

Second Quarter Fiscal Year 2020 Earnings Conference Call & Webcast Presentation

April 6, 2020

Disclaimer

Forward Looking Statements

Certain statements made herein are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by or include words such as “will”, “expect”, “intends” or other similar words, phrases or expressions. These forward-looking statements include the expected effects from the COVID-19 outbreak, statements regarding the integration of Quest, future plans for the Company, the estimated or anticipated future results and benefits of the Company’s future plans and operations, future capital structure, future opportunities for the Company, and other statements that are not historical facts. These statements are based on the current expectations of the Company’s management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties and the Company’s business and actual results may differ materially. These risks and uncertainties include, but are not limited to the effect of the COVID-19 outbreak on the Company’s business, suppliers (including its contract manufacturing and logistics suppliers), customers, consumers and employees along with disruptions or inefficiencies in the supply chain resulting from any effects of the COVID-19 outbreak; achieving the anticipated benefits of the Quest acquisition; difficulties and delays in achieving the synergies and cost savings in connection with the Quest acquisition; changes in the business environment in which the Company operates including general financial, economic, capital market, regulatory and political conditions affecting the Company and the industry in which the Company operates; changes in consumer preferences and purchasing habits; the Company’s ability to maintain adequate product inventory levels to timely supply customer orders; changes in taxes, tariffs, duties, governmental laws and regulations; the availability of or competition for other brands, assets or other opportunities for investment by the Company or to expand the Company’s business; competitive product and pricing activity; difficulties of managing growth profitably; the loss of one or more members of the Company’s or Quest’s management team; and other risk factors described from time to time in the Company’s Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission from time to time. In addition, forward-looking statements provide the Company’s expectations, plans or forecasts of future events and views as of the date of this communication. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or circumstances arising after such date, and cautions investors not to place undue reliance on any such forward-looking statements. These forward-looking statements should not be relied upon as representing the Company’s assessments as of any date subsequent to the date of this communication.

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JOSEPH E. SCALZO

PRESIDENT AND CHIEF EXECUTIVE OFFICER

TODAY'S SPEAKERS AND AGENDA

Speakers

Mark Pogharian
VP, Investor Relations

Joe Scalzo
President & Chief Executive Officer

Todd Cunfer
Chief Financial Officer

Agenda

- Introduction
- Second Quarter 2020 Highlights
- Business Update
- Financial Summary
- Q&A

COVID-19 IMPACT

- The first half of the year exceeded our plan; the Company was well positioned to achieve our previously communicated outlook as we closed the first half in February
- In March, retail foot traffic was extremely volatile due to COVID-19 movement restrictions
 - Retail takeaway was similarly impacted
- Given uncertainty of consumer purchasing behavior in the second half of the year, fiscal 2020 outlook withdrawn
- Continued health and safety of employees is a priority as well as our ongoing ability to serve our retail customers and consumers
- Increased communication with supply chain network and retailer partners
 - no disruptions to date and confident in meeting retail and consumer demand

2nd QUARTER FISCAL 2020 HIGHLIGHTS

- Delivered financial results that were greater than our estimate
 - Solid gross and EBITDA margin progression
- Atkins bars and confections growth solid
 - Atkins e-commerce business continues to be robust
- Quest results strong across all metrics and on track with acquisition model; integration progressing as planned
- Nutritional snacking category growth continues to be solid, up mid to high-single digits

GROWTH VISION:

Simply Good Foods aims to **lead the nutritious snacking** movement with **trusted brands** that offer a variety of convenient, innovative, great-tasting, better-for-you **snacks and meal replacements**

TRUSTED & ADVANTAGED BRANDS:



1

Compelling consumer lifestyle brands

Brands that transcend multiple forms

2

Scale, outsourced supply chain

Ability to increase margins; low cap-ex; strong cash flow

3

Leverage consumer mega trends in nascent underpenetrated category

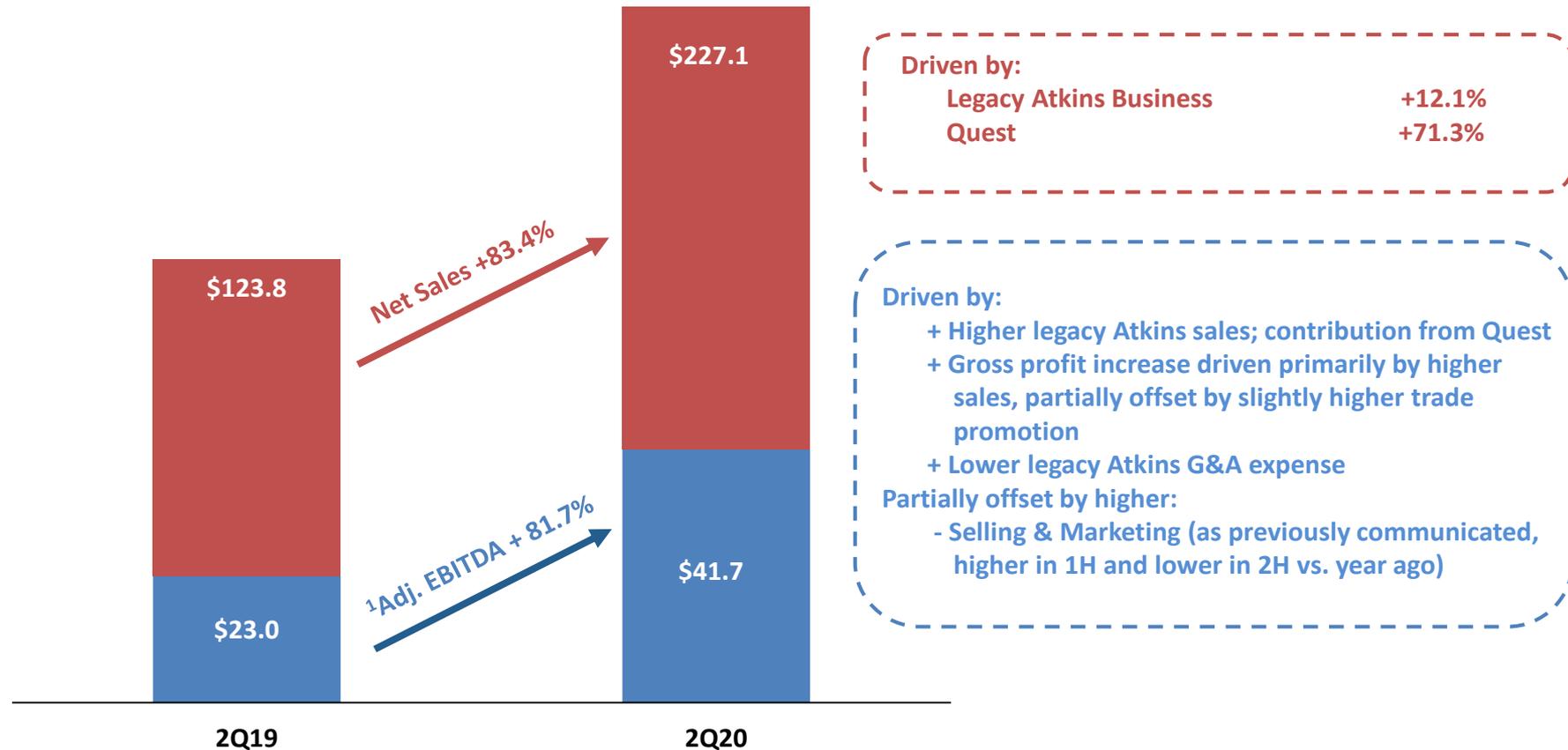
Consumer interest in protein, low carb, minimal sugar a tailwind

4

Diversified snacking product portfolio

Solid R&D pipeline to fill out snacking white space

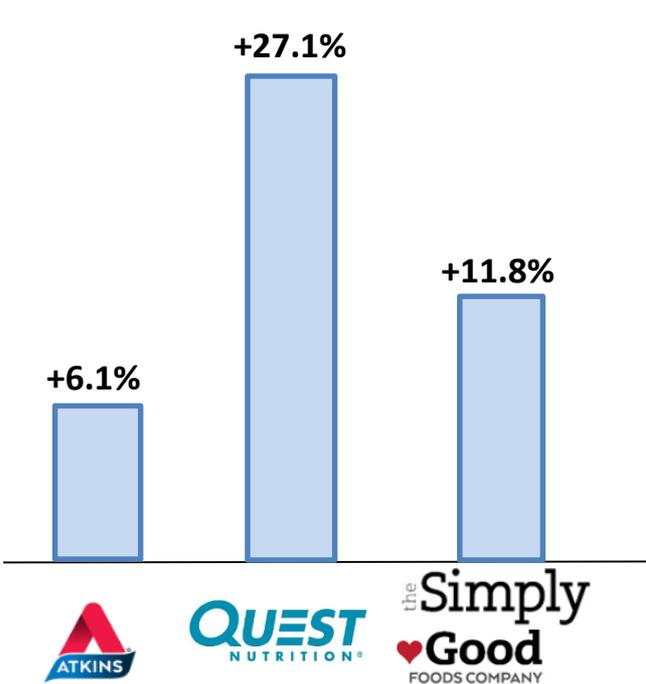
2nd QUARTER HIGHLIGHTS: REVENUE & PROFIT GROWTH



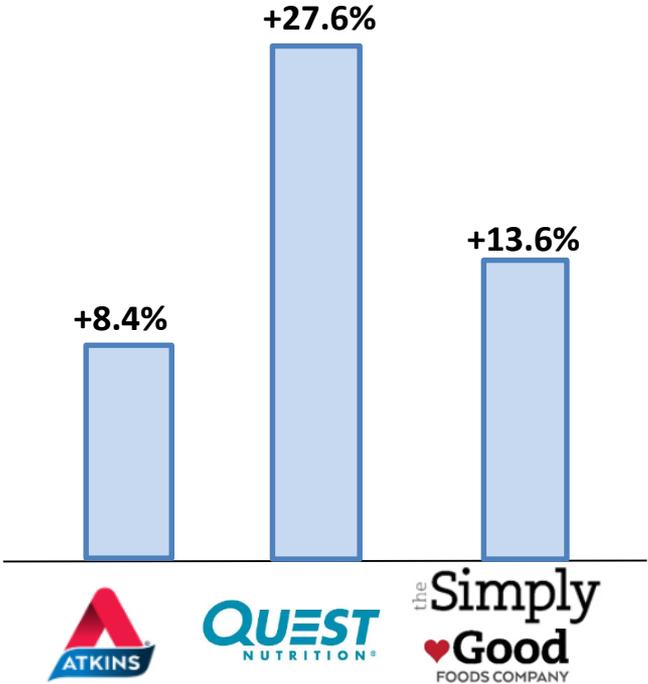
SIMPLY GOOD FOODS CONSUMPTION

- Atkins Q2 retail takeaway increased +6.1% with growth across all channels
- Atkins e-commerce gross sales up about 60% in the current and year-to-date period
- Quest performance strong across all forms in measured channels; non-measured specialty channel pressured

Q2 Retail Takeaway % Chg. vs. Year Ago



YTD Retail Takeaway % Chg. vs. Year Ago



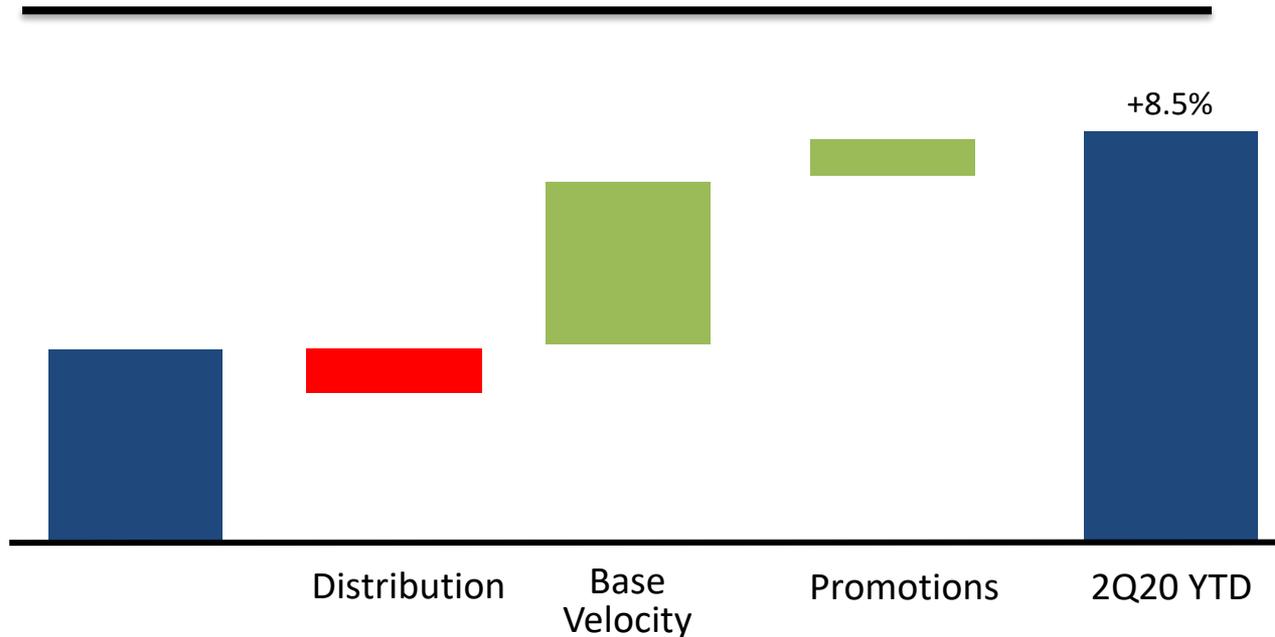
Source: IRI/MULO; 13 and 26 weeks ending 3/1/20 Note: Bars/graphs not to scale

ATKINS® YTD POINT OF SALES DRIVERS OF GROWTH



- Retail takeaway continues to be driven by base velocity gains
- Bars and confections growth solid, POS +8.2% and +31.3%, respectively
- RTD Shakes down 4.0% – a bit more than anticipated - due to increased innovation by other manufacturers
- On-going discussions with retail customers on revised plans as they re-evaluate the timing of spring shelf resets and display/promotional plans

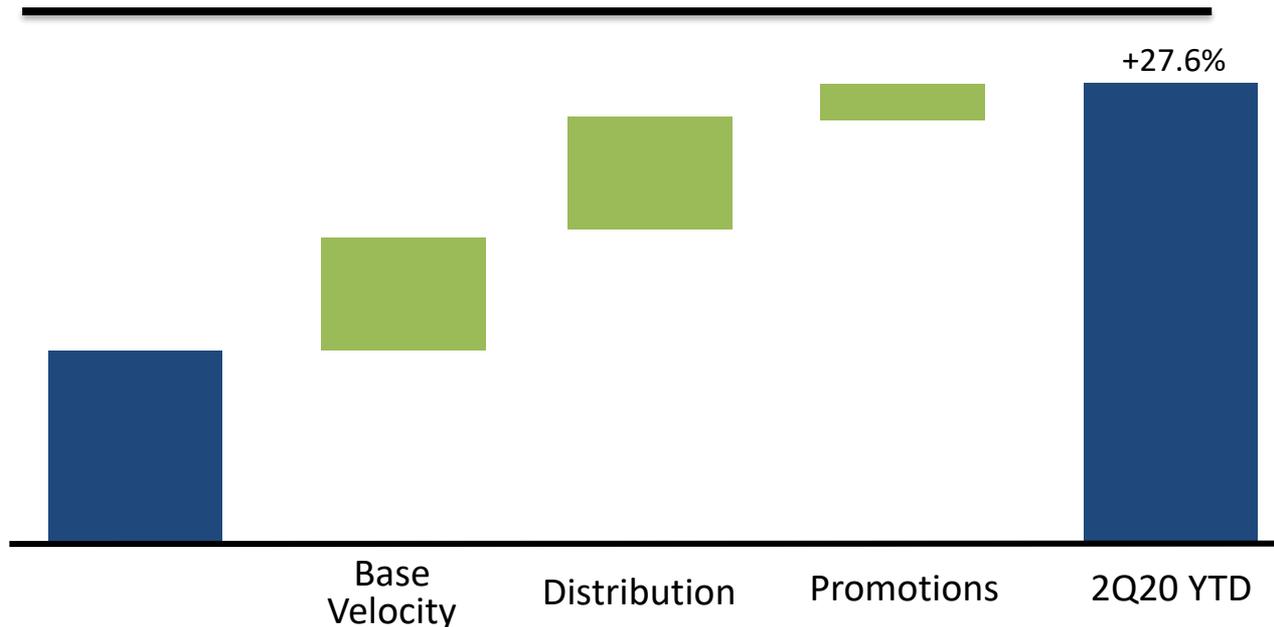
Atkins® YTD U.S. Snacking Point of Sale Drivers of Growth



QUEST® YTD POINT OF SALES DRIVERS OF GROWTH

- Retail takeaway by form in-line with estimates in measured channels
 - ~50% of U.S. sales in non-measured channels
 - Non-measured channel growth less than the increase of IRI MULO universe
- Core bar business consumption and loyalty solid; IRI MULO bar retail takeaway +12.7% 2Q YTD
- Recent launches of cookies, chips, and pizza continue to perform well with solid velocity and increased distribution gains

Quest® Fiscal YTD U.S. Snacking Point of Sale Drivers of Growth



QUEST®, A UNIQUE ACTIVE NUTRITION BRAND

- Active digital and social marketing efforts to drive awareness, consideration and trial
- Continue to build distribution of core products in in key measured channels
- Multi-pack expansion to increase share of shelf; new pack size to expand distribution; updated packaging
- Support new snacking forms - bars, chips, cookies, pizza, drinks – to support long term growth

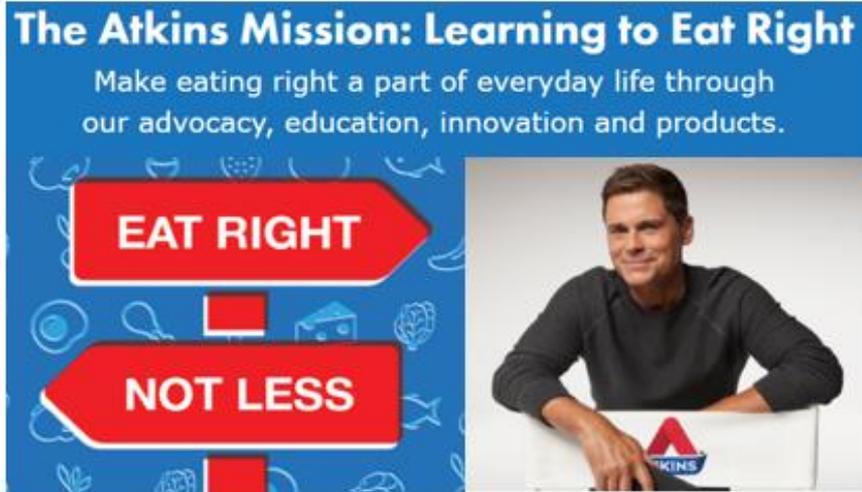
SNACK BARS

Quest Snack Bars are sweet & salty treats you can enjoy in the in-between snacking moments. Feed your snack cravings whenever they hit with 10g of protein and 2g of sugar or less.



SUMMARY

- Simply Good Foods is uniquely positioned as a U.S. leader in nutritional snacking
 - Atkins® and Quest® are strong consumer brands with broad product offerings
- A portfolio of brands aligned around consumer mega trends of better-for-you snacking
- Operating our business for the long-term and committed to do the right thing for our employees, customers and consumers during this challenging time



TODD CUNFER

CHIEF FINANCIAL OFFICER

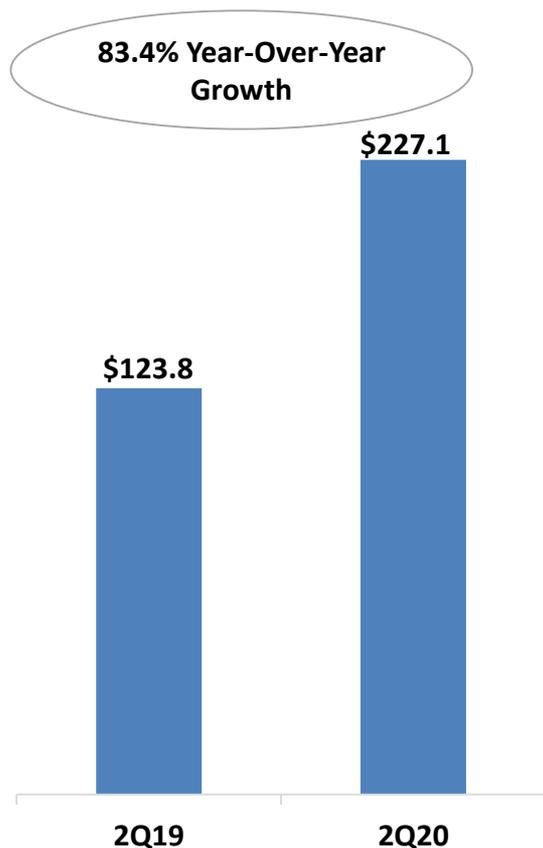
NET SALES DRIVERS OF GROWTH

	Total Simply Good Foods	
	2Q	YTD
	<u>% of Total NS Growth</u>	<u>% of Total NS Growth</u>
U.S. Legacy Atkins Business:		
Volume	13.0%	13.7%
Trade Promotions	-1.0%	-1.4%
Non U.S. Legacy Atkins Business	<u>0.1%</u>	<u>-0.4%</u>
Total Legacy Atkins Nets Sales Growth	12.1%	11.9%
Quest Nutrition	<u>71.3%</u>	<u>43.1%</u>
Total Net Sales Growth	<u>83.4%</u>	<u>55.0%</u>

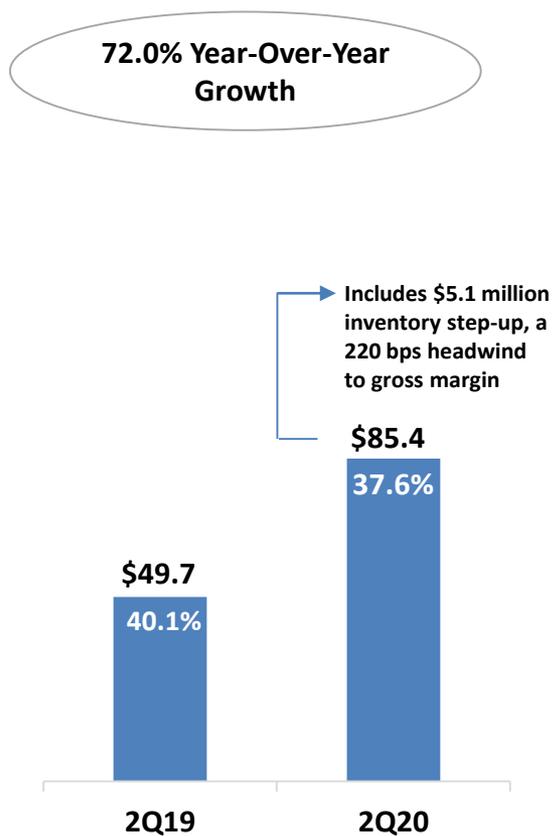
2nd QUARTER NET SALES & PROFIT GROWTH

Fiscal Q2 2020 vs. Year Ago Period

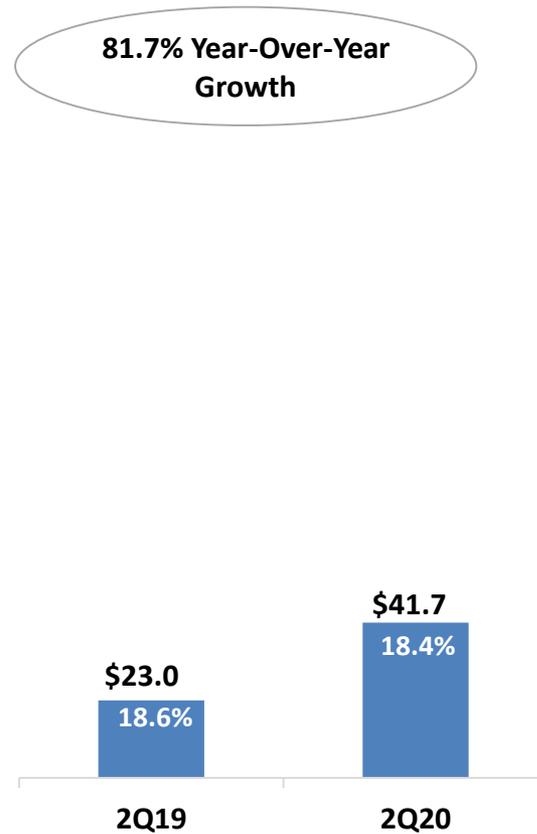
Net Sales¹



Gross Profit (and % Margin)¹



Adjusted EBITDA (and % Margin)^{1,2}



¹ Dollars in millions. Unaudited financial information for the 26-weeks ended February 23, 2019 and February 29, 2020

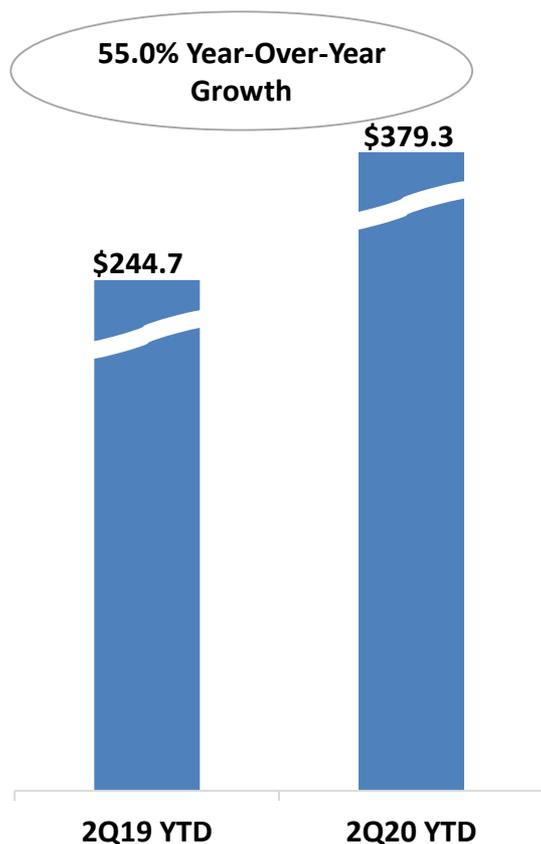
² Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) is a non-GAAP financial measure. Please refer to "Reconciliation of Adjusted EBITDA" in the earning release dated April 6, 2020 for an explanation and reconciliations of non-GAAP financial measure.

Note: Bars/graphs not to scale

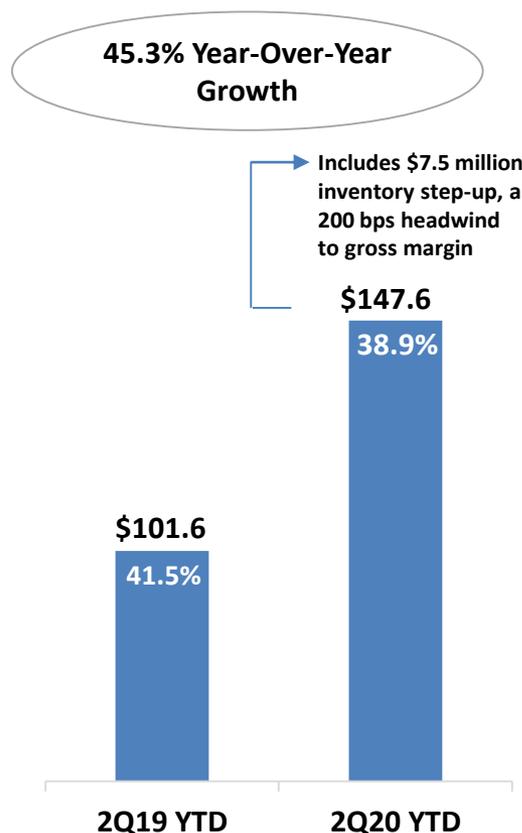
YEAR-TO-DATE NET SALES & PROFIT GROWTH

Fiscal YTD 2020 vs. Year Ago Period

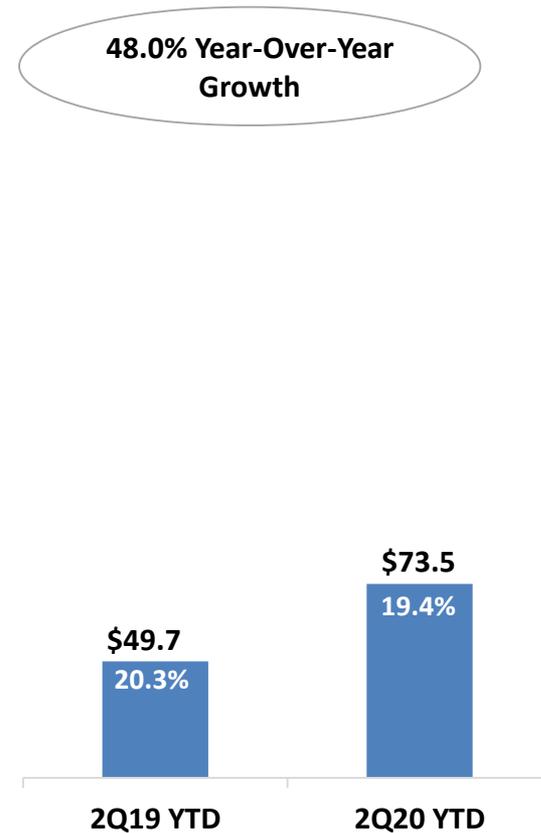
Net Sales¹



Gross Profit (and % Margin)¹



Adjusted EBITDA (and % Margin)^{1,2}

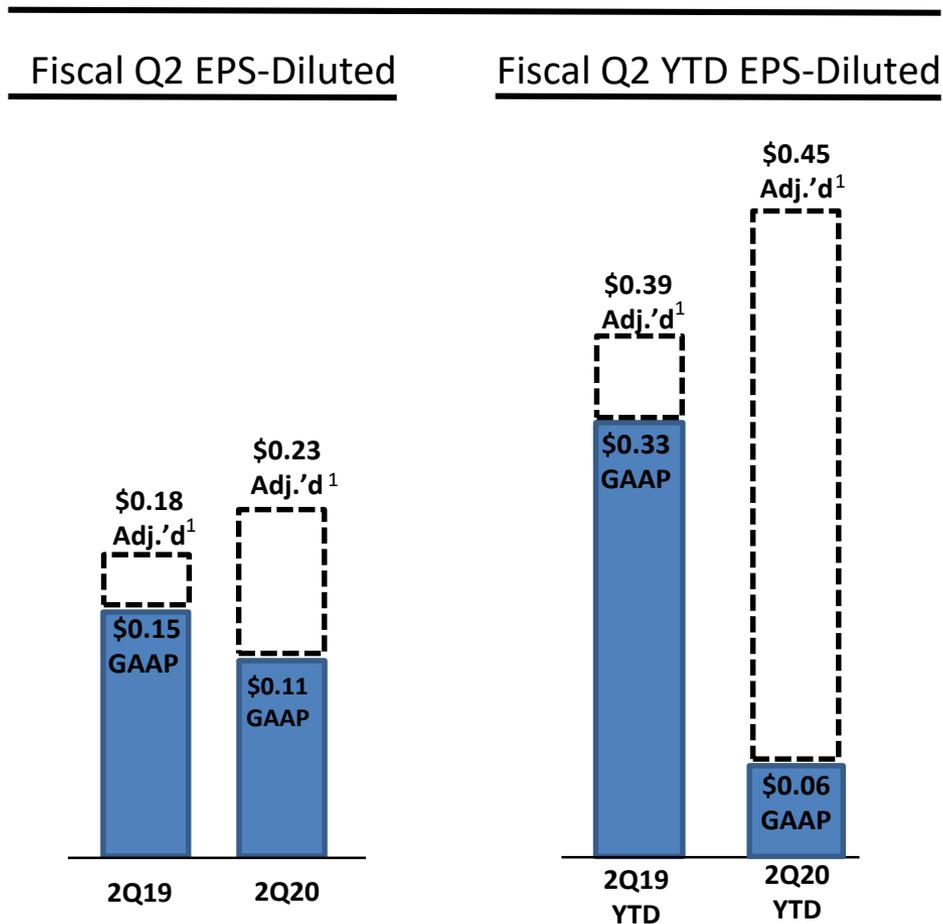


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EARNING PER SHARE-DILUTED

2020 EPS-Diluted vs. Year Ago Period



Reconciliation of Adjusted Diluted EPS¹

	2Q	YTD
GAAP Diluted EPS	\$0.11	\$0.06
Business Transaction Costs	\$0.01	\$0.20
Integration Expense	\$0.03	\$0.04
Inventory Step-up	\$0.04	\$0.06
Stock Based Compensation	\$0.02	\$0.03
Depreciation & Amortization	\$0.03	\$0.05
Rounding	(\$0.01)	\$0.01
Adjusted Diluted EPS	\$0.23	\$0.45

BALANCE SHEET & CASH FLOW

- Year-to-date debt pay-down of \$21 million; term loan debt at February 20, 2020, \$635.5 million (LIBOR +375 bps)
- On target to achieve trailing 12 months Net Debt to Adjusted EBITDA ratio of less than 3.75x by fiscal year-end August 2020
- The Company has a \$75.0 million revolving credit facility and drew down \$25 million in March for working capital and general corporate purposes, including an increase in finished goods inventory of some high velocity items
- Anticipate fiscal 2020 net interest income and interest expense, including amortization of debt issuance costs, of \$33-35 million
- The Company believes it is more than adequately positioned to meet its obligations and at the end of March the Company's estimated cash and cash equivalents balance is about \$80 million
- Year-to-date depreciation and amortization of \$7.1 million; capital expenditures of \$0.5 million; expect full year fiscal 2020 capital expenditures of \$5-6 million driven by ERP implementation

QUEST INTEGRATION UPDATE

- Cost synergies of \$20 million on track; majority to be achieved in fiscal 2021 and 2022
- Integrated supply chain – procurement, distribution and warehousing – work and discussions with vendors are proceeding as planned
- ERP implementation progressing; legacy Atkins integration to Quest’s existing platform on schedule
- Leveraging the best processes of either business and ensuring we’re “wired for growth”

FISCAL 2020 OUTLOOK WITHDRAWN

- In the first half of March retail takeaway of our products was very strong; was followed by a notable slowdown underscoring unpredictable shopping behavior
 - Duration of COVID-19 movement restrictions uncertain and retail takeaway volatility will most likely continue in the second half of the year
- Fiscal 2020 outlook issued on January 9, 2020 withdrawn
 - as we exited our first half of the year on February 29th we were highly confident in achieving the outlook we had issued in January
 - will provide additional perspective on the year during our fiscal third quarter conference call in early July
- There are many long-term growth opportunities that exist within our business
 - Believe “health and wellness” snacking is important to consumers
 - Increasing interest in the mega trends related to high protein, minimal sugar and lower carbs
 - Low category household penetration a tailwind
- Experienced management team and Board of Directors to navigate the short term COVID-19 challenges while positioning the business for continued long-term growth

Q&A