



Q4 & Full-Year 2022 Earnings

March 2023

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.

Sprouts 2022 Accomplishments

- Sprouts Brand reached \$1billion in sales
- Opened 16 new stores, with 9 in the new format
- Launched approximately 8,400 differentiated products
- Increased sales of local produce by over 100%
- Diluted EPS up 14%
- Created 1,600 new jobs, promoted 24% of our team members, and filled 64% of store manager positions with internal candidates
- Ranked among Corporate Knights' 100 Most Sustainable Corporations in the World



Q4 2022 Highlights

Net Sales	+6%
Comps ⁽¹⁾	+2.9%
Diluted EPS	\$0.42
Diluted EPS Growth	31%
New Stores	7
Cash Generation From Operations	\$65M
Share Repurchases	\$45M

(1) Comparable Store Sales



Fourth Quarter Sales Drivers



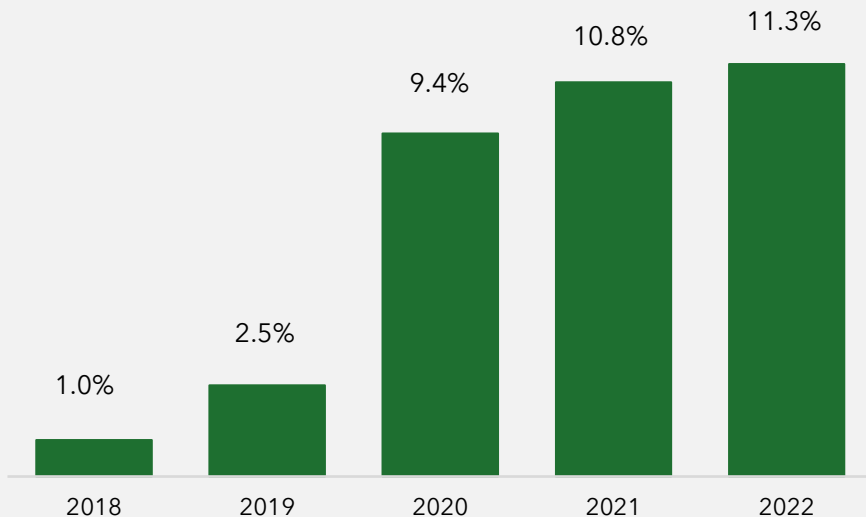
- Continued strength in convenient deli grab-and-go meals
- Differentiated departments (e.g. Dairy, Bakery, and Frozen) continue to see year-over-year growth
- Ecommerce grew 17% and remains elevated





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



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



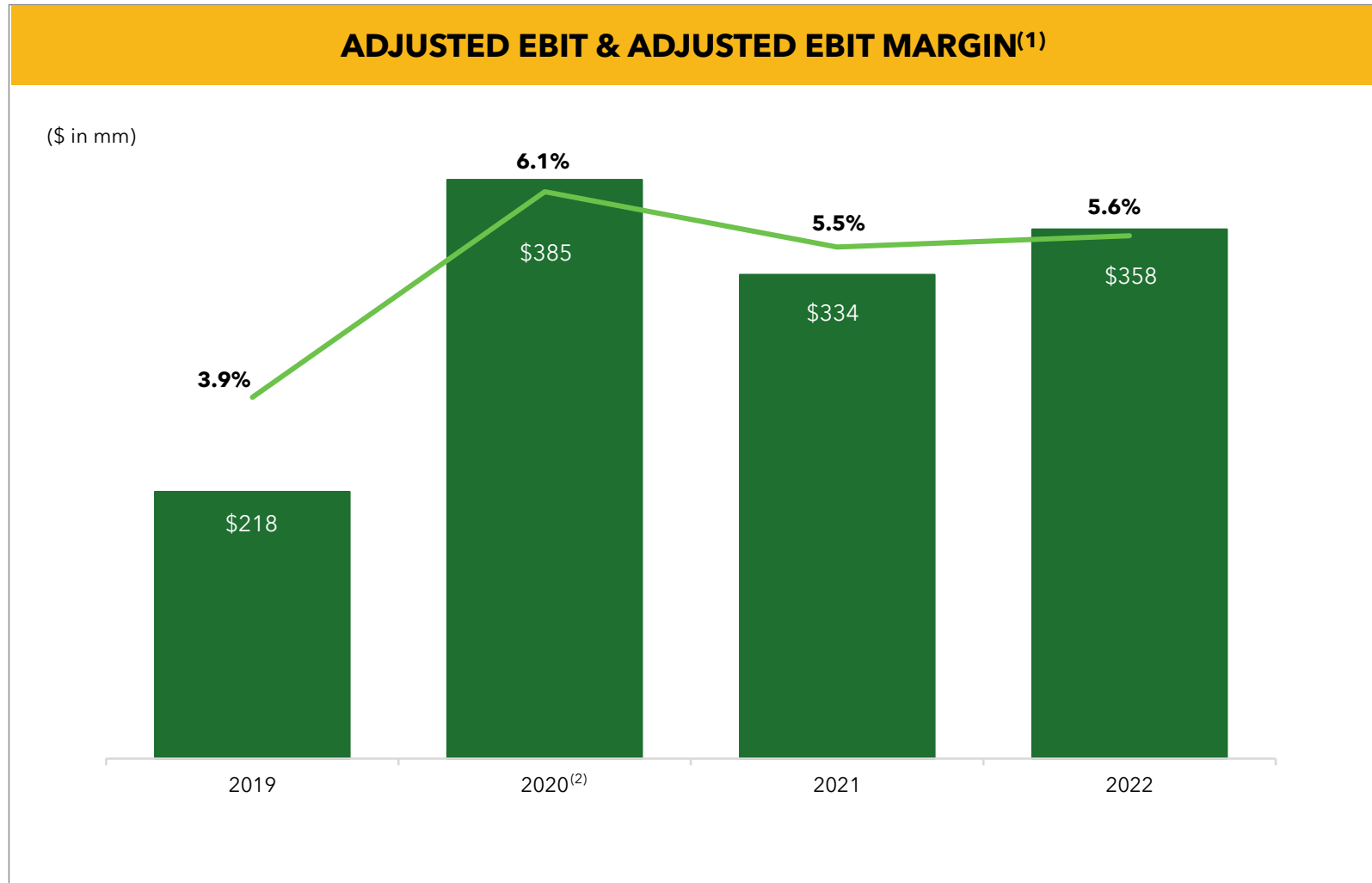
Full-Year 2022 Highlights

Net Sales	+5%
Comps ⁽¹⁾	+2.2%
Diluted EPS	\$2.39
EPS Growth	14%
New Stores	16
Cash Generation From Operations	\$371M
Share Repurchases	\$200M

(1) Comparable Store Sales



Maintaining a Structurally Improved Margin Profile

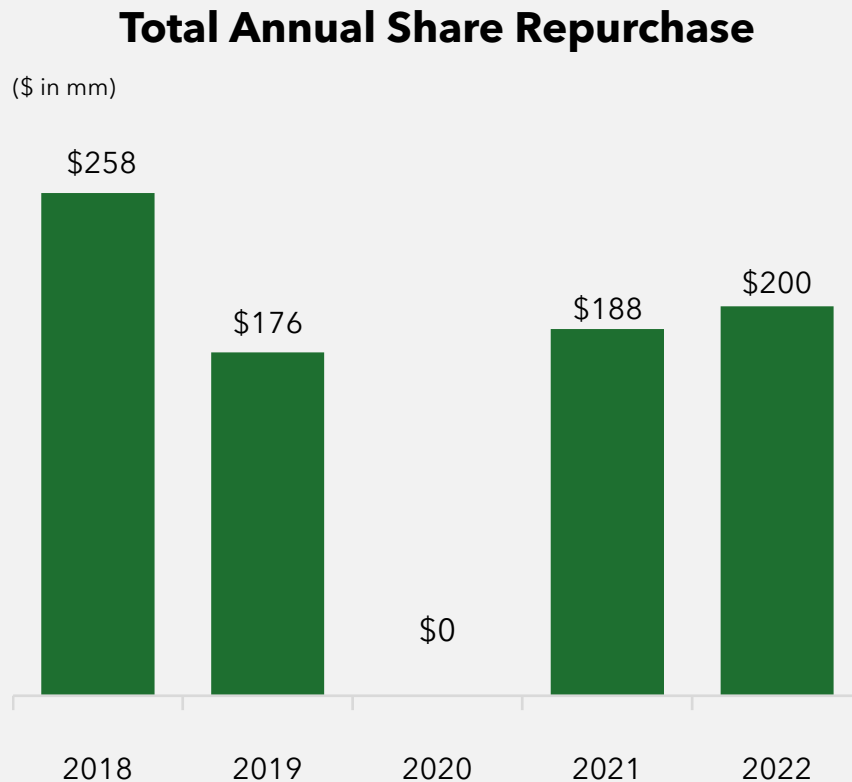


(1) See the Appendix to this presentation for a reconciliation of EBIT to adjusted EBIT – for 2021 and 2022, adjustments to EBIT were immaterial; thus, only EBIT is presented.

(2) 2020 is presented on a 52-week basis



Driving Shareholder Value Through An Ongoing Share Repurchase Program



- From 2015 through 2022:
Repurchased **57 million shares**
Reduced shares outstanding by **37%**
- **\$412M** remaining on our share repurchase authorization*

* As of Jan 1, 2023



Full-Year 2023 Outlook

Total sales growth between 4% and 6%

Comp sales growth in the low single digits

Approximately 30 new stores, closing 11

Adjusted earnings before interest & taxes \$355M to \$370M

Adjusted earnings per share (EPS) \$2.41 to \$2.53

Capex \$210M to \$230M

First Quarter, 2023: Comparable sales growth between 1.5% and 2.5% and Adjusted EPS \$0.83 to \$0.87



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 fifty-two weeks ended Jan 1, 2023, Jan 2, 2022, Jan 3, 2021 (53 weeks), and Dec 29, 2019:

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

	Fifty-two Weeks Ended	Fifty-two Weeks Ended	Fifty-three Weeks Ended	Fifty-two Weeks Ended
	Jan 1, 2023	Jan 2, 2022	Jan 3, 2021	Dec 29, 2019
Net income	\$ 261,164	\$ 244,157	\$ 287,450	\$ 149,629
Income tax provision	88,149	78,235	89,428	46,539
Interest expense, net	9,047	11,684	14,787	21,192
Earnings before interest and taxes (EBIT)	358,360	334,076	391,665	217,360
Special Items:				
Strategic initiatives ⁽¹⁾	-	-	8,835	-
Store closures ⁽²⁾	-	-	-	508
Total Special Items - pre tax	-	-	8,835	508
Adjusted EBIT	\$ 358,360	\$ 334,076	\$ 400,500	\$ 217,868
Net income	\$ 261,164	\$ 244,157	\$ 287,450	\$ 149,629
Special Items:				
Strategic Initiatives, net of tax	-	-	6,565	-
Store closures, net of tax ⁽²⁾	-	-	-	377
Adjusted Net income	\$ 261,164	\$ 244,157	\$ 294,015	\$ 150,006
Diluted EPS	\$ 2.39	\$ 2.10	\$ 2.43	\$ 1.25
Adjusted Diluted EPS	\$ 2.39	\$ 2.10	\$ 2.49	\$ 1.25
Diluted Weighted Average Shares Outstanding	109,139	116,077	118,224	119,742

(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.