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Vital Farms (VITL)



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<https://www.betterinvesting.org/chapters/rocky-mountain>

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Vital Farms is a differentiated brand that commands strong loyalty




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We have developed an alternative to factory farming practices

Year-Round Production



Not Too Hot, Not Too Cold

Our Framework

LIVING CONDITIONS	OPEN AIR, 108 SQUARE FEET PER HEN
FEED	OMNIVOROUS, INCLUDING GRAIN, PLANTS, INSECTS
LAND MANAGEMENT	SUSTAINABLE PRACTICES
NETWORK	DIRECT RELATIONSHIPS WITH FAMILY FARMS

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Agenda

- Is this a Quality Stock?
- Competition
- How is VITL funding Growth?
- About Vital Farms
- SWOT Examination
- Analyst and AI Interpretations
- SSG Analysis and Benchmarking

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Company: Vital Farms (VITL)

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Quick Navigation




Acid Test for Quality




Bird Flu during pandemic



1. Up, Straight and Parallel?



2. Small-sized company: do Sales and EPS – meet benchmark 12%+ or better?



3. Evaluate Management

PROJECTION STARTING POINT

☐ Annual

☒ Quarter

☐ Trend

RECENT QUARTERLY FIGURES

FY2025 Quarter Ending (09/25)

Latest Quarter	199	0.36
Year Ago Quarter	145	0.16
Percentage Change	37.2%	125.0%

ANALYST CONSENSUS ESTIMATES

Sales 2 Year Estimate: ---

EPS Long Term Estimate: ---

LEGEND

Sales

Pre-Tax Profit

Prices Hi/Lo

EPS

Book Value/Share

Free Cash Flow/Share

Dividend

Total Debt

Net Income

Shares Outstanding

Sales Detailed Estimates

EPS Detailed Estimates

Evaluate Management

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	---	---	-2.9%	6.0%	3.1%	5.4%	0.1%	0.8%	6.8%	11.1%	4.8%	UP
% Return on Equity	---	---	---	---	---	7.5%	1.6%	0.8%	13.5%	20.5%	8.8%	UP
% Debt To Capital	---	---	---	51.7%	16.6%	0.6%	0.2%	6.3%	10.5%	6.5%	4.8%	UP

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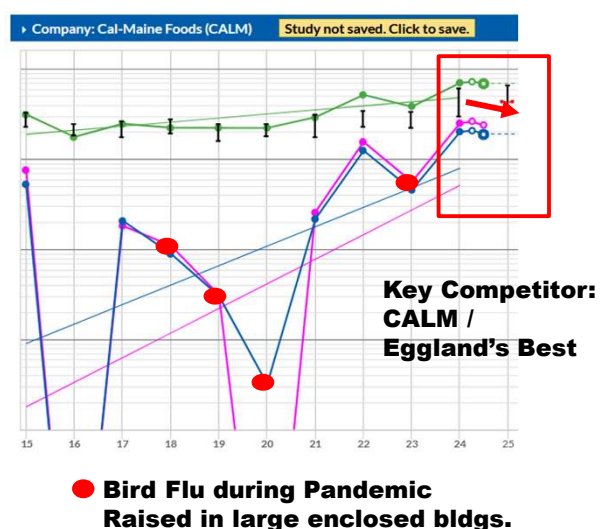
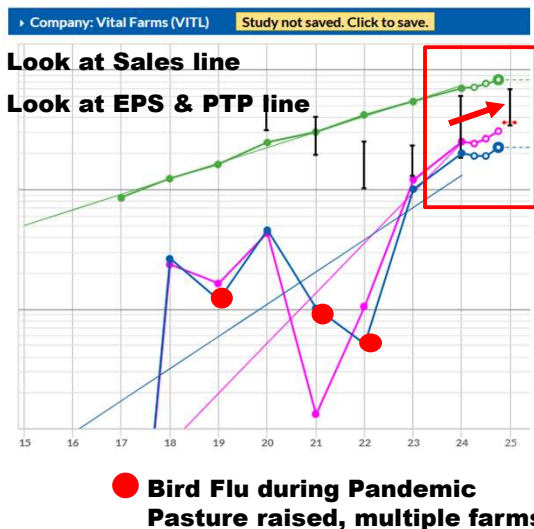
Why is VITL a High Growth Company?

- Strong Historical Growth in Sales and Earnings
- Expanding Margins and Strong Profitability
- Durable Competitive Advantages
- Let's look at competition

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VITL compared to CALM



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Smaller Companies – Cash Flow or Debt?

- **Small companies may use cash flow instead of debt to grow company**
- **Using cash maintains ownership and control**
 - Forces discipline, can only grow as fast as generates cash
 - Financial independence
 - Business remains flexible not needing lender approval
 - Building a solid foundation
 - Downside is speed

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Smaller Companies – Cash Flow or Debt?

- The key question isn't really "cash flow or debt" in absolute terms—it's about the specific circumstances:
- How predictable is revenue?
- Many successful small companies end up using a hybrid approach
- What matters most is that the decision aligns with both the business's economic reality and values about ownership and risk

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Where Will Future Growth Come From?

- Major Expansion Targets to grow Revenue
- Capacity Expansion & Supply Chain Scaling
- Expanding Farm Networks
- Growing Distribution & Brand Penetration
- Product Line Expansion
- Digital Transformation & Operational Efficiency

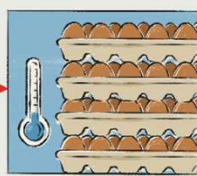
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We have established a differentiated supply chain —from pasture to plate



575 Family Farms



Cold Storage

Egg Central Station &
Vital Crossroads (2027)

Distributors

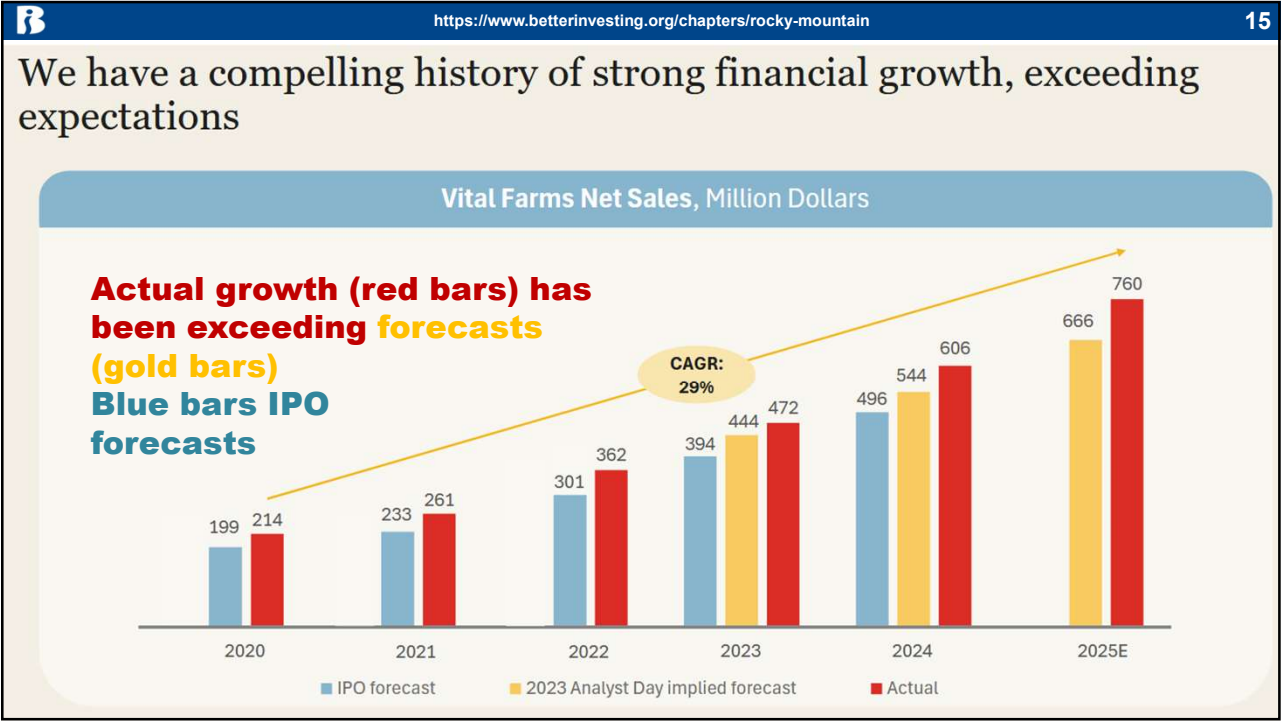


23,500 Retail Stores



Consumers

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Farmers are excited about growing with Vital Farms

95%

Average annual farmer retention since IPO

32

Existing farmers opting to build additional barns in last two years

50%

New 2025 farmers who were referred by current farmers

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No constraints on future farm supply:

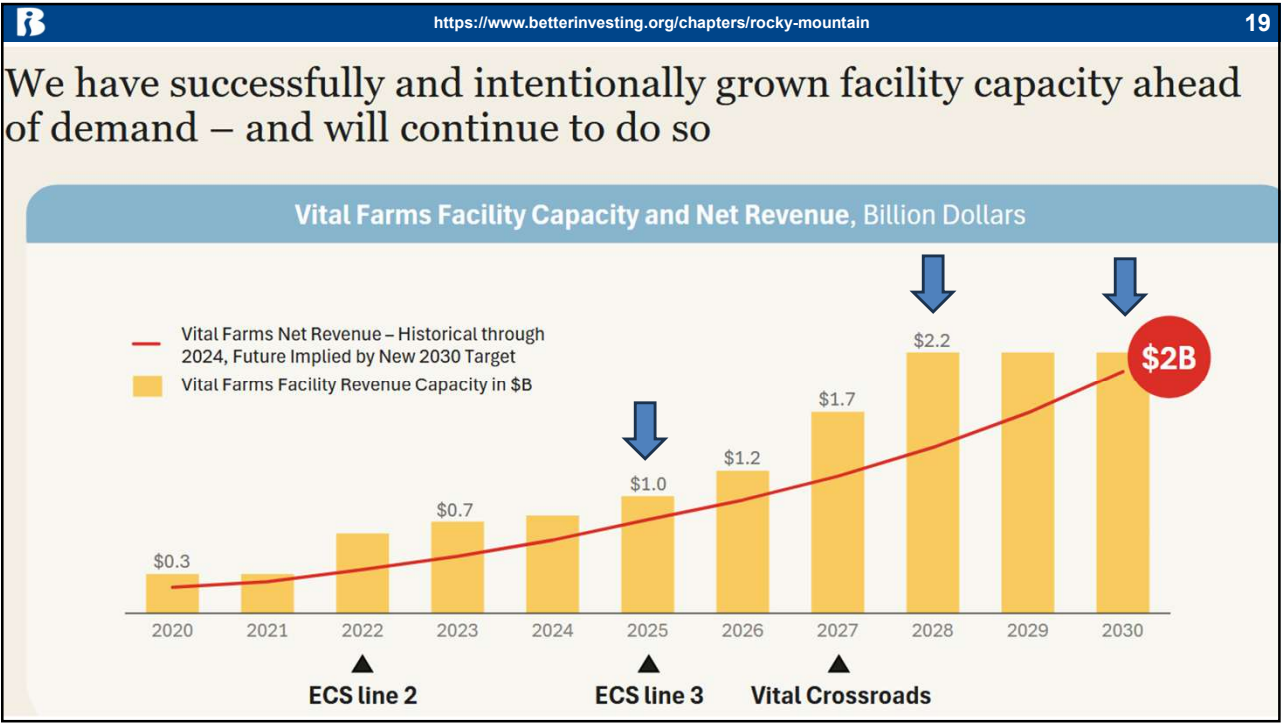
Plenty of farmland to grow

VITL has 3% of egg market

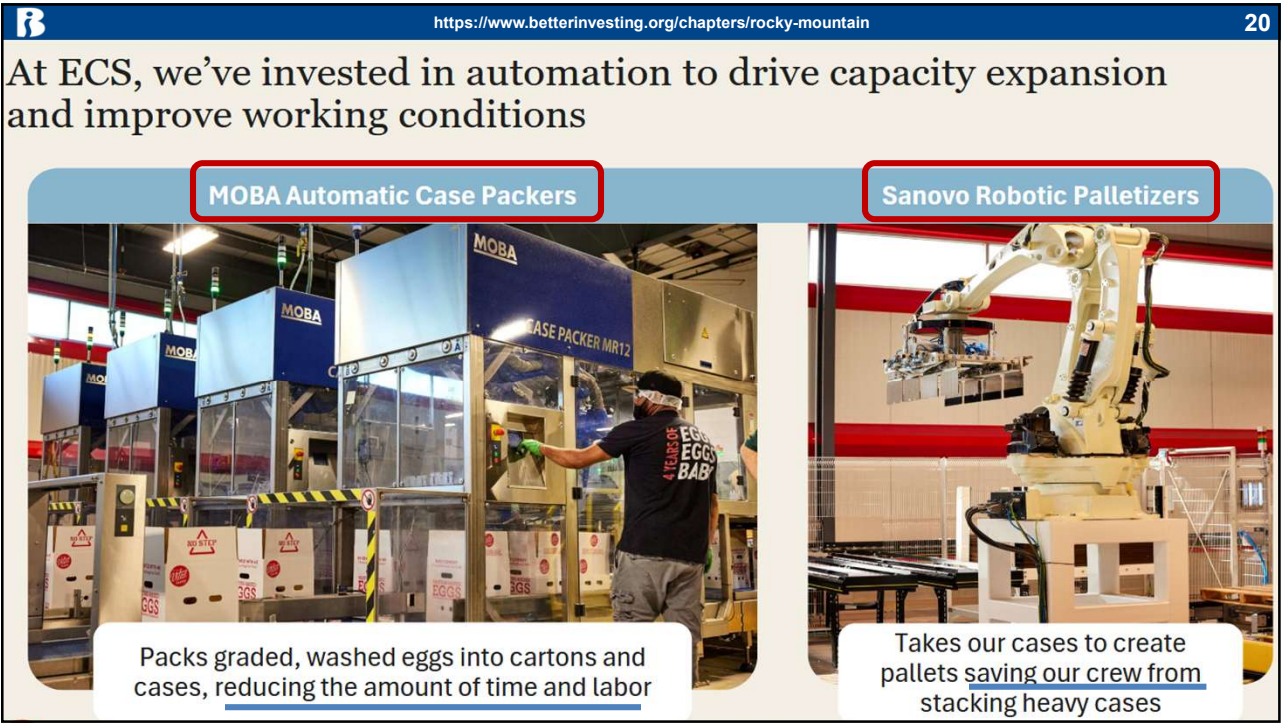
>200M	>125M	<.02%	<1%
Total Acres in Pasture Belt	Acres of Farmland in the Pasture Belt	Occupied by Vital Farms today	Needed if all U.S. eggs were Pasture-Raised*

*Even if all U.S. eggs were pasture-raised, less than 1% of farmland would be used

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We have invested in crew to improve capacity






- 50%** **Employee Safety**
50% better safety record YTD compared to the industry average
- +61pts** **Attracting and Retaining Talent**
Hourly ECS crew retention has improved by 61 points
- +28%** **Developing Talent**
Crew passing progression testing is up 28%

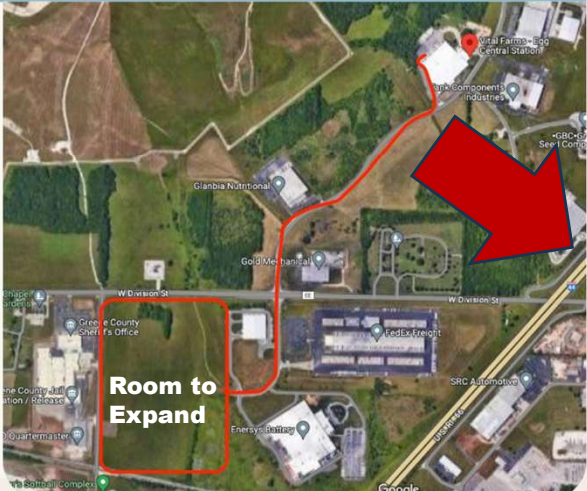
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The new cold storage and fulfillment center is closer to ECS and improves operational efficiency

Less than 1 mile from ECS

-  171,000 ft² expandable up to 400,000 ft² **~ 40% of capacity**
-  Nest Run Pallet Capacity: 4 WOH
Finished Good Pallet Capacity: 1 WOH
Clean Nest Run Materials
-  Support for all Customer Finished Goods Shipments
Major reduction in local travel for Nest Run eggs ~98k miles

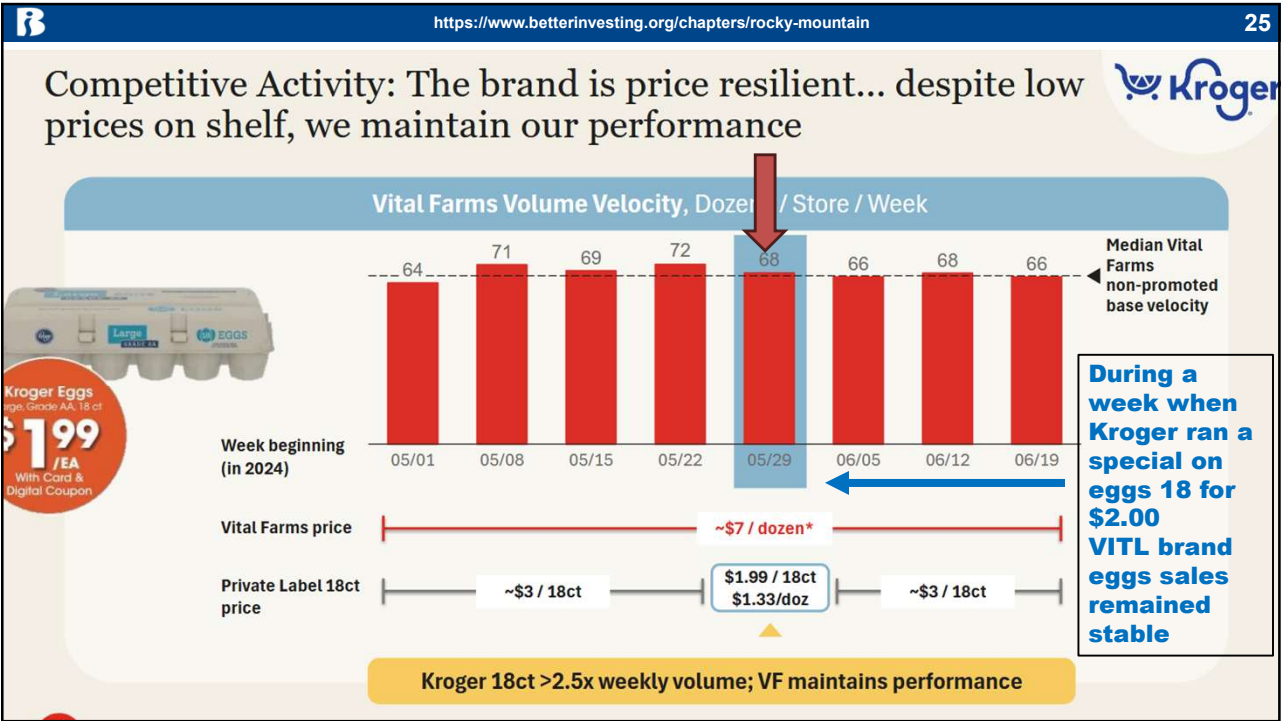


Room to Expand

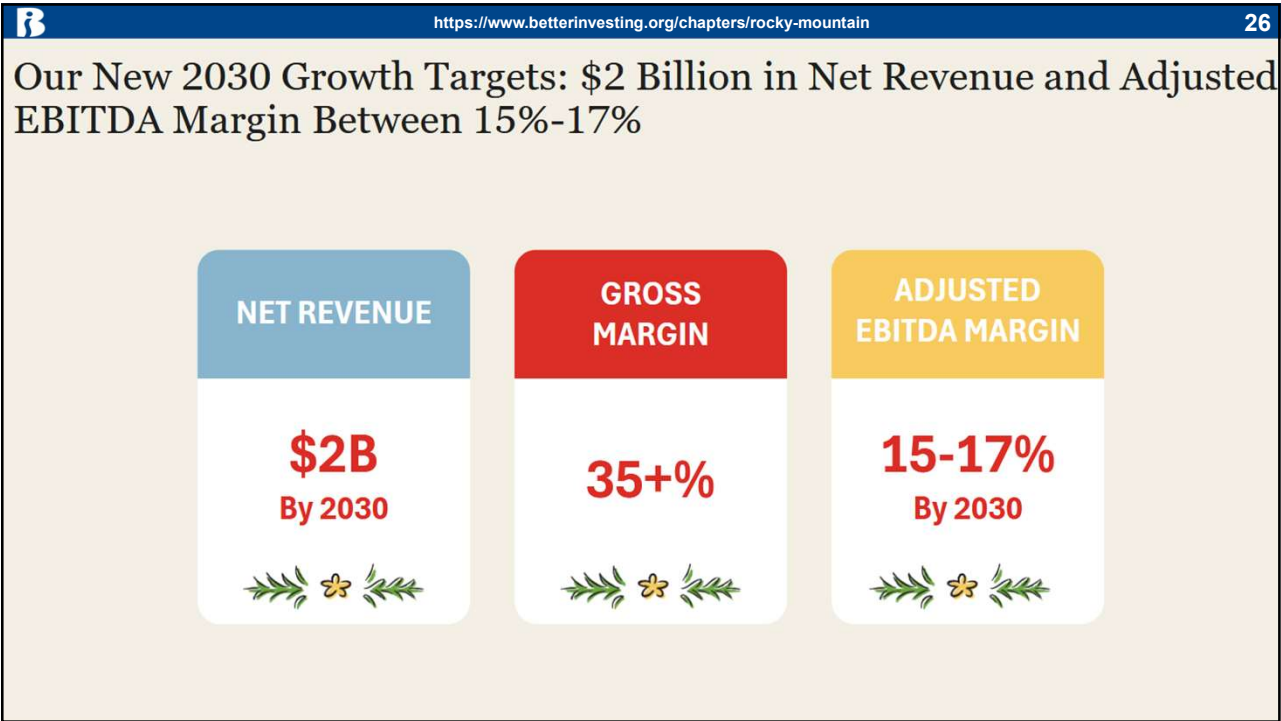
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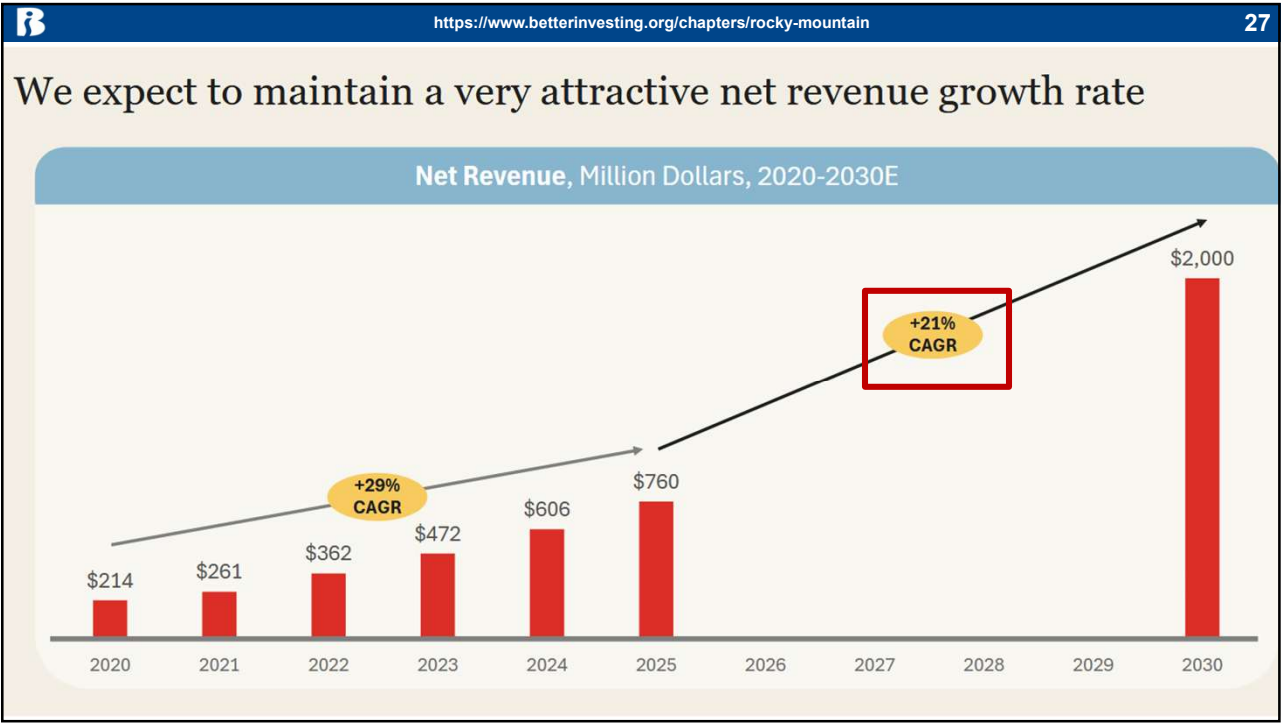




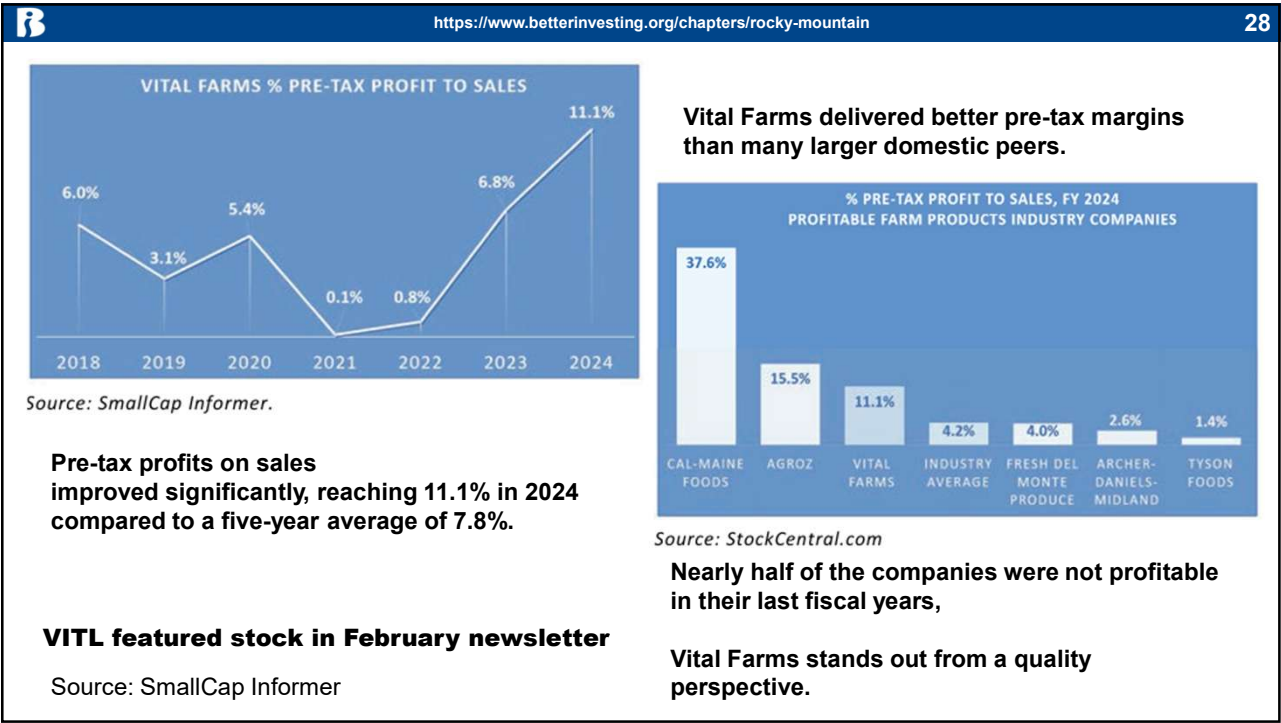
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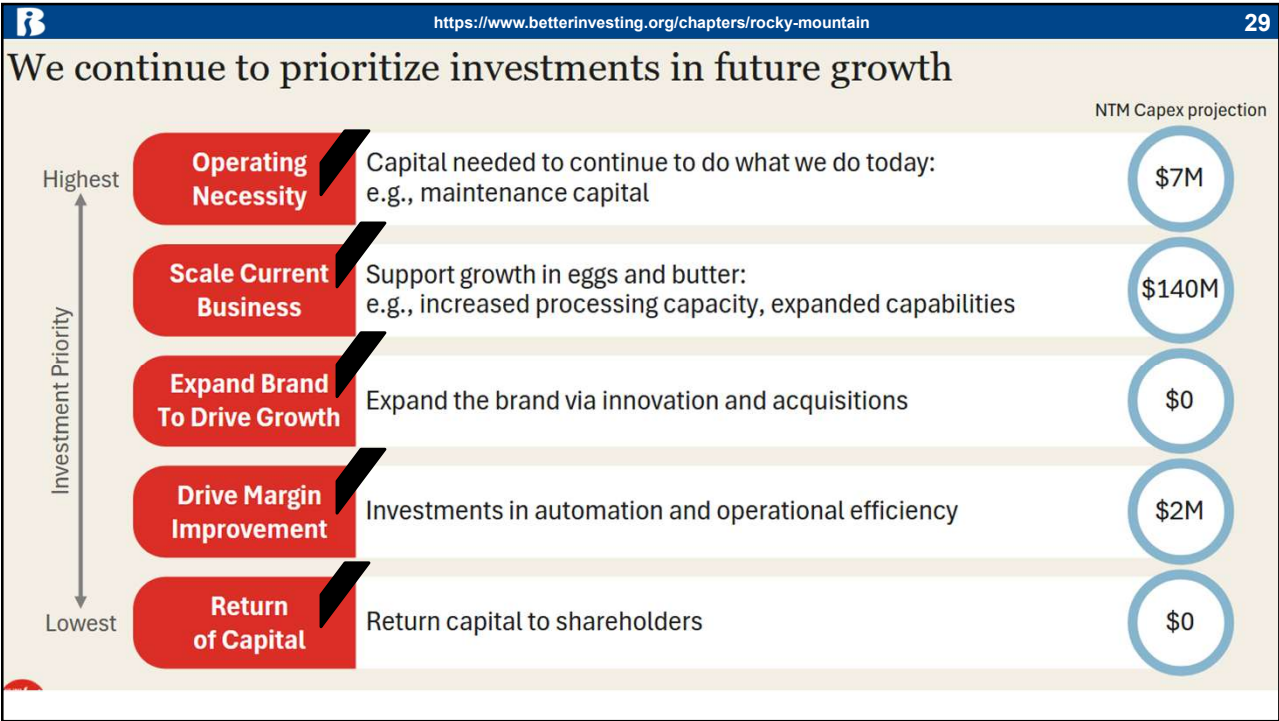
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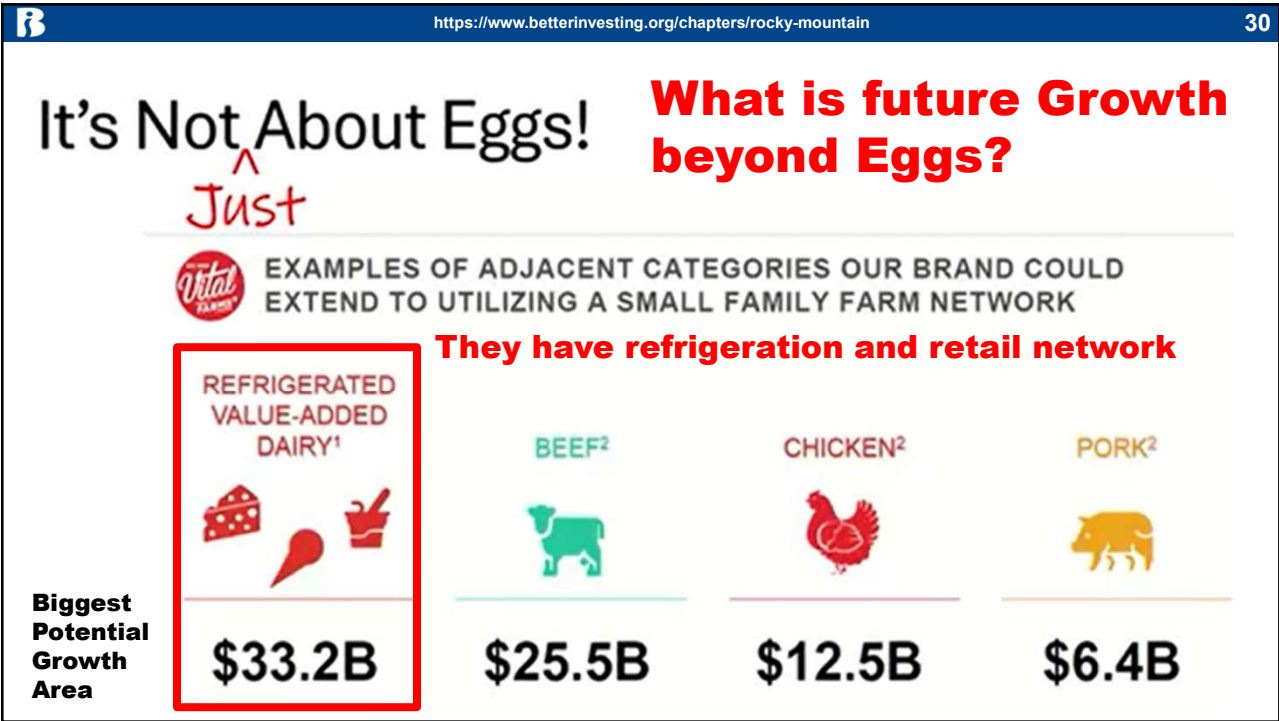
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Strengths – Internal

- **Leading U.S. brand** with 3% of U.S. egg sales ~ \$1B in revenue
- **Distribution network** of over 23,500 stores nationwide
- **Partnership with network** of 575 family-owned farms and 10M hens
- **Strong financial performance**
28.49% revenue increase 2024
- **Certified B Corporation** means ethical business practices
- **Demonstrated pricing power**

Weakness - Internal

- Higher price point **deters price-sensitive consumers**
- **High capital expenditure** requirements (\$90-110 million for 2025)
- **Limited geographic reach**, primarily U.S. focused: minimal Int'l presence
- **Reliance on single** packaging and washing facility
- **Ability to recruit** new farms/farmers
- **Significant insider selling** totaling approximately \$406 million

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Opportunity – External

- **Growth target** to reach \$2 billion in revenue by 2030
- **New capacity:** Indiana processing plant opening 2027 targeting over \$90M capacity
- **Increasing consumer demand** for ethical, sustainable, and organic food products
- **Expansion of farm network:** 75 new farms added in Q3 2025
- **Product line diversification** beyond eggs and butter

Threats - External

- **Competition:** like Cal-Maine relaunching pasture-raised egg
- **Operational complexities** and avian flu risks
- **Commodity price volatility**, particularly egg prices
- Risk of **consumer trade-down** during economic downturns
- Potential **margin pressure** from U.S. tariffs on imported items

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Value Line 01-09-2026

- Shares slipped in last 3 months
- Softer 2025 revenue outlook
- Temporary supply chain disruption
- Tied to transition to new enterprise resource planning
- In December, operations returned to normal

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Value Line 01-09-2026

- Bottom line remains intact
- With cost control efforts and volume gains
- Added 75 new farms in 3rd quarter
- In October, launched a third production line
- Expected to expand to 1.2 B in revenues

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Value Line 01-09-2026

• Construction of 2nd processing plant in Indiana

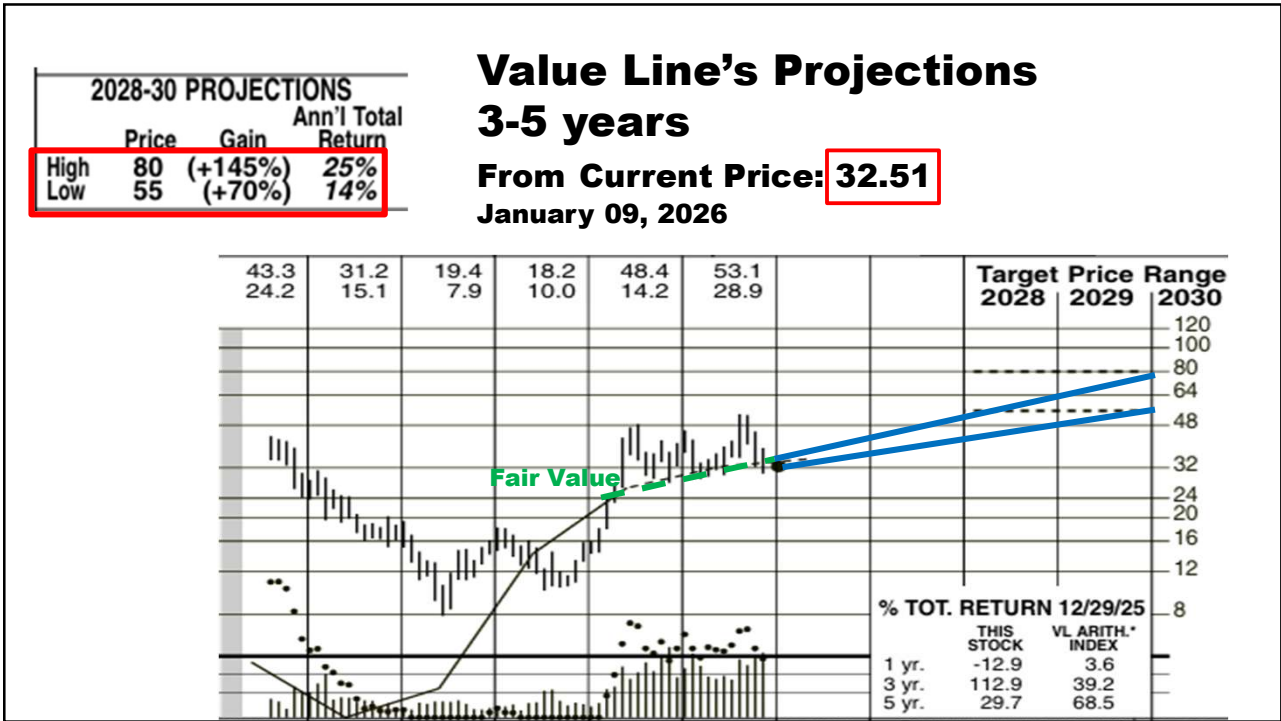
• Ready in early 2027

• Expected to add \$900M capacity

• Revenue capacity \$2B by 2030

• Shares have plenty of room to grow to 2028-2030

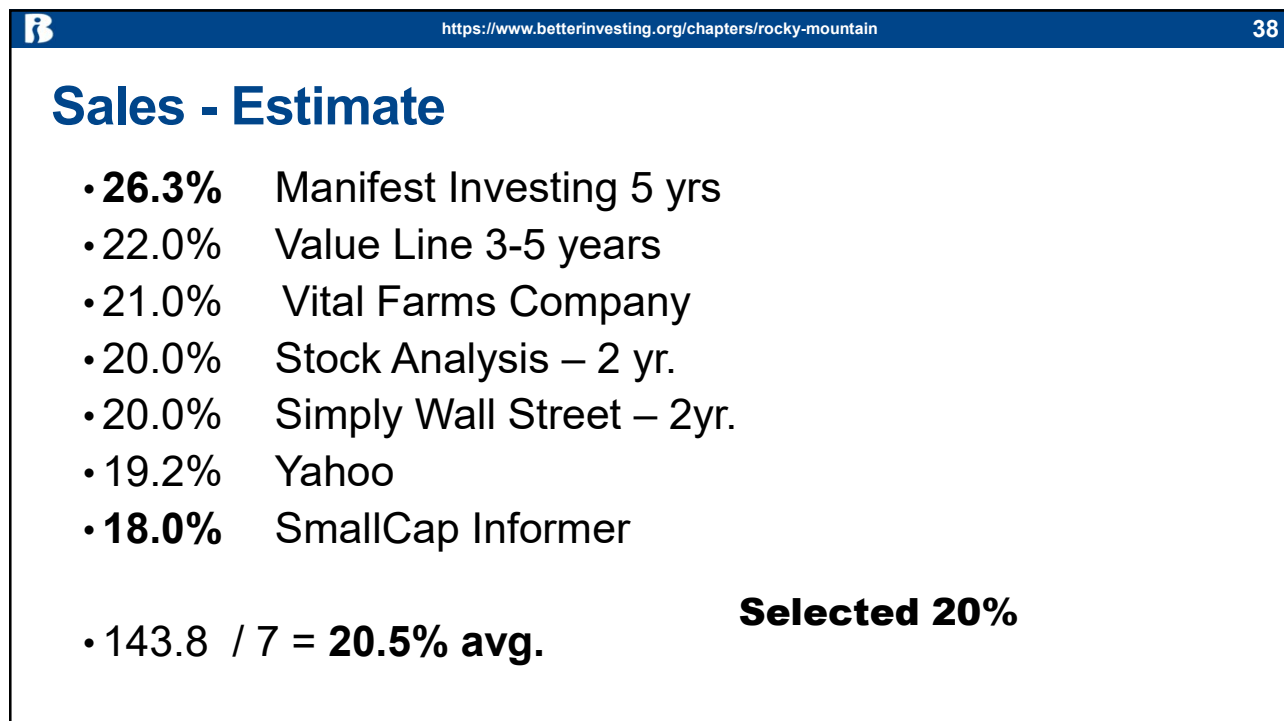
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EPS - Estimate

- 33.5% Value Line
- 29.2% Manifest Investing
- 28.2% Stock Analysis – 2 yr.
- 21.8% FINVIZ
- 20.0% Simply Wall Street – 2 yr.
- 18.0% Yahoo

- SmallCap Informer

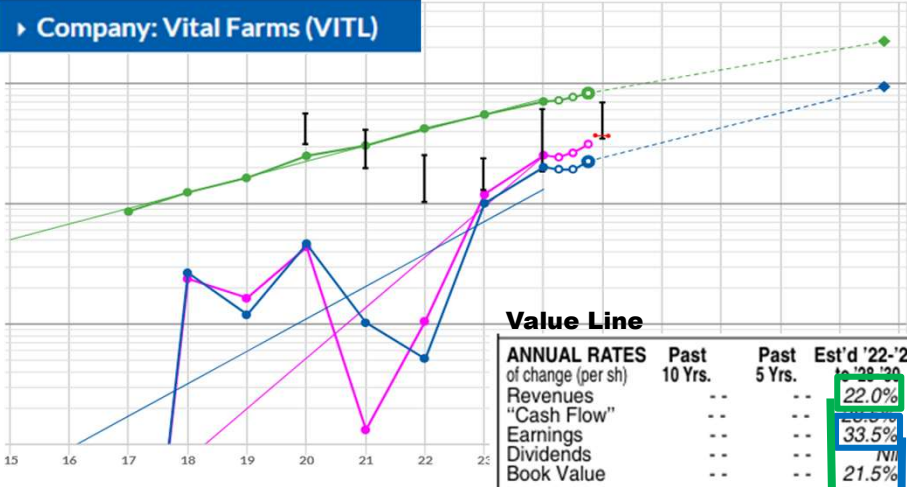
168 / 7 = 24.1% avg.

Selected 20%

- **Note:** most analysts don't project out 5 years, uncertainty

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Company: Vital Farms (VITL)



Value Line

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '22-'24
Revenues	--	--	22.0%
"Cash Flow"	--	--	33.5%
Earnings	--	--	21.5%
Dividends	--	--	Nil
Book Value	--	--	21.5%

Sanity Check with Value Line

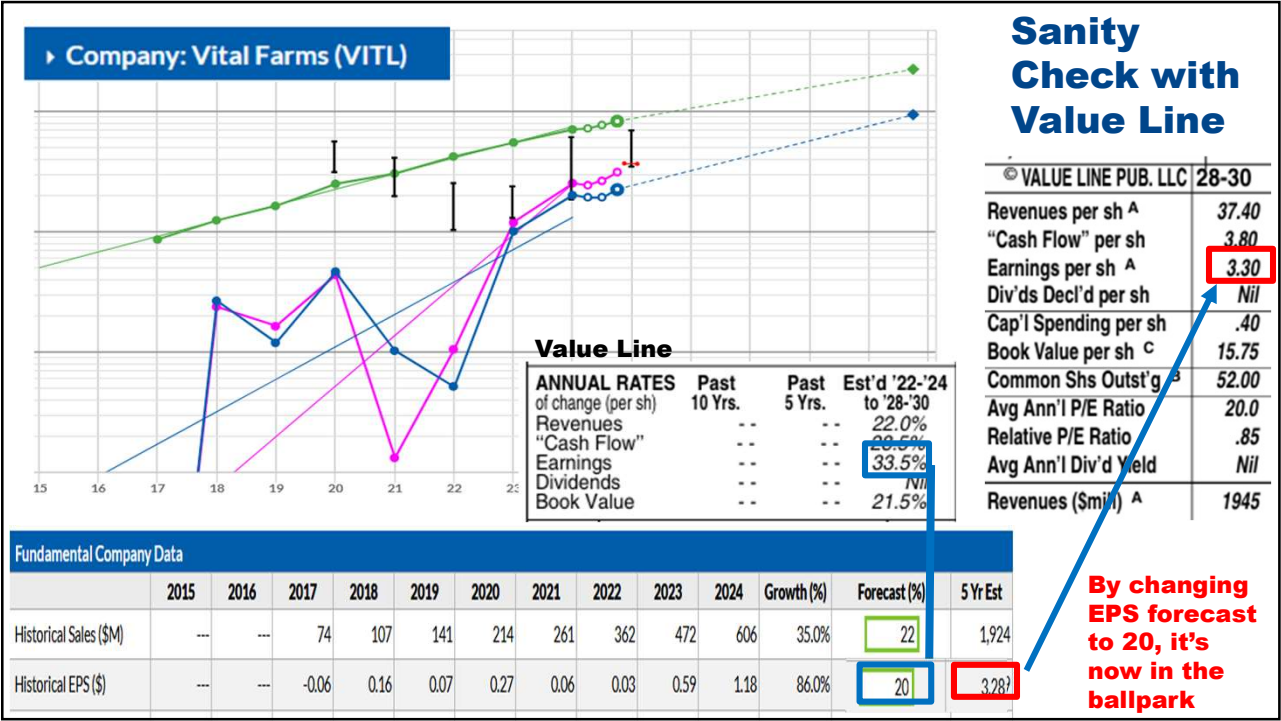
© VALUE LINE PUB. LLC	28-30
Revenues per sh ^A	37.40
"Cash Flow" per sh	3.80
Earnings per sh ^A	3.30
Div'ds Decl'd per sh	Nil
Cap'l Spending per sh	.40
Book Value per sh ^C	15.75
Common Shs Outst'g ^B	52.00
Avg Ann'l P/E Ratio	20.0
Relative P/E Ratio	.85
Avg Ann'l Div'd Yield	Nil
Revenues (\$mil) ^A	1945

Fundamental Company Data

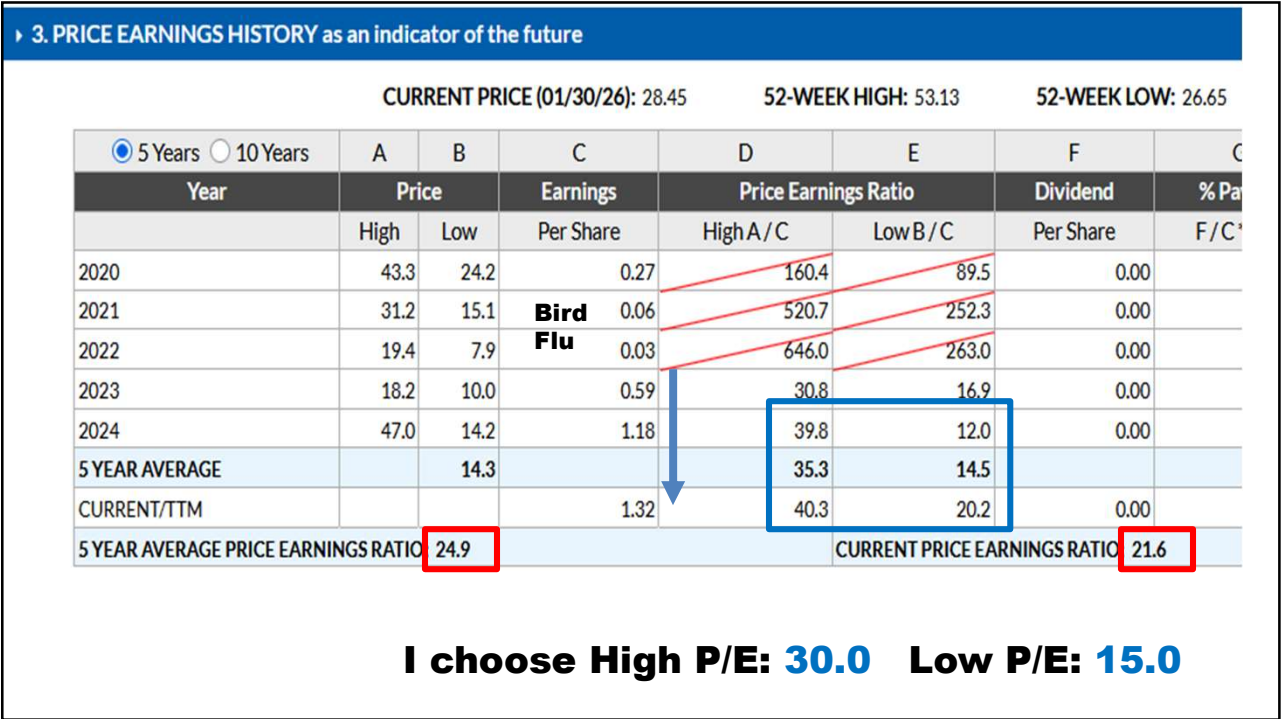
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Growth (%)	Forecast (%)	5 Yr Est
Historical Sales (\$M)	---	---	74	107	141	214	261	362	472	606	35.0%	22	1,924
Historical EPS (\$)	---	---	-0.06	0.16	0.07	0.27	0.06	0.03	0.59	1.18	86.0%	33	5.49

VL estimates don't always match Right Column projections

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Is my SSG in the ballpark?

Update before meeting

ManifestInvesting

SSG Results Summary

Zone:

Upside Downside Ratio:

Total Return (High P/E):

Projected Return (Avg. P/E):

Buy price to satisfy US/DS of 3 to 1 and 15% total return:

Buy Below price based on zoning selection:

Current Price (01/30/26):

BUY

7.2 To 1

26.1%

19.0%

37.5

37.5

28.45

PROVE 23.4%

Quality 96

PAR 26.2%

Value Line®

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+145%)	25%
Low	55	(+70%)	14%

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High Price Sanity Check

How likely will I lose money?

ManifestInvesting

Projected Average price \$91.17

Potential Gain vs Loss

90.6 Forecasted High Price

3

28.4 Current Price

1

19.8 Forecasted Low Price

7.2

Value Line®

BETTERINVESTING SSG+PLUS

A. HIGH PRICE - NEXT 5 YEARS

Avg. High P/E: 30.0 X Estimate High Earnings / Share: 3.02 = Forecasted High Price: 90.6

SSG High Price 90.6

below Manifest avg. price 91.17

And above Value Lines high price 80

2028-30 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+145%)	25%
Low	55	(+70%)	14%

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VITL – Recap

- VITL is a small-sized company in Consumer Defensive
 - Strong historical sales and EPS growth
- VITL is funding growth primarily with cash flow
- VITL historically outperformed estimates by 11.4-15%
- VITL is currently undervalued
- VITL is a buy up to **\$39.50** (\$37.50)
 - USDS Ratio **8:1** (7:2)
 - Total Return of **28.2** and PAR of **21.0** (TTL 26.1% PAR 19.0%)
 - Current price of **28.41**
- Is VITL worthy candidate for MIC portfolio?

SSG Sales and EPS Forecast Black = 20% Blue = 18%

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Poll #1 - Are judgments reasonable?

- **Yes**
- **No**
- **Not Sure**

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Poll #2 – After this study, what are your thoughts?

- I have no interest in this company
- This stock doesn't fit my portfolio
- I will put on my watch list
- I'm considering adding this stock to my portfolio
- I already own this company

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Vital Crossroads (VXR) is a critical unlock to deliver our new long-term target and is expected to be open in 2027

June 2024

Purchased land and announced next facility in Seymour, Indiana

August 2025

Announced accelerated buildout of Vital Crossroads

2027

Anticipated opening of Vital Crossroads

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Head-to-head: The power of the brand!

The Set-up

In 2015, we both launched in Kroger



EST. 2007
Vital FARMS

Brand B Pasture-Raised launched simultaneously



The Outcome

We quickly grew while Brand B did not

Kroger: Vital Farms vs Brand B Dollar Sales Over Time, Million Dollars

Vital Farms

Brand B Pasture-Raised



VF CAGR: +30%

Brand B Pasture-Raised removed from stores

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