

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended December 27, 2025

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: 0-14616

**J&J SNACK FOODS CORP.**

(Exact name of registrant as specified in its charter)

**New Jersey**

(State or other jurisdiction of incorporation or organization)

**22-1935537**

(I.R.S. Employer Identification No.)

**350 Fellowship Road,  
Mt. Laurel, New Jersey**

(Address of principal executive offices)

**08054**

(Zip code)

Telephone (856) 665-9533

(Registrant's telephone number, including area code)

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

<b>Title of Each Class</b>	<b>Trading Symbol</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, no par value	JJSF	The 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  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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<b>Class</b>	<b>Outstanding as of February 2, 2026</b>
Common Stock, no par value	19,011,903 shares

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**PART I. FINANCIAL INFORMATION**

**Item 1. Consolidated Financial Statements**

**J&J SNACK FOODS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share amounts)

	December 27, 2025 (unaudited)	September 27, 2025
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 66,761	\$ 105,893
Accounts receivable, net	161,440	184,069
Inventories	172,050	175,173
Prepaid expenses and other	12,266	13,197
Total current assets	412,517	478,332
Property, plant and equipment, at cost		
Land	3,684	3,684
Buildings and improvements	128,063	127,022
Plant machinery and equipment	492,847	488,771
Marketing equipment	315,446	309,371
Transportation equipment	16,892	16,720
Office equipment	50,289	49,996
Construction in progress	18,932	13,899
Total Property, plant and equipment, at cost	1,026,153	1,009,463
Less accumulated depreciation and amortization	634,625	619,310
Property, plant and equipment, net	391,528	390,153
Other assets		
Goodwill	185,070	185,070
Trade name intangible assets	105,920	105,920
Other intangible assets, net	65,287	66,730
Operating lease right-of-use assets	149,094	151,538
Other	3,858	3,758
Total other assets	509,229	513,016
<b>Total Assets</b>	<b>\$ 1,313,274</b>	<b>\$ 1,381,501</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Current finance lease liabilities	\$ 609	\$ 563
Accounts payable	80,592	82,405
Accrued insurance liability	16,628	16,441
Accrued liabilities	10,994	12,606
Current operating lease liabilities	21,906	21,624
Accrued compensation expense	17,988	26,475
Dividends payable	15,208	15,552
Total current liabilities	163,925	175,666
Long-term debt		
Noncurrent finance lease liabilities	1,254	1,355
Noncurrent operating lease liabilities	137,599	140,021
Deferred income taxes	91,345	91,703
Other long-term liabilities	6,293	6,061
<b>Stockholders' Equity</b>		
Preferred stock, \$1 par value; authorized 10,000,000 shares; none issued	-	-
Common stock, no par value; authorized, 50,000,000 shares; issued and outstanding 18,996,000 as of December 27, 2025 and 19,440,000 as of September 27, 2025	97,912	139,118
Accumulated other comprehensive loss	(10,953)	(12,647)
Retained Earnings	825,899	840,224
Total stockholders' equity	912,858	966,695
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,313,274</b>	<b>\$ 1,381,501</b>

The accompanying notes are an integral part of these statements.

**J&J SNACK FOODS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(Unaudited)  
(in thousands, except per share amounts)

	Three months ended	
	December 27, 2025	December 28, 2024
Net sales	\$ 343,778	\$ 362,598
Cost of goods sold	247,766	268,697
Gross profit	<u>96,012</u>	<u>93,901</u>
Operating expenses		
Selling and Marketing	31,499	28,669
Distribution	38,056	39,610
Administrative	20,377	18,903
Gain on insurance proceeds received for damage to property, plant, and equipment	(800)	-
Plant closure expense	6,113	-
Other general expense	130	480
Total operating expenses	<u>95,375</u>	<u>87,662</u>
Operating income	637	6,239
Other income (expense)		
Investment income	712	1,037
Interest expense	(139)	(212)
Earnings before income taxes	1,210	7,064
Income tax expense	327	1,921
NET EARNINGS	<u>\$ 883</u>	<u>\$ 5,143</u>
Earnings per diluted share	<u>\$ 0.05</u>	<u>\$ 0.26</u>
Weighted average number of diluted shares	<u>19,428</u>	<u>19,563</u>
Earnings per basic share	<u>\$ 0.05</u>	<u>\$ 0.26</u>
Weighted average number of basic shares	<u>19,316</u>	<u>19,471</u>

The accompanying notes are an integral part of these statements.

**J&J SNACK FOODS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**  
**(in thousands)**

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
Net earnings	\$ 883	\$ 5,143
Foreign currency translation adjustments	1,694	(2,577)
Total other comprehensive income, net of tax	1,694	(2,577)
Comprehensive income	<u>\$ 2,577</u>	<u>\$ 2,566</u>

The accompanying notes are an integral part of these statements.

**J&J SNACK FOODS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Unaudited) (in thousands)

	<u>Common stock</u>		<u>Accumulated other comprehensive loss</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at September 27, 2025	19,440	\$ 139,118	\$ (12,647)	\$ 840,224	\$ 966,695
Common stock issued upon exercise of stock options, net of shares withheld for taxes	-	-	-	-	-
Common stock issued upon vesting of service share units, net of shares withheld for taxes	14	(685)	-	-	(685)
Repurchase of common stock	(458)	(42,000)	-	-	(42,000)
Foreign currency translation adjustment	-	-	1,694	-	1,694
Dividends declared (\$0.80 per share)	-	-	-	(15,208)	(15,208)
Share-based compensation	-	1,479	-	-	1,479
Net earnings	-	-	-	883	883
Balance at December 27, 2025	<u>18,996</u>	<u>\$ 97,912</u>	<u>\$ (10,953)</u>	<u>\$ 825,899</u>	<u>\$ 912,858</u>

	<u>Common stock</u>		<u>Accumulated other comprehensive loss</u>	<u>Retained earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at September 28, 2024	19,460	\$ 136,516	\$ (15,299)	\$ 835,753	\$ 956,970
Common stock issued upon exercise of stock options, net of shares withheld for taxes	12	1,924	-	-	1,924
Common stock issued upon vesting of service share units, net of shares withheld for taxes	7	(552)	-	-	(552)
Foreign currency translation adjustment	-	-	(2,577)	-	(2,577)
Dividends declared (\$0.78 per share)	-	-	-	(15,193)	(15,193)
Share-based compensation	-	1,125	-	-	1,125
Net earnings	-	-	-	5,143	5,143
Balance at December 28, 2024	<u>19,479</u>	<u>\$ 139,013</u>	<u>\$ (17,876)</u>	<u>\$ 825,703</u>	<u>\$ 946,840</u>

The accompanying notes are an integral part of these statements.

**J&J SNACK FOODS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited) (in thousands)

	Three months ended	
	December 27, 2025	December 28, 2024
<b>Operating activities:</b>		
Net earnings	\$ 883	\$ 5,143
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation of fixed assets	17,241	15,814
Amortization of intangibles and deferred costs	1,443	1,930
Losses from disposals of property & equipment	343	146
Non-cash plant shutdown expenses	1,781	-
Share-based compensation	1,479	1,125
Deferred income taxes	(325)	(158)
Gain on insurance proceeds received for damage to property, plant, and equipment	(800)	-
Other	(100)	(93)
Changes in assets and liabilities, net of effects from purchase of companies		
Decrease in accounts receivable	22,872	24,987
Decrease in inventories	1,916	3,164
Net changes in other operating assets and liabilities	(10,770)	(16,896)
Net cash provided by operating activities	<u>35,963</u>	<u>35,162</u>
<b>Investing activities:</b>		
Purchases of property, plant and equipment	(19,003)	(19,065)
Proceeds from disposal of property and equipment	57	131
Proceeds from insurance for fixed assets	800	-
Net cash (used in) investing activities	<u>(18,146)</u>	<u>(18,934)</u>
<b>Financing activities:</b>		
Payments to repurchase common stock	(42,000)	-
Proceeds from issuance of stock	-	1,924
Purchase of vested employee service share units and performance share units	(685)	(552)
Borrowings under credit facility	10,000	15,000
Repayment of borrowings under credit facility	(10,000)	(15,000)
Payments on finance lease obligations	(117)	(42)
Payment of cash dividend	(15,552)	(15,178)
Net cash (used in) financing activities	<u>(58,354)</u>	<u>(13,848)</u>
Effect of exchange rates on cash and cash equivalents	1,405	(2,212)
Net increase in cash and cash equivalents	<u>(39,132)</u>	<u>168</u>
Cash and cash equivalents at beginning of period	<u>105,893</u>	<u>73,394</u>
Cash and cash equivalents at end of period	<u>\$ 66,761</u>	<u>\$ 73,562</u>

The accompanying notes are an integral part of these statements.

**J&J SNACK FOODS CORP. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**Note 1**      **Basis of Presentation**

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended September 27, 2025.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company's financial position and the results of operations and cash flows.

The results of operations for the three months ended December 27, 2025 and December 28, 2024 are not necessarily indicative of results for the full year. Sales of our frozen beverages and frozen novelties are generally higher in the fiscal third and fourth quarters due to warmer weather.

While we believe that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes included in the Company's Annual Report on Form 10-K for the fiscal year ended September 27, 2025.

**Note 2**      **Revenue Recognition**

We recognize revenue in accordance with ASC 606, "Revenue from Contracts with Customers." Revenue-related taxes collected on behalf of customers and remitted to taxing authorities, principally sales and use taxes, are not included in revenues.

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 performance obligations of our customer contracts for product and machine sales is determined by each individual purchase order and the respective products ordered, with revenue being recognized at a point-in-time when the obligation under the terms of the agreement is satisfied and product control is transferred to our customer. Specifically, control transfers to our customers when the product is delivered to, installed or picked up by our customers based upon applicable shipping terms, as our customers can direct the use and obtain substantially all of the remaining benefits from the product at this point in time. The performance obligations in our customer contracts for product are generally satisfied within 30 days.

The singular performance obligation of our customer contracts for time and material repair and maintenance equipment service is the performance of the repair and maintenance with revenue being recognized at a point-in-time when the repair and maintenance is completed.

The singular performance obligation of our customer repair and maintenance equipment service contracts is the performance of the repair and maintenance with revenue being recognized over the time the service is expected to be performed. Our customers are billed for service contracts in advance of performance and therefore we have a contract liability on our balance sheet.

Significant Payment Terms

In general, within our customer contracts, the purchase order identifies the product, quantity, price, pick-up allowances, payment terms and final delivery terms. Although some payment terms may be more extended, presently, the majority of our payment terms are 30 days. As a result, we have used the available practical expedient and, consequently, do not adjust our revenues for the effects of a significant financing component.

## Shipping

All amounts billed to customers related to shipping and handling are classified as revenues; therefore, we recognize revenue for shipping and handling fees at the time the products are shipped or when services are performed. The cost of shipping products to the customer is recognized at the time the products are shipped to the customer and our policy is to classify them as Distribution expenses.

## Variable Consideration

In addition to fixed contract consideration, our contracts include some form of variable consideration, including sales discounts, trade promotions and certain other sales and consumer incentives, including rebates and coupon redemptions. In general, variable consideration is treated as a reduction in revenue when the related revenue is recognized. Depending on the specific type of variable consideration, we use the most likely amount method to determine the variable consideration. We believe there will be no significant changes to our estimates of variable consideration when any related uncertainties are resolved with our customers. We review and update our estimates and related accruals of variable consideration each period based on historical experience. Our recorded liability for allowances, end-user pricing adjustments and trade spending was approximately \$22.3 million at December 27, 2025 and September 27, 2025.

## Warranties & Returns

We provide all customers with a standard or assurance type warranty. Either stated or implied, we provide assurance the related products will comply with all agreed-upon specifications and other warranties provided under the law. No services beyond an assurance warranty are provided to our customers.

We do not grant a general right of return. However, customers may return defective or non-conforming products. Customer remedies may include either a cash refund or an exchange of the product. We do not estimate a right of return and related refund liability as returns of our products are rare.

## Contract Balances

Our customers are billed for service contracts in advance of performance and therefore we have a contract liability on our balance sheet as follows:

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
	<b>(in thousands)</b>	
Beginning balance	\$ 3,889	\$ 4,798
Additions to contract liability	1,547	1,483
Amounts recognized as revenue	(1,790)	(1,854)
Ending balance	<u>\$ 3,646</u>	<u>\$ 4,427</u>

## Disaggregation of Revenue

The Company disaggregates revenue by geography and type of good or service, which management believes best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. Product revenues within the food service and retail segments are derived from the sale of snack food products that share similar characteristics, including consistent pricing models, distribution channels, customer types, and point-in-time revenue recognition upon transfer of control. As a result, management has aggregated product lines within these segments. Product revenues within the frozen beverage segment are derived from the sale of frozen beverage syrup, cups, straws, and lids. See Note 10 for disaggregation of our net sales by geography and type of good or service.

## Allowance for Estimated Credit Losses

The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses. The allowance for estimated credit losses considers a number of factors including the age of receivable balances, the history of losses, expectations of future credit losses, and the customers' ability to pay off obligations. The allowance for estimated credit losses was \$3.3 million at both December 27, 2025 and September 27, 2025.

**Note 3 Depreciation and Amortization Expense**

Depreciation of equipment and buildings is provided for by the straight-line method over the assets' estimated useful lives. Amortization of improvements is provided for by the straight-line method over the term of the lease or the assets' estimated useful lives, whichever is shorter. Licenses and rights, customer relationships, franchise agreements, and technology are amortized by the straight-line method over periods ranging from 10 to 20 years. Depreciation expense was \$17.2 million and \$15.8 million for the three months ended December 27, 2025 and December 28, 2024, respectively.

**Note 4 Earnings Per Share**

Basic earnings per common share ("EPS") excludes dilution and is computed by dividing income available to common shareholders by the weighted average common shares outstanding during the period. Diluted EPS takes into consideration the potential dilution that could occur if securities (stock options, service share units ("RSU")'s and performance share units ("PSU")'s) or other contracts to issue common stock were exercised and converted into common stock.

Our calculation of EPS is as follows:

	<b>Three months ended December 27, 2025</b>		
	<b>Income</b>	<b>Shares</b>	<b>Per Share</b>
	<b>(Numerator)</b>	<b>(Denominator)</b>	<b>Amount</b>
	<b>(in thousands, except per share amounts)</b>		
<b>Basic EPS</b>			
Net earnings available to common stockholders	\$ 883	19,316	\$ 0.05
<b>Effect of dilutive securities</b>			
RSUs, PSUs, and options	-	112	-
<b>Diluted EPS</b>			
Net earnings available to common stockholders plus assumed conversions	<u>\$ 883</u>	<u>19,428</u>	<u>\$ 0.05</u>

237,761 anti-dilutive shares have been excluded in the computation of EPS for the three months ended December 27, 2025.

	<b>Three months ended December 28, 2024</b>		
	<b>Income</b>	<b>Shares</b>	<b>Per Share</b>
	<b>(Numerator)</b>	<b>(Denominator)</b>	<b>Amount</b>
	<b>(in thousands, except per share amounts)</b>		
<b>Basic EPS</b>			
Net earnings available to common stockholders	\$ 5,143	19,471	\$ 0.26
<b>Effect of dilutive securities</b>			
RSUs, PSUs, and options	-	92	-
<b>Diluted EPS</b>			
Net earnings available to common stockholders plus assumed conversions	<u>\$ 5,143</u>	<u>19,563</u>	<u>\$ 0.26</u>

20,546 anti-dilutive shares have been excluded in the computation of EPS for the three months ended December 28, 2024.

**Note 5 Share-Based Compensation**

At December 27, 2025, the Company has two stock-based employee compensation plans. Pre-tax share-based compensation was recognized as follows:

	Three months ended	
	December 27, 2025	December 28, 2024
(in thousands)		
Stock options	\$ -	\$ 150
Stock purchase plan	100	88
Stock issued to outside directors	31	43
Service share units issued to employees	940	595
Performance share units issued to employees	408	249
Total share-based compensation	<u>\$ 1,479</u>	<u>\$ 1,125</u>
Tax benefits	\$ 373	\$ 326

The fair value of each option grant is estimated on the date of grant using the Black-Scholes options-pricing model.

Expected volatility is based on the historical volatility of the price of our common shares over the past 51 months for 5-year options and 10 years for 10-year options. We use historical information to estimate expected life and forfeitures within the valuation model. The expected term of awards represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the expected life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Compensation cost is recognized using a straight-line method over the vesting or service period and is net of estimated forfeitures.

The Company did not grant any stock options during the three months ended December 27, 2025, or during the three months ended December 28, 2024.

The Company issued 28,152 service share units (“RSU”)’s in the three months ended December 27, 2025, and 13,557 in the three months ended December 28, 2024. Each RSU entitles the awardee to one share of common stock upon vesting. The fair value of the RSU’s was determined based upon the closing price of the Company’s common stock on the date of grant.

The Company also issued 28,144 performance share units (“PSU”)’s in the three months ended December 27, 2025, and 13,548 in the three months ended December 28, 2024. Each PSU may result in the issuance of up to two shares of common stock upon vesting, dependent upon the level of achievement of the applicable performance goal. The fair value of the PSU’s was determined based upon the closing price of the Company’s common stock on the date of grant. Additionally, the Company applies a quarterly probability assessment in computing this non-cash compensation expense, and any change in estimate is reflected as a cumulative adjustment to expense in the quarter of the change.

**Note 6 Income Taxes**

We account for our income taxes under the liability method. Under the liability method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that will be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities.

Additionally, we recognize a liability for income taxes and associated penalties and interest for tax positions taken or expected to be taken in a tax return which are more likely than not to be overturned by taxing authorities (“uncertain tax positions”). We have not recognized a tax benefit in our financial statements for these uncertain tax positions.

The total amount of gross unrecognized tax benefits is \$0.3 million on both December 27, 2025 and September 27, 2025, all of which would impact our effective tax rate over time, if recognized. We recognize interest and penalties related to uncertain tax positions as a part of the provision for income taxes. As of December 27, 2025 and September 27, 2025, the Company has \$0.3 million of accrued interest and penalties, respectively.

In addition to our federal tax return and tax returns for Mexico and Canada, we file tax returns in all states that have a corporate income tax. Virtually all the returns noted above are open for examination for three to four years.

Our effective tax rate for the three months ended December 27, 2025 was 27.0%, which is higher than the company's 21.0% statutory tax rate primarily as a result of state income taxes, and the tax effect in foreign jurisdictions. Our effective tax rate was 27.2% in the three months ended December 28, 2024, which was higher than the company's 21.0% statutory tax rate primarily as a result of state income taxes, and the tax effect in foreign jurisdictions.

#### **Note 7      New Accounting Pronouncements and Policies**

In December 2023, the FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance enhances the transparency around income tax information through improvements to income tax disclosures, primarily related to the effective rate reconciliation and income taxes paid, to improve the overall effectiveness of income tax disclosures. The amendments in the ASU are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently assessing the impact of the guidance on our consolidated financial statements and disclosures.

In November 2024, the FASB issued ASU No. 2024-03 "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures." This guidance improves disclosure requirements and provides more detailed information around an entity's expenses, specifically amounts related to purchases of inventory, employee compensation, depreciation, intangible asset amortization, and selling expenses, along with qualitative descriptions of certain other types of expenses. This guidance is effective for fiscal years beginning after December 15, 2027, with early adoption permitted. We are currently assessing the impact of the guidance on our consolidated financial statements and disclosures.

In July 2025, the FASB issued ASU No. 2025-05 "Financial Instruments – Credit Losses (Topic 326)." This guidance introduces a practical expedient for all entities with qualifying assets to assume that current conditions remain unchanged for the remaining life of the asset with estimated credit losses. The amendments in the ASU are effective for fiscal years beginning after December 15, 2025, with early adoption permitted. We are currently assessing the impact of the guidance on our consolidated financial statements and disclosures.

In September 2025, the FASB issued ASU No. 2025-06 "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)." This authoritative guidance modernizes the accounting for internal-use software costs including the elimination of the stage-based capitalization model and updated disclosure requirements. The guidance is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Amendments can be applied using a prospective transition approach, a modified transition approach, or a retrospective transition approach. We are currently assessing the impact of the guidance on our consolidated financial statements and disclosures.

#### **Note 8      Long-term Debt**

In December 2021, the Company entered into an amended and restated loan agreement (the "Credit Agreement") with our existing banks which provided for up to a \$50 million revolving credit facility repayable in December 2026.

Interest accrues, at the Company's election at (i) the BSBY Rate (as defined in the Credit Agreement), plus an applicable margin, based upon the Consolidated Net Leverage Ratio, as defined in the Credit Agreement, or (ii) the Alternate Base Rate (a rate based on the higher of (a) the prime rate announced from time-to-time by the Administrative Agent, (b) the Federal Reserve System's federal funds rate, plus 0.50% or (c) the Daily BSBY Rate, plus an applicable margin). The Alternate Base Rate is defined in the Credit Agreement.

The Credit Agreement requires the Company to comply with various affirmative and negative covenants, including without limitation (i) covenants to maintain a minimum specified interest coverage ratio and maximum specified net leverage ratio, and (ii) subject to certain exceptions, covenants that prevent or restrict the Company’s ability to pay dividends, engage in certain mergers or acquisitions, make certain investments or loans, incur future indebtedness, alter its capital structure or line of business, prepay subordinated indebtedness, engage in certain transactions with affiliates, or amend its organizational documents. As of December 27, 2025, the Company is in compliance with all financial covenants terms of the Credit Agreement.

On June 21, 2022, the Company entered into an amendment to the Credit Agreement, the “Amended Credit Agreement” which provided for an incremental increase of \$175 million in available borrowings. The Amended Credit Agreement also includes an option to increase the size of the revolving credit facility by up to an amount not to exceed in the aggregate the greater of \$225 million or \$50 million plus the Consolidated EBITDA of the Borrowers, subject to the satisfaction of certain terms and conditions.

As of December 27, 2025, and as of September 27, 2025, there was no outstanding balance under the Amended Credit Agreement. As of December 27, 2025, and as of September 27, 2025, the amount available under the Amended Credit Agreement was \$210.2 million, after giving effect to the outstanding letters of credit.

**Note 9 Inventory**

Inventories consist of the following:

	December 27, 2025	September 27, 2025
	(unaudited)	
	(in thousands)	
Finished goods	\$ 84,755	\$ 89,512
Raw materials	34,218	32,259
Packaging materials	11,778	11,122
Equipment parts and other	41,299	42,280
Total inventories	<u>\$ 172,050</u>	<u>\$ 175,173</u>

**Note 10 Segment Information**

Our financial results are presented as three reportable segments: Food Service, Retail Supermarkets and Frozen Beverages. These segments are described below:

Food Service

The primary products sold by the Food Service segment are soft pretzels, frozen novelties, churros, handheld products and baked goods. Our customers in the Food Service segment include snack bars and food stands in chain, department and discount stores; malls and shopping centers; casual dining restaurants; fast food and casual dining restaurants; stadiums and sports arenas; leisure and theme parks; convenience stores; movie theatres; warehouse club stores; schools, colleges and other institutions. Within the food service industry, our products are purchased by the consumer primarily for consumption at the point-of-sale or for take-away.

Retail Supermarkets

The primary products sold to the retail supermarket channel are soft pretzel products – including SUPERPRETZEL and AUNTIE ANNE’S, frozen novelties including LUIGI’S Real Italian Ice, MINUTE MAID Juice Bars and Soft Frozen Lemonade, WHOLE FRUIT frozen fruit bars and sorbet, DOGSTERS ice cream style treats for dogs, PHILLY SWIRL cups and sticks, ICEE Squeeze-Up Tubes and handheld products.

## Frozen Beverages

We sell frozen beverages to the foodservice industry primarily under the names ICEE, SLUSH PUPPIE and PARROT ICE in the United States, Mexico and Canada. We also provide repair and maintenance services to customers for customer-owned equipment.

We principally sell our products to the food service and retail supermarket industries. Sales and results of our frozen beverages business are monitored separately from the balance of our food service business because of different distribution and capital requirements. We maintain separate and discrete financial information for the three operating segments mentioned above which is available to our Chief Operating Decision Maker, who is our Chief Executive Officer. We have applied no aggregation criteria to any of these operating segments in order to determine reportable segments. All inter-segment net sales and expenses have been eliminated in computing net sales and operating income.

Our Chief Operating Decision Maker reviews monthly detailed operating income statements and sales reports in order to assess performance and allocate resources to each individual segment. Sales and operating income are key variables monitored by the Chief Operating Decision Maker when determining each segment and the company's financial condition and operating performance.

Significant expenses are expenses which are regularly provided to the Chief Operating Decision Maker and are included in segment operating income. These consist of cost of sales, marketing and selling expenses, distribution expenses, administrative expenses, intangible asset impairment charges, and other general expenses. Cost of sales includes raw materials, direct labor and plant overhead costs. Distribution expenses include costs associated with the transportation of our product to customers. Marketing and selling expenses include costs to execute sales to customers, and costs related to the selling, marketing, advertising and promotional activities. Administrative expenses include costs that are not directly tied to the manufacturing, distribution, or marketing and selling of our products.

Costs that are directly attributable to our Food Service, Retail Supermarkets, or Frozen Beverages segments are charged directly to the appropriate segment. Costs that are deemed to be indirect, excluding unallocated corporate expenses and other unusual significant transactions such as gain on insurance proceeds received for damage to property, plant and equipment, and plant closure expenses, are allocated to the three reportable segments using a reasonable methodology that is consistently applied.

To align with how our Chief Operating Decision Maker currently reviews the monthly detailed operating income statements, we have reclassified certain corporate expenses that are not allocated to our three reportable segments. This change in presentation resulted in an increase to our Food Service segment operating income of \$7.1 million, to our Retail segment operating income of \$0.8 million, and to our Frozen Beverages segment of \$0.5 million in the three months ended December 28, 2024, respectively, with the corresponding impacts of the presentation change seen within General corporate expenses in the table below.

In addition, the Chief Operating Decision Maker reviews and evaluates capital spending of each segment on a quarterly basis to monitor cash flow and asset needs of each segment. Additionally, our Chief Operating Decision Maker considers variances of actual performance to our annual operating plan and periodic forecasts when making decisions.

Information regarding the operations in these three reportable segments is as follows:

	<b>Three months ended December 27, 2025</b>			
	<b>(in thousands)</b>			
	<b>Food Service</b>	<b>Retail Supermarket</b>	<b>Frozen Beverages</b>	<b>Total</b>
Net sales to external customers	\$ 219,156	\$ 45,882	\$ 78,740	\$ 343,778
Less:				
Cost of goods sold	157,137	34,979	55,650	247,766
Segment gross profit	62,019	10,903	23,090	96,012
Selling and Marketing	18,224	3,913	9,362	31,499
Distribution	26,530	5,262	6,264	38,056
Administrative	7,143	568	3,308	11,019
Other general expense	23	-	107	130
Segment operating income	10,099	1,160	4,049	15,308
General corporate expenses				9,358
Gain on insurance proceeds received for damage to property, plant, and equipment				(800)
Plant closure expense				6,113
Operating income				\$ 637

	<b>Three months ended December 28, 2024</b>			
	(in thousands)			
	<b>Food Service</b>	<b>Retail Supermarket</b>	<b>Frozen Beverages</b>	<b>Total</b>
Net sales to external customers	\$ 238,883	\$ 44,717	\$ 78,998	\$ 362,598
Less:				
Cost of goods sold	178,407	34,246	56,044	268,697
Segment gross profit	60,476	10,471	22,954	93,901
Selling and Marketing	15,962	3,772	8,935	28,669
Distribution	28,290	4,957	6,363	39,610
Administrative	7,206	551	2,689	10,446
Other general expense	204	-	276	480
Segment operating income	8,814	1,191	4,691	14,696
General corporate expenses				8,457
Operating income				<u>\$ 6,239</u>

Net sales to external customers by type of good or service were:

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
	(in thousands)	
Net sales to external customers:		
Product sales		
Food Service	\$ 219,156	\$ 238,883
Retail Supermarkets	45,882	44,717
Frozen Beverages	44,889	44,654
Total Product sales	<u>\$ 309,927</u>	<u>\$ 328,254</u>
Repair and maintenance service		
Frozen Beverages repair and maintenance service	\$ 22,489	\$ 23,639
Total Repair and maintenance service	<u>\$ 22,489</u>	<u>\$ 23,639</u>
Machines revenue		
Frozen Beverages machines revenue	\$ 10,716	\$ 10,047
Total Machine revenue	<u>\$ 10,716</u>	<u>\$ 10,047</u>
Other		
Frozen Beverages other	\$ 646	\$ 658
Total Other	<u>\$ 646</u>	<u>\$ 658</u>
Consolidated sales	<u>\$ 343,778</u>	<u>\$ 362,598</u>

Total depreciation and amortization expense, capital expenditures, and total assets by segment, reflecting our current segment structure for all periods presented, were:

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
	(in thousands)	
Depreciation and amortization:		
Food Service	\$ 12,254	\$ 11,560
Retail Supermarket	290	283
Frozen Beverages	5,651	5,513
Corporate	489	388
Total depreciation and amortization	<u>\$ 18,684</u>	<u>\$ 17,744</u>
Capital expenditures:		
Food Service	\$ 12,534	\$ 12,545
Retail Supermarket	-	25
Frozen Beverages	6,469	6,433
Corporate	-	62
Total capital expenditures	<u>\$ 19,003</u>	<u>\$ 19,065</u>

December 27,

September 27,

	<u>2025</u>	<u>2025</u>
Assets:		
Food Service	\$ 905,571	\$ 961,092
Retail Supermarket	30,125	30,327
Frozen Beverages	350,978	364,473
Corporate	26,600	25,609
Total assets	<u>\$ 1,313,274</u>	<u>\$ 1,381,501</u>

Geographic data for net sales (recognized in the countries where products were sold from) and total assets were:

	Three months ended	
	December 27, 2025	December 28, 2024
(in thousands)		
Net sales to external customers:		
United States	\$ 327,621	\$ 348,099
Other	16,157	14,499
Total net sales to external customers	<u>\$ 343,778</u>	<u>\$ 362,598</u>
	December 27, 2025	September 27, 2025
Assets:		
United States	\$ 1,242,526	\$ 1,302,387
Other	70,748	79,114
Total assets	<u>\$ 1,313,274</u>	<u>\$ 1,381,501</u>

## Note 11 Goodwill and Intangible Assets

Our reportable segments are Food Service, Retail Supermarkets and Frozen Beverages.

### Intangible Assets

The carrying amounts of acquired intangible assets for the Food Service, Retail Supermarkets and Frozen Beverages segments as of December 27, 2025 and September 27, 2025 are as follows:

	December 27, 2025		September 27, 2025	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
(in thousands)				
<b>FOOD SERVICE</b>				
Indefinite lived intangible assets				
Trade names	\$ 85,424	\$ -	\$ 85,424	\$ -
Amortized intangible assets				
Trade names	-	-	2,515	2,515
Franchise agreements	8,500	2,975	8,500	2,763
Customer relationships	23,550	15,404	23,550	14,749
Technology	23,110	8,065	23,110	7,493
License and rights	-	-	1,690	1,734
<b>TOTAL FOOD SERVICE</b>	<u>\$ 140,584</u>	<u>\$ 26,444</u>	<u>\$ 144,789</u>	<u>\$ 29,254</u>
<b>RETAIL SUPERMARKETS</b>				
Indefinite lived intangible assets				
Trade names	\$ 11,181	\$ -	\$ 11,181	\$ -
<b>TOTAL RETAIL SUPERMARKETS</b>	<u>\$ 11,181</u>	<u>\$ -</u>	<u>\$ 11,181</u>	<u>\$ -</u>
<b>FROZEN BEVERAGES</b>				
Indefinite lived intangible assets				
Trade names	\$ 9,315	\$ -	\$ 9,315	\$ -
Distribution rights	36,100	-	36,100	-
Amortized intangible assets				
Customer relationships	1,439	999	1,439	968
Licenses and rights	1,400	1,369	1,400	1,352
<b>TOTAL FROZEN BEVERAGES</b>	<u>\$ 48,254</u>	<u>\$ 2,368</u>	<u>\$ 48,254</u>	<u>\$ 2,320</u>
<b>CONSOLIDATED</b>	<u>\$ 200,019</u>	<u>\$ 28,812</u>	<u>\$ 204,224</u>	<u>\$ 31,574</u>

Amortizing intangible assets are being amortized by the straight-line method over periods ranging from 10 to 20 years and amortization expense is reflected throughout operating expenses. Aggregate amortization expense of intangible assets for the three months ended December 27, 2025 and December 28, 2024 was \$1.4 million and \$1.9 million, respectively.

Estimated amortization expense for the next five fiscal years is approximately \$4.2 million in 2026 (excluding the three months ended December 27, 2025), \$4.7 million in 2027, \$4.3 million in 2028 and 2029, and \$4.2 million in 2030.

The weighted amortization period of the intangible assets, in total, is 10.0 years. The weighted amortization period by intangible asset class is 10 years for Technology, 10 years for Customer relationships, 20 years for Licenses & rights, and 10 years for Franchise agreements.

## Goodwill

The carrying amounts of goodwill for the reportable segments are as follows:

	December 27, 2025	September 27, 2025
	(in thousands)	
Food Service	\$ 124,426	\$ 124,426
Retail Supermarket	4,146	4,146
Frozen Beverages	56,498	56,498
Total goodwill	<u>\$ 185,070</u>	<u>\$ 185,070</u>

## Note 12 Commitments and Contingencies

We are a party to litigation which has arisen in the normal course of business which management currently believes will not have a material adverse effect on our financial condition or results of operations.

We self-insure, up to loss limits, certain insurable risks such as workers' compensation, automobile, and general liability claims. Accruals for claims under our self-insurance program are recorded on a claims incurred basis. Our total recorded liability for all years' claims incurred but not yet paid was \$14.7 million and \$14.4 million at December 27, 2025 and September 27, 2025, respectively. In connection with certain self-insurance agreements, we customarily enter into letters of credit arrangements with our insurers. At both December 27, 2025, and September 27, 2025, we had outstanding letters of credit totaling \$14.8 million.

We have a self-insured medical plan which covers approximately 1,800 of our employees. We record a liability for incurred but not yet reported or paid claims based on our historical experience of claims payments and a calculated lag time. Our recorded liability at December 27, 2025 and September 27, 2025 was \$2.0 million and \$2.2 million, respectively.

On August 19, 2024, we experienced a fire at our Holly Ridge plant in North Carolina. The building was damaged as a result of the fire, and plant operations were interrupted. We maintain property, general liability and business interruption insurance coverage. Based on the provisions of our insurance policies, we record estimated insurance recoveries for fire related costs for which recovery is deemed to be probable.

In the three months ended December 27, 2025, we recorded \$0.3 million of fire related costs, for all of which recovery was deemed to be probable, and we received \$1.5 million of insurance proceeds for inventory, fixed asset replacement costs, and business interruption losses. Additionally, in the three months ended December 27, 2025, we recognized a gain of \$0.8 million for insurance proceeds received for damage to property, plant, and equipment in the Consolidated Statement of Earnings, and we recognized a gain of \$2.0 million for the proceeds received, and expected to be received, in excess of operational losses recognized, in cost of goods sold, in the Consolidated Statement of Earnings. As of December 27, 2025, \$1.6 million of these insurance proceeds were expected to be received, and was recorded in prepaid expenses and other, in the Consolidated Balance Sheet as of December 27, 2025. The \$1.6 million insurance proceeds were subsequently received in early January 2026.

In the three months ended December 28, 2024, we recorded \$8.3 million of fire related costs, for all of which recovery was deemed to be probable and we received \$1.0 million of insurance proceeds, respectively, for inventory and business interruption losses. Additionally, in the three months ended December 28, 2024, we recognized a gain of \$0.5 million in cost of goods sold in the Consolidated Statement of Earnings representing the proceeds received in excess of losses recognized and we recorded an insurance receivable, net of advance proceeds received, for other fire related costs for which recovery was deemed probable of \$9.7 million, which was recorded in prepaid expenses and other, on the Consolidated Balance Sheet as of December 28, 2024.

Cumulative fire related costs recorded through December 27, 2025 were \$17.5 million, for all of which recovery has either been received, or was deemed to be probable. Cumulative Insurance proceeds received as of December 27, 2025 were \$33.1 million for inventory, fixed asset replacement costs, and business interruption losses.

See below for a roll forward of the insurance receivable, net of advance proceeds received for other fire related costs for which recovery was deemed probable in the Consolidated Balance Sheet for the three months ended December 27, 2025 and December 28, 2024.

	Three months ended	
	December 27, 2025	December 28, 2024
	(in thousands)	
<b>Insurance receivable, net of advance proceeds received for other fire related costs</b>		
Beginning balance	\$ -	\$ 1,790
Fire related costs	296	8,337
Insurance proceeds for inventory, fixed asset losses, and other fire related costs	(1,500)	(1,000)
Gain on insurance proceeds received for damage to property, plant, and equipment	800	-
Gain on insurance proceeds received, or expected to be received, in excess of operating losses recognized	2,004	524
Ending balance	<u>\$ 1,600</u>	<u>\$ 9,651</u>

**Note 13 Accumulated Other Comprehensive Income (Loss)**

Changes to the components of accumulated other comprehensive loss are as follows:

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
	<b>(in thousands)</b>	
<b>Foreign currency translation adjustments</b>		
Beginning balance	\$ (12,647)	\$ (15,299)
Foreign currency translation adjustment gain (loss)	\$ 1,694	\$ (2,577)
Ending balance	<u>\$ (10,953)</u>	<u>\$ (17,876)</u>
Accumulated other comprehensive loss	<u>\$ (10,953)</u>	<u>\$ (17,876)</u>

**Note 14 Leases**General Lease Description

We have operating leases with initial noncancelable lease terms in excess of one year covering the rental of various facilities and equipment. Certain of these leases contain renewal options and some provide options to purchase during the lease term. Our operating leases include leases for real estate from some of our office, warehouse, and manufacturing facilities as well as manufacturing and non-manufacturing equipment used in our business. The remaining lease terms for these operating leases range from 1 month to 18 years.

We have finance leases with initial non-cancelable lease terms in excess of one year covering the rental of various equipment. These leases are generally for manufacturing and non-manufacturing equipment used in our business. The remaining lease terms for these finance leases range from 1 year to 6 years.

Significant Assumptions and Judgments*Contract Contains a Lease*

In evaluating our contracts to determine whether a contract is or contains a lease, we considered the following:

- Whether explicitly or implicitly identified assets have been deployed in the contract; and
- Whether we obtain substantially all of the economic benefits from the use of that underlying asset, and we can direct how and for what purpose the asset is used during the term of the contract.

*Allocation of Consideration*

In determining how to allocate consideration between lease and non-lease components in a contract that was deemed to contain a lease, we used judgment and consistent application of assumptions to reasonably allocate the consideration.

*Options to Extend or Terminate Leases*

We have leases which contain options to extend or terminate the leases. On a lease-by-lease basis, we have determined if the extension should be considered reasonably certain to be exercised and thus a right-of-use asset and a lease liability should be recorded.

*Discount Rate*

The discount rate for leases, if not explicitly stated in the lease, is the incremental borrowing rate, which is the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

We used the discount rate to calculate the present value of the lease liability at the date of adoption. In the development of the discount rate, we considered our incremental borrowing rate as provided by our lender which was based on cash collateral and credit risk specific to us, and our lease portfolio characteristics.

As of December 27, 2025, the weighted-average discount rate of our operating and finance leases was 5.3% and 4.1%, respectively. As of September 27, 2025, the weighted-average discount rate of our operating and finance leases was 5.2% and 4.1%, respectively.

## Practical Expedients and Accounting Policy Elections

We elected the package of practical expedients that permits us not to reassess our prior conclusions about lease identification, lease classification and initial direct costs and made an accounting policy election to exclude short-term leases with an initial term of 12 months or less from our Consolidated Balance Sheets.

## Amounts Recognized in the Financial Statements

The components of lease expense were as follows:

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2025</b>
Operating lease cost in Cost of goods sold and Operating Expenses	\$ 8,069	\$ 7,627
Finance lease cost:		
Amortization of assets in Cost of goods sold and Operating Expenses	\$ 132	\$ 159
Interest on lease liabilities in Interest expense & other	13	7
Total finance lease cost	\$ 145	\$ 166
Short-term lease cost in Cost of goods sold and Operating Expenses	-	-
Total net lease cost	<u>\$ 8,214</u>	<u>\$ 7,793</u>

Supplemental balance sheet information related to leases is as follows:

	<b>December 27, 2025</b>	<b>September 27, 2025</b>
<b>Operating Leases</b>		
Operating lease right-of-use assets	<u>\$ 149,094</u>	<u>\$ 151,538</u>
Current operating lease liabilities	\$ 21,906	\$ 21,624
Noncurrent operating lease liabilities	137,599	140,021
Total operating lease liabilities	<u>\$ 159,505</u>	<u>\$ 161,645</u>
<b>Finance Leases</b>		
Finance lease right-of-use assets in Property, plant and equipment, net	<u>\$ 1,762</u>	<u>\$ 2,493</u>
Current finance lease liabilities	\$ 609	\$ 563
Noncurrent finance lease liabilities	1,254	1,355
Total finance lease liabilities	<u>\$ 1,863</u>	<u>\$ 1,918</u>

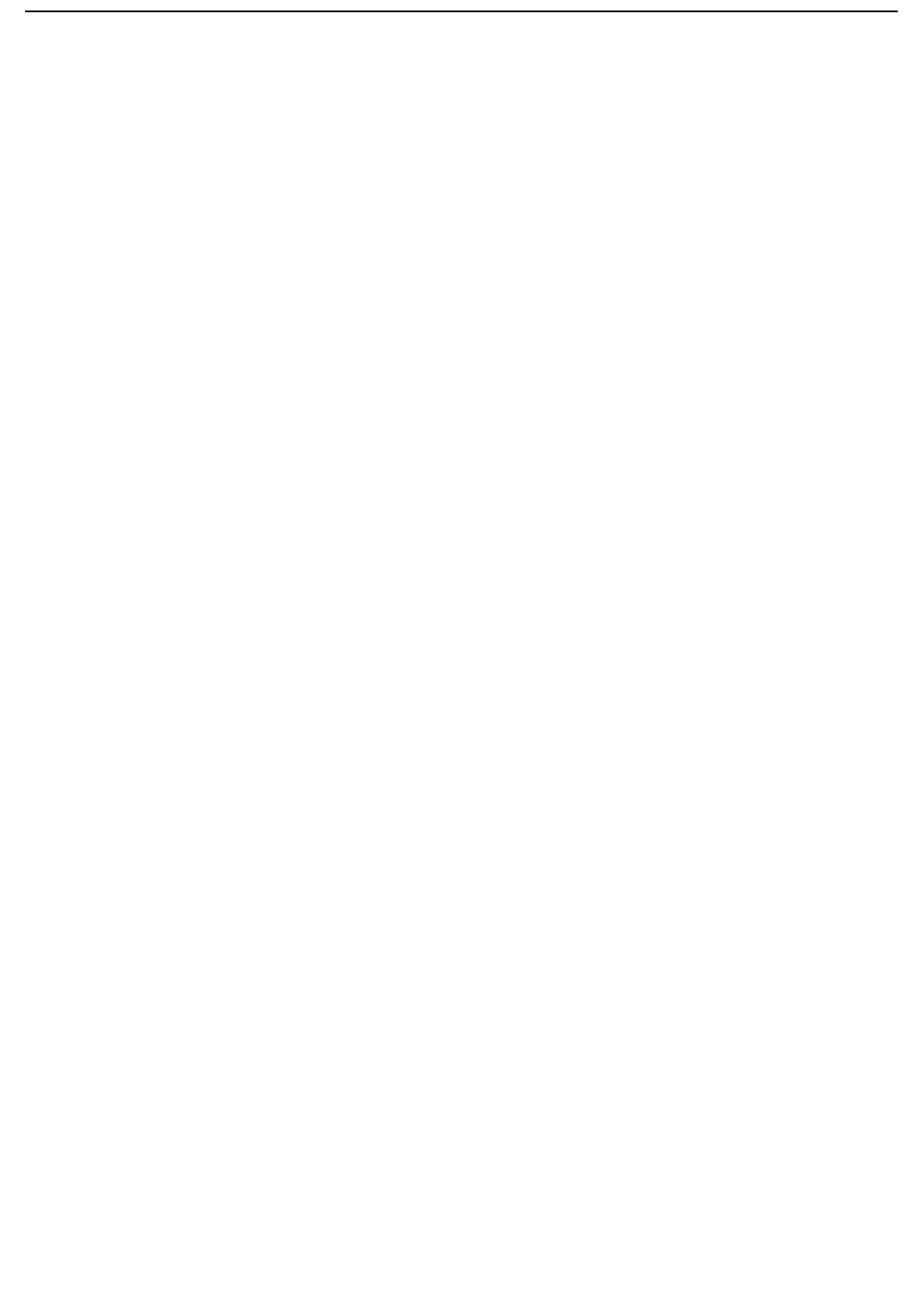
Supplemental cash flow information related to leases is as follows:

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 7,763	\$ 7,382
Operating cash flows from finance leases	\$ 13	\$ 7
Financing cash flows from finance leases	\$ 117	\$ 42
Supplemental noncash information on lease liabilities arising from obtaining right-of-use assets		
	\$ 4,742	\$ 9,616
Supplemental noncash information on lease liabilities removed due to purchase of leased asset	\$ -	\$ -

As of December 27, 2025, the maturities of lease liabilities were as follows:

	<b>Operating Leases</b>	<b>Finance Leases</b>
Three months ending September 27, 2025	\$ 21,930	\$ 475
2026	28,531	603
2027	24,481	384
2028	19,130	255
2029	13,664	239
Thereafter	109,416	65
Total minimum payments	217,152	2,021
Less amount representing interest	(57,647)	(158)
Present value of lease obligations	<u>\$ 159,505</u>	<u>\$ 1,863</u>

As of December 27, 2025 the weighted-average remaining term of our operating and finance leases was 12.0 years and 3.8 years, respectively. As of September 27, 2025 the weighted-average remaining term of our operating and finance leases was 11.4 years and 4.1 years, respectively.



**Note 15 Related Parties**NFI Industries, Inc.

We have related party expenses for distribution and shipping related costs with NFI Industries, Inc. and its affiliated entities (“NFI”). Our director, Sidney R. Brown, is CEO and an owner of NFI Industries, Inc.

The payments to NFI were as follows:

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
	<b>(in millions)</b>	
Transportation management services payments (1)	\$ 0.2	\$ 0.2
Labor management services payments (2)	3.6	3.8
Lease payments (3)	0.5	0.5
Pass through payments to third parties (4)	14.8	14.3
<b>Total amount distributed to NFI</b>	<b>\$ 19.1</b>	<b>\$ 18.8</b>

- (1) The Company is contracted with NFI for transportation management services, which involves the arrangement for the distribution of the Company's goods. This amount represents the payments for management fees associated with this service.
- (2) The Company is entered into a master service agreement with NFI for the operations and labor management of our three regional distribution centers. This amount represents the payments to NFI for services rendered under this contract.
- (3) In June 2023, the Company began leasing a regional distribution center in Terrell, Texas that was constructed by, and is owned by, a subsidiary of NFI. This amount represents the lease payments associated with the lease arrangement. At the lease commencement date, \$28.7 million was recorded as an operating right-of-use asset, \$0.2 million was recorded as a current operating lease liability, and \$28.5 million was recorded as a non-current operating lease liability. As of December 27, 2025, \$26.2 million was recorded as an operating right-of-use asset, \$0.7 million was recorded as a current operating lease liability, and \$27.3 million was recorded as a non-current operating lease liability. As of September 27, 2025, \$26.5 million was recorded as an operating right-of-use asset, \$0.7 million was recorded as a current operating lease liability, and \$27.4 million was recorded as a non-current operating lease liability.
- (4) This amount represents passed through payments to third-party distribution and shipping vendors that are managed on the Company's behalf by NFI.

As of December 27, 2025, and September 27, 2025, related party trade payables of approximately \$2.5 million and \$3.2 million, respectively, were recorded as accounts payable.

All agreements with NFI include terms that are consistent with those that we believe would have been negotiated at an arm's length with an independent party.

Ken Roshkoff

The Company pays board advisory consulting fees to the husband of our director, Marjorie Roshkoff. In the three months ended December 27, 2025 and December 28, 2024, the company paid \$13,000 for these board advisory fees.

**Note 16 Reclassifications**

Certain prior year financial statement amounts have been reclassified to be consistent with the presentation for the current year.

**Note 17 Share Repurchase Program**

On February 3, 2025, the Company announced that the Board of Directors authorized a share repurchase program (the “2025 Share Repurchase Program”) pursuant to which the Company could repurchase up to \$50.0 million of the Company’s common stock, inclusive of any fees, commissions, and other expenses related to such repurchases. Under the 2025 Share Repurchase Program, the Company may repurchase its common stock from time to time, in amounts, at prices, and at such times as the Company deems appropriate, subject to market conditions, legal requirements, and other considerations. The Company’s repurchases may be executed using open market purchases, unsolicited or solicited privately negotiated transactions, or other transactions, and may be affected pursuant to trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The 2025 Share Repurchase Program is effective for two years; however, the 2025 Share Repurchase Program does not obligate the Company to repurchase any specific number of shares and may be suspended, modified or terminated at any time without prior notice.

In the three months ended December 27, 2025, the Company repurchased 458,467 shares of common stock of the Company at an average price of \$91.61 per share on the open market, pursuant to the share repurchase program. As of the date of the repurchase, the repurchased shares were retired and returned to the status of authorized but unissued shares of common stock.

	<b>Three months ended</b>	
	<b>December 27, 2025</b>	<b>December 28, 2024</b>
Shares repurchased (in thousands)	458	-
Average price per share	\$ 91.61	\$ -
Total investment (in thousands)	\$ 42,000	\$ -

As of December 27, 2025, the Company has fully exhausted its share repurchase ability under the 2025 Share Repurchase Program.

#### **Note 18 Manufacturing Facility Closures and Disposals**

During the fourth quarter of fiscal 2025, we announced the closure of two manufacturing facilities, our plant in Holly Ridge, North Carolina, and our plant in Atlanta, Georgia. In October 2025, during the first quarter of fiscal 2026, we subsequently announced the closure of a third manufacturing facility, our plant in Colton, California. Production from these facilities will either be consolidated into various other facilities across our network, or it will be discontinued as part of our ongoing sales portfolio optimization. This consolidation was enabled by the investments we have made in our plants to modernize and expand capacity for our core products, as well as our investments made to build out our three regional distribution centers.

As a result of the plant closures, we recorded charges of \$6.1 million in the three months ended December 27, 2025. These costs are reported in the plant closure expense item within the Operating expenses section of the Consolidated Statements of Income. Included in the results in the three months ended December 27, 2025 are \$4.3 million of charges that have resulted or will result in cash outflows, and \$1.8 million of non-cash charges.

The manufacturing facility in Holly Ridge, NC produced handheld products for our Food Service and Retail Supermarket segments and ceased production on July 31, 2025. The closure costs for the facility totaled \$0.4 million in three months ended December 27, 2025, comprised of other exit and disposal costs of \$0.4 million. These costs are reported in the plant closure expense item of the Consolidated Statements of Earnings.

The manufacturing facility in Atlanta, GA produced bakery and biscuit products for our Food Service and Retail Supermarket segments and ceased production on September 27, 2025. The closure costs for the facility totaled \$3.6 million in the three months ended December 27, 2025, including severance and benefit costs of \$0.5 million, inventory write-offs of \$1.4 million, and other exit and disposal costs of \$1.7 million. These costs are reported in the plant closure expense item of the Consolidated Statements of Earnings.

The manufacturing facility in Colton, CA produced churro products for our Food Service and Retail Supermarket segments and ceased production in the first quarter of fiscal 2026. The closure costs for the plant totaled \$2.1 million in the three months ended December 27, 2025, including long-lived asset impairment charges of \$0.4 million, severance and benefit costs of \$1.4 million, and other exit and disposal costs of \$0.3 million. These costs are reported in the plant closure expense item of the Consolidated Statements of Earnings.

The following table reflects our liability related to manufacturing facility closures as of December 27, 2025 (in thousands):

	<b>September 27, 2025</b>	<b>Plant closure charges</b>	<b>Plant closure payments</b>	<b>December 27, 2025</b>
Severance and benefits costs	\$ 2,534	\$ 1,858	\$ (4,176)	\$ 216
Other exit and disposal costs	118	2,472	(2,081)	509
Total	<u>\$ 2,652</u>	<u>\$ 4,330</u>	<u>\$ (6,257)</u>	<u>\$ 725</u>

#### **Note 19 Subsequent Events**

On February 3, 2026, the Company announced that the Board of Directors authorized a new share repurchase program (the "2026 Share Repurchase Program") pursuant to which the Company could repurchase up to \$50.0 million of the Company's common stock, exclusive of any fees, commissions, and other expenses related to such repurchases. Under the 2026 Share Repurchase Program, the Company may repurchase its common stock from time to time, in amounts, at prices, and at such times as the Company deems appropriate, subject to market conditions, legal requirements, and other considerations. The Company's repurchases may be executed using open market purchases, unsolicited or solicited privately negotiated transactions, or other transactions, and may be affected pursuant to trading plans intended to qualify under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. The 2026 Share Repurchase Program is effective for approximately two years; however, the 2026 Share Repurchase Program does not obligate the Company to repurchase any specific number of shares and may be suspended, modified or terminated at any time without prior notice.

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

Statements made in this Form 10-Q that are not historical or current facts are “forward-looking statements” made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to us, based on our current beliefs as well as assumptions made by us and information currently available to us. Forward-looking statements generally will be accompanied by words such as "anticipate," "if," "may," "believe," "plan," "goals," "estimate," "expect," "project," "continue," "forecast," "intend," "may," "could," "should," "will," and other similar expressions. Statements addressing our future operating performance and statements addressing events and developments that we expect or anticipate will occur are also considered forward-looking statements. This includes, without limitation, our statements and expectations regarding any current or future recovery in our industry (or the industries of our customers), the success of new product innovations, the impact of tariffs and other government regulations, and the future impact of our supply chain efficiency projects, including facility optimization projects and investments in additional production capacity and logistics and warehousing operations. Such forward-looking statements are inherently uncertain, and readers must recognize that actual results may differ materially from the expectations of management. We intend that such forward-looking statements be subject to the safe harbor provisions of the Securities Act and the Exchange Act.

We wish to caution readers not to place undue reliance on any such forward-looking statements, which speak as of the date made. Any forward-looking statements represent our best judgment as to what may occur in the future. However, forward-looking statements are subject to risks, uncertainties, and important factors beyond our control that could cause actual results and events to differ materially from historical results of operations and events and those presently anticipated or projected. We disclaim any obligation to revise, update, add or to otherwise correct, any forward-looking statements to reflect events or circumstances after the date of such statement or to reflect the occurrence of anticipated or unanticipated events.

### **Objective**

This Management’s Discussion and Analysis of Financial Condition and Results of Operations is intended to provide readers of our financial statements with a narrative form from the perspective of our management regarding our financial condition and results of operations, liquidity and certain other factors that may affect our future results. The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q and within the Company’s Annual Report on Form 10-K filed for the fiscal year ended September 27, 2025.

### **Business Overview**

The Company manufactures snack foods and distributes frozen beverages which it markets nationally to the foodservice and retail supermarket industries. The Company’s principal snack food products are soft pretzels, frozen novelties, churros and bakery products. We believe we are the largest manufacturer of soft pretzels in the United States. Other snack food products include funnel cake and handheld products. The Company’s principal frozen beverage products are the ICEE brand frozen carbonated beverage and the SLUSH PUPPIE brand frozen non-carbonated beverage.

The Company’s Food Service and Frozen Beverages sales are made primarily to foodservice customers including snack bar and food stand locations in leading chain, department, discount, warehouse club and convenience stores; malls and shopping centers; fast food and casual dining restaurants; stadiums and sports arenas; leisure and theme parks; movie theatres; independent retailers; and schools, colleges and other institutions. The Company’s retail supermarket customers are primarily supermarket chains.

## **Business Trends and Strategy**

Our products are generally sold for discretionary consumption. Our results are impacted by macroeconomic and demographic trends and changes in consumer behavior. The U.S. economy has experienced economic volatility and uncertainty in recent years, which has had, and we expect might continue to have, an impact on consumer behavior. Consumer spending may continue to be impacted by levels of discretionary income and the impact of that on the consumer's decision making around their purchases. In addition, inflation continues to impact our business, and fluctuating raw material input costs may continue to impact the costs of our products.

While overall packaging and raw material inflation, inclusive of the cocoa market, appears to be moderating for fiscal 2026, uncertainty within the supply chain surrounding impacts from the U.S. government's tariffs on imports could continue to be a potential headwind for the Company in fiscal 2026. Tariffs may increase the cost of certain raw materials and packaging that we use in our business, and our financial performance may be adversely impacted if we are unable to pass on the cost increases in the form of price increases to our customers. Additionally, the ultimate impact of tariffs may be difficult to predict as tariff rates and duration remain uncertain, which can make our planning process more challenging.

To help combat these potential headwinds, we continue to pursue operational improvements, as well as expand growth opportunities across our various channels and customers. Some recent examples of implementing these strategies include:

- Our recently completed strategic supply chain transformation in which we opened three regional distribution centers which is projected to drive cost reductions around warehousing and distribution.
- The recent addition of six new production lines which has significantly expanded our capacity and allowed us to meet growth opportunities across our core products such as pretzels, churros and frozen novelties.
- Implementation of a new ERP system in fiscal 2022 which has helped to create efficiencies and streamline internal processes.
- Many examples of successful cross-selling and leveraging our brands across customer channels, including our recent expansion of Dippin' Dots brand into retail and further into the theater channel.
- Further expansion of our SuperPretzel brand across the retail market through the launch of Bavarian Sticks.
- Our fiscal year 2023 rollout of our new Hola! Churro brand.
- Our recently announced transformation program, "Project Apollo," which is anticipated to generate sustainable efficiencies and cost savings across the enterprise.

The above referenced Project Apollo is expected to generate at least \$20 million of run-rate operating income for the initiatives that are expected to be implemented by the end of fiscal 2026. The initial focus of the project is the consolidation and optimization of our manufacturing network. During the fourth quarter of fiscal 2025, we announced the closure of two manufacturing facilities, our plant in Holly Ridge, North Carolina, and our plant in Atlanta, Georgia. In the first quarter of fiscal 2026, we announced the closure of a third manufacturing facility, our plant in Colton, California.

Production from these facilities will either be consolidated into various other facilities across our network, or it will be discontinued as part of our ongoing sales portfolio optimization. This consolidation was enabled by the investments we have made in our plants to modernize and expand capacity for our core products, as well as our investments made to build out our three regional distribution centers. In connection with the closing of our three facilities, we recorded plant closure costs of approximately \$24 million in the fourth quarter of fiscal 2025, and another \$6.1 million in the first quarter of fiscal 2026. These costs primarily related to non-cash write-downs and write-offs related to inventory and to property, plant and equipment, as well as severance and benefit costs.

In addition to plant consolidation, as part of the first phase of Project Apollo, we are expecting to optimally reposition production within our network, which we are expecting to generate additional freight savings in fiscal 2026 and beyond, and to streamline our corporate functions, which is expected to generate general and administrative expense saving in fiscal 2026 and beyond.

## **RESULTS OF OPERATIONS – Three months ended December 27, 2025**

The following discussion provides a review of results for the three months ended December 27, 2025 as compared with the three months ended December 28, 2024.

### **Summary of Results**

	Three months ended		% Change
	December 27, 2025	December 28, 2024	
	(in thousands)		
Net sales	343,778	362,598	(5.2)%
Cost of goods sold	247,766	268,697	(7.8)%
Gross profit	96,012	93,901	2.2%
Operating expenses			
Selling and Marketing	31,499	28,669	9.9%
Distribution	38,056	39,610	(3.9)%
Administrative	20,377	18,903	7.8%
Gain on insurance proceeds received for damage to property, plant, and equipment	(800)	-	100.0%
Plant closure expense	6,113	-	100.0%
Other general expense (income)	130	480	(72.9)%
Total operating expenses	95,375	87,662	8.8%
Operating income	637	6,239	(89.8)%
Other income (expense)			
Investment income	712	1,037	(31.3)%
Interest expense	(139)	(212)	(34.4)%
Earnings before income taxes	1,210	7,064	(82.9)%
Income tax expense	327	1,921	(83.0)%
NET EARNINGS	\$ 883	\$ 5,143	(82.8)%

### **Comparisons as a Percentage of Net Sales**

	Three months ended		Basis Pt Chg
	December 27, 2025	December 28, 2024	
Gross profit	27.9%	25.9%	200
Selling and Marketing	9.2%	7.9%	130
Distribution	11.1%	10.9%	20
Administrative	5.9%	5.2%	70
Operating income	0.2%	1.7%	(150)
Earnings before income taxes	0.4%	1.9%	(150)
Net earnings	0.3%	1.4%	(110)

#### **Net Sales**

Net sales decreased \$18.8 million, or 5.2%, to \$343.8 million for the three months ended December 27, 2025. The sales decrease was primarily driven by declines in our Food Service segment, most notably within our bakery portfolio, and the majority of which related to our previously disclosed sales portfolio optimization.

#### **Gross Profit**

Gross Profit increased by \$2.1 million, or 2.2%, to \$96.0 million for the three months ended December 27, 2025. As a percentage of sales, gross profit increased from 25.9% to 27.9%. The increase in gross profit as a percentage of sales was largely driven by the benefits of our previously announced plant closures as well as the favorable impact that resulted from our sales portfolio optimization. These favorable tailwinds significantly offset the unfavorable impact of lower sales volumes, as well as the impact of approximately \$1 million associated with product disposal costs, and approximately \$0.6 million in tariff-related costs, net of pricing offsets, all of which were primarily seen within the Food Service segment.

#### **Operating Expenses**

Operating Expenses increased \$7.7 million, or 8.8%, to \$95.4 million for the three months ended December 27, 2025. As a percentage of sales, operating expenses increased from 24.2% to 27.7%. Operating expenses included \$6.1 million of plant closure expense and a partly offsetting \$0.8 million gain on insurance proceeds received for damage to property, plant, and equipment in the three months ended December 27, 2025. The net impact of these items increased operating expenses as a percentage of sales by approximately 150 bps.

The remaining increase in operating expenses was most notably driven by an increase in selling and marketing expenses. As a percentage of sales, selling and marketing expenses increased from 7.9% to 9.2%, with the increase primarily attributable to increased commission costs on retail vending sales,

increased spend on sponsorships, brand support and other promotional activities, and higher depreciation for customer equipment for growth.

As a percentage of sales, distribution expenses remained materially consistent in the three months ended December 27, 2025, increasing slightly from 10.9% to 11.1%, but declining from \$39.6 million to \$38.1 million. The overall decrease was primarily attributable to the lower sales volumes in the quarter.

As a percentage of sales, general and administrative expenses increased from 5.2% to 5.9% and from \$18.9 million to \$20.4 million in the three months ended December 27, 2025. The increase was most significantly driven by non-recurring restructuring and legal expenses.

#### Other Income and Expense

Investment income decreased \$0.3 million or 31.3% to \$0.7 million for the three months ended December 27, 2025 due to lower interest rates on foreign cash balances. Interest expense decreased by \$0.1 million, or 34.4%, to \$0.1 million for the three months ended December 27, 2025.

#### Income Tax Expense

Our effective tax rate was 27% for the three months ended December 27, 2025, as well as for the three months ended December 28, 2024.

#### Net Earnings

Net earnings decreased by \$4.3 million, or 82.8%, to \$0.9 million for the three months ended December 27, 2025, due to the aforementioned items.

There are many factors which can impact our net earnings from year to year and in the long run, among which are the supply and cost of raw materials and labor, insurance costs, factors impacting sales as noted above, the continuing consolidation of our customers, our ability to manage our manufacturing, marketing and distribution activities, our ability to make and integrate acquisitions and changes in tax laws and interest rates.

#### Business Segment Discussion

We operate in three segments: Food Service, Retail Supermarket, and Frozen Beverages. The following table is a summary of sales and operating income, which is how we measure segment profit.

	Three months ended		% Change
	December 27, 2025	December 28, 2024	
	(in thousands)		
Net sales			
Food Service	219,156	238,883	(8.3)%
Retail Supermarket	45,882	44,717	2.6%
Frozen Beverages	78,740	78,998	(0.3)%
Total sales	<u>\$ 343,778</u>	<u>\$ 362,598</u>	(5.2)%

	Three months ended		% Change
	December 27, 2025	December 28, 2024	
	(in thousands)		
Operating income			
Food Service	\$ 10,099	\$ 8,814	14.6%
Retail Supermarket	1,160	1,191	(2.6)%
Frozen Beverages	4,049	4,691	(13.7)%
General corporate expenses	(9,358)	(8,457)	10.7%
Gain on insurance proceeds received for damage to property, plant, and equipment	800	-	0.0%
Plant closure expense	(6,113)	-	0.0%
Total operating income	<u>\$ 637</u>	<u>\$ 6,239</u>	(89.8)%

## Food Service Segment Results

	Three months ended		
	December 27, 2025	December 28, 2024	% Change
	(in thousands)		
Food Service sales to external customers	\$ 219,156	\$ 238,883	(8.3)%
Food Service operating income	\$ 10,099	\$ 8,814	14.6%

Sales to food service customers decreased \$19.7 million, or 8.3%, to \$219.2 million for the three months ended December 27, 2025. The largest driver of the decrease were sales of bakery products, which decreased by \$18.2 million, or 16.8%, with the decrease largely attributable to the impact of the sales portfolio optimization aspect of our Project Apollo initiative on some of our lower-margin bakery SKUs. Additionally, sales of handhelds decreased \$5.3 million, or 22.3%, with the decrease attributable to lower comparative volumes on our core handhelds, as well as contractual pricing true-ups on the lower costing of certain raw material ingredients. Slightly offsetting these decreases were soft pretzels sales to food service customers, which increased \$3.6 million, or 6.9%, with the increase largely attributable to volume increases seen within the category on our key brands, a continuation of the trend seen in the second half of our fiscal 2025.

Sales of new products in the first twelve months since their introduction were minimal in the three months ended December 27, 2025. Low-mid single-digit net pricing increases were more than offset by the net volume declines, primarily attributable to the sales portfolio optimization aspect of our Project Apollo initiative.

Operating income in our Food Service segment increased \$1.3 million, or 14.6%, to \$10.1 million, for the three months ended December 27, 2025, which reflected the efficiencies and benefits of the optimization of our manufacturing footprint seen within gross profit, offset by the unfavorable impact of some of the volume declines that were mostly attributable to the sales portfolio optimization aspect of Project Apollo.

## Retail Supermarket Segment Results

	Three months ended		
	December 27, 2025	December 28, 2024	% Change
	(in thousands)		
Retail Supermarket sales to external customers	\$ 45,882	\$ 44,717	2.6%
Retail Supermarket operating income	\$ 1,160	\$ 1,191	(2.6)%

Sales of products to retail customers increased \$1.2 million, or 2.6%, to \$45.9 million for the three months ended December 27, 2025, with the increase largely driven by a \$1.8 million, or 35% increase in handheld sales. The increase in handheld sales was primarily attributable to a significant increase in comparative volumes as prior year volumes were negatively impacted by the fire at our Holly Ridge location and the resulting delays in production during the prior year quarter. Sales of new products in retail supermarkets were approximately \$0.5 million in the three months ended December 27, 2025. Low-mid single-digit net price increases drove the increase in retail supermarket sales in the quarter as sales volumes in the quarter across the segment were materially flat, with net volume decreases across other product categories materially offsetting the handheld volume increases.

Operating income in our Retail Supermarkets segment was \$1.2 million in both the three months ended December 27, 2025 and the three months ended December 28, 2024.

## Frozen Beverages Segment Results

	Three months ended		
	December 27, 2025	December 28, 2024	% Change
	(in thousands)		
<b>Frozen Beverages sales to external customers</b>			
Beverages	\$ 44,889	\$ 44,654	0.5%
Repair and maintenance service	22,489	23,639	(4.9)%
Machines revenue	10,716	10,047	6.7%
Other	646	658	(1.8)%
Total Frozen Beverages	<u>\$ 78,740</u>	<u>\$ 78,998</u>	(0.3)%
Frozen Beverages operating income	<u>\$ 4,049</u>	<u>\$ 4,691</u>	(13.7)%

Frozen beverage and related product sales decreased \$0.3 million, or 0.3%, in the three months ended December 27, 2025. Beverage sales increased 0.5% to \$44.9 million in the three months ended December 27, 2025, with the slight increase driven by pricing increases, a favorable sales mix and some foreign exchange related tailwinds, mostly offset by a 6% decrease in gallon sales over that period. Service revenue decreased 4.9% to \$22.5 million, and machine revenue (primarily sales of frozen beverage machines) increased 6.7% to \$10.7 million driven by strong growth from a convenience customer.

Operating income in our Frozen Beverage segment decreased \$0.6 million in the quarter to \$4.0 million as lower beverage sales volumes negatively impacted leverage across the business.

## Liquidity and Capital Resources

Although there are many factors that could impact our operating cash flow, most notably net earnings, we believe that our future operating cash flow, along with our borrowing capacity, our current cash and cash equivalent balances is sufficient to satisfy our cash requirements over the next twelve months and beyond, as well as to fund future growth and expansion.

	Three months ended	
	December 27, 2025	December 28, 2024
	(in thousands)	
<b>Cash flows from operating activities</b>		
Net earnings	\$ 883	\$ 5,143
Non-cash items in net income:		
Depreciation of fixed assets	17,241	15,814
Amortization of intangibles and deferred costs	1,443	1,930
Losses from disposals of property & equipment	343	146
Non-cash plant shutdown expenses	1,781	-
Share-based compensation	1,479	1,125
Deferred income taxes	(325)	(158)
Gain on insurance proceeds received for damage to property, plant, and equipment	(800)	-
Other	(100)	(93)
Changes in assets and liabilities, net of effects from purchase of companies	14,018	11,255
Net cash provided by operating activities	<u>\$ 35,963</u>	<u>\$ 35,162</u>

- The increase in depreciation of fixed assets was primarily due to prior year purchases of property, plant and equipment.
- Cash flows associated with changes in assets and liabilities, generated approximately \$14.0 million of cash in the three months ended December 27, 2025 compared with \$11.3 million in the three months ended December 28, 2024. The net inflow in the three months ended December 27, 2025 was driven primarily by decreases in accounts receivable of \$22.9 million and inventory of \$1.9 million, offset partially by a decrease in accounts payable, accrued liabilities, and prepaid expenses of \$10.8 million. In the prior year period, the net inflow was driven primarily by a decrease in accounts receivable of \$25.0 million and inventory of \$3.2 million, offset partially by a decrease in accounts payable, accrued liabilities, and prepaid expenses of \$16.9 million.

	Three months ended	
	December 27, 2025	December 28, 2024
	(in thousands)	
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	\$ (19,003)	\$ (19,065)
Proceeds from disposal of property and equipment	57	131
Proceeds from insurance for fixed assets	800	-
Net cash (used in) investing activities	<u>\$ (18,146)</u>	<u>\$ (18,934)</u>

- Purchases of property, plant and equipment include spending for production growth, in addition to acquiring new equipment, infrastructure replacements, and upgrades to maintain competitive standing and position us for future opportunities. The slight decrease over prior year period was primarily due to the timing of spend.

	Three months ended	
	December 27, 2025	December 28, 2024
	(in thousands)	
<b>Cash flows from financing activities</b>		
Payments to repurchase common stock	\$ (42,000)	-
Proceeds from issuance of stock	-	1,924
Purchase of vested employee service share units and performance share units	(685)	(552)
Borrowings under credit facility	10,000	15,000
Repayment of borrowings under credit facility	(10,000)	(15,000)
Payments on finance lease obligations	(117)	(42)
Payment of cash dividend	(15,552)	(15,178)
Net cash (used in) financing activities	<u>\$ (58,354)</u>	<u>\$ (13,848)</u>

- In the three months ended December 27, 2025, the Company repurchased 458,467 shares of common stock of the Company at an average price of \$91.61 per share on the open market, pursuant to the share repurchase program. As of the date of the repurchase, the repurchased shares were retired and returned to the status of authorized but unissued shares of common stock.
- Borrowings under credit facility and repayment of borrowings under credit facility relate to the Company's cash draws and repayments made to primarily fund working capital needs and represent the net paydown of borrowings.
- The increase in payment of cash dividends from prior year period was due to the increase in our quarterly dividend during fiscal 2025, offset somewhat by the reduction in shares outstanding.

### Liquidity

As of December 27, 2025, we had \$66.8 million of Cash and Cash Equivalents.

In December 2021, the Company entered into an amended and restated loan agreement (the "Credit Agreement") with our existing banks which provided for up to a \$50 million revolving credit facility repayable in December 2026.

On June 21, 2022, the Company entered into an amendment to the Credit Agreement, the "Amended Credit Agreement" which provided for an incremental increase of \$175 million in available borrowings. The Amended Credit Agreement also includes an option to increase the size of the revolving credit facility by up to an amount not to exceed in the aggregate the greater of \$225 million or, \$50 million plus the Consolidated EBITDA of the Borrowers, subject to the satisfaction of certain terms and conditions.

Interest accrues, at the Company's election at (i) the SOFR Rate (as defined in the Credit Agreement), plus an applicable margin, based upon the Consolidated Net Leverage Ratio, as defined in the Credit Agreement, or (ii) the Alternate Base Rate (a rate based on the higher of (a) the prime rate announced from time-to-time by the Administrative Agent, (b) the Federal Reserve System's federal funds rate, plus 0.50% or (c) the Daily BSBY Rate, plus an applicable margin). The Alternate Base Rate is defined in the Credit Agreement.

The Credit Agreement requires the Company to comply with various affirmative and negative covenants, including without limitation (i) covenants to maintain a minimum specified interest coverage ratio and maximum specified net leverage ratio, and (ii) subject to certain exceptions, covenants that prevent or restrict the Company's ability to pay dividends, engage in certain mergers or acquisitions, make certain investments or loans, incur future indebtedness, alter its capital structure or line of business, prepay subordinated indebtedness, engage in certain transactions with affiliates, or amend its organizational documents. As of December 27, 2025, the Company is in compliance with all financial covenants of the Credit Agreement.

As of December 27, 2025, and as of September 27, 2025, there was no outstanding balance under the Amended Credit Agreement. As of December 27, 2025, and as of September 27, 2025, the amount available under the Amended Credit Agreement was \$210.2 million, after giving effect to the outstanding letters of credit.

### **Critical Accounting Policies, Judgments and Estimates**

There have been no material changes to our critical accounting policies, judgments and estimates from the information provided in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies, Judgments and Estimates, in our Annual Report on Form 10-K for the year ended September 27, 2025, as filed with the SEC on November 26, 2025.

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

There has been no material change in the Company's assessment of its sensitivity to market risk since its presentation set forth, in item 7a. "Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the year ended September 27, 2025, as filed with the SEC on November 26, 2025.

### **Item 4. Controls and Procedures**

The Chief Executive Officer and the Chief Financial Officer of the Company (its principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of December 27, 2025, that the Company's disclosure controls and procedures (as defined in Rule 13a-15(f) under the Exchange Act) are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended December 27, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

The Company is subject, from time to time, to certain legal proceedings and claims that arise from our business. As of the date of this Quarterly Report on Form 10-Q, the Company does not expect that any such proceedings will have a material adverse effect on the Company's financial position or results of operations.

### **Item 1A. Risk Factors**

For information on risk factors, please refer to "Risk Factors" in Part I, Item 1A of the Company's Form 10-K for the fiscal year ended September 27, 2025. The risks identified in that report have not changed in any material respect.

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

The following tables sets forth repurchases of our common stock during the first quarter of 2026:

<u>Period</u>	<u>Total number of shares purchased (1)</u>	<u>Average price paid per share</u>	<u>Total number of shares purchased as part of publicly announced plans or programs (2)</u>	<u>Approximate dollar value of shares that may yet be purchased under plans or programs (2)</u> <u>(in thousands)</u>
September 28, 2025 to October 25, 2025	-	-	-	\$ 42,000
October 26, 2025 to November 22, 2025	152,438	90.26	144,401	28,923
November 23, 2025 to December 27, 2025	314,160	92.07	314,066	-
Three months ended December 27, 2025	<u>466,598</u>	91.48	<u>458,467</u>	-

- (1) There were 8,131 shares during the period that were not made pursuant to our previously announced stock repurchase program but were purchased to cover taxes associated with the vesting of certain restricted and performance stock units held by officers and employees.
- (2) On February 3, 2025, the Company announced that the Board of Directors authorized a share repurchase program (the 2025 Share Repurchase Program) pursuant to which the Company could repurchase up to \$50.0 million of the Company's common stock, exclusive of any fees, commissions, and other expenses related to such repurchases. As of December 27, 2025, there is no remaining share repurchase availability under the 2025 Share Repurchase Program.

## Item 5. Other Information

During the three months ended December 27, 2025, none of our directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

## Item 6. Exhibits

Exhibit No.

<a href="#">31.1</a> & <a href="#">31.2</a>	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">32.1</a> & <a href="#">32.2</a>	Certification Pursuant to the 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1	The following financial information from J&J Snack Foods Corp.'s Quarterly Report on Form 10-Q for the quarter ended December 27, 2025, formatted in Inline XBRL (Inline extensible Business Reporting Language): <ol style="list-style-type: none"><li>Consolidated Balance Sheets,</li><li>Consolidated Statements of Earnings,</li><li>Consolidated Statements of Comprehensive Income,</li><li>Consolidated Statements of Cash Flows, and</li><li>the Notes to the Consolidated Financial Statements</li></ol>
104	Cover Page Interactive Data File (formatted as Inline XBRL and containing in Exhibit 101)

## 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.

J & J SNACK FOODS CORP.

Dated: February 5, 2026

/s/ Dan Fachner

Dan Fachner  
Chairman, President, and Chief Executive Officer  
(Principal Executive Officer)

Dated: February 5, 2026

/s/ Shawn Munsell

Shawn Munsell, Senior Vice  
President and Chief Financial  
Officer  
(Principal Financial Officer)  
(Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Dan Fachner, certify that:

1. I have reviewed this report on Form 10-Q of J & J Snack Foods Corp.;
  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 officers 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 controls over financial reporting, or caused such internal controls 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 officers 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 controls over financial reporting.

Date: February 5, 2026

/s/ Dan Fachner

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Dan Fachner

Chairman, President, and Chief Executive

Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
SECTION 302  
OF THE SARBANES-OXLEY ACT OF 2002**

I, Shawn Munsell, certify that:

1. I have reviewed this report on Form 10-Q of J & J Snack Foods Corp.;
  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 officers 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 controls over financial reporting, or caused such internal controls 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 officers 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 controls over financial reporting.

Date: February 5, 2026

/s/ Shawn Munsell

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Shawn Munsell, Senior Vice  
President and Chief Financial  
Officer  
(Principal Financial Officer)  
(Principal Accounting Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), each of the undersigned officers of J & J Snack Foods Corp. (the "Company"), does hereby certify, to the best of their knowledge, with respect to the Quarterly Report of the Company on Form 10-Q for the quarter ended December 27, 2025 (the "Report") 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.

Date: February 5, 2026

/s/ Dan Fachner

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Dan Fachner

Chairman, President, and Chief Executive  
Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), each of the undersigned officers of J & J Snack Foods Corp. (the "Company"), does hereby certify, to the best of their knowledge, with respect to the Quarterly Report of the Company on Form 10-Q for the quarter ended December 27, 2025 (the "Report") 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.

Dated: February 5, 2026

/s/ Shawn Munsell

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Shawn Munsell, Senior Vice  
President and Chief Financial Officer  
(Principal Financial Officer)  
(Principal Accounting Officer)