



BETTERINVESTING
Rocky Mountain Chapter

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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	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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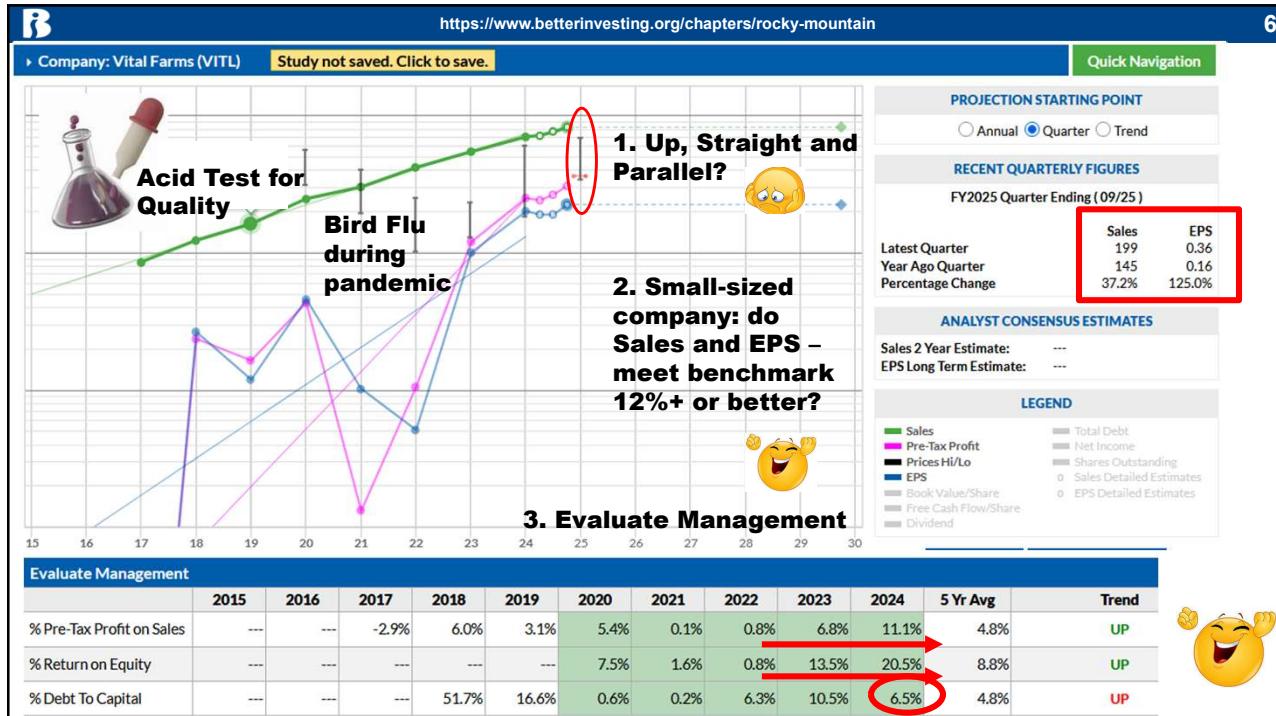
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Agenda

- 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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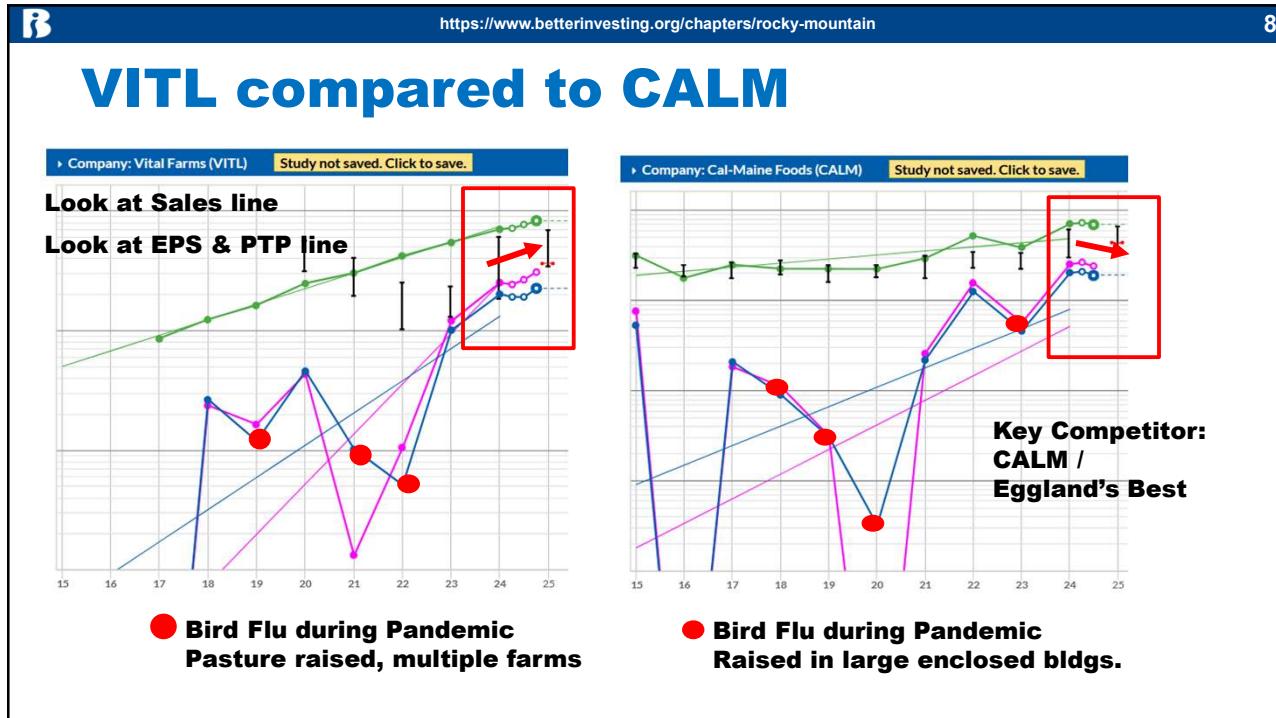


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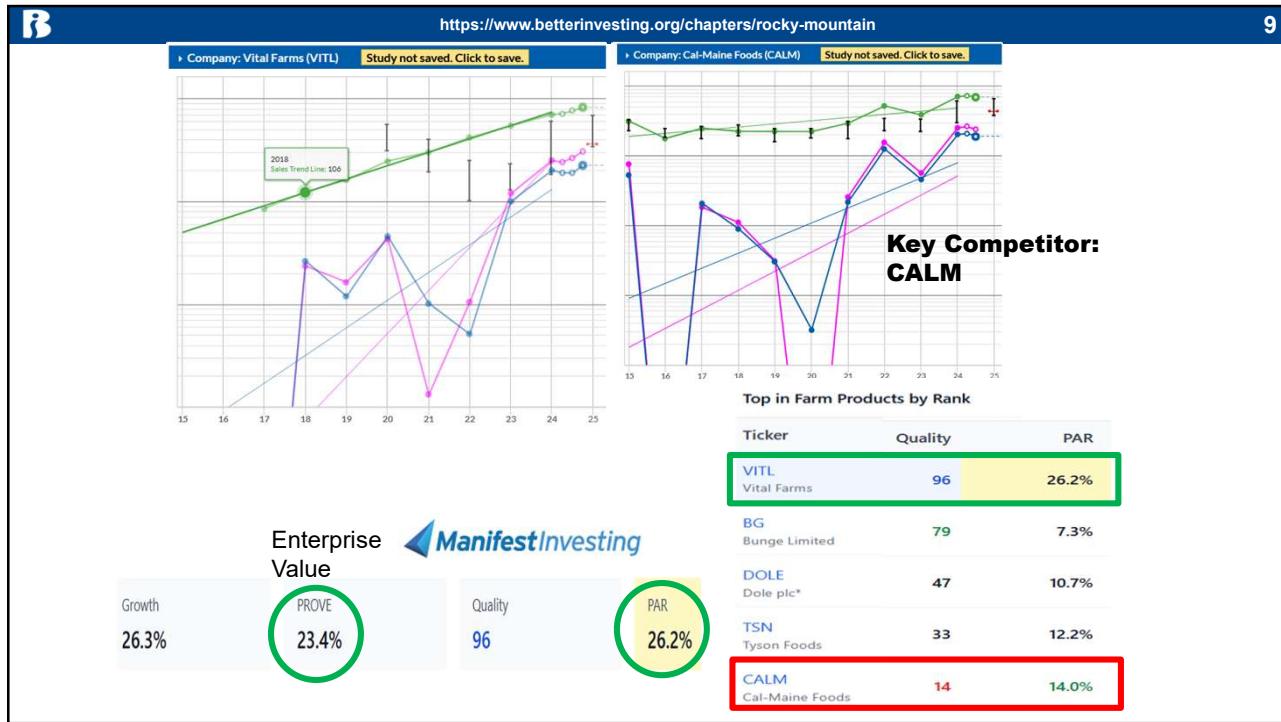
Why is VITL a High Growth Company?

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

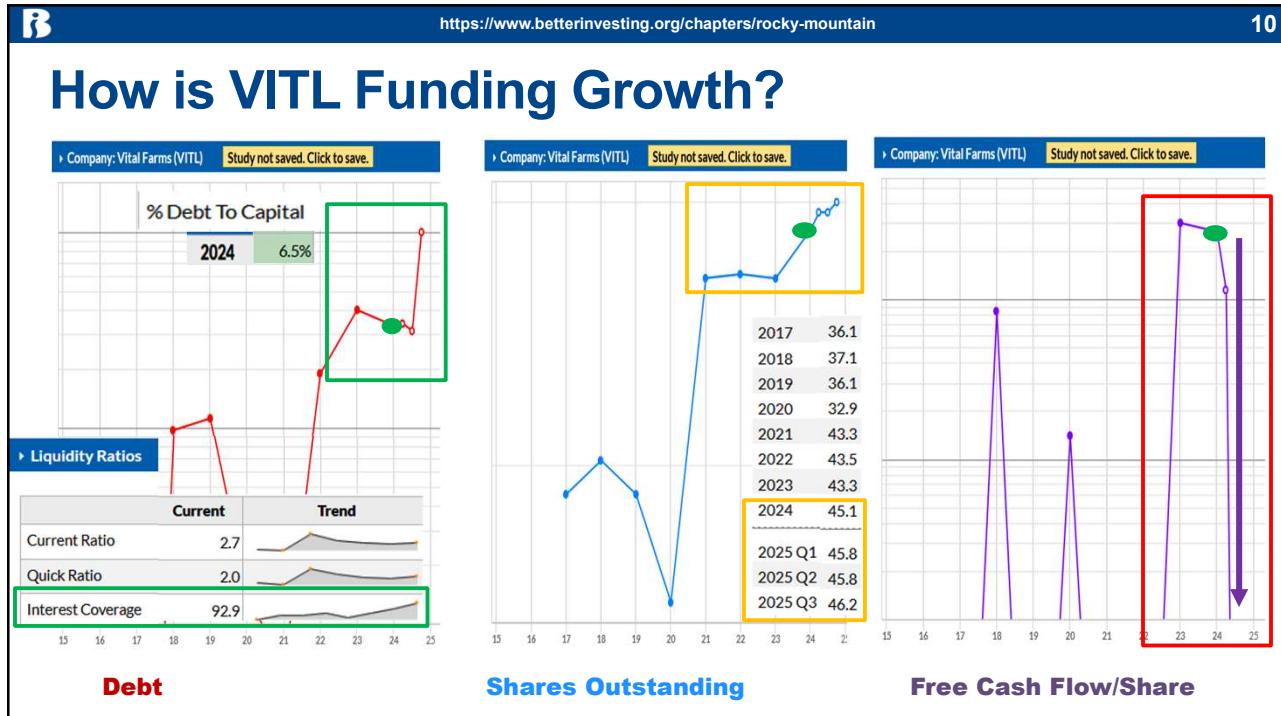
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Smaller Companies – Cash Flow or Debt?

- 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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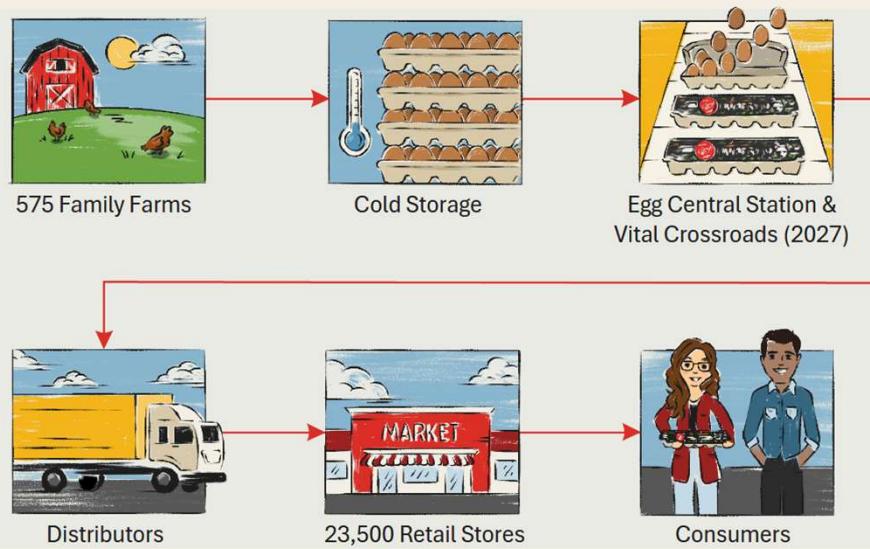
Where Will Future Growth Come From?

- 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

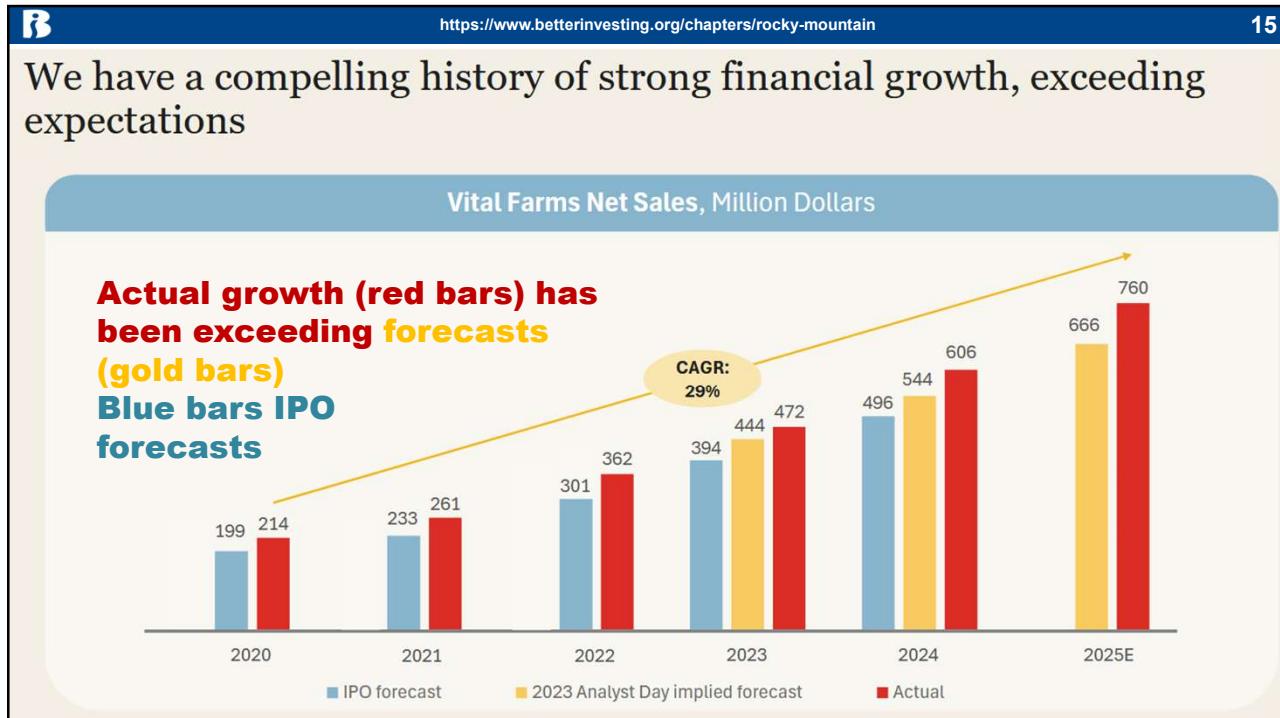
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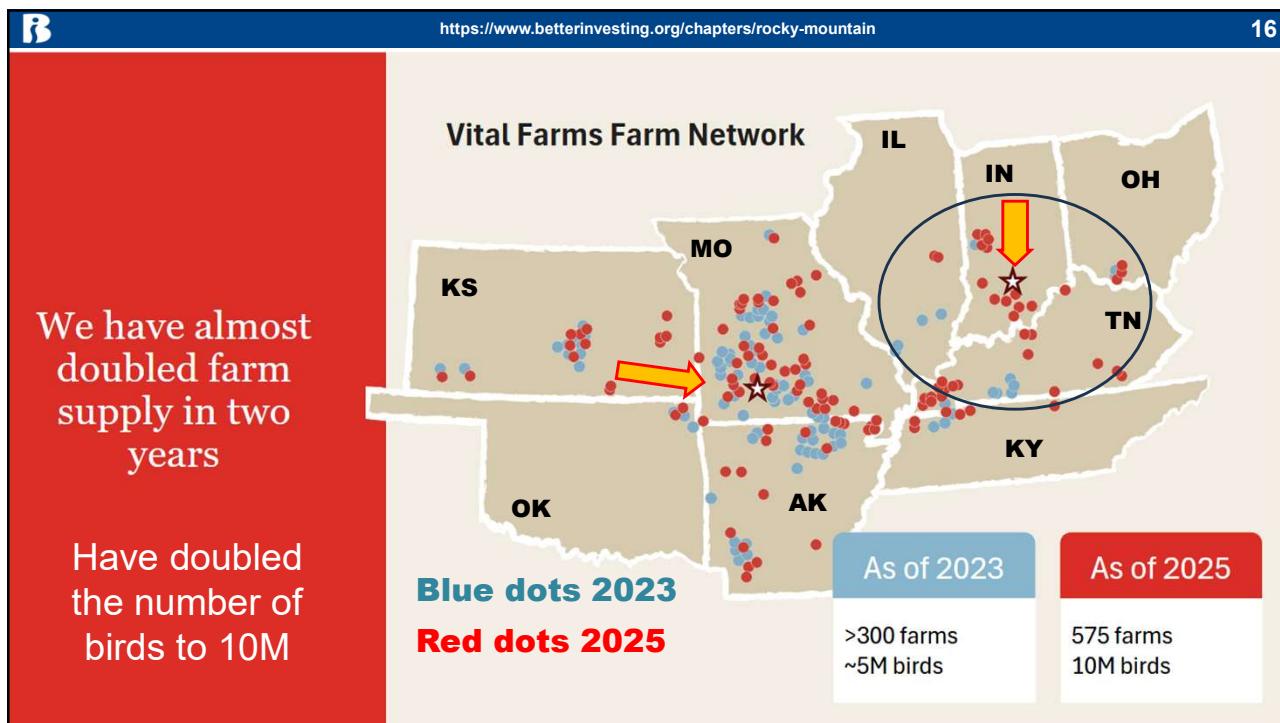
We have established a differentiated supply chain —from pasture to plate



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Farmers are excited about growing with Vital Farms



95%
Average annual farmer retention since IPO

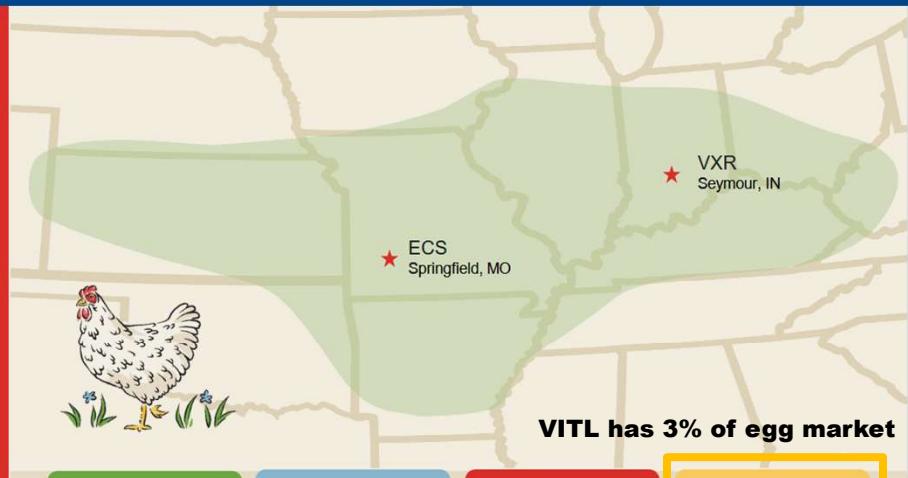
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Existing farmers opting to build additional barns in last two years

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

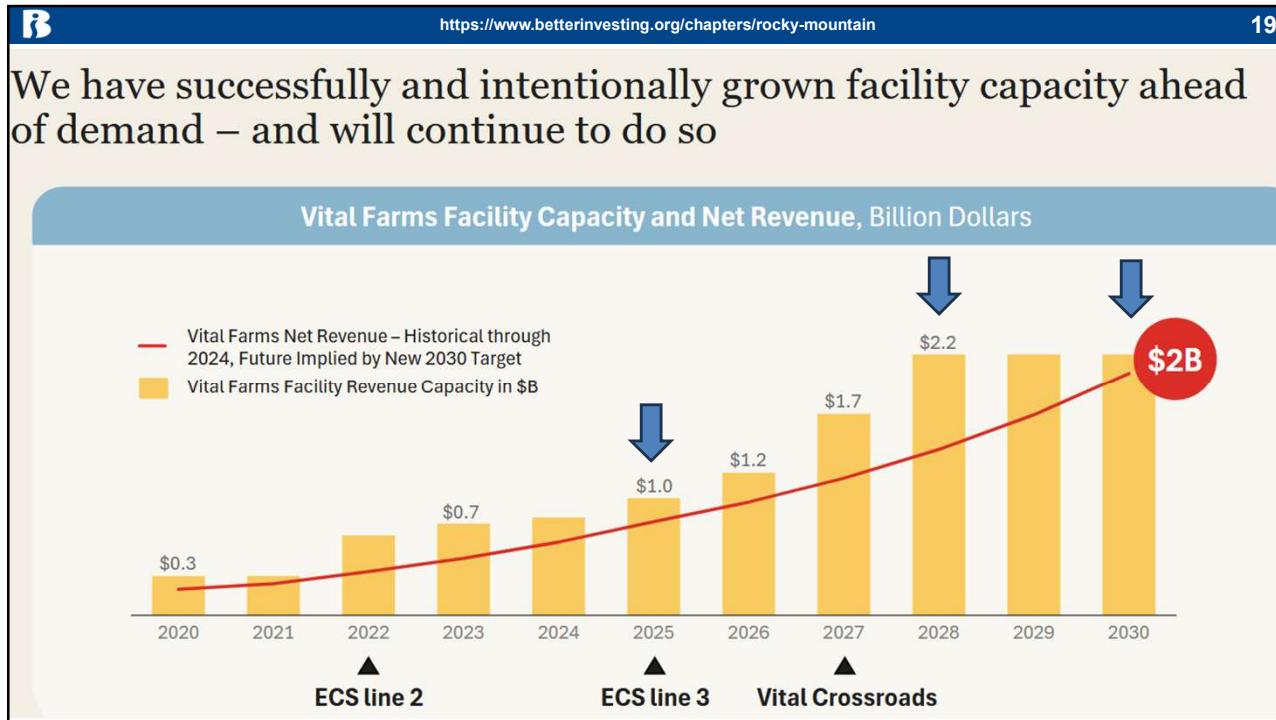


VITL has 3% of egg market

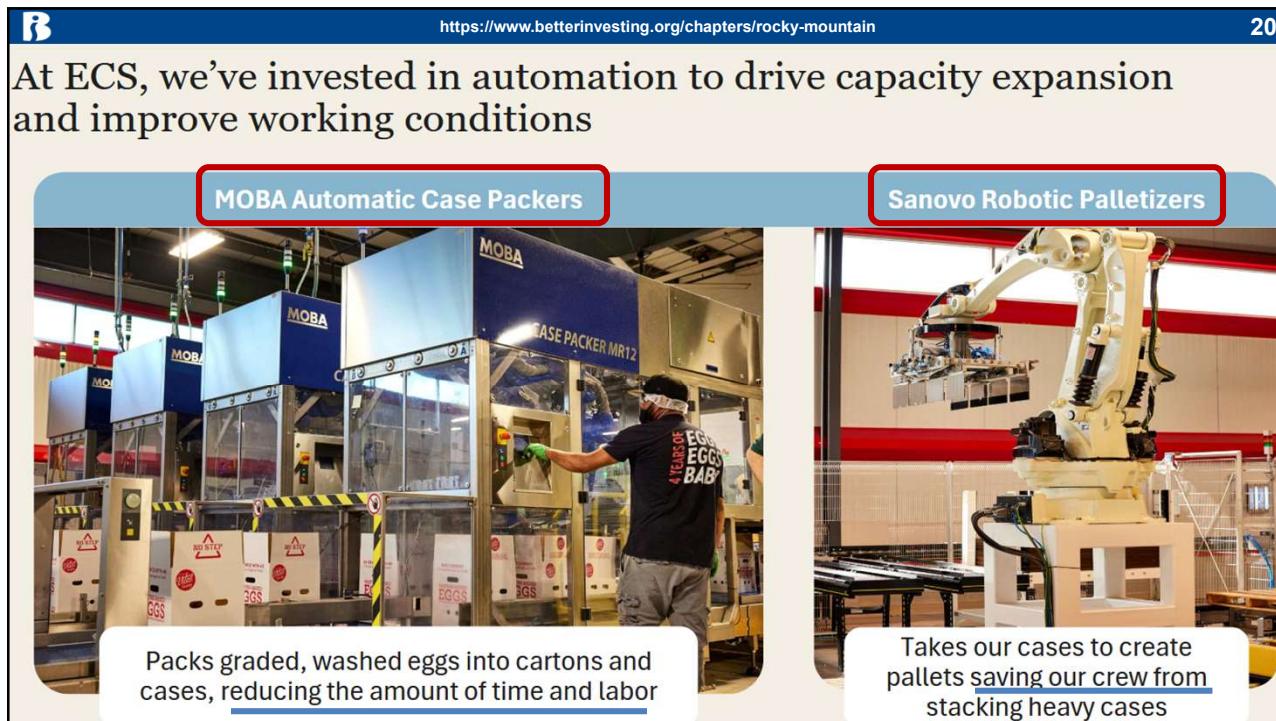
>200M	>125M	<.02%	<1%
Total Acres in Pasture Belt	Acres of Farmland in the Pasture Belt	Occupied by Vital Farms today	Needed if all U.S. eggs were Pasture-Raised*

*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



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As a result, we are a strong partner for our retailers

We are the
#1 or #2
branded Shell Egg
in \$ share at
9 of our top 10
retailers





















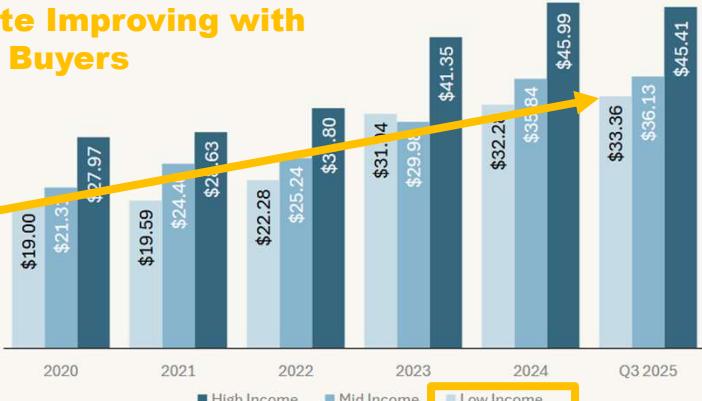
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Vital Farms Shell Egg buy rate is growing across all household income levels

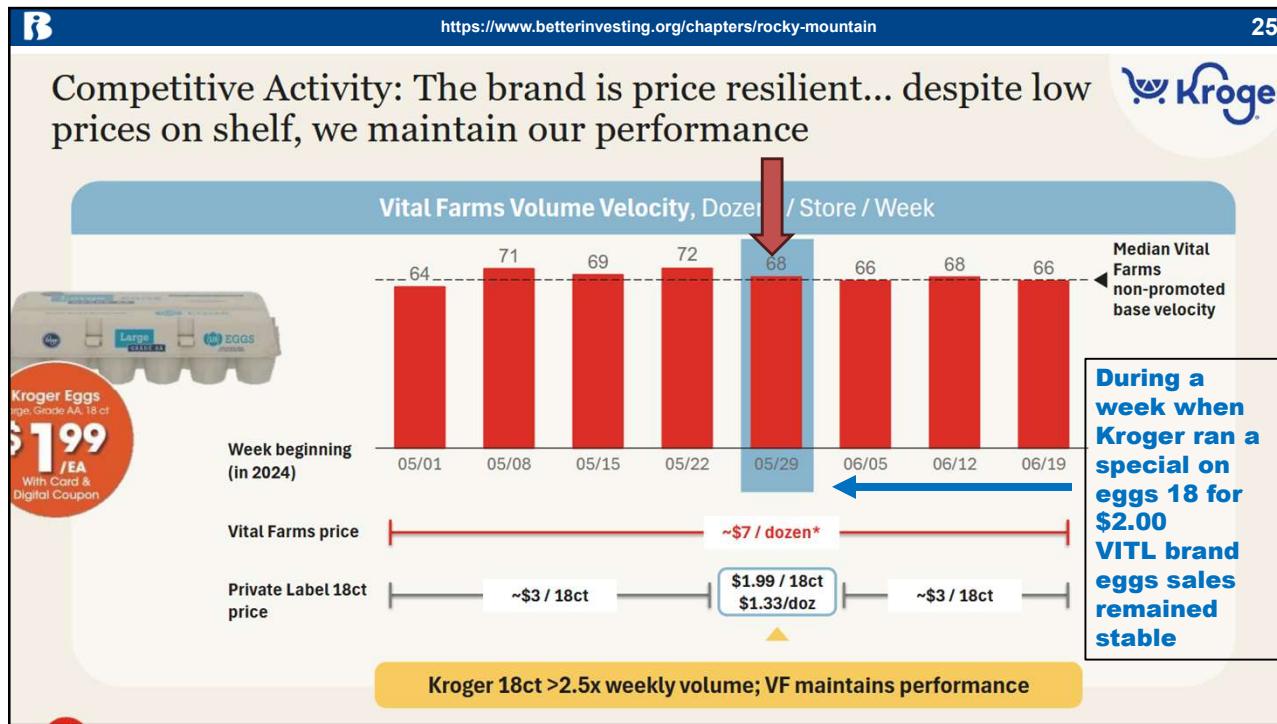
Vital Farms Buy Rate by High, Mid, Low Income

VITL Buy Rate Improving with Low Income Buyers



Year	High Income	Mid Income	Low Income
2020	\$27.97	\$21.30	\$19.00
2021	\$26.63	\$24.40	\$19.59
2022	\$31.80	\$25.24	\$22.28
2023	\$41.35	\$29.91	\$31.14
2024	\$45.99	\$35.84	\$32.21
Q3 2025	\$45.41	\$36.13	\$33.36

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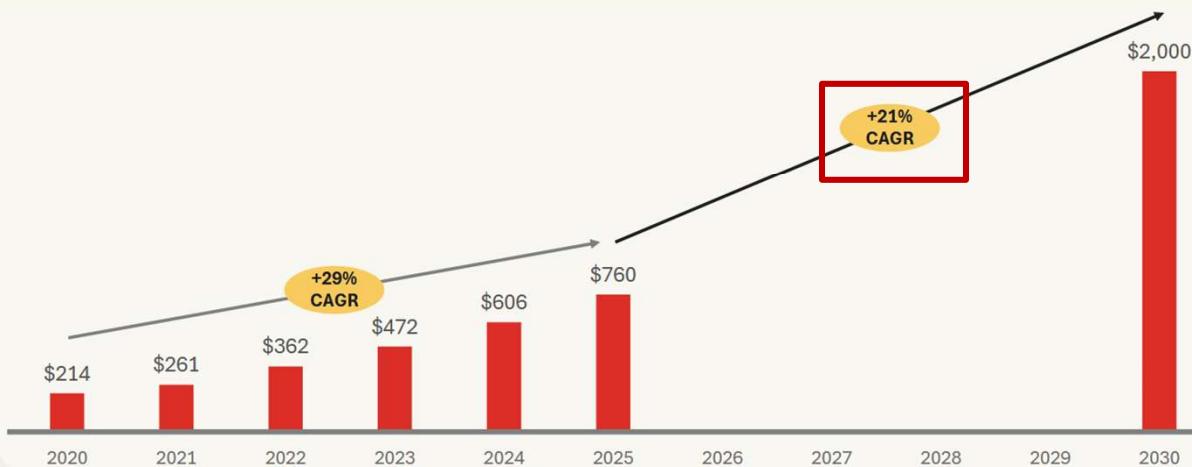


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We expect to maintain a very attractive net revenue growth rate

Net Revenue, Million Dollars, 2020-2030E



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VITAL FARMS % PRE-TAX PROFIT TO SALES



Source: SmallCap Informer.

Pre-tax profits on sales
improved significantly, reaching 11.1% in 2024
compared to a five-year average of 7.8%.

VITL featured stock in February newsletter

Source: SmallCap Informer

Vital Farms delivered better pre-tax margins than many larger domestic peers.

% PRE-TAX PROFIT TO SALES, FY 2024
PROFITABLE FARM PRODUCTS INDUSTRY COMPANIES



Source: StockCentral.com

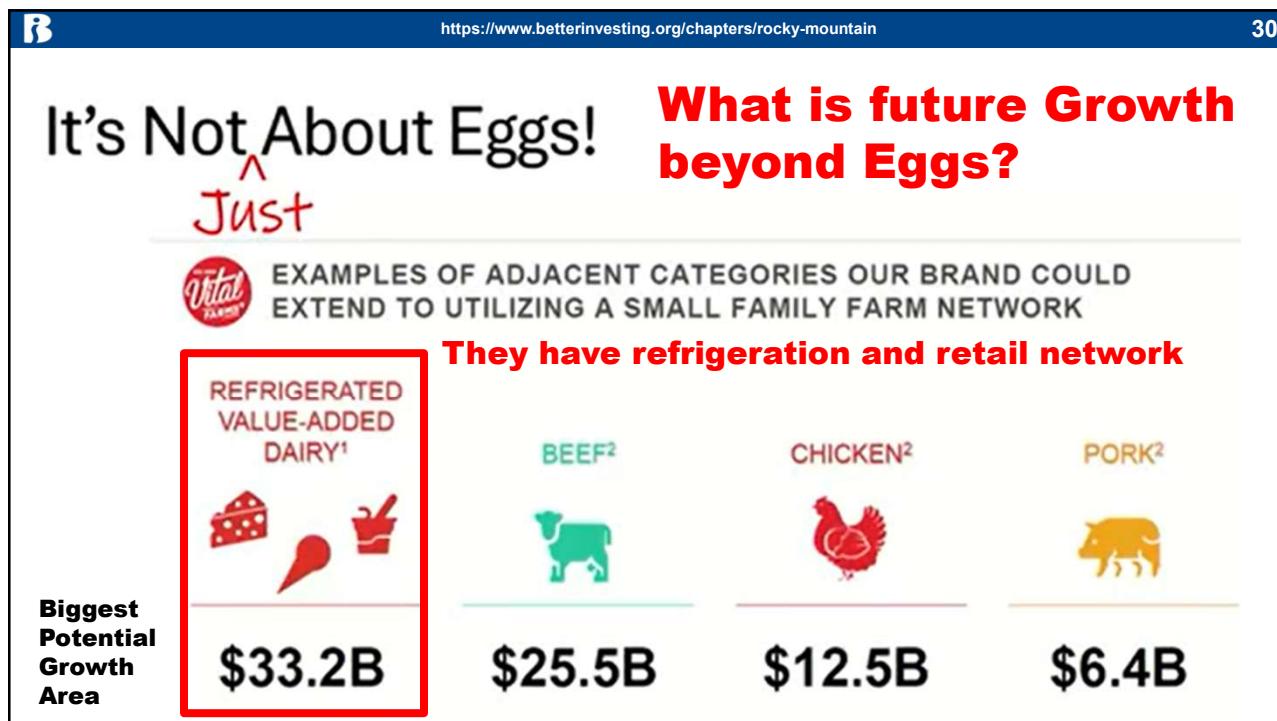
Nearly half of the companies were not profitable in their last fiscal years,

Vital Farms stands out from a quality perspective.

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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

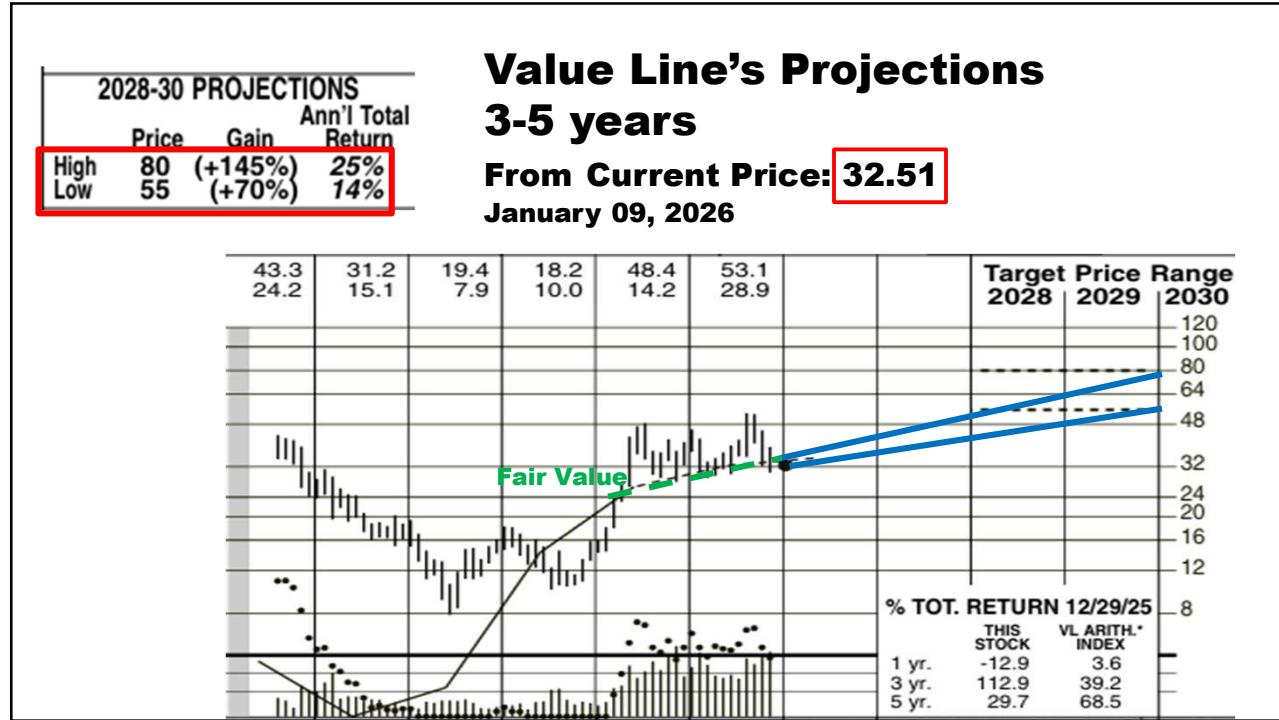
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Value Line 01-09-2026

- 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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Morningstar

Undervalued (7% Discount)

Simply Wall Street

Manifest Investing

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Sales - Estimate

- 26.3% Manifest Investing 5 yrs
- 22.0% Value Line 3-5 years
- 21.0% Vital Farms Company
- 20.0% Stock Analysis – 2 yr.
- 20.0% Simply Wall Street – 2yr.
- 19.2% Yahoo
- 18.0% SmallCap Informer

Selected 20%

- $143.8 / 7 = 20.5\% \text{ avg.}$

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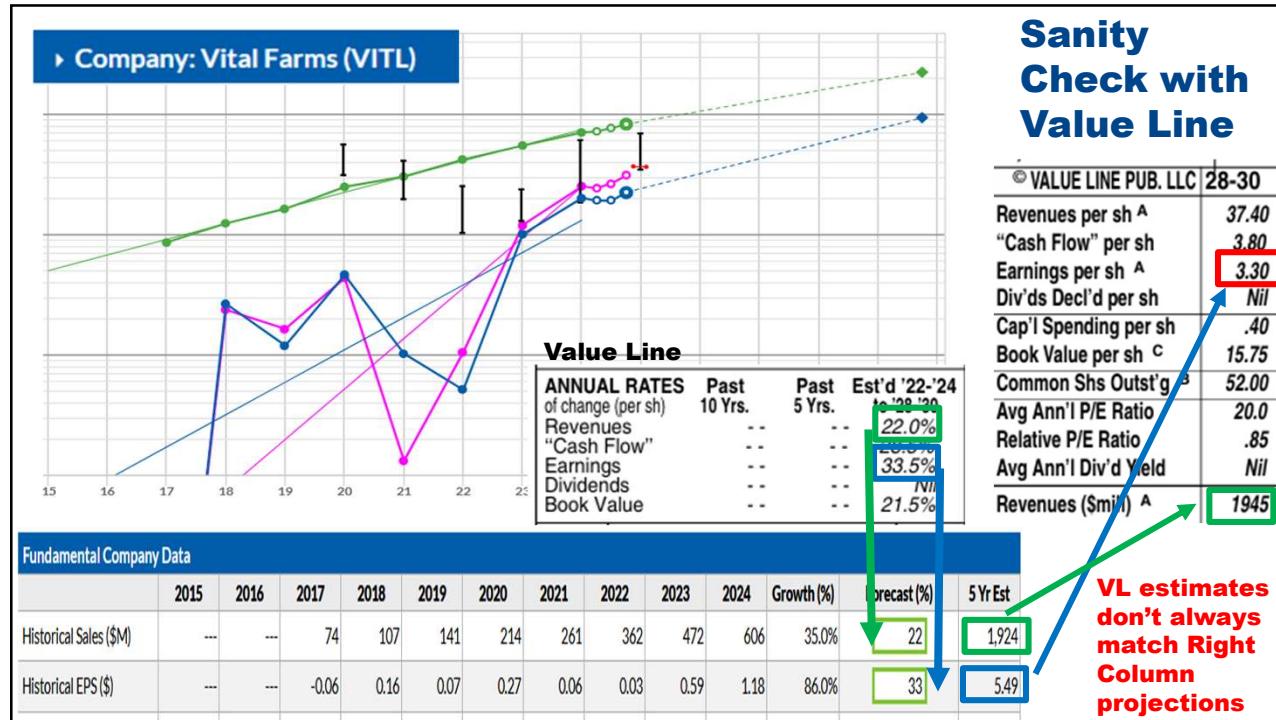
EPS - Estimate

- 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
- $168 / 7 = 24.1\% \text{ avg.}$

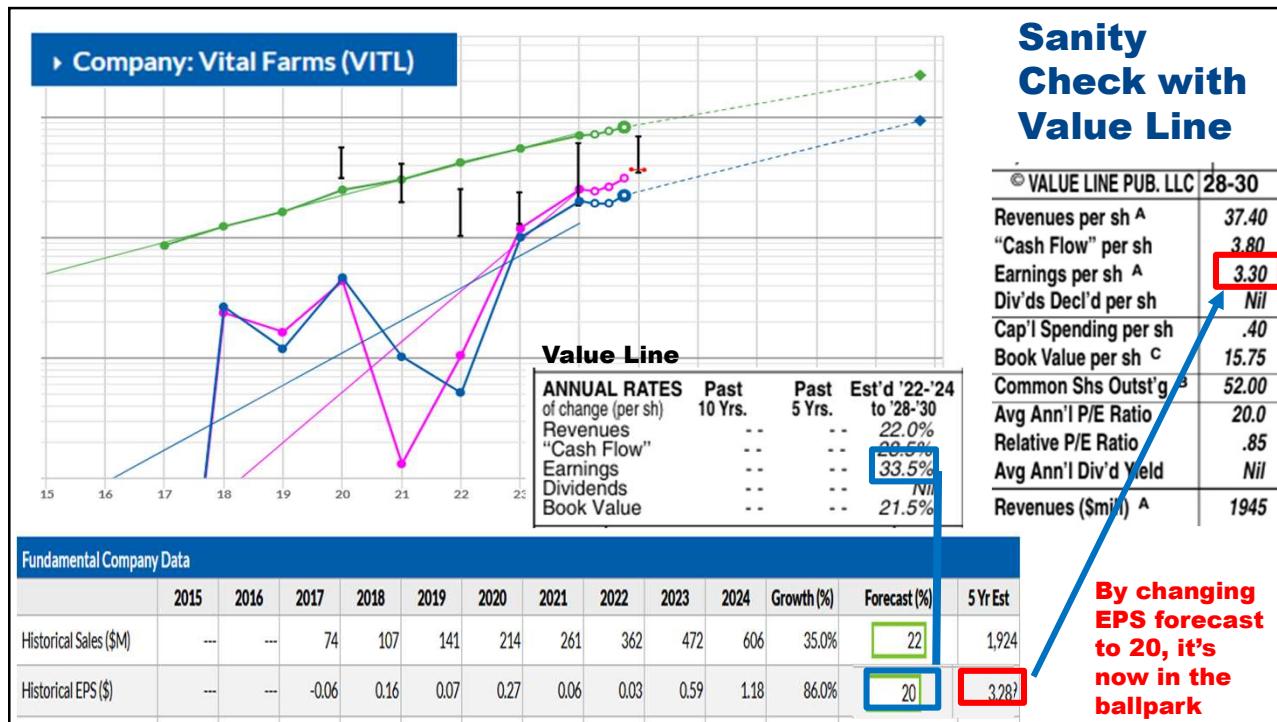
Selected 20%

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

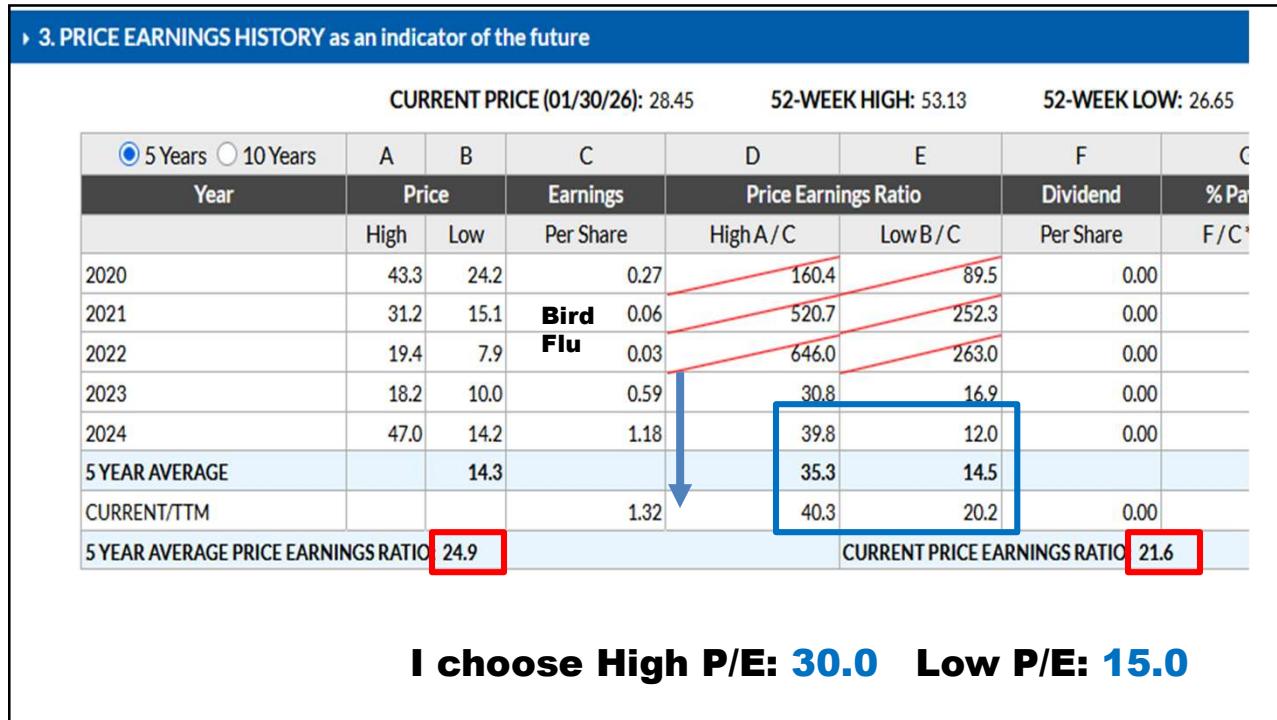
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Is my SSG in the ballpark?

Update before meeting

ManifestInvesting

SSG Results Summary

Zone:	BUY
Upside Downside Ratio:	7.2 To 1
Total Return (High P/E):	26.1%
Projected Return (Avg. P/E):	19.0%
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	37.5
Buy Below price based on zoning selection:	37.5
Current Price (01/30/26):	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

90.6 Forecasted High Price

Value Line®

BETTERINVESTING® SSG PLUS
A. HIGH PRICE - NEXT 5 YEARS

2028-30 PROJECTIONS

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

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

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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 buildup 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



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**



Year	Vital Farms (Million Dollars)	Brand B Pasture-Raised (Million Dollars)
2016	~1.5	~0.1
2017	~2.0	~0.1
2018	~2.5	~0.1
2019	~3.0	~0.1
2020	~3.5	~0.1
2021	~4.0	~0.1
2022	~4.5	~0.1
2023	~5.0	~0.1
2024	~5.5	~0.1

VF CAGR: +30%

Brand B Pasture-Raised removed from stores

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