Farm Fresh Goodness Made Great

Seneca Foods Reports Sales and Earnings for the Quarter and Six Months Ended September 26, 2020

MARION, N.Y. November 4, 2020 -- Seneca Foods Corporation (NASDAQ: SENEA, SENEB) today announced financial results for the second quarter and six months ended September 26, 2020.

Highlights (vs. year-ago, second quarter results):

- Net sales increased 5.5% to $390.3 million.
- Gross margin percentage increased from 6.5% to 12.5% as compared to the prior year three months due to higher selling prices and higher sales volume in the second quarter of 2021.

"The second quarter showed solid results when compared to the prior year. Strong demand driven by our customers anticipated consumer pantry loading due to COVID-19 continues to help drive sales and net income." stated Paul Palmby, President and Chief Executive Officer.

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

- Net sales increased 6.9% to $678.5 million.
- Gross margin percentage increased from 6.8% to 14.4% as compared to the prior year year-to-date mostly due to higher selling prices in the first six months of 2021.

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 over 1,600 American farms. Seneca holds the largest share of the retail private label, food service, and export canned vegetable markets, distributing to over 90 countries. 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 Stock 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*—Operating Income Excluding LIFO and Plant Restructuring Impact, EBITDA and FIFO EBITDA*

Operating income excluding LIFO and plant restructuring, EBITDA and FIFO EBITDA are non-GAAP financial measures. The Company believes these non-GAAP financial measures provide a basis for comparison to companies that do not use LIFO or have plant restructuring to enhance the understanding of the Company's historical 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 Operating Income excluding LIFO and plant restructuring.

	Quarter Ended In millions		Year Ended In millions	
	9/26/2020 FY 2021	9/28/2019 FY 2020	9/26/2020 FY 2021	9/28/2019 FY 2020
Operating income, as reported:	$ 27.7	$ 7.4	$ 58.0	$ 10.3
LIFO charge	2.5	0.7	0.4	3.9
Plant restructuring charge	-	1.1	0.3	6.0
Operating income, excluding LIFO and plant restructuring impact	$ 30.2	$ 9.2	$ 58.7	$ 20.2

Set forth below is a reconciliation of reported net earnings to EBITDA and FIFO EBITDA (earnings before interest, income taxes, depreciation, amortization, non-cash charges and credits 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.

EBITDA and FIFO EBITDA:	Six Months Ended September 26, 2020	Six Months Ended September 28, 2019
	(In thousands)	
Net earnings	$ 38,811	$ 5,738
Income tax expense	11,948	1,704
Interest expense, net of interest income	3,055	6,493
Depreciation and amortization	16,050	14,698
Interest amortization	(137)	(139)
EBITDA	69,727	28,494
LIFO charge	388	3,880
FIFO EBITDA	$ 70,115	$ 32,374

Forward-Looking Information

The information contained in this release 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 release 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.

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 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;
- 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, United States, 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.

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Seneca Foods Corporation

Unaudited Selected Financial Data

For the Periods Ended September 26, 2020 and September 28, 2019

(In thousands of dollars, except share data)

	Second Quarter		Year-to-Date	
	Fiscal 2021	Fiscal 2020	Fiscal 2021	Fiscal 2020
Net sales	$ 390,294	$ 370,002	$ 678,459	$ 634,927
Plant restructuring expense (note 2)	$ 24	$ 1,146	$ 287	$ 5,952
Other operating (loss) income, net (note 3)	$ (1,780)	$ 2,174	$ (1,635)	$ 7,001
Operating income (note 1)	$ 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 tax expense	5,613	1,419	11,948	1,704
Net earnings	$ 18,105	$ 4,635	$ 38,811	$ 5,738
Basic earnings per share	$ 1.98	$ 0.50	$ 4.24	$ 0.61
Diluted earnings per share	$ 1.97	$ 0.49	$ 4.21	$ 0.61

Note 1: The effect of the LIFO inventory valuation method on second quarter pre-tax results decreased operating earnings by $2,528,000 for the three month period ended September 26, 2020 and decreased operating earnings by $704,000 for the three month period ended September 28, 2019.

The effect of the LIFO inventory valuation method on second quarter pre-tax results decreased operating earnings by $388,000 for the six month period ended September 26, 2020 and decreased operating earnings by $3,880,000 for the six month period ended September 28, 2019.

Note 2: The six month period ended September 26, 2020 included a restructuring charge of $287,000 primarily related to closed plants in the Northwest, of which $219,000 was related to severance and $44,000 was related to lease impairments. The six month period ended September 28, 2019 included a restructuring charge of $5,952,000 primarily for lease impairments (including accelerated amortization of $4,475,000) and equipment moves for plants in the Midwest and Northwest.

Note 3: 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 the 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. Other operating income for the six months ended September 28, 2019 of $7,001,000 includes a gain on the partial sale of a plant in the Midwest of $3,742,000 and a gain on the sale of unused fixed assets of $3,259,000.

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

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