



Vital Farms, Inc.

(NASDAQ: VITL)

November 10, 2020 Corporate Presentation



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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 September 27, 2020 are not necessarily indicative of the results that may be expected for the fiscal year ending December 27, 2020 or any other interim periods or any future year or period.

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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



**Vibrant Vivian inspects the
corners of her pasture for any
tasty hidden treasures.**



HIGHLIGHTS

+57%

Net Revenue
Growth

+102%

Adj. EBITDA
Growth

+329 bps

Gross Margin
Growth

3.6%

Household
Penetration¹

16K+

Stores
Selling³

#1

U.S. Pasture-Raised
Egg Brand²

80%

U.S. Pasture-Raised
Retail Egg Share²

#2

U.S. Overall
Egg Brand²

6

Product
Categories

23

Total Retail SKUs

BULLSH*T FREE

ETHICAL FOOD

Source: SPINS and WFM data

¹ Numerator panel data based on the 52 week period ending 27-Sep-2020.

² Based on retail dollar sales for the 52 week period ending 6-Sep-2020. Brand rank excludes private label.

³ Based the 12 week period ending 6-Sep-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

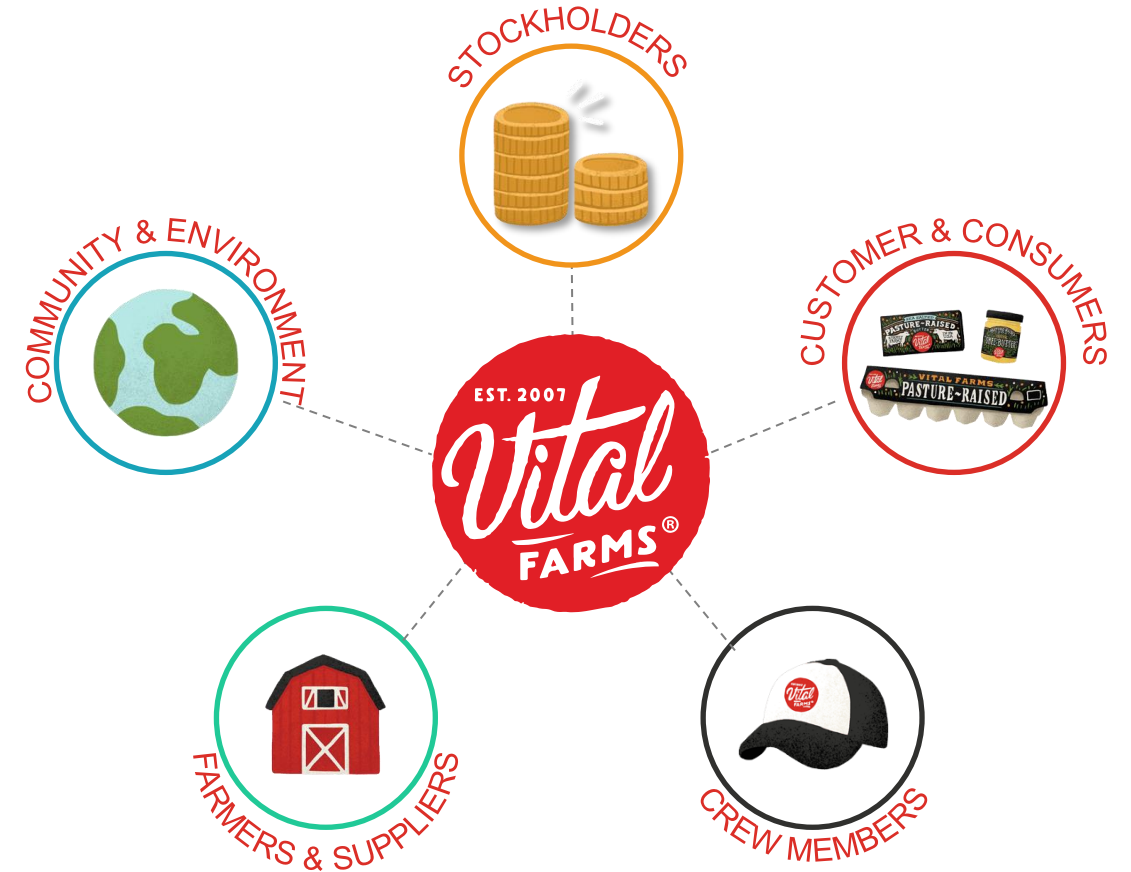


Corporation[®]

We balance

PROFIT AND PURPOSE

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

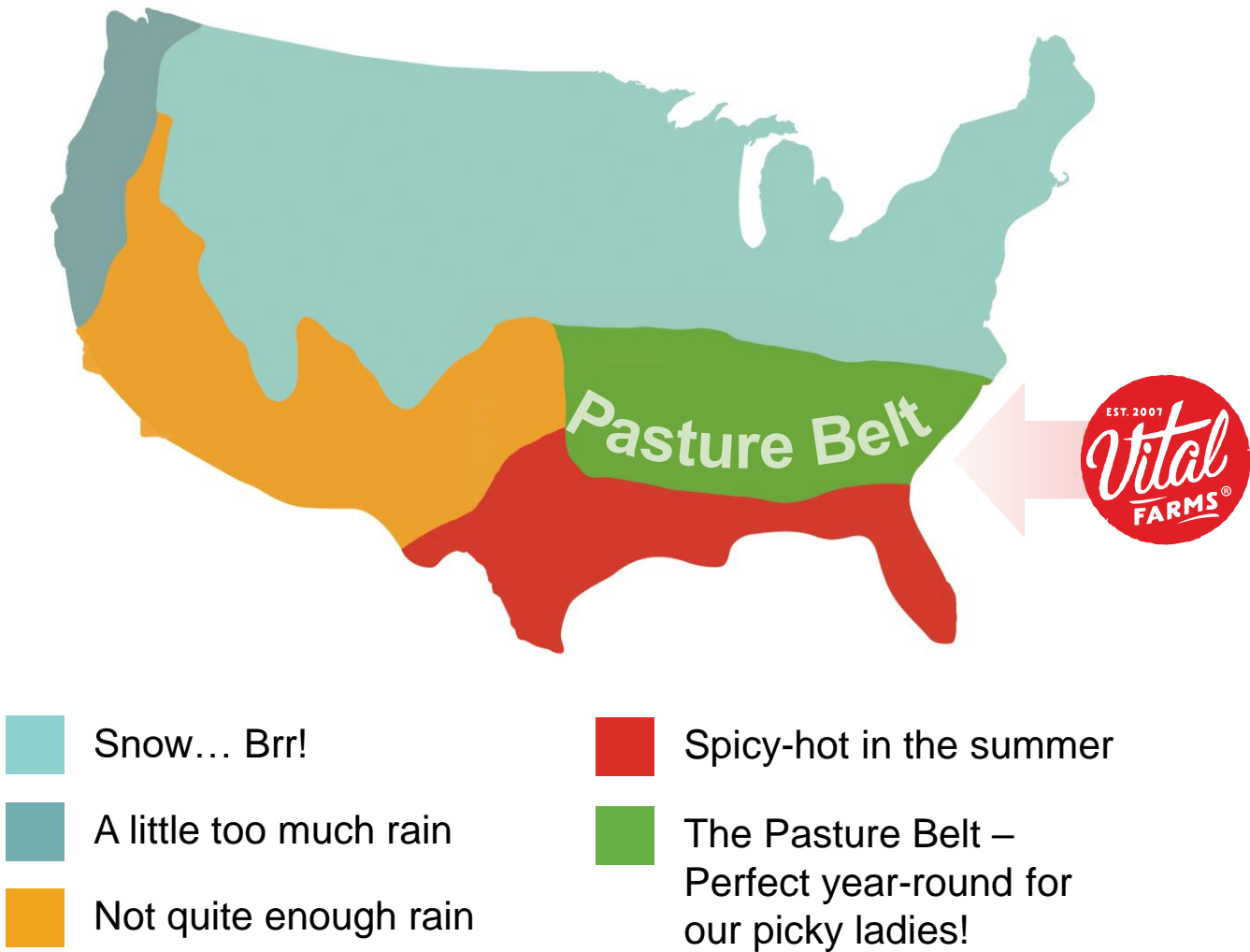


These principles guide our day-to-day operations and, we believe, deliver a more **SUSTAINABLE AND SUCCESSFUL** business



WE HAVE DEVELOPED AN ETHICAL ALTERNATIVE TO FACTORY FARMING PRACTICES

YEAR-ROUND PRODUCTION



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



WE ARE WORKING TO IMPROVE THE LIVES OF PEOPLE, ANIMALS, AND THE PLANET . . . THROUGH FOOD

CHAMPIONING ANIMAL WELFARE



INNOVATING THE SUPPLY CHAIN



BUILDING A PREMIUM BRAND

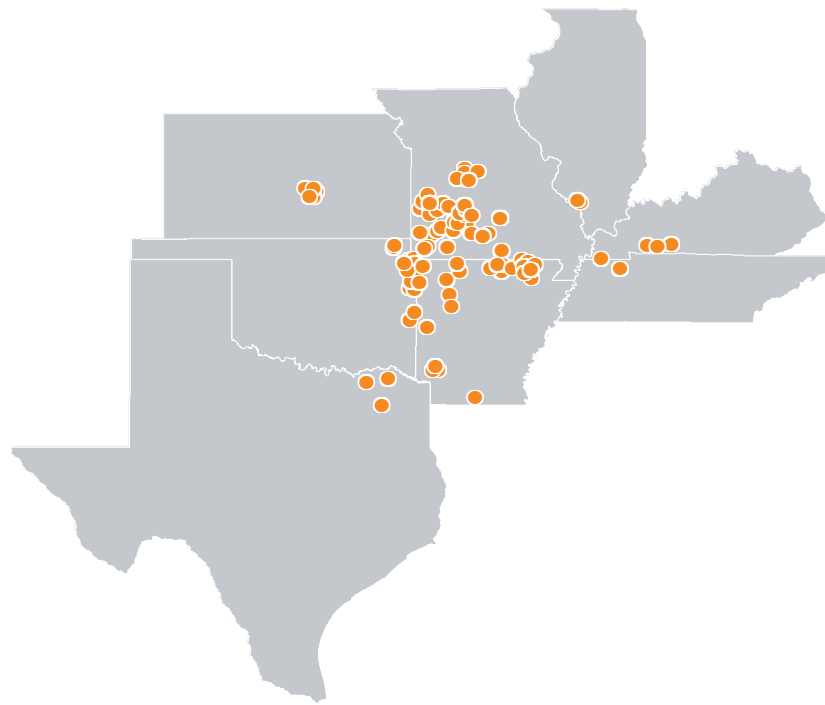


EACH DAY WE BRING ETHICAL FOOD TO THE TABLE BY SOURCING AND MARKETING PASTURE-RAISED FOOD FROM SMALL FAMILY FARMS

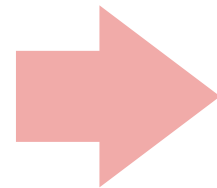


OUR MODEL ALLOWS US TO DELIVER QUALITY AT SCALE

NETWORK OF 200+ SMALL
FAMILY FARMS



Aggregate
product
from farm
network



EST. 2007



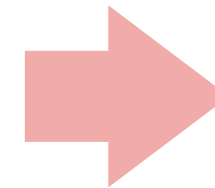
EGG CENTRAL
STATION

Wash, Grade, Pack,
Ship, Quality control

HEADQUARTERS

Branding, Selling,
Supporting

Direct to
customer
& through
distributors



MORE THAN 16,000
STORES

RETAIL



FOOD SERVICE





COVID-19 UPDATE

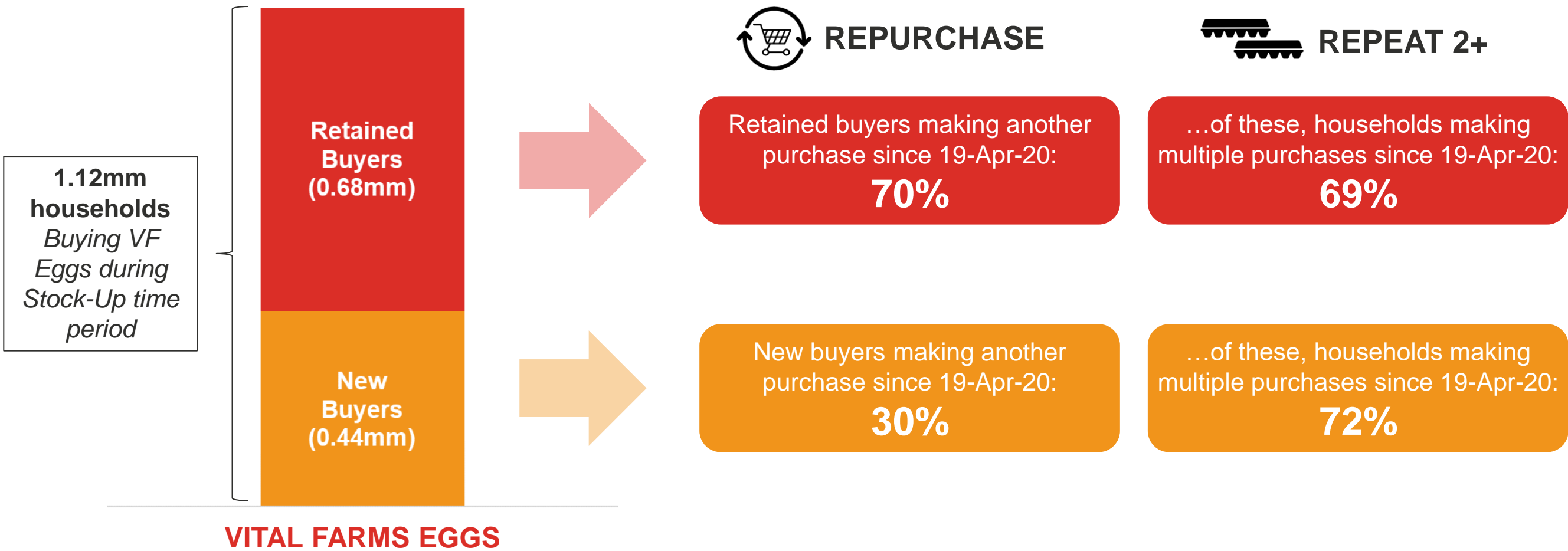




NEW VITAL FARMS EGGS CUSTOMERS HAVE REMAINED WITH THE BRAND FOLLOWING THE COVID-19 STOCK-UP PERIOD

COVID-19 STOCK UP
(8-weeks ending 19-Apr-2020)

5 MONTHS POST STOCK-UP
(20-weeks ending 6-Sep-2020)



Source: SPINS Household Panel; 80-weeks ending 6-Sep-2020; Total US (4-Region Total) - All Outlets
Note: "Stock Up" period defined as 24-Feb-2020 – 19-Apr-2020. "New Buyers" defined as buyers who did not buy Vital Farms eggs in the last 52 weeks ending 23-Feb-20 but did purchase Vital Farms eggs in the 8 weeks ending 19-Apr-20



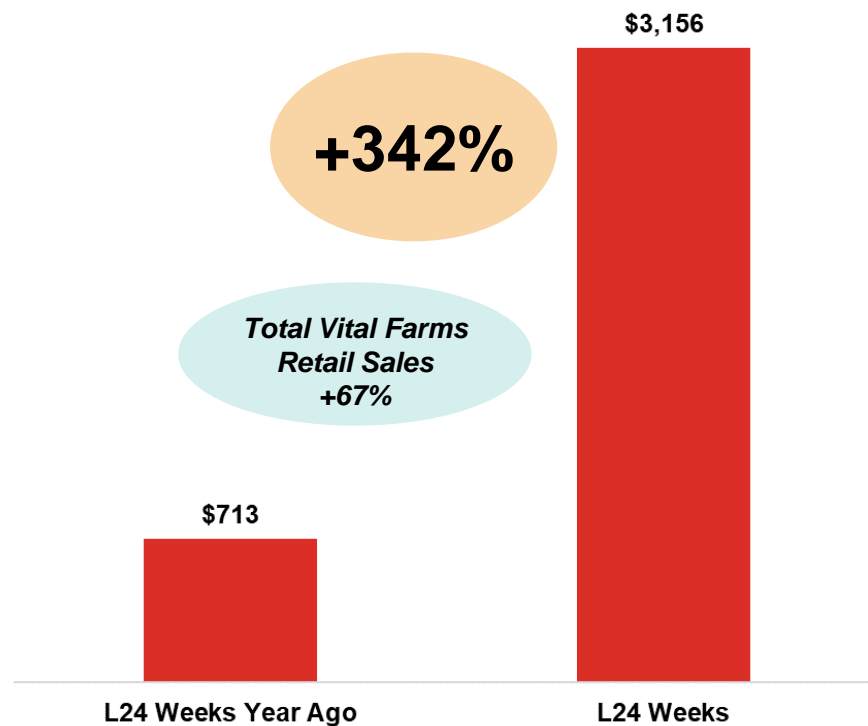
COVID-19 ACCELERATED THE DEMAND FOR E-COMMERCE

TOTAL VITAL FARMS RETAIL DOLLAR SALES
(\$ THOUSANDS)

ONLINE FRESH GROCERY



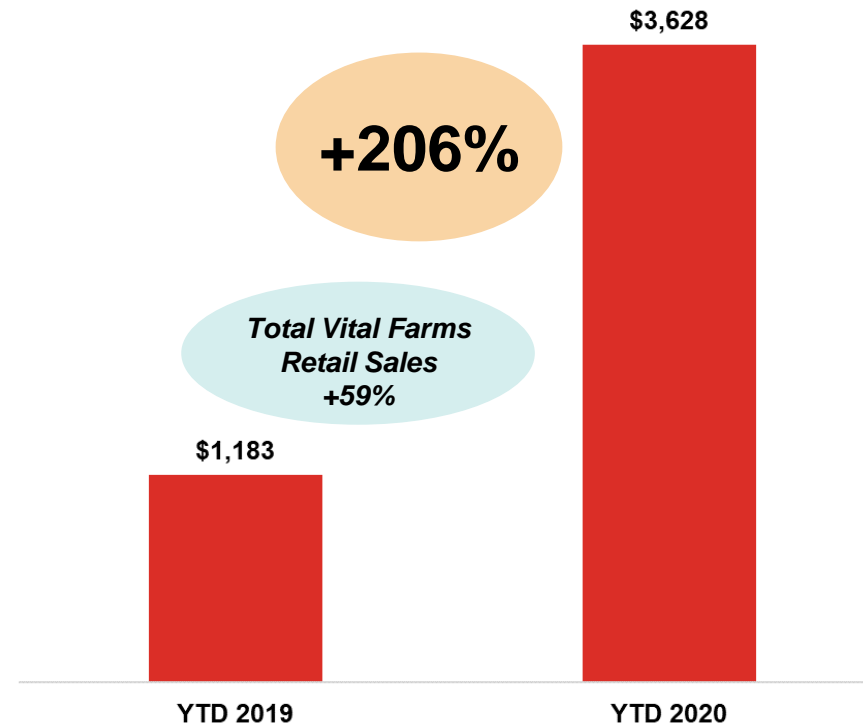
KEY RETAILER¹



LAST MILE DELIVERY



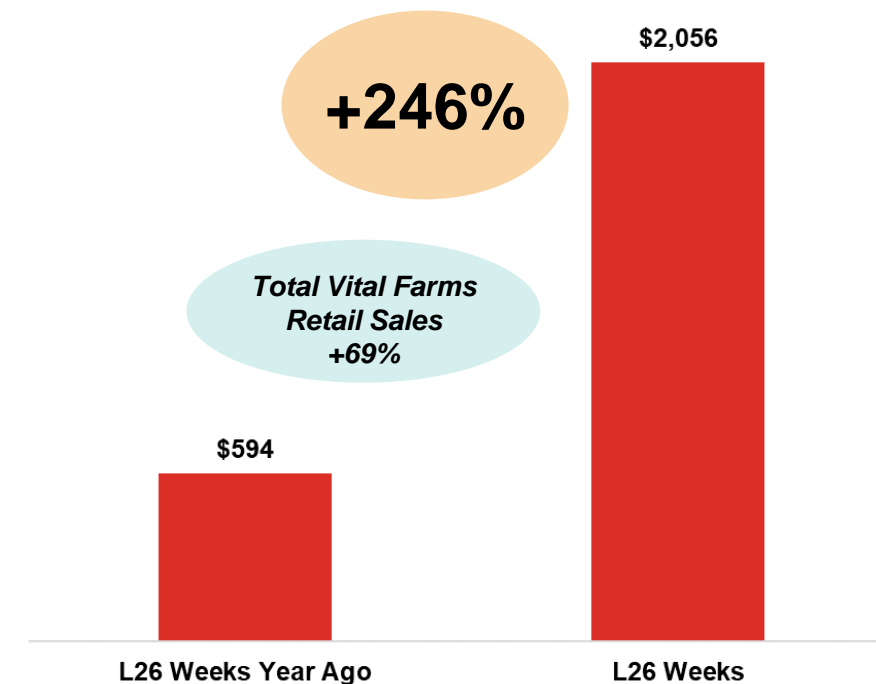
KEY PARTNER²



CLICK & COLLECT



NATIONAL BRICK & MORTAR
RETAILER³



Source: (1) Nielsen Last 24 Weeks Ending 5-Sep-2020 (2) Key E-Commerce Partner Year To Date Week Ending 11-Sep-2020 and (3) Key National Retailer Last 26 Weeks Ending 28-Aug-2020



BUSINESS UPDATE





VITAL FARMS GROWTH DRIVERS



1 EXPAND HOUSEHOLD PENETRATION THROUGH GREATER CONSUMER AWARENESS



2 GROW WITHIN THE RETAIL CHANNEL



3 EXPAND PRODUCT OFFERING THROUGH INNOVATION

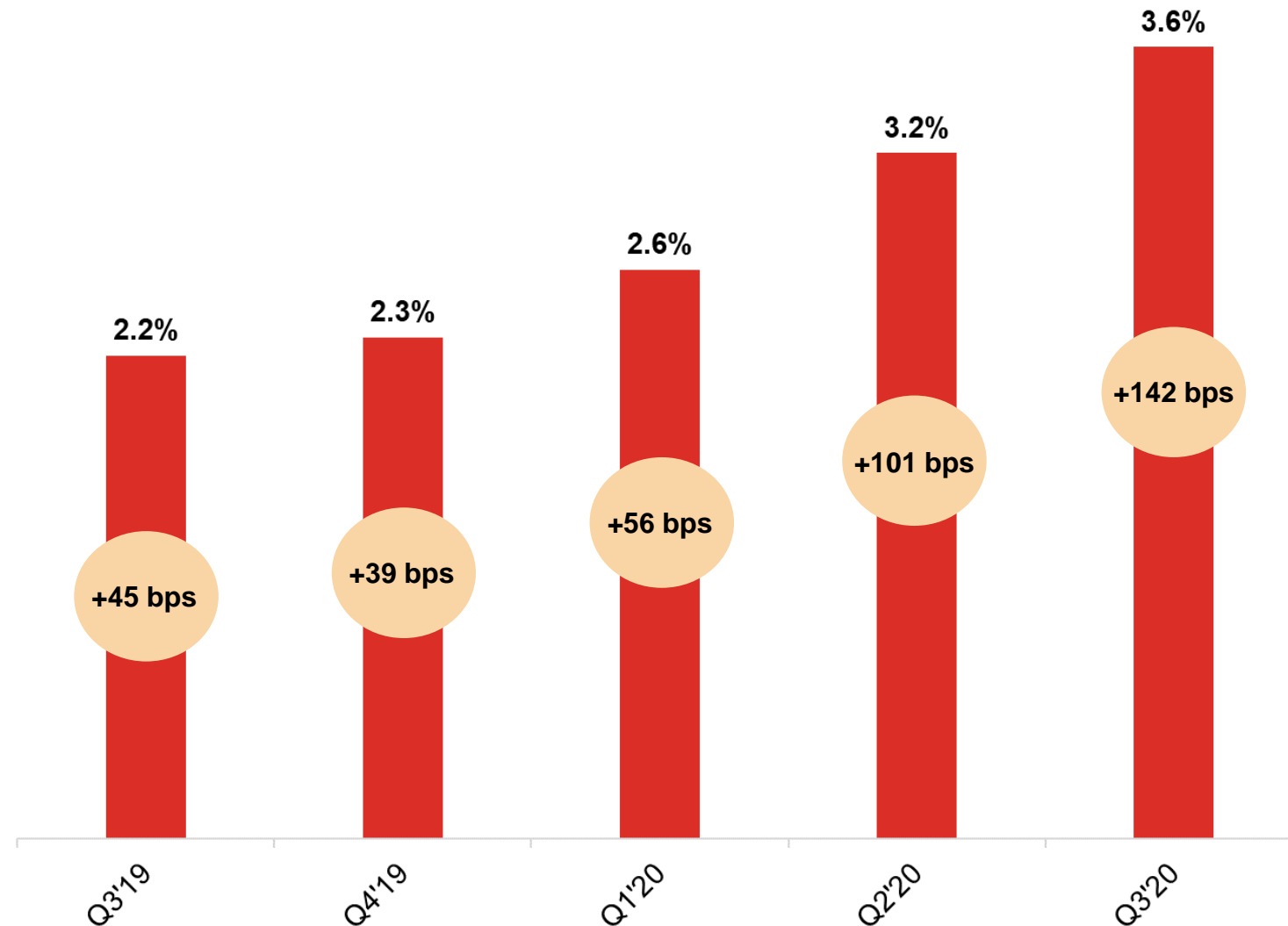


4 EXPAND OUR FOOTPRINT ACROSS FOODSERVICE



ACCELERATING HOUSEHOLD PENETRATION GROWTH THROUGH POSITIVE EARNED MEDIA AND NEW DISTRIBUTION

HOUSEHOLD PENETRATION VITAL FARMS EGGS & CHANGE VS. YEAR AGO



Source: Numerator Household Panel; Trailing 5 quarters



FAST COMPANY

01-06-20 | WORLD CHANGING IDEAS

This big egg company will now show you 360-degree look at where your eggs come from

Forbes

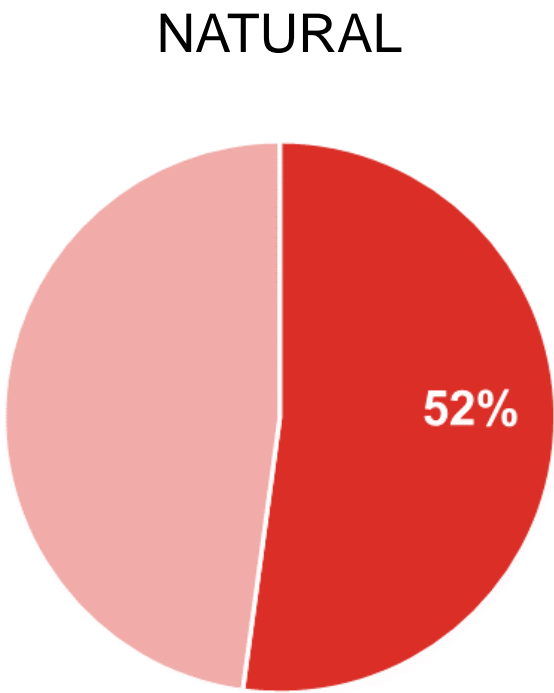
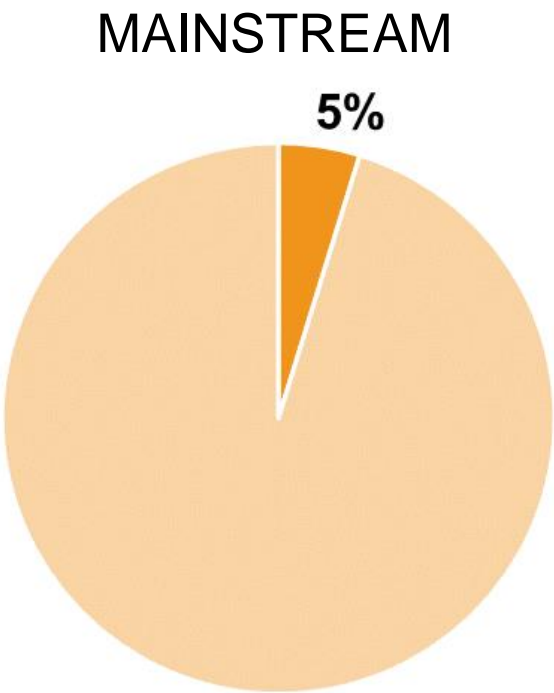
Vital Farms IPO Shows Acceptance Of Stakeholder Versus Stockholder Values On The Market



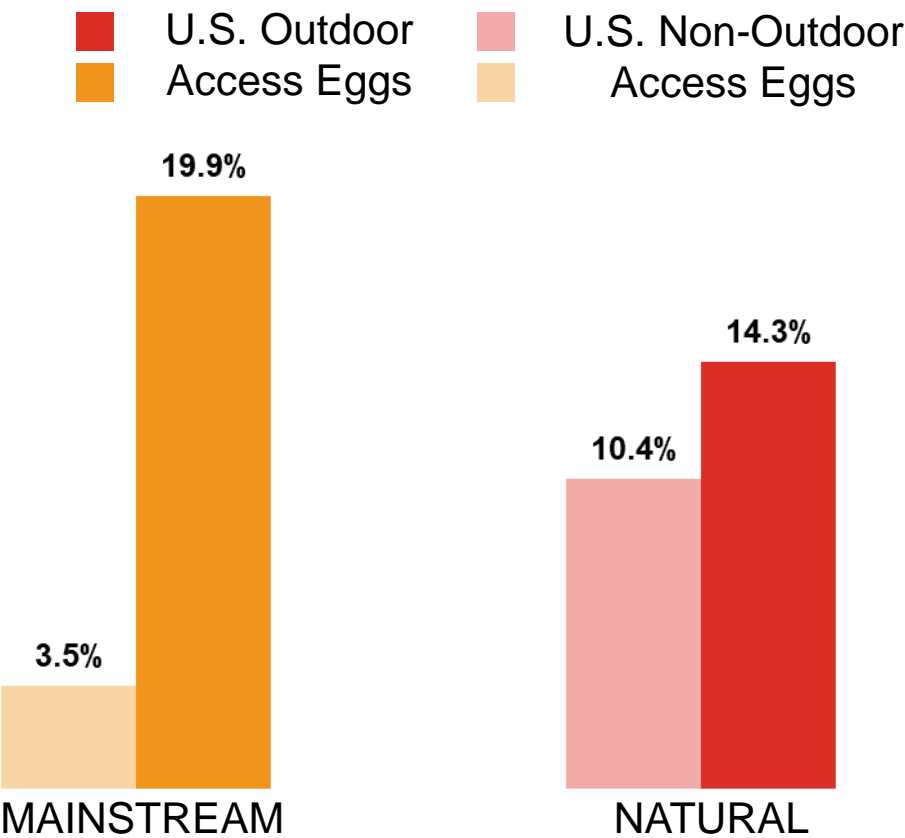


DEMAND CONTINUES TO SHIFT TOWARD OUTDOOR ACCESS EGGS

U.S. OUTDOOR ACCESS EGGS SHARE OF TOTAL
(RF EGG UNITS – LAST 52 WEEKS ENDING 06-SEP-2020)



1-YEAR U.S. EGG GROWTH RATES
(RF EGG UNITS – LAST 52 WEEKS
ENDING 06-SEP-2020)



Source: SPINS
Note: Outdoor access eggs defined as free-range and pasture-raised eggs, as categorized by SPINS. Growth rates represent year-over-year growth. Mainstream Channel is defined as total US MULO, as defined by SPINS. MULO consists of total US food (i.e., grocery), mass, dollar, military, and drug, as defined by SPINS.

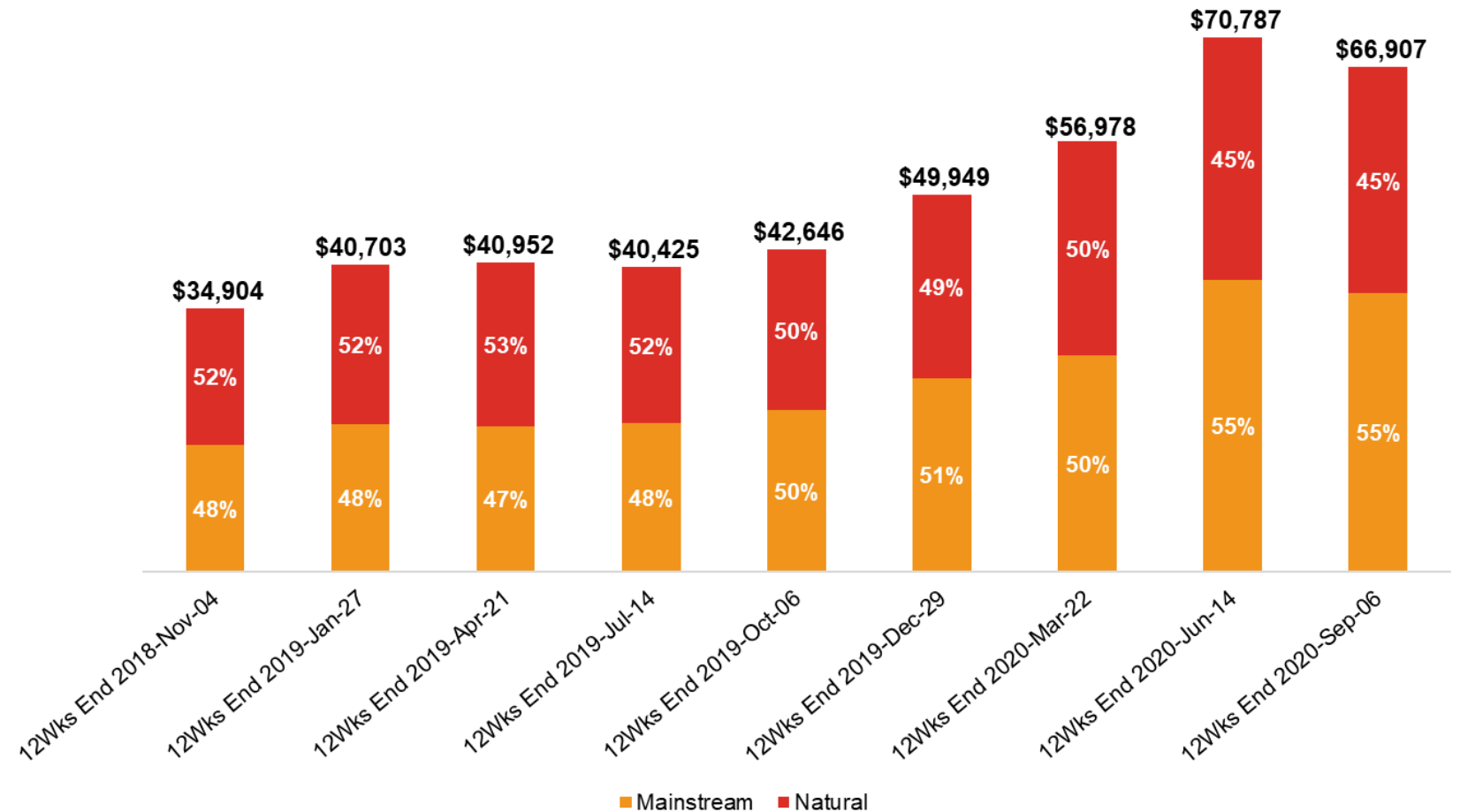


CONTINUE TO DEMONSTRATE AN ABILITY TO RESONATE WITH CONSUMERS ACROSS ALL CHANNELS

RANKING (RETAIL DOLLAR SALES)



VITAL FARMS EGGS RETAIL DOLLAR SALES BY CHANNEL (\$ THOUSANDS)





CONTINUED STORE GROWTH WITHIN THE RETAIL CHANNEL

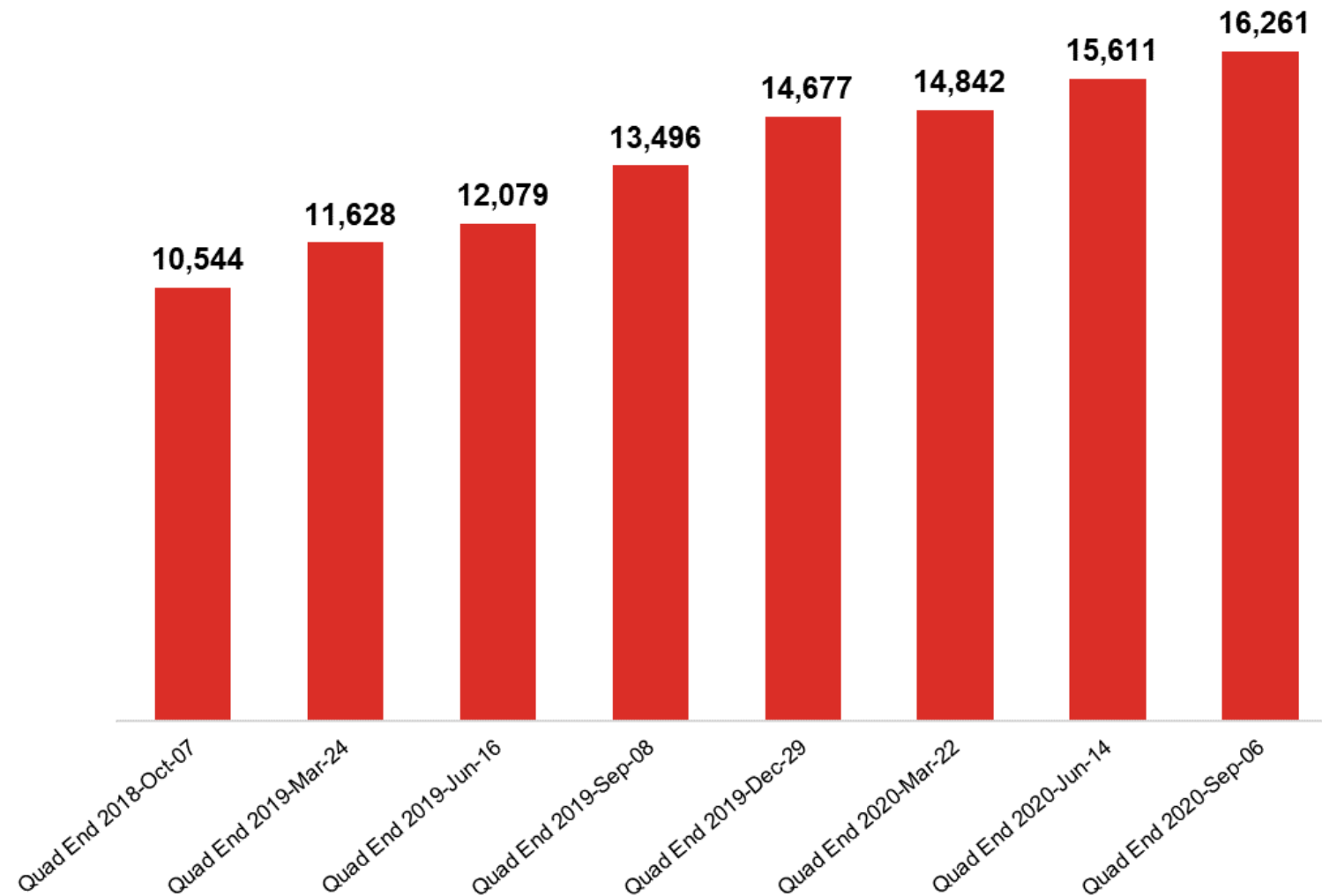
STORE COUNT

MULO CHANNEL, NATURAL CHANNEL AND WHOLE FOODS

+20%

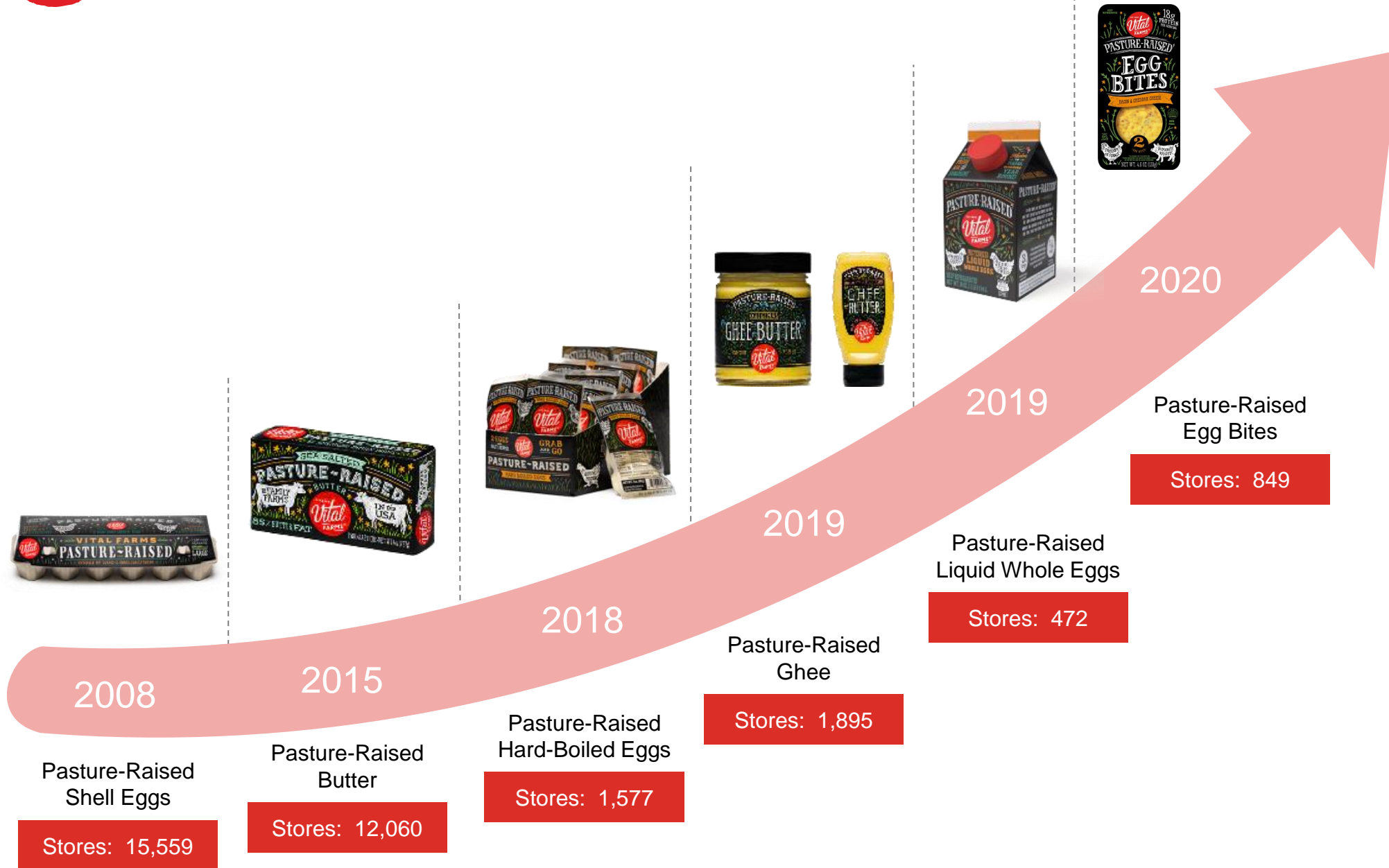
Store Count vs. Year Ago

Q3 New Distribution





DEMONSTRATED TRACK RECORD OF PROFITABLE CATEGORY EXPANSION



57%
Q3 '20 NET REVENUE GROWTH

329 bps
Q3 '20 GROSS MARGIN GROWTH













34%
Q3 '20 GROSS MARGIN

7%
Q3 '20 ADJUSTED EBITDA MARGIN

Source: SPINS and Whole Foods Market
Note: Store Count figures for last 52 weeks as of 06-Sep-2020



PRODUCT PENETRATION AT OUR TOP RETAIL PARTNERS

PRODUCTS							TOTAL STORES
	✓	✓	✓	✓	✓	✓	15,559
	✓	✓	✓	✓	✓	✓	12,060
	✓	✓		✓			1,895
	✓	✓	✓		✓		1,557
	✓	✓	✓		✓		859
	✓						472
AVG. ITEMS CARRIED	11.0	9.0	2.1	3.7	2.9	4.7	
CHANNEL AVG. ITEMS CARRIED	5.7		2.8				

Source: SPINS and Whole Foods Market
Note: Store Count figures for last 12 weeks as of 06-Sep-2020



FINANCIAL UPDATE





FINANCIAL SUMMARY HIGHLIGHTS

Q3 2020 PERFORMANCE UPDATE

Highlights

- Net revenue increased 57% to \$53.4 million in the third quarter driven primarily by volume increases to our distributors, including as a result of the stay-at-home trends associated with COVID-19, whereby consumers increased their purchases of eggs and butter, a higher turnover rate of sales to our retail customers, and new distribution at new and existing customers
- Gross margin expanded 329 bps in the third quarter due to lower material costs for eggs and butter and volume leverage over direct labor and overhead costs
- Adjusted EBITDA⁽¹⁾, was increased 101% to \$3.7 million in the third quarter primarily driven by volume increases to our distributors, expanded gross margin as well as leverage over fixed operating costs. The increase was partially offset by an increase in SG&A due to increased overall headcount to support our operations and an increase in professional fees and commercial insurance costs due in part to being a newly public company.
- Adjusted EBITDA as a % of net revenues increased by 155 bps year-over-year

Financial Performance

(\$ thousands)	Q3'20	Q3'19	Change
Net Revenues	\$ 53,367	\$ 34,082	57%
Gross Profit	18,350	10,598	73%
<i>Gross Margin %</i>	<i>34%</i>	<i>31%</i>	<i>329 bps</i>
Operating Income	2,413	1,184	104%
Net Income	1,662	823	102%
Adjusted EBITDA⁽¹⁾	\$ 3,741	\$ 1,861	101%
<i>Adjusted EBITDA as a % of Net Revenues⁽¹⁾</i>	<i>7%</i>	<i>5%</i>	<i>155 bps</i>

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

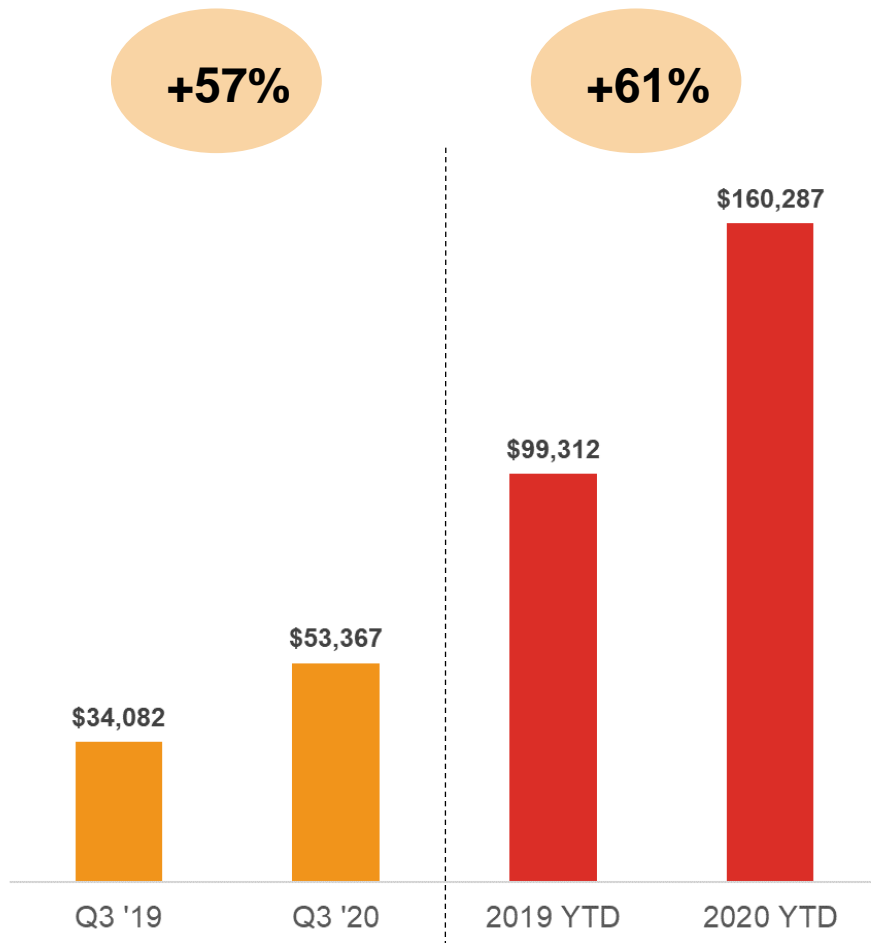


FINANCIAL SUMMARY HIGHLIGHTS

NET REVENUE GROWTH

Net Revenues Summary

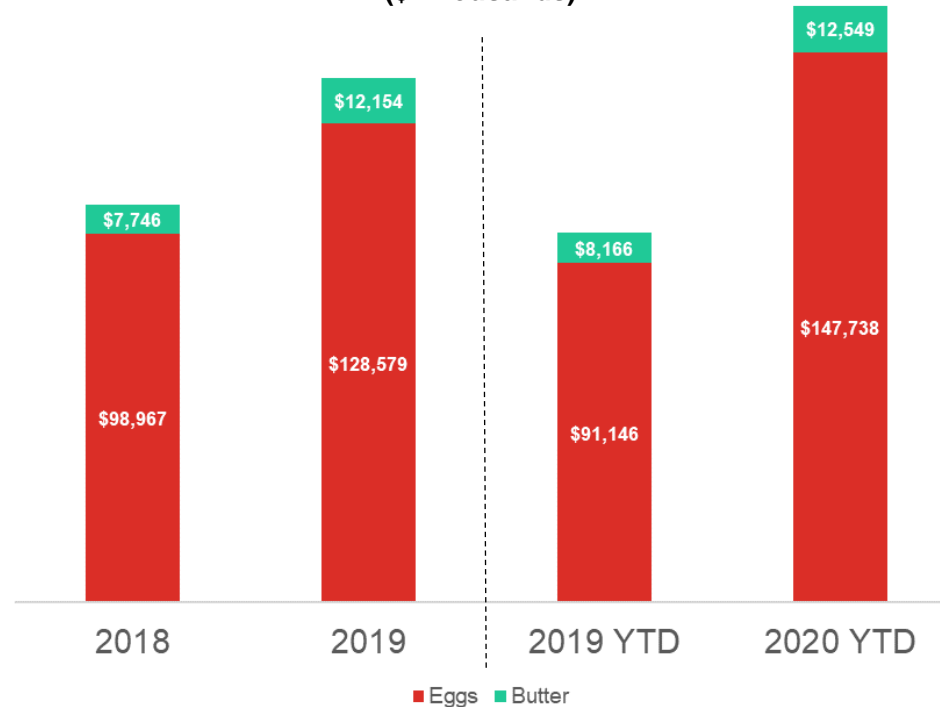
Quarterly and YTD Net Revenue Growth
(\$ Thousands)



Net Revenues by Product

	Y/Y Growth Rate %			
	2018	2019	2019 YTD	2020 YTD
Shell Eggs	42%	30%	31%	62%
Butter	77%	57%	57%	54%
Consolidated	44%	32%	33%	61%

Business Line Mix
(\$ Thousands)



Highlights

- Net revenue was \$160.3 million for the 39-week period ended September 27, 2020 as compared to \$99.3 million for the 39-week period ended September 29, 2019.
- The increase of \$61.0 million, or 61%, was primarily driven by an increase in gross egg sales of \$63.0 million.
- The increases in egg sales and butter sales were primarily due to:
 - volume increases to our distributors, including as a result of continued trends associated with COVID-19 whereby consumers increased their purchases of staples of eggs and butter
 - a higher turnover rate of sales to our retail customers
 - new distribution at new and existing customers.

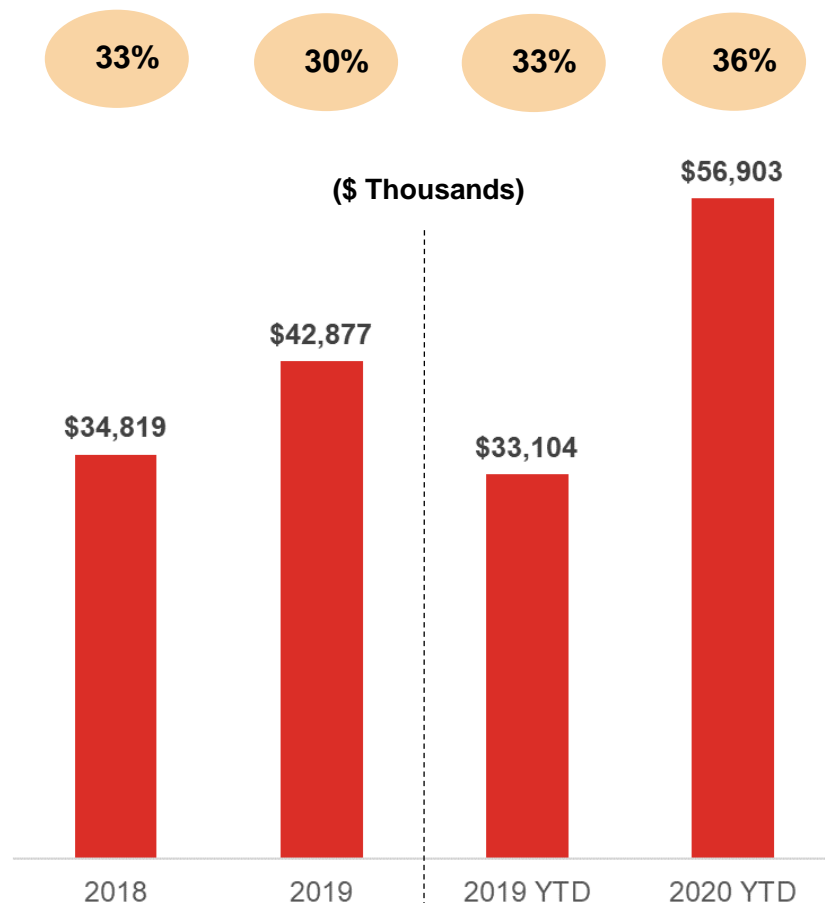


FINANCIAL SUMMARY HIGHLIGHTS

IMPROVING MARGIN PROFILE

Gross Profit and Margin

Gross Margins



Adjusted EBITDA ⁽¹⁾ (Thousands)	\$7,896	\$6,406	\$11,133	\$16,859
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Operating Expenses

Operating Expenses as a % of Net Revenues

24%

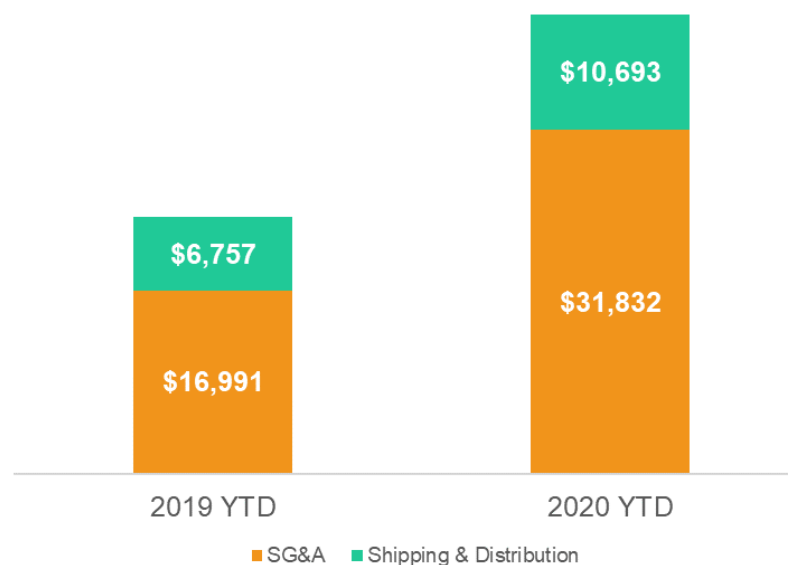
27%

SG&A as a % of Net Revenues

17%

20%

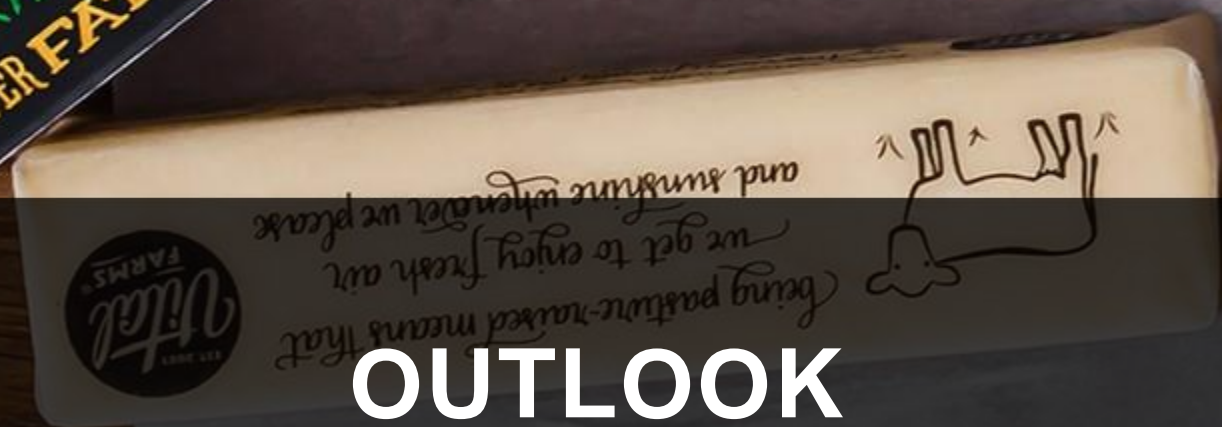
(\$ Thousands)



Highlights

- The increase in gross profit of \$23.8 million, or 72%, was primarily driven by an increase in net revenue.
- Gross margin expanded 220 bps in the third quarter due to lower material costs for eggs and butter and volume leverage over direct labor and overhead costs
- Shipping and distribution increased \$3.9 million, or 58%, primarily driven by an increase in sales volume 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 20% for the 39-week period ended September 27, 2020, compared to 17% for the 39-week period ended September 29, 2019. The increase was primarily driven by increased overall headcount to support our operations, an increase in marketing expenses to support our continued investment in brand marketing and direct advertising, an increase in fees due in part to being a newly public company and corporate development costs and one-time expenses in connection with our IPO

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



OUTLOOK





RAISING 2020 NET REVENUE AND ADJUSTED EBITDA GUIDANCE

\$ in Millions	PREVIOUS	NEW	INCREASE
Net Sales <i>vs. Year Ago</i>	\$205-\$210 <i>+46%</i>	\$210-\$214 <i>+49%</i>	+\$5
Adjusted EBITDA ⁽¹⁾ <i>vs. Year Ago</i>	\$14-\$16 <i>+119%</i>	\$16-\$18 <i>+150%</i>	+\$2

(1) See appendix for reconciliation of Adjusted EBITDA

EST. 2007

Vital
FARMS®



APPENDIX



ADJUSTED EBITDA RECONCILIATION

(\$ thousands)	13-Weeks Ended		39-Weeks Ended	
	27-Sep-20	29-Sep-19	27-Sep-20	29-Sep-19
Net income	\$ 1,662	\$ 823	\$ 9,531	\$ 7,636
Depreciation and amortization	614	370	1,568	1,119
Provision for income tax	620	323	4,300	2,839
Stock-based compensation expense	737	290	1,481	576
Interest expense	110	85	365	250
Change in fair value of contingent consideration ⁽¹⁾	8	15	(342)	53
Interest income	(10)	(45)	(24)	(140)
Net litigation settlement gain ⁽²⁾	0	0	(20)	(1,200)
Adjusted EBITDA	\$ 3,741	\$ 1,861	\$ 16,859	\$ 11,133
<i>Net Income as a % of Net Revenues</i>	3%	2%	6%	8%
Adjusted EBITDA as a % of Net Revenues	7%	5%	11%	11%

(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

(2) For the 39-week period ended September 29, 2019, amount reflects a gain in connection with the settlement of the Ovabrite lawsuit.