



Q2 2023 Earnings

August 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 adjusted gross profit, adjusted gross margin, 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 Company's financial results, and certain of these measures may be used as components of incentive compensation.

The Company defines adjusted gross profit as gross profit, excluding the impact of special items. Adjusted gross margin reflects adjusted gross profit divided by net sales for the applicable period. EBIT is defined 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.

Second Quarter 2023 Highlights

Net Sales	+6%
Comps ⁽¹⁾	+3.2%
Adj. diluted EPS ⁽²⁾	\$0.71
EPS Growth ⁽³⁾	25%
New Store Openings	6
Share Repurchases	\$50M

- (1) Comparable Store Sales
- (2) See the Appendix to this presentation for a reconciliation of diluted EPS to Adjusted diluted EPS
- (3) Reflects comparison of Q2 23 Adjusted diluted EPS to Q2 22 diluted EPS as adjustments to Q2 22 diluted EPS were immaterial



YTD 2023 Highlights

Net Sales	+6%
New Store Openings	14
Cash Generation YTD From Operations	\$295M
Share Repurchases	\$148M



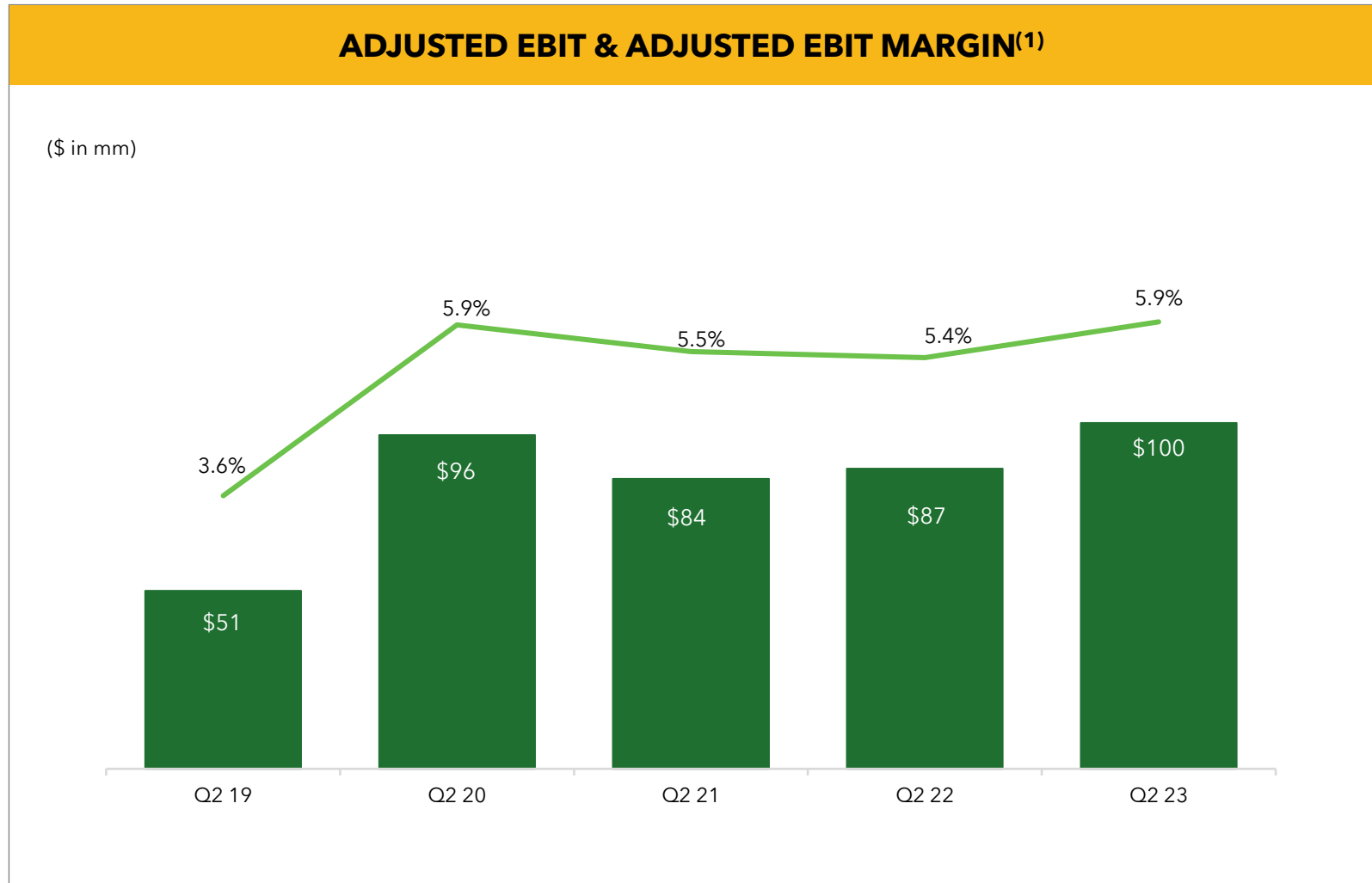
Second Quarter Sales Drivers



- Encouraged by positive traffic trends
- Differentiated departments (e.g., Grocery, Dairy, Proteins, Bakery) experienced year-over-year growth
- Ecommerce grew double digits, from the same quarter last year



Maintaining a Structurally Improved Margin Profile



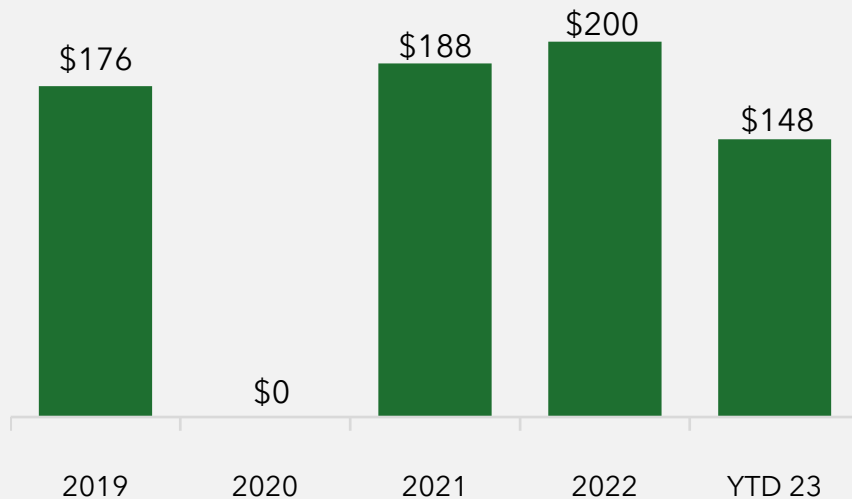
(1) See the Appendix to this presentation for a reconciliation of EBIT to adjusted EBIT. For Q2'2021 & Q2'2022, adjustments to EBIT were immaterial; thus, only EBIT is presented.



Driving Shareholder Value Through An Ongoing Share Repurchase Program

Total Share Repurchase

(\$ in mm)



- From 2015 through Q2 2023:
 - Repurchased **62 million shares**
 - Reduced shares outstanding by **40%**
- **\$264M** remaining on our share repurchase authorization*

* As of July 2, 2023



Full-Year 2023 Outlook

Total sales growth of 5% to 6%

Comp sales growth of 2% to 3%

Approximately 30 new stores

Adjusted earnings before interest & taxes \$378M to \$390M

Adjusted diluted earnings per share (EPS) \$2.68 to \$2.76

Capex \$190M to \$210M

Third Quarter, 2023: Comp sales growth approximately low single digits and Adjusted diluted EPS \$0.59 to \$0.63



Appendix

Appendix

The following table shows a reconciliation of adjusted gross margin to gross margin, EBIT and adjusted EBIT to net income, adjusted EBIT margin to EBIT margin, 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 thirteen weeks ended July 2, 2023, July 3, 2022, July 4, 2021, June 28, 2020, and June 30, 2019:

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

	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
	July 2, 2023	July 3, 2022	July 4, 2021	June 28, 2020	June 30, 2019
Net Sales	\$ 1,692,247	\$ 1,595,482	\$ 1,521,993	\$ 1,642,788	\$ 1,415,736
Gross Profit	\$ 625,972	\$ 580,357	\$ 550,081	\$ 612,659	\$ 464,782
Special Items	1,653 ⁽¹⁾	-	-	-	-
Adjusted Gross Profit	\$ 627,625	\$ 580,357	\$ 550,081	\$ 612,659	\$ 464,782
Gross Margin	37.0%	36.4%	36.1%	37.3%	32.8%
Adjusted Gross Margin	37.1%	36.4%	36.1%	37.3%	32.8%
Net income	\$ 67,334	\$ 61,997	\$ 61,014	\$ 67,002	\$ 35,343
Income tax provision	22,142	21,855	19,698	22,024	10,551
Interest expense, net	2,140	2,658	2,938	3,737	5,438
Earnings before interest and taxes (EBIT)	91,616	86,510	83,650	92,763	51,332
Special Items	8,115 ⁽²⁾	-	-	3,417 ⁽³⁾	-
Adjusted EBIT	\$ 99,731	\$ 86,510	\$ 83,650	\$ 96,180	\$ 51,332
EBIT Margin	5.4%	5.4%	5.5%	5.6%	3.6%
Adjusted EBIT Margin	5.9%	5.4%	5.5%	5.9%	3.6%
Net income	\$ 67,334	\$ 61,997	\$ 61,014	\$ 67,002	\$ 35,343
Special Items, net of tax	5,971 ⁽²⁾	-	-	2,539 ⁽³⁾	-
Adjusted Net income	\$ 73,305	\$ 61,997	\$ 61,014	\$ 69,541	\$ 35,343
Diluted EPS	\$ 0.65	\$ 0.57	\$ 0.52	\$ 0.57	\$ 0.30
Adjusted Diluted EPS	\$ 0.71	\$ 0.57	\$ 0.52	\$ 0.59	\$ 0.30
Diluted Weighted Average Shares Outstanding	103,514	109,691	117,831	118,189	118,436

(1) Includes approximately \$2 million in Cost of sales related to store closures and our supply chain transition.

(2) Includes approximately \$4 million in Selling, general and administrative expenses related to store closures, supply chain transition and acquisition related costs, \$2 million in Depreciation and amortization (exclusive of depreciation in cost of sales) for accelerated depreciation in connection with store closures and \$2 million in Cost of sales related to store closures and our supply chain transition. After-tax impact includes the tax benefit on the pre-tax charge.

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