



Farm Fresh Goodness Made Great

Seneca Foods Reports Sales and Earnings for the Quarter and Twelve Months Ended March 31, 2024

FAIRPORT, N.Y. June 13, 2024 -- Seneca Foods Corporation (NASDAQ: SENE, SENE) today announced financial results for the fourth quarter and twelve months ended March 31, 2024.

Executive Summary (vs. year-ago, year-to-date results):

- § Net sales for the twelve months ended March 31, 2024 totaled \$1,458.6 million compared to \$1,509.4 million for the twelve months ended March 31, 2023. The year-over-year decrease of \$50.8 million was mainly due to lower sales volumes partially offset by higher selling prices.
- § Gross margin as a percentage of net sales for the twelve months ended March 31, 2024 is 12.9% as compared to 6.9% for the twelve months ended March 31, 2023.

"Fiscal year 2024 represented another strong year, coming in as our historically third best on an operating basis," stated Paul Palmby, President and Chief Executive Officer. "Sales and earnings trended lower in our seasonally weak fourth quarter, but this was primarily attributable to timing of certain contract manufacturing sales, without which our business in the fourth quarter was up 11% in units year-over-year. We remain pleased with our results in a very competitive environment."

Executive Summary (vs. year-ago, fourth quarter results):

- § Net sales for the fourth quarter of fiscal 2024 totaled \$308.0 million compared to \$331.1 million for the fourth quarter of fiscal 2023. The year-over-year decrease of \$23.1 million was mainly due to lower sales volumes partially offset by higher selling prices.
- § Gross margin as a percentage of net sales is 6.7% for the three months ended March 31, 2024 as compared to (4.3%) for the three months ended March 31, 2023.

About Seneca Foods Corporation

Seneca Foods is one of North America's leading providers of packaged fruits and vegetables, with facilities located throughout the United States. Its high quality products are primarily sourced from more than 1,200 American farms and are distributed to approximately 55 countries. Seneca holds a large share of the market for retail private label, food service, restaurant chains, international, contracting packaging, industrial, chips and cherry products. Products are also sold under the highly regarded brands of Libby's®, Green Giant®, Aunt Nellie's®, Green Valley®, CherryMan®, READ®, and Seneca labels, including Seneca snack chips. Seneca's common stock is traded on the Nasdaq Global Select Market under the symbols "SENEA" and "SENEB". SENEA is included in the S&P SmallCap 600, Russell 2000 and Russell 3000 indices.

Non-GAAP Financial Measures

Adjusted net earnings is calculated on a FIFO basis. The Company believes this non-GAAP financial measure provides for a better comparison of year over year operating performance. The Company does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP. Set forth below is a reconciliation of reported earnings before income taxes to adjusted net earnings (in thousands).

	Twelve Months Ended	
	March 31, 2024	March 31, 2023
Earnings before income taxes, as reported	\$ 82,999	\$ 13,793
LIFO charge	22,342	131,611
Adjusted earnings before income taxes	105,341	145,404
Income taxes at statutory rates	25,177	37,596
Adjusted net earnings	<u>\$ 80,164</u>	<u>\$ 107,808</u>

Set forth below is a reconciliation of reported net earnings to EBITDA and FIFO EBITDA (earnings before interest, income taxes, depreciation, amortization and non-cash charges related to the LIFO inventory valuation method). The Company does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP (in thousands).

EBITDA and FIFO EBITDA:	Twelve Months Ended	
	March 31, 2024	March 31, 2023
Net earnings	\$ 63,318	\$ 9,231
Income tax expense	19,681	4,562
Interest expense, net of interest income	34,020	14,325
Depreciation and amortization	50,729	52,577
Interest amortization	(447)	(271)
EBITDA	167,301	80,424
LIFO charge	22,342	131,611
FIFO EBITDA	<u>\$ 189,643</u>	<u>\$ 212,035</u>

Forward-Looking Information

This release contains “forward-looking statements” as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they address future events, developments, and results and do not relate strictly to historical facts. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain the words “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “seeks,” “should,” “likely,” “targets,” “may,” “can” and variations thereof and similar expressions. Forward-looking statements are subject to known and unknown risks, uncertainties, and other important factors that could cause actual results to differ materially from those expressed. We believe important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- the effects of rising costs and availability of raw fruit and vegetables, steel, ingredients, packaging, other raw materials, distribution and labor;
- crude oil prices and their impact on distribution, packaging and energy costs;
- an overall labor shortage, ability to retain a sufficient seasonal workforce, lack of skilled labor, labor inflation or increased turnover impacting our ability to recruit and retain employees;
- climate and weather affecting growing conditions and crop yields;
- our ability to successfully implement sales price increases and cost saving measures to offset cost increases;
- the loss of significant customers or a substantial reduction in orders from these customers;
- effectiveness of our marketing and trade promotion programs;
- competition, changes in consumer preferences, demand for our products and local economic and market conditions;
- the impact of a pandemic on our business, suppliers, customers, consumers and employees;
- unanticipated expenses, including, without limitation, litigation or legal settlement expenses;
- product liability claims;
- the anticipated needs for, and the availability of, cash;
- the availability of financing;
- leverage and the ability to service and reduce debt;
- foreign currency exchange and interest rate fluctuations;
- the risks associated with the expansion of our business;
- the ability to successfully integrate acquisitions into our operations;
- our ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption;
- other factors that affect the food industry generally, including:
 - § recalls if products become adulterated or misbranded, liability if product consumption causes injury, ingredient disclosure and labeling laws and regulations and the possibility that consumers could lose confidence in the safety and quality of certain food products;
 - § competitors’ pricing practices and promotional spending levels;
 - § fluctuations in the level of our customers’ inventories and credit and other business risks related to our customers operating in a challenging economic and competitive environment; and
 - § the risks associated with third-party suppliers, including the risk that any failure by one or more of our third-party suppliers to comply with food safety or other laws and regulations may disrupt our supply of raw materials or certain finished goods products or injure our reputation; and
- changes in, or the failure or inability to comply with, U.S., foreign and local governmental regulations, including environmental and health and safety regulations.

Except for ongoing obligations to disclose material information as required by the federal securities laws, the Company does not undertake any obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of the filing of this report or to reflect the occurrence of unanticipated events.

Contact:

Michael Wolcott, Chief Financial Officer
585-495-4100

Seneca Foods Corporation
Unaudited Selected Financial Data

For the Periods Ended March 31, 2024 and March 31, 2023

(In thousands of dollars, except share data)

	Three Months Ended		Twelve Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net sales	\$ 307,983	\$ 331,063	\$ 1,458,603	\$ 1,509,352
Plant restructuring (note 2)	\$ 318	\$ 1,613	\$ 425	\$ 3,550
Other operating expense (income), net (note 3)	\$ 504	\$ 749	\$ (647)	\$ (1,662)
Operating income (loss) (note 1)	2,548	(36,890)	107,231	21,359
Other non-operating income	(5,288)	(1,689)	(9,788)	(6,759)
Interest expense, net	10,874	6,288	34,020	14,325
(Loss) earnings before income taxes	\$ (3,038)	\$ (41,489)	\$ 82,999	\$ 13,793
Income tax (benefit) expense	(791)	(8,432)	19,681	4,562
Net (loss) earnings	\$ (2,247)	\$ (33,057)	\$ 63,318	\$ 9,231
Basic (loss) earnings per common share	\$ (0.32)	\$ (4.34)	\$ 8.64	\$ 1.19
Diluted (loss) earnings per common share	\$ (0.32)	\$ (4.34)	\$ 8.56	\$ 1.16

Note 1: The effect of the LIFO inventory valuation method on the fourth quarter pre-tax results decreased operating earnings by \$2.7 million and \$52.3 million for the three months ended March 31, 2024 and March 31, 2023, respectively. The effect of the LIFO inventory valuation method on YTD twelve months pre-tax results decreased operating earnings by \$22.3 million and \$131.6 million for the twelve months ended March 31, 2024 and March 31, 2023, respectively.

Note 2: During fiscal year 2024, the Company incurred minimal restructuring charges which were partly driven by the Company's decision to cease its Northeast trucking fleet operations, in addition to charges associated with plants that were closed in previous periods. During fiscal year 2023, the Company incurred restructuring charges primarily due to ceasing production of green beans at a plant in the Northeast. The charges mainly consisted of severance and write-downs of production equipment that was to be scrapped or sold

Note 3: The Company had net other operating income of \$0.6 million in fiscal year 2024, which was driven primarily by gains on the sale of non-operational assets in the Pacific Northwest, partially offset by transition service fees incurred in connection with an asset acquisition. The Company had net other operating income of \$1.7 million in fiscal year 2023, which was driven primarily by gains on the sale of the Company's western trucking fleet and an aircraft. This other operating income was partially offset by a write down of idle equipment to estimated selling price, less commission, as the assets met the criteria to be classified as held for sale.

Note 4: The Company used the "two-class" method for basic earnings per share by dividing the net earnings attributable to common shareholders by the weighted average of common shares outstanding during the period.

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