



Q3 2023 Earnings

October 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.

Third Quarter 2023 Highlights

Net Sales	+8%
Comps ⁽¹⁾	+3.9%
Adj. diluted EPS ⁽²⁾	\$0.65
EPS Growth ⁽³⁾	+7%
New Store Openings	10
Share Repurchases	\$32M

(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 Q3 23 Adjusted diluted EPS to Q3 22 diluted EPS as adjustments to Q3 22 diluted EPS were immaterial



YTD 2023 Highlights

Net Sales	+6%
New Store Openings	24
Cash Generation YTD From Operations	\$409M
Share Repurchases	\$180M



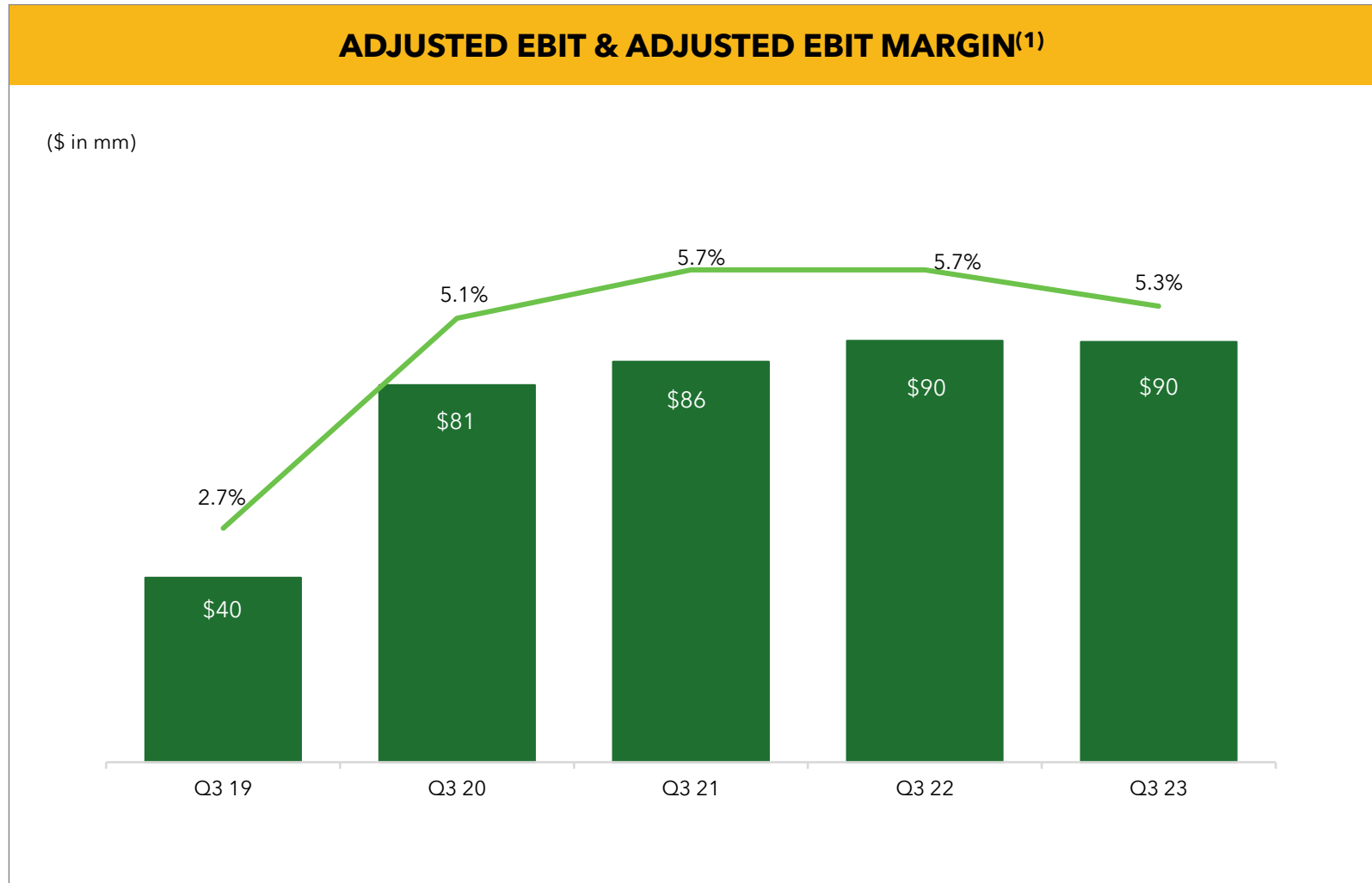
Third Quarter Sales Drivers



- Solid positive traffic trends continue
- Better availability of products and in-stocks
- Strong alignment of Marketing, Merchandise, Supply Chain and Operations
- Differentiated departments (e.g., Proteins, Grocery, Dairy, and Frozen) experienced year-over-year solid growth
- Strength in Sprouts Brand



Maintaining a Structurally Improved Margin Profile



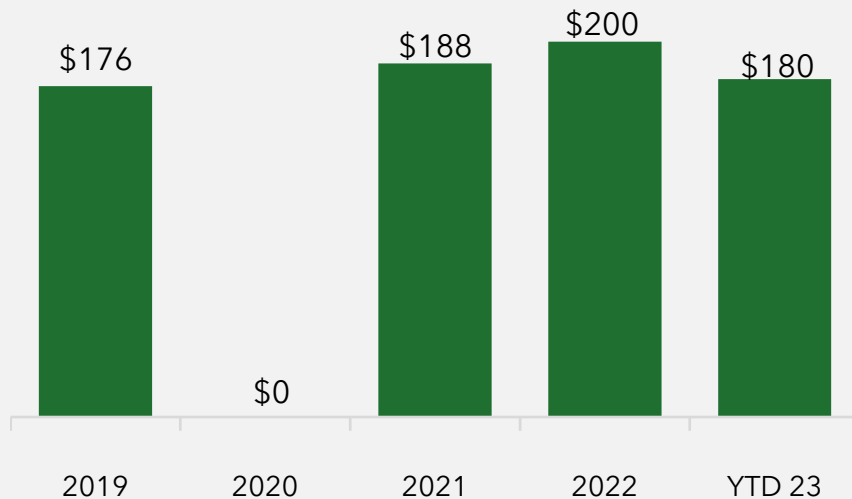
(1) See the Appendix to this presentation for a reconciliation of EBIT to adjusted EBIT. For Q3 2019, Q3 2021 & Q3 2022, adjustments to EBIT were immaterial; thus, only EBIT is presented.



Driving Shareholder Value Through An Ongoing Share Repurchase Program

Total Share Repurchase

(\$ in mm)



- From 2015 through Q3 2023:
 - Repurchased **63 million shares**
 - Reduced shares outstanding by **41%**
- **\$231M** remaining on our share repurchase authorization*

* As of October 1, 2023



Full-Year 2023 Outlook

Total sales growth of 6.5% to 7.0%

Comp sales growth of approximately 3%

Expect to open 30 new stores

Adjusted earnings before interest & taxes \$387M to \$393M

Adjusted diluted earnings per share (EPS) \$2.77 to \$2.81

Capex \$190M to \$210M

Fourth Quarter, 2023: Comp sales growth of approximately 3% and
Adjusted diluted EPS \$0.42 to \$0.46



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 Oct 1, 2023, 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)

	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended	Thirteen Weeks Ended
	Oct 1, 2023	Oct 2, 2022	Oct 3, 2021	Sept 27, 2020	Sept 29, 2019
Net Sales	\$ 1,713,282	\$ 1,591,026	\$ 1,509,633	\$ 1,577,598	\$ 1,440,222
Gross Profit	\$ 625,434	\$ 583,650	\$ 539,729	\$ 584,769	\$ 476,725
Special Items	1,302 ⁽¹⁾	-	-	-	-
Adjusted Gross Profit	\$ 626,736	\$ 583,650	\$ 539,729	\$ 584,769	\$ 476,725
Gross Margin	36.5%	36.7%	35.8%	37.1%	33.1%
Adjusted Gross Margin	36.6%	36.7%	35.8%	37.1%	33.1%
Net income	\$ 65,313	\$ 65,740	\$ 63,867	\$ 60,241	\$ 26,260
Income tax provision	20,644	22,648	19,030	15,023	7,740
Interest expense, net	1,698	1,951	2,911	3,117	5,557
Earnings before interest and taxes (EBIT)	87,655	90,339	85,808	78,381	39,557
Special Items	2,392 ⁽²⁾	-	-	2,416 ⁽³⁾	-
Adjusted EBIT	\$ 90,047	\$ 90,339	\$ 85,808	\$ 80,797	\$ 39,557
EBIT Margin	5.1%	5.7%	5.7%	5.0%	2.7%
Adjusted EBIT Margin	5.3%	5.7%	5.7%	5.1%	2.7%
Net income	\$ 65,313	\$ 65,740	\$ 63,867	\$ 60,241	\$ 26,260
Special Items, net of tax	1,780 ⁽²⁾	-	-	1,795 ⁽³⁾	-
Adjusted Net income	\$ 67,093	\$ 65,740	\$ 63,867	\$ 62,036	\$ 26,260
Diluted EPS	\$ 0.64	\$ 0.61	\$ 0.56	\$ 0.51	\$ 0.22
Adjusted Diluted EPS	\$ 0.65	\$ 0.61	\$ 0.56	\$ 0.52	\$ 0.22
Diluted Weighted Average Shares Outstanding	102,703	108,095	114,818	118,450	118,174

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

(2) Includes approximately \$1 million in Selling, general and administrative expenses primarily related to store closures and \$1 million in Cost of sales related to 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.