



First Quarter Fiscal Year 2024 Earnings Conference Call & Webcast Presentation

January 4, 2024

Disclaimer

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This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles (“GAAP”) including, but not limited to, EBITDA, Adjusted EBITDA and certain ratios and other metrics derived there from and Adjusted Diluted EPS. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, earnings per share, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the presentation of these measures may not be comparable to similarly-titled measures used by other companies. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are set forth in the Press Release dated January 4, 2024. We believe (i) these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the financial condition and results of operations of the Company to date; and (ii) that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures.

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GEOFF TANNER

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Today's Speakers and Agenda

Speakers

Mark Pogharian
VP, Investor Relations

Geoff Tanner, *President & CEO*

Shaun Mara, *CFO*

Agenda

- Introduction
- Overview and Q1 Highlights
- Quest and Atkins Update
- Financial Summary
- Fiscal Year 2024 Outlook
- Q&A

First Quarter Fiscal 2024 Overview

- Q1 financial results and retail takeaway of 8%¹ in line with our estimates
 - As expected, Q1 retail takeaway outpaced Net Sales growth due to timing of shipments versus the year ago period
- Net Sales increased 2.6% to \$308.7 million driven by continued Quest momentum
- Net income of \$35.6 million versus \$35.9 million last year
- Gross margin 37.3%, in line with our forecast
 - Increase of 40 bps versus last year primarily due to lower ingredient and packaging costs
- Adjusted EBITDA² of \$62.0 million increased 2.0% versus last year
 - Higher SG&A versus the year ago period reflects investments in marketing growth initiatives and G&A capabilities
- Cash flow continues to be solid and provides us with financial flexibility to invest in our business, pursue value enhancing acquisitions, pay down debt or buy back common stock
- Focused on our plans and in position to deliver on our 2024 Net Sales and Adjusted EBITDA objectives

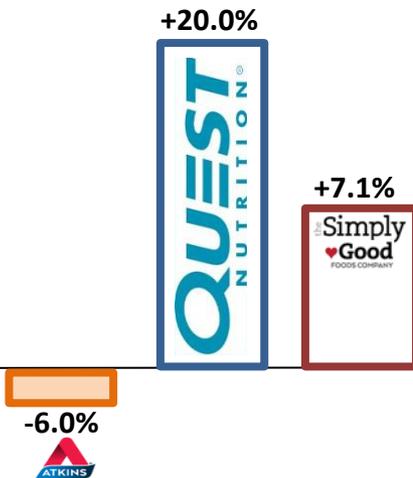
¹Combined IRI MULO + C-store and unmeasured channel estimate for the 13-weeks ending November 26, 2023.

²Adjusted EBITDA is a non-GAAP financial measure. Please refer to "Reconciliation of EBITDA and Adjusted EBITDA" in the earnings release dated January 4, 2024, available on our website for a presentation of the most directly comparable GAAP financial measure and an explanation and reconciliation of this non-GAAP financial measure.

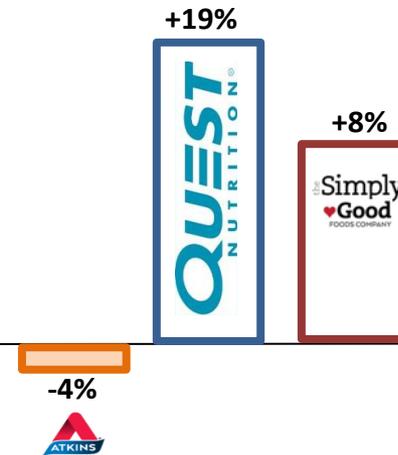
Simply Good Foods Retail Takeaway Performance

- Nutritional Snacking Category performance remains strong and increased 12%¹ in Q1, driven by volume growth
- Fiscal 1Q24 Simply Good Foods IRI MULO + C-store retail takeaway increased 7.1% and about +8% in the combined measured and unmeasured channels:

U.S. IRI MULO + C-store¹
Retail Takeaway % Change vs. Year Ago



Measured + Unmeasured² Channels
Retail Takeaway % Change vs. Year Ago



¹IRI MULO + C-store, 13 weeks ending November 26, 2023

²Combined IRI MULO + C-store and unmeasured channel estimate, 13 weeks ending November 26, 2023

- Quest Q1 IRI MULO + C-store retail takeaway increased 20.0%¹
 - Solid performance across major forms and customers driven by volume growth
 - Strong relationships with top customers drives collaborative growth discussions and planning
- Q1 POS growth in unmeasured channels about 14%²
 - Solid Ecommerce retail takeaway partially offset by specialty channel softness
- Bars Q1 IRI MULO + C-store retail takeaway increased about 16%¹
- Snacks³Q1 IRI MULO + C-store retail takeaway increased 24%¹
 - Meaningful salty snacks growth, up about 45%
 - Quest snacks about 45% of measured channel retail sales
- Over the remainder of the year:
 - Continue to expect solid volume growth
 - A new marketing and advertising campaign to debut in February to drive awareness and trial

- Atkins Q1 retail takeaway in the IRI MULO + C-store universe and combined measured and unmeasured channels off about 6%¹ and 4%², respectively
 - Q1 retail takeaway at Amazon up 12%
 - Retail takeaway stabilized
 - Strong marketing and merchandising plans in place for "New Year, New You" season
- Continued to make progress on the revitalization plans discussed last quarter to improve performance and position the brand to achieve full potential
 - Efforts focused on:
 - Enhanced merchandising and assortment at select customers;
 - New advertising supported with a reach-based media model;
 - Greater focus on a near and longer-term robust innovation funnel;
 - Product upgrades on our bar portfolio and new packaging; and
 - Targeted communication strategy to consumers interested in weight loss drugs.

Summary

- First quarter marketplace results a positive start to the year
- Simply Good Foods is uniquely positioned as the U.S. leader in nutritional snacking
- Collaboration with key customers is strong and they are committed to our brands
- Executing against our priorities and remain committed to doing the right thing over the near and long-term for our brands, customers, and consumers



Simply  Good
FOODS

SHAUN MARA

CHIEF FINANCIAL OFFICER

Net Sales Growth

- F1Q24 Net Sales \$308.7 million, an increase of \$7.8 million versus the year ago period

Net Sales Increase vs. Last Year

	1Q24
North America	2.6%
International	0.7%
Total Simply Good Foods	2.6%

1st Quarter Profit

Fiscal Q1 2024 vs. Year Ago Period

Gross Profit¹
(and % Margin)

+3.7% Year-Over-Year
Percent Change

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

+2.0% Year-Over-Year
Percent Change

Net Income¹

-0.8% Year-Over-Year
Percent Change



¹ Dollars in millions. Unaudited financial information for the 13-weeks ended November 25, 2023 and 13-weeks ended November 26, 2022

² Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) is a non-GAAP financial measure. Please refer to "Reconciliation of EBITDA and Adjusted EBITDA" in the earnings release dated January 4, 2024 available on our website for a presentation of the most directly comparable GAAP financial measure and an explanation and reconciliation of this non-GAAP financial measure.

Note: Dollar amounts in millions; Bars/graphs not to scale

Adjusted Diluted Earnings Per Share

Reconciliation of Adjusted Diluted EPS

	<u>1Q24</u>
GAAP Diluted EPS	\$0.35
Depreciation & Amortization	\$0.06
Stock Based Compensation	\$0.04
Tax Effects of Adjustments ¹	<u>-\$0.02</u>
Adjusted Diluted EPS	<u><u>\$0.43</u></u>

¹This line item reflects the aggregate tax effect of all non-tax adjustments reflected in the preceding line items of the table. The tax effect of each adjustment is computed (i) by dividing the gross amount of the adjustment, as shown in the Adjusted EBITDA reconciliation, by the number of diluted weighted average shares outstanding for the applicable fiscal period and (ii) applying an overall assumed statutory tax rate of 25% for the 13 weeks ended November 25, 2023.

Balance Sheet & Cash Flow

- Cash balance at November 25, 2023 of \$121.4 million
 - Cash flow from operations of \$47.5million compared to \$8.7 million in the year ago period
- Term loan debt balance at November 25, 2023, \$275.0 million (SOFR¹+250 bps)
 - Term loan debt pay-down of \$10.0 million in F1Q24
 - Subsequent to the F1Q24 close, there was an additional debt pay-down of \$25.0 million
- F1Q24 capital expenditures \$0.7 million
 - Fiscal 2024 capital expenditures expected to be in the \$8-10 million range
- In fiscal 2024, anticipate net interest expense, including amortization of debt issuance costs and interest income, of approximately \$17-19 million

Fiscal 2024 Outlook

- Reaffirm fiscal year 2024 outlook
- Expect lower ingredient and packaging costs to drive solid gross margin expansion
 - Provides the Company with flexibility to invest in capabilities and marketing initiatives that drive growth
- Fiscal year 2024 outlook:

	Fiscal 2023A		Fiscal '24 Outlook	
Net Sales	\$1,242.7 ¹		Growth to be at the high end of LT algorithm of +4-6%	- Includes benefit of the 53rd week
Gross Margin	36.5%		Higher than fiscal 2023	- Solid gross margin expansion driven by lower ingredient and packaging costs
Adjusted EBITDA	\$245.6 ¹		Growth rate expected to be slightly greater than the Net Sales increase	- Anticipate advertising & marketing growth rate to be greater than the Net Sales increase
Adjusted Diluted EPS	\$1.63		Growth rate expected to be higher than the Adjusted EBITDA increase	

Q&A