REFINITIV

# DELTA REPORT

## 10-Q

SMPL - SIMPLY GOOD FOODS CO

10-Q - NOVEMBER 25, 2023 COMPARED TO 10-Q - MAY 27, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 511 |
| --- | --- |
| CHANGES | 179 |
| DELETIONS | 203 |
| ADDITIONS | 129 |

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 27, 2023 November 25, 2023

**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from ________ to ________**

**Commission File Number: 001-38115**

# The Simply Good Foods Company

(Exact name of registrant as specified in its charter)

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| | |
|---|---|
| **Delaware** | **82-1038121** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**1225 17th Street, Suite 1000**
**Denver, CO 80202**
(Address of principal executive offices and zip code)
**(303) 633-2840**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol | Name of each exchange on which registered |
|---|---|---|
| Common Stock, par value $0.01 per share | SMPL | Nasdaq |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Date File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | |
|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company ☐ |
| | | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 26, 2023 December 26, 2023, there were 99,548,989 99,812,510 shares of common stock, par value $0.01 per share, issued and outstanding.

**THE SIMPLY GOOD FOODS COMPANY AND SUBSIDIARIES**
**FORM 10-Q**
**FOR THE QUARTER ENDED MAY 27, NOVEMBER 25, 2023**

**INDEX**



## PART I. Financial Information

### Item 1. Financial Statements (Unaudited)

**The Simply Good Foods Company and Subsidiaries**
**Consolidated Balance Sheets**
*(Unaudited, dollars in thousands, except share and per share data)*

| | | May 27, 2023 | August 27, 2022 | | November 25, 2023 | August 26, 2023 |
|---|---|---|---|---|---|---|
| Assets | Assets | | | Assets | | |
| Current assets: | Current assets: | | | Current assets: | | |
| Cash | Cash | $ 68,794 | $ 67,494 | Cash | $ 121,391 | $ 87,715 |
| Accounts receivable, net | Accounts receivable, net | 145,430 | 132,667 | Accounts receivable, net | 135,561 | 145,078 |
| Inventories | Inventories | 105,437 | 125,479 | Inventories | 123,175 | 116,591 |
| Prepaid expenses | Prepaid expenses | 5,759 | 5,027 | Prepaid expenses | 6,076 | 6,294 |
| Other current assets | Other current assets | 24,390 | 20,934 | Other current assets | 10,336 | 15,974 |
| Total current assets | Total current assets | 349,810 | 351,601 | Total current assets | 396,539 | 371,652 |
| Long-term assets: | Long-term assets: | | | Long-term assets: | | |
| Property and equipment, net | Property and equipment, net | 24,414 | 18,157 | Property and equipment, net | 23,830 | 24,861 |
| Intangible assets, net | Intangible assets, net | 1,111,865 | 1,123,258 | Intangible assets, net | 1,104,318 | 1,108,119 |
| Goodwill | Goodwill | 543,134 | 543,134 | Goodwill | 543,134 | 543,134 |
| Other long-term assets | Other long-term assets | 50,778 | 58,099 | Other long-term assets | 47,238 | 49,318 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total assets | Total assets | $2,080,001 | $2,094,249 | Total assets | $2,115,059 | $2,097,084 |
| Liabilities and stockholders' equity | Liabilities and stockholders' equity | | | Liabilities and stockholders' equity | | |
| Current liabilities: | Current liabilities: | | | Current liabilities: | | |
| Accounts payable | Accounts payable | $ 45,867 | $ 62,149 | Accounts payable | $ 43,249 | $ 52,712 |
| Accrued interest | Accrued interest | 43 | 160 | Accrued interest | 1,574 | 1,940 |
| Accrued expenses and other current liabilities | Accrued expenses and other current liabilities | 25,166 | 39,675 | Accrued expenses and other current liabilities | 34,083 | 35,062 |
| Current maturities of long-term debt | Current maturities of long-term debt | 199 | 264 | Current maturities of long-term debt | 83 | 143 |
| Total current liabilities | Total current liabilities | 71,275 | 102,248 | Total current liabilities | 78,989 | 89,857 |
| Long-term liabilities: | Long-term liabilities: | | | Long-term liabilities: | | |
| Long-term debt, less current maturities | Long-term debt, less current maturities | 320,900 | 403,022 | Long-term debt, less current maturities | 272,032 | 281,649 |
| Deferred income taxes | Deferred income taxes | 117,281 | 105,676 | Deferred income taxes | 120,200 | 116,133 |
| Other long-term liabilities | Other long-term liabilities | 39,727 | 44,639 | Other long-term liabilities | 36,660 | 38,346 |
| Total liabilities | Total liabilities | 549,183 | 655,585 | Total liabilities | 507,881 | 525,985 |
| See commitments and contingencies (Note 9) | See commitments and contingencies (Note 9) | | | See commitments and contingencies (Note 9) | | |
| Stockholders' equity: | Stockholders' equity: | | | Stockholders' equity: | | |
| Preferred stock, $0.01 par value, 100,000,000 shares authorized, none issued | Preferred stock, $0.01 par value, 100,000,000 shares authorized, none issued | — | — | Preferred stock, $0.01 par value, 100,000,000 shares authorized, none issued | — | — |
| Common stock, $0.01 par value, 600,000,000 shares authorized, 101,912,526 and 101,322,834 shares issued at May 27, 2023 and August 27, 2022, respectively | | 1,019 | 1,013 | | | |
| Treasury stock, 2,365,100 shares and 1,818,754 shares at cost at May 27, 2023 and August 27, 2022, respectively | | (78,451) | (62,003) | | | |
| Common stock, $0.01 par value, 600,000,000 shares authorized, 102,175,233 and 101,929,868 shares issued at November 25, 2023 and August 26, 2023, respectively | | | | Common stock, $0.01 par value, 600,000,000 shares authorized, 102,175,233 and 101,929,868 shares issued at November 25, 2023 and August 26, 2023, respectively | 1,022 | 1,019 |
| Treasury stock, 2,365,100 shares and 2,365,100 shares at cost at November 25, 2023 and August 26, 2023, respectively | | | | Treasury stock, 2,365,100 shares and 2,365,100 shares at cost at November 25, 2023 and August 26, 2023, respectively | (78,451) | (78,451) |
| Additional paid-in-capital | Additional paid-in-capital | 1,299,318 | 1,287,224 | Additional paid-in-capital | 1,303,411 | 1,303,168 |
| Retained earnings | Retained earnings | 311,314 | 214,381 | Retained earnings | 383,517 | 347,956 |
| Accumulated other comprehensive loss | Accumulated other comprehensive loss | (2,382) | (1,951) | Accumulated other comprehensive loss | (2,321) | (2,593) |
| Total stockholders' equity | Total stockholders' equity | 1,530,818 | 1,438,664 | Total stockholders' equity | 1,607,178 | 1,571,099 |
| Total liabilities and stockholders' equity | Total liabilities and stockholders' equity | $2,080,001 | $2,094,249 | Total liabilities and stockholders' equity | $2,115,059 | $2,097,084 |

*See accompanying notes to the unaudited consolidated financial statements.*

**The Simply Good Foods Company and Subsidiaries**
**Consolidated Statements of Operations and Comprehensive Income**
*(Unaudited, dollars in thousands, except share and per share data)*

| | | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|---|---|
| | | May 27, 2023 | May 28, 2022 | May 27, 2023 | May 28, 2022 | | November 25, 2023 | November 26, 2022 |
| Net sales | Net sales | $ 324,792 | $ 316,531 | $ 922,254 | $ 894,514 | Net sales | $ 308,678 | $ 300,878 |
| Cost of goods sold | Cost of goods sold | 205,546 | 197,883 | 589,284 | 550,788 | Cost of goods sold | 193,560 | 189,886 |
| Gross profit | Gross profit | 119,246 | 118,648 | 332,970 | 343,726 | Gross profit | 115,118 | 110,992 |
| Operating expenses: | Operating expenses: | | | | | Operating expenses: | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Selling and marketing | Selling and marketing | 30,168 | 32,334 | 88,650 | 94,816 | Selling and marketing | 31,990 | 28,534 |
| General and administrative | General and administrative | 30,510 | 26,721 | 82,085 | 76,711 | General and administrative | 26,950 | 25,641 |
| Depreciation and amortization | Depreciation and amortization | 4,363 | 4,317 | 13,035 | 12,966 | Depreciation and amortization | 4,358 | 4,327 |
| Total operating expenses | Total operating expenses | 65,041 | 63,372 | 183,770 | 184,493 | Total operating expenses | 63,298 | 58,502 |
| Income from operations | Income from operations | 54,205 | 55,276 | 149,200 | 159,233 | Income from operations | 51,820 | 52,490 |
| Other income (expense): | Other income (expense): | | | | | Other income (expense): | | |
| Interest income | Interest income | 407 | — | 660 | 1 | Interest income | 1,090 | 7 |
| Interest expense | Interest expense | (7,649) | (4,881) | (23,201) | (16,528) | Interest expense | (6,034) | (7,055) |
| Loss in fair value change of warrant liability | | — | — | — | (30,062) | | | |
| Gain on foreign currency transactions | Gain on foreign currency transactions | 180 | 76 | 74 | 503 | Gain on foreign currency transactions | 226 | 108 |
| Other income | Other income | 4 | 17 | 10 | 26 | Other income | 6 | 6 |
| Total other expense | Total other expense | (7,058) | (4,788) | (22,457) | (46,060) | Total other expense | (4,712) | (6,934) |
| Income before income taxes | Income before income taxes | 47,147 | 50,488 | 126,743 | 113,173 | Income before income taxes | 47,108 | 45,556 |
| Income tax expense | Income tax expense | 11,716 | 11,654 | 29,810 | 34,726 | Income tax expense | 11,547 | 9,696 |
| Net income | Net income | $ 35,431 | $ 38,834 | $ 96,933 | $ 78,447 | Net income | $ 35,561 | $ 35,860 |
| Other comprehensive income: | Other comprehensive income: | | | | | Other comprehensive income: | | |
| Foreign currency translation, net of reclassification adjustments | Foreign currency translation, net of reclassification adjustments | (262) | (72) | (431) | (820) | Foreign currency translation, net of reclassification adjustments | 272 | (222) |
| Comprehensive income | Comprehensive income | $ 35,169 | $ 38,762 | $ 96,502 | $ 77,627 | Comprehensive income | $ 35,833 | $ 35,638 |
| Earnings per share from net income: | Earnings per share from net income: | | | | | Earnings per share from net income: | | |
| Basic | Basic | $ 0.36 | $ 0.39 | $ 0.98 | $ 0.80 | Basic | $ 0.36 | $ 0.36 |
| Diluted | Diluted | $ 0.35 | $ 0.38 | $ 0.96 | $ 0.78 | Diluted | $ 0.35 | $ 0.36 |
| Weighted average shares outstanding: | Weighted average shares outstanding: | | | | | Weighted average shares outstanding: | | |
| Basic | Basic | 99,518,546 | 100,426,227 | 99,404,174 | 98,294,114 | Basic | 99,629,188 | 99,200,557 |
| Diluted | Diluted | 100,909,972 | 102,237,457 | 100,847,970 | 100,190,068 | Diluted | 101,094,736 | 100,723,036 |

*See accompanying notes to the unaudited consolidated financial statements.*

**The Simply Good Foods Company and Subsidiaries**
**Consolidated Statements of Cash Flows**
*(Unaudited, dollars in thousands)*

| | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|
| | | May 27, 2023 | May 28, 2022 | | November 25, 2023 | November 26, 2022 |
| Operating activities | Operating activities | | | Operating activities | | |
| Net income | Net income | $ 96,933 | $ 78,447 | Net income | $ 35,561 | $ 35,860 |
| Adjustments to reconcile net income to net cash provided by operating activities: | Adjustments to reconcile net income to net cash provided by operating activities: | | | Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | Depreciation and amortization | 15,044 | 14,398 | Depreciation and amortization | 5,605 | 4,952 |
| Amortization of deferred financing costs and debt discount | Amortization of deferred financing costs and debt discount | 2,011 | 2,073 | Amortization of deferred financing costs and debt discount | 385 | 532 |
| Stock compensation expense | Stock compensation expense | 10,456 | 8,691 | Stock compensation expense | 4,168 | 3,313 |
| Change in fair value change of warrant liability | | — | 30,062 | | | |
| Estimated credit losses | Estimated credit losses | 206 | 148 | Estimated credit losses | 51 | (141) |
| Unrealized loss (gain) on foreign currency transactions | | (74) | (503) | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Unrealized gain on foreign currency transactions | | | | Unrealized gain on foreign currency transactions | (226) | (108) |
| Deferred income taxes | Deferred income taxes | 11,696 | 14,140 | Deferred income taxes | 4,084 | 3,206 |
| Amortization of operating lease right-of-use asset | Amortization of operating lease right-of-use asset | 5,018 | 4,955 | Amortization of operating lease right-of-use asset | 1,735 | 1,660 |
| Gain on lease termination | | — | (30) | | | |
| Other | Other | 759 | 345 | Other | 301 | 571 |
| Changes in operating assets and liabilities: | Changes in operating assets and liabilities: | | | Changes in operating assets and liabilities: | | |
| Accounts receivable, net | Accounts receivable, net | (13,334) | (35,269) | Accounts receivable, net | 9,869 | (26,288) |
| Inventories | Inventories | 19,444 | (15,006) | Inventories | (6,699) | 638 |
| Prepaid expenses | Prepaid expenses | (745) | (170) | Prepaid expenses | 257 | (541) |
| Other current assets | Other current assets | (1,595) | (37,288) | Other current assets | 5,173 | 8,631 |
| Accounts payable | Accounts payable | (16,115) | 5,585 | Accounts payable | (9,806) | (6,609) |
| Accrued interest | Accrued interest | (117) | 154 | Accrued interest | (366) | 97 |
| Accrued expenses and other current liabilities | Accrued expenses and other current liabilities | (15,030) | 676 | Accrued expenses and other current liabilities | (1,337) | (14,843) |
| Other assets and liabilities | Other assets and liabilities | (4,145) | (4,045) | Other assets and liabilities | (1,232) | (2,212) |
| Net cash provided by operating activities | Net cash provided by operating activities | 110,412 | 67,363 | Net cash provided by operating activities | 47,523 | 8,718 |
| Investing activities | Investing activities | | | Investing activities | | |
| Purchases of property and equipment | Purchases of property and equipment | (10,108) | (4,696) | Purchases of property and equipment | (744) | (1,151) |
| Issuance of note receivable | | — | (2,400) | | | |
| Investments in intangible and other assets | Investments in intangible and other assets | (338) | (187) | Investments in intangible and other assets | (56) | (87) |
| Net cash used in investing activities | Net cash used in investing activities | (10,446) | (7,283) | Net cash used in investing activities | (800) | (1,238) |
| Financing activities | Financing activities | | | Financing activities | | |
| Proceeds from option exercises | Proceeds from option exercises | 5,035 | 4,343 | Proceeds from option exercises | — | 4,563 |
| Tax payments related to issuance of restricted stock units and performance stock units | Tax payments related to issuance of restricted stock units and performance stock units | (2,755) | (3,536) | Tax payments related to issuance of restricted stock units and performance stock units | (3,642) | (2,298) |
| Payments on finance lease obligations | Payments on finance lease obligations | (217) | (235) | Payments on finance lease obligations | (61) | (78) |
| Cash received on repayment of note receivable | | | | Cash received on repayment of note receivable | 600 | — |
| Repurchase of common stock | Repurchase of common stock | (16,448) | (28,504) | Repurchase of common stock | — | (16,448) |
| Principal payments of long-term debt | Principal payments of long-term debt | (81,500) | (50,000) | Principal payments of long-term debt | (10,000) | (6,500) |
| Deferred financing costs | | (2,694) | (544) | | | |
| Net cash used in financing activities | Net cash used in financing activities | (98,579) | (78,476) | Net cash used in financing activities | (13,103) | (20,761) |
| Cash and cash equivalents | Cash and cash equivalents | | | Cash and cash equivalents | | |
| Net increase (decrease) in cash | Net increase (decrease) in cash | 1,387 | (18,396) | Net increase (decrease) in cash | 33,620 | (13,281) |
| Effect of exchange rate on cash | Effect of exchange rate on cash | (87) | (229) | Effect of exchange rate on cash | 56 | (69) |
| Cash at beginning of period | Cash at beginning of period | 67,494 | 75,345 | Cash at beginning of period | 87,715 | 67,494 |
| Cash and cash equivalents at end of period | Cash and cash equivalents at end of period | $ 68,794 | $ 56,720 | Cash and cash equivalents at end of period | $ 121,391 | $ 54,144 |

| | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|
| | | May 27, 2023 | May 28, 2022 | | November 25, 2023 | November 26, 2022 |
| Supplemental disclosures of cash flow information | Supplemental disclosures of cash flow information | | | Supplemental disclosures of cash flow information | | |
| Cash paid for interest | Cash paid for interest | $ 21,295 | $ 14,301 | Cash paid for interest | $ 2,135 | $ 6,426 |
| Cash paid for taxes | Cash paid for taxes | $ 19,542 | $ 43,430 | Cash paid for taxes | $ 628 | $ 8 |
| Non-cash investing and financing transactions | Non-cash investing and financing transactions | | | Non-cash investing and financing transactions | | |
| Issuance of common stock in extinguishment of warrant liabilities | | $ — | $ 189,897 | | | |
| Operating lease right-of-use assets exchanged for operating lease liabilities | | $ — | $ 6,881 | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Non-cash credits for repayment of note receivable | Non-cash credits for repayment of note receivable | $ | 221 | $ | — | Non-cash credits for repayment of note receivable | $ | 229 | $ | — |
| Non-cash additions to property and equipment | | | | | | Non-cash additions to property and equipment | $ | 99 | $ | — |
| Non-cash additions to intangible assets | Non-cash additions to intangible assets | $ | 120 | $ | — | Non-cash additions to intangible assets | $ | 75 | $ | 53 |

*See accompanying notes to the unaudited consolidated financial statements.*

**The Simply Good Foods Company and Subsidiaries**
**Consolidated Statements of Stockholders' Equity**
*(Unaudited, dollars in thousands, except share data)*

| | | Common Stock | | Treasury Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | | Total | | Common Stock | | Treas |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | | | | Shares | | | Amount | Shares | Amount |
| Balance at August 27, 2022 | | 101,322,834 | $1,013 | 1,818,754 | $(62,003) | $1,287,224 | $214,381 | $ (1,951) | | $1,438,664 | | | | |
| Balance at August 26, 2023 | | | | | | | | | | | Balance at August 26, 2023 | 101,929,868 | $ 1,019 | 2,365,1 |
| Net income | Net income | — | — | — | — | — | 35,860 | — | | 35,860 | Net income | — | — | |
| Stock-based compensation | Stock-based compensation | — | — | — | — | 3,237 | — | — | | 3,237 | Stock-based compensation | — | — | |
| Foreign currency translation adjustments | Foreign currency translation adjustments | — | — | — | — | — | — | (222) | | (222) | Foreign currency translation adjustments | — | — | |
| Repurchase of common stock | Repurchase of common stock | — | — | 546,346 | (16,448) | — | — | — | | (16,448) | Repurchase of common stock | — | — | |
| Shares issued upon vesting of restricted stock units and performance stock units | Shares issued upon vesting of restricted stock units and performance stock units | 180,342 | 2 | — | — | (2,300) | — | — | | (2,298) | Shares issued upon vesting of restricted stock units and performance stock units | 245,365 | 3 | |
| Exercise of options and stock appreciation rights to purchase common stock | | 353,281 | 4 | — | — | 4,559 | — | — | | 4,563 | | | | |
| Balance at November 26, 2022 | | 101,856,457 | $1,019 | 2,365,100 | $(78,451) | $1,292,720 | $250,241 | $ (2,173) | | $1,463,356 | | | | |
| Net income | | — | — | — | — | — | 25,642 | — | | 25,642 | | | | |
| Stock-based compensation | | — | — | — | — | 2,739 | — | — | | 2,739 | | | | |
| Foreign currency translation adjustments | | — | — | — | — | — | — | 53 | | 53 | | | | |
| Exercise of options to purchase common stock | | | | | | | | | | | Exercise of options to purchase common stock | — | — | |
| Shares issued upon vesting of restricted stock units | | 4,584 | — | — | — | (103) | — | — | | (103) | | | | |
| Exercise of options to purchase common stock | | 12,130 | — | — | — | 228 | — | — | | 228 | | | | |
| Balance at February 25, 2023 | | 101,873,171 | $1,019 | 2,365,100 | (78,451) | 1,295,584 | $275,883 | (2,120) | | 1,491,915 | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net income | — | — | — | — | — | $ 35,431 | — | 35,431 |
| Stock-based compensation | — | — | — | — | 3,844 | — | — | 3,844 |
| Foreign currency translation adjustments | — | — | — | — | — | — | (262) | (262) |
| Shares issued upon vesting of restricted stock units | 18,960 | 1 | — | — | (355) | — | — | (354) |
| Exercise of options to purchase common stock | 20,395 | (1) | — | — | 245 | — | — | 244 |
| Balance at May 27, 2023 | 101,912,526 | 1,019 | 2,365,100 | (78,451) | 1,299,318 | 311,314 | (2,382) | 1,530,818 |

| | | | |
|---|---|---|---|
| Balance at November 25, 2023 | | | |
| Balance at November 25, 2023 | 102,175,233 | 1,022 | 2,365,1 |

| | Common Stock | | Treasury Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| Balance at August 28, 2021 | 95,882,908 | $ 959 | 98,234 | $ (2,145) | $ 1,085,001 | $ 105,807 | $ (818) | $ 1,188,804 |
| Net income | — | — | — | — | — | 21,152 | — | 21,152 |
| Stock-based compensation | — | — | — | — | 2,605 | — | — | 2,605 |
| Foreign currency translation adjustments | — | — | — | — | — | — | (40) | (40) |
| Shares issued upon vesting of restricted stock units and performance stock units | 227,729 | 2 | — | — | (3,190) | — | — | (3,188) |
| Exercise of options to purchase common stock | 19,804 | — | — | — | 274 | — | — | 274 |
| Warrant conversion | — | — | — | — | — | — | — | — |
| Balance at November 27, 2021 | 96,130,441 | $ 961 | 98,234 | $ (2,145) | $ 1,084,690 | $ 126,959 | $ (858) | $ 1,209,607 |
| Net income | — | — | — | — | — | 18,461 | — | 18,461 |
| Stock-based compensation | — | — | — | — | 3,092 | — | — | 3,092 |
| Foreign currency translation adjustments | — | — | — | — | — | — | 439 | 439 |
| Reclassification adjustment for currency translation gains related to the liquidation of foreign entities | — | — | — | — | — | — | (1,147) | (1,147) |
| Repurchase of common stock | — | — | 571,521 | (20,394) | — | — | — | (20,394) |
| Warrant conversion | 4,830,761 | 48 | — | — | 189,849 | — | — | 189,897 |
| Shares issued upon vesting of restricted stock units | 9,679 | 1 | — | — | (102) | — | — | (101) |
| Exercise of options to purchase common stock | 100,000 | 1 | — | — | 1,199 | — | — | 1,200 |
| Balance at February 26, 2022 | 101,070,881 | 1,011 | 669,755 | (22,539) | 1,278,728 | 145,420 | (1,566) | 1,401,054 |
| Net income | — | — | — | — | — | 38,834 | — | 38,834 |
| Stock-based compensation | — | — | — | — | 2,994 | — | — | 2,994 |
| Repurchase of common stock | — | — | 218,221 | (8,110) | — | — | — | (8,110) |
| Foreign currency translation adjustments | — | — | — | — | — | — | (72) | (72) |
| Shares issued upon vesting of restricted stock units | 11,358 | — | — | — | (247) | — | — | (247) |
| Exercise of options to purchase common stock | 232,987 | 2 | — | — | 2,867 | — | — | 2,869 |
| Balance at May 28, 2022 | 101,315,226 | 1,013 | 887,976 | (30,649) | 1,284,342 | 184,254 | (1,638) | 1,437,322 |

| | Common Stock | | Treasury Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| Balance at August 27, 2022 | 101,322,834 | $ 1,013 | 1,818,754 | $ (62,003) | $ 1,287,224 | $ 214,381 | $ (1,951) | $ 1,438,664 |
| Net income | — | — | — | — | — | 35,860 | — | 35,860 |
| Stock-based compensation | — | — | — | — | 3,237 | — | — | 3,237 |
| Repurchase of Common Stock | — | — | 546,346 | (16,448) | — | — | — | (16,448) |
| Foreign currency translation adjustments | — | — | — | — | — | — | (222) | (222) |
| Shares issued upon vesting of restricted stock units and performance stock units | 180,342 | 2 | — | — | (2,300) | — | — | (2,298) |
| Exercise of options and stock appreciation rights to purchase common stock | 353,281 | 4 | — | — | 4,559 | — | — | 4,563 |
| Balance at November 26, 2022 | 101,856,457 | 1,019 | 2,365,100 | (78,451) | 1,292,720 | 250,241 | (2,173) | 1,463,356 |

*See accompanying notes to the unaudited consolidated financial statements.*

**Notes to Unaudited Consolidated Financial Statements**

*(Unaudited, dollars in thousands, except for share and per share data)*

**1. Nature of Operations and Principles of Consolidation**

***Description of Business***

The Simply Good Foods Company (“Simply Good Foods” or the “Company”) is a consumer packaged food and beverage company that aims to lead the nutritious snacking movement with trusted brands that offer a variety of convenient, innovative, great-tasting, better-for-you snacks and meal replacements, and other product offerings. The product portfolio the Company develops, markets and sells consists primarily of protein bars, ready-to-drink (“RTD”) shakes, sweet and salty snacks and confectionery products marketed under the Atkins®, Atkins Endulge®, Quest® and Quest HeroTMAtkins® brand names. Simply Good Foods is poised to expand its wellness platform through innovation and organic growth along with acquisition opportunities in the nutritional snacking space.

The Company’s nutritious snacking platform consists of brands that specialize in providing products for consumers that follow certain nutritional philosophies and health-and-wellness trends: Atkins® for those following a low-carb lifestyle and Quest® for consumers seeking a variety of protein-rich foods and beverages that also limit sugars and simple carbs. carbs and Atkins® for those following a low-carb lifestyle. The Company distributes its products in major retail channels, primarily in North America, including grocery, club, and mass merchandise, as well as through e-commerce, convenience, specialty, and other channels. The Company’s portfolio of nutritious snacking brands gives it a strong platform with which to introduce new products, expand distribution, and attract new consumers to its products.

The common stock of Simply Good Foods is listed on the Nasdaq Capital Market under the symbol “SMPL.”

***Unaudited Interim Consolidated Financial Statements***

The unaudited interim consolidated financial statements include the accounts of Simply Good Foods and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated. Unless the context otherwise requires, “we,” “us,” “our” and the “Company” refer to Simply Good Foods and its subsidiaries.

The Company maintains its accounting records on a 52/53-week fiscal year, ending on the last Saturday in August of each year.

The interim consolidated financial statements and related notes of the Company and its subsidiaries are unaudited. The unaudited interim consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (the “SEC”). The unaudited interim consolidated financial statements reflect all adjustments and disclosures which are, in the Company’s opinion, necessary for a fair presentation of the results of operations, financial position and cash flows for the indicated periods. All such adjustments were of a normal and recurring nature unless otherwise disclosed. The year-end balance sheet data was derived from the audited financial statements and, in accordance with the instructions to Form 10-Q, certain information and footnote disclosures required by GAAP have been condensed or omitted. The results reported in these unaudited interim consolidated financial statements are not necessarily indicative of the results that may be reported for the entire fiscal year and should be read in conjunction with the Company’s consolidated financial statements for the fiscal year ended August 27, 2022August 26, 2023, included in the Company’s Annual Report on Form 10-K (“Annual Report”) filed with the SEC on October 21, 2022October 24, 2023.

The ultimate effect the supply chain challenges, cost pressures, current high inflation environment, and the possible economic recession could have on consumer purchasing patterns and on the Company’s business continues to be not fully known. Additionally, management is continuing to monitor the conflict in Ukraine, especially regarding the availability and cost of raw materials that are produced in this region and Europe in general. Management is also monitoring the situation in Eastern Europe for its possible supply chain and consumer consumption effects on the Company's business.

### 2. Summary of Significant Accounting Policies

Refer to Note 2, *Summary of Significant Accounting Policies*, to the consolidated financial statements included in the Annual Report for a description of significant accounting policies.

***Recently Issued and Adopted Accounting Pronouncements***

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In March 2020, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2020-04, Reference Rate Reform (Topic 848), Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"), which provides optional guidance for a limited period of time to ease the potential burden in accounting for reference rate reform on financial reporting. Additionally, in December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848), Deferral of the Sunset Date of Topic 848, which extended the period of time for which ASU 2020-04 could be applied. As a result, the amendments in ASU 2020-04 can be applied to contract modifications due to rate reform and eligible existing and new hedging relationships entered into between March 12, 2020 and December 31, 2024. The amendments of these ASUs are effective for all entities and should be are applied on a prospective basis.

On January 21, 2022, the Company entered into a repricing amendment (the "2022 Repricing Amendment") to its credit agreement with Barclays Bank PLC and other parties (as amended to date, the "Credit Agreement"), as described in Note 5, Long-Term Debt and Line of Credit. In addition to replacing the London Interbank Offered Rate ("LIBOR") as the Credit Agreement's reference rate with the Secured Overnight Financing Rate ("SOFR"), the 2022 Repricing Amendment contemporaneously modified other terms that changed, or had the potential to change, the amount or timing of contractual cash flows as contemplated by the guidance in ASU 2020-04. As such, the contract modifications related to the 2022 Repricing Amendment were outside of the scope of the optional guidance in ASU 2020-04. The Company will continue to monitor the effects of rate reform, if any, on any new or amended contracts through December 31, 2024. The Company does not anticipate the amendments in this ASU will be material to its consolidated financial statements.

In November 2023, the Financial Accounting Standards Board ("FASB") issues Accounting Standard Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the provisions of the amendments and the effect on its future consolidated financial statements.

No other new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material effect on the Company's consolidated financial statements.

### 3. Revenue Recognition

Revenue from transactions with external customers for each of the Company's products would be impracticable to disclose and management does not view its business by product line. The following is a summary of revenue disaggregated by geographic area and brands:

| | | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | *(In thousands)* | May 27, 2023 | May 28, 2022 | May 27, 2023 | May 28, 2022 | *(In thousands)* | November 25, 2023 | November 26, 2022 |
| North America (1) | North America (1) | | | | | North America (1) | | |
| Atkins | Atkins | $ 142,057 | $ 148,163 | $ 408,153 | $ 417,539 | Atkins | $ 119,498 | $ 131,745 |
| Quest | Quest | 174,477 | 160,261 | 490,547 | 451,128 | Quest | 181,463 | 161,472 |
| Total North America | Total North America | 316,534 | 308,424 | 898,700 | 868,667 | Total North America | 300,961 | 293,217 |
| International | International | 8,258 | 8,107 | 23,554 | 25,847 | International | 7,717 | 7,661 |
| Total net sales | Total net sales | $ 324,792 | $ 316,531 | $ 922,254 | $ 894,514 | Total net sales | $ 308,678 | $ 300,878 |

(1) The North America geographic area consists of net sales substantially related to the United States and there is no individual foreign country to which more than 10% of the Company's net sales are attributed or that is otherwise deemed individually material.

Charges related to credit loss on accounts receivables from transactions with external customers were $0.2 million and $0.4 million for the thirteen and thirty-nine weeks ended May 27, 2023, respectively. Charges related to credit loss on accounts receivables from transactions with external customers were $0.2 million and $0.1 million for the thirteen and thirty-nine weeks ended May 28, 2022 November 25, 2023, respectively. and $(0.1) million for the thirteen weeks ended November 26, 2022. As of May 27, 2023 November 25, 2023 and August 27, 2022 August 26, 2023, the allowances for doubtful accounts related to these accounts receivable were $1.8 $0.9 million and $1.2 $1.1 million, respectively. Additionally, as of May 27, 2023 November 25, 2023, the Company had an expected credit loss reserve of $1.0 million on a $3.0 million note receivable related to the Company's sale of its SimplyProtein® brand and related assets during its fiscal year 2021.

## 4. Goodwill and Intangibles

As of May 27, 2023 November 25, 2023 and August 27, 2022 August 26, 2023, *Goodwill* in the Consolidated Balance Sheets was $543.1 million. There were no impairment charges related to goodwill during the thirteen and thirty-nine weeks ended May 27, 2023 November 25, 2023 or since the inception of the Company.

*Intangible assets, net* in the Consolidated Balance Sheets consists of the following:

| | | | May 27, 2023 | | | | | November 25, 2023 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | *(In thousands)* | Useful life | Gross carrying amount | Accumulated amortization | Net carrying amount | *(In thousands)* | Useful life | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Intangible assets with indefinite life: | Intangible assets with indefinite life: | | | | | Intangible assets with indefinite life: | | | | |
| Brands and trademarks | Brands and trademarks | Indefinite life | $ 974,000 | $ — | $ 974,000 | Brands and trademarks | Indefinite life | $ 974,000 | $ — | $ 974,000 |
| Intangible assets with finite lives: | Intangible assets with finite lives: | | | | | Intangible assets with finite lives: | | | | |
| Customer relationships | Customer relationships | 15 years | 174,000 | 50,403 | 123,597 | Customer relationships | 15 years | 174,000 | 56,203 | 117,797 |
| Licensing agreements | Licensing agreements | 13 years | 22,000 | 10,019 | 11,981 | Licensing agreements | 13 years | 22,000 | 10,977 | 11,023 |
| Proprietary recipes and formulas | Proprietary recipes and formulas | 7 years | 7,000 | 5,881 | 1,119 | Proprietary recipes and formulas | 7 years | 7,000 | 6,381 | 619 |
| Software and website development costs | Software and website development costs | 3 - 5 years | 6,022 | 5,068 | 954 | Software and website development costs | 3 - 5 years | 6,328 | 5,633 | 695 |
| Intangible assets in progress | Intangible assets in progress | 3 - 5 years | 214 | — | 214 | Intangible assets in progress | 3 - 5 years | 184 | — | 184 |
| | | | $ 1,183,236 | $ 71,371 | $1,111,865 | | | $ 1,183,512 | $ 79,194 | $1,104,318 |

| | | | August 27, 2022 | | | | | August 26, 2023 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | *(In thousands)* | Useful life | Gross carrying amount | Accumulated amortization | Net carrying amount | *(In thousands)* | Useful life | Gross carrying amount | Accumulated amortization | Net carrying amount |
| Intangible assets with indefinite life: | Intangible assets with indefinite life: | | | | | Intangible assets with indefinite life: | | | | |
| Brands and trademarks | Brands and trademarks | Indefinite life | $ 974,000 | $ — | $ 974,000 | Brands and trademarks | Indefinite life | $ 974,000 | $ — | $974,000 |
| Intangible assets with finite lives: | Intangible assets with finite lives: | | | | | Intangible assets with finite lives: | | | | |
| Customer relationships | Customer relationships | 15 years | 174,000 | 41,703 | 132,297 | Customer relationships | 15 years | 174,000 | 53,303 | 120,697 |
| Licensing agreements | Licensing agreements | 13 years | 22,000 | 8,581 | 13,419 | Licensing agreements | 13 years | 22,000 | 10,498 | 11,502 |
| Proprietary recipes and formulas | Proprietary recipes and formulas | 7 years | 7,000 | 5,131 | 1,869 | Proprietary recipes and formulas | 7 years | 7,000 | 6,131 | 869 |
| Software and website development costs | Software and website development costs | 3 - 5 years | 5,863 | 4,190 | 1,673 | Software and website development costs | 3 - 5 years | 6,328 | 5,356 | 972 |
| Intangible assets in progress | | | | | | Intangible assets in progress | 3 - 5 years | 79 | — | 79 |
| | | | $1,183,407 | $ 75,288 | $1,108,119 | | | | | |
| | | | $ 1,182,863 | $ 59,605 | $ 1,123,258 | | | | | |

Changes in *Intangible assets, net* during the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 were primarily related to recurring amortization expense. Amortization expense related to intangible assets was $3.9 million and $4.0 million for the thirteen weeks ended May 27, 2023 November 25, 2023 and May 28, 2022, respectively, and $11.8 million and $11.9 million $3.9 million for the thirty-nine thirteen weeks ended May 27, 2023 and May 28, 2022, respectively. November 26, 2022. There were no impairment charges related to intangible assets during the thirteen and thirty-nine weeks ended May 27, 2023 November 25, 2023 and May 28, 2022 November 26, 2022.

Estimated future amortization for each of the next five fiscal years and thereafter is as follows:

| *(In thousands)* | *(In thousands)* | Amortization | *(In thousands)* | Amortization |
|---|---|---|---|---|
| Remainder of 2023 | | $ 3,867 | | |
| 2024 | | 14,846 | | |
| Remainder of 2024 | | | Remainder of 2024 | $ 11,721 |
| 2025 | 2025 | 13,554 | 2025 | 13,980 |
| 2026 | 2026 | 13,517 | 2026 | 13,740 |
| 2027 | 2027 | 13,517 | 2027 | 13,556 |
| 2028 and thereafter | | 78,350 | | |
| 2028 | | | 2028 | 13,517 |
| 2029 and thereafter | | | 2029 and thereafter | 63,620 |
| Total | Total | $ 137,651 | Total | $ 130,134 |

**5. Long-Term Debt and Line of Credit**

On July 7, 2017, the Company (through certain of its subsidiaries) entered into the Credit Agreement. The Credit Agreement at that time provided for (i) a term facility of $200.0 million ("Term Facility") with a seven-year maturity and (ii) a revolving credit facility of up to $75.0 million (the "Revolving Credit Facility") with a five-year maturity. Substantially concurrent with the consummation of the business combination which formed the Company between Conyers Park Acquisition Corp. and NCP-ATK Holdings, Inc. on July 7, 2017, the full $200.0 million of the Term Facility (the "Term Loan") was drawn.

On November 7, 2019, the Company entered into a second amendment (the "Incremental Facility Amendment") to the Credit Agreement to increase the principal borrowed on the Term Facility by $460.0 million. The Term Facility together with the incremental borrowing make up the Initial Term Loans (as defined in the Incremental Facility Amendment). The Incremental Facility Amendment was executed to partially finance the acquisition of Quest Nutrition, LLC on November 7, 2019. No amounts under the Term Facility were repaid as a result of the execution of the Incremental Facility Amendment.

Effective as of December 16, 2021, the Company entered into a third amendment (the "Extension Amendment") to the Credit Agreement. The Extension Amendment provided for an extension of the stated maturity date of the Revolving Commitments and Revolving Loans (each as defined in the Credit Agreement) from July 7, 2022 to the earlier of (i) 91 days prior to the then-effective maturity date of the Initial Term Loans and (ii) December 16, 2026.

On January 21, 2022, the Company entered into the "2022 Repricing Amendment" to the Credit Agreement. The 2022 Repricing Amendment, among other things, (i) reduced the interest rate per annum applicable to the Initial Term Loans outstanding under the Credit Agreement immediately prior to the effective date of the 2022 Repricing Amendment, (ii) reset the prepayment premium for the existing Initial Term Loans to apply to Repricing Transactions (as defined in the Credit Agreement) that occur within six months after the effective date of the 2022 Repricing Amendment, and (iii) implemented SOFR and related replacement provisions for LIBOR.

On April 25, 2023, the Company entered into the "2023 Repricing Amendment" to the Credit Agreement. The 2023 Repricing Amendment, (i) reduced the interest rate per annum applicable to the Initial Term Loans outstanding under the Credit Agreement immediately prior to April 25, 2023, and (ii) provided for an extension of the maturity date of the Initial Term Loans from July 7, 2024, to March 17, 2027.

The 2023 Repricing Amendment did not change the interest rate on the Revolving Credit Facility, which continues to bear interest based upon the Company's consolidated net leverage ratio as of the end of the fiscal quarter for which consolidated financial statements are delivered to the Administrative Agent under the Credit Agreement. No additional debt was incurred, or any proceeds received by the Company in connection with the 2023 Repricing Amendment. No amounts under the Term Facility were repaid as a result of the execution of the 2023 Repricing Amendment.

Effective as of the 2023 Repricing Amendment, the interest rate per annum for the Initial Term Loans is based on either:

i. A base rate equaling the higher of (a) the "prime rate," (b) the federal funds effective rate plus 0.50%, or (c) the Adjusted Term SOFR Rate (as defined in the Credit Agreement) applicable for an interest period of one month plus 1.00% plus (x) 1.50% margin for the Term Loan or (y) 2.00% margin for the Revolving Credit Facility; or

ii. SOFR plus a credit spread adjustment equal to 0.10% for one-month SOFR, 0.15% for up to three-month SOFR and 0.25% for up to six-month SOFR, subject to a floor of 0.50%, plus (x) 2.50% margin for the Term Loan or (y) 3.00% margin for the Revolving Credit Facility.

In connection with the closing of the 2023 Repricing Amendment, the Company expensed $2.4 million primarily for third-party fees and capitalized an additional $2.7 million primarily for the payment of upfront lender fees (original issue discount).

The Simply Good Foods Company is not a borrower under the Credit Agreement and has not provided a guarantee of the Credit Agreement. Simply Good Foods USA, Inc., is the administrative borrower and certain other subsidiary holding companies are co-borrowers under the Credit Agreement. Each of the Company's domestic subsidiaries that is not a named borrower under the Credit Agreement has provided a guarantee on a secured basis. As security for the payment or performance of the debt under the Credit Agreement, the borrowers and the guarantors have pledged certain equity interests in their respective subsidiaries and granted the lenders a security interest in substantially all of their domestic assets. All guarantors other than Quest Nutrition, LLC are holding companies with no assets other than their investments in their respective subsidiaries.

The Credit Agreement contains certain financial and other covenants that limit the Company's ability to, among other things, incur and/or undertake asset sales and other dispositions, liens, indebtedness, certain acquisitions and investments, consolidations, mergers, reorganizations and other fundamental changes, payment of dividends and other distributions to equity and warrant holders, and prepayments of material subordinated debt, in each case, subject to customary exceptions materially consistent with credit facilities of such type and size. The Revolving Credit Facility has a maximum total net leverage ratio equal to or less than 6.00:1.00 contingent on credit extensions in excess of 30% of the total amount of commitments available under the Revolving Credit Facility. Any failure to comply with the restrictions of the credit facilities may result in an event of default. The Company was in compliance with all covenants as of May 27, 2023 November 25, 2023 and August 27, 2022 August 26, 2023, respectively.

Long-term debt consists of the following:

| *(In thousands)* | *(In thousands)* | May 27, 2023 | August 27, 2022 | *(In thousands)* | November 25, 2023 | August 26, 2023 |
|---|---|---|---|---|---|---|
| Term Facility (effective rate of 7.7% at May 27, 2023) | | $ 325,000 | $ 406,500 | | | |
| Term Facility (effective rate of 8.0% at November 25, 2023) | | | | Term Facility (effective rate of 8.0% at November 25, 2023) | $ 275,000 | $ 285,000 |
| Finance lease liabilities (effective rate of 5.6% at May 27, 2023) | | 202 | 406 | | | |
| Finance lease liabilities (effective rate of 5.6% at November 25, 2023) | | | | Finance lease liabilities (effective rate of 5.6% at November 25, 2023) | 83 | 143 |
| Less: Deferred financing fees | Less: Deferred financing fees | 4,103 | 3,620 | Less: Deferred financing fees | 2,968 | 3,351 |
| Total debt | Total debt | 321,099 | 403,286 | Total debt | 272,115 | 281,792 |
| Less: Current finance lease liabilities | Less: Current finance lease liabilities | 199 | 264 | Less: Current finance lease liabilities | 83 | 143 |
| Long-term debt, net of deferred financing fees | Long-term debt, net of deferred financing fees | $ 320,900 | $ 403,022 | Long-term debt, net of deferred financing fees | $ 272,032 | $ 281,649 |

The Company is not required to make principal payments on the Term Facility over the twelve months following the period ended May 27, 2023 November 25, 2023. The outstanding balance of the Term Facility is due upon its maturity in March 2027.

As of May 27, 2023 November 25, 2023, the Company had letters of credit in the amount of $3.5 million outstanding. These letters of credit offset against the $75.0 million availability of the Revolving Credit Facility and exist to support three of the Company's leased buildings and insurance programs relating to workers' compensation. No amounts were drawn against these letters of credit at May 27, 2023 November 25, 2023.

The Company utilizes market approaches to estimate the fair value of certain outstanding borrowings by discounting anticipated future cash flows derived from the contractual terms of the obligations and observable market interest and foreign exchange rates. The Company carries debt at historical cost and discloses fair value. As of May 27, 2023 November 25, 2023 and August 27, 2022 August 26, 2023, the book value of the Company's debt approximated fair value. The estimated fair value of the Term Loan is valued based on observable inputs and classified as Level 2 in the fair value hierarchy.

**6. Fair Value of Financial Instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is used:

Level 1 – Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 – Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Level 3 Measurements

During the thirty-nine weeks ended May 28, 2022, the Company had outstanding liability-classified Private Warrants that allowed holders to purchase 6,700,000 shares Components of the Company's common stock. Such Private Warrants were held by Conyers Park Sponsor, LLC ("Conyers Park"), a related party, balance sheet such as accounts receivable, cash and were exercised on a cashless basis on January 7, 2022 resulting in a net issuance of 4,830,761 shares of the Company's common stock. As a result, there were no outstanding liability-classified Private Warrants cash equivalents and others approximated fair value as of May 27, 2023 and August 27, 2022 November 25, 2023. Refer to Note 10, Stockholders' Equity, for additional details regarding the cashless exercise of the Private Warrants.

The Company utilized the Black-Scholes model to estimate the fair value of the Private Warrants at each reporting date. The application of the Black-Scholes model utilizes significant assumptions, including volatility. Significant judgment is required in determining the expected volatility, historically the key assumption, of the Private Warrants. In order to determine the most accurate measure of this volatility, the Company measured expected volatility based on several inputs, including considering a peer group of publicly traded companies, the Company's implied volatility based on traded options, the implied volatility of comparable warrants, and the implied volatility of any outstanding public warrants during the periods they were outstanding. As a result of the unobservable inputs that were used to determine the expected volatility of the Private Warrants, the fair value measurement of these warrants reflected a Level 3 measurement within the fair value measurement hierarchy.

The periodic remeasurement of the warrant liability has been reflected in *Loss in fair value change of warrant liability* within the Consolidated Statements of Operations and Comprehensive Income. The adjustment for the thirty-nine weeks ended May 28, 2022 was a gain of $30.1 million.

## 7. Income Taxes

The tax expense and the effective tax rate resulting from operations were as follows:

| | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|
| *(In thousands)* | *(In thousands)* | May 27, 2023 | May 28, 2022 | *(In thousands)* | November 25, 2023 | November 26, 2022 |
| Income before income taxes | Income before income taxes | $ 126,743 | $ 113,173 | Income before income taxes | $ 47,108 | $ 45,556 |
| Provision for income taxes | Provision for income taxes | $ 29,810 | $ 34,726 | Provision for income taxes | $ 11,547 | $ 9,696 |
| Effective tax rate | Effective tax rate | 23.5 % | 30.7 % | Effective tax rate | 24.5 % | 21.3 % |

The effective tax rate for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 was 7.2% less 3.2% more than the effective tax rate for the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022, which was primarily driven by the non-cash change in the fair value of the warrant liability in the prior fiscal period and other permanent differences.

## 8. Leases

The components of lease expense were as follows:

| | | | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | *(In thousands)* | Statements of Operations Caption | May 27, 2023 | May 28, 2022 | May 27, 2023 | May 28, 2022 | *(In thousands)* | Statements of Operations Caption | November 25, 2023 | November 26, 2022 |
| Operating lease cost: | Operating lease cost: | | | | | | Operating lease cost: | | | |
| Lease cost | Lease cost | *Cost of goods sold and General and administrative* | $ 2,245 | $ 2,278 | $ 6,745 | $ 6,806 | Lease cost | *Cost of goods sold and General and administrative* | $ 2,259 | $ 2,252 |
| Variable lease cost (1) | Variable lease cost (1) | *Cost of goods sold and General and administrative* | 1,047 | 787 | 2,565 | 2,300 | Variable lease cost (1) | *Cost of goods sold and General and administrative* | 796 | 738 |
| Total operating lease cost | Total operating lease cost | | 3,292 | 3,065 | 9,310 | 9,106 | Total operating lease cost | | 3,055 | 2,990 |
| Finance lease cost: | Finance lease cost: | | | | | | Finance lease cost: | | | |
| Amortization of right-of-use assets | Amortization of right-of-use assets | *Cost of goods sold* | 58 | 69 | 189 | 205 | Amortization of right-of-use assets | *Cost of goods sold* | 53 | 68 |
| Interest on lease liabilities | Interest on lease liabilities | *Interest expense* | 3 | 7 | 12 | 24 | Interest on lease liabilities | *Interest expense* | 1 | 5 |
| Total finance lease cost | Total finance lease cost | | 61 | 76 | 201 | 229 | Total finance lease cost | | 54 | 73 |
| Total lease cost | Total lease cost | | $ 3,353 | $ 3,141 | $ 9,511 | $ 9,335 | Total lease cost | | $ 3,109 | $ 3,063 |

(1) Variable lease cost primarily consists of common area maintenance, such as cleaning and repairs.

The right-of-use assets and corresponding liabilities related to both operating and finance leases are as follows:

| *(In thousands)* | *(In thousands)* | Balance Sheets Caption | May 27, 2023 | August 27, 2022 | *(In thousands)* | Balance Sheets Caption | November 25, 2023 | August 26, 2023 |
|---|---|---|---|---|---|---|---|---|
| Assets | Assets | | | | Assets | | | |
| Operating lease right-of-use assets | Operating lease right-of-use assets | *Other long-term assets* | $ 41,444 | $ 46,460 | Operating lease right-of-use assets | *Other long-term assets* | $ 38,286 | $ 40,022 |
| Finance lease right-of-use assets | Finance lease right-of-use assets | *Property and equipment, net* | 178 | 367 | Finance lease right-of-use assets | *Property and equipment, net* | 73 | 125 |
| Total lease assets | Total lease assets | | $ 41,622 | $ 46,827 | Total lease assets | | $ 38,359 | $ 40,147 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Liabilities | Liabilities | | | | Liabilities | | | |
| Current: | Current: | | | | Current: | | | |
| Operating lease liabilities | Operating lease liabilities | *Accrued expenses and other current liabilities* | $ 7,396 | $ 6,249 | Operating lease liabilities | *Accrued expenses and other current liabilities* | $ 7,724 | $ 7,566 |
| Finance lease liabilities | Finance lease liabilities | *Current maturities of long-term debt* | 199 | 264 | Finance lease liabilities | *Current maturities of long-term debt* | 83 | 143 |
| Long-term: | Long-term: | | | | Long-term: | | | |
| Operating lease liabilities | Operating lease liabilities | *Other long-term liabilities* | 38,933 | 44,482 | Operating lease liabilities | *Other long-term liabilities* | 35,306 | 37,272 |
| Finance lease liabilities | Finance lease liabilities | *Long-term debt, less current maturities* | 3 | 142 | Finance lease liabilities | *Long-term debt, less current maturities* | — | — |
| Total lease liabilities | Total lease liabilities | | $ 46,531 | $ 51,137 | Total lease liabilities | | $ 43,113 | $ 44,981 |

Future maturities of lease liabilities as of May 27, 2023 November 25, 2023 were as follows:

| *(In thousands)* | *(In thousands)* | Operating Leases | Finance Leases | *(In thousands)* | Operating Leases | Finance Leases |
|---|---|---|---|---|---|---|
| Fiscal year ending: | Fiscal year ending: | | | Fiscal year ending: | | |
| Remainder of 2023 | | 2,321 | 61 | | | |
| 2024 | | 9,424 | 145 | | | |
| Remainder of 2024 | | | | Remainder of 2024 | 7,145 | 84 |
| 2025 | 2025 | 8,680 | — | 2025 | 8,750 | — |
| 2026 | 2026 | 6,880 | — | 2026 | 6,952 | — |
| 2027 | 2027 | 7,036 | — | 2027 | 7,110 | — |
| 2028 | | | | 2028 | 6,447 | — |
| Thereafter | Thereafter | 19,848 | — | Thereafter | 13,496 | — |
| Total lease payments | Total lease payments | 54,189 | 206 | Total lease payments | 49,900 | 84 |
| Less: Interest | Less: Interest | (7,860) | (4) | Less: Interest | (6,870) | (1) |
| Present value of lease liabilities | Present value of lease liabilities | $ 46,329 | $ 202 | Present value of lease liabilities | $ 43,030 | $ 83 |

The weighted-average remaining lease terms and weighted-average discount rates for operating and finance leases were as follows:

| | | May 27, 2023 | August 27, 2022 | | November 25, 2023 | August 26, 2023 |
|---|---|---|---|---|---|---|
| Weighted-average remaining lease term (in years) | Weighted-average remaining lease term (in years) | | | Weighted-average remaining lease term (in years) | | |
| Operating leases | Operating leases | 6.69 | 7.27 | Operating leases | 6.08 | 6.24 |
| Finance leases | Finance leases | 0.85 | 1.51 | Finance leases | 0.37 | 0.61 |
| Weighted-average discount rate | Weighted-average discount rate | | | Weighted-average discount rate | | |
| Operating leases | Operating leases | 4.7 % | 4.7 % | Operating leases | 4.4 % | 4.4 % |
| Finance leases | Finance leases | 5.6 % | 5.6 % | Finance leases | 5.6 % | 5.6 % |

Supplemental and other information related to leases was as follows:

| | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|
| *(In thousands)* | *(In thousands)* | May 27, 2023 | May 28, 2022 | *(In thousands)* | November 25, 2023 | November 26, 2022 |
| Cash paid for amounts included in the measurement of lease liabilities | Cash paid for amounts included in the measurement of lease liabilities | | | Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | Operating cash flows from operating leases | $ 7,905 | $ 7,155 | Operating cash flows from operating leases | $ 2,926 | $ 2,040 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating cash flows from finance leases | Operating cash flows from finance leases | $ | 394 | $ | 472 | Operating cash flows from finance leases | $ | 175 | $ | 131 |
| Financing cash flows from finance leases | Financing cash flows from finance leases | $ | 217 | $ | 235 | Financing cash flows from finance leases | $ | 61 | $ | 78 |

**9. Commitments and Contingencies**

***Litigation***

The Company is a party to certain litigation and claims that are considered normal to the operations of the business. From time to time, the Company has been and may again become involved in legal proceedings arising in the ordinary course of business. The Company is not presently a party to any litigation that it believes to be material, and the Company is not aware of any pending or threatened litigation against it that its management believes could have a material adverse effect on its business, operating results, financial condition or cash flows.

***Other***

The Company has entered into endorsement contracts with certain celebrity figures and social media influencers to promote and endorse the Atkins Quest® and Quest Atkins® brands and product lines. These contracts contain endorsement fees, which are expensed ratably over the life of the contract, and performance fees, that are recognized at the time of achievement. Based on the terms of the contracts in place and achievement of performance conditions as of May 27, 2023 November 25, 2023, the Company will be required to make payments of $3.3 million $2.9 million over the next year.

**10. Stockholders' Equity**

***Stock Repurchase Program***

The Company adopted a $50.0 million stock repurchase program on November 13, 2018. On April 13, 2022, and October 21, 2022, the Company announced that its Board of Directors had approved the addition of $50.0 million and $50.0 million, respectively, to its stock repurchase program, resulting in authorized stock repurchases of up to an aggregate of $150.0 million. Under the stock repurchase program, the Company may repurchase shares from time to time in the open market or in privately negotiated transactions. The stock repurchase program does not obligate the Company to acquire any specific number of shares or acquire shares over any specific period of time. The stock repurchase program may be suspended or discontinued at any time by the Company and does not have an expiration date.

The Company did not repurchase any shares of common stock during the thirteen weeks ended May 27, 2023 November 25, 2023. During the thirty-nine thirteen weeks ended May 27, 2023 November 26, 2022, the Company repurchased 546,346 shares of common stock at an average share price of $30.11 per share. During the thirteen weeks ended May 28, 2022, the Company repurchased 218,221 shares of common stock at an average share price of 37.16 per share. During the thirty-nine weeks ended May 28, 2022, the Company repurchased 789,742 shares of common stock at an average share price of $36.09. As of May 27, 2023 November 25, 2023, approximately $71.5 million remained available under the stock repurchase program.

Warrants to Purchase Common Stock

During the thirteen and thirty-nine weeks ended May 28, 2022, the Company had outstanding liability-classified Private Warrants that allowed holders to purchase 6,700,000 shares of the Company's common stock. Such Private Warrants were held by Conyers Park, a related party. Each whole warrant entitled the holder to purchase one share of the Company's common stock at a price of $11.50 per share. On January 7, 2022, Conyers Park elected to exercise the Private Warrants on a cashless basis, resulting in a net issuance of 4,830,761 shares of the Company's common stock. As a result of the cashless exercise on January 7, 2022, there were no outstanding liability-classified Private Warrants as of May 27, 2023 and August 27, 2022.

As discussed in Note 6, Fair Value of Financial Instruments, the liability-classified warrants were remeasured on a recurring basis, primarily based on observable market data while the related theoretical private warrant volatility assumption within the Black-Scholes model represents a Level 3 measurement within the fair value measurement hierarchy. The periodic fair value remeasurements of the warrant liability have been reflected in *Loss in fair value change of warrant liability* within the Consolidated Statements of Operations and Comprehensive Income.

**11. Earnings Per Share**

Basic earnings or loss per share is based on the weighted average number of common shares issued and outstanding. In computing diluted earnings per share, basic earnings per share is adjusted for the assumed issuance of all potentially dilutive securities, including the Company's employee stock options and non-vested stock units, and Private Warrants for the periods during which they were outstanding. During periods when the effect of the outstanding Private Warrants was dilutive, the Company assumed share settlement of the instruments as of the beginning of the reporting period and adjusted the numerator to remove the change in fair value of the warrant liability and adjusted the denominator to include the dilutive shares, calculated using the treasury stock method. During periods when the effect of the outstanding Private Warrants was anti-dilutive, the share settlement was excluded. units.

In periods in which the Company has a net loss, diluted loss per share is based on the weighted average number of common shares issued and outstanding as the effect of including common stock equivalents outstanding would be anti-dilutive.

The following table reconciles the numerators and denominators used in the computations of both basic and diluted earnings per share:

| | Thirteen Weeks Ended | Thirty-Nine Weeks Ended | Thirteen Weeks Ended |
|---|---|---|---|

| (In thousands, except per share data) | (In thousands, except per share data) | May 27, 2023 | May 28, 2022 | May 27, 2023 | May 28, 2022 | (In thousands, except per share data) | November 25, 2023 | November 26, 2022 |
|---|---|---|---|---|---|---|---|---|
| Basic earnings per share computation: | Basic earnings per share computation: | | | | | Basic earnings per share computation: | | |
| Numerator: | Numerator: | | | | | Numerator: | | |
| Net income available to common stockholders | Net income available to common stockholders | $ 35,431 | $ 38,834 | $ 96,933 | $ 78,447 | Net income available to common stockholders | $ 35,561 | $ 35,860 |
| Denominator: | Denominator: | | | | | Denominator: | | |
| Weighted average common shares outstanding - basic | Weighted average common shares outstanding - basic | 99,518,546 | 100,426,227 | 99,404,174 | 98,294,114 | Weighted average common shares outstanding - basic | 99,629,188 | 99,200,557 |
| Basic earnings per share from net income | Basic earnings per share from net income | $ 0.36 | $ 0.39 | $ 0.98 | $ 0.80 | Basic earnings per share from net income | $ 0.36 | $ 0.36 |
| Diluted earnings per share computation: | Diluted earnings per share computation: | | | | | Diluted earnings per share computation: | | |
| Numerator: | Numerator: | | | | | Numerator: | | |
| Net income available for common stockholders | Net income available for common stockholders | $ 35,431 | $ 38,834 | $ 96,933 | $ 78,447 | Net income available for common stockholders | $ 35,561 | $ 35,860 |
| Numerator for diluted earnings per share | Numerator for diluted earnings per share | $ 35,431 | $ 38,834 | $ 96,933 | $ 78,447 | Numerator for diluted earnings per share | $ 35,561 | $ 35,860 |
| Denominator: | Denominator: | | | | | Denominator: | | |
| Weighted average common shares outstanding - basic | Weighted average common shares outstanding - basic | 99,518,546 | 100,426,227 | 99,404,174 | 98,294,114 | Weighted average common shares outstanding - basic | 99,629,188 | 99,200,557 |
| Employee stock options | Employee stock options | 1,228,922 | 1,604,847 | 1,256,898 | 1,633,278 | Employee stock options | 1,172,483 | 1,299,543 |
| Non-vested stock units | Non-vested stock units | 162,504 | 206,383 | 186,898 | 262,676 | Non-vested stock units | 293,065 | 222,936 |
| Weighted average common shares - diluted | Weighted average common shares - diluted | 100,909,972 | 102,237,457 | 100,847,970 | 100,190,068 | Weighted average common shares - diluted | 101,094,736 | 100,723,036 |
| Diluted earnings per share from net income | Diluted earnings per share from net income | $ 0.35 | $ 0.38 | $ 0.96 | $ 0.78 | Diluted earnings per share from net income | $ 0.35 | $ 0.36 |

Diluted earnings per share calculations for the thirteen and thirty-nine weeks ended May 27, 2023 November 25, 2023 and November 26, 2022 excluded 0.7 0.8 million and 0.6 million shares of common stock issuable upon exercise of stock options, respectively, that would have been anti-dilutive. Diluted earnings per share calculations for the thirteen and thirty-nine weeks ended May 28, 2022 excluded 0.3 million and 0.3 0.4 million shares of common stock issuable upon exercise of stock options, respectively, that would have been anti-dilutive.

Diluted earnings per share calculations for the thirteen and thirty-nine weeks ended May 27, 2023 November 25, 2023 and November 26, 2022 excluded an immaterial amount number of shares and 0.1 million shares of non-vested stock units, that would have been anti-dilutive. Diluted earnings per share calculations for the thirteen and thirty-nine weeks ended May 28, 2022 excluded an immaterial amount of non-vested stock units that would have been anti-dilutive.

The diluted earnings per share calculations for the thirty-nine weeks ended May 28, 2022 excluded 1.0 million shares issuable upon exercise of Private Warrants respectively, that would have been anti-dilutive.

**12. Omnibus Incentive Plan**

Stock-based compensation includes stock options, restricted stock units, performance stock unit awards and stock appreciation rights, which are awarded to employees, directors, and consultants of the Company. Stock-based compensation expense for equity-classified awards is recognized on a straight-line basis over the requisite service period of the award based on their grant date fair value. Stock-based compensation expense is included within *General and administrative* expense, which is the same financial statement caption where the recipient's other compensation is reported.

The Company recorded stock-based compensation expense of $4.1 $4.2 million and $3.0 $3.3 million in the thirteen weeks ended May 27, 2023 November 25, 2023 and May 28, 2022, respectively, and $10.5 million and $8.7 million in the thirty-nine weeks ended May 27, 2023 and May 28, 2022 November 26, 2022, respectively.

***Stock Options***

The following table summarizes stock option activity for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023:

| | Shares underlying options | Weighted average exercise price | Weighted average remaining contractual life (years) |
|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Outstanding as of August 27, 2022 | 2,776,551 | $ | 18.04 | 6.10 |
| Granted | 285,001 | | 37.73 | |
| Exercised | (346,956) | | 14.51 | |
| Forfeited | (35,624) | | 32.04 | |
| Outstanding as of May 27, 2023 | 2,678,972 | $ | 20.41 | 5.86 |
| Vested and expected to vest as of May 27, 2023 | 2,678,972 | $ | 20.41 | 5.86 |
| Exercisable as of May 27, 2023 | 2,029,757 | $ | 15.60 | 4.93 |

| | Shares underlying options | | Weighted average exercise price | Weighted average remaining contractual life (years) |
|---|---|---|---|---|
| Outstanding as of August 26, 2023 | 2,668,462 | $ | 20.41 | 5.56 |
| Granted | 17,633 | | 33.02 | |
| Exercised | — | | — | |
| Forfeited | (3,815) | | 39.38 | |
| Outstanding as of November 25, 2023 | 2,682,280 | $ | 20.47 | 5.35 |
| Vested and expected to vest as of November 25, 2023 | 2,682,280 | $ | 20.47 | 5.35 |
| Exercisable as of November 25, 2023 | 2,188,820 | $ | 16.69 | 4.64 |

As of May 27, 2023November 25, 2023, the Company had $6.4 million$4.8 million of total unrecognized compensation cost related to stock options that will be recognized over a weighted average period of 1.81.5 years. During the thirty-ninethirteen weeks ended May 27, 2023 and May 28, 2022November 25, 2023 the Company did not receive cash from stock option exercises. During the thirteen weeks ended November 26, 2022, the Company received $5.0 million and $4.3 million$4.6 million in cash from stock option exercises, respectively. exercises.

***Restricted Stock Units***

The following table summarizes restricted stock unit activity for the thirty-ninethirteen weeks ended May 27, 2023November 25, 2023:

| | | Units | | Weighted average grant-date fair value | | Units | | Weighted average grant-date fair value |
|---|---|---|---|---|---|---|---|---|
| Non-vested as of August 27, 2022 | | 453,003 | $ | 30.68 | | | | |
| Non-vested as of August 26, 2023 | | | | | Non-vested as of August 26, 2023 | 514,498 | $ | 35.59 |
| Granted | Granted | 289,046 | | 37.16 | Granted | 194,353 | | 36.94 |
| Vested | Vested | (203,880) | | 28.11 | Vested | (151,239) | | 30.34 |
| Forfeited | Forfeited | (48,883) | | 33.38 | Forfeited | (7,589) | | 38.69 |
| Non-vested as of May 27, 2023 | | 489,286 | $ | 35.31 | | | | |
| Non-vested as of November 25, 2023 | | | | | Non-vested as of November 25, 2023 | 550,023 | $ | 37.47 |

As of May 27, 2023November 25, 2023, the Company had $11.9 million$15.6 million of total unrecognized compensation cost related to restricted stock units that will be recognized over a weighted average period of 1.51.8 years.

***Performance Stock Units***

During the thirty-ninethirteen weeks ended May 27, 2023November 25, 2023, the Company granted performance stock units under its equity compensation plan. Performance stock units vest in a range between 0% and 200% based upon certain performance criteria in a three-year period. Performance stock units were valued using a Monte Carlo simulation.

The following table summarizes performance stock unit activity for the thirty-ninethirteen weeks ended May 27, 2023November 25, 2023:

| | | Units | | Weighted average grant-date fair value | | Units | | Weighted average grant-date fair value |
|---|---|---|---|---|---|---|---|---|
| Non-vested as of August 27, 2022 | | 255,023 | $ | 32.82 | | | | |
| Non-vested as of August 26, 2023 | | | | | Non-vested as of August 26, 2023 | 191,779 | $ | 42.41 |
| Granted | Granted | 50,629 | | 62.55 | Granted | 178,788 | | 38.66 |
| Vested | Vested | (72,452) | | 27.39 | Vested | (189,884) | | 21.52 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Forfeited | Forfeited | (37,241) | 31.00 | Forfeited | — | — |
| Non-vested as of May 27, 2023 | | 195,959 | $ 42.85 | | | |
| Non-vested as of November 25, 2023 | | | | Non-vested as of November 25, 2023 | 180,683 | $ 59.28 |

As of May 27, 2023 November 25, 2023, the Company had $4.2 million $7.6 million of total unrecognized compensation cost related to performance stock units that will be recognized over a weighted average period of 1.2 2.2 years.

***Stock Appreciation Rights***

Stock appreciation rights ("SARs") permit the holder to participate in the appreciation of the Company's common stock price and are awarded to non-employee consultants of the Company. The Company's SARs settle in shares of its common stock once the applicable vesting criteria have been met. The SARs outstanding as of May 27, 2023 November 25, 2023 cliff vest two years from the date of grant and must be exercised within five years.

The following table summarizes SARs activity for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023:

| | | Shares underlying SARs | Weighted average exercise price | | Shares underlying SARs | Weighted average exercise price |
|---|---|---|---|---|---|---|
| Outstanding as of August 27, 2022 | | 150,000 | $ 24.20 | | | |
| Outstanding as of August 26, 2023 | | | | Outstanding as of August 26, 2023 | 150,000 | $ 37.67 |
| Granted | Granted | 150,000 | 37.67 | Granted | — | — |
| Exercised | Exercised | (150,000) | 24.20 | Exercised | — | — |
| Forfeited | Forfeited | — | — | Forfeited | — | — |
| Outstanding as of May 27, 2023 | | 150,000 | $ 37.67 | | | |
| Outstanding as of November 25, 2023 | | | | Outstanding as of November 25, 2023 | 150,000 | $ 37.67 |

The SARs exercised in the thirty-nine thirteen weeks ended May 27, 2023 November 26, 2022 resulted in a net issuance of 38,850 shares of the Company's common stock. The SARs granted in the thirty-nine thirteen weeks ended May 27, 2023 November 26, 2022 are liability-classified; therefore the related stock-based compensation expense is based on the vesting provisions and the fair value of the awards.

**13. Restructuring and Related Charges**

In May 2020, the Company announced certain restructuring activities in conjunction with the implementation of the Company's future-state organization design, which created a fully integrated organization with its completed acquisition of Quest Nutrition, LLC on November 7, 2019. The new organization design became effective on August 31, 2020. These restructuring plans primarily included workforce reductions, changes in management structure, and the relocation of business activities from one location to another.

The Company substantially completed its restructuring activities during the third quarter of fiscal 2022; therefore no restructuring or restructuring-related costs were incurred in the thirteen and thirty-nine weeks ended May 27, 2023 and the thirteen weeks ended May 28, 2022. During the thirty-nine weeks ended May 28, 2022, the Company incurred $0.1 million of restructuring and restructuring-related costs. Since the announcement of the restructuring activities in May 2020, the Company incurred aggregate restructuring and restructuring-related costs of $9.9 million.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*This Quarterly Report on Form 10-Q (this "Report") contains forward-looking statements. When used anywhere in this Report, the words "expect," "believe," "anticipate," "estimate," "intend," "plan" and similar expressions are intended to identify forward-looking statements. 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 achievements to differ materially from those expressed or implied by these forward-looking statements. These statements include, but are not limited to, our expectations regarding our supply chain, including but not limited to, raw materials and logistics costs, the effect of price increases, inflationary pressure on us and our contract manufacturers, and the unforeseen business disruptions or other effects due to current global geopolitical tensions, including relating to Ukraine. tension. We disclaim any undertaking to publicly update or revise any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except as required by applicable law. These statements reflect our current views with respect to future events and are based on assumptions subject to risks and uncertainties. Such risks and uncertainties include those related to our ability to sell our products.*

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended August 27, 2022 August 26, 2023 ("Annual Report") and our unaudited consolidated financial statements and the related notes appearing elsewhere in this Report. In addition to historical information, the following discussion contains forward-looking statements, including, but not limited to, statements regarding the Company's expectation for future performance, liquidity and capital resources that involve risks, uncertainties and assumptions that could cause actual* *results to differ materially from the Company's expectations. The Company's actual results may differ materially from those contained in or implied by any forward-looking statements. Factors that could cause such differences include those identified in Item 1A. "Risk Factors" of our Annual Report. The Company assumes no obligation to update any of these forward-looking statements.*

*Unless the context requires otherwise in this Report, the terms "we," "us," "our," the "Company" and "Simply Good Foods" refer to The Simply Good Foods Company and its subsidiaries.*

**Overview**

The Simply Good Foods Company is a consumer packaged food and beverage company that aims to lead the nutritious snacking movement with trusted brands that offer a variety of convenient, innovative, great-tasting, better-for-you snacks and meal replacements, and other product offerings. The product portfolio we develop, market and sell consists primarily of protein bars, ready-to-drink ("RTD") shakes, sweet and salty snacks and confectionery products marketed under the Atkins®, Atkins Endulge®, Quest® and Quest HeroTMAtkins® brand names. We believe Simply Good Foods is poised to expand its wellness platform through innovation and organic growth along with acquisition opportunities in the nutritional snacking space.

Our nutritious snacking platform consists of brands that specialize in providing products for consumers that follow certain nutritional philosophies and health-and-wellness trends: Atkins® for those following a low-carb lifestyle and Quest® for consumers seeking a variety of protein-rich foods and beverages that also limit sugars and simple carbs. carbs and Atkins® for those following a low-carb lifestyle. We distribute our products in major retail channels, primarily in North America, including grocery, club, and mass merchandise, as well as through e-commerce, convenience, specialty, and other channels. Our portfolio of nutritious snacking brands gives us a strong platform with which to introduce new products, expand distribution, and attract new consumers to our products.

**Business Trends**

We continue to actively monitor During fiscal 2023 the effect of the dynamic macroeconomic inflationary environment in the United States and elsewhere, elevated levels of supply chain costs, and the level of consumer mobility, which includes the rate at which consumers return to working outside the home. Current or future governmental policies may increase the risk of inflation and possible economic recession, which could further increase the costs of ingredients, packaging and finished goods for our business as well as negatively effect consumer behavior and demand for our products. Additionally, management is continuing to monitor the conflict in Ukraine, especially regarding the availability and cost of raw materials that are produced in this region and Europe in general. Management is also monitoring for signs of any expansion of economic or supply chain disruptions or broader supply chain inflationary costs resulting either directly or indirectly from the crisis in Eastern Europe.

During the thirteen and thirty-nine weeks ended May 27, 2023, our business performance Company was affected by the corresponding unfavorable effects of higher raw material costs, higher co-manufacturing costs, and supply chain challenges, including supply chain disruptions resulting from labor shortages and disruptions in ingredients, and we expect on balance that these inflationary cost pressures and supply chain challenges to continue for the remainder of fiscal year 2023. ingredients.

We continue During the thirteen weeks ended November 25, 2023, our business performance improved as strong Quest sales volume growth more than offset Atkins softness. The Company benefited from lower ingredient and packaging costs which resulted in gross margin expansion versus the year ago period. The Company continues to proactively engage and have discussions with our retail customers, its contract manufacturers and logistics and transportation providers to meet have its cost structure reflect lower market prices. We believe the Company's strategy and positioning will continue to drive profitable growth for our product offerings and growth within the growing nutritional snacking category.

We continue to actively monitor the dynamic supply chain environment in the United States and elsewhere as well as consumer purchasing behavior. Current or future governmental policies may increase the risk of inflation and possible economic recession, which could increase the costs of ingredients, packaging, logistics and finished goods for our business as well as negatively effect consumer behavior and demand for our products and to remain informed of any challenges within our business operations. Additionally, we instituted price increases effective in the first and fourth quarters of fiscal year 2022. Management believes these price increases and additional cost savings initiatives will partially offset the unfavorable effects of the supply chain cost pressures discussed above. products.

Based on information available to us as of the date of this Report, we believe we will be able to deliver products at acceptable levels to fulfill customer orders on a timely basis; therefore, we expect our products will continue to be available for purchase to meet consumer meal replacement and snacking needs for the foreseeable future. We continue to monitor customer and consumer demand along with our supply chain and logistics capabilities and intend to adapt our plans as needed to continue to drive our business and meet our obligations.

**Key Financial Definitions**

**Net sales.** Net sales consist primarily of product sales less the cost of promotional activities, slotting fees and other sales credits and adjustments, including product returns.

**Cost of goods sold.** Cost of goods sold consists primarily of the costs we pay to our contract manufacturing partners to produce the products sold. These costs include the purchase of raw ingredients, packaging, shipping and handling, warehousing, depreciation of warehouse equipment, and a tolling charge for the contract manufacturer. Cost of goods sold includes products provided at no charge as part of promotions and the non-food materials provided with customer orders.

**Operating expenses.** Operating expenses consist primarily of selling and marketing, general and administrative, and depreciation and amortization expense. The following is a brief description of the components of operating expenses:

- *Selling and marketing.* Selling and marketing expenses comprise broker commissions, customer marketing, media and other marketing costs.
- *General and administrative.* General and administrative expenses comprise expenses associated with corporate and administrative functions that support our business, including employee compensation, stock-based compensation, professional services, executive transition costs, integration costs, restructuring costs, insurance and other general corporate expenses.
- *Depreciation and amortization.* Depreciation and amortization costs consist of costs associated with the depreciation of fixed assets and capitalized leasehold improvements and amortization of intangible assets.

**Results of Operations**

During the thirteen weeks ended May 27, 2023November 25, 2023, our net sales increased slightly to $324.8 million$308.7 million compared to $316.5$300.9 million for the thirteen weeks ended May 28, 2022. The positive effects of the price increase effectiveNovember 26, 2022, driven by Quest volume growth, which offset softness in the fourth quarter of fiscal year 2022 droveAtkins net sales, resulting in a 2.6% increase in our aggregate North America net sales. Unfavorable effects of higher raw material, packaging, and co-manufacturing costs and supply chain challenges in the thirteen weeks ended May 27, 2023 resulted in decreased grossGross profit and gross profit margin as compared to the thirteen weeks ended May 28, 2022. As previously discussed above in "Business Trends," we expect these inflationary cost pressuresimproved driven by higher sales volumes and supply chain challenges to continue for the remainder of fiscal year 2023. lower ingredient and packaging costs.

In assessing the performance of our business, we consider a number of key performance indicators used by management and typically used by our competitors, including the non-GAAP measures EBITDA and Adjusted EBITDA. Because not all companies use identical calculations, this presentation of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. See "Reconciliation of EBITDA and Adjusted EBITDA" below for a reconciliation of EBITDA and Adjusted EBITDA to net income for each applicable period.

***Comparison of Unaudited Results for the Thirteen Weeks Ended May 27, 2023November 25, 2023 and the Thirteen Weeks Ended May 28, 2022November 26, 2022***

The following unaudited table presents, for the periods indicated, selected information from our Consolidated Statements of Operations and Comprehensive Income, including information presented as a percentage of net sales:

| *(In thousands)* | *(In thousands)* | Thirteen Weeks Ended May 27, 2023 | % of Net Sales | Thirteen Weeks Ended May 28, 2022 | % of Net Sales | *(In thousands)* | Thirteen Weeks Ended November 25, 2023 | % of Net Sales | Thirteen Weeks Ended November 26, 2022 | % of Net Sales |
|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | Net sales | $ 324,792 | 100.0 % | $ 316,531 | 100.0 % | Net sales | $ 308,678 | 100.0 % | $ 300,878 | 100.0 % |
| Cost of goods sold | Cost of goods sold | 205,546 | 63.3 % | 197,883 | 62.5 % | Cost of goods sold | 193,560 | 62.7 % | 189,886 | 63.1 % |
| Gross profit | Gross profit | 119,246 | 36.7 % | 118,648 | 37.5 % | Gross profit | 115,118 | 37.3 % | 110,992 | 36.9 % |
| Operating expenses: | Operating expenses: | | | | | Operating expenses: | | | | |
| Selling and marketing | Selling and marketing | 30,168 | 9.3 % | 32,334 | 10.2 % | Selling and marketing | 31,990 | 10.4 % | 28,534 | 9.5 % |
| General and administrative | General and administrative | 30,510 | 9.4 % | 26,721 | 8.4 % | General and administrative | 26,950 | 8.7 % | 25,641 | 8.5 % |
| Depreciation and amortization | Depreciation and amortization | 4,363 | 1.3 % | 4,317 | 1.4 % | Depreciation and amortization | 4,358 | 1.4 % | 4,327 | 1.4 % |
| Total operating expenses | Total operating expenses | 65,041 | 20.0 % | 63,372 | 20.0 % | Total operating expenses | 63,298 | 20.5 % | 58,502 | 19.4 % |
| Income from operations | Income from operations | 54,205 | 16.7 % | 55,276 | 17.5 % | Income from operations | 51,820 | 16.8 % | 52,490 | 17.4 % |
| Other income (expense): | Other income (expense): | | | | | Other income (expense): | | | | |
| Interest income | Interest income | 407 | 0.1 % | — | — % | Interest income | 1,090 | 0.4 % | 7 | — % |
| Interest expense | Interest expense | (7,649) | (2.4) % | (4,881) | (1.5) % | Interest expense | (6,034) | (2.0) % | (7,055) | (2.3) % |
| Gain on foreign currency transactions | Gain on foreign currency transactions | 180 | 0.1 % | 76 | — % | Gain on foreign currency transactions | 226 | 0.1 % | 108 | — % |
| Other income | Other income | 4 | — % | 17 | — % | Other income | 6 | — % | 6 | — % |
| Total other expense | Total other expense | (7,058) | (2.2) % | (4,788) | (1.5) % | Total other expense | (4,712) | (1.5) % | (6,934) | (2.3) % |
| Income before income taxes | Income before income taxes | 47,147 | 14.5 % | 50,488 | 16.0 % | Income before income taxes | 47,108 | 15.3 % | 45,556 | 15.1 % |
| Income tax expense | Income tax expense | 11,716 | 3.6 % | 11,654 | 3.7 % | Income tax expense | 11,547 | 3.7 % | 9,696 | 3.2 % |
| Net income | Net income | $ 35,431 | 10.9 % | $ 38,834 | 12.3 % | Net income | $ 35,561 | 11.5 % | $ 35,860 | 11.9 % |
| Other financial data: | Other financial data: | | | | | Other financial data: | | | | |
| Adjusted EBITDA (1) | Adjusted EBITDA (1) | $ 66,635 | 20.5 % | $ 63,291 | 20.0 % | Adjusted EBITDA (1) | $ 61,965 | 20.1 % | $ 60,766 | 20.2 % |

(1) Adjusted EBITDA is a non-GAAP financial metric. See “Reconciliation of EBITDA and Adjusted EBITDA” below for a reconciliation of net income to EBITDA and Adjusted EBITDA for each applicable period.

***Net sales***. Net sales were $324.8 million $308.7 million for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to $316.5 $300.9 million for the thirteen weeks ended May 28, 2022 November 26, 2022, representing an increase of $8.3 million. Price increases effective in the fourth quarter of fiscal year 2022 contributed to the 2.6% increase in our $7.8 million, driven primarily by Quest volume growth which offset Atkins softness. North America net sales increased 2.6% in the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022. November 26, 2022, and International net sales increased 0.7% during the same period.

***Cost of goods sold.*** Cost of goods sold increased $7.7 million $3.7 million, or 3.9% 1.9%, for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022. The cost of goods sold increase was primarily driven by higher raw material, packaging, and co-manufacturing costs and supply chain challenges sales volumes in the thirteen weeks ended May 27, 2023 November 25, 2023.

***Gross profit.*** Gross profit increased by $0.6 million $4.1 million, or 0.5% 3.7%, for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022. Additionally, gross profit of $119.2 million $115.1 million, or 36.7% 37.3% of net sales, for the thirteen weeks ended May 27, 2023 decreased 80 November 25, 2023 increased 40 basis points from 37.5% 36.9% of net sales for the thirteen weeks ended May 28, 2022 November 26, 2022. The decrease increase in gross profit margin was primarily driven by the unfavorable effects of higher raw material, lower ingredient and packaging and co-manufacturing costs and supply chain challenges in the thirteen weeks ended May 27, 2023 as previously discussed. This decrease was partially offset by the favorable effects of the price increase which became effective in the fourth quarter of fiscal year 2022. costs.

***Operating expenses***. Operating expenses increased $1.7 million $4.8 million, or 2.6% 8.2%, for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022 due to the following:

- *Selling and marketing.* Selling and marketing expenses decreased $2.2 million increased $3.5 million, or 6.7% 12.1%, for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022, primarily due to expenses related to the timing of marketing spend. growth initiatives.
- *General and administrative.* General and administrative expenses increased $3.8 million $1.3 million, or 14.2% 5.1%, for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022. The increase in general and administrative expenses was primarily attributable to $2.4 million of fees related to the extension of the Term Loan, $0.9 million $0.7 million of stock based compensation $0.7 million expense, $0.4 million of executive officer transition costs, and increased plant trial spend, partially offset by a reduction other investments in employee-related expenses and the discontinuation of costs related to business integration activities. organizational capabilities.
- *Depreciation and amortization.* Depreciation and amortization expenses were was $4.4 million for the thirteen weeks ended May 27, 2023 November 25, 2023 and May 28, 2022. $4.3 million for the thirteen weeks ended November 26, 2022, respectively.

***Interest income.*** Interest income increased by $1.0 million for the thirteen weeks ended November 25, 2023 compared to the thirteen weeks ended November 26, 2022, due to higher cash balances, the increase in interest rates, and other sources of interest income.

***Interest expense.*** Interest expense increased $2.8 million decreased $1.0 million for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022, primarily due to the increase in interest rates on our Term Facility (as defined below) to 7.7% as of May 27, 2023 from 4.7% as of May 28, 2022. The increase was partially offset by the effect of principal payments reducing the outstanding balance of the Term Facility (as defined below) to $325.0 million $275.0 million as of May 27, 2023 November 25, 2023, from $406.5 million $400.0 million as of May 28, 2022 November 26, 2022. The reduction in the outstanding balance of the Term Facility was partially offset by the increase in interest rates on our Term Facility to 8.0% as of November 25, 2023 from 7.7% as of November 26, 2022. Additionally, interest expense related to the amortization of deferred financing costs and debt discount increased decreased $0.1 million for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022.

***Gain on foreign currency transactions.*** Foreign currency transactions resulted in a gain of $0.2 million and a gain of $0.1 million for the thirteen weeks ended May 27, 2023 November 25, 2023 and May 28, 2022 November 26, 2022, respectively. The variance is attributable to changes in foreign currency rates related to our international operations.

***Income tax expense.*** Income tax expense increased $0.1 million $1.9 million for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022. The decrease increase in our income tax expense was primarily driven by lower higher income from operations and changes in permanent differences.

***Net income***. Net income was $35.4 million $35.6 million for the thirteen weeks ended May 27, 2023 November 25, 2023, a decrease of $3.4 million $0.3 million compared to net income of $38.8 million $35.9 million for the thirteen weeks ended May 28, 2022 November 26, 2022. The decrease Net income benefited by higher gross profit, higher interest income, and lower interest expense, partially offset by growth in net income was partially driven by a $1.1 million decrease in income from operations, unfavorable effects of marketing expenses, higher raw material and co-manufacturing stock based compensation expenses, executive transition costs, and supply chain challenges, and the $2.8 million increase in interest expense in the thirteen weeks ended May 27, 2023 as discussed above. higher income tax expense.

***Adjusted EBITDA.*** Adjusted EBITDA increased $3.3 million $1.2 million, or 5.3% 2.0% for the thirteen weeks ended May 27, 2023 November 25, 2023 compared to the thirteen weeks ended May 28, 2022 November 26, 2022, driven primarily by higher gross profit, and lower selling and partially offset by growth in marketing spend. expenses. For a reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure, see "Reconciliation of EBITDA and Adjusted EBITDA" below.

***Comparison of Unaudited Results for the Thirty-Nine Weeks Ended May 27, 2023 and the Thirty-Nine Weeks Ended May 28, 2022***

The following unaudited table presents, for the periods indicated, selected information from our Consolidated Statements of Operations and Comprehensive Income, including information presented as a percentage of net sales:

| *(In thousands)* | Thirty-Nine Weeks Ended May 27, 2023 | % of Net Sales | Thirty-Nine Weeks Ended May 28, 2022 | % of Net Sales |
|---|---|---|---|---|
| Net sales | $ 922,254 | 100.0 % | $ 894,514 | 100.0 % |
| Cost of goods sold | 589,284 | 63.9 % | 550,788 | 61.6 % |
| Gross profit | 332,970 | 36.1 % | 343,726 | 38.4 % |
| Operating expenses: | | | | |
| Selling and marketing | 88,650 | 9.6 % | 94,816 | 10.6 % |
| General and administrative | 82,085 | 8.9 % | 76,711 | 8.6 % |
| Depreciation and amortization | 13,035 | 1.4 % | 12,966 | 1.4 % |
| Total operating expenses | 183,770 | 19.9 % | 184,493 | 20.6 % |
| Income from operations | 149,200 | 16.2 % | 159,233 | 17.8 % |
| Other income (expense): | | | | |
| Interest income | 660 | 0.1 % | 1 | — % |
| Interest expense | (23,201) | (2.5) % | (16,528) | (1.8) % |
| Loss in fair value change of warrant liability | — | — % | (30,062) | (3.4) % |
| Gain on foreign currency transactions | 74 | — % | 503 | 0.1 % |
| Other income | 10 | — % | 26 | — % |
| Total other expense | (22,457) | (2.4) % | (46,060) | (5.1) % |
| Income before income taxes | 126,743 | 13.7 % | 113,173 | 12.7 % |
| Income tax expense | 29,810 | 3.2 % | 34,726 | 3.9 % |
| Net income | $ 96,933 | 10.5 % | $ 78,447 | 8.8 % |
| Other financial data: | | | | |
| Adjusted EBITDA (1) | $ 178,301 | 19.3 % | $ 183,086 | 20.5 % |

(1) Adjusted EBITDA is a non-GAAP financial metric. See "Reconciliation of EBITDA and Adjusted EBITDA" below for a reconciliation of net income to EBITDA and Adjusted EBITDA for each applicable period.

***Net sales.*** Net sales of $922.3 million represented an increase of $27.7 million, or 3.1%, for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022. The increase was primarily attributable to the price increase effective in the fourth quarter of fiscal year 2022, which drove the 3.5% increase in our North America net sales in the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022. The increase in North America net sales was partially offset by a 8.9% decline in our international business and a 0.8% headwind to net sales growth related to our shift from direct sales to licensing the Quest® frozen pizza business in the third quarter of fiscal year 2022.

***Cost of goods sold***. Cost of goods sold increased $38.5 million, or 7.0%, for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022. The cost of goods sold increase was primarily driven by higher raw material, packaging, and co-manufacturing costs and supply chain challenges in the thirty-nine weeks ended May 27, 2023.

***Gross profit.*** Gross profit decreased $10.8 million, or 3.1%, for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022. Additionally, gross profit of $333.0 million, or 36.1% of net sales, for the thirty-nine weeks ended May 27, 2023 decreased 230 basis points from 38.4% of net sales for the thirty-nine weeks ended May 28, 2022. The decreases in gross profit and gross profit margin were primarily driven by the unfavorable effects of higher raw material, packaging, and co-manufacturing costs and supply chain challenges in the thirty-nine weeks ended May 27, 2023 as previously discussed. These decreases were partially offset by the favorable effects of the price increase which became effective in the fourth quarter of fiscal year 2022.

***Operating expenses***. Operating expenses decreased $0.7 million, or 0.4%, for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022 due to the following:

- *Selling and marketing.* Selling and marketingexpenses decreased $6.2 million, or 6.5%, for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022, primarily related to the timing of marketing spend.
- *General and administrative.* General and administrative expenses increased $5.4 million, or 7.0%, for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022. The increase in general and administrative expense was primarily attributable to a $1.8 million increase in stock-based compensation, $1.2 million of executive officer transition costs, increased general corporate costs and increased plant trial spend in the thirty-nine weeks ended May 27, 2023. These increases were partially offset by the discontinuation of costs related to business integration activities and restructuring charges of $0.6 million and a reduction in employee-related expenses in the thirty-nine weeks ended May 28, 2022.
- *Depreciation and amortization.* Depreciation and amortization expenses were $13.0 million and $13.0 million for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022, respectively.

***Interest expense***. Interest expense increased $6.7 million for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022, primarily due to the increase in interest rates on our Term Facility (as defined below) to 7.7% as of May 27, 2023 from 4.7% as of May 28, 2022. Interest expense related to the amortization of deferred financing costs and debt discount decreased $0.1 million for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022.

***Loss in fair value change of warrant liability***. There were no outstanding liability-classified Private Warrants during the thirty-nine weeks ended May 27, 2023. During the thirty-nine weeks ended May 28, 2022, we recorded a non-cash loss of $30.1 million related to changes in valuation of our Private Warrants, which was primarily driven by movements in our stock price. On January 7, 2022, the Private Warrants were exercised on a cashless basis, resulting in a net issuance of 4,830,761 shares of common stock.

***Gain on foreign currency transactions.*** Foreign currency transactions resulted in a gain of $0.1 million and a gain of $0.5 million for the thirty-nine weeks ended May 27, 2023 and May 28, 2022, respectively. During the thirty-nine weeks ended, we recognized a foreign currency translation gain of $1.1 million related to the liquidation of a foreign subsidiary. The remaining variance is attributable to changes in foreign currency rates related to our international operations.

***Income tax expense.*** Income tax expense decreased $4.9 million for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022. The decrease in our income tax expense is primarily driven by lower income from operations and changes in permanent differences.

***Net income.*** Net income was $96.9 million for the thirty-nine weeks ended May 27, 2023, an increase of $18.5 million compared to net income of $78.4 million for the thirty-nine weeks ended May 28, 2022. The increase was primarily driven by the $30.1 million non-cash fair value loss incurred in the thirty-nine weeks ended May 28, 2022 related to the measurement of our liability-classified Private Warrants. The increase was partially offset by a $10.0 million decrease in income from operations driven by the unfavorable effects of higher raw material and co-manufacturing costs and supply chain challenges, and higher interest costs associated with long-term debt in the thirty-nine weeks ended May 27, 2023 as discussed above.

***Adjusted EBITDA.*** Adjusted EBITDA decreased $4.8 million, or 2.6% for the thirty-nine weeks ended May 27, 2023 compared to the thirty-nine weeks ended May 28, 2022, driven primarily by better than expected net sales and lower SG&A costs. For a reconciliation of Adjusted EBITDA to its most directly comparable GAAP measure, see “Reconciliation of EBITDA and Adjusted EBITDA” below.

***Reconciliation of EBITDA and Adjusted EBITDA***

EBITDA and Adjusted EBITDA are non-GAAP financial measures commonly used in our industry and should not be construed as alternatives to net income as an indicator of operating performance or as alternatives to cash flow provided by operating activities as a measure of liquidity (each as determined in accordance with GAAP). The Company defines EBITDA as net income or loss before interest income, interest expense, income tax expense, depreciation and amortization, and Adjusted EBITDA as further adjusted to exclude the following items: stock-based compensation expense, executive transition costs, integration costs, restructuring costs, loss in fair value change of warrant liability, term loan transaction fees, and other non-core expenses. The Company believes that EBITDA and Adjusted EBITDA, when used in conjunction with net income, are useful to provide additional information to investors. Management of the Company uses EBITDA and Adjusted EBITDA to supplement net income because these measures reflect operating results of the on-going operations, eliminate items that are not directly attributable to the Company’s underlying operating performance, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to the key metrics the Company’s management uses in its financial and operational decision making. The Company also believes that EBITDA and Adjusted EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industry. EBITDA and Adjusted EBITDA may not be comparable to other similarly titled captions of other companies due to differences in the non-GAAP calculation.

The following unaudited table provides a reconciliation of EBITDA and Adjusted EBITDA to its most directly comparable GAAP measure, which is net income, for the thirteen and thirty-nine weeks ended May 27, 2023 November 25, 2023 and May 28, 2022 November 26, 2022:

| | | Thirteen Weeks Ended | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|---|---|
| *(In thousands)* | *(In thousands)* | May 27, 2023 | May 28, 2022 | May 27, 2023 | May 28, 2022 | *(In thousands)* | November 25, 2023 | November 26, 2022 |
| Net income | Net income | $ 35,431 | $ 38,834 | $ 96,933 | $ 78,447 | Net income | $ 35,561 | $ 35,860 |
| Interest income | Interest income | (407) | — | (660) | (1) | Interest income | (1,090) | (7) |
| Interest expense | Interest expense | 7,649 | 4,881 | 23,201 | 16,528 | Interest expense | 6,034 | 7,055 |
| Income tax expense | Income tax expense | 11,716 | 11,654 | 29,810 | 34,726 | Income tax expense | 11,547 | 9,696 |
| Depreciation and amortization | Depreciation and amortization | 5,140 | 4,826 | 15,044 | 14,398 | Depreciation and amortization | 5,605 | 4,952 |
| EBITDA | EBITDA | 59,529 | 60,195 | 164,328 | 144,098 | EBITDA | 57,657 | 57,556 |
| Stock-based compensation expense | Stock-based compensation expense | 4,124 | 2,994 | 10,456 | 8,691 | Stock-based compensation expense | 4,168 | 3,313 |
| Executive transition costs | Executive transition costs | 737 | — | 1,158 | — | Executive transition costs | 366 | — |
| Integration of Quest | | — | 175 | — | 468 | | | |
| Restructuring | | — | — | — | 98 | | | |
| Loss in fair value change of warrant liability | | — | — | — | 30,062 | | | |
| Term loan transaction fees | | 2,423 | — | 2,423 | — | | | |
| Other (1) | Other (1) | (178) | (73) | (64) | (331) | Other (1) | (226) | (103) |
| Adjusted EBITDA | Adjusted EBITDA | $ 66,635 | $ 63,291 | $ 178,301 | $ 183,086 | Adjusted EBITDA | $ 61,965 | $ 60,766 |

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

**Liquidity and Capital Resources**

***Overview***

We have historically funded our operations with cash flow from operations and, when needed, with borrowings under our Credit Agreement (as defined below). Our principal uses of cash have been working capital, debt service, repurchases of our common stock, and acquisition opportunities.

We had $68.8 million $121.4 million in cash as of May 27, 2023 November 25, 2023. We believe our sources of liquidity and capital will be sufficient to finance our continued operations, growth strategy and additional expenses we expect to incur for at least the next twelve months. As circumstances warrant, we may issue debt and/or equity securities from time to time on an opportunistic basis, dependent upon market conditions and available pricing. We make no assurance that we can issue and sell such securities on acceptable terms or at all.

Our material future cash requirements from contractual and other obligations relate primarily to our principal and interest payments for our Term Facility, as defined and discussed below, and our operating and finance leases. Refer to Note 5, Long-Term Debt and Line of Credit, and Note 8, Leases, of the Notes to Unaudited Consolidated Financial Statements in this Report for additional information related to the expected timing and amount of payments related to our contractual and other obligations.

***Debt and Credit Facilities***

On July 7, 2017, we (through certain of our subsidiaries) entered into a credit agreement with Barclays Bank PLC and other parties (as amended to date, the "Credit Agreement"). The Credit Agreement at that time provided for (i) a term facility of $200.0 million ("Term Facility") with a seven-year maturity and (ii) a revolving credit facility of up to $75.0 million (the "Revolving Credit Facility") with a five-year maturity. Substantially concurrent with the consummation of the business combination which formed the Company between Conyers Park Acquisition Corp. and NCP-ATK Holdings, Inc. on July 7, 2017, the full $200.0 million of the Term Facility (the "Term Loan") was drawn.

On November 7, 2019, we entered into a second amendment (the "Incremental Facility Amendment") to the Credit Agreement to increase the principal borrowed on the Term Facility by $460.0 million. The Term Facility together with the incremental borrowing make up the Initial Term Loans (as defined in the Incremental Facility Amendment). The Incremental Facility Amendment was executed to partially finance the acquisition of Quest Nutrition, LLC on November 7, 2019. No amounts under the Term Facility were repaid as a result of the execution of the Incremental Facility Amendment.

Effective as of December 16, 2021, we entered into a third amendment (the "Extension Amendment") to the Credit Agreement. The Extension Amendment provided for an extension of the stated maturity date of the Revolving Commitments and Revolving Loans (each as defined in the Credit Agreement) from July 7, 2022 to the earlier of (i) 91 days prior to the then-effective maturity date of the Initial Term Loans and (ii) December 16, 2026.

On January 21, 2022, the Company entered into the "2022 Repricing Amendment" to the Credit Agreement. The 2022 Repricing Amendment, among other things, (i) reduced the interest rate per annum applicable to the Initial Term Loans outstanding under the Credit Agreement immediately prior to the effective date of the 2022 Repricing Amendment, (ii) reset the prepayment premium for the existing Initial Term Loans to apply to Repricing Transactions (as defined in the Credit Agreement) that occur within six months after the effective date of the 2022 Repricing Amendment, and (iii) implemented SOFR and related replacement provisions for LIBOR.

On April 25, 2023, the Company entered into the “2023 Repricing Amendment” to the Credit Agreement. The 2023 Repricing Amendment, (i) reduced the interest rate per annum applicable to the Initial Term Loans outstanding under the Credit Agreement immediately prior to April 25, 2023, and (ii) provided for an extension of the maturity date of the Initial Term Loans from July 7, 2024, to March 17, 2027.

The 2023 Repricing Amendment did not change the interest rate on the Revolving Credit Facility, which continues to bear interest based upon the Company’s consolidated net leverage ratio as of the end of the fiscal quarter for which consolidated financial statements are delivered to the Administrative Agent under the Credit Agreement. No additional debt was incurred, or any proceeds received by the Company in connection with the 2023 Repricing Amendment. No amounts under the Term Facility were repaid as a result of the execution of the 2023 Repricing Amendment.

Effective as of the 2023 Repricing Amendment, the interest rate per annum for the Initial Term Loans is based on either:

i. A base rate equaling the higher of (a) the “prime rate,” (b) the federal funds effective rate plus 0.50%, or (c) the Adjusted Term SOFR Rate (as defined in the Credit Agreement) applicable for an interest period of one month plus 1.00% plus (x) 1.50% margin for the Term Loan or (y) 2.00% margin for the Revolving Credit Facility; or

ii. SOFR plus a credit spread adjustment equal to 0.10% for one-month SOFR, 0.15% for up to three-month SOFR and 0.25% for up to six-month SOFR, subject to a floor of 0.50%, plus (x) 2.50% margin for the Term Loan or (y) 3.00% margin for the Revolving Credit Facility.

In connection with the closing of the 2023 Repricing Amendment, the Company expensed $2.4 million primarily for third-party fees and capitalized an additional $2.7 million primarily for the payment of upfront lender fees (original issue discount).

The Simply Good Foods Company is not a borrower under the Credit Agreement and has not provided a guarantee of the Credit Agreement. Simply Good Foods USA, Inc., is the administrative borrower and certain other subsidiary holding companies are co-borrowers under the Credit Agreement. Each of the Company’s domestic subsidiaries that is not a named borrower under the Credit Agreement has provided a guarantee on a secured basis. As security for the payment or performance of the debt under the Credit Agreement, the borrowers and the guarantors have pledged certain equity interests in their respective subsidiaries and granted the lenders a security interest in substantially all of their domestic assets. All guarantors other than Quest Nutrition, LLC are holding companies with no assets other than their investments in their respective subsidiaries.

The Credit Agreement contains certain financial and other covenants that limit the Company’s ability to, among other things, incur and/or undertake asset sales and other dispositions, liens, indebtedness, certain acquisitions and investments, consolidations, mergers, reorganizations and other fundamental changes, payment of dividends and other distributions to equity and warrant holders, and prepayments of material subordinated debt, in each case, subject to customary exceptions materially consistent with credit facilities of such type and size. The Revolving Credit Facility has a maximum total net leverage ratio equal to or less than 6.00:1.00 contingent on credit extensions in excess of 30% of the total amount of commitments available under the Revolving Credit Facility. Any failure to comply with the restrictions of the credit facilities may result in an event of default. The Company was in compliance with all covenants as of May 27, 2023 November 25, 2023 and August 27, 2022 August 26, 2023, respectively.

At May 27, 2023 November 25, 2023, the outstanding balance of the Term Facility was $325.0 million $275.0 million. We are not required to make principal payments on the Term Facility over the twelve months following the period ended May 27, 2023 November 25, 2023. The outstanding balance of the Term Facility is due upon its maturity in March 2027. As of May 27, 2023 November 25, 2023, there were no amounts drawn against the Revolving Credit Facility.

***Stock Repurchase Program***

On October 21, 2022, we announced that our Board of Directors had approved the addition of $50.0 million to our stock repurchase program, resulting in authorized stock repurchases of up to an aggregate of $150.0 million. The Company did not repurchase any shares of common stock during the thirteen weeks ended May 27, 2023 November 25, 2023. During the thirty-nine thirteen weeks ended May 27, 2023 November 26, 2022, the Company repurchased 546,346 shares of common stock at an average share price of $30.11 per share. During the thirteen weeks ended May 28, 2022, the Company repurchased 218,221 shares of common stock at an average share price of $37.16 per share. During the thirty-nine weeks ended May 28, 2022, the Company repurchased 789,742 shares of common stock at an average share price of $36.09 per share.

As of May 27, 2023 November 25, 2023, approximately $71.5 million remained available for repurchases under our $150.0 million stock repurchase program. Refer to Note 10, Stockholders’ Equity, of the Notes to Unaudited Consolidated Financial Statements in this Report for additional information related to our stock repurchase program.

***Cash Flows***

The following table sets forth the major sources and uses of cash for each of the periods set forth below (in thousands):

| | | Thirty-Nine Weeks Ended | | | Thirteen Weeks Ended | |
|---|---|---|---|---|---|---|
| | | May 27, 2023 | May 28, 2022 | | November 25, 2023 | November 26, 2022 |
| Net cash provided by operating activities | Net cash provided by operating activities | $ 110,412 | $ 67,363 | Net cash provided by operating activities | $ 47,523 | $ 8,718 |
| Net cash used in investing activities | Net cash used in investing activities | $ (10,446) | $ (7,283) | Net cash used in investing activities | $ (800) | $ (1,238) |
| Net cash used in financing activities | Net cash used in financing activities | $ (98,579) | $ (78,476) | Net cash used in financing activities | $ (13,103) | $ (20,761) |

*Operating activities.* Our net cash provided by operating activities increased $43.0 million $38.8 million to $110.4 million $47.5 million for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 compared to $67.4 million $8.7 million for the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022. The increase in cash provided by operating activities was primarily attributable to the $23.9 million decrease in cash paid for taxes, and changes in working capital for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 as compared to the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022. Changes in working capital, comprised of changes in accounts receivable, net, inventories, prepaid expenses, accounts payable, and accrued expenses and other current liabilities, which are driven by the timing of payments and receipts and seasonal building of inventory, consumed cash of $25.8 million $7.7 million in the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 compared to $44.2 million $47.6 million of cash consumed in the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022. These increases in cash provided by operating activities were partially offset by the $10.0 million $0.7 million decrease in income from operations to $149.2 $51.8 million for the thirteen weeks ended November 25, 2023 as compared to $52.5 million for the thirteen weeks ended November 26, 2022. Additionally, cash paid for interest was $2.1 million

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million for in the thirty-nine thirteen weeks ended May 27, 2023 as compared to $159.2 million for the thirty-nine weeks ended May 28, 2022, primarily driven by the unfavorable effects of higher raw material and co-manufacturing costs and supply chain challenges as discussed in “Results of Operations” above. Additionally, cash paid for interest was $21.3 million in the thirty-nine weeks ended May 27, 2023 November 25, 2023, which was an increase a decrease of $7.0 million $4.3 million as compared to the $14.3 million $6.4 million paid for interest in the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022. Interest income increased by $1.0 million for the thirteen weeks ended November 25, 2023 compared to the thirteen weeks ended November 26, 2022, due to higher cash balances, the increase in interest rates, and other sources of interest income. In addition, cash paid for taxes increased $0.6 million.

*Investing activities*. Our net cash used in investing activities was $10.4 million $0.8 million for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 compared to $7.3 million $1.2 million for the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022. Our net cash used in investing activities for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 primarily comprised $10.1 million $0.7 million of purchases of property and equipment. The $7.3 million $1.2 million of net cash used in investing activities for the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022 primarily comprised $4.7 $1.2 million of purchases of property and equipment and the issuance of a $2.4 million note receivable. equipment.

*Financing activities*. Our net cash used in financing activities was $98.6 million $13.1 million for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 compared to $78.5 million $20.8 million for the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022. Net cash used in financing activities for the thirty-nine thirteen weeks ended May 27, 2023 November 25, 2023 primarily consisted of $16.4 million of repurchases in common stock, $81.5 $10.0 million in principal payments on the Term Facility, and $2.8 $3.6 million in tax payments related to issuance of restricted stock units and performance stock units, partially offset by $5.0 $0.6 million of cash proceeds received from option exercises. the partial repayment of an outstanding note receivable. Net cash used in financing activities for the thirty-nine thirteen weeks ended May 28, 2022 November 26, 2022 primarily consisted of $28.5 $16.4 million in repurchases of common stock, $50.0 $6.5 million in principal payments on the Term Facility, and $3.5 $2.3 million in tax payments related to issuance of restricted stock units and performance stock units, partially offset by $4.3 $4.6 million of cash proceeds received from option exercises. During the thirteen weeks ended May 27, 2023, the Company extended its Term Loan maturity to March 2027 from July 2024. The Company paid $2.7 million of incremental deferred financing fees, primarily for the payment of upfront lender fees (original issue discount), in conjunction with the term loan transaction.

**New Accounting Pronouncements**

For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our consolidated financial statements, refer to our Annual Report. Refer to Note 2, Summary of Significant Accounting Policies, of our unaudited interim consolidated financial statements in this Report for further information regarding recently issued accounting standards.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

There were no material changes in our market risk exposure during the thirteen week period ended May 27, 2023 November 25, 2023. We continue to expect to experience logistics challenges in our supply chain as well as on balance higher raw material, packaging, and co-manufacturing costs and supply chain challenges in fiscal year 2023. In addition, current or future governmental policies may increase the risk of inflation and possible economic recession, which could further increase the costs of ingredients, packaging and finished goods for our business as well as negatively effect consumer behavior and demand for our products. As a result, we instituted price increases effective in the first and fourth quarters of fiscal year 2022. However, there can be no assurance that the price increases will fully offset the effects of higher raw material and supply and distribution costs on our results of operations and financial condition. For a discussion of our market risks, see “Quantitative and Qualitative Disclosures About Market Risk” in Part II, Item 7A of our Annual Report.

**Item 4. Controls and Procedures**

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosures.

Management, including the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation (pursuant to Rule 13a-15(b) under the Exchange Act) of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of May 27, 2023 November 25, 2023, the Company’s disclosure controls and procedures were effective.

**Changes in Internal Control over Financial Reporting**

There were no changes in our internal controls over financial reporting during the quarter ended May 27, 2023 November 25, 2023, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**Inherent Limitations on Effectiveness of Controls**

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## PART II. Other Information

**Item 1. Legal Proceedings**

From time to time, we have been and may again become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any litigation that we believe to be material and we are not aware of any pending or threatened litigation against us that we believe could have a material adverse effect on our business, operating results, financial condition or cash flows.

**Item 1A. Risk Factors**

Readers should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report, which could materially affect our business, financial condition, cash flows or future results. There have been no material changes in our risk factors included in our Annual Report. The risks described in our Annual Report are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or future results.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

Not Applicable.

**Item 5. Other Information**

None.

In the three months ended November 23, 2023, no directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

| Exhibit No. | Document |
|---|---|
| 10.1 | Repricing Amendment, dated as of April 25, 2023, by and among Atkins Intermediate Holdings, LLC, a Delaware limited liability company, Conyers Park Acquisition Corp., a Delaware corporation, Simply Good Foods USA, In., a New York corporation, Atkins Nutritional Holdings, Inc., a Delaware corporation, Atkins Nutritional Holdings II, Inc., a Delaware corporation, NCP-ATK Holdings, Inc., a Delaware corporation, the other guarantors party thereto, the financial institutions party thereto as Consenting Lenders and the Replacement Lender and Barclays Bank PLC, as administrative agent. |
| 31.1* | Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. |
| 31.2* | Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002. |
| 32.1** | Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act. |
| 101.INS* | XBRL Instance Document (the instance document does not appear on the Interactive Data File because the XBRL tags are embedded within the Inline XBRL document) |
| 101.SCH* | XBRL Taxonomy Extension Schema Document |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101). |

* Filed herewith.

** Furnished herewith.

† Indicates a management contract or compensatory plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**THE SIMPLY GOOD FOODS COMPANY**

| | | | |
|---|---|---|---|
| | | By: | /s/ Timothy A. Matthews |
| Date: | June 29, 2023 January 4, 2024 | Name: | Timothy A. Matthews |
| | | Title: | Vice President, Controller, and Chief Accounting Officer |
| | | | *(Duly Authorized Officer and Principal Accounting Officer)* |



**Exhibit 31.1**

**CERTIFICATION**
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**
**OF THE U.S. SECURITIES EXCHANGE ACT OF 1934**
**(Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Joseph Geoff E. Scalzo, Tanner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Simply Good Foods Company (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | | |
|---|---|---|
| Date: June 29, 2023 January 4, 2024 | By: | /s/ Joseph Geoff E. Scalzo Tanner |
| | Name: | Joseph Geoff E. Scalzo Tanner |
| | Title: | Chief Executive Officer, President and Director |
| | | *(Principal Executive Officer)* |

**Exhibit 31.2**

**CERTIFICATION**
**PURSUANT TO RULES 13a-14(a) AND 15d-14(a)**
**OF THE U.S. SECURITIES EXCHANGE ACT OF 1934**
**(Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Shaun Mara, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Simply Good Foods Company (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 29, 2023 January 4, 2024

By: /s/ Shaun Mara

Name: Shaun Mara
Title: Chief Financial Officer
*(Principal Financial Officer)*

**Exhibit 32.1**

**CERTIFICATION**
**PURSUANT TO 18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO**
**(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)**

In connection with the Quarterly Report of The Simply Good Foods Company (the "Company") on Form 10-Q for the fiscal period ended May 27, 2023 November 25, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company covered by the Report.

This certificate is being furnished solely for the purposes of 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Date: June 29, 2023 January 4, 2024

By: /s/ Joseph Geoff E. Scalzo Tanner

Name: Joseph Geoff E. Scalzo Tanner
Title: Chief Executive Officer, President and Director
*(Principal Executive Officer)*

Date: June 29, 2023 January 4, 2024

By: /s/ Shaun Mara

Name: Shaun Mara
Title: Chief Financial Officer
*(Principal Financial Officer)*

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