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

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): February 26, 2019**

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**FRESHPET, INC.**

(Exact name of Registrant as Specified in Its Charter)

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

**001-36729**

(Commission File Number)

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

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

**07094**  
(Zip Code)

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

**Not Applicable**

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

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

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

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

Emerging growth company

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

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

On February 26, 2019, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter and year ended December 31, 2018. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

As previously announced, Freshpet will hold a conference call at 4:30 p.m., Eastern Time, on Tuesday, February 26, 2019 to discuss its financial results for the quarter and year ended December 31, 2018.

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 February 26, 2019, 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

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated February 26, 2019</a>
99.2	<a href="#">Investor Presentation</a>

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**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: February 26, 2019

By: /s/ Richard Kassar

Name: Richard Kassar

Title: Chief Financial Officer



**Freshpet, Inc. Reports Fourth Quarter and Full Year 2018 Financial Results**  
**Provides Full Year 2019 Outlook**  
**Announces Strategic Investment to Support Rapid Growth Beyond 2020**

SECAUCUS, N.J. – February 26, 2019 – Freshpet, Inc. (“Freshpet” or the “Company”) (NASDAQ: FRPT) today reported financial results for its fourth quarter and full year ended December 31, 2018.

**Fourth Quarter 2018 Financial Highlights Compared to Prior Year Period**

- Net sales of \$51.6 million, an increase of 29.7%
- Net income of \$1.8 million, compared to net income of \$1.5 million, an increase of 16.0%
- Adjusted EBITDA of \$9.2 million compared to \$6.9 million, an increase of 34.6%<sup>1</sup>

**2018 Financial Highlights Compared to Prior Year**

- Net sales of \$193.2 million, an increase of 26.8%
- Net loss of \$5.4 million compared to a net loss of \$4.3 million, an increase of 25.8%
- Adjusted EBITDA of \$20.3 million compared to \$17.6 million, an increase of 15.5%

“2018 was a very successful year for Freshpet. Our *Feed the Growth* strategy is rapidly creating the scale that we believe will drive long term profitability,” said Billy Cyr, Freshpet’s Chief Executive Officer. “We expect 2019 to be the year where we begin to leverage that scale -- continuing our strong top line growth while delivering an even stronger rate of bottom line growth.”

The Company also announced that it will invest approximately \$3.0 million in non-capital initiatives designed to support long-term growth beyond 2020. These include pulling forward strategic investments in technical talent needed to accelerate production capacity expansion to meet increased demand beyond 2020, and modest investments to further establish Freshpet in international markets. Mr. Cyr continued, “We believe Freshpet has significant growth potential that goes well beyond 2020. The most significant limitation to our future growth is our ability to add manufacturing capacity fast enough to keep pace with consumer demand. As a result, we are making strategic investments in organizational capability a year earlier than we originally planned to ensure we are well positioned to support our anticipated growth.”

**Fourth Quarter 2018**

Fourth quarter of 2018 net sales increased 29.7% to \$51.6 million compared to \$39.8 million for the fourth quarter of 2017. Growth in net sales for the fourth quarter of 2018 was driven by velocity, innovation, and distribution gains.

Gross profit was \$23.4 million, or 45.2% as a percentage of net sales, for the fourth quarter of 2018, compared to \$18.9 million, or 47.6% as a percentage of net sales, in the same period last year. The increase in gross profit was primarily driven by higher net sales offset by decreased gross margin. For the fourth quarter of 2018, Adjusted Gross Profit was \$25.5 million, or 49.4% as a percentage of net sales, compared to \$20.5 million, or 51.4% as a percentage of net sales, in the prior year period. The decrease in Adjusted Gross Profit as a percentage of net sales was primarily due to higher ingredient

<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 we define these measures and the financial tables that accompany this release for reconciliations of these measures to the closest comparable GAAP measures.

and inbound freight costs and unabsorbed labor costs as the Company converts to a planned, new seven-day manufacturing operation, partially offset by increased efficiencies through scale and production improvements. 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 \$21.5 million for the fourth quarter of 2018 compared to \$17.3 million in the prior year period. The fourth quarter of 2018 included a planned increase in media spend of \$1.6 million compared to the prior year period, or an additional 2.9% as a percentage of net sales. As a percentage of net sales, SG&A decreased to 41.6% for the fourth quarter of 2018 compared to 43.5% in the fourth quarter of 2017. Adjusted SG&A for the fourth quarter of 2018 was \$16.3 million, or 31.5% as a percentage of net sales, compared to \$13.6 million, or 34.2% as a percentage of net sales, in the prior year period. The decrease in Adjusted SG&A as a percentage of net sales was primarily a result of increased expense leverage on higher net sales, offset by a planned increase in media spend. Adjusted SG&A is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to SG&A in the financial tables that accompany this release.

Net income was \$1.8 million for the fourth quarter of 2018 compared to net income of \$1.5 million for the prior year period. The increase in net income was primarily a result of increased gross profit and increased leverage on SG&A, partially offset by a planned increase in media spend.

Adjusted EBITDA was \$9.2 million, or 17.9% as a percentage of net sales, for the fourth quarter of 2018, compared to \$6.9 million, or 17.2% as a percentage of net sales, in the fourth quarter of 2017. The increase in adjusted EBITDA was a result of increased Adjusted Gross Profit and increased leverage of Adjusted SG&A, partially offset by a planned increase in media spend. Adjusted EBITDA, Adjusted Gross Profit and Adjusted SG&A are Non-GAAP financial measures defined under “Non-GAAP Measures,” and are reconciled to the closest comparable GAAP measures in the financial tables that accompany this release.

### **Full Year 2018**

Net sales increased 26.8% to \$193.2 million for the full year ended December 31, 2018 compared to \$152.4 million for the prior year. The Company’s core fresh refrigerated product offering grew 28.2% as compared to the prior year. Growth in net sales for the full year 2018 was driven by velocity, innovation, and distribution gains.

Gross profit was \$90.0 million, or 46.6% as a percentage of net sales for the full year ended December 31, 2018, compared to \$72.4 million, or 47.5% as a percentage of net sales, in the same period last year. The increase in gross profit was primarily driven by higher net sales offset by decreased gross margin. For the full year ended December 31, 2018, Adjusted Gross Profit was \$96.9 million, or 50.2% as a percentage of net sales, compared to \$78.5 million, or 51.5% as a percentage of net sales, in the prior year. The decrease in Adjusted Gross Profit as a percentage of net sales was primarily due to higher ingredient and inbound freight costs and unabsorbed labor costs as the Company converts to a planned, new seven-day manufacturing operation, partially offset by increased efficiencies through scale and production improvements.

SG&A was \$94.9 million for the full year ended December 31, 2018 compared to \$75.2 million in the prior year. The full year ended December 31, 2018 included a planned increase in media spend of \$7.9 million compared to the prior year, or an additional 2.2% as a percentage of net sales. As a percentage of net sales, SG&A slightly decreased to 49.1% for the full year ended December 31, 2018 compared to 49.3% in 2017. Adjusted SG&A for the full year ended December 31, 2018 was \$76.7 million, or 39.7% as a percentage of net sales, compared to \$60.8 million, or 39.9% as a percentage of net sales, in the prior year. The slight decrease in Adjusted SG&A as a percentage of net sales was primarily a result of increased expense leverage on higher net sales, offset by a planned increase in media spend.

Net loss was \$5.4 million for the full year ended December 31, 2018 compared to net loss of \$4.3 million for the prior year.

Adjusted EBITDA was \$20.3 million, or 10.5% as a percentage of net sales, for the full year ended December 31, 2018, compared to \$17.6 million, or 11.5% as a percentage of net sales for the prior year. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit and increased leverage of Adjusted SG&A, partially offset by a planned increase in media spend. Adjusted EBITDA, Adjusted Gross Profit, and Adjusted SG&A are Non-GAAP financial measures defined under “Non-GAAP Measures,” and are reconciled to the closest comparable GAAP measures in the financial tables that accompany this release.

### **Cash and Net Debt**

As of December 31, 2018, the Company had cash and cash equivalents of \$7.6 million and \$30.0 million available under its revolving credit facility. As of December 31, 2018 there was no outstanding debt under the revolving credit facility. The \$30.0 million revolving credit facility will mature in September 2020 and includes the ability to increase the revolving credit facility by an additional \$10.0 million. As part of our planned \$100 million manufacturing expansion, the Company intends to amend its revolving credit facility.

### **Updated Non-GAAP Measures**

Management continues to focus on the potential increased profitability percentage that could be gained through increased scale. As the Company grows, it wants to ensure continued simplicity and transparency when assessing profitability via the disclosure of non-GAAP measures.

As a result, the Company has aligned all of its non-GAAP measure add-backs within Adjusted Gross Profit, Adjusted SG&A, and Adjusted EBITDA. For example, non-cash share-based compensation expense will now be an add-back to Adjusted Gross Profit as it is an add-back within Adjusted EBITDA. Additionally, one of the financial measures the Company uses to assess profitability is Adjusted EBITDA as a percentage of net sales. Therefore, the Company will add Adjusted EBITDA as a percentage of net sales to its non-GAAP measures.

Management believes that including consistent add-backs within its non-GAAP measures will ensure that both management and investors can more easily assess the Company’s profitability percentage by way of Adjusted EBITDA as a percentage of net sales, and so can easily assess if the percentage gains or losses came by way of Adjusted Gross Profit and/or Adjusted SG&A.

The Company has made these changes retrospectively. These changes do not impact historical Adjusted EBITDA, Adjusted EBITDA as a percentage of net sales, or future Adjusted EBITDA projections.

### **Outlook**

For full year 2019, the Company is providing the following guidance, which includes approximately \$3.0 million of costs associated with new initiatives designed to support growth beyond 2020:

- To exceed net sales of \$240 million, an increase greater than 24% from 2018
- To exceed Adjusted EBITDA of \$28.0 million, an increase greater than 38% from 2018

The Company does not provide guidance for the most directly comparable GAAP measure, net income, and similarly cannot provide a reconciliation between its forecasted Adjusted EBITDA and net income metrics without unreasonable

effort due to the unavailability of reliable estimates for certain items. These items are not within the Company's control and may vary greatly between periods and could significantly impact future financial results.

### **Conference Call and Webcast**

The Company will host a conference call and webcast with the executive management team to discuss these results with additional comments and details today at 4:30 p.m. ET. The conference call webcast will be available live over the Internet through the "Investors" section of the Company's website at [www.freshpet.com](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 7:30 p.m. ET today through March 12, 2019. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671. The passcode is 13684063.

### **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 Kitchens in Bethlehem PA. 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:

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<http://instagram.com/Freshpet>

<http://pinterest.com/Freshpet>

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

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

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

### **Forward Looking Statements**

Certain statements in this release constitute "forward-looking" statements. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ

materially from those stated, anticipated or implied by such forward-looking statements. While Freshpet believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein including, most prominently, the risks discussed under the heading “Risk Factors” in the Company’s latest annual report on Form 10-K 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 GAAP reported measures, should not be considered replacements for, or superior to, the GAAP measures and may not be comparable to similarly named measures used by other companies.

- Adjusted Gross Profit
- Adjusted Gross Profit as a % of net sales (Adjusted Gross Margin)
- Adjusted SG&A
- Adjusted SG&A 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 non-cash depreciation expenses, plant start-up costs and non-cash share-based compensation.

Adjusted SG&A Expenses: Freshpet defines Adjusted SG&A as SG&A expenses before depreciation and amortization expense, non-cash share-based compensation, launch expense, fees related to secondary offering, leadership transition expenses, and litigation expense.

EBITDA and Adjusted EBITDA: EBITDA represents net loss plus interest expense, income tax expense and depreciation and amortization expense, and Adjusted EBITDA represents EBITDA plus loss on disposal of equipment, plant start-up expenses, non-cash share-based compensation, warrant fair valuation, launch expenses, fees related to a secondary offering, leadership transition costs and litigation expense.

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



financial measures are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance.

CONTACT

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**FRESHPET INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 7,554,388	\$ 2,184,259
Accounts receivable, net of allowance for doubtful accounts	12,326,703	12,721,521
Inventories, net	9,317,232	10,118,394
Prepaid expenses	1,078,232	1,200,834
Other current assets	681,550	732,960
Total Current Assets	<u>30,958,105</u>	<u>26,957,968</u>
Property, plant and equipment, net	102,094,248	100,598,639
Deposits on equipment	4,730,176	4,370,922
Other assets	2,182,329	1,972,805
Total Assets	<u>\$ 139,964,858</u>	<u>\$ 133,900,334</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	9,166,412	9,173,169
Accrued expenses	9,050,551	7,519,348
Total Current Liabilities	<u>\$ 18,216,963</u>	<u>\$ 16,692,517</u>
Other liabilities	273,420	304,839
Total Liabilities	<u>\$ 18,490,383</u>	<u>\$ 16,997,356</u>
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock	35,556	35,132
Additional paid-in capital	323,079,437	312,783,195
Accumulated deficit	(201,352,682)	(195,991,478)
Accumulated other comprehensive income	(31,610)	76,129
Treasury stock, at cost	(256,226)	—
Total Stockholders' Equity	<u>121,474,475</u>	<u>116,902,978</u>
Total Liabilities and Stockholders' Equity	<u>\$ 139,964,858</u>	<u>\$ 133,900,334</u>

FRESHPET INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Three Months Ended		For the Twelve Months Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
	(Unaudited)			
NET SALES	\$ 51,643,303	\$ 39,828,546	\$ 193,237,462	\$ 152,359,487
COST OF GOODS SOLD	28,274,929	20,888,471	103,247,223	79,943,569
GROSS PROFIT	23,368,374	18,940,075	89,990,239	72,415,918
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	21,477,995	17,322,757	94,875,776	75,167,168
INCOME (LOSS) FROM OPERATIONS	1,890,379	1,617,318	(4,885,537)	(2,751,250)
OTHER INCOME/(EXPENSES):				
Other Income/(Expenses), net	(78,035)	(9,931)	(102,337)	(525,404)
Interest Expense	(34,927)	(79,560)	(296,234)	(910,492)
	(112,962)	(89,491)	(398,571)	(1,435,896)
INCOME (LOSS) BEFORE INCOME TAXES	1,777,417	1,527,827	(5,284,108)	(4,187,146)
INCOME TAX EXPENSE	20,000	12,933	77,096	75,195
NET INCOME (LOSS)	1,757,417	1,514,894	(5,361,204)	(4,262,341)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 1,757,417	\$ 1,514,894	\$ (5,361,204)	\$ (4,262,341)
OTHER COMPREHENSIVE INCOME (LOSS):				
Change in foreign currency translation	\$ (51,781)	\$ 76,129	\$ (107,739)	\$ 76,129
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(51,781)	76,129	(107,739)	76,129
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 1,705,636	\$ 1,591,023	\$ (5,468,943)	\$ (4,186,212)
NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	\$ 0.05	\$ 0.04	\$ (0.15)	\$ (0.12)
-DILUTED	\$ 0.05	\$ 0.04	\$ (0.15)	\$ (0.12)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING USED IN COMPUTING NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	35,536,309	34,994,895	35,329,170	34,487,239
-DILUTED	36,962,439	34,994,895	35,329,170	34,487,239

FRESHPET INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Twelve Months Ended		
	December 31,		
	2018	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	\$ (5,361,204)	\$ (4,262,341)	\$ (3,160,673)
Adjustments to reconcile net loss to net cash flows provided by operating activities:			
Provision for loss/(gains) on accounts receivable	(15,222)	17,348	(5,164)
Loss on disposal of equipment and deposits on equipment	142,159	103,716	189,531
Share-based compensation	6,807,620	4,438,181	4,193,490
Fair value adjustment for outstanding warrants	—	334,628	49,077
Change in reserve for inventory obsolescence	99,295	291,898	(117,944)
Depreciation and amortization	14,068,037	12,692,355	9,887,168
Amortization of deferred financing costs and loan discount	115,103	426,534	150,272
Changes in operating assets and liabilities			
Accounts receivable	410,040	(3,852,079)	(1,850,907)
Inventories	701,867	(5,007,557)	1,568,656
Prepaid expenses, other non-trade receivables and other current assets	174,012	(797,427)	(816,020)
Other assets	(261,533)	(90,135)	(398,059)
Accounts payable	195,237	2,682,094	853,854
Accrued expenses	1,531,203	2,988,209	2,256,582
Other liabilities	(31,419)	304,839	—
Net cash flows provided by operating activities	<u>18,575,195</u>	<u>10,270,263</u>	<u>12,799,863</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from maturities of short-term investments	—	—	3,250,000
Acquisitions of property, plant and equipment, software and deposits on equipment	(16,274,036)	(13,003,756)	(29,952,536)
Proceeds from sale of equipment	—	—	13,442
Net cash flows used in investing activities	<u>(16,274,036)</u>	<u>(13,003,756)</u>	<u>(26,689,094)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Debt issuance costs	—	(270,885)	—
Exercise of options to purchase common stock	3,325,196	8,280,460	2,767,995
Purchase of treasury shares	(256,226)	—	—
Proceeds from borrowings under Credit Facilities	6,000,000	7,500,000	10,000,000
Repayment of borrowings under Credit Facilities	(6,000,000)	(14,500,000)	(3,000,000)
Net cash flows provided by financing activities	<u>3,068,970</u>	<u>1,009,575</u>	<u>9,767,995</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>5,370,129</u>	<u>(1,723,918)</u>	<u>(4,121,236)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,184,259</u>	<u>3,908,177</u>	<u>8,029,413</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 7,554,388</u>	<u>\$ 2,184,259</u>	<u>\$ 3,908,177</u>

FRESHPET INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN GROSS PROFIT AND ADJUSTED GROSS PROFIT  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
	(Dollars in thousands)		(Dollars in thousands)	
Gross Profit (as reported)	\$ 23,368	\$ 18,940	\$ 89,990	\$ 72,416
Depreciation expense (a)	1,520	1,462	6,089	5,791
Non-cash share-based compensation (b)*	635	68	859	243
<b>Adjusted Gross Profit</b>	<b>\$ 25,523</b>	<b>\$ 20,470</b>	<b>\$ 96,938</b>	<b>\$ 78,450</b>
Adjusted Gross Profit as a % of Net Sales	49.4%	51.4%	50.2%	51.5%

\* Represents revision to non-GAAP measure.

- (a) Represents depreciation and amortization expense included in cost of goods sold.  
(b) Represents non-cash share-based compensation expense included in cost of goods sold.

FRESHPET INC. AND SUBSIDIARIES

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
	(Dollars in thousands)		(Dollars in thousands)	
SG&A expenses (as reported)	\$ 21,478	\$ 17,323	\$ 94,876	\$ 75,167
Depreciation and amortization expense (a)*	2,127	1,819	7,979	6,901
Non-cash share-based compensation (b)	2,002	1,079	5,949	4,195
Launch expense (c)*	863	707	3,540	3,066
Shelf registration expenses (d)	225	—	362	—
Leadership transition expenses (e)	—	(37)	—	63
Litigation expense (f)	—	145	348	145
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 16,261</b>	<b>\$ 13,609</b>	<b>\$ 76,698</b>	<b>\$ 60,797</b>
Adjusted SG&A Expenses as a % of Net Sales	31.5%	34.2%	39.7%	39.9%

\* Represents revision to non-GAAP measure.

(a) Represents depreciation and amortization expense included in SG&A.

(b) Represents non-cash share-based compensation expense.

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

(d) Represents fees associated with the secondary public offering of our common stock, which was completed on May 5, 2015 and expenses related to the preparation and filing of a shelf registration statement.

(e) Represents charges associated within our former Chief Executive Officer's separation agreement, as well as changes in estimates associated with leadership transition costs.

(f) Represents fees associated with two securities lawsuits.

FRESHPET INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN NET LOSS AND ADJUSTED EBITDA  
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
	(Dollars in thousands)		(Dollars in thousands)	
Net Loss	\$ 1,757	\$ 1,515	\$ (5,361)	\$ (4,262)
Depreciation and amortization	3,650	3,281	14,068	12,692
Interest expense	35	80	296	910
Income tax expense	20	13	77	75
<b>EBITDA</b>	<b>\$ 5,462</b>	<b>\$ 4,889</b>	<b>\$ 9,080</b>	<b>\$ 9,414</b>
Loss on disposal of equipment	37	6	142	104
Non-cash share-based compensation (a)	2,637	1,146	6,808	4,438
Launch expense (b)	863	706	3,540	3,066
Warrant fair valuation (c)	—	—	—	335
Shelf registration expenses (d)	225	—	362	—
Leadership transition expenses (e)	—	(37)	—	63
Litigation expense (f)	—	145	348	145
<b>Adjusted EBITDA</b>	<b>\$ 9,224</b>	<b>\$ 6,853</b>	<b>\$ 20,280</b>	<b>\$ 17,565</b>
Adjusted EBITDA as a % of Net Sales*	17.9%	17.2%	10.5%	11.5%

\* Represents new non-GAAP measure.

- (a) Represents non-cash share-based compensation expense.
- (b) Represents new store marketing allowance of \$1,000 for each store added to our distribution network, as well as the non-capitalized freight costs associated with Freshpet Fridge replacements. The expense enhances the overall marketing spend to support our growing distribution network.
- (c) Represents the change of fair value for the outstanding common stock warrants. All outstanding warrants were converted to common stock in September 2017.
- (d) Represents fees associated with the secondary public offering of our common stock, which was completed on May 5, 2015 and expenses related to the preparation and filing of a shelf registration statement.
- (e) Represents charges associated within our former Chief Executive Officer's separation agreement as well as changes in estimates associated with leadership transition costs.
- (f) Represents fees associated with two securities lawsuits.



## Investor Presentation: February 26, 2019

A collage of images illustrating fresh ingredients and pet care. It includes: a dog sitting next to large carrots; a person walking a dog on a beach; chickens in a field; a red barn; a woman smiling with a dog; a family preparing food; various fresh vegetables like sweet corn, peppers, and zucchini; and a white dog in a field.

bringing the *power*  
of *fresh* food to *pets*

Freshpet<sup>®</sup>

- SWEET CORN
- CUT FLOWERS
- PEPPERS
- BROCCOLI
- ZUCCHINI
- CUCUMBERS



## **Forward Looking Statements**

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

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

## **Non-GAAP Disclosure**

This presentation contains certain non-GAAP financial measures such as EBITDA and adjusted EBITDA among others. While the company believes these non-GAAP financial measures provide useful information for investors, the presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP. Please refer to the Company’s earnings press releases for a reconciliation of non-GAAP financial measures to the most comparable measures prepared in accordance with GAAP.



**WE FUNDAMENTALLY BELIEVE THAT FRESHPET  
HAS THE POTENTIAL TO CHANGE THE WAY  
PEOPLE FEED THEIR PETS . . . FOREVER**

Growing 25 pts. faster than category in all classes of trade

**% Change vs YA by Class of Trade**

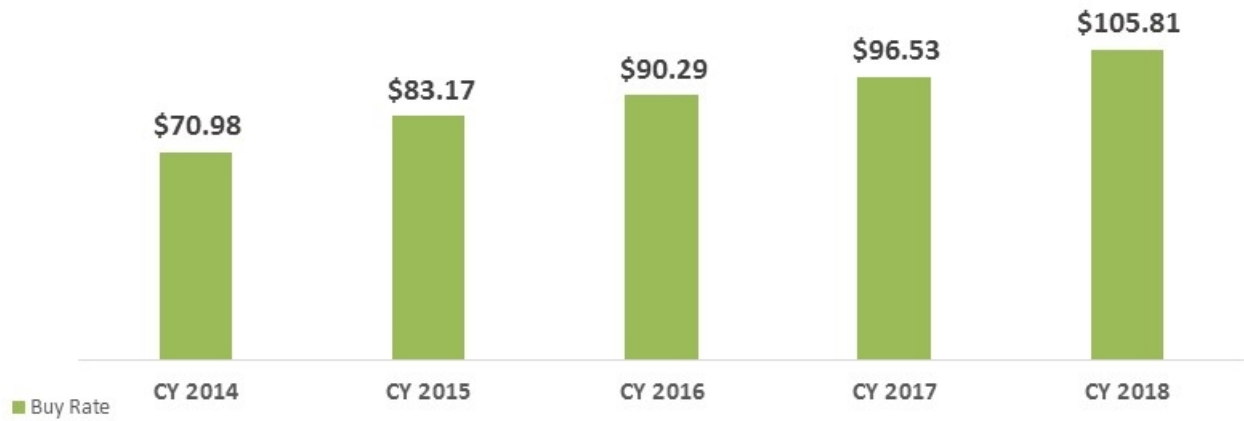
		Q1 2018	Q2 2018	Q3 2018	Q4 2018
\$ % Chg YA	Total xAOC+Pet+WFM	25.0	27.7	30.8	29.3
	Total US xAOC	27.6	29.0	32.7	31.9
	Total US Food	32.1	32.6	37.5	38.8
	TTL Pet Specialty (Petco + Petmsart)	15.6	23.6	23.1	19.7



Nielsen: Freshpet RFG \$ as of 12-29-18

# Increased penetration & buying rate

## Total Freshpet Buying Rate, Penetration and Repeat Rate

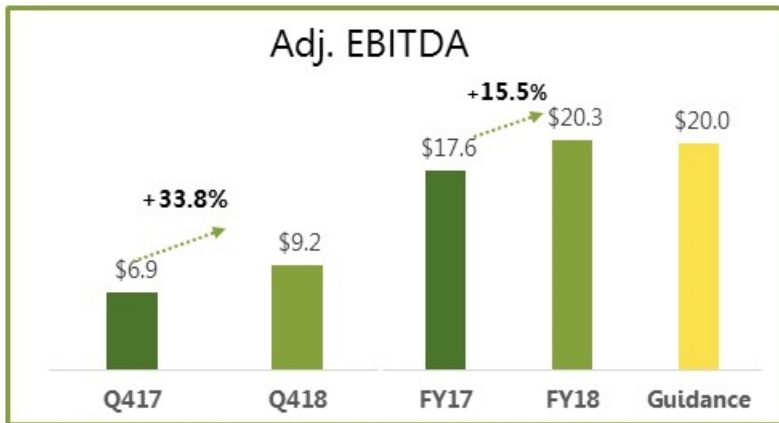
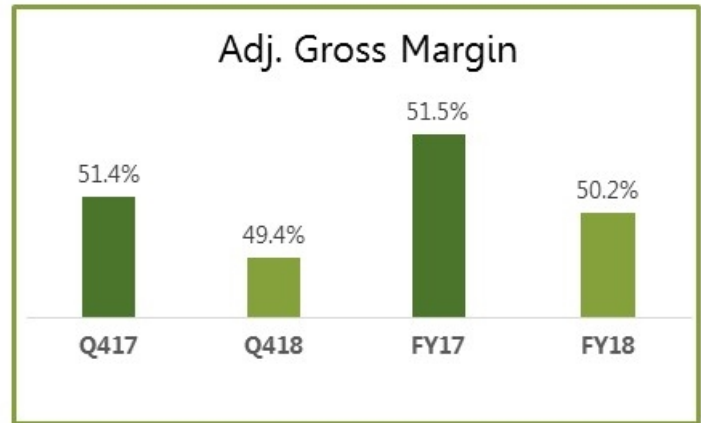
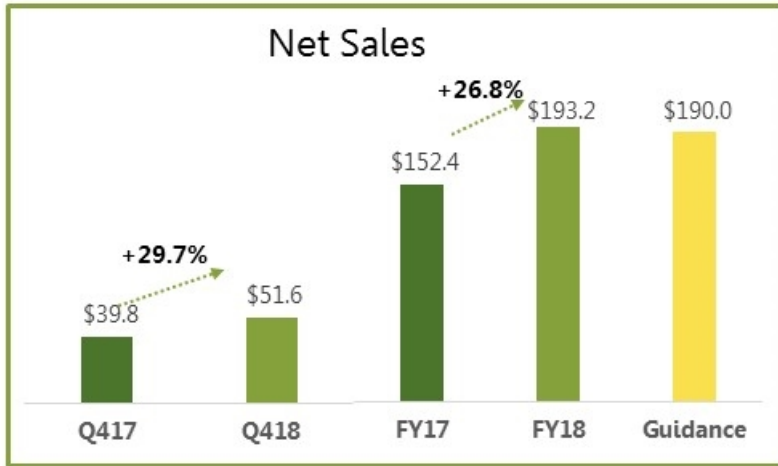


<b>Penetration</b>	<b>1.34</b>	<b>1.50</b>	<b>1.56</b>	<b>1.75</b>	<b>2.04</b>
<b>Repeat</b>	<b>65</b>	<b>66</b>	<b>68</b>	<b>69</b>	<b>70</b>



Source: TTL FP RFG, 52 weeks ending 12/29/18, Nielsen HH Panel, Internal Buy Rate Calculation, Repeat NBD-Adj Nielsen HH Panel

# 4Q18 and FY18 results compared to prior year periods

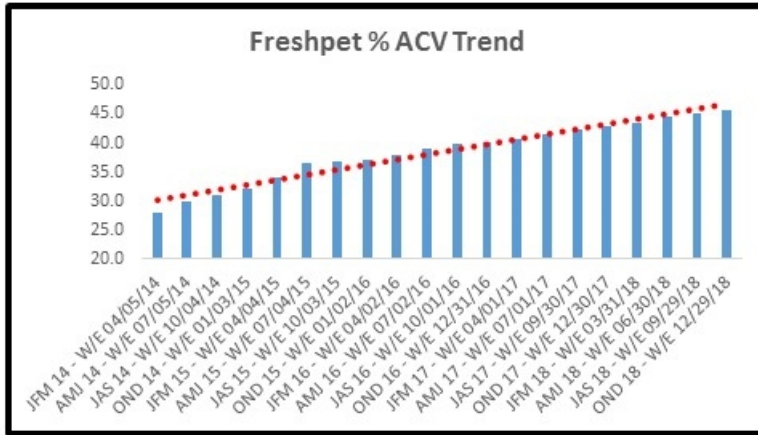


## Gaining SG&A leverage and reinvested for growth

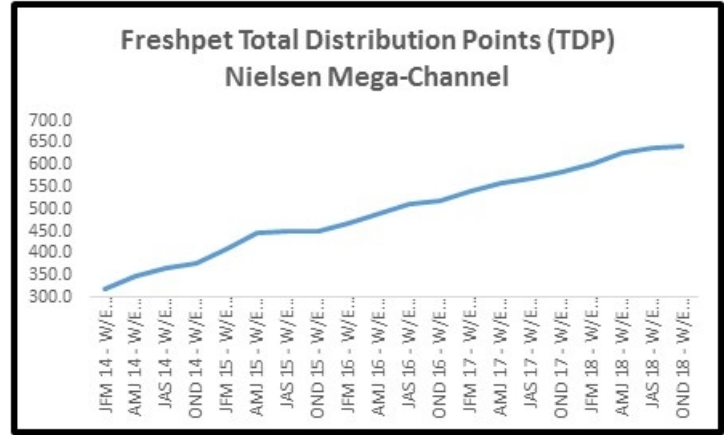
SG&A Leverage			
	FY 2018	FY 2017	Y-o-Y Change
Adj. SG&A % Excluding Media	28.5%	31.0%	+2.4%
Media%	<u>11.1%</u>	<u>8.9%</u>	<u>-2.2%</u>
<b>Total Adj. SG&amp;A %</b>	<b>39.7%</b>	<b>39.9%</b>	<b>+0.2%</b>

# Growing distribution reach (ACV) and depth (TDP) with significant room to grow

- **19,499 stores as of 12/31/18**
- **Upgraded 805 stores in 2018**



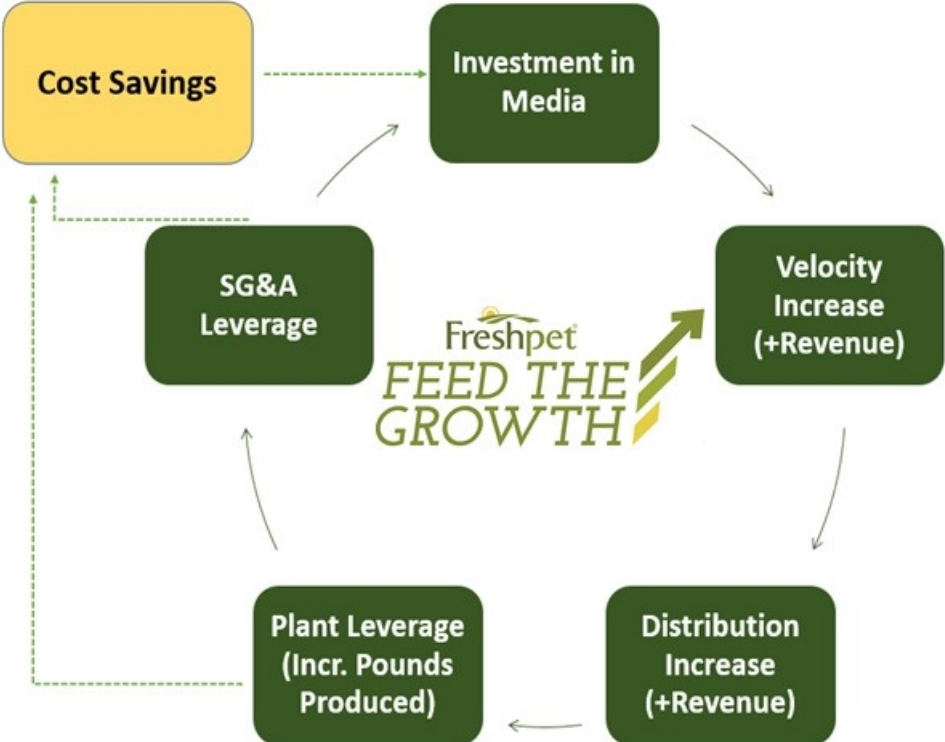
Nielsen Mega-Channel % ACV for 13 week periods 4/5/14 through 12/29/18



Nielsen Mega-Channel TDP for 13 week periods 4/5/14 through 12/29/18



# Freshpet productivity loop creates shareholder value







2019

## Carrying strong momentum into 2019

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	<b>7 wks ending 2/16/19 Growth vs YA</b>	<b>7 wks ending 2/17/18 Growth vs YA</b>
<b>Mega-Channel</b>	<b>+26.8%</b>	<b>+24.4%</b>
<b>XAOC</b>	<b>+28.9%</b>	<b>+27.4%</b>
<b>Food</b>	<b>+35.1%</b>	<b>+32.5%</b>



Nielsen measured \$ consumption for 7 weeks ending 2/16/19 and 2/17/18 compared to the same period prior year

# Freshpet 2019 growth priorities

## Expand the Freshpet consumer franchise

- Increase HH penetration
- Expand buying rate

## Strengthen Freshpet's retail presence

- Increase ACV and TDP's
- Upgrade Fridges
- Install 2<sup>nd</sup> Fridges

*Fresh first*

## Strengthen Gross Margin/Adjusted EBITDA Margin

- Pricing
- Product Innovation
- Efficiency gains and capacity utilization
- Build more efficient capacity (Kitchens 2.0 start-up in 2020)
- Deliver SG&A absorption gains



## Continue Measured Development in Canada and UK

- Modest investment to establish consumer foundation

## Build Capability to Support Accelerated Longer-Term Capacity Expansion

- Invest in technical talent to enable more rapid and reliable capacity expansion and maximize its productivity

# Expand the Freshpet consumer franchise

Increase US advertising investment to \$27 million (11+% of sales)

- More weeks
- Higher media weights

## TV



## Digital/Social



# Expand the Freshpet consumer franchise

## Innovation that attracts new users

### Homestyle Creations – Custom Dog Meals

### Multi-Protein Roll

freshpet  
**HOMESTYLE Creations**  
"CUSTOM DOG MEALS"

**NATURAL CHICKEN RECIPE**  
COMPLETE & BALANCED FOOD FOR ADULT DOGS  
FULLY COOKED & READY TO SERVE  
4 PATTIES

**11lb Chicken Patties**

freshpet  
**HOMESTYLE Creations**  
"CUSTOM DOG MEALS"

**NATURAL BEEF RECIPE**  
COMPLETE & BALANCED FOOD FOR ADULT DOGS  
FULLY COOKED & READY TO SERVE  
4 PATTIES

**11lb Beef Patties**

freshpet  
**HEALTHY MIXERS**  
CRANBERRIES, CARROTS & GREEN BEANS

**4.5oz**  
Cranberries, Carrots & Green Beans

freshpet  
**HEALTHY MIXERS**  
BROWN RICE, PUMPKIN, CARROTS & GREEN BEANS

**4.5oz**  
Brown Rice, Pumpkin, Green Beans & Carrots

freshpet  
**HEALTHY MIXERS**  
BANANAS, CRANBERRIES & BLUEBERRIES

**4.5oz**  
Bananas, Cranberries & Blueberries

**Create Unlimited Combinations**



## Strong velocity growth is driving increased retailer interest

- Add 1500-1600 net new stores to 21,000+ (↑ACV by 7%)
- Upgrade another 500 Fridges (beyond 1000 committed in 2018)
- Install 800 second Fridges



# Strengthen gross margin/adjusted EBITDA margin

## Pricing

- Targeted bag items
- +2% pricing impact across total line
- Effective in mid-Q1



## Innovation

- Increase appeal of rolls
- Higher margin bag items
- Begins shipping end of Q1



## COGS

- Increase yield/throughput
- 24/7 on 2 lines in Jan. '19
- 24/7 on final line in Q2
- Break ground on Kitchens 2.0

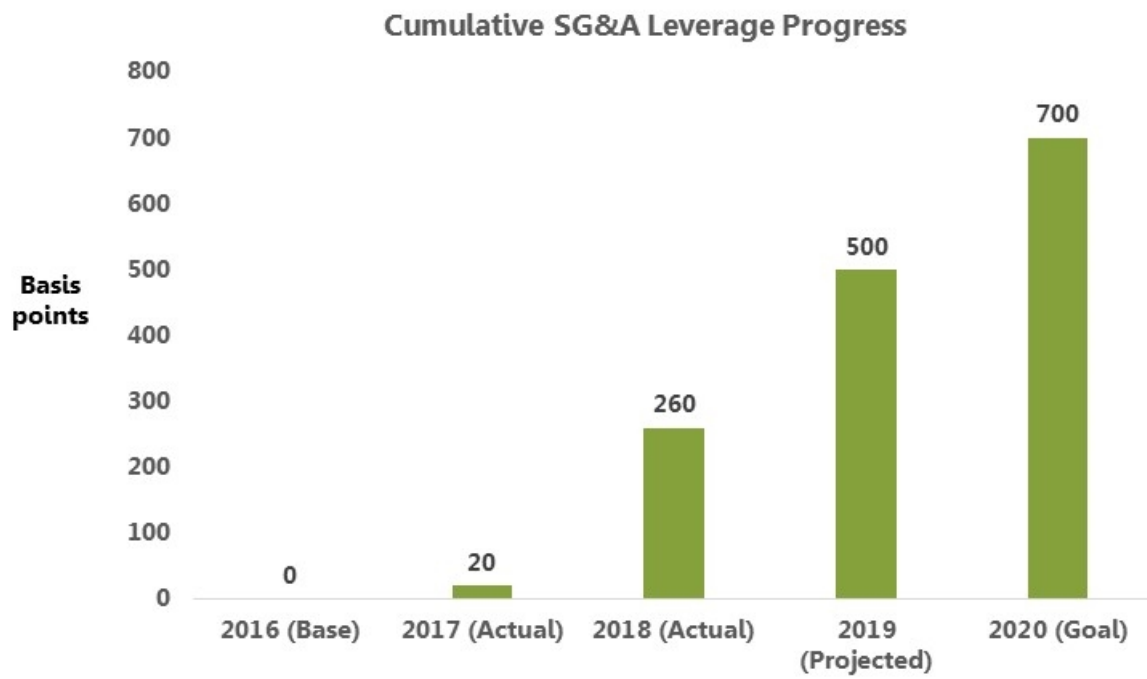
## SG&A

- Scale benefits in freight
- G&A growth significantly < sales growth

**Increase Adj. Gross Margin – largely in back half of the year – to 51+% by year-end**

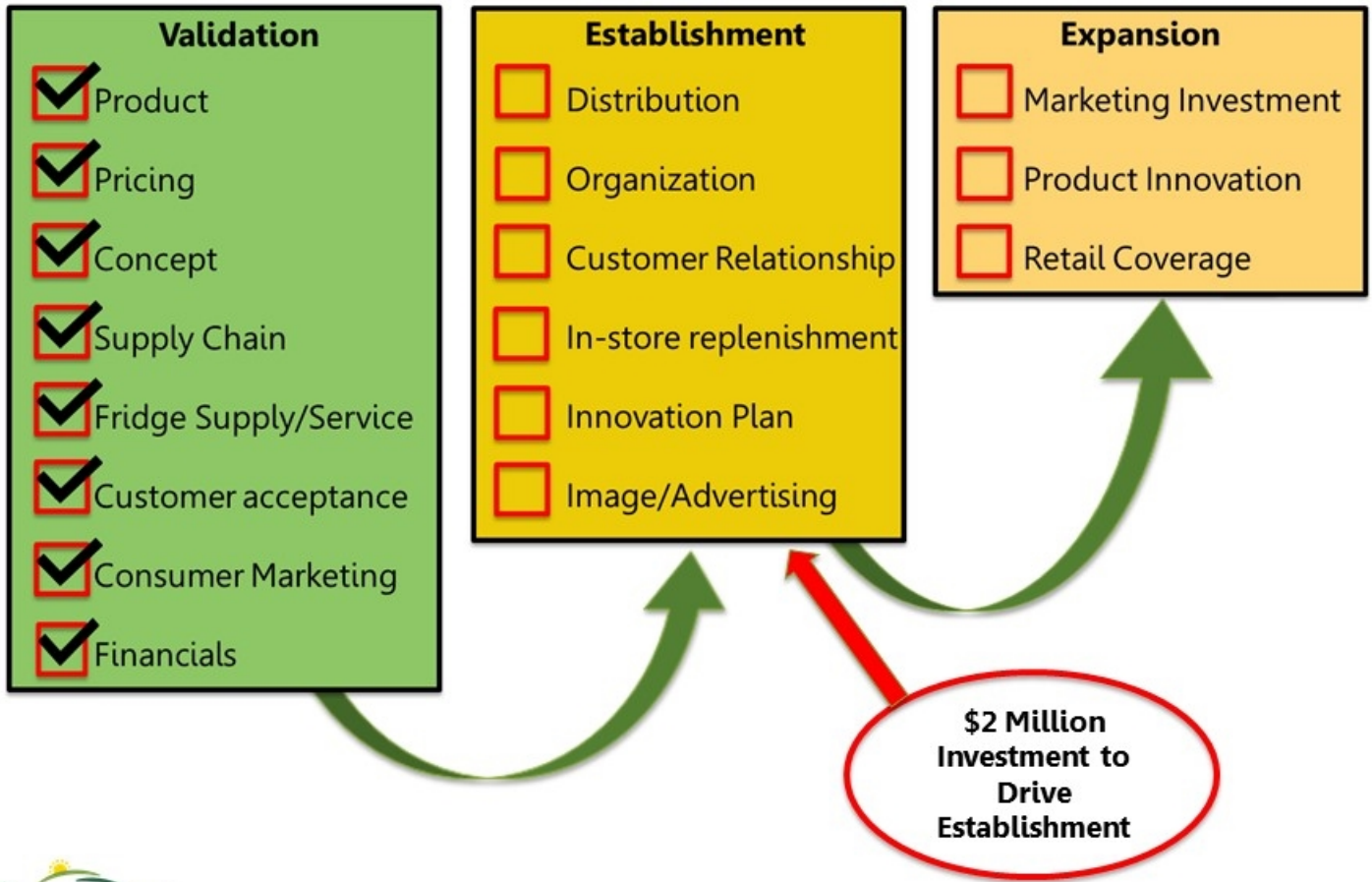
# Gaining leverage in SG&A

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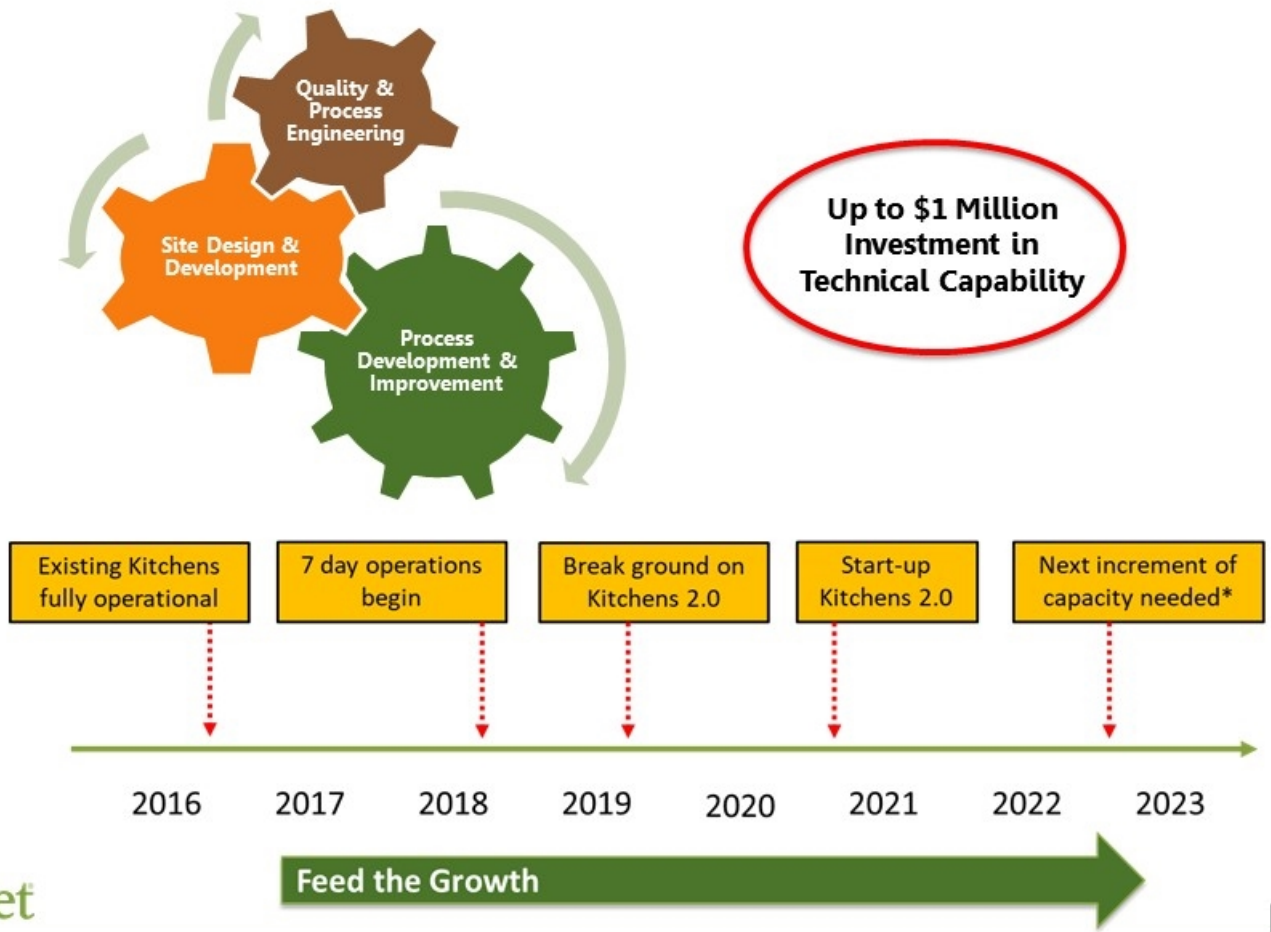




# Continue measured development in Canada & UK



# Build capability to support longer-term capacity expansion



## Growing into scale: Adj. EBITDA growth > net sales growth

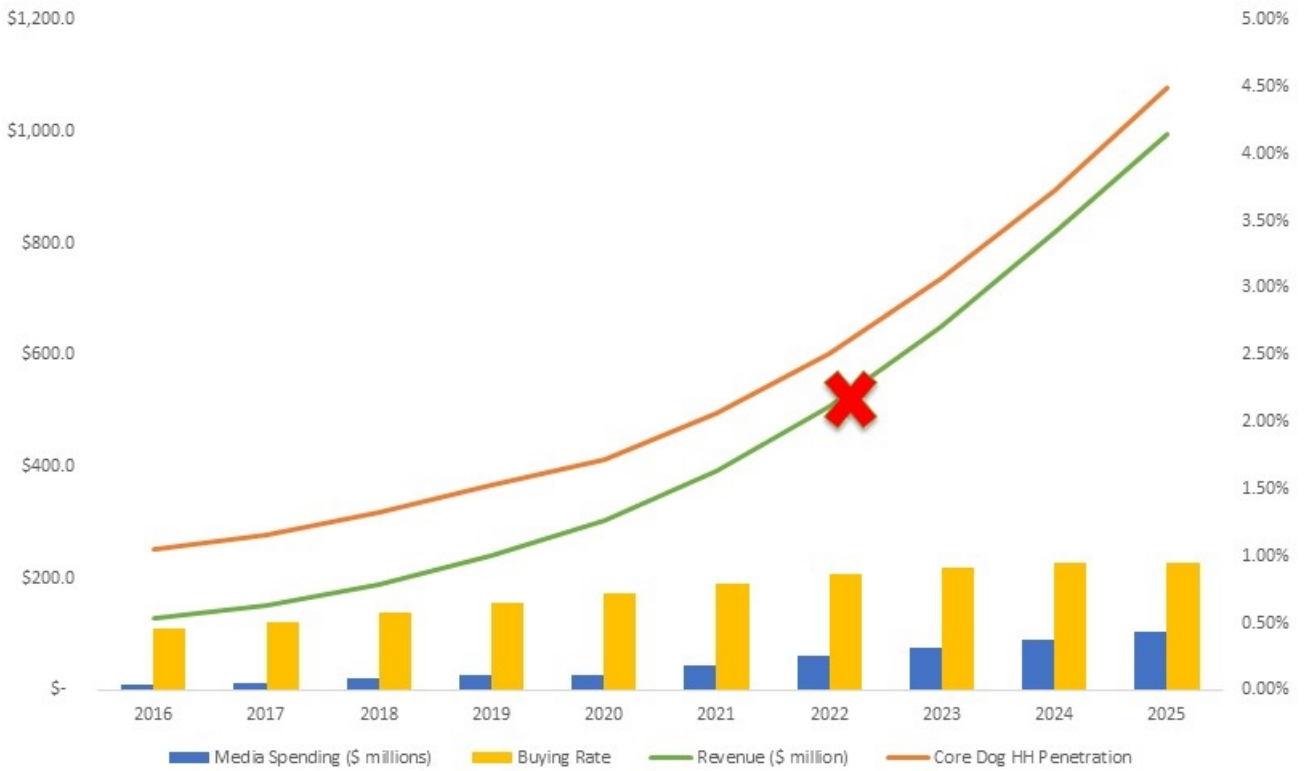
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\$ in Millions	2018	2019	% Change
<b>Net Sales</b>	<b>\$193.2</b>	<b>&gt;\$240</b>	<b>+24%</b>
<b>Adjusted EBITDA</b>	<b>\$20.3</b>	<b>&gt;\$28</b>	<b>+38%</b>

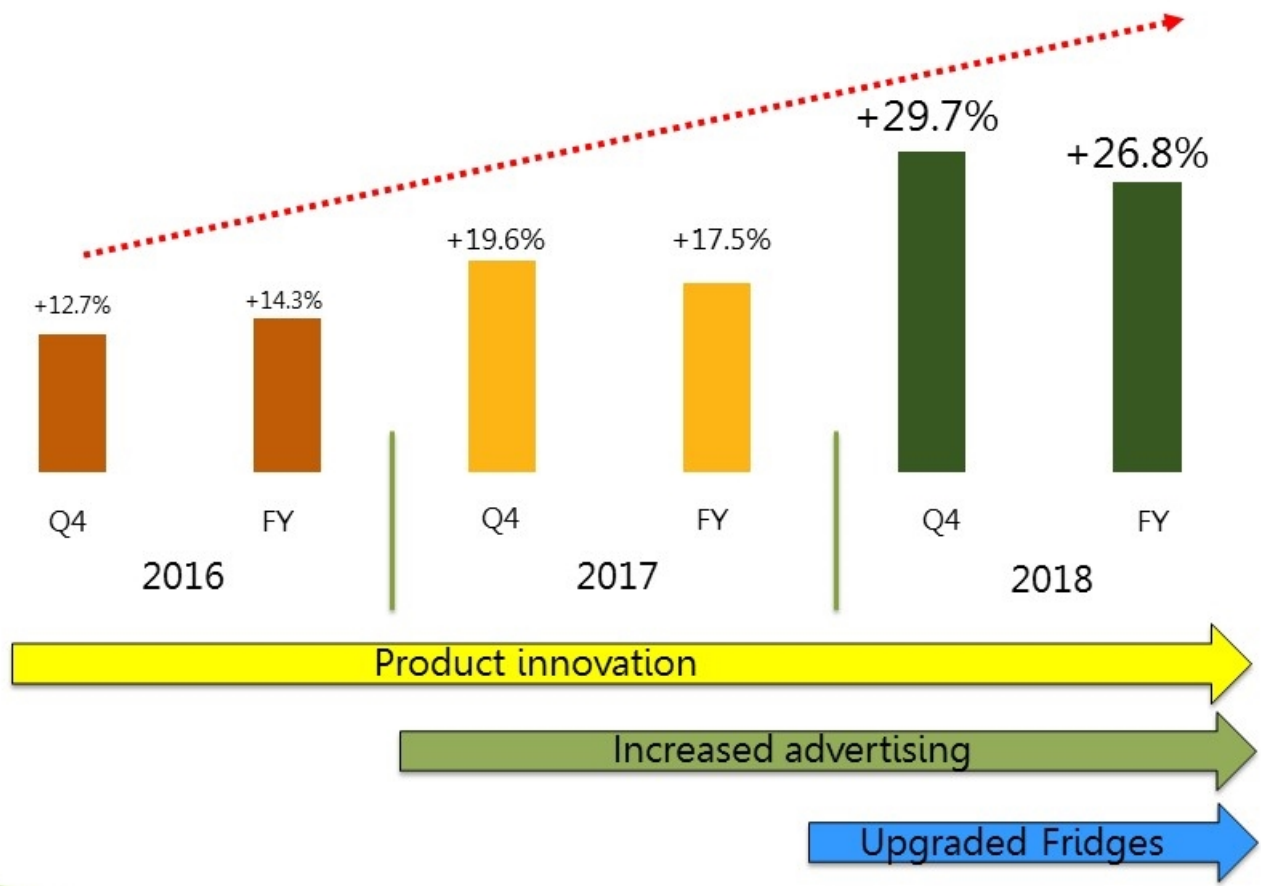
- **Excluding incremental investments in Canada/UK and technical capability/capacity building, Adjusted EBITDA would be up 50+% in 2019**

# Driving net sales towards \$500+ million and beyond

Freshpet Growth Potential



# Topline Results – YoY Results



# Simplifying non-GAAP measures

## FY18 Results

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<b>Adjusted Gross Profit %</b>	(A)	<b>50.2%</b>	→	<i>Now addbacks:</i> <ul style="list-style-type: none"><li>• <i>COGS Option Expense</i></li></ul>
<b>Adjusted SG&amp;A %</b>	(B)	<b>39.7%</b>	→	<i>Now addbacks:</i> <ul style="list-style-type: none"><li>• <i>Launch Expense</i></li><li>• <i>SG&amp;A Depreciation Expense</i></li></ul>
<b>Adjusted EBITDA %</b>	(A) - (B) =	<b>10.5%</b>		

- Under our new format, you can subtract Adj. SG&A from Adj. Gross Profit to calculate FRPT's Adj. EBITDA
- No change to Adjusted Gross Profit Margin or Adjusted EBITDA goals

# Productivity gains offset by increased staffing, commodities and mix

## Q4 Gross Margin Bridge



## Gaining leverage in SG&A

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	SG&A Leverage		
	4Q18	4Q17	Change
<b>Adj. Gross Margin</b>	<b>49.4%</b>	<b>51.4%</b>	<b>-2.0%</b>
Adj. SG&A % Excluding Media	27.8%	33.4%	+5.6%
Media %	<u>3.7%</u>	<u>0.8%</u>	<u>-2.9%</u>
<b>Total Adj. SG&amp;A %</b>	<b>31.5%</b>	<b>34.2%</b>	<b>+2.7%</b>
<b>Adjusted EBITDA %</b>	<b>17.9%</b>	<b>17.2%</b>	<b>+0.7%</b>



## FY2019 Guidance

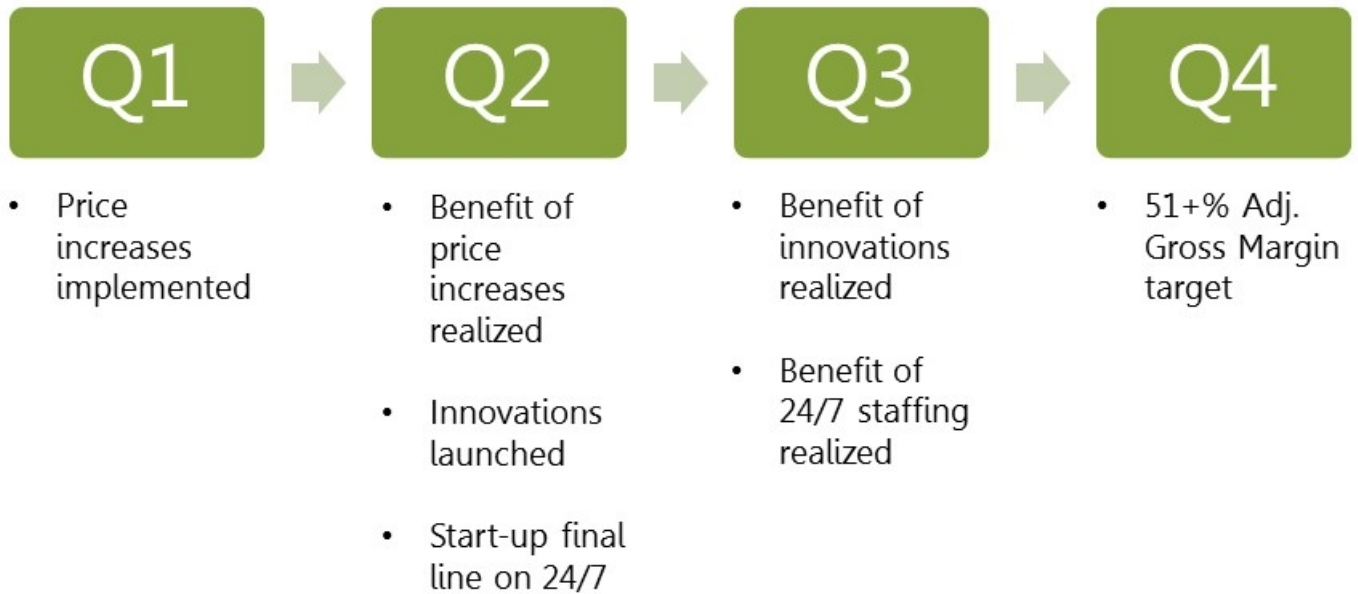
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\$ in Millions	2018	2019	% Change
<b>Net Sales</b>	<b>\$193.2</b>	<b>&gt;\$240</b>	<b>+24%</b>
<b>Adjusted EBITDA</b>	<b>\$20.3</b>	<b>&gt;\$28</b>	<b>+38%</b>

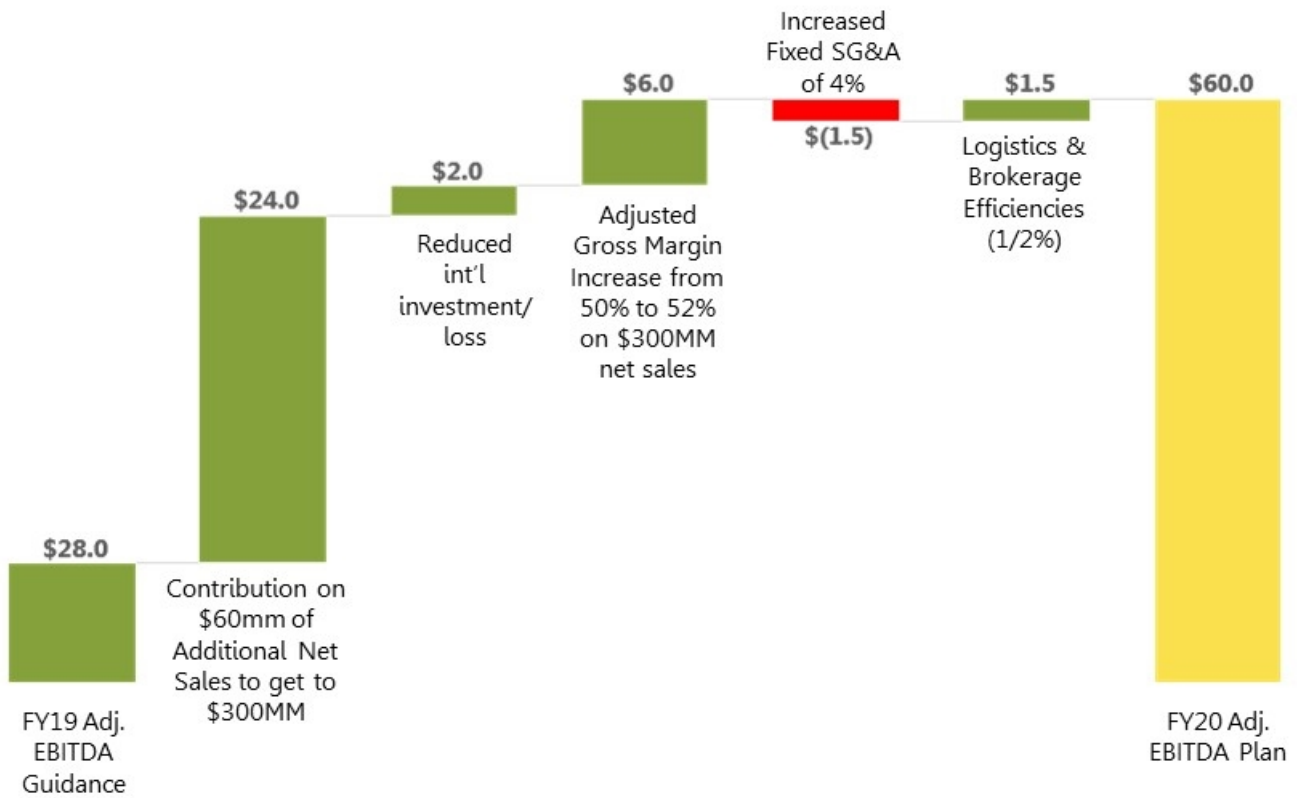
- **Excluding incremental investments in Canada/UK and technical capability/capacity building, Adjusted EBITDA would be up 50+% in 2019**

# Series of actions designed to increase adjusted gross margin

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# Bridge to \$60 million EBITDA in FY2020



Delighting pet parents, pets, shareholders and employees . . .





## Appendix



# Quarterly reconciliation for updated non-GAAP measures

	Three Months Ended							
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
	(Dollars in thousands)							
Gross Profit (as reported)	\$ 23,368	\$ 23,616	\$ 22,878	\$ 20,128	\$ 18,940	\$ 19,503	\$ 18,170	\$ 15,803
Depreciation expense (a)	1,520	1,579	1,498	1,491	1,462	1,448	1,448	1,434
Non-cash share-based compensation (b)*	635	71	89	64	68	69	66	40
<b>Adjusted Gross Profit</b>	<b>\$ 25,523</b>	<b>\$ 25,266</b>	<b>\$ 24,466</b>	<b>\$ 21,683</b>	<b>\$ 20,470</b>	<b>\$ 21,020</b>	<b>\$ 19,684</b>	<b>\$ 17,277</b>
Adjusted Gross Profit as a % of Net Sales	49.4%	49.7%	51.4%	50.2%	51.4%	52.4%	50.8%	51.3%

	Three Months Ended							
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
	(Dollars in thousands)							
SG&A expenses (as reported)	\$ 21,478	\$ 23,572	\$ 26,288	\$ 23,538	\$ 17,323	\$ 19,304	\$ 19,997	\$ 18,544
Depreciation and amortization expense (a)**	2,127	2,044	1,964	1,843	1,819	1,768	1,698	1,615
Non-cash share-based compensation (b)	2,002	1,706	1,213	1,028	1,079	1,064	1,163	890
Launch expense (c)**	863	1,015	1,009	653	707	929	675	756
Shelf registration expenses (d)	225	137	-	-	-	-	-	-
Leadership transition expenses (e)	-	-	-	-	(37)	100	-	-
Litigation expense (f)	-	120	93	135	145	-	-	-
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 16,261</b>	<b>\$ 18,550</b>	<b>\$ 22,009</b>	<b>\$ 19,879</b>	<b>\$ 13,609</b>	<b>\$ 15,444</b>	<b>\$ 16,461</b>	<b>\$ 15,283</b>
Adjusted SG&A Expenses as a % of Net Sales	31.5%	36.5%	46.2%	46.0%	34.2%	38.5%	42.5%	45.4%

# Annual reconciliation for updated non-GAAP measures

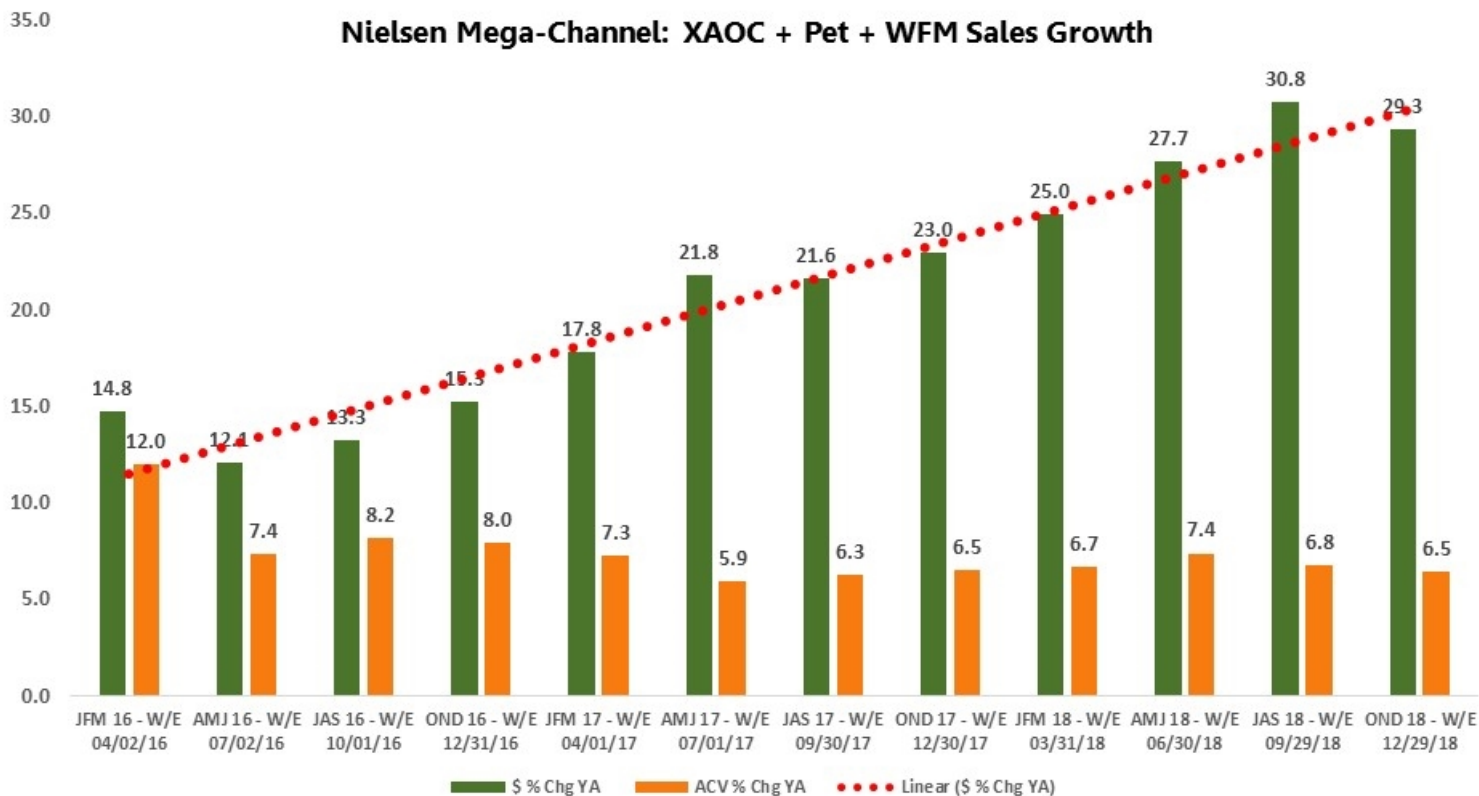
	Twelve Months Ended December 31,				
	2018	2017	2016	2015	2014
	(Dollars in thousands)				
Gross Profit (as reported)	\$ 89,990	\$ 72,416	\$ 60,371	\$ 54,649	\$ 42,218
Depreciation expense	6,089	5,791	4,028	2,566	2,454
Plant start up expense	—	—	1,628	—	113
Non-cash share-based compensation	859	243	221	201	(266)
<b>Adjusted Gross Profit</b>	<b>\$ 96,938</b>	<b>\$ 78,450</b>	<b>\$ 66,248</b>	<b>\$ 57,416</b>	<b>\$ 44,519</b>
Adjusted Gross Profit as a % of Net Sales	50.2%	51.5%	51.1%	50.6%	52.9%

	Twelve Months Ended December 31,				
	2018	2017	2016	2015	2014
	(Dollars in thousands)				
SG&A expenses (as reported)	\$ 94,876	\$ 75,167	\$ 62,586	\$ 58,297	\$ 48,299
Depreciation and amortization expense	7,979	6,901	5,859	5,008	3,971
Non-cash share-based compensation	5,949	4,195	3,972	3,723	1,830
Launch expense	3,540	3,066	2,813	2,626	3,513
Shelf registration expenses	362	—	—	593	—
Leadership transition expenses	—	63	1,291	—	—
Litigation expense	348	145	—	—	—
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 76,698</b>	<b>\$ 60,797</b>	<b>\$ 48,651</b>	<b>\$ 46,347</b>	<b>\$ 38,985</b>
Adjusted SG&A Expenses as a % of Net Sales	39.7%	39.9%	37.5%	40.8%	46.3%



# Accelerated growth in mega-channel

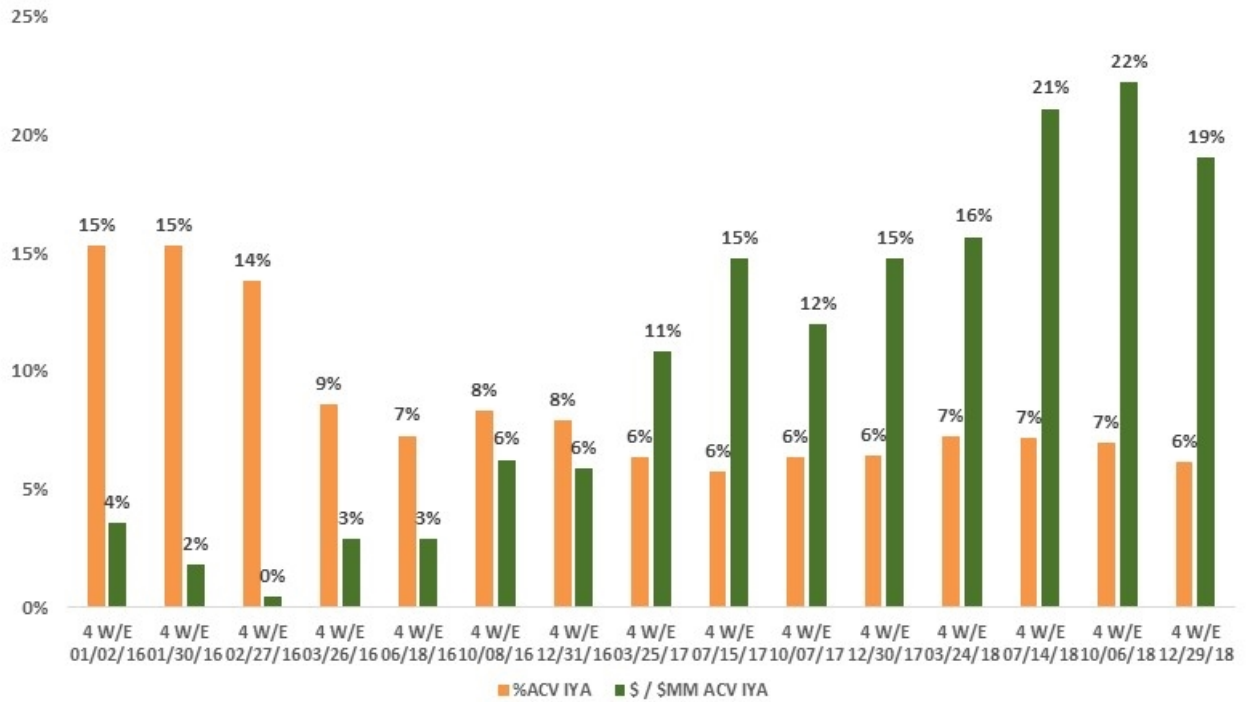
**2018 fresh consumption +28%**





# Steady distribution growth & accelerating velocity

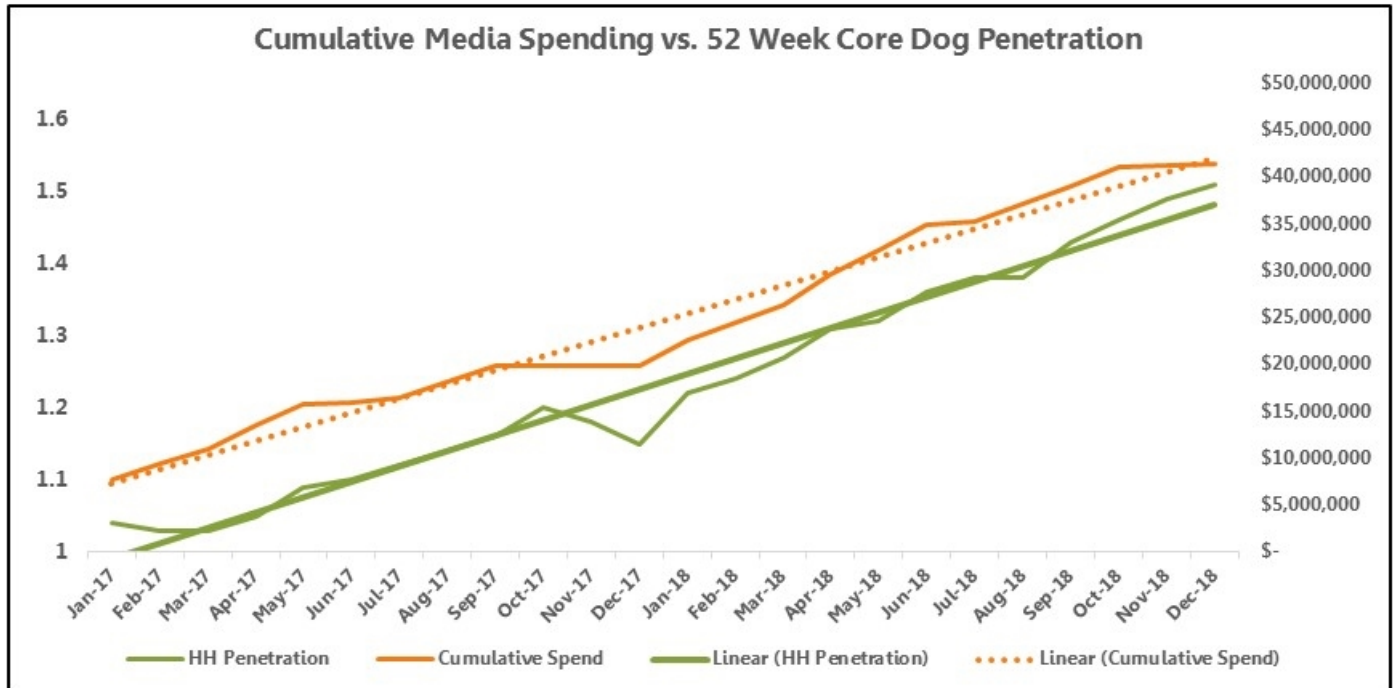
Freshpet Distribution and Velocity Progress  
(Growth vs. YA)



Nielsen Mega-Channel ACV and \$M/\$M ACV for 4 week periods 1/2/16 to 12/29/18



# Advertising drove penetration gains which drove growth



Nielsen HH Panel date for Freshpet Core Dog (Rolls, Roasted Meals and Fresh from the Kitchen) – Rolling 52 week penetration data

