

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the period ended June 29, 2002

or

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

Commission File Number:0-14616

J & J SNACK FOODS CORP.

(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

6000 Central Highway, Pennsauken, NJ 08109
(Address of principal executive offices)

Telephone (856) 665-9533

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.

X Yes No

As of July 19, 2002, there were 8,873,270 shares of the Registrant's Common Stock outstanding.

INDEX

	Page Number
Part I. Financial Information	
Item 1. Consolidated Financial Statements	
Consolidated Balance Sheets - June 29, 2002 (unaudited) and September 29, 2001	3
Consolidated Statements of Earnings - Three Months and Nine Months Ended June 29, 2002 and June 30, 2001 (unaudited)	5
Consolidated Statements of Cash Flows - Three Months and Nine Months Ended June 29, 2002 and June 30, 2001 (unaudited)	6
Notes to the Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14

Item 3. Quantitative and Qualitative Disclosures About Market Risk	17
---	----

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K	18
--	----

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

J & J SNACK FOODS CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS

	June 29, 2002 (Unaudited)	September 29, 2001
Current assets		
Cash and cash equivalents	\$ 5,427	\$ 7,437
Accounts receivable	40,930	37,018
Inventories	24,644	21,749
Prepaid expenses and other	1,630	1,197
	72,631	67,401
Property, plant and equipment, at cost		
Land	756	756
Buildings	5,456	5,456
Plant machinery and equipment	85,230	85,312
Marketing equipment	168,760	164,381
Transportation equipment	831	796
Office equipment	6,590	7,420
Improvements	15,255	15,182
Construction in progress	2,296	120
	285,174	279,423
Less accumulated deprecia- tion and amortization	190,259	174,667
	94,915	104,756
Other assets		
Goodwill, less accumulated amortization	45,850	45,850
Other intangible assets, less accumulated amortization	1,617	1,848
Long term investment securities held to maturity	785	1,515
Sundry	2,804	3,111
	51,056	52,324
	\$218,602	\$224,481

See accompanying notes to the consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	June 29, 2002	September 29, 2001
Current liabilities		
Current maturities of long-term debt	\$ 112	\$ 115
Accounts payable	28,170	24,515
Accrued liabilities	14,997	16,047
	43,279	40,677
Long-term debt, less current maturities	6,302	28,368
Deferred income taxes	9,228	9,228
Other long-term liabilities	160	65
	15,690	37,661
Stockholders' equity		
Capital stock		
Preferred, \$1 par value; authorized, 5,000,000 shares; none issued	-	-
Common, no par value; authorized 25,000 shares; issued and outstanding, 8,868 and 8,636, respectively	32,361	29,421
Accumulated other comprehen- sive loss	(1,767)	(1,641)
Retained earnings	129,039	118,363
	159,633	146,143
	\$218,602	\$224,481

See accompanying notes to the consolidated financial statements.

4

J & J SNACK FOODS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share amounts)

	Three months ended		Nine months ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Net Sales	\$109,561	\$100,970	\$272,652	\$247,847
Cost of goods sold	64,198	61,269	169,507	156,389
Gross profit	45,363	39,701	103,145	91,458
Operating expenses				
Marketing	23,416	19,723	56,940	50,847
Distribution	6,980	6,624	19,073	18,740
Administrative	3,353	3,109	10,282	9,489
Amortization of goodwill	-	653	-	1,960
Other general (income)expense	9	(75)	123	(220)
	33,758	30,034	86,418	80,816
Operating income	11,605	9,667	16,727	10,642
Other income (deductions)				
Investment income	42	84	184	255
Interest expense	(80)	(749)	(486)	(2,453)
Other	-	170	-	210

Earnings before income taxes	11,567	9,172	16,425	8,654
Income taxes	4,049	3,394	5,749	3,202
NET EARNINGS	\$ 7,518	\$ 5,778	\$ 10,676	\$ 5,452
Earnings per diluted share	\$.80	\$.65	\$1.16	\$.63
Weighted average number of diluted shares	9,401	8,891	9,213	8,700
Earnings per basic share	\$.85	\$.68	\$1.22	\$.64
Weighted average number of basic shares	8,840	8,540	8,730	8,463

See accompanying notes to the consolidated financial statements

5

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

	Nine months ended	
	June 29, 2002	June 30, 2001
Operating activities:		
Net earnings	\$10,676	\$ 5,452
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	23,086	22,499
Amortization of goodwill, intangibles and deferred costs	558	2,512
Other adjustments	250	126
Changes in assets and liabilities, net of effects from purchase of companies		
Increase in accounts receivable	(4,058)	(4,474)
Increase in inventories	(2,738)	(4,014)
Increase in prepaid expenses	(433)	(614)
Increase in accounts payable and accrued liabilities	3,027	7,100
Net cash provided by operating activities	30,368	28,587
Investing activities:		
Purchase of property, plant and equipment	(13,724)	(12,875)
Payments for purchases of companies, net of cash acquired and debt assumed	-	(11,330)
Proceeds from investments held to maturity	730	70
Other	71	(385)
Net cash used in investing activities	(12,923)	(24,520)
Financing activities:		
Proceeds from issuance of stock	2,614	1,769
Proceeds from borrowings	24,000	13,000
Payments to repurchase common stock	-	(1,400)
Payments of long-term debt	(46,069)	(13,055)
Net cash (used in) provided by financing activities	(19,455)	314
Net (decrease)increase in cash and cash equivalents	(2,010)	4,381
Cash and cash equivalents at beginning of period	7,437	1,379
Cash and cash equivalents at end of period	\$ 5,427	\$ 5,760

See accompanying notes to the consolidated financial statements

6

J & J SNACK FOODS CORP. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to

present fairly the financial position and the results of operations and cash flows. Certain prior year amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported net earnings.

The results of operations for the three months and nine months ended June 29, 2002 and June 30, 2001 are not necessarily indicative of results for the full year. Sales of the Company's retail stores are generally higher in the first quarter due to the holiday shopping season. Sales of the Company's frozen beverages and frozen juice bars and ices are generally higher in the third and fourth quarters due to warmer weather.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes included in the Company's Annual Report on Form 10-K for the year ended September 29, 2001.

- Note 2 The Company recognizes revenue from snack food and frozen beverage products at the time the products are shipped to third parties. When the Company performs services under its service contracts for frozen beverage dispenser machines, revenue is recognized upon the completion of the services on specified machines.
- Note 3 Depreciation of equipment and buildings is provided for by the straight-line method over the assets' estimated useful lives.
- Note 4 The Company's calculation of earnings per share in accordance with SFAS No. 128, "Earnings Per Share," is as follows:

7
 Three Months Ended June 29, 2002
 Income Shares Per Share
 (Numerator) (Denominator) Amount
 (in thousands, except per share amounts)

Basic EPS			
Net Earnings available to common stockholders	\$ 7,518	8,840	\$.85
Effect of Dilutive Securities Options	-	561	(.05)
Diluted EPS			
Net Earnings available to common stockholders plus assumed conversions	\$ 7,518	9,401	\$.80

Nine Months Ended June 29, 2002
 Income Shares Per Share
 (Numerator) (Denominator) Amount
 (in thousands, except per share amounts)

Basic EPS			
Net Earnings available to common stockholders	\$10,676	8,730	\$1.22
Effect of Dilutive Securities Options	-	483	(.06)
Diluted EPS			
Net Earnings available to common stockholders plus assumed conversions	\$10,676	9,213	\$1.16

8
 Three Months Ended June 30, 2001
 Income Shares Per Share
 (Numerator) (Denominator) Amount
 (in thousands, except per share amounts)

Basic EPS			
Net Earnings available to common stockholders	\$5,778	8,540	\$.68
Effect of Dilutive Securities Options	-	351	(.03)
Diluted EPS			
Net Earnings available to common stockholders plus assumed conversions	\$5,778	8,891	\$.65

Nine Months Ended June 30, 2001
 Income Shares Per Share
 (Numerator) (Denominator) Amount
 (in thousands, except per share amounts)

Basic EPS			
Net Earnings available to common stockholders	\$5,452	8,463	\$.64
Effect of Dilutive Securities Options	-	237	(.01)
Diluted EPS			
Net Earnings available to common stockholders plus assumed conversions	\$5,452	8,700	\$.63

Note 5 Inventories consist of the following:

	June 29, 2002	September 29, 2001
	(in thousands)	
Finished goods	\$12,170	\$ 9,965
Raw materials	2,926	2,509
Packaging materials	3,333	3,146
Equipment parts & other	6,215	6,129
	\$24,644	\$21,749

9

Note 6 Using the guidelines set forth in SFAS No. 131, the Company has three reportable segments: Snack Foods, Restaurant Group and Frozen Beverages. These segments are described below. The segments are managed as strategic business units due in part, but not limited to, their distinct production processes and capital requirements.

Snack Foods

The primary products sold to the snack foods group are soft pretzels, frozen juice treats and desserts, churros and bakery products. The Company's customers in the snack foods group include snack bars and food stands in chain, department and discount stores, retail supermarkets, malls and shopping centers; fast food outlets; stadiums and sports arenas; leisure and theme parks; convenience stores; movie theatres; warehouse club stores; schools, colleges and other institutions. Within

the snack foods group, the Company's products are purchased by the consumer primarily for consumption at the point-of-sale and at home.

Restaurant Group

The Company sells direct to the public through its restaurant group, which operates BAVARIAN PRETZEL BAKERY and PRETZEL GOURMET, our chain of specialty snack food retail outlets.

Frozen Beverages

The Company markets frozen beverages to the foodservice industry primarily under the names ICEE and ARCTIC BLAST in the United States, Mexico and Canada.

The Company evaluates each segment's performance based on operating income, excluding corporate and other unallocated expenses. Information regarding the operations in these reportable segments is as follows:

10

	Three Months Ended		Nine Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
	(in thousands)			
Sales to External Customers:				
Snack Foods	\$ 72,402	\$ 66,492	\$183,010	\$166,488
Restaurant Group	2,379	2,686	8,319	9,467
Frozen Beverages	34,780	31,792	81,323	71,892
	\$109,561	\$100,970	\$272,652	\$247,847
Depreciation and Amortization(1):				
Snack Foods	\$ 3,310	\$ 3,454	\$ 10,193	\$ 10,356
Restaurant Group	166	225	526	656
Frozen Beverages	4,319	4,134	12,925	12,038
	\$ 7,795	\$ 7,813	\$ 23,644	\$ 23,050
Operating Income (loss):				
Snack Foods	\$ 5,747	\$ 5,195	\$ 13,964	\$ 11,177
Restaurant Group	(353)	(494)	(835)	(681)
Frozen Beverages	6,211	5,619	3,598	2,106
	\$ 11,605	\$ 10,320	\$ 16,727	\$ 12,602
Capital Expenditures:				
Snack Foods	\$ 4,656	\$ 2,497	\$ 7,788	\$ 5,128
Restaurant Group	50	35	115	264
Frozen Beverages	1,774	3,749	5,821	7,483
	\$ 6,480	\$ 6,281	\$ 13,724	\$ 12,875
Assets:				
Snack Foods	\$124,603	\$130,478	\$124,603	\$130,478
Restaurant Group	2,904	4,558	2,904	4,558
Frozen Beverages	91,095	97,950	91,095	97,950
	\$218,602	\$232,986	\$218,602	\$232,986

(1) 2001 depreciation and amortization excludes amortization expense associated with goodwill.

Note 7 On September 30, 2001, the Company adopted Statement of Financial Accounting Standards No. 142 "Goodwill and Intangible Assets" (SFAS 142). SFAS 142 includes requirements to test goodwill and indefinite lived intangible assets for impairment rather than amortize them; accordingly, the Company no longer amortizes goodwill, thereby eliminating an annual amortization charge of approximately \$2,600,000.

The Company's three reporting units, which are also reportable segments, are Snack Foods, Restaurant Group and Frozen Beverages. Each of the segments have goodwill and indefinite lived intangible assets.

The carrying amount of acquired intangible assets for the Snack Foods and Frozen Beverage segments as of June 29, 2002 are as follows:

	Gross Carrying Amount (in thousands)	Accumulated Amortization
Snack Foods		
Amortized intangible assets		
Licenses and rights	\$2,066	\$547
Restaurant Group		
Amortized Intangible Assets		
Licenses and rights	\$ 20	\$ 18
Frozen Beverages		
Amortized intangible assets		
Licenses and rights	\$ 201	\$105

Licenses and rights are being amortized by the straight-line method over periods ranging from 4 to 20 years and amortization expense is reflected throughout operating expenses. There were no changes in the gross carrying amount of intangible assets for the three and nine months ended June 29, 2002. Additionally, the Company did not record any transition intangible asset impairment loss upon adoption of SFAS 142. Aggregate amortization expense of intangible assets for the three months ended June 29, 2002 and June 30, 2001 was \$78,000 and \$109,000, respectively and for the nine months ended June 29, 2002 and June 30, 2001 was \$231,000 and \$158,000, respectively.

Estimated amortization expense for the next five fiscal years is approximately \$300,000 in 2002, 2003 and 2004, \$200,000 in 2005 and \$150,000 in 2006.

Goodwill

The carrying amounts of goodwill for the Snack Foods, Restaurant Group and Frozen Beverage segments are as follows:

	12			
	Snack Foods	Restaurant Group	Frozen Beverages	Total
	(in thousands)			
Balance at June 29, 2002	\$14,241	\$438	\$31,171	\$45,850

There were no changes in the carrying amount of goodwill for the three and nine months ended June 29, 2002.

The Company has completed documentation of its transitional goodwill impairment tests and has not recorded any transitional goodwill impairment loss as a result of its adoption of SFAS 142.

Reported net income for the three and nine months ended June 29, 2002 and June 30, 2001, exclusive of amortization expense that is related to goodwill that is no longer being amortized, would have been:

	For the Three Months Ended		For the Nine Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
	(\$000's except for earnings per share amounts)			
Reported net earnings	\$7,518	\$5,778	\$10,676	\$5,452
Add back: Goodwill amortization	-	412	-	1,235
Adjusted net earnings	\$7,518	\$6,190	\$10,676	\$6,687
Basic earnings per share:				
Reported net earnings	\$.85	\$.68	\$ 1.22	\$.64

Goodwill amortization	-	.04	-	.15
Adjusted net earnings	\$.85	\$.72	\$ 1.22	\$.79
Diluted earnings per share:				
Reported net earnings	\$.80	\$.65	\$ 1.16	\$.63
Goodwill amortization	-	.05	-	.14
Adjusted net earnings	\$.80	\$.70	\$ 1.16	\$.77

13

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

Liquidity and Capital Resources

The Company's current cash and marketable securities balances and cash expected to be provided by future operations are its primary sources of liquidity. The Company believes that these sources, along with its borrowing capacity, are sufficient to fund future growth and expansion.

In the three months ended June 29, 2002 and June 30, 2001, fluctuations in the valuation of the Mexican peso caused a decrease of \$235,000 and an increase of \$86,000, respectively, in stockholders' equity because of the revaluation of the net assets of the Company's Mexican frozen beverage subsidiary. In the nine month periods, there was a decrease of \$126,000 in fiscal year 2002 and an increase of \$80,000 in fiscal year 2001.

In November 2000, the Company acquired the assets of Uptown Bakeries for cash. Uptown Bakeries, located in Bridgeport, NJ, is a fresh bakery products manufacturer with approximately \$17,000,000 in annual sales.

In December 2001, the Company refinanced its general-purpose bank credit line. The new agreement provides for a \$50,000,000 revolving credit facility repayable in three years, with the availability of repayments without penalty. The new agreement contains restrictive covenants and requires commitment fees in accordance with standard banking practice. The outstanding balance under the new facility was \$6,000,000 at June 29, 2002.

In December 2001, the Company borrowed \$5,000,000 on its general-purpose bank credit line to pay off early its \$5,000,000 7.25% redeemable economic development revenue bond payable December 2005.

Results of Operations

Net sales increased \$8,591,000 or 9% for the three months and \$24,805,000 or 10% to \$272,652,000 for the nine months ended June 29, 2002 compared to the same periods ended June 30, 2001. Excluding sales resulting from the acquisition of Uptown Bakeries, sales increased approximately 9% for the nine month period compared to a year ago.

14

SNACK FOODS

Sales to foodservice customers increased \$3,328,000 or 7% in the third quarter to \$51,074,000 and increased \$12,397,000 or 10% for the nine months. Excluding sales resulting from acquisitions, sales would have increased 8% for the nine months. Soft pretzel sales to the foodservice market increased 13% to \$16,516,000 in the third quarter and 10% to \$49,434,000 in the nine months due primarily to increased sales of PRETZEL FILLERS and GOURMET TWISTS. Excluding sales resulting from acquisitions, foodservice soft pretzel sales would have increased 9% in the nine month period. Sales of bakery products increased \$704,000 or 5% in the third quarter to \$16,164,000 and increased \$6,233,000 or 15% for the nine months due to increased

unit sales across our customer base and the acquisition of Uptown Bakeries. Frozen juice bars and ices sales increased 5% to \$13,087,000 in the three months and increased 7% to \$24,694,000 in the nine month period. Churro sales to foodservice customers increased 9% to \$3,346,000 in the third quarter and 6% to \$9,320,000 in the nine months.

Sales of products to retail supermarkets increased \$2,582,000 or 14% to \$21,328,000 in the third quarter and 9% to \$48,108,000 in the nine months. Soft pretzel sales of \$5,765,000 for the quarter and \$20,749,000 for the nine months were essentially unchanged from the year ago periods. Sales of our flagship SUPERPRETZEL brand soft pretzels increased less than 1% for both periods. Sales of frozen juices and ices increased \$2,562,000 or 19% to \$15,853,000 in the third quarter and \$4,086,000 or 17% to \$27,531,000 in the nine months primarily due to new product introductions and increased consumer demand.

The increases in sales throughout the SNACK FOODS segment were primarily the result of changes in unit volume.

THE RESTAURANT GROUP

Sales of our Restaurant Group decreased 11% to \$2,379,000 in the third quarter and 12% to \$8,319,000 for the nine month period. The sales decreases were caused primarily by decreased mall traffic and the closing of unprofitable stores.

FROZEN BEVERAGES

Frozen beverage and related product sales increased \$2,988,000 or 9% to \$34,780,000 in the third quarter and \$9,431,000 or 13% to \$81,323,000 in the nine months. Beverage sales alone decreased 1% to \$27,497,000 in the

15

third quarter and increased 3% to \$62,606,000 for the nine months. Service revenue increased 89% to \$4,808,000 in the third quarter and 78% to \$11,080,000 in the nine months.

CONSOLIDATED

Gross profit as a percentage of sales increased to 41% and 38% in the current year's three and nine month periods, respectively, from 39% and 37% in the corresponding periods last year primarily due to efficiencies resulting from higher volume.

Total operating expenses increased \$3,724,000 in the third quarter and as a percentage of sales increased to 31% from 30% in last year's same quarter. For the nine months, operating expenses increased \$5,602,000 and as a percentage of sales decreased to 32% from 33% last year. Marketing expenses increased to 21% of sales in the third quarter from 20% last year and were 21% of sales in both years' nine month periods. The increase in marketing expenses as a percentage of sales was primarily caused by increased trade spending for sales of products to retail supermarkets. Distribution expenses decreased less than 1/4 of 1 percent of sales in the third quarter to 6% of sales and decreased about 1/2 of 1 percent of sales to 7% in the nine months. Administrative expenses as a percent of sales were 3% for the third quarter in both years and 4% for the nine months in both years.

Operating income increased \$1,938,000 or 20% to \$11,605,000 in the third quarter and \$6,085,000 or 57% to \$16,727,000 in the nine months.

For the three and nine months, interest expense decreased \$669,000 and \$1,967,000, respectively, due to reduced debt and lower levels of interest rates.

The effective income tax rate has been estimated at 35% for this years' periods and 37% for 2001 periods.

Net earnings increased \$1,740,000 or 30% in the three month period to \$7,518,000 and increased \$5,224,000 or 96% in the nine months to \$10,676,000.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the Company's assessment of its sensitivity to market risk since its presentation set forth, in item 7a. "Quantitative and Qualitative Disclosures About Market Risk," in its 2001 annual report on Form 10-K filed with the SEC.

PART II. OTHER INFORMATION**Item 6. Exhibits and Reports on Form 8-K**

- a) Exhibits - None
- b) Reports on Form 8-K - There were no reports on Form 8-K for the three months ended June 29, 2002.

SIGNATURES

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

J & J SNACK FOODS CORP.

Dated: July 24, 2002 /s/ Gerald B. Shreiber
Gerald B. Shreiber
President

Dated: July 24, 2002 /s/ Dennis G. Moore
Dennis G. Moore
Senior Vice President and
Chief Financial Officer

