



# **Quarterly Retrospective Accounting Policy Change - Unaudited**

**October 29, 2019**

# Disclaimer

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## Unaudited Interim Consolidated Financial Statements:

During the fourth quarter ended August 31, 2019, the Company changed the presentation of third party delivery costs associated with shipping and handling activities previously included as operating expenses in Distribution in the Consolidated Statements of Operations and Comprehensive Income (Loss). The Company is now presenting these expenses within cost of goods sold in the Consolidated Statements of Operations and Comprehensive Income (Loss). In connection with the change in accounting principle, the Company also changed its definition of shipping and handling costs to include costs paid to third-party warehouse operators associated with delivering product to a customer, previously included in General and administrative and depreciation and amortization of the assets at the third-party warehouse, previously included in Depreciation and amortization. Under the previous definition of shipping and handling costs, the Company only included third-party delivery costs in Distribution.

The Company believes that this change is preferable as outbound freight and distribution center expenses represent direct costs associated with the sale of our products, it better aligns these costs with the related revenue in the gross profit calculation and it improves comparability with the Company's peers. The accounting policy change was applied retrospectively to all periods presented and the Consolidated Statements of Operations and Comprehensive Income (Loss) reflect the effect of this accounting principle change for all periods presented. This reclassification had no effect on income from operations, net income (loss) or earnings per share. The Consolidated Balance Sheets, Consolidated Statements of Stockholders' Equity (Deficit), and the Consolidated Statements of Cash Flows are not affected by this change in accounting principle.

The interim Consolidated Statements of Operations of the Company and its subsidiaries are unaudited and have been prepared in accordance with U.S. Generally Accepted Accounting Principles and the rules and regulations of the Securities and Exchange Commission. The unaudited interim Consolidated Statements of Operations reflect all adjustments which are, in our opinion, necessary for a fair presentation of the results of operations. The results reported in these unaudited interim condensed Consolidated Statements of Operations are not necessarily indicative of the results that may be reported for the entire year and should be read in conjunction with our consolidated financial statements for the fiscal year ended August 31, 2019, included in our Annual Report on Form 10-K ("Annual Report").

# Quarterly Retrospective Accounting Policy Change

	Adjusted Presentation									
	F1Q18	F2Q18	F3Q18	F4Q18	FY18	F1Q19	F2Q19	F3Q19	F4Q19	FY19
Cost of good sold	60,230	66,410	62,436	61,987	251,063	69,011	74,145	82,811	80,011	305,978
Gross profit	\$46,357	\$42,937	\$44,797	\$46,275	\$180,366	\$51,920	\$49,655	\$56,657	\$59,173	\$217,405
Selling & Marketing	13,753	15,031	15,971	14,337	59,092	15,319	14,729	17,550	19,890	67,488
General & administrative	10,794	11,018	12,499	15,324	49,635	11,998	13,732	15,947	20,296	61,973
Depreciation and amortization	1,882	1,896	1,876	1,844	7,498	1,849	1,902	1,892	1,853	7,496
Business transaction costs	0	1,877	35	347	2,259	1,039	290	758	5,020	7,107
Loss (gain) - TRA liability	642	-3,668	614	-436	-2,848	533	0	0	0	533
Other expense	0	0	0	0	0	0	0	0	0	0
Total operating expenses	\$27,071	\$26,154	\$30,995	\$31,416	\$115,636	\$30,738	\$30,653	\$36,147	\$47,059	\$144,597
Income from operations	\$19,286	\$16,783	\$13,802	\$14,859	\$64,730	\$21,182	\$19,002	\$20,510	\$12,114	\$72,808

	Previous Presentation								
	F1Q18	F2Q18	F3Q18	F4Q18	FY18	F1Q19	F2Q19	F3Q19	
Cost of good sold	53,830	59,090	55,949	55,004	223,873	61,820	66,166	74,204	
Gross profit	\$52,757	\$50,257	\$51,284	\$53,258	\$207,556	\$59,111	\$57,634	\$65,264	
Distribution	4,817	5,391	4,656	4,821	19,685	5,284	5,797	6,246	
Selling	3,903	4,975	4,972	3,952	17,802	3,856	2,533	2,802	
Marketing	9,850	10,056	10,999	10,385	41,290	11,463	12,196	14,748	
Total Selling & Marketing	\$13,753	\$15,031	\$15,971	\$14,337	\$59,092	\$15,319	\$14,729	\$17,550	
General & administrative	12,079	12,711	14,158	17,385	56,333	13,868	15,855	18,271	
Depreciation and amortization	1,934	1,948	1,911	1,879	7,672	1,886	1,939	1,929	
Business transaction costs	0	1,877	35	347	2,259	1,039	290	758	
Loss (gain) - TRA liability	642	-3,668	614	-436	-2,848	533	0	0	
Other expense	246	184	137	66	633	0	22	0	
Total operating expenses	\$33,471	\$33,474	\$37,482	\$38,399	\$142,826	\$37,929	\$38,632	\$44,754	
Income from operations	\$19,286	\$16,783	\$13,802	\$14,859	\$64,730	\$21,182	\$19,002	\$20,510	