



Q4 & Full Year 2021 Earnings

February 2022

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; equipment 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

2021 Was a Year of Meaningful Accomplishments



- Opened 2 new fresh Distribution Centers
- Opened 12 new stores & one relocation
- Launched 4 new format stores, including one remodel
- Launched over 5,700 new products
- Greatly improved our ESG reporting, resulting in AAA rating from MSCI
- Encouraged that 4th quarter traffic was positive
- EPS up 68% over 2019 baseline



Chip Molloy

CFO

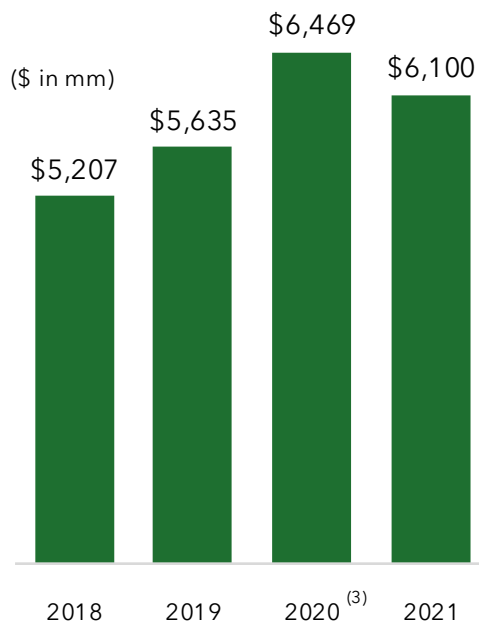


Sprouts is on a Stronger Foundation with Strategic Initiatives Beginning to Take Hold in 2021

NET SALES

\$6.1B

+ 8% VS 2019 ⁽²⁾



ADJUSTED DILUTED EARNINGS PER SHARE ⁽¹⁾

\$2.10

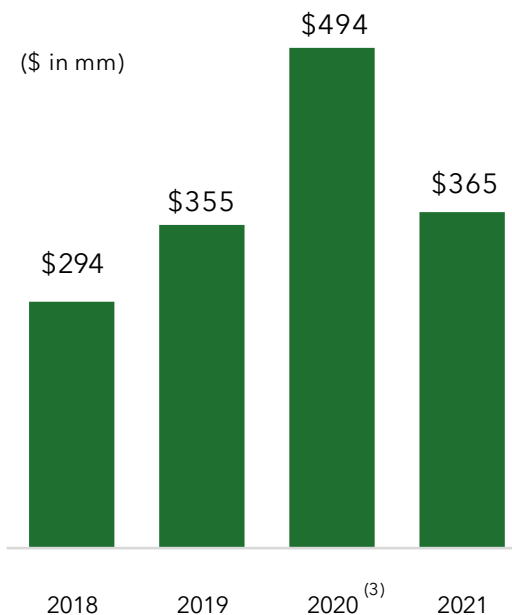
+ 68% VS 2019 ⁽²⁾



NET CASH PROVIDED BY OPERATIONS

\$365M

+ 3% VS 2019 ⁽²⁾



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

(2) The Company's results for FY2020 were significantly impacted by the Covid-19 pandemic. Accordingly, this presentation also includes comparisons to result in FY 2019

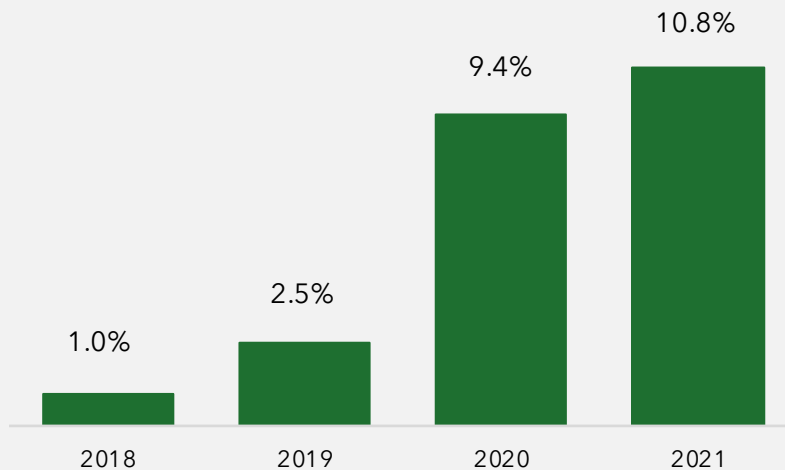
(3) 2020 is presented on a 53-week basis





Ecommerce Remains Here to Stay and Sales are Settling at New Levels

Ecommerce Penetration



> 50% of online orders can be identified to a customer

In store Pick-up & Delivery available to all customers in **all** stores & markets



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

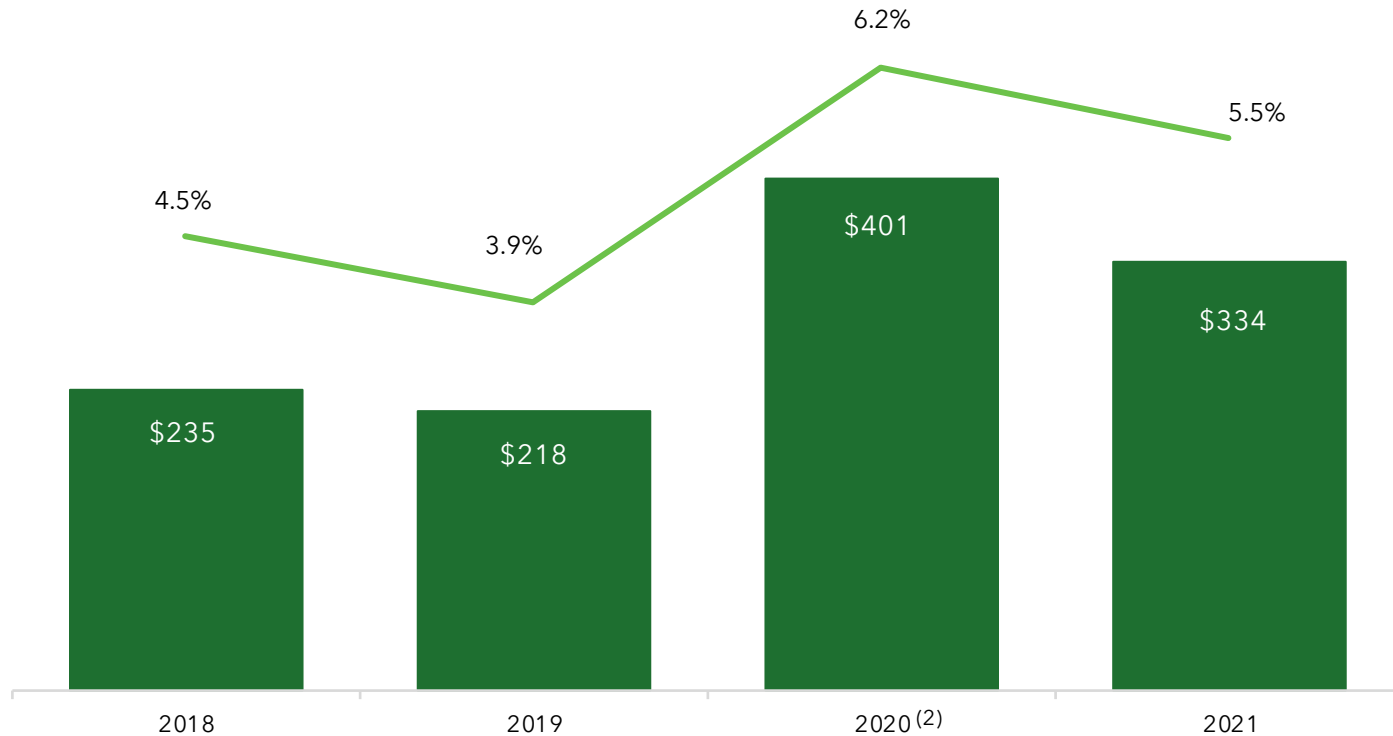




Maintained a Structurally Improved Margin Profile

ADJUSTED EBIT & ADJUSTED EBIT MARGIN⁽¹⁾

(\$ in mm)



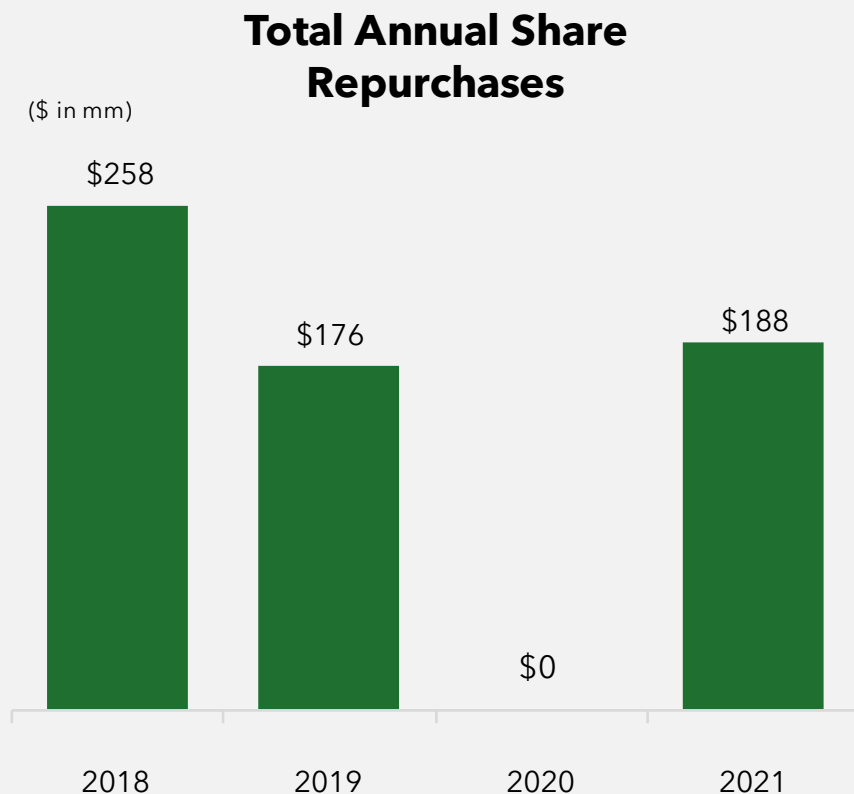
(1) See the Appendix to this presentation for a reconciliation of EBIT to adjusted EBIT

(2) 2020 is presented on a 53-week basis





In Addition to Investing in Growth, We Drive Shareholder Value Through an Ongoing Share Repurchase Program



- In 2021 we repurchased **7.4 million shares for a total investment of \$188M**
- **\$112M** remaining on our share repurchase authorization*

* As of January 2, 2022





2022 Annual Outlook

Net sales growth 4% to 6%

15-20 new stores

Comps of 0% to 2%

Adjusted EBIT \$330M to \$345M

Adjusted EPS \$2.14 to \$2.24

Capex \$150M to \$170M

Approximately 25% Corporate Tax Rate





2022 First Quarter Outlook

Comps 0% to 2%

Adjusted EPS \$0.69 to \$0.73

Jack Sinclair

CEO

Fourth Quarter Sales Highlights



- Released new deli meals created by our in-house chef as well as other attribute focused items
- Bakery continues to see year over year growth supported by seasonal events and innovation
- Vitamins benefited from immunity boosting products
- Grocery benefited from a strong holiday program, innovation and the 250 bulk tables we have converted to innovation displays



Successfully Launched 2 Additional New Format Stores in Q4 with Similar Results



EARLY DAYS...

- 2 more New Format stores FL (1) and GA (1) - 4 in total for 2021
- Phoenix relocation - sales up significantly despite new store being 23% smaller
- Frozen sales up dramatically
- Protein sales above company average with the emphasis on center of plate in the front of the store
- Deli sales above company average with more grab and go items
- Total of 4 New Format stores for 2021



Growing our Customer Engagement

Currently “speaking” to more than 5 million customers via multiple digital platforms



Active SMS Subscribers

+ 76% ⁽¹⁾



Active Email Subscribers

+26% ⁽¹⁾



Active Push Subscribers

+36% ⁽¹⁾

⁽¹⁾ Growth rate is 2021 vs. 2020

Appendix

Appendix

The following table shows a reconciliation of EBITDA and adjusted EBITDA 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 fifty-two weeks ended January 2, 2022, January 3, 2021 (53 weeks), December 29, 2019, and December 30, 2018:

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

	Fifty-two Weeks Ended January 2, 2022	Fifty-three Weeks Ended January 3, 2021	Fifty-two Weeks Ended December 29, 2019	Fifty-two Weeks Ended December 30, 2018
Net income	\$ 244,157	\$ 287,450	\$ 149,629	\$ 158,536
Income tax provision ⁽¹⁾	78,235	89,428	46,539	37,260
Interest expense, net	11,684	14,787	21,192	27,435
Earnings before interest and taxes (EBIT)	334,076	391,665	217,360	223,231
Special Items:				
Strategic initiatives ⁽²⁾	-	8,835	-	-
Executive Compensation ⁽³⁾	-	-	-	3,618
Store closures ⁽⁴⁾	-	-	508	7,961
Total Special Items - pre tax	-	8,835	508	11,579
Adjusted EBIT	334,076	400,500	217,868	234,810
Depreciation, amortization and accretion	125,541	126,508	122,804	110,749
Adjusted EBITDA	\$ 459,617	\$ 527,008	\$ 340,672	\$ 345,559
Net income	\$ 244,157	\$ 287,450	\$ 149,629	\$ 158,536
Special Items:				
Strategic Initiatives, net of tax	\$ -	\$ 6,565	\$ -	\$ -
Executive Compensation, net of tax ⁽³⁾	-	-	-	5,652
Store closures, net of tax ⁽⁴⁾	-	-	377	5,921
Adjusted Net income before one time tax benefits	\$ 244,157	\$ 294,015	\$ 150,006	\$ 170,109
Income tax benefit related to Tax Act and other one time tax benefits ⁽⁵⁾	-	-	-	(2,573)
Adjusted Net income	\$ 244,157	\$ 294,015	\$ 150,006	\$ 167,536
Diluted EPS	\$ 2.10	\$ 2.43	\$ 1.25	\$ 1.22
Adjusted Diluted EPS	\$ 2.10	\$ 2.49	\$ 1.25	\$ 1.29
Diluted Weighted Average Shares Outstanding	116,077	118,224	119,742	129,776

Appendix

- (1) Income tax provision includes approximately \$12 million (or \$0.10 per diluted share) benefit during the fifty-two weeks ended December 30, 2018 in excess federal and state tax benefits for share based compensation primarily associated with the exercise of expiring pre-IPO options.
- (2) Includes professional fees related to strategic initiatives. After-tax impact includes the tax benefit on the pre-tax charge.
- (3) During the fifty-two weeks ended December 30, 2018, the Company recorded one-time pretax compensation charges of \$4 million, associated with the resignation of the former CEO. The after-tax impact includes incremental tax expense associated with certain nondeductible executive compensation costs.
- (4) Includes the direct costs associated with store closures and relocation. During the fifty-two weeks ended December 30, 2018, in connection with the closure of two stores, the Company recorded one-time non-cash pre-tax charges of \$8 million primarily related to the estimated fair value of the lease termination obligations and asset impairments. After-tax impact includes the tax benefit on the pre-tax charge.
- (5) During the fifty-two weeks ended December 30, 2018, the Company adopted a tax calculation method change for the accelerated deduction of certain items, resulting in a discrete tax benefit of \$3 million.