



Q3 2022 Earnings

November 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, 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; the current inflationary environment and future potential inflationary and/or deflationary trends; risks associated with the COVID-19 pandemic; 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.

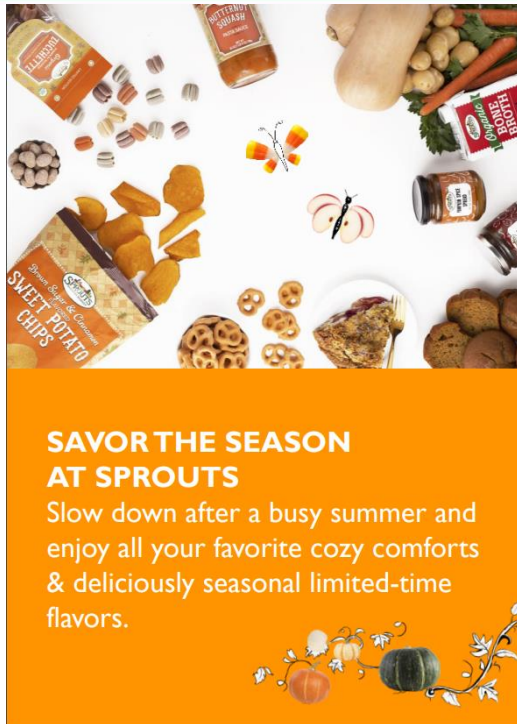
Q3 2022 Highlights

Net Sales	+5%
Comps ⁽¹⁾	+2.4%
Diluted EPS	\$0.61
EPS Growth	9%
New Stores	1
Cash Generation From Operations	\$98M
Share Repurchases	\$44M

(1) Comparable Store Sales



Third Quarter Sales Drivers



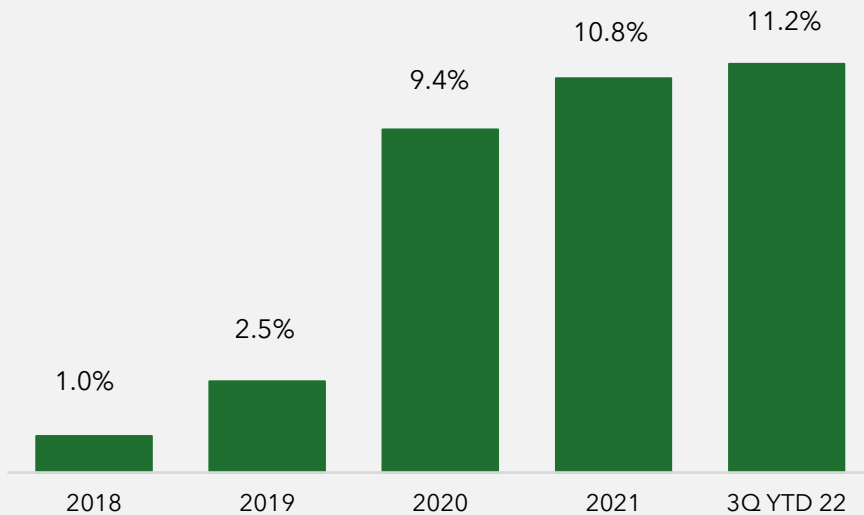
- Continued strength in convenient deli grab and go meals
- Differentiated departments like Dairy, Bakery and Frozen continue to see year over year growth
- Ecommerce grew 19% and remains elevated





Ecommerce Remains Here to Stay; Adding DoorDash Marketplace to our Omni Channel

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!**



How We Innovate in Produce



Research and choose Focus Categories that need to evolve or are on trend.

STAGE 01



Seek out Universities and Private Genetic companies for new varietals and information.

STAGE 02



Work with local and national grower partners on partnering in innovation and exclusivity.

STAGE 03



Build a go-to-market strategy on educating and promoting each variety.

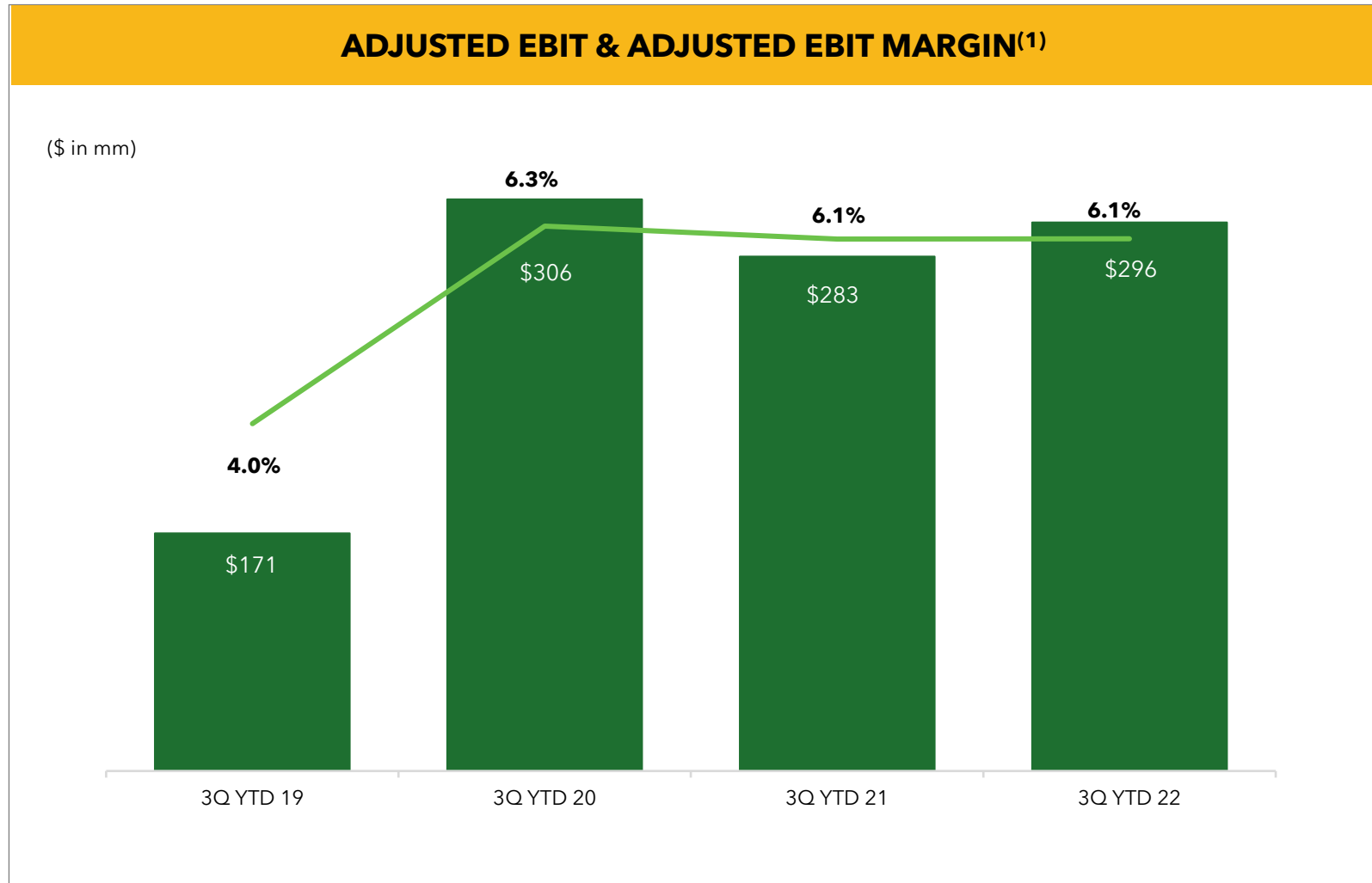
STAGE 04



GO-TO-MARKET STRATEGY GROWTH



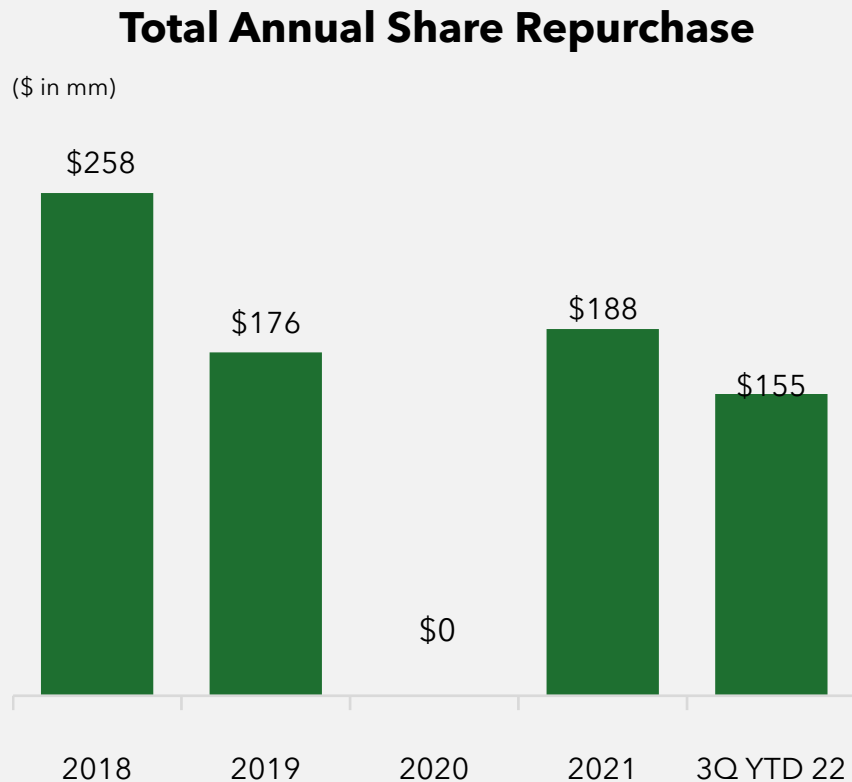
Maintaining a Structurally Improved Margin Profile



(1) See the Appendix to this presentation for a reconciliation of EBIT to adjusted EBIT - for 2021 and 2022, adjustments to EBIT were immaterial; thus, only EBIT is presented.



Driving Shareholder Value Through An Ongoing Share Repurchase Program



- From 2015 through Q3, 2022:
Repurchased **56 million shares**
Reduced shares outstanding **36%**
Purchased **\$1.3B** to date
- **\$457M** remaining on our share repurchase authorization*

* As of Oct 2, 2022



2022 Outlook

Total sales growth between 4.5% and 5%

Comp sales growth of approximately 2%

16 new stores

Earnings per share (EPS) \$2.32 to \$2.36

Capex \$120M to \$135M

Fourth Quarter, 2022: Comparable sales growth expected to be approximately 2% and EPS \$0.35 to \$0.39



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 thirty-nine weeks ended Oct 2, 2022, Oct 3, 2021, Sept 27, 2020, and Sept 29, 2019:

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

	Thirty-nine Weeks Ended	Thirty-nine Weeks Ended	Thirty-nine Weeks Ended	Thirty-nine Weeks Ended
	Oct 2, 2022	Oct 3, 2021	Sept 27, 2020	Sept 29, 2019
Net income	\$ 216,044	\$ 207,929	\$ 219,053	\$ 117,995
Income tax provision	72,798	65,924	67,999	36,453
Interest expense, net	7,648	8,840	11,681	15,997
Earnings before interest and taxes (EBIT)	296,490	282,693	298,733	170,445
Special Items:				
Strategic initiatives ⁽¹⁾	-	-	7,033	-
Store closures ⁽²⁾	-	-	-	508
Total Special Items - pre tax	-	-	7,033	508
Adjusted EBIT	\$ 296,490	\$ 282,693	\$ 305,766	\$ 170,953
Net income	\$ 216,044	\$ 207,929	\$ 219,053	\$ 117,995
Special Items:				
Strategic Initiatives, net of tax	\$ -	\$ -	\$ 5,226	\$ -
Store closures, net of tax ⁽²⁾	-	-	-	377
Adjusted Net income	\$ 216,044	\$ 207,929	\$ 224,279	\$ 118,372
Diluted EPS	\$ 1.97	\$ 1.77	\$ 1.85	\$ 0.98
Adjusted Diluted EPS	\$ 1.97	\$ 1.77	\$ 1.90	\$ 0.98
Diluted Weighted Average Shares Outstanding	109,888	117,252	118,157	120,227

(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.