately 596,700 dozen shell eggs per hour	AL, AR, FL, GA, KS, KY, LA, MS, OH, OK, SC, TX, UT
Pullet Facilities	28	27	1	Grow 27.2 million pullets annually	AR, FL, GA, KS, KY, MS, OH, SC, TX, UT
Shell Egg Production	42	42	—	House up to 48.8 million hens	AL, AR, FL, GA, KS, KY, LA, MS, OH, OK, SC, TX, UT
Egg Products Processing Facilities	2	2	—	Production capacity of 72.8 million lbs. per year	GA, TX

(a) Does not include idled facilities.

Our affiliate, MeadowCreek Foods, LLC (“MeadowCreek”) owns our new egg products facility that is currently being retrofitted and upgraded for future production. The facility is expected to be operational late in our fiscal 2023 second quarter. Once fully operational, MeadowCreek will have the capacity to produce approximately 500 thousand pounds of weekly hard-cooked egg products.

We also have ongoing construction projects to further expand the Company's cage-free egg production capabilities. These projects include expanding our cage-free egg production at our Okeechobee, Florida, production facility. The project is designed to include the construction of two cage-free layer houses and one cage-free pullet house with capacity for approximately 400 thousand cage-free hens and 210 thousand pullets, respectively. Construction has commenced, with the first layer house planned to be finished by October 1, 2022, with the second layer house and project completion expected by February 1, 2023. In Delta, Utah, we are constructing four new cage-free layer houses and two pullet houses conversions with capacity for approximately 810 thousand cage-free layer hens which is expected to be completed by fall of 2023. At our Guthrie, Kentucky farm, we are converting nine existing houses to cage-free layer houses and two pullet houses with capacity for approximately 953 thousand cage-free hens which is expected to be completed by spring of 2025.

Subsequent to the end of fourth quarter 2022, the Company's Board of Directors approved a capital project to expand the Company's cage-free production capabilities. The proposed project at Chase, Kansas will convert existing conventional layer capacity to cage-free capacity for approximately 1.5 million cage-free hens and include remodels of all remaining pullet facilities. Work is expected to commence immediately with project completion expected by year-end 2025.

As of May 28, 2022, we owned approximately 28.0 thousand acres of land. There are no material mortgages or liens on our properties.

ITEM 3. LEGAL PROCEEDINGS

Refer to the description of certain legal proceedings pending against us under Part II. Item 8. Notes to the Consolidated Financial Statements, Note – 18 Commitments and Contingencies, which discussion is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

We have two classes of capital stock, Common Stock and Class A Common Stock. Our Common Stock trades on the NASDAQ Global Select Market under the symbol "CALM". There is no public trading market for the Class A Common Stock.

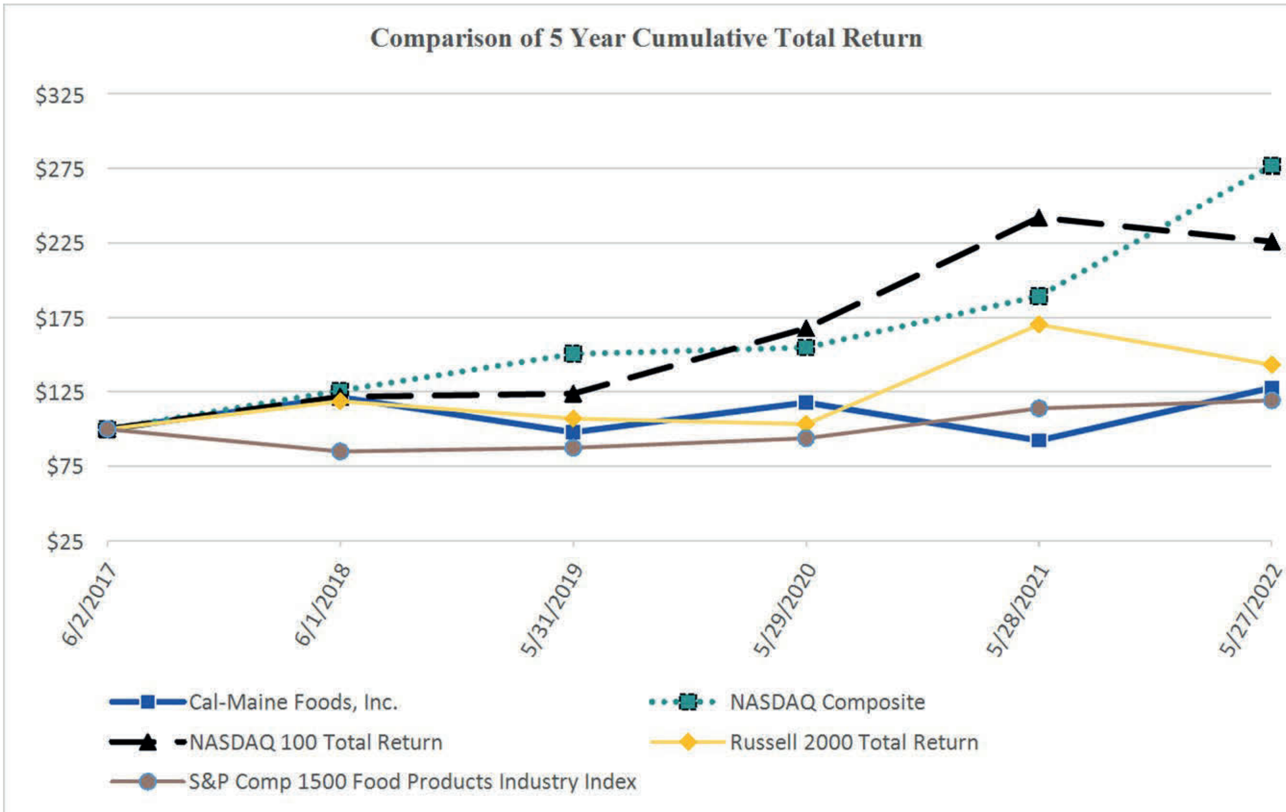
All outstanding Class A shares are owned by a limited liability company of which Adolphus Baker, our Chairman and Chief Executive Officer, is the sole managing member and will be voted at the direction of Mr. Baker. At July 12, 2022, there were approximately 324 record holders of our Common Stock and approximately 28,419 beneficial owners whose shares were held by nominees or broker dealers. For additional information about our capital structure, see Note 12 - Equity in Part II. Item 8. Notes to the Consolidated Financial Statements.

Dividends

Cal-Maine has a variable dividend policy adopted by its Board of Directors. Pursuant to the policy, Cal-Maine pays a dividend to shareholders of its Common Stock and Class A Common Stock on a quarterly basis for each quarter for which the Company reports net income attributable to Cal-Maine Foods, Inc. computed in accordance with GAAP in an amount equal to one-third (1/3) of such quarterly income. Dividends are paid to shareholders of record as of the 60th day following the last day of such quarter, except for the fourth fiscal quarter. For the fourth quarter, the Company will pay dividends to shareholders of record on the 65th day after the quarter end. Dividends are payable on the 15th day following the record date. Following a quarter for which the Company does not report net income attributable to Cal-Maine Foods, Inc., the Company will not pay a dividend for a subsequent profitable quarter until the Company is profitable on a cumulative basis computed from the date of the last quarter for which a dividend was paid. Under the Company's Credit Facility, dividends are restricted to the amount permitted under the Company's current dividend policy, and may not be paid if a default exists or will arise after giving effect to the dividend or if the sum of cash and cash equivalents of the Company and its subsidiaries plus availability under the Credit Facility equals less than $50 million.

Stock Performance Graph

In fiscal year 2021, the Company utilized the NASDAQ Composite and NASDAQ 100 Total Return indexes to benchmark the Company's total shareholder return. We are replacing these indexes with the (i) Russell 2000 Total Return, and (ii) S&P Composite 1500 Food Products Industry Index. The Company is a member of each of these indexes and believes the other companies included in these indexes provide products and services similar to Cal-Maine Foods. The NASDAQ Composite and NASDAQ 100 Total Return index performances are presented below on the performance graph for comparison purpose in the transitional year. Beginning in fiscal year 2023, only the Russell 2000 Total Return and S&P Composite 1500 Food Products Industry indexes will be used as a comparison for total shareholder return. The graph assumes $100 was invested on June 2, 2017 in the stock or index and dividends were reinvested.



	June 2, 2017	June 1, 2018	May 31, 2019	May 29, 2020	May 28, 2021	May 27, 2022
Cal-Maine Foods, Inc.	$ 100.00	$ 121.40	$ 97.94	$ 117.89	$ 92.44	$ 127.83
NASDAQ Composite	100.00	125.88	150.49	154.80	189.32	276.83
NASDAQ 100 Total Return	100.00	121.74	123.82	167.72	242.04	225.88
Russell 2000 Total Return	100.00	118.77	107.08	103.40	170.16	143.16
S&P Composite 1500 Food Products Industry Index	100.00	85.03	87.52	93.92	113.97	119.33

Issuer Purchases of Equity Securities

There were no purchases of our Common Stock made by or on behalf of our Company or any affiliated purchaser during our fiscal 2022 fourth quarter.

Recent Sales of Unregistered Securities

No sales of securities without registration under the Securities Act of 1933 occurred during our fiscal year ended May 28, 2022.

Securities Authorized for Issuance under Equity Compensation Plans

	Equity Compensation Plan Information			
	(a)		(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights		Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	—	$	—	317,844
Equity compensation plans not approved by shareholders	—		—	—
Total	—	$	—	317,844

(a) There were no outstanding options, warrants or rights as of May 28, 2022. There were 1,016,573 shares of restricted stock outstanding under our Amended and Restated 2012 Omnibus Long-Term Incentive Plan as of May 28, 2022.
(b) There were no outstanding options, warrants or rights as of May 28, 2022.
(c) Reflects shares available for future issuance as of May 28, 2022 under our Amended and Restated 2012 Omnibus Long-Term Incentive Plan.

For additional information, see Note 16 – Stock Compensation Plans in Part II. Item 8. Notes to the Consolidated Financial Statements.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RISK FACTORS; FORWARD-LOOKING STATEMENTS

For information relating to important risks and uncertainties that could materially adversely affect our business, securities, financial condition, operating results, or cash flow, reference is made to the disclosure set forth under Part I. Item 1A. Risk Factors. In addition, because the following discussion includes numerous forward-looking statements relating to our business, securities, financial condition, operating results and cash flow, reference is made to the disclosure set forth under Part I. Item 1A. Risk Factors and to the information set forth in the section of Part I immediately preceding Item 1 above under the caption "Forward-Looking Statements."

COMPANY OVERVIEW

Cal-Maine Foods, Inc. is primarily engaged in the production, grading, packaging, marketing and distribution of fresh shell eggs. Our fiscal year end is the Saturday closest to May 31. The Company, which is headquartered in Ridgeland, Mississippi, is the largest producer and distributor of fresh shell eggs in the United States ("U.S"). In fiscal 2022, we sold approximately 1,083.8 million dozen shell eggs, which we believe represented approximately 20% of domestic shell egg consumption. Our total flock as of May 28, 2022 of approximately 42.2 million layers and 11.5 million pullets and breeders is the largest in the U.S. We sell most of our shell eggs to a diverse group of customers, including national and regional grocery store chains, club stores, companies servicing independent supermarkets in the U.S., food service distributors, and egg product consumers in states across the southwestern, southeastern, mid-western and mid-Atlantic regions of the U.S.

The Company has one operating segment, which is the production, grading, packaging, marketing and distribution of shell eggs. Many of our customers rely on us to provide most of their shell egg needs, including specialty and conventional eggs. Specialty eggs represent a broad range of products. We classify nutritionally enhanced, cage-free, organic, free-range, pasture-raised and brown eggs as specialty eggs for accounting and reporting purposes. We classify all other shell eggs as conventional eggs. While we report separate sales information for these types of eggs, there are a number of cost factors which are not specifically available for conventional or specialty eggs due to the nature of egg production. We manage our operations and allocate resources to these types of eggs on a consolidated basis based on the demands of our customers. For further description of our business, refer to Part I. Item I. Business.

HPAI

We are closely monitoring the outbreaks of highly pathogenic avian influenza ("HPAI"), the latest of which was detected in commercial flocks in the U.S. in February 2022. 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 July 19, 2022. The USDA division of Animal and Plant Health Inspection Service ("APHIS"), reported that approximately 30.7 million commercial layer hens have been depopulated due to HPAI. Pullets impacted comprise approximately 1.0 million. According to APHIS, the most recently reported outbreaks of HPAI affecting commercial layer hens and pullets occurred June 7, 2022 and June 9, 2022, respectively. We believe the HPAI outbreak will continue to impact the overall supply of eggs until the layer hen flock is fully replenished. While no farm is immune from HPAI, we believe we have implemented and continue to maintain robust biosecurity programs across our locations. We are also 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 our response, if needed.

COVID-19

Since early 2020, the coronavirus ("COVID-19") outbreak, characterized as a pandemic by the World Health Organization on March 11, 2020, has caused significant disruptions in international and U.S. economies and markets. We understand the challenges and difficult economic environment facing families in the communities where we live and work, and we are committed to helping where we can. We have provided food assistance to those in need by donating approximately 829 thousand dozen eggs in fiscal 2022. We believe we are taking all reasonable precautions in the management of our operations in response to the COVID-19 pandemic. Our top priority is the health and safety of our employees, who work hard each day to produce eggs for our customers. As part of the nation's food supply, we work in a critical infrastructure industry, and we believe we have a special responsibility to maintain our normal work schedule. As such, we are in regular communication with our managers across our operations and continue to closely monitor the situation in our facilities and in the communities where we live and work. We have implemented procedures designed to protect our employees, taking into account guidelines published by the Centers for Disease Control and other government health agencies, and we have strict sanitation protocols and biosecurity measures in place throughout our operations with restricted access to visitors. There are no known indications that COVID-19 affects chickens or can be transferred through the food supply.

We continue to proactively monitor and manage operations during the COVID-19 pandemic, including additional related costs that we incurred or may incur in the future. The pandemic had a negative impact on our business through disruptions in the supply chain such as increased costs and limited availability of packaging supplies, increased labor costs, increased medical costs and, more recently, inflation.

In fiscal 2022 and 2021, we spent $2.2 million and $2.3 million (excluding medical insurance claims) related to the pandemic and its effects, respectively. The majority of these expenses resulted from additional labor and increased cost of packaging materials, which are primarily reflected in cost of sales. Medical insurance claims related to COVID-19 paid during fiscal 2022 and 2021 were an additional $2.4 million and $1.4 million, respectively.

Executive Overview of Results – Fiscal Years Ended May 28, 2022, May 29, 2021 and May 30, 2020

	Fiscal Years Ended		
	May 28, 2022	May 29, 2021	May 30, 2020
Net sales (in thousands)	$ 1,777,159	$ 1,348,987	$ 1,351,609
Gross profit (in thousands)	$ 337,059	$ 160,661	$ 179,588
Net average shell egg price [(a)]	$ 1.579	$ 1.217	$ 1.231
Average UB Southeast Region - Shell Eggs - White Large	$ 1.712	$ 1.155	$ 1.220
Feed costs per dozen produced	$ 0.571	$ 0.446	$ 0.409

(a) The net average shell egg selling price is the blended price for all sizes and grades of shell eggs, including non-graded shell egg sales, breaking stock and undergrades.

Throughout the first three quarters of our fiscal year 2020, an oversupply of eggs negatively affected the price of conventional eggs and demand for specialty eggs was negatively impacted by the low conventional egg prices. For the first three quarters of fiscal 2020, the average UB southeastern large index price was down 21.9% compared with the prior-year period. However, in the fourth quarter of fiscal 2020, the average UB southeastern large index price was 62.4% higher than the average price through the first three quarters in fiscal 2020 due to increased demand related to the onset of the pandemic, as consumers purchased more eggs in anticipation of preparing more meals at home.

Consumer demand maintained a steady growth throughout our first three quarters of fiscal 2021 but began trending down during our fourth quarter of fiscal 2021 as consumers started to resume pre-pandemic activities. Our net sales for fiscal 2021 decreased $2.6 million compared to fiscal 2020, primarily due to the decrease in the selling price and volume of conventional eggs, partially offset by the increased volume of specialty eggs sold. We believe the decreased demand in foodservice seen throughout the first three quarters of fiscal 2021 due to the pandemic contributed to the depressed price of shell eggs for fiscal 2021 in the retail market due to the extra supply entering the retail channel from the foodservice channel.

For fiscal 2022, we believe prices for conventional eggs were positively impacted by a better alignment of the size of the conventional production layer hen flock and customer and consumer demand through the first three fiscal quarters of 2022. Conventional egg prices further increased in the fourth quarter of fiscal 2022 primarily due to decreased supply caused by the HPAI outbreak compounded with good customer demand. Throughout fiscal 2022 the hen numbers reported by the USDA remained below the five-year average. As of July 17, 2022, APHIS reported that approximately 30.7 million commercial table egg layer hens, or approximately 9.5% of the table egg layer flock based on February 2022 reported layer numbers, have been depopulated due to HPAI. Hen numbers reported by the USDA as of June 1, 2022, were 297.5 million, which represents 18.3 million fewer hens than a year ago.

According to Information Resources, Inc. (“IRI”), for the 52 weeks ended June 5, 2022, which approximately aligns with our fiscal year 2022, conventional egg dozens sold in the U.S. at multi-retail outlets decreased 14.3%, while specialty egg dozens sold increased 13.2% versus the prior-year comparable period. Our conventional eggs dozens sold decreased 3.4% and specialty egg dozens sold increased 12.5% as compared to fiscal 2021.

Gross profit increased $176.4 million to $337.1 million in fiscal 2022. The increase resulted primarily from higher selling prices for conventional eggs as well as the increased volume of specialty eggs sold, partially offset by the increased cost of feed ingredients, increased processing costs and the decline in the volume of conventional eggs sold. For fiscal year 2022, the average Chicago Board of Trade (“CBOT”) daily market price was $6.31 per bushel for corn and $392.06 per ton for soybean meal, representing increases of 38.3% and 6.1%, respectively, compared to the daily average CBOT prices for fiscal 2021. Feed costs started trending higher midway through the second quarter of fiscal 2021 and then again near the end of the second quarter of fiscal 2022. Beginning in August 2020, the grain markets, particularly corn, have been negatively affected by many factors, including weather-related production and yield shortfalls, increased export demand and ongoing disruptions from the COVID-19 global pandemic. These factors continued into our fiscal 2022 and as other factors such as the Russia-Ukraine war, increased fuel costs, transportation and fertilizers prices and strong export demand and restrictions further compounded the existing issues that contributed to near-historical low stocks-to-use ratios for corn worldwide and overall higher feed ingredient cost and price volatility.

We continue to execute our growth strategy of remaining a low-cost provider of shell eggs and growth of our specialty eggs and egg products through additional investments in cage-free facilities and selective acquisitions. In fiscal 2022, we acquired the remaining 50% membership interest in Red River Valley Egg Farm, LLC ("Red River"), which owns and operates a specialty shell egg production complex with approximately 1.7 million cage-free laying hens, cage-free pullet capacity, a feed mill, processing plant, related offices and outbuildings and related equipment located on approximately 400 acres near Bogata, Texas. We also announced new capital projects with estimated costs of $105 million that will expand our cage-free production and capacity by 2.2 million cage-free hens. For additional information, see Part I. Item 2. Properties.

RESULTS OF OPERATIONS

The following table sets forth, for the fiscal years indicated, certain items from our consolidated statements of income expressed as a percentage of net sales.

	Fiscal Year Ended	
	May 28, 2022	May 29, 2021
Net sales	100.0 %	100.0 %
Cost of sales	81.0 %	88.1 %
Gross profit	19.0 %	11.9 %
Selling, general and administrative	11.2 %	13.6 %
(Gain) loss on disposal of fixed assets	(0.3) %	0.2 %
Operating income (loss)	8.1 %	(1.9) %
Total other income	1.3 %	1.2 %
Income (loss) before income taxes	9.4 %	(0.7) %
Income tax expense (benefit)	1.9 %	(0.9) %
Net income	7.5 %	0.2 %
Less: Net loss attributable to noncontrolling interest	— %	— %
Net income attributable to Cal-Maine Foods, Inc.	7.5 %	0.2 %

Fiscal Year Ended May 28, 2022 Compared to Fiscal Year Ended May 29, 2021

NET SALES

Total net sales for fiscal 2022 were $1,777.2 million compared to $1,349.0 million for fiscal 2021.

Net shell egg sales represented 96.6% and 97.3% of total net sales for the fiscal year 2022 and 2021, respectively. Shell egg sales classified as "Other" represent sales of hard-cooked eggs, hatching eggs, and other miscellaneous products included with our shell egg operations. The table below presents an analysis of our conventional and specialty shell egg sales (in thousands, except percentage data):

	May 28, 2022		May 29, 2021	
Total net sales	$ 1,777,159		$ 1,348,987	
Conventional	$ 1,061,995	61.8 %	$ 766,284	58.4 %
Specialty	648,838	37.8 %	539,780	41.1 %
Egg sales, net	1,710,833	99.6 %	1,306,064	99.5 %
Other	6,322	0.4 %	6,190	0.5 %
Net shell egg sales	$ 1,717,155	100.0 %	$ 1,312,254	100.0 %
Dozens sold:				
Conventional	747,914	69.0 %	785,446	73.2 %
Specialty	335,875	31.0 %	287,765	26.8 %
Total dozens sold	1,083,789	100.0 %	1,073,211	100.0 %
Net average selling price per dozen:				
Conventional	$ 1.420		$ 0.976	
Specialty	$ 1.932		$ 1.876	
All shell eggs	$ 1.579		$ 1.217	
Egg products sales:				
Egg products net sales	$ 60,004		$ 36,733	
Pounds sold	63,968		63,627	
Net average selling price per pound	$ 0.938		$ 0.577	

Shell egg net sales

- For fiscal 2022, conventional egg sales increased $295.7 million, or 38.6%, compared to fiscal 2021, primarily due to the increase in conventional egg prices, partially offset by a 4.8% decrease in the volume of conventional eggs sold. Changes in price resulted in a $332.1 million increase and change in volume resulted in a $36.6 million decrease in net sales, respectively.
- We believe prices for conventional eggs were positively impacted by a better alignment of the size of the conventional production layer hen flock and customer and consumer demand throughout the first three quarters of fiscal 2022. Conventional egg prices further increased in the fourth quarter of fiscal 2022 primarily due to decreased supply caused by the HPAI outbreak, discussed above.
- We believe lower conventional egg prices in the prior-year period were primarily tied to a surplus of conventional eggs entering the retail channel from the foodservice channel exceeding retail demand during this phase of the pandemic.
- The decrease in volume of conventional eggs sold was primarily due to elevated retail demand during the first half of fiscal 2021 given consumers' preferences to purchase eggs for in-home meal preparation due to the pandemic. We saw these consumer preferences begin to shift in the fourth quarter of fiscal 2021 as consumers began to resume out-of-home dining and prepared fewer meals at home.
- Specialty egg sales increased $109.1 million, or 20.2%, for fiscal 2022 compared to fiscal 2021, primarily due to a 16.7% increase in the volume of specialty dozens sold and a 3.0% increase in specialty egg prices. Changes in price resulted in a $18.8 million increase and change in volume resulted in a $90.3 million increase in net sales, respectively. Our specialty egg sales also benefitted from our additional cage-free production capacity. Cage-free egg sales for fiscal 2022 were 22.1% of our total net shell egg sales.

Egg products net sales

- Egg products net sales increased $23.3 million or 63.4%, primarily due to a 62.6% selling price increase compared to fiscal 2021, which had a $23.1 million positive impact on net sales.
- Our egg products net average selling price increased in fiscal 2022, compared to fiscal 2021 as foodservice channel demand has begun to shift more towards pre-pandemic levels. This coincided with the HPAI outbreak that started in February 2022, in which we believe 10.4 of the 30.7 million culled birds were located at facilities dedicated to support inline breaking facilities in Iowa.
- Selling prices for egg products in fiscal 2021 were negatively impacted by a decline in foodservice demand during the more restrictive phases of governmental and business shutdowns due to the pandemic.

COST OF SALES

Cost of sales for fiscal 2022 were $1,440.1 million compared to $1,188.3 million for fiscal 2021.

Cost of sales consists of costs directly related to producing, processing and packing shell eggs, purchases of shell eggs from outside producers, processing and packing of liquid and frozen egg products and other non-egg costs. Farm production costs are those costs incurred at the egg production facility, including feed, facility, hen amortization and other related farm production costs.

The following table presents the key variables affecting our cost of sales (in thousands, except cost per dozen data):

	Fiscal Year Ended		
	May 28, 2022	May 29, 2021	% Change
Cost of Sales:			
Farm production	$ 927,806	$ 730,902	26.9 %
Processing, packaging, and warehouse	289,056	250,058	15.6
Egg purchases and other (including change in inventory)	172,034	177,634	(3.2)
Total shell eggs	1,388,896	1,158,594	19.9
Egg products	51,204	29,536	73.4
Other	—	196	(100.0)
Total	$ 1,440,100	$ 1,188,326	21.2 %
Farm production costs (per dozen produced)			
Feed	$ 0.571	$ 0.446	28.0 %
Other	$ 0.352	$ 0.320	10.0 %
Total	$ 0.923	$ 0.766	20.5 %
Outside egg purchases (average cost per dozen)	$ 1.72	$ 1.22	41.0 %
Dozens produced	1,022,327	970,837	5.3 %
Percent produced to sold	94.3%	90.5%	4.2 %

Farm Production

- Feed costs per dozen produced increased 28.0% in fiscal 2022 compared to fiscal 2021, primarily due to higher feed ingredient prices, discussed above.
- Other farm production costs increased due to higher flock amortization, primarily from an increase in our cage-free production, which has higher capitalized costs. Also, higher feed costs, which began to rise in our third quarter of fiscal 2021, are capitalized in our flocks during pullet production and increased our amortization expense.
- We had higher facility expense as more cage-free facilities came into production.

Processing, packaging, and warehouse

- Cost of packaging materials increased 11.9% compared to fiscal 2021 as supply chain constraints initially caused by the pandemic increased costs for packaging products and manufacturers implemented pandemic surcharges. Costs also increased due to rising inflation.
- Labor costs increased 14.4% due to wage increases in response to labor shortages, primarily due to the pandemic and its effects.
- Dozens processed increased 5.0% compared to fiscal 2021, which resulted in an $11.4 million increase in costs.

Egg purchases and other (including change in inventory)

- Costs in this category decreased primarily due to the decrease in the volume of outside egg purchases, as our percentage of produced to sold increased to 94.3% in fiscal 2022 from 90.5% in fiscal 2021, partially offset by higher egg prices.

Looking forward to fiscal 2023, market indications point to higher corn and soybean prices and greater volatility tied to the Russia-Ukraine war and higher export demand.

GROSS PROFIT

Gross profit, as a percentage of net sales, was 19.0% for fiscal 2022, compared to 11.9% for fiscal 2021. The increase resulted primarily from higher selling prices for conventional eggs as well as the increased volume of specialty eggs sold, partially offset by the increased cost of feed ingredients, increased processing costs and the decline in the volume of conventional eggs sold.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses ("SGA") include costs of marketing, distribution, accounting, and corporate overhead. SG&A increased $14.7 million to $198.6 million in fiscal 2022. The following table presents an analysis of our SGA expenses (in thousands):

	Fiscal Year Ended			
	May 28, 2022	May 29, 2021	$ Change	% Change
Specialty egg expense	$ 59,830	$ 59,294	$ 536	0.9 %
Delivery expense	62,677	52,670	10,007	19.0 %
Payroll, taxes and benefits	43,954	43,327	627	1.4 %
Stock compensation expense	4,063	3,778	285	7.5 %
Other expenses	28,107	24,874	3,233	13.0 %
Total	$ 198,631	$ 183,943	$ 14,688	8.0 %

Specialty egg expense

- Specialty egg expense which includes franchise fees, advertising and promotion costs generally tracks with specialty egg volumes, which were up 16.7% for fiscal 2022 compared to fiscal 2021. However, our specialty egg expense increased only 0.9%, primarily due to increased sales to other Eggland's Best, Inc. ("EB") franchisees, including unconsolidated affiliates, Specialty Eggs, LLC and Southwest Specialty Eggs, LLC, that were responsible for the franchise fees, advertising and promotion costs associated with those sales resulting in reduced costs for us. Also, the strong conventional market diminished the need to promote specialty eggs; and as a result, EB temporarily reduced the related franchise fees for certain specialty egg products to encourage continued production of these products.

Delivery expense

- The increased delivery expense is primarily due to the increase in fuel and labor costs for both our fleet and contract trucking.

Other expenses

- The increase in other expenses is primarily due to property losses incurred that were not covered by insurance as well as increased premiums for property and casualty insurance programs. We also accrued an additional $1.1 million in property taxes due to the Red River acquisition.

OPERATING INCOME (LOSS)

As a result of the above, our operating income was $143.5 million for fiscal 2022, compared to operating loss of $26.3 million for fiscal 2021.

OTHER INCOME (EXPENSE)

Total other income (expense) consists of items not directly charged to, or related to, operations such as interest income and expense, equity in income or loss of unconsolidated entities, and patronage dividends, among other items.

The Company recorded interest income of $988 thousand in fiscal 2022, compared to $2.8 million in fiscal 2021. We recorded interest expense of $403 thousand and $213 thousand in fiscal 2022 and 2021, respectively, primarily related to commitment fees on our Credit Facility described below.

Patronage dividends, which represent distributions from our membership in EB, increased $1.1 million or 12.5%. Patronage dividends are paid once a year based on EB's profits and its available cash.

Equity in income from unconsolidated entities for fiscal 2022 was $1.9 million compared to $622 thousand for fiscal 2021, due to increased specialty egg prices as well as increased sales volume resulting from our additional investment in Southwest Specialty to expand its operations.

Other, net for fiscal 2022 was income of $9.8 million compared to $4.1 million for fiscal 2021. The majority of the increase is due to our acquisition of the remaining 50% membership interest in Red River as we recognized a $4.5 million gain due to the remeasurement of our equity investment, along with the $1.6 million payments related to review and adjustment of our various marketing agreements.

INCOME TAXES

For the fiscal year ended May 28, 2022, our pre-tax income was $166.0 million, compared to pre-tax loss of $9.9 million for fiscal 2021. Income tax expense of $33.6 million was recorded for fiscal 2022 with an effective tax rate of 20.2%. Included in fiscal 2022 income tax expense is the discrete tax benefit of $8.3 million discussed in Note 2 – Acquisition of Part II. Item 8. Notes to Condensed Consolidated Financial Statements in this Annual Report. Excluding the discrete tax benefit, income tax expense was $41.9 million with an adjusted effective tax rate of 25.2%. For fiscal 2021, income tax benefit was $12.0 million. Excluding the impact of discrete items related to a $12.4 million net tax benefit recorded during fiscal 2021 in connection with the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), our income tax benefit for the comparable period of fiscal 2021 was $2.2 million, which reflects an adjusted effective tax rate of 22.7%.

At May 28, 2022, the Company had an income tax receivable of $42.1 million compared to $42.5 million at May 29, 2021. The income tax receivable is related to the Company's decision to carryback fiscal 2020 and fiscal 2021 taxable net operating losses to recover a portion of taxes paid in fiscal 2015 and fiscal 2016. During fiscal 2022, the Company filed both federal carryback tax returns, and we believe we will receive the refunds during our third fiscal quarter of 2023.

Items causing our effective tax rate to differ from the federal statutory income tax rate of 21% are state income taxes, certain federal tax credits and certain items included in income or loss for financial reporting purposes that are not included in taxable income or loss for income tax purposes, including tax exempt interest income, certain nondeductible expenses, and net income or loss attributable to noncontrolling interest.

NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST

Net loss attributable to noncontrolling interest was $209 thousand for fiscal 2022 compared to no such income or loss for fiscal 2021.

NET INCOME ATTRIBUTABLE TO CAL-MAINE FOODS, INC.

As a result of the above, net income attributable to Cal-Maine Foods, Inc. for fiscal 2022 was $132.7 million, or $2.73 per basic and $2.72 per diluted share, compared to $2.1 million, or $0.04 per basic and diluted share for fiscal 2021.

Fiscal Year Ended May 29, 2021 Compared to Fiscal Year Ended May 30, 2020

The discussion of our results of operations for the fiscal year ended May 29, 2021 compared to the fiscal year ended May 30, 2020 can be found in Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's fiscal 2021 Annual Report on Form 10-K.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Current Ratio

Our working capital at May 28, 2022 was $476.8 million, compared to $429.8 million at May 29, 2021. The calculation of working capital is defined as current assets less current liabilities. Our current ratio was 3.58 at May 28, 2022 compared to 5.77

at May 29, 2021. The current ratio is calculated by dividing current assets by current liabilities. Due to seasonal factors described in Part I. Item I. Business – Seasonality, we generally expect our need for working capital to be highest in the fourth and first fiscal quarters ending in May/June and August/September, respectively.

Cash Flows from Operating Activities

Net cash provided by operating activities was $126.2 million for fiscal year 2022 compared with $26.1 million for fiscal year 2021. The increase in cash flow from operations resulted primarily from higher selling prices for conventional eggs as well as the increased volume of specialty eggs, partially offset by the increased cost of feed ingredients and processing costs. The increase in accounts payables, accrued expenses and other liabilities is primarily due to $62.3 million balance for dividends and income tax payables as of May 28, 2022.

Cash Flows from Investing Activities

We continue to invest in our facilities, with $72.4 million used to purchase property, plant and equipment for fiscal 2022, compared to $95.1 million in fiscal 2021. Proceeds from the sale of property, plant and equipment was $8.3 million for fiscal 2022, compared to $3.4 million for in fiscal 2021. We also acquired the remaining 50% membership interest in Red River during our first quarter of fiscal 2022 for $44.8 million, net of cash acquired. Purchases of investments were $98.2 million in fiscal 2022, compared to $88.3 million in fiscal 2021. Sales and maturities of investment securities were $92.7 million for fiscal 2022, compared to $129.1 million for fiscal 2021. We received $400 thousand in distributions from unconsolidated entity in fiscal 2022 compared to $6.7 million for fiscal 2021.

Cash Flows from Financing Activities

We paid dividends totaling $6.1 million and $1.7 million in fiscal 2022 and 2021, respectively. Purchases of common stock by treasury of $1.1 million and $871 thousand were made to satisfy tax withholding obligations for employees in connection with the vesting of restricted common stock. Cash payments of $215 thousand and $205 thousand were made on our finance lease.

As of May 28, 2022, cash increased $1.7 million since May 29, 2021, compared to a decrease of $20.8 million during fiscal 2021.

Credit Facility

We had no long-term debt outstanding at the end of fiscal 2022 and 2021. On November 15, 2021, we entered into an Amended and Restated Credit Agreement (the "Credit Agreement") with a five-year term. The Credit Agreement amended and restated the Company's previously existing credit agreement dated July 10, 2018. The Credit Agreement provides for an increased senior secured revolving credit facility (the "Credit Facility"), in an initial aggregate principal amount of up to $250 million. As of May 28, 2022, no amounts were borrowed under the Credit Facility. We have $4.1 million in outstanding standby letters of credit, which were issued under our Credit Facility for the benefit of certain insurance companies. Refer to Part II. Item 8. Notes to the Financial Statements, Note 10 – Credit Facility for further information regarding our long-term debt.

Material Cash Requirements

Material cash requirements for operating activities consist of feed ingredients, employee related costs, and other general operating expenses, which we expect to be paid from our cash from operations.

We continue to monitor the increasing demand for cage-free eggs and to engage with our customers in an effort to achieve a smooth transition to meet their announced commitment timeline for cage-free egg sales. As of May 28, 2022, we had invested approximately $516 million in facilities, equipment and related operations to expand our cage-free production starting with our first facility in 2008. The following table presents current material construction projects approved as of May 28, 2022, along with our $55.3 million capital project approved subsequent to the end of the fourth quarter 2022 to convert existing capacity at our Chase, Kansas production facility to house approximately 1.5 million cage-free hens and include remodels of all remaining pullet facilities (in thousands):

Project(s) Type	Projected Completion	Projected Cost	Spent as of May 28, 2022	Remaining Projected Cost
Cage-Free Layer & Pullet Houses/Processing Facility	Fiscal 2023	$ 131,974	$ 113,386	$ 18,588
Cage-Free Layer & Pullet Houses	Fiscal 2023	24,171	14,201	9,970
Cage-Free Layer & Pullet Houses	Fiscal 2024	42,591	107	42,484
Cage-Free Layer & Pullet Houses	Fiscal 2025	94,183	144	94,039
		$ 292,919	$ 127,838	$ 165,081

For additional information, see Part I. Item 2. Properties. The following table summarizes by fiscal year the future estimated cash payments, in thousands, to be made under existing contractual obligations as of May 28, 2022. Further information on debt obligations is contained in Note 10 – Credit Facility, and on lease obligations in Note 15 – Leases, each in Part II. Item 8. Notes to the Consolidated Financial Statements. As of May 28, 2022, we had no outstanding long-term debt.

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Finance leases	$ 457	$ 239	$ 218	$ —	$ —
Operating leases	1,080	539	536	5	—
Purchase obligations:					
Feed ingredients [(a)]	172,132	172,132	—	—	—
Construction contracts and other equipment	27,568	19,281	8,287	—	—
Total	$ 201,237	$ 192,191	$ 9,041	$ 5	$ —

(a) Actual purchase obligations may change based on the contractual terms and agreements

We believe our current cash balances, investments, cash flows from operations, and Credit Facility will be sufficient to fund our capital needs for at least the next 12 months.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS

For information on changes in accounting principles and new accounting principles, see "*New Accounting Pronouncements and Policies*" in Part II. Item 8. Notes to Consolidated Financial Statements, Note 1 - Summary of Significant Accounting Policies.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Critical accounting estimates are those estimates made in accordance with GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the financial condition or results of operations. Our critical accounting estimates are described below.

BUSINESS COMBINATIONS

The Company applies the acquisition method of accounting, which requires that once control is obtained, all the assets acquired and liabilities assumed, including amounts attributable to noncontrolling interests, are recorded at their respective fair values at the date of acquisition. The excess of the purchase price over fair values of identifiable assets and liabilities is recorded as goodwill.

We typically use the income method approach for intangible assets acquired in a business combination. Significant judgment exists in valuing certain intangible assets. and the most significant assumptions requiring judgment involve estimating the amount and timing of future cash flows, growth rates, discount rates selected to measure the risks inherent in the future cash flows and the asset's expected useful lives.

The fair values of identifiable assets and liabilities is determined internally and requires estimates and the use of various valuation techniques. When a market value is not readily available, our internal valuation methodology considers the remaining estimated life of the assets acquired and significant judgment is required as management determines the fair market value for those assets.

Due to inherent industry uncertainties including volatile egg prices and feed costs, unanticipated market changes, events, or circumstances may occur that could affect the estimates and assumptions used, which could result in subsequent impairments.

INVENTORIES

Inventories of eggs, feed, supplies and flocks are valued principally at the lower of cost (first-in, first-out method) or net realizable value. If market prices for eggs and feed grains move substantially lower, we record adjustments to write down the carrying values of eggs and feed inventories to fair market value. The cost associated with flock inventories, consisting principally of chick purchases, feed, labor, contractor payments and overhead costs, are accumulated during the growing period of approximately 22 weeks. Capitalized flock costs are then amortized over the flock's productive life, generally one to two years. Judgment exists in determining the flock's productive life including factors such as laying rate and egg size, molt cycles, and customer demand. Furthermore, other factors such as hen type or weather conditions could affect the productive life. These factors could make our estimates of productive life differ from actual results. Flock mortality is charged to cost of sales as incurred. High mortality from disease or extreme temperatures will result in abnormal write-downs to flock inventories. Management continually monitors each flock and attempts to take appropriate actions to minimize the risk of mortality loss.

GOODWILL

As a result of acquiring businesses, the Company has $44.0 million of goodwill on May 28, 2022. Goodwill is evaluated for impairment annually by first performing a qualitative assessment to determine whether a quantitative goodwill test is necessary. After assessing the totality of events or circumstances, if we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform additional quantitative tests to determine the magnitude of any impairment.

The Company has determined that all of our locations share similar economic characteristics and support each other in the production of eggs and customer support. Therefore, we aggregate all our locations as a single reporting unit for testing goodwill for impairment. When the Company acquires a new location, we determine whether it should be integrated into our single reporting unit or treated as a separate reporting unit. Historically, we have concluded that acquired operations should be integrated into our single reporting unit due to the operational changes, redistribution of customers, and significant changes in management that occur when we acquire businesses, which result in the acquired operations sharing similar economic characteristics with the rest of our locations. Once goodwill associated with acquired operations becomes part of goodwill of our single reporting unit, it no longer represents the particular acquired operations that gave rise to the goodwill. We may conclude that a business acquired in the future should be treated as a separate reporting unit, in which case it would be tested separately for goodwill impairment.

At May 28, 2022, goodwill represented 3.1% of total assets and 2.9% of stockholders' equity.

Judgment exists in management's evaluation of the qualitative factors which include macroeconomic conditions, the current egg industry environment, cost inputs such as feed ingredients and overall financial performance. Furthermore, judgment exists in the evaluation of the threshold of whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Uncertainty exists due to uncontrollable events that could occur that could negatively affect our operating conditions.

During our annual impairment test in fiscal 2022, we determined that goodwill passed the qualitative assessment and therefore no quantitative analysis of goodwill impairment was necessary.

REVENUE RECOGNITION

Revenue recognition is completed upon satisfaction of the performance obligation to the customer, which typically occurs within days of the Company and customer agreeing upon the order. See Note 14 – Revenue Recognition in Part II. Item 8. Notes to the Consolidated Financial Statements for further discussion of the policy.

The Company believes the performance obligation is met upon delivery and acceptance of the product by our customers. Costs to deliver product to customers are included in selling, general and administrative expenses in the accompanying Consolidated Statements of Income. Sales revenue reported in the accompanying Consolidated Statements of Income is reduced to reflect estimated returns and allowances. The Company records an estimated sales allowance for returns and discounts at the time of sale using historical trends based on actual sales returns and sales.

The Company periodically provides incentive offers to its customers to encourage purchases. Such offers include current discount offers (e.g., percentage discounts off current purchases), inducement offers (e.g., offers for future discounts subject to a minimum current purchase), and other similar offers. Current discount offers, when accepted by customers, are treated as a reduction to the sales price of the related transaction, while inducement offers, when accepted by customers, are treated as a reduction to sales price based on estimated future redemption rates. Redemption rates are estimated using the Company's historical experience for similar inducement offers. Current discount and inducement offers are presented as a net amount in ''Net sales.''

As the estimates noted above are based on historical information, we do not believe that there will be a material change in the estimates and assumptions used to recognize revenue. However, if actual results varied significantly from our estimates it could expose us to material gains or losses.

LOSS CONTINGENCIES

The Company evaluates whether a loss contingency exists, and if the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the loss can be reasonably estimated, the estimated loss would be accrued in the Company's financial statements. The Company expenses the costs of litigation as they are incurred.

There were no loss contingency reserves for the past three fiscal years. Our evaluation of whether loss contingencies exist primarily relates to litigation matters. The outcome of litigation is uncertain due to, among other things, uncertainties regarding the facts will be established during the proceedings, uncertainties regarding how the law will be applied to the facts established, and uncertainties regarding the calculation of any potential damages or the costs of any potential injunctive relief. If the facts discovered or the Company's assumptions change, future reserves for loss contingencies may be required. Results of operations may be materially affected by losses or a loss contingency reserve resulting from adverse legal proceedings.

INCOME TAXES

We determine our effective tax rate by estimating our permanent differences resulting from differing treatment of items for tax and accounting purposes. Judgment and uncertainty exist with management's application of tax regulations and evaluation of the more-likely-than-not recognition and measurement thresholds. We are periodically audited by taxing authorities. An adverse tax settlement could have a negative impact on our effective tax rate and our results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

COMMODITY PRICE RISK

Our primary exposure to market risk arises from changes in the prices of conventional eggs, which are subject to significant price fluctuations that are largely beyond our control. We are focused on growing our specialty shell egg business because the selling prices of specialty shell eggs are generally not as volatile as conventional shell egg prices. Our exposure to market risk also includes changes in the prices of corn and soybean meal, which are commodities subject to significant price fluctuations due to market conditions that are largely beyond our control. To ensure continued availability of feed ingredients, we may enter into contracts for future purchases of corn and soybean meal, and as part of these contracts, we may lock-in the basis portion of our grain purchases several months in advance and commit to purchase organic ingredients to help assure supply. Ordinarily, we do not enter long-term contracts beyond a year to purchase corn and soybean meal or hedge against increases in the price of corn and soybean meal. The following table outlines the impact of price changes for corn and soybean meal on feed costs per dozen as feed ingredient pricing varies:

		Change in price per bushel of corn						
		$ (0.84)	$ (0.56)	$ (0.28)	$ 0.00	$ 0.28	$ 0.56	$ 0.84
Change in price per ton Soybean Meal	$ (76.50)	0.511	0.521	0.531	0.541	0.551	0.561	0.571
	$ (51.00)	0.521	0.531	0.541	0.551	0.561	0.571	0.581
	$ (25.50)	0.531	0.541	0.551	0.561	0.571	0.581	0.591
	$ 0.00	0.541	0.551	0.561	0.571[(a)]	0.581	0.591	0.601
	$ 25.50	0.551	0.561	0.571	0.581	0.591	0.601	0.611
	$ 51.00	0.561	0.571	0.581	0.591	0.601	0.611	0.621
	$ 76.50	0.571	0.581	0.591	0.601	0.611	0.621	0.631

(a) Based on 2022 actual costs, table flexes feed cost inputs to show $0.01 impacts to per dozen egg feed production costs.

INTEREST RATE RISK

The fair value of our debt is sensitive to changes in the general level of U.S. interest rates. In November 2021, we entered into a $250 million Credit Facility which bears interest at a variable rate. No amounts were outstanding under that facility during fiscal 2022. Under our current policies, we do not use interest rate derivative instruments to manage our exposure to interest rate changes.

FIXED INCOME SECURITIES RISK

At May 28, 2022, the effective maturity of our cash equivalents and investment securities available for sale was 9.5 months, and the composite credit rating of the holdings are A / A2 / A (S&P / Moody's / Fitch).

CONCENTRATION OF CREDIT RISK

Our financial instruments exposed to concentrations of credit risk consist primarily of trade receivables. Concentrations of credit risk with respect to receivables are limited due to our large number of customers and their dispersion across geographic areas, except that at May 28, 2022 and May 29, 2021, 27.9% and 23.8%, respectively, of our net accounts receivable balance was due from Walmart Inc. (including Sam's Club). No other single customer or customer group represented 10% or greater of net accounts receivable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Cal-Maine Foods, Inc. and Subsidiaries
Ridgeland, Mississippi

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Cal-Maine Foods, Inc. and Subsidiaries as of May 28, 2022 and May 29, 2021, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended May 28, 2022, and the related consolidated notes and schedule listed in the Index at Item 15(a)(1) and 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cal-Maine Foods, Inc. and Subsidiaries as of May 28, 2022 and May 29, 2021, and the results of their operations and their cash flows for each of the three years in the period ended May 28, 2022, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Cal-Maine Foods, Inc. and Subsidiaries' internal control over financial reporting as of May 28, 2022, based on the criteria established in *2013 Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 19, 2022 expressed an unqualified opinion.

Basis for Opinion

These consolidated financial statements are the responsibility of the entities' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Cal-Maine Foods, Inc. and Subsidiaries in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the Audit Committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Contingent Liabilities – Litigation and Claims – Refer to Note 18 in the Consolidated Financial Statements

Critical Audit Matter Description

Cal-Maine Foods, Inc. and Subsidiaries record liabilities for legal proceedings and claims in those instances where they can reasonably estimate the amount of the loss and when the liability is probable. Where the reasonable estimate of the probable loss is a range, Cal-Maine Foods, Inc. and Subsidiaries record the most likely estimate of the loss, or the low end of the range if there is no one best estimate. Cal-Maine Foods, Inc. and Subsidiaries either disclose the amount of a possible loss or range of loss in excess of established accruals if estimable, or states that such an estimate cannot be made. Cal-Maine Foods, Inc. and Subsidiaries disclose significant legal proceedings and claims even where liability is not probable or the amount of the liability is not estimable, or both, if Cal-Maine Foods, Inc. and Subsidiaries believe there is at least a reasonable possibility that a loss may be incurred.

We identified litigation and claims as a critical audit matter because of the challenges auditing management's judgments applied in determining the likelihood of loss related to the resolution of such claims. Specifically, auditing management's determination of whether any contingent loss arising from the related litigation and claims is probable, reasonably possible or remote, and the related disclosures, is subjective and requires significant judgment due to the sensitivity of the issue.

How the Critical Audit Matter was addressed during the Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of the controls relating to the Cal-Maine Foods, Inc. and Subsidiaries' evaluation of the liability related to legal proceedings and claims, including controls over determining the likelihood of a loss and whether the amount of loss can be reasonably estimated, as well as financial statement disclosures over the legal proceedings and claims. These procedures also included obtaining and evaluating the letters of audit inquiry with external legal counsel, evaluating the reasonableness of Cal-Maine Foods, Inc. and Subsidiaries' assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable, evaluating the sufficiency of Cal-Maine Foods, Inc. and Subsidiaries' disclosures related to legal proceedings and claims and evaluating the completeness and accuracy of Cal-Maine Foods, Inc. and Subsidiaries' legal contingencies.

/s/ Frost, PLLC

We have served as the Company's auditor since 2007.

Little Rock, Arkansas
July 19, 2022

Cal-Maine Foods, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except for par value amounts)

	May 28, 2022	May 29, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 59,084	$ 57,352
Investment securities available-for-sale	115,429	112,158
Receivables:		
Trade receivables, net	169,109	79,066
Income tax receivable	42,147	42,516
Other	8,148	5,057
Total receivables, net	219,404	126,639
Inventories, net	263,316	218,375
Prepaid expenses and other current assets	4,286	5,407
Total current assets	661,519	519,931
Property, plant & equipment, net	677,796	589,417
Finance lease right-of-use asset, net	371	525
Operating lease right-of-use asset, net	1,005	1,724
Investments in unconsolidated entities	15,530	54,941
Goodwill	44,006	35,525
Intangible assets, net	18,131	20,341
Other long-term assets	9,131	6,770
Total assets	$ 1,427,489	$ 1,229,174
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 82,049	$ 52,784
Dividends payable	36,656	—
Accrued wages and benefits	26,059	23,812
Income tax payable	25,687	—
Accrued expenses and other liabilities	13,527	12,595
Current portion of finance lease obligation	224	215
Current portion of operating lease obligation	472	691
Total current liabilities	184,674	90,097
Long-term finance lease obligation	214	438
Long-term operating lease obligation	533	1,034
Other noncurrent liabilities	9,527	10,416
Deferred income taxes	128,196	114,408
Total liabilities	323,144	216,393
Commitments and contingencies - see Note 18		
Stockholders' equity:		
Common stock ($0.01 par value):		
Common stock – authorized 120,000 shares, issued 70,261 shares	703	703
Class A convertible common stock – authorized and issued 4,800 shares	48	48
Paid-in capital	67,989	64,044
Retained earnings	1,065,854	975,977
Accumulated other comprehensive income (loss), net of tax	(1,596)	(558)
Common stock in treasury, at cost – 26,121 and 26,202 shares in 2022 and 2021, respectively	(28,447)	(27,433)
Total Cal-Maine Foods, Inc. stockholders' equity	1,104,551	1,012,781
Noncontrolling interest in consolidated equity	(206)	—
Total stockholders' equity	1,104,345	1,012,781
Total liabilities and stockholders' equity	$ 1,427,489	$ 1,229,174

See Notes to Consolidated Financial Statements.

Cal-Maine Foods, Inc. and Subsidiaries
Consolidated Statements of Income
(in thousands, except per share amounts)

	Fiscal years ended		
	May 28, 2022	May 29, 2021	May 30, 2020
	52 weeks	52 weeks	52 weeks
Net sales	$ 1,777,159	$ 1,348,987	$ 1,351,609
Cost of sales	1,440,100	1,188,326	1,172,021
Gross profit	337,059	160,661	179,588
Selling, general and administrative	198,631	183,943	178,237
(Gain) loss on disposal of fixed assets	(5,109)	2,982	82
Operating income (loss)	143,537	(26,264)	1,269
Other income (expense):			
Interest expense	(403)	(213)	(498)
Interest income	988	2,828	4,962
Patronage dividends	10,130	9,004	10,096
Equity in income of unconsolidated entities	1,943	622	534
Other, net	9,820	4,074	3,696
Total other income	22,478	16,315	18,790
Income (loss) before income taxes	166,015	(9,949)	20,059
Income tax expense (benefit)	33,574	(12,009)	1,731
Net income	132,441	2,060	18,328
Less: Net loss attributable to noncontrolling interest	(209)	—	(63)
Net income attributable to Cal-Maine Foods, Inc.	$ 132,650	$ 2,060	$ 18,391
Net income per share attributable to Cal-Maine Foods, Inc.:			
Basic	$ 2.73	$ 0.04	$ 0.38
Diluted	$ 2.72	$ 0.04	$ 0.38
Weighted average shares outstanding:			
Basic	48,581	48,522	48,467
Diluted	48,734	48,656	48,584

See Notes to Consolidated Financial Statements.

Cal-Maine Foods, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(in thousands)

	Fiscal years ended		
	May 28, 2022	May 29, 2021	May 30, 2020
Net income	$ 132,441	$ 2,060	$ 18,328
Other comprehensive loss, before tax:			
Unrealized holding gain (loss) available-for-sale securities, net of reclassification adjustments	(1,398)	(736)	59
Increase in accumulated post-retirement benefits obligation, net of reclassification adjustments	(9)	(137)	(445)
Other comprehensive loss, before tax	(1,407)	(873)	(386)
Income tax benefit related to items of other comprehensive loss	(369)	(236)	(110)
Other comprehensive loss, net of tax	(1,038)	(637)	(276)
Comprehensive income	131,403	1,423	18,052
Less: comprehensive loss attributable to the noncontrolling interest	(209)	—	(63)
Comprehensive income attributable to Cal-Maine Foods, Inc.	$ 131,612	$ 1,423	$ 18,115

See Notes to Consolidated Financial Statements.

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Cal-Maine Foods, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock Shares	Common Stock Amount	Class A Shares	Class A Amount	Treasury Shares	Treasury Amount	Paid In Capital	Retained Earnings	Accum. Other Comp. Income (loss)	Noncontrolling Interest	Total
Balance at June 1, 2019	70,261	$ 703	4,800	$ 48	26,366	$ (25,866)	$ 56,857	$ 954,527	$ 355	$ 3,182	989,806
Stock compensation plan transactions	—	—	—	—	(79)	(808)	3,515	—	—	—	2,707
Distributions to noncontrolling interest partners	—	—	—	—	—	—	—	—	—	(755)	(755)
Acquisition of noncontrolling interest in Texas Egg Products, LLC	—	—	—	—	—	—	—	2,229	—	(2,364)	(135)
Net income (loss)	—	—	—	—	—	—	—	18,391	—	(63)	18,328
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(276)	—	(276)
Balance at May 30, 2020	70,261	703	4,800 –	48	26,287	(26,674)	60,372	975,147	79	—	1,009,675
Impact of ASC 326, see Note 1	—	—	—	—	—	—	—	422	—	—	422
Balance at May 31, 2020	70,261	703	4,800	48	26,287	(26,674)	60,372	975,569	79	—	1,010,097
Stock compensation plan transactions	—	—	—	—	(85)	(759)	3,667	—	—		2,908
Dividends	—	—	—	—	—	—	—	(1,652)	—	—	(1,652)
Contributions	—	—	—	—	—	—	5	—	—	—	5
Net income	—	—	—	—	—	—	—	2,060	—	—	2,060
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(637)		(637)
Balance at May 29, 2021	70,261	703	4,800	48	26,202	(27,433)	64,044	975,977	(558)	—	1,012,781
Stock compensation plan transactions	—	—	—	—	(81)	(1,014)	3,945	—	—	—	2,931
Dividends	—	—	—	—	—	—	—	(42,773)	—	—	(42,773)
Contributions	—	—	—	—	—	—	—	—	—	3	3
Net income (loss)	—	—	—	—	—	—	—	132,650	—	(209)	132,441
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(1,038)	—	(1,038)
Balance at May 28, 2022	70,261	$ 703	4,800	$ 48	26,121	$ (28,447)	$ 67,989	$ 1,065,854	$ (1,596)	$ (206)	$ 1,104,345

See Notes to Consolidated Financial Statements.

Cal-Maine Foods, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	Fiscal year ended		
	May 28, 2022	May 29, 2021	May 30, 2020
Cash flows from operating activities:			
Net income	$ 132,441	$ 2,060	$ 18,328
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	68,395	59,477	58,103
Deferred income taxes	5,676	22,351	10,281
Equity in income of affiliates	(1,943)	(622)	(534)
(Gain) Loss on disposal of property, plant and equipment	(5,109)	2,982	82
Impairment loss on fixed assets	—	196	2,919
Stock compensation expense, net of amounts paid	4,063	3,778	3,617
Unrealized losses on investments	(745)	1,810	744
Gains on sales of investments	(2,208)	(22)	(611)
Purchases of equity securities	3,469	(334)	(275)
Sales of equity securities	4,939	55	1,212
Amortization of investments	977	890	316
Gain on change in fair value of investment in affiliates	(4,545)	—	—
Other	(109)	(427)	(248)
Change in operating assets and liabilities, net of effects from acquisitions:			
Increase in receivables and other assets	(97,722)	(33,487)	(28,300)
Increase in inventories	(36,152)	(31,159)	(9,704)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	54,782	(1,412)	17,679
Net cash provided by operating activities	126,209	26,136	73,609
Cash flows from investing activities:			
Purchases of investments	(98,243)	(88,283)	(107,234)
Sales of investments	92,703	129,108	204,277
Acquisition of businesses, net of cash acquired	(44,823)	—	(44,650)
Investment in unconsolidated entities	(3,000)	—	—
Distributions from unconsolidated entities	400	6,663	7,114
Purchases of property, plant and equipment	(72,399)	(95,069)	(124,178)
Net proceeds from disposal of property, plant and equipment	8,341	3,390	3,306
Net cash used in investing activities	(117,021)	(44,191)	(61,365)
Cash flows from financing activities:			
Principal payments on long-term debt	—	—	(1,500)
Principal payments on finance lease	(215)	(205)	(196)
Distributions to noncontrolling interest partners	—	—	(755)
Purchase of common stock by treasury	(1,127)	(871)	(910)
Payments of dividends	(6,117)	(1,652)	—
Contributions	3	5	—
Net cash used in financing activities	(7,456)	(2,723)	(3,361)
Increase (decrease) in cash and cash equivalents	1,732	(20,778)	8,883
Cash and cash equivalents at beginning of year	57,352	78,130	69,247
Cash and cash equivalents at end of year	$ 59,084	$ 57,352	$ 78,130
Supplemental information:			
Cash paid for operating leases	$ 805	$ 929	$ 871
Income taxes paid	$ 2,214	$ 995	$ 32
Interest paid	$ 379	$ 508	$ 498

See Notes to Consolidated Financial Statements.

Cal-Maine Foods, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Cal-Maine Foods, Inc. ("we," "us," "our," or the "Company") is primarily engaged in the production, grading, packing and sale of fresh shell eggs, including nutritionally-enhanced, cage-free, organic, free-range, pasture-raised and brown 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.

Principles of Consolidation

The consolidated financial statements include the accounts of all wholly-owned subsidiaries and of majority-owned subsidiaries over which we exercise control. All significant intercompany transactions and accounts have been eliminated in consolidation.

Fiscal Year

The Company's fiscal year-end is on the Saturday closest to May 31. Each of the year-to-date periods ended May 28, 2022, May 29, 2021, and May 30, 2020, included 52 weeks.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. We maintain bank accounts that are insured by the Federal Deposit Insurance Corporation up to $250,000. The Company routinely maintains cash balances with certain financial institutions in excess of federally insured amounts. The Company has not experienced any loss in such accounts. The Company manages this risk through maintaining cash deposits and other highly liquid investments in high quality financial institutions.

We primarily utilize a cash management system with a series of separate accounts consisting of lockbox accounts for receiving cash, concentration accounts to which funds are moved, and zero-balance disbursement accounts for funding accounts payable. Checks issued, but not presented to the banks for payment, may result in negative book cash balances, which are included in accounts payable. At May 29, 2021, checks outstanding in excess of related book cash balances totaled $7.5 million, respectively.

Investment Securities

Our investment securities are accounted for in accordance with ASC 320, "Investments - Debt and Equity Securities" ("ASC 320"). The Company considers its debt securities for which there is a determinable fair market value, and there are no restrictions on the Company's ability to sell within the next 12 months, as available-for-sale. We classify these securities as current, because the amounts invested are available for current operations. Available-for-sale securities are carried at fair value, with unrealized gains and losses reported as a separate component of stockholders' equity. The Company regularly evaluates changes to the rating of its debt securities by credit agencies and economic conditions to assess and record any expected credit losses through allowance for credit losses, limited to the amount that fair value was less than the amortized cost basis. The cost basis for realized gains and losses on available-for-sale securities is determined by the specific identification method. Gains and losses are recognized in other income (expenses) as Other, net in the Company's Consolidated Statements of Income. Investments in mutual funds are classified as "Other long-term assets" in the Company's Consolidated Balance Sheets.

Trade Receivables

Trade receivables are stated at their carrying values, which include a reserve for credit losses. At May 28, 2022 and May 29, 2021, reserves for credit losses were $775 thousand and $795 thousand, respectively. The Company extends credit to customers based on an evaluation of each customer's financial condition and credit history. Collateral is generally not required. The Company minimizes exposure to counter party credit risk through credit analysis and approvals, credit limits, and monitoring procedures. In determining our reserve for credit losses, receivables are assigned an expected loss based on historical loss information adjusted as needed for economic and other forward-looking factors. At May 28, 2022 and May 29, 2021, one customer accounted for approximately 27.9% and 23.8% of the Company’s trade accounts receivable, respectively.

Inventories

Inventories of eggs, feed, supplies and flocks are valued principally at the lower of cost (first-in, first-out method) or net realizable value.

The cost associated with flocks, consisting principally of chicks, feed, labor, contractor payments and overhead costs, are accumulated during a growing period of approximately 22 weeks. Flock costs are amortized to cost of sales over the productive lives of the flocks, generally one to two years. Flock mortality is charged to cost of sales as incurred.

The Company does not disclose the gross cost and accumulated amortization with respect to its flock inventories since this information is not utilized by management in the operation of the Company.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is provided by the straight-line method over the estimated useful lives, which are 15 to 25 years for buildings and improvements and 3 to 12 years for machinery and equipment. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property, plant, and equipment are retired, sold, or otherwise disposed of, the asset’s carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The Company capitalizes interest cost incurred on funds used to construct property, plant, and equipment as part of the asset to which it relates and amortizes such cost over the asset’s estimated useful life. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

Leases

The Company determines if an arrangement is a lease at inception of the arrangement and classifies it as an operating lease or finance lease. We recognize the right to use an underlying asset for the lease term as a right-of-use ("ROU") asset on our balance sheet. A lease liability is recorded to represent our obligation to make lease payments over the term of the lease. These assets and liabilities are included in our Consolidated Balance Sheet in Finance lease right-of-use asset, Operating lease right-of-use asset, Current portion of finance lease obligation, Current portion of operating lease obligation, Long-term finance lease obligation, and Long-term operating lease obligation.

The Company records ROU assets and lease obligations based on the discounted future minimum lease payments over the term of the lease. When the rate implicit in the lease is not easily determinable, the Company’s incremental borrowing rate is used to calculate the present value of the future lease payments. The Company elected not to recognize ROU assets and lease obligations for leases with an initial term of 12 months or less. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

Investments in Unconsolidated Entities

The equity method of accounting is used when the Company has a 20% to 50% interest in other entities or when the Company exercises significant influence over the entity. Under the equity method, original investments are recorded at cost and adjusted by the Company’s share of undistributed earnings or losses of these entities. Nonmarketable investments in which the Company has less than a 20% interest and in which it does not have the ability to exercise significant influence over the investee are initially recorded at cost, and periodically reviewed for impairment.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired. Goodwill is evaluated for impairment annually by first performing a qualitative assessment to determine whether a quantitative goodwill test is necessary. After assessing the totality of events or circumstances, if we determine it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then we perform additional quantitative tests to determine the magnitude of any impairment.

Intangible Assets

Included in other intangible assets are separable intangible assets acquired in business acquisitions, which include franchise fees, non-compete agreements and customer relationship intangibles. They are amortized over their estimated useful lives of 5 to 15 years. The gross cost and accumulated amortization of intangible assets are removed when the recorded amounts are fully amortized and the asset is no longer in use or the contract has expired. When certain events or changes in operating conditions occur, asset lives may be adjusted and an impairment assessment may be performed on the recoverability of the carrying amounts.

Accrued Self Insurance

We use a combination of insurance and self-insurance mechanisms to provide for the potential liabilities for health and welfare, workers' compensation, auto liability and general liability risks. Liabilities associated with our risks retained are estimated, in part, by considering claims experience, demographic factors, severity factors and other actuarial assumptions.

Treasury Stock

Treasury stock purchases are accounted for under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock. The grant of restricted stock through the Company's share-based compensation plans is funded through the issuance of treasury stock. Gains and losses on the subsequent reissuance of shares in accordance with the Company's share-based compensation plans are credited or charged to paid-in capital in excess of par value using the average-cost method.

Revenue Recognition and Delivery Costs

Revenue recognition is completed upon satisfaction of the performance obligation to the customer, which typically occurs within days of the Company and customer agreeing upon the order. See Note 14 – Revenue Recognition for further discussion of the policy.

The Company believes the performance obligation is met upon delivery and acceptance of the product by our customers. Costs to deliver product to customers are included in selling, general and administrative expenses in the accompanying Consolidated Statements of Income. Sales revenue reported in the accompanying consolidated statements of income is reduced to reflect estimated returns and allowances. The Company records an estimated sales allowance for returns and discounts at the time of sale using historical trends based on actual sales returns and sales.

Advertising Costs

The Company expensed advertising costs as incurred of $12.6 million, $11.7 million, and $9.0 million in fiscal 2022, 2021, and 2020, respectively.

Income Taxes

Income taxes are accounted for using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company's policy with respect to evaluating uncertain tax positions is based upon whether management believes it is more likely than not the uncertain tax positions will be sustained upon review by the taxing authorities. The tax positions must meet the more-likely-than-not recognition threshold with consideration given to the amounts and probabilities of the outcomes that could be realized upon settlement using the facts, circumstances and information at the reporting date. The Company will reflect only the portion of the tax benefit that will be sustained upon resolution of the position and applicable interest on the portion of the tax benefit not recognized. The Company initially and subsequently measures the largest amount of tax benefit that is greater than 50% likely to be realized upon settlement with a taxing authority that has full knowledge of all relevant information. The Company records interest and penalties on uncertain tax positions as a component of income tax expense. Based upon management's assessment, there are no uncertain tax positions expected to have a material impact on the Company's consolidated financial statements.

Stock Based Compensation

We account for share-based compensation in accordance with ASC 718, Compensation-Stock Compensation ("ASC 718"). ASC 718 requires all share-based payments to employees and directors, including grants of employee stock options, restricted stock and performance-based shares, to be recognized in the statement of income based on their fair values. ASC 718 requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow. See Note 16 – Stock Compensation Plans for more information.

Business Combinations

The Company applies the acquisition method of accounting, which requires that once control is obtained, all the assets acquired and liabilities assumed, including amounts attributable to noncontrolling interests, are recorded at their respective fair values at the date of acquisition. The fair values of identifiable assets and liabilities are determined internally and requires estimates and the use of various valuation techniques. When a market value is not readily available, our internal valuation methodology considers the remaining estimated life of the assets acquired and what management believes is the market value for those assets.

We typically use the income method approach for intangible assets acquired in a business combination. Significant estimates in valuing certain intangible assets include, but are not limited to, the amount and timing of future cash flows, growth rates, discount rates and useful lives. The excess of the purchase price over fair values of identifiable assets and liabilities is recorded as goodwill.

Loss Contingencies

Certain conditions may exist as of the date the financial statements are issued that may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates it is probable that a material loss has been incurred and the amount of the liability can be estimated, the estimated liability would be accrued in the Company's financial statements. If the assessment indicates a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

The Company expenses the costs of litigation as they are incurred.

New Accounting Pronouncements and Policies

Effective May 31, 2020, the Company adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), which is intended to improve financial reporting by requiring more timely recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The guidance replaces the prior "incurred loss" approach with an "expected loss" model and requires measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The Company adopted the guidance on a modified retrospective basis through a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption. The Company evaluated its current methodology of estimating allowance for doubtful accounts and the risk profile of its receivables portfolio and developed a model that includes the qualitative and forecasting aspects of the "expected loss" model under the amended guidance. The Company finalized its assessment of the impact of the amended guidance and recorded a $422 thousand cumulative increase to retained earnings at May 31, 2020.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on our Consolidated Financial Statements.

Note 2 – Acquisition

Effective on May 30, 2021, the Company acquired the remaining 50% membership interest in Red River Valley Egg Farm, LLC (“Red River”), including certain liabilities. As a result of the acquisition, Red River became a wholly owned subsidiary of the Company. Red River owns and operates a specialty shell egg production complex with approximately 1.7 million cage-free laying hens, cage-free pullet capacity, feed mill, processing plant, related offices and outbuildings and related equipment located on approximately 400 acres near Bogata, Texas.

The following table summarizes the consideration paid for Red River and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

Cash consideration paid	$	48,500
Fair value of the Company's equity interest in Red River held before the business combination		48,500
	$	97,000
Recognized amounts of identifiable assets acquired and liabilities assumed		
Cash	$	3,677
Accounts receivable, net		1,980
Inventory		8,789
Property, plant and equipment		85,002
Liabilities assumed		(2,448)
Deferred income taxes		(8,481)
Total identifiable net assets		88,519
Goodwill		8,481
	$	97,000

Cash and accounts receivable acquired along with liabilities assumed were valued at their carrying value which approximates fair value due to the short maturity of these instruments.

Inventory consisted primarily of flock, feed ingredients, packaging, and egg inventory. Flock inventory was valued at carrying value as management believes that their carrying value best approximates their fair value. Feed ingredients, packaging and egg inventory were all valued based on market prices as of May 30, 2021.

Property, plant and equipment were valued utilizing the cost approach which is based on replacement or reproduction costs of the assets and subtracting any depreciation resulting from physical deterioration and/or functional or economic obsolescence.

The Company recognized a gain of $4.5 million as a result of remeasuring to fair value its 50% equity interest in Red River held before the business combination. The gain was recorded in other income and expense under the heading “Other, net” in the Company’s Condensed Consolidated Statements of Income. The acquisition of Red River resulted in a discrete tax benefit of $8.3 million, which includes a $7.3 million decrease in deferred income tax expense related to the outside-basis of our equity investment in Red River, with a corresponding non-recurring, non-cash $955,000 reduction to income taxes expense on the non-taxable remeasurement gain associated with the acquisition. As part of the acquisition accounting, the Company also recorded an $8.5 million deferred tax liability for the difference in the inside-basis of the acquired assets and liabilities assumed. The recognition of deferred tax liabilities resulted in the recognition of goodwill. None of the goodwill recognized is expected to be deductible for income tax purposes.

Note 3 - Investment Securities

The following presents the Company's investment securities as of May 28, 2022 and May 29, 2021 (in thousands):

May 28, 2022	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Municipal bonds	$ 10,136	$ —	$ 32	$ 10,104
Commercial paper	14,940	—	72	14,868
Corporate bonds	74,167	—	483	73,684
Certificates of deposits	1,263	—	18	1,245
US government and agency obligations	2,205	4	—	2,209
Asset backed securities	13,456	—	137	13,319
Total current investment securities	$ 116,167	$ 4	$ 742	$ 115,429
Mutual funds	$ 3,826	$ —	$ 74	$ 3,752
Total noncurrent investment securities	$ 3,826	$ —	$ 74	$ 3,752

May 29, 2021	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Municipal bonds	$ 16,424	$ 56	$ —	$ 16,480
Commercial paper	1,998	—	—	1,998
Corporate bonds	80,092	608	—	80,700
Certificates of deposits	1,077	—	1	1,076
Asset backed securities	11,914	—	10	11,904
Total current investment securities	$ 111,505	$ 664	$ 11	$ 112,158
Mutual funds	$ 2,306	$ 1,810	$ —	$ 4,116
Total noncurrent investment securities	$ 2,306	$ 1,810	$ —	$ 4,116

Available-for-sale

Proceeds from the sales and maturities of available-for-sale securities were $92.7 million, $129.1 million, and $204.3 million during fiscal 2022, 2021, and 2020, respectively. Gross realized gains for fiscal 2022, 2021, and 2020 were $181 thousand, $456 thousand, and $278 thousand, respectively. Gross realized losses for fiscal 2022, 2021, and 2020 were $76 thousand, $19 thousand, and $6 thousand, respectively. There was no allowance for credit losses at May 28, 2022 and May 29, 2021.

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Contractual maturities of investment securities at May 28, 2022 are as follows (in thousands):

	Estimated Fair Value
Within one year	$ 58,970
1-5 years	56,459
Total	$ 115,429

Noncurrent

Proceeds from sales and maturities of noncurrent investment securities were $4.9 million, $54 thousand, and $1.2 million, during fiscal 2022, 2021 and 2020, respectively. Gross realized gains on those sales and maturities during fiscal 2022 and 2021 were $2.2 million and $611 thousand, respectively. There were no realized losses for fiscal 2022, 2021, and 2020.

Note 4 - Fair Value Measures

The Company is required to categorize both financial and nonfinancial assets and liabilities based on the following fair value hierarchy. The fair value of an asset is the price at which the asset could be sold in an orderly transaction between unrelated, knowledgeable, and willing parties able to engage in the transaction. A liability's fair value is defined as the amount that would be paid to transfer the liability to a new obligor in a transaction between such parties, not the amount that would be paid to settle the liability with the creditor.

- *Level 1* - Quoted prices in active markets for identical assets or liabilities

- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, including:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets in non-active markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs derived principally from or corroborated by other observable market data

- *Level 3* - Unobservable inputs for the asset or liability supported by little or no market activity and are significant to the fair value of the assets or liabilities

The disclosure of fair value of certain financial assets and liabilities recorded at cost are as follows:

Cash and cash equivalents, accounts receivable, and accounts payable: The carrying amount approximates fair value due to the short maturity of these instruments.

Lease obligations: The carrying value of the Company's lease obligations is at its present value which approximates fair value.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

In accordance with the fair value hierarchy described above, the following table shows the fair value of our financial assets and liabilities that are required to be measured at fair value on a recurring basis as of May 28, 2022 and May 29, 2021 (in thousands):

May 28, 2022	Level 1	Level 2	Level 3	Balance
Assets				
Municipal bonds	$ —	$ 10,104	$ —	$ 10,104
Commercial paper	—	14,868	—	14,868
Corporate bonds	—	73,684	—	73,684
Certificates of deposits	—	1,245	—	1,245
US government and agency obligations	—	2,209	—	2,209
Asset backed securities	—	13,319	—	13,319
Mutual funds	3,752	—	—	3,752
Total assets measured at fair value	$ 3,752	$ 115,429	$ —	$ 119,181

May 29, 2021	Level 1	Level 2	Level 3	Balance
Assets				
Municipal bonds	$ —	$ 16,480	$ —	$ 16,480
Commercial paper	—	1,998	—	1,998
Corporate bonds	—	80,700	—	80,700
Certificates of deposits	—	1,076	—	1,076
Asset backed securities	—	11,904	—	11,904
Mutual funds	4,116	—	—	4,116
Total assets measured at fair value	$ 4,116	$ 112,158	$ —	$ 116,274

Investment securities – available-for-sale classified as Level 2 consist of securities with maturities of three months or longer when purchased. We classified these securities as current, because amounts invested are available for current operations. Observable inputs for these securities are yields, credit risks, default rates, and volatility.

Note 5 - Inventories

Inventories consisted of the following (in thousands):

	May 28, 2022	May 29, 2021
Flocks, net of amortization	$ 144,051	$ 123,860
Eggs and egg products	26,936	21,084
Feed and supplies	92,329	73,431
	$ 263,316	$ 218,375

We grow and maintain flocks of layers (mature female chickens), pullets (female chickens under 18 weeks of age), and breeders (male and female chickens used to produce fertile eggs to hatch for egg production flocks). Our total flock at May 28, 2022 and May 29, 2021, consisted of approximately 11.5 million and 10.8 million pullets and breeders and 42.2 million and 37.8 million layers, respectively.

The Company expensed amortization and mortality associated with the flocks to cost of sales as follows (in thousands):

	May 28, 2022	May 29, 2021	May 30, 2020
Amortization	$ 160,107	$ 133,448	$ 133,379
Mortality	8,011	6,769	5,823
Total flock costs charged to cost of sales	$ 168,118	$ 140,217	$ 139,202

Note 6 - Property, Plant and Equipment

Property, plant and equipment consisted of the following (in thousands):

	May 28, 2022	May 29, 2021
Land and improvements	$ 109,833	$ 101,174
Buildings and improvements	517,859	454,332
Machinery and equipment	655,925	584,778
Construction-in-progress	71,967	72,879
	1,355,584	1,213,163
Less: accumulated depreciation	677,788	623,746
	$ 677,796	$ 589,417

Depreciation expense was $65.8 million, $56.5 million and $54.5 million in the fiscal years ended May 28, 2022, May 29, 2021, and May 30, 2020, respectively.

The Company maintains insurance for both property damage and business interruption relating to catastrophic events, such as fires. Insurance recoveries received for property damage and business interruption in excess of the net book value of damaged assets, clean-up and demolition costs, and post-event costs are recognized as income in the period received or committed when all contingencies associated with the recoveries are resolved. Gains on insurance recoveries related to business interruption are recorded within “Cost of sales” and any gains or losses related to property damage are recorded within “(Gains) loss on disposal of fixed assets.” Insurance recoveries related to business interruption are classified as operating cash flows and recoveries related to property damage are classified as investing cash flows in the statement of cash flows. Insurance claims incurred or finalized during the fiscal years ended May 28, 2022, May 29, 2021, and May 30, 2020 did not have a material effect on the Company's consolidated financial statements.

Note 7 - Investment in Unconsolidated Entities

As of May 28, 2022 and May 29, 2021, the Company owned 50% in Specialty Eggs, LLC ("Specialty Eggs") and Southwest Specialty Eggs, LLC ("Southwest Specialty Eggs"), which are accounted for using the equity method of accounting. Specialty Eggs owns the Egg-Land's Best franchise for most of Georgia and South Carolina, as well as a portion of western North Carolina and eastern Alabama. Southwest Specialty Eggs owns the Egg-Land's Best franchise for Arizona, southern California and Clark County, Nevada (including Las Vegas).

As of May 29, 2021, the Company owned 50% in Red River which was acquired at the beginning of fiscal 2022 (see Note 2 – Acquisition). The Company accounted for Red River using the equity method of accounting in fiscal 2021.

Equity method investments are included in “Investments in unconsolidated entities” in the accompanying Consolidated Balance Sheets and totaled $10.5 million and $49.9 million at May 28, 2022 and May 29, 2021, respectively.

Equity in income of unconsolidated entities of $1.9 million, $622 thousand, and $534 thousand from these entities has been included in the Consolidated Statements of Income for fiscal 2022, 2021, and 2020, respectively.

The condensed consolidated financial information for the Company's unconsolidated joint ventures was as follows (in thousands):

	For the fiscal year ended		
	May 28, 2022	May 29, 2021	May 30, 2020
Net sales	$ 145,281	$ 119,853	$ 188,922
Net income	3,942	1,596	1,064
Total assets	42,971	106,592	113,513
Total liabilities	21,892	5,850	4,655
Total equity	21,079	100,742	108,858

The Company is a member of Eggland’s Best, Inc. (“EB”), which is a cooperative. At May 28, 2022 and May 29, 2021, “Investments in unconsolidated entities” as shown on the Company’s Consolidated Balance Sheet includes the cost of the Company’s investment in EB plus any qualified written allocations. The Company cannot exert significant influence over EB’s operating and financial activities; therefore, the Company accounts for this investment using the cost method. As of May 28, 2022 and May 29, 2021, the carrying value of this investment was $768 thousand.

The following relates to the Company’s transactions with these unconsolidated affiliates (in thousands):

	For the fiscal year ended		
	May 28, 2022	May 29, 2021	May 30, 2020
Sales to unconsolidated entities	$ 94,311	$ 56,765	$ 54,559
Purchases from unconsolidated entities	60,016	76,059	71,475
Distributions from unconsolidated entities	400	6,663	7,114

	May 28, 2022	May 29, 2021
Accounts receivable from unconsolidated entities	10,815	$ 2,404
Accounts payable to unconsolidated entities	4,678	4,161

Note 8 - Goodwill and Other Intangible Assets

Goodwill and other intangibles consisted of the following (in thousands):

		Other Intangibles						
	Goodwill	Franchise rights	Customer relationships	Non-compete agreements	Right of Use	Water rights	Trademark	Total intangibles
Balance May 30, 2020	$ 35,525	$ 18,327	$ 2,354	$ 1,179	$ —	$ 720	$ 236	$ 58,341
Additions	—	—	—	—	39	—	—	39
Amortization	—	(1,628)	(666)	(160)	(10)	—	(50)	(2,514)
Balance May 29, 2021	35,525	16,699	1,688	1,019	29	720	186	55,866
Additions	8,481	—	—	—	10	—	—	8,491
Amortization	—	(1,628)	(362)	(159)	(21)	—	(50)	(2,220)
Balance May 28, 2022	$ 44,006	$ 15,071	$ 1,326	$ 860	$ 18	$ 720	$ 136	$ 62,137

For the Other Intangibles listed above, the gross carrying amounts and accumulated amortization are as follows (in thousands):

	May 28, 2022		May 29, 2021	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
Other intangible assets:				
Franchise rights	$ 29,284	$ (14,213)	$ 29,284	$ (10,957)
Customer relationships	9,644	(8,318)	20,544	(18,190)
Non-compete agreements	1,450	(590)	1,450	(271)
Right of use intangible	239	(221)	191	(191)
Water rights *	720	—	720	—
Trademark	400	(264)	400	(164)
Total	$ 41,737	$ (23,606)	$ 52,589	$ (29,773)

* Water rights are an indefinite life intangible asset.

No significant residual value is estimated for these intangible assets. Aggregate amortization expense for fiscal years 2022, 2021, and 2020 totaled $2.2 million, $2.5 million, and $2.9 million, respectively.

The following table presents the total estimated amortization of intangible assets for the five succeeding years (in thousands):

For fiscal year	Estimated amortization expense
2023	$ 2,216
2024	2,170
2025	2,041
2026	2,008
2027	1,703
Thereafter	7,273
Total	$ 17,411

Note 9 - Employee Benefit Plans

The Company maintains a medical plan that is qualified under Section 401(a) of the Internal Revenue Code and is not subject to tax under present income tax laws. The plan is funded by contributions from the Company and its employees. Under its plan, the Company self-insures its portion of medical claims for substantially all full-time employees. The Company uses stop-loss insurance to limit its portion of medical claims to $225,000 per occurrence. The Company's expenses including accruals for incurred but not reported claims were approximately $24.6 million, $21.7 million, and $17.8 million in fiscal years 2022, 2021, and 2020, respectively. The liability recorded for incurred but not reported claims was $2.8 million and $2.4 million as of May 28, 2022 and May 29, 2021, respectively and are classified as “Accrued expenses and other liabilities” in the Company’s Consolidated Balance Sheets.

The Company has a KSOP plan that covers substantially all employees (the “Plan”). The Company makes contributions to the Plan at a rate of 3% of participants' eligible compensation, plus an additional amount determined at the discretion of the Board of Directors. Contributions can be made in cash or the Company's Common Stock, and vest immediately. The Company's cash contributions to the Plan were $3.9 million in fiscal year 2022 and $3.8 million in both fiscal years 2021 and 2020. The Company did not make direct contributions of the Company’s Common Stock in fiscal years 2022, 2021, or 2020. Dividends on the Company’s Common Stock are paid to the Plan in cash. The Plan acquires the Company’s Common Stock, which is listed on the NASDAQ, by using the dividends and the Company’s cash contribution to purchase shares in the public markets. The Plan sells Common Stock on the NASDAQ to pay benefits to Plan participants. Participants may make contributions to the Plan up to the maximum allowed by the Internal Revenue Service regulations. The Company does not match participant contributions.

The Company has deferred compensation agreements with certain officers for payments to be made over specified periods beginning when the officers reach age 65 or over as specified in the agreements. Amounts accrued for the agreements are based upon deferred compensation earned over the estimated remaining service period of each officer. Payments made under these agreements were $170 thousand, in fiscal years 2022 and 2021, and $150 thousand in fiscal year 2020. The liability recorded related to these agreements was $1.1 million and $1.4 million at May 28, 2022 and May 29, 2021, respectively.

Effective December 1, 2021, the Company amended and restated its deferred compensation plan (the "Amended DC Plan"). The Amended DC Plan, expanded eligibility for participation from named officers only to a select group of management or highly compensated employees of the Company, expanded the investment options available and added the ability of participants to make elective deferrals. The awards issued under the Amended DC Plan were $340 thousand, $279 thousand, and $266 thousand in fiscal 2022, 2021, and 2020, respectively. Payments made under the Amended DC Plan were $480 thousand and $55 thousand in fiscal 2022 and 2021, respectively. The liability recorded for the Amended DC Plan was $4.5 million and $4.1 million at May 28, 2022 and May 29, 2021, respectively.

Deferred compensation expense for both plans totaled $258 thousand, $1.6 million and $621 thousand in fiscal 2022, 2021, and 2020, respectively.

Postretirement Medical Plan

The Company maintains an unfunded postretirement medical plan to provide limited health benefits to certain qualified retired employees and officers. Retired non-officers and spouses are eligible for coverage until attainment of Medicare eligibility, at which time coverage ceases. Retired officers and spouses are eligible for lifetime benefits under the plan. Officers, who retired prior to May 1, 2012 and their spouses must participate in Medicare Plans A and B. Officers, who retire on or after May 1, 2012 and their spouses must participate in Medicare Plans A, B, and D.

The plan is accounted for in accordance with ASC 715, Compensation – Retirement Benefits ("ASC 715"), whereby an employer recognizes the funded status of a defined benefit postretirement plan as an asset or liability, and recognizes changes in the funded status in the year the change occurs through comprehensive income. Additionally, this expense is recognized on an accrual basis over the employees' approximate period of employment. The liability associated with the plan was $2.9 million and $3.4 million at May 28, 2022 and May 29, 2021, respectively. The remaining disclosures associated with ASC 715 are immaterial to the Company's financial statements.

Note 10 - Credit Facility

For fiscal years 2022, 2021 and 2020, interest was $403 thousand, $213 thousand, and $498 thousand, respectively.

On November 15, 2021, we entered into an Amended and Restated Credit Agreement (the "Credit Agreement") with a five-year term. The Credit Agreement amended and restated the Company's previously existing credit agreement dated July 10, 2018. The Credit Agreement provides for an increased senior secured revolving credit facility (the "Credit Facility" or "Revolver"), in an initial aggregate principal amount of up to $250 million, which includes a $15 million sublimit for the issuance of standby letters of credit and a $15 million sublimit for swingline loans. The Credit Facility also includes an accordion feature permitting, with the consent of BMO Harris Bank N.A. (the "Administrative Agent"), an increase in the Credit Facility in the aggregate up to $200 million by adding one or more incremental senior secured term loans or increasing one or more times the revolving commitments under the Revolver. No amounts were borrowed under the facility as of May 28, 2022 or May 29, 2021 or during fiscal 2022 or fiscal 2021. The Company had $4.1 million of outstanding standby letters of credit issued under the Credit Facility at May 28, 2022.

The interest rate in connection with loans made under the Credit Facility is based on, at the Company's election, either the Eurodollar Rate plus the Applicable Margin or the Base Rate plus the Applicable Margin. The "Eurodollar Rate" means the reserve adjusted rate at which Eurodollar deposits in the London interbank market for an interest period of one, two, three, six or twelve months (as selected by the Company) are quoted. The "Base Rate" means a fluctuating rate per annum equal to the highest of (a) the federal funds rate plus 0.50% per annum, (b) the prime rate of interest established by the Administrative Agent, and (c) the Eurodollar Rate for an interest period of one month plus 1% per annum, subject to certain interest rate floors. The "Applicable Margin" means 0.00% to 0.75% per annum for Base Rate Loans and 1.00% to 1.75% per annum for Eurodollar Rate Loans, in each case depending upon the Total Funded Debt to Capitalization Ratio for the Company at the quarterly pricing date. The Company will pay a commitment fee on the unused portion of the Credit Facility payable quarterly from 0.15% to 0.25% in each case depending upon the Total Funded Debt to Capitalization Ratio for the Company at the quarterly pricing date. The Credit Agreement contains customary provisions regarding replacement of the Eurodollar Rate.

The Credit Facility is guaranteed by all the current and future wholly-owned direct and indirect domestic subsidiaries of the Company (the "Guarantors"), and is secured by a first-priority perfected security interest in substantially all of the Company's and the Guarantors' accounts, payment intangibles, instruments (including promissory notes), chattel paper, inventory (including farm products) and deposit accounts maintained with the Administrative Agent.

The Credit Agreement for the Credit Facility contains customary covenants, including restrictions on the incurrence of liens, incurrence of additional debt, sales of assets and other fundamental corporate changes and investments. The Credit Agreement requires maintenance of two financial covenants: (i) a maximum Total Funded Debt to Capitalization Ratio tested quarterly of no greater than 50%; and (ii) a requirement to maintain Minimum Tangible Net Worth at all times of $700 Million plus 50% of net income (if net income is positive) less permitted restricted payments for each fiscal quarter after November 27, 2021. Additionally, the Credit Agreement requires that Fred R. Adams Jr.'s spouse, natural children, sons-in-law or grandchildren, or any trust, guardianship, conservatorship or custodianship for the primary benefit of any of the foregoing, or any family limited partnership, similar limited liability company or other entity that 100% of the voting control of such entity is held by any of the foregoing, shall maintain at least 50% of the Company's voting stock. Failure to satisfy any of these covenants will constitute a default under the terms of the Credit Agreement. Further, under the terms of the Credit Agreement, payment of dividends under the Company's current dividend policy of one-third of the Company's net income computed in accordance with GAAP and payment of other dividends or repurchases by the Company of its capital stock is allowed, as long as after giving effect to such dividend payments or repurchases no default has occurred and is continuing and the sum of cash and cash equivalents of the Company and its subsidiaries plus availability under the Credit Facility equals at least $50 million.

The Credit Agreement also includes customary events of default and customary remedies upon the occurrence of an event of default, including acceleration of the amounts due under the Credit Facility and foreclosure of the collateral securing the Credit Facility.

At May 28, 2022, we were in compliance with the covenant requirements of the Credit Facility.

Note 11 - Accrued Dividends Payable and Dividends per Common Share

We accrue dividends at the end of each quarter according to our dividend policy adopted by our Board of Directors. The Company pays a dividend to shareholders of its Common Stock and Class A Common Stock on a quarterly basis for each quarter for which the Company reports net income attributable to Cal-Maine Foods, Inc. computed in accordance with GAAP in an amount equal to one-third (1/3) of such quarterly income. Dividends are paid to shareholders of record as of the 60th day following the last day of such quarter, except for the fourth fiscal quarter. For the fourth quarter, the Company pays dividends to shareholders of record on the 65th day after the quarter end. Dividends are payable on the 15th day following the record date. Following a quarter for which the Company does not report net income attributable to Cal-Maine Foods, Inc., the Company will not pay a dividend for a subsequent profitable quarter until the Company is profitable on a cumulative basis computed from the date of the last quarter for which a dividend was paid.

On our consolidated statement of income, we determine dividends per common share in accordance with the computation in the following table (in thousands, except per share data):

	13 Weeks Ended		52 Weeks Ended	
	May 28, 2022	May 29, 2021	May 28, 2022	May 29, 2021
Net income (loss) attributable to Cal-Maine Foods, Inc.	$ 109,986	$ (4,244)	$ 132,650	$ 2,060
Cumulative losses to be recovered prior to payment of divided at beginning of period	—	—	(4,244)	(1,370)
Net income attributable to Cal-Maine Foods, Inc. available for dividend	$ 109,986	$ —	$ —	$ —
1/3 of net income attributable to Cal-Maine Foods, Inc. available for dividend	$ 36,662	—		
Common stock outstanding (shares)	44,140	44,058		
Class A common stock outstanding (shares)	4,800	4,800		
Total common stock outstanding (shares)	48,940	48,858		
Dividends per common share*	$ 0.749	$ —	$ 0.874	$ 0.034

*Dividends per common share = 1/3 of Net income (loss) attributable to Cal-Maine Foods, Inc. available for dividend ÷ Total common stock outstanding (shares).

Note 12 - Equity

The Company has two classes of capital stock: Common Stock and Class A Common Stock. Except as otherwise required by law or the Company's Second Restated Certificate of Incorporation (“Restated Charter”), holders of shares of the Company’s capital stock vote as a single class on all matters submitted to a vote of the stockholders, with each share of Common Stock entitled to one vote and each share of Class A Common Stock entitled to ten votes. Holders of capital stock have the right of cumulative voting in the election of directors. The Common Stock and Class A Common Stock have equal liquidation rights and the same dividend rights. In the case of any dividend payable in stock, holders of Common Stock are entitled to receive the same percentage dividend (payable only in shares of Common Stock) as the holders of Class A Common Stock receive (payable only in shares of Class A Common Stock). Upon liquidation, dissolution, or winding-up of the Company, the holders of Common Stock are entitled to share ratably with the holders of Class A Common Stock in all assets available for distribution after payment in full of creditors. The holders of Common Stock and Class A Common Stock are not entitled to preemptive or subscription rights. No class of capital stock may be combined or subdivided unless the other classes of capital stock are combined or subdivided in the same proportion. No dividend may be declared and paid on Class A Common Stock unless the dividend is payable only to the holders of Class A Common Stock and a dividend is declared and paid to Common Stock concurrently.

Each share of Class A Common Stock is convertible, at the option of its holder, into one share of Common Stock at any time. The Company’s Restated Charter identifies family members of Mr. Adams (“Immediate Family Members”) and arrangements and entities that are permitted to receive and hold shares of Class A Common Stock, with ten votes per share, without such shares converting into shares of Common Stock, with one vote per share (“Permitted Transferees”). The Permitted Transferees include arrangements and entities such as revocable trusts and limited liability companies that could hold Class A Common Stock for the benefit of Immediate Family Members. Each Permitted Transferee must have a relationship, specifically defined in the Restated Charter, with another Permitted Transferee or an Immediate Family Member. A share of Class A Common Stock transferred to a person other than a Permitted Transferee would automatically convert into Common Stock with one vote per share. Additionally, the Restated Charter includes a sunset provision pursuant to which all of the outstanding Class A Common Stock will automatically convert to Common Stock if: (a) less than 4,300,000 shares of Class A Common Stock, in the aggregate, are beneficially owned by Immediate Family Members and/or Permitted Transferees, or (b) if less than 4,600,000 shares of Class A Common Stock and Common Stock, in the aggregate, are beneficially owned by Immediate Family Members and/or Permitted Transferees.

Note 13 - Net Income per Common Share

Basic net income per share attributable to Cal-Maine Foods, Inc. is based on the weighted average Common Stock and Class A Common Stock outstanding. Diluted net income per share attributable to Cal-Maine Foods, Inc. is based on weighted-average common shares outstanding during the relevant period adjusted for the dilutive effect of share-based awards.

The following table provides a reconciliation of the numerators and denominators used to determine basic and diluted net income per common share attributable to Cal-Maine Foods, Inc. (amounts in thousands, except per share data):

	May 28, 2022	May 29, 2021	May 30, 2020
Numerator			
Net income	$ 132,441	$ 2,060	$ 18,328
Less: Net income (loss) attributable to noncontrolling interest	(209)	—	(63)
Net income attributable to Cal-Maine Foods, Inc.	$ 132,650	$ 2,060	$ 18,391
Denominator			
Weighted-average common shares outstanding, basic	48,581	48,522	48,467
Effect of dilutive securities of restricted shares	153	134	117
Weighted-average common shares outstanding, diluted	48,734	48,656	48,584
Net income per common share attributable to Cal-Maine Foods, Inc.			
Basic	$ 2.73	$ 0.04	$ 0.38
Diluted	$ 2.72	$ 0.04	$ 0.38

Note 14 - Revenue Recognition

Satisfaction of Performance Obligation

The vast majority of the Company's revenue is derived from agreements with customers based on the customer placing an order for products. Pricing for the most part is determined when the Company and the customer agree upon the specific order, which establishes the contract for that order.

Revenues are recognized in an amount that reflects the net consideration we expect to receive in exchange for the goods. Our shell eggs are sold at prices related to independently quoted wholesale market prices or formulas related to our costs of production. The Company's sales predominantly contain a single performance obligation. We recognize revenue upon satisfaction of the performance obligation with the customer which typically occurs within days of the Company and the customer agreeing upon the order.

Costs to deliver product to customers are included in selling, general and administrative expenses in the accompanying Consolidated Statements of Income and totaled $62.7 million, $52.7 million, and $52.2 million in fiscal years 2022, 2021, and 2020, respectively.

Returns and Refunds

Some of our contracts include a guaranteed sale clause, pursuant to which we credit the customer's account for product that the customer is unable to sell before expiration. The Company records an allowance of returns and refunds by using historical return data and comparing to current period sales and accounts receivable. The allowance is recorded as a reduction in sales with a corresponding reduction in trade accounts receivable.

Sales Incentives Provided to Customers

The Company periodically provides incentive offers to its customers to encourage purchases. Such offers include current discount offers (e.g., percentage discounts off current purchases), inducement offers (e.g., offers for future discounts subject to a minimum current purchase), and other similar offers. Current discount offers, when accepted by customers, are treated as a reduction to the sales price of the related transaction, while inducement offers, when accepted by customers, are treated as a reduction to sales price based on estimated future redemption rates. Redemption rates are estimated using the Company's historical experience for similar inducement offers. Current discount and inducement offers are presented as a net amount in ''Net sales.''

Disaggregation of Revenue

The following table provides revenue disaggregated by product category (in thousands):

	13 Weeks Ended		52 Weeks Ended	
	May 28, 2022	May 29, 2021	May 28, 2022	May 29, 2021
Conventional shell egg sales	$ 378,190	$ 205,987	$ 1,061,995	$ 766,284
Specialty shell egg sales	186,518	131,243	648,838	539,780
Egg products	26,488	10,997	60,004	36,733
Other	1,768	1,571	6,322	6,190
	$ 592,964	$ 349,798	$ 1,777,159	$ 1,348,987

Contract Costs

The Company can incur costs to obtain or fulfill a contract with a customer. If the amortization period of these costs is less than one year, they are expensed as incurred. When the amortization period is greater than one year, a contract asset is recognized and is amortized over the contract life as a reduction in net sales. As of May 28, 2022 and May 29, 2021, the balance for contract assets is immaterial.

Contract Balances

The Company receives payment from customers based on specified terms that are generally less than 30 days from delivery. There are rarely contract assets or liabilities related to performance under the contract.

Concentration of Credit Risks

Our largest customer, Walmart Inc. (including Sam's Club) accounted for 29.5%, 29.8% and 32.1% of net sales dollars for fiscal 2022, 2021, and 2020, respectively. H-E-B, LP accounted for 10.1% of net sales dollars for fiscal 2020.

Note 15 - Leases

Expenses related to operating leases, amortization of finance leases, right-of-use assets, and finance lease interest are included in Cost of sales, Selling general and administrative expense, and Interest income, net in the Consolidated Statements of Income. The Company’s lease cost consists of the following (in thousands):

	13 Weeks Ended May 28, 2022	52 Weeks Ended May 28, 2022
Operating Lease cost	$ 180	$ 805
Finance Lease cost		
Amortization of right-of-use asset	$ 46	$ 178
Interest on lease obligations	$ 5	$ 25
Short term lease cost	$ 1,409	$ 4,630

Future minimum lease payments under non-cancelable leases are as follows (in thousands):

	As of May 28, 2022	
	Operating Leases	Finance Leases
2023	$ 539	$ 239
2024	380	218
2025	130	—
2026	26	—
2027	5	—
Thereafter	—	—
Total	1,080	457
Less imputed interest	(75)	(19)
Total	$ 1,005	$ 438

The weighted-average remaining lease term and discount rate for lease liabilities included in our Consolidated Balance Sheet are as follows:

	As of May 28, 2022	
	Operating Leases	Finance Leases
Weighted-average remaining lease term (years)	2.3	1.5
Weighted-average discount rate	5.9 %	4.9 %

Note 16 - Stock Compensation Plans

On October 2, 2020, shareholders approved the Amended and Restated Cal-Maine Foods, Inc. 2012 Omnibus Long-Term Incentive Plan (the “LTIP Plan”). The purpose of the LTIP Plan is to assist us and our subsidiaries in attracting and retaining selected individuals who are expected to contribute to our long-term success. The maximum number of shares of Common Stock available for awards under the LTIP Plan is 2,000,000 of which 1,016,573 shares remain available for issuance, and may be authorized but unissued shares or treasury shares. Awards may be granted under the LTIP Plan to any employee, any non-employee member of the Company’s Board of Directors, and any consultant who is a natural person and provides services to us or one of our subsidiaries (except for incentive stock options, which may be granted only to our employees).

The only outstanding awards under the LTIP Plan are restricted stock awards. The restricted stock vests three years from the grant date, or upon death or disability, change in control, or retirement (subject to certain requirements). The restricted stock contains no other service or performance conditions. Restricted stock is awarded in the name of the recipient and, except for the right of disposal, constitutes issued and outstanding shares of the Company’s Common Stock for all corporate purposes during the period of restriction including the right to receive dividends. Compensation expense is a fixed amount based on the grant date closing price and is amortized on a straight-line basis over the vesting period. Forfeitures are recognized as they occur.

Total stock-based compensation expense was $4.1 million, $3.8 million, and $3.6 million in fiscal 2022, 2021, and 2020, respectively.

Our unrecognized compensation expense as a result of non-vested shares was $7.0 million at May 28, 2022 and $6.6 million at May 29, 2021. The unrecognized compensation expense will be amortized to stock compensation expense over a period of 2.1 years.

A summary of our equity award activity and related information for our restricted stock is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding, May 30, 2020	273,046	$ 41.36
Granted	112,860	37.82
Vested	(79,328)	43.96
Forfeited	(4,431)	40.12
Outstanding, May 29, 2021	302,147	$ 39.37
Granted	113,142	41.13
Vested	(92,918)	42.45
Forfeited	(4,527)	38.01
Outstanding, May 28, 2022	317,844	$ 39.12

Note 17 - Income Taxes

Income tax expense (benefit) consisted of the following:

	Fiscal year ended		
	May 28, 2022	May 29, 2021	May 30, 2020
Current:			
Federal	$ 24,228	$ (35,090)	$ (6,750)
State	3,670	730	(1,800)
	27,898	(34,360)	(8,550)
Deferred:			
Federal	2,716	21,658	8,872
State	2,960	693	1,409
	5,676	22,351	10,281
	$ 33,574	$ (12,009)	$ 1,731

Significant components of the Company's deferred tax liabilities and assets were as follows:

	May 28, 2022	May 29, 2021
Deferred tax liabilities:		
Property, plant and equipment	$ 100,250	$ 82,508
Inventories	31,987	31,501
Investment in affiliates	65	7,670
Other	5,713	5,648
Total deferred tax liabilities	138,015	127,327
Deferred tax assets:		
Accrued expenses	4,041	3,728
State operating loss carryforwards	470	3,416
Other comprehensive income	866	497
Other	4,442	5,278
Total deferred tax assets	9,819	12,919
Net deferred tax liabilities	$ 128,196	$ 114,408

The differences between income tax expense (benefit) at the Company's effective income tax rate and income tax expense at the statutory federal income tax rate were as follows:

	Fiscal year end		
	May 28, 2022	May 29, 2021	May 30, 2020
Statutory federal income tax	$ 34,907	$ (2,087)	$ 4,226
State income taxes, net	5,237	1,124	(309)
Domestic manufacturers deduction	—	3,566	684
Enacted net operating loss carryback provision	—	(16,014)	(3,041)
Tax exempt interest income	(9)	(50)	(111)
Reversal of outside basis in equity investment Red River	(7,310)	—	—
Non-taxable remeasurement gain Red River	(955)	—	—
Other, net	1,704	1,452	282
	$ 33,574	$ (12,009)	$ 1,731

Federal and state income taxes of $2.2 million, $995 thousand, and $32 thousand were paid in fiscal years 2022, 2021, and 2020, respectively. Federal and state income taxes of $373 thousand, $2.6 million, and $8.4 million were refunded in fiscal years 2022, 2021, and 2020, respectively.

In fiscal 2022, the Company recognized $467 thousand in interest and penalties. As of May 28, 2022, the Company had no accrued interest and penalties related to uncertain tax positions.

As of May 28, 2022, we had completed the audit by the Internal Revenue Service (IRS) for the fiscal years 2013 through 2015. Final audit adjustments did not result in a material change to the consolidated financial statements. From management's perspective, the years are closed and are only open with respect to any net operating loss carryback to those years. Although we are subject to income tax in many jurisdictions within the U.S., we are currently not under audit by any state and local tax authorities. Tax periods for all years beginning with fiscal year 2019 remain open to examination by federal and state taxing jurisdictions to which we are subject.

Note 18 - Commitments and Contingencies

State of Texas v. Cal-Maine Foods, Inc. d/b/a Wharton; and Wharton County Foods, LLC

On April 23, 2020, the Company and its subsidiary Wharton County Foods, LLC ("WCF") were named as defendants in State of Texas v. Cal-Maine Foods, Inc. d/b/a Wharton; and Wharton County Foods, LLC, Cause No. 2020-25427, in the District Court of Harris County, Texas. The State of Texas (the "State") asserted claims based on the Company's and WCF's alleged violation of the Texas Deceptive Trade Practices—Consumer Protection Act, Tex. Bus. & Com. Code §§ 17.41-17.63 ("DTPA"). The

State claimed that the Company and WCF offered shell eggs at excessive or exorbitant prices during the COVID-19 state of emergency and made misleading statements about shell egg prices. The State sought temporary and permanent injunctions against the Company and WCF to prevent further alleged violations of the DTPA, along with over $100,000 in damages. On August 13, 2020, the court granted the defendants' motion to dismiss the State's original petition with prejudice. On September 11, 2020, the State filed a notice of appeal, which was assigned to the Texas Court of Appeals for the First District. The State filed its opening brief on December 7, 2020. The Company and WCF filed their response on February 8, 2021. On February 11, 2022, the Texas Court of Appeals heard oral argument, but as of the date of this Annual Report the Texas Court of Appeals has not issued a ruling. Management believes the risk of material loss related to this matter to be remote.

Bell et al. v. Cal-Maine Foods et al.

On April 30, 2020, the Company was named as one of several defendants in Bell et al. v. Cal-Maine Foods et al., Case No. 1:20-cv-461, in the Western District of Texas, Austin Division. The defendants include numerous grocery stores, retailers, producers, and farms. Plaintiffs assert that defendants violated the DTPA by allegedly demanding exorbitant or excessive prices for eggs during the COVID-19 state of emergency. Plaintiffs request certification of a class of all consumers who purchased eggs in Texas sold, distributed, produced, or handled by any of the defendants during the COVID-19 state of emergency. Plaintiffs seek to enjoin the Company and other defendants from selling eggs at a price more than 10% greater than the price of eggs prior to the declaration of the state of emergency and damages in the amount of $10,000 per violation, or $250,000 for each violation impacting anyone over 65 years old. On December 1, 2020, the Company and certain other defendants filed a motion to dismiss the plaintiffs' amended class action complaint. The plaintiffs subsequently filed a motion to strike, and the motion to dismiss and related proceedings were referred to a United States magistrate judge. On July 14, 2021, the magistrate judge issued a report and recommendation to the court that the defendants' motion to dismiss be granted and the case be dismissed without prejudice for lack of subject matter jurisdiction. On September 20, 2021, the court dismissed the case without prejudice. On July 13, 2022, the court denied the plaintiffs' motion to set aside or amend the judgment to amend their complaint.

On March 15, 2022, plaintiffs filed a second suit against the Company and several defendants in Bell et al. v. Cal-Maine Foods et al., Case No. 1:22-cv-246, in the Western District of Texas, Austin Division alleging the same assertions as laid out in the first complaint. The Company has not yet filed a responsive pleading and there is currently no deadline to do so. Management believes the risk of material loss related to both matters to be remote.

Kraft Foods Global, Inc. et al. v. United Egg Producers, Inc. et al.

As previously reported, on September 25, 2008, the Company was named as one of several defendants in numerous antitrust cases involving the United States shell egg industry. The Company settled all of these cases, except for the claims of certain plaintiffs who sought substantial damages allegedly arising from the purchase of egg products (as opposed to shell eggs). These remaining plaintiffs are Kraft Food Global, Inc., General Mills, Inc., and Nestle USA, Inc. (the "Egg Products Plaintiffs") and The Kellogg Company.

On September 13, 2019, the case with the Egg Products Plaintiffs was remanded from a multi-district litigation proceeding in the United States District Court for the Eastern District of Pennsylvania, In re Processed Egg Products Antitrust Litigation, MDL No. 2002, to the United States District Court for the Northern District of Illinois, Kraft Foods Global, Inc. et al. v. United Egg Producers, Inc. et al., Case No. 1:11-cv-8808, for trial. The Egg Products Plaintiffs allege that the Company and other defendants violated Section 1 of the Sherman Act, 15. U.S.C. § 1, by agreeing to limit the production of eggs and thereby illegally to raise the prices that plaintiffs paid for processed egg products. In particular, the Egg Products Plaintiffs are attacking certain features of the United Egg Producers animal-welfare guidelines and program used by the Company and many other egg producers. The Egg Products Plaintiffs seek to enjoin the Company and other defendants from engaging in antitrust violations and seek treble money damages. On May 2, 2022, the court set trial for October 24, 2022.

In addition, on October 24, 2019, the Company entered into a confidential settlement agreement with The Kellogg Company dismissing all claims against the Company for an amount that did not have a material impact on the Company's financial condition or results of operations. On November 11, 2019, a stipulation for dismissal was filed with the court, and on March 28, 2022, the court dismissed the Company with prejudice.

The Company intends to continue to defend the remaining case with the Egg Products Plaintiffs as vigorously as possible based on defenses which the Company believes are meritorious and provable. Adjustments, if any, which might result from the resolution of this remaining matter with the Egg Products Plaintiffs have not been reflected in the financial statements. While management believes that there is still a reasonable possibility of a material adverse outcome from the case with the Egg Products Plaintiffs, at the present time, it is not possible to estimate the amount of monetary exposure, if any, to the Company due to a range of factors, including the following, among others: two earlier trials based on substantially the same facts and legal arguments resulted in findings of no conspiracy and/or damages; this trial will be before a different judge and jury in a different court than prior related cases; there are significant factual issues to be resolved; and there are requests for damages other than compensatory damages (i.e., injunction and treble money damages).

State of Oklahoma Watershed Pollution Litigation

On June 18, 2005, the State of Oklahoma filed suit, in the United States District Court for the Northern District of Oklahoma, against Cal-Maine Foods, Inc. and Tyson Foods, Inc. and affiliates, Cobb-Vantress, Inc., Cargill, Inc. and its affiliate, George's, Inc. and its affiliate, Peterson Farms, Inc. and Simmons Foods, Inc. The State of Oklahoma claims that through the disposal of chicken litter the defendants have polluted the Illinois River Watershed. This watershed provides water to eastern Oklahoma. The complaint seeks injunctive relief and monetary damages, but the claim for monetary damages has been dismissed by the court. Cal-Maine Foods, Inc. discontinued operations in the watershed. Accordingly, we do not anticipate that Cal-Maine Foods, Inc. will be materially affected by the request for injunctive relief unless the court orders substantial affirmative remediation. Since the litigation began, Cal-Maine Foods, Inc. purchased 100% of the membership interests of Benton County Foods, LLC, which is an ongoing commercial shell egg operation within the Illinois River Watershed. Benton County Foods, LLC is not a defendant in the litigation.

The trial in the case began in September 2009 and concluded in February 2010. The case was tried without a jury, and the court has not yet issued its ruling. Management believes the risk of material loss related to this matter to be remote.

Other Matters

In addition to the above, the Company is involved in various other claims and litigation incidental to its business. Although the outcome of these matters cannot be determined with certainty, management, upon the advice of counsel, is of the opinion that the final outcome should not have a material effect on the Company's consolidated results of operations or financial position.

Note 19 - Related Party Transaction

On August 24, 2020, Mrs. Jean Reed Adams, the wife of the Company's late founder Fred R. Adams, Jr., and the Fred R. Adams, Jr. Daughters' Trust, dated July 20, 2018 (the "Daughters' Trust"), of which the daughters of Mr. Adams are beneficiaries (together, the "Selling Stockholders"), completed a registered secondary public offering of 6,900,000 shares of Common Stock held by them, pursuant to a previously disclosed Agreement Regarding Common Stock (the "Agreement") filed as an exhibit to this report. Mrs. Adams and the Daughters' Trust advised the Company that they were conducting the offering in order to pay estate taxes related to the settlement of Mr. Adam's estate and to obtain liquidity. The public offering was made pursuant to the Company's effective shelf registration statement on Form S-3 (File No. 333-227742), including the Prospectus contained therein dated October 9, 2018, and a related Prospectus Supplement dated August 19, 2020, each of which is on file with the Securities and Exchange Commission. The public offering involved only the sale of shares of Common Stock that were already outstanding, and thus the Company did not issue any new shares or raise any additional capital in the offering. The expenses of the offering (not including the underwriting discount and legal fees and expenses of legal counsel for the Selling Stockholders, which were paid by the Selling Stockholders) paid by the Company were $1.1 million. Pursuant to the Agreement, the Selling Stockholders reimbursed the Company $551 thousand.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Fiscal Years ended May 28, 2022, May 29, 2021, and May 30, 2020
(in thousands)

Description	Balance at Beginning of Period	Charged to Cost and Expense	Write-off of Accounts	Balance at End of Period
Year ended May 28, 2022				
Allowance for doubtful accounts	$ 795	$ 30	$ 50	$ 775
Year ended May 29, 2021				
Allowance for doubtful accounts	$ 743	$ 135	$ 83	$ 795
Year ended May 30, 2020				
Allowance for doubtful accounts	$ 206	$ 550	$ 13	$ 743

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on an evaluation of our disclosure controls and procedures conducted by our Chief Executive Officer and Chief Financial Officer, together with other financial officers, such officers concluded that our disclosure controls and procedures were effective as of May 28, 2022 at the reasonable assurance level.

Internal Control Over Financial Reporting

(a) Management's Report on Internal Control Over Financial Reporting

The following sets forth, in accordance with Section 404(a) of the Sarbanes-Oxley Act of 2002 and Item 308 of the Securities and Exchange Commission's Regulation S-K, the report of management on our internal control over financial reporting.

1. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. "Internal control over financial reporting" is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, together with other financial officers, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

    - Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
    - Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
    - Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

2. Our management, in accordance with Rule 13a-15(c) under the Exchange Act and with the participation of our Chief Executive Officer and Chief Financial Officer, together with other financial officers, evaluated the effectiveness of our internal control over financial reporting as of May 28, 2022. The framework on which management's evaluation of our internal control over financial reporting is based is the "Internal Control – Integrated Framework" published in 2013 by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission.

3. Management has determined that our internal control over financial reporting as of May 28, 2022 is effective. It is noted that internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives, but rather reasonable assurance of achieving such objectives.

4. The attestation report of FROST, PLLC on our internal control over financial reporting, which includes that firm's opinion on the effectiveness of our internal control over financial reporting, is set forth below.

(b) Attestation Report of the Registrant's Public Accounting Firm

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Board of Directors and Stockholders
Cal-Maine Foods, Inc. and Subsidiaries
Ridgeland, Mississippi

Opinion on Internal Control Over Financial Reporting

We have audited Cal-Maine Foods, Inc. and Subsidiaries' internal control over financial reporting as of May 28, 2022, based on criteria established in *2013 Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, Cal-Maine Foods, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as May 28, 2022, based on criteria established in *2013 Internal Control – Integrated Framework* issued by the COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows of Cal-Maine Foods, Inc. and Subsidiaries and our report dated July 19, 2022 expressed an unqualified opinion.

Basis for Opinion

Cal-Maine Foods, Inc. and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the entities' internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Cal-Maine Foods, Inc. and Subsidiaries in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCOAB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

An entities' internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. An entities' internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entities; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entities are being made only in accordance with authorizations of management and directors of the entities; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entities' assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Frost, PLLC

Little Rock, Arkansas
July 19, 2022

(c) Changes in Internal Control Over Financial Reporting

In connection with its evaluation of the effectiveness, as of May 28, 2022, of our internal control over financial reporting, management determined that there was no change in our internal control over financial reporting that occurred during the fourth quarter ended May 28, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as set forth below, the information concerning directors, executive officers and corporate governance required by Item 10 is incorporated by reference from our definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with our 2022 Annual Meeting of Shareholders.

We have adopted a Code of Conduct and Ethics for Directors, Officers and Employees, including the chief executive and principal financial and accounting officers of the Company. We will provide a copy of the code free of charge to any person that requests a copy by writing to:

Cal-Maine Foods, Inc.
P.O. Box 2960
Jackson, Mississippi 39207
Attn.: Investor Relations

Requests can be made by phone at (601) 948-6813.

A copy is also available at our website www.calmainefoods.com. We intend to disclose any amendments to, or waivers from, the Code of Conduct and Ethics for Directors, Officers and Employees on our website promptly following the date of any such amendment or waiver. Information contained on our website is not a part of this report.

ITEM 11. EXECUTIVE COMPENSATION

The information concerning executive compensation required by Item 11 is incorporated by reference from our definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with our 2022 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information concerning security ownership of certain beneficial owners and management and related stockholder matters required by Item 12 is incorporated by reference from our definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with our 2022 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information concerning certain relationships and related transactions, and director independence required by Item 13 is incorporated by reference from our definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with our 2022 Annual Meeting of Shareholders.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information concerning principal accounting fees and services required by Item 14 is incorporated by reference from our definitive proxy statement which is to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 in connection with our 2022 Annual Meeting of Shareholders.

PART IV.

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

The following consolidated financial statements and notes thereto of Cal-Maine Foods, Inc. and subsidiaries are included in Item 8 and are filed herewith:

All other schedules are omitted either because they are not applicable or required, or because the required information is included in the financial statements or notes thereto.

(a)(3) Exhibits Required by Item 601 of Regulation S-K

See Part (b) of this Item 15.

(b) Exhibits Required by Item 601 of Regulation S-K

The following exhibits are filed herewith or incorporated by reference:

Exhibit Number	Exhibit
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 in the Registrant's Form 8-K, filed July 20, 2018)
3.2	Composite Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 in the Registrant's Form 10-Q for the quarter ended March 2, 2013, filed April 5, 2013)
4.1**	Description of Registrant's Securities Registered Under Section 12 of the Exchange Act
10.1	Underwriting Agreement, dated August 19, 2020, among the Company, the Selling Stockholders and BofA Securities Inc., as representative of the several underwriters named therein (incorporated by reference to Exhibit 1.1 in the Registrant's Form 8-K, filed August 24, 2020)
10.2	Agreement Regarding Common Stock, including Registration Rights Exhibit (attached) (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K, filed June 5, 2018)
10.3*	Deferred Compensation Plan, dated November 15, 2021 (incorporated by reference to Exhibit 10.2 in the Registrant's Form 8-K, filed November 19, 2021)
10.4	Credit Agreement, dated November 15, 2021, among Cal-Maine Foods, Inc., the Guarantors, BMO Harris Bank N.A., as Administrative Agent, and the Lenders (incorporated by reference to Exhibit 10.1 in the Registrant's Form 8-K, filed November 19, 2021)
10.5*	Cal-Maine Foods, Inc. KSOP, as amended and restated, effective April 1, 2012 (incorporated by reference to Exhibit 4.4 in the Registrant's Form S-8, filed March 30, 2012)
10.6*	Cal-Maine Foods, Inc. KSOP Trust, as amended and restated, effective April 1, 2012 (incorporated by reference to Exhibit 4.5 in the Registrant's Form S-8, filed March 30, 2012)
10.7*	Amended and Restated Cal-Maine Foods, Inc. 2012 Omnibus Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed October 2, 2020).
10.8*	Form of Restricted Stock Agreement for Amended and Restated Cal-Maine Foods, Inc. 2012 Omnibus Long-Term Incentive Plan
21**	Subsidiaries of the Registrant
23.1**	Consent of FROST, PLLC
31.1**	Rule 13a-14(a) Certification of Chief Executive Officer
31.2**	Rule 13a-14(a) Certification of Chief Financial Officer
32***	Section 1350 Certifications of the Chief Executive Officer and the Chief Financial Officer
101.SCH***+	Inline XBRL Taxonomy Extension Schema Document
101.CAL***+	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF***+	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***+	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE***+	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement
** Filed herewith as an Exhibit
*** Furnished herewith as an Exhibit
† Submitted electronically with this Annual Report on Form 10-K

(c) Financial Statement Schedules Required by Regulation S-X

The financial statement schedule required by Regulation S-X is filed at page 60. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

ITEM 16. FORM 10-K SUMMARY

Not applicable

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Ridgeland, Mississippi.

CAL-MAINE FOODS, INC.
/s/ Adolphus B. Baker

Adolphus B. Baker
Chief Executive Officer and Chairman of the Board
Date: July 19, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Adolphus B. Baker Adolphus B. Baker	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	July 19, 2022
/s/ Max P. Bowman Max P. Bowman	Vice President, Chief Financial Officer and Director (Principal Financial Officer)	July 19, 2022
/s/ Matthew S. Glover Matthew S. Glover	Vice President, Accounting (Principal Accounting Officer)	July 19, 2022
/s/ Sherman L. Miller Sherman L. Miller	President, Chief Operating Officer and Director	July 19, 2022
/s/ Letitia C. Hughes Letitia C. Hughes	Director	July 19, 2022
/s/ James E. Poole James E. Poole	Director	July 19, 2022
/s/ Steve W. Sanders Steve W. Sanders	Director	July 19, 2022
/s/ Camille S. Young Camille S. Young	Director	July 19, 2022