



Vital Farms, Inc.

(NASDAQ: VITL)

May 11, 2021 Corporate Presentation



REPORTING DISCLAIMER

This presentation contains, in addition to historical information, certain forward-looking statements, as defined in Private Securities Litigation Reform Act of 1995, that are based on our current assumptions, expectations and projections about future performance and events and relate to, among other matters, our future financial performance, our business strategy, industry and market trends, future expectations concerning our market position, future operations and capital expenditures. Statements in this release that are forward-looking include, but are not limited to, statements related to the impact of the COVID-19 pandemic on the Company's business, the company's ability to acquire new customers and successfully retain existing customers and the Company's ability to effectively manage long-term growth.

Forward-looking statements generally contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "anticipates," and similar expressions. These forward-looking statements are only predictions, not historical fact. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause actual results to differ materially from expectations include, among others: the magnitude and duration of the COVID-19 pandemic; our ability to effectively manage our growth; our ability to effectively expand our manufacturing and production capacity, forecast demand and manage our inventory; our ability to successfully enter new markets, manage our international expansion and comply with any applicable laws and regulations; the effects of increased competition from our market competitors; the success of our marketing efforts and the ability to grow brand awareness, maintain, protect and enhance our brand, attract and retain new customers and grow our market share; changes in consumer tastes and trends in our industry; changes in government regulations and policies; availability and prices of raw materials for our products; outcomes of legal or administrative proceedings; the financial condition of, and our relationship with our suppliers, co-manufacturers, distributors, retailers and foodservice customers; the ability of our suppliers and co-manufacturers to comply with food safety, environmental or other laws or regulations; and general economic conditions. We are under no duty to update any of these forward-looking statements after the date of this presentation except as otherwise required by law.

This presentation also contains estimates and other statistical data obtained from independent parties and by us relating to market size and growth and other data about our industry, customers and consumers. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates and data. In addition, projections, assumptions and estimates of our future performance and the future performance of the geographic and other markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

Our historical results are not necessarily indicative of the results to be expected for any future periods and our operating results for the three-month period ended March 28, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending December 26, 2021 or any other interim periods or any future year or period.

The trademarks included in this presentation are the property of the owners thereof and are used for reference purposes only.

Non-GAAP Financial Measures

Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with generally accepted accounting principles in the United States ("GAAP"). We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. Adjusted EBITDA should not be considered as an alternative to net (loss) income, net (loss) income per share or any other performance measures derived in accordance with GAAP as measures of operating performance, operating cash flows or liquidity. Our presentation of Adjusted EBITDA should not be construed to imply that our future results will be unaffected by these items. See the appendix to this presentation for a reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable financial measure presented in accordance with GAAP.

"Adjusted EBITDA" is defined as net (loss) income, adjusted to exclude: (1) depreciation and amortization; (2) provision for income taxes; (3) stock-based compensation expense; (4) interest expense; (5) interest income; (6) change in fair value of contingent consideration; and (7) net litigation settlement gain.

"Adjusted EBITDA" as a % of net revenues" is defined as Adjusted EBITDA divided by net revenues.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA include that (1) it does not properly reflect capital commitments to be paid in the future, (2) although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures, (3) it does not consider the impact of stock-based compensation expense, (4) it does reflect other non-operating expenses, including interest expense, (5) it does not consider the impact of any contingent consideration liability valuation adjustments and (6) it does not reflect tax payments that may represent a reduction in cash available to us. In addition, our use of Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial measures, including our net income and other results stated in accordance with GAAP.

Bird of the Quarter



**Elegant Edith balances across
a low-hanging limb beneath a
cool canopy of leaves.**



Q1 2021 HIGHLIGHTS

+23%

Net Revenue
Growth

+25%

Adj. EBITDA
Growth

+311 bps

Gross Margin
Growth

4.1%

Household
Penetration¹

5mm

Households
Purchasing

#1

U.S. Pasture-Raised
Egg Brand²

4.7%

U.S. Retail Egg
Share³

#2

U.S. Overall
Egg Brand²

16.5K+

Stores
Selling³

24

Total Retail SKUs

BULLSH*T FREE

HONEST FOOD

Source: SPINS, Whole Foods Market

¹ Numerator panel data based on the 52 week period ending 21-Mar-2021.

² Based on retail dollar sales for the 12 week period ending 21-Mar-2021. Brand rank excludes private label.

³ Based the 12 week period ending 21-Mar-2020.



OUR VALUES ARE ROOTED IN CONSCIOUS CAPITALISM



CONSCIOUS
CAPITALISM

We operate a

STAKEHOLDER MODEL

that prioritizes the long-term
benefits of each of our stakeholders

Certified

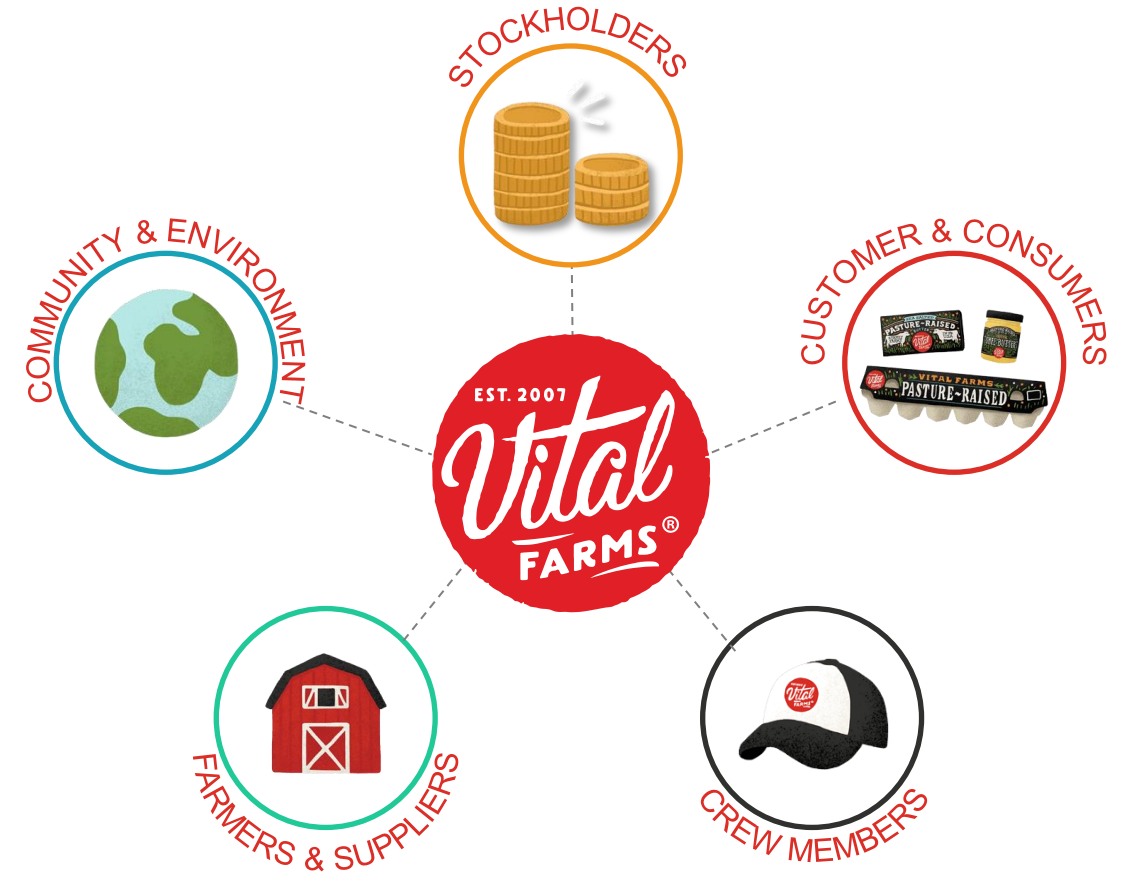


Corporation®

We balance

PROFIT AND PURPOSE

to meet highest verified
standards of social and
environmental performance,
public transparency and legal
accountability






These principles guide our day-to-day operations and, we
believe, deliver a more **SUSTAINABLE AND
SUCCESSFUL** business





AN ETHICAL ALTERNATIVE TO FACTORY FARMING PRACTICES

YEAR-ROUND PRODUCTION



-  Snow... Brr!
-  A little too much rain
-  Not quite enough rain

-  Spicy-hot in the summer
-  The Pasture Belt – Perfect year-round for our picky ladies!

OUR FRAMEWORK

LIVING CONDITIONS

Open Air, 108 Square Feet per Hen

FEED

Omnivorous, Including Grain, Plants, Insects

LAND MANAGEMENT

Sustainable Practices

PARTNERS

Direct Relationships with Small Family Farms



IMPROVING THE LIVES OF PEOPLE, ANIMALS AND THE PLANET THROUGH FOOD

CHAMPIONING ANIMAL WELFARE



INNOVATING THE SUPPLY CHAIN



BUILDING A PREMIUM BRAND

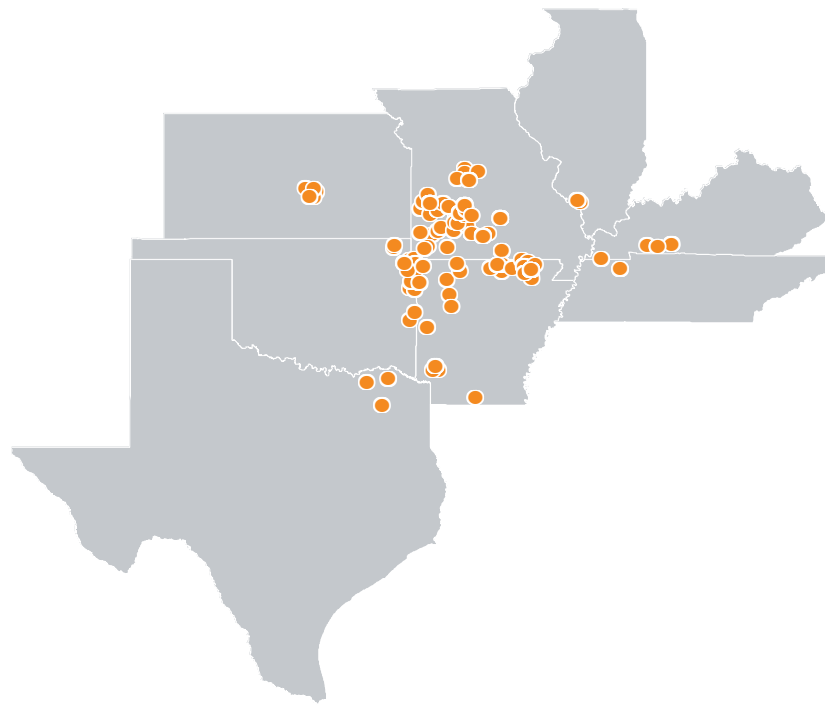


EACH DAY WE BRING ETHICAL FOOD TO THE TABLE BY SOURCING AND MARKETING PASTURE-RAISED FOOD FROM SMALL FAMILY FARMS

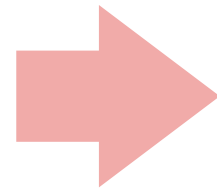


OUR MODEL ALLOWS US TO DELIVER QUALITY AT SCALE

NETWORK OF 200+ SMALL
FAMILY FARMS



Aggregate
product
from farm
network



EST. 2007



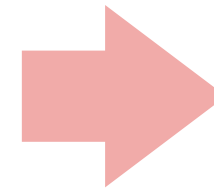
EGG CENTRAL
STATION

Wash, Grade, Pack,
Ship, Quality control

HEADQUARTERS

Branding, Selling,
Supporting

Direct to
customer
& through
distributors



MORE THAN 16,500
STORES

RETAIL



FOOD SERVICE





BUSINESS UPDATE





VITAL FARMS GROWTH STRATEGY



1 EXPAND HOUSEHOLD PENETRATION THROUGH GREATER CONSUMER AWARENESS



2 GROW WITHIN THE RETAIL CHANNEL



3 EXPAND PRODUCT OFFERING THROUGH INNOVATION

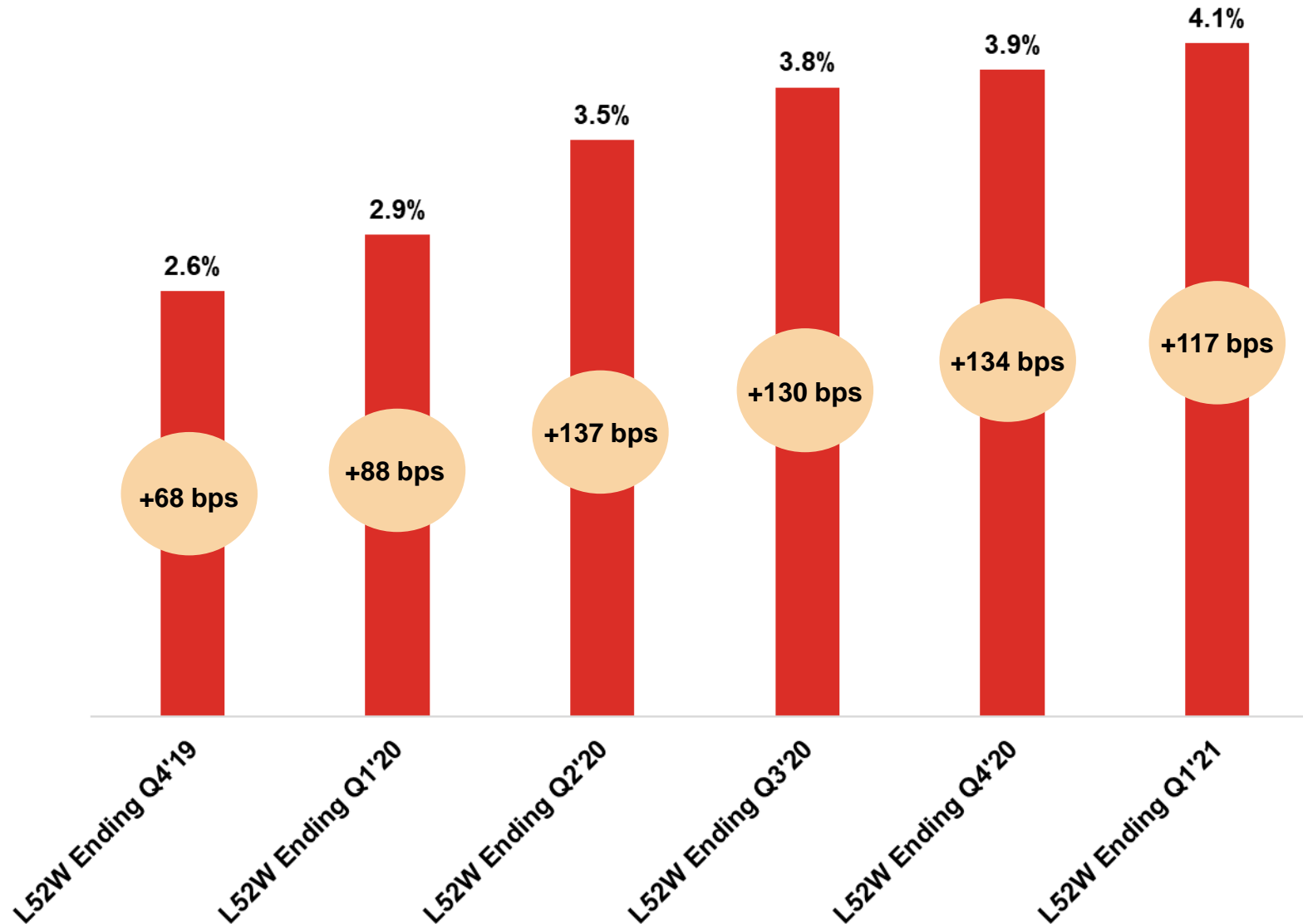


4 EXPAND OUR FOOTPRINT ACROSS FOODSERVICE



WE ARE ACCELERATING HOUSEHOLD PENETRATION THROUGH NEW DISTRIBUTION AND INCREASING BRAND AWARENESS

HOUSEHOLD PENETRATION VITAL FARMS EGGS & CHANGE VS. YEAR AGO



Source: Numerator Household Panel

Note: Numerator data refresh adjusted historical data to reflect accurate receipt captures

MarketingDaily

FOOD

Vital Farms Campaign Broadens Sustainability Positioning



Women'sHealth

Everything The Sculpt Society's Megan Roup Eats In A Day



Inc.

How a Kinder, More Sustainable Hen-Laying Ecosystem Became a Billion-Dollar Business

The inspiring story behind Vital Farms' mission to persuade consumers and farmers to choose more sustainable--and pricier--eggs.





DEMONSTRATED TRACK RECORD OF PROFITABLE CATEGORY EXPANSION



+23%

Q1 '21 NET REVENUE GROWTH

+311 bps

Q1 '21 GROSS MARGIN GROWTH

36%

Q1 '21 GROSS MARGIN

8%

Q1 '21 ADJUSTED EBITDA MARGIN

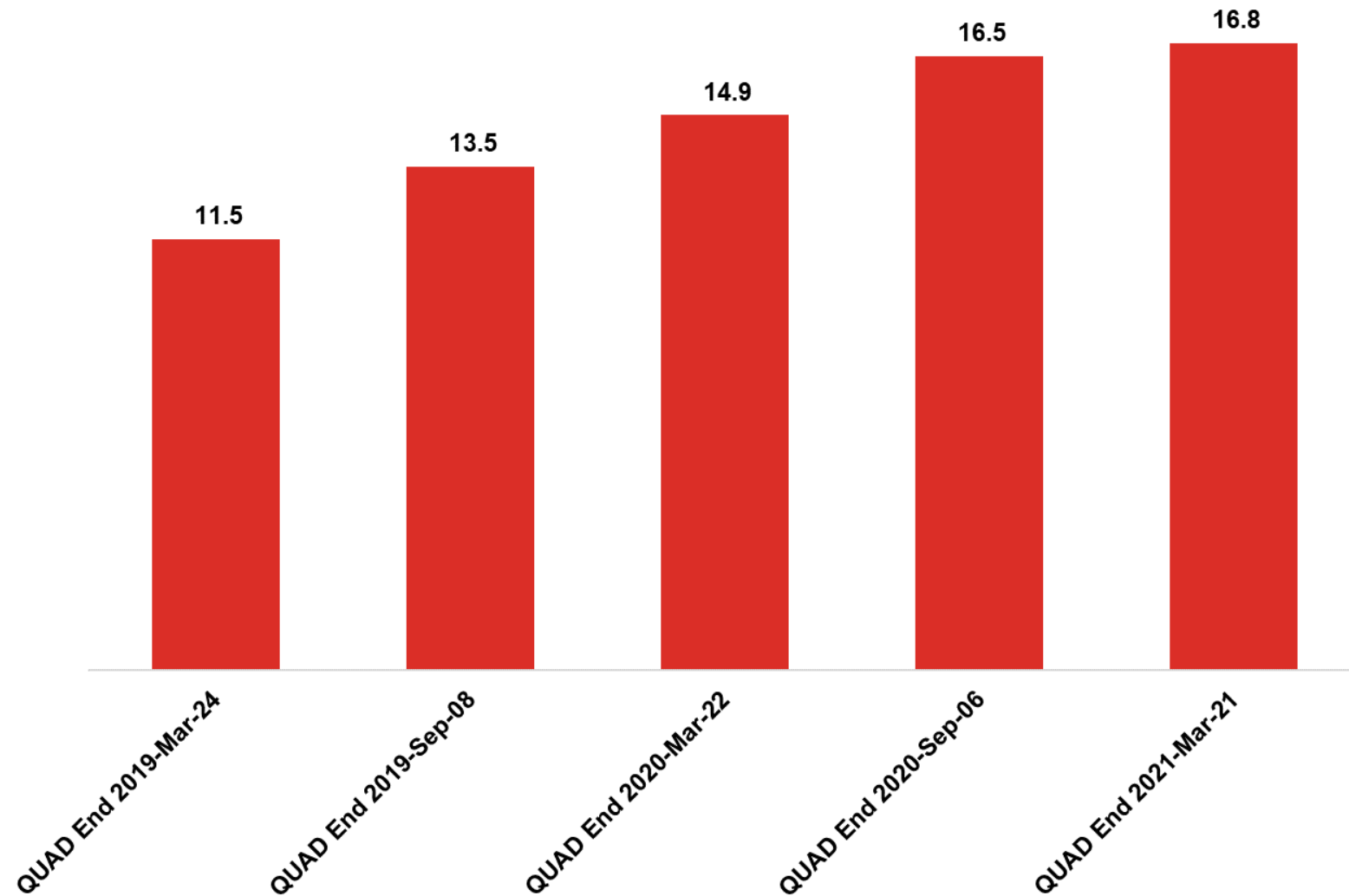
Source: SPINS, Whole Foods Market
Note: Store Count figures for last 12 weeks as of 21-Mar-2021 and Year Ago



CONTINUED STORE GROWTH ACROSS THE RETAIL CHANNEL

STORE COUNT (*THOUSANDS*)

MULO CHANNEL, NATURAL CHANNEL AND WHOLE FOODS



+13%

Store Count vs. Year Ago

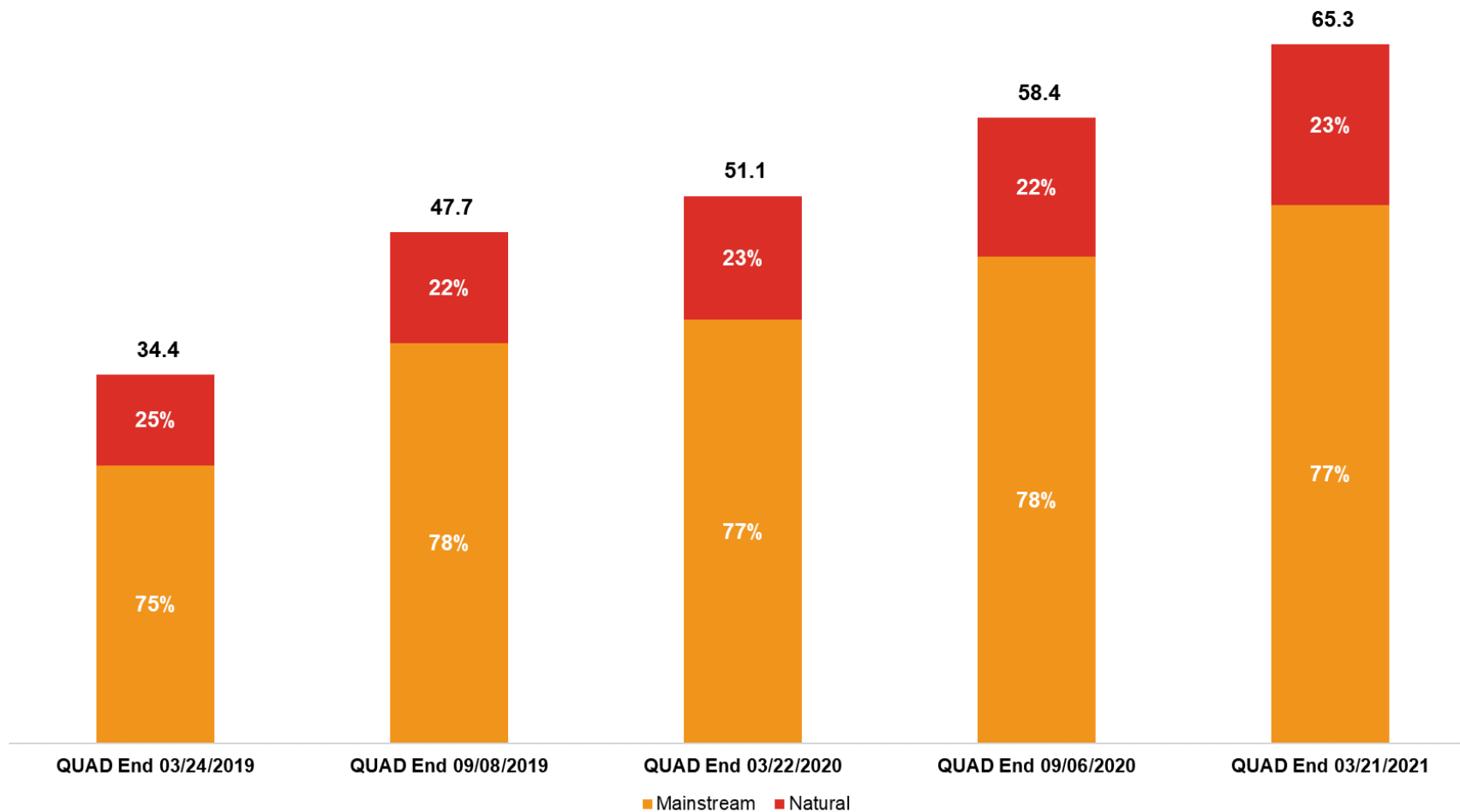
Q1 New Distribution





CONTINUED PRODUCT PENETRATION GROWTH AT KEY MAINSTREAM AND NATURAL RETAIL PARTNERS

TOTAL VITAL FARMS PLACEMENTS (THOUSANDS)



+28%
VITAL FARMS
PLACEMENTS VS. YEAR
AGO

+38%
VITAL FARMS
PLACEMENTS 2-YEAR
CAGR



WE HAVE BUILT A LEADING EGG BRAND THAT RESONATES WITH CONSUMERS ACROSS THE RETAIL CHANNEL

EGG BRAND RANKING

RETAIL DOLLAR SALES

#1 Egg Brand



SPROUTS
FARMERS MARKET

#2 Egg Brand



TARGET Publix



ECS EXPANSION UPDATE



EXPANSION OF OUR PROCESSING CAPACITY IS ON SCHEDULE



EXPECTED COMPLETION Q2 2022

- 3 million additional eggs per day
- Supports \$600 million egg business
- 153,000 square feet

ECS EXPANSION WILL DOUBLE OUR PROCESSING CAPACITY TO SUPPORT GROWTH BEYOND 2022



FINANCIAL UPDATE





FINANCIAL SUMMARY HIGHLIGHTS

Q1 2021 PERFORMANCE UPDATE

Highlights

- Net revenue increased 23% to \$58.5 million in Q1 2021 driven primarily by volume increases to our distributors and new distribution at new and existing customers
- Gross margin expanded 311 bps due to improved offsize egg utilization, lower material costs for butter and volume leverage over direct labor and overhead costs
- Adjusted EBITDA⁽¹⁾ increased 25% to \$4.7 million in Q1 2021 primarily driven by egg and butter volume increases to distributors and retail customers, expanded gross margin as well as leverage over fixed operating costs. The increase was partially offset by increases in SG&A due to higher public company costs, greater employee-related costs as we grew headcount, and slightly higher marketing expenses
- Adjusted EBITDA as a % of net revenues increased by 11 bps year-over-year

Financial Performance

(\$ thousands)	Q1'21	Q1'20	Change
Net Revenues	\$ 58,545	\$ 47,579	23%
Gross Profit	21,330	15,855	35%
<i>Gross Margin %</i>	<i>36.4%</i>	<i>33.3%</i>	<i>311 bps</i>
Operating Income	3,084	2,903	6%
Net Income	3,480	1,934	80%
Adjusted EBITDA⁽¹⁾	\$ 4,741	\$ 3,799	25%
<i>Adjusted EBITDA as a % of Net Revenues⁽¹⁾</i>	<i>8.1%</i>	<i>8.0%</i>	<i>11 bps</i>

(1) See appendix for reconciliation of Adjusted EBITDA and Adjusted EBITDA as a % of net revenues

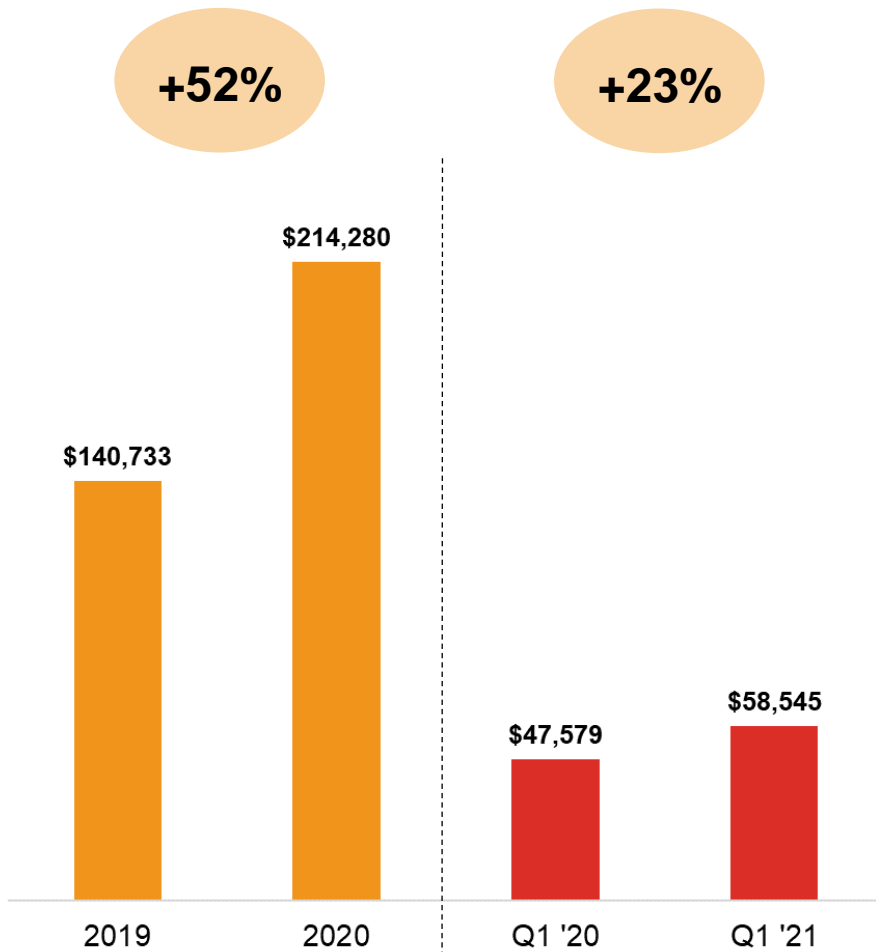


FINANCIAL SUMMARY HIGHLIGHTS

NET REVENUE GROWTH

Net Revenues Summary

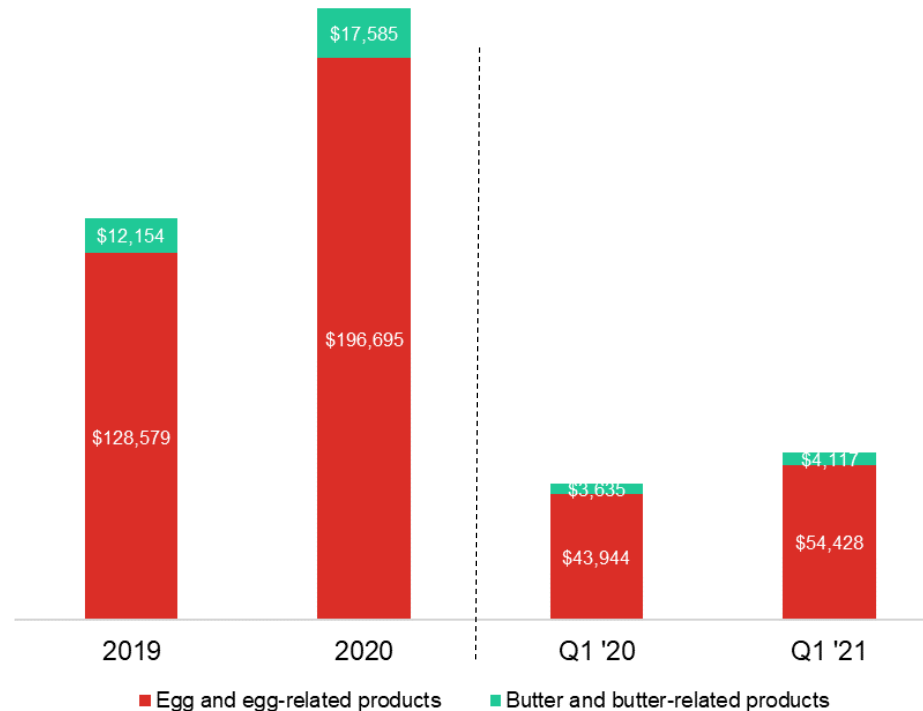
Year-Over-Year and Quarterly Net Revenue Growth
(\$ Thousands)



Net Revenues by Product

	Y/Y Growth Rate %			
	2019	2020	Q1 '20	Q1 '21
Eggs	30%	53%	46%	24%
Butter	57%	45%	29%	13%
Consolidated	32%	52%	44%	23%

Business Line Mix
(\$ Thousands)



Highlights

- Net revenue for Q1 2021 was \$58.5 million compared to \$47.6 million for Q1 2020
- The increase of \$11.0 million, or 23%, was primarily driven by an increase in egg-related product sales of \$ 10.5 million and butter-related product sales of \$0.5 million
- The increases in egg sales and butter sales were primarily due to:
 - volume increases to our distributors and retail customers
 - new distribution at new and existing customers



FINANCIAL SUMMARY HIGHLIGHTS

IMPROVING MARGIN PROFILE

Gross Profit and Margin

Gross Margins

30%

35%

33%

36%

(\$ Thousands)

\$42,877

\$74,528

\$15,855

\$21,330

2019

2020

Q1 '20

Q1 '21

Adjusted
EBITDA⁽¹⁾
(Thousands)

\$6,406

\$16,751

\$3,799

\$4,741

Operating Expenses

SG&A as a % of Net Revenues

21%

22%

20%

23%

Shipping & Distribution as a % of Net Revenues

7%

7%

7%

9%

(\$ Thousands)

\$10,001

\$29,526

\$47,396

2019

SG&A Shipping & Distribution

2020

Q1 '20

Q1 '21

\$3,274

\$9,678

\$14,904

\$5,063

\$13,183

Highlights

- The increase in gross profit of \$5.5 million, or 35%, was primarily driven by an increase in net revenue
- Gross margin expanded 311 bps in Q1 2021 due to improved offsize egg utilization, lower material costs for butter and volume leverage over direct labor and overhead costs
- Shipping and distribution increased \$1.8 million, or 55%, primarily driven by an increase in sales volume and outbound freight rates that resulted in increased costs related to third-party freight for our products
- Selling, general, and administrative expenses as a percent of net sales increased to 23% for Q1 2021, compared to 20% for Q1 2020. The increase was primarily driven by higher public company costs, greater employee-related costs as we grew headcount, and slightly higher marketing expenses

(1) See appendix for reconciliation of Adjusted EBITDA and Adjusted EBITDA as a % of net revenues



UPDATED 2021 GUIDANCE





2021 NET REVENUE AND ADJUSTED EBITDA GUIDANCE

\$ in Millions	2020	2021
Net Sales	\$214.3	\$246-253
Adjusted EBITDA ⁽¹⁾	\$16.8	\$7-9

(1) See appendix for reconciliation of Adjusted EBITDA

EST. 2007

Vital
FARMS®



APPENDIX



ADJUSTED EBITDA RECONCILIATION

(\$ thousands)	13-Weeks Ended	
	28-Mar-21	29-Mar-20
Net income	\$ 3,480	\$ 1,934
Depreciation and amortization	785	456
(Benefit)/Provision for income tax	(304)	831
Stock-based compensation expense	853	448
Interest expense	18	158
Change in fair value of contingent consideration ⁽¹⁾	6	(23)
Interest income	(97)	(5)
Adjusted EBITDA	\$ 4,741	\$ 3,799
<i>Net Income as a % of Net Revenues</i>	<i>5.9%</i>	<i>4.1%</i>
Adjusted EBITDA as a % of Net Revenues	8.1%	8.0%

(1) Amount reflects the change in fair value of a contingent consideration liability in connection with our 2014 acquisition of certain assets of Heartland Eggs