



Farm Fresh Goodness Made Great

## Seneca Foods Reports Sales and Earnings for the Quarter and Six Months Ended September 30, 2023

FAIRPORT, N.Y. November 9, 2023 -- Seneca Foods Corporation (NASDAQ: SENE, SENE) today announced financial results for the second quarter and six months ended September 30, 2023.

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

- § Net sales for the six months ended September 30, 2023 totaled \$706.1 million compared to \$705.0 for the six months ended October 1, 2022. The year-over-year increase of \$1.1 million was mainly due to higher selling prices partially offset by lower sales volumes.
- § Gross margin as a percentage of net sales for the six months ended September 30, 2023 is 16.1% as compared to 9.2% for the six months ended October 1, 2022.

“The Company continued its strong performance through the first half of fiscal 2024 with net sales and FIFO EBITDA exceeding fiscal 2023 results for the same period. Net earnings continue to reflect non-cash LIFO charges driven by higher costs but have significantly moderated from the same period in fiscal 2023”, stated Paul Palmby, President and Chief Executive Officer of Seneca Foods Corporation. “With a strong processing season winding down and adequate inventory to satisfy customer needs we turn toward planning for next year. Heavy investment in our facilities over the past few years has resulted in reduced current needs and allowed continuation of our share repurchase program which we feel continues to be an attractive allocation of capital.”

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

- § Net sales for the second quarter of fiscal 2024 totaled \$407.5 million compared to \$439.8 for the second quarter of fiscal 2023. The year-over-year decrease of \$32.3 million was mainly due to lower sales volumes partially offset by higher selling prices.
- § Gross margin as a percentage of net sales is 14.3% for the three months ended September 30, 2023 as compared to 9.5% for the three months ended October 1, 2022.

### About Seneca Foods Corporation

Seneca Foods is one of North America’s leading providers of packaged fruits and vegetables, with facilities located throughout the United States. Its high quality products are primarily sourced from approximately 1,400 American farms and are distributed to approximately 60 countries. Seneca holds a large share of the market for retail private label, food service, restaurant chains, international, contracting packaging, industrial, chips and cherry products. Products are also sold under the highly regarded brands of Libby’s®, Aunt Nellie’s®, Green Valley®, CherryMan®, READ®, and Seneca labels, including Seneca snack chips. Seneca’s common stock is traded on the Nasdaq Global Select Market under the symbols “SENEA” and “SENEB”. SENEA is included in the S&P SmallCap 600, Russell 2000 and Russell 3000 indices.

## Non-GAAP Financial Measures

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

	Three Months Ended		Six Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Earnings before income taxes, as reported	\$ 32,577	\$ 20,993	\$ 62,838	\$ 27,725
LIFO charge	9,316	29,210	7,616	48,435
Adjusted earnings before income taxes	41,893	50,203	70,454	76,160
Income taxes	10,118	12,135	16,844	18,551
Adjusted net earnings	<u>\$ 31,775</u>	<u>\$ 38,068</u>	<u>\$ 53,610</u>	<u>\$ 57,609</u>

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

EBITDA and FIFO EBITDA:	Three Months Ended		Six Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net earnings	\$ 24,779	\$ 16,131	\$ 47,890	\$ 21,234
Income tax expense	7,798	4,862	14,948	6,491
Interest expense, net of interest income	7,185	2,370	13,758	3,760
Depreciation and amortization	11,089	10,056	21,769	19,844
Operating lease amortization	1,733	3,191	3,656	6,897
Interest amortization	(114)	(61)	(214)	(121)
EBITDA	52,470	36,549	101,807	58,105
LIFO charge	9,316	29,210	7,616	48,435
FIFO EBITDA	<u>\$ 61,786</u>	<u>\$ 65,759</u>	<u>\$ 109,423</u>	<u>\$ 106,540</u>

## Forward-Looking Information

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

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

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

### Contact:

Michael Wolcott, Chief Financial Officer  
585-495-4100

Seneca Foods Corporation  
Unaudited Selected Financial Data

For the Periods Ended September 30, 2023 and October 1, 2022  
(In thousands of dollars, except share data)

	Three Months Ended		Six Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net sales	\$ 407,475	\$ 439,842	\$ 706,139	\$ 705,035
Plant restructuring charge (note 2)	\$ 9	\$ 52	\$ 149	\$ 108
Other operating income, net (note 3)	\$ (1,346)	\$ (589)	\$ (1,543)	\$ (2,640)
Operating income (note 1)	38,424	21,836	73,921	28,432
Other non-operating income	(1,338)	(1,527)	(2,675)	(3,053)
Interest expense, net	7,185	2,370	13,758	3,760
Earnings before income taxes	\$ 32,577	\$ 20,993	\$ 62,838	\$ 27,725
Income tax expense	7,798	4,862	14,948	6,491
Net earnings	\$ 24,779	\$ 16,131	\$ 47,890	\$ 21,234
Basic earnings per common share	\$ 3.32	\$ 2.05	\$ 6.36	\$ 2.64
Diluted earnings per common share	\$ 3.29	\$ 2.03	\$ 6.30	\$ 2.62

Note 1: The effect of the LIFO inventory valuation method on the second quarter pre-tax results decreased operating earnings by \$9.3 million and \$29.2 million for the three months ended September 30, 2023 and October 1, 2022, respectively. The effect of the LIFO inventory valuation method on YTD six month pre-tax results decreased operating earnings by \$7.6 million and \$48.4 million for the six months ended September 30, 2023 and October 1, 2022, respectively.

Note 2: During the three and six months ended September 30, 2023, respectively, the Company incurred restructuring charges primarily due to equipment moves from ceasing production of green beans at a plant in the Northeast in the previous fiscal year. During the three and six months ended October 1, 2022, respectively, the Company incurred restructuring charges primarily related to plants that were closed in previous periods.

Note 3: The Company had net other operating income of \$1.3 million and \$1.5 million during the three and six months ended September 30, 2023, respectively, which was driven primarily by the sale of non-operational assets in the Pacific Northwest. During the three months ended October 1, 2022, the Company had net other operating income of \$0.6 million, driven primarily by a true-up of the supplemental early retirement plan accrual partially offset by a loss on the sale of various fixed assets. During the six months ended October 1, 2022, the Company had net other operating income of \$2.6 million, which was driven primarily by a gain on the sale of the Company's western trucking fleet amongst other fixed assets and a true-up of the supplemental early retirement plan accrual.

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

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