As filed with the Securities and Exchange Commission on August 4, 2022

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 July 2, 2022

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 001-32316

B&G FOODS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**13-3918742**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Four Gatehall Drive, Parsippany, New Jersey	**07054**
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: **(973) 401-6500**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**BGS**	**New York Stock Exchange**

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, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐

Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 29, 2022, the registrant had 71,670,346 shares of common stock, par value $0.01 per share, issued and outstanding.

B&G Foods, Inc. and Subsidiaries
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Forward-Looking Statements

This report includes forward-looking statements, including, without limitation, the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations." The words "believes," "belief," "expects," "projects," "intends," "anticipates," "assumes," "could," "should," "estimates," "potential," "seek," "predict," "may," "will" or "plans" and similar references to future periods are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by any forward-looking statements. We believe important factors that could cause actual results to differ materially from our expectations include the following:

- the ultimate impact the COVID-19 pandemic will have on our business, which will depend on many factors, including, without limitation,
    - the ability of our company and our supply chain partners to continue to operate manufacturing facilities, distribution centers and other work locations without material disruption, and to procure ingredients, packaging and other raw materials when needed despite disruptions in the supply chain or labor shortages;
    - the duration of social distancing and stay-at-home and work-from-home mandates, policies and recommendations, and whether, and the extent to which, additional waves or variants of COVID-19 will affect the United States and the rest of North America; and
    - the extent to which macroeconomic conditions resulting from the pandemic and the pace of the subsequent recovery may impact consumer eating and shopping habits;
- our substantial leverage;
- the effects of rising costs for commodities, ingredients, packaging, other raw materials, distribution and labor;
- crude oil prices and their impact on distribution, packaging and energy costs;
- our ability to successfully implement sales price increases and cost saving measures to offset any cost increases;
- intense competition, changes in consumer preferences, demand for our products and local economic and market conditions;
- our continued ability to promote brand equity successfully, to anticipate and respond to new consumer trends, to develop new products and markets, to broaden brand portfolios in order to compete effectively with lower priced products and in markets that are consolidating at the retail and manufacturing levels and to improve productivity;
- our ability to recruit and retain senior management and a highly skilled and diverse workforce at our corporate offices, manufacturing facilities and other work locations despite a very tight labor market and changing employee expectations as to fair compensation, an inclusive and diverse workplace, flexible working and other matters;
- the risks associated with the expansion of our business;
- our possible inability to identify new acquisitions or to integrate recent or future acquisitions, or our failure to realize anticipated revenue enhancements, cost savings or other synergies from recent or future acquisitions;
- our ability to successfully complete the integration of recent or future acquisitions into our enterprise resource planning (ERP) system;
- tax reform and legislation, including the effects of the Infrastructure Investment and Jobs Act, U.S. Tax Cuts and Jobs Act and the U.S. CARES Act, and any future tax reform or legislation; for example, President Joe Biden has set forth several tax proposals that may affect B&G Foods;
- our ability to access the credit markets and our borrowing costs and credit ratings, which may be influenced by credit markets generally and the credit ratings of our competitors;

- unanticipated expenses, including, without limitation, litigation or legal settlement expenses;
- the effects of currency movements of the Canadian dollar and the Mexican peso as compared to the U.S. dollar;
- the effects of international trade disputes, tariffs, quotas, and other import or export restrictions on our international procurement, sales and operations;
- future impairments of our goodwill and intangible assets;
- our ability to protect information systems against, or effectively respond to, a cybersecurity incident or other disruption;
- our ability to successfully implement our sustainability initiatives and achieve our sustainability goals, and changes to environmental laws and regulations;
- our ability to successfully transition the operations of our Portland, Maine manufacturing facility to third-party co-manufacturing facilities and existing B&G Foods manufacturing facilities without significant disruption in production or customer service, and our ability to achieve anticipated productivity improvements and cost savings;
- other factors that affect the food industry generally, including:
  - recalls if products become adulterated or misbranded, liability if product consumption causes injury, ingredient disclosure and labeling laws and regulations and the possibility that consumers could lose confidence in the safety and quality of certain food products;
  - competitors' pricing practices and promotional spending levels;
  - fluctuations in the level of our customers' inventories and credit and other business risks related to our customers operating in a challenging economic and competitive environment; and
  - the risks associated with third-party suppliers and co-packers, including the risk that any failure by one or more of our third-party suppliers or co-packers to comply with food safety or other laws and regulations may disrupt our supply of raw materials or certain finished goods products or injure our reputation; and
- other factors discussed elsewhere in this report and in our other public filings with the Securities and Exchange Commission (SEC), including under Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K filed with the SEC on March 1, 2022, and Part, II, Item 1A, "Risk Factors," in this report.

Developments in any of these areas could cause our results to differ materially from results that have been or may be projected by us or on our behalf.

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

We caution that the foregoing list of important factors is not exclusive. There may be other factors that may cause our actual results to differ materially from the forward-looking statements in this report, including factors disclosed under the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties. We urge investors not to unduly rely on forward-looking statements contained in this report.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

B&G Foods, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	July 2, 2022	January 1, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 43,026	$ 33,690
Trade accounts receivable, net	149,168	145,281
Inventories	667,668	609,794
Assets held for sale	—	3,256
Prepaid expenses and other current assets	42,261	38,151
Income tax receivable	14,637	4,284
Total current assets	916,760	834,456
Property, plant and equipment, net of accumulated depreciation of $361,343 and $364,182 as of July 2, 2022 and January 1, 2022, respectively	336,429	341,471
Operating lease right-of-use assets	73,230	65,166
Finance lease right-of-use assets	3,420	—
Goodwill	649,105	644,871
Other intangible assets, net	1,920,656	1,927,119
Other assets	7,171	6,916
Deferred income taxes	10,151	8,546
Total assets	$ 3,916,922	$ 3,828,545
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	$ 164,118	$ 129,861
Accrued expenses	65,631	66,901
Current portion of operating lease liabilities	15,222	12,420
Current portion of finance lease liabilities	1,034	—
Income tax payable	16	2,557
Dividends payable	34,043	32,548
Total current liabilities	280,064	244,287
Long-term debt	2,292,139	2,267,759
Deferred income taxes	312,778	310,641
Long-term operating lease liabilities, net of current portion	58,459	55,607
Long-term finance lease liabilities, net of current portion	2,320	—
Other liabilities	30,981	29,997
Total liabilities	2,976,741	2,908,291
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.01 par value per share. Authorized 1,000,000 shares; no shares issued or outstanding	—	—
Common stock, $0.01 par value per share. Authorized 125,000,000 shares; 71,670,346 and 68,521,651 shares issued and outstanding as of July 2, 2022 and January 1, 2022, respectively	717	685
Additional paid-in capital	29,632	3,547
Accumulated other comprehensive loss	(19,170)	(18,169)
Retained earnings	929,002	934,191
Total stockholders' equity	940,181	920,254
Total liabilities and stockholders' equity	$ 3,916,922	$ 3,828,545

See Notes to Consolidated Financial Statements.

B&G Foods, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net sales	$ 478,965	$ 464,375	$ 1,011,372	$ 969,509
Cost of goods sold	402,468	352,785	833,587	740,125
Gross profit	76,497	111,590	177,785	229,384
Operating (income) and expenses:				
Selling, general and administrative expenses	44,197	47,076	91,037	97,455
Amortization expense	5,359	5,399	10,582	10,835
Gain on sales of assets	—	—	(7,099)	—
Operating income	26,941	59,115	83,265	121,094
Other income and expenses:				
Interest expense, net	29,941	26,713	56,743	53,682
Other income	(1,848)	(1,117)	(3,687)	(2,208)
Income (loss) before income tax expense (benefit)	(1,152)	33,519	30,209	69,620
Income tax expense (benefit)	(1,408)	8,968	6,297	18,191
Net income	$ 256	$ 24,551	$ 23,912	$ 51,429
Weighted average shares outstanding:				
Basic	69,904	64,777	69,267	64,680
Diluted	70,286	65,410	69,652	65,310
Earnings per share:				
Basic	$ —	$ 0.38	$ 0.35	$ 0.80
Diluted	$ —	$ 0.38	$ 0.34	$ 0.79
Cash dividends declared per share	$ 0.475	$ 0.475	$ 0.950	$ 0.950

See Notes to Consolidated Financial Statements.

B&G Foods, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(In thousands)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net income	$ 256	$ 24,551	$ 23,912	$ 51,429
Other comprehensive income (loss):				
Foreign currency translation adjustments	(3,721)	3,896	(1,042)	3,400
Amortization of unrecognized prior service cost and pension deferrals, net of tax	20	304	41	638
Other comprehensive income (loss)	(3,701)	4,200	(1,001)	4,038
Comprehensive income (loss)	$ (3,445)	$ 28,751	$ 22,911	$ 55,467

See Notes to Consolidated Financial Statements.

B&G Foods, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
As of July 2, 2022
(In thousands, except share and per share data)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance at January 1, 2022	**68,521,651**	**$ 685**	**$ 3,547**	**$ (18,169)**	**$ 934,191**	**$ 920,254**
Foreign currency translation	—	—	—	2,679	—	2,679
Change in pension benefit (net of $7 of income taxes)	—	—	—	21	—	21
Net income	—	—	—	—	23,656	23,656
Share-based compensation	—	—	791	—	—	791
Net issuance of common stock for share-based compensation	261,014	3	(3,707)	—	—	(3,704)
Cancellation of restricted stock for tax withholding upon vesting	(10,871)	—	(298)	—	—	(298)
Cancellation of restricted stock upon forfeiture	(573)	—	—	—	—	—
Issuance of common stock in ATM offering	112,353	1	3,227	—	—	3,228
Stock options exercised	2,227	—	60	—	—	60
Dividends declared on common stock, $0.475 per share	—	—	(3,620)	—	(29,101)	(32,721)
Balance at April 2, 2022	**68,885,801**	**$ 689**	**$ —**	**$ (15,469)**	**$ 928,746**	**$ 913,966**
Foreign currency translation	—	—	—	(3,721)	—	(3,721)
Change in pension benefit (net of $6 of income taxes)	—	—	—	20	—	20
Net income	—	—	—	—	256	256
Share-based compensation	—	—	1,924	—	—	1,924
Net issuance of common stock for share-based compensation	47,335	—	—	—	—	—
Cancellation of restricted stock for tax withholding upon vesting	(1,250)	—	(28)	—	—	(28)
Cancellation of restricted stock upon forfeiture	(1,108)	—	—	—	—	—
Issuance of common stock in ATM offering	2,739,568	28	61,780	—	—	61,808
Dividends declared on common stock, $0.475 per share	—	—	(34,044)	—	—	(34,044)
Balance at July 2, 2022	**71,670,346**	**$ 717**	**$ 29,632**	**$ (19,170)**	**$ 929,002**	**$ 940,181**

See Notes to Consolidated Financial Statements.

B&G Foods, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
As of July 3, 2021
(In thousands, except share and per share data)
(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
Balance at January 2, 2021	**64,252,859**	**$ 643**	**$ —**	**$ (35,594)**	**$ 866,828**	**$ 831,877**
Foreign currency translation	—	—	—	(496)	—	(496)
Change in pension benefit (net of $108 of income taxes)	—	—	—	334	—	334
Net income	—	—	—	—	26,878	26,878
Share-based compensation	—	—	432	—	—	432
Net issuance of common stock for share-based compensation	82,214	1	(1,087)	—	—	(1,086)
Cancellation of restricted stock for tax withholding upon vesting	(21,462)	—	(620)	—	—	(620)
Stock options exercised	438,900	4	14,048	—	—	14,052
Dividends declared on common stock, $0.475 per share	—	—	(12,773)	—	(17,984)	(30,757)
Balance at April 3, 2021	**64,752,511**	**$ 648**	**$ —**	**$ (35,756)**	**$ 875,722**	**$ 840,614**
Foreign currency translation	—	—	—	3,896	—	3,896
Change in pension benefit (net of $99 of income taxes)	—	—	—	304	—	304
Net income	—	—	—	—	24,551	24,551
Share-based compensation	—	—	2,305	—	—	2,305
Net issuance of common stock for share-based compensation	46,377	—	—	—	—	—
Cancellation of restricted stock for tax withholding upon vesting	(66)	—	(3)	—	—	(3)
Cancellation of restricted stock upon forfeiture	(956)	—	—	—	—	—
Stock options exercised	27,212	—	730	—	—	730
Dividends declared on common stock, $0.475 per share	—	—	(3,032)	—	(27,760)	(30,792)
Balance at July 3, 2021	**64,825,078**	**$ 648**	**$ —**	**$ (31,556)**	**$ 872,513**	**$ 841,605**

See Notes to Consolidated Financial Statements.

B&G Foods, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Twenty-six Weeks Ended	
	July 2, 2022	**July 3, 2021**
Cash flows from operating activities:		
Net income	$ 23,912	$ 51,429
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	40,299	40,529
Amortization of operating lease right-of-use assets	8,173	6,547
Amortization of deferred debt financing costs and bond discount/premium	2,346	2,289
Deferred income taxes	530	11,370
Gain on sales of assets	(7,113)	(30)
Share-based compensation expense	2,248	2,125
Changes in assets and liabilities, net of effects of businesses acquired:		
Trade accounts receivable	(4,081)	11,372
Inventories	(56,632)	(38,653)
Prepaid expenses and other current assets	(1,977)	(5)
Income tax receivable/payable, net	(12,923)	5,721
Other assets	(887)	(115)
Trade accounts payable	35,481	(912)
Accrued expenses	(9,290)	(26,343)
Other liabilities	1,041	641
Net cash provided by operating activities	21,127	65,965
Cash flows from investing activities:		
Capital expenditures	(13,200)	(19,813)
Proceeds from sales of assets	10,429	126
Payments for acquisition of businesses, net of cash acquired	(27,290)	—
Net cash used in investing activities	(30,061)	(19,687)
Cash flows from financing activities:		
Repayments of borrowings under revolving credit facility	(162,500)	(85,000)
Borrowings under revolving credit facility	185,000	75,000
Proceeds from issuance of common stock, net	65,202	—
Dividends paid	(65,269)	(61,277)
Proceeds from exercise of stock options	60	14,782
Payments of tax withholding on behalf of employees for net share settlement of share-based compensation	(4,029)	(1,708)
Payments of debt financing costs	—	(276)
Net cash provided by (used in) financing activities	18,464	(58,479)
Effect of exchange rate fluctuations on cash and cash equivalents	(194)	341
Net increase (decrease) in cash and cash equivalents	9,336	(11,860)
Cash and cash equivalents at beginning of period	33,690	52,182
Cash and cash equivalents at end of period	$ 43,026	$ 40,322
Supplemental disclosures of cash flow information:		
Cash interest payments	$ 53,954	$ 51,117
Cash income tax payments	$ 18,989	$ 1,065
Non-cash investing and financing transactions:		
Dividends declared and not yet paid	$ 34,043	$ 30,792
Accruals related to purchases of property, plant and equipment	$ 876	$ 2,514
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 2,588	$ 12,637

See Notes to Consolidated Financial Statements.

B&G Foods, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

(1) Nature of Operations

B&G Foods, Inc. is a holding company whose principal assets are the shares of capital stock of its subsidiaries. Unless the context requires otherwise, references in this report to “B&G Foods,” “our company,” “we,” “us” and “our” refer to B&G Foods, Inc. and its subsidiaries. Our financial statements are presented on a consolidated basis.

We operate in a single industry segment and manufacture, sell and distribute a diverse portfolio of high-quality shelf-stable and frozen foods across the United States, Canada and Puerto Rico. Our products include frozen and canned vegetables, vegetable, canola and other cooking oils, vegetable shortening, cooking sprays, oatmeal and other hot cereals, fruit spreads, canned meats and beans, bagel chips, spices, seasonings, hot sauces, wine vinegar, maple syrup, molasses, salad dressings, pizza crusts, Mexican-style sauces, dry soups, taco shells and kits, salsas, pickles, peppers, tomato-based products, cookies and crackers, baking powder, baking soda, corn starch, nut clusters and other specialty products. Our products are marketed under many recognized brands, including *Ac’cent*, *B&G*, *B&M*, *Back to Nature*, *Baker’s Joy*, *Bear Creek Country Kitchens*, *Brer Rabbit*, *Canoleo*, *Cary’s*, *Clabber Girl*, *Cream of Rice*, *Cream of Wheat*, *Crisco*, *Dash*, *Davis*, *Devonsheer*, *Don Pepino*, *Durkee*, *Emeril’s*, *Grandma’s Molasses*, *Green Giant*, *Joan of Arc*, *Las Palmas*, *Le Sueur*, *MacDonald’s*, *Mama Mary’s*, *Maple Grove Farms of Vermont*, *McCann’s*, *Molly McButter*, *New York Flatbreads*, *New York Style*, *Old London*, *Ortega*, *Polaner*, *Red Devil*, *Regina*, *Rumford*, *Sa-són*, *Sclafani*, *Spice Islands*, *Spring Tree*, *Sugar Twin*, *Tone’s*, *Trappey’s*, *TrueNorth*, *Underwood*, *Vermont Maid*, *Victoria*, *Weber* and *Wright’s*. We also sell and distribute *Static Guard*, a household product brand. We compete in the retail grocery, foodservice, specialty, private label, club and mass merchandiser channels of distribution. We sell and distribute our products directly and via a network of independent brokers and distributors to supermarket chains, foodservice outlets, mass merchants, warehouse clubs, non-food outlets and specialty distributors.

(2) Summary of Significant Accounting Policies

Fiscal Year

Typically, our fiscal quarters and fiscal year consist of 13 and 52 weeks, respectively, ending on the Saturday closest to December 31 in the case of our fiscal year and fourth fiscal quarter, and on the Saturday closest to the end of the corresponding calendar quarter in the case of our fiscal quarters. As a result, a 53rd week is added to our fiscal year every five or six years. Generally, in a 53-week fiscal year our fourth fiscal quarter contains 14 weeks. Our fiscal year ending December 31, 2022 (fiscal 2022) and our fiscal year ended January 1, 2022 (fiscal 2021) each contains 52 weeks. Each quarter of fiscal 2022 and 2021 contains 13 weeks.

Basis of Presentation

The accompanying unaudited consolidated interim financial statements for the thirteen and twenty-six week periods ended July 2, 2022 (second quarter and first two quarters of 2022) and July 3, 2021 (second quarter and first two quarters of 2021) have been prepared by our company in accordance with generally accepted accounting principles in the United States (GAAP) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), and include the accounts of B&G Foods, Inc. and its subsidiaries. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations. However, our management believes, to the best of their knowledge, that the disclosures herein are adequate to make the information presented not misleading. All intercompany balances and transactions have been eliminated. The accompanying unaudited consolidated interim financial statements contain all adjustments that are, in the opinion of management, necessary to present fairly our consolidated financial position as of July 2, 2022, and the results of our operations, comprehensive income, changes in stockholders’ equity and cash flows for the second quarter and first two quarters of 2022 and 2021. Our results of operations for the second quarter and first two quarters of 2022 are not necessarily indicative of the results to be expected for the full year. We have evaluated subsequent events for disclosure through the date of issuance of the accompanying unaudited consolidated interim financial statements. The accompanying unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for fiscal 2021 filed with the SEC on March 1, 2022 (which we refer to as our 2021 Annual Report on Form 10-K).

B&G Foods, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires our management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates and assumptions made by management involve revenue recognition as it relates to trade and consumer promotion expenses; pension benefits; acquisition accounting fair value allocations; the recoverability of goodwill, other intangible assets, property, plant and equipment and deferred tax assets; and the determination of the useful life of customer relationship and finite-lived trademark intangible assets. Actual results could differ significantly from these estimates and assumptions.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances, including the current economic environment. We adjust such estimates and assumptions when facts and circumstances dictate. Volatility in the credit and equity markets can increase the uncertainty inherent in such estimates and assumptions.

Accounting Standards Adopted in Fiscal 2022 or Fiscal 2021

In December 2019, the Financial Accounting Standards Board (FASB) issued a new accounting standards update (ASU) that removes certain exceptions for recognizing deferred taxes for certain investments, performing intraperiod allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for goodwill and allocating taxes to members of a consolidated group. This guidance became effective during the first quarter of 2021. The adoption of this ASU did not have a material impact to our consolidated financial statements or related disclosures.

Recently Issued Accounting Standards – Pending Adoption

In October 2021, the FASB issued a new ASU which provides an exception to fair value measurement for revenue contracts acquired in business combinations. This ASU is effective for annual and interim periods in fiscal years beginning after December 15, 2022. We currently expect to adopt the standard during fiscal 2023 for any business combinations that occur in fiscal 2023 or after. Currently, we do not expect the adoption of this ASU to have a material impact to our consolidated financial statements.

In March 2020, the FASB issued a new ASU which provides optional guidance for a limited time to ease the potential accounting burden associated with transitioning away from reference rates such as LIBOR, which is set to cease after June 30, 2023. The update may be applied as of the beginning of the interim period that includes March 12, 2020 through December 31, 2022. We currently expect to adopt the standard during fiscal 2022. We are in the process of evaluating the impact of the adoption of this ASU. LIBOR is used to determine interest under our revolving credit facility and our tranche B term loans due 2026. Currently, however, we do not expect the adoption of this ASU to have a material impact to our consolidated financial statements.

(3) Acquisitions

Yuma Acquisition

On May 5, 2022, we completed the acquisition of the frozen vegetable operations of Growers Express, LLC, whose primary business at the time of the acquisition was co-manufacturing certain *Green Giant* frozen vegetable products, including *Green Giant*® Riced Veggies and *Green Giant Veggie Spirals*®. The purchased assets include inventory, equipment, a sublease for a portion of a manufacturing facility in Yuma, Arizona, and a lease for a warehouse facility in San Luis, Arizona. Approximately 160 employees have transferred to B&G Foods. We refer to this acquisition as the "Yuma acquisition." As part of the Yuma acquisition, we also repurchased the master license agreement for certain *Green Giant* Fresh vegetable products and have assumed responsibility for the administration of related sublicense agreements.

The following table sets forth the preliminary allocation of the Yuma acquisition purchase price to the estimated fair value of the net assets acquired at the date of acquisition. The preliminary purchase price allocation may be adjusted as a result of the finalization of our purchase price allocation procedures related to the assets acquired and liabilities assumed. We anticipate completing the purchase price allocation during fiscal 2023.

B&G Foods, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (Continued)
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Preliminary Purchase Price Allocation (in thousands):	May 5, 2022
Inventories	$ 3,342
Prepaid expenses and other current assets	187
Property, plant and equipment, net	12,508
Operating lease right-of-use assets	12,770
Finance lease right-of-use assets	3,529
Other intangible assets, net	4,483
Current portion of operating lease liabilities	(1,624)
Current portion of finance lease liabilities	(1,035)
Long-term operating lease liabilities, net of current portion	(8,756)
Long-term finance lease liabilities, net of current portion	(2,493)
Goodwill	4,379
Total purchase price (paid in cash)	$ 27,290

(4) Inventories

Inventories are stated at the lower of cost or net realizable value and include direct material, direct labor, overhead, warehousing and product transfer costs. Cost is determined using the first-in, first-out and average cost methods. Inventories have been reduced by an allowance for excess, obsolete and unsaleable inventories. The allowance is an estimate based on management's review of inventories on hand compared to estimated future usage and sales.

Inventories consist of the following, as of the dates indicated (in thousands):

	July 2, 2022	January 1, 2022
Raw materials and packaging	$ 141,119	$ 94,799
Work-in-process	78,356	145,102
Finished goods	448,193	369,893
Inventories	$ 667,668	$ 609,794

(5) Goodwill and Other Intangible Assets

The carrying amounts of goodwill and other intangible assets, as of the dates indicated, consist of the following (in thousands):

	July 2, 2022			January 1, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-Lived Intangible Assets						
Trademarks	$ 6,800	$ 4,156	$ 2,644	$ 6,800	$ 3,929	$ 2,871
Customer relationships	411,394	178,212	233,182	406,963	167,860	239,103
Total finite-lived intangible assets	$ 418,194	$ 182,368	$ 235,826	$ 413,763	$ 171,789	$ 241,974
Indefinite-Lived Intangible Assets						
Goodwill	$ 649,105			$ 644,871		
Trademarks	$ 1,684,830			$ 1,685,145		

Amortization expense associated with finite-lived intangible assets was $5.4 million and $10.6 million for the second quarter and first two quarters of 2022, respectively, and $5.4 million and $10.8 million the second quarter and first two quarters of 2021, respectively, and is recorded in operating expenses. We expect to recognize an additional $10.8 million of amortization expense associated with our finite-lived intangible assets during the remainder of fiscal 2022, and thereafter $21.6 million of amortization expense in fiscal 2023, $21.5 million in each of fiscal 2024 and fiscal 2025, $20.8 million in fiscal 2026, and $16.0 million in fiscal 2027.

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We did not recognize any impairment charges for indefinite-lived intangible assets for the first two quarters of 2022 or 2021. During the fourth quarter of fiscal 2021, we partially impaired the *Static Guard* and *Molly McButter* brands, and these assets had a remaining carrying value of $36.5 million at July 2, 2022 and January 1, 2022. If, however, operating results for any of our brands, including recently impaired brands and newly acquired brands, deteriorate, at rates in excess of our current projections, we may be required to record non-cash impairment charges to certain intangible assets. In addition, any significant decline in our market capitalization, even if due to macroeconomic factors, could put pressure on the carrying value of our goodwill. A determination that all or a portion of our goodwill or indefinite-lived intangible assets are impaired, although a non-cash charge to operations, could have a material adverse effect on our business, goodwill and indefinite-lived intangible assets (trademarks), see Note 2(g), "Summary of Significant Accounting Policies—*Goodwill and Other Intangible Assets*" to our 2021 Annual Report on Form 10-K.

(6) Long-Term Debt

Long-term debt consists of the following, as of the dates indicated (in thousands):

	July 2, 2022	January 1, 2022
Revolving credit loans	$ 187,500	$ 165,000
Tranche B term loans due 2026	671,625	671,625
5.25% senior notes due 2025	900,000	900,000
5.25% senior notes due 2027	550,000	550,000
Unamortized deferred debt financing costs	(15,012)	(16,805)
Unamortized discount/premium	(1,974)	(2,061)
Total long-term debt, net of unamortized deferred debt financing costs and discount/premium	2,292,139	2,267,759

As of July 2, 2022, the aggregate contractual maturities of long-term debt were as follows (in thousands):

	Aggregate Contractual Maturities
Fiscal year:	
2022 remaining	$ —
2023	—
2024	—
2025	1,087,500
2026	671,625
Thereafter	550,000
Total	$ 2,309,125

Senior Secured Credit Agreement. Our senior secured credit agreement includes a term loan facility and a revolving credit facility.

On December 16, 2020, we amended our amended and restated credit agreement, dated as of October 2, 2015, and previously amended on March 30, 2017, November 20, 2017 and October 10, 2019. Among other things, the amendment provided for a $300.0 million add-on tranche B term loan facility, which closed and funded on December 16, 2020. The add-on tranche B term loans were issued at a price equal to 99.00% of their face value. The add-on term loans have the same terms as, and are fungible with, $371.6 million of tranche B term loans. We used the net proceeds of the add-on term loans to repay a portion of the revolving credit facility borrowings used to finance the *Crisco* acquisition. As of July 2, 2022, $671.6 million of tranche B term loans remained outstanding. The tranche B term loans mature on October 10, 2026.

Interest under the tranche B term loan facility is determined based on alternative rates that we may choose in accordance with our credit agreement, including a base rate per annum plus an applicable margin of 1.00%, and LIBOR plus an applicable margin of 2.50%.

The December 2020 amendment also increased the revolver capacity from $700.0 million to $800.0 million and extended the maturity date of our revolving credit facility from November 21, 2022 to December 16, 2025. As of

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July 2, 2022, the available borrowing capacity under the revolving credit facility, net of outstanding letters of credit of $5.2 million, was $607.3 million. Proceeds of the revolving credit facility may be used for general corporate purposes, including acquisitions of targets in the same or a similar line of business as our company, subject to specified criteria. The revolving credit facility matures on December 16, 2025.

Interest under the revolving credit facility, including any outstanding letters of credit, is determined based on alternative rates that we may choose in accordance with the credit agreement, including a base rate per annum plus an applicable margin ranging from 0.25% to 0.75%, and LIBOR plus an applicable margin ranging from 1.25% to 1.75%, in each case depending on our consolidated leverage ratio.

We are required to pay a commitment fee of 0.50% per annum on the unused portion of the revolving credit facility. The maximum letter of credit capacity under the revolving credit facility is $50.0 million, with a fronting fee of 0.25% per annum for all outstanding letters of credit and a letter of credit fee equal to the applicable margin for revolving loans that are Eurodollar (LIBOR) loans.

We may prepay term loans or permanently reduce the revolving credit facility commitment under the credit agreement at any time without premium or penalty (other than customary “breakage” costs with respect to the early termination of LIBOR loans). Subject to certain exceptions, the credit agreement provides for mandatory prepayment upon certain asset dispositions or casualty events and issuances of indebtedness.

Our obligations under the credit agreement are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries (other than a domestic subsidiary that is a holding company for one or more foreign subsidiaries). The credit agreement is secured by substantially all of our and our domestic subsidiaries’ assets except our and our domestic subsidiaries’ real property. The credit agreement contains customary restrictive covenants, subject to certain permitted amounts and exceptions, including covenants limiting our ability to incur additional indebtedness, pay dividends and make other restricted payments, repurchase shares of our outstanding stock and create certain liens.

The credit agreement also contains certain financial maintenance covenants, which, among other things, specify a maximum consolidated leverage ratio and a minimum interest coverage ratio, each ratio as defined in the credit agreement.

On June 28, 2022, we amended our credit agreement to temporarily increase the maximum consolidated leverage ratio permitted under our revolving credit facility. The amendment provides that our maximum consolidated leverage ratio (defined as the ratio, determined on a pro forma basis, of consolidated net debt, as of the last day of any period of four consecutive fiscal quarters to adjusted EBITDA (as defined in the credit agreement) before share-based compensation for such period), increased from 7.00 to 1.00 to 7.50 to 1.00 for the quarter ending July 2, 2022, and then will increase to 8.00 to 1.00 for the quarter ending October 1, 2022 through the quarter ending September 30, 2023. The maximum consolidated leverage ratio will decrease to 7.50 to 1.00 for the quarter ending December 30, 2023 before returning to 7.00 to 1.00 for the quarters ending March 30, 2024 and thereafter.

We are also required to maintain a consolidated interest coverage ratio (defined as the ratio, determined on a pro forma basis, of our adjusted EBITDA (before share-based compensation) for any period of four consecutive fiscal quarters to our consolidated interest expense for such period payable in cash) of at least 1.75 to 1.00.

As of July 2, 2022, we were in compliance with all of the covenants, including the financial covenants, in the credit agreement.

The credit agreement also provides for an incremental term loan and revolving loan facility, pursuant to which we may request that the lenders under the credit agreement, and potentially other lenders, provide unlimited additional amounts of term loans or revolving loans or both on terms substantially consistent with those provided under the credit agreement. Among other things, the utilization of the incremental facility is conditioned on our ability to meet a maximum senior secured leverage ratio of 4.00 to 1.00, and a sufficient number of lenders or new lenders agreeing to participate in the facility.

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5.25% Senior Notes due 2025. On April 3, 2017, we issued $500.0 million aggregate principal amount of 5.25% senior notes due 2025 at a price to the public of 100% of their face value. On November 20, 2017, we issued an additional $400.0 million aggregate principal amount of 5.25% senior notes due 2025 at a price to the public 101% of their face value plus accrued interest from October 1, 2017. The notes issued in November 2017 were issued as additional notes under the same indenture as our 5.25% senior notes due 2025 that were issued in April 2017, and, as such, form a single series and trade interchangeably with the previously issued 5.25% senior notes due 2025.

We used the net proceeds of the April 2017 offering to repay all of the then outstanding borrowings and amounts due under our revolving credit facility and tranche A term loans, to pay related fees and expenses and for general corporate purposes. We used the net proceeds of the November 2017 offering to repay all of the then outstanding borrowings and amounts due under our revolving credit facility, to pay related fees and expenses and for general corporate purposes.

Interest on the 5.25% senior notes due 2025 is payable on April 1 and October 1 of each year, commencing October 1, 2017. The 5.25% senior notes due 2025 will mature on April 1, 2025, unless earlier retired or redeemed as described below.

We may redeem some or all of the 5.25% senior notes due 2025 at a redemption price of 101.3125% beginning April 1, 2022 and 100% on or after April 1, 2023, in each case plus accrued and unpaid interest to the date of redemption. In addition, if we undergo a change of control or upon certain asset sales, we may be required to offer to repurchase the 5.25% senior notes due 2025 at the repurchase price set forth in the indenture plus accrued and unpaid interest to the date of repurchase.

We may also, from time to time, seek to retire the 5.25% senior notes due 2025 through cash repurchases of the 5.25% senior notes due 2025 and/or exchanges of the 5.25% senior notes due 2025 for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Our obligations under the 5.25% senior notes due 2025 are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries. The 5.25% senior notes due 2025 and the subsidiary guarantees are our and the guarantors' general unsecured obligations and are effectively junior in right of payment to all of our and the guarantors' secured indebtedness and to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries; are *pari passu* in right of payment to all of our and the guarantors' existing and future unsecured senior debt; and are senior in right of payment to all of our and the guarantors' future subordinated debt. Our foreign subsidiaries are not guarantors, and any future foreign or partially owned domestic subsidiaries will not be guarantors, of the 5.25% senior notes due 2025.

The indenture governing the 5.25% senior notes due 2025 contains covenants with respect to us and the guarantors and restricts the incurrence of additional indebtedness and the issuance of capital stock; the payment of dividends or distributions on, and redemption of, capital stock; a number of other restricted payments, including certain investments; creation of specified liens, certain sale-leaseback transactions and sales of certain specified assets; fundamental changes, including consolidation, mergers and transfers of all or substantially all of our assets; and specified transactions with affiliates. Each of the covenants is subject to a number of important exceptions and qualifications. As of July 2, 2022, we were in compliance with all of the covenants in the indenture governing the 5.25% senior notes due 2025.

5.25% Senior Notes due 2027. On September 26, 2019, we issued $550.0 million aggregate principal amount of 5.25% senior notes due 2027 at a price to the public of 100% of their face value.

We used the proceeds of the offering, together with the proceeds of incremental term loans made during the fourth quarter of 2019, to redeem all of our outstanding 4.625% senior notes due 2021, repay a portion of our borrowings under our revolving credit facility, pay related fees and expenses and for general corporate purposes.

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Interest on the 5.25% senior notes due 2027 is payable on March 15 and September 15 of each year, commencing March 15, 2020. The 5.25% senior notes due 2027 will mature on September 15, 2027, unless earlier retired or redeemed as described below.

We may redeem some or all of the 5.25% senior notes due 2027 at a redemption price of 103.938% beginning March 1, 2022 and thereafter at prices declining annually to 100% on or after March 1, 2025, in each case plus accrued and unpaid interest to the date of redemption. In addition, if we undergo a change of control or upon certain asset sales, we may be required to offer to repurchase the 5.25% senior notes due 2027 at the repurchase price set forth in the indenture plus accrued and unpaid interest to the date of repurchase.

We may also, from time to time, seek to retire the 5.25% senior notes due 2027 through cash repurchases of the 5.25% senior notes due 2027 and/or exchanges of the 5.25% senior notes due 2027 for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Our obligations under the 5.25% senior notes due 2027 are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries. The 5.25% senior notes due 2027 and the subsidiary guarantees are our and the guarantors' general unsecured obligations and are effectively junior in right of payment to all of our and the guarantors' secured indebtedness and to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries; are *pari passu* in right of payment to all of our and the guarantors' existing and future unsecured senior debt; and are senior in right of payment to all of our and the guarantors' future subordinated debt. Our foreign subsidiaries are not guarantors, and any future foreign or partially owned domestic subsidiaries will not be guarantors, of the 5.25% senior notes due 2027.

The indenture governing the 5.25% senior notes due 2027 contains covenants with respect to us and the guarantors and restricts the incurrence of additional indebtedness and the issuance of capital stock; the payment of dividends or distributions on, and redemption of, capital stock; a number of other restricted payments, including certain investments; creation of specified liens, certain sale-leaseback transactions and sales of certain specified assets; fundamental changes, including consolidation, mergers and transfers of all or substantially all of our assets; and specified transactions with affiliates. Each of the covenants is subject to a number of important exceptions and qualifications. As of July 2, 2022, we were in compliance with all of the covenants in the indenture governing the 5.25% senior notes due 2027.

Subsidiary Guarantees. We have no assets or operations independent of our direct and indirect subsidiaries. All of our present domestic subsidiaries jointly and severally and fully and unconditionally guarantee our long-term debt. There are no significant restrictions on our ability and the ability of our subsidiaries to obtain funds from our respective subsidiaries by dividend or loan. See Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Supplemental Financial Information about B&G Foods and Guarantor Subsidiaries."

Accrued Interest. At July 2, 2022 and January 1, 2022, accrued interest of $21.1 million and $20.7 million, respectively, is included in accrued expenses in the accompanying unaudited consolidated balance sheets.

(7) Fair Value Measurements

The authoritative accounting literature relating to fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The accounting literature outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and the accounting literature details the disclosures that are required for items measured at fair value. Financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy under the accounting literature. The three levels are as follows:

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Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 quoted prices, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value driver is observable for the asset or liability, either directly or indirectly.

Level 3—Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

Cash and cash equivalents, trade accounts receivable, income tax receivable, trade accounts payable, accrued expenses, income tax payable and dividends payable are reflected in the consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments.

The carrying values and fair values of our revolving credit loans, term loans and senior notes as of July 2, 2022 and January 1, 2022 were as follows (in thousands):

	July 2, 2022		January 1, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Revolving credit loans	$ 187,500	$ 187,500 (1)	$ 165,000	$ 165,000 (1)
Tranche B term loans due 2026	668,168 (2)	626,408 (3)	667,811 (2)	666,141 (3)
5.25% senior notes due 2025	901,483 (4)	811,335 (3)	901,753 (4)	920,915 (3)
5.25% senior notes due 2027	$ 550,000	$ 462,000 (3)	$ 550,000	$ 567,875 (3)

(1) Fair values are estimated based on Level 2 inputs, which were quoted prices for identical or similar instruments in markets that are not active.

(2) The carrying value of the tranche B term loans includes a discount. At July 2, 2022 and January 1, 2022, the face amount of the tranche B term loans was $671.6 million.

(3) Fair values are estimated based on quoted market prices.

(4) The carrying value of the 5.25% senior notes due 2025 includes a premium. At July 2, 2022 and January 1, 2022, the face amount of the 5.25% senior notes due 2025 was $900.0 million.

There was no Level 3 activity during the second quarter or first two quarters of 2022 or 2021.

(8) Accumulated Other Comprehensive Loss

The reclassifications from accumulated other comprehensive loss (AOCL) for the second quarter and first two quarters of 2022 and 2021 were as follows (in thousands):

	Amounts Reclassified from AOCL Thirteen Weeks Ended		Amounts Reclassified from AOCL Twenty-six Weeks Ended		
Details about AOCL Components	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021	Affected Line Item in the Statement Where Net Income is Presented
Defined benefit pension plan items					
Amortization of unrecognized loss	$ 26	$ 403	$ 54	$ 845	See (1) below
Accumulated other comprehensive loss before tax	26	403	54	845	Total before tax
Tax expense	(6)	(99)	(13)	(207)	Income tax expense
Total reclassification	$ 20	$ 304	$ 41	$ 638	Net of tax

(1) These items are included in the computation of net periodic pension cost. See Note 10, “Pension Benefits,” for additional information.

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Changes in AOCL for the first two quarters of 2022 were as follows (in thousands):

	Defined Benefit Pension Plan Items	Foreign Currency Translation Adjustments	Total
Balance at January 1, 2022	$ (9,344)	$ (8,825)	$ (18,169)
Other comprehensive income before reclassifications	—	(1,042)	(1,042)
Amounts reclassified from AOCL	41	—	41
Net current period other comprehensive income	41	(1,042)	(1,001)
Balance at July 2, 2022	$ (9,303)	$ (9,867)	$ (19,170)

(9) Stockholders' Equity

Stock Repurchase Program. On March 9, 2021, our board of directors authorized an extension of our stock repurchase program from March 15, 2021 to March 15, 2022. In extending the repurchase program, our board of directors also reset the repurchase authority to up to $50.0 million. The stock repurchase program authorization expired on March 15, 2022.

We did not repurchase any shares of our common stock during the first two quarters of 2022 or the first two quarters of 2021.

At-The-Market Equity Offering Program. On August 23, 2021, we entered into an "at-the-market" (ATM) equity offering sales agreement with BofA Securities, Inc., Barclays Capital Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, BMO Capital Markets Corp., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, Citizens Capital Markets, Inc., SMBC Nikko Securities America, Inc. and TD Securities (USA) LLC, as sales agents to sell up to 7.5 million shares of our common stock from time to time through an ATM equity offering program.

During fiscal 2021, we sold 3,695,706 shares of our common stock under the ATM equity offering program. We generated $112.5 million in gross proceeds, or $30.44 per share, from the sales and paid commissions to the sales agents of approximately $2.2 million and incurred other fees and expenses of approximately $0.4 million. During the first two quarters of 2021, we did not sell any shares of our common stock under the ATM equity offering program.

During the first quarter of 2022, we sold 112,353 shares of our common stock under the ATM equity offering program. We generated $3.3 million in gross proceeds, or $29.37 per share, from the sales and paid commissions to the sales agents of approximately $0.1 million.

During the second quarter of 2022, we sold 2,739,568 shares of our common stock under the ATM equity offering program. We generated $63.2 million in gross proceeds, or $23.08 per share, from the sales and paid commissions to the sales agents of approximately $1.3 million and incurred other fees and expenses of approximately $0.1 million.

In the aggregate since the inception of the ATM equity offering program during the third quarter of 2021, we have sold 6,547,627 shares of common stock and generated $179.0 million in gross proceeds, or $27.34 per share, and paid commissions to the sales agents of approximately $3.6 million and incurred other fees and expenses of approximately $0.5 million.

Future sales of shares, if any, under the ATM equity offering program will be made by means of transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended, including block trades and sales made in ordinary brokers' transactions on the New York Stock Exchange or otherwise at market prices prevailing at the time of the sale, at prices related to prevailing market prices or at negotiated prices. The timing and amount of any sales will be determined by a variety of factors considered by us.

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We used the net proceeds from shares sold under the ATM equity offering program during fiscal 2021 and the first two quarters of 2022 to repay revolving credit loans, to pay offering fees and expenses, and for general corporate purposes. We intend to use the net proceeds from any future sales of our common stock under the ATM offering for general corporate purposes, which could include, among other things, repayment, refinancing, redemption or repurchase of long-term debt or possible acquisitions.

(10) Pension Benefits

Company-Sponsored Defined Benefit Pension Plans. As of July 2, 2022, we had four company-sponsored defined benefit pension plans covering approximately 27% of our employees. Three of these defined benefit pension plans are for the benefit of certain of our union employees and one is for the benefit of salaried and certain hourly employees. The benefits in the salaried and hourly plan are based on each employee’s years of service and compensation, as defined. Newly hired employees are no longer eligible to participate in any of our four company-sponsored defined benefit pension plans. Net periodic pension cost for our four company-sponsored defined benefit pension plans for the second quarter and first two quarters of 2022 and 2021 includes the following components (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Service cost—benefits earned during the period	$ 2,192	$ 2,603	$ 4,488	$ 5,229
Interest cost on projected benefit obligation	1,365	1,208	2,736	2,433
Expected return on plan assets	(3,236)	(2,727)	(6,473)	(5,484)
Amortization of unrecognized loss	26	403	54	845
Net periodic pension cost	$ 347	$ 1,487	$ 805	$ 3,023

During the first two quarters of 2022, we did not make any contributions to our company-sponsored defined benefit pension plans, and during the first two quarters of 2021, we made contributions to our company-sponsored defined benefit pension plans of $2.5 million. During the remainder of fiscal 2022, we expect to make approximately$2.5 million of contributions.

Multi-Employer Defined Benefit Pension Plan. Prior to the closure of our Portland, Maine manufacturing facility during the fourth quarter of 2021, we also contributed to the Bakery and Confectionery Union and Industry International Pension Fund (EIN 52-6118572, Plan No. 001), a multi-employer defined benefit pension plan, sponsored by the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union (BCTGM) on behalf of certain employees at our Portland, Maine manufacturing facility. The plan provides multiple plan benefits with corresponding contribution rates that are collectively bargained between participating employers and their affiliated BCTGM local unions.

B&G Foods made contributions to the plan of approximately $0.3 million during the first two quarters of 2021. These contributions represented less than five percent of total contributions made to the plan. We did not make any contributions to the plan during the first two quarters of 2022.

In connection with the closure and sale of the Portland, Maine manufacturing facility, we withdrew from participation in the plan during the fourth quarter of 2021. As a result, we are required to make monthly withdrawal liability payments to the plan over 20 years. These payments amount to approximately $0.9 million on an annual basis beginning March 1, 2022. Accordingly, as of July 2, 2022, the present value of the remaining payments amounting to $13.7 million is reflected as a liability on our unaudited consolidated balance sheet.

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(11) Leases

Operating Leases and Finance Lease. Operating leases and a finance lease are included in the accompanying unaudited consolidated balance sheets in the following line items (in thousands):

	July 2, 2022	January 1, 2022
Right-of-use assets:		
Operating lease right-of-use assets	$ 73,230	$ 65,166
Finance lease right-of-use assets	3,420	—
Total lease right-of-use assets	$ 76,650	$ 65,166
Operating lease liabilities:		
Current portion of operating lease liabilities	$ 15,222	$ 12,420
Long-term operating lease liabilities, net of current portion	58,459	55,607
Total operating lease liabilities	$ 73,681	$ 68,027
Finance lease liabilities:		
Current portion of finance lease liabilities	$ 1,034	$ —
Long-term finance lease liabilities, net of current portion	2,320	—
Total finance lease liabilities	$ 3,354	$ —

We determine whether an arrangement is a lease at inception. We have operating leases for certain of our manufacturing facilities, distribution centers, warehouse and storage facilities, machinery and equipment, and office equipment. Our leases have remaining lease terms of one year to seven years, some of which include options to extend the lease term for up to five years, and some of which include options to terminate the lease within one year. In connection with the Yuma acquisition, we acquired a finance lease along with several operating leases. We consider these options in determining the lease term used to establish our right-of use assets and lease liabilities.

The following table shows supplemental information related to leases (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Operating cash flow information:				
Cash paid for amounts included in the measurement of operating lease liabilities	$ 4,273	$ 3,073	$ 8,194	$ 6,423
The components of operating lease costs were as follows:				
Cost of goods sold	$ 2,595	$ 1,158	$ 4,849	$ 2,342
Selling, general and administrative expenses	1,718	2,231	3,324	4,205
Total operating lease costs	$ 4,313	$ 3,389	$ 8,173	$ 6,547
The components of finance lease costs were as follows:				
Depreciation of finance right-of-use assets	$ 109	$ —	$ 109	$ —
Interest on finance lease liabilities	8	—	8	—
Total finance lease costs	$ 117	$ —	$ 117	$ —
Total net lease costs	$ 4,430	$ 3,389	$ 8,290	$ 6,547

Total rent expense was $4.6 million, including the operating lease costs of $4.3 million stated above, for the second quarter of 2022, and $9.1 million, including the operating lease costs of $8.2 million stated above, for the first two quarters of 2022. Total rent expense was $4.1 million, including the operating lease costs of $3.4 million stated

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above, for the second quarter of 2021, and $8.1 million, including the operating lease costs of $6.5 million stated above, for the first two quarters of 2021.

Because neither our operating leases nor our finance lease provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We have lease agreements that contain both lease and non-lease components. With the exception of our real estate leases, we account for our leases as a single lease component.

The following table shows the weighted average lease term and weighted average discount rate for our ROU assets:

	July 2, 2022	January 1, 2022
Weighted average remaining lease term (years)		
Operating leases	5.7	5.5
Finance lease	3.2	N/A
Weighted average discount rate		
Operating leases	2.54%	2.61%
Finance lease	2.30%	N/A

As of July 2, 2022, the maturities of lease liabilities were as follows (in thousands):

	Operating Leases	Finance Lease	Total Maturities of Lease Liabilities
Fiscal year:			
2022 remaining	$ 8,592	$ 549	$ 9,141
2023	15,942	1,099	17,041
2024	14,201	1,099	15,300
2025	13,519	732	14,251
2026	10,112	—	10,112
Thereafter	16,639	—	16,639
Total undiscounted future minimum lease payments	79,005	3,479	82,484
Less: Imputed interest	(5,324)	(125)	(5,449)
Total present value of future lease payments	$ 73,681	$ 3,354	$ 77,035

(12) Commitments and Contingencies

Legal Proceedings. We are from time to time involved in various claims and legal actions arising in the ordinary course of business, including proceedings involving product liability claims, product labeling claims, worker's compensation and other employee claims, and tort and other general liability claims, as well as trademark, copyright, patent infringement and related claims and legal actions. While we cannot predict with certainty the results of these claims and legal actions in which we are currently, or in the future may be, involved, we do not expect that the ultimate disposition of any currently pending claims or actions will have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Environmental. We are subject to environmental laws and regulations in the normal course of business. We did not make any material expenditures during the first two quarters of 2022 or 2021 in order to comply with environmental laws and regulations. Based on our experience to date, management believes that the future cost of compliance with existing environmental laws and regulations (and liability for any known environmental conditions) will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, we cannot predict what environmental or health and safety legislation or regulations will be enacted in the future or how existing or future laws or regulations will be enforced, administered or interpreted, nor can we predict the amount of future expenditures that may be required in order to comply with such environmental or health and safety laws or regulations or to respond to such environmental claims.

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Collective Bargaining Agreements. As of July 2, 2022, 1,770 of our 3,096 employees, or approximately 57.2%, were covered by collective bargaining agreements.

As of the date of this report, we have only one collective bargaining agreement that is scheduled to expire in the next twelve months. The collective bargaining agreement covering employees at our Cincinnati, Ohio facility, which covers approximately 125 employees, is scheduled to expire on April 30, 2023. While we believe that our relations with our union employees are in general good, we cannot assure you that we will be able to negotiate a new collective bargaining agreement for our Cincinnati facility on terms satisfactory to us, or at all, and without production interruptions, including labor stoppages. At this time, however, management does not expect that the outcome of these negotiations will have a material adverse impact on our business, financial condition or results of operations.

Severance and Change of Control Agreements. We have employment agreements with each of our executive officers. The agreements generally continue until terminated by the executive or by us, and provide for severance payments under certain circumstances, including termination by us without cause (as defined in the agreements) or as a result of the employee's death or disability, or termination by us or a deemed termination upon a change of control (as defined in the agreements). Severance benefits generally include payments for salary continuation, continuation of health care and insurance benefits, present value of additional pension credits and, in certain cases, accelerated vesting under compensation plans.

(13) Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding. Diluted earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding plus all additional shares of common stock that would have been outstanding if potentially dilutive shares of common stock had been issued upon the exercise of stock options or in connection with performance shares that may be earned under long-term incentive awards as of the grant date, in the case of the stock options, and as of the beginning of the period, in the case of the performance shares, using the treasury stock method. For the second quarter of 2022 and 2021, there were 721,427 and 498,963, respectively, shares of common stock issuable upon the exercise of stock options excluded from the calculation of diluted weighted average shares outstanding because the effect would have been anti-dilutive on diluted earnings per share.

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Weighted average shares outstanding:				
Basic	69,903,828	64,776,532	69,266,967	64,679,761
Net effect of potentially dilutive share-based compensation awards	382,505	633,312	384,638	630,019
Diluted	70,286,333	65,409,844	69,651,605	65,309,780

(14) Business and Credit Concentrations and Geographic Information

Our exposure to credit loss in the event of non-payment of accounts receivable by customers is estimated in the amount of the allowance for doubtful accounts. We perform ongoing credit evaluations of the financial condition of our customers. Our top ten customers accounted for approximately 60.6% and 60.8% of consolidated net sales for the first two quarters of 2022 and 2021, respectively. Other than Walmart, which accounted for approximately 28.9% and 28.8% of our consolidated net sales for the first two quarters of 2022 and 2021, respectively, no single customer accounted for more than 10.0% of our consolidated net sales for the first two quarters of 2022 or 2021.

Our top ten customers accounted for approximately 63.6% and 59.8% of our consolidated trade accounts receivables as of July 2, 2022 and January 1, 2022, respectively. Other than Walmart, which accounted for approximately 32.0% and 28.9% of our consolidated trade accounts receivables as of July 2, 2022 and January 1, 2022, no single customer accounted for more than 10.0% of our consolidated trade accounts receivables. As of July 2, 2022, we do not believe we have any significant concentration of credit risk with respect to our consolidated trade accounts receivables with any single customer whose failure or nonperformance would materially affect our results other than as described above with respect to Walmart.

During the first two quarters of 2022 and 2021, our sales to customers in foreign countries represented approximately 8.1% and 7.7%, respectively, of net sales. Our foreign sales are primarily to customers in Canada.

(15) Share-Based Payments

The following table details our stock option activity for the first two quarters of fiscal 2022 (dollars in thousands, except per share data):

	Options	Weighted Average Exercise Price	Weighted Average Contractual Life Remaining (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2022	789,226	$ 31.86	7.03	$ 1,245
Granted	44,239	$ 22.49		
Exercised	(2,227)	$ 26.80		
Forfeited	—	$ —		
Expired	(2,441)	$ 26.80		
Outstanding at July 2, 2022	828,797	$ 31.38	6.71	$ 134
Exercisable at July 2, 2022	555,676	$ 30.99	5.53	$ 61

The fair value of the options was estimated on the date of grant using the Black-Scholes option-pricing model utilizing the following assumptions. Expected volatility was based on both historical and implied volatilities of our common stock over the estimated expected term of the award. The expected term of the options granted represents the period of time that options were expected to be outstanding and is based on the "simplified method" in accordance with accounting guidance. We utilized the simplified method to determine the expected term of the options as we do not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury implied yield at the date of grant. The assumptions used in the Black-Scholes option-pricing model during the first two quarters of 2022 and 2021 were as follows:

	2022	2021
Weighted average grant date fair value	$ 3.73	$ 6.48
Expected volatility	39.53%	37.3% - 38.8%
Expected term	5.5 years	5.5 - 6.5 years
Risk-free interest rate	3.0%	0.9% - 1.1%
Dividend yield	8.5%	5.6% - 6.3%

The following table details the activity in our performance share long-term incentive awards (LTIAs) for the first two quarters of 2022:

	Number of Performance Shares[(1)]	Weighted Average Grant Date Fair Value (per share)[(2)]
Outstanding at January 1, 2022	1,140,381	$ 20.08
Granted	350,427	$ 21.81
Vested	(337,284)	$ 19.75
Forfeited	(47,092)	$ 27.04
Outstanding at July 2, 2022	1,106,432	$ 20.43

(1) Solely for purposes of this table, the number of performance shares is based on the participants earning the maximum number of performance shares (i.e., 200% to 233% of the target number of performance shares).

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(2) The fair value of the awards was determined based upon the closing price of our common stock on the applicable measurement dates (i.e., the deemed grant dates for accounting purposes), reduced by the present value of expected dividends using the risk-free interest-rate, as the award holders are not entitled to dividends or dividend equivalents during the vesting period.

The following table details the activity in our restricted stock for the first two quarters of 2022:

	Number of Shares of Restricted Stock	Weighted Average Grant Date Fair Value (per share)[1]
Outstanding at January 1, 2022	74,461	$ 24.78
Granted	49,444	$ 27.30
Vested	(30,911)	$ 23.14
Forfeited	(1,681)	$ 25.54
Outstanding at July 2, 2022	91,313	$ 26.69

(1) The fair value of the awards was determined based upon the closing price of our common stock on the applicable measurement dates (i.e., the deemed grant dates for accounting purposes).

The following table details the net number of shares of common stock issued by our company during the second quarter and first two quarters of 2022 and 2021 upon the vesting of performance share LTIAs, the exercise of stock options, the issuance of restricted stock and other share-based compensation:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Number of performance shares vested	—	—	337,284	86,523
Shares withheld for tax withholding	—	—	(125,152)	(35,281)
Shares of common stock issued for performance share LTIAs	—	—	212,132	51,242
Shares of common stock issued upon the exercise of stock options	—	27,212	2,227	466,112
Shares of common stock issued to non-employee directors for annual equity grants	46,773	39,251	46,773	39,251
Shares of restricted common stock issued to employees	562	7,126	49,444	38,098
Shares of restricted stock withheld and cancelled for tax withholding upon vesting	(1,250)	(66)	(12,121)	(21,528)
Shares of restricted stock cancelled upon forfeiture	(1,108)	(956)	(1,681)	(956)
Net shares of common stock issued	44,977	72,567	296,774	572,219

The following table sets forth the compensation expense recognized for share-based payments (performance share LTIAs, restricted stock, stock options, non-employee director stock grants and other share-based payments) during the second quarter and first two quarters of 2022 and 2021 and where that expense is reflected in our consolidated statements of operations (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
Consolidated Statements of Operations Location	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Compensation expense included in cost of goods sold	$ 232	$ 322	$ 439	$ 458
Compensation expense included in selling, general and administrative expenses	926	1,080	1,809	1,667
Total compensation expense for share-based payments	$ 1,158	$ 1,402	$ 2,248	$ 2,125

As of July 2, 2022, there was $2.5 million of unrecognized compensation expense related to performance share LTIAs, which is expected to be recognized over the next 2.5 years, $2.0 million of unrecognized compensation expense related to restricted stock, which is expected to be recognized over the next 3.0 years, and $1.1 million of unrecognized compensation expense related to stock options, which is expected to be recognized over the next 1.8 years.

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(16) Net Sales by Brand

The following table sets forth net sales by brand (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Brand:[1]				
Green Giant - frozen[2]	$ 82,378	$ 74,061	$ 180,298	$ 172,676
Crisco	71,849	58,442	150,932	116,498
Spices & Seasonings[3]	67,544	71,584	130,620	147,997
Ortega	35,825	40,850	78,384	79,801
Green Giant - shelf-stable[4]	23,077	23,767	50,562	49,232
Maple Grove Farms of Vermont	21,377	20,154	43,286	40,831
Clabber Girl[5]	19,102	17,580	40,090	34,993
Cream of Wheat	17,300	14,236	38,267	32,396
Dash	17,642	20,033	34,256	38,216
All other brands	122,871	123,668	264,677	256,869
Total	$ 478,965	$ 464,375	$ 1,011,372	$ 969,509

(1) Table includes net sales for each of our brands whose net sales for the first two quarters of 2022 or fiscal 2021 equaled or exceeded 3% of our total net sales for those periods, and for all other brands in the aggregate. Net sales for each brand includes branded net sales and, if applicable, any private label and foodservice net sales attributable to the brand.

(2) For the second quarter and first two quarters of 2022, includes net sales from the Yuma acquisition, which was completed on May 5, 2022. See Note 3, "Acquisitions."

(3) Includes net sales for multiple brands acquired as part of the spices & seasonings acquisition that we completed on November 21, 2016, as well as more recent spices & seasonings products launched and sold under license. Does not include net sales for *Dash* and our other legacy spices & seasonings brands.

(4) Does not include net sales of the *Le Sueur* brand. Net sales of the *Le Sueur* brand are included below in "All other brands."

(5) Includes net sales for multiple brands acquired as part of the *Clabber Girl* acquisition that we completed on May 15, 2019, including, among others, the *Clabber Girl*, *Rumford*, *Davis*, *Hearth Club* and *Royal* brands of retail baking powder, baking soda and corn starch, and the *Royal* brand of foodservice dessert mixes.

(17) Sale of Portland, Maine Manufacturing Facility

During the third quarter of 2021, we entered into an agreement to sell our Portland, Maine manufacturing facility and 13.5 acre property. The sale closed during the first quarter of 2022. During the first quarter of 2022, we also sold certain equipment that had been used at the facility. We received sales proceeds for the property and the equipment of approximately $11.1 million in the aggregate and we recognized a gain on the sales of $7.1 million, which is recorded in "Gain on sales of assets" in the accompanying unaudited consolidated statements of operations. The positive impact during the first quarter of 2022 of the gain on sales was partially offset by approximately $2.2 million of expenses incurred during the first quarter of 2022 relating to the closure of the facility and the transfer of manufacturing operations.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the heading "Forward-Looking Statements" before Part I of this report and elsewhere in this report. The following discussion should be read in conjunction with the unaudited consolidated interim financial statements and related notes for the thirteen and twenty-six weeks ended July 2, 2022 (second quarter and first two quarters of 2022) included elsewhere in this report and the audited consolidated financial statements and related notes for the fiscal year ended January 1, 2022 (fiscal 2021) included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 1, 2022 (which we refer to as our 2021 Annual Report on Form 10-K).

General

We manufacture, sell and distribute a diverse portfolio of branded, high quality, shelf-stable and frozen foods and household products, many of which have leading regional or national market shares. In general, we position our branded products to appeal to the consumer desiring a high quality and reasonably priced product. We complement our branded product retail sales with institutional and foodservice sales and private label sales.

Our company has been built upon a successful track record of acquisition-driven growth. Our goal is to continue to increase sales, profitability and cash flows through strategic acquisitions, new product development and organic growth. We intend to implement our growth strategy through the following initiatives: expanding our brand portfolio with disciplined acquisitions of complementary branded businesses, continuing to develop new products and delivering them to market quickly, leveraging our multiple channel sales and distribution system and continuing to focus on higher growth customers and distribution channels.

Since 1996, we have successfully acquired and integrated more than 50 brands into our company. Most recently, on May 5, 2022, we acquired the frozen vegetable manufacturing operations of Growers Express, LLC. We refer to this acquisition in this report as the "Yuma acquisition." On December 1, 2020, we acquired the *Crisco* oils and shortening business from The J.M. Smucker Company and certain of its affiliates. As part of the acquisition, we also acquired a manufacturing facility and warehouse in Cincinnati, Ohio. We refer to this acquisition in this report as the "*Crisco* acquisition."

We are subject to a number of challenges that may adversely affect our businesses. These challenges, which are discussed below and under the heading "Forward-Looking Statements," include:

Fluctuations in Commodity Prices and Production and Distribution Costs. We purchase raw materials, including agricultural products, oils, meat, poultry, ingredients and packaging materials from growers, commodity processors, other food companies and packaging suppliers located in U.S. and foreign locations. Raw materials and other input costs, such as fuel and transportation, are subject to fluctuations in price attributable to a number of factors, including the COVID-19 pandemic, the war in Ukraine, climate and weather conditions, supply chain disruptions (including raw material shortages) and labor shortages. Fluctuations in commodity prices can lead to retail price volatility and intensive price competition, and can influence consumer and trade buying patterns. The cost of raw materials, fuel, labor, distribution and other costs related to our operations can increase from time to time significantly and unexpectedly.

We attempt to manage cost inflation risks by locking in prices through short-term supply contracts and advance commodities purchase agreements and by implementing cost saving measures. We also attempt to offset rising input costs by raising sales prices to our customers. However, increases in the prices we charge our customers generally lag behind rising input costs. Competitive pressures also may limit our ability to quickly raise prices in response to rising costs.

We experienced material net cost increases for raw materials during the second quarter and first two quarters of 2022 due to a number of factors, including the COVID-19 pandemic and the war in Ukraine, and anticipate higher raw materials cost increases for the remainder of fiscal 2022 and into fiscal 2023. We are currently locked into our supply and prices for a majority of our most significant raw material commodities (excluding, among others, maple syrup and oils) through the remainder of fiscal 2022 and for most of our needs for maple syrup and oils through the third quarter of 2022.

In recent years, we have been negatively impacted by industry-wide increases in the cost of distribution, primarily driven by increased freight rates. We attempt to offset all or a portion of these increases through price increases and cost savings initiatives. For example, despite higher rates for freight in 2019, we were able to offset a portion of the freight cost increase through pricing, which included both list price increases and trade spend optimization. And in 2018 and 2019, we benefited from our distribution re-alignment efforts which have helped to optimize both our shelf-stable and our frozen distribution networks. Freight rates increased significantly during the fourth quarter of 2020 throughout fiscal 2021 and the first two quarters of 2022. We expect freight rates to continue to increase in the remainder of fiscal 2022 and into fiscal 2023.

We plan to continue managing inflation risk by entering into short-term supply contracts and advance commodities purchase agreements from time to time, and, when necessary, by raising prices. To the extent we are unable to avoid or offset any present or future cost increases by locking in our costs, implementing cost saving measures or increasing prices to our customers, our operating results could be materially adversely affected. In addition, if input costs begin to decline, customers may look for price reductions in situations where we have locked into purchases at higher costs. During the past three years, our cost saving measures and sales price increases have not been sufficient to fully offset increases to our raw material, ingredient and packaging and distribution costs.

Consolidation in the Retail Trade and Consequent Inventory Reductions. As customers, such as supermarkets, discounters, e-commerce merchants, warehouse clubs and food distributors, continue to consolidate and grow larger and become more sophisticated, our retail customers may demand lower pricing and increased promotional programs. These customers are also reducing their inventories and increasing their emphasis on private label products.

Changing Consumer Preferences and Channel Shifts. Consumers in the market categories in which we compete frequently change their taste preferences, dietary habits and product packaging preferences. In addition, the rapid growth of some channels and changing consumer preferences for these channels, in particular in e-commerce, which has expanded significantly following the outbreak of COVID-19, may impact our current operations or strategies more quickly than we planned for, create consumer price deflation, alter the buying behavior of consumers or disrupt our retail customer relationships. As a result of changing consumer preferences for products and channels, we may need to increase or reallocate spending on existing and new distribution channels and technologies, marketing, advertising and new product innovation to protect or increase revenues, market share and brand significance. These expenditures may not be successful, including those related to our e-commerce and other technology-focused efforts, and might not result in trade and consumer acceptance of our efforts. If we are unable to effectively and timely adapt to changes in consumer preferences and channel shifts, our products may lose market share or we may face significant price erosion, and our business, consolidated financial condition, results of operations or liquidity could be materially and adversely affected.

Consumer Concern Regarding Food Safety, Quality and Health. The food industry is subject to consumer concerns regarding the safety and quality of certain food products. If consumers in our principal markets lose confidence in the safety and quality of our food products, even as a result of a product liability claim or a product recall by a food industry competitor, our business could be adversely affected.

Fluctuations in Currency Exchange Rates. Our foreign sales are primarily to customers in Canada. Our sales to Canada are generally denominated in Canadian dollars and our sales for export to other countries are generally denominated in U.S. dollars. During the first two quarters of 2022 and 2021, our net sales to customers in foreign countries represented approximately 8.1% and 7.7%, respectively, of our total net sales. We also purchase a significant majority of our maple syrup requirements from suppliers located in Québec, Canada. Any weakening of the U.S. dollar against the Canadian dollar could significantly increase our costs relating to the production of our maple syrup products to the extent we have not purchased Canadian dollars in advance of any such weakening of the U.S. dollar or otherwise entered into a currency hedging arrangement in advance of any such weakening of the U.S. dollar. These increased costs would not be fully offset by the positive impact the change in the relative strength of the Canadian dollar versus the U.S. dollar would have on our net sales in Canada. Our purchases of raw materials from other foreign suppliers are generally denominated in U.S. dollars. We also operate a manufacturing facility in Irapuato, Mexico for the manufacture of *Green Giant* frozen products and are as a result exposed to fluctuations in the Mexican peso. Our results of operations could be adversely impacted by changes in foreign currency exchange rates. Costs and expenses in Mexico are recognized in local foreign currency, and therefore we are exposed to potential gains or losses from the translation of those amounts into U.S. dollars for consolidation into our consolidated financial statements.

To confront these challenges, we continue to take steps to build the value of our brands, to improve our existing portfolio of products with new product and marketing initiatives, to reduce costs through improved productivity, to address consumer concerns about food safety, quality and health and to favorably manage currency fluctuations.

Update Regarding Impact and Expected Future Impact of COVID-19, the War in Ukraine, Supply Chain Disruptions, Labor Shortages and Input Cost Inflation on Our Company

Expectations and Risk Factors in Light of the Ongoing COVID-19 Pandemic, the War in Ukraine, Supply Chain Disruptions, Labor Shortages and Input Cost Inflation. B&G Foods continued to see strong consumer demand for our products during the first two quarters of 2022 and expects to continue to see commensurate elevated levels of net sales relative to pre-pandemic fiscal 2019 throughout the remainder of fiscal 2022. The ultimate impact of the COVID-19 pandemic on our business will depend on many factors, including, among others: how long social distancing and stay-at-home and work-from home mandates, policies and recommendations remain in effect; whether, and the extent to which, additional waves or variants of COVID-19 will affect the United States and the rest of North America; our ability to continue to operate our manufacturing facilities, maintain our supply chain without material disruption, procure ingredients, packaging and other raw materials when needed despite disruptions in the supply chain or labor shortages; the extent to which macroeconomic conditions resulting from the pandemic, including inflation, and the pace of the subsequent recovery may impact consumer eating and shopping habits; and the extent to which consumers continue to work remotely even after the pandemic subsides and how that may impact consumer habits.

We estimate we have spent approximately $0.6 million and $4.1 million on COVID-19-related costs for the first two quarters of 2022 and the first two quarters of 2021, respectively. This includes our estimated costs to take precautionary health and safety measures, to provide our manufacturing employees temporary enhanced compensation and to pay employees while they were in quarantine. Most of these costs impact our costs of goods sold and the remaining portion impacts our selling, general and administrative expenses.

We have also seen and expect to continue to see material cost inflation for various inputs, including ingredients, packaging, other raw materials, transportation and labor attributable to a number of factors, including the COVID-19 pandemic, the war in Ukraine, climate and weather conditions, supply chain disruptions (including raw material shortages) and labor shortages. We have initiated various revenue enhancing activities (including list price increases and trade spending initiatives) and cost savings initiatives to offset these costs but there can be no assurance at this point of the ultimate effectiveness of these activities and initiatives. To date, our revenue enhancing activities and cost saving measures have not been sufficient to fully offset increases to these costs. To the extent we are unable to avoid or offset any present or future cost increases by locking in our costs, implementing cost saving measures or increasing prices to our customers, our operating results could be materially adversely affected. In addition, if input costs begin to decline, customers may look for price reductions in situations where we have locked into purchases at higher costs. See "—General—*Fluctuations in Commodity Prices and Production and Distribution Costs*" above.

Critical Accounting Policies; Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States (GAAP) requires our management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates and assumptions made by management involve: revenue recognition as it relates to trade and consumer promotion expenses; pension benefits; acquisition accounting fair value allocations; the recoverability of goodwill, other intangible assets, property, plant and equipment, and deferred tax assets; and the determination of the useful life of customer relationship and finite-lived trademark intangible assets. Actual results could differ significantly from these estimates and assumptions.

In our 2021 Annual Report on Form 10-K, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our unaudited consolidated interim financial statements. There have been no material changes to these policies from those disclosed in our 2021 Annual Report on Form 10-K.

U.S. Tax Act and U.S. CARES Act

On December 22, 2017, the Tax Cuts and Jobs Act, which we refer to as the “U.S. Tax Act,” was signed into law. The U.S. Tax Act provides for significant changes in the U.S. Internal Revenue Code of 1986, as amended. The changes in the U.S. Tax Act are broad and complex and we continue to examine the impact the U.S. Tax Act may have on our business and financial results. The U.S. Tax Act contains provisions with separate effective dates but was generally effective for taxable years beginning after December 31, 2017.

Under FASB Accounting Standards Codification (ASC) Topic 740, Income Taxes, we are required to revalue any deferred tax assets or liabilities in the period of enactment of change in tax rates. Beginning on January 1, 2018, the U.S. Tax Act lowered the U.S. federal corporate income tax rate from 35% to 21% on our U.S. earnings from that date and beyond. The reduction in the corporate income tax rate from 35% to 21% was effective for our fiscal 2018 and subsequent years. Our consolidated effective tax rate was approximately 20.8% and 26.1% for the first two quarters of 2022 and 2021, respectively. We also expect to realize a cash tax benefit for future bonus depreciation on certain business additions, which, together with the reduced income tax rate, we expect to reduce our cash income tax payments.

The U.S. Tax Act also limits the deduction for net interest expense (including the treatment of depreciation and other deductions in arriving at adjusted taxable income) incurred by a corporate taxpayer to 30% of the taxpayer’s adjusted taxable income.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act, which we refer to as the “U.S. CARES Act,” was signed into law. The U.S. CARES Act, among other things, includes provisions related to net operating loss carryback periods, modifications to the interest deduction limitation and technical corrections to tax depreciation for qualified improvement property. The U.S. CARES Act increased the adjusted taxable income limitation from 30% to 50% for business interest deductions for tax years beginning in 2019 and 2020 and the limitation reverted back to 30% beginning with fiscal 2021.

If our interest expense deduction becomes limited or if we are unable to fully utilize our interest expense deductions in future periods, our cash taxes will increase. We were not subject to an interest expense deduction limitation in fiscal 2020 but were subject to the limitation in fiscal 2021 and expect to be for fiscal 2022 and beyond. In fiscal 2021 our interest expense exceeded 30% of our adjusted taxable income and this limitation resulted in an increase to our taxable income of $7.8 million, and we accordingly established a deferred tax asset of $1.9 million without a valuation allowance. Beginning with fiscal 2022, our adjusted taxable income as computed for purposes of the interest expense deduction limitation will be computed after any deduction allowable for depreciation and amortization. As a result, we expect our adjusted taxable income (used to compute the limitation) to further decrease and that we will be subject to the interest expense deduction limitation in fiscal 2022 and future years. Based upon current assumptions, the increase in cash taxes resulting from the interest expense deduction limitation is expected to be approximately $14 million per year beginning in fiscal 2022, without a valuation allowance established for the deferred tax assets from the disallowed interest expense that may be carried forward indefinitely. There are various factors that may cause tax assumptions to change in the future, and we may have to record a valuation allowance against these deferred tax assets.

The U.S. Treasury issued several regulations supplementing the U.S. Tax Act in 2018, including detailed guidance clarifying the calculation of the mandatory tax on previously unrepatriated earnings, application of the existing foreign tax credit rules to newly created categories and expanding details for application of the base erosion tax on affiliate payments. These regulations are to be applied retroactively and did not materially impact our tax rates in fiscal 2021 or the first two quarters of 2022.

Results of Operations

The following table sets forth the percentages of net sales represented by selected items for the second quarter and first two quarters of 2022 and 2021 reflected in our consolidated statements of operations. The comparisons of financial results are not necessarily indicative of future results:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Statement of Operations Data:				
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	84.0 %	76.0 %	82.4 %	76.3 %
Gross profit	16.0 %	24.0 %	17.6 %	23.7 %
Operating (income) and expenses:				
Selling, general and administrative expenses	9.2 %	10.1 %	9.0 %	10.1 %
Amortization expense	1.2 %	1.2 %	1.1 %	1.1 %
Gain on sales of assets	— %	— %	(0.7)%	— %
Operating income	5.6 %	12.7 %	8.2 %	12.5 %
Other income and expenses:				
Interest expense, net	6.2 %	5.7 %	5.6 %	5.5 %
Other income	(0.4)%	(0.2)%	(0.4)%	(0.2)%
Income (loss) before income tax expense (benefit)	(0.2)%	7.2 %	3.0 %	7.2 %
Income tax expense (benefit)	(0.3)%	1.9 %	0.6 %	1.9 %
Net income	0.1 %	5.3 %	2.4 %	5.3 %

As used in this section, the terms listed below have the following meanings:

Net Sales. Our net sales represents gross sales of products shipped to customers plus amounts charged to customers for shipping and handling, less cash discounts, coupon redemptions, slotting fees and trade promotional spending, including marketing development funds.

Gross Profit. Our gross profit is equal to our net sales less cost of goods sold. The primary components of our cost of goods sold are cost of internally manufactured products, purchases of finished goods from co-packers, a portion of our warehousing expenses plus freight costs to our distribution centers and to our customers.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses include costs related to selling our products, as well as all other general and administrative expenses. Some of these costs include administrative, marketing and internal sales force employee compensation and benefits costs, consumer advertising programs, brokerage costs, a portion of our warehousing expenses, information technology and communication costs, office rent, utilities, supplies, professional services, severance, acquisition/divestiture-related and non-recurring expenses and other general corporate expenses.

Amortization Expense. Amortization expense includes the amortization expense associated with customer relationships, finite-lived trademarks and other intangible assets.

Net Interest Expense. Net interest expense includes interest relating to our outstanding indebtedness, amortization of bond discount/premium and amortization of deferred debt financing costs (net of interest income).

Other Income. Other income includes the non-service portion of net periodic pension cost and net periodic post-retirement benefit costs, and income or expense resulting from the remeasurement of monetary assets denominated in a foreign currency into U.S. dollars for financial reporting purposes.

Non-GAAP Financial Measures

Certain disclosures in this report include non-GAAP financial measures. A non-GAAP financial measure is defined as a numerical measure of our financial performance that excludes or includes amounts so as to be different from the most directly comparable measure calculated and presented in accordance with GAAP in our consolidated balance sheets and related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows.

Base Business Net Sales. Base business net sales is a non-GAAP financial measure used by management to measure operating performance. We define base business net sales as our net sales excluding (1) the net sales of acquisitions until the net sales from such acquisitions are included in both comparable periods and (2) net sales of discontinued or divested brands. The portion of current period net sales attributable to recent acquisitions for which there is no corresponding period in the comparable period of the prior year is excluded. For each acquisition, the excluded period starts at the beginning of the most recent fiscal period being compared and ends on the first anniversary of the acquisition date. For discontinued or divested brands, the entire amount of net sales is excluded from each fiscal period being compared. We have included this financial measure because our management believes it provides useful and comparable trend information regarding the results of our business without the effect of the timing of acquisitions and the effect of discontinued or divested brands.

A reconciliation of base business net sales to net sales for the second quarter and first two quarters of 2022 and 2021 follows (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net sales	$ 478,965	$ 464,375	$ 1,011,372	$ 969,509
Net sales from acquisitions[1]	(642)	—	(642)	—
Net sales from discontinued brands[2]	(48)	(816)	(287)	(1,818)
Base business net sales	$ 478,275	$ 463,559	$ 1,010,443	$ 967,691

(1) Reflects net sales from the Yuma acquisition, for which there is no comparable period of net sales during the second quarter and first two quarters of 2021, respectively. The Yuma acquisition was completed on May 5, 2022. See Note 3, "Acquisitions."

(2) Reflects net sales of the *SnackWell's* and *Farmwise* brands, which have been discontinued.

EBITDA and Adjusted EBITDA. EBITDA and adjusted EBITDA are non-GAAP financial measures used by management to measure operating performance. We define EBITDA as net income before net interest expense, income taxes and depreciation and amortization. We define adjusted EBITDA as EBITDA adjusted for cash and non-cash acquisition/divestiture-related expenses, gains and losses (which may include third party fees and expenses, integration, restructuring and consolidation expenses, amortization of acquired inventory fair value step-up, and gains and losses on the sale of certain assets); loss on extinguishment of debt; and non-recurring expenses, gains and losses. Management believes that it is useful to eliminate these items because it allows management to focus on what it deems to be a more reliable indicator of ongoing operating performance and our ability to generate cash flow from operations. We use EBITDA and adjusted EBITDA in our business operations to, among other things, evaluate our operating performance, develop budgets and measure our performance against those budgets, determine employee bonuses and evaluate our cash flows in terms of cash needs. We also present EBITDA and adjusted EBITDA because we believe they are useful indicators of our historical debt capacity and ability to service debt and because covenants in our credit agreement and our senior notes indentures contain ratios based on these measures. As a result, reports used by internal management during monthly operating reviews feature the EBITDA and adjusted EBITDA metrics. However, management uses these metrics in conjunction with traditional GAAP operating performance and liquidity measures as part of its overall assessment of company performance and liquidity, and therefore does not place undue reliance on these measures as its only measures of operating performance and liquidity.

EBITDA and adjusted EBITDA are not recognized terms under GAAP and do not purport to be alternatives to operating income, net income or any other GAAP measure as an indicator of operating performance. EBITDA and adjusted EBITDA are not complete net cash flow measures because EBITDA and adjusted EBITDA are measures of liquidity that do not include reductions for cash payments for an entity's obligation to service its debt, fund its working capital, capital expenditures and acquisitions and pay its income taxes and dividends. Rather, EBITDA and adjusted

EBITDA are potential indicators of an entity's ability to fund these cash requirements. EBITDA and adjusted EBITDA are not complete measures of an entity's profitability because they do not include certain costs and expenses and gains and losses described above. Because not all companies use identical calculations, this presentation of EBITDA and adjusted EBITDA may not be comparable to other similarly titled measures of other companies. However, EBITDA and adjusted EBITDA can still be useful in evaluating our performance against our peer companies because management believes these measures provide users with valuable insight into key components of GAAP amounts.

Reconciliations of net income and net cash provided by (used in) operating activities to EBITDA and adjusted EBITDA for the second quarter and first two quarters of 2022 and 2021 along with the components of EBITDA and adjusted EBITDA follows (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net income	$ 256	$ 24,551	$ 23,912	$ 51,429
Income tax expense (benefit)	(1,408)	8,968	6,297	18,191
Interest expense, net	29,941	26,713	56,743	53,682
Depreciation and amortization	20,474	20,238	40,299	40,529
EBITDA	49,263	80,470	127,251	163,831
Acquisition/divestiture-related and non-recurring expenses[1]	4,877	3,319	4,790	7,829
Gain on sale of assets, net of facility closure costs[2]	—	—	(4,928)	—
Amortization of acquisition-related inventory step-up[3]	—	—	—	5,054
Adjusted EBITDA	$ 54,140	$ 83,789	$ 127,113	$ 176,714

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net cash provided by (used in) operating activities	$ (4,104)	$ 39,945	$ 21,127	$ 65,965
Income tax (expense) benefit	1,408	(8,968)	(6,297)	(18,191)
Interest expense, net	(29,941)	(26,713)	(56,743)	(53,682)
Gain on sales of assets	—	(4)	(7,113)	(30)
Deferred income taxes	(2,383)	5,182	530	11,370
Amortization of deferred debt financing costs and bond discount/premium	1,177	1,148	2,346	2,289
Share-based compensation expense	1,158	1,402	2,248	2,125
Changes in assets and liabilities, net of effects of business combinations	(24,786)	(12,572)	(41,095)	(41,747)
EBITDA	49,263	80,470	127,251	163,831
Acquisition/divestiture-related and non-recurring expenses[1]	4,877	3,319	4,790	7,829
Gain on sale of assets, net of facility closure costs[2]	—	—	(4,928)	—
Amortization of acquisition-related inventory step-up[3]	—	—	—	5,054
Adjusted EBITDA	$ 54,140	$ 83,789	$ 127,113	$ 176,714

(1) Acquisition/divestiture-related and non-recurring expenses for the second quarter and first two quarters of 2022 of $4.9 million and $4.8 million, respectively, primarily includes acquisition and integration expenses for Yuma and *Crisco* acquisitions, and certain cost savings initiatives. Acquisition/divestiture-related and non-recurring expenses for the second quarter and first two quarters of 2021 of $3.3 million and $7.8 million, respectively, primarily includes acquisition and integration expenses for the *Crisco* and *Clabber Girl* acquisitions, and certain cost savings initiatives.

(2) During the first quarter of 2022, we completed the closure and sale of our Portland, Maine manufacturing facility. We recorded a gain on the sale of the Portland property, plant and equipment of $7.1 million during the first quarter of 2022. The positive impact during the quarter of the gain on sale was partially offset by approximately $2.2 million of expenses incurred during the quarter relating to the closure of the facility and the transfer of manufacturing operations, resulting in a net benefit of $4.9 million from the gain on sale.

(3) For the first two quarters of 2021, amortization of acquisition-related inventory step-up of $5.1 million relates to the purchase accounting adjustments made to inventory acquired in the *Crisco* acquisition.

Adjusted Net Income and *Adjusted Diluted Earnings Per Share.* Adjusted net income and adjusted diluted earnings per share are non-GAAP financial measures used by management to measure operating performance. We define adjusted net income and adjusted diluted earnings per share as net income and diluted earnings per share adjusted for certain items that affect comparability. These non-GAAP financial measures reflect adjustments to net income and diluted earnings per share to eliminate the items identified in the reconciliation below. This information is provided in order to allow investors to make meaningful comparisons of our operating performance between periods and to view our business from the same perspective as our management. Because we cannot predict the timing and amount of these items, management does not consider these items when evaluating our company's performance or when making decisions regarding allocation of resources.

A reconciliation of adjusted net income and adjusted diluted earnings per share to net income for the second quarter and first two quarters of 2022 and 2021 along with the components of adjusted net income and adjusted diluted earnings per share follows (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 2, 2022	July 3, 2021	July 2, 2022	July 3, 2021
Net income	$ 256	$ 24,551	$ 23,912	$ 51,429
Acquisition/divestiture-related and non-recurring expenses(1)	4,877	3,319	4,790	7,829
Gain on sale of assets, net of facility closure costs(2)	—	—	(4,928)	—
Amortization of acquisition-related inventory step-up(3)	—	—	—	5,054
Credit agreement amendment fee(4)	1,600	—	1,600	—
Tax effects of non-GAAP adjustments(5)	(1,587)	(813)	(358)	(3,156)
Adjusted net income	$ 5,146	$ 27,057	$ 25,016	$ 61,156
Adjusted diluted earnings per share	$ 0.07	$ 0.41	$ 0.36	$ 0.94

(1) Acquisition/divestiture-related and non-recurring expenses for the second quarter and first two quarters of 2022 primarily includes acquisition and integration expenses for the Yuma and *Crisco* acquisitions, and certain cost savings initiatives. Acquisition/divestiture-related and non-recurring expenses for the second quarter and first two quarters of 2021 primarily includes acquisition and integration expenses for the *Crisco* and *Clabber Girl* acquisitions, and certain cost savings initiatives.

(2) During the first quarter of 2022, we completed the closure and sale of our Portland, Maine manufacturing facility. We recorded a gain on the sale of the Portland property, plant and equipment of $7.1 million during the first quarter of 2022. The positive impact during the quarter of the gain on sale was partially offset by approximately $2.2 million of expenses incurred during the quarter relating to the closure of the facility and the transfer of manufacturing operations, resulting in a net benefit of $4.9 million from the gain on sale.

(3) For the first two quarters of 2021, amortization of acquisition-related inventory step-up of $5.1 million (or $3.8 million, net of tax) relates to the purchase accounting adjustments made to inventory acquired in the *Crisco* acquisition.

(4) During the second quarter of 2022, we paid a fee of $1.6 million (or $1.2 million, net of tax) to amend our senior secured credit agreement to temporarily increase the maximum consolidated leverage ratio permitted under our revolving credit facility.

(5) Represents the tax effects of the non-GAAP adjustments listed above assuming a tax rate of 24.5%.

Second quarter of 2022 compared to the second quarter of 2021

Net Sales. Net sales for the second quarter of 2022 increased $14.6 million, or 3.1%, to $479.0 million from $464.4 million for the second quarter of 2021. The increase was primarily due to increases in net pricing and the impact of product mix, partially offset by volume declines primarily due to price elasticity and supply chain challenges in the second quarter of 2022.

Base business net sales for the second quarter of 2022 increased $14.7 million, or 3.2%, to $478.3 million from $463.6 million for the second quarter of 2021. The increase in base business net sales for the second quarter of 2022 was driven by an increase in net pricing and the impact of product mix of $20.5 million, or 4.4% of base business net sales, partially offset by a decrease in unit volume of $5.0 million and the negative impact of foreign currency of $0.8 million.

Net sales of *Green Giant* products in the aggregate (including *Le Sueur*) increased $6.2 million, or 5.9%, in the second quarter of 2022, as compared to the second quarter of 2021. Net sales of *Green Giant* frozen (excluding net sales from the Yuma acquisition, which are not included in base business net sales) increased $7.6 million, or 10.4%, for the quarter. Net sales of *Green Giant* shelf-stable (including *Le Sueur*) decreased $1.4 million, or 4.6%, for the second quarter of 2022.

See Note 16, "Net Sales by Brand," to our unaudited consolidated interim financial statements in Part I, Item 1 of this report, for detailed information regarding total net sales for each of our brands whose net sales for the first two quarters of 2022 or fiscal 2021 equaled or exceeded 3% of our total net sales for those periods, and for "all other brands" in the aggregate. The following table sets forth the most significant base business net sales increases and decreases by brand for those brands for the second quarter of 2022:

	2022 vs. 2021 Base Business Net Sales Increase (Decrease)	
	Dollars (in millions)	**Percentage**
Brand:		
Green Giant - frozen[(1)]	$ 7.6	10.4 %
Cream of Wheat	3.1	21.5 %
Clabber Girl	1.5	8.7 %
Maple Grove Farms of Vermont	1.2	6.1 %
Ortega	(5.1)	(12.3)%
Spices & Seasonings[(2)]	(4.1)	(5.6)%
Dash	(2.4)	(11.9)%
Green Giant - shelf-stable[(3)]	(1.4)	(4.6)%
All other brands	14.3	0.6 %
Base business net sales (decrease) increase	$ 14.7	3.2 %

(1) Excludes net sales from the Yuma acquisition, which are not included in base business net sales. The Yuma acquisition was completed on May 5, 2022. See Note 3, "Acquisitions."

(2) Includes net sales for multiple brands acquired as part of the spices & seasonings acquisition that we completed on November 21, 2016, as well as more recent spices & seasonings products launched and sold under license. Does not include net sales for *Dash* and our other legacy spices & seasonings brands.

(3) Includes net sales of the *Le Sueur* brand.

Gross Profit. Gross profit was $76.5 million for the second quarter of 2022, or 16.0% of net sales. Excluding the negative impact of $2.3 million of acquisition/divestiture-related expenses and non-recurring expenses included in cost of goods sold during the second quarter of 2022, our gross profit would have been $78.8 million, or 16.5% of net sales. Gross profit was $111.6 million for the second quarter of 2021, or 24.0% of net sales. Excluding the negative impact of $0.4 million of acquisition/divestiture-related expenses and non-recurring expenses included in cost of goods sold during the second quarter of 2021, our gross profit would have been $112.0 million, or 24.1% of net sales.

During the second quarter of 2022, our gross profit was negatively impacted by higher than expected input cost inflation, including materially increased costs for raw materials and transportation. We expect input cost inflation will continue to have a significant industry-wide impact during the remainder of fiscal 2022. As discussed above, we are attempting to mitigate the impact of inflation on our gross profit by locking in prices through short-term supply contracts and advance commodities purchase agreements and by implementing cost saving measures. We have also announced list price increases in 2021 and again during the first and second quarters of 2022. However, increases in the prices we charge our customers generally lag behind rising input costs. As such, we did not fully offset the incremental costs that we faced in the second quarter of 2022 and may not fully offset the incremental costs that we are facing and we expect to continue to face in the remainder of fiscal 2022.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $2.9 million, or 6.1%, to $44.2 million for the second quarter of 2022 from $47.1 million for the second quarter of 2021. The decrease was composed of decreases in warehousing expenses of $2.2 million, consumer marketing expenses of $0.8 million, general and administrative expenses of $0.4 million, and acquisition/divestiture-related and non-recurring expenses of $0.4 million, partially offset by an increase in selling expenses of $0.9 million. Expressed as a percentage of net sales, selling, general and administrative expenses improved by 0.9 percentage points to 9.2% for the second quarter of 2022, as compared to 10.1% for the second quarter of 2021.

Amortization Expense. Amortization expense was $5.4 million for both the second quarter of 2022 and the second quarter of 2021.

Operating Income. As a result of the foregoing, operating income decreased $32.2 million, or 54.4%, to $26.9 million for the second quarter of 2022 from $59.1 million for the second quarter of 2021. Operating income expressed as a percentage of net sales decreased to 5.6% in the second quarter of 2022 from 12.7% in the second quarter of 2021.

Net Interest Expense. Net interest expense increased $3.2 million, or 12.1%, to $29.9 million for the second quarter of 2022 from $26.7 million in the second quarter of 2021. The increase was primarily attributable to a $1.6 million fee for an amendment to our credit agreement, and a higher effective cost of borrowing and additional borrowings on our revolving credit facility during the second quarter of 2022, as compared to the second quarter of 2021. See "—Liquidity and Capital Resources — *Debt*" below.

Other Income. Other income for the second quarter of 2022 and 2021 includes the non-service portion of net periodic pension cost and net periodic post-retirement benefit costs, in the amount of $1.8 million and $1.1 million, respectively. Other income for the second quarter of 2022 and 2021 also includes remeasurement of monetary assets denominated in a foreign currency into U.S. dollars of less than $0.1 million in both periods.

Income Tax Expense (Benefit). Income tax expense (benefit) decreased $10.4 million to a $1.4 million income tax benefit for the second quarter of 2022 from a $9.0 million income tax expense for the second quarter of 2021, primarily due to decreased operating income, as described above. Our effective tax rate was 122.2% for the second quarter of 2022 and 26.8% for the second quarter of 2021. See "U.S. Tax Act and U.S. CARES Act" above for a discussion of the impact of the tax legislation on income tax expense (benefit).

First two quarters of 2022 compared to the first two quarters of 2021

Net Sales. Net sales for the first two quarters of 2022 increased $41.9 million, or 4.3%, to $1,011.4 million from $969.5 million for the first two quarters of 2021. The increase was primarily due to increases in net pricing and the impact of product mix, partially offset by volume declines primarily due to price elasticity and supply chain challenges in the first two quarters of 2022 resulting from the COVID-19 Omicron variant.

Base business net sales for the first two quarters of 2022 increased $42.7 million, or 4.4%, to $1,010.4 million from $967.7 million for the first two quarters of 2021. The increase in base business net sales was driven by increases in net pricing and the impact of product mix of $56.7 million, or 5.9% of base business net sales, partially offset by a decrease in unit volume of $13.2 million and the negative impact of foreign currency of $0.8 million.

Net sales of *Green Giant* products in the aggregate (including *Le Sueur*) increased $9.5 million, or 4.0%, in the first two quarters of 2022, as compared to the first two quarters of 2021. Net sales of *Green Giant* frozen (excluding net sales from the Yuma acquisition, which are not included in base business net sales) increased $7.0 million, or 4.0%, for the first two quarters of 2022. Net sales of *Green Giant* shelf-stable (including *Le Sueur*) increased $2.5 million, or 3.7%, for the first two quarters of 2022.

See Note 16, "Net Sales by Brand," to our unaudited consolidated interim financial statements in Part I, Item 1 of this report, for detailed information regarding total net sales by brand for each of our brands whose net sales for the first two quarters of 2022 or fiscal 2021 equaled or exceeded 3% of our total net sales for those periods, and for all other brands in the aggregate. The following table sets forth the most significant base business net sales increases and decreases by brand for those brands for the first two quarters of 2022:

	2022 vs. 2021 Base Business Net Sales Increase (Decrease)	
	Dollars (in millions)	**Percentage**
Brand:		
Crisco	$ 34.4	29.6 %
Green Giant - frozen[(1)]	7.0	4.0 %
Cream of Wheat	5.9	18.1 %
Clabber Girl	5.1	14.6 %
Maple Grove Farms of Vermont	2.5	6.0 %
Green Giant - shelf-stable[(2)]	2.5	3.7 %
Spices & Seasonings[(3)]	(17.4)	(11.7)%
Dash	(3.9)	(10.4)%
Ortega	(1.4)	(1.8)%
All other brands	8.0	3.4 %
Base business net sales (decrease) increase	$ 42.7	4.4 %

(1) Excludes net sales from the Yuma acquisition, which are not included in base business net sales. The Yuma acquisition was completed on May 5, 2022. See Note 3, "Acquisitions."

(2) Includes net sales of the *Le Sueur* brand.

(3) Includes net sales for multiple brands acquired as part of the spices & seasonings acquisition that we completed on November 21, 2016, as well as more recent spices & seasonings products launched and sold under license. Does not include net sales for *Dash* and our other legacy spices & seasonings brands.

Gross Profit. Gross profit was $177.8 million for the first two quarters of 2022, or 17.6% of net sales. Excluding the negative impact of $4.4 million of acquisition/divestiture-related expenses and non-recurring expenses included in cost of goods sold during the first two quarters of 2022, our gross profit would have been $182.2 million, or 18.0% of net sales. Gross profit was $229.4 million for the first two quarters of 2021, or 23.7% of net sales. Excluding the negative impact of $5.9 million of acquisition/divestiture-related expenses, the amortization of acquisition-related inventory fair value step-up and non-recurring expenses included in cost of goods sold during the first two quarters of 2021, our gross profit would have been $235.3 million, or 24.3% of net sales.

During the first two quarters of 2022, our gross profit was negatively impacted by higher than expected input cost inflation, including materially increased costs for raw materials and transportation. We expect input cost inflation will continue to have a significant industry-wide impact during the remainder of fiscal 2022. As discussed above, we are attempting to mitigate the impact of inflation on our gross profit by locking in prices through short-term supply contracts and advance commodities purchase agreements and by implementing cost saving measures. We have also announced list price increases in 2021 and again during the first and second quarters of 2022. However, increases in the prices we charge our customers generally lag behind rising input costs. As such, we did not fully offset the incremental costs that we faced in the first two quarters of 2022 and may not fully offset the incremental costs that we are facing and we expect to continue to face in the remainder of fiscal 2022.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $6.5 million, or 6.6%, to $91.0 million for the first two quarters of 2022 from $97.5 million for the first two quarters of 2021. The decrease was composed of decreases in acquisition/divestiture-related and non-recurring expenses of $4.4 million, consumer marketing expenses of $2.4 million, warehousing expenses of $2.1 million, and general and administrative expenses of $0.2 million, partially offset by an increase in selling expenses of $2.6 million. Expressed as a percentage of net sales, selling, general and administrative expenses improved by 1.1 percentage points to 9.0% for the first two quarters of 2022, as compared to 10.1% for the first two quarters of 2021.

Amortization Expense. Amortization expense decreased $0.2 million to $10.6 million for the first two quarters of 2022 from $10.8 million for the first two quarters of 2021.

Gain on sales of assets. During the first quarter of 2022, we completed the closure and sale of our Portland, Maine manufacturing facility. We recorded a gain on the sale of the Portland property, plant and equipment of $7.1 million during the first quarter of 2022. The positive impact during the quarter of the gain on sale was partially offset by approximately $2.2 million of expenses incurred during the quarter relating to the closure of the facility and the transfer of manufacturing operations.

Operating Income. As a result of the foregoing, operating income decreased $37.8 million, or 31.2%, to $83.3 million for the first two quarters of 2022 from $121.1 million for the first two quarters of 2021. Operating income expressed as a percentage of net sales decreased to 8.2% in the first two quarters of 2022 from 12.5% in the first two quarters of 2021.

Net Interest Expense. Net interest expense increased $3.0 million, or 5.7%, to $56.7 million for the first two quarters of 2022 from $53.7 million in the first two quarters of 2021. The increase was primarily attributable to a $1.6 million fee for an amendment to our credit agreement, and a higher effective cost of borrowing and additional borrowings on our revolving credit facility during the first two quarters of 2022, as compared to the first two quarters of 2021. See "—Liquidity and Capital Resources — *Debt*" below.

Other Income. Other income for the first two quarters of 2022 and 2021 includes the non-service portion of net periodic pension cost and net periodic post-retirement benefit costs of $3.7 million and $2.2 million, respectively. Other income for the first two quarters of 2022 and 2021 also includes income resulting from the remeasurement of monetary assets denominated in a foreign currency into U.S. dollars for financial reporting purposes of less than $0.1 million in both periods.

Income Tax Expense. Income tax expense decreased $11.9 million to $6.3 million for the first two quarters of 2022 from $18.2 million for the first two quarters of 2021, primarily due to decreased operating income, as described above. Our effective tax rate was 20.8% for the first two quarters of 2022 and 26.1% for the first two quarters of 2021. See "U.S. Tax Act and U.S. CARES Act" above for a discussion of the impact of the tax legislation on income tax expense.

Liquidity and Capital Resources

Our primary liquidity requirements include debt service, capital expenditures and working capital needs. See also, "Dividend Policy" and "Commitments and Contractual Obligations" below. We fund our liquidity requirements, as well as our dividend payments and financing for acquisitions, primarily through cash generated from operations and external sources of financing, including our revolving credit facility. We do not have any off-balance sheet financing arrangements.

Cash Flows

Net Cash Provided by Operating Activities. Net cash provided by operating activities decreased $44.9 million to $21.1 million for the first two quarters of 2022 from $66.0 million for the first two quarters of 2021. The decrease in net cash provided by operating activities was primarily due to lower net income in the first two quarters of 2022 compared to the first two quarters of 2021.

Net Cash Used in Investing Activities. Net cash used in investing activities increased $10.4 million to $30.1 million for the first two quarters of 2022 from $19.7 million for the first two quarters of 2021. The increase was primarily attributable to cash used to pay the purchase price for the Yuma acquisition, partially offset by proceeds from the sales of assets (primarily related to the sale of our Portland, Maine manufacturing facility) as well as lower capital expenditures during the first two quarters of 2022 compared to the first two quarters of 2021.

Net Cash Provided by (Used in) Financing Activities. Cash flows provided by financing activities increased $77.0 million to $18.5 million of net cash provided by financing activities for the first two quarters of 2022, as compared to $58.5 million net cash used in financing activities for the first two quarters of 2021. The increase was primarily driven by $65.2 million of net proceeds from the sale of common stock during the first two quarters of 2022 and a $32.5 million increase in net borrowings under our revolving credit facility during the first two quarters of 2022 compared to the first two quarters of 2021, partially offset by a $14.7 million decrease in proceeds from the exercise of stock options, a $4.0 million increase in dividends paid and a $2.3 million increase in payments of tax withholdings on behalf of employees for net share settlement of share-based compensation during the first two quarters of 2022 compared to the first two quarters of 2021.

Cash Income Tax Payments. We believe that we will realize a benefit to our cash taxes payable from amortization of our trademarks, goodwill and other intangible assets for the taxable years 2022 through 2037. See "U.S. Tax Act and U.S. CARES Act" above for a discussion of the impact and expected impact of the U.S. CARES Act and the U.S. Tax Act on our cash income tax payments, including the impact the U.S. Tax Act is expected to have in fiscal 2022 and beyond on our interest expense deductions. If there is a change in U.S. federal tax policy or, in the case of the interest deduction, a change in our net interest expense relative to our adjusted taxable income that eliminates, limits or reduces our ability to amortize and deduct goodwill and certain intangible assets or the interest deduction we receive on our substantial indebtedness, or otherwise that reduces any of these available deductions or results in an increase in our corporate tax rate, our cash taxes payable may increase further, which could significantly reduce our future liquidity and impact our ability to make interest and dividend payments and have a material adverse effect on our business, consolidated financial condition, results of operations and liquidity.

Dividend Policy

Our dividend policy reflects a basic judgment that our stockholders are better served when we distribute a substantial portion of our cash available to pay dividends to them instead of retaining it in our business. Under this policy, a substantial portion of the cash generated by our company in excess of operating needs, interest and principal payments on indebtedness, capital expenditures sufficient to maintain our properties and other assets is distributed as regular quarterly cash dividends to the holders of our common stock and not retained by us. We have paid dividends every quarter since our initial public offering in October 2004.

For the first two quarters of 2022 and 2021, we had net cash provided by operating activities of $21.1 million and $66.0 million, respectively, and distributed as dividends $65.3 million and $61.3 million, respectively. Based upon our current dividend rate of $1.90 per share per annum and our current number of outstanding shares, we expect our aggregate dividend payments in fiscal 2022 to be approximately $133.4 million.

Our dividend policy is based upon our current assessment of our business and the environment in which we operate, and that assessment could change based on competitive or other developments (which could, for example, increase our need for capital expenditures or working capital), new acquisition opportunities or other factors. Our board of directors is free to depart from or change our dividend policy at any time and could do so, for example, if it was to determine that we have insufficient cash to fund capital expenditure or working capital needs, reduce leverage or ensure compliance with our maximum consolidated leverage ratio under our credit agreement, or take advantage of growth opportunities.

Acquisitions

Our liquidity and capital resources have been significantly impacted by acquisitions and may be impacted in the foreseeable future by additional acquisitions. As discussed elsewhere in this report, as part of our growth strategy we plan to expand our brand portfolio with disciplined acquisitions of complementary brands. We have historically financed acquisitions by incurring additional indebtedness, issuing equity and/or using cash flows from operating activities. Our interest expense has over time increased as a result of additional indebtedness we have incurred in connection with acquisitions and will increase with any additional indebtedness we may incur to finance future acquisitions. Although we may subsequently issue equity and use the proceeds to repay all or a portion of the additional indebtedness incurred to finance an acquisition and reduce our interest expense, the additional shares of common stock would increase the amount of cash flows from operating activities necessary to fund dividend payments.

The impact of future acquisitions, whether financed with additional indebtedness or otherwise, may have a material impact on our liquidity and capital resources.

Debt

See Note 6, "Long-Term Debt," to our unaudited consolidated interim financial statements in Part I, Item 1 of this report for a description of our senior secured credit agreement, including our revolving credit facility and tranche B term loans; our 5.25% senior notes due 2025; and our 5.25% senior notes due 2027.

Equity

Stock Repurchase Program. On March 9, 2021, our board of directors authorized an extension of our stock repurchase program from March 15, 2021 to March 15, 2022. In extending the repurchase program, our board of directors also reset the repurchase authority to up to $50.0 million. The stock repurchase program authorization expired on March 15, 2022.

We did not repurchase any shares of our common stock during the first two quarters of 2022 or the first two quarters of 2021.

At-The-Market Equity Offering Program. On August 23, 2021, we entered into an "at-the-market" (ATM) equity offering sales agreement with BofA Securities, Inc., Barclays Capital Inc., Deutsche Bank Securities Inc., RBC Capital Markets, LLC, BMO Capital Markets Corp., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, Citizens Capital Markets, Inc., SMBC Nikko Securities America, Inc. and TD Securities (USA) LLC, as sales agents to sell up to 7.5 million shares of our common stock from time to time through an ATM equity offering program.

During fiscal 2021, we sold 3,695,706 shares of our common stock under the ATM equity offering program. We generated $112.5 million in gross proceeds, or $30.44 per share, from the sales and paid commissions to the sales agents of approximately $2.2 million and incurred other fees and expenses of approximately $0.4 million. During the first two quarters of 2021, we did not sell any shares of our common stock under the ATM equity offering program.

During the first quarter of 2022, we sold 112,353 shares of our common stock under the ATM equity offering program. We generated $3.3 million in gross proceeds, or $29.37 per share, from the sales and paid commissions to the sales agents of approximately $0.1 million.

During the second quarter of 2022, we sold 2,739,568 shares of our common stock under the ATM equity offering program. We generated $63.2 million in gross proceeds, or $23.08 per share, from the sales and paid commissions to the sales agents of approximately $1.3 million and incurred other fees and expenses of approximately $0.1 million.

In the aggregate since the inception of the ATM equity offering program during the third quarter of 2021, we have sold 6,547,627 shares of common stock and generated $179.0 million in gross proceeds, or $27.34 per share, and paid commissions to the sales agents of approximately $3.6 million and incurred other fees and expenses of approximately $0.5 million.

Future sales of shares, if any, under the ATM equity offering program will be made by means of transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended, including block trades and sales made in ordinary brokers' transactions on the New York Stock Exchange or otherwise at market prices prevailing at the time of the sale, at prices related to prevailing market prices or at negotiated prices. The timing and amount of any sales will be determined by a variety of factors considered by us.

We used the net proceeds from shares sold under the ATM equity offering program during fiscal 2021 and the first two quarters of 2022 to repay revolving credit loans, to pay offering fees and expenses, and for general corporate purposes. We intend to use the net proceeds from any future sales of our common stock under the ATM offering for general corporate purposes, which could include, among other things, repayment, refinancing, redemption or repurchase of long-term debt or possible acquisitions.

Future Capital Needs

On July 2, 2022, our total long-term debt of $2,292.1 million, net of our cash and cash equivalents of $43.0 million, was $2,249.1 million. Stockholders' equity as of that date was $940.2 million.

Our ability to generate sufficient cash to fund our operations depends generally on our results of operations and the availability of financing. Our management believes that our cash and cash equivalents on hand, cash flow from operating activities and available borrowing capacity under our revolving credit facility will be sufficient for the foreseeable future to fund operations, meet debt service requirements, fund capital expenditures, make future acquisitions, if any, and pay our anticipated quarterly dividends on our common stock.

We expect to make capital expenditures of approximately $40.0 million in the aggregate during fiscal 2022. During the first two quarters of 2022, we made capital expenditures of $14.1 million, of which $13.2 million were paid in cash. Our projected capital expenditures for fiscal 2022 primarily relate to productivity and cost saving initiatives, asset sustainability projects, and information technology (hardware and software).

Seasonality

Sales of a number of our products tend to be seasonal and may be influenced by holidays, changes in seasons or certain other annual events. In general, our sales are higher during the first and fourth quarters.

We purchase most of the produce used to make our frozen and shelf-stable vegetables, shelf-stable pickles, relishes, peppers, tomatoes and other related specialty items during the months of June through October, and we generally purchase the majority of our maple syrup requirements during the months of April through August. Consequently, our liquidity needs are greatest during these periods.

Inflation

See "—General—*Fluctuations in Commodity Prices and Production and Distribution Costs*" above.

Contingencies

See Note 12, "Commitments and Contingencies," to our unaudited consolidated interim financial statements in Part I, Item 1 of this report.

Recent Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies — *Accounting Standards Adopted in Fiscal 2021 or Fiscal 2022*" and "*—Recently Issued Accounting Standards – Pending Adoption*," to our unaudited consolidated interim financial statements in Part I, Item 1 of this report.

Supplemental Financial Information about B&G Foods and Guarantor Subsidiaries

As further discussed in Note 6, "Long-Term Debt," to our unaudited consolidated interim financial statements in Part I, Item 1 of this report, our obligations under the 5.25% senior notes due 2025 and the 5.25% senior notes due 2027 are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries, which we refer to in this section as the guarantor subsidiaries. Our foreign subsidiaries are not guarantors, and any future foreign or partially owned domestic subsidiaries will not be guarantors, of the 5.25% senior notes due 2025 or the 5.25% senior notes due 2027. In this section, we refer to these foreign subsidiaries and future foreign or partially owned domestic subsidiaries as the non-guarantor subsidiaries. See Note 6, "Long-Term Debt" to our unaudited consolidated interim financial statements in Part I, Item 1 of this report.

The senior notes and the subsidiary guarantees are our and the guarantor subsidiaries' general unsecured obligations and are effectively junior in right of payment to all of our and the guarantor subsidiaries' secured indebtedness and to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries; are *pari passu* in right of payment to all of our and the guarantor subsidiaries' existing and future unsecured senior debt; and are senior in right of payment to all of our and the guarantor subsidiaries' future subordinated debt.

Each guarantee contains a provision intended to limit the guarantor subsidiary's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. However, we cannot assure you that this provision will be effective to protect the subsidiary guarantees from being voided under fraudulent transfer laws.

A guarantor subsidiary's guarantee will be automatically released: (1) in connection with any sale or other disposition of all or substantially all of the assets of that guarantor subsidiary (including by way of merger or consolidation) to a person or entity that is not (either before or after giving effect to such transaction) B&G Foods or a "restricted subsidiary" of B&G Foods under the applicable indenture, if the sale or other disposition complies with the asset sale provisions of the applicable indenture; (2) in connection with any sale or other disposition of all of the capital stock of that guarantor subsidiary to a person or entity that is not (either before or after giving effect to such transaction) B&G Foods or a "restricted subsidiary" of B&G Foods, if the sale or other disposition complies with the asset sale provisions of the applicable indenture; (3) if B&G Foods designates any "restricted subsidiary" that is a guarantor subsidiary to be an "unrestricted subsidiary" in accordance with the applicable provisions of the indenture; (4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the applicable indenture; (5) if such guarantor subsidiary no longer constitutes a domestic subsidiary; or (6) if it is determined in good faith by B&G Foods that a liquidation, dissolution or merger out of existence of such guarantor subsidiary is in the best interests of B&G Foods and is not materially disadvantageous to the holders of the senior notes.

The following tables present summarized unaudited financial information on a combined basis for B&G Foods and each of the guarantor subsidiaries of the senior notes described above after elimination of (1) intercompany transactions and balances among B&G Foods and the guarantor subsidiaries and (2) investments in any subsidiary that is a non-guarantor (in thousands):

		July 2, 2022		January 1, 2022
Current assets[(1)]	$	825,524	$	752,685
Non-current assets		2,928,459		2,921,036
Current liabilities[(2)]	$	261,439	$	225,554
Non-current liabilities		2,696,407		2,663,841

(1) Current assets includes amounts due from non-guarantor subsidiaries of $20.7 million and $46.6 million as of July 2, 2022 and January 1, 2022, respectively.

(2) Current liabilities includes amounts due to non-guarantor subsidiaries of less than $0.1 million as of both July 2, 2022 and January 1, 2022.

	Twenty-six Weeks Ended			
		July 2, 2022		July 3, 2021
Net sales	$	952,428	$	918,946
Gross profit		169,101		227,327
Operating income		70,951		119,125
Income before income tax expense		17,895		67,651
Net income	$	14,755	$	49,617

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our principal market risks are exposure to changes in commodity prices, interest rates on borrowings and foreign currency exchange rates and market fluctuation risks related to our defined benefit pension plans.

Commodity Prices and Inflation. The information under the heading "General—*Fluctuations in Commodity Prices and Production and Distribution Costs*" in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" is incorporated herein by reference.

Interest Rate Risk. In the normal course of operations, we are exposed to market risks relating to our long-term debt arising from adverse changes in interest rates. Market risk is defined for these purposes as the potential change in the fair value of a financial asset or liability resulting from an adverse movement in interest rates.

Changes in interest rates impact our fixed and variable rate debt differently. For fixed rate debt, a change in interest rates will only impact the fair value of the debt, whereas for variable rate debt, a change in the interest rates will impact interest expense and cash flows. At July 2, 2022, we had $1,450.0 million of fixed rate debt and $859.1 million of variable rate debt.

Based upon our principal amount of long-term debt outstanding at July 2, 2022, a hypothetical 1.0% increase or decrease in interest rates would have affected our annual interest expense by approximately $8.6 million.

The carrying values and fair values of our revolving credit loans, term loans and senior notes as of July 2, 2022 and January 1, 2022 were as follows (in thousands):

	July 2, 2022		January 1, 2022	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Revolving credit loans	$ 187,500	$ 187,500 (1)	$ 165,000	$ 165,000 (1)
Tranche B term loans due 2026	668,168 (2)	626,408 (3)	667,811 (2)	666,141 (3)
5.25% senior notes due 2025	901,483 (4)	811,335 (3)	901,753 (4)	920,915 (3)
5.25% senior notes due 2027	$ 550,000	$ 462,000 (3)	$ 550,000	$ 567,875 (3)

(1) Fair values are estimated based on Level 2 inputs, which were quoted prices for identical or similar instruments in markets that are not active.

(2) The carrying value of the tranche B term loans includes a discount. At July 2, 2022 and January 1, 2022, the face amount of the tranche B term loans was $671.6 million.

(3) Fair values are estimated based on quoted market prices.

(4) The carrying value of the 5.25% senior notes due 2025 includes a premium. At July 2, 2022 and January 1, 2022, the face amount of the 5.25% senior notes due 2025 was $900.0 million.

Cash and cash equivalents, trade accounts receivable, income tax receivable/payable, trade accounts payable, accrued expenses and dividends payable are reflected on our consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments.

For more information, see Note 6, “Long-Term Debt,” to our unaudited consolidated interim financial statements in Part I, Item 1 of this report.

Foreign Currency Risk. Our foreign sales are primarily to customers in Canada. Our sales to Canada are generally denominated in Canadian dollars and our sales for export to other countries are generally denominated in U.S. dollars. Our net sales to customers in foreign countries represented approximately 8.1% and 7.7% of our total net sales during the first two quarters of 2022 and 2021, respectively. We also purchase certain raw materials from foreign suppliers. For example, we purchase a significant majority of our maple syrup requirements from suppliers in Québec, Canada. These purchases are made in Canadian dollars. A weakening of the U.S. dollar in relation to the Canadian dollar would significantly increase our future costs relating to the production of our maple syrup products to the extent we have not purchased Canadian dollars or otherwise entered into a currency hedging arrangement in advance of any such weakening of the U.S. dollar. Our purchases of raw materials from other foreign suppliers are generally denominated in U.S. dollars, but certain purchases of raw materials in Mexico are denominated in Mexican pesos. In addition, we operate a frozen vegetable manufacturing facility in Irapuato, Mexico. A weakening of the U.S. dollar in relation to the Mexican peso would significantly increase our costs relating to the production of frozen vegetable products to the extent we have not purchased Mexican pesos or otherwise entered into hedging arrangements in advance of the weakening of the U.S. dollar.

As a result, certain revenues and expenses have been, and are expected to be, subject to the effect of foreign currency fluctuations, and these fluctuations may have an adverse impact on operating results.

Market Fluctuation Risks Relating to our Defined Benefit Pension Plans. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies; Use of Estimates” and Note 12, “Pension Benefits,” to our consolidated financial statements in Part II, Item 8 of our 2021 Annual Report on Form 10-K for a discussion of the exposure of our defined benefit pension plan assets to risks related to market fluctuations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, our management, including our chief executive officer and our chief financial officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. As defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, disclosure controls and procedures are controls and other procedures that we use that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on that evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting. As required by Rule 13a-15(d) under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an evaluation of our internal control over financial reporting to determine whether any change in our internal control over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our chief executive officer and our chief financial officer concluded that there has been no change in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

We transitioned the spices & seasonings business that we acquired in late 2016 to a new enterprise resource planning (ERP) system during the third quarter of 2017. Implementation, integration and transition efforts for the remainder of our business (other than our Mexican operations) continued thereafter and was substantially completed during the second quarter of 2019. We continued to implement additional modules and transition recently acquired businesses to the ERP system during fiscal 2020 and fiscal 2021. In connection with the implementation, integration and transition, and resulting business process changes, we continue to review and enhance the design and documentation of our internal control over financial reporting processes to maintain effective controls over our financial reporting following the completion of the implementation, integration and transition. To date, the implementation, integration and transition have not materially affected our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls. Our company's management, including the chief executive officer and chief financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under the heading "*Legal Proceedings*" in Note 12 to our unaudited consolidated interim financial statements in Part I, Item 1 of this quarterly report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

We do not believe there have been any material changes in our risk factors as previously disclosed in our 2021 Annual Report on Form 10-K, except that we are updating and supplementing those risk factors with the risk factors described under the heading "Update Regarding Impact and Expected Future Impact of COVID-19, the War in Ukraine, Supply Chain Disruptions, Labor Shortages and Input Cost Inflation on Our Company" in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

EXHIBIT NO.	DESCRIPTION
22.1	Guarantor Subsidiaries. (Filed as Exhibit 22.1 to B&G Foods' Quarterly Report on Form 10-Q filed on November 9, 2020, and incorporated by reference herein).
31.1	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer and Chief Financial Officer.
101	The following unaudited financial information from B&G Foods' Quarterly Report on Form 10-Q for the quarter ended July 2, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements, and (vii) document and entity information.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended July 2, 2022, formatted in iXBRL and contained in Exhibit 101.

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.

Dated: August 4, 2022	B&G FOODS, INC.
	By: /s/ Bruce C. Wacha
	Bruce C. Wacha
	Executive Vice President of Finance
	and Chief Financial Officer
	(Principal Financial Officer and Authorized Officer)

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, Kenneth C. Keller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of B&G Foods, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ Kenneth C. Keller
Kenneth C. Keller
Chief Executive Officer

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

I, Bruce C. Wacha, certify that:

1. I have reviewed this quarterly report on Form 10-Q of B&G Foods, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ Bruce C. Wacha
Bruce C. Wacha
Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of B&G Foods, Inc. (the "Company") on Form 10-Q for the period ended July 2, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth C. Keller, Chief Executive Officer of the Company, and I, Bruce C. Wacha, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth C. Keller
Kenneth C. Keller
Chief Executive Officer
August 4, 2022

/s/ Bruce C. Wacha
Bruce C. Wacha
Chief Financial Officer
August 4, 2022

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.