



Q2 2021 Earnings

August 2021

Forward-Looking Statements

Certain statements in this presentation are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. Any statements contained herein (including, but not limited to, statements to the effect that Sprouts Farmers Market, Inc. (the "Company") or its management "anticipates," "plans," "estimates," "expects," "believes," or the negative of these terms and other similar expressions) that are not statements of historical fact should be considered forward-looking statements, including, without limitation, statements regarding the Company's guidance, outlook, strategy, financial targets, growth and opportunities. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this presentation. These risks and uncertainties include, without limitation, risks associated with the COVID-19 pandemic; the Company's ability to execute on its long-term strategy; the Company's ability to successfully compete in its competitive industry; the Company's ability to successfully open new stores; the Company's ability to manage its rapid growth; the Company's ability to maintain or improve its comparable store sales and operating margins; the Company's ability to identify and react to trends in consumer preferences; product supply disruptions; general economic conditions; accounting standard changes; and other factors as set forth from time to time in the Company's Securities and Exchange Commission filings. The Company intends these forward-looking statements to speak only as of the date of this presentation and does not undertake to update or revise them as more information becomes available, except as required by law.

Non-GAAP Financial Measures

We refer to EBIT, adjusted EBIT, adjusted EBIT Margin, and adjusted diluted earnings per share, each of which is a Non-GAAP Financial Measure. These measures are not prepared in accordance with, and are not intended as alternatives to, generally accepted accounting principles in the United States, or GAAP. The Company's management believes that such measures provide useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses these measures for reviewing the financial results of the Company, and certain of these measures may be used as components of incentive compensation.

The Company defines EBIT, as net income before interest expense and provision for income tax, and adjusted EBIT as EBIT, excluding the impact of special items. Adjusted EBIT Margin reflects adjusted EBIT, divided by net sales for the applicable period. The Company defines adjusted diluted earnings per share as diluted earnings per share excluding the impact of special items.

Non-GAAP measures are intended to provide additional information only and do not have any standard meanings prescribed by GAAP. Use of these terms may differ from similar measures reported by other companies. Because of their limitations, non-GAAP measures should not be considered as a measure of discretionary cash available to use to reinvest in the growth of the Company's business, or as a measure of cash that will be available to meet the Company's obligations. Each non-GAAP measure has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of the Company's results as reported under GAAP.

To the extent forward looking non-GAAP financial measures are provided herein, they are not reconciled to comparable forward-looking GAAP measures due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.

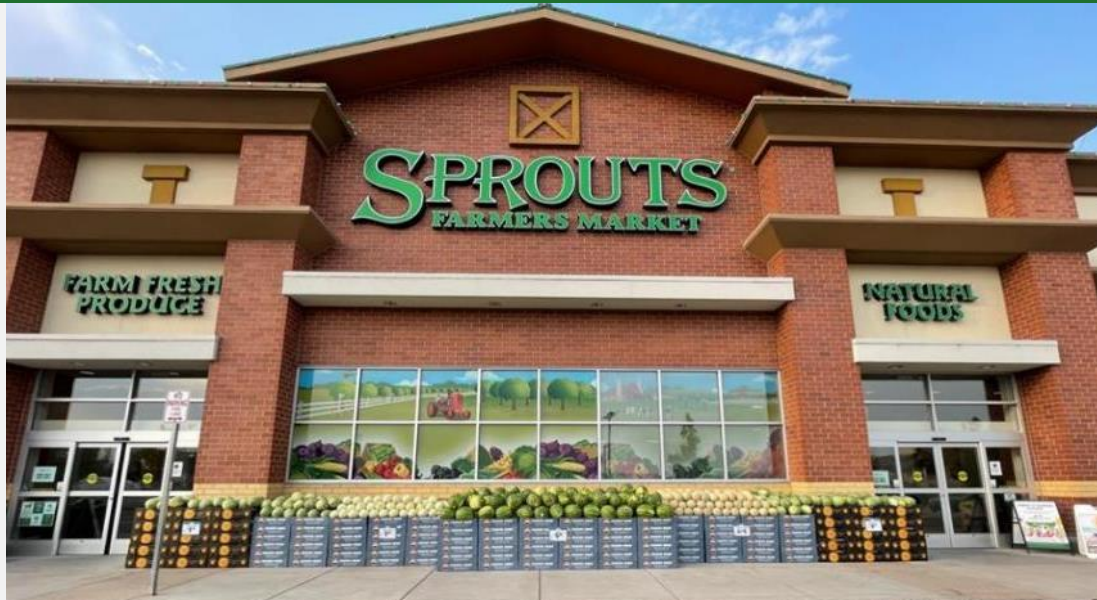
Jack Sinclair

CEO

New Aurora, CO and Orlando, FL Distribution Centers Support our Growth Strategy Focused on Fresh, Local and Organic Offerings



The addition of the Colorado DC is resulting in an uptick of produce sales in this region



New Store Format – Highlighting Innovative & Fresh Products, Attribute Messaging, and a Treasure Hunt Experience



Smaller More Efficient Box



Approximately 20% Cheaper to Build than our Current Format

Cultivating Partnerships with Up-and-Coming Vendors in the Food Industry

Building an Innovation Network



Exclusive
Sprouts
Offering

First to Market
Sprouts Offering



New products creating a treasure hunt experience, highlighted by our "Find a New Favorite"



Denise Paulonis

CFO



Ongoing Strategic Changes are Producing Solid YTD Financials

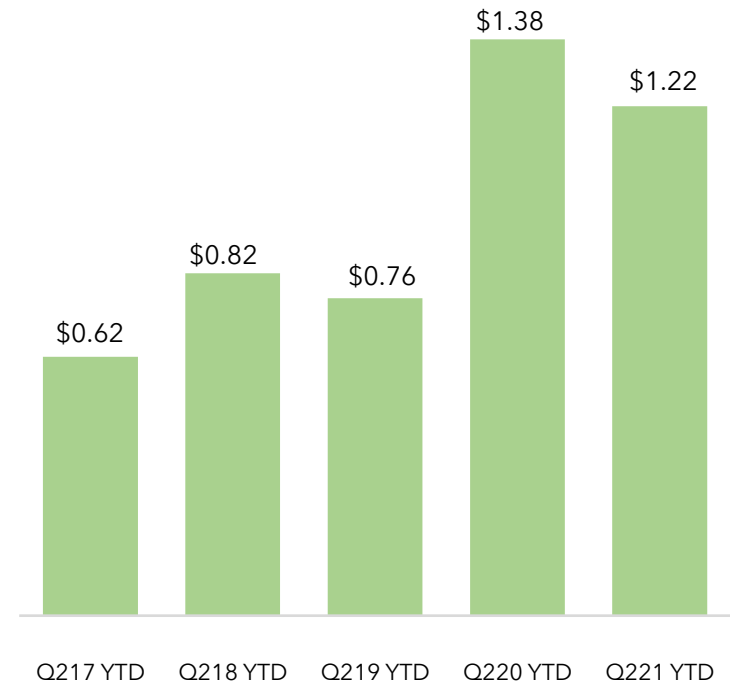
YTD NET SALES

\$3.1B



YTD ADJUSTED DILUTED
EARNINGS PER SHARE ⁽¹⁾

\$1.22



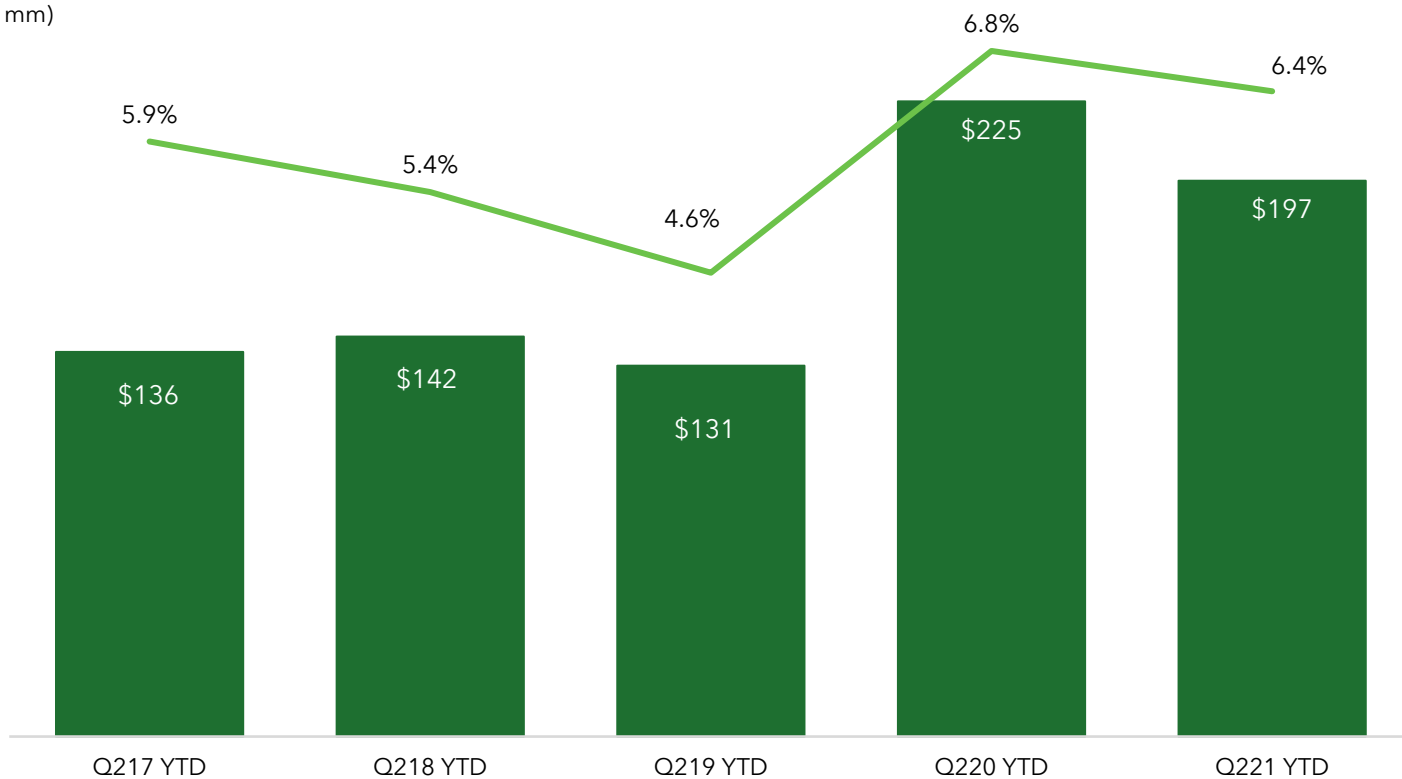
(1) See the Appendix to this presentation for a reconciliation of adjusted diluted EPS to net income



Structurally Improved Margin Profile

YTD ADJUSTED EBIT & ADJUSTED EBIT MARGIN⁽¹⁾

(\$ in mm)



(1) See the Appendix to this presentation for a reconciliation of EBIT to adjusted EBIT. For 2017, 2018, & 2021 adjustments to EBIT were immaterial; thus only EBIT is presented.





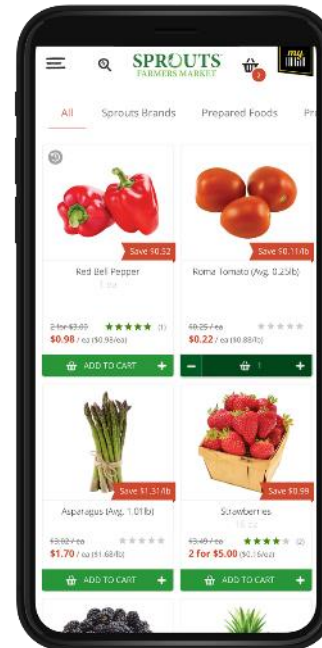
Ecommerce Remains Here to Stay and Sales Appear to be Settling at New Levels

Ecommerce Penetration

(\$ in mm)



Customers can now shop how they like -
In-Store, Pick-up, or Delivery



**THE BEST IN FRESH IS
JUST A TAP AWAY!**





2021 Annual Outlook

Sales down low single digits

13-20 New Stores, subject to equipment delays

(5%) to (7%) Comps

Adjusted EBIT \$305M to \$325M

Adjusted EPS \$1.90 to \$2.02

Capex \$110M to \$125M

Approximately 25% Corporate Tax Rate

Appendix

Appendix

The following table shows a reconciliation of EBIT and adjusted EBIT to net income, as well as a reconciliation of net income and diluted earnings per share to adjusted net income and adjusted diluted earnings per share for the twenty-six weeks ended July 4, 2021, June 28, 2020, June 30, 2019, July 1, 2018, and July 2, 2017:

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
NON-GAAP MEASURE RECONCILIATION
(UNAUDITED)
(IN THOUSANDS)

	Twenty-six Weeks Ended	Twenty-six Weeks Ended	Twenty-six Weeks Ended	Twenty-six Weeks Ended	Twenty-six Weeks Ended
	July 4, 2021	June 28, 2020	June 30, 2019	July 1, 2018	July 2, 2017
Net income	\$ 144,062	\$ 158,812	\$ 91,735	\$ 108,333	\$ 87,255
Income tax provision	46,894	52,976	28,713	20,764	39,115
Interest expense, net	5,929	8,564	10,440	12,604	9,838
Earnings before interest and taxes (EBIT)	196,885	220,352	130,888	141,701	136,208
Special Items:					
Strategic initiatives ⁽¹⁾	-	4,617	-	-	-
Store closures ⁽²⁾	-	-	508	-	-
Total Special Items - pre tax	-	4,617	508	-	-
Adjusted EBIT	\$ 196,885	\$ 224,969	\$ 131,396	\$ 141,701	\$ 136,208
Net income	\$ 144,062	\$ 158,812	\$ 91,735	\$ 108,333	\$ 87,255
Special Items:					
Strategic Initiatives, net of tax	\$ -	\$ 3,431	\$ -	\$ -	\$ -
Store closures, net of tax ⁽²⁾	-	-	377	-	-
Adjusted Net income	\$ 144,062	\$ 162,243	\$ 92,112	\$ 108,333	\$ 87,255
Diluted EPS	\$ 1.22	\$ 1.35	\$ 0.76	\$ 0.82	\$ 0.62
Adjusted Diluted EPS	\$ 1.22	\$ 1.38	\$ 0.76	\$ 0.82	\$ 0.62
Diluted Weighted Average Shares Outstanding	118,265	117,997	121,231	131,949	140,147

(1) Includes professional fees related to strategic initiatives. After-tax impact includes the tax benefit on the pre-tax charge.

(2) Includes the direct costs associated with store closures and relocation. After-tax impact includes the tax benefit on the pre-tax charge.