Seneca Foods Corp

Project Type: 10-K

EDGAR Submission Proof

Created At: 7/2/2020 1:58:15 PM EDT

Submission Information

Submission Type	10-K
Return Copy?	off
Contact Name	RDG Filings
Contact Phone	1-415-643-6080
Exchange(s)	NONE
Confirmation of Paper Copy?	off
Filer CIK	0000088948
Filer CCC	********
Emerging Growth Company	False
ex Transition Period	False
Reporting Period	3/31/2020
Well Known Seasoned Issuer?	False
Voluntary Filer?	False
Smaller Reporting Company?	True
Accelerated Filer Status	Accelerated Filer
Shell Company?	False

Documents

10-K	FORM 10-K
EX-13	Exhibit 13
EX-21	Exhibit 21
EX-23.1	Exhibit 23.1
EX-23.2	Exhibit 23.2
EX-31.1	Exhibit 31.1
EX-31.2	Exhibit 31.2
EX-32	Exhibit 32

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2020

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______________ to _______________

Commission File Number 0-01989

SENECA FOODS CORPORATION
(Exact name of registrant as specified in its charter)

New York	16-0733425
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3736 South Main Street, Marion, New York	14505
(Address of principal executive offices)	(Zip Code)
Registrant’s telephone number, including area code	(315) 926-8100

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock Class A, $.25 Par	SENEA	NASDAQ Global Market
Common Stock Class B, $.25 Par	SENEB	NASDAQ Global Market

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (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 registrant 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 registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and “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 ☐

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

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

Yes ☐ No ☒

The aggregate market value of the Registrant’s voting and non-voting common equity held by non-affiliates based on the closing sales price per market reports by the NASDAQ Global Market System on September 27, 2019 was approximately $194,326,000.

As of May 26, 2020, there were 7,383,993 shares of Class A common stock and 1,733,902 shares of Class B common stock outstanding.

Documents Incorporated by Reference:

(1) Portions of the Annual Report to shareholders for fiscal year ended March 31, 2020 (the “2020 Annual Report”) applicable to Part I, Item 1, Part II, Items 5-9A and Part IV, Item 15 of Form 10-K.

(2) Portion of the Proxy Statement to be issued in connection with the Registrant’s annual meeting of stockholders (the “Proxy Statement”) applicable to Part III, Items 10-14 of Form 10-K.

Explanatory Note

This Annual Report on Form 10-K for the fiscal year ended March 31, 2020 ("fiscal year 2020") is being filed pursuant to the order of the Securities and Exchange Commission contained in SEC Release No. 34-88465, dated March 25, 2020 (the "Order"). Seneca Foods Corporation filed a Form 8-K ("the Form 8-K") on June 12, 2020 indicating its reliance on the relief granted by the Order.

Consistent with the Company's statements made in the Form 8-K, the Company was unable to file its fiscal year 2020 Form 10-K until July 2, 2020, and therefore relied on the Order due to circumstances related to the coronavirus pandemic ("COVID-19"). COVID-19 has caused disruptions to the Company's day-to-day activities including the temporary closure of the Company’s corporate office and other locations which caused certain employees of the Company as well as members of the audit engagement team to have limited access to the Company’s facilities and support staff. These disruptions impaired the Company’s ability to perform necessary work on the fiscal year 2020 Form 10-K and the financial statements include therein by its original due date of June 14, 2020.

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FORM 10-K ANNUAL REPORT FISCAL YEAR 2020
SENECA FOODS CORPORATION

Forward-Looking Statements

Certain of the statements contained in this annual report on Form 10-K are forward-looking statements made within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (Exchange Act). Forward-looking statements involve numerous risks and uncertainties. Forward-looking statements are not in the present or past tense and, in some cases, can be identified by the use of the words "will," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "seeks," "should," "likely," "targets," "may", "can" and other expressions that indicate future trends and events. A forward-looking statement speaks only as of the date on which such statement is made and reflects management's analysis only as of the date thereof. The Company undertakes no obligation to update any forward-looking statement. The following factors, among others discussed herein and in the Company's filings under the Exchange Act, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: the impact of the COVID-19 pandemic on our business, suppliers, customers, consumers and employees, costs and availability of raw materials, competition, cost controls, sales levels, governmental regulation, consumer preferences, industry trends, weather conditions, crop yields, natural disasters, recalls, litigation, reliance on third-parties, wage rates, and other factors. See also the factors described in "Part I, Item 1A. Risk Factors" and elsewhere in this report, and those described in the Company's filings under the Exchange Act.

PART I
Item 1

Business

History and Development of Seneca Foods Corporation

SENECA FOODS CORPORATION (the "Company") is one of North America's leading providers of packaged vegetables with facilities located throughout the United States. The Company's product offerings include canned, frozen and bottled produce and snack chips and 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®, READ®, Green Valley® and CherryMan®. The Company packs Green Giant, Le Sueur and other brands of canned vegetables as well as select Green Giant frozen vegetables for B&G Foods North America ("B&G") under a contract packing agreement.

As of March 31, 2020, the Company's facilities consisted of 23 packaging plants strategically located throughout the United States, one can manufacturing plant, three seed packaging operations, a farming operation and a logistical support network. The Company also maintains warehouses which are generally located adjacent to its packaging plants. The Company is a New York corporation and its headquarters is located at 3736 South Main Street, Marion, New York and its telephone number is (315) 926-8100.

The Company was founded in 1949 and during its 72 years of operation, the Company has made over 50 strategic acquisitions including the purchase of the long-term license for the Libby's brand in 1983, the purchase of General Mills' Green Giant packaging assets and entry into an Alliance Agreement with General Mills Operations, LLC ("GMOL") in 1995 and the acquisition of Chiquita Processed Foods in 2003. The Company believes that these acquisitions have enhanced the Company's leadership position in the private label and foodservice canned vegetable markets in the United States and significantly increased its international sales. In August 2006, the Company acquired Signature Fruit Company, LLC, a leading producer of canned fruits located in Modesto, California which was sold during 2019. In 2013, the Company completed its acquisition of 100% of the membership interest in Independent Foods, LLC. In April 2014, the Company purchased a 50% equity interest in Truitt Bros. Inc. In 2016, the Company acquired Gray & Company and Diana Foods Co., Inc., each leading providers of maraschino cherries and other cherry products. The plants acquired are in Hart, Michigan and Dayton, Oregon. During 2018, the Company purchased the remaining 50% equity interest in Truitt Bros., Inc. making it a wholly-owned subsidiary. During 2019, the Company sold its Lebanon frozen packaging operation and its Marion Can Plant. During 2020, the Company sold part of its Rochester, Minnesota Plant and exchanged its Sunnyside, Washington Plant for part of its investment in CraftAg. Also during 2020, the Company acquired a plant from Del Monte Foods in Cambria, Wisconsin.

Available Information

The Company's Internet address is www.senecafoods.com. The Company's annual report on Form 10-K, the Company's quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available on the Company's web site, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. All such filings on the Company's web site are available free of charge. Information on our website is not part of the Annual Report on Form 10-K.

In addition, the Company's website includes items related to corporate governance matters, including charters of various committees of the Board of Directors and the Company's Code of Business Conduct and Ethics. The Company intends to disclose on its website any amendment to or waiver of any provision of the Code of Business Conduct and Ethics that would otherwise be required to be disclosed under the rules of the SEC and NASDAQ.

Financial Information about Industry Segments

The Company manages its business on the basis of three reportable segments – the primary segment is the packaging and sale of vegetables, secondarily, the packaging and sale of prepared food products and third is the packaging and sale of snack products and finally other products. The first three segments constitute the food operation. The food operation constitutes 99% of total sales, of which approximately 74% is canned vegetable packaging, 7% is canned fruit packaging, 10% is frozen fruit and vegetable packaging and 1% is fruit chip packaging. Prepared Foods represents approximately 8% of the Company's sales. The non-food operation, which is primarily related to the sale of cans and ends and outside revenue generated from our trucking and aircraft operations, represents 1% of the Company's total sales.

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Narrative Description of Business

Principal Products and Markets

Food Packaging

The Company’s principal products include canned vegetables, frozen vegetables and other food products. The products are sold nationwide by major grocery outlets, including supermarkets, mass merchandisers, limited assortment stores, club stores and dollar stores. Additionally, products are sold to food service distributors, industrial markets, other food packagers, export customers in 90 countries and federal, state and local governments for school and other feeding programs. Food packaging operations are primarily supported by plant locations in New York, Michigan, Kentucky, Oregon, Wisconsin, Washington, Idaho, Illinois, and Minnesota. See Note 14 of Item 8, Financial Statements and Supplementary Data, for additional information about the Company’s segments.

The following table summarizes net sales by major product category for the years ended March 31, 2020 and 2019:

Classes of similar products/services:	2020	2019
	(In thousands)	
Net Sales:		
Green Giant *	$ 122,764	$ 71,161
Canned vegetables	877,391	815,780
Frozen	104,980	113,115
Fruit	97,393	91,941
Prepared foods	105,044	79,593
Snack	11,475	9,684
Other	16,722	18,307
Total	$ 1,335,769	$ 1,199,581

* Green Giant includes canned and frozen vegetables exclusively for B&G Foods.

Source and Availability of Raw Materials

The Company’s food packaging plants are located in major vegetable producing states. Vegetables are primarily obtained through supply contracts with independent growers.

Intellectual Property

The Company's most significant brand name, Libby's®, is held pursuant to a trademark license granted to the Company in March 1982 and renewable by the Company every 10 years for an aggregate period expiring in March 2081. The original licensor was Libby, McNeill & Libby, Inc., then an indirect subsidiary of Nestlé, S. A. ("Nestlé") and the license was granted in connection with the Company's purchase of certain of the licensor's canned vegetable operations in the United States. Corlib Brands Management, LTD acquired the license from Nestlé during 2006. The license is limited to vegetables which are shelf-stable, frozen, and thermally packaged, and includes the Company's major vegetable varieties – corn, peas and green beans – as well as certain other thermally packaged vegetable varieties and sauerkraut.

The Company is required to pay an annual royalty to Corlib Brands now known as Libby's Brand Holding, Ltd., who may terminate the license for non-payment of royalty, use of the trademark in sales outside the licensed territory, failure to achieve a minimum level of sales under the licensed trademark during any calendar year or a material breach or default by the Company under the agreement (which is not cured within the specified cure period). With the purchase of Signature Fruit Company, LLC, which also uses the Libby’s® brand name, the Company re-negotiated the license agreement and created a new, combined agreement based on Libby’s® revenue dollars for fruits, vegetables, and dry beans. A total of $217,000 was paid as a royalty fee for the year ended March 31, 2020.

The Company also sells canned vegetables, frozen vegetables and other food products under several other brands for which the Company has obtained registered trademarks, including, Aunt Nellie’s®, CherryMan®, Green Valley®, READ®, and Seneca® and other regional brands.

Seasonal Business

While individual vegetables have seasonal cycles of peak production and sales, the different cycles are somewhat offsetting. Minimal food packaging occurs in the Company's last fiscal quarter ending March 31, which is the optimal time for maintenance, repairs and equipment changes in its packaging plants. The supply of commodities, current pricing, and expected new crop quantity and quality affect the timing and amount of the Company’s sales and earnings. When the seasonal harvesting periods of the Company's major vegetables are newly completed, inventories for these packaged vegetables are at their highest levels. For peas, the peak inventory time is mid-summer and for corn, the Company's highest volume vegetable, the peak inventory is in mid-autumn.

These seasonal fluctuations are illustrated in the following table, which presents certain unaudited quarterly financial information for the periods indicated:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(In thousands)		
Year ended March 31, 2020:				
Net sales	$ 264,925	$ 370,002	$ 392,971	$ 307,871
Gross margin	19,174	24,055	52,277	$ 46,382
Earnings from continuing operations	1,103	4,635	24,428	21,022
Revolver outstanding (at quarter end)	136,014	133,338	114,689	106,924
Year ended March 31, 2019:				
Net sales	$ 244,093	$ 320,660	$ 372,238	$ 262,590
Gross margin	16,788	11,008	(2,096)	13,796
Loss from continuing operations	(2,160)	(5,634)	(20,040)	(8,649)
Revolver outstanding (at quarter end)	207,610	242,947	214,161	155,278

Backlog

In the food packaging business, an end of year sales order backlog is not considered meaningful. Traditionally, larger customers provide tentative bookings for their expected purchases for the upcoming season. These bookings are further developed as data on the expected size of the related national harvests becomes available. In general, these bookings serve as a yardstick rather than as a firm commitment, since actual harvest results can vary notably from early estimates. In actual practice, the Company has substantially all of its expected seasonal production identified to potential sales outlets before the seasonal production is completed.

Competition and Customers

Competition in the food business is substantial with brand recognition and promotion, quality, service, and pricing being the major determinants in the Company's relative market position. The Company believes that it is a major producer of canned vegetables, but some producers of canned, frozen and other forms of vegetable products have sales which exceed the Company's sales. The Company is aware of approximately 13 competitors in the U.S. packaged vegetable industry, many of which are privately held companies.

During the past year, approximately 9% of the Company's packaged foods sales were packed for retail customers under the Company's branded labels of Seneca®, Libby's®, CherryMan®, Green Valley®, Aunt Nellie's® and READ®. About 18% of packaged foods sales were packed for institutional food distributors and 64% were retail packed under the private label of our customers. The remaining 9% was sold under a Contract Packing Agreement with B&G Foods (the "Green Giant Agreement") (see note 14 of Item 8, Financial Statements and Supplementary Data). Termination of the Green Giant Agreement would substantially reduce the Company's sales and profitability unless the Company was to enter into a new substantial supply relationship with Green Giant or another major vegetable marketer. The non-Green Giant customers represent a full cross section of the retail, institutional, distributor, and industrial markets; and the Company does not consider itself dependent on any single sales source other than sales attributable to the Green Giant Agreement.

The Company's principal branded products are its Libby's canned vegetable products, which rate among the top three national brands according to a leading market research firm.

The information under the heading "Results of Operations in Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2020 Annual Report is incorporated by reference.

Environmental Regulation

Environmental Protection

Environmental protection is an area that has been worked on diligently at each food packaging facility. In all locations, the Company has cooperated with federal, state, and local environmental protection authorities in developing and maintaining suitable antipollution facilities. In general, we believe our pollution control facilities are equal to or somewhat superior to those of our competitors and are within environmental protection standards. The Company does not expect any material capital expenditures to comply with environmental regulations in the near future.

There has been a broad range of proposed and promulgated state, national and international regulations aimed at reducing the effects of climate change. In the United States, there is a significant possibility that some form of regulation will be forthcoming at the federal level to address the effects of climate change. Such regulation could result in the creation of additional costs in the form of taxes, the restriction of output, investments of capital to maintain compliance with laws and regulations, or required acquisition or trading of emission allowances.

Environmental Litigation and Contingencies

In the ordinary course of its business, the Company is made a party to certain legal proceedings seeking monetary damages, including proceedings involving product liability claims, worker's compensation and other employee claims, tort and other general liability claims, for which it carries insurance as well as patent infringement and related litigation. The Company is in a highly regulated industry and is also periodically involved in government actions for regulatory violations and other matters surrounding the manufacturing of its products, including, but not limited to, environmental, employee, and product safety issues. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company does not believe that an adverse decision in any of these legal proceedings would have a material adverse impact on its financial position, results of operations, or cash flows.

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Employment

As of the end of December 2019, the Company had approximately 3,200 employees of which 3,100 full time and 100 seasonal employees work in food packaging and 100 full time employees work in other activities. The number of employees increases by approximately 5,000 due to an increase in seasonal employees during our peak pack season.

The Company has six collective bargaining agreements with three unions covering approximately 840 of its full-time employees. The terms of these agreements result in wages and benefits which are substantially the same for comparable positions for the Company's non-union employees. There are two agreements that will expire in calendar 2022, two agreements that will expire in calendar 2023, one agreement that will expire in calendar 2024, and one agreement that will expire in calendar 2025.

Domestic and Export Sales

The following table sets forth domestic and export sales:

	Fiscal Year 2020	Fiscal Year 2019
	(In thousands, except percentages)	
Net Sales:		
United States	$ 1,248,904	$ 1,109,704
Export	86,865	89,877
Total Net Sales	$ 1,335,769	$ 1,199,581
As a Percentage of Net Sales:		
United States	93.5%	92.5%
Export	6.5%	7.5%
Total	100.0%	100.0%

Item 1A

Risk Factors

The following factors as well as factors described elsewhere in this Form 10-K or in other filings by the Company with the Securities and Exchange Commission, could adversely affect the Company's consolidated financial position, results of operations or cash flows. Other factors not presently known to us or that we presently believe are not material could also affect our business operations or financial results. The Company refers to itself as "we", "our" or "us" in this section.

Vegetable Industry Risks

Excess capacity in the vegetable industry has a downward impact on selling price.

Canned vegetable categories are declining, with that; less shelf space is being devoted to these categories in the supermarkets. Fresh and perishable businesses are improving their delivery systems around the world and the availability of fresh produce is impacting the consumers purchasing patterns relating to processed vegetables. Our financial performance and growth are related to conditions in the United States' vegetable packaging industry which is a mature industry with a modest growth rate during the last 10 years. Our net sales are a function of product availability and market pricing. In the vegetable packaging industry, product availability and market prices tend to have an inverse relationship: market prices tend to decrease as more product is available and to increase if less product is available. Product availability is a direct result of plantings, growing conditions, crop yields and inventory levels, all of which vary from year to year. Moreover, vegetable production outside the United States, particularly in Europe, Asia and South America, is increasing at a time when worldwide demand for certain products, is being impacted by the global economic slowdown. These factors may have a significant effect on supply and competition and create downward pressure on prices. In addition, market prices can be affected by the planting and inventory levels and individual pricing decisions of our competitors. Generally, market prices in the vegetable packaging industry adjust more quickly to variations in product availability than an individual packager can adjust its cost structure; thus, in an oversupply situation, a packager's margins likely will weaken. We typically have experienced lower margins during times of industry oversupply.

In the past, the vegetable packaging industry has been characterized by excess capacity, with resulting pressure on our prices and profit margins. We have closed packaging plants in past years in response to the downward pressure on prices. There can be no assurance that our margins will improve in response to favorable market conditions or that we will be able to operate profitably during depressed market conditions.

Growing cycles and adverse weather conditions may decrease our results from operations.

Our operations are affected by the growing cycles of the vegetables we package. When the vegetables are ready to be picked, we must harvest and package them quickly or forego the opportunity to package fresh picked vegetables for an entire year. Most of our vegetables are grown by farmers under contract with us. Consequently, we must pay the contract grower for the vegetables even if we cannot or do not harvest or package them. Most of our production occurs during the second quarter (July through September) of our fiscal year, which corresponds with the quarter that the growing season ends for most of the produce packaged by us. A majority of our sales occur during the third and fourth quarters of each fiscal year due to seasonal consumption patterns for our products. Accordingly, inventory levels are highest during the second and third quarters, and accounts receivable levels are highest during the third and fourth quarters. Net sales generated during our third and fourth fiscal quarters have a significant impact on our results of operations. Because of these seasonal fluctuations, the results of any particular quarter, particularly in the first half of our fiscal year, will not necessarily be indicative of results for the full year or for future years.

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We set our planting schedules without knowing the effect of the weather on the crops or on the entire industry's production. Weather conditions during the course of each vegetable crop's growing season will affect the volume and growing time of that crop. As most of our vegetables are produced in more than one part of the U.S., this somewhat reduces the risk that our entire crop will be subject to disastrous weather. The upper Midwest is the primary growing region for the principal vegetables which we pack, namely peas, green beans and corn, and it is also a substantial source of our competitors' vegetable production. The adverse effects of weather-related reduced production may be partially mitigated by higher selling prices for the vegetables which are produced.

The commodity materials that we package or otherwise require are subject to price increases that could adversely affect our profitability.

The materials that we use, such as vegetables, steel (used to make cans), ingredients, pouches and other packaging materials as well as the electricity and natural gas used in our business, are commodities that may experience price volatility caused by external factors, including market fluctuations, availability, currency fluctuations and changes in governmental regulations and agricultural programs. General inventory positions of major commodities, such as field corn, soybeans and wheat, all commodities with which we must compete for acreage, can have dramatic effects on prices for those commodities, which can translate into similar swings in prices needed to be paid for our contracted commodities. These programs and other events can result in reduced supplies of these commodities, higher supply costs or interruptions in our production schedules. If prices of these commodities increase beyond what we can pass along to our customers, our operating income will decrease.

Risks Associated With Our Operations

COVID-19: Pandemics or disease outbreaks, such as the COVID-19 pandemic, may disrupt our business, including among other things, our supply chain, our manufacturing operations and customer and consumer demand for our products, and could have a material adverse impact on our business.

The ultimate impact that the recent COVID-19 outbreak or any future pandemic or disease outbreak will have on our business and our consolidated results of operations is uncertain. To date we have seen increased customer and consumer demand for our products as the COVID-19 pandemic reached the United States and consumers began pantry loading and increasing their at-home consumption as a result of increased social distancing and stay-at-home mandates. Increases in net sales by our company to supermarkets, mass merchants, warehouse clubs, wholesalers and ecommerce customers have more than offset declines at foodservice customers. However, this increased customer and consumer demand may decrease in the coming months if and when the need for social distancing and stay-at-home mandates decreases, and we are unable to predict the nature and timing of when that impact may occur.

The spread of pandemics or disease outbreaks such as COVID-19 may negatively affect our operations. If a significant percentage of our workforce or the workforce of our third party business partners is unable to work, including because of illness or travel or government restrictions in connection with the COVID-19 pandemic or any future pandemic or disease outbreak, our operations may be negatively impacted. As some of our sizable seasonal migrant workforce may dwell in company provided housing, outbreaks such as COVID-19 may be observed and would need to be managed, to the extent possible, to avert more wide-ranging community spread, develop workforce availability, and meet health protocols, which may negatively affect our operations. Pandemics or disease outbreaks could result in a widespread health crisis that could adversely affect economies and financial markets, consumer spending and confidence levels resulting in an economic downturn that could affect customer and consumer demand for our products.

Our efforts to manage and mitigate these factors may be unsuccessful, and the effectiveness of these efforts depends on factors beyond our control, including the duration and severity of any pandemic or disease outbreak, as well as third party actions taken to contain its spread and mitigate public health effects.

The ultimate impact of the COVID-19 pandemic on our business will depend on many factors, including, among others, the duration of social distancing and stay-at-home mandates and whether a second or third wave of COVID-19 will affect the United States and the rest of North America, our ability to continue to operate our manufacturing facilities and maintain the supply chain without material disruption, and the extent to which macroeconomic conditions resulting from the pandemic and the pace of the subsequent recovery may impact consumer eating habits. We cannot predict the duration or scope of the disruption. Therefore, the financial impact cannot be reasonably estimated at this time.

We depend upon key customers.

Our products are sold in a highly competitive marketplace, which includes increased concentration and a growing presence of large-format retailers and discounters. Dependence upon key customers could lead to increased pricing pressure by these customers.

Green Giant products packed by us in fiscal years 2020 and 2019 constituted approximately 9% and 6%, respectively, of our total sales. Our sales of Green Giant product and financial performance under the Contract Packing Agreement depend to a significant extent on our success in producing quality Green Giant vegetables at competitive costs and B&G Foods success in marketing the products produced by us. The ability of B&G Foods to successfully market these products will depend upon B&G Foods' sales efforts as well as the factors described above under "Excess capacity in the vegetable industry has a downward impact on selling price." We cannot give assurance as to the volume of B&G Foods' sales and cannot control many of the key factors affecting that volume.

Additionally, purchases by the United Sates Department of Agriculture ("USDA") in fiscal year 2020 and 2019 represented approximately 5.1% and 2.1%, respectively, of our total sales. . The purchase of our products by the USDA is done through the government's competitive bid process. We bid on stated product requirements and needs as presented by the USDA and, if we are the successful bidder, we fulfill the contract and deliver the product. The government contracting process is complex and subject to numerous regulations and requirements. Failure by us to comply with the regulations and requirements for government contracts could jeopardize our ability to contract with the government and could result in reduced sales or prohibition on submitting bids to the USDA. The government procurement process could also change and result in our inability to meet the new requirements. Additionally, the government's need for our products could decrease, which would result in reduced sales to the USDA.

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If we lose a significant customer or if sales to a significant customer materially decrease, our business, financial condition and results of operations may be materially and adversely affected.

If we do not maintain the market shares of our products, our business and revenues may be adversely affected.

All of our products compete with those of other national and regional food packaging companies under highly competitive conditions. The vegetable products which we sell under our own brand names not only compete with vegetable products produced by vegetable packaging competitors, but also compete with products we produce and sell to other companies who market those products under their own brand names, such as the Green Giant vegetables we sell to B&G Foods under the Contract Packing Agreement and the vegetables we sell to various retail grocery chains which carry our customer's own brand names.

The customers who buy our products to sell under their own brand names control the marketing programs for those products. In recent years, many major retail food chains have been increasing their promotions, offerings and shelf space allocations for their own vegetable brands, to the detriment of vegetable brands owned by the packagers, including our own brands. We cannot predict the pricing or promotional activities of our customers/competitors or whether they will have a negative effect on us. There are competitive pressures and other factors, which could cause our products to lose market share or result in significant price erosion that could materially and adversely affect our business, financial condition and results of operations.

Increases in logistics and other transportation-related costs could materially adversely impact our results of operations.

Our ability to competitively serve our customers depends on the availability of reliable and low-cost transportation. We use multiple forms of transportation to bring our products to market. They include trucks, intermodal, rail cars, and ships. Disruption to the timely supply of these services or increases in the cost of these services for any reason, including availability or cost of fuel, regulations affecting the industry, or labor shortages in the transportation industry, could have an adverse effect on our ability to serve our customers, and could materially and adversely affect our business, financial condition and results of operations.

If we are subject to product liability claims, we may incur significant and unexpected costs and our business reputation could be adversely affected.

Food packagers are subject to significant liability should the consumption of their products cause injury or illness. We work with regulators, the industry and suppliers to stay abreast of developments. A product liability judgment against us could also result in substantial and unexpected expenditures, affect consumer confidence in our products, and divert management's attention from other responsibilities. Product liability claims may also lead to increased scrutiny by federal and state regulatory agencies and could have a material adverse effect on our financial condition and results of operation. Although we maintain comprehensive general liability insurance coverage, there can be no assurance that this level of coverage is adequate or that we will be able to continue to maintain our existing insurance or obtain comparable insurance at a reasonable cost, if at all. A product recall or a partially or completely uninsured judgment against us could materially and adversely affect our business, financial condition and results of operations.

We are increasingly dependent on information technology; disruptions, failures or security breaches of our information technology infrastructure could have a material adverse effect on our operations.

We may become exposed to potential liabilities with respect to the data that we collect, manage and process, and may incur legal costs if our information security policies and procedures are not effective or if we are required to defend our methods of collection, processing and storage of data. Future investigations, lawsuits or adverse publicity relating to our methods of handling data could adversely affect our business, results of operations, financial condition and cash flows due to the costs and negative market reaction relating to such developments. We may not have the resources or technical expertise to anticipate or prevent rapidly evolving types of cyber-attacks. Actual or anticipated attacks will cause us to incur increased costs, including costs to hire additional personnel, purchase additional protection technologies, train employees, and engage third-party experts and consultants. In addition, data and security breaches can also occur as a result of non-technical issues, including breach by us or by persons with whom we have commercial relationships that result in the unauthorized release of confidential information. Any compromise or breach of our security could result in violation of applicable privacy and other laws, significant legal and financial exposure, and a loss of confidence in our security measures, which could have a material adverse effect on our results of operations and our reputation.

We generate agricultural food packaging wastes and are subject to substantial environmental regulation.

As a food packager, we regularly dispose of produce wastes (silage) and processing water as well as materials used in plant operation and maintenance, and our plant boilers, which generate heat used in packaging, produce generally small emissions into the air. These activities and operations are regulated by federal and state laws and the respective federal and state environmental agencies. Occasionally, we may be required to remediate conditions found by the regulators to be in violation of environmental law or to contribute to the cost of remediating waste disposal sites, which we neither owned nor operated, but in which, we and other companies deposited waste materials, usually through independent waste disposal companies. Future possible costs of environmental remediation, contributions and penalties could materially and adversely affect our business, financial condition and results of operations.

Our production capacity for certain products and commodities is concentrated in a limited number of facilities, exposing us to a material disruption in production in the event that a disaster strikes.

We only have three plants that produce fruit products and one plant that produces pumpkin products. We have two plants that manufacture empty cans, one with substantially more capacity than the other, which are not interchangeable since each plant cannot necessarily produce all the can sizes needed. Although we maintain property and business interruption insurance coverage, there can be no assurance that this level of coverage is adequate in the event of a catastrophe or significant disruption at these or other Company facilities. If such an event occurs, it could materially and adversely affect our business, financial condition and results of operations.

We may undertake acquisitions or product innovations and may have difficulties integrating them or may not realize the anticipated benefits.

In the future, we may undertake acquisitions of other businesses or introduce new products, although there can be no assurances that these will occur. Such undertakings involve numerous risks and significant investments. There can be no assurance that we will be able to identify and acquire acquisition candidates on favorable terms, to profitably manage or to successfully integrate future businesses that we may acquire or new products we may introduce without substantial costs, delays or problems. Any of these outcomes could materially and adversely affect our business, financial condition and results of operations.

We are dependent upon a seasonal workforce and our inability to hire sufficient employees may adversely affect our business.

At the end of our 2020 fiscal year, we had approximately 3,200 employees of which 3,100 full time and 100 seasonal employees worked in food packaging and 100 employees worked in other activities. During the peak summer harvest period, we hire up to approximately 5,000 seasonal employees to help package vegetables. If there is a shortage of seasonal labor, especially during 2020 as a result of COVID-19 or if there is an increase to minimum wage rates, this could have a negative impact on our cost of operations. Many of our packaging operations are located in rural communities that may not have sufficient labor pools, requiring us to hire employees from other regions. An inability to hire and train sufficient employees during the critical harvest period could materially and adversely affect our business, financial condition and results of operations.

There may be increased governmental legislative and regulatory activity in reaction to consumer perception related to BPA.

There has been continued state legislative activity to ban Bisphenol-A ("BPA") from food contact packaging. These legislative decisions are predominantly driven by consumer perception that BPA may be harmful. These actions have been taken despite the scientific evidence and general consensus of United States and international government agencies that BPA is safe and does not pose a risk to human health. The legislative actions combined with growing public perception about food safety may require us to change some of the materials used as linings in our packaging materials. Failure to do so could result in a loss of sales as well as loss in value of the inventory utilizing BPA containing materials. The Company, in collaboration with other can makers as well as enamel suppliers, has decided to aggressively work to find alternative materials for can linings not manufactured using BPA. However, commercially acceptable alternatives are not immediately available for some applications and there can be no assurance that these steps will be successful. Less than 1% of our canned product volume (excluding B&G Foods and purchased canned products) still includes BPA.

The implementation of the Food Safety Modernization Act of 2011 may affect operations

The Food Safety Modernization Act ("FSMA") was enacted with the goal of enabling the Food and Drug Administration ("FDA") to better protect public health by strengthening the food safety system. FSMA was designed to focus the efforts of FDA on preventing food safety problems rather than relying primarily on reacting to problems after they occur. The law also provides FDA with new enforcement authorities designed to achieve higher rates of compliance with prevention and risk-based food safety standards and to better respond to and contain problems when they do occur. The increased inspections, mandatory recall authority of the FDA, increased scrutiny of foreign sourced or supplied food products, and increased records access may have an impact on our business. As we are already in a highly regulated business, operating under the increased scrutiny of more FDA authority does not appear likely to negatively impact our business. The law also gives FDA important new tools to hold imported foods to the same standards as domestic foods.

The Company's results are dependent on successful marketplace initiatives and acceptance by consumers of the Company's products.

The Company's product introductions and product improvements, along with its other marketplace initiatives, are designed to capitalize on new customer or consumer trends. The FDA recently issued a statement on sodium which referred to an Institute of Medicine statement that too much sodium is a major contributor to high blood pressure. Some of our products contain a moderate amount of sodium per recommended serving, which is based on consumer's preferences for taste. In order to remain successful, the Company must anticipate and react to these new trends and develop new products or packages to address them. While the Company devotes significant resources to meeting this goal, we may not be successful in developing new products or packages, or our new products or packages may not be accepted by customers or consumers.

Regulations related to "conflict minerals" may cause us to incur additional expenses and could limit the supply and increase the cost of certain metals used primarily in manufacturing our canned products.

On August 22, 2012, the SEC adopted a new rule requiring disclosures of specified minerals, known as conflict minerals, that are necessary to the functionality or production of products manufactured or contracted to be manufactured by companies filing public reports. The rule, which requires a disclosure report to be filed by May 31 each year, requires companies to perform country of origin inquiries, due diligence as required, disclosure, and reporting whether such minerals originate from the Democratic Republic of Congo or an adjoining country. The conflict mineral rule could affect sourcing at competitive prices and availability in sufficient quantities of certain minerals, including, tin, which is used primarily in the manufacture of our cans. The number of suppliers, who provide conflict-free minerals in steel production, or other components, may be limited. In addition, there may be significant costs associated with complying with the disclosure requirements, such as costs related to determining the source of certain minerals used in the manufacture of our cans, as well as costs of possible changes to products, packages, or sources of supply as a consequence of such verification activities. Since our supply chain is complex, we may not be able to sufficiently verify the origins of the relevant minerals used in our products through the procedures that we implement, which may hurt our business. In addition, we may encounter significant challenges to satisfy those customers who require that all of the components of our products be certified as conflict-free, which could place us, as well as our competitors, at a disadvantage if we are unable to do so.

Financing Risks

Global economic conditions may materially and adversely affect our business, financial condition and results of operations.

Unfavorable economic conditions, including the impact of recessions in the United States and throughout the world, may negatively affect our business and financial results. These economic conditions could negatively impact (i) consumer demand for our products, (ii) the mix of our products' sales, (iii) our ability to collect accounts receivable on a timely basis, (iv) the ability of suppliers to provide the materials required in our operations and (v) our ability to obtain financing or to otherwise access the capital markets. The strength of the U.S. dollar versus other world currencies could result in increased competition from imported products and decreased sales to our international customers. A prolonged recession could result in decreased revenue, margins and earnings. Additionally, the economic situation could have an impact on our lenders or customers, causing them to fail to meet their obligations to us. The occurrence of any of these risks could materially and adversely affect our business, financial condition and results of operations.

Our ability to manage our working capital and our Revolver is critical to our success.

As of March 31, 2020, we had approximately $312.5 million of total indebtedness, including various debt agreements and a $106.9 million outstanding balance on our revolving credit facility ("Revolver"). Scheduled debt service for fiscal 2020 is $28.3 million. During our second and third fiscal quarters, our operations generally require more cash than is available from operations. In these circumstances, it is necessary to borrow under our Revolver. Our ability to obtain financing in the future through credit facilities will be affected by several factors, including our creditworthiness, our ability to operate in a profitable manner and general market and credit conditions. Significant changes in our business or cash outflows from operations could create a need for additional working capital. An inability to obtain additional working capital on terms reasonably acceptable to us or access the Revolver would materially and adversely affect our operations. Additionally, if we need to use a portion of our cash flows to pay principal and interest on our debt, it will reduce the amount of money we have for operations, working capital, capital expenditures, expansions, acquisitions or general corporate or other business activities.

Failure to comply with the requirements of our debt agreements and Revolver could have a material adverse effect on our business.

Our debt agreements and Revolver contain financial and other restrictive covenants which, among other things, limit our ability to borrow money, including with respect to the refinancing of existing indebtedness. These provisions may limit our ability to conduct our business, take advantage of business opportunities and respond to changing business, market and economic conditions. In addition, they may place us at a competitive disadvantage relative to other companies that may be subject to fewer, if any, restrictions. Failure to comply with the requirements of our Revolver and debt agreements could materially and adversely affect our business, financial condition and results of operations. We have pledged our accounts receivable, inventory and the capital stock or other ownership interests that we own in our subsidiaries to secure the credit facility. If a default occurred and was not cured, secured lenders could foreclose on this collateral.

Risks Relating to Our Stock

Our existing shareholders, if acting together, may be able to exert control over matters requiring shareholder approval.

Holders of our Class B common stock are entitled to one vote per share, while holders of our Class A common stock are entitled to one-twentieth of a vote per share. In addition, holders of our 10% Cumulative Convertible Voting Preferred Stock, Series A, our 10% Cumulative Convertible Voting Preferred Stock, Series B and, solely with respect to the election of directors, our 6% Cumulative Voting Preferred Stock, which we refer to as our voting preferred stock, are entitled to one vote per share. As of March 31, 2020, holders of Class B common stock and voting preferred stock held 88.1% of the combined voting power of all shares of capital stock then outstanding and entitled to vote. These shareholders, if acting together, would be in a position to control the election of our directors and to effect or prevent certain corporate transactions that require majority or supermajority approval of the combined classes, including mergers and other business combinations. This may result in us taking corporate actions that you may not consider to be in your best interest and may affect the price of our common stock.

As of March 31, 2020, our current executive officers and directors beneficially owned 12.1% of our outstanding shares of Class A common stock, 54.5% of our outstanding shares of Class B common stock and 53.5% of our voting preferred stock, or 49.1% of the combined voting power of our outstanding shares of capital stock. This concentration of voting power may inhibit changes in control of the Company and may adversely affect the market price of our common stock.

Our certificate of incorporation and bylaws contain provisions that discourage corporate takeovers.

Certain provisions of our certificate of incorporation and bylaws and provisions of the New York Business Corporation Law may have the effect of delaying or preventing a change in control. Various provisions of our certificate of incorporation and bylaws may inhibit changes in control not approved by our directors and may have the effect of depriving shareholders of any opportunity to receive a premium over the prevailing market price of our common stock in the event of an attempted unsolicited takeover. In addition, the existence of these provisions may adversely affect the market price of our common stock. These provisions include:

- a classified board of directors;
- a requirement that special meetings of shareholders be called only by our directors or holders of 25% of the voting power of all shares outstanding and entitled to vote at the meeting;
- our board of directors has the power to classify and reclassify any of our unissued shares of capital stock into shares of capital stock with such preferences, rights, powers and restrictions as the board of directors may determine;
- the affirmative vote of two thirds of the shares present and entitled to vote is required to amend our bylaws or remove a director; and
- under the New York Business Corporation Law, in addition to certain restrictions which may apply to "business combinations" involving us and an "interested shareholder", a plan for our merger or consolidation must be approved by two-thirds of the votes of all outstanding shares entitled to vote thereon. See "Our existing shareholders, if acting together, may be able to exert control over matters requiring shareholder approval."

We do not pay dividends on our common stock and do not expect to pay common dividends in the future.

We have not declared or paid any cash dividends on our common stock in more than 25 years and we have no intention to do so in the near future. In addition, payment of cash dividends on our common stock is not permitted by the terms of our revolving credit facility.

Other Risks

Tax legislation could impact future cash flows.

The Company uses the Last-In, First-Out (LIFO) method of inventory accounting. As of March 31, 2020, we had a LIFO reserve of $144.3 million which, at the U.S. corporate tax rate, represents approximately $36.1 million of income taxes, payment of which is delayed to future dates based upon changes in inventory costs. From time-to-time, discussions regarding changes in U.S. tax laws have included the potential of LIFO being repealed. Should LIFO be repealed, the $36.1 million of postponed taxes, plus any future benefit realized prior to the date of repeal, would likely have to be repaid over some period of time. Repayment of these postponed taxes will reduce the amount of cash that we would have available to fund our operations, working capital, capital expenditures, expansions, acquisitions or general corporate or other business activities. This could materially and adversely affect our business, financial condition and results of operations.

The tax status of our insurance subsidiary could be challenged resulting in an acceleration of income tax payments.

In conjunction with our workers' compensation program, we operate a wholly owned insurance subsidiary, Dundee Insurance Company, Inc. We recognize this subsidiary as an insurance company for federal income tax purposes with respect to our consolidated federal income tax return. In the event the Internal Revenue Service ("IRS") were to determine that this subsidiary does not qualify as an insurance company, we could be required to make accelerated income tax payments to the IRS that we otherwise would have deferred until future periods.

Item 1B

Unresolved Staff Comments

As a smaller reporting company, we are not required to provide disclosure pursuant to this Item.

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Item 2

Properties

The following table details the Company's manufacturing plants and warehouses:

	Square Footage (000)	Acres
Food Group		
Nampa, Idaho	243	16
Payette, Idaho	392	43
Princeville, Illinois	286	478
East Bernstadt, Kentucky	246	15
Hart, Michigan	289	92
Traverse City, Michigan	58	43
Blue Earth, Minnesota	286	350
Glencoe, Minnesota	646	1,278
LeSueur, Minnesota	82	7
Montgomery, Minnesota	549	1,162
Rochester, Minnesota	835	634
Geneva, New York	769	602
Leicester, New York	200	91
Dayton, Oregon	82	19
Salem, Oregon	469	22
Dayton, Washington	250	28
Yakima, Washington	122	8
Baraboo, Wisconsin	584	11
Cambria East, Wisconsin	412	406
Cambria West, Wisconsin	210	295
Clyman, Wisconsin	437	724
Cumberland, Wisconsin	389	305
Gillett, Wisconsin	324	105
Janesville, Wisconsin	1,227	342
Mayville, Wisconsin	297	367
Oakfield, Wisconsin	229	2,277
Ripon, Wisconsin	589	75
Non-Food Group		
Marion, New York	6	
Penn Yan, New York	27	4
Total	10,535	9,799

These facilities primarily package various vegetable products. Most of the facilities are owned by the Company. The Company is a lessee under a number of operating leases for equipment and real property used for packaging and warehousing.

The Company believes that these facilities are suitable and adequate for the purposes for which they are currently intended. All locations, although highly utilized, have the ability to expand as sales requirements justify. Because of the seasonal production cycles, the exact extent of utilization is difficult to measure. In certain circumstances, the theoretical full efficiency levels are being reached; however, expansion of the number of production days or hours could increase the output by up to 20% for a season.

Certain of the Company's facilities are mortgaged to financial institutions to secure long-term debt. See Notes 5, 6 and 7 of Item 8, Financial Statements and Supplementary Data, for additional information about the Company's long-term debt and lease commitments.

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Item 3

Legal Proceedings

See Note 15, "Legal Proceedings and Other Contingencies" to the Consolidated Financial Statements included in Item 8, Financial Statements and Supplemental Data.

See also Item 1, Business -- Environmental Regulation, for information regarding environmental legal proceedings.

Item 4

Mine Safety Disclosures

Not Applicable.

PART II

Item 5

Market for Registrant's Common Stock, Related Security Holder Matters and Issuer Purchases of Equity Securities

Each class of preferred stock receives preference as to dividend payment and declaration over any common stock. In addition, refer to the information in the 2020 Annual Report, "Shareholder Information", which is incorporated by reference.

Securities Authorized for Issuance Under Equity Compensation Plans

The 2007 Equity Incentive Plan (the "2007 Equity Plan") was approved by shareholders at the Company's annual meeting on August 10, 2007 and extended on July 28, 2017. The 2007 Equity Plan expires in August 2027 and originally authorized the issuance of up to 100,000 shares of either Class A Common Stock and Class B Common Stock or a combination of the two classes of stock. 4,064 shares were awarded in fiscal year 2020 under the terms of the 2007 Equity Plan. As of March 31, 2020, there were 55,049 shares available for distribution as part of future awards under the 2007 Equity Plan. No additional shares have been awarded under the 2007 Equity Plan through the date of this Form 10-K.

There are no equity compensation plans not approved by the Company's shareholders.

Common Stock Performance Graph

As a smaller reporting company, we are not required to provide disclosure pursuant to this Item.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased (1) Class A Common	Total Number of Shares Purchased (1) Class B Common	Average Price Paid per Share Class A Common	Average Price Paid per Share Class B Common	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (2)
1/01/20 - 1/31/20	-	-	$ -	$ -	-	
2/01/20 - 2/29/20	13,500	480	$ 39.46	$ 39.80	13,980	
3/01/20 - 3/31/20	22,196	100	$ 29.91	$ 33.79	8,796	
Total	35,696	580	$ 33.52	$ 38.76	22,776	516,287

(1) No shares were purchased under the Company's share repurchase program. The purchases were made in open market transactions by the Trustees of the Seneca Foods Corporation Employees' Savings Plan, and the Seneca Foods, L.L.C. 401(k) Retirement Savings Plan to provide matching employee contributions under the Plans.

(2) In 2012 the Company's Board of Directors authorized the repurchase of the Company's stock. The number of shares authorized for repurchase has been increased from time to time, most recently on March 10, 2015 when the repurchase program was increased to 2,500,000 shares. As of March 31, 2020, the Company has purchased 1,983,716 shares and there remains 516,287 shares available to purchase under the program.

Item 6

Selected Financial Data

As a smaller reporting company, we are not required to provide disclosure pursuant to this Item.

Item 7

Management's Discussion and Analysis of Financial Condition and Results of Operations

Refer to the information in the 2020 Annual Report, "Management's Discussion and Analysis of Financial Condition and Results of Operations", which is incorporated by reference.

Item 7A

Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide disclosure pursuant to this Item.

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Item 8

Financial Statements and Supplementary Data

Refer to the information in the 2020 Annual Report, "Consolidated Financial Statements and Notes thereto including Report of Independent Registered Public Accounting Firm," which is incorporated by reference.

Item 9

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of March 31, 2020. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2020, the Company’s disclosure controls and procedures: (1) were designed to ensure that material information relating to the Company is made known to our Chief Executive Officer and Chief Financial Officer by others within those entities, particularly during the period in which this report was being prepared, so as to allow timely decisions regarding required disclosure and (2) were effective, in that they provide reasonable assurance that information required to be disclosed by the Company in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over the Company’s financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company’s internal control over financial reporting as of March 31, 2020. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on our assessment, management believes that, as of March 31, 2020, our internal control over financial reporting is effective based on those criteria.

The Company’s independent registered public accountant has issued its report on the effectiveness of the Company’s internal control over financial reporting. The report appears on the next page.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

To the Stockholders and Board of Directors of Seneca Foods Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting as of March 31, 2020 of Seneca Foods Corporation (the "Company"), based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO framework"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020 based on criteria established in the COSO framework.

We also have audited the accompanying consolidated balance sheet of the Company as of March 31, 2020, the related consolidated statements of net earnings, comprehensive income (loss), stockholders' equity, and cash flows for the year ended March 31, 2020, and the related notes (collectively referred to as the "financial statements"), in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our report dated July 2, 2020, expresses an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Item 9A, Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Plante Moran, PC

We have served as the Company's auditor since 2020.

Southfield, Michigan

July 2, 2020

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Changes in Internal Control over Financial Reporting

Other than the changes in internal controls related to ASC 842 Accounting for Leases, there was no changes in our internal control over financial reporting (as defined in rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B

Other Information

None.

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PART III

Item 10

Directors, Executive Officers and Corporate Governance

The information regarding directors is incorporated herein by reference from the section entitled "Information Concerning Directors" in the Company's definitive Proxy Statement ("Proxy Statement") to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, for the Company's Annual Meeting of Stockholders to be held on August 18, 2020. The Proxy Statement will be filed within 120 days after the end of the Company's fiscal year ended March 31, 2020.

The information regarding executive officers is incorporated herein by reference from the section entitled "Executive Officers" in the Proxy Statement.

The information regarding compliance with Section 16(a) of the Exchange Act is incorporated herein by reference from the section entitled "Delinquent Section 16(a) Reports" in the Proxy Statement.

Information regarding the Company's code of business conduct and ethics found in the subsection captioned "Available Information" in Item 1 of Part I hereof is also incorporated herein by reference into this Item 10.

The information regarding the Company's audit committee, its members and the audit committee financial experts is incorporated herein by reference from the subsection entitled "Audit Committee" in the section entitled "Board Governance" in the Proxy Statement.

Item 11

Executive Compensation

The information included under the following captions in the Proxy Statement is incorporated herein by reference: "Compensation Discussion and Analysis," "Summary Compensation Table," "Outstanding Equity Awards at 2020 Fiscal Year-End," "Pension Benefits," "Compensation of Directors" and "Compensation Committee Interlocks." The information included under the heading "Compensation Committee Report" in the Proxy Statement is incorporated herein by reference; however, this information shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act.

Item 12

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management is incorporated herein by reference from the sections entitled "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Management and Directors" in the Proxy Statement.

Item 13

Certain Relationships and Related Transactions, and Director Independence

The information regarding transactions with related parties and director independence is incorporated herein by reference from the sections entitled "Independent Directors" and "Certain Transactions and Relationships" in the Proxy Statement.

Item 14

Principal Accountant Fees and Services

The information regarding principal accountant fees and services is incorporated herein by reference from the section entitled "Principal Accountant Fees and Services" in the Proxy Statement.

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PART IV

Item 15

Exhibits and Financial Statement Schedule

A. Exhibits, Financial Statements, and Supplemental Schedule

1. Financial Statements - the following consolidated financial statements of the Registrant, included in the 2020 Annual Report, are incorporated by reference in Item 8:

Consolidated Statements of Net Earnings – Years ended March 31, 2020 and 2019

Consolidated Statements of Comprehensive Income (Loss) – Years ended March 31, 2020 and 2019

Consolidated Balance Sheets - March 31, 2020 and 2019

Consolidated Statements of Cash Flows – Years ended March 31, 2020 and 2019

Consolidated Statements of Stockholders' Equity – Years ended March 31, 2020 and 2019

Notes to Consolidated Financial Statements – Years ended March 31, 2020 and 2019

Reports of Independent Registered Public Accounting Firms

2. Supplemental Schedule:

Other schedules have not been filed because the conditions requiring the filing do not exist or the required information is included in the consolidated financial statements, including the notes thereto.

3. Exhibits:

Exhibit Number	Description
3.1	The Company's Restated Certificate of Incorporation, (incorporated by reference to the Company's Current Report on Form 8-K dated August 11, 2010).
3.2	The Company's Bylaws (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q/A filed August 18, 1995 for the quarter ended July 1, 1995)
3.3	Amendment to the Company's Bylaws (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated November 6, 2007)
4.1	Description of Capital Stock (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2019)
10.1	Third Amended and Restated Loan and Security Agreement dated as of July 5, 2016 by and among Seneca Foods Corporation, Seneca Foods, LLC, Seneca Snack Company, Green Valley Foods, LLC and certain other subsidiaries of Seneca Foods Corporation, the financial institutions party thereto as lenders, Bank of America, N.A., as agent, issuing bank, syndication agent, and lead arranger (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated July 5, 2016).
10.2	Amended and Restated Loan and Guaranty Agreement as of May 28, 2020 by and among Seneca Foods Corporation, Seneca Foods, LLC, Seneca Snack Company, Green Valley Foods, LLC and certain other subsidiaries of Seneca Foods Corporation and Farm Credit East, ACA (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 1, 2020).
10.3	Indemnification Agreement between the Company and the directors of the Company (incorporated by reference to Exhibit 10 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2002)
10.4*	Seneca Foods Corporation Executive Profit Sharing Bonus Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated January 27, 2017)
10.5*	Seneca Foods Corporation Manager Profit Sharing Bonus Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated January 27, 2017)
10.6*	2007 Equity Incentive Plan effective August 3, 2007 as extended on July 28, 2017 (incorporated by reference to Appendix A to the Company's Proxy Statement dated June 28, 2007)

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13	The material contained in the 2020 Annual Report to Shareholders under the following headings: "Management's Discussion and Analysis of Financial Condition and Results of Operations", Consolidated Financial Statements and Notes thereto including Independent Auditors' Report, and "Shareholder Information" (filed herewith)
21	List of Subsidiaries (filed herewith)
23.1	Consent of Plante Moran, PC (filed herewith)
23.2	Consent of BDO USA, LLP (filed herewith)
31.1	Certification of Kraig H. Kayser pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Timothy J. Benjamin as Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101	The following materials from Seneca Foods Corporation's Annual Report on Form 10-K for the year ended March 31, 2020, formatted in XBRL (eXtensible Business Reporting Language): (i) consolidated balance sheets, (ii) consolidated statements of net earnings, (iii) consolidated statements of comprehensive income, (iv) consolidated statements of cash flows, (v) consolidated statement of stockholders' equity and (vi) the notes to the consolidated financial statements

* Indicates management or compensatory agreement

Item 16

Form 10-K Summary

None.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

Seneca Foods Corporation

Marion, New York

The audit referred to in our report dated July 2, 2020 relating to the financial statements of Seneca Foods Corporation, which is incorporated in Item 8 of Form 10-K by reference to the Annual Report to Shareholders for the year ended March 31, 2020 also included the audit of the financial statement schedule listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audit.

In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Plante Moran, PC

We have served as the Company’s auditor since 2020.

Southfield, Michigan

July 2, 2020

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Seneca Foods Corporation
Marion, New York

The audit referred to in our report dated June 13, 2019 relating to the consolidated financial statements of Seneca Foods Corporation, which is incorporated in Item 8 of Seneca Foods Corporation’s Form 10-K for the year ended March 31, 2019 by reference to the annual report to shareholders for the year ended March 31, 2019 also included the audit of the financial statement schedule listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audit.

In our opinion, such financial statement schedule, when read in connection with the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ BDO USA, LLP

Milwaukee, Wisconsin
June 13, 2019

Schedule II
VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

	Balance at beginning of period	Charged/ (credited) to income	Charged to other accounts	Deductions from reserve		Balance at end of period
Year-ended March 31, 2020:						
Allowance for doubtful accounts	$ 57	$ 1,627	$ -	$ 86	(a)	$ 1,598
Income tax valuation allowance	$ 3,988	$ 485	$ -	$ -		$ 4,473
Year-ended March 31, 2019:						
Allowance for doubtful accounts	$ 56	$ 1	$ -	$ -	(a)	$ 57
Income tax valuation allowance	$ 3,865	$ 6	$ 117	$ -		$ 3,988

(a) Accounts written off, net of recoveries.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SENECA FOODS CORPORATION July 2, 2020

/s/Timothy J. Benjamin
Timothy J. Benjamin
Senior Vice President, Chief Financial Officer and Treasurer

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/Arthur S. Wolcott Arthur S. Wolcott	Chairman and Director	July 2, 2020
/s/ Kraig H. Kayser Kraig H. Kayser	President, Chief Executive Officer, Director	July 2, 2020
/s/ Timothy J. Benjamin Timothy J. Benjamin	Senior Vice President, Chief Financial Officer and Treasurer	July 2, 2020
/s/ Jeffrey L. Van Riper Jeffrey L. Van Riper	Vice President, Controller, and Secretary (Principal Accounting Officer)	July 2, 2020
/s/ Kathryn J. Boor Kathryn J. Boor	Director	July 2, 2020
/s/ Peter R. Call Peter R. Call	Director	July 2, 2020
/s/ John P. Gaylord John P. Gaylord	Director	July 2, 2020
/s/ Samuel T. Hubbard, Jr. Samuel T. Hubbard, Jr.	Director	July 2, 2020
/s/ Thomas Paulson Thomas Paulson	Director	July 2, 2020
/s/ Susan W. Stuart Susan W. Stuart	Director	July 2, 2020
/s/ Keith A. Woodward Keith A. Woodward	Director	July 2, 2020

Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Our Business

Seneca Foods is one of North America's leading providers of packaged vegetables, with facilities located throughout the United States. Its high quality products are primarily sourced from over 2,000 American farms.

Seneca holds a large 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®, READ®, Cherryman® and Seneca labels, including Seneca snack chips. In addition, Seneca provides vegetable products under a contract packing agreement with B&G Foods North America, under the Green Giant label.

During April 2019, the Company announced production at its fruit processing plant in Sunnyside, Washington would cease at the end of the 2019 production season. The Company continued to store, case and label products at this facility until late in fiscal 2020. In February 2020, the Company invested approximately $10 million and contributed the Sunnyside facility to acquire a 49% stake in CraftAg, LLC, a newly formed company which is processing hemp at this Sunnyside facility.

On February 16, 2018, the Company announced production at its fruit (primarily peaches) processing plant in Modesto, California would cease prior to the 2018 production season. During the second fiscal quarter of 2019, the Company sold and transferred most of the remaining inventory in the facility and completed most of the labeling and casing required to PCP for the fruit inventory sold to them in the first quarter. The Company continued to ready the building and equipment for sale during the second quarter and into the third quarter. The Modesto operations have met the requirements (approximately a 15% reduction in revenue and a strategic shift away from producing peaches) for discontinued operations and those operations have been presented as such in these financial statements. During October 2018, the building and the land was sold to an unrelated third party for net proceeds of $63,326,000 and the Company auctioned off the remaining equipment in the third quarter. See note 3 Discontinued Operations for more details.

In November 2019, we completed an agreement with Del Monte Foods to purchase a plant in Wisconsin, and as part of that agreed to process certain quantities of canned vegetables for them on a contractual basis. At the same time, we acquired equipment from two already closed facilities, and have been busy during this off-season moving equipment into our facilities to improve efficiencies or expand our production capacities.

The Company's business strategies are designed to grow the Company's market share and enhance the Company's sales and margins and include: 1) expand the Company's leadership in the packaged vegetable industry; 2) provide low cost, high quality vegetable products to consumers through the elimination of costs from the Company's supply chain and investment in state-of-the-art production and logistical technology; 3) focus on growth opportunities to capitalize on higher expected returns; and 4) pursue strategic acquisitions that leverage the Company's core competencies.

All references to years are fiscal years ended March 31 unless otherwise indicated.

Restructuring

During 2020, the Company recorded a restructuring charge of $7.0 million related to the closing of plants in the Midwest and Northwest of which $5.3 million was for accelerated amortization of right-of-use operating lease assets, $2.4 million was mostly related to equipment moves and $1.2 million was related to severance. The Company also recorded a credit of $1.9 million for the reduced lease liability of previously impaired leases.

During 2019, the Company recorded a restructuring charge of $11.7 million. Of this amount, $2.3 relates to the partial closure of a plant in the Midwest ($1.8 million is equipment moves and $0.5 is severance), $1.3 million related to the sale of a plant in the Northeast ($0.5 million is equipment moves and $0.8 million is severance), and $0.3 million for the partial sale of a plant in the Northwest ($0.2 million is severance, $0.1 million is mostly equipment moves). In addition, the Company recorded a charge for an impairment of long-term assets of $7.8 million for a Northwest plant that will be ceasing production after this growing season.

These charges are included under Plant Restructuring in the Consolidated Statements of Net Earnings.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Divestitures, Other Charges and Credits

Other operating income in 2020 includes a gain on the partial sale of a plant in the Midwest of $3.3 million and a gain on the sale of a plant in the Northwest of $8.2 million. The Company also recorded a gain on the sale of unused fixed assets of $1.2 million.

Other operating income in 2019 includes a gain of the sale of a plant in the Northwest of $4.1 million, a gain on the sale of a plant in the Northeast $2.0 million and a gain on the partial closure of a plant of $0.8 million. The Company also recorded a loss on the sale of an Eastern plant of $0.6 million. The Company also recorded a gain for interest rate swap of $0.3 million.

Liquidity and Capital Resources

The Company's primary cash requirements are to make payments on the Company's debt, finance seasonal working capital needs and to make capital expenditures. Internally generated funds and amounts available under the revolving credit facility are the Company's primary sources of liquidity, although the Company believes it has the ability to raise additional capital by issuing additional stock, if it desires.

Revolving Credit Facility

The Company completed the closing of a five-year revolving credit facility ("Revolver") on July 5, 2016. Maximum borrowings under the Revolver total $300.0 million from April through July and $400.0 million from August through March which represents a $100 million reduction in the maximum commitment for both periods as elected by the Company in May 2020. The Revolver balance as of March 31, 2020 was $106.9 million and is included in Long-Term Debt in the accompanying Consolidated Balance Sheet due to the Revolver's July 5, 2021 maturity. In order to maintain availability of funds under the facility, the Company pays a commitment fee on the unused portion of the Revolver. The Revolver is secured by the Company's accounts receivable and inventories and contains a financial covenant and borrowing base requirements. 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 the Company packages. The majority of vegetable inventories are produced during the months of June through November and are then sold over the following year. Payment terms for vegetable 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 Company believes that cash flows from operations and availability under its new Revolver will provide adequate funds for the Company's working capital needs, planned capital expenditures and debt service obligations for at least the next 12 months.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Seasonality

The Company's revenues typically are higher in the second and third fiscal quarters. This is due, in part, because the Company sells, on a bill and hold basis, Green Giant canned and frozen vegetables to B&G Foods at the end of each pack cycle, which typically occurs during these quarters. B&G Foods buys the product from the Company at cost plus an equivalent case tolling fee. See the Critical Accounting Policies section for further details. The Company's non-Green Giant sales also exhibit seasonality with the third fiscal quarter generating the highest sales due to increased retail sales during the holiday season. The table below excludes the Modesto discontinued operations:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(In thousands)		
Year ended March 31, 2020:				
Net sales	$ 264,925	$ 370,002	$ 392,971	$ 307,871
Gross margin	19,174	24,055	52,277	46,382
Earnings from continuing operations	1,103	4,635	24,428	21,022
Revolver outstanding (at quarter end)	136,014	133,338	114,689	106,924
Year ended March 31, 2019:				
Net sales	$ 244,093	$ 320,660	$ 372,238	$ 262,590
Gross margin	16,788	11,008	(2,096)	13,796
Loss from continuing operations	(2,160)	(5,634)	(20,040)	(8,649)
Revolver outstanding (at quarter end)	207,610	242,947	214,161	155,278

Short-Term Borrowings

The maximum level of short-term borrowings during 2020 was affected by lower inventory due to the smaller seasonal pack totaling $71.8 million, partially offset the purchase of assets from Del Monte Foods of $16.9 million and the investment in CraftAg of $10.0 million The maximum level of short-term borrowings during 2019 was affected by the disposal of Modesto for $65.0 million and the lower inventory by $45.3 million due to the sale of certain facilities in the Northeast, Northwest and Modesto. Details of the sales of facilities are outlined in Note 13 of the Notes to Consolidated Financial Statements.

General terms of the Revolver include payment of interest at LIBOR plus an agreed upon spread.

The following table documents the quantitative data for Short-Term Borrowings during 2020 and 2019:

	Fourth Quarter		Year Ended	
	2020	2019	2020	2019
		(In Thousands)		
Reported end of period:				
Revolver outstanding	$ 106,924	$ 155,278	$ 106,924	$ 155,278
Weighted average interest rate	2.59%	4.00%	2.59%	4.00%
Reported during period:				
Maximum Revolver	$ 118,790	$ 218,037	$ 151,477	$ 294,062
Average Revolver outstanding	$ 109,031	$ 185,127	$ 122,443	$ 215,208
Weighted average interest rate	3.22%	4.10%	3.61%	3.73%

Long-Term Debt

On December 9, 2016, the Company entered into a $100.0 million unsecured term loan with a maturity date of December 9, 2021. The Company incurred financing costs totaling $0.2 million which have been classified as a discount to the debt. Subsequent to 2020 year end, the Company entered into an Amended and Restated Loan and Guaranty Agreement with Farm Credit East which extended the maturity date to June 1, 2025 and converted the term loan to a fixed interest rate rather than a variable interest rate.. This agreement contains certain covenants, including minimum EBITDA and minimum tangible net worth.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company assumed a tax-exempt bond with the Truitt acquisition on April 3, 2017 for $10.0 million with a maturity date of October 1, 2032. The Company did not issue any significant long-term debt in 2020, other than the Revolver.

The Company's debt agreements, including the Revolver and term loan, contain covenants that restrict the Company's ability to incur additional indebtedness, pay dividends on the Company's capital stock, make other restricted payments, including investments, sell the Company's assets, incur liens, transfer all or substantially all of the Company's assets and enter into consolidations or mergers. The Company's debt agreements also require the Company to meet certain financial covenants, including a minimum fixed charge coverage ratio, a minimum EBITDA and minimum tangible net worth. The Revolver also contains borrowing base requirements related to accounts receivable and inventories. These financial requirements and ratios generally become more restrictive over time and are subject to allowances for seasonal fluctuations. The most restrictive financial covenant in the debt agreements is the EBITDA within the Farm Credit term loan which for fiscal year end 2020 will be $45 million and will be greater than $45 million, thereafter. The Company computes its financial covenants as if the Company were on the FIFO method of inventory accounting. The Company has met for all such financial covenants as of March 31, 2020.

The Company's debt agreements limit the payment of dividends and other distributions. There is an annual total distribution limitation of $50,000, less aggregate annual dividend payments totaling $23,000 that the Company presently pays on two outstanding classes of preferred stock.

As of March 31, 2020, scheduled maturities of long-term debt in each of the five succeeding fiscal years and thereafter are presented below. The March 31, 2020 Revolver balance of $106.9 million is presented as being due in fiscal 2022, based upon the Revolver's July 20, 2021 maturity date (in thousands):

2021	$ 500
2022	206,865(1)
2023	-
2024	-
2025	-
Thereafter	10,216
Total	$ 217,581

(1) Subsequent to 2020 year end, the Company's $100 million term loan with Farm Credit East was extended to June 1, 2025.

Restrictive Covenants

The Company's debt agreements, including the Revolver and term loan, contain covenants that restrict the Company's ability to incur additional indebtedness, pay dividends on the Company's capital stock, make other restricted payments, including investments, sell the Company's assets, incur liens, transfer all or substantially all of the Company's assets and enter into consolidations or mergers. The Company's debt agreements also require the Company to meet certain financial covenants, including a minimum fixed charge coverage ratio, a minimum EBITDA and minimum tangible net worth. The Revolver also contains borrowing base requirements related to accounts receivable and inventories. These financial requirements and ratios generally become more restrictive over time and are subject to allowances for seasonal fluctuations. The most restrictive financial covenant in the debt agreements is the minimum EBITDA within the Farm Credit term loan which for fiscal 2020 year end will be greater than $45 million. The Company computes its financial covenants as if the Company were on the FIFO method of inventory accounting. The Company has met all such financial covenants as of March 31, 2020.

Capital Expenditures

Capital expenditures in 2020 totaled $66.4 million and there were four major projects in 2020 as follows: 1) $10.0 million to buy the plant in Cambria, Wisconsin from Del Monte, 2) $9.6 million for equipment purchases from Del Monte, 3) $4.7 million for the Glencoe Freezer project and 4) $2.6 million for the completion of a warehouse in Hart, Michigan started in 2019. Capital expenditures in 2019 totaled $33.8 million and there were three major projects in 2019 as follows: 1) $1.6 million to purchase land in Montgomery, Minnesota, 2) $4.1 million for a warehouse in Hart, Michigan, and 3) $2.0 for a production line in Janesville, Wisconsin. In addition, there were lease buyouts, equipment replacements and other improvements in 2020 and 2019.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Accounts Receivable

In 2020, accounts receivable increased by $25.7 million or 30.6% versus 2019, due to higher sales volume in the fourth quarter of 2020 compared to 2019. In 2019, accounts receivable increased by $17.9 million or 27.1% versus 2018 due to higher sales volume in the fourth quarter of 2019 compared to 2018 and $6.3 million increase in the true-up receivable from B&G Foods.

Inventories

In 2020, inventories decreased by $90.1 million primarily reflecting the effect of lower finished goods quantities and higher raw material quantities and by the $16.9 million LIFO reserve decrease. The LIFO reserve balance was $144.3 million at March 31, 2020 versus $161.3 million at the prior year end.

The Company believes that the use of the LIFO method better matches current costs with current revenues.

Critical Accounting Policies

During the year ended March 31, 2020, the Company sold $121.4 million of Green Giant finished goods inventory to B&G Foods North America ("B&G") for cash, on a bill and hold basis, as compared to $60.0 million for the year ended March 31, 2019. Under the terms of the bill and hold agreement, title to the specified inventory transferred to B&G. Under the revenue recognition standard, this contract qualifies for bill and hold accounting treatment as the Company has concluded that control of the unlabeled products transfers to the customer at the time title transfers and the Company has the right to payment (prior to physical delivery), which results in earlier revenue recognition. Labeling and storage services that are provided after control of the goods has transferred to the customer are accounted for as separate performance obligations for which revenue is deferred until the services are performed.

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 the Company's products to consumers, amounts paid to obtain favorable display positions in retail 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 the Company. 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 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.

Obligations and Commitments

As of March 31, 2020, the Company was obligated to make cash payments in connection with its debt, operating and finance leases, and purchase commitments. The effect of these obligations and commitments on the Company's liquidity and cash flows in future periods are listed below. All of these arrangements require cash payments over varying periods of time. Certain of these arrangements are cancelable on short notice and others require additional payments as part of any early termination.

In addition, the Company's defined benefit plan has an unfunded pension liability of $75.7 million which is subject to certain actuarial assumptions. The unfunded status increased by $58.4 million during 2020 reflecting the actual fair value of plan assets and the projected benefit obligation as of March 31, 2020. This unfunded status increase was recognized via the actual loss on plan assets and the increase in accumulated other comprehensive loss of $60.9 million after the income tax expense of $20.3 million. The increase in projected benefit obligation was a function of using an updated mortality table. The discount rate reduced from 4.14% in 2019 to 3.69% in 2020. During 2020, the Company converted to the Pri-2012 mortality study with the Blue Collar adjustment, with a generational projection of future mortality improvements from 2006 using Scale MP-2019 for calculating the pension obligation in 2019 and the related pension expense in 2020. The Company utilizes a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in determination of the benefit obligation to their underlying projected cash flows.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

The Plan was amended to freeze accruals to new hires and rehires effective January 1, 2020. This amendment triggered a curtailment event under ASC 715. The curtailment accelerated statement of earnings recognition of the unrecognized prior service cost resulting in $0.1 million curtailment charge.

Plan assets decreased from $233.1 million as of March 31, 2019 to $202.5 million as of March 31, 2020 due primarily to a loss on plan assets of $46.3 million from a COVID-19 induced deterioration in market conditions, partially offset by a $26.0 million contribution by the Company. The Company made this contribution to partially offset the declines in the portfolio.

During 2020, the Company entered into new finance and operating leases of approximately $10.8 million, based on the if-purchased value, which was primarily for agricultural and packaging equipment.

Purchase commitments represent estimated payments to growers for crops that will be grown during the calendar 2020 season.

Due to uncertainties related to uncertain tax positions, the Company is not able to reasonably estimate the cash settlements required in future periods.

The Company has no off-balance sheet debt or other unrecorded obligations other than operating lease obligations and purchase commitments noted above.

Standby Letters of Credit

The Company has standby letters of credit for certain insurance-related requirements. The majority of the Company’s standby letters of credit are automatically renewed annually, unless the issuer gives cancellation notice in advance. On March 31, 2020, the Company had $13.4 million in outstanding standby letters of credit. These standby letters of credit are supported by the Company’s Revolver and reduce borrowings available under the Revolver.

Cash Flows

In 2020, the Company’s cash and cash equivalents decreased by $0.8 million, which is due to the net impact of $127.3 million provided by operating activities, $43.2 million used in investing activities, and $84.9 million used in financing activities.

Operating Activities

Cash provided by operating activities increased to $127.3 million in 2020 from $97.1 million of cash provided by operating activities in 2019. The increase is primarily attributable to higher net earnings in 2020 of $52.3 million as compared to net earnings of $5.7 million in 2019, which was a $46.6 million increase, by an increase in deferred income tax of $14.6 million, partially offset by a lower decrease in inventories in 2020 versus 2019 of $52.2 million and an increase in accounts and contracts receivable of $28.0 million,. The 2020 earnings reflect a LIFO credit of $17.1 million resulted in an increase in the tax payment deferral of $4.3 million. During 2020, the Company made a $26.0 million contribution to its pension plan compared to a $2.1 million contribution in the previous year.

The cash requirements of the business fluctuate significantly throughout the year to coincide with the seasonal growing cycles of vegetables. The majority of the inventories are produced during the packing months, from June through November, and are then sold over the following year. Cash flow from operating activities is one of the Company’s main sources of liquidity.

Investing Activities

Cash used in investing activities was $43.2 million for 2020, principally reflecting $65.7 million of capital expenditures, partially offset by proceeds from the sales of assets of $22.5 million. Capital expenditures aggregated $37.7 million in 2019. There were four major projects in 2020 as follows: 1) $10.0 million to buy the plant in Cambria, Wisconsin from Del Monte, 2) $9.6 million for equipment purchases from Del Monte, 3) $4.7 million for the Glencoe Freezer project and 4) $2.6 million for the completion of a warehouse in Hart, Michigan started in 2019.

Financing Activities

Cash used in financing activities was $84.9 million in 2020 representing a net decrease in the debt (primarily the Revolver) of $48.7 million, a $10.0 million investment in CraftAg and by the purchase of $12.7 million of treasury stock during 2020 versus $8.0 million purchased in 2019.

Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

Classes of similar products/services:	2020	2019
	(In thousands)	
Net Sales:		
Green Giant *	$ 122,764	$ 71,161
Canned vegetables	877,391	815,780
Frozen	104,980	113,115
Fruit	97,393	91,941
Prepared foods	105,044	79,593
Snack	11,475	9,684
Other	16,722	18,307
Total	$ 1,335,769	$ 1,199,581

* Green Giant includes canned and frozen vegetables exclusively for B&G Foods.

Fiscal 2020 versus Fiscal 2019

Net sales for 2020 increased $136.2 million, from $1,199.6 million to $1,335.8 million. The increase primarily reflects, a $61.6 million increase in canned vegetables sales, a $51.5 million increase in Green Giant sales, a $25.5 million increase in prepared food sales, a $5.5 million increase in Fruit sales, $1.8 million increase in Snack sales, a $8.1 million decrease in frozen sales, and a $1.6 million decrease in other sales. The increase in sales is attributable to increased sales volume of $56.7 million and higher selling prices/more favorable sales mix of $79.5 million. The increased selling prices/more favorable sales mix is primarily due to canned vegetables.

Cost of product sold as a percentage of sales decreased from 96.7% in 2019 to 89.4% in 2020 primarily as a result of a $57.6 million LIFO charge decrease in 2020, due to lower commodity and steel costs, a short pack and higher selling prices in 2020 versus 2019.

Selling, general and administrative expense was at 6.0% of sales in 2019 and 5.8% of sales in 2020.

Other operating income in 2020 includes a gain on the partial sale of a plant in the Midwest of $3.3 million and a gain on the sale of a plant in the Northwest of $8.2 million. The Company also recorded a gain on the sale of unused fixed assets of $1.2 million. Other operating income in 2019 includes a gain of the sale of a plant in the Northwest of $4.1 million, a gain on the sale of a plant in the Northeast $2.0 million and a gain on the partial closure of a plant of $0.8 million. The Company also recorded a loss on the sale of an Eastern plant of $0.6 million. The Company also recorded a gain for interest rate swap of $0.3 million.

Plant restructuring costs, which are described in detail in the Restructuring section of Management's Discussion and Analysis of Financial Condition and Results of Operations, decreased from $11.7 million in 2019 to $7.0 million in 2020.

Interest expense, net, decreased from $15.4 million in 2019 to $11.8 million in 2020 due mostly to lower average Revolver borrowing during the year in 2020 versus 2019.

As a result of the aforementioned factors, continuing pre-tax earnings increased from loss of $(49.3) million in 2019 to pre-tax earnings of $65.6 million in 2020. The effective tax rate was 22.0% in 2020 and 25.9% in 2019. The decrease of 3.9 percentage points in the effective tax rate for the year is primarily the result of two items. The changes in tax law from the CARES Act and the retroactive extension of the alternative fuel tax credit resulted in a 2.8 percentage point decrease. The creation of federal tax credits resulted in a 1.8 percentage point decrease. The amounts of federal credits are similar to the prior year but they have an opposite effect on the effective tax rate due to the company having income in 2020 and a loss in 2019.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. In July 2018, the FASB issued ASU No. 2018-11, Targeted Improvements – Leases (Topic 842)." This update provides an optional transition method that allows entities to elect to apply the standard retrospectively at the beginning of the period of adoption, versus recasting the prior periods presented. If elected, an entity would recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This guidance is effective for annual periods beginning after December 15, 2018. We adopted ASU 2016-02 as of April 1, 2019, using the optional transition method provided by ASU 2018-11. The standard resulted in the initial recognition of $88,333,000 of total operating lease assets and $91,025,000 of net operating lease liabilities and a net adjustment to retained earnings totaling $2,019,000 ($2,692,000 less tax effect of $673,000) on the Condensed Consolidated Balance Sheet on April 1, 2019. The standard did not materially impact the Condensed Consolidated Statement of Income or Condensed Consolidated Statement of Cash Flows. At adoption, the Company recorded an adjustment to retained earnings of $2,019,000, which includes an impairment loss that was related to a Northwest plant impairment which was incurred in March 2019 just prior to adoption of this standard. The disclosures required by the recently adopted accounting standard are included in Note 7 of the Notes to the Condensed Consolidated Financial Statements.

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 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.

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.

Consolidated Statements of Net Earnings

Seneca Foods Corporation and Subsidiaries

(In thousands of dollars, except per share amounts)

Years ended March 31,	2020	2019
Net sales	$ 1,335,769	$ 1,199,581
Costs and expenses:		
Cost of products sold	1,193,881	1,160,085
Selling, general, and administrative expense	76,971	72,549
Other operating income, net	(12,653)	(6,631)
Plant restructuring charge	7,046	11,657
Total costs and expenses	1,265,245	1,237,660
Operating income (loss)	70,524	(38,079)
Loss from equity investment	93	-
Other income	(7,018)	(4,257)
Interest expense, net of interest income of $25 and $28, respectively	11,834	15,437
Earnings (Loss) From Continuing Operations Before Income Taxes	65,615	(49,259)
Income Taxes (Benefit) From Continuing Operations	14,427	(12,776)
Earnings (Loss) From Continuing Operations	51,188	(36,483)
Earnings From Discontinued Operations (net of income taxes)	1,147	42,230
Net Earnings	$ 52,335	$ 5,747
Basic Earnings (Loss) per Common Share:		
Continuing Operations	$ 5.50	$ (3.77)
Discontinued Operations	$ 0.12	$ 4.36
Net Basic Earnings per Common Share	$ 5.62	$ 0.59
Diluted Earnings (Loss) per Common Share:		
Continuing Operations	$ 5.46	$ (3.77)
Discontinued Operations	$ 0.12	$ 4.33
Net Diluted Earnings per Common Share	$ 5.58	$ 0.59

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

Seneca Foods Corporation and Subsidiaries
(In thousands of dollars)

Years ended March 31,	2020	2019
Comprehensive income (loss):		
Net earnings	$ 52,335	$ 5,747
Change in pension and postretirement benefits (net of income tax of $20,312 and $2,249, respectively)	(60,935)	6,782
Total	$ (8,600)	$ 12,529

See notes to consolidated financial statements.

Consolidated Balance Sheets

Seneca Foods Corporation and Subsidiaries
(In thousands)

March 31,		2020		2019
Assets				
Current Assets:				
Cash and cash equivalents	$	10,702	$	11,480
Accounts receivable, less allowance for doubtful accounts of $1,598 and $57, respectively		109,802		84,122
Contracts receivable		7,610		-
Assets held for sale-discontinued operations		182		98
Inventories		411,631		501,684
Assets held for sale		-		1,568
Refundable income taxes		4,350		1,221
Other current assets		7,323		3,075
Total Current Assets		551,600		603,248
Deferred income tax asset, net		7,872		2,417
Noncurrent assets held for sale-discontinued operations		1,026		1,143
Other assets		26,042		2,801
Right-of-use assets operating, net		60,663		-
Right-of-use assets financing, net		33,617		-
Property, plant, and equipment:				
Land		24,955		25,832
Buildings and improvements		184,945		190,102
Equipment		408,385		421,639
Total		618,285		637,573
Less accumulated depreciation and amortization		389,796		398,300
Net property, plant, and equipment		228,489		239,273
Total Assets	$	909,309	$	848,882
Liabilities and Stockholders' Equity				
Current Liabilities:				
Accounts payable	$	71,194	$	61,024
Deferred revenue		7,758		4,098
Accrued vacation		11,876		11,678
Accrued payroll		11,864		5,105
Other accrued expenses		17,808		19,363
Current liabilities held for sale-discontinued operations		880		4,285
Current liabilities held for sale		-		61
Current portion of long-term debt and lease obligations		28,274		6,763
Total Current Liabilities		149,654		112,377
Long-term debt, less current portion		217,081		265,900
Operating lease obligations, less current portion		42,760		-
Finance lease obligations, less current portion		24,366		-
Pension liabilities		75,742		17,349
Other liabilities		5,342		4,180
Noncurrent liabilities held for sale		-		305
Capital lease obligations, less current portion		-		31,286
Total Liabilities		514,945		431,397
Commitments and contingencies				
Stockholders' Equity:				
Preferred stock		681		707
Common stock		3,041		3,039
Additional paid-in capital		98,384		98,260
Treasury stock, at cost		(88,319)		(75,740)
Accumulated other comprehensive loss		(79,220)		(18,285)
Retained earnings		459,797		409,504
Total Stockholders' Equity		394,364		417,485
Total Liabilities and Stockholders' Equity	$	909,309	$	848,882

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Seneca Foods Corporation and Subsidiaries
(In thousands)

Years ended March 31,	2020	2019
Cash flows from operating activities:		
Net earnings	$ 52,335	$ 5,747
Adjustments to reconcile net earnings to net cash provided by operations:		
Depreciation and amortization	30,933	31,235
Deferred income tax expense	15,529	909
Gain on the sale of assets	(13,086)	(63,394)
Impairment and Restructuring provision	5,626	16,080
Loss from equity investment	93	-
401(k) match stock contribution	94	1,773
Changes in operating assets and liabilities (net of acquisitions):		
Accounts receivable	(33,290)	(5,326)
Inventories	90,053	142,271
Other current assets	(4,332)	(1,029)
Accounts payable, accrued expenses, and other liabilities	(13,509)	(31,071)
Income taxes	(3,129)	(79)
Net cash provided by operating activities	127,317	97,116
Cash flows from investing activities:		
Additions to property, plant, and equipment	(65,686)	(37,728)
Proceeds from life insurance	-	343
Proceeds from the sale of assets	22,529	104,387
Net cash (used in) provided by investing activities	(43,157)	67,002
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	494,098	504,381
Payments of long-term debt	(542,778)	(664,108)
Payments on financing leases	(6,437)	-
Change in other assets	(17,125)	(33)
Purchase of treasury stock	(12,673)	(7,957)
Preferred stock dividends paid	(23)	(23)
Net cash used in financing activities	(84,938)	(167,740)
Net decrease in cash and cash equivalents	(778)	(3,622)
Cash and cash equivalents, beginning of year	11,480	15,102
Cash and cash equivalents, end of year	$ 10,702	$ 11,480
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 10,836	$ 15,424
Income taxes paid	573	173
Noncash transactions:		
Investment in CraftAg. LLC via contribution of plant	$ 7,975	$ -
Property, plant and equipment issued under finance and operating leases	10,843	4,199

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Seneca Foods Corporation and Subsidiaries

(In thousands, except share amounts)

	Preferred Stock	Common Stock	Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings
Balance March 31, 2018	$ 707	$ 3,038	$ 98,161	$ (69,556)	$ (25,067)	$ 403,780
Net earnings	-	-	-	-	-	5,747
Cash dividends paid on preferred stock	-	-	-	-	-	(23)
Equity incentive program	-	-	100	-	-	-
Contribution of 401(k) match	-	-	-	1,773	-	-
Purchase of treasury stock	-	-	-	(7,957)	-	-
Preferred stock conversion	-	1	(1)	-	-	-
Change in pension and postretirement benefits adjustment (net of tax $2,249)	-	-	-	-	6,782	-
Balance March 31, 2019	707	3,039	98,260	(75,740)	(18,285)	409,504
Net earnings	-	-	-	-	-	52,335
Cash dividends paid on preferred stock	-	-	-	-	-	(23)
Equity incentive program	-	-	100	-	-	-
Contribution of 401(k) match	-	-	-	94	-	-
Purchase of treasury stock	-	-	-	(12,673)	-	-
Preferred stock conversion	(26)	2	24	-	-	-
Operating lease impairment adjustment upon the adoption of ASU 2016-02 "Leases" (net of tax $673)	-	-	-	-	-	(2,019)
Change in pension and postretirement benefits adjustment (net of tax $20,312)	-	-	-	-	(60,935)	-
Balance March 31, 2020	$ 681	$ 3,041	$ 98,384	$ (88,319)	$ (79,220)	$ 459,797

	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:						
March 31, 2020	200,000	1,400,000	35,355	500	20,000,000	10,000,000
Shares outstanding:						
March 31, 2019	200,000	807,240	37,529	500	7,667,913	1,874,861
March 31, 2020	200,000	807,240	35,355	500	7,383,993	1,733,902
Stock amount	$ 50	$ 202	$ 421	$ 8	$ 2,539	$ 502

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Seneca Foods Corporation and Subsidiaries

1. Summary of Significant Accounting Policies

Nature of Operations — Seneca Foods Corporation (the "Parent Company") and subsidiaries (the "Company") conducts its business almost entirely in food packaging, operating 27 plants and 30 warehouses in nine states. The Company markets private label and branded packaged foods to retailers and institutional food distributors.

Principles of Consolidation — The consolidated financial statements include the accounts for the Parent Company and all of its wholly-owned subsidiaries after elimination of intercompany transactions, profits, and balances.

Revenue Recognition — Revenue recognition is completed primarily at a point in time basis when product control is transferred to the customer. In general, control transfers to the customer when the product is shipped or delivered to the customer based upon applicable shipping terms, as the customer can direct the use and obtain substantially all of the remaining benefits from the asset at this point in time. See Note 4, Revenue Recognition, for further discussion of the policy.

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 sales, include amounts paid to retailers for shelf space, to obtain favorable display positions and to offer temporary price reductions for the sale of our products to consumers. Accruals for trade promotions are recorded primarily at the time of sale 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 the Company. 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. Final determination of the permissible deductions may take extended periods of time.

Concentration of Credit Risk — Financial instruments that potentially subject the Company to credit risk consist of trade receivables and interest-bearing investments. Wholesale and retail food distributors comprise a significant portion of the trade receivables; collateral is generally not required. A relatively limited number of customers account for a large percentage of the Company's total sales. Green Giant sales to B & G Foods represented 9%, and 6% of net sales in each of 2020 and 2019, respectively. The top ten customers, including B & G Foods, represented approximately 49%, and 47% of net sales for 2020 and 2019, respectively. The Company closely monitors the credit risk associated with its customers. The Company places substantially all of its interest-bearing investments with financial institutions and monitors credit exposure. Cash and short-term investments in certain accounts exceed the federal insured limit; however, the Company has not experienced any losses in such accounts.

Cash Equivalents — The Company considers all highly liquid instruments purchased with an original maturity of three months or less as cash equivalents.

Fair Value of Financial Instruments — The carrying values of cash and cash equivalents (Level 1), accounts receivable, short-term debt (Level 2) and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments. See Note 11, Fair Value of Financial Instruments, for a discussion of the fair value of long-term debt.

The three-tier value hierarchy is utilized to prioritize the inputs used in measuring fair value. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobserved inputs (Level 3). The three levels are defined as follows:

- Level 1- Quoted prices for identical instruments in active markets.
- Level 2- Quoted prices for similar instruments; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable.
- Level 3- Model-derived valuations in which one or more inputs or value-drivers are both significant to the fair value measurement and unobservable.

Deferred Financing Costs — Deferred financing costs incurred in obtaining debt are amortized on a straight-line basis over the term of the debt, which is not materially different than using the effective interest rate method. As of March 31, 2020 there were $0.3 million of unamortized financing cost included in other current assets and $0.1 million of unamortized financing costs included as a contra to long-term debt and current portion of long-term debt on the Consolidated Balance Sheets.

Notes to Consolidated Financial Statements

Inventories — Substantially all inventories are stated at the lower of cost; determined under the last-in, first-out ("LIFO") method; or market.

Income Taxes — The provision for income taxes includes federal and state income taxes currently payable and those deferred because of temporary differences between the financial statement and tax basis of assets and liabilities and tax credit carryforwards. The Company uses the flow-through method to account for its investment tax credits.

The Company evaluates the likelihood of realization of its net deferred income tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income, the projected reversal of temporary differences and available tax planning strategies that could be implemented to realize the net deferred income tax assets.

Current rules on the accounting for uncertainty on income taxes prescribe a minimum recognition threshold for a tax position taken or expected to be taken in a tax return that is required to be met before being recognized in the financial statements. Those rules also provide guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company recognizes interest and penalties accrued on unrecognized tax benefits as well as interest received from favorable settlements within income tax expense.

Assets Held for Sale—The Company classifies property and equipment as held for sale when certain criteria are met. At such time, the properties, including significant assets that are expected to be transferred as part of a sale transaction, are presented separately on the consolidated balance sheet at the lower of carrying value or estimated fair value less costs to sell and depreciation is no longer recognized. Assets classified as held for sale included buildings, land and equipment.

Discontinued Operations — Discontinued operations comprise those activities that have been disposed of during the period or that have been classified as held for sale at the end of the period, and represent a separate major line of business or geographical area that can be clearly distinguished for operational and financial reporting purposes. In fiscal 2019, the Company sold its Modesto fruit operations and began reporting the results of operations, cash flows and the balance sheet amounts pertaining to this as a component of discontinued operations in the consolidated financial statements.

Unless otherwise indicated, information in the notes to the consolidated financial statements relates to continuing operations.

Advertising Costs — Advertising costs are expensed as incurred. Advertising costs charged to continuing operations were $2.2 million and $2.1 million in 2020 and 2019, respectively.

Accounts Receivable and Doubtful Accounts — Accounts receivable is stated at invoice value, which is net of any off invoice promotions. A provision for doubtful accounts is recorded based upon an assessment of credit risk within the accounts receivable portfolio, experience of delinquencies (accounts over 15 days past due) and charge-offs (accounts removed from accounts receivable for expectation of non-payment), and current market conditions. Management believes these provisions are adequate based upon the relevant information presently available.

Earnings per Common Share — The Company has three series of convertible preferred stock, which are deemed to be participating securities that are entitled to participate in any dividend on Class A common stock as if the preferred stock had been converted into common stock immediately prior to the record date for such dividend. Basic earnings per share for common stock is calculated using the "two-class" method by dividing the earnings attributable to common stockholders by the weighted average of common shares outstanding during the period. Restricted stock is included in all earnings per share calculations.

Diluted earnings per share is calculated by dividing earnings attributable to common stockholders by the sum of the weighted average common shares outstanding plus the dilutive effect of convertible preferred stock using the "if-converted" method, which treats the contingently-issuable shares of convertible preferred stock as common stock.

Notes to Consolidated Financial Statements

Years ended March 31,		2020		2019
Continuing Operations		(In thousands, except per share amounts)		
Basic				
Continuing operations earnings (loss)	$	51,188	$	(36,483)
Deduct preferred stock dividends		23		23
Undistributed earnings (loss)		51,165		(36,506)
Earnings (loss) attributable to participating preferred shareholders		206		(143)
Earnings (loss) attributable to common shareholders	$	50,959	$	(36,363)
Weighted average common shares outstanding		9,264		9,652
Basic earnings (loss) from continuing operations per common share	$	5.50	$	(3.77)
Diluted				
Earnings (loss) attributable to common shareholders	$	50,959	$	(36,363)
Add dividends on convertible preferred stock		20		-
Earnings (loss) attributable to common stock on a diluted basis	$	50,979	$	(36,363)
Weighted average common shares outstanding-basic		9,264		9,652
Additional shares to be issued related to the equity compensation plan		2		-
Additional shares to be issued under full conversion of preferred stock		67		-
Total shares for diluted		9,333		9,652
Diluted earnings (loss) from continuing operations per share	$	5.46	$	(3.77)

Years ended March 31,		2020		2019
Discontinued Operations		(In thousands, except per share amounts)		
Basic				
Discontinued operations earnings	$	1,147	$	42,230
Deduct preferred stock dividends		23		23
Undistributed earnings		1,124		42,207
Earnings attributable to participating preferred shareholders		5		166
Earnings attributable to common shareholders	$	1,119	$	42,041
Weighted average common shares outstanding		9,264		9,652
Basic earnings from discontinued operations per common share	$	0.12	$	4.36
Diluted				
Earnings attributable to common shareholders	$	1,119	$	42,041
Add dividends on convertible preferred stock		20		20
Earnings attributable to common stock on a diluted basis	$	1,139	$	42,061
Weighted average common shares outstanding-basic		9,264		9,652
Additional shares to be issued related to the equity compensation plan		2		3
Additional shares to be issued under full conversion of preferred stock		67		67
Total shares for diluted		9,333		9,722
Diluted earnings from discontinued operations per share	$	0.12	$	4.33

Note: For fiscal 2019 addbacks for equity compensation and additional shares that were anti-dilutive were excluded from diluted earnings per share from continuing operations calculations.

Depreciation and Valuation — Property, plant, and equipment are stated at cost. Interest incurred during the construction of major projects is capitalized. For financial reporting, the Company provides for depreciation on the straight-line method at rates based upon the estimated useful lives of the various assets. Depreciation was $26.1 million and $29.5 million, in 2020, and 2019, respectively. The estimated useful lives are as follows: buildings and improvements — 30 years; machinery and equipment — 10-15 years; computer software — 3-5 years; vehicles — 3-7 years; and land improvements — 10-20 years.

The Company assesses its long-lived assets for impairment whenever there is an indicator of impairment. Impairment losses are evaluated if the estimated undiscounted cash flows from using the assets are less than carrying value. A loss is recognized when the carrying value of an asset exceeds its fair value. There were no significant impairment losses in 2020. There was a $7.8 million impairment loss recorded in 2019 related to a Northwest plant.

Notes to Consolidated Financial Statements

Use of Estimates in the Preparation of Financial Statements — The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the related revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Recently Issued Accounting Standards In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. In July 2018, the FASB issued ASU No. 2018-11, Targeted Improvements – Leases (Topic 842)." This update provides an optional transition method that allows entities to elect to apply the standard retrospectively at the beginning of the period of adoption, versus recasting the prior periods presented. If elected, an entity would recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. This guidance is effective for annual periods beginning after December 15, 2018. We adopted ASU 2016-02 as of April 1, 2019, using the optional transition method provided by ASU 2018-11. The standard resulted in the initial recognition of $88,333,000 of total operating lease assets and $91,025,000 of net operating lease liabilities and a net adjustment to retained earnings totaling $2,019,000 ($2,692,000 less tax effect of $673,000) on the Condensed Consolidated Balance Sheet on April 1, 2019. The standard did not materially impact the Condensed Consolidated Statement of Income or Condensed Consolidated Statement of Cash Flows. At adoption, the Company recorded an adjustment to retained earnings of $2,019,000, which includes an impairment loss that was related to a Northwest plant impairment which was incurred in March 2019 just prior to adoption of this standard. The disclosures required by the recently adopted accounting standard are included in Note 7 of the Notes to the Condensed Consolidated Financial Statements.

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Reclassifications — Certain previously reported amounts have been reclassified to conform to the current period classification.

Notes to Consolidated Financial Statements

2. Asset Held For Sale

As of March 31, 2019, the Company had certain 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 March 31, 2019 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 March 31, 2019 Condensed Consolidated Balance Sheet (in thousands):

Property, Plant and Equipment (net)	$ 1,568
Current Assets Held For Sale	$ 1,568
Capital Lease Obligations Current Portion	$ 61
Current Liabilities Held For Sale	$ 61
Capital Lease Obligations	$ 305
Noncurrent Liabilities Held For Sale	$ 305

3. 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. 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 Accounting Standards Codification 210-05—Discontinued Operations. This business we are exiting is part of the Fruit and Vegetable segment.

Notes to Consolidated Financial Statements

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 Condensed balance sheets (in thousands):

	March 31, 2020	March 31, 2019
Other Current Assets	$ 182	$ 98
Current Assets Held For Sale-Discontinued Operations	$ 182	$ 98
Other Assets	$ 1,026	$ 1,143
Noncurrent Assets Held For Sale-Discontinued Operations	$ 1,026	$ 1,143
Accounts Payable and Accrued Expenses	$ 880	$ 4,285
Current Liabilities Held For Sale-Discontinued Operations	$ 880	$ 4,285

The operating results of the discontinued operations that are reflected in the Unaudited Condensed Consolidated Statements of Net Earnings (Loss) from discontinued operations are as follows:

	Twelve Months Ended	
	March 31, 2020	March 31, 2019
Net Sales	$ -	$ 111,693
Costs and Expenses:		
Cost of Product Sold	57	129,872
Selling, General and Administrative	-	1,135
Plant Restructuring Charge (a)	(1,150)	4,515
Interest Expense (b)	-	1,077
Total cost and expenses	(1,093)	136,599
Earnings (Loss) From Discontinued Operations Before Income Taxes	1,093	(24,906)
Gain on the Sale of Assets Before Income Taxes (c) (d) (e)	(430)	(80,632)
Income Tax Expense	376	13,496
Net Earnings From Discontinued Operations, Net of Tax	$ 1,147	$ 42,230

(a) Includes $902,000 credit for pension termination in fiscal 2020.
Includes $3,746,000 of Modesto severance in fiscal 2019.
(b) Includes interest on debt directly related to Modesto including the building mortgage and equipment leases and an allocation of the Company's line of credit facility.
(c) Includes a $24,211,000 gain as a result of LIFO layer liquidations from the disposal of the inventory for fiscal 2019.
(d) Includes $51,446,000 gain on the sale of Modesto plant and equipment in fiscal 2019.
(e) Includes a $4,975,000 gain on the sale of bins in fiscal 2019.

Supplemental Information on Discontinued Operations:		
Capital Expenditures	$ -	$ 3,937
Depreciation	-	1,302

Notes to Consolidated Financial Statements

4. Revenue Recognition

The Company adopted Accounting Standard Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606") as of April 1, 2018, utilizing the full retrospective method of transition, which requires a restatement of each prior reporting period presented. The Company implemented new policies, processes and systems to enable both the preparation of financial information and internal controls over financial reporting in connection with its adoption of ASC 606. The updated accounting policy for revenue recognition follows:

Nature of products

We manufacture and sell the following:

- private label products to retailers, such as supermarkets, mass merchandisers, and specialty retailers, for resale under the retailers' own or controlled labels;
- private label and branded products to the foodservice industry, including foodservice distributors and national restaurant operators;
- branded products under our own proprietary brands, primarily on a national basis to retailers;
- branded products under co-pack agreements to other major branded companies for their distribution; and
- products to our industrial customer base for repackaging in portion control packages and for use as ingredients by other food manufacturers.

Disaggregation of revenue

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

	Year Ended	
	March 31, 2020	March 31, 2019
Canned Vegetables	$ 877.4	$ 815.8
B&G*	122.8	71.2
Frozen	105.0	113.1
Fruit Products	97.4	91.9
Chip Products	11.5	9.7
Prepared Foods	105.0	79.6
Other	16.7	18.3
	$ 1,335.8	$ 1,199.6

*B&G includes both canned and frozen vegetable sales exclusively for B&G under the Green Giant label.

When Performance Obligations Are Satisfied

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account for revenue recognition. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Company's primary performance obligation is the production of food products and secondarily case and labeling services and storage services for certain bill and hold sales.

Notes to Consolidated Financial Statements

Revenue recognition is completed primarily at a point in time basis when product control is transferred to the customer. In general, control transfers to the customer when the product is shipped or delivered to the customer based upon applicable shipping terms, as the customer can direct the use and obtain substantially all of the remaining benefits from the asset at this point in time.

Customer contracts generally do not include more than one performance obligation. When a contract does contain more than one performance obligation, we allocate the contract's transaction price to each performance obligation based on its relative standalone selling price. The standalone selling price for each distinct good is generally determined by directly observable data.

The performance obligations in our contracts are generally satisfied within one year. As such, we have not disclosed the transaction price allocated to remaining performance obligations for labeling and storage as of March 31, 2020 and 2019 which is included in deferred revenue.

Significant Payment Terms

Our customer contracts identify the product, quantity, price, payment and final delivery terms. Payment terms usually include early pay discounts. We grant payment terms consistent with industry standards. Although some payment terms may be more extended, no terms beyond one year are granted at contract inception. As a result, we do not adjust the promised amount of consideration for the effects of a significant financing component because the period between our transfer of a promised good or service to a customer and the customer's payment for that good or service will be generally 30 days or less.

Shipping

All shipping and handling costs associated with outbound freight are accounted for as fulfillment costs and are included in the cost of sales; this includes shipping and handling costs after control over a product has transferred to a customer.

Variable Consideration

In addition to fixed contract consideration, some contracts include some form of variable consideration. 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 sales, include amounts paid to retailers for shelf space, to obtain favorable display positions and to offer temporary price reductions for the sale of our products to consumers. Accruals for trade promotions are recorded primarily at the time of sale 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 the Company. 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. Final determination of the permissible deductions may take extended periods of time.

Notes to Consolidated Financial Statements

Contract balances

Contract asset balance as of March 31, 2020 is $7.6 million and none as of March 31, 2019. Contract liability balance is immaterial. The Company does not have significant deferred revenue or unbilled receivable balances because of transactions with customers. The Company does have deferred revenue for prepaid case and labeling and storage services which have been collected from B&G for Green Giant bill and hold sales.

Contract Costs

We have identified certain incremental costs to obtain a contract, primarily sales commissions, requiring capitalization under the new standard. The Company continues to expense these costs as incurred because the amortization period for the costs would have been one year or less. The Company does not incur significant fulfillment costs requiring capitalization.

5. Revolving Credit-Facility

The Company completed the closing of a five-year revolving credit facility ("Revolver") on July 5, 2016. Maximum borrowings under the Revolver total $300.0 million from April through July and $400.0 million from August through March which represents a $100 million reduction in the maximum commitment for both periods as elected by the Company in May 2020. The Revolver balance as of March 31, 2020 was $106.9 million and is included in Long-Term Debt in the accompanying Consolidated Balance Sheet due to the Revolver's July 5, 2021 maturity. In order to maintain availability of funds under the facility, the Company pays a commitment fee on the unused portion of the Revolver. The Revolver is secured by the Company's accounts receivable and inventories and contains a financial covenant and borrowing base requirements. 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 the Company packages. The majority of vegetable inventories are produced during the months of June through November and are then sold over the following year. Payment terms for vegetable 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.

6. Long-Term Debt

	2020	2019
	(In thousands)	
Revolving credit facility, 2.59% and 4.00%, due through 2022	$ 106,924	$ 155,278
Farm Credit term loan, 4.54% and 4.77%, due 2022	99,941	99,906
Bluegrass tax exempt bonds, 3.01% and 3.19%, due 2033	10,000	10,000
Secured promissory note, 6.35%, due through 2020	-	262
Economic development note, 2.00%, due through 2021	500	583
Other	216	216
Total	217,581	266,245
Less current portion	500	345
Long-term debt	$ 217,081	$ 265,900

See Note 5, Revolving Credit Facility, for discussion of the Revolver.

The Company's debt agreements, including the Revolver and term loan, contain covenants that restrict the Company's ability to incur additional indebtedness, pay dividends on the Company's capital stock, make other restricted payments, including investments, sell the Company's assets, incur liens, transfer all or substantially all of the Company's assets and enter into consolidations or mergers. The Company's debt agreements also require the Company to meet certain financial covenants, including a minimum fixed charge coverage ratio, a minimum EBITDA and minimum tangible net worth. The Revolver also contains borrowing base requirements related to accounts receivable and inventories. These financial requirements and ratios generally become more restrictive over time and are subject to allowances for seasonal fluctuations. The most restrictive financial covenant in the debt agreements is the EBITDA within the Farm Credit term loan which for fiscal year end 2020 will be $45 million and will be greater than $45 million, thereafter. The Company computes its financial covenants as if the Company were on the FIFO method of inventory accounting. The Company has met for all such financial covenants as of March 31, 2020.

Notes to Consolidated Financial Statements

The Company's debt agreements limit the payment of dividends and other distributions. There is an annual total distribution limitation of $50,000, less aggregate annual dividend payments totaling $23,000 that the Company presently pays on two outstanding classes of preferred stock.

On December 9, 2016, the Company entered into a $100.0 million unsecured term loan payable to Farm Credit East, ACA, with a variable interest rate. The maturity date for this term loan is of December 9, 2021. The Company incurred financing costs totaling $0.2 million which have been classified as a discount to the debt. See Note 18, Subsequent Event, for additional information relating to this term loan.

The Company assumed a tax-exempt bond with the Truitt acquisition on April 3, 2017. At March 31, 2020 the total outstanding of this bond is $10.0 million. The bond has a variable interest rate with a maturity date of October 1, 2032.

The carrying value of assets pledged for secured debt, including the Revolver, is $567.3 million.

Debt repayment requirements for the next five fiscal years are (in thousands):

Years ending March 31:		
2021	$	500
2022		206,865
2023		-
2024		-
2025		-
Thereafter		10,216
Total	$	217,581

Notes to Consolidated Financial Statements

7. 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. The Company currently has finance leases which were accounted for as capital leases under the previous standard and were unchanged as a result of this standard implementation.

Upon adoption of ASU 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 will be shortened due to the planned closure of the facility after the year's pack.

Notes to Consolidated Financial Statements

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

	Year Ended March 31, 2020
Lease cost:	
Amortization of right of use asset	$ 4,335
Interest on lease liabilities	1,353
Finance lease cost	5,688
Operating lease cost	30,190
Total lease cost	$ 35,878
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	$ 1,353
Operating cash flows from operating leases	29,845
Financing cash flows from finance leases	6,437
Total	$ 37,635
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 4,424
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 6,419
Weighted-average lease term (years):	
Financing leases	5.3
Operating leases	3.8
Weighted-average discount rate (percentage):	
Financing leases	4.1
Operating leases	4.5

Notes to Consolidated Financial Statements

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 March 31, 2020 (in thousands) were as follows:

Years ending March 31:		Operating		Financing
2021	$	23,896	$	7,313
2022		18,820		7,313
2023		13,022		7,313
2024		6,510		5,786
2025		3,023		2,395
2026-2031		4,597		3,995
Total minimum payment required	$	69,868	$	34,115
Less interest		5,559		3,524
Present value of minimum lease payments		64,309		30,591
Amount due within one year		21,549		6,225
Long-term lease obligation	$	42,760	$	24,366

As the Company has not restated prior year information for its adoption of ASC Topic 842, the following presents its future minimum lease payments for operating and capital leases under ASC Topic 840 on March 31, 2019:

Years ending March 31:		Operating		Capital
2020	$	28,689	$	7,827
2021		24,938		7,827
2022		17,526		7,827
2023		12,062		7,827
2024		5,950		6,102
2025-2031		6,927		5,267
Total minimum payment required	$	96,092	$	42,677
Less interest				4,973
Present value of minimum lease payments				37,704
Amount due within one year				6,418
Long-term capital lease obligation			$	31,286

Notes to Consolidated Financial Statements

8. Income Taxes

The Company files a consolidated federal and various state income tax returns. The provision for income taxes is as follows:

	2020	2019
	(In thousands)	
Current:		
Federal	$ (1,912)	$ (283)
State	1,187	93
Total	(725)	(190)
Deferred:		
Federal	$ 14,251	$ 1,220
State	1,278	(310)
Total	15,529	910
Total income taxes (1)	$ 14,804	$ 720

(1) Income tax expense (benefit) included in the financial statements is comprised of $14.4 million and $(12.8) million from continuing operations and $0.4 million and $13.5 million from discontinued operations in 2020 and 2019, respectively.

A reconciliation for continuing operations of the expected U.S. statutory rate to the effective rate follows:

	2020	2019
Computed (expected tax rate)	21.0%	21.0%
State income taxes (net of federal tax benefit)	3.6	3.2
State tax credits	(0.8)	0.7
Federal credits	(0.8)	1.0
Addition to uncertain tax positions	0.3	1.0
Other permanent differences not deductible	0.2	(0.2)
Change in valuation allowance	0.7	(0.2)
Tax law change	(2.8)	-
Other	0.6	(0.6)
Effective income tax rate	22.0%	25.9%

The effective tax rate was 22.0% in 2020 and 25.9% in 2019. The decrease of 3.9 percentage points in the effective tax rate for the year is primarily the result of two items. The changes in tax law from the CARES Act and the retroactive extension of the alternative fuel tax credit resulted in a 2.8 percentage point decrease. The creation of federal tax credits resulted in a 1.8 percentage point decrease. The amounts of federal credits are similar to the prior year but they have an opposite effect on the effective tax rate due to the company having income in 2020 and a loss in 2019.

On December 20, 2019 PL 116-94 was enacted. This PL retroactively extended the Alternative Fuel Credit from the previous expiration date of December 31, 2017 to December 31, 2020. As a result, the Company qualified to take the alternative fuel tax credit from January 1, 2018 to March 31, 2019 in 2020. This resulted in a benefit of $0.13 million in 2020.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted. The act allows companies to carryback certain net operating losses (NOL) and it changed how the business interest expense limitation is calculated allowing companies to decrease their limit. As a result, the Company was able to carryback NOLs recorded on their financial statement at a 21% tax rate to the 2015 tax year when the tax rate is 35%. This resulted in a benefit of $1.7 million in 2020.

Notes to Consolidated Financial Statements

The following is a summary of the significant components of the Company's deferred income tax assets and liabilities as of March 31:

	2020	2019
	(In thousands)	
Deferred income tax assets:		
Future tax credits	$ 5,581	$ 5,124
Inventory valuation	163	-
Restructuring reserve	220	1,071
Employee benefits	2,219	2,030
Insurance	616	312
Other comprehensive loss	26,562	6,250
Interest	24	12
Future federal tax credits	-	654
Prepaid revenue	565	528
Other	186	298
Net operating loss and other tax attribute carryovers	2,233	5,628
Total assets	38,369	21,907
Deferred income tax liabilities:		
Property basis and depreciation difference	12,664	13,049
Inventory valuation	-	534
Intangibles	208	286
Income from equity investment	1,239	-
Right of use assets	4,373	-
Pension	7,540	1,633
Total liabilities	26,024	15,502
Valuation allowance - non-current	4,473	3,988
Net deferred income tax asset	$ 7,872	$ 2,417

Net non-current deferred income tax assets of $7.9 million as of March 31, 2020 and net non-current deferred income tax assets of $2.4 million as of March 31, 2019 are recognized in the Consolidated Balance Sheets.

The Company has State tax credit carryforwards amounting to $1.5 million (California, net of Federal impact), $1.9 million (New York, net of Federal impact), and $2.2 million (Wisconsin, net of Federal impact), which are available to reduce future taxes payable in each respective state through 2034 (Wisconsin), through 2034 (New York), and through 2028 (California). The Company has performed the required assessment regarding the realization of deferred tax assets and at March 31, 2020, the Company has recorded a valuation allowance amounting to $4.5 million, which relates primarily to tax credit carryforwards which management has concluded it is more likely than not they will not be realized in the ordinary course of operations. Although realization is not assured, management has concluded that it is more likely than not that the deferred tax assets for which a valuation allowance was determined to be unnecessary will be realized in the ordinary course of operations. The amount of net deferred tax assets considered realizable, however, could be reduced if actual future income or income taxes rates are lower than estimated or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.

Notes to Consolidated Financial Statements

Current rules on the accounting for uncertainty on income taxes prescribe a minimum recognition threshold for a tax position taken or expected to be taken in a tax return that is required to be met before being recognized in the financial statements. Those rules also provide guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company classifies the liability for uncertain tax positions in other accrued expenses or other long-term liabilities depending on their expected settlement. The change in the liability for the years ended March 31, 2020 and 2019 consists of the following:

	2020	2019
	(In thousands)	
Beginning balance	$ 396	$ 855
Tax positions related to current year:		
Additions	1,123	26
Tax positions related to prior years:		
Additions	569	-
Reductions	(16)	(2)
Lapses in statues of limitations	(7)	(483)
Balance as of March 31,	$ 2,065	$ 396

As of March 31, 2020 and 2019 unrecognized tax benefits include $1.6 million and $0.0 million of tax positions that are highly certain but for which there is uncertainty about the timing. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of these positions would not impact the annual effective tax rate but would accelerate the payment of cash to the tax authority to an earlier period.

The Company recognizes interest and penalties accrued on unrecognized tax benefits as well as interest received from favorable settlements within income tax expense. During the years ended March 31, 2020 and 2019, the Company recognized approximately $0.2 million increase and $0.1 million decrease, respectively, in interest and penalties. As of March 31, 2020 and 2019, the Company had approximately $0.2 million and $0.0 million of interest and penalties accrued, respectively, associated with unrecognized tax benefits.

Although management believes that an adequate position has been made for uncertain tax positions, there is the possibility that the ultimate resolution could have an adverse effect on the earnings of the Company. Conversely, if resolved favorably in the future, the related provisions would be reduced, thus having a positive impact on earnings. During 2020 the statute of limitations lapsed on one uncertain tax position. The lapse resulted in the position no longer being uncertain. As a result of the statute of limitations lapse and in accordance with its accounting policies, the Company recorded a decrease to the liability and a decrease to tax expense of $0.0 million.

The federal income tax returns for years after March 31, 2016 are subject to examination. The tax year ended March 31, 2017 is currently under audit with the IRS.

9. Stockholders' Equity

Preferred Stock — The Company has authorized three classes of preferred stock consisting of 200,000 shares of Six Percent (6%) Voting Cumulative Preferred Stock, par value $0.25 ("6% Preferred"); 30,000 shares of Preferred Stock Without Par Value to be issued in series by the Board of Directors, none of which are currently designated or outstanding; and 8,200,000 shares of Preferred Stock with $.025 par value, Class A, to be issued in series by the Board of Directors ("Class A Preferred"). The Board of Directors has designated four series of Class A Preferred including 10% Cumulative Convertible Voting Preferred Stock—Series A ("Series A Preferred"); 10% Cumulative Convertible Voting Preferred Stock—Series B ("Series B Preferred"); Convertible Participating Preferred Stock; and Convertible Participating Preferred Stock, Series 2003.

The Convertible Participating Preferred Stock and Convertible Participating Preferred Stock, Series 2003 are convertible at the holders' option on a one-for-one basis into shares of Class A Common Stock, subject to antidilution adjustments. These series of preferred stock have the right to receive dividends and distributions at a rate equal to the amount of any dividends and distributions declared or made on the Class A Common Stock. No dividends were declared or paid on this preferred stock in fiscal 2020 or 2019. In addition, these series of preferred stock have certain distribution rights upon liquidation. Upon conversion, shares of these series of preferred stock become authorized but unissued shares of Class A Preferred and may be reissued as part of another series of Class A Preferred. As of March 31, 2020, the Company has an aggregate of 6,764,145 shares of non-designated Class A Preferred authorized for issuance.

Notes to Consolidated Financial Statements

The Convertible Participating Preferred Stock has a liquidation preference of $12 per share and a stated value of $11.931 per share. There were 35,355 shares outstanding as of March 31, 2020 and 2,174 conversions during the year. The Convertible Participating Preferred Stock, Series 2003 was issued as partial consideration of the purchase price in the Chiquita Processed Foods acquisition. The 967,742 shares issued in that 2003 acquisition were valued at $16.60 per share which represented the then market value of the Class A Common Stock into which the preferred shares were immediately convertible. This series has a liquidation preference of $15.50 per share and has 500 shares outstanding as of March 31, 2020.

There are 407,240 shares of Series A Preferred outstanding as of March 31, 2020 which are convertible into one share of Class A Common Stock and one share of Class B Common stock for every 20 shares of Series A Preferred. There are 400,000 shares of Series B Preferred outstanding as of March 31, 2020 which are convertible into one share of Class A Common Stock and one share of Class B Common Stock for every 30 shares of Series B preferred. There are 200,000 shares of 6% Preferred outstanding as of March 31, 2020 which are callable at their par value at any time at the option of the Company. The Company paid dividends of $20,000 on the Series A and Series B Preferred and $3,000 on the 6% Preferred during each of fiscal 2020 and 2019.

Common Stock — The Class A Common Stock and the Class B Common Stock have substantially identical rights with respect to any dividends or distributions of cash or property declared on shares of common stock, and rank equally as to the right to receive proceeds on liquidation or dissolution of the Company after payment of the Company’s indebtedness and liquidation right to the holders of preferred shares. However, holders of Class B Common Stock retain a full vote per share, whereas the holders of Class A Common Stock have voting rights of 1/20th of one vote per share on all matters as to which shareholders of the Company are entitled to vote. During 2020, there were no shares of Class B Common Stock issued in lieu of cash compensation under the Company's Profit Sharing Bonus Plan.

Unissued shares of common stock reserved for conversion privileges of designated non-participating preferred stock were 33,695 of both Class A and Class B as of March 31, 2020 and 2019. Additionally, there were 35,855 and 38,029 shares of Class A reserved for conversion of the Participating Preferred Stock as of March 31, 2020 and 2019, respectively.

Treasury Stock — During 2020, the Company repurchased $8.8 million, or 298,812 shares of its Class A Common Stock and $3.9 million or 132,305 shares of its Class B Common Stock. As of March 31, 2020, there is a total of $88.4 million, or 3,042,092 shares, of repurchased stock. These shares are not considered outstanding. The Company contributed $0.1 million or 2,946 treasury shares for the 401(k) match in 2020 as described in Note 8, Retirement Plans.

Notes to Consolidated Financial Statements

10. Retirement Plans

The Company has a noncontributory defined benefit pension plan (the "Plan") covering all employees who meet certain age-entry requirements and work a stated minimum number of hours per year. Annual contributions are made to the Plan sufficient to satisfy legal funding requirements.

The following tables provide a reconciliation of the changes in the Plan's benefit obligation and fair value of plan assets over the two-year period ended March 31, 2020 and a statement of the unfunded status as of March 31, 2020 and 2019:

	2020	2019
	(In thousands)	
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 250,461	$ 236,134
Service cost	9,244	8,954
Interest cost	9,064	9,131
Liability gain due to curtailment	(1,114)	-
Actuarial loss	20,146	4,113
Benefit payments and expenses	(9,574)	(7,871)
Benefit obligation at end of year	$ 278,227	$ 250,461
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ 233,112	$ 212,844
Actual (loss) gain on plan assets	(46,325)	26,731
Employer contributions	26,000	2,100
Benefit payments and expenses	(10,302)	(8,563)
Fair value of plan assets at end of year	$ 202,485	$ 233,112
Unfunded Status	$ (75,742)	$ (17,349)

The unfunded status increased by $58.4 million during 2020 reflecting the actual fair value of plan assets and the projected benefit obligation as of March 31, 2020. This unfunded status increase was recognized via the actual loss on plan assets and the increase in accumulated other comprehensive loss of $60.9 million after the income tax expense of $20.3 million. The increase in projected benefit obligation was a function of using an updated mortality table. The discount rate reduced from 4.14% in 2019 to 3.69% in 2020. During 2020, the Company converted to the Pri-2012 mortality study with the Blue Collar adjustment, with a generational projection of future mortality improvements from 2006 using Scale MP-2019 for calculating the pension obligation in 2019 and the related pension expense in 2020. The Company utilizes a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in determination of the benefit obligation to their underlying projected cash flows.

The Plan was amended to freeze accruals to new hires and rehires effective January 1, 2020. This amendment triggered a curtailment event under ASC 715. The curtailment accelerated statement of earnings recognition of the unrecognized prior service cost resulting in $0.1 million curtailment charge.

Notes to Consolidated Financial Statements

Plan assets decreased from $233.1 million as of March 31, 2019 to $202.5 million as of March 31, 2020 due primarily to a loss on plan assets of $46.3 million from a COVID-19 induced deterioration in market conditions, partially offset by a $26.0 million contribution by the Company. The Company made this contribution to partially offset the declines in the portfolio.

	2020	2019
	(In thousands)	
Amounts Recognized in Accumulated Other Comprehensive Pre-Tax Loss		
Prior service cost	$ (349)	$ (587)
Net loss	(105,866)	(24,305)
Accumulated other comprehensive pre-tax loss	$ (106,215)	$ (24,892)

	Pension and post retirement plan adjustments, net of tax
	(In thousands)
Accumulated Other Comprehensive Loss	
Balance at March 31, 2019	$ (18,285)
Other comprehensive loss	(60,935)
Balance at March 31, 2020	$ (79,220)

The following table provides the components of net periodic benefit cost for the Plan for fiscal years 2020 and 2019:

	2020	2019
	(In thousands)	
Service cost including administration	$ 9,935	$ 9,646
Interest cost	9,064	9,131
Expected return on plan assets	(16,746)	(15,104)
Amortization of net loss	579	1,597
Prior service cost	120	119
Net periodic benefit cost	$ 2,952	$ 5,389
Settlement/curtailment expense	118	-
Net periodic benefit cost with curtailment	$ 3,070	$ 5,389

The Plan's accumulated benefit obligation was $256.4 million at March 31, 2020 and $231.2 million at March 31, 2019.

Prior service costs are amortized on a straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and the market-related value of assets are amortized over the average remaining service period of active participants.

Notes to Consolidated Financial Statements

The assumptions used to measure the Company's benefit obligation and pension expense are shown in the following table:

	2020	2019
Weighted Average Assumptions for Balance Sheet Liability at End of Year:		
Discount rate - projected benefit obligation	3.69%	4.14%
Expected return on plan assets	7.25%	7.25%
Rate of compensation increase	3.00%	3.00%
Weighted Average Assumptions for Benefit Cost at Beginning of Year:		
Discount rate - benefit obligations	4.14%	4.15%
Discount rate - interest cost	3.74%	3.87%
Discount rate - service cost	4.34%	4.25%
Discount rate - interest on service cost	3.69%	4.14%
Expected return on plan assets	7.25%	7.25%
Rate of compensation increase	3.00%	3.00%

The Company's plan assets consist of the following:

	Target Allocation	Percentage of Plan Assets at March 31,	
	2021	2020	2019
Plan Assets			
Equity securities	99%	97%	99%
Debt securities	-	-	-
Real estate	-	-	-
Cash	1%	3%	1%
Total	100%	100%	100%

Notes to Consolidated Financial Statements

	2020 Market Value	2019 Market Value
	(In thousands)	
Assets by Industry Type		
Asset Category		
Cash and cash equivalents:		
Money market funds	$ 7,058	$ 1,387
Total cash and cash equivalents	7,058	1,387
Common equity securities:		
Materials	8,772	5,331
Industrials	15,440	16,080
Telecommunication services	25,093	24,370
Consumer staples	42,522	43,486
Energy	28,538	38,230
Financials	22,275	34,521
Health care	-	4,247
Information technology	20,657	28,750
Utilities	32,130	36,710
Total common equity securities	195,427	231,725
Total assets	$ 202,485	$ 233,112

Expected Return on Plan Assets

The expected long-term rate of return on Plan assets is 7.25%. The Company expects 7.25% to fall within the 40-to-50 percentile range of returns on investment portfolios with asset diversification similar to that of the Plan's target asset allocation.

Investment Policy and Strategy

The Company maintains an investment policy designed to achieve a long-term rate of return, including investment income through dividends and equity appreciation, sufficient to meet the actuarial requirements of the Plan. The Company seeks to accomplish its return objectives by prudently investing in a diversified portfolio of public company equities with broad industry representation seeking to provide long-term growth consistent with the performance of relevant market indices, as well as maintain an adequate level of liquidity for pension distributions as they fall due. The strategy of being fully invested in equities has historically provided greater rates of return over extended periods of time. The Company's loss on plan assets during 2020 was 19.9% as compared to the S&P 500 unaudited loss (excluding dividends) of 8.8%. Plan assets include Company common stock with a fair market value of $16.6 million as of March 31, 2020 and $12.8 million as of March 31, 2019.

Cash Flows

Expected contributions for fiscal year ending March 31, 2021 (in thousands):

Expected Employer Contributions	$ -
Expected Employee Contributions	-

Notes to Consolidated Financial Statements

Estimated future benefit payments reflecting expected future service for the fiscal years ending March 31 (in thousands):

2021	$	10,102
2022		10,785
2023		11,490
2024		12,259
2025		13,022
2026-2030		75,047

401(k) Plans

The Company also has employees' savings 401(k) plans covering all employees who meet certain age-entry requirements and work a stated minimum number of hours per year. Participants may make contributions up to the legal limit. The Company's matching contributions are discretionary. Costs charged to operations for the Company's matching contributions amounted to $0.4 million and $1.4 million in fiscal 2020 and 2019, respectively. In fiscal 2020 and 2019, the matching contribution was entirely treasury stock. This stock portion of the matching contribution is valued at current market value while the treasury stock is valued at cost.

11. Fair Value of Financial Instruments

The carrying amount and estimated fair values of the Company's debt are summarized as follows:

	2020		2019	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In thousands)			
Long-term debt, including current portion	$ 217,581	$ 217,559	$ 266,245	$ 266,140

The estimated fair value for long-term debt 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 which is Level 2 from the fair value hierarchy. Since quoted prices for identical instruments in active markets are not available (Level 1), the Company makes use of observable market based inputs to calculate fair value, which is Level 2.

12. Inventories

Effective December 30, 2007 (beginning of 4th quarter of Fiscal Year 2008), the Company changed its inventory valuation method from the lower of cost, determined under the FIFO method, or market to the lower of cost, determined under the LIFO method, or market. In the high inflation environment that the Company was experiencing, the Company believed that the LIFO inventory method was preferable over the FIFO method because it better compares the cost of current production to current revenue. The effect of LIFO was to increase continuing net earnings by $12.8 million in 2020 and to reduce net earnings by $30.4 million in 2019, compared to what would have been reported using the FIFO inventory method. The increase in earnings per share was $1.38 ($1.37 diluted) in 2020; and a reduction in earnings per share of $3.14 ($3.14 diluted) in 2019. There were LIFO liquidations of $6.6 million in 2020 and $28.7 million in 2019. Most of this LIFO liquidation in 2019 is reported as Discontinued Operations since it related to the Modesto fruit (see Discontinued Operations Note 3). The inventories by category and the impact of using the LIFO method are shown in the following table:

	2020	2019
	(In thousands)	
Finished products	$ 351,251	$ 454,920
In process	31,173	42,045
Raw materials and supplies	173,474	166,060
	555,898	663,025
Less excess of FIFO cost over LIFO cost	144,267	161,341
Total inventories	$ 411,631	$ 501,684

Notes to Consolidated Financial Statements

13. Other Operating Income and Expense

Other operating income in 2020 includes a gain on the partial sale of a plant in the Midwest of $3.3 million and a gain on the sale of a plant in the Northwest of $8.2 million. The Company also recorded a gain on the sale of unused fixed assets of $1.2 million.

Other operating income in 2019 includes a gain of the sale of a plant in the Northwest of $4.1 million, a gain on the sale of a plant in the Northeast $2.0 million and a gain on the partial closure of a plant of $0.8 million. The Company also recorded a loss on the sale of an Eastern plant of $0.6 million. The Company also recorded a gain for interest rate swap of 0.3 million.

14. Segment Information

The Company manages its business on the basis of three reportable segments — the primary segment is the packaging and sale of fruits and vegetables, secondarily, the packaging and sale of prepared food products, third, the sale of snack products and finally, other products. The Company markets its product almost entirely in the United States. Export sales represented 6.5% and 7.5%, of total sales in 2020 and 2019, respectively. In 2020 and 2019, the sale of Green Giant vegetables accounted for 9% and 6% of net sales, respectively. "Other" in the table below represents activity related to can sales, trucking, seed sales, and flight operations.

	Fruit and Vegetable	Prepared Foods	Snack	Other	Total
			(In thousands)		
2020:					
Net sales	$ 1,202,528	$ 105,044	$ 11,475	$ 16,722	$ 1,335,769
Operating income (loss)	65,921	3,774	837	(8)	70,524
Identifiable assets	853,438	51,803	2,054	773	908,068
Capital expenditures	63,543	2,122	19	756	66,440
Depreciation and amortization	26,486	3,564	207	676	30,933
2019:					
Net sales	$ 1,091,997	$ 79,593	$ 9,684	$ 18,307	$ 1,199,581
Operating loss	(34,145)	(2,736)	(8)	(1,190)	(38,079)
Identifiable assets	788,860	55,378	2,056	1,347	847,641
Capital expenditures	33,794	1,427	54	2,354	37,629
Depreciation and amortization	24,785	3,980	249	919	29,933

Classes of similar products/services:	2020	2019
	(In thousands)	
Net Sales:		
Green Giant *	$ 122,764	$ 71,161
Canned vegetables	877,391	815,780
Frozen	104,980	113,115
Fruit	97,393	91,941
Prepared foods	105,044	79,593
Snack	11,475	9,684
Other	16,722	18,307
Total	$ 1,335,769	$ 1,199,581

* Green Giant includes canned and frozen vegetables exclusively for B&G Foods.

Notes to Consolidated Financial Statements

15. Legal Proceedings and Other Contingencies

In the ordinary course of its business, the Company is made a party to certain legal proceedings seeking monetary damages, including proceedings involving product liability claims, workers' compensation along with other employee claims, tort and other general liability claims, for which it carries insurance, as well as patent infringement and related litigation. The Company is in a highly regulated industry and is also periodically involved in government actions for regulatory violations and other matters surrounding the manufacturing of its products, including, but not limited to, environmental, employee, and product safety issues. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company does not believe that an adverse decision in any of these legal proceedings would have a material adverse impact on its financial position, results of operations, or cash flows.

16. Plant Restructuring

During 2020, the Company recorded a restructuring charge of $7.0 million related to the closing of plants in the Midwest and Northwest of which 5.3 million was for accelerated amortization of right-of-use operating lease assets, $2.4 million was mostly related to equipment moves and $1.2 million was related to severance. The Company also recorded a credit of $1.9 million for the reduced lease liability of previously impaired leases.

During 2019, the Company recorded a restructuring charge of $11.7 million. Of this amount, $2.3 relates to the partial closure of a plant in the Midwest ($1.8 million is equipment moves and $0.5 is severance), $1.3 million related to the sale of a plant in the Northeast ($0.8 million is equipment moves and $0.5 million is severance), and $0.3 million for the partial sale of a plant in the Northwest ($0.2 million is severance, $0.1 million is mostly equipment moves). In addition, the company recorded a charge for an impairment of long-term assets of $7.8 million.

These charges are included under Plant Restructuring in the Consolidated Statements of Net Earnings. Severance Payable and Other Costs Payable are included in Other Accrued Expenses on the Consolidated Balance Sheets.

The following table summarizes the severance and other cost recorded and the accruals established during 2019 and 2020:

	Severance Payable	Other Cost Payable	Total
Balance March 31, 2018	$ -	$ -	$ -
Charge to expense	1,508	10,149	11,657
Cash payments/write offs	(1,283)	(10,148)	(11,431)
Balance March 31, 2019	225	1	226
Charge to expense	1,229	5,817	7,046
Cash payments/write offs	(1,252)	(5,818)	(7,070)
Balance March 31, 2020	$ 202	$ -	$ 202

Notes to Consolidated Financial Statements

17. Related Party Transactions

A small percentage (less than 1% in fiscal 2020 and 2019) of vegetables supplied to the Company's New York packaging plants are grown by a director of Seneca Foods Corporation, which supplied the Company approximately $2.3 million and $2.4 million, pursuant to a raw vegetable grower contract in fiscal 2020 and 2019, respectively. The Chairman of the Audit Committee reviewed the relationship and determined that the contract was negotiated at arm's length and on no more favorable terms than to other growers in the marketplace.

During the years ended March 31, 2020 and 2019, the Company made charitable contributions to a related party foundation in the amount of approximately $0.3 million and $0.3 million, respectively. The Foundation is a nonprofit entity that supports charitable activities by making grants to unrelated organizations or institutions. This Foundation is managed by current employees of the Company.

18. Subsequent Event

Subsequent to 2020 year end, the Company entered into an Amended and Restated Loan and Guaranty Agreement with Farm Credit East. This agreement continues the $100.0 million unsecured term loan and extends the maturity date to June 2025. The loan will bear a fixed interest rate of 3.3012%. This agreement also contains certain covenants, including minimum EBITDA and minimum tangible net worth.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Seneca Foods Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Seneca Foods Corporation (the "Company") as of March 31, 2020 and the related statements of consolidated net earnings, comprehensive income (loss), stockholders' equity, and cash flows for the year ended March 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020 and the results of its operations and its cash flows for the year ended March 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited the Company's internal control over financial reporting as of March 31, 2020, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), based on criteria established in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our report dated July 2, 2020 expresses an unqualified opinion.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for leases in 2020 due to the adoption of ASU No. 2016-02, Leases (Topic 842), as amended, effective April 1, 2019. The Company adopted the new lease standard using the optional transition method.

Basis for Opinion

The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Plante Moran, PC
We have served as the Company's auditor since 2020.

Southfield, Michigan
July 2, 2020

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Seneca Foods Corporation
Marion, New York

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Seneca Foods Corporation (the "Company") as of March 31, 2019, the related consolidated statement of earnings (loss), comprehensive income (loss), stockholders' equity, and cash flows for the year ended March 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2019, and the results of its operations and its cash flows for the year ended March 31, 2019**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO USA, LLP

Milwaukee, Wisconsin
June 13, 2019

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over the Company’s financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company’s internal control over financial reporting as of March 31, 2020. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Based on our assessment, management believes that, as of March 31, 2020, our internal control over financial reporting is effective based on those criteria.

The Company’s independent registered public accountant has issued its report on the effectiveness of the Company’s internal control over financial reporting. Their report appears on the next page.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

To the Stockholders and Board of Directors of Seneca Foods Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting as of March 31, 2020 of Seneca Foods Corporation (the “Company”), based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO framework”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2020 based on criteria established in the COSO framework.

We also have audited the accompanying consolidated balance sheet of the Company as of March 31, 2020, the related consolidated statements of net earnings, comprehensive income (loss), stockholders' equity, and cash flows for the year ended March 31, 2020, and the related notes (collectively referred to as the “financial statements”), in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our report dated July 2, 2020, expresses an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Item 9A, Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Plante Moran, PC

We have served as the Company’s auditor since 2020.

Southfield, Michigan

July 2, 2020

Corporate Information

The Company's common stock is traded on The NASDAQ Global Stock Market. The 7.4 million Class A outstanding shares and 1.7 million Class B outstanding shares are owned by 169 and 185 shareholders of record, as of March 31, 2020 and 2019, respectively. The high and low closing prices of the Company's common stock during each quarter of the past two years are shown below:

Class A:	2020		2019	
Quarter	High	Low	High	Low
First	$ 27.83	$ 21.97	$ 30.05	$ 26.45
Second	32.85	24.48	33.98	25.45
Third	41.62	30.17	35.90	26.84
Fourth	41.88	25.04	31.34	23.71

Class B:	2020		2019	
Quarter	High	Low	High	Low
First	$ 28.60	$ 24.08	$ 32.55	$ 27.45
Second	32.65	24.71	31.90	27.00
Third	41.00	31.34	35.37	28.00
Fourth	41.00	27.53	30.67	25.67

As of March 31, 2020, the most restrictive credit agreement limitation on the Company's payment of dividends, to holders of Class A or Class B Common Stock is an annual total limitation of $50,000, reduced by aggregate annual dividend payments totaling $23,000 that the Company presently pays on two outstanding classes of preferred stock. Payment of dividends to common stockholders is made at the discretion of the Company's Board of Directors and depends, among other factors, on earnings; capital requirements; and the operating and financial condition of the Company. The Company has not declared or paid a common dividend in many years.

Exhibit 21

LIST OF SUBSIDIARIES

The following is a listing of significant subsidiaries 100% owned by Seneca Foods Corporation, directly or indirectly:

Name	State
Cannacan Inc.	Delaware
Dundee Insurance Company, Inc.	Utah
Gray & Company	Oregon
Gray Glace Products Company	Oregon
Green Valley Foods LLC	Delaware
Marion Foods, Inc.	New York
Portland Food Products Company	Oregon
Seneca Foods, LLC	Delaware
Seneca Snack Company	Washington
Truitt Bros., Inc.	Oregon

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements (No. 333-12365, 333-145916 and 333-166846) on Form S-8 of Seneca Foods Corporation with respect to our reports dated July 2, 2020, relating to the financial statements and the effectiveness of Seneca Foods Corporation's internal control over financial reporting, which appear in the Annual Report to Shareholders which is incorporated by reference in this Annual Report on From 10-K. We also consent to the incorporation by reference of our report dated July 2, 2020 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ Plante Moran, PC

July 2, 2020
Southfield, Michigan

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

Seneca Foods Corporation
3736 South Main Street
Marion, New York 14505

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-12365, 333-145916 and 333-166846) of Seneca Foods Corporation of our report dated June 13, 2019, relating to the consolidated financial statements, which appear in the Annual Report to Shareholders, which is incorporated by reference in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated June 13, 2019 relating to the financial statement schedule, which appears in this Form 10-K.

BDO USA, LLP
Milwaukee, Wisconsin

July 2, 2020

EXHIBIT 31.1

CERTIFICATION

I, Kraig H. Kayser, certify that:

1. I have reviewed this annual report on Form 10-K 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: July 2, 2020

By: /s/ Kraig H. Kayser
Kraig H. Kayser
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Timothy J. Benjamin, certify that:

1. I have reviewed this annual report on Form 10-K 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: July 2, 2020

By: /s/ Timothy J. Benjamin
Timothy J. Benjamin
Senior Vice President, Chief Financial Officer
and Treasurer

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 Annual Report of Seneca Foods Corporation (the "Registrant") on Form 10-K for the period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Kraig H. Kayser, President, 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.

By: /s/Kraig H. Kayser
Kraig H. Kayser
President and Chief Executive Officer
July 2, 2020

By: /s/Timothy J. Benjamin
Senior Vice President, Chief Financial Officer
and Treasurer
July 2, 2020