

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended **November 30, 2024**

or

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

(State or other jurisdiction of incorporation or organization)

64-0500378

(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

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non – Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

There were 44,235,087 shares of Common Stock, \$0.01 par value, and 4,800,000 shares of Class A Common Stock, \$0.01 par value, outstanding as of January 7, 2025.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
Cal-Maine Foods, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except for par value amounts)
(Unaudited)

	November 30, 2024	June 1, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 140,296	\$ 237,878
Investment securities available-for-sale	656,887	574,499
Trade and other receivables, net	307,292	151,983
Income tax receivable	10,459	10,459
Inventories	299,365	261,782
Prepaid expenses and other current assets	10,296	5,238
Total current assets	1,424,595	1,241,839
Property, plant & equipment, net	975,603	857,234
Investments in unconsolidated entities	11,043	11,195
Goodwill	45,776	45,776
Intangible assets, net	16,210	15,996
Other long-term assets	16,872	12,721
Total Assets	<u>\$ 2,490,099</u>	<u>\$ 2,184,761</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 116,835	\$ 75,862
Accrued wages and benefits	28,519	32,971
Accrued income taxes payable	20,787	43,348
Dividends payable	73,013	37,760
Accrued expenses and other liabilities	21,597	37,802
Total current liabilities	260,751	227,743
Other noncurrent liabilities	48,548	17,109
Deferred income taxes, net	129,317	142,866
Total liabilities	438,616	387,718
Commitments and contingencies - see Note 10		
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	78,600	76,371
Retained earnings	1,998,585	1,756,395
Accumulated other comprehensive loss, net of tax	(908)	(1,773)
Common stock in treasury at cost – 26,026 shares at November 30, 2024 and 26,022 shares at June 1, 2024	(31,661)	(31,597)
Total Cal-Maine Foods, Inc. stockholders' equity	2,045,367	1,800,147
Noncontrolling interest in consolidated entity	6,116	(3,104)
Total stockholders' equity	<u>2,051,483</u>	<u>1,797,043</u>
Total Liabilities and Stockholders' Equity	<u>\$ 2,490,099</u>	<u>\$ 2,184,761</u>

See Notes to Condensed Consolidated Financial Statements.

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

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	November 30, 2024	December 2, 2023	November 30, 2024	December 2, 2023
Net sales	\$ 954,671	\$ 523,234	\$ 1,740,542	\$ 982,578
Cost of sales	598,629	432,104	1,137,282	846,015
Gross profit	356,042	91,130	603,260	136,563
Selling, general and administrative	77,633	76,578	139,565	128,824
Loss on involuntary conversions	10	—	156	—
(Gain) loss on disposal of fixed assets	338	318	(1,479)	262
Operating income	278,061	14,234	465,018	7,477
Other income (expense):				
Interest income, net	9,770	6,987	19,555	14,333
Other, net	1,130	897	2,341	1,041
Total other income, net	10,900	7,884	21,896	15,374
Income before income taxes	288,961	22,118	486,914	22,851
Income tax expense	70,602	5,540	118,965	5,862
Net income	218,359	16,578	367,949	16,989
Less: Loss attributable to noncontrolling interest	(705)	(431)	(1,091)	(946)
Net income attributable to Cal-Maine Foods, Inc.	\$ 219,064	\$ 17,009	\$ 369,040	\$ 17,935
Net income per common share:				
Basic	\$ 4.49	\$ 0.35	\$ 7.57	\$ 0.37
Diluted	\$ 4.47	\$ 0.35	\$ 7.54	\$ 0.37
Weighted average shares outstanding:				
Basic	48,765	48,690	48,762	48,691
Diluted	48,970	48,866	48,953	48,854

See Notes to Condensed Consolidated Financial Statements.

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

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	November 30, 2024	December 2, 2023	November 30, 2024	December 2, 2023
Net income	\$ 218,359	\$ 16,578	\$ 367,949	\$ 16,989
Other comprehensive income (loss), before tax:				
Unrealized holding gain (loss) on available-for-sale securities, net of reclassification adjustments	(573)	895	1,142	1,681
Income tax benefit (expense) related to items of other comprehensive income	139	(218)	(277)	(409)
Other comprehensive income (loss), net of tax	(434)	677	865	1,272
Comprehensive income	217,925	17,255	368,814	18,261
Less: Comprehensive loss attributable to the noncontrolling interest	(705)	(431)	(1,091)	(946)
Comprehensive income attributable to Cal-Maine Foods, Inc.	<u>\$ 218,630</u>	<u>\$ 17,686</u>	<u>\$ 369,905</u>	<u>\$ 19,207</u>

See Notes to Condensed Consolidated Financial Statements.

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

	Twenty-six Weeks Ended	
	November 30, 2024	December 2, 2023
Cash flows from operating activities:		
Net income	\$ 367,949	\$ 16,989
Depreciation and amortization	45,818	39,394
Deferred income taxes	(13,825)	5,862
Other adjustments, net	(159,791)	11,407
Net cash provided by operations	240,151	73,652
Cash flows from investing activities:		
Purchases of investment securities	(501,567)	(43,569)
Sales and maturities of investment securities	426,500	196,104
Investment in unconsolidated entities	—	(363)
Distributions from unconsolidated entities	750	—
Acquisition of business	(111,521)	(53,746)
Purchases of property, plant and equipment	(65,588)	(65,774)
Net proceeds from disposal of property, plant and equipment	4,004	150
Net cash provided by (used in) investing activities	(247,422)	32,802
Cash flows from financing activities:		
Payments of dividends	(87,774)	(37,276)
Purchase of common stock by treasury	(60)	(5)
Principal payments on long-term debt	(2,477)	—
Principal payments on finance lease	—	(214)
Net cash used in financing activities	(90,311)	(37,495)
Net change in cash and cash equivalents	(97,582)	68,959
Cash and cash equivalents at beginning of period	237,878	292,824
Cash and cash equivalents at end of period	<u>\$ 140,296</u>	<u>\$ 361,783</u>

See Notes to Condensed Consolidated Financial Statements.

Cal-Maine Foods, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements of Cal-Maine Foods, Inc. and its subsidiaries (the “Company,” “we,” “us,” “our”) have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial reporting and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended June 1, 2024 (the “2024 Annual Report”). These statements reflect all adjustments that are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented and, in the opinion of management, consist of adjustments of a normal recurring nature. Operating results for the interim periods are not necessarily indicative of operating results for the entire fiscal year.

Fiscal Year

The Company’s fiscal year ends on the Saturday closest to May 31. Each of the three-month periods and year-to-date periods ended on November 30, 2024 and December 2, 2023 included 13 and 26 weeks, respectively.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP 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.

Investment Securities Available-for-Sale

The Company has determined that its debt securities are available-for-sale investments. We classify these securities as current because the amounts invested are available for current operations. Available-for-sale securities are carried at fair value, based on quoted market prices as of the balance sheet date, with unrealized gains and losses recorded in other comprehensive income. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity and is recorded in interest income. 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 Condensed Consolidated Statements of Income. Interest and dividends on securities classified as available-for-sale are recorded in interest income.

Trade Receivables

Trade receivables are stated at their carrying values, which include a reserve for credit losses. As of November 30, 2024 and June 1, 2024, reserves for credit losses were \$767 thousand and \$490 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.

Dividends Payable

We accrue dividends at the end of each quarter according to the Company’s dividend policy adopted by its 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 most recent quarter for which a dividend was paid. The dividend policy is subject to periodic review by the Board of Directors.

Revenue Recognition

The Company recognizes revenue through sale of its products to customers through retail, foodservice and other distribution channels. The majority of the Company's revenue is derived from agreements or contracts with customers based upon the customer ordering its products with a single performance obligation of delivering the product. The Company believes the performance obligation is met upon delivery and acceptance of the product by our customers, which generally occurs upon shipment or delivery to a customer based on terms of the sale. Costs paid to third party brokers to obtain agreements are expensed as the Company's agreements are generally less than one year.

Revenues are recognized in an amount that reflects the net consideration we expect to receive in exchange for delivery of the products. The Company periodically offers sales incentives or other programs such as rebates, discounts, coupons, volume-based incentives, guaranteed sales and other programs. The Company records an estimated allowance for costs associated with these programs, which is recorded as a reduction in revenue at the time of sale using historical trends and projected redemption rates of each program. The Company regularly reviews these estimates and any difference between the estimated costs and actual realization of these programs would be recognized the subsequent period.

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. We determine the fair values of identifiable assets and liabilities internally, which 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 consolidated 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 consolidated 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

No 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 - Acquisitions

Acquisition of ISE America, Inc. Assets

Effective June 28, 2024, the Company acquired substantially all of the commercial shell egg production, processing and egg products breaking facilities of ISE America, Inc. and certain of its affiliates (“ISE”). The assets acquired included commercial shell egg production and processing facilities with a capacity at the time of acquisition of approximately 4.7 million laying hens, including 1.0 million cage-free, and 1.2 million pullets, feed mills, approximately 4,000 acres of land, inventories and an egg products breaking facility. The acquired assets also include an extensive customer distribution network across the Northeast and Mid-Atlantic states, and production operations in Maryland, New Jersey, Delaware and South Carolina. The Company accounted for the acquisition as a business combination.

Pending the finalization of the Company’s valuation, the following table summarizes the consideration paid for the ISE assets and the amounts of assets acquired and liabilities assumed recognized at the acquisition date (in thousands):

Cash consideration paid	\$	111,521
Recognized amounts of identifiable assets acquired and liabilities assumed		
Inventories	\$	20,547
Property, plant and equipment		90,572
Intangible assets		710
Liabilities assumed		(308)
Total identifiable net assets	\$	111,521

Inventories consisted primarily of flock, feed ingredients, packaging, and egg inventory. Flock inventory was valued at carrying value as management believes that its carrying value best approximates its fair value. Feed ingredients, packaging and egg inventory were all valued based on market prices as of June 28, 2024.

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.

Intangible assets consisted primarily of customer lists acquired. Customers lists were valued using the income method approach.

Other Acquisitions

Effective November 30, 2024, the Company acquired the remaining 9.23% interest in our majority-owned subsidiary, MeadowCreek Foods LLC.

Note 3 - Investment Securities

The following represents the Company’s investment securities as of November 30, 2024 and June 1, 2024 (in thousands):

November 30, 2024	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Municipal bonds	\$ 13,727	\$ —	\$ 22	\$ 13,705
Commercial paper	71,143	5	—	71,148
Corporate bonds	301,630	190	—	301,820
Certificates of deposits	5,606	1	—	5,607
US government and agency obligations	151,606	—	204	151,402
Asset backed securities	643	4	—	647
Treasury bills	112,569	—	11	112,558
Total current investment securities	\$ 656,924	\$ 200	\$ 237	\$ 656,887

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June 1, 2024	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Municipal bonds	\$ 4,100	\$ —	\$ 41	\$ 4,059
Commercial paper	137,856	—	121	137,735
Corporate bonds	233,289	—	697	232,592
Certificates of deposits	3,505	—	14	3,491
US government and agency obligations	154,520	—	251	154,269
Asset backed securities	3,154	—	30	3,124
Treasury bills	39,239	—	10	39,229
Total current investment securities	<u>\$ 575,663</u>	<u>\$ —</u>	<u>\$ 1,164</u>	<u>\$ 574,499</u>

Available-for-sale

Proceeds from sales and maturities of investment securities available-for-sale were \$426.5 million and \$196.1 million during the twenty-six weeks ended November 30, 2024 and December 2, 2023, respectively. Gross realized gains for the twenty-six weeks ended November 30, 2024 and December 2, 2023 were \$30 thousand and \$7 thousand, respectively. There were no gross realized losses for the twenty-six weeks ended November 30, 2024. Gross realized losses for the twenty-six weeks ended December 2, 2023 were \$8 thousand. There was no allowance for credit losses at November 30, 2024 and June 1, 2024.

Actual maturities may differ from contractual maturities as some borrowers have the right to call or prepay obligations with or without penalties. Contractual maturities of current investments at November 30, 2024 are as follows (in thousands):

	Estimated Fair Value
Within one year	\$ 401,873
1-5 years	255,014
Total	<u>\$ 656,887</u>

Note 4 - Fair Value Measurements

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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The disclosures of fair value of certain financial assets and liabilities that are 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.

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 financial assets and liabilities measured at fair value on a recurring basis as of November 30, 2024 and June 1, 2024 (in thousands):

November 30, 2024	Level 1	Level 2	Level 3	Balance
Assets				
Municipal bonds	\$ —	\$ 13,705	\$ —	\$ 13,705
Commercial paper	—	71,148	—	71,148
Corporate bonds	—	301,820	—	301,820
Certificates of deposits	—	5,607	—	5,607
US government and agency obligations	—	151,402	—	151,402
Asset backed securities	—	647	—	647
Treasury bills	—	112,558	—	112,558
Total assets measured at fair value	\$ —	\$ 656,887	\$ —	\$ 656,887
Liabilities				
Contingent consideration	\$ —	\$ —	\$ 13,000	\$ 13,000
Total liabilities measured at fair value	\$ —	\$ —	\$ 13,000	\$ 13,000
June 1, 2024	Level 1	Level 2	Level 3	Balance
Assets				
Municipal bonds	\$ —	\$ 4,059	\$ —	\$ 4,059
Commercial paper	—	137,735	—	137,735
Corporate bonds	—	232,592	—	232,592
Certificates of deposits	—	3,491	—	3,491
US government and agency obligations	—	154,269	—	154,269
Asset backed securities	—	3,124	—	3,124
Treasury bills	—	39,229	—	39,229
Total assets measured at fair value	\$ —	\$ 574,499	\$ —	\$ 574,499
Liabilities				
Contingent consideration	\$ —	\$ —	\$ 6,500	\$ 6,500
Total liabilities measured at fair value	\$ —	\$ —	\$ 6,500	\$ 6,500

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 readily available for current operations. Observable inputs for these securities are yields, credit risks, default rates, and volatility.

Contingent consideration classified as Level 3 consists of the potential obligation to pay an earnout to Fassio Egg Farms, Inc. (“Fassio”) contingent on the acquired business meeting certain return on profitability milestones over a three-year period, commencing on the date of the acquisition in the second quarter of fiscal 2024. The fair value of the contingent consideration is estimated using a discounted cash flow model. Key assumptions and unobservable inputs that require significant judgement used in the estimate include weighted average cost of capital, egg prices, projected revenue and expenses over which the contingent considered is measured, and the probability assessments with respect to the likelihood of achieving the forecasted projections.

The following table shows the beginning and ending balances in fair value of the contingent consideration:

	Fassio Contingent Consideration
Balance, June 1, 2024	\$ 6,500
Fair value adjustments	6,500
Balance, November 30, 2024	\$ 13,000

Adjustments to the fair value of contingent consideration are recorded within selling, general and administrative expenses in the condensed consolidated statements of income.

Note 5 - Inventories

Inventories consisted of the following as of November 30, 2024 and June 1, 2024 (in thousands):

	November 30, 2024	June 1, 2024
Flocks, net of amortization	\$ 166,634	\$ 149,985
Eggs and egg products	34,182	25,217
Feed and supplies	98,549	86,580
	<u>\$ 299,365</u>	<u>\$ 261,782</u>

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 November 30, 2024 and June 1, 2024 consisted of approximately 12.0 million and 11.8 million pullets and breeders and 48.1 million and 39.9 million layers, respectively.

Note 6 - Equity

The following reflects equity activity for the thirteen weeks ended November 30, 2024 and December 2, 2023 (in thousands):

	Thirteen Weeks Ended November 30, 2024								
	Cal-Maine Foods, Inc. Stockholders								
	Common Stock				Accum. Other Comp. Loss	Retained Earnings	Noncontrolling Interest	Total	
	Amount	Class A Amount	Treasury Amount	Paid In Capital					
Balance at August 31, 2024	\$ 703	\$ 48	\$ (31,632)	\$ 77,503	\$ (474)	\$ 1,856,405	\$ (3,490)	\$ 1,899,063	
Other comprehensive income, net of tax	—	—	—	—	(434)	—	—	(434)	
Stock compensation plan transactions	—	—	(29)	1,097	—	—	—	1,068	
Contributions to Crepini Foods LLC	—	—	—	—	—	—	6,485	6,485	
Aquisition of noncontrolling interest in MeadowCreek Foods LLC	—	—	—	—	—	(3,826)	3,826	—	
Dividends (\$1.489 per share)									
Common	—	—	—	—	—	(65,911)	—	(65,911)	
Class A common	—	—	—	—	—	(7,147)	—	(7,147)	
Net income (loss)	—	—	—	—	—	219,064	(705)	218,359	
Balance at November 30, 2024	<u>\$ 703</u>	<u>\$ 48</u>	<u>\$ (31,661)</u>	<u>\$ 78,600</u>	<u>\$ (908)</u>	<u>\$ 1,998,585</u>	<u>\$ 6,116</u>	<u>\$ 2,051,483</u>	

Thirteen Weeks Ended December 2, 2023

Cal-Maine Foods, Inc. Stockholders								
Common Stock								
	Amount	Class A Amount	Treasury Amount	Paid In Capital	Accum. Comp. Loss	Retained Earnings	Noncontrolling Interest	Total
Balance at September 2, 2023	\$ 703	\$ 48	\$ (30,014)	\$ 73,153	\$ (2,291)	\$ 1,571,744	\$ (2,013)	\$ 1,611,330
Other comprehensive income, net of tax	—	—	—	—	677	—	—	677
Stock compensation plan transactions	—	—	—	1,061	—	—	—	1,061
Dividends (\$0.116 per share)	—	—	—	—	—	(5,125)	—	(5,125)
Common	—	—	—	—	—	(5,125)	—	(5,125)
Class A common	—	—	—	—	—	(557)	—	(557)
Net income (loss)	—	—	—	—	—	17,009	(431)	16,578
Balance at December 2, 2023	\$ 703	\$ 48	\$ (30,014)	\$ 74,214	\$ (1,614)	\$ 1,583,071	\$ (2,444)	\$ 1,623,964

Twenty-six Weeks Ended November 30, 2024

Cal-Maine Foods, Inc. Stockholders								
Common Stock								
	Amount	Class A Amount	Treasury Amount	Paid In Capital	Accum. Comp. Loss	Retained Earnings	Noncontrolling Interest	Total
Balance at June 1, 2024	\$ 703	\$ 48	\$ (31,597)	\$ 76,371	\$ (1,773)	\$ 1,756,395	\$ (3,104)	\$ 1,797,043
Other comprehensive income, net of tax	—	—	—	—	865	—	—	865
Stock compensation plan transactions	—	—	(64)	2,229	—	—	—	2,165
Contributions to Crepini Foods LLC	—	—	—	—	—	—	6,485	6,485
Aquisition of noncontrolling interest in MeadowCreek Foods LLC	—	—	—	—	—	(3,826)	3,826	—
Dividends (\$2.509 per share)	—	—	—	—	—	(110,986)	—	(110,986)
Common	—	—	—	—	—	(110,986)	—	(110,986)
Class A common	—	—	—	—	—	(12,038)	—	(12,038)
Net income (loss)	—	—	—	—	—	369,040	(1,091)	367,949
Balance at November 30, 2024	\$ 703	\$ 48	\$ (31,661)	\$ 78,600	\$ (908)	\$ 1,998,585	\$ 6,116	\$ 2,051,483

Twenty-six Weeks Ended December 2, 2023								
Cal-Maine Foods, Inc. Stockholders								
	Common Stock				Accum. Other Comp. Loss	Retained Earnings	Noncontrolling Interest	Total
	Amount	Class A Amount	Treasury Amount	Paid In Capital				
Balance at June 3, 2023	\$ 703	\$ 48	\$ (30,008)	\$ 72,112	\$ (2,886)	\$ 1,571,112	\$ (1,498)	\$ 1,609,583
Other comprehensive loss, net of tax	—	—	—	—	1,272	—	—	1,272
Stock compensation plan transactions	—	—	(6)	2,102	—	—	—	2,096
Dividends (\$0.122 per share)								
Common	—	—	—	—	—	(5,390)	—	(5,390)
Class A common	—	—	—	—	—	(586)	—	(586)
Net income (loss)	—	—	—	—	—	17,935	(946)	16,989
Balance at December 2, 2023	\$ 703	\$ 48	\$ (30,014)	\$ 74,214	\$ (1,614)	\$ 1,583,071	\$ (2,444)	\$ 1,623,964

Note 7 - Net Income per Common Share

Basic net income per share is based on the weighted average Common Stock and Class A Common Stock outstanding. Diluted net income per share 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 (amounts in thousands, except per share data):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	November 30, 2024	December 2, 2023	November 30, 2024	December 2, 2023
Numerator				
Net income	\$ 218,359	\$ 16,578	\$ 367,949	\$ 16,989
Less: Loss attributable to noncontrolling interest	(705)	(431)	(1,091)	(946)
Net income attributable to Cal-Maine Foods, Inc.	<u>\$ 219,064</u>	<u>\$ 17,009</u>	<u>\$ 369,040</u>	<u>\$ 17,935</u>
Denominator				
Weighted-average common shares outstanding, basic	48,765	48,690	48,762	48,691
Effect of dilutive restricted shares	205	176	191	163
Weighted-average common shares outstanding, diluted	<u>48,970</u>	<u>48,866</u>	<u>48,953</u>	<u>48,854</u>
Net income per common share attributable to Cal-Maine Foods, Inc.				
Basic	<u>\$ 4.49</u>	<u>\$ 0.35</u>	<u>\$ 7.57</u>	<u>\$ 0.37</u>
Diluted	<u>\$ 4.47</u>	<u>\$ 0.35</u>	<u>\$ 7.54</u>	<u>\$ 0.37</u>

Note 8 - Revenue from Contracts with Customers

Net revenue is primarily generated through the sales of shell eggs and egg products. The Company’s shell egg product offerings include specialty and conventional shell eggs. Specialty shell eggs include cage-free, organic, brown, free-range, pasture-raised and nutritionally enhanced eggs. Conventional shell egg sales represent all other shell egg sales not sold as specialty shell eggs.

The Company’s egg products offerings include liquid and frozen egg products, as well as ready-to-eat products such as hard-cooked eggs, egg wraps, protein pancakes, crepes and wrap-ups. Liquid and frozen egg products are primarily sold to the institutional, foodservice and food manufacturing sectors. Ready-to-eat products are sold primarily within the retail and foodservice channels.

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

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	November 30, 2024	December 2, 2023	November 30, 2024	December 2, 2023
Conventional shell egg sales	\$ 616,891	\$ 280,599	\$ 1,101,627	\$ 505,879
Specialty shell egg sales	286,970	217,905	543,747	426,586
Egg products	40,651	20,012	75,826	42,235
Other	10,159	4,718	19,342	7,878
	<u>\$ 954,671</u>	<u>\$ 523,234</u>	<u>\$ 1,740,542</u>	<u>\$ 982,578</u>

Note 9 - Stock Based Compensation

Total stock-based compensation expense was \$2.2 million and \$2.1 million for the twenty-six weeks ended November 30, 2024 and December 2, 2023, respectively.

Unrecognized compensation expense as a result of non-vested shares of restricted stock outstanding under the Amended and Restated 2012 Omnibus Long-Term Incentive Plan at November 30, 2024 of \$5.1 million will be recorded over a weighted average period of 1.7 years. Refer to Part II Item 8, Notes to Consolidated Financial Statements and Supplementary Data, Note 14 - Stock Compensation Plans in our 2024 Annual Report for further information on our stock compensation plans.

The Company’s restricted share activity for the twenty-six weeks ended November 30, 2024 follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding, June 1, 2024	277,954	\$ 49.38
Vested	(3,016)	45.07
Forfeited	(2,892)	52.88
Outstanding, November 30, 2024	<u>272,046</u>	<u>\$ 49.39</u>

Note 10 - Commitments and Contingencies

LEGAL PROCEEDINGS

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. On August 16, 2022, the appeals court reversed and remanded the case back to the trial court for further

proceedings. On October 31, 2022, the Company and WCF appealed the First District Court's decision to the Supreme Court of Texas. On September 29, 2023, the Supreme Court of Texas denied the Company's Petition for Review and remanded to the trial court for further proceedings. The district court entered a pre-trial order scheduling pre-trial proceedings and tentatively setting a trial date for August 11, 2025. On November 30, 2024, the State filed an amended petition, primarily to address a procedural deficiency that required the State to generally plead it was seeking monetary relief over \$ 1.0 million including restitution, civil penalties, attorney's fees and costs. Management believes the risk of material loss related to this matter 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, until a subsequent settlement was reached as described below, 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 alleged 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 attacked certain features of the United Egg Producers animal-welfare guidelines and program used by the Company and many other egg producers.

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 trial of this case began on October 17, 2023. On December 1, 2023, the jury returned a decision awarding the Egg Products Plaintiffs \$17.8 million in damages. On November 6, 2024, the court entered a final judgement against the Company and other defendants, jointly and severally, totaling \$43.6 million after trebling. On December 4, 2024, the Company filed a renewed motion for judgment as a matter of law or for a new trial, and a motion to alter or amend the judgment. On December 13, 2024, the court granted defendants' November 20, 2024 motion to stay enforcement of the judgment and entered an agreed order requiring the defendants to post security during post-judgment proceedings and appeal, and stayed proceedings to enforce the judgment until the disposition of the post-judgment motions and ultimate appeals. On December 17, 2024, the Company posted a bond in the approximate amount of \$23.9 million, representing a portion of the total bond required to preserve the right to appeal the trial court's decision. Another defendant posted a bond for the remaining amount, The Company intends to continue to vigorously defend the claims asserted by the Egg Products Plaintiffs.

If the jury's decision is ultimately upheld, the Company would be jointly and severally liable with other defendants for treble damages, or \$43.6 million, subject to credit for certain settlements with previous settling defendants, plus the Egg Product Plaintiffs' reasonable attorneys' fees. During our second fiscal quarter of 2024, we recorded an accrued expense of \$9.6 million in selling, general and administrative expenses in the Company's Condensed Consolidated Statements of Income and classified as other noncurrent liabilities in the Company's Condensed Consolidated Balance Sheets. Although less than the bond posted by the Company, the accrual represents our estimate of the Company's proportional share of the reasonably possible ultimate damages award, excluding the Egg Product Plaintiffs' attorneys' fees that we believe would be approximately offset by the credits noted above. We have entered into a judgment allocation and joint defense agreement with the other major producer defendant remaining in the case and are in discussions with other defendants regarding their contributions. Our accrual may change in the future based on the outcome of those discussions and may also be revised in whole or in part in the future to the extent we are successful in further proceedings in the litigation.

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., Cobb-Vantress, Inc., Cargill, Inc., George's, Inc., Peterson Farms, Inc. and Simmons Foods, Inc., and certain of their affiliates. The State of Oklahoma claims that through the disposal of chicken litter the defendants polluted the Illinois River Watershed. This watershed provides water to eastern Oklahoma. The complaint sought injunctive relief and monetary damages, but the claim for monetary damages was dismissed by the court. Cal-Maine Foods, Inc. discontinued operations in the watershed in or around 2005. 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. We also have a number of small contract producers that operate in the area.

The non-jury trial in the case began in September 2009 and concluded in February 2010. On January 18, 2023, the court entered findings of fact and conclusions of law in favor of the State of Oklahoma, but no penalties were assessed. The court found the defendants liable for state law nuisance, federal common law nuisance, and state law trespass. The court also found the producers vicariously liable for the actions of their contract producers. The court directed the parties to confer in attempt to reach agreement on appropriate remedies. On June 12, 2023, the court ordered the parties to mediate before retired Tenth Circuit Chief Judge Deanell Reece Tacha, but the mediation was unsuccessful. On June 26, 2024, the district court denied defendants' motion to dismiss the case. On September 13, 2024, a status hearing was held and the court scheduled an evidentiary hearing for December 3, 2024, to determine whether any legal remedy is available based on the now 14 year old record and changed circumstances of the Illinois River watershed. On November 5, 2024 the court denied defendants' September 20, 2024 motion to certify an interlocutory appeal. The evidentiary hearing proceeded as scheduled and concluded on December 17, 2024. The court directed the parties to present their proposed findings of fact and conclusions of law and supporting briefs by January 30, 2025. While management believes there is a reasonable possibility of a material loss from the case, 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: uncertainties inherent in any assessment of potential costs associated with injunctive relief or other penalties based on a decision in a case tried over 14 years ago based on environmental conditions that existed at the time, the lack of guidance from the court as to what might be considered appropriate remedies, the ongoing litigation with the State of Oklahoma, and uncertainty regarding what our proportionate share of any remedy would be, although we believe that our share compared to the other defendants is small.

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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in Part II Item 7 of the Company's Annual Report on Form 10-K for its fiscal year ended June 1, 2024 (the "2024 Annual Report"), and the accompanying financial statements and notes included in Part II Item 8 of the 2024 Annual Report and in [Part I Item 1](#) of this Quarterly Report on Form 10-Q ("Quarterly Report").

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 our shell egg and egg products 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 resurgence in United States ("U.S.") commercial table egg layer flocks of highly pathogenic avian influenza ("HPAI"), potential future impact on our business of inflation and changing interest rates, potential future impact on our business of new legislation, rules or policies, potential outcomes of legal proceedings, including loss contingency accruals and factors that may result in changes in the amounts recorded, 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 Part I Item 1A Risk Factors of the 2024 Annual Report, the risk factors (if any) set forth in Part II 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 current outbreak of 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 and that first impacted our flocks in December 2023, (iii) changes in the demand for and market prices of shell eggs and feed costs, (iv) our ability to predict and meet demand for cage-free and other specialty eggs, (v) risks, changes, or obligations that could result from our recent or 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 changes in inflation and interest rates, (vii) our ability to retain existing customers, acquire new customers and grow our product mix, (viii) adverse results in pending litigation matters, and (ix) global instability, including as a result of the war in Ukraine, the conflicts in Israel and surrounding areas and attacks on shipping in the Red Sea. 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 update publicly these forward-looking statements, whether because of new information, future events, or otherwise.

GENERAL

Cal-Maine Foods, Inc. (the "Company," "we," "us," "our") is primarily engaged in the production, grading, packaging, marketing and distribution of fresh shell eggs. Our operations are fully integrated and we have one operating and reportable segment. We are the largest producer and distributor of fresh shell eggs in the U.S. Our total flock of approximately 48.1 million layers and 12.0 million pullets and breeders is the largest in the U.S. We sell our shell eggs and egg products 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 customers throughout the majority of the U.S. and aim to maintain efficient, state-of-the-art operations located close to our customers.

Our operating results are materially impacted by market prices for eggs and feed grains (corn and soybean meal), which are highly volatile, independent of each other, and out of our control. Generally, higher market prices for eggs have a positive impact on our financial results while higher market prices for feed grains have a negative impact on our financial results. Although we use a variety of pricing mechanisms in pricing agreements with our customers, we sell most of our conventional shell eggs based on formulas that consider, 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.

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. Because of the seasonal and quarterly fluctuations, comparisons of our sales and operating results between different quarters within a single fiscal year are not necessarily meaningful comparisons.

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. Basis is the difference between the local cash price for grain and the applicable futures price. A basis contract is a common transaction in the grain market that allows us to lock-in a basis level for a specific delivery period and wait to set the futures price at a later date. Furthermore, due to the more limited supply for organic ingredients, we may commit to purchase organic ingredients in advance to help ensure 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. Corn and soybean meal are commodities and are subject to volatile price changes due to weather, various supply and demand factors, transportation and storage costs, speculators, agricultural, energy and trade policies in the U.S. and internationally, and global instability that could disrupt the supply chain.

An important competitive advantage for Cal-Maine Foods is our ability to meet our customers' evolving needs with a favorable mix of branded and private-label products of conventional and specialty eggs, including cage-free, organic, brown, free-range, pasture-raised and nutritionally-enhanced eggs as well as egg products.

CAGE-FREE EGGS

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 2030. These states represent approximately 27% of the U.S. total population according to the 2020 U.S. Census. California, Massachusetts, Colorado, Oregon, Washington, and Nevada, which collectively represent approximately 20% of the total estimated U.S. population, have cage-free legislation currently in effect.

A significant number of our customers have announced goals to either exclusively offer cage-free eggs or significantly increase the volume of cage-free egg sales in the future, subject in most cases to availability of supply, affordability and consumer demand, among other contingencies. 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 focused on adjusting our cage-free production capacity with a goal of meeting the future needs of our customers in light of changing state requirements and our customers' goals. As always, we strive to offer a product mix that aligns with current and anticipated customer purchase decisions. We are engaging with our customers to help them meet their announced goals and needs. 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. Our volume of cage-free egg sales has continued to increase and account for a larger share of our product mix. Cage-free egg revenue represented approximately 23.4% of our total shell egg revenue for the second quarter of fiscal year 2025. At the same time, we understand the importance of our continued ability to provide conventional eggs in order to provide our customers with a variety of egg choices and to address hunger in our communities.

For additional information, see the 2024 Annual Report, Part I Item 1, "Business – Specialty Eggs," "Business – Growth Strategy" and "Business – Government Regulation," and the first risk factor in Part I Item 1A, "Risk Factors" under the sub-heading "Legal and Regulatory Risk Factors."

ACQUISITIONS

During the first quarter of fiscal 2025, we acquired substantially all the commercial shell egg production, processing and egg products breaking assets of ISE America, Inc. and certain of its affiliates ("ISE"). The assets acquired included commercial shell egg production and processing facilities with a capacity at the time of acquisition of approximately 4.7 million laying hens, including 1.0 million cage-free, and 1.2 million pullets, feed mills, approximately 4,000 acres of land, inventories and an egg products breaking facility. The acquired assets also include an extensive customer distribution network across the Northeast and Mid-Atlantic states, and production operations in Maryland, New Jersey, Delaware and South Carolina. These production assets are our first in Maryland, New Jersey and Delaware. We believe this acquisition provides us with an opportunity to

significantly enhance our market reach in the Northeast and Mid-Atlantic states. See further discussion in [Note 2 – Acquisition](#) of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report.

Effective on September 9, 2024, we completed a strategic investment with Crepini LLC, establishing a new egg products and prepared foods venture. Crepini LLC, founded in 2007, grew its brand throughout the United States and Mexico featuring egg wraps, protein pancakes, crepes, and wrap-ups, which are sold online and in over 3,500 retail stores. The new entity, located in Hopewell Junction, New York, operates as Crepini Foods LLC (“Crepini”). We capitalized Crepini with approximately \$6.75 million in cash to purchase additional equipment and other assets and fund working capital in exchange for a 51% interest in the new venture. Crepini LLC contributed its existing assets and business in exchange for a 49% interest in the new venture.

In fiscal 2022, we announced a strategic investment in a new entity, MeadowCreek Food, LLC (“MeadowCreek”), which became a majority-owned subsidiary. During March 2023, MeadowCreek began operations with a focus on being a leading provider of hard-cooked eggs. During second quarter 2025, we acquired the remaining ownership interests in MeadowCreek and it became a wholly-owned subsidiary.

In second quarter 2024, we acquired the assets of Fassio Egg Farms, Inc. (“Fassio”) related to its commercial shell egg production and processing business. Fassio owned and operated commercial shell egg production and processing facilities with a capacity at the time of acquisition of approximately 1.2 million laying hens, primarily cage-free, a feed mill, pullets, a fertilizer production and composting operation and land located in Erda, Utah, outside Salt Lake City. This acquisition provided us with an opportunity to expand our market presence in Utah and the western U.S., particularly for cage-free eggs. In fourth quarter 2024, we acquired a broiler processing plant, hatchery and feed mill in Dexter, Missouri for use in shell egg production.

HPAI

Outbreaks of HPAI have continued to occur in U.S. poultry flocks. In calendar 2024, 38.4 million commercial layer hens and 1.8 million pullets were depopulated due to HPAI. Approximately 13.6 million commercial layer hens and 500,000 pullets were depopulated in December 2024 alone.

Our facilities in Kansas and Texas which experienced HPAI in fiscal 2024 are now fully operational.

We remain dedicated to robust biosecurity programs across our locations; however, no farm is immune from HPAI. HPAI is currently widespread in the wild bird population worldwide. According to the U.S. Centers for Disease Control and Prevention (“CDC”), as of January 6, 2025, there were outbreaks in 917 herds of dairy cows in 16 states, and in 2024 there were 66 human cases in the U.S., almost entirely among poultry and dairy workers. However, in 2024, one of the human cases resulted in severe illness after the patient was exposed to sick and dead birds in backyard flocks. The patient, who was reported to have underlying health conditions, died in January 2025. There have been no reported cases of person-to-person spread. According to the CDC, the human health risk to the U.S. public from the HPAI virus is considered to be low. The extent of possible future outbreaks among U.S. commercial egg layer flocks, with heightened risk during migration seasons, cannot be predicted. According to the USDA, HPAI cannot be transmitted through safely handled and properly cooked eggs. There is no known risk related to HPAI associated with eggs that are currently in the market and no eggs have been recalled. For additional information, see the 2024 Annual Report, Part II Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations – HPAI.”

EXECUTIVE OVERVIEW

For the second quarter and first two quarters of fiscal 2025, we recorded a gross profit of \$356.0 million and \$603.3 million, respectively, compared to \$91.1 million and \$136.6 million, respectively, for the same periods of fiscal 2024, primarily driven by an increase in the net average selling price of shell eggs, primarily conventional egg prices, as well as an increase in total dozens sold, primarily specialty dozens sold. Our results were also positively impacted by lower feed costs and our recent acquisitions discussed above, partially offset by an increase in the volume and price of outside egg purchases.

Our net average selling price per dozen for the second quarter of fiscal 2025 was \$2.740 compared to \$1.730 in the prior-year period. Conventional egg prices per dozen were \$2.943 compared to \$1.458 for the prior-year period, and specialty egg prices per dozen were \$2.387 compared to \$2.277 for the prior-year period. Egg prices in the second quarter of fiscal 2025 were elevated compared to the prior-year period primarily due to the resurgence of HPAI outbreaks, which decreased supply, among other factors. According to the USDA, the monthly average size of the layer hen flock from September through November (which most closely aligns with our second fiscal quarter) 2024 was approximately 310.7 million hens, which was a decrease of 9.7 million layers, or 3.0%, compared to the same period in the prior year. The daily average price for the Urner Barry southeast large index for the second quarter of fiscal 2025 increased 102.1% from the comparable period in the prior year. For more information about historical shell egg prices, see Part I Item I of our 2024 Annual Report.

Our dozens sold for the second quarter of fiscal 2025 increased 14.5% compared to the second quarter of fiscal 2024. In addition to robust demand, we had an increase in production capacity with the acquisitions of the commercial shell egg production and processing business of ISE during the first quarter of fiscal 2025.

Our farm production costs per dozen produced for the second quarter of fiscal 2025 decreased 8.5%, or \$0.08 compared to the prior year period, primarily due to lower feed costs. Feed costs per dozen produced decreased 12.8%, or \$0.07, compared to the second quarter of fiscal 2024, primarily due to lower feed ingredient prices. For information about historical corn and soybean meal prices, see Part I Item 1 of our 2024 Annual Report. Our egg purchases and other cost of sales increased \$126.4 million quarter-over-quarter, primarily due to higher shell egg prices as well as an increase in dozens purchased to supply eggs for our customers, including those acquired in our ISE acquisition, during the higher seasonal demand cycle while the nation experienced lower supply due to HPAI.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain items from our Condensed Consolidated Statements of Income expressed as a percentage of net sales.

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	November 30, 2024	December 2, 2023	November 30, 2024	December 2, 2023
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	62.7 %	82.6 %	65.3 %	86.1 %
Gross profit	37.3 %	17.4 %	34.7 %	13.9 %
Selling, general and administrative	8.1 %	14.5 %	8.0 %	13.1 %
(Gain) loss on disposal of fixed assets	— %	0.1 %	(0.1) %	— %
Operating income	29.2 %	2.8 %	26.8 %	0.8 %
Total other income, net	1.1 %	1.5 %	1.3 %	1.6 %
Income before income taxes	30.3 %	4.3 %	28.1 %	2.4 %
Income tax expense	7.4 %	1.1 %	6.8 %	0.6 %
Net income	22.9 %	3.2 %	21.3 %	1.8 %
Less: Loss attributable to noncontrolling interest	(0.1) %	(0.1) %	(0.1) %	(0.1) %
Net income attributable to Cal-Maine Foods, Inc.	23.0 %	3.3 %	21.4 %	1.9 %

NET SALES

Total net sales for the second quarter of fiscal 2025 were \$954.7 million compared to \$523.2 million for the same period of fiscal 2024.

Shell egg sales represented 94.6% and 95.3% of total net sales for the second quarters of fiscal 2025 and 2024, respectively. The Company's shell egg offerings, for both branded and private-label products, include specialty and conventional shell eggs. Specialty shell eggs include cage-free, organic, brown, free-range, pasture-raised and nutritionally enhanced eggs. Conventional shell eggs sales represent all other shell egg sales not sold as specialty shell eggs. The Company's egg products offerings include liquid and frozen egg products and ready-to-eat products such as hard-cooked eggs, egg wraps, protein pancakes, crepes and wrap-ups. Other sales represent feed sales, miscellaneous byproducts and resale products.

Total net sales for the twenty-six weeks ended November 30, 2024 were \$1.7 billion, compared to \$982.6 million for the comparable period of fiscal 2024.

Shell egg sales represented 94.5% and 94.9% of total net sales for the twenty-six weeks ended November 30, 2024 and December 2, 2023, respectively.

The table below presents net sales in key categories (in thousands, except percentage data):

	Thirteen Weeks Ended			Twenty-six Weeks Ended		
	November 30, 2024	December 2, 2023	% Change	November 30, 2024	December 2, 2023	% Change
Shell Egg	\$ 903,861	\$ 498,504	81.3 %	\$ 1,645,374	\$ 932,465	76.5 %
Egg products	40,651	20,012	103.1	75,826	42,235	79.5
Other	10,159	4,718	115.3	19,342	7,878	145.5
Total net sales	\$ 954,671	\$ 523,234	82.5 %	\$ 1,740,542	\$ 982,578	77.1 %

The table below presents an analysis of our shell egg sales (in thousands, except percentage data):

	Thirteen Weeks Ended				Twenty-six Weeks Ended			
	November 30, 2024		December 2, 2023		November 30, 2024		December 2, 2023	
Shell egg sales								
Conventional	\$ 616,891	68.3 %	\$ 280,599	56.3 %	\$ 1,101,627	67.0 %	\$ 505,879	54.3 %
Specialty	286,970	31.7	217,905	43.7 %	543,747	33.0	426,586	45.7
Total shell egg sales	\$ 903,861	100.0 %	\$ 498,504	100.0 %	\$ 1,645,374	100.0 %	\$ 932,465	100.0 %
Dozens sold								
Conventional	209,597	63.5 %	192,462	66.8 %	409,586	64.0 %	373,992	66.6 %
Specialty	120,247	36.5	95,711	33.2	230,237	36.0	187,307	33.4
Total dozens sold	329,844	100.0 %	288,173	100.0 %	639,823	100.0 %	561,299	100.0 %
Net average selling price per dozen								
Conventional	\$ 2.943		\$ 1.458		\$ 2.690		\$ 1.353	
Specialty	\$ 2.387		\$ 2.277		\$ 2.362		\$ 2.277	
All shell eggs	\$ 2.740		\$ 1.730		\$ 2.572		\$ 1.661	

Shell egg sales

Second Quarter – Fiscal 2025 vs. Fiscal 2024

- In the second quarter of fiscal 2025, conventional egg sales increased \$336.3 million, or 119.8%, compared to the second quarter of fiscal 2024, primarily due to a 101.9% increase in the prices for conventional eggs, which resulted in a \$311.3 million increase in net sales, and a 8.9% increase in the volume of conventional eggs sold, which resulted in a \$25.0 million increase in net sales. Results for the second quarter of 2025 were positively impacted by our recent acquisition of ISE.
- Specialty egg sales increased \$69.1 million, or 31.7%, in the second quarter of fiscal 2025 compared to the second quarter of fiscal 2024, primarily due to a 25.6% increase in the volume of specialty eggs sold, which resulted in a \$55.9 million increase in net sales and a 4.8% increase in prices for specialty eggs, which resulted in a \$13.2 million increase in net sales.
- Demand for specialty eggs increased in the second quarter of fiscal 2025 as conventional egg prices rose. Specialty dozens sold represented 36.5% of our shell egg dozens sold for the second quarter of fiscal 2025 compared to 33.2% for the prior-year period. Additionally, demand continues to be impacted by cage-free requirements becoming effective for Nevada, Oregon and Washington on January 1, 2024.
- See “Executive Overview” above for additional discussion.

Twenty-six weeks – Fiscal 2025 vs. Fiscal 2024

- For the twenty-six weeks ended November 30, 2024, conventional egg sales increased \$595.8 million, or 117.8%, compared to the same period of fiscal 2024, primarily due to the increase in the prices for conventional shell eggs. Prices for conventional eggs increased 98.8%, which resulted in a \$547.6 million increase in net sales. A 9.5% increase in the volume of conventional eggs sold resulted in a \$48.2 million increase in net sales.
- Specialty egg sales increased \$117.2 million, or 27.5%, for the twenty-six weeks ended November 30, 2024 compared to the same period in fiscal 2024, primarily due to a 22.9% increase in the volume of specialty eggs sold, which

resulted in a \$97.8 million increase in net sales and a 3.7% increase in prices for specialty eggs, which resulted in a \$19.6 million increase in net sales.

Egg products sales

Second Quarter – Fiscal 2025 vs. Fiscal 2024

- Egg products sales increased \$20.6 million, or 103.1%, for the second quarter of fiscal 2025 compared to the same period of fiscal 2024, primarily due to a 63.5% increase in liquid eggs pounds sold, which had a \$7.9 million positive impact on net sales, and a 25.2% increase in the net average selling price per pound of liquid eggs, which resulted in a \$5.1 million increase in net sales. Results for the second quarter of 2025 were positively impacted by our recent acquisition of ISE, which included a breaking facility.
- Sales from hard-cooked eggs increased \$6.4 million or 212.5% in the second quarter of fiscal 2025 compared to fiscal 2024 as more processing capabilities are coming online from our investments in MeadowCreek and Crepini.

Twenty-six weeks – Fiscal 2025 vs. Fiscal 2024

- Egg products sales increased \$33.6 million, or 79.5%, primarily due to a 39.9% increase in liquid eggs pounds sold, which had a \$10.9 million positive impact on net sales, and a 25.0% increase in the net average selling price per pound of liquid eggs, which resulted in a \$9.5 million increase in net sales.
- Sales from hard-cooked eggs increased \$12.1 million, or 194.6%, in the first two quarters of fiscal 2025 compared to the same period in fiscal 2024, primarily for the reasons described above.

Other

- Other sales increased compared to the prior year periods primarily due to higher feed sales related to our ISE acquisition.

COST OF SALES

Cost of sales consists of costs directly related to producing, processing and packing shell eggs, purchases of shell eggs from outside sources, processing and packing of egg products and other non-egg costs. Farm production costs are those costs incurred at the egg production facility, including feed, facility (including labor), 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):

	Thirteen Weeks Ended			Twenty-six Weeks Ended		
	November 30, 2024	December 2, 2023	% Change	November 30, 2024	December 2, 2023	% Change
Cost of sales						
Farm production	\$ 258,246	\$ 258,367	— %	\$ 499,947	\$ 511,874	(2.3) %
Processing, packaging, and warehouse	98,823	84,767	16.6	190,534	166,673	14.3
Egg purchases and other cost of sales	198,030	71,654	176.4	366,479	132,451	176.7
Egg products	43,530	17,316	151.4	80,322	35,017	129.4
Total cost of sales	\$ 598,629	\$ 432,104	38.5 %	\$ 1,137,282	\$ 846,015	34.4 %
Farm production costs (per dozen produced)						
Feed	\$ 0.483	\$ 0.554	(12.8) %	\$ 0.488	\$ 0.575	(15.1) %
Other	\$ 0.418	\$ 0.431	(3.0) %	\$ 0.421	\$ 0.435	(3.2) %
Total farm production cost	\$ 0.901	\$ 0.985	(8.5) %	\$ 0.909	\$ 1.010	(10.0) %
Outside egg purchases (average cost per dozen)	\$ 3.22	\$ 2.03	58.6 %	\$ 3.03	\$ 1.84	64.7 %
Dozens produced	288,036	265,101	8.7 %	554,875	515,457	7.6 %
Percent produced to sold	87.3%	92.0%	(5.1) %	86.7%	91.8%	(5.6) %

Farm Production

Second Quarter – Fiscal 2025 vs. Fiscal 2024

- Feed costs per dozen produced decreased 12.8% in the second quarter of fiscal 2025 compared to the second quarter of fiscal 2024. This decrease was primarily due to lower prices for corn and soybean meal, our primary feed ingredients. The decrease in feed cost per dozen resulted in a decrease in cost of sales of \$20.5 million for the second quarter of fiscal 2025 compared to the prior period quarter.
- For the second quarter of fiscal 2025, the average Chicago Board of Trade (“CBOT”) daily market price was \$4.17 per bushel of corn and \$311 per ton of soybean meal, representing decreases of 13.0% and 25.3%, respectively, as compared to the average CBOT daily market prices for the second quarter of fiscal 2024.
- Other farm production costs decreased primarily due to lower flock amortization. Feed costs reached their peak in the second quarter of fiscal 2023 and have since trended downward. Lower costs result in lower capitalized values of the flocks during the grow out phase, which reduced amortization cost over time.

Twenty-six weeks – Fiscal 2025 vs. Fiscal 2024

- Feed costs per dozen produced decreased 15.1% in the twenty-six weeks ended November 30, 2024 compared to the same period of fiscal 2024, primarily due to lower feed ingredient prices. The decrease in feed cost per dozen resulted in a decrease in cost of sales of \$48.3 million compared to the prior year period.
- For the year-to-date period, the average CBOT daily market price was \$4.10 per bushel of corn and \$326 per ton of soybean meal, representing decreases of 18.8% and 22.4%, respectively, compared to the average CBOT daily market prices for the comparable period in the prior year.

- Other farm production costs decreased due to lower flock amortization, for the reasons described above.

Current indications for corn and soybean project a favorable stocks-to-use ratio near the levels prevailing today for the remainder of fiscal 2025; however, as long as outside factors remain uncertain (including weather patterns and global supply chain disruptions), volatility could remain.

Processing, packaging, and warehouse

Second Quarter – Fiscal 2025 vs. Fiscal 2024

- Processing, packaging, and warehouse costs increased 16.6% compared to the second quarter of fiscal 2024 due to a 9.7% increase in the volume of processed dozens as well as an increase in costs of packaging materials.

Twenty-six weeks – Fiscal 2025 vs. Fiscal 2024

- Processing, packaging, and warehouse costs increased 14.3% compared to the first two quarters of fiscal 2025, primarily due an 8.6% increase in the volume of processed dozens as well as an increase in costs of packaging materials.

Egg purchases and other cost of sales

Second Quarter – Fiscal 2025 vs. Fiscal 2024

- Costs in this category increased primarily due to higher shell egg prices as the average cost per dozen of outside egg purchases increased 58.6% compared to second quarter of fiscal 2024, as well as due to an increase of 80.3% in dozens purchased. Dozens purchased increased due to purchasing more eggs to supply our customers during the higher seasonal demand cycle while the nation experienced lower supply due to HPAI.

Twenty-six weeks – Fiscal 2025 vs. Fiscal 2024

- Costs in this category increased primarily due to higher shell egg prices as the average cost per dozen of outside egg purchases increased 64.7% compared to fiscal 2024, as well as an increase of 73.8% in dozens purchased, primarily for the reasons described above.

GROSS PROFIT

Gross profit, as a percentage of net sales, was 31.5% for the second quarter of fiscal 2025 compared to 9.9% for the same period of fiscal 2024. Gross profit for the twenty-six weeks ended November 30, 2024 was \$603.3 million compared to \$136.6 million for the same period of 2024. The increase was primarily due to higher net average selling price as well as lower feed ingredient prices, partially offset by the increase in volume and price of outside egg purchases.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative (“SGA”) expenses include costs of delivery, marketing, and other general and administrative expenses. Delivery expense includes contract trucking expense and all costs to maintain and operate our fleet of trucks to deliver products to customers including the related payroll expenses. Marketing expense includes franchise fees that are submitted to Egghand’s Best, Inc. (“EB”) to support the EB brand, brokerage and commission fees, and other general marketing expenses such as payroll expenses for our in-house sales team. Other general and administrative expenses include corporate payroll related expenses and other general corporate overhead costs. The following table presents an analysis of our SGA expenses (in thousands):

	Thirteen Weeks Ended			
	November 30, 2024	December 2, 2023	\$ Change	% Change
Delivery expense	\$ 23,666	\$ 17,706	\$ 5,960	33.7 %
Marketing expense	15,074	12,197	2,877	23.6 %
Litigation loss contingency accrual	-	19,648	(19,648)	(100.0) %
Other general and administrative expenses	38,893	27,027	11,866	43.9 %
Total	\$ 77,633	\$ 76,578	\$ 1,055	1.4 %

Second Quarter – Fiscal 2025 vs. Fiscal 2024

Delivery expense

- The increased delivery expense is primarily due to an increase in dozens sold in the second quarter of fiscal 2025 compared to the second quarter of fiscal 2024.

Marketing expense

- The increase in marketing expense is primarily due to an increase in franchise fees as specialty egg sales increased compared to the second quarter of fiscal 2024.

Litigation loss contingency accrual

- In the second quarter of fiscal 2024, we accrued a \$19.6 million loss contingency relating to a jury decision returned in pending anti-trust litigation. See further discussion in [Note 10 - Commitments and Contingencies](#) of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report.

Other general and administrative expense

- The increase in other general and administrative expense is primarily due both to an increase in the accrual for anticipated employee bonuses and to the increased adjustment to the fair value of contingent consideration associated with the Fassio acquisition. See further discussion in [Note 4 - Fair Value Measurements](#) of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report.

	Twenty-six Weeks Ended			
	November 30, 2024	December 2, 2023	\$ Change	% Change
Delivery expense	\$ 44,730	\$ 35,397	\$ 9,333	26.4 %
Marketing expense	29,426	24,661	4,765	19.3 %
Litigation loss contingency accrual	—	19,673	(19,673)	(100.0) %
Other general and administrative expenses	65,409	49,093	16,316	33.2 %
Total	\$ 139,565	\$ 128,824	\$ 10,741	8.3 %

Twenty-six weeks – Fiscal 2025 vs. Fiscal 2024

Delivery expense

- The increased delivery expense is primarily due to an increase in dozens sold compared to the prior year period.

Marketing expense

- The increase in marketing expense is primarily due to an increase in franchise fees as specialty egg sales increased compared to the prior year period.

Other general and administrative expense

- The increase in other general and administrative expense is primarily for the reasons described above, as well as costs associated with the acquisition of ISE assets that occurred during the first quarter of fiscal 2025.

OPERATING INCOME

For the second quarter of fiscal 2025, we recorded operating income of \$278.1 million compared to operating income of \$14.2 million for the same period of fiscal 2024.

For the twenty-six weeks ended November 30, 2024, we recorded operating income of \$465.0 million compared to operating income of \$7.5 million for the same period of fiscal 2024.

OTHER INCOME (EXPENSE)

Total other income (expense) consists of items not directly charged or related to operations, such as interest income and expense, equity in income or loss of unconsolidated entities, and patronage income, among other items. Patronage dividends are paid to us from our membership in the EB cooperative.

For the second quarter of fiscal 2025, we earned \$9.9 million of interest income compared to \$7.1 million for the same period of fiscal 2024, primarily due to higher average cash and cash equivalents and investment securities available-for-sale balances

and yields. The Company recorded interest expense of \$150 thousand and \$134 thousand for the second quarters ended November 30, 2024 and December 2, 2023, respectively.

For the twenty-six weeks ended November 30, 2024, we earned \$19.9 million of interest income compared to \$14.6 million for the same period of fiscal 2024, primarily due to higher average cash and cash equivalents and investment securities available-for-sale balances and yields. The Company recorded interest expense of \$310 thousand and \$276 thousand for the twenty-six weeks ended November 30, 2024 and December 2, 2023, respectively.

INCOME TAXES

For the second quarter of fiscal 2025, our pre-tax income was \$289.0 million, compared to \$22.1 million for the second quarter of fiscal 2024. Income tax expense of \$70.6 million was recorded for second quarter 2025 with an effective tax rate of 24.4%. For second quarter 2024, income tax expense was \$5.5 million with an effective tax rate of 25.0%.

For the twenty-six weeks ended November 30, 2024, pre-tax income was \$486.9 million, compared to \$22.9 million for the same period of fiscal 2024. Income tax expense of \$119.0 million was recorded for the twenty-six weeks ended November 30, 2024 with an effective tax rate of 24.4%. For the same period of fiscal 2024, income tax expense was \$5.9 million with an effective tax rate of 25.7%.

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 INCOME ATTRIBUTABLE TO CAL-MAINE FOODS, INC.

Net income attributable to Cal-Maine Foods, Inc. for the second quarter ended November 30, 2024 was \$219.1 million, or \$4.49 per basic and \$4.47 per diluted common share, compared to net income attributable to Cal-Maine Foods, Inc. of \$17.0 million, or \$0.35 per basic and diluted common share, for the same period of fiscal 2024.

Net income attributable to Cal-Maine Foods, Inc. for the twenty-six weeks ended November 30, 2024, was \$369.0 million, or \$7.57 per basic and \$7.54 per diluted common share, compared to net income attributable to Cal-Maine Foods, Inc. of \$17.9 million or \$0.37 per basic and diluted common share, for the same period of fiscal 2024.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Current Ratio

Our working capital was \$1.2 billion at November 30, 2024 compared to \$1.0 billion at June 1, 2024. The calculation of working capital is defined as current assets less current liabilities. Our current ratio was 5.5 at November 30, 2024 and June 1, 2024. The current ratio is calculated by dividing current assets by current liabilities.

Cash Flows from Operating Activities

For the twenty-six weeks ended November 30, 2024, \$240.2 million in net cash was provided by operating activities, compared to \$73.7 million provided by operating activities for the comparable period in fiscal 2024. The increase in cash flow from operating activities resulted primarily from higher net average selling prices per dozen, increased volume of sales and a decrease in feed ingredient costs compared to the prior-year period, partially offset by the increase in volume and price of outside egg purchases.

Cash Flows from Investing Activities

For the twenty-six weeks ended November 30, 2024, \$247.4 million was used in investing activities, primarily due to the acquisition of assets of ISE, and purchases of property, plant and equipment. This compares to \$32.8 million provided by investing activities in the same period of fiscal 2024, primarily due to sales and maturities of investment securities. Sales and maturities of investment securities were \$426.5 million in the twenty-six weeks ended November 30, 2024 and purchases of investment securities were \$501.6 million during the period. Sales and maturities of investment securities were \$196.1 million in the prior year period while purchases of investment securities were \$43.6 million during the period. The increase in sales and maturities of investment securities is primarily due to the maturities of short-term investments during the first two quarters of

fiscal 2025. Purchases of property, plant and equipment were \$65.6 million and \$65.8 million in the first two quarters of fiscal 2025 and 2024, respectively, primarily reflecting progress on our construction projects.

Cash Flows from Financing Activities

We paid dividends of \$87.8 million for the twenty-six weeks ended November 30, 2024 compared to \$37.3 million in the same prior-year period.

As of November 30, 2024, cash decreased \$97.6 million since June 1, 2024, compared to an increase of \$69.0 million during the same period of fiscal 2024. The decrease is primarily due to the acquisition of assets of ISE during fiscal 2025.

Credit Facility

On November 15, 2021, we entered into a credit agreement that provides for a senior secured revolving credit facility (the “Credit Facility”), in an initial aggregate principal amount of up to \$250 million with a five-year term. As of November 30, 2024, no amounts were borrowed under the Credit Facility. We have \$4.7 million in outstanding standby letters of credit issued under our Credit Facility for the benefit of certain insurance companies. Refer to Part II Item 8, Notes to Consolidated Financial Statements and Supplementary Data, Note 10 - Credit Facility included in our 2024 Annual Report for further information regarding our long-term debt.

Dividends

In accordance with our variable dividend policy, we will pay a cash dividend totaling approximately \$73.0 million, or approximately \$1.489 per share, to holders of our Common Stock and Class A Common Stock with respect to our second quarter of fiscal 2025. The amount paid per share will vary based on the number of outstanding shares on the record date. The dividend is payable on February 13, 2025 to holders of record on January 29, 2025.

Material Cash Requirements

Material cash requirements for operating activities primarily consist of feed ingredients, processing, packaging and warehouse costs, employee related costs, and other general operating expenses, which we expect to be paid from our cash from operations and cash and investment securities on hand for at least the next 12 months. While volatile egg prices and feed ingredient costs, among other things, make long-term predictions difficult, we have substantial liquid assets and availability under our Credit Facility to fund future operating requirements.

Our material cash requirements for capital expenditures consist primarily of our construction projects to increase our cage-free production capacity. We continue to monitor the increasing demand for cage-free eggs and to engage with our customers in efforts to achieve a smooth transition toward their announced timelines for cage-free egg sales. The following table presents material construction projects approved as of November 30, 2024 (in thousands):

Project(s) Type	Projected Completion	Projected Cost	Spent as of		Remaining Projected Cost
			November 30, 2024		
Cage-Free Layer & Pullet Houses	Fiscal 2025	\$ 83,167	\$ 79,340	\$ 3,827	
Feed Mills	Fiscal 2026	16,593	6,376	10,217	
Egg Products Expansion	Fiscal 2026	15,361	-	15,361	
Cage-Free Layer & Pullet Houses	Fiscal 2026	195,996	126,117	69,879	
		<u>\$ 311,117</u>	<u>\$ 211,833</u>	<u>\$ 99,284</u>	

The table reflects approximately \$60 million in new capital projects added since the end of first quarter 2025. These projects include the addition of five new cage-free layer houses and two pullet houses across our locations in Florida, Georgia, Utah and Texas. We expect the projects to be completed with additional production capacity for approximately 1.1 million cage-free layer hens and 250 thousand pullets by late summer 2025. We are also investing \$15 million to expand our egg products processing facility in Blackshear, Georgia to add extended shelf-life liquid eggs products.

We expect the processing plant and hatchery that we acquired in fourth quarter 2024 and repurposed for use in shell egg production to be online in our next fiscal quarter. We have been working with local contract growers and have commitments that would result in approximately 1.2 million additional free-range hens by fall 2025.

We believe our current cash balances, investments, projected cash flows from operations, and available borrowings under our Credit Facility will be sufficient to fund our capital expenditure cash needs for at least the next 12 months and to fund our capital commitments currently in place thereafter.

IMPACT OF RECENTLY ISSUED/ADOPTED ACCOUNTING STANDARDS

For information on changes in accounting principles and new accounting policies, see [Note 1 - Summary of Significant Accounting Policies](#) of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates are those estimates made in accordance with U.S. generally accepted accounting principles that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. There have been no changes to our critical accounting estimates identified in our 2024 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our exposure to market risk during the twenty-six weeks ended November 30, 2024 from the information provided in Part II Item 7A, Quantitative and Qualitative Disclosures About Market Risk in our 2024 Annual Report.

ITEM 4. 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 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 November 30, 2024 at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended November 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Refer to the discussion of certain legal proceedings involving the Company and/or its subsidiaries in (i) our 2024 Annual Report, Part I Item 3 Legal Proceedings, and Part II Item 8, Notes to Consolidated Financial Statements and Supplementary Data, Note 16 - Commitments and Contingencies, and (ii) in this Quarterly Report in [Note 10 - Commitments and Contingencies](#) of the Notes to Condensed Consolidated Financial Statements, which discussions are incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors previously disclosed in the Company's 2024 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table is a summary of our second quarter 2025 share repurchases:

Period	Issuer Purchases of Equity Securities		Total Number of Shares Purchased as Part of Publicly Announced Plans Or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
	Total Number of Shares Purchased (1)	Average Price Paid per Share		
09/01/24 to 09/28/24	—	\$ —	—	—
09/29/24 to 10/26/24	285	94.16	—	—
10/27/24 to 11/30/24	—	—	—	—
	285	\$ 94.16	—	—

(1) As permitted under our Amended and Restated 2012 Omnibus Long-Term Incentive Plan, these shares were withheld by us to satisfy tax withholding obligations for employees in connection with the vesting of restricted common stock.

ITEM 6. EXHIBITS

Exhibits

No.	Description
3.1	Composite Second Amended and Restated Certificate of Incorporation of the Registrant, as amended through October 4, 2024 (incorporated by reference to Exhibit 3.1 in the Registrant's Form 8-K, filed October 4, 2024)
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 in the Registrant's Form 10-K, filed July 23, 2024)
31.1*	Rule 13a-14(a) Certification of the Chief Executive Officer
31.2*	Rule 13a-14(a) Certification of the Chief Financial Officer
32**	Section 1350 Certification 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)
*	Filed herewith as an Exhibit.
**	Furnished herewith as an Exhibit.
+	Submitted electronically with this Quarterly Report.

SIGNATURES

Pursuant to the requirements 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.

CAL-MAINE FOODS, INC.
(Registrant)

Date: January 7, 2025

/s/ Max P. Bowman

Max P. Bowman
Vice President, Chief Financial Officer
(Principal Financial Officer)

Date: January 7, 2025

/s/ Matthew S. Glover

Matthew S. Glover
Vice President – Accounting
(Principal Accounting Officer)

Certification
Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Sherman L. Miller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cal-Maine Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Sherman L. Miller

Sherman L. Miller

President and Chief Executive Officer

Date: January 7, 2025

Certification
Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934,
As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Max P. Bowman, certify that

1. I have reviewed this Quarterly Report on Form 10-Q of Cal-Maine Foods, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Max P. Bowman

Max P. Bowman

Vice President and Chief Financial Officer

Date: January 7, 2025

**Certifications Pursuant to 18 U.S.C. §1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Solely for the purposes of complying with 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Cal-Maine Foods, Inc. (the "Company"), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended November 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Sherman L. Miller

Sherman L. Miller

President and Chief Executive Officer

/s/ Max P. Bowman

Max P. Bowman

Vice President and Chief Financial Officer

Date: January 7, 2025

