



Second Quarter Fiscal Year 2024 Earnings Presentation

April 4, 2024

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 statements relate to future events or our future financial or operational performance and involve known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. We caution you that these forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. You should not place undue reliance on forward-looking statements. These statements reflect our current views with respect to future events, are based on assumptions and are subject to risks and uncertainties. These forward looking statements include, among other things, statements regarding our operations being dependent on changes in consumer preferences and purchasing habits regarding our products, a global supply chain and effects of supply chain constraints and inflationary pressure on us and our contract manufacturers, our ability to continue to operate at a profit or to maintain our margins, the effect pandemics or other global disruptions on our business, financial condition and results of operations, the sufficiency of our sources of liquidity and capital, our ability to maintain current operation levels and implement our growth strategies, our ability to maintain and gain market acceptance for our products or new products, our ability to capitalize on attractive opportunities, our ability to respond to competition and changes in the economy including changes regarding inflation and increasing ingredient and packaging costs and labor challenges at our contract manufacturers and third party logistics providers, the amounts of or changes with respect to certain anticipated raw materials and other costs, difficulties and delays in achieving the synergies and cost savings in connection with acquisitions, changes in the business environment in which we operate including general financial, economic, capital market, regulatory and geopolitical conditions affecting us and the industry in which we operate, our 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 us or to expand our business, competitive product and pricing activity, difficulties of managing growth profitably, the loss of one or more members of our management team, potential for increased costs and harm to our business resulting from unauthorized access of the information technology systems we use in our business, expansion of our wellness platform and other risks and uncertainties indicated 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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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 April 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 Q2 Highlights
- Financial Summary
- Fiscal Year 2024 Outlook
- Q&A

Second Quarter Fiscal 2024 Overview

- Simply Good Foods F2Q24 Net Sales increased 5.3% and, as expected, was greater than retail takeaway growth of 3%¹
- Simply Good Foods retail takeaway in measured channels less than expectations
 - Ecommerce POS growth for both Quest and Atkins continues to be solid
 - Total Quest retail takeaway in line with estimates
 - Atkins measured channel POS off more than expected:
 - Increased competitive activity in the form of in-store merchandising and programming impacted the performance of many brands within the category, including Atkins
- Net income of \$33.1 million versus \$25.6 million last year
- Gross margin 37.4%, an increase of 280 bps versus last year primarily due to lower supply chain costs
- Adjusted EBITDA² of \$57.8 million increased 13.6% versus last year
- Updating full year fiscal 2024 outlook:
 - Due to lower than anticipated Atkins consumption in Q2, Net Sales growth, including the benefit of a 53rd week, to be around the mid-point of the Company's 4-6% long-term algorithm
 - Continue to expect solid gross margin expansion in 2024
 - Full year Adjusted EBITDA now expected to increase 6-8% versus last year



¹Combined IRI MULO + C-store and unmeasured channel estimate, 13 weeks ending February 25, 2024

²Adjusted EBITDA is a non-GAAP financial measure. Please refer to "Reconciliation of EBITDA and Adjusted EBITDA" in the earnings release dated April 4, 2024

- Quest on track with IRI MULO + C-store retail takeaway growth in Q2 of 13.1%¹
 - Solid performance across major forms and customers driven by volume growth
- Q2 POS growth in unmeasured channels about 10%²
 - Solid Ecommerce retail takeaway of about 14%² partially offset by specialty channel softness
- Bars and Snacks³ Q2 IRI MULO + C-store POS¹ increased about 6% and 21%
 - Meaningful salty snacks growth, up about 40%
- Over the remainder of the year:
 - Continue to expect low double digit POS growth driven by volume
 - A new advertising campaign debuted in March featuring actor and comedian Kumal Nanjani
 - Increased distribution and strong innovation, including strawberry frosted cookies and protein iced coffee
 - Launch of a new bake shop platform in the fall of 2024; discussion with key retail customers has been extremely strong and the initiative will be backed with significant marketing support in fiscal 2025



¹IRI MULO + C-store, 13 weeks ending February 25, 2024

²Unmeasured channel estimates, 13 weeks ending February 25, 2024

³Snack = Confections, Cookies & Salty Snacks

Atkins® Overview



- Atkins Q2 retail takeaway¹ in the IRI MULO + C-store universe and the combined measured and unmeasured channels off about 11% and 8%, respectively
 - Ecommerce remains solid with Q2 retail takeaway at Amazon up 13%
 - Merchandising and programing plans were in place but higher levels of in-store competitor activity resulted in lower share of voice compared to last year

- “New Year, New You” season for Atkins softer than anticipated, but trends improving:

<u>Atkins Retail Takeaway</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar²</u>
IRI MULO + C-store	-14%	-11%	-10%
Unmeasured Channels	11%	13%	14%
Total	-11%	-8%	-6%

- Work continues on the Atkins revitalization plan and we’re on track for all elements of the plan to be in market in fiscal 2025
 - Have made solid progress on new product pipeline



¹IRI MULO + C-store and unmeasured channel estimate, 13 weeks ending February 25, 2024

²IRI MULO + C-store and unmeasured channel estimate, 4 weeks ending March 24, 2024

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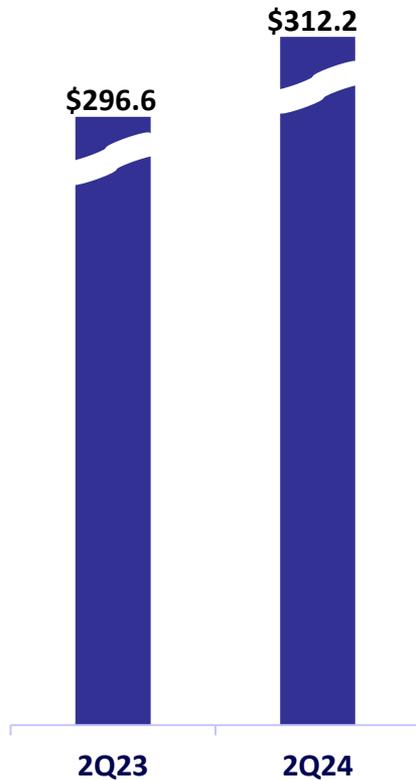
CHIEF FINANCIAL OFFICER

2nd Quarter Net Sales and Earnings

Fiscal Q2 2024 vs. Year Ago Period

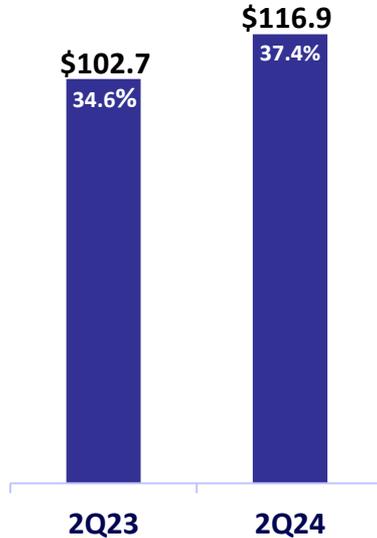
Net Sales¹

+5.3% Year-Over-Year
Percent Change



Gross Profit (and % Margin)¹

+13.8% Year-Over-Year
Percent Change



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

+13.6% Year-Over-Year
Percent Change



Net Income¹

+29.2% Year-Over-Year
Percent Change



¹ Dollars in millions. Unaudited financial information for the 13-weeks ended February 25, 2023 and 13-weeks ended February 24, 2024

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 April 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.

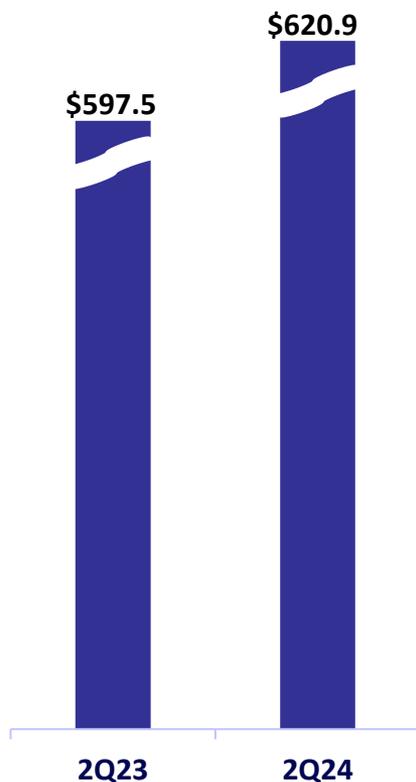
Note: Dollar amounts in millions; Bars/graphs not to scale

Year-to-Date Net Sales and Earnings

Fiscal Year-to-Date Q2 2024 vs. Year Ago Period

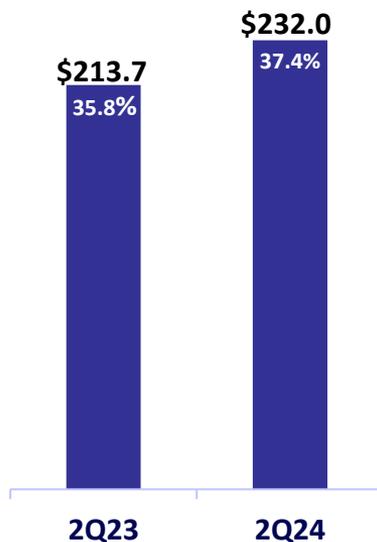
Net Sales¹

+3.9% Year-Over-Year
Percent Change



Gross Profit (and % Margin)¹

+8.5% Year-Over-Year
Percent Change



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

+7.3% Year-Over-Year
Percent Change



Net Income¹

+11.7% Year-Over-Year
Percent Change



¹ Dollars in millions. Unaudited financial information for the 26-weeks ended February 25, 2023 and 26-weeks ended February 24, 2024

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 April 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

	Fiscal 2024	
	Q2	YTD
GAAP Diluted EPS	\$0.33	\$0.68
Depreciation & Amortization	\$0.05	\$0.11
Stock Based Compensation	\$0.05	\$0.09
Tax Effects of Adjustments ¹	-\$0.02	-\$0.05
Other / Rounding	-\$0.01	-\$0.01
Adjusted Diluted EPS	<u>\$0.40</u>	<u>\$0.82</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 ended February 24, 2024.

Balance Sheet & Cash Flow

- Cash balance at February 24, 2024 of \$135.9 million
 - Year-to-date cash flow from operations of \$94 million
- Term loan debt balance at February 24, 2024, \$240 million (SOFR¹+ 250 bps)
 - Term loan debt pay-down of \$35 million in F2Q24
- Anticipate fiscal 2024 interest income and GAAP interest expense, including amortization of debt issuance costs, of approximately \$17-19 million
- Year-to-date capital expenditures \$1.1 million
 - Fiscal 2024 capital expenditures expected to be in the \$8-10 million range

Fiscal 2024 Outlook

- Updating full year fiscal 2024 outlook do to lower than anticipated consumption in F2Q24
- 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
- Full fiscal year 2024 outlook:

	Previous Outlook <i>(provided 1/4/24)</i>	Fiscal '24 Outlook <i>(provided 4/4/24)</i>	
Net Sales	Growth to be at the high end of LT algorithm of +4-6%	Growth to be around the mid-point of the LT algorithm of +4-6%	- Includes benefit of the 53rd week
Gross Margin	Higher than fiscal 2023	Higher than fiscal 2023	- Solid gross margin expansion driven by lower ingredient and packaging costs
Adjusted EBITDA	Growth rate expected to be slightly greater than the Net Sales increase	Expected to increase +6-8% versus the year ago period	- Anticipate advertising & marketing growth rate to be greater than the Net Sales increase

Q&A