



VITAL FARMS, INC.

(NASDAQ: VITL)

March 9, 2023 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 effects of the public health pandemics such as COVID-19 on Vital Farms' supply chain, 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 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 and other raw materials; Vital Farms' ability to successfully enter into new product categories; real or perceived quality 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; 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; 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 the war between Ukraine and Russia 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; 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 fiscal year ended December 25, 2022, our Quarterly Report on Form 10-Q for the fiscal quarter ended September 25, 2022 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 fiscal year ended December 25, 2022 are not necessarily indicative of the results that may be expected for any other interim periods or any future year or period.

The trademarks included in this presentation are the property of the owners thereof and are used for reference purposes only.

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 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 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.

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 include costs related to the discontinuation of our convenient breakfast product line; (5) they do not reflect the dissolution of the Ovabrite, Inc. variable interest entity; (6) they do not reflect other non-operating expenses, including interest expense; (7) they do not consider the impact of any contingent consideration liability valuation adjustments and (8) 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 in the same manner, limiting the usefulness of Adjusted EBITDA and Adjusted EBITDA Margin 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 and other results stated in accordance with GAAP.



Bird of the Quarter



Eager Emmy sets out on her daily adventure, discovering new terrain in the fresh air and sunshine.



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

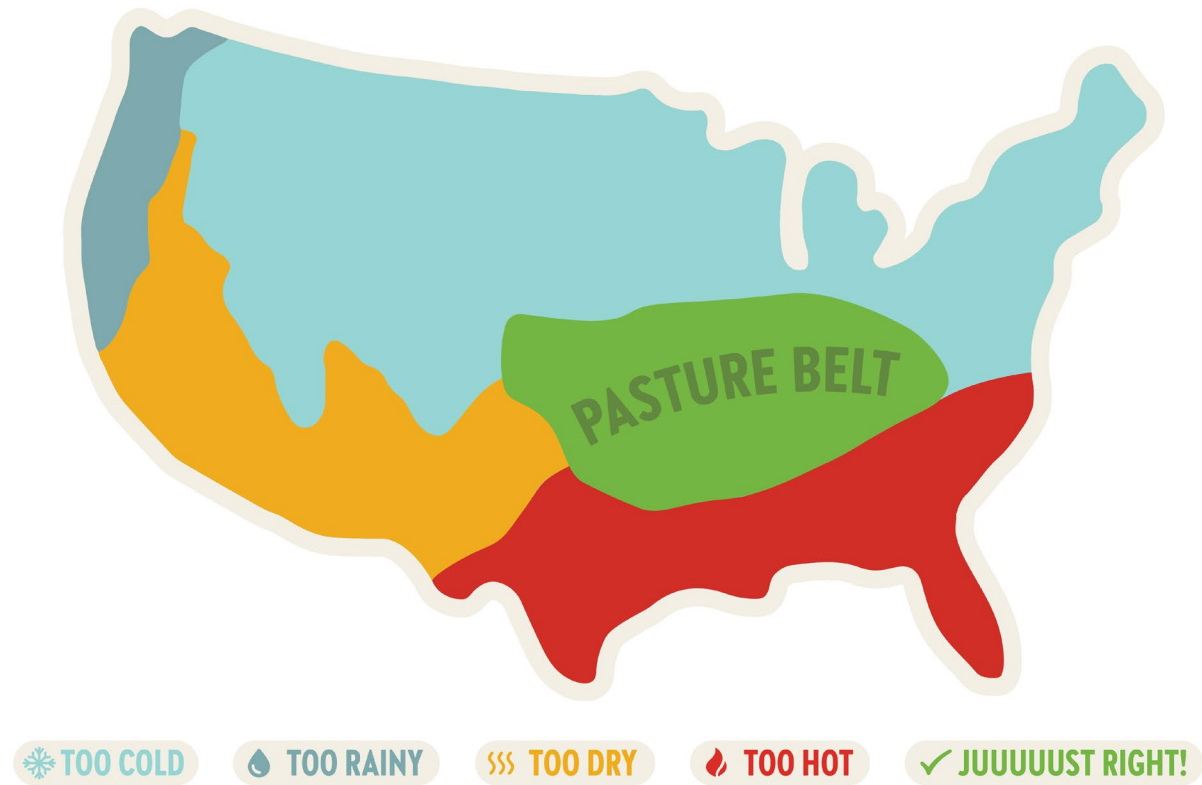


These principles guide our day-to-day operations and, we believe, deliver a more **SUSTAINABLE AND SUCCESSFUL** business



WE HAVE DEVELOPED AN ALTERNATIVE TO FACTORY FARMING PRACTICES

Year-Round Production



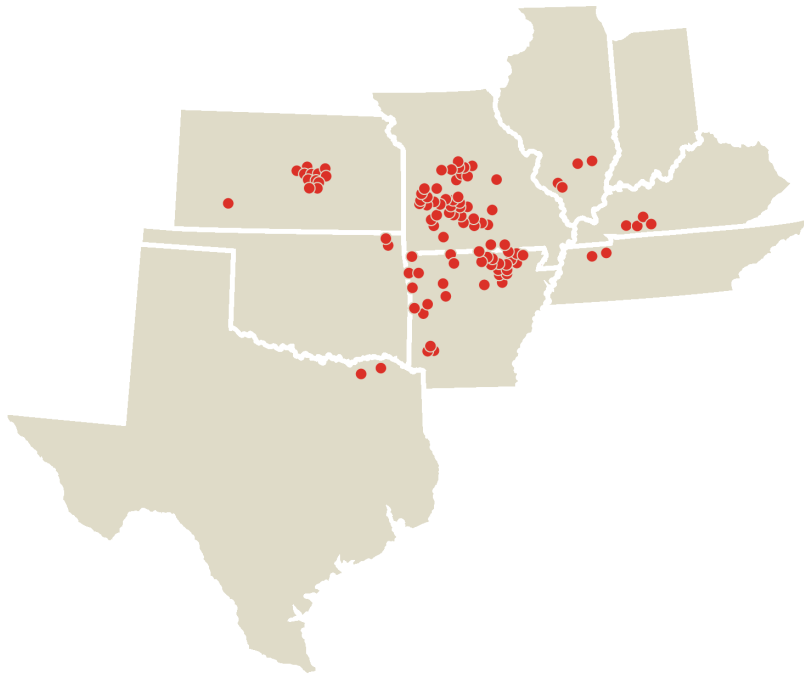
Our Framework

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

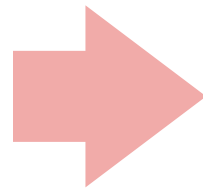


OUR MODEL ALLOWS US TO DELIVER QUALITY AT SCALE

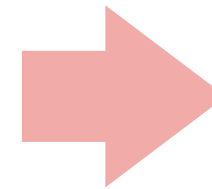
Network of more than
300 Family Farms



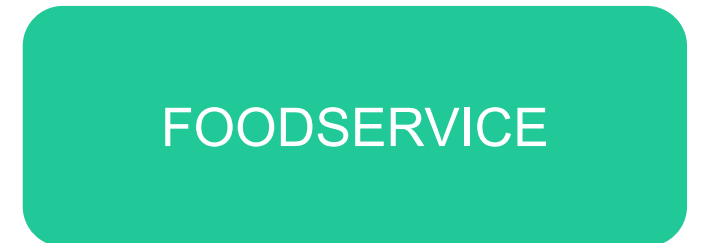
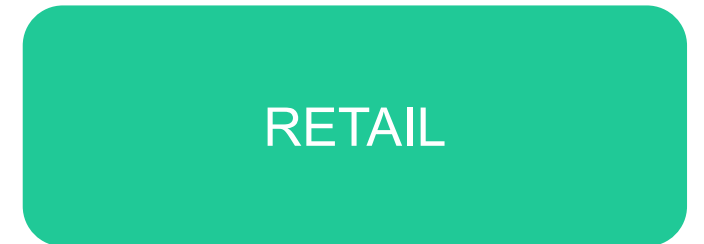
WE
AGGREGATE
PRODUCTS
FROM FARM
NETWORK



WE DELIVER
DIRECTLY TO
CUSTOMERS
AND THROUGH
DISTRIBUTORS



National Distribution
(Products in over
22,000 Retail Stores)



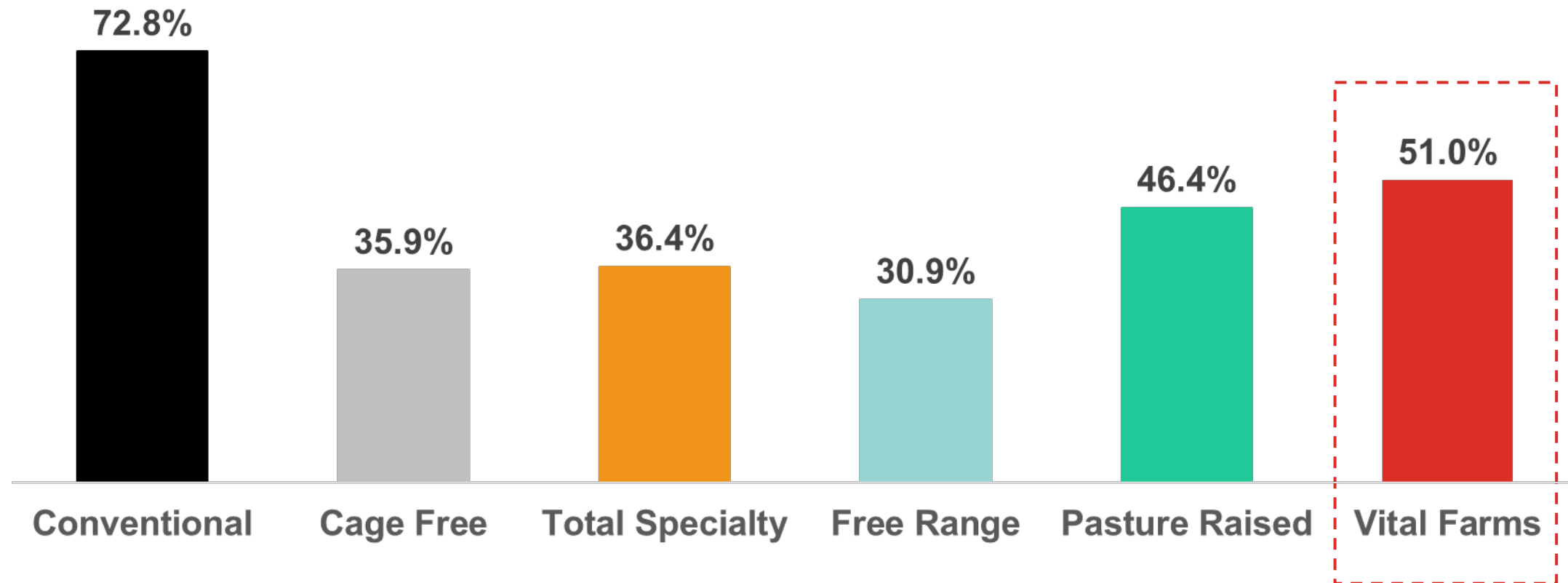
CONSISTENT PERFORMANCE DESPITE CATEGORY VOLATILITY





INFLATION HAS HELPED PRIVATE LABEL AND CONVENTIONAL EGGS SHOW SIZEABLE DOLLAR GROWTH

Last Six Months - MULO and Natural Channel Egg Dollar Sales Growth



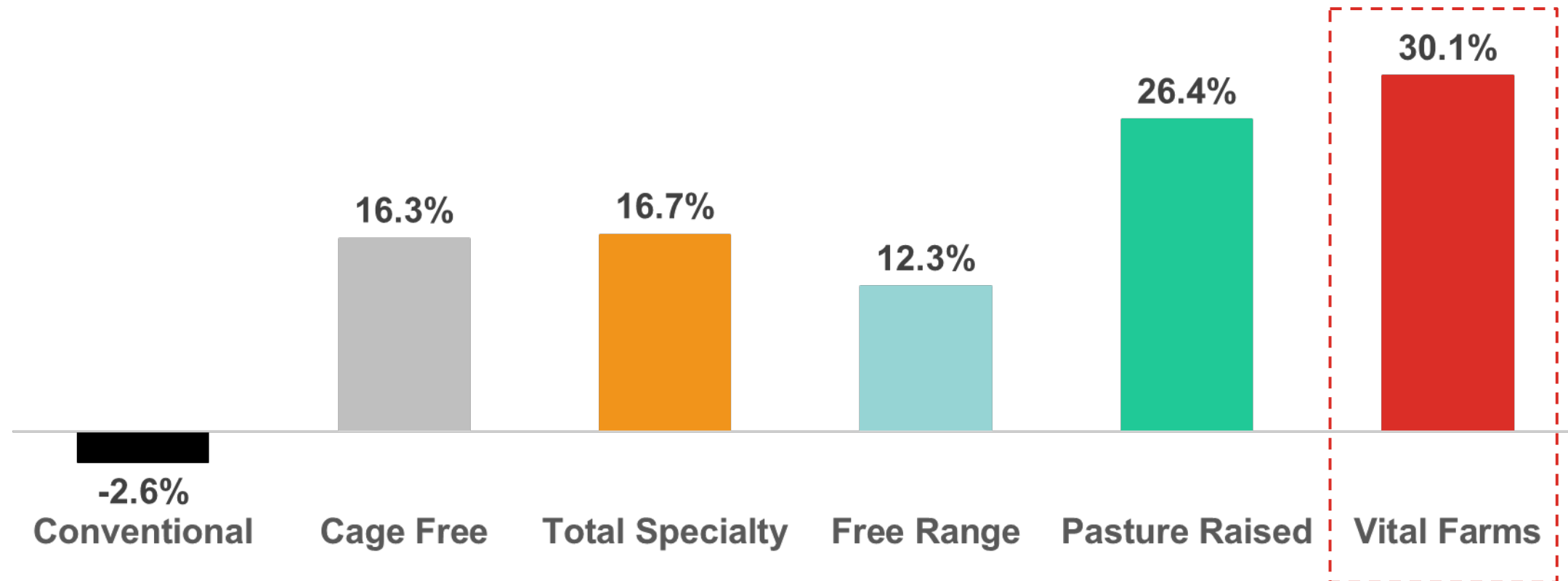
Note: Specialty eggs defined as cage free, free range and pasture-raised.

¹ Vital Farms Growth represents sales of shell eggs as reported by SPINS in the MULO and Natural channels, based on the last 26-weeks ended 25-Dec-2022



VOLUME TELLS A SLIGHTLY DIFFERENT STORY: VITAL FARMS OUTPERFORMING

Last Six Months - MULO and Natural Channel Egg Unit Sales Growth



Note: Specialty eggs defined as cage free, free range and pasture-raised.

¹ Vital Farms Growth represents sales of shell eggs as reported by SPINS in the MULO and Natural channels, based on the last 26-weeks ended 25-Dec-2022



VITAL FARMS VOLUME GROWTH RATE HAS CONSISTENTLY OUTPERFORMED THE EGG CATEGORY

Vital Farms Volume Growth vs. Egg Category Volume Growth



Both Vital Farms Growth and Category Growth sources are the sales of shell eggs as reported by SPINS and Nielsen in the MULO and Natural channels, based on the last 52-weeks ended 12-25-22

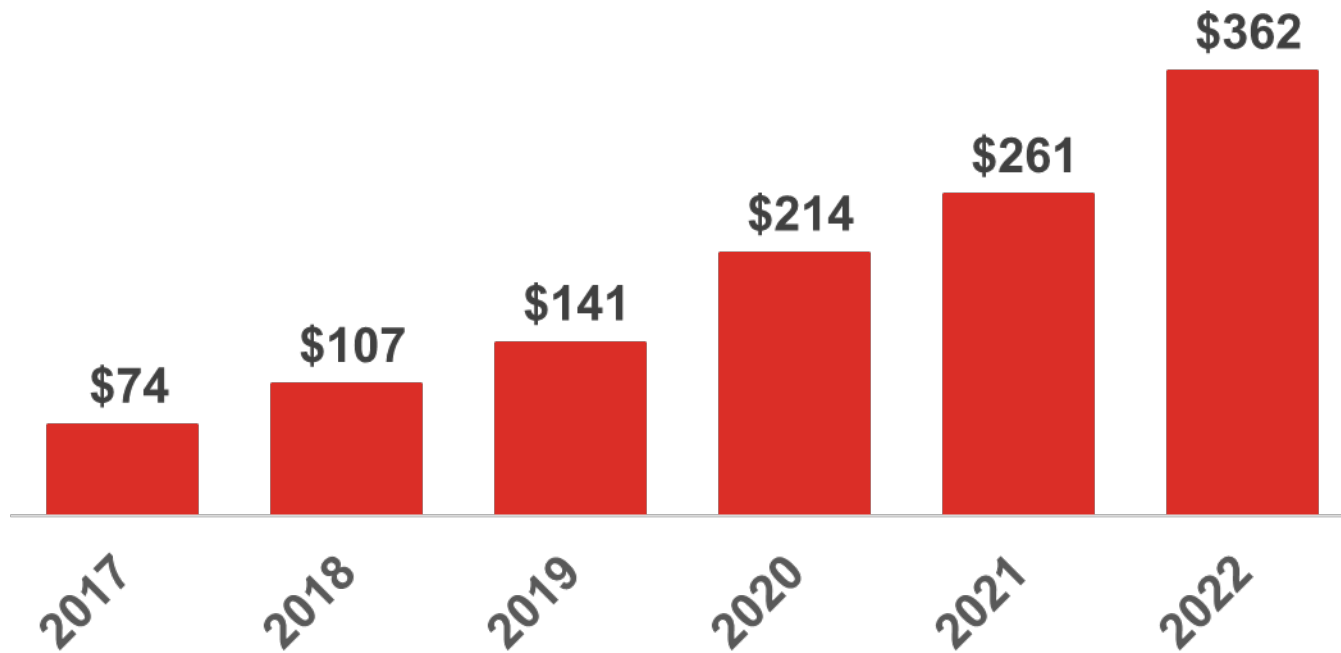
WELL POSITIONED
FOR FUTURE GROWTH





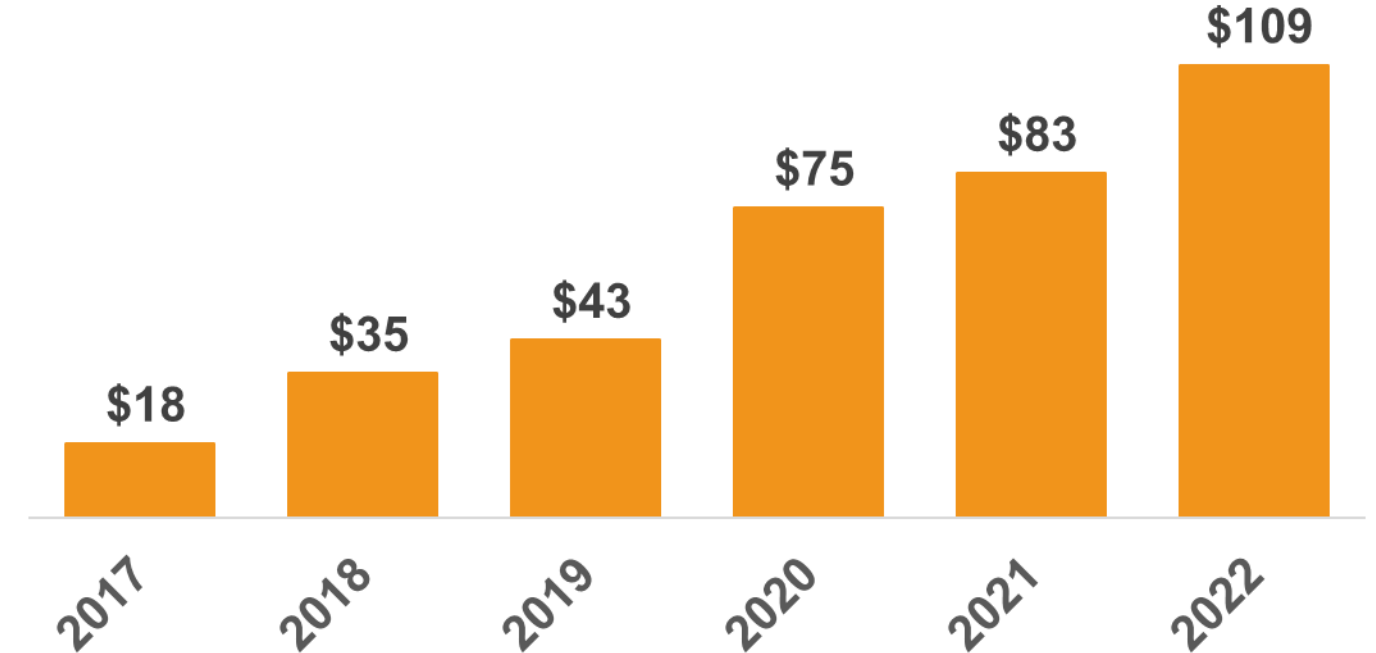
REVENUE BASE INCREASING; PROFITS FOLLOWING DESPITE RECENT MACRO HEADWINDS

Net Revenue (in Millions)



5-Year CAGR of ~37%

Gross Profit (in Millions)

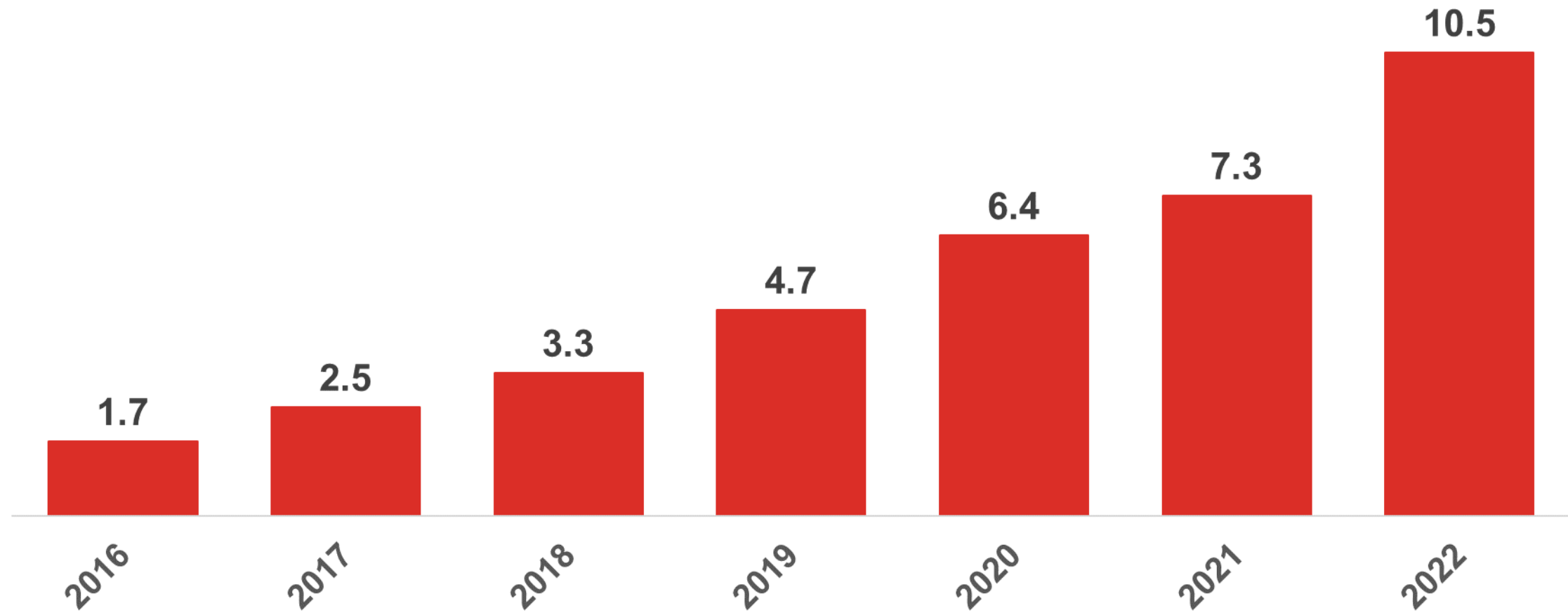


5-Year CAGR of ~44%



HOUSEHOLD PENETRATION IS ACCELERATING

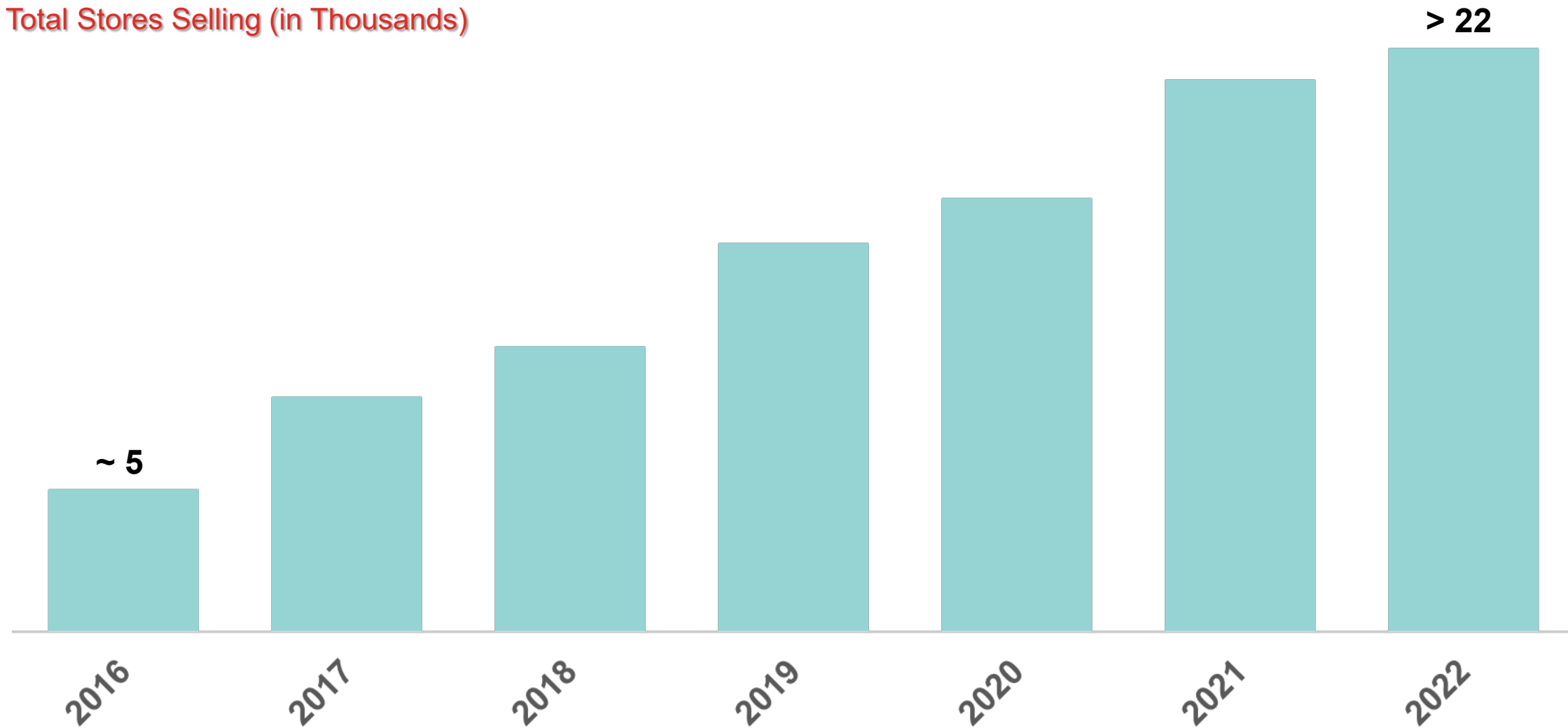
Number of U.S. Households Buying (in Millions)





RETAIL DISTRIBUTION CONTINUES TO CLIMB

Total Stores Selling (in Thousands)





FARMER NETWORK GROWING TO MEET ROBUST DEMAND

Number of Farms in Network





AMPLE PRODUCTION CAPABILITY AT EGG CENTRAL STATION

> \$700 MILLION

TOTAL FACILITY
REVENUE POTENTIAL

6 MILLION

TOTAL EGGS
PER DAY

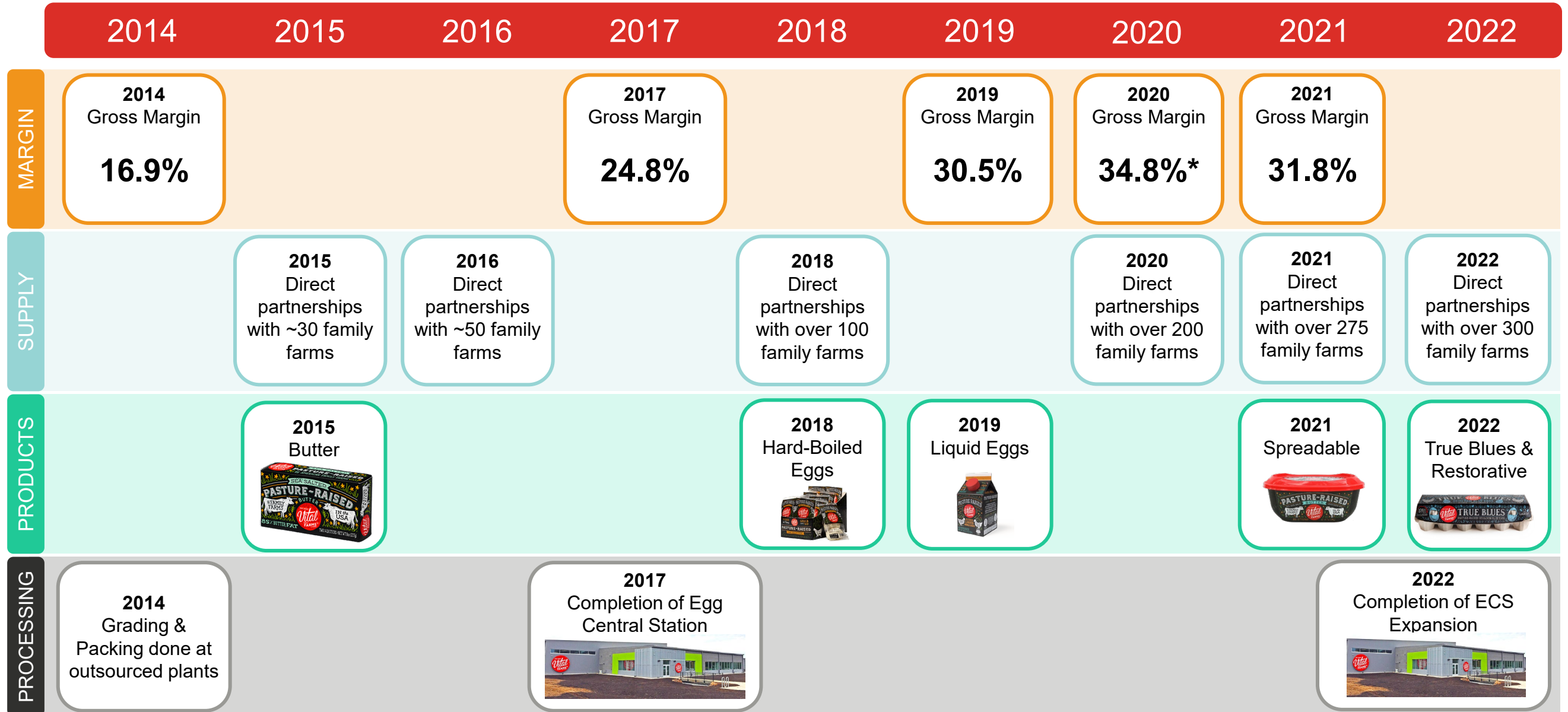
153,000

TOTAL FACILITY
SQUARE FEET





VITAL FARMS CORPORATE TIMELINE (2014 – PRESENT)



Source: Vital Farms Company Filings

* COVID-19 related demand positively impacted gross margins due to higher ECS utilization and reduced trade spend due to significant volume growth

FINANCIAL UPDATE





FINANCIAL SUMMARY HIGHLIGHTS

Q4 2022 PERFORMANCE UPDATE

Highlights

- Net revenue increased 42.2% to \$110.1 million in the fourth quarter of 2022, compared to \$77.4 million in the fourth quarter of 2021. Growth in net revenue in the fourth quarter of 2022 was driven by volume gains of 27%, primarily due to continued growth in egg-related sales, and pricing increases, as well as distribution gains at both new and existing retail customers.
- The change in gross profit was driven by higher sales. The change in gross margin was due to increased pricing across our entire portfolio despite facing some headwinds, including higher costs in both eggs and butter, elevated packaging costs, and increased payments to farmers.
- Adjusted EBITDA was \$6.9 million, or 6.2% of net revenue, in the fourth quarter of 2022, compared to Adjusted EBITDA of \$(2.0) million in the fourth quarter of 2021. The change in Adjusted EBITDA was primarily due to higher sales and improved gross profit performance in the face of a higher input cost environment, offset by increased employee-related expenses and higher marketing spend.

Financial Performance

(\$ thousands)	Q4'22	Q4'21	% Change	\$ Change
Net Revenues	\$ 110,081	\$ 77,405	42.2%	32,676
Gross Profit	33,313	19,797	68.3%	13,516
<i>Gross Margin %</i>	<i>30.3%</i>	<i>25.6%</i>	<i>469 bps</i>	
Operating Income	3,445	(4,242)	-181.2%	7,687
Net Income	1,865	(3,654)	-151.0%	5,519
Adjusted EBITDA⁽¹⁾	\$ 6,857	\$ (2,022)	-439.1%	8,879
<i>Adjusted EBITDA Margin⁽¹⁾</i>	<i>6.2%</i>	<i>-2.6%</i>	<i>884 bps</i>	

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



FINANCIAL SUMMARY HIGHLIGHTS

2022 PERFORMANCE UPDATE

Highlights

- Net revenue increased 38.8% to \$362.1 million in fiscal year 2022, compared to \$260.9 million in fiscal 2021. The change in net revenue in fiscal year 2022 was driven by volume growth of nearly 29%, due to continued growth in egg-related sales, distribution gains at both new and existing retail partners, and an increase in butter-related sales.
- Higher gross profit was driven by higher sales. The change in gross margin was primarily driven by an increase in input costs across our shell egg and butter businesses, as well as higher packaging and transportation costs. Increased pricing on our portfolio partially offset the input cost headwinds.
- Adjusted EBITDA was \$16.2 million in fiscal year 2022, compared to Adjusted EBITDA of \$8.0 million in fiscal year 2021. The change in Adjusted EBITDA was primarily due to higher sales and improved gross profit performance in the face of a higher input cost environment, offset by increased employee-related expenses to support growth across the business and higher marketing spend. Our Adjusted EBITDA excludes certain non-cash items as well as \$2.3 million in costs related to the exit of our convenient breakfast product line in Q1 2022.

Financial Performance

(\$ thousands)	2022	2021	% Change	\$ Change
Net Revenues	\$ 362,050	\$ 260,901	38.8%	101,149
Gross Profit	109,444	82,899	32.0%	26,545
<i>Gross Margin %</i>	<i>30.2%</i>	<i>31.8%</i>	<i>-155 bps</i>	
Operating Income	2,104	52	3946.2%	2,052
Net Income	1,230	2,382	-48.4%	(1,152)
Adjusted EBITDA⁽¹⁾	\$ 16,236	\$ 8,049	101.7%	8,187
<i>Adjusted EBITDA Margin⁽¹⁾</i>	<i>4.5%</i>	<i>3.1%</i>	<i>140 bps</i>	

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



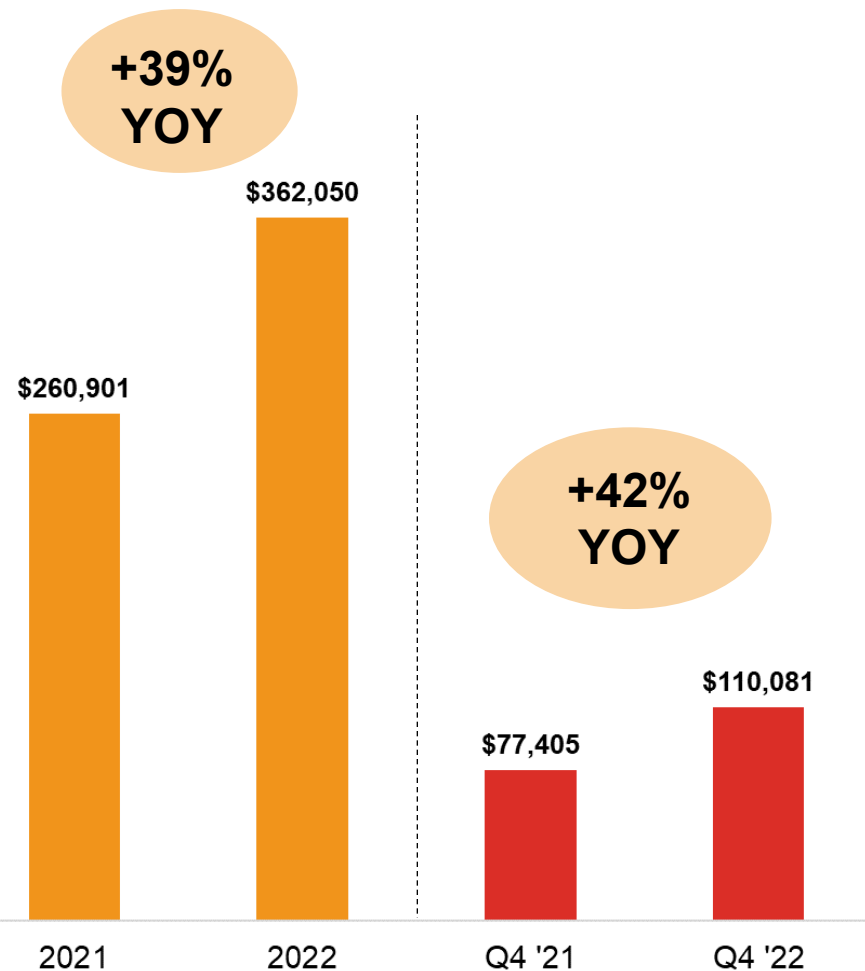
FINANCIAL SUMMARY HIGHLIGHTS

NET REVENUE GROWTH

Net Revenues Summary

Year-Over-Year and Quarterly Net Revenue Growth

(\$ Thousands)



Net Revenues by Product Segment

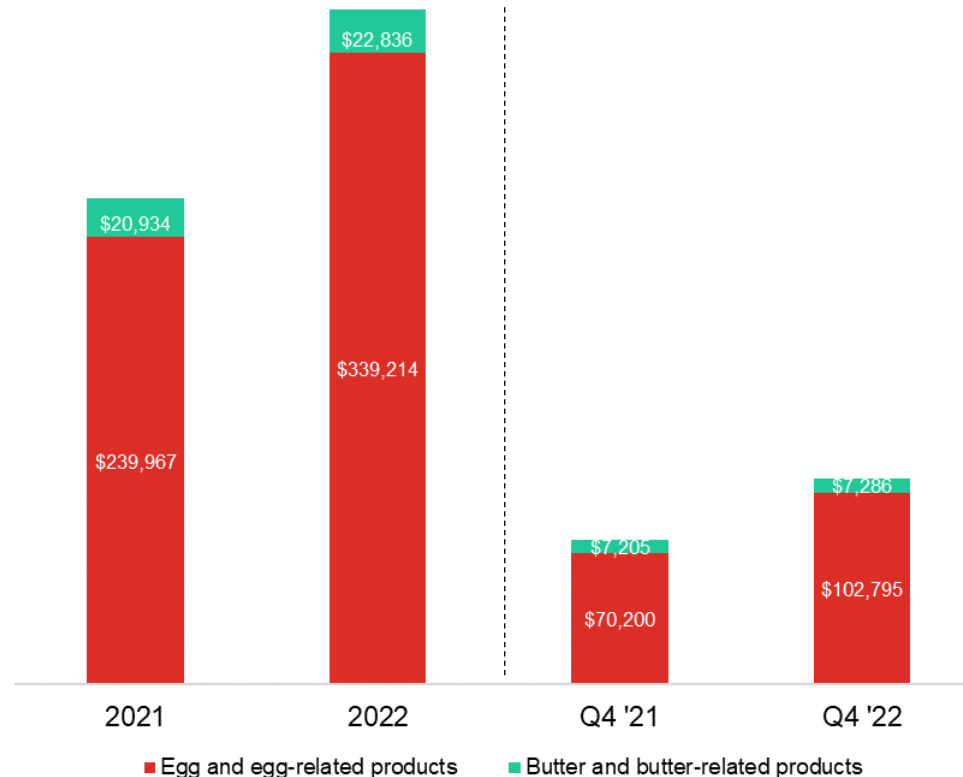
Growth Rates

	2021	2022	Q4 '21	Q4 '22
Eggs	22%*	41%	43%*	46%
Butter	19%*	9%	43%*	1%
Consolidated	22%*	39%	43%*	42%

* Impacted by lapping COVID related demand in 2020

Product Segment Mix

(\$ Thousands)



Highlights

- Net revenue for Q4 2022 was \$110.1 million compared to \$77.4 million for Q4 2021.
- The growth was primarily driven by volume-related increases of \$20.5 million and price increases of \$12.2 million.
- The increases in egg-related sales were primarily due to:
 - Volume increases
 - New distribution at both new and existing customers
 - Price increases
- The increases in butter-related sales were primarily due to:
 - Price increases



FINANCIAL SUMMARY HIGHLIGHTS

MARGIN PROFILE

Gross Profit and Margin

Gross Margins

32%

30%

26%

30%

(\$ Thousands)

\$82,899

\$109,444

\$19,797

\$33,313

2021

2022

Q4 '21

Q4 '22

Operating Expenses

SG&A as a % of Net Revenues

22%

21%

20%

20%

Shipping & Distribution as a % of Net Revenues

10%

8%

11%

7%

(\$ Thousands)

\$24,979

\$30,104

\$57,868

\$77,236

\$8,224

\$15,815

\$7,825

\$22,043

2021

2022

Q4 '21

Q4 '22

■ SG&A ■ Shipping & Distribution

Highlights

- The increase in gross profit of \$13.5 million in Q4 2022 compared to Q4 2021 was driven by increased sales volume and pricing.
- Gross margin increased by 469 bps in Q4 2022 compared to Q4 2021, primarily driven by increased pricing on our entire portfolio in May 2022. The price increases offset an increase in input costs as well as higher packaging costs and increased farmer payments.
- Selling, general, and administrative expenses as a percent of net sales remained flat at 20% for Q4 2022 compared to Q4 2021. SG&A dollars were higher due to an increase in employee-related expenses, higher marketing spend, and greater brokerage expenses due to the expansion of the business.
- Shipping and distribution decreased \$0.4 million in Q4 2022 compared to Q4 2021, driven by higher sales volumes being offset by internal operational efficiency and a decline in line haul rates.



2023 GUIDANCE

NET REVENUE
GROWTH

25%

NET REVENUES

More than \$450 Million

ADJUSTED
EBITDA

More than \$30 Million

CAPITAL
EXPENDITURES

\$25 to \$30 Million

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

NET REVENUE
GROWTH

Over 25%

GROSS MARGIN

Mid-30%

ADJUSTED
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 25, 2022, 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	
	25-Dec-22	26-Dec-21	25-Dec-22	26-Dec-21
Net income	\$ 1,865	\$ (3,654)	\$ 1,230	\$ 2,382
Depreciation and amortization	1,870	1,014	5,761	3,540
(Benefit)/Provision for income tax	1,833	(544)	1,601	(2,028)
Stock-based compensation expense	1,542	1,243	6,040	4,440
Dissolution of Ovabrite, Inc.	0	0	122	0
Interest expense	87	10	114	52
Change in fair value of contingent consideration ⁽¹⁾	0	10	19	44
Interest income	(340)	(101)	(992)	(381)
Costs related to the exit of convenient breakfast product line	0	0	2,341	0
Adjusted EBITDA	\$ 6,857	\$ (2,022)	\$ 16,236	\$ 8,049
<i>Net Income as a % of Net Revenues</i>	<i>1.7%</i>	<i>-4.7%</i>	<i>0.3%</i>	<i>0.9%</i>
Adjusted EBITDA Margin	6.2%	-2.6%	4.5%	3.1%

(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?

matt.siler@vitalfarms.com