

SANFILIPPO JOHN B & SON INC

Form 10-Q

October 28, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 24, 2015

OR

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

Commission File Number 0-19681

JOHN B. SANFILIPPO & SON, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of	36-2419677 (I.R.S. Employer
Incorporation or Organization)	Identification No.)
1703 North Randall Road	
Elgin, Illinois (Address of Principal Executive Offices)	60123-7820 (Zip Code)
(847) 289-1800 (Registrant's Telephone Number, Including Area Code)	

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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

Large accelerated filer ☐ Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of October 19, 2015, 8,546,580 shares of the Registrant's Common Stock, \$0.01 par value per share and 2,597,426 shares of the Registrant's Class A Common Stock, \$0.01 par value per share, were outstanding.

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JOHN B. SANFILIPPO & SON, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 24, 2015

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****JOHN B. SANFILIPPO & SON, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Unaudited)

(Dollars in thousands, except per share amounts)

	For the Quarter Ended	
	September 24, 2015	September 25, 2014
Net sales	\$ 225,777	\$ 205,037
Cost of sales	192,572	174,353
Gross profit	33,205	30,684
Operating expenses:		
Selling expenses	11,382	11,072
Administrative expenses	8,078	7,599
Total operating expenses	19,460	18,671
Income from operations	13,745	12,013
Other expense:		
Interest expense including \$273 and \$280 to related parties	915	990
Rental and miscellaneous expense, net	522	1,910
Total other expense, net	1,437	2,900
Income before income taxes	12,308	9,113
Income tax expense	4,318	3,198
Net income	\$ 7,990	\$ 5,915
Other comprehensive income:		
Amortization of prior service cost and actuarial loss included in net periodic pension cost	251	239
Income tax expense related to pension adjustments	(98)	(96)
Other comprehensive income, net of tax:	153	143
Comprehensive income	\$ 8,143	\$ 6,058

Net income per common share-basic	\$	0.71	\$	0.53
Net income per common share-diluted	\$	0.71	\$	0.53

The accompanying unaudited notes are an integral part of these consolidated financial statements.

Table of Contents**JOHN B. SANFILIPPO & SON, INC.****CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(Dollars in thousands, except per share amounts)

	September 24, 2015	June 25, 2015	September 25, 2014
ASSETS			
CURRENT ASSETS:			
Cash	\$ 1,613	\$ 1,946	\$ 1,705
Accounts receivable, less allowances of \$4,145, \$2,966 and \$3,282	77,758	75,635	62,804
Inventories	187,921	197,997	171,439
Deferred income taxes	4,264	4,264	3,486
Prepaid expenses and other current assets	3,610	4,468	2,500
TOTAL CURRENT ASSETS	275,166	284,310	241,934
PROPERTY, PLANT AND EQUIPMENT:			
Land	9,285	9,285	9,285
Buildings	105,674	104,016	102,923
Machinery and equipment	183,282	178,936	172,419
Furniture and leasehold improvements	4,363	4,363	4,363
Vehicles	431	397	468
Construction in progress	3,627	2,868	5,838
	306,662	299,865	295,296
Less: Accumulated depreciation	192,489	189,671	184,278
	114,173	110,194	111,018
Rental investment property, less accumulated depreciation of \$8,253, \$8,055 and \$7,460	20,641	20,839	21,433
TOTAL PROPERTY, PLANT AND EQUIPMENT	134,814	131,033	132,451
Cash surrender value of officers' life insurance and other assets	10,180	10,332	8,713
Deferred income taxes	3,657	3,181	1,136
Intangible assets, net of accumulated amortization of \$21,438, \$21,011 and \$19,386	2,652	3,079	4,704
TOTAL ASSETS	\$ 426,469	\$ 431,935	\$ 388,938

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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JOHN B. SANFILIPPO & SON, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except per share amounts)

	September 24, 2015	June 25, 2015	September 25, 2014
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES:			
Revolving credit facility borrowings	\$ 27,972	\$ 61,153	\$ 19,796
Current maturities of long-term debt, including related party debt of \$384, \$376 and \$355	3,384	3,376	3,355
Accounts payable, including related party payables of \$220, \$241 and \$348	68,272	45,722	59,916
Book overdraft	1,379	1,037	802
Accrued payroll and related benefits	7,610	14,847	7,138
Other accrued expenses	7,789	7,970	8,753
Income taxes payable	4,260		827
TOTAL CURRENT LIABILITIES	120,666	134,105	100,587
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities, including related party debt of \$11,441, \$11,540 and \$11,825	31,441	32,290	34,825
Retirement plan	18,056	17,885	14,466
Other	6,393	6,377	5,581
TOTAL LONG-TERM LIABILITIES	55,890	56,552	54,872
TOTAL LIABILITIES	176,556	190,657	155,459
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS EQUITY:			
Class A Common Stock, convertible to Common Stock on a per share basis, cumulative voting rights of ten votes per share, \$.01 par value; 10,000,000 shares authorized, 2,597,426 shares issued and outstanding	26	26	26
Common Stock, non-cumulative voting rights of one vote per share, \$.01 par value; 17,000,000 shares authorized, 8,664,480, 8,663,480 and 8,586,605 shares issued	86	86	85
Capital in excess of par value	112,032	111,540	108,899

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Retained earnings	143,654	135,664	129,033
Accumulated other comprehensive loss	(4,681)	(4,834)	(3,360)
Treasury stock, at cost; 117,900 shares of Common Stock	(1,204)	(1,204)	(1,204)
TOTAL STOCKHOLDERS EQUITY	249,913	241,278	233,479
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$ 426,469	\$ 431,935	\$ 388,938

The accompanying unaudited notes are an integral part of these consolidated financial statements.

Table of Contents**JOHN B. SANFILIPPO & SON, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

(Dollars in thousands)

	For the Quarter Ended	
	September 24, 2015	September 25, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 7,990	\$ 5,915
Depreciation and amortization	4,067	3,948
Loss on disposition of properties, net	231	5
Deferred income tax expense	(476)	(412)
Stock-based compensation expense	466	271
Change in assets and liabilities:		
Accounts receivable, net	(2,123)	(6,956)
Inventories	10,076	11,391
Prepaid expenses and other current assets	744	267
Accounts payable	22,500	14,770
Accrued expenses	(7,418)	(5,128)
Income taxes payable	4,374	3,436
Other long-term assets and liabilities	204	114
Other, net	325	236
Net cash provided by operating activities	40,960	27,857
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(7,602)	(5,217)
Other	(37)	50
Net cash used in investing activities	(7,639)	(5,167)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under revolving credit facility	59,615	71,620
Repayments of revolving credit borrowings	(92,796)	(92,366)
Principal payments on long-term debt	(841)	(835)
Increase (decrease) in book overdraft	342	(1,612)
Issuance of Common Stock under equity award plans	18	314
Tax benefit of equity award exercises	8	10
Net cash used in financing activities	(33,654)	(22,869)

NET DECREASE IN CASH	(333)	(179)
Cash, beginning of period	1,946	1,884
Cash, end of period	\$ 1,613	\$ 1,705

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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JOHN B. SANFILIPPO & SON, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(Dollars in thousands, except where noted and per share data)

Note 1 Basis of Presentation and Description of Business

As used herein, unless the context otherwise indicates, the terms Company , we , us , our or our Company collecti refer to John B. Sanfilippo & Son, Inc. and our wholly-owned subsidiaries, JBSS Real Estate, LLC, JBSS Ventures, LLC and Sanfilippo (Shanghai) Trading Co. Ltd. Our fiscal year ends on the final Thursday of June each year, and typically consists of fifty-two weeks (four thirteen-week quarters). Fiscal 2016 will consist of fifty-three weeks, with our fourth quarter containing fourteen weeks. Additional information on the comparability of the periods presented is as follows:

References herein to fiscal 2016 and fiscal 2015 are to the fiscal year ending June 30, 2016 and the fiscal year ended June 25, 2015, respectively.

References herein to the first quarters of fiscal 2016 and fiscal 2015 are to the quarters ended September 24, 2015 and September 25, 2014, respectively.

We are one of the leading processors and distributors of peanuts, pecans, cashews, walnuts, almonds, and other nuts in the United States. These nuts are sold under a variety of private brands and under the *Fisher*, *Orchard Valley Harvest*, *Fisher Nut Exactly*, and *Sunshine Country* brand names. We also market and distribute, and in most cases manufacture or process, a diverse product line of food and snack products, including peanut butter, almond butter, candy and confections, snacks and trail mixes, snack bites, sunflower kernels, dried fruit, corn snacks, sesame sticks and other sesame snack products under private brands and brand names. Our products are sold through the major distribution channels to significant buyers of nuts, including food retailers, commercial ingredient users, contract packaging customers and international customers.

The accompanying unaudited financial statements fairly present the consolidated statements of comprehensive income, consolidated balance sheets and consolidated statements of cash flows, and reflect all adjustments, consisting only of normal recurring adjustments which are necessary for the fair statement of the results of the interim periods. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses.

The interim results of operations are not necessarily indicative of the results to be expected for a full year. The balance sheet data as of June 25, 2015 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). Accordingly, these unaudited financial statements and related notes should be read in conjunction with the audited consolidated financial statements and notes thereto included in our 2015 Annual Report on Form 10-K for the fiscal year ended June 25, 2015.

Note 2 Inventories

Inventories consist of the following:

	September 24, 2015	June 25, 2015	September 25, 2014
Raw material and supplies	\$ 55,690	\$ 58,704	\$ 53,819
Work-in-process and finished goods	132,231	139,293	117,620
Total	\$ 187,921	\$ 197,997	\$ 171,439

Table of Contents**Note 3 Credit Facility**

At September 24, 2015, we had \$84,928 of available credit under the Credit Facility which reflects borrowings of \$27,972 and reduced availability as a result of \$4,600 in outstanding letters of credit. As of September 24, 2015, we were in compliance with all covenants under the Credit Facility and Mortgage Facility. We would still be in compliance with all restrictive covenants under the Credit Facility if the entire available amount were borrowed.

Note 4 Income Taxes

We file income tax returns with federal and state tax authorities within the United States of America. Our federal tax returns are open for audit for fiscal 2012 and later and our fiscal 2013 and 2014 returns are currently under audit. Our Illinois tax returns are open for audit for fiscal 2013 and later and our fiscal 2013 and 2014 returns are currently under audit. Our California tax returns are open for audit for fiscal 2011 and later. No other tax jurisdictions are material to us.

Note 5 Earnings Per Common Share

The following table presents the reconciliation of the weighted average shares outstanding used in computing basic and diluted earnings per share:

	For the Quarter Ended	
	September 24, 2015	September 25, 2014
Weighted average number of shares outstanding basic	11,194,554	11,092,130
Effect of dilutive securities:		
Stock options and restricted stock units	117,824	109,479
Weighted average number of shares outstanding diluted	11,312,378	11,201,609

There were no anti-dilutive awards excluded from the computation of diluted earnings per share for either period presented.

Note 6 Stock-Based Compensation Plans

During the quarter ended September 24, 2015 there was no significant stock option or restricted stock unit activity. Compensation expense attributable to stock-based compensation during the first quarter of fiscal 2016 and fiscal 2015 was \$466 and \$271, respectively. As of September 24, 2015, there was \$2,005 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements granted under our stock-based compensation plans. We expect to recognize that cost over a weighted average period of 1.1 years.

Note 7 Retirement Plan

The Supplemental Employee Retirement Plan (the "SERP") is an unfunded, non-qualified deferred compensation plan that will provide eligible participants with monthly benefits upon retirement, disability or death, subject to certain

conditions. The monthly benefit is based upon each participant's earnings and his or her number of years of service. Administrative expenses include the following net periodic benefit costs:

	For the Quarter Ended	
	September 24,	September 25,
	2015	2014
Service cost	\$ 123	\$ 96
Interest cost	210	161
Amortization of prior service cost	239	239
Amortization of loss	12	
Net periodic benefit cost	\$ 584	\$ 496

Table of Contents**Note 8 Accumulated Other Comprehensive Loss**

The table below sets forth the changes to accumulated other comprehensive loss (AOCL) for the quarter ended September 24, 2015 and September 25, 2014. These changes are all related to our defined benefit pension plan.

Changes to AOCL ^(a)	For the Quarter Ended	
	September 24, 2015	September 25, 2014
Balance at beginning of period	\$ (4,834)	\$ (3,503)
Other comprehensive income before reclassifications		
Amounts reclassified from accumulated other comprehensive loss	251	239
Tax effect	(98)	(96)
Net current-period other comprehensive income	153	143
Balance at end of period	\$ (4,681)	\$ (3,360)

^(a) Amounts in parenthesis indicate debits/expense.

The reclassifications out of AOCL for the quarter ended September 24, 2015 and September 25, 2014 were as follows:

Reclassifications from AOCL to earnings ^(b)	For the Quarter Ended		Affected line item in the Consolidated Statements of Comprehensive Income
	September 24, 2015	September 25, 2014	
Amortization of defined benefit pension items:			
Unrecognized prior service cost	\$ (239)	\$ (239)	Administrative expenses
Unrecognized net loss	(12)		Administrative expenses
Total before tax	(251)	(239)	
Tax effect	98	96	Income tax expense
Amortization of defined pension items, net of tax	\$ (153)	\$ (143)	

^(b) Amounts in parenthesis indicate debits to expense. See Note 7 Retirement Plan above for additional details.

Note 9 Commitments and Contingent Liabilities

We are currently a party to various legal proceedings in the ordinary course of business. While management presently believes that the ultimate outcomes of these proceedings, individually and in the aggregate, will not materially affect our Company's financial position, results of operations or cash flows, legal proceedings are subject to inherent uncertainties, and unfavorable outcomes could occur. Unfavorable outcomes could include substantial monetary damages in excess of any appropriate accruals which management has established. Were such unfavorable final outcomes to occur, there exists the possibility of a material adverse effect on our financial position, results of operations and cash flows.

Table of Contents**Note 10 Fair Value of Financial Instruments**

Authoritative guidance issued by the Financial Accounting Standards Board (FASB) defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels:

- Level 1 Quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 Observable inputs other than quoted prices in active markets. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

Level 3 Unobservable inputs for which there is little or no market data available.

The carrying values of cash, trade accounts receivable and accounts payable approximate their fair values at each balance sheet date because of the short-term maturities and nature of these balances.

The carrying value of our revolving credit facility borrowings approximates fair value at each balance sheet date because interest rates on this instrument approximate current market rates (Level 2 criteria), the short-term maturity and nature of this balance. In addition, there has been no significant change in our inherent credit risk.

The following table summarizes the carrying value and fair value estimate of our long term debt, including current maturities:

	September 24, 2015	June 25, 2015	September 25, 2014
Carrying value of long-term debt:	\$ 34,825	\$ 35,666	\$ 38,180
Fair value of long-term debt:	38,285	39,377	42,051

The estimated fair value of our long-term debt was determined using a market approach based upon Level 2 observable inputs, which estimates fair value based on interest rates currently offered on loans with similar terms to borrowers of similar credit quality or broker quotes. In addition, there have been no significant changes in the underlying assets securing our long-term debt.

Note 11 Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)* and created a new ASC Topic 606, *Revenue from Contracts with Customers*, and added ASC Subtopic 340-40, *Other Assets and Deferred Costs Contracts with Customers*. The guidance in this update supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the industry topics of the codification. Under the new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU No. 2015-14 *Revenue from Contracts with Customers, Deferral of the Effective Date* which deferred the effective date of ASU 2014-09 for one year. Consequently, this new revenue recognition guidance will be effective for the Company beginning in fiscal year 2019. This guidance can be adopted either retrospectively to each prior reporting period presented, or retrospectively

with a cumulative-effect adjustment recognized as of the date of adoption. The Company is currently assessing the impact of this new guidance on our financial position, results of operations and cash flows.

Note 12 Subsequent Event

On October 27, 2015 our Board of Directors, after considering the financial position of our Company, declared a special cash dividend of \$2.00 per share on all issued and outstanding shares of Common Stock and Class A Common Stock of the Company (the Special Dividend). The Special Dividend will be paid on December 11, 2015, to stockholders of record at the close of business on December 2, 2015. The ex-dividend date is the close of business on November 30, 2015. The total amount of cash expected to be paid to stockholders under the Special Dividend will be approximately \$22,485.

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

OVERVIEW

The following discussion and analysis should be read in conjunction with the unaudited Consolidated Financial Statements and the Notes to Consolidated Financial Statements.

Our fiscal year ends on the final Thursday of June each year, and typically consists of fifty-two weeks (four thirteen week quarters). Fiscal 2016 will consist of fifty-three weeks, with our fourth quarter containing fourteen weeks. Additional information on the comparability of the periods presented is as follows:

References herein to fiscal 2016 and fiscal 2015 are to the fiscal year ending June 30, 2016 and the fiscal year ended June 25, 2015, respectively.

References herein to the first quarter of fiscal 2016 and fiscal 2015 are to the quarters ended September 24, 2015 and September 25, 2014, respectively.

As used herein, unless the context otherwise indicates, the terms "Company", "we", "us", "our" or "our Company" collectively refer to John B. Sanfilippo & Son, Inc. and our wholly-owned subsidiaries, JBSS Real Estate, LLC, JBSS Ventures, LLC and Sanfilippo (Shanghai) Trading Co. Ltd. Our Company's Credit Facility and Mortgage Facility, as defined below, are sometimes collectively referred to as "our financing arrangements".

We are one of the leading processors and distributors of peanuts, pecans, cashews, walnuts, almonds and other nuts in the United States. These nuts are sold under a variety of private brands and under the *Fisher*, *Orchard Valley Harvest*, *Fisher Nut Exactly*, and *Sunshine Country* brand names. We also market and distribute, and in most cases manufacture or process, a diverse product line of food and snack products, including peanut butter, almond butter, candy and confections, snacks and trail mixes, snack bites, sunflower kernels, dried fruit, corn snacks, sesame sticks and other sesame snack products under private brands and brand names. We distribute our products in the consumer, commercial ingredients, contract packaging and export distribution channels.

The Company's long-term objective to drive profitable growth, as identified in our strategic plan (the "Strategic Plan"), includes the following goals:

- i. Growing *Fisher* and *Orchard Valley Harvest* into leading nut brands by focusing on consumers demanding quality nuts in the snacking, recipe and produce categories,
- ii. Expanding globally and building our Company into a leading international branded and private brand snack nut company, and
- iii. Providing integrated nut solutions to grow non-branded business at existing key customers in each distribution channel.

We face a number of challenges in the future which include, among others: high commodity costs for certain tree nuts (due to the continued high export demand, primarily in China) and intensified competition for market share from both private brand and name brand nut products. We experienced increasing almond costs during fiscal 2015 which have increased further in the first quarter of fiscal 2016. Consequently, the resulting price increases have negatively affected sales volume of almond products during the first quarter of fiscal 2016 and may continue to negatively affect sales volume during the remainder of fiscal 2016. In addition, we currently anticipate the acquisition costs of the current year inshell walnut crop to be significantly lower than the prior year record-crop, of which we have a significant carry over. We expect to increase our promotion of walnut products in the second quarter of our fiscal 2016 which could negatively impact gross margin. We will continue to focus on seeking profitable business opportunities to further utilize our additional production capacity at our primary manufacturing, processing and distribution facility located in Elgin, Illinois (the Elgin Site). We expect to maintain our recent level of promotional, sampling and advertising activity for our *Fisher* and *Orchard Valley Harvest* brands, and our new *Fisher Nut Exactly* brand snack bite product line. We will continue to face the ongoing challenges specific to our business, such as food safety and regulatory issues and the maintenance and growth of our customer base. See the information referenced in Part II, Item 1A Risk Factors of this report for additional information about our risks, challenges and uncertainties.

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QUARTERLY HIGHLIGHTS

Our net sales of \$225.8 million for the first quarter of fiscal 2016 increased 10.1% from our net sales of \$205.0 million for the first quarter of fiscal 2015.

Sales volume, measured as pounds sold to customers, was relatively unchanged compared to the first quarter of fiscal 2015.

Gross profit increased by \$2.5 million; however our gross profit margin, as a percentage of net sales, decreased to 14.7% for the first quarter of fiscal 2016 compared to 15.0% for the first quarter of fiscal 2015.

Total operating expenses for the first quarter of fiscal 2016 increased by \$0.8 million, or 4.2%, compared to the first quarter of fiscal 2015. However, as a percentage of net sales, total operating expenses in the first quarter of fiscal 2016 decreased to 8.6% from 9.1% for the first quarter of fiscal 2015.

The total value of inventories on hand at the end of the first quarter of fiscal 2016 increased by \$16.5 million, or 9.6%, in comparison to the total value of inventories on hand at the end of the first quarter of fiscal 2015.

With the exception of walnuts, we have seen acquisition costs for domestic tree nuts increase in the 2015 crop year (which falls into our current 2016 fiscal year). While we began to procure inshell walnuts during the first quarter of fiscal 2016, the total payments due to our walnut growers will not be determined until the second and/or third quarters of fiscal 2016. We will determine the final prices to be paid to the walnut growers based upon current market prices and other factors. We have estimated the liability to our walnut growers and our walnut inventory costs using currently available information. Any difference between our estimated liability and the actual payments will be determined during the second and/or third quarters of fiscal 2016 and will be recognized in our financial results at that time.

Table of Contents**RESULTS OF OPERATIONS*****Net Sales***

Our net sales increased 10.1% to \$225.8 million in the first quarter of fiscal 2016 compared to net sales of \$205.0 million for the first quarter of fiscal 2015. Sales volume, which is defined as pounds sold to customers, was relatively unchanged. The increase in net sales was attributable to a 10.2% increase in the weighted average sales price per pound, driven mainly by selling price increases for most major nut types due to higher commodity acquisition costs.

The following table summarizes sales by product type as a percentage of total gross sales. The information is based upon gross sales, rather than net sales, because certain adjustments, such as promotional discounts, are not allocable to product type.

Product Type	For the Quarter Ended	
	September 24, 2015	September 25, 2014
Peanuts	13.7%	14.8%
Pecans	10.5	11.2
Cashews & Mixed Nuts	23.0	21.4
Walnuts	10.2	11.3
Almonds	23.2	22.7
Trail & Snack Mixes	14.5	12.9
Other	4.9	5.7
Total	100.0%	100.0%

The following table shows a comparison of net sales by distribution channel (dollars in thousands):

Distribution Channel	For the Quarter Ended			Percent Change
	September 24, 2015	September 25, 2014	Change	
Consumer ⁽¹⁾	\$ 130,711	\$ 123,911	\$ 6,800	5.5%
Commercial Ingredients	55,403	47,946	7,457	15.6
Contract Packaging	31,304	25,695	5,609	21.8
Export ⁽²⁾	8,359	7,485	874	11.7
Total	\$ 225,777	\$ 205,037	\$ 20,740	10.1%

- (1) Sales of branded products, primarily all *Fisher* brand, were approximately 32% and 28% of total consumer sales during the first quarter of fiscal 2016 and fiscal 2015, respectively.
- (2) Export sales consist primarily of bulk products and consumer branded and private brand products. Consumer branded and private brand products accounted for approximately 79% and 75% of total sales in the export

channel during the first quarter of fiscal 2016 and fiscal 2015, respectively.

Net sales in the consumer distribution channel increased by 5.5% in dollars but decreased by 3.5% in sales volume in the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015. Private brand consumer sales volume and *Fisher* recipe nut sales volume decreased 6.3% and 1.4%, respectively, primarily due to a decrease in sales of almond products due to the impact on consumer demand of significantly higher retail selling prices. Sales volume for *Fisher* snack nuts decreased 2.4%, primarily as a result of lower peanut sales to an existing customer due to the timing of promotional activity. This decline in sales volume was partially offset by a 2.8% increase in *Orchard Valley Harvest* and *Sunshine Country* sales volume and sales of our new *Fisher Nut Exactly* snack bites.

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Net sales in the commercial ingredients distribution channel increased by 15.6% in dollars, though sales volume was relatively unchanged, in the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015. An increase in sales volume, primarily due to a new product launch by a significant customer, was offset by a decrease in sales volume of walnuts and peanuts.

Net sales in the contract packaging distribution channel increased by 21.8% in dollars and 10.8% in sales volume in the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015. The sales volume increase was primarily due to new product launches executed by existing customers.

Net sales in the export distribution channel increased by 11.7% in dollars and sales volume was relatively unchanged in the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015.

Gross Profit

Gross profit increased by \$2.5 million, or 8.2%, to \$33.2 million for the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015. Our gross profit margin, as a percentage of net sales, decreased to 14.7% for the first quarter of fiscal 2016 compared to 15.0% for the first quarter of fiscal 2015. The gross profit margin decline was primarily driven by an increase in the manufacturing cost per produced pound, driven by higher manufacturing spending and reduced shelling production for pecans, walnuts and peanuts in the quarterly comparison. Higher manufacturing spending mainly came from increases in employee related expenses, operating supplies and repair and maintenance expense. The shelling production decline occurred because the shelling of the pecan, walnut and peanut crops was completed earlier in the current first quarter in comparison to the completion of shelling in last year's first quarter.

Operating Expenses

Total operating expenses for the first quarter of fiscal 2016 increased by \$0.8 million to \$19.5 million. Operating expenses for the first quarter of fiscal 2016 decreased to 8.6% of net sales from 9.1% of net sales for the first quarter of fiscal 2015 due to a higher net sales base.

Selling expenses for the first quarter of fiscal 2016 were \$11.4 million, an increase of \$0.3 million, or 2.8%, from the first quarter of fiscal 2015. The increase was driven primarily by a \$0.6 million increase in sampling and advertising expense and a \$0.6 million increase in commission and compensation related expenses, partially offset by a decrease in shipping expense of \$0.9 million driven by lower shipped pounds and decreasing fuel costs.

Administrative expenses for the first quarter of fiscal 2016 were \$8.1 million, an increase of \$0.5 million, or 6.3%, from the first quarter of fiscal 2015. The increase was driven primarily by a \$0.2 million increase in compensation related expenses and a \$0.2 million loss on various miscellaneous asset disposals.

Income from Operations

Due to the factors discussed above, income from operations increased to \$13.7 million, or 6.1% of net sales, for the first quarter of fiscal 2016 from \$12.0 million, or 5.9% of net sales, for the first quarter of fiscal 2015.

Interest Expense

Interest expense was \$0.9 million for the first quarter of fiscal 2016 compared to \$1.0 million in the first quarter of fiscal 2015. The decrease in interest expense was due primarily to a reduction in long-term debt.

Rental and Miscellaneous Expense, Net

Net rental and miscellaneous expense was \$0.5 million for the first quarter of fiscal 2016 compared to \$1.9 million for fiscal 2015. The decrease is because last year's first quarter included expenses associated with the repairs to the exterior of the office building located on our Elgin, Illinois campus. This project was completed during the second quarter of fiscal 2015.

Table of Contents***Income Tax Expense***

Income tax expense was \$4.3 million, or 35.1% of income before income taxes, for the first quarter of fiscal 2016 compared to \$3.2 million, or 35.1% of income before income taxes, for the first quarter of fiscal 2015.

Net Income

Net income was \$8.0 million, or \$0.71 per common share (basic and diluted), for the first quarter of fiscal 2016, compared to \$5.9 million, or \$0.53 per common share (basic and diluted), for the first quarter of fiscal 2015.

LIQUIDITY AND CAPITAL RESOURCES***General***

The primary uses of cash are to fund our current operations, fulfill contractual obligations, pursue our Strategic Plan and repay indebtedness. Also, various uncertainties could result in additional uses of cash. The primary sources of cash are results of operations and availability under our Credit Agreement, dated February 7, 2008 and subsequently amended most recently in September 2014 (as amended, the Credit Facility), that provides a revolving loan commitment and letter of credit subfacility. We anticipate that expected net cash flow generated from operations and amounts available pursuant to the Credit Facility will be sufficient to fund our operations for the next twelve months. Increases in our available credit under our Credit Facility, due to our improved financial performance in the past, have allowed us to consummate business acquisitions, devote more funds to promote our products, (especially our *Fisher* and *Orchard Valley Harvest* brands), develop new products, pay special cash dividends for the past three years, and explore other growth strategies outlined in our Strategic Plan, which includes expansion into existing markets and international markets such as China.

Cash flows from operating activities have historically been driven by net income but are also significantly influenced by inventory requirements, which can change based upon fluctuations in both quantities and market prices of the various nuts and nut products we buy and sell. Current market trends in nut prices and crop estimates also impact nut procurement.

The following table sets forth certain cash flow information for the first quarter of fiscal 2016 and 2015, respectively (dollars in thousands):

	September 24, 2015	September 25, 2014	\$ Change
Operating activities	\$ 40,960	\$ 27,857	\$ 13,103
Investing activities	(7,639)	(5,167)	(2,472)
Financing activities	(33,654)	(22,869)	(10,785)
Total cash flow	\$ (333)	\$ (179)	\$ (154)

Operating Activities Net cash provided by operating activities was \$41.0 million for the first quarter of fiscal 2016 compared to \$27.9 million for the first quarter of fiscal 2015. This increase was due primarily to less use of working capital and timing of accounts payable combined with increased net income. Our nut commodity purchases were \$19.4 million higher during the first quarter of fiscal 2016 than the same period of fiscal 2015, primarily due to the

procurement of larger quantities of cashews combined with increasing almond acquisition costs.

Net accounts receivable were \$77.8 million at September 24, 2015, an increase of \$2.1 million, or 2.8%, from the balance at June 25, 2015, and an increase of \$15.0 million, or 23.8%, from the balance at September 25, 2014. The increase in net accounts receivable from June 25, 2015 to September 24, 2015 and from September 25, 2014 to September 24, 2015 is due primarily to increased net sales.

Total inventories were \$187.9 million at September 24, 2015, a decrease of \$10.1 million, or 5.1%, from the inventory balance at June 25, 2015, and an increase of \$16.5 million, or 9.6%, from the inventory balance at September 25, 2014. The decrease at September 24, 2015 compared to June 25, 2015 was primarily due to lower quantities of pecans and walnuts, partially offset by higher cost almonds and cashews and increased work-in-process inventories on hand. The increase at September 24, 2015 compared to September 25, 2014 is primarily due to increased commodity acquisition costs for almonds and cashews and increased quantities of peanut, walnut, and work-in-process inventories on hand, partially offset by a decrease in the quantity of finished goods inventory on hand.

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Raw nut and dried fruit input stocks increased by 5.5 million pounds, or 15.2%, at September 24, 2015 compared to September 25, 2014. The increase was attributable mainly to increased quantities of peanuts and walnuts. The weighted average cost per pound of raw nut input stocks on hand at the end of the first quarter of fiscal 2016 was relatively unchanged compared to the first quarter of fiscal 2015 due to a shift in quantities to lower cost peanuts and walnuts from other higher cost tree nuts.

Accounts payable were \$68.3 million at September 24, 2015, an increase of \$22.6 million, or 49.3%, from the balance at June 25, 2015, and an increase of \$8.4 million, or 13.9%, from the balance at September 25, 2014. The increase in accounts payable from June 25, 2015 to September 24, 2015 is due primarily to higher acquisition costs for almonds and cashews and commencing the receipt of the new walnut crop. The increase in accounts payable at September 24, 2015 compared to September 25, 2014 is due to increased amounts due for almond and cashew purchases, mainly due to timing of vendor payments combined with higher acquisition costs.

Investing Activities Cash used in investing activities, essentially all for capital expenditures, was \$7.6 million during the first quarter of fiscal 2016 compared to \$5.2 million for the same period last year. We expect total capital expenditures for new equipment and facility upgrades, and food safety enhancements for fiscal 2016 to be approximately \$15 million. Absent any material acquisitions or other significant investments, we believe that cash on hand, combined with cash provided by operations and borrowings available under the Credit Facility, will be sufficient to meet the cash requirements for planned capital expenditures.

Financing Activities Cash used by financing activities was \$33.7 million during the first quarter of fiscal 2016 compared to \$22.9 million for the same period last year. Net repayment of short term borrowings under our Credit Facility increased \$12.4 million during the first quarter of fiscal 2016 compared to the first quarter of fiscal 2015, primarily due to increased operating cash flows.

Real Estate Matters

In August 2008, we completed the consolidation of our Chicago-based facilities into the Elgin Site. As part of the facility consolidation project, on April 15, 2005, we closed on the \$48.0 million purchase of the Elgin Site. The Elgin Site includes both an office building and a warehouse, and affords us increased production capacity, such that we are currently able to offer our services to existing and new customers on an expanded basis.

We are currently attempting to find additional tenants for the available space in the office building at the Elgin Site. Until additional tenant(s) are found, we will not receive the benefit of rental income associated with such space. Approximately 71% of the office building is currently vacant. There can be no assurance that we will be able to lease the unoccupied space and further capital expenditures may be necessary to lease the remaining space.

Financing Arrangements

On February 7, 2008, we entered into the Credit Facility with a bank group (the **Bank Lenders**) providing a \$117.5 million revolving loan commitment and letter of credit subfacility. Also on February 7, 2008, we entered into a Loan Agreement with an insurance company (the **Mortgage Lender**) providing us with two term loans, one in the amount of \$36.0 million (**Tranche A**) and the other in the amount of \$9.0 million (**Tranche B**), for an aggregate amount of \$45.0 million (the **Mortgage Facility**).

The Credit Facility, as most recently amended in September 2014, is secured by substantially all of our assets other than machinery and equipment, real property, and fixtures and matures on July 15, 2019. The Mortgage Facility is secured by mortgages on essentially all of our owned real property located in Elgin, Illinois, Gustine, California and

Garysburg, North Carolina (the Encumbered Properties).

Table of Contents*Credit Facility*

At our election, borrowings under the Credit Facility currently accrue interest at either (i) a rate determined pursuant to the administrative agent's prime rate plus an applicable margin determined by reference to the amount of loans which may be advanced under the borrowing base calculation, ranging from 0.50% to 1.00% or (ii) a rate based upon the London interbank offered rate (LIBOR) plus an applicable margin based upon the borrowing base calculation, ranging from 1.50% to 2.00%.

At September 24, 2015, the weighted average interest rate for the Credit Facility was 2.65%. The terms of the Credit Facility contain covenants that, among other things, require us to restrict investments, indebtedness, acquisitions and certain sales of assets and limit annual cash dividends or distributions, transactions with affiliates, redemptions of capital stock and prepayment of indebtedness (if such prepayment, among other things, is of a subordinate debt). If loan availability under the borrowing base calculation falls below \$25.0 million, we will be required to maintain a specified fixed charge coverage ratio, tested on a monthly basis, until loan availability equals or exceeds \$25.0 million for three consecutive months. All cash received from customers is required to be applied against the Credit Facility. The Bank Lenders have the option to accelerate and demand immediate repayment of our obligations under the Credit Facility in the event of default on the payments required under the Credit Facility, a change in control in the ownership of the Company, non-compliance with the financial covenant or upon the occurrence of other defaults by us under the Credit Facility (including a default under the Mortgage Facility). As of September 24, 2015, we were in compliance with all covenants under the Credit Facility and we currently expect to be in compliance with the financial covenant in the Credit Facility for the foreseeable future. At September 24, 2015, we had \$84.9 million of available credit under the Credit Facility. We would still be in compliance with all restrictive covenants under the Credit Facility if this entire amount were borrowed.

Mortgage Facility

We are subject to interest rate resets for each of Tranche A and Tranche B. Specifically, on March 1, 2018 (the Tranche A Reset Date) and March 1, 2016 and every two years thereafter (each, a Tranche B Reset Date), the Mortgage Lender may reset the interest rates for each of Tranche A and Tranche B, respectively, in its sole and absolute discretion. If the reset interest rate for either Tranche A or Tranche B is unacceptable to us and we (i) do not have sufficient funds to repay amounts due with respect to Tranche A or Tranche B on the Tranche A Reset Date or Tranche B Reset Date, in each case, as applicable, or (ii) are unable to refinance amounts due with respect to Tranche A or Tranche B on the Tranche A Reset Date or Tranche B Reset Date, in each case, as applicable, on terms more favorable than the reset interest rates, then, depending on the extent of the changes in the reset interest rates, our interest expense could increase materially.

The Mortgage Facility matures on March 1, 2023. Tranche A under the Mortgage Facility accrues interest at a fixed interest rate of 7.63% per annum, payable monthly. As mentioned above, such interest rate may be reset by the Mortgage Lender on the Tranche A Reset Date. Monthly principal payments in the amount of \$0.2 million commenced on June 1, 2008. Tranche B under the Mortgage Facility accrues interest, as reset on March 1, 2014, at a floating rate of the greater of (i) one month LIBOR plus 3.75% per annum or (ii) 4.50%, payable monthly (the Floating Rate). The margin on such Floating Rate may be reset by the Mortgage Lender on each Tranche B Reset Date; provided, however, that the Mortgage Lender may also change the underlying index on each Tranche B Reset Date occurring on or after March 1, 2016. Monthly principal payments in the amount of \$0.1 million commenced on June 1, 2008. We do not currently anticipate that any change in the Floating Rate or the underlying index will have a material adverse effect upon our business, financial condition or results of operations.

The terms of the Mortgage Facility contain covenants that require us to maintain a specified net worth of \$110.0 million and maintain the Encumbered Properties. The Mortgage Lender is entitled to require immediate repayment of our obligations under the Mortgage Facility in the event we default in the payments required under the Mortgage Facility, non-compliance with the covenants or upon the occurrence of certain other defaults by us under the Mortgage Facility. As of September 24, 2015, we were in compliance with all covenants under the Mortgage Facility. We currently believe that we will be in compliance with the financial covenant in the Mortgage Facility for the foreseeable future and therefore \$16.0 million of Tranche A and \$4.0 million of Tranche B have been classified as long-term debt which represent scheduled principal payments that are due at least twelve months beyond September 24, 2015.

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Selma Property

In September 2006, we sold our Selma, Texas properties (the Selma Properties) to two related party partnerships for \$14.3 million and are leasing them back. The selling price was determined by an independent appraiser to be the fair market value which also approximated our carrying value. The lease for the Selma Properties has a ten-year term at a fair market value rent with three five-year renewal options. In the beginning of the second quarter of fiscal 2016, we exercised two of the five-year renewal options which extended the lease term to September 2026. One five-year renewal option remains. Also, we have an option to purchase the Selma Properties from the partnerships at 95% (100% in certain circumstances) of the then fair market value, but not less than the original \$14.3 million purchase price. The provisions of the arrangement are not eligible for sale-leaseback accounting and the \$14.3 million was recorded as a debt obligation. No gain or loss was recorded on the Selma Properties transaction. As of September 24, 2015, \$11.8 million of the debt obligation was outstanding.

Critical Accounting Policies and Estimates

For information regarding our Critical Accounting Policies and Estimates, see the Critical Accounting Policies and Estimates section of Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K for the fiscal year ended June 25, 2015.

Recent Accounting Pronouncements

Refer to Note 11 Recent Accounting Pronouncements of the Notes to Consolidated Financial Statements, contained in Part I, Item 1 of this form 10-Q, for a discussion of recently issued accounting pronouncements.

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FORWARD LOOKING STATEMENTS

The statements contained in this report that are not historical (including statements concerning our expectations regarding market risk) are forward looking statements. These forward-looking statements may be generally identified by the use of forward-looking words and phrases such as will, anticipates, intends, may, believes, should and are based on our current expectations or beliefs concerning future events and involve risks and uncertainties. We caution that such statements are qualified by important factors, including the factors referred to in Part II, Item 1A

Risk Factors, and other factors, risks and uncertainties that are beyond our control. Consequently, our actual results could differ materially. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where expressly required to do so by law. Among the factors that could cause results to differ materially from current expectations are: (i) the risks associated with our vertically integrated model with respect to pecans, peanuts and walnuts; (ii) sales activity for our products, such as a decline in sales to one or more key customers, a decline in sales of private brand products or changing consumer preferences; (iii) changes in the availability and costs of raw materials and the impact of fixed price commitments with customers; (iv) the ability to pass on price increases to customers if commodity costs rise and the potential for a negative impact on demand for, and sales of, our products from price increases; (v) the ability to measure and estimate bulk inventory and fluctuations in the value and quantity of our nut inventories due to fluctuations in the market prices of nuts and bulk inventory estimation adjustments, respectively; (vi) our ability to appropriately respond to, or lessen the negative impact of, competitive and pricing pressures; (vii) losses associated with product recalls, product contamination, food labeling or other food safety issues, or the potential for lost sales or product liability if customers lose confidence in the safety of our products or in nuts or nut products in general, or are harmed as a result of using our products; (viii) our ability to retain key personnel; (ix) the effect of the actions and decisions of the group that has the majority of the voting power with regard to our outstanding common equity (which may make a takeover or change in control more difficult), including the effect of any agreements pursuant to which such group has pledged a substantial amount of its securities of the Company; (x) the potential negative impact of government regulations and laws and regulations pertaining to food safety, such as the Food Safety Modernization Act; (xi) our ability to do business in emerging markets while protecting our intellectual property in such markets; (xii) uncertainty in economic conditions, including the potential for economic downturn; (xiii) our ability to obtain additional capital, if needed; (xiv) the timing and occurrence (or nonoccurrence) of other transactions and events which may be subject to circumstances beyond our control; (xv) the adverse effect of labor unrest or disputes, litigation and/or legal settlements, including potential unfavorable outcomes exceeding any amounts accrued; (xvi) losses due to significant disruptions at any of our production or processing facilities; (xvii) the inability to implement our Strategic Plan or realize efficiency measures including controlling medical and personnel costs; (xviii) technology disruptions or failures; (xix) the inability to protect our intellectual property or avoid intellectual property disputes; (xx) our ability to manage successfully the price gap between our private brand products and those of our branded competitors; and (xxi) potential increased industry-specific regulation pending the U.S. Food and Drug Administration assessment of the risk of Salmonella contamination associated with tree nuts.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our assessment of our sensitivity to market risk since our presentation set forth in Part I - Item 7A Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the fiscal year ended June 25, 2015.

Item 4. Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of September 24, 2015. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 24, 2015, the Company's disclosure controls and procedures were effective.

In connection with the evaluation by our management, including our Chief Executive Officer and Chief Financial Officer, there were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended September 24, 2015 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see Note 9 Commitments and Contingent Liabilities in Part I, Item 1 of this Form 10-Q.

Item 1A. Risk Factors

In addition to the other information set forth in this report on Form 10-Q, you should also consider the factors, risks and uncertainties which could materially affect our Company's business, financial condition or future results as discussed in Part I, Item 1A Risk Factors of our Annual Report on Form 10-K for the fiscal year ended June 25, 2015. There were no significant changes to the risk factors identified on the Form 10-K for the fiscal year ended June 25, 2015 during the first quarter of fiscal 2016.

See Part I, Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in this Form 10-Q, and see Part II, Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in the Company's Annual Report on Form 10-K for the fiscal year ended June 25, 2015.

Item 6. Exhibits

The exhibits filed herewith are listed in the exhibit index that follows the signature page and immediately precedes the exhibits filed.

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SIGNATURE

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 on October 28, 2015.

JOHN B. SANFILIPPO & SON, INC.

By /s/ MICHAEL J. VALENTINE
Michael J. Valentine
Chief Financial Officer, Group President
and Secretary

Table of Contents**EXHIBIT INDEX**

(Pursuant to Item 601 of Regulation S-K)

Exhibit Number	Description
1-2	Not applicable
3.1	Restated Certificate of Incorporation of John B. Sanfilippo & Son, Inc. (the Registrant or the Company ⁽¹²⁾)
3.2	Amended and Restated Bylaws of Registrant ⁽¹¹⁾
4.1	Specimen Common Stock Certificate ⁽³⁾
4.2	Specimen Class A Common Stock Certificate ⁽³⁾
5-9	Not applicable
10.1	Tax Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering ⁽²⁾
10.2	Indemnification Agreement between Registrant and certain Stockholders of Registrant prior to its initial public offering ⁽²⁾
*10.3	The Registrant's 1998 Equity Incentive Plan ⁽⁴⁾
*10.4	First Amendment to the Registrant's 1998 Equity Incentive Plan ⁽⁵⁾
*10.5	Amended and Restated John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number One among John E. Sanfilippo, as trustee of the Jasper and Marian Sanfilippo Irrevocable Trust, dated September 23, 1990, Jasper B. Sanfilippo, Marian R. Sanfilippo and Registrant, dated December 31, 2003 ⁽⁶⁾
*10.6	Amended and Restated John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number Two among Michael J. Valentine, as trustee of the Valentine Life Insurance Trust, Mathias Valentine, Mary Valentine and Registrant, dated December 31, 2003 ⁽⁶⁾
*10.7	Amendment, dated February 12, 2004, to Amended and Restated John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number One among John E. Sanfilippo, as trustee of the Jasper and Marian Sanfilippo Irrevocable Trust, dated September 23, 1990, Jasper B. Sanfilippo, Marian R. Sanfilippo and Registrant, dated December 31, 2003 ⁽⁷⁾
*10.8	Amendment, dated February 12, 2004, to Amended and Restated John B. Sanfilippo & Son, Inc. Split-Dollar Insurance Agreement Number Two among Michael J. Valentine, as trustee of the Valentine Life Insurance Trust, Mathias Valentine, Mary Valentine and Registrant, dated December 31, 2003 ⁽⁷⁾
*10.9	The Registrant's Restated Supplemental Retirement Plan ⁽⁸⁾
*10.10	Form of Option Grant Agreement under 1998 Equity Incentive Plan ⁽⁹⁾
*10.11	Amended and Restated Sanfilippo Value Added Plan, dated August 20, 2015 ⁽¹¹⁾

- 10.12 Credit Agreement, dated as of February 7, 2008, by and among the Company, the financial institutions named therein as lenders, Wells Fargo Foothill, LLC (WFF), as the arranger and administrative agent for the lenders, and Wachovia Capital Finance Corporation (Central), in its capacity as documentation agent⁽¹⁰⁾
- 10.13 Security Agreement, dated as of February 7, 2008, by the Company in favor of WFF, as administrative agent for the lenders⁽¹⁰⁾
- 10.14 Loan Agreement, dated as of February 7, 2008, by and between the Company and Transamerica Financial Life Insurance Company (TFLIC⁽¹⁰⁾)
- 10.15 Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by the Company related to its Elgin, Illinois property for the benefit of TFLIC⁽¹⁰⁾

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Exhibit Number	Description
10.16	Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by JBSS Properties, LLC related to its Elgin, Illinois property for the benefit of TFLIC ⁽¹⁰⁾
10.17	Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by the Company related to its Gustine, California property for the benefit of TFLIC ⁽¹⁰⁾
10.18	Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 7, 2008, made by the Company related to its Garysburg, North Carolina property for the benefit of TFLIC ⁽¹⁰⁾
10.19	Promissory Note (Tranche A), dated February 7, 2008, in the principal amount of \$36.0 million executed by the Company in favor of TFLIC ⁽¹⁰⁾
10.20	Promissory Note (Tranche B) dated February 7, 2008, in the principal amount of \$9.0 million executed by the Company in favor of TFLIC ⁽¹⁰⁾
*10.21	The Registrant's 2008 Equity Incentive Plan, as amended ^(d)
*10.22	First Amendment to the Registrant's 2008 Equity Incentive Plan ⁽³⁾
*10.23	The Registrant's Employee Restricted Stock Unit Award Agreement under 2008 Equity Incentive Plan ⁽¹⁴⁾
*10.24	The Registrant's First Form of Non-Employee Director Restricted Stock Unit Award Agreement under 2008 Equity Incentive Plan ⁽¹⁴⁾
*10.25	The Registrant's Second Form of Non-Employee Director Restricted Stock Unit Award Agreement under 2008 Equity Incentive Plan ⁽¹⁷⁾
10.26	Form of Indemnification Agreement ⁽¹⁵⁾
**10.27	First Amendment to Credit Agreement, dated as of March 8, 2010, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent and Burdale Financial Limited, as a lender ⁽¹⁶⁾
10.28	Form of Change-of-Control Employment Security Agreement and Non-Compete ⁽¹⁸⁾
10.29	Second Amendment to Credit Agreement, dated as of July 15, 2011, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender ⁽¹⁹⁾
10.30	Third Amendment to Credit Agreement, dated as of October 31, 2011, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender ⁽²¹⁾
10.31	Consent and Fourth Amendment to Credit Agreement, dated as of January 22, 2013, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender ⁽²²⁾

- 10.32 Consent and Fifth Amendment to Credit Agreement, dated as of December 16, 2013, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, for itself and as agent/nominee for Southwest Georgia Farm Credit, FLCA, as a lender⁽²³⁾
- 10.33 Sixth Amendment to Credit Agreement, dated as of September 30, 2014, by and among the Registrant, Wells Fargo Capital Finance, LLC (f/k/a Wells Fargo Foothill, LLC), as a lender and administrative agent, and Southwest Georgia Farm Credit, ACA, as lender. ⁽²⁴⁾
- 10.34 The Registrant's 2014 Omnibus Incentive Plan⁽²⁰⁾
- 10.35 The Registrant's Form of Non-Employee Director Restricted Stock Unit Award Agreement (non-deferral) under 2014 Omnibus Plan⁽²⁵⁾

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Exhibit Number	Description
10.36	The Registrant's Form of Non-Employee Director Restricted Stock Unit Award Agreement (deferral) under 2014 Omnibus Plan ⁽²⁵⁾
10.37	The Registrant's Form of Employee Restricted Stock Unit Award Agreement under 2014 Omnibus Plan ⁽²⁵⁾
11-30	Not applicable
31.1	Certification of Jeffrey T. Sanfilippo pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended, filed herewith
31.2	Certification of Michael J. Valentine pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as amended, filed herewith
32.1	Certification of Jeffrey T. Sanfilippo pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended, filed herewith
32.2	Certification of Michael J. Valentine pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as amended, filed herewith
33-100	Not applicable
101.INS	XBRL Instance Document, filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document, filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document, filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document, filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document, filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document, filed herewith

* Indicates a management contract or compensatory plan or arrangement.

** Confidential treatment has been requested for portions of this exhibit. These portions have been omitted and submitted separately to the Securities and Exchange Commission.

- (1) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 28, 2012 (Commission File No. 0-19681).
- (2) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 (Commission File No. 0-19681).
- (3) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (Amendment No. 3), Registration No. 33-43353, as filed with the Commission on November 25, 1991 (Commission File No. 0-19681).
- (4) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the first quarter ended September 24, 1998 (Commission File No. 0-19681).
- (5) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the second quarter ended December 28, 2000 (Commission File No. 0-19681).
- (6) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the second quarter ended December 25, 2003 (Commission File No. 0-19681).
- (7)

Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the third quarter ended March 25, 2004 (Commission File No. 0-19681).

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- (8) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended June 28, 2007 (Commission File No. 0-19681).
- (9) Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2005 (Commission File No. 0-19681).
- (10) Incorporated by reference to the Registrant's Current Report on Form 8-K dated February 8, 2008 (Commission File No. 0-19681).
- (11) Incorporated by reference to the Registrant's Annual Report on Form 10-K dated August 21, 2015 (Commission File No. 0-19681).
- (12) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the third quarter ended March 24, 2005 (Commission File No. 0-19681).
- (13) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the second quarter ended December 25, 2008 (Commission File No. 0-19681).
- (14) Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 12, 2009 (Commission File No. 0-19681).
- (15) Incorporated by reference to the Registrant's Current Report on Form 8-K dated May 5, 2009 (Commission File No. 0-19681).
- (16) Incorporated by reference to the Registrant's Current Report on Form 8-K dated March 12, 2010 (Commission File No. 0-19681).
- (17) Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 8, 2010 (Commission File No. 0-19681).
- (18) Incorporated by reference to the Registrant's Current Report on Form 8-K dated January 31, 2011 (Commission File No. 0-19681).
- (19) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 18, 2011 (Commission File No. 0-19681).
- (20) Incorporated by reference to the Registrant's Registration Statement on Form S-8, filed with the Commission on October 28, 2014 (Commission File No. 0-19681).
- (21) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the first quarter ended September 29, 2011 (Commission File No. 0-19681).
- (22) Incorporated by reference to the Registrant's Current Report on Form 8-K dated February 1, 2013 (Commission File No. 0-19681).
- (23) Incorporated by reference to the Registrant's Current Report on Form 8-K dated December 17, 2013 (Commission File No. 0-19681).
- (24) Incorporated by reference to the Registrant's Current Report on Form 8-K dated October 3, 2014 (Commission File No. 0-19681).
- (25) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the first quarter ended September 25, 2014 (Commission File No. 0-19681).