

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-36729



**FRESHPET, INC.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)  
1450 US-206, Bedminster, New Jersey  
(Address of Principal Executive Offices)

20-1884894  
(I.R.S. Employer Identification No.)  
07921  
(Zip Code)

(201) 520-4000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock, \$0.001 par value per share	FRPT	NASDAQ Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes  No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1 (b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was approximately \$3.3 billion.

As of February 19, 2026, 49,057,177 shares of common stock of the registrant were outstanding.

**Documents Incorporated by Reference**

The information required by Part III, Items 10, 11, 12, 13, and 14 of this Annual Report on Form 10-K will be filed (and are hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information, to be filed within 120 days after the end of the issuer's fiscal year.



**Freshpet, Inc.**  
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## Forward-Looking Statements

This report contains forward-looking statements that are subject to risks and uncertainties. Forward-looking statements discuss our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “outlook,” “potential,” “project,” “projection,” “plan,” “target,” “intend,” “seek,” “may,” “could,” “would,” “will,” “should,” “can,” “can have,” “likely,” the negatives thereof and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- our ability to meet our sustainability targets, goals, and commitments, including due to the impact of climate change;
- changes in global and domestic economic and business conditions, and financial market conditions, such as continued inflation, interest rate increases, tariffs, trade wars, recession, government or regulator shutdowns or defunding, regulatory delays or uncertainty, supply chain disruptions or agricultural labor shortages;
- our ability to successfully implement our growth strategy, including related to implementing our marketing strategy and continuing to build our capacity to meet demand, such as through the timely expansion of certain of our Freshpet Kitchens Bethlehem, Freshpet Kitchens South and Freshpet Kitchens Ennis (collectively, our “Freshpet Kitchens”);
- the ability of our distributors to facilitate sales;
- the impact of consumer economic uncertainty on pet adoption and new customer acquisition rates;
- changes in global trade policy, including the imposition of tariffs on certain goods imported into the United States of America or resultant trade wars that may lead to reduced economic activity, increased costs, reduced demand and changes in retail consumer purchasing behaviors for some or all of our products, or other potentially adverse economic outcomes;
- the impact of various worldwide or macroeconomic events, such as the ongoing conflicts in Europe, the Middle East and South America, and the continued effects of such conflict on U.S. and global economics, our employees, suppliers, customers and end consumers, which could adversely and materially impact our business, financial condition and results of operations;
- our ability to successfully implement new processes and systems as we continue to improve our Enterprise Resource Planning (“ERP”);
- our ability to timely complete the construction at our Freshpet Kitchens Ennis and achieve the anticipated benefits therefrom;
- the loss of key members of our senior management team;
- allegations that our products cause injury or illness or fail to comply with government regulations;
- the loss of a significant customer or supplier;
- the entrance of new competitors into our industry;
- the effectiveness of our marketing and trade spending programs;
- our ability to introduce new products and improve existing products;
- our ability to match our manufacturing capacity with demand;
- the impact of government regulation, scrutiny, warning and public perception;
- the effect of false marketing claims;
- adverse weather conditions, natural disasters, pestilences and other natural conditions affecting our operations or those of our suppliers;
- sustained disruptions within the agriculture industry, including diseases affecting livestock (such as highly pathogenic avian influenza (“HPAI”)), or agricultural labor shortages, including as a result of U.S. immigration policy;
- our ability to develop and maintain our brand;
- the effect of potential price increases and shortages on the inputs, commodities and ingredients that we require, including those effects caused by sustained inflation;
- the impact of prolonged drought and rising cost of feed on the supply and price of beef;
- our ability to manage our supply chain effectively;
- global or local pandemics and epidemics;
- the failure of our information technology systems to perform adequately, including as a result of any interruptions, intrusions, cyber attacks or physical or electronic security breaches of such systems;

- our ability to successfully implement artificial intelligence into our operations and to realize the anticipated benefits, cost savings and efficiencies from such initiatives;
- delays, interruptions or failure in the implementation of our new manufacturing technologies to perform as anticipated;
- volatility in the price of our common stock; and
- other factors discussed under the headings “Risk Factors,” “Business,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this report.

While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are disclosed under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this report. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

## PART I

### ITEM 1. BUSINESS

#### Overview

Freshpet, Inc. ("Freshpet," the "Company," "we" or "our") is disrupting the over \$56.0 billion United States pet food industry by driving consumers to reassess conventional dog and cat food offerings that have remained essentially unchanged for decades. We position our brand to benefit from mainstream trends of growing pet humanization and consumer focus on health and wellness. We price our products to be accessible to the average consumer, providing us with broad demographic appeal and allowing us to penetrate multiple classes of retail, including grocery, mass, international, digital, pet specialty, and club. We have successfully expanded our network of Freshpet Fridges within leading blue-chip retail chains. The strength of our business model extends to our customers, who we believe find that Freshpet grows their pet category sales, drives higher traffic, increases shopper frequency and delivers category leading margins. As of December 31, 2025, our household penetration within the United States was approximately 15.2 million households. Additionally, we believe that there are opportunities to expand our network into international markets as demonstrated by our initiatives in the U.K. market.

#### Our Industry

We primarily compete in the United States dog and cat food market. The pet food market has historically been resilient as consumers continue to spend on their pets even during economic downturns, and we believe pet food spending in North America will increase long-term.

We believe the following trends will drive growth in our industry:

*Pet ownership.* There are currently approximately 98 million dog or cat food buying households in the United States, meaning that approximately 73% of total households are buying dog and/or cat food, according to Numerator.

*Pet humanization.* According to Numerator, 90% of United States dog households view their pets as members of the family. As pets are increasingly viewed as companions, friends and family members, pet owners are being transformed into "pet parents" who spare no expense for their loved ones, driving premiumization across pet categories. This trend is reflected in food purchasing decisions.

*Increasing consumer focus on health & wellness.* Consumers are increasingly purchasing fresh, natural and organic food products. We believe consumers are seeking simple, fresh and easy to understand food products from brands they trust and made with ingredients that are transparently sourced.

The pet food purchasing decision is underpinned by higher brand loyalty than many other consumer packaged goods categories. A consumer selecting a pet food brand resists frequent switching in order to avoid disrupting the pet's diet, resulting in high repeat purchasing behavior. As a result, we believe that as consumers try fresh, refrigerated pet food, they are likely to become repeat users of the product.

#### Our Opportunity

Freshpet has an opportunity to capture market share in this large and growing category by mainstreaming fresh food for pets and making fresh food a greater part of dogs' and cats' main meals.

Even though long-term consumer trends of pet humanization and health and wellness are well documented, conventional pet food sold as dry kibble or wet food in cans has not changed substantially for decades. We believe that the pet food industry has not kept pace with how consumers think about food for their families, including their pets. As a result, consumers are searching for higher quality, less processed food for their dogs' and cats' meals that measure up to today's sensibilities of what actually constitutes "good food." Freshpet addresses this growing need with affordable offerings accessible to the average consumer.

## **Our Mission and Values**

Our mission is to elevate the way we feed our pets with fresh food that nourishes all. And, we are committed to doing so in ways that are good for Pets, People, and Planet.

### **Pets**

Our pets are members of our family and deserve to eat the kind of fresh, healthy food that we do. Freshpet's carefully selected ingredients and gentle cooking process ensures best-in-class bioavailable nutrition. Hundreds of customer testimonials each year underscore Freshpet's support of a long and healthy life. Further, since founding Freshpet, we have donated nearly twenty-six million fresh meals to pets via shelters, charitable organizations, and humane societies, including St Hubert's Animal Welfare Center, Pennsylvania SPCA, StrayDog Inc. and 4 Paws for Ability.

### **People**

Our people include our team members, pet parents, and our partners. We treat our team members with respect and are committed to helping them develop professionally and personally. These efforts have contributed to an employee net promoter score of 7.9. Additionally, we strive to be good partners with customers, distributors, and suppliers by conducting business with honesty and transparency knowing that we cannot grow without their support.

### **Planet**

We are committed to minimizing our environmental impact while providing the healthiest, tastiest pet food possible. All Freshpet Kitchens are landfill-free facilities thanks to our commitment to recycling, digesting, and waste-to-energy processes. We support renewable energy by matching the electricity used in Freshpet Kitchens and offices as well as our refrigerators in over 30,000 retail locations with Green-E Certified renewable energy certificates from North American based projects. Freshpet's chiller fleet efficiency continues to improve with our latest units using up to 91% less electricity than older units. 2023 saw the introduction of our Texas distribution center and freight bracket pricing program. These efforts helped minimize the fuel used to ship Freshpet products to our customers resulting in significantly reduced logistics costs and environmental footprints.

Our commitment to our values helps us engage with consumers, motivate our team members, and attract strong partners, which allows us to fulfill our mission of delivering the best nutritional product choices to improve the well-being of our pets, enrich pet parents' lives, and contribute to communities.

## **Our Products**

Freshpet's business operates in a single segment: the manufacturing, marketing and distribution of fresh dog food, cat food, and dog treats. All Freshpet products are made according to our nutritional philosophy of fresh, nutritional ingredients and minimal processing. Our proprietary recipes include real, fresh meat and poultry products and varying combinations of vitamin-rich vegetables, leafy greens and antioxidant rich fruits, without the use of preservatives or additives. Our unique product attributes appeal to diverse consumer needs across multiple classes of retail where Freshpet is sold. Consequently, our brand resonates across a broad cross-section of pet parent demographics.

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Our products are sold under the Freshpet brand name, with ingredients, packaging, and labeling customized by different classes of trade and are available in multiple forms.



We also offer fresh treats across all classes of retail under the Dognation and Dog Joy labels.



## Our Product Innovation

As the first manufacturer of fresh, refrigerated pet food distributed across North America, product innovation is core to our strategy. We take a fresh approach to pet food and are not constrained by conventional pet food products, attributes, and production capabilities. We employ a tightly-knit, creative team of marketing and research and development professionals, including an in-house veterinary nutritionist. We also consult with outside experts through our Nutrition Council, which consist of PhDs in nutrition and veterinary nutritionists. Our team often identifies pet parents' needs by evaluating emerging demand trends in both pet food and human food. New products are refined iteratively with the help of consumer panel data to arrive at products that we believe can be commercially successful.

The success of our approach is evidenced by our broad product portfolio today. We began Freshpet by producing fresh, refrigerated slice and serve rolls, and over time have steadily expanded into successful new product forms including bags and treats. We also introduced new fresh recipes and ingredients, such as proteins and grain-free options never before seen in pet food that cater to both the life stage and specific dietary requirements of pets.

Our Innovation Center, which is part of our Freshpet Kitchens (with facilities in our Freshpet Kitchens Bethlehem, Freshpet Kitchens South and Freshpet Kitchens Ennis), helps us ensure that we remain capable of strong innovation, including creating new product platforms to expand the breadth of our fresh pet food offerings. We expect that new product innovation and the introduction of new cooking techniques will continue to delight our consumers and drive growth going forward.

## Our Supply Chain

*Manufacturing:* All of our products are manufactured in the United States, except select products produced in the European Union ("EU") for our European customers. We own and operate what we believe to be the first fresh, refrigerated pet food manufacturing network in North America. Our original Freshpet Kitchens Bethlehem, located in Bethlehem, Pennsylvania, is a 240,000 square foot facility, built to United States Department of Agriculture standards and as of 2025, houses six production lines customized to produce fresh, refrigerated food.

In 2020, we began making investments at a manufacturing facility called Freshpet Kitchens South. Freshpet Kitchens South currently has four production lines in operation with a potential fifth line to be installed in the future.

The construction of Freshpet Kitchens Ennis, located in Ennis, Texas, began in 2020. The first production line was commissioned in Q4 of 2022, with two more lines successfully commissioned in 2023, completing 1 of 3 construction phases for the site. Phase 2 commissioning was initiated in 2024 with the most successful start-ups to date on two additional lines, with the balance of Phase 2 and Phase 3 planned for completion over the next several years.

Due to the continued growth of our fresh pet food sales, we plan to continue expanding our manufacturing capacity via operational efficiency improvements at our current facilities and via future expansion of our physical features.

In 2025, approximately 99.1% of our product volume was manufactured with Freshpet owned equipment.

*Ingredients and Packaging:* Our products are made with natural and fresh ingredients including meat and poultry products, vegetables, fruits, whole grains, vitamins and minerals. We believe in building long-term supplier and farmer partnerships to source healthy and sustainable ingredients. All of our suppliers are well-established companies that we believe have the scale to support our growth. For raw materials, we strategically source from multiple suppliers and identify alternative sources of supply that meet our quality and safety standards.

*Distribution:* Outbound transportation from our distribution center ("DC") facilities is managed through an integrated transportation management system, with carriage provided by a network mostly comprised of refrigerated asset-based carriers, with limited use of refrigerated freight brokers. The service areas for our Pennsylvania and Texas DC locations are in a continual progression towards growing distribution out of Texas to serve the central and western US in tandem with the scale up of the Ennis Kitchen; and the Pennsylvania DC principally services the eastern US and our international businesses. As volume grows, we will continue to leverage our distribution network to continuously improve customer service levels and decrease certain distribution costs. For certain retailers, we use national and regional distributors.

### **Our Product Quality and Safety**

We go to great lengths to ensure product quality, consistency and safety from ingredient sourcing to finished product. Our Freshpet-owned manufacturing lines allow us to exercise significant control over production. We have a highly skilled Food Safety and Quality Assurance team consisting of quality assurance supervisors, specialists, analysts, and quality technicians with significant experience in pet and human food production.

Our production processes are designed to meet science-based quality standards with documented plans for Hazard Analysis Critical Control Points and Hazard Analysis Risk Based Preventive Control to monitor established production controls, calibrate instruments, record data and perform corrective actions. Our on-site laboratory has microbial and composition testing capabilities. Quality control approvals are based on a positive release strategy, wherein a batch can only be shipped when it passes control point record reviews and laboratory testing. Before commencing production, quality assurance professionals swab equipment to test for potential contaminants.

Freshpet's food safety program is certified at Safe Quality Food Level III, which is the highest standard determined under the Global Food Safety Initiative Benchmarks. We believe our systems and standards for product quality and safety can support our growth and ensure continued success in the market.

### **Our Customers and Distributors**

We sell our products throughout the United States, Canada, and Europe, and generate the vast majority of our sales in the United States. The strength of our business model makes us an attractive partner for leading blue-chip retailers, who we believe find that Freshpet grows the sales of their pet category, drives higher traffic, increases shopper frequency, and delivers category-leading margins. Our Freshpet Fridge locations have been consistently increasing as we add new retail accounts and add stores in existing accounts. As of December 31, 2025, we are in approximately 30,235 stores, with approximately 24% of stores having multiple Freshpet Fridges. We sell our products through the following classes of retail: grocery, mass, international, digital, pet specialty, and club.

Our customers determine whether they wish to purchase our products directly from us or through a third-party distributor. In 2025, our largest distributor by net sales accounted for less than 10% of our net sales and our largest customers, Walmart and Costco, accounted for 25% and 10% of our net sales, respectively.

### **The Freshpet Fridge**

We primarily sell our products through a growing network of company-owned branded refrigerators, the Freshpet Fridges. Our Freshpet Fridges are typically four feet wide by seven feet high and replace standard shelving in the pet aisle or an end-cap of a retail store. Our Freshpet Fridge designs are constantly evolving with all new models featuring prominent edge-lit LED headers, LED interior lighting, crisp black interiors and frameless glass swing doors for aesthetics and easy access. We use state-of-the-art refrigeration technology and environmentally friendly refrigerants to minimize energy consumption and environmental impact.

We design and produce the Freshpet Fridge through a combination of in-house resources and world-class partners. We source our Freshpet Fridges from leading global commercial refrigerator manufacturers with whom we have a collaborative approach to refrigerator design and innovation. Once ordered by us, Freshpet Fridges are shipped to distribution centers for delivery and installation in retail stores.

Installation into retail locations and ongoing maintenance of the Freshpet Fridge is coordinated by Freshpet and executed through leading third-party service providers. Freshpet Fridges purchased in 2025 are protected by a manufacturer warranty of five years, while those purchased prior to 2025 carry a three-year manufacturer warranty. Our refrigerators are designed to be highly reliable, and at any given time, less than 0.5% of the network is out of service for maintenance. Moreover, to ensure quality, cleanliness and appropriate in-stock levels, we employ brokerage partners to conduct a physical audit of the Freshpet Fridge network on an ongoing basis, with photographic results of our Freshpet Fridges transmitted back to Freshpet for review by members of our sales team.

We currently estimate less than 12-month cash-on-cash payback for the average Freshpet Fridge installation, calculated by comparing our total current costs for a refrigerator (including installation) to our current margin on net revenues. We believe our attractive value proposition to retailers and pet parents will allow us to continue penetrating store locations of existing and new customers. The Freshpet Fridge provides a highly-visible merchandising platform, allowing us to control how our brand is presented to consumers at point-of-sale and represents a significant point of differentiation from other pet food competitors. Our total chiller fleet at retailers covers over 2.1 million cubic feet of space.



## Marketing and Advertising

Our marketing strategy is designed to educate consumers about the benefits of fresh refrigerated pet food while building both awareness of, and belief in, the Freshpet brand. We focus on establishing trust in the quality, safety, and nutritional benefits of our products, while deploying a broad set of marketing tools to reach consumers through multiple touchpoints and drive increased consumer trials of our products.

Our network of fridges at approximately 30,235 retail locations within blue-chip retailers serves as a powerful in-store marketing asset, introducing consumers to our brand and clearly differentiating Freshpet from traditionally merchandised pet food. We utilize a holistic media approach to support brand building and consumer engagement, including national television advertising, which has been effective in driving incremental consumer product trials, as well as investments across streaming television, digital, and social media channels.

We maintain a robust online presence designed to engage consumers across their purchase journey, including those seeking delivery or omnichannel options. Our digital efforts span a range of platforms and environments, including company and retail websites, retail media networks, search engines, blogs, and online reviews, and are further supported by tailored messaging across leading social and digital platforms.

Through this integrated marketing approach, we have driven new consumers to the brand while fostering a highly engaged community of Freshpet users who actively advocate for our products.

## Competition

The pet food industry is highly competitive, with numerous manufacturers of varying sizes. Our competitors include pet food divisions of large consumer product companies, regional niche brands, direct-to-consumer frozen brands, as well as retailers with their own private label products. Competitors market and sell their products through brick-and-mortar stores and e-commerce. Many of our principal competitors have substantially larger financial, marketing, and other resources than we do.

Given a North American retail landscape dominated by large retailers, with limited shelf space and a significant number of competing products, competitors actively support their brands through marketing, advertising, promotional spending and discounting.

Competitive factors in the pet food industry include product quality, ingredients, brand awareness and loyalty, product variety, product packaging and design, ease of purchase, merchandising, reputation, price, advertising, promotion and nutritional claims. We believe that we compete effectively with respect to each of these factors.

## Team Members & Human Capital Resources

At Freshpet we always want to build a fair, healthy and safe workplace, while creating work environment policies and practices that help us attract, develop and retain our valued employees. We believe that when we create a workplace where our colleagues are engaged, committed and empowered for the long-term, we are better positioned to create value for our company, as well as for our stockholders. We are proud of our focus on promoting employee engagement across our operations - from our supply chain to our finished products - and are committed to building our business on a foundation of strong ethics.

Attracting and retaining talent at all levels is vital to continuing our success. We promote the work-life balance of our employees, we invest in our employees through high-quality benefits and various health and wellness initiatives, and we have created a healthy work environment in our offices. In order to incentivize and engage our workforce, Freshpet provides:

- Industry-leading compensation, including stock compensation for every employee
- Annual equity grants and Key Talent awards to employees identified by the Executive Leadership team and the Board
- 401(k) matching for every employee
- Industry-leading healthcare offered equitably for every employee
- Competitive perquisites, including pet insurance, tuition reimbursement, paid parental leave, free healthy snack room and catered lunches
- Rigorous focus on creating an inclusive culture to attract, engage and retain our diverse talent

As of December 31, 2025, we had 1,288 employees located primarily in Bethlehem, PA, Ennis, TX, Bedminster, NJ and Europe. None of our employees are represented by a labor union or by any collective bargaining arrangements with respect to his or her employment with us.

## **Our Corporate Information**

We were incorporated in Delaware in November 2004 and currently exist as a Delaware corporation. Our principal executive offices are located at 1450 US-206, Bedminster, New Jersey 07921.

## **Website Information**

The address of our corporate website is [www.freshpet.com](http://www.freshpet.com). Our annual reports, annual proxy statements and related proxy cards are made available on our website at the same time they are mailed to stockholders, as required by applicable law. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, periodic reports on Form 8-K and amendments to those reports that we file or furnish pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available through our website, free of charge, as soon as reasonably practicable after they have been electronically filed or furnished to the Securities and Exchange Commission (the "SEC"). Our website also provides access to reports filed by our directors, executive officers and certain significant shareholders pursuant to Section 16 of the Exchange Act. In addition, our Corporate Governance Guidelines, General Code of Ethics, Code of Ethics for Executive Officers and Principal Accounting Personnel and charters for the committees of our board of directors are available on our website as well as other shareholder communications. The information contained in or that can be accessed through our website does not constitute a part of, and is not incorporated by reference into, this report. The SEC maintains a website, <http://www.sec.gov>, which contains reports, proxy and information statements and other information that we file electronically with the SEC.

## **Trademarks and Other Intellectual Property**

We believe that our rights in our trademarks and service marks are important to our marketing efforts to develop brand recognition and differentiate our brand from our competitors and are a valuable part of our business. We own a number of trademarks and service marks that have been registered, or for which applications are pending, with the United States Patent and Trademark Office including, among others, Freshpet, Vital, Nature's Fresh, Roasted Meals, Fresh From The Kitchen, DeliFresh, Freshpet Dog Joy, Dognition, Homestyle Creations, and Pets People Planet.

We believe that our intellectual property has substantial value and has significantly contributed to our success to date. We are continually developing new technology and enhancing proprietary technology related to our pet food, Freshpet Fridges and manufacturing operations.

We also rely on unpatented proprietary expertise, recipes and formulations, continuing innovation and other trade secrets to develop and maintain our competitive position.

## **Government Regulation**

Along with our brokers, distributors, and ingredients and packaging suppliers, we are subject to extensive laws and regulations in the United States by federal, state and local government authorities. In the United States, the federal agencies governing the manufacture, distribution and advertising of our products include, among others, the Federal Trade Commission, the U.S. Food and Drug Administration ("FDA"), the U.S. Department of Agriculture, the United States Environmental Protection Agency, and the Occupational Safety and Health Administration. Under various statutes, these agencies, among other things, prescribe the requirements and establish the standards for quality and safety and regulate our marketing and advertising to consumers. Certain of these agencies, in certain circumstances, must not only approve our products, but also review the manufacturing processes and facilities used to produce these products before they can be marketed in the United States. In addition to agency regulation, we are required to comply with state feed control requirements in the United States. We are also subject to the laws of Canada, including the Canadian Food Inspection Agency, and the United Kingdom, including the Food Standards Agency, as well as provincial and local regulations.

We are subject to labor and employment laws, laws governing advertising, privacy laws, safety regulations and other laws, including consumer protection regulations that regulate retailers or govern the promotion and sale of merchandise. Our operations, and those of our distributors and suppliers, are subject to various laws and regulations relating to environmental protection and worker health and safety matters. We monitor changes in these laws and believe that we are in material compliance with applicable laws.

## ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. The following is a discussion of the risks, uncertainties and assumptions that we believe are material to our business, which should be considered in conjunction with the other information contained in this report, including our consolidated financial statements and accompanying notes. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. While the risks are organized by headers, and each risk is discussed separately, many are interrelated. In any such case, the trading price of our common stock could decline, and you could lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or results of operations.

### **Risks Related to our Growth Strategy and Need for Capital**

#### ***We may not be able to successfully implement our growth strategy on a timely basis or at all.***

Our future success depends, in large part, on our ability to implement our growth strategy by retaining existing customers, attracting new consumers to our brand, expanding distribution through the timely expansion of certain of our Freshpet Kitchens, the installation of new Freshpet Fridges, and launching new products. Our ability to increase awareness, consumer trial and adoption of our products, and to implement this growth strategy depends, among other things, on our ability to:

- implement our marketing strategy;
- expand and maintain brand loyalty;
- partner with customers to secure space for our Freshpet Fridges;
- develop new product lines and extensions;
- partner with distributors to deliver our products to customers;
- continue to compete effectively in multiple classes of retail, including grocery, mass, international, digital, pet specialty, and club; and
- build capacity to meet consumer demand, including the timely expansion of certain of our Freshpet Kitchens.

We may not be able to successfully implement our growth strategy or to grow consistently from period to period. Our business, financial condition and results of operations will be adversely affected if we fail to implement our growth strategy or if we invest resources in a growth strategy that ultimately proves unsuccessful.

#### ***We expect to need capital in the future for business development, and we may not be able to generate sufficient cash flow or raise capital on acceptable terms to meet our needs.***

Developing our business has in the past required, and will in the future continue to require, significant capital. To meet our capital needs, we expect to continue to rely on our cash flow from operations, as well as amounts previously raised through the issuance of the Convertible Notes (as defined below), and other third-party financing. Third-party financing in the future may not, however, be available on terms favorable to us, or at all. Our ability to obtain additional funding will be subject to various factors, including general economic and market conditions, our operating performance, the market's perception of our growth potential, lender sentiment and our ability to incur additional debt in compliance with our contractual restrictions.

Additionally, our ability to make payments on and to refinance any indebtedness and to fund planned expenditures for our growth and operational efficiency plans will depend on our ability to generate cash in the future. If our business does not achieve the levels of profitability or generate the amount of cash that we anticipate or if we expand faster than anticipated, we may need to seek additional debt or equity financing to operate and expand our business. From time to time, we may seek to raise additional capital by accessing the debt and/or equity markets to fund capital expenditures or otherwise. We cannot assure you that our business will generate cash flow from operations in an amount sufficient to enable us to fund our liquidity needs. Further, our capital requirements may vary materially from those currently planned if, for example, our revenues do not reach expected levels, or we have to incur unforeseen capital expenditures and make investments to maintain our competitive position. If this is the case, we may seek alternative financing, such as selling additional debt or equity securities, and we cannot assure you that we will be able to do so on favorable terms, if at all. For additional possible effects of such offerings, see "*Future offerings of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future offerings of equity securities, which may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock.*"

***Loss of our key executive officers or personnel, or an inability to attract and retain such management and other personnel, could negatively affect our business.***

Our future success depends to a significant degree on the skills, experience and efforts of our key executive officers. The sudden loss of any of these executives' services or our failure to appropriately plan for any expected key executive succession could materially and adversely affect our business and prospects, as we may not be able to find suitable individuals to replace them on a timely basis, if at all. Additionally, we depend on our ability to attract and retain qualified personnel to efficiently operate and expand our business, and in recent years have expanded our workforce to support our increased manufacturing capacity. Certain specialized and technical knowledge is required to maintain satisfactory operating conditions and food quality standards at our manufacturing facilities, and if employees assigned to such facilities are not adequately trained, able to assimilate into those roles, or adhere to such standards, or if we fail to attract or retain talented new employees, our business and results of operations could be negatively affected.

#### **Risks Related to Competition in Our Industry**

***The pet food product category in which we participate is highly competitive. If we are unable to compete effectively, our results of operations could be adversely affected.***

The pet food product category in which we participate is highly competitive. There are numerous brands and products that compete for retail space, e-commerce and direct-to-consumer sales, with competition based primarily upon brand recognition and loyalty, product packaging, quality and innovation, taste, nutrition, breadth of product line, price and convenience. We compete with a significant number of companies of varying sizes, including divisions or subsidiaries of larger companies and private label brands. We face strong competition from competitors' products that are sometimes sold at lower prices. Price gaps between our products and our competitors' products may result in market share erosion and harm our business. A number of our competitors have broader product lines, substantially greater financial and other resources and/or lower fixed costs than we have. Our competitors may succeed in developing new or enhanced products, including additional fresh, refrigerated pet food, that are more attractive to customers or consumers than our products. These competitors may also prove to be more successful in marketing and selling their products or may be better able to increase prices to reflect cost pressures. We may not be able to compete successfully with these other companies or maintain or grow the distribution of our products. We cannot predict the pricing or promotional activities of our competitors or whether their strategies will negatively affect us. Many of our competitors engage in aggressive pricing and promotional activities. There are competitive pressures and other factors which could cause our products to lose market share or decline in sales or result in significant price or margin erosion, which would have a material adverse effect on our business, financial condition and results of operations.

***Our operating results depend, in part, on the sufficiency and effectiveness of our marketing and trade spending programs.***

In general, due to the highly competitive nature of the businesses in which we compete, we must execute effective and efficient marketing investments and trade spending programs with respect to our businesses overall to sustain our competitive position in our markets. Marketing investments may be costly. Additionally, we may, from time to time, change our marketing and trade spending strategies, including the timing, amount or nature of television advertising, use of social media and related promotional programs. The sufficiency and effectiveness of our marketing and trade spending practices is important to our ability to retain or improve our market share or margins. If our marketing and trade spending programs are not successful or if we fail to implement sufficient and effective marketing and trade spending programs, our business, financial condition and results of operations may be adversely affected.

#### **Risks Related to our Products and Customers**

***Our business depends on our ability to introduce new products and improve existing products in anticipation of changes in consumer preferences and demographics.***

Our business is focused on the development, manufacture, marketing and distribution of pet food products. If consumer demand for our products decreased, our business would suffer. Sales of pet food products are subject to evolving consumer preferences, changing demographics and economic pressures. A significant shift in consumer demand away from our products, including as a result of perceived or actual product costs or widespread recession, or a decline in pet ownership could reduce our sales or the prestige of our brand, which would harm our business, financial condition and results of operations.

A key element of our growth strategy depends on our ability to develop and market new products and improvements to our existing products that meet our standards for quality and appeal to consumer preferences. The success of our innovation and product development efforts is affected by our ability to anticipate changes in consumer preferences and demographics, the technical capability of our product development staff in developing and testing product prototypes, including complying with governmental regulations, and the success of our management and sales team in introducing and marketing new products. Additionally, the development and introduction of new products requires substantial research, development and marketing expenditures, which we may be unable to recoup if the new products do not gain widespread market acceptance. Efforts to accelerate our innovation may exacerbate risks associated with innovation. Failure to develop and market new products that appeal to consumers and meet our objectives could negatively impact our business, financial condition and results of operations.

***If we fail to develop and maintain our brand, or the quality of our products that customers have come to expect, our business could suffer.***

We believe that developing and maintaining our brand and the quality of our products is critical to our success. The importance of our brand recognition and the quality of our products may become even greater as competitors offer more products similar to ours. Our financial success is directly dependent on consumer perception of our brand and our products. Our brand-building activities involve providing high-quality products, increasing awareness of our brand, creating and maintaining brand loyalty and increasing the availability of our products.

The success of our brand may suffer if our marketing plans or product initiatives do not have the desired impact on our brand's image or its ability to attract customers. Further, our brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products (whether or not valid), our failure to maintain the quality of our products, product contamination, the failure of our products to deliver consistently positive consumer experiences, including with respect to product costs or perceived value, or the products becoming unavailable to consumers. The widespread use of social and digital media by consumers increases the speed and extent that information and opinions can be shared. Negative posts or comments about us or our brands or products on social or digital media could damage our brands and reputation. If we fail to maintain favorable perception of our brands, our business, financial condition and results of operations could be negatively impacted.

***The loss of a significant customer or distributor, certain actions by a significant customer or distributor, or financial difficulties of a significant customer or distributor could adversely affect our results of operations.***

Our customers purchase products either directly from us, or through a network of distributors who have purchased product inventory from us. A relatively limited number of customers and distributors account for a large percentage of our net sales. During 2025, ten customers, who purchase either directly from us or through distributors, collectively accounted for approximately 68.0% of our net sales. This percentage may increase if there is consolidation among retailers or if mass merchandisers grow disproportionately to their competition. We expect that a significant portion of our revenues will continue to be derived from a small number of customers and distributors; however, these customers or distributors may not continue to purchase our products in the same quantities as they have in the past. Our customers are not contractually obligated to purchase from us. Changes in our customers' strategies, including a reduction in the number of brands they carry, shipping strategies, a shift of shelf space to or increased emphasis on private label products (including "store brands"), a reduction in shelf space for pet food items or a reduction in the space allocated for our Freshpet Fridges, or the failure of our customers to increase the volume of Freshpet Fridges may adversely affect our sales. Requirements that may be imposed on us by our customers, such as sustainability, inventory management or product specification requirements, may have an adverse effect on our results of operations. Additionally, especially during economic downturns, our customers and/or distributors may face financial difficulties, bankruptcy or other business disruptions that may impact their operations and their purchases from us and may affect their ability to pay us for products purchased from us. In addition, there are a relatively small number of distributors with whom we engage to distribute our products. We have in the past, and could again in the future, have disruptions in our distributor network which could adversely impact our net sales and results of operations or subject us to litigation. See "Note 10 - Commitments and Contingencies - Legal Obligations." To the extent customers or distributors seek to reduce their usual or customary inventory levels or change their practices regarding purchases in excess of consumer consumption, our sales and results of operations could be adversely impacted. If our sales of products to one or more of our significant customers or distributors are reduced, this reduction could have a material adverse effect on our business, financial condition and results of operations.

***If we are unable to maintain or increase prices for our products, our results of operations may be adversely affected.***

We rely in part on price increases to neutralize cost increases and improve the profitability of our business. Our ability to effectively implement price increases or otherwise raise prices for our products can be affected by a number of factors, including competition, our competitors' pricing and marketing, aggregate industry supply, category limitations, market demand and economic conditions, including inflationary and interest rate pressures or recession. During challenging economic times, our ability to increase the prices of our products may be particularly constrained. Additionally, customers may pressure us to rescind price increases that we have announced or already implemented (either through a change in list price or increased promotional activity). If we or our suppliers were to experience significant or long-term increases in the prices or availability of our raw materials, which include meat, poultry products, whole grains and other agricultural products, whether as a result of livestock disease such as HPAI, labor shortages in the agricultural industry or macroeconomic factors such as tariffs or trade wars, our ability to effectively mitigate such cost increases could be further diminished. See "*The inputs, commodities and ingredients that we require are subject to macroeconomic factors, government regulation, and other factors outside of our or our suppliers' control, including but not limited to, price increases, inflationary and interest rate pressures, tariffs, trade wars, product or agricultural industry labor shortages, livestock disease or pestilence, any of which could adversely affect our results of operation.*" If we are unable to maintain or increase prices for our products (or if we must increase promotional activity), our results of operations could be adversely affected. Furthermore, price increases generally result in volume losses, as consumers purchase fewer units. If such losses (also referred to as the elasticity impact) are greater than expected or if we lose distribution due to a price increase (which may result from a customer response or otherwise), our business, financial condition and results of operations could be adversely affected.

***If our products are alleged to cause injury or illness, be mislabeled or misbranded, or fail to comply with governmental regulations, we may suffer adverse public relations, need to recall our products and experience product liability claims.***

We have in the past and may in the future be exposed to product recalls, including voluntary recalls or withdrawals, and adverse public relations if our products are alleged to cause injury or illness or if we are alleged to have mislabeled or misbranded our products or otherwise violated governmental regulations. We may also voluntarily recall or withdraw products that we consider below our standards, whether for taste, appearance or otherwise, in order to protect our brand reputation. Consumer or customer concerns (whether justified or not) regarding the quality or safety of our products could adversely affect our business. Product recalls or withdrawals can result in substantial and unexpected expenditures, destruction of product inventory, and lost sales due to the unavailability of the product for a period of time, which could reduce profitability and cash flow. In addition, a product recall or withdrawal may require significant management attention and result in production delays, as was the case with a voluntary recall of a single lot of product that we initiated in June 2022. Product recalls, product liability claims (even if unmerited or unsuccessful), or any other events that cause consumers to no longer associate our brands with high quality and safe products may also result in adverse publicity or legal challenges, hurt the value of our brands, lead to a decline in consumer confidence in and demand for our products, and lead to increased scrutiny, fines, or other penalties by federal and state regulatory agencies of our operations, which could have a material adverse effect on our business, financial condition and results of operations.

We also may be subject to product liability claims and adverse public relations if consumption or use of our products is alleged to cause injury or illness. While we carry product liability insurance, our insurance may not be adequate to cover all liabilities we may incur in connection with product liability claims. For example, punitive damages are generally not covered by insurance. In addition, we may not be able to continue to maintain our existing insurance, obtain comparable insurance at a reasonable cost, if at all, or secure additional coverage (which may result in future product liability claims being uninsured). A product liability judgment against us or our agreement to settle a product liability claim could also result in substantial and unexpected expenditures, which would reduce profitability and cash flow. In addition, even if product liability claims against us are not successful or are not fully pursued, these claims could harm our brand image, be costly and time-consuming and may require management to spend time defending the claims rather than operating our business.

From time to time we may be subject to claims from competitors or consumers, including consumer class actions, alleging that our product claims are deceptive, such as products being mislabeled or misbranded. For example, we have had legal claims brought against us in California for our use of the word "natural" in describing certain of our products. Regardless of their merit, these claims can require significant time and expense to investigate and defend. Whether or not a false marketing claim is successful, such assertions could have an adverse effect on our business, financial condition and results of operations, and the negative publicity surrounding them could harm our reputation and brand image.

#### **Risks Related to our Manufacturing and Supply Chain**

***We may not be able to successfully implement initiatives to improve productivity and product quality, to streamline operations, or to control or reduce costs. Failure to successfully implement such initiatives could adversely affect our results of operations.***

Our ability to introduce new products and execute our growth strategy depends, in part, on our ability to successfully launch new proprietary technologies. If these technologies fail to perform as expected, we encounter unexpected difficulty training employees on use of these technologies, or we or our business partners are unable to implement these technologies in the time frame, at the cost, or with anticipated efficiencies and beneficial impact on product quality, our results of operations could be adversely affected. Because our ability to effectively implement price increases for our products can be affected by factors outside of our control, our profitability and growth depend significantly on our efforts to control our operating costs. As many of our costs, such as energy and logistics costs, packaging costs and ingredients, commodity and raw product costs, are affected by factors outside or substantially outside our control, we generally must seek to control or reduce costs through operating efficiency or other initiatives. If we are not able to identify and complete initiatives designed to control or reduce costs and increase operating efficiency on time or within budget, our results of operations could be adversely impacted. In addition, if the cost savings initiatives we have implemented to date, or any future cost-savings initiatives, do not generate expected efficiencies and cost savings, our business, financial condition and results of operations could be adversely affected.

***Our manufacturing capacity and expansion plans could have a material adverse effect on our business, financial condition and results of operations.***

Due to limited manufacturing capacity and our continued growth, the Company recently expanded its manufacturing capacity and may in the future continue expanding its manufacturing capacity via organic growth, operational efficiency increases or other means. See "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." If our growth exceeds our expectations, we may not be able to increase our own manufacturing capacity to, or obtain contract manufacturing capacity at, a level that meets demand for our products, which could prevent us from meeting increased customer demand and harm our business or reputation. If we overestimate our demand and overbuild our capacity, we may have significantly underutilized assets, and we may experience reduced margins. If we do not accurately align our manufacturing capabilities with demand, it could have a material adverse effect on our business, financial condition and results of operations.

***The inputs, commodities and ingredients that we require are subject to macroeconomic factors, government regulation, and other factors outside of our or our suppliers' control, including but not limited to, price increases, inflationary and interest rate pressures, tariffs, trade wars, product or agricultural industry labor shortages, livestock disease or pestilence, any of which could adversely affect our results of operations.***

Our business is dependent on our ability to timely source ingredients that comply with our product quality standards. The primary inputs, commodities and ingredients that we use include meat, poultry products, vegetables, fruits, carrageenans, whole grains, vitamins, minerals, packaging and energy. Prices for these and other items we use may be volatile, and we may experience shortages in these items due to factors beyond our control, such as commodity market pricing, availability of supply, increased demand (whether for the item we require or for other items, which in turn impacts the item we require), shortages of agricultural workers (including due to U.S. immigration policies); weather conditions, natural disasters, animal disease outbreaks (such as HPAI), pestilence, operational disruption, financial distress or insolvency of key suppliers or other third parties on whom we or they rely, the effects of climate change, currency fluctuations, tariffs or trade wars, inflationary and/or interest rate pressures, governmental regulations (including import restrictions), sustained government or regulatory shutdowns, regulatory uncertainty or delays, agricultural programs or issues, energy programs, geopolitical concerns, including ongoing global geopolitical conflict, labor strikes and the financial health of our suppliers.

The U.S. presidential administration has in the past year announced the imposition of tariffs on imports from many countries, including but not limited to Canada, Mexico and China, and certain of those countries subsequently announced retaliatory tariffs in response, with citizens of several countries calling for boycotts of U.S. products. Although to date Freshpet has not experienced a material adverse impact on our business and results of operations as a result of such tariffs and foreign trade relations, we continue to monitor and assess their potential impact. These or any new or increased tariffs or resultant trade wars could have an adverse effect on us or on our suppliers, which could lead to significant increases in the costs of materials, and as a result could negatively impact our results of operations, cash flow and financial condition. New or increased tariffs could also negatively affect U.S. national or regional economies or lead to increased inflation or a recession, which also could negatively impact our sales growth, and our business and results of operations.

Input, commodity and ingredient price increases or shortages may result in higher costs or interrupt our production schedules, each of which could have a material adverse effect on our results of operations. Production delays could lead to reduced sales volumes and profitability, as well as loss of market share. Higher costs could adversely impact our earnings. For example, fuel prices affect our transportation costs for both ingredients and finished product. If we are not able to implement our productivity initiatives or increase our product prices to offset price increases of our inputs, commodities and ingredients, as a result of consumer sensitivity to pricing or otherwise, or if sales volumes decline due to price increases, our results of operations could be adversely affected. Our competitors may be better able than we are to implement productivity initiatives or effect price increases or to otherwise pass along cost increases to their customers. Moreover, if we increase our prices in response to increased costs, we may need to increase marketing spending, including trade promotion spending, in order to retain our market share. Such increased marketing spending may significantly offset the benefits, if any, of any price increase and negatively impact our business, financial condition and results of operations.

***If we do not manage our supply chain effectively, including inventory levels, our business, financial condition and results of operation may be adversely affected.***

The inability of any supplier, co-packer, third-party distributor or transportation provider to deliver or perform for us in a timely or cost-effective manner could cause our operating costs to increase and our profit margins to decrease. We must continuously monitor our inventory and product mix against forecasted demand or risk having inadequate supplies to meet consumer demand, as well as having too much inventory on hand that may reach its expiration date and become unsaleable. Changes in the availability and cost of freight may affect our supply chain and ultimately the pricing and availability of our products. If we are unable to manage our supply chain effectively and ensure that our products are available to meet consumer demand, our operating costs could increase and our profit margins could decrease.

***Adverse weather conditions, natural disasters, livestock disease, pestilences, global or local pandemics and other natural conditions can disrupt our operations, which can adversely affect our business, financial condition and results of operations.***

The ingredients that we use in the production of our products (such as meat and poultry products, vegetables, fruits, and whole grains) are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, fires, earthquakes, tornadoes, livestock disease such as avian influenza and pestilences. Adverse weather conditions may be impacted by climate change and other factors. Adverse weather conditions and natural disasters can reduce crop size and crop quality, which in turn could reduce our supply of ingredients, lower recoveries of usable ingredients, increase the prices of our ingredients, increase our transportation costs or increase our cost of storing ingredients if harvests are accelerated and processing capacity is unavailable. Additionally, the growth of crops, the raising of cattle, and the manufacturing and processing of our products, all require significant amounts of water. Drought or other causes of a reduction of water in aquifers may affect availability of water, which in turn may adversely affect the cost of beef, vegetables and fruits, as well as our results of operations. Competing manufacturers may be affected differently by weather conditions and natural disasters depending on the location of their supplies or operations. If our supply of ingredients is reduced, we may not be able to find enough supplemental supply sources on favorable terms, if at all, which could impact our ability to supply product to our customers and adversely affect our business, financial condition and results of operations. Increased costs for ingredients or other inputs could also adversely affect our business, financial condition and results of operations as described in “—*The inputs, commodities and ingredients that we require are subject to macroeconomic factors, government regulation, and other factors outside of our or our suppliers' control, including but not limited to, price increases, inflationary and interest rate pressures, tariffs, trade wars, product or agricultural industry labor shortages, livestock disease or pestilence, any of which could adversely affect our results of operations.*”

Additionally, adverse weather conditions, natural disasters or other natural conditions, including global or local pandemics affecting our operating activities or major facilities could cause an interruption or delay in our production or delivery schedules and loss of inventory and/or data or render us unable to accept and fulfill customer orders in a timely manner, or at all. If our operations are damaged by a fire, flood or other disaster, for example, we may be subject to supply or delivery interruptions, destruction of our facilities and products or other business disruptions, which could adversely affect our business, financial condition and results of operations.

***If the operating capacity or reputation of our Freshpet Fridges is harmed, our business, financial condition and results of operations may suffer.***

Our success depends on our network of company-owned branded refrigerators, known as Freshpet Fridges. If the operating capacity of our Freshpet Fridges is harmed by external factors, such as adverse weather or energy supply, or internal factors, such as faulty manufacturing or insufficient maintenance, our products contained in those fridges may be damaged and need to be discarded. In addition, if our Freshpet Fridges fail to operate as intended, for any reason, the reputation of our Freshpet Fridges with customers and the reputation of our brand with consumers may decline. In such event, customers may choose to discontinue, or not to expand, their use of Freshpet Fridges and our products and consumers may choose to forgo purchasing our products. Any such harm to the operating capacity or reputation of our Freshpet Fridges could adversely affect our business, financial condition and results of operations.

***If the ingredients we use in our products are contaminated, alleged to be contaminated or are otherwise rumored to have adverse effects, our results of operations could be adversely affected.***

We buy our ingredients from third-party suppliers. If these materials are alleged or prove to include contaminants that affect the safety or quality of our products or are otherwise rumored to have adverse effects, for any reason, we may need to find alternate ingredients for our products, delay production of our products, or discard or otherwise dispose of our products, which could adversely affect our results of operations. Additionally, if this occurs after the affected product has been distributed, we may need to withdraw or recall the affected product and we may experience adverse publicity or product liability claims. In either case, our business, financial condition and results of operations could be adversely affected.

***Outbreaks of animal diseases could have a material adverse effect on our business, financial condition and results of operations.***

The cost of the protein-based ingredients we use in our products has been adversely impacted in the past by the publicity surrounding animal diseases, such as bovine spongiform encephalopathy, or “mad cow disease.” As a result of extensive global publicity and trade restrictions imposed to provide safeguards against mad cow disease, the cost of alternative sources of the protein-based ingredients we use in our products has from time to time increased significantly and may increase again in the future if additional cases of mad cow disease or similar pathogens are found.

If mad cow disease or other animal diseases, such as foot-and-mouth disease or HPAI impacts the availability of the protein-based ingredients we use in our products, we may be required to locate alternative sources for protein-based ingredients. Those sources may not be available to sustain our sales volumes, may be more costly and may affect the quality and nutritional value of our products. If outbreaks of mad cow disease, foot-and-mouth disease, avian flu or any other animal disease or the regulation or publicity resulting therefrom impacts the cost or availability of the protein-based ingredients we use in our products, or the cost of the alternative protein-based ingredients necessary for our products as compared to our current costs, we may be required to increase the selling price of our products to avoid margin deterioration. However, we may not be able to charge higher prices for our products without negatively impacting future sales volumes. Additionally, certain publicity arising from animal disease outbreaks may create fear in consumers, which could lead to reduced sales in the fresh pet food category. Any resultant negative impact on sales or growth could negatively impact our business, financial condition and results of operations.

***We rely on co-packers to provide our supply of certain products and distributors to sell some of our products in certain channels. Any failure by co-packers or distributors to fulfill their obligations or any termination or renegotiation of their agreements could adversely affect our results of operations.***

We have supply agreements with co-packers that require them to provide us with specific finished products and distribution agreements with distributors to sell certain of our products in select channels. We rely on co-packers as our sole source for certain products and on distributors for exclusive delivery of certain products. We also anticipate that we will rely on sole suppliers and exclusive distributors for future products. The failure for any reason of any such party to fulfill its obligations under the applicable agreements with us or the termination or renegotiation of any such agreement could result in disruptions to our supply of finished goods or our ability to deliver finished goods to our customers, and have an adverse effect on our reputation, business and results of operations. Additionally, from time to time, a co-packer or distributor may experience labor shortages, financial difficulties, bankruptcy or other business disruptions, which could disrupt our supply of finished goods or our ability to deliver finished goods to our customers, or require that we incur additional expense by providing financial accommodations to the co-packer or distributor or taking other steps to seek to minimize or avoid supply disruption, such as establishing a new arrangement with another provider. During economic downturns, our co-packers and distributors may be more susceptible to experiencing such financial difficulties, bankruptcies or other business disruptions. A new co-packing or distribution arrangement may not be available on terms as favorable to us as the existing arrangement, if at all.

***Failure by our transportation providers to deliver our products on time or at all could result in lost sales.***

We use third-party transportation providers for our product shipments. Transportation services include scheduling and coordinating transportation of finished products to our customers, shipment tracking and freight dispatch services. Our use of transportation services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs, and employee strikes and inclement weather, which may impact the ability of providers to provide delivery services that adequately meet our shipping needs, including keeping our products adequately refrigerated during shipment. Any such change could cause us to incur costs and expend resources. Moreover, in the future we may not be able to obtain terms as favorable as those we receive from the third-party transportation providers that we currently use, which in turn would increase our costs and thereby adversely affect our business, financial condition and results of operations.

***Disruptions in the U.S. and international economy may adversely affect our business, results of operations, and financial condition.***

Adverse and uncertain economic conditions may impact distributor, customer, and consumer demand for our products. In addition, our ability to manage normal commercial relationships with our suppliers, contract manufacturers, distributors, customers, consumers, and creditors may suffer. Consumers have access to lower-priced offerings and, during economic downturns, may shift purchases to these lower-priced or other perceived value offerings. Customers may become more conservative in response to these conditions and seek to reduce their inventories in response to consumer behavior. Global or local pandemics could also have adverse impacts on our business operations. In addition, tariffs imposed by the U.S. presidential administration or retaliatory tariffs announced by other countries could result in a trade war. Any new or increased tariffs or resultant trade wars could have an adverse effect on us or on our suppliers, distributors or customers, which could lead to significant increases in the costs of materials and services, resulting in product cost increases and reduced consumer demand.

Our results of operations depend upon, among other things, our ability to maintain and increase sales volume with our existing customers, to attract new consumers and to provide products that appeal to consumers at prices they are willing and able to pay. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability.

***Our ability to meet our workforce needs, particularly for staffing our Freshpet Kitchens, is crucial***

We rely on the existence of an available, qualified workforce to efficiently execute our operations and manufacture our products. Competition for qualified employees or inflationary pressures on employee compensation could require us to pay higher wages to attract and retain a sufficient number of qualified employees. We cannot be certain that we will be able to attract and retain qualified employees to meet current or future operational needs at a reasonable cost, or at all.

Although none of our employees are currently covered under collective bargaining agreements, any disruption in our employee relationships, including hiring and retaining our employees, could adversely affect our ability to attract and retain qualified employees to meet current or future manufacturing needs at a reasonable cost, or at all.

## **Risks Related to Government Regulation and Legal Proceedings**

***Government regulation, scrutiny, warnings and public perception could increase our costs of production and increase legal and regulatory expenses.***

Manufacturing, processing, labeling, packaging, storing and distributing pet products are activities subject to extensive federal, state and local regulation, as well as foreign regulation. In the United States, these aspects of our operations are regulated by the FDA, and various state and local public health and agricultural agencies. The FDA Food Safety Modernization Act of 2011 provides direct recall authority to the FDA and includes a number of other provisions designed to enhance food safety, including increased inspections by the FDA of domestic and foreign food facilities and increased review of food products imported into the United States. In addition, many states have adopted the Association of American Feed Control Officials' (AAFCO) model pet food regulations or variations thereof, which generally regulate the information manufacturers provide about pet food. Complying with government regulation, including state by state adoption of AAFCO guidelines, can be costly or may otherwise adversely affect our business. Regulatory delays or uncertainty, including as a result of any government or regulator shutdown or defunding could impede our ability to manufacture and timely deliver our products. In addition, failure to comply with applicable laws and regulations could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, financial condition and results of operations. Both international regulations and state regulations have Extended Producer Responsibility (EPR) laws which do, and in the future, may impact our business. These EPR regulations require annual reporting and fees. Failure to pay these authorities in a timely manner can result in large penalties.

Our business is also affected by import and export controls and similar laws and regulations, both in the United States and elsewhere. Issues such as national fiscal policy, national security or health and safety, which can impose or excise tariffs upon, slow or otherwise restrict imports or exports, could adversely affect our business. In addition, the modification or reinterpretation of existing laws or regulations or the introduction of new laws or regulations, including but not limited to executive orders, could require us to make material expenditures or otherwise adversely affect the way that we have historically operated our business.

***From time to time, we may be subject to litigation, government investigations or governmental proceedings, which may adversely impact our results of operations and financial condition.***

From time to time, we have been and may continue to be involved in various legal, regulatory or administrative investigations, negotiations or proceedings arising in the normal course of business. In the event of litigation, government investigations or governmental proceedings, we are subject to the inherent risks and uncertainties that may result if outcomes differ from our expectations. In the event of adverse outcomes in any litigation, investigation or government proceeding, we could be required to pay substantial damages, fines or penalties and cease certain practices or activities, which could materially harm our business. For example, as an employer, we may be subject to various employment-related claims, such as individual or class actions or government enforcement actions relating to alleged employment discrimination, employee classification and related withholding, wage-hour, labor standards or healthcare and benefit issues. Such actions, if successful in whole or in part, may affect our ability to compete or could materially adversely affect our business, financial condition and results of operations.

## **Risks Related to Intellectual Property**

***If we are not successful in protecting our intellectual property rights, our business, financial conditions and results of operations may be harmed.***

We rely on trademark, copyright, trade secret, patent and other intellectual property laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our intellectual property rights as well as the intellectual property of third parties with respect to which we are subject to non-use and non-disclosure obligations. We may need to engage in litigation or similar activities to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others. Any such litigation could require us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. The steps we take to prevent misappropriation, infringement or other violation of our intellectual property or the intellectual property of others may not be successful. In addition, effective patent, copyright, trademark and trade secret protection may be unavailable or limited for some of our intellectual property in some foreign countries. Failure to protect our intellectual property could harm our business, financial condition and results of operations.

Our brand names and trademarks are important to our business, and we have registered or applied to register many of these trademarks, but have no assurance that our trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks or branding are successfully challenged, we could be forced to rebrand our products, which could result in the loss of brand recognition and could require us to devote resources to advertising and marketing new brands. Further, we cannot assure you that competitors will not infringe our trademarks, or that we will have adequate resources to enforce our trademarks.

We rely on unpatented proprietary know-how in the areas of recipes, ingredients sourcing, cooking techniques, packaging, transportation and delivery. It is possible that others will independently develop the same or similar know-how or otherwise obtain access to our proprietary know-how. To protect our trade secrets and other proprietary know-how, we require employees, consultants, advisors and collaborators to enter into confidentiality agreements. If these agreements fail to provide meaningful protection in the event of any unauthorized use, misappropriation or disclosure of our trade secrets, know-how or other proprietary information, our business could be materially adversely affected.

Further, to the extent we develop, introduce and acquire products, the risk of such claims may be exacerbated. Any such claims, even those without merit, could (i) require us to expend significant resources, (ii) cause us to cease making or using products that incorporate the challenged intellectual property, (iii) require us to redesign, reengineer or rebrand our products or packaging, including our Freshpet Fridges, (iv) divert management's attention and resources or (v) require us to enter into royalty or licensing agreements in order to obtain the right to use a third-party's intellectual property, which may not be available to us on acceptable terms or at all. Any of such events may adversely impact our business, financial condition and results of operations.

### **Risks Related to our International Operations**

***We may face difficulties as we expand into countries in which we have no prior operating experience.***

In recent years, we have expanded our global footprint by entering into new markets and may expand into additional markets in the future. For example, we currently do business with four retailers in the United Kingdom, where our products are selling in approximately 637 stores. Should we continue to expand our business into new countries, we may encounter tariffs, regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to become profitable in such countries. This may have an adverse effect on our business.

In addition, expansion into new countries may require significant resources and the efforts and attention of our management and other personnel, which will divert resources from our existing business operations. As we expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our operations outside of the United States and Canada.

### **Risks Related to Environmental Regulation and Environmental Risks**

***We are subject to environmental regulation and environmental risks, which may adversely affect our business. Climate change or evolving views or concerns regarding climate change may increase environmental risks and environmental regulation of such risks.***

As a result of our agricultural and food processing operations, we are subject to numerous environmental laws and regulations at the federal, state and local levels. As these laws and regulations become increasingly complex, evolve or are reinterpreted, our compliance costs may become increasingly expensive. Changes in environmental conditions may result in existing legislation having a greater impact on us. Additionally, we may be subject to new legislation and regulation in the future.

The long-term effects of global climate change present both physical risks (such as extreme weather conditions or rising sea levels) and transition risks (such as regulatory or technology changes), which are expected to be widespread and unpredictable. These changes could over time affect, for example, the availability and cost of products, commodities, including our ingredients, and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business at the quantities and levels we require. Although the current presidential administration has taken steps to reassess and scale back existing environmental regulation, future presidential administrations could adopt a different policy, in which case federal regulations limiting greenhouse gas emissions and energy inputs could increase in coming years, which may increase our costs associated with compliance.

Compliance with evolving environmental legislation and regulations at the international, federal, state and local levels, particularly if they are more aggressive than our current sustainability measures used to monitor our emissions and improve our energy efficiency, may increase our costs and adversely affect our results of operations. We cannot predict the extent to which any environmental law or regulation that may be reinterpreted, enacted or enforced in the future may affect our operations. The effect of these actions and future actions on the availability and use of pesticides could adversely impact our financial position or results of operations. If the cost of compliance with applicable environmental laws or regulations increases, our business, financial condition and results of operations could be negatively impacted.

### **Risks Related to Information Technology and Cyber Security**

***Our business operations could be disrupted if our information technology systems fail to perform adequately.***

The efficient operation of our business depends on our information technology systems, some of which are managed by third-party service providers. We rely on our information technology systems to effectively manage our business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of our information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, impacts to working capital, causing our business and results of operations to suffer. In addition, our information technology systems may be vulnerable to damage or interruption from circumstances beyond our control, including but not limited to fire, natural disasters, power outages, systems failures, security breaches, physical theft or vandalism, unintentional disruptions, cyber-attacks and viruses. Any such damage or interruption could have a material adverse effect on our business, financial condition and results of operations.

***We are subject to cyber security risks and may incur increasing costs in an effort to minimize those risks.***

Our business employs systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding our customers, employees, suppliers and others, including personal identification information. Security breaches could expose us to a risk of loss or misuse of this information, litigation, and potential liability. We, or third-party service providers on whom we may rely, may not have the resources or technical sophistication to anticipate or prevent rapidly-evolving types of cyber-attacks, including those generated by artificial intelligence. Attacks may be targeted at us, our customers and suppliers, or others who have entrusted us with information. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, provide additional training for employees, and engage third-party experts and consultants. In addition, data and security breaches can also occur as a result of non-technical issues, including breach by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. Furthermore, the increased use of smartphones, tablets, and other wireless devices, as well as continued work-from-home arrangements for a substantial portion of our corporate employees, may also heighten these and other operational risks. Any compromise or breach of our security could result in a violation of applicable privacy and other laws, including federal and state law, as well as the General Data Protection Regulation ("GDPR"), which could result in significant legal and financial exposure, and a loss of confidence in our security measures, which could have an adverse effect on our business, financial condition and results of operations.

***Our increasing use of artificial intelligence ("AI") technologies presents operations, legal, ethical and reputational risks that could adversely affect our business.***

We use and plan to increase our use of AI across multiple parts of the business, including in our manufacturing process. While AI technologies offer efficiencies and performance improvements, their adoption can present significant risks with respect to data quality, reliability and bias, cybersecurity and data security, intellectual property, regulatory and reputational risk.

AI outputs depend on the quality, representativeness and timeliness of the training data and prompts. Errors, 'hallucinations', model drift or degraded performance can lead to faulty decisions, product defects or inaccurate consumer-facing content. Detection and remediation can be costly and time-consuming and may not be successful. Additionally, any outputs or efficiencies generated by AI, including with respect to our manufacturing process, could potentially infringe third party intellectual property or create inventions or content that is not capable of protection under intellectual property laws. AI systems can also produce biased or discriminatory outcomes which may be inconsistent with applicable laws, intent or expectations, or be otherwise inconsistent with our stated policies.

Increased adoption of AI within Freshpet's operations can amplify cyber risk across our systems and create new opportunities for bad actors to test and exploit system vulnerabilities, which could result in a cyber security incident or otherwise compromise data security. A security incident involving AI inputs, outputs or model artifacts could result in regulatory scrutiny, litigation and reputational harm. Training or deploying AI within our systems may involve the collection or processing of personal information. If our controls are ineffective or insufficient, we could face regulatory investigations, fines, private litigation or loss of public trust. Furthermore, the legal framework governing AI is rapidly evolving across international, federal and state jurisdictions and such regulations may impose restrictions relating to risk assessments, documentation, human oversight and use. New or expanded obligations or limitations on our ability to use AI could increase costs, limit certain features or necessitate changes in our data practices or supply chain, and any violation of such regulations could adversely affect our business, reputation, and results of operations.

These and similar risks related to rapidly evolving adoption of AI technology by us or third parties on whom we rely could result in litigation and remediation may require costly re-engineering, additional human review or curtailing certain uses, which could result in decreased operational efficiencies and increased costs.

#### **Risks Related to our NOLs**

***We may be unable to use some or all of our net operating loss carryforwards, which could adversely affect our financial results.***

As of December 31, 2025, we had federal net operating loss ("NOLs") carryforwards of approximately \$391.1 million and state NOLs of approximately \$275.4 million available to offset future taxable income. Our ability to utilize these NOLs may be limited under Section 382 ("Section 382") of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), which restricts the use of pre-change NOLs following an "ownership change." An ownership change generally occurs when the ownership of 5% shareholders increases by more than 50 percentage points over a three-year testing period. The annual limitation is determined, in part, by the value of the company immediately prior to the ownership change and the applicable federal long-term tax-exempt rate.

We have completed several Section 382 analyses in prior years, which concluded that limitations apply. We have incorporated those limitations into the NOL carryforwards we expect to utilize in future periods. However, additional ownership changes can occur based on market trading activity outside our control, and future transactions or fluctuations in the ownership of 5% shareholders could trigger additional limitations. Such limitations may materially restrict our ability to use our NOLs and could cause some NOLs to expire unused, adversely affecting our financial condition.

Section 382 calculations are inherently complex and require ongoing monitoring, including periodic analysis of testing dates, movements in 5% shareholders, and constructive-ownership rules. Future analyses may differ from prior conclusions.

In addition, (i) NOLs generated in taxable years beginning after December 31, 2017 are limited to offsetting 80% of taxable income in taxable years beginning after December 31, 2020, and (ii) NOLs generated in taxable years beginning after December 31, 2020 may not be carried back to prior taxable years. State NOLs are also subject to separate limitations and may not be available to offset income in other jurisdictions.

If these limitations apply, we may not be able to realize the full value of our NOLs, which could result in increased tax liabilities and potential valuation allowances in future periods.

#### **Risks Related to Interest Rates**

***Changes in interest rates may adversely affect our earnings and cash flows.***

During periods of rising interest rates, our cost of borrowing could increase, the fair value of our investments could be affected, and it could constrain the purchasing power of our customers.

## Risks Related to Ownership of Our Common Stock

***Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to various factors that are beyond our control, resulting in a decline in our stock price.***

Our quarterly operating results may fluctuate significantly, including because of the risks described in this "Risks Factors" section. Accordingly, results for any one period are not necessarily indicative of results to be expected for any future period. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease.

***The price of our common stock has been and may continue to be volatile and you may lose all or part of your investment.***

The trading price of our common stock has been, and may continue to be, volatile, and you may not be able to resell your shares at or above the purchase price. Such volatility could be based on various factors relating to our Company and industry, including those described in this "Risks Factors" section.

In addition, in recent years the stock market has experienced significant price and volume fluctuations. These fluctuations may be unrelated to the operating performance of particular companies. These broad market fluctuations may cause declines in the market price of our common stock. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our business, financial condition and results of operations, and those fluctuations could materially reduce our common stock price.

As we operate in a single industry, we are especially vulnerable to these factors to the extent that they affect our industry or our products. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price and we have defended against such lawsuits in the past.

***Actions of activist stockholders have in the past and could in the future cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.***

We have in the past been, and may in the future be, subject to proposals by stockholders urging us to take certain corporate actions. If activist stockholder activities arise in the future, our business could be adversely affected because responding to proxy contests and reacting to other actions by activist stockholders can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees. For example, we have been and may continue to be required to retain the services of various professionals to advise us on activist stockholder matters, including legal, financial, and communications advisers, the costs of which may negatively impact our future financial results. This may be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel. In addition, actions of activist shareholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

***Future offerings of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future offerings of equity securities, which may be senior to our common stock for the purposes of dividend and liquidating distributions, may adversely affect the market price of our common stock.***

In the future, we may attempt to increase our capital resources by making offerings of debt securities or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both, and may result in future Section 382 limitations that could reduce the rate at which we utilize our NOL carryforwards. Preferred stock, if issued, could have a preference on liquidating distributions or a preference on dividend payments or both that could limit our ability to make a dividend distribution to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of our future offerings, and purchasers of our common stock in this offering bear the risk of our future offerings reducing the market price of our common stock and diluting their ownership interest in our company.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C. CYBERSECURITY

The information technology systems we rely upon to effectively manage our business data, communications, supply chain, fulfillment, and other business processes are subject to risk from security breaches and other significant disruptions. Such breaches and disruptions may occur through breaches by our personnel or by intrusions over the internet, malware, computer viruses, attachments to e-mails or by persons with whom we have commercial relationships. While we have not, as of the date of this Form 10-K, experienced a cybersecurity threat or incident that resulted in a material adverse impact to our business or operations, there can be no guarantee that we will not experience such an incident in the future. See "Item 1A. Risk Factors— We are subject to cyber security risks and may incur increasing costs in an effort to minimize those risks".

Our information security organization, led by our Chief Information Officer (our "CIO") who reports to our Chief Financial Officer (our "CFO"), is comprised of both I.T. security leadership and dedicated cybersecurity staff. The information security organization, collectively, has extensive technology security and program management experience including cybersecurity professional certifications such as Certified Information Systems Security Professional ("CISSP"), advanced degrees in Information Assurance, and numerous years' experience assessing and managing cybersecurity risk within the Department of Defense and other public companies. Our CIO has over 25 years of technology experience, including leading information governance, I.T. security, and cybersecurity teams and initiatives across both publicly traded companies and global organizations.

Our policies, practices, and standards for addressing material risks associated with cybersecurity are integrated into our overall risk management and are based on industry standards including the National Institute of Standards and Technology ("NIST") which aligns the prevention techniques, identification, protection, detection, response, and recovery related to an incident. These controls are tested by our information security organization and by independent third parties. We actively engage with industry groups for awareness of best practices and our third-party providers for industry benchmarking of critical areas within our cybersecurity posture.

Our organization-wide information security program focuses on implementing effective and efficient controls, technologies, and other processes to help protect, identify, assess, manage and mitigate material cybersecurity threats and incidents. These processes include, among other things, regular testing of these controls through table-top exercises, penetration and vulnerability testing, auditing of our information security by an independent third-party auditor, ongoing security awareness training for employees and other educational programs, and continuous monitoring of our cybersecurity posture. We also employ numerous tools including, but not limited to, segregated layers of controls for access to our systems and security tools that help identify, isolate, remediate, and recover from identified vulnerabilities and security incidents in a timely manner. Our cybersecurity posture is managed by both our information security organization and through partnerships with industry recognized cybersecurity firms. We also utilize a third-party Virtual Chief Information Security Officer ("vCISO"). The vCISO works with the CIO and security team, including preparing and/or presenting key information to the Company's Audit Committee, as necessary.

We have also created, and tested through incident response drills, the Freshpet Incident Response Plan and Playbook, which together set forth policy-level directives as well as specific guidelines for implementation, that describe our process for responding in the event of certain defined cyber incidents. These protocols (i) define the roles and responsibilities of participants, relationships to other Company policies and procedures, and reporting requirements needed during an incident, (ii) provide a framework by which our Incident Response Team ("IRT") shall determine the scope and risk of an incident, respond appropriately to that incident, and inform the Board and others depending upon the nature and severity of the incident, and (iii) reduce the likelihood of a similar incident from reoccurring following identification of such an incident.

Our CIO and other members of the information security organization routinely engage with our CFO regarding cyber risk management activities and provide updates and data, as needed, to other members of our executive team to facilitate decisions regarding security matters. No less than twice per year, and more frequently as appropriate, our CFO and CIO also provide updates regarding our cybersecurity risk management strategy and related activities to the Audit Committee of our Board of Directors, and provide other information as needed to facilitate the committee's oversight of our cybersecurity risk. Additionally, some of our Board members have completed specialized director training on cybersecurity risk.

## **ITEM 2. PROPERTIES**

We lease our corporate headquarters in Bedminster, New Jersey, which contribute right of use assets and lease liabilities.

In August 2025, we entered into a lease arrangement for a to-be constructed warehouse space, which will contribute right of use assets and lease liabilities upon lease commencement, which is currently anticipated to occur during the first quarter of 2027.

We own the Freshpet Kitchens Bethlehem ("Kitchens 1.0" and "Kitchens 2.0"). Kitchens 1.0 is approximately a 100,000 square-foot manufacturing facility, and Kitchens 2.0 is approximately a 140,000 square-foot manufacturing facility, both located in Bethlehem, Pennsylvania (together, the "Freshpet Kitchens Bethlehem").

Additionally we own a second location in Ennis, Texas ("Freshpet Kitchens Ennis"), that will be completed in 3 phases. Phase 1 had one line commissioned during 2022 and the remaining two lines were completed during 2023, subsequent to which, the Freshpet Kitchens Ennis facility represents approximately 400,000 square-feet. Phase 2 commissioning was initiated in 2024 with the addition of two lines, with the balance of Phase 2 and Phase 3 planned for completion over the next several years. At the completion of phase 2 and 3, the Freshpet Kitchens Ennis facility will grow by approximately 400,000 square-feet.

We believe that our properties have been adequately maintained, are in good condition generally and are suitable and adequate for our business as presently conducted.

## **ITEM 3. LEGAL PROCEEDINGS**

We are currently involved in various claims and legal actions that arise in the ordinary course of our business. While the results of such litigation proceedings cannot be predicted with certainty, management believes none of these claims or proceedings are expected to have a material adverse effect on our business, financial condition, results of operations or cash flows. See also "Item 1A. Risk Factors" and "Note 10 - Commitments and Contingencies - Legal Obligations" to our Consolidated Financial Statements for a discussion of certain legal proceedings involving the Company.

## **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **PART II**

## **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

### **Market Information**

Shares of our common stock are publicly traded on the Nasdaq Global Market under the symbol "FRPT".

The number of stockholders of record of our common stock as of February 19, 2026 was approximately 508. This number excludes stockholders whose stock is held in nominee or street name by brokers.

### **Dividend Policy**

Since we became a publicly traded company in 2014, we have not declared or paid, and do not anticipate declaring or paying in the foreseeable future, any cash dividends on our capital stock. Any future determination to declare and pay cash dividends will be at the discretion of our Board of Directors in accordance with applicable laws and will depend on, among other things, our financial condition, results of operations, cash requirements, contractual restrictions and such other factors as our Board of Directors deems relevant. Our ability to pay dividends may also be limited by covenants of any future outstanding indebtedness we or our subsidiaries incur.

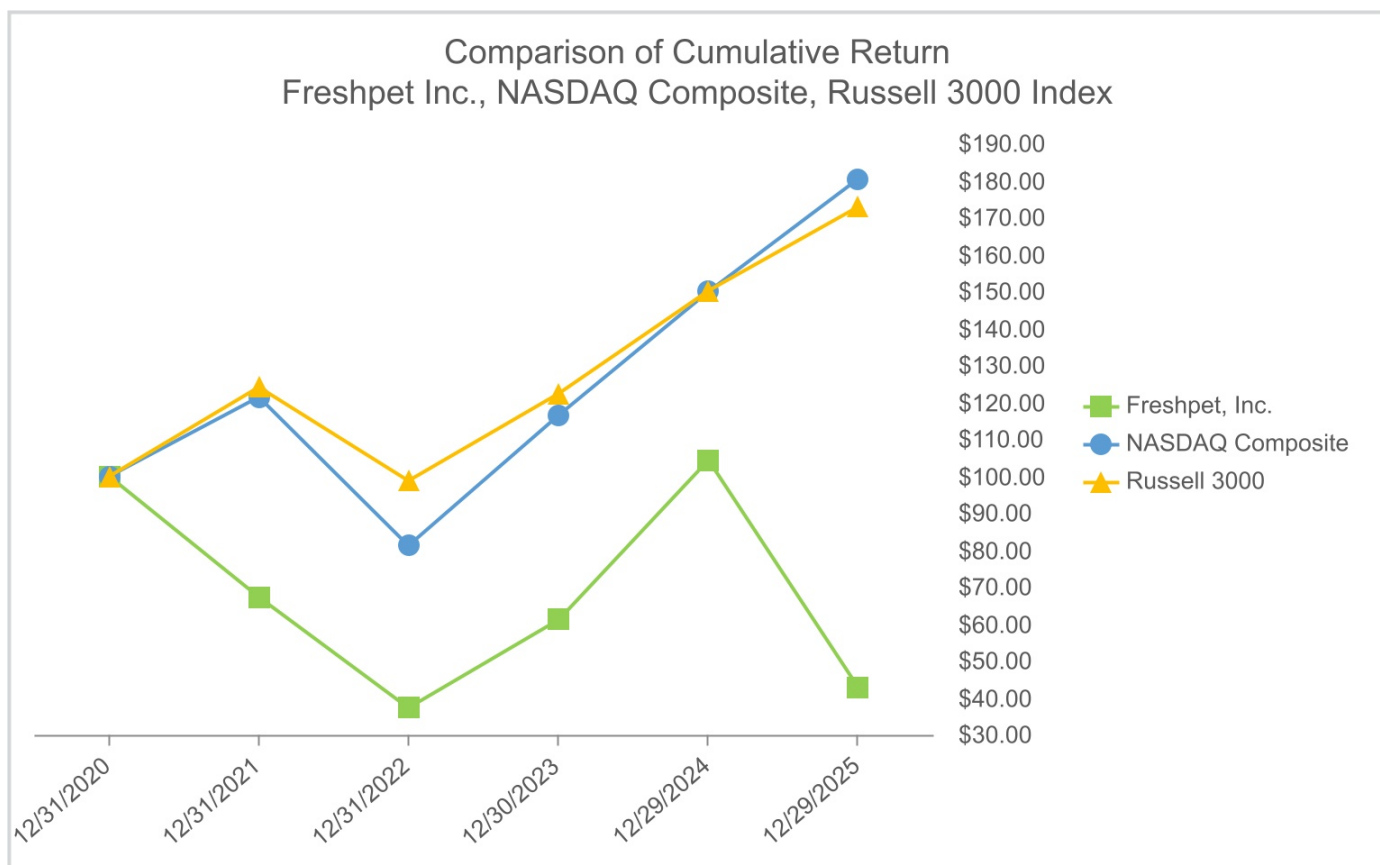
### **Issuer Purchases of Equity Securities**

None.

**Stock Performance Graph**

*This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Freshpet, Inc. under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.*

The following graph compares our total common stock return with the total return for (i) the NASDAQ Composite Index (the “NASDAQ Composite”) and (ii) the Russell 3000 Index (the “Russell 3000”) for the five-year period ended December 31, 2025. The graph assumes that \$100 was invested on December 31, 2020, in each of our common stock, the NASDAQ Composite and the Russell 3000. The comparisons in the table are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock.



Date	Freshpet, Inc.	NASDAQ Composite	Russell 3000
Dec 31, 2020	\$ 100.00	\$ 100.00	\$ 100.00
Dec 31, 2021	\$ 67.10	\$ 121.39	\$ 124.00
Dec 31, 2022	\$ 37.16	\$ 81.21	\$ 98.61
Dec 31, 2023	\$ 61.10	\$ 116.47	\$ 122.23
Dec 31, 2024	\$ 104.31	\$ 149.83	\$ 150.18
Dec 31, 2025	\$ 42.91	\$ 180.33	\$ 172.69

**ITEM 6. [RESERVED]**

## ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth in "Risk Factors." The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements included elsewhere in this report.*

*For more information regarding our consolidated results and liquidity and capital resources for the year ended December 31, 2024 as compared to the year ended December 31, 2023, refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2024 Annual Report on Form 10-K, which information is incorporated herein by reference.*

### Overview

Freshpet's mission is to elevate the way we feed our pets with fresh food that nourishes all. We were inspired by the rapidly growing view among pet owners that their dogs and cats are a part of their family, leading them to demand healthier pet food choices. Since Freshpet's inception in 2006, we have created a comprehensive business model to deliver wholesome pet food that pet parents can trust, and in the process, we believe we have become one of the fastest growing pet food companies in North America. Our business model is difficult for others to replicate and we see significant opportunity for future growth by leveraging the unique elements of our business, including our brand, our product know-how, our Freshpet Kitchens, our refrigerated distribution, our Freshpet Fridges and our culture.

### Components of our Results of Operations

#### Net Sales

Our net sales are derived from the sale of fresh pet food products to retailers, through direct sales and distributor arrangements. Our products are primarily sold to consumers through a fast-growing network of company-owned branded refrigerators, known as Freshpet Fridges, located in our customers' stores. We continue to roll out Freshpet Fridges at leading retailers across North America and parts of Europe and have installed Freshpet Fridges in approximately 30,235 retail stores as of December 31, 2025. Our products are sold under the Freshpet brand name with ingredients, packaging and labeling customized by class of retail. Sales are recorded net of discounts, returns and promotional allowances.

Our net sales growth strategy is driven by the following key factors:

- Increasing sales velocity from the average Freshpet Fridge due to increasing awareness, trial and adoption of Freshpet products and innovation. Our investments in marketing and advertising help to drive awareness and trial at each point of sale.
- Increasing distribution and penetration of Freshpet products in major classes of retail, including Grocery, Mass, International, Digital, Pet Specialty, and Club. The impact of new Freshpet Fridge installations on our net sales varies by retail class and depends on numerous factors including store traffic, refrigerator size, placement within the store, and proximity to other stores that carry our products. Digital orders include any purchases made online, including our direct-to-consumer business, and may also be fulfilled by our Freshpet Fridge network in brick and mortar stores.
- Consumer trends including long-term growth in pet ownership, pet humanization and a focus on health and wellness.
- At times we increase our sales price to offset any adverse movement in input costs.

#### Gross Profit

Our gross profit is net of costs of goods sold, which include the costs of product manufacturing, product ingredients, packaging materials and inbound freight, as well as depreciation and amortization and non-cash share-based compensation.

We expect to continue to mitigate any adverse movement in input costs through a combination of cost management and price increases.

## **Selling, General and Administrative Expenses**

Our selling, general and administrative expenses consist of the following:

*Outbound freight.* We use a third-party logistics provider for outbound freight that ships directly to retailers as well as third-party distributors.

*Marketing & advertising.* Our marketing and advertising expenses primarily consist of television advertising, digital, and social media channels. Our digital efforts span a range of platforms and environments, including company and retail websites, retail media networks, search engines, blogs, and online reviews. These expenses may vary from quarter to quarter depending on the timing of marketing and advertising campaigns.

*Freshpet Fridge operating costs.* Freshpet Fridge operating costs consist of repair costs and depreciation. The purchase and installation costs for new Freshpet Fridges are capitalized and depreciated over the estimated useful life. Freshpet Fridges purchased in 2025 are protected by a manufacturer warranty of five years, while those purchased prior to 2025 carry a three-year manufacturer warranty. We subsequently incur maintenance and freight costs for repairs and refurbishments handled by third-party service providers.

*Research & development.* Research and development costs consist of expenses to develop and test new products. The costs are expensed as incurred.

*Brokerage.* We use third-party brokers to assist with monitoring our products at the point-of-sale as well as representing us at headquarters for various customers. These brokers visit our retail customers' store locations to ensure items are appropriately stocked and maintained.

*Share-based compensation.* The Company recognizes share-based compensation based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. The Company estimates grant date fair value of its options using the Black-Scholes Merton option-pricing model. Service and performance based restricted stock units are measured based on the fair market value of the underlying stock on the dates of the grants whereas market based restricted stock units, such as total shareholder return awards, are measured using the Monte-Carlo simulation. Share awards are amortized under the straight-line method over the requisite service period of the entire award. The Company accounts for forfeitures as they occur.

*Other general & administrative costs.* Other general and administrative costs include non-plant personnel salaries and benefits, as well as corporate general & administrative costs.

## **Income Taxes**

At December 31, 2024, the Company determined that a full valuation allowance against its \$98.5 million of net deferred tax assets was appropriate. At December 31, 2025, the Company concluded that it was appropriate to release a majority of the valuation allowance against the \$71.4 million of deferred tax assets recorded as of that date based on the weight of available evidence, which now supports the conclusion that it is more likely than not that the majority of deferred tax assets will be realized. Based on sustained profitability, including three-year cumulative income before taxes of \$76.9 million, excluding the prior year gain on our equity investment, the significant deferred tax liabilities expected to reverse in future periods, and the projections of future taxable income sufficient to fully utilize the Company's federal and state NOLs, the positive evidence supporting the release of most of the valuation allowance outweighed the negative evidence supporting a full valuation allowance. As a result, we recognized a deferred income tax benefit of \$68.8 million for the year ended December 31, 2025.

**Consolidated Statements of Income (Loss)**

	Year Ended December 31,					
	2025		2024		2023	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in thousands)					
Net sales	\$ 1,102,015	100 %	\$ 975,177	100 %	\$ 766,895	100 %
Cost of goods sold	652,389	59 %	579,221	59 %	516,023	67 %
Gross profit	449,626	41 %	395,956	41 %	250,872	33 %
Selling, general, and administrative expenses	373,954	34 %	357,957	37 %	281,318	37 %
Income (loss) from operations	75,672	7 %	37,999	4 %	(30,446)	(4)%
Interest and other income, net	9,221	1 %	11,868	1 %	13,029	2 %
Interest expense	(14,120)	(1)%	(12,262)	(1)%	(14,097)	(2)%
Gain on equity investment	—	— %	9,918	1 %	—	— %
Income (loss) before income taxes	70,773	6 %	47,523	5 %	(31,514)	(4)%
Income tax (benefit) expense	(68,364)	(6)%	598	— %	210	— %
Loss on equity method investment	—	— %	—	— %	1,890	— %
Net income (loss)	\$ 139,137	13 %	\$ 46,925	5 %	\$ (33,614)	(4)%

**Year Ended December 31, 2025 Compared To Year Ended December 31, 2024**
**Net Sales**

The following table sets forth net sales by class of retailer:

	Year Ended December 31,					
	2025		2024		2023	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
	(Dollars in thousands)					
Grocery, Mass, International and Digital	\$ 892,941	81 %	\$ 800,775	82 %	\$ 642,306	84 %
Pet Specialty and Club	209,074	19 %	174,402	18 %	124,589	16 %
Net Sales	\$ 1,102,015	100 %	\$ 975,177	100 %	\$ 766,895	100 %

Net sales increased \$126.8 million, or 13.0%, to \$1,102.0 million for the year ended December 31, 2025 as compared to \$975.2 million for the year ended December 31, 2024. The \$126.8 million increase in net sales was driven by growth in the Grocery, Mass, International, and Digital channel of \$92.2 million, with the remaining growth in the Pet Specialty and Club channel. The net sales increase was primarily driven by volume gains of 12.0% and favorable price/mix of 1.0%.

### **Gross Profit**

Gross profit was \$449.6 million, or 40.8% as a percentage of net sales, for the year ended December 31, 2025, compared to \$396.0 million, or 40.6% as a percentage of net sales, in the prior year. The increase in gross profit as a percentage of net sales was primarily due to lower input costs and reduced quality costs, partially offset by reduced leverage on plant expenses.

Adjusted Gross Profit for the year ended December 31, 2025 was \$515.2 million, or 46.7% as a percentage of net sales, compared to \$453.5 million, or 46.5% as a percentage of net sales, in the prior year. See "—Non-GAAP Financial Measures" below.

### **Selling, General and Administrative Expenses**

Selling, general and administrative expenses ("SG&A") were \$374.0 million for the year ended December 31, 2025, compared to \$358.0 million in the prior year. As a percentage of net sales, SG&A decreased to 33.9% for the year ended December 31, 2025, compared to 36.7% in the prior year. The decrease in SG&A as a percentage of net sales was primarily due to decreased share-based compensation, driven by the reversal of previously recorded expense in the current year related to performance-based conditions deemed improbable of achievement as of year end, and decreased variable compensation accrual, partially offset by increased media spend as a percentage of net sales and higher non-recurring charges in 2025.

Adjusted SG&A for the year ended December 31, 2025, was \$319.4 million, or 29.0% as a percentage of net sales, compared to \$291.6 million, or 29.9% as a percentage of net sales, in the prior year. See "—Non-GAAP Financial Measures" below.

### **Income from Operations**

As a result of the factors discussed above, income from operations increased by \$37.7 million to \$75.7 million for the year ended December 31, 2025 as compared to \$38.0 million in the prior year.

### **Interest and Other Income, net**

The Company recorded interest and other income, net of \$9.2 million for the year ended December 31, 2025 as a result of interest income generated from cash and cash equivalents as compared to \$11.9 million in the prior year.

### **Interest Expense**

Interest expense increased \$1.9 million to \$14.1 million for the year ended December 31, 2025 as compared to \$12.3 million in the prior year. The increase was primarily driven by a \$1.6 million decrease in capitalized interest compared to the prior year period as a result of assets placed into service.

### **Gain on Equity Investment**

The \$9.9 million gain on equity investment for the year ended December 31, 2024 resulted from the change in fair value of the Company's equity interest in a privately held company, as discussed in Note 1 - Summary of Significant Accounting Policies of our consolidated financial statements.

### **Income Tax (Benefit) Expense**

Income tax benefit increased \$69.0 million to \$68.4 million for the year ended December 31, 2025 as compared to income tax expense of \$0.6 million in the prior year. The increase is primarily due to the deferred income tax benefit resulting from the release of the valuation allowance in 2025, partially offset by deferred income tax expense.

### **Net Income**

Net income increased \$92.2 million to net income of \$139.1 million for the year ended December 31, 2025 as compared to net income of \$46.9 million in the prior year, due to the deferred income tax benefit resulting from the release of the valuation allowance as a result of sustained profitability and the expected future profitability, and contributions from higher sales, partially offset by increased SG&A expenses, including increased media spend of \$29.2 million and \$17.7 million of non-recurring charges in 2025, compared to a \$9.9 million gain on equity investment in the prior year.

## **Adjusted EBITDA**

Adjusted EBITDA was \$195.7 million for the year ended December 31, 2025, compared to \$161.8 million, in the prior year. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit, partially offset by higher Adjusted SG&A expenses. See "—Non-GAAP Financial Measures" below.

## **Non-GAAP Financial Measures**

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

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

Such financial measures are not financial measures prepared in accordance with U.S. GAAP. We define Adjusted Gross Profit as Gross Profit before depreciation expense, non-cash share-based compensation, and loss on disposal of manufacturing equipment. We define Adjusted SG&A as SG&A expenses before depreciation and amortization expense, non-cash share-based compensation, loss on disposal of equipment, distributor transition costs, legal obligation and international business charges. EBITDA represents net income (loss) plus depreciation and amortization expense, interest expense net of interest income and, income tax (benefit) expense. Adjusted EBITDA represents EBITDA less gain on equity investment, plus non-cash share-based compensation expense, loss on disposal of property, plant and equipment, distributor transition costs, legal obligation, and international business charges.

We believe that each of these non-GAAP financial measures provide additional metrics to evaluate our operations and, when considered with both our U.S. GAAP results and the reconciliation to the closest comparable U.S. GAAP measures, provides a more complete understanding of our business than could be obtained absent this disclosure. We use the non-GAAP financial measures, together with U.S. GAAP financial measures, such as net sales, gross profit margins and cash flow from operations, to assess our historical and prospective operating performance, to provide meaningful comparisons of operating performance across periods, to enhance our understanding of our operating performance, and to compare our performance to that of our peers and competitors.

Adjusted EBITDA is also an important component of internal budgeting and setting management compensation.

The non-GAAP financial measures are presented here because we believe they are useful to investors in assessing the operating performance of our business without the effect of non-cash items, and other items as detailed herein. The non-GAAP financial measures should not be considered in isolation or as alternatives to net income (loss), income (loss) from operations or any other measure of financial performance calculated and prescribed in accordance with U.S. GAAP. Neither EBITDA nor Adjusted EBITDA should be considered a measure of discretionary cash available to us to invest in the growth of our business. Our non-GAAP financial measures may not be comparable to similarly titled measures in other organizations because other organizations may not calculate non-GAAP financial measures in the same manner as we do.

Our presentation of the non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by the expenses that are excluded from that term or by unusual or non-recurring items. We recognize that the non-GAAP financial measures have limitations as analytical financial measures. For example, the non-GAAP financial measures do not reflect:

- our capital expenditures or future requirements for capital expenditures;
- the interest expense, or the cash requirements necessary to service interest expense or principal payments, associated with indebtedness;
- depreciation and amortization, which are non-cash charges, although the assets being depreciated and amortized will likely have to be replaced in the future, nor any cash requirements for such replacements; and

- changes in our cash requirements for our working capital needs.

Additionally, Adjusted EBITDA excludes (i) non-cash share-based compensation expense, which is and will remain a key element of our overall long-term incentive compensation package, and (ii) certain costs essential to our sales growth and strategy. Adjusted EBITDA also excludes certain cash charges resulting from matters we consider not to be indicative of our ongoing operations. Other companies in our industry may calculate the non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to net income (loss), the most directly comparable financial measure presented in accordance with U.S. GAAP:

	Year Ended December 31,		
	2025	2024	2023
	(Dollars in thousands)		
Net income (loss)	\$ 139,137	\$ 46,925	\$ (33,614)
Depreciation and amortization	86,872	70,803	57,058
Interest expense, net of interest income	4,887	335	1,069
Income tax (benefit) expense	(68,364)	598	210
<b>EBITDA</b>	<b>162,532</b>	<b>118,661</b>	<b>24,723</b>
Non-cash share-based compensation (a)	13,883	51,807	24,936
Loss on disposal of property, plant and equipment	1,630	1,284	4,321
Distributor transition costs (b)	10,680	—	—
Legal obligation (c)	5,703	—	—
International business charges (d)	1,273	—	—
Gain on equity investment	—	(9,918)	—
Loss on equity method investment	—	—	1,890
Enterprise Resource Planning	—	—	2,457
Capped Call Transactions fees	—	—	113
Shareholder activism defense engagement	—	—	8,177
Organization changes	—	—	(67)
<b>Adjusted EBITDA</b>	<b>\$ 195,701</b>	<b>\$ 161,834</b>	<b>\$ 66,550</b>
Adjusted EBITDA as a % of Net Sales	17.8 %	16.6 %	8.7 %

(a) Includes true-ups to share-based compensation expense. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA margins, Adjusted EBITDA and/or Net Sales targets as a condition of vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets. When the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

(b) Represents a non-recurring loss as a result of an accounts receivable write-off in connection with the liquidation of one of our pet specialty distributors. Concurrent with its liquidation, we transitioned to a new distribution partner, who is a leading pet specialty distributor and who we anticipate will facilitate sales to pet specialty stores. Thus, despite the transitory impact during the first quarter of 2025, our ability to continue to generate sales is consistent with what we would expect to generate within the pet specialty channel.

(c) Represents the net settlement charges for all claims related to the litigation with Phillips.

(d) Represents termination costs due to a business change in our international go-to-market strategy.

The following table provides a reconciliation of Adjusted Gross Profit to Gross Profit, the most directly comparable financial measure presented in accordance with U.S. GAAP:

	Year Ended December 31,		
	2025	2024	2023
	(Dollars in thousands)		
Gross profit	\$ 449,626	\$ 395,956	\$ 250,872
Depreciation expense	61,426	49,056	41,209
Non-cash share-based compensation	3,078	7,761	10,995
Loss on disposal of manufacturing equipment	1,020	696	3,547
<b>Adjusted Gross Profit</b>	<b>\$ 515,150</b>	<b>\$ 453,469</b>	<b>\$ 306,623</b>
Adjusted Gross Profit as a % of Net Sales	46.7 %	46.5 %	40.0 %

The following table provides a reconciliation of Adjusted SG&A Expenses to SG&A Expenses, the most directly comparable financial measure presented in accordance with U.S. GAAP:

	Year Ended December 31,		
	2025	2024	2023
	(Dollars in thousands)		
SG&A expenses	\$ 373,954	\$ 357,957	\$ 281,318
Depreciation and amortization expense	25,446	21,747	15,849
Non-cash share-based compensation (a)	10,805	44,046	13,941
Loss on disposal of equipment	610	588	774
Distributor transition costs (b)	10,680	—	—
Legal obligation (c)	5,703	—	—
International business charges (d)	1,273	—	—
Enterprise Resource Planning	—	—	2,457
Capped Call Transactions fees	—	—	113
Shareholder activism defense engagement	—	—	8,177
Organization changes	—	—	(67)
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 319,437</b>	<b>\$ 291,576</b>	<b>\$ 240,074</b>
Adjusted SG&A Expenses as a % of Net Sales	29.0 %	29.9 %	31.3 %

(a) Includes true-ups to share-based compensation expense. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA margins, Adjusted EBITDA and/or Net Sales targets as a condition of vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets. When the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

(b) Represents a non-recurring loss as a result of an accounts receivable write-off in connection with the liquidation of one of our pet specialty distributors. Concurrent with its liquidation, we transitioned to a new distribution partner, who is a leading pet specialty distributor and who we anticipate will facilitate sales to pet specialty stores. Thus, despite the transitory impact during the first quarter of 2025, our ability to continue to generate sales is consistent with what we would expect to generate within the pet specialty channel.

(c) Represents the net settlement charges for all claims related to the litigation with Phillips.

(d) Represents termination costs due to a business change in our international go-to-market strategy.

## Liquidity and Capital Resources

To meet our capital needs, we issued approximately \$402.5 million in convertible notes in March 2023 (the "Convertible Notes"), used \$66.2 million of the proceeds to enter into capped call transactions, and used \$11.0 million of the proceeds on debt issuance related costs.

We expect to make future capital expenditures in connection with the completion of our planned development of Freshpet Kitchens Ennis Phase 2 and 3. During fiscal year 2025, we spent approximately \$148.2 million of capital to meet our capacity needs as well as recurring capital expenditures. In fiscal year 2026, we expect to spend approximately \$150.0 million.

We expect to rely on our current and future cash flow from operations, may issue additional debt, and/or raise capital through our access to capital markets, if appropriate. Our ability to obtain additional funding will be subject to various factors, including general economic and market conditions, our operating performance, the market's perception of our growth potential, lender sentiment and our ability to incur additional debt in compliance with other contractual restrictions.

Our ability to make future minimum interest payments on the Convertible Notes, to refinance any indebtedness and to fund any necessary expenditures for our growth will depend on our ability to generate cash in the future. If our business does not achieve the levels of profitability or generate the amount of cash that we anticipate or if we expand faster than anticipated, we may need to seek additional debt or equity financing to operate and expand our business. Future third-party financing may not be available on favorable terms or at all.

Our primary cash needs, in addition to our plant expansions, are for purchasing ingredients, operating expenses, marketing expenses and capital expenditures to procure Freshpet Fridges. We believe that cash and cash equivalents, expected cash flow from operations, amounts previously raised through the issuance of the Convertible Notes and our ability to access the capital markets, if appropriate, are adequate to fund our debt service requirements, operating and finance lease obligations, capital expenditures and working capital obligations for the foreseeable future. We believe our sources of liquidity and capital will be sufficient to finance our continued operations, growth strategy and additional expenses we expect to incur for at least the next twelve months. However, our ability to continue to meet these requirements and obligations will depend on, among other things, our ability to achieve anticipated levels of revenue and cash flow from operations and our ability to manage costs and working capital successfully.

Additionally, our cash flow generation ability is subject to general economic factors at the international, national and regional levels, including but not limited to increased interest rates and inflation, tariffs, trade wars, recession, financial, competitive, legislative and regulatory factors and other factors that are beyond our control, including government or regulatory shutdowns or defunding, or disruptions with or increased costs imposed by our key suppliers or others within our supply chain. Further, such macroeconomic factors could negatively impact consumer sentiment, resulting in reduced demand and changes in purchasing behaviors for some or all of our products and other relevant factors, such as consumer hesitancy to trade up in pet food, deferral of pet-related expenses, and reduced pet adoption rates. While these factors are expected to persist in the near term, the Company has implemented strategic initiatives, including targeted marketing, value-focused product innovation, and expanded distribution in club and mass channels, to mitigate their impact. Management believes these actions will support continued growth and margin expansion, even if the current economic environment remains unchanged. We cannot assure you that our business will generate cash flow from operations in an amount sufficient to enable us to fund our liquidity needs.

Expanding certain of our Freshpet Kitchens primarily comprises our material future cash requirement. The Company reduced its capital expenditures for manufacturing expansion during 2025, reflecting both a moderation in demand and significant operational efficiencies. These changes are expected to materially improve near-term cash flow and reduce the capital intensity of the business, while maintaining flexibility to scale as market conditions evolve. However, our capital requirements, including our cash requirements, may vary materially from those currently planned if, for example, our revenues do not reach expected levels, or we have to incur unforeseen capital expenditures and make investments to maintain our competitive position. If this is the case, we may seek alternative financing, such as issuing additional debt or equity securities, and we cannot assure you that we will be able to do so on favorable terms, if at all. Moreover, if we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity or if the Convertible Notes are converted to common shares, existing stockholders may experience dilution, and such new securities could have rights senior to those of our common stock. These factors may make the timing, amount, terms and conditions of additional financing unattractive.

Our inability to raise capital could impede our growth or otherwise require us to forego growth opportunities and could materially adversely affect our business, financial condition and results of operations.

The following table sets forth, for the periods indicated, our working capital:

	December 31, 2025	December 31, 2024
(Dollars in thousands)		
Cash and cash equivalents	\$ 277,975	\$ 268,633
Accounts receivable, net of allowance for doubtful accounts	63,762	68,419
Inventories, net	76,766	80,794
Prepaid expenses	9,807	16,026
Other current assets	7,404	3,126
Accounts payable	(42,429)	(39,164)
Accrued expenses	(31,610)	(56,263)
Current operating lease liabilities	(2,241)	(1,322)
Current finance lease liabilities	(2,315)	(2,120)
Total Working Capital	<u>\$ 357,119</u>	<u>\$ 338,129</u>

Working capital consists of current assets net of current liabilities. Working capital increased \$19.0 million to \$357.1 for the year ended December 31, 2025 compared to working capital of \$338.1 million for the year ended December 31, 2024, primarily as a result of an increase of \$9.3 million in cash and cash equivalents, an increase of \$4.3 million in other current assets, and a decrease of \$24.7 million in accrued expenses as a result of decreased variable compensation accrual. The increase was partially offset by a decrease of \$4.7 million in accounts receivable, a decrease of \$4.0 million in inventories, net, a decrease of \$6.2 million in prepaid expenses, an increase of \$3.3 million in accounts payable, and an increase of \$1.1 million in lease liabilities.

We normally carry three to five weeks of finished goods inventory and less than 30 days of accounts receivable.

As of December 31, 2025, our capital resources consisted primarily of \$278.0 million of cash and cash equivalents on hand.

As of December 31, 2024, our capital resources consisted primarily of \$268.6 million of cash and cash equivalents on hand.

We expect to fund our ongoing operations and obligations with cash and cash equivalents, and cash flow from operations.

The following table sets forth, for the periods indicated, our beginning balance of cash, net cash flows provided by (used in) operating, investing and financing activities and our ending balance of cash.

	Year Ended December 31,	
	2025	2024
(Dollars in thousands)		
Cash at the beginning of period	\$ 268,633	\$ 296,871
Net cash provided by operating activities	160,561	154,288
Net cash used in investing activities	(148,184)	(187,092)
Net cash (used in) provided by financing activities	(3,035)	4,566
Cash at the end of period	<u>\$ 277,975</u>	<u>\$ 268,633</u>

### ***Net Cash Provided by Operating Activities***

Net cash provided by operating activities consists primarily of net income adjusted for certain non-cash items (i.e., provision for loss on accounts receivable, loss on disposal of property, plant and equipment, share-based compensation, change in reserve for inventory obsolescence, depreciation and amortization, amortization of deferred financing costs, change in operating lease right of use asset, change in deferred income taxes, and gain on equity investment).

#### **2025**

Net cash provided by operating activities of \$160.6 million in 2025 was primarily attributed to:

- \$192.8 million of net income, adjusted for reconciling non-cash items, which excludes \$53.7 million of non-cash items related to \$68.8 million of deferred income tax benefit, \$89.7 million of depreciation and amortization, \$12.1 million of provision for loss on accounts receivable, \$13.9 million of share-based compensation, \$2.2 million of amortization of deferred financing costs, \$2.2 million of loss on disposal of property, plant and equipment, and \$2.3 million of change in operating lease right of use asset.

This was partially offset by:

- \$32.2 million decrease due to changes in operating assets and liabilities. The decrease was primarily due to the change in accounts receivable, prepaid expenses and other current assets, other assets, accrued expenses, and operating lease liability, partially offset by the change in inventories and accounts payable.

#### **2024**

Net cash provided by operating activities of \$154.3 million in 2024 was primarily attributed to:

- \$168.0 million of net income, adjusted for reconciling non-cash items, which excludes \$121.0 million of non-cash items related to \$73.6 million of depreciation and amortization, \$51.8 million of share-based compensation including amortization of warrants, \$2.1 million of amortization of deferred financing costs, \$1.4 million of change in operating lease right of use asset, \$1.3 million of loss on disposal of property, plant and equipment, \$0.3 million of a reserve for inventory obsolescence, \$0.5 million of provision for loss on accounts receivable, partially offset by \$9.9 million of gain on equity investment.

This was partially offset by:

- \$13.7 million decrease due to changes in operating assets and liabilities. The decrease was primarily due to the change in accounts receivable, inventories, other assets, and operating lease liability, partially offset by the change in accounts payable, accrued expenses, and prepaid expenses and other current assets.

### ***Net Cash Used in Investing Activities***

#### **2025**

Net cash used in investing activities of \$148.2 million in 2025 was primarily attributed to:

- \$148.2 million of capital expenditures related to Freshpet Kitchens, plant recurring capital expenditures, expenditures relating to investment in fridges, and other capital spend.

#### **2024**

Net cash used in investing activities of \$187.1 million in 2024 was primarily attributed to:

- \$187.1 million of capital expenditures related to Freshpet Kitchens, plant recurring capital expenditures, expenditures relating to investment in fridges, and other capital spend.

### ***Net Cash (Used In) Provided by Financing Activities***

#### **2025**

Net cash used in financing activities of \$3.0 million in 2025 was primarily attributed to:

- \$3.0 million for tax withholdings related to net share settlements of restricted stock units.
- \$2.1 million for principal payments under finance lease obligations.

This was partially offset by:

- \$2.1 million cash proceeds from the exercise of stock options.

#### **2024**

Net cash provided by financing activities of \$4.6 million in 2024 was primarily attributed to:

- \$9.1 million cash proceeds from the exercise of stock options.

This was partially offset by:

- \$2.6 million for tax withholdings related to net share settlements of restricted stock units.
- \$2.0 million for principal payments under finance lease obligations.

### ***Indebtedness***

For a discussion of our material indebtedness, see Note 6 and 7 to our Consolidated Financial Statements included in this report.

### **Critical Accounting Estimates and Policies**

Our management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the revenue and expenses incurred during the reported periods. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses and share-based compensation. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting estimates and policies are described in the notes to our financial statements appearing in this report, we believe that the following critical accounting estimates and policies are most important to understanding and evaluating our reported financial results.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of net sales and expenses during the reporting period.

We believe that the accounting estimates policies discussed below are critical to understanding our historical and future performance, as these policies related to the more significant areas involving management's judgments and estimates. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances. Actual results, as determined at a later date, could differ from those estimates. To the extent that there are differences between our estimate and the actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

The following critical accounting policies reflect significant judgments and estimates used in preparation of our consolidated financial statements:

**Revenue Recognition and Incentives**—Revenue is recognized when performance obligations under the terms of the contract with the customer are satisfied, which occurs once control is transferred upon delivery to the customer.

Revenue is reported net of applicable trade incentives and allowances. Amounts billed and due from our customers are classified as receivables and require payment on a short-term basis and, therefore, we do not have any significant financing components.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, including estimates of trade incentives the Company offers to its customers and their consumers. Trade incentives consist primarily of customer pricing allowances and merchandising funds, and consumer coupons offered through various programs to customers and consumers. Estimates of trade promotion expense and coupon redemption costs are based upon programs offered, timing of those offers, estimated redemption/usage rates from historical performance, management's experience and current economic trends.

While our revenue recognition does not involve significant judgment, it represents a significant accounting policy.

**Share-based Compensation**—The Company recognizes share-based compensation based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. The Company estimates grant date fair value of its options using the Black-Scholes Merton option-pricing model. Service and performance based restricted stock units are measured based on the fair market value of the underlying stock on the dates of the grants whereas market based restricted stock units, such as total shareholder return awards, are measured using the Monte-Carlo simulation. Share awards are amortized under the straight-line method over the requisite service period of the entire award. Certain awards provide for accelerated vesting upon retirement if age and service conditions are met. When an employee is retirement-eligible (or becomes eligible during the vesting period), the Company recognizes compensation cost for the portion of the award for which the requisite service period has been rendered, resulting in accelerated expense recognition. The Company accounts for forfeitures as they occur.

We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA margins, Adjusted EBITDA and/or Net Sales targets as a condition of vesting, with such target periods through fiscal year 2027. We recognize the estimated fair value of performance-based awards as share-based compensation expense over the performance period based upon our determination of whether it is probable that the performance targets will be achieved. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets. When the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed. Determining whether the performance criteria will be achieved involves judgment, and the share-based compensation expense may be revised periodically based on changes in the probability of achieving the performance criteria. Revisions are reflected in the period in which the probability assessment is changed.

### **Recent Accounting Pronouncements**

For a discussion of recent accounting pronouncements, see Note 1 (Summary of Significant Accounting Policies) to our audited consolidated financial statements included in this report.

### **Segment**

The Company operates in one consolidated operating and reportable segment: the manufacturing, marketing and distribution of fresh dog food, cat food, and dog treats.

## ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

### ***Interest Rate Risk***

During periods of rising interest rates, our cost of borrowing could increase, the fair value of our investments could be affected, and it could constrain the purchasing power of our customers.

### ***Commodity Price and Inflation Risk***

We purchase certain products and services that are affected by commodity prices, including, but not limited to agricultural products, including beef. These products are subject to price volatility caused by weather, market conditions, disease, government programs and policies, labor availability and availability of similar or competitive products, and other factors which are not considered predictable or within our control. In many cases, we believe we will be able to address material commodity cost increases by either increasing prices or reducing operating expenses. However, increases in commodity prices, without adjustments to pricing or reduction to operating expenses, could increase our operating costs as a percentage of our net sales.

### ***Inflation***

Our profitability is dependent, among other things, on our ability to anticipate and react to changes in the costs of key operating resources, including food and other raw materials, labor, energy and other supplies and services. Substantial increases in costs and expenses could impact our operating results to the extent that such increases cannot be passed along to our customers.

While generally we have been able to offset inflation and other changes in the costs of key operating resources through price increases, productivity improvements and greater economies of scale, our price increases are not always implemented immediately, which can cause us to temporarily absorb increased cost. Further, there can be no assurance that we will be able to continue to effectively implement such offsets in the future. From time to time, competitive conditions could limit our pricing flexibility. In addition, macroeconomic conditions could make additional price increases imprudent. There can be no assurance that all future cost increases can be offset by increased prices or that increased prices will be fully absorbed without any resulting changes in product purchasing patterns.

### ***Foreign Exchange Rates***

Fluctuations in the currencies of countries where the Company operates outside the U.S. may impact our financial results. The Company is exposed to movements in the British pound sterling, Euro and Canadian Dollar. The Statements of Financial Position of non-U.S. business units are translated into U.S. dollars using period-end exchange rates for assets and liabilities and weighted-average exchange rates for revenues and expenses. The percentage of our consolidated revenue for the year ended December 31, 2025 recognized in Europe was less than 1%.

The Company may, from time to time, enter into forward exchange contracts to reduce the Company's exposure to foreign currency fluctuations of certain assets and liabilities denominated in foreign currencies. Historically, the foreign currency forward contracts have not been designated as hedges and, accordingly, any changes in their fair value are recognized on the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) in Interest and Other Income, net, and carried at their fair value in the Consolidated Balance Sheet with gains reported in prepaid expenses and other current assets and losses reported in accrued expenses. As of December 31, 2025, there were no forward contracts outstanding.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**  
**FRESHPET, INC.**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Freshpet, Inc.:

### *Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of Freshpet, Inc. and subsidiaries (the Company) as of December 31, 2025 and December 31, 2024, the related consolidated statements of income (loss) and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and December 31, 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Assessment of probability of achieving the vesting performance criteria of share-based awards*

As discussed in Notes 1 and 12 to the consolidated financial statements, the Company recognizes share-based compensation based on the value of the number of share-based payment awards that are ultimately expected to vest during the period. Share-based awards with performance-based vesting conditions require the achievement of certain financial criteria as a condition to vesting. For certain performance-based awards, the quantity of awards with the financial criteria has 1) a future net sales target or 2) a future adjusted earnings before interest, taxes, depreciation and amortization margin target within fiscal year 2025 through 2027. At each period, the Company reassesses the probability of achieving the performance criteria required to meet those vesting targets. When achievement of the vesting criteria is considered probable, compensation cost is recognized. At December 31, 2025, there were unrecognized compensation costs of approximately \$3.9 million, \$1.1 million and \$0.0 million related to performance-based restricted stock units, market based restricted stock units, and performance-based stock options, respectively, for which the achievement of the vesting criteria is considered probable.

We identified the assessment of probability of achieving the vesting performance criteria of share-based awards as a critical audit matter. Evaluating the assumptions related to the Company's determination of the probability that the performance criteria will be achieved for the share-based awards involved subjective auditor judgment. In particular, judgment was required to assess the probability of meeting the Company's future performance targets, including forecasted net sales.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's share-based compensation process, including a control related to the Company's assessment of assumptions that were used in the determination that a performance criterion was probable of achievement. To assess the Company's ability to accurately forecast net sales, we compared the Company's historical net sales forecasts to actual results. We compared forecasted net sales to those in communications to the Board of Directors, press releases and analyst reports.

/s/ KPMG LLP

We have served as the Company's auditor since 2012.

Short Hills, New Jersey  
February 23, 2026

**FRESHPET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share data)

	December 31, 2025	December 31, 2024
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 277,975	\$ 268,633
Accounts receivable, net of allowance for doubtful accounts	63,762	68,419
Inventories, net	76,766	80,794
Prepaid expenses	9,807	16,026
Other current assets	7,404	3,126
Total Current Assets	435,714	436,998
Property, plant and equipment, net	1,138,671	1,065,869
Deposits on equipment	118	1,047
Operating lease right of use assets	66,424	3,366
Long term investment in equity securities	33,446	33,446
Deferred tax assets, net	68,893	—
Other assets	34,509	34,152
<b>Total Assets</b>	<b>\$ 1,777,775</b>	<b>\$ 1,574,878</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 42,429	\$ 39,164
Accrued expenses	31,610	56,263
Current operating lease liabilities	2,241	1,322
Current finance lease liabilities	2,315	2,120
Total Current Liabilities	\$ 78,595	\$ 98,869
Convertible senior notes	397,330	395,163
Long term operating lease liabilities	65,023	2,213
Long term finance lease liabilities	28,075	23,273
Deferred tax liabilities, net	93	—
<b>Total Liabilities</b>	<b>\$ 569,116</b>	<b>\$ 519,518</b>
Commitments and contingencies	—	—
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 48,985 issued and 48,970 outstanding on December 31, 2025, and 48,716 issued and 48,702 outstanding on December 31, 2024	49	49
Additional paid-in capital	1,351,201	1,338,160
Accumulated deficit	(142,669)	(281,806)
Accumulated other comprehensive income (loss)	334	(787)
Treasury stock, at cost — 14 shares on December 31, 2025 and on December 31, 2024	(256)	(256)
<b>Total Stockholders' Equity</b>	<b>1,208,659</b>	<b>1,055,360</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 1,777,775</b>	<b>\$ 1,574,878</b>

*See accompanying notes to the consolidated financial statements.*

**FRESHPET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)**  
(in thousands, except per share data)

	For the Year Ended December 31,		
	2025	2024	2023
NET SALES	\$ 1,102,015	\$ 975,177	\$ 766,895
COST OF GOODS SOLD	652,389	579,221	516,023
GROSS PROFIT	449,626	395,956	250,872
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	373,954	357,957	281,318
INCOME (LOSS) FROM OPERATIONS	75,672	37,999	(30,446)
OTHER (EXPENSES) INCOME:			
Interest and Other Income, net	9,221	11,868	13,029
Interest Expense	(14,120)	(12,262)	(14,097)
Gain on Equity Investment	—	9,918	—
	(4,899)	9,524	(1,068)
INCOME (LOSS) BEFORE INCOME TAXES	70,773	47,523	(31,514)
INCOME TAX (BENEFIT) EXPENSE	(68,364)	598	210
LOSS ON EQUITY METHOD INVESTMENT	—	—	1,890
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 139,137	\$ 46,925	\$ (33,614)
OTHER COMPREHENSIVE INCOME (LOSS):			
Change in foreign currency translation	1,121	(196)	(1,961)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	1,121	(196)	(1,961)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 140,258	\$ 46,729	\$ (35,575)
NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS			
-BASIC	\$ 2.85	\$ 0.97	\$ (0.70)
-DILUTED	\$ 2.64	\$ 0.93	\$ (0.70)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING			
-BASIC	48,800	48,487	48,163
-DILUTED	56,037	50,255	48,163

*See accompanying notes to the consolidated financial statements.*

**FRESHPET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(in thousands)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Treasury Stock	Total Stockholders' Equity
BALANCES, December 31, 2022	48,051	\$ 48	\$ 1,325,524	\$ (295,117)	\$ 1,370	14	\$ (256)	\$ 1,031,569
Exercise of options to purchase common stock	160	—	4,517	—	—	—	—	4,517
Vesting of restricted stock units	66	—	(1,400)	—	—	—	—	(1,400)
Share-based compensation expense	—	—	20,554	—	—	—	—	20,554
Purchase of capped call options	—	—	(66,211)	—	—	—	—	(66,211)
Foreign currency translation	—	—	—	—	(1,961)	—	—	(1,961)
Net loss	—	—	—	(33,614)	—	—	—	(33,614)
BALANCES, December 31, 2023	48,277	\$ 48	\$ 1,282,984	\$ (328,731)	\$ (591)	14	\$ (256)	\$ 953,454
Exercise of options to purchase common stock	352	1	9,137	—	—	—	—	9,138
Vesting of restricted stock units	87	—	(3,341)	—	—	—	—	(3,341)
Share-based compensation expense	—	—	49,380	—	—	—	—	49,380
Foreign currency translation	—	—	—	—	(196)	—	—	(196)
Net income	—	—	—	46,925	—	—	—	46,925
BALANCES, December 31, 2024	48,716	\$ 49	\$ 1,338,160	\$ (281,806)	\$ (787)	14	\$ (256)	\$ 1,055,360
Exercise of options to purchase common stock	189	—	2,106	—	—	—	—	2,106
Vesting of restricted stock units	80	—	(3,122)	—	—	—	—	(3,122)
Share-based compensation expense	—	—	14,057	—	—	—	—	14,057
Foreign currency translation	—	—	—	—	1,121	—	—	1,121
Net income	—	—	—	139,137	—	—	—	139,137
BALANCES, December 31, 2025	48,985	\$ 49	\$ 1,351,201	\$ (142,669)	\$ 334	14	\$ (256)	\$ 1,208,659

*See accompanying notes to the consolidated financial statements.*

**FRESHPET, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Year Ended December 31,		
	2025	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ 139,137	\$ 46,925	\$ (33,614)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Provision for loss (gains) on accounts receivable	12,130	467	(2)
Loss on disposal of property, plant and equipment	2,212	1,284	4,321
Share-based compensation	13,883	51,807	24,935
Depreciation and amortization	89,721	73,615	58,517
Write-off and amortization of deferred financing costs	2,167	2,089	4,060
Change in operating lease right of use asset	2,347	1,350	1,549
Deferred income taxes	(68,800)	—	—
Inventory obsolescence	—	347	—
Gain on equity investment	—	(9,918)	—
Loss on equity method investment	—	—	1,890
Changes in operating assets and liabilities:			
Accounts receivable	(6,879)	(12,228)	820
Inventories	3,822	(15,484)	(1,207)
Prepaid expenses and other current assets	(1,312)	269	(2,249)
Other assets	(4,105)	(5,063)	(4,053)
Accounts payable	1,311	12,484	3,543
Accrued expenses	(23,396)	7,811	19,237
Operating lease liability	(1,677)	(1,467)	(1,807)
Net cash flows provided by operating activities	<u>160,561</u>	<u>154,288</u>	<u>75,940</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Acquisitions of property, plant and equipment, software and deposits on equipment	(148,184)	(187,092)	(239,093)
Purchase of short-term investments	—	—	(113,441)
Proceeds from maturities of short-term investments	—	—	113,441
Net cash flows used in investing activities	<u>(148,184)</u>	<u>(187,092)</u>	<u>(239,093)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from exercise of options to purchase common stock	2,106	9,138	4,517
Tax withholdings related to net shares settlements of restricted stock units	(3,021)	(2,595)	(1,400)
Principal payments under finance lease obligations	(2,120)	(1,977)	(1,109)
Purchase of capped call options	—	—	(66,211)
Proceeds from issuance of convertible senior notes	—	—	393,518
Debt issuance costs	—	—	(2,026)
Net cash flows (used in) provided by financing activities	<u>(3,035)</u>	<u>4,566</u>	<u>327,289</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>9,342</b>	<b>(28,238)</b>	<b>164,136</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>268,633</b>	<b>296,871</b>	<b>132,735</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b><u>\$ 277,975</u></b>	<b><u>\$ 268,633</u></b>	<b><u>\$ 296,871</u></b>

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Taxes paid	\$	910	\$	193	\$	308
Interest paid, net of amounts capitalized	\$	11,522	\$	10,154	\$	9,303
Operating right-of-use assets obtained in exchange for lease obligations	\$	65,405	\$	1,785	\$	—

**NON-CASH FINANCING AND INVESTING ACTIVITIES:**

Property, plant and equipment and software purchases in accounts payable and accrued expenses	\$	9,311	\$	7,760	\$	19,286
Non-cash addition of finance lease to property, plant and equipment	\$	7,236	\$	—	\$	29,187
Tax withholdings related to net shares settlements of restricted stock units in accrued expenses	\$	101	\$	746	\$	—

*See accompanying notes to the consolidated financial statements.*

**FRESHPET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(in thousands, except per share data)

**Note 1 – Summary of Significant Accounting Policies:**

**Nature of the Business** – Freshpet, Inc. (hereafter referred to as “Freshpet”, the “Company”, “we,” “us” or “our”), a Delaware corporation, manufactures and markets natural fresh meals and treats for dogs and cats. The Company’s products are distributed throughout the United States, Canada and other international markets, into major retail classes including Grocery, Mass, International, Digital, Pet Specialty, and Club.

**Basis of Presentation** – The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”), and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the “SEC”). All amounts included herein have been rounded except where otherwise stated. As figures are rounded, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

**Principles of Consolidation** – The financial statements include the accounts of the Company as well as the Company’s wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

**Estimates and Uncertainties** – The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in determining, among other items, trade incentives, share-based compensation, and useful lives for long-lived assets. Actual results, as determined at a later date, could differ from those estimates.

**Segments** – The Company has one operating and reportable segment, as the Company’s chief operating decision maker, who is the Company’s Chief Executive Officer, reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance.

The accounting policies of the segment are the same as those described herein, Note 1 – Summary of Significant Accounting Policies.

**Investment in Unconsolidated Company** – The Company utilizes the equity method to account for investments when the Company possesses the ability to exercise significant influence, but not control, over the operating and financial policies of the investee. The ability to exercise significant influence is presumed when an investor possesses more than 20% of the voting interests of the investee. This presumption may be overcome based on specific facts and circumstances that demonstrate that the ability to exercise significant influence is restricted.

In applying the equity method, the Company records the investment at cost and subsequently increases or decreases the carrying amount of the investment by its proportionate share of the net income or loss. The Company has elected to record its share of equity in income (losses) of equity method investment on a one-quarter lag based on the most recently available financial statements.

Through 2022, we invested a total of \$31,200 in a privately held company that operates in our industry, with no additional investments thereafter. The Company concluded that it is not the primary beneficiary as it does not have the power to direct activities that most significantly impact economic performance. Prior to March 30, 2023, the Company accounted for the investment under the equity method of accounting based on its ability to exercise significant influence, based on its representation on and the makeup of the investee’s Board of Directors.

On March 30, 2023, the Company no longer had representation on the investee’s Board of Directors, and therefore determined that significant influence had been lost as of that date. As such, as of March 30, 2023, the Company stopped accounting for the investment as an equity method investment and began to account for the investment under Accounting Standards Codification (ASC) Topic 321 (“ASC 321”), Investments - Equity Securities. As of December 31, 2025, the Company’s ability to exercise significant influence continues to be restricted as it no longer has, or the ability to obtain, board representation and it has no means of participation in any decision making processes as the privately held investee’s Board of Directors is closely held.

**FRESHPET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(in thousands, except per share data)

Because the investee is a privately held company, there is not a means to obtain a readily determinable fair value of the entity. The Company follows ASC 321 using the measurement alternative to measure investments in investees that do not have readily determinable fair value and over which the Company does not have significant influence. Under ASC 321, the initial carrying value of the investment is equal to the previous carrying amount of the investment under the equity method. The carrying amount of the investment is subsequently adjusted for any impairment or adjustments resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer, if any. Dividends and distributions, if any, from the investee would be recognized in the period in which they are received and recorded in other income on the consolidated statement of income.

The Company performs a qualitative assessment of whether the investment is impaired at each reporting date. If a qualitative assessment indicates that the investment is impaired, the Company estimates the investment's fair value in accordance with the principles of ASC Topic 820 ("ASC 820"), Fair Value Measurements and Disclosures. If the fair value is less than the investment's carrying value, the entity recognizes an impairment loss in earnings equal to the difference between the carrying value and fair value. On March 26, 2024, the investee completed an equity funding, which we concluded represented an orderly transaction for an identical equity security with no differences in rights and obligations. As a result, pursuant to the ASC 321 measurement alternative, we adjusted the carrying amount of our equity investment from \$23,528 as of December 31, 2023 to \$33,446 as of March 31, 2024, recognizing a gain of \$9,918 in earnings for the year ended 2024, based on the observable transactional price of the identical equity security issued by the investee.

On January 16, 2026, the privately held company was acquired by a third party - refer to Note 17 - Subsequent Events.

**March 2023 Issuance of \$402.5 million of 3.00% Convertible Senior Notes (the "Convertible Notes")** – In conjunction with the issuance of the \$402.5 million Convertible Notes in March 2023, the Company evaluated the debt instrument and its embedded features to determine if the contract or the embedded components of the contract qualified as a derivative that would be required to be separately accounted for in accordance with the relevant accounting literature.

The Company accounts for the Convertible Notes as a single liability measured at amortized cost with debt issuance costs recorded as a direct deduction to the debt liability in the Consolidated Balance Sheet. The Company uses the effective interest rate method to amortize the debt issuance costs to interest expense over the respective term of the Convertible Notes.

**Inventories** – Inventories are stated at the lower of cost or market, using the first-in, first-out method. When necessary, the Company provides allowances to adjust the carrying value of its inventories to the lower of cost or net realizable value, including any costs to sell or dispose and consideration for obsolescence, excessive inventory levels, product deterioration and other factors in evaluating net realizable value.

**Property, Plant, and Equipment** – Property, plant, and equipment are recorded at cost. The Company recognizes depreciation pursuant to the straight-line method based upon estimated useful lives of 7 years for furniture and office equipment, 9 years for refrigeration equipment, 5 to 10 years for machinery and equipment, and 15 to 39 years for building and improvements. Capitalized cost includes the costs incurred to bring the property, plant, and equipment to the condition and location necessary for its intended use, which includes any necessary delivery, electrical, and installation cost for equipment. Maintenance and repairs that do not extend the useful life of the assets over two years are charged to expense as incurred. Leasehold improvements are amortized over the shorter of the term of the related lease or the estimated useful lives on the straight-line method.

**Long-Lived Assets** – The Company evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future net cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Estimating future net cash flows and determining fair value of assets requires significant estimates and assumptions by management. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value and is charged to expense in the period of impairment.

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**Leases** – The Company is a lessee in noncancelable (1) operating leases, and (2) finance leases, which it accounts for in accordance with ASC Topic 842, *Leases*.

The Company determines if an arrangement is or contains a lease at contract inception. The Company recognizes a right of use asset and a lease liability at the lease commencement date. For both operating and finance leases, the right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received; and the lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date.

The Company's leases do not provide an implicit rate; therefore, the Company uses its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments for those leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms in a similar economic environment.

Right of use assets for the operating and finance leases are periodically reviewed for impairment losses. The Company uses the long-lived assets impairment guidance in ASC Subtopic 360-10, Property, Plant, and Equipment - Overall, to determine whether a right of use asset is impaired, and if so, the amount of the impairment loss to recognize. No such loss was recognized as of December 31, 2025.

The Company monitors for events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding right of use asset.

The Company has elected the practical expedient to combine lease and non-lease components when determining the right of use asset and lease liability for certain classes of leased assets, including office buildings, warehouse buildings and manufacturing equipment. This election has not been made for all other classes of leased assets. The Company has also elected to not recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

**Income Taxes** – The Company accounts for income taxes pursuant to the provisions of ASC Topic 740 ("ASC 740"), *Income Taxes*. This approach requires, among other things, an asset and liability approach to calculating deferred income taxes, and recognizing deferred tax assets and liabilities for expected future tax consequences stemming from temporary differences between asset and liability carrying amounts and their tax bases, principally net operating loss carryforwards, depreciation, and share-based compensation. Deferred tax assets and liabilities are measured using enacted tax rates in effects for the years in which those temporary differences are expected to be recovered or settled.

A valuation allowance is established to offset any net deferred tax assets for which management believes it is more likely than not (a probability level of more than 50%) that the net deferred asset will not be realized. This evaluation utilizes the framework contained in ASC Topic 740, *Income Taxes*, pursuant to which management analyzed all positive and negative evidence available at the balance sheet date to determine whether all or some portion of the deferred tax assets will not be realized.

**Share-based Compensation** – The Company recognizes share-based compensation based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period. The Company estimates grant date fair value of its options using the Black-Scholes Merton option-pricing model. Service and performance based restricted stock units are measured based on the fair market value of the underlying stock on the dates of the grants whereas market based restricted stock units, such as total shareholder return awards, are measured using the Monte-Carlo simulation. Share awards are amortized under the straight-line method over the requisite service period of the entire award. Certain awards provide for accelerated vesting upon retirement if age and service conditions are met. When an employee is retirement-eligible (or becomes eligible during the vesting period), the Company recognizes compensation cost for the portion of the award for which the requisite service period has been rendered, resulting in accelerated expense recognition. The Company accounts for forfeitures as they occur.

**Cash Equivalents** – The Company holds treasury bills with original maturities when purchased of less than three months, within cash and cash equivalents, carried at amortized cost on the Consolidated Balance Sheet.

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Treasury bills have been classified as held-to-maturity as we have the ability and intent to hold them to maturity. As of December 31, 2025, the Company had \$99,789 of treasury bills within cash equivalents, which included \$275 of amortized discount. As of December 31, 2024, the Company had \$109,608 of treasury bills within cash equivalents, which included \$300 of amortized discount.

**Trade Accounts Receivable** – The allowance for doubtful accounts is based on the Company's assessment of the collectability of customer accounts. The Company regularly reviews the allowance by considering factors such as historical experience, credit quality, the age of the accounts receivable balances and current economic conditions that may affect a customer's ability to pay. For the year ended December 31, 2025, we recognized a provision for loss on accounts receivable of \$12,130, of which \$10,680 was attributable to the liquidation of one of our pet specialty distributors.

**Implementation Costs of Cloud Computing Arrangement** – As of December 31, 2025 and 2024, the Company's deferred implementation costs of systems associated with cloud computing arrangements, which are reflected within prepaid and other assets, were \$13,428 and \$8,965, respectively. The cost will be recognized over the term of the agreements.

**Fair Value of Financial Instruments** – ASC 820 guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active). Level 2 includes financial instruments that are valued using models or other valuation methodologies.
- Level 3 – Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

Our financial assets and liabilities include cash and cash equivalents, receivables, accounts payable and accrued liabilities, the fair values of which approximate their carrying values due to the short-term nature of these instruments. The Company holds certain financial assets within cash and cash equivalents in the form of held-to-maturity treasury bills as we have the ability and intent to hold them to maturity, as such, they are not fair valued each reporting period but instead measured at amortized cost. The fair value of these assets is based on quoted market prices for the same or similar securities within less active markets, which the Company determined to be Level 2 inputs. As of December 31, 2025, the fair value of these treasury bills approximates their carrying value due to the short-term nature of these instruments.

Certain financial and non-financial assets, including operating lease right-of-use assets and property, plant, and equipment are reported at their carrying values and are not subject to recurring fair value measurements. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the investment in equity securities, we have elected the measurement alternative under which we measure this investment at cost minus impairment, if any, plus or minus changes resulting from observable price changes, if any, in orderly transactions for an identical or a similar investment of the same issuer, for which the change in fair value would be included in net income.

Refer to Note 7 - Convertible Senior Notes for the fair value of our Convertible Senior Notes.

As of December 31, 2025, the Company maintained Level 1 and Level 2 assets and liabilities.

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**Revenue Recognition and Incentives** – Revenues primarily consist of the sale of fresh pet food products to retailers, through direct sales and distributor arrangements. Revenue is recognized when performance obligations under the terms of the contract with the customer are satisfied, which occurs once control is transferred upon delivery to the customer.

Revenue is reported net of applicable trade incentives and allowances. Amounts billed and due from our customers are classified as receivables and require payment on a short-term basis and, therefore, we do not have any significant financing components.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods, including estimates of trade incentives the Company offers to its customers and their consumers. Trade incentives consists primarily of customer pricing allowances and merchandising funds, and consumer coupons offered through various programs to customers and consumers. Estimates of trade promotion expense and coupon redemption costs are based upon programs offered, timing of those offers, estimated redemption/usage rates from historical performance, management’s experience and current economic trends.

Sales taxes and other similar taxes are excluded from revenue.

There were no contract assets as of December 31, 2025 and 2024.

**Net Sales** – Information about the Company’s net sales by class of retailer is as follows:

	Year Ended December 31,		
	2025	2024	2023
Grocery, Mass, International and Digital	\$ 892,941	\$ 800,775	\$ 642,306
Pet Specialty and Club	209,074	174,402	124,589
<b>Net Sales</b>	<b>\$ 1,102,015</b>	<b>\$ 975,177</b>	<b>\$ 766,895</b>

The pet specialty and club class of retailers service a specific consumer through specialized offerings, which include value focused and or premium products. In contrast, grocery, mass, international and digital offer a wide variety of products.

**Advertising** – Advertising costs are expensed when incurred, with the exception of production costs which are expensed the first time advertising takes place. Advertising costs, consisting primarily of media ads, were \$157,844, \$127,681 and \$97,877, in 2025, 2024 and 2023, respectively. As of December 31, 2025, 2024 and 2023 we had \$0, \$29 and \$56, respectively of production cost in prepaid expense, representing advertising that had yet to take place.

**Shipping and Handling Costs/Freight Out** – Costs incurred for shipping and handling are included in selling, general, and administrative expenses within the statement of income (loss) and comprehensive income (loss). Shipping and handling costs primarily consist of costs associated with moving finished products to customers, including costs associated with our distribution center and the cost of shipping products to customers through third-party carriers. Shipping and handling cost totaled \$63,920, \$58,424, and \$57,427 in 2025, 2024 and 2023, respectively.

**Recently Adopted Accounting Pronouncements**

In December 2023, the FASB issued *ASU 2023-09, Improvements to Income Tax Disclosures*, which requires improved disclosures related to the rate reconciliation and income taxes paid. This ASU requires companies to reconcile the income tax expense attributable to continuing operations to the statutory federal income tax rate applied to pre-tax income from continuing operations. Additionally, this ASU requires companies to disclose the total amount of income taxes paid during the period. This guidance is effective for the Company for the current annual report for the fiscal year ending December 31, 2025 and subsequent interim periods and the Company has adopted the guidance retrospectively as of the effective date.

Refer to Note 4 - Income Taxes for required disclosures.

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**Recently Issued Accounting Pronouncements**

In November 2024, the FASB issued *ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosures related to the specific types of expenses included within the expense captions presented on the face of the income statement as well as disclosures about selling expenses. This guidance will be effective for the Company for the annual report for the fiscal year ending December 31, 2027 and subsequent interim periods, with early adoption permitted. The guidance is required to be applied on a retrospective basis for all prior periods presented in the financial statements. The Company is currently evaluating the provisions of this guidance and its effect on its future consolidated financial statements.

In September 2025, the FASB issued *ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which amends certain aspects of the accounting for software costs, including removing software development project stages and requiring companies to capitalize software costs when both of the following occur: (1) management authorizes or commits to funding a software project and (2) it is probable that the project will be completed and the software will be used to perform the function intended. This guidance will be effective for the Company for the annual report for the fiscal year ending December 31, 2028, including the interim periods within that fiscal year, with early adoption permitted. The guidance can be applied prospectively, retrospectively, or utilizing a modified transition approach. The Company is currently evaluating the provisions of this guidance and its effect on its future consolidated financial statements.

**Note 2 – Inventories, net:**

	December 31, 2025	December 31, 2024
Raw Materials and Work in Process	\$ 15,408	\$ 16,289
Packaging Components Material	5,687	7,296
Finished Goods	55,671	57,209
Inventories, net	<u>\$ 76,766</u>	<u>\$ 80,794</u>

**Note 3 – Property, Plant and Equipment, net:**

	December 31, 2025	December 31, 2024
Refrigeration Equipment	\$ 211,709	\$ 193,249
Machinery and Equipment	344,890	279,093
Building, Land and Improvements	730,298	712,209
Furniture and Office Equipment	18,464	13,570
Leasehold Improvements	5,162	12
Construction in Progress	130,438	104,526
Finance Lease Right of Use Asset	35,714	28,478
	<u>1,476,675</u>	<u>1,331,137</u>
Less: Accumulated Depreciation and Amortization	(338,004)	(265,268)
Property, Plant and Equipment, net	<u>\$ 1,138,671</u>	<u>\$ 1,065,869</u>

Depreciation and amortization expense related to property, plant and equipment totaled \$86,399, \$69,497, and \$58,169 in 2025, 2024 and 2023, respectively; of which \$64,167, \$51,735, and \$42,667 was recorded to cost of goods sold for 2025, 2024 and 2023, respectively, with the remainder of depreciation expense recorded to selling, general and administrative expense.

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**Note 4 – Income Taxes:**

A summary of income (loss) before income taxes as follows:

	Year Ended December 31,		
	2025	2024	2023
Domestic	\$ 71,745	\$ 55,408	\$ (27,200)
Foreign	(972)	(7,885)	(4,314)
Total income (loss) before income taxes	<u>\$ 70,773</u>	<u>\$ 47,523</u>	<u>\$ (31,514)</u>

A summary of income tax (benefit) expense as follows:

	Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	\$ —	\$ —	\$ —
State	436	598	210
Foreign	—	—	—
Total Current	<u>\$ 436</u>	<u>\$ 598</u>	<u>\$ 210</u>
Deferred:			
Federal	\$ (57,729)	\$ —	\$ —
State	(11,164)	—	—
Foreign	93	—	—
Total Deferred	<u>\$ (68,800)</u>	<u>\$ —</u>	<u>\$ —</u>
Total income tax (benefit) expense	<u>\$ (68,364)</u>	<u>\$ 598</u>	<u>\$ 210</u>

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The following table shows the principal reasons for the difference between the effective income tax rate and the statutory federal income tax rate:

	Year Ended December 31,								
	2025		2024		2023				
Tax at federal statutory rate	\$	14,859	21.0 %	\$	9,983	21.0 %	\$	(6,989)	21.0 %
Domestic federal									
Change in valuation allowance:									
Federal valuation allowance		(68,968)	(97.5)%		(4,946)	(10.4)%		8,001	(24.1)%
Nontaxable or nondeductible items:									
Stock-based compensation expense - excess benefit		(1,812)	(2.5)%		(8,775)	(18.5)%		(2,327)	7.0 %
Non-deductible compensation under IRC Section 162(m)		656	0.9 %		1,619	3.4 %		86	(0.2)%
Other		351	0.5 %		372	0.8 %		325	(1.0)%
Tax credits:									
Research and development		(1,697)	(2.4)%		—	— %		—	— %
Other		(1,231)	(1.7)%		217	0.4 %		38	(0.1)%
State and local income tax, net of federal income tax effect <sup>(1)</sup>		(10,819)	(15.3)%		472	1.0 %		171	(0.5)%
Foreign tax rate effects:									
United Kingdom		33	— %		1,385	2.9 %		505	(1.5)%
Other foreign		264	0.4 %		271	0.6 %		400	(1.2)%
Effective tax rate	\$	(68,364)	(96.6)%	\$	598	1.2 %	\$	210	(0.6)%

<sup>(1)</sup> The states that contribute to the majority (greater than 50%) of the tax effect in this category include California, Pennsylvania, Illinois and Florida for 2025, California for 2024, and North Carolina, New York, Texas and Massachusetts for 2023.

The effective tax rate for December 31, 2025, differed from the U.S. federal statutory rate of 21% primarily due to the release of the valuation allowance, which significantly reduced the effective tax rate. The rate was further reduced by the excess tax benefit from stock-based compensation expense.

The effective tax rate for December 31, 2024 and 2023, differed from the U.S. federal statutory rate of 21% primarily due to the full valuation allowance in the prior year period.

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The amounts of cash taxes paid by the Company are as follows:

	Year Ended December 31,		
	2025	2024	2023
Federal	\$ —	\$ —	\$ —
State <sup>(2)</sup>	910	193	308
Foreign	—	—	—
Income taxes, net of amounts refunded	<u>\$ 910</u>	<u>\$ 193</u>	<u>\$ 308</u>

<sup>(2)</sup> The individual jurisdictions with cash taxes paid that equaled or exceeded 5% of total income taxes paid included California (\$530), Pennsylvania (\$125), Texas (\$123) and Illinois (\$75) for 2025. For 2024, such jurisdictions included Massachusetts (\$30), New York (\$45), North Carolina (\$30), Oregon (\$30), South Carolina (\$15) and Tennessee (\$15). For 2023, such jurisdictions included Massachusetts (\$40), New York (\$57), North Carolina (\$79), South Carolina (\$25), Tennessee (\$25) and Texas (\$25).

### Deferred Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are as follows:

	Year Ended December 31,		
	2025	2024	2023
Federal net operating losses (NOLs)	\$ 82,140	\$ 82,206	\$ 88,265
State NOLs	15,840	15,939	12,699
Foreign NOLs	2,159	5,584	4,269
Stock-based compensation expense	25,269	34,368	23,643
Property and equipment	(59,345)	(47,159)	(35,756)
Other	5,335	7,555	5,536
Gross deferred income tax assets	<u>\$ 71,398</u>	<u>\$ 98,493</u>	<u>\$ 98,656</u>
Domestic valuation allowance	(858)	(92,952)	(94,448)
Foreign valuation allowance	(1,740)	(5,541)	(4,208)
Net deferred income tax assets	<u>\$ 68,800</u>	<u>\$ —</u>	<u>\$ —</u>

At December 31, 2024, the Company determined that a full valuation allowance against its \$98.5 million of net deferred tax assets was appropriate. At December 31, 2025, the Company concluded that it was appropriate to release a majority of the valuation allowance against the \$71.4 million of deferred tax assets recorded as of that date based on the weight of available evidence, which now supports the conclusion that it is more likely than not that the majority of deferred tax assets will be realized. Based on sustained profitability, including three-year cumulative income before taxes of \$76.9 million, excluding the prior year gain on our equity investment, the significant deferred tax liabilities expected to reverse in future periods, and the projections of future taxable income sufficient to fully utilize the Company's federal and state NOLs, the positive evidence supporting the release of most of the valuation allowance outweighed the negative evidence supporting a full valuation allowance. As a result, we recognized a deferred income tax benefit of \$68.8 million for the year ended December 31, 2025.

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The Company continues to maintain a partial valuation allowance of \$2.6 million against certain deferred tax assets, of which, \$1.7 million relates to foreign NOLs. With the exception of operations in the United Kingdom, the Company's foreign subsidiaries have not yet generated sustained income. Accordingly, the Company believes it is prudent to maintain a full valuation allowance on these foreign NOLs because it is more likely than not that the related tax benefits will not be realized. The remaining \$0.9 million valuation allowance relates to deferred tax assets associated with stock-based compensation, which are not expected to be realized due to anticipated limitations on future deductions, and a state tax credit that is expected to expire unused based on current projections.

#### **Impact of the One Big Beautiful Bill Act ("OBBBA")**

On July 4, 2025, the OBBBA was enacted. Among other changes, the OBBBA made permanent (i) 100% bonus depreciation on qualified fixed assets, (ii) the immediate deduction for domestic research and development expenses, and (iii) revisions to the limitation on the deductibility of business interest expense. The provisions of the OBBBA did not materially impact the Company's income tax provision during the year ended December 31, 2025, though the Company continues to evaluate the potential effects of the OBBBA on its consolidated financial statements.

#### **Uncertain Tax Positions**

Public entities are required to evaluate, measure, recognize and disclose uncertain tax positions. The Company has analyzed its tax positions and concluded that, as of December 31, 2025, it had no uncertain tax positions. Historically, the Company incurred U.S. federal and state net operating losses from its inception through 2023 and began generating taxable income in 2024. As such, tax years from inception onward remain subject to potential examination because the utilization of NOLs from earlier years opens those years to audit by federal and state taxing authorities. Interest and penalties, if any, related to uncertain tax positions are recorded within the income tax provision. The Company had no unrecognized tax benefits and has not accrued any interest or penalties for the years ended 2025, 2024 and 2023.

The Company also evaluated the impact of the disallowance of certain compensation deductions under Internal Revenue Code Section 162(m). This analysis resulted in the disallowance of \$3.1 million of compensation expense, which increased the Company's effective tax rate.

#### **Net Operating Loss Summary**

At December 31, 2025, the Company had federal NOL carryforwards of \$391.1 million. Of this amount, \$146.5 million - generated in 2017 and prior years - will expire, if unused, between 2028 and 2037. The remaining \$244.6 million, generated from 2018 through 2023, may be carried forward indefinitely but generally may only be used to offset up to 80% of taxable income in any given year.

The Company may be subject to the NOL utilization limitations of Section 382 of the Code. An ownership change would impose an annual limitation on the use of pre-change NOLs. The amount of any such limitation depends on the Company's value immediately before the ownership change, capital changes during a specified testing period, and the federal long-term tax-exempt rate. The Company has completed several Section 382 analyses in prior years that concluded that certain annual limitations apply.

At December 31, 2025, the Company also had \$275.4 million of state NOLs that are scheduled to expire between 2026 and 2046, and \$1.7 million of United Kingdom NOLs, which do not expire.

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**Note 5 – Accrued Expenses:**

	December 31, 2025	December 31, 2024
Accrued Compensation and Employee Related Costs	\$ 8,030	\$ 34,550
Accrued Chiller Cost	3,484	3,468
Accrued Freight	2,777	4,358
Accrued Production Expenses	5,469	4,176
Accrued Corporate and Marketing Expenses	4,646	4,166
Accrued Interest	3,019	3,019
Accrued Construction Costs	466	190
Other Accrued Expenses	3,719	2,336
Accrued Expenses	<u>\$ 31,610</u>	<u>\$ 56,263</u>

**Note 6 – Debt:**

On February 19, 2021, the Company entered into the Sixth Amended and Restated Loan and Security Agreement ("Credit Agreement"), which provided for a \$350,000 senior secured credit facility (as amended the "Credit Facility"), encompassing a \$300,000 delayed draw term loan facility (the "Delayed Draw Facility") and a \$50,000 revolving loan facility (the "Revolving Loan Facility").

On March 15, 2023, the Company terminated the Credit Agreement in connection with the offering of the Convertible Notes (as defined below) and it had no borrowings outstanding under the Credit Facility as of such date. Interest expense and fees totaled \$2,785 in 2023. Interest expense in 2023 included \$2,478 of debt issuance costs written off in conjunction with the termination of the Credit Facility in March 2023. There was \$0 of accrued interest on the credit facilities as of December 31, 2023.

**Note 7 – Convertible Senior Notes:**

In March 2023, we issued \$402,500 aggregate principal amount of 3.0% convertible senior notes due 2028 (the "Convertible Notes"). The Convertible Notes were issued in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The net proceeds from the sale of the Convertible Notes were approximately \$391,492 after deducting offering and issuance costs related to the Convertible Notes and before the 2023 Capped Call transactions, as described below.

The Convertible Notes are our senior, unsecured obligations and accrue interest at a rate of 3.0% per annum, payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2023. The Convertible Notes will mature on April 1, 2028 unless earlier converted, redeemed or repurchased by us. Before January 3, 2028, noteholders will have the right to convert their Convertible Notes only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ended on June 30, 2023 (and only during such calendar quarter), if the last reported sale price of our common stock, par value \$0.001 per share (the "common stock"), for each of at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five consecutive business day period immediately after any 10 consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of notes, as determined following a request by a holder or holders of the Convertible Notes in the manner described in the indenture pursuant to which the Convertible Notes were issued and are governed (the "Indenture"), for each trading day of the measurement period, was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (3) if we call any or all of the Convertible Notes for redemption, but only with respect to the convertible notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events (e.g., a fundamental change or the making of certain distributions). On or after January 3, 2028, until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert its Convertible Notes at any time, regardless of the foregoing circumstances.

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No early conversions have occurred as of December 31, 2025 or since inception. As of December 31, 2025, noteholders do not have the right to early convert under the 130% early conversion feature.

We will settle conversions by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. The initial conversion rate for the Convertible Notes is 14.3516 shares of common stock per \$1,000 principal amount of Notes, which represents an initial conversion price of approximately \$69.68 per share of common stock. The conversion rate and conversion price are subject to customary adjustments upon the occurrence of certain events. In addition, in connection with a make-whole fundamental change (as defined in the Indenture), which shall include, among other things the Company's delivery of a notice of redemption, the Company will, in certain circumstances, increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event or redemption, as the case may be.

We may not redeem the Convertible Notes prior to April 3, 2026. We may redeem for cash all or any portion of the Convertible Notes, at our option, on or after April 3, 2026 and on or before the 40<sup>th</sup> scheduled trading day immediately preceding the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we send the notice of redemption, at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. However, we may not redeem less than all of the outstanding Convertible Notes unless at least \$100.0 million aggregate principal amount of Convertible Notes are outstanding and not called for redemption as of the time we send the related redemption notice.

Upon the occurrence of a fundamental change (as defined in the Indenture), holders may require the Company to repurchase for cash all or any portion of their Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid additional interest, if any, to, but excluding, the fundamental change repurchase date.

The effective interest rate for the Convertible Notes is 3.59%. Transaction costs of \$11,008 attributable to the issuance of the Convertible Notes were recorded as a direct deduction from the related debt liability in the Consolidated Balance Sheet and are amortized to interest expense over the term of the Convertible Notes using the effective interest method.

The Company measures the fair value of its Convertible Notes for disclosure purposes. The fair value is based on observable market prices for this debt, which is traded in less active markets and is therefore classified as a Level 2 fair value measurement. The following table discloses the carrying value and fair value of the Company's Convertible Notes as of December 31, 2025:

	<b>As of December 31, 2025</b>	
	<b>Carrying Value <sup>(1)</sup></b>	<b>Fair Value</b>
3.00% Convertible Senior Notes Maturing April 1, 2028	\$ 397,330	\$ 477,643
Total	\$ 397,330	\$ 477,643

<sup>(1)</sup> The carrying amounts presented are net of unamortized debt issuance costs of \$5,170 as of December 31, 2025.

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Lender fees that were paid upfront to the lenders and debt issuance fees paid to third parties are recorded as a discount to the carrying amount of debt and are being amortized to interest expense over the life of the debt. The total interest expense recognized related to the Convertible Notes consists of the following:

	Year Ended December 31,		
	2025	2024	2023
Contractual interest expense	\$ 12,075	\$ 12,075	\$ 9,426
Amortization of issuance costs	2,167	2,090	1,582
<b>Total</b>	<b>\$ 14,242</b>	<b>\$ 14,165</b>	<b>\$ 11,008</b>

As of December 31, 2025 and 2024, there was \$3,019 of accrued interest as of each period end.

As the proceeds from the sale of the Convertible Notes are being used to fund construction on the Company's manufacturing facility expansion, approximately \$2,655, \$4,165, and \$1,207 of the interest expense incurred in 2025, 2024, and 2023, respectively, was capitalized to construction in progress. As of December 31, 2025, 2024, and 2023, \$1,422, \$3,687, and \$136 of capitalized interest, respectively, was reclassified from construction in progress to assets placed in service.

**Note 8 – Purchase of Capped Call Options:**

In connection with the pricing of the Convertible Notes issued in March 2023, we used \$66,211 of the net proceeds from the Convertible Notes to enter into privately negotiated capped call transactions (collectively, the "Capped Call Transactions") with certain financial institutions.

The Capped Call Transactions are generally expected to reduce potential dilution to holders of our common stock upon any conversion of the Convertible Notes and/or offset any cash payments we are required to make in excess of the principal amount of the Convertible Notes upon conversion of the Convertible Notes in the event that the market price per share of our common stock is greater than the strike price of the Capped Call Transactions, with such reduction and/or offset subject to a cap.

The Capped Call Transactions have an initial cap price of approximately \$120.23 per share, which represents a premium of 120% over the last reported sale price of our common stock of \$54.65 per share on March 15, 2023, and is subject to certain adjustments under the terms of the Capped Call Transactions. Collectively, the Capped Call Transactions cover, initially, the number of shares of our common stock underlying the Convertible Notes, subject to anti-dilution adjustments substantially similar to those applicable to the Convertible Notes.

The Capped Call Transactions are accounted for as freestanding derivatives and recorded at the initial fair value in additional paid-in-capital in the Consolidated Balance Sheet with no recorded subsequent change to fair value as long as they meet the criteria for equity classification. As of December 31, 2025, the instrument continued to qualify for equity classification.

**Note 9 – Leases:**

We have various noncancelable operating lease agreements for office, lab, warehouse and manufacturing space with original remaining lease terms of three years to twenty years, some of which include an option to extend the lease term for up to ten years. Because the Company is not reasonably certain to exercise the renewal options on these lease arrangements, the options are not considered in determining the lease term and associated potential option payments are excluded from lease payments. The Company's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants.

We also have finance lease agreements for manufacturing equipment and land with initial terms of ten years and twenty years, with options to extend the lease terms by the corresponding number of years, which the Company is not reasonably certain to exercise. The manufacturing equipment agreement does not include termination options for either party to the lease or restrictive financial or other covenants. The land agreement contains termination options that are not wholly within the control of the Company, and therefore, are not considered as part of the term of the lease.

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Weighted-average remaining lease term (in years) and discount rate related to operating and finance leases were as follows:

	As of December 31, 2025	
	Operating Leases	Finance Lease
Weighted-average remaining lease term	17.60	10.25
Weighted-average discount rate	8.4 %	8.6 %

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments.

Maturities of lease liabilities under noncancelable operating leases and finance lease as of December 31, 2025 were as follows:

	As of December 31, 2025	
	Operating Leases	Finance Lease
2026	\$ 7,808	\$ 4,791
2027	7,164	4,810
2028	6,461	4,831
2029	6,537	4,852
2030 and beyond	108,423	27,379
Total lease payments	\$ 136,393	\$ 46,663
Less: Imputed interest	(69,129)	(16,273)
Present value of lease liabilities	\$ 67,264	\$ 30,390

A summary of lease costs for 2025, 2024 and 2023 were as follows:

		Year Ended December 31,		
		2025	2024	2023
<b>Operating Lease:</b>				
Lease cost	Cost of goods sold and selling, general and administrative	\$ 5,652	\$ 1,591	\$ 1,752
<b>Finance Lease:</b>				
Amortization of right of use asset	Cost of goods sold and selling, general and administrative	\$ 3,117	\$ 2,812	\$ 1,459
Interest on lease liabilities	Interest expense	\$ 2,533	\$ 2,244	\$ 1,235
Variable lease cost (a)	Inventory/Cost of goods sold <sup>(1)</sup>	\$ 22,023	\$ 13,972	\$ 6,733

<sup>(1)</sup> Variable lease cost primarily consists of the procurement and manufacturing costs capitalized to inventory. For the year ended 2025, 2024 and 2023, \$22,023, \$13,972 and \$6,733 of variable lease costs, respectively, were capitalized to inventory and will be captured as part of cost of goods sold as the inventory turns.

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Supplemental balance sheet information related to leases as of December 31, 2025 and December 31, 2024 are as follows:

		As of December 31, 2025	As of December 31, 2024
<b>Assets:</b>			
Operating leases	Operating lease right of use assets	\$ 66,424	\$ 3,366
Finance lease, net	Property, plant and equipment, net	28,323	24,206
Total lease assets		<u>\$ 94,747</u>	<u>\$ 27,572</u>
<b>Liabilities:</b>			
Current:			
Operating lease liabilities	Current operating lease liabilities	\$ 2,241	\$ 1,322
Finance lease liabilities	Current finance lease liabilities	2,315	2,120
Non-current:			
Operating lease liabilities	Long term operating lease liabilities	65,023	2,213
Finance lease liabilities	Long term finance lease liabilities	28,075	23,273
Total lease liabilities		<u>\$ 97,654</u>	<u>\$ 28,928</u>

Supplemental cash flow information and non-cash activity relating to operating and finance leases are as follows:

	Year Ended December 31,		
	2025	2024	2023
<b>Operating cash flow information:</b>			
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 4,982	\$ 1,645	\$ 1,802
Cash paid for amounts included in the measurement of finance lease liabilities (i.e. interest)	\$ 2,101	\$ 2,244	\$ 1,235
<b>Finance cash flow information:</b>			
Cash paid for amounts included in the measurement of finance lease liabilities (i.e. principal payment)	\$ 2,120	\$ 1,977	\$ 1,109

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**Note 10 - Commitments and Contingencies:****Commitments**

As of December 31, 2025, the Company has the following future commitments:

In August 2025, we entered into a lease arrangement for a to-be constructed warehouse space, which will contribute right of use assets and lease liabilities upon lease commencement, which is currently anticipated to occur during the first quarter of 2027. As of December 31, 2025, the future commitments related to this arrangement are not determinable as they are variable in nature.

The Company's executives are participants in the Freshpet Key Executive Severance Plan requiring the Company to pay severance in the event of certain terminations as detailed therein.

The future minimum payments due under manufacturing and service obligations for five years were as follows:

	<b>December 31, 2025</b>
2026	\$ 10,025
2027	10,651
2028	9,751
2029	589
2030 and beyond	—
Total Manufacturing and Servicing Obligations	<u>\$ 31,014</u>

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**Legal Obligations**

We are currently involved in various claims and legal actions that arise in the ordinary course of our business. Legal costs such as outside counsel fees and expenses are charged to selling, general and administrative expenses in the period incurred. None of these claims or proceedings, most of which are covered by insurance, are expected to have a material adverse effect on our business, financial condition, results of operations or cash flows. However, a significant increase in the number of these claims or an increase in amounts owing under successful claims could materially and adversely affect our business, financial condition, results of operations or cash flows.

On April 8, 2022, Phillips Feed Service, Inc., d/b/a Phillips Feed and Pet Supply ("Phillips") filed a complaint against the Company in U.S. District Court for the Eastern District of Pennsylvania (Allentown Division) (the "EDPA") for damages allegedly sustained as a result of the termination of the Company's distribution arrangement with Phillips, a former distributor of Freshpet products. Phillips asserts a claim for breach of contract and seeks monetary damages in excess of \$8,300 based on a claimed "termination payment" under a 2018 "Letter Of Intent" and additional damages based on a claim for improper notice of termination. Phillips also claims a right of setoff with respect to monies owed by Phillips to the Company.

On July 5, 2022, the Company answered the complaint disputing the claimed damages, assertions of breach of contract, and the right of offset. In addition, the Company counterclaimed breach of contract for amounts owed to Freshpet earned while Phillips served as an authorized distributor of Freshpet product.

As of December 31, 2022, due to the claims and counterclaims between the parties, the Company reclassified the amounts due from Phillips of \$8,971 to other noncurrent assets.

Discovery in this action has closed. A hearing was held on December 4, 2024 with respect to Phillips' Motion for Partial Summary Judgment ("MSJ") and the Company's Response in Opposition thereto.

On March 14, 2025, the EDPA partially granted the MSJ as to Phillips' breach of contract claim, finding that Phillips is entitled to a "termination payment" in the amount of \$4,987 (which the Company accrued for as of March 31, 2025), but denied the MSJ as to Phillips' claim for a right of offset against the accounts receivable owed by Phillips to the Company.

On September 15, 2025, the parties entered into a settlement agreement, pursuant to which all claims were dismissed and Phillips agreed to pay the Company a lump sum amount of \$1,500 (which Phillips settled on October 14, 2025) in settlement of the amounts due from Phillips of \$8,971 net of the amounts due to Phillips of \$4,987. Of the resulting loss, excluding the reserves taken in prior years against the amounts due from Phillips, we recognized an additional charge of \$716 at settlement, for a total charge of \$5,703 for the year ended December 31, 2025.

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**Note 11 – Warrants** (in thousands, except share data):

In connection with an agreement we entered into with operators of Freshpet Kitchens South during the third quarter of 2022 in exchange for services, we issued our partner warrants to purchase up to an aggregate of 194,000 shares of voting common stock of the Company at a purchase price of \$0.01 per share. The Company determined these warrants are accounted for under ASC Topic 718, Stock Compensation. The warrants were recorded as a prepaid expense as the warrants were exercisable at the grant date. The prepaid expense was amortized within Cost of Goods Sold as services were provided by the supplier. As of December 31, 2024, the warrants were fully amortized.

During 2022, 194,000 warrants were both issued and exercised, respectively. The grant date fair value of warrants granted during 2022 was \$50.32 per share.

Total amortization associated with partner warrants during 2025, 2024 and 2023 was \$0, \$2,027, and \$5,160, respectively.

**Note 12 – Equity Incentive Plans and Equity** (in thousands, except share data):

Total compensation cost for share-based payments recognized in 2025, 2024 and 2023 was approximately \$13,883, \$49,779 and \$19,774, respectively, of which \$3,078, \$5,734, \$5,833, respectively, was recorded to cost of goods sold with the remainder recorded to selling, general and administrative expense. The share-based compensation cost includes an adjustment related to the reassessment of the probability of achieving performance conditions related to certain outstanding share-based awards.

**Omnibus Incentive Plans**—In October 2024, the Company's stockholders approved the 2024 Equity Incentive Plan (the "2024 Plan") under which 1,450,000 shares of common stock may be issued or used for reference purposes as awards granted under the 2024 Plan, for grants on or after October 1, 2024. Concurrently with the adoption of the 2024 Plan, the issuance of new awards under the 2014 Omnibus Incentive Plan (the "2014 Plan") was frozen. Awards issued pursuant to the plans may be in the form of stock options, stock appreciation rights, restricted stock, as well as other stock-based and cash-based awards. During 2025, the awards granted were time-based (cliff vest over three years for employees and over one year for non-employee directors), performance-based (vest when specified targets are met), or market based (vest when specified targets are met) restricted stock units.

At December 31, 2025, there were 1,009,368 shares of common stock available to be issued or used for reference purposes under the 2024 Plan.

**NASDAQ Marketplace Rules Inducement Award**—During 2024, as an inducement under the NASDAQ Marketplace Rules, and therefore outside of any Plan, 17,150 restricted stock units were granted to the Company's COO.

Under the terms of the applicable agreement, the grant is governed as if issued under the 2014 Plan. The awards granted are time-based (cliff vest over three years).

**Service Period Restricted Stock Units**—The following table includes activity related to outstanding service period restricted stock units in 2025.

	<u>Shares</u>	<u>Weighted-Average Grant-Date Fair Value Per Unit</u>
	(in thousands)	
Outstanding at December 31, 2024	405	\$ 94.65
Granted	352	70.52
Vested	(115)	91.74
Forfeited	(40)	79.47
Expired	—	—
Outstanding at December 31, 2025	<u>602</u>	<u>\$ 82.11</u>

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As of December 31, 2025, there was approximately \$27,735 of total unrecognized compensation costs related to service period restricted stock units, of which \$16,180 will be incurred in 2026, \$8,964 will be incurred in 2027, \$2,422 will be incurred in 2028, and \$169 will be incurred in 2029.

**Performance Based Restricted Stock Units**—The following table includes activity related to outstanding performance based restricted stock units in 2025.

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value Per Unit
Outstanding at December 31, 2024	223	\$ 84.61
Granted	14	63.17
Issued Upon Vesting	—	—
Forfeited	(2)	136.77
Expired	—	—
Outstanding at December 31, 2025	235	\$ 82.97

As of December 31, 2025, there was approximately \$3,932 of total unrecognized compensation costs related to performance-based restricted stock units for which the achievement of the vesting criteria is considered probable, of which \$1,958 will be incurred in 2026, \$1,958 will be incurred in 2027, and \$16 will be incurred in 2028.

**Market Based Restricted Stock Units**—The following table includes activity related to outstanding performance based restricted stock units with a market condition (total shareholder return) in 2025.

	Shares (in thousands)	Weighted-Average Grant-Date Fair Value Per Unit
Outstanding at December 31, 2024	\$ —	\$ —
Granted	40	87.51
Issued Upon Vesting	—	—
Forfeited	(5)	87.51
Expired	—	—
Outstanding at December 31, 2025	35	\$ 87.51

As of December 31, 2025, there was approximately \$1,116 of total unrecognized compensation costs related to market based restricted stock units for which the achievement of the vesting criteria is considered probable, of which \$509 will be incurred in 2026, \$509 will be incurred in 2027, and \$98 will be incurred in 2028.

**Grant Date Fair Value of Market Based Restricted Stock Units**— The weighted-average grant date fair value of awards granted in 2025 was \$87.51 per share.

**Expected Volatility**—Expected volatility was based on the historical volatility of the Company’s common stock.

**Expected Term**—The Company determined the expected term based on the award agreement.

**Risk-Free Interest Rate**—The risk-free interest rates are based on the U.S. Treasury yield for a period consistent with the expected term of the awards at the time of the grant.

**Expected Dividend Yield**—The Company has not historically declared dividends, and no future dividends are expected to be available to benefit option holders. Accordingly, the Company used an expected dividend yield of zero in the valuation model.

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*Stock Price*—The stock price is the closing price of our common stock on the valuation date.

	<b>Year Ended December 31, 2025</b>
Expected volatility	50.0%
Expected term	3.0
Risk-free interest rate	3.8%
Expected dividend yield	0.0%
Stock Price	83.78

**Service Period Stock Options**—A summary of service period stock options outstanding and changes under the plans during the year ended December 31, 2025 are presented below:

<b>Options</b>	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value</b>
	(in thousands)			(in thousands)
Outstanding at December 31, 2024	993	\$ 51.76		
Granted	—	—		
Exercised	(16)	70.44		
Forfeited	(23)	92.26		
Expired	(27)	67.02		
Outstanding at December 31, 2025	927	\$ 50.09	2.3	\$ 30,414
Exercisable at December 31, 2025	927	\$ 50.09	2.3	\$ 30,414

Of the options exercisable at the end of December 31, 2025, 622 options were in-the-money, which account for the entire aggregate intrinsic value.

As of December 31, 2025, there were no unrecognized compensation costs related to non-vested service period options.

**Performance Based Options**—Performance based option vesting is contingent upon the Company achieving certain annual Net Sales and/or Adjusted EBITDA goals. A summary of performance-based stock options outstanding and changes under the plans during the year ended December 31, 2025 are presented below:

<b>Options</b>	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	<b>Average Remaining Contractual Term</b>	<b>Aggregate Intrinsic Value</b>
	(in thousands)			(in thousands)
Outstanding at December 31, 2024	1,685	\$ 75.69		
Granted	—	—		
Exercised	(172)	57.22		
Forfeited	(110)	135.17		
Expired	—	—		
Outstanding at December 31, 2025	1,403	\$ 79.58	3.3	\$ 29,503
Exercisable at December 31, 2025	1,351	\$ 80.10	3.1	\$ 29,503

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Of the options exercisable at the end of December 31, 2025, 679 options were in-the-money, which account for the entire aggregate intrinsic value.

As of December 31, 2025, there were no unrecognized compensation costs related to performance-based awards for which the achievement of the vesting criteria is considered probable.

**Grant Date Fair Value of Options**—There were no options granted in 2025 and 2024. The weighted average grant date fair value of options (service period options and performance based options) granted in 2023 was \$35.81 per share.

**Expected Volatility**—Expected volatility was based on the historical volatility of the Company's common stock.

**Weighted Average Expected Term**—The Company determined the expected term based on the "shortcut method" described in ASC 718, Compensation—*Stock Compensation* (an expected term based on the midpoint between the vesting date and the end of the contractual term).

**Risk-Free Interest Rate**—The risk-free interest rates are based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant.

**Expected Dividend Yield**—The Company has not historically declared dividends, and no future dividends are expected to be available to benefit option holders. Accordingly, the Company used an expected dividend yield of zero in the valuation model.

	<b>Year Ended December 31, 2023</b>
Weighted average exercise price of options granted	\$64.05
Expected volatility	51.8%
Average expected terms in years	6.4
Risk-free interest rate	4.5%
Expected dividend yield	0.0%

**Note 13 – Net Income (Loss) Per Share Attributable to Common Stockholders:**

Basic net income (loss) per share of common stock is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Diluted net income (loss) per share of common stock is computed by giving effect to all potentially dilutive securities. For the purpose of determining diluted earnings per common share, the treasury stock method is used for stock options, warrants, and RSUs, and the if-converted method is used for convertible instruments such as convertible debt as prescribed in ASC Topic 260 ("ASC 260"). In conjunction with the issuance of the \$402.5 million Convertible Notes in March 2023, the Company used \$66.2 million of the proceeds to purchase capped call instruments. In accordance with ASC 260, antidilutive contracts, such as purchased put options and purchased call options are excluded from the computation of diluted net income (loss) per share. Accordingly, any potential impact resulting from capped call transactions is excluded from our computation of diluted net income (loss) per share.

For the year ended December 31, 2025, and 2024, diluted net income per share attributable to common stockholders is shown below. For the year ended December 31, 2023, diluted net loss per common share is the same as basic net loss per common share, due to the fact that potentially dilutive securities would have an antidilutive effect as the Company incurred a net loss in that period.

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	Year Ended December 31,	
	2025	2024
Net Income Attributable to Common Stockholders, Basic	\$ 139,137	\$ 46,925
Convertible Notes - Interest Expense, net	8,838	—
Net Income Attributable to Common Stockholders, Diluted	\$ 147,975	\$ 46,925
Weighted Average Common Shares Outstanding, Basic	48,800	48,487
Service Period Stock Options	506	673
Restricted Stock Units	283	271
Performance Stock Options	672	824
Convertible Notes - Potential Common Shares	5,776	—
Weighted Average Common Shares Outstanding, Diluted	56,037	50,255
Basic Net Income per Share	\$ 2.85	\$ 0.97
Diluted Net Income per Share	\$ 2.64	\$ 0.93

The potentially dilutive securities excluded from the determination of diluted income per share, as their effect is antidilutive, are as follows (in thousands):

	Year Ended December 31,		
	2025	2024	2023
Service Period Stock Options	—	—	1,163
Restricted Stock Units	—	—	372
Performance Stock Options	—	—	1,109
Convertible Notes	—	5,776	5,776
Total	—	5,776	8,420

**Note 14 – Retirement Plan:**

The Company sponsors a safe harbor 401(k) plan covering all employees. All employees are eligible to participate. Active participants in the plan may make contributions of up to 50% of their compensation, subject to certain limitations. Company contributions totaled approximately \$4,801 in 2025, \$4,198 in 2024 and \$3,109 in 2023.

**Note 15 – Concentrations:**

**Concentration of Credit Risk**—The Company maintains its cash balances in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250 each. At times, such balances may be in excess of the FDIC insurance limit.

**Major Customers**—In 2025, 2024 and 2023, one distributor accounted for 6%, 8% and 9% of our net sales, respectively. In 2025, two customers accounted for 25% and 10% of our net sales, respectively, whereas in 2024 and 2023, one customer accounted for 25% and 23% of our net sales, respectively.

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As of December 31, 2025, one distributor and two customers accounted for 4%, 29%, and 15% of our accounts receivable, respectively. As of December 31, 2024, one distributor and two customers accounted for 15%, 26%, and 15% of our accounts receivable, respectively.

**Major Suppliers**—In 2025, 2024, and 2023, the Company purchased approximately 69%, 70%, and 67% of its raw materials from three vendors during each period, respectively.

In 2025, 2024, and 2023, the Company purchased approximately 78%, 80%, and 78% of its packaging material from two vendors during each period, respectively.

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**Note 16 – Segment Information:**

The Company operates in one consolidated operating and reportable segment: the manufacturing, marketing and distribution of fresh dog food, cat food, and dog treats (collectively, "fresh pet food products"). The Company's chief operating decision maker ("CODM"), who is the Company's Chief Executive Officer, reviews financial information on a consolidated basis for purposes of allocating resources and evaluating financial performance.

The segment derives revenues from the sale of fresh pet food products to retailers, through direct sales and distributor arrangements. Revenue from transactions with external customers for each of our fresh pet food products would be impracticable to disclose and management, including the CODM, does not view its business by product line. Although the CODM does not review such information on a regular basis, refer to Note 1 – Summary of Significant Accounting Policies for information about the Company's net sales by class of retailer.

The CODM measures performance for the segment primarily based on net income (loss). The CODM uses net income (loss) to evaluate operating performance and the execution of capacity expansion plans to drive greater capital efficiency.

The measure of segment assets is reported as total assets on the Consolidated Balance Sheet, and total capital expenditures for additions to long-lived assets were \$148,184, \$187,092, and \$239,093, for the periods ending December 31, 2025, 2024, and 2023, respectively.

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Financial information, including segment revenue, significant segment expenses, and profit or loss for each of the three most recent fiscal years is presented in the table below:

	<b>Year Ended December 31,</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Net sales	\$ 1,102,015	\$ 975,177	\$ 766,895
Input costs (a)	(319,572)	(289,642)	(261,511)
Quality costs (b)	(23,100)	(25,103)	(31,443)
Logistics costs (c)	(63,920)	(58,424)	(57,517)
Media costs (d)	(140,483)	(111,269)	(85,483)
Plant costs and other costs of goods sold (e)	(241,354)	(206,177)	(171,020)
Other segment selling, general and administrative items (f)	(132,098)	(121,884)	(107,754)
Depreciation and amortization	(89,721)	(73,615)	(58,517)
Share-based compensation	(13,883)	(49,780)	(19,775)
Loss on disposals of equipment	(2,212)	(1,284)	(4,321)
Interest and other income, net	9,221	11,868	13,029
Interest expense	(14,120)	(12,262)	(14,097)
Gain on equity investment	—	9,918	—
Income tax benefit (expense)	68,364	(598)	(210)
Loss on equity method investment	—	—	(1,890)
Consolidated net income (loss)	<u>\$ 139,137</u>	<u>\$ 46,925</u>	<u>\$ (33,614)</u>

(a) Input costs include expenses related to the procurement of raw materials and packaging materials used in the production of finished goods.

(b) Quality costs include expenses related to quality control processes in place over the production of our dog and cat food products. This includes high pressure processing costs, which is a food preservation method that uses high pressure and cold water to inactivate pathogens and extend shelf life.

(c) Logistics costs include expenses related to the transportation of finished goods from production facilities to our customers and certain warehousing costs.

(d) Media costs include expenses related to advertising through media outlets.

(e) Plant costs and other cost of goods sold items include plant employee costs and administrative expenses directly related to the cost of goods sold.

(f) Other segment selling, general and administrative items include employee costs, chiller expenses, and other administrative selling expenses.

**FRESHPET, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(in thousands, except per share data)

**Note 17 – Subsequent Events:**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued for recognition or disclosures.

On January 16, 2026, the Company received \$95,459 in cash for the sale of its non-controlling interest in a privately held company following the equity investment's acquisition by a third party. The carrying value of the investment at December 31, 2025, was \$33,446. The Company expects to recognize a pre-tax gain of approximately \$62,013 in the first quarter of 2026, subject to customary post-closing adjustments. No adjustment has been made to the December 31, 2025 consolidated financial statements as the observable market transaction occurred in the first quarter of 2026.

## **ITEM 9. — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROL AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2025. Based on the evaluation of our disclosure controls and procedures as of December 31, 2025, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

#### **Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2025. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in its Internal Control-Integrated Framework (2013). This evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based on this assessment, management concluded that as of December 31, 2025, the Company’s internal control over financial reporting was effective.

Our independent registered public accounting firm that audited the consolidated financial statements included in this annual report has issued an audit report on the effectiveness of our internal control over financial reporting, which is included within “Item 8. Financial Statements and Supplementary Data” under section “Report of Independent Registered Public Accounting Firm”.

#### **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) and 15d-15(d) of the Exchange Act during the period covered by this Annual Report on Form 10-K that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **ITEM 9B. OTHER INFORMATION**

### **Insider Trading Arrangements**

Our directors and executive officers may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act.

During the fiscal quarter ended December 31, 2025, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408, except as discussed below.

On November 3, 2025, our Chief Executive Officer, Billy Cyr, announced that he and certain of his family members and related trusts intended to enter into prearranged stock trading plans intended to satisfy the affirmative defense conditions of Rule 10b5-1 (each, a "Rule 10b5-1 Plan"), in order to permit Mr. Cyr and his family to exercise options granted in 2016 which expire on September 6, 2026, and to sell shares of Company common stock necessary to cover the exercise price, taxes, and various estate planning needs. The Rule 10b5-1 Plans were adopted on November 5, 2025 in accordance with guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934, and under SEC rules, shares cannot be sold as part of this plan until after the Company reports its fourth quarter financial results in February 2026. These plans do not include any other Freshpet equity beyond the options subject to expiration in 2026.

## **ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## PART III

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

The Company has adopted a code of ethics applicable to all directors, officers, team members and agents of the Company. This code is publicly available on the Company's website at [www.investors.freshpet.com](http://www.investors.freshpet.com). If the Company makes any amendments to this code other than technical, administrative, or other non-substantive amendments, or grants any waivers, including implicit waivers, from a provision of this code, the Company will disclose the nature of the amendment or waiver, its effective date and to whom it applies on its website. The information on the website listed above is not and should not be considered part of this Annual Report on Form 10-K. It is intended to be an inactive textual reference only and is not incorporated by reference herein.

### ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our independent registered public accounting firm is KPMG LLP, Short Hills, NJ, Auditor ID: 185.

The information required by this item will be filed (and is hereby incorporated by reference) by an amendment hereto or pursuant to a definitive proxy statement pursuant to Regulation 14A that will contain such information.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

The following documents are filed as a part of this report:

- (1) Financial Statements – See Index to the Consolidated Financial Statements appearing on page 44.
- (2) Financial Statement Schedules – None.
- (3) Exhibits – The exhibits listed on the accompanying Exhibit Index are furnished, filed or incorporated by reference as part of this report.

**ITEM 16. FORM 10-K SUMMARY**

None.

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#">Sixth Amended and Restated Certificate of Incorporation of Freshpet, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2022)</a>
3.2	<a href="#">Amended and Restated Bylaws of Freshpet, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2022)</a>
4.1	<a href="#">Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2023)</a>
4.2	<a href="#">Indenture, dated as of March 20, 2023, between Freshpet, Inc. and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on March 23, 2023)</a>
4.3	<a href="#">Form of certificate representing the 3.00% Convertible Senior Notes due 2028 (included as Exhibit A to the Indenture, dated as of March 20, 2023, between Freshpet, Inc. and U.S. Bank Trust Company, National Association, as trustee) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on March 23, 2023)</a>
4.4	<a href="#">Form of Capped Call Confirmation (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 23, 2023)</a>
10.1+	<a href="#">Freshpet, Inc. Second Amended and Restated 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed with the SEC on October 7, 2020)</a>
10.2+	<a href="#">Amendment to Freshpet, Inc. Second Amended and Restated 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K filed with the SEC on February 22, 2021)</a>
10.3+	<a href="#">Professor Connor's, Inc. 2010 Stock Option Plan (incorporated by reference to Exhibit 99.2 to the Company's Registration on Form S-8 filed with the SEC on December 12, 2014)</a>
10.4+	<a href="#">Professor Connor's, Inc. 2006 Stock Plan (incorporated by reference to Exhibit 99.3 to the Company's Registration on Form S-8 filed with the SEC on December 12, 2014)</a>
10.5+	<a href="#">Form of Restricted Stock Agreement Pursuant to the Freshpet, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.17 to the Company's Registration Statement on Form S-1 filed with the SEC on October 27, 2014)</a>
10.6+	<a href="#">Form of Restricted Stock Unit Agreement Pursuant to the Freshpet, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.18 to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed with the SEC on October 27, 2014)</a>
10.7+	<a href="#">Form of Incentive Stock Option Agreement Pursuant to the Freshpet, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.19 to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed with the SEC on October 27, 2014)</a>
10.8+	<a href="#">Form of Nonqualified Stock Option Agreement Pursuant to the Freshpet, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.20 to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed with the SEC on October 27, 2014)</a>
10.9+	<a href="#">Form of Stock Appreciation Rights Agreement Pursuant to the Freshpet, Inc. 2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.21 to Amendment No. 2 to the Company's Registration Statement on Form S-1 filed with the SEC on October 27, 2014)</a>
10.10*+	<a href="#">Summary of Non-Employee Director Compensation Arrangements</a>
10.11+	<a href="#">Employment Agreement, dated as of July 27, 2016, by and between Freshpet, Inc. and William B. Cyr (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 8, 2016)</a>
10.12+	<a href="#">Form of Employment Agreement between Scott Morris and Freshpet, Inc. (incorporated by reference to Exhibit 10.29 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on November 4, 2014)</a>

<b>Exhibit No.</b>	<b>Description</b>
10.13+	<a href="#">Separation Agreement and General Release of Claims, dated October 13, 2022, by and among the Company and Heather Pomerantz (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 19, 2022)</a>
10.14+	<a href="#">Employment Agreement, dated October 27, 2022, by and among the Company and Todd Cunfer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 2, 2022)</a>
10.15+	<a href="#">Employment Agreement, dated as of July 6, 2015, by and between Freshpet, Inc. and Stephen Weise (incorporated by reference to Exhibit 10.18 to the Company's Annual Report on Form 10-K, Amendment No. 1, filed with the SEC on April 30, 2019)</a>
10.16+	<a href="#">Form of Employment Agreement between Cathal Walsh and Freshpet, Inc. (incorporated by reference to Exhibit 10.30 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on November 4, 2014)</a>
10.17+	<a href="#">Nonqualified Stock Option Inducement Award Agreement by and between Freshpet, Inc. and William B. Cyr, dated September 6, 2016 (incorporated by reference to Exhibit 99.2 to the Company's Registration Statement on Form S-8, filed with the SEC on October 7, 2020)</a>
10.18+	<a href="#">Nonqualified Stock Option Inducement Award Agreement by and between Freshpet, Inc. and Heather Pomerantz, dated January 12, 2020 (incorporated by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8, filed with the SEC on October 7, 2020)</a>
10.19+	<a href="#">Inducement Nonqualified Stock Option Award Agreement by and between Todd Cunfer and Freshpet, Inc., effective as of December 1, 2022 (incorporated by reference to Exhibit 99.2 to the Company's Registration Statement on Form S-8 filed with the SEC on November 7, 2024)</a>
10.20+	<a href="#">Inducement Restricted Stock Unit Award Agreement by and between Todd Cunfer and Freshpet, Inc., effective as of December 1, 2022 (incorporated by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8 filed with the SEC on November 7, 2024)</a>
10.21+	<a href="#">Inducement Restricted Stock Unit Award Agreement by and between Nicola Baty and Freshpet, Inc., effective as of September 1, 2024 (incorporated by reference to Exhibit 99.4 to the Company's Registration Statement on Form S-8 filed with the SEC on November 7, 2024)</a>
10.22+	<a href="#">Inducement Restricted Stock Unit Award Agreement by and between Nicola Baty and Freshpet, Inc., effective as of September 1, 2024 (incorporated by reference to Exhibit 99.5 to the Company's Registration Statement on Form S-8 filed with the SEC on November 7, 2024)</a>
10.23	<a href="#">Form of Indemnification Agreement between Freshpet, Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.31 to Amendment No. 3 to the Company's Registration Statement on Form S-1 filed with the SEC on November 4, 2014)</a>
10.24	<a href="#">Cooperation Agreement, by and between Freshpet, Inc. and JANA Partners LLC, dated August 21, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023)</a>
10.25	<a href="#">Freshpet, Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 4, 2024)</a>
10.26	<a href="#">Freshpet, Inc. Key Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 30, 2024)</a>
10.27	<a href="#">Form Participation Letter for Key Executive Severance Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 30, 2024)</a>
10.28	<a href="#">Cyr Participation Letter for Key Executive Severance Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on August 30, 2024)</a>
10.29+	<a href="#">Form of Restricted Stock Unit Agreement Pursuant to the Freshpet, Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2025)</a>
10.30+†	<a href="#">Form of Performance-Based Restricted Stock Unit Agreement Pursuant to the Freshpet, Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2025)</a>
10.31+	<a href="#">Form of Retention Award Restricted Stock Unit Agreement Pursuant to the Freshpet, Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2025)</a>

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<b>Exhibit No.</b>	<b>Description</b>
10.32+†	<a href="#">Form of Retention Award Performance-Based Restricted Stock Unit Agreement Pursuant to the Freshpet, Inc. 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on May 5, 2025)</a>
10.33*†	<a href="#">Lease Agreement, dated August 27, 2025</a>
19.1	<a href="#">Insider Trading Plan (incorporated by reference to Exhibit 19.1 to the Company's Annual Report on Form 10-K filed with the SEC on February 20, 2025)</a>
21.1	<a href="#">List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K filed with the SEC on February 20, 2025)</a>
23.1*	<a href="#">Consent of KPMG LLP</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
97.1	<a href="#">Freshpet, Inc. Policy Relating to Recovery of Erroneously Awarded Compensation (incorporated by reference to Exhibit 97.1 to the Company's Annual Report on Form 10-K filed with the SEC on February 26, 2024)</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Documents
101.CAL*	Inline XBRL Calculation Linkbase Document
101.LAB*	Inline XBRL Labels Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
EX-104	Inline XBRL Formatted Cover Page (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\*Furnished herewith.

+ Indicates a management contract or compensatory plan or agreement.

† Certain provisions or terms of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K. These omissions are indicated by bolded brackets. The Company agrees to furnish an unredacted, supplemental copy (including any omitted schedule or attachment) to the SEC upon request.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 23, 2026.

**FRESHPET, INC.**

By: /s/ William B. Cyr  
William B. Cyr  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ John G. O'Connor  
John G. O'Connor  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

\* \* \* \*

**Power of Attorney**

Each person whose signature appears below constitutes and appoints each of William B. Cyr, John G. O'Connor or Lisa Alexander, acting alone or together with another attorney-in-fact, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	<b>Date</b>
<u>/s/ William B. Cyr</u> William B. Cyr	Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2026
<u>/s/ John G. O'Connor</u> John G. O'Connor	Chief Financial Officer (Principal Financial and Accounting Officer)	February 23, 2026
<u>/s/ Olu Beck</u> Olu Beck	Director	February 23, 2026
<u>/s/ David Biegger</u> David Biegger	Director	February 23, 2026
<u>/s/ Daryl G. Brewster</u> Daryl G. Brewster	Director	February 23, 2026
<u>/s/ Walter N. George III</u> Walter N. George III	Director	February 23, 2026
<u>/s/ Jacki S. Kelley</u> Jacki S. Kelley	Director	February 23, 2026
<u>/s/ Lauri Kien Kotcher</u> Lauri Kien Kotcher	Director	February 23, 2026
<u>/s/ Timothy McLevish</u> Timothy McLevish	Director	February 23, 2026
<u>/s/ Leta D. Priest</u> Leta D. Priest	Director	February 23, 2026
<u>/s/ Joseph Scalzo</u> Joseph Scalzo	Director	February 23, 2026
<u>/s/ Craig D. Steeneck</u> Craig D. Steeneck	Director	February 23, 2026
<u>/s/ David J. West</u> David J. West	Director	February 23, 2026

## FRESHPET, INC.

## NON-EMPLOYEE DIRECTORS' COMPENSATION SUMMARY

ANNUAL FEES

Each non-employee director will receive annual fees consisting of the following:

- (1) \$70,000 (or \$140,000 for the Chair of the Board) retainer paid in cash payable in quarterly installments; and
- (2) \$120,000 (or \$190,000 for the Chair of the Board) award of time-vesting RSUs, which vest on the first anniversary of the grant date;

QUARTERLY STIPENDS

Each Committee Chair and Committee Member will also receive stipends as follows:

<b>Non-Employee Director Stipends</b>	<b>Quarterly</b>	<b>Annualized</b>
Audit Committee Chair	\$3,750	\$15,000
Compensation and Human Capital Management Committee Chair	\$3,750	\$15,000
Nominating and Governance Committee Chair	\$3,750	\$15,000
Operations and FSQA Committee Chair	\$3,750	\$15,000
Audit Committee Member	\$1,875	\$7,500
Compensation Committee Member	\$1,875	\$7,500
Nominating and Governance Committee Member	\$1,875	\$7,500
Operations and FSQA Committee Member	\$1,875	\$7,500

VALUATION OF RESTRICTED STOCK UNITS

Annual Fees: The number of RSUs to be awarded annually to a director is determined by dividing the dollar value of RSUs to be granted to the director by the fair market value (the closing price) of our common stock on the date of the grant date of the RSUs.

Dividends: Dividends (or dividend equivalents) shall not be payable with respect to any shares of stock underlying an award until such award has vested, except that a grantee of an award may be provided with the right to the accrual of dividends (or dividend equivalents) on the unvested portion of an award that may be payable upon the vesting of such portion of the award.

**CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE THE REGISTRANT CUSTOMARILY AND ACTUALLY TREATS SUCH INFORMATION AS PRIVATE OR CONFIDENTIAL AND SUCH INFORMATION IS NOT MATERIAL. THE EXCLUDED INFORMATION HAS BEEN NOTED IN THIS EXHIBIT WITH A PLACEHOLDER IDENTIFIED BY THE MARK “[\*\*\*]”.**

**LEASE**

**[\*\*\*],  
a Delaware limited liability company,**

**Landlord,**

**and**

**FRESHPET, INC.,  
a Delaware corporation,**

**Tenant**

**SINGLE-TENANT [\*\*\*] LEASE  
REFERENCE PAGES (the “Reference Pages”)**

**BUILDING:** That certain approximately [\*\*\*] rentable square foot industrial warehouse building to be constructed by Landlord in accordance with the Plans and Specifications (defined below) (the “**Building**”).

**LANDLORD:** [\*\*\*], a Delaware limited liability company (the “**Landlord**”)

**LANDLORD’S NOTICE ADDRESS:** [\*\*\*]  
Attn: [\*\*\*]

With copies to:

c/o [\*\*\*]  
Attn: [\*\*\*]

Attn: [\*\*\*]

**ADDRESS FOR RENT PAYMENT:**

**LEASE REFERENCE DATE:**

c/o [\*\*\*]

The date of full execution and delivery of this Lease by Landlord and Tenant, being August 27, 2025 (the “**Lease Reference Date**”).

**TENANT:**

FreshPet, Inc.,  
a Delaware corporation (the “**Tenant**”)

TENANT'S NOTICE ADDRESS:

FreshPet, Inc.  
1545 U.S. 206  
Bedminster, NJ 07921  
Attn: [\*\*\*]

With a copy to:

FreshPet, Inc.  
1545 U.S. 206  
Bedminster, NJ 07921  
Attn: Lisa Alexander

With a copy to:

[\*\*\*]

PREMISES:

That certain real property containing approximately [\*\*\*] acres as legally described on Exhibit A-1 attached hereto (located at the intersection of [\*\*\*]), together with all improvements located thereon, including, but not limited to, the Building (the "**Premises**"). The Premises includes all easements benefitting or burdening the Premises as of the Lease Reference Date.

RENTABLE AREA:

The "**Rentable Area**" shall be approximately [\*\*\*] rentable square feet, subject to adjustment following the final determination of the gross rentable square footage of the Building pursuant to Section 2.8.

PERMITTED USE:

[\*\*\*] and ancillary services, including, without limitation, pet food manufacturing and processing, related office, and no other use whatsoever ("**Permitted Use**").

TERM OF LEASE:

Two hundred forty (240) months beginning on the Commencement Date (defined hereafter), and ending on the Termination Date (the "**Term**").

ROFR AND ROFO RIGHTS:

A Right of First Refusal (defined hereafter) and a Right of First Offer (defined hereafter), each as more particularly set forth in Section 39.

TERMINATION DATE:

The last day of the two hundred fortieth (240th) full calendar month after the Commencement Date, or such earlier date upon which the Term may expire or be terminated in accordance with the terms herein (the “**Termination Date**”). For clarification, if the Commencement Date occurs on the first day of a calendar month, the Termination Date shall occur on the expiration of the 240<sup>th</sup> calendar month starting with the Commencement Date.

SECURITY DEPOSIT:

A letter of credit in the initial amount of [\*\*\*] (“**LC**”) satisfying the criteria set forth on **Exhibit M** and to be deposited by Tenant pursuant to the terms and conditions set forth in Section 44.

ANNUAL RENT and MONTHLY INSTALLMENT OF RENT (Section 3):

Tenant shall pay to Landlord annual rent as determined hereunder (the “**Annual Rent**”), which shall be payable to Landlord in equal monthly installments (the “**Monthly Installment of Rent**”). The initial Annual Rent shall be an amount equal to (a) [\*\*\*] multiplied by (b) the number of square feet included in the Rentable Area. Assuming that the Rentable Area is equal to the estimated Rentable Area of [\*\*\*] rentable square feet, the Annual Rent and Monthly Installment of Rent shall be as follows:

Period	Annual Rent	Monthly Rent
Month 1 – Month 12	[***]	[***]
Month 13 – Month 24	[***]	[***]
Month 25 – Month 36	[***]	[***]
Month 37 – Month 48	[***]	[***]
Month 49 – Month 60	[***]	[***]
Month 61 – Month 72	[***]	[***]
Month 73 – Month 84	[***]	[***]
Month 85 – Month 96	[***]	[***]
Month 97 – Month 108	[***]	[***]
Month 109 – Month 120	[***]	[***]
Month 121 – Month 132	[***]	[***]

Period	Annual Rent	Monthly Rent
Month 133 – Month 144	[***]	[***]
Month 145 – Month 156	[***]	[***]
Month 157 – Month 168	[***]	[***]
Month 169 – Month 180	[***]	[***]
Month 181 – Month 192	[***]	[***]
Month 193 – Month 204	[***]	[***]
Month 205 – Month 216	[***]	[***]
Month 217 – Month 228	[***]	[***]
Month 229 – Month 240	[***]	[***]

TENANT’S NAICS CODE: 311111  
ASSIGNMENT/SUBLETTING FEE: [\*\*\*] or, if less, the actual, reasonable out-of-pocket costs paid by Landlord (the “Assignment/Subletting Fee”).  
GUARANTOR: None.

The Lease includes the following Exhibits, all of which are made a part of the Lease:

- EXHIBIT A-1 – PREMISES LEGAL DESCRIPTION
- EXHIBIT A-2 – INITIAL SITE PLAN
- EXHIBIT B-1 – PLANS AND SPECIFICATIONS FOR LANDLORD’S WORK
- EXHIBIT B-2 – [\*\*\*]
- EXHIBIT C – COMMENCEMENT DATE MEMORANDUM
- EXHIBIT D – RULES AND REGULATIONS
- EXHIBIT E – FORM OF HAZARDOUS SUBSTANCES DISCLOSURE CERTIFICATE
- EXHIBIT F – FORM OF TENANT ESTOPPEL CERTIFICATE
- EXHIBIT G – [\*\*\*]

EXHIBIT H – [\*\*\*]

EXHIBIT I – INTENTIONALLY DELETED

EXHIBIT J – FORM OF SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

EXHIBIT K – FORM OF MEMORANDUM OF LEASE

EXHIBIT L – TENANT ACCOUNTING INFORMATION FOR AUTOMATED CLEARINGHOUSE

EXHIBIT M – LETTER OF CREDIT

EXHIBIT N – ADJACENT PREMISES

EXHIBIT O – PROTECTIVE COVENANTS

EXHIBIT P – [\*\*\*]

EXHIBIT Q – FORM OF SIDE LETTER AGREEMENT

EXHIBIT R – FORM OF ACCESS EASEMENT

EXHIBIT S – OPEX MATRIX

## LEASE

Landlord leases to Tenant, and Tenant leases from Landlord (each, a “**Party**” and collectively, the “**Parties**”), by this Lease, the Premises as set forth and described on the Reference Pages. The Premises and the Building are depicted on the initial site plan attached hereto as **Exhibit A-2**. The Reference Pages, including all terms defined therein, are incorporated as part of this Lease. In the event of any conflict between any Reference Pages information and the Lease, the Lease shall control.

### 1. USE AND RESTRICTIONS ON USE.

1.1 Permitted Use, Regulations. The Premises shall be used solely for the Permitted Use. Tenant’s use of the Premises shall comply with all laws, codes, ordinances, rules, and regulations promulgated by any federal, state, county, city, municipal, or other local governmental and quasi-governmental entities, as well as all matters of record (including, without limitation, the Covenants (defined hereafter)), which now or at any time hereafter may be applicable to the Premises or the Building or any part thereof and Tenant’s use thereof, including, but not limited to, all Environmental Laws (collectively, “**Regulations**”) applicable to the Tenant’s use of the Premises. For the avoidance of doubt, Tenant’s obligations under the immediately preceding sentence shall not modify or affect Landlord’s obligation to deliver the Premises to Tenant in compliance with all Regulations as part of Substantial Completion (defined hereafter) or Landlord’s warranty under clause (v) of Section 2.6.1. Tenant shall not do or permit anything to be done in the Premises or bring into or keep anything in the Premises which will unreasonably increase the rate of, invalidate, or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty or against liability for damage to property or injury to persons in or about the Building or any part thereof. Tenant will not use or operate the Premises so as to emit therefrom any noise, litter, or odor which constitutes a public or private nuisance.

1.2 Tenant’s Access and Parking. Subject to the terms of this Lease, Tenant shall have access to the Building and the Premises for Tenant and its employees 24 hours per day/7 days per week/365 days per year throughout the Term. Tenant shall also have the exclusive right to use, at no additional cost, the number of parking spaces and [\*\*\*] allocated to the Building in the Plans and Specifications.

1.3 Rules and Regulations. Tenant shall faithfully observe and comply with all the rules and regulations as set forth in **Exhibit D** to this Lease and all reasonable and non-discriminatory modifications of and additions to them from time to time put into effect by Landlord by written notice to Tenant, provided such modifications and/or additions do not adversely affect Tenant’s use and/or occupancy of the Premises and do not add material additional expense to Tenant other than to a de minimis extent.

#### 1.4 Covenants.

1.4.1 Protective Covenants. The Premises will be subject to those certain Protective Covenants for [\*\*\*] attached hereto as **Exhibit O** (the “**Protective Covenants**”), which will be recorded with [\*\*\*].

1.4.2 Environmental Covenants. The Premises are subject to that certain Environmental Covenant recorded [\*\*\*] (the “**Environmental Covenant**”), in the [\*\*\*] at [\*\*\*], relating to groundwater conditions at the Premises and attached hereto as **Exhibit P**. The Premises will be subject to an additional environmental covenant that will be prepared and

recorded by Landlord in the [\*\*\*] relating to soil conditions once the Building and associated improvements have been constructed at the Premises (the “**Additional Environmental Covenant**” and together with the Environmental Covenant and Protective Covenants, the “**Covenants**”). Landlord shall give Tenant an opportunity to review and comment on the Additional Environmental Covenant prior to finalization and recording, and such covenant shall be subject to the terms of Section 1.4.3 hereof. Tenant shall review the Additional Environmental Covenant promptly, but in no event later than fifteen (15) days after receipt, and provide any and all comments within such period.

1.4.3 **Conflicts.** In any case where the Covenants provide for a more stringent requirement than set forth in this Lease, the Covenants shall be deemed controlling; provided, however, Landlord shall not, without Tenant’s prior written consent (not to be unreasonably withheld, conditioned or delayed), cause, consent to and/or permit (to the extent within Landlord’s reasonable control) the Covenants to be amended to be any more restrictive against the Premises and/or the Tenant, nor increase Tenant’s costs and/or obligations hereunder, nor decrease Tenant’s rights herein, except to a de minimis extent.

## 2. **TERM; LANDLORD’S WORK.**

### 2.1 Construction Commencement Date, Commencement Date, and Termination Date.

2.1.1 **Construction Commencement.** Landlord shall Commence Construction (defined hereafter) on or before the date which is sixty (60) days after the Lease Reference Date (as such date shall be extended on a day-for-day basis for each day that Landlord is delayed from Commencing Construction by any Excusable Delay (defined hereafter), the “**Construction Commencement Date**”). If Landlord has not Commenced Construction by the Construction Commencement Date, then Tenant shall have a right to terminate this Lease by providing written notice to the Landlord (the “**Termination Notice**”) within thirty (30) days after the Construction Commencement Date (the “**Termination Period**”). The termination set forth in the immediately preceding sentence shall take effect on the date that is thirty (30) days following Landlord’s timely receipt of the Termination Notice; provided, however, if Tenant provides the Termination Notice and Landlord Commences Construction within that thirty (30) day period, the Termination Notice shall be deemed nullified and of no force or effect. Upon such termination, and upon Landlord’s return to Tenant of any sums paid herein, including the LC, neither Party shall have any further liability or obligations hereunder. If Tenant does not exercise the foregoing termination right within the Termination Period, and if Landlord has still not Commenced Construction, then, following the Termination Period, all Rent (defined hereafter) shall abate one (1) day for each day until Landlord Commences Construction, and such abatement shall be applicable against Rent first coming due after the Commencement Date. For the purposes of this Lease, “**Commence Construction,**” “**Commencing Construction,**” “**Commenced Construction,**” and phrases of similar import, shall mean that Landlord: owns fee simple title to the Premises; has obtained all Approvals (defined hereafter) required for Landlord to commence the Landlord’s Work; and, at a minimum, has begun and is actively moving dirt, debris, and other materials on the Premises in order to prepare the Premises for the pouring of concrete and the construction of the foundation of the Building. As used herein, “**Approvals**” means all site plan approvals (including, without limitation, final land development approval from [\*\*\*]), building, environmental, zoning and land use permits, and any other permits, licenses, and approvals required from all local, state, and federal governmental agencies and authorities having jurisdiction over the Premises, as well as the applicable public utilities, and [\*\*\*] for development and construction of Landlord’s Work. Tenant shall reasonably cooperate with Landlord in Landlord’s efforts to obtain any and all of the Approvals for Landlord’s Work, including, without limitation, prompt execution of applications, plans, and other development documents, if necessary. Landlord acknowledges and agrees that Tenant will have a project manager (“**PM**”) overseeing the Landlord’s Work. Landlord agrees to involve the PM in weekly

construction meetings and keep the PM apprised of any actual and/or threatened delays, including Excusable Delays, in the completion of the Landlord's Work.

2.1.2 Term. The Term of this Lease shall begin on that date that is the earlier to occur of ("**Commencement Date**") (i) the date on which Tenant begins occupancy of the Premises or any portion thereof and commences business operations therein, and (ii) the date that Landlord has achieved Substantial Completion (as hereinafter defined), excepting only Punch List Items (as hereinafter defined), and shall terminate on the Termination Date. Notwithstanding the immediately preceding sentence, Tenant shall not be liable to pay any Rent until the Commencement Date has been established as set forth herein, except that the Commencement Date shall be deemed to have occurred and Tenant shall commence payment of Rent to the extent that Substantial Completion would have occurred but for a Tenant Delay (defined hereafter). "**Substantially Complete**," "**Substantial Completion**," "**Substantially Completed**," and words or phrases of similar import, shall mean that all of the following have occurred: (A) Tenant has been provided with full possession of the Premises and Tenant is able to occupy the Premises; (B) Landlord has completed the Landlord's Work (other than the Punch List Items (defined hereafter)) and has obtained the issuance of a temporary or permanent certificate of occupancy (or the equivalent of each) for the Premises; (C) Landlord's architect has certified in writing to Tenant that the Landlord's Work has been completed in accordance with the Plans and Specifications, for same, and that the Premises are in compliance with all Regulations; and (D) The Cleanup Plan submitted by [\*\*\*], and any subsequent amendments thereto, as applicable to the Premises (collectively "**Cleanup Plan**"), have been fully implemented with respect to the Premises, the Additional Covenant has been reviewed by Tenant in accordance with Section 1.4.2, and [\*\*\*]. Landlord shall be responsible for completing the Punch List Items as provided in Section 2.4. Following the issuance of a temporary certificate of occupancy for the Premises, Landlord shall use commercially reasonable efforts to obtain a permanent certificate of occupancy for the Premises (the "**PCO**"); provided that, Landlord shall not be responsible for any delays in the issuance of the PCO attributable to any work performed by Tenant or Tenant's failure to obtain or close out any permits for work which Tenant is completing (such as, by way of example, permits for Tenant's furniture, fixtures and equipment, low voltage and security, and teledata systems). In the event that an act or omission by Landlord delays the issuance of the PCO (subject to the proviso in the immediately preceding sentence) and, and as a result thereof, Tenant business operations within the Premises are shut down by a governmental authority having jurisdiction over the Premises, then Landlord shall indemnify, defend, and hold Tenant harmless from and against any losses directly resulting from such shutdown, but only to the extent such losses are not covered by business interruption or other available insurance (notwithstanding the terms of Section 19.9 to the contrary).

2.1.3 Completion of Construction/Delays by Landlord. Landlord shall cause Substantial Completion to occur on or before the date that is the eighteenth (18th) month anniversary of the date that Landlord Commenced Construction (as such date shall be extended on a day-for-day basis for each day that Substantial Completion is delayed by a Tenant Delay and/or Excusable Delay, the "**Target Substantial Completion Date**"). If Substantial Completion does not occur by the Target Substantial Completion Date, and provided that no Event of Default (defined hereafter) exists, then all Rent shall abate (such abatement shall be applicable against Rent first coming due after the Commencement Date after exhaustion of any other abatement and free rent periods set forth and/or permitted herein), in an amount equal to one (1) day for each day of delay after the Target Substantial Completion Date until Substantial Completion occurs, and the actual Commencement Date shall be postponed until the Commencement Date has been established as set forth herein. A "**Tenant Delay**" shall be deemed to have occurred if and to the extent the completion of the Landlord's Work is actually delayed due to: (i) Tenant's change in the Plans and Specifications (including any Additional Work under Section 2.5), if Tenant is notified of such likely delay, and Tenant still requests such change despite the proposed delay; (ii) a party employed by or contracted with Tenant (including

in connection with Tenant's activities during the Early Access Period under Section 2.7) which continues for more than two (2) business days after notice to Tenant; (iii) Tenant's failure to reasonably cooperate with respect to the Approvals which continues for more than two (2) business days after notice to Tenant; or (iv) delays in giving authorizations or approvals expressly required of Tenant herein and within the specific timeframe(s) set forth herein, or, if no specific timeframe(s) are set forth herein, then within a reasonable period of time, and, in either event, if such delay continues for more than two (2) business days after notice to Tenant. If and to the extent any delay is the result of a Tenant Delay, then the Commencement Date and the payment of Rent under this Lease shall be accelerated by the number of days of delay in Substantial Completion caused by such Tenant Delay, but only so long as Landlord provides notice of any Tenant Delay within five (5) business days after Landlord actually becomes aware of the occurrence of such Tenant Delay.

2.2 Landlord's Work. Attached hereto as **Exhibit B-1** are the plans and specifications for Landlord's Work (the "**Plans and Specifications**"). Prior to the Lease Reference Date, Landlord has provided, and Tenant has reviewed and approved, the Plans and Specifications. The "**Landlord's Work**" shall mean and include the Building and Building systems and all other components of, and constituting, the Premises (including, without limitation, the [\*\*\*]), and exterior roadways, paving, landscaping and groundwork, all as included in the Plans and Specifications.

2.3 Intentionally Deleted.

2.4 Punch List Items. Landlord shall provide Tenant with at least fifteen (15) business days' prior notice that Landlord believes the Landlord's Work will be Substantially Complete, subject to any Tenant Delay. At least seven (7) days prior to the anticipated date of Substantial Completion, and after Landlord and Tenant have jointly inspected the Building, Tenant shall deliver a punch list of items of the Landlord's Work not completed by Landlord, which shall be deemed to include [\*\*\*] if applicable (the "**Punch List Items**"), and Landlord shall proceed with commercially reasonable efforts to complete the Punch List Items within thirty (30) days of receipt thereof, provided, however, that any Punch List Items shall not delay the Commencement Date; provided, further, the Punch List Items shall not include unfinished items of the Landlord's Work, the omission of which would have a negative effect on Tenant's ability to use or access the Premises for its Permitted Use other than to a de minimis extent. Tenant and Landlord shall, at the other Party's written request, promptly execute and deliver a memorandum agreement in the form of **Exhibit C** attached hereto, setting forth the actual Commencement Date, Termination Date and, if necessary, a revised Rent schedule.

2.5 Additional Work.

2.5.1 In the event that Tenant requests a change to the Plans and Specifications (the "**Additional Work**"), Tenant shall submit to Landlord all information reasonably necessary for Landlord to review and approve the Additional Work. Landlord's approval of the Additional Work shall not to be unreasonably withheld, conditioned, and/or delayed, and shall be granted or reasonably withheld within ten (10) days after Tenant's request. If Landlord does not respond within such ten (10) day period, Tenant may make another request for such approval which shall be granted or withheld by Landlord in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days thereafter, then Landlord shall be deemed to have approved Tenant's request for consent to such Additional Work. If Landlord approves or is deemed to have approved any such requested Additional Work, then Landlord shall send a written notice to Tenant setting out the anticipated Tenant Delay to Landlord's Work and/or the anticipated amount of the net increase, if any, in the cost of Landlord's Work (with reasonable supporting documentation and open-book pricing) (the "**Estimate**"). For the avoidance of doubt, net increases in the out-of-pocket cost of Landlord's

Work as a direct and sole result of the Additional Work to be included in the Estimate may also include any hard or soft costs or cost increases directly and solely related to the Additional Work (*i.e.*, hard construction costs, design costs, and permitting costs). Such Additional Work shall be (a) at Tenant's sole cost and expense, and Tenant shall pay the actual net increase in costs of the Landlord's Work up to the amount of the Estimate plus cost overruns not to exceed ten percent (10%) of the Estimate, and (b) subject to written approval by Tenant (such approval not to be unreasonably withheld, conditioned, and/or delayed); provided, however, in no event shall Landlord be obligated to implement (nor shall Tenant be liable for paying for) such Additional Work if Tenant fails to accept and approve the Estimate and/or the related Tenant Delay in writing. Tenant shall be required to pay the required amount for any approved Additional Work as follows: (i) so long as the aggregate amount of all Additional Work requested by Tenant under this Lease does not exceed [\*\*\*], 50% shall be paid by Tenant within thirty (30) days after Landlord's written demand following commencement of the Additional Work, and the balance shall be paid by Tenant within thirty (30) days after Landlord has achieved Substantial Completion, or (ii) if the aggregate amount of all Additional Work requested by Tenant under this Lease equals or exceeds [\*\*\*], 100% shall be paid by Tenant within thirty (30) days after Landlord's written demand following commencement of the Additional Work.

2.5.2 Notwithstanding Section 2.5.1, Tenant shall have no right to request (and Landlord has no obligation to approve) any change to the Plans and Specifications which (individually or collectively, a "**Material Change**"): (i) would, when combined with all other Additional Work requested by Tenant, result in an aggregate Tenant Delay in excess of sixty (60) days; (ii) would require a zoning amendment, variance and/or would violate any Regulations; (iii) is reasonably likely to have a material adverse effect on the value of the Building or the Premises; (iv) affects the structural elements of the Building or the Building core design in any material respect; (v) materially alters either the size, shape, exterior appearance or basic nature of the Building, as the same are contemplated by Landlord's Work; or (vi) except with respect to the Solar System (defined hereafter), would require any penetration of the roof or exterior walls of the Building or placement of any equipment or structure of any kind on the roof of the Building. Landlord may grant or withhold its approval to a Material Change proposed by Tenant in Landlord's sole discretion.

## 2.6 Landlord's Representations and Warranties.

2.6.1 Landlord represents and warrants to Tenant, that: (i) as of the Lease Reference Date and as of the Commencement Date, Landlord owns good and marketable title to the Premises free and clear of any and all liens and encumbrances which would adversely affect Tenant's ability to use and occupy the Premises for the Permitted Use; (ii) as of the Lease Reference Date, the execution, delivery, and performance of this Lease by Landlord does not conflict with or cause a breach or default under any agreement to which Landlord is a party; (iii) as of the Lease Reference Date and as of the Commencement Date, there are no real estate Taxes (defined hereafter), and assessments and/or impositions which are due and owing and are unpaid and delinquent; (iv) as of the Lease Reference Date and as of the Commencement Date, Landlord is not in default under the terms and conditions of any agreements, loans, mortgages, deeds of trust, or any other loan documents in favor of any mortgagee with a security interest in the Premises or any other agreement relating to the Premises, nor is Landlord aware of any matter which, with the passage of time or the giving of notice, would constitute a default by Landlord; (v) as of the date of Substantial Completion, the Premises comply with all Regulations (including, without limitation, the Americans with Disabilities Act of 1990 (as amended), and all applicable building, fire, safety and zoning codes) in effect as of the date of Substantial Completion; (vi) as of the Lease Reference Date and as of the date of Substantial Completion, to the best of Landlord's knowledge, there are no Hazardous Substances in, on or about the Premises in violation of Environmental Laws and the Premises are in compliance with all Environmental Laws (defined hereafter); (vii) as of the date of Substantial Completion, all

systems and equipment serving the Premises including HVAC, electrical, sprinkler, plumbing, gas, utility lines, [\*\*\*] and all other systems that are a part of the Landlord's Work shall be in good working order; (viii) as of the Lease Reference Date, the use of the Premises for the Permitted Use is (and will be, as of the Commencement Date) permitted by Regulations (including zoning laws), without the necessity of a variance or conditional use permit; (ix) legal vehicular access is, and will be as of the date of Substantial Completion, available to and from the Premises or from valid and perpetual private easements which may be freely used by Tenant for purposes of vehicular access to and from the Premises; (x) upon Substantial Completion, the Premises shall meet or exceed the minimum specifications set forth in the Plans and Specifications, and Landlord agrees to deliver to Tenant a certificate executed by Landlord reasserting the representations and warranties contained in this Section; and (xi) subject to an Excusable Delay, Landlord will procure, or cause to be procured, [\*\*\*] no later than nine (9) months after the Commencement Date.

2.6.2 Landlord hereby warrants to Tenant (the "**Landlord's Work Warranty**"), that, as of the Commencement Date, and for a period equal to the greater of twelve (12) months and the period any specific item is under a contractor's or manufacturer's written warranty (the "**Landlord's Work Warranty Period**"), Landlord's Work, which shall include any equipment and personal property installed by Landlord and included in the Plans and Specifications (other than the design and engineering of the [\*\*\*]), as same may be amended, shall be free from defects and in good working order and good operating condition, and, specifically relating to Landlord's warranty of the [\*\*\*] that, as of the Commencement Date, and for a period equal to the greater of twelve (12) months and the period any specific item is under a contractor's or manufacturer's warranty (the "[\*\*\*]"), the [\*\*\*] in the Premises and other specific items as noted on **Exhibit G** attached hereto (collectively, the "[\*\*\*]"), shall be free of defects and in good working order and in good operating condition and shall have the [\*\*\*] set forth in the Plans and Specifications. Notwithstanding anything in this Lease to the contrary, during the Landlord's Work Warranty Period and the [\*\*\*], Landlord shall, promptly, after receipt of written notice from Tenant setting forth with specificity the nature and extent of any such non-compliance, rectify the same at Landlord's expense (not to be treated as Operating Expenses), by effectuating whatever repairs and/or replacements are required to put the non-compliant Landlord's Work or [\*\*\*], as applicable, in good working order and good operating condition and free of defects; provided, however, Landlord shall have no obligation to effectuate any such repairs and/or replacements in the event any non-compliance is caused by Tenant's and/or any Tenant Party's acts or misuse that voids the applicable manufacturer's warranty and/or the warranty from the general contractor that performed the Landlord's Work. If Tenant does not give Landlord written notice of any non-compliance with the Landlord's Work Warranty during the Landlord's Work Warranty Period or the [\*\*\*] during the [\*\*\*], as applicable, then the correction of such non-compliance shall be handled pursuant to Section 7 of this Lease. Notwithstanding anything herein to the contrary, it is the intention of Landlord and Tenant that Landlord's obligations pursuant to this Section 2.6.2 shall be limited to the repair and/or replacement of the relevant items that are non-compliant and in no event shall the terms of this Section 2.6.2 be deemed to make Landlord, and not Tenant, responsible for any loss of profits, loss of business, or indirect, consequential, or punitive damages arising from any non-compliance with the Landlord's Work Warranty or the [\*\*\*]. "**Tenant Party**" or "**Tenant Parties**" means Tenant, Tenant's affiliates and subtenants, and their respective agents, employees, representatives, contractors, and/or licensees.

2.6.3 In addition to the foregoing, and notwithstanding anything to the contrary herein, Landlord, and not Tenant, shall be responsible for repairing and paying for the repair of any Major Latent Structural Defect so long as (i) Tenant gives Landlord written notice thereof during the first twenty-four (24) months of the Term; and (ii) the claimed Major Latent Structural Defect is not due to the acts or omissions of Tenant, or any Tenant Party, and is otherwise related to the Landlord's Work. Such repair costs shall not be treated as an Operating Expense. "**Major**

**Latent Structural Defect**” means a defect (A) in one or more of the following internal or external load bearing structures of the Building which are essential to the stability or strength of the Building: the foundation, columns, stairs, beams, roof and walls (excluding any movable elements of external windows, doors, and skylights), (B) which actually prevents Tenant from occupying and using all or a substantial portion of the Premises in accordance with the provisions of this Lease, and (C) which is not apparent and which Tenant could not reasonably have discovered during the first twelve (12) months of the Term.

2.6.4 Except with respect to the representations and warranties expressly made by Landlord in this Lease, Tenant agrees to accept possession of the Premises “AS IS” and “WHERE IS” without representation or warranty by Landlord of any kind, with the understanding that Landlord shall have no responsibility with respect thereto.

2.7 Early Access to Premises. Landlord shall permit Tenant to access the Premises commencing at least ninety (90) days prior to the Commencement Date and continuing until the Commencement Date (the “**Early Access Period**”) for the purpose of installing, at Tenant’s sole cost and expense, Tenant’s furniture, fixtures, equipment, information technology systems, and other personal property, and for planning and permitting purposes, provided that, (i) prior to such entry of the Premises, Tenant shall provide evidence to Landlord that Tenant’s insurance, as described in Sections 11.1(a), (b), (c) and (d) below, is in effect as of the time of such entry and (ii) Tenant shall not interfere with Landlord or the general contractor performing Landlord’s Work. In the event that Tenant unreasonably interferes with Landlord or the general contractor in completing Landlord’s Work, and if Landlord notifies Tenant of any such interference and Tenant fails to remedy such interference within two (2) business days after receipt of such notice, then Landlord may revoke the permission granted to Tenant (or Tenant’s offending contractor, as applicable to the party causing such interference) under this Section 2.7 upon forty-eight (48) hours’ notice and Tenant shall cease its activities in the Premises (or the portion thereof causing such interference) until Landlord notifies Tenant that such activities may recommence without material interference with Landlord’s Work. Tenant acknowledges and agrees that any such entry into and occupancy of the Premises or any portion thereof during the period prior to the Commencement Date in accordance with this Section 2.7 by Tenant or any person or entity working for or on behalf of Tenant shall be deemed to be subject to all of the terms, covenants, conditions, and provisions of this Lease (including Tenant’s insurance obligations described above), excluding only the covenant to pay Rent (as hereinafter defined), until the occurrence of the Commencement Date. Tenant further acknowledges and agrees that except for the negligence or willful misconduct of Landlord, Landlord’s affiliates, and their respective agents, employees, representatives, contractors, invitees, and/or licensees (which, for the avoidance of doubt, shall not include Tenant or any Tenant Parties) (each, a “**Landlord Party**” and collectively “**Landlord Parties**”), Landlord shall not be liable for any loss or damage which may occur to any of Tenant’s work made in or about the Premises in connection with such entry or to any of Tenant’s property placed upon or installed therein prior to the Commencement Date, the same being at Tenant’s sole risk and liability.

2.8 Measurement of the Building. Upon Substantial Completion, Landlord shall have the Building measured by Landlord’s architect in accordance with [\*\*\*] at Landlord’s sole cost and expense, not to be treated as Operating Expenses. In the event the measurement taken indicates a Rentable Area of the Building less than [\*\*\*] rentable square feet, and such variance is greater than 4,320 rentable square feet, then the Parties shall enter into an amendment to this Lease reflecting the adjusted Rentable Area of the Building as set forth in this Lease and modifying, among other things, the Annual Rent; provided, however, if the Building is greater than [\*\*\*] rentable square feet, no changes shall be made to this Lease.

### 3. RENT.

3.1 Rent. Tenant agrees to pay to Landlord the Annual Rent in effect from time to time by paying the Monthly Installment of Rent then in effect on or before the first day of each full calendar month during the Term. The Monthly Installment of Rent in effect at any time shall be one-twelfth (1/12) of the Annual Rent in effect at such time. Rent for any period during the Term which is less than a full month shall be a prorated portion of the Monthly Installment of Rent based upon the number of days in such month. Annual Rent shall be paid to Landlord, without deduction or offset (except as otherwise set forth herein), and without notice or demand (except as otherwise set forth herein), as required by Section 3.3, or to such other person or at such other place as Landlord may from time to time designate in writing with thirty (30) days' prior written notice. Any amount expressly required to be paid by Tenant hereunder (other than Annual Rent and any Monthly Installment of Rent) shall be considered "**Additional Rent**" and payable in the same manner and upon the same terms and conditions as the Annual Rent and Monthly Installment of Rent reserved hereunder, except as set forth herein to the contrary. Annual Rent, Monthly Installment of Rent, and Additional Rent are sometimes referred to herein, collectively, as "**Rent**."

3.2 Late Charge and Default Rate. Tenant recognizes that late payment of any Rent or other sum due under this Lease will result in administrative expense to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if Rent or any other sum is not paid by the date due and payable pursuant to this Lease, and if such failure continues for more than ten (10) business days after notice to Tenant, then such unpaid amount shall bear interest from the due date thereof to the date of payment at the prime rate of interest, as reported in the Wall Street Journal (the "**Prime Rate**"), plus two percent (2%) per annum (the "**Default Rate**").

3.3 ACH Payment. Tenant shall make all payments due to Landlord under this Lease by utilizing the Automated Clearing House ("**ACH**"). Following the execution of this Lease, Landlord shall deliver to Tenant account information in the form attached as Exhibit L (as may be updated from time to time, the "**Account Information**"). Landlord shall notify Tenant in writing of any change to the Account Information last provided to Tenant (including any change in the Landlord entity or Landlord's bank account). Tenant shall have at least thirty (30) days to update its records after receipt of updated Account Information, and any payment made using the original Account Information prior to the date that is thirty (30) days after Tenant's receipt of updated Account Information shall not constitute a default or an Event of Default by Tenant under this Lease. Landlord's financial institution is, and shall, at all times during the Term, be a member of the National Automated Clearing House Association.

### 4. OPERATING EXPENSES.

4.1 Net Lease. It is intended that the Rent provided for in this Lease shall be a net return to Landlord for the Term of this Lease and any renewals or extensions thereof, free of any and all expenses or charges with respect to the Premises except for those obligations of Landlord expressly set forth herein.

4.2 Statement. Commencing as of the Commencement Date, Tenant shall pay to Landlord as Additional Rent, in each calendar year or partial calendar year during the Term of the Lease, an amount equal to the Operating Expenses (defined hereafter), for such calendar year (prorated for any partial year of the Term). Landlord shall estimate the amount of Operating Expenses annually, and written notice thereof shall be given to Tenant at least thirty (30) days prior to the beginning of each calendar year. Tenant shall pay to Landlord each month, at the same time the Monthly Installment of Rent is due, an amount equal to one-twelfth (1/12) of the estimated Operating Expenses for such calendar year. If Operating Expenses increase by a

material amount during a calendar year, Landlord may increase the estimated Operating Expenses for such year by giving Tenant written notice to that effect (but no more than once during each calendar year), and thereafter Tenant shall pay to Landlord, in each of the remaining months of such calendar year, an amount equal to the amount of such increase in the estimated Operating Expenses for such calendar year divided by the number of months remaining in such year. Within one hundred twenty (120) days after the end of each calendar year, Landlord shall prepare and deliver to Tenant a statement and reasonably detailed, supporting documentation showing the actual amount of Operating Expenses for such previous calendar year (each, a “**Statement**”). Within thirty (30) days after receipt of a Statement, Tenant shall pay to Landlord the full amount of the Operating Expenses for such calendar year, less the amounts paid during such calendar year as the estimated Operating Expenses. If any Statement reflects that Tenant has overpaid Operating Expenses for such calendar year, then Landlord shall either remit such overpayment to Tenant when such applicable Statement is delivered to Tenant or credit such overpayment toward the Additional Rent (and Landlord shall be consistent from year to year in terms of crediting or returning such amounts), next due and payable to Landlord under this Lease. After the expiration of the Term, however, any such amounts owed to Tenant shall be refunded to Tenant within thirty (30) days after Landlord’s accounting for the final calendar year, but in any event within one hundred twenty (120) days after the expiration thereof.

4.3 For the purpose of this Section 4, the following terms are defined as follows:

4.3.1 “**Taxes**”: shall mean real estate taxes and any other taxes, charges, and assessments and any commercial rental tax, gross receipts tax, margin tax, charges in connection with an improvement district or other similar charges or taxes which are paid by Landlord during a calendar year falling within the Term with respect to the Building or the Premises, or with respect to any improvements, fixtures, and equipment or other personal property of Tenant, located in the Building and used in connection with the operation of the Building and said Premises, by any authority having the power to so charge or tax. Notwithstanding anything contained in this Lease to the contrary, Taxes shall not include: any franchise, estate, inheritance, succession, capital stock, gift, or income tax; real estate or transfer tax imposed upon any transfer by Landlord of its interest in this Lease; capital stock tax, corporate, capital levy, or stamp; any business license tax or fee imposed upon Landlord which is generally applicable to all real estate related and non-real estate related business owners or operators in the city, county, or state in which the Premises is located; and/or any penalties or interest incurred for any late payment or nonpayment of Taxes by Landlord. If Taxes are permitted to be paid in installments, they shall, for purposes of this Lease, be deemed to be paid in installments over the longest period possible. If any such Taxes shall cover any period prior to the Commencement Date or after the expiration or earlier termination of this Lease, Tenant’s share of such Taxes shall be prorated to cover only that portion of the tax bill applicable to the period that the Lease is in effect.

4.3.1.1 Tax Assessment and Tax Appeal. Landlord shall notify Tenant, within ten (10) business days of Landlord’s receipt of written notice thereof, of any increases in the assessed value of the Building or Premises or any increases in Taxes attributable to the Building or Premises of which Landlord receives written notice. So long as Landlord has not filed a tax appeal application for the subject year, Tenant shall have the right to file a tax appeal application for such year. However, prior to filing any tax appeal application, Tenant shall present said application to Landlord for Landlord’s review and approval, such approval not to be unreasonably withheld, conditioned, and/or delayed, and to be given or withheld (with specific reasons given for such withholding), within ten (10) days after Tenant’s request. If Landlord does not respond within such ten (10) day period, Tenant may make another request for such approval which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days thereafter, Landlord shall be deemed to have approved Tenant’s request for consent. Tenant shall provide to Landlord copies of any and all appeals filed by Tenant, together with any decision, including

notices of reduction, refund, or rebates of Taxes. All reductions, refunds, or rebates of Taxes paid or payable by Tenant shall belong to Tenant whether as a consequence of a Tenant proceeding or otherwise. Notwithstanding Tenant's rights under this Section 4.3.1.1, Tenant must continue to pay all Operating Expenses to Landlord, in accordance with Section 4.2, during the period any tax appeal is outstanding.

4.3.2 “**Operating Expenses**”: shall mean only the following items if and to the extent same are direct and out-of-pocket expenses, costs, and amounts that Landlord pays during the Term in connection with the ownership, management, maintenance, repair, restoration, or operation of the Premises and the Building: (i) Taxes; (ii) premiums for insurance obtained by Landlord under Section 11.4 and Section 11.5 hereof, and all commercially reasonable deductibles (not to exceed [\*\*\*]); (iii) costs or expenses related to compliance with Regulations applicable to the Building, provided that, (A) Operating Expenses shall not include any costs and expenses occasioned by the breach of Landlord's warranty under clause (v) of Section 2.6.1, and (B) Operating Expenses attributable solely to the annual inspections and reporting required under the Additional Environmental Covenant shall not exceed a cap of [\*\*\*] per year, which cap shall increase by three percent (3%) on each anniversary of the Commencement Date; (iv) a management fee equal to [\*\*\*] per each full year of the Term, provided, however, such fee shall increase by [\*\*\*] on each anniversary of the Commencement Date; (v) costs and expenses that are incurred by Landlord for all portions of the Building and Premises pursuant to Landlord's obligations in Section 7.1, including, without limitation, the costs of any related maintenance and service contracts, and all reasonable costs and expenses for labor, materials, and supplies incidental thereto; and (vi) Permitted Capital Improvements.

4.3.2.1 Notwithstanding anything in this Lease to the contrary, Operating Expenses shall not include, and Tenant shall have no liability with respect to, and shall not have any obligation to pay, any amounts towards the following: (i) expenditures for capital improvements, with the exception of Permitted Capital Improvements (as used herein, “**Permitted Capital Improvements**” means the cost of any capital improvements made to the Premises by Landlord: (a) which are capital expenditures under generally accepted accounting principles (“**GAAP**”); and (b) are required by any new (or changes in) Regulations that are enacted after the Commencement Date (in each case, Landlord shall procure three (3) bids for any Permitted Capital Improvements, shall engage the contractor mutually approved by the Parties in their reasonable discretion, and the cost thereof shall be amortized over its useful life in accordance with GAAP with interest equal to the Prime Rate, and included in Operating Expenses for the calendar year in which the costs are incurred and subsequent years to the extent such useful life falls within the Term)); (ii) the Landlord's Work; (iii) the cost of repairs or other work occasioned by fire, windstorm or other insurable casualty or by the exercise of eminent domain; (iv) any expenditures for which Landlord is actually reimbursed from any source; (v) repairs, other work, costs or charges occasioned by the breach of any covenant, warranty, or representation made by Landlord under this Lease (including, without limitation, costs and expenses covered by Landlord's Work Warranty or the [\*\*\*] under Section 2.6), or to the extent arising from the negligence or willful misconduct of Landlord and/or any Landlord Party; (vi) expenses related to the creation and operation of Landlord as an entity to the extent they do not relate to the operation, ownership and maintenance of the Premises; (vii) any costs, fines or penalties due to any failure by Landlord to remit timely payments and/or violation by Landlord of any Regulations, which were not caused or due to the actions of Tenant; (viii) profit increment paid to subsidiaries or affiliates of Landlord for services on or to Premises, to the extent that the costs of such services exceed competitive costs of such services were they not so rendered by a subsidiary or affiliate; (ix) any advertising and promotional expenditures; (x) costs and expenses incurred in connection with repairs for any Major Latent Structural Defect pursuant to Section 2.6.3 and/or arising from the remediation or presence of Hazardous Substances in, on, under or about the Premises, either (A) existing as of the Commencement Date or (B) caused to exist by Landlord and/or any Landlord Party, provided such costs are not the result of any negligence or

willful misconduct of Tenant and/or any Tenant Party; (xi) deductions for depreciation and reserves for future expenditures; (xii) any costs related to a property assessed clean energy program (PACE) or similar program; (xiii) the cost of compliance, and/or reporting, with respect to Sustainability Practices (defined hereafter); (xiv) any installation of the Solar System, and/or any similar system and/or products, unless expressly requested by Tenant in writing; and (xv) any costs which would otherwise be deemed Operating Expenses to the extent such expenses are incurred with respect to both the Premises and any other properties adjoining the Premises, in which event Landlord may only charge to Tenant the pro-rata share of the Premises based on the total rentable square feet of the Premises relative to sum of the total square feet of all such additional property and the Premises (“**Proportionate Share**”).

4.4 **Incentives.** Tenant acknowledges that Landlord may pursue and apply for certain tax and economic incentives from State and local governmental agencies and various other entities. Tenant agrees to reasonably cooperate, at no cost or expense to Tenant, with Landlord in the pursuit of and application for any such tax and economic incentives; provided, however, that any net benefit (after deducting Landlord’s reasonable, out-of-pocket attorney’s fees incurred in procuring same, if any) from such incentives (including any reduction in the cost of the real property comprising a portion of the Premises), shall inure solely to Tenant’s benefit pursuant to this Lease. Furthermore, upon request, Landlord shall reasonably cooperate with Tenant, at no cost or expense to Landlord, with respect to Tenant’s procuring any and all such similar incentives benefitting Tenant.

4.5 **Audit.** Tenant may review, at Tenant’s sole cost and expense, the books and records supporting the Operating Expenses and/or other expenses charged to Tenant in an office of Landlord, or Landlord’s agent, during normal business hours (but, at Tenant’s option, Landlord shall provide all such information in electronic format in lieu of an in-person visit), upon giving Landlord at least five (5) days’ advance written notice (the “**Audit Notice**”) within one hundred eighty (180) days following the furnishing to Tenant of the Statement (the “**Review Period**”), but in no event more often than once in any one (1) year period (a “**Tenant Audit**”). Tenant’s right to conduct any Tenant Audit shall be conditioned upon the following: (i) if Tenant utilizes an independent accountant to perform the Tenant Audit, the accountant shall be one of national or regional standing and not compensated on a contingency basis and who is reasonably acceptable to Landlord; (ii) the Tenant Audit shall be commenced no later than the end of the Review Period and completed within thirty (30) days after the end of the Review Period (the “**Review Deadline**”); and (iii) Landlord and Tenant shall execute a mutually acceptable confidentiality agreement. If the Tenant Audit determines that the most recent Statement overstated any charge, then Tenant shall deliver such audit report to Landlord on or before the Review Deadline, and if the report is timely delivered and identifies an overcharge, then, unless Landlord disputes the report in good faith based on manifest error, Landlord shall refund same to Tenant within thirty (30) days thereafter. Furthermore, if the report identifies an overcharge by an amount in excess of five percent (5%) over the actual amount, Landlord shall, within thirty (30) days of Tenant’s written demand (accompanied by invoices and documentation of the Tenant Audit), pay the direct, reasonable, and out-of-pocket costs incurred by Tenant relative to such Tenant Audit (but in no event to exceed [\*\*\*]).

4.6 **Outside Date for Invoices.** Notwithstanding anything in this Lease to the contrary, neither Party shall have any obligation to pay any charge to other if the receiving Party has not received a reasonably detailed invoice relating to such charge within twenty-four (24) months from the date the same was incurred.

5. [INTENTIONALLY DELETED]

6. ALTERATIONS.

6.1 Except as otherwise provided in this Lease, Tenant shall not make or cause to be made any alterations, additions or improvements in, on, or to the Premises (other than Permitted Alterations (defined below)), whether structural or nonstructural (collectively, “Alterations”), without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, and to be given or withheld (with specific reasons given for such withholding) within ten (10) days after Tenant’s written request. If Landlord does not respond within such ten (10) day period, Tenant may make another request in writing for such approval, which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days thereafter, Landlord shall be deemed to have approved Tenant’s request for consent. When requesting such consent, Tenant shall furnish to Landlord complete plans and specifications for any Alterations requiring a permit. At the time of providing consent to any Alterations, Landlord shall advise Tenant in writing as to whether such Alterations will need to be removed at the end of the Term. If Landlord so requires that Tenant remove Alterations requiring Landlord’s consent, then Landlord shall sign and provide a side letter agreement amending this Lease in the form attached hereto as **Exhibit Q** as part of Landlord’s consent response, absent which Tenant shall have the right to abandon and/or remove such Alterations as Tenant desires.

6.2 **Permitted Alterations.** Notwithstanding anything contained in this Lease to the contrary, Landlord’s consent shall not be required with respect to Alterations which (i) are not structural in nature, (ii) do not affect the outside appearance of the Building, (iii) do not affect or require modification of the Building’s main electrical, mechanical, plumbing, HVAC or other systems (including the [\*\*\*]), and (iv) each particular requested Alterations do not cost more than [\*\*\*] in the aggregate (“Permitted Alterations”). Tenant may, at any time during the Term, including prior to, or after, completing any Permitted Alterations, request in writing of Landlord the right to abandon or remove same (as Tenant so desires) at the end of the Term. Landlord shall have thirty (30) business days after receipt of Tenant’s request to advise whether Tenant’s desire to remove or abandon, as the case may be, any referenced Permitted Alterations is acceptable, absent which Tenant shall have the right to abandon and/or remove same as Tenant so desires at the end of the Term.

6.3 **Roof Alterations.** Except as provided in this Section 6 and/or Section 7.6, under no circumstances shall Tenant be permitted to perform or cause to be performed any Alterations to, penetrations of, or installations upon the roof of the Building (“Roof Alterations”), without first procuring Landlord’s prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed, and which shall be given or withheld (with specific reasons given for same) within ten (10) days after Tenant’s written request. If Landlord does not respond within such ten (10) day period, Tenant may make another request in writing for such approval, which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days thereafter, Landlord shall be deemed to have approved Tenant’s request for consent. All approved and/or deemed approved Roof Alterations shall be performed by Tenant so as to not violate any roof warranty.

6.4 **Capping Alterations.** Except as provided in this Section 6, under no circumstances shall Tenant be permitted to perform or cause to be performed any penetrations of the slab of the Building or the landscaped or paved areas outside of the Building (“Capping Alterations”), without first procuring Landlord’s prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Landlord will further provide or reasonably withhold such consent (with specific reasons given for same) within ten (10) days after Tenant’s written request. If Landlord does not respond within such ten (10) day period, Tenant may make another

request in writing for such consent, which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days thereafter, Landlord shall be deemed to have approved Tenant's request for consent. Except as otherwise set forth in this Lease, upon completion of any Alterations, including any Permitted Alterations, Roof Alterations, and Capping Alterations, all such items shall be deemed to the property of the Landlord.

6.5 Solar System. Tenant reserves the right, at Tenant's sole cost and expense, to request that Landlord install solar panels and related equipment (collectively, the "**Solar System**") on the roof and/or exterior walls of the Building. Any such request shall be subject to Landlord's prior written consent, which shall be governed by the same consent standards and deemed consent provisions set forth in the immediately preceding paragraph. Since installation of a Solar System by Landlord will require agreement on additional terms and provisions not contemplated by this Lease (e.g., contractor selection, oversight costs, regulatory, permitting, roof warranty, incentives, maintenance and electrical distribution issues), Landlord and Tenant shall negotiate in good faith to agree upon such additional terms and conditions in connection with the approval process for such Solar System.

6.6 Contractor; Review Fees. In the event Landlord's consent is required for an Alteration and Landlord consents to the Alteration, the same shall be made by Tenant using either Landlord's contractor or a contractor reasonably approved by Landlord, which approval shall not be unreasonably withheld, conditioned, and/or delayed, and to be given or withheld (with specific reasons given for such withholding) within ten (10) days after Tenant's request. If Landlord does not respond within such ten (10) day period, Tenant may make another request in writing for such approval, which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days thereafter, Landlord shall be deemed to have approved Tenant's request for consent. Unless otherwise agreed upon by Landlord and Tenant in a separate agreement, under which Landlord, at Tenant's request, manages or supervises the Tenant's Work or Alterations, Landlord shall not charge Tenant any review or supervisory fees in connection with Tenant's Work and/or Alterations; however, with respect to any Alterations requiring Landlord's consent, Tenant shall reimburse Landlord for any actual, reasonable, and out-of-pocket fees incurred by Landlord to review any impact on the structure of the Building.

6.7 Compliance with Regulations. All Alterations shall be constructed in accordance with all Regulations. As a condition precedent to commencing any Alterations, Tenant shall require its contractor to maintain: (a) commercial general liability insurance with a limit of not less than \$1,000,000 per occurrence and not less than \$2,000,000 in the aggregate on an annual basis, covering bodily injury and property damage liability; (b) Business Auto Liability covering owned, leased, hired, and non-owned vehicles used by or on behalf of contractor with a limit of not less than \$1,000,000 per accident; and (c) Worker's Compensation Insurance with limits as required by statute. All such insurance shall name Landlord as an additional insured thereunder.

## 7. REPAIR.

### 7.1 Landlord's Obligations.

7.1.1 Throughout the Term, Landlord shall be responsible for the items designated as a Landlord responsibility on the matrix attached hereto as **Exhibit S** (the "**OPEX Matrix**"). In the event of any conflict between this Lease and the OPEX Matrix, this Lease shall control and prevail in all instances. Subject to Section 4.3.2.1 and clause (iii)(B) of Section 4.3.2, the cost of any item set forth in the OPEX Matrix shall be included in Operating Expenses in the calendar year in which such costs were paid; however, the cost of any item in the OPEX Matrix designated with an "X" shall be amortized over the useful life of such replacement item, as

determined in accordance with GAAP, with no interest, and only the amortized portion of such cost shall be included in Operating Expenses each year during the Term.

7.1.2 All repair and maintenance made by Landlord shall utilize materials and equipment that are substantially equal in quality and usefulness to those originally used in constructing the Premises. Tenant shall notify Landlord of any maintenance, repairs or replacements to be undertaken by Landlord as set forth in this Section 7.1, and Landlord agrees to undertake same in a commercially reasonable manner and within thirty (30) days thereafter, or immediately in the event of an Emergency (defined hereafter) or apparent Emergency. Tenant hereby agrees that the [\*\*\*] shall at all times under this Lease be deemed to be the personal property of Landlord. Notwithstanding the immediately preceding sentence, after the expiration of the Landlord's Work Warranty Period and [\*\*\*] and upon the successful repair and/or replacement of all [\*\*\*] requiring repair during the Landlord's Work Warranty Period and [\*\*\*], Tenant shall be solely responsible at all times thereafter during the Term of this Lease, at Tenant's sole cost and expense, for the maintenance of the [\*\*\*], including obtaining and maintaining physical damage insurance with respect to the [\*\*\*], covering "all risks" of physical loss or damage, for the full replacement cost value as new without deduction for depreciation; provided, however, nothing herein shall limit Tenant's obligation to enter into Maintenance Contracts (as defined below) in accordance with Section 7.7. Following the expiration of the Landlord's Work Warranty Period, Landlord shall cause all contractor's warranties relating to the Landlord's Work to be assigned (to the extent assignable) to Tenant on a non-exclusive basis with Landlord, with Landlord retaining the right to enforce such warranties (i) to the extent any maintenance, repair, or replacement covered by a warranty is the Landlord's obligation under this Lease, or (ii) to the extent any such maintenance, repair, or replacement is Tenant's obligation under this Lease and Tenant fails to perform such obligation.

## 7.2 Tenant's Obligations.

7.2.1 Subject to the rest of this Lease, including Sections 2.4, 2.6, and 7.1, Tenant, at its sole cost and expense and throughout the Term, shall be responsible for all maintenance, repairs and replacements with respect to the Premises, including, without limitation, the items designated as a Tenant responsibility on the OPEX Matrix. Tenant shall promptly undertake all such maintenance, repairs and replacements necessary to keep and maintain such items in good working order, repair, and condition, and shall keep the Premises free of accumulation of dirt and rubbish. All repairs, replacements, and maintenance made by Tenant shall utilize materials and equipment that are substantially equal in quality and usefulness to those originally used in constructing the Premises.

7.2.2 Landlord shall have the right, not more than quarterly (provided there is no Event of Default), at its sole cost and expense (which shall not be treated as Operating Expenses), and upon five (5) business days' prior notice to Tenant and during Tenant's normal business hours (except in the event of an Emergency), to conduct routine inspections of Building systems to ensure that such critical systems are being maintained in accordance with the terms and conditions herein. Such inspections may include, without limitation, (A) [\*\*\*], (B) [\*\*\*] for proper use and maintenance, and (C) the slab and other structural elements for signs of distress or corrosion; provided, however, that the foregoing exclusion of costs associated with inspections of the [\*\*\*] shall apply only so long as Tenant provides Landlord, in addition to a copy of the applicable [\*\*\*], copies of Tenant's inspection reports, repair and maintenance records, and other documentation related to Tenant's obligation to repair and maintain the [\*\*\*] in accordance with the terms hereof. Landlord shall coordinate all such inspections with Tenant and promptly provide Tenant with a copy of any reports and inspections. Within thirty (30) days of written notice from Landlord, Tenant shall make, or diligently pursue to completion, all maintenance, repairs and replacements it is required to make pursuant to this Section 7.2 and which it is reasonably instructed to make pursuant to Landlord's notice. In the event Tenant fails to perform

its obligations under this Section, and such failure rises to the level of an Event of Default, Landlord may complete such obligations on Tenant's behalf and recover the direct, out-of-pocket, and reasonable costs and expenses of said performance from Tenant upon demand, plus an administrative fee equal to five percent (5%) of all such costs incurred by Landlord in performing Tenant's obligations. Any such amounts shall be considered Additional Rent hereunder.

7.2.3 Subject to the Landlord's Work Warranty and Landlord's [\*\*\*], Tenant shall operate and maintain the [\*\*\*] in accordance with Section 7.7, in compliance with the [\*\*\*] protection plan, and in a manner consistent with the operation and maintenance of [\*\*\*] in the [\*\*\*]. Any modifications to the [\*\*\*] shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned, or delayed and shall be granted or denied within ten (10) days after Tenant's written request. If Landlord does not respond within such ten (10) day period, Tenant may make another request for such approval, which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days following Landlord's receipt of the notice, Landlord shall be deemed to have approved Tenant's request for consent.

7.2.4 Subject to the remainder of this Lease, including Landlord's Work Warranty and Landlord's [\*\*\*], from and after the Commencement Date, Tenant shall be solely responsible for any and all loss, claims, liability, or costs (including court costs and attorney's fees) arising from or relating to (1) the lack of proper maintenance or inspections of the [\*\*\*] (to the extent said maintenance or inspections are Tenant's responsibility hereunder), (2) the closure of (or failure to close) any recommendations in any process hazard analysis report or third-party compliance audit, (3) any changes made by Tenant or a Tenant Party to the [\*\*\*] that fail to adhere to the manufacturer's management of change procedure, or (4) the failure to follow a system restart plan either designated by the manufacturer of the [\*\*\*] or approved by Landlord after the [\*\*\*] has been shut down for maintenance, modifications, or a power outage.

7.2.5 Subject to the remainder of this Lease, including Landlord's Work Warranty and Landlord's [\*\*\*], if Tenant fails to operate and maintain the [\*\*\*] in accordance with the requirements of this Section 7.2, Landlord may send written notice to Tenant describing such failure and the actions required of Tenant to maintain compliance with such requirements. If Tenant fails to take such actions within a reasonable period of time and, in any event, if Tenant does not commence taking such actions within thirty (30) days after receipt of Landlord's notice and continue to prosecute such actions with diligence, Landlord shall have the right to take over the management and operation of the [\*\*\*] from Tenant and the direct, reasonable, and out-of-pocket costs thereof shall be payable by Tenant as Additional Rent hereunder.

7.3 Without limiting the generality of Section 7.2, Tenant shall, as part of its obligations hereunder: (i) keep the interior of the Building in compliance with all Regulations (including all fire and life safety codes); (ii) ensure that Tenant conducts its business operations in or on the exterior of the Building in compliance with all Regulations; and (iii) at all times comply with the [\*\*\*] set forth in Exhibit H attached hereto.

7.4 Intentionally Deleted.

7.5 Common Access Roads. Landlord and Tenant acknowledge and agree that Landlord's affiliate owns the property adjacent to the Premises described on Exhibit N attached hereto ("Adjacent Premises"). Between the Premises and the Adjacent Premises, and servicing both properties to the public roadway(s), will be one or more access roads which are constructed, and/or which Landlord shall construct, as part of the Landlord's Work ("**Common Access Roads**"). The Parties agree that concurrently with the execution of this Lease, Landlord shall

enter into a cross-access agreement substantially in the form attached hereto as **Exhibit R** (the “**Access Easement**”).

7.6 **Tenant’s Self-Help Right.** In the event Landlord fails to perform its obligations and commence any curative action with respect to repairs or replacements which it is required to make hereunder within thirty (30) days after delivery by Tenant of a written notice (or immediately in the event of an Emergency) to Landlord specifying such failure and/or fails to diligently prosecute same to completion, then Tenant may deliver a second written notice to Landlord specifying such failure and stating that if Landlord fails to provide a substantive response or commence any action with respect to such required repairs or replacements within seven (7) business days (or two (2) business days in the event of an Emergency) of the second written notice, Tenant may avail itself of self-help rights. If Tenant delivers a second written notice to Landlord as provided above and Landlord fails to provide a substantive response or commence a curative action and/or diligently prosecute same to completion within such seven (7) business day period, then, Landlord shall, at the option of Tenant, either promptly (but in no event later than thirty (30) days after delivery by Tenant of an invoice for such expenses) reimburse Tenant for the reasonable and actual cost and expense thereof absent which Tenant shall have the right to deduct such cost and expense from up to (but not in excess of) twenty-five percent (25%) of the Monthly Installment of Rent reserved hereunder until such cost and expense is fully recouped by Tenant; provided, however, that in such event Tenant agrees to make reasonable effort to inform Landlord before proceeding with such repairs or replacements. Tenant shall promptly provide to Landlord invoices or other documentation evidencing such cost and expenses upon Landlord’s request therefor. “**Emergency**” means there is a situation or circumstance where there is an imminent, material threat of harm, damage, or loss to property or persons.

7.7 **Maintenance Contracts.** Notwithstanding anything contained herein to the contrary, on the Commencement Date, Tenant shall, at its own cost and expense, enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor reasonably approved by Landlord for servicing (i) all HVAC systems and equipment, and (ii) the [\*\*\*] serving the Premises (collectively, the “**Maintenance Contracts**”). Landlord’s approval of the Maintenance Contracts shall not be unreasonably withheld, conditioned, and/or delayed and shall be given within ten (10) days after Tenant’s written request. If Landlord does not respond within such ten (10) day period, Tenant may make another request in writing for such approval, which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second notice within two (2) business days, Landlord shall be deemed to have approved Tenant’s request for consent. Each Maintenance Contract must include all services suggested by the applicable equipment manufacturer in the operation/maintenance manual, and with respect to the [\*\*\*], as required by applicable law. In the event that Tenant fails to enter into the required Maintenance Contracts, and such failure rises to the level of an Event of Default, Landlord may enter into such Maintenance Contracts on behalf of Tenant or perform the work they would cover, and in either case, recover the direct, out-of-pocket, and reasonable costs and expenses of said performance from Tenant upon demand, plus an administrative fee equal to five percent (5%) of all such costs incurred by Landlord in performing Tenant’s obligations. Any such amounts shall be considered Additional Rent hereunder.

8. **LIENS.** Other than the Landlord’s Work (for which Landlord shall solely be responsible) and the installation of the Solar System, if applicable (for which Tenant shall pay for as set forth herein), Tenant shall keep the Premises, including the Building, and Tenant’s leasehold interest in the Premises free from any liens arising out of any services, work, or materials performed, furnished, or contracted for by Tenant or any Tenant Party. In the event that Tenant fails, within thirty (30) days following the date that Tenant receives notice of the imposition of any such lien, to (i) cause the same to be released of record or bonded over in accordance with the [\*\*\*], (ii) provide Landlord with insurance against the same issued by a major title insurance company, or

(iii) provide such other reasonable protection against the same taking into consideration the amount and nature of the lien (such failure to constitute an Event of Default), then Landlord shall have the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such direct, reasonable, and out-of-pocket sums paid by Landlord and all direct, reasonable, and out-of-pocket expenses incurred by it in connection therewith shall be payable to it by Tenant within thirty (30) days of Landlord's demand.

## 9. ASSIGNMENT AND SUBLETTING.

9.1 Consent. Except for Permitted Transfers (defined hereafter), Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer, or permit such assignment, subleasing, or occupancy without the prior written consent of Landlord (such consent not to be unreasonably withheld, conditioned, and/or delayed). In the event Tenant desires to sublet, or permit such occupancy of, the Premises, or any portion thereof, or assign this Lease, and if the same is not a Permitted Transfer, Tenant shall give written notice thereof to Landlord at least thirty (30) days prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the material terms of any sublease or assignment (including, without limitation, any consideration paid in connection therewith), the nature and character of the business proposed, evidence that the proposed assignee/subtenant is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and the United States, and copies of financial reports and other relevant financial information of the proposed subtenant or assignee. Within ten (10) days after submission to Landlord of all of the items required under this Section 9.1, Landlord's consent to a sublease shall be given or withheld (with specific reasons given for such withholding). If Landlord does not respond to such request for consent to a sublease within such ten (10) day period, Tenant may make another request for such consent, which shall be granted or withheld in accordance with the foregoing sentence. If Landlord does not respond to the second written notice within two (2) business days following Landlord's receipt of the notice, then Landlord shall be deemed to have approved Tenant's request for consent to such sublease.

9.2 Continued Liability; Rent Collection. Tenant shall at all times remain directly, primarily, and fully responsible and liable for the payment of the Rent specified in this Lease and for compliance with all of its other obligations under the terms, provisions, and covenants of this Lease; however, notwithstanding anything in this Lease to the contrary, such liability shall continue only to the extent Tenant's obligations exist as of the date of the assignment and not with respect to an expansion of such obligations (by way of example and not limitation, if there is an amendment to this Lease extending the Term other than pursuant to a renewal option set forth in this Lease as of the date of the assignment, Tenant shall not remain liable for obligations during that renewal period). Upon the occurrence of an Event of Default, if the Premises or any part of them are then assigned or sublet, Landlord, in addition to any other remedies provided in this Lease or provided by law, may, at its option, collect directly from such assignee or subtenant all Rents due and becoming due to Tenant under such assignment or sublease and apply such Rent against any sums due to Landlord from Tenant under this Lease, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease.

9.3 Approved Users. Notwithstanding anything in this Section 9 to the contrary, Tenant shall be permitted from time to time to permit its clients, consultants, and service providers ([\*\*\*) (collectively, "**Approved Users**"), and employees, officers, and directors of any Affiliated Party (defined hereafter), to use or occupy space within the Premises while engaged in business with and/or for Tenant. Tenant's granting of permission to the Approved

Users as set forth in this Section 9.3 shall not be deemed a sublease or other transfer of Tenant's rights herein, nor shall same subject Tenant to any obligations related to any such transfer as set forth herein.

9.4 Net Profits. Except in connection with a Permitted Transfer, in the event that Tenant sells, sublets, assigns or transfers this Lease, Tenant shall pay to Landlord as Additional Rent an amount equal to [\*\*\*] of any Increased Rent (as defined below), after first deducting the Costs Component (as defined below), within thirty (30) days after such Increased Rent is received by Tenant. As used in this Section 9.4, "**Increased Rent**" means the excess of (i) all Rent and other consideration which Tenant receives directly related to and solely as a result of any sale, sublease, assignment, or other transfer of this Lease, over (ii) the Rent otherwise payable by Tenant under this Lease at such time. For purposes of the foregoing, any consideration received by Tenant in form other than cash solely with respect to this Lease, the Premises, and/or Tenant's personal property located in the Premises shall be valued at its fair market value as reasonably determined by Tenant in good faith. The "**Costs Component**" means the out-of-pocket costs incurred by Tenant in connection with any such subletting or assignment including, without limitation, reasonable attorneys' fees, brokerage commissions, free rent, and other concessions given to the transferee or otherwise paid in connection with such transaction. For the avoidance of doubt, amounts attributable to business goodwill, the sale of the business, stock, or assets of Tenant, and/or any consideration not directly tied to the leasehold transaction shall not be included in the calculation of Increased Rent.

9.5 Withholding of Consent. Notwithstanding any other provision hereof, it shall be considered reasonable for Landlord to withhold its consent to any assignment of this Lease or sublease of any portion of the Premises if: (a) at the time of either Tenant's notice of the proposed assignment or sublease or the proposed commencement date thereof, there shall exist any Event of Default or any uncured default of Tenant for which Landlord has given written notice of default to Tenant; or (b) the proposed assignee or sublessee is an entity: (i) with which Landlord is already in negotiation for lease of the Adjacent Premises; (ii) that is a governmental agency; (iii) with which the payment for the sublease or assignment is determined in whole or in part based upon its net income or profits; (iv) that would subject the Premises to a use which would: (1) involve materially and atypically increased personnel or wear upon the Building; (2) violate any Regulations; (3) require any addition to or modification of the structure of the Building in order to comply with any Regulations; or (4) involve a violation of Section 1.1 or not be a Permitted Use hereunder; or (v) in the case of a proposed assignment, the proposed assignee does not have a demonstrated tangible net worth equal to or greater than that of Tenant as of the Lease Reference Date, and in the case of a proposed sublease, the proposed subtenant does not have a demonstrated creditworthiness sufficient to fully comply with its obligations under the sublease.

9.6 Assignment/Subletting Fee. Upon any request to assign or sublet, other than in connection with a Permitted Transfer, Tenant will pay to Landlord the Assignment/Subletting Fee within thirty (30) days following receipt from Landlord of an invoice with reasonably detailed out-of-pocket costs, including reasonable attorneys' fees, not to exceed \$5,000.00 in the aggregate, regardless of whether Landlord shall consent to, or refuse consent for such assignment, pledge, or sublease. Any purported sale, assignment, mortgage, transfer of this Lease, or subletting which does not comply with the provisions of this Section 9 shall be void.

9.7 Permitted Transfer. So long as Tenant is not entering into the Permitted Transfer as a subterfuge and for the purpose of avoiding or otherwise circumventing the remaining terms of this Section 9, Tenant may assign its entire interest under this Lease, or sublease all or any portion of the Premises without the consent of Landlord, to (a) an affiliate, subsidiary, or parent of Tenant, or a corporation, partnership, or other legal entity wholly owned by Tenant (collectively, an "**Affiliated Party**"), or (b) a successor to Tenant by purchase (of assets and/or

equity), merger, consolidation, or reorganization, provided that all of the following conditions are satisfied (each such transfer a “**Permitted Transfer**” and any such assignee or sublessee of a Permitted Transfer, a “**Permitted Transferee**”): (i) there is not then any Event of Default (or, if there is an Event of Default, Tenant must first cure same); (ii) the Permitted Transferee’s use will be a Permitted Use; (iii) to the extent not prohibited by law, Tenant shall give Landlord written notice at least ten (10) business days prior to the effective date of the proposed Permitted Transfer; (iv) with respect to a proposed Permitted Transfer which constitutes an assignment to an Affiliated Party as described in clause (a) above or to a successor to Tenant by purchase (of assets and/or equity), merger, consolidation, or reorganization as described in clause (b) above, Tenant or the Affiliated Party then has a demonstrated tangible net worth equal to or greater than Tenant’s tangible net worth at the Lease Reference Date; and (v) Tenant shall provide Landlord with a fully executed copy of an assignment and assumption agreement. As used herein, (1) “**parent**” shall mean a company which owns a majority of Tenant’s voting equity or otherwise controls the direction of the management of Tenant; (2) “**subsidiary**” shall mean an entity wholly owned by Tenant or at least fifty percent (50%) of whose voting equity is owned by Tenant; and (3) “**affiliate**” shall mean an entity controlled by, controlling, or under common control with Tenant. For the purposes of this Lease, “**net worth**” shall mean, with respect to any entity as of any applicable date of determination, an amount equal to the aggregate of (X) the total tangible assets of such entity determined in accordance with GAAP, less (Y) the total liabilities of such entity determined in accordance with GAAP.

## 10. INDEMNIFICATION.

10.1 Except to the extent same is due to the negligence or willful misconduct of Landlord and/or any other Landlord Party, and except and until the event of a final judicial determination that the same is due to the negligence or willful misconduct of Landlord and/or any Landlord Parties (or until the time of Landlord’s settlement and/or the settlement by any Landlord Party who is controlled by, under common control with, or otherwise affiliated with, Landlord, of such claim), and subject to the terms of Sections 10.3, 10.4 and 12, Landlord and the Landlord Parties shall not be liable and Tenant hereby waives all claims against them for any damage to any property in or about the Premises or the Building by or from any cause whatsoever (including, without limiting, the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition or repair, gas, fire, oil, electricity or theft).

10.2 **TENANT SHALL PROTECT, DEFEND, INDEMNIFY AND HOLD LANDLORD AND LANDLORD PARTIES HARMLESS FROM AND AGAINST ANY DIRECT, OUT-OF-POCKET THIRD PARTY LOSS, THIRD-PARTY CLAIMS, LIABILITY OR COSTS (INCLUDING COURT COSTS AND REASONABLE ATTORNEY’S FEES) INCURRED BY REASON OF (A) ANY DAMAGE TO TENANT’S OR ANY THIRD PARTY’S PROPERTY OR ANY INJURY (INCLUDING BUT NOT LIMITED TO DEATH) TO ANY PERSON (A “CLAIM”) OCCURRING IN, ON OR ABOUT THE PREMISES OR THE BUILDING TO THE EXTENT THAT SUCH INJURY OR DAMAGE SHALL BE CAUSED BY OR ARISES FROM ANY ACTUAL OR ALLEGED ACT, NEGLIGENCE, FAULT OR OMISSION BY OR OF TENANT, TENANT’S MEMBERS AND THEIR RESPECTIVE AFFILIATES, OWNERS, PARTNERS, MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY, THE “TENANT ENTITIES” OR INDIVIDUALLY, A “TENANT ENTITY”) IN WHICH SUCH TENANT OR TENANT ENTITY BREACHED ANY LEGAL DUTY WITH RESPECT TO OR WAS THE PROXIMATE CAUSE OF THE INJURY OR DAMAGE; (B) THE NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY WORK OR THING WHATSOEVER DONE BY THE TENANT IN OR ABOUT THE PREMISES; (C) TENANT’S ACTUAL OR ASSERTED FAILURE TO COMPLY WITH ANY AND ALL REGULATIONS APPLICABLE TO THE CONDITION OR USE**

OF THE PREMISES OR ITS OCCUPANCY FOR WHICH TENANT IS EXPRESSLY BOUND TO COMPLY HEREIN; (D) ANY EVENT OF DEFAULT PURSUANT TO THIS LEASE; OR (E) [\*\*\*]. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE WITH RESPECT TO ANY CLAIMS OR LIABILITY ACCRUING PRIOR TO SUCH TERMINATION OR EXPIRATION FOR A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS, EXCEPT FOR CLAIMS OF PERSONAL INJURY, WHICH SHALL SURVIVE FOR THE APPLICABLE STATUTE OF LIMITATIONS. NOTWITHSTANDING ANYTHING CONTAINED IN THE FOREGOING, THIS SECTION 10.2 IS EXPRESSLY SUBJECT TO THE TERMS OF SECTIONS 11 and 12.

10.3 NOTWITHSTANDING SECTION 10.2, LANDLORD SHALL PROTECT, DEFEND, INDEMNIFY AND HOLD TENANT AND THE TENANT ENTITIES HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS INCURRED BY REASON OF (A) THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD AND/OR ANY OTHER LANDLORD PARTY, (B) ANY LANDLORD DEFAULT (DEFINED HEREAFTER), OR (C) ANY INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO ANY THIRD-PARTY PROPERTY OCCURRING IN, ON, OR ABOUT THE PREMISES AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD AND/OR ANY OTHER LANDLORD PARTY. NOTHING CONTAINED IN THIS SECTION 10.3 SHALL LIMIT THE LIABILITY OF LANDLORD FOR ANY CLAIM APPORTIONED TO LANDLORD PURSUANT TO SECTION 10.2. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE WITH RESPECT TO ANY CLAIMS OR LIABILITY ACCRUING PRIOR TO SUCH TERMINATION OR EXPIRATION FOR A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS, EXCEPT FOR CLAIMS OF PERSONAL INJURY, WHICH SHALL SURVIVE FOR THE APPLICABLE STATUTE OF LIMITATIONS.

10.4 IN THE EVENT ANY CLAIM FOR WHICH TENANT IS RESPONSIBLE IN THIS LEASE, INCLUDING SECTIONS 10.2 AND/OR 10.3, AND WHICH IS ALLEGEDLY PARTIALLY CAUSED BY THE NEGLIGENCE OF LANDLORD OR ANY LANDLORD PARTY, TENANT SHALL, AT TENANT'S COST, DEFEND SUCH CLAIM ON BEHALF OF LANDLORD AND SUCH LANDLORD PARTY, PROVIDED THAT, IF LANDLORD OR ANY LANDLORD PARTY IS FOUND BY A COURT OF COMPETENT JURISDICTION IN A FINAL JUDGMENT TO BE (OR IF LANDLORD AND/OR ANY LANDLORD PARTY WHO IS CONTROLLED BY, UNDER COMMON CONTROL WITH, OR OTHERWISE AFFILIATED WITH, LANDLORD, AGREES IN WRITING TO HAVE BEEN PARTIALLY NEGLIGENT AND/OR AGREES TO SETTLE THE MATTER WITHOUT ADMITTING PARTIAL NEGLIGENCE), THEN LANDLORD SHALL BE RESPONSIBLE FOR PAYING (OR CAUSING THE APPLICABLE LANDLORD PARTY TO PAY) A PERCENTAGE OF BOTH THE APPLICABLE DAMAGE AWARD AND THE ACTUAL COSTS INCURRED BY TENANT TO DEFEND SUCH CLAIM, WHERE SUCH PERCENTAGE IS EQUAL TO THE PERCENTAGE THAT LANDLORD'S AND/OR ANY OTHER LANDLORD PARTY'S NEGLIGENCE CONTRIBUTED TO SUCH DAMAGE AWARD AS DETERMINED BY SUCH COURT OR AS OTHERWISE AGREED IN WRITING BY THE PARTIES (OR AS A PERCENTAGE OF ANY SETTLEMENT AMOUNT FOR WHICH LANDLORD (AND ANY OTHER LANDLORD PARTY) IS (COLLECTIVELY) RESPONSIBLE TO PAY RELATIVE TO THE TOTAL SETTLEMENT).

## 11. INSURANCE.

11.1 Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect Tenant as the primary insured Party and Landlord and any additional parties as reasonably requested by Landlord, including Landlord's investment manager, property manager and any mortgagee, as additional insureds, as their interests may appear with respect to any accident occurring in or upon the Premises with a limit of not less than \$1,000,000.00 per occurrence and not less than \$2,000,000.00 in the aggregate on an annual basis, covering bodily injury and property damage liability and \$2,000,000 products/completed operations aggregate, and \$1,000,000.00 personal injury and advertising injury liability, and including Premises/Operations liability, Products/Completed Operations Liability, Contractual Liability, and Broad Form Property Damage Liability, and, if Tenant seeks to use the Premises for manufacturing or storage of Hazardous Substances, an Exception to a Pollution Exclusion for Bodily Injury or Property Damage Liability from a hostile fire; (b) Business Auto Liability covering owned, leased, hired, and non-owned vehicles used by or on behalf of Tenant with a limit of not less than \$1,000,000.00 per accident; (c) Worker's Compensation Insurance with limits as required by statute; (d) Employer's Liability with limits of \$1,000,000.00 each accident, \$1,000,000.00 disease policy limit, \$1,000,000.00 disease--each employee; (e) All Risk Replacement Cost Property Insurance at not less than full replacement value or Special Form coverage protecting Tenant against loss of or damage to Tenant's Alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory, and other personal property situated in or about the Premises to the full replacement value of the property so insured; (f) Business Interruption Insurance; (g) Excess General, Automobile, and Employer's Liability in the minimum amount of \$5,000,000.00 per occurrence; (h) if Tenant seeks to use the Premises for manufacturing or storage of Hazardous Substance, Pollution Legal Liability Insurance coverage for bodily injury and property damage liability resulting from sudden and accidental spills, with a limit of not less than \$2,000,000.00 per incident; and (i) such other policies of insurance, in commercially reasonable limits, as may be required by Landlord and/or Landlord's lender, but only to the extent such insurance is consistent with policies maintained by most similar warehouse landlords in [\*\*\*].

11.2 The aforesaid policies shall (a) be provided at Tenant's expense; (b) name Landlord, Landlord Parties, property manager, investment manager, lender, and any additional parties reasonably requested by Landlord each as an additional insured as its interests may appear (General Liability, Auto Liability, and Excess Liability policies only); (c) be issued by an insurance company with a minimum Best's rating of "A-:VII" during the Term; (d) intentionally omitted; (e) be endorsed so that they are primary and noncontributory with other insurance available to the additional insureds (other than Worker's Compensation); and (f) include a cross-liability or severability of interests clause (other than Worker's Compensation). Tenant shall provide a certificate of liability insurance on ACORD Form 25 (or reasonably comparable form to the extent reasonably available). In the event Tenant receives a notice that any insurance required herein will be cancelled, Tenant shall advise Landlord of same as soon as reasonably possible, but, in any event, within five (5) days after Tenant receives notice of same.

11.3 Whenever Tenant shall undertake any Alterations in, to, or about the Premises, the aforesaid insurance protection (or such protection may be provided by Tenant's contractor) must extend to and include injuries to persons and damage to property arising in connection with the performance of such Alterations, and the certificates evidencing such insurance must be delivered to Landlord prior to the commencement of any such Alterations.

11.4 Landlord shall procure and keep in force throughout the Term All Risk Replacement cost property insurance covering the Premises, including, without limitation, the Building, in an amount equal to one hundred percent (100%) of the full replacement value thereof.

11.5 Landlord shall keep in force throughout the Term a Commercial General Liability insurance policy or policies to protect Landlord as the primary insured Party and Tenant as an additional insured against any liability to the public or to any invitee of Landlord or a Tenant Entity resulting from any accident occurring in or upon the Premises with a limit of not less than \$1,000,000.00 per occurrence and not less than \$2,000,000.00 in the aggregate on an annual basis and umbrella or excess liability with limits of not less than \$5,000,000.00 per occurrence.

12. **WAIVER OF CLAIMS AND WAIVER OF SUBROGATION.** Landlord and Tenant agree to have their respective insurance companies issuing property damage and loss of income and extra expense insurance waive, by special endorsement, if necessary, any rights of subrogation that such companies may have against Landlord and the Landlord Parties or Tenant and the Tenant Parties, as the case may be. Notwithstanding anything in this Lease to the contrary, Landlord and Tenant hereby waive any right that either may have against the other on account of any loss or damage if such loss or damage is insured, or as if same was insured if required to be insured by the terms herein (or would have been insured by commercially reasonable and customary special cause of loss, full replacement coverage property insurance policies carried by the majority of similarly situated landlords and tenants, respectively, in [\*\*\*]), at the time of such loss or damage.

13. **SERVICES AND UTILITIES.** As part of Landlord's Work, Landlord will pay all developer, tap, impact, hook-in, connection, and/or similar fees related to all utility service connections to the Premises which are included in the Landlord's Work. Effective as of the Commencement Date, Tenant shall obtain in its own name and pay for all city water, gas, electricity, sewer, sprinkler system charges and other utilities and services used on or from the Premises, together with any taxes, penalties, and surcharges or the like pertaining thereto and any maintenance charges for utilities, directly to the appropriate supplier. Beginning after the Commencement Date, Tenant shall furnish all replacement electric light bulbs, tubes and ballasts, battery packs for emergency lighting, and fire extinguishers. Except as set forth in this Section 13, Landlord shall not be liable for an interruption or failure of utility services on or to the Premises, nor shall Tenant be entitled to any abatement of rent related thereto. Notwithstanding anything to the contrary contained in this Lease, if (i) Landlord ceases to furnish any service required of Landlord in this Lease, and/or there is any interference with any utilities in the Premises for a period in excess of two (2) business days after Tenant notifies Landlord of such cessation ("**Interruption Notice**"); and (ii) the restoration of such service and/or utility is reasonably within the control of Landlord and/or such interference was caused by the negligence or willful misconduct of Landlord and/or any Landlord Party, then, subject to the exhaustion of any applicable business interruption insurance, Tenant shall be entitled to receive an abatement of Rent payable hereunder during the period beginning on the third (3<sup>rd</sup>) business day after delivery of an Interruption Notice and ending on the day when the service and/or utility in question has been restored. Such abatement of Rent shall be made pro rata in accordance with the extent to which there is actual interference with the use and occupancy by Tenant of the Premises. The abatement provisions set forth above shall be inapplicable to any interruption in, or failure or inability to provide any utilities or services that is caused by (x) damage by fire or other casualty or a taking, (y) any negligence or willful misconduct of Tenant or Tenant's agents, employees, officers or contractors, or (z) by any act other than the acts of Landlord and/or any Landlord Party, with Tenant acknowledging and agreeing that Tenant is responsible for paying for all utilities furnished to the Premises throughout the Term.

14. **HOLDING OVER.** Tenant shall pay Landlord for each day Tenant retains possession of the Premises or any part of them after expiration or earlier termination of this Lease by lapse of time or otherwise at the rate ("**Holdover Rate**") which shall be (a) during the first ninety (90) days of such holding over, one hundred twenty-five percent (125%) of the amount of Monthly Installment of Rent and one hundred percent (100%) of monthly recurring Additional Rent for the last period prior to the date of such expiration or earlier termination, and (b) commencing as

of the ninety-first (91st) day of such holding over, one hundred fifty percent (150%) of the amount of the Monthly Installment of Rent and one hundred percent (100%) of monthly recurring Additional Rent for the last period prior to the date of such expiration or earlier termination, in each of the foregoing instances prorated on a daily basis; provided, however, and notwithstanding anything in this Lease to the contrary, Tenant may not hold over for more than six (6) months after the end of the Term. In addition, Tenant shall be liable for any and all damages proximately suffered by Landlord because of Tenant's holdover if and to the extent Tenant's holdover exceeds ninety (90) days. In any event, no provision of this Section 14 shall be deemed to waive Landlord's right of re-entry or any other right under this Lease, at law, or in equity.

15. **SUBORDINATION.** Notwithstanding anything contained herein to the contrary, Tenant's obligations under this Lease are subject to Tenant's receipt of a fully executed subordination and non-disturbance agreement ("SNDA") executed by all parties claiming superior rights to Tenant with respect to the Premises in form and content reasonably acceptable to Tenant as of the Lease Reference Date. Tenant acknowledges that the form attached hereto as **Exhibit J** is a commercially reasonable form of SNDA. Thereafter, during the Term, in the event Landlord requests that Tenant subordinates this Lease and/or its interests in and to the Premises to any other documents, then Landlord shall provide Tenant with an SNDA prior to Tenant being required to so subordinate any of its right and/or interests.

16. **TENANT'S RESPONSIBILITY REGARDING ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES.**

16.1 Definitions.

16.1.1 "**Environmental Laws**" shall mean all present or future federal, state, and municipal laws, ordinances, rules, regulations, standards, policies, decrees, administrative orders, guidelines, permitting requirements, and other governmental directives regulating or relating to health, safety, or the environment or natural resources and applicable to the Premises and/or Tenant during the Term, including but not limited to the following: the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), all state and local counterparts thereto, including, but not limited to, [\*\*\*].

16.1.2 "**Hazardous Substances**" shall mean and include any substance, material, waste, pollutant, or contaminant that is regulated during the Term under any Environmental Laws, including but not limited to any solid or hazardous waste, hazardous substance, asbestos, or petroleum (including but not limited to crude oil or any fraction thereof, natural gas, synthetic gas, polychlorinated biphenyls (PCBs), and radioactive material).

16.2 Operations; Required Documentation; Transfer of Regulatory Ownership and System Responsibility.

16.2.1 Prior to Tenant's execution of this Lease, Tenant shall deliver to Landlord an executed "Hazardous Substances Disclosure Certificate" in the form attached hereto as **Exhibit E**, describing Tenant's use of Hazardous Substances in the operation of its business, and any other reasonably necessary documents as requested by Landlord.

16.2.2 Tenant shall ensure compliance with all state and federal regulatory requirements applicable to Tenant's specific use (as distinguished from the Permitted Use and/or

the mere occupancy of the Premises), specifically including but not limited to the following, as applicable:

16.2.2.1 Occupational Safety and Health Organization (OSHA) Process Safety Management (“PSM”) Program - Code of Federal Regulations, Title 29, Subtitle B, Chapter Xvii, Part 1910; “Occupational Safety and Health Standards”;

16.2.2.2 Environmental Protection Agency (EPA) Risk Management Plan (RMP) - Code of Federal Regulations, Title 40, Chapter 1, Part 68; “Chemical Accident Prevention Provisions”;

16.2.2.3 Tier II Reporting – Code of Federal Regulations, Title 42, Chapter 116, Section 11022, “Emergency and Hazardous Chemical Inventory Forms” as part of the “Emergency Planning and Community Right to Know”; and

16.2.2.4 Department of Homeland Security – Chemical Facilities Anti-Terrorism Standard (CFATS) – Code of Federal Regulations, Title 6, Chapter 1, Subchapter 16 – “Chemical Facility Anti-Terrorism Standards”.

16.3 Hazardous Substances Usage. Tenant shall not, nor shall it cause or permit, the use, transportation, generation, release, manufacture, refining, production, processing, storage, or disposal of any Hazardous Substances on, under, or about the Premises, or the transportation to or from the Premises of any Hazardous Substances without Landlord’s prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed; provided, however, Tenant may use or store the substances disclosed on Exhibit E and reasonable quantities of cleaning products and other products as are reasonably necessary to clean and maintain the Premises, for forklift operation, and/or to operate the [\*\*\*], so long as such products are used, stored and disposed of in accordance with all Environmental Laws (collectively, the “**Hazardous Substance Exceptions**”). Tenant, at its sole cost and expense, shall operate its business in the Premises and on the Premises in compliance with all Environmental Laws and all requirements of this Lease, and subject to the Hazardous Substance Exceptions, shall remove all Hazardous Substances stored, disposed of, or otherwise released by Tenant onto or from the Premises in accordance with Section 16.4.2 below. Tenant shall not be entitled nor permitted to install any tanks under, on, or about any portion of the Premises for the storage of Hazardous Substances without the express written consent of Landlord, which may be given or withheld in Landlord’s sole and absolute discretion.

#### 16.4 Notices; Remediation Obligations.

16.4.1 Tenant shall (a) promptly notify Landlord of (i) any notice of violation of Environmental Laws received by Tenant with respect to the Premises or (ii) any notice received by Tenant regarding the presence or suspected presence of any Hazardous Substances on, under, or about the Premises, other than as a result of any Hazardous Substance Exceptions, and (b) deliver to Landlord any notice received by Tenant relating to (a)(i) and (a)(ii) above from any source.

16.4.2 Tenant, at its sole cost and expense, covenants to investigate, clean up, remove, restore, and otherwise remediate (including, without limitation, preparation of any feasibility studies or reports and the performance of any and all closures) any spill, release, discharge, disposal, emission, migration or transportation, incident or other damages directly caused by Tenant’s use of Hazardous Substances such that the affected portions of the Premises and any adjacent property are brought in compliance with all Environmental Laws with respect to Tenant’s actions. Subject to applicable law, any such investigation, clean up, removal, restoration and other remediation shall only be performed after Tenant has obtained Landlord’s

prior written consent (such consent not to be unreasonably withheld, conditioned, and/or delayed) to Tenant's proposed means, methods, and scope of such activities. Further, any such investigation, clean up, removal, restoration and other remediation shall be performed in compliance with Environmental Law to meet commercial/industrial cleanup standards, and in accordance with this Lease. Notwithstanding the foregoing, Tenant shall be entitled to respond immediately to an Emergency without obtaining Landlord's consent.

16.5 Tenant's Indemnification. Except with respect to Hazardous Substances existing at the Premises as of the Commencement Date that are referenced in the [\*\*\*], those addressed by the Cleanup Plan, or that were caused by Landlord and/or any Landlord Party, and subject to the remainder of this Lease, the Landlord's Work Warranty and Landlord's [\*\*\*], Tenant shall indemnify, hold harmless, and, defend (by counsel reasonably acceptable to Landlord) Landlord and Landlord Parties from and against any and all Losses (defined hereafter), incurred by Landlord or any Landlord Party as a direct result of: (a) any violation or alleged violation by Tenant or any Tenant Party of any Regulations, including, but not limited to, Environmental Laws, at the Premises, or any breach by Tenant or any Tenant Party of the Environmental Covenant or the Additional Environmental Covenant; (b) any breach of the provisions of this Section 16 by Tenant or any Tenant Party; or (c) any use, generation, storage, release, or disposal of any Hazardous Substances on, about or from the Premises by Tenant or any Tenant Party. Tenant shall also indemnify, hold harmless, and, defend (by counsel reasonably acceptable to Landlord) Landlord and Landlord Parties from and against any and all Losses, incurred by Landlord or any Landlord Party as a direct result of any exacerbation of the impacts of the Hazardous Substances existing at the Premises as of the Commencement Date that are referenced in the [\*\*\*], or those addressed by the Cleanup Plan, resulting from identifiable and specific actions by Tenant or a Tenant Party, which shall be Landlord's burden to establish, and only to the extent that such purported exacerbation requires investigation or remedial action under Environmental Laws to satisfy commercial/industrial cleanup standards. The term "**Losses**" shall mean all third-party claims, demands, reasonable, out-of-pocket expenses, actions, judgments, direct damages (whether known or unknown, foreseen or unforeseen), penalties, fines, liabilities, losses (including, without limitation, property damage, diminution in value of Landlord's interest in the Premises, damages for the loss or restriction on use of any space or amenity within the Premises, sums paid in settlement of claims and any costs and expenses associated with injury, illness or death to or of any person), suits, administrative proceedings, reasonable, out-of-pocket costs and fees, including, but not limited to, reasonable, out-of-pocket attorneys' and consultants' fees and expenses, and the costs of cleanup, remediation, removal and restoration if and to the extent required by Environmental Laws to meet commercial/industrial cleanup standards, that are in any way related to any matter covered by the applicable indemnity under this Section 16. The strict compliance by Tenant with all laws pertaining to Hazardous Substances shall not excuse Tenant from its obligation of indemnification pursuant to this Section 16.5. Notwithstanding anything contained in the foregoing, this Section 16.5 is expressly subject to the terms of Section 12.

16.6 Inspections and Tests. Landlord shall have the sole right upon two (2) business days' prior notice to Tenant and during Tenant's normal business hours (except in the event of an Emergency), to (i) enter and inspect the Premises, and (ii) conduct tests and investigations periodically and from time to time at Landlord's sole cost and expense not to be treated as Operating Expenses, to determine whether Tenant is in compliance with its obligations under this Section 16, or to determine if Hazardous Substances are present in, on or about the Premises if not otherwise provided on Exhibit E, and (iii) request a list identifying by type and amount all Hazardous Substances used, stored or otherwise located on, under or about any portion of the Premises by Tenant or any Tenant Party. If as a result of such inspections, tests and/or investigations, Landlord reasonably determines that contamination has occurred on the Premises and that Tenant or any of Tenant's agents are responsible in any manner for such contamination, (a) the commercially reasonable cost of all such inspections, tests and investigations shall be borne by Tenant and (b) Landlord shall have the right to conduct commercially reasonable periodic follow up inspections, tests and/or investigations to determine the status and effectiveness of any remediation efforts related to such contamination being conducted by Tenant to meet commercial/industrial cleanup standards. Nothing herein shall prevent Tenant from conducting its own investigations and/or providing information, data, or evidence to Landlord or the applicable regulatory agency that contamination or noncompliance has not occurred or that Tenant is not the source or cause of any contamination or noncompliance. The aforementioned rights granted herein to Landlord and its representatives shall not create (1) a duty on Landlord's part to inspect, test, investigate, monitor or otherwise observe the Premises or the activities of Tenant and Tenant's agents with respect to Hazardous Substances, including without limitation, Tenant's operation, use and any remediation related thereto, or (2) liability on the part of Landlord and its representatives for Tenant's use, storage, disposal or remediation of Hazardous Substances, it being understood that Tenant shall be solely responsible for all liability in connection therewith.

16.7 Tenant's Obligations upon Surrender. At the expiration or earlier termination of the Term, Tenant, at Tenant's sole cost and expense, shall: (i) cause all Hazardous Substances introduced by Tenant and/or any Tenant Party into the Premises to be removed from the Premises and managed or disposed of, if and to the extent required by, and in accordance with, all Environmental Laws to meet commercial/industrial cleanup standards; and (ii) cause to be removed all containers installed or used by Tenant or any Tenant Party to store any Hazardous Substances on the Premises, and cause the repair of any damage to the Premises resulting from such removal.

16.8 Landlord's Indemnification. Landlord shall indemnify, hold harmless and defend (by counsel reasonably acceptable to Tenant), Tenant and the Tenant Parties from and against any and all Losses incurred by Tenant or any Tenant Party as a direct result of (a) the Hazardous Substances existing at the Premises as of the Commencement Date that are referenced in the [\*\*\*] and/or those addressed in the Cleanup Plan, and/or (b) Landlord's breach of clause (xi) in Section 2.6.1. Clause (a) shall not apply to (i) costs and expenses that are expressly payable by Tenant as Operating Expenses under this Lease for annual inspections and reporting); (ii) exacerbation of the impacts of such Hazardous Substances resulting from identifiable and specific actions by Tenant or a Tenant Party, which shall be Landlord's burden to establish, and only to the extent that such purported exacerbation requires investigation or remedial action under Environmental Laws to satisfy commercial/industrial cleanup standards; or (iii) breaches of the Environmental Covenant or the Additional Environmental Covenant caused by identifiable and specific actions by Tenant or a Tenant Party, which shall be Landlord's burden to establish, and only to the extent that such purported breach requires investigation or remedial action under Environmental Laws to satisfy commercial/industrial cleanup standards. The strict compliance by Landlord with all laws pertaining to Hazardous Substances shall not excuse Landlord from its obligation of indemnification pursuant to this Section 16.8. Notwithstanding anything contained in the foregoing, this Section 16.8 is expressly subject to the terms of Section 12.

16.9 Survival. The obligations of Landlord and Tenant under this Section 16 shall survive the expiration or earlier termination of this Lease for a period of one hundred twenty (120) days. The rights and obligations of Landlord and Tenant with respect to issues relating to Hazardous Substances are exclusively established by this Section 16. In the event of any inconsistency between any other part of this Lease and this Section 16, the terms of this Section 16 shall control (with the exception of Section 12).

## 17. ENTRY BY LANDLORD.

17.1 In addition to Landlord's rights under Sections 7.2.2 and 16.6, subject to the terms and conditions of this Section 17, Landlord shall have the right to enter the Premises, during Tenant's normal business hours upon no less than five (5) days' advance notice (except in case of Emergency), to perform its obligations under this Lease and to show the Premises to prospective or contract purchasers and prospective or current mortgagees and, during the last eighteen (18) months of the Term, to show said Premises to prospective tenants.

17.2 Notwithstanding anything in this Lease to the contrary, in the event of any entry by Landlord into the Premises at any time and for any purpose, and except in case of Emergency, Landlord shall use commercially reasonable efforts to prevent any interference with the operation of Tenant's business in the Premises, and Landlord shall coordinate with Tenant to allow a representative of Tenant to accompany Landlord. Any alterations, maintenance, entry, and/or repairs which Landlord makes, or is entitled to make pursuant to this Lease, in, around, or near the Premises, any entry into the Premises by Landlord and/or any of the Landlord Parties are collectively called "**Restorative Work**." Notwithstanding anything contained in this Lease to the contrary, except in case of Emergency, Landlord shall conduct all Restorative Work: (a) outside Tenant's normal business hours (unless Tenant is then operating 24/7/365), if such Restorative Work is likely to have a material negative effect on Tenant's use of, or access to, the Premises, all at no additional cost to Tenant; (b) using reasonable commercial efforts not to interfere with Tenant's use and enjoyment of the Premises; (c) so that the level of Building services shall not decrease in any material respect from the level required of Landlord in this Lease as a result thereof; (d) so that Tenant is not deprived access to the Premises; and (e) so that all items brought into the Premises shall be removed prior to the start of the next business day (unless such items are required for support on a temporary basis). Further, notwithstanding anything contained herein to the contrary but subject to the exceptions in the proviso clause below, in the event that the Restorative Work prevents or materially interferes with Tenant's use and occupancy of the Premises, and such interference continues for three (3) or more consecutive days after Tenant delivers a written notice to Landlord of such interference ("**Interference Notice**"), then Tenant shall have the right to abate Rent as of the fourth (4<sup>th</sup>) day after delivery of the Interference Notice and ending on the day when the interference is discontinued; provided that, (i) if the actual interference with Tenant's use and occupancy affects less than thirty-five percent (35%) of the Premises, then such abatement of Rent shall be made pro rata in accordance with the extent to which there is actual interference with Tenant's use and occupancy of the Premises, (ii) if the actual interference with Tenant's use and occupancy affects thirty-five percent (35%) or more of the Premises, then all Rent shall abate until the interference is discontinued, and (iii) the abatement provisions set forth above shall not apply to any Restorative Work necessitated by (A) damage by fire or other casualty or any taking, or (B) an Event of Default under this Lease. Since the Premises and the Building are solely occupied by Tenant, Landlord shall not have the right during the Term to change the arrangement and/or locations of entrances, or passageways, doors and doorways, and corridors, windows, elevators, stairs, toilets or other public parts of the Premises and the Building without the prior written consent of Tenant, which may be withheld in Tenant's sole discretion. Landlord shall have the right at any time during the Term to change the name, number, or designation by which the Building is commonly known and shall notify Tenant at least thirty (30) days in advance of any such changes. In the event that Landlord damages any portion of any wall or wall covering, ceiling, or

floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable.

17.3 For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper in an Emergency, to obtain entry to the Premises and/or the Building. Notwithstanding anything to the contrary contained in this Lease, Landlord shall have the right to enter the Premises without providing notice to Tenant in the event of an Emergency.

## 18. DEFAULT.

18.1 Except as otherwise provided in Section 20, the following events shall be deemed to be "**Events of Default**" or each individually, an "**Event of Default**" under this Lease:

18.1.1 Monetary Default. Tenant shall fail to pay when due any sum of money becoming due to be paid to Landlord under this Lease, whether such sum be any installment of the Rent reserved by this Lease, any other amount treated as Additional Rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as Additional Rent under this Lease, and such failure shall continue for a period of ten (10) business days after written notice that such payment was not made when due, but if any such notice shall be given twice within a twelve (12) month period commencing with the date of the first such notice, the failure to pay any sum due Landlord for a third (3rd) time within such twelve (12) month period within five (5) days after same is due shall be an Event of Default, without notice.

18.1.2 Non-Monetary Default. Tenant shall fail to comply with any term, provision, or covenant of this Lease which is not provided for in another sub-Section of this Section 18.1 and shall not cure such failure within thirty (30) days after written notice of such failure by Landlord to Tenant, provided, however, that such failure shall not be an Event of Default if such failure could not reasonably be cured during such thirty (30) day period, and Tenant has commenced the cure within such thirty (30) day period and thereafter is using commercially reasonable efforts to pursuing such cure to completion.

18.1.3 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

18.1.4 A court of competent jurisdiction shall enter an order, judgment, or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment, or decree shall not be vacated or set aside or stayed within one hundred twenty (120) days from the date of entry thereof.

18.1.5 Tenant's failure to timely deliver the LC or renewal or increase thereof as and when required under this Lease and such failure continues for more than ten (10) business days after notice to Tenant.

## 19. REMEDIES.

19.1 Except as otherwise provided in Section 20, upon the occurrence of any of the Events of Default described or referred to in Section 18, to the extent permitted by applicable Regulations, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, concurrently, or consecutively and not alternatively:

19.1.1 Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating this Lease.

19.1.2 Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of this Lease, Tenant shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Landlord without relinquishing Landlord's right to receive any then unpaid and due Rent or any other right given to Landlord under this Lease or by operation of law.

19.1.3 Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all Rent, including any amounts treated as Additional Rent under this Lease, and other sums due and payable by Tenant as of the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the excess of (a) the then-present value of all Rent and Additional Rent that would be payable under this Lease from the date of demand for what would be the expired Term of this Lease, including any Extension Period with respect to which Tenant shall have exercised its option to extend, in the absence of such termination or repossession, less (b) the fair market gross rental value of the Premises during the same period (such difference referred to as the "**Accelerated Damages**"). Present value shall be determined for the purpose of the immediately preceding sentence by application of a discount factor of five (5%) per year.

19.1.4 Upon any termination of Tenant's right to possession only without termination of this Lease:

19.1.4.1 Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 19.1.2 shall terminate this Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay the Rent, including any amounts treated as Additional Rent, under this Lease for the full Term, and if Landlord so elects Tenant shall continue to pay to Landlord the entire amount of the Rent as and when it becomes due, including any amounts treated as Additional Rent under this Lease, for the remainder of the Term plus any other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

19.1.4.2 Landlord shall use commercially reasonable efforts to relet the Premises or portions thereof. Landlord and Tenant agree that nevertheless Landlord shall, at a minimum, be required to list the Premises with a reputable broker of Landlord's choice, and Landlord shall have the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet only a portion of the Premises, or a portion of the Premises or the entire Premises as a part of a larger area, and the right to change the character or use of the Premises, all as may be reasonably necessary. In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations, and additions in or to the Premises and to put the Premises in the condition required upon surrender by Tenant, and Tenant shall pay the cost thereof, together with Landlord's reasonable, out-of-pocket expenses of reletting, including, without limitation, any market-based commission incurred by Landlord (all of which shall be amortized over the new lease term and charged to Tenant to the extent such new term falls within the Term), within thirty (30) days of Landlord's demand.

19.1.4.3 Until such time as Landlord shall elect to terminate this Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 19.1.3, Tenant shall pay to Landlord upon demand the full amount of all Rent as same becomes due, including any amounts treated as Additional Rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the reasonable, out-of-pocket costs of repairs, alterations, and additions to put the Premises in the condition required of Tenant (including reasonable, out-of-pocket attorney's fees), less only such consideration as Landlord is entitled to receive from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Section 19 as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease, but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

19.1.5 Any other rights or remedies available to Landlord under this Lease, at law, or in equity.

19.2 Upon the occurrence of an Event of Default, Landlord may (but shall not be obligated to) cure such default at Tenant's sole expense. Tenant agrees to reimburse Landlord within thirty (30) days of Landlord's demand as Additional Rent, for any expenses which Landlord may reasonably incur in curing the Event of Default, plus interest from the date of expenditure by Landlord at the Default Rate set forth in Section 3.2.

19.3 The Parties expressly waive any right to a trial by jury in the event of a dispute resulting in litigation.

19.4 Except to the extent Landlord exercises its rights pursuant to Section 19.1.3, pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other remedies provided by law (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any Rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions, and covenants contained in this Lease.

19.5 No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept an early surrender of said Premises shall be valid, unless in writing signed by Landlord. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants contained in this Lease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of rental or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Event of Default unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default or of Landlord's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

19.6 Waiver of Distraint. Landlord waives any rights, whether in law or in equity, to distraint on Tenant's personal property including equipment and inventory; and Landlord affirmatively waives any landlord's lien it otherwise may be entitled to have or enforce, whether arising by common law, by law, affirmative contractual grant, or by any other means whatsoever.

19.7 Tenant's Property. Upon the occurrence of an Event of Default and the termination of Tenant's possession or of this Lease due to the same, any and all property which is Tenant's obligation to remove as expressly set forth herein may (if not promptly removed by Tenant), be removed from the Premises by Landlord pursuant to the authority of this Lease or of

law, by or at the direction of Landlord but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

19.8 Landlord Default. Landlord shall be in "**Landlord Default**" if it fails to perform any of its obligations hereunder within thirty (30) days after written notice from Tenant specifying such failure (unless performance of such obligation will, due to the nature of the obligation, require a period of time in excess of thirty (30) days, then after such period of time as is reasonably necessary, provided Landlord commences such cure during the initial thirty (30) day period and uses commercially reasonable efforts to pursue the same to completion). Notwithstanding the foregoing, if a Landlord Default arises and if, as a result of such default, there is an Emergency at the Premises, Tenant may, in addition to and cumulative to all other remedies available to Tenant hereunder, at law or in equity, deliver a second written notice to Landlord specifying such Landlord Default and stating that if Landlord fails to provide a substantive response or commence any action with respect to such Landlord Default within five (5) business days following Landlord's receipt of the notice, then Tenant may cure the Landlord Default at Landlord's expense. If Tenant delivers a second written notice to Landlord as provided above and Landlord fails to provide a substantive response or commence a curative action and/or diligently prosecute same to completion within such five (5) business day period, then, Landlord shall promptly (but in no event later than thirty (30) days after delivery by Tenant of an invoice for such expenses) reimburse Tenant for the reasonable and actual cost and expense of curing the Landlord Default, absent which Tenant shall have the right to deduct such cost and expense from up to (but not in excess of) twenty-five percent (25%) of the Monthly Installment of Rent reserved hereunder until such cost and expense is fully recouped by Tenant. Tenant shall promptly provide to Landlord invoices or other documentation evidencing such cost and expenses upon Landlord's request therefor. The failure of Tenant at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same. Tenant and Landlord further agree forbearance or waiver by Tenant to enforce its rights pursuant to this Lease or at law or in equity shall not be a waiver of Tenant's right to enforce one (1) or more of its rights in connection with any subsequent Landlord Default. A receipt by Tenant of payment with knowledge of the Landlord Default of any covenant hereof shall not be deemed a waiver of such Landlord Default, and no waiver by Tenant of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Tenant.

19.9 No Consequential Damages. Notwithstanding anything to the contrary contained in this Lease, in no event will Tenant be liable to Landlord for the payment of consequential, punitive, special, and/or speculative damages; provided that, the foregoing shall not apply to consequences of holding over (as set forth in Section 14) or a breach by Tenant of Section 16, or Landlord's indemnification obligations with respect to its failure to procure a PCO pursuant to the terms of Section 2.1.2.

19.10 Prevailing Party's Attorneys' Fees. If any action is brought by any Party to this Lease to enforce or interpret its terms or provisions, the prevailing Party in such action shall be entitled to recover from the other Party, in addition to any other relief awarded, all reasonable expenses that the prevailing Party incurs in those proceedings, including, without limitation, attorneys' fees and expenses. For purposes of this Section 19.10, "**prevailing Party**" means the Party obtaining substantially the relief sought, whether by compromise, settlement, or judgment.

## 20. TENANT'S BANKRUPTCY OR INSOLVENCY.

20.1 If at any time and for so long as Tenant shall be subjected to the provisions of the United States Bankruptcy Code or other law of the United States or any state thereof for the protection of debtors as in effect at such time (each, a "**Debtor's Law**"):

20.1.1 Tenant, Tenant as debtor-in-possession, and any trustee or receiver of Tenant's assets (each a "**Tenant's Representative**") shall have no greater right to assume or assign this Lease or any interest in this Lease, or to sublease any of the Premises than accorded to Tenant in Section 9, except to the extent Landlord shall be required to permit such assumption, assignment, or sublease by the provisions of such Debtor's Law. Without limitation of the generality of the foregoing, any right of any Tenant's Representative to assume or assign this Lease or to sublease any of the Premises shall be subject to the conditions that:

20.1.1.1 Such Debtor's Law shall provide to Tenant's Representative a right of assumption of this Lease which Tenant's Representative shall have timely exercised, and Tenant's Representative shall have fully cured any default of Tenant under this Lease.

20.1.1.2 Tenant's Representative or the proposed assignee, as the case shall be, shall have deposited with Landlord as security for the timely payment of Rent an amount equal to at least three (3) months' Rent and other monetary charges accruing under this Lease, and shall have provided Landlord with adequate other assurance of the future performance of the obligations of Tenant under this Lease. Without limitation, such assurances shall include, at least, in the case of assumption of this Lease, demonstration to the satisfaction of Landlord that Tenant's Representative has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that Tenant's Representative will have sufficient funds to fulfill the obligations of Tenant under this Lease; and, in the case of assignment, submission of current financial statements of the proposed assignee, audited by an independent certified public accountant reasonably acceptable to Landlord and showing a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by such assignee of all of Tenant's obligations under this Lease.

20.1.1.3 The assumption or any contemplated assignment of this Lease or subleasing any part of the Premises, as shall be the case, will not breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound.

20.1.1.4 Landlord shall have, or would have had absent the Debtor's Law, no right under Section 9 to refuse consent to the proposed assignment or sublease by reason of the identity or nature of the proposed assignee or sublessee or the proposed use of the Premises concerned.

21. **QUIET ENJOYMENT.** Landlord represents and warrants that it has full right and authority to enter into this Lease and so long as there is not an Event of Default in existence, then, subject to the terms of this Lease and the Covenants, Landlord shall ensure that Tenant shall peaceably and quietly enjoy the Premises and appurtenances thereto without hindrance or molestation by Landlord or any Landlord Party.

## 22. CASUALTY.

22.1 In the event the Premises or the Building are damaged by fire or other cause and in Landlord's reasonable estimation such damage can be materially restored within three hundred

twenty (320) days following the date of such damage, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in Rent from the date of such damage. Such abatement of Rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing after having consulted with Landlord's architect and general contractor, of Landlord's reasonable estimation of the length of time within which material restoration can be made, Landlord shall commence construction soon thereafter, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage (which shall include Landlord's procurement of a temporary or final Certificate of Occupancy (or its equivalent)).

22.2 If such repairs cannot, in Landlord's reasonable estimation after having consulted with Landlord's architect and general contractor, be made within three hundred twenty (320) days following the date of such damage, Tenant shall have the option of giving Landlord notice, at any time within thirty (30) days after Landlord's notice of estimated restoration time, terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire, and all interest of Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term (provided, however, Tenant shall have sixty (60) days to vacate the Premises). In the event Tenant does not exercise its option to terminate this Lease, then Landlord shall repair or restore such damage, this Lease continuing in full force and effect, and the Rent hereunder shall be proportionately abated as provided in Section 22.1.

22.3 Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, additions, railings, ceilings, floor coverings, office fixtures or any other property or improvements installed on the Premises by, or belonging to, Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the Party carrying such insurance and under its sole control.

22.4 In the event that Landlord should fail to complete such repairs and material restoration within sixty (60) days after the date estimated by Landlord therefor as extended by this Section 22.4, Tenant may at its option and as its sole remedy, terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said sixty (60) day period of time, whereupon this Lease shall end on the date of such notice or such later date fixed in such notice as if the date of such notice was the date originally fixed in this Lease for the expiration of the Term. Notwithstanding anything contained in this Lease to the contrary, it is the Parties' intention that the timeframes set forth in this Section 22 are absolute, and not subject to extension as a result of any Excusable Delays or other delays outside of either Party's control.

22.5 Notwithstanding anything to the contrary contained in this Section 22: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Section 22 occur during the last twelve (12) months of the Term (so long as Tenant has not exercised and does not then choose to exercise its option to renew the Lease) or any extension thereof, but if Landlord determines not to repair such damages Landlord shall notify Tenant and if such damages shall render any material portion of the Premises untenable Tenant shall have the right to terminate this Lease by notice to Landlord within fifteen (15) days after receipt of Landlord's notice.

22.6 In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Section 22, it shall be Tenant's responsibility to remove forthwith, at its sole cost and expense, such portion or all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall request.

23. **EMINENT DOMAIN.** If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or conveyance in lieu of such appropriation, either Party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither Party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease. Landlord shall be entitled to any and all income, Rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures, personal property and moving expenses; Tenant shall make no claim for the value of any unexpired portion of the Term. Although all damages in the event of any condemnation are to belong to Landlord, whether such damages are awarded as compensation for diminution in value of the leasehold or the fee of the Premises and the Building, Tenant shall have the right to claim and recover directly from the condemning authority, but not from Landlord, such compensation as may be separately awarded and separately recoverable by Tenant in Tenant's own right on account of any and all damage to, for or on account of any cost or loss to which Tenant may be put in removing Tenant's merchandise, furniture, trade fixtures and trade equipment, provided any such award does not directly or indirectly reduce Landlord's award.

24. **SALE BY LANDLORD.** In event of a bona fide sale or conveyance by Landlord of the Premises, the same shall operate to release Landlord from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Tenant, and in such event Tenant agrees to look thereafter solely to the responsibility of the successor in interest of Landlord in and to this Lease. Except as set forth in this Section 24, this Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord shall either transfer or deliver said security or credit the amount of such security, as such, to Landlord's successor in interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

25. **ESTOPPEL CERTIFICATES.** Within ten (10) business days following any written request which Landlord may make no more than twice per calendar year, Tenant shall execute and deliver a sworn statement in substantially the form attached hereto as Exhibit F. Within ten (10) business days following written request which Tenant may make from time to time (but no more than twice during each calendar year), Landlord shall execute and deliver to Tenant a sworn statement certifying (i) that this Lease is in full force and effect, (ii) the absence of any defaults by Tenant under this Lease, and (iii) such other matters reasonably requested by Tenant.

Landlord and Tenant intend that any statement delivered pursuant to this Section 25 may be relied upon by any mortgagee, beneficiary or purchaser.

## 26. SURRENDER OF PREMISES.

26.1 Inspection. No greater than nine (9) months and no less than three (3) months prior to the end of the Term, in order to determine Tenant's responsibility for repairs and restoration of the Premises, if any, Landlord and Tenant shall arrange to meet for two (2) joint inspections of the Premises at mutually agreed times, the first to occur at least thirty (30) days (but no more than sixty (60) days) before the last day of the Term, and the second to occur not later than forty-eight (48) hours after Tenant has vacated the Premises.

26.2 Personalty. All Alterations in, on, or to the Premises made or installed by or for Tenant, including, without limitation, carpeting, shall be and remain the property of Tenant during the Term. Upon the expiration or sooner termination of the Term, all Alterations shall become a part of the realty and shall belong to Landlord without compensation, and title shall pass to Landlord under this Lease as by a bill of sale. At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver to Landlord possession of the Premises, together with all Alterations by whomsoever made, the [\*\*\*], in good working condition, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty, and/or condemnation, and in a condition that is in compliance with all Regulations (including all fire and life safety codes); provided, however, that Tenant shall not be required to make any Alterations or improvements in connection with the foregoing. Tenant must, at Tenant's sole cost, remove upon termination of this Lease, any and all of Tenant's furniture, furnishings, equipment, movable partitions of less than full height from floor to ceiling and other trade fixtures and personal property located in the Premises, as well as all data/telecommunications cabling and wiring installed by or on behalf of Tenant, whether inside walls, under any raised floor or above any ceiling (collectively, "**Personalty**"), but Tenant shall have no other removal and/or restoration duties whatsoever. Personalty not so removed shall be deemed abandoned by Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale, but Tenant shall remain responsible for the cost of removal and disposal of such Personalty, as well as any damage caused by such removal. The provisions of this Section 26.2 shall survive the expiration or earlier termination of this Lease for a period of sixty (60) days. Any claims made by Landlord within such sixty (60) day period shall survive for a period of two (2) years.

27. **NOTICES**. Any notice or document required or permitted to be delivered under this Lease shall be in writing and addressed to the intended recipient, by fully prepaid registered or certified United States Mail return receipt requested, or by reputable independent overnight courier delivery service furnishing a written record of attempted or actual delivery, and shall be deemed to be delivered or refused (on a non-weekend, non-federal holiday), to the addressee at its address(es) set forth on the Reference Pages, or at such other address(es) as either Party has last specified by written notice delivered in accordance with this Section 27. Any such notice or document may also be (i) personally delivered if a receipt is signed by and received from, the individual, if any, named in Tenant's Notice Address or Landlord's Notice Address or (ii) delivered by electronic mail provided that as of the date of the electronic mail transmission a hard copy of such notice is simultaneously sent to the intended addressee by overnight courier, in which event the notice shall be deemed to be delivered as of the date of the electronic mail transmission. If Landlord has provided the address of the property manager to Tenant, Tenant shall ensure that property manager is included as a notice party (or otherwise receives written

notification) for [\*\*\*], fire and life safety alarms and other related equipment notices applicable to the Premises.

28. **[INTENTIONALLY DELETED].**

29. **ENERGY AND SUSTAINABILITY PRACTICES.**

29.1 Tenant acknowledges that Landlord may elect, in Landlord's sole discretion and at Landlord's sole cost (not to be treated as Operating Expenses), to implement energy efficient and environmentally sustainable practices ("**Sustainability Practices**") and may pursue an environmental sustainability monitoring and certification program such as Energy Star, Green Globes-CIEB, LEED, or similar programs ("**Green Building Certification**"). Tenant acknowledges that in order to further its Sustainability Practices or pursue Green Building Certification, Landlord may be required to provide information, historical and current data, regarding energy use, materials, procedures and systems operation within the Building and/or Premises to the Green Building Certification Institute or to another certification body or agency, in order to demonstrate compliance with various program requirements. Tenant agrees that throughout the Term of this Lease: (i) Tenant shall cooperate in good faith, but at no cost or material obligation to Tenant, to maintain and provide Landlord with historical and current data regarding energy use, materials, procedures and systems operation by Tenant or within the Premises as Landlord shall reasonably require in order to meet the Sustainability Practices; and (ii) Tenant shall, at no cost or material obligation to Tenant, reasonably cooperate with Landlord and comply with the Sustainability Practices standards provided any information is collected by Landlord on an anonymous basis in achieving or maintaining the certifications, ratings or other compliance, whether voluntarily or otherwise, applicable to the Premises pursuant to such Sustainability Practices. Tenant will make available to Landlord, upon Landlord's request, any information in Tenant's possession or control concerning matters reasonably necessary in Landlord's efforts to obtain or maintain Green Building Certification. Notwithstanding anything to the contrary, the provisions of this Section 29 are for merely data and information disclosure and do not require Tenant to alter the manner in which Tenant operates its business within the Premises.

29.2 Landlord may, at its sole cost (not to be treated as Operating Expenses), install and shall have access to the Premises, upon not less than two (2) business' days advance written notice to Tenant, to monitor a separate meter (or submeter), to determine the actual use of any utility (including waste, composting, and recycling), in the Premises, provided that such installation and access shall not interfere with the operation of Tenant's business in the Premises, and shall only be conducted with a representative of Tenant present. Landlord may make available and share actual energy and water usage data (on an anonymous basis), as reasonably necessary to maintain the Green Building Certificate (if any).

29.3 Subject to the balance of this Lease, and so long as same does not interfere with Tenant's business in and/or use of, and/or access to, the Premises, Tenant agrees (but at no cost or material obligation to Tenant and not to be treated as Operating Expenses) to comply with and cooperate with Landlord's efforts to comply with energy efficiency, Green Building Certification, and/or carbon reduction Laws, including without limitation occupant, water, energy and transportation surveys within the city, county, state or any other jurisdiction.

30. **DEFINED TERMS AND HEADINGS.** The Section headings shown in this Lease are for convenience of reference only and shall in no way define, increase, limit, or describe the scope or intent of any provision of this Lease. The terms "Tenant" and "Landlord" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular

or plural number, individuals, firms, or corporations, and each of their respective successors, executors, administrators, and permitted assigns, according to the context hereof.

**31. TENANT'S AND LANDLORD'S AUTHORITY.**

31.1 **Authority.** If Landlord and/or Tenant signs as a corporation, limited liability company, partnership, trust, or other legal entity, each Party represents and warrants that it is qualified to do business in the state in which the Premises is located, that the entity has full right and authority to enter into this Lease, and that all persons signing on behalf of the entity were authorized to do so by appropriate actions.

31.2 **OFAC.** Tenant and Landlord each hereby represents, covenants, and warrants that neither the representing Party, nor any persons or entities holding any legal or beneficial interest whatsoever in the representing Party, are (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("**OFAC**"); (ii) designated by the President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons." If the foregoing representation is untrue at any time during the Term, an Event of Default will be deemed to have occurred.

**32. FINANCIAL STATEMENTS AND CREDIT REPORTS.** At Landlord's request, but not more frequently than twice in any calendar year of the Term, Tenant (or any proposed subtenant or assignee pursuant to any transfers under Section 9), shall deliver to Landlord a copy, certified by an officer as being a true and correct copy, of Tenant's most recent audited financial statement, or, if unaudited, certified by Tenant's chief financial officer as being true, complete and correct in all material respects. Landlord's receipt of such statement shall be subject to Tenant's receipt of a mutually acceptable confidentiality agreement. If and so long as Tenant is ever a publicly traded company and/or a wholly-owned subsidiary of a publicly traded company, this Section shall be inapplicable.

**33. COMMISSIONS.** Landlord represents and warrants to Tenant that, other than [\*\*\*] ("**Broker**"), Landlord has not dealt with any broker, finder, or the like in connection with this Lease, and Landlord agrees to indemnify, defend, and hold Tenant harmless from all damages, liability and expense (including reasonable attorneys' fees) arising from any claims or demands of any broker or brokers or finders (including Broker) for any commission alleged to be due such broker or brokers or finders in connection with its participating in the negotiation with this Lease. Furthermore, Landlord shall indemnify, defend, and hold Tenant harmless for Landlord's failure (and/or its alleged failure) to pay Broker a commission in connection with its involvement in this Lease. Tenant represents and warrants to Landlord that, other than Broker, Tenant has not dealt with any broker, finder, or the like in connection with this Lease, and Tenant agrees to indemnify, defend, and hold Landlord harmless from all damages, liability and expense (including reasonable attorneys' fees) arising from any claims or demands of any broker or brokers or finders (other than Broker) for any commission alleged to be due such broker or brokers or finders in connection with its participating in the negotiation with Tenant with this Lease.

**34. TIME, EXCUSABLE DELAY AND APPLICABLE LAW.** Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of [\*\*\*]. Whenever a period of time is prescribed for the taking of an action by a Party, the period of time for the performance of such action shall be extended by the number of days (not to exceed one hundred twenty (120) days in the aggregate, except if and to the extent the delay is

attributable to casualty or a government-mandated work stoppage, in which case such 120-day limitation shall not apply), that the performance is actually delayed due to issues beyond such Party's control, which may include: industry-wide strikes, acts of God, shortages of labor or materials for which there are no reasonable substitutes available, war, terrorist acts, pandemics, orders of any governmental authority, civil disturbances, and other causes beyond the reasonable control of such Party (each such delay an "Excusable Delay" or "force majeure"). If any date upon which some action, notice, or response is required of any Party hereunder occurs on a weekend or holiday on which banks in [\*\*\*] are closed, such action, notice, or response shall not be required until the next succeeding business day. Any Party claiming an Excusable Delay or force majeure shall use commercially reasonable efforts to mitigate any delays caused thereby, and the Party claiming an Excusable Delay or force majeure shall notify the other Party within five (5) business days after the claiming Party has knowledge of the occurrence of such Excusable Delay or force majeure.

35. **SUCCESSORS AND ASSIGNS.** Subject to the provisions of Section 9, the terms, covenants, and conditions contained in this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators, and assigns of the Parties to this Lease.

36. **ENTIRE AGREEMENT.** This Lease, together with its exhibits, contains all agreements of the Parties to this Lease and supersedes any previous negotiations. There have been no representations made by Landlord or any of its representatives or understandings made between the Parties other than those set forth in this Lease and its exhibits. This Lease may not be modified except by a written instrument duly executed by the Parties to this Lease.

37. **EXAMINATION NOT OPTION.** Submission of this Lease shall not be deemed to be a reservation of the Premises. Neither Party shall not be bound by this Lease until it has received a copy of this Lease duly executed and delivered by the other. Landlord shall not exhibit and lease the Premises to other prospective tenants.

38. **RECORDATION.** Tenant shall have the right, at Tenant's sole cost and expense, to record a short form memorandum hereof without the prior written consent of Landlord, which is substantially in the form attached hereto as Exhibit K, and Landlord shall promptly execute same at the time Landlord executes this Lease. In addition, if a memorandum of this Lease is recorded, upon Landlord's request Tenant agrees to promptly execute a termination of said memorandum upon the expiration or termination of this Lease. If Tenant fails to do so, Tenant expressly agrees that Landlord shall be able to unilaterally terminate said memorandum, of record. This Section 38 shall survive the termination or expiration of this Lease.

39. **RIGHT OF FIRST REFUSAL AND RIGHT OF FIRST OFFER.**

39.1 Right of First Refusal. The Tenant's Right of First Refusal set forth below may only be exercised by Tenant or any Permitted Transferee (a) with respect to a Third Party Offer (as defined below) received by Landlord on or before that date which is eighteen (18) months or less prior to the expiration of the Term of this Lease, (b) if and so long as there is no outstanding Event of Default by Tenant under this Lease, and (c) if and so long as Tenant has not assigned this Lease (other than pursuant to a Permitted Transfer). If any of the conditions set forth in the preceding sentence are not satisfied, then Tenant shall not have a Right of First Refusal, and this Section 39.1 shall not apply with respect to a Third Party Offer received by Landlord. Subject to the foregoing requirements, if Landlord shall receive a bona fide offer ("Third Party Offer") from a third-party ("Proposed Tenant") to lease all or any specific portion of the Premises for a term commencing after the expiration of the Term of this Lease (all or such specific portion of the Premises is referred to herein, respectively, as a "ROFR Space"), and if Landlord wishes to accept such Third Party Offer, then Landlord shall promptly give written notice to Tenant of the Third Party Offer, along with a copy of the Third Party Offer ("ROFR Notice"). Tenant shall

have ten (10) business days after receipt of a ROFR Notice during which to exercise its right to lease such ROFR Space on the terms and conditions set forth in the Third Party Offer (“**Right of First Refusal**”). Should Tenant fail to deliver written notice to Landlord of its exercise this Right Of First Refusal within said ten (10) business day period, Tenant shall be deemed to waive all rights to lease the ROFR Space pursuant to the terms of the ROFR Notice (as may be modified below), and Landlord shall be entitled to enter into a lease transaction with the Proposed Tenant on the same terms and conditions offered to Tenant in the ROFR Notice (as may be modified below). In the event that Landlord and Proposed Tenant do not enter into a lease transaction pursuant to the exact same terms and conditions as stated in the ROFR Notice (as may be modified below) within six (6) months after Tenant rejects (or is deemed to reject), the ROFR Notice, then Tenant’s Right of First Refusal with respect to such ROFR Space shall be reinstated. In the event Landlord and Proposed Tenant agree to a lease which contains terms whereby: (i) the square footage of the premises to be leased by the Proposed Tenant is less than ninety-eight percent (98%) of the ROFR Space or more than one hundred two percent (102%) as set forth in the ROFR Notice, (ii) the monthly base rental rate under such lease is less than ninety-five percent (95%) of the base rental rate offered to Tenant in the ROFR Notice, or (iii) the amount of tenant improvement allowances and other concessions to be paid by Landlord to the Proposed Tenant is more than one hundred ten percent (110%) of the improvement allowances and other concessions offered to Tenant in the ROFR Notice, then Landlord shall deliver written notice to Tenant of the terms of the proposed lease with the Proposed Tenant (“**Revised Offer**”), and Tenant shall have the right of first refusal for the ROFR Space on the terms and conditions contained in the Revised Offer. Tenant shall then have an additional ten (10) business days during which it may accept or reject the Revised Offer. Should Tenant fail to deliver written notice to Landlord of its acceptance of the Revised Offer within said ten (10) business day period, Tenant shall be deemed to waive all rights to lease the ROFR Space pursuant to the terms of the Revised Offer, and Landlord shall be entitled to enter into a lease transaction with the Proposed Tenant on the exact same terms and conditions offered to Tenant in the Revised Offer. If the ROFR Notice or Revised Offer, as the case may be, applies to less than all of the Premises, then Tenant’s rejection of such ROFR Notice or Revised Offer, as the case may be, shall not be deemed a rejection of any other ROFR Space not referred to in the ROFR Notice or the Revised Offer, as the case may be. In the event Tenant timely exercises the Right of First Refusal, Landlord and Tenant shall, within thirty (30) days of such exercise, execute a mutually acceptable amendment to this Lease (“**ROFR Extension Amendment**”), reflecting the terms of the Third Party Offer or Revised Offer, as may be applicable.

39.2 Right of First Offer. The Tenant’s Right of First Offer (defined hereafter) may only be exercised by Tenant if and so long as (a) as Landlord and Tenant have not entered into a ROFR Extension Amendment under Section 39.1, (b) there is no outstanding Event of Default by Tenant under this Lease, and (c) Tenant has not assigned this Lease (other than pursuant to a Permitted Transfer). If any of the conditions set forth in the preceding sentence is not satisfied, then Tenant shall not have a Right of First Offer, and this Section 39.2 shall not apply. Subject to the foregoing requirements, if Landlord intends to market all or any specific portion of the Premises to the public for lease (all or such specific portion of the Premises being referred to herein, respectively, as the “**ROFO Space**”) during the final eighteen (18) months of the Term of this Lease, then Landlord shall promptly give written notice to Tenant, along with a statement of the proposed lease term, base rent and other material economic terms and incentives that will be included in such marketing (“**ROFO Notice**”). Tenant shall have ten (10) business days after receipt of the ROFO Notice during which to exercise its right to lease such ROFO Space on the terms and conditions set forth in the ROFO Notice (“**Right of First Offer**”). Should Tenant fail to deliver written notice to Landlord of its exercise this Right Of First Offer within said ten (10) business day period, Tenant shall be deemed to waive all rights to lease the ROFO Space pursuant to this Section 39.2 (but same shall not effect Tenant’s Right of First Refusal under Section 39.1), and, subject to Section 39.1, Landlord shall be entitled to enter into a lease transaction with any third party with respect to all or any portion of the ROFO Space any time

thereafter and on any terms and conditions determined by Landlord. In the event Tenant timely exercises the Right of First Offer, Landlord and Tenant shall, within thirty (30) days of such exercise, mutually execute an amendment to this Lease (“**ROFO Extension Amendment**”), reflecting the terms of the ROFO Notice.

#### 40. **SIGNAGE.**

40.1 Subject to the provisions of this Section 40.1, Tenant shall be entitled to all signage permitted under all local laws and ordinances and the Protective Covenants (the “**Building Signage**”). The exact location of the Building Signage shall be subject to all applicable Regulations and Landlord’s prior written approval (such approval not to be unreasonably withheld, conditioned, and/or delayed, and to be given or withheld (with specific reasons given for such withholding), within ten (10) days after Tenant’s request. If Landlord does not respond within such ten (10) day period, Tenant may make another request for such approval which shall be granted or withheld in accordance with the foregoing sentence). If Landlord does not respond to the second written notice within two (2) business days thereafter, Landlord shall be deemed to have approved Tenant’s request for consent. Such right to the Building Signage is subject to the following terms and conditions: (a) Tenant shall submit plans and drawings for the Building Signage to Landlord and to [\*\*\*] and to any other public authorities having jurisdiction and shall obtain written approval from Landlord and each such jurisdiction prior to installation, and shall fully comply with all applicable Regulations; (b) Tenant shall, at Tenant’s sole cost and expense, design, construct and install the Building Signage; and (c) Tenant shall bear all costs of maintenance and repair for the Building Signage, including cleaning. Notwithstanding the foregoing, Tenant shall not be liable for any fee to Landlord in connection with Tenant’s right to display the Building Signage in accordance with this Lease.

40.2 Upon the expiration or earlier termination of this Lease, if Tenant fails to remove the Building Signage and repair the Building in accordance with the terms of this Lease, Landlord shall cause the Building Signage to be removed from the Building and the Building to be reasonably repaired and restored any damage caused therefrom, all at the sole cost and expense of Tenant and otherwise in accordance with this Lease, without further notice from Landlord. Notwithstanding anything to the contrary contained in this Lease, Tenant shall pay all direct, reasonable, and out-of-pocket costs and expenses for such removal and restoration within thirty (30) days following delivery of an invoice therefor.

41. **LIMITATION OF LIABILITY.** Redress for any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord’s interest in the Premises (including, but not limited to, all rents, profits, income, and proceeds therefrom). The obligations of Landlord and Tenant under this Lease are not intended to be and shall not be personally binding on, nor shall any resort be had to the private properties of, any of Landlord’s or its investment manager’s or trustees, directors, officers, partners, beneficiaries, members, stockholders, employees, or agents, and in no case shall Landlord be liable to Tenant hereunder for any form of special, indirect, punitive, or consequential damages. In no event shall Tenant be liable to Landlord hereunder for any form of special, indirect, punitive, or consequential damages.

42. **COUNTERPARTS AND ELECTRONIC DOCUMENTS.** This Lease may be executed in counterparts, including pdf, or electronically imaged signatures provided by DocuSign or any other digital signature provider, and the counterparts taken together shall

constitute a single binding instrument. Documents executed, scanned, and transmitted electronically shall be deemed original documents for purposes of this Lease.

43. **LANDLORD FEES.** Notwithstanding anything contained herein to the contrary, Landlord shall not be entitled to any move-in, move-out, or elevator fee in connection with Tenant's taking or returning all or any portion of the Premises or, unless Tenant requests Landlord's management of same in writing, any supervisory fee.

44. **LETTER OF CREDIT.**

44.1 Within thirty (30) days after Landlord Commences Construction and notifies Tenant of same (the "**LOC Deadline**"), Tenant shall deliver in favor of Landlord the LC in the sum of [\*\*\*]), as security for the full and faithful payment of all sums due under this Lease and the full and faithful performance of every covenant and condition of this Lease to be performed by Tenant. The LC initially delivered pursuant to this Section 44.1 and all substitutions, replacements and renewals of it must be consistent with and shall satisfy all the requirements in the LC criteria in **Exhibit M** attached hereto in all material respects. If the LC is not delivered to and accepted by Landlord by the LOC Deadline, and if such failure continues beyond the notice and cure period set forth in Section 18.1.5, then Landlord may, at its election, exercised in its absolute discretion, either void the Lease for failure of a condition subsequent or proceed with rights and remedies for an Event of Default. Landlord may draw on the LC, in whole or in part at Landlord's election, without advance notice to Tenant, at any time or from time to time, but only during the existence of any Event of Default or (i) if Tenant, or anyone in possession of the Premises through Tenant, wrongfully holds over after the expiration or earlier termination of this Lease, (ii) if Landlord is given notice by the issuer of the LC that it is terminating the LC and Tenant does not replace the LC within fifteen (15) days prior to such termination, (iii) if issuer of the LC gives notice to Landlord that it will cease to act in that capacity and Tenant does not replace the LC within fifteen (15) days prior to such termination, (iv) if the LC expires on a specified date by its terms and is not renewed or replaced at least thirty (30) days in advance of its expiration date, (v) to the extent permitted by applicable law, in the event any bankruptcy, insolvency, reorganization or any other debtor creditor proceeding is instituted by or against Tenant resulting in an Event of Default or (vi) as otherwise specified in or in connection with the LC. Landlord may apply any sum drawn on the LC to amounts due and owing to Landlord under this Lease as a result of the Event(s) of Default in such order and priority as Landlord elects in its absolute discretion. Tenant shall, within fifteen (15) business days after Landlord's demand, restore the amount of the LC drawn to its original amount. If Tenant does not restore the LC to its original amount within the required time period, such non-restoration shall be considered an Event of Default. Additionally, Landlord's draw and application of all or any portion of the proceeds of the LC shall not impair any other rights or remedies provided under this Lease or under applicable law and shall not be construed as a payment of liquidated damages. Subject to Section 44.2, so long as no default by Tenant exists (or upon the cure of same), the remaining balance of the LC shall be returned to Tenant or, if Landlord has properly drawn on the LC, the remaining proceeds of the LC which are in excess of sums due to Landlord shall be repaid to Tenant, if not previously applied, without interest, within sixty (60) business days after the expiration or termination of the Term of the Lease and delivery of possession of the Premises to Landlord in accordance with this Lease. On any request by Landlord made during the Term of the Lease, Tenant shall cooperate in accomplishing any reasonable modification of the LC reasonably requested by Landlord at Landlord's sole discretion and at no cost to Tenant. If the LC should be lost, mutilated, stolen or destroyed, Tenant shall cooperate in obtaining the issuance of a replacement at no cost to Tenant. Tenant shall not assign or grant any security interest in the LC and any attempt to do so shall be void and of no effect. In the event of a sale or transfer of Landlord's estate or interest in the Building, Landlord shall have the right to transfer the LC to the vendee or the transferee. Tenant shall reasonably cooperate in effecting such transfer at no cost to Tenant. Without limiting the foregoing, if Landlord determines in good faith

that the issuer of the LC no longer meets the rating criteria set forth in **Exhibit M**, then, upon no less than forty-five (45) days prior written notice from Landlord to Tenant, Tenant shall replace such LC with a new LC issued by an issuer that meets the rating criteria set forth in **Exhibit M** or is otherwise reasonably acceptable to Landlord.

44.2 After Tenant pays the Monthly Installment of Rent and Additional Rent for the one hundred twentieth (120th) month of the Term (the “**Return Date**”), then, so long as no Event of Default shall exist, Tenant shall have no further obligation to provide the LC, and Landlord shall return the LC to Tenant promptly following the Return Date, subject to the immediately next sentence. If, as of the Return Date, Tenant is in default under this Lease for which written notice has been delivered to Tenant and such default has not been cured, then the LC shall not be returned on the Return Date, and the LC shall not be returned to Tenant unless and until such default is cured, but only if such cure occurs prior to ripening into an Event of Default.

#### 45. **[\*\*\*] OFFICE IMPROVEMENTS.**

45.1 Attached hereto as **Exhibit B-2** is a [\*\*\*], for installation of [\*\*\*] within the Premises, depicting the planned physical layout of the [\*\*\*] within the Premises. Landlord and Tenant hereby approve of the [\*\*\*]. Landlord, at Tenant’s sole cost and expense and as part of the Landlord’s Work, hereby agrees to install the [\*\*\*] in accordance with the [\*\*\*] prior to Substantial Completion, subject to the balance of this Section 45.1. As a partial inducement to Tenant for entering into this Lease, Landlord shall provide to Tenant a construction allowance in the amount of [\*\*\*] (“**Allowance**”), to be applied to the cost of the design, installation and completion of the [\*\*\*]. Tenant shall be responsible for any cost or expense of the [\*\*\*] which is in excess of the Allowance, plus a landlord oversight fee to Landlord of [\*\*\*], which shall be payable by Tenant within thirty (30) days after completion of the [\*\*\*] installation.

45.2 The Plans and Specifications include construction of an office as well as certain office-related improvements within the Premises (the “**Office Improvements**”). Landlord hereby agrees to install the Office Improvements in accordance with the Plans and Specifications as part of Landlord’s Work.

45.3 Notwithstanding anything to the contrary in this Lease, Landlord and Tenant acknowledge and agree that Landlord’s review and approval of the [\*\*\*], is solely for the protection of Landlord, and Landlord shall have no liability to Tenant or any Tenant Party for any Claim suffered by Tenant or any Tenant Party in connection with the design or engineering of the [\*\*\*].

46. **CONFESSION OF JUDGMENT.** The provisions set forth in this Section 46 shall become effective only if (i) there shall exist an Event of Default by Tenant and (ii) upon the giving of an additional ten (10) day notice by Landlord to Tenant specifying the nature of the default(s) and specifically referencing Landlord’s intent to utilize the relief set forth in this Section 46. In the event Tenant fails to cure the Event of Default(s) within the additional ten (10) day cure period, then, in such event, upon the expiration of said ten (10) day period, the provisions set forth in this Section 46 shall become fully effective and irrevocable.

46.1 **CONFESSION OF JUDGMENT FOR POSSESSION. UPON AN EVENT OF DEFAULT OR THE EXPIRATION OF THE TERM, IT SHALL BE LAWFUL FOR ANY ATTORNEY OF ANY COURT OF RECORD TO APPEAR AS ATTORNEY FOR TENANT AS WELL AS FOR ALL PERSONS CLAIMING BY, THROUGH OR UNDER TENANT AND TO SIGN AN AGREEMENT FOR ENTERING IN ANY COMPETENT COURT AN ACTION IN EJECTMENT AGAINST TENANT AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER TENANT AND THEREIN CONFESS**

**JUDGMENT FOR THE RECOVERY BY LANDLORD OF POSSESSION OF THE PREMISES, FOR WHICH THIS LEASE SHALL BE ITS SUFFICIENT WARRANT, WHEREUPON, IF LANDLORD SO DESIRES, A WRIT OF POSSESSION OR OTHER APPROPRIATE WRIT UNDER THE [\*\*\*] RULES OF CIVIL PROCEDURE THEN IN EFFECT MAY ISSUE FORTHWITH, WITHOUT ANY PRIOR WRIT OR PROCEEDINGS; PROVIDED, HOWEVER, IF THIS LEASE IS TERMINATED AND POSSESSION OF THE PREMISES REMAIN IN OR BE RESTORED TO TENANT, LANDLORD SHALL HAVE THE RIGHT FOR THE SAME EVENT OF DEFAULT AND UPON ANY SUBSEQUENT EVENT OF DEFAULT OR EVENTS OF DEFAULT, TO BRING ONE OR MORE FURTHER ACTION OR ACTIONS AS HEREINBEFORE SET FORTH TO RECOVER POSSESSION OF THE PREMISES AND CONFESS JUDGMENT FOR THE RECOVERY OF POSSESSION OF THE PREMISES AS HEREINABOVE PROVIDED.**

**46.2 PROCEEDINGS. IN ANY ACTION OF EJECTMENT AND/OR RENT, LANDLORD SHALL FIRST CAUSE TO BE FILED IN SUCH ACTION AN AFFIDAVIT MADE BY IT OR SOMEONE ACTING FOR IT, SETTING FORTH THE FACTS NECESSARY TO AUTHORIZE THE ENTRY OF JUDGMENT, AND, IF A TRUE COPY OF THIS LEASE (AND OF THE TRUTH OF THE COPY OF SUCH AFFIDAVIT SHALL BE SUFFICIENT EVIDENCE) BE FILED IN SUCH ACTION, IT SHALL NOT BE NECESSARY TO FILE THE ORIGINALS AS A WARRANT OF ATTORNEY, ANY RULE OF COURT, CUSTOM OR PRACTICE TO THE CONTRARY NOTWITHSTANDING. TENANT RELEASES TO LANDLORD AND TO ANY AND ALL ATTORNEYS WHO MAY APPEAR FOR TENANT, ALL PROCEDURAL ERRORS IN SAID PROCEEDINGS AND ALL LIABILITY THEREOF. IF PROCEEDINGS SHALL BE COMMENCED BY LANDLORD TO RECOVER POSSESSION UNDER THE [\*\*\*] UPON AN EVENT OF DEFAULT, TENANT SPECIFICALLY WAIVES THE RIGHT TO THE THREE (3) MONTHS' NOTICE AND TO THE FIFTEEN (15) OR THIRTY (30) DAYS' NOTICE REQUIRED BY THE [\*\*\*], AND AGREES THAT TEN (10) DAYS' NOTICE SHALL BE SUFFICIENT IN EITHER OR ANY SUCH CASE.**

**46.3 ACKNOWLEDGEMENT OF CONFESSION OF JUDGMENT. TENANT CONFIRMS TO LANDLORD THAT (i) THIS LEASE AND THE FOREGOING WARRANTS OF ATTORNEY HAVE BEEN NEGOTIATED AND AGREED UPON IN A COMMERCIAL CONTEXT; (ii) TENANT IS A BUSINESS ENTITY AND ITS PRINCIPALS ARE KNOWLEDGEABLE IN COMMERCIAL MATTERS; (iii) TENANT HAS CONSULTED WITH ITS OWN SEPARATE COUNSEL REGARDING THIS LEASE; (iv) ON THE ADVICE OF ITS OWN SEPARATE COUNSEL, TENANT HAS AGREED TO THE AFORESAID WARRANTS OF ATTORNEYS TO CONFESS JUDGMENT AGAINST TENANT; AND (v) TENANT UNDERSTANDS THAT IT IS WAIVING CERTAIN RIGHTS WHICH IT WOULD OTHERWISE POSSESS. LANDLORD ACKNOWLEDGES AND AGREES THAT THE TERMS OF THIS SECTION 46 ARE LIMITED TO LANDLORD'S CLAIM AND DEMAND FOR POSSESSION OF THE PREMISES, AND SHALL NOT BE CONSTRUED (NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN LAW OR IN EQUITY TO THE CONTRARY), AS A CONFESSION OF JUDGMENT AS TO ANY CLAIM BY LANDLORD FOR MONETARY DAMAGES AND/OR OTHER RELIEF AND/OR REMEDIES.**

(Signature page follows)

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the Lease Reference Date set forth in the Reference Pages of this Lease.

**LANDLORD:**

[\*\*\*], a Delaware limited liability company

By: /s/ [\*\*\*] \_\_\_\_\_

Name: [\*\*\*] \_\_\_\_\_

Title: Authorized Signatory \_\_\_\_\_

**TENANT:**

FRESHPET, INC.,  
A Delaware corporation

By: /s/ C.G. Taranto \_\_\_\_\_

Name: C.G. Taranto \_\_\_\_\_

Title: SVP of Supply Chain \_\_\_\_\_

\*\*\*

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (No. 333-200936, No.333-249363 and No. 333-283058) on Form S-8 of our report dated February 23, 2026, with respect to the consolidated financial statements of Freshpet, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Short Hills, New Jersey  
February 23, 2026

## CERTIFICATIONS

I, William B. Cyr, certify that:

1. I have reviewed this Annual Report on Form 10-K of Freshpet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2026

/s/ William B. Cyr

\_\_\_\_\_  
William B. Cyr  
Chief Executive Officer

## CERTIFICATIONS

I, John G. O'Connor, certify that:

1. I have reviewed this Annual Report on Form 10-K of Freshpet, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2026

/s/ John G. O'Connor

John G. O'Connor  
Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. § 1350,  
AS ADOPTED PURSUANT TO § 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 10-K of Freshpet, Inc., a Delaware corporation (the “Company”), for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: February 23, 2026

/s/ William B. Cyr  
William B. Cyr  
Chief Executive Officer

/s/ John G. O'Connor  
John G. O'Connor  
Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.