

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

**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): May 6, 2024**

**FRESHPET, INC.**

**(Exact name of Registrant as Specified in Its Charter)**

**Delaware  
(State or Other Jurisdiction  
of Incorporation)**

**001-36729  
(Commission File Number)**

**20-1884894  
(IRS Employer  
Identification No.)**

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

**07094  
(Zip Code)**

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

**Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)**

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FRPT	NASDAQ Global Market

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

Emerging growth company

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

---

## Item 2.02. Results of Operations and Financial Condition.

On May 6, 2024, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended March 31, 2024. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

As previously announced, Freshpet will hold a conference call at 8:00 a.m., Eastern Time, on Monday, May 6, 2024, to discuss its financial results for the quarter ended March 31, 2024.

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

## Item 7.01. Regulation FD Disclosure.

On May 6, 2024, Freshpet published to the investor relations section of its website a presentation which will be used by Freshpet’s management team in meetings with analysts and stockholders. A copy of the presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information furnished with Item 2.02 and this Item 7.01, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“the Exchange Act”) or incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

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

## Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	<a href="#">Press Release, dated May 6, 2024</a>
99.2	<a href="#">Investors Presentation</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

---

**SIGNATURE**

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

FRESHPET, INC.

Date: May 6, 2024

By: /s/ Todd Cunfer

Name: Todd Cunfer

Title: Chief Financial Officer



## Freshpet, Inc. Reports First Quarter 2024 Financial Results

*Company Updates 2024 Outlook; Raises Adjusted EBITDA Guidance  
Net Sales Driven by Volume-Based Growth  
Profitability Improvement Driven by Lower Input, Quality and Logistics Costs*

SECAUCUS, N.J. – May 6, 2024 – Freshpet, Inc. (“Freshpet” or the “Company”) (Nasdaq: FRPT) today reported financial results for its first quarter ended March 31, 2024.

### First Quarter 2024 Financial Highlights Compared to Prior Year Period

- Net sales of \$223.8 million, an increase of 33.6%.
- Gross margin of 39.4%, compared to the prior year period of 30.3%.
- Adjusted Gross Margin of 45.3%, compared to the prior year period of 38.5%.
- Net income of \$18.6 million, compared to the prior year period net loss of \$24.8 million.
- Adjusted EBITDA of \$30.6 million, compared to the prior year period of \$3.0 million.<sup>1</sup>

"Our strong first quarter results provide solid evidence that we can deliver our long-term financial goals— and we are now determined to prove that we can achieve this level of performance consistently over time," commented Billy Cyr, Freshpet's Chief Executive Officer. "The strength of the Freshpet business model and consumer proposition continue to drive the robust net sales growth investors have come to expect from us, and our intense focus on operational improvements is delivering the margin expansion we knew we could achieve with additional scale. While we are very bullish on our prospects for continued profit improvement, our focus now is on delivering consistently strong performance. If we continue to do well, we will create significant shareholder value while fulfilling our mission to nourish pets, people and the planet."

### First Quarter 2024

Net sales increased 33.6% to \$223.8 million for the first quarter of 2024 compared to \$167.5 million for the prior year period. The increase in net sales was primarily driven by volume gains of 30.6%.

Gross profit was \$88.2 million, or 39.4% as a percentage of net sales, for the first quarter of 2024, compared to \$50.8 million, or 30.3% as a percentage of net sales, for the prior year period. The increase in reported gross profit as a percentage of net sales was primarily due to improved leverage on plant expenses, reduced quality costs, and lower input cost as a percentage of sales. For the first quarter of 2024, Adjusted Gross Profit was \$101.5 million, or 45.3% as a percentage of net sales, compared to \$64.4 million, or 38.5% as a percentage of net sales, for the prior year period. Adjusted Gross Profit is a non-GAAP financial measure defined under “Non-GAAP Measures” and is reconciled to gross profit in the financial tables that accompany this release.

Selling, general and administrative expenses (“SG&A”) were \$79.7 million for the first quarter of 2024 compared to \$72.3 million for the prior year period. As a percentage of net sales, SG&A decreased to 35.6% for the first quarter of 2024 compared to 43.1% for the prior year period. The decrease of 750 basis points in SG&A as a percentage of net sales was mainly a result of reduced logistics costs and media as a percentage of net sales, in addition to lower share-based compensation. Adjusted SG&A for the first quarter of 2024 was \$70.9 million, or 31.7% as a percentage of net sales, compared to \$61.5 million, or 36.7% as a percentage of net sales, for the prior year period. Adjusted SG&A is a non-GAAP financial measure defined under “Non-GAAP Measures” and is reconciled to SG&A in the financial tables that accompany this release.

Net income was \$18.6 million for the first quarter of 2024 compared to net loss of \$24.8 million for the prior year period. The improvement in net income was due to contribution from higher sales, improved gross margin, reduced logistics costs as a percentage of net sales, and gain on equity investment of \$9.9 million, partially offset by increased SG&A including increased media spend of \$6.1 million.

<sup>1</sup> Adjusted EBITDA, as well as certain other measures in this release, is a non-GAAP financial measure. See "Non-GAAP Measures" for how the Company defines these measures and the financial tables that accompany this release for reconciliations of these measures to the closest comparable GAAP measures.

Adjusted EBITDA was \$30.6 million for the first quarter of 2024, compared to \$3.0 million for the prior year period. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit partially offset by higher Adjusted SG&A expenses. Adjusted EBITDA is a non-GAAP financial measure defined under “Non-GAAP Measures” and is reconciled to net income (loss) in the financial tables that accompany this release.

### **Balance Sheet**

As of March 31, 2024, the Company had cash and cash equivalents of \$257.9 million with \$393.6 million of debt outstanding net of \$8.9 million of unamortized debt issuance costs. For the first quarter of 2024, cash from operations was \$5.4 million, an increase of \$19.1 million compared to the prior year period.

The Company will utilize its balance sheet to support its ongoing capital needs in connection with its long-term capacity plan.

### **Outlook**

For full year 2024, the Company is updating its guidance and now expects the following:

- Net sales of at least \$950 million, an increase of at least 24% from 2023, unchanged from the previous guidance,
- Adjusted EBITDA of at least \$120 million, compared to a range of \$100 to \$110 million in the previous guidance, and
- Capital expenditures of ~\$210 million, unchanged from the previous guidance.

The Company does not provide guidance for net income, the U.S. GAAP measure most directly comparable to Adjusted EBITDA, and similarly cannot provide a reconciliation between its forecasted Adjusted EBITDA and net income metrics without unreasonable effort due to the unavailability of reliable estimates for certain components of net income and the respective reconciliations, including the timing of and amount of costs of goods sold and selling, general and administrative expenses. These items are not within the Company's control and may vary greatly between periods and could significantly impact future results.

### **Conference Call & Earnings Presentation Webcast Information**

As previously announced, today, May 6, 2024, the Company will host a conference call beginning at 8:00 a.m. Eastern Time with members of its leadership team. The conference call webcast will be available live over the Internet through the "Investors" section of the Company's website at [www.freshpet.com](http://www.freshpet.com). To participate on the live call, listeners in North America may dial (877) 407-0792 and international listeners may dial (201) 689-8263.

A replay of the conference call will be archived on the Company's website and telephonic playback will be available from 12:00 p.m. Eastern Time today through May 20, 2024. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671; the passcode is 13745823.

### **About Freshpet**

Freshpet's mission is to improve the lives of dogs and cats through the power of fresh, real food. Freshpet foods are blends of fresh meats, vegetables and fruits farmed locally and made at our Freshpet Kitchens. We thoughtfully prepare our foods using natural ingredients, cooking them in small batches at lower temperatures to preserve the natural goodness of the ingredients. Freshpet foods and treats are kept refrigerated from the moment they are made until they arrive at Freshpet Fridges in your local market.

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

Connect with Freshpet:

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

<https://x.com/Freshpet>

<http://instagram.com/Freshpet>

<http://pinterest.com/Freshpet>

<https://www.tiktok.com/@Freshpet>

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

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

### **Forward Looking Statements**

Certain statements in this release constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to future profitability, focus on delivering consistently strong performance, ability to create significant shareholder value, goals and guidance with respect to 2024 net sales, Adjusted EBITDA and capital expenditures. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements, involve certain risks and uncertainties which could cause actual results, performance, and achievements to differ materially from those stated or implied by such forward-looking statements including, most prominently, the risks discussed under the heading "Risk Factors" in the Company's latest annual report on Form 10-K and its quarterly reports on Form 10-Q filed with the Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this release. Freshpet undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

## Non-GAAP Financial Measures

Freshpet uses the following non-GAAP financial measures in its financial communications. These non-GAAP financial measures 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 % of net sales (Adjusted Gross Margin)
- Adjusted SG&A
- Adjusted SG&A as a % of net sales
- EBITDA
- Adjusted EBITDA
- Adjusted EBITDA as a % of net sales

Adjusted Gross Profit: Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, non-cash share-based compensation and loss on disposal of manufacturing equipment.

Adjusted SG&A Expenses: Freshpet defines Adjusted SG&A as SG&A expenses before depreciation and amortization, non-cash share-based compensation, loss on disposal of equipment, implementation and other costs associated with the implementation of an enterprise resource planning ("ERP") system, fees related to the capped call options purchased, and advisory fees related to activism engagement.

EBITDA and Adjusted EBITDA: EBITDA represents net income (loss) plus interest expense net of interest income, income tax expense and depreciation and amortization expense, and Adjusted EBITDA represents EBITDA plus loss on equity method investment, gain on equity investment, loss on disposal of property, plant and equipment, non-cash share-based compensation expense, implementation and other costs associated with the implementation of an ERP system, fees related to the capped call options purchased, and advisory fees related to activism engagement.

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

### Investor Contact:

Rachel Ulsh  
Rulsh@freshpet.com

### Media Contact:

Press@freshpet.com

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

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 257,894	\$ 296,871
Accounts receivable, net of allowance for doubtful accounts	68,507	56,754
Inventories, net	71,865	63,238
Prepaid expenses	5,757	7,615
Other current assets	2,935	2,841
Total Current Assets	<u>406,958</u>	<u>427,319</u>
Property, plant and equipment, net	1,005,759	979,164
Deposits on equipment	1,295	1,895
Operating lease right of use assets	3,237	3,616
Long term investment in equity securities	33,446	23,528
Other assets	29,895	28,899
<b>Total Assets</b>	<u>\$ 1,480,590</u>	<u>\$ 1,464,421</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 46,591	\$ 36,096
Accrued expenses	32,193	49,816
Current operating lease liabilities	1,174	1,312
Current finance lease liabilities	1,988	1,998
Total Current Liabilities	<u>\$ 81,946</u>	<u>\$ 89,222</u>
Convertible senior notes	393,588	393,074
Long term operating lease liabilities	2,333	2,591
Long term finance lease liabilities	24,879	26,080
<b>Total Liabilities</b>	<u>\$ 502,746</u>	<u>\$ 510,967</u>
Commitments and contingencies	—	—
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 48,449 issued and 48,435 outstanding on March 31, 2024, and 48,277 issued and 48,263 outstanding on December 31, 2023	48	48
Additional paid-in capital	1,288,890	1,282,984
Accumulated deficit	(310,129)	(328,731)
Accumulated other comprehensive loss	(709)	(591)
Treasury stock, at cost — 14 shares on March 31, 2024 and on December 31, 2023	(256)	(256)
<b>Total Stockholders' Equity</b>	<u>977,844</u>	<u>953,454</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 1,480,590</u>	<u>\$ 1,464,421</u>



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

	<b>For the Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
NET SALES	\$ 223,849	\$ 167,522
COST OF GOODS SOLD	135,691	116,762
GROSS PROFIT	88,158	50,760
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	79,695	72,271
INCOME (LOSS) FROM OPERATIONS	8,463	(21,511)
OTHER INCOME (EXPENSES):		
Interest and Other Income, net	3,335	946
Interest Expense	(3,060)	(3,171)
Gain on Equity Investment	9,918	-
	10,193	(2,225)
INCOME (LOSS) BEFORE INCOME TAXES	18,656	(23,736)
INCOME TAX EXPENSE	54	70
LOSS ON EQUITY METHOD INVESTMENT	-	980
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 18,602	\$ (24,786)
OTHER COMPREHENSIVE (LOSS) INCOME:		
Change in Foreign Currency Translation	\$ (118)	\$ 6
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(118)	6
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 18,484	\$ (24,780)
NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
-BASIC	\$ 0.38	\$ (0.52)
-DILUTED	\$ 0.37	\$ (0.52)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING		
-BASIC	48,320	48,047
-DILUTED	50,049	48,047

**FRESHPET, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited, in thousands)

	<b>For the Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 18,602	\$ (24,786)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Provision for loss (gains) on accounts receivable	4	(2)
Loss on disposal of property, plant and equipment	150	268
Share-based compensation	6,221	8,415
Inventory obsolescence	699	(29)
Depreciation and amortization	15,902	14,492
Write-off and amortization of deferred financing costs and loan discount	514	2,478
Change in operating lease right of use asset	379	357
Loss on equity method investment	—	980
Gain on equity investment	(9,918)	—
Changes in operating assets and liabilities:		
Accounts receivable	(11,757)	9,182
Inventories	(7,817)	(8,000)
Prepaid expenses and other current assets	548	2,525
Other assets	(691)	(3,664)
Accounts payable	9,909	(10,724)
Accrued expenses	(16,943)	(4,869)
Operating lease liability	(396)	(363)
Net cash flows provided by (used in) operating activities	<u>5,406</u>	<u>(13,740)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of short-term investments	—	(49,326)
Acquisitions of property, plant and equipment, software and deposits on equipment	(46,473)	(58,039)
Net cash flows used in investing activities	<u>(46,473)</u>	<u>(107,365)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from exercise of options to purchase common stock	2,815	834
Tax withholdings related to net shares settlements of restricted stock units	(223)	(602)
Purchase of capped call options	—	(66,211)
Proceeds from issuance of convertible senior notes	—	393,518
Debt issuance costs	—	(2,026)
Principal payments under finance lease obligations	(502)	—
Net cash flows provided by financing activities	<u>2,090</u>	<u>325,513</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(38,977)	204,408
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	296,871	132,735
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 257,894</u>	<u>\$ 337,143</u>

**FRESHPET, INC. AND SUBSIDIARIES**  
**RECONCILIATION BETWEEN GROSS PROFIT AND ADJUSTED GROSS PROFIT**

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Dollars in thousands)</b>	
Gross profit	\$ 88,158	\$ 50,760
Depreciation expense	10,675	10,721
Non-cash share-based compensation (a)	2,622	2,956
Loss on disposal of manufacturing equipment	21	—
<b>Adjusted Gross Profit</b>	<b>\$ 101,476</b>	<b>\$ 64,437</b>
Adjusted Gross Profit as a % of Net Sales	45.3%	38.5%

- (a) Includes true-ups, if required, to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain 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 such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

**FRESHPET, INC. AND SUBSIDIARIES**  
**RECONCILIATION BETWEEN SG&A EXPENSES AND ADJUSTED SG&A EXPENSES**

	Three Months Ended March 31,	
	2024	2023
	(Dollars in thousands)	
SG&A expenses	\$ 79,695	\$ 72,271
Depreciation and amortization expense	5,070	3,771
Non-cash share-based compensation (a)	3,600	5,459
Loss on disposal of equipment	129	268
Enterprise Resource Planning (b)	—	801
Capped Call Transactions fees (c)	—	113
Activism engagement (d)	—	389
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 70,896</b>	<b>\$ 61,470</b>
Adjusted SG&A Expenses as a % of Net Sales	31.7%	36.7%

- (a) Includes true-ups, if required, to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain 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 such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
- (b) Represents costs associated with the implementation of an ERP system.
- (c) Represents fees associated with the Capped Call Transactions.
- (d) Represents advisory fees related to activism engagement.

**FRESHPET, INC. AND SUBSIDIARIES**  
**RECONCILIATION BETWEEN NET INCOME (LOSS) AND ADJUSTED EBITDA**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Dollars in thousands)</b>	
Net income (loss)	\$ 18,602	\$ (24,786)
Depreciation and amortization	15,745	14,492
Interest income, net of interest expense	(275)	2,225
Income tax expense	54	70
<b>EBITDA</b>	<b>\$ 34,126</b>	<b>\$ (7,999)</b>
Loss on equity method investment	—	980
Gain on equity investment	(9,918)	—
Loss on disposal of property, plant and equipment	150	268
Non-cash share-based compensation (a)	6,221	8,415
Enterprise Resource Planning (b)	—	801
Capped Call Transactions fees (c)	—	113
Activism engagement (d)	—	389
<b>Adjusted EBITDA</b>	<b>\$ 30,579</b>	<b>\$ 2,967</b>
Adjusted EBITDA as a % of Net Sales	13.7%	1.8%

- (a) Includes true-ups, if required, to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain 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 such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
- (b) Represents costs associated with the implementation of an ERP system.
- (c) Represents fees associated with the Capped Call Transactions.
- (d) Represents advisory fees related to activism engagement.



Q1 2024

# Earnings

May 6, 2024



# Forward Looking Statements & Non-GAAP Measures



## FORWARD-LOOKING STATEMENTS

Certain statements in this presentation by Freshpet, Inc. (the "Company") constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are based on our current expectations and assumptions. These forward-looking statements, which include any statements related to the timing of Freshpet Kitchens Expansion, our long-term strategy, focus and 2027 goals, our pace in achieving these goals, growth prospects, FY 2024 guidance and associated considerations. Words such as "anticipate", "believe", "could", "estimate", "expect", "guidance", "intend", "may", "might", "outlook", "plan", "predict", "seek", "will", "would" and variations of such word and similar future or conditional expressions are intended to identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements including difficulties in construction, third party data presented accompanying such statements, and most prominently, the risks discussed under the heading "Risk Factors" in the Company's latest annual report on Form 10-K and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this presentation. Freshpet undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

## NON-GAAP MEASURES

Freshpet uses certain non-GAAP financial measures, including EBITDA, adjusted EBITDA, adjusted EBITDA as a % of net sales (adjusted EBITDA Margin), adjusted Gross Profit, adjusted Cross Profit as a % of net sales (adjusted Cross Margin), adjusted SG&A and

adjusted SG&A as a % of net sales. These non-GAAP financial measures should be considered as supplements to GAAP reported measures, should not be considered replacements for, or superior to, GAAP measures and may not be comparable to similarly named measures used by other companies.

Freshpet defines EBITDA as net income (loss) plus interest expense, income tax expense and depreciation and amortization expense, and adjusted EBITDA as EBITDA plus net income (loss) on equity method investment, non-cash share-based compensation, fees related to equity offerings of our common stock, implementation and other costs associated with the implementation of an ERP system, and other expenses, including loss on disposal of equipment, COVID-19 expenses and organization changes designed to support long-term growth objectives. Freshpet defines adjusted Gross Profit as gross profit before depreciation expense, COVID-19 expense and non-cash share-based compensation, and adjusted SG&A as SG&A expenses before depreciation and amortization expense, non-cash share-based compensation, gain (loss) on disposal of equipment, fees related to equity offerings of our common stock, implementation and other costs associated with the implementation of an ERP system, COVID-19 expense and organization changes designed to support long term growth objectives.

Management believes that the non-GAAP financial measures are meaningful to investors because they provide a view of the Company with respect to ongoing operating results. Non-GAAP financial measures are shown as supplemental disclosures in this presentation because they are widely used by the investment community for analysis and comparative evaluation. They also provide additional metrics to evaluate the Company's operations and, when considered with both the Company's GAAP results and the reconciliation to the most comparable GAAP measures, provide a more complete understanding of the Company's business than could be obtained absent this disclosure. adjusted EBITDA is also an important

component of internal budgeting and setting management compensation. The non-GAAP measures are not and should not be considered an alternative to the most comparable GAAP measures or any other figure calculated in accordance with GAAP, or as an indicator of operating performance. The Company's calculation of the non-GAAP financial measures may differ from methods used by other companies. Management believes that the non-GAAP measures are important to an understanding of the Company's overall operating results in the periods presented. The non-GAAP financial measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.

Certain of these measures represent the Company's guidance for fiscal year 2024. The Company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable degree of certainty the type and impact of certain items, including the timing of and amount of costs of goods sold and selling, general and administrative expenses, that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. The unavailable information could significantly impact our financial results. These items are not within the Company's control and may vary greatly between periods. Based on the foregoing, the Company believes that providing estimates of the amounts that would be required to reconcile these forecasted non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.






  
freshpet

Freshpet strengthens the bond between people and our pets so that we both live longer, healthier and happier lives while being kind to the planet.

3

Q1 2024 EARNINGS PRESENTATION 





4 \*High profit pet owning households

# Highlights



5

Q1 2024 EARNINGS PRESENTATION freshpet

## Q1 2024: Solid growth and profitability improvement across all metrics



### FINANCIAL

	Q1 2024	YoY Change
Net Sales	<b>\$223.8M</b>	<b>+34%</b>
Adjusted Gross Margin*	<b>45.3%</b>	<b>+680 bps</b>
Adjusted EBITDA	<b>\$30.6M</b>	<b>+\$27.6M</b>
Adjusted EBITDA Margin*	<b>13.7%</b>	<b>+1,190 bps</b>
Logistics Costs*	<b>6.4%</b>	<b>-290 bps</b>
Input Costs*	<b>31.2%</b>	<b>-390 bps</b>
Quality Costs*	<b>2.8%</b>	<b>-240 bps</b>
Operating Cash Flow	<b>\$5.4M</b>	<b>+\$19M</b>

\*As a percent of net sales

### RETAIL

	YoY Change
Household Penetration	<b>+24%</b>
Buy Rate	<b>+5%</b>
Cubic Feet	<b>+15%</b>
Store Count	<b>+6%</b>
Total Distribution Points	<b>+19%</b>

## Strong performance driven by key fundamentals:

### Strength of the Freshpet growth model

- 31% volume-based growth
- Increased household penetration (24% YoY) at a customer acquisition cost (CAC) comparable to levels we experienced prior to the price increases over the last two years

### Improved operational effectiveness

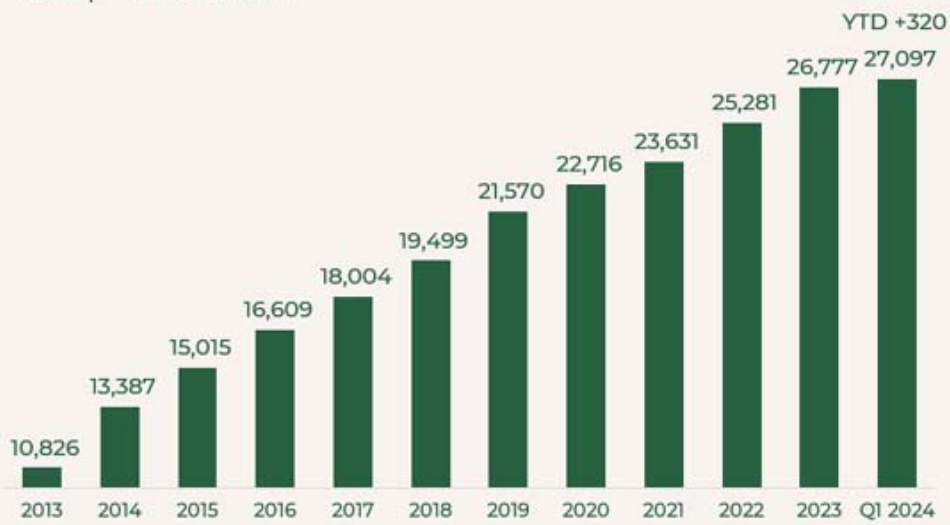
- 920 basis point improvement across quality, input, and logistics costs in Q1 2024
- Adjusted gross margin, input, quality and logistics cost all exceeded long-term targets in Q1 2024
- Adding organizational capabilities at all levels to support growth

### Operating discipline to balance capacity and demand at a high growth rate

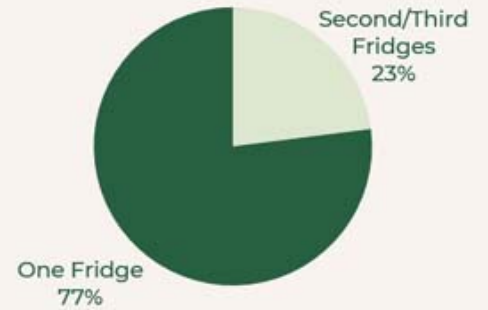
- Expanding capacity on-budget and on-time while improving margins
- Strong fill rates (high 90s) support excellent customer service

## Expanding depth and breadth: 23% of all stores have multiple fridges

Freshpet Store Count



Number of Fridges per Store\*



8 Source: Internal data for the period ending 3/31/24; \*U.S. Fridges

Q1 2024 EARNINGS PRESENTATION freshpet



## Vast runway for growth in a growing category

**\$53B**

U.S. pet food category<sup>1</sup>

**\$37B**

Dog food category<sup>1</sup>

**3%**

Freshpet market share of dog food<sup>1</sup>



Freshpet market share of fresh/frozen in measured channels<sup>2</sup>

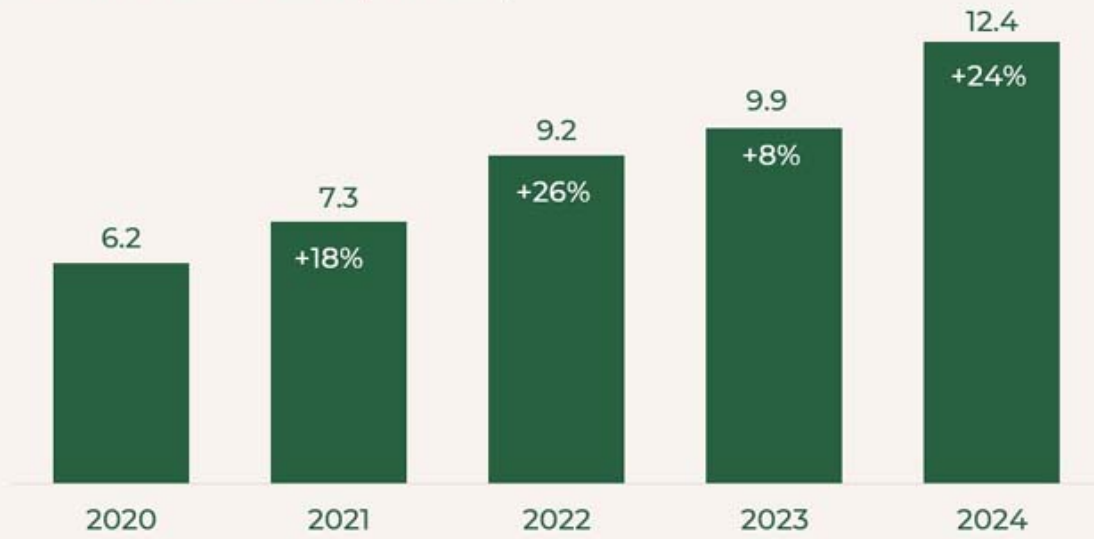
9  
1. NielsenIQ Total US Pet Food \$ - OmniChannel by Category 52 Weeks Ended 3/30/24  
2. Nielsen MegaChannel 52 Weeks Ended 3/23/24, Gently Cooked Refrigerated or Frozen Brands





## Continued growth in consumer franchise; added 2.4m+ households YoY

Freshpet Household Penetration Growth (in millions)  
(52 weeks)



10 Source: Numerator Panel data for the 52-week periods ending 4/5/2020, 4/4/2021, 4/3/2022, 4/2/2023, 3/31/2024

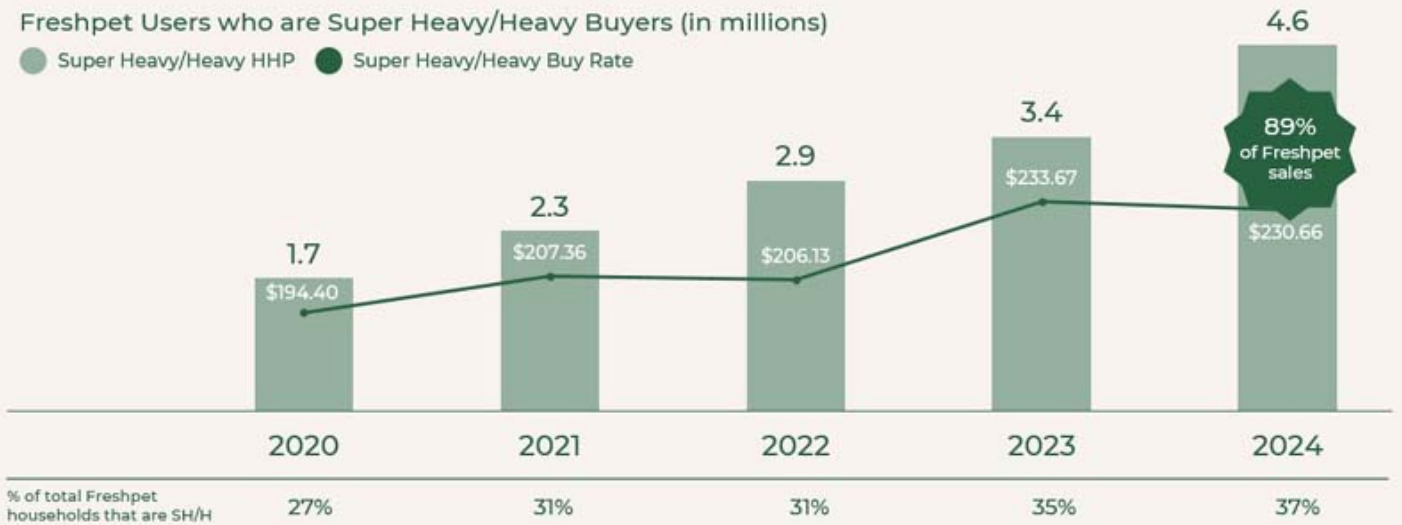
Q1 2024 EARNINGS PRESENTATION 



## Freshpet sales are increasingly concentrated in our heaviest users (HIPPOHs\*) and account for 89% of Q1 2024 net sales

Freshpet Users who are Super Heavy/Heavy Buyers (in millions)

● Super Heavy/Heavy HHP ● Super Heavy/Heavy Buy Rate



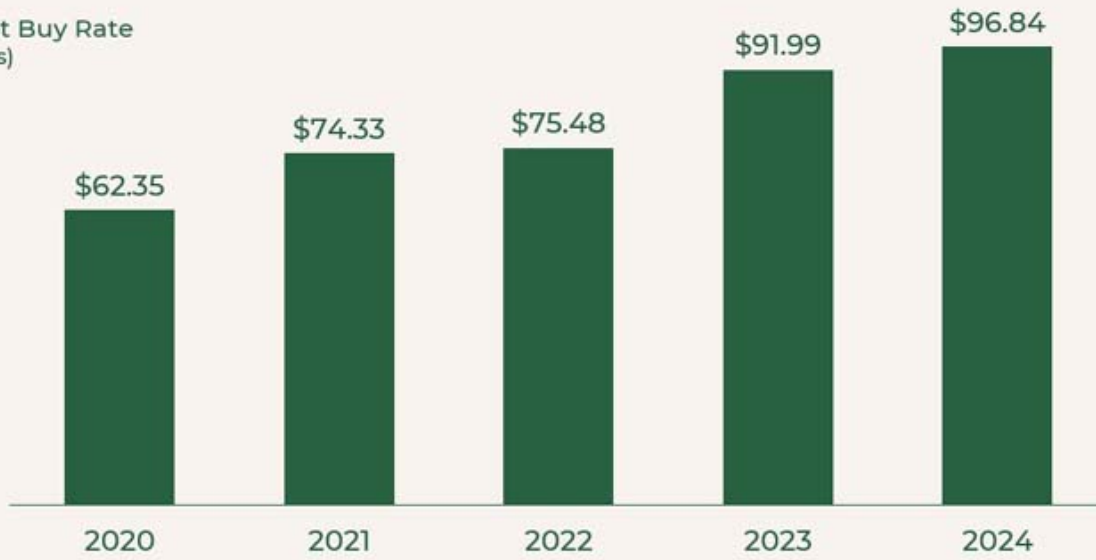
11 Source: Numerator data for 52-week periods ending 4/5/2020, 4/4/2021, 4/3/2022, 4/2/2023, 3/31/2024  
\*High profit pet owning households





## Converting toppers into main meal users will continue to **increase buy rate**

Freshpet Buy Rate  
(52 weeks)



12 Source: Numerator Panel data for the 52-week periods ending 4/5/2020, 4/4/2021, 4/3/2022, 4/2/2023, 3/31/2024

Q1 2024 EARNINGS PRESENTATION 



## Enhancing margins through improved operating performance and leveraging **scale and efficiency**

Q1 2024 Adj. Gross Margin  
% of net sales



Q1 2024 Adj. EBITDA (\$m)  
% of net sales





# Improved costs by **920 bps** in **Q1 2024** across key focus areas

FOCUSED ON  
CAPACITY

✓

FOCUSED ON  
LOGISTICS

✓ **-290 bps**  
Q1 2024

FOCUSED ON  
QUALITY

✓ **-240 bps**  
Q1 2024

FOCUSED ON  
COMMODITY COST MANAGEMENT

✓ **-390 bps**  
Q1 2024

## Capacity Update

- ✓ Ennis Kitchen producing ~25% of total Freshpet production from three lines
- ✓ Phase II construction is slightly ahead of schedule; expect fourth line to begin production by the end of Q3 2024
- ✓ Additional roll line in Ennis to reduce complexity of changeovers and SKU assortment



# Capital Efficiency Framework



**MORE OUT OF  
EXISTING LINES**



**MORE OUT OF  
EXISTING SITES**



**DEVELOP & IMPLEMENT  
NEW TECHNOLOGIES**



# Long-Term Strategy: Path to 2027



# Q1 2024 Results



## Strong Q1 results that demonstrate **volume**-driven growth

Q1 2024 Net Sales (\$m)



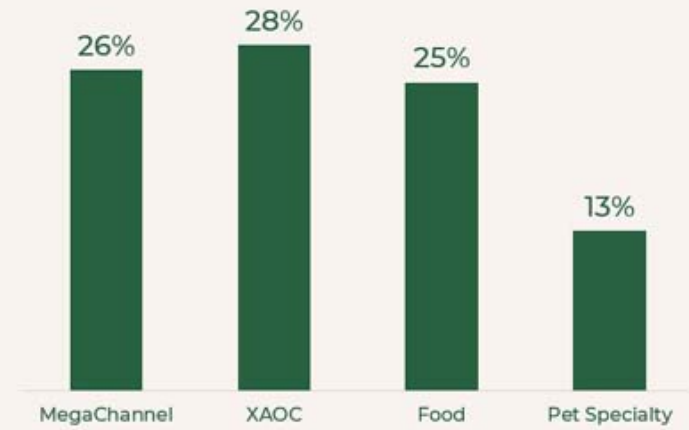
Q1 2024 Net Sales Bridge





# Consumption growth remains strong and has accelerated

Q1 2024 Consumption Growth (\$)



PLUS >100% GROWTH IN UNMEASURED CHANNELS

Consumption Growth Trends (volume in pounds)



## Q1 2024 delivered significant margin improvement



## 920 basis point improvement in Q1 2024; demonstrated our ability to deliver FY 2027 margin targets and now focused on consistency

Key Margin Improvement Targets & Progress

● Q1 2023 ● Q1 2024 ● 2027 Target

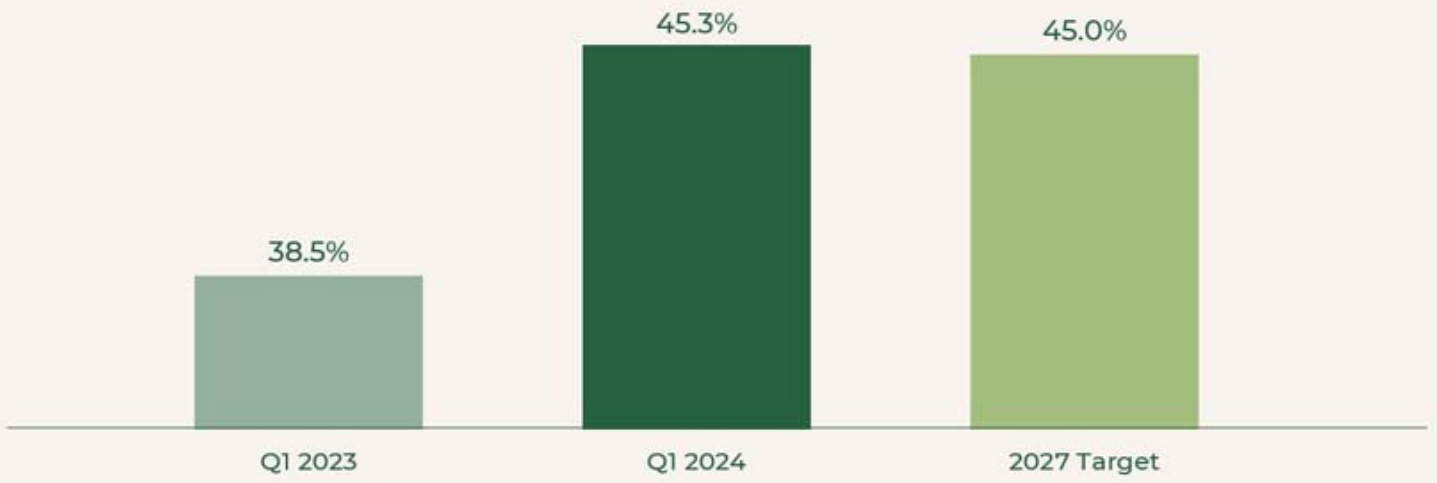


22 Source: Internal Data

Q1 2024 EARNINGS PRESENTATION freshpet

## Significant Adj. Gross Margin improvement YOY; ahead of our long-term target and now focused on consistent performance

Adj. Gross Margin Progress vs. 2027 Targets



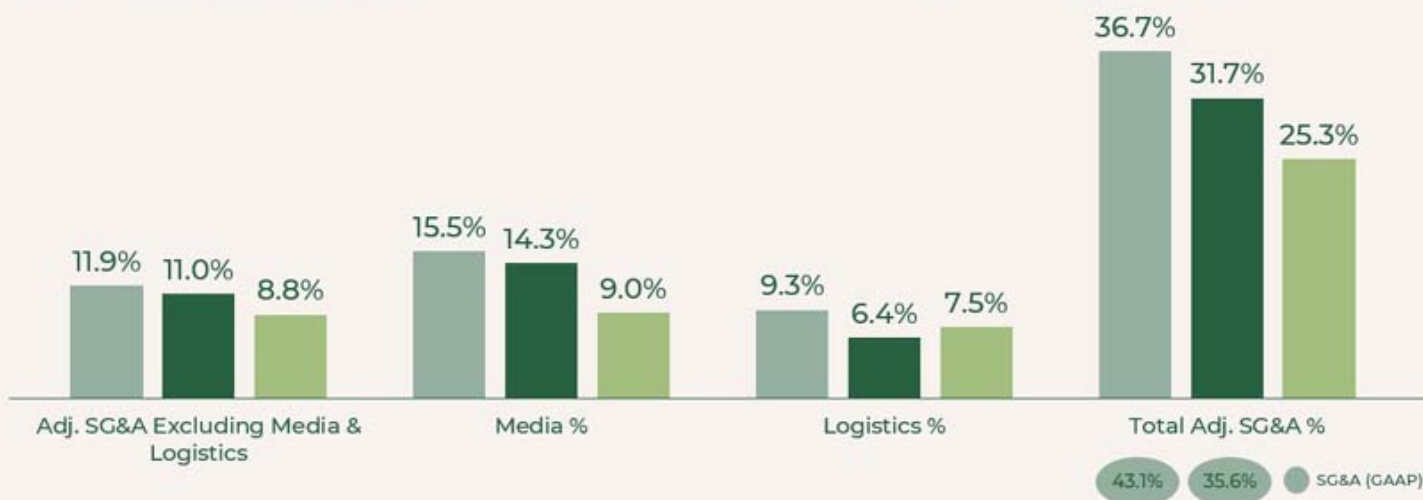
23 Source: Internal Data

Q1 2024 EARNINGS PRESENTATION 

# SG&A improvements tracking to long-term target; **logistics is well ahead of plan** and G&A will follow as we add scale

Adj. SG&A Progress vs. Targets

● Q1 2023 ● Q1 2024 ● 2027 Target



24 Source: Internal Data

Q1 2024 EARNINGS PRESENTATION freshpet

# FY 2024 Guidance



## Updated FY 2024 Guidance

	Previous	Updated
Net Sales	>\$950M	no change
Net Sales Growth YoY	>24%	no change
Adjusted EBITDA	\$100 - \$110M	> <b>\$120M</b>
Capital Expenditures	~\$210M	no change

### Additional considerations:

- **Net Sales:** Maintaining guidance until we have greater confidence that we have adequate rolls capacity to meet a higher level of demand
- **Volume cadence:** Expect volume to be sequentially lower throughout the year to manage growth and cash as we ramp capacity
- **Adjusted Gross Margin:** Expect improvement of +300 basis points year-over-year vs. +100 basis points previously; continue to expect modest deflation
- **Advertising investment:** Expect media to grow in-line with sales, and will pull back as necessary to control growth in-line with long-term algorithm





# Capital Spending, Cash Flow & Liquidity





## Significant improvement in operating cash flow

### ✓ Capital Spending:

- Key projects remain on-track and on-budget; estimated 2024 spending of ~\$210 million
- Once Ennis Phase II is completed this summer/fall, we will have built adequate infrastructure/buildings to accommodate our next 5+ lines

### ✓ Cash flow:

- Generated \$5.4 million of operating cash flow in Q1 2024, a YoY improvement of over \$19 million driven by:
  - Adj. EBITDA growth
  - Working capital position
- Interest income is offsetting interest expense

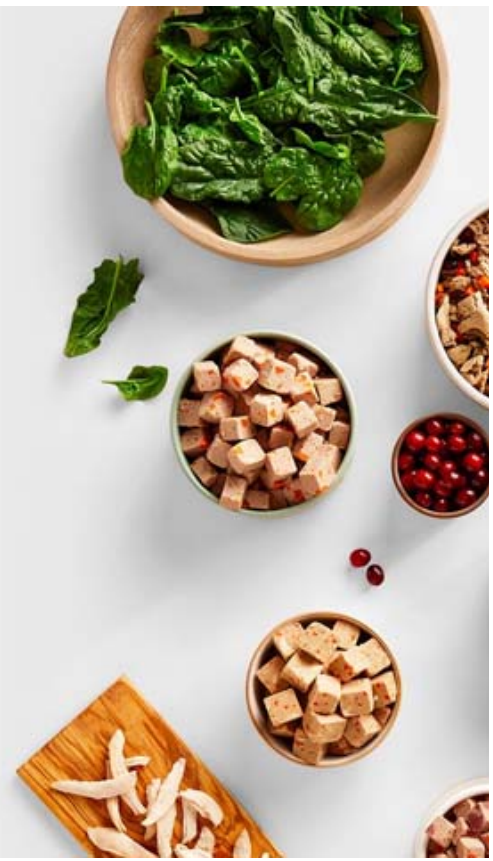
### ✓ Liquidity:

- \$258 million of cash-on-hand as of 3/31/24
- Generating meaningful Adj. EBITDA which could be leveraged to provide increased liquidity in 2025, if necessary

Operating Cash Flow (\$m)



# Appendix



## Freshpet, Inc. and Subsidiaries Reconciliation between Gross Profit and Adjusted Gross Profit

	Three Months Ended March 31,	
	2024	2023
	(Dollars in thousands)	
Gross profit	\$ 88,158	\$ 50,760
Depreciation expense	10,675	10,721
Non-cash share-based compensation (a)	2,622	2,956
Loss on disposal of manufacturing equipment	21	—
Adjusted Gross Profit	<u>\$ 101,476</u>	<u>\$ 64,437</u>
Adjusted Gross Profit as a % of Net Sales	45.3%	38.5%

(a) Includes the true-up of share-based compensation expense in the three months ended December 31, 2023. We have certain outstanding multi-year share-based awards, granted in FY 2020, with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA targets in FY 2024 as a condition to vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets set in 2020. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

## Freshpet, Inc. and Subsidiaries Reconciliation between SG&A Expenses and Adjusted SG&A Expenses

	Three Months Ended March 31,	
	2024	2023
	(Dollars in thousands)	
SG&A expenses	\$ 79,695	\$ 72,271
Depreciation and amortization expense	5,070	3,771
Non-cash share-based compensation (a)	3,600	5,459
Loss on disposal of equipment	129	268
Enterprise Resource Planning (b)	—	801
Capped Call Transactions fees (c)	—	113
Activism engagement (d)	—	389
Adjusted SG&A Expenses	<u>\$ 70,896</u>	<u>\$ 61,470</u>
Adjusted SG&A Expenses as a % of Net Sales	31.7%	36.7%

(a) Includes true-ups, if required, to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain 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 such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

(b) Represents costs associated with the implementation of an ERP system.

(c) Represents fees associated with the Capped Call Transactions.

(d) Represents advisory fees related to activism engagement.

## Freshpet, Inc. and Subsidiaries Reconciliation between Net Income (loss) and Adjusted EBITDA

	Three Months Ended March 31,	
	2024	2023
	(Dollars in thousands)	
Net income (loss)	\$ 18,602	\$ (24,786)
Depreciation and amortization	15,745	14,492
Interest income, net of interest expense	(275)	2,225
Income tax expense	54	70
<b>EBITDA</b>	<b>\$ 34,126</b>	<b>\$ (7,999)</b>
Loss on equity method investment	—	980
Gain on equity investment	(9,918)	—
Loss on disposal of property, plant and equipment	150	268
Non-cash share-based compensation (a)	6,221	8,415
Enterprise Resource Planning (b)	—	801
Capped Call Transactions fees (c)	—	113
Activism engagement (d)	—	389
<b>Adjusted EBITDA</b>	<b>\$ 30,579</b>	<b>\$ 2,967</b>
Adjusted EBITDA as a % of Net Sales	13.7%	1.8%

(a) Includes true-ups, if required, to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain 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 such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

(b) Represents costs associated with the implementation of an ERP system.

(c) Represents fees associated with the Capped Call Transactions.

(d) Represents advisory fees related to activism engagement.





# thank you!

