



VITAL FARMS, INC.

(NASDAQ: VITL)

May 5, 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, including as a result of the conflict between Ukraine and Russia and inflation; and other risks and uncertainties detailed in our Quarterly Report on Form 10-Q for the 13-week period ended March 27, 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 13-week period ended March 27, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 25, 2022 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) (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.

"Adjusted EBITDA Margin" 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



Charismatic Carolyn stands
proud, overseeing her domain
of green and grubs.



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

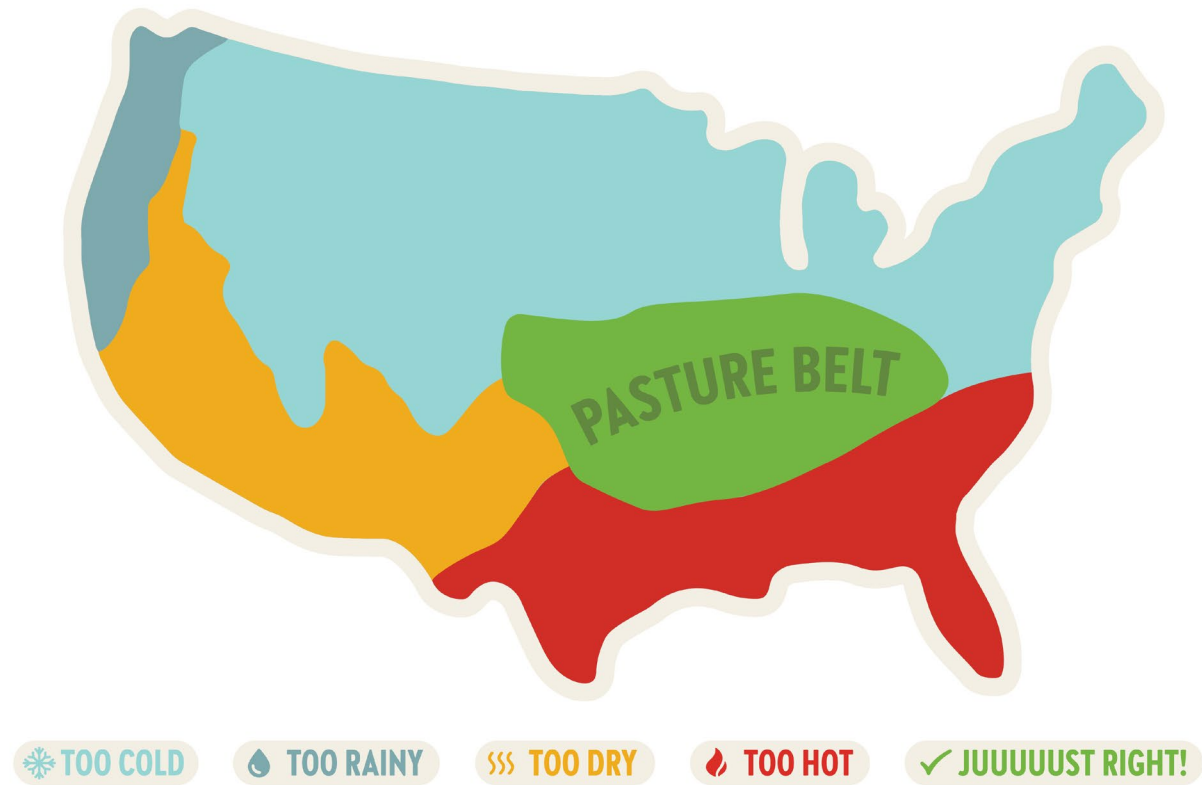


These principles guide our day-to-day operations and, we believe, deliver a more **SUSTAINABLE AND SUCCESSFUL** business



WE HAVE DEVELOPED AN ALTERNATIVE TO FACTORY FARMING PRACTICES

Year-Round Production



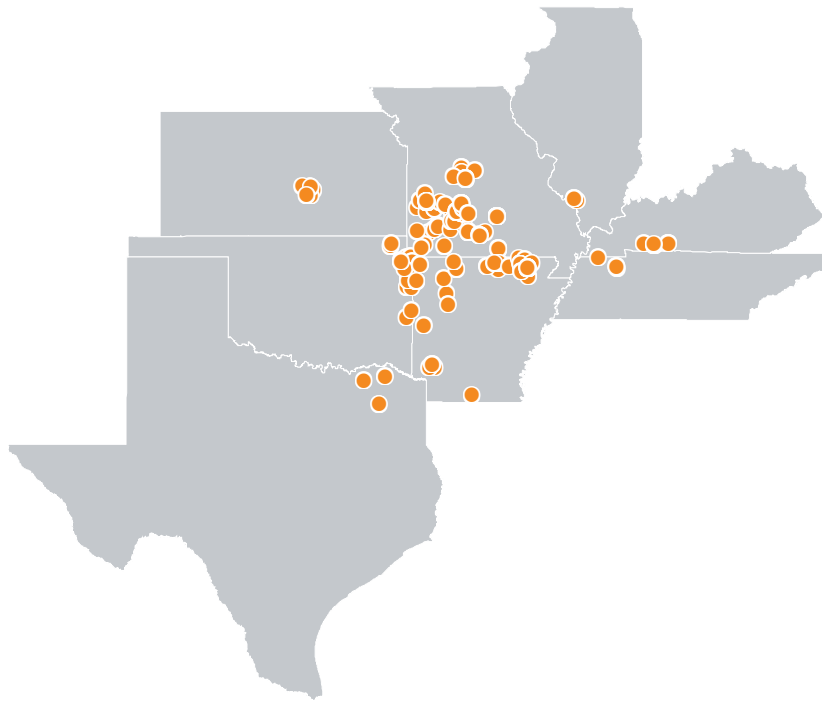
Our Framework

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

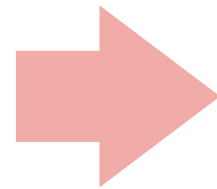


OUR MODEL ALLOWS US TO DELIVER QUALITY AT SCALE

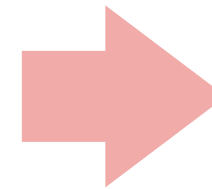
Network of Almost 300
Family Farms



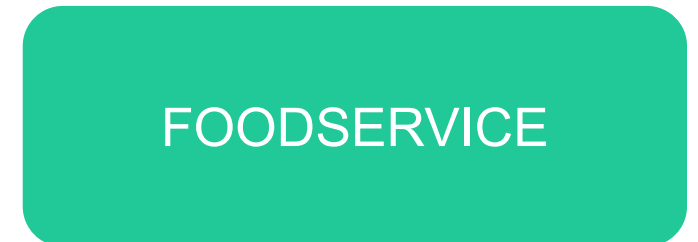
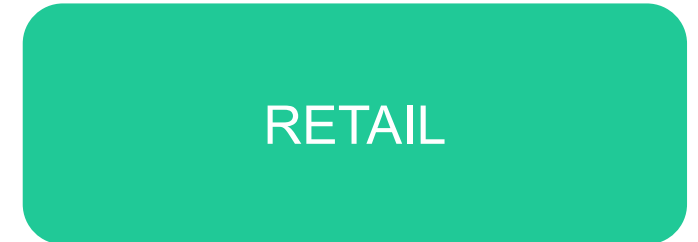
WE
AGGREGATE
PRODUCTS
FROM FARM
NETWORK



WE DELIVER
DIRECTLY TO
CUSTOMERS
AND THROUGH
DISTRIBUTORS



National Distribution
(Products in 21,000 +
Retail Stores)



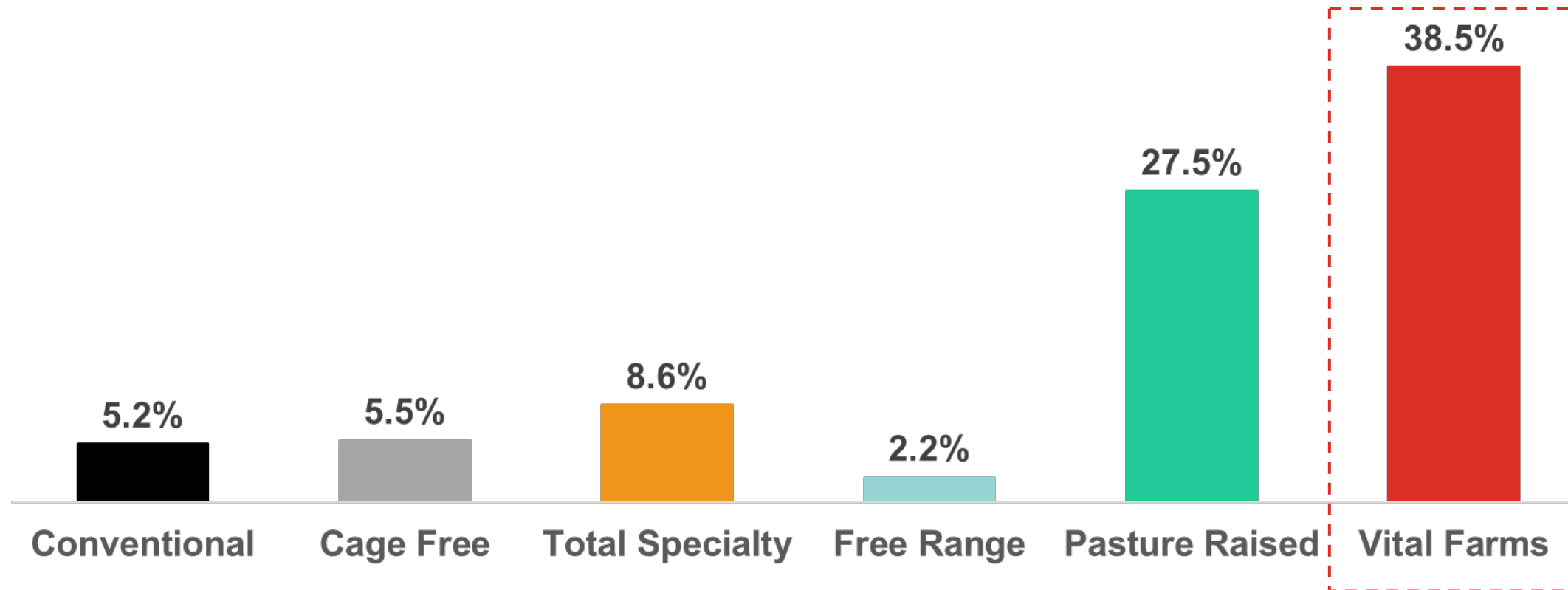
STRONG FOUNDATION & CONSISTENT GROWTH





CONTINUED CATEGORY LEADING GROWTH

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



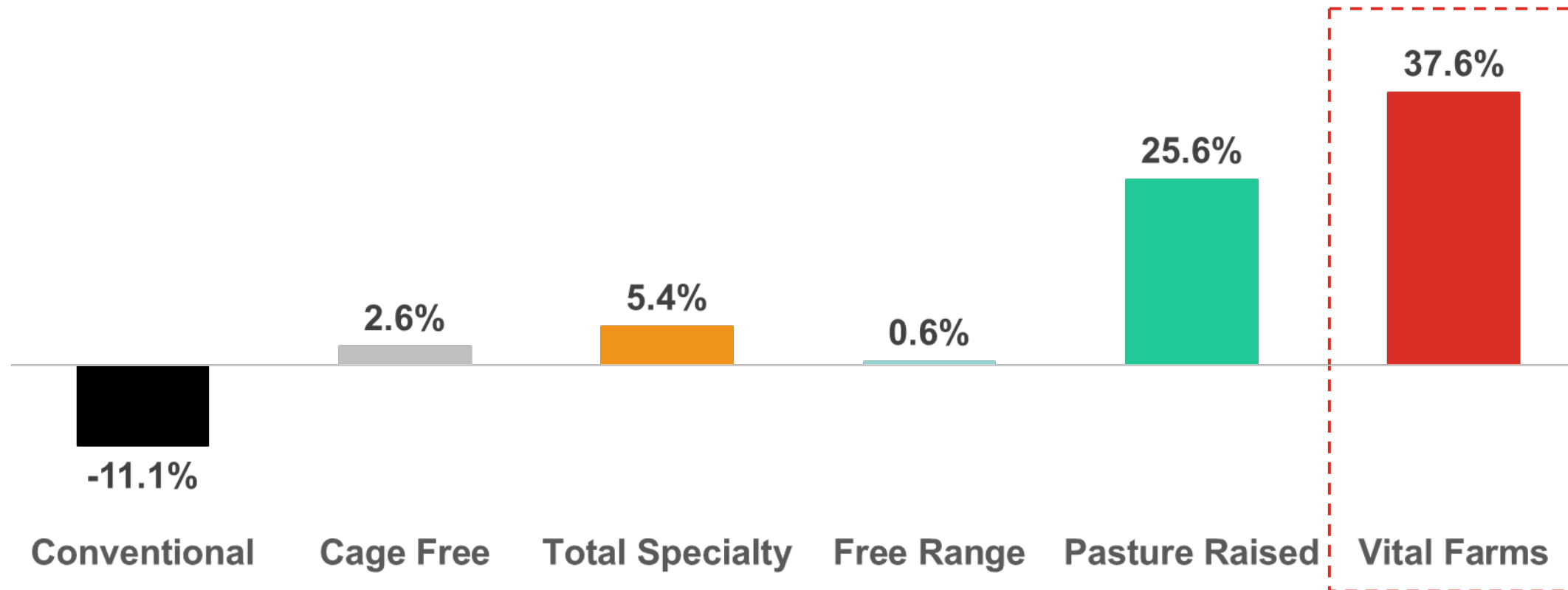
Note: Specialty eggs defined as cage free, free range and pasture-raised.

¹ Vital Farms Growth represents sales of shell eggs as reported by SPINS in the MULO and Natural channels, based on the last 6 months ended 20-Mar-2022



CONTINUED CATEGORY LEADING GROWTH

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



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

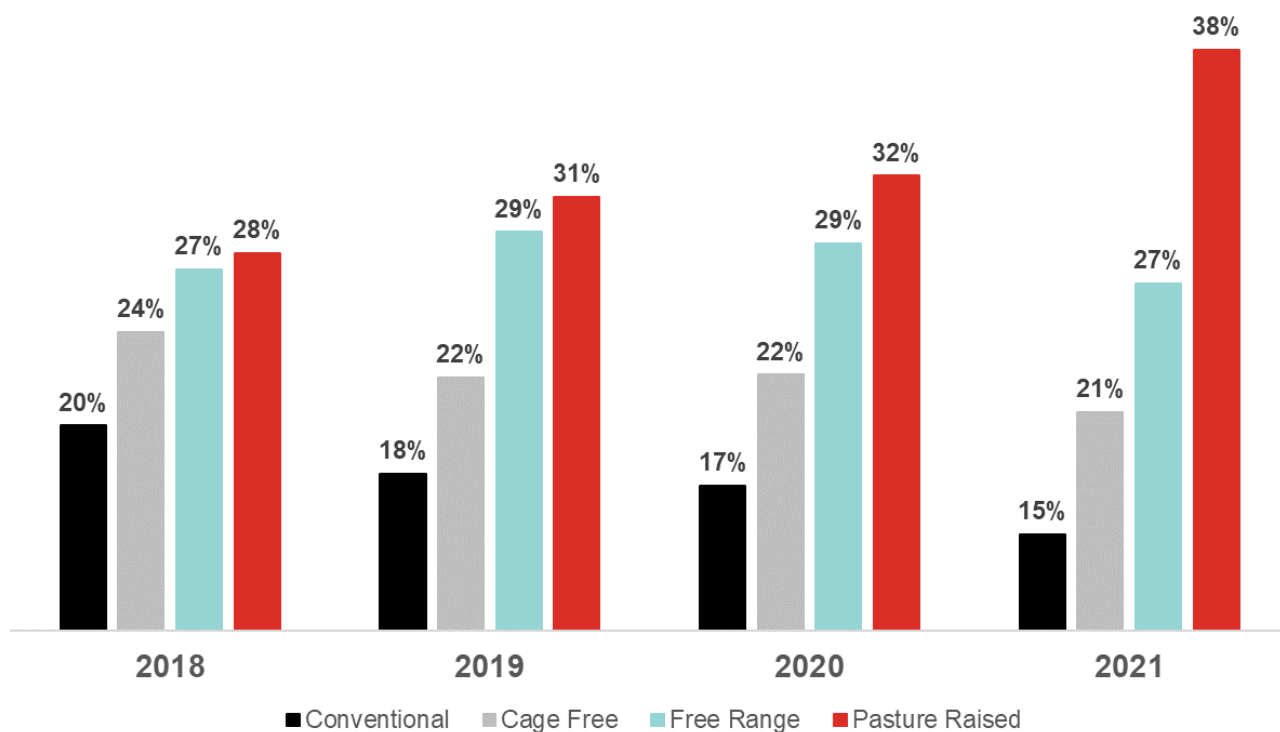
¹ Vital Farms Growth represents sales of shell eggs as reported by SPINS in the MULO and Natural channels, based on the last six months ended 20-Mar-2022



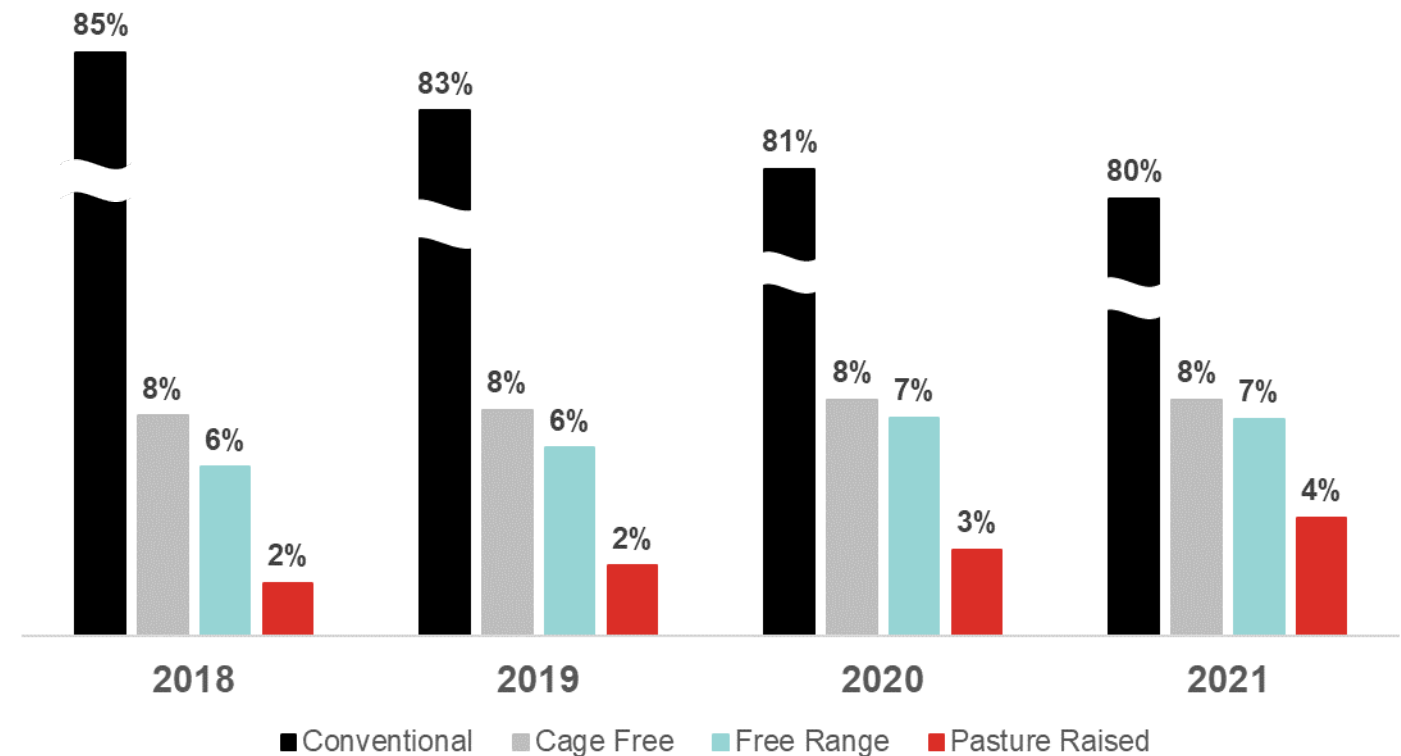
ALREADY POSITIONED WHERE THE CONSUMER IS HEADED

The Natural Channel tends to lead in terms of consumer preference and changes in buying habits

Pasture Raised is growing in the MULO Channel (below right) while others slow or are stagnant



Natural Channel \$ Share by Egg Type

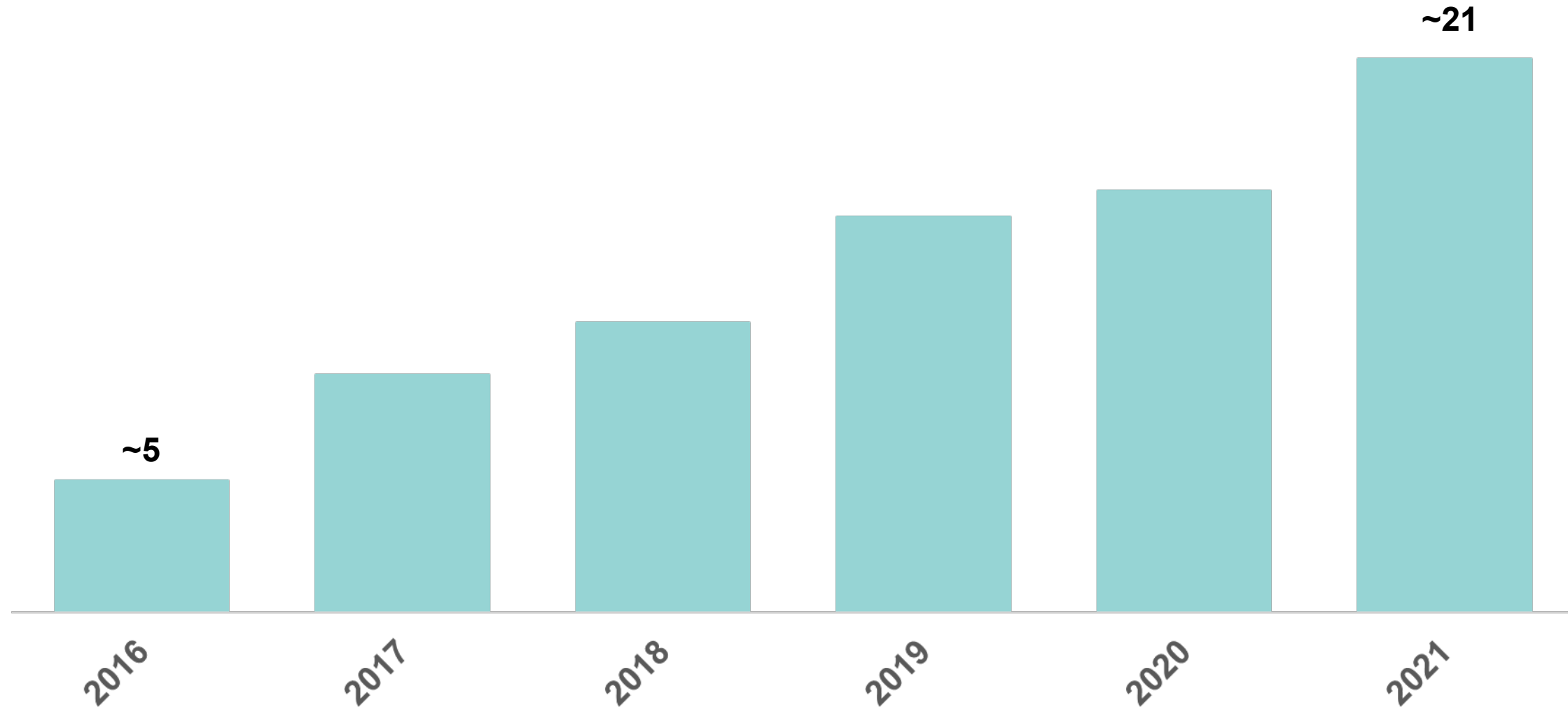


MULO Channel \$ Share by Egg Type



RETAIL DISTRIBUTION CONTINUES ITS STEADY CLIMB

Total Stores Selling (in Thousands)

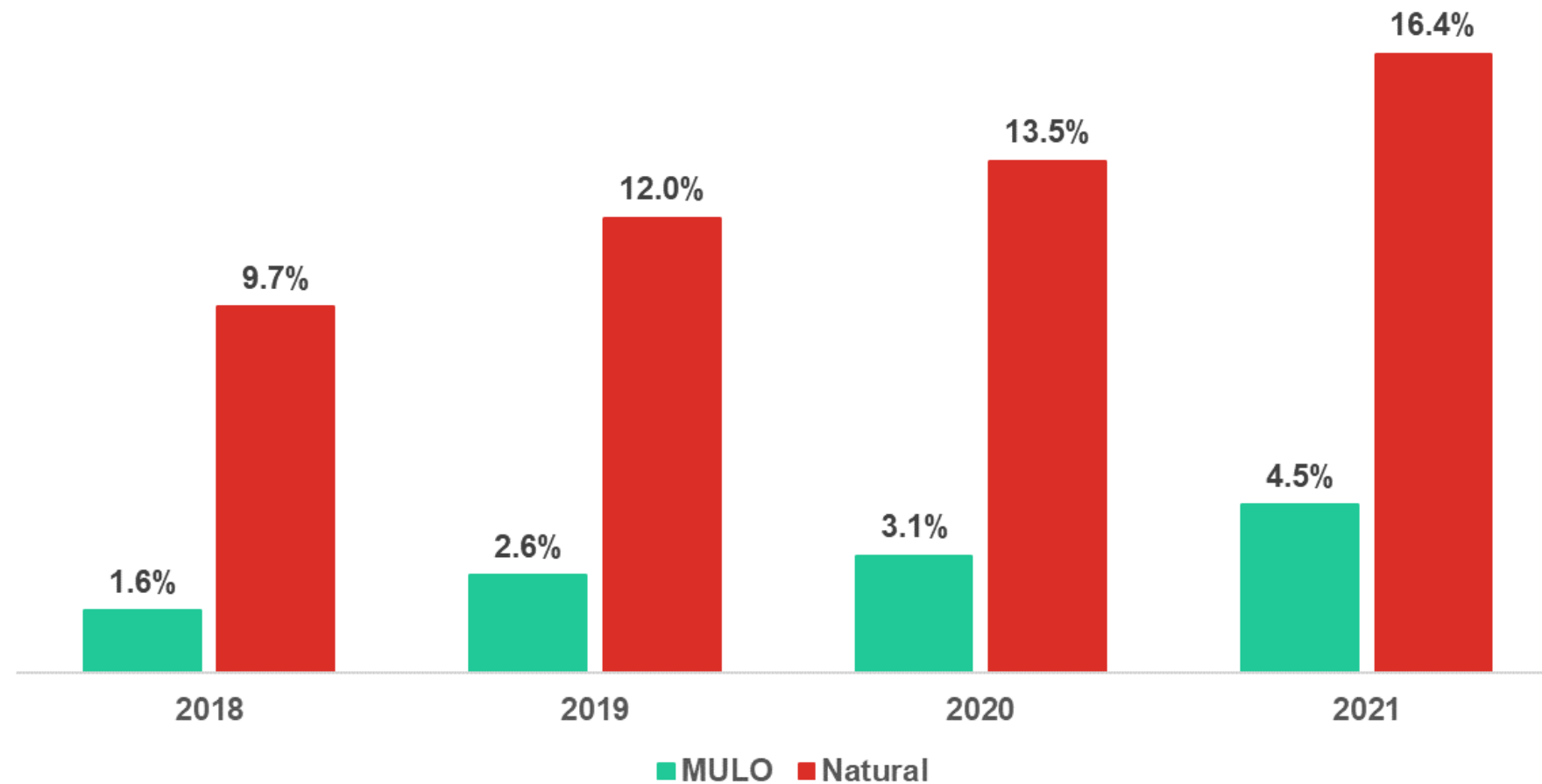




TOTAL POINTS OF DISTRIBUTION HAVE UNTAPPED POTENTIAL ACROSS BOTH CHANNELS

MULO Channel presents sizeable opportunity to increase points of distribution

Vital Farms % of Total Egg Distribution Available by Channel

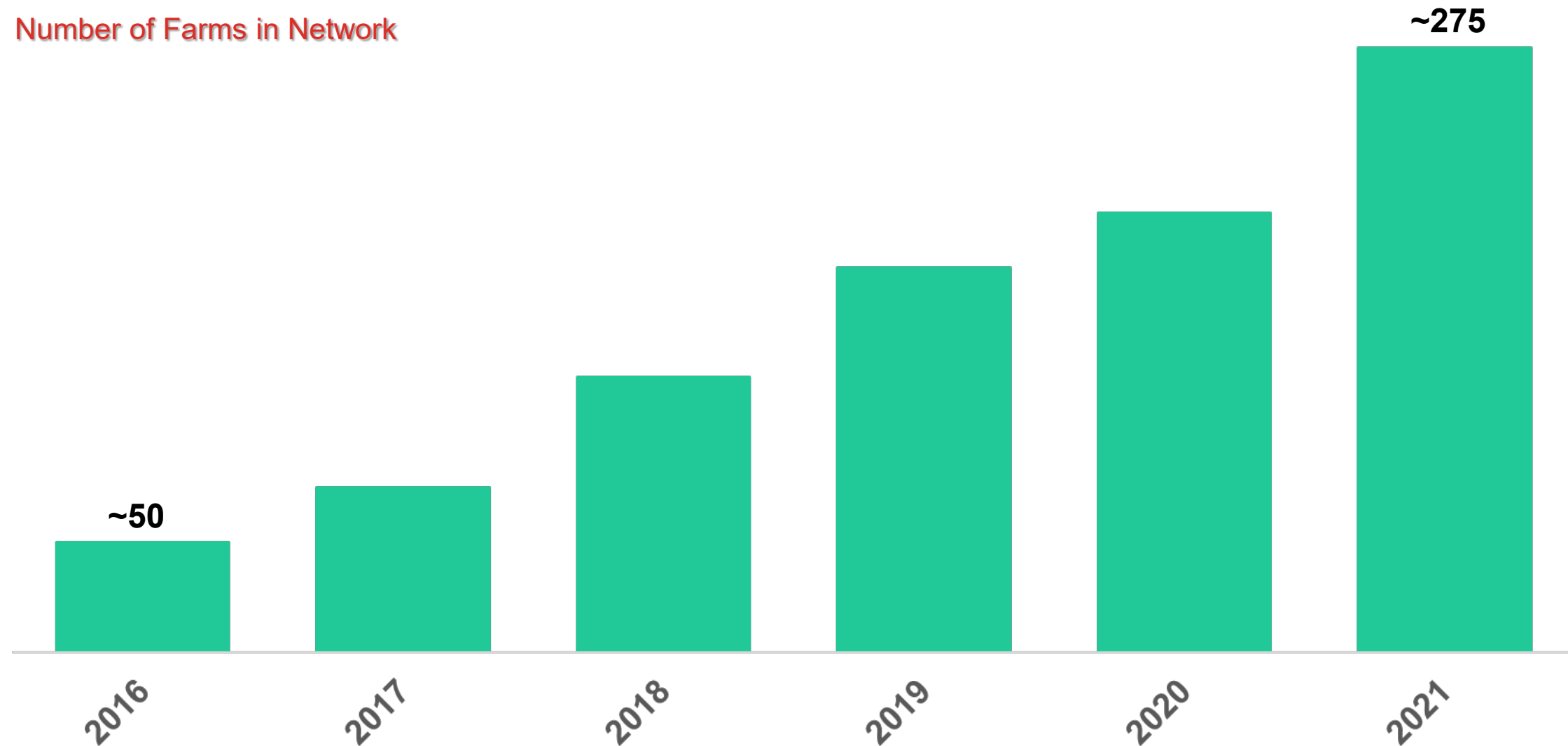




OUR FARMER NETWORK IS GROWING

We invest little in attracting new egg farmers; we have a healthy list who are interested in partnering

Number of Farms in Network





WE HAVE JUST DOUBLED OUR PRODUCTION CAPACITY AT EGG CENTRAL STATION

April 2022

SUBSTANTIALLY COMPLETE
NOW OPERATIONAL

6 MILLION

TOTAL EGGS
PER DAY



153,000

TOTAL FACILITY
SQUARE FEET

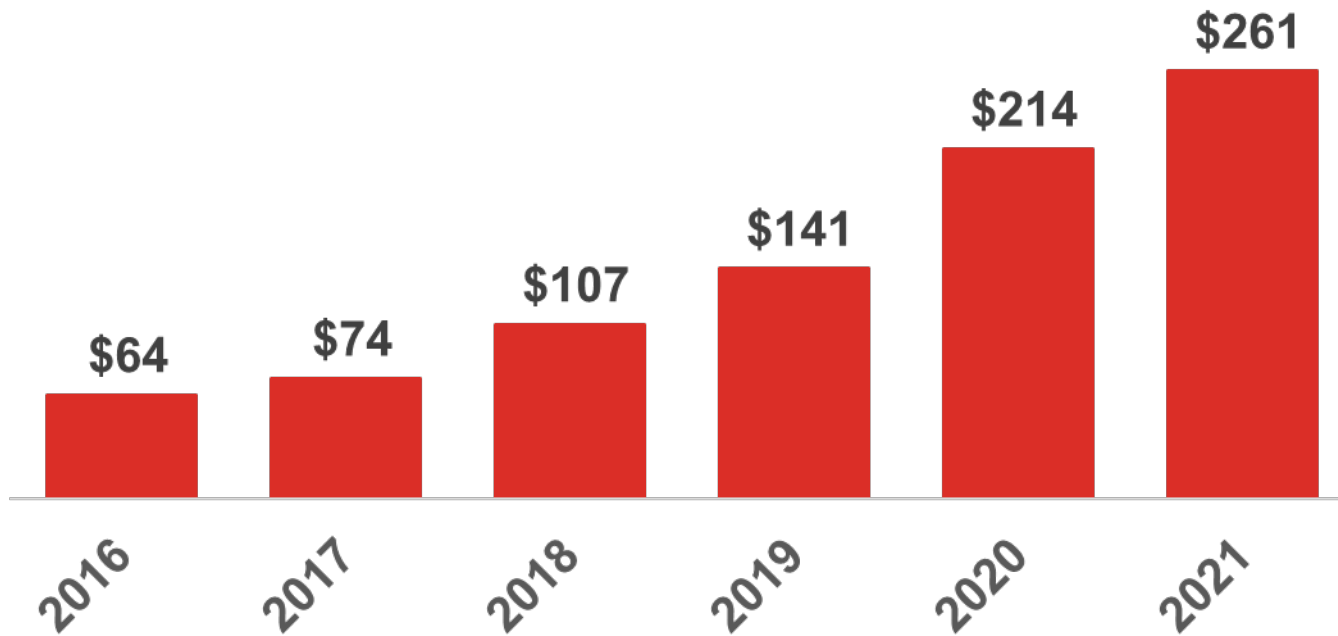
> \$650 MILLION

TOTAL FACILITY
REVENUE POTENTIAL



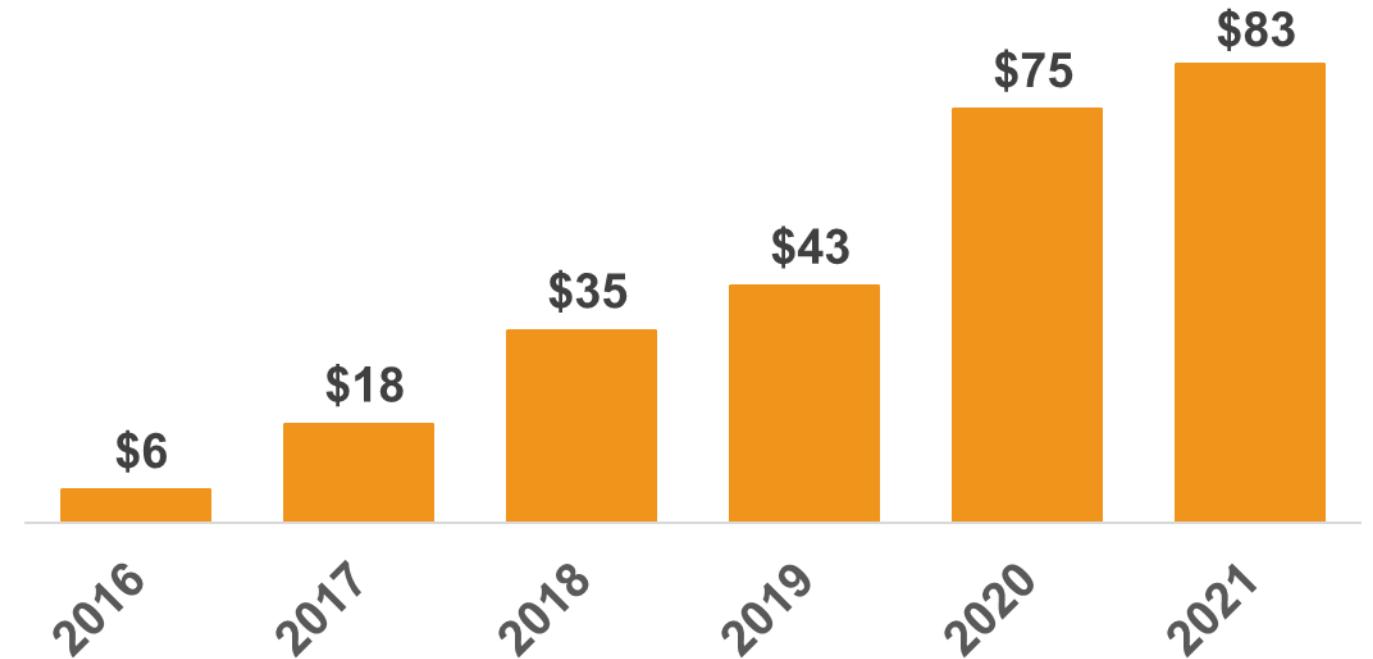
REVENUE BASE INCREASING; PROFITS FOLLOWING DESPITE MANY NEAR-TERM MACRO HEADWINDS

Net Revenues (in Millions)



5-Year CAGR of ~33%

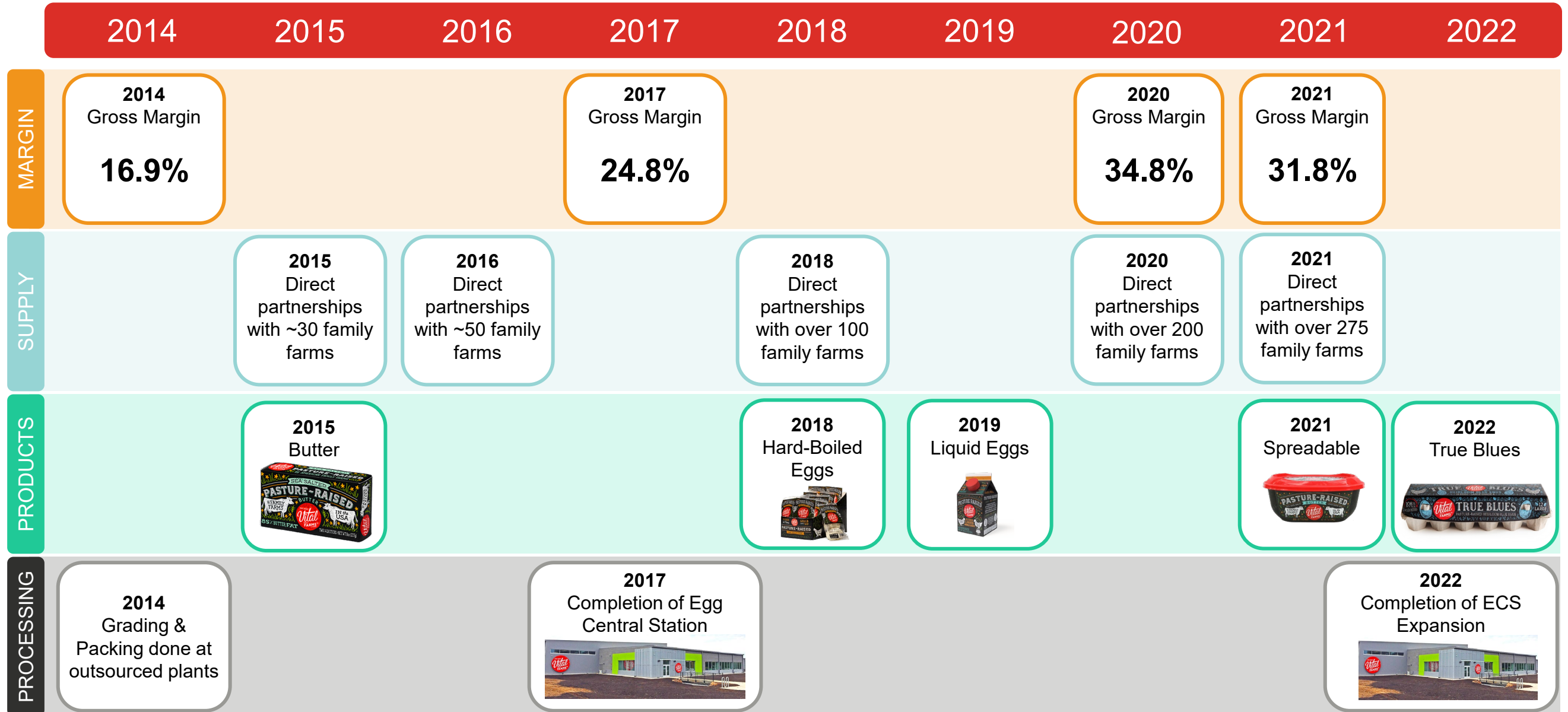
Gross Profit (in Millions)



5-Year CAGR of ~69%



SIGNIFICANT REVENUE & GROSS MARGIN EXPANSION OVER TIME



FINANCIAL UPDATE





FINANCIAL SUMMARY HIGHLIGHTS

Q1 2022 PERFORMANCE UPDATE

Highlights

- Net revenue increased 31.6% to \$77.1 million in Q1 2022, due to 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 827 bps, primarily attributable to an increase in input costs across both eggs and butter. Pricing increases on our organic shell egg and butter business took effect in January, partially offsetting some of the input cost headwinds.
- Adjusted EBITDA was \$0.5 million in Q1 2022. The change versus prior year was primarily due to gross margin pressure and higher shipping and distribution costs, as well as \$2.3 million of costs related to our exit of the convenient breakfast business.⁽¹⁾

Financial Performance

(\$ thousands)	Q1'22	Q1'21	% Change	\$ Change
Net Revenues	\$ 77,058	\$ 58,545	32%	18,513
Gross Profit	21,700	21,330	2%	370
<i>Gross Margin %</i>	<i>28.2%</i>	<i>36.4%</i>	<i>-827 bps</i>	
Operating Income	(4,086)	3,084	-232%	(7,170)
Net Income	(1,538)	3,480	-144%	(5,018)
Adjusted EBITDA⁽¹⁾	\$ 514	\$ 4,741	-89%	(4,227)
<i>Adjusted EBITDA Margin⁽¹⁾</i>	<i>0.7%</i>	<i>8.1%</i>	<i>-743 bps</i>	

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



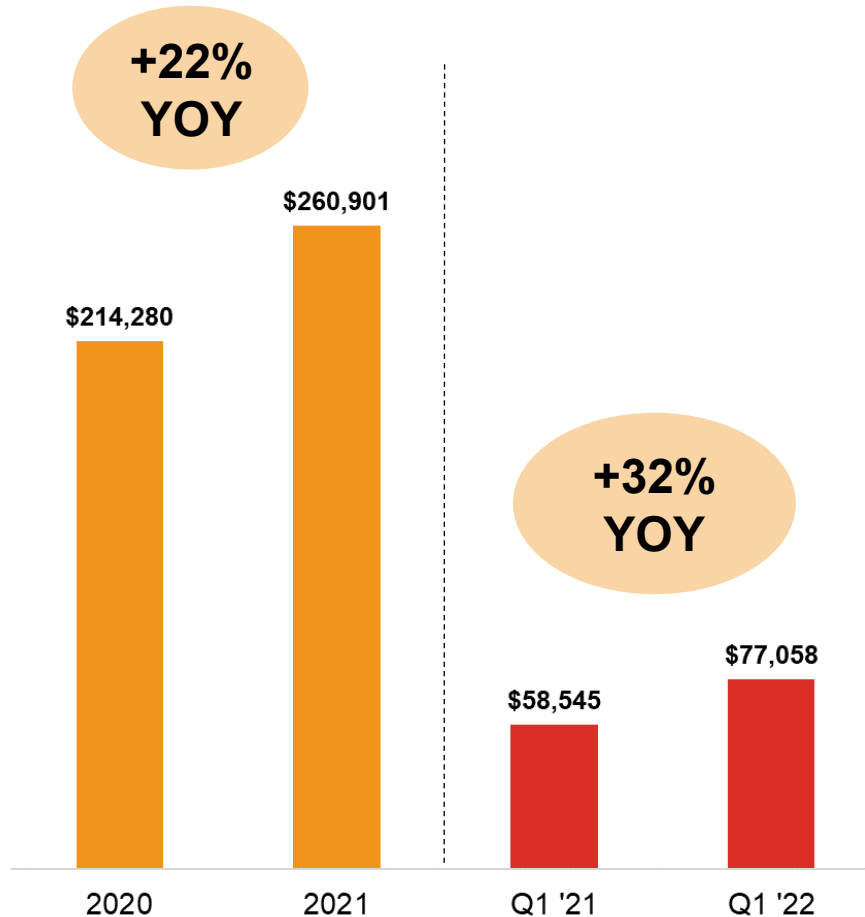
FINANCIAL SUMMARY HIGHLIGHTS

NET REVENUE GROWTH

Net Revenues Summary

Year-Over-Year and Quarterly Net Revenue Growth

(\$ Thousands)



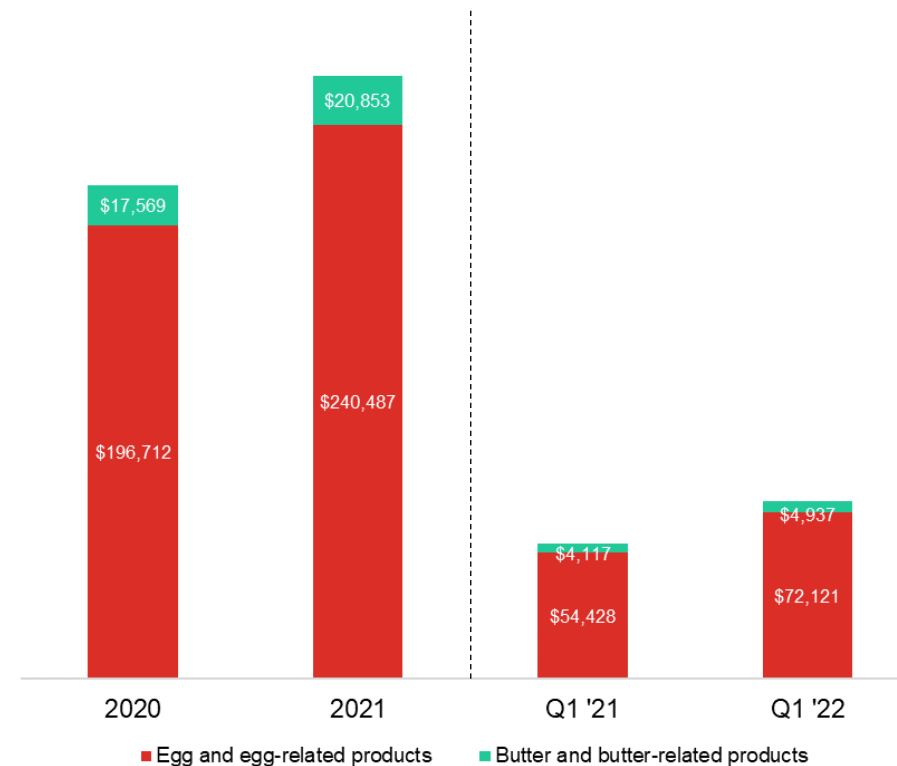
Net Revenues by Product Segment

Growth Rates

	2020	2021	Q1 '21	Q1 '22
Eggs	53%	22%	81%	33%
Butter	45%	19%	81%	20%
Consolidated	52%	22%	81%	32%

Product Segment Mix

(\$ Thousands)



Highlights

- Net revenue for Q1 2022 was \$77.1 million compared to \$58.5 million for Q1 2021
- The growth was primarily driven by increases in egg-related product sales of \$17.7 million and in butter-related product sales of \$0.8 million.
- 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



FINANCIAL SUMMARY HIGHLIGHTS

MARGIN PROFILE

Gross Profit and Margin

Gross Margins

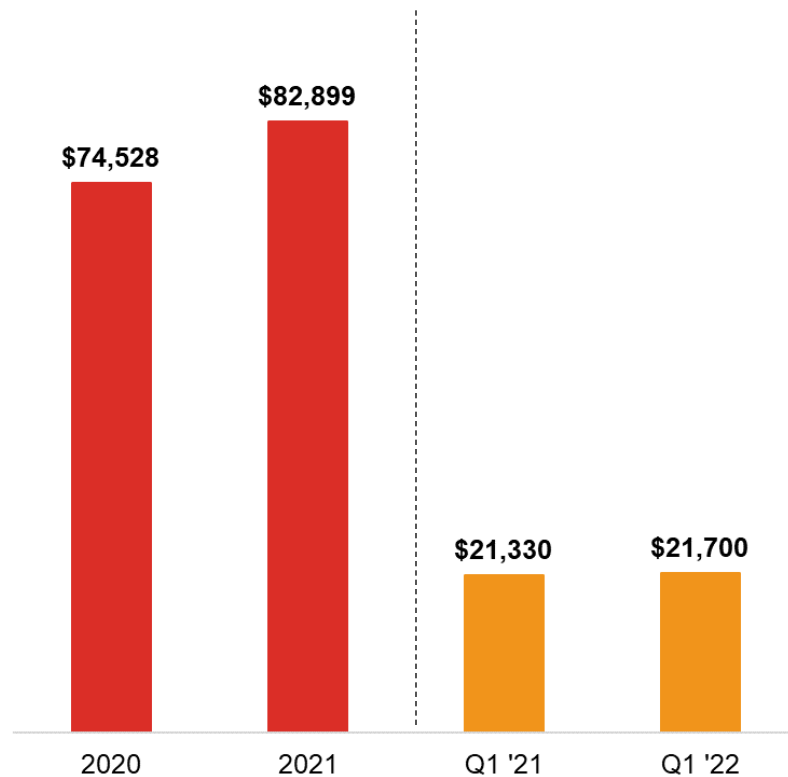
35%

32%

36%

28%

(\$ Thousands)



Operating Expenses

SG&A as a % of Net Revenues

22%

22%

23%

23%

Shipping & Distribution as a % of Net Revenues

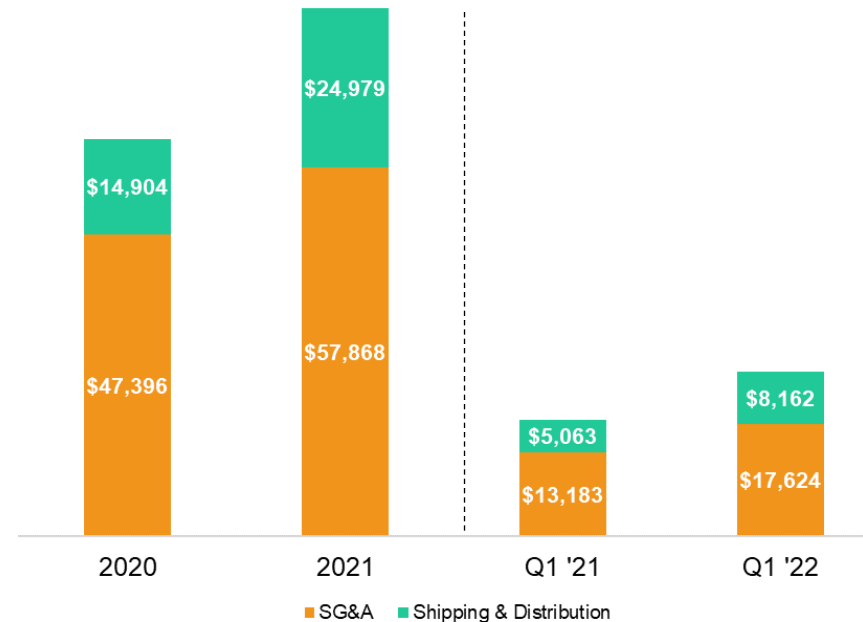
7%

10%

9%

11%

(\$ Thousands)



Highlights

- The increase in gross profit of \$0.4 million was driven by increased sales volume offset by costs related to our exit of the convenient breakfast product line.
- Gross margin declined by 827 bps in Q1 2022 compared to Q1 2021, primarily attributable to an increase in input costs across both eggs and butter. Increased pricing on our organic shell egg and butter business took effect in January, partially offsetting some of the input cost headwinds. Note, we will be taking a portfolio-wide pricing increase in May 2022.
- Selling, general, and administrative expenses as a percent of net sales remained relatively constant at 23% for Q1 2022, compared to 23% for Q1 2021. SG&A was higher due to employee-related costs, including stock-based compensation, driven by an overall increase in employee headcount to support our operations and \$1.2 million in costs related to our exit of the convenient breakfast product line.
- Shipping and distribution increased \$3.1 million, or 61% in Q1 2022 compared to Q1 2021, primarily driven by increased costs related to third-party freight for our products and higher sales volume.



MAINTAINING 2022 GUIDANCE

NET REVENUE
GROWTH

At least 30%

NET REVENUES

At least \$340 Million

ADJUSTED
EBITDA

At least \$13 Million (62% Growth)

Excluding costs of \$2.3 million related to our exit of the convenient breakfast product line

¹See appendix for reconciliation of Adjusted EBITDA. Note: We cannot provide a reconciliation between our forecasted Adjusted EBITDA and net revenue metrics without unreasonable effort due to the unavailability of reliable estimates for stock-based compensation 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 Quarterly Report on Form 10-Q for the 13 week period ended March 27, 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	
	27-Mar-22	28-Mar-21
Net income	\$ (1,538)	\$ 3,480
Depreciation and amortization	907	785
(Benefit)/Provision for income tax	(2,377)	(304)
Stock-based compensation expense	1,296	853
Interest expense	8	18
Change in fair value of contingent consideration ⁽¹⁾	7	6
Interest income	(130)	(97)
Product Exit costs for convenient breakfast category	2,341	0
Adjusted EBITDA	\$ 514	\$ 4,741
<i>Net Income as a % of Net Revenues</i>	<i>-2.0%</i>	<i>5.9%</i>
Adjusted EBITDA Margin	0.7%	8.1%

(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?

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