



VITAL FARMS, INC.

(NASDAQ: VITL)

August 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, 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.

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: Vital Farms' 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; the ability of Vital Farms, its farmers, suppliers, and its co-manufacturers to comply with food safety, environmental or other laws or regulations; the effects of a public health pandemic or contagious disease on Vital Farms' supply chain, the demand for its products, and on overall economic conditions and consumer confidence and spending levels; 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 into 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, increased interest rates, and inflation; the impact of Vital Farms' implementation of a new enterprise resource planning system; 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 Vital Farms' Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024, which Vital Farms anticipates filing on August 8, 2024, its Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on March 7, 2024, and in other filings made from time to time 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 13-week and 26-week periods ended June 30, 2024, 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 and Adjusted EBITDA Margin 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 and Adjusted EBITDA Margin 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, 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; and (5) interest income.

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

Adjusted EBITDA and Adjusted EBITDA Margin 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 and Adjusted EBITDA Margin 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 reflect other non-operating expenses, including interest expense; and (5) they do not reflect tax payments that may represent a reduction in cash available to us. In addition, our use of Adjusted EBITDA and Adjusted EBITDA Margin may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA and Adjusted EBITDA Margin in the same manner, limiting the usefulness as comparative measures. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA and Adjusted EBITDA Margin 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



Ambitious Avery looks forward to a full day of exploring and foraging in her abundant pasture.



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

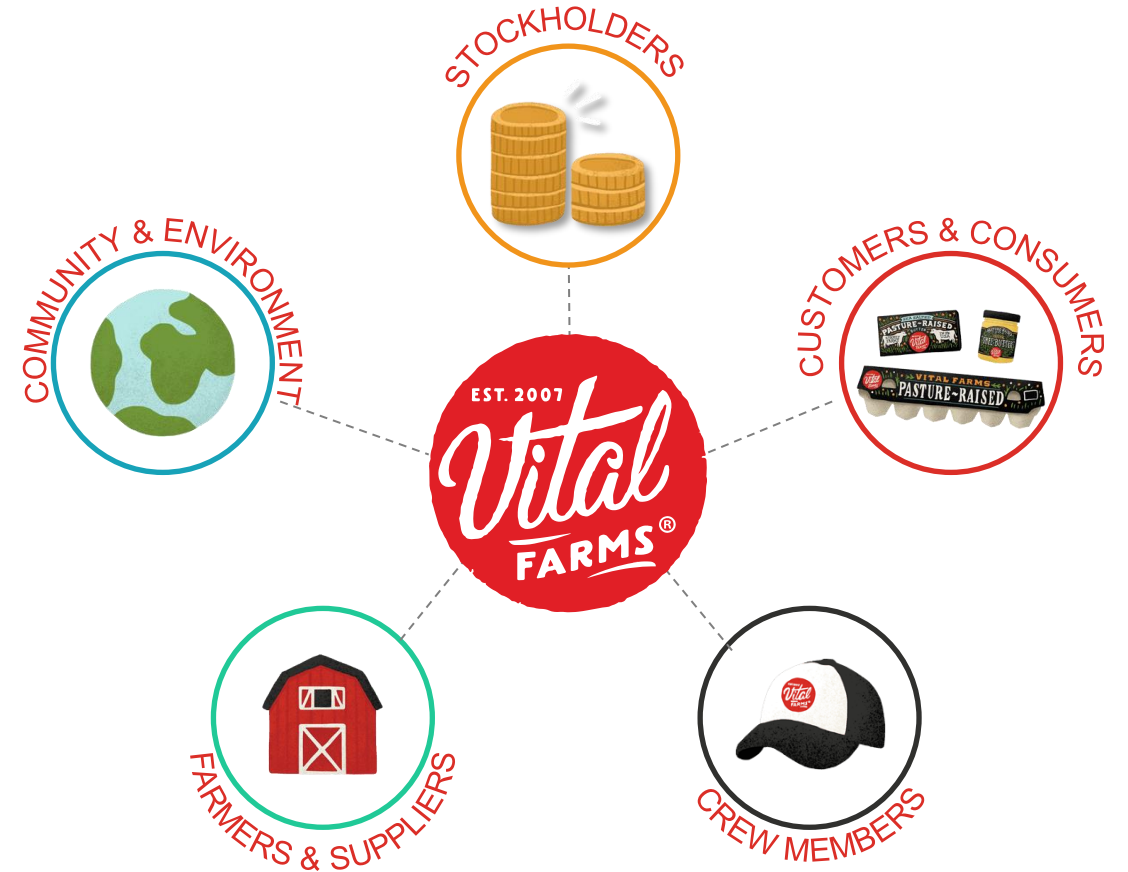


Corporation

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

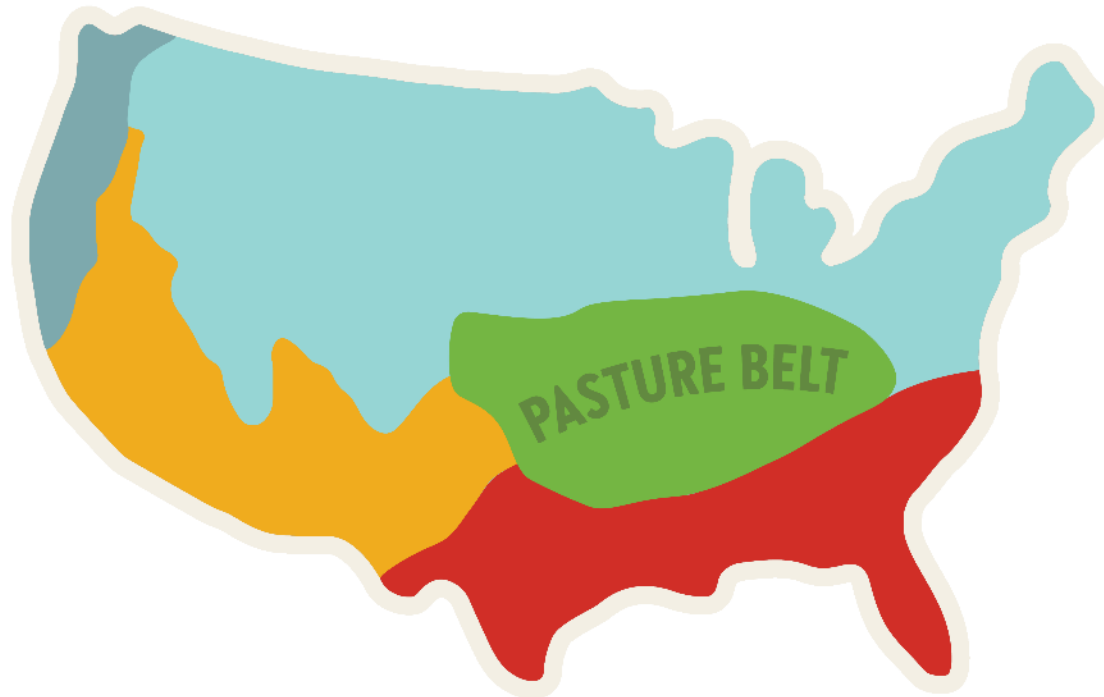


These principles guide our day-to-day operations and, we believe, deliver a more **SUSTAINABLE AND SUCCESSFUL** business



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

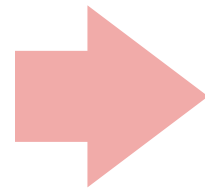


OUR MODEL ALLOWS US TO DELIVER QUALITY AT SCALE

Network of more than
350 Family Farms



WE
AGGREGATE
PRODUCTS
FROM FARM
NETWORK



EST. 2007
Vital
FARMS®

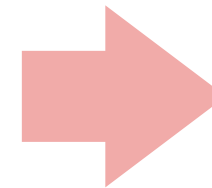
**EGG CENTRAL
STATION**
Springfield, MO

WASH, GRADE, PACK,
SHIP, QUALITY
CONTROL

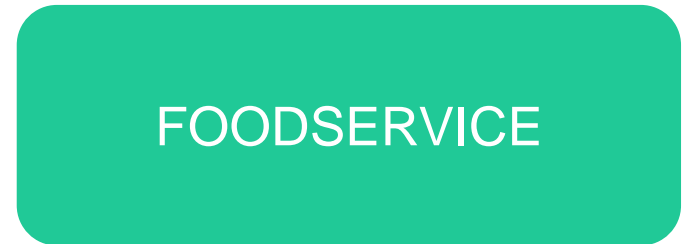
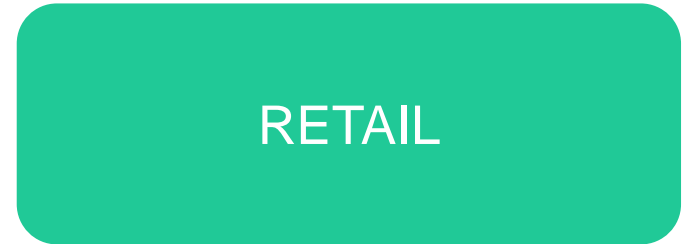
**REMOTE
WORKFORCE**
Across the United States

BRANDING, SELLING,
SUPPORTING

WE DELIVER
DIRECTLY TO
CUSTOMERS
AND THROUGH
DISTRIBUTORS



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



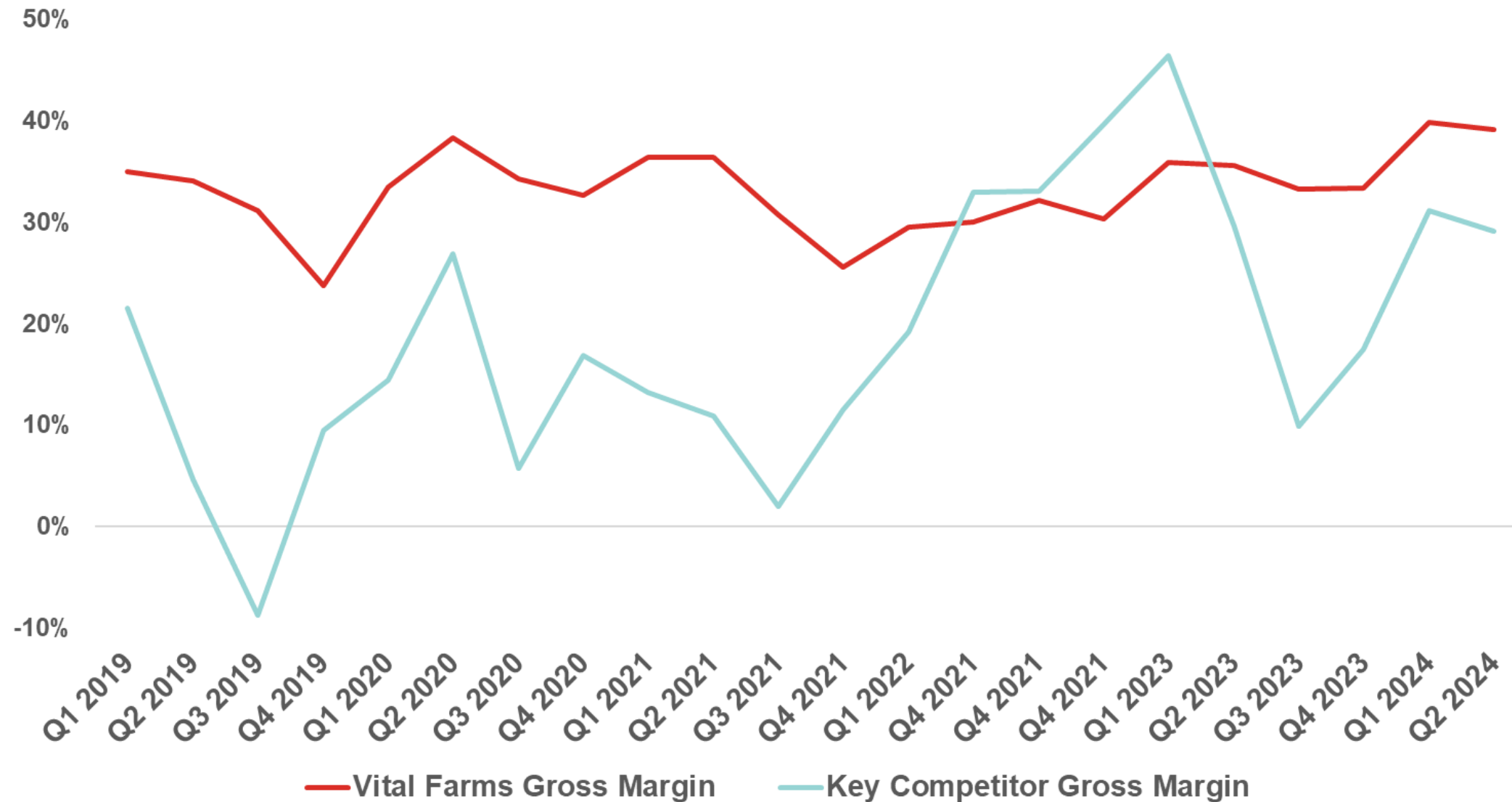
SUPPLEMENTAL CHARTS





BENEFITS OF A BRAND: GROSS MARGIN STABILITY

Gross Margin Continues to Improve due to Scale Benefits and Favorable Commodity Cost Trends

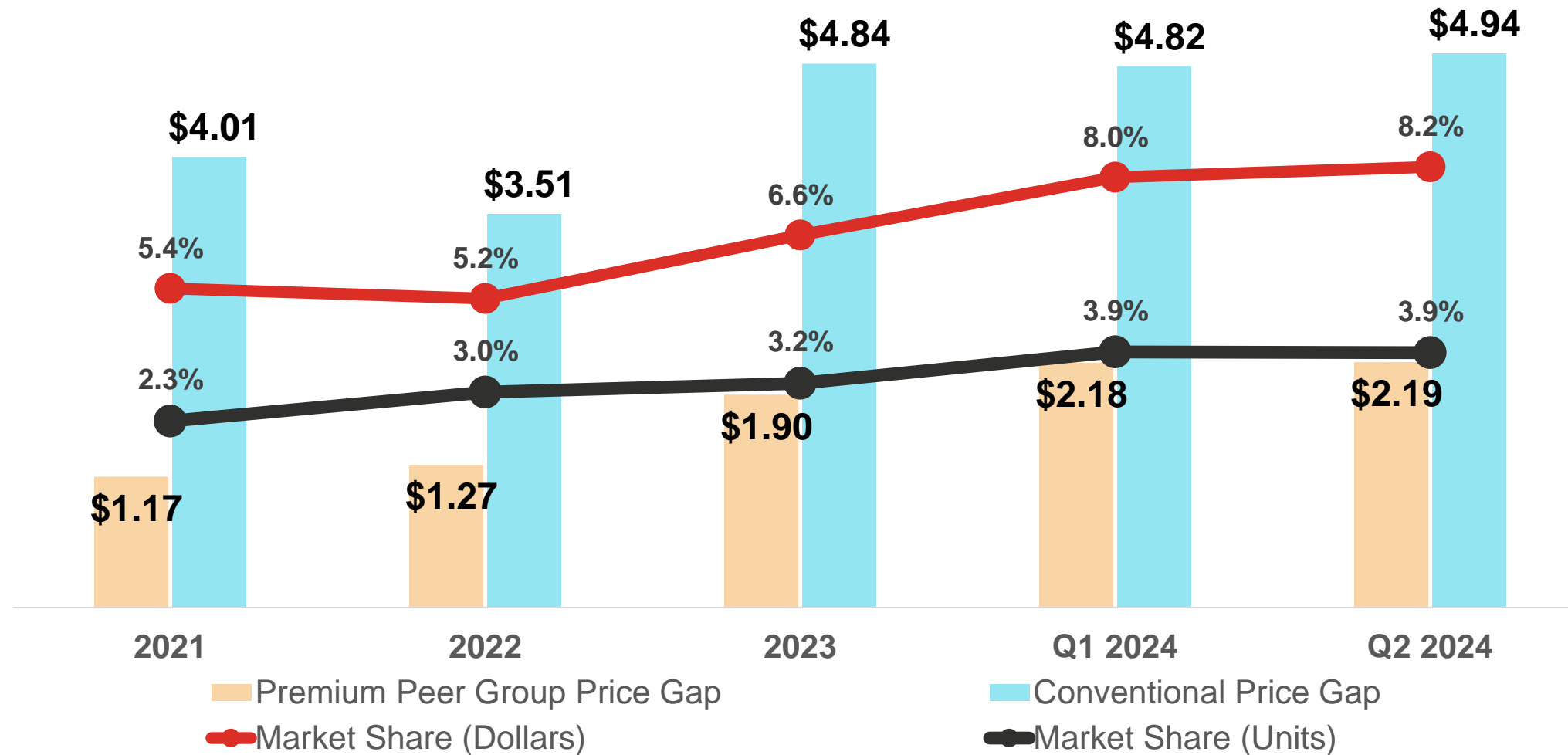


Source: Vital Farms and Cal-Maine Company Filings



MARKET SHARE GAINS CONTINUE

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



Source: Egg Price Gaps from SPINS MULO and Natural Enhanced Channel, EQ Dozen ARP
Market = Mulo + Natural Enhanced + WFM
Calendar year 52 week ending periods for 2021, 2022, 2023, Q2 YTD data WE 6.23.24



FINANCIAL UPDATE





FINANCIAL SUMMARY HIGHLIGHTS

Q2 2024 PERFORMANCE UPDATE

Highlights

- Net revenue increased 38.5% to \$147.4 million in Q2 '24. The increase in net revenue was primarily driven by volume-related increases with some price/mix benefits.
- Volume favorability was driven by accelerated demand for existing products and expanded item offerings and store distribution at existing customers.
- Gross profit was \$57.7 million, or 39.1% of net revenue, in Q2 '24; Gross profit growth was primarily driven by operational efficiencies, greater scale, and price/mix benefits.
- Conventional commodities and lower diesel costs also contributed to margin favorability, partially offset by an increase in promotional rate as well as an increase in labor and overhead costs.
- Adjusted EBITDA was \$23.3 million, or 15.8% of net revenue, in Q2 '24; Adj. EBITDA growth was driven primarily by higher sales and gross profit, partially offset by ongoing investments in brand marketing and other associated costs.

Financial Performance

(\$ thousands)	Q2 '24	Q2 '23	% Change	\$ Change
Net Revenue	\$ 147,388	\$ 106,445	38.5%	40,943
Gross Profit	57,678	37,800	52.6%	19,878
<i>Gross Margin %</i>	39.1%	35.5%	362 bps	
Income from Operations	17,139	8,039	113.2%	9,100
Net Income	16,339	6,683	144.5%	9,656
Adjusted EBITDA⁽¹⁾	\$ 23,256	\$ 11,341	105.1%	11,915
<i>Adjusted EBITDA Margin⁽¹⁾</i>	15.8%	10.7%	512 bps	

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

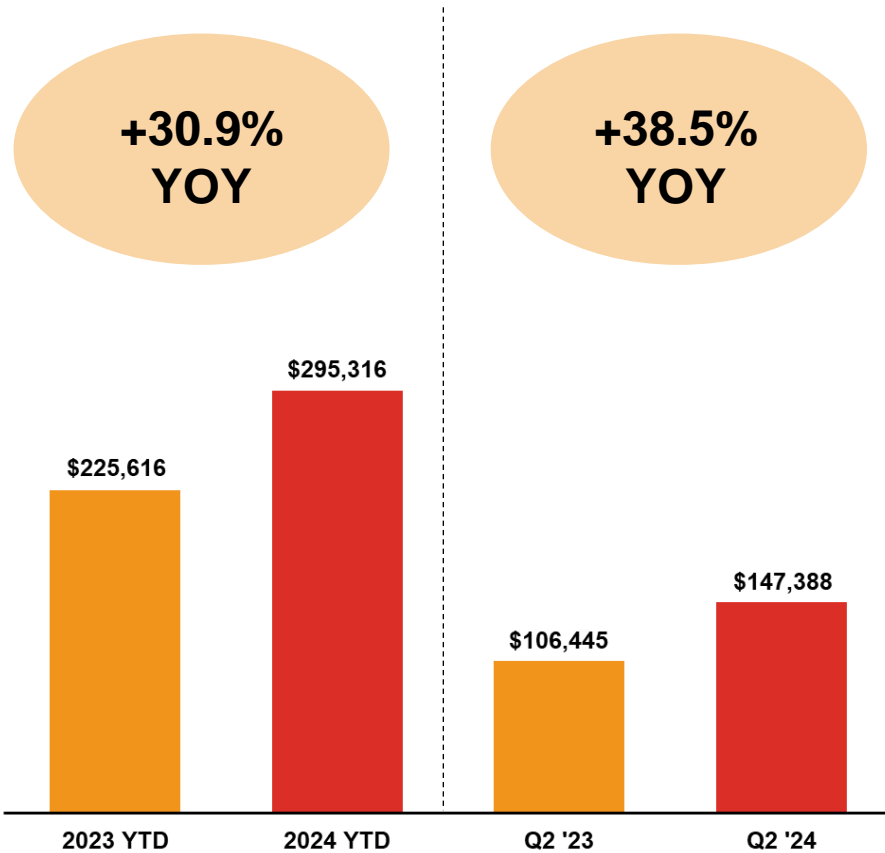


FINANCIAL SUMMARY HIGHLIGHTS

NET REVENUE GROWTH

Net Revenue Summary

YTD 2024 and Q2 '24 Net Revenue Growth
(\$ Thousands)

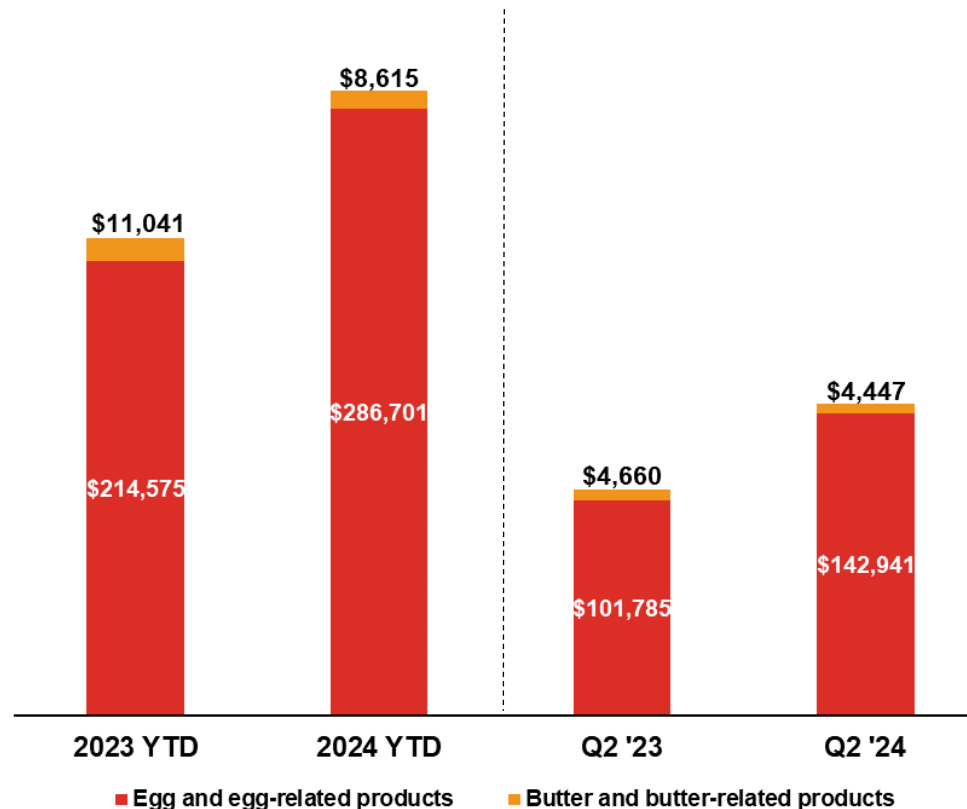


Net Revenue by Product Segment

Growth Rates

	2023 YTD	2024 YTD	Q2 '23	Q2 '24
Eggs	43%	34%	30%	40%
Butter	14%	-22%	-2%	-5%
Consolidated	41%	31%	28%	38%

Product Segment Mix
(\$ Thousands)



Highlights

- Net revenue for Q2 '24 was \$147.4 million, compared to \$106.4 million for Q2 '23, representing growth of 38.5%.
- Revenue growth was driven by a volume-related increase of \$38.1 million (+35.8%) and a price-related increase of \$2.8 million.
- The 40% increase in egg-related sales was driven by:
 - Volume increases at both new and existing customers
 - Moderate price/mix benefits
- The 5% decrease in butter-related sales in Q2 '24 and the 22% decline year-to-date were caused primarily by the discontinuation of our tub butter SKU in late 2023.



FINANCIAL SUMMARY HIGHLIGHTS

MARGIN PERFORMANCE

Gross Profit and Margin

Gross Margins

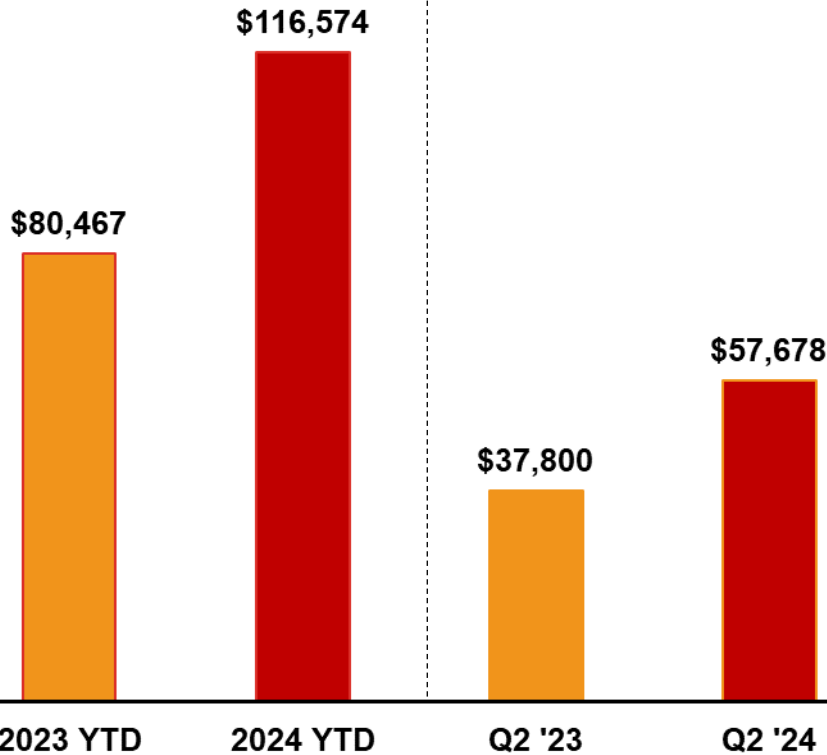
35.7%

39.5%

35.5%

39.1%

(\$ Thousands)



Operating Expenses

SG&A as a % of Net Revenue

21.2%

20.5%

22.5%

22.6%

Shipping & Distribution as a % of Net Revenue

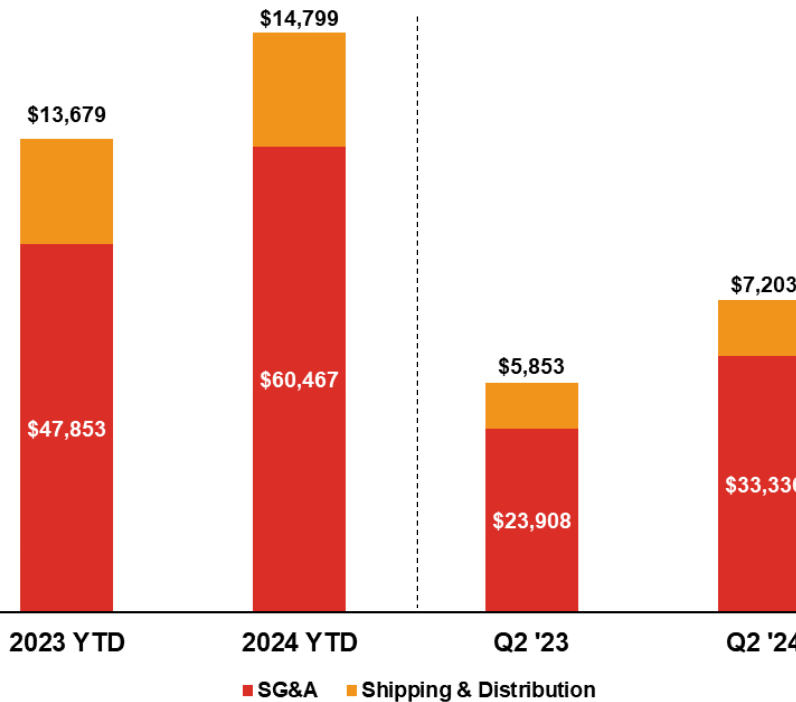
6.1%

5.0%

5.5%

4.9%

(\$ Thousands)



Highlights

- Gross profit increased \$19.9 million in Q2 '24 versus Q2 '23, driven by greater operational scale and egg portfolio pricing benefits.
- Gross margin increased by 362 basis points in Q2 '24 as favorable commodity and diesel costs contributed to margin improvement, offsetting higher promotional rates and increased labor costs.
- Selling, general, and administrative expenses increased by \$9.4 million. As a percent of net revenue, SG&A grew only slightly in Q2 '24 versus Q2 '23.
- The increase in SG&A was driven by higher marketing expenses and increased labor costs as we continue to grow headcount to support our growth.
- Shipping and distribution increased to \$7.2 million, or 4.9% of net revenue, in Q2 '24, favorably comparing to 5.5% of net revenue in Q2 '23.
- S&D increases were driven by higher volumes, partially offset by favorable linehaul and fuel.



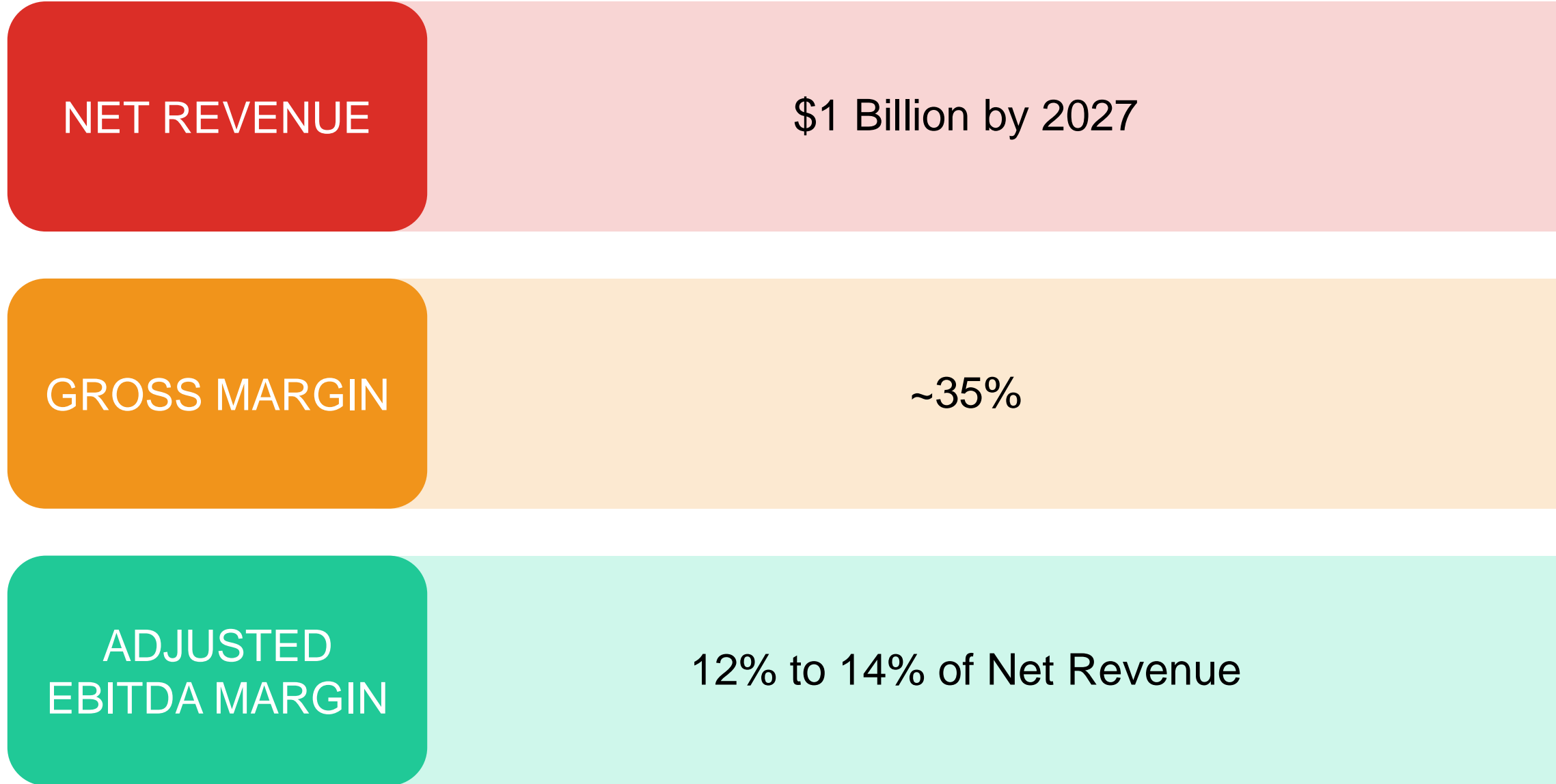
2024 GUIDANCE AS OF AUGUST 8, 2024

Metric	Updated FY 2024 Outlook	Previous FY 2024 Outlook
Net Revenue	Over \$590 million	Over \$575 million
Net Revenue Growth	Over 25%	Over 22%
Adjusted EBITDA ¹	Over \$75 million	Over \$70 million
Capital expenditures	<p>\$35 to \$45 million</p> <p><i>The Company will continue to evaluate its capital allocation priorities and will provide updates in future earnings reports as necessary</i></p>	<p>\$35 to \$45 million</p> <p><i>The Company will continue to evaluate its capital allocation priorities and will provide updates in future earnings reports as necessary</i></p>

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 Quarterly Report on Form 10-Q for the period ended June 30, 2024 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)	26-Weeks Ended 30-Jun-24	26-Weeks Ended 25-Jun-23	53-Weeks Ended 31-Dec-23	52-Weeks Ended 25-Dec-22
Net income	\$ 16,339	\$ 6,683	\$ 25,566	\$ 1,230
Depreciation and amortization	3,288	2,297	10,490	5,761
Stock-based compensation expense	2,916	1,446	7,417	6,040
Provision for income tax	1,772	1,229	6,635	1,601
Interest expense	257	136	782	114
Interest income	(1,316)	(450)	(2,542)	(992)
Adjusted EBITDA	\$ 23,256	\$ 11,341	\$ 48,348	\$ 16,236
<i>Net Income as a % of Net Revenue</i>	<i>11.1%</i>	<i>6.3%</i>	<i>5.4%</i>	<i>0.3%</i>
Adjusted EBITDA Margin	15.8%	10.7%	10.2%	4.5%
Net Revenue	147,388	106,445	471,857	362,050



QUESTIONS?

investors@vitalfarms.com