



Second Quarter Fiscal Year 2022 Earnings Conference Call & Webcast Presentation

April 6, 2022

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; unforeseen business disruptions or other effects due to current global geopolitical tensions, including relating to Ukraine; 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.

Non-GAAP Financial Measures

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP") including, but not limited to, 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 6, 2022. 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.

Third Party Marks

All rights in third party marks are owned by third parties and such marks and related marks are used herein merely for information purposes. The parties claim no rights in or to such marks and related marks, nor any endorsement or approval or any message herein by such third parties.

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

Joe Scalzo

President & Chief Executive Officer

Agenda

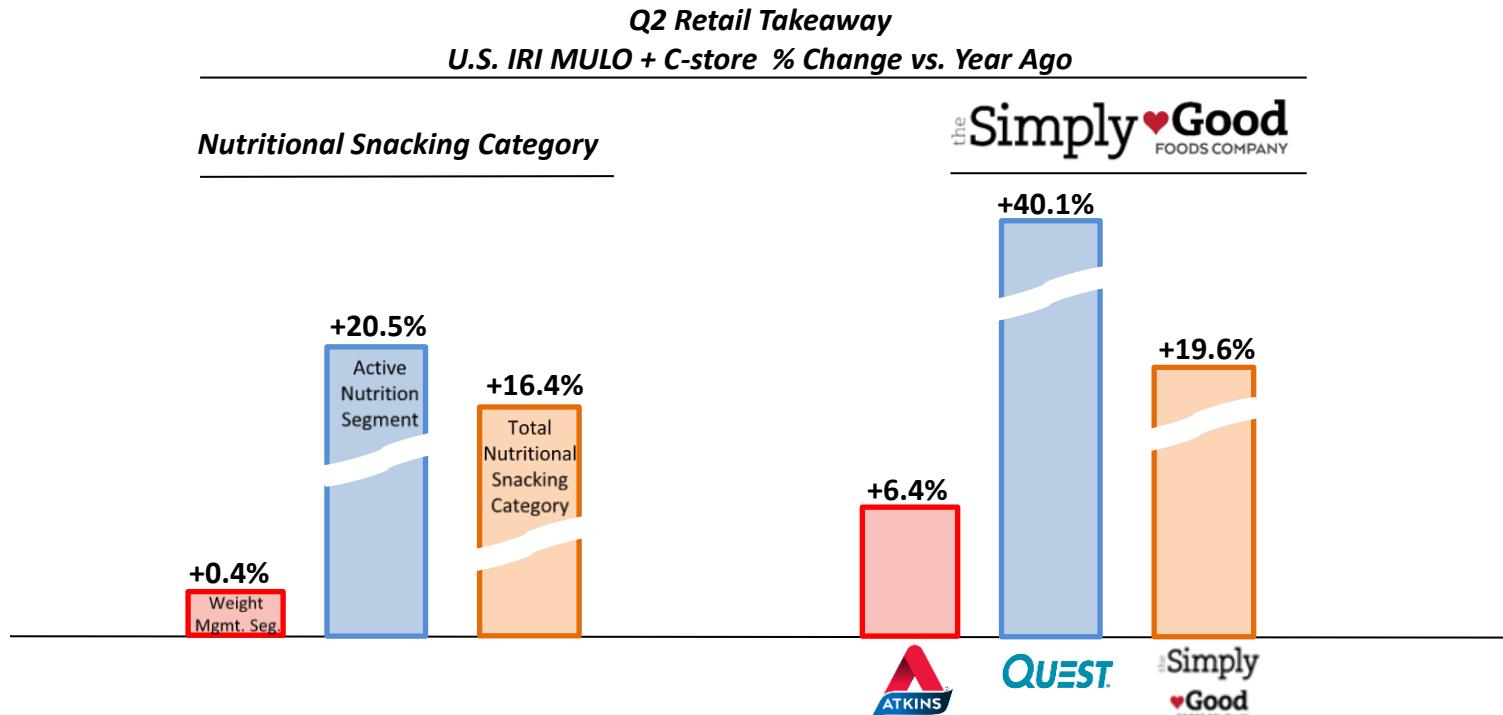
- Introduction
- Overview and Q2 Highlights
- Business Update
- Financial Summary
- Fiscal Year 2022 Outlook Update
- Q&A

Second Quarter Fiscal 2022 Overview

- Strong second quarter results and retail takeaway despite surge in COVID-19 cases related to the Omicron variant
 - Net price realization was about a high-single digit percentage point contribution to net sales growth
- Simply Good Foods Q2 net sales increased +28.7% driven by solid retail takeaway and the timing of shipments
 - U.S. Simply Good Foods Q2 IRI MULO + C-store retail takeaway +19.6%, in line with expectations
- Q2 net sales growth greater than retail takeaway primarily due to:
 - Typical retail seasonal inventory build to support in-store merchandising
 - The timing of some shipments to support earlier than anticipated Q3 retail customer programs
- Net income of \$18.5 million versus a net loss of \$26.2 million in the year ago period. The current and year ago period was impacted by the fair value change of private warrant liabilities of \$12.7 million and \$45.3 million, respectively
- Q2 Adjusted EBITDA¹ of \$54.2 million, increased 27.1% versus last year driven by sales and gross profit growth as well as G&A leverage
- Gross margin decline of 250 basis points versus the year ago period was in line with expectations
 - Supply chain costs a headwind, partially offset by:
 - Price increase effective in 1Q22
 - Favorable product and customer mix
 - Customer service performance continued to improve
- Executed well against our priorities that position us to deliver on our short and long-term objectives
 - Announced a price increase in April, effective late in the fiscal 4Q22; primarily a benefit in fiscal 2023
 - In March, the Company licensed the Quest pizza brand to Bellisio Foods

Simply Good Foods and Nutritional Snacking Category Retail Performance

- Simply Good Foods IRI MULO + C-store retail takeaway outpaced the nutritional snacking category
- Atkins and Quest continue to gain share in the respective segments of weight management and active nutrition
- Simply Good Foods unmeasured retail takeaway increased low double digits on a percentage basis versus last year
 - As expected, due to strong performance in the year ago period, the growth rate moderated



Atkins® Overview



- Atkins Q2 IRI MULO + C-store retail takeaway increased 6.4%,¹ with growth across all forms and in key retail channels
- Consumer interest in Atkins and total buyer growth remains strong
 - Retained and new buyers higher versus year ago
 - Buy rate lower than historical average due to fewer bar snacking occasions
- Atkins shakes Q2 measured channel retail takeaway increased 11.7%
- Atkins bars Q2 measured channel retail takeaway increased 0.1%; consumption impacted by lower mobility due to the Omicron variant
- Atkins all other forms² Q2 measured channel retail takeaway increased 9.8%
 - While early, Atkins cookies off to a good start with performance in line with our estimates
- Retail takeaway increased across all measured channels; particularly pleased with Q2 mass channel POS of bars and shakes, up 7% and 10%, respectively
- Retail takeaway at Amazon was solid, up about 20% versus last year

Quest® Overview



- Quest Q2 measured channel retail takeaway increased 40.1%¹, outpacing the nutritional snacking category and the active nutrition segment
 - Growth driven by the increase of household penetration, stronger bar consumption and success of new product forms
 - While early, pleased with distribution gains and performance of recent innovation
- Bars retail takeaway in Q2 increased +22.0% driven by higher shopper trips versus the year ago period in the C-store and mass retail channel
- Quest snacks² Q2 measured channel retail takeaway increased ~88%
 - Strong performance across all forms
- Quest continues to grow across all major customers and channels. Growth particularly strong in the C-store and mass retail channel
- Quest Q2 e-commerce retail takeaway was solid and increased about 14%
 - As expected, due to strong performance in the year ago period, the growth rate moderated

Summary

- Second quarter results better than expected
- Anticipate that retail takeaway will continue to be solid, although growth rate in 2H22¹ is more challenging due to difficult year-over-year comparisons:

Total Simply Good Foods				
	U.S. Retail Takeaway IRI MULO +C-store			
	1Q (end Nov)	2Q (end Feb)	3Q (end May)	4Q (end Aug)
Fiscal '21	+1.4%	+1.7%	+29.1%	+18.7%
Fiscal '22	+18.7%	+19.6%	TBD	TBD

- Due to the timing of the retail customer inventory build in Q2, we expect retail takeaway in 2H22¹ to increase low double digits on a percentage basis versus last year and be greater than the net sales growth rate
- Given the unknown timing of when employees will return to the office, in addition to the unpredictable nature of COVID-19, over the remainder of fiscal 2022 we don't anticipate meaningful improvements in workplace mobility
- No meaningful change to fiscal 2022 supply chain cost inflation and gross margin outlook; input costs largely covered
 - April 2022 price increase primarily a benefit in fiscal 2023
 - While improving, anticipate the supply chain operating environment will remain challenging
- Believe we are positioned well to build on our momentum and deliver solid net sales and Adjusted EBITDA growth in fiscal 2022

TODD CUNFER

CHIEF FINANCIAL OFFICER

Net Sales Performance

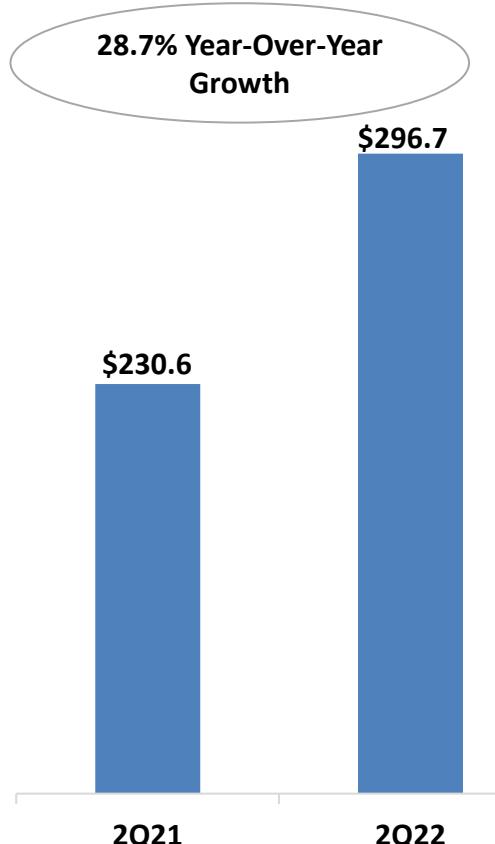
Net Sales Growth by Geography Fiscal Q2 2022 vs. Year Ago Period

North America	31.5%
International ¹	-25.1%
Total Simply Goods Foods	28.7%

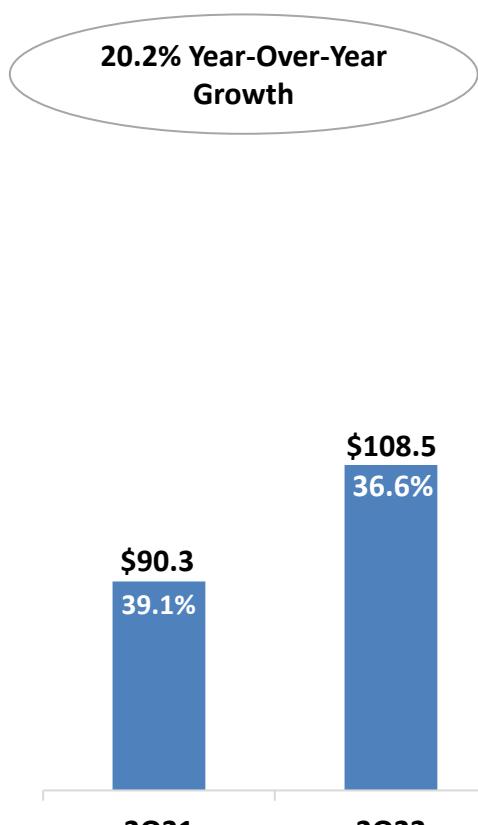
2nd Quarter Net Sales and Profit

Fiscal Q2 2022 vs. Year Ago Period

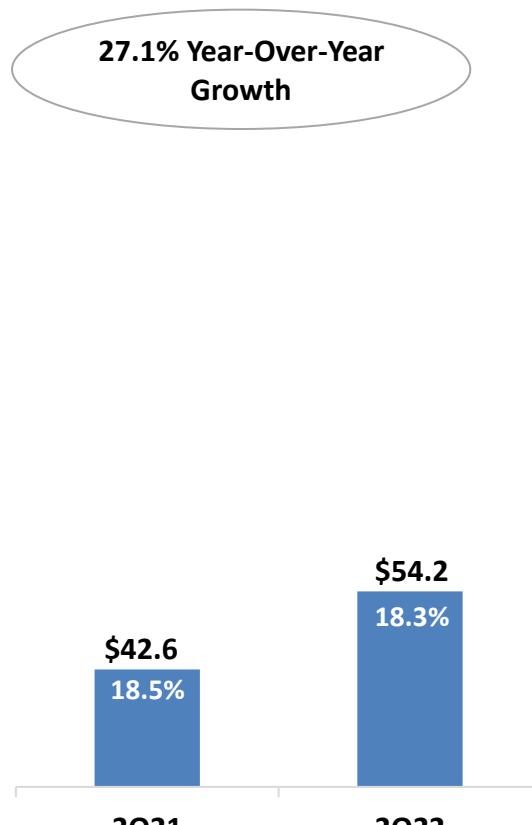
Net Sales¹



Gross Profit
(and % Margin)¹



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



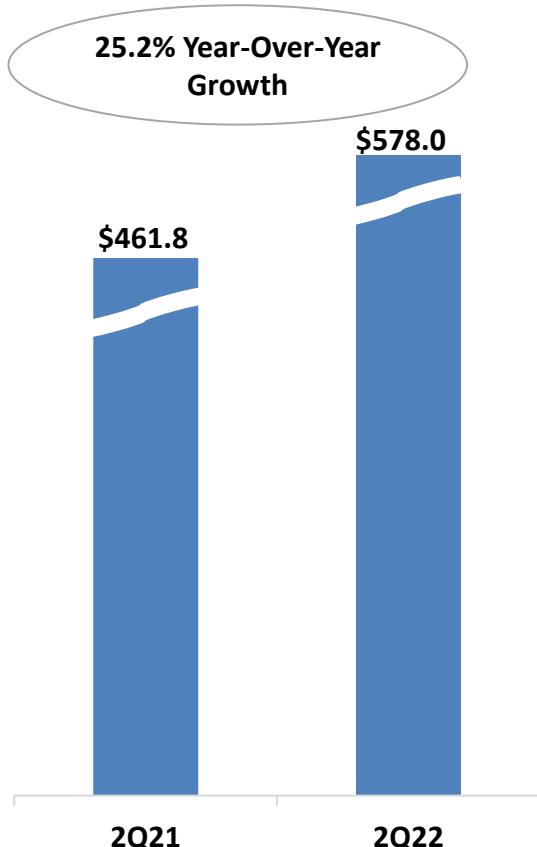
¹ Dollars in millions. Unaudited financial information for the 13-weeks ended February 27, 2021 and 13 weeks ended February 26, 2022

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 April 6, 2022 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

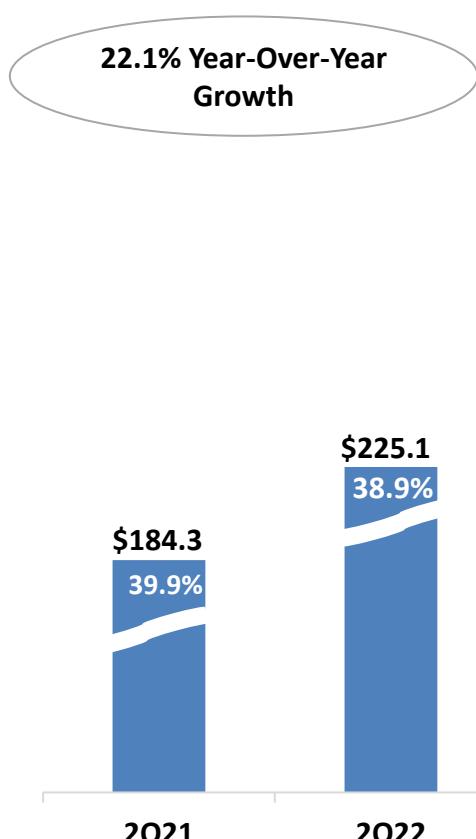
Year-to-Date Net Sales and Profit

Fiscal YTD 2022 vs. Year Ago Period

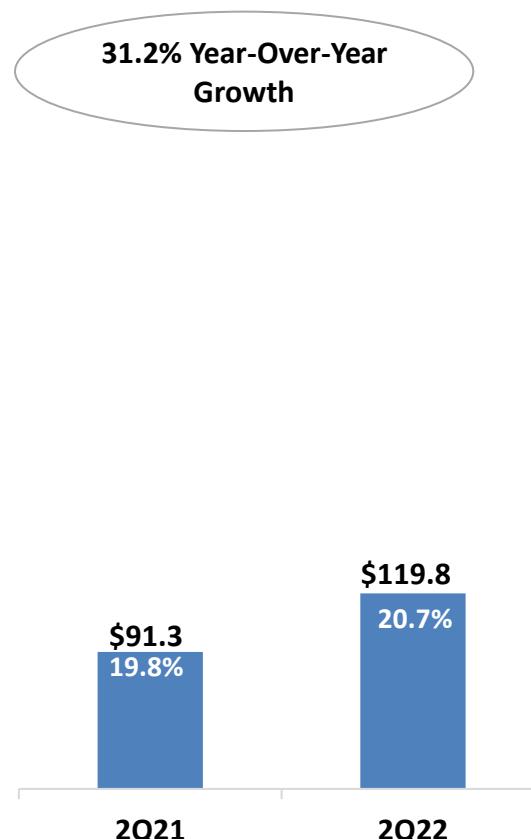
Net Sales¹



Gross Profit
(and % Margin)¹



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



¹ Dollars in millions. Unaudited financial information for the 26-weeks ended February 27, 2021 and 26 weeks ended February 26, 2022

² Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) is a non-GAAP financial measure. Please refer to "Reconciliation of Adjusted EBITDA" in the earnings release dated April 6, 2022 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 2022	
	Q2	YTD
GAAP Diluted EPS	\$0.18	\$0.40
Depreciation & Amortization	\$0.05	\$0.10
Stock Based Compensation	\$0.03	\$0.06
Other ¹	-\$0.01	--
Tax Effects of Adjustments ²	-\$0.02	-\$0.04
Loss in fair value change of warrant liability ^{3,4}	\$0.13	\$0.30
Dilution impact from Warrant Accounting Treatment ^{3,4}	-\$0.01	-\$0.03
Rounding	\$0.01	--
Adjusted Diluted EPS	\$0.36	\$0.79

¹Other items consist principally of exchange impact of foreign currency transactions and other expenses.

²This 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 26% for the thirteen weeks ended February 26, 2022.

³Adjusted Diluted EPS for the 13 weeks ended February 26, 2022 reflects fully diluted shares outstanding of 102.4 million which includes 2.0 million shares to reverse the exclusion of the private warrants in fully diluted shares outstanding under GAAP due to the private warrants being classified as a liability on our balance sheet.

⁴Diluted earnings per share includes the fair value loss and the resulting exclusion of anti-dilutive shares related to the Private Warrants. Fair value adjustments are a permanent tax difference and do not impact tax expense. The Company excludes the non-cash fair value loss and subsequently considers the dilutive share count effect of such adjustment in the non-GAAP measure. Note, mark to market gain adjustments are already excluded from the numerator, and dilutive shares are included, in calculating diluted earnings per share in accordance with GAAP.

Balance Sheet & Cash Flow

- Fiscal second quarter cash flow from operations of \$37.7 million, an increase of 53% versus the year ago period
 - Cash and cash equivalents balance at February 26, 2022 of \$51.5 million
- Term loan debt balance at February 26, 2022, \$431.5 million (SOFR¹+325 bps)
 - Trailing twelve-month Net Debt to Adjusted EBITDA^{2,3} ratio 1.6x
- Open market repurchase of common stock in the fiscal second quarter of \$20.4 million, at an average cost of \$35.68 per share
 - As of February 26, 2022, approximately \$27.5 million remained available under the stock repurchase program
- Anticipate fiscal 2022 GAAP interest expense, including amortization of debt issuance costs, of approximately \$23 million
- Fiscal second quarter and year-to-date capital expenditures \$1.6 million and \$4.3 million, respectively
 - Full year fiscal 2022 capital expenditures expected to be about \$6 million

¹ SOFR minimum floor 0.50%, plus applicable credit spread adjustment

² Adjusted EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) is a non-GAAP financial measure. Please refer to “Reconciliation of EBITDA and Adjusted EBITDA” and “Reconciliation of Net Debt to Adjusted EBITDA” in the earnings release dated April 6, 2022 available on our website for a presentation of the most directly comparable GAAP financial measure and an explanation and reconciliation of these non-GAAP financial measure.

³ Please refer to the earnings release dated April 6, 2022 available on our website for a presentation of the trailing twelve-month net debt to Adjusted EBITDA calculation

Fiscal 2022 Outlook and Commentary

- On track to deliver solid net sales and Adjusted EBITDA growth in fiscal 2022
 - We do not expect any meaningful improvements in workplace mobility or major supply chain interruptions in our outlook
 - Both Atkins and Quest are strong brands with marketing and innovation initiatives in place to drive growth
 - While improving, anticipate the supply chain operating environment to remain challenging

- Full Fiscal Year 2022 Outlook versus 2021:

	Previous 1/5/22	4/6/22	
Net Sales	+12% to +14%	+13% to +15%	- Includes Europe exit and pizza licensing, a combined ~2 ppt. headwind
Gross Margin	 Decline of about ~250 bps	 Decline of about ~250 bps	- Driven primarily by ingredient costs; fiscal '22 input cost needs largely covered
Adjusted EBITDA	 Slightly less than Net Sales growth rate	 Slightly less than Net Sales growth rate	- Marketing will increase versus last year, although less than the Net Sales growth rate - Anticipate significant SG&A leverage
Adjusted EPS	 Higher than Adj. EBITDA growth rate	 Higher than Adj. EBITDA growth rate	

- In the second half of fiscal year 2022, year-over-year comparisons are difficult
- Executing against our strategy and delivering on our financial objectives with flexibility to invest in the business as a path to increasing shareholder value over the long term

Q&A