UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended December 31, 2024

or

☐ **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 000-04065

Lancaster Colony Corporation

(Exact name of registrant as specified in its charter)

Ohio	**13-1955943**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
380 Polaris Parkway Suite 400	
Westerville Ohio	**43082**
(Address of principal executive offices)	**(Zip Code)**

(614) 224-7141
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, without par value	LANC	NASDAQ Global Select Market

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 ý 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ý 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	ý	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 by Rule 12b-2 of the Exchange Act). Yes ☐ No ý

As of January 10, 2025, there were approximately 27,572,000 shares of Common Stock, without par value, outstanding.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

Item 1. ***Condensed Consolidated Financial Statements***

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Amounts in thousands, except share data)	December 31, 2024	June 30, 2024
ASSETS		
Current Assets:		
Cash and equivalents	**$ 203,073**	$ 163,443
Receivables	**99,150**	95,560
Inventories:		
Raw materials	**45,059**	38,212
Finished goods	**122,111**	135,040
Total inventories	**167,170**	173,252
Other current assets	**11,579**	11,738
Total current assets	**480,972**	443,993
Property, Plant and Equipment:		
Property, plant and equipment-gross	**896,620**	877,526
Less accumulated depreciation	**418,077**	399,830
Property, plant and equipment-net	**478,543**	477,696
Other Assets:		
Goodwill	**208,371**	208,371
Operating lease right-of-use assets	**51,528**	55,128
Other noncurrent assets	**20,444**	21,743
Total	**$ 1,239,858**	$ 1,206,931
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	**$ 104,506**	$ 118,811
Accrued liabilities	**62,744**	65,158
Total current liabilities	**167,250**	183,969
Noncurrent Operating Lease Liabilities	**41,528**	44,557
Other Noncurrent Liabilities	**13,807**	15,357
Deferred Income Taxes	**37,407**	37,276
Commitments and Contingencies		
Shareholders' Equity:		
Preferred stock-authorized 3,050,000 shares; outstanding-none		
Common stock-authorized 75,000,000 shares; outstanding-December-27,571,897 shares; June-27,527,090 shares	**156,934**	153,616
Retained earnings	**1,607,211**	1,564,642
Accumulated other comprehensive income (loss)	**1,010**	(8,640)
Common stock in treasury, at cost	**(785,289)**	(783,846)
Total shareholders' equity	**979,866**	925,772
Total	**$ 1,239,858**	$ 1,206,931

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(Amounts in thousands, except per share data)	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Six Months Ended December 31, 2024	Six Months Ended December 31, 2023
Net Sales	**$ 509,301**	$ 485,916	**$ 975,859**	$ 947,488
Cost of Sales	**376,533**	364,448	**732,267**	717,298
Gross Profit	**132,768**	121,468	**243,592**	230,190
Selling, General and Administrative Expenses	**57,107**	55,714	**112,067**	107,661
Operating Income	**75,661**	65,754	**131,525**	122,529
Pension Settlement Charge	**(13,968)**	—	**(13,968)**	—
Other, Net	**1,541**	1,425	**3,560**	2,282
Income Before Income Taxes	**63,234**	67,179	**121,117**	124,811
Taxes Based on Income	**14,241**	15,695	**27,423**	29,376
Net Income	**$ 48,993**	$ 51,484	**$ 93,694**	$ 95,435
Net Income Per Common Share:				
Basic and Diluted	**$ 1.78**	$ 1.87	**$ 3.40**	$ 3.47
Weighted Average Common Shares Outstanding:				
Basic	**27,480**	27,425	**27,468**	27,437
Diluted	**27,495**	27,440	**27,487**	27,457

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended December 31,		Six Months Ended December 31,	
(Amounts in thousands)	**2024**	2023	**2024**	2023
Net Income	**$ 48,993**	$ 51,484	**$ 93,694**	$ 95,435
Other Comprehensive Income:				
Defined Benefit Pension and Postretirement Benefit Plans:				
Net loss arising during the period, before tax	**(1,549)**	—	**(1,549)**	—
Pension settlement charge, before tax	**13,968**	—	**13,968**	—
Amortization of loss, before tax	**133**	143	**265**	287
Amortization of prior service credit, before tax	**(46)**	(45)	**(91)**	(90)
Total Other Comprehensive Income, Before Tax	**12,506**	98	**12,593**	197
Tax Attributes of Items in Other Comprehensive Income:				
Net loss arising during the period, tax	**362**	—	**362**	—
Pension settlement charge, tax	**(3,264)**	—	**(3,264)**	—
Amortization of loss, tax	**(32)**	(33)	**(62)**	(67)
Amortization of prior service credit, tax	**11**	10	**21**	21
Total Tax Expense	**(2,923)**	(23)	**(2,943)**	(46)
Other Comprehensive Income, Net of Tax	**9,583**	75	**9,650**	151
Comprehensive Income	**$ 58,576**	$ 51,559	**$ 103,344**	$ 95,586

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)	Six Months Ended December 31, 2024	Six Months Ended December 31, 2023
Cash Flows From Operating Activities:		
Net income	**$ 93,694**	$ 95,435
Adjustments to reconcile net income to net cash provided by operating activities:		
Impacts of noncash items:		
Depreciation and amortization	**29,406**	27,525
Deferred income taxes and other changes	**(1,144)**	2,272
Stock-based compensation expense	**4,915**	5,423
Pension plan activity	**14,253**	96
Changes in operating assets and liabilities:		
Receivables	**(3,590)**	14,779
Inventories	**6,082**	73
Other current assets	**159**	(413)
Accounts payable and accrued liabilities	**(16,265)**	(3,667)
Net cash provided by operating activities	**127,510**	141,523
Cash Flows From Investing Activities:		
Payments for property additions	**(28,660)**	(37,136)
Other-net	**(4,045)**	(3,080)
Net cash used in investing activities	**(32,705)**	(40,216)
Cash Flows From Financing Activities:		
Payment of dividends	**(51,125)**	(48,255)
Purchase of treasury stock	**(1,443)**	(6,692)
Tax withholdings for stock-based compensation	**(1,597)**	(3)
Principal payments for finance leases	**(1,010)**	(982)
Net cash used in financing activities	**(55,175)**	(55,932)
Net change in cash and equivalents	**39,630**	45,375
Cash and equivalents at beginning of year	**163,443**	88,473
Cash and equivalents at end of period	**$ 203,073**	$ 133,848
Supplemental Disclosure of Operating Cash Flows:		
Net cash payments for income taxes	**$ 20,913**	$ 14,278

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(Amounts in thousands, except per share data)	Six Months Ended December 31, 2024					
	Common Stock Outstanding		Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Shareholders' Equity
	Shares	Amount				
Balance, June 30, 2024	27,527	$ 153,616	$ 1,564,642	$ (8,640)	$ (783,846)	$ 925,772
Net income			**44,701**			**44,701**
Net pension and postretirement benefit gains, net of $20 tax effect				**67**		**67**
Cash dividends - common stock ($ 0.90 per share)			**(24,866)**			**(24,866)**
Purchase of treasury stock	**(7)**				**(1,440)**	**(1,440)**
Stock-based plans	**46**	**(1,551)**				**(1,551)**
Stock-based compensation expense		**2,369**				**2,369**
Balance, September 30, 2024	**27,566**	**$ 154,434**	**$ 1,584,477**	**$ (8,573)**	**$ (785,286)**	**$ 945,052**
Net income			**48,993**			**48,993**
Pension settlement charge, net of $ 3,264 tax effect				**10,704**		**10,704**
Other net pension and postretirement benefit losses, net of $(341) tax effect				**(1,121)**		**(1,121)**
Cash dividends - common stock ($ 0.95 per share)			**(26,259)**			**(26,259)**
Purchase of treasury stock	**—**				**(3)**	**(3)**
Stock-based plans	**6**	**(46)**				**(46)**
Stock-based compensation expense		**2,546**				**2,546**
Balance, December 31, 2024	**27,572**	**$ 156,934**	**$ 1,607,211**	**$ 1,010**	**$ (785,289)**	**$ 979,866**

See accompanying notes to condensed consolidated financial statements.

LANCASTER COLONY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (continued)
(UNAUDITED)

(Amounts in thousands, except per share data)	Six Months Ended December 31, 2023					
	Common Stock Outstanding		Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Shareholders' Equity
	Shares	Amount				
Balance, June 30, 2023	27,528	$ 143,870	$ 1,503,963	$ (9,365)	$ (776,201)	$ 862,267
Net income			43,951			43,951
Net pension and postretirement benefit gains, net of $23 tax effect				76		76
Cash dividends - common stock ($0.85 per share)			(23,445)			(23,445)
Purchase of treasury stock	(40)				(6,650)	(6,650)
Stock-based plans	29	—				—
Stock-based compensation expense		2,569				2,569
Balance, September 30, 2023	27,517	$ 146,439	$ 1,524,469	$ (9,289)	$ (782,851)	$ 878,768
Net income			51,484			51,484
Net pension and postretirement benefit gains, net of $23 tax effect				75		75
Cash dividends - common stock ($0.90 per share)			(24,810)			(24,810)
Purchase of treasury stock	—				(42)	(42)
Stock-based plans	4	(3)				(3)
Stock-based compensation expense		2,854				2,854
Balance, December 31, 2023	27,521	$ 149,290	$ 1,551,143	$ (9,214)	$ (782,893)	$ 908,326

See accompanying notes to condensed consolidated financial statements.

(Tabular amounts in thousands, except per share data)

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Lancaster Colony Corporation and our wholly-owned subsidiaries, collectively referred to as “we,” “us,” “our,” “registrant” or the “Company” and have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and SEC Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In our opinion, the interim condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of the results of operations and financial position for such periods. All such adjustments reflected in the interim condensed consolidated financial statements are considered to be of a normal recurring nature. Intercompany transactions and accounts have been eliminated in consolidation. The results of operations for any interim period are not necessarily indicative of results for the full year. Accordingly, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in our 2024 Annual Report on Form 10-K. Unless otherwise noted, the term “year” and references to a particular year pertain to our fiscal year, which begins on July 1 and ends on June 30; for example, 2025 refers to fiscal 2025, which is the period from July 1, 2024 to June 30, 2025.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, except for those acquired as part of a business combination, which are recorded at fair value at the time of purchase. We use the straight-line method of computing depreciation for financial reporting purposes based on the estimated useful lives of the corresponding assets. Purchases of property, plant and equipment included in Accounts Payable and excluded from the property additions and the change in accounts payable in the Condensed Consolidated Statements of Cash Flows were as follows:

	December 31,	
	2024	2023
Construction in progress in Accounts Payable	**$ 5,902**	$ 6,408

Accrued Compensation and Employee Benefits

Accrued compensation and employee benefits included in Accrued Liabilities was $ 22.5 million and $31.6 million at December 31, 2024 and June 30, 2024, respectively.

Earnings Per Share

Earnings per share (“EPS”) is computed based on the weighted average number of shares of common stock and common stock equivalents (restricted stock, stock-settled stock appreciation rights and performance units) outstanding during each period. Unvested shares of restricted stock granted to employees are considered participating securities since employees receive nonforfeitable dividends prior to vesting and, therefore, are included in the earnings allocation in computing EPS under the two-class method. Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted EPS is computed by dividing income available to common shareholders by the diluted weighted average number of common shares outstanding during the period, which includes the dilutive potential common shares associated with nonparticipating restricted stock, stock-settled stock appreciation rights and performance units.

(Tabular amounts in thousands, except per share data)

Basic and diluted net income per common share were calculated as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	**2024**	2023
Net income	**$ 48,993**	$ 51,484	**$ 93,694**	$ 95,435
Net income available to participating securities	**(136)**	(157)	**(260)**	(292)
Net income available to common shareholders	**$ 48,857**	$ 51,327	**$ 93,434**	$ 95,143
Weighted average common shares outstanding – basic	**27,480**	27,425	**27,468**	27,437
Incremental share effect from:				
Nonparticipating restricted stock	**3**	3	**4**	3
Stock-settled stock appreciation rights [(1)]	**2**	7	**3**	9
Performance units	**10**	5	**12**	8
Weighted average common shares outstanding – diluted	**27,495**	27,440	**27,487**	27,457
Net income per common share – basic and diluted	**$ 1.78**	$ 1.87	**$ 3.40**	$ 3.47

(1) Excludes the impact of 0.1 million weighted average stock-settled stock appreciation rights outstanding for the three and six months ended December 31, 2023 because their effect was antidilutive.

Accumulated Other Comprehensive Income (Loss)

The following table presents the amounts reclassified out of accumulated other comprehensive income (loss) by component:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	**2024**	2023
Accumulated other comprehensive loss at beginning of period	**$ (8,573)**	$ (9,289)	**$ (8,640)**	$ (9,365)
Defined Benefit Pension Plan Items:				
Net loss arising during the period	**(1,549)**	—	**(1,549)**	—
Settlement charge [(1)]	**13,968**	—	**13,968**	—
Amortization of unrecognized net loss [(1)]	**147**	158	**294**	317
Postretirement Benefit Plan Items:				
Amortization of unrecognized net gain	**(14)**	(15)	**(29)**	(30)
Amortization of prior service credit	**(46)**	(45)	**(91)**	(90)
Total other comprehensive income, before tax	**12,506**	98	**12,593**	197
Total tax expense	**(2,923)**	(23)	**(2,943)**	(46)
Other comprehensive income, net of tax	**9,583**	75	**9,650**	151
Accumulated other comprehensive income (loss) at end of period	**$ 1,010**	$ (9,214)	**$ 1,010**	$ (9,214)

(1) Included in the computation of net periodic benefit cost for our pension plans. See Note 8 for additional information.

Significant Accounting Policies

There were no changes to our Significant Accounting Policies from those disclosed in our 2024 Annual Report on Form 10-K.

Recent Accounting Standards

In November 2023, the Financial Accounting Standards Board ("FASB") issued new accounting guidance related to the disclosure requirements for reportable segments. The new guidance requires enhanced disclosures about significant segment expenses. Additionally, all current annual disclosures about a reportable segment's profit or loss and assets will also be required in interim periods. The new guidance also requires disclosure of the title and position of the Chief Operating Decision Maker ("CODM") and explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The amendments should be applied retrospectively to all prior periods presented in the financial statements. This guidance will be effective for our annual disclosures in fiscal 2025 and for our interim-period disclosures in fiscal 2026. As the guidance only relates to disclosures, there will be no impact on our financial position or results of operations.

In December 2023, the FASB issued new accounting guidance related to the disclosure requirements for income taxes. The new guidance requires annual disclosures in the rate reconciliation table to be presented using both percentages and reporting currency amounts, and this table must include disclosure of specific categories. Additional information will also be required for reconciling items that meet a quantitative threshold. The new guidance also requires enhanced disclosures of income taxes paid, including the amount of income taxes paid disaggregated by federal, state and foreign taxes and the amount of income taxes paid disaggregated by individual jurisdictions that exceed a quantitative threshold. The amendments should be applied on a prospective basis, but retrospective application is permitted. This guidance will be effective for our annual disclosures in fiscal 2026. As the guidance only relates to disclosures, there will be no impact on our financial position or results of operations.

In November 2024, the FASB issued new accounting guidance requiring disclosure of disaggregated income statement expenses. For each relevant expense caption presented on the face of the income statement, the following expense components must be presented in a tabular format within the notes to the financial statements at each interim and annual reporting period: purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion expense. Certain amounts already required to be disclosed under current GAAP requirements must also be presented in the same disclosure as the new disaggregation requirements. The new guidance also requires disclosure of a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively. Additionally, the total amount of selling expenses must be disclosed, and, in annual reporting periods, our definition of selling expenses must also be provided. The amendments should be applied either prospectively to financial statements issued for reporting periods after the effective date or retrospectively to any or all prior periods presented in the financial statements. This guidance will be effective for our annual disclosures in fiscal 2028 and for our interim-period disclosures in fiscal 2029. As the guidance only relates to disclosures, there will be no impact on our financial position or results of operations.

Note 2 – Long-Term Debt

At December 31, 2024 and June 30, 2024, we had an unsecured credit facility ("Facility") under which we could borrow, on a revolving credit basis, up to a maximum of $150 million at any one time, with potential to expand the total credit availability to $ 225 million based on consent of the issuing banks and certain other conditions. The Facility expires on March 6, 2029, and all outstanding amounts are then due and payable. Interest is variable based upon formulas tied to SOFR or an alternate base rate defined in the Facility. We must also pay facility fees that are tied to our then-applicable consolidated leverage ratio. Loans may be used for general corporate purposes. Due to the nature of its terms, when we have outstanding borrowings under the Facility, they will be classified as long-term debt.

The Facility contains certain restrictive covenants, including limitations on liens, asset sales and acquisitions. There are two principal financial covenants: an interest expense test that requires us to maintain an interest coverage ratio not less than 2.5 to 1 at the end of each fiscal quarter; and an indebtedness test that requires us to maintain a consolidated leverage ratio not greater than 3.5 to 1, subject to certain exceptions. The interest coverage ratio is calculated by dividing Consolidated EBIT by Consolidated Interest Expense, and the leverage ratio is calculated by dividing Consolidated Net Debt by Consolidated EBITDA. All financial terms used in the covenant calculations are defined more specifically in the Facility.

At December 31, 2024 and June 30, 2024, we had no borrowings outstanding under the Facility. At December 31, 2024 and June 30, 2024, we had $2.6 million and $2.2 million, respectively, of standby letters of credit outstanding, which reduced the amount available for borrowing under the Facility. We paid no interest for the three and six months ended December 31, 2024 and 2023.

Note 3 – Commitments and Contingencies

At December 31, 2024, we were a party to various claims and litigation matters arising in the ordinary course of business. Such matters did not have a material effect on the current-year results of operations and, in our opinion, their ultimate disposition is not expected to have a material effect on our consolidated financial statements.

On November 18, 2024, we entered into a purchase agreement to acquire a sauce and dressing production facility and related real estate in the Atlanta, Georgia area along with certain equipment and assets contained in the facility for a purchase price of $75 million in cash, subject to closing adjustments. The transaction is expected to close during our fiscal third quarter ending March 31, 2025.

Note 4 – Goodwill

Goodwill attributable to the Retail and Foodservice segments was $ 157.4 million and $51.0 million, respectively, at December 31, 2024 and June 30, 2024.

Note 5 – Income Taxes

Accrued federal income taxes of $ 7.9 million were included in Accrued Liabilities at December 31, 2024. Prepaid federal income taxes of $ 0.8 million were included in Other Current Assets at June 30, 2024. Accrued state and local income taxes of $1.0 million and $0.3 million were included in Accrued Liabilities at December 31, 2024 and June 30, 2024, respectively.

Note 6 – Business Segment Information

Our financial results are presented as two reportable segments: Retail and Foodservice. Costs that are directly attributable to either Retail or Foodservice are charged directly to the appropriate segment. Costs that are deemed to be indirect, excluding corporate expenses and other unusual significant transactions, are allocated to the two reportable segments using a reasonable methodology that is consistently applied.

Retail - The vast majority of the products we sell in the Retail segment are sold through sales personnel, food brokers and distributors in the United States. We have products typically marketed in the shelf-stable section of the grocery store, which include licensed sauces and dressings, along with our own branded salad dressings and croutons. Within the frozen food section of the grocery store, we sell yeast rolls and garlic breads. We also have placement of products in grocery produce departments through our refrigerated salad dressings, licensed dressings, vegetable dips and fruit dips.

Foodservice - The vast majority of the products we sell in the Foodservice segment are sold through sales personnel, food brokers and distributors in the United States. Most of the products we sell in the Foodservice segment are custom-formulated sauces, salad dressings, frozen breads and yeast rolls. The majority of our Foodservice sales are products sold under private label to national chain restaurant accounts. We also manufacture and sell various branded Foodservice products to distributors.

As many of our products are similar between our two segments, our procurement, manufacturing, warehousing and distribution activities are substantially integrated across our operations in order to maximize efficiency and productivity. Consequently, we do not prepare, and our Chief Operating Decision Maker does not review, separate balance sheets for the reportable segments. As such, our external reporting does not include the presentation of identifiable assets by reportable segment. The composition of our identifiable assets at December 31, 2024 is generally consistent with that of June 30, 2024.

(Tabular amounts in thousands, except per share data)

We evaluate our Retail and Foodservice segments based on net sales and operating income which follow:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	**2024**	2023
Net Sales				
Retail	**$ 280,752**	$ 263,992	**$ 520,323**	$ 506,176
Foodservice	**228,549**	221,924	**455,536**	441,312
Total	**$ 509,301**	$ 485,916	**$ 975,859**	$ 947,488
Operating Income				
Retail	**$ 69,037**	$ 59,521	**$ 125,212**	$ 112,645
Foodservice	**30,324**	27,145	**54,633**	53,778
Corporate Expenses	**(23,700)**	(20,912)	**(48,320)**	(43,894)
Total	**$ 75,661**	$ 65,754	**$ 131,525**	$ 122,529

The following table sets forth net sales disaggregated by class of similar products for the Retail and Foodservice segments:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	**2024**	2023
Retail				
Shelf-stable dressings, sauces and croutons	**$ 103,584**	$ 95,168	**$ 204,609**	$ 193,749
Frozen breads	**129,262**	121,696	**213,161**	201,326
Refrigerated dressings, dips and other	**47,906**	47,128	**102,553**	111,101
Total Retail net sales	**$ 280,752**	$ 263,992	**$ 520,323**	$ 506,176
Foodservice				
Dressings and sauces	**$ 167,598**	$ 162,730	**$ 337,937**	$ 328,001
Frozen breads and other	**60,951**	59,194	**117,599**	113,311
Total Foodservice net sales	**$ 228,549**	$ 221,924	**$ 455,536**	$ 441,312
Total net sales	**$ 509,301**	$ 485,916	**$ 975,859**	$ 947,488

The following table provides an additional disaggregation of Foodservice net sales by type of customer:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	**2024**	2023
Foodservice				
National accounts	**$ 175,785**	$ 170,884	**$ 351,732**	$ 342,470
Branded and other	**52,764**	51,040	**103,804**	98,842
Total Foodservice net sales	**$ 228,549**	$ 221,924	**$ 455,536**	$ 441,312

Note 7 – Stock-Based Compensation

There have been no changes to our stock-based compensation plan as disclosed in our 2024 Annual Report on Form 10-K.

Our restricted stock compensation expense was $1.4 million and $1.5 million for the three months ended December 31, 2024 and 2023, respectively. Year-to-date restricted stock compensation expense was $2.8 million for the current-year period compared to $2.7 million for the prior-year period. At December 31, 2024, there was $9.3 million of unrecognized compensation expense related to restricted stock that we will recognize over a weighted-average period of 2 years.

Our performance units compensation expense was $1.1 million and $1.0 million for the three months ended December 31, 2024 and 2023, respectively. Year-to-date performance units compensation expense was $2.1 million for both the current-year and prior-year periods. At December 31, 2024, there was $6.9 million of unrecognized compensation expense related to performance units that we will recognize over a weighted-average period of 2 years.

(Tabular amounts in thousands, except per share data)

Our stock-settled stock appreciation rights ("SSSARs") compensation expense was $ 0.3 million for the three months ended December 31, 2023. Year-to-date SSSARs compensation expense was $0.6 million for the prior-year period. At December 31, 2024, there was no unrecognized compensation expense related to SSSARs.

Note 8 – Pension Benefits

Prior to November 30, 2024, we sponsored multiple defined benefit pension plans that covered certain former employees under collective bargaining contracts related to closed or sold operations. All these plans were previously frozen. In August 2024, our Board of Directors approved the merger of all five pension plans and the termination of the resulting merged plan. The merged plan was terminated effective November 30, 2024. Lump sum distributions and annuity purchases from a highly rated insurance company were completed in December 2024. No additional pension plan contributions were required. As a result of the pension termination, we incurred a one-time noncash settlement charge of $14.0 million for the three and six months ended December 31, 2024.

The following table summarizes the components of net periodic benefit cost for our pension plans:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2024	2023	**2024**	2023
Components of net periodic benefit cost				
Interest cost	**$ 330**	$ 346	**$ 659**	$ 691
Expected return on plan assets	**(334)**	(344)	**(668)**	(688)
Amortization of unrecognized net loss	**147**	158	**294**	317
Settlement charge	**13,968**	—	**13,968**	—
Net periodic benefit cost	**$ 14,111**	$ 160	**$ 14,253**	$ 320

The pension settlement charge is separately presented in the Condensed Consolidated Statements of Income. The other components of net periodic benefit cost are included in Other, Net.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Our fiscal year begins on July 1 and ends on June 30. Unless otherwise noted, references to "year" pertain to our fiscal year; for example, 2025 refers to fiscal 2025, which is the period from July 1, 2024 to June 30, 2025.

The following discussion should be read in conjunction with our condensed consolidated financial statements and the notes thereto, all included elsewhere in this report, and our 2024 Annual Report on Form 10-K. The forward-looking statements in this section and other parts of this report involve risks, uncertainties and other factors, including statements regarding our plans, objectives, goals, strategies, and financial performance. Our actual results could differ materially from the results anticipated in these forward-looking statements due to these factors. For more information, see the section below entitled "Forward-Looking Statements."

OVERVIEW

Business Overview

Lancaster Colony Corporation is a manufacturer and marketer of specialty food products for the retail and foodservice channels.

Our financial results are presented as two reportable segments: Retail and Foodservice. Costs that are directly attributable to either Retail or Foodservice are charged directly to the appropriate segment. Costs that are deemed to be indirect, excluding corporate expenses and other unusual significant transactions, are allocated to the two reportable segments using a reasonable methodology that is consistently applied.

Over 95% of our products are sold in the United States. Foreign operations and export sales have not been significant in the past and are not expected to be significant in the future based upon existing operations. We do not have any fixed assets located outside of the United States.

Our business has the potential to achieve future growth in sales and profitability due to attributes such as:

- leading Retail market positions in several product categories with a high-quality perception;
- recognized innovation in Retail products;
- a broad customer base in both Retail and Foodservice accounts;
- well-regarded culinary expertise among Foodservice customers;
- long-standing Foodservice customer relationships that help to support strategic licensing opportunities in Retail;
- demonstrated success with strategic licensing programs in Retail through both new and established relationships in the foodservice industry;
- recognized leadership in Foodservice product development;
- experience in integrating complementary business acquisitions; and
- historically strong cash flow generation that supports growth opportunities.

Our goal is to grow both Retail and Foodservice segment sales over time by:

- introducing new products and expanding distribution;
- leveraging the strength of our Retail brands to increase current product sales;
- expanding Retail growth through strategic licensing agreements;
- continuing to rely upon the strength of our reputation in Foodservice product development and quality; and
- acquiring complementary businesses.

With respect to long-term growth, we continually evaluate the future opportunities and needs for our business specific to our plant infrastructure, IT platforms and other initiatives to support and strengthen our operations. Recent examples of resulting investments include:

- a significant capacity expansion project for our Marzetti dressing and sauce facility in Horse Cave, Kentucky that reached substantial completion in March 2023; and
- our enterprise resource planning system ("ERP") project and related initiatives, Project Ascent, that reached completion of the implementation phase in August 2023.

Project Ascent entailed the replacement of our primary customer and manufacturing transactional systems, warehousing systems, and financial systems with an integrated SAP S/4HANA system. Implementation of this system began in July 2022 and continued throughout fiscal 2023. Customer fulfillment levels remained strong before and after the initial system cutover with no unplanned disruptions in receiving orders, producing products or shipping orders. During fiscal 2023, we progressed through our ERP implementation with no major disruptions. We completed the final wave of the implementation phase in August 2023 as planned and have shifted our focus towards leveraging the capabilities of our new ERP system.

RESULTS OF CONSOLIDATED OPERATIONS

(Dollars in thousands, except per share data)	Three Months Ended December 31, 2024	2023	Change		Six Months Ended December 31, 2024	2023	Change	
Net Sales	**$ 509,301**	$ 485,916	**$ 23,385**	**4.8 %**	**$ 975,859**	$ 947,488	**$ 28,371**	**3.0 %**
Cost of Sales	**376,533**	364,448	**12,085**	**3.3 %**	**732,267**	717,298	**14,969**	**2.1 %**
Gross Profit	**132,768**	121,468	**11,300**	**9.3 %**	**243,592**	230,190	**13,402**	**5.8 %**
Gross Margin	**26.1 %**	25.0 %			**25.0 %**	24.3 %		
Selling, General and Administrative Expenses	**57,107**	55,714	**1,393**	**2.5 %**	**112,067**	107,661	**4,406**	**4.1 %**
Operating Income	**75,661**	65,754	**9,907**	**15.1 %**	**131,525**	122,529	**8,996**	**7.3 %**
Operating Margin	**14.9 %**	13.5 %			**13.5 %**	12.9 %		
Pension Settlement Charge	**(13,968)**	—	**(13,968)**	**N/M**	**(13,968)**	—	**(13,968)**	**N/M**
Other, Net	**1,541**	1,425	**116**	**8.1 %**	**3,560**	2,282	**1,278**	**56.0 %**
Income Before Income Taxes	**63,234**	67,179	**(3,945)**	**(5.9)%**	**121,117**	124,811	**(3,694)**	**(3.0)%**
Taxes Based on Income	**14,241**	15,695	**(1,454)**	**(9.3)%**	**27,423**	29,376	**(1,953)**	**(6.6)%**
Effective Tax Rate	**22.5 %**	23.4 %			**22.6 %**	23.5 %		
Net Income	**$ 48,993**	$ 51,484	**$ (2,491)**	**(4.8)%**	**$ 93,694**	$ 95,435	**$ (1,741)**	**(1.8)%**
Diluted Net Income Per Common Share	**$ 1.78**	$ 1.87	**$ (0.09)**	**(4.8)%**	**$ 3.40**	$ 3.47	**$ (0.07)**	**(2.0)%**

Net Sales

Consolidated net sales for the three months ended December 31, 2024 increased 4.8% to a second quarter record $509.3 million versus $485.9 million last year, reflecting higher net sales for both the Retail and Foodservice segments driven primarily by volume gains. Year-over-year comparisons for the Retail segment were unfavorably impacted by prior-year sales attributed to the perimeter-of-the-store bakery product lines we exited in March 2024. Breaking down the 4.8% increase in consolidated net sales, higher core volumes and product mix contributed approximately 580 basis points, as partially offset by approximately 110 basis points attributed to the perimeter-of-the-store bakery product lines we exited. The remaining impact was net pricing. Consolidated sales volumes, measured in pounds shipped, increased 3.3% for the three months ended December 31, 2024. Excluding the impact of all sales attributed to the perimeter-of-the-store bakery product lines, consolidated sales volumes increased 3.8%.

Consolidated net sales for the six months ended December 31, 2024 increased 3.0% to $975.9 million versus $947.5 million last year, reflecting higher net sales for both the Retail and Foodservice segments driven primarily by volume gains. As noted above, year-over-year comparisons for the Retail segment were unfavorably impacted by prior-year sales attributed to the perimeter-of-the-store bakery product lines we exited in March 2024. Breaking down the 3.0% increase in consolidated net sales, higher core volumes and product mix contributed approximately 470 basis points, as partially offset by approximately 120 basis points attributed to the perimeter-of-the-store bakery product lines we exited. The remaining impact was net pricing, including a higher level of trade spending in Retail. Consolidated sales volumes, measured in pounds shipped, increased 2.7% for the six months ended December 31, 2024. Excluding the impact of all sales attributed to the perimeter-of-the-store bakery product lines, consolidated sales volumes increased 3.3%.

See discussion of net sales by segment following the discussion of “Earnings Per Share” below.

Gross Profit

Consolidated gross profit for the three months ended December 31, 2024 increased $11.3 million to a second quarter record $132.8 million driven by the higher sales volumes and more favorable sales mix, the positive impacts of our ongoing cost savings initiatives and some modest cost deflation.

Consolidated gross profit for the six months ended December 31, 2024 increased $13.4 million to $243.6 million driven by volume growth, the positive impacts of our cost savings programs and some modest cost deflation.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses for the three months ended December 31, 2024 increased 2.5% to $57.1 million compared to $55.7 million in the prior-year period. This increase reflects $1.6 million in incremental expenditures attributed to our planned acquisition of an Atlanta-based sauce and dressing production facility in addition to increased investments in personnel and IT, as partially offset by reduced brokerage costs and prior-year expenses for Project Ascent.

SG&A expenses for the six months ended December 31, 2024 increased 4.1% to $112.1 million compared to $107.7 million in the prior year. This increase reflects higher expenditures to support the continued growth of our business, including investments in personnel and IT, in addition to costs related to the planned Atlanta plant acquisition and higher legal costs, as partially offset by prior-year expenses for Project Ascent and reduced brokerage costs.

Expenses attributed to Project Ascent, our ERP initiative, were included within Corporate Expenses and classified separately through 2024. A portion of the costs classified as Project Ascent expenses represent ongoing costs that have continued subsequent to the completion of our ERP implementation in 2024. Beginning in 2025, these ongoing costs are no longer classified separately as Project Ascent expenses.

Operating Income

	Three Months Ended December 31,						Six Months Ended December 31,					
(Dollars in thousands)	**2024**		2023		**Change**		**2024**		2023		**Change**	
Operating Income - Excluding Acquisition Costs	**$**	**77,281**	$	65,754	**$ 11,527**	**17.5 %**	**$**	**133,145**	$	122,529	**$ 10,616**	**8.7 %**
SG&A Expenses - Acquisition Costs		**(1,620)**		—	**(1,620)**	**N/M**		**(1,620)**		—	**(1,620)**	**N/M**
Total Operating Income	**$**	**75,661**	$	65,754	**$ 9,907**	**15.1 %**	**$**	**131,525**	$	122,529	**$ 8,996**	**7.3 %**

Operating income increased $9.9 million to $75.7 million for the three months ended December 31, 2024 due to the increase in gross profit, as partially offset by the higher SG&A expenses. Costs related to the planned Atlanta plant acquisition totaled $1.6 million for the three months ended December 31, 2024.

Operating income increased $9.0 million to $131.5 million for the six months ended December 31, 2024 due to the increase in gross profit, as partially offset by the higher SG&A expenses. Costs related to the planned Atlanta plant acquisition totaled $1.6 million for the six months ended December 31, 2024.

See discussion of operating results by segment following the discussion of “Earnings Per Share” below.

Pension Settlement Charge

Prior to November 30, 2024, we sponsored multiple defined benefit pension plans that covered certain former employees under collective bargaining contracts related to closed or sold operations. All these plans were previously frozen. In August 2024, our Board of Directors approved the merger of all five pension plans and the termination of the resulting merged plan. The merged plan was terminated effective November 30, 2024. Lump sum distributions and annuity purchases from a highly rated insurance company were completed in December 2024. As a result of the pension termination, we incurred a one-time noncash settlement charge of $14.0 million for the three and six months ended December 31, 2024. See further discussion in Note 8 to the condensed consolidated financial statements.

Taxes Based on Income

Our effective tax rate was 22.6% and 23.5% for the six months ended December 31, 2024 and 2023, respectively. For the six months ended December 31, 2024 and 2023, our effective tax rate varied from the statutory federal income tax rate as a result of the following factors:

	Six Months Ended December 31,	
	2024	2023
Statutory rate	**21.0 %**	21.0 %
State and local income taxes	**1.4**	2.3
Net windfall tax benefits - stock-based compensation	**(0.1)**	—
Other	**0.3**	0.2
Effective rate	**22.6 %**	23.5 %

We include the tax consequences related to stock-based compensation within the computation of income tax expense. We may experience increased volatility to our income tax expense and resulting net income dependent upon, among other variables, the price of our common stock and the timing and volume of share-based payment award activity such as employee exercises of stock-settled stock appreciation rights, vesting of restricted stock awards and vesting of performance units. For the six months ended December 31, 2024 and 2023, the impact of net windfall tax benefits from stock-based compensation reduced our effective tax rate by 0.1% and less than 0.1%, respectively.

Earnings Per Share

As influenced by the factors discussed above, diluted net income per share for the second quarter of 2025 totaled $1.78, as compared to $1.87 per diluted share in the prior year. For the three months ended December 31, 2024, the pension settlement charge reduced diluted earnings per share by $0.39 and costs related to the planned Atlanta plant acquisition reduced diluted earnings per share by $0.05. For the three months ended December 31, 2023, expenditures for Project Ascent reduced diluted earnings per share by $0.06.

For the six months ended December 31, 2024, diluted net income per share totaled $3.40, as compared to $3.47 per diluted share in the prior year. For the six months ended December 31, 2024, the pension settlement charge reduced diluted earnings per share by $0.39 and costs related to the planned Atlanta plant acquisition reduced diluted earnings per share by $0.05. For the six months ended December 31, 2023, expenditures for Project Ascent reduced diluted earnings per share by $0.16.

Diluted weighted average common shares outstanding have remained relatively stable for the current and prior-year periods ended December 31.

RESULTS OF OPERATIONS - SEGMENTS

Retail Segment

	Three Months Ended December 31,		Change		Six Months Ended December 31,		Change	
(Dollars in thousands)	2024	2023			2024	2023		
Net Sales	**$ 280,752**	$ 263,992	**$ 16,760**	**6.3 %**	**$ 520,323**	$ 506,176	**$ 14,147**	**2.8 %**
Operating Income	**$ 69,037**	$ 59,521	**$ 9,516**	**16.0 %**	**$ 125,212**	$ 112,645	**$ 12,567**	**11.2 %**
Operating Margin	**24.6 %**	22.5 %			**24.1 %**	22.3 %		

For the three months ended December 31, 2024, Retail segment net sales increased 6.3% to $280.8 million from the prior-year total of $264.0 million. The increase in Retail segment net sales reflects higher sales volumes resulting from growth in both our licensing program and our own brands. Year-over-year comparisons for the Retail segment were unfavorably impacted by prior-year sales attributed to the perimeter-of-the-store bakery product lines we exited in March 2024. Excluding the perimeter-of-the-store bakery product lines we exited, Retail net sales increased 8.4%. Key contributors to the increase in Retail segment net sales included our licensing program, most notably our recently introduced Texas Roadhouse® dinner rolls, as well as Buffalo Wild Wings® sauces, Subway® sauces and Olive Garden® dressings. Our Marzetti® brand caramel dips and refrigerated dressings also helped drive the increase in Retail net sales. Retail segment sales volumes, measured in pounds shipped, increased 6.0%. Excluding the impact of all sales attributed to our perimeter-of-the-store bakery product lines, Retail sales volumes increased 7.4%.

For the six months ended December 31, 2024, Retail segment net sales increased 2.8% to $520.3 million compared to the prior-year total of $506.2 million. The increase in Retail segment net sales reflects higher sales volumes. Year-over-year comparisons for the Retail segment were unfavorably impacted by prior-year sales attributed to the perimeter-of-the-store bakery product lines we exited in March 2024. Excluding the perimeter-of-the-store bakery product lines we exited, Retail net sales increased 5.1%. Retail segment net sales growth was driven by our licensing program led by Texas Roadhouse® dinner rolls, Subway® sauces and Buffalo Wild Wings® sauces. Our Marzetti® brand caramel dips and refrigerated dressings, in addition to our recently introduced gluten-free New York BRAND® Bakery frozen garlic bread, also added to the growth in Retail net sales. Retail segment sales volumes, measured in pounds shipped, increased 3.3%. Excluding the impact of all sales attributed to our perimeter-of-the-store bakery product lines, Retail sales volumes increased 4.8%.

For the three months ended December 31, 2024, Retail segment operating income increased 16.0% to $69.0 million due to the higher sales volume and more favorable sales mix, our cost savings programs and some modest cost deflation.

For the six months ended December 31, 2024, Retail segment operating income increased 11.2% to $125.2 million due to the higher sales volume and more favorable sales mix, our cost savings programs and some modest cost deflation.

Foodservice Segment

	Three Months Ended December 31,		Change		Six Months Ended December 31,		Change	
(Dollars in thousands)	2024	2023			2024	2023		
Net Sales	**$ 228,549**	$ 221,924	**$ 6,625**	**3.0 %**	**$ 455,536**	$ 441,312	**$ 14,224**	**3.2 %**
Operating Income	**$ 30,324**	$ 27,145	**$ 3,179**	**11.7 %**	**$ 54,633**	$ 53,778	**$ 855**	**1.6 %**
Operating Margin	**13.3 %**	12.2 %			**12.0 %**	12.2 %		

For the three months ended December 31, 2024, Foodservice segment net sales grew 3.0% to $228.5 million compared to $221.9 million in the prior-year period driven by increased demand from several of our national chain restaurant account customers and growth for our Marzetti® branded Foodservice products. Foodservice segment sales volumes, measured in pounds shipped, increased 1.5%.

For the six months ended December 31, 2024, Foodservice segment net sales increased 3.2% to $455.5 million from the prior-year total of $441.3 million driven by increased demand from several of our national chain restaurant account customers and growth for our Marzetti® branded Foodservice products. Foodservice segment sales volumes, measured in pounds shipped, increased 2.3%.

For the three months ended December 31, 2024, Foodservice segment operating income increased 11.7% to $30.3 million driven by our cost savings programs, the beneficial impact of the higher sales volumes and some modest cost deflation, as partially offset by higher supply chain costs.

For the six months ended December 31, 2024, Foodservice segment operating income increased 1.6% to $54.6 million driven by the beneficial impact of the higher sales volumes and modest cost deflation, as partially offset by higher supply chain costs and investments in customer programs.

Corporate Expenses

For the three months ended December 31, 2024 and 2023, corporate expenses totaled $23.7 million and $20.9 million, respectively. This increase primarily reflects investments in personnel and costs related to the planned Atlanta plant acquisition.

For the six months ended December 31, 2024 and 2023, corporate expenses totaled $48.3 million and $43.9 million, respectively. This increase primarily reflects investments in personnel, costs related to the planned Atlanta plant acquisition and higher legal expenses.

LOOKING FORWARD

Looking forward to our fiscal third quarter and the remainder of our fiscal year, we project Retail sales will continue to benefit from our expanding licensing program and growth from investments in innovation for our own brands such as New York BRAND® Bakery. In the Foodservice segment, we anticipate continued volume growth from select customers in our mix of national chain restaurant accounts. With respect to our input costs, in aggregate we do not foresee significant impacts from commodity cost inflation or deflation.

We also look forward to completing the asset purchase transaction for the Atlanta-based sauce and dressing production facility during our fiscal third quarter as an important strategic addition to our manufacturing network. This facility will benefit our core sauce and dressing operations through improved operational efficiency, incremental capacity, and closer proximity to certain core customers while enhancing our manufacturing network from a business continuity standpoint.

We will continue to periodically reassess our allocation of capital to ensure that we maintain adequate operating flexibility while providing appropriate levels of cash returns to our shareholders.

FINANCIAL CONDITION

Cash Flows

For the six months ended December 31, 2024, net cash provided by operating activities totaled $127.5 million, as compared to $141.5 million in the prior-year period. This decrease was primarily due to the year-over-year changes in net working capital, particularly accounts receivable and accounts payable, as partially offset by inventories. The accounts receivable impact related to a large decline in the prior-year period due to the timing of sales and customer payments. The current-year period reflected the unfavorable cash flow impact of lower accounts payable as impacted by the timing of payments. These fluctuations were partially offset by the favorable cash flow impact of a decline in inventories due to lower levels of finished goods on-hand at December 31, 2024. Excluding the current-year noncash pension settlement charge, higher net income also provided a partial offset to the unfavorable working capital changes.

Cash used in investing activities for the six months ended December 31, 2024 was $32.7 million, as compared to $40.2 million in the prior year. This decrease primarily reflects a lower level of payments for property additions in the current year.

Cash used in financing activities for the six months ended December 31, 2024 of $55.2 million decreased from the prior-year total of $55.9 million. This decrease reflects lower levels of share repurchases, as partially offset by higher levels of dividend payments and tax withholdings for stock-based compensation.

Liquidity and Capital Resources

Under our unsecured revolving credit facility (“Facility”), we may borrow up to a maximum of $150 million at any one time. We had no borrowings outstanding under the Facility at December 31, 2024. At December 31, 2024, we had $2.6 million of standby letters of credit outstanding, which reduced the amount available for borrowing under the Facility. The Facility expires in March 2029, and all outstanding amounts are then due and payable. Interest is variable based upon formulas tied to SOFR or an alternate base rate defined in the Facility. We must also pay facility fees that are tied to our then-applicable consolidated leverage ratio. Loans may be used for general corporate purposes. Due to the nature of its terms, when we have outstanding borrowings under the Facility, they will be classified as long-term debt.

The Facility contains certain restrictive covenants, including limitations on liens, asset sales and acquisitions, and financial covenants relating to interest coverage and leverage. At December 31, 2024, we were in compliance with all applicable provisions and covenants of this facility, and we exceeded the requirements of the financial covenants by substantial margins. At December 31, 2024, there were no events that would constitute a default under this facility.

We currently expect to remain in compliance with the Facility’s covenants for the foreseeable future. However, a default under the Facility could accelerate the repayment of any then outstanding indebtedness and limit our access to $75 million of additional credit available under the Facility. Such an event could require a reduction in or curtailment of cash dividends or share repurchases, reduce or delay beneficial expansion or investment plans, or otherwise impact our ability to meet our obligations when due.

On November 18, 2024, we entered into a purchase agreement to acquire a sauce and dressing production facility and related real estate in the Atlanta, Georgia area along with certain equipment and assets contained in the facility for a purchase price of $75 million in cash, subject to closing adjustments. We intend to pay the purchase price with cash on hand. The transaction is expected to close during our fiscal third quarter ending March 31, 2025.

We believe that cash provided by operating activities and our existing balances in cash and equivalents, in addition to that available under the Facility, should be adequate to meet our liquidity needs over the next 12 months, including the projected levels of capital expenditures, dividend payments and the acquisition discussed above. If we were to borrow outside of the Facility under current market terms, our average interest rate may increase and have an adverse effect on our results of operations. Based on our current plans and expectations, we believe our capital expenditures for 2025 could total between $70 and $80 million.

Beyond the next 12 months, we expect that cash provided by operating activities will be the primary source of liquidity. This source, combined with our existing balances in cash and equivalents and amounts available under the Facility, is expected to be sufficient to meet our overall cash requirements.

We have various contractual and other obligations that are appropriately recorded as liabilities in our condensed consolidated financial statements. Certain other contractual obligations are not recognized as liabilities in our condensed consolidated financial statements. Examples of such obligations are commitments to purchase raw materials or packaging inventory that has not yet been received as of December 31, 2024, the planned Atlanta plant acquisition discussed above, and purchase orders and longer-term purchase arrangements related to the procurement of services, including IT service agreements, and property, plant and equipment. The majority of these obligations is expected to be due within one year.

CRITICAL ACCOUNTING POLICIES

There have been no changes in critical accounting policies from those policies disclosed in our 2024 Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements and their impact on our consolidated financial statements are disclosed in Note 1 to the condensed consolidated financial statements.

FORWARD-LOOKING STATEMENTS

We desire to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 (the “PSLRA”). This Quarterly Report on Form 10-Q contains various “forward-looking statements” within the meaning of the PSLRA and other applicable securities laws. Such statements can be identified by the use of the forward-looking words “anticipate,” “estimate,” “project,” “believe,” “intend,” “plan,” “expect,” “hope” or similar words. These statements discuss future expectations; contain projections regarding future developments, operations or financial conditions; or state other forward-looking information. Such statements are based upon assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, expected future developments and other factors we believe to be appropriate. These forward-looking statements involve various important risks, uncertainties and other factors that could cause our actual results to differ materially from those expressed in the forward-looking statements. Actual results may differ as a result of factors over which we have no, or limited, control including, without limitation, the specific influences outlined below. Management believes these forward-looking statements to be reasonable; however, one should not place undue reliance on such statements that are based on current expectations. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update such forward-looking statements, except as required by law.

Items which could impact these forward-looking statements include, but are not limited to:

- efficiencies in plant operations and our overall supply chain network;
- the extent to which good-fitting business acquisitions are identified, acceptably integrated, and achieve operational and financial performance objectives;
- price and product competition;
- changes in demand for our products, which may result from changes in consumer behavior or loss of brand reputation or customer goodwill;
- the impact of customer store brands on our branded retail volumes;
- the impact of any regulatory matters affecting our food business, including any additional requirements imposed by the FDA or any state or local government;
- adequate supply of labor for our manufacturing facilities;
- stability of labor relations;
- adverse changes in freight, energy or other costs of producing, distributing or transporting our products;
- the reaction of customers or consumers to pricing actions we take to offset inflationary costs;
- inflationary pressures resulting in higher input costs;
- fluctuations in the cost and availability of ingredients and packaging;
- capacity constraints that may affect our ability to meet demand or may increase our costs;
- dependence on contract manufacturers, distributors and freight transporters, including their operational capacity and financial strength in continuing to support our business;
- dependence on key personnel and changes in key personnel;
- cyber-security incidents, information technology disruptions, and data breaches;
- the potential for loss of larger programs or key customer relationships;
- failure to maintain or renew license agreements;
- geopolitical events that could create unforeseen business disruptions and impact the cost or availability of raw materials and energy;
- the possible occurrence of product recalls or other defective or mislabeled product costs;
- the success and cost of new product development efforts;
- the lack of market acceptance of new products;
- the effect of consolidation of customers within key market channels;
- maintenance of competitive position with respect to other manufacturers;
- the outcome of any litigation or arbitration;
- significant shifts in consumer demand and disruptions to our employees, communities, customers, supply chains, production planning, operations, and production processes resulting from the impacts of epidemics, pandemics or similar widespread public health concerns and disease outbreaks;
- changes in estimates in critical accounting judgments; and
- certain other factors, including the information disclosed in our discussion of risk factors under Item 1A of our 2024 Annual Report on Form 10-K.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Our market risks have not changed materially from those disclosed in our 2024 Annual Report on Form 10-K.

Item 4. *Controls and Procedures*

(a) *Evaluation of Disclosure Controls and Procedures.* As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, including 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) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2024 to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is 1) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and 2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

(b) *Changes in Internal Control Over Financial Reporting.* No changes were made to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are required to disclose certain environmental matters when a governmental authority is a party to the proceedings and such proceedings involve potential monetary sanctions that we reasonably believe will be in excess of an applied threshold not to exceed $1 million. We are using a threshold of $1 million as we believe this amount is reasonably designed to result in disclosure of such proceedings that are material to our business or financial condition. Applying this threshold, there are no environmental matters to disclose in this Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed under Item 1A in our 2024 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) In November 2010, our Board of Directors approved a share repurchase authorization of 2,000,000 common shares, of which 1,124,275 common shares remained authorized for future repurchases at December 31, 2024. This share repurchase authorization does not have a stated expiration date. In the second quarter, we made the following repurchases of our common stock:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet be Purchased Under the Plans
October 1-31, 2024	—	$ —	—	1,124,291
November 1-30, 2024 (1)	16	$ 180.47	16	1,124,275
December 1-31, 2024	—	$ —	—	1,124,275
Total	16	$ 180.47	16	1,124,275

(1) Represents shares that were repurchased in satisfaction of tax withholding obligations arising from the vesting of restricted stock granted to employees under the Lancaster Colony Corporation 2015 Omnibus Incentive Plan.

Item 6. Exhibits

See Index to Exhibits below.

INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Purchase and Sale Agreement dated November 18, 2024, by and between Marzetti Manufacturing Company and Winland Foods, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (000-04065), filed November 18, 2024).
10.1	Confidential Severance Agreement and General Release, effective December 3, 2024, between T. Marzetti Company and Carl R. Stealey (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (000-04065), filed December 6, 2024).
31.1(a)	Certification of CEO under Section 302 of the Sarbanes-Oxley Act of 2002
31.2(a)	Certification of CFO under Section 302 of the Sarbanes-Oxley Act of 2002
32(b)	Certification of CEO and CFO under Section 906 of the Sarbanes-Oxley Act of 2002
101.INS(a)	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH(a)	Inline XBRL Taxonomy Extension Schema Document
101.CAL(a)	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF(a)	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB(a)	Inline XBRL Taxonomy Extension Label Linkbase Document

Exhibit Number	Description
101.PRE[(a)]	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104[(a)]	The cover page of Lancaster Colony Corporation's Quarterly Report on Form 10-Q for the quarter ended December 31, 2024, formatted in Inline XBRL (included within Exhibit 101 attachments)

(a) Filed herewith

(b) Furnished herewith

SIGNATURES

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

			LANCASTER COLONY CORPORATION
			(Registrant)
Date:	February 4, 2025	By:	/s/ DAVID A. CIESINSKI
			David A. Ciesinski
			President, Chief Executive Officer
			and Director
			(Principal Executive Officer)
Date:	February 4, 2025	By:	/s/ THOMAS K. PIGOTT
			Thomas K. Pigott
			Vice President, Chief Financial Officer
			and Assistant Secretary
			(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification by Chief Executive Officer

I, David A. Ciesinski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lancaster Colony 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 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.

Date:	February 4, 2025	By:	/s/ DAVID A. CIESINSKI
			David A. Ciesinski
			Chief Executive Officer

Exhibit 31.2

Certification by Chief Financial Officer

I, Thomas K. Pigott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lancaster Colony 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 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.

Date:	February 4, 2025	By:	/s/ THOMAS K. PIGOTT
			Thomas K. Pigott
			Chief Financial Officer

Exhibit 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18, UNITED STATES CODE, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lancaster Colony Corporation (the “Company”) on Form 10-Q for the quarter ending December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), David A. Ciesinski, Chief Executive Officer of the Company, and Thomas K. Pigott, Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(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 Company.

By: /s/ DAVID A. CIESINSKI
David A. Ciesinski
Chief Executive Officer

February 4, 2025

By: /s/ THOMAS K. PIGOTT
Thomas K. Pigott
Chief Financial Officer

February 4, 2025

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.