Second Quarter Fiscal Year 2023 Earnings Conference Call & Webcast Presentation

April 5, 2023

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.

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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 5, 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.

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JOSEPH E. SCALZO

CHIEF EXECUTIVE OFFICER

Today's Speakers and Agenda

Speakers

Mark Pogharian
VP, Investor Relations

Joe Scalzo
Chief Executive Officer

Shaun Mara
Chief Financial Officer

Joe Scalzo
Chief Executive Officer

Agenda

- Introduction
- Overview and Q2 Highlights
- Business Update
- Financial Summary
- Fiscal Year 2023 Outlook
- Q&A

Second Quarter Fiscal 2023 Overview

- Pleased with overall Q2 financial performance; achieved our forecast due to stronger than expected POS growth
  - Simply Good Foods F2Q23 retail takeaway[1] of about 16%
  - As expected, U.S. retail takeaway growth outpaced the net sales change principally due to the significant prior year retail customer inventory build
  - Strong Quest performance across key forms, customers and channels
  - Atkins POS driven by growth in both measured and unmeasured channels

- F2Q23 net sales about the same as the year ago period
  - Net sales performance slightly better than estimates; reflects impact of some customer inventory reductions
  - International net sales decline greater than estimates due to the impact of the second price increase

- Net income of $25.6 million versus $18.5 million last year. The year ago period was impacted by the fair value change of private warrant liabilities of $12.7 million

- Gross margin 34.6%; decline of 200 bps versus the year ago period slightly greater than expectations
  - Lower ingredient costs flowing through our results at a slower rate than anticipated and marginally higher other costs within our supply chain
  - Customer service performance continued to improve and near target levels

- Fiscal Q2 2023 Adjusted EBITDA[2] of $50.9 million, versus $54.2 million in the year ago period
  - Better than forecasted due to sales performance and SG&A cost control

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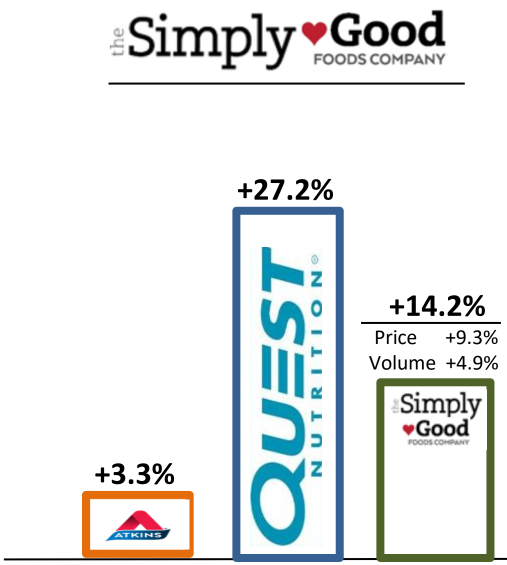
[1]*Combined IRI MULO + C-store and unmeasured channel estimate, 13 weeks ending February 26, 2023*

[2]Adjusted EBITDA is a non-GAAP financial measure. Please refer to "Reconciliation of EBITDA and Adjusted EBITDA" in the earnings release dated January 5, 2023, 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.

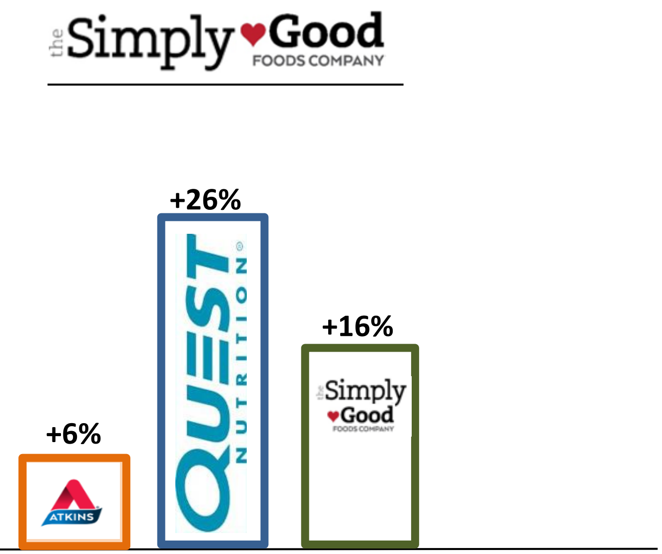
Simply Good Foods Retail Takeaway Performance

- Fiscal 2Q23 Simply Good Foods IRI MULO + C-store retail takeaway increased +14.2% and about +16% in the combined measured and unmeasured channels
  - A good mix of pricing and unit volume growth
- Atkins and Quest marketplace performance solid within the sub-segments of weight management and active nutrition

U.S. IRI MULO + C-store[1]
Retail Takeaway % Change vs. Year Ago



Measured + Unmeasured Channels[2]
Retail Takeaway % Change vs. Year Ago



[1]*IRI MULO + C-store, 13 weeks ending February 26, 2023*
[2]*Combined IRI MULO + C-store and unmeasured channel estimate, 13 weeks ending February 26, 2023*

Atkins® Overview

- Atkins Q2 POS growth in combined measured and unmeasured channels increased about 6%[1] as strong e-commerce growth outperformed measured channels
  - Retail takeaway at Amazon increased about 35% versus last year
  - Total unmeasured channel retail takeaway increased slightly more than 25%

- In Q2, new buyer growth continued to improve; up low double digits on a percentage basis versus last year
  - Buy rate slightly down versus year ago but sequentially improved versus Q1

- Atkins Q2 IRI MULO + C-store[2] retail takeaway increased 3.3%
  - We continue to see recessionary consumer shopping shifting to value channels; performance was strong in the mass channel, partially offset by softness in the food class-of-trade
  - Shakes accelerated and increased 13.5% driven by growth across all channels
  - Bars POS off 3.9%; sequentially improved 300 bps from Q1; meal bars, about two-thirds of bar business, increased 2.5% was offset by previously discussed snack bars distribution losses and price sensitivity
  - Confections retail takeaway off 1.5%; improved versus Q1 as we begin to move past the dessert bars launch

- Retail customer commitment to the category and the Atkins brand remains strong
  - Expect Q3 POS to slow as we anniversary promotions in the club channel that will not repeat and have tougher e-commerce comps

[1]Combined IRI MULO + C-store and unmeasured channel estimate, 13 weeks ending February 26, 2023
[2]IRI MULO + C-store, 13 weeks ending February 26, 2023

Quest® Overview

- Quest Q2 POS growth about 26% in combined measured and unmeasured channels[1] and continues to out pace the nutritional snacking category
  - Retail takeaway at Amazon increased 30% versus last year
  - Unmeasured channels about 24% of total brand Q2 retail sales

- Quest Q2 IRI MULO + C-store retail takeaway increased 27.2%[2]
  - Household penetration continues to build with growth platforms leading the way
  - Quest brand equity fundamentals strong driven by significant base velocity growth, distribution gains and new product introductions
  - Strong growth across all major product forms and channels

- Bars Q2 IRI MULO + C-store retail takeaway remained strong[2] and increased 24.1%[2]
  - Consumer response to original bar reformulation positive and driving growth
  - HERO bar distribution and momentum increasing

- Snacks[3] Q2 IRI MULO + C-store retail takeaway increased 30.3%
  - Solid performance across all forms
  - Meaningful chips growth, although price elasticity slightly greater than estimates
  - Quest snacks nearly 45% of measured channel retail sales and we expect the POS growth rate will moderate given the increasing size of the business

[1]Combined IRI MULO + C-store and unmeasured channel estimate, 13 weeks ending February 26, 2023
[2]IRI MULO + C-store, 13 weeks ending February 26, 2023
[3]Snack = Confections, Cookies & Salty Snacks

Summary

- Simply Good Foods is uniquely positioned as a U.S. leader in fast growing nutritional snacking category
  - *Atkins®* and *Quest®* are consumer lifestyle brands that are well developed across multiple forms
  - A diversified portfolio that satisfies snacking usage occasions at home, in the office, or on the go
- Second quarter retail takeaway and net sales exceeded our forecast
  - Net sales performance reflects impact of some customer inventory reductions
- We remain cautiously optimistic about our prospects over the remainder of the year
  - Positive momentum continued; March retail takeaway increased about 12%[1]
  - Retail takeaway expected to moderate in 2H23 due to large year ago comps and an uncertain economic environment
- Continue to expect fiscal 2023 gross margin to be lower than last year
  - Improving overall cost environment, including ingredients, in the second half of the year, particularly in Q4
- Executing against our priorities and remain committed to doing the right thing over the near and long-term for our brands, customers, and consumers

[1] *Combined IRI MULO + C-store and unmeasured channel estimate, 4 weeks ending March 26, 2023*

SHAUN MARA

CHIEF FINANCIAL OFFICER

Net Sales Growth

- F2Q23 Net Sales $296.6 million, about the same as the year ago period
- Year-to-date Net Sales $597.5 million, an increase of 3.4% versus last year

Net Sales Drivers of Growth

	Q1	Q2	YTD [1]
Pricing	9.8%	8.2%	8.6%
Volume	-1.7%	-6.9%	-4.1%
March 2022 Pizza Licensing	-1.1%	-1.3%	-1.2%
Total Net Sales YoY Change	7.0%	--	3.4%

Reconciliation of Retail Takeaway to Net Sales Growth [1]

	Q2 [2]
Combined Measured & Unmeasured Channel POS	16%
Estimated Retail Inventory Change	-14%
March 2022 Pizza Licensing	-1%
N. America Net Sales Growth	--

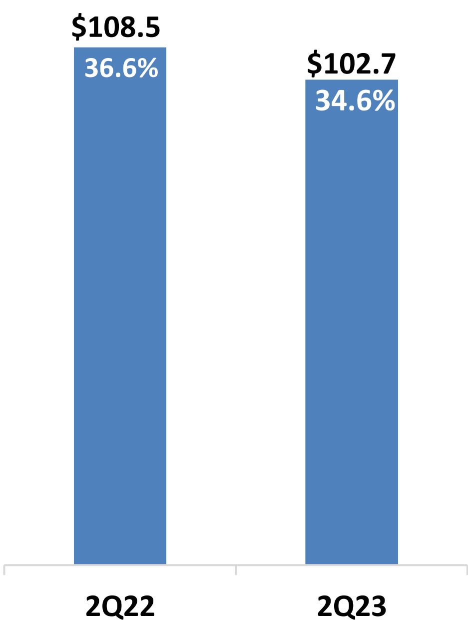
[1]Does not sum down due to rounding
[2]Company estimates

2nd Quarter Profit

Fiscal Q2 2023 vs. Year Ago Period

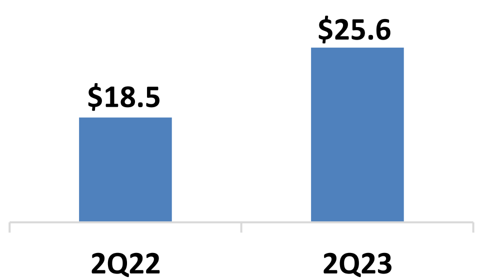
Gross Profit
(and % Margin)[1]

-5.3% Year-Over-Year Percent Change



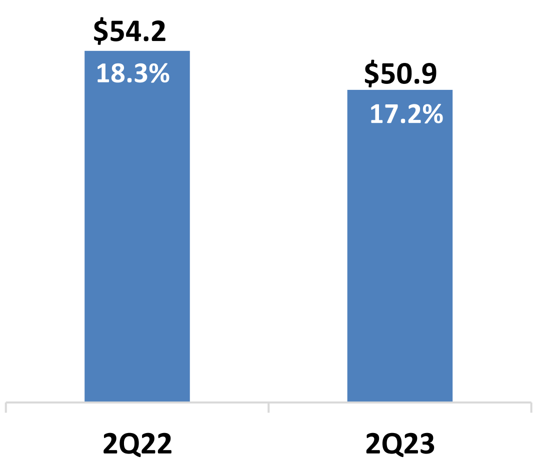
Net Income[1]

+38.9% Year-Over-Year Percent Change



Adjusted EBITDA
(and % Margin)[1,2]

-5.7% Year-Over-Year Percent Change



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

[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 5, 2023 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*

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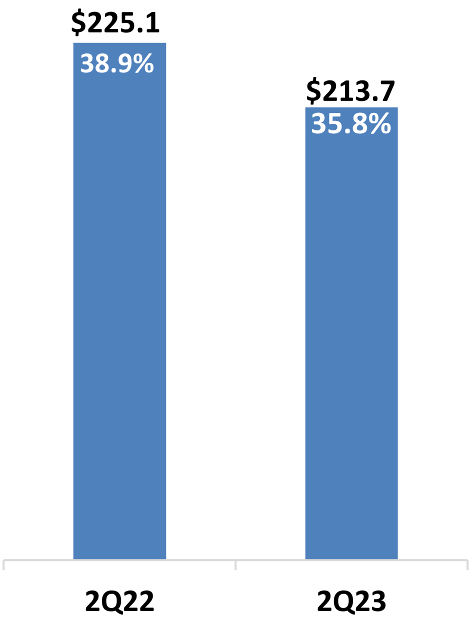
Year-to-Date Profit

Fiscal YTD 2023 vs. Year Ago Period

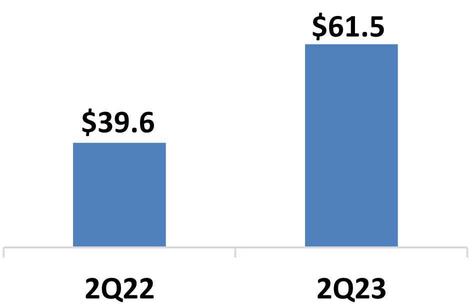
Gross Profit
(and % Margin)[1]

-5.0% Year-Over-Year Percent Change



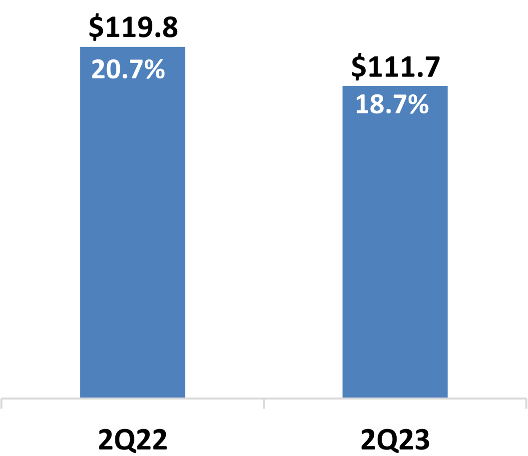
Net Income[1]

+55.3% Year-Over-Year Percent Change



Adjusted EBITDA
(and % Margin)[1,2]

-6.8% Year-Over-Year Percent Change



[1] Dollars in millions. Unaudited financial information for the 26-weeks ended February 26, 2022 and 26-weeks ended February 25, 2023

[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 5, 2023 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.

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Adjusted Diluted Earnings Per Share

Reconciliation of Adjusted Diluted EPS

	Fiscal 2023	
	Q2	YTD
GAAP Diluted EPS	$0.25	$0.61
Depreciation & Amortization	$0.05	$0.10
Stock Based Compensation	$0.03	$0.06
Tax Effects of Adjustments[1]	-$0.02	-$0.04
Rounding	$0.01	--
Adjusted Diluted EPS	$0.32	$0.73

[1]This 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 25, 2023.

Balance Sheet & Cash Flow

- Cash balance at February 25, 2023 of $63.2 million
  - Year-to-date cash flow from operations on F2Q23 of $53.3 million
- Term loan debt balance at February 25, 2023, $365 million (SOFR[1]+ 325 bps)
  - Term loan debt pay-down of $35 million in F2Q23
  - Trailing twelve-month Net Debt to Adjusted EBITDA[2,3] ratio 1.3x
- Anticipate fiscal 2023 interest income and GAAP interest expense, including amortization of debt issuance costs, of approximately $28-30 million
- Year-to-date capital expenditures $1.7 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 5, 2023available 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 5, 2023 available on our website for a presentation of the trailing twelve-month net debt to Adjusted EBITDA calculation

Fiscal 2023 Outlook and Commentary

- Full Fiscal Year 2023 Outlook versus 2022:

	Previous - 1/5/2023	4/5/2023	
Net Sales	Growth to be slightly greater than LT algorithm of +4-6%	Growth to be slightly greater than LT algorithm of +4-6%	- Includes impact related to the pizza licensing agreement of almost 1 ppt.
Gross Margin	Lower than fiscal 2022	Lower than fiscal 2022 and previous outlook	- Lower ingredient costs flowing through at a slower rate than anticipated - Marginally higher other costs within the supply chain
Adjusted EBITDA	Growth rate expected to be in line with the Net Sales increase	Growth rate expected to be slightly less than the Net Sales increase	- Anticipate SG&A total dollar costs to be slightly lower than last year
Adjusted Diluted EPS	Higher vs. last year but growth rate less than the Adj. EBITDA increase	Higher vs. last year but growth rate less than the Adj. EBITDA increase	- Expect term loan interest rate in 2023 to be greater than 2022

- We have good marketplace momentum – March POS 12%[1] - and have solid customer programming in place over the remainder of the year
- Expect Q3 net sales to slightly increase versus last year due to the typical retail inventory drawdown related to the first half of the year inventory build and year ago promotions in the club channel that will not repeat
- Q3 gross margin expected to decline around 100 bps and Adjusted EBITDA to be about the same as the year ago period due to lower ingredient costs flowing through slower than anticipated and slightly higher costs in other areas of our supply chain
- Excited about our near and long-term prospects and ability to create shareholder value

[1]Combined IRI MULO + C-store and unmeasured channel estimate for the period ended March 26, 2023

Q&A