



THE PREMIUM BRAND™

# ANNUAL REPORT 2020



## TO OUR SHAREHOLDERS

The 2020 fiscal year posed unprecedented challenges and opportunities for your Company. While it was not what we expected going in, we did manage to piece together a successful year, and we believe that we will emerge from the chaos a stronger, more versatile company. Sales during the 2020 fiscal year were up 4.9% at \$197,970,000, and income before taxes was \$5,130,000, equal to \$.57 per share. After recognizing significant Net Operating Loss (NOL) tax carrybacks, the Company reported net income of \$7,323,000, equal to \$.81 per share.

The 2021 Annual Meeting of Shareholders, which usually takes place the second Wednesday in March, has been postponed until the Fall of 2021. The precise timing and format of the meeting will depend on progress made toward remediation of the COVID-19 virus and our ability to safely gather in-person.

### SALES AND MARKETING HIGHLIGHTS

In our Chicago Dry Sausage and Meat Snack Division, our nationwide Direct Store Delivery system has never been more critical to our success than it was in 2020. Our retail partners welcomed our unparalleled service and assistance as they scrambled to address the many challenges that the COVID-19 environment imposed on their operations. We strived to serve our customers better than ever, as we saw a unique opportunity to cement our relationships with many of the country's top retailers.

The Bridgford Pro Fishing Team continues to thrive. This year we changed our moniker on social media to Bridgford Outdoors to connect with people who participate in activities beyond fishing. Our team had 23 Top-20 finishes in the 57 tournaments that they competed in this year, an impressive accomplishment. The ongoing pandemic reduced our ability to participate in promotional appearances at our retail customers in 2020, and we look forward to ramping this program back up once things are back to normal. In November 2020, we announced a multi-year partnership with Wild West Bass Trail and APEX Pro Cup Series. This collaboration will give our team greater exposure in the West, and it provides opportunities to leverage our sponsorship with current and potential retail grocery chain customers in the region.

In our Frozen Food Division, much of the 2020 fiscal year was spent dealing with various restrictions on our foodservice customers caused by the pandemic affecting our nation. Limitations regarding on-site dining combined with school closings to reduce both our sales and our customers' livelihoods. Unfortunately, this environment persists as we begin our 2021 fiscal year. While we have seen a strong increase in our retail frozen food sales, it has not been enough to make up for the reduced volume in the foodservice segment. Our focus has been on supporting our valued customers in every way possible as together we navigate our way back toward a normal business landscape. With the schools particularly in mind, we have developed a line of pre-packaged single-serve biscuits and rolls to meet their immediate needs.

Demand for our Shelf-Stable Sandwich products was strong in 2020, and we continue to work to expand our customer base worldwide. New varieties and unique offerings are continually being added to this product line, and the U.S. Military remains a staunch supporter of this operation.

We continue to use social media as a tool to promote our brand and products through the release of new recipes and photography, catchy calls-to-action, and engagement with our customers on these platforms. Bloggers and influencers play a key role in driving trial and awareness in the CPG category, and we have built strong relationships with select bloggers like Mama Latina Tips and The Feathered Nester, who act as consistent ambassadors for our Company's products. Activity associated with Bridgford Outdoors is also shared to corporate social media platforms, creating a fun and interactive space for all Bridgford consumers.

### OPERATIONS

Commodity costs affecting our business were higher in 2020, as we paid over \$4.7 million more for key ingredients that we purchase than we did in 2019. Those costs remain historically high as we begin the 2021 fiscal year. Export demand for pork has been strong, due in part to an outbreak of African Swine Fever in China during 2018 that has constricted Chinese production capacity for the last couple of years. There are signs that this condition may be fully resolved within the next year or so.

The transition to our new state-of-the-art meat processing facility in Chicago was substantially completed right as the 2020 fiscal year ended. Our management team in Chicago has done an incredible job of managing the consolidation from three operating facilities to one, particularly in the face of surging demand for our premium quality shelf-stable products. Our new plant on 44th St. provides significant operational efficiencies as well as enhanced product consistency and quality.

All five of our food production facilities have achieved SQF certification. In the Frozen Food Division, all of our plants are operating efficiently under steady management, and they are poised to thrive as the economy rebounds from the virus-related slowdown.

### FINANCIAL MATTERS

Our working capital totaled \$42,547,000 at October 30, 2020, \$9,719,000 (29.6%) higher than at the beginning of the fiscal year, and our working capital ratio decreased to 2.6 to 1 at October 30, 2020, compared to 2.7 to 1 at November 1, 2019. The increase in working capital was mainly due to refundable income taxes of approximately \$9,517,000 as a result of the enactment of the CARES Act which allowed for carryback of net operating losses to higher tax rate periods. We did not contribute toward our defined benefit pension plan during the 2020 fiscal year. The defined benefit plan was frozen in the 3rd quarter of 2006 and replaced with a 401(k) defined contribution plan.

We maintain a line of credit with Wells Fargo Bank which was increased to \$15,000,000 on February 15, 2021 with an unused commitment fee of 0.25% of the available loan amount. The amended line of credit expires March 1, 2022. The Company borrowed \$4,500,000 under this line of credit during fiscal 2020 and had no borrowings outstanding as of October 30, 2020. The Company borrowed an additional \$2,000,000 under the line of credit on December 2, 2020.

On December 26, 2018, we entered into a master collateral loan and security agreement with Wells Fargo Bank, N.A. (the "Original Wells Fargo Loan Agreement") for equipment financing (as amended) to expand our Chicago facility. Pursuant to the Original Wells Fargo Loan Agreement, we borrowed a total of \$33,450,000 over several years through April 17, 2020. All these equipment loans are payable over 7 years. The outstanding balance of these loans was \$29,122,000 at October 30, 2020. Shareholders' equity totaled \$71,246,000, an increase of \$4,762,000 (7.2%) compared to the end of the prior year. Net income from operations before taxes was \$5,130,000 for the fiscal year ended October 30, 2020.

Our frozen defined benefit pension plan recognized a loss of \$5,208,000 in Shareholders' equity. This loss resulted primarily from a decrease in the Citigroup Pension Liability Index from 3.00% in fiscal year 2019 to 2.45% in fiscal year 2020. This rate is used to compute the present value of our defined benefit pension obligations.

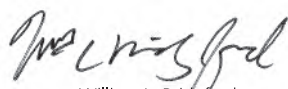
We did not repurchase any shares of the Company's common stock during 2020. Approximately 120,000 shares of the Company's common stock remain available for repurchase under the 2 million share repurchase plan previously authorized by the Board of Directors. Shareholders' equity per share was \$7.85 at October 30, 2020 compared to \$7.32 at November 1, 2019.

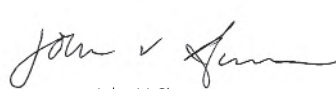
Management assessed the effectiveness of the Company's internal control over financial reporting for the fiscal year ended October 30, 2020. We believe our control systems remain effective. Management's Report on Internal Controls over Financial Reporting is included in the Form 10-K report. No significant weaknesses in internal accounting control, to the extent identified, were unresolved at the conclusion of the 2020 fiscal year.

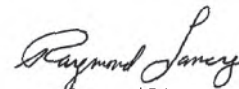
### SUMMARY

The relationships between Bridgford Foods Corporation and our wonderful customers and associates have never been more evident than during this tumultuous year. Whether it was in areas that thrived like our Meat Snack Division, or that struggled some as our foodservice bread business did, together we managed to find ways to respond to the challenges that we all faced in 2020. Constantly changing mandates and regulations from national, state, and local governmental entities have kept us nimble. As we take on 2021, we are cautiously optimistic that we have weathered the worst of this crisis, and we hope that a year from now we are reporting on our success in adapting to a robust, recovering business climate. Thank you all for your support during a year we will never forget!

Respectfully,

  
William L. Bridgford  
Chairman

  
John V. Simmons  
President

  
Raymond F. Lancy  
Chief Financial Officer

February 15, 2021

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

**FORM 10-K**

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

For the fiscal year ended October 30, 2020

Commission file number: 000-02396



**BRIDGFORD FOODS CORPORATION**

(Exact name of Registrant as specified in its charter)

**California**  
(State of incorporation)

**95-1778176**  
(I.R.S. Employer Identification No.)

**1308 North Patt Street**  
**Anaheim, California 92801**  
(Address of principal executive offices)  
**(714) 526-5533**  
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BRID	Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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. (Check one):

Large accelerated filer ☐

Non-accelerated filer ☒

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 Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation of the effectiveness of its internal control over financial reporting under Section 404(b) of Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by registered public accounting firm that prepared or issued its audit report ☐

The aggregate market value of voting stock held by non-affiliates of the registrant on April 17, 2020 was \$30,843,000.

As of January 15, 2021, there were 9,076,832 shares of common stock outstanding.

Portions of the registrant's Proxy Statement for the registrant's Annual Meeting of Shareholders to be held March 10, 2021 (the "Proxy Statement") are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.



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## PART I

### Item 1. Business (dollars in thousands)

*This Annual Report on Form 10-K (this “Report”) contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and Bridgford Foods Corporation intends that such forward-looking statements be subject to the safe harbors created thereby. Readers are cautioned that such statements, which may be identified by words including “anticipates,” “believes,” “intends,” “estimates,” “expects,” and similar expressions, are only predictions or estimations and are subject to known and unknown risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding the following: general economic and business conditions; the impact of competitive products and pricing; success of operating initiatives; development and operating costs; advertising and promotional efforts; adverse publicity; acceptance of new product offerings; consumer trial and frequency; changes in business strategy or development plans; availability, terms and deployment of capital; availability of qualified personnel; commodity, labor, and employee benefit costs; changes in, or failure to comply with, government regulations; weather conditions; construction schedules; relationships with customers and suppliers; statements regarding the anticipated impact of the COVID-19 pandemic; and other factors referenced in this Report.*

*The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions regarding our business, which involve judgments with respect to, among other things, future economic and competitive conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, actual results may differ materially from those set forth in the forward-looking statements. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as representation by us or any other person that the objectives or plans of our company will be achieved. The forward-looking statements contained herein speak as of the date of this Report and we undertake no obligation to update such statements after the date hereof.*

### **COVID-19**

We are monitoring and responding to the evolving nature of state and local government actions related to the global novel coronavirus (“COVID-19”) pandemic and its impact on each of our production plant locations as well as our customer base. We coordinate with our local managers for the primary purpose of protecting the health and safety of our team members, ensuring our ability to operate our processing facilities and maintaining the liquidity of our business. We are experiencing multiple challenges related to the pandemic. These challenges increased our operating costs and negatively impacted our volumes during fiscal year 2020 and may continue to do so into fiscal year 2021.

Operationally, we have faced temporary idling of production facilities to ensure team member safety. As a result, we have experienced lower levels of productivity and higher costs of production. This will likely continue at least for the short term until the effects of the pandemic diminish. Both of our business segments have experienced a shift in demand from foodservice to retail. In our Frozen Food Products segment, the volume increases in retail have not been sufficient to offset the losses in foodservice and as a result, we expect continued decreased volume into fiscal year 2021 in this segment. Our Snack Food Products segment has experienced significant volume increases in the short-term.

- **Team Members** – The health and safety of our team members is our top priority. To protect our team members, we have implemented safety measures recommended by the Centers for Disease Control and Prevention (“CDC”) and the Occupational Safety and Health Administration (“OSHA”) in our facilities and have employed social distancing, temperature checks of team members, increased efforts to deep clean and sanitize facilities, the use of protective face coverings in certain environments and making protective face coverings and other protective equipment available to team members. We encourage team members who feel sick to stay at home and provide relaxed attendance policies in some instances. We continue to explore and implement additional ways to promote social distancing in our production facilities by creating additional breakroom space and allowing extra time between shifts to reduce interaction of team members, as well as erecting dividers between workstations or increasing the space between workers on the production floor.

- **Customers and Production** – The most significant impact from business shutdowns relates to channel shifts and lower production in our Frozen Food Products segment. We are committed to doing our best to ensure the continuity of our business and the availability of our products to customers. We have seen a shift in demand from our foodservice to our retail sales channels as schools and in-dining restaurants have closed across the country. Our production capabilities, including our large scale and geographic proximities, allow us to adapt some of our facilities to the changing demand by shifting certain amounts of production from foodservice to retail. Not all of our facilities can be modified and as a result we expect a net negative impact on our foodservice volumes into fiscal year 2021. In addition, our production facilities are experiencing varying levels of production impacts, including reduced volumes, worker absenteeism and temporary COVID-19-related closures at some of our production facilities. Additionally, we are anticipating the temporary idling of certain production lines that service the foodservice channel as we balance the shifting demand between foodservice and retail sales channels.

- **Supply Chain** – Our supply chain has stayed largely intact. Although we have experienced some minor disruptions, these events have not significantly impacted our production to date. We have experienced volatility in commodity inputs, in part due to impacts caused by COVID-19 related business disruptions, and we expect this volatility to continue, which may impact our future input costs.

On April 28, 2020, President Trump issued an Executive Order stating the importance of the continued operation of meat and poultry processing facilities and directing the Secretary of Agriculture to issue rules and orders to ensure the continued supply of meat and poultry, consistent with the guidance for the operations of meat and poultry processing facilities jointly issued by the CDC and OSHA.

- **Insurance and CARES Act** – Although we maintain insurance policies for various risks, we believe most COVID-19 impacts will not be covered by these policies. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferral of the employer portion of social security payments, and expanded income tax net operating loss carryback provisions. While we continue to examine the potential impacts of these actions, we anticipate new regulations related to federal income tax will have a significant impact on our financial statements and cash flow. Late in the second quarter of fiscal 2020 we began implementing the deferral of the employer portion of social security payments and intend to continue this deferral for the duration of its availability which will have a favorable impact on short-term liquidity. The deferral amount as of October 30, 2020 will be approximately \$1,103. We did not utilize the refundable payroll tax credit provision.

- **Liquidity** – Operations provided \$9,914 in operating cash flows during the fifty-two weeks ended October 30, 2020. As of that date we had approximately \$42,774 of net working capital, which included availability under our revolving line of credit and \$4,302 of cash and cash equivalents. We have \$4,430 of current debt. Combined with the cash expected to be generated from the Company’s operations, income tax refunds and deferral of social security taxes, we anticipate that we will maintain sufficient liquidity to operate our business into fiscal year 2021 and for completion of the major plant expansion in Chicago, Illinois. We will continue to monitor the impact of COVID-19 on our liquidity and, if necessary, take action to preserve liquidity and ensure that our business can operate during these uncertain times.

## Background of Business

Bridgford Foods Corporation (collectively with its subsidiaries, “Bridgford”, the “Company”, “we”, “our”), a California corporation, was organized in 1952. We originally began operations in 1932 as a retail meat market in San Diego, California and evolved into a meat wholesaler for hotels and restaurants, a distributor of frozen food products, a processor and packer of meat, and a manufacturer and distributor of frozen food products for sale on a retail and wholesale basis. Currently, we are primarily engaged in the manufacturing, marketing and distribution of an extensive line of frozen and snack food products throughout the United States. We have not been involved in any bankruptcy, receivership, or similar proceedings since inception nor have we been party to any merger, acquisition, etc. or acquired or disposed of any material amounts of assets during the past five years other than those discussed in Item 7 of this Report. Substantially all of our assets have been acquired in the ordinary course of business.

## Description of Business

Bridgford currently operates in two business segments - the processing and distribution of frozen food products and the processing and distribution of snack food products. For information regarding the separate financial performance of the business segments refer to Note 7 of the Notes to Consolidated Financial Statements included in this Report.

The following table shows sales, as a percentage of consolidated sales, for each business segment during the last two fiscal years:

	2020	2019
Frozen Food Products	21%	27%
Snack Food Products	79%	73%
	100%	100%

We manufacture nearly all of our food products and distribute an extensive line of biscuits, bread dough items, roll dough items, dry sausage products and beef jerky. Our direct store delivery network consists of non-refrigerated snack food products. Our frozen food products division serves both food service and retail customers.

Although we have recently introduced several new products, most of these products have not contributed significantly to our revenue growth for fiscal year 2020 with the exception of smokehouse sausage sticks introduced in the second quarter of fiscal year 2018. Our sales are not subject to material seasonal variations. Historically we have been able to respond quickly to the receipt of orders and, accordingly, do not maintain a significant sales backlog. Neither Bridgford nor its industry generally has unusual demands or restrictions on working capital items. During the last fiscal year, we did not enter into any new markets or any significant contractual or other material relationships other than the March 16, 2020 Purchase and Sale Agreement with CRG Acquisition, LLC (“CRG”) and amendments thereto on each of April 10, 2020, June 1, 2020 and November 2, 2020. Refer to Note 1 – Subsequent Events of Notes to Consolidated Financial Statements included in this Report for further information.

## Availability of SEC Filings and Code of Conduct on Internet Website

We maintain an Internet website at [www.bridgford.com](http://www.bridgford.com). Available on this website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments thereto as well as, and reports filed under Section 16 of the Securities Exchange Act of 1934 filed with the Securities and Exchange Commission. Our Code of Conduct is also available on the website.

## **Product Distribution Methods**

Our products are delivered to customers using several distinct distribution channels. The distribution channel utilized is dependent upon the needs of our customers, the most efficient proximity to the delivery point, trade customs, and operating segment as well as product type, life and stability. Among our customers are many of the country's largest broadline and specialty food service distributors. These and other large end purchasers occasionally go through extensive qualification procedures and our manufacturing capabilities are subjected to thorough review by the end purchasers prior to our approval as a vendor. Large end purchasers typically select suppliers that can consistently meet increased volume requirements on a national basis during peak promotional periods. We believe that our manufacturing flexibility, national presence, and long-standing customer relationships should allow us to compete effectively with other manufacturers seeking to provide similar products to our current large food service end purchasers, although no assurances can be given.

The factors that contribute to higher or lower margins generated from each method of distribution depend upon the accepted selling price, level of involvement by our employees in setting up and maintaining displays, distance traveled, and fuel consumed by our company-owned fleet as well as freight and shipping costs depending on the distance the product travels to the delivery point. Management is continually evaluating the profitability of product delivery methods, analyzing alternate methods and weighing economic inputs to determine the most efficient and cost-effective method of delivery to fulfill the needs of our customers.

## **Major Product Classes**

### **Frozen Food Products**

Our frozen food products division serves both food service and retail customers. We sell approximately 140 unique frozen food products through approximately 1,100 wholesalers, cooperatives and distributors.

#### **Frozen Food Products – Food Service Customers**

The food service industry is composed of establishments that serve food outside the home and includes restaurants, the food operations of health care providers, schools, hotels, resorts, corporations, and other traditional and non-traditional food service outlets. Growth in this industry has been driven by the increase in away-from-home meal preparation, which has accompanied the expanding number of both dual income and single-parent households. Another trend within the food service industry is the growth in the number of non-traditional food service outlets such as convenience stores, retail stores and supermarkets. These non-traditional locations often lack extensive cooking, storage, or preparation facilities resulting in a need for pre-cooked and prepared foods similar to those we provide. The expansion in the food service industry has also been accompanied by the continued consolidation and growth of broadline and specialty food service distributors, many of which are long-standing customers. Orders from food service customers have decreased as schools and in-dining restaurants have closed across the United States in response to the COVID-19 pandemic.

#### **Frozen Food Products – Retail Customers**

The majority of our existing and targeted retail customers are involved in the resale of branded and private label packaged foods. The same trends which have contributed to the increase in away-from-home meal preparation have also fueled the growth in easy to prepare, microwaveable frozen and refrigerated convenience foods. Among the fastest growing segments is the frozen and refrigerated hand-held foods market. This growth has been driven by improved product quality and variety and the increasing need for inexpensive and healthy food items that require minimal preparation. Despite rapid growth, many categories of frozen and refrigerated hand-held foods have achieved minimal household penetration. We believe we have been successful in establishing and maintaining supply relationships with certain selected leading retailers in this market. Demand from retail customers has increased as consumers opt to buy food from retail establishments for home consumption in response to the COVID-19 pandemic.

#### **Frozen Food Products – Sales and Marketing**

Our frozen food business covers the United States. Products produced by the Frozen Food Products segment are generally supplied to food service and retail distributors who take title to the product upon shipment receipt through company leased long-haul vehicles. In addition to regional sales managers, we maintain a network of independent food service and retail brokers covering most of the United States. Brokers are compensated on a commission basis. We believe that our broker relationships, in close cooperation with our regional sales managers, are a valuable asset providing significant new product and customer opportunities. Regional sales managers perform several significant functions for us, including identifying and developing new business opportunities and providing customer service and support to our distributors and end purchasers through the effective use of our broker network.

Our annual advertising expenditures are directed towards retail and institutional customers. These customers participate in various special promotional and marketing programs and direct advertising allowances we sponsor. We also invest in general consumer advertising in various newspapers, periodicals and coupons to advertise in major markets. We direct advertising toward food service customers with campaigns in major industry publications and through our participation in trade shows throughout the United States. Our advertising strategy includes our presence on social media and online distribution of promotional material.

## **Snack Food Products**

During fiscal year 2020, our snack food products division sold approximately 130 different items through customer-owned distribution centers and a direct-store-delivery network serving approximately 17,000 supermarkets, mass merchandise and convenience retail stores located in 49 states.

Products produced or distributed by the Snack Food Products segment are supplied to customers through either direct delivery to customer warehouses or direct-store-delivery to retail locations. We utilize customer managed warehouse distribution centers to lower distribution cost. Product delivered to the customer's warehouse is then distributed to the store where it is resold to the end consumer. Our direct-store-delivery system focus emphasizes high quality service of our premium branded product to our customers. We also provide the service of setting up and maintaining the display and restocking our products.

### **Snack Food Products — Customers**

Our customers are comprised of large retail chains and smaller "independent" operators. This part of our business is highly competitive. Proper placement of our product lines is critical to selling success since most items could be considered "impulse" items which are often consumed shortly after purchase. Our ability to sell successfully to this distribution channel depends on aggressive marketing and maintaining relationships with key buyers.

### **Snack Food Products — Sales and Marketing**

Snack food products are distributed across the United States. Regional sales managers perform several significant functions including identifying and developing new business opportunities and providing customer service and support to our customers. We also utilize the services of brokers, where appropriate, to support efficient product distribution and customer satisfaction. We sponsor a fishing team which participates at the highest levels of both the FLW and B.A.S.S. tours.

### **Product Planning and Research and Development**

We continually monitor the consumer acceptance of each product within our extensive product line. Individual products are regularly added to and deleted from our product line. Historically, the addition or deletion of any individual product has not had a material effect on our operations in such fiscal year. We believe that a key factor in the success of our products is our system of carefully targeted research and testing of our products to ensure high quality and that each product matches an identified market opportunity. The emphasis in new product introductions in the past several years has been in single-serve items. We are constantly searching to develop new products to complement our existing product lines and improve processing techniques and formulas. We utilize an in-house test kitchen and consultants to research and experiment with unique food preparation methods, improve quality control and analyze new ingredient mixtures.

### **Competition**

Our products are sold under highly competitive conditions. All food products can be considered competitive with other food products, but we consider our principal competitors to include national, regional and local producers and distributors of refrigerated, frozen and non-refrigerated snack food products. Several of our competitors include large companies with substantially greater financial and marketing resources than ours. Existing competitors may broaden their product lines and potential competitors may enter or increase their focus on our markets, resulting in greater competition for us. We believe that our products compete favorably with those of our competitors. Such competitors' products compete against ours for retail shelf space, institutional distribution and customer preference.

### **Effect of Government Regulations**

Our operations are subject to extensive inspection and regulation by the United States Department of Agriculture (the "USDA"), the Food and Drug Administration (the "FDA"), and by other federal, state, and local authorities regarding the processing, packaging, storage, transportation, distribution, and labeling of products that we manufacture, produce and process. Our processing facilities and products are subject to continuous inspection by the USDA and/or other federal, state, and local authorities. The USDA has issued strict regulations concerning the control of listeria monocytogenes in ready-to-eat meat and poultry products and contamination by food borne pathogens such as E. coli and salmonella and implemented a system of regulation known as the Hazard Analysis Critical Control Points ("HACCP") program. The HACCP program requires all meat and poultry processing plants to develop and implement sanitary operating procedures and other program requirements. The U.S. Occupational Safety and Health Administration ("OSHA") oversees safety compliance and establishes certain employer responsibilities to help "assure safe and healthful working conditions" and keep the workplace free of recognized hazards or practices likely to cause death or serious injury. We believe that we are currently in compliance with governmental laws and regulations and that we maintain the necessary permits and licenses relating to our operations.

To date, federal, state, and local environmental laws and regulations, including those relating to the discharge of materials into the environment, have not had a material effect on our business.



## Importance of Key Customers

Sales to Wal-Mart® comprised 36.9% of revenues in fiscal year 2020 and 19.8% of total accounts receivable was due from Wal-Mart® as of October 30, 2020. Sales to Wal-Mart® comprised 35.7% of revenues in fiscal year 2019 and 31.9% of total accounts receivable was due from Wal-Mart® as of November 1, 2019. Sales to Dollar General® comprised 13.6% of revenues in fiscal year 2020 and 31.1% of total accounts receivable was due from Dollar General® as of October 30, 2020. Sales to Dollar General® comprised 11.1% of revenues in fiscal year 2019 and 21.7% of total accounts receivable was due from Dollar General® as of November 1, 2019.

## Sources and Availability of Raw Materials

We purchase large quantities of pork, beef, and flour. These ingredients are generally available from a number of different suppliers although the availability of these ingredients is subject to seasonal variation. We build ingredient inventories to take advantage of downward trends in seasonal prices or anticipated supply limitations.

Most flour purchases are made at market price without contracts. We also purchase bulk flour under short-term fixed price contracts at current market prices. The contracts are usually effective for a month or less and are not material to our operations. These contracts are settled within a month's time and no significant contracts remain open at the close of the reporting period. We monitor and manage our ingredient costs to help negate volatile daily swings in market prices when possible. We do not participate in the commodity futures market or hedging to limit commodity exposure.

We continue to monitor the development of the COVID-19 pandemic and its impact on our operations including our supply chain and labor force. The pandemic could potentially cause disruptions to our supply chain. Global supply may be restricted causing price pressure on certain ingredients and raw materials used in our products which could disrupt our operations. We are unable to accurately predict the uncertainties related to the future course of the COVID-19 pandemic including overall economic stability, the spread, length and severity of the virus and any future governmental actions.

## Employees

We had 563 employees as of October 30, 2020, approximately 35% of whose employment relationship is governed by collective bargaining agreements. These agreements currently expire between March 2022 and February 2024. We believe that our relationship with all of our employees is favorable and that contracts will be settled favorably.

## Executive Officers of the Registrant

The names, ages, and positions of all our executive officers as of January 15, 2021 are listed below. William L. Bridgford is the nephew of Allan L. Bridgford. Officers are normally appointed annually by the Board of Directors at their meeting immediately following the annual meeting of shareholders. Three executive officers are full-time employees of our company. Allan L. Bridgford worked 50% of full time during fiscal year 2020. There are no agreements or understandings pursuant to which any of the executive officers was or is selected to serve as an executive officer.

<u>Name</u>	<u>Age</u>	<u>Position(s) with our company</u>
Allan L. Bridgford	85	Vice President and Chairman of the Executive Committee
William L. Bridgford	66	Chairman and member of the Executive Committee
John V. Simmons	65	President and member of the Executive Committee
Raymond F. Lancy	67	Chief Financial Officer, Executive Vice President, Treasurer and member of the Executive Committee

## Item 1A. Risk Factors

In addition to the other matters set forth in this Report, the continuing operations and the price of our common stock are subject to the following risks, each of which could materially adversely affect our business, financial condition, and results of operations. The risks described below are only the risks that we currently believe are material to our business. However, additional risks not presently known, or risks that are currently believed to be immaterial, may also impair our business operations.

**We are subject to general risks in the food industry, including, among other things, risk relating to changes in consumer preferences and product contamination as well as general economic conditions, any of which risks, if realized, could negatively impact our operating results and financial position.**

The food industry, and the markets within the food industry in which we compete, are subject to various risks, including the following: evolving consumer preferences, nutritional and health-related concerns, federal, state and local food inspection and processing controls, consumer product liability claims, risks of product tampering, and the availability and expense of liability insurance. The meat and poultry industries are subject to scrutiny due to the association of meat and poultry products with recent outbreaks of illness, and on rare occasions even death, caused by food borne pathogens. Product recalls are sometimes required in the food industry to withdraw contaminated or mislabeled products from the market. Additionally, the failure to identify and react appropriately to changes in consumer trends, demands and preferences could lead to, among other things, reduced demand and price reduction for our products. Further, we may be adversely affected by changes in domestic or foreign economic conditions, including inflation or deflation, interest rates, availability of capital markets, consumer spending rates, and energy availability and costs (including fuel surcharges). These and other general risks related to the food industry, if realized by us, could have a significant adverse effect on demand for our products, as well as the costs and availability of raw materials, ingredients and packaging materials, thereby negatively affecting our operating results and financial position.

**Fluctuations in the prices that we pay for raw materials could negatively impact our financial results.**

We purchase large quantities of commodity pork, beef and flour. Historically, market prices for products we process have fluctuated in response to a number of factors, including changes in the United States government farm support programs, changes in international agricultural and trading policies, weather, and other conditions during the growing and harvesting seasons. Our operating results are heavily dependent upon the prices paid for raw materials. The marketing of our value-added products does not lend itself to instantaneous changes in selling prices. Changes in selling prices are relatively infrequent and do not compare with the volatility of commodity markets. While fluctuations in significant cost structure components, such as ingredient commodities and fuel prices, have had a significant impact on profitability over the last three years, the impact of general price inflation on our financial position and results of operations has not been significant. Future volatility of general price inflation or deflation and raw material cost and availability could adversely affect our financial results.

**We are subject to extensive government regulations and a failure to comply with such regulations could negatively impact our financial results.**

Our operations are subject to extensive inspection and regulation by the USDA, FDA and by other federal, state, and local authorities regarding the processing, packaging, storage, transportation, distribution, and labeling of products that are manufactured, produced and processed by us. Our processing facilities and products are subject to continuous inspection by the USDA and/or other federal, state, and local authorities. The USDA has issued strict regulations concerning the control of listeria monocytogenes in ready-to-eat meat and poultry products and contamination by food borne pathogens such as E. coli and salmonella and implemented a system of regulation known as the HACCP program. The HACCP program requires all meat and poultry processing plants to develop and implement sanitary operating procedures and other program requirements. OSHA oversees safety compliance and establishes certain employer responsibilities to help “assure safe and healthful working conditions” and keep the workplace free of recognized hazards or practices likely to cause death or serious injury. We believe that we are currently in compliance with governmental laws and regulations and that we maintain necessary permits and licenses relating to our operations.

A failure to obtain or a loss of necessary permits and licenses could delay or prevent us from meeting current product demand and could adversely affect our operating performance. Furthermore, we are routinely subject to new or modified laws, regulations and accounting standards. If found to be out of compliance with applicable laws and regulations in these or other areas, we could be subject to civil remedies, including fines, injunctions, recalls, or asset seizures, as well as potential criminal sanctions, any of which could have a significant adverse effect on our financial results.

**We depend on our key management, the loss of which could negatively impact our operations.**

Our executive officers and certain other key employees have been primarily responsible for the development and expansion of our business, and the loss of the services of one or more of these individuals could adversely affect us. Our success will be dependent in part upon our continued ability to recruit, motivate, and retain qualified personnel. We cannot assure that we will be successful in this regard. We have no employment or non-competition agreements with key personnel except for a consulting agreement with Allan L. Bridgford that is effective after his retirement from employment with our company.

**We depend on our major customers and any loss of such customers could have a negative impact on our profitability.**

We could suffer significant reductions in revenues and operating income if we lost one or more of our largest customers, including Wal-Mart® and Dollar General®, which accounted for 36.9% and 13.6%, respectively, of sales in fiscal year 2020. Many of our customers, such as supermarkets, warehouse clubs, and food distributors have consolidated in recent years. Such consolidation has produced large, sophisticated customers with increased buying power who are more capable of operating with reduced inventories while demanding lower pricing and increased promotional programs. These customers also may use their shelf space for their own private label products. Failure to respond to these trends could reduce our volume and cause us to lower prices or increase promotional spending for our product lines which could adversely affect our profitability.

**With more than 80% of our stock beneficially owned by the Bridgford family, there are risks that they can exert significant influence or control over our corporate matters.**

Members of the Bridgford family beneficially own, in the aggregate, more than 80% of our outstanding stock. In addition, two members of the Bridgford family currently serve on the Board of Directors. As a result, members of the Bridgford family have the ability to exert substantial influence or actual control over our management and affairs and over substantially all matters requiring action by our shareholders, including amendments to by-laws, election and removal of directors, any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions. This concentration of ownership may also delay or prevent a change in control otherwise favored by our other shareholders and could depress our stock price. Additionally, as a result of the Bridgford family’s significant ownership of the outstanding voting stock, we have relied on the “controlled company” exemption from certain corporate governance requirements of the NASDAQ stock market. Therefore, among other things, we have elected not to implement the rule that provides for a nominating committee to identify and recommend nominees to the Board of Directors and have instead elected to have the full Board of Directors perform such function. Additionally, pursuant to this exemption, our compensation committee, which is made up of independent directors, does not have sole authority to determine the compensation of our executive officers, including our Chairman of the Board.

**We participate in Multiemployer Pension Plans which could negatively impact our operations and profitability.**

We participate in “multiemployer” pension plans administered by labor unions on behalf of their employees. We make monthly contributions for healthcare and pension benefit obligations. The contribution amount may change depending upon the ability of participating companies to fund these pension liabilities as well as the actual and expected returns on pension plan assets. Should we withdraw from the union and cease participation in a union plan, federal law could impose a penalty for additional contributions to the plan. The penalty would be recorded as an expense in the consolidated statement of operations. The ultimate amount of the withdrawal liability is dependent upon several factors including the funded status of the plan and contributions made by other participating companies. We continue to participate in other multiemployer union plans. In the event of a full or partial withdrawal from these plans, the impact to our financial statements could be material.

**Eminent domain and land risk regulations could negatively impact our financial results and financial position.**

We own real property on which we operate our processing and/or our distribution operations. As is the case with any owner of real property, we may be subject to eminent domain proceedings that can impact the value of investments we have made in real property as well as potentially disrupt our business operations. If subject to eminent domain proceedings or other government takings, we may not be adequately compensated.

**The COVID-19 pandemic could negatively impact our operations and financial condition.**

We have considered the impact of federal, state and local government actions related to the global novel coronavirus pandemic (“COVID-19” or “pandemic”) on our condensed consolidated financial statements. The business disruptions associated with the pandemic had a significant negative impact on our consolidated condensed financial statements for the fiscal year ended October 30, 2020. We expect these events to have future business impacts, the extent of which is uncertain and largely subject to whether the severity worsens, or the duration of current business shutdowns continue. These impacts could include but may not be limited to risks and uncertainty related to shifts in demand between sales channels, market volatility, constraints in our supply chain, our ability to operate production facilities and worker availability. These unknowns may subject the Company to future risks related to long-lived asset impairments, increased reserves for uncollectible accounts, price and availability of ingredients and raw materials used in our products and adjustments to reflect the market value of our inventory.

**Item 1B. Unresolved Staff Comments**

Not applicable.

**Item 2. Properties**

We own the following properties:

<b>Property Location</b>	<b>Building Square Footage</b>	<b>Acreage</b>
Anaheim, California *	100,000	5.0
Dallas, Texas *	94,000	4.0
Dallas, Texas *	30,000	2.0
Dallas, Texas *	16,000	1.0
Dallas, Texas *	3,200	1.5
Statesville, North Carolina *	42,000	8.0
Chicago, Illinois ** (1)	156,000	1.5
Chicago, Illinois **	177,000	8.0

\* - property used by Frozen Food Products Segment.

\*\* - property used by Snack Food Products Segment.

(1) - sale pending.

We utilize the foregoing properties for processing, warehousing, distributing and administrative purposes. We also lease warehouse and/or office facilities throughout the United States through month-to-month rental agreements. We believe that our properties are generally adequate to satisfy our foreseeable needs. Additional properties may be acquired and/or plants expanded if favorable opportunities and conditions arise.

***Item 3. Legal Proceedings***

No material legal proceedings were pending against us as of October 30, 2020 or as of the date of filing of this Report. We are likely to be subject to claims arising from time to time in the ordinary course of our business. In certain of such actions, plaintiffs may request punitive or other damages that may not be covered by insurance and, accordingly, no assurance can be given with respect to the ultimate outcome of any such possible future claims or litigation or their effect on us. Any adverse litigation trends and outcomes could significantly and negatively affect our financial results.

***Item 4. Mine Safety Disclosures***

Not applicable.

## PART II

### **Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

#### **Common Stock and Dividend Data**

Our common stock is traded on the Nasdaq Global Market under the symbol “BRID”.

As of January 12, 2021, there were 718 shareholders of record in our common stock.

The payment of future dividends, if any, will be at the discretion of our Board of Directors and will depend upon future earnings, financial requirements, and other factors.

#### **Unregistered Sales of Equity Securities**

During the period covered by this Report, we did not sell or issue any equity securities that were not registered under the Securities Act of 1933, as amended.

#### **Repurchases of Equity Securities by the Issuer**

During fiscal year 2020, we did not repurchase any shares of our common stock pursuant to our stock repurchase program previously authorized by the Board of Directors. The following table provides information regarding our repurchases of common stock in each of the four periods comprising the fourth quarter of fiscal year 2020.

<b>Period (1)</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs (2)</b>	<b>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)</b>
July 11, 2020 – August 7, 2020	-	\$ -	-	120,113
August 8, 2020 – September 4, 2020	-	-	-	120,113
September 5, 2020 – October 2, 2020	-	-	-	120,113
October 3, 2020 – October 30, 2020	-	-	-	120,113
<b>Total</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	

- (1) The periods shown are our fiscal periods during the sixteen-week quarter ended October 30, 2020.
- (2) All repurchases reflected in the foregoing table were made on the open market. Our stock repurchase program was approved by the Board of Directors in November 1999 (1,500,000 shares authorized, disclosed in a Form 10-K filed on January 26, 2000) and was expanded in June 2005 (500,000 additional shares authorized, disclosed in a press release and Form 8-K filed on June 17, 2005). Under the stock repurchase program, we are authorized, at the discretion of management and the Board of Directors, to purchase up to an aggregate of 2,000,000 shares of our common stock on the open market. Such purchases of common stock may occur from time to time, in open market transactions pursuant to Rule 10b-18 of the Exchange Act. The daily purchase quantity is defined as a number of shares up to, but not to exceed, each day’s applicable Rule 10b-18 maximum volume limit (i.e. 25% of the prior four calendar weeks’ average daily trading volume); however, once per week a block of stock may be purchased that exceeds the Rule 10b-18 average daily trading volume condition. As of October 30, 2020, the total maximum number of shares that may be purchased under the Purchase Plan is 120,113 at a purchase price not to exceed \$10.00 per share for a total maximum aggregate price (exclusive of commission) of \$1,201,130. However, our agreement with Citigroup lapsed on its own (by its terms) on October 14, 2019.

### **Item 6. Selected Financial Data**

Not applicable for a smaller reporting company.



## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

For a complete understanding, this Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements contained in this Report.

Certain statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Report constitute "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934 (refer to Part I., Item 1. Business for more information).

### **Results of Operations (in thousands except percentages)**

#### ***Fiscal Year Ended October 30, 2020 (52 weeks) Compared to Fiscal Year Ended November 1, 2019 (52 weeks)***

##### **Net Sales-Consolidated**

Net sales in fiscal year 2020 increased \$9,185 (4.9%) when compared to the prior fiscal year. The changes in net sales were comprised as follows:

<b>Impact on Net Sales-Consolidated</b>	<b>%</b>	<b>\$</b>
Selling price per pound	-1.0	(2,068)
Unit sales volume in pounds	5.3	10,697
Returns activity	0.5	883
Promotional activity	0.1	(327)
Increase in net sales	4.9	9,185

##### **Net Sales-Frozen Food Products Segment**

Net sales in the Frozen Food Products segment in fiscal year 2020 decreased \$9,993 (19.5%) compared to the prior fiscal year. The changes in net sales were comprised as follows:

<b>Impact on Net Sales-Frozen Food Products</b>	<b>%</b>	<b>\$</b>
Selling price per pound	2.8	1,604
Unit sales volume in pounds	-23.5	(13,524)
Returns activity	-0.1	10
Promotional activity	1.3	1,917
Decrease in net sales	-19.5	(9,993)

The decrease in net sales in fiscal year 2020 was attributable to lower unit sales volume partially offset by a higher selling price per pound. The decrease in net sales was primarily driven by a significant decrease in volume in our shelf-stable sandwich business to institutional customers partially offset by an increase in selling prices implemented in the first quarter of fiscal year 2019. Other institutional Frozen Food Product sales, including sheet dough and rolls, decreased 29% by volume while retail sales volume increased 38%. During fiscal year 2020, demand shifted from foodservice to retail sales channels as schools and in-dining restaurants closed across the United States in response to the COVID-19 pandemic. Returns activity increased compared to the prior fiscal year. Promotional activity decreased due to lower bid price reductions, rebates and menu allowances as a percentage of sales.

##### **Net Sales-Snack Food Products Segment**

Net sales in the Snack Food Products segment in fiscal year 2020 increased \$19,178 (13.9%) compared to the prior fiscal year. The changes in net sales were comprised as follows:

<b>Impact on Net Sales-Snack Food Products</b>	<b>%</b>	<b>\$</b>
Selling price per pound	-2.5	(3,671)
Unit sales volume in pounds	16.6	24,222
Returns activity	0.8	873
Promotional activity	-1.0	(2,246)
Increase in net sales	13.9	19,178

The increase in net sales in fiscal year 2020 was attributable to higher sales through our direct store delivery distribution channel. The weighted average selling price per pound decreased due to significant volume increases in high volume, low margin accounts. Promotional offers increased due to higher sales to high-volume, high-promotion customers. Returns activity decreased slightly compared to the 2019 fiscal year.

### **Cost of Products Sold and Gross Margin-Consolidated**

Cost of products sold from continuing operations increased by \$11,331 (8.9%) compared to the prior fiscal year. Higher unit sales volume in the Snack Food Products segment was the primary contributing factor to the increase in cost of products sold. Gross overhead spending decreased but was offset by significant increases in commodity costs, higher production labor and higher inbound freight costs. Costs related to an additional production facility completed at the end of fiscal year 2020 also increased overhead expenses. An increase in commodity costs during fiscal year 2020 contributed to the increase in cost of goods sold. The gross margin decreased from 32.7% to 30.1% during fiscal year 2020 compared to the prior fiscal year.

<b>Change in Cost of Products Sold by Segment</b>	<b>\$</b>	<b>%</b>	<b>Commodity \$ Increase</b>
Frozen Food Products Segment	(5,757)	-4.5	70
Snack Food Products Segment	17,088	13.4	3,815
Total	11,331	8.9	3,885

### **Cost of Products Sold and Gross Margin-Frozen Food Products Segment**

Cost of products sold in the Frozen Food Products segment decreased by \$5,757 (17.2%) in fiscal year 2020 compared to the prior fiscal year. Decreased volume and changes in product mix were the primary contributing factors to the decrease. Higher flour commodity costs of approximately \$70 partially offset the decrease in costs of goods sold. The gross margin percentage decreased from 34.7% to 32.9% during fiscal year 2020 compared to the prior fiscal year.

### **Cost of Products Sold and Gross Margin-Snack Food Products Segment**

Cost of products sold in the Snack Food Products segment increased by \$17,088 (18.2%) compared to the prior fiscal year due primarily to a substantial increase in sales volume. Meat commodity costs increased during fiscal year 2020 adding to the increase in cost of products sold. The cost of meat commodities increased approximately \$3,815 during fiscal year 2020 compared to the prior fiscal year. Higher depreciation on processing equipment impacted the cost of products sold. The gross margin earned in this segment decreased from 31.9% to 29.3% during fiscal year 2020 primarily as a result of higher commodity costs.

### **Selling, General and Administrative Expenses-Consolidated**

Selling, general and administrative expenses ("SG&A") in fiscal year 2020 increased \$1,609 (3.0%) when compared to the prior fiscal year. The increase in this category did not directly correspond to the change in sales.

The table below summarizes the primary expense variances in this category:

	<b>October 30, 2020 (52 Weeks)</b>	<b>November 1, 2019 (52 Weeks)</b>	<b>Expense Increase (Decrease)</b>
Healthcare costs	\$ 1,949	\$ 3,091	\$ (1,142)
Pension costs	1,333	232	1,101
Travel	1,649	2,397	(748)
Wages and bonus	24,079	23,399	680
Outside consulting	2,369	1,785	584
Product advertising	6,714	6,303	411
Outside storage	431	133	298
Cash surrender value gains	(906)	(666)	(240)
Vehicle repairs	1,018	795	223
Other SG&A	15,810	15,368	442
Total - SG&A	54,446	52,837	1,609

Healthcare benefit expense has decreased due to recent favorable claim activity compared to fiscal year 2019. The increase in pension expense was due to a higher unrecognized net loss compared to the prior year. Travel expenses decreased due to travel restrictions and stay-at-home orders in response to the COVID-19 pandemic. Higher labor commissions on increased sales resulted in higher wages and bonus expense in fiscal year 2020 compared to the prior year. Outside consulting costs increased due to higher real estate advisory services and other related legal fees. Costs for product advertising increased mainly as a result of higher payments under brand licensing agreements in the Snack Food Products segment during fiscal year 2020. Outside storage costs increased due to limited space at the new facility being used to warehouse products prior to shipment. The gain on cash surrender value of life insurance policies increased substantially due to higher stock market gains compared to fiscal year 2019. Vehicle repairs increased in the Snack Food Products segment. The major components comprising the increase of "Other SG&A" expenses were computer maintenance and utilities.

### **Selling, General and Administrative Expenses-Frozen Food Products Segment**

SG&A expenses in the Frozen Food Products segment decreased by \$2,301 (15.5%) to \$12,566 during fiscal year 2020 compared to the prior fiscal year. The overall decrease in SG&A expenses was due to lower unit sales volume, profit-sharing accruals and product advertising.

## **Selling, General and Administrative Expenses-Refrigerated and Snack Food Products Segment**

SG&A expenses in the Snack Food Products segment increased by \$3,910 (10.3%) to \$41,880 during fiscal year 2020 compared to the prior fiscal year. Most of the increase was due to higher unit sales volume partially offset by an allocated gain on cash surrender value of life insurance policies.

## **Gain or Loss on Sale of Property, Plant and Equipment**

The gain or loss during fiscal years 2020 and 2019 was due to ordinary gain or loss on disposal of assets.

## **Income Taxes**

The Company's effective income tax rate was -42.7% and 24.0% in fiscal years 2020 and 2019, respectively. The effective income tax rate differed from the applicable mixed statutory rate of approximately 26.4% due to the rate differential on our net operating loss carryback available under the CARES Act, non-deductible meals and entertainment, non-taxable gains and losses on life insurance policies and state income taxes. (Refer to Note 4 of Notes to the Consolidated Financial Statements for more information).

## **Liquidity and Capital Resources (in thousands except share amounts, percentages and ratios)**

The principal source of our operating cash flow is cash receipts from the sale of our products, net of costs to manufacture, store, market and deliver such products. We normally fund our operations from cash balances and cash flow generated from operations. We borrowed \$15,000 during fiscal year 2019 and \$18,450 during the first half of fiscal year 2020 to purchase specific equipment for our new Chicago processing facility. In addition, we borrowed \$4,500 under our line of credit with Wells Fargo Bank, N.A. during the first quarter of fiscal year 2020 to fund operations which was repaid in the third quarter of fiscal 2020. We borrowed \$2,000 under the line of credit subsequent to the end of fiscal year 2020 on December 2, 2020.

On March 16, 2020, we entered into a Purchase and Sale Agreement with CRG Acquisition, LLC ("CRG") as amended, pursuant to which we agreed to sell to CRG a parcel of land including an approximate 156,000 square foot four-story industrial food processing building located at 170 N. Green Street in Chicago, Illinois (the "Property"). Proceeds from the purchase price for the Property of \$60,000 are anticipated subject to a due diligence period and certain closing adjustments and prorations, and is conditioned upon, among other customary closing conditions, CRG receiving zoning and other governmental approvals necessary for the construction and development of a mixed use project on the Property in accordance with certain development plans to be approved by the City of Chicago. The cost basis of the Property was immaterial. The escrow account for the transaction has received \$1,350 in earnest money through October 30, 2020. We have received a total of \$225 which is non-refundable earnest money and thus not part of restricted cash.

Historically, we expect positive operating and cash flows in the first quarter of our fiscal year from the liquidation of inventory and accounts receivable balances related to holiday season sales. Anticipated commodity price trends may affect future cash balances. Certain commodities may be purchased in advance of our immediate needs to lower the ultimate cost of processing.

## **Cash flows from operating activities:**

	<b><u>October 30, 2020</u></b> <b><u>(52 Weeks)</u></b>	<b><u>November 1, 2019</u></b> <b><u>(52 Weeks)</u></b>
Net income	\$ 7,323	\$ 6,484
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,514	4,153
(Recovery of) provision for losses on accounts receivable	(8)	44
Reduction in promotional allowances	(423)	(852)
Loss (Gain) on sale of property, plant and equipment	(58)	290
Deferred income taxes, net	6,385	1,889
Changes in operating working capital	(8,816)	(4,761)
Net cash provided by operating activities	<u>\$ 9,917</u>	<u>\$ 7,247</u>

For the fifty-two weeks ended October 30, 2020, net cash provided by operating activities was \$9,917, an increase of \$2,670 compared to the fifty-two weeks ended November 1, 2019. The net increase in cash provided by operating activities primarily related to higher net income of \$7,323, deferred income taxes of \$6,045 and higher accounts payable of \$2,509 partially offset by an increase in inventory of \$2,929 and an increase in accounts receivable of \$1,512. During fiscal year 2020, we did not contribute towards our defined benefit pension plan. Plan funding strategies may be adjusted depending upon economic conditions, investment options, tax deductibility, or legislative changes in funding requirements.

Our cash conversion cycle (defined as days of inventory and trade receivables less days of trade payables outstanding) was equal to 66 days for the fifty-two weeks ended October 30, 2020 and 67 days for the fifty-two weeks ended November 1, 2019.

For the fifty-two weeks ended November 1, 2019, net cash provided by operating activities was \$7,247. The result was primarily related to lower net income, an increase in inventory and deferred income taxes. During fiscal year 2019, we funded \$875 towards our defined benefit pension plan.

**Cash used in investing activities:**

	<b>October 30, 2020 (52 Weeks)</b>	<b>November 1, 2019 (52 Weeks)</b>
Proceeds from sale of property, plant and equipment	\$ 39	\$ 61
Proceeds from deposits in escrow	1,125	-
Additions to property, plant and equipment	(24,482)	(25,739)
Net cash used in investing activities	<u>\$ (23,318)</u>	<u>\$ (25,678)</u>

Expenditures for property, plant and equipment include the acquisition of equipment, upgrading of facilities to maintain operating efficiency and investments in cost effective technologies to lower costs. In general, we capitalize the cost of additions and improvements and expense the cost of repairs and maintenance. We may also capitalize costs related to improvements that extend the life, increase the capacity, or improve the efficiency of existing machinery and equipment. Specifically, capitalization of upgrades of facilities to maintain operating efficiency include acquisitions of machinery and equipment used on packaging lines and refrigeration equipment used to process food products. Proceeds from deposits in escrow of \$1,125 relate to the pending sale of a parcel of land including an approximate 156,000 square foot four-story industrial food processing building located at 170 N. Green Street in Chicago, Illinois. Refer to Note 1 – Subsequent Events for more information. We have received a total of \$1,350 in deposits in escrow less \$225 received as non-refundable earnest money.

The table below highlights the additions to property, plant and equipment for the fifty-two weeks ended:

	<b>October 30, 2020 (52 Weeks)</b>	<b>November 1, 2019 (52 Weeks)</b>
Land	\$ -	\$ -
Building	-	-
Building improvements	4,669	10,103
Furniture and fixture	208	-
Temperature control	446	3,285
Processing equipment	29,466	2,019
Packaging lines	324	2,641
Vehicles for sales and/or delivery	704	1,585
Quality control and communication systems	24	156
Computer software and hardware	96	861
Forklifts	-	57
Change in projects in process	(11,455)	5,032
Additions to property, plant and equipment	<u>\$ 24,482</u>	<u>\$ 25,739</u>

Expenditures for additions to property, plant and equipment during the fifty-two weeks ended October 30, 2020 include projects in process of \$1,090 related to the new facility in Chicago.

**Cash provided by financing activities:**

	<b>October 30, 2020 (52 Weeks)</b>	<b>November 1, 2019 (52 Weeks)</b>
Payments of capital lease obligations	\$ (24)	\$ (17)
Proceeds from bank borrowings	18,450	17,000
Repayments of bank borrowings	(3,076)	(3,253)
Net cash provided by financing activities	<u>\$ 15,350</u>	<u>\$ 13,730</u>

Our stock repurchase program was approved by the Board of Directors in November 1999 and was expanded in June 2005. Under the stock repurchase program, we were authorized, at the discretion of management and the Board of Directors, to purchase up to an aggregate of 2,000,000 shares of our common stock on the open market. As of the end of fiscal year 2020, 120,113 shares remained authorized for repurchase under the program.

The Company leases three long-haul trucks received during fiscal year 2019. The six-year leases for these trucks expire in 2025. Amortization of equipment under capital lease was \$71 in 2020. The Company leased one long-haul truck for \$40 during fiscal year 2020, and that lease term is two years.

We maintain a line of credit with Wells Fargo Bank, N.A. that extends through March 1, 2022. Under the terms of this line of credit, we may borrow up to \$7,500 at an interest rate equal to the bank's prime rate or LIBOR plus 1.5%. We borrowed \$2,000 under this line of credit on November 24, 2019 and \$2,500 on January 24, 2020 for a combined total of \$4,500. We repaid the balance on this line of credit with Wells Fargo Bank, N.A. on May 13, 2020 of \$4,500 with the proceeds from the fifth borrowing of \$7,200 under the master collateral loan and security agreement with Wells Fargo Bank, N.A. described below. The Company was in compliance with all covenants as of October 30, 2020. Subsequent to October 30, 2020, we borrowed \$2,000 under the line of credit on December 2, 2020.

On December 26, 2018, we entered into a master collateral loan and security agreement with Wells Fargo Bank, N.A. (the "Original Wells Fargo Loan Agreement") for up to \$15,000 in equipment financing as amended to expand facility. Pursuant to the Original Wells Fargo Loan Agreement, we borrowed the following amounts.

Type and Number (1)	Date Funds Received	Rate	Amount	Interest Amount and Date
Equipment Loan No. 01	12/26/18	4.13%	\$ 7,500	\$ 10301/31/19
Equipment Loan No. 02	04/23/19	3.98%	7,500	10205/31/19
Equipment Loan No. 03	12/23/19	3.70%	3,750	5402/03/20
Equipment Loan No. 04	03/06/20	3.29%	7,500	10003/13/20
Equipment Loan No. 05	04/17/20	3.68%	7,200	9705/15/20
Total			<u>\$ 33,450</u>	<u>\$ 456</u>

**(1) Term: 7 years for 84 installment payments.**

The Wells Fargo Loan Agreement as amended and line of credit, contain various affirmative and negative covenants that limit the use of funds and define other provisions of the loan. The main financial covenants are listed below:

- Total Liabilities divided by Tangible Net Worth not greater than 2.5 to 1.0 at each fiscal quarter,
- Quick Ratio not less than 1.0 to 1.0 at each fiscal quarter end, and
- Fixed Charge Coverage Ratio not less than 1.25 to 1.0 as of each fiscal quarter end, determined on a trailing 4-quarter basis.

Aggregate contractual maturities of debt in future fiscal years are as follows:

Fiscal Years	Debt Payable
2021	\$ 4,429
2022	\$ 4,599
2023	\$ 4,775
2024	\$ 4,958
2025	\$ 5,148
2026-2027	\$ 5,213

The Company was in compliance with all covenants under the Wells Fargo Loan Agreement and line of credit as of October 30, 2020.

**Impact of Inflation**

Our operating results are heavily dependent upon the prices paid for raw materials. The marketing of our value-added products does not lend itself to instantaneous changes in selling prices. Changes in selling prices are relatively infrequent and do not compare with the volatility of commodity markets. While fluctuations in significant cost structure components, such as ingredient commodities and fuel prices, have had a significant impact on profitability over the last two fiscal years, the impact of general price inflation on our financial position and results of operations has not been significant. However, future volatility of general price inflation or deflation and raw material cost and availability could adversely affect our financial results.

Management is of the opinion that our strong financial position and our capital resources are sufficient to provide for our operating needs and capital expenditures for fiscal year 2021.

**Off-Balance Sheet Arrangements**

We do not currently have any off-balance sheet arrangements within the meaning of Item 303(a)(4) of Regulation S-K.

**Contractual Obligations**

Except as described above, we had no other debt or other contractual obligations within the meaning of Item 303(a)(5) of Regulation S-K, as of October 30, 2020.



Our expected future liability related to construction of the new Chicago processing facility is approximately \$3,006 as of October 30, 2020.

### **Critical Accounting Policies**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the respective reporting periods. Actual results could differ from those estimates. Amounts estimated related to liabilities for self-insured workers' compensation, employee healthcare and pension benefits are especially subject to inherent uncertainties and these estimated liabilities may ultimately settle at amounts not originally estimated. We record promotions, returns allowances, bad debt and inventory allowances based on recent and historical trends. Management believes its current estimates are reasonable and based on the best information available at the time.

Disclosure concerning our policies on credit risk, revenue recognition, cash surrender or contract value for life insurance policies, deferred income tax and the recoverability of our long-lived assets are provided in Notes 1 and 4 of the Notes to the Consolidated Financial Statements.

### **Recently Issued Accounting Pronouncements and Regulations**

Various accounting standard-setting bodies have been active in soliciting comments and issuing statements, interpretations and exposure drafts. For information on new accounting pronouncements and the impact, if any, on our financial position or results of operations, see Note 1 of the Notes to the Consolidated Financial Statements.

### ***Item 7A. Quantitative and Qualitative Disclosures About Market Risk***

Not applicable for a smaller reporting company.

### ***Item 8. Consolidated Financial Statements and Supplementary Data***

The consolidated financial statements required by this Item are set forth in Part IV, Item 15 of this Report.

### ***Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

Not applicable.

### ***Item 9A. Controls and Procedures***

#### **Evaluation of disclosure controls and procedures**

Our management, with the participation and under the supervision of our Chairman and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Report. Based on this evaluation, the Chairman and Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of the end of the period covered by this Report in their design and operation to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, and recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms to allow timely decisions regarding required disclosures.

Our management, including our Chairman and Chief Financial Officer, does not expect that our disclosure controls and internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, 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. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the 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. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

We maintain and evaluate a system of internal accounting controls, and a program designed to provide reasonable assurance that our assets are protected and that transactions are performed in accordance with proper authorization and are properly recorded. This system of internal accounting controls is continually reviewed and modified in response to evolving business conditions and operations and to recommendations made by our independent registered public accounting firm. We have established a code of conduct. Our management believes that the accounting and internal control systems provide reasonable assurance that assets are safeguarded, and financial information is reliable.

The Audit Committee of the Board of Directors meets regularly with our financial management and counsel, and with the independent registered public accounting firm engaged by us. Internal accounting controls and the quality of financial reporting are discussed during these meetings. The Audit Committee has discussed with the independent registered public accounting firm matters required to be discussed by Statement of Auditing Standards No. 16 (Communication with Audit Committees). In addition, the Audit Committee and the independent registered public accounting firm have discussed the independent registered public accounting firm's independence from our Company and its management, including the matters in the written disclosures required by Public Company Accounting Oversight Board Rule 3526 "Communicating with Audit Committees Concerning Independence".

#### **Changes in Internal Control over Financial Reports**

There has been no change in our internal control over financial reporting during the last fiscal quarter covered by this Report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### **Section 404 of the Sarbanes-Oxley Act of 2002**

In order to comply with the Sarbanes-Oxley Act of 2002, we have undertaken and continue a comprehensive effort, which includes the documentation and review of our internal controls. In order to comply with the Sarbanes-Oxley Act, we centralized most accounting and many administrative functions at our corporate headquarters in an effort to control the cost of maintaining our control systems.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, signed into law by the President on July 21, 2010, permanently exempts small public companies with less than \$75 million in public float, such as the Company, from the requirement to obtain an external audit on the effectiveness of internal financial reporting controls provided in Section 404(b) of the Sarbanes-Oxley Act. As a result, an attestation report on internal controls over financial reporting by an independent registered public accounting firm has not been presented. Section 404(a) is still effective for smaller public companies and requires the disclosure of management attestations on internal controls over financial reporting.

#### **Management's Annual Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed 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.

Management conducted an evaluation of the effectiveness of the internal controls over financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework (2013) and related illustrative documents as an update to Internal Control-Integrated Framework (1992). Management determined that the 17 principles were present and functioning during its assessment of the effectiveness of our internal controls. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting for our fiscal year ended October 30, 2020. Based on management's assessment and the above-referenced criteria, management believes that the internal control over financial reporting for our fiscal year ended October 30, 2020 was effective.

#### ***Item 9B. Other Information***

Not applicable.

## **PART III**

### ***Item 10. Directors, Executive Officers and Corporate Governance***

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended October 30, 2020 and is incorporated herein by reference. Information concerning our executive officers is set forth in Part I, Item 1 of this Report under the heading “Executive Officers of the Registrant”.

### ***Item 11. Executive Compensation***

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended October 30, 2020 and is incorporated herein by reference.

### ***Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended October 30, 2020 and is incorporated herein by reference.

#### **Equity Compensation Plan Information**

Not applicable, as we do not have any compensation plans under which our equity securities are authorized for issuance.

### ***Item 13. Certain Relationships and Related Transactions, and Director Independence***

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended October 30, 2020 and is incorporated herein by reference.

We are considered a “controlled company” within the meaning of Rule 5615(c)(1) of the NASDAQ Listing Rules based on the approximate 80% beneficial ownership of our outstanding common stock by Bridgford Industries Incorporated and are therefore exempted from various NASDAQ Listing Rules pertaining to certain “independence” requirements of our directors. Nevertheless, the Board of Directors has determined that Messrs. Andrews and Scott and Ms. Schott who together comprise the Audit Committee and the Compensation Committee, are all “independent directors” within the meaning of Rule 5605 of the NASDAQ Listing Rules.

Our general legal counsel is the son of the former senior chairman of the Board of Directors. As legal counsel to the Board and the Compensation Committee, he currently is paid a fee of \$2,480 for each meeting attended. Total fees paid under this arrangement for fiscal year 2020 were approximately \$24,600. Legal services are performed on our behalf and billed by a firm in which he is a partner. Total fees billed under this arrangement for fiscal year 2020 were approximately \$292,700.

Former director Allan Bridgford Jr., son of the former senior chairman of the Board of Directors, is providing consulting services to the Chicago plant and management. The contract on behalf of the Company with Allan Bridgford Jr. is for consulting services at \$1,200 per day. Total fees billed under this arrangement for fiscal year 2020 were approximately \$169,000. As a member of the Board of Directors, he was paid a fee of \$2,480 for each meeting attended during fiscal year 2020. Total fees paid under this arrangement for fiscal year 2020 were \$22,220. Under an arrangement with Allan Bridgford Jr., we accrued approximately \$279,400 of profit sharing based on fiscal year 2020 profitability to be paid out in three installments equally over the next three years.

Director Keith Ross currently provides real estate consulting services to the Board and management. He was paid a fee of \$2,480 for each Board meeting attended and was paid an aggregate of \$24,600 for meetings attended during fiscal year 2020. Fees of approximately \$37,780 were paid during fiscal year 2020 for consulting services.

### ***Item 14. Principal Accountant Fees and Services***

The information required by this item will be included in the Proxy Statement, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year ended October 30, 2020 and is incorporated herein by reference.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

(a)(1) *Financial Statements*. The following documents are filed as a part of this Report:

	Page
Management's Annual Report on Internal Control Over Financial Reporting	
Report of Independent Registered Public Accounting Firm	22
Consolidated Balance Sheets as of October 30, 2020 and November 1, 2019	23
Consolidated Statements of Operations for years ended October 30, 2020 and November 1, 2019	24
Consolidated Statements of Comprehensive Income for years ended October 30, 2020 and November 1, 2019	25
Consolidated Statements of Shareholders' Equity for years ended October 30, 2020 and November 1, 2019	26
Consolidated Statements of Cash Flows for years ended October 30, 2020 and November 1, 2019	27
Notes to Consolidated Financial Statements	28

(2) *Financial Statement Schedules*

Not applicable for a smaller reporting company.

(3) *Exhibits*

(a) *The exhibits below are filed or incorporated herein by reference.*

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<u>Restated Articles of Incorporation, as amended.</u>	10-K	000-02396	3.4	01/18/19	
3.2	<u>Amended and Restated Bylaws.</u>	10-K/A	000-02396	3.7	02/09/18	
4.1	<u>Description of Capital Stock of the Registrant</u>	10-K	000-02396	4.1	01/24/20	X
10.1*	<u>Bridgford Foods Corporation Defined Benefit Pension Plan.</u>	10-K	000-02396	10.1	01/18/19	
10.2*	<u>Bridgford Foods Corporation Supplemental Executive Retirement Plan.</u>	10-K	000-02396	10.2	01/18/19	
10.3*	<u>Bridgford Foods Corporation Deferred Compensation Savings Plan.</u>	10-K	000-02396	10.3	01/18/19	
10.4*	<u>Consulting Agreement, dated August 12, 2019, between the Registrant and Allan L. Bridgford Sr.</u>	8-K	000-02396	10.1	08/16/19	
10.5	<u>Purchase and Sale Agreement dated March 16, 2020 between Bridgford Foods Processing Company and CRG Acquisition, LLC.</u>	8-K	000-02396	10.1	03/19/20	
21.1	<u>Subsidiaries of the Registrant.</u>	10-K	000-02396	21.1	01/24/20	X
24.1	<u>Power of Attorney (included as part of the signature page).</u>					X
31.1	<u>Certification of Principal Executive Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>					X
31.2	<u>Certification of Principal Financial Officer, Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>					X
32.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer).</u>					X
32.2	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Financial Officer).</u>					X
101.INS	XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X

\* Each of these Exhibits constitutes a management contract, compensatory plan or arrangement.

### Item 16. Form 10-K Summary

Not applicable.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

BRIDGFORD FOODS CORPORATION

By: /s/ WILLIAM L. BRIDGFORD

**William L. Bridgford**

*Chairman of the Board*

Date: January 15, 2021

## POWER OF ATTORNEY

We, the undersigned directors and officers of Bridgford Foods Corporation, do hereby constitute and appoint William L. Bridgford and Raymond F. Lancy, or either of them, with full power of substitution and resubstitution, our true and lawful attorneys and agents, to do any and all acts and things in our name and behalf in our capacities as directors and officers and to execute any and all instruments for us and in our names in the capacities indicated below, which said attorneys and agents, or either of them, or their substitutes, may deem necessary or advisable to enable said corporation to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in connection with this Annual Report on Form 10-K, including specifically, but without limitation, power and authority to sign for us or any of us in our names and in the capacities indicated below, any and all amendments; and we do hereby ratify and confirm all that the said attorneys and agents, or either of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ WILLIAM L. BRIDGFORD</u> <b>William L. Bridgford</b>	Chairman of the Board (Principal Executive Officer)	January 15, 2021
<u>/s/ JOHN V. SIMMONS</u> <b>John V. Simmons</b>	President and Director	January 15, 2021
<u>/s/ RAYMOND F. LANCY</u> <b>Raymond F. Lancy</b>	Chief Financial Officer, Executive Vice President, Treasurer, Assistant Secretary and Director (Principal Financial and Accounting Officer)	January 15, 2021
<u>/s/ ALLAN L. BRIDGFORD SR.</u> <b>Allan L. Bridgford Sr.</b>	Director	January 15, 2021
<u>/s/ TODD C. ANDREWS</u> <b>Todd C. Andrews</b>	Director	January 15, 2021
<u>/s/ D. GREGORY SCOTT</u> <b>D. Gregory Scott</b>	Director	January 15, 2021
<u>/s/ KEITH A. ROSS</u> <b>Keith A. Ross</b>	Director	January 15, 2021
<u>/s/ MARY SCHOTT</u> <b>Mary Schott</b>	Director	January 15, 2021



## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders  
Bridgford Foods Corporation

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Bridgford Foods Corporation and its subsidiaries (the Company) as of October 30, 2020 and November 1, 2019, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 30, 2020 and November 1, 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2009.

Irvine, California  
January 15, 2021

**BRIDGFORD FOODS CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**October 30, 2020 and November 1, 2019**  
**(in thousands, except per share amounts)**

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,302	\$ 3,478
Restricted cash	1,125	-
Accounts receivable, less allowance for doubtful accounts of \$16 and \$31, respectively and promotional allowances of \$2,550 and \$2,974, respectively	23,818	21,875
Inventories, net	29,296	26,367
Refundable income taxes	9,517	-
Prepaid expenses	692	1,048
Total current assets	68,750	52,768
Property, plant and equipment, net of accumulated depreciation and amortization of \$58,686 and \$54,015, respectively	73,332	54,346
Other non-current assets	13,201	12,295
Deferred income taxes	-	4,047
Total assets	\$ 155,283	\$ 123,456
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 10,502	\$ 7,993
Accrued payroll, advertising and other expenses	5,981	5,480
Income taxes payable	94	90
Current notes payable – equipment (Note 5)	4,430	1,943
Current portion of non-current liabilities	5,196	4,434
Total current liabilities	26,203	19,940
Long-term notes payable – equipment (Note 5)	24,692	11,804
Deferred income taxes	2,338	-
Non-current liabilities	30,804	25,228
Total liabilities	84,037	56,972
Contingencies and commitments (Notes 3, 5 and 6)		
Shareholders' equity:		
Preferred stock, without par value; Authorized, - 1,000 shares; issued and outstanding – none	-	-
Common stock, \$1.00 par value; Authorized, - 20,000 shares; issued and outstanding – 9,076	9,134	9,134
Capital in excess of par value	8,298	8,298
Retained earnings	79,755	72,432
Accumulated other comprehensive loss	(25,941)	(23,380)
Total shareholders' equity	71,246	66,484
Total liabilities and shareholders' equity	\$ 155,283	\$ 123,456

See accompanying notes to consolidated financial statements.

**BRIDGFORD FOODS CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
For the fiscal years ended October 30, 2020 and November 1, 2019  
(in thousands, except share and per share amounts)

	<u>October 30, 2020</u> (52 Weeks)	<u>November 1, 2019</u> (52 Weeks)
Net sales	\$ 197,970	\$ 188,785
Cost of products sold	<u>138,452</u>	<u>127,121</u>
Gross margin	59,518	61,664
Selling, general and administrative expenses	54,446	52,837
(Gain) loss on sale of property, plant and equipment	<u>(58)</u>	<u>290</u>
Income before taxes	5,130	8,537
(Benefit on) provision for income taxes	<u>(2,193)</u>	<u>2,053</u>
Net income	<u>\$ 7,323</u>	<u>\$ 6,484</u>
Basic earnings per share	<u>\$ 0.81</u>	<u>\$ 0.71</u>
Shares used to compute basic earnings per share	<u>9,076,832</u>	<u>9,076,832</u>

See accompanying notes to consolidated financial statements.

**BRIDGFORD FOODS CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the fiscal years ended October 30, 2020 and November 1, 2019  
(in thousands)

	October 30, 2020 (52 Weeks)	November 1, 2019 (52 Weeks)
Net income	\$ 7,323	\$ 6,484
Other comprehensive loss from defined benefit plans	(3,920)	(6,632)
Other postretirement benefit plans:		
Actuarial gain (loss)	556	(790)
Prior service cost	-	(50)
Other comprehensive income (loss) from other postretirement benefit plans, net	556	(840)
Other comprehensive loss, before taxes	(3,364)	(7,472)
Tax benefit on other comprehensive loss	803	1,792
Change in other comprehensive (loss), net of tax	(2,561)	(5,680)
Comprehensive income, net of tax	\$ 4,762	\$ 804

See accompanying notes to consolidated financial statements.

**BRIDGFORD FOODS CORPORATION**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
For the fiscal years ended October 30, 2020 and November 1, 2019  
(in thousands)

	<u>Shares</u>	<u>Amount</u>	<u>Capital in excess of par value</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive loss</u>	<u>Total shareholders' equity</u>
Balance, November 2, 2018	9,076	\$ 9,134	\$ 8,298	\$ 65,948	\$ (17,700)	\$ 65,680
Net income				6,484		6,484
Net change in defined benefit plans and other benefit plans, net of tax					(5,680)	(5,680)
Balance, November 1, 2019	9,076	\$ 9,134	\$ 8,298	\$ 72,432	\$ (23,380)	\$ 66,484
Net income				7,323		7,323
Net change in defined benefit plans and other benefit plans, net of tax					(2,561)	(2,561)
Balance, October 30, 2020	<u>9,076</u>	<u>\$ 9,134</u>	<u>\$ 8,298</u>	<u>\$ 79,755</u>	<u>\$ (25,941)</u>	<u>\$ 71,246</u>

See accompanying notes to consolidated financial statements.



**BRIDGFORD FOODS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the fiscal years ended October 30, 2020 and November 1, 2019  
(in thousands)

	<u>October 30, 2020</u> (52 Weeks)	<u>November 1, 2019</u> (52 Weeks)
Cash flows from operating activities:		
Net income	\$ 7,323	\$ 6,484
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,514	4,153
(Recovery of) provision for losses on accounts receivable	(8)	44
Reduction in promotional allowances	(423)	(852)
(Gain) loss on sale of property, plant and equipment	(58)	290
Deferred income taxes, net	6,385	1,889
Changes in operating assets and liabilities:		
Accounts receivable	(1,512)	(774)
Inventories	(2,929)	(2,954)
Prepaid expenses	(75)	283
Refundable income taxes	(9,086)	-
Other non-current assets	(102)	(663)
Accounts payable	2,509	338
Accrued payroll, advertising and other expenses	501	903
Income taxes payable	4	(65)
Current portion of non-current liabilities	(412)	(1,643)
Non-current liabilities	2,286	(184)
Net cash provided by operating activities	<u>9,917</u>	<u>7,249</u>
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	39	61
Proceeds from sale of assets in escrow	1,125	-
Additions to property, plant and equipment	(24,482)	(25,739)
Net cash used in investing activities	<u>(23,318)</u>	<u>(25,678)</u>
Cash flows from financing activities:		
Payment of capital lease obligations	(24)	(17)
Proceeds from bank borrowings	18,450	17,000
Repayments of bank borrowings	(3,076)	(3,253)
Net cash provided by financing activities	<u>15,350</u>	<u>13,730</u>
Net increase (decrease) in cash and cash equivalents and restricted cash	<u>1,949</u>	<u>(4,699)</u>
Cash and cash equivalents and restricted cash at beginning of year	3,478	8,179
Cash and cash equivalents and restricted cash at end of year	<u>\$ 5,427</u>	<u>\$ 3,478</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	<u>\$ 336</u>	<u>\$ 697</u>
Cash paid for interest	<u>\$ 828</u>	<u>403</u>
Transportation equipment financed by lease obligations	<u>\$ 40</u>	<u>473</u>

See accompanying notes to consolidated financial statements.

**BRIDGFORD FOODS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(in thousands except share and per share amounts, time periods, ratios and percentages)**

**NOTE 1 - The Company and Summary of Significant Accounting Policies:**

Bridgford Foods Corporation was organized in 1952. We originally began operations in 1932 as a retail meat market in San Diego, California and evolved into a meat wholesaler for hotels and restaurants, a distributor of frozen food products, a processor and packer of meat, and a manufacturer and distributor of frozen food products for sale on a retail and wholesale basis. We, including our subsidiaries, are primarily engaged in the manufacturing, marketing and distribution of an extensive line of frozen, refrigerated, and snack food products throughout the United States.

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All inter-company transactions have been eliminated.

**Use of estimates and assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues and expenses during the respective reporting periods. Actual results could differ from those estimates. Amounts estimated related to liabilities for pension benefits, self-insured workers' compensation and employee healthcare benefits are subject to inherent uncertainties and these estimated liabilities may ultimately settle at amounts which may vary from current estimates. Other areas with underlying estimates include realization of deferred tax assets, cash surrender or contract value of life insurance policies, promotional allowances and the allowance for doubtful accounts and inventory reserves. Management believes its current estimates are reasonable and based on the best information available at the time.

We test long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an impairment is indicated, we measure the fair value of assets to determine if and when adjustments are recorded.

**Subsequent events**

Management has evaluated events subsequent to October 30, 2020 through the date the accompanying consolidated financial statements were filed with the Securities and Exchange Commission for transactions and other events that may require adjustment of and/or disclosure in such financial statements. The Company maintains a line of credit with Wells Fargo Bank, N.A. that expires on March 1, 2022. Under the terms of this line of credit, we may borrow up to \$7,500 at an interest rate equal to the bank's prime rate or LIBOR plus 1.5%. The Company borrowed an additional \$2,000 under the line of credit on December 2, 2020.

Effective November 3, 2020, Allan Bridgford Jr. resigned as a member of the Board of Directors of Bridgford Foods Corporation. The resignation was not the result of a disagreement with management regarding operations, policies or practices of the Company. Mr. Bridgford will continue to serve as a consultant to the Company.

As previously reported, on March 16, 2020, Bridgford Food Processing Corporation ("BFPC"), a wholly-owned subsidiary of the Company, entered into a Purchase and Sale Agreement (the "CRG Purchase Agreement") with CRG Acquisition, LLC ("CRG"), pursuant to which BFPC agreed to sell to CRG, pursuant to the terms and conditions set forth in the CRG Purchase Agreement, a parcel of land including an approximate 156,000 square foot four-story industrial food processing building located at 170 N. Green Street in Chicago, Illinois (the "Property"). The purchase price for the Property is \$60,000 subject to a due diligence period and certain closing adjustments and prorations, and is conditioned upon, among other customary closing conditions, CRG receiving zoning and other governmental approvals necessary for the construction and development of a mixed use project on the Property in accordance with certain development plans to be approved by the City of Chicago. The cost basis of the Property was immaterial.

On November 2, 2020, the Company executed a fourth amendment to the CRG Purchase Agreement. Under the original terms and conditions of the CRG Purchase Agreement, the closing of the sale of the Property to CRG would occur on the date that is thirty (30) days after CRG's receipt of the necessary zoning approvals, but in any event no earlier than October 31, 2020 and no later than March 31, 2021. The first amendment dated as of April 10, 2020 extended the inspection period to June 1, 2020. The second amendment dated as of June 1, 2020 extended the inspection period to July 31, 2020, zoning period to February 1, 2021 and closing date to February 5, 2021. The third amendment dated July 31, 2020 extended the inspection period to October 31, 2020, zoning period to April 30, 2021 and closing date to May 6, 2021. The fourth amendment dated November 2, 2020 further extended the inspection period to February 1, 2021, the zoning period to August 2, 2021 and closing date to August 31, 2021. The escrow account has received \$1,350 in earnest money through October 30, 2020. We have received a total of \$225 which is non-refundable earnest money and thus not part of restricted cash.

Based on management's review, no other material subsequent events were identified that require adjustment to the financial statements or additional disclosure.

## **Accounts Receivable**

Accounts receivable are recorded at net realizable value. The value is presented net of allowance for doubtful accounts and promotional incentives. Our accounts receivable consists mainly of trade receivables from customer sales. We evaluate the collectability of our accounts receivable based on several factors. The provision for doubtful accounts receivable is based on historical trends and current collectability risk. Our provision for doubtful accounts was \$16 and \$31 as of October 30, 2020 and November 1, 2019, respectively.

## **Concentrations of credit risk**

Our credit risk is diversified across a broad range of customers and geographic regions. Losses due to credit risk have recently been immaterial. The carrying amount of cash equivalents, accounts and other receivables, accounts payable and accrued liabilities approximate fair market value due to the short maturity of these instruments. We maintain cash balances at financial institutions, which may at times exceed the amounts insured by the Federal Deposit Insurance Corporation. Management does not believe there is significant credit risk associated with these financial institutions.

Sales to Wal-Mart® comprised 36.9% of revenues in fiscal year 2020 and 19.8% of total accounts receivable was due from Wal-Mart® as of October 30, 2020. Sales to Wal-Mart® comprised 35.7% of revenues in fiscal year 2019 and 31.9% of total accounts receivable was due from Wal-Mart® as of November 1, 2019. Sales to Dollar General® comprised 13.6% of revenues in fiscal year 2020 and 31.1% of total accounts receivable was due from Dollar General® as of October 30, 2020. Sales to Dollar General® comprised 11.1% of revenues in fiscal year 2019 and 21.7% of total accounts receivable was due from Dollar General® as of November 1, 2019.

## **COVID-19 pandemic**

We have considered the impact of federal, state and local government actions related to the global novel coronavirus pandemic (“COVID-19” or “pandemic”) on our consolidated financial statements. The business disruptions associated with the pandemic had a significant negative impact on our consolidated financial statements for the fifty-two week period ended October 30, 2020. We expect these events to have future business impact, the extent of which is uncertain and largely subject to whether the severity worsens, or the duration of current business shutdowns continue. These impacts could include but may not be limited to risks and uncertainty related to shifts in demand between sales channels, market volatility, constraints in our supply chain, our ability to operate production facilities and worker availability. These unknowns may subject the Company to future risks related to long-lived asset impairments, increased reserves for uncollectible accounts, price and availability of ingredients and raw materials used in our products and adjustments to reflect the market value of our inventory.

## **Business segments**

The Company and subsidiaries operate in two business segments - the processing and distribution of frozen foods products, and the processing and distribution of snack food products. See Note 7 for further information.

## **Fiscal year**

We maintain our accounting records on a 52-53-week fiscal basis ending on the Friday closest to October 31. As part of the regular accounting cycle, fiscal years 2020 and 2019 included 52 weeks.

## **Revenues**

The Company recognizes revenue for the sale of the product at the point in time when our performance obligation has been satisfied and control of the product has transferred to our customer, which generally occurs upon shipment, pickup or delivery to a customer based on terms of the sale. Contracts with customers are typically short-term in nature with completion of a single performance obligation. Product is sold to foodservice, retail, institutional and other distribution channels. Products are delivered to customers primarily through our own long-haul fleet, common carrier or through a Company owned direct store delivery system. These delivery costs, \$4,537 and \$5,012 for fiscal years 2020 and 2019, respectively, are included in selling, general and administrative expenses in the accompanying consolidated financial statements. Shipping and handling that occurs after the customer has obtained control of the product is recorded as a fulfillment cost rather than an additional assured service. Costs paid to third party brokers to obtain contracts are recognized as part of selling expenses. Other sundry items in context of the contract are also recognized as selling expense. Any taxes collected on behalf of the government are excluded from net revenue.

We record revenue at the transaction price which is measured as the amount of consideration we anticipate to receive in exchange for providing product to our customers. Revenue is recognized as the net amount estimated to be received after deducting estimated or known amounts including variable consideration for discounts, trade allowances, consumer incentives, coupons, volume-based incentives, cooperative advertising, product returns and other such programs. Promotional allowances, including customer incentive and trade promotion activities, are recorded as a reduction to sales based on amounts estimated being due to customers, based primarily on historical utilization and redemption rates. Estimates are reviewed regularly until incentives or product returns are realized and the result of any such adjustments are known. Promotional allowances deducted from sales for fiscal years 2020 and 2019 were \$11,418 and \$11,105, respectively.

## **Advertising expenses**

Advertising and other promotional expenses are recorded as selling, general and administrative expenses. Advertising expenses for fiscal years 2020 and 2019 were \$2,246 and \$2,574, respectively.

## **Cash and cash equivalents**

We consider all investments with original maturities of three months or less to be cash equivalents. Cash equivalents include money market funds and treasury bills. Cash equivalents totaled \$4,302 as of October 30, 2020 and \$3,478 as of November 1, 2019. All material cash and cash equivalents as of October 30, 2020 were held at Wells Fargo Bank N.A.

## **Restricted cash**

Proceeds from deposits in escrow of \$1,125 as of October 30, 2020 relate to the pending sale of a parcel of land including an approximate 156,000 square foot four-story industrial food processing building located at 170 N. Green Street in Chicago, Illinois. Refer to Note 1 – Subsequent Events for more information.

## **Fair value measurements**

We classify levels of inputs to measure the fair value of financial assets as follows:

- Level 1 inputs: Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 inputs: Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: Level 3 inputs are unobservable and should be used to measure fair value to the extent that observable inputs are not available.

The hierarchy noted above requires us to minimize the use of unobservable inputs and to use observable market data, if available, when determining fair value.

The Company does not have any assets or liabilities measured at fair value on a recurring or non-recurring basis for the fiscal years ended October 30, 2020 and November 1, 2019.

## **Inventories**

Inventories are valued at the lower of cost (which approximates actual cost on a first-in, first-out basis) or net realizable value. Inventories include the cost of raw materials, labor and manufacturing overhead. We regularly review inventory quantities on hand and write down any excess or obsolete inventories to net realizable value. An inventory reserve is created when potentially slow-moving or obsolete inventories are identified in order to reflect the appropriate inventory value. Changes in economic conditions, production requirements, and lower than expected customer demand could result in additional obsolete or slow-moving inventory that cannot be sold or must be sold at reduced prices and could result in additional reserve provisions.

## **Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation. Major renewals and improvements are charged to the asset accounts while the cost of maintenance and repairs is charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is credited or charged to income. Depreciation is computed on a straight-line basis over 10 to 20 years for buildings and improvements, 5 to 10 years for machinery and equipment, and 3 to 5 years for transportation equipment. We built a processing plant from the ground up and as such have attributed long useful lives accordingly to these types of assets employed at the new facility in Chicago. The Company incurred interest costs of \$879 for fiscal year 2020, all of which was capitalized in relation to the construction of the new facility in Chicago.

## **Leases**

Leases are recognized in accordance with Accounting Standards Update (“ASU”) 2016-02 Leases (ASC 842) which requires a lessee to recognize assets and liabilities with lease terms of more than 12 months. We lease or rent property for such operations as storing inventory, packaging or processing product, equipment and parking vehicles. We analyze our agreements to evaluate whether or not a lease exists by determining what assets exist for which we control usage for a period of time in exchange for consideration. In the event a lease exists, we classify it as a finance or operating lease and record a right-of-use (“ROU”) asset and the corresponding lease liability at the inception of the lease. In the case of month-to-month lease or rental agreements with terms of 12 months or less, we made an accounting policy election to not recognize lease assets and liabilities and record them on a straight-line basis over the lease term. The storage units rented for use by our Snack Food Product Segment direct store delivery route system are not costly to relocate, contain no significant leasehold improvements, no degree of integration over leased assets, orders can be fulfilled by another route storage unit interchangeably, no specialized assets exist, market price is paid for storage units and there is no guarantee of debt.

Finance lease assets are recorded within property, plant and equipment, net of accumulated depreciation and amortization. The Company’s leases of long-haul trucks used in its Frozen Food Products Segment qualify as finance leases. Finance lease liabilities are recorded as a separate line item on the consolidated balance sheets reflecting both the current and long-term obligation. The classification as a finance or operating lease determines whether the recognition, measurement and presentation of expenses and cash flows are considered operating or financing.

## **Life insurance policies**

We record the cash surrender value or contract value for life insurance policies as an adjustment of premiums paid in determining the expense or income to be recognized under the contract for the period. The cash surrender value is included in other non-current assets in the accompanying Consolidated Balance Sheets.

## **Income taxes**

Deferred taxes are provided for items whose financial and tax bases differ. A valuation allowance is provided against deferred tax assets when it is expected that it is more likely than not that the related asset will not be fully realized. The determination as to whether or not a deferred tax asset can be fully realized is subject to a significant degree of judgment, based at least partially upon a projection of future taxable income, which takes into consideration past and future trends in profitability, customer demand, supply costs, and multiple other factors, which are inherently difficult to predict.

We provide tax accruals for federal, state and local exposures relating to audit results, tax planning initiatives and compliance responsibilities. The development of these accruals requires judgments about tax issues, potential outcomes and timing. (See Note 4 for further information). Although the outcome of these tax audits is uncertain, in management’s opinion adequate provisions for income taxes have been made for potential liabilities emanating from these reviews. If actual outcomes differ materially from these estimates, they could have a material impact on our results of operations.

## **Stock-based compensation**

We measure and recognize compensation expense for all share-based payments to employees, including grants of employee stock options, in the financial statements based on the fair value at the date of the grant. We have not issued, awarded, granted or entered into any stock-based payment agreements since April 29, 1999, and no such expense was recognized in fiscal years 2020 and 2019.

## **Comprehensive income or loss**

Comprehensive income or loss consists of net income and additional minimum pension liability adjustments.

## **Recently issued accounting pronouncements and regulations**

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued ASU 2014-09 “Revenue from Contracts with Customers” to supersede previous revenue recognition guidance under current U.S. GAAP. The guidance presents a single five-step model for comprehensive revenue recognition that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Two options are available for implementation of the standard which are either the retrospective approach or cumulative effect adjustment approach. The guidance became effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, with early adoption permitted. The Company adopted the modified retrospective transition method beginning with the first quarter of fiscal 2019. The adoption did not have a material impact on our consolidated financial statements. For further information please refer to Revenues above. Disaggregated revenue is disclosed in Note 7 - Segment Information.

In January 2016, the FASB issued ASU 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” that requires most equity investments to be measured at fair value and subsequent changes in fair value to be recognized in net income. The guidance covers presentation and disclosure requirements of financial liabilities and the classification and measurement of financial instruments. The guidance is effective for annual reporting periods and interim periods within those annual reporting periods beginning after December 15, 2017. We adopted this guidance in the first quarter of fiscal 2019. The adoption did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, “Leases”, which requires a lessee to recognize assets and liabilities with lease terms of more than 12 months. Both capital and operating leases are to be recognized on the balance sheet. The guidance is effective for annual reporting periods beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019 which is our first quarter of fiscal 2020. We have analyzed all lease transactions during fiscal year 2019 and 2020 to date. The Company elected not to reassess expired contracts or adjust comparative periods. The Company determined that no change to current accounting treatment is warranted for most transactions due to the underlying nature of our leases. In the case of month-to-month lease or rental agreements with terms of 12 months or less, the Company made an accounting policy election to not recognize lease assets and liabilities. The Company performed a detailed analysis and determined that the only indication of a long-term lease was Hogshed Ventures, LLC. The accounting treatment of this lease for warehouse storage included establishing a right-of-use asset and corresponding liability was recorded for Hogshed Ventures, LLC for 40th Street in Chicago during the fourth quarter of fiscal 2020. The application of this pronouncement resulted in additional disclosures detailing our lease arrangements. The Company adopted this guidance during the first quarter of fiscal 2020 and it did not have a material impact on our consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, “Income Taxes – Classification of Certain Cash Receipts and Cash Payments”. The guidance involves eight specific cash flow issues and aims to unify accounting for these transactions. The guidance became effective for annual reporting periods beginning after December 15, 2017 with early adoption permitted. The Company adopted this guidance during the first quarter of fiscal 2019 and it did not have a material impact on our consolidated financial statements.

In March 2017, the FASB issued ASU 2017-07, “Compensation – Retirement Benefits”. The guidance separates service cost from other pension cost components changing the presentation of net periodic benefit cost related to company sponsored defined benefit or other postretirement benefits. The guidance became effective for annual and interim reporting periods beginning after December 15, 2017 with early adoption permitted. Additional disclosure reconciling net periodic benefit cost is detailed in Note 3 - Retirement and Other Benefit Plans. The Company adopted this guidance during the first quarter of fiscal 2019 and it did not have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes – Simplifying the Accounting for Income Taxes”. The guidance removes exceptions to the general principles in Topic 740 for allocating tax expense between financial statement components, accounting basis differences stemming from an ownership change in foreign investments and interim period income tax accounting for year-to-date losses that exceed projected losses. The guidance becomes effective for annual reporting periods beginning after December 15, 2020 and interim periods within those fiscal years with early adoption permitted. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

**NOTE 2 - Composition of Certain Financial Statement Captions:**

	<b>2020</b>	<b>2019</b>
Inventories, net:		
Meat, ingredients and supplies	\$ 6,439	\$ 5,283
Work in process	1,860	1,562
Finished goods	20,997	19,522
	<u>\$ 29,296</u>	<u>\$ 26,367</u>
Property, plant and equipment, net:		
Land	\$ 3,908	\$ 3,908
Buildings and improvements	27,518	21,044
Machinery and equipment	88,785	60,617
Capital leased trucks	513	473
Transportation equipment	8,846	8,391
Right of use assets	1,090	-
Construction in process	1,358	13,928
	<u>132,018</u>	<u>108,361</u>
Accumulated depreciation and amortization	<u>(58,686)</u>	<u>(54,015)</u>
	<u>\$ 73,332</u>	<u>\$ 54,346</u>
Other non-current assets:		
Cash surrender value benefits	\$ 13,195	\$ 12,289
Other	6	6
	<u>\$ 13,201</u>	<u>\$ 12,295</u>
Accrued payroll, advertising and other expenses:		
Payroll, vacation, payroll taxes and employee benefits	\$ 4,287	\$ 4,063
Accrued advertising and broker commissions	863	648
Property taxes	566	520
Other	265	249
	<u>\$ 5,981</u>	<u>\$ 5,480</u>
Current portion of non-current liabilities (Notes 3 and 6):		
Defined benefit retirement plan	\$ -	\$ -
Executive retirement plans	163	10
Incentive compensation	3,074	4,264
Capital lease obligation	144	95
Escrow and customer deposits	1,360	10
Right-of-use leases	372	-
Postretirement healthcare benefits	83	55
	<u>\$ 5,196</u>	<u>\$ 4,434</u>
Non-current liabilities (Note 3):		
Defined benefit retirement plan	\$ 18,678	\$ 14,130
Executive retirement plans	6,380	6,418
Incentive compensation	2,996	3,655
Capital lease obligation	289	360
Right-of-use leases	719	-
Deferred payroll taxes	1,103	-
Postretirement healthcare benefits	639	665
	<u>\$ 30,804</u>	<u>\$ 25,228</u>

**NOTE 3 - Retirement and Other Benefit Plans:****Noncontributory-Trusteed Defined Benefit Retirement Plans for Sales, Administrative, Supervisory and Certain Other Employees**

We have noncontributory-trusteed defined benefit retirement plans for sales, administrative, supervisory and certain other employees. In the third quarter of fiscal year 2006, we froze future benefit accruals under these plans for employees classified within the administrative, sales or supervisory job classifications or within any non-bargaining class. The benefits under these plans are primarily based on years of service and compensation levels. The funding policy of the plans requires contributions which are at least equal to the minimum required contributions needed to avoid a funding deficiency. The measurement date for the plans is our fiscal year end.

Net pension cost consisted of the following:

	<b>October 30, 2020</b>	<b>November 1, 2019</b>
	<b>(52 Weeks)</b>	<b>(52 Weeks)</b>
Service cost	\$ 127	\$ 103
Interest cost	2,025	2,396
Expected return on plan assets	(3,688)	(3,414)
Amortization of unrecognized loss	2,163	1,236
Net pension cost	<u>\$ 627</u>	<u>\$ 321</u>

Net pension costs and benefit obligations are determined using assumptions as of the beginning of each fiscal year.

Weighted average assumptions for each fiscal year are as follows:

	<b>2020</b>	<b>2019</b>
Discount rate	2.45%	3.00%
Rate of increase in salary levels	N/A	N/A
Expected return on plan assets	7.00%	7.00%

The benefit obligation, plan assets, and funded status of these plans as of the fiscal years ended are as follows:

	<b>October 30, 2020</b>	<b>November 1, 2019</b>
	<b>(52 Weeks)</b>	<b>(52 Weeks)</b>
<b>Change in plan assets:</b>		
Fair value of plan assets - beginning of year	\$ 53,892	\$ 49,434
Employer contributions	-	875
Actual return on plan assets	2,189	5,402
Benefits paid	(1,965)	(1,819)
Fair value of plan assets - end of year	<u>\$ 54,116</u>	<u>\$ 53,892</u>
<b>Change in benefit obligations:</b>		
Benefit obligations - beginning of year	\$ 68,022	\$ 57,487
Service cost	127	103
Interest cost	2,025	2,396
Actuarial gain (loss)	4,585	9,856
Benefits paid	(1,965)	(1,820)
Benefit obligations - end of year	<u>72,794</u>	<u>68,022</u>
Funded status of the plans	(19,965)	(14,130)
Unrecognized prior service costs	-	-
Unrecognized net actuarial loss	27,373	23,453
Net amount recognized	<u>\$ 7,408</u>	<u>\$ 9,323</u>

We perform an internal rate of return analysis when making the discount rate selection. The discount rates were based on FTSE Pension Liability Index (formerly Citibank) as of October 31, 2020 and November 1, 2019, respectively.

Plan assets are primarily invested in marketable equity securities, corporate and government debt securities and are administered by an investment management company. The plans' long-term return on assets is based on the weighted average of the plans' investment allocation as of the measurement date and the published historical returns for those types of asset categories, taking into consideration inflation rate forecasts. No expected employer contribution to the plans in fiscal year 2021 is planned.

For fiscal year 2020, our actuary updated mortality tables from the RP-2014 Total Dataset Mortality Table with Scaling to Pri-2012 Total Dataset Mortality Table with MP-2020 Scaling. The expected rate of return on plan assets remained the same at 7.00% effective for fiscal years 2020 and 2019, respectively.



The actual and target allocation for plan assets are as follows:

<b>Asset Class</b>	<b>2020</b>	<b>Target Asset Allocation</b>	<b>2019</b>	<b>Target Asset Allocation</b>
Large Cap Equities	21.5%	22.0%	21.8%	22.0%
Mid Cap Equities	0.0%	0.0%	0.0%	0.0%
Small Cap Equities	13.5%	12.0%	13.8%	12.0%
International (equities only)	25.7%	26.0%	25.2%	26.0%
Fixed Income	37.5%	39.0%	37.6%	39.0%
Cash	1.8%	1.0%	1.6%	1.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The fair value of our pension plan assets as of October 30, 2020 and the level under which fair values were determined, using the hierarchy described in Note 1, is as follows:

	<b>2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Total plan assets	\$ 54,116	-	-	\$ 54,116

Expected payments for the pension benefits are as follows:

<b>Fiscal Years</b>	<b>Pension Benefits</b>
2021	\$ 2,627
2022	\$ 2,770
2023	\$ 2,936
2024	\$ 3,091
2025	\$ 3,303
2026-2030	\$ 17,625

#### **Executive Retirement Plans**

#### **Non-Qualified Deferred Compensation**

Effective January 1, 1991, we adopted a deferred compensation savings plan for certain key employees. Under this arrangement, selected employees contribute a portion of their annual compensation to the plan. We contribute an amount to each participant's account by computing an investment return equal to Moody's Average Seasoned Bond Rate plus 2%. Employees receive vested amounts upon death, termination or attainment of retirement age. No benefit expense was recorded under this plan for fiscal years 2020 and 2019.

#### **Supplemental Executive Retirement Plan**

Retirement benefits otherwise available to certain key executives under the Primary Benefit Plan have been limited by the effects of the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") and the Tax Reform Act of 1986 ("TRA"). To offset the loss of retirement benefits associated with TEFRA and TRA, the Company has adopted a non-qualified "makeup" benefit plan (the "Supplemental Executive Retirement Plan"). Benefits will be provided under the Supplemental Executive Retirement Plan in an amount equal to 60% of each participant's final average earnings minus any pension benefits and primary insurance amounts available to them under Social Security. However, in all cases the benefits are capped at \$120,000 per year for Allan L. Bridgford. Benefits provided under this plan for William L. Bridgford and Raymond F. Lancy are calculated at 50% of final average earnings, capped at \$200,000 per year, without offsets for other pension or Social Security benefits.

Benefits payable related to these plans and included in the accompanying consolidated financial statements were \$6,544 and \$6,428 as of October 30, 2020 and November 1, 2019, respectively. In connection with these arrangements we are the beneficiary of life insurance policies on the lives of certain key employees and retirees. The aggregate cash surrender value of these policies, included in non-current assets, was \$13,195 and \$12,289 as of October 30, 2020 and November 1, 2019, respectively.

Expected payments for executive postretirement benefits are as follows:

<b>Fiscal Years</b>	<b>Executive Postretirement Benefits</b>
2021	\$ 499
2022	\$ 533
2023	\$ 533
2024	\$ 533
2025	\$ 533
2026-2030	\$ 2,642

### **Incentive Compensation Plan for Certain Key Executives**

We provide an incentive compensation plan for certain key executives, which is based upon our pretax income. The payment of these amounts is generally deferred over three or five-year periods. The total amount payable related to this arrangement was \$6,070 and \$7,919 as of October 30, 2020 and November 1, 2019, respectively. Future payments are approximately \$3,074, \$1,996, \$877, \$87 and \$36 for fiscal years 2021 through 2025, respectively.

### **Postretirement Healthcare Benefits for Selected Executive Employees**

We provide postretirement health care benefits for selected executive employees. Net periodic postretirement healthcare (benefit) cost is determined using assumptions as of the beginning of each fiscal year, except for the total actual benefit payments and the discount rate used to develop the net periodic postretirement benefit expense, which is determined at the end of the fiscal year.

Net periodic postretirement healthcare cost (benefit) consisted of the following:

	<b>October 30, 2020 (52 Weeks)</b>	<b>November 1, 2019 (52 Weeks)</b>
Service cost	\$ 3	\$ 9
Interest cost	16	22
Amortization of prior service cost	-	(44)
Amortization of actuarial gain	-	(7)
Net periodic postretirement healthcare cost (benefit)	<u>\$ 19</u>	<u>\$ (20)</u>

Weighted average assumptions for the fiscal years ended October 30, 2020 and November 1, 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Discount rate	2.43%	2.92%
Medical trend rate next year	8.00%	7.50%
Ultimate trend rate	5.00%	5.00%
Year ultimate trend rate is achieved	2026	2025

The table below shows the estimated effect of a 1% increase in healthcare cost trend rate on the following:

	<b>2020</b>	<b>2019</b>
Interest cost plus service cost	\$ 2	\$ 3
Accumulated postretirement healthcare obligation	\$ 59	\$ 64

The table below shows the estimated effect of a 1% decrease in healthcare cost trend rate on the following:

	<b>2020</b>	<b>2019</b>
Interest cost plus service cost	\$ (2)	\$ (3)
Accumulated postretirement healthcare obligation	\$ (50)	\$ (53)

The healthcare obligation and funded status of this plan as of the fiscal years ended are as follows:

	<b>2020</b>	<b>2019</b>
Change in accumulated postretirement healthcare obligation:		
Healthcare obligation - beginning of year	\$ 586	\$ 517
Service cost	3	9
Interest cost	16	22
Actuarial gain	(8)	44
Benefits paid	(9)	(6)
Healthcare obligation – end of year	<u>\$ 588</u>	<u>\$ 586</u>
Funded status of the plans	588	586
Unrecognized prior service costs	-	-
Unrecognized net actuarial gain	(66)	(58)
Unrecognized amounts recorded in other comprehensive income	66	58
Postretirement healthcare liability	<u>\$ 588</u>	<u>\$ 586</u>

Expected payments for the postretirement benefits are as follows:

<b>Fiscal Years</b>	<b>Postretirement Healthcare Benefits</b>
2021	\$ 66
2022	\$ 46
2023	\$ 21
2024	\$ 22
2025-2029	\$ 108

#### **401(K) Plan for Sales, Administrative, Supervisory and Certain Other Employees**

During the fiscal year ended November 3, 2006, we implemented a qualified 401(K) retirement plan (the “401K Plan”) for our sales, administrative, supervisory and certain other employees. During fiscal years 2020 and 2019, we made total employer contributions to the 401K Plan in the amounts of \$754 and \$722, respectively.

#### **NOTE 4 - Income Taxes:**

The benefit on or provision for income taxes includes the following:

	<b>October 30, 2020</b>	<b>November 1, 2019</b>
	<b>(52 Weeks)</b>	<b>(52 Weeks)</b>
Current:		
Federal	\$ (9,517)	\$ (177)
State	135	342
	<u>(9,382)</u>	<u>165</u>
Deferred:		
Federal	7,097	1,667
State	92	221
	<u>7,189</u>	<u>1,888</u>
	<u>\$ (2,193)</u>	<u>\$ 2,053</u>

The total tax (benefit) provision differs from the expected amount computed by applying the statutory federal income tax rate to income before income taxes as follows:

	<b>October 30, 2020</b>	<b>November 1, 2019</b>
	<b>(52 Weeks)</b>	<b>(52 Weeks)</b>
Provision for federal income taxes at the applicable statutory rate	\$ 1,052	\$ 1,790
Increase in provision resulting from state income taxes, net of federal income tax benefit	179	445
Change in federal rate – NOL carryback	(2,868)	-
Research and development tax credit	(358)	-
Non-taxable life insurance gain	(190)	(140)
Other, net	(8)	(42)
	<u>\$ (2,193)</u>	<u>\$ 2,053</u>

Deferred income taxes result from differences in the bases of assets and liabilities for tax and accounting purposes.

	<b>2020</b>	<b>2019</b>
Receivables allowance	\$ 4	\$ 8
Returns allowance	70	160
Inventory packaging reserve	33	90
Inventory overhead capitalization	427	394
Employee benefits	525	467
Deferred payroll tax	290	-
Other	120	25
State taxes	(182)	(281)
Incentive compensation	1,387	1,794
Pension and health care benefits	6,752	5,604
Depreciation	(12,944)	(6,310)
Net operating loss carry-forward and credits	1,273	2,173
Valuation allowance established against state NOL	(77)	(77)
Deferred income tax assets, net	<u>\$ (2,322)</u>	<u>\$ 4,047</u>

Management is required to evaluate whether a valuation allowance should be established against its deferred tax assets based on the consideration of all available evidence using a “more likely than not” standard. Realization of deferred tax assets is dependent upon taxable income in prior carryback years, estimates of future taxable income, tax planning strategies, and reversals of existing taxable temporary differences.

As of October 30, 2020, the Company did not have any valuation allowance against its federal net deferred tax assets.

Management reevaluated the need for a valuation allowance at the end of fiscal 2020 and 2019 and determined that some of its California net operating loss (“NOL”) may not be utilized. Therefore, a valuation allowance of \$77 has been retained for such portion of California NOL.

As of October 30, 2020, the Company had NOL carryforwards of approximately \$2,934 for federal and \$4,233 for state purposes. The federal loss will be carried forward indefinitely until it can be utilized against future taxable income. The state loss carryforwards will expire at various dates from 2023 through 2040.

As of October 30, 2020, we have provided a liability of \$169 for unrecognized tax benefits related to various federal and state income tax matters. None of this liability will reduce our effective income tax rate if the asset is recognized in future reporting periods. We have not identified any new unrecognized tax benefits.

As of November 1, 2019, we have provided a liability of \$90 for unrecognized tax benefits related to various federal and state income tax matters. None of this liability will reduce our effective income tax rate if the asset is recognized in future reporting periods. We have not identified any new unrecognized tax benefits.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	<u>October 30, 2020</u> <u>(52 Weeks)</u>	<u>November 1, 2019</u> <u>(52 Weeks)</u>
Balance at beginning of year	\$ 90	\$ 155
Additions based on tax positions related to the current year	-	-
Additions for tax positions of prior years	-	-
Reductions for tax positions of prior years	79	(65)
Settlements	-	-
Balance at end of year	<u>\$ 169</u>	<u>\$ 90</u>

We recognize any future accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of October 30, 2020, we had approximately \$21 in accrued interest and penalties which is included as a component of the \$169 unrecognized tax benefit noted above.

Our federal income tax returns are open to audit under the statute of limitations for the fiscal years 2017 through 2019.

We are subject to income tax in California and various other state taxing jurisdictions. Our state income tax returns are open to audit under the statute of limitations for the fiscal years ended 2017 through 2019.

We do not anticipate a significant change to the total amount of unrecognized tax benefits within the next 12 months.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before January 01, 2021. In addition, the CARES Act allows NOLs incurred in taxable years beginning after December 31, 2017 and before January 01, 2021 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company is currently evaluating the impact of various provisions of the CARES Act, but at present, expects that the NOL carryback provision of the CARES Act would result in a material cash benefit to us. The Company has filed a federal income tax return for tax year 2019 (fiscal year 2020) and carried back a taxable loss of \$9,900 to tax years 2014 (fiscal year 2015) and 2015 (fiscal year 2016). Furthermore, the Company estimates additional taxable loss for tax year 2020 (current fiscal year 2021) which can be carried back to remaining taxable income of tax year 2015 (fiscal year 2016) and taxable income of tax years 2016 (fiscal year 2017) and 2018 (fiscal year 2019).

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (the “Tax Act”). Among other significant changes, the Tax Act reduced the corporate federal income tax rate from 35% to 21%. The carryback of NOLs from tax years 2019 and 2020 under the CARES Act to pre-Tax Act years will generate an income tax benefit due to the differential in income tax rates.

Under U.S. GAAP, specifically ASC Topic 740, *Income Taxes*, the tax effects of changes in tax laws must be recognized in the period in which the law is enacted, or March 27, 2020, for the CARES Act. Thus, at the date of enactment, in the second quarter, the Company recorded an income tax benefit of \$1,100 which represented the impact of the carryback of NOL related to tax year 2019 (fiscal year 2020) which could be estimated with reasonable certainty at that time. The tax benefit on account of the current year NOL carryback is recorded as a component of the annual effective tax rate per guidance provided in ASC Topic 740.

The effective tax rate was -47.2% and 24.0% for fiscal years 2020 and 2019, respectively. The effective tax rate for fiscal year 2020 was impacted by the rate differential on NOL carryback available under the CARES Act discussed in the paragraphs above. In addition, the effective tax rates for fiscal years 2020 and 2019 were impacted by such items as non-deductible meals and entertainment, non-taxable gains and losses on life insurance policies and state income taxes.

**NOTE 5 - Line of Credit and Borrowing Agreement:**

The Company maintains a line of credit with Wells Fargo Bank, N.A. that extends through March 1, 2022. Under the terms of this line of credit, we may borrow up to \$7,500 at an interest rate equal to the bank's prime rate or LIBOR plus 1.5%. We borrowed \$2,000 under this line of credit on November 24, 2019 and \$2,500 on January 24, 2020 for a combined total of \$4,500. We repaid the balance on this line of credit with Wells Fargo Bank, N.A. on May 13, 2020 of \$4,500 with the proceeds from the fifth borrowing of \$7,200 under the master collateral loan and security agreement with Wells Fargo Bank, N.A. described below. The line of credit contains various covenants, the more significant of which require us to maintain a minimum tangible net worth, a minimum quick ratio, a minimum net income after tax and total capital expenditures less than \$7,500. The Company was in compliance with all covenants as of October 30, 2020. Subsequent to October 30, 2020, we borrowed \$2,000 under the line of credit on December 2, 2020.

On December 26, 2018, we entered into a master collateral loan and security agreement with Wells Fargo Bank, N.A. (the "Original Wells Fargo Loan Agreement") for up to \$15,000 in equipment financing. Pursuant to the Wells Fargo Loan Agreement, we borrowed the following amounts.

Type and Number (1)	Date Funds Received	Rate	Amount	Payment Amount and Date
Equipment Loan No. 01	12/26/18	4.13%	\$ 7,500	\$ 10301/31/19
Equipment Loan No. 02	04/23/19	3.98%	7,500	10205/31/19
Equipment Loan No. 03	12/23/19	3.70%	3,750	5402/03/20
Equipment Loan No. 04	03/06/20	3.29%	7,500	10003/13/20
Equipment Loan No. 05	04/17/20	3.68%	7,200	9705/15/20
Total			<u>\$ 33,450</u>	<u>\$ 456</u>

**(1) Term: 7 years for 84 installment payments.**

	October 30, 2020	November 1, 2019
Secured equipment notes payable to Wells Fargo Bank, N.A. collateralized by equipment for the new Chicago processing facility.	\$ 29,122	\$ 13,747
Less current portion of notes payable	(4,430)	(1,943)
Total long-term notes payable	<u>\$ 24,692</u>	<u>\$ 11,804</u>

The Wells Fargo Loan Agreement as amended, contains various affirmative and negative covenants that limit the use of funds and define other provisions of the loan. The main financial covenants are listed below:

- Total Liabilities divided by Tangible Net Worth not greater than 2.5 to 1.0 at each fiscal quarter,
- Quick Ratio not less than 1.0 to 1.0 at each fiscal quarter end, and
- Fixed Charge Coverage Ratio not less than 1.25 to 1.0 as of each fiscal quarter end, determined on a trailing 4-quarter basis.

Aggregate contractual maturities of debt in future fiscal years are as follows:

Fiscal Years	Debt Payable
2021	\$ 4,429
2022	\$ 4,599
2023	\$ 4,775
2024	\$ 4,958
2025	\$ 5,148
2026-2027	\$ 5,213

The Company was in compliance with all covenants under the Wells Fargo Loan Agreement as of October 30, 2020.

**NOTE 6- Contingencies and Commitments:**

The Company leases warehouse and/or office facilities throughout the United States through month-to-month rental agreements. In the case of month-to-month lease or rental agreements with terms of 12 months or less, the Company made an accounting policy election to not recognize lease assets and liabilities and record them on a straight-line basis over the lease term. For further information regarding our lease accounting policy, please refer to Note 1 – Summary of Significant Accounting Policies, Leases.

The Company leases three long-haul trucks received during fiscal year 2019. The six-year leases for these trucks expire in 2025. Amortization of equipment under capital lease was \$71 in 2020. The Company leased one long-haul truck for \$40 received during fiscal year 2020, and that lease term is two years.

The Company performed a detailed analysis and determined that the only indication of a long-term lease was Hogshed Ventures, LLC. A right-of-use asset and corresponding liability for warehouse storage space was recorded for \$1,091 for Hogshed Ventures, LLC for 40th Street as of October 30, 2020. We lease this space under a non-cancelable operating lease. This lease does not have significant rent escalation holidays, concessions, leasehold improvement incentives or other build-out clauses. Further this lease does not contain contingent rent provisions. This lease terminates on June 30, 2023. This lease includes both lease (e.g., fixed rent) and non-lease components (e.g., real estate taxes, insurance, common-area and other maintenance costs). The non-lease components are deemed to be executory costs and are included in the minimum lease payments used to determine the present value of the operating lease obligation and related right-of-use asset.

This lease does not provide an implicit rate and we estimated our incremental interest rate to be approximately 1.6%. We used our estimated incremental borrowing rate and other information available at the lease commencement date in determining the present value of the lease payments.

The following is a schedule by years of future minimum lease payments for transportation leases and right-of-use assets:

Fiscal Year	Financing Obligations
2022	\$ 504
2023	550
2024	405
2025	102
2026	59
Later Years	-
Total minimum lease payments(a)	\$ 1,620
Less: Amount representing executory costs	(82)
Less: Amount representing interest(b)	(14)
Present value of future minimum lease payments(c)	\$ 1,524

(a) Minimum payments exclude contingent rentals based on actual mileage and adjustments of rental payments based on the Consumer Price Index.

(b) Amount necessary to reduce net minimum lease payments to present value calculated at the Company's incremental borrowing rate at the inception of the leases.

(c) Reflected in Note 2, as current and noncurrent obligations under capital leases of \$144 and \$289, respectively and right-of-use assets of \$372 and \$719, respectively.

**NOTE 7 - Segment Information:**

We have two reportable operating segments, Frozen Food Products (the processing and distribution of frozen products) and Snack Food Products (the processing and distribution of meat and other convenience foods).

We evaluate each segment's performance based on revenues and operating income. Selling, general and administrative expenses include corporate accounting, information systems, human resource and marketing management at the corporate level. These activities are allocated to each operating segment based on revenues and/or actual usage.

The following segment information is for the fiscal years ended October 30, 2020 (52 weeks) and November 1, 2019 (52 weeks):

<b>Segment Information</b>				
<b>2020</b>	<b>Frozen Food Products</b>	<b>Snack Food Products</b>	<b>Other</b>	<b>Totals</b>
Net sales	\$ 41,241	\$ 156,729	\$ -	\$ 197,970
Cost of products sold	27,687	110,765	-	138,452
Gross margin	13,554	45,964	-	59,518
SG&A	12,566	41,880	-	54,446
(Gain) on sale of property, plant and equipment	-	(58)	-	(58)
Income before taxes	\$ 988	\$ 4,142	\$ -	\$ 5,130
Total assets	\$ 11,490	\$ 115,657	\$ 28,136	\$ 155,283
Additions to PP&E	\$ 284	\$ 24,198	\$ -	\$ 24,482

<b>Segment Information</b>				
<b>2019</b>	<b>Frozen Food Products</b>	<b>Snack Food Products</b>	<b>Other</b>	<b>Totals</b>
Net sales	\$ 51,234	\$ 137,551	\$ -	\$ 188,785
Cost of products sold	33,444	93,677	-	127,121
Gross margin	17,790	43,874	-	61,664
SG&A	14,867	37,970	-	52,837
(Gain) loss on sale of property, plant and equipment	(4)	294	-	290
Income before taxes	\$ 2,927	\$ 5,610	\$ -	\$ 8,537
Total assets	\$ 12,198	\$ 90,221	\$ 21,037	\$ 123,456
Additions to PP&E	\$ 654	\$ 25,085	\$ -	\$ 25,739

The following information further disaggregates our sales to customers by major distribution channel and customer type for the fiscal years ended October 30, 2020 and November 1, 2019, respectively.

**2020**

<b>Distribution Channel</b>	<b>Retail (a)</b>	<b>Foodservice (b)</b>	<b>Totals</b>
Direct store delivery	\$ 117,386	\$ -	\$ 117,386
Direct customer warehouse	39,343	-	39,343
Total Snack Food Products	156,729	-	156,729
Distributors	9,639	31,602	41,241
Total Frozen Food Products	9,639	31,602	41,241
Total Net Sales	\$ 166,368	\$ 31,602	\$ 197,970

(a) Includes sales to food retailers, such as grocery retailers, warehouse club stores, and internet-based retailers.

(b) Includes sales to foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, convenience stores, healthcare facilities and the military.



2019

<b>Distribution Channel</b>	<b>Retail (a)</b>	<b>Foodservice (b)</b>	<b>Totals</b>
Direct store delivery	\$ 100,936	\$ -	\$ 100,936
Direct customer warehouse	36,615	-	36,615
Total Snack Food Products	137,551	-	137,551
Distributors	6,915	44,319	51,234
Total Frozen Food Products	6,915	44,319	51,234
Total Net Sales	<u>\$ 144,466</u>	<u>\$ 44,319</u>	<u>\$ 188,785</u>

(a) Includes sales to food retailers, such as grocery retailers, warehouse club stores, and internet-based retailers.

(b) Includes sales to foodservice distributors, restaurant operators, hotel chains and noncommercial foodservice establishments such as schools, convenience stores, healthcare facilities and the military.

**NOTE 8 - Unaudited Interim Financial Information:**

Not applicable for a smaller reporting company.

## DESCRIPTION OF CAPITAL STOCK OF THE REGISTRANT

As of October 30, 2020, Bridgford Foods Corporation (the “Company”) had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: Common Stock, par value \$1.00 per share, which is listed on the Nasdaq Global Market.

The following is a description of the rights of the Company’s capital stock and related provisions of (i) the Company’s Restated Articles of Incorporation, as amended (the “Articles”), (ii) the Company’s Amended and Restated Bylaws (the “Bylaws”), and (iii) applicable California law. This description is qualified in its entirety by, and should be read in conjunction with, the Articles, the Bylaws and applicable California law.

### Authorized Capital Stock

Pursuant to the Articles, the Company is authorized to issue two classes of shares designated “Preferred” and “Common.” The total number of shares that the Company has authority to issue is 21,000,000, consisting of 20,000,000 Common shares, par value \$1.00 per share, and 1,000,000 Preferred shares, without par value.

### Common Stock

#### *Fully Paid and Nonassessable*

All of the outstanding Common shares are fully paid and non-assessable.

#### *Voting Rights*

The holders of Common shares are entitled to one vote per share on all matters to be voted on by such holders; provided, however, that holders of Common shares may have cumulative voting rights in the election of directors if the candidates’ names have been placed in nomination prior to commencement of the voting and a shareholder has given notice prior to commencement of the voting of the shareholder’s intention to cumulate votes.

#### *Dividends*

The holders of Common shares are entitled to receive such dividends, if any, as may be declared from time to time by the Company’s Board of Directors in its discretion from funds legally available therefor.

#### *Right to Receive Liquidation Distributions*

Upon liquidation, dissolution or winding-up, the holders of Common shares are entitled to receive pro rata all assets remaining available for distribution to holders of such shares.

#### *No Preemptive or Similar Rights*

Common shares have no preemptive or other subscription rights, and there are no conversion rights or redemption or sinking fund provisions with respect to such Common shares.

### Preferred Stock

#### *Designation of Series of Preferred Stock.*

Pursuant to the Articles, without further action by the Company’s stockholders, the Company’s Board of Directors is authorized (i) to provide for the issuance of Preferred shares in one or more series; (ii) to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, and the liquidation preferences of any wholly unissued series of Preferred shares, and the number of shares constituting any such series and the designation thereof, or any of them; and (iii) to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding.

### Anti-Takeover Provisions of the Articles, Bylaws and California Law

Provisions of the Articles and Bylaws may delay or discourage transactions involving an actual or potential change in control of the Company or change in its management, including transactions in which shareholders might otherwise receive a premium for their shares, or transactions that its shareholders might otherwise deem to be in their best interests. Among other things, the Articles and Bylaws:

- provide that, except for a vacancy caused by the removal of a director as provided in the Bylaws, a vacancy on the Company’s Board of Directors may be filled by approval of the Company’s Board of Directors, or if the number of directors then in office is less than a quorum by (i) the unanimous written consent of the directors then in office, (ii) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Section 307 of the California Corporations Code, or (iii) a sole remaining director;
- provide that shareholders seeking to present proposals before a meeting of shareholders or to nominate candidates for election as directors at a meeting of shareholders must provide notice in writing in a timely manner, and also specify requirements as to the form and content of a shareholder’s notice; and
- provide that, at a shareholders’ meeting at which directors are to be elected, no shareholder shall be entitled to cumulate votes unless the candidates’ names have been placed in nomination prior to commencement of the voting and a shareholder has given notice prior to commencement of the voting of the shareholder’s intention to cumulate votes.

In addition, as a California corporation, the Company is subject to the provisions of Section 1203 of the California General Corporation Law, which requires it to provide a fairness opinion to its shareholders in connection with their consideration of any proposed “interested party” reorganization transaction.

### Listing

The Company’s Common shares are listed on the Nasdaq Global Market under the trading symbol “BRID.”

**BRIDGFORD FOODS CORPORATION**

**SUBSIDIARIES OF REGISTRANT**

<b><u>Name of Subsidiary</u></b>	<b><u>State in which Incorporated</u></b>
Bridgford Marketing Company	California
Bridgford Meat Company	California
Bridgford Food Processing Corporation	California
Bridgford Food Processing of Texas, L.P.**	Texas
A.S.I. Corporation	California
Bridgford Distributing Company of Delaware (inactive)	Delaware
American Ham Processors, Inc.*	Delaware
Bert Packing Company (inactive)	Illinois
Moriarty Meat Company	Illinois

\* - No shares have been issued.

\*\* - Limited Partnership.

I, William L. Bridgford, certify that:

1. I have reviewed this annual report on Form 10-K of Bridgford Foods Corporation;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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.

Dated: January 15, 2021

/s/ WILLIAM L. BRIDGFORD

**William L. Bridgford, Chairman of the Board  
(Principal Executive Officer)**

I, Raymond F. Lancy, certify that:

1. I have reviewed this annual report on Form 10-K of Bridgford Foods Corporation;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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.

Dated: January 15, 2021

*/s/ RAYMOND F. LANCY*

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**Raymond F. Lancy**  
**Chief Financial Officer, Executive Vice President,**  
**Treasurer and Assistant Secretary**  
**(Principal Financial and Accounting Officer)**

Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, William L. Bridgford, Chairman of the Board of Bridgford Foods Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Annual Report on Form 10-K of the Company for the fiscal year ended October 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 15, 2021

/s/ WILLIAM L. BRIDGFORD

**William L. Bridgford**  
**Chairman of the Board**  
**(Principal Executive Officer)**

This certification accompanies the Annual Report on Form 10-K pursuant to Section 13(a) and Section 15(d) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

Certification Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Raymond F. Lancy, Chief Financial Officer, Executive Vice President, Treasurer and Assistant Secretary of Bridgford Foods Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Annual Report on Form 10-K of the Company for the fiscal year ended October 30, 2020 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: January 15, 2021

/s/ RAYMOND F. LANCY

**Raymond F. Lancy**  
**Chief Financial Officer, Executive Vice President**  
**Treasurer and Assistant Secretary**  
**(Principal Financial and Accounting Officer)**

This certification accompanies the Annual Report on Form 10-K pursuant to Section 13(a) and Section 15(d) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934.

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

**FORM 10-K/A**

Amendment No. 1

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

For the fiscal year ended October 30, 2020

Commission file number: 000-02396



**BRIDGFORD FOODS CORPORATION**

(Exact name of Registrant as specified in its charter)

**California**  
(State of Incorporation)

**95-1778176**  
(I.R.S. Employer Identification No.)

**1308 North Patt Street**  
**Anaheim, California 92801**  
(Address of principal executive offices)  
**(714) 526-5533**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BRID	Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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. (Check one):

Large accelerated filer ☐  
Non-accelerated filer ☒

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 Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation of the effectiveness of its internal control over financial reporting under Section 404(b) of Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by registered public accounting firm that prepared or issued its audit report ☐

The aggregate market value of voting stock held by non-affiliates of the registrant on April 17, 2020 was \$30,843,000.

As of January 15, 2021, there were 9,076,832 shares of common stock outstanding.

## EXPLANATORY NOTE

On January 15, 2021, Bridgford Foods Corporation (the “Company”) filed its Annual Report on Form 10-K for the year ended October 30, 2020 (the “Form 10-K”), with the Securities and Exchange Commission (the “SEC”). Because the Company has determined that it will not file its definitive proxy statement within 120 days following the last day of its last fiscal year, the Company is providing Items 10, 11, 12, 13 and 14 of Part III in this Form 10-K/A filing. This Form 10-K/A hereby amends and restates in their entirety the Form 10-K cover page and Items 10 through 14 of Part III.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Form 10-K/A also contains new certifications by the principal executive officer and the principal financial officer as required by Section 302 of the Sarbanes-Oxley Act of 2002. Accordingly, Item 15(a)(3) of Part IV is amended to include the currently dated certifications as exhibits. Because no financial statements have been included in this Form 10-K/A and this Form 10-K/A does not contain or amend any disclosure with respect to Items 307 and 308 of Regulation S-K, paragraphs 3, 4, and 5 of the certifications have been omitted.

Except as expressly noted in this Form 10-K/A, this Form 10-K/A does not reflect events occurring after the original filing of the Form 10-K or modify or update in any way any of the other disclosures contained in the Form 10-K including, without limitation, the financial statements. Accordingly, this Form 10-K/A should be read in conjunction with the Company’s Form 10-K and the Company’s other filings with the SEC. Capitalized terms used herein, but not defined, shall have the meaning ascribed in the Company’s Form 10-K..

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## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

#### Identification of Directors

The following table and biographical summaries set forth, with respect to each director, his or her age, his or her principal occupation and the year in which he or she first became a director of the Company. The directors of the Company are elected annually to serve until the next annual meeting of the shareholders or until their respective successors are elected and duly qualified.

<u>Name</u>	<u>Age</u>	<u>Principal Occupation</u>	<u>Year First Became Director</u>
William L. Bridgford	66	Chairman of the Board and Member of the Executive Committee of the Company (1)(4)	2004
Allan L. Bridgford, Sr.	85	Vice President and Chairman of the Executive Committee of the Company (1)(4)	1952
Todd C. Andrews	55	Vice President and Controller of Public Storage (2)(3)(4)	2004
Raymond F. Lancy	67	Chief Financial Officer, Vice President, Treasurer and Member of the Executive Committee of the Company (4)	2013
Keith A. Ross	58	President of KR6, Inc. and Real Estate Consultant (4)	2016
Mary Schott	59	Chief Financial Officer of CSuite Financial Partners (2)(3)(4)	2019
D. Gregory Scott	64	Managing Director of Peak Holdings, LLC (2)(3)(4)	2006
John V. Simmons	65	President and Member of the Executive Committee of the Company (4)	2011

(1) William L. Bridgford is the nephew of Allan L. Bridgford, Sr.

(2) Member of the Compensation Committee.

(3) Member of the Audit Committee.

(4) Member of the Nominating Committee.

#### **Directors**

##### *William L. Bridgford*

William L. Bridgford has served as Chairman of the Board since March of 2006. He previously served as President of the Company from June of 2004 until March of 2006, and Secretary of the Company for more than five years. Mr. Bridgford has been a full-time employee of the Company since 1981. He has also served as a member of the Executive Committee since 2004. Mr. Bridgford is a graduate of California State University, Fullerton with a degree in Business Management.

Mr. Bridgford is one of the principal owners of Bridgford Industries Incorporated, the Company's majority shareholder. He brings to the Board extensive experience in the operations of the Company and provides strong leadership skills that provide strategic business guidance to the Company. The Board believes his executive managerial experience and Company knowledge base combined with his understanding of corporate values and culture qualify him to serve as a member of the Board.

##### *Allan L. Bridgford, Sr.*

Allan L. Bridgford, Sr. has served as Vice President and Chairman of the Executive Committee since 2011. Mr. Bridgford retired from the Board in October 2011 and was reappointed to the Board in August 2019. He previously served as Senior Chairman of the Board from March of 2006 to October of 2011. From March of 1995 through March of 2006, Mr. Bridgford served as Chairman of the Board. He has been an employee of the Company since 1957, and reduced his work schedule to 80% in March of 2000, 60% in March of 2005 and 50% in November 2014. Mr. Bridgford's base compensation was reduced by the same percentage as his regular work schedule reduction. Mr. Bridgford has also served as a member of the Executive Committee since 1972. He is a graduate of Stanford University with a degree in Economics.

Mr. Bridgford is one of the principal owners of Bridgford Industries Inc., the Company's majority shareholder. He has extensive knowledge of the Company's business and experience in the food industry developed during his long tenure with the Company. The Board believes he is qualified to serve as a director based on these experiences as well as his other valuable attributes and skills.

##### *John V. Simmons*

John V. Simmons has served as President of the Company and member of the Executive Committee since 2006. He previously served as Vice President of the Company for more than five years. Mr. Simmons earned a B.A. degree in Psychology from the University of Wisconsin.

Mr. Simmons has extensive knowledge and experience in the areas of marketing, product research and development, trade relations and operations developed as an employee of the Company since 1979. The Board believes these skills and experiences qualify him to serve as a member of the Board.

*Todd C. Andrews*

Todd C. Andrews is a Certified Public Accountant (inactive) and presently serves as Senior Vice President and Controller of Public Storage, a member of the S&P 500, headquartered in Glendale, California. Mr. Andrews has been employed by Public Storage since 1997. Mr. Andrews graduated cum laude with a Bachelor of Science degree in Business Administration with an emphasis in accounting and finance from California State University, Northridge, and received an Elijah Watt Sells award with high distinction on the November 1988 CPA exam.

Mr. Andrews has over 30 years of experience with responsibilities including financial reporting, strategic financial planning and analysis, capital markets, treasury operations, SEC reporting, Sarbanes Oxley internal controls and procedures, operational analysis, operational control design, real estate acquisition and development underwriting, and system design and implementation. In addition, Mr. Andrews brings a diverse set of perspectives to the Board from serving in positions in multiple industries, including public accounting, entertainment, retail, and real estate. The Board believes his skills and extensive experience qualify him to serve as a member of the Board. Mr. Andrews also qualifies as an audit committee financial expert and is financially sophisticated within the meaning of the NASDAQ Listing Rules.

*Mary Schott*

Mary Schott is currently working for CSuite Financial Partners, a professional services organization, as a contract Chief Financial Officer in the Ecommerce consumer products industry. Previously, she was Chief Financial Officer and Corporate Secretary of California Commerce Club, Inc., a privately held gaming and hospitality company, for which she had served from March 2014 through January 2020. Prior to California Commerce Club, Ms. Schott served as Chief Financial Officer of San Manuel Band of Mission Indians, a sovereign tribal nation, and Chief Accounting Officer of First American Title Insurance Company, a publicly traded financial services company. Ms. Schott holds an EMBA from Claremont Graduate University and a bachelor's degree in Accounting from Cal Poly Pomona University. She is also a Certified Public Accountant and a member of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Ms. Schott possesses leadership skills and a vast knowledge base on finance, accounting, strategic planning, risk management as well as decision support for portfolio development, acquisitions, divestitures, and establishing governance protocols. The Board believes that these skills and experiences qualify her to serve as a member of the Board. Ms. Schott also qualifies as an audit committee financial expert and has financial sophistication as described in the NASDAQ Listing Rules.

*D. Gregory Scott*

D. Gregory Scott is a Certified Public Accountant (inactive) and currently serves as the Managing Director of Peak Holdings, LLC, an investment management company based in Beverly Hills, California. Mr. Scott has been with Peak Holdings, LLC for more than the past five years. Peak Holdings, LLC and its affiliates own and manage in excess of three million square feet of office, retail and warehouse space throughout the United States.

Mr. Scott has extensive financial and managerial experience, which the Board believes qualifies him to serve as a member of the Board. Mr. Scott also qualifies as an audit committee financial expert and has financial sophistication as described in the NASDAQ Listing Rules.

*Raymond F. Lancy*

Raymond F. Lancy has served as Treasurer of the Company for more than the past five years. He has also served as a member of the Executive Committee since 2001, Vice President since 2001 and Chief Financial Officer since 2003. Mr. Lancy is a Certified Public Accountant (inactive) and worked for ten years as an auditor at PricewaterhouseCoopers LLP. He earned a Bachelor of Science degree with a major in Administration with high honors from California State University, San Bernardino.

Mr. Lancy has extensive knowledge and experience in the areas of finance and management developed at PricewaterhouseCoopers LLP and as an employee of the Company since July of 1992 and as Chief Financial Officer since 2003. The Board believes these skills and experiences qualify him to serve as a member of the Board.

*Keith A. Ross*

Keith A. Ross is President of KR6, Inc., a commercial real estate consultant and continues as founder/principal of Centra Realty Corporation (discussed below). From August 2013 to 2018, Mr. Ross served as Executive Vice President of CT Realty, or CTR, a real estate investment, development and management company based in Newport Beach, California. At CTR, Mr. Ross oversaw all development and was responsible for sourcing, evaluating, and closing on all commercial development opportunities. In addition, Mr. Ross served on CTR's Executive Committee and Investment Committee. CTR was founded in 1994 and together with its affiliates and principals have developed, acquired and managed over \$8 billion in industrial and office properties. Prior to joining CTR, from June 2009 to January 2014, Mr. Ross was Founder, President and CEO of Peligroso Spirits which sold to Diageo in London (the world's largest spirits company). From 2001 to present, Mr. Ross acts as Founder and Principal of Centra Realty Corporation, ranked as one of the most active real estate development companies in Orange County, California, where he oversaw the company's land acquisitions, capital raises of both equity and debt, architectural design, engineering, construction and sales/leasing efforts.

Mr. Ross began his professional career at the Koll Company and was with Koll for over a decade and served in various roles from project manager to marketing before leading the real estate development efforts of the company in Southern California. He currently serves on the Board of Directors and is a Co-Founder of Miocean, a nonprofit foundation that applies proven business approaches to curb the harmful effects of urban run-off pollution to the Ocean. Mr. Ross attended San Diego State University.

Mr. Ross has extensive real estate acquisition and development experience as well as project management and marketing expertise, which the Board believes qualifies him to serve as a member of the Bridgford Foods Board. In addition to his service on the Board, Mr. Ross continues to provide real estate consulting services to the Company.

### **Public Company Directorships**

None of the directors have been a director of any other public company in the past five years.

### **Involvement in Certain Legal Proceedings**

None of the directors have been involved in any legal events reportable under Item 401(f) of Regulation S-K during the last ten years.

### **Arrangements or Understandings with Directors**

There are no arrangements or understandings pursuant to which any of the directors was or is to be elected to serve as a director or nominee.

Further, none of our directors have arrangements or understandings with any person or entity, other than the Company, relating to compensation or other payments in connection with such director's service to the Company.

### **Identification of Executive Officers**

Our executive officers are set forth in the table above and include Allan L. Bridgford, Sr., William L. Bridgford, Raymond F. Lancy and John V. Simmons, each of whom also serves as a member of and collectively constitute the Company's Executive Committee. The Executive Committee acts in the capacity of "Chief Executive Officer" of the Company. For information relating to the age, term of office, periods of service, family relationships and any arrangements or understandings for each executive officer, see the section entitled "Executive Officers of the Registrant" in PART I, ITEM 1 of this Annual Report on Form 10-K. A biographical summary regarding each of our executive officers is set forth above under the caption "Directors." None of the executive officers have been involved in any legal events reportable under Item 401(f) of Regulation S-K during the last ten years.

### **Audit Committee**

The Audit Committee currently consists of three members, including Ms. Schott (Chairman) and Messrs. Andrews and Scott. The Audit Committee has been established in accordance with the rules and regulations of the SEC and each of the current members of the Audit Committee is an "independent director" as defined in Rule 5605(c)(2) of the NASDAQ Listing Rules. In addition, the Board has determined that each of Messrs. Andrews and Scott, and Ms. Schott qualify as "audit committee financial experts" as such term is used in the rules and regulations of the SEC.

### **Code of Ethics**

The Company adopted a code of ethics that is applicable to, among other individuals, its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and posted the code of ethics on its website at [www.bridgford.com](http://www.bridgford.com) (and designated therein as the Code of Conduct). Any amendment or waiver to the Company's code of ethics that applies to its directors or executive officers will be posted on its website or in a report filed with the SEC on Form 8-K.

## ITEM 11. EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Compensation Overview

This section provides information regarding the compensation paid to the Company's "named executive officers" or "NEOs," all of whom are members of the Executive Committee. The Company has historically been and continues to be principally managed by the Executive Committee. The Executive Committee, as a unit, serves as the Company's "Chief Executive Officer." The Executive Committee currently consists of the following four members:

- Allan L. Bridgford, Sr., Vice President and Chairman of the Executive Committee
- William L. Bridgford, Chairman of the Board (Principal Executive Officer)
- John V. Simmons, President
- Raymond F. Lancy, Chief Financial Officer, Executive Vice President and Treasurer (Principal Financial Officer)

The Company's executive compensation program is overseen by the Compensation Committee, which is comprised of certain non-employee members of the Board and, notwithstanding that the Company is a "controlled company" within the meaning of the NASDAQ Listing Rules, each member is independent as defined in Rule 5605(a)(2) of the NASDAQ Listing Rules. The basic responsibility of the Compensation Committee is to review the performance of the officers and key employees toward achieving the Company's strategic goals and to help ensure that the Company is able to attract and retain individuals who can lead the Company to achieve those goals.

One of the Company's primary strategic goals is to increase shareholder value while meeting its objectives for customer satisfaction, improved sales and financial performance, sound corporate governance, and competitive advantage. The Company's current emphases on controlling costs and improving profit margins on a consistent basis are also important factors which affect the Company's compensation decisions. The Compensation Committee's goal is to work with management to balance the Company's financial goals and circumstances with the need to attract, motivate and retain the fully qualified and capable individuals the Company needs to meet and surpass its customers' and shareholders' expectations in a highly-competitive industry.

#### Compensation Philosophy and Objectives

The core of the Company's executive compensation philosophy is to pay for performance. To that end, incentive bonus targets are set each year to reward excellent executive performance based upon the achievement of profit objectives by business units and the Company's overall profitability based on pretax income, thus stimulating all executives to assume broad responsibility for the Company's overall financial welfare and financial performance.

The Compensation Committee's guiding principles are as follows:

- Work with management to provide a compensation program that recognizes individual contributions as well as the Company's overall business results;
- Provide reasonable levels of total compensation which will enable the Company to attract and retain qualified and capable executive talent within its industry, while also considering the Company's current goals of controlling costs and effecting consistent improvements in its overall financial condition;
- Motivate executive officers to deliver optimum individual and business unit performance;
- Develop and retain a leadership team that is capable of successfully operating and growing an increasingly competitive and complex business in a rapidly changing industry; and
- Ensure that executive compensation-related disclosures are made to the public on a timely basis.

#### Role of the Compensation Committee

The compensation of all NEOs and other executive officers is determined by the Compensation Committee. The Compensation Committee met one time during fiscal year 2020. The primary responsibilities of the Compensation Committee include, without limitation, the following:

- Determine the compensation of the members of the Executive Committee, after taking into account the Board's assessment of the performance of the Executive Committee, as well as any other executive officers of the Company.
- Determine the compensation of the Chairman of the Board and the other directors of the Company.
- Assess the performance of the executive officers of the Company other than the members of the Executive Committee (whose performance is assessed by the Board).
- Review and make recommendations to the Board regarding the Company's compensation policies and philosophy.
- Review and make recommendations to the Board with respect to the employment agreements, severance agreements, change of control agreements and other similar agreements between the Company and its executive officers.
- Administer the Company's equity incentive plans, including the review and grant of stock option and other equity incentive grants.

- Review and discuss the Compensation Discussion and Analysis (“CD&A”) section of the Company’s annual proxy statement with management, and recommend to the Board that the CD&A be included in the Company’s proxy statement as required.
- Produce an annual report on executive compensation for inclusion in the Company’s proxy statement.
- As requested by Company management, review, consult and make recommendations and/or determinations regarding employee compensation and benefit plans and programs generally, including employee bonus and retirement plans and programs.
- Assist the Board and management in developing and evaluating potential candidates for executive officer positions.
- Advise the Board in its succession-planning initiatives for the Company’s executive officers and other senior officers.

### **Role of Management in the Compensation Determination Process**

The Company’s senior management team, particularly the Chairman of the Board and the Chairman of the Executive Committee, support the Compensation Committee in the executive compensation decision-making process. At the request of the Compensation Committee, one or more members of the Executive Committee may present a performance assessment and recommendations to the Compensation Committee regarding base salaries, bonus payments, incentive plan structure and other compensation-related matters for the Company’s executive officers (other than with respect to their own compensation).

### **Role of Compensation Consultant**

The Compensation Committee has decided not to utilize the services of a paid compensation consultant after concluding that such a consultant would provide insufficient value compared to the cost.

### **Total Compensation for Executive Officers**

The compensation packages offered to the Company’s executive officers are comprised of one or more of the following elements:

- Base salary;
- Discretionary cash bonuses; and
- Post-retirement healthcare and pension benefits.

The Company does not have any formal policies which dictate the amount to be paid with respect to each element, nor does it have any policies which dictate the relative proportion of the various elements. The Company also does not have any formal policies for allocating between cash and non-cash compensation and short-term and long-term compensation. Instead, the Company relies on the judgment of the Compensation Committee and input and feedback from the management team, including in particular members of the Executive Committee. The Compensation Committee has no plans to adopt any such formulas, ratios or other such targets that might artificially dilute the Company’s effectiveness in achieving its overall profit objectives. In fact, all of the Company’s compensation policy decisions are made in the context of its current financial position and are subordinated to the Company’s current goal of achieving overall profitability on an annual basis. Each of the compensation components is described in more detail below.

#### *Base Salary*

The Company provides executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. The purpose of base salary is to reward effective fulfillment of an executive’s assigned job responsibilities, and to reflect the position’s relative value to the Company and competitiveness of the executive job market. Base salaries for executive officers are determined based on the nature and responsibility of the position, salary norms for comparable positions at similar companies, the expertise and effectiveness of the individual executive, and the competitiveness of the market for the executive officer’s services.

The Company has successfully held most base salaries at the low end of the competitive range in order to reduce its overall cost structure and to achieve systematic improvement in the financial performance of the business without incurring a large turnover in executive talent and leadership.

Any “merit increases” for the Company’s executive officers are subject to the same budgetary constraints that apply to all other employees. Executive officer salaries are evaluated as part of the Company’s annual review process and may be adjusted where justified in the context of the Company’s current focus on profitability and controlling expenses.

For fiscal year 2020, the Compensation Committee set a base salary of \$5,713 per week from \$5,520 per week for each Executive Committee member, reduced on a pro-rata basis for any member working less than a full-time schedule. This change represented a 3.3% increase in the base salary compared to fiscal year 2019, which was derived from management’s assessment of the increase in cost of living.



### *Discretionary Cash Bonuses*

The Company's policy is to make a significant portion of each NEO's total compensation contingent upon the Company's financial performance. The Compensation Committee believes that the payment of cash bonuses based on the Company's financial success allows the Company to offer a competitive total compensation package despite relatively lower base salaries, while aligning a significant portion of executive compensation with the achievement of positive Company financial results. However, while the payment of these cash bonuses to the NEOs is generally correlated with the achievement of positive Company financial results, there are no specific performance targets communicated to the NEOs in advance, and the bonuses are ultimately paid at the discretion of the Compensation Committee after receiving input from the Chairman of the Board. For the fiscal year ended October 30, 2020, discretionary bonuses were awarded to the members of the Company's Executive Committee as disclosed in detail in the Summary Compensation Table.

### *Long-Term Equity-Based Incentive Compensation*

The Compensation Committee has concluded that long-term stock-related compensation has very limited value as an employee incentive or retention tool because the Company's equity-based incentive awards have historically provided little or no value to the recipient. In addition, beginning in 2005, U.S. accounting rules required the Company to expense any stock option awards according to a formula which could impose a costly charge on the Company's income statements, thereby burdening or erasing its profit margins. Because of these factors, the Company has not granted stock options or restricted stock awards for many years. Instead, the Compensation Committee aims to align the interests of the NEOs with those of the Company's shareholders by creating a link between the payment of executive compensation and the achievement of Company financial goals as described above. The Company's 1999 Stock Incentive Plan expired by its own terms on April 29, 2009 and no additional stock options or restricted stock may be granted thereunder.

### *Pension and Retirement Benefits*

Retirement Plan for Administrative and Sales Employees of Bridgford Foods Corporation. The Company has a defined benefit plan (the "Primary Benefit Plan") for certain of its employees not covered by collective bargaining agreements. The Primary Benefit Plan, administered by a major life insurance company, presently provides that participants receive an annual benefit on retirement equal to 1.5% of their total compensation from the Company during their period of participation from 1958. Benefits are not reduced by Social Security payments or by payments from other sources and are payable in the form of a monthly lifetime annuity commencing at age 65 or the participant's date of retirement, whichever is later. Effective May 12, 2006, future benefit accruals under the Primary Benefit Plan were frozen.

Supplemental Executive Retirement Plan. Retirement benefits otherwise available to certain key executives under the Primary Benefit Plan have been limited by the effects of the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA") and the Tax Reform Act of 1986 ("TRA"). To offset the loss of retirement benefits associated with TEFRA and TRA, the Company has adopted a non-qualified "makeup" benefit plan (the "Supplemental Executive Retirement Plan"). Benefits will be provided under the Supplemental Executive Retirement Plan in an amount equal to 60% of each participant's final average earnings minus any pension benefits and primary insurance amounts available to them under Social Security. However, in all cases the benefits are capped at \$120,000 per year for Allan L. Bridgford. Benefits provided under this plan for William L. Bridgford and Raymond F. Lancy are calculated at 50% of final average earnings, capped at \$200,000 per year, without offsets for other pension or Social Security benefits.

Bridgford Foods Retirement Savings 401(k) Plan. The Company implemented a 401(k) plan effective May 13, 2006. The Company makes a matching contribution to each employee's account based on pretax contributions in an amount equal to 100% of the first 3% of compensation and 50% of the next 2% of compensation contributed to the Plan. Certain limitations on optional pre-tax contributions to the plan are imposed pursuant to the Internal Revenue Code of 1986, as amended. No amounts are contributed by the Company unless the employee elects to make a pretax contribution to the Plan.

### *Non-Qualified Deferred Compensation*

Effective January 1, 1991 the Company adopted a deferred compensation savings plan for certain key employees. Under this arrangement, selected employees contributed a portion of their annual compensation to the plan. The Company contributed an amount to each participant's account by computing an investment return equal to Moody's Average Seasoned Bond Rate plus 2%. The purpose of the plan was to provide tax planning and supplemental funds upon retirement or death for certain selected employees and to aid in retaining and attracting employees of exceptional ability. Separate accounts are maintained for each participant to properly reflect his or her total vested account balance. No contributions or salary deferrals have been made in the past ten years.

### *Perquisites and Other Benefits*

The Company provides its executive officers with various health and welfare programs and other employee benefits which are generally available on the same cost-sharing basis to all of its employees. However, in keeping with the Company's policy of controlling costs in connection with its profitability objectives, it does not provide any significant perquisites or other special benefits to its executive officers including, but not limited to, payment of club memberships, fees associated with financial planning, executive dining rooms or special transportation rights. The Company does not own an airplane and does not provide aircraft for executives for business or personal purposes.

The Company provides post-retirement healthcare benefits for certain executives and their spouses (who are within fifteen years of age of the employee) who have reached normal retirement age. This coverage is secondary to Medicare. Coverage for spouses continues upon the death of the employee. The maximum benefit under the plan is \$100,000 per year per retiree. The combined loss on this plan during fiscal year 2020 was \$19,000 for all active and retired participants.

The Company paid life and disability insurance premiums on policies for the Company's President under which he is the named owner and beneficiary. No further premiums are due on these policies.

### **Employment Agreements**

The Company currently does not have any employment agreements with any of its NEOs. However, on August 12, 2019, the Company entered into a consulting agreement with Allan L. Bridgford, Sr., pursuant to which the Company will engage Mr. Bridgford to provide consulting services to the Company, commencing after his retirement from employment with the Company (including, without limitation, his position as Vice President and Chairman of the Executive Committee of the Company). Under the terms of the consulting agreement, Mr. Bridgford will provide to the Company consulting services, including, but not limited to, business development and strategic partnering, commencing on the date of his retirement and until such agreement is terminated by either party upon at least thirty (30) days' notice to the other party. Mr. Bridgford will be compensated at a rate of \$20,833.33 per month and will be reimbursed for all reasonable out of pocket expenses incurred in rendering such services.

### **Payments Upon Termination of Employment or Change in Control**

The Company currently does not have any severance, change of control or similar agreements with any of its NEOs. Refer to the compensation discussion below for information on pension, deferred compensation, and benefit-related payments payable in the event of a qualifying event such as employment termination, disability, death, or sale/merger/acquisition.

### **Tax and Accounting Implications**

The Compensation Committee is responsible for considering the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which in fiscal year 2020 provided that it could not deduct compensation of more than \$1,000,000 that is paid to its executive officers. The Company believes that the compensation paid under the current management incentive programs is fully deductible for federal income tax purposes. In certain situations, the Compensation Committee may approve compensation that will not meet the requirements for deductibility in order to ensure competitive levels of compensation for its executives and to meet its obligations under the terms of various incentive programs. However, the issue of deductibility has not come before the Compensation Committee in recent years and is not expected to be a concern for the foreseeable future.

### Summary Compensation Table

The table below provides summary information concerning cash and certain other compensation paid to or accrued for the Company's NEOs during fiscal years 2020 and 2019, respectively. Each of the NEOs named below were also members of the Executive Committee during the referenced periods, which Committee acts in the capacity of Chief Executive Officer of the Company. See "Compensation Discussion and Analysis" for further discussion of compensation arrangements pursuant to which the amounts listed in the table below were paid or awarded and the criteria for such payment or award.

							Change in Pension Value and Non- Qualified Deferred Compensation	All Other	
Name and Principal Position	Year	Base Salary\$( <sup>1</sup> )	Bonus\$( <sup>2</sup> )	Stock Awards\$( <sup>2</sup> )	Option Awards\$( <sup>3</sup> )	Non-Equity Incentive Plan Compensation\$( <sup>4</sup> )	Earnings\$( <sup>5</sup> )	Compensation\$( <sup>6</sup> )	Total(\$)
Allan L. Bridgford, Sr. Vice President	2020	148,525	97,440	—	—	—	0	8,000	253,965
	2019	143,507	147,810	—	—	—	36,278	8,000	335,595
William L. Bridgford Chairman of the Board	2020	297,050	194,877	—	—	—	156,829	19,600	668,356
	2019	287,014	295,620	—	—	—	346,911	19,400	948,945
John V. Simmons President	2020	297,050	194,877	—	—	—	55,343	19,600	566,870
	2019	287,014	295,620	—	—	—	127,392	43,776	753,802
Raymond F. Lancy Chief Financial Officer	2020	297,050	194,877	—	—	—	93,052	19,600	604,579
	2019	287,014	295,620	—	—	—	299,731	19,400	901,765

(1) Fiscal years 2020 and 2019 were each 52 weeks.

(2) The Company did not grant any stock awards to any of the NEOs during fiscal years 2020 or 2019.

(3) The Company did not grant any option awards to any of the NEOs during fiscal years 2020 or 2019.

(4) The Company did not utilize any non-equity incentive plans in order to pay compensation to its NEOs in fiscal years 2019 or 2020. While it is the Company's policy to provide each of the NEOs with an opportunity to earn cash bonuses that are correlated with the Company's financial performance, the payment of the bonuses are ultimately subject to the discretion of the Compensation Committee. See "Compensation Discussion and Analysis – Total Compensation for Executive Officers – Discretionary Cash Bonuses."

(5) This column includes the aggregate positive change in actuarial present value of each NEO's accumulated benefit under all defined benefit and supplemental pension plans. In accordance with SEC rules, to the extent the aggregate change in present value of all defined benefit and supplemental pension plans for a particular fiscal year would have been a negative amount, the amount has instead been reported as \$0 and the aggregate compensation for the NEO in the "Total" column has not been adjusted to reflect the negative amount. In addition, to the extent that the change in present value of any particular defined benefit or supplemental pension plan for a particular year was a negative amount, the negative amount has not been used to offset the positive change in present value associated with the other applicable defined benefit or supplemental pension plans. The aggregate change in the present value of the non-qualified deferred compensation plan and pension and retirement benefits for the NEOs in fiscal years 2020 and 2019 was as follows: (i) for fiscal year 2020, Allan L. Bridgford, Sr. (-\$54,499), William L. Bridgford (\$64,770), John V. Simmons (\$55,343), and Raymond F. Lancy (\$993), and (ii) for fiscal year 2019, Allan L. Bridgford, Sr. (\$36,278), William L. Bridgford (\$148,846), John V. Simmons (\$127,392), and Raymond F. Lancy (\$101,666).

(6) Consists of matching contributions to the Bridgford Foods Retirement Savings 401(k) plan made by the Company on behalf of each of the NEOs, except Allan L. Bridgford, Sr., and an \$8,000 payment to offset the negative impacts arising from the cancellation of supplemental executive health benefits. In addition in fiscal year 2019, the amount for Mr. Simmons includes premiums in the amount of \$24,376 for life and disability insurance policies issued for the benefit of Mr. Simmons and his designees. No premiums were due or paid in fiscal year 2020.

### **Narrative to Summary Compensation Table**

See “Compensation Discussion and Analysis” for further discussion of compensation arrangements pursuant to which amounts listed under the Summary Compensation Table were paid or awarded and the criteria for such payment or award.

### **Grants of Plan-Based Awards**

There were no stock options, restricted stock, restricted stock units or equity or non-equity-based performance awards granted to the Company’s NEOs during fiscal years 2020 or 2019. The Company’s 1999 Stock Incentive Plan expired by its own terms on April 29, 2009 and no additional stock options or restricted stock may be granted thereunder.

### **Outstanding Equity Awards at Fiscal Year-End**

There were no outstanding options or stock awards held by any NEOs as of October 30, 2020.

### **Option Exercises and Stock Vested**

There were no shares acquired upon the exercise of stock options or vesting of stock awards by any NEOs during fiscal years 2020 or 2019.

### **Pension Benefits**

The tables below provide information concerning retirement plan benefits for each NEO and payments due upon certain termination scenarios.

#### **Retirement Plan for Administrative and Sales Employees of Bridgford Foods Corporation**

**Normal Retirement:** Benefits commence upon reaching the “Normal Retirement Date”, which is the first day of the month on or after attainment of age 65. Pension benefit payments begin on the normal retirement date and continue until death.

**Early Retirement:** A participant may choose to retire up to ten years before the normal retirement date. If a participant retires early, the accrued pension will be reduced by a percentage to reflect the longer period over which pension benefits will be received. If a participant is married for at least one year and dies before retirement, a pension benefit will be payable to the surviving spouse for his or her life, provided certain eligibility requirements have been met.

**Death Benefits:** Payments to a surviving spouse will begin on the first day of the month following a participant’s death but not sooner than the earliest date a participant could have elected to retire.

**Disability Benefits:** A disability benefit is the accrued pension credited to a participant as of the date of disability.

The years of credited service, present value of accumulated plan benefits and payments made during the fiscal year were as follows:

*For the Fiscal Year ended October 30, 2020:*

<b>Name</b>	<b>Number of Years Credited Service</b>	<b>Present Value of Accumulated Benefit (1)</b>	<b>Payments During Fiscal Year</b>
Allan L. Bridgford, Sr.	52	\$ 790,774	\$ 83,991
William L. Bridgford	47	\$ 943,829	\$ —
John V. Simmons	41	\$ 768,068	\$ —
Raymond F. Lancy	28	\$ 636,791	\$ —

(1) The assumed discount rate used was 2.45% to compute the present value of the accumulated benefit. The Pri-2012 Total Dataset Mortality Table with MP-2020 Scaling was used and an expected return on assets of 7.00% was assumed.

For the Fiscal Year ended November 1, 2019:

Name	Number of Years Credited Service	Present Value of Accumulated Benefit (1)	Payments During Fiscal Year
Allan L. Bridgford, Sr.	52	\$ 845,273	\$ 82,750
William L. Bridgford	46	\$ 879,059	\$ —
John V. Simmons	40	\$ 712,725	\$ —
Raymond F. Lancy	27	\$ 635,798	\$ —

(1) The assumed discount rate used was 3.00% to compute the present value of the accumulated benefit. The SOA RP-2014 Mortality Total Dataset, adjusted to 2006 with Scale MP-2018 was used and an expected return on assets of 7.00% was assumed.

#### Supplemental Executive Retirement Plan (SERP)

Payment of Retirement Benefit: All retirement, disability and death benefits shall be paid in monthly installments beginning on the commencement date following the participant's retirement, disability or death and shall continue for a period of fifteen years.

Normal Retirement: Benefits commence upon reaching the "Normal Retirement Date", which means the date on which the participant has both attained age 65 and completed at least ten years of participation. SERP benefit payments begin at the normal retirement date or later depending on the election of the participant.

Early Retirement: A participant may choose to retire up to ten years before the normal retirement date if the participant has completed at least five years of participation. If a participant retires early, the SERP benefit will be determined based on the vested percentage attained as the time of retirement.

Death Benefits: If a participant dies prior to having commenced receipt of benefits and is eligible for benefits hereunder, the participant's beneficiary shall be entitled to receive an annual death benefit equal to the Normal Retirement Benefit determined as if the participant attained Normal Retirement Age on the date of his death, or, if after the Participant's Normal Retirement Date, equal to the Late Retirement Benefit. If a participant dies after having commenced receipt of benefits, benefits shall continue to be paid but to the Participant's Beneficiary at the same time and in the same form as the benefits would have been payable to the participant. No benefit will be payable to a participant's beneficiary if the participant terminates employment with the Company before he is eligible for a retirement benefit and thereafter dies.

Disability Benefits: A disability benefit is the vested percentage of SERP benefit credited to a participant as of the date of disability.

The present value of accumulated plan benefits and payments made during the fiscal year were as follows:

For the Fiscal Year ended October 30, 2020:

Name	Present Value of Accumulated Benefit (1)	Payments During Last Fiscal Year
Allan L. Bridgford, Sr.	\$ —	\$ —
William L. Bridgford	\$ 2,518,270	\$ —
John V. Simmons	\$ —	\$ —
Raymond F. Lancy	\$ 2,518,270	\$ —

(1) A 2.45% discount rate was used to compute the present values.

For the Fiscal Year ended November 1, 2019:

<b>Name</b>	<b>Present Value of Accumulated Benefit (1)</b>	<b>Payments During Last Fiscal Year</b>
Allan L. Bridgford, Sr.	\$ —	\$ —
William L. Bridgford	\$ 2,426,211	\$ —
John V. Simmons	\$ —	\$ —
Raymond F. Lancy	\$ 2,426,211	\$ —

(1) A 3.00% discount rate was used to compute the present values.

The following table estimates the present value of SERP benefits under different employment termination scenarios as of October 30, 2020:

<b>Name</b>	<b>Present Value of Benefit Upon Voluntary Termination of Employment (1)</b>	<b>Present Value of Benefit if Disabled (1)</b>	<b>Present Value of Benefit Upon Death (1)</b>	<b>Present Value of Benefit Upon Involuntary Termination of Employment due to Sale/Merger/Acquisition (1)</b>
Allan L. Bridgford, Sr.	\$ —	\$ —	\$ —	\$ —
William L. Bridgford (2)	\$ 2,518,270	\$ 2,518,270	\$ 2,518,270	\$ 2,518,270
John V. Simmons	\$ —	\$ —	\$ —	\$ —
Raymond F. Lancy (2)	\$ 2,518,270	\$ 2,518,270	\$ 2,518,270	\$ 2,518,270

- (1) In each scenario above, the benefit amount shown is calculated at October 30, 2020. A 2.45% discount rate was used to compute the present values. In the case of a voluntary termination, the participant shall be entitled to the vested portion of any such early retirement benefit but shall not commence receipt of such early retirement benefit until the commencement date following the date the participant would have attained the early retirement date had the participant remained employed by the Company. Upon a finding that the participant (or, after the participant's death, a beneficiary) has suffered an unforeseeable emergency, the Committee may at the request of the participant or beneficiary, and subject to compliance with Internal Revenue Code Section 409A, accelerate distribution of benefits under the SERP in the amount reasonably necessary to alleviate such unforeseeable emergency.
- (2) Death benefits for William L. Bridgford and Raymond F. Lancy are paid in the form of a monthly annuity. The actual payment amount for William L. Bridgford and Raymond F. Lancy would be determined using a discount rate similar to the rate required for qualified plans. The rate assumed for these estimates is 2.45%.

The following table estimates future SERP payments under different termination scenarios as of October 30, 2020:

Name	Payment Upon Voluntary Termination of Employment	Payment if Disabled (1)	Death Benefit from Plan (2)	Involuntary Termination of Employment Due to Sale/Merger/Acquisition
Allan L. Bridgford, Sr.	—	—	—	—
William L. Bridgford	\$16,666.67 per month for 180 months beginning on 10/30/20	\$16,666.67 per month for 180 months commencing after disability	\$16,666.67 per month for 180 months beginning just after death	Lump Sum payment due at termination of \$2,518,270
John V. Simmons	—	—	—	—
Raymond F. Lancy	\$16,666.67 per month for 180 months beginning on 10/30/20	\$16,666.67 per month for 180 months commencing after disability	\$16,666.67 per month for 180 months beginning just after death	Lump Sum payment due at termination of \$2,518,270

(1) Disability amount is decreased by any Company paid disability insurance policies, Social Security disability benefits, or other Federal or State disability programs. In the case of a voluntary termination, the participant shall be entitled to the vested portion of any such early retirement benefit but shall not commence receipt of such early retirement benefit until the commencement date following the date the participant would have attained the early retirement date had the participant remained employed by the Company. Upon a finding that the participant (or, after the participant's death, a beneficiary) has suffered an unforeseeable emergency, the Committee may at the request of the participant or beneficiary, and subject to compliance with Internal Revenue Code Section 409A, accelerate distribution of benefits under the SERP in the amount reasonably necessary to alleviate such unforeseeable emergency.

(2) Assumes death on October 30, 2020. The discount rate used to calculate the lump sum amount is 2.45%.

See "Compensation Discussion and Analysis – Total Compensation for Executive Officers — Pension and Retirement Benefits" for further discussion of the pension benefits contained in the tables above.

### Non-Qualified Deferred Compensation

The table below provides information concerning deferred compensation plan benefits for each NEO during the fiscal year ended October 30, 2020.

Name	Executive Contributions in Fiscal Year	Company Contributions in Fiscal Year	Aggregate Earnings in Fiscal Year	Aggregate Withdrawals/Distributions	Aggregate Balance at Fiscal Year End
Allan L. Bridgford	\$ —	\$ —	\$ —	\$ —	\$ —
William L. Bridgford	\$ —	\$ —	\$ —	\$ —	\$ —
John V. Simmons	\$ —	\$ —	\$ —	\$ —	\$ —
Raymond F. Lancy	\$ —	\$ —	\$ —	\$ —	\$ —

The table below provides information concerning deferred compensation plan benefits for each NEO during the fiscal year ended November 1, 2019.

Name	Executive Contributions in Fiscal Year	Company Contributions in Fiscal Year	Aggregate Earnings in Fiscal Year	Aggregate Withdrawals/Distributions	Aggregate Balance at Fiscal Year End
Allan L. Bridgford	\$ —	\$ —	\$ —	\$ —	\$ —
William L. Bridgford	\$ —	\$ —	\$ —	\$ —	\$ —
John V. Simmons	\$ —	\$ —	\$ —	\$ —	\$ —
Raymond F. Lancy	\$ —	\$ —	\$ —	\$ —	\$ —

The following table estimates the present value of non-qualified deferred compensation benefits under different employment termination scenarios as of October 30, 2020:

Name	Present Value of Benefit at Termination of Employment	Present Value of Benefit if Disabled	Present Value of Benefit Upon Death	Present Value of Benefit Upon Involuntary Termination of Employment Due to Sale/Merger/Acquisition
Allan L. Bridgford	\$ —	\$ —	\$ —	\$ —
William L. Bridgford	\$ —	\$ —	\$ —	\$ —
John V. Simmons	\$ —	\$ —	\$ —	\$ —
Raymond F. Lancy	\$ —	\$ —	\$ —	\$ —

The deferred compensation amounts are calculated using a crediting rate equal to Moody's Average Seasoned Bond Rate, plus 2%. This rate is subject to fluctuation. Upon death, the deferred compensation benefits are paid in a lump sum equal to the individual's remaining account balance.

See "Compensation Discussion and Analysis – Total Compensation for Executive Officers – Non-Qualified Deferred Compensation" for further discussion of the non-qualified deferred compensation benefits contained in the tables above.

### **Director Compensation**

The table on the next page summarizes the total compensation paid by the Company to directors who were not employees during fiscal year 2020. Directors who were employees did not receive any additional compensation for their services as directors.

Name	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
Todd C. Andrews	\$ 24,070	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 24,070
Allan L. Bridgford, Jr.	\$ 22,220	\$ —	\$ —	\$ —	\$ —	\$ 447,406(1)	\$ 712,124
Keith A. Ross	\$ 24,600	\$ —	\$ —	\$ —	\$ —	\$ 75,500(2)	\$ 100,100
D. Gregory Scott	\$ 21,590	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 21,590
Mary Schott	\$ 27,100	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 27,100

- (1) Effective November 3, 2020, Allan L. Bridgford, Jr. resigned as a member of the Board of Directors. Consists of (i) \$168,000 paid and (ii) \$279,406 to be paid over 3 years in equal annual installments to Allan L. Bridgford, Jr. for consulting services rendered to the Company. See ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS, AND DIRECTOR INDEPENDENCE for further details.
- (2) Consists of \$75,500 paid to Keith A. Ross for consulting services rendered to the Company. See ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE for further details.

### **Narrative to Director Compensation Table**

The Company uses cash compensation to attract and retain qualified candidates to serve on its Board of Directors. In setting director compensation, the Compensation Committee considers the demands that have been placed and will continue to be placed on the directors and the skill-level required by its directors. In addition, as with the Company's executive officers, compensation decisions for directors are made in the context of the Company's focus on controlling costs and increasing profitability.

The directors are not paid an annual retainer for their service on the Board. Instead, each non-employee director was paid \$2,380 for each of the first two Board meetings attended during fiscal year 2020 and \$2,480 for each subsequent Board meeting attended in fiscal year 2020. Members of the Audit Committee were paid \$350 to \$550 for each Audit Committee meeting attended in fiscal year 2020 depending on the length of the meeting. Directors were not paid any additional compensation for their service on the Nominating Committee in fiscal year 2020.



## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information known to the Company with respect to the beneficial ownership of the Company's common stock as of January 15, 2021 by each shareholder known by the Company to be the beneficial owner of more than 5% of the Company's common stock, by each director and nominee for director, by each executive officer named in the Summary Compensation Table and by all executive officers and directors as a group. The information as to each person or entity has been furnished by such person or group.

### Amount and Nature of Shares Beneficially Owned

Name and Address of Beneficial Owner <sup>(1)</sup>	Sole Voting and Investment Power	Shared Voting and Investment Power <sup>(2)</sup>	Total Beneficially Owned <sup>(3)</sup>	Percentage of Outstanding Shares Beneficially Owned <sup>(3)</sup>
Bridgford Industries Incorporated 1707 Good-Latimer Expressway Dallas, TX 75226	7,156,396	—	7,156,396	78.8%
Allan L. Bridgford, Sr.	155,882	7,156,396	7,312,278	80.6%
Bruce H. Bridgford	—	7,156,396	7,156,396	78.8%
Baron R.H. Bridgford 170 North Green St. Chicago, IL 60607	1,654	7,156,396	7,158,050	78.9%
William L. Bridgford	7,461	7,156,396	7,163,857	78.9%
Allan L. Bridgford, Jr.	20,000	7,156,396	7,176,396	79.1%
Raymond F. Lancy	242	—	242	*
John V. Simmons 1707 Good-Latimer Expressway Dallas, TX 75226	363	—	363	*
Todd C. Andrews	200	—	200	*
D. Gregory Scott	8,550	—	8,550	*
Keith A. Ross	—	—	—	*
Mary Schott	—	—	—	*
All directors and executive officers as a group (8 persons)	7,350,748	7,156,396	7,350,748	81.0%

\* Represents ownership of less than one percent (1%) of the outstanding shares.

(1) Unless otherwise indicated, the address of such beneficial owner is the Company's principal executive offices, which are located at 1308 North Patt Street, Anaheim, California 92801.

(2) Represents shares beneficially owned by Bridgford Industries Incorporated, a Delaware corporation ("BII") as reported on Amendment No. 1 to Schedule 13D filed with the SEC on February 7, 2017. Other than ownership of these shares, BII does not presently have any significant business or assets. Allan L. Bridgford, Sr. William L. Bridgford, Bruce H. Bridgford, Baron R.H. Bridgford and Allan L. Bridgford, Jr. presently own 18.47%, 7.77%, 9.99%, 9.34% and 4.18%, respectively, of the outstanding voting capital stock of BII. The remaining shares of BII capital stock are owned of record, or beneficially, by 32 additional members of the Bridgford family. The officers of BII jointly vote all of the Company's shares held by BII.

(3) Applicable percentage of ownership as of January 15, 2021 is based upon 9,076,832 shares of common stock outstanding. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to shares shown as beneficially owned. Except as otherwise indicated, and subject to community property laws where applicable, to the knowledge of the Company the persons listed above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

### Equity Compensation Plan Information

Not applicable, as we do not have any compensation plans under which our equity securities are authorized for issuance.

## **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

### **Related Transactions**

The Company's general legal counsel is the son of Allan L. Bridgford, Sr. For his legal counsel, he currently is paid a fee of \$2,480 for each Board of Directors meeting attended. Total fees paid for attending Board of Directors meetings were \$24,600 in fiscal year 2020 and \$23,640 in fiscal year 2019. In addition, legal services are performed on behalf of the Company and billed by a firm in which he is a partner. Total fees billed for legal services under this arrangement for each of fiscal years 2020 and 2019 were approximately \$293,000 and \$75,000, respectively.

Former director Allan L. Bridgford, Jr., son of Allan L. Bridgford, Sr., is providing business consulting services to the Company. The arrangement currently provides for business consulting services at \$1,200 per day. Total fees billed under this arrangement were approximately \$168,000 in fiscal year 2020 and \$207,000 in fiscal year 2019. In addition, under a separate consulting arrangement for 2019, we accrued approximately \$279,000 of profit sharing based on fiscal year 2020 profitability to be paid out in equal installments over the next three years.

Director Keith A. Ross provides real-estate consulting services to the Company. The arrangement currently provides for consulting services at \$250 per hour. Total fees paid for consulting services were \$75,500 in fiscal year 2020 and zero during fiscal year 2019.

Other than the relationships noted above, the Company is not aware of any related party transactions that would require disclosure as a related party transaction under SEC rules.

### **Review, Approval or Ratification of Transactions With Related Persons**

The Company's executive officers, directors, nominees for directors and principal shareholders, including their immediate family members and affiliates, are prohibited from entering into related party transactions with the Company that would be reportable under Item 404 of Regulation S-K without the prior approval of its Audit Committee (or other independent committee of the Board of Directors in cases where it is inappropriate for the Audit Committee to review such transaction due to a conflict of interest). Any request for the Company to enter into a transaction with an executive officer, director, or nominee for director, principal shareholder or any of such persons' immediate family members or affiliates that would be reportable under Item 404 of Regulation S-K must first be presented to the Audit Committee for review, consideration and approval. In approving or rejecting the proposed agreement, the Audit Committee will consider the relevant facts and circumstances available and deemed relevant, including but not limited to, the risks, costs, and benefits to the Company, the terms of the transactions, the availability of other sources for comparable services or products, and, if applicable, the impact on director independence. The Audit Committee shall only approve those agreements that, in light of known circumstances, are in or are not inconsistent with the Company's best interests, as determined in good faith by the Audit Committee (or other independent committee, as applicable). The requirement for the Audit Committee to review related-party transactions (defined as those transactions required to be disclosed under Item 404 of Regulation S-K) is set forth in the Amended and Restated Audit Committee Charter, which was approved on November 8, 2010.

### **Director Independence**

The Company is considered a "controlled company" within the meaning of Rule 5615(c)(1) of the NASDAQ Listing Rules based on the approximate 80% beneficial ownership of its outstanding common stock by Bridgford Industries Incorporated and are therefore exempted from various NASDAQ Listing Rules pertaining to certain "independence" requirements of its directors. Nevertheless, the Board of Directors has determined that Messrs. Andrews and Scott, and Ms. Schott who together comprise the Audit Committee and the Compensation Committee, are all "independent directors" within the meaning of Rule 5605 of the NASDAQ Listing Rules. Additionally, based on its status as a "controlled company," the Company is not required to have a Nominating Committee comprised solely of independent directors. Rather, the full Board fulfills the role of Nominating Committee and identifies and screens new candidates for Board membership. Nevertheless, actions of the Board, in its role as Nominating Committee, can be taken only with the affirmative vote of a majority of the independent directors on the Board, as defined by the NASDAQ Listing Rules.

## **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

On November 1, 2020, the Company was notified that the audit practice of the Squar Milner LLP ("Squar Milner"), an independent registered public accounting firm, was combined with Baker Tilly US, LLP ("Baker Tilly") in a transaction pursuant to which Squar Milner combined its operations with Baker Tilly and certain of the professional staff and partners of Squar Milner joined Baker Tilly either as employees or partners of Baker Tilly. On November 1, 2020, Squar Milner resigned as the auditors of the Company and with the approval of the Audit Committee of the Company's Board of Directors, Baker Tilly was engaged as its independent registered public accounting firm.

### **Audit Fees**

Fees charged by Baker Tilly for the audit of the Company's annual financial statements and the review of the financial statements included in the Company's quarterly reports on Form 10-Q for fiscal year 2020 were approximately \$179,000. Fees charged by Squar Milner for the audit of the Company's annual financial statements and the review of the financial statements included in the Company's quarterly reports on Form 10-Q for fiscal year 2019 were approximately \$175,000.

## Audit-Related Fees

Audit-related fees typically consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees." These services may include consultations related to the Sarbanes-Oxley Act and consultations concerning financial accounting and reporting standards. There were no audit-related fees billed by Baker Tilly or Squar Milner for fiscal year 2020 or fiscal year 2019.

## Tax Fees

Tax fees are comprised of services that include assistance related to state tax compliance services and consultations regarding federal and state research and development tax credits. No fees were billed by Baker Tilly or Squar Milner for tax consulting during fiscal year 2020 or fiscal year 2019.

## All Other Fees

All other fees are comprised of fees for initial planning for certification of internal controls over financial reporting. No such fees were billed by Baker Tilly or Squar Milner for fiscal year 2020 or fiscal year 2019.

### **POLICY ON AUDIT COMMITTEE PRE-APPROVAL OF AUDIT SERVICES AND PERMISSIBLE NON-AUDIT SERVICES OF INDEPENDENT ACCOUNTANTS**

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services performed by the independent registered public accountants. These services may include audit services, audit-related services, tax services and other services. During fiscal years 2020 and 2019, the Audit Committee approved all such services rendered by its independent registered public accountants. For audit services, the independent registered public accountants provide the Audit Committee with an audit plan including proposed fees in advance of the annual audit. The Audit Committee approves the plan and fees for the audit.

For non-audit services, the Company's senior management will submit from time to time to the Audit Committee for approval non-audit services that it recommends the Audit Committee engage the independent registered public accountants to provide during the fiscal year. The Company's senior management and the independent registered public accountants will each confirm to the Audit Committee that each non-audit service is permissible under all applicable legal requirements. A budget, estimating non-audit service spending for the fiscal year, will be provided to the Audit Committee along with the request. The Audit Committee must approve both permissible non-audit services and the budget for such services.

## **PART IV**

### **ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

#### (a)(3) Exhibits

The following are exhibits filed with this report.

### **EXHIBIT INDEX**

Exhibit Number	Description of Exhibit
31.3+	<u>Certification Pursuant to Rules 13a-14 and 15d-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by William L. Bridgford.</u>
31.4+	<u>Certification Pursuant to Rules 13a-14 and 15d-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 by Raymond F. Lancy.</u>

+ Filed Herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

### BRIDGFORD FOODS CORPORATION

By: /s/ WILLIAM L. BRIDGFORD

William L. Bridgford  
Chairman of the Board

Date: March 1, 2021

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Amendment has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ WILLIAM L. BRIDGFORD</u> William L. Bridgford	Chairman of the Board (Principal Executive Officer)	March 1, 2021
<u>/s/ RAYMOND F. LANCY</u> Raymond F. Lancy	Chief Financial Officer, Executive Vice President, Treasurer, Assistant Secretary and Director (Principal Financial and Accounting Officer)	March 1, 2021
<u>*</u> John V. Simmons	President and Director	March 1, 2021
<u>*</u> Allan L. Bridgford, Sr.	Director	March 1, 2021
<u>*</u> Todd C. Andrews	Director	March 1, 2021
<u>*</u> D. Gregory Scott	Director	March 1, 2021
<u>*</u> Keith A. Ross	Director	March 1, 2021
<u>*</u> Mary Schott	Director	March 1, 2021
<u>*By: /s/ WILLIAM L. BRIDGFORD</u> William L. Bridgford Attorney-in-Fact		

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**

I, William L. Bridgford, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Bridgford Foods Corporation; and
2. Based on my knowledge, this Amendment No. 1 to Annual 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 Amendment No. 1 to Annual Report.

Date: March 1, 2021

/s/ WILLIAM L. BRIDGFORD

William L. Bridgford

*Chairman of the Board*

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**

I, Raymond F. Lancy, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of Bridgford Foods Corporation; and
2. Based on my knowledge, this Amendment No. 1 to Annual 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 Amendment No. 1 to Annual Report.

Date: March 1, 2021

/s/ RAYMOND F. LANCY

Raymond F. Lancy  
*Chief Financial Officer, Executive Vice President, Treasurer*  
& Assistant Secretary  
(Principal Financial and Accounting Officer)

## DIRECTORS

**Todd C. Andrews**  
Vice President and Controller,  
Public Storage, Inc.

**Allan L. Bridgford**  
Chairman of the  
Executive Committee  
and Vice President

**William L. Bridgford**  
Chairman

**Raymond F. Lancy**  
Executive Vice President,  
Chief Financial Officer,  
Treasurer and member of  
the Executive Committee

**Keith A. Ross**  
Executive Vice President,  
CT Realty

**Mary Schott**  
CFO CSuite Financial Partners

**D. Gregory Scott**  
Managing Director,  
Peak Holdings, LLC

**John Simmons**  
President

## OFFICERS

**Allan L. Bridgford**  
Chairman of the  
Executive Committee  
and Vice President

**Michael Bridgford**  
Assistant Secretary  
and Vice President

**William L. Bridgford**  
Chairman and member of  
the Executive Committee

**Chris Cole**  
Vice President

**Bob Delong**  
Vice President,  
Information Technologies

**Raymond F. Lancy**  
Executive Vice President,  
Chief Financial Officer,  
Treasurer and member of  
the Executive Committee

**Cindy Matthews-Morales**  
Corporate Secretary  
and Controller

**John V. Simmons**  
President and member of  
the Executive Committee

## DIVISION MANAGERS

**Baron R. H. Bridgford**  
President, Bridgford Processing  
Company of Illinois  
Bridgford Foods of Illinois

**Blaine K. Bridgford**  
President  
Dallas - Superior Foods Division

**Monty Griffith**  
Vice President  
Bridgford Foods of North Carolina

**Jeffrey D. Robinson**  
Bakery Manager  
Anaheim - Bread Division

**Brandon Bridgford**  
**William deAlcuaz**  
Bakery Managers  
Dallas - Frozen-Rite Division







**Bridgford Foods Corporation**  
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P.O. Box 3773  
Anaheim, California 92803  
Phone (714) 526-5533  
[www.bridgford.com](http://www.bridgford.com)

**Transfer Agent and Registrar**  
**Continental Stock Transfer  
& Trust Company**  
1 State Street, 30th Floor  
New York, NY 10004  
1-800-509-5586

**Major Operating Facilities**  
Chicago, Illinois  
Dallas, Texas  
Statesville, North Carolina

**Independent Accountants**  
Baker Tilly US, LLP  
Irvine, California

