



# Vital Farms, Inc.

(Nasdaq VITL)

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43<sup>rd</sup> Annual William Blair Growth Conference



# Russell Diez-Canseco

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President & Chief Executive Officer





# We are Vital Farms



**We are a disruptive force in the food industry doing things a different way**

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**We are a brand revered by consumers built on purpose, trust and traceability**

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**We are consistent operators with a proven track record of top-line and gross profit dollar growth**

# Our Purpose

*To improve the lives of people, animals & the planet through food.*

## FARMERS



Family farms receive **fair compensation**

Egg Central Station is an **SQF Select Site<sup>1</sup>** processing facility

## ANIMAL WELFARE



**Humanely raised** eggs & butter

Healthy farming practices such as **pasture rotation**

## SUSTAINABILITY



99% of our packaging by weight is **recyclable**

Certified **B Corp**, Public **Benefit Corporation**

<sup>1</sup>ECS is considered a Safe Quality Food Institute (SQFI) Select Site, which is an elevated level of commitment and food safety readiness as we voluntarily elect to have unannounced annual certification audits.

# What does “Pasture-Raised” mean?

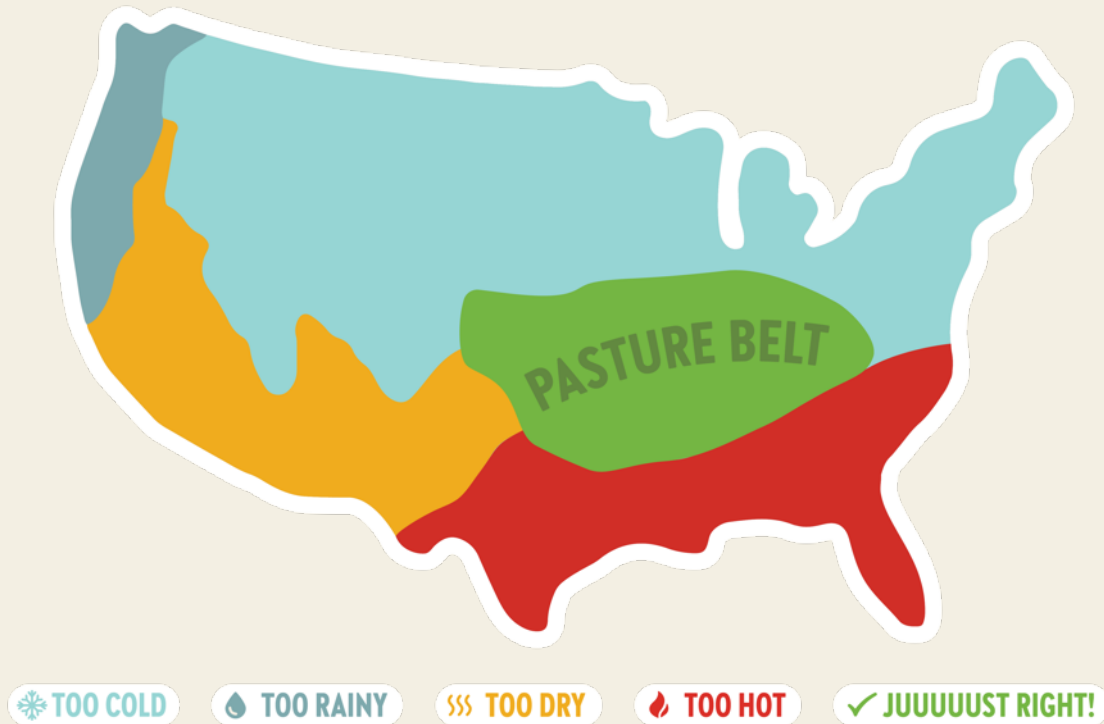


**108**  
SQFT. PER BIRD

*We rotate the girls to a new section of pasture every 21 days so they can enjoy the freshest greens while the land recovers.*

# We developed an alternative to factory farming practices

## Year-round production in the Pasture Belt



## Our Framework



### LIVING CONDITIONS

Open air, 108 sqft. per hen in the Pasture Belt



### FEED

Omnivorous, including grain, plants, insects



### LAND MANAGEMENT

Sustainable practices



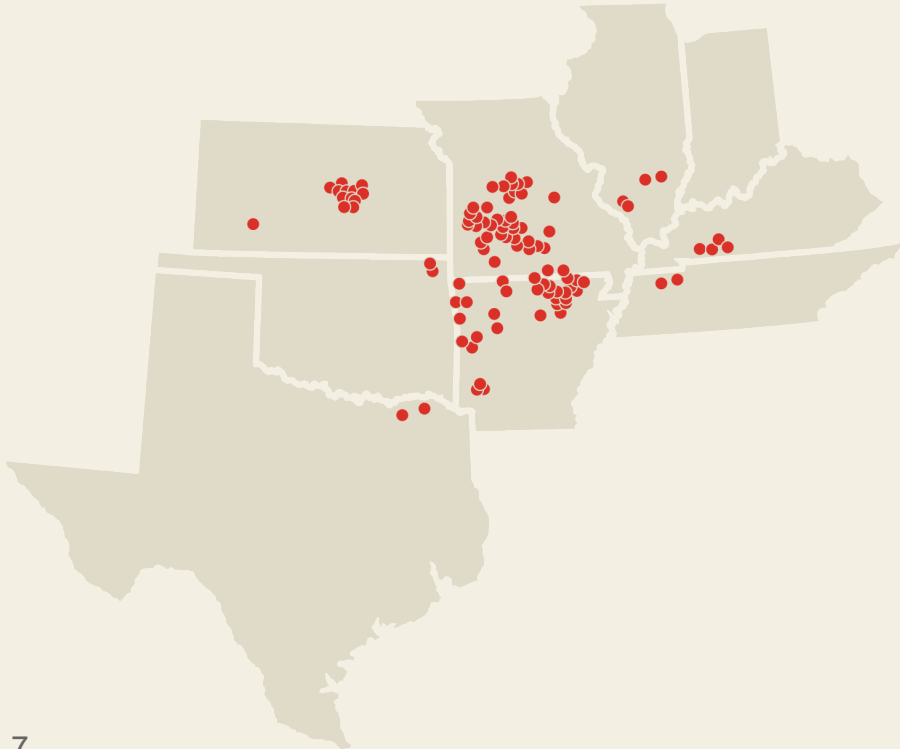
### NETWORK

Direct relationships with family farms

# Our model allows us to deliver quality at scale

## FARM NETWORK

>300 family farms



## VITAL FARMS

We aggregate products from farm network

**Egg Central Station**  
Springfield, MO

*Wash, grade, pack, ship,  
quality control*

**Remote Workforce**  
Across the United States

*Branding, selling,  
supporting*

## NAT'L DISTRIBUTION

We deliver directly to customers and through distributors  
(Products in over 22,000 retail stores)

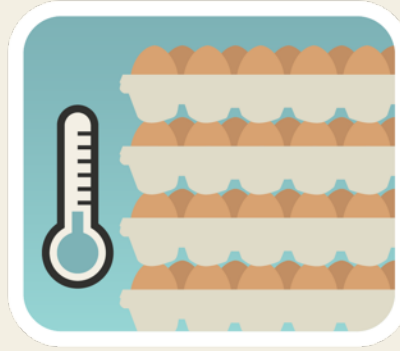
RETAIL

FOODSERVICE

# This is how we deliver quality at scale



**FARM**  
*Supply eggs*



**COLD STORAGE**  
*Store eggs*



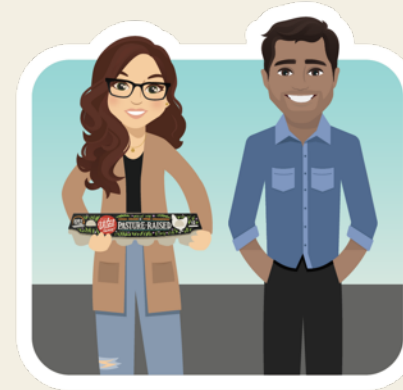
**EGG CENTRAL STATION**  
*Wash and pack eggs*



**DISTRIBUTORS**  
*Store eggs, distribute to retailers  
& restaurants*



**RETAILERS & RESTAURANTS**  
*Sell to consumers*



**CONSUMERS**





**Kathryn McKeon**

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Chief Marketing Officer





# How are we building our brand equity?

**1** We are disrupting the food system (for good)

**2** We live our purpose

**3** We are *actually* bullsh\*t-free



# With accessible storytelling

## HENS BEHIND THE LENS CAMPAIGN



# Using a playful approach

## MEASURED PLAYFULNESS

The perfect start to  
your forever



## DIRECT TRANSPARENCY

### AN OPEN LETTER FROM OUR CEO

HOW WE'RE WORKING WITH FAMILY  
FARMS TO GET YOU MORE  
HIGH-QUALITY EGGS

There are two questions I get almost every day when people find out I work at a company that sells a lot of eggs:

“Why aren’t there any eggs on the shelves in my grocery store?”

“Why are eggs so expensive right now?”

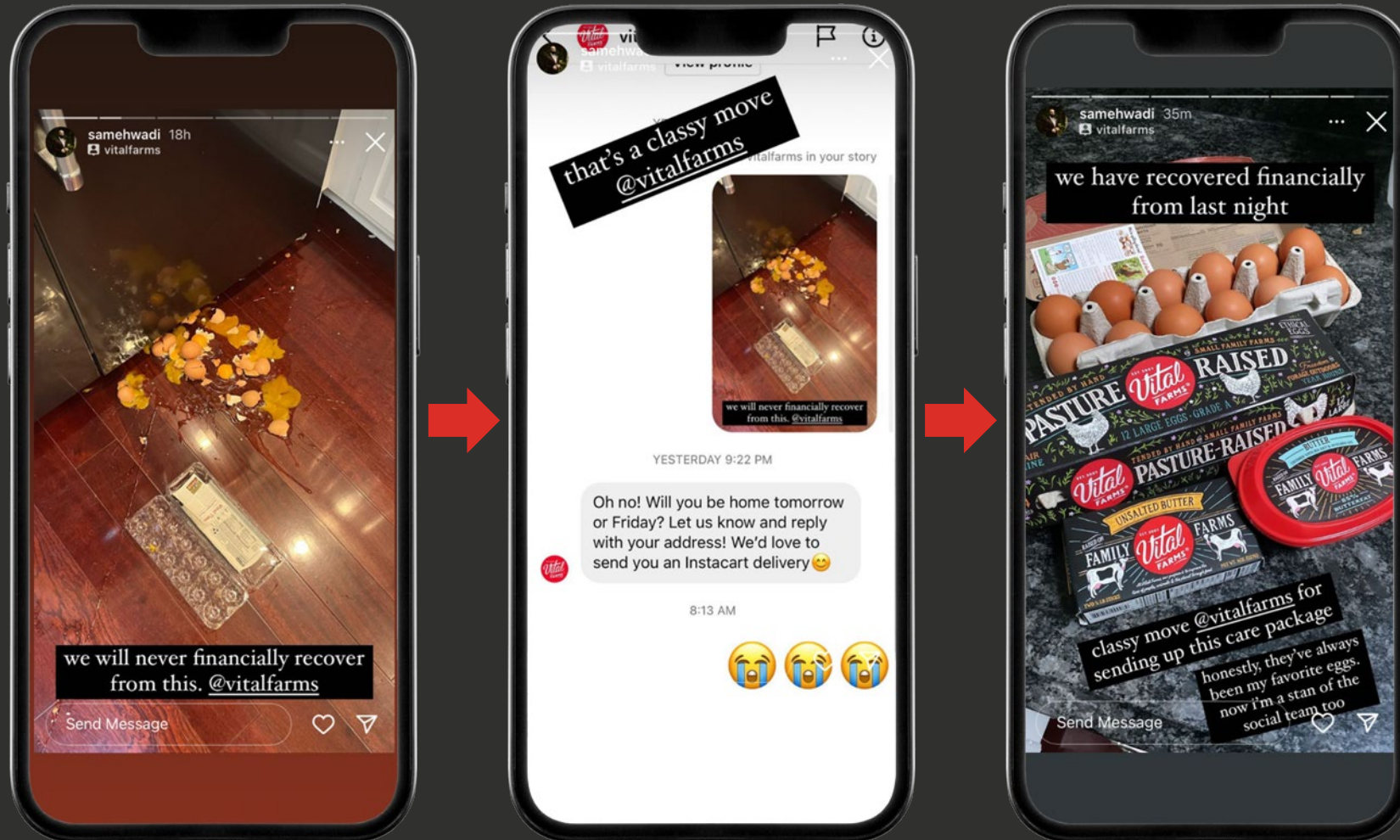


# Driving brand awareness by meeting consumers where they are



*Advertised on the hit HBO show, Succession*

# By showing real care from real humans with best-in-class customer service



# The Vital Farms brand is resonating with consumers who are loyal *and* engaging with us

IN 2022 ALONE...



BRAND AWARENESS **+40%**



NEW HOUSEHOLDS **+14%**



RETAINED HOUSEHOLDS **+34%**



HEAVY BRAND BUYERS **+25%**

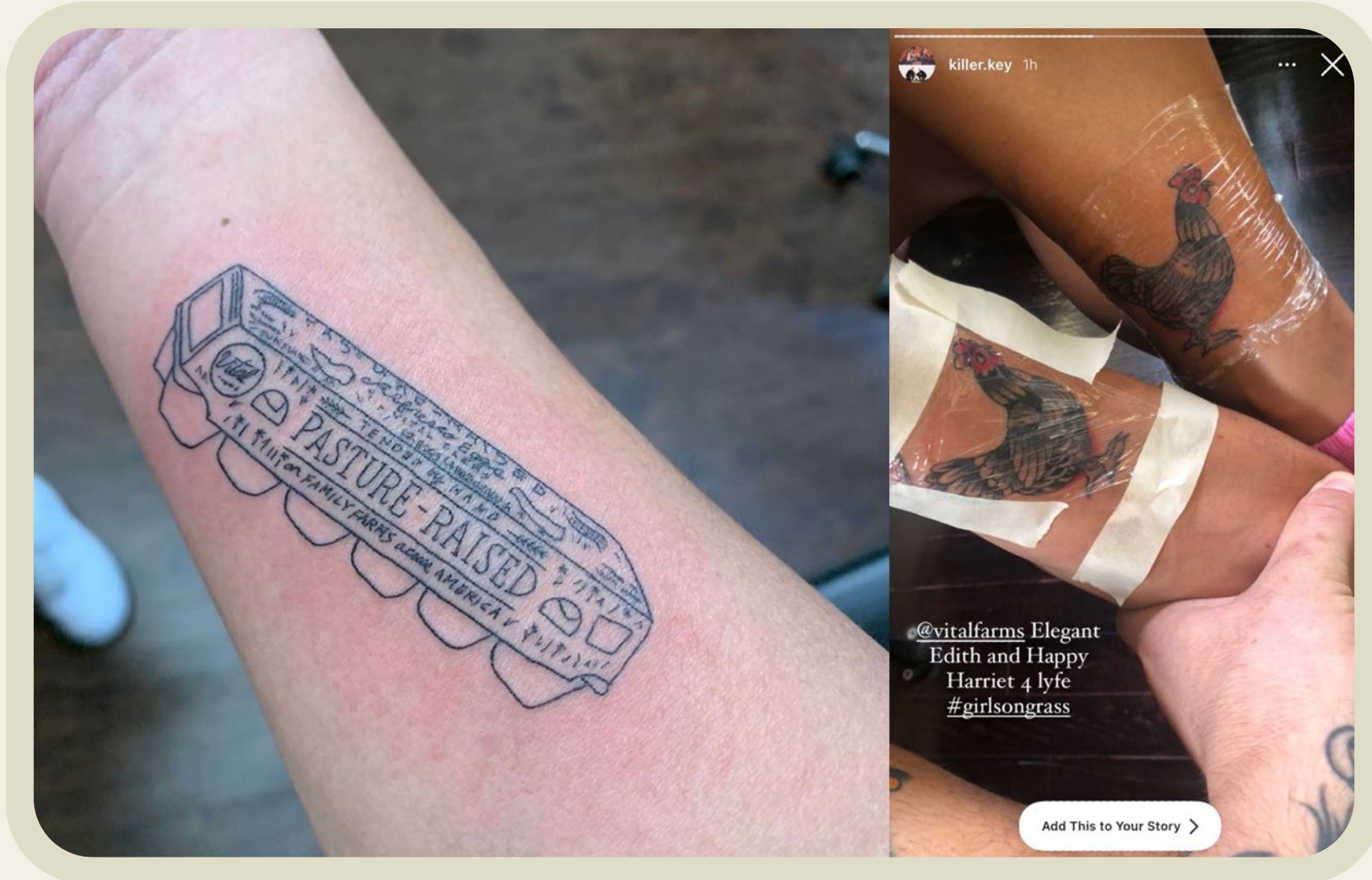


COMMUNITY OF RAVING FANS **+81K**



CONSUMER OPEN RATE OF  
NEWSLETTER EXCEEDED  
**2X INDUSTRY AVG.**

# They really love us! 🥹







# Thilo Wrede

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Chief Financial Officer



# 2023 Guidance

**NET REVENUE  
GROWTH**

**25%**

**NET REVENUE**

**More than  
\$450  
Million**

**ADJUSTED  
EBITDA**

**More than  
\$30  
Million**

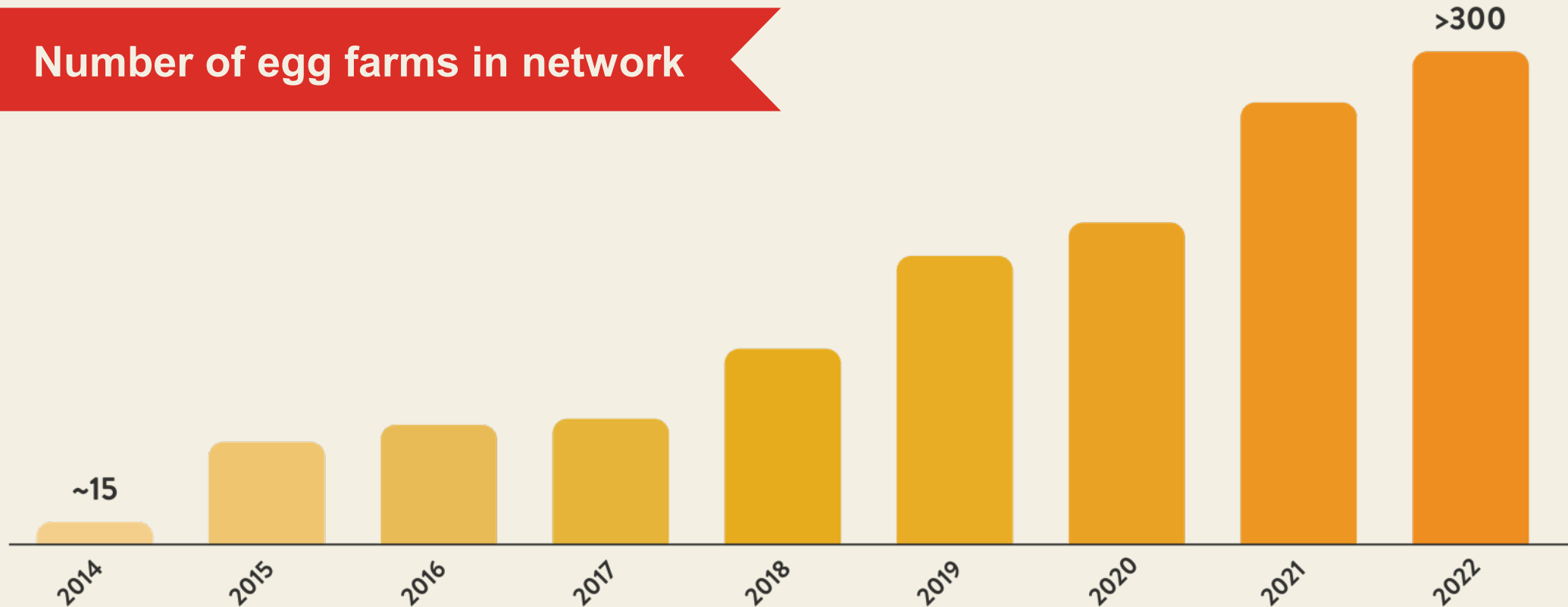
**CAPITAL  
EXPENDITURES**

**\$25 to  
\$30  
Million**

<sup>1</sup>See 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.

# Farmer network growing to meet robust demand

Number of egg farms in network



# Ample production capacity at Egg Central Station



**>\$700 Million**

TOTAL FACILITY NET REVENUE POTENTIAL

**6 Million**

TOTAL EGGS PER DAY

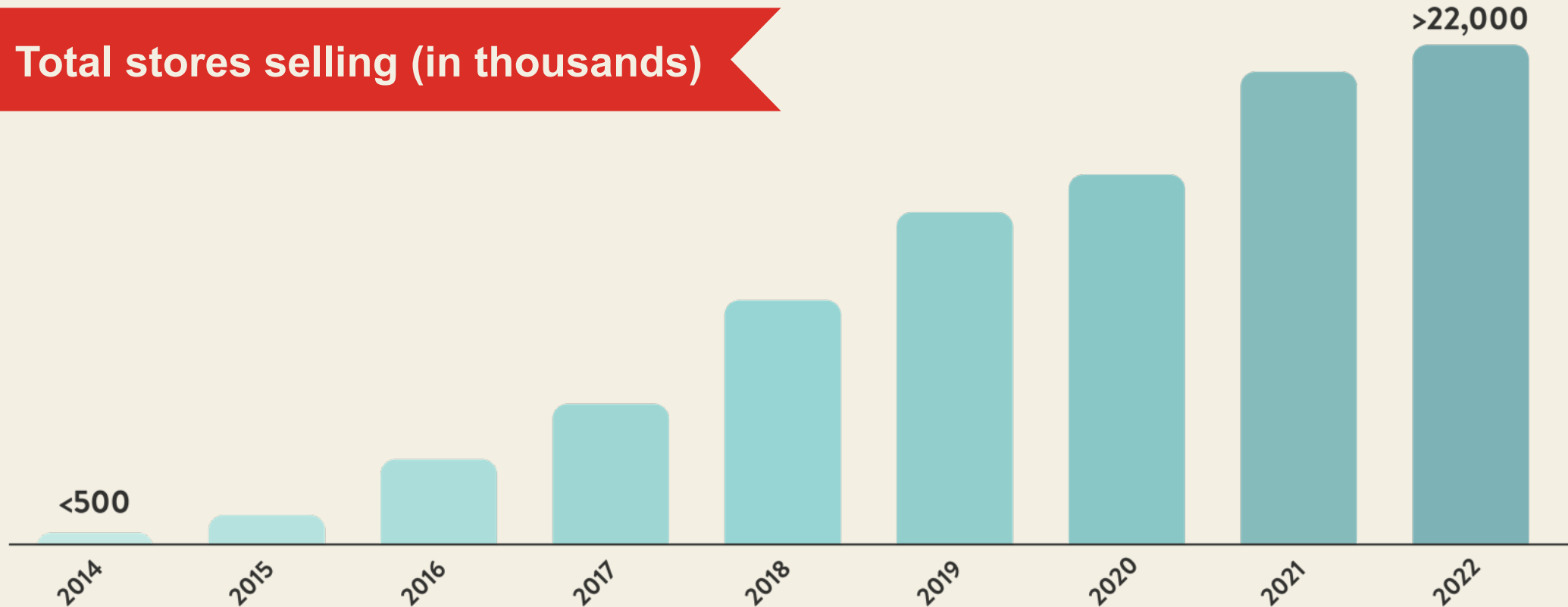
**153,000**

TOTAL FACILITY SQUARE FEET



# Retail distribution continues to climb

Total stores selling (in thousands)

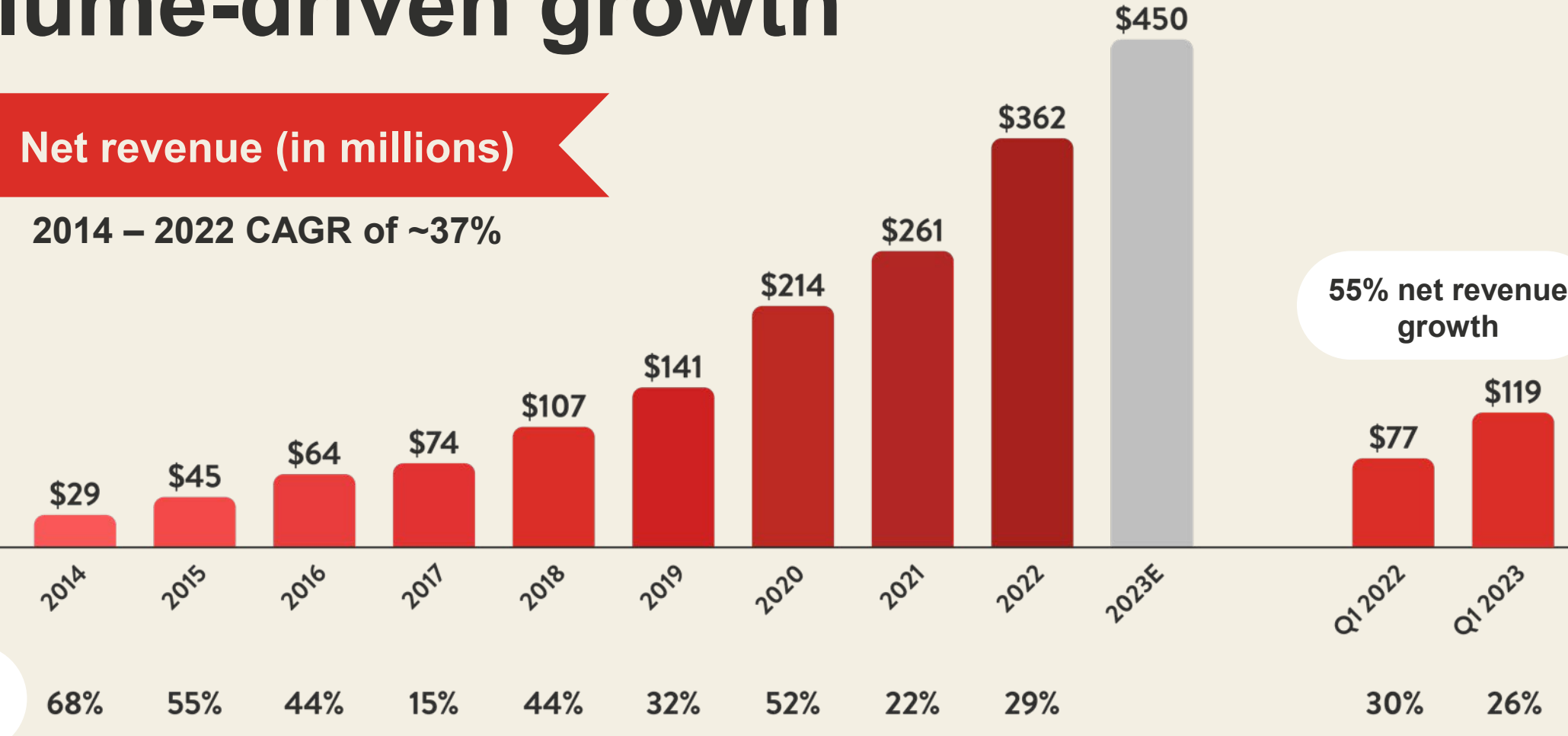


Source: Vital Farms company filings

# Revenue showing consistent, volume-driven growth

Net revenue (in millions)

2014 – 2022 CAGR of ~37%

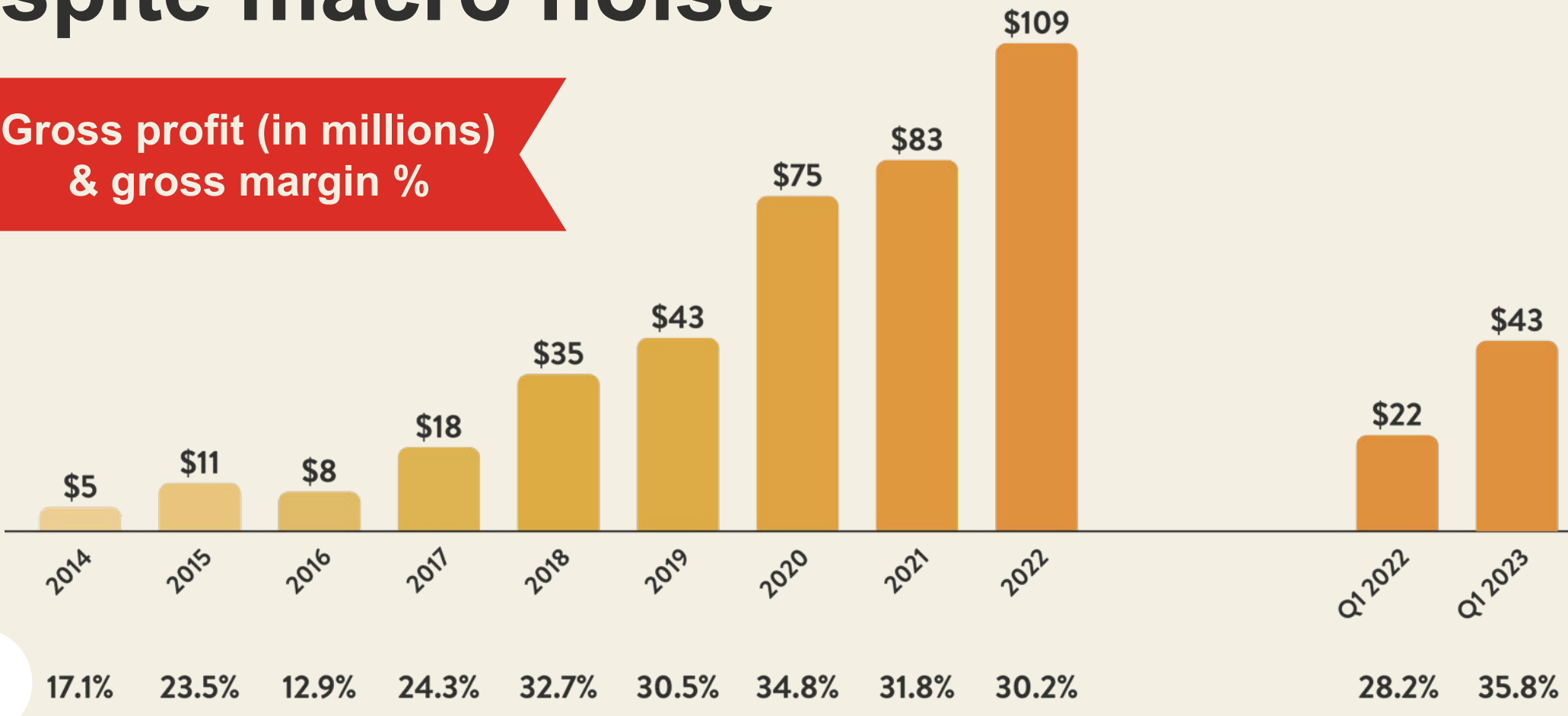


Source: Vital Farms company filings, Grey column represents 2023 Net Revenue Guidance



# Steady Gross Profit improvement despite macro noise

Gross profit (in millions)  
& gross margin %



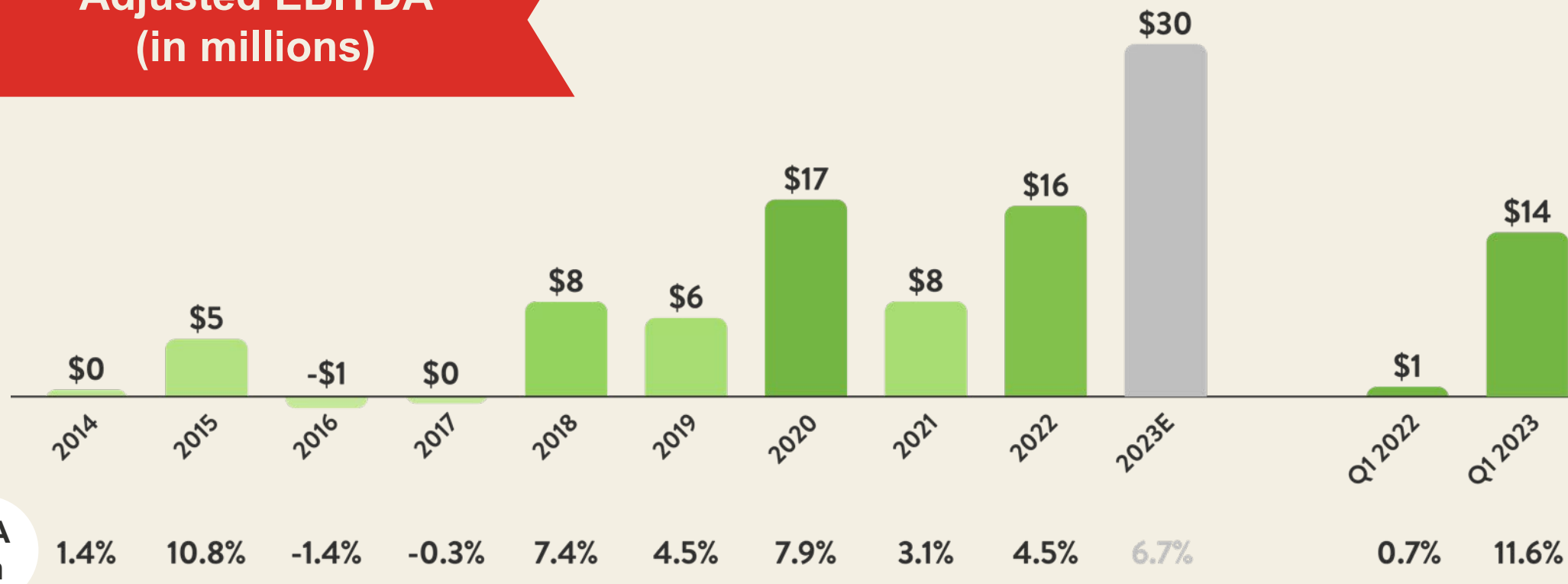
Gross  
margin

Source: Vital Farms company filings



# Generating higher EBITDA with increased scale

Adjusted EBITDA  
(in millions)



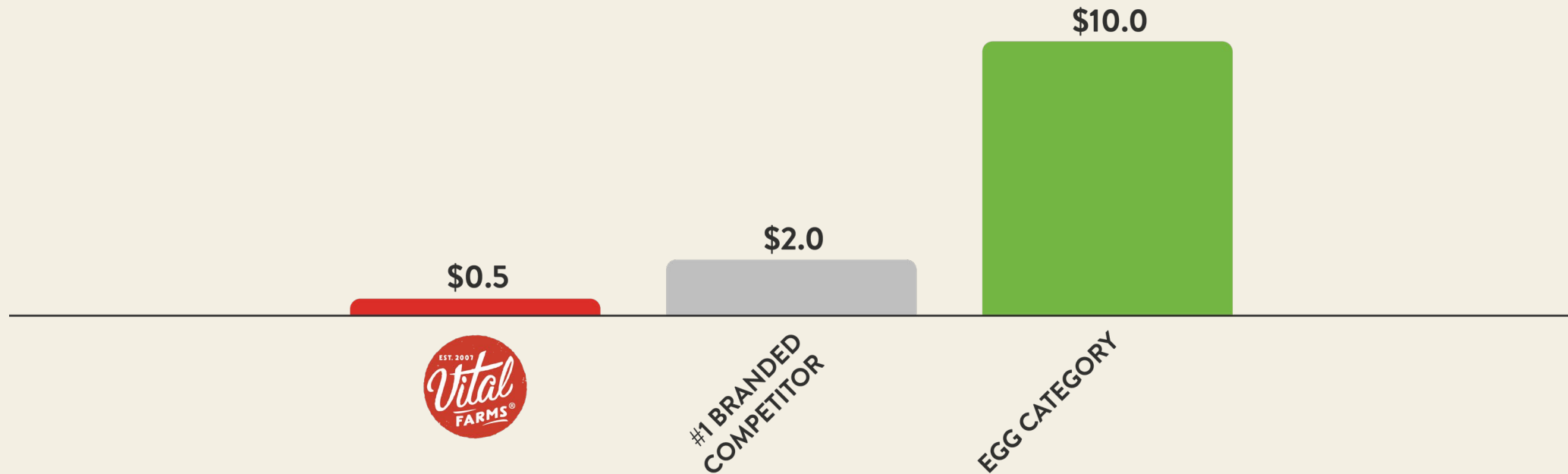
EBITDA  
margin

Source: Vital Farms company filings, Grey column represents 2023 Adjusted EBITDA Guidance



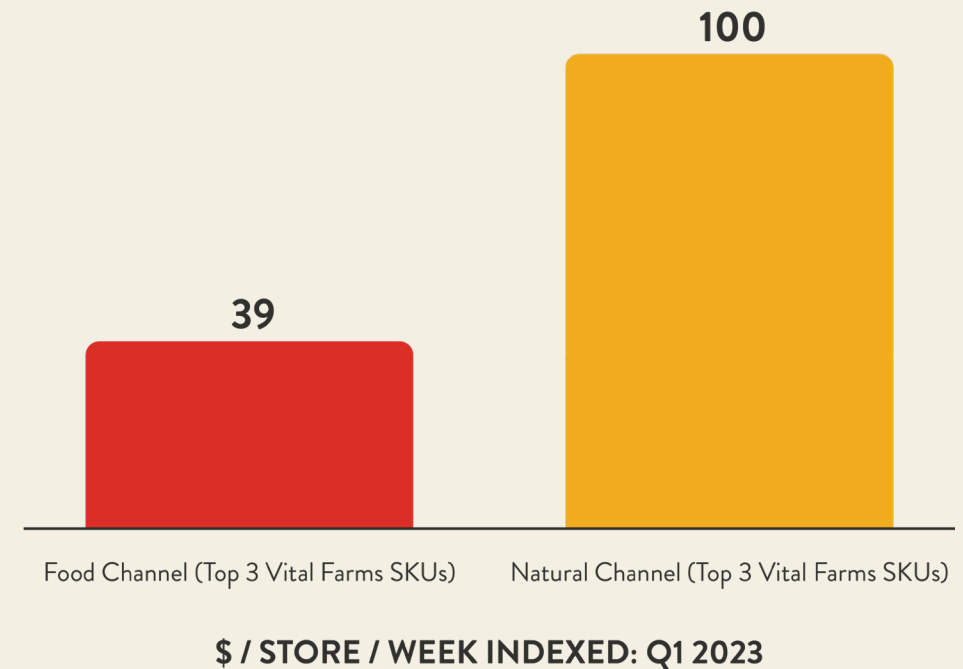
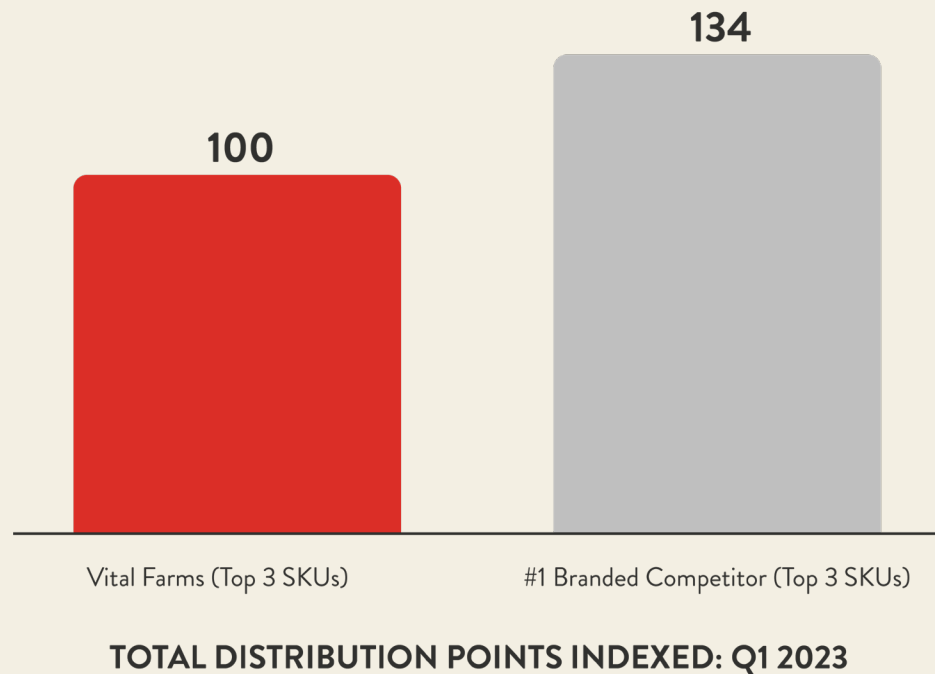
# Significant growth opportunity lies ahead for us in the egg category

2022 retail sales (in billions)



Source: MULO, Natural, Whole Foods Nielsen, SPINS data, latest 52-week period ending 25-Dec-2022

# Increased distribution and faster velocity across Food Channel a significant near-term opportunity



Source: Food & Natural data from SPINS, latest 13-week period ending 26-Mar-2023. Note: Vital Farms Top 3 SKU's TDP's Indexed to 100, Vital Farms \$ / Store / Week in Natural Channel Indexed to 100

# Our long-term financial goals

**NET REVENUE  
GROWTH**

**Over  
25%**

**GROSS  
MARGIN**

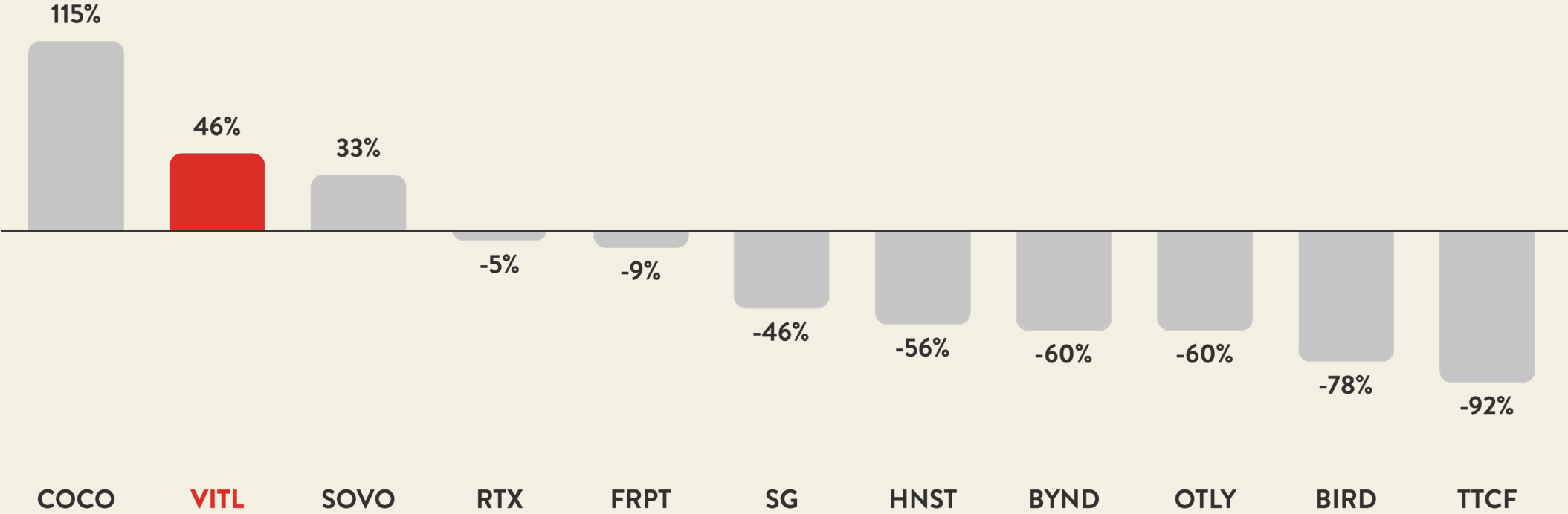
**Mid-  
30%**

**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.

# Our share price performance relative to growth-focused peers



Source: Bloomberg. Price data from 6/1/2022 through 6/1/2023 with each share price indexed to a value of 100 on 6/1/2022  
Peer Group based on proximity to VITL July 2020 IPO, Sell-Side Coverage, and analysis of Buy-Side holdings of companies with similar fundamental characteristics





EST. 2007

**THANK YOU!**

**FARMS®**

# APPENDIX

# Our latest quarterly results: Income Statement

**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands, except share amounts)  
(Unaudited)

	13-Weeks Ended	
	March 26, 2023	March 27, 2022
Net revenue	\$ 119,172	\$ 77,058
Cost of goods sold	76,504	55,358
Gross profit	42,668	21,700
Operating expenses:		
Selling, general and administrative	23,946	17,624
Shipping and distribution	7,826	8,162
Total operating expenses	31,772	25,786
Income (loss) from operations	10,896	(4,086)
Other income, net:		
Interest expense	(139)	(8)
Interest income	340	130
Other (expense) income, net	(1,425)	49
Total other income, net	(1,224)	171
Net income (loss) before income taxes	9,672	(3,915)
Income tax provision (benefit)	2,522	(2,377)
Net income (loss)	7,150	(1,538)
Less: Net loss attributable to noncontrolling interests	—	(2)
Net income (loss) attributable to Vital Farms, Inc. common stockholders	\$ 7,150	\$ (1,536)
Net income (loss) per share attributable to Vital Farms, Inc. stockholders:		
Basic:	\$ 0.18	\$ (0.04)
Diluted:	\$ 0.16	\$ (0.04)
Weighted average common shares outstanding:		
Basic:	40,764,546	40,532,779
Diluted:	43,398,336	40,532,779





# Our latest quarterly results: Balance Sheet

**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share amounts)

	March 26, 2023 (Unaudited)	December 25, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 25,838	\$ 12,914
Investment securities, available-for-sale	57,233	65,814
Accounts receivable, net	40,199	40,227
Inventories	33,942	26,849
Prepaid expenses and other current assets	5,342	3,810
Total current assets	162,554	149,614
Property, plant and equipment, net	58,772	59,155
Operating lease right-of-use assets	1,549	1,895
Goodwill and other assets	3,904	4,002
Total assets	<u>\$ 226,779</u>	<u>\$ 214,666</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 26,586	\$ 25,972
Accrued liabilities	18,854	18,477
Operating lease liabilities, current	970	1,208
Finance lease liabilities, current	1,596	1,570
Income taxes payable	2,514	425
Total current liabilities	50,520	47,652
Operating lease liabilities, non-current	770	892
Finance lease liabilities, non-current	6,617	7,023
Other liabilities	1,342	767
Total liabilities	<u>\$ 59,249</u>	<u>\$ 56,334</u>
Commitments and contingencies (Note 19)	—	—
Stockholders' equity:		
Common stock, \$0.0001 par value per share, 310,000,000 shares authorized as of March 26, 2023 and December 25, 2022; 40,839,050 and 40,746,990 shares issued and outstanding as of March 26, 2023 and December 25, 2022, respectively	4	4
Additional paid-in capital	157,343	155,716
Retained earnings	11,309	4,159
Accumulated other comprehensive loss	(1,126)	(1,547)
Total stockholders' equity	<u>\$ 167,530</u>	<u>\$ 158,332</u>
Total liabilities and stockholders' equity	<u>\$ 226,779</u>	<u>\$ 214,666</u>



# Our latest quarterly results: Cash Flow Statement

**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands)  
(Unaudited)

	13-Weeks Ended	
	March 26, 2023	March 27, 2022
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 7,150	\$ (1,538)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,693	948
Amortization of right-of-use assets	793	413
Amortization of available-for-sale debt securities	163	321
Stock-based compensation expense	2,241	1,296
Increase (decrease) in inventory provision	120	(29)
Deferred taxes	445	(2,572)
Unrealized loss on derivative instruments	1,047	—
Other	19	228
Net change in operating assets and liabilities	(8,268)	(4,006)
Net cash provided by (used in) operating activities	\$ 5,403	\$ (4,939)
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(1,802)	(1,686)
Purchases of available-for-sale debt securities	—	(13,973)
Maturities and call redemptions of available-for-sale debt securities	8,935	14,254
Proceeds from the sale of property, plant and equipment	1,054	50
Cash paid for purchases of derivative instruments	(220)	—
Return of investment in variable interest entity	552	—
Net cash provided by (used in) investing activities	\$ 8,519	\$ (1,355)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowing under revolving line of credit	7,500	—
Repayment of revolving line of credit	(7,500)	—
Payment of contingent consideration	—	(26)
Principal payments under finance lease obligations	(384)	(126)
Proceeds from exercise of stock options	—	254
Payment of tax withholding obligation on RSU shares withheld	(614)	—
Net cash (used in) provided by financing activities	\$ (998)	\$ 102
<b>Net increase (decrease) in cash and cash equivalents</b>	12,924	(6,192)
Cash and cash equivalents at beginning of the period	12,914	30,966
Cash and cash equivalents at end of the period	\$ 25,838	\$ 24,774



# Our latest quarterly results: EBITDA Reconciliation

**VITAL FARMS, INC.**  
**ADJUSTED EBITDA RECONCILIATION**  
 (Amounts in thousands)  
 (Unaudited)

	13-Weeks Ended	
	March 26, 2023	March 27, 2022
	(in thousands)	
Net income (loss)	\$ 7,150	\$ (1,538)
Depreciation and amortization <sup>1</sup>	2,140	907
Stock-based compensation expense	2,241	1,296
Costs related to our exit of the convenient breakfast product line	-	2,341
Income tax provision (benefit)	2,522	(2,377)
Interest expense	139	8
Change in fair value of contingent consideration <sup>2</sup>	-	7
Interest income	(340)	(130)
<b>Adjusted EBITDA</b>	<b>\$ 13,852</b>	<b>\$ 514</b>
 <b>Net revenue</b>	 \$ 119,172	 \$ 77,058
 Net income (loss) margin <sup>3</sup>	 6.0 %	 (2.0) %
Adjusted EBITDA margin <sup>4</sup>	11.6 %	0.7 %

(1) Amount also includes finance lease amortization. (2) Amount reflects the change in fair value of a contingent consideration liability in connection with our 2014 acquisition of certain assets of Heartland Eggs. (3) Net income (loss) margin is calculated by dividing net income (loss) by net revenue. (4) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by net revenue.





# 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, or fear of such outbreaks, 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 Farm's 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, or the perception that such outbreaks may occur or regulatory or market responses to such outbreaks generally; 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 unfavorable global economic and political conditions, increased interest rates 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 Quarterly Report on Form 10-Q for the 13-week period ended March 26, 2023 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 period ended March 26, 2023, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2023, or 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 income (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; and (7) the costs related to our exit of the convenient breakfast product line. We believe the costs directly related to the convenient breakfast exit 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 other non-operating expenses, including interest expense; (6) they do not consider the impact of any contingent consideration liability valuation adjustments; and (7) 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 and other results stated in accordance with GAAP.

