



VITAL FARMS, INC.

(NASDAQ: VITL)

March 10, 2022 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 release that are forward-looking include, but are not limited to, statements related to the impact of the COVID-19 pandemic on the Company's business, the company's ability to acquire new customers and successfully retain existing customers and the Company's ability to effectively manage long-term growth.

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 magnitude and duration of the COVID-19 pandemic; our ability to effectively manage our growth; our ability to effectively expand our manufacturing and production capacity, forecast demand and manage our inventory; our ability to successfully enter new markets, manage our international expansion and comply with any applicable laws and regulations; the effects of increased competition from our market competitors; the success of our marketing efforts and the ability to grow brand awareness, maintain, protect and enhance our brand, attract and retain new customers and grow our market share; changes in consumer tastes and trends in our industry; changes in government regulations and policies; availability and prices of raw materials for our products; outcomes of legal or administrative proceedings; the financial condition of, and our relationship with our suppliers, co-manufacturers, distributors, retailers and foodservice customers; the ability of our suppliers and co-manufacturers to comply with food safety, environmental or other laws or regulations; general economic conditions; and other risks and uncertainties detailed in our Annual Report on Form 10-K for the 13-week and 52-week period ended December 26, 2021 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 13-week and 52-week period ended December 26, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending December 26, 2021 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



Lively Layla keeps alert at the break of day ready to catch a crunchy breakfast snack.



VITAL FARMS AT A GLANCE

21.8%

2021 NET
REVENUE
GROWTH

#1

U.S. PASTURE-
RAISED EGG
BRAND²

5.0%

HOUSEHOLD
PENETRATION¹

6.4M+

HOUSEHOLDS
PURCHASING

5.9%

U.S. RETAIL EGG
SHARE³

#2

U.S. OVERALL
EGG BRAND²

20,900+

STORES SELLING³

24

TOTAL RETAIL SKUs⁴

BULLSH*T FREE

HONEST FOOD

Sources: SPINS, Whole Foods Market ¹ Numerator panel data based on the 52-week period ending 26-Dec-2021. ² Based on retail dollar sales for the 52-week period ending 26-Dec-2021. Brand rank excludes private label. ³ Based the 52-week period ending 26-Dec-2021.

⁴ Excludes Breakfast Bars and Egg Bites

See Appendix for a reconciliation of Adjusted EBITDA Margin



OUR VALUES ARE ROOTED IN CONSCIOUS CAPITALISM



We operate a

STAKEHOLDER MODEL

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



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

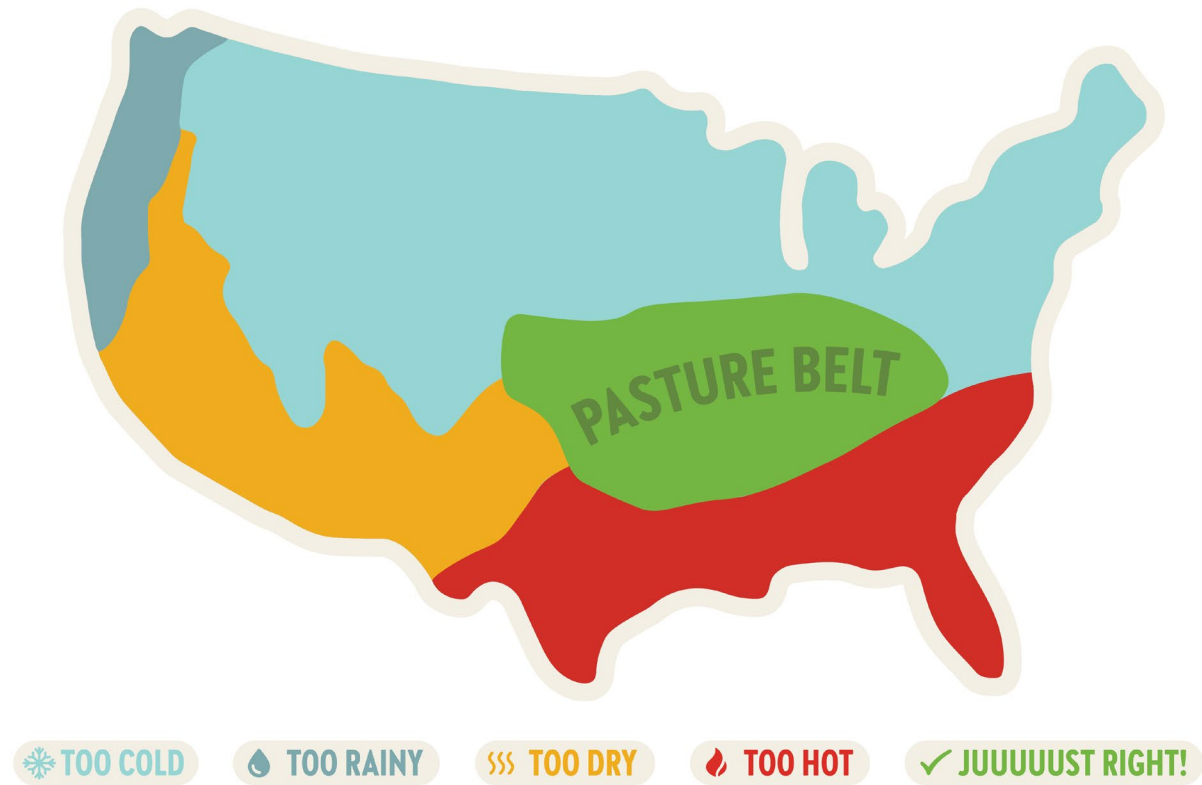


These principles guide our day-to-day operations and, we believe, deliver a more **SUSTAINABLE AND SUCCESSFUL** business



WE HAVE DEVELOPED AN ALTERNATIVE TO FACTORY FARMING PRACTICES

Year-Round Production



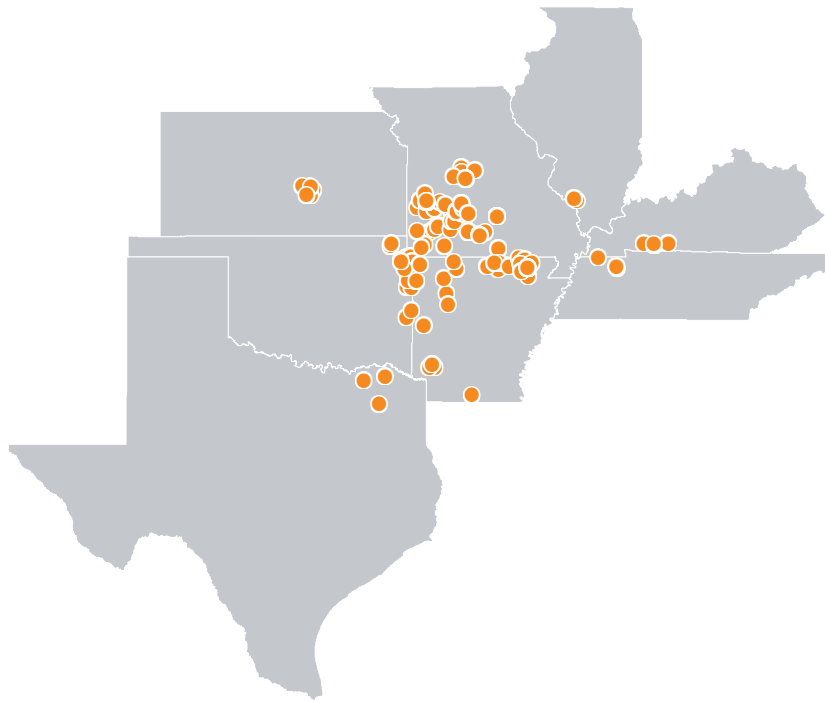
Our Framework

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

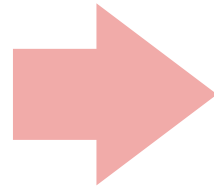


OUR MODEL ALLOWS US TO DELIVER QUALITY AT SCALE

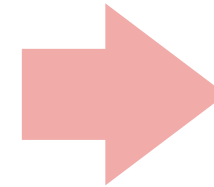
Current Network of More Than 275 Family Farms



WE AGGREGATE
PRODUCTS
FROM FARM
NETWORK



WE DELIVER
DIRECT TO
CUSTOMERS
AND THROUGH
DISTRIBUTORS



Products Available in More Than 20,900 Stores

GROCERY RETAIL

CLUB RETAIL



OUR CURRENT EXPANSION IS ON TIME AND ON BUDGET

MID-2022

OPERATIONAL

3 MILLION

ADDITIONAL
EGGS PER DAY

153,000

SQUARE FEET



NEW JOBS

ADDED TO
LOCAL ECONOMY

\$300 MILLION

ADDITIONAL
REVENUE POTENTIAL

~\$25 MILLION

COST OF EXPANSION

ECS EXPANSION DOUBLES PROCESSING CAPACITY, SUPPORTING GROWTH BEYOND 2022

**PROGRESS, BUT SIGNIFICANT
GROWTH POTENTIAL REMAINS**





OUR FOUR STRATEGIC PILLARS



Compete to win in our current categories

Strengthen our brand

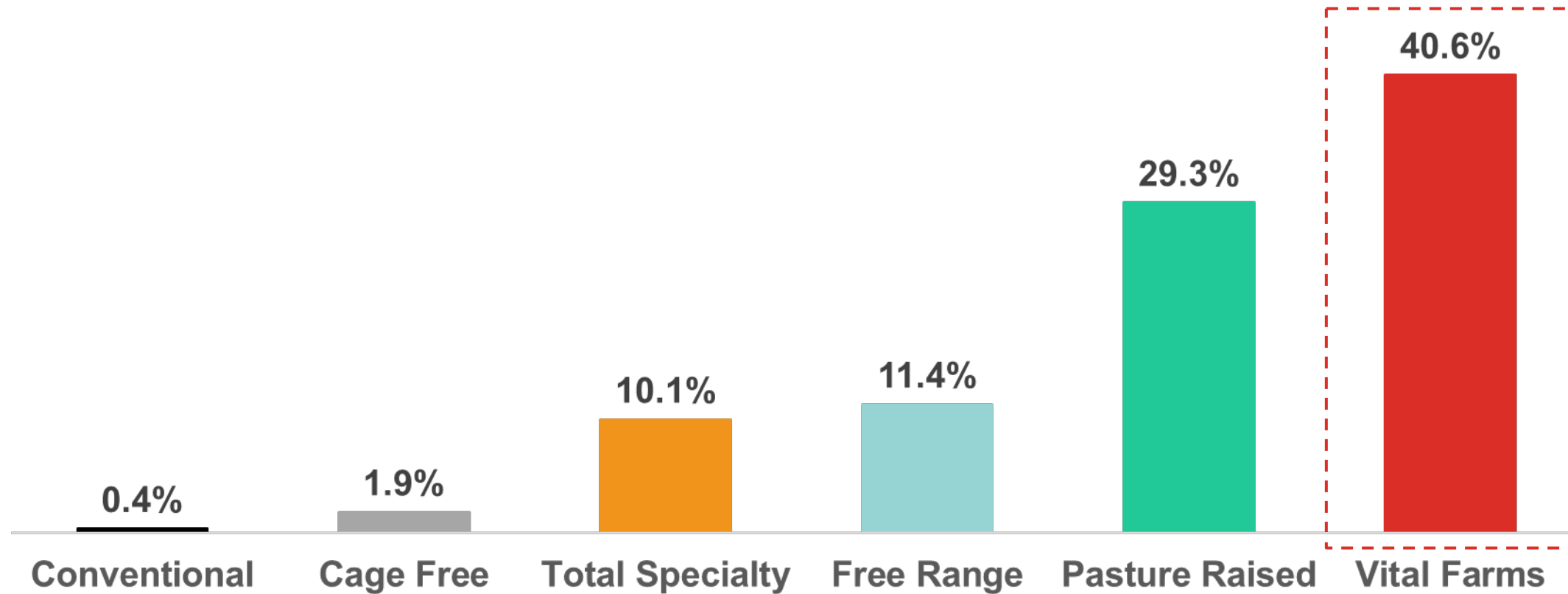
Expand our product portfolio

Scale a world-class organization



COMPETE TO WIN: DELIVERING SUSTAINED SALES GROWTH

2018 - 2021 MULO and Natural Channel Egg Dollar Sales CAGR¹

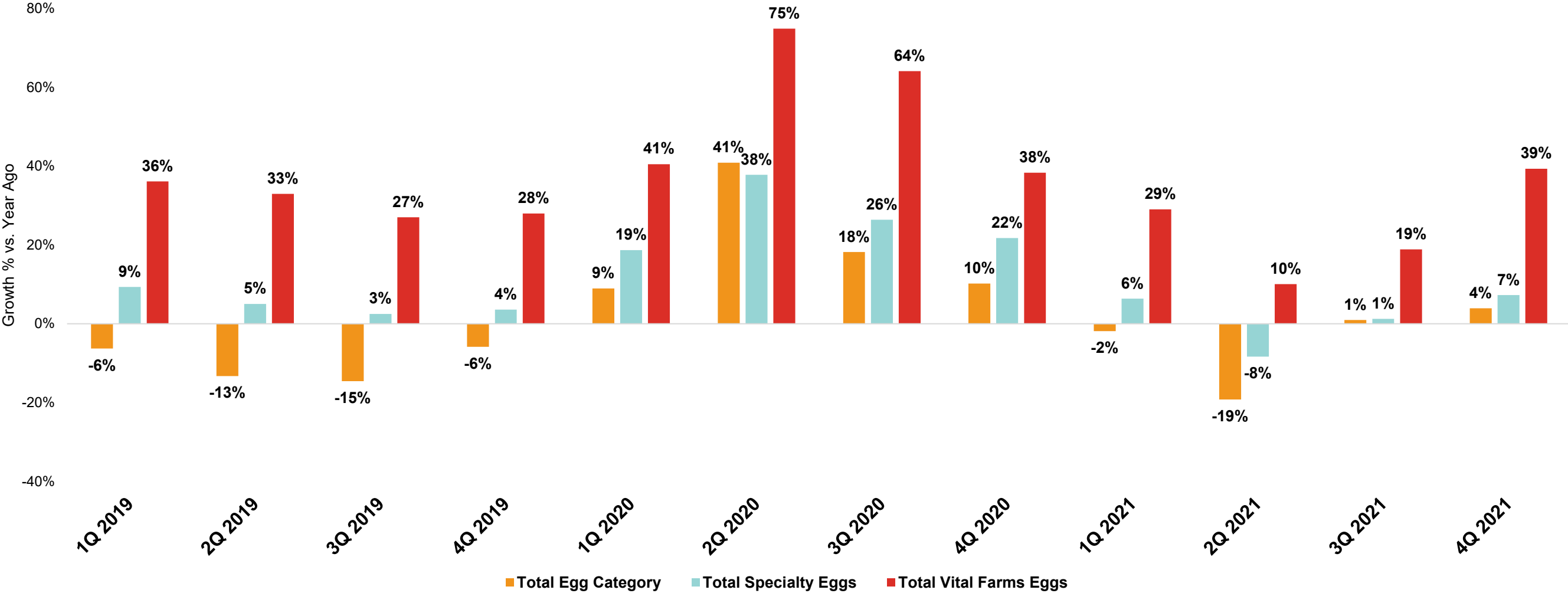


Note: Specialty eggs defined as cage free, free range and pasture-raised. All share metrics are calculated on a dollar basis.

¹ Vital Farms 2018-2021 CAGR represents sales of shell eggs as reported by SPINS in the MULO and Natural channels, based on the 52-week period ending 26-Dec-2021



COMPETE TO WIN: GROWING WELL AHEAD OF CATEGORY

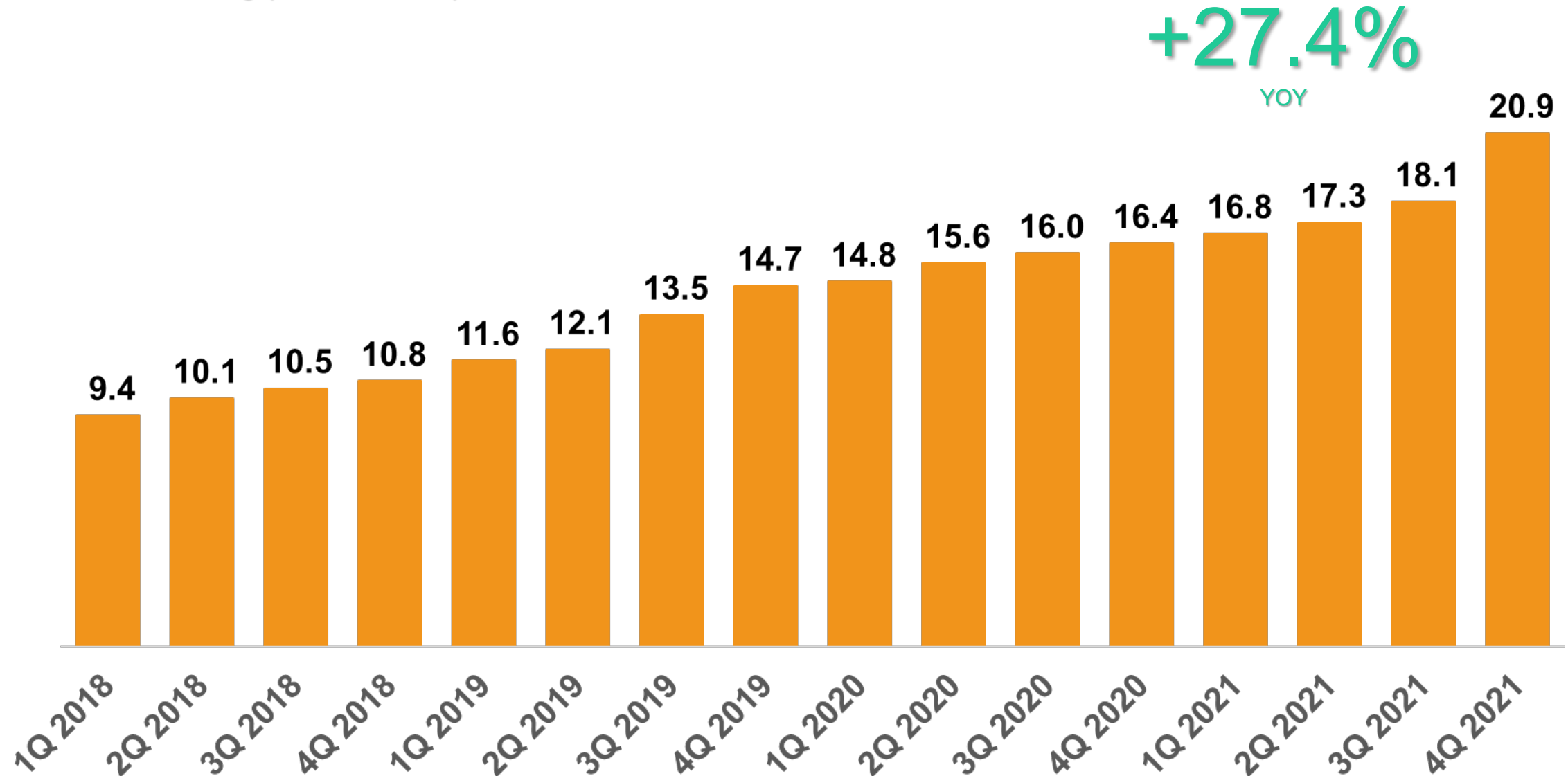


Source: Sales of shell eggs as reported by SPINS in the MULO and Natural channels, based on the last 52-week period ending 26-Dec-2021
Note: Specialty eggs defined as cage free, free range and pasture-raised.



COMPETE TO WIN: SIGNIFICANT STORE EXPANSION

Total Stores Selling (in Thousands)

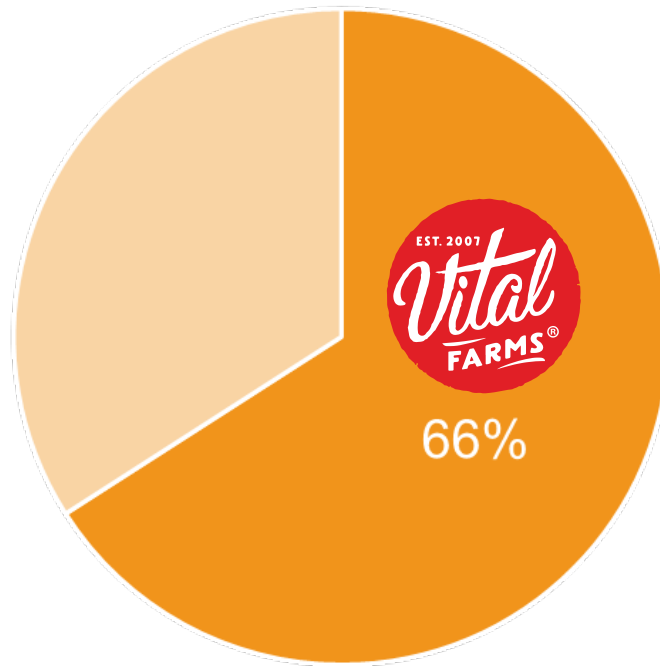




PLENTY OF RETAIL STORES STILL NEED OUR PRODUCTS

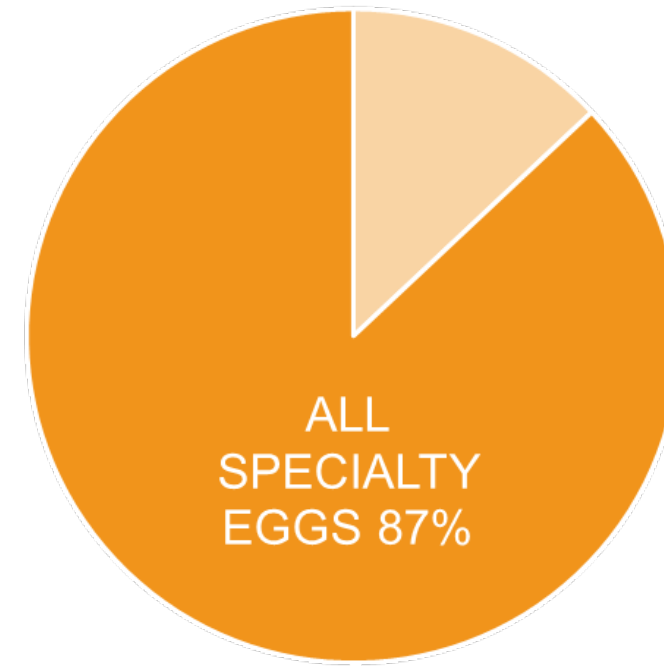
Distribution gains have been strong, but opportunity remains

TODAY



Vital Farms Eggs are
Available in over 20,900
Stores Today

POTENTIAL

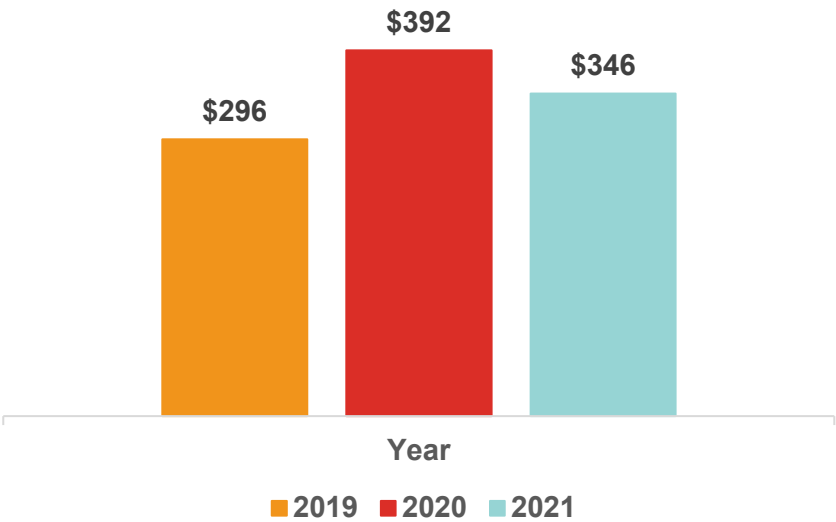


Relative to the
~31,700 Stores Offering
Specialty Eggs



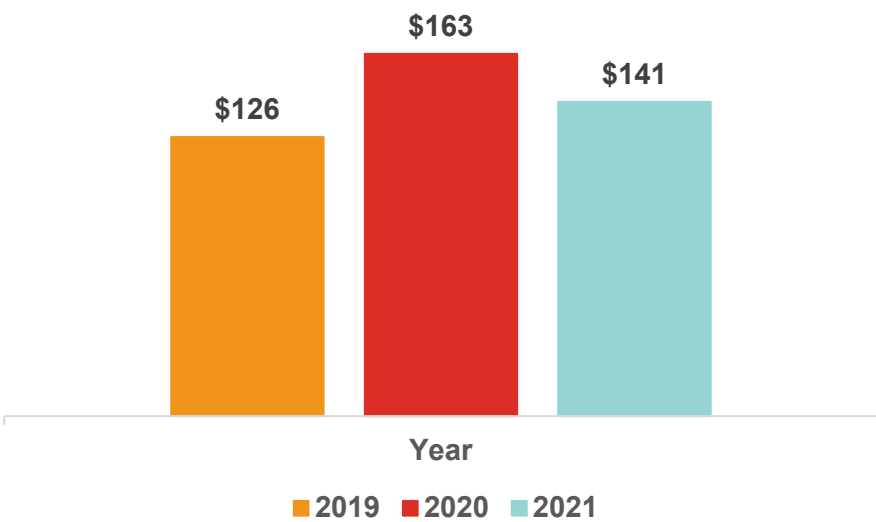
COMPETE TO WIN: VITAL FARMS PRODUCING IMPRESSIVE VELOCITIES IN BOTH CHANNELS

Natural Channel Pasture Raised 12-Count Annual Dollar Velocity

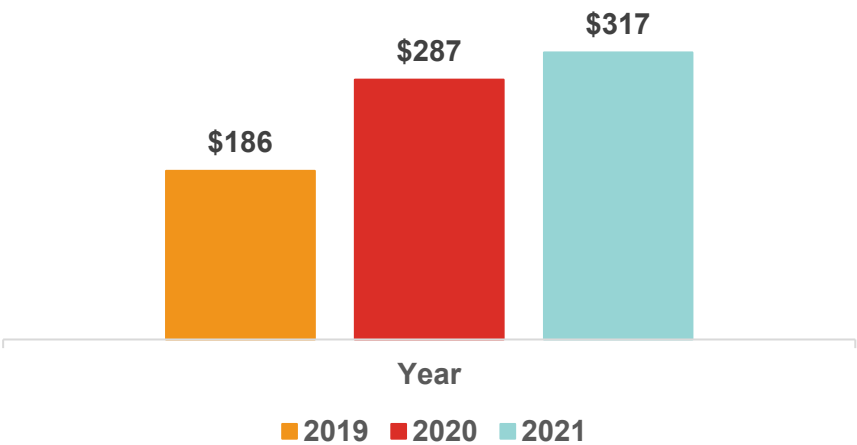


In 2020 Our 12-Count Pasture Raised SKU saw significant outperformance due to stock up trips

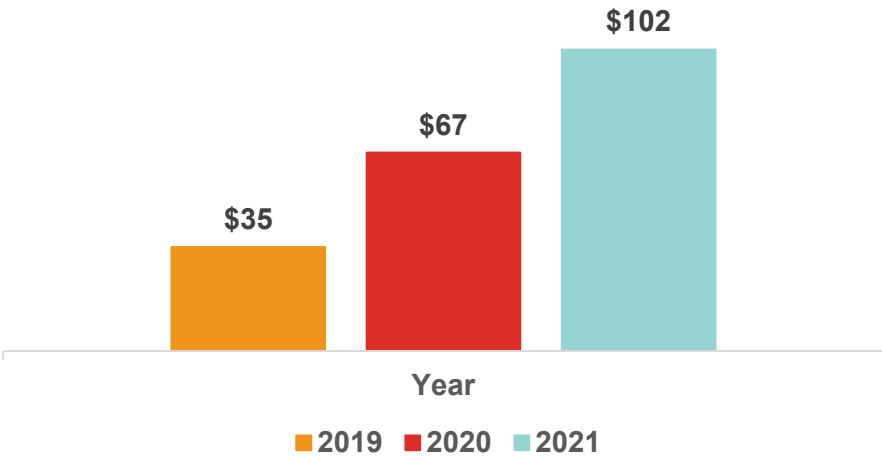
MULO Channel Pasture Raised 12-Count Annual Dollar Velocity



Natural Channel Organic Pasture Raised 12-Count Annual Dollar Velocity



MULO Channel Organic Pasture Raised 12-Count Annual Dollar Velocity



Source: SPINS and Whole Foods Nielsen data, last 52-week period ending 26-Dec-2021 Note: Stores include the U.S. Natural Channel, as defined by SPINS, and MULO



COMPETE TO WIN: VITAL FARMS VELOCITIES ABOVE EACH OF OUR TOP FOUR LARGEST COMPETITORS

2021 Total Brand U.S. Dollar Velocity (Dollars / Store / Week)

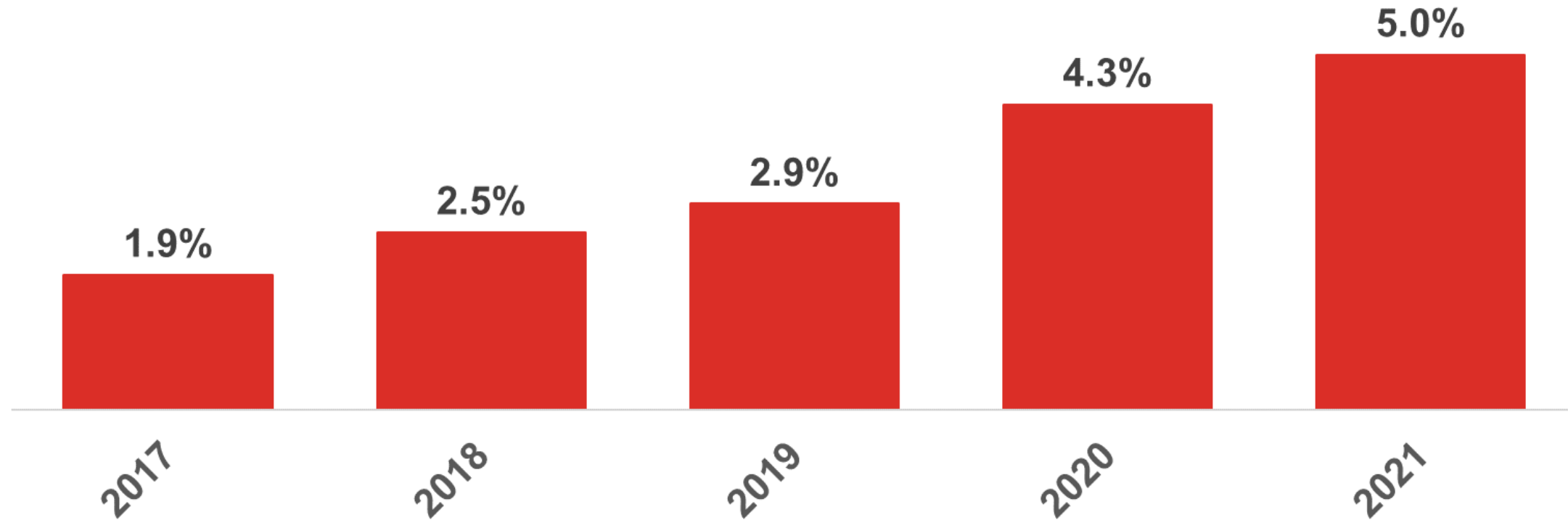


Source: SPINS and Whole Foods Nielsen data, last 52-week period ending 26-Dec-2021, Stores include the U.S. Natural Channel, as defined by SPINS, MULO and Whole Foods



STRENGTHEN OUR BRAND: HOUSEHOLD PENETRATION TREND CONTINUES UPWARD TRAJECTORY

% of Households Purchasing Vital Farms eggs



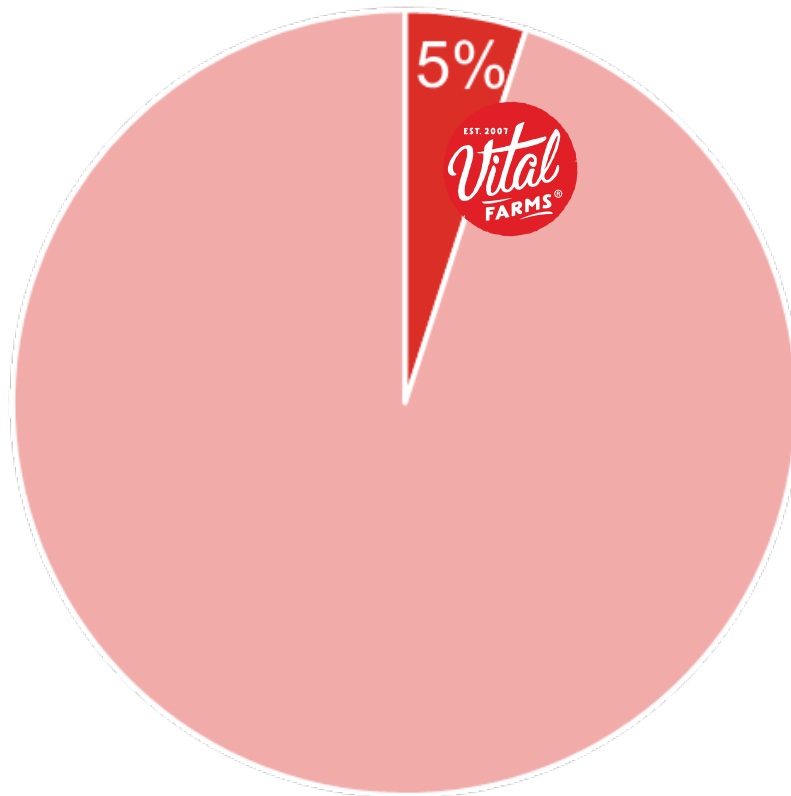
Over 6.4 Million Households Buying Vital Farms Eggs



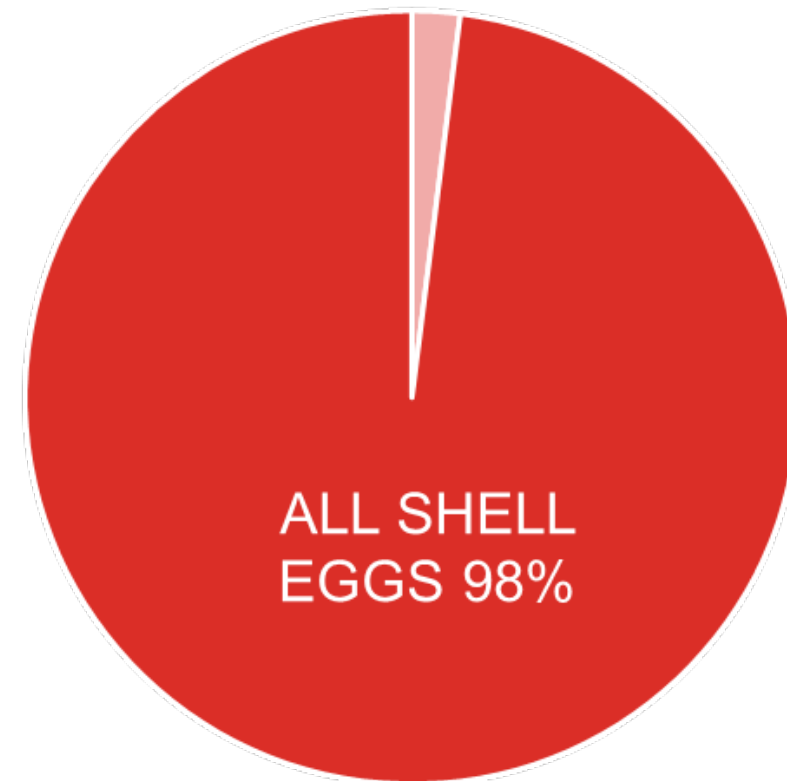
ABUNDANT HOUSEHOLD PENETRATION WHITE SPACE

Our greatest near-term opportunity is further expanding Household Shell Egg Penetration

TODAY



SIGNIFICANT POTENTIAL

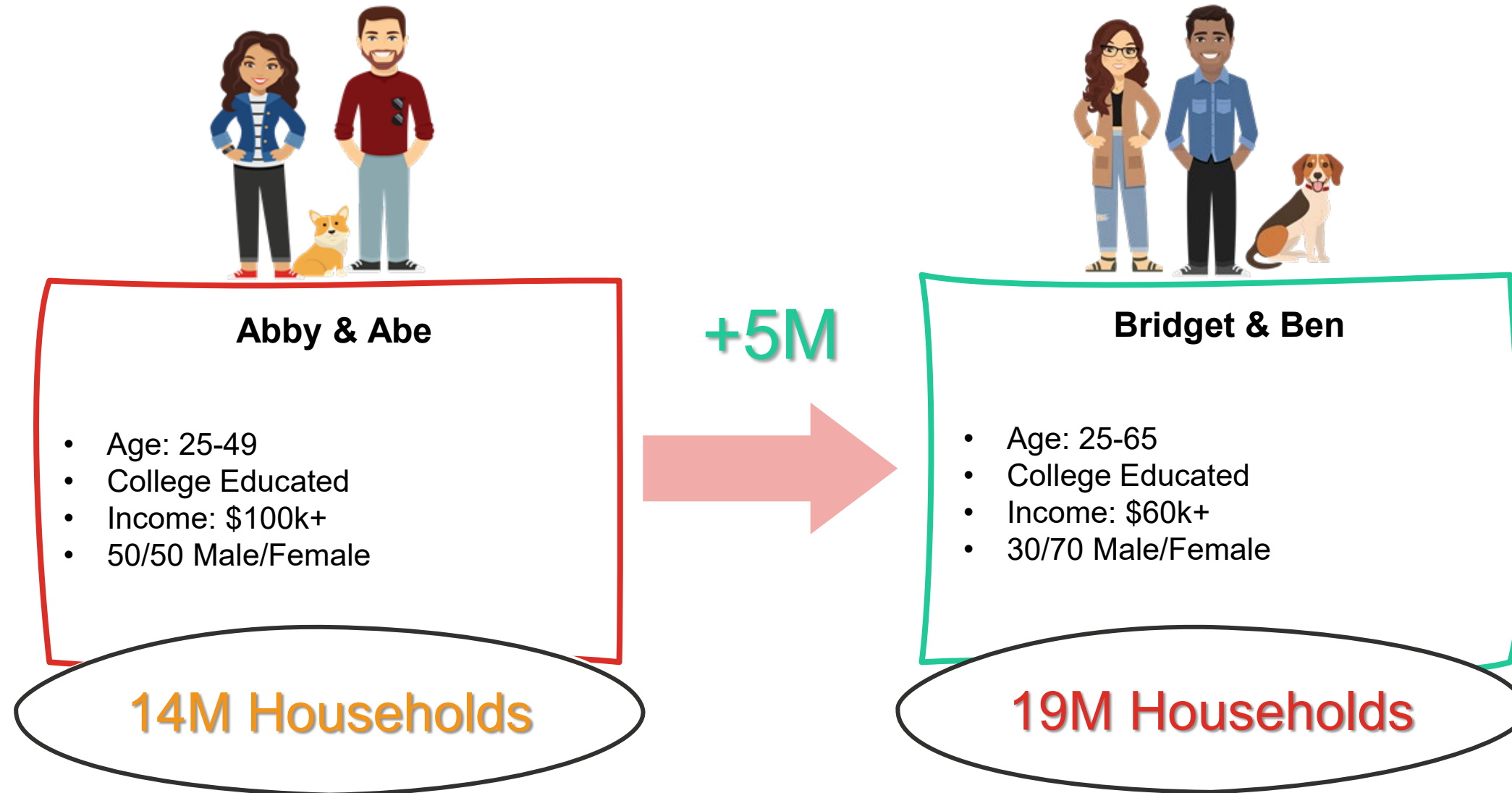


Source: SPINS and Whole Foods Nielsen data, last 52-week period ending 26-Dec-2021

Note: Specialty eggs defined as cage-free, free-range and pasture-raised eggs. Stores include the U.S. Natural Channel, as defined by SPINS, MULO and Whole Foods



STRENGTHEN OUR BRAND: BRIDGET AND BEN REPRESENT OUR NEW, GROWING CONSUMER DEMOGRAPHIC



We firmly believe growth of this population will continue driven by changing consumer preferences



EXPAND OUR PRODUCT PORTFOLIO: PASTURE-RAISED BLUES

Pasture-Raised Blues Coming Soon



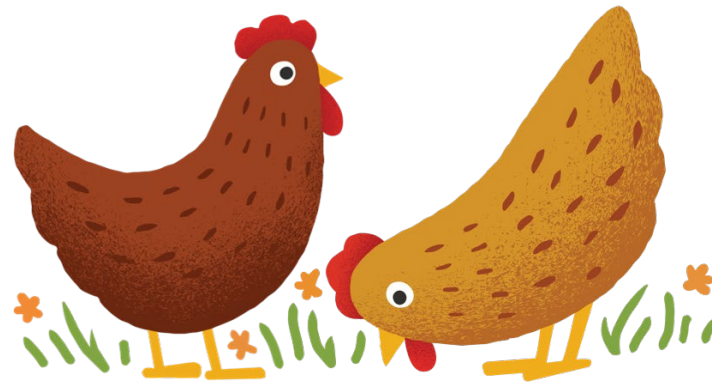


EXPAND OUR PRODUCT PORTFOLIO: WHAT ARE OUR CRITERIA?

How do we think about new categories?

1. Is it the right fit for Vital Farms?
2. Can we fill a need across stakeholders?
3. Can we make it?
4. Can it profitably scale?

What categories do we currently understand well?



Poultry



Dairy



SCALING A WORLD CLASS ORGANIZATION: A BLUEPRINT

Be an organization that is a magnet for talent, creating a professional development ecosystem for our crew members, fostering a respected culture, and providing an exceptional employee experience so our crew can do well, and be well.

Institute world-class recruiting and onboarding

Continue to integrate Diversity, Equity, and Inclusion efforts throughout our organization

Offer competitive benefits, offer outstanding wellness and support programs

Institute exceptional training programs with well-rounded educational topics

Build and continuously improve a Crew Member Professional Development program

FINANCIAL UPDATE





FINANCIAL SUMMARY HIGHLIGHTS

Q4 2021 PERFORMANCE UPDATE

Highlights

- Net revenue increased 43% to a record \$77.4 million in Q4 2021, propelled by continued growth in egg-related sales, driven by volume increases at our customers as well as distribution gains at both new and existing retail partners and an increase in butter-related sales.
- Gross margin declined by 707 bps, primarily attributable to an increase in input costs across both eggs and butter and continued inbound freight inflation. In addition, we experienced a couple of discreet items in the period, the largest related to our butter business, which involved a write down of both inventory and butter packaging. We also paid a one-time bonus and hired additional temporary workers at ECS to maintain ample capacity to support the exceptional demand we saw in Q4 2021 against the backdrop of the Delta and Omicron variants.
- Adjusted EBITDA loss was \$2.0 million in Q4 2021. The change versus prior year was primarily due to gross margin pressure and higher shipping and distribution costs. ⁽¹⁾

Financial Performance

(\$ thousands)	Q4'21	Q4'20	Change	\$ Change
Net Revenues	\$ 77,405	\$ 53,993	43%	23,412
Gross Profit	19,797	17,625	12%	2,172
<i>Gross Margin %</i>	<i>25.6%</i>	<i>32.6%</i>	<i>-707 bps</i>	
Operating Income	(4,242)	(2,150)	97%	(2,092)
Net Income	(3,654)	(648)	464%	(3,006)
Adjusted EBITDA⁽¹⁾	\$ (2,018)	\$ (108)	1769%	(1,910)
<i>Adjusted EBITDA Margin⁽¹⁾</i>	<i>-2.6%</i>	<i>-0.2%</i>	<i>-241 bps</i>	

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



FINANCIAL SUMMARY HIGHLIGHTS

FY 2021 PERFORMANCE UPDATE

Highlights

- Net revenue increased 22% to a record \$260.9 million in FY 2021, propelled by growth in egg-related sales driven by volume increases at our customers as well as new distribution gains at both new and existing retail partners and an increase in butter-related sales.
- Gross margin declined by 301 bps, which was primarily attributable to an increase in input costs across eggs and butter.
- Adjusted EBITDA was \$8.0 million in FY 2021. The change relative to the prior year was due increases in input costs across eggs and butter, higher shipping and distribution expenses, as well as costs due to additional head count to support growth across the business.⁽¹⁾

Financial Performance

(\$ thousands)	2021	2020	Change	\$ Change
Net Revenues	\$ 260,901	\$ 214,280	22%	46,621
Gross Profit	82,899	74,528	11%	8,371
<i>Gross Margin %</i>	<i>32%</i>	<i>35%</i>	<i>-301 bps</i>	
Operating Income	52	12,228	-100%	(12,176)
Net Income	2,382	8,884	-73%	(6,502)
Adjusted EBITDA⁽¹⁾	\$ 8,049	\$ 16,751	-52%	-8,702
<i>Adjusted EBITDA Margin⁽¹⁾</i>	<i>3.1%</i>	<i>7.8%</i>	<i>-473 bps</i>	

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



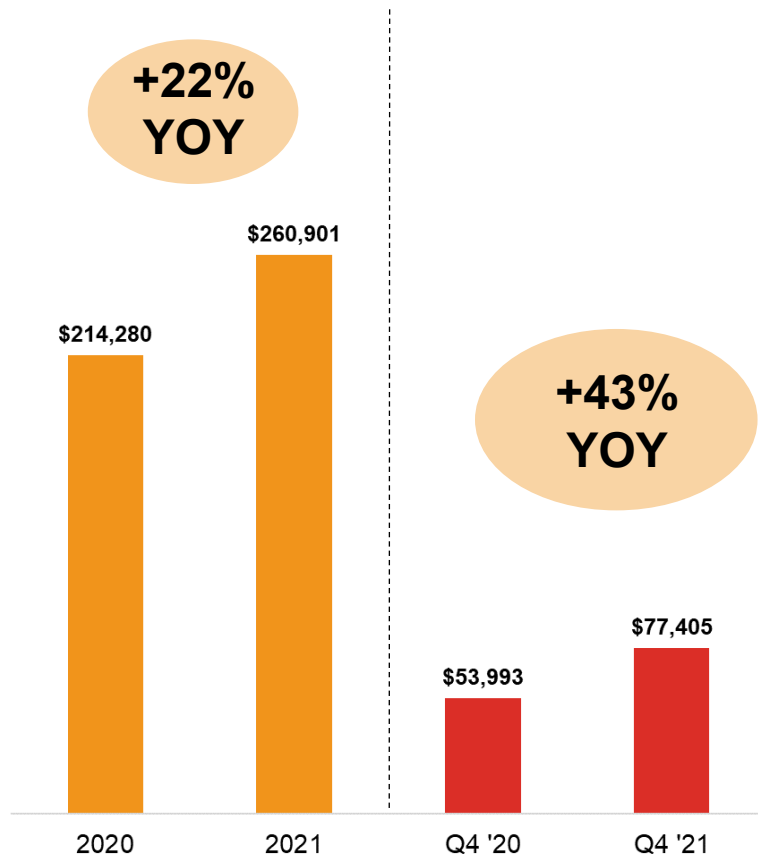
FINANCIAL SUMMARY HIGHLIGHTS

NET REVENUE GROWTH

Net Revenues Summary

Year-Over-Year and Quarterly Net Revenue Growth

(\$ Thousands)



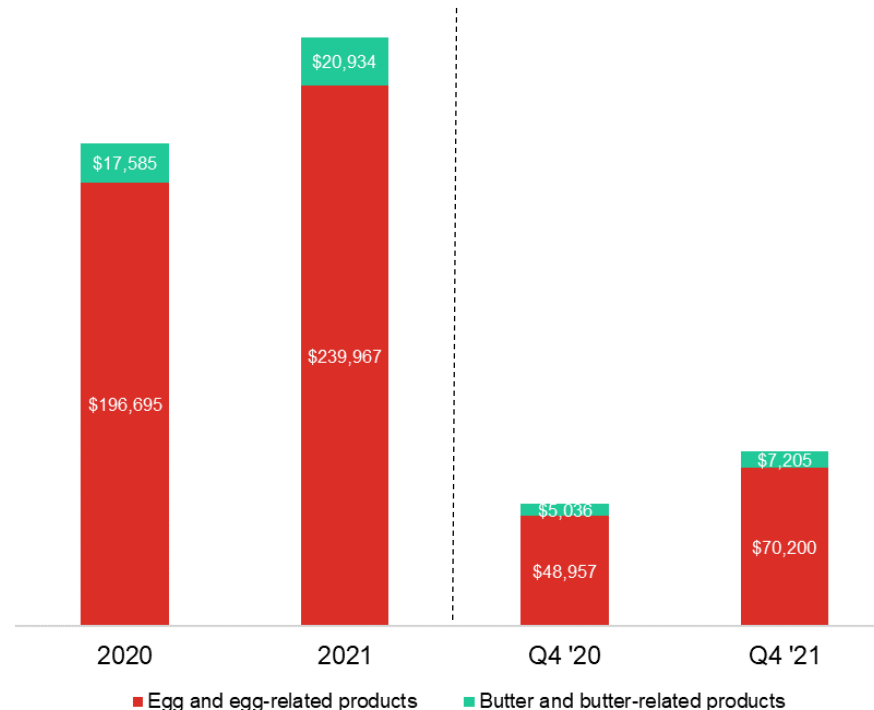
Net Revenues by Product Segment

Growth Rates

	2020	2021	Q4 '20	Q4 '21
Eggs	53%	22%	63%	43%
Butter	45%	19%	122%	43%
Consolidated	52%	22%	67%	43%

Product Segment Mix

(\$ Thousands)



Highlights

- Net revenue for Q4 2021 was a record \$77.4 million compared to \$54.0 million for Q4 2020
- The increase of \$23.4 million was primarily driven by a \$21.2 million increase in egg-related product sales and a \$2.2 million increase in sales of butter-related products
- The increases in egg-related related sales were primarily due to:
 - volume increases
 - new distribution at both new and existing customers
- The increases in butter-related related sales were primarily due to:
 - volume increases
 - Incremental promotional spend to generate customer trial



FINANCIAL SUMMARY HIGHLIGHTS

MARGIN PROFILE

Gross Profit and Margin

Gross Margins

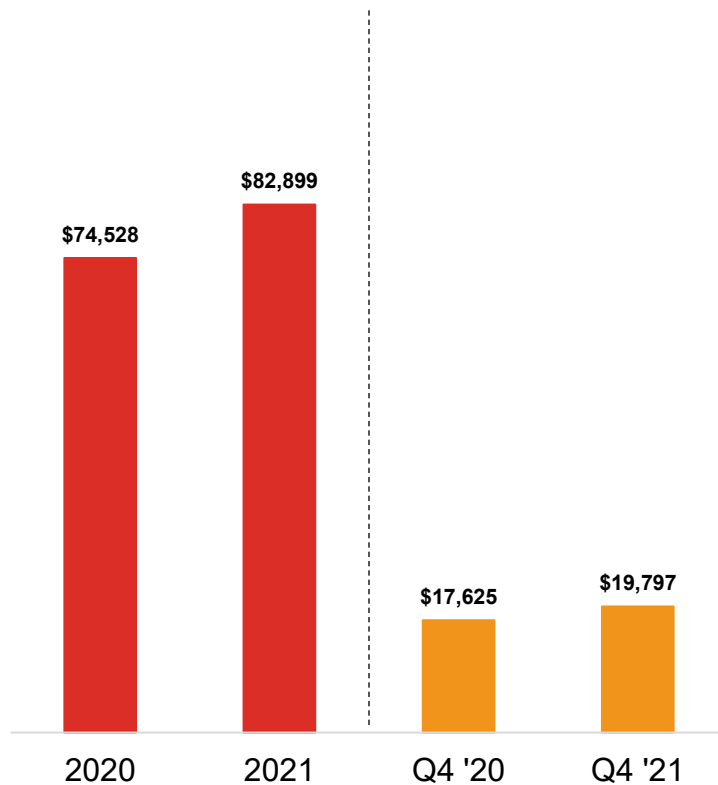
35%

32%

33%

26%

(\$ Thousands)



Operating Expenses

SG&A as a % of Net Revenues

22%

22%

29%

20%

Shipping & Distribution as a % of Net Revenues

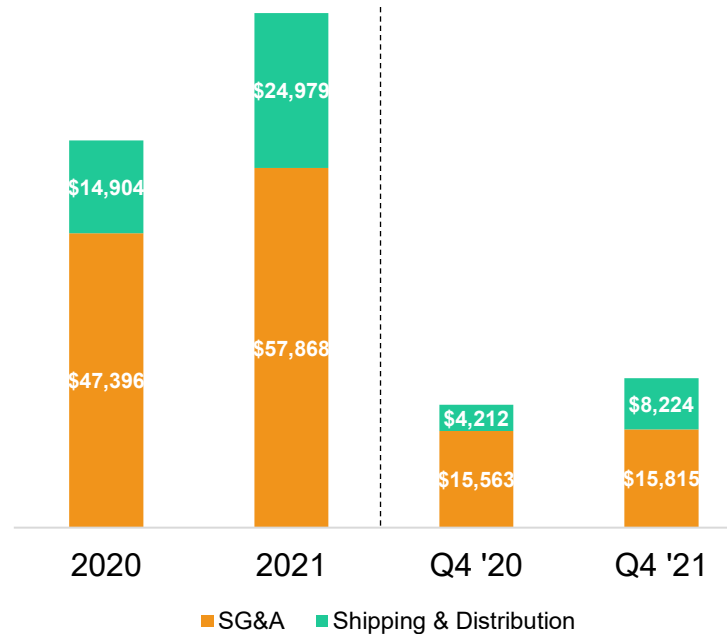
7%

10%

8%

11%

(\$ Thousands)



Highlights

- The increase in gross profit of \$2.2 million was driven by increased sales volume
- Gross margin declined by 707 bps, primarily attributable to an increase in input costs across both eggs and butter and continued inbound freight inflation. In addition, we experienced a couple of discreet items in the period, the largest related to our butter business, which involved a write down of both inventory and butter packaging. We also paid a one-time bonus and hired additional temporary workers at ECS to maintain ample capacity to support the exceptional demand we saw in Q4 2021 against the backdrop of the Delta and Omicron variants.
- Selling, general, and administrative expenses as a percent of net sales decreased to 20% for Q4 2021, compared to 29% for Q4 2020. SG&A was modestly higher on a dollar basis versus the prior year period.
- Shipping and distribution increased \$4.0 million, or 95%, primarily driven by increased costs related to third-party freight for our products and higher sales volume.



INITIAL 2022 GUIDANCE

NET REVENUE
GROWTH

At least 30%

NET REVENUES

At least \$340 Million

ADJUSTED
EBITDA

At least \$13 Million (62% Growth)

Excluding estimated costs of \$1.9 million related to our exit of the convenient breakfast product line



OUR LONG-TERM FINANCIAL GOALS

NET REVENUE
GROWTH

Over 25%

GROSS MARGIN

Mid-30%

EBITDA MARGIN

Low Double Digit % of Net Revenues

Note: These metrics are management goals only, are subject to a number of risks and uncertainties, including risks described in the "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended December 26, 2021 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)	13-Weeks Ended		52-Weeks Ended	
	26-Dec-21	27-Dec-20	26-Dec-21	27-Dec-20
Net income	\$ (3,654)	\$ (647)	\$ 2,382	\$ 8,884
Depreciation and amortization	1,013	982	3,540	2,550
(Benefit)/Provision for income tax	(543)	(1,530)	(2,028)	2,770
Stock-based compensation expense	1,248	1,028	4,440	2,509
Interest expense	10	123	52	488
Change in fair value of contingent consideration ⁽¹⁾	10	9	44	(333)
Interest income	(102)	(73)	(381)	(97)
Net litigation settlement gain	0	0	0	(20)
Adjusted EBITDA	\$ (2,018)	\$ (108)	\$ 8,049	\$ 16,751
<i>Net Income as a % of Net Revenues</i>	<i>-4.7%</i>	<i>-1.2%</i>	<i>0.9%</i>	<i>4.1%</i>
Adjusted EBITDA Margin	-2.6%	-0.2%	3.1%	7.8%

(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



QUESTIONS?

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