



December 2020 Investor Update
December 15, 2020



Forward Looking Statements & Non-GAAP Measures

Forward-Looking Statements

Certain statements in this presentation constitute “forward-looking” statements, which include any statements related to the novel coronavirus (“COVID-19”), the Freshpet Kitchens Expansion, and the Company's general operating and economic environment. 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 many 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 and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this presentation. 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 Measures

Freshpet uses certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA as a % of net sales, Adjusted Gross Profit, Adjusted Gross Profit as a % of net sales (Adjusted Gross Margin), Adjusted SG&A and Adjusted SG&A as a % of net sales. These non-GAAP financial measures should be considered as supplements to GAAP reported measures, should not be considered replacements for, or superior to, GAAP measures and may not be comparable to similarly named measures used by other companies.

Freshpet defines EBITDA as net income (loss) plus interest expense, income tax expense and depreciation and amortization expense, and Adjusted EBITDA as EBITDA plus gain (loss) on disposal of equipment, plant start-up expenses, non-cash share-based compensation, launch expense, fees related to equity offerings, COVID-19 expenses, and fees associated with due diligence of new enterprise resource planning (“ERP”) software.

Forward Looking Statements & Non-GAAP Measures (cont.)

Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, plant start-up costs, COVID-19 expenses and non-cash share-based compensation, and Adjusted SG&A as SG&A expenses before depreciation and amortization expense, non-cash share-based compensation, launch expense, gain (loss) on disposal of equipment, fees related to equity offerings, and fees associated with due diligence of new ERP software..

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. Non-GAAP financial measures are shown as supplemental disclosures in this presentation because they are widely used by the investment community for analysis and comparative evaluation. They also provide 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, provide a more complete understanding of the Company's business than could be obtained absent this disclosure. Adjusted EBITDA is also an important component of internal budgeting and setting management compensation. 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.

Certain of these measures present the company's guidance for fiscal year 2020, for which the Company has not yet completed its internal or external audit procedures. The Company does not provide guidance for the most directly comparable GAAP measure and similarly cannot provide a reconciliation to such measure 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.



2020 Progress

Post-COVID: Pivoted to accelerate growth



- Moved April advertising back
- Increased advertising \$2 million
- Continuous media May-October

- Delivery options on website
- Launched “Delivered” ad
- Introduced DTC option

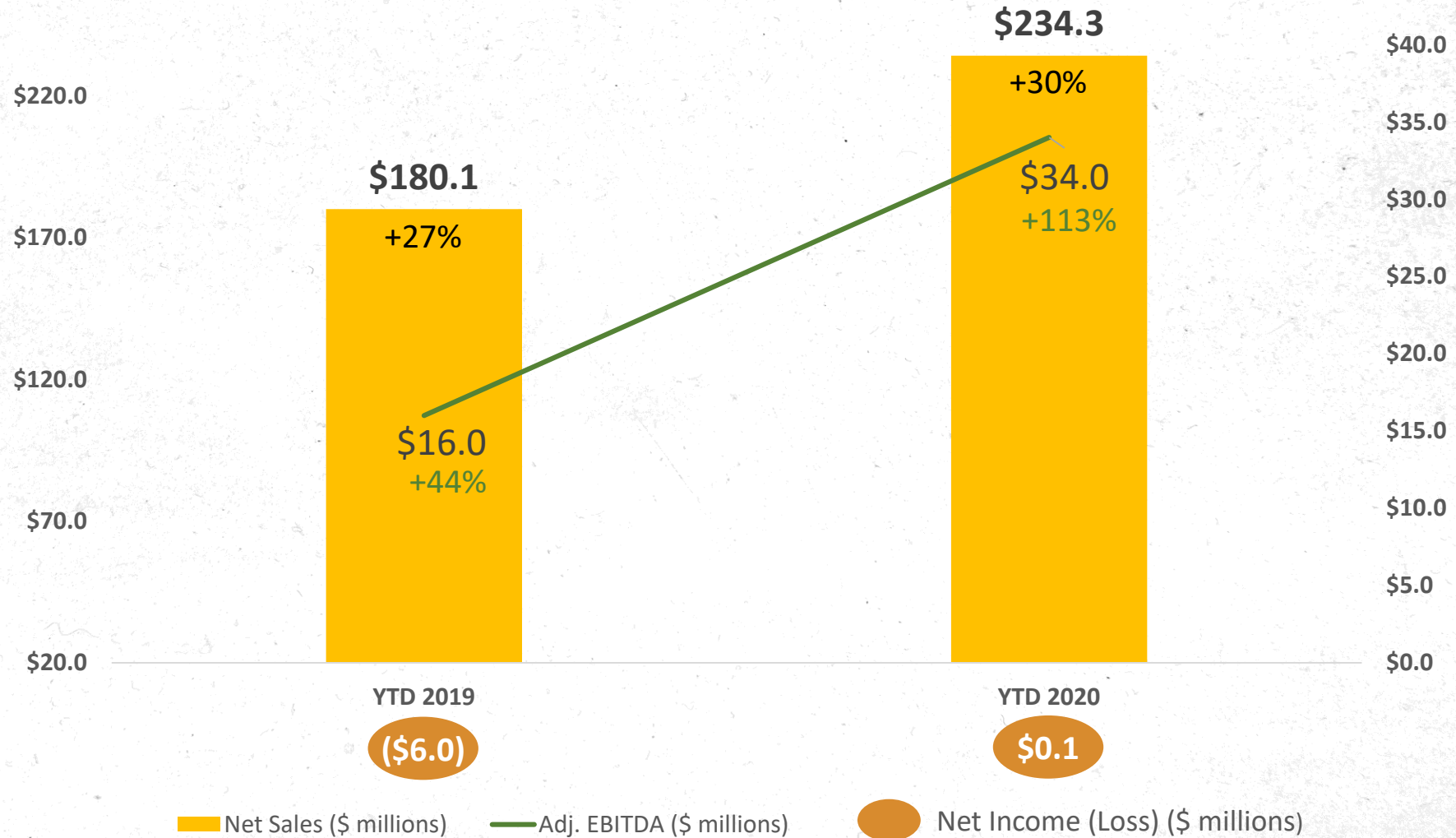
- Incremental retail coverage

- Ran production lines continuously
- Improved fill rates to 90+%
- Added 2nd shift at Kitchens South

- 3 layers of protection
- Transparent communication

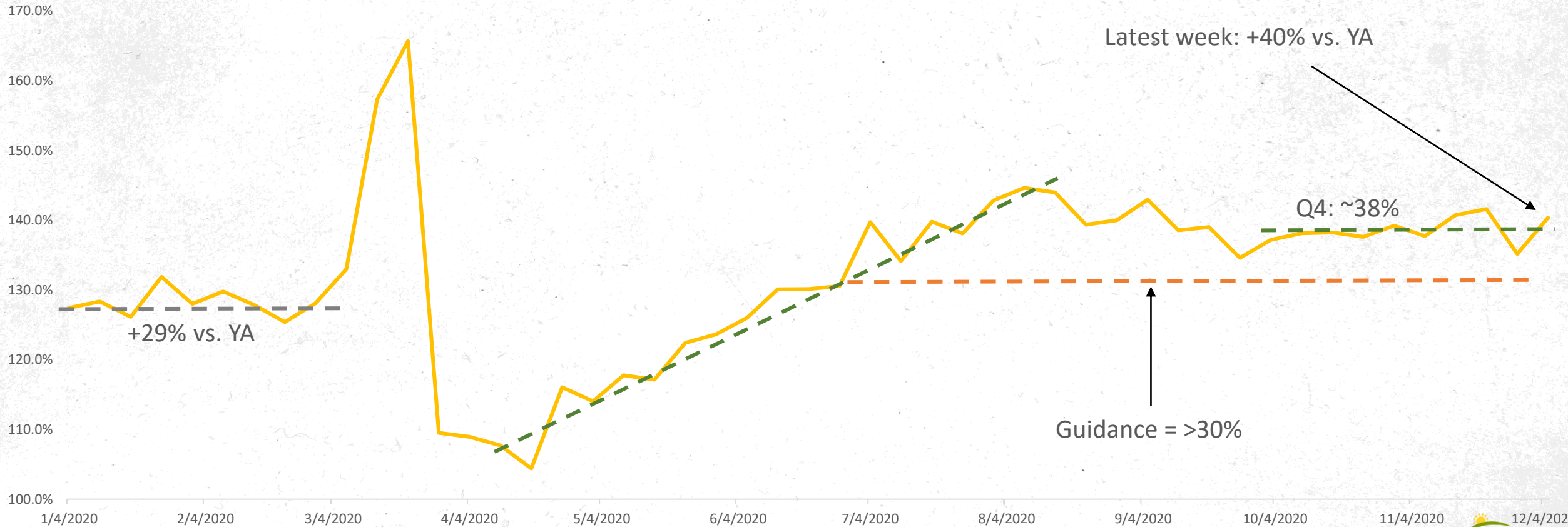
Q3 YTD results were strong

Freshpet Net Sales & Adj. EBITDA Performance



Consistently delivering ~38% growth

Nielsen Mega-Channel Consumption Growth
(Index vs. YA)



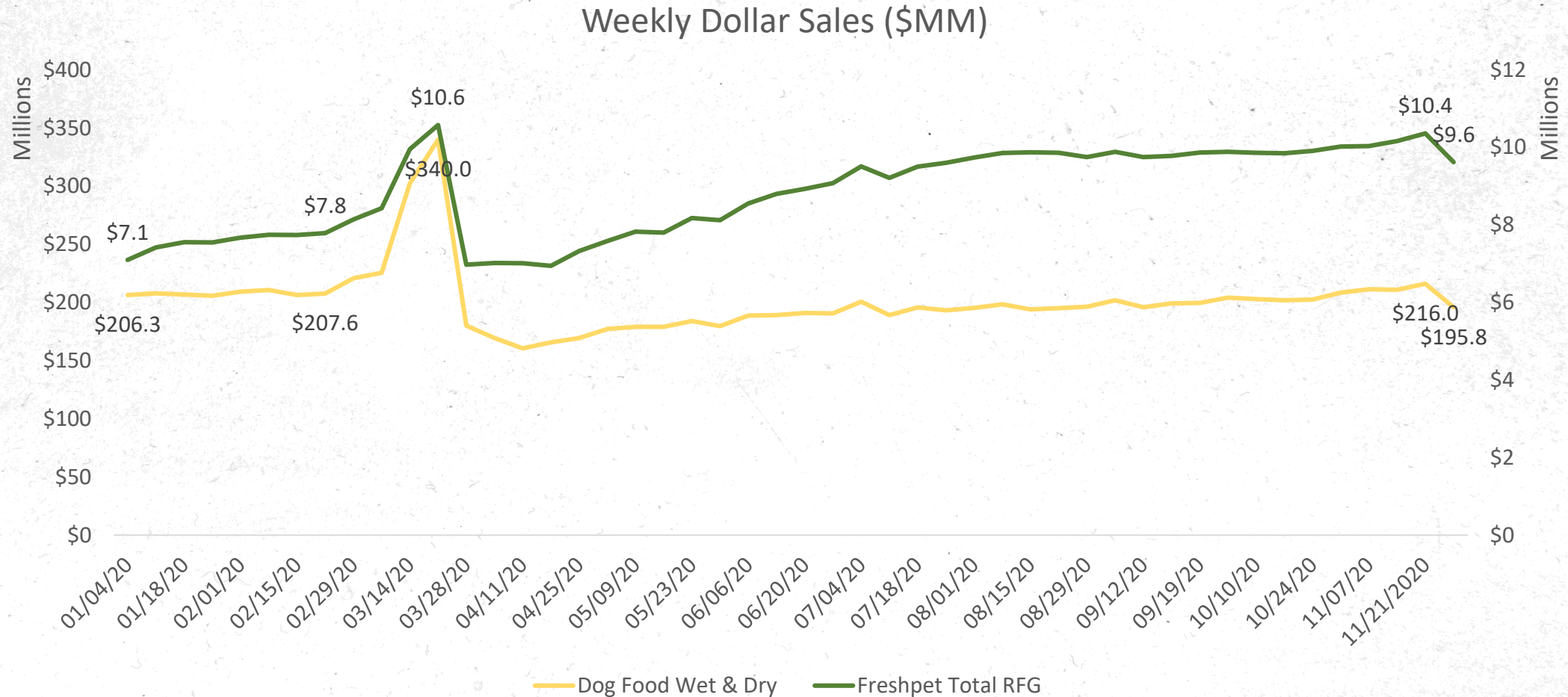
Latest week: +40% vs. YA

Q4: ~38%

Guidance = >30%

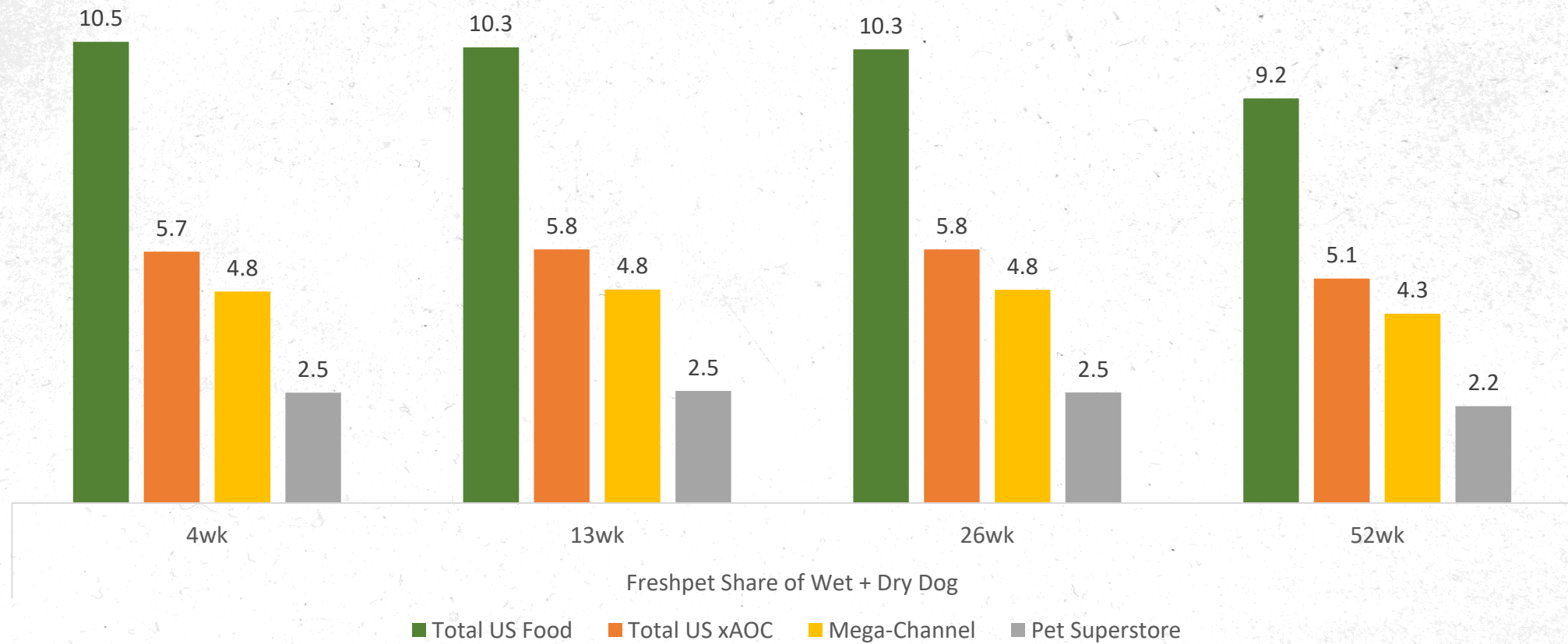
+29% vs. YA

Bouncing back faster than the category

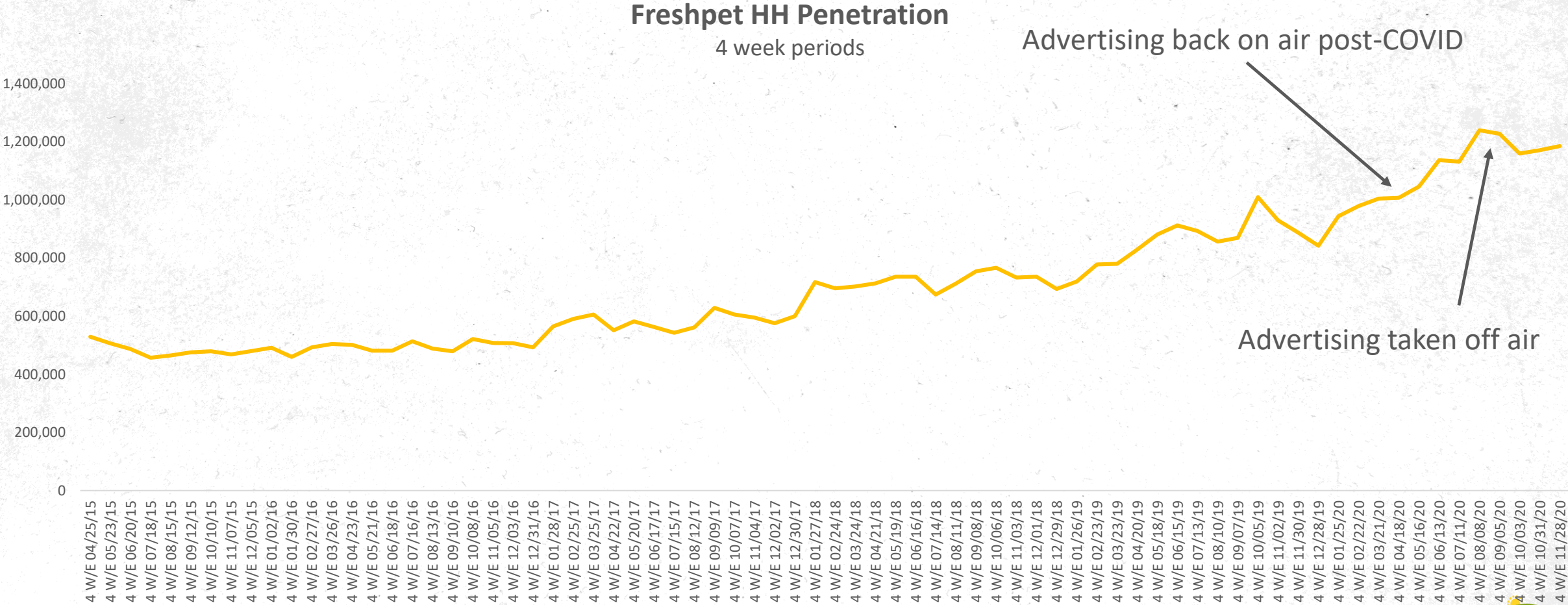


Building meaningful share of the category

Freshpet \$ Share of Wet & Dry Dog



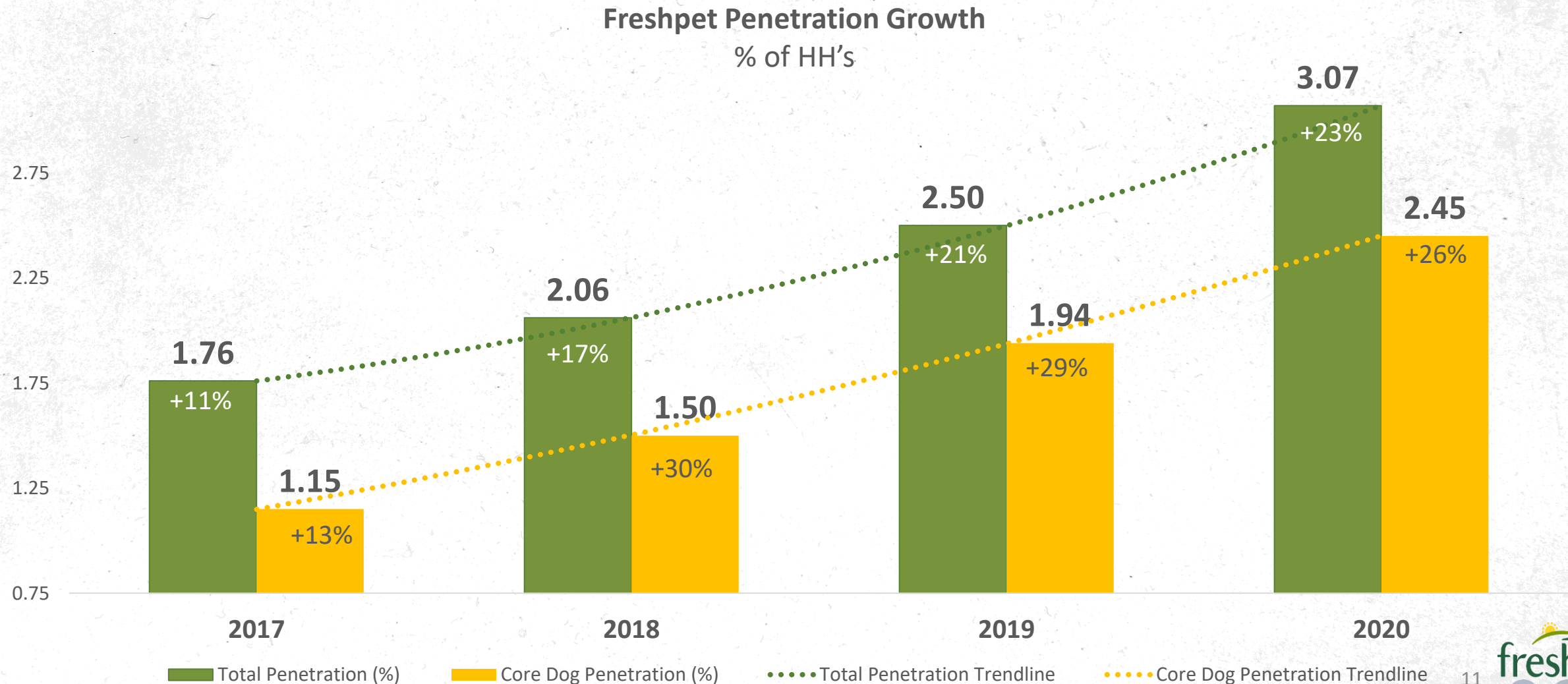
Accelerating HH penetration grew while on air



Source: Nielsen HH Panel Data thru 11/28/20



Adding HH's quickly

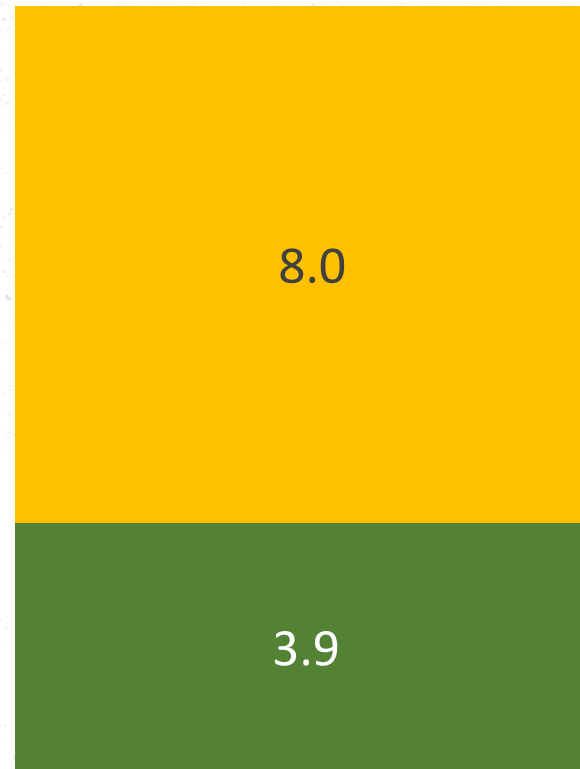


Source: Nielsen HH Panel for the period ending late November 2016-2020



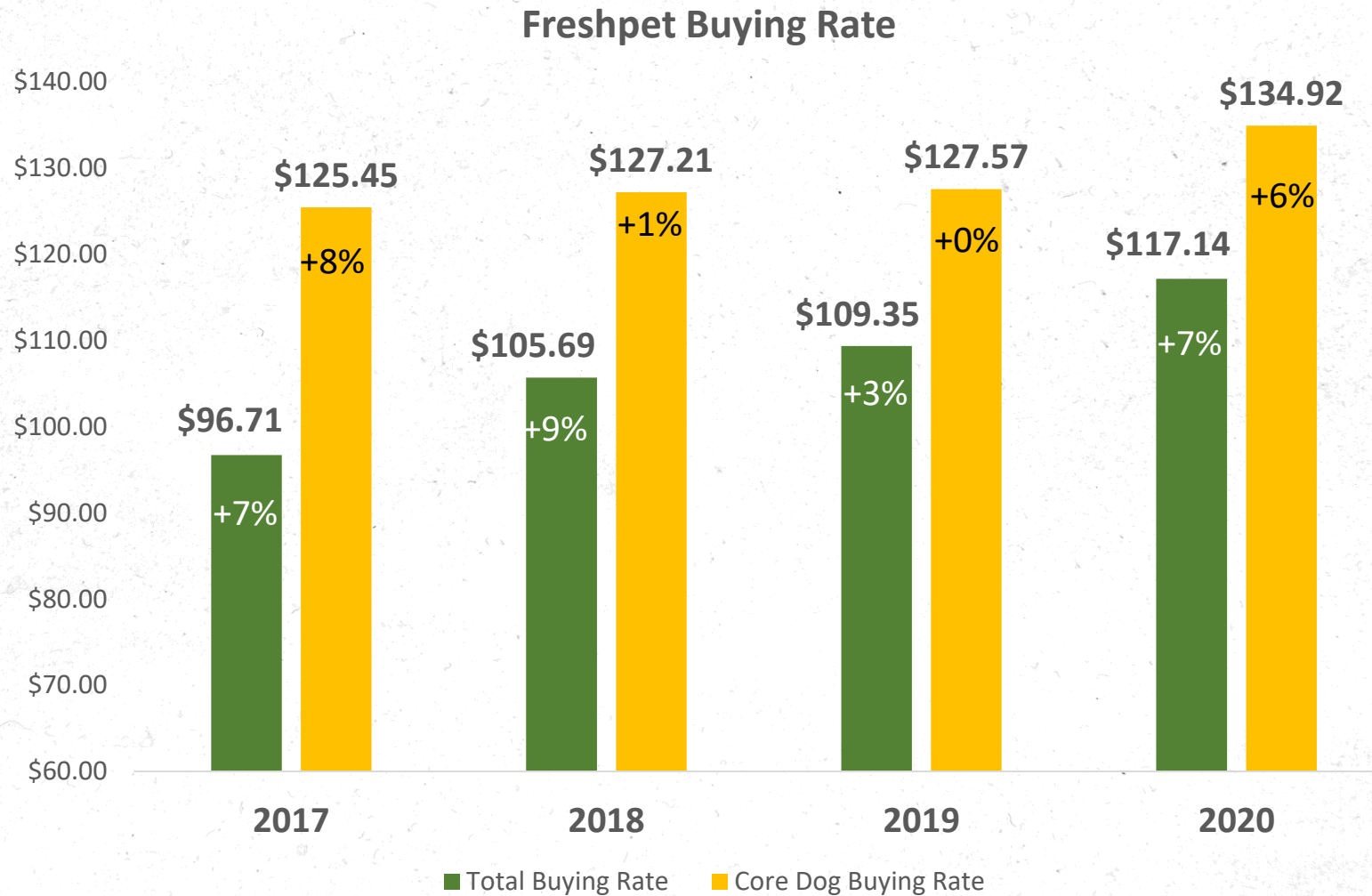
On track for 2025 goal of 8 MM HH's

Progress Towards 2025 HH Penetration Goal



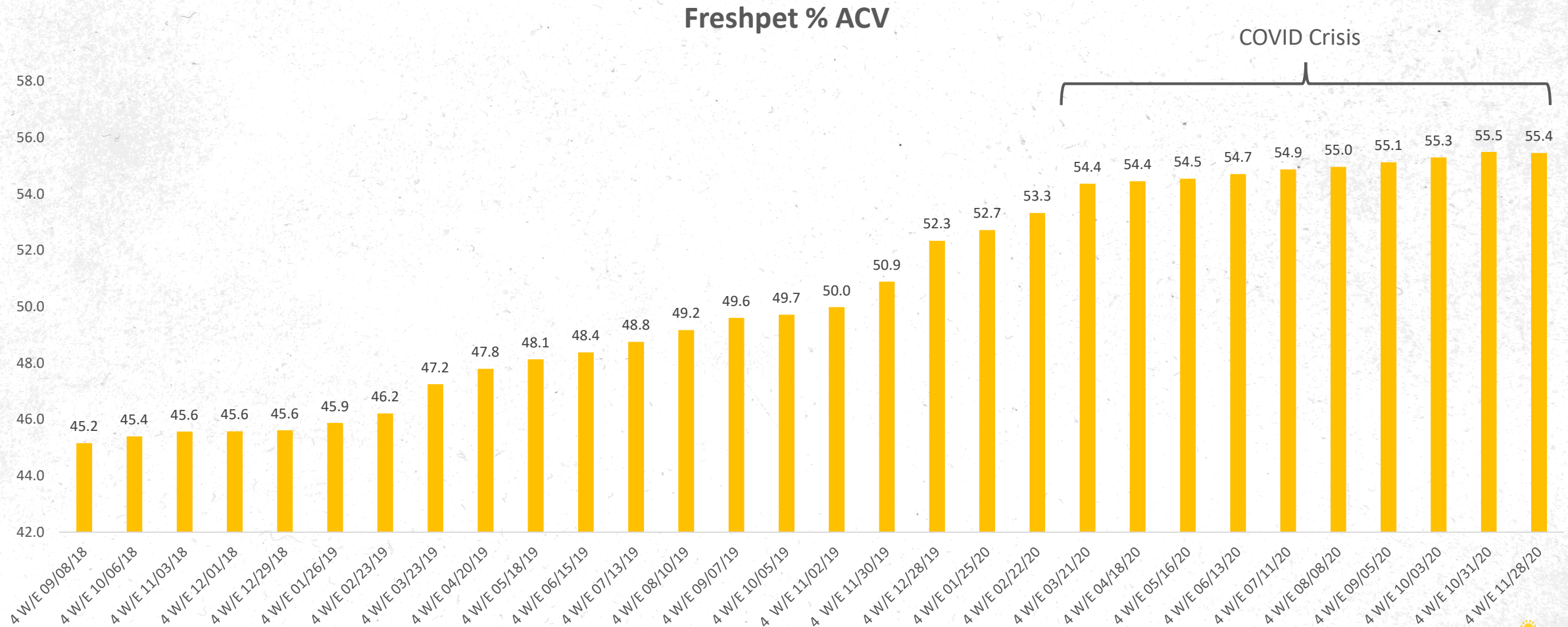
■ Current HH Penetration ■ 2025 Target HH Penetration

Buying rate growth continues



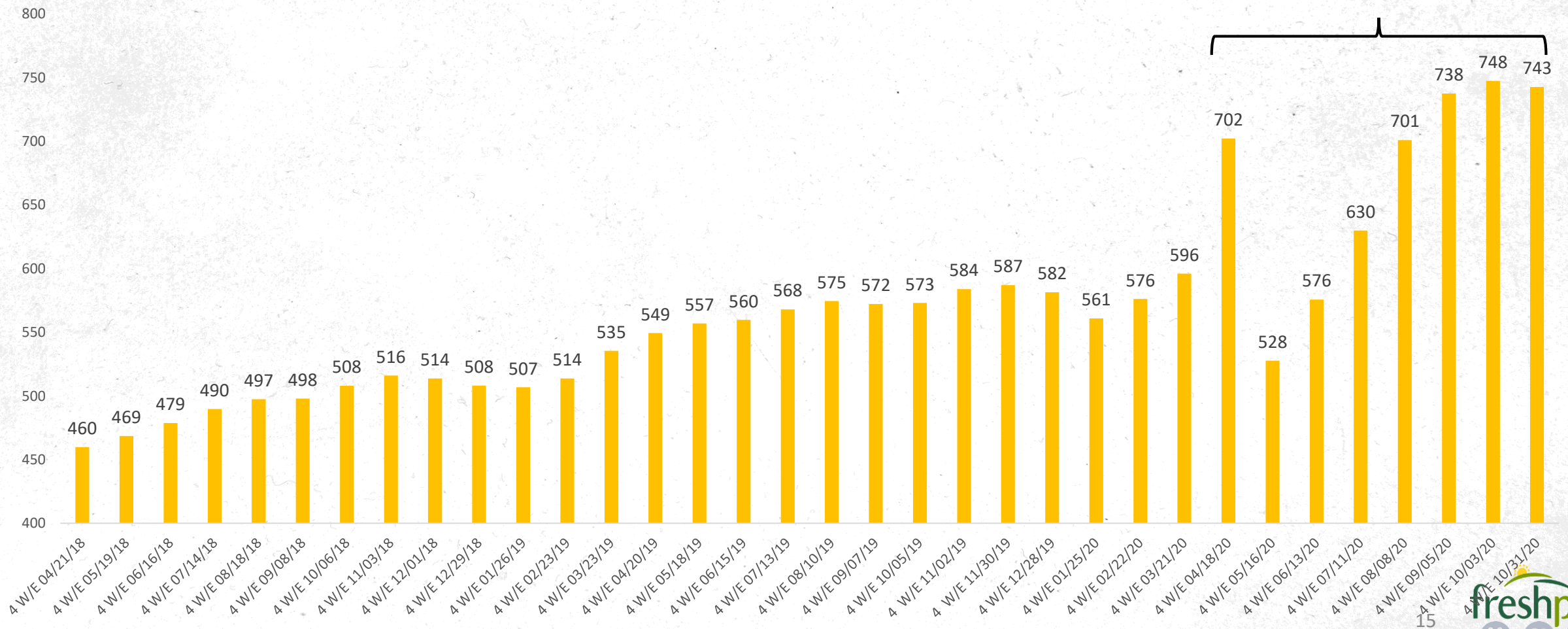
Source: Nielsen HH Panel for the period ending late November 2017, 2018, 2019, 2020 and company internal data

Distribution growth plateaued during COVID crisis



Velocity growth has surged

Freshpet Velocity
\$/ \$MM ACV

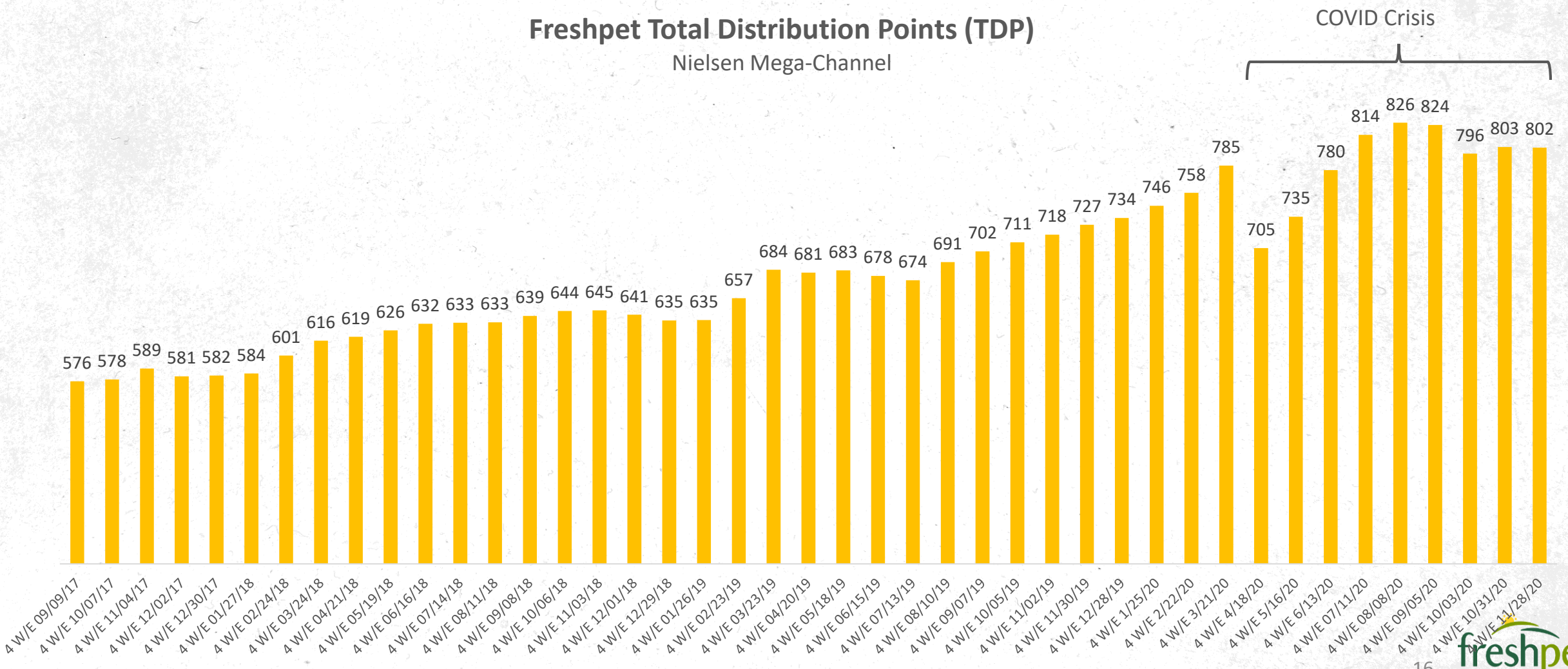


Source: Nielsen Mega-Channel Data thru 11/28/20



Distribution is eroding behind out-of-stocks but 2nd Fridges adding TDP's vs. YA

Freshpet Total Distribution Points (TDP)
Nielsen Mega-Channel



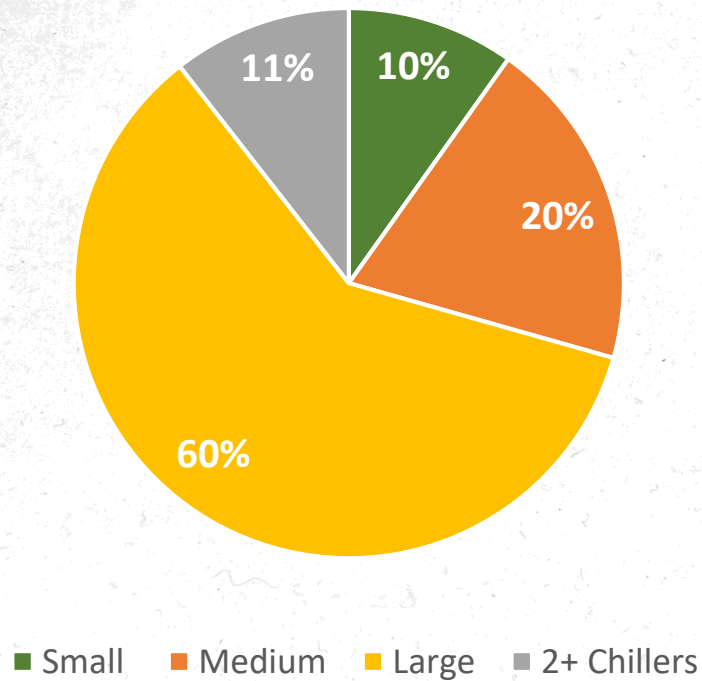
COVID Crisis

Source: Nielsen Mega-Channel Data thru 11/28/20

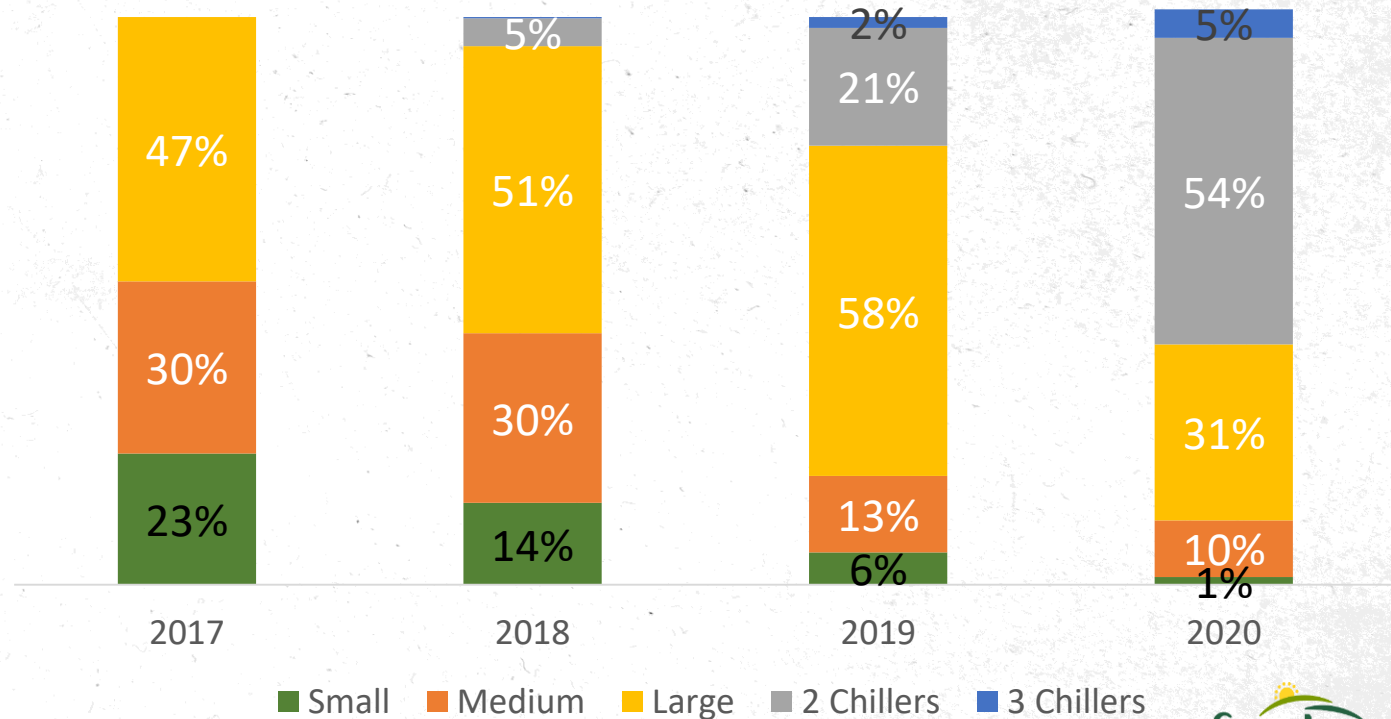


New fridge placements skew heavily to second fridges

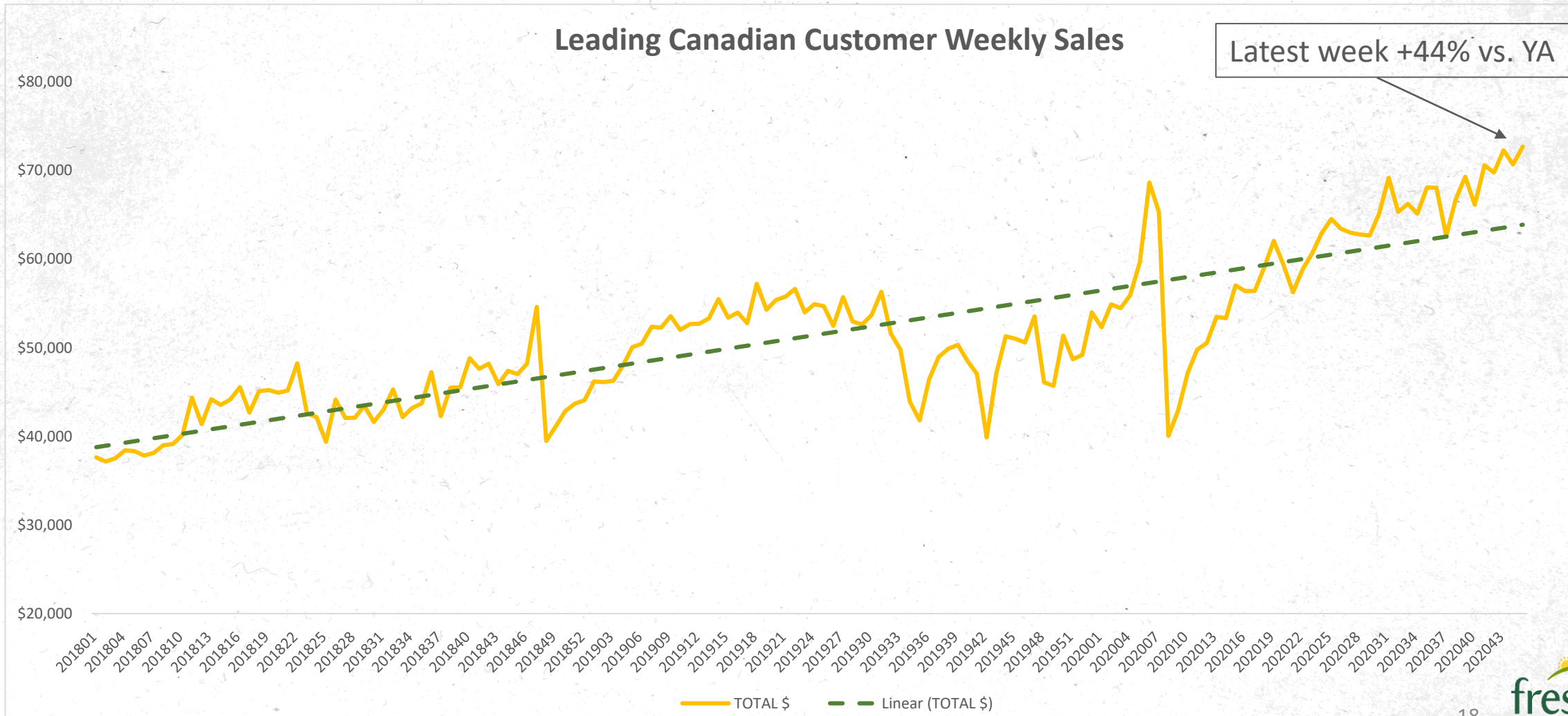
Freshpet Fridge Fleet Distribution by Size
(US & Canada Stores)



New Fridge Installations by Size
(US & Canada)

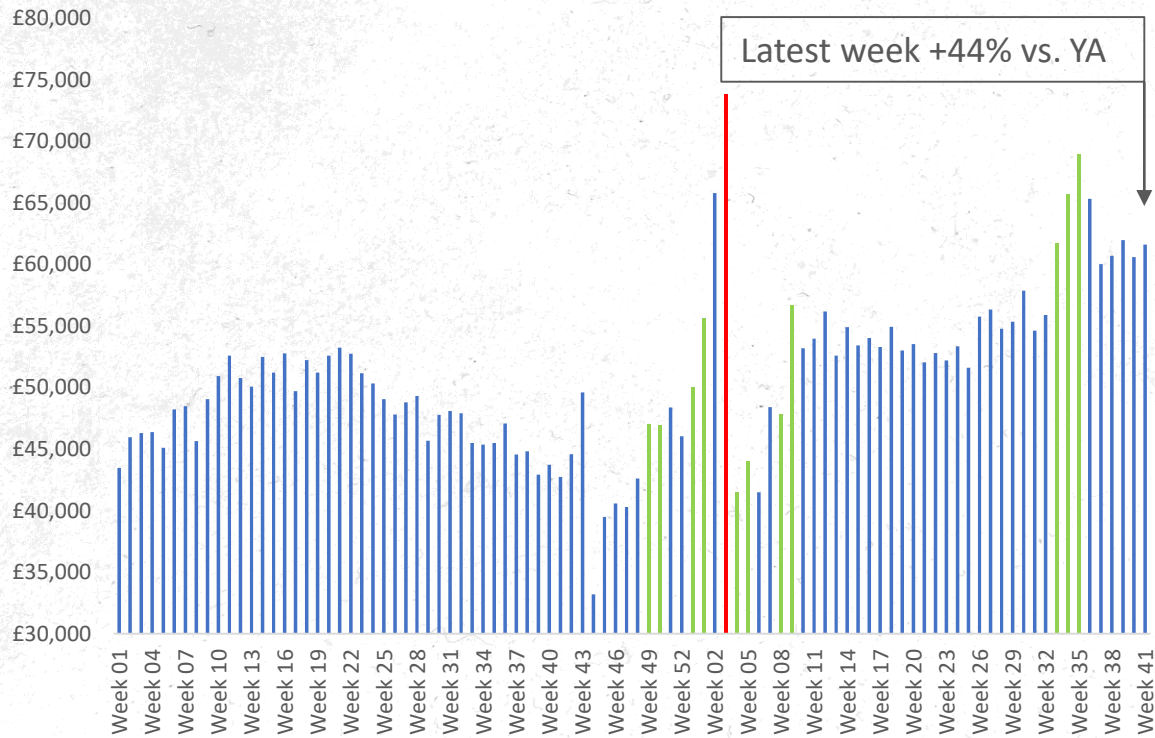


Canadian business accelerating post-COVID

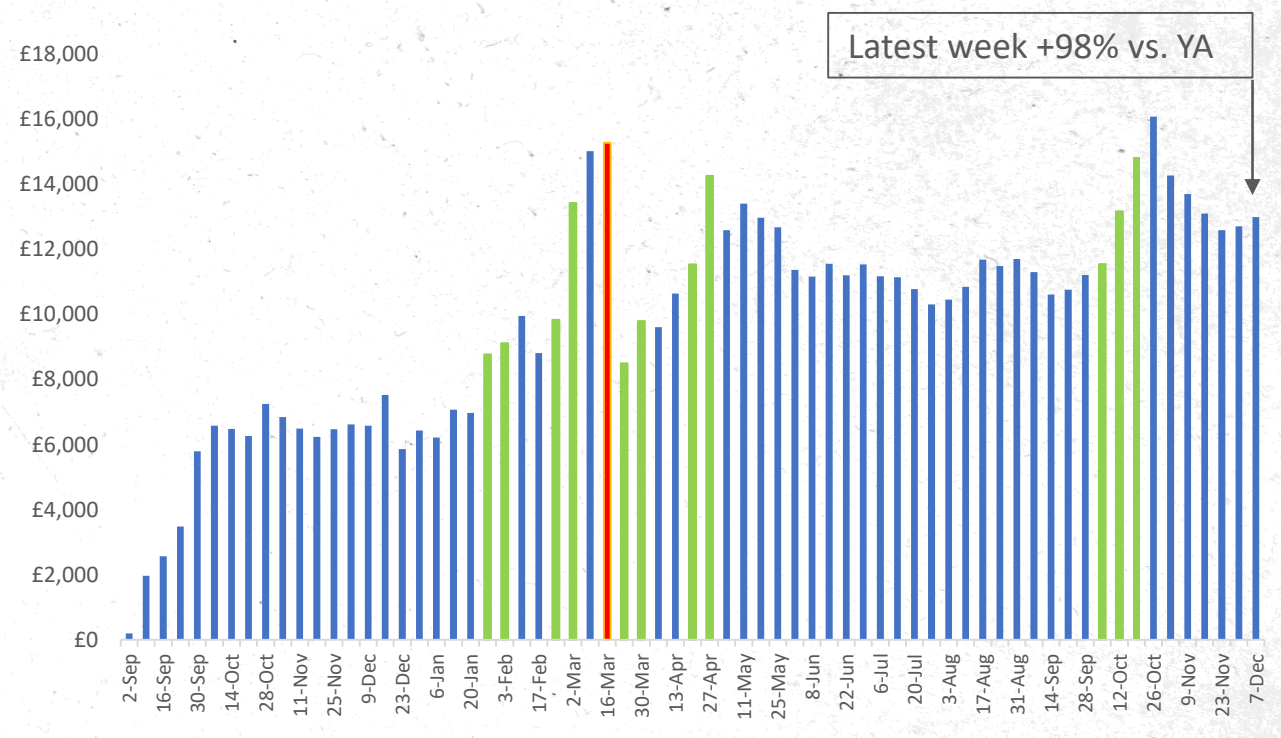


UK well ahead of YA; benefits of advertising impacted by COVID

Leading UK Customer Sales By Week



Leading UK Customer Sales By Week



█ Panic Buying
 █ TV
 █ Regular Sales



Capacity addition projects are on track

To meet demand, we have completed the following capacity expansion projects

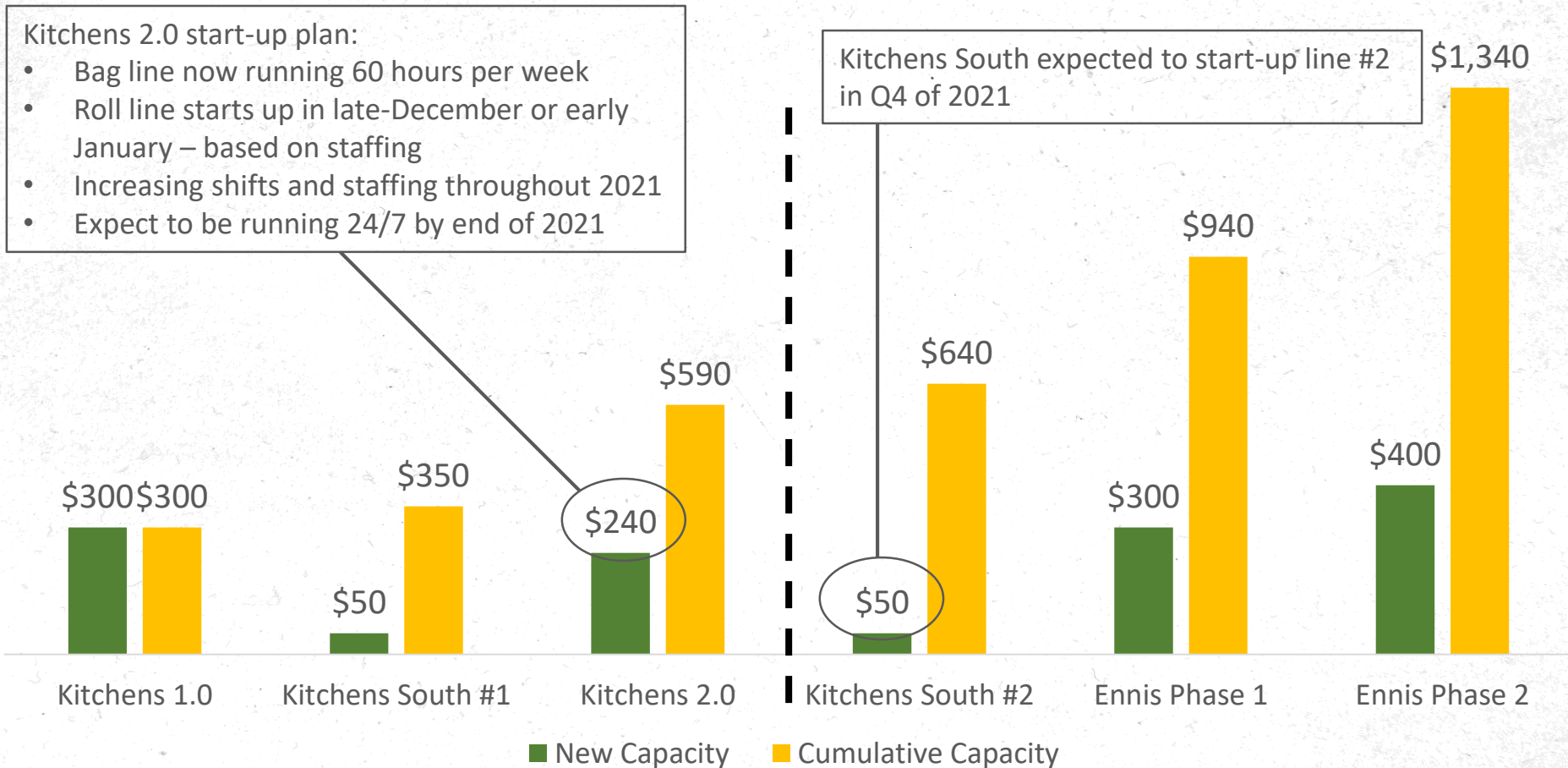
- ✓ **Rolls line 24/7:** In January, we took our second roll line to 24/7 production. This line will be out of capacity by Q1 of 2021.
- ✓ **Kitchens South:** In February, we started up a small piece-size/small bag size line in a partner's facility (using our equipment). This capacity has consistently met demand.
- ✓ **Kitchens South – Second Shift:** We started up a second shift at Kitchens South. In combination with the first shift, that site now has capacity for \$50 million of net sales.
- ✓ **Kitchens 2.0:** Started up the bag line on 9/29/20 and began producing saleable product by the end of October. Will begin producing meaningful quantities in November and December. Roll line will start-up by January 2021. Once fully operational, we will have total installed capacity for ~\$590 million of net sales.

It will take us a few months to re-fill trade inventory. We expect to be fully caught up by late-Q1 2021 and should have ample capacity to support aggressive growth from that point forward.

- ✓ **Kitchens South – Second Line:** We have begun building preparation to install a second line. Target is to have the line running by late-2021 – adding \$50 million in capacity
- ✓ **Ennis, TX Kitchens 3.0:** Construction began in August. We now have 7 engineers on-site and numerous partners. Expect to start-up in mid-2022.

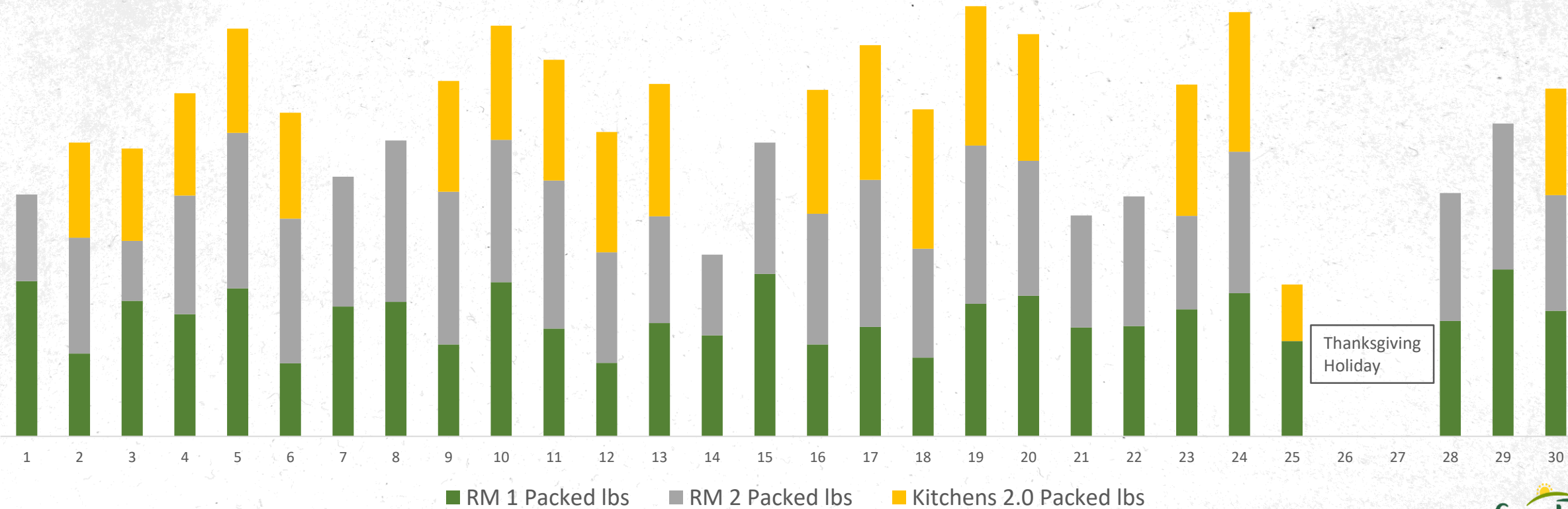
Capacity increases will be tied to adding staffing/shifts for the next 3 quarters

Freshpet Capacity Net Sales Potential



Kitchens 2.0 adding significant bag production to help offset production lost due to testing/quarantines

Bethlehem Kitchens Bag Production
(November Production)

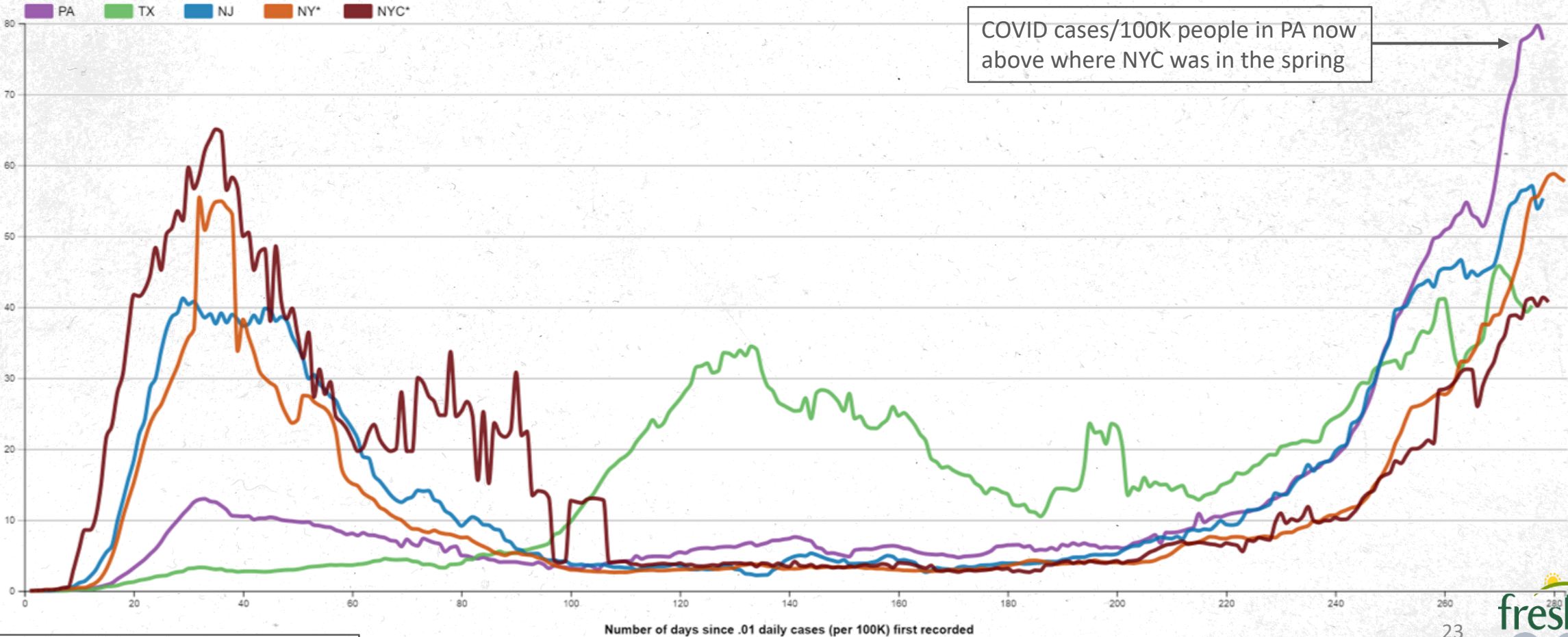


Thanksgiving
Holiday

COVID-19 is rampant in the locations we have team members

New cases of Covid-19, reported to CDC, in PA, TX, NJ, NY, and NYC

Seven-day moving average of new cases (per 100K), by number of days since .01 average daily cases (per 100K) first recorded.



Source: Centers for Disease Control & Prevention

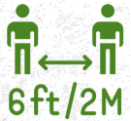
COVID-19 team member Safety & Reward plan is working



Wellness check:
Third-party nurse



Deep cleaning:
Expert “deep cleaning” of Kitchens’ break/
meeting areas



Social distancing:
Tripled size of break / meeting
areas



Masks Required:
Required use by all team members



Air filtration:
Increased air filtration and system
upgrades



Personal Sanitation:
At doors and in meeting room sanitation



Quarantine with pay:
Followed or exceeded all CDC and FDA
guidelines



Staggered Shifts:
To avoid a concentration of team
members



Quarterly incentive:
Quarterly incentive based on
performance on quality, safety,
productivity



Incremental Cash bonus:
Cash bonuses for all Kitchens’ team
members based on hours worked



Restaurant gift cards:
\$50 gift cards to local restaurants 2x
month through July, helping the
community and our team



**Gift baskets to teams’
families:**
Game / movie night + stay safe
initiatives + masks for family + bulk
food

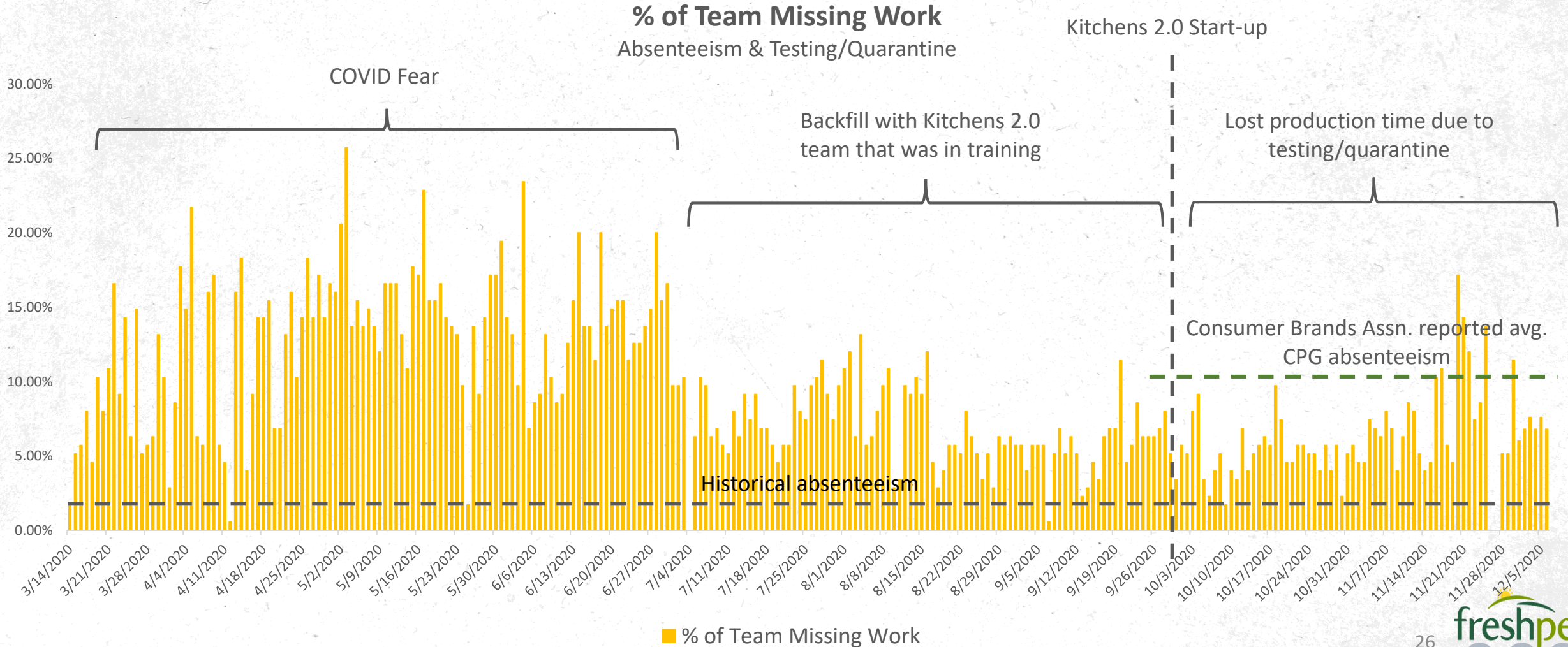


**Vaccine education &
availability**
Educating team members of safety
and efficacy of vaccines and will offer
them onsite to team members and
families

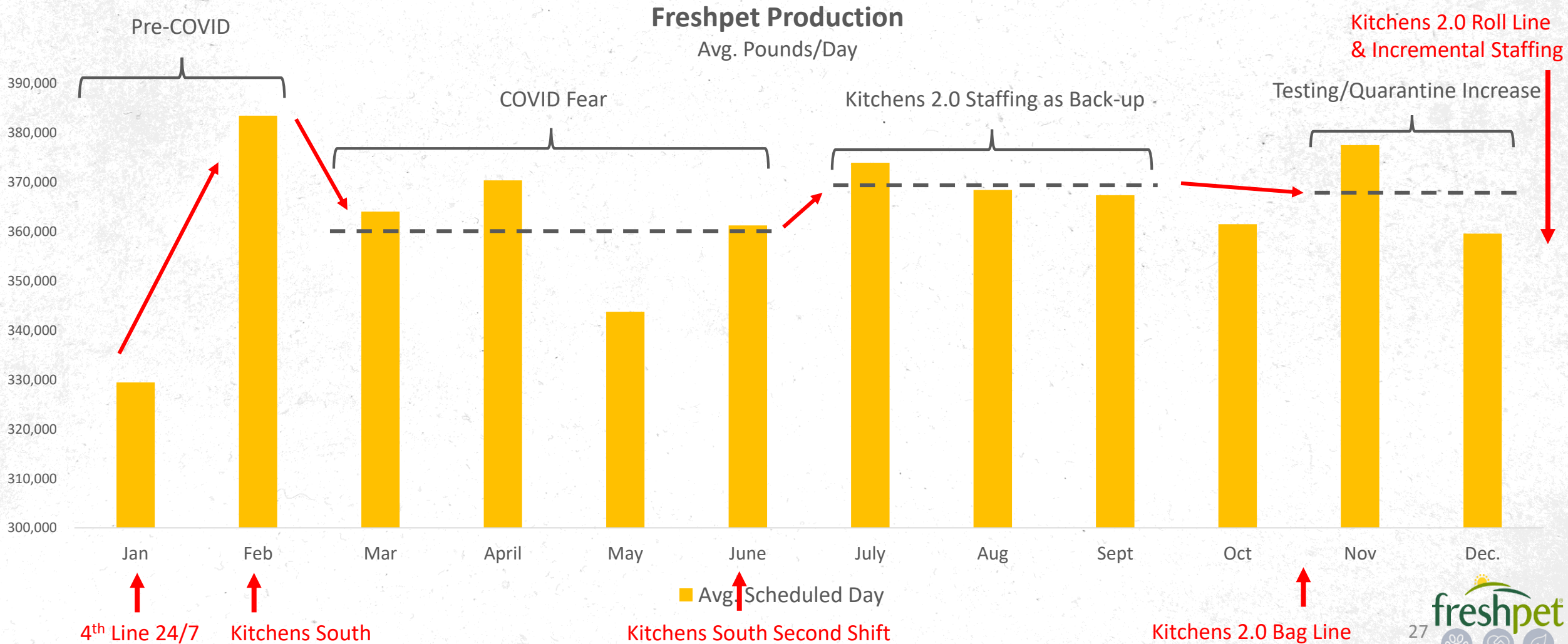
Freshpet position on COVID-19 vaccines

- **We will not require team members to get vaccinated**
 - We are providing frequent and consistent communication on vaccine safety and efficacy to inform our work force so they can make good decisions for themselves and their families
 - Strongly encouraging team members to consult with their doctors about vaccination
- **We are considering incenting team members to provide evidence of vaccination**
 - We incur significant costs due to COVID so if a team member is willing to help us reduce those costs by getting vaccinated and telling us, we are strongly considering providing an incentive/reward for taking the step to help us keep them safe. We would addback this cost.
- **We will offer onsite vaccination for team members and potentially family members**
 - The goal is to make it as easy and fast as possible for our team to get vaccinated
 - Due to the higher incidence of side effects (“reactogenicity”) of the COVID-19 vaccines, we will offer the vaccinations the day before a scheduled day off and compensate our employees with an incremental day off later in the year
- **Once a meaningful portion of our workforce is vaccinated, we will gradually rollback our incremental COVID procedures**
 - Based on current vaccine timelines, we expect that to occur in Q2. Until then, we will continue to addback COVID-related costs

Lost time due to testing & quarantines is impacting production

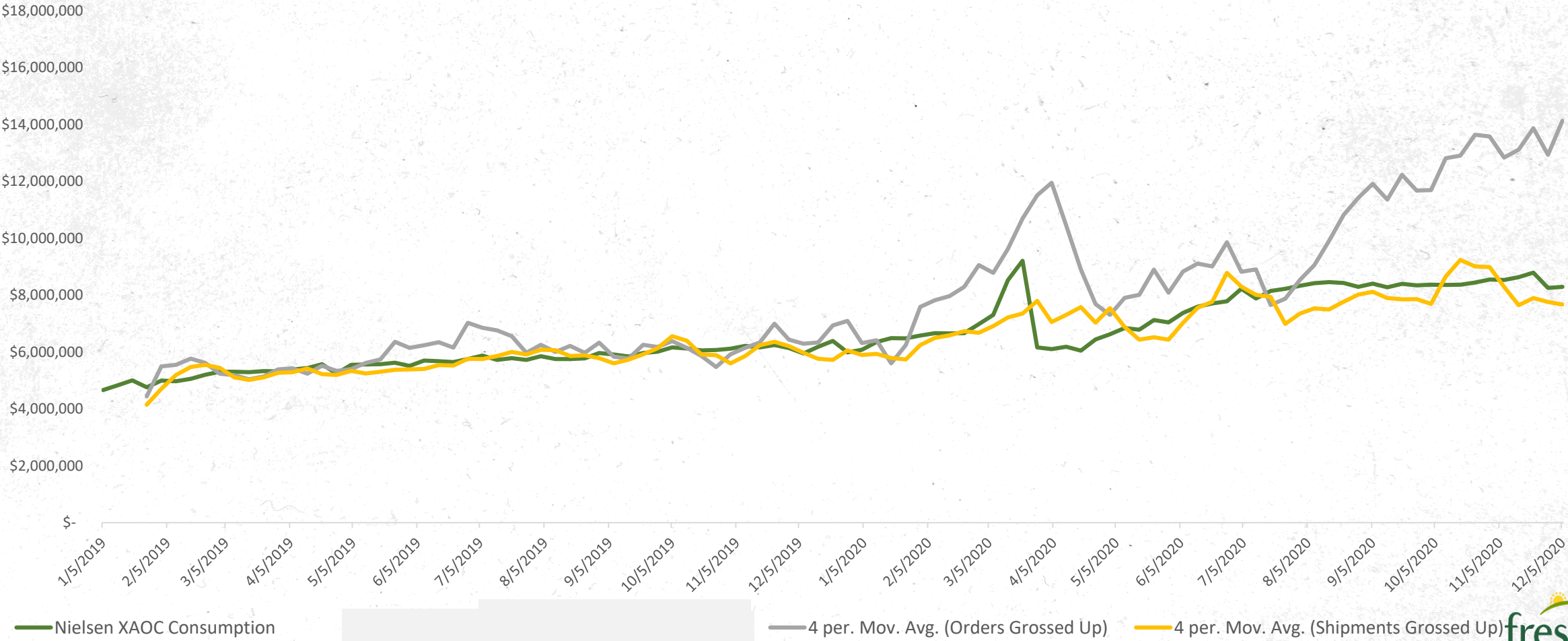


Increases in production capacity offset by COVID issues



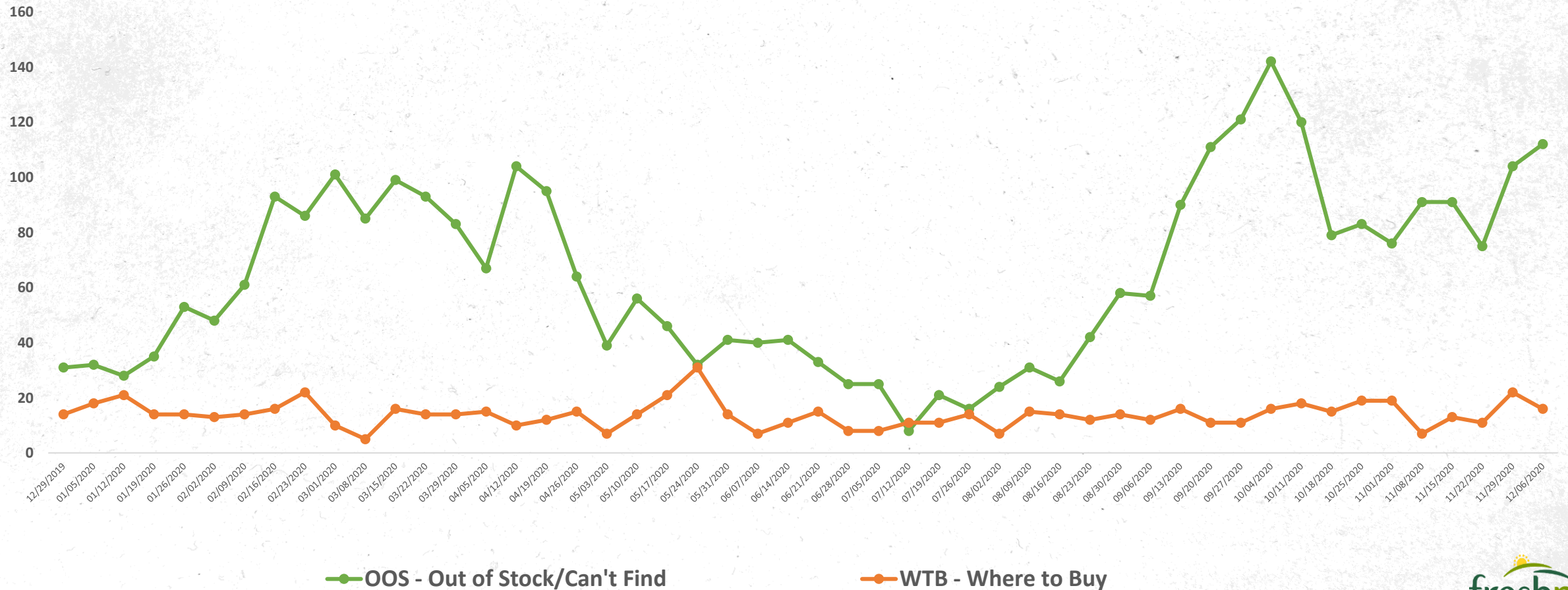
Shipments are only slightly below consumption levels, but unfilled orders are snowballing – resulting in a low fill rate

Nielsen XAOC Orders, Shipments & Consumption



Supply shortages have been noticed by consumers

Weekly Trend – Out-of-Stock & Where To Buy



Efforts to manage short shipment issues

Moved advertising back again:

- Cancelled all cancellable Q3 media and moved some to the UK and some to November in the US
- Delayed the start of 2021 media until the last week of January

Added overtime:

- Kitchens South is running overtime
- Running Kitchens 2.0 on 60-hour schedule

Increased investment in recruitment marketing:

- Hired recruiting agency, improved social media presence, added Spanish language efforts, adding staffing to screen candidates

Brought Ennis engineering team to Bethlehem to try to improve output on Kitchens 1.0 lines:

- Goal is to maximize throughput on existing lines

Reiterating 2020 Net Sales & Adj. EBITDA guidance







\$ in Millions	Guidance	Growth vs YA
Net Sales	>\$320	+30%
Adjusted EBITDA	>\$46	+58%

Updated Commentary:

- **Volume cadence:** Extremely strong consumption continues and is leading to continued short shipments. We are producing at the rate of demand but have not caught up on inventory yet. Will recapture those net sales during Q1 2021 as Kitchens 2.0 ramps up production, we hire more staff, and testing/quarantines abate due to lockdowns and vaccines.
- **Advertising investment:** Completed Q4 advertising investment in the US and UK with positive results. Delayed Q1 2021 advertising to begin at the end of January rather than beginning of January.
- **Gross margin:** Q4 adj. gross margin will be hurt by mix shift to bags, increased testing/quarantines that result in lost production, and continued higher cost of beef. Q4 adj. gross margin ~46-47% range.
- **Add Backs:** COVID-19 related costs accelerated in Q4 due to testing and quarantines; anticipate ~\$4 million in total costs for the year.

Progress against guidance assumptions

Our guidance considers the following factors. We believe we have made reasonable assumptions about each factor. However, the external environment is very dynamic, so we want investors to understand the basis for our guidance:

-  **Supply:** We do not encounter any significant supply interruptions – either upstream from us or in our facilities. *Q4 production is impacted by large number of team members out for testing/quarantine. Good planning and preparation avoided upstream interruptions.*
-  **Costs:** The costs that we incur to manage the COVID-19 crisis total \$4 million and are concentrated in Q2 and Q3. *Likely to be ~\$4 million. Q4 costs have increased due to double time pay and testing/quarantines.*
-  **Media Effectiveness:** The effectiveness of our media investment is not adversely impacted by the changing consumer environment. *Media returns greatly exceeded YA. We have completed our media plan for the year.*
-  **Shopping Behavior:** The presence of significant restrictions on shopping in stores doesn't prevent reasonable consumption and replenishment patterns similar to what we have seen historically. *No significant impact this year.*
-  **Retailer Activity:** Retailers resume a significant portion of their fridge placements and new item distribution in Q3. *On track with expectations.*
-  **Customer Credit:** We have no major customer credit issues as a result of the COVID-19 crisis. *No issues to date.*

This is not an all-inclusive list. For that, please consult the Risks section of our latest SEC filings.

“Feed the Growth” creates scale and leverage through accelerated growth rate





2025
BY

FEED THE GROWTH

