



# Vital Farms, Inc.

Furey Research Partners  
Hidden Gems Conference

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November 25, 2024

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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 presentation that are forward-looking include, but are not limited to, statements related to the company's ability to acquire new customers and successfully retain existing customers, the Company's ability to effectively manage long-term growth, market opportunity, specifications and timing around our potential planned egg washing and packing facility in Indiana, the effect of such facility on our future revenue, future growth and development of our farm network, anticipated growth, and future financial performance, including management's outlook for fiscal year 2024 and management's long-term outlook.

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# Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow are financial measures that are not required by or presented in accordance with generally accepted accounting principles in the United States (“GAAP”). We believe that Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow, when taken together with our financial results presented in accordance with GAAP, each 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, Adjusted EBITDA Margin and Free Cash Flow should not be considered as alternatives to net (loss) income, net (loss) income per share, net cash provided by operating activities 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, Adjusted EBITDA Margin and Free Cash Flow 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 and Adjusted EBITDA Margin to net income and of Free Cash Flow to net cash provided by operating activities, the respective most directly comparable financial measures presented in accordance with GAAP.

“Adjusted EBITDA” is defined as net income, adjusted to exclude: (1) depreciation and amortization; (2) (benefit) or provision for income taxes as applicable; (3) stock-based compensation expense; (4) interest expense; (5) change in fair value of contingent consideration; (6) interest income; (7) the costs related to the dissolution of the Ovabrite, Inc. variable interest entity and (8) the costs related to our exit of the convenient breakfast product line. We believe the costs directly related to the dissolution of Ovabrite, Inc. and the convenient breakfast exit should be excluded as they are unlikely to recur. “Adjusted EBITDA Margin” is defined as Adjusted EBITDA divided by net revenue.

“Free Cash Flow” is defined as net cash provided by operating activities, less the amount spent on capital expenditures.

Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow are presented for supplemental informational purposes only, have limitations as analytical tools 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, Adjusted EBITDA Margin and Free Cash Flow include that (1) they do 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 and Adjusted EBITDA Margin do not reflect these capital expenditures, (3) Adjusted EBITDA and Adjusted EBITDA Margin do not consider the impact of stock-based compensation expense, (4) Adjusted EBITDA and Adjusted EBITDA Margin do not include costs related to the discontinuation of our convenient breakfast product line; (5) Adjusted EBITDA and Adjusted EBITDA Margin do not reflect other non-operating expenses, including interest expense; (6) Adjusted EBITDA and Adjusted EBITDA Margin do not consider the impact of any contingent consideration liability valuation adjustments; and (7) Adjusted EBITDA and Adjusted EBITDA Margin do not reflect tax payments that may represent a reduction in cash available to us. In addition, our use of Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow in the same manner, limiting the usefulness as comparative measures. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA, Adjusted EBITDA Margin and Free Cash Flow alongside other financial measures, including our net income, cash provided by operating activities and other results stated in accordance with GAAP.



# Thilo Wrede

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Chief Financial Officer



EST. 2007

# VITAL FARMS OVERVIEW

*Vital*  
FARMS®

# Vital Farms at a glance

- **Our Story:**

- Founded in 2007 and based in Austin, Vital Farms is a Certified B Corporation on a mission to bring ethically produced food to the table. We are driven by our purpose to improve the lives of people, animals and the planet through food

- **Our Products:**

- Eggs: The leading brand of pasture-raised eggs in the US, and is the second largest egg brand
- Butter: Our 90% grass-fed butter is a small but growing part of the business

- **Our Financials:**

- \$472 million in net revenue and \$48 million in adj. EBITDA in 2023<sup>1</sup>
- Guidance of at least \$600 million (+29%<sup>2</sup>) in net revenue and \$80 million in adj. EBITDA (+65%) for 2024
- \$1 billion net revenue target for 2027 with a 12-14% adj. EBITDA margin



# Our strength comes from our great products, our powerful brand, and our dedicated people

1

Consumers trust our ethically produced **premium products**; we are connecting meaningfully with consumers with a **powerful brand**

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2

Our **stakeholder model** builds trust across our system; **people and culture are our key strengths**

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3

**Our \$1 billion revenue target in 2027** is based on strong consumer demand and enabled by ongoing supply chain investments

# We have built a strong and growing business on solid foundations

## A PREMIUM BRAND



## TRUSTED BY CONSUMERS



**>11 Million Households<sup>1</sup>**

## DEMANDED BY RETAILERS



**>24,000 Retailers**

## A RESILIENT & GROWING FARMER NETWORK



**>375 Family Farms**

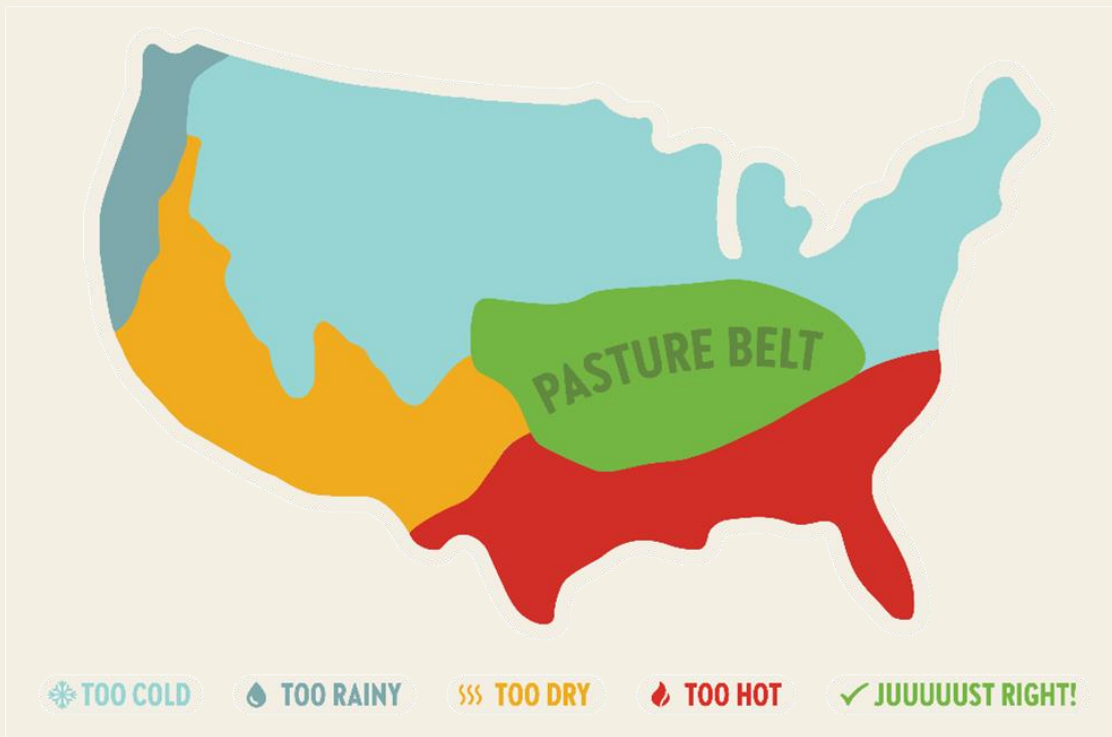
## WORLD-CLASS PROCESSING FACILITIES

**Egg Central Station (Missouri)  
Seymour, Indiana (expected 2026)**



# We have developed an alternative to factory farming practices

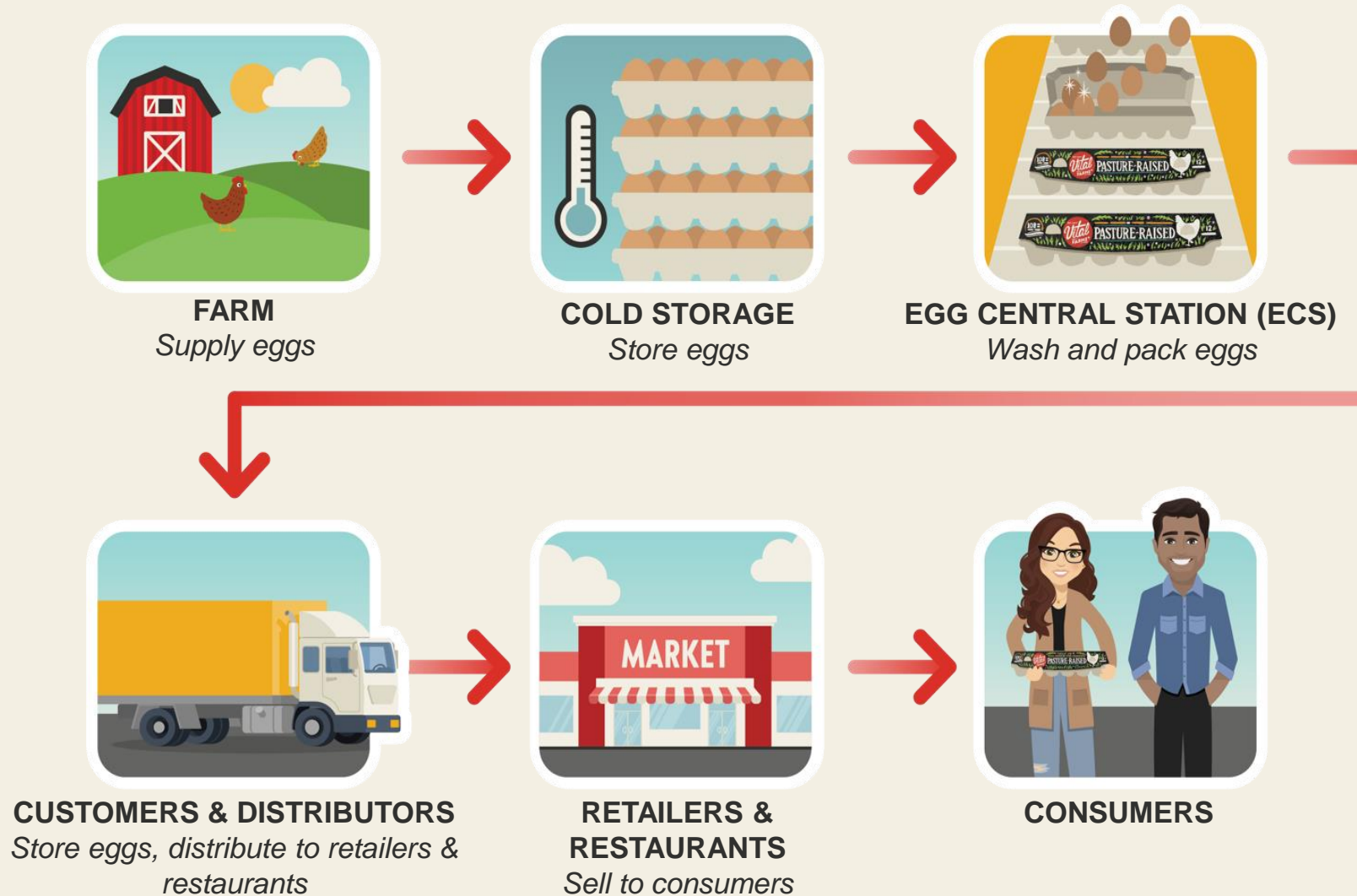
## Year-Round Production



## Our Framework

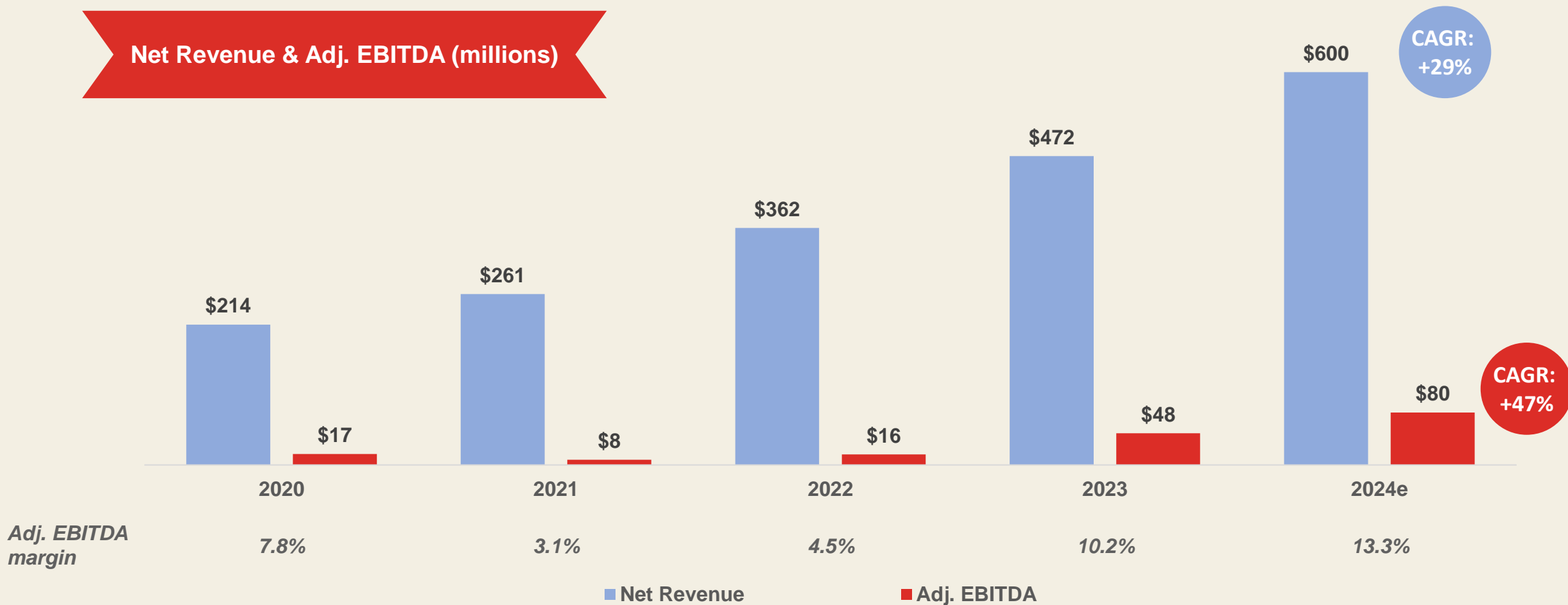
<b>LIVING CONDITIONS</b>	OPEN AIR, 108 SQUARE FEET PER HEN
<b>FEED</b>	OMNIVOROUS, INCLUDING GRAIN, PLANTS, INSECTS
<b>LAND MANAGEMENT</b>	SUSTAINABLE PRACTICES
<b>NETWORK</b>	DIRECT RELATIONSHIPS WITH FAMILY FARMS

# Our operations deliver quality at scale



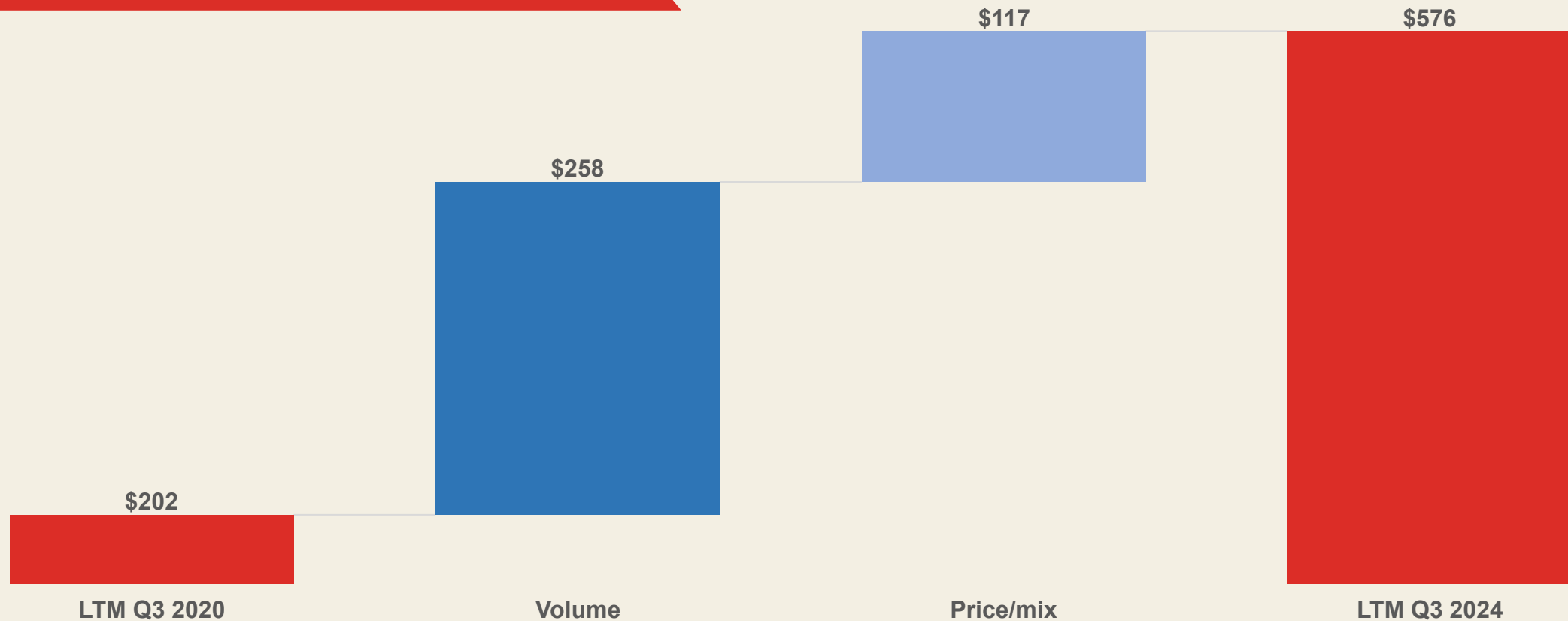
# Current 2024 guidance anticipates delivering nearly 30% Net Revenue and 47% adj. EBITDA CAGRs since 2020

## Net Revenue & Adj. EBITDA (millions)



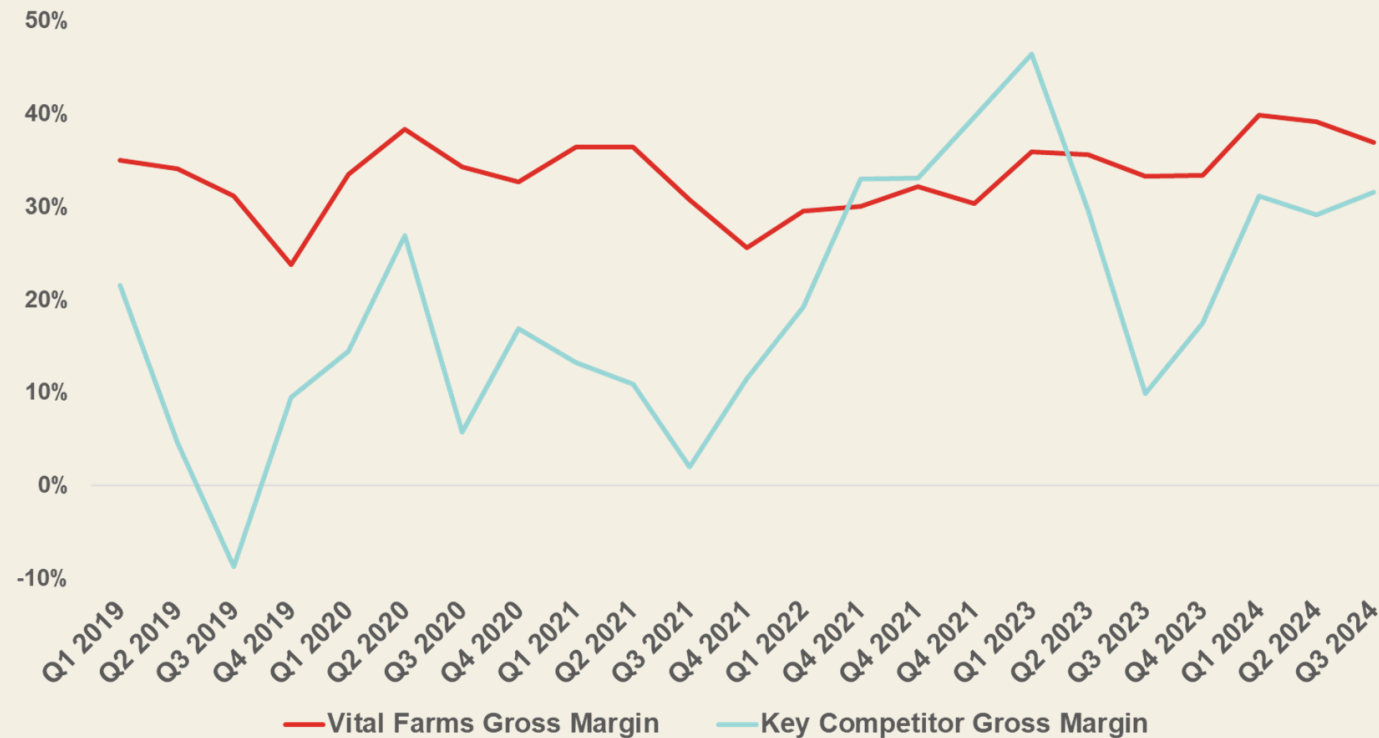
# More than 2/3 of our revenue growth since our IPO has been driven by volume gains

Net Revenue Growth (\$m), Volume v. Price/Mix



# Vital Farms gross margin stability reflects a branded business and not a commodity producer

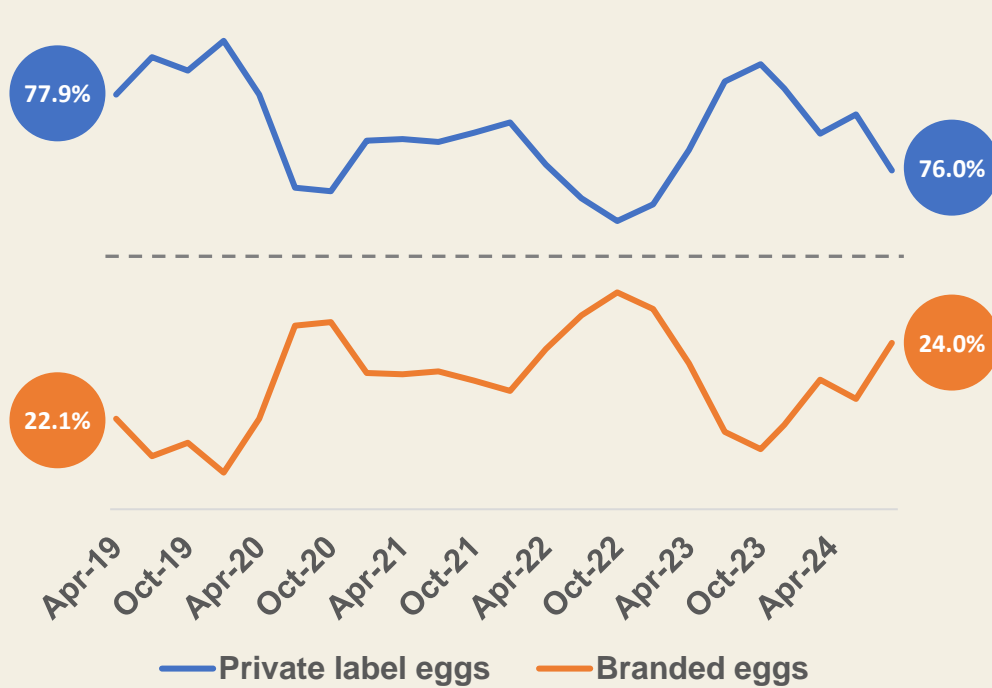
## Gross Margin Vital Farms vs. Largest Publicly Listed Egg Producer



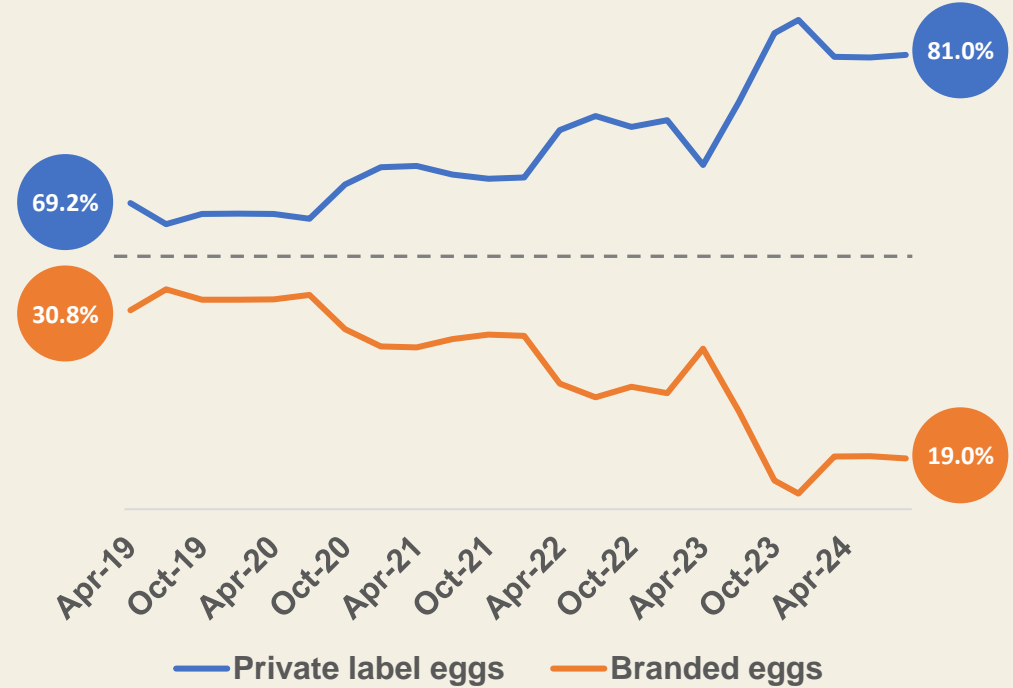
# In the channels where we are selling, eggs are being decommoditized

## EQ volume share of private label and branded eggs ...

... in channels where Vital Farms is selling<sup>1</sup>

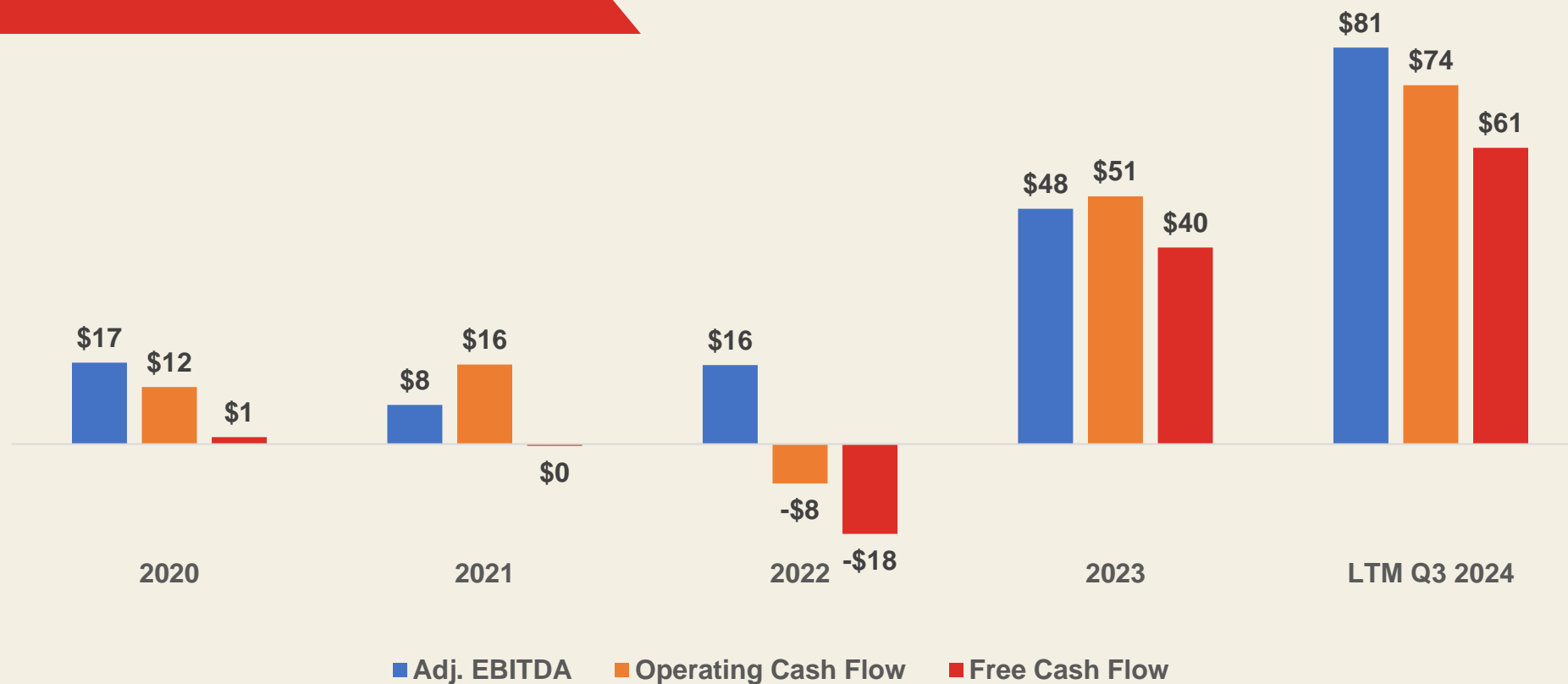


... in channels where Vital Farms is not selling<sup>1</sup>



# Since the completion of the ECS expansion in 2022, we have had strong cash generation

Adj. EBITDA, OCF, and FCF (\$M)



# Since our IPO, we have a strong history of beating our expectations

	Guidance As Of				Reported	
FY20			Q2 20	Q3 20	Actual	v. Initial
Net revenue (\$M)			\$205-210	<b>\$210-214</b>	\$ 214.3	Better
Adj. EBITDA (\$M)			\$14-16	<b>\$16-18</b>	\$ 16.8	Better
FY21	Q4 20	Q1 21	Q2 21	Q3 21	Actual	v. Initial
Net revenue (\$M)	\$246-253	\$246-253	\$246-253	<b>\$253-256</b>	\$ 260.9	Better
Adj. EBITDA (\$M)	\$6-8	<b>\$7-9</b>	\$7-9	<b>\$8-9</b>	\$ 8.0	Better
FY22	Q4 21	Q1 22	Q2 22	Q3 22	Actual	v. Initial
Net revenue (\$M)	>\$340	>\$340	>\$340	>\$340	\$ 362.1	Better
Adj. EBITDA (\$M)	>\$13	>\$13	>\$13	>\$13	\$ 16.2	Better
FY23	Q4 22	Q1 23	Q2 23	Q3 23	Actual	v. Initial
Net revenue (\$M)	>\$450	>\$450	<b>&gt;\$465</b>	>\$465	\$ 471.9	Better
Adj. EBITDA (\$M)	>\$30	>\$30	<b>&gt;\$35</b>	<b>&gt;\$40</b>	\$ 48.3	Better
Capex (\$M)	\$25-30	\$25-30	<b>\$16-21</b>	<b>\$11-16</b>	\$ 11.6	Lower
FY24	Q4 23	Q1 24	Q2 24	Q3 24	Actual	v. Initial
Net revenue (\$M)	>\$552	<b>&gt;\$575</b>	<b>&gt;\$590</b>	<b>&gt;\$600</b>	TBD	Better
Adj. EBITDA (\$M)	>\$57	<b>&gt;\$70</b>	<b>&gt;\$75</b>	<b>&gt;\$80</b>	TBD	Better
Capex (\$M)	\$35-45	<b>\$35-45</b>	<b>\$35-45</b>	<b>\$30-40</b>	TBD	Lower

Note: We cannot provide a reconciliation between our forecasted Adjusted EBITDA and net income, its most directly comparable GAAP measure, without unreasonable effort due to the unavailability of reliable estimates for income taxes, among other items. These items are not within our control and may vary greatly between periods and could significantly impact future financial results.

Source: Vital Farms public filings with the SEC



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# VITAL FARMS OUTLOOK

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# We have attractive long-term financial goals

*By 2027 ...*

NET REVENUE

**\$1B**

GROSS  
MARGIN

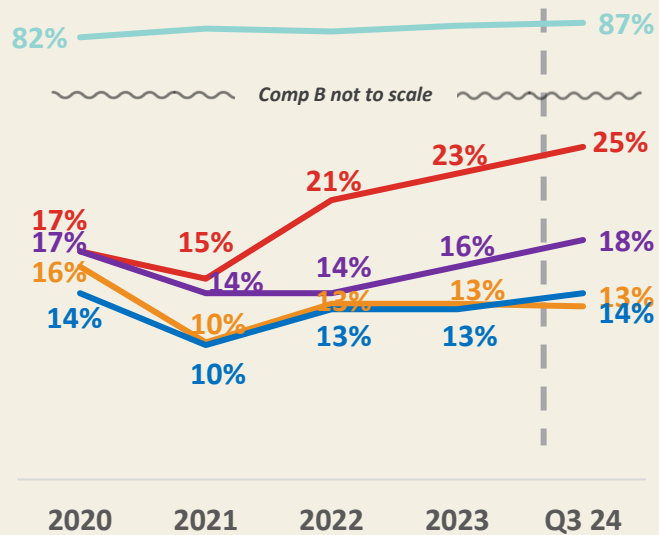
**35%**

ADJUSTED  
EBITDA  
MARGIN

**12%-14%**

# In key metrics we are pulling away from major competitors, pointing to future growth potential

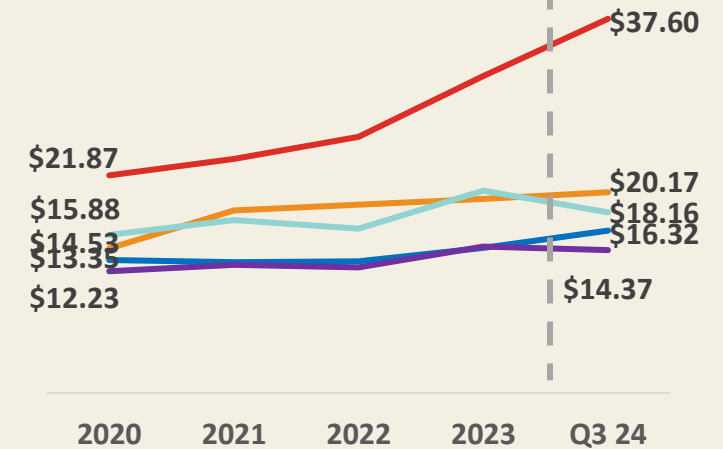
## Shell Egg Brand Aided Awareness



## Shell Egg Household Penetration (Millions of Households)



## Shell Egg Buy Rate



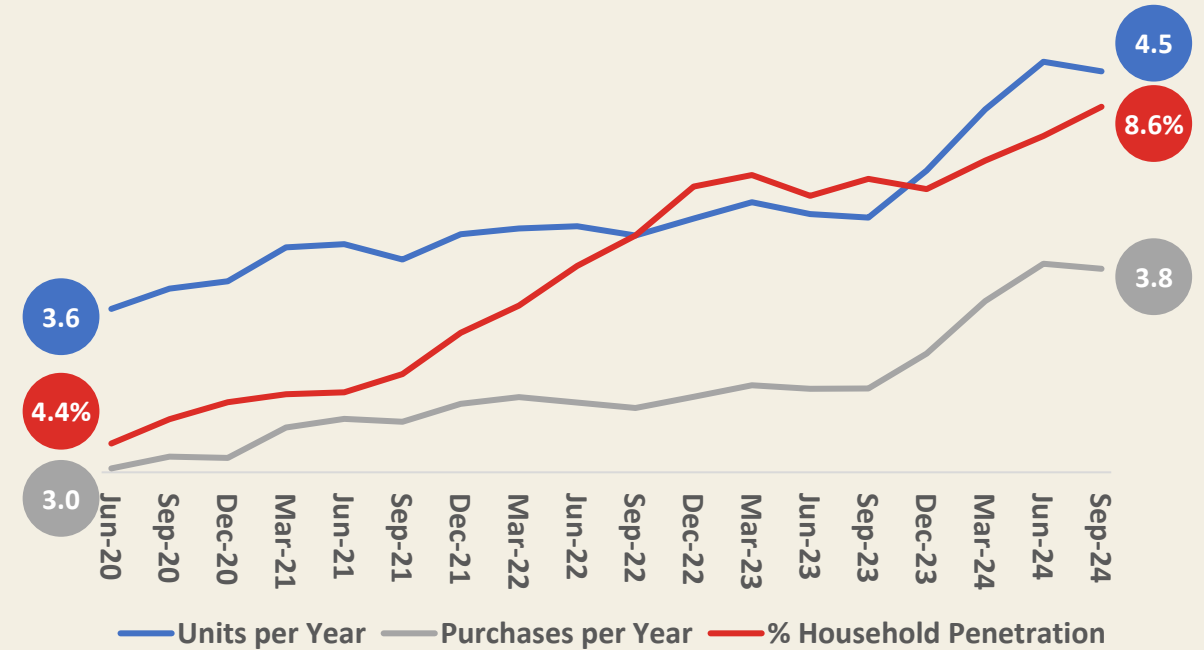
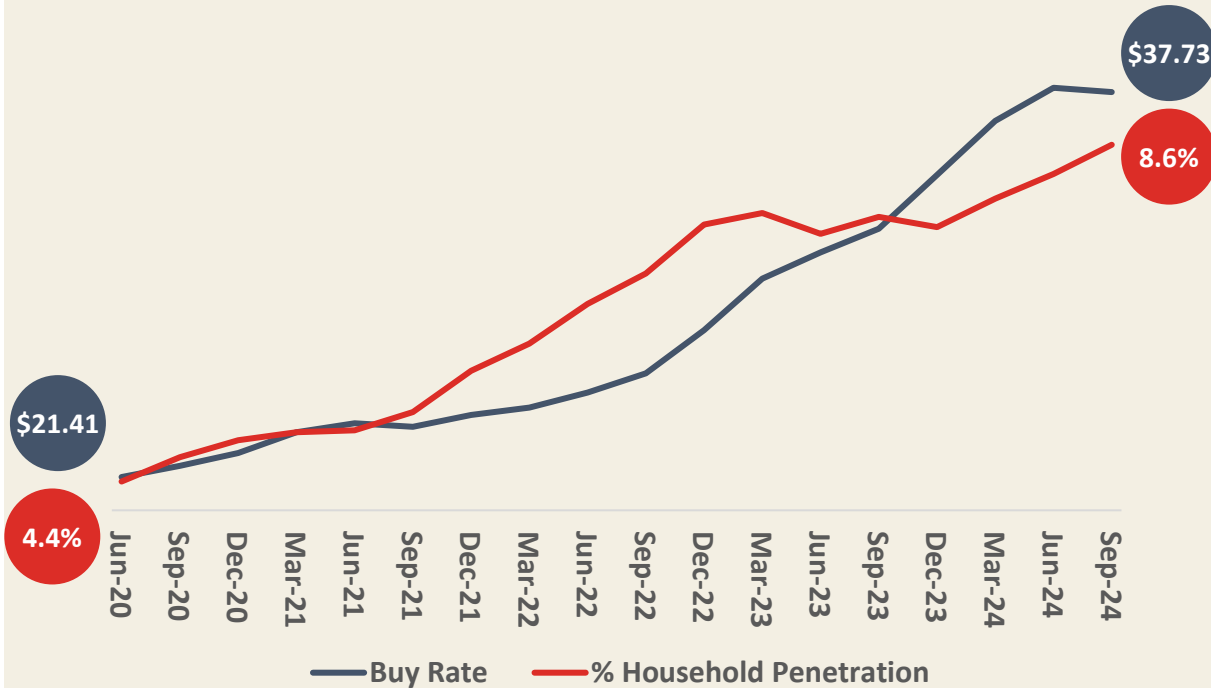
■ Vital Farms   
 ■ Competitor A   
 ■ Competitor B   
 ■ Competitor C   
 ■ Competitor D



# Consumer loyalty is growing: We are increasing household penetration while growing buy rate

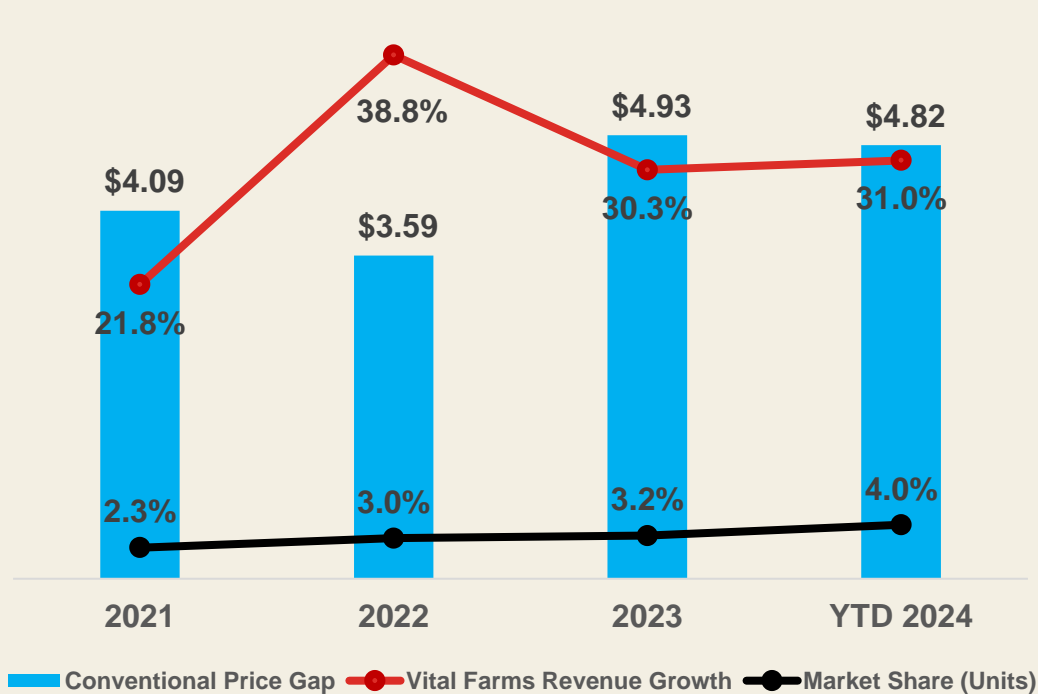
*Vital Farms eggs buy rate is growing in tandem with household penetration; newly acquired households are not diluting buy rate*

*As Vital Farms is acquiring new households, the units bought per year and purchase frequency are both increasing; no dilution from newly acquired households*

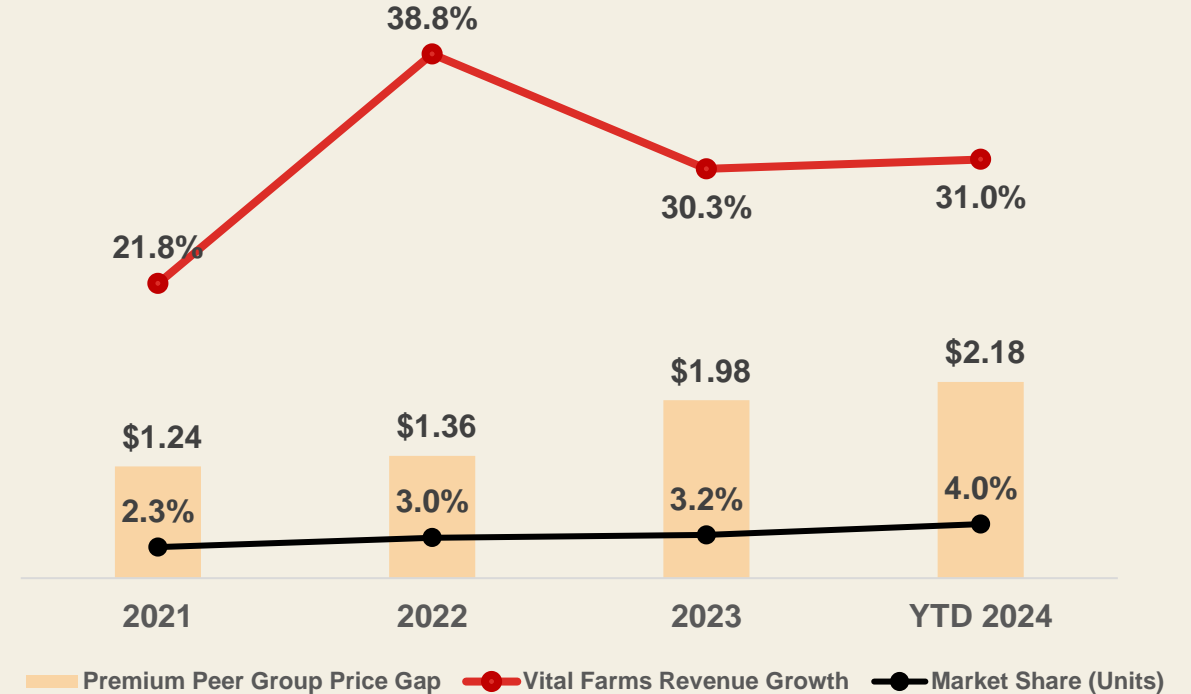


# Variability in price gap to conventional and premium eggs is not impacting volume share or revenue growth

Vital Farms Price Gap v. Conventional Eggs

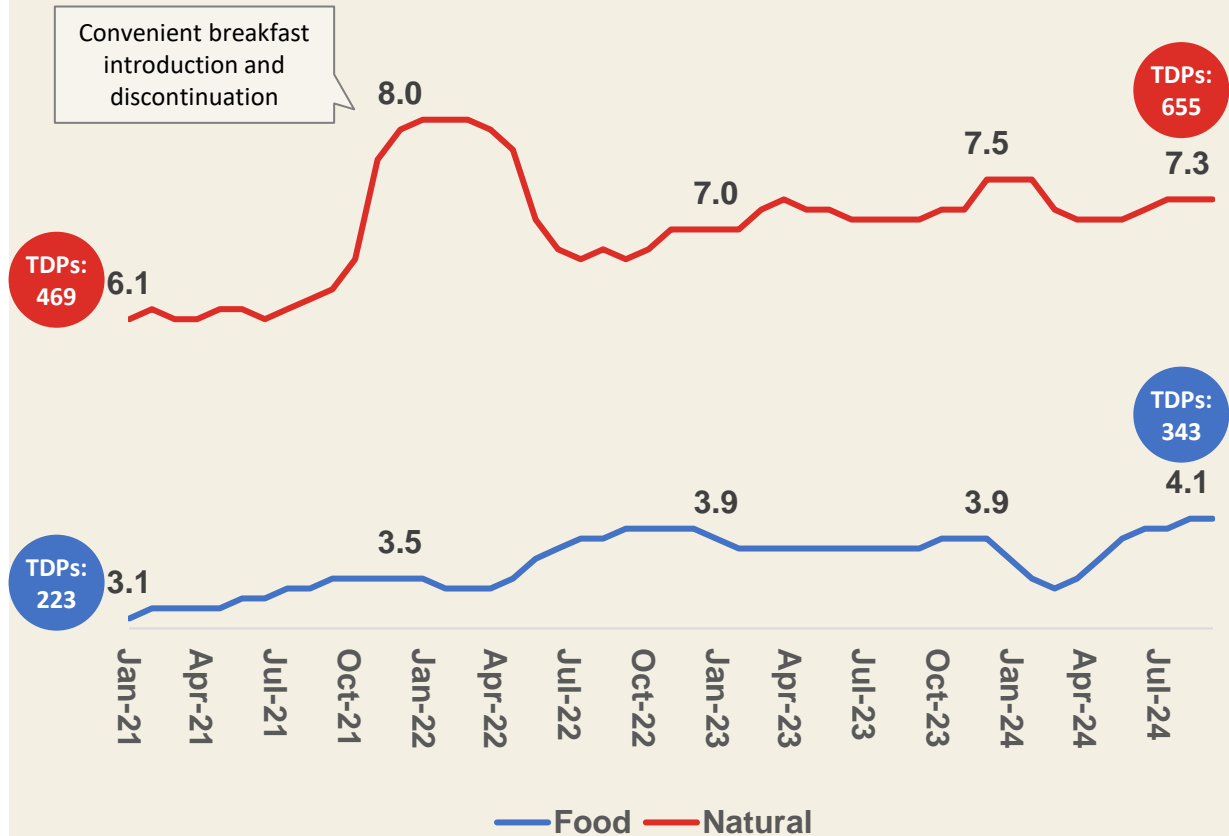


Vital Farms Price Gap v. Premium Eggs

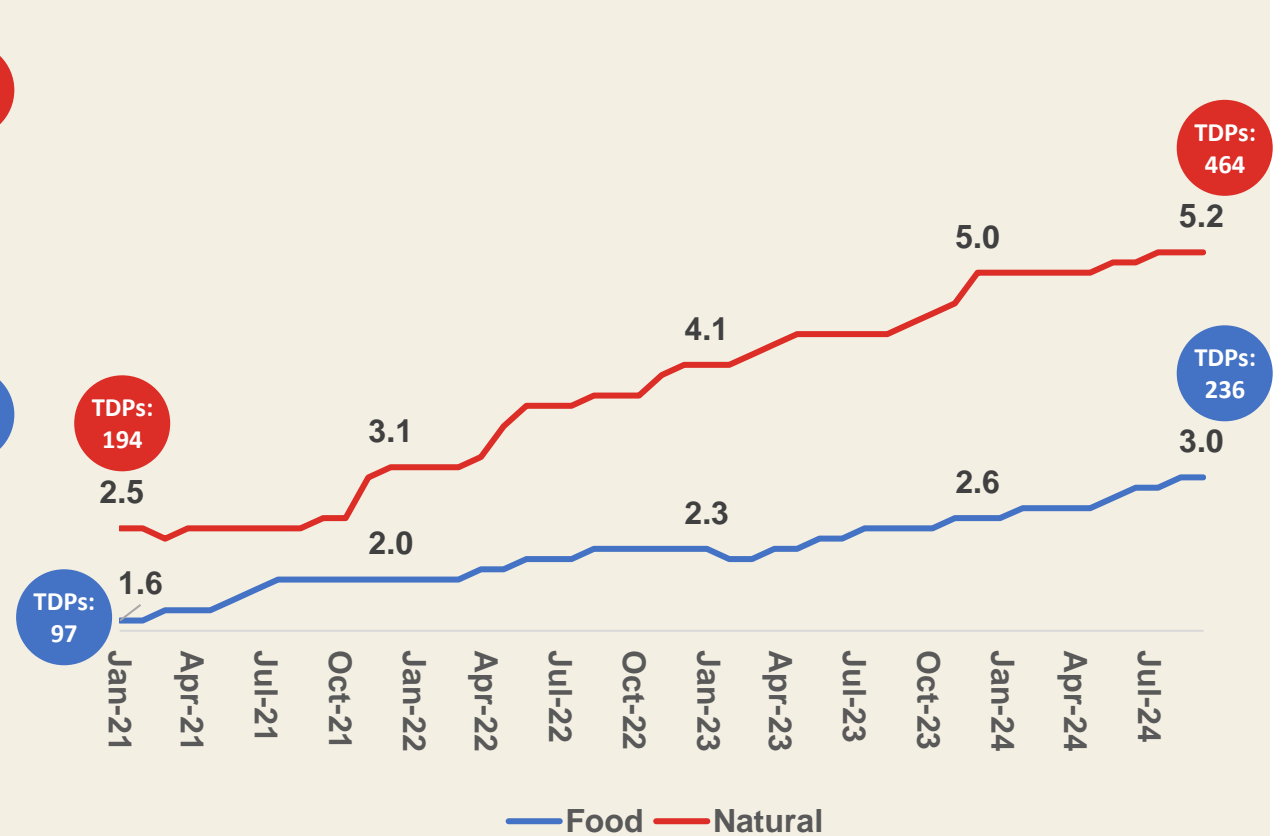


# Growth in average items carried has room for further upside

**Vital Farms Total Average Items Carried (AIC)  
Food & Natural Channel**

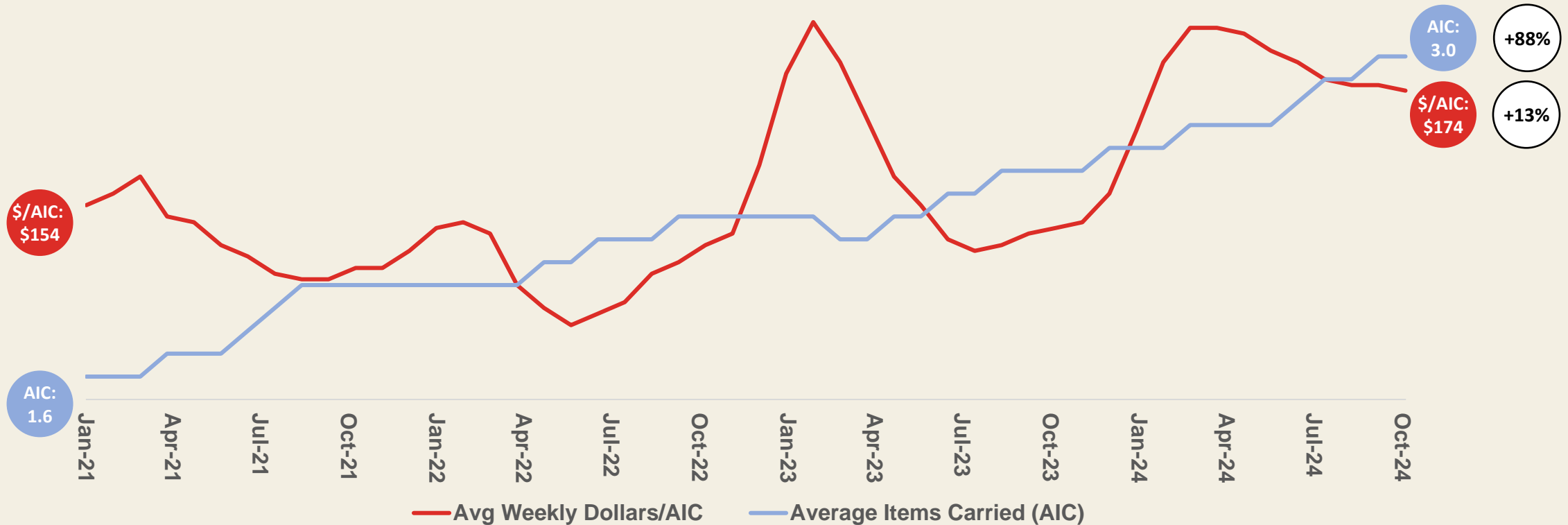


**Vital Farms Eggs Average Items Carried (AIC)  
Food & Natural Channel**



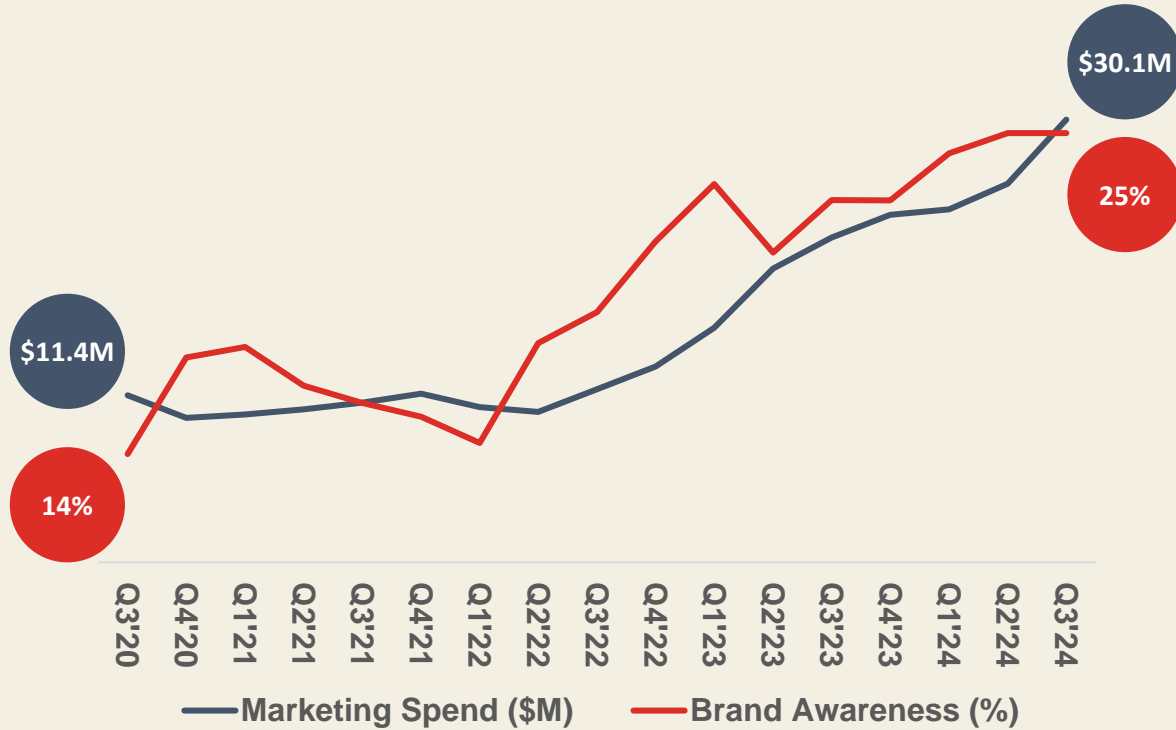
# While we are increasing our distribution on shelf, we are also increasing sales velocity: Retailers want new items

Vital Farms Eggs \$ per Average Items Carried (AIC)  
Food Channel

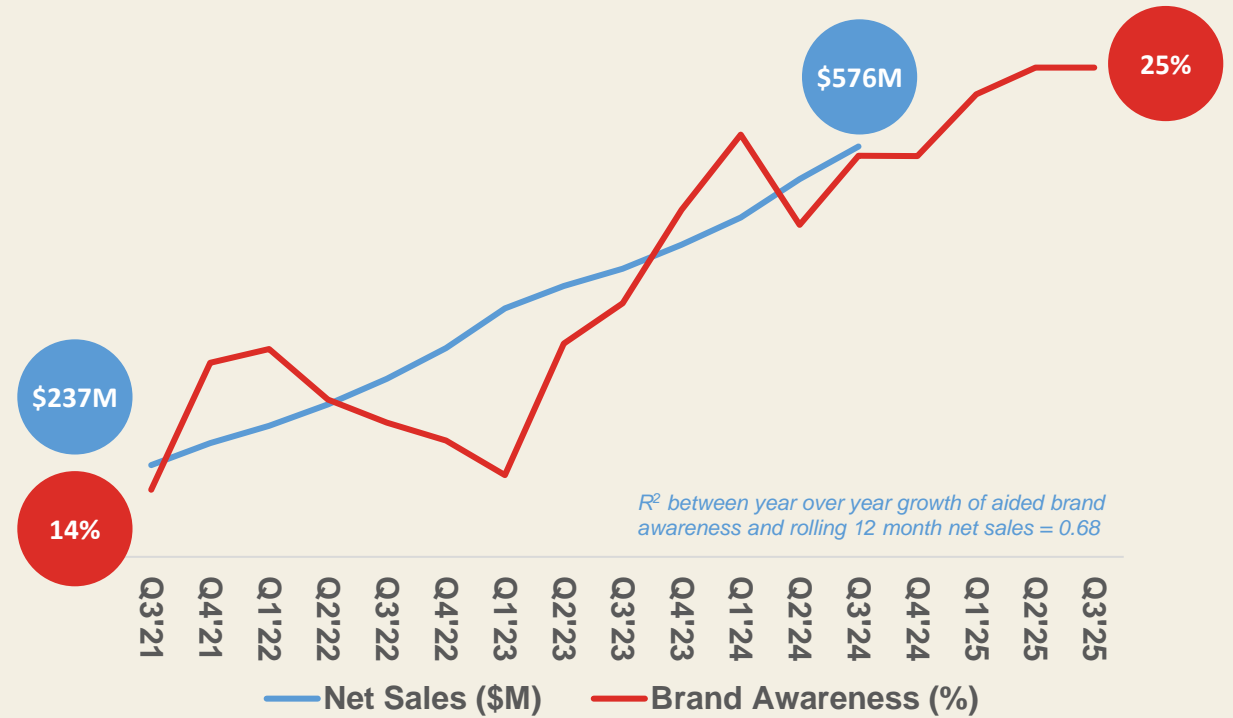


# Our marketing investments drive brand awareness, a leading revenue growth indicator

Rolling 12-Month Marketing Spend vs. Quarterly Aided Brand Awareness (No Lag)



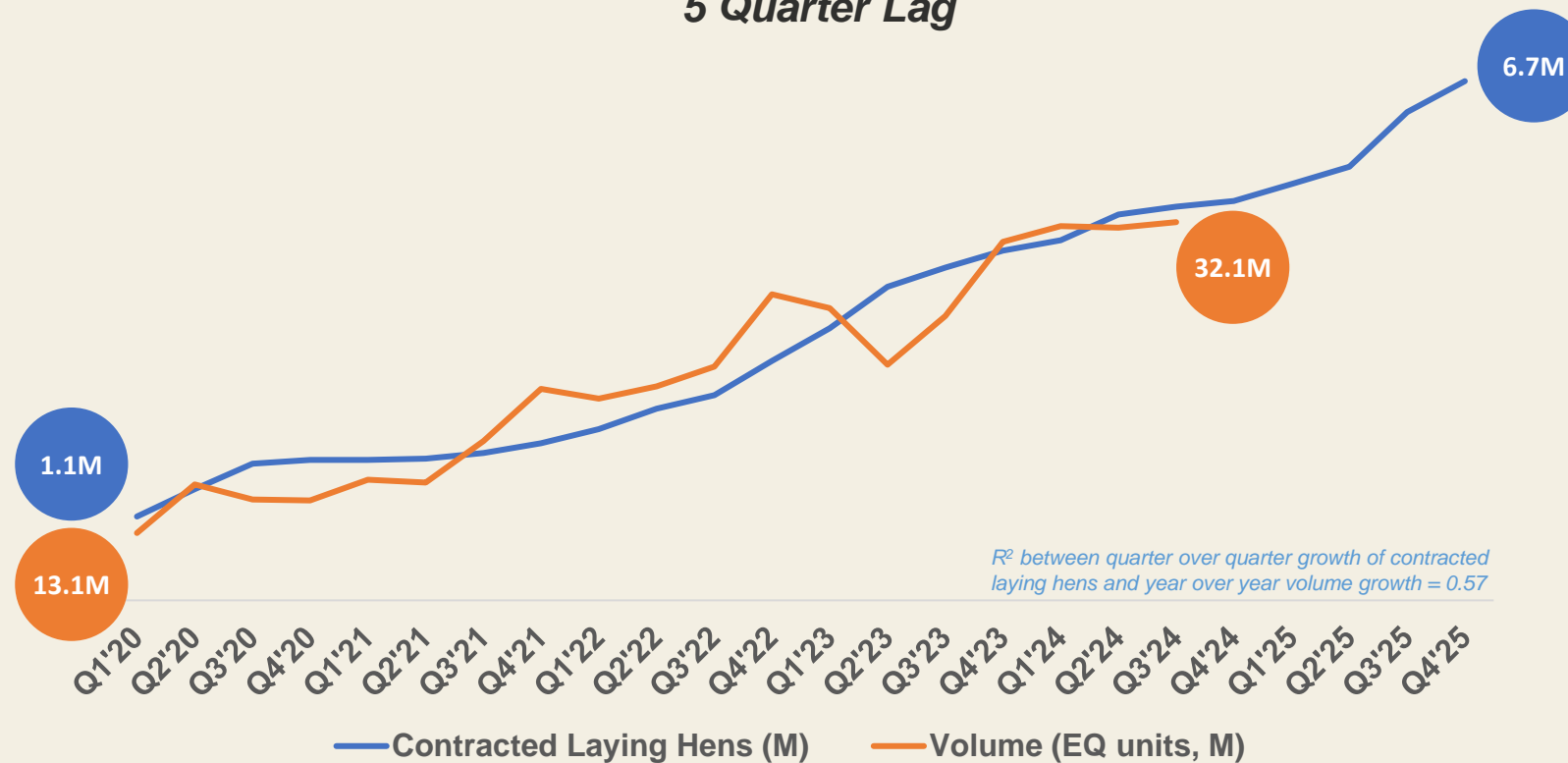
Quarterly Aided Brand Awareness vs. Rolling 12-month Net Sales (4 Quarter Lag)





# The number of laying hens on contracted farms is another indicator of future growth

**Contracted Laying Hens v. Vital Farms Reported Volume (EQ Units)  
5 Quarter Lag**



Notes:

- Contracted laying hens are laying hens on existing farms and newly signed farms that are under contract but not yet producing. Assumes 6 months between signing and birds being placed
- Contracted laying hens are shown with a 5-quarter time shift. I.e. number of laying hens show for Q4'25 are contracted hens as of Q3'24

Source: Company analysis

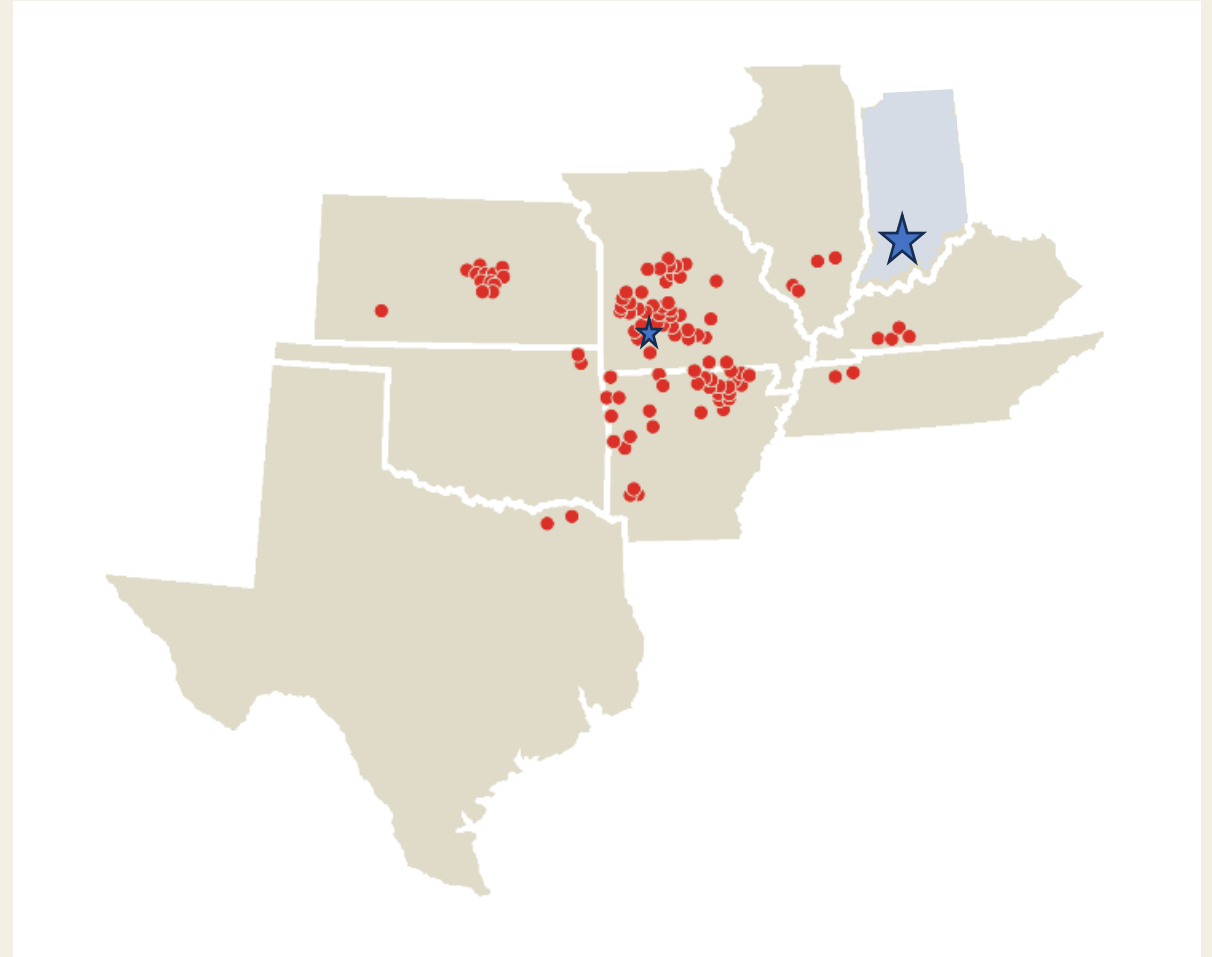


# To supply future demand and drive growth, we are expanding our farming, washing, and packing footprint

We have a growing network of more than 375 family farms across the Pasture Belt

We are launching a small number of “accelerator”<sup>1</sup> farms that will allow us to test and learn new ideas and improve farm outcomes via best practice sharing

We have a new facility planned in Seymour, Indiana. We expect to break ground in 2025 and to be fully operational by the end of 2026



# In summary

1

We are **disrupting the food system** (for good), and we are **living our purpose** (to improve the lives of people, animals and the planet through food)

2

We have a **strong and growing connection with our consumers**

3

We are on the right path to meet our **ambitious financial targets** for 2027 (\$1bn net sales, 12-14% adj. EBITDA margin) and beyond



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**QUESTION & ANSWER  
SESSION**

**FARMS**®

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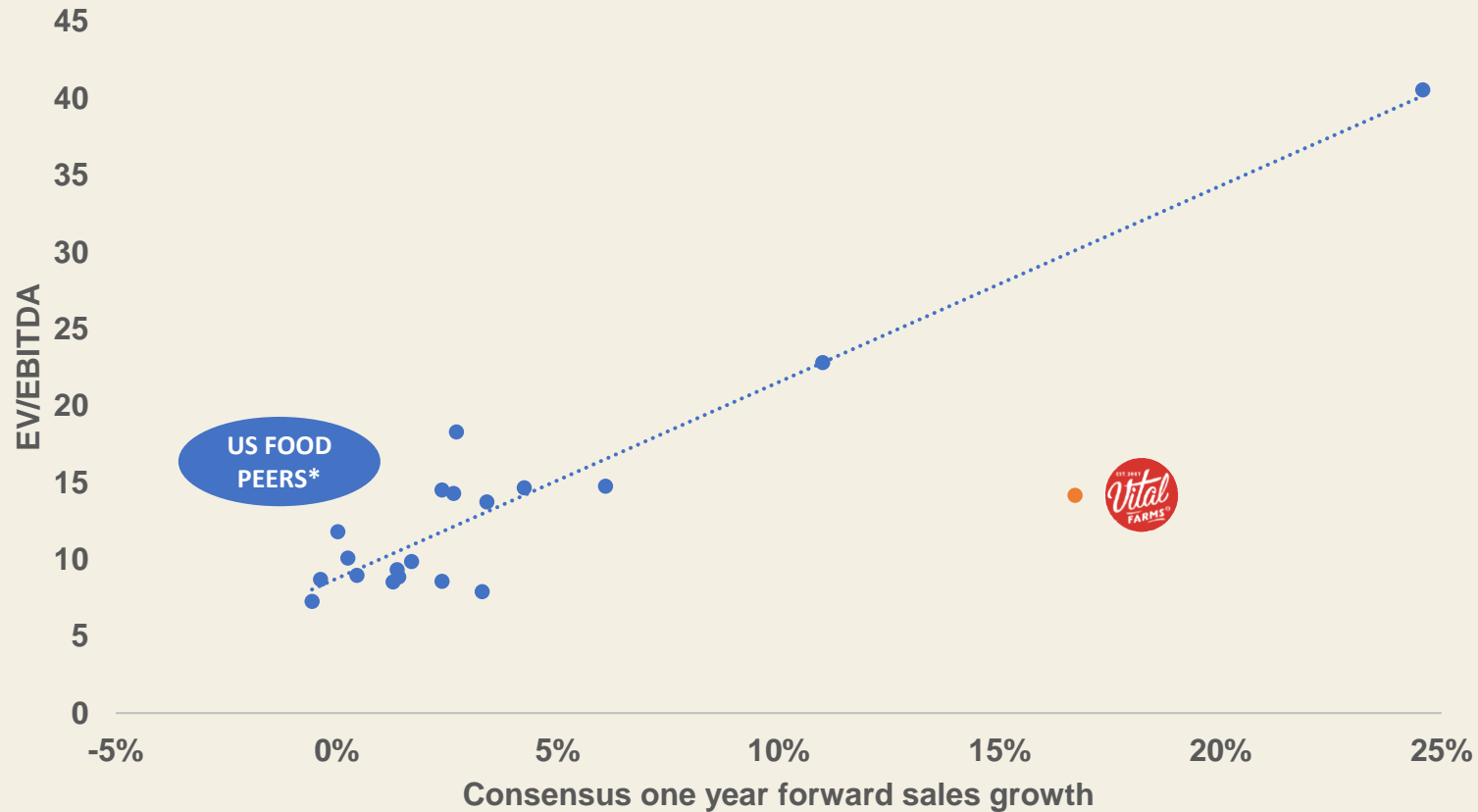


**APPENDIX**

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# With a branded business and strong topline outlook, we believe our valuation is attractive relative to US food peers

Forward revenue consensus vs. NTM EV/EBITDA



Peers include FRPT (Freshpet), K (Kellanova), KLG (WK Kellogg), POST (POST Holdings), MKC (McCormick), CPB (Campbell's), NOMD (Nomad Foods), GIS (General Mills), CAG (Conagra), HSY (Hershey), PEP (PepsiCo), MDLZ (Mondelēz), BRBR (BellRing), THS (TreeHouse), KHC (Kraft Heinz), SJM (JM Smucker), SMPL (Simply Good Foods), BGS (B&G Foods)  
Data as of November 22, 2024  
Source: Bloomberg



# Historical Adjusted EBITDA Reconciliation

(\$ thousands)	Ended 29-Dec-19	Ended 27-Dec-20	Ended 26-Dec-21	Ended 25-Dec-22	Ended 31-Dec-23	Ended 29-Sep-24
<b>Net income</b>	\$ 3,312	\$ 8,884	\$ 2,382	\$ 1,230	\$ 25,566	\$ 42,808
Depreciation and amortization (1)	1,921	2,550	3,540	5,761	10,490	9,829
Stock-based compensation expense	1,029	2,509	4,440	6,040	7,417	7,572
Provision for income tax	1,106	2,770	(2,028)	1,601	6,635	10,410
Interest expense	349	488	52	114	782	771
Interest income	(181)	(97)	(381)	(992)	(2,542)	(3,811)
Net litigation settlement gain (2)	(1,200)	(20)	--	--	--	--
Change in fair value of contingent consideration (3)	70	(333)	44	19	--	--
Costs related to our exit of the convenient breakfast product line	--	--	--	2,341	--	--
Dissolution of Ovabrite, Inc.	--	--	--	122	--	--
<b>Adjusted EBITDA</b>	<b>\$ 6,406</b>	<b>\$ 16,751</b>	<b>\$ 8,049</b>	<b>\$ 16,236</b>	<b>\$ 48,348</b>	<b>\$ 67,579</b>
<i>Net Income as a % of Net Revenue</i>	<i>2.4%</i>	<i>4.1%</i>	<i>0.9%</i>	<i>0.3%</i>	<i>5.4%</i>	<i>9.7%</i>
<b>Adjusted EBITDA Margin*</b>	<b>4.6%</b>	<b>7.8%</b>	<b>3.1%</b>	<b>4.5%</b>	<b>10.2%</b>	<b>15.3%</b>
<b>Net Revenue</b>	<b>140,733</b>	<b>214,280</b>	<b>260,901</b>	<b>362,050</b>	<b>471,857</b>	<b>440,318</b>

(1) Amount also includes finance lease amortization; (2) For the year ended December 29, 2019, amount reflects a gain in connection with the settlement of the Ovabrite lawsuit; (3) Amount reflects the change in fair value of a contingent consideration liability in connection with our 2014 acquisition of certain assets of Heartland Eggs

\*Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by net revenue

Source: Vital Farms public filings with the SEC

# Historical Free Cash Flow Reconciliation

	52-Weeks Ended	52-Weeks Ended	52-Weeks Ended	53-Weeks Ended	39-Weeks Ended
(\$ thousands)	27-Dec-20	26-Dec-21	25-Dec-22	31-Dec-23	29-Sep-24
<b>Net Cash Provided by Operating Activities</b>	\$ 11,702	\$ 17,682	\$ (8,098)	\$ 50,906	\$ 50,043
Capital Expenditures	(10,300)	(16,711)	(10,468)	(11,538)	(10,482)
<b>Free Cash Flow</b>	<b>1,402</b>	<b>971</b>	<b>(18,566)</b>	<b>39,368</b>	<b>39,561</b>