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**Seneca Foods Corp****Project Type: 10-Q**

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## Submission Information

|                                    |                |
|------------------------------------|----------------|
| <b>Submission Type</b>             | 10-Q           |
| <b>Return Copy?</b>                | off            |
| <b>Contact Name</b>                | RDG Filings    |
| <b>Contact Phone</b>               | 1-415-643-6080 |
| <b>Exchange(s)</b>                 | NONE           |
| <b>Confirmation of Paper Copy?</b> | off            |
| <b>Filer CIK</b>                   | 0000088948     |
| <b>Filer CCC</b>                   | *****          |
| <b>Emerging Growth Company</b>     | False          |
| <b>ex Transition Period</b>        | False          |
| <b>Reporting Period</b>            | 09/26/2020     |
| <b>Smaller Reporting Company?</b>  | True           |

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## Documents

|                |              |
|----------------|--------------|
| <b>10-Q</b>    | FORM 10-Q    |
| <b>EX-10.1</b> | Exhibit 10.1 |
| <b>EX-10.2</b> | Exhibit 10.2 |
| <b>EX-10.3</b> | Exhibit 10.3 |
| <b>EX-31.1</b> | Exhibit 31.1 |
| <b>EX-31.2</b> | Exhibit 31.2 |
| <b>EX-31.3</b> | Exhibit 31.3 |
| <b>EX-32</b>   | Exhibit 32   |

[Table of Contents](#)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended September 26, 2020

- TRANSITION REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-01989

Seneca Foods Corporation

(Exact name of Company as specified in its charter)

New York

(State or other jurisdiction of  
incorporation or organization)

16-0733425

(I. R. S. Employer  
Identification No.)

3736 South Main Street, Marion, New York

(Address of principal executive offices)

14505

(Zip Code)

Company's telephone number, including area code 315/926-8100

Not Applicable

Former name, former address and former fiscal year,  
if changed since last report

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

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

Indicate by check mark whether the Company is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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

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

| <u>Title of Each Class</u>      | <u>Trading Symbol</u> | <u>Name of Exchange on Which Registered</u> |
|---------------------------------|-----------------------|---|
| Common Stock Class A, \$.25 Par | SENEA                 | NASDAQ Global Market                        |
| Common Stock Class B, \$.25 Par | SENEB                 | NASDAQ Global Market                        |

The number of shares outstanding of each of the issuer's classes of common stock at the latest practical date are:

| <u>Class</u>                    | <u>Shares Outstanding at October 30, 2020</u> |
|---------------------------------|---|
| Common Stock Class A, \$.25 Par | 7,361,439                                     |
| Common Stock Class B, \$.25 Par | 1,718,002                                     |

[Table of Contents](#)

**Seneca Foods Corporation**  
**Quarterly Report on Form 10-Q**  
**Table of Contents**

|  | <u>Page</u> |
|--|-------------|
| <b>PART I</b>  |             |
| <b>FINANCIAL INFORMATION</b>   |             |
| <b>Item 1</b>  |             |
| <a href="#">Financial Statements:</a>  |             |
| <a href="#">Condensed Consolidated Balance Sheets-September 26, 2020, September 28, 2019 and March 31, 2020</a>                                | 1           |
| <a href="#">Condensed Consolidated Statements of Net Earnings-Three and Six Months Ended September 26, 2020 and September 28, 2019</a>         | 2           |
| <a href="#">Condensed Consolidated Statements of Comprehensive Income-Three and Six Months Ended September 26, 2020 and September 28, 2019</a> | 2           |
| <a href="#">Condensed Consolidated Statements of Cash Flows-Six Months Ended September 26, 2020 and September 28, 2019</a>                     | 3           |
| <a href="#">Condensed Consolidated Statements of Stockholders' Equity-Three and Six Months Ended September 26, 2020 and September 28, 2019</a> | 4           |
| <a href="#">Notes to Condensed Consolidated Financial Statements</a>   | 5           |
| <b>Item 2</b>  |             |
| <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>  | 15          |
| <b>Item 3</b>  |             |
| <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>   | 22          |
| <b>Item 4</b>  |             |
| <a href="#">Controls and Procedures</a>  | 23          |
| <b>PART II</b>   |             |
| <b>OTHER INFORMATION</b>   |             |
| <b>Item 1</b>  |             |
| <a href="#">Legal Proceedings</a>  | 24          |
| <b>Item 1A</b>   |             |
| <a href="#">Risk Factors</a>   | 24          |
| <b>Item 2</b>  |             |
| <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>  | 24          |
| <b>Item 3</b>  |             |
| <a href="#">Defaults Upon Senior Securities</a>  | 24          |
| <b>Item 4</b>  |             |
| <a href="#">Mine Safety Disclosures</a>  | 24          |
| <b>Item 5</b>  |             |
| <a href="#">Other Information</a>  | 24          |
| <b>Item 6</b>  |             |
| <a href="#">Exhibits</a>   | 25          |
| <b>SIGNATURES</b>  | 26          |

---

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
 (In Thousands, Except Per Share Data)

|   | Unaudited<br>September 26,<br>2020 | Unaudited<br>September 28,<br>2019 | March 31,<br>2020 |
|---|------------------------------------|------------------------------------|-------------------|
| <b>ASSETS</b>   |                                    |                                    |                   |
| <b>Current Assets:</b>                                    |                                    |                                    |                   |
| Cash and Cash Equivalents                                 | \$ 14,813                          | \$ 17,640                          | \$ 10,702         |
| Accounts Receivable, Net                                  | 128,242                            | 116,035                            | 109,802           |
| Contracts Receivable                                      | 6,551                              | 7,334                              | 7,610             |
| Current Assets Held For Sale                              | 11,917                             | -                                  | -                 |
| Current Assets Held For Sale-Discontinued Operations      | 157                                | 98                                 | 182               |
| Inventories   | 550,704                            | 575,183                            | 411,631           |
| Refundable Income Taxes                                   | -                                  | -                                  | 4,350             |
| Other Current Assets                                      | 2,139                              | 7,614                              | 7,323             |
| <b>Total Current Assets</b>                               | <b>714,523</b>                     | <b>723,904</b>                     | <b>551,600</b>    |
| Property, Plant and Equipment, Net                        | 240,474                            | 204,746                            | 228,489           |
| Right-of-Use Assets Operating, Net                        | 51,241                             | 76,178                             | 60,663            |
| Right-of-Use Assets Financing, Net                        | 32,165                             | 33,640                             | 33,617            |
| Deferred Income Taxes, Net                                | 8,474                              | 3,190                              | 7,872             |
| Noncurrent Assets Held For Sale-Discontinued Operations   | 1,085                              | 1,143                              | 1,026             |
| Other Assets  | 18,844                             | 2,882                              | 26,042            |
| <b>Total Assets</b>                                       | <b>\$ 1,066,806</b>                | <b>\$ 1,045,683</b>                | <b>\$ 909,309</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>               |                                    |                                    |                   |
| <b>Current Liabilities:</b>                               |                                    |                                    |                   |
| Accounts Payable  | \$ 230,130                         | \$ 195,676                         | \$ 71,194         |
| Deferred Revenue  | 7,745                              | 9,547                              | 7,758             |
| Accrued Vacation  | 12,340                             | 11,786                             | 11,876            |
| Accrued Payroll   | 16,866                             | 11,622                             | 11,864            |
| Other Accrued Expenses                                    | 25,021                             | 21,343                             | 17,808            |
| Income Taxes Payable                                      | 419                                | 1,095                              | -                 |
| Current Liabilities Held For Sale-Discontinued Operations | -                                  | 3,649                              | 880               |
| Current Portion of Operating Lease Obligations            | 18,476                             | 25,776                             | 21,550            |
| Current Portion of Financing Lease Obligations            | 6,497                              | 6,137                              | 6,224             |
| Current Portion of Long-Term Debt                         | 63,111                             | -                                  | 500               |
| <b>Total Current Liabilities</b>                          | <b>380,605</b>                     | <b>286,631</b>                     | <b>149,654</b>    |
| Long-Term Debt, Less Current Portion                      | 109,069                            | 243,978                            | 217,081           |
| Operating Lease Obligations, Less Current Portion         | 33,464                             | 52,992                             | 42,760            |
| Financing Lease Obligations, Less Current Portion         | 21,900                             | 26,773                             | 24,366            |
| Pension Liabilities                                       | 85,001                             | 18,661                             | 75,742            |
| Other Long-Term Liabilities                               | 4,715                              | 3,986                              | 5,342             |
| <b>Total Liabilities</b>                                  | <b>634,754</b>                     | <b>633,021</b>                     | <b>514,945</b>    |
| <b>Commitments and Contingencies</b>                      |                                    |                                    |                   |
| <b>Stockholders' Equity:</b>                              |                                    |                                    |                   |
| Preferred Stock   | 681                                | 703                                | 681               |
| Common Stock, \$.25 Par Value Per Share                   | 3,041                              | 3,040                              | 3,041             |
| Additional Paid-in Capital                                | 98,436                             | 98,313                             | 98,384            |
| Treasury Stock, at Cost                                   | (89,482)                           | (84,320)                           | (88,319)          |
| Accumulated Other Comprehensive Loss                      | (79,220)                           | (18,285)                           | (79,220)          |
| Retained Earnings   | 498,596                            | 413,211                            | 459,797           |
| <b>Total Stockholders' Equity</b>                         | <b>432,052</b>                     | <b>412,662</b>                     | <b>394,364</b>    |
| <b>Total Liabilities and Stockholders' Equity</b>         | <b>\$ 1,066,806</b>                | <b>\$ 1,045,683</b>                | <b>\$ 909,309</b> |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF NET EARNINGS**  
 (Unaudited)  
 (In Thousands, Except Per Share Data)

|                                     | Three Months Ended    |                       | Six Months Ended      |                       |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                     | September 26,<br>2020 | September 28,<br>2019 | September 26,<br>2020 | September 28,<br>2019 |
| Net Sales                           | \$ 390,294            | \$ 370,002            | \$ 678,459            | \$ 634,927            |
| <b>Costs and Expenses:</b>          |                       |                       |                       |                       |
| Cost of Product Sold                | 341,351               | 345,947               | 580,954               | 591,698               |
| Selling, General and Administrative | 19,453                | 17,692                | 37,598                | 33,950                |
| Plant Restructuring Charge          | 24                    | 1,146                 | 287                   | 5,952                 |
| Other Operating Loss/(Income)       | 1,780                 | (2,174)               | 1,635                 | (7,001)               |
| Total Costs and Expenses            | 362,608               | 362,611               | 620,474               | 624,599               |
| Operating Income                    | 27,686                | 7,391                 | 57,985                | 10,328                |
| Loss From Equity Investment         | 804                   | -                     | 1,480                 | -                     |
| Other Loss/(Income)                 | 1,760                 | (1,804)               | 2,691                 | (3,607)               |
| Interest Expense, Net               | 1,404                 | 3,141                 | 3,055                 | 6,493                 |
| Earnings Before Income Taxes        | 23,718                | 6,054                 | 50,759                | 7,442                 |
| Income Taxes                        | 5,613                 | 1,419                 | 11,948                | 1,704                 |
| Net Earnings                        | \$ 18,105             | \$ 4,635              | \$ 38,811             | \$ 5,738              |
| <br>                                |                       |                       |                       |                       |
| Basic Earnings per Common Share     | \$ 1.98               | \$ 0.50               | \$ 4.24               | \$ 0.61               |
| Diluted Earnings per Common Share:  | \$ 1.97               | \$ 0.49               | \$ 4.21               | \$ 0.61               |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
 (Unaudited)  
 (In Thousands)

|                              | Three Months Ended    |                       | Six Months Ended      |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | September 26,<br>2020 | September 28,<br>2019 | September 26,<br>2020 | September 28,<br>2019 |
| <b>Comprehensive income:</b> |                       |                       |                       |                       |
| Net earnings                 | \$ 18,105             | \$ 4,635              | \$ 38,811             | \$ 5,738              |
| Total                        | \$ 18,105             | \$ 4,635              | \$ 38,811             | \$ 5,738              |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
 (Unaudited)  
 (In Thousands)

|   | Six Months Ended      |                       |
|---|-----------------------|-----------------------|
|   | September 26,<br>2020 | September 28,<br>2019 |
| <b>Cash Flows from Operating Activities:</b>                              |                       |                       |
| Net Earnings  | \$ 38,811             | \$ 5,738              |
| Adjustments to Reconcile Net Earnings to Net Cash Provided by Operations: |                       |                       |
| Depreciation & Amortization   | 16,050                | 14,698                |
| Gain on the Sale of Assets  | (246)                 | (7,036)               |
| Provision for Restructuring and Impairment                                | 287                   | 5,682                 |
| Loss From Equity Investment   | 1,480                 | -                     |
| Deferred Income Tax Benefit   | (602)                 | (773)                 |
| Changes in Operating Assets and Liabilities:                              |                       |                       |
| Accounts Receivable   | (17,381)              | (39,247)              |
| Inventories   | (139,073)             | (73,499)              |
| Other Current Assets  | 5,098                 | (4,539)               |
| Income Taxes  | 4,769                 | 2,989                 |
| Accounts Payable, Accrued Expenses and Other                              | 177,812               | 142,467               |
| Net Cash Provided by Operations   | 87,005                | 46,480                |
| <b>Cash Flows from Investing Activities:</b>                              |                       |                       |
| Additions to Property, Plant and Equipment                                | (27,321)              | (16,472)              |
| Proceeds from the Sale of Assets  | 1,025                 | 10,429                |
| Net Cash Used In Investing Activities                                     | (26,296)              | (6,043)               |
| <b>Cash Flows from Financing Activities:</b>                              |                       |                       |
| Long-Term Borrowing   | 248,848               | 226,902               |
| Payments on Long-Term Debt  | (294,249)             | (248,902)             |
| Other Assets  | (6,950)               | (433)                 |
| Payments on Financing Leases  | (3,072)               | (3,252)               |
| Purchase of Treasury Stock  | (1,163)               | (8,580)               |
| Dividends   | (12)                  | (12)                  |
| Net Cash Used In Financing Activities                                     | (56,598)              | (34,277)              |
| Net Increase in Cash and Cash Equivalents                                 | 4,111                 | 6,160                 |
| Cash and Cash Equivalents, Beginning of the Period                        | 10,702                | 11,480                |
| Cash and Cash Equivalents, End of the Period                              | \$ 14,813             | \$ 17,640             |
| <b>Supplemental Disclosures of Cash Flow Information:</b>                 |                       |                       |
| Noncash Transactions:   |                       |                       |
| Property, Plant and Equipment Purchased Under Lease Obligations           | \$ 3,681              | \$ 7,045              |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
 (Unaudited)  
 (In Thousands)

|  | Preferred Stock | Common Stock | Additional Paid-In Capital | Treasury Stock | Accumulated Other Comprehensive Loss | Retained Earnings |
|--|-----------------|--------------|----------------------------|----------------|--------------------------------------|-------------------|
| <b>First Quarter FY 2021:</b>  |                 |              |                            |                |                                      |                   |
| Balance March 31, 2020   | \$ 681          | \$ 3,041     | \$ 98,384                  | \$ (88,319)    | \$ (79,220)                          | \$ 459,797        |
| Net earnings   | -               | -            | -                          | -              | -                                    | 20,706            |
| Cash dividends declared on preferred stock   | -               | -            | -                          | -              | -                                    | (12)              |
| Equity incentive program   | -               | -            | 28                         | -              | -                                    | -                 |
| Balance June 27, 2020  | \$ 681          | \$ 3,041     | \$ 98,412                  | \$ (88,319)    | \$ (79,220)                          | \$ 480,491        |
| <b>Second Quarter FY 2021:</b>   |                 |              |                            |                |                                      |                   |
| Net earnings   | -               | -            | -                          | -              | -                                    | 18,105            |
| Equity incentive program   | -               | -            | 24                         | -              | -                                    | -                 |
| Purchase treasury stock  | -               | -            | -                          | (1,163)        | -                                    | -                 |
| Balance September 26, 2020   | \$ 681          | \$ 3,041     | \$ 98,436                  | \$ (89,482)    | \$ (79,220)                          | \$ 498,596        |
| <b>First Quarter FY 2020:</b>  |                 |              |                            |                |                                      |                   |
| Balance March 31, 2019   | \$ 707          | \$ 3,039     | \$ 98,260                  | \$ (75,740)    | \$ (18,285)                          | \$ 409,504        |
| Net earnings   | -               | -            | -                          | -              | -                                    | 1,103             |
| Cash dividends declared on preferred stock   | -               | -            | -                          | -              | -                                    | (12)              |
| Equity incentive program   | -               | -            | 25                         | -              | -                                    | -                 |
| Purchase treasury stock  | -               | -            | -                          | (2,744)        | -                                    | -                 |
| Operating lease impairment adjustment upon the adoption of ASU 2016-02 "Leases" (net of tax) | -               | -            | -                          | -              | -                                    | (2,019)           |
| Balance June 29, 2019  | \$ 707          | \$ 3,039     | \$ 98,285                  | \$ (78,484)    | \$ (18,285)                          | \$ 408,576        |
| <b>Second Quarter FY 2020:</b>   |                 |              |                            |                |                                      |                   |
| Net earnings   | -               | -            | 25                         | -              | -                                    | 4,635             |
| Equity incentive program   | -               | -            | 3                          | -              | -                                    | -                 |
| Preferred stock conversion   | (4)             | 1            | -                          | -              | -                                    | -                 |
| Purchase treasury stock  | -               | -            | -                          | (5,836)        | -                                    | -                 |
| Balance September 28, 2019   | \$ 703          | \$ 3,040     | \$ 98,313                  | \$ (84,320)    | \$ (18,285)                          | \$ 413,211        |

  

|                                   | Preferred Stock                                       |   |   | Common Stock  |                                       |                                       |
|-----------------------------------|---|---|---|---|---------------------------------------|---------------------------------------|
|                                   | 6% Cumulative Par Value \$ .25 Callable at Par Voting | 10% Cumulative Par Value \$ .025 Convertible Voting | Participating Convertible Par Value \$ .025 | 2003 Series Participating Convertible Par Value \$ .025 | Class A Common Stock Par Value \$ .25 | Class B Common Stock Par Value \$ .25 |
| Shares authorized and designated: |   |   |   |   |                                       |                                       |
| September 26, 2020                | 200,000   | 1,400,000   | 35,355                                      | 500   | 20,000,000                            | 10,000,000                            |
| Shares outstanding:               |   |   |   |   |                                       |                                       |
| September 26, 2020                | 200,000   | 807,240   | 35,355                                      | 500   | 7,374,239                             | 1,718,002                             |

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**September 26, 2020**

**1. Unaudited Condensed Consolidated Financial Statements**

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which are normal and recurring in nature, necessary to present fairly the financial position of Seneca Foods Corporation (the “Company”) as of September 26, 2020 and results of its operations and its cash flows for the interim periods presented. All significant intercompany transactions and accounts have been eliminated in consolidation. The March 31, 2020 balance sheet was derived from the audited consolidated financial statements.

The results of operations for the three and six month periods ended September 26, 2020 are not necessarily indicative of the results to be expected for the full year.

For the six months ended September 26, 2020 and September 28, 2019 the Company sold certain finished goods inventory for cash on a bill and hold basis. The terms of the bill and hold agreement(s) provide that title to the specified inventory is transferred to the customer(s) prior to shipment and the Company has the right to payment (prior to physical delivery) which results in recorded revenue as determined under the revenue recognition standard.

The accounting policies followed by the Company are set forth in Note 1 to the Company's Consolidated Financial Statements in the Company's 2020 Annual Report on Form 10-K.

Other footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in the Company's 2020 Annual Report on Form 10-K.

All references to years are fiscal years ended or ending March 31 unless otherwise indicated. Certain percentage tables may not foot due to rounding.

Reclassifications—Certain previously reported amounts have been reclassified to conform to the current period classification. In addition, the Company has adjusted its prior quarter cash flow statement to properly reflect lease payments made on operating leases under Accounting Standards Codification (“ASC”) 842 - Leases. This adjustment reduced net cash provided by operations and reduced net cash used in financing activities.

**2. Discontinued Operations**

On July 13, 2018, the Company executed a nonbinding letter of intent with a perspective buyer of the Modesto facility. On October 9, 2018, the Company closed on the sale of the facility to this outside buyer with net proceeds of \$63,326,000. During the second quarter of fiscal 2019, the Company ceased use of the Modesto facility. Based on its magnitude of revenue to the Company (approximately 15%) and because the Company was exiting the production of peaches, this sale represented a significant strategic shift that has a material effect on the Company's operations and financial results. Accordingly, the Company has applied discontinued operations treatment for this sale as required by ASC 210-05—Discontinued Operations. The business we exited is part of the Fruit and Vegetable segment.



[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
 (Unaudited)  
 September 26, 2020

The following table presents information related to the major classes of assets and liabilities of Modesto that are classified as Held For Sale-Discontinued Operations in the Company's Consolidated Balance Sheets (in thousands):

|   | September 26,<br>2020 | September 28,<br>2019 | March 31,<br>2020 |
|---|-----------------------|-----------------------|-------------------|
| Other Current Assets                                      | 157                   | 98                    | 182               |
| Current Assets Held For Sale-Discontinued Operations      | \$ 157                | \$ 98                 | \$ 182            |
| Other Assets  | 1,085                 | 1,143                 | 1,026             |
| Noncurrent Assets Held For Sale-Discontinued Operations   | \$ 1,085              | \$ 1,143              | \$ 1,026          |
| Accounts Payable and Accrued Expenses                     | \$ -                  | \$ 3,649              | \$ 880            |
| Current Liabilities Held For Sale-Discontinued Operations | \$ -                  | \$ 3,649              | \$ 880            |

**3. Assets Held For Sale**

As of September 26, 2020, the Company has certain non-operating units in the Midwest that met the criteria to be classified as held for sale, which requires the Company to present the related assets and liabilities as separate line items in our Condensed Consolidated Balance Sheet. The Company is required to record the assets held for sale at the lower of carrying value or fair value less costs to sell. The following table presents information related to the major classes of assets and liabilities that were held for sale in our Condensed Consolidated Balance sheets (in thousands):

|                                     | September 26,<br>2020 |
|-------------------------------------|-----------------------|
| Property, Plant and Equipment (net) | \$ 11,917             |
| Current Assets Held For Sale        | \$ 11,917             |

**4. Revenue Recognition**

In the following table, revenue is disaggregated by product category groups (in millions):

|                   | Three Months Ended    |                       | Six Months Ended      |                       |
|-------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                   | September<br>26, 2020 | September<br>28, 2019 | September<br>26, 2020 | September<br>28, 2019 |
| Canned Vegetables | \$ 302.3              | \$ 272.8              | \$ 523.3              | \$ 460.1              |
| Frozen            | 31.0                  | 41.0                  | 49.0                  | 59.1                  |
| Fruit Products    | 23.9                  | 26.9                  | 42.7                  | 49.5                  |
| Chip Products     | 3.1                   | 3.1                   | 5.4                   | 6.0                   |
| Prepared Foods    | 24.2                  | 23.6                  | 48.4                  | 53.5                  |
| Other             | 5.8                   | 2.6                   | 9.7                   | 6.7                   |
|                   | \$ 390.3              | \$ 370.0              | \$ 678.5              | \$ 634.9              |

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**September 26, 2020**

**5. Inventories**

First-In, First-Out (“FIFO”) based inventory costs exceeded LIFO based inventory costs by \$144,655,000 as of the end of the second quarter of fiscal 2021 as compared to \$165,221,000 as of the end of the second quarter of fiscal 2020. The change in the LIFO Reserve for the three months ended September 26, 2020 was an increase of \$2,528,000 as compared to an increase of \$704,000 for the three months ended September 28, 2019.

The change in the LIFO Reserve for the six months ended September 26, 2020 was an increase of \$388,000 as compared to an increase of \$3,880,000 for the six months ended September 28, 2019. This current year-to-date increase reflects the projected impact of higher costs expected in fiscal 2021 versus fiscal 2020. The following table shows inventory by category and the related LIFO balance (in thousands):

|   | September 26, 2020 | September 28, 2019 | March 31, 2020 |
|---|--------------------|--------------------|----------------|
| Finished products                       | \$ 536,015         | \$ 547,116         | 351,251        |
| In process                              | 26,514             | 27,190             | 31,173         |
| Raw materials and supplies              | 132,830            | 166,098            | 173,474        |
|   | 695,359            | 740,404            | 555,898        |
| Less excess of FIFO cost over LIFO cost | 144,655            | 165,221            | 144,267        |
| Total inventories                       | \$ 550,704         | \$ 575,183         | \$ 411,631     |

**6. Leases**

The Company determines if an arrangement is a lease at inception of the agreement. Operating leases are included in right-of-use operating assets, and current and noncurrent operating lease obligations in the Company’s Condensed Consolidated Balance Sheets. Lease assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. If the lease does not provide an implicit rate, the Company uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The right-of-use operating lease assets also include in its calculation any prepaid lease payments made and excludes any lease incentives received from the arrangement. The Company’s lease terms may include options to extend or terminate the lease, and the impact of these options are included in the lease liability and lease asset calculations when the exercise of the option is at the Company’s sole discretion and it is reasonably certain that the Company will exercise that option. The Company will not separate lease and nonlease components for its leases when it is impractical to separate the two, such as leases with variable payment arrangements. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

The Company has operating leases for land, machinery and equipment. The Company also has finance leases for machinery and equipment. The commencement date used for the calculation of the lease obligation is the latter of the commencement date of the new standard (April 1, 2019) or the lease start date. Certain of the leases have options to extend the life of the lease, which are included in the liability calculation when the option is at the sole discretion of the Company and it is reasonably certain that the Company will exercise the option. In addition, the Company has certain leases that have variable payments based solely on output or usage of the leased asset. These variable operating lease assets are excluded from the Company’s balance sheet presentation and expensed as incurred. Leases with an initial term of 12 months or less are not material.

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**September 26, 2020**

Upon adoption of Accounting Standards Update (“ASU”) No. 2016-02, the Company determined its right-of-use assets related to the operating leases for its plant equipment in Sunnyside, Washington were partially impaired and therefore were reduced with a corresponding charge to retained earnings of \$2,019,000 (which is net of tax). The estimated lives of these assets were shortened due to the planned closure of the facility after the year’s pack.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. The components of lease expense were as follows (dollar amounts in thousands):

|   | Three Months Ended    |                       | Six Months Ended      |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | September 26,<br>2020 | September 28,<br>2019 | September 26,<br>2020 | September 28,<br>2019 |
| <b>Lease cost:</b>  |                       |                       |                       |                       |
| Amortization of right of use asset  | \$ 1,145              | \$ 1,040              | \$ 2,331              | \$ 2,107              |
| Interest on lease liabilities   | 278                   | 344                   | 572                   | 712                   |
| Finance lease cost  | 1,423                 | 1,384                 | 2,903                 | 2,819                 |
| Operating lease cost  | 6,239                 | 7,789                 | 12,646                | 15,689                |
| Total lease cost  | <u>\$ 7,662</u>       | <u>\$ 9,173</u>       | <u>\$ 15,549</u>      | <u>\$ 18,508</u>      |
| <b>Cash paid for amounts included in the measurement of lease liabilities</b> |                       |                       |                       |                       |
| Operating cash flows from finance leases                                      |                       |                       | \$ 572                | \$ 712                |
| Operating cash flows from operating leases                                    |                       |                       | 15,211                | 18,390                |
| Financing cash flows from finance leases                                      |                       |                       | 3,072                 | 3,252                 |
|   |                       |                       | <u>\$ 18,855</u>      | <u>\$ 22,354</u>      |
| Right-of-use assets obtained in exchange for new finance lease liabilities    |                       |                       | \$ 1,122              | \$ 1,471              |
| Right-of-use assets obtained in exchange for new operating lease liabilities  |                       |                       | \$ 2,559              | \$ 5,574              |
| <b>Weighted-average lease term (years):</b>                                   |                       |                       |                       |                       |
| Financing leases  |                       |                       | 4.9                   | 5.6                   |
| Operating leases  |                       |                       | 3.6                   | 3.9                   |
| <b>Weighted-average discount rate (percentage):</b>                           |                       |                       |                       |                       |
| Financing leases  |                       |                       | 4.1                   | 4.2                   |
| Operating leases  |                       |                       | 4.4                   | 4.6                   |

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**September 26, 2020**

Undiscounted future lease payments under non-cancelable operating leases and financial leases, along with a reconciliation of undiscounted cash flows to operating and financing lease liabilities, respectively, as of September 26, 2020 (in thousands) were as follows:

| Years ending March 31:                  | Operating |        | Financing |        |
|---|-----------|--------|-----------|--------|
| Balance of 2021                         | \$        | 8,623  | \$        | 3,744  |
| 2022                                    |           | 19,230 |           | 7,488  |
| 2023                                    |           | 13,738 |           | 7,488  |
| 2024                                    |           | 6,820  |           | 5,961  |
| 2025                                    |           | 3,260  |           | 2,607  |
| 2026-2032                               |           | 4,598  |           | 4,120  |
| Total minimum payment required          | \$        | 56,269 | \$        | 31,408 |
| Less interest                           |           | 4,329  |           | 3,011  |
| Present value of minimum lease payments |           | 51,940 |           | 28,397 |
| Amount due within one year              |           | 18,476 |           | 6,497  |
| Long-term lease obligations             | \$        | 33,464 | \$        | 21,900 |

**7. Revolving Credit Facility**

The Company entered into a five-year revolving credit facility (“Revolver”) on July 5, 2016. Maximum borrowings under the Revolver total \$300,000,000 from April through July and \$400,000,000 from August through March. The Revolver balance as of September 26, 2020 was \$62,611,000 and is included in Current Portion of Long-Term Debt in the accompanying Condensed Consolidated Balance Sheet since the Revolver matures on July 5, 2021. The Company utilizes its Revolver for general corporate purposes, including seasonal working capital needs, to pay debt principal and interest obligations, and to fund capital expenditures and acquisitions. Seasonal working capital needs are affected by the growing cycles of the vegetables and fruits the Company processes. The majority of vegetable and fruit inventories are produced during the months of June through November and are then sold over the following year. Payment terms for vegetable and fruit produce are generally three months but can vary from a few days to seven months. Accordingly, the Company’s need to draw on the Revolver may fluctuate significantly throughout the year.

The decrease in average amount of Revolver borrowings during the first six months of fiscal 2021 compared to the first six months of fiscal 2020 was attributable to strong earnings during the first six months of fiscal 2021.

General terms of the Revolver include payment of interest at LIBOR plus a defined spread.

The following table documents the quantitative data for Revolver borrowings during the second quarter and year-to-date for fiscal 2021 and fiscal 2020 (dollar amounts in thousands):

|                                    | Second Quarter |            | Year-to-Date |            |
|------------------------------------|----------------|------------|--------------|------------|
|                                    | 2021           | 2020       | 2021         | 2020       |
| <b>Reported end of period:</b>     |                |            |              |            |
| Outstanding borrowings             | \$ 62,611      | \$ 133,338 | \$ 62,611    | \$ 133,338 |
| Weighted average interest rate     | 1.75%          | 3.64%      | 1.75%        | 3.64%      |
| <b>Reported during the period:</b> |                |            |              |            |
| Maximum amount of borrowings       | \$ 68,078      | \$ 151,477 | \$ 107,967   | \$ 151,477 |
| Average outstanding borrowings     | \$ 48,733      | \$ 131,551 | \$ 51,593    | \$ 132,836 |
| Weighted average interest rate     | 1.75%          | 3.81%      | 1.98%        | 3.90%      |

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
 (Unaudited)  
 September 26, 2020

**8. Stockholders' Equity**

During the six-month period ended September 26, 2020, the Company repurchased \$1,163,000 of its Class A Common Stock and none of its Class B Common Stock as Treasury Stock. As of September 26, 2020, there are 3,070,692 shares or \$89,482,000 of repurchased stock. These shares are not considered outstanding.

**9. Retirement Plans**

The net periodic benefit cost for the Company's pension plan consisted of (In thousands):

|                                       | Three Months Ended    |                       | Six Months Ended      |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | September 26,<br>2020 | September 28,<br>2019 | September 26,<br>2020 | September 28,<br>2019 |
| Service Cost Including Administration | \$ 3,259              | \$ 2,288              | \$ 6,519              | \$ 4,572              |
| Interest Cost                         | 2,302                 | 2,296                 | 4,605                 | 4,593                 |
| Expected Return on Plan Assets        | (3,510)               | (3,958)               | (7,021)               | (7,913)               |
| Amortization of Prior Service Cost    | 23                    | 30                    | 46                    | 60                    |
| Amortization of Net Loss              | 2,531                 | -                     | 5,060                 | -                     |
| Net Periodic Benefit Cost             | <u>\$ 4,605</u>       | <u>\$ 656</u>         | <u>\$ 9,209</u>       | <u>\$ 1,312</u>       |

There was no contribution to the pension plan in the six month periods ended September 26, 2020 or September 28, 2019.

**10. Plant Restructuring**

The following table summarizes the rollforward of restructuring charges and related asset impairment charges recorded and the accruals established (In thousands):

|                            | Restructuring Payable |             |               |
|----------------------------|-----------------------|-------------|---------------|
|                            | Severance             | Other Costs | Total         |
| Balance March 31, 2020     | \$ 202                | \$ -        | \$ 202        |
| First quarter charge       | 219                   | 44          | 263           |
| Second quarter charge      | 8                     | 16          | 24            |
| Cash payments/write offs   | (399)                 | (60)        | (459)         |
| Balance September 26, 2020 | <u>\$ 30</u>          | <u>\$ -</u> | <u>\$ 30</u>  |
|                            | Severance             | Other Costs | Total         |
| Balance March 31, 2019     | \$ 225                | \$ 1        | \$ 226        |
| First quarter charge       | 586                   | 4,220       | 4,806         |
| Second quarter charge      | 386                   | 760         | 1,146         |
| Cash payments/write offs   | (836)                 | (4,981)     | (5,817)       |
| Balance September 28, 2019 | <u>\$ 361</u>         | <u>\$ -</u> | <u>\$ 361</u> |

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**September 26, 2020**

During the quarter ended September 26, 2020, the Company recorded a restructuring charge of \$24,000 related to closed plants. During the quarter ended June 27, 2020, the Company recorded a restructuring charge of \$263,000 related to the closing of plants in the Northwest, of which \$219,000 was related to severance and \$44,000 was for lease impairments.

During the quarter ended September 28, 2019 the Company recorded a restructuring charge of \$1,146,000 related to the closing of plants in the Midwest and Northwest of which \$2,230,000 was for accelerated amortization of right-of-use operating lease assets, \$405,000 was mostly related to equipment moves and \$386,000 was related to severance. The Company also recorded a credit of \$1,875,000 for the reduced lease liability of previously impaired leases. During the quarter ended June 29, 2019, the Company recorded a restructuring charge of \$4,806,000 related to the closing of plants in the Midwest and Northwest of which \$2,245,000 was for accelerated amortization of right-of-use operating lease assets, \$1,975,000 was mostly related to equipment moves and \$586,000 was related to severance.

**11. Other Operating Income and Expense**

During the six months ended September 26, 2020 the Company recorded a loss of \$532,000 on the disposal of equipment from a sold Northwest plant and a gain on the sale of unused fixed assets of \$71,000. The Company also recorded a charge of \$1,174,000 for a supplemental early retirement plan. During the six months ended September 28, 2019 the Company recorded a gain on the partial sale of a plant in the Midwest of \$3,742,000. The Company also recorded a gain on the sale of unused fixed assets of \$3,259,000. These items are included in other operating income in the Unaudited Condensed Consolidated Statements of Net Earnings.

**12. Recently Issued Accounting Standards**

In August 2018, the FASB issued ASU No. 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Topic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*, which modifies the disclosure requirements for defined benefit pension plans and other postretirement plans. ASU 2018-14 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. The amendments in this ASU should be applied on a retrospective basis to all periods presented. We are currently evaluating the effect that ASU 2018-14 will have on our condensed consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12 to simplify the accounting for income taxes by removing certain exceptions to the general principles and simplify areas such as franchise taxes, step-up in tax basis goodwill, separate entity financial statements and interim recognition of enacted tax laws or rate changes. The new standard will be effective for the Company in the first quarter of fiscal year 2022. We are currently evaluating the effect that the new standard will have on the Company's financial position, results of operations and related disclosures.

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**September 26, 2020**

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which was subsequently amended in November 2018 through ASU No. 2018-19, "Codification Improvements to Topic 326, Financial Instruments – Credit Losses." ASU No. 2016-13 will require entities to estimate lifetime expected credit losses for trade and other receivables along with other financial instruments which will result in earlier recognition of credit losses. Further, the new credit loss model will affect how entities in all industries estimate their allowance for losses for receivables that are current with respect to their payment terms. In November 2019, the FASB issued ASU No. 2019-10, which, among other things, deferred the application of the new guidance on credit losses for smaller reporting companies to fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. This guidance will be applied through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (i.e., a modified-retrospective approach). Under the above-mentioned deferral, the Company expects to adopt ASU No. 2016-03, and the related ASU No. 2018-19 amendments, beginning as of April 1, 2023 and is in the process of assessing the impact, if any, that this new guidance is expected to have on the Company's results of operations, financial condition and/or financial statement disclosures.

There were no other recently issued accounting pronouncements that impacted the Company's condensed consolidated financial statements. In addition, the Company did not adopt any other new accounting pronouncements during the quarter ended September 26, 2020.

[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
 (Unaudited)  
 September 26, 2020

**13. Earnings per Common Share**

Earnings per share for the quarters and year-to-date periods ended September 26, 2020 and September 28, 2019 are as follows:

| (Thousands, except per share amounts)                                   | QUARTER          |                 | YEARTODATE       |                 |
|---|------------------|-----------------|------------------|-----------------|
|   | Fiscal 2021      | Fiscal 2020     | Fiscal 2021      | Fiscal 2020     |
| <b>Basic</b>  |                  |                 |                  |                 |
| Net Earnings  | \$ 18,105        | \$ 4,635        | \$ 38,811        | \$ 5,738        |
| Deduct preferred stock dividends paid                                   | 6                | 6               | 12               | 12              |
| Undistributed earnings  | 18,099           | 4,629           | 38,799           | 5,726           |
| Earnings attributable to participating preferred                        | 71               | 19              | 152              | 23              |
| Earnings attributable to common shareholders                            | <u>\$ 18,028</u> | <u>\$ 4,610</u> | <u>\$ 38,647</u> | <u>\$ 5,703</u> |
| Weighted average common shares outstanding                              | <u>9,095</u>     | <u>9,267</u>    | <u>9,106</u>     | <u>9,372</u>    |
| Basic earnings per common share   | <u>\$ 1.98</u>   | <u>\$ 0.50</u>  | <u>\$ 4.24</u>   | <u>\$ 0.61</u>  |
| <b>Diluted</b>  |                  |                 |                  |                 |
| Earnings from attributable to common shareholders                       | \$ 18,028        | \$ 4,610        | \$ 38,647        | \$ 5,703        |
| Add dividends on convertible preferred stock                            | 5                | 5               | 10               | 10              |
| Earnings attributable to common stock on a diluted basis                | <u>\$ 18,033</u> | <u>\$ 4,615</u> | <u>\$ 38,657</u> | <u>\$ 5,713</u> |
| Weighted average common shares outstanding-basic                        | 9,095            | 9,267           | 9,106            | 9,372           |
| Additional shares issued related to the equity compensation plan        | 2                | 2               | 2                | 2               |
| Additional shares to be issued under full conversion of preferred stock | 67               | 67              | 67               | 67              |
| Total shares for diluted  | <u>9,164</u>     | <u>9,336</u>    | <u>9,175</u>     | <u>9,441</u>    |
| Diluted earnings per common share                                       | <u>\$ 1.97</u>   | <u>\$ 0.49</u>  | <u>\$ 4.21</u>   | <u>\$ 0.61</u>  |

**14. Fair Value of Financial Instruments**

As required by ASC 825 - Financial Instruments, the Company estimates the fair values of financial instruments on a quarterly basis. The estimated fair value for long-term debt (classified as Level 2 in the fair value hierarchy) is determined by the quoted market prices for similar debt (comparable to the Company's financial strength) or current rates offered to the Company for debt with the same maturities. Long-term debt, including current portion had a carrying amount of \$172,180,000 and an estimated fair value of \$172,997,000 as of September 26, 2020. Long-term debt, including current portion had a carrying amount of \$243,978,000 and an estimated fair value of \$243,903,000 as of September 28, 2019. As of March 31, 2020, the carrying amount was \$217,581,000 and the estimated fair value was \$217,559,000. The fair values of all the other financial instruments approximate their carrying value due to their short-term nature.



[Table of Contents](#)

**SENECA FOODS CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**September 26, 2020**

**15. Income Taxes**

The effective tax rate for continuing operations was 23.5% and 22.9% for the six month periods ended September 26, 2020 and September 28, 2019, respectively. The change in tax rate resulting from federal credits and incentives is a 1.6 percentage point increase. The dollar amount of the federal credits and incentives did not change significantly from 2020 to 2021. The increase is the result of an increase in projected pre-tax income from 2020 to 2021. This increase resulted in the federal credits and incentives having a smaller impact on the tax rate in 2021. This increase was partially offset by a 0.8 percentage point decrease resulting from interest received from the federal refund for the NOL carryback claim filed as a result of the CARES Act as well as the reversal of interest and penalties on the interest expense limitation uncertain tax benefits as a result of the final regulations issued.

[Table of Contents](#)

**ITEM 2 MANagements DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OPERATIONS  
September 26, 2020**

Seneca Foods Corporation (the “Company”) is a leading provider of packaged fruits and vegetables, with facilities located throughout the United States. The Company’s product offerings include canned, frozen and bottled produce and snack chips. Its products are sold under private label as well as national and regional brands that the Company owns or licenses, including Seneca®, Libby’s®, Aunt Nellie’s®, Cherryman®, Green Valley® and READ®. The Company’s canned fruits and vegetables are sold nationwide by major grocery outlets, including supermarkets, mass merchandisers, limited assortment stores, club stores and dollar stores. The Company also sells its products to foodservice distributors, industrial markets, other food processors, export customers in over 90 countries and federal, state and local governments for school and other food programs. The Company packs canned vegetables as well as frozen vegetables under contract packing agreements. In addition, Seneca provides contract packing services mostly through its wholly owned subsidiary Truitt Bros., Inc.

The Company’s raw product is harvested mainly between June through November.

**Impact of the COVID-19 Pandemic:**

The continued spread of COVID-19 throughout the United States and the international community has had, and will continue to have, an impact on financial markets, economic conditions, and portions of our business and industry.

We have increased safety protocols at all of our facilities and we continue to monitor the latest public health and government guidance related to COVID-19. To date, there has been minimal disruption in our supply chain network, including the supply of fruits and vegetables, packaging or other sourced materials. We also continue to work closely with our customers and have implemented measures to allocate order volumes to ensure a consistent supply across our retail partners during this period of high demand.

We continued to experience an increase in orders during the quarter ended September 26, 2020 in response to the increased consumer demand for our products related to pantry loading and increased at-home consumption. The continued increase in consumer demand may slow in the coming months as consumer purchasing behavior may change as a result of the length and severity of the pandemic, duration of physical distancing requirements, stay-at-home orders, and the macroeconomic environment. We will continue to evaluate the nature and extent to which COVID-19 will impact our business, consolidated results of operations, financial condition, and liquidity.

**Results of Operations:**

Sales:

Net sales were \$390,294,000 for the three months ended September 26, 2020 as compared with \$370,002,000 for the three months ended September 28, 2019. The net sales increase of \$20,292,000, or 5.5%, was due to a sales volume increase of \$7,676,000 and by higher selling prices/sales mix of \$12,616,000. The increase in sales is primarily from a \$29,398,000 increase in Canned Vegetable sales, a \$509,000 increase in Prepared Food sales, and a \$3,248,000 increase in Other sales partially offset by a \$9,905,000 decrease in Frozen sales and a \$2,923,000 decrease in Fruit sales.

[Table of Contents](#)

**ITEM 2 MANagements DISCUSSION AND ANALYSIS  
 OF FINANCIAL CONDITION AND RESULTS OPERATIONS  
 September 26, 2020**

Net sales were \$678,459,000 for the six months ended September 26, 2020 as compared with \$634,927,000 for the six months ended September 28, 2019. The net sales increase of \$43,532,000, or 6.9%, was due to a sales volume increase of \$5,470,000 and by higher selling prices/sales mix of \$38,062,000. The increase in sales is primarily from a \$63,183,000 increase in Canned Vegetable sales and a \$2,983,000 increase in Other sales, partially offset by a \$10,145,000 decrease in Frozen sales, a \$6,829,000 decrease in Fruit sales, and a \$5,081,000 decrease in Prepared Food sales.

The following table presents net sales by product category (in millions):

|                   | Three Months Ended |                    | Six Months Ended   |                    |
|-------------------|--------------------|--------------------|--------------------|--------------------|
|                   | September 26, 2020 | September 28, 2019 | September 26, 2020 | September 28, 2019 |
| Canned Vegetables | \$ 302.3           | \$ 272.8           | \$ 523.3           | \$ 460.1           |
| Frozen            | 31.0               | 41.0               | 49.0               | 59.1               |
| Fruit Products    | 23.9               | 26.9               | 42.7               | 49.5               |
| Chip Products     | 3.1                | 3.1                | 5.4                | 6.0                |
| Prepared Foods    | 24.2               | 23.6               | 48.4               | 53.5               |
| Other             | 5.8                | 2.6                | 9.7                | 6.7                |
|                   | <u>\$ 390.3</u>    | <u>\$ 370.0</u>    | <u>\$ 678.5</u>    | <u>\$ 634.9</u>    |

Operating Income:

The following table presents components of operating income as a percentage of net sales:

|                               | Three Months Ended |                    | Six Months Ended   |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
|                               | September 26, 2020 | September 28, 2019 | September 26, 2020 | September 28, 2019 |
| Gross Margin                  | 12.5%              | 6.5%               | 14.4%              | 6.8%               |
| Selling                       | 1.8%               | 2.3%               | 2.2%               | 2.5%               |
| Administrative                | 3.2%               | 2.4%               | 3.3%               | 2.8%               |
| Plant Restructuring           | 0.0%               | 0.3%               | 0.0%               | 0.9%               |
| Other Operating Loss/(Income) | 0.5%               | -0.6%              | 0.2%               | -1.1%              |
| Operating Income              | <u>7.1%</u>        | <u>2.0%</u>        | <u>8.5%</u>        | <u>1.6%</u>        |
| Interest Expense, Net         | <u>0.4%</u>        | <u>0.8%</u>        | <u>0.5%</u>        | <u>1.0%</u>        |

Gross margin for the three months ended September 26, 2020 was 12.5% as compared with 6.5% for the three months ended September 28, 2019. The increase in gross margin for the three months ended September 26, 2020 was due primarily to higher prices partially offset by an unfavorable LIFO adjustment. The Company's LIFO charge for the three months ended September 26, 2020 was \$2,528,000 as compared to a charge of \$704,000 for the three months ended September 28, 2019. This reflects the impact of higher cost increases expected to be incurred in fiscal 2021 as compared to fiscal 2020. On an after-tax basis, LIFO decreased net earnings by \$1,896,000 for the three months ended September 26, 2020 and decreased net earnings by \$528,000 for the three months ended September 28, 2019, based on the historical statutory federal income tax rate.

[Table of Contents](#)

**ITEM 2 MANagements DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OPERATIONS  
September 26, 2020**

Gross margin for the six months ended September 26, 2020 was 14.4% as compared with 6.8% for the six months ended September 28, 2019. The increase in gross margin for the six months ended September 26, 2020 was due primarily to higher prices partially offset by an unfavorable LIFO adjustment. The Company's LIFO charge for the six months ended September 26, 2020 was \$388,000 as compared to a charge of \$3,880,000 for the six months ended September 28, 2019, reflecting higher cost increases expected in fiscal 2021 as compared to fiscal 2020. On an after-tax basis, LIFO decreased net earnings by \$291,000 for the six months ended September 26, 2020 and decreased net earnings by \$2,910,000 for the six months ended September 28, 2019, based on the historical statutory federal income tax rate.

Selling costs as a percentage of net sales for the three months ended September 26, 2020 were 1.8% as compared with 2.3% for the prior year quarter, reflecting higher sales and the fixed nature of certain expenses. For the six months ended September 26, 2020, selling costs as a percentage of net sales were 2.2% as compared with 2.5% for the same period of the prior year, which is primarily due to higher sales and the fixed nature of certain expenses.

Administrative costs as a percentage of net sales for the three months ended September 26, 2020 were 3.2% as compared with 2.4% for the prior year quarter. For the six month period ended September 26, 2020, administrative costs as a percentage of net sales were 3.3% as compared with 2.8% for the same period of the prior year. The increases in administrative costs for the three and six months ended September 26, 2020 are primarily due to higher employment costs.

During the six months ended September 26, 2020 the Company recorded a loss of \$532,000 on the disposal of equipment from a sold Northwest plant and a gain on the sale of unused fixed assets of \$71,000. The Company also recorded a charge of \$1,174,000 for a supplemental early retirement plan. During the six months ended September 28, 2019 the Company recorded a gain on the partial sale of a plant in the Midwest of \$3,742,000. The Company also recorded a gain on the sale of unused fixed assets of \$3,259,000. These items are included in other operating income in the Unaudited Condensed Consolidated Statements of Net Earnings.

Interest expense as a percentage of net sales for the three months ended September 26, 2020 was 0.4% as compared with 0.8% for the prior year quarter. For the six months ended September 26, 2020, interest expense as a percentage of net sales was 0.5% as compared with 1.0% for the same period of the prior year. During fiscal 2021, overall borrowings and interest rates were lower than the previous year resulting lower interest expense for the three and six months ended September 26, 2020.

Income Taxes:

The effective tax rate for continuing operations was 23.5% and 22.9% for the six month periods ended September 26, 2020 and September 28, 2019, respectively. The change in tax rate resulting from federal credits and incentives is a 1.6 percentage point increase. The dollar amount of the federal credits and incentives did not change significantly from 2020 to 2021. The increase is the result of an increase in projected pre-tax income from 2020 to 2021. This increase resulted in the federal credits and incentives having a smaller impact on the tax rate in 2021. This increase was partially offset by a 0.8 percentage point decrease resulting from interest received from the federal refund for the NOL carryback claim filed as a result of the CARES Act as well as the reversal of interest and penalties on the interest expense limitation uncertain tax benefits as a result of the final regulations issued.

Earnings per Share:

Basic earnings per share were \$1.98 and \$0.50 for the three months ended September 26, 2020 and September 28, 2019, respectively. Diluted earnings per share were \$1.97 and \$0.49 for the three months ended September 26, 2020 and September 28, 2019, respectively. Basic earnings per share were \$4.24 and \$0.61 for the six months ended September 26, 2020 and September 28, 2019, respectively. Diluted earnings per share were \$4.21 and \$0.61 for the six months ended September 26, 2020 and September 28, 2019, respectively. For details of the calculation of these amounts, refer to footnote 13 of the Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)

**ITEM 2 MANagements DISCUSSION AND ANALYSIS  
 OF FINANCIAL CONDITION AND RESULTS OPERATIONS  
 September 26, 2020**

**Liquidity and Capital Resources:**

The financial condition of the Company is summarized in the following table and explanatory review (dollar amounts in thousands, except per share data):

|   | September 26,<br>2020 | September 28,<br>2019 | March 31,<br>2020 | March 31,<br>2019 |
|---|-----------------------|-----------------------|-------------------|-------------------|
| <b>Working Capital:</b>                           |                       |                       |                   |                   |
| Balance   | \$ 333,918            | \$ 437,273            | \$ 401,946        | \$ 490,871        |
| Change in Quarter                                 | (12,146)              | (4,542)               |                   |                   |
| Current Portion of Long-Term Debt                 | 63,111                | -                     | 500               | 345               |
| Long-Term Debt, Less Current Portion              | 109,069               | 243,978               | 217,081           | 265,900           |
| Operating Lease Obligations, Less Current Portion | 33,464                | 52,992                | 42,760            | -                 |
| Financing Lease Obligations, Less Current Portion | 21,900                | 26,773                | 24,366            | -                 |
| Capital Lease Obligations, Less Current Portion   | -                     | -                     | -                 | 31,286            |
| <b>Total Stockholders' Equity Per Equivalent</b>  |                       |                       |                   |                   |
| Common Share (see Note below)                     | 47.00                 | 44.18                 | 42.77             | 43.27             |
| Stockholders' Equity Per Common Share             | 47.46                 | 44.61                 | 43.18             | 43.67             |
| Current Ratio                                     | 1.88                  | 2.53                  | 3.69              | 5.37              |

Note: Equivalent common shares are either common shares or, for convertible preferred shares, the number of common shares that the preferred shares are convertible into. See Note 9 of the Notes to Consolidated Financial Statements of the Company's 2020 Annual Report on Form 10-K for conversion details.

As shown in the Condensed Consolidated Statements of Cash Flows, net cash provided by operating activities was \$87,005,000 for the six months ended September 26, 2020, compared to \$46,480,000 for the same period of the prior year. The increase in cash provided by operating activities is primarily comprised of increases in cash provided by net earnings, \$33,073,000, accounts payable, accrued expenses and other, \$35,345,000, accounts receivable, \$21,866,000, other current assets \$9,637,000 and income taxes, \$1,780,000 partially offset by cash used for inventory, \$65,574,000.

As compared to September 28, 2019, inventory decreased \$24,479,000 to \$550,704,000 at September 26, 2020. The components of the inventory decrease (excluding LIFO) reflect an \$11,101,000 decrease in finished goods, a \$676,000 decrease in work in process and a \$33,268,000 decrease in raw materials and supplies. The finished goods decrease primarily reflects increased sales partially offset by higher pack inventory quantities attributable to the larger calendar year 2020 pack versus the calendar year 2019 pack. The raw materials and supplies decrease is primarily due to a decrease in cans and raw steel quantities compared to the prior year. FIFO based inventory costs exceeded LIFO based inventory costs by \$144,655,000 as of the end of the second quarter of 2020 as compared to \$165,221,000 as of the end of the second quarter of 2019.

Cash used in investing activities was \$26,296,000 in the first six months of fiscal 2021 compared to cash used in investing activities of \$6,043,000 in the first six months of fiscal 2020. Additions to property, plant and equipment were \$27,321,000 in the first six months of fiscal 2021 as compared to \$16,472,000 in first six months of fiscal 2020. Proceeds from the sale of assets were \$1,025,000 for the first six months of fiscal 2021 as compared to \$10,429,000 in first six months of fiscal 2020.

[Table of Contents](#)

**ITEM 2 MANagements DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OPERATIONS  
September 26, 2020**

Cash used in financing activities was \$56,598,000 in the first six months of fiscal 2021, which included borrowings of \$248,848,000 and the repayment of \$294,249,000 of long-term debt, principally consisting of borrowings and repayments on the revolving credit facility (“Revolver”). Other than borrowings under the Revolver, there was no new long-term debt during the first six months of fiscal 2021. The Company repurchased treasury stock of \$1,163,000 in the first six months of fiscal 2021 and repurchased \$8,580,000 of its stock during the first six months of fiscal year 2020.

The Company entered into a five-year revolving credit facility on July 5, 2016. Available borrowings on the Revolver total \$300,000,000 from April through July and \$400,000,000 from August through March with a maturity date of July 5, 2021. The interest rate on the Revolver is based on LIBOR plus an applicable margin based on excess availability and the Company's fixed charge coverage ratio. As of September 26, 2020, the interest rate was approximately 1.75% on a balance of \$62,611,000 and it is included in Current Portion of Long-Term Debt in the accompanying Condensed Consolidated Balance Sheet since it matures on July 5, 2021. We believe that cash flows from operations, availability under our Revolver and other financing sources will provide adequate funds for our working capital needs, planned capital expenditures, and debt obligations for at least the next 12 months.

The Company's credit facilities contain standard representations and warranties, events of default, and certain affirmative and negative covenants, including various financial covenants. At September 26, 2020, the Company was in compliance with all such financial covenants.

**New Accounting Standards**

Refer to footnote 12 of the Notes to Condensed Consolidated Financial Statements.

**Seasonality**

The Company's revenues are typically higher in the second and third fiscal quarters. The Company's sales also exhibit seasonality with the third fiscal quarter generating the highest retail sales due to holidays that occur during that quarter. See the Critical Accounting Policies section below for further details.

**Forward-Looking Information**

The information contained in this report contains, or may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this report and include statements regarding the intent, belief or current expectations of the Company or its officers (including statements preceded by, followed by or that include the words “believes,” “expects,” “anticipates” or similar expressions) with respect to various matters, including (i) the Company's anticipated needs for, and the availability of, cash, (ii) the Company's liquidity and financing plans, (iii) the Company's ability to successfully integrate acquisitions into its operations, (iv) trends affecting the Company's financial condition or results of operations, including anticipated sales price levels and anticipated expense levels, in particular higher production, fuel and transportation costs, (v) the Company's plans for expansion of its business (including through acquisitions) and cost savings, and (vi) the impact of competition.

[Table of Contents](#)

**ITEM 2 MANagements DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OPERATIONS  
September 26, 2020**

Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on such statements, which speak only to events as of the date the statements were made. Among the factors that could cause actual results to differ materially are:

- general economic and business conditions;
- cost and availability of commodities and other raw materials such as vegetables, steel and packaging materials;
- transportation costs;
- climate and weather affecting growing conditions and crop yields;
- the availability of financing;
- leverage and the Company's ability to service and reduce its debt;
- Potential impact of COVID-19 related issues at our facilities;
- foreign currency exchange and interest rate fluctuations;
- effectiveness of the Company's marketing and trade promotion programs;
- changing consumer preferences;
- competition;
- product liability claims;
- the loss of significant customers or a substantial reduction in orders from these customers;
- changes in, or the failure or inability to comply with, U.S., foreign and local governmental regulations, including environmental and health and safety regulations; and
- other risks detailed from time to time in the reports filed by the Company with the SEC.

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.

[Table of Contents](#)

**ITEM 2 MANagements DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OPERATIONS  
September 26, 2020**

**Critical Accounting Policies**

For the six months ended September 26, 2020 and September 28, 2019 the Company sold certain finished goods inventory for cash on a bill and hold basis. The terms of the bill and hold agreement(s) provide that title to the specified inventory is transferred to the customer(s) prior to shipment and the Company has the right to payment (prior to physical delivery) which results in recorded revenue as determined under the revenue recognition standard.

Trade promotions are an important component of the sales and marketing of the Company's branded products, and are critical to the support of the business. Trade promotion costs, which are recorded as a reduction of net sales, include amounts paid to encourage retailers to offer temporary price reductions for the sale of our products to consumers, amounts paid to obtain favorable display positions in retailers' stores, and amounts paid to retailers for shelf space in retail stores. Accruals for trade promotions are recorded primarily at the time of sale of product to the retailer based on expected levels of performance. Settlement of these liabilities typically occurs in subsequent periods primarily through an authorized process for deductions taken by a retailer from amounts otherwise due to us. As a result, the ultimate cost of a trade promotion program is dependent on the relative success of the events and the actions and level of deductions taken by retailers for amounts they consider due to them. Final determination of the permissible deductions may take extended periods of time.

The Company uses the lower of cost, determined under the LIFO (last-in, first out) method, or market, to value substantially all of its inventories. In a high inflation environment that the Company is experiencing, the Company believes that the LIFO method was preferable over the FIFO method because it better compares the cost of current production to current revenue.

The Company assesses its long-lived assets for impairment whenever there is an indicator of impairment. Property, plant, and equipment are depreciated over their assigned lives. The assigned lives and the projected cash flows used to test impairment are subjective. If actual lives are shorter than anticipated or if future cash flows are less than anticipated, a future impairment charge or a loss on disposal of the assets could be incurred. Impairment losses are evaluated if the estimated undiscounted value of the cash flows is less than the carrying value. If such is the case, a loss is recognized when the carrying value of an asset exceeds its fair value.



[Table of Contents](#)

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, the Company is exposed to various market risk factors, including changes in general economic conditions, competition and raw material pricing and availability. In addition, the Company is exposed to fluctuations in interest rates, primarily related to its revolving credit facility. To manage interest rate risk, the Company uses both fixed and variable interest rate debt plus fixed interest rate lease obligations. There have been no material changes to the Company's exposure to market risk since March 31, 2020.

[Table of Contents](#)

ITEM 4 Controls and Procedures

The Company maintains a system of internal and disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported on a timely basis. The Company's Board of Directors, operating through its Audit Committee, which is composed entirely of independent outside directors, provides oversight to the financial reporting process.

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer, former Chief Executive Officer, and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer, former Chief Executive Officer, and the Chief Financial Officer concluded that, as of September 26, 2020, our disclosure controls and procedures were effective. The Company continues to examine, refine and formalize its disclosure controls and procedures and to monitor ongoing developments in this area.

There have been no changes during the period covered by this report to the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

[Table of Contents](#)

PART II – OTHER INFORMATION

Item 1. [Legal Proceedings](#)

Refer to footnote 15 to the Consolidated Financial Statements included in Part II Item 8 of the Annual Report on Form 10-K.

Item 1A. [Risk Factors](#)

There have been no material changes to the risk factors disclosed in the Company’s Form 10-K for the period ended March 31, 2020 except to the extent factual information disclosed elsewhere in this Form 10-Q relates to such risk factors.

Item 2. [Unregistered Sales of Equity Securities and Use of Proceeds](#)

| Period                | Total Number of Shares Purchased |                | Average Price Paid per Share |                | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs |
|-----------------------|----------------------------------|----------------|------------------------------|----------------|--|--|
|                       | Class A Common                   | Class B Common | Class A Common               | Class B Common |  |  |
| 7/01/2020 – 7/31/2020 | 15,400                           | -              | \$ 38.07                     | \$ -           | -  | -  |
| 8/01/2020 – 8/31/2020 | 13,200                           | -              | \$ 43.70                     | \$ -           | -  | -  |
| 9/01/2020 – 9/30/2020 | -                                | -              | \$ -                         | \$ -           | -  | -  |
| Total                 | 28,600                           | -              | \$ 40.89                     | \$ -           | -  | 516,287  |

Note 1: 15,400 of these shares were purchased in open market transactions by the trustees under the Seneca Foods Corporation Employees' Savings Plan 401(k) Retirement Savings Plan to provide employee matching contributions under the plan.

Item 3. [Defaults Upon Senior Securities](#)

None.

Item 4. [Mine Safety Disclosures](#)

None.

Item 5. [Other Information](#)

None.

[Table of Contents](#)

|           |  |
|-----------|--|
| Item 6.   | <a href="#">Exhibits</a>   |
| 10.1      | <a href="#">Executive Transition Services Agreement dated as of August 31, 2020 between Seneca Foods Corporation and Kraig H. Kayser (filed herewith).</a> |
| 10.2      | <a href="#">Supplemental Retirement Agreement between Seneca Foods Corporation and Kraig H. Kayser (filed herewith).</a>                                   |
| 10.3      | <a href="#">Form of Indemnification Agreement between Seneca Foods Corporation and each member of the Board of Directors (filed herewith).</a>             |
| 31.1      | <a href="#">Certification of Kraig H. Kayser pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>                                |
| 31.2      | <a href="#">Certification of Timothy J. Benjamin pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>                            |
| 31.3      | <a href="#">Certification of Paul L. Palmby pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>                                 |
| 32        | <a href="#">Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>  |
| 101.INS   | Inline XBRL Instance Document (filed herewith).  |
| 101.1.SCH | Inline XBRL Taxonomy Extension Calculation Schema Document (filed herewith).   |
| 101.2.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith).   |
| 101.3.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith).  |
| 101.4.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith).   |
| 101.5.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith).  |
| 104       | Cover page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)                     |

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Seneca Foods Corporation  
(Company)

November 4, 2020

/s/Paul L. Palmby

Paul L. Palmby  
President and  
Chief Executive Officer

November 4, 2020

/s/Kraig H. Kayser

Kraig H. Kayser  
Former President and  
Chief Executive Officer

November 4, 2020

/s/Timothy J. Benjamin

Timothy J. Benjamin  
Chief Financial Officer

Exhibit 10.1

EXECUTIVE TRANSITION SERVICES AGREEMENT

This Executive Transition Services Agreement (this "Agreement"), dated as of August 31, 2020, is made between Seneca Foods Corporation, a New York corporation ("Seneca" or the "Company"), and Kraig H. Kayser ("Executive").

Recitals

- A. Executive has been employed as Seneca's President and Chief Executive Officer. Executive voluntarily announced his retirement as President and Chief Executive Officer, to be effective upon the Transition Date (as defined below).
- B. Executive agreed to provide transition services as an employee of Seneca until October 31, 2021.
- C. Executive and Seneca have voluntarily agreed to enter into this Agreement, which sets forth the complete understanding between Executive and Seneca regarding Executive's voluntary retirement as Seneca's President and Chief Executive Officer, Executive's provision of transition services until his termination of employment effective October 31, 2021, and the commitments and obligations arising out of the termination of the employment relationship between Executive and Seneca.

Agreement

In consideration of the foregoing premises and for other good and valuable consideration, the sufficiency and receipt of which are acknowledged, Seneca and Executive agree as follows:

- 1. Employment Transition. Executive will retire as President and Chief Executive Officer of Seneca effective on September 30, 2020 ("Transition Date"). Executive agrees to resign from any corporate office or official position of any kind that he holds with Seneca or any affiliate of Seneca, including the role of Board member and member of any Committee of the Board, in each case effective upon the Transition Date. Executive has agreed to provide transition services until October 30, 2021 ("Separation Date").
- 2. Services. Executive will remain an employee of Seneca until the Separation Date and will provide such transitional support to the successor Chief Executive Officer as the Seneca Board of Directors deems appropriate. Executive will be provided appropriate support services including the continued availability of an administrative assistant during this transition period.
- 3. Compensation. Until the Separation Date, Seneca agrees to pay or cause to be paid to Executive, and Executive agrees to accept in exchange for the services rendered by him, the following compensation:
  - 3.1 Base Salary. Executive's annual base salary is \$666,251.69 Dollars before all customary payroll deductions. Such annual base salary shall be paid in substantially equal installments and at the same intervals as other officers of Seneca are paid.
  - 3.2 Bonus. Executive shall be designated an "Eligible Employee" under the Seneca Foods Corporation Executive Profit Sharing Bonus Plan (the "Bonus Plan") for the fiscal year ending March 31, 2021. Additionally, Executive's retirement shall be considered to be "Normal Retirement" under the terms of the Bonus Plan.
- 4. Benefits.
  - 4.1 Retirement and Savings Plans. Until the Separation Date, Executive shall be entitled to continue to participate in all defined contribution plans and defined benefit plans maintained by Seneca, as now or hereinafter in effect, that are applicable to Seneca's employees generally or to its executive officers, subject to and on a basis consistent with the terms, conditions and overall administration of such plans, programs and arrangements. Benefits payable under such plans shall commence pursuant to the terms of such plans.

4.2 Supplemental Retirement. Prior to the Transition Date, Executive and Seneca shall enter into a Supplemental Retirement Agreement to provide the Executive with supplemental retirement benefits upon his termination of employment with the Company on the Separation Date. Such supplemental retirement benefits shall consist of a monthly payment of \$25,000 beginning with the first full month after the Separation Date (subject to Section 6.4 hereof) and continuing for 48 monthly installments.

4.3 Other Benefit Programs. Until the Separation Date, Executive will be entitled to continue to participate, subject to and in accordance with applicable eligibility requirements, in all other employee benefit plans, programs and arrangements of Seneca, as now or hereinafter in effect, that are applicable to Seneca's employees generally or to its executive officers, as the case may be, subject to and on a basis consistent with the terms, conditions and overall administration of such plans, programs and arrangements.

4.4 Vacation and Other Leaves. Executive shall be entitled to use any accrued but unused vacation and other paid absences during this [calendar/fiscal] year and for unused vacation carried over from the previous [calendar/fiscal] year, whether for holidays, illness, or any similar purposes, in accordance with policies applicable generally to executive officers of Seneca. After the Transition Date, no vacation or other paid absences shall accrue.

4.5 Expenses. Executive shall be entitled to receive reimbursement for all reasonable and customary expenses incurred by him in performing services under this Agreement, including all expenses of travel and accommodations while away from his residence on business or at the request of and in the service of Seneca; provided, however, that such expenses are incurred, accounted for and approved in accordance with the policies and procedures established from time-to-time by Seneca.

5. Termination Prior to Separation Date. In the event this Agreement and Executive's employment hereunder is involuntarily terminated, including by reason of Executive's death or disability, prior to the Separation Date, Seneca shall (i) continue the Executive's base salary through the Separation Date and (ii) pay the bonus under Section 3.2 above in accordance with the terms of the Bonus Plan as if he were continually employed through the Separation Date. In the event of termination upon death, Seneca shall make payments to Executive's personal representative, and in the event of termination for any other reason, Seneca shall make payment to Executive. If the termination of employment prior to the Separation Date would otherwise make the Executive ineligible to receive a bonus pursuant to the terms of the Bonus Plan then Seneca shall pay the Executive or his personal representative the economic equivalent of the benefits provided under the Bonus Plan for the fiscal year ending March 31, 2021 as if he were continually employed through the Separation Date.

6. Code Section 409A Compliance.

6.1 Notwithstanding anything herein to the contrary, this Agreement and the Supplemental Retirement Agreement are intended to be interpreted and operated to the fullest extent possible so that the payments under this Agreement and the Supplemental Retirement Agreement either shall be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("Code Section 409A") or shall comply with the requirements of such provision.

6.2 To the extent required to avoid the imposition of additional taxes and penalties under Code Section 409A, amounts payable under this Agreement or the Supplemental Retirement Agreement on account of any termination of employment shall only be paid if Executive experiences a "separation from service" as defined in Code Section 409A unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

6.3 For purposes of this Agreement and the Supplemental Retirement Agreement, the right to a series of installment payments shall be treated as a right to a series of separate payments within the meaning of the Code Section 409A.

6.4 If the Executive is a "specified employee" within the meaning of Code Section 409A as of the Separation Date, no amount that constitutes a deferral of compensation which is payable on account of Executive's separation from service shall be paid to Executive before the date (the "Delayed Payment Date") which shall be (a) the first day of the seventh month after the date of Executive's separation from service or (b) the date of Executive's death following such separation from service, if earlier. All such amounts that would, but for this Section 6.4, become payable prior to the Delayed Payment Date will be accumulated and paid on or about the Delayed Payment Date.

6.5 Notwithstanding anything herein to the contrary, the reimbursement of expenses or in-kind benefits provided pursuant to this Agreement shall be subject to the following conditions: (a) the expenses eligible for reimbursement or in-kind benefits in one taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year; (b) the reimbursement of eligible expenses or in-kind benefits shall be made promptly, subject to Company's applicable policies, but in no event later than the end of the year after the year in which such expense was incurred; and (c) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit

6.6 The Company intends that income provided to Executive pursuant to this Agreement and the Supplemental Retirement Agreement will not be subject to taxation under Section 409A of the Code. The provisions of this Agreement and the Supplemental Retirement Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Code Section 409A. However, the Company does not guarantee any particular tax effect for income provided to Executive pursuant to this Agreement or the Supplemental Retirement Agreement. In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to Executive and to make all payments in accordance with the terms of this Agreement and the Supplemental Retirement Agreement, the Company shall not be responsible for the payment of any applicable taxes on compensation paid or provided to Executive pursuant to this Agreement or the Supplemental Retirement Agreement. If Executive notifies the Company (with specificity as to the reason therefor) that Executive believes that any provision of this Agreement or the Supplemental Retirement Agreement (or of any award of compensation, including equity compensation or benefits) would cause Executive to incur any additional tax or interest under Code Section 409A and the Company concurs with such belief or the Company (without any obligation whatsoever to do so) independently makes such determination, the Company shall, after consulting with Executive, reform such provision to try to comply with Code Section 409A through good faith modifications to the minimum extent reasonably appropriate to conform with Code Section 409A. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to Executive and the Company of the applicable provision without violating the provisions of Code Section 409A.

7. Form of Notice. All notices given hereunder shall be given in writing, shall specifically refer to this Agreement and shall be personally delivered or sent by postage prepaid first-class mail as follows: (i) if to Seneca, addressed to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505, Attention: President and (ii) if to Executive, addressed to such address as may appear in the personnel records of Seneca or such other address as Executive may specify in writing.

8. Assignment. This Agreement is personal to Executive and shall not be assignable by Executive. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

9. Waivers. No delay or failure by either party in exercising, protecting or enforcing any of its or his rights, titles, interests or remedies under this Agreement, and no course of dealing or performance with respect thereto, shall constitute a waiver. The express waiver by a party of any right, title, interest or remedy in a particular instance or circumstance shall not constitute a waiver thereof in any other instance or circumstance. All rights and remedies shall be cumulative and not exclusive of any other rights or remedies.



10. Amendments in Writing. No amendment, modification, waiver, termination or discharge of any provision of this Agreement, nor consent to any departure therefrom by either party, shall in any event be effective unless the same shall be in writing, specifically identifying this Agreement and the provision intended to be amended, modified, waived, terminated or discharged and signed by Seneca and Executive, and each such amendment, modification, waiver, termination or discharge shall be effective only in the specific instance and for the specific purpose for which given. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance or any other matter not set forth in an agreement in writing and signed by Seneca and Executive.

11. Applicable Law. This Agreement shall in all respects, including all matters of construction, validity and performance, be governed by, and construed and enforced in accordance with, the laws of the state of New York, without regard to any rules governing conflicts of laws.

12. Severability. If any provision of this Agreement shall be held invalid, illegal or unenforceable in any jurisdiction, for any reason, including, without limitation, the duration of such provision, its geographical scope or the extent of the activities prohibited or required by it, then, to the full extent permitted by law (a) all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intent of the parties hereto as nearly as may be possible, (b) such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision hereof, and (c) any court or arbitrator having jurisdiction thereover shall have the power to reform such provision to the extent necessary for such provision to be enforceable under applicable law.

13. Headings. All headings used are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, this Agreement.

14. Counterparts. This Agreement, and any amendment or modification entered into pursuant to Section 10 hereof, may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute one and the same instrument.

15. Entire Agreement. This Agreement on and as of the date hereof constitutes the entire agreement between Seneca and Executive with respect to the subject matter hereof and all prior or contemporaneous oral or written communications, understandings or agreements between Seneca and Executive with respect to such subject matter are superseded and nullified in their entireties.

*[Intentionally Left Blank; Signature Page Follows]*

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement on the date set forth above.

EXECUTIVE:

/s/Kraig H. Kayser  
Kraig H. Kayser

SENECA FOODS CORPORATION

/s/Timothy Benjamin

By:  
Name: Timothy Benjamin  
Title: CFO

Exhibit 10.2

SUPPLEMENTAL RETIREMENT AGREEMENT

THIS AGREEMENT (the "Agreement"), is made by and between SENECA FOODS CORPORATION, a New York corporation ("Seneca" or the "Company"), and KRAIG H. KAYSER ("Executive").

WHEREAS, Executive has voluntarily announced his retirement as President and Chief Executive Officer of the Company effective September 30, 2020 (the "Transition Date"); and

WHEREAS, Executive has agreed to provide transition services as an employee of Seneca until October 31, 2021 (the "Separation Date") pursuant to an Executive Transition Services Agreement dated August 31, 2020 between Executive and the Company (the "Transition Services Agreement"); and

WHEREAS, pursuant to the Transition Services Agreement, the Company agreed to pay supplemental retirement benefits to Executive upon his retirement on the Separation Date;

NOW, THEREFORE, in view of the premises and in consideration of the agreements and mutual covenants herein set forth, the parties, intending to be legally bound, hereby agree as follows:

Definitions.

For purposes of this Agreement, the following terms will have the meanings stated below:

"Benefit" means the supplemental retirement benefit payable to Executive pursuant to the terms of this Agreement, as described in Section 2.

"Beneficiary" means the beneficiary designated by Executive pursuant to Section 3.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor thereto.

"Committee" means the Compensation Committee of the Company's Board of Directors, as constituted from time to time.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

Supplemental Retirement Benefit.

The Company will pay to Executive, or his Beneficiary in the event of Executive's death, a supplemental retirement benefit in the aggregate amount of One Million Two Hundred Thousand Dollar (\$1,200,000), in forty-eight equal monthly installments of \$25,000 each, beginning with the first month that begins after the Separation Date and continuing for the succeeding forty-seven months, each installment to be paid on or about the first day of the month.

If Executive dies before receiving the full Benefit, the remaining installments shall be paid to his Beneficiary. If the Beneficiary is an individual and dies before receiving all of the remaining installments, such unpaid installments shall be paid to the Beneficiary's estate.

#### Designation of Beneficiary.

Executive may designate a beneficiary to receive the remaining installments of the Benefit in the event Executive dies before receiving the full Benefit, by delivering a written notice to the Company stating the name and address of the beneficiary and such other information as the Company reasonably requests. The beneficiary so designated is referred to herein as the "Beneficiary". If no designation is duly made by Executive, Executive's Beneficiary will be his spouse or, if Executive is unmarried at the time of his death, Executive's estate.

#### Funding.

The Benefit payable under this Agreement will be "unfunded," as that term is used in Sections 201(2), 301(a)(3), 401(a)(1) and 4021(b)(6) of ERISA with respect to unfunded plans maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees.

The Benefit paid under this Agreement shall be paid from the general assets of the Company, and neither Executive, his Beneficiary nor his or their heirs or successors shall have any status greater than unsecured general creditors of the Company, and no such person shall have any special or prior right to any assets of the Company for payment of the Benefit or any other any obligation hereunder.

#### Administration.

The Committee shall be the "plan administrator" with respect to the Benefit provided under this Agreement. As plan administrator, the Committee will have full power, authority and discretion to (i) supply omissions, reconcile inconsistencies and to otherwise interpret this Agreement, (ii) prescribe, amend and rescind any rules, forms and procedures as it deems necessary or appropriate for the proper administration of this Agreement, and (iii) make other determinations and take other such actions as it deems necessary or advisable in carrying out its duties under this Agreement. All actions taken by the Committee as plan administrator in connection with the administration of this Agreement or any rules adopted hereunder will be final, conclusive and binding upon Executive, the Beneficiary, and their respective heirs, successors and assigns.

#### Claims Procedure.

Pursuant to the requirements of ERISA, any claim for benefits under this Agreement will be reviewed and determined in accordance with regulations of the United States Department of Labor stated at 29 CFR §2560.503-1, as such regulations may be amended from time to time, as follows:

In General. If Executive believes that he is being denied any rights or benefits under this Agreement, he may file a claim in writing with the Committee as Plan Administrator. If any such claim is wholly or partially denied, the Committee as Plan Administrator will notify Executive of its decision in writing. Such notification will contain (1) specific reasons for the denial, (2) specific reference to pertinent provisions of this Agreement, (3) a description of any additional material or information necessary for Executive to perfect such claim and an explanation of why such material or information is necessary, and (4) information as to the steps to be taken if Executive wishes to submit a request for review. Such notification will be given within 90 days after the claim is received by the Committee as Plan Administrator (or within 180 days, if special circumstances require an extension of time for processing the claim and if written notice of such extension and circumstances is given to Executive within the initial 90-day period). If such notification is not given within the specified period, the claim will be deemed denied and Executive may then appeal the denial of his claim.

Appeals. Within 60 days after the date on which Executive receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which denial is deemed to have occurred) Executive (or his duly authorized representative) may (1) file a written request with the Committee as Plan Administrator for a review of his denied claim and of pertinent documents and (2) submit written issues and comments to the Committee as Plan Administrator. The Committee as Plan Administrator will notify Executive of its decision on review in writing. Such notification will be written in a manner calculated to be understood by Executive and will contain specific reasons for the decision as well as specific references to pertinent provisions of this Agreement. The decision on review will be made within 60 days after the request for review is received by the Committee as Plan Administrator (or within 120 days, if special circumstances, such as an election by the Committee as Plan Administrator to hold a hearing, require an extension of time for processing the request, and if written notice of such extension and circumstances is given to Executive within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

Miscellaneous Provisions.

Entire Agreement. This Agreement represents the entire agreement between the parties hereto relating to the subject matter hereof, and merges and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature regarding that subject matter.

Employment Status. This Agreement does not constitute a contract of employment or impose upon Executive any obligation to remain as an employee, nor does it impose on the Company any obligation (i) to retain Executive as an employee or (ii) to limit in any respect the right of the Company to discharge Executive at any time for any reason.

Non-alienation. Except as expressly provided herein with respect to payment to a Beneficiary in the event of Executive's death, the rights and interests of Executive under this Agreement will not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge or encumbrance by Executive or any person claiming under or through Executive, nor will they be subject to the debts, contracts, or liabilities of Executive or anyone else prior to payment.

Notices. Any notices provided hereunder must be in writing, and such notices or any other written communication will be deemed effective upon the earlier of personal delivery (including personal delivery by facsimile) or the third day after mailing by first class mail, to the following addresses:

If to the Company:

Seneca Foods Corporation  
3736 South Main Street  
Marion NY 14505  
Attn.: Cindy Fohrd

If to Executive:

3543 Fair Oaks Lane  
Longboat Key, Florida 34228

Legal Construction. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of New York, without regard to such state's conflict of laws rules, to the extent that such laws are not preempted by ERISA.

Amendment. This Agreement may only be amended by a writing signed by each of the parties hereto.

Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the respective dates written below.

SENECA FOODS CORPORATION

By: /s/ Timothy Benjamin

Name: Timothy Benjamin

Title: CFO

EXECUTIVE

/s/ Kraig H. Kayser  
Kraig H. Kayser

Exhibit 10.3

**INDEMNIFICATION AGREEMENT**

THIS INDEMNIFICATION AGREEMENT is made as of [DATE] by and between Seneca Foods Corporation, a New York corporation (the "Corporation"), and [NAME] ("Indemnitee").

**RECITALS**

WHEREAS, the Board of Directors wishes to attract and retain highly qualified persons to serve as directors of the Corporation;

WHEREAS, the Corporation has adopted provisions in its Certificate of Incorporation providing for indemnification of its directors, and the Corporation wishes to clarify and enhance the rights and obligations of the Corporation and the Indemnitee with respect to indemnification and advancement of expenses;

WHEREAS, it is reasonable, prudent and in the best interests of the Corporation and its shareholders to enter into the following Agreement to provide for such indemnification and advancement of expenses; and

WHEREAS, the Company desires to have the Indemnitee serve or continue to serve as a director of the Company and the Indemnitee desires to serve or continue so to serve the Company, provided, and on the express condition, that he or she is furnished with the protections set forth hereinafter.

NOW, THEREFORE, to induce Indemnitee to serve the Corporation and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**INTERPRETIVE RULES; DEFINITIONS**

**General Interpretive Rules.**

For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (i) terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, and the use of the masculine gender herein shall be deemed to include the feminine gender; (ii) references herein to "Sections" without reference to a document are to designated Sections of this Agreement; (iii) "including" means "including but not limited to"; and (iv) "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provision.

**Definitions.**

In this Agreement:

"Agreement" means this Indemnification Agreement as executed by the parties hereto as of the date first written above or, if amended, as amended.

"Board" means the Board of Directors of the Corporation.

“Derivative Proceeding” means a Proceeding brought by or in the right of the Corporation to procure a judgment in its favor.

“Entity” means a corporation, limited liability company, business, partnership, joint venture, trust, employee benefit plan or other enterprise.

“Fine” means any fine, penalty and, with respect to an employee benefit plan, any excise tax or penalty assessed with respect thereto.

“Litigation Costs” means costs, charges and reasonable expenses, including attorneys’ fees, actually and necessarily incurred in the investigation, defense or prosecution of or other involvement in any Proceeding and any appeal therefrom, and the costs of appeal, attachment and similar bonds.

“Losses” means the total amount which Indemnitee becomes legally obligated to pay in connection with any Proceeding, including judgments, Fines, amounts paid in settlement and Litigation Costs.

“Proceeding” means any threatened, pending or completed action, suit, or proceeding, whether brought by or in the right of the Corporation or one of its subsidiaries or otherwise, and whether of a civil, criminal, administrative or investigative nature, in which Indemnitee is or was a party or is threatened to be made a party by reason of the fact that Indemnitee is or was a director, officer or employee of the Corporation (or any subsidiary of the Corporation), or is or was serving at the request of the Corporation as a director, officer, employee, member, manager, trustee, agent, or fiduciary of another Entity.

## INDEMNIFICATION

### Proceedings by Third Parties.

The Corporation shall indemnify Indemnitee, in accordance with the provisions of this Section 2.1, against all Losses actually and reasonably incurred by Indemnitee in connection with the defense or settlement of any Proceeding (other than a Derivative Proceeding) if Indemnitee acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

**Derivative Proceedings.**

Except as provided in Section 2.2(b), the Corporation shall indemnify Indemnitee, in accordance with the provisions of this Section 2.2, against all Litigation Costs actually and reasonably incurred by Indemnitee in connection with the defense or settlement of any Derivative Proceeding, including the amount of the judgment or settlement, if he or she acted in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation.

No indemnification under Section 2.2(a) shall be made in respect of:

- a threatened action or a pending action which is settled or otherwise disposed of; or
- any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation,

unless and only to the extent that the court in which such Derivative Proceeding was brought, or, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all relevant circumstances, Indemnitee is fairly and reasonably entitled to indemnification for such portion of the settlement amount and Litigation Costs which the court shall deem proper.

**No Presumptions Based on Manner Proceeding is Terminated.**

The termination of any Proceeding by judgment, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not in itself create a presumption (i) that Indemnitee did not act in good faith, without fraudulent intent and for a purpose which he or she reasonably believed to be in or not opposed to the best interests of the Corporation or (ii) with respect to any criminal action or proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

**Indemnification Against Expenses of Successful Party.**

Notwithstanding any other provision hereof, to the extent that Indemnitee has been successful, on the merits or otherwise, including the dismissal of an action without prejudice, in defense of any Proceeding, or in defense of any claim, issue or matter therein, Indemnitee shall be indemnified against all Litigation Costs actually and reasonably incurred by Indemnitee in connection therewith to the fullest extent permitted by New York Law.

**Advances of Litigation Costs.**

At the written request of Indemnitee, Litigation Costs actually and reasonably incurred by Indemnitee in any Proceeding shall be paid by the Corporation in advance of the final disposition of such matter with the undertaking of Indemnitee, which hereby is given, that if it shall be ultimately determined, in a final, non-appealable judgment rendered by the court of last resort (or by a lower court if not timely appealed), that Indemnitee was not entitled to be indemnified, or was not entitled to be fully indemnified, Indemnitee shall repay to the Corporation the amount, or appropriate portion thereof, so advanced. Such payment by the Corporation shall be made promptly (but in any event within 30 days) after its receipt of Indemnitee's request therefor. If the Corporation makes an advance of Litigation Costs pursuant to this Section 2.5, the Corporation shall be subrogated to every right of recovery Indemnitee may have against any insurance carrier from whom the Corporation has purchased insurance for such purpose.



#### **Determination of Right to Indemnification; Procedure Upon Application.**

Any indemnification under Section 2.1 and Section 2.2 (other than the advancement of Litigation Costs) shall be paid by the Corporation no later than 90 days after receipt of the written request of Indemnitee, unless a determination is made within said 90-day period by (i) the Board by a majority vote of directors who are not and were not parties to the Proceeding in respect of which indemnification is being sought ("Disinterested Directors"), (ii) a committee of the Board comprised of Disinterested Directors or (iii) independent legal counsel in a written opinion (which counsel shall be appointed by a vote of the Disinterested Directors), that Indemnitee has not met the relevant standards for indemnification set forth in Section 2.1 and Section 2.2. If requested by the Indemnitee in writing, any such determination shall be made by independent legal counsel not previously employed by the Corporation or any Affiliate thereof ("Affiliate" having the meaning defined in Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended).

Indemnitee will be entitled to a hearing before the Board or the Disinterested Directors and/or any other person or persons making a determination and evaluation under Section 2.6(a). Indemnitee will be entitled to be represented by counsel at such hearing.

The right to indemnification or advances of Litigation Costs as provided by this Agreement shall be enforceable by Indemnitee in any court of competent jurisdiction. Indemnitee's Litigation Costs incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such proceeding also shall be indemnified by the Corporation.

With respect to any Proceeding for which indemnification is requested, the Corporation will be entitled to participate therein at its own expense and, except as otherwise provided below, the Corporation may assume the defense thereof, with counsel satisfactory to Indemnitee. After notice from the Corporation to Indemnitee of its election to assume the defense of a Proceeding, the Corporation will not be liable to Indemnitee under this Agreement for any Litigation Costs subsequently incurred by Indemnitee in connection with the defense thereof, other than as provided below. The Corporation shall not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Indemnitee shall have the right to employ counsel in any Proceeding but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense of the Proceeding shall be at the expense of Indemnitee, unless (i) the employment of counsel by Indemnitee has been authorized by the Corporation, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and Indemnitee in the conduct of the defense of a Proceeding, or (iii) the Corporation shall not in fact have employed counsel to assume the defense of a Proceeding, in each of which cases the fees and expenses of Indemnitee's counsel shall be advanced by the Corporation. Notwithstanding the foregoing, the Corporation shall not be entitled to assume the defense of any Derivative Proceeding.

#### **Exclusions.**

The Corporation shall not be liable to make any payment hereunder (whether in the nature of indemnification or contribution) to the extent payment is actually made to Indemnitee under a valid, enforceable and collectible insurance policy (the "Insurance Policy"). If Indemnitee is required to pay any amount that the Corporation is obligated to pay hereunder except for the exclusion in this subsection, before payment is reasonably expected to be made under the Insurance Policy, the Corporation shall promptly advance the amount Indemnitee is required to pay for which the Corporation is liable hereunder. Any advance by the Corporation shall be made with the undertaking of Indemnitee, which hereby is given, that he or she shall immediately pay over to the Corporation, from the funds Indemnitee later receives under the Insurance Policy, an amount equal to the amount which the Corporation advanced pursuant to this subsection.

Notwithstanding any other provision of this Agreement, the Corporation shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Corporation's written consent, which shall not be unreasonably withheld, or for any judicial or other award, if the Company was not given an opportunity, in accordance with Section 2.6(d), to participate in the defense of such Proceeding.

The Corporation shall not be liable hereunder for any Fine imposed by law which the Corporation is prohibited by applicable law from paying as indemnity or otherwise.

No payment pursuant to this Agreement shall be made by the Corporation to indemnify or advance funds to Indemnitee for Litigation Costs with respect to Proceedings initiated or brought or joined in voluntarily by Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification or advancement of Litigation Costs under this Agreement or as otherwise required by New York law, but such indemnification or advancement of Litigation Costs may be provided by the Corporation in specific cases if the Board finds it to be appropriate.

**Contribution.**

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for herein is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or part, the parties agree that, in such event, the Corporation shall contribute to the payment of Indemnitee's Losses in an amount that is just and equitable in the circumstances, taking into account, among other things, contributions by other directors, and of the Corporation pursuant to Indemnification Agreements or otherwise. The Corporation and Indemnitee agree that, in the absence of personal enrichment of Indemnitee, or acts of bad faith, intentional fraud or dishonesty or criminal conduct on the part of Indemnitee, it would not be just and equitable for Indemnitee to contribute to the payment of Losses arising out of a Proceeding in an amount greater than: (i) in a case where Indemnitee is a director of the Corporation or any of its subsidiaries but not an officer of either, the amount of fees paid to Indemnitee for serving as a director during the 12 months preceding the commencement of such Proceeding; or (ii) in a case where Indemnitee is a director of the Corporation or any of its subsidiaries and is an officer of either, the amount set forth in clause (i) plus 5% of the aggregate cash compensation paid to Indemnitee for serving as such officer(s) during the 12 months preceding the commencement of such Proceeding; or (iii) in a case where Indemnitee is only an officer of the Corporation or any of its subsidiaries, 5% of the aggregate cash compensation paid to Indemnitee for serving as such officer(s) during the 12 months preceding the commencement of such Proceeding. The Corporation shall contribute to the payment of Losses covered hereby to the extent not payable by Indemnitee pursuant to the contribution provisions set forth in the preceding sentence.

**Notice to Corporation; Cooperation.**

Indemnitee shall give the Corporation notice, as soon as practicable, of any claim made against him for which indemnification will be or could be sought hereunder.

Indemnitee shall give the Corporation such cooperation and information as it may reasonably require in connection with any claim by Indemnitee hereunder.

**Other Rights and Remedies.**

The rights provided hereby shall not be deemed exclusive of any other right to which Indemnitee may be entitled under any statute, applicable provision of the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or of disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue after Indemnitee ceases to serve the Corporation in the position identified in the Introduction hereof.

**Serving at the Corporation's Request.**

References in this Agreement to "serving at the request of the Corporation" include service with respect to any employee benefit plan, its participants, or beneficiaries. Any action taken or omitted by a person with respect to an employee benefit plan in the performance of such person's duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is "not opposed to the best interests of the Corporation" as referred to in Article Two.

**Release by Indemnitee.**

The parties recognize that, pursuant to this Agreement, Indemnitee may receive the benefits of indemnification payments (paid to Indemnitee or paid to others for the benefit of Indemnitee). The Corporation is entitled to the cooperation and assistance of the Indemnitee in obtaining or directing payments by an insurer or insurers (collectively, "Insurer") issuing a directors' and officers' liability insurance policy (i) from which the Company is seeking total or partial recovery for indemnification payments which the Corporation has made to or on behalf of the Indemnitee or (ii) from which the Indemnitee or others on behalf of the Indemnitee are receiving indemnification payments. Without limiting the generality of the preceding sentence, the ways in which the Indemnitee shall assist the Corporation shall include the following:

After all Losses of the Indemnitee indemnifiable under this Agreement with respect to any particular Proceeding against the Indemnitee shall have been paid, the Indemnitee, at the request of the Corporation, shall execute and deliver to the Corporation a written confirmation of that fact.

When requested by the Corporation, Indemnitee shall execute, acknowledge before a notary public, and deliver to the Corporation a Power of Attorney specifically authorizing each of certain designated officers of the Corporation as attorneys-in-fact for Indemnitee to execute, acknowledge and deliver Indemnitee's written release to the Insurer with respect to the Losses arising from a particular Proceeding for which Indemnitee has been fully indemnified; and, if requested by the Corporation, Indemnitee shall execute, acknowledge before a notary public, and deliver to the Insurer Indemnitee's written release with respect to the Losses arising from a particular Proceeding for which Indemnitee has been fully indemnified.

If Indemnitee were to refuse to execute, acknowledge and deliver a Power of Attorney or revoke a previously delivered Power of Attorney or refuse to provide the Corporation with the written confirmation to which it is entitled under the provisions of this Section 2.13, the Corporation shall have no further indemnification obligations hereunder with respect to any then-pending or future Proceeding; but nothing contained herein shall nullify any right conferred upon Indemnitee by Section 723(a) of the New York Business Corporation Law, as amended, or any successor provision in the New York statutes. In any event, Indemnitee hereby releases the Corporation from liability to Indemnitee hereunder with respect to any specific claim for which Indemnitee has been fully indemnified hereunder, regardless whether Indemnitee executes a separate release.

#### MISCELLANEOUS

##### **Binding Effect.**

This Agreement shall be binding upon all successors and assigns of the Corporation (including any transferee of all or substantially all of its assets and any successor by merger or operation of law) and shall inure to the benefit of the heirs, personal representatives and estate of Indemnitee.

##### **Savings Clause.**

If all or any portion of any section hereof is held invalid or unenforceable on any ground by any court of competent jurisdiction, the Corporation nevertheless shall indemnify Indemnitee for his or her Losses to the full extent permitted by any applicable portion hereof that has not been held invalid or unenforceable or by any other applicable law.

##### **Governing Law.**

The validity, construction, enforcement and interpretation of this Agreement shall be governed by the internal law (and not the law of conflicts) of the State of New York.

##### **Effect of Headings.**

The Introduction and Article and Section headings herein are for convenience only and shall not affect the construction hereof.

##### **Notices.**

Any notice, request or other communication hereunder to or on the Corporation or Indemnitee shall be in writing and delivered or sent by postage prepaid first-class mail, as follows: (i) if to the Corporation, addressed to Seneca Foods Corporation, 3736 South Main Street, Marion, New York 14505, "Attention: President;" and (ii) if to Indemnitee, addressed to him at the address shown on the signature page hereof.

Either address referred to in the preceding subsection may be changed from time to time and shall be the most recent such address furnished in writing by the party whose address has changed to the other party in the manner specified in the preceding subsection.

##### **Counterparts.**

This Agreement may be executed in any number of counterparts. Each counterpart of an agreement so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart.

**Prior Agreement.**

This Agreement replaces and supersedes all prior agreements dealing with the same subject matter as this Agreement.

**Non-Exclusivity of Rights; Applicability to Other Indemnification Provisions.**

The rights to indemnification and to the advancement of Litigation Costs provided by this Agreement shall not be deemed exclusive of, and shall be in addition to, any other right that the Indemnitee may now or hereafter acquire under any applicable law, agreement, vote of shareholders or Disinterested Directors, provisions of a charter or bylaws (including the Certificate of Incorporation or By-Laws of the Corporation), or otherwise.

To the fullest extent permitted by law, the Corporation shall apply this Agreement in considering requests for indemnification or reimbursement or payment of Litigation Costs under its Certificate of Incorporation, By-Laws, or any other agreement or undertaking of the Company.

*[Intentionally Left Blank; Signature Page Follows]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

SENECA FOODS CORPORATION

By: \_\_\_\_\_  
Name:  
Its:

\_\_\_\_\_  
Indemnitee Name:

Address:

EXHIBIT 31.1

CERTIFICATION

I, Kraig H. Kayser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Seneca Foods Corporation;
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.

Dated: November 4, 2020

By: /s/Kraig H. Kayser

Kraig H. Kayser  
Former President and Chief Executive  
Officer

EXHIBIT 31.2

CERTIFICATION

I, Timothy J. Benjamin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Seneca Foods Corporation;
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.

Dated: November 4, 2020

By: /s/Timothy J. Benjamin

Timothy J. Benjamin  
Chief Financial Officer



EXHIBIT 31.3

CERTIFICATION

I, Paul L. Palmby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Seneca Foods Corporation;
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.

Dated: November 4, 2020

By: /s/Paul L. Palmby

Paul L. Palmby  
President and Chief Executive  
Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Seneca Foods Corporation (the "Registrant") on Form 10-Q for the period ended September 26, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Paul L. Palmby, Chief Executive Officer, Kraig H. Kayser, Former Chief Executive Officer and Timothy J. Benjamin, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to our knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

November 4, 2020

/s/Paul L. Palmby  
Paul L. Palmby  
Chief Executive Officer

November 4, 2020

/s/Kraig H. Kayser  
Kraig H. Kayser  
Former Chief Executive Officer

November 4, 2020

/s/ Timothy J. Benjamin  
Timothy J. Benjamin  
Chief Financial Officer