



VITAL FARMS, INC.

(NASDAQ: VITL)

March 2024 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 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 and the Company's ability to effectively manage long-term growth, market opportunity, anticipated growth, and future financial performance, including management's outlook for fiscal year 2023 and management's long-term outlook.

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 demand for its products, and on overall economic conditions and consumer confidence and spending levels; expectations regarding its revenue, expenses and other operating results; Vital Farms' ability to acquire new customers, to successfully retain existing customers and to attract and retain its personnel, farmers, suppliers, distributors, and co-manufacturers; Vital Farms' ability to sustain or increase its profitability; Vital Farms' ability to procure sufficient high-quality eggs, cream for its butter and other raw materials; real or perceived quality or food safety issues with Vital Farms' products or other issues that adversely affect Vital Farms' brand and reputation; changes in the tastes and preferences of consumers; the financial condition of, and Vital Farms' relationships with, its farmers, suppliers, co-manufacturers, distributors, retailers, and foodservice customers, as well as the health of the foodservice industry generally; the impact of agricultural risks, including diseases such as avian influenza, or the perception that such outbreaks may occur or regulatory or market responses to such outbreaks generally; the ability of Vital Farms, its farmers, suppliers, and its co-manufacturers to comply with food safety, environmental or other laws or regulations; future investments in its business, anticipated capital expenditures and estimates regarding capital requirements; anticipated changes in Vital Farms' product offerings and Vital Farms' ability to innovate to offer successful new products or enter new product categories; the costs and success of marketing efforts; Vital Farms' ability to effectively manage its growth and to compete effectively with existing competitors and new market entrants; the impact of adverse economic conditions, including as a result of unfavorable global economic and political conditions, increased interest rates and inflation; the impact of increased interest rates; the potential negative impact of Vital Farms' focus on a specific public benefit purpose and producing a positive effect for society on its financial performance; the sufficiency of Vital Farms' cash, cash equivalents, marketable securities and availability of credit under its credit facility to meet liquidity needs; seasonality; and the growth rates of the markets in which Vital Farms competes; and other risks and uncertainties detailed in our Annual Report on Form 10-K for the 53-week period ended December 31, 2023 filed on March 7, 2024 and in subsequent filings we make with the Securities and Exchange Commission. 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 14-week period ended December 31, 2023, are not necessarily indicative of the results that may be expected for the fiscal year ending December 29, 2024, or any other interim periods or any future year or period.

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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 these measures, when taken together with our financial results presented in accordance with GAAP, provide 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 an alternative to net income (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 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 (loss) income and of Free Cash Flow to net cash provided by operating activities, the most directly comparable financial measure 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 our exit of the convenient breakfast product line; and (8) the costs related to the dissolution of the Ovabrite, Inc. variable interest entity. We believe the costs directly related to the convenient breakfast exit and dissolution of Ovabrite, Inc. should be excluded as they are unlikely to recur.

"Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by net revenues.

"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) they do not consider the impact of stock-based compensation expense, (4) they do not include costs related to the discontinuation of our convenient breakfast product line or dissolution of Ovabrite, Inc.; (5) they do not reflect other non-operating expenses, including interest expense; (6) they do not consider the impact of any contingent consideration liability valuation adjustments; and (7) they 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, net cash provided by operating activities and other results stated in accordance with GAAP.



Bird of the Quarter



**Clever Carla knows all the tastiest
creepy crawlies live in the soft, damp,
decomposing soil. Oh look, a worm!**



OUR VALUES ARE ROOTED IN CONSCIOUS CAPITALISM



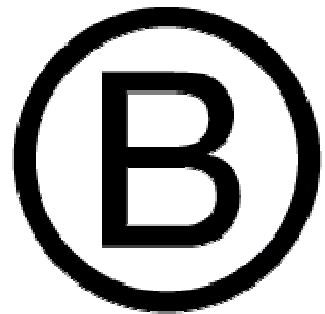
CONSCIOUS
CAPITALISM

We operate a

STAKEHOLDER MODEL

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

Certified



Corporation®

Our approach has been validated by our designation as a

CERTIFIED B CORPORATION,

a certification reserved for businesses that balance profit and purpose to meeting the highest verified standards of social and environmental performance, public transparency, and legal accountability

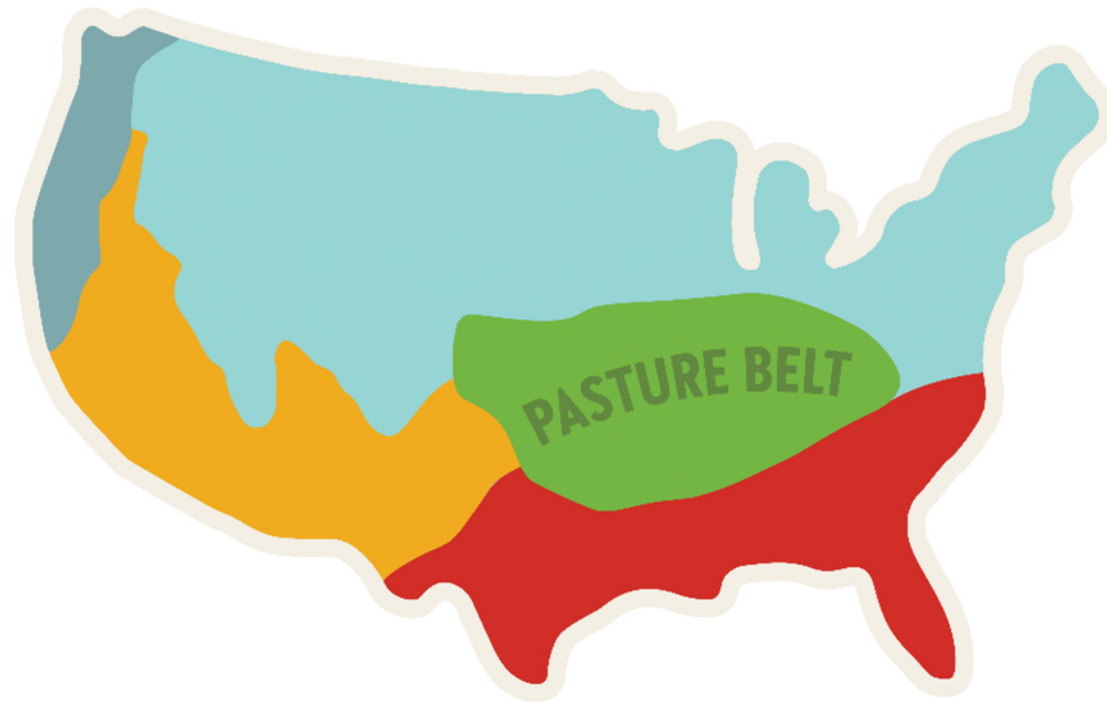


These principles guide our day-to-day operations and, we believe, deliver a more **SUSTAINABLE AND SUCCESSFUL** business



WE HAVE DEVELOPED AN ALTERNATIVE TO FACTORY FARMING PRACTICES

Year-Round Production



❄️ TOO COLD 💧 TOO RAINY 🌵 TOO DRY 🔥 TOO HOT ✓ JUUUUUST RIGHT!

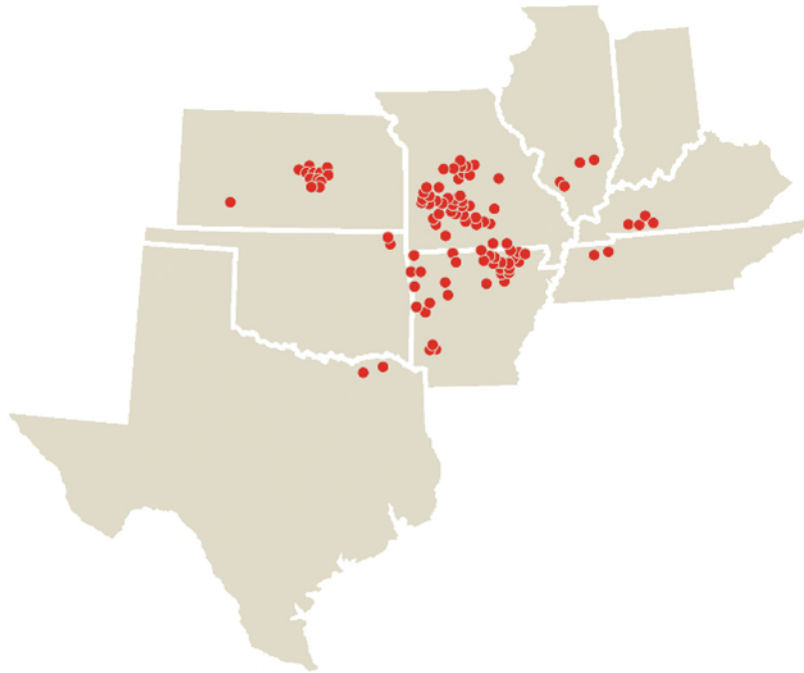
Our Framework

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

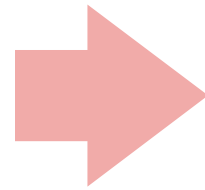


OUR MODEL ALLOWS US TO DELIVER QUALITY AT SCALE

Network of more than
300 Family Farms



WE
AGGREGATE
PRODUCTS
FROM FARM
NETWORK



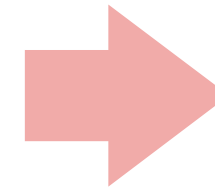
**EGG CENTRAL
STATION**
Springfield, MO

WASH, GRADE, PACK,
SHIP, QUALITY
CONTROL

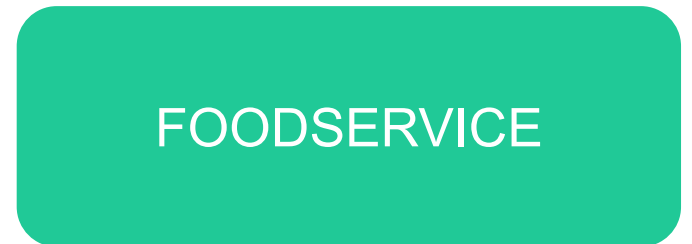
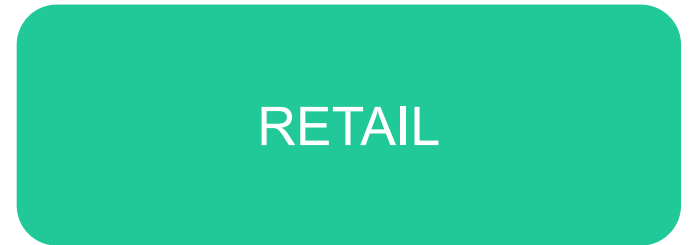
**REMOTE
WORKFORCE**
Across the United States

BRANDING, SELLING,
SUPPORTING

WE DELIVER
DIRECTLY TO
CUSTOMERS
AND THROUGH
DISTRIBUTORS



National Distribution
(Products in ~24,000
Retail Stores)





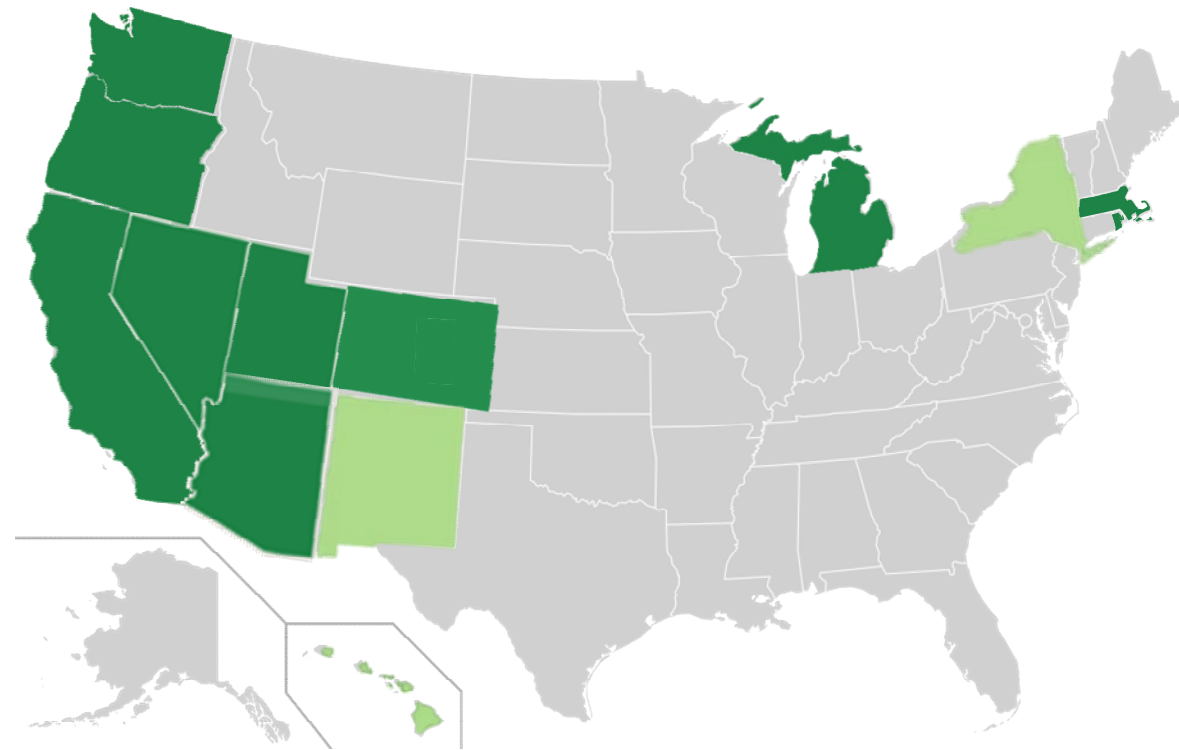
CHANGING PRIORITIES ARE REFLECTED IN LEGISLATIVE CHANGES, GROWING OUR PLAYING FIELD

Passed Legislation to Remove Caged Eggs

California, Massachusetts, Washington, Oregon, Nevada, Michigan, Utah, Colorado, Rhode Island, Arizona

Legislation in Progress

Hawaii, New York, New Mexico



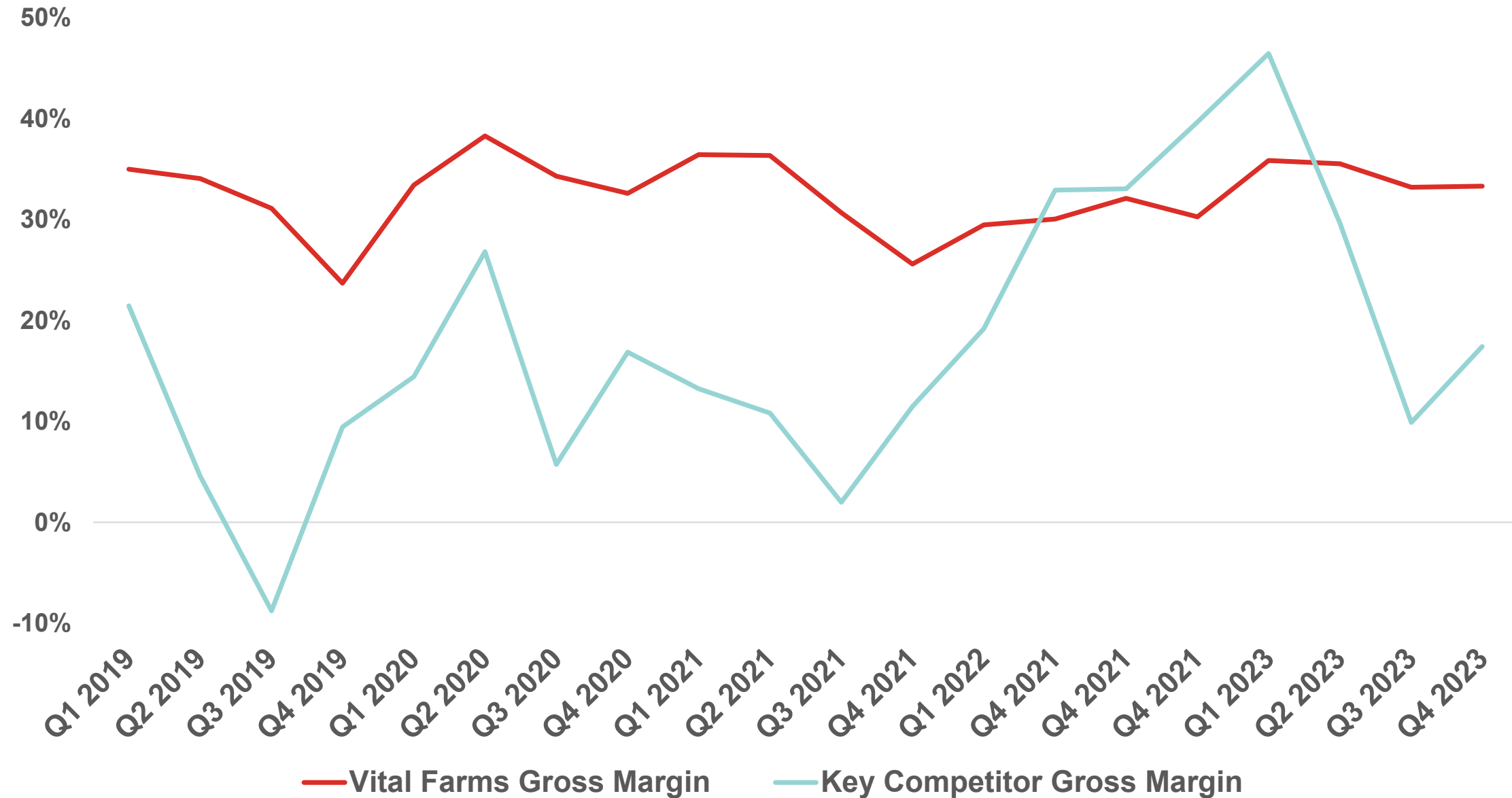
SUPPLEMENTAL CHARTS





BENEFITS OF A BRAND: GROSS MARGIN STABILITY

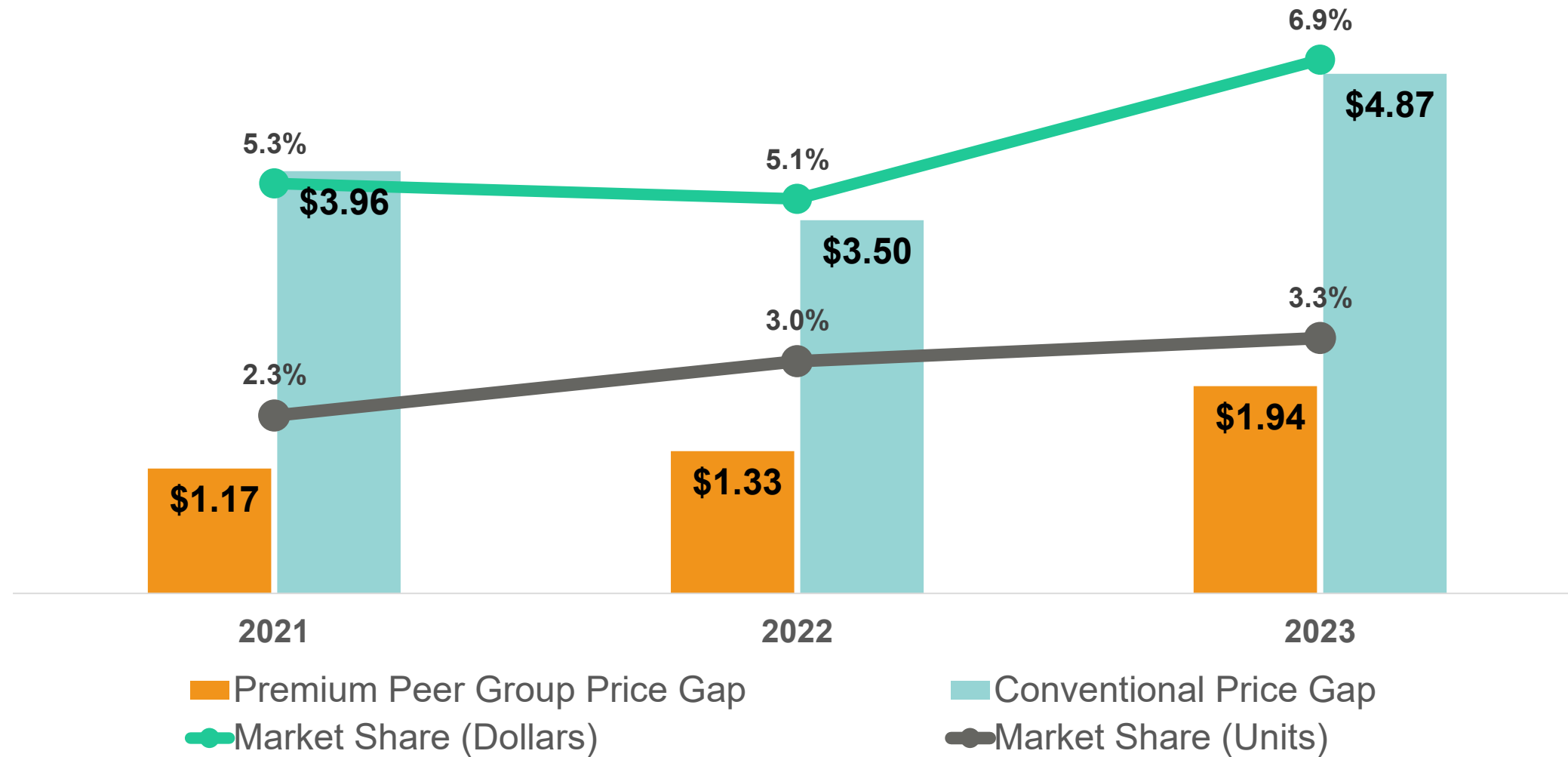
Less Volatile Gross Margin Post Latest Avian Influenza Outbreak





MARKET SHARE GAINS CONTINUE

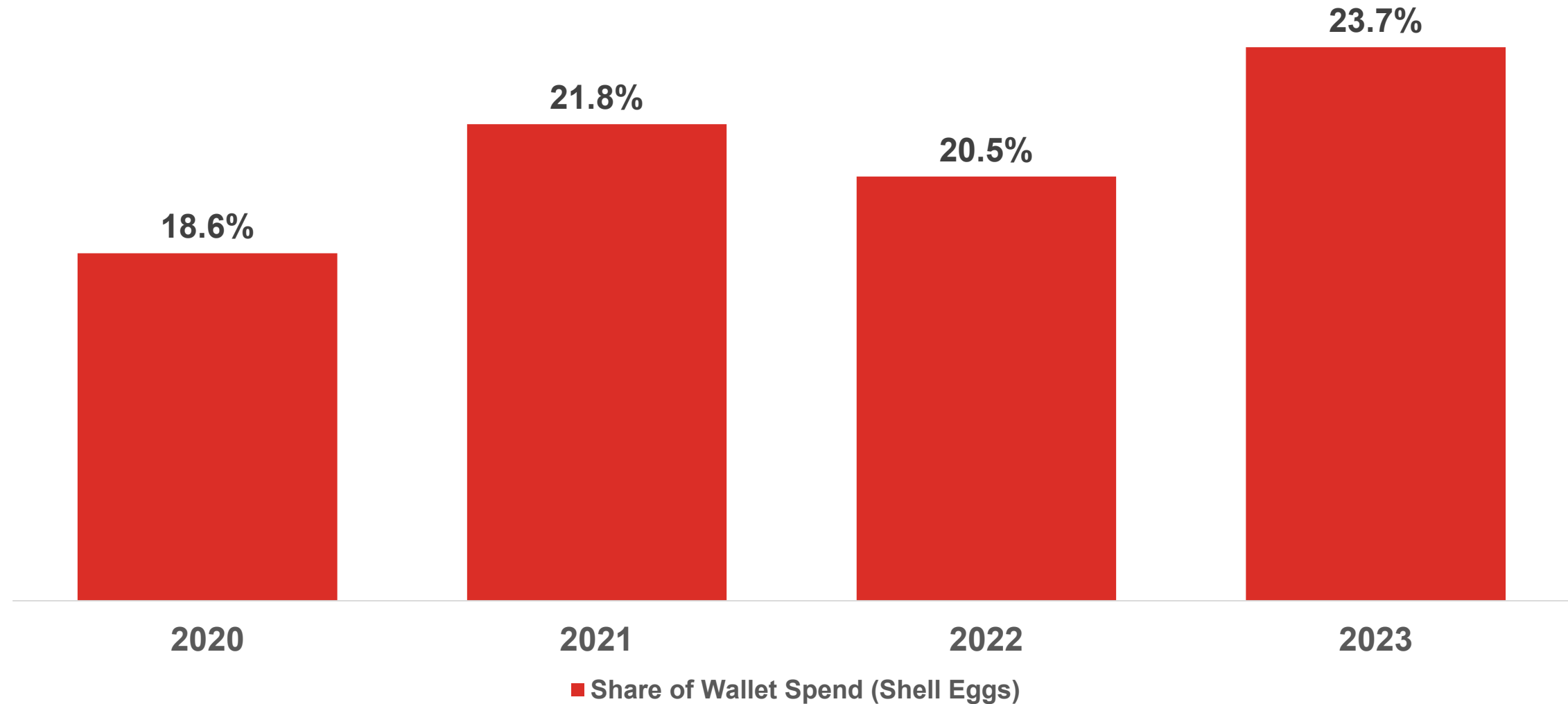
Vital Farms Egg Dollar and Volume Share Moving Higher Despite Price Gaps Widening



Source: Egg Price Gaps from SPINS MULO and Natural Enhanced Channel, EQ Dozen ARP
Calendar year 52 week ending periods for 2021, 2022, 2023

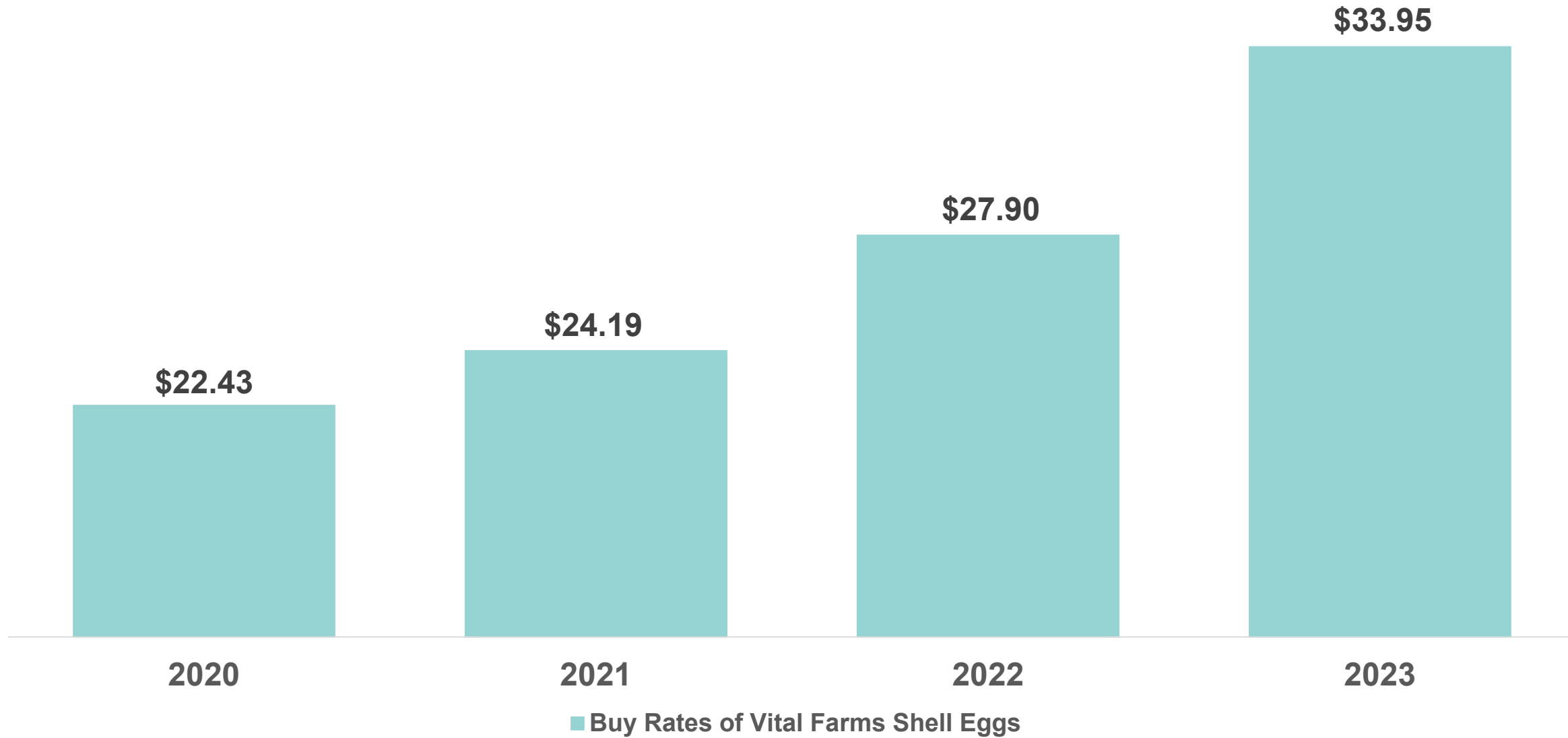


MARKET SHARE GROWTH ALSO BENEFITS FROM A HIGHER SHARE OF WALLET SPEND





CONSUMER LOYALTY DRIVING INCREASED BUY RATES



Source: Numerator Panel, Buy Rate is the average spend per household of Vital Farms Shell Eggs in a given year for an individual consumer, among purchasers of Vital Farms.



FINANCIAL UPDATE





FINANCIAL SUMMARY HIGHLIGHTS

Q4 2023 PERFORMANCE UPDATE

Highlights

- Net revenue increased 23.4% to \$135.8 million in the fourth quarter of 2023, compared to \$110.1 million in the fourth quarter of 2022. Net revenue growth in the fourth quarter of 2023 was driven by higher prices and volume gains of 11.6%. The volume growth was driven by increases at both new and existing retail customers. Excluding the extra week in the fourth quarter of 2023, net revenue increased 15.7%.
- The increase in gross margin was primarily driven by volume increases, in addition to pricing increases across the entire shell portfolio in January 2023. The price increases offset an increase in input costs across the shell egg business (inclusive of commodity, packaging, and labor impacts).
- Adjusted EBITDA was \$13.9 million, or 10.2% of net revenue, in the fourth quarter of 2023, compared to \$6.9 million, or 6.2% of net revenue, in the fourth quarter of 2022. The change in Adjusted EBITDA was primarily due to higher sales and improved gross profit performance, partially offset by increased marketing spend and higher employee-related expenses.¹

Financial Performance

(\$ thousands)	Q4'23	Q4'22	% Change	\$ Change
Net Revenues	\$ 135,811	\$ 110,081	23.4%	25,730
Gross Profit	45,194	33,313	35.7%	11,881
<i>Gross Margin %</i>	33.3%	30.3%	301 bps	
Operating Income	9,091	3,445	163.9%	5,646
Net Income	7,210	1,865	286.6%	5,345
Adjusted EBITDA⁽¹⁾	\$ 13,894	\$ 6,857	102.6%	7,037
<i>Adjusted EBITDA Margin⁽¹⁾</i>	10.2%	6.2%	400 bps	

¹ See appendix for reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin



FINANCIAL SUMMARY HIGHLIGHTS

2023 PERFORMANCE UPDATE

Highlights

- Net revenue increased 30.3% to \$471.9 million in fiscal year 2023, compared to \$362.1 million in fiscal year 2022. Net revenue growth in fiscal year 2023 was driven by both higher prices and volume gains of 13.9%. The volume favorability was primarily driven by increases at both new and existing customers. Excluding the 53rd week in the fourth quarter of 2023, net revenue increased 28.0%.
- The gross profit growth was primarily driven by higher sales. Gross margin benefited from increased pricing across the Company's portfolio, partially offset by headwinds that included higher input costs across the shell egg business inclusive of commodity, packaging, and labor impacts.
- Adjusted EBITDA was \$48.3 million, or 10.2% of net revenue, in fiscal year 2023, compared to \$16.2 million, or 4.5% of net revenue, in prior year period. The change in Adjusted EBITDA was primarily due to higher sales and improved gross profit performance, partially offset by increased marketing spend and higher employee-related expenses.¹

Financial Performance

(\$ thousands)	2023 FY	2022 FY	% Change	\$ Change
Net Revenues	\$ 471,857	\$ 362,050	30.3%	109,807
Gross Profit	162,326	109,444	48.3%	52,882
<i>Gross Margin %</i>	34.4%	30.2%	417 bps	
Operating Income	33,254	2,104	1480.5%	31,150
Net Income	25,566	1,230	1978.5%	24,336
Adjusted EBITDA⁽¹⁾	\$ 48,348	\$ 16,236	197.8%	32,112
<i>Adjusted EBITDA Margin⁽¹⁾</i>	10.2%	4.5%	576 bps	

¹ See appendix for reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin

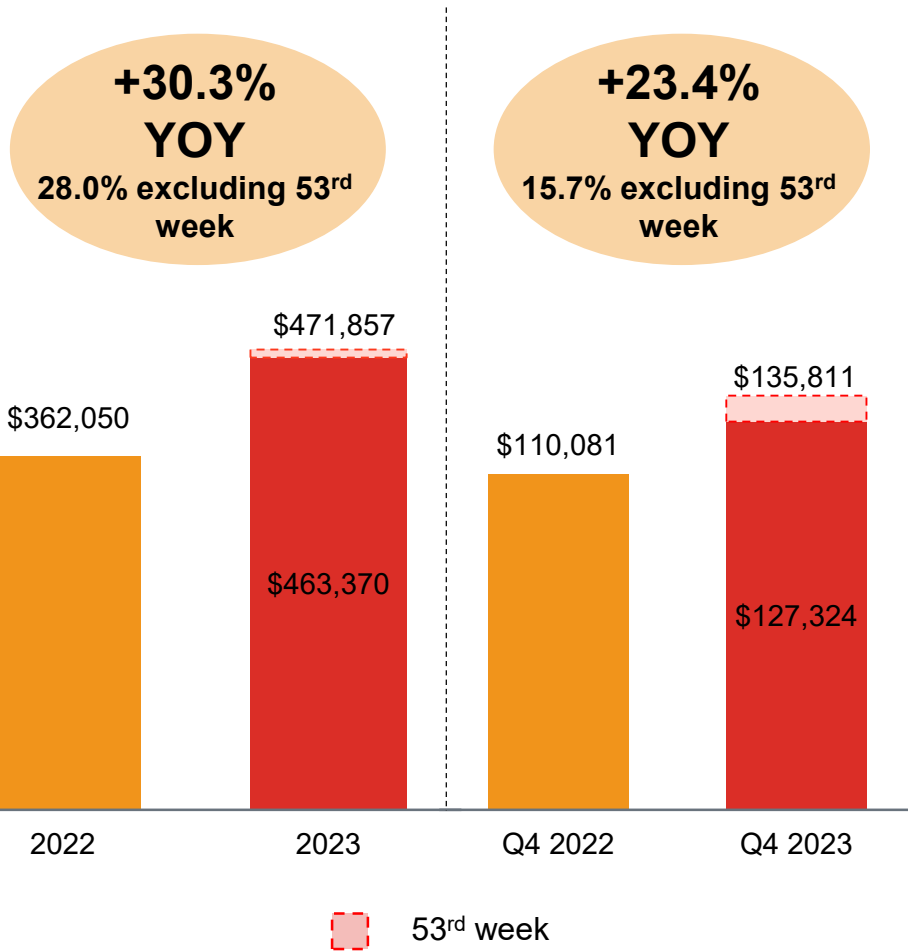


FINANCIAL SUMMARY HIGHLIGHTS

NET REVENUE GROWTH

Net Revenues Summary

2023 and Q4 2023 Net Revenue Growth
(\$ Thousands)

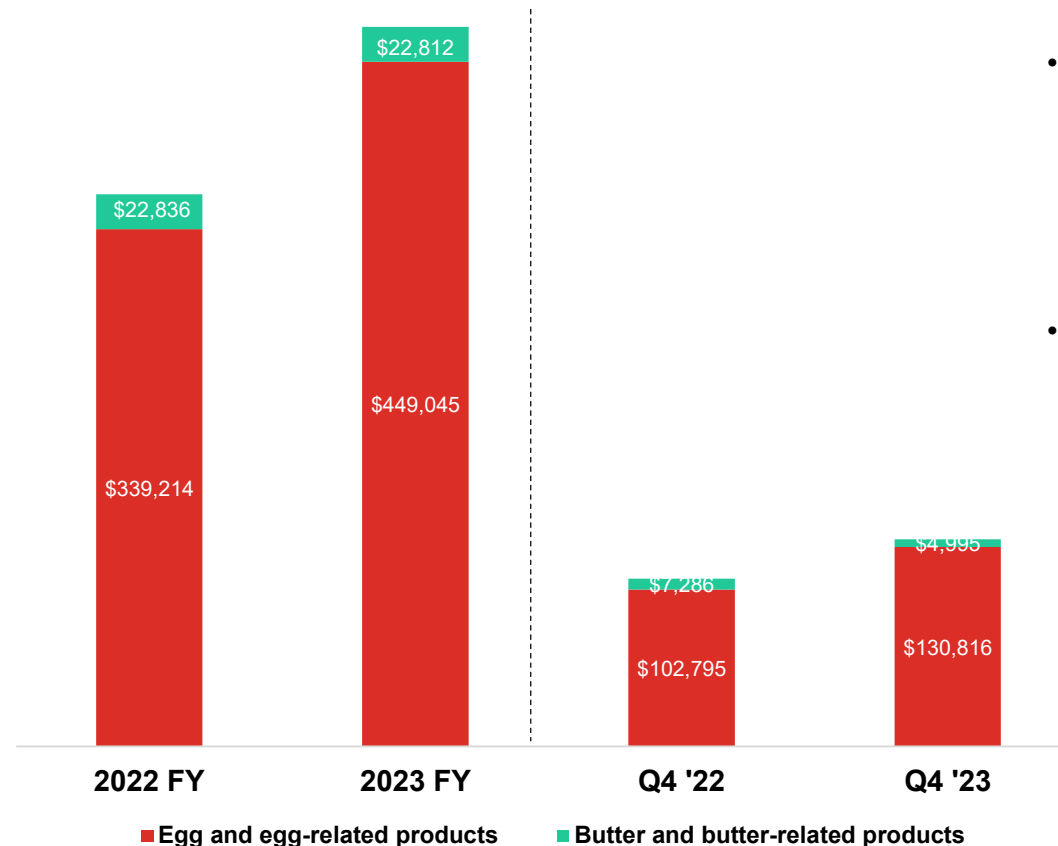


Net Revenues by Product Segment

Growth Rates

	2022 FY	2023 FY	Q4 '22	Q4 '23
Eggs	41%	32%	46%	27%
Butter	9%	0%	1%	-31%
Consolidated	37%	33%	42%	20%

Product Segment Mix
(\$ Thousands)



Highlights

- Net revenue for Q4 2023 was \$135.8 million compared to \$110.1 million for Q4 2022, representing growth of 23.4%.
- Excluding the 53rd week in 2023, net revenue increased 15.7% in the fourth quarter
- The increase was primarily driven by volume-related increases of \$13.4 million and price driven increases of \$12.4 million.
- The increases in egg-related sales were primarily due to:
 - Volume increases at new and existing customers
 - Price increases
- The decrease in butter-related related sales were primarily due to:
 - Volume decreases



FINANCIAL SUMMARY HIGHLIGHTS

MARGIN PERFORMANCE

Gross Profit and Margin

Gross Margins

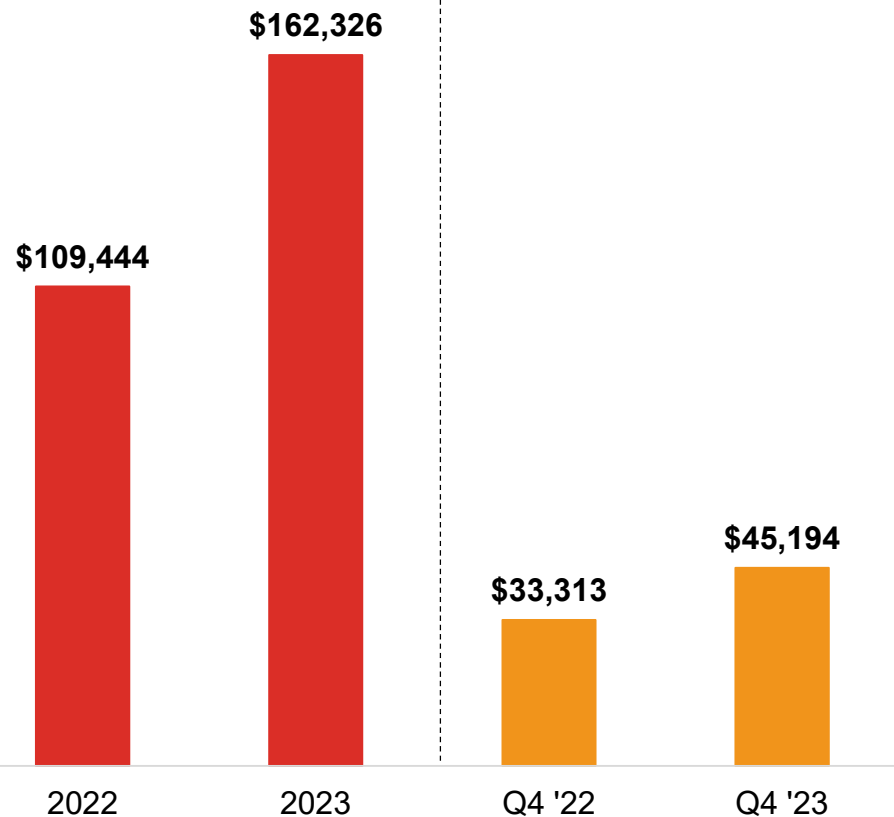
30%

34%

30%

33%

(\$ Thousands)



Operating Expenses

SG&A as a % of Net Revenues

21%

22%

20%

21%

Shipping & Distribution as a % of Net Revenues

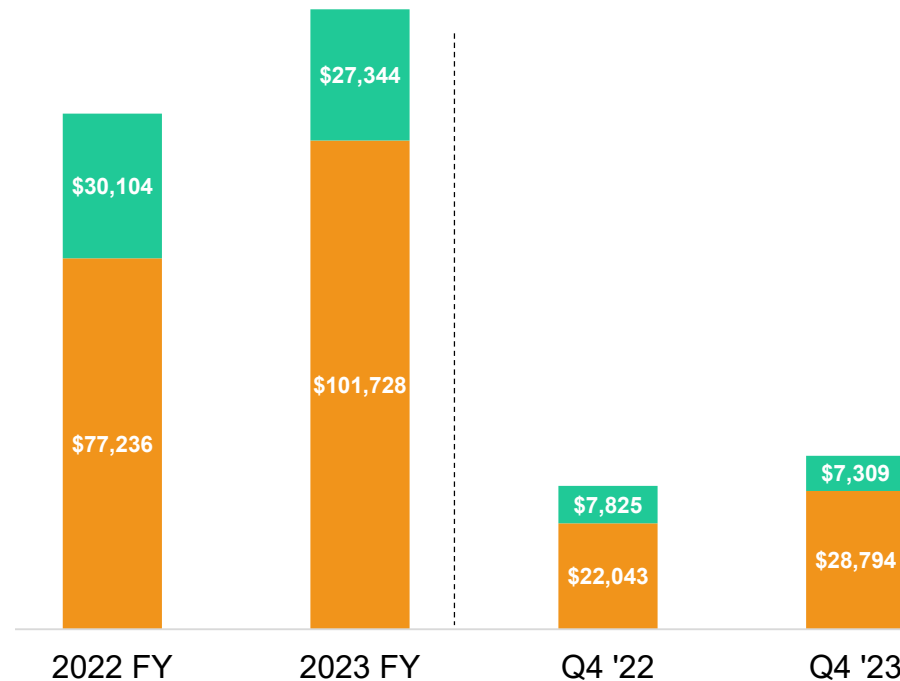
8%

6%

7%

5%

(\$ Thousands)



■ SG&A ■ Shipping & Distribution

Highlights

- The increase in gross profit of \$11.9 million in Q4 2023 compared to Q4 2022 was driven by increased pricing and sales volume.
- Gross margin increased by 301 bps in Q4 2023 compared to Q4 2022, primarily driven by volume increases, in addition to pricing increases across our portfolio. The price increases partially offset higher input costs (inclusive of commodity) across our business.
- Selling, general, and administrative expenses as a percent of net revenues increased to 21% for Q4 2023, compared to 20% for Q4 2022. The increase in SG&A was driven by higher marketing expense, accompanied by increased employee-related costs as we grew headcount to support our continued growth.
- Shipping and distribution decreased \$0.5 million, to 5% of net revenues in Q4 2023 compared to 7% of net revenues in Q4 2022, driven by a decline in line haul rates and internal efficiency partially offset by higher shipment volume.



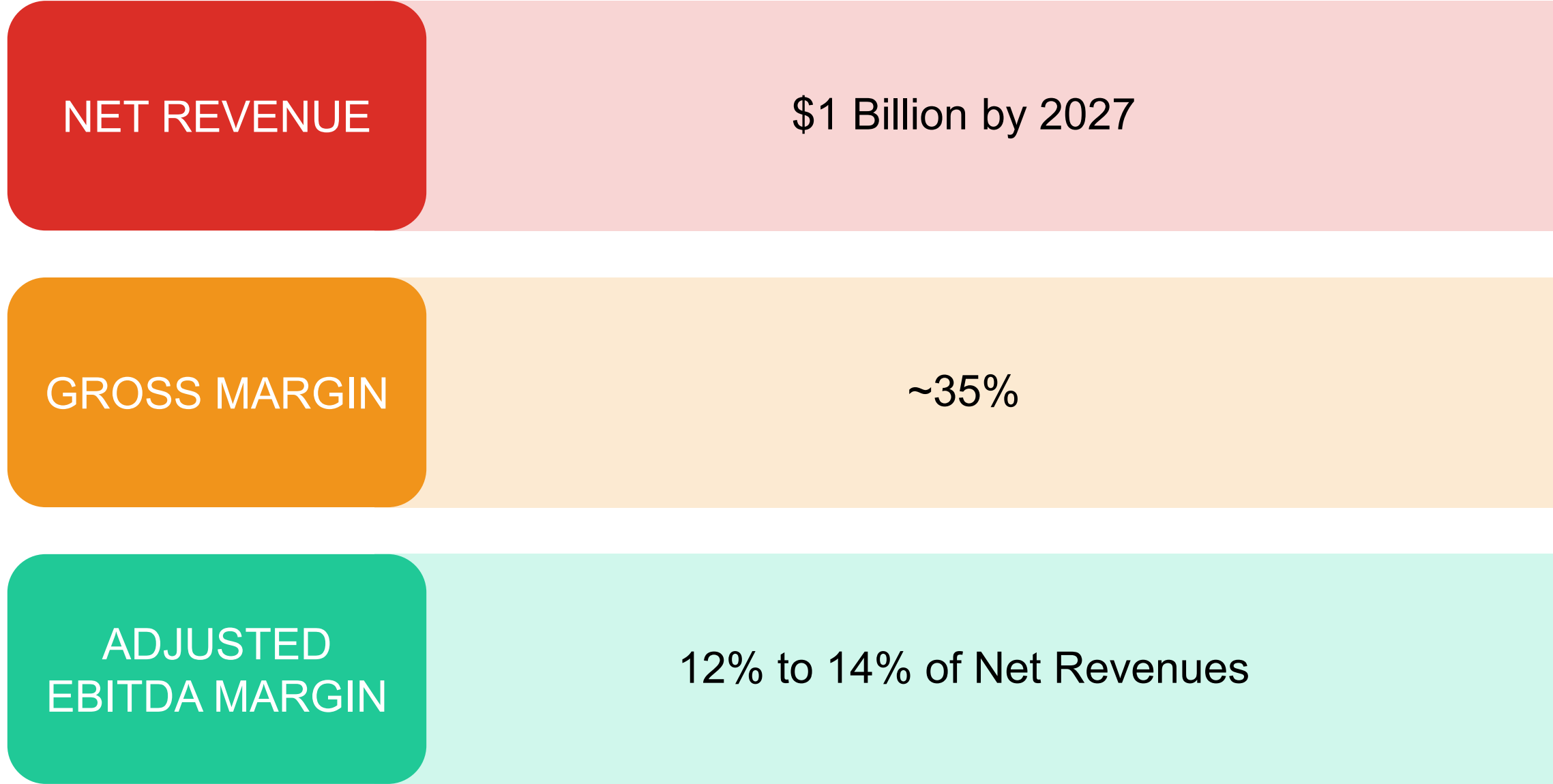
2024 GUIDANCE

NET REVENUE GROWTH	Over 17%
NET REVENUES	More than \$552 Million
ADJUSTED EBITDA ¹	More than \$57 Million
CAPITAL EXPENDITURES	\$35 to \$45 Million <i>The Company will continue to evaluate its capital allocation priorities and will provide updates in future earnings reports as necessary</i>

¹See appendix for reconciliation of Adjusted EBITDA. 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.



OUR LONG-TERM FINANCIAL GOALS



Note: These metrics are management goals only and are subject to a number of risks and uncertainties, including risks described in the "Risk Factors" in our Annual Report on Form 10-K for the period ended December 31, 2023, and other filings and reports that the Company may file from time to time with the Securities and Exchange Commission.



APPENDIX



ADJUSTED EBITDA RECONCILIATION

(\$ thousands)	14-Weeks	13-Weeks	53-Weeks	52-Weeks
	Ended 31-Dec-23	Ended 25-Dec-22	Ended 31-Dec-23	Ended 25-Dec-22
Net income	\$ 7,210	\$ 1,865	\$ 25,566	\$ 1,230
Depreciation and amortization	3,194	1,870	10,490	5,761
Provision for income tax	2,351	1,833	6,635	1,601
Stock-based compensation expense	1,915	1,542	7,417	6,040
Interest expense	268	87	782	114
Change in fair value of contingent consideration ⁽¹⁾	0	0	0	19
Interest income	(1,044)	(340)	(2,542)	(992)
Dissolution of Ovabrite, Inc.	0	0	0	122
Costs related to the exit of convenient breakfast product line	0	0	0	2,341
Adjusted EBITDA	\$ 13,894	\$ 6,857	\$ 48,348	\$ 16,236
<i>Net Income as a % of Net Revenues</i>	<i>5.3%</i>	<i>1.7%</i>	<i>5.4%</i>	<i>0.3%</i>
Adjusted EBITDA Margin	10.2%	6.2%	10.2%	4.5%

(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



FREE CASH FLOW RECONCILIATION

(\$ thousands)	53-Weeks	52-Weeks
	Ended	Ended
	31-Dec-23	25-Dec-22
Net cash provided by (used in) operating activities	\$ 50,906	\$ (8,098)
Purchases of property, plant and equipment	(11,538)	(10,468)
Free Cash Flow	\$ 39,368	\$ (18,566)



QUESTIONS?

vitalfarms@icrinc.com