



# Vital Farms, Inc.

## CAGNY LUNCH

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May 13, 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, future expansion of our processing capacity, future growth of our farm network, future expansion of our customer and consumer base, 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 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 Adjusted EBITDA and Adjusted EBITDA Margin, 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 and Adjusted EBITDA Margin should not be considered as alternatives 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 and Adjusted EBITDA Margin 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, 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 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.

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) 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 or the dissolution of Ovabrite, Inc.; (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 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, cash provided by operating activities and other results stated in accordance with GAAP.



# Thilo Wrede

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Chief Financial Officer



# We are Vital Farms



# We have built a strong and growing business

**A PREMIUM  
BRAND**



**TRUSTED BY  
CONSUMERS**



**10 Million  
Households**

**DEMANDED BY  
RETAILERS**



**~24,000  
Retailers**

**A RESILIENT FARMER NETWORK**

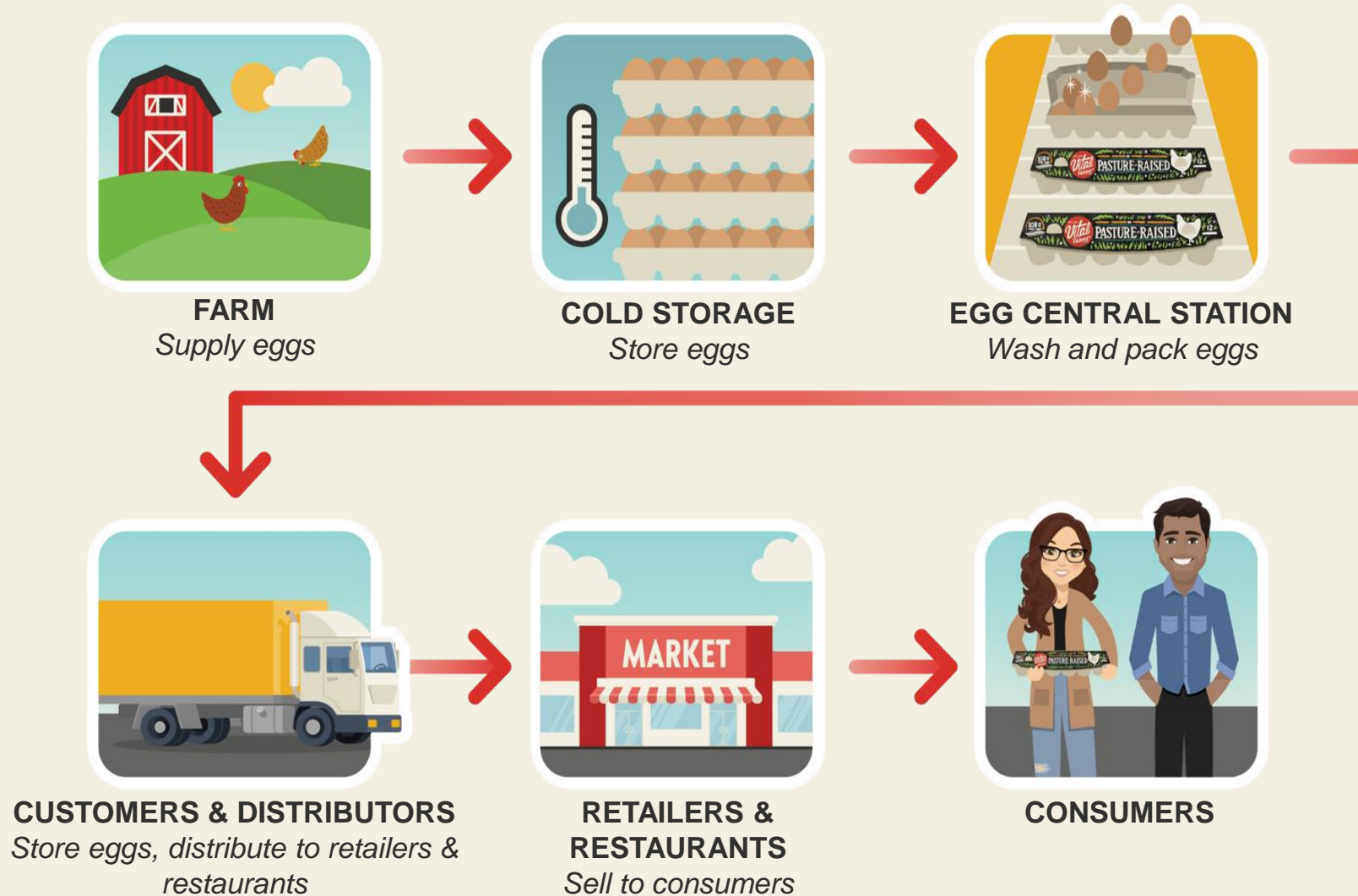


**>300 Family Farms**

**A WORLD-CLASS PROCESSING FACILITY**

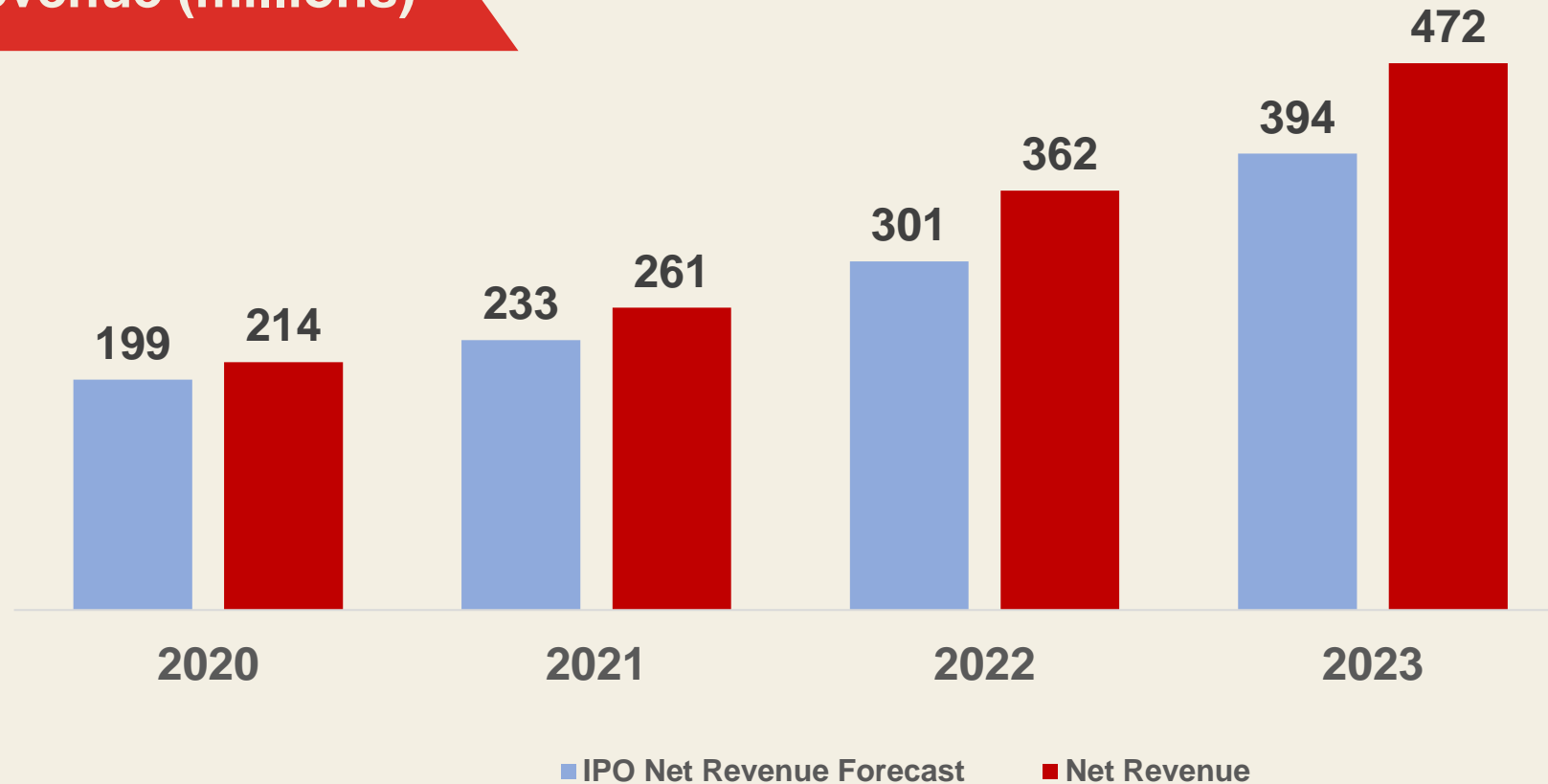
**Egg Central Station**

# We deliver quality at scale



# We have delivered our growth commitment ahead of schedule

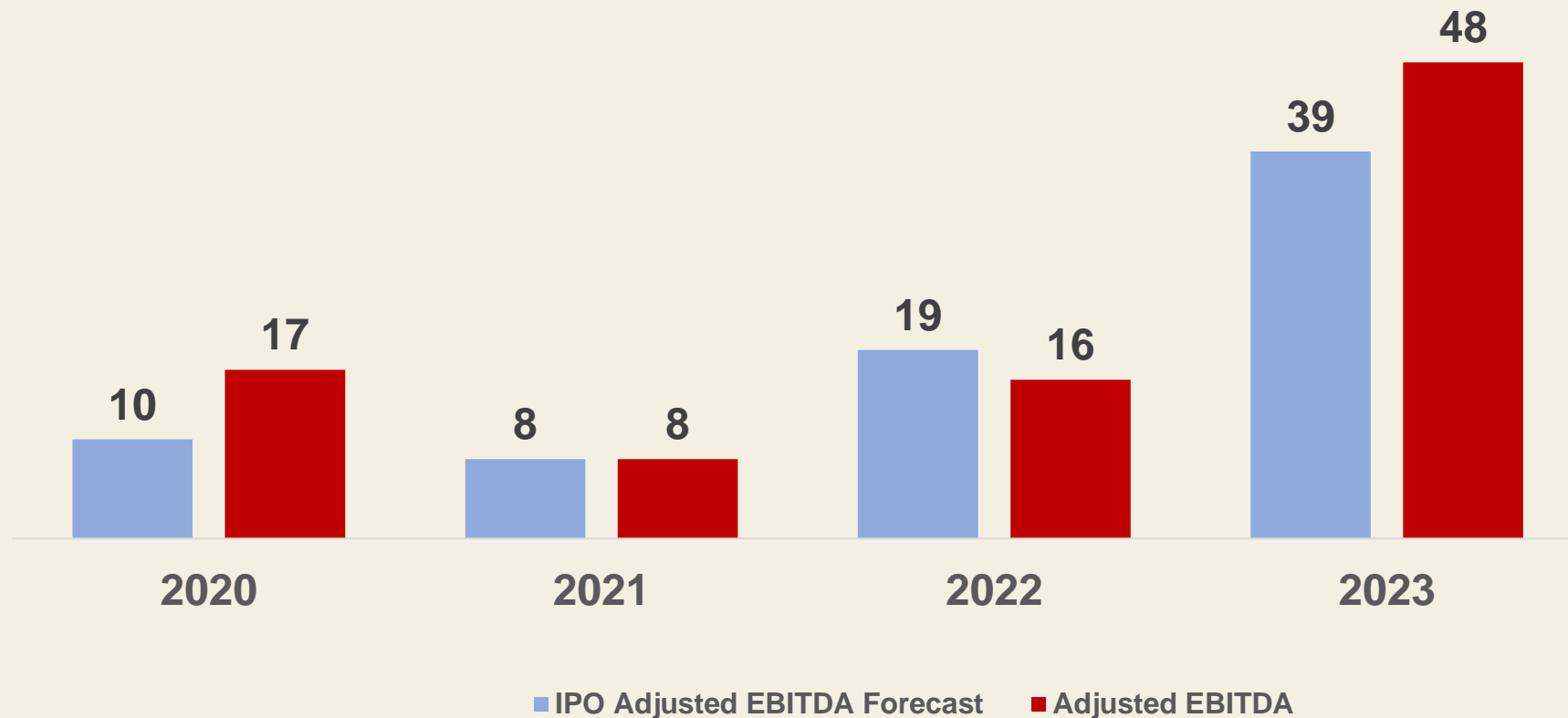
Net Revenue (millions)



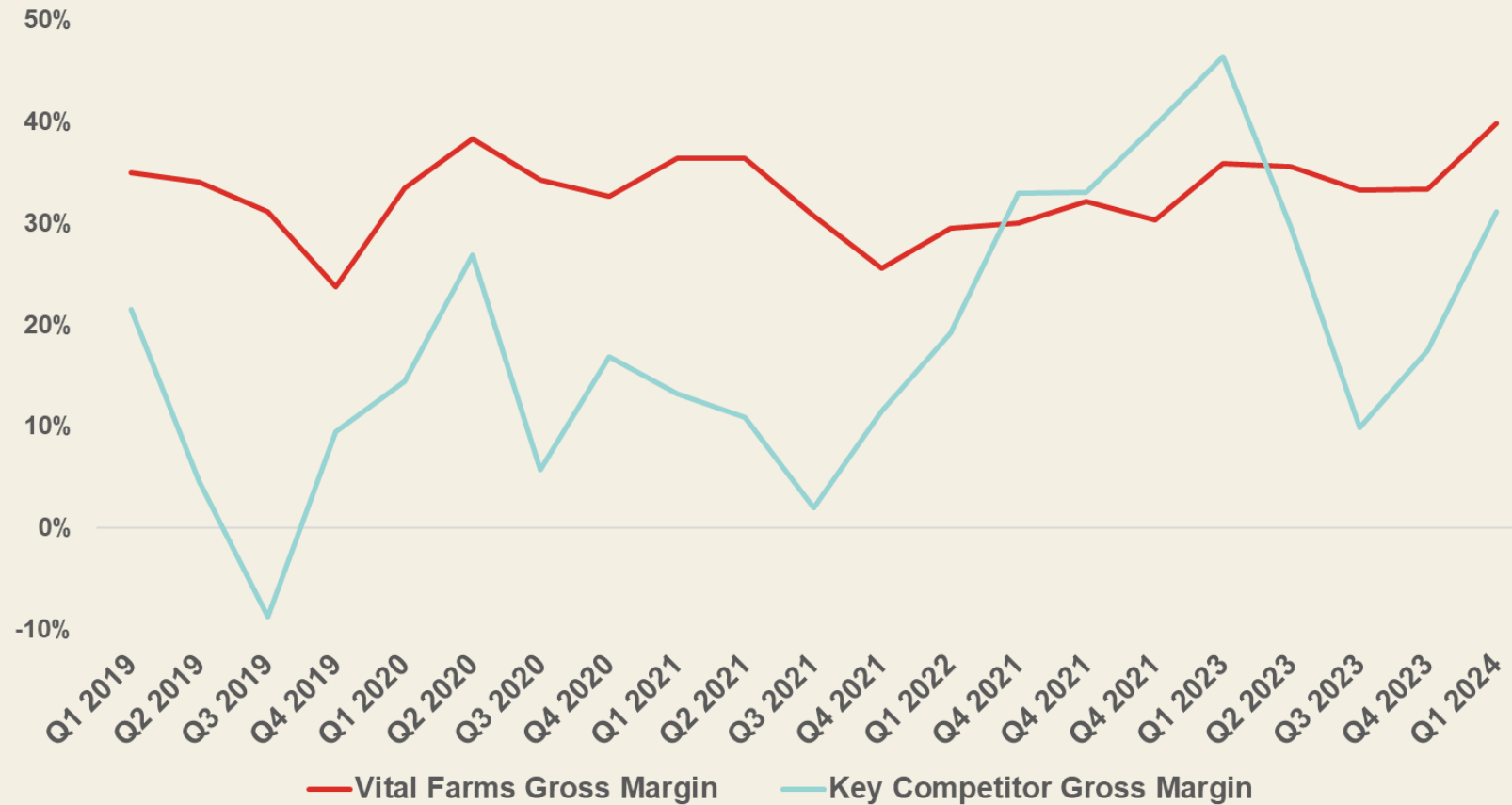


# Delivered strong profit despite macro noise

Adjusted EBITDA<sup>1</sup> (millions)



# With gross margin stability supported by the strength of the Vital Farms brand



# We plan to reach \$1 Billion in Net Revenue by the end of 2027

## FINANCIAL GOALS (2027)

**\$1 Billion**  
Net Revenue

**35%**  
Gross Margin

**12% to 14%**  
Adj. EBITDA  
Margin

## NEW HOUSEHOLDS



**20 Million New**  
Households

## ADDITIONAL RETAILERS



**8,000 New**  
Stores

## MORE ITEMS WITH CURRENT RETAILERS



**Increase Average**  
Number of Items

## ADDITIONAL FARMS



**250 Family Farms**

## LARGER SUPPLY CHAIN

**New Processing &  
Packing Facility**

# We have three main drivers of Net Revenue growth



# Our target consumer base is growing meaningfully



**131 MILLION**  
U.S. HOUSEHOLDS

**72 MILLION**  
U.S. HOUSEHOLDS

ARE BUYING  
PREMIUM EGGS

**These consumers:**  
Seek organic and natural food  
Care about environmental sustainability

**34 MILLION**  
U.S. HOUSEHOLDS

**Our core consumers**  
We call them Bridget & Ben

The size of this group is up 20  
Million Households since our IPO

**10 MILLION**  
OUR CURRENT  
HOUSEHOLDS

**GOAL IS TO TRIPLE OUR NUMBER OF CURRENT HOUSEHOLDS**

# How do we build our brand equity?

- 1 We are disrupting the food system (for good)
- 2 We live our purpose
- 3 We are *actually* bullsh\*t-free



# Many of our consumers do not accept substitutes



Across our most recent research, **36%** of Vital Farms shoppers will leave the store with **NO EGGS** if they don't find their Vital Farms product

# Still thousands of stores to gain

Goal: Premium Eggs in ~32,000 Stores

**25% of retailers currently carrying premium eggs still have not added our high-performing products**





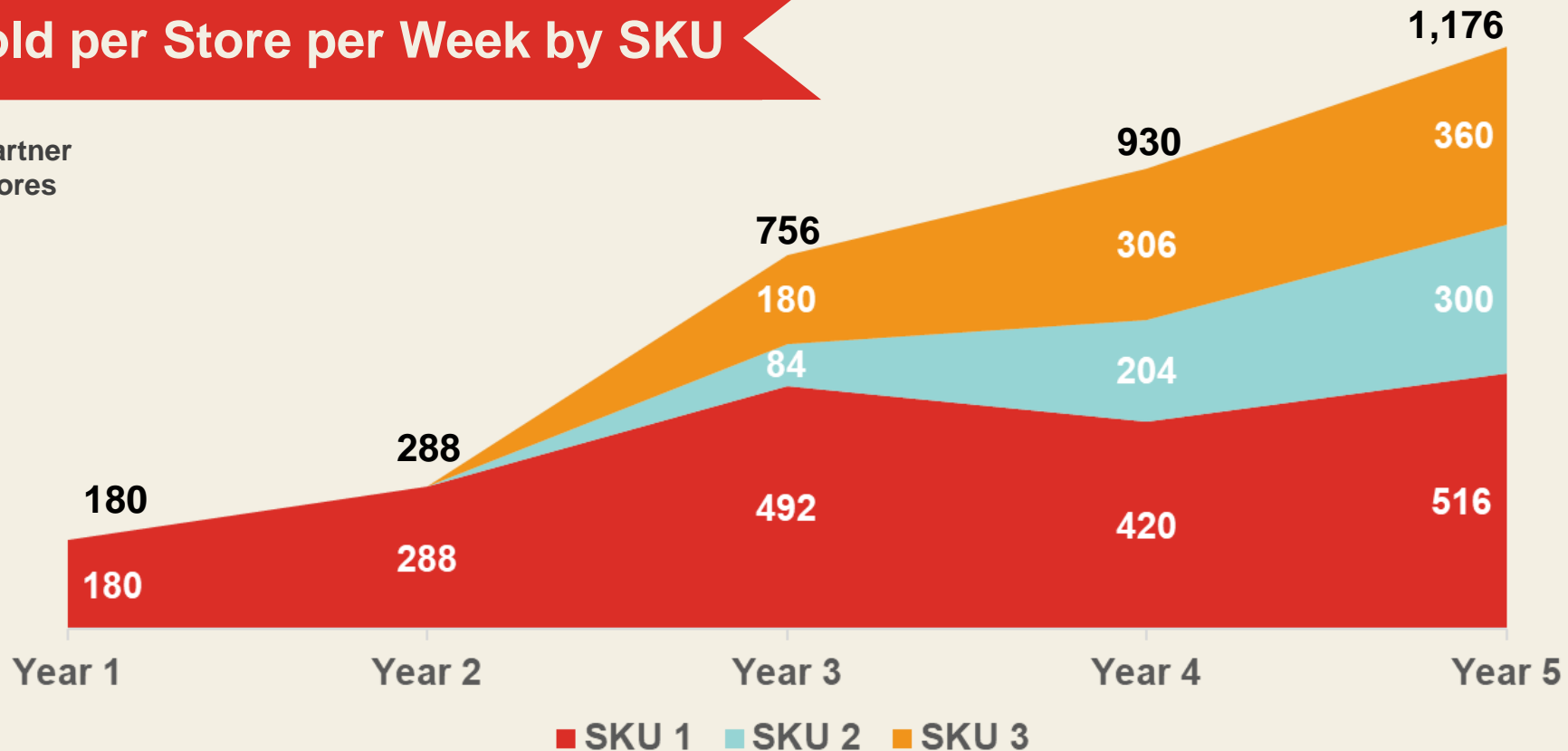
# Adding incremental items is our largest opportunity

- 1** Increasing Total Distribution Points (TDPs) **in the Food Channel drives the most significant** Net Revenue growth
- 2** We are **gaining momentum in Mass Channel** and remain under-penetrated relative to peers
- 3** We can **still expand our TDPs in the Natural Channel** despite it being our most mature customer base

# Our products have strong and growing velocity with minimal cannibalization

## Eggs Sold per Store per Week by SKU

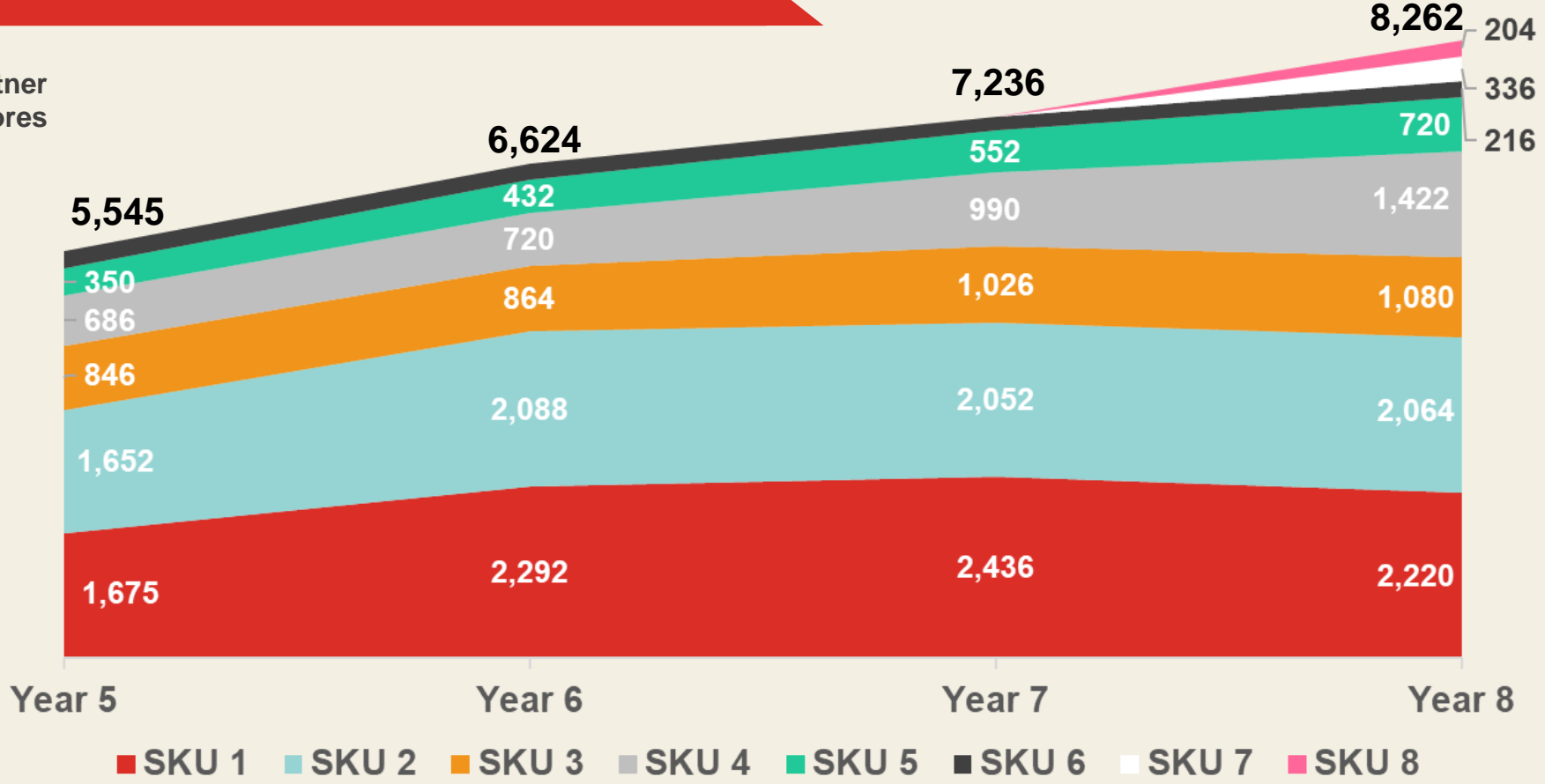
New Food Retail Partner  
Same 1,200 plus stores  
5-year period



# Unit velocity in mature stores is still growing

## Eggs Sold per Store per Week by SKU

Natural Retail Partner  
Same 250 plus stores  
4-year period



# Updated 2024 guidance

NET REVENUE  
GROWTH

~22%

NET REVENUE

At least  
**\$575**  
Million

ADJUSTED  
EBITDA<sup>1</sup>

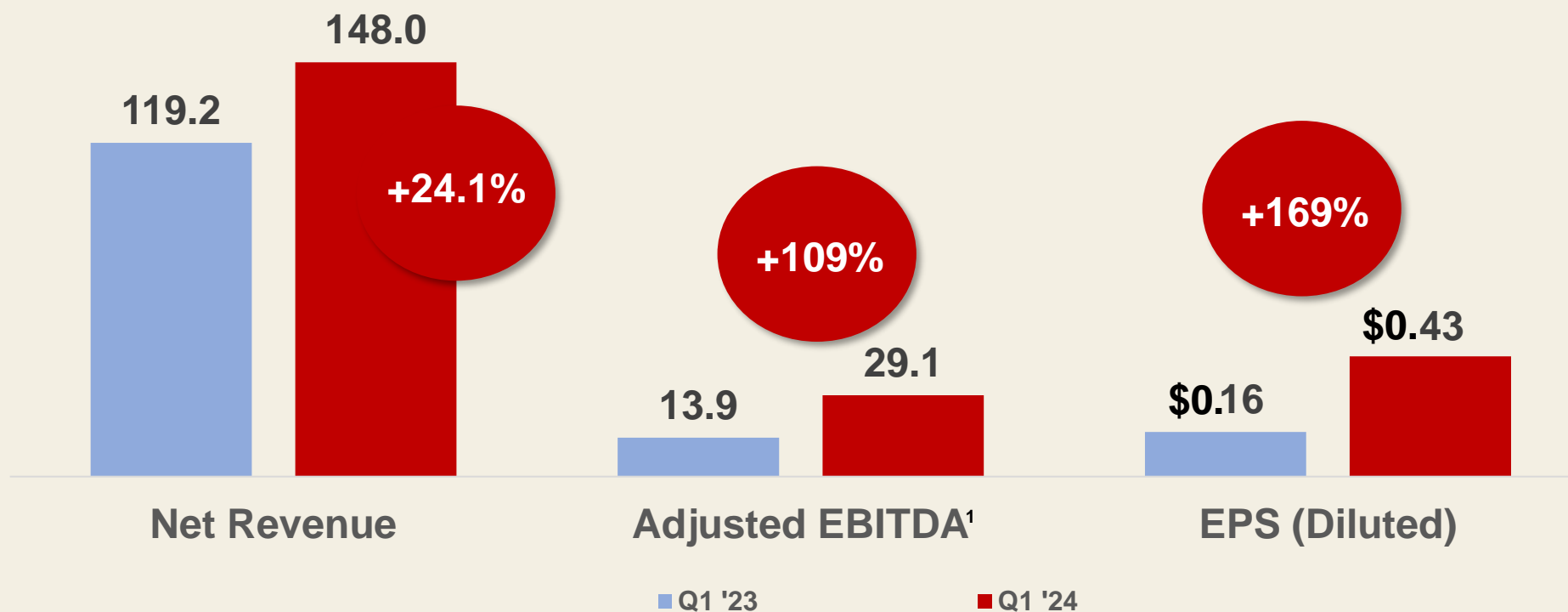
At least  
**\$70**  
Million

CAPITAL  
EXPENDITURES

**\$35** to  
**\$45**  
Million

# We are off to a strong start in 2024

## Q1 '24 Key Financials



# And the stock has rallied strongly this year

## Vital Farms share price

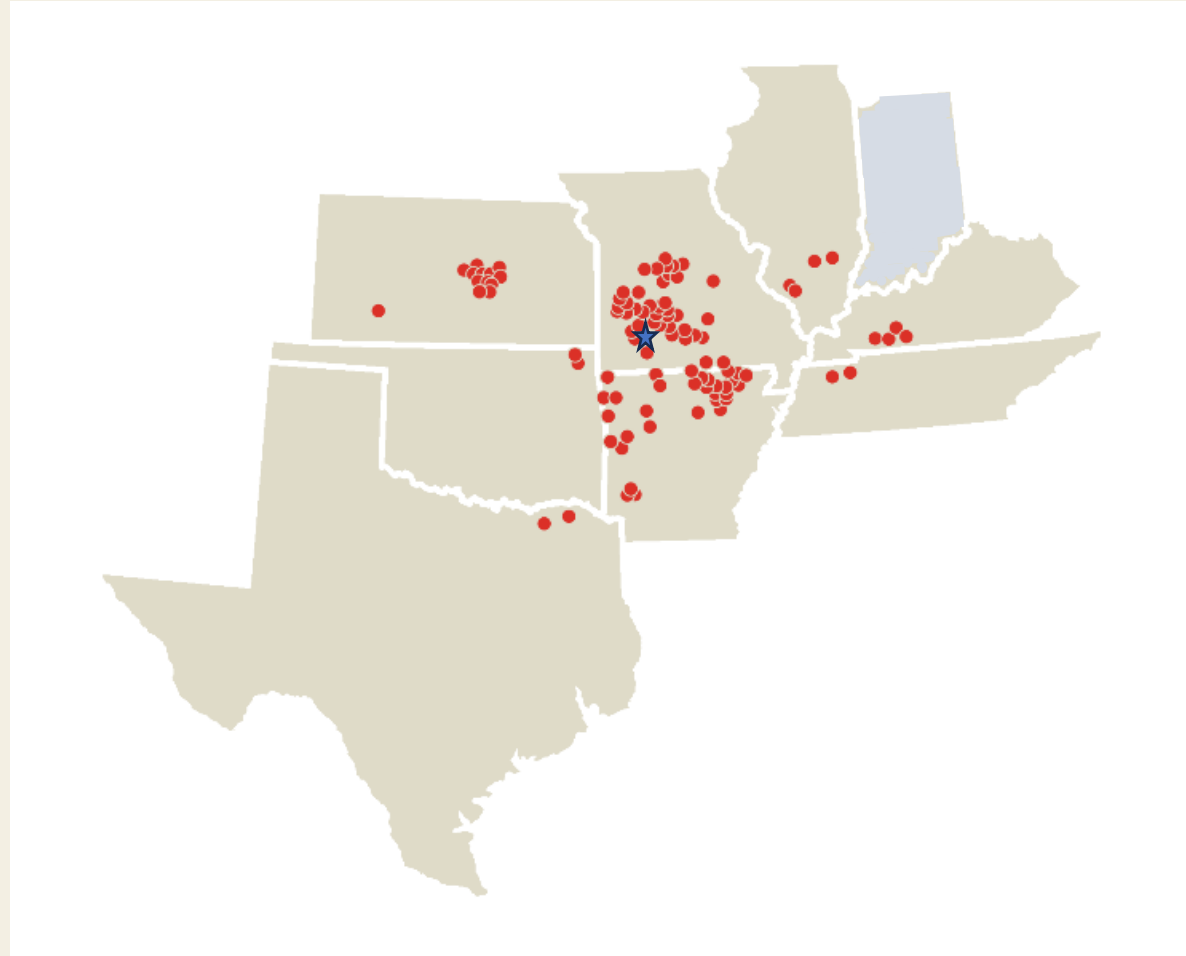


# We are expanding our footprint to supply our growth

We have a network of more than 300 family farms across the Pasture Belt

We have a new facility planned in Indiana

We expect to break ground in 2025 and to be fully operational by the end of 2026



EST. 2007

**QUESTION & ANSWER  
SESSION**

**FARMS<sup>®</sup>**



EST. 2007



# APPENDIX

FARMS®

# Our long-term financial goals

NET REVENUE

**\$1B**  
By 2027

GROSS  
MARGIN

**35%**  
By 2027

ADJUSTED  
EBITDA  
MARGIN

**12% to  
14%**  
of Net Revenue  
By 2027

# Historical Adjusted EBITDA Reconciliation

(\$ thousands)	52-Weeks	52-Weeks	52-Weeks	53-Weeks	13-Weeks	13-Weeks
	Ended	Ended	Ended	Ended	Ended	Ended
	27-Dec-20	26-Dec-21	25-Dec-22	31-Dec-23	26-Mar-23	31-Mar-24
<b>Net income</b>	\$ 8,884	\$ 2,382	\$ 1,230	\$ 25,566	\$ 7,150	\$ 19,023
Depreciation and amortization	2,550	3,540	5,761	10,490	2,140	3,211
Stock-based compensation expense	2,509	4,440	6,040	7,417	2,241	1,982
Provision for income tax	2,770	(2,028)	1,601	6,635	2,522	5,702
Interest expense	488	52	114	782	139	255
Interest income	(97)	(381)	(992)	(2,542)	(340)	(1,088)
Change in fair value of contingent consideration (1)	(333)	44	19	0	0	0
Net litigation settlement gain (2)	(20)	0	0	0	0	0
Disolution of Ovabrite, Inc. (3)	0	0	122	0	0	0
Costs related to the exit of convenient breakfast product line	0	0	2,341	0	0	0
<b>Adjusted EBITDA</b>	<b>\$ 16,751</b>	<b>\$ 8,049</b>	<b>\$ 16,236</b>	<b>\$ 48,348</b>	<b>\$ 13,852</b>	<b>\$ 29,085</b>
<i>Net Income as a % of Net Revenues</i>	<i>4.1%</i>	<i>0.9%</i>	<i>0.3%</i>	<i>5.4%</i>	<i>6.0%</i>	<i>12.9%</i>
<b>Adjusted EBITDA Margin</b>	<b>7.8%</b>	<b>3.1%</b>	<b>4.5%</b>	<b>10.2%</b>	<b>11.6%</b>	<b>19.7%</b>