

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 30, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-39411

Vital Farms, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
  
3601 South Congress Avenue  
Suite C100  
Austin, Texas  
(Address of principal executive offices)

27-0496985  
(I.R.S. Employer  
Identification No.)  
  
78704  
(Zip Code)

(877) 455-3063  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	VITL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).    Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).    Yes ☐ No ☒

As of May 5, 2025 the registrant had 44,552,306 shares of common stock, \$0.0001 par value per share, outstanding.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or the Quarterly Report, contains “forward-looking statements” (within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “continue,” “could,” “envision,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue, expenses and other operating results;
- our ability to attract new customers and successfully retain existing customers;
- our ability to attract and retain our suppliers, distributors and co-manufacturers;
- our ability to maintain relationships with members of our existing farm network or further expand our farm network, and our plans for development of accelerator farms;
- our ability to sustain or increase our profitability;
- our expectations regarding our future growth in the foodservice channel;
- our ability to procure sufficient high-quality eggs, cream for our butter and other raw materials;
- real or perceived quality or food safety issues with our products or other issues that adversely affect our brand and reputation;
- changes in the tastes and preferences of our consumers;
- the financial condition of, and our relationships with, our farmers, suppliers, co-manufacturers, distributors, retailers and foodservice customers, as well as the health of the foodservice industry generally;
- the effects of outbreaks of agricultural diseases, including avian influenza and egg drop syndrome, the perception that outbreaks may occur or regulatory or market responses to such outbreaks generally;
- the ability of our farmers, suppliers and co-manufacturers to comply with food safety, environmental or other laws or regulations;
- the effects of a public health pandemic or contagious disease, or fear of such outbreaks, on our supply chain, the demand for our products, and overall economic conditions, consumer confidence and spending levels;
- the specifications and timing of our planned egg washing and packing facility in Seymour, Indiana and the timing for installation of an additional egg washing and packing line at our Egg Central Station facility in Missouri, and the impacts of prior or future expansions of our egg washing and packing facilities on our revenue and farm network;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements;
- anticipated changes in our product offerings and our ability to innovate to offer new products;
- our ability to successfully enter new product categories;
- the costs and success of our marketing efforts and our ability to promote our brand;
- our reliance on key personnel and our ability to identify, recruit and retain personnel;
- our ability to effectively manage our growth;
- the potential influence of our focus on a specific public benefit purpose and producing a positive effect for society;
- our stated impact goals, opportunities and initiatives, as well as the standards and expectations of third parties regarding these matters;
- our ability to maintain effective internal controls over financial reporting and to remediate and prevent material weaknesses in our internal controls;
- our ability to compete effectively with existing competitors and new market entrants;

- the impact to our business of international trade restrictions and tariff regimes, including recently announced U.S. tariffs and any additional responsive non-U.S. tariffs or additional U.S. tariffs;
- the impact of adverse economic conditions, including as a result of unfavorable or volatile global economic and political conditions, international trade restrictions and tariffs, elevated interest rates and inflation;
- our estimates of future capital expenditures and the sufficiency of our cash, cash equivalents, marketable securities and availability of credit under our credit facility to meet our liquidity needs;
- seasonality; and
- the growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this Quarterly Report. A summary of selected risks associated with our business is set forth at the beginning of the section titled “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

PART I – FINANCIAL INFORMATION

VITAL FARMS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Amounts in thousands, except share amounts)

	March 30, 2025 (Unaudited)	December 29, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 156,305	\$ 150,601
Investment securities, available-for-sale	5,021	9,692
Accounts receivable, net of allowance for credit losses of \$683 and \$691 as of March 30, 2025 and December 29, 2024, respectively	51,878	54,342
Inventories	34,525	23,666
Prepaid expenses and other current assets, net of allowance for credit losses of \$172 and \$240 as of March 30, 2025 and December 29, 2024, respectively	8,912	7,740
Assets held for sale	3,192	—
Total current assets	259,833	246,041
Property, plant and equipment, net	81,452	84,521
Operating lease right-of-use assets	24,511	19,617
Goodwill and other assets	11,093	9,153
Total assets	<u>\$ 376,889</u>	<u>\$ 359,332</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 38,756	\$ 38,582
Accrued liabilities	23,169	31,328
Operating lease liabilities, current	5,239	3,849
Finance lease liabilities, current	4,312	3,932
Income taxes payable	6,036	838
Total current liabilities	77,512	78,529
Operating lease liabilities, non-current	2,145	2,918
Finance lease liabilities, non-current	7,508	8,011
Other liabilities	819	572
Total liabilities	<u>\$ 87,984</u>	<u>\$ 90,030</u>
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value per share, 10,000,000 shares authorized as of March 30, 2025 and December 29, 2024; no shares issued and outstanding as of March 30, 2025 and December 29, 2024	—	—
Common stock, \$0.0001 par value per share, 310,000,000 shares authorized as of March 30, 2025 and December 29, 2024; 44,497,012 and 44,042,355 shares issued and outstanding as of March 30, 2025 and December 29, 2024, respectively	4	4
Additional paid-in capital	188,868	186,182
Retained earnings	100,014	83,113
Accumulated other comprehensive income	19	3
Total stockholders' equity	<u>\$ 288,905</u>	<u>\$ 269,302</u>
Total liabilities and stockholders' equity	<u>\$ 376,889</u>	<u>\$ 359,332</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in thousands, except share and per share data)  
(Unaudited)

	<b>13-Weeks Ended</b>	
	<b>March 30, 2025</b>	<b>March 31, 2024</b>
Net revenue	\$ 162,189	\$ 147,929
Cost of goods sold	99,676	89,032
Gross profit	62,513	58,897
Operating expenses:		
Selling, general and administrative	31,909	27,132
Shipping and distribution	8,835	7,596
Total operating expenses	40,744	34,728
Income from operations	21,769	24,169
Other income (expense), net:		
Interest expense	(234)	(255)
Interest income	1,211	1,088
Other expense, net	(404)	(277)
Total other income (expense), net	573	556
Net income before income taxes	22,342	24,725
Income tax provision	5,441	5,702
Net income	\$ 16,901	\$ 19,023
Net income per share:		
Basic:	\$ 0.38	\$ 0.46
Diluted:	\$ 0.37	\$ 0.43
Weighted average common shares outstanding:		
Basic:	44,250,685	41,792,527
Diluted:	45,804,924	43,845,952

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Amounts in thousands)  
(Unaudited)

	<b>13-Weeks Ended</b>	
	<b>March 30, 2025</b>	<b>March 31, 2024</b>
Net income	\$ 16,901	\$ 19,023
Other comprehensive income, before tax:		
Available-for-sale debt securities:		
Unrealized net holding gain	22	144
Amounts reclassified for realized losses to earnings	(1)	(1)
Available-for-sale debt securities, before tax	21	143
Other comprehensive income, before tax	21	143
Income tax expense related to items of other comprehensive income	(5)	(35)
Other comprehensive income, net of tax	16	108
Comprehensive income	<u>\$ 16,917</u>	<u>\$ 19,131</u>

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Amounts in thousands, except share amounts)  
(Unaudited)

	Common Stock					Accumulated Other Comprehensiv e Income	Total Stockholders' Equity
	Shares	Amount	Additional Paid-In Capital	Retained Earnings			
Balances as of December 29, 2024	44,042,355	\$ 4	\$ 186,182	\$ 83,113	\$ 3	\$ 269,302	
Exercise of stock options	270,430	—	2,715	—	—	2,715	
Vesting of restricted stock units	278,510	—	—	—	—	—	
Shares withheld for tax liability on vested restricted stock units	(94,283)	—	(2,882)	—	—	(2,882)	
Stock-based compensation expense	—	—	2,853	—	—	2,853	
Other comprehensive income, net	—	—	—	—	16	16	
Net income	—	—	—	16,901	—	16,901	
Balances as of March 30, 2025	44,497,012	\$ 4	\$ 188,868	\$ 100,014	\$ 19	\$ 288,905	

*See accompanying notes to the unaudited condensed consolidated financial statements.*



**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Amounts in thousands, except share amounts)  
(Unaudited)

	Common Stock					Accumulated Other Comprehensiv e (Loss) Income	Total Stockholders' Equity
	Shares	Amount		Additional Paid-In Capital	Retained Earnings		
Balances as of December 31, 2023	41,684,649	\$ 4	\$	163,325	\$ 29,725	\$ (377)	\$ 192,677
Exercise of stock options	180,086	—		824	—	—	824
Vesting of restricted stock units	201,702	—		—	—	—	—
Shares withheld for tax liability on vested restricted stock units	(62,781)	—		(1,310)	—	—	(1,310)
Stock-based compensation expense	—	—		1,982	—	—	1,982
Other comprehensive income, net	—	—		—	—	108	108
Net income	—	—		—	19,023	—	19,023
Balances as of March 31, 2024	42,003,656	\$ 4	\$	164,821	\$ 48,748	\$ (269)	\$ 213,304

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**VITAL FARMS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands)  
(Unaudited)

	<b>13-Weeks Ended</b>	
	<b>March 30, 2025</b>	<b>March 31, 2024</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 16,901	\$ 19,023
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,259	2,297
Reduction in the carrying amount of right-of-use assets	1,687	1,673
Amortization of available-for-sale debt securities	12	65
Amortization of debt issuance costs	22	—
Stock-based compensation expense	2,853	1,982
Deferred taxes	240	—
Net realized losses on derivative instruments	432	300
Other	(211)	(289)
Net change in operating assets and liabilities	(19,921)	(1,102)
Net cash provided by operating activities	\$ 5,274	\$ 23,949
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(3,127)	(1,324)
Purchases of derivative instruments	—	(669)
Maturities and call redemptions of available-for-sale debt securities	4,275	9,020
Proceeds from the sale of available-for-sale debt securities	404	—
Proceeds from the sale of property, plant and equipment	48	—
Net cash provided by investing activities	\$ 1,600	\$ 7,027
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options	2,715	824
Payment of tax withholding obligation on vested restricted stock unit shares	(2,882)	(1,310)
Principal payments under finance lease obligations	(1,003)	(819)
Net cash used in financing activities	\$ (1,170)	\$ (1,305)
<b>Net increase in cash and cash equivalents</b>	<b>5,704</b>	<b>29,671</b>
Cash and cash equivalents at beginning of the period	150,601	84,149
Cash and cash equivalents at end of the period	\$ 156,305	\$ 113,820
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 212	\$ 255
Cash paid for income taxes	3	—
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Purchases of property, plant and equipment included in accounts payable and accrued liabilities	\$ 522	\$ 623

*See accompanying notes to the unaudited condensed consolidated financial statements.*

**VITAL FARMS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Amounts in thousands, except share and per share amounts)**  
**(Unaudited)**

**Note 1. Nature of the Business and Basis of Presentation**

Vital Farms, Inc. (the “Company”) was incorporated in Delaware on June 6, 2013 and is headquartered in Austin, Texas. The Company packages, markets and distributes shell eggs, butter and other products. These products are principally sold under the name Vital Farms in addition to other trade names, primarily to retail and foodservice channels in the United States.

The accompanying unaudited condensed consolidated financial statements as of March 30, 2025 and for the 13-week periods ended March 30, 2025 and March 31, 2024 have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP” or “GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto in the Company’s Annual Report on Form 10-K for the fiscal year ended December 29, 2024 (the “Annual Report”).

In the opinion of management, the included disclosures are adequate, and the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary for a fair statement of the Company’s consolidated financial position as of March 30, 2025, consolidated results of operations for the 13-week periods ended March 30, 2025 and March 31, 2024, and consolidated cash flows for the 13-week periods ended March 30, 2025 and March 31, 2024. Such adjustments are of a normal and recurring nature. The condensed consolidated balance sheet as of December 29, 2024 was derived from audited annual financial statements but does not contain all of the footnote disclosures from the audited annual financial statements. The condensed consolidated results of operations for the 13-week period ended March 30, 2025 are not necessarily indicative of the consolidated results of operations that may be expected for the fiscal year ending December 28, 2025.

**Fiscal Year:** The Company’s fiscal year ends on the last Sunday in December and contains either 52 or 53 weeks. In a 52-week fiscal year, each of the Company’s fiscal quarters consist of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. Therefore, the financial results of certain 53-week fiscal years, and the associated 14-week quarters, will not be exactly comparable to the prior and subsequent 52-week fiscal years and the associated 13-week quarters. The fiscal quarters ended March 30, 2025 and March 31, 2024 both contain operating results for 13 weeks.

**Note 2. Summary of Significant Accounting Policies**

The significant accounting policies and estimates used in preparation of the unaudited condensed consolidated financial statements are described in the Company’s audited consolidated financial statements as of and for the fiscal year ended December 29, 2024, and the notes thereto, which are included in the Annual Report. Other than the adoption of the new accounting pronouncements and standards as further described below, there have been no material changes to the Company’s significant accounting policies during the 13-week period ended March 30, 2025.

**Recently Adopted Accounting Pronouncements**

The new accounting pronouncements recently adopted by the Company are described in the Company’s audited consolidated financial statements as of and for the fiscal year ended December 29, 2024, and the notes thereto, which are included in the Annual Report. There have been no new accounting pronouncements adopted by the Company during the 13-week period ended March 30, 2025.

**Recently Issued Accounting Pronouncements Not Yet Adopted**

In December 2023, the FASB issued ASU No 2023-09, Income Taxes (Topic 740) — Improvements to Income Tax Disclosures (“ASU 2023-09”) in order to enhance the transparency and usefulness of income tax disclosures. The guidance is applicable to all entities subject to income tax and it will require disclosure of certain categories within the rate reconciliation to improve consistency as well as disclosure of reconciling items which meet a certain quantitative threshold which will improve transparency. Additionally, entities must disclose the amount of taxes paid to federal, state and foreign municipalities. For public business entities ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company expects to adopt the standard for the fiscal year beginning December 30, 2024. The Company is currently evaluating the impact of its pending adoption of ASU 2023-09 on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses (“ASU 2024-03”), which requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact of its pending adoption of ASU 2024-03 on its consolidated financial statements.

### Note 3. Investment Securities

The following table summarizes the Company’s available-for-sale investment securities as of March 30, 2025:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Allowance for Credit Losses</b>	<b>Fair Value</b>
U.S. corporate bonds and U.S. dollar denominated foreign bonds	\$ 5,010	\$ 14	\$ (3)	\$ —	\$ 5,021
Total	<u>\$ 5,010</u>	<u>\$ 14</u>	<u>\$ (3)</u>	<u>\$ —</u>	<u>\$ 5,021</u>

The following table summarizes the Company’s available-for-sale investment securities as of December 29, 2024:

	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Allowance for Credit Losses</b>	<b>Fair Value</b>
U.S. corporate bonds and U.S. dollar denominated foreign bonds	\$ 9,702	\$ 15	\$ (25)	\$ —	\$ 9,692
Total	<u>\$ 9,702</u>	<u>\$ 15</u>	<u>\$ (25)</u>	<u>\$ —</u>	<u>\$ 9,692</u>

For the 13-week periods ended March 30, 2025 and March 31, 2024, proceeds from the sale of available-for-sale securities were \$404 and \$0, respectively.

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties. The amortized cost and fair value of the Company’s investments in available-for-sale securities as of March 30, 2025 by contractual maturity are as follows:

	<b>Amortized Cost</b>	<b>Fair Value</b>
Due within one year	\$ 3,991	\$ 3,990
Due after one year through five years	1,019	1,031
Total available-for-sale	<u>\$ 5,010</u>	<u>\$ 5,021</u>

The following tables present the Company’s unrealized loss aging for available-for-sale securities by type and length of time the security was in a continuous unrealized loss position as of the periods presented:

	<b>March 30, 2025</b>					
	<b>Less than 12 months</b>		<b>12 months or longer</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>	<b>Unrealized Losses</b>
U.S. corporate bonds and U.S. dollar denominated foreign bonds	\$ 1,065	\$ (1)	\$ 2,273	\$ (2)	\$ 3,338	\$ (3)
Total	<u>\$ 1,065</u>	<u>\$ (1)</u>	<u>\$ 2,273</u>	<u>\$ (2)</u>	<u>\$ 3,338</u>	<u>\$ (3)</u>

	December 29, 2024					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. corporate bonds and U.S. dollar denominated foreign bonds	\$ —	\$ —	\$ 8,014	\$ (25)	\$ 8,014	\$ (25)
Total	\$ —	\$ —	\$ 8,014	\$ (25)	\$ 8,014	\$ (25)

As of March 30, 2025, there were six diversified issuances in the Company's securities portfolio in an unrealized loss position, with credit ratings from BBB to A-. As of March 30, 2025, there are no individual bonds with unrealized losses exceeding \$1, and five issuances have been in a loss position greater than 12 months.

The decline in fair value has resulted primarily from rising interest rates over the last 12 months, and the Company does not believe there has been any significant decline in the creditworthiness of the issuers. The Company also does not believe it is likely that a significant number of bonds will be called early, and it does not have liquidity needs that would necessitate a sale of any material investments prior to maturity. Therefore, the Company has not recorded an allowance for credit losses on the investment securities as of March 30, 2025.

The fair value and location of all investment securities are included in "Fair Value Measurements" in Note 5 below.

#### Note 4. Derivative Financial Instruments

The Company enters into derivative instruments to mitigate the impact of commodity price volatility. Such instruments may include call options on commodity price contracts. Realized and unrealized gains and losses on the Company's commodity derivatives not designated as hedging instruments are recorded in other expense, net. The Company recognizes all derivative instruments as either assets or liabilities.

The following table presents the aggregated outstanding notional amounts related to the Company's derivative financial instruments for the periods presented:

	Metric	March 30, 2025	December 29, 2024
Commodity:			
Corn	Bushels (in thousands)	2,396	3,593
Soybean Meal	Tons	25	37

For the 13-week periods ended March 30, 2025 and March 31, 2024, the pre-tax amount of commodity contract derivative losses recognized in other expense, net was \$432 and \$300, respectively.

The fair value and location of all outstanding derivative financial instruments are included in "Fair Value Measurements" in Note 5 below.

#### Note 5. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of inputs that may be used to measure fair value are defined below:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

### Assets Measured at Fair Value on a Recurring Basis

The fair value hierarchy requires the use of observable market data when available. In instances where the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The following tables present information about the Company's financial assets measured at fair value on a recurring basis for the periods presented:

Fair Value Measurements as of March 30, 2025, Using:				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:				
Money market	\$ 71,610	\$ —	\$ —	\$ 71,610
Investment securities, available-for-sale:				
U.S. corporate bonds and U.S. dollar denominated foreign bonds	—	5,021	—	5,021
Prepaid expenses and other current assets:				
Derivative financial instruments	—	458	—	458
Total assets measured at fair value	<u>\$ 71,610</u>	<u>\$ 5,479</u>	<u>\$ —</u>	<u>\$ 77,089</u>

Fair Value Measurements as of December 29, 2024, Using:				
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents:				
Money market	\$ 114,249	\$ —	\$ —	\$ 114,249
Investment securities, available-for-sale:				
U.S. corporate bonds and U.S. dollar denominated foreign bonds	—	9,692	—	9,692
Prepaid expenses and other current assets:				
Derivative financial instruments	—	1,153	—	1,153
Total assets measured at fair value	<u>\$ 114,249</u>	<u>\$ 10,845</u>	<u>\$ —</u>	<u>\$ 125,094</u>

During the 13-week period ended March 30, 2025, there were no transfers between fair value measurement levels. For additional information on concentrations of credit risk for the Company's financial instruments, refer to "Investment Securities" in Note 3 above.

### Fair Value of Other Financial Instruments

The carrying values of the Company's short-term financial instruments not included above, including cash, trade receivables, other non-trade receivables included in prepaid expense and other current assets, accounts payable, accrued expenses and other current liabilities approximate their fair value due to their short-term nature.

**Note 6. Revenue Recognition**

The following table summarizes the Company's net revenue by primary product for the periods presented:

	13-Weeks Ended	
	March 30, 2025	March 31, 2024
Net Revenue:		
Eggs and egg-related products	\$ 156,305	\$ 143,761
Butter and butter-related products	5,884	4,168
Net Revenue	<u>\$ 162,189</u>	<u>\$ 147,929</u>

Net revenue is primarily generated from the sale of eggs and butter. The Company's product offerings include shell eggs, hard-boiled eggs, liquid whole eggs and stick butter.

During the 13-week periods ended March 30, 2025 and March 31, 2024, the Company had a customer that individually exceeded 10% or more of the Company's net revenue. The percentage of net revenue from significant customers during the 13-week periods ended March 30, 2025 and March 31, 2024 is as follows:

	Net Revenue for the 13-Weeks Ended March 30, 2025	Net Revenue for the 13-Weeks Ended March 31, 2024
Customer A	23%	24%

As of March 30, 2025 and December 29, 2024, the Company had customers that individually exceeded 10% or more of the Company's accounts receivable. The percentage of accounts receivable, net due from significant customers as of March 30, 2025 and December 29, 2024 is as follows:

	Accounts Receivable, Net as of March 30, 2025	Accounts Receivable, Net as of December 29, 2024
Customer A	15%	16%
Customer B	*	10%
Customer C	12%	13%
Customer D	*	10%
* Accounts receivable, net was less than 10%		

**Note 7. Allowance for Credit Losses**

As of March 30, 2025 and December 29, 2024, the Company had an allowance for credit losses of \$855 and \$931, respectively.

The Company recognizes current estimated credit losses ("CECL") for accounts receivable and other receivables. The CECL for trade receivables is estimated based on the trade receivable aging category, credit risk of specific customers, past collection history, and management's evaluation of accounts receivable. The Company also has other receivables which are classified within prepaid expenses and other current assets. The CECL for other receivables is estimated based on the other receivables aging category and the probability of default. Provisions for CECL are classified within selling, general and administrative costs.

Changes in the allowance for credit losses for the 13-week period ended March 30, 2025 were as follows:

	Accounts Receivable	Prepaid Expenses and other Current Assets	Total
As of December 29, 2024	\$ (691)	\$ (240)	\$ (931)
Reductions charged to operating results	8	68	76
Account write-offs	—	—	—
As of March 30, 2025	<u>\$ (683)</u>	<u>\$ (172)</u>	<u>\$ (855)</u>

#### Note 8. Inventories

Inventory consisted of the following as of the periods presented:

	March 30, 2025	December 29, 2024
Eggs and egg-related products	\$ 9,931	\$ 7,384
Butter and butter-related products	12,935	8,691
Packaging	7,301	4,296
Pullets	2,628	1,657
Other	1,855	1,860
Reserve for inventory obsolescence	(125)	(222)
Inventories	<u>\$ 34,525</u>	<u>\$ 23,666</u>

On a periodic basis, the Company compares the amount of inventory on hand with its latest forecasted requirements to determine whether charges for excess or obsolete inventory reserves are required.

#### Note 9. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of the periods presented:

	March 30, 2025	December 29, 2024
Land	\$ 7,681	\$ 11,200
Land improvements	818	818
Buildings and improvements	30,607	30,607
Vehicles	1,817	1,468
Machinery and equipment	59,895	58,847
Leasehold improvements	491	491
Furniture and fixtures	531	531
Construction in progress	16,713	14,456
	<u>118,553</u>	<u>118,418</u>
Less: Accumulated depreciation and amortization	<u>(37,101)</u>	<u>(33,897)</u>
Property, plant and equipment, net	<u>\$ 81,452</u>	<u>\$ 84,521</u>

During the 13-week periods ended March 30, 2025 and March 31, 2024, depreciation of property, plant and equipment was approximately \$2,219 and \$2,297, respectively.

During the 13-week period ended March 30, 2025, the Company elected to sell a portion of land located in Indiana that was previously purchased for the development of “accelerator farms” that in the aggregate totals approximately 408 acres. Such parcels of land met the criteria to be classified as assets held for sale. As of March 30, 2025, the carrying amount of the assets held for sale was \$3.2 million and is classified as current assets within “assets held for sale” in the condensed consolidated balance sheets. No sales have been completed as of March 30, 2025 and all such assets are expected to be disposed of by the end of fiscal 2025.



**Note 10. Leases**

Operating lease cost is recognized on a straight-line basis over the lease term and finance lease cost is recognized as amortization expense for the right-of-use (“ROU”) assets and interest expense associated with the finance lease liabilities.

The components of lease cost, classified within cost of goods sold, selling, general and administrative and interest expense for the 13-week periods ended March 30, 2025 and March 31, 2024 are below:

	13-Weeks Ended	
	March 30, 2025	March 31, 2024
Operating lease cost	\$ 1,808	\$ 922
Finance lease cost – amortization of ROU assets	1,040	914
Finance lease cost – interest on lease liabilities	212	246
Short-term lease cost	38	32
Variable lease cost	3,489	2,507
Variable lease cost – long-term supply contracts	55,068	25,340
Total lease cost	<u>\$ 61,655</u>	<u>\$ 29,961</u>

Future undiscounted cash flows are as follows:

	As of March 30, 2025	
	Operating Leases	Finance Leases
2025	\$ 4,687	\$ 3,737
2026	3,018	5,022
2027	—	4,153
Total lease payments	7,705	12,912
Less imputed interest	(321)	(1,092)
Total present value of lease liabilities	<u>\$ 7,384</u>	<u>\$ 11,820</u>

During the 13-week periods ended March 30, 2025 and March 31, 2024, ROU assets obtained in exchange for new finance lease obligations were \$881 and \$907, respectively. During the 13-week periods ended March 30, 2025 and March 31, 2024, ROU assets obtained in exchange for new operating lease obligations were \$6,581 and \$2,489, respectively.

**Note 11. Goodwill and Other Assets**

Goodwill and other assets consisted of the following as of the periods presented:

	March 30, 2025	December 29, 2024
Goodwill	\$ 3,858	\$ 3,858
Cloud computing implementation costs	5,774	3,834
Deferred tax asset	1,399	1,399
Other non-current assets	62	62
Goodwill and other assets	<u>\$ 11,093</u>	<u>\$ 9,153</u>

As of March 30, 2025, the Company has capitalized costs of \$5,774 relating to cloud computing arrangement implementation costs. This software was developed by a third-party in conjunction with the Company’s employees. It has passed the preliminary project stage prior to capitalization. Amortization of the cloud computing arrangement implementation costs will begin once the software is placed in service.

## Note 12. Accrued Liabilities

Accrued liabilities consisted of the following as of the periods presented:

	March 30, 2025	December 29, 2024
Employee-related costs	\$ 6,192	\$ 15,074
Trade promotions and chargebacks	7,164	8,204
Distribution fees and freight	3,428	3,193
Marketing and broker commissions	1,196	2,235
Purchases of inventory	1,170	641
Professional fees	1,521	958
Other	2,498	1,023
Accrued liabilities	<u>\$ 23,169</u>	<u>\$ 31,328</u>

## Note 13. Long-Term Debt

### *PNC Credit Facility*

In October 2017, the Company entered into a credit facility agreement with PNC Bank, National Association (the “PNC Credit Facility”), which was modified at various times between fiscal 2018 and fiscal 2023. Such amendments included (i) amendments to various definitions and covenants, (ii) waiver of a technical default in May 2020, (iii) increased borrowing capacity, (iv) elimination of a term loan and equipment loan, and (v) extension of the maturity date. The PNC Credit Facility was terminated on April 9, 2024 when the Company entered into a syndicated credit agreement with JPMorgan Chase Bank, N.A. and the other lenders party thereto (the “JPMorgan Credit Facility”).

The maximum borrowing capacity under the PNC Credit Facility’s revolving line of credit was \$20.0 million. Interest on borrowings under the revolving line of credit, as well as loan advances thereunder, accrued at a rate, at the Company’s election at the time of borrowing, equal to (i) the Secured Overnight Financing Rate as administered by the Federal Reserve Bank of New York plus 2.00% or (ii) 1.00% plus the alternate base rate, as defined in the PNC Credit Facility.

The PNC Credit Facility was secured by all of the Company’s assets (other than real property and certain other property excluded pursuant to the terms of the PNC Credit Facility) and required the Company to maintain three financial covenants: a fixed charge coverage ratio, a leverage ratio and a minimum tangible net worth requirement. The PNC Credit Facility also contained various covenants relating to limitations on indebtedness, acquisitions, mergers, consolidations and the sale of properties and liens. The PNC Credit Facility also contained other customary covenants, representations and events of default.

### *JPMorgan Credit Facility*

On April 9, 2024, the Company entered into the JPMorgan Credit Facility, which provides for a five-year, \$60.0 million revolving credit facility.

The JPMorgan Credit Facility includes a \$5.0 million letter of credit sub-limit and an accordion option that would allow the Company to increase the aggregate revolving commitments or add incremental term loans in an aggregate amount not to exceed the greater of (i) \$35.0 million and (ii) an amount equal to 100% of consolidated adjusted EBITDA.

Any borrowings under the JPMorgan Credit Facility bear interest, at the Company’s election, at either (i) an adjusted term Secured Overnight Financing Rate or adjusted daily Secured Overnight Financing Rate plus 0.10% plus a margin of either 0.75%, 1.00% or 1.25% depending on the Company’s net leverage ratio or (ii) an alternative base rate plus a margin of either 1.75%, 2.00% or 2.25%, depending on the Company’s net leverage ratio. The Company is required to pay a commitment fee on the undrawn portion of the aggregate commitments that accrues at either 0.20% or 0.375% per annum depending on the Company’s revolving credit exposure. Additionally, the Company is required to pay a participation fee on the account of each lender for each outstanding letter of credit at a rate equal to the applicable rate used to determine the interest rate applicable to term benchmark revolving loans.

The JPMorgan Credit Facility is secured by liens on substantially all of the Company's assets, including certain intellectual property assets and investment securities. It requires the Company to maintain (i) a net leverage ratio of no greater than 3.25 to 1.00, subject to two increases up to 4.00 to 1.00 for a certain period following material acquisitions, and (ii) a fixed charge coverage ratio of no less than 1.35 to 1.00. As a result of the limitations contained in the JPMorgan Credit Facility, certain of the net assets on the Company's consolidated balance sheet as of March 30, 2025 are restricted in use. The Company's wholly owned subsidiaries are non-operating and have no restricted net assets within the meaning of Rule 4-08(e)(3) or Rule 12-04 of Regulation S-X. As of March 30, 2025, the Company was in compliance with all covenants under the JPMorgan Credit Facility.

During the 13-week periods ended March 30, 2025 and March 31, 2024, the Company did not recognize any interest expense related to draws on the revolving lines of credit.

#### Note 14. Common Stock

As of March 30, 2025, the Company's amended and restated certificate of incorporation authorized the Company to issue 310,000,000 shares of common stock, par value \$0.0001 per share, of which 44,497,012 shares were issued and outstanding.

The voting, dividend and liquidation rights of the holders of the Company's common stock are subject to and qualified by the rights, powers and preferences of the holders of the preferred stock, if any. Each share of the Company's common stock is entitled to one vote on all matters submitted to a vote of the Company's stockholders. Holders of the Company's common stock are entitled to receive dividends as may be declared by the Company's Board of Directors (the "Board of Directors"), if any, subject to the preferential dividend rights of preferred stock, if any. No cash dividends were declared or paid during the periods presented.

As of each balance sheet date, the Company had reserved shares of common stock for issuance in connection with the following:

	March 30, 2025	December 29, 2024
Options to purchase common stock	1,410,806	1,703,287
Restricted stock units ("RSUs")	649,103	644,141
Performance stock units ("PSUs")	367,009	238,764
Shares available for grant under the 2020 Equity Incentive Plan ("2020 Incentive Plan") and 2020 Employee Stock Purchase Plan ("2020 ESPP")	16,791,496	14,887,764
<b>Total</b>	<b>19,218,414</b>	<b>17,473,956</b>

#### Note 15. Stock-Based Compensation

The Company measures compensation expense for all stock-based awards based on the estimated fair values on the date of the grant. Stock options generally vest ratably over three years from the date of grant, subject to the recipient's continued service over such period, and expire 10 years from the date of grant. RSUs generally vest ratably over three years from the date of grant, subject to the recipient's continued service over such period, and contain no other service or performance conditions. PSUs vest at the end of a three-year period based on the achievement of certain Company performance metrics and the recipient's continued service over such period. The Company's policy is to recognize stock-based compensation expense on a straight-line basis over the requisite service or vesting period. For awards that are contingent upon performance metrics, the probability of achievement is taken into account in the calculation of the expense to be recognized and modified as needed. Forfeitures for stock options and restricted stock awards, including RSUs and PSUs, are recognized as they occur.

The Company recognized stock-based compensation expense in the condensed consolidated statements of operations for the periods presented:

	13-Weeks Ended	
	March 30, 2025	March 31, 2024
Cost of goods sold	\$ 107	\$ 47
Selling, general and administrative expense	2,746	1,935
<b>Total</b>	<b>\$ 2,853</b>	<b>\$ 1,982</b>

### Stock Option Activity

The following table summarizes the stock option activity since December 29, 2024:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 29, 2024	1,703,287	\$ 14.30		\$ 39,264
Granted	—	\$ —		\$ —
Exercised	(270,430)	\$ 10.04		\$ 7,918
Cancelled/Forfeited	(22,051)	\$ 15.27		\$ 473
Outstanding as of March 30, 2025	1,410,806	\$ 15.09	5.5	\$ 21,037
Options exercisable as of March 30, 2025	1,249,219	\$ 15.16	5.2	\$ 18,592
Options vested and expected to vest as of March 30, 2025	1,410,806	\$ 15.09	5.5	\$ 21,037

The fair value of stock options vested during the 13-week periods ended March 30, 2025 and March 31, 2024 was \$942 and \$1,660, respectively. As of March 30, 2025, total unrecognized stock-based compensation expense related to unvested stock options was \$743, which is expected to be recognized over a weighted-average period of 0.96 years.

### Restricted Stock Unit Activity

The following table summarizes the RSU activity since December 29, 2024:

	Number of RSUs	Weighted- Average Grant Date Fair Value
Unvested as of December 29, 2024	644,141	\$ 19.28
Granted	290,539	\$ 31.55
Vested <sup>(1)</sup>	(278,510)	\$ 16.78
Forfeited	(7,067)	\$ 23.02
Unvested as of March 30, 2025	649,103	\$ 25.81

<sup>(1)</sup> Includes 94,283 shares of common stock withheld to cover taxes on the release of vested RSUs and became available for future grants pursuant to the 2020 Incentive Plan.

The fair value of RSU shares vested during the 13-week periods ended March 30, 2025 and March 31, 2024 was \$4,683 and \$2,903, respectively. As of March 30, 2025, total unrecognized stock-based compensation expense related to the Company's unvested RSU activity was \$15,533, which is expected to be recognized over a weighted-average period of 2.42 years.

### Performance Stock Unit Activity

In fiscal 2024 and 2025, the Company granted PSUs to certain of its officers and employees. These PSUs vest at the end of a three-year period based upon the level of achievement of certain Company performance metrics and the recipient's continued service over such period. The number of shares that can be earned will range from 0% to 200% of the granted PSUs, based upon the Company's level of achievement of the stated performance metrics. The number of PSUs expected to vest and for which compensation cost has been recognized is based on the number of awards that the Company believes are probable to vest as of March 30, 2025.

The following table summarizes the PSU activity since December 29, 2024:

	Number of PSUs	Weighted- Average Grant Date Fair Value
Unvested as of December 29, 2024	238,764	\$ 21.82
Granted	128,934	\$ 31.55
Forfeited	(689)	\$ 26.08
Unvested as of March 30, 2025	367,009	\$ 25.23

The fair value of PSU shares vested during the 13-week periods ended March 30, 2025 and March 31, 2024 was \$0, as no shares have vested as of such periods. As of March 30, 2025, total unrecognized stock-based compensation expense related to the Company's unvested PSU activity was \$10,592, which is expected to be recognized over a weighted-average period of 2.22 years.

**2020 Equity Incentive Plan:** In July 2020, the Board of Directors adopted the 2020 Incentive Plan, which was subsequently approved by the Company's stockholders and became effective on July 30, 2020. Initially, the maximum number of the Company's common stock that may be issued under the 2020 Incentive Plan was 8,595,871 shares. The 2020 Incentive Plan provides that the number of shares reserved and available for issuance under the 2020 Incentive Plan will automatically increase each January 1, beginning on January 1, 2021 and ending on (and including) January 1, 2030, by an amount equal to 4% of the outstanding number of shares of common stock on the immediately preceding December 31 or such lesser number of shares as determined by the Board of Directors. As of March 30, 2025, 13,900,476 shares were available for future grants of the Company's common stock, which includes 1,761,694 shares of common stock that were automatically added to the available reserve on January 1, 2025.

**Employee Stock Purchase Plan:** In July 2020, the Board of Directors adopted the 2020 ESPP, which was subsequently approved by the Company's stockholders and became effective on July 30, 2020. The 2020 ESPP authorizes the initial issuance of up to 900,000 shares of the Company's common stock to certain eligible employees or, as designated by the Board of Directors, employees of a related company. The 2020 ESPP provides that the number of shares reserved and available for issuance under the 2020 ESPP will automatically increase each January 1, beginning on January 1, 2021 and ending on (and including) January 1, 2030, by an amount equal to the lesser of (i) 1% of the outstanding number of shares of common stock on the immediately preceding December 31 and (ii) 900,000, or such lesser number of shares as determined by the Board of Directors. As of March 30, 2025, 2,891,020 shares of the Company's common stock were available for future issuance under the 2020 ESPP, which includes 440,423 shares of common stock that were automatically added to the available reserve on January 1, 2025. The Board of Directors authorizes six-month offering periods, with the most recent beginning on November 16, 2024.

#### Note 16. Income Taxes

The Company's effective tax rate for the 13-week periods ended March 30, 2025 and March 31, 2024 was approximately 24% and 23%, respectively. The Company's effective tax rate for the 13-week period ended March 30, 2025 differs from the statutory rate due primarily to discrete tax benefits related to the exercise of non-qualified stock options and the vesting of restricted stock units.

For interim periods, the Company's income tax expense and resulting effective tax rate are based upon an estimated annual effective tax rate adjusted for the effects of items required to be treated as discrete to the period, including changes in tax laws, changes in estimated exposures for uncertain tax positions, and other items. The Company's estimated annual effective tax rate differs from the federal statutory rate of 21% due to state taxes, permanent differences related to the exercise of stock options and the impact of compensation deduction limitations under Internal Revenue Code Section 162(m).

## Note 17. Net Income Per Share

Basic and diluted net income per share attributable to Vital Farms, Inc. common stockholders were calculated as follows:

	13-Weeks Ended	
	March 30, 2025	March 31, 2024
<b>Numerator:</b>		
Net income	\$ 16,901	\$ 19,023
<b>Denominator:</b>		
Weighted average common shares outstanding — basic	44,250,685	41,792,527
Weighted average effect of potentially dilutive securities:		
Effect of potentially dilutive stock options	874,469	1,805,636
Effect of potentially dilutive RSUs	389,375	241,526
Effect of potentially dilutive PSUs	286,373	—
Effect of potentially dilutive common stock issuable pursuant to the ESPP	4,022	6,263
Weighted average common shares outstanding — diluted	45,804,924	43,845,952
Net income per share		
Basic	\$ 0.38	\$ 0.46
Diluted	\$ 0.37	\$ 0.43

The Company excluded the following shares of common stock, outstanding at each period end, from the computation of diluted net income per share attributable to Vital Farms, Inc. common stockholders for the periods indicated because including them would have had an anti-dilutive effect:

	13-Weeks Ended	
	March 30, 2025	March 31, 2024
Options to purchase common stock	—	37,424
Unvested RSUs	89	17,533
Unvested PSUs	—	21,164
	89	76,121

## Note 18. Accumulated Other Comprehensive Income

The amounts reclassified from accumulated other comprehensive income (“AOCI”) to the unaudited condensed consolidated statements of income were as follows (in thousands):

AOCI Component	Statement of Income Classification	Amounts Reclassified from AOCI	
		13-Week Period Ended	
		March 30, 2025	March 31, 2024
Losses on available-for-sale securities	Other expense, net	\$ (1)	\$ (1)
	Total before tax	(1)	(1)
	Tax benefit	—	—
	Net of tax	\$ (1)	\$ (1)

The gross amount and related tax expense recorded in, and associated with, each component of other comprehensive income were as follows (in thousands):

	13-Weeks Ended					
	March 30, 2025			March 31, 2024		
	Before Tax	Tax	After Tax	Before Tax	Tax	After Tax
Available-for-sale debt securities:						
Unrealized net holding gain	22	\$ (5)	\$ 17	\$ 144	\$ (35)	\$ 109
Amounts reclassified for realized losses to earnings	(1)	—	(1)	(1)	—	(1)
Total other comprehensive income	<u>\$ 21</u>	<u>\$ (5)</u>	<u>\$ 16</u>	<u>\$ 143</u>	<u>\$ (35)</u>	<u>\$ 108</u>

## Note 19. Commitments and Contingencies

**Indemnification Agreements:** In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its Board of Directors and its executive officers that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. As of March 30, 2025, the Company has not incurred any material costs as a result of such indemnification agreements.

**Litigation:** The Company is subject to various claims and contingencies that are in the scope of ordinary and routine litigation incidental to its business, including those related to regulation, litigation, business transactions, employee-related matters and taxes, among others. When the Company becomes aware of a claim or potential claim, the likelihood of any loss or exposure is assessed. Based on these assessments and estimates, the Company may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from the Company's assessments and estimates.

On May 20, 2021, the Company and certain of its current and former officers were named as defendants in a class action complaint captioned *Nicholas A. Usler et al. v. Vital Farms, Inc. et al.* in the United States District Court for the Western District of Texas (the "District Court"). The plaintiffs alleged false advertising claims on behalf of themselves and a putative class of alleged consumers of the Company's eggs. The named officers of the Company were subsequently dismissed as defendants in this matter. On July 9, 2024, a U.S. Magistrate Judge issued an order and report and recommendation, for review and adoption by the District Court. Collectively, the order and the report and recommendation (i) denied the plaintiffs' motion for class certification, (ii) excluded the testimony and report of the plaintiffs' damages expert and (iii) granted summary judgment for the Company with respect to two plaintiffs and three of the plaintiffs' state claims. On September 23, 2024, the Magistrate Judge's order and report and recommendation was adopted by the District Court, and the plaintiffs did not appeal the District Court's ruling within the required timeline. The District Court's order foreclosed the matter proceeding as a class action, and the plaintiffs in the matter agreed to drop their individual claims with prejudice. The District Court ordered the case closed on January 7, 2025. The Company does not consider these claims to be material to the Company individually or in the aggregate.

Although the Company maintains insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions and caps on amounts recoverable. Even if the Company believes a claim is covered by insurance, insurers may dispute its entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of the Company's recovery. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, the Company records a liability for the loss. If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Company discloses the claim if the likelihood of a potential loss is reasonably possible.

## Note 20. Related Party Transactions

**Sandpebble Builders Preconstruction, Inc.:** The Company utilizes Sandpebble Builders Preconstruction, Inc. and Sandpebble South, Inc. (collectively “Sandpebble”) for project management and related services associated with the construction and expansion of the Company’s egg processing facilities, including site selection, project management and related services for the Company’s planned future egg packing facility in Seymour, Indiana. The Company’s contract with Sandpebble for services related to this egg packing facility in Seymour, Indiana was awarded after a competitive bidding process. Victor Canseco, the owner and principal of Sandpebble, is the father of Russell Diez-Canseco, the Company’s President and Chief Executive Officer and a member of the Board of Directors. In connection with the services described above, the Company paid Sandpebble \$522 and \$248 during the 13-week periods ended March 30, 2025 and March 31, 2024, respectively. Amounts paid to Sandpebble are included in property, plant and equipment, net and selling, general and administrative costs. As of March 30, 2025 and December 29, 2024, amounts owed to Sandpebble were \$342 and \$303, respectively, and are included in accounts payable and accrued liabilities.

## Note 21. Segment Reporting

The Company has only one reportable segment for which discrete financial information is available: Eggs and Butter. The Company derives revenue in the United States and manages and organizes its business activities on a consolidated basis. The Eggs and Butter segment derives revenues primarily from sales of its products, including eggs and butter, to customers, which include natural retailers, mainstream retailers, distributors, and foodservice customers. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets.

The following table presents the significant segment expenses and other segment items regularly reviewed by the Company’s Chief Operating Decision Maker:

	<b>Eggs and Butter Segment</b>	
	<b>13-Weeks Ended</b>	
	<b>March 30, 2025</b>	<b>March 31, 2024</b>
Net revenue	\$ 162,189	\$ 147,929
Less:		
Cost of goods sold <sup>(1)</sup>	96,608	86,049
Shipping and distribution	8,835	7,596
Other selling expenses	1,635	2,244
Marketing	5,644	5,041
Other selling, general & administrative <sup>(1)</sup>	24,439	19,620
Interest income	(1,211)	(1,088)
Interest expense	234	255
Depreciation and amortization	3,259	3,211
Income tax provision	5,441	5,702
Other segment expenses <sup>(2)</sup>	404	276
Segment net income	\$ 16,901	\$ 19,023
<i>Reconciliation of profit or loss</i>		
Adjustments and reconciling items	—	—
Consolidated net income	\$ 16,901	\$ 19,023

(1) Excludes depreciation and amortization.

(2) Other segment expenses included in segment net income includes the change in fair value of derivative instruments and other miscellaneous gains and losses.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in Part II, Item 1A, "Risk Factors," and "Special Note Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report. The following information should be read in conjunction with the unaudited financial information and the notes thereto included in this Quarterly Report and the audited financial information and the notes thereto included in our Annual Report.*

### Overview

Our mission is to bring ethical food to the table, and we carry out this mission by raising the standards in the food industry and disrupting industrial, factory food norms. Our approach has allowed us to bring high-quality products from our network of family farms to a national audience and has enabled us to become the leading U.S. brand of pasture-raised eggs and the second-largest U.S. egg brand by retail dollar sales. Our ethics are exemplified by our focus on animal welfare and sustainable farming practices. We believe our standards produce happy hens with varied diets, which produce better eggs. There is a seismic shift in consumer demand for natural, traceable, clean-label, great-tasting and nutritious foods. Supported by a steadfast adherence to the values on which we were founded, we have designed our brand and products to appeal to this consumer movement.

Our purpose is to improve the lives of people, animals and the planet through food. We are committed to Conscious Capitalism, which prioritizes positive, long-term outcomes with all of our stakeholders – farmers and suppliers, customers and consumers, communities and the environment, employees, who we refer to as crew members, and stockholders. We make decisions based on what is sustainable for all our stakeholders. For us, it is not about short-term outcomes or a trade-off between purpose and profit. We are fierce business competitors who believe that prioritizing the long-term viability of all stakeholders will produce stronger outcomes for everyone, over time. These principles guide our day-to-day operations and, we believe, help us deliver a more sustainable and successful business. Our approach has been validated by our financial performance and our impact on the food industry. We are also a Delaware public benefit corporation and a Certified B Corporation, a designation reserved for businesses that balance profit and purpose to meet the highest verified standards of social and environmental performance, public transparency and legal accountability.

We source our eggs from a network of over 450 family farms. The cream for our butter is sourced from a network of family farms contracted by our butter supplier. We have strategically designed our supply chain to ensure high production standards and optimal year-round operation. We are motivated by the positive impact we have on rural communities and enjoy a strong relationship and reputation with our network of farmers.

We primarily work with our farms pursuant to buy-sell contracts. Under these arrangements, the farmer is responsible for all of the working capital and investments required to produce the eggs and manage the farm, including purchasing the birds and feed supply. As a result of ongoing elevated construction costs associated with our new farms, we incurred incremental farm recruitment costs in 2024, which have continued into 2025, and we expect to incur additional costs in connection with renewal incentives for certain existing farmers in 2025. These costs are expected to be recognized over the term of the related buy-sell contracts with the new farms, which are generally four to six years in length. We believe the impact to our working capital resulting from these costs could range from \$30.0 million to \$40.0 million in fiscal 2025. We are contractually obligated to purchase all of the eggs produced by the farmer during the term of the contract at an agreed-upon price that depends upon pallet weight and is adjusted quarterly for changes in feed cost.

We believe we are a strategic and valuable partner to retailers. We have continued to command premium prices for our products, including our shell eggs. Our loyal and growing consumer base has fueled the expansion of our brand from the natural channel to the mainstream channel. We believe the success of our brand demonstrates that consumers are demanding premium products that meet a higher ethical standard of food production. We have a strong presence at The Kroger Co., Sprouts Farmers Market, Target Corporation and Whole Foods Market, Inc., or Whole Foods, and we also sell our products at Albertsons Companies, Inc., Publix Super Markets, Inc. and Walmart, Inc. We offer 23 retail stock keeping units, or SKUs, through a multi-channel retail distribution network. We believe we have significant room for growth within the retail and foodservice channels through growing brand awareness, gaining additional points of distribution and new product innovation.

Our shell eggs are collected from farmers by a third-party freight carrier and placed in cold storage until we pack them for shipping to our customers at our state-of-the-art shell egg processing facility in Springfield, Missouri, Egg Central Station. Egg Central Station is approximately 153,000 square feet and utilizes highly automated equipment to grade and package our shell egg products. Egg Central Station is capable of packing approximately six million eggs per day and has an SQF Excellent rating, the highest level of such certification from the Global Food Safety Initiative.

To help support continued supply and further growth, we announced in 2024 that we plan to locate a second egg washing and packing facility in Seymour, Indiana, which we anticipate will be fully operational in 2027. We intend to build upon the foundational key learnings and successes from our Egg Central Station facility in Missouri with this second facility and further expand our already resilient supply chain. To help meet the continued demand for our shell eggs, we announced in January 2025 that we plan to install an additional Moba egg grading system, the primary automation technology used in washing, sorting and packing shell eggs, at Egg Central Station in Missouri. Installation of this new system began in the first quarter of 2025 and is expected to be fully operational by the end of fiscal 2025.

In fiscal 2024, we purchased approximately 1,040 acres of farmland in Indiana for approximately \$7.5 million. Our intent is to develop this farmland (along with other potential parcels to be purchased in the future) and utilize it for “accelerator farms” to provide learning and development opportunities within our farm network and to help ensure adequate supply for our future egg washing and packing facility in Seymour, Indiana, while preserving the ability in the future to sell turnkey farms to interested farmers. In the first quarter of 2025, we elected to sell certain of these parcels, totaling approximately 408 acres, and we expect the sale of such parcels to occur by the end of fiscal 2025.

Our products are primarily distributed through a broker-distributor-retailer network whereby brokers represent our products to distributors and retailers who will in turn sell our products to consumers. We serve the majority of natural channel customers through food distributors, which purchase, store, sell and deliver our products to our customers. We serve mainstream retailers by arranging for delivery of our products directly through their distribution centers. We also leverage distributor relationships to fulfill orders for certain independent grocers and other customers.

We have experienced consistent sales growth. We had net revenue of \$162.2 million and \$147.9 million, net income of \$16.9 million and \$19.0 million, and Adjusted EBITDA of \$27.5 million and \$29.1 million in the 13-week periods ended March 30, 2025 and March 31, 2024, respectively. Adjusted EBITDA is a non-GAAP financial measure. See the section titled “—Non-GAAP Financial Measure—Adjusted EBITDA” below for the definition of Adjusted EBITDA, as well as a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure stated in accordance with GAAP.

## **Known Trends, Events and Uncertainties**

### ***Highly Pathogenic Avian Influenza (HPAI) and Other Agricultural Diseases***

Since initial outbreaks of HPAI in early 2022, we have been closely following the progression of the virus and working with our farmers, veterinarians, government health officials and animal welfare auditors to ensure that our flocks are kept as safe as possible. In fiscal 2024, we experienced an outbreak of HPAI at one of our farms. We did not experience an outbreak of HPAI at any of our farms in the 13-week period ended March 30, 2025.

In fiscal 2024, we were made aware of an outbreak of a virus called Egg Drop Syndrome, or EDS, in the Midwest, and nine of our farms were impacted by EDS in fiscal 2024. EDS is characterized by the production of pale, thin-shelled, soft-shelled, or shell-less eggs by seemingly healthy laying hens. We did not experience an outbreak of EDS at any of our farms in the 13-week period ended March 30, 2025.

In fiscal 2024 and continuing into fiscal 2025, HPAI-related disruptions in the supply of conventional eggs resulted at times in increased demand for premium egg products such as ours, which occasionally resulted in shortages of these eggs on shelves at our retail customers. While we have not experienced material disruptions to our egg supply due to HPAI and EDS outbreaks, if a substantial portion of our farms or production facilities were affected, this could materially and negatively affect our supply chain and operating results. Additionally, agricultural diseases such as HPAI or EDS have resulted and could continue to result in supply shortages and price increases across the egg market, including shortages of eggs on shelves at our retail customers. We are confident in the measures we have taken to reduce the risk of HPAI and EDS on our farms and production facilities (including through procurement of newly available vaccinations for EDS), as well as our ability to mitigate impacts on supply. However, given continued uncertainty about future outbreaks and governmental responses to such outbreaks, we cannot predict the ultimate impact that agricultural diseases such as HPAI and EDS will have on our business.

### ***Economic Uncertainty and Volatility***

Economic uncertainty and volatility may affect our business and corresponding financial position and cash flows. Inflationary factors, such as increases in the cost of materials and supplies, interest rates and overhead costs, may adversely affect our operating results. Elevated interest rates also present a challenge impacting the U.S. economy and could make it more difficult for us or our farmers to obtain traditional financing on acceptable terms, if at all, in the future. Certain of our products and elements of our supply chain, including our butter products and certain processing equipment and packaging, are imported from international markets. We expect that tariffs and restrictions on international trade, including the tariffs announced by the U.S. government in April 2025, will impact the cost or availability of these items. Additionally, many economists and observers have suggested that we should expect a higher recession risk in the near future, which, together with the foregoing, could result in further economic uncertainty and volatility in the capital markets and could negatively affect our operations. We work closely with our farmers, suppliers and third-party manufacturers to manage our supply chain activities and mitigate potential disruptions to our product supplies as a result of supply chain disruptions associated with such uncertainties. We currently expect to have an adequate supply of our products, packaging and freight through fiscal 2025.

### **Liquidity and Capital Resources Overview**

With cash, cash equivalents and marketable securities of \$161.3 million as of March 30, 2025 and \$60.0 million available under our syndicated revolving credit facility agreement with JPMorgan Chase Bank, N.A. and the others lenders party thereto, or the JPMorgan Credit Facility, we anticipate having sufficient liquidity to make investments in our business to support our long-term growth strategy. We expect that our cash, cash equivalents and marketable securities as of March 30, 2025, together with cash provided by our operating activities and availability of borrowings under our JPMorgan Credit Facility, will be sufficient to fund our operating expenses for at least the next 12 months and to make investments in our business in support of our long-term growth strategy. For additional information regarding our JPMorgan Credit Facility, see “Long-Term Debt—JPMorgan Credit Facility” at Note 13 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report.

Our future capital requirements will depend on many factors, including our pace of new and existing customer growth, our investments in innovation, our investments in acquisitions or other growth opportunities, our investments in partnerships and unexplored channels and ongoing costs associated with expansions of our production capacity. We may be required to seek additional equity or debt financing. However, a significant disruption of global financial markets (including a disruption due to public health pandemics, geopolitical tensions and wars, inflation, tariffs or other factors) may result in our inability to access additional capital, which could in the future negatively affect our operations. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation and product expansion, we may not be able to compete successfully, which would harm our business, operations and results of operations. For additional information, see the section titled “Liquidity and Capital Resources” below.

### **Our Fiscal Year**

We report on a 52-53-week fiscal year, ending on the last Sunday in December. In a 52-53-week fiscal year, each fiscal quarter consists of 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. Our fiscal year 2025 will include 52 weeks and our fiscal year 2024 consisted of 52 weeks. See “Nature of the Business and Basis of Presentation” in Note 1 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for additional details related to our fiscal calendar.

### **Key Factors Affecting Our Business**

We believe that the growth of our business and our future success are dependent upon many factors. While each of these factors presents significant opportunities for us, they also pose important challenges that we must successfully address to enable us to sustain the growth of our business and improve our results of operations.

### **Expand Household Penetration**

We have positioned our brand to capitalize on growing consumer interest in natural, clean-label, traceable, ethical, great-tasting and nutritious foods. We believe there is substantial opportunity to grow our consumer base and increase the velocity at which households purchase our products. U.S. household penetration for the shell egg category is approximately 97%, while the household penetration for our shell eggs is approximately 9.9%. We intend to increase household penetration by continuing to invest significantly in sales and marketing to educate consumers about our brand, our values and the premium quality of our products. We believe these efforts have helped and will continue to help educate consumers on the attractive attributes of our products, generate further demand for our products and ultimately expand our consumer base. Our ability to continue to attract new consumers will depend, among other

things, on the perceived value and quality of our products, the offerings of our competitors and the effectiveness of our marketing efforts. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the U.S. natural food market in which we operate. Such factors include consumer preference, consumer confidence, consumer income, consumer perception of the safety and quality of our products and shifts in the perceived value for our products relative to alternatives.

### **Grow Within the Retail Channel**

We believe that our ability to increase the number of customers that sell our products to consumers is an indicator of our market penetration and our future business opportunities. We define our customers as the entities that sell our products to consumers. With certain of our retail customers, like Whole Foods, we sell our products through distributors. We are not able to precisely attribute our net revenue to a specific retailer for products sold through such channels. We rely on third-party data to calculate the portion of retail sales attributable to such retailers, but this data is inherently imprecise because it is based on gross sales generated by our products sold at retailers, without accounting for price concessions, promotional activities or chargebacks in the ordinary course of business, and because it measures retail sales for only the portion of our retailers serviced through distributors. Based on this third-party data and internal analysis, Whole Foods accounted for approximately 20% and 21% of our retail sales for the 13-week periods ended March 30, 2025 and March 31, 2024, respectively.

As of March 30, 2025, there were approximately 26,000 stores selling our products. We expect the retail channel to be our largest source of net revenue for the foreseeable future. By capturing greater shelf space, driving higher product velocities and increasing our SKU count, we believe there is meaningful runway for further growth with existing retail customers. Additionally, we believe there is significant opportunity to gain incremental stores from existing customers as well as by adding new retail customers. We also believe there is significant further long-term opportunity in additional distribution channels, including the convenience, drugstore, club, military and international markets. Our ability to execute this strategy will increase our opportunities for incremental sales to consumers, and we also believe this growth will allow for margin expansion. To accomplish these objectives, we intend to continue leveraging consumer awareness of and demand for our brand, offering targeted sales incentives to our customers and utilizing customer-specific marketing tactics. Our ability to grow within the retail channel will depend on a number of factors, such as our customers' satisfaction with the sales, product velocities and profitability of our products.

### **Expand Footprint Across Foodservice**

We believe there is significant demand for our products in the foodservice channel since we offer versatile ingredients with high menu penetrations across commercial and non-commercial operator segments. We see considerable opportunity to continue to grow the channel in the medium- to long-term with our two-pronged sales approach to values-aligned foodservice operators and their distributors. We are working with ROOTED Food Sales Agency, a foodservice sales and marketing agency, to increase our category share in broad-line distribution and to access additional national and regional restaurant menus.

We are also leveraging foodservice as a critical consumer touchpoint to drive brand awareness, and we are investing in co-marketing to reach new households. We believe co-marketing is mutually beneficial to foodservice operators because it helps to differentiate their brands, enhances their perceived customer value and drives loyalty.

### **Expand Our Product Offerings**

We intend to continue to strengthen our product offerings by investing in innovation in new and existing categories. We have a history of product introductions and intend to continue to innovate by introducing new products from time to time. Eggs and egg-related products generated \$156.3 million in net revenue, approximately 96%, of total net revenue, in the 13-week period ended March 30, 2025. We expect eggs and egg-related products to be our largest source of net revenue for the foreseeable future. We believe that investments in innovation will contribute to our long-term growth, including by reinforcing our efforts to increase household penetration. Our ability to successfully develop, market and sell new products will depend on a variety of factors, including the availability of capital to invest in innovation, as well as changing consumer preferences and demand for food products.

## **Key Components of Results of Operations**

### **Net Revenue**

We generate net revenue primarily from sales of our products, including eggs and butter, to our customers, which include natural retailers, mainstream retailers, distributors and foodservice customers. We sell our products to customers on a purchase-order basis. We serve the majority of our natural channel customers and certain independent grocers and other customers through food distributors, which purchase, store, sell and deliver our products to these customers.

We periodically offer promotional incentives to our customers, including customer rebates, temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities. At the end of each accounting period, we recognize a liability for an estimated promotional allowance reserve. We periodically provide credits or discounts to our customers in the event that products do not conform to customer expectations upon delivery or expire at a customer's site. We treat these credits and discounts as a reduction of the sales price of the related transaction at the time of sale. We anticipate that these promotional activities, credits and discounts could materially impact our net revenue and that changes in such activities could impact period-over-period results.

Our shell eggs are sold to consumers at a premium price point, and when prices for commodity shell eggs fall relative to the price of our shell eggs (including due to any price increases we may implement), price-sensitive consumers may choose to purchase commodity shell eggs offered by our competitors instead of our eggs. As a result, low commodity shell egg prices may adversely affect our net revenue. We have periodically increased prices on certain of our products. While we have not seen significant decreases in sales volume due to previous price increases, if we further increase prices to offset higher commodity prices or other costs, we could experience lower demand for our products, decreased ability to attract new customers and lower sales volumes. Net revenue may also vary from period to period depending on the purchase orders we receive, the volume and mix of our products sold, and the channels through which our products are sold.

### **Cost of Goods Sold**

Cost of goods sold consists of the costs directly attributable to producing our products which include labor, raw material and packaging costs as well as overhead. The labor cost is comprised of wages and related costs for our processing crew members. The raw material is comprised of those items necessary to process our finished egg and butter products and the packaging costs are the cost of the packaging materials our finished products are sold in. Overhead costs in cost of goods sold include utilities, insurance, inbound freight, storage fees related to our warehouse and depreciation and amortization expenses related to our assets used in production. We expect cost of goods sold to increase in the future in connection with the development and staffing of our second egg washing and packing facility in Indiana, as well as a result of the factors described above in "Known Trends, Events and Uncertainties—Economic Uncertainty and Volatility".

### **Selling, General and Administrative**

Selling, general and administrative expenses consist primarily of broker and contractor fees for sales and marketing, as well as personnel costs for sales and marketing, finance, human resources and other administrative functions, including salaries, benefits, bonuses, stock-based compensation expense and sales commissions. Selling, general and administrative expenses also include advertising and digital media costs, agency fees, travel and entertainment costs, and costs associated with consumer promotions, product samples, sales aids incurred to acquire new customers, retain existing customers and build our brand awareness, overhead costs for facilities, including associated depreciation and amortization expenses related to our non-production facilities and assets, and information technology-related expenses. We expect selling, general and administrative expenses to increase in the future in connection with the expansion of the business and increased marketing costs.

### **Shipping and Distribution**

Shipping and distribution expenses consist primarily of costs related to third-party freight for our products. We expect shipping and distribution expenses to increase in absolute dollars in the medium-to-long term as we continue to scale our business, and there is a risk that such expenses could continue to increase due to economic uncertainty, geopolitical tensions or wars.

## **Results of Operations**

The results of operations data for the 13-week periods ended March 30, 2025 and March 31, 2024 have been derived from the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report.

## Comparison of the 13-Week Periods Ended March 30, 2025 and March 31, 2024

The following table sets forth our consolidated statement of income data expressed as a percentage of net revenue for the periods presented:

	13-Weeks Ended			
	March 30, 2025		March 31, 2024	
	Amount	% of Revenue	Amount	% of Revenue
	(dollars in thousands)			
Net revenue	\$ 162,189	100%	\$ 147,929	100%
Cost of goods sold <sup>(1)</sup>	99,676	61%	89,032	60%
Gross profit	62,513	39%	58,897	40%
Operating expenses:				
Selling, general and administrative <sup>(2)</sup>	31,909	20%	27,132	18%
Shipping and distribution	8,835	6%	7,596	5%
Total operating expenses	40,744	26%	34,728	23%
Income from operations	21,769	13%	24,169	16%
Other income (expense), net:				
Interest expense	(234)	—	(255)	—
Interest income	1,211	1%	1,088	1%
Other expense, net	(404)	—	(277)	—
Total other income (expense), net	573	1%	556	1%
Net income before income taxes	22,342	14%	24,725	17%
Income tax provision	5,441	3%	5,702	4%
Net income	\$ 16,901	11%	\$ 19,023	13%

(1) Includes stock-based compensation expense of \$107 and \$47 in cost of goods sold for the 13-week periods ended March 30, 2025 and March 31, 2024, respectively.

(2) Includes stock-based compensation expense of \$2,746 and \$1,935 in selling, general and administrative for the 13-week periods ended March 30, 2025 and March 31, 2024, respectively.

## Net Revenue

	13-Weeks Ended			
	March 30, 2025	March 31, 2024	\$ Change	% Change
	(in thousands)			
Net revenue	\$ 162,189	\$ 147,929	\$ 14,260	10%

The increase in net revenue of \$14.3 million, or 10%, was primarily driven by price/mix benefits of \$12.4 million and volume-related increases of \$1.9 million. The volume favorability was driven by accelerated demand for existing products, expanded item offerings and store distribution at existing customers. Net revenue from sales through our retail channel was \$154.6 million and \$142.2 million for the 13-week periods ended March 30, 2025 and March 31, 2024, respectively.

### ***Gross Profit and Gross Margin***

	13-Weeks Ended		\$ Change	% Change
	March 30, 2025	March 31, 2024		
	(in thousands)			
Gross profit	\$ 62,513	\$ 58,897	\$ 3,616	6%
Gross margin	39%	40%		

The increase in gross profit of \$3.6 million, or 6%, was driven by higher net revenue generated during the period. The decline in gross margin during the 13-week period ended March 30, 2025 compared to the corresponding period in the prior year was primarily driven by investments as we continue to grow and scale the business driven by increases in labor and overhead costs. This decline was partially offset by favorable benefits from wholesale egg prices.

### **Operating Expenses**

#### ***Selling, General and Administrative***

	13-Weeks Ended		\$ Change	% Change
	March 30, 2025	March 31, 2024		
	(in thousands)			
Selling, general and administrative	\$ 31,909	\$ 27,132	\$ 4,777	18%
Percentage of net revenue	20%	18%		

The increase in selling, general and administrative expenses of \$4.8 million, or 18%, was primarily driven by:

- an increase of \$4.5 million in employee-related costs, including stock-based compensation, driven by an overall increase in employee headcount to support our continued growth;
- an increase of \$0.9 million in marketing-related expenses due to the expansion of the business; and
- an increase of \$0.8 million in technology and software related expenses due to the expansion of the business; partially offset by
- a decrease of \$0.8 million in legal expenses; and
- a decrease of \$0.6 million in brokerage-related expenses due to reduced commission rates across brokers.

#### ***Shipping and Distribution***

	13-Weeks Ended		\$ Change	% Change
	March 30, 2025	March 31, 2024		
	(in thousands)			
Shipping and distribution	\$ 8,835	\$ 7,596	\$ 1,239	16%
Percentage of net revenue	6%	5%		

The increase in shipping and distribution costs of \$1.2 million, or 16%, was driven by higher sales volume and an increase in linehaul rates.

### *Interest Expense*

	13-Weeks Ended			
	March 30, 2025	March 31, 2024	\$ Change	% Change
	(in thousands)			
Interest expense	\$ (234)	\$ (255)	\$ 21	(8)%

The decrease in interest expense of \$21 thousand, or 8%, was primarily driven by a reduction in interest paid on finance leases.

### *Interest Income*

	13-Weeks Ended		\$ Change	% Change
	March 30, 2025	March 31, 2024		
	(in thousands)			
Interest income	\$ 1,211	\$ 1,088	\$ 123	11%

The increase of \$0.1 million in interest income, or 11%, was primarily driven by higher interest income from our available-for-sale securities and marketable securities portfolios resulting from a higher balance and higher interest rates.

### *Other Expense, net*

	13-Weeks Ended			
	March 30, 2025	March 31, 2024	\$ Change	% Change
	(in thousands)			
Other expense, net	\$ (404)	\$ (277)	\$ (127)	46%

The increase in other expense, net of \$0.1 million, or 46%, was primarily driven by losses on our commodity derivative instruments during the 13-week period ended March 30, 2025 as compared to those in the 13-week period ended March 31, 2024.

### *Income Tax Provision*

	13-Weeks Ended		\$ Change	% Change
	March 30, 2025	March 31, 2024		
	(in thousands)			
Income tax provision	\$ 5,441	\$ 5,702	\$ (261)	(5)%

The decrease in the income tax provision of \$0.3 million, or 5%, was related to a decrease in net income for the 13-week period ended March 30, 2025 as compared to the same period in the prior year, partially offset by a decrease in the tax benefit of non-qualified stock option exercises and RSU releases that occurred during the 13-week period ended March 30, 2025.

## **Liquidity and Capital Resources**

Since inception, we have funded our operations with proceeds from sales of our capital stock, proceeds from borrowings and cash flows from the sale of our products. We had net income of \$16.9 million in the 13-week period ended March 30, 2025, and retained earnings of \$100.0 million as of March 30, 2025.



## Funding Requirements

We expect that our cash, cash equivalents and marketable securities, together with cash provided by our operating activities and available borrowings under our existing JPMorgan Credit Facility, will be sufficient to fund our operating expenses for at least the next 12 months. We further believe that we will be able to fund potential operating expenses and cash obligations beyond the next 12 months, through a combination of existing cash, cash equivalents and marketable securities, cash provided by our operating activities and available borrowings under our JPMorgan Credit Facility.

Our future capital requirements will depend on many factors, including our pace of new and existing customer growth, our investments in innovation, our investments in acquisitions, partnerships and unexplored channels and the potential costs associated with future expansion of our production capacity. As of March 30, 2025, future minimum lease payments under non-cancelable operating leases totaled \$7.7 million and future minimum lease payments under non-cancelable finance leases totaled \$12.9 million.

Additionally, in 2024 we acquired land in Seymour, Indiana for a planned additional egg washing and packing facility. We anticipate that we will incur approximately \$8.0 million to \$11.0 million in capital expenditures related to the new egg washing and packing facility in the next 12 months and will incur further expenditures in the years following. In January 2025, we announced that we plan to install an additional Moba egg grading system at our Egg Central Station facility in Missouri. We anticipate that we will incur approximately \$12.0 million to \$16.0 million in capital expenditures related to the new Moba egg grading system in the next 12 months. We also anticipate that we will incur approximately \$20.0 million to \$30.0 million in capital expenditures over the next 12 months related to the development of accelerator farms on previously acquired farmland in Indiana or the purchase and development of future parcels, with further expenditures incurred in the years following. Finally, we anticipate increased expenditures in marketing during fiscal 2025 to support progress toward our long-term marketing goals.

## Credit Facility

On April 9, 2024, we entered into the JPMorgan Credit Facility with JPMorgan Chase Bank, N.A. and the other lenders party thereto, which provides for a five-year, \$60.0 million revolving credit facility. The JPMorgan Credit Facility replaced the PNC Credit Facility, which terminated concurrently with our entry into the JPMorgan Credit Facility. The JPMorgan Credit Facility includes a \$5.0 million letter of credit sub-limit and an accordion option that would allow us to increase the aggregate revolving commitments or add incremental term loans in an aggregate amount not to exceed the greater of (i) \$35.0 million and (ii) an amount equal to 100% of consolidated adjusted EBITDA.

Any borrowings under the JPMorgan Credit Facility bear interest, at our election, at either (i) an adjusted term Secured Overnight Financing Rate or adjusted daily Secured Overnight Financing Rate plus 0.10% plus a margin of either 0.75%, 1.00% or 1.25% depending on our net leverage ratio, or (ii) an alternative base rate plus a margin of either 1.75%, 2.00% or 2.25%, depending on our net leverage ratio. We are required to pay a commitment fee on the undrawn portion of the aggregate commitments that accrues at either 0.20% or 0.375% per annum depending on our revolving credit exposure. Additionally, we are required to pay a participation fee on the account of each lender for each outstanding letter of credit at a rate equal to the applicable rate used to determine the interest rate applicable to term benchmark revolving loans.

The JPMorgan Credit Facility is secured by liens on substantially all of our assets, including certain intellectual property assets and investment securities. It requires us to maintain (i) a net leverage ratio of no greater than 3.25 to 1.00, subject to two increases up to 4.00 to 1.00 for a certain period following material acquisitions, and (ii) a fixed charge coverage ratio of no less than 1.35 to 1.00. The JPMorgan Credit Facility contains other customary covenants, representations and events of default. As a result of the limitations contained in the JPMorgan Credit Facility, certain of the net assets on our consolidated balance sheet as of March 30, 2025 are restricted in use. As of March 30, 2025, there was no outstanding balance under the JPMorgan Credit Facility, and we were in compliance with all covenants under the JPMorgan Credit Facility.

See “Long-Term Debt—JPMorgan Credit Facility” in Note 13 to our consolidated financial statements included elsewhere in this Quarterly Report for additional details related to our JPMorgan Credit Facility.

## Cash Flows

The following table summarizes our cash flows for the 13-week periods indicated:

	13-Week Period Ended	
	March 30, 2025	March 31, 2024
	(in thousands)	
Net cash provided by operating activities	\$ 5,274	\$ 23,949
Net cash provided by investing activities	1,600	7,027
Net cash used in financing activities	(1,170)	(1,305)
Net increase in cash and cash equivalents	<u>\$ 5,704</u>	<u>\$ 29,671</u>

### Operating Activities

The decrease in net cash provided by operating activities during the 13-week period ended March 30, 2025 compared to the corresponding prior 13-week period was primarily due to the (i) decrease in changes in operating assets and liabilities of \$18.8 million and (ii) decrease in net income of approximately \$2.1 million, partially offset by the increase in non-cash adjustments of approximately \$2.3 million.

### Investing Activities

The decrease in net cash provided by investing activities is primarily due to an increase in purchases of property, plant and equipment during the 13-week period ended March 30, 2025 and fewer proceeds received on the maturities of available-for-sale debt securities compared to the corresponding 13-week period in the prior year.

### Financing Activities

The decrease in net cash used in financing activities during the 13-week period ended March 30, 2025 compared to the corresponding 13-week period in the prior year was due primarily to an increase in the proceeds received from the exercise of stock options in the current period.

## Non-GAAP Financial Measures

### Adjusted EBITDA

We report our financial results in accordance with GAAP. However, management believes that Adjusted EBITDA, a non-GAAP financial measure, provides investors with additional useful information in evaluating our performance.

We calculate Adjusted EBITDA as net income, adjusted to exclude:

- Depreciation and amortization;
- Stock-based compensation expense;
- Benefit or provision for income taxes as applicable;
- Interest expense; and
- Interest income.

Adjusted EBITDA is a financial measure that is not required by, or presented in accordance with, GAAP. We believe that Adjusted EBITDA, when taken together with our financial results presented in accordance with GAAP, provides meaningful supplemental information regarding our operating performance and facilitates internal comparisons of our historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, we believe that the use of Adjusted EBITDA is helpful to our investors as it is a measure used by management in assessing the health of our business, determining incentive compensation and evaluating our operating performance, as well as for internal planning and forecasting purposes.

Adjusted EBITDA is presented for supplemental informational purposes only, has limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. Some of the limitations of Adjusted EBITDA include the following:

- It does not properly reflect capital commitments to be paid in the future;
- Although depreciation and amortization are non-cash charges, the underlying assets may need to be replaced and Adjusted EBITDA does not reflect these capital expenditures;
- It does not consider the impact of stock-based compensation expense, as such expenses in any specific period may not directly correlate to the underlying performance of our business operations and can vary significantly between periods as a result of the timing of grants of new stock-based awards;
- It does not reflect other non-operating expenses, including interest expense; and
- It does not reflect tax payments that may represent a reduction in cash available to us.

In addition, our use of Adjusted EBITDA may not be comparable to similarly titled measures of other companies because they may not calculate Adjusted EBITDA in the same manner, limiting its usefulness as a comparative measure. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial measures, including our net income or loss and other results stated in accordance with GAAP.

The following table presents a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure stated in accordance with GAAP, for the periods presented:

	13-Weeks Ended	
	March 30, 2025	March 31, 2024
	(in thousands)	
Net income	\$ 16,901	\$ 19,023
Depreciation and amortization <sup>(1)</sup>	3,259	3,211
Stock-based compensation expense	2,853	1,982
Income tax provision	5,441	5,702
Interest expense	234	255
Interest income	(1,211)	(1,088)
Adjusted EBITDA	<u>\$ 27,477</u>	<u>\$ 29,085</u>

<sup>(1)</sup> Amount also reflects finance lease amortization.

### Seasonality

Demand for our products fluctuates in response to seasonal factors. Demand tends to increase with the start of the school year and is highest prior to holiday periods, particularly Thanksgiving, Christmas and Easter, and lowest during the summer months. As a result of these seasonal and quarterly fluctuations, comparisons of our sales and results of operations between different quarters within a single fiscal year are not necessarily meaningful comparisons.

### Critical Accounting Estimates

The preparation of our unaudited condensed consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in the financial statements and related notes thereto. Critical accounting estimates are those estimates that involve a significant level of estimation uncertainty and have had, or are reasonably likely to have, a material impact on our unaudited condensed consolidated financial statements. Management has determined that our most critical accounting estimates are those relating to trade promotion accruals and income taxes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making these estimates, actual results reported in future periods could differ materially from those estimates. For further discussion about our accounting policies, see “Summary of Significant Accounting Policies” in Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report.

The significant accounting estimates used in preparation of the unaudited condensed consolidated financial statements are described in our audited consolidated financial statements as of and for the fiscal year ended December 29, 2024, and the notes thereto, which are included in our Annual Report. Except as detailed in Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report, there have been no material changes to our significant accounting policies or critical accounting estimates during the 13-week period ended March 30, 2025.

### **Recent Accounting Pronouncements**

See the sections titled “Summary of Significant Accounting Policies—Recently Adopted Accounting Pronouncements” and “—Recently Issued Accounting Pronouncements Not Yet Adopted” in Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report for a discussion of recent accounting pronouncements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in raw materials, ingredients, inflation and interest rates.

There have been no material changes in our exposure to market risk during the 13-week period ended March 30, 2025 from the information provided in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 30, 2025. Based upon the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective at a reasonable assurance level due to the material weakness identified by management in connection with its evaluation of the effectiveness of our internal control over financial reporting as of December 29, 2024, as described in Part II, Item 9A, “Controls and Procedures—Management’s Annual Report on Internal Control over Financial Reporting” in our latest Annual Report, which has not been fully remediated as of March 30, 2025.

Notwithstanding such material weakness in internal control over financial reporting, our management concluded that our consolidated financial statements in this Quarterly Report present fairly, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the period presented, in conformity with GAAP.

### **Management's Plan to Remediate the Material Weakness and Status**

In the 13-week period ended March 30, 2025, we continued to implement a remediation plan to improve certain process-level control activities related to the revenue process, as previously described in our Annual Report. These remediation actions are ongoing and included or are expected to include:

- (i) Continuing to evaluate skillset gaps and hire additional personnel, as needed, with an appropriate level of knowledge, training, and experience to appropriately analyze, record and disclose accounting matters timely and accurately;
- (ii) Continuing to enhance risk assessment, specifically related to the revenue process; and
- (iii) Continuing to design and implement controls to ensure the accuracy of the inputs in the sales order entry and invoicing processes, including the design of systematic checks and new reports to review inputs.

Management believes that the outlined plans will effectively address the deficiency constituting the material weakness, with the remediation efforts, including necessary testing, anticipated to conclude by the end of fiscal 2025. However, the exact timing of completion cannot be guaranteed. We will monitor the effectiveness of our remediation plan and refine our remediation plan as appropriate.

### **Changes in Internal Control over Financial Reporting**

Other than as discussed above under "Management's Plan to Remediate the Material Weakness and Status," there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. For additional information regarding legal proceedings, if any, see Note 19 “Commitments and Contingencies—Litigation” to our unaudited condensed consolidated financial statements included elsewhere in this report. We are not aware of any material pending or threatened legal proceedings, other than ordinary routine litigation incidental to the business, against us that we believe could have an adverse effect on our business, operating results or financial condition.

## Item 1A. Risk Factors

*Our operations and financial results are subject to various risks and uncertainties. The following is a description of the known factors that may materially affect our business, results of operations or financial condition. You should carefully consider the following risk factors, as well as the other information in this Quarterly Report. If any of the following risks actually occurs, our business, results of operations and financial condition could be adversely affected. In this case, the trading price of our common stock would likely decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may adversely affect our business, results of operations and financial condition.*

### Summary of Selected Risks Associated with Our Business

Our business faces significant risks and uncertainties. If any of the following risks are realized, our business, financial condition and results of operations could be materially and adversely affected. These risks include, among others, the following:

- Our recent, rapid growth may not be indicative of our future growth, and if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our growth or evaluate our future prospects, our business could be adversely affected.
- We may not be able to maintain or increase our profitability in the future.
- Sales of shell eggs constitute the vast majority of our revenue, and a reduction in these sales would have an adverse effect on our financial condition.
- Failure to introduce successful new products, successfully enter new product categories or successfully pursue growth by other means may adversely affect our ability to continue to grow.
- If we fail to effectively expand our processing, manufacturing and production capacity as we continue to grow and scale our business, or if our forecasts of future supply capacity or customer and consumer demand are inaccurate, our business and operating results could be harmed.
- A substantial amount of our shell egg processing occurs at our existing Egg Central Station processing facility in Missouri. Any damage or disruption at this facility, or any constraints related to acquiring, maintaining and operating the processing equipment at this facility, may harm our business.
- Our planned egg washing and packing facility in Indiana or other future expansions of our processing capacity may not provide us with the benefits we expect to receive.
- We are dependent on the market for shell eggs, and fluctuations in this market, including the decline of commodity shell egg prices relative to the price of our shell eggs, could adversely affect our business, financial condition and results of operations.
- If we fail to effectively maintain relationships within our existing farm network or further expand our farm network, or if our plans for the purchase, development and potential sale of accelerator farms do not result in the benefits we anticipate, our business, operating results and brand reputation could be harmed.
- Outbreaks of agricultural diseases, including avian influenza and egg drop syndrome, the perception that outbreaks may occur or regulatory or market responses to outbreaks could reduce supply or demand for our products and harm our business.
- Fluctuations in commodity prices and in the availability of feed grains could negatively impact our results of operations and financial condition.
- If we fail to effectively price our products or effectively implement price increases, our financial condition may be adversely affected.
- Increased transportation and freight costs or failure by our transportation providers to pick up raw materials or deliver our products on time, in compliance with applicable governmental regulations or at all, have adversely impacted and are expected to continue to adversely impact our operating results.
- Our future business, results of operations and financial condition may be adversely affected by reduced or limited availability of eggs, cream for our butter and other raw materials that meet our standards.
- We may not be able to compete successfully in our highly competitive market.

- We currently have a limited number of third-party co-manufacturers and cold storage providers. The loss of one or more of our co-manufacturers or cold storage providers or our failure to timely identify and establish new relationships could harm our business and impede our growth.
- We could be adversely affected by a change in consumer preferences, perception and spending habits in the natural food industry generally and with respect to animal-based products in particular. Any failure to develop or enrich our product offerings or gain market acceptance of our new products could have a negative effect on our business.
- A limited number of distributors represent a substantial portion of our sales, and disruptions affecting our significant distributors or our relationships with such distributors may adversely affect our results of operations.
- We are dependent on hatcheries and pullet farms to supply our network of family farms with laying hens. Any disruption in that supply chain could materially and adversely affect our business, financial condition or results of operations.
- Elevated interest rates could adversely affect our business and the ability of our family farmers to access capital.
- Consolidation of retail customers or the loss of a significant retail customer could negatively impact our sales and profitability.
- We source substantially all of our shell egg cartons from a sole source supplier, and any disruptions may impact our ability to sell our eggs.
- Our brand and reputation may be diminished due to real or perceived quality or food safety issues with our products, which could have an adverse effect on our business, reputation, operating results and financial condition.
- Demand for shell eggs and butter is subject to seasonal fluctuations, which can adversely impact our results of operations in certain quarters.
- Packaging costs are volatile, have recently increased and may continue to increase, which may negatively impact our profitability, and reduced availability of packaging supplies may otherwise impact our business.
- If we fail to retain and motivate members of our management team or other key crew members or fail to attract, train, develop and retain additional qualified crew members to support our operations, our business and future growth prospects may be harmed.
- If we cannot maintain our company culture or focus on our purpose as we grow, our business and competitive position may be harmed.
- Disruptions in the worldwide economy, inflationary pressures, tariff regimes, including recently announced U.S. tariffs and any additional responsive non-U.S. tariffs or additional U.S. tariffs, may adversely affect our business, results of operations and financial condition.
- Failure to adequately respond to stakeholder scrutiny related to environmental, social and governance issues or failure to achieve our stated impact goals could adversely impact our reputation and brand.
- Food safety and food-borne illness incidents or advertising or product mislabeling may materially and adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.
- Our operations are subject to FDA and USDA federal regulations, as well as other federal, state and local regulations, and there is no assurance that we will be in compliance with all applicable regulations.
- We and the third parties with whom we work are subject to stringent and evolving U.S. and foreign laws, regulations, and rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our or such third parties' actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation (including class claims) and mass arbitration demands, fines and penalties, disruption of our business operations, reputational harm, loss of revenue or profits and other adverse consequences.
- We have identified a material weakness in our internal control over financial reporting. If we fail to remediate this material weakness or maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately report our financial condition, results of operations or cash flows, which may adversely affect investor confidence in us and, as a result, the value of our common stock.
- The implementation of a new enterprise resource planning system could cause disruption to our business, and we may not be able to effectively realize the benefits of this new system.



## Risks Related to Our Growth and Capital Requirements

*Our recent, rapid growth may not be indicative of our future growth, and if we continue to grow rapidly, we may not be able to effectively manage our growth or evaluate our future prospects. If we fail to effectively manage our growth or evaluate our future prospects, our business could be adversely affected.*

We have grown rapidly since inception and anticipate further growth. For example, our net revenue increased from \$147.9 million in the 13-week period ended March 31, 2024 to \$162.2 million in the 13-week period ended March 30, 2025, and our net revenue increased from \$471.9 million in fiscal 2023 to \$606.3 million in fiscal 2024. This growth has placed significant demands on our management, financial, operational, technological and other resources. The continued growth and expansion of our business depends on a number of factors, including our ability to:

- increase awareness of our brand and successfully compete with other companies;
- price our products effectively so that we are able to attract new customers and consumers and expand sales to our existing customers and consumers;
- expand distribution to new points of sale with new and existing customers;
- continue to innovate and expand our product offerings;
- expand our supplier, co-manufacturing, co-packing, cold storage, processing and distribution capacities;
- invest in and effectively implement information technology systems and related improvements to our processes and procedures; and
- maintain quality control over our product offerings.

The growth and expansion of our business has placed, and will continue to place, significant demands on our management and operations teams and will require significant additional resources, financial and otherwise, to meet our needs, which may not be available in a cost-effective manner or at all. We expect to continue to expend substantial resources on our current and future processing facilities, our sales and marketing efforts, product innovation and development and general administration associated with being a public company.

These investments may not result in the continued growth of our business. Even if these investments do result in the growth of our business, if we do not effectively manage our growth, we may not be able to execute on our business plan, respond to competitive pressures, take advantage of market opportunities, satisfy customer requirements or maintain high-quality product offerings, any of which could adversely affect our business, financial condition and results of operations.

*We may not be able to maintain or increase our profitability in the future.*

Our ability to maintain or increase our profitability is subject to various factors, many of which are beyond our control. As we continue to expand our operations, we anticipate that our operating expenses and capital expenditures will continue to increase in the foreseeable future as we invest to increase our household penetration, customer base, supplier network, marketing channels and product portfolio, expand and enhance our processing, manufacturing and distribution facilities, and hire additional crew members. Our ongoing efforts to grow and develop our supply chain may prove more expensive than we anticipate (including as a result of inflation, increases in input costs or disruptions in our supply chain relating to outbreaks of agricultural diseases, trade wars, tariff regimes, domestic or geopolitical tensions, public health pandemics or other factors), and we may not succeed in increasing our net revenue and margins sufficiently to offset the anticipated higher expenses. We have incurred significant expenses in connection with investing in and expanding our processing capacity, developing our co-manufacturing and co-packing relationships and obtaining and storing raw materials, and we will continue to incur significant expenses in developing and marketing products. In addition, many of our expenses, including the costs associated with our existing and future processing and manufacturing facilities, may be fixed. We expect to continue to incur significant legal, accounting and other expenses as we grow and mature as a public company. If we fail to grow our revenue at a greater rate than our costs and expenses, we may be unable to maintain or increase our profitability and may incur losses in the future.

***Sales of shell eggs constitute the vast majority of our net revenue, and a reduction in these sales would have an adverse effect on our financial condition.***

Shell eggs accounted for approximately 92% and 95% of our net revenue in the 13-week periods ended March 30, 2025 and March 31, 2024, respectively. Shell eggs are our flagship product and have been the focal point of our sales and marketing efforts, and we believe that sales of shell eggs will continue to constitute a significant portion of our net revenue, net income and cash flow for the foreseeable future. We cannot be certain that we will be able to continue to expand sales, processing and distribution of shell eggs, or that consumer and customer demand for our other existing and future products will expand to allow such products to represent a larger percentage of our revenue than they do currently. Furthermore, we could experience a decrease in sales of shell eggs due to one or more factors. For example, in 2024, we experienced an outbreak of highly pathogenic avian influenza, or HPAI, at one of our farms. While we did not experience a material impact on our egg production, similar outbreaks in the future could impact demand for shell eggs and negatively impact our business. Accordingly, any factor adversely affecting sales of our shell eggs (including consumers' election to purchase lower-priced private-label or other economy brands during times of economic uncertainty) could have an adverse effect on our business, financial condition and results of operations.

***Failure to introduce successful new products, successfully enter into new product categories or successfully pursue growth by other means may adversely affect our ability to continue to grow.***

One element of our growth strategy involves the development and marketing of new products that meet our standards for quality and appeal to consumer preferences. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences, the technical capability of our crew members in developing and testing product prototypes, our ability to comply with applicable governmental regulations, and the success of our management, sales and marketing teams in introducing and marketing new products, in current or new product categories. There can be no assurance that we will successfully develop and market new products or successfully introduce products in current or new categories. The development and introduction of new products requires substantial marketing expenditures, which we may be unable to recoup if new products do not gain widespread market acceptance. If we introduce new or improved products that ultimately do not meet our objectives, it could impact our growth, sales and profitability. Any failure to successfully develop, market and launch future products or successfully enter into new product categories may lead to decreased growth, sales and profitability.

Further risks are presented if we elect to pursue continued growth or enter new product categories by means other than new product introductions, including by acquisitions or investments in business or technologies that we believe could offer growth opportunities. The pursuit of such opportunities may divert the attention of management. Furthermore, it may cause us to incur various costs and expenses in identifying, investigating and pursuing such transactions, regardless of whether such opportunities are realized. Such acquisitions, transactions or investments may also result in potentially dilutive equity issuances, the incurrence of debt or contingent liabilities or challenges with integration, any of which could adversely affect our business, financial condition and results of operations.

***We estimate market opportunity and forecast market growth that may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.***

Our estimates of market opportunity and growth forecasts included in this Quarterly Report and elsewhere, including in connection with our long-term financial goals, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate, particularly in light of economic uncertainties. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of customers covered by our market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost and perceived value associated with our products and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecast, our business could fail to grow at the rate we anticipate, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Accordingly, our forecasts of market growth should not be taken as indicative of our future growth.

***We may require additional financing to achieve our goals, and the failure to obtain this necessary capital when needed on acceptable terms, or at all, may force us to delay, limit, reduce or terminate our product manufacturing and development, and other operations.***

We have funded our operations since inception primarily through equity financings, draws on our credit facilities and sales of our products. We have incurred and expect to continue to incur significant expenses related to the expansion of our processing capacity. We believe that we will continue to expend substantial resources for the foreseeable future as we consider additional markets we may choose to pursue and other growth opportunities.

We expect that our existing cash, cash equivalents and marketable securities, together with cash provided by our operating activities and available borrowings under our syndicated credit facility with JPMorgan Chase Bank, N.A., or the JPMorgan Credit Facility, will be sufficient to fund our planned operating expenses and capital expenditure requirements through at least the next 12 months. However, our operating plan may change because of factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings or other sources. We may also seek financing in connection with potential new product introductions or acquisitions or investments in businesses or technologies that we believe could offer growth opportunities. Such financings may result in dilution to stockholders, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect our business. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Our ability to access additional capital may further be affected by adverse or uncertain economic conditions. Weakness and volatility in the capital markets and the economy in general could make it more difficult to access the capital markets and could increase our cost of borrowing.

***The agreements governing our credit facility require us to meet certain covenants, which could restrict our operational and financial flexibility.***

The JPMorgan Credit Facility provides for a revolving line of credit with a maximum borrowing capacity of \$60.0 million. The JPMorgan Credit Facility contains certain restrictive covenants, in each case subject to certain exceptions. The restrictive covenants in the JPMorgan Credit Facility limit our ability to incur or guarantee additional indebtedness, incur liens, make distributions, pay dividends, make investments, enter into fundamental changes such as mergers or consolidations, engage in transactions with the company's affiliates, change our fiscal year or substantially change the nature of our business. The JPMorgan Credit Facility also requires us to maintain two financial covenants: a fixed charge coverage ratio and a net leverage ratio. These provisions may affect our ability to pursue business opportunities we find attractive or to maintain flexibility in reacting to changes in business conditions.

Our failure to comply with the covenants in the JPMorgan Credit Facility or other terms of any present or future indebtedness could result in an event of default under such indebtedness, which, if not cured or waived, could result in the lender or lenders under such indebtedness declaring all obligations, together with accrued and unpaid interest, immediately due and payable and taking control of any collateral securing such indebtedness. This may require us to amend or refinance our indebtedness on less favorable terms.

If we are forced to amend or refinance the JPMorgan Credit Facility on less favorable terms or are unable to do so at all, our business, financial condition and results of operations could be adversely affected. In any such case, we may be unable to borrow under the JPMorgan Credit Facility or other indebtedness and may not be able to repay the amounts due thereunder. This could have an adverse effect on our business, financial condition, results of operations and prospects.

## **Risks Related to Our Business, Our Brand, Our Products and Our Industry**

***If we fail to effectively expand our processing, manufacturing and production capacity as we continue to grow and scale our business, or if our forecasts of future supply capacity or customer and consumer demand are inaccurate, our business and operating results could be harmed.***

While our current supply, processing and manufacturing capabilities are sufficient to meet our present business needs, we are in the process of expanding these capabilities as we continue to grow and scale our business. In June 2024, we announced plans to develop our second egg washing and packing facility in Seymour, Indiana, and we continue to pursue growth in our farm network in order to ensure adequate supply. In January 2025, we announced that we plan to install an additional egg washing and packing line at Egg Central Station in Missouri. There is risk in our ability to effectively continue to scale production and processing and manage our supply chain requirements. We must accurately forecast demand for our products in order to ensure we have adequate processing and manufacturing capacity to effectively allocate product supply across our stock keeping units.

Our forecasts are based on multiple assumptions that, if inaccurate, may affect our ability to maintain adequate processing and manufacturing capacities (or co-processing and co-manufacturing capacities) in order to meet the demand for our products, which could prevent us from meeting increased customer demand. If we fail to meet demand for our products, retail customers or consumers who have previously purchased our products may buy other brands and our retail customers may allocate shelf space to other brands, each of which could adversely affect our business, financial condition and results of operations.

On the other hand, if we overestimate our demand or overbuild our capacity, we may have significantly underutilized supply or other assets and we may experience reduced margins. If we do not accurately align our processing and manufacturing capabilities with demand, our business, financial condition and results of operations could be adversely affected.

***A substantial amount of our shell egg processing occurs at our existing Egg Central Station processing facility in Missouri. Any damage or disruption at this facility, or any constraints related to acquiring, maintaining and operating the processing equipment at this facility, may harm our business.***

A substantial amount of our shell egg processing occurs at our existing Egg Central Station shell egg processing facility in Missouri. Any shutdown or period of reduced production at this facility, which may be caused by regulatory noncompliance or other issues, as well as factors beyond our control, such as natural disaster, weather, fire, power or other utility interruption, work stoppage, disease outbreaks or pandemics, equipment failure or maintenance or delay in raw materials delivery, could significantly disrupt our ability to deliver our products in a timely manner, meet our contractual obligations and operate our business. Further, the processing equipment used for our shell eggs is costly to maintain, replace and repair, in part because certain of such equipment is sourced internationally. We have at times seen pricing and capacity constraints related to internationally sourced equipment, and our supply chains may be further disrupted in connection with public health pandemics, domestic or geopolitical tensions, wars, inflation, trade wars, tariff regimes, including recently announced U.S. tariffs and any responsive non-U.S. tariffs or additional U.S. tariffs, or other factors. If any material amount of our machinery were damaged, we could be unable to predict when, if at all, we could replace or repair such machinery or find co-manufacturers with suitable alternative machinery, which could adversely affect our business, financial condition and operating results. The property and business disruption insurance we maintain may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms or at all.

***Our planned egg washing and packing facility in Indiana or other future expansions of our processing capacity may not provide us with the benefits we expect to receive.***

In June 2024, we announced plans to develop our second egg washing and packing facility in Seymour, Indiana. Constructing and opening this facility will require significant capital expenditures and the efforts and attention of our management and other crew members, which may divert resources from our existing business or operations. In addition, we will need to hire and retain more skilled crew members to operate the new facility, and we will need to recruit and retain additional family farms to supply the new facility. If we are unable to effectively staff and supply this facility, it may not meet our operational and financial expectations. Even if the new facility is brought up to full processing capacity, it may not provide us with all of the operational and financial benefits we expect to receive.

***We are dependent on the market for shell eggs, and fluctuations in this market, including the decline of commodity shell egg prices relative to the price of our shell eggs, could adversely affect our business, financial condition and results of operations.***

We contract with family farms to purchase all of their egg production for the duration of our contracts. We are contractually obligated to purchase these eggs irrespective of our ability to sell such eggs. Periodically in our industry, and at times during fiscal 2024 and continuing into fiscal 2025, there have been supply shortages in the egg industry, with supply impacted by, among other things, avian influenza, increased demand for eggs and increases in feed and other input costs. Such supply shortages, together with price increases we or others in the industry have implemented or may choose to implement in the future, could result in declining consumer demand for shell eggs or inability to fulfill customer or consumer demand, each of which could have a material impact on our financial condition and results and operations. Conversely, there has periodically in prior periods been an oversupply of eggs, which caused egg prices to contract, sometimes substantially so, and as a result we have sold or donated our excess supply at reduced prices or no cost. If we are unable to sell our eggs on commercially reasonable terms, or at all, our gross margins, business, financial condition and operating results may be adversely affected.

We sell shell eggs to consumers at a premium price point, and when prices for commodity shell eggs fall relative to the price of our shell eggs (including due to price increases we may implement or supply expansions in the market for commodity shell eggs), price-sensitive consumers may choose to purchase commodity shell eggs offered by our competitors at a greater velocity than, or instead of, our shell eggs. As a result, low commodity shell egg prices relative to the price of our shell eggs may adversely affect our business, financial condition and results of operations.

We also sell a small percentage of our shell eggs to wholesalers and egg breaking plants at commodity shell egg prices, which fluctuate widely and are outside our control. Small increases in production or small decreases in demand can have a large adverse effect on the prices at which these eggs are sold.

***If we fail to effectively maintain relationships within our existing farm network or further expand our farm network, or if our plans for the purchase, development and potential sale of accelerator farms do not result in the benefits we anticipate, our business, operating results and brand reputation could be harmed.***

We source our eggs from our network of family farms, which is the foundation of our supply chain. The cream for our butter is sourced from a network of family farms contracted by our butter supplier. If we are unable to maintain and expand this supply chain because of actions taken by farmers or other events outside of our control (including the failure of our butter supplier to maintain or expand its contracted farm network), we may be unable to timely supply distributors and customers with our products, which could lead to cancellation of purchase orders, damage to our commercial relationships and impairment of our brand. For example, we require our egg farmers to build and equip their farms to certain specifications, which requires a significant upfront capital investment, and any inability of farmers to obtain adequate financing on acceptable terms, including due to elevated interest rates, would impair their ability to contract with us. These and other factors, including economic uncertainty, may make it more difficult for us to recruit and attract new farmers to our network in a number sufficient to meet product demand.

There are a number of factors that could impair our relationship with farmers, many of which are outside of our control. While we strive to operate our business in a manner that drives long-term and sustainable benefits for our stakeholders, including our farmers, we may make strategic decisions that our farmers disagree with and which could cause farmers to terminate their relationships with us. Reputational harm resulting from impairment of our relationship with existing farmers may also make it more difficult to attract new farmers to expand our network. If our relationship with our existing or future farmers is disrupted due to these or other factors, we may not be able to sustain the supply necessary to meet customer and consumer demand for our products, which would negatively impact our operating results.

Further risks may be presented by our plans to develop accelerator farms on farmland we have acquired in Indiana or to develop accelerator farms on additional parcels we may purchase, with the possibility of selling such farms in the future to interested farmers. We may not be able to adequately build, develop or staff such farms, and they may not result in the benefits we anticipate. Market conditions or other factors may prevent us from selling accelerator farms to interested farmers on acceptable terms, and if we are unable to adequately build and develop farms on previously purchased farmland, we may be required to sell such farmland or other assets purchased in connection with the development and operation of such farms, potentially at a loss. The purchase, development and potential sale of these farms will require significant capital expenditures and the efforts and attention of our management and other crew members, which may divert resources from our existing business or operations. Any failure to maintain or expand our farm network would adversely affect our business, financial condition and results of operations.

***Outbreaks of agricultural diseases, including avian influenza and egg drop syndrome, the perception that outbreaks may occur or regulatory or market responses to outbreaks could reduce supply or demand for our products and harm our business.***

Our business activities are subject to a variety of agricultural risks, including pests and diseases such as HPAI and egg drop syndrome, or EDS, the occurrence of which can materially and adversely affect the quality and quantity of products, including shell eggs, that we distribute.

Since the initial outbreak of HPAI, in early 2022, we have been closely following the progression of the virus. In 2024 and continuing into 2025, HPAI has been detected in the United States in dairy cattle, wild birds, mammals, and farm workers directly exposed to the infected dairy or poultry. In fiscal 2024, we experienced an outbreak of HPAI at one of our farms.

In October 2024, we were informed of the outbreak of EDS, on certain of our farms in Missouri, and a total of nine of our farms experienced outbreaks of EDS in fiscal 2024. We have been closely working with our farmers, veterinarians, government health officials and animal welfare auditors to follow protocol and ensure that our flocks are kept as safe as possible, including the procurement and implementation of newly available vaccinations for EDS. However, we may not be able to obtain enough vaccinations to treat all of the flocks in our network.

While we have not experienced material disruptions to our egg supply due to such agricultural disease outbreaks, if a substantial portion of our farms or production facilities were affected by an outbreak of HPAI, EDS or a similar disease, this could have a material and adverse effect on our business, financial condition and results of operations. Additionally, outbreaks of HPAI, EDS or similar diseases could limit our ability to utilize co-packers for our shell eggs due to increased biosecurity measures that may be implemented by such co-packers in the event of an outbreak.

Even if our farms and production facilities were not directly impacted by avian disease, we may nevertheless be negatively affected by its impact on the egg industry as a whole. In fiscal 2024 and continuing into fiscal 2025, HPAI-related disruptions in the supply of conventional eggs resulted at times in increased demand for premium egg products such as ours, which occasionally resulted in shortages of these eggs on shelves at our retail customers. Additionally, existing or new outbreaks of agricultural diseases could result in governmental restrictions on our operations and the sale and distribution of our products, as well as negative publicity and impacted consumer perceptions for our industry. Such impacts could result in decreased consumer demand for our products and impact our operating results. Additionally, certain states in which our family farms are located have at times recommended or required that farms keep hens indoors to help limit exposure to avian diseases. Prolonged requirements to keep our hens indoors could adversely impact consumer perception of our egg products in comparison to those of our competitors, which could have a negative effect on our business, financial condition and operating results. These impacts could be exacerbated in the event of widespread transmission of HPAI or other agricultural diseases to humans. EDS is not known to be transmittable to humans, and while human cases of HPAI are rare and U.S. public health officials consider the risk of human infection with HPAI to be low, significant changes or increases to the circulation or transmission of HPAI or other agricultural diseases could adversely impact our business, including our ability to recruit and retain farmers.

***Fluctuations in commodity prices and in the availability of feed grains could negatively impact our results of operations and financial condition.***

The price we pay to purchase shell eggs from farmers fluctuates based on pallet weight and is also adjusted quarterly for changes in feed cost, which may cause our agreed-upon pricing under these contracts to fluctuate on a quarterly basis. Therefore, our results of operations and financial condition, including our gross margin and profitability, fluctuate based on the cost and supply of commodities, including corn, soybean meal and other feed ingredients.

Although feed ingredients are available from a number of sources, we have limited control over the prices of these ingredients, which are affected by weather, speculators, tariffs and other international trade restrictions, various supply and demand factors, geopolitical tensions, inflation, transportation and storage costs, and agricultural and energy policies in the United States and internationally. We have at times seen increased prices for conventional and organic corn and soybean crops on a global basis, including increased prices resulting from geopolitical tensions and measures taken in response thereto, inflation and supply chain shortages. We have entered into commodity derivative instrument contracts related to conventional feed ingredients. If we are unable to successfully conduct this program to reduce the impact of commodity price fluctuations, our financial condition and results of operations may be impacted.

We may not be able to increase our product prices enough or in a timely manner to sufficiently offset increased commodity costs due to consumer price sensitivity or the pricing postures of our competitors and, we have at times seen our retail customers choose not to accept a price increase or require price increases to occur after a specified period of time elapses. Over time, if we are unable to price our products to cover increased costs, are unable to offset operating cost increases with continuous improvement savings or are unsuccessful in our current or any future commodity derivative instrument or similar program, then commodity price volatility or increases could adversely affect our business, financial condition and results of operations.

***If we fail to effectively price our products or effectively implement price increases, our financial condition may be adversely affected.***

The prices of our products are driven by a number of factors, including supply constraints, customer and consumer demand, inflation, input costs and market conditions. In response to such conditions, we have periodically increased prices on certain of our products. While we have not yet seen significant decreases in sales volume due to such price increases, if we further increase prices, we could experience declining demand for our products, decreased ability to attract new customers and lower sales volumes. If price increases result in a greater spread between the price of our products and the price of conventional or private-label products, consumers may be less willing to pay a premium for our products, particularly in times of economic uncertainty. For example, we have at times seen our retail customers choose not to accept such price increases or require price increases to occur after a specified period of time. If we cannot effectively price our products or carry out price increases, our business, financial condition and operating results could be adversely affected.

***Increased transportation and freight costs or failure by our transportation providers to pick up raw materials or deliver our products on time, in compliance with applicable governmental regulations or at all, have adversely impact and are expected to continue to adversely impact our operating results.***

We rely upon third-party transportation providers for a significant portion of our raw material transportation and product shipments. Our utilization of pickup and delivery services for shipments is subject to risks, including increases in fuel prices, driver shortages, trucking capacity limitations due to increases in freight demand, employee and contractor strikes or unavailability or inclement weather, any of which could increase our transportation and freight costs. For example, due in part to increased labor costs and rising fuel costs due to international tensions and wars (including due to attacks on container ships in the Red Sea), we have seen at times during recent periods increased transportation and freight costs. Further increases in transportation and freight costs could have an adverse effect on our ability to increase or to maintain production on a profitable basis and could therefore adversely affect our operating results. We may not be able to price our products in a manner that sufficiently offsets increased transportation costs due to consumer price sensitivity or the pricing postures of our competitors, and we have at times seen our retail customers choose not to accept a price increase or require price increases to occur after a specified period of time has elapsed. In addition, if we increase prices to offset higher transportation and freight costs, we could experience lower demand for our products, decreased ability to attract new customers and lower sales volumes.

Furthermore, noncompliance by our third-party transportation providers with applicable regulatory requirements may impact the ability of providers to provide delivery services that adequately meet our shipping needs. Due to increased costs or noncompliance by our transportation providers with applicable regulatory requirements, we may change shipping companies, and we could face logistical difficulties with any such change that could adversely affect deliveries. In addition, we could incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those we receive from the third-party transportation providers that we currently use, which in turn would increase our costs and adversely affect our operating results.

***Our future business, results of operations and financial condition may be adversely affected by reduced or limited availability of eggs, cream for our butter and other raw materials that meet our standards.***

Our ability to ensure a continued supply of eggs, cream for our butter and other raw materials for our products at competitive prices depends on many factors beyond our control. In particular, we rely on the farms that supply us with eggs and cream to implement controls and procedures to manage the risk of exposing animals to harmful diseases, including confining hens when appropriate, but outbreaks may occur despite their efforts. An outbreak of disease could result in increased government restriction on the sale and distribution of our products, and negative publicity could impact customer and consumer perception of our products, even if an outbreak does not directly impact the animals from which we source our products. Our farm network for our shell eggs is located in a geographic region we refer to as the Pasture Belt, which is the U.S. region where the weather is conducive to hens being outside as much as possible. The dairy farms that supply our cream are located primarily in Ireland. The occurrence of a natural disaster in any of these regions could have a significant negative impact on us, the farmers and our supply chain. Additionally, the animals from which our products are sourced, the crops on which we rely for feed and the pastures on which these animals are raised are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes, hurricanes and pestilence. Disease, adverse weather conditions and natural disasters can adversely impact pasture quantity and quality, leading to reduced yields and quality, which in turn could reduce the available supply of, or increase the price of, our raw materials. If we raise prices for our products to account for this increase, we could experience decreased demand for our products and lower sales volumes, which would adversely affect our business, financial condition and results of operations.

We compete with other food companies in the procurement of eggs and cream, and this competition may increase in the future if consumer demand increases for these items or products containing them or if competitors increasingly offer products in these market sectors. If supplies of eggs and cream that meet our quality standards are reduced or are in greater demand, we may not be able to obtain sufficient supply to meet our needs on favorable terms or at all.

Our supply may also be affected by the number and size of farms that raise hens and cows in a manner that meets our standards, changes in U.S. and global economic conditions and our ability to forecast our raw materials requirements. For example, in order to meet our standards, we require our contracted egg farms to invest in infrastructure at the outset of our relationship. The typical upfront investment for each of the farms is significant, and many farmers seek financing assistance from local and regional banks as well as federal government loans from the U.S. Department of Agriculture, or USDA, Farm Service Agency. Changes in U.S. and global economic conditions, elevated interest rates, a U.S. government shutdown or the limitation or elimination of sources of U.S. government assistance could significantly affect the loans available to farmers. Many of these farmers have alternative income opportunities and the relative financial performance of raising hens in accordance with our standards as compared to other potentially more profitable opportunities could affect their interest in working with us. Any of these factors could impact our ability to supply our products to distributors and customers and may adversely affect our business, financial condition and results of operations.

***We may not be able to compete successfully in our highly competitive market.***

We compete with large egg companies such as Cal-Maine, Inc. and large international food companies such as Ornu Co-operative Limited (Kerrygold). We also compete with local and regional egg and dairy companies, as well as private-label products processed by other egg and dairy companies. These competitors may have substantially greater financial and other resources than us, and some of our competitors' products are well accepted in the marketplace today. Such competitors may also have lower operational costs, and as a result may be able to offer comparable or substitute products to customers at lower costs. This could put pressure on us to lower our prices, resulting in lower profitability or, in the alternative, cause us to lose market share if we fail to reduce prices. Conversely, if we were to increase prices, including as a result of fluctuations in the shell egg market, increased commodity or raw material costs, increased packaging or transportation costs or otherwise, any resulting decline in consumer demand for our products may be exacerbated by the competitiveness of our market.

Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than we have. We cannot be certain that we will successfully compete with larger competitors that have greater financial, sales and technical resources. Conventional food companies may acquire our competitors or launch their own egg and butter products, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers also market competitive products under their own private labels, which are generally sold at lower prices, and may change the merchandising of our products so they have less favorable placement. Larger competitors may also be less affected by economic disruption and uncertainty, including with respect to inflation, global economic conditions or agricultural diseases such as avian influenza, than we are. In recent years, there has been increasing market consolidation among local, regional and national specialty egg and dairy companies. These competitive pressures could cause us to lose market share, which may require us to lower prices, increase marketing and advertising expenditures or increase the use of discounting or promotional campaigns, each of which could adversely affect our margins and could result in a decrease in our operating results and profitability.

***Failure to leverage our brand value propositions to compete against private-label products, especially during an economic downturn, may adversely affect our profitability.***

We compete not only with other well-advertised nationally branded products, but also with private-label products. Such private-label products generally are sold at lower prices than our products. Consumers are more likely to purchase our products if they believe that our products provide a higher quality and greater value than less expensive alternatives. If the difference in perceived value between our brands and private-label products narrows, or if there is a perception of such a narrowing, consumers may choose not to buy our products at prices that are profitable for us. In periods of economic uncertainty, particularly in periods of uncertainty driven by high inflation, consumers may purchase more often from lower-priced private-label or other economy brands. To the extent this occurs, we could experience a decrease in the sales volume of our higher margin products or a shift in our product mix to lower margin offerings. In addition, our foodservice product sales will be reduced if consumers reduce the amount of food that they consume away from home at our foodservice customers, including as a result of public health pandemics or economic uncertainty driven by inflation or other factors.

***We currently have a limited number of third-party co-manufacturers and cold storage providers. The loss of one or more of our co-manufacturers or cold storage providers or our failure to timely identify and establish new relationships with new co-manufacturers or cold storage providers could harm our business and impede our growth.***

A significant amount of our revenue is derived from products manufactured at facilities owned and operated by our co-manufacturers. We currently rely on one co-manufacturer for hard-boiled eggs, one co-manufacturer for bulk butter production, one co-manufacturer for stick butter, one co-manufacturer for liquid eggs and two co-packers for certain shell egg processing. While we currently have written manufacturing contracts with our co-manufacturer for bulk butter production and our co-manufacturer for stick butter, we do not currently have written manufacturing contracts with our other co-manufacturers or with our co-packers for certain shell egg processing. Due to the absence of written contracts with certain of our co-manufacturers and co-packers, these parties can generally seek to alter or terminate their relationships with us at any time, resulting in periods during which we may have limited or no ability to manufacture or pack certain of our products.

In addition, due to the limited number of co-manufacturers, any interruption in, or the loss of operations at, one or more of our co-manufacturing facilities, which may be caused by work stoppages, regulatory issues or noncompliance, disease outbreaks or pandemics, war, terrorism, fire, earthquakes, flooding or other weather or natural disasters, could delay, postpone or reduce production of some of our products, which could have an adverse effect on our business, financial condition and results of operations until such time as the interruption is resolved or an alternate source of production is secured, especially in times of low inventory.



We believe there are a limited number of competent, high-quality co-manufacturers in our industry that meet our geographical requirements and our strict quality and control standards, and should we seek to obtain additional or alternative co-manufacturing arrangements in the future, there can be no assurance that we would be able to do so on satisfactory terms, in a timely manner, or at all. Therefore, the loss of one or more co-manufacturers, any disruption or delay at a co-manufacturer or any failure to identify and engage co-manufacturers for new products and product extensions could delay, postpone or reduce production of our products, which could have an adverse effect on our business, financial condition and results of operations.

Additionally, we rely on a limited number of cold storage providers to store our products, and we have in recent periods shifted certain functions, including finished goods storage and order fulfillment, to our cold storage providers' facilities. Our financial performance depends in large part on our ability to obtain adequate cold storage facilities services in a timely manner. We are not assured of continued cold storage capacities or continued ability to utilize such facilities for finished goods storage, order fulfillment or other services. Certain of our cold storage providers could discontinue or seek to alter their relationship with us. In addition, we are not assured of sufficient capacities of these providers commensurate with increased product demand.

***We could be adversely affected by a change in consumer preferences, perception and spending habits in the natural food industry generally and with respect to animal-based products, in particular. Any failure to develop or enrich our product offerings or gain market acceptance of our new products could have a negative effect on our business.***

We have positioned our brand to capitalize on growing consumer interest in natural, clean-label, traceable, ethically produced, great-tasting and nutritious foods. The market in which we operate is subject to changes in consumer preference, perception and spending habits. Our performance depends significantly on factors that may affect the level and pattern of consumer spending in the markets in which we operate. Such factors include consumer preference, consumer confidence, consumer income, consumer perception of the safety and quality of our products and shifts in the perceived value for our products relative to alternatives. Media coverage regarding the safety or quality of, or diet or health issues relating to, our products or the raw materials, ingredients or processes involved in their manufacturing may damage consumer confidence in our products. A general decline in the consumption of our products could occur at any time as a result of changes in consumer preference, perception, confidence and spending habits, including an unwillingness to pay a premium or an inability to purchase our products due to financial hardship or increased price sensitivity, which may be exacerbated by economic uncertainty and general inflationary trends. For example, we and many of our customers face pressure from animal rights groups to require all companies that supply food products to operate their business in a manner that treats animals in conformity with certain standards developed or approved by these animal rights groups. If consumer preferences shift away from animal-based products for these reasons, because of a preference for plant-based products or otherwise, our business, financial condition and results of operations could be adversely affected.

The success of our products depends on a number of factors, including our ability to accurately anticipate changes in market demand and consumer preferences, our ability to differentiate the quality of our products from those of our competitors, and the effectiveness of our marketing and advertising campaigns for our products. We may not be successful in identifying trends in consumer preferences and developing products that respond to such trends in a timely manner. We also may not be able to effectively promote our products by our marketing and advertising campaigns and gain market acceptance. If our products fail to gain market acceptance, are restricted by regulatory requirements or have quality problems, we may not be able to fully recover costs and expenses incurred in our operation, and our business, financial condition or results of operations could be materially and adversely affected.

***A limited number of distributors represent a substantial portion of our sales, and disruptions affecting our significant distributors or our relationships with such distributors may adversely affect our results of operations.***

Our products are distributed through a broker-distributor-retailer network whereby brokers represent our products to distributors and retailers who in turn sell our products to consumers. We serve the majority of natural channel customers through food distributors, such as United Natural Foods, Inc., or UNFI, which purchase, store, sell and deliver our products to retailer customers.

In the 13-week periods ended March 30, 2025 and March 31, 2024, UNFI (Whole Foods' primary distributor) accounted for approximately 23% and 24% of our net revenue, respectively. Since distributors act as intermediaries between us and the retail grocers or foodservice providers, who generally select the distributors, we do not have short-term or long-term commitments or minimum purchase volumes in our contracts with distributors that ensure future sales of our products. These distributors are able to decide on the products carried, and they may limit the products available for our retail customers to purchase. We expect that a substantial portion of our sales will be made through a core number of distributors for the foreseeable future. The loss of one or more of our significant distributor relationships that cannot be replaced in a timely manner, under similar terms and conditions or at all could adversely affect our business, financial condition and results of operations.

***We are dependent on hatcheries and pullet farms to supply our network of family farms with laying hens. Any disruption in that supply chain could materially and adversely affect our business, financial condition or results of operations.***

Under the terms of our contracts with our network of family farms, while we do not own laying hens, we are generally responsible for coordinating the acquisition and delivery of laying hens to the farmers. In order to meet these obligations, we place orders for chicks directly with hatcheries intended to supply a future year's production of eggs at least a year in advance. Once the chicks are hatched, they are delivered to a network of pullet farms, who rear the chicks to approximately 16 to 18 weeks of age, at which time they are delivered to our network of family farms to begin laying eggs.

We work with several pullet hatcheries that deliver chicks to a network of independent pullet farms. We do not have long-term supply contracts with these suppliers, and if a substantial portion of our current hatcheries or pullet farms were to cease doing business with us for any reason, we may have a difficult time finding and contracting with alternate hatcheries or pullet farms in sufficient scale to meet our needs, if at all. Pullet farms may also be subject to capacity constraints, and if we are unable to find independent pullet farms with sufficient capacity to receive chicks from our hatcheries, we may be unable to fulfill our customer commitments. Additionally, any disruption in the supply of laying hens for any reason, including agricultural disease such as avian influenza, natural disaster, fire, power or other utility interruption, work stoppage or other calamity, could have a material adverse effect on our business, financial condition and results of operations if we cannot replace these providers in a timely manner on acceptable terms or at all.

***Elevated interest rates could adversely affect our business and the ability of our family farmers to access capital.***

Our business and operating results could be harmed by factors such as the availability of credit and the terms of and increases in interest rates. These changes could cause our cost of doing business to increase and limit our ability to pursue growth opportunities. Disruptions and volatility in the global financial markets may lead to a contraction in credit availability, impacting our ability to finance our operations. A significant reduction in cash flows from operations or reduction in the availability of credit could materially and adversely affect our ability to achieve planned growth and operating results.

Elevated interest rates may also adversely impact the ability of our family farmers to access capital. We require our egg farmers to build and equip their farms to certain specifications, which requires a significant upfront capital investment, and any inability of farmers to obtain adequate financing on acceptable terms, including as a result of elevated interest rates, would impair their ability to partner with us. If our ability to contract with farmers is significantly disrupted because of farmers' inability to obtain adequate financing, due to elevated interest rates or otherwise, we may not be able to fully meet customer and consumer demand, which would negatively impact our operating results.

***Consolidation of retail customers or the loss of a significant retail customer could negatively impact our sales and profitability.***

Our retail customers include natural channel and mainstream channel stores, which have been undergoing consolidation in recent years. This consolidation has produced larger, more sophisticated organizations with increased negotiating and buying power that are able to resist price increases, operate with lower inventories, decrease the number of brands that they carry and increase their emphasis on private-label products, all of which could negatively impact our business.

With certain of our retail customers, like Whole Foods, we sell our products through distributors. We are not able to precisely attribute our net revenue to a specific retailer for products sold through distributors. We rely on third-party data to calculate the portion of retail sales attributable to retailers, but this data is inherently imprecise because it is based on gross sales generated by our products sold at retailers, without accounting for price concessions, promotional activities or chargebacks in the ordinary course of business, and because it measures retail sales for only the portion of our retailers serviced through distributors. Based on this third-party data and internal analysis, Whole Foods accounted for approximately 20% and 21% of our retail sales in the 13-week periods ended March 30, 2025 and March 31, 2024, respectively. The loss of Whole Foods or any other large retail customer, or the reduction of purchasing levels or the cancellation of any business from any such customer for an extended length of time, could negatively impact our sales and profitability.

A retailer may take actions that affect us for reasons that we cannot always anticipate or control, such as their financial condition, changes in their business strategy or operations, the introduction of competing products or the perceived quality of our products. Despite operating in different channel segments, our retail customers sometimes compete for the same consumers. Because of actual or perceived conflicts resulting from this competition, retailers may take actions that negatively affect us. Consequently, our financial results may fluctuate significantly from period to period based on the actions of one or more significant retailers.

***We source substantially all of our shell egg cartons from a sole source supplier, and any disruptions may impact our ability to sell our eggs.***

We obtain substantially all of the packaging for our shell eggs from a sole source supplier. Any disruption in the supply of our shell egg cartons, including due to interruptions to global shipping, could delay our production and hinder our ability to meet our commitments to customers. Certain components of this packaging are imported from international markets, and any import duties, tariffs or restrictions on international trade could affect its cost or availability. If we are unable to obtain a sufficient quantity of our packaging on commercially reasonable terms or in a timely manner, or if we are unable to obtain alternative sources, sales of our products could be delayed or we may be required to redesign our products. For example, in connection with increased demand for shell eggs in 2020 in relation to the COVID-19 pandemic, the supplier of substantially all of our shell egg cartons began to prioritize packaging for core egg products (such as 12-count packages), and we separately experienced certain quality issues with our 18-count egg cartons. As a result of these events, and in order to otherwise meet demand for our products, we began using recycled plastic packaging for certain of our shell egg products. While this change in packaging did not materially impact our operations, there is no guarantee that we will not experience similar packaging issues in the future, or that any such packaging issues will not impact our ability to meet product demand for our shell eggs. For example, consumers may be less likely to accept products packaged using certain materials, or modified packaging may make it more difficult for consumers to locate our products in stores. Any of these events could result in lost sales, price increases, reduced gross margins or damage to our customer or consumer relationships, which would have a material adverse effect on our business, financial condition and results of operations.

***Our brand and reputation may be diminished due to real or perceived quality or food safety issues with our products, which could have an adverse effect on our business, reputation, operating results and financial condition.***

We believe our consumers rely on us to provide them with high-quality products. Therefore, real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us (such as incidents involving our competitors), could cause negative publicity and reduced confidence in our company, brand or products, which could in turn harm our reputation and sales, and could adversely affect our business, financial condition and operating results.

Our products may be subject to contamination by foreign materials or disease-producing organisms or pathogens, such as salmonella and E. coli. These organisms and pathogens are found generally in the environment and there is a risk that one or more could be present in our products, either as a result of food processing or as an inherent risk based on the nature of our products. These organisms and pathogens also can be introduced to our products as a result of improper handling at the further-processing, foodservice or consumer level. These risks may be controlled, but may not be eliminated, by adherence to current good manufacturing practices, or cGMPs, and finished product testing. Shipment of contaminated products, even if inadvertent, could result in a violation of law and lead to increased risk of exposure to product liability claims, product recalls, increased scrutiny by federal and state regulatory agencies, penalties and adverse publicity. In addition, products purchased from other producers, including co-manufacturers, could contain contaminants that we might inadvertently redistribute.

If our products become contaminated, or if there is a potential health risk associated with our products, we or our co-manufacturers might decide or need to recall a product. Any product recall could result in a loss of consumer confidence in our products and adversely affect our reputation with existing and potential customers. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to potential listeria contamination at the production facility. In connection with the recall, our co-manufacturer elected to permanently close the affected production facility and move all production to a different facility. As a result, we were unable to supply customers with hard-boiled eggs for a period of time in the first quarter of fiscal 2020, which led to the loss of certain customer accounts for this product, the revenues from which were immaterial in the aggregate.

We also have no control over our products once purchased by consumers. For example, consumers may store our products under conditions and for periods of time inconsistent with USDA, U.S. Food and Drug Administration, or FDA, and other governmental guidelines, which may adversely affect the quality and safety of our products.

If consumers do not perceive our products to be of high quality or safe, then the value of our brand would be diminished, and our business, results of operations and financial condition would be adversely affected. Any loss of confidence on the part of consumers in the quality and safety of our products would be difficult and costly to overcome. Any such adverse effect could be exacerbated by our market positioning as a socially conscious purveyor of high-quality products and may significantly reduce our brand value. Issues regarding the safety of any of our products, regardless of the cause, may have an adverse effect on our brand, reputation and operating results. Further, the growing use of social and digital media by us, our consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about us, our brands or our

products on social or digital media could seriously damage our brands and reputation. If we do not maintain a favorable perception of our brands, our business, financial condition and results of operations could be adversely affected.

***We must expend resources to maintain consumer awareness of our brand, build brand loyalty and generate interest in our products. Our marketing strategies and channels will evolve, and our programs may or may not be successful.***

In order to remain competitive and expand and keep shelf placement for our products, we have increased and may continue to increase our marketing and advertising spending to maintain and increase consumer awareness, protect and grow our existing market share or promote new products, which could impact our operating results. Further advertising and promotional expenditures may be required to maintain or improve our brand's market position or to introduce new products to the market, and participants in our industry are increasingly engaging with non-traditional media, including consumer outreach through social media and web-based channels, which may not prove successful.

Increases in our marketing and advertising efforts may not maintain our current reputation or lead to increased brand awareness. Further, social media platforms frequently change the algorithms that determine the ranking and display of results of a user's search and may make other changes to the way results are displayed, or may increase the costs of such advertising, which can negatively affect the placement of our links and, therefore, reduce the number of visits to our website and social media channels or make such marketing cost prohibitive. Social media platforms typically require compliance with their policies and procedures, which may be subject to change or new interpretation with limited ability to negotiate, which could negatively impact our marketing capabilities. If we are unable to maintain and promote a favorable perception of our brand and products on a cost-effective basis, our business, financial condition and results of operations could be adversely affected.

In addition, we have at times been the subject of, and we could in the future be the subject of, negative social media campaigns beyond our control. Such campaigns, even if they are inaccurate or misleading, could adversely affect the perception of our brand. We are dependent upon consumers' perception of the safety, quality, sustainability and efficacy of our products. Negative consumer perception may arise from media reports, social media posts or comments, product liability claims, regulatory investigations or recalls affecting our products or our industry, any of which may reduce demand or could damage our reputation and adversely affect our business.

***If we fail to develop and maintain our brand, our business could suffer.***

We have developed a strong and trusted brand that has contributed significantly to the success of our business, and we believe our continued success depends on our ability to maintain and grow the value of the Vital Farms brand. Maintaining, promoting and positioning our brand and reputation will depend on, among other factors, the success of our product offerings, food safety, quality assurance, marketing and merchandising efforts, our continued focus on animal welfare, the environment and sustainability and our ability to provide a consistent, high-quality consumer and customer experience. Any negative publicity, regardless of its accuracy, could have an adverse effect on our business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of our consumers, customers, farmers, suppliers or co-manufacturers, including changes to our products or packaging, adverse publicity or a governmental investigation, litigation or regulatory enforcement action, could significantly reduce the value of our brand and significantly damage our business.

***If we fail to cost-effectively attract new consumers or retain our existing consumers, our business could be adversely affected.***

Our success and our ability to increase revenue and operate profitably depend in part on our ability to cost-effectively attract new consumers, retain existing consumers and keep existing consumers engaged so that they continue to purchase our products. While we intend to continue to invest significantly in sales and marketing to educate consumers about our brand, our values and our products, there is no assurance that these efforts will generate further demand for our products or expand our consumer base. Our ability to attract new consumers and retain our existing consumers depends on the perceived value and quality of our products, consumers' desire to purchase ethically produced products at a premium, offerings of our competitors, our ability to offer new and relevant products and the effectiveness of our marketing efforts, among other items. For example, because our shell eggs are sold to consumers at a premium price point, when prices for commodity shell eggs fall relative to the price of our shell eggs, we may be unable to entice price-sensitive consumers to try our products. We may also lose loyal consumers to our competitors if we are unable to meet consumer demand in a timely manner, including as a result of supply constraints or heightened consumer demand. If we are unable to cost-effectively attract new consumers, retain existing consumers and keep existing consumers engaged, our business, financial condition and operating results would be adversely affected.

***Our sales and profits are dependent upon our ability to expand existing customer relationships and acquire new customers.***

The continued growth of our business depends on our ability to increase our household penetration, to expand the number of products sold through existing retail customers, to grow within the foodservice channel and to strengthen our product offerings through innovation in both new and existing categories. Any strategies we employ to pursue this growth are subject to numerous factors outside of our control. For example, retailers aggressively market their private-label products, which could reduce demand for our products. The expansion of our business also depends on our ability over the long term to obtain customers in additional distribution channels, such as convenience, drugstore, club, military and international markets. Any growth in distribution channels may also affect our existing customer relationships and present additional challenges, including related to pricing strategies. Additionally, we may need to increase or reallocate spending on marketing and promotional activities, such as customer rebates, temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities, and these expenditures are subject to risks, including related to consumer acceptance of our efforts. Our failure to attract new customers, or expand our business with existing customers, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Demand for shell eggs and butter is subject to seasonal fluctuations, which can adversely impact our results of operations in certain quarters.***

Demand for shell eggs and butter fluctuates in response to seasonal factors. Demand tends to increase with the start of the school year and is highest prior to holiday periods, particularly Thanksgiving, Christmas and Easter, and lowest during the summer months. As a result of these seasonal and quarterly fluctuations, comparisons of our sales and operating results between different quarters within a single fiscal year are not necessarily meaningful comparisons. If we are not correct in predicting our future shell egg demand, we may experience a supply and demand shell egg imbalance. This imbalance between supply and demand can adversely impact our results of operations at certain times of the year.

***Packaging costs are volatile, have recently increased and may continue to increase, which may negatively impact our profitability, and reduced availability of packaging supplies may otherwise impact our business.***

Costs of packaging are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade. We have seen higher packaging costs in prior fiscal periods, which have continued into fiscal 2025. Volatility in the prices of supplies we and our co-manufacturers purchase could increase our cost of sales and reduce our profitability. Moreover, although we have not seen significant decreases in volume due to previous price increases, we may not be able to implement further price increases for our products to cover any increased costs, and any price increases we do implement may result in lower consumer demand, decreased ability to attract new customers and lower sales volumes.

Additionally, if the availability of certain packaging supplies is limited due to factors beyond our control (including as a result of disruptions to global supply chains due to recently announced U.S. tariffs or other factors), or if packaging supplies do not meet our standards, we may make changes to our product packaging, which could negatively impact the perception of our brand. For example, in connection with increased demand for shell eggs in 2020 in relation to the COVID-19 pandemic, the supplier of substantially all of our shell egg cartons began to prioritize packaging for core egg products (such as 12-count packages), and we separately experienced certain quality issues with our 18-count egg cartons. As a result of these events, and in order to otherwise meet demand for our products, we began using recycled plastic packaging for certain of our shell egg products. If we are not successful in managing our packaging costs or the supply of packaging that meets our standards to use for our products, if we are unable to increase our prices to cover increased costs or if such price increases reduce our sales volumes, any of these factors could adversely affect our business, financial condition, and results of operations.

***Our net revenue and earnings may fluctuate as a result of price actions, promotional activities and chargebacks.***

Retailers may require price concessions in the ordinary course of business that would negatively impact our margins and our profitability. Alternatively, we may increase our prices to offset commodity inflation and potentially impact our margins and volume. In addition, we periodically offer sales incentives through various programs to customers and consumers, including customer rebates, temporary price reductions, off-invoice discounts, retailer advertisements, product coupons and other trade activities.

Additionally, while we continue to work to optimize supply chain logistics, we are occasionally charged fees and/or fines by retailers for various delivery and order discrepancies. While we challenge and vet these charges, we may be subject to such charges that could be detrimental to our performance, particularly when combined with the effects of increased freight costs or the other risks

outlined in this section. The cost associated with promotions and chargebacks is estimated and recorded as a reduction in net revenue. These price concessions, promotional activities and chargebacks could adversely impact our net revenue and changes in such activities could adversely impact period-over-period results. If we are not correct in predicting the performance of promotions, or if we are not correct in estimating chargebacks, our business, financial condition and results of operations would be adversely affected.

***If we fail to retain and motivate members of our management team or other key crew members or fail to attract, train, develop and retain additional qualified crew members to support our operations, our business and future growth prospects may be harmed.***

Our success and future growth depend largely upon the continued services of our executive officers as well as our other key crew members. These executives and key crew members are primarily responsible for determining the strategic direction of our business and for executing our growth strategy and are integral to our brand, culture and the reputation we enjoy with farmers, suppliers, co-manufacturers, distributors, customers and consumers. From time to time, there may be changes in our senior leadership team or other key crew members resulting from the hiring or departure of these personnel. The loss of one or more of our executive officers, or the failure by our senior leadership team to effectively work with our crew members and lead our company, could harm our business.

In addition, our success depends in part upon our ability to attract, train, develop and retain a sufficient number of crew members who understand and appreciate our culture and can represent our brand effectively and establish credibility with our business partners and consumers. If we are unable to win in a competitive market for top talent capable of meeting our business needs and expectations, our business and brand image may be impaired. For example, in Springfield, Missouri, where our existing Egg Central Station processing facility is located, there is a tight labor market. As a result of this tight labor market, we may be unable to attract and retain crew members with the skills we require. Additionally, substantially all of our crew members outside of our Egg Central Station facility are working remotely on a permanent basis. Although we believe we manage our operations to handle remote working conditions efficiently, it is possible that such remote work arrangements could adversely impact crew member cohesiveness, efficiency, professional development, operational agility and retention. Any failure to meet our staffing needs or any material increase in turnover rates of our crew members may adversely affect our business, financial condition and results of operations.

***If we cannot maintain our company culture or focus on our purpose as we grow, our business and competitive position may be harmed.***

We believe our culture and our purpose have been key contributors to our success to date and that the critical nature of the platform that we provide promotes a sense of greater purpose and fulfillment in our crew members. Any failure to preserve our culture or focus on our purpose could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we continue to grow and develop the infrastructure of a public company, we may find it difficult to maintain these important values. We may also have difficulty maintaining our company culture as substantially all of our crew members outside of our existing Egg Central Station facility are working remotely on a permanent basis. If we fail to maintain our company culture or focus on our purpose, our business and competitive position may be harmed.

***Our operations are geographically consolidated. A major tornado or other natural disaster within the regions in which we operate could seriously disrupt our entire business.***

Our existing Egg Central Station shell egg processing facility is located in Springfield, Missouri. This facility and our network of family farms supporting our shell egg business are concentrated in the midwestern portion of the Pasture Belt. Our planned second shell egg processing facility is in Seymour, Indiana, which is also located in the Pasture Belt. The majority of cream for our butter is sourced from farms in Ireland. The impact of natural disasters such as tornadoes, drought or flood within these areas is difficult to predict, particularly given the potential of climate change to increase the frequency and intensity of such natural disasters, but a natural disaster could seriously disrupt our entire business. Our insurance may not adequately cover our losses and expenses in the event of a natural disaster. As a result, natural disasters within these areas could lead to substantial losses.

***Our inability to maintain our GFSI and SQF Select Site certifications may negatively affect our reputation.***

The Safe Quality Food Institute administers the SQF Program, which is a third-party auditing program that examines and certifies food producers with respect to certain aspects of the producer's business, including food safety, quality control and social, environmental and occupational health and safety management systems. The SQF Select Site certification is one of a number of available SQF certifications and involves both auditing for food safety issues and unannounced inspections by SQF personnel on an annual basis.

The Global Food Safety Initiative, or GFSI, is a private organization established and managed by The Consumer Goods Forum, an international trade association. GFSI operates a benchmarking scheme whereby certification bodies, such as the SQF Program, are “recognized” as meeting certain criteria maintained by GFSI. GFSI itself does not certify or accredit entities in the food industry.

SQF Select Site certification and the GFSI recognition of the SQF Program do not themselves have any independent legal significance and do not necessarily signal regulatory compliance. As a practice matter, however, certain retailers, including some of our largest customers, require SQF certification or certification by another GFSI-recognized program as a condition for doing business. Loss of SQF Select Site certification could impair our ability to do business with these customers, which could materially and adversely affect our business, financial condition and operating results.

#### **Risks Related to Socioeconomic, Political and Environmental Factors**

***Disruptions in the worldwide economy, inflationary pressures, tariff regimes, including recently announced U.S. tariffs and any additional responsive non-U.S. tariffs or additional U.S. tariffs, may adversely affect our business, results of operations and financial condition.***

Adverse and uncertain economic conditions, including uncertainty related to inflation, tariff regimes, including recently announced U.S. tariffs and any additional responsive non-U.S. tariffs or additional U.S. tariffs, market volatility, outbreaks of contagious disease or pandemics, domestic or geopolitical tensions and wars, or disruption in global financial and credit markets may impact distributor, retailer, foodservice and consumer demand for our products. In addition, our ability to manage normal commercial relationships with our farmers, suppliers, co-manufacturers, distributors, retailers, foodservice consumers, service providers and creditors may suffer. Consumers may shift purchases to lower-priced or other perceived value offerings, including private-label products, during economic downturns, and an economic downturn may cause customers to be less receptive to price increases on our products.

Adverse economic conditions may also affect our farmers. For example, recent inflationary pressures and elevated interest rates have resulted in increased costs for our farmers to build, equip and operate their farms. If our relationship with our existing farmers, or our ability to attract new farmers, is disrupted due to economic conditions or otherwise, our operating results may be adversely affected. Further, our foodservice product sales will be reduced if consumers reduce the amount of food they consume away from home at our foodservice customers, including as a result of inflationary concerns or other economic uncertainties. Distributors and customers may become more conservative in response to these conditions and seek to reduce their inventories. Our results of operations depend upon, among other things, our ability to maintain and increase sales volume with our existing distributors, retail and foodservice customers, our ability to attract new consumers, the financial condition of our consumers and our ability to provide products that appeal to consumers at the right price. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability.

In addition, historically, our deposit accounts have held deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation, or FDIC. In the event of a bank failure at any of the institutions where we maintain deposits, there can be no assurance that regulators will agree to guarantee such deposits above and beyond amounts insured by the FDIC.

***Disruptions in international trade, including disruptions due to global health pandemics, third-party labor disputes or geopolitical tensions, may have a material adverse impact on us, our suppliers and our network of farms, including our ability to expand our operations as planned.***

Global health pandemics, labor disputes or work stoppages, and other geopolitical tensions have at times disrupted international trade, resulting in increased shipping costs and delays in the import and export of goods to and from the United States and other countries. Specifically, increased demand for international shipping has resulted in shortages of shipping containers and delays at international ports. Currently, we import butter from a supplier in Ireland, and as a result, we may experience increased costs or shipment delays due to disruptions in the international trade markets and increased exposure to potential import restrictions, increased duties or tariffs or other factors described below. Additionally, we, our suppliers and our network of family farms are dependent on equipment and other supplies imported from Europe and other locations, including equipment and other supplies used in connection with the development of our planned egg washing and packing facility in Indiana. To the extent that import restrictions, duties, tariffs, including recently announced U.S. tariffs and any responsive non-U.S. tariffs or additional U.S. tariffs, or other disruptions to global shipping negatively impact our, our suppliers’ or our network of family farms’ ability to access necessary goods, we may not be able to expand our operations as planned, and our business, financial condition and results of operations would be materially and adversely affected.

We and certain of our vendors use overseas sourcing to varying degrees to produce certain of the products we sell. Any event causing a sudden disruption of manufacturing or imports from such foreign countries, including changes in the United States’ foreign trade policies resulting in the imposition of additional import restrictions, withdrawal from or material modifications to, international

trade agreements, unanticipated political changes, increased customs duties or tariffs, labor disputes, health epidemics, adverse weather conditions, crop failure, acts of war or terrorism, legal or economic restrictions on overseas suppliers' ability to produce and deliver products and natural disasters, could increase our costs and materially harm our business, financial condition and results of operations. Our business is also subject to a variety of other risks generally associated with indirectly sourcing goods from abroad, such as political instability, disruption of imports by labor disputes, currency fluctuations and local business practices. In addition, requirements imposed by the FDA compel importers to verify that food products and ingredients produced by a foreign supplier comply with all applicable legal and regulatory requirements enforced by the FDA, which could result in certain products being deemed ineligible for import. In addition, the Department of Homeland Security may at times prevent the importation or customs clearance of certain products and ingredients for reasons unrelated to food safety.

***International trade policies, including tariffs, sanctions and trade barriers may adversely affect our business, financial condition, results of operations and prospects.***

Recent announcements of substantial new tariffs and other restrictive trade policies have created a dynamic and unpredictable trade landscape, which may adversely impact our business. Certain of our products and elements of our supply chain, including our butter products and certain processing equipment and packaging, are imported from international markets. We expect that tariffs and restrictions on international trade, including the tariffs announced by the U.S. government in April 2025, will impact the cost or availability of these items.

Current or future tariffs or other restrictive trade measures may raise the costs of raw materials, components or our products, which may adversely impact both our product offerings and our operational expenses. Such cost increases may reduce our margins and require us to increase prices, which could harm our competitive position, reduce customer demand and damage customer relationships. Our suppliers and distribution channels are also affected by the current trade environment, and we may experience supply chain disruptions or risks to key vendors as a result of increased costs and uncertainty, which may impact our ability to meet customer demand or efficiently manage inventory. Tariffs and other trade-related cost pressures and supply chain disruptions may lead to reputational harm if we are unable to deliver products on expected timelines. In addition, many of our distributors and customers operate businesses that may be impacted by trade policies, which may result in decreased demand for our products or extended sales cycles as customers assess the impact of evolving trade policies on their operations and face increased costs or decreased revenue due to such policies.

While we continue to monitor trade developments, the ultimate impact of these risks remains uncertain and any prolonged economic downturn, escalation in trade tensions, or deterioration in international perception of U.S.-based companies could materially and adversely affect our business, results of operations, financial condition and prospects. In addition, tariffs and other trade developments have and may continue to heighten the risks related to the other risk factors described elsewhere in this report.

***A U.S. federal government shutdown or other limitation or elimination of U.S. government assistance programs could have a material adverse impact on our results of operations and financial condition.***

The partial shutdown of the U.S. federal government that began in late 2018 and continued into 2019 adversely impacted many of our family farmers' ability to access capital, as these farmers receive funding through farm loan programs of the USDA Farm Service Agency. The partial shutdown also impacted our ability to receive governmental approvals for products and labeling of new products. Additionally, many of our farmers seek federal government loans from the USDA or other forms of government assistance. Any future U.S. federal government shutdown or other limitation or elimination of sources of U.S. government assistance could adversely impact our business, which could have a material adverse effect on our results of operations and financial condition.

***Climate change, or legal, regulatory or market efforts to address climate change, may negatively affect our business and operations.***

There is scientific consensus that carbon dioxide and other greenhouse gases emissions have had, and will continue to have, an adverse impact on global temperatures, weather conditions, and the frequency and severity of natural disasters. If climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain raw materials that are necessary for our products, including corn, soybean meal and other feed ingredients. We may further be subject to unpredictable water availability due to the impact of climate change, and the lack of available water may adversely affect our business and operations.



Additionally, extreme weather and natural disasters exacerbated by climate change may impact our business. The egg farms in our network are all geographically located in a region that provides an environment conducive to year-round raising of hens. However, if climate change negatively impacts the year-round habitability of this region for hens, we may be subject to decreased availability or less favorable pricing for our eggs. Adverse weather conditions and natural disasters, including those caused or exacerbated by climate change, can adversely impact pasture conditions, leading to reduced yields and quality. For example, elevated summer temperatures in the Pasture Belt have at times contributed to lower-than-normal shell egg yield at certain of our farms. Adverse weather conditions and natural disasters may also impact the habitability and pasture conditions of the farms where we source the cream for our butter products. Further, we may incur increased transportation, storage and processing costs if we are unable to source products within a certain distance from our processing and co-manufacturing facilities due to the effects of climate change.

Governmental and market concern about climate change and its effects may result in additional legal or regulatory requirements to reduce or mitigate the effects of greenhouse gases or water usage. Such laws or regulations, to the extent applicable to us or our farmers, suppliers, co-manufacturers or service providers, may result in significant increases to our costs of operation, particularly the supply chain and distribution costs associated with our products.

***Failure to adequately respond to stakeholder scrutiny related to environmental, social and governance issues or failure to achieve our stated impact goals could adversely impact our reputation and brand.***

Our business faces scrutiny related to environmental, social and governance, or ESG, issues, including sustainable development, product packaging, renewable resources, environmental stewardship, supply chain management, climate change, inclusion and belonging, workplace conduct, human rights, philanthropy and support for local communities. In December 2022, we announced a series of impact-related goals relating to, among other things, ecological impacts, inclusion and belonging, governance accountability and climate change, which we refer to as our Impact Goals. There is no assurance that we will be able to achieve these goals. Failure to achieve our Impact Goals could damage our reputation and brand image, and our business, financial condition and results of operations could be adversely impacted. Furthermore, there exists negative sentiment toward ESG measures among certain individuals and government institutions, and several states have enacted or proposed “anti-ESG” legislation. As we continue to pursue our Impact Goals and related initiatives, we could face a negative reaction from government institutions (such as retaliatory legislative treatment) or consumers (such as boycotts or negative publicity campaigns) that could adversely impact our business.

Implementation of our environmental and sustainability initiatives, including in connection with our Impact Goals, biennial Impact Report and periodic Impact Updates, may require certain financial expenditures and crew member resources, and if we are unable to meet our goals or otherwise fail to meet stakeholder standards or expectations with respect to ESG issues or our Impact Goals, this could have a material adverse effect on our reputation and brand and negatively impact our relationship with our investors, crew members, farmers, suppliers, customers and consumers. There has also been a recent increase in litigation and investor activism surrounding ESG practices and related disclosures. For example, there has been recent focus by regulators, investors and other stakeholders on greenwashing and sustainability-related claims. There can be no assurance that we will not be subject to allegations or claims with respect to ESG issues or our Impact Goals.

## **Risks Related to Legal and Government Regulation**

***Food safety and food-borne illness incidents or advertising or product mislabeling may materially and adversely affect our business by exposing us to lawsuits, product recalls or regulatory enforcement actions, increasing our operating costs and reducing demand for our product offerings.***

Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Illness, injury or death related to allergens, food-borne illnesses, foreign material contamination or other food safety incidents caused by our products, or involving our farmers or other suppliers, could result in the disruption or discontinuance of sales of these products or our relationships with such farmers or suppliers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to our reputation. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. Our co-manufacturer elected to permanently close the affected production facility and move all production to a different facility, which did not have sufficient capacity to meet product demand. As a result, we were unable to supply customers with hard-boiled eggs for a period of time in the first quarter of fiscal 2020.

Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose us to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against us may exceed or be outside the scope of our existing or future insurance policy coverage or limits. Any judgment against us that is more than our policy limits or not covered by our insurance policies would have to be paid from our cash reserves, which would reduce our capital resources.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected raw materials, resulting in higher costs, disruptions in supply and a reduction in our sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether or not caused by our actions, could compel us, our farms or suppliers, our distributors or our customers, depending on the circumstances, to conduct a recall in accordance with FDA or USDA regulations and policies, and comparable state laws. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing distributors or customers and a potential negative impact on our ability to attract new customers due to negative consumer experiences or because of an adverse impact on our brand and reputation. The costs of a recall could be outside the scope of our existing or future insurance policy coverage or limits.

In addition, food companies have been subject to targeted, large-scale tampering as well as to opportunistic, individual product tampering, and we, like any food company, could be a target for product tampering. Forms of tampering could include the introduction of foreign material, chemical contaminants and pathological organisms into food products, as well as product substitution. Governmental regulations require companies like us to analyze, prepare and implement mitigation strategies specifically to address tampering designed to inflict widespread public health harm. If we do not adequately address the possibility, or any actual instance, of product tampering, we could face possible seizure or recall of our products and the imposition of civil or criminal sanctions, which could adversely affect our business, financial condition and operating results.

***Our operations are subject to FDA and USDA federal regulations, as well as other state and local regulations, and there is no assurance that we will be in compliance with all applicable regulations.***

Our operations are subject to extensive regulation by the FDA, the USDA and other federal, state and local authorities. With respect to eggs in particular, the FDA and the USDA split jurisdiction depending on the type of product involved. While the FDA has primary responsibility for the regulation of shell eggs, the USDA has primary responsibility for the regulation of dried, frozen or liquid eggs and other “egg products,” subject to certain exceptions. Specifically, our shell eggs, butter and hard-boiled egg products are subject to the requirements of the Federal Food, Drug, and Cosmetic Act, as amended, including by the Food Safety Modernization Act of 2011, or FSMA, and regulations promulgated thereunder by the FDA. This comprehensive regulatory program governs, among other things, the manufacturing, composition and ingredients, packaging, labeling and safety of most food products. The FDA requires that facilities that manufacture food products comply with a range of requirements, including but not limited to hazard analysis and preventive controls regulations, cGMPs and supplier verification requirements. Our shell egg operations are further subject to FDA regulatory requirements governing the production, storage and transportation of shell eggs for the control of salmonella. FDA-inspected processing facilities are subject to periodic and “for cause” inspection by federal, state and local authorities. We are subject to requirements under FSMA’s foreign supplier verification program and import tariffs, bond and other requirements imposed by U.S. Customs and Border Protection for our butter products, which are imported from Ireland.

In addition, certain of our products, such as our liquid whole egg products, are subject to regulation by the USDA, including facility registration, inspection, manufacturing and labeling requirements. We do not control the manufacturing processes of, and rely upon, our co-manufacturers for compliance with cGMPs and other regulatory requirements for the manufacturing of our products that is conducted by our co-manufacturers. If we or our co-manufacturers cannot successfully manufacture products that conform to our specifications and the strict regulatory requirements of the FDA, the USDA or others, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, result in our co-manufacturers’ inability to continue manufacturing for us, result in a recall of our products that have already been distributed and result in damage to our brand and reputation. For example, in December 2019, our co-manufacturer for hard-boiled eggs conducted a voluntary Class I recall of all hard-boiled eggs produced at its facility, including ours, due to a potential listeria contamination at the production facility. We rely upon our co-manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA, the USDA or another regulatory authority determines that we or these co-manufacturers have not complied with the applicable regulatory requirements, our business may be adversely impacted.

Our liquid whole eggs are subject to the requirements of the Egg Products Inspection Act, or EPIA, and regulations promulgated thereunder by the USDA. The USDA has comprehensive regulations in place that apply to establishments that break, dry and process shell eggs into liquid egg products. This regulatory scheme governs the manufacturing, processing, pasteurizations, packaging, labeling and safety of egg products. Under the EPIA and USDA regulations, establishments that manufacture egg products must comply with the USDA’s requirements for sanitation, temperature control, pasteurization and labeling. In addition, in September 2020, the USDA announced that it had finalized its Egg Products Inspection Rule. Pursuant to the regulatory requirements established by this rule, we anticipate that our co-manufacturers’ liquid whole egg establishment will be required to implement Hazard Analysis and Critical Control Point plans within two years after publication of the final rule in the Federal Register and will further be required to implement Sanitary Standard Operating Procedures within one year after publication in the Federal Register. We do not control the manufacturing processes of, and rely upon, our co-manufacturers for compliance with USDA regulations for the manufacturing of our liquid whole egg products, which is conducted by our co-manufacturers. If we or our co-manufacturers cannot successfully

manufacture products that conform to our specifications and the strict regulatory requirements of the USDA or others, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products, could result in our co-manufacturers' inability to continue manufacturing for us, or could result in a recall of our product that has already been distributed. In addition, we rely upon our co-manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the USDA or a comparable foreign regulatory authority determines that we or these co-manufacturers have not complied with the applicable regulatory requirements, our business may be materially impacted.

Our products that are labeled as "organic" are subject to the requirements of the Organic Foods Production Act, or OFPA, and the USDA's National Organic Program, or NOP, regulations. The OFPA is a comprehensive regulatory scheme that mandates certain practices and prohibits other practices pertaining to the raising of animals and handling and processing of food products. We, and our network of family farms and co-manufacturers, contract with NOP-accredited certifying agents to ensure that our organic products are produced in compliance with the OFPA and NOP regulations. We do not control the farms where our products are raised and rely on the farms for compliance with the on-farm requirements of the OFPA and NOP regulations. Similarly, we do not control the manufacturing processes of, and we rely upon, our co-manufacturers for compliance with requirements of the OFPA and NOP regulations with respect to organic products handled and manufactured by our co-manufacturers. If we, the farms or the co-manufacturers cannot successfully raise and manufacture products that meet the strict regulatory requirements of the OFPA and the NOP, we or they may be subject to adverse inspectional findings or enforcement actions, which could materially impact our ability to market our products as "organic," could result in the farms or co-manufacturers' inability to continue to raise farm products or manufacture food for us, or we, the farms, or the co-manufacturer could lose the right to market products as "organic," and subject us, the farms, or co-manufacturers to civil monetary penalties. If the USDA or a comparable foreign regulatory authority determines that we or these co-manufacturers have not complied with the applicable regulatory requirements, our business may be materially impacted.

We are also subject to state and local regulations, including product requirements, labeling requirements and import restrictions. If our products fail to meet such individual state standards or are restricted from being imported into a state by regulatory requirements, our business, financial condition or results of operations could be materially and adversely affected.

We seek to comply with applicable regulations through a combination of employing internal experience and expert personnel to ensure quality assurance compliance (i.e., assuring that our products are not adulterated or misbranded) and contracting with third-party laboratories that conduct analyses of products to ensure compliance with nutrition labeling requirements and to identify any potential contaminants before distribution. Failure by us, the farms or the co-manufacturers to comply with applicable laws and regulations, pay any applicable fees or assessments or maintain permits, licenses or registrations relating to our or our co-manufacturers' operations could subject us to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material effect on our operating results and business. See the section titled "—Government Regulation" in Part I, Item 1, "Business," of our latest Annual Report for further information on the regulations to which we are subject.

***Changes in existing laws or regulations, or the adoption of new laws or regulations may increase our costs and otherwise adversely affect our business, results of operations and financial condition.***

The manufacture and marketing of food products is highly regulated. We, our farmers, our suppliers and our co-manufacturers are subject to a variety of laws and regulations. These laws and regulations apply to many aspects of our business, including the manufacture, packaging, labeling, distribution, advertising, sale, quality and safety of our products, as well as the health and safety of our crew members and the protection of the environment.

In the United States, we are subject to regulation by various government agencies, including the FDA, the USDA, the Federal Trade Commission, or FTC, the Occupational Safety and Health Administration, and the Environmental Protection Agency, as well as various state and local agencies. We are also regulated outside the United States by various international regulatory bodies. In addition, we are subject to certain standards, such as GFSI standards and review by voluntary organizations, such as the Council of Better Business Bureaus' National Advertising Division. We could incur costs, including fines, penalties, assessments and third-party claims, because of any violations of, or liabilities under, such requirements, including any competitor or consumer challenges relating to compliance with such requirements. For example, in connection with the marketing and advertisement of our products, we could be the target of claims relating to false or deceptive advertising, including under the auspices of the FTC and the consumer protection statutes of some states.

The regulatory environment in which we operate could change significantly and adversely in the future. Any change in manufacturing, labeling or packaging requirements for our products may lead to an increase in costs or interruptions in production,

either of which could adversely affect our operations and financial condition. Changes in marketing or labeling requirements or standards related to our products could require us to revise or discontinue making certain claims or utilizing certain branding elements, which may make our products less appealing to consumers. New or revised government laws and regulations could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which may adversely affect our business, financial condition and results of operations.

***Failure by our network of family farms, suppliers of raw materials or co-manufacturers to comply with food safety, environmental or other laws and regulations, or with the specifications and requirements of our products, may disrupt our supply of products and adversely affect our business.***

If any member of our network of family farms, suppliers or co-manufacturers fails to comply with food safety, environmental, health and safety or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted and our reputation could be harmed. Additionally, our farmers and co-manufacturers are required to maintain the quality of our products and to comply with our standards and specifications. In the event of actual or alleged non-compliance, we might be forced to find alternative farms, suppliers or co-manufacturers and we may be subject to lawsuits and/or regulatory enforcement actions related to such non-compliance by the farmers, suppliers and co-manufacturers. As a result, our supply of eggs and other raw materials or finished inventory could be disrupted or our costs could increase, which would adversely affect our business, results of operations and financial condition. The failure of any farmer, supplier or co-manufacturer to produce products that conform to our standards could adversely affect our reputation in the marketplace and result in product recalls, product liability claims, government or third-party actions and economic losses. Additionally, actions we may take to mitigate the impact of any disruption or potential disruption in our supply of eggs and other raw materials or finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, may adversely affect our business, financial condition and results of operations.

***We are subject to stringent environmental regulation and potentially subject to environmental litigation, proceedings and investigations.***

Our business operations and ownership and past and present operation of real property are subject to stringent federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment and natural resources. Violation of these laws and regulations could lead to substantial liabilities, fines and penalties or to capital expenditures related to pollution control equipment that could have a material adverse effect on our business. We could also experience in the future significant opposition from third parties with respect to our business, including environmental non-governmental organizations, neighborhood groups and municipalities. Additionally, new matters or sites may be identified in the future, including in connection with our planned egg washing and packing facility in Indiana, future expansions of our processing capacity or development of accelerator farms, that will require additional environmental investigation, assessment, or expenditures, which could cause additional capital expenditures. Future discovery of contamination of property underlying or in the vicinity of our present or future properties, facilities or waste disposal sites could require us to incur additional expenses, delays to our business and to our proposed construction. The occurrence of any of these events, the implementation of new laws and regulations, or stricter interpretation of existing laws or regulations could adversely affect our business, financial condition and results of operations.

***Legal claims, government investigations or other regulatory enforcement actions could subject us to civil and criminal penalties.***

We operate in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, we are subject to a heightened risk of legal claims, government investigations or other regulatory enforcement actions. Although we have implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that our crew members, consultants, independent contractors, farmers, suppliers, vendors, co-manufacturers or distributors will not violate our policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations. Legal claims, government investigations or regulatory enforcement actions arising out of our failure or alleged failure to comply with applicable laws and regulations could subject us to civil and criminal penalties that could materially and adversely affect our product sales, reputation, financial condition and operating results. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against us may be difficult to determine and could adversely affect our financial condition and operating results.

***Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business.***

We are not currently party to any material litigation. However, from time to time, we may be party to various claims and legal proceedings. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if

possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from any assessments and estimates we may make.

Even when not merited, the defense of claims and litigation proceedings may divert our management's attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in any of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could have a material adverse effect on our financial position, cash flows or results of operations. Any claims or legal proceedings, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or to obtain adequate insurance in the future.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions and caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

***We and the third parties with whom we work are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our, or such third parties' actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation (including class claims) and mass arbitration demands, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits and other adverse consequences.***

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit and share, which we collectively refer to as "process," personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, sensitive third-party data, business plans, transactions and financial information, which we collectively refer to as "sensitive data."

Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements and other obligations relating to data privacy and security, reach notification laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act) and other similar laws (e.g., wiretapping laws). Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data. For example, some of our data processing practices have been, and may in the future continue to be, subject to challenges or lawsuits under data privacy and communication laws, including, for example, challenges based on wiretapping laws for obtaining consumer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels, as has occurred. These practices may continue to be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

Furthermore, numerous U.S. states have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. For example, the California Consumer Privacy Act of 2018, or CCPA, applies to personal data of consumers, business representatives, and employees who are California residents, and requires businesses to provide specific disclosures in privacy notices and honor requests of such individuals to exercise certain privacy rights. The CCPA provides for fines for intentional violations and allows private litigants affected by certain data breaches to recover significant statutory damages. Similar laws are being considered in several other states, as well as at the federal and local levels, and we expect more states to pass similar laws in the future.

Our compliance with these legal requirements and obligations, together with any policies or practices that we have or may implement to further secure and protect sensitive data, could limit our ability to utilize data that may be valuable to our business.

Our employees and personnel use generative artificial intelligence, or generative AI, technologies to perform their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits.

We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our crew members or third parties with whom we work may fail to comply with such obligations, which could negatively impact our business operations. If we or the third parties with whom we work fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections and similar actions), litigation

(including class-action claims) and mass arbitration demands, additional reporting requirements and/or oversight, bans on processing personal data and orders to destroy or not use personal data. In particular, plaintiffs have become increasingly active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for significant statutory damages depending on the volume of data and the number of violations. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to loss of customers, inability to process personal data or to operate in certain jurisdictions, limited ability to develop or commercialize our products, expenditure of time and resources to defend any claim or inquiry, adverse publicity or substantial changes to our business model or operations.

## **Risks Related to Our Status as a Certified B Corporation and Public Benefit Corporation**

***Our status as a public benefit corporation and a Certified B Corporation may not result in the benefits that we anticipate, and we may be unable to maintain our Certified B Corporation status.***

We have elected to be classified as a public benefit corporation under Delaware law. As a public benefit corporation, we are required to balance the financial interests of our stockholders with the best interests of those stakeholders materially affected by our conduct, including particularly those affected by the specific benefit purposes set forth in our amended and restated certificate of incorporation. There is no assurance that the expected positive impact from being a public benefit corporation will be realized and our status as a public benefit corporation and compliance with our related obligations could negatively impact our ability to provide the highest possible return to our stockholders.

As a public benefit corporation, we are required to publicly disclose a report at least biennially on our overall public benefit performance and on our assessment of our success in achieving our specific public benefit purpose. If we are not timely or are unable to provide this report, or if the report is not viewed favorably by parties doing business with us or regulators or others reviewing our credentials, our reputation and status as a public benefit corporation may be harmed.

While not required by Delaware law or the terms of our certificate of incorporation, we have elected to have our social and environmental performance, accountability and transparency assessed against the proprietary criteria established by B Lab, an independent non-profit organization. As a result of this assessment, we have been designated as a “Certified B Corporation,” which refers to companies that are certified as meeting certain levels of social and environmental performance, accountability and transparency. The standards for Certified B Corporation certification are B Lab and may change over time, and our continued certification is at the sole discretion of B Lab. To maintain our certification, we are required to update our assessment and verify our updated score with B Lab every three years. We were most recently recertified as a Certified B Corporation in March 2025. Our reputation could be harmed if we lose our status as a Certified B Corporation, whether by our choice or by our failure to continue to meet the certification requirements, particularly if that failure or change were to create a perception that we are more focused on financial performance and are no longer as committed to the values shared by Certified B Corporations, or if our publicly reported Certified B Corporation score declines. Conversely, our status as a public benefit corporation or Certified B Corporation could result in negative scrutiny from government institutions, consumers, stockholders or others critical of our stakeholder focus.

***As a public benefit corporation, our directors’ fiduciary duty to balance a variety of interests may result in actions that do not maximize stockholder value.***

As a public benefit corporation, our Board of Directors has a duty to balance (i) the pecuniary interest of our stockholders, (ii) the best interests of those materially affected by our conduct and (iii) the specific public benefits identified in our amended and restated certificate of incorporation. While we believe our public benefit designation and associated obligations will benefit our stockholders, in balancing these interests our Board of Directors may take actions that do not maximize stockholder value. Any benefits to stockholders resulting from our public benefit purposes may not materialize within the timeframe we expect or at all and may have negative effects. For example:

- we may choose to revise our policies in ways that we believe will be beneficial to stakeholders other than our stockholders, including farmers, suppliers, crew members and local communities, even though the changes may be costly;
- we may take actions, such as building state-of-the-art facilities with technology and quality control mechanisms that exceed the requirements of USDA and the FDA, even though these actions may be more costly than other alternatives;
- we may be influenced to pursue programs and services to demonstrate our commitment to the communities to which we serve and bringing ethical food to the table, even though there may be no immediate return to our stockholders; or

- in responding to a possible proposal to acquire the company, our Board of Directors may be influenced by the interests of stakeholders other than our stockholders, including farmers, suppliers, crew members and local communities, whose interests may be different from the interests of our stockholders.

We may be unable to fully realize the benefits we expect from actions taken to benefit our stakeholders, including farmers, suppliers, crew members and local communities, which could adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline.

***As a public benefit corporation, we may be subject to increased derivative litigation concerning our duty to balance stockholder and public benefit interests, the occurrence of which may have an adverse impact on our financial condition and results of operations.***

As a Delaware public benefit corporation, our stockholders (if they, individually or collectively, own the lesser of at least 2% of our outstanding capital stock or shares having at least \$2 million in market value) are entitled to file a derivative lawsuit claiming that our directors failed to balance stockholder and public benefit interests. This potential liability does not exist for traditional corporations. Therefore, we may be subject to the possibility of increased derivative litigation, which would require the attention of management and, as a result, may adversely impact management's ability to effectively execute our strategy. Any such derivative litigation may be costly and have an adverse impact on our financial condition and results of operations.

## **Risks Related to Being a Public Company**

***We have identified a material weakness in our internal control over financial reporting. If we fail to remediate this material weakness or maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately report our financial condition, results of operations or cash flows, which may adversely affect investor confidence in us and, as a result, the value of our common stock.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the rules and regulations of the applicable listing standards of the Nasdaq Stock Market LLC, or Nasdaq. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming and costly, and place strain on our personnel, systems and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting, disclosure controls and procedures. We are required, under Section 404 of the Sarbanes-Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Pursuant to Section 404, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. This assessment must include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

As further detailed in Part II, Item 9A, "Controls and Procedures" of our latest Annual Report, in the process of assessing our internal control over financial reporting, management identified deficiencies in controls to ensure the accuracy of the inputs (e.g., price and/or quantity) related to the sales order entry and invoicing processes impacting revenue and accounts receivable that resulted in a material weakness. Management concluded that this material weakness was primarily due to ineffective risk assessment related to the selection and development of appropriate control activities in the revenue process due to not having a sufficient number of trained resources with expertise in and responsibility for the design, implementation, operation, and documentation of internal control over financial reporting. As a result of the material weakness identified, our management concluded that our internal control over financial reporting was not effective as of December 29, 2024. As described in Part I, Item 4, "Controls and Procedures" in this Quarterly Report, we are implementing additional controls to remediate this material weakness. However, we cannot provide assurance that we will be able to do so in a timely manner, and such remediation efforts could require increased management time and attention and resources.

We cannot provide assurance that there will not be further material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain or develop effective controls or any difficulties encountered in their implementation or improvement could harm our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting. Ineffective disclosure controls and procedures or internal control over financial reporting could also cause investors to lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

***Effective as of December 29, 2024, we are a large accelerated filer, which has increased and will continue to increase our costs and demands on management.***

On December 29, 2024, we ceased to be an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012. Due to our exit from emerging growth company status and as a large accelerated filer, we are subject to certain disclosure and compliance requirements that apply to other public companies but did not previously apply to us due to our status as an emerging growth company. These requirements include, but are not limited to:

- the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002;
- compliance with any requirements that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- compliance with the required public company effective dates for any new or revised accounting standards;
- the requirement that we provide full and more detailed disclosures regarding executive compensation; and
- the requirement that we hold a non-binding advisory vote on executive compensation and obtain stockholder approval of any golden parachute payments not previously approved.

Due to the complexity and logistical difficulty of implementing the standards, rules and regulations that apply to a large accelerated filer, there is an increased risk that we may be found to be in non-compliance with such standards, rules and regulations or to have significant deficiencies or material weaknesses in our internal controls over financial reporting. Any failure to maintain effective disclosure controls and internal control over financial reporting could materially and adversely affect our business, results of operations, and financial condition and could cause a decline in the trading price of our common stock. In addition, if we are not able to comply with changing requirements in a timely manner, we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities, which would require additional financial and management resources.

### **Risks Related to Cybersecurity, Information Technology and Intellectual Property**

***If our data or information technology systems, or the data or information technology systems of third parties with whom we work, are or were compromised, we could experience adverse consequences, including but not limited to regulatory investigations or actions, litigation, fines and penalties, disruption of our business operations, reputational harm and loss of revenue or profits.***

In the ordinary course of our business, we and the third parties with whom we work process sensitive data, and, as a result, we and the third parties with whom we work face a variety of evolving threats that could cause security incidents. We also use mobile devices, social networking and other online activities and third parties to connect with our crew members, farmers, suppliers, co-manufacturers, distributors, customers and consumers. Cyber-attacks, malicious internet-based activity, online and offline fraud and other similar activities threaten the confidentiality, integrity, and availability of our sensitive data and information technology systems, and those of the third parties with whom we work. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including, but not limited to traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states and nation-state-supported actors. Further, as we pursue new initiatives that improve our operations and cost structure, we have, and will continue to, expand and improve our information technologies, resulting in a larger technological presence and corresponding exposure to cybersecurity risk.



Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties with whom we work may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services.

We and the third parties with whom we work are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, attacks enhanced or facilitated by AI, telecommunications failures, earthquakes, fires, floods and other similar threats.

In particular, severe ransomware attacks are becoming increasingly prevalent and could lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program.

In addition, our reliance on third-party service providers presents new cybersecurity risks and vulnerabilities, including supply chain attacks and other threats to our business operations. We rely on third-party service providers and technologies to operate critical business systems to process sensitive data in a variety of contexts. We also rely on third-party service providers to provide other products, services, parts, or otherwise to operate our business. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If the third parties with whom we work experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if third parties with whom we work fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

While we have implemented security measures designed to protect against cybersecurity incidents, there can be no assurance that these incident response measures will be effective. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties with whom we work). We may not, however, detect and remediate all such vulnerabilities including on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

The theft, destruction, loss, misappropriation or release of sensitive information or intellectual property, or interference with our information technology systems or the technology systems of third parties with whom we work, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers and distributors, potential liability and competitive disadvantage all of which could have an adverse effect on our business, financial condition or results of operations.

Such risks are increased by the fact that substantially all of our crew members outside of our Egg Central Station facility are working remotely on a permanent basis. Technologies and security systems in place at our crew members' homes may be less secure than those used in a physical office, and while we have implemented controls and safeguards to help protect our systems as our crew members work from home, there can be no assurance that these measures will be effective.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive data or our information technology systems, or those of the third parties with whom we work. For example, we have been the target of phishing campaigns in the past and expect such campaigns to continue into the future, with risks associated with such campaigns magnified by their heightened sophistication as generative AI is increasingly utilized to craft phishing attempts. A security incident or other interruption could disrupt our ability (and that of third parties with whom we work) to provide our services.

We may expend significant resources or modify our business activities to try to protect against security incidents. Additionally, certain data privacy and security obligations have required us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and sensitive data.

Applicable data privacy and security obligations may require us to notify relevant stakeholders, including affected individuals, customers, regulators, and investors, of security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. Furthermore, given our operations and economic role, regulatory requirements related to critical infrastructure have and may impose additional compliance burdens on us, including, reporting requirements, increased costs, and other obligations.

If we or a third party with whom we work experience a security incident or are perceived to have experienced a security incident, we may experience material adverse consequences, such as: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); competitive disadvantage; financial loss; and other similar harms. Security incidents and attendant material consequences may prevent or cause customers to stop using our services, deter new customers from using our services, and negatively impact our ability to grow and operate our business.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive data about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. Further, use of artificial intelligence platforms by our crew members, whether authorized or unauthorized, may increase the risk that our intellectual property and other proprietary information will be unintentionally disclosed. If we fail to identify and address cybersecurity risks associated with new initiatives, we may become increasingly vulnerable to such risks.

***The implementation of a new enterprise resource planning system could cause disruption to our business, and we may not be able to effectively realize the benefits of this new system.***

We are in the process of transitioning to a new enterprise resource planning, or ERP, system, in order to support our future growth and more fully optimize our existing processes. The implementation of a new ERP system may prove to be more difficult, costly or time-consuming than expected, and it is possible that the system will not yield the benefits we anticipate. Any disruptions, delays or deficiencies related to the new ERP system could materially impact our operations and adversely affect our ability to process orders, manage our inventory, fulfill obligations to customers or otherwise operate our business. In addition, implementation of a new ERP system will require significant resources, including the time and attention of our management and key crew members, in order to fully realize the anticipated benefits.

***The loss of any registered trademark or other intellectual property could enable other companies to compete more effectively with us.***

We utilize intellectual property in our business. Our trademarks are valuable assets that reinforce our brand and consumers' favorable perception of our products. We have invested a significant amount of money in establishing and promoting our trademarked brands. We also rely on unpatented proprietary expertise and copyright protection to develop and maintain our competitive position. Our continued success depends, to a significant degree, upon our ability to protect and preserve our intellectual property, including our trademarks and copyrights.

We rely on confidentiality agreements and trademark and copyright law to protect our intellectual property rights. Our confidentiality agreements with our crew members and certain of our consultants, contract employees, suppliers and independent contractors, including some of our co-manufacturers who use our formulations to manufacture our products, generally require that all information made known to them be kept strictly confidential. Further, some of our formulations have been developed by or with our suppliers and co-manufacturers. As a result, we may not be able to prevent others from using similar formulations.

We cannot be certain that the steps we have taken to protect our intellectual property rights are adequate, that our intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, our trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect our trademark rights could prevent us in the future from challenging third parties who use names and logos similar to our trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of our brand and products. Moreover, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether we are successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have an adverse effect on our business, financial condition and results of operations.

## **Risks Related to Ownership of Our Common Stock and Other General Risks**

### ***Our stock price may be volatile, and the value of our common stock may decline.***

The market price of our common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including those described elsewhere in this "Risk Factors" section.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may also negatively impact the market price of our common stock, particularly in light of uncertainties surrounding inflation, geopolitical tensions, disruption in global financial and credit markets, public health pandemics and related impacts.

### ***Sales of our common stock in the public market could cause the market price of our common stock to decline.***

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Many of our existing equity holders have substantial unrecognized gains on the value of the equity they hold, and therefore they may take steps to sell their shares or otherwise secure the unrecognized gains on those shares. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our common stock.

Further, Matthew O'Hayer, our founder and executive chairperson, has pledged 1,900,000 shares of our common stock owned by Mr. O'Hayer to secure a personal loan, and an uncured default under the documents governing such loan could result in certain of such shares being subject to forced sale or disposition. If such pledged shares are sold in forced sales under the documents governing such loan, such sales could cause the price of our common stock to decline.

In addition, as of March 30, 2025, there were 2,426,918 shares of common stock issuable upon the exercise of outstanding stock options or subject to vesting of outstanding restricted stock awards. We have registered all of the shares of common stock issuable upon exercise of outstanding stock options, vesting of outstanding restricted stock awards or other equity incentives we may grant in the future, for public resale under the Securities Act of 1933, as amended, or the Securities Act. The shares of common stock will become eligible for sale in the public market to the extent such options are exercised, subject to compliance with applicable securities laws.

### ***We may be subject to significant liability that is not covered by insurance.***

Although we believe that the extent of our insurance coverage is consistent with industry practice, any claim under our insurance policies may be subject to certain exceptions, may not be honored fully, in a timely manner, or at all, and we may not have purchased sufficient insurance to cover all losses incurred. If we were to incur substantial liabilities or if our business operations were interrupted for a substantial period of time, we could incur costs and suffer losses. Such inventory and business interruption losses may not be covered by our insurance policies. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our cash position and results of operations. Additionally, in the future, insurance coverage may not be available to us at commercially acceptable premiums, or at all.

***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.***

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, and provisions of Delaware law applicable to us as a public benefit corporation, may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our Board of Directors to issue, without further action by the stockholders, shares of undesignated preferred stock that may be senior to our common stock with terms, rights and preferences determined by our Board of Directors;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our Board of Directors, the chairperson of our Board of Directors or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our Board of Directors;
- establish that our Board of Directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed for cause only upon the vote of at least 66 2/3% of our outstanding shares of voting stock; and
- provide that vacancies on our Board of Directors may be filled only by a majority of directors then in office, even though less than a quorum.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, or DGCL, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder.

Also, as a public benefit corporation, our Board of Directors is required by the DCGL to manage or direct our business and affairs in a manner that balances the pecuniary interests of our stockholders, the best interests of those materially affected by our conduct, and the specific public benefits identified in our certificate of incorporation. Additionally, pursuant to our amended and restated certificate of incorporation, a vote of at least 66 2/3% of our outstanding shares of voting stock is required for matters directly or indirectly amending or removing our public benefit purpose, or to effect a merger or consolidation involving stock consideration with an entity that is not a public benefit corporation with an identical public benefit to ours. Such provisions could also limit the price that our investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that holders of our common stock would receive a premium for your shares of our common stock in an acquisition.

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware and, with respect to certain matters, the federal district courts of the United States of America as the exclusive forums for substantially all disputes between us and our stockholders, which could restrict our stockholders’ ability to choose the judicial forum for disputes with us or our directors, officers, or employees.***

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) is the exclusive forum for certain actions or proceedings under Delaware law, statutory or common law, including: any derivative action or proceeding brought on our behalf; any action asserting a breach of a fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our amended and restated certificate of incorporation or our amended and restated bylaws; any action as to which the DCGL confers jurisdiction to the court of Chancery of the State of Delaware; or any action asserting a claim against us that is governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act of 1934, as amended, or the Exchange Act, or any other claim for which federal courts have exclusive jurisdiction.

Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. While Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring such a claim arising under the Securities Act against us and our directors, officers or other employees in a venue other than in the federal district courts of the United States of America. In such instance, we would expect our efforts to defend the validity and enforceability of such provisions may require further significant additional costs associated with resolving the dispute in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions, any of which could seriously harm our business.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Unregistered Sales of Equity Securities

None.

### Use of Proceeds

#### *Use of Proceeds from the IPO*

On August 4, 2020, we completed our IPO, from which we received net proceeds of approximately \$99.7 million, after deducting underwriting discounts and commissions of \$7.8 million and offering expenses of \$3.4 million. The offer and sale of the shares in our IPO were registered under the Securities Act on Registration Statement on Form S-1 (Registration No. 333-239772), which was declared effective on July 30, 2020.

There has been no material change in the planned use of proceeds from our IPO as described in the prospectus that formed a part of the Registration Statement. We invested the funds received in cash equivalents, other marketable securities and investments in accordance with our investment policy. As of March 30, 2025, we have used an aggregate of \$35.2 million of the IPO proceeds, including \$7.3 million to pay off our term loan, \$1.9 million to pay off our equipment loan in 2020 and \$26.0 million for the expansion of Egg Central Station.

## Item 3. Defaults Upon Senior Securities

Not applicable.

## Item 4. Mine Safety Disclosures

Not applicable.

## Item 5. Other Information

### Director and Officer Trading Arrangements

During the 13-week period ended March 30, 2025, certain of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K, as set forth in the table below:

Name and Position	Action	Adoption/ Termination Date	Type of Trading Arrangement		Total Shares of Common Stock to be Sold	Total Shares of Common Stock to be Purchased	Expiration Date
			Rule 10b5-1*	Non-Rule 10b5-1**			
Matthew O’Hayer, Executive Chairperson and Director	Adoption	March 14, 2025	X		1,020,000		May 31, 2026
Thilo Wrede, Chief Financial Officer	Adoption	March 13, 2025	X		3,600		March 13, 2026

\* Contract, instructions, or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

\*\* “Non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K under the Exchange Act.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation, as currently in effect (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39411), filed with the SEC on August 4, 2020).</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws, as currently in effect (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-39411), filed with the SEC on November 17, 2023).</u></a>
31.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1*	<a href="#"><u>Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File as its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document
104	Cover page formatted as Inline XBRL and contained in Exhibit 101

\* Furnished herewith and not deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### **Vital Farms, Inc.**

Dated: May 8, 2025

By: /s/ Russell Diez-Canseco

Russell Diez-Canseco

*President and Chief Executive Officer*

*(Principal Executive Officer)*

Dated: May 8, 2025

By: /s/ Thilo Wrede

Thilo Wrede

*Chief Financial Officer*

*(Principal Financial and Accounting Officer)*

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Russell Diez-Canseco, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vital Farms, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2025

By: /s/ Russell Diez-Canseco  
Russell Diez-Canseco  
President and Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thilo Wrede, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vital Farms, Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
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Date: May 8, 2025

By: /s/ Thilo Wrede  
Thilo Wrede  
Chief Financial Officer  
(Principal Financial Officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code, Russell Diez-Canseco, President and Chief Executive Officer of Vital Farms, Inc. (the “Company”), and Thilo Wrede, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended March 30, 2025, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 8th day of May, 2025.

/s/ Russell Diez-Canseco  
Russell Diez-Canseco  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Thilo Wrede  
Thilo Wrede  
Chief Financial Officer  
(Principal Financial Officer)

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Vital Farms, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

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