

## **Cal-Maine Foods, Inc.(Q1 2026 Earnings)**

**October 01, 2025**

### **Corporate Speakers:**

- Sherman Miller; Cal-Maine Foods, Inc.; President and Chief Executive Officer
- Max Bowman; Cal-Maine Foods, Inc.; Chief Financial Officer

### **Participants:**

- Heather Jones; Heather Jones Research; Analyst
- Pooran Sharma; Stephens Inc.; Analyst
- Leah Jordan; Goldman Sachs; Analyst
- Benjamin Mayhew; BMO Capital Markets; Analyst

## **PRESENTATION**

Operator^ Good morning, everyone, and welcome to the Cal-Maine Foods First Quarter Fiscal 2026 Earnings Conference Call. All participants are in a listen-only mode. After today's prepared remarks, there will be a question-and-answer session.

At that time, I will provide instructions for those wishing to ask a question. Please note this call is being recorded. I will now turn the call over to Sherman Miller, President and Chief Executive Officer of Cal-Maine Foods. Please go ahead.

Sherman Miller^ Good morning, and thank you for joining us today. We appreciate your interest in Cal-Maine Foods and the opportunity to share our results and outlook.

This is an important milestone for us as it marks our first-ever earnings call. It's an important part of our commitment to a more robust investor relations strategy aimed at increasing visibility into the institutional investment community and providing stakeholders with increased transparency into our business.

Before we begin, I want to remind everyone that today's remarks may include forward-looking statements. These are based on management's current expectations and are subject to risks and uncertainties described in our SEC filings.

I want to start the call today with an expression of humbleness and gratitude. I'm humbled each morning in realizing the dedication and strength of our Cal-Maine family. I'm truly grateful to have the opportunity to represent each and every one of them on this call today.

I'd like to recognize a few folks who have been a huge part of building the Cal-Maine Foundation, which is the platform that we operate from today. Cal-Maine has always been about people, our over 4,000 employees, our customers, our communities, and our shareholders.

Every day, our team demonstrates the discipline, accountability, and frugality that have defined this company from the very beginning. We stand on the shoulders of our founder, Fred Adams, and leaders like Dolph Baker, who remains an important guy at his board chair. Also, there is a long list that have mentored both me and our management team as a whole.

I'd like to name just a few. Steve Storm, Bob Scott, Jack Self, David Jenkins, Mark Ashby, all previous vice presidents of operations. Bobby Raines and Tim Dawson, previous CFOs. Jeff Hardin and Kim Farmore, both previous vice presidents of sales. Ken Looper, former president. Joe White, former vice president of feed mills. Charlie Collins and Mike Castleberry, both former controllers.

There are many more to thank, but for the sake of time, I just want to say a very simple and humble thank you to all of our employees, both past and present. Each has contributed to building a strong foundation that is in place today.

The cornerstones of that foundation are simple. We have broad scale, which provides us significant benefits. Our vertically integrated model allows us to manage every step of production, which keeps costs low, enables supply reliability, safeguards quality and food safety, and gives us the flexibility to optimize output. This is also a significant competitive advantage.

Our culture, what we refer to as the Cal-Maine Way, is one focused on operational excellence. We define operational excellence as an unwavering focus on the fundamentals. That means investing in modernization, embedding biosecurity, and applying the Cal-Maine Way of accountability across our operations.

With respect to biosecurity, we've invested more than \$80 million in equipment, procedures, and training to safeguard flock health and mitigate the risk of highly pathogenic avian influenza since 2015. Unfortunately, High Path AI remains a reality for the industry.

Financially, we're operating from a position of strength with a great balance sheet and enough cash to opportunistically pursue acquisitions and furtherance of our strategy.

Finally, as I mentioned, we have a fantastic team with significant depth and experience. Speaking of our team, I'd like to welcome Melanie Boulden and Keira Lombardo to Cal-Maine.

Melanie, who joins our board of directors, has deep expertise in the food and beverage industry and nearly three decades of global business management, brand building, and experience at companies like Coca-Cola, Kraft, and most recently, Tyson.

Keira was recently appointed as the company's first-ever Chief Strategy Officer. Like Melanie, Keira has significant experience working with consumer-facing companies. She

will work with our senior leadership team to further accelerate and shape enterprise priorities, building on Cal-Maine Foods' leadership role in a rapidly changing marketplace.

Our foundation and strong business momentum allowed us to deliver the strongest first quarter in our history and also reflects the benefits of diversification, the strength of our operations, and the progress we've made in positioning Cal-Maine for the future. Specifically, our results were driven by strong growth in specialty eggs and the expansion of our prepared foods platform, supported by solid performance in conventional eggs.

Together, specialty eggs and prepared foods accounted for nearly 40% of net sales, underscoring their central role in Cal-Maine's strategy and long-term financial performance. These results show Cal-Maine advancing as a diversified, consumer-driven food company. Our conventional egg business continues to provide stability and scale, while specialty eggs and prepared foods are increasingly shaping the future of our portfolio.

Specialty eggs and prepared foods are positioned as growth engines, shifting our mix toward higher-value categories. And across it all, our vertical integration and financial strength ensure that we can execute with discipline and resilience.

With that, let me turn the call over to our Chief Financial Officer, Max Bowman, to drill down into our results for the quarter and discuss our capital allocation framework. Max?

Max Bowman^ Thanks, Sherman, and good morning, everyone. Thanks for tuning into our first live earnings call. This is a new format to us and is part of an increased focus on our part to deliver increased transparency to all of our stakeholders.

As a reminder, we published our earnings release in 10Q this morning. Additionally, we have published a brief earnings presentation on our website. These documents contain detailed information on our financial results.

I'll touch on the highlights for the first quarter of fiscal 2026. Net sales were \$922.6 million, up 17.4% from \$785.9 million last year. The increase was driven by increase in shell eggs sales and from contributions from our recent acquisitions in the prepared food space.

Shell egg sales were \$789.4 million, up 6.5%, driven by a 3.9% increase in net average selling price for shell eggs and a 7.5% increase in specialty egg sales volume. Shell eggs represented 85.6% of total net sales. That's down 880 basis points from last year as our portfolio mix diversified into prepared foods.

Specialty eggs generated \$283.5 million in sales, up 10%, with double-digit growth in cage-free and pasture-raised. Specialty eggs account for more than 30% of net sales. Conventional egg sales generated \$505.9 million in sales, up 4%.

Prepared foods delivered \$83.9 million in sales, an increase of over 800%, with Echo Lake Foods contributing sales of \$70.5 million. Prepared foods represented more than 9% of our net sales this quarter. This shift in mix demonstrates how specialty eggs and prepared foods are shaping our portfolio towards higher margin categories.

Gross profit was \$311.3 million, or 33.7% of net sales, up from \$247.2 million, or 31.5% of net sales last year. This nearly 26% improvement in gross profit was driven primarily by higher shell egg selling prices, growth in our specialty egg sales volume, lower feed costs, and contributions from prepared foods. Operating income was \$249.2 million, or 27% of net sales compared with \$187 million or 23.8% a year ago, a 320 basis point improvement.

Net income was \$199.3 million, or \$4.12 per diluted share, up from \$150 million, or \$3.06 per diluted share, last year. These improvements were driven by higher average selling prices for shell eggs and the incremental contributions from prepared foods.

Turning to cost and expenses, our feed costs were actually a source of support this quarter. On a per dozen basis, feed costs decreased about 4% year-over-year, driven primarily by lower soybean mill prices. That reduction translated into roughly \$6 million of savings in cost of sales.

SG&A expenses increased modestly, up about 12% from the prior year. This was largely tied to higher sales volumes and the integration of Echo Lake Foods, which drove higher delivery expense and other overhead. Marketing was essentially unchanged. Importantly, these added SG&A costs are directly supported growth in both shell eggs and prepared foods.

In fact, SG&A, as a percentage of sales, decreased slightly from the prior year. On the production side, capacity expansion and rebuild post-HPAI is also supporting our growth. Breeder flocks increased 46%, chicks hatched were up 77%, and the average number of layer hens rose 10%.

We sold 2.5% more dozens year-over-year, with specialty dozens increasing 7.5%. Our growth is not only driven by pricing, but also by real volume expansion supported by long-term investments in our capacity.

We continue to see tangible benefits from our modernization initiatives and in-line facilities. These investments enhance yields, improve our productivity, and reinforce our low-cost positioning. The Cal-MaineWay, embedding best practices and process innovation, remains central to our ability to operate efficiently.

Operating cash flow was very strong at \$278.6 million, more than double last year's level of \$117.5 million. We ended the quarter with \$252 million in cash and equivalents and \$1 billion in investments, and we remain virtually debt-free. Our capital allocation approach is centered on maximizing total shareholder return, and we view it through five lenses.

First, our dividends. Consistent with our standing dividend policy, we will pay a dividend of \$1.37 per share, payable November 13th to shareholders of record on October 29th. Second, share repurchases. We plan to take an opportunistic approach to share repurchases, guided by our broader commitment to disciplined capital deployment. Depending on circumstances, we may use different methods to execute buybacks, such as open market purchases, accelerated programs, or prearranged trading plans.

Third, earnings per share growth. This is supported by disciplined reinvestment in our business, particularly in modernization, margin expansion initiatives, and efficiency programs.

Fourth, M&A. We are focused on related areas, geographic expansion, and opportunities that meet strict financial return thresholds while strengthening our supply position. Prepared foods is a great example of this, where the best investment is in ourselves and the fast-growing subcategories we are building.

And finally, multiple expansion. Over time, as we shift our mix and deliver higher quality, more predictable earnings, we believe Cal-Maine Foods will be positioned for a valuation that reflects that improvement. In short, our strong cash generation allows us to fund growth, support our dividend, be opportunistic on repurchases, and pursue disciplined M&A. In turn, these actions create even more cash flow for future deployment.

That concludes my review of the financial results. I will now call back to Sherman for additional commentary on where we are going strategically.

Sherman Miller^ Thanks, Max. Let me close by reinforcing a few themes. Cal-Maine is the largest egg producer in the United States, with significant scale and vertical integration that delivers efficiency, lower cost, and supply reliability.

But scale alone is not enough. Consumers are demanding more choice, more convenience, and more protein-rich foods. Our mission is to meet that demand with a diversified portfolio that ranges from conventional eggs to specialty eggs and increasingly into prepared foods.

Specialty eggs and prepared foods are not promises for tomorrow. They are delivering today. Over time, we expect them to continue to improve the quality of our earnings and lead to margin expansion.

We are executing a strategy to create a stronger, more predictable Cal-Maine. That strategy, of course, has a strong M&A component embedded in it. Supported by a robust pipeline of disciplined, accretive opportunities, Echo Lake is a great example of how we are executing.

Since the acquisition in June, utilization has ramped quickly, and we are on track to exceed every financial and operational expectation we set forth at the time of acquisition.

We've already approved a new \$14.8 million investment in a high-speed pancake production line at our Burlington, Wisconsin facility, which will expand capacity, add automation, and improve packaging to capture accelerating customer demand.

Projects like this will increase efficiency and scale, and they demonstrate our approach to disciplined investments in extensions and subcategories with attractive returns supported by strong consumer demand.

We are becoming a house of brands. From Eggland's Best, Land O' Lakes, Farmhouse Eggs, Four Grains, Sun Up, Sunny Meadow, MeadowCreek Foods to Crepini, reaching consumers across national, regional, and private label programs. We account for roughly half of all Eggland's Best sales, which remains the number one brand of specialty eggs in the United States.

Our scale, vertical integration, and financial discipline provide a strong foundation, while specialty eggs and prepared foods are proven growth engines delivering higher quality, more consistent earnings. Together, these strengths make Cal-Maine a compelling combination of both value and growth in today's food sector.

At the same time, our mission is clear. We provide one of the most nutrient-dense, affordable sources of protein available. That matters today more than ever. Eggs are purchased by 97% of U.S. households and remain one of the lowest cost sources of high-quality protein.

Consumers are eating more protein overall. With high-protein diets, ranking as the most common eating pattern for the third consecutive year. Eggs fit squarely into that trend because they are fresh, versatile, and cost-effective.

Specialty formats and ready-to-eat products extend that value proposition, giving people more ways to include eggs in their diets. This is not just about chasing trends, it's about meeting fundamental needs for nutrition, affordability, and value in the American diet.

Looking forward, our strategy is clear. We will, number one, expand specialty and prepared foods. Number two, leverage vertical integration and operational excellence to remain a low-cost, reliable supplier. And number three, pursue disciplined M&A to drive mix-up lift, expand geographically, and create long-term stockholder value.

Cal-Maine combines scale, vertical integration, and financial strength with proven growth from specialty and prepared foods. Conventional eggs provide a strong foundation while consumer demand for protein and the relative affordability of eggs create powerful tailwinds. Our disciplined capital allocation and operational excellence reinforces advantage.

We're confident that the initiatives we're executing today will translate into durable growth, stronger margins, and higher returns for our shareholders. I want to close by thanking the entire Cal-Maine team for their dedication, our customers for their trust, and

our stockholders for their continued support. With that, I'll turn the call back over to the operator to begin the Q&A portion of today's call.

## QUESTIONS AND ANSWERS

Operator^ (Operator Instructions). It comes from the line of Heather Jones with Heather Jones Research. Please proceed.

Heather Jones^ Good morning. And I want to start with saying I appreciate y'all starting these calls. They're very helpful.

I guess my first question is just on pricing. Just wondering if you -- this quarter, your price capture relative to industry benchmarks was materially lower than it has been in the past. And so, I was just wondering if you could share some quantitative or qualitative color as to the shift that's gone on in your mix as far as cost-plus versus market-based, just so that we can try to be more accurate in our projections going forward.

Sherman Miller^ Hey, Heather. Good morning. This is Sherman, and thank you for that question. I'll start, and I'll call on Max to finish up here. But I want to start this conversation just talking about how important our customers are and us keeping their trust and their support.

And as always thinking about the long term, and each and every customer has their own go-to-market strategy, and there's certainly a multitude of different pricing structures out there. But I think what you're indicating, Heather, is some topside slippage.

And what we would encourage you to think about is just balance that with the downside, the mid-cycle uplift that comes with that. And over time, market realization actually improving for the long term, the reduction of volatility, and certainly the longer-term arrangements that come with that. So, we think there's a lot of appeal in this shift.

And certainly, it's not complete because we, if you look in our queue, we do indicate that the majority of our conventional eggs are still priced off of a market framework. So, there's still a lot of history in our pricing agreements, but certainly certain customers have different thought patterns on their go-to-market strategy. And once again, upside opportunity is balanced with downside protection here.

And always, we strive for true partnerships to be the type of partner that they can rely upon, not only for supply, but for meeting their other needs. So, Max, I'll pass it to you if you have any other comments to add there.

Max Bowman^ Sherman, I think you've covered it. It's just all about customer alignment and positioning ourselves as best we can for the long term through the cycle.

Heather Jones^ Okay, thank you. And then my follow-up is on Echo Lake. Those results were stronger than expected across the board, just the sales and the margins. And so, just

one, should we be expecting significant sequential revenue growth for that business? And secondly, was there anything related to cost timing, etcetera, that affected margins? Or is this a good gross margin to use going forward?

Sherman Miller^ Heather, another great question. And it's hard to express the amount of excitement that we have when you say not only Echo Lake, but prepared foods and just the growth opportunity that we have to focus on higher value, higher quality, more consistent, and then margin expansion over time.

It opens lots of doors for us for additional organic growth and M&A. And we do feel good. The color that we added in our queue is that we feel very strongly that they're meeting and exceeding all of the initial goals that we set for them.

And Echo Lake is strong. We spent a lot of time and due diligence not only looking at the business, but looking at the team. And the team is what I really like to brag about. Just extremely solid team that has a mind for growth, a mind for perfection, and achieving goals. So, very excited there. Max, I'll see if you have any comments to that.

Max Bowman^ Yes, Heather, I think it's in line or exceeding, as Sherman said, some of the benchmarks that we threw out in the initial investor presentation for Echo Lake. And as Sherman said, no buyer's remorse. We're feeling great about Echo Lake and feeling good about where it's positioned for the future.

We did call out the synergies early on and we had said 15 million. I think we're on track to achieve those and potentially more. And we're already working on reinvestment at Echo Lake with an announced additional investment there.

Sherman Miller^ And that's significant, Max. It's almost a 10% growth in their annual volume. So, you can see how much we're believing in it, Heather.

Heather Jones^ Okay, thank you.

Operator^ One moment for our next question, please. It comes from the line of Pooran Sharma with Stephens. Please proceed.

Pooran Sharma^ Good morning, and thanks for the question. Just wanted to say congrats on the quarter and on getting your first earnings call here.

Maybe for the first question, wanted to understand a little bit about the supply situation. It looks like we've had a pretty good sequential buildback in the layer flock over the last couple months. I know in our past conversations, we've talked about how long it'll take to get back to about 325 million hens.

And I think the industry projections called for about 305 to 315 by year end. But we have been hearing some expansion amongst smaller contract farmers may not be fully captured



in the latest USDA figures of about 300 million hens. So, just wanted to get your thoughts on how to think about supplies over the next few quarters from here.

Sherman Miller^ Pooran, good morning, and thank you for that question. And the USDA hen numbers that came out September 1st indicated 101.4 million -- or 301.4 million. And that certainly is a number well lower than the five-year, but I think we would challenge you to think a little bit broader than that.

There's a general rule of thumb that it takes one chicken for each person in the U.S. The U.S. population hovering somewhere around 340 million indicates that we're well short of the potential that the market could use. And there's certainly lots of things on the demand side. But unfortunately, there's some early indicators that the HighPath Avian Influenza certainly is not gone.

And this is a lot bigger than the U.S. problem. It's a global problem. And the global indicators indicate the same thing, that there's lots of challenges sitting at the doorstep with HighPath Avian Influenza.

Unfortunately, about 3.1 million hens has been taken away from that 301.4 million already, and numerous turkey flocks also depopulated. And the migration is certainly turning the volume up as we speak. And so there's lots of things that are concerning about the migration and about how this fall could play out.

We have no exact indicators what that would be, but certainly just looking and listening to the experts, there's lots of concerns around future HighPath Avian Influenza. And you pair the supply with demand. And certainly there's always seasonality that comes into play.

The last few years has been a roller coaster. Normal seasonality has been disrupted by loss of birds during those times, which has kind of muddied the waters. But supply stabilization is just one of the important pieces to think about whenever marketing programs work most effectively. It's when they can count on supply.

And the tailwinds that are sitting there for the demand side are extremely favorable, and we're excited about them. FDA now lets us put the word healthy on an egg carton. American Heart Association recommending eggs as a part of a heart-healthy diet. American Academy of Pediatrics, they're recommending eggs from conception to two years of age because of choline. These GLP-1 drugs are certainly a catalyst.

People looking for clean, unprocessed foods and eggs just become a spotlight. It's 97% of households buy eggs and, of course, the United Nations pushing eggs still.

But at the end of the day, eggs fit very well into the healthy trends, the convenient trends, and they're still affordable on a program of protein serving. And they also, some of the other spotlights against foods containing sodium, sugar, and saturated fat were either low or zero. So, we think there's tremendous tailwinds to pair with this supply.

And we, unfortunately, over the last three years, it's been one step forward, two steps back. And we're all hoping for a much better fall than what the early indicators show. Max?

Max Bowman^ I think you covered it, Sherman.

Pooran Sharma^ Great. Appreciate the call there. I just wanted to maybe hone in on HPAI. We had the 3.1 million case in Wisconsin. And I think in the northern states you've been hearing about some turkey flocks that had been impacted by the virus. It seems a little bit earlier than expected, early in the migration period, as you called it.

Do you think the industry is better prepared this year than last? I know you talked about your own biosecurity measures, your own investments into your biosecurity. But just from an industry kind of perspective, do you think they're better prepared this time around than last time? And do you think we could see the potential for a similar magnitude, just given where the industry's at?

Sherman Miller^ I can't predict the magnitude, but what I do feel confident in is a lot of work has went into biosecurity and preventing the lateral spread. The big question mark still comes from these point source introductions, and that ties back to not only migrating birds, but also the peridomestic species that are around farms. And just a huge need for concrete epidemiology to know how this virus is not only getting onto farms, but getting into chicken houses.

And there's work certainly being done on that, but the silver bullet of here's the problem, here's how to solve it is still out there. We've got to find it. And certainly biosecurity is top of mind. We have invested over \$80 million. It's something that we've been very serious about since 2015 and beyond that even.

So unfortunately I can't give you a prediction of how it's going to play out, but the early indicators are that the birds are certainly carrying it as they migrate. And it's certainly a violent strain that's still well capable of infecting chickens and turkeys.

Max Bowman^ I think we can't, as Sherman said, we can't speak for the industry and wouldn't pretend to, but I think it's evident that everyone in the industry is taking it very seriously.

We just continue to focus on what we can control, and we know and trust in our skill and diversity of our operations that give us advantages, but we know at the same time we've got to execute and remain diligent every day.

You're only as good as your worst day when it comes down to it. So consistency is very important in our operations, and I think all of our locations, they talk about it literally daily and are focused on it, and that's what we're going to depend on going forward.

Pooran Sharma^ All right. Appreciate the color.

Operator^ Thank you. Our next question is from Leah Jordan with Goldman Sachs. Please proceed.

Leah Jordan^ Thank you. Good morning, Sherman and Max. Thanks for hosting this call. Really appreciate all the detail. I wanted to ask about specialty eggs. You called out double-digit growth in cage-free and pasture-raised.

Just any more detail on the trends you're seeing in specialty, and how are you thinking about capacity growth for that segment going forward? And ultimately, where would you like to land in terms of mix between conventional and specialty longer term?

Sherman Miller^ Good morning, Leah. Thank you. Great question. As you pointed out, pasture-raised, double-digit growth year-over-year and dollars and volumes. Leah, one thing that we continue to focus on is the word choice.

We want to produce what the customer, the consumer, wants to purchase. We focus on a very broad range so that we make sure that we service all customers. We also love to talk about the strength of Eggland's Best, the number one branded specialty eggs that we produce over 50% of the dozens for Eggland's Best.

Huge, huge tailwinds for us. The way we think about it is that we want to move at our customers' long-term pace. We don't make short-term decisions. We've been in this business a long time, and we think very forward on how different categories play out, and that circles us right back to choice. So we invest broadly, and we make sure that we're positioned for the long term. But we certainly see growth that's happening both in branded and private labeled and pasture-raised and certainly cage-free as well.

And we really focus hard on our long-term enterprise value to increase that over time. So we will continue to invest in cage-free. We will continue to invest in pasture-raised as well as the other items, and the customer will be our guide on the pace and scale that we do that at. Max?

Max Bowman^ Yes, I mean, Leah, long-term, we focus on capacity growth in specialty particularly. That's typically around double digits, 10% or so, and we continue to keep focusing there. And over time, it's hard to predict exactly that mix.

I mean, obviously acquisitions could play into that. We've purchased some nice acquisitions in the last three years that had some significant conventional production, so those numbers go up. But over time, we believe and think that the specialty will continue to grow as a percentage of the overall mix.

Leah Jordan^ That's very helpful. Thank you. And then maybe just sticking with the theme of shifting the mix of your business, I wanted to go back to the Echo Lake discussion. What have been the initial learnings or key surprises over the past few

months? And then just on the longer-term growth, any more color there? I guess how many more opportunities like the recently announced line extension for pancakes are there?

Sherman Miller^ We do believe there are more, which would definitely fall under the organic growth. But the other exciting part of this, we've added a lot of scale to our company through M&A, and this opens the door to a new channel of M&A. And we think there will be some opportunities there.

And no surprises with Echo. We knew that there was a tremendous team coming with Echo, and they've absolutely delivered in every area. A lot of key initiatives out of the gate, working on leadership and labor, reliable manufacturing, operational excellence, sales planning, gross margin management, net margin management, market expertise, just everything about the business that we should be touching the team is driving forward on and extremely exciting.

And we're excited about showing the growth that we did this quarter, but we certainly believe that there's opportunities. As we mentioned earlier about the approval of \$14.8 million for a new pancake line, that's almost a 10% increase in our volume right out of the gate. So good things to come there. Max?

Max Bowman^ Sherman, again, I think you covered it well. I will remind everyone, Leah, we're less than a full quarter into this. I mean June 2nd was the closing date. I know we've got some exciting meetings planned to really drill down with the Echo Lake team on longer-term plans.

And what I think we've been very excited about, as Sherman said before, is just learning more about the capability of that team, the very disciplined approach and logical approach that they're taking, strategic approaches to both maintaining the business they have and structuring the business and positioning it for more growth in the future. So more to come, but as we said from the outset, Echo Lake's been everything that we projected, and maybe a little more.

You can go back to those initial investor decks and kind of see what was there, and you can get a good idea of the margins from what we showed this first quarter. So we're really excited about the future for Echo and our old prepared foods, not to leave out MeadowCreek is sort of beginning to achieve a good base to go from.

They're getting their volumes up, and Crepini's got some exciting developments as well. So we'll be continuing to try to grow and invest in ourselves in that important area of our business.

Leah Jordan^ That's great. Thank you. Lots for us to look forward to.

Operator^ Thank you. Our next question comes from the line of Ben Mayhew with BMO Capital Markets. Please proceed.

Benjamin Mayhew^ Hey, good morning, and thank you for the questions. I guess just on your comments on share repurchases. You only did the \$50 million so far this year. You still have quite a bit left on the authorization, and you mentioned a couple of options in your prepared remarks.

So I just wanted to dig into that a little bit more. Do you think share repurchases are going to become a bigger piece of your allocation strategy? And is your goal to defend shares against commodity swings as you grow your value-added business? Or how are you thinking about utilizing that?

Sherman Miller^ I'll start and pass it to Max pretty quick. But, Ben, we're excited to have share repurchases in our capital allocation strategy. It's certainly a solid tool, and we know that I think the investor community is as well. And we've not given any formal guidance on what the buyback criteria will be.

But I will assure you that we have our eyes wide open, and we've described it as opportunistic. And certainly we're waking up every morning keeping our eyes wide open and being ready. Max, any other color you want to add?

Max Bowman^ Yes, well, Ben, you're well aware of the authorization that we have out there. And as you said, we spent \$50 million against that authorization. The key word we're talking is opportunistic, primarily through we're thinking at this point open market type purchases. When we feel the time is right, as Sherman says, we're watching things very closely.

A lot happening in our industry, and people are trying to figure out kind of where we're going. We've already talked about a lot of the factors this morning that will affect the future from a supply side, what happens with HPAI. And so we've got a lot to factor in there.

But believe me, it's at the height of our thought process. I can't leave this point without talking about, I mean, that is an important part of our capital allocation, is having that share repurchase there. It's a tool that we historically have not had.

We'll continue to use it. But we're always going to lean into some of the other triggers that we like to talk about, which are acquisitions and organic growth and those things that are very important in our capital allocation strategy.

Benjamin Mayhew^ Great. Thank you for that. And then I'll just ask one more. When you think about the relative price of competing proteins, right, so record beef prices, chicken prices that are high relative to historical averages, pork prices that are high, how do you feel about where eggs kind of sit in that relative competitive basis or landscape?

And headed into this holiday season, could we see more consumer trade down into eggs? How are you looking at the demand environment over the next one to two years? Do you

think eggs will outperform from a consumer value perspective? And that will be my last question. Thank you, guys.

Sherman Miller^ Yes. So Ben, great question. And certainly eggs are competing exceptionally well, being the lowest on a per serving of protein basis except for milk. And we feel really good about it because a lot of focus is being put on ultra-processed and, of course, eggs are not.

You get to crack an egg and certainly the products that are created in prepared foods, they're clean, healthy. These things are awesome, the expansion of different formats, as well as day parts, eggs are good each and every part of the day, and that's one of my favorite things to do at night is to cook an egg.

And so I think that carries over well into what you described. There's lots of things going on with other proteins, but the focus is being put on health and ultra-clean, as well as the sodium, sugar, and saturated fat. It just keeps elevating eggs as a better choice for consumers.

Max Bowman^ Yes, great comment, Sherman. It's just all part of those tailwinds that we like to talk about. And this is, in my judgment, one of the most important ones. I mean, we've got a lot of people to feed in this country and around the world. Choice is a big part of that, as Sherman has said already many times today.

But we're really excited about expansion into some of these additional formats and day parts. Prepare foods just gives us another platform to move into to really give more convenience and more access and making it easier for consumers in general to consume eggs. And we're excited about that future.

Operator^ One moment for our next question, please. And it comes from the line of Heather Jones, from Heather Jones Research.

Heather Jones^ Thanks for the follow-up. I just wanted to -- I have two follow-ups, actually. I just wanted to ask about the current market. It's honestly surprised me how much pricing has dropped given the numbers you mentioned, Sherman, as far as the layers on the ground.

I mean, clearly there's been a rebuild from the spring lows. But I guess I was just wondering if you think that's either, A, demand destruction, or do you think maybe the USDA has undercounted the numbers that are on the ground? And then I've got a follow-up to that.

Sherman Miller^ Heather, I would tie it more back to seasonality. I think there's certainly so many disruptions that's happened over the last couple years. It's kind of easy to forget about normal eating patterns and seasonality. But I think another huge piece of it is just tied back to the supply stabilization factor, that to plan business, to plan features, to

showcase eggs that are so important, with being a \$65 difference in a basket in the grocery store, if eggs are in the baskets or not in the baskets.

I don't see the demand destruction, but certainly supply stabilization is key because if you're going to market eggs and move eggs, you've got to have number one eggs on the shelf. And there's been some very strange times over the last few years where there's just simply not been enough eggs. And the price points they're sitting at today should be very attractive for the end consumer, especially paired with all these tailwinds that we've talked about.

So I see good things happening. Back in 2015, there was certainly some demand destruction on the liquid side where some reformulations happened, and that was very difficult to get eggs put back in some formulas. But the liquid side has remained extremely strong, so that should have prevented any demand destruction on that side.

Max Bowman^ The point there, Sherman, I think, obviously, the imports of eggs played into that liquid side staying strong because all those eggs that were brought into the country were further processed and put into that channel. So while that hasn't been historically our main focus, it certainly helped with the overall balance and supply of eggs. So we don't see a lot of demand destruction at this point.

In fact, I think we would say just the opposite. We think there's the tailwinds that we keep talking about, and as we move out of October or into late October, early November, and we move towards the normal seasonal periods that really show demand. And remember, we're in our first quarter, which we typically think of as hitting our fourth quarter, our weakest quarters. So we think we've got a good year ahead, given the current supply levels.

Heather Jones^ Okay, and then my follow-up is going back to your comment, Sherman, about leveraging your vertical integration to remain the low-cost producer. And I suspect you're not going to quantify this specifically, but just more of a qualitative idea.

Thinking about Echo Lake, your other prepared foods, your further processed eggs, is it part of your strategy to divert more and more of Cal-Maine's production, owned production, into those products and leave less to have to sell in the open market? Or how should we be thinking about that and the cadence of it over the next two or three years?

Sherman Miller^ Great question. Vertical integration is important to us to be able to have control over each step of the process to create efficiencies in each step of the process and to ultimately ensure supply for our customers. It's very important to us, and we've even thought of it as the skyscraper approach, each step along the way adding another floor to that skyscraper.

And every floor, it creates efficiencies. It creates value for the end consumer that we all benefit from. And leveraging low cost, we have a great capacity to learn with the

broadness and diversity of our locations. And that learning can be shared among our locations, and we all benefit in a hurry from it.

And as far as the Echo Lake piece, we certainly have some agreements in place at the time of acquisition that we absolutely honor for sourcing eggs. And the thing that we really think we bring to the table is stabilizing their supply.

During some of these crazy periods over the last few years where supply was there and then wasn't there, we do have the breaking capacity to supply these. And for sure, we want to ensure that they have the eggs that they need to continue to grow that business. So we'll continue to develop our long-term plan, but ensuring they have supply is one of the key factors there.

Heather Jones^ Wonderful. Thank you so much.

Operator^ Thank you. And as a reminder, if you do have a question, press star 1-1 to get in the queue. All right, this will conclude the Q&A session. I will pass it back to Sherman Miller for final remarks.

Sherman Miller^ Once again, I thank everybody for their time. We look forward to this day to have our first call, and we look forward to having greater visibility going forward. And thanks for all the thoughtful questions today, your continued interest in Cal-Maine Foods. And operator, we're ready to conclude the call.

Operator^ Thank you so much. This concludes today's conference call. A replay of today's call will be available beginning at 12 PM Eastern Time on October 1st, 2025, for one year, and can be accessed on the events and presentations page in the investor relations section of Cal-Maine's website. A transcript of today's call will also be posted in the investor relations section. Thank you all for participating. You may now disconnect.