



Stock Deep Dive: The Very Good Food Company (CNSX:VERY)

Description

This year has been an amazing year for Canada's food stocks. We have already seen the emergence of a [new top growth stock](#). However, we may now be seeing the start of another outstanding growth story. **The Very Good Food Company** (CNSX:VERY) has stolen the stock market headlines in the past couple weeks. What is this company? In this article, I will be doing a deep dive and explaining everything you need to know about Very Good Food.

Company background

The Very Good Food Company develops, produces, and sells meat alternative food products that are made out of beans. The company was founded in 2016, first opening up shop at the Denman Island Farmer's Market. From there, the company expanded into Victoria and began a large fundraising campaign. The Very Good Food Company is also notable for possibly being the most successful crowdfunded company in Canada and for appearing on CBC's hit show, [Dragons Den](#).

At the time of the company's crowdfunding effort, Very Good Food reported \$850,000 of revenue in its first year of operation. The company also projected organic growth for its second year to reach 40%. Finally, the company reported a 43% margin when selling to wholesalers. Overall, Very Good Food managed to raise \$600,000 from 240 investors.

In June, Very Good Food made its debut on the public markets. Trading on the **Canadian Securities Exchange**, Very Good Food has seen its stock skyrocket recently. As of this writing, Very Good Food stock has gained over 540% since its IPO this summer. With a market cap of around \$400 million, it still has a lot of growth potential when compared to companies like **Beyond Meat**.

Is this company worth an investment?

The global plant-based meat market is projected to grow to US\$12 billion by 2025. This represents a compound annual growth rate of 18%. Therefore, the company does operate in an industry with very high potential.

However, this could be a very risky stock to enter, especially after it has given a five times return to investors that managed to get in on its IPO day. While Very Good Food's management seems very passionate and knowledgeable about its business, it may be wise for prospective investors to be prudent in considering the risks associated with this stock.

Currently, the team is very small in terms of employees. On its website, Very Good Food states that it has a team of four scientists in Vancouver that are responsible for developing new plant-based products. The company is also currently building larger manufacturing facilities in Vancouver. If Very Good Food does not allocate capital efficiently, it could be in serious financial trouble.

Foolish takeaway

This is a very interesting company. The Very Good Food Company has a great story, beginning at a local farmer's market, appearing on *Dragon's Den*, being crowdfunded, and seeing its stock skyrocket after its IPO. While it does operate in an industry with lots of room for growth, investors should avoid rushing into the stock.

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