

REFINITIV

DELTA REPORT

10-Q

SFM - SPROUTS FARMERS MARKET, I

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 1016

■ CHANGES	127
■ DELETIONS	360
■ ADDITIONS	529

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12/29
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2024-03-31
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2024-03-31

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

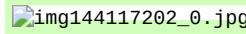
FORM 10-Q**X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT (****X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**For the quarterly period ended **March 31, 2024****June 30, 2024**

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**o 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: 001-36029

**Sprouts Farmers Market, Inc.****(Exact**

(Exact name of registrant as specified in its charter)

Delaware	32-0331600
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

De
laware
(State or other jurisdiction of incorporation or organization)

32-0331600
(I.R.S. Employer Identification No.)

5455 East High Street, ,
Suite 111
Phoenix, ,
Arizona 85054

(Address
(Address of principal executive offices and zip code)

(480) 814-8016

(
480
)
814-8016

(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, \$0.001 par value	SFM	Nasdaq Global Select Market

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	SFM	Nasdaq Global Select Market

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 the last 90 days if the registrant is a small business issuer) with respect to these securities.

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).

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer **Accelerated filer**
Non-accelerated filer **Smaller reporting company**
Emerging growth company

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 standard.

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 April 29, 2024 July 25, 2024, the registrant had 100,477,263 100,130,499 shares of common stock, \$0.001 par value per share, outstanding.

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, JUNE 30, 2024

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and April 2, 2023	
(unaudited)	
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Consolidated Balance Sheets as of June 30, 2024 (unaudited) and December 31, 2023

Consolidated Statements of Income for the thirteen and twenty-six weeks ended June 30, 2024 and July 2, 2023 (unaudited).

Consolidated Statements of Stockholders' Equity for the thirteen and twenty-six weeks ended June 30, 2024 and July 2, 2023 (unaudited)

Consolidated Statements of Cash Flows for the twenty-six weeks ended June 30, 2024 and July 2, 2023 (unaudited)

Notes to Consolidated Financial Statements (Unaudited).

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Item 4. Controls and Procedures.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

Item 1A. Risk Factors.

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

Item 5. Other Information.

Item 6. Exhibits.

Signatures

Forward-Looking Statements

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to the "Company," "Sprouts," "S" "we," "us," "we," "us" and "our" "our" refer to Sprouts Farmers Market, Inc. and, where appropriate, its subsidiaries.

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PART I - ETNANCTAI TNEFORMATTON

Item 1. Financial Statements

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (UNAUDITED)		
(IN (IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)		
	March 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 312,276	\$ 201,794
Accounts receivable, net	36,306	30,313
Inventories	316,202	323,198
Prepaid expenses and other current assets	32,710	48,467
Total current assets	697,494	603,772
Property and equipment, net of accumulated depreciation	809,481	798,707
Operating lease assets, net	1,363,341	1,322,854
Intangible assets	208,060	208,060
Goodwill	381,750	381,741
Other assets	12,289	12,294
Total assets	\$ 3,472,415	\$ 3,327,428
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 201,434	\$ 179,927
Accrued liabilities	190,217	164,887
Accrued salaries and benefits	57,084	74,752
Accrued income tax	8,869	-
Current portion of operating lease liabilities	127,255	126,271
Current portion of finance lease liabilities	1,089	1,032
Total current liabilities	585,948	546,869
Long-term operating lease liabilities	1,441,068	1,399,676
Long-term debt and finance lease liabilities	133,375	133,685
Other long-term liabilities	37,557	36,270
Deferred income tax liability	63,440	62,381
Total liabilities	2,261,388	2,178,881
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Undesignated preferred stock; \$	-	-

0.001		
par value;		
10,000,000		
shares authorized,		
no		
shares issued and outstanding		
Common stock, \$	101	101
0.001		
par value;		
200,000,000		
shares authorized,		
100,802,152		
shares issued and outstanding, March 31, 2024;		
101,211,984		
shares issued and outstanding, December 31, 2023		
Additional paid-in capital	783,593	774,834
Retained earnings	427,333	373,612
Total stockholders' equity	1,211,027	1,148,547
Total liabilities and stockholders' equity	\$ 3,472,415	\$ 3,327,428

ASSETS

Current assets:

Cash and cash equivalents
 Accounts receivable, net
 Inventories
 Prepaid expenses and other current assets

Total current assets

Property and equipment, net of accumulated depreciation

Operating lease assets, net

Intangible assets

Goodwill

Other assets

Total assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable
 Accrued liabilities
 Accrued salaries and benefits
 Current portion of operating lease liabilities
 Current portion of finance lease liabilities

Total current liabilities

Long-term operating lease liabilities

Long-term debt and finance lease liabilities

Other long-term liabilities

Deferred income tax liability

Total liabilities

Commitments and contingencies (Note 7)

Stockholders' equity:

Undesignated preferred stock; \$0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding

Common stock, \$0.001 par value; 200,000,000 shares authorized, 100,214,345 shares issued and outstanding, June 30, 2024; 101,211,984
Additional paid-in capital
Retained earnings
Total stockholders' equity
Total liabilities and stockholders' equity

The accompanying notes are an integral part of these consolidated financial statements.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(IN

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Thirteen weeks ended	
	March 31, 2024	April 2, 2023
Net sales	\$ 1,883,808	\$ 1,733,310
Cost of sales	1,161,495	1,083,248
Gross profit	722,313	650,062
Selling, general and administrative expenses	539,771	486,195
Depreciation and amortization (exclusive of depreciation included in cost of sales)	32,232	34,068
Store closure and other costs, net	2,044	28,277
Income from operations	148,266	101,522
Interest expense, net	818	2,220
Income before income taxes	147,448	99,302
Income tax provision	33,348	23,142
Net income	\$ 114,100	\$ 76,160
Net income per share:		
Basic	\$ 1.13	\$ 0.73
Diluted	\$ 1.12	\$ 0.73
Weighted average shares outstanding:		
Basic	101,071	103,827
Diluted	102,024	104,876

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Net sales	\$ 1,893,519	\$ 1,692,247	\$ 3,777,327	\$ 3,425,557
Cost of sales	1,175,154	1,066,275	2,336,649	2,149,523
Gross profit	718,365	625,972	1,440,678	1,276,034
Selling, general and administrative expenses	556,367	497,965	1,096,138	984,160
Depreciation and amortization (exclusive of depreciation included in cost of sales)	31,489	33,964	63,721	68,032

Store closure and other costs, net	3,192	2,427	5,236	30,704
Income from operations	127,317	91,616	275,583	193,138
Interest (income) expense, net	(139)	2,140	679	4,360
Income before income taxes	127,456	89,476	274,904	188,778
Income tax provision	32,167	22,142	65,515	45,284
Net income	\$ 95,289	\$ 67,334	\$ 209,389	\$ 143,494
Net income per share:				
Basic	\$ 0.95	\$ 0.65	\$ 2.08	\$ 1.39
Diluted	\$ 0.94	\$ 0.65	\$ 2.06	\$ 1.38
Weighted average shares outstanding:				
Basic	100,460	102,824	100,765	103,326
Diluted	101,196	103,514	101,647	104,240

The accompanying notes are an integral part of these consolidated financial statements.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(IN
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

For the thirteen and twenty-six weeks ended **March 31, 2024**

Shares	Common Stock	Additional		Retained Earnings	Total Stockholders' Equity
		Paid In	Capital		
Balances at December 31, 2023	101,211,984	\$ 101	\$ 774,834	\$ 373,612	\$ 1,148,547
Net income	-	-	-	114,100	114,100
Issuance of shares under stock plans	547,948	1	2,282	-	2,283
Repurchase and retirement of common stock, including excise tax	((-	((
	957,780	1	60,379	60,380	
)))))
Share-based compensation	-	-	6,477	-	6,477
Balances at March 31, 2024	100,802,152	\$ 101	\$ 783,593	\$ 427,333	\$ 1,211,027

June 30, 2024

	Shares	Additional			Total Stockholders' Equity
		Common Stock	Paid In Capital	Retained Earnings	
Balances at March 31, 2024	100,802,152	\$ 101	\$ 783,593	\$ 427,333	\$ 1,211,027
Net income	-	-	-	95,289	95,289
Issuance of shares under stock plans	51,731	-	982	-	982
Repurchase and retirement of common stock, including excise tax	(639,538)	(1)	-	(44,811)	(44,812)
Share-based compensation	-	-	6,789	-	6,789
Balances at June 30, 2024	100,214,345	\$ 100	\$ 791,364	\$ 477,811	\$ 1,269,275

	Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balances at December 31, 2023	101,211,984	\$ 101	\$ 774,834	\$ 373,612	\$ 1,148,547
Net income	—	—	—	209,389	209,389
Issuance of shares under stock plans	599,679	1	3,264	—	3,265
Repurchase and retirement of common stock, including excise tax	(1,597,318)	(2)	—	(105,190)	(105,192)
Share-based compensation	—	—	13,266	—	13,266
Balances at June 30, 2024	100,214,345	\$ 100	\$ 791,364	\$ 477,811	\$ 1,269,275

For the thirteen and twenty-six weeks ended April 2, 2023

	Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balances at January 1, 2023	105,072,756	\$ 105	\$ 726,345	\$ 320,012	\$ 1,046,462
Net income	—	—	—	76,160	76,160
Issuance of shares under stock plans	882,014	1	5,487	—	5,488
Repurchase and retirement of common stock, including excise tax	(3,038,411)	(3)	—	(99,168)	(99,171)
Share-based compensation	—	—	3,852	—	3,852
Issuance of shares for acquisition	554,358	1	18,138	—	18,139
Balances at April 2, 2023	103,470,717	\$ 104	\$ 753,822	\$ 297,004	\$ 1,050,930

July 2, 2023

	Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balances at April 2, 2023	103,470,717	\$ 104	\$ 753,822	\$ 297,004	\$ 1,050,930
Net income	—	—	—	67,334	67,334
Issuance of shares under stock plans	150,298	—	1,750	—	1,750
Repurchase and retirement of common stock, including excise tax	(1,437,932)	(2)	—	(50,468)	(50,470)
Share-based compensation	—	—	5,609	—	5,609
Balances at July 2, 2023	102,183,083	\$ 102	\$ 761,181	\$ 313,870	\$ 1,075,153
	Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total Stockholders' Equity
Balances at January 1, 2023	105,072,756	\$ 105	\$ 726,345	\$ 320,012	\$ 1,046,462
Net income	—	—	—	143,494	143,494
Issuance of shares under stock plans	1,032,312	1	7,237	—	7,238
Repurchase and retirement of common stock, including excise tax	(4,476,343)	(5)	—	(149,636)	(149,641)
Share-based compensation	—	—	9,461	—	9,461
Issuance of shares for acquisition	554,358	1	18,138	—	18,139
Balances at July 2, 2023	102,183,083	\$ 102	\$ 761,181	\$ 313,870	\$ 1,075,153

The accompanying notes are an integral part of these consolidated financial statements.

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN
(IN THOUSANDS)

Thirteen weeks ended		
	March 31, 2024	April 2, 2023
Operating activities		
Net income	\$ 114,100	\$ 76,160
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	34,522	34,912
Operating lease asset amortization	32,303	30,696
Impairment of assets	-	27,845
Share-based compensation	6,477	3,852
Deferred income taxes	1,072	(386
))
Other non-cash items	496	14
Changes in operating assets and liabilities, net of effects from acquisition:		
Accounts receivable	8,601	6,241
Inventories	6,996	5,400
Prepaid expenses and other current assets	14,691	9,528
Other assets	924	2,609
Accounts payable	28,899	27,006
Accrued liabilities	17,642	(2,024
))
Accrued salaries and benefits	(17,667	13,712
))
Accrued income tax	8,869	5,456
Operating lease liabilities	(36,580	33,956
))
Other long-term liabilities	(1,650	179
))
Cash flows from operating activities	219,695	179,820
Investing activities		
Purchases of property and equipment	(51,241	47,044

))
Payments for acquisition, net of cash acquired		-	(
			13,042
))
Cash flows used in investing activities		((
		51,241	60,086
))
Financing activities			
Payments on revolving credit facilities		-	(
			25,000
))
Payments on finance lease liabilities		((
		253	219
))
Repurchase of common stock		((
		60,000	98,349
))
Proceeds from exercise of stock options		2,283	5,488
))
Cash flows used in financing activities		((
		57,970	118,080
))
Increase in cash, cash equivalents, and restricted cash		110,484	1,654
))
Cash, cash equivalents, and restricted cash at beginning of the period		203,870	295,192
))
Cash, cash equivalents, and restricted cash at the end of the period		\$ 314,354	\$ 296,846
))
Supplemental disclosure of cash flow information			
Cash paid for interest		\$ 2,411	\$ 3,641
))
Cash refunded for income taxes		151	54
))
Supplemental disclosure of non-cash activities			
Property and equipment in accounts payable and accrued liabilities		\$ 23,599	\$ 20,924
))
Issuance of shares for acquisition		-	18,139
))
Excise tax accrued on repurchase of common stock		2,146	822
))
Leased assets obtained in exchange for new operating lease liabilities		72,791	138,662
))

	Twenty-six weeks ended	
	June 30, 2024	July 2, 2023
Operating activities		
Net income	\$ 209,389	\$ 143,494
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	67,756	70,013
Operating lease asset amortization	65,489	62,331
Impairment of assets	-	27,845
Share-based compensation	13,266	9,461
Deferred income taxes	(396)	(5,953)
Other non-cash items	2,189	254
Changes in operating assets and liabilities, net of effects from acquisition:		
Accounts receivable	18,746	8,390
Inventories	(2,380)	(7,665)

Prepaid expenses and other current assets	13,947	9,915
Other assets	(125)	3,205
Accounts payable	(12,914)	3,374
Accrued liabilities	24,081	41,733
Accrued salaries and benefits	(5,095)	(2,561)
Operating lease liabilities	(83,952)	(68,986)
Other long-term liabilities	1,294	(69)
Cash flows from operating activities	311,295	294,781
Investing activities		
Purchases of property and equipment	(108,925)	(98,683)
Payments for acquisition, net of cash acquired	—	(13,042)
Cash flows used in investing activities	(108,925)	(111,725)
Financing activities		
Payments on revolving credit facilities	(125,000)	(75,000)
Payments on finance lease liabilities	(542)	(482)
Repurchase of common stock	(104,488)	(148,346)
Proceeds from exercise of stock options	3,265	7,238
Cash flows used in financing activities	(226,765)	(216,590)
Decrease in cash, cash equivalents, and restricted cash	(24,395)	(33,534)
Cash, cash equivalents, and restricted cash at beginning of the period	203,870	295,192
Cash, cash equivalents, and restricted cash at the end of the period	\$ 179,475	\$ 261,658
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 4,193	7,517
Cash paid for income taxes	43,590	43,191
Supplemental disclosure of non-cash activities		
Property and equipment in accounts payable and accrued liabilities	\$ 25,989	26,818
Issuance of shares for acquisition	—	18,139
Excise tax accrued on repurchase of common stock	2,470	1,294
Leased assets obtained in exchange for new operating lease liabilities, net of lease terminations	144,796	207,835
Leased assets obtained in exchange for new finance lease liabilities	—	809

The accompanying notes are an integral part of these consolidated financial statements.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

Sprouts Farmers Market, Inc., a Delaware corporation, through its subsidiaries, offers a unique specialty grocery experience featuring **414** stores in 23 states. For convenience, the "Company" is used to refer collectively to the Company and its subsidiaries.

The accompanying unaudited consolidated financial statements include the accounts of the Company in accordance with accounting principles generally accepted in the United States of America.

The year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles.

The Company reports its results of operations on a 52- or 53-week fiscal calendar ending on the Sunday closest to December 31. The Company's fiscal year ended on June 30, 2024.

All dollar amounts are in thousands, unless otherwise noted.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

2. Summary of Significant Accounting Policies

Revenue Recognition

The Company's performance obligations are satisfied upon the transfer of goods to the customer, which occurs at the point of sale.

Thirteen weeks ended		
March 31, 2024	April 2, 2023	
Beginning Balance	\$ 10,566	\$ 10,906
Gift cards issued during the period but not redeemed	1,166	1,222

Twenty-six weeks ended		
	June 30, 2024	July 2, 2023
Beginning Balance	\$ 10,566	\$ 10,906
Gift cards issued during the period but not redeemed ⁽¹⁾	1,590	1,621
Revenue recognized from beginning liability	(3,330)	(3,562)
Ending Balance	\$ 8,826	\$ 8,965

(1)

Revenue recognized from beginning liability	((
	2,532	2,582
))
Ending Balance	\$ 9,200	\$ 9,546

(1)

net of estimated breakage

The nature of goods the Company transfers to customers at the point of sale are inventories, consisting of merchandise purchased

The Company does not have any material contract assets or receivables from contracts with customers, any revenue recognized in t

Restricted Cash

Restricted cash relates to the Company's defined benefit plan forfeitures and the Company's healthcare, general liability and workers' compensation insurance. The Company had \$2.2 million and \$2.1 million as of March 31, 2024, June 30, 2024 and December 31, 2023. These balances are included in prepaid expenses and other assets in the accompanying consolidated balance sheets.

Recently Issued Accounting Pronouncements Not Yet Adopted

Segment Reporting - Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU no. 2023-07, "Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures." The potential impact of this update on the Company's segment disclosures is not yet determined.

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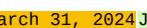
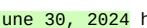
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condition.

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Income Taxes Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU no. 2023-09, "Income  Taxes (Topic 740) Improvements to Income Tax Disclosures." The condition.

No other new accounting pronouncements issued or effective during the thirteen weeks ended   had, or a

3. Fair Value Measurements

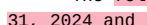
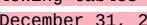
The Company records its financial assets and liabilities in accordance with the framework for measuring fair value in accordance

Level 1: Quoted prices for identical instruments in active markets.

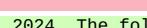
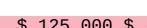
Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets

Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are u

Fair value measurements of nonfinancial assets and nonfinancial liabilities are primarily used in the impairment analysis of goo

The following tables present the fair value hierarchy for the Company's  Company did not have any financial liabilities measured a   31, 2024 and December 31, 2023:

March 31, 2024	Level 1	Level 2	Level 3	Total
Long-term debt	\$ -	\$ 125,000	\$ -	\$ 125,000

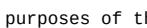
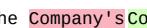
Total   June 30, 2024. The following table presents the fair value hierarchy for the Company's financial liabilities   \$ - \$ 125,000 \$ -

Long-term debt	\$ -	\$ 125,000	\$ -	\$ 125,000
----------------	------	------------	------	------------

Total financial liabilities	\$ -	\$ 125,000	\$ -	\$ 125,000
-----------------------------	------	------------	------	------------

:

December 31, 2023	Level 1	Level 2	Level 3	Total
Long-term debt	\$ -	\$ 125,000	\$ -	\$ 125,000
Total financial liabilities	\$ -	\$ 125,000	\$ -	\$ 125,000

The determination of fair values of certain tangible and intangible assets for purposes of the  Company's  goodwill or lo

Cash, cash equivalents, restricted cash, accounts receivable, prepaid expenses and other current assets, accounts payable, accrue and  December 31, 2023.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

4. Long-Term Debt and Finance Lease Liabilities

A summary of long-term debt and finance lease liabilities is as follows:

Facility	As of			
	Maturity	Interest Rate	March 31, 2024	December 31, 2023
Senior secured debt	\$ March 25, 2027	Variable	\$ 125,000	\$ 125,000
700.0 million				

Facility	As of		
	Maturity	Interest Rate	June 30, 2024
Senior secured debt			December 31, 2023

\$700.0 million Credit Agreement	March 25, 2027	Variable	\$ -	\$ 125,000
Finance lease liabilities	Various	n/a	8,057	8,685
Long-term debt and finance lease liabilities			\$ 8,057	\$ 133,685

Credit Agreement

Finance lease liabilities	Various	n/a	8,375	8,685
Long-term debt and finance lease liabilities	\$ 133,375	\$ 133,685		

Credit Agreement

The Company's subsidiary, Sprouts Farmers Markets Holdings, LLC ("Intermediate Holdings"), is the borrower in the \$700.0 million. Amounts outstanding under the Credit Agreement may be increased from time to time in accordance with an expansion option.

The Company capitalized debt issuance costs of \$ 3.4 million.

Related to the Credit Agreement, which, combined with the remaining \$ 0.5 million.

Debt issuance costs in respect of that certain amended and restated credit agreement entered into on March 27, 201

The Credit Agreement provides for a \$ 70.0 million.

\$70.0 million letter of credit sub-facility (the "Letter of Credit Sub-Facility") and a \$ 50.0 million.

\$50.0 million swingline facility. Letters of credit issued under the Credit Agreement reduce the capacity of Intermediate Holdings by \$21.3 million.

\$19.6 million have been issued as of March 31, 2024 June 30, 2024 under the Letter of Credit Sub-Facility, primarily to support

Guarantees

Obligations under the Credit Agreement are guaranteed by the Company and substantially all of its existing and future wholly-owned

Interest and Fees

Loans under the Credit Agreement will initially bear interest, at the Company's option, either at the Term SOFR (with a floor of

0.00%) plus a 0.10

0.10% SOFR adjustment and 1.00

1.00% per annum or base rate (with a floor of 0.00

0.00%) plus 0.00

0.00% per annum. The interest rate margins are subject to upward adjustments pursuant to a pricing grid based on the Company's Company's

0.05% based upon the achievement of certain diversity and sustainability-linked metric thresholds, as set forth in the Credit Agreement.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Under the terms of the Credit Agreement, the Company is obligated to pay a commitment fee on the available unused amount of the 0.10% to 0.225

0.225% per annum, pursuant to a pricing grid based on the Company's Company's total net leverage ratio. The commitment fees are subject to 0.01% based upon the achievement of certain diversity and sustainability-linked metric thresholds, as set forth in the Credit Agreement.

As of March 31, 2024 June 30, 2024, loans outstanding under the Credit Agreement bore interest at Term SOFR (as defined in the Credit Agreement) plus a 0.10% SOFR adjustment and 0.95

0.95% per annum. The Company had no loans outstanding under the Credit Agreement as of June 30, 2024.

As of March 31, 2024 June 30, 2024, outstanding letters of credit issued under the Credit Agreement were subject to a participation fee of 0.95% per annum and an issuance fee of 0.125

0.125% per annum.

Payments and Borrowings

The Credit Agreement is scheduled to mature, and the commitments thereunder will terminate on March 25, 2027, subject to extension. The Company may prepay loans and permanently reduce commitments under the Credit Agreement at any time in agreed-upon minimum principal amounts. In connection with the execution of the Credit Agreement, the Company's obligations under the Former Credit Facility were prepaid. During the thirteen and twenty-six weeks ended March 31, 2024 June 30, 2024, the Company made no additional borrowings or and made \$125.0 million as of March 31, 2024 June 30, 2024. During 2023, the Company made no additional borrowings and made principal payments of \$125.0 million, \$125.0 million, resulting in total outstanding debt under the Credit Agreement of \$125.0 million \$125.0 million as of December 31, 2023.

Covenants

The Credit Agreement contains financial, affirmative and negative covenants. The negative covenants include, among other things,

- incur additional indebtedness;
- grant additional liens;
- enter into sale-leaseback transactions;
- make loans or investments;
- merge, consolidate or enter into acquisitions;
- pay dividends or distributions;
- enter into transactions with affiliates;
- enter into new lines of business;
- modify the terms of certain debt or other material agreements; and
- change its fiscal year.

Each of these covenants is subject to customary and other agreed-upon exceptions.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In addition, the Credit Agreement requires that the Company and its subsidiaries maintain a maximum total net leverage ratio not which ratio may be increased from time to time in connection with certain permitted acquisitions pursuant to conditions as set forth \$1.00. Each of these covenants is tested as of the last day of each fiscal quarter.

The Company was in compliance with all applicable covenants under the Credit Agreement as of March 31, 2024 June 30, 2024.

5. Income Taxes

The Company's Company's effective tax rate increased to 25.2% for the thirteen weeks ended June 30, 2024, compared to 24.7% for the twelve weeks ended March 31, 2024.

The Company's effective tax rate decreased to 22.6% for the thirteen twenty-six weeks ended March 31, 2024 June 30, 2024, compared to 23.3% for the thirteen twenty-six weeks ended April 2, 2023 July 2, 2023. The decrease in the effective tax rate was primarily due to a \$4.5 million and \$2.6 million for the thirteen twenty-six weeks ended March 31, 2024 June 30, 2024 and April 2, 2023 July 2, 2023, respectively.

The Company files income tax returns for federal purposes and in many states. The Company's tax filings remain subject

6.

Related Party Transactions

During the thirteen weeks ended March 31, 2024, the Company did

not

have any material related party transactions.

On May 24, 2022, the Company appointed a new member to its board of directors who served as an executive officer of a company that is a supplier of nutrition bars and related products to the Company for resale. The director departed employment from this supplier on February 28, 2023. The cost of sales recognized from this supplier during the thirteen weeks ended April 2, 2023 was immaterial.

7. Commitments and Contingencies

The Company is exposed to claims and litigation matters arising in the ordinary course of business and uses various methods to r

8.

Stockholders'

7. Stockholders' Equity

Share Repurchases

On March 2, 2022 May 22, 2024, the Company's board of directors authorized a new \$600 million share repurchase program for its common stock. This authorization replaced the Company's then-existing share repurchase program that was due to expire on March 3, 2024 December 31, 2024, of which \$99.8 million remained available upon its replacement. No replacement, and under which no further shares may be repurchased under the \$300 million authorization. The following table outlines the common stock share repurchase program authorized by the Company.

Effective date	Expiration date	Amount authorized	Cost of repurchases	Authorization available
March 2, 2022	December 31, 2024	\$ 600,000	\$ 451,619	\$ 148,381

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Effective date	Expiration date	Amount authorized	Cost of repurchases	Authorization available
March 2, 2022	December 31, 2024	\$ 600,000	\$ 480,715	\$ -
May 22, 2024	May 22, 2027	\$ 600,000	\$ 15,393	\$ 584,607

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The shares under the Company's repurchase programs may be purchased on a discretionary basis from time to time through

Share repurchase activity under the Company's repurchase programs for the periods indicated was as follows (total cost

Thirteen weeks ended		
March 31, 2024	April 2, 2023	
Number of common shares acquired	957,780	3,038,411

Average price per common share acquired	\$ 63.04	\$ 32.64
Total cost of common shares acquired	\$ 60,380	\$ 99,171

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Number of common shares acquired	639,538	1,437,932	1,597,318	4,476,343
Average price per common share acquired	\$ 70.07	\$ 35.10	\$ 65.86	\$ 33.43
Total cost of common shares acquired	\$ 44,812	\$ 50,470	\$ 105,192	\$ 149,641

Shares purchased under the Company's repurchase programs were subsequently retired and the excess of the repurchase price over the original cost was recorded as a reduction of stockholders' equity. Subsequent to March 31, 2024, June 30, 2024 and through the date of this filing, the Company repurchased an additional 0.3 million shares, \$7.4 million, excluding excise tax.

8. Net Income Per Share

The computation of basic net income per share is based on the number of weighted average shares outstanding during the period. The computation of diluted net income per share is based on the number of weighted average shares outstanding and the dilutive effect of share-based awards.

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

A reconciliation of the numerators and denominators of the basic and diluted net income per share calculations is as follows (in thousands):

Thirteen weeks ended	
March 31, 2024	April 2, 2023
Basic net income per share:	
Net income	\$ 114,100 \$ 76,160
Weighted average shares outstanding - basic	101,071 103,827
Basic net income per share	\$ 1.13 \$ 0.73
Diluted net income per share:	
Net income	\$ 114,100 \$ 76,160
Weighted average shares outstanding - basic	101,071 103,827
Dilutive effect of share-based awards:	
Assumed exercise of options to purchase shares	404 395
RSUs	549 481
PSAs	- 173
Weighted average shares and equivalent shares outstanding - diluted	102,024 104,876
Diluted net income per share	\$ 1.12 \$ 0.73

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Basic net income per share:				
Net income	\$ 95,289	\$ 67,334	\$ 209,389	\$ 143,494
Weighted average shares outstanding - basic	100,460	102,824	100,765	103,326

Basic net income per share	\$ 0.95	\$ 0.65	\$ 2.08	\$ 1.39
Diluted net income per share:				
Net income	\$ 95,289	\$ 67,334	\$ 209,389	\$ 143,494
Weighted average shares outstanding - basic	100,460	102,824	100,765	103,326
Dilutive effect of share-based awards:				
Assumed exercise of options to purchase shares	447	303	436	353
RSUs	289	387	446	474
PSAs	—	—	—	87
Weighted average shares and equivalent shares outstanding - diluted	101,196	103,514	101,647	104,240
Diluted net income per share	\$ 0.94	\$ 0.65	\$ 2.06	\$ 1.38

For the thirteen weeks ended **March 31, 2024** **June 30, 2024**, the Company had 0.1 million options **0.3** million RSUs and 0.4 million PSAs outstanding which were excluded from the computation of diluted net income per share as those awards **0.4** million RSUS and 0.5 million PSAs outstanding which were excluded from the computation of diluted net income per share as those awards **10.**

For the twenty-six weeks ended **June 30, 2024**, the Company had 0.1 million options and 0.4 million PSAs outstanding which were ex

9. Segments

The Company has one operating segment and, therefore, one reportable segment: healthy grocery stores.

The Company categorizes the varieties of products it sells as perishable and non-perishable. Perishable product categories inclu

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
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In accordance with ASC 606, the following table represents a disaggregation of revenue for the thirteen and twenty-six weeks end

Thirteen weeks ended				
March 31, 2024		April 2, 2023		
Perishables	\$ 1,069,730	56.8 %	\$ 999,575	57.7 %
Non-Perishables	814,078	43.2 %	733,735	42.3 %
Net Sales	\$ 1,883,808	100.0 %	\$ 1,733,310	100.0 %

11.

	Thirteen weeks ended			
	June 30, 2024		July 2, 2023	
	\$ 1,090,974	57.6 %	\$ 971,249	57.4 %
Perishables	802,545	42.4 %	720,998	42.6 %
Non-Perishables	\$ 1,893,519	100.0 %	\$ 1,692,247	100.0 %
Twenty-six weeks ended				
	June 30, 2024		July 2, 2023	
	\$ 2,160,704	57.2 %	\$ 1,970,824	57.5 %
	1,616,623	42.8 %	1,454,733	42.5 %
Net Sales	\$ 3,777,327	100.0 %	\$ 3,425,557	100.0 %

10. Share-Based Compensation

2022 Incentive Plan

In March 2022, the Company's board of directors adopted the Sprouts Farmers Market, Inc. 2022 Omnibus Incentive Compens

Awards Granted under the 2022 Incentive Plan

During the thirteen weeks ended March 31, 2024, the Company granted the following share-based compensatio

Grant Date	RSUs	PSAs	Options
March 19, 2024	272,855	103,584	135,783
Total	272,855	103,584	135,783
Weighted-average grant date fair value	\$ 61.15	\$ 61.15	\$ 23.50
Weighted-average exercise price	\$ -	\$ -	\$ 61.15

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
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Grant Date	RSUs	PSAs	Options
March 19, 2024	272,855	103,584	135,783
June 4, 2024	1,538	—	—
Total	274,393	103,584	135,783
Weighted-average grant date fair value	\$ 61.25	\$ 61.15	\$ 23.50
Weighted-average exercise price	\$ —	\$ —	\$ 61.15

The aggregate number of shares of common stock that may be issued to team members and directors under the 2022 Incentive Plan ma
subject to the following adjustments. If any awards granted under the 2022 Incentive Plan, terminate, expire, or are cancelled, forf

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
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2013 Incentive Plan

Prior to the adoption of the 2022 Incentive Plan, the 2013 Incentive Plan served as the umbrella plan for the Company's

Stock Options

The Company uses the Black-Scholes option pricing model to estimate the fair value of options at grant date. Options vest in acc
Time-based options vest annually over a period of three years

years.

RSUs

The fair value of RSUs is based on the closing price of the Company's common stock on the grant date. RSUs generally ve

PSAs

PSAs granted in 2020 were subject to the Company achieving certain earnings before taxes ("EBT") performance targets for t
% to 200% of the base number of awards granted. The performance conditions with respect to fiscal year 2022 EBT were deemed to have been m

PSAs granted in 2021 were subject to the Company achieving certain earnings before interest and taxes ("EBIT") performance targe
% to 200% of the base number of awards granted. The performance conditions with respect to fiscal year 2023 EBIT were deemed not to have b

PSAs granted in 2022 are subject to the Company achieving certain EBIT performance targets for the 2024 fiscal year. The criteri
% to 200% of the base number of awards granted. If performance conditions are met, the applicable number of performance shares will vest o

PSAs granted in 2023 are subject to the Company achieving certain EBIT performance targets for the 2025 fiscal year. The criteria range from 0% to 200% of the base number of awards granted. If performance conditions are met, the applicable number of performance shares will vest on March 31, 2026.

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SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
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PSAs granted in 2024 are subject to the Company achieving certain EBIT performance targets for the 2026 fiscal year. The criteria range from 0% to 200% of the base number of awards granted. If performance conditions are met, the applicable number of performance shares will vest on March 31, 2028.

SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Share-based Compensation Expense

The Company presents share-based compensation expense in selling, general and administrative expenses on the Company's income statement.

Thirteen weeks ended		
March 31, 2024	April 2, 2023	
Share-based compensation expense	\$ 6,477	\$ 3,852

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Share-based compensation expense	\$ 6,789	\$ 5,609	\$ 13,266	\$ 9,461

The following share-based awards were outstanding under the 2022 and 2013 Incentive Plans as of March 31, 2024, June 30, 2024, and July 2, 2023.

	As of	
	June 30, 2024	July 2, 2023
(in thousands)		
Options		
Vested	527	641
Unvested	319	475
RSUs	633	1,084
PSAs	370	471

As of March 31, 2024	April 2, 2023
(in thousands)	
Options	
Vested	567
Unvested	338
RSUs	669
PSAs	395

As of March 31, 2024, June 30, 2024, total unrecognized compensation expense and remaining weighted average recognition period related to options and RSUs were:

	Unrecognized compensation expense	Remaining weighted average recognition period
Options	\$ 5,458	2.2
RSUs	28,551	2.0

PSAs	13,600	1.9
Total unrecognized compensation expense at March 31, 2024	\$ 47,609	

	Unrecognized compensation expense	Remaining weighted average recognition period
Options	\$ 4,653	1.9
RSUs	23,837	1.8
PSAs	11,997	1.7
Total unrecognized compensation expense at June 30, 2024	\$ 40,487	

During the ~~thirteen~~^{twenty-six} weeks ended ~~March 31, 2024~~ June 30, 2024 and ~~April 2, 2023~~ July 2, 2023, the Company received \$ 2.3 million \$3.3 million and \$ 5.5 million, \$7.2 million, respectively, in cash proceeds from the exercise of options. 12.

11. Goodwill

The Company's Company's goodwill balance was \$ 381.8 million \$381.8 million and \$ 381.7 million \$381.7 million as of ~~March 31, 2024~~ June 30, 2024 and December 31, 2023, respectively. As of ~~March 31, 2024~~ June 30, 2024 and December 31, 2023, the Company had no accumulated goodwill impairment losses. The goodwill was related to the 17

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**SPROUTS FARMERS MARKET, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

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12. Store Closures

In February 2023, the Company's board of directors approved the closing of 11 stores, all of which were closed during 2023. These 30% larger than the Company's current prototype format and were underperforming financially. The closure of these stores resulted in 27.8 million \$27.8 million during the ~~thirteen~~^{twenty-six} weeks ended ~~April 2, 2023~~ July 2, 2023 related to the impairment of leasehold improvements 5.9 million, of which \$ 4.0 million was incurred during the thirteen weeks ended April 2, 2023 \$5.9 million, and was reflected in Depreciation and amortization on 14.

13. Business Combination

On March 20, 2023, the Company completed its acquisition of Ronald Cohn, Inc., a corporation that owned two stores located in California 18.1 million \$18.1 million using the closing price of the Company's common stock on March 20, 2023 and cash consideration of \$ 13.0 million. \$13.0 million.

The Company accounted for this transaction as a business combination in accordance with the acquisition method of accounting, which

The net purchase price was allocated to the net tangible assets of (\$ 4.9) million and a reacquired right intangible asset of \$ 23.1 million \$23.1 million based on their fair values on the acquisition date. The remaining unallocated net purchase price of \$ 12.9 million \$12.9 million was recorded as goodwill. Goodwill represents the future economic benefits to the Company from the acquisition, w

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

You should read the following discussion of our financial condition and results of operations together with the consolidated fin

Business Overview

Sprouts Farmers Market offers a unique specialty grocery experience featuring an open layout with fresh produce at the heart of

Our Growth Strategy

We continue to execute on our long-term growth strategy that we believe is transforming our company and driving profitable growth

- *Win with Target Customers.* We are focusing attention on our target customers, identified through research as 'health enthu'.
- *Update Format and Expand in Select Markets.* We are delivering unique smaller stores with expectations of stronger returns,
- *Create an Advantaged Fresh Supply Chain.* We believe our network of fresh distribution centers can drive efficiencies acros
- *Refine Brand and Marketing Approach.* We believe we are elevating our national brand recognition and positioning by telling
- *Inspire and Engage Our Talent to Create a Best Place to Work.* Subsequent to the initial launch of our long-term growth str

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- *Deliver on Financial Targets and Box Economics.* We are measuring and reporting on the success of this strategy against a r

Results of Operations for Thirteen Weeks Ended March 31, 2024 June 30, 2024 and April 2, 2023
July 2, 2023

The following tables set forth our unaudited results of operations and other operating data for the periods presented. The perio

	Thirteen weeks ended	
	March 31, 2024	April 2, 2023
Unaudited Quarterly Consolidated Statement of Income Data:		
Net sales	\$ 1,883,808	\$ 1,733,310
Cost of sales	1,161,495	1,083,248
Gross profit	722,313	650,062
Selling, general and administrative expenses	539,771	486,195
Depreciation and amortization (exclusive of depreciation included in cost of sales)	32,232	34,068
Store closure and other costs, net	2,044	28,277
Income from operations	148,266	101,522
Interest expense, net	818	2,220
Income before income taxes	147,448	99,302
Income tax provision	33,348	23,142
Net income	\$ 114,100	\$ 76,160
Weighted average shares outstanding - basic	101,071	103,827
Diluted effect of equity-based awards	953	1,049

Weighted average shares and equivalent shares outstanding - diluted	102,024	104,876
Diluted net income per share	\$ 1.12	\$ 0.73

Thirteen weeks ended			
March 31, 2024	April 2, 2023		
Other Operating Data:			
Comparable store sales growth	4.0 %	3.1 %	
Stores at beginning of period	407	386	
Closed	-	(1)	
Opened	7	8	
Acquired	-	2	
Stores at end of period	414	395	

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	Thirteen weeks ended	
	June 30, 2024	July 2, 2023
Unaudited Quarterly Consolidated Statement of Income Data:		
Net sales	\$ 1,893,519	\$ 1,692,247
Cost of sales	1,175,154	1,066,275
Gross profit	718,365	625,972
Selling, general and administrative expenses	556,367	497,965
Depreciation and amortization (exclusive of depreciation included in cost of sales)	31,489	33,964
Store closure and other costs, net	3,192	2,427
Income from operations	127,317	91,616
Interest (income) expense, net	(139)	2,140
Income before income taxes	127,456	89,476
Income tax provision	32,167	22,142
Net income	\$ 95,289	\$ 67,334
Weighted average shares outstanding - basic	100,460	102,824
Diluted effect of equity-based awards	736	690
Weighted average shares and equivalent shares outstanding - diluted	101,196	103,514
Diluted net income per share	\$ 0.94	\$ 0.65

	Thirteen weeks ended	
	June 30, 2024	July 2, 2023
Other Operating Data:		
Comparable store sales growth	6.7 %	3.2 %
Stores at beginning of period	414	395
Closed	-	(10)
Opened	5	6
Stores at end of period	419	391

Comparison of Thirteen Weeks Ended **March 31, 2024** **June 30, 2024** to Thirteen Weeks Ended **April 2, 2023**
July 2, 2023

Net sales

Thirteen weeks ended			
March 31, 2024	April 2, 2023	Change	% Change
Net sales	\$ 1,883,808	\$ 1,733,310	\$ 150,498
Comparable store sales growth	4.0 %	3.1 %	

	Thirteen weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Net sales	\$ 1,893,519	\$ 1,692,247	\$ 201,272	12 %
Comparable store sales growth	6.7 %	3.2 %		

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Net sales during the thirteen weeks ended **March 31, 2024** **June 30, 2024** totaled \$1.9 billion, an increase of **\$150.5 million** **\$201.3 million** or **6.7%** increase in comparable store sales. Comparable stores contributed approximately 94% of total sales for the thirteen weeks ended **March 31, 2023** **July 2, 2023**.

Cost of sales and gross profit

Thirteen weeks ended			
March 31, 2024	April 2, 2023	Change	% Change
Net sales	\$ 1,883,808	\$ 1,733,310	\$ 150,498
Cost of sales	1,161,495	1,083,248	78,247
Gross profit	722,313	650,062	72,251
Gross margin	38.3 %	37.5 %	0.8 %

	Thirteen weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Net sales	\$ 1,893,519	\$ 1,692,247	\$ 201,272	12 %
Cost of sales	1,175,154	1,066,275	108,879	10 %
Gross profit	718,365	625,972	92,393	15 %
Gross margin	37.9 %	37.0 %	0.9 %	

Gross profit totaled **\$722.3 million** **\$718.4 million** during the thirteen weeks ended **March 31, 2024** **June 30, 2024**, an increase of **\$72.3 million** **\$92.4 million** or **11%** **15%**, compared to the thirteen weeks ended **April 2, 2023** **July 2, 2023** as well as positive leverage on our supply chain from the increase in sales.

Selling, general and administrative expenses

	Thirteen weeks ended		Change	%
	March 31, 2024	April 2, 2023		
Selling, general and administrative expenses	\$ 539,771	\$ 486,195	\$ 53,576	11 %
Percentage of net sales	28.7 %	28.1 %	0.6 %	

	Thirteen weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Selling, general and administrative expenses	\$ 556,367	\$ 497,965	\$ 58,402	12 %
Percentage of net sales	29.4 %	29.4 %	– %	

Selling, general and administrative expenses increased **\$53.6 million** **\$58.4 million** or **11%** **12%**, compared to the thirteen weeks ended **the prior last year**. As a percentage of net sales, selling, general and administrative expenses increased primarily due to higher holiday calendar shift in the New Year's Day holiday and remained relatively flat as a result of sales leverage, which was partially offset

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performance and higher professional fees and other costs incurred related to strategic initiatives.

Depreciation and amortization

Thirteen weeks ended			
March 31, 2024	April 2, 2023	Change	%
		Change	

Depreciation and amortization	\$ 32,232	\$ 34,068	\$ (1,836)	(5) %
Percentage of net sales	1.7	%	2.0	% (0.3) %

	Thirteen weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
	\$ 31,489	\$ 33,964		
Depreciation and amortization	\$ 31,489	\$ 33,964	\$ (2,475)	(7)%
Percentage of net sales	1.7 %	2.0 %	(0.3)%	

Depreciation and amortization expense (exclusive of depreciation included in cost of sales) was **\$32.2 million** **\$31.5 million** for the thirteen weeks ended June 30, 2024 compared to **\$1.9 million** in accelerated depreciation in connection with the decision to close certain underperforming stores during 2023. See Note 13, "Store Closures" for further details.

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Store closure and other costs, net

Thirteen weeks ended				
March 31, 2024	April 2, 2023	Change	% Change	
Store closure and other costs, net	\$ 2,044	\$ 28,277	\$ (26,233)	(93) %
Percentage of net sales	0.1	%	1.6	% (1.5) %

	Thirteen weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
	\$ 3,192	\$ 2,427	\$ 765	32 %
Store closure and other costs, net	\$ 3,192	\$ 2,427	\$ 765	32 %
Percentage of net sales	0.2 %	0.1 %	0.1 %	0.1 %

Store closure and other costs, net for the thirteen weeks ended **March 31, 2024** **June 30, 2024** of **\$2.0 million** **\$3.2 million** and for the thirteen weeks ended **April 2, 2023** of **\$28.3 million** primarily consisted of **\$27.8 million of impairment losses related to write-down of leasehold improvements** compared to the **write-down of leasehold improvements** in the thirteen weeks ended **July 2, 2023** was primarily due to lower average debt outstanding and right-of-use assets in connection with the decision to close certain underperforming stores during 2023. See Note 13, "Store Closures" for further details.

Interest (income) expense, net

	Thirteen weeks ended			
	June 30, 2024	July 2, 2023	Change	% Change
	\$ 1,641	\$ 3,318	\$ (1,677)	(51)%
Long-term debt	\$ 1,641	\$ 3,318	\$ (1,677)	(51)%
Finance leases	190	207	(17)	(8)%
Deferred financing costs	193	193	—	0 %
Interest income and other	(2,163)	(1,578)	(585)	37 %
Total interest (income) expense, net	\$ (139)	\$ 2,140	\$ (2,279)	(106)%

The decrease in interest (income) expense, net for the thirteen weeks ended **April 2, 2023** of **\$28.3 million** primarily consisted of **\$27.8 million of impairment losses related to write-down of leasehold improvements** in the thirteen weeks ended **July 2, 2023** was primarily due to lower average debt outstanding and right-of-use assets in connection with the decision to close certain underperforming stores during 2023. See Note 13, "Store Closures" for further details.

	Thirteen weeks ended			
	March 31, 2024	April 2, 2023	Change	%
	Change			
Long-term debt	\$ 2,202	\$ 3,482	\$ (1,280)	(37) %
Finance leases	196	205	(9)	(4) %
Deferred financing costs	193	193	—	0 %
Interest income and other	(1,773)	(1,660)	(113)	7 %
Total interest expense, net	\$ 818	\$ 2,220	\$ (1,402)	(63) %

Interest expense, net decreased to **\$0.8 million** for the thirteen weeks ended **March 31, 2024**, compared to **\$2.2 million** for the thirteen weeks ended **April 2, 2023**, primarily due to lower average debt outstanding. See Note 4, "Long-Term Debt and Finance Lease Liabilities" of our unaudited consolidated financial statements.

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Income tax provision

Income tax provision differed from the amounts computed by applying the U.S. federal income tax rate to pretax income as a result of the following:

Thirteen weeks ended			
March 31, 2024	April 2, 2023	Change	% Change
Federal statutory rate	21.0 %	21.0 %	
Change in income taxes resulting from:			
State income taxes, net of federal benefit	5.0 %	5.0 %	
Enhanced charitable contributions	(1.0) %	(1.1) %	
Federal credits	(0.4) %	(0.4) %	
Share-based payment awards	(3.0) %	(2.6) %	
Non-deductible Executive Compensation	1.0 %	1.1 %	
Other, net	- %	0.3 %	
Effective tax rate	22.6 %	23.3 %	

	Thirteen weeks ended	
	June 30, 2024	July 2, 2023
Federal statutory rate	21.0 %	21.0 %
Change in income taxes resulting from:		
State income taxes, net of federal benefit	4.9 %	5.0 %
Enhanced charitable contributions	(1.0)%	(1.2)%
Federal credits	(0.4)%	(0.4)%
Share-based payment awards	(0.5)%	(0.5)%
Non-deductible Executive Compensation	1.0 %	1.4 %
Other, net	0.2 %	(0.6)%
Effective tax rate	25.2 %	24.7 %

The effective tax rate decreased increased to 22.6% 25.2% for the thirteen weeks ended March 31, 2024 June 30, 2024 from 23.3% 24.7% for the thirteen weeks ended April 2, 2023 July 2, 2023. The decrease increase in the effective tax rate for executive compensation due to increased pre-tax income.

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Net income

Thirteen weeks ended			
March 31, 2024	April 2, 2023	Change	% Change
Net income	\$ 114,100	\$ 76,160	\$ 37,940
Percentage of net sales	6.1 %	4.4 %	1.7 %

	Thirteen weeks ended		
	June 30, 2024	July 2, 2023	Change
Net income	\$ 95,289	\$ 67,334	\$ 27,955
Percentage of net sales	5.0 %	4.0 %	1.0 %

Net income increased \$37.9 million \$28.0 million primarily due to higher gross profit, and lower store closure and other costs, net, partially offset by higher selling, general and administrative expenses for the reasons disc

Diluted earnings per share

Thirteen weeks ended			
March 31, 2024	April 2, 2023	Change	% Change
Diluted earnings per share	\$ 1.12	\$ 0.73	\$ 0.39
Diluted weighted average shares outstanding	102,024	104,876	(2,852)

	Thirteen weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Diluted earnings per share	\$ 0.94	\$ 0.65	\$ 0.29	45 %
Diluted weighted average shares outstanding	101,196	103,514	(2,318)	

The increase in diluted earnings per share of **\$0.39** **\$0.29** was driven by higher net income and fewer diluted shares outstanding compared to the prior year.

Results of Operations for Twenty-six Weeks Ended June 30, 2024 and July 2, 2023

The following tables set forth our unaudited results of operations and other operating data for the periods presented. The period ended June 30, 2024, includes 26 weeks, while the period ended July 2, 2023, includes 25 weeks.

	Twenty-six weeks ended	
	June 30, 2024	July 2, 2023
Unaudited Quarterly Consolidated Statement of Income Data:		
Net sales	\$ 3,777,327	\$ 3,425,557
Cost of sales	2,336,649	2,149,523
Gross profit	1,440,678	1,276,034
Selling, general and administrative expenses	1,096,138	984,160
Depreciation and amortization (exclusive of depreciation included in cost of sales)	63,721	68,032
Store closure and other costs, net	5,236	30,704
Income from operations	275,583	193,138
Interest (income) expense, net	679	4,360
Income before income taxes	274,904	188,778
Income tax provision	65,515	45,284
Net income	\$ 209,389	\$ 143,494
Weighted average shares outstanding - basic	100,765	103,326
Diluted effect of equity-based awards	882	914
Weighted average shares and equivalent shares outstanding - diluted	101,647	104,240
Diluted net income per share	\$ 2.06	\$ 1.38

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	Twenty-six weeks ended	
	June 30, 2024	July 2, 2023
Other Operating Data:		
Comparable store sales growth	5.4 %	3.2 %
Stores at beginning of period	407	386
Closed	–	(11)
Opened	12	14
Acquired	–	2
Stores at end of period	419	391

Comparison of Twenty-six Weeks Ended June 30, 2024 to Twenty-six Weeks Ended July 2, 2023

Net Sales

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Net sales	\$ 3,777,327	\$ 3,425,557	\$ 351,770	10 %
Comparable store sales growth	5.4 %	3.2 %		

Net sales during the twenty-six weeks ended June 30, 2024 totaled \$3.8 billion, an increase of \$351.8 million, or 10%, over the prior year.

Cost of sales and gross profit

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Net sales	\$ 3,777,327	\$ 3,425,557	\$ 351,770	10 %
Cost of sales	2,336,649	2,149,523	187,126	9 %
Gross profit	1,440,678	1,276,034	164,644	13 %
Gross margin	38.1 %	37.3 %	0.8 %	

Gross profit totaled \$1.4 billion during the twenty-six weeks ended June 30, 2024, an increase of \$164.6 million, or 13%, compared to the twenty-six weeks ended July 2, 2023.

Selling, general and administrative expenses

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Selling, general and administrative expenses	\$ 1,096,138	\$ 984,160	\$ 111,978	11 %
Percentage of net sales	29.0 %	28.7 %	0.3 %	

Selling, general and administrative expenses increased by \$112.0 million, or 11%, compared to the twenty-six weeks ended July 2, 2023.

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Depreciation and amortization

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Depreciation and amortization	\$ 63,721	\$ 68,032	\$ (4,311)	(6)%
Percentage of net sales	1.7 %	2.0 %	(0.3)%	

Depreciation and amortization expense (exclusive of depreciation included in cost of sales) was \$63.7 million for the twenty-six weeks ended June 30, 2024, compared to \$68.0 million for the twenty-six weeks ended July 2, 2023.

Store closure and other costs, net

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Store closure and other costs, net	\$ 5,236	\$ 30,704	\$ (25,468)	(83)%
Percentage of net sales	0.1 %	0.9 %	(0.8)%	

Store closure and other costs, net decreased \$25.5 million to \$5.2 million, compared to \$30.7 million for the twenty-six weeks ended June 30, 2024, compared to \$30.7 million for the twenty-six weeks ended July 2, 2023.

Interest (income) expense, net

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Long-term debt	\$ 3,843	\$ 6,800	\$ (2,957)	(43)%
Finance leases	386	412	(26)	(6)%
Deferred financing costs	386	386	—	0 %
Interest income and other	(3,936)	(3,238)	(698)	22 %
Total interest (income) expense, net	\$ 679	\$ 4,360	\$ (3,681)	(84)%

Interest (income) expense, net decreased to \$0.7 million for the twenty-six weeks ended June 30, 2024, compared to \$4.4 million for the twenty-six weeks ended July 2, 2023.

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Income tax provision

Income tax provision differed from the amounts computed by applying the U.S. federal income tax rate to pretax income as a result

	Twenty-six weeks ended	
	June 30, 2024	July 2, 2023
Federal statutory rate	21.0 %	21.0 %
Change in income taxes resulting from:		
State income taxes, net of federal benefit	4.9 %	5.0 %
Enhanced charitable contributions	(1.0)%	(1.2)%
Federal Credits	(0.4)%	(0.4)%
Share-based payment awards	(1.8)%	(1.6)%
Non-deductible Executive Compensation	1.0 %	1.2 %
Other, net	0.1 %	– %
Effective tax rate	23.8 %	24.0 %

The effective tax rate decreased to 23.8% for the twenty-six weeks ended June 30, 2024 from 24.0% in the same period last year.

Net income

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Net income	\$ 209,389	\$ 143,494	\$ 65,895	46 %
Percentage of net sales	5.5 %	4.2 %	1.3 %	

Net income increased \$65.9 million primarily due to higher gross profit and lower store closure and other costs, partially offset

Diluted earnings per share

	Twenty-six weeks ended		Change	% Change
	June 30, 2024	July 2, 2023		
Diluted earnings per share	\$ 2.06	\$ 1.38	\$ 0.68	49 %
Diluted weighted average shares outstanding	101,647	104,240	(2,593)	

The increase in diluted earnings per share of \$0.68 was driven by higher net income and fewer diluted shares outstanding compared to the same period last year.

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Return on Invested Capital

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, we provide info

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We define ROIC as net operating profit after tax (referred to as "NOPAT"), including the effect of capitalized operating assets. As numerous methods exist for calculating ROIC, our method may differ from methods used by other companies to calculate their ROIC. Our calculation of ROIC for the fiscal periods indicated was as follows:

Rolling Four Quarters Ended		
March 31, 2024	April 2, 2023	
(dollars in thousands)		
Net income	\$ 296,797	\$ 249,018

	Rolling Four Quarters Ended	
	June 30, 2024	July 2, 2023
Net income (1)	\$ 324,751	\$ 254,355

Special items, net of tax ^{(2), (3)}	1,780	32,492
Interest expense, net of tax ⁽³⁾	2,122	5,800
Net operating profit after tax (NOPAT)	\$ 328,653	\$ 292,647
 Total rent expense, net of tax ⁽³⁾	185,268	162,916
Estimated depreciation on operating leases, net of tax ⁽³⁾	(102,355)	(92,339)
Estimated interest on operating leases, net of tax ^{(3), (4)}	82,913	70,577
NOPAT, including effect of operating leases	\$ 411,566	\$ 363,224
 Average working capital	193,808	271,139
Average property and equipment	791,193	712,167
Average other assets	602,910	582,423
Average other liabilities	(98,037)	(98,788)
Average invested capital	\$ 1,489,874	\$ 1,466,941
 Average operating leases ⁽⁵⁾	1,524,427	1,321,289
Average invested capital, including operating leases	\$ 3,014,301	\$ 2,788,230
 ROIC, including operating leases	13.7 %	13.0 %

(1)

Special items, net of tax	7,751	26,521
(2), (3)		
Interest expense, net of tax	3,852	6,168
(3)		
Net operating profit after tax (NOPAT)	\$ 308,400	\$ 281,707
Total rent expense, net of tax	181,856	157,944
(3)		
Estimated depreciation on operating leases, net of tax	(101,175)	(89,396)
(3)		
Estimated interest on operating leases, net of tax	80,681	68,548
(3), (4)		
NOPAT, including effect of operating leases	\$ 389,081	\$ 350,255
Average working capital	217,750	283,293
Average property and equipment	767,059	704,649
Average other assets	602,634	575,722
Average other liabilities	(98,576)	(98,409)
Average invested capital	\$ 1,488,867	\$ 1,465,255
Average operating leases	1,480,590	1,287,831
(5)		
Average invested capital, including operating leases	\$ 2,969,457	\$ 2,753,086
ROIC, including operating leases	13.1 %	12.7 %

(1)

Net income amounts represent total net income for the past four trailing quarters.

(2) Special items related to store closure, supply chain transition and acquisition related charges net of tax.

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- (3) Net of tax amounts are calculated using the normalized effective tax rate for the periods presented.
- (4) 2024 and 2023 estimated interest on operating leases is calculated by multiplying operating leases by the 7.2% and 7.1% d.
- (5) Average operating leases represents the average net present value of outstanding lease obligations over the past four tra

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Liquidity and Capital Resources

The following table sets forth the major sources and uses of cash for each of the periods set forth below, as well as our cash,

Thirteen weeks ended	
March 31, 2024	April 2, 2023
Cash, cash equivalents and restricted cash at end of period	\$ 314,354 \$ 296,846
Cash flows from operating activities	\$ 219,695 \$ 179,820
Cash flows used in investing activities	\$ (51,241) \$ (60,086)
Cash flows used in financing activities	\$ (57,970) \$ (118,080)

	Twenty-six weeks ended	
	June 30, 2024	July 2, 2023
Cash, cash equivalents and restricted cash at end of period	\$ 179,475	\$ 261,658
Cash flows from operating activities	\$ 311,295	\$ 294,781
Cash flows used in investing activities	\$ (108,925)	\$ (111,725)
Cash flows used in financing activities	\$ (226,765)	\$ (216,590)

We have generally financed our operations principally through cash generated from operations and borrowings under our credit facility.

Operating Activities

Cash flows from operating activities increased ~~\$39.9 million~~ \$16.5 million to ~~\$219.7 million~~ \$311.3 million for the ~~thirteen~~ twenty-six weeks ended ~~March 31, 2024~~ June 30, 2024 and ~~June 30, 2023~~ July 2, 2023. The increase was primarily driven by ~~\$30.1 million~~ and higher net income adjusted for non-cash items of ~~\$15.9 million~~.

~~\$50.2 million~~, partially offset by a decrease in cash flows provided by operating activities from changes in working capital of ~~\$16.8 million~~.

Cash flows provided by operating activities from changes in working capital were ~~\$68.0 million~~ \$36.4 million in the ~~thirteen~~ twenty-six weeks ended ~~March 31, 2024~~ June 30, 2024 and ~~June 30, 2023~~ July 2, 2023. The increase in cash flow from changes in working capital was primarily attributable to a ~~\$19.7 million~~ \$33.9 million increase in cash provided by changes in accounts receivable.

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Investing Activities

Cash flows used in investing activities consist primarily of capital expenditures in new stores, including leasehold improvement ~~\$108.9 million~~ and ~~\$60.1 million~~ \$111.7 million, for the ~~thirteen~~ twenty-six weeks ended ~~March 31, 2024~~ June 30, 2024 and ~~March 31, 2023~~ July 2, 2023.

We expect capital expenditures to be in the range of ~~\$225 - \$245 million~~ \$245 million in 2024, including expenditures incurred to

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Financing Activities

Cash flows used in financing activities were ~~\$58.0 million~~ \$226.8 million for the ~~thirteen~~ twenty-six weeks ended ~~March 31, 2024~~ June 30, 2024 and ~~June 30, 2023~~ July 2, 2023.

During the ~~thirteen~~ twenty-six weeks ended ~~April 2, 2023~~ July 2, 2023, cash flows used in financing activities primarily consisted of ~~\$7.2 million~~ in proceeds from the exercise of stock options.

Long-Term Debt and Credit Facilities

The Company had no long-term debt outstanding as of June 30, 2024. Long-term debt outstanding was ~~\$125.0 million~~ as of March 31, 2023, December 31, 2023 was ~~\$125.0 million~~.

See Note 4, "Long-Term" Long-Term Debt and Finance Lease Liabilities" of our unaudited consolidated financial statements.

Share Repurchase Program

Our board of directors from time to time authorizes share repurchase programs for our common stock. The following table outlines

Effective date	Expiration date	Amount authorized	Cost of repurchases	Authorization available
March 2, 2022	December 31, 2024	\$ 600,000	\$ 451,619	\$ 148,381

Effective date	Expiration date	Amount authorized	Cost of repurchases	Authorization available
March 2, 2022	December 31, 2024	\$ 600,000	\$ 480,715	\$ —
May 22, 2024	May 22, 2027	\$ 600,000	\$ 15,393	\$ 584,607

The shares under our current repurchase program may be purchased on a discretionary basis from time to time through the applicab

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Share repurchase activity under our repurchase program for the periods indicated was as follows (total cost in thousands):

Thirteen weeks ended		
March 31, 2024	April 2, 2023	
Number of common shares acquired	957,780	3,038,411
Average price per common share acquired	\$ 63.04	\$ 32.64
Total cost of common shares acquired	\$ 60,380	\$ 99,171

	Thirteen weeks ended		Twenty-six weeks ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Number of common shares acquired	639,538	1,437,932	1,597,318	4,476,343
Average price per common share acquired	\$ 70.07	\$ 35.10	\$ 65.86	\$ 33.43
Total cost of common shares acquired	\$ 44,812	\$ 50,470	\$ 105,192	\$ 149,641

Shares purchased under our repurchase programs were subsequently retired and the excess of the repurchase price over par value w

Subsequent to **March 31, 2024** **June 30, 2024** and through the date of this filing, we repurchased an additional **0.3 million** **0.1 million** \$7.4 million, excluding excise tax.

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Contractual Obligations

Our principal contractual obligations and commitments arising in the normal course of business consist of obligations under our **The future amount and timing of interest payments are expected to vary with the outstanding amounts and then prevailing contractual interest rates.** **Interest payments through the March 25, 2027 maturity date of our Credit Agreement based on the outstanding amounts as of March 31, 2024 and interest rates in effect at the time of this filing, are estimated to be approximately \$20.8 million, with \$8.0 million payable within 12 months.**

Impact of Inflation and Deflation

Inflation and deflation in the prices of food and other products we sell may periodically affect our sales, gross profit and gro

Food inflation and deflation is affected by a variety of factors and our determination of whether to pass on the effects of infl

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which

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There have been no substantial changes to these estimates, or the policies related to them during the thirteen and twenty-six we

Recently Issued Accounting Pronouncements

See Note 2, **"Summary of Significant Accounting Policies"** to our accompanying unaudited consolidated financial s

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Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As described in Note 4, "Long-Term" Long-Term Debt and Finance Lease Liabilities" Liabilities" to our unaudited consolidated financial statements would result in a change in interest expense by \$1.25 million annually. This sensitivity analysis assumes our mix of financial instruments and all other variables will remain constant in future periods. These assumptions are made in order to facilitate the analysis and are not necessarily indicative of our future intentions.

Agreement.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act).

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

During the quarterly period ended **March 31, 2024** **June 30, 2024**, there were no changes in our internal controls over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time we are a party to legal proceedings, including matters involving personnel and employment issues, product liability and other matters.

Item 1A. Risk Factors.

Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider the following factors in evaluating our business.

There have been no material changes to the Risk Factors described under "Part I - Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

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

Issuer Purchases of Equity Securities

The following table provides information about our share repurchase activity during the thirteen weeks ended **March 31, 2024** **June 30, 2024**.

Period	Total number of shares purchased	Average price paid per share ⁽²⁾	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs ⁽³⁾
April 1, 2024 - April 28, 2024	309,660	\$ 63.61	309,660	\$ 128,683,000
April 29, 2024 - May 26, 2024	136,209	\$ 71.93	136,209	\$ 599,600,000
May 27, 2024 - June 30, 2024	193,669	\$ 77.42	193,669	\$ 584,607,000
Total	639,538		639,538	
<hr/>				
(1)	of shares purchased	price paid per share	of shares purchased as part of publicly announced plans or programs	dollar value of shares that may yet be purchased under the plans or programs ⁽³⁾
			(2)	(3)
			part of publicly announced plans or programs	may yet be purchased under the plans or programs
January 1, 2024 - January 28, 2024	-	\$ -	-	\$ 208,381,000

January 29, 2024 - February 25, 2024	-	\$ -	-	\$ 208,381,000
February 26, 2024 - March 31, 2024	957,780	\$ 62.64	957,780	\$ 148,381,000
Total	957,780	957,780		

(1)

Periodic information is presented by reference to our fiscal periods during the **first****second** quarter of fiscal year 202

(2) Average price paid per share includes costs associated with the purchases, but excludes the excise tax on share repurchas

(3) On **March 2, 2022****May 22, 2024**, our board of directors authorized a **new** \$600 million share repurchase program of our common

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Item 5. Other Information.

Rule 10b5-1 Trading Arrangements

On **March 11, 2024**

May 21, 2024, Stacy Hilgendorf, our Vice President - Controller and Principal Accounting Officer, adopted terminated a written plan for the sale of our common stock that is was intended to satisfy the affirmative defense conditions of On March 19, 2024, Jack Sinclair, our Chief Executive Officer and member of our board of directors, adopted a Rule 10b5-1 Trading Plan that provides for the sale of up to 80,000 shares of the Company's common stock beginning June 20, 2024 through December 18, 2024.

During the **first****second** quarter of 2024, except as described above, none of our other directors or executive officers adopted or

Item 6. Exhibits.

Exhibit Number	Description
10.1	2024 Form of Performance Share Agreement under Sprouts Farmers Market, Inc. 2022 Omnibus Incentive Compensation Plan
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

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Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023, is filed as Exhibit 101.
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)

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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, thereunto duly authorized.

SPROUTS FARMERS MARKET, INC.

Date: May 1, 2024 By: /s/ Curtis Valentine
 Name: Curtis Valentine
 Title: Chief Financial Officer
 (Principal Financial Officer)

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Exhibit 10.1

SPROUTS FARMERS MARKET, INC.
 PERFORMANCE SHARE AWARD AGREEMENT

Cover Sheet

Sprouts Farmers Market, Inc., a company organized under the laws of the State of Delaware ("Company"), hereby grants an award of performance shares ("Performance Shares") to the individual named below. The terms and conditions of the Performance Shares are set forth in this cover sheet ("Cover Sheet"), in the attached Performance Share Award Agreement (the "Agreement") and in the Sprouts Farmers Market, Inc. 2022 Omnibus Incentive Compensation Plan (as may be amended from time to time, the "Plan"). All capitalized terms used but not defined in this Cover Sheet and the Agreement will have the meanings ascribed to such terms in the Plan.

Granted to:

Grant Date:

Number of Performance Shares:

Issuance of Shares:

Time Vesting Schedule/ Vesting Date:

By signing this Cover Sheet, you agree to all of the terms and conditions described in this Cover Sheet, in the Agreement and in the Plan. The Company has the right to rescind this award, if you do not sign and return this Cover Sheet and the attached Irrevocable Standing Order to Sell Shares within 60 days of the Grant Date.

Signature: _____

Date: _____

SPROUTS FARMERS MARKET, INC.

By:

Name:

Title:

SPROUTS FARMERS MARKET, INC.
2022 OMNIBUS INCENTIVE COMPENSATION PLAN
PERFORMANCE SHARE AWARD AGREEMENT

Right to Shares	The award of Performance Shares represents your right to receive, and the Company's obligation to issue, one Share for each Performance Share earned, based on the Company's achievement of the performance metric(s) set forth in the Cover Sheet. The Shares issued will be subject to the vesting conditions described below. Issuance of Shares equal to the Performance Shares earned will occur as soon as practicable following the date the Committee certifies the Company's achievement of the performance metric(s) set forth in the Cover Sheet, based on the Company's 2026 fiscal year audited financial statements (the "Certification Date").
Vesting	The Performance Shares issued to you will vest in accordance with the schedule set forth in the Cover Sheet.
	All Performance Shares will cease vesting as of the date your employment with the Company and its subsidiaries (the "Employer") has terminated for any reason, except as set forth herein.
Termination; Specified Conduct	Should your employment with the Employer terminate for any reason (except in connection with a Change in Control or due to death or Disability, in each case, as provided for below) or if you engage in Specified Conduct (as defined in Exhibit A) prior to the Certification Date, you shall forfeit all rights to receive any Performance Shares. Should your employment with the Employer terminate for any reason (except in connection with a Change in Control or due to death or Disability, in each case, as provided for below) after the Certification Date or if you engage in Specified Conduct after the Certification Date, you shall forfeit all Performance Shares that are not then vested, and such Performance Shares shall be returned to the Company automatically and for no consideration.

Change in Control	<p>In the event of a Change in Control, the Committee may take such actions with respect to the Performance Shares as it deems appropriate pursuant to the Plan. Absent other action by the Committee:</p> <p>(A) if there occurs a Change in Control, and this award is not continued or assumed by, or replaced with an award that has comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation) in accordance with the Plan, then (i) if the Change in Control occurs prior to the Certification Date, you will become vested, immediately prior to the Change in Control, in the greater of (x) the Target Number of Performance Shares, or (y) the number of Performance Shares which would have been earned based on the Company's actual achievement of the performance metric(s) set forth in the Cover Sheet, and (ii) if the Change in Control occurs after the Certification Date, all Performance Shares that have not yet vested shall vest immediately prior to the Change in Control; and</p> <p>(B) if there occurs a Change in Control, and this award continues or is assumed by, or replaced with an award that has comparable terms by, the surviving corporation (or a parent or subsidiary of the surviving corporation) in accordance with the Plan and your employment is terminated by the Employer without Cause or by you for Good Reason, in each case within 24 months following the Change in Control, then (i) upon such termination, you will become vested in the greater of (x) the Target Number of Performance Shares, or (y) the number of Performance Shares which would have been earned based on the Company's actual achievement of the performance metric(s) set forth in the Cover Sheet through the date of such termination, and (ii) if such termination occurs after the Certification Date, all Performance Shares that have not yet vested shall vest immediately upon such termination.</p> <p>For purposes of the foregoing, this award shall not be treated as continued, assumed or replaced on comparable terms unless it is continued, assumed or replaced with substantially equivalent terms, including, without limitation, continuation, replacement or assumption of the same Company performance metrics set forth in the Cover Sheet, subject to adjustment in accordance with the Plan.</p>
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Termination due to Death or Disability	Should your employment with the Employer terminate due to death or Disability, then any unvested Performance Shares will be treated as follows:
	<p style="text-align: right;">(A)</p> <p>if such termination occurs prior to the Certification Date, upon such termination you will become vested in a pro-rated number of Performance Shares that is equal to:</p> <p>(i) the greater of (x) the Target Number of Performance Shares, or (y) the number of Performance Shares which would have been earned based on the Company's actual achievement of the performance metric(s) set forth in the Cover Sheet through the date of such termination, multiplied by,</p> <p>(ii) a fraction, the numerator of which is the number of days that elapsed between the Grant Date and the termination date, and the denominator of which is the number of days in the performance period; or</p>
	<p style="text-align: right;">(B)</p> <p>if such termination occurs on or after the Certification Date, all Performance Shares that have been deemed earned on the Certification Date but have not yet vested shall vest upon such termination.</p>

Taxes	Unless you make an election under Section 83(b) of the Code within 30 days of the Certification Date, the value of the Performance Shares as and when they vest will be treated as wages subject to payroll withholding. The Company will satisfy the withholding obligation through a "sell to cover" whereby you irrevocably direct a securities broker approved by the Company to sell a portion of your Performance Shares that are then scheduled to vest and to deliver the sale proceeds to the Company in payment of the applicable withholding taxes. You agree to provide these directions by signing and returning the Irrevocable Standing Order to Sell Shares attached hereto, along with a signed copy of the Cover Sheet, within 60 days of the Grant Date.
	The number of Shares that the broker will sell will be based on an estimate made by the broker of the Shares required to be sold to satisfy the withholding taxes. You agree that the proceeds received from the sale of Shares will be used to satisfy the withholding taxes and, accordingly, you authorize the broker to pay such proceeds to the Company for such purpose. To the extent that the proceeds obtained by such sale exceed the amount necessary to satisfy the withholding taxes, such excess proceeds shall be deposited into your brokerage account and in the event of a shortfall, additional Shares may be sold and/or cash withholding may be required from you. Any remaining Shares shall be deposited into your brokerage account.
	If there is not a market in the Shares or the Company determines in its sole discretion that the sell to cover procedure is not advisable or sufficient, the Company will have the right to make other arrangements to satisfy the withholding taxes due upon the vesting of the Shares with respect to the Performance Shares, including, but not limited to, the right to deduct amounts from salary or payments of any kind otherwise due to you or withhold in Shares (by transferring Shares back to the Company), provided that the Company only withholds the amount of Shares necessary to satisfy the statutory minimum withholding amount or such other amount as permitted by the Committee. If

such other arrangements are made, your Irrevocable Standing Order to Sell Shares will be voided.

You represent to the Company that, as of the date you sign the Irrevocable Standing Order to Sell Shares, you are not aware of any material nonpublic information about the Company or the Shares. You and the Company have structured this Agreement to constitute a "binding contract" relating to the sale of Shares, consistent with the affirmative defense to liability under Section 10(b) of the Exchange Act under Rule 10b5-1(c) issued under such Act.

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Restrictions on Resale

By signing this Agreement, you agree not to sell any Performance Shares at a time when applicable laws, regulations or Company policies prohibit a sale.

In addition, until the Performance Shares have vested pursuant to the schedule set forth in the Cover Sheet, they may not be sold, transferred, assigned, pledged, margined, or otherwise encumbered or disposed of (except for transfers and forfeitures to the Company).

The Company's obligation to issue Performance Shares upon the Certification Date shall be subject to applicable laws, rules and regulations and also to such approvals by governmental agencies as may be deemed appropriate to comply with relevant securities laws and regulations.

You shall deliver to the Chief Legal Officer of the Company, at the time of execution of this Agreement and/or at such other time or times as the Chief Legal Officer may request, one or more executed stock powers, authorizing the transfer of the Performance Shares to the Company upon forfeiture, and you shall take such other steps or perform such other actions as may be requested by the Chief Legal Officer to effect the transfer of any forfeited Performance Shares.

Transfer of right to receive Performance Shares

Prior to the Vesting Date as set forth on the Cover Sheet, you cannot transfer or assign your right to receive Performance Shares. For instance, you may not sell your right to Performance Shares or use such right as security for a loan. If you attempt to do any of these things, your award will immediately become invalid.

Regardless of any marital property settlement agreement, the Company or a securities broker, as applicable, is not obligated to recognize your former spouse's interest in your right to Performance Shares in any way.

Stockholder Rights; Dividend Equivalent Rights	You, or your estate or heirs, have no rights as a stockholder of the Company in respect of Performance Shares until the Certification Date. No adjustments are made for dividends or other rights if the applicable record date occurs before Shares are issued, except as described in the Plan.
	On and following the Certification Date, you shall have the rights as a stockholder, subject to the restrictions set forth in this Agreement (including, without limitation, transfer restrictions and forfeiture during the vesting period); provided that, any dividends declared with respect to the Performance Shares issued to you shall be paid only if and to the extent that such Performance Shares vest.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware.
Company Policies	This Agreement, the Performance Shares and any other Shares or cash you receive pursuant to this Agreement shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the Board from time to time.

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409A	This Agreement and the Performance Shares are intended to comply with, or be exempt from, the requirements of Section 409A of the Code, and shall in all respects be administered in accordance with Section 409A of the Code. However, neither the Company nor any Affiliate of the Company shall have any responsibility or liability if the Performance Shares are not compliant with, or exempt from, Section 409A of the Code. If the Performance Shares are subject to Section 409A of the Code, payments to be made upon a termination of employment shall only be made upon a "separation from service" under Section 409A of the Code; and each payment hereunder shall be treated as a separate payment for purposes of Section 409A of the Code. If you are a Key Employee (and any distribution with respect to the Performance Shares is to be distributed on a separation from service, such distribution shall be subject to delay for six months if required by Section 19(f)(iii) of the Plan.
The Plan and Other Agreements	The text of the Plan and any amendments thereto are incorporated in this Agreement by reference.
	This Agreement, the Cover Sheet

and the Plan constitute the entire understanding between you and the Company regarding the Performance Shares. Any prior agreements, commitments or negotiations concerning the Performance Shares are superseded.

By signing the Cover Sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan and evidence your acceptance of the powers of the Committee of the Board of Directors of the Company that administers the Plan.

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Exhibit A

Certain Definitions

"Specified Conduct" means, if you are party to an employment agreement that contains post-termination restrictive covenants, a breach of any such covenant, or if you are not party to an employment agreement that contains post-termination restrictive covenants, your (i) unauthorized disclosure of confidential information relating to the Company or its Affiliates, (ii) engaging, directly or indirectly, as an employee, partner, consultant, director, stockholder (other than as a passive investor in not more than 5% of the shares of any publicly traded class of securities of any business), owner, or agent in any business that is competitive with the businesses conducted by the Company and its Affiliates at the time of termination of your employment, (iii) soliciting or inducing, directly or indirectly, any former, present or prospective customer or client of the Company or its Affiliates to purchase any services or products offered by the Company or its Affiliates from any Person other than the Company or its Affiliates, or (iv) hiring, directly or indirectly, any individual who was an employee of the Company or its Affiliates within the six month period prior to termination of your employment, or soliciting or inducing, directly or indirectly, any such individual to terminate his or her employment with the Company or its Affiliates.

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IRREVOCABLE STANDING ORDER TO SELL SHARES

I have been granted an award in respect of Performance Shares ("Performance Shares") by Sprouts Farmers Market, Inc. (the "Company"), which is evidenced by a performance share award agreement between me and the Company (the "Agreement," copy attached). Provided that I remain employed by the Company on the applicable vesting date, the shares vest according to the provisions of the Agreement.

I understand that on the Certification Date (as defined in the Agreement), the Performance Shares will be deposited into my account at E*TRADE or such other broker the Company may engage at such time (the "Broker") and that on the applicable vesting date following the Certification Date (or my earlier termination of employment under certain circumstances set forth in the Agreement), I will recognize taxable ordinary income as a result. Pursuant to the terms of the Agreement and as a condition of my receipt of the Shares, I understand and agree that, on the vesting date or earlier termination of employment, as applicable, I must sell a number of shares sufficient to satisfy all withholding taxes applicable to that ordinary income. Therefore,

I hereby direct the Broker to sell, at the market price and on the vesting date or termination of employment, as applicable, (or the first business day

thereafter if the applicable date date should fall on a day when the market is closed), the number of Shares that the Company informs the Broker is sufficient to satisfy the applicable withholding taxes, which shall be calculated based on the closing price of the Company's ordinary shares on the last trading day before the vesting date or termination date, as applicable. I understand that the Broker will remit the proceeds to the Company for payment of the withholding taxes.

I understand and agree that by signing below, I am making an Irrevocable Standing Order to Sell Shares which will remain in effect until the vesting date. I also agree that this Irrevocable Standing Order to Sell Shares is in addition to and subject to the terms and conditions of any existing Account Agreement that I have with the Broker.

Signature

Print Name

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SPROUTS FARMERS MARKET, INC.

Date: July 29, 2024

By: /s/ Curtis Valentine
Name: Curtis Valentine
Title: Chief Financial Officer
(Principal Financial Officer)

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Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Jack L. Sinclair, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sprouts Farmers Market, 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 of the registrant as of the end of the period covered by this report and the results of its operations for that period;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e)) and internal control over financial reporting (as defined in Rule 13a-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 through formal policies and procedures established under the supervision of our principal executive officer and principal financial officer;
 - 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 such controls and procedures, based on our evaluation as of the end of the period covered by this report;
 - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's audited financial statements:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which could reasonably be expected to adversely affect the registrant's ability to file timely reports under the Securities Exchange Act;
 - 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 1, 2024 /s/ Jack L. Sinclair
Jack L. Sinclair
Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2024

/s/ Jack L. Sinclair
Jack L. Sinclair
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Curtis Valentine, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sprouts Farmers Market, 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 fairly present in all material respects the financial condition of the registrant as of the end of 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 operating results and cash flows of the registrant for the period covered by this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(e)) 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 is made known to us by others within the registrant's organization, 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 such controls and procedures, based on our most recent evaluation;
 - 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's audited financial statements:

 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which could be reasonably expected to adversely affect the registrant's ability to file timely reports under the Exchange Act;
 - 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 1, 2024 /s/
Curtis Valentine
Curtis Valentine
Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2024

/s/ Curtis Valentine
Curtis Valentine
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of Sprouts Farmers Market, Inc. (the "Company" "Company"), on Form 10-Q for the quarter ended June 30, 2024, I, the undersigned, certify that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78l(a) or 78o(d));
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2024 /s/ Jack L. Sinclair
Jack L. Sinclair
Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2024 /s/ Jack L. Sinclair

Jack L. Sinclair
Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not a part of the Company's Form 10-Q.

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

In connection with the Quarterly Report of Sprouts Farmers Market, Inc. (the "Company" "Company"), on Form 10-Q for the quarter ended June 30, 2024, I, the undersigned, certify that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78l(a) or 78o(d));
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2024 /s/ Curtis Valentine
Curtis Valentine
Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2024 /s/ Curtis Valentine

Curtis Valentine
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not a part of the Company's Form 10-Q.

{graphic omitted}
{graphic omitted}
{graphic omitted}

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