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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 5, 2018

FRESHPET, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36729

(Commission File Number)

20-1884894
(IRS Employer
Identification No.)

400 Plaza Drive, 1st Floor
Secaucus, NJ
(Address of Principal Executive Offices)

07094
(Zip Code)

Registrant's Telephone Number, Including Area Code: (201) 520-4000

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On March 5, 2018, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended December 31, 2017. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

As previously announced, Freshpet will hold a conference call at 4:30 p.m., Eastern Time, on Monday, March 5, 2018 to discuss its financial results for the year and quarter ended December 31, 2017.

The information furnished with this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Freshpet references non-GAAP financial information in the press release and makes similar references in the transcript to the conference call. A reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures is contained in the attached Exhibit 99.1 press release.

Item 7.01. Regulation FD Disclosure.

On March 9, 2017, Freshpet published to the investor relations section of its website a presentation which will be used by Freshpet’s management team in meetings with analysts and stockholders. A copy of the presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information furnished with this Item 7.01, including Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference into any other filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Freshpet uses the “Investors” section of its website (*investors.freshpet.com*) as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press Release dated Monday, March 5, 2018
99.2	Investors Presentation

SIGNATURE

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

FRESHPET, INC.

Date: March 5, 2018

By: /s/ Richard Kassar

Name: Richard Kassar

Title: Chief Financial Officer



Freshpet, Inc. Reports Fourth Quarter and Full Year 2017 Financial Results

Company Provides Guidance for Full Year 2018

SECAUCUS, N.J. – March 5, 2018 – Freshpet, Inc. (“Freshpet” or the “Company”) (NASDAQ: FRPT) today reported financial results for its fourth quarter and full year ended December 31, 2017.

Fourth Quarter 2017 Financial Highlights Compared to Prior Year Period

- Net Sales of \$40.7 million, up 19.5%
- Net income of \$1.5 million compared to a net income of \$1.2 million
- Adjusted EBITDA of \$6.9 million compared to \$6.4 million
- Freshpet Fridges increased 8.4% to 18,004 from 16,609

2017 Financial Highlights Compared to Prior Year

- Net Sales of \$156.4 million, up 17.5%
- Net loss of \$4.2 million compared to a net loss of \$3.2 million
- Adjusted EBITDA of \$17.6 million compared to \$17.7 million

“We are pleased with our finish to 2017. Our fourth quarter results demonstrate continued strong volume growth as a result of our *Feed the Growth* strategy. We believe this financial performance validates the ‘stickiness’ of the Freshpet brand and our confidence in our growth prospects,” said Billy Cyr, Freshpet’s Chief Executive Officer. “In 2018 we will leverage our key brand and marketing strengths which we expect to fuel an accelerated rate of growth and position us to achieve our longer term 2020 financial objectives.”

Fourth Quarter 2017

Fourth quarter of 2017 net sales increased 19.5% to \$40.7 million compared to \$34.1 million for the fourth quarter of 2016. The Company’s core fresh refrigerated product offering grew 21.9% as compared to the same period in the prior year. Net sales for the quarter were driven by velocity gains and an 8.4% increase in Freshpet Fridges to 18,004 as of December 31, 2017, as compared to the prior year period.

Gross profit was \$18.9 million, or 46.6% as a percentage of net sales for the fourth quarter of 2017, compared to \$15.2 million, or 44.7% as a percentage of net sales, in the same period last year. For the fourth quarter 2017, Adjusted Gross Profit was \$20.4 million, or 50.1% as a percentage of net sales, compared to \$17.0 million, or 49.9% as a percentage of net sales, in the prior year period. Adjusted Gross Profit is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to Gross Profit in the financial tables that accompany this release.

Selling, general and administrative expenses (“SG&A”) were \$17.3 million for the fourth quarter of 2017 compared to \$13.7 million in the prior year period. As a percentage of net sales, SG&A increased to 42.5% for the fourth quarter of 2017 compared to 40.1% in the fourth quarter of 2016. Adjusted SG&A as a percentage of net sales increased to 39.6% compared to 38.2% in the fourth quarter of 2016. The increase in SG&A is primarily due to the fourth quarter effect of the Company’s planned increased media spend of \$6.0 million for the full year 2017. Adjusted SG&A is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to SG&A in the financial tables that accompany this release.

Net income was \$1.5 million for the fourth quarter of 2017 compared to net income of \$1.2 million for the prior year period.

Adjusted EBITDA was \$6.9 million for the fourth quarter of 2017, compared to \$6.4 million in the fourth quarter 2016. The improvement in Adjusted EBITDA was primarily due to increased net sales and improved gross profit, partially offset by increased media spend. Adjusted EBITDA is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to net earnings in the financial tables that accompany this release.

Full Year 2017

Net sales increased 17.5% to \$156.4 million for the full year ended December 31, 2017 compared to \$133.1 million for the prior year. The Company’s core fresh refrigerated product offering grew 20.1% as compared to the same period in the prior year. Net sales for the full year 2017 were driven by velocity gains and an increase in Freshpet fridge store locations as compared to the prior year.

Gross profit was \$72.4 million, or 46.3% as a percentage of net sales for the full year ended December 31, 2017, compared to \$60.4 million, or 45.4% as a percentage of net sales, last year. For the full year ended December 31, 2017, Adjusted Gross Profit was \$78.2 million, or 50.0%, as a percentage of net sales, compared to \$66.0 million, or 49.6% as a percentage of net sales, in the prior year. Adjusted Gross Profit is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to Gross Profit in the financial tables that accompany this release.

SG&A expenses were \$75.2 million for the full year ended December 31, 2017 compared to \$62.6 million in the prior year. As a percentage of net sales, SG&A increased to 48.1% for the full year ended December 31, 2017 compared to 47.0% last year. Adjusted SG&A as a percentage of net sales increased to 45.3% for the full year ended December 31, 2017 compared to 43.1% in the prior year. The increase in SG&A is primarily due to the Company’s planned increased media spend of \$6.0 million compared to the prior year period. Adjusted SG&A is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to SG&A in the financial tables that accompany this release.

Net loss was \$4.3 million for the full year ended December 31, 2017 compared to net loss of \$3.2 million for the prior year. The higher net loss was primarily related to the planned increased media spend, partially offset by increased net sales and improved gross profit.

Adjusted EBITDA was \$17.6 million for the full year ended December 31, 2017, compared to \$17.7 million in the prior year. The decrease in Adjusted EBITDA was primarily related to the planned increased media spend, partially offset by increased net sales and improved gross profit. Adjusted EBITDA is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to net earnings in the financial tables that accompany this release.

Cash and Net Debt

As of December 31, 2017, the Company had cash and cash equivalents of \$2.2 million, no debt outstanding and \$30.0 million of availability from our \$30.0 million revolving credit facility that matures in September 2020 and includes the ability to increase the revolving credit facility by an additional \$10.0 million.

Recasting of 2017 Results for Accounting-Rules – Topic 606

In the first quarter of 2018, the Company is adopting the new revenue recognition standard (“Topic 606”) on a retrospective basis.

The adoption of Topic 606 will result in a shift between Net Sales and Cost of Goods Sold. The net effect would decrease full year 2017 net sales by approximately 2.6% compared to the previous accounting standard, and increase the Company’s gross margin by approximately 130 basis points. For example, 2017’s net sales of \$156.4 million would be reported as \$152.4 million, 2017’s gross margin of 46.3% would be reported as 47.5%, and 2017’s adjusted gross margin of 50.0% would be reported as 51.3% under the new accounting standard. The new accounting standard will not impact Net Income, Gross Profit, Adjusted Gross Profit, or Adjusted EBITDA.

Outlook

For full year 2017, the Company expects following results under the new revenue recognition standards compared to the prior year:

	Full Year 2017 Results		2018 Guidance under new revenue recognition standards	Increase versus prior year
	Results under current accounting standards	Results under new revenue recognition standards		
Net Sales	\$156.4 million	\$152.4 million	> \$185.0 million	> 21%
Adj. EBITDA	\$17.6 million	\$17.6 million	> \$20.0 million	> 14%

The Company does not provide guidance for the most directly comparable GAAP measure, net income, and similarly cannot provide a reconciliation between its forecasted Adjusted EBITDA and net income metrics without unreasonable effort due to the unavailability of reliable estimates for certain items. These items are not within the Company’s control and may vary greatly between periods and could significantly impact future financial results.

Conference Call and Webcast

The Company will host a conference call and webcast with the executive management team to discuss these results with additional comments and details today at 4:30 p.m. ET. The conference call webcast will be available live over the Internet through the “Investors” section of the Company’s website at www.freshpet.com. To participate on the live call listeners in North America may dial (877) 413-7208 and international listeners may dial (201) 689-8555.

A replay of the conference call will be archived on the Company’s website and telephonic playback will be available from 7:30 p.m. ET today through March 19, 2018. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671. The passcode is 13676201.

About Freshpet

Freshpet has a single-minded mission – to improve the lives of dogs and cats everywhere through the power of fresh, natural food. Packed with vitamins and proteins, our foods offer fresh meats, poultry, and vegetables farmed locally. At our Freshpet Kitchens, we thoughtfully prepare these natural ingredients and everyday essentials, cooking them in small

batches at lower temperatures to preserve key nutrients. That way, your pet gets the best. Freshpet refrigerated foods and treats are kept cool from the moment they are made until they arrive at Freshpet Fridges in your local market.

Our foods are available in select mass, grocery, natural food, club, and pet specialty retailers across the United States, Canada and in the United Kingdom. From the care, we take to source our ingredients and make our food, to the moment it reaches your home, our integrity, transparency and social responsibility are the way we like to run our business. To learn more, visit www.freshpet.com.

Connect with Freshpet:

<https://www.facebook.com/Freshpet>

<https://twitter.com/Freshpet>

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<https://plus.google.com/+Freshpet>

<https://en.wikipedia.org/wiki/Freshpet>

<https://www.youtube.com/user/freshpet400>

Forward Looking Statements

Certain statements in this release may constitute “forward-looking” statements. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While Freshpet believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are several risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein including, most prominently, the risks discussed under the heading “Risk Factors” in the Company's latest annual report on Form 10-K filed with the Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this release. Freshpet undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Non-GAAP Financial Measures

Freshpet uses the following non-GAAP financial measures in its financial communications. These non-GAAP financial measures (collectively, “the non-GAAP financial measures”) should be considered as supplements to the GAAP reported measures, should not be considered replacements for, or superior to, the GAAP measures and may not be comparable to similarly named measures used by other companies.

- Adjusted Gross Profit

- Adjusted Gross Profit as a % of net sales (Adjusted Gross Margin)
- Adjusted SG&A
- Adjusted SG&A Adjusted SG&A as a % of net sales
- EBITDA
- Adjusted EBITDA

Adjusted Gross Profit: Freshpet defines Adjusted Gross Profit as Gross Profit before plant start-up expenses and processing and plant depreciation expenses.

Adjusted SG&A Expenses: Freshpet defines Adjusted SG&A as SG&A expenses before non-cash items related to share-based compensation, leadership transition expenses, fees related to a secondary offering, and fees related to the litigation of a securities lawsuit.

EBITDA and Adjusted EBITDA: EBITDA represents net loss plus depreciation and amortization, interest expense, and income tax expense, and Adjusted EBITDA represents EBITDA plus loss on disposal of equipment, plant startup expense, share-based compensation, warrant fair valuation, secondary fees, leadership transition expenses, launch expenses, and fees related to the litigation of a securities lawsuit.

Management believes that the non-GAAP financial measures, are meaningful to investors because they provide a view of the Company with respect to ongoing operating results. The non-GAAP financial measures are shown as supplemental disclosures in this release because they are widely used by the investment community for analysis and comparative evaluation and provides additional metrics to evaluate the Company's operations and, when considered with both the Company's GAAP results and the reconciliation to the most comparable GAAP measures, provides a more complete understanding of the Company's business than could be obtained absent this disclosure. The non-GAAP measures are not and should not be considered an alternative to the most comparable GAAP measures or any other figure calculated in accordance with GAAP, or as an indicator of operating performance. The Company's calculation of the non-GAAP financial measures may differ from methods used by other companies. Management believes that the non-GAAP measures are important to an understanding of the Company's overall operating results in the periods presented. The non-GAAP financial measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.

CONTACT

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FRESHPET, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,184,259	\$ 3,908,177
Accounts receivable, net of allowance for doubtful accounts	12,721,521	8,886,790
Inventories, net	10,118,394	5,402,735
Prepaid expenses	1,200,834	741,091
Other current assets	732,960	304,560
Total Current Assets	<u>26,957,968</u>	<u>19,243,353</u>
Property, plant and equipment, net	100,598,639	101,493,080
Deposits on equipment	4,370,922	3,620,444
Other assets	1,972,805	2,094,339
Total Assets	<u>\$ 133,900,334</u>	<u>\$ 126,451,216</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	9,173,169	6,884,155
Accrued expenses	7,519,348	4,531,139
Accrued warrants	—	253,391
Borrowings under Credit Facilities	—	7,000,000
Total Current Liabilities	<u>\$ 16,692,517</u>	<u>\$ 18,668,685</u>
Other liabilities	304,839	—
Total Liabilities	<u>\$ 16,997,356</u>	<u>\$ 18,668,685</u>
STOCKHOLDERS' EQUITY:		
Common stock	35,132	33,961
Additional paid-in capital	312,783,195	299,477,706
Accumulated deficit	(195,991,478)	(191,729,136)
Accumulated other comprehensive income/(loss)	76,129	—
Total Stockholders' Equity	<u>116,902,978</u>	<u>107,782,531</u>
Total Liabilities and Stockholders' Equity	<u>\$ 133,900,334</u>	<u>\$ 126,451,216</u>

FRESHPET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME/(LOSS)
(Unaudited)

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2017	2016	2017	2016
NET SALES	\$ 40,696,512	\$ 34,061,456	\$ 156,379,210	\$ 133,053,517
COST OF GOODS SOLD	21,756,437	18,841,142	83,963,292	72,682,634
GROSS PROFIT	18,940,075	15,220,314	72,415,918	60,370,883
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	17,322,757	13,669,325	75,167,168	62,585,833
INCOME/(LOSS) FROM OPERATIONS	1,617,318	1,550,989	(2,751,250)	(2,214,950)
OTHER INCOME/(EXPENSES):				
Other Income/(Expenses), net	(9,931)	(88,814)	(525,404)	(181,850)
Interest Expense	(79,560)	(208,022)	(910,492)	(698,119)
	(89,491)	(296,836)	(1,435,896)	(879,969)
INCOME/(LOSS) BEFORE INCOME TAXES	1,527,827	1,254,153	(4,187,146)	(3,094,919)
INCOME TAX EXPENSE	12,933	20,754	75,195	65,754
NET INCOME/(LOSS)	1,514,894	1,233,399	(4,262,341)	(3,160,673)
NET INCOME/(LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 1,514,894	\$ 1,233,399	\$ (4,262,341)	\$ (3,160,673)
OTHER COMPREHENSIVE INCOME:				
Change in foreign currency translation	\$ 76,129	\$ —	\$ 76,129	\$ —
TOTAL OTHER COMPREHENSIVE INCOME	\$ 76,129	\$ —	\$ 76,129	\$ —
TOTAL COMPREHENSIVE INCOME/(LOSS)	\$ 1,591,023	\$ 1,233,399	\$ (4,186,212)	\$ (3,160,673)
NET INCOME/(LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	\$ 0.04	\$ 0.04	\$ (0.12)	\$ (0.09)
-DILUTED	\$ 0.04	\$ 0.04	\$ (0.12)	\$ (0.09)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING USED IN COMPUTING NET INCOME/(LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	34,994,895	33,885,519	34,487,239	33,674,416
-DILUTED	35,823,559	34,226,963	34,487,239	33,674,416

FRESHPET, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the Twelve Months Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (4,262,341)	\$ (3,160,673)
Adjustments to reconcile net loss to net cash flows provided by operating activities:		
Provision for loss/(gains) on accounts receivable	17,348	(5,164)
Loss on disposal of equipment and deposits on equipment	103,716	189,531
Share-based compensation	4,438,181	4,193,490
Fair value adjustment for outstanding warrants	334,628	49,077
Change in reserve for inventory obsolescence	291,898	(117,944)
Depreciation and amortization	12,692,355	9,887,168
Amortization of deferred financing costs and loan discount	426,534	150,272
Changes in operating assets and liabilities		
Accounts receivable	(3,852,079)	(1,850,907)
Inventories	(5,007,557)	1,568,656
Prepaid expenses and other current assets	(797,427)	(816,020)
Other assets	(90,135)	(398,059)
Accounts payable	2,682,094	853,854
Accrued expenses	2,988,209	2,256,582
Other liabilities	304,839	—
Net cash flows provided by operating activities	<u>10,270,263</u>	<u>12,799,863</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	—	—
Proceeds from maturities of short-term investments	—	3,250,000
Acquisitions of property, plant and equipment, software and deposits on equipment	(13,003,756)	(29,952,536)
Acquisitions of land and building	—	—
Proceeds from sale of equipment	—	13,442
Net cash flows used in investing activities	<u>(13,003,756)</u>	<u>(26,689,094)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt issuance costs	(270,885)	—
Exercise of options to purchase common stock	8,280,460	2,767,995
Proceeds from borrowings under Credit Facilities	7,500,000	10,000,000
Repayment of borrowings under Credit Facilities	(14,500,000)	(3,000,000)
Net cash flows provided by financing activities	<u>1,009,575</u>	<u>9,767,995</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,723,918)</u>	<u>(4,121,236)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,908,177</u>	<u>8,029,413</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,184,259</u>	<u>\$ 3,908,177</u>

FRESHPET, INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN GROSS PROFIT AND ADJUSTED GROSS PROFIT
(Unaudited)

(Amounts in thousands)
Certain totals may not sum due to rounding

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
Gross Profit (as reported)	\$ 18,940	\$ 15,220	\$ 72,416	\$ 60,371
Depreciation expense (a)	1,462	1,368	5,791	4,028
Plant start-up expenses (b)	—	420	—	1,628
Adjusted Gross Profit	\$ 20,402	\$ 17,008	\$ 78,207	\$ 66,027
Adjusted Gross Profit as a % of Net Sales	50.1%	49.9%	50.0%	49.6%

(a) Represents non-cash depreciation expense included in Cost of Goods Sold.

(b) Represents additional operating costs incurred in 2016 in connection with the start-up of our new manufacturing lines as part of the Freshpet Kitchens expansion project.

FRESHPET, INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN SG&A EXPENSES AND ADJUSTED SG&A EXPENSES
(Unaudited)

(Amounts in thousands)
Certain totals may not sum due to rounding

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
SG&A expenses (as reported)	\$ 17,323	\$ 13,669	\$ 75,167	\$ 62,586
Non-cash share-based compensation (a)	1,078	690	4,195	3,972
Leadership transition expenses (b)	(37)	(36)	63	1,291
Litigation expense (c)	145	—	145	—
Adjusted SG&A Expenses	\$ 16,136	\$ 13,015	\$ 70,764	\$ 57,323
Adjusted SG&A Expenses as a % of Net Sales	39.6%	38.2%	45.3%	43.1%

(a) Represents non-cash stock based compensation expense.

(b) Represents costs detailed within our former Chief Executive Officer's separation agreement as well as incremental costs associated with leadership transition.

(c) Represents fees associated with the response to a securities lawsuit, Curran v. Freshpet, Inc. et al, Docket No. 2:16-cv-02263.

FRESHPET, INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN NET INCOME/(LOSS) AND ADJUSTED EBITDA
(Unaudited)

(Amounts in thousands)
Certain totals may not sum due to rounding

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Net income/(loss)	\$ 1,515	\$ 1,233	\$ (4,262)	\$ (3,161)
Depreciation and amortization	3,281	2,929	12,692	9,887
Interest expense	80	208	910	698
Income tax expense	13	21	75	66
EBITDA	\$ 4,889	\$ 4,391	\$ 9,414	\$ 7,490
Loss on disposal of equipment	6	20	104	190
Launch expense (a)	706	775	3,066	2,813
Plant start-up expenses (b)	—	420	—	1,628
Non-cash share-based compensation (c)	1,146	734	4,438	4,193
Warrant fair valuation (d)	-	68	335	49
Leadership transition expenses (e)	(37)	(36)	63	1,291
Litigation expense (f)	145	—	145	—
Adjusted EBITDA	\$ 6,855	\$ 6,372	\$ 17,565	\$ 17,654

(a) Represents new store marketing allowance of \$1,000 for each store added to our distribution network as well as the non-capitalized freight costs associated with Freshpet Fridge replacements. The expense enhances the overall marketing spend to support our growing distribution network.

(b) Represents additional operating costs incurred in 2016 in connection with the start-up of our new manufacturing lines as part of the Freshpet Kitchens expansion project.

(c) Represents non-cash stock based compensation expense.

(d) Represents the change of fair value for the outstanding common stock warrants. All warrants were converted to common stock in the third quarter of 2017.

(e) Leadership Transition Expenses represent costs detailed within our former Chief Executive Officer's separation agreement as well as incremental costs associated with leadership transition.

(f) Represents fees associated with the response to a securities lawsuit, Curran v. Freshpet, Inc. et al, Docket No. 2:16-cv-02263.



Fourth Quarter & Full Year 2017 Results 2018 Plan Review



bringing the power
of fresh food to pets



SWEET CORN
CUT FLOWERS
PEPPERS
BROCCOLI
ZUCCHINI
CUCUMBERS

Forward Looking Statements

This presentation contains “forward-looking” statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the Company’s results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate and any statements of assumptions underlying any of the foregoing. These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance.

These forward-looking statements are based on certain assumptions and are subject to risks and uncertainties, including those described in the “Risk Factors” section and elsewhere in the preliminary prospectus for this offering. You should read the prospectus, including the Risk Factors set forth therein and the documents that the Company has filed as exhibits to the registration statement, of which the prospectus is a part, completely and with the understanding that if any such risks or uncertainties materialize or if any of the relevant assumptions prove incorrect, the Company’s actual results could differ materially from the results expressed or implied by these forward-looking statements. Except as required by law we assume no obligation to update these forward-looking statements publicly, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Agenda

Freshpet Full Year 2017 Review

Billy Cyr, Chief Executive Officer

Financial Review & 2018 Guidance

Dick Kassar, Chief Financial Officer

2018 Strategic Plan

Billy Cyr, Chief Executive Officer

Q&A

**Billy Cyr, Chief Executive Officer
Dick Kassar, Chief Financial Officer
Scott Morris, Chief Operating Officer**



Billy Cyr

Chief Executive Officer

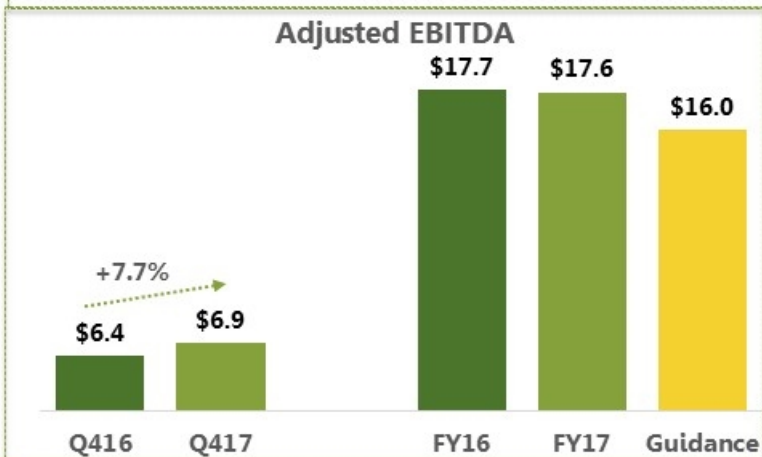
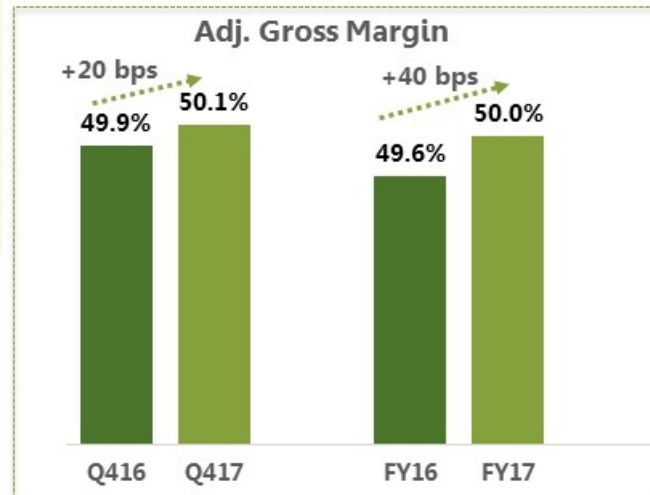
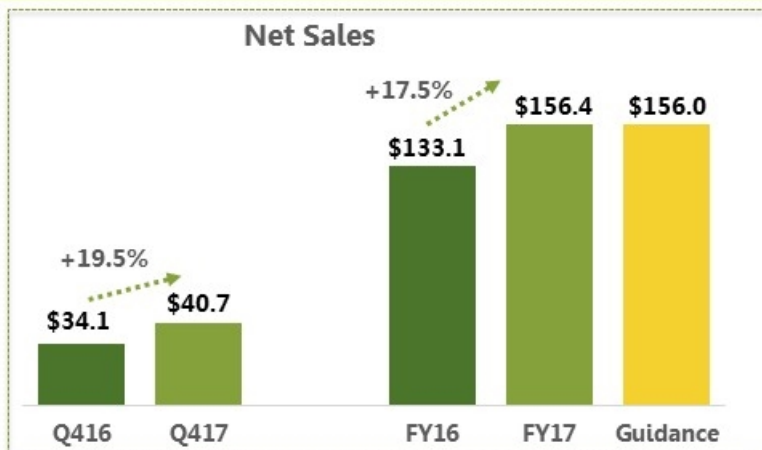


Freshpet Financial Highlights & Business Performance

- **Q4 net sales grew 19.5% with fresh sales +21.9%**
 - Double digit growth in all classes of trade
- **FY17 net sales grew 17.5% with fresh sales +20.1%**
 - Accelerated growth rate from FY16's +15%
- **FY17 Adjusted EBITDA of \$17.6 million**
 - Flat vs. YA despite +60% increase in media spending
- **HH penetration, awareness and buying rate all increased significantly**
 - Still significant room to grow
- **Velocity grew 16% in FY17**



2017 Results Exceed Full Year Guidance



All Channel Results Are Strong for Freshpet Fresh Products

Grocery/Mass	Q4	2017
Freshpet	+23.8%	+24%
Dog Food Category (Nielsen XAOC)	+2.4%	+0.8%

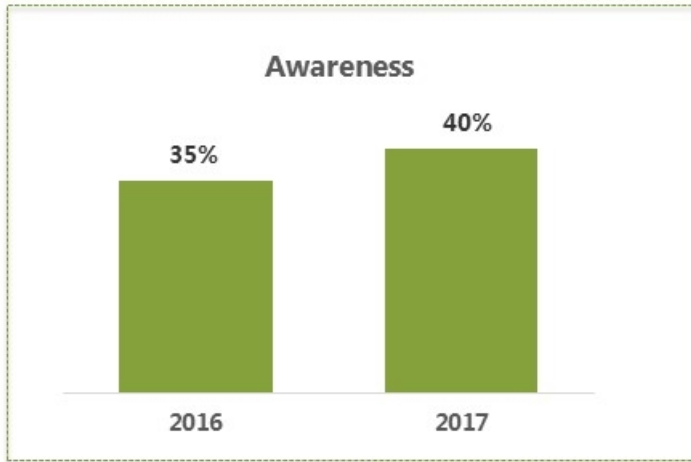
Pet Specialty/Natural/Other	Q4	2017
Freshpet	+14.8%	+5.6%
Dog Food in Pet Specialty	-7.4%	-7.2%

Total All Channels	Q4	2017
Freshpet	+21.9%	+20.1%
Dog Food Category	-0.5%	-1.7%



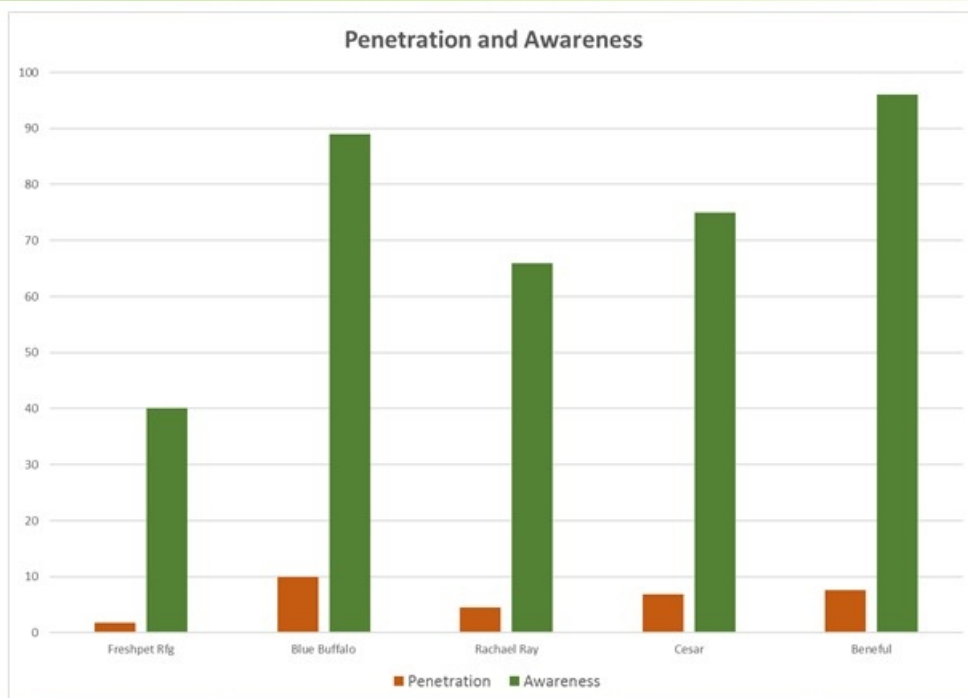
Source: Internal company shipment results by channel and Nielsen 52 weeks ending 12/30/17

Advertising Drives Awareness, Penetration and Buying Rate



Source: Nielsen HH Panel Q3 '17; Buying Rate is internal calculation for dog food only

Opportunity to Expand Awareness and HH Penetration

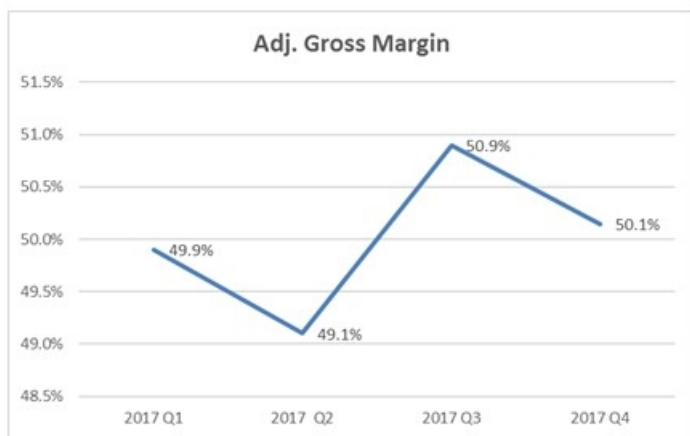


	Freshpet	Blue Buffalo	Rachael Ray	Cesar	Beneful
Awareness (Aided)	40%	86%	66%	75%	95%
Penetration	1.8%	~10% (est)	4.5% (dry)	6.8% (wet+dry)	7.6% (dry)



Source: 2017 Brand Tracker, Nielsen 2017 HH Panel

Adjusted Gross Margin Progress is Not Linear



- **Maintained progress on yields in Q4**
- **Lower gross margin in Q4 than Q3**
 - Commodity and inbound freight inflation
 - Mix shift to FFK
 - Ongoing testing
 - Seasonal labor expenses (e.g. holidays, incentive pay, etc...)
- **Eliminated all start-up expenses**
- **Offset part of mix shift**

Freshpet Fridges: More Placements and Higher Velocity

Velocity Drivers

- ✓ # of Fridges
- ✓ Penetration and buying rate
- ✓ In-stock conditions
- ✓ Fridge size and location/placement
- ✓ Assortment

	Q4	2017	Store Count
Gross Stores	+478	+2,001	
Net Stores	+354	+1,395	18,004
Velocity Increase (\$/\$M ACV – Nielsen XAOC)	+16.5%	+16.4%	

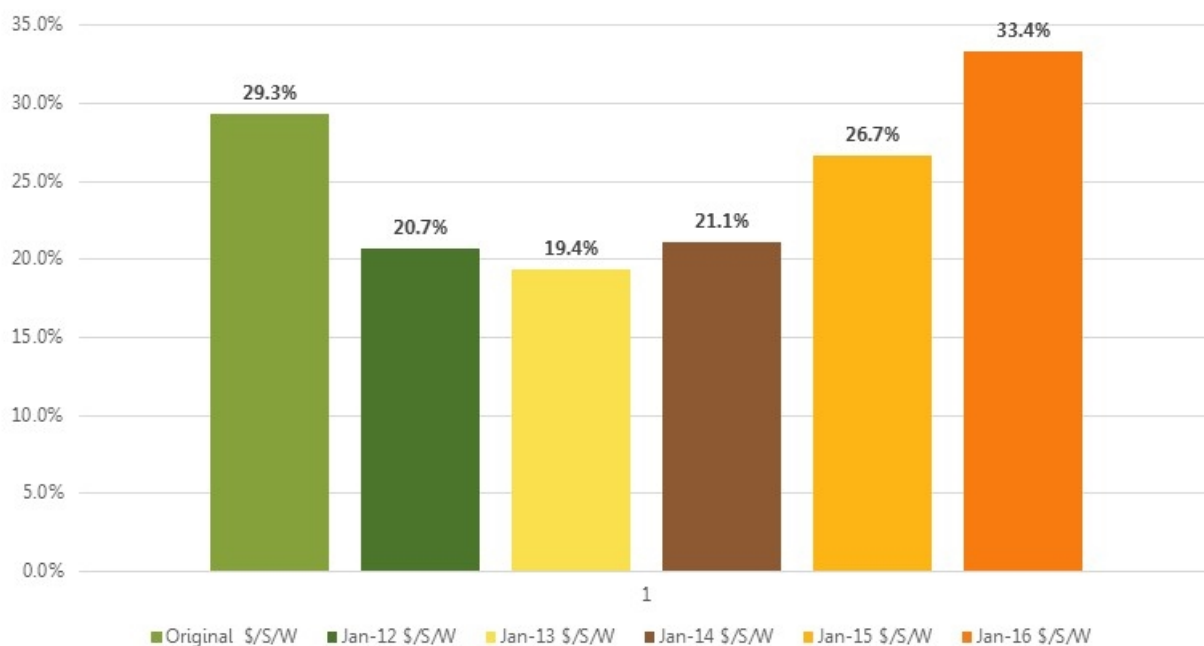


Source: Internal store count and Nielsen XAOC Data for the 12 month period ending 12/30/17

Strong Velocity Growth

2017 Same Stores Sales Growth By Vintage

Representative customer



Dick Kassar

Chief Financial Officer



Tax Reform Impact

- **No meaningful impact to earnings or the balance sheet**
- **The Company has a \$175 million NOL that will eliminate most federal taxes for many years**
- **The NOL was not capitalized so there is no balance sheet impact from the change in tax rates**
- **Other changes in the tax reform law will have minor impact on the company**



Revenue Recognition Policy Change

	Previous Policy			New Policy		
	2016	2017	2020 Goal	2016	2017	2020 Goal
Net Sales (\$ millions)	133.0	156.4	300	129.7	152.4	300
Cost of Sales (\$ millions)	72.7	84	--	69.3	79.9	--
Adjusted Gross Margin	49.6%	50.0%	~52%	50.9%	51.3%	53.9%
Adjusted EBITDA (\$ millions)	17.7	17.6	60+	17.7	17.6	60+



Long-term Goals Revised for Accounting Change

Future Economic Model				
	Original Goals		Revised Accounting Policy	
	FY 2016	FY 2020	FY 2016	FY 2020
Growth Rate	15%	15-20%	15%	15-20%
Stores	16,609	23,000	16,609	23,000
Adj. Gross Margin	49.6%	~52%	50.9%	53.9%
Adj. EBITDA Margin	13%	20+%	13%	20+%
Media Investment	~6% of sales	~9% of sales	~6% of sales	~9% of sales
Advertising Payback	1.5 yrs	--	1.5 yrs	--
Free Cash Flow	-\$13.9M	~15% of sales*	-\$13.9M	~15% of sales*

*Before capacity expansion for sales beyond \$300 million



Feed the Growth: Year II -- 2018

2018 Guidance

\$ in Millions	2017	2018	% Change
Net Sales	\$152.4	>\$185	21+%
Adjusted EBITDA	\$17.6	>\$20	14+%
Media Spend Increase	+60%	60+%	--



Billy Cyr

Chief Executive Officer



Freshpet



We Operate Differently

Delighting consumers with fresh food & our company ideology

PETS · PEOPLE · PLANET

**Environmentally
Focused**



**Community &
Consumer Engagement**



**Employee
Engagement**



2020 Goals

Future Economic Model		
	FY 2016	FY 2020
Growth Rate	15%	15-20%
Stores	16,609	23,000
Adj. Gross Margin	50.9%	53.9%
Adj. EBITDA Margin	13%	20+%
Media Investment	~6% of sales	~9% of sales
Advertising Payback	1.5 yrs	--
Free Cash Flow	-\$13.9M	~15% of sales*

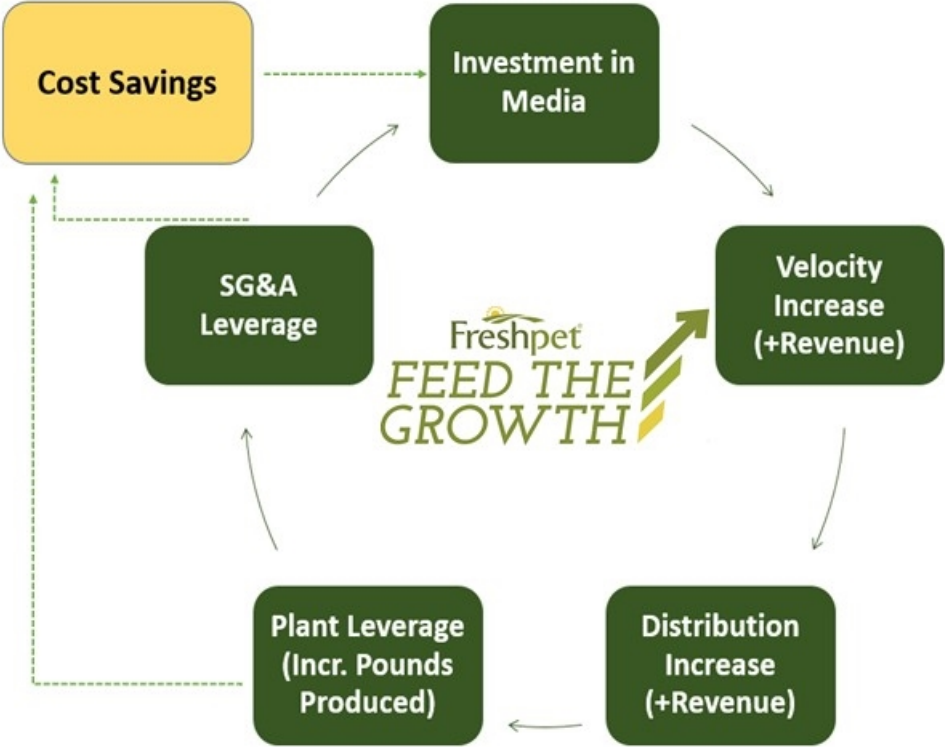
***Before capacity expansion for sales beyond \$300 million**



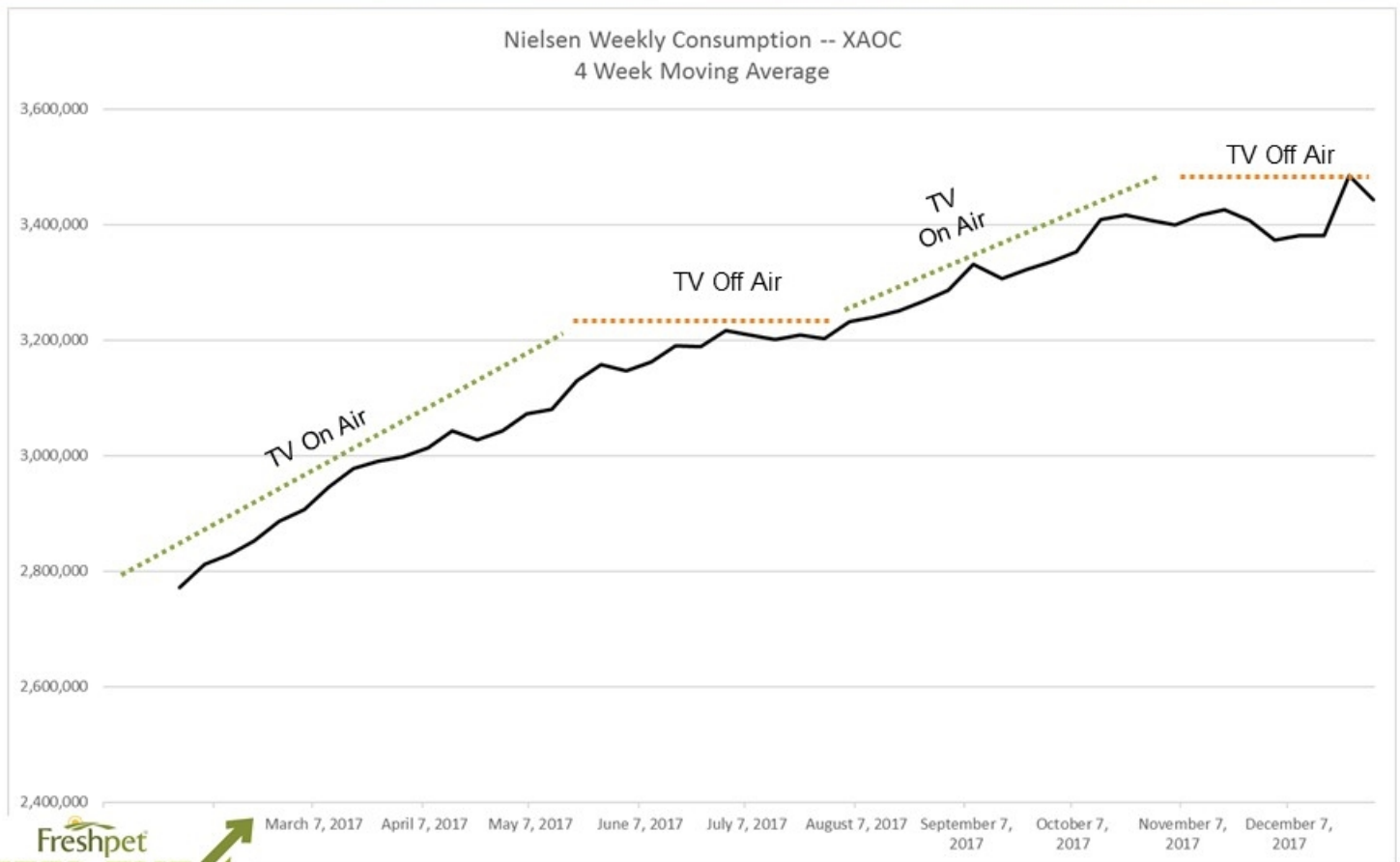
Freshpet[®]
*FEED THE
GROWTH* 

YEAR II: Bigger and Faster

Freshpet Operating Model

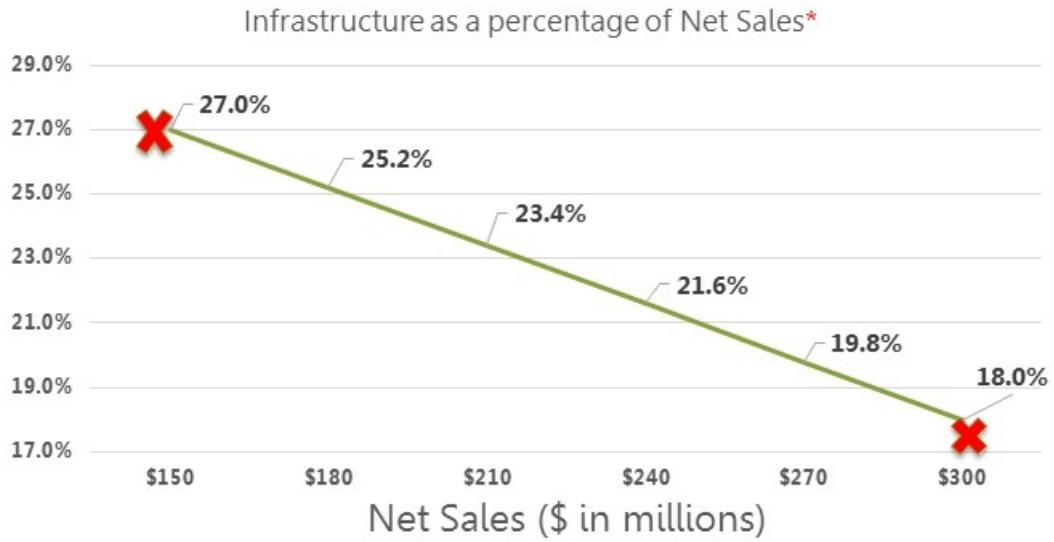


Advertising Investment Drives Consumption Consistently



Driving Significant Margin Improvement . . .

By 2020: 9 pt. reduction in fixed costs



*Leverage adjusted to projected inflationary growth of infrastructure

Strong Barriers to Entry: A Difficult Business to Replicate

Differentiated

Innovative forms, technologies, and appearance



Manufacturing

Proprietary technology, processes, and infrastructure



High Brand Loyalty

Alignment with deep pet parent emotional motivations



Supply Chain

Only refrigerated pet food network in North America



Technical Knowledge

Production Scale

Product Performance

Freshpet Franchise

Brand Equity

Distribution Scale

Fridge Placements

Freshpet Fridge

Branded, company-owned real estate



Walmart

Retailer Partners

Delivers benefits in traffic, frequency and retailer margins

petco

Kroger

WHOLE FOODS MARKET

TARGET

Freshpet

Increasing Media Investment to Accelerate Growth

Freshpet Media Spending

(\$ Million)

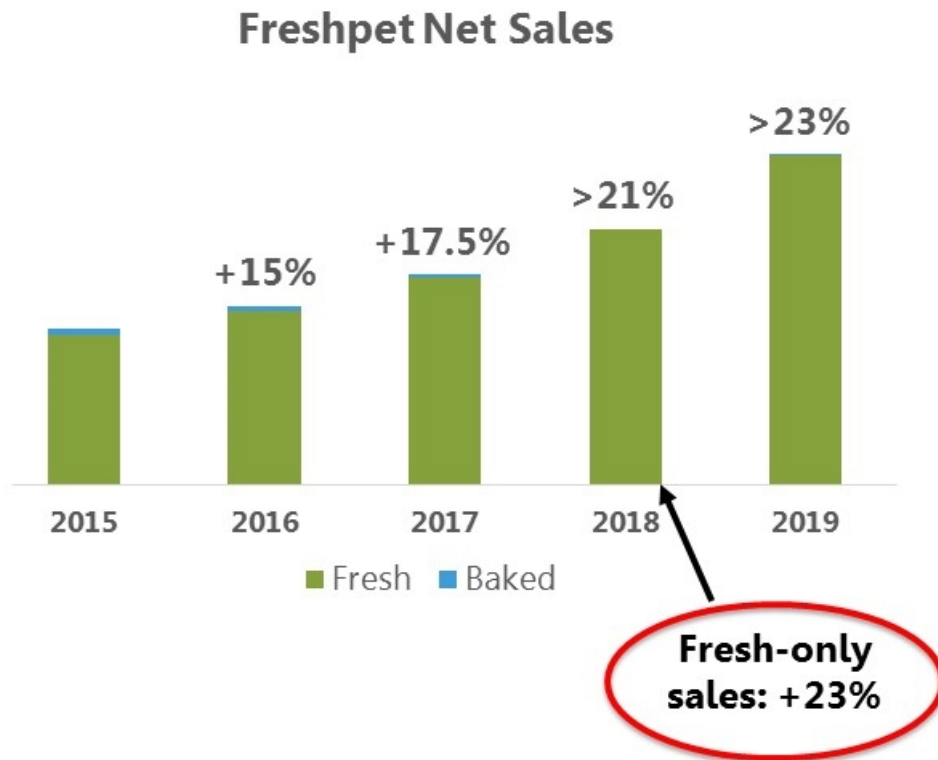


% = percent of sales

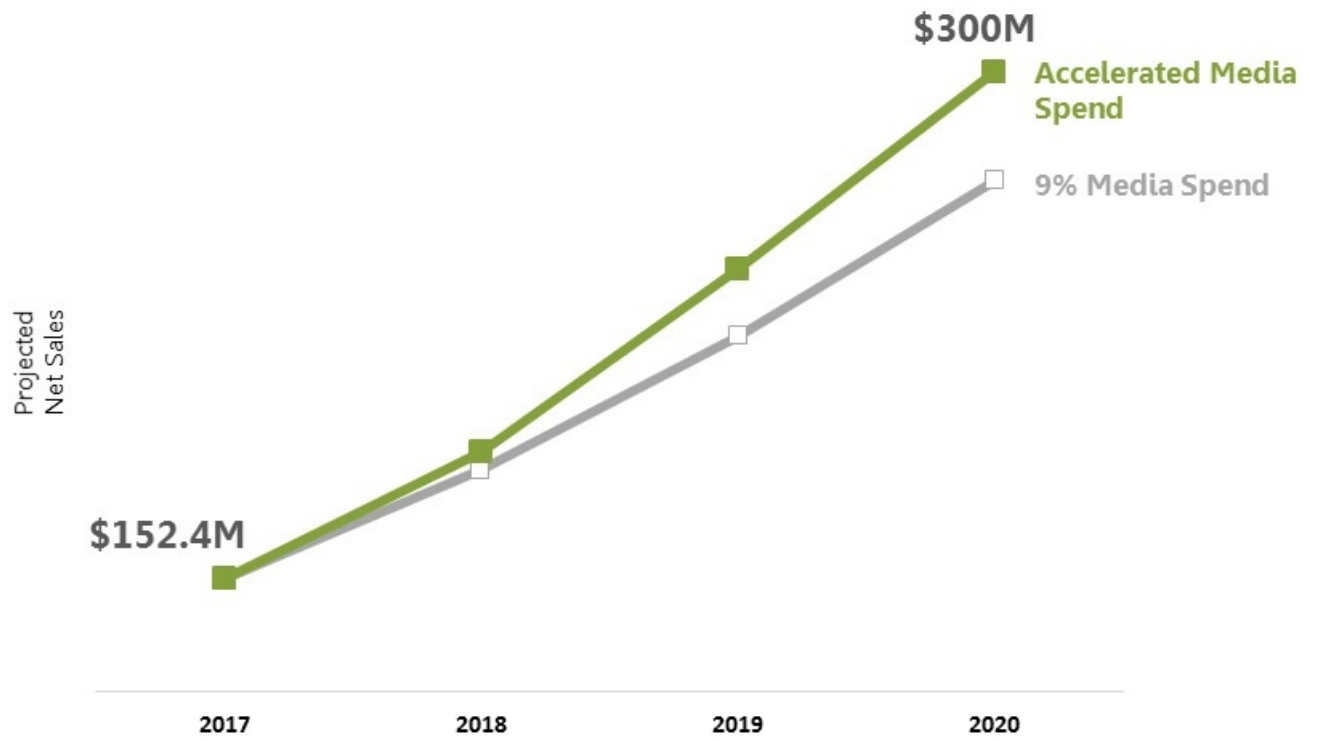
2018: Reinvesting Scale Benefits Into Media



In 2018, We Expect to Accelerate Fresh Growth... and Carry Momentum into 2019



Putting Freshpet Well On Its Way to Our \$300M Goal . . .



While Driving Both *Distribution and Velocity* . . .

Distribution Drivers

- More stores
- Right stores

Significant White Space



Velocity Drivers

- HH Penetration
- Buying Rate
- In-store conditions



Fridge Upgrades Drive Incremental Velocity

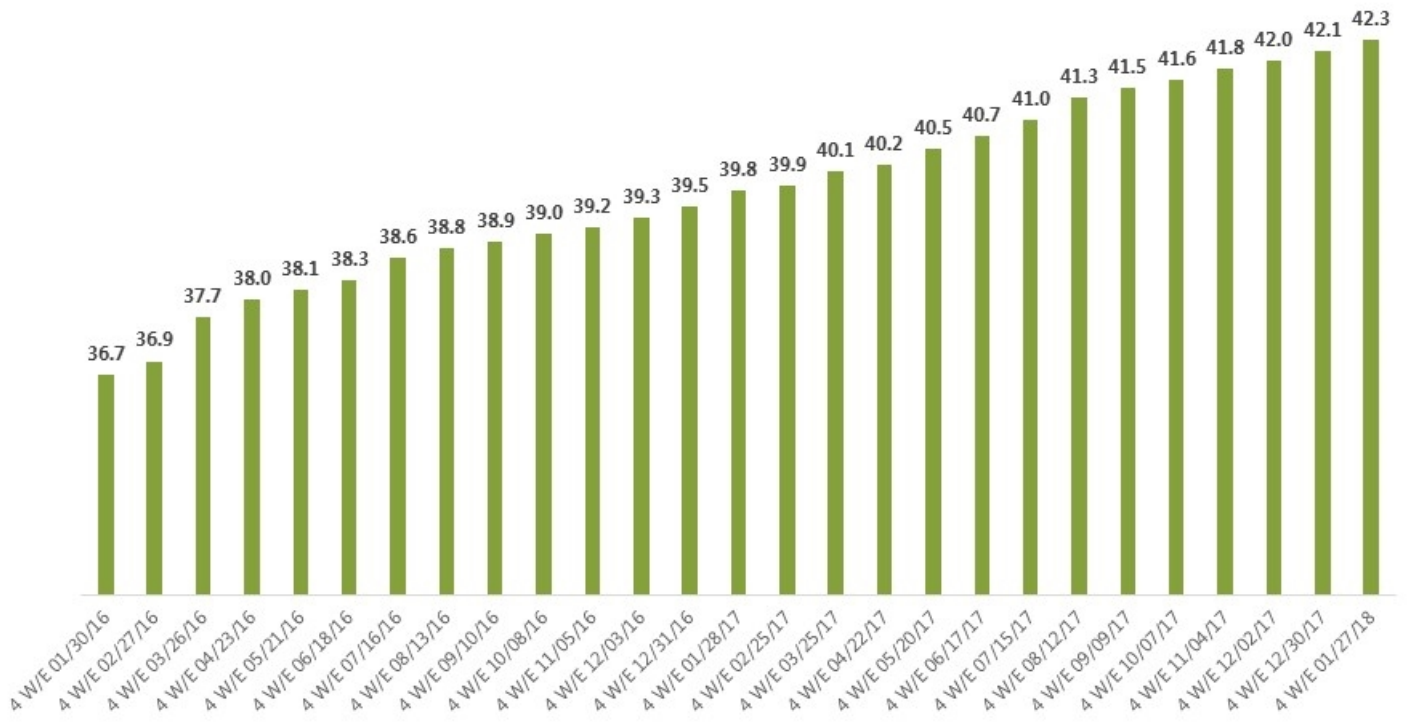


Growing sales by distribution point

- Fridge upgrades have yielded significant incremental growth
- Maximizes existing retail location sales opportunities
- Payback in ~36 months
- Upgrades provide:
 - Expanded space
 - 22% -200% larger
 - Opportunity for wider assortment
 - Significantly improved visibility and merchandising
 - Easier stocking
 - More holding power

With Consistent Ability to Drive Product Availability

Freshpet Total RFG %ACV



Source: Nielsen XAOC data ending 1/27/18

And With Growth Potential in Fresh E-commerce

Strategy: Grow with winning players in fresh e-commerce



Freshpet Long-Term Capacity Planning

- **Existing Kitchens can support \$300M to 400M in net sales – depending on product mix**
- **If we deliver our 2020 goals, we will need new bag capacity sometime in 2020, rolls in 2021**
- **It takes two years to add capacity:**
 - Year 1: Planning and permitting plus ordering long lead-time equipment
 - Year 2: Construction and start-up
- **Need to have a plan in place before the end of 2018**
 - Location
 - Size and Scope
 - Technology
- **Financial commitments would be made in late 2018 and throughout 2019**
 - We will update plans and commitments later in the year

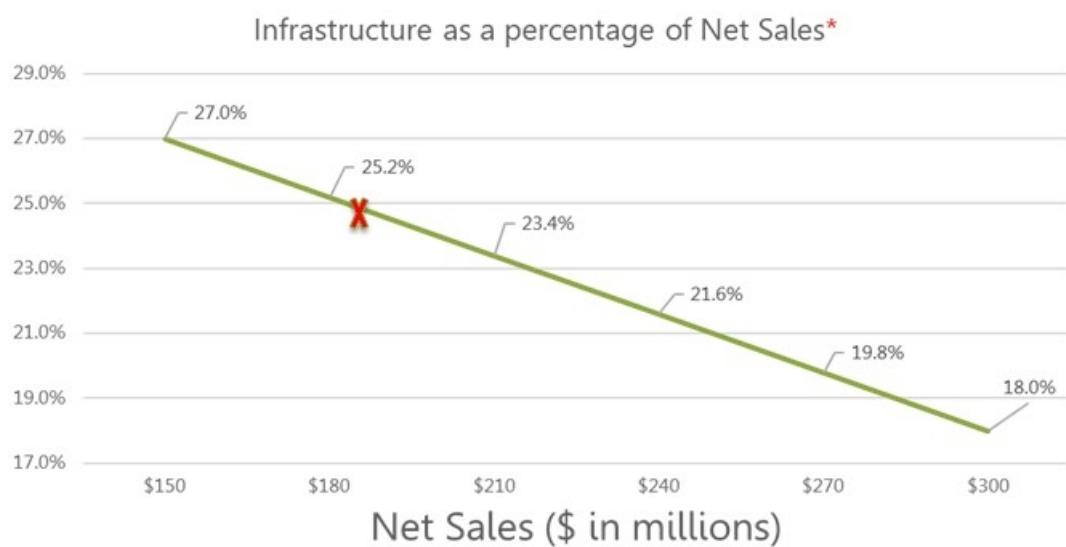


Guiding Principles for Capacity Expansion

- **Freshpet has tremendous growth potential ahead of it**
 - Capacity increases must envision and enable future expansions in a cost effective way
- **Manufacturing expertise must remain a competitive advantage**
 - We will continue to advance our mastery of the technology
 - Particular focus on efficiency, reliability and safety improvements
- **We will not dilute our focus on gross margin improvement efforts in the existing facility**
 - We will dedicate engineering staffing to design and build the next facility
 - We will replace that staffing in the existing facility with full-time operating talent
- **The location decision will consider the full range of risks/opportunities that come with each location**
 - Considerations will include access to raw material supply, labor, utilities, technology transfer risk, freight costs, local incentives, supply diversification, etc.



Gaining 200 Basis Points of Fixed Cost Leverage in 2018



* Leverage adjusted to projected inflationary growth of infrastructure

2018 Guidance

\$ in Millions	2017	2018	% Change
Net Sales	\$152.4	>\$185	21+%
Adjusted EBITDA	\$17.6	>\$20	14+%
Media Spend Increase	+60%	60+%	--



Further Strengthening Our Barriers to Entry . . .



While delighting pet parents, pets, shareholders and employees . . .

Melissa & Zooka
Canton, MI





Historical Impact of the upcoming Revenue Recognition Policy (ASC 606) - Annually

Year Ended December 31,

\$ amounts in thousands

	2014	2015	2016	2017
Current Policy under ASC 605				
Net Sales	\$ 86,764	\$ 116,186	\$ 133,054	\$ 156,379
Cost of Sales	\$ 44,546	\$ 61,537	\$ 72,683	\$ 83,963
Gross Profit	\$ 42,218	\$ 54,649	\$ 60,371	\$ 72,416
Gross Margin	48.7%	47.0%	45.4%	46.3%
Adjusted Gross Margin	51.6%	49.2%	49.6%	50.0%

New Policy under ASC 606

Net Sales	\$ 84,154	\$ 113,505	\$ 129,707	\$ 152,359
Cost of Sales	\$ 41,936	\$ 58,856	\$ 69,336	\$ 79,943
Gross Profit	\$ 42,218	\$ 54,649	\$ 60,371	\$ 72,416
Gross Margin	50.2%	48.1%	46.5%	47.5%
Adjusted Gross Margin	53.2%	50.4%	50.9%	51.3%

Historical Impact of the upcoming Revenue Recognition Policy (ASC 606) - Quarterly

Three Months Ended

\$ amounts in thousands

	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017	12/31/2017
Current Policy under ASC 605								
Net Sales	\$ 31,454	\$ 33,002	\$ 34,536	\$ 34,061	\$ 34,514	\$ 39,969	\$ 41,200	\$ 40,697
Cost of Sales	\$ 16,566	\$ 18,090	\$ 19,185	\$ 18,841	\$ 18,711	\$ 21,799	\$ 21,697	\$ 21,756
Gross Profit	\$ 14,888	\$ 14,912	\$ 15,351	\$ 15,220	\$ 15,803	\$ 18,170	\$ 19,503	\$ 18,940
Gross Margin	47.3%	45.2%	44.4%	44.7%	45.8%	45.5%	47.3%	46.5%
Adjusted Gross Margin	50.2%	48.7%	49.6%	49.9%	49.9%	49.1%	50.9%	50.1%

New Policy under ASC 606

Net Sales	\$ 30,529	\$ 32,100	\$ 33,768	\$ 33,310	\$ 33,678	\$ 38,728	\$ 40,125	\$ 39,829
Cost of Sales	\$ 15,641	\$ 17,188	\$ 18,417	\$ 18,090	\$ 17,874	\$ 20,559	\$ 20,622	\$ 20,888
Gross Profit	\$ 14,888	\$ 14,912	\$ 15,351	\$ 15,220	\$ 15,803	\$ 18,170	\$ 19,503	\$ 18,940
Gross Margin	48.8%	46.5%	45.5%	45.7%	46.9%	46.9%	48.6%	47.6%
Adjusted Gross Margin	51.8%	50.1%	50.7%	51.1%	51.2%	50.7%	52.2%	51.2%



