

**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 03, 2021

FRESHPET, INC.

(Exact name of Registrant as Specified in Its Charter)

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

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

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

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

**07094
(Zip Code)**

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

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

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

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

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 3, 2021, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended March 31, 2021. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

As previously announced, Freshpet will hold a conference call at 4:30 p.m., Eastern Time, on Monday, May 3, 2021 to discuss its financial results for the quarter ended March 31, 2021.

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 3, 2021, 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	Press Release, dated May 3, 2021
99.2	Investors Presentation
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 3, 2021

By: /s/ Heather Pomerantz

Name: Heather Pomerantz

Title: Chief Financial Officer



Freshpet, Inc. Reports First Quarter 2021 Financial Results
Accelerating Production Driving Improved Retail Conditions
Capacity Expansion Plan on Track to Support 2021 and Long-term Growth Goals

SECAUCUS, N.J. – May 3, 2021 – Freshpet, Inc. (“Freshpet” or the “Company”) (NASDAQ: FRPT) today reported financial results for its first quarter ended March 31, 2021.

First Quarter 2021 Financial Highlights Compared to Prior Year Period

- Net sales of \$93.4 million, an increase of 33.3%
- Net loss of \$10.9 million, compared with prior year net loss of \$3.6 million
- Adjusted EBITDA of \$7.8 million, compared to \$5.7 million, an increase of 35.3%¹

"While it can be challenging to keep up with Freshpet's rapid growth, our team rose to the occasion and delivered a very strong performance in the first quarter. We achieved our strongest net sales growth rate in more than 5 years at 33%, we grew Adjusted EBITDA at a rate that slightly outpaced net sales growth, and we surpassed 4 million Freshpet households for the first time," commented Billy Cyr, Freshpet's Chief Executive Officer. "With rapidly improving retail conditions and increased capacity in place to support strong growth, we are in position to deliver our 2021 guidance and remain bullish on our 2025 'Feed the Growth' goals of 11 million households, \$1.25 billion in net sales and a 25% adjusted EBITDA margin. We are changing the way people nourish their pets forever."

First Quarter 2021

First quarter of 2021 net sales increased 33.3% to \$93.4 million compared to \$70.1 million for the first quarter of 2020. Net sales for the first quarter of 2021 were driven by velocity, distribution gains, and innovation.

Gross profit was \$36.3 million, or 38.9% as a percentage of net sales, for the first quarter of 2021, compared to \$31.8 million, or 45.4% as a percentage of net sales, in the same period last year. For the first quarter 2021, Adjusted Gross Profit was \$43.6 million, or 46.7% as a percentage of net sales, compared to \$34.7 million, or 49.5% as a percentage of net sales, in the prior year period. The decrease in Gross Profit as a percentage of net sales and Adjusted Gross Profit as a percentage of net sales was primarily due to inflation in beef, cost related to February snowstorms impacting production capability, and increased processing cost as we expand production at Kitchens South. 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”) was \$46.0 million for the first quarter of 2021 compared to \$34.7 million in the prior year period. As a percentage of net sales, SG&A decreased to 49.3% for the first quarter of 2021 compared to 49.5% in the first quarter of 2020. Adjusted SG&A for the first quarter of 2021 was \$35.9 million, or 38.4% as a percentage of net sales, compared to \$28.9 million, or 41.3% as a percentage of net sales, in the prior year period. The decrease in SG&A as a percentage of net sales and Adjusted SG&A as a percentage of net sales was a result of increased media leverage and general and administrative expense leverage on higher net sales, partially offset by higher logistics cost as a percentage of net sales. Adjusted SG&A is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to SG&A in the financial tables that accompany this release.

Net loss was \$10.9 million for the first quarter of 2021 compared to net loss of \$3.6 million for the prior year period. The increase in net loss was due to increased SG&A, partially offset by higher net sales and increased gross profit.

Adjusted EBITDA was \$7.8 million, or 8.3% as a percentage of net sales, for the first quarter of 2021, compared to \$5.7 million, or 8.2% as a percentage of net sales, in the first quarter of 2020. The increase in Adjusted EBITDA was a result of higher net sales and Adjusted Gross Profit, partially offset by increased Adjusted SG&A expense. Adjusted EBITDA is a Non-GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to net loss in the financial tables that accompany this release.

¹ 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.

Balance Sheet and Cash Flow

As part of the Company's efforts to strengthen its liquidity position to fund ongoing capacity expansion, during the first quarter of 2021, the Company completed a public offering of its common stock, which provided net proceeds of \$332.5 million.

In addition, on February 19, 2021, the Company entered into a Sixth Amended and Restated Loan and Security Agreement (the "New Loan Agreement"). The New Loan Agreement provides for a \$350.0 million senior secured credit facility (the "New Credit Facility"), encompassing a \$300.0 million delayed draw term loan facility (the "New Delayed Draw Facility") and a \$50.0 million revolving loan facility (the "New Revolving Loan Facility"), which replaced the Company's prior \$130.0 million delayed draw term loan facility and \$35.0 million revolving loan facility. The New Credit Facility has a five year term and will mature on February 19, 2026.

As of March 31, 2021, the Company had cash and cash equivalents of \$341.0 million with no debt outstanding.

Outlook

For full year 2021, the Company reiterated its guidance. The Company continues to expect the following results:

- To exceed net sales of \$430.0 million, an increase greater than 35% from 2020.
- To exceed Adjusted EBITDA of \$61.0 million, an increase greater than 30% from 2020.

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 & Earnings Presentation Webcast Information

As previously announced, today the Company will host a conference call beginning at 4:30 p.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. 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. Eastern Time today through May 17, 2021. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671; the passcode is 13718413.

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.

Connect with Freshpet:

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

<https://twitter.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. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While Freshpet believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are several risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein including, most prominently, the risks discussed under the heading "Risk Factors" in the Company's latest annual report on Form 10-K 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 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 depreciation expense, plant start-up expense, non-cash share-based compensation and COVID-19 expenses.

Adjusted SG&A Expenses: Freshpet defines Adjusted SG&A as SG&A expenses before depreciation and amortization, non-cash share-based compensation, launch expense, fees related to equity offerings of our common stock, implementation and other costs associated with the implementation of an ERP system, loss on disposal of equipment and COVID-19 expenses.

EBITDA and Adjusted EBITDA: EBITDA represents net income (loss) plus interest expense, income tax expense and depreciation and amortization expense, and Adjusted EBITDA represents EBITDA plus loss on equity method investment, non-cash share-based compensation expense, launch expenses, fees related to equity offerings, plant start-up expense, implementation and other costs associated with the implementation of an ERP system, loss on disposal of equipment and COVID-19 expenses.

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
(In thousands, except per share data)

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 340,967	\$ 67,247
Accounts receivable, net of allowance for doubtful accounts	28,818	18,438
Inventories, net	21,825	19,119
Prepaid expenses	2,496	3,378
Other current assets	1,936	914
Total Current Assets	<u>396,042</u>	<u>109,096</u>
Property, plant and equipment, net	331,371	281,073
Deposits on equipment	3,617	3,710
Operating lease right of use assets	7,557	7,866
Equity method investment	27,658	27,894
Other assets	7,727	4,749
Total Assets	<u>\$ 773,972</u>	<u>\$ 434,388</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 30,955	\$ 16,452
Accrued expenses	13,570	15,371
Current operating lease liabilities	1,298	1,298
Total Current Liabilities	<u>\$ 45,823</u>	<u>\$ 33,121</u>
Long term operating lease liabilities	6,753	7,098
Total Liabilities	<u>\$ 52,576</u>	<u>\$ 40,219</u>
STOCKHOLDERS' EQUITY:		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 43,242 issued and 43,228 outstanding on March 31, 2021, and 40,732 issued and 40,718 outstanding on December 31, 2020	43	41
Additional paid-in capital	938,242	600,388
Accumulated deficit	(216,812)	(205,924)
Accumulated other comprehensive income (loss)	179	(80)
Treasury stock, at cost — 14 shares on March 31, 2021 and on December 31, 2020	(256)	(256)
Total Stockholders' Equity	<u>721,396</u>	<u>394,169</u>
Total Liabilities and Stockholders' Equity	<u>\$ 773,972</u>	<u>\$ 434,388</u>

FRESHPET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS)
(In thousands, except per share data)

	For the Three Months Ended	
	March 31,	
	2021	2020
NET SALES	\$ 93,414	\$ 70,098
COST OF GOODS SOLD	57,099	38,308
GROSS PROFIT	36,315	31,790
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	46,033	34,676
LOSS FROM OPERATIONS	(9,718)	(2,886)
OTHER INCOME/(EXPENSES):		
Other Income/(Expenses), net	(5)	22
Interest Expense	(901)	(704)
	(906)	(682)
LOSS BEFORE INCOME TAXES	(10,624)	(3,569)
INCOME TAX EXPENSE	16	22
LOSS ON EQUITY METHOD INVESTMENT	(248)	-
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (10,888)	\$ (3,590)
OTHER COMPREHENSIVE INCOME:		
Change in foreign currency translation	\$ 259	\$ 59
TOTAL OTHER COMPREHENSIVE INCOME	259	59
TOTAL COMPREHENSIVE (LOSS)	\$ (10,629)	\$ (3,531)
NET (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
-BASIC	\$ (0.26)	\$ (0.10)
-DILUTED	\$ (0.26)	\$ (0.10)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING USED IN COMPUTING		
NET (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
-BASIC	41,627	37,444
-DILUTED	41,627	37,444

FRESHPET, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)

	For the Three Months Ended	
	March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)	\$ (10,888)	\$ (3,590)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Provision for loss/(gains) on accounts receivable	(3)	91
Loss on disposal of equipment	60	2
Share-based compensation	6,080	2,178
Inventory obsolescence	129	118
Depreciation and amortization	7,089	4,453
Amortization of deferred financing costs and loan discount	617	625
Investments in equity method investment	236	—
Changes in operating assets and liabilities:		
Accounts receivable	(10,378)	(1,805)
Inventories	(2,835)	(3,581)
Prepaid expenses and other current assets	(140)	10
Operating lease right of use	309	308
Other assets	137	12
Accounts payable	6,248	656
Accrued expenses	(1,801)	(1,692)
Other lease liabilities	(345)	(284)
Net cash flows used in operating activities	<u>(5,485)</u>	<u>(2,501)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short-term investments	—	(20,000)
Acquisitions of property, plant and equipment, software and deposits on equipment	(49,334)	(34,238)
Net cash flows used in investing activities	<u>(49,334)</u>	<u>(54,238)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from common shares issued in primary offering, net of issuance cost	332,520	252,062
Proceeds from exercise of options to purchase common stock	714	403
Tax withholdings related to net shares settlements of restricted stock units	(1,529)	(645)
Proceeds from borrowings under Credit Facilities	—	20,933
Repayment of borrowings under Credit Facilities	—	(76,000)
Fees paid in connection with financing agreements	(3,166)	—
Net cash flows provided by financing activities	<u>328,539</u>	<u>196,753</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	273,720	140,014
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	67,247	9,472
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 340,967</u>	<u>\$ 149,486</u>

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

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
Gross Profit	\$ 36,315	\$ 31,790
Depreciation expense	3,800	1,744
Plant start-up expense (a)	1,843	467
Non-cash share-based compensation	710	449
COVID-19 expense (b)	953	217
Adjusted Gross Profit	\$ 43,620	\$ 34,667
Adjusted Gross Profit as a % of Net Sales	46.7%	49.5%

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

(b) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigate potential supply chain disruptions during the pandemic, included in cost of goods sold.

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

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
SG&A expenses	\$ 46,033	\$ 34,676
Depreciation and amortization expense	3,289	2,709
Non-cash share-based compensation	5,370	1,729
Launch expense (a)	731	957
Loss on disposal of equipment	60	2
Equity offering expenses (b)	125	58
Enterprise Resource Planning (c)	603	273
COVID-19 expense (d)	4	—
Adjusted SG&A Expenses	\$ 35,851	\$ 28,948
Adjusted SG&A Expenses as a % of Net Sales	38.4%	41.3%

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

(b) Represents fees associated with public offerings of our common stock.

(c) Represents implementation and other costs associated with the implementation of an ERP system.

(d) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigate potential supply chain disruptions during the pandemic, included in SG&A.

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

	Three Months Ended	
	March 31,	
	2021	2020
	(Dollars in thousands)	
Net (loss)	\$ (10,888)	\$ (3,590)
Depreciation and amortization	7,089	4,453
Interest expense	901	704
Income tax expense	16	22
EBITDA	\$ (2,882)	\$ 1,589
Loss on equity method investment	248	—
Loss on disposal of equipment	60	2
Non-cash share-based compensation	6,080	2,178
Launch expense (a)	731	957
Plant start-up expense (b)	1,843	467
Equity offering expenses (c)	125	58
Enterprise Resource Planning (d)	603	273
COVID-19 expense (e)	957	217
Adjusted EBITDA	\$ 7,765	\$ 5,741
Adjusted EBITDA as a % of Net Sales	8.3%	8.2%

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

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

(c) Represents fees associated with public offerings of our common stock.

(d) Represents implementation and other costs associated with the implementation of an ERP system.

(e) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigate potential supply chain disruptions during the pandemic.



Forward Looking Statements & Non-GAAP Measures

Forward-Looking Statements

Certain statements in this presentation constitute "forward-looking" statements, which include any statements related to the novel coronavirus ("COVID-19"), the Freshpet Kitchens Expansion, and the Company's general operating and economic environment. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While Freshpet believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein including, most prominently, the risks discussed under the heading "Risk Factors" in the Company's latest annual report on Form 10-K and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this presentation. Freshpet undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Non-GAAP Measures

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

Freshpet defines EBITDA as net income (loss) plus interest expense, income tax expense and depreciation and amortization expense, and Adjusted EBITDA as EBITDA plus net income (loss) on equity method investment, plant start-up expense, non-cash share-based compensation, launch expense, 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 and COVID-19 expenses.

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

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

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

Certain of these measures present the Company's guidance for fiscal year 2021. The Company does not provide guidance for the most directly comparable GAAP measure and similarly cannot provide a reconciliation to such measure without unreasonable effort due to the unavailability of reliable estimates for certain items. These items are not within the Company's control and may vary greatly between periods and could significantly impact future financial results.



Nourishing Pets, People and Planet

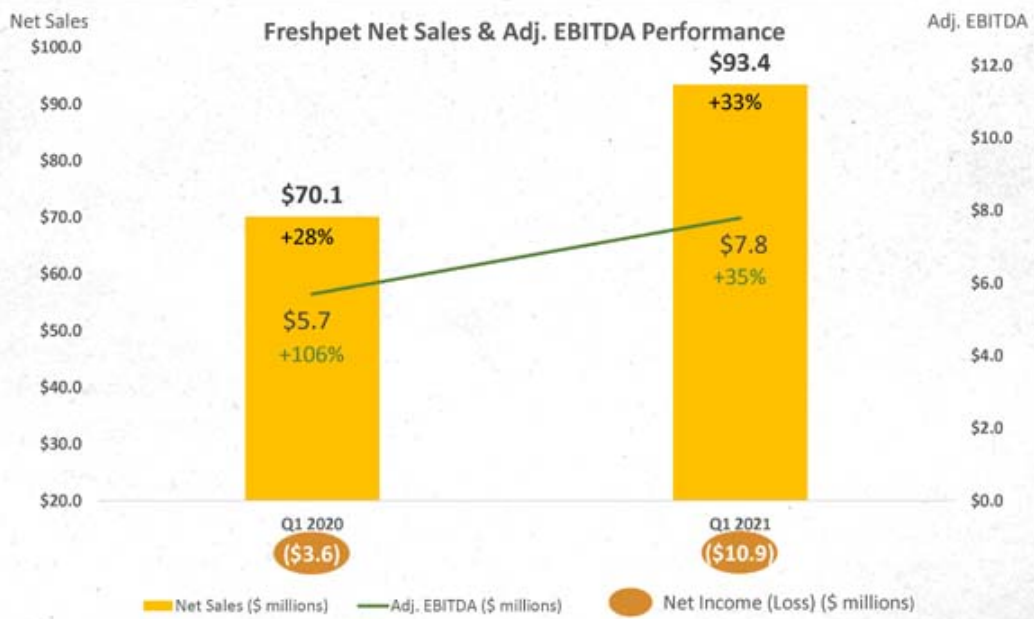
Freshpet strengthens the bond between **people** and our **pets** so that we both live longer, healthier and happier lives -- while being kind to the **planet**





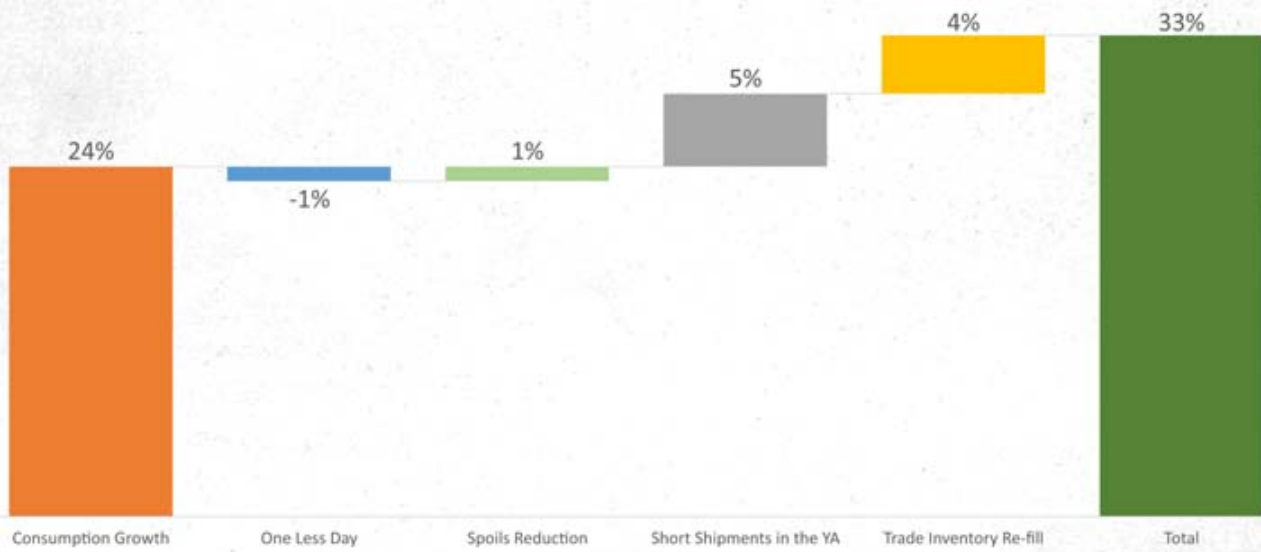
Q1 2021 Results

Q1 2021: Strong growth on both Net Sales & Adj. EBITDA



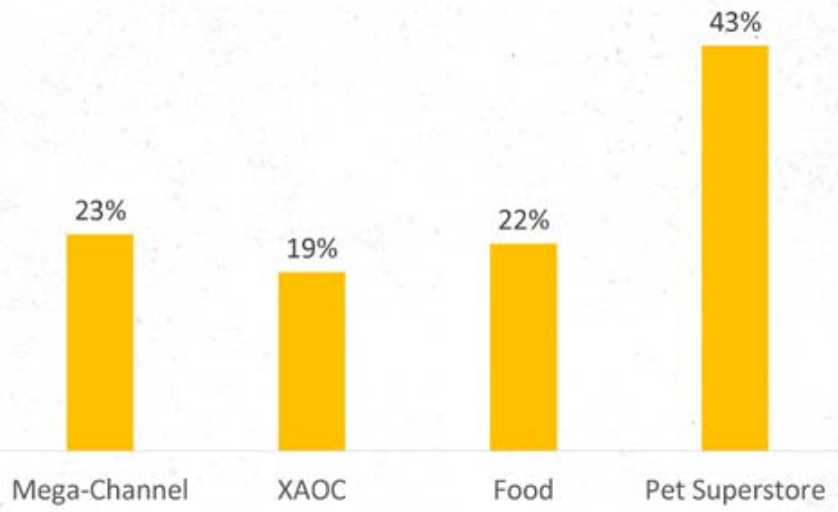
Re-filled ~\$3 million of trade inventory in Q1 despite losing \$3.5 million of production to snowstorms

Q1 2021 Net Sales Bridge to YA



Strong growth despite out-of-stocks; continued strength in pet specialty

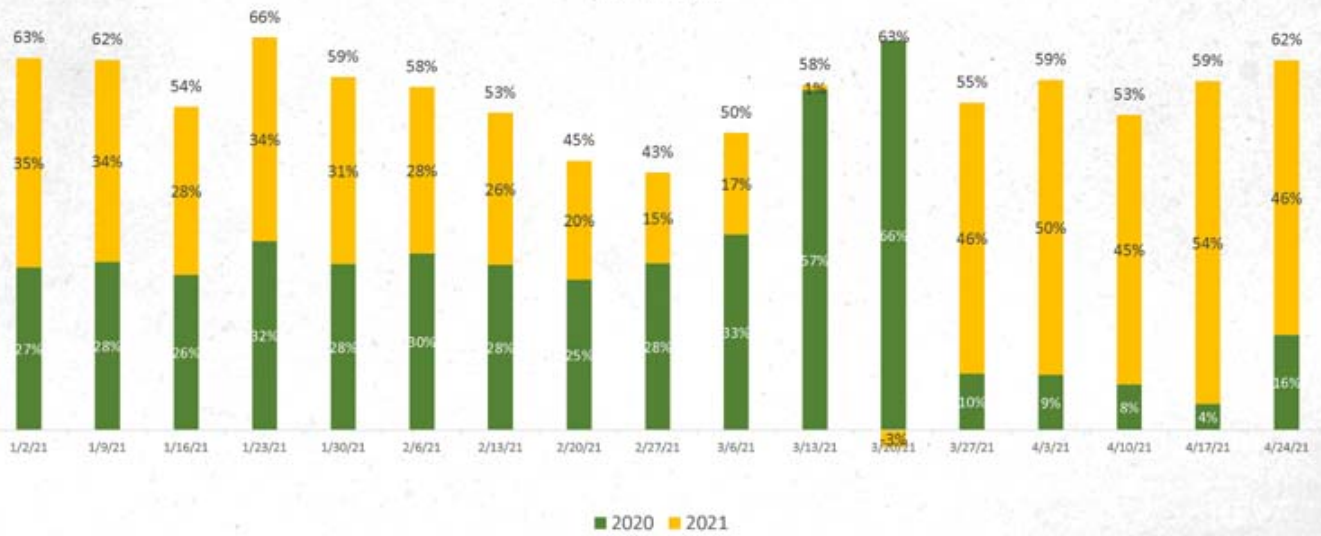
Latest 13 Week Nielsen Consumption Growth



Source: Nielsen consumption data thru 3/27/21

Strong growth on a 2-year stacked basis

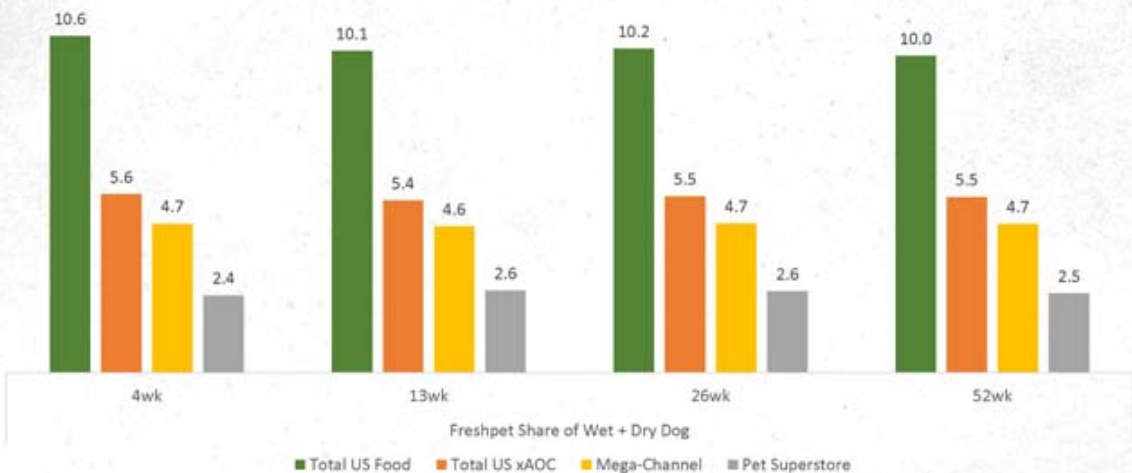
Nielsen Mega-Channel Consumption Growth
(2 Year Stacked)



Source: Nielsen Mega-Channel Data thru 4/24/21

Building meaningful share of the category

Freshpet \$ Share of Wet & Dry Dog

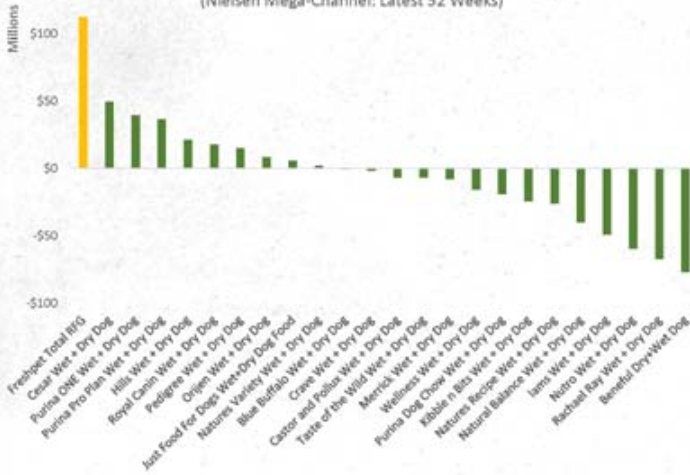


Source: Nielsen Mega-Channel Data thru 3/27/21

Retailers paying attention: Freshpet is big and growing very fast

Largest Dollar Growth in Wet & Dry Dog Food

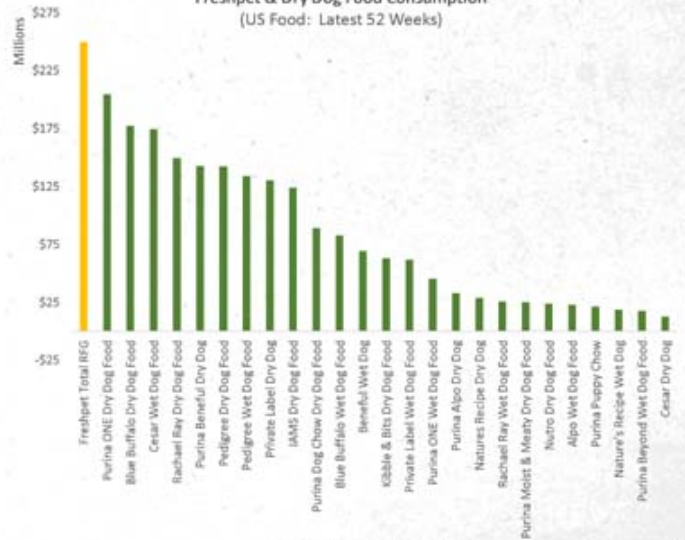
Wet & Dry Dog Food Consumption Growth
(Nielsen Mega-Channel: Latest 52 Weeks)



Nielsen Mega-Channel ending 3/27/21

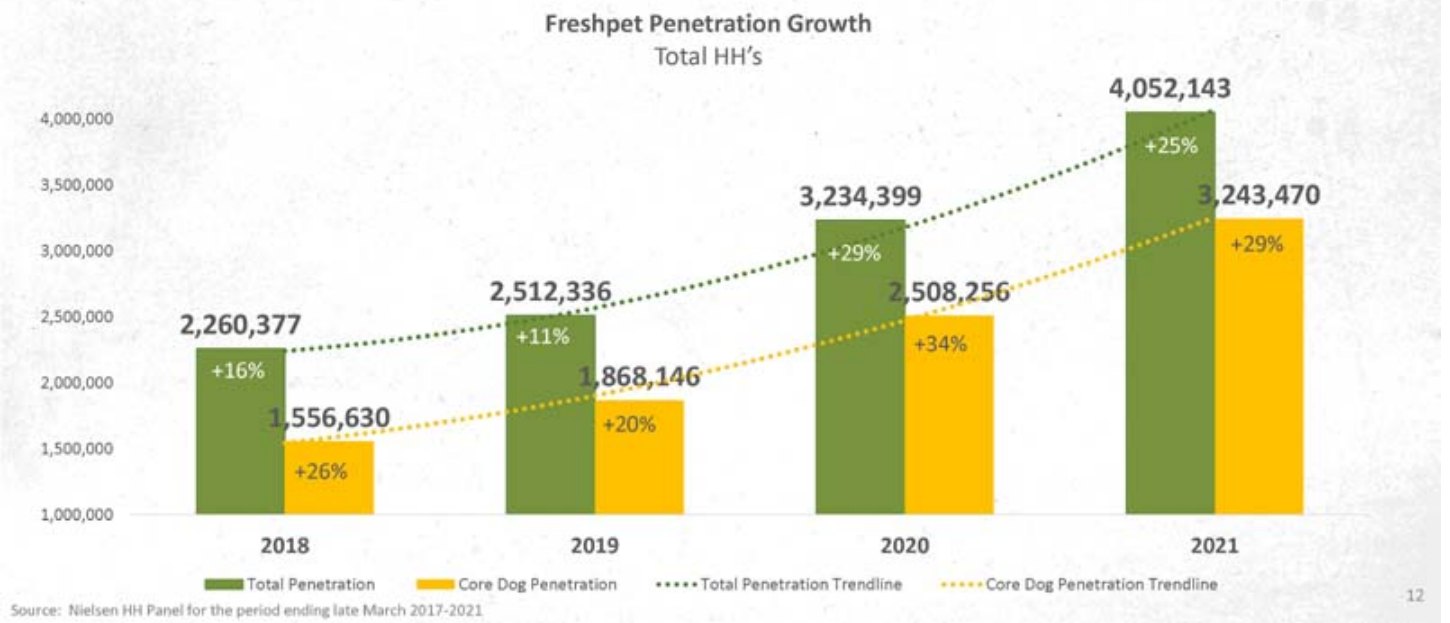
Larger Dollar Sales Than All Dry Dog Food Brands in US Food (Grocery)

Freshpet & Dry Dog Food Consumption
(US Food: Latest 52 Weeks)



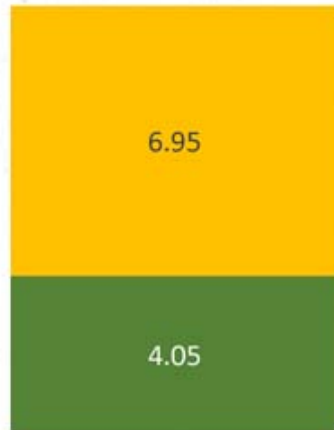
Nielsen US Food ending 3/27/21

Strong HH penetration growth despite out-of-stocks



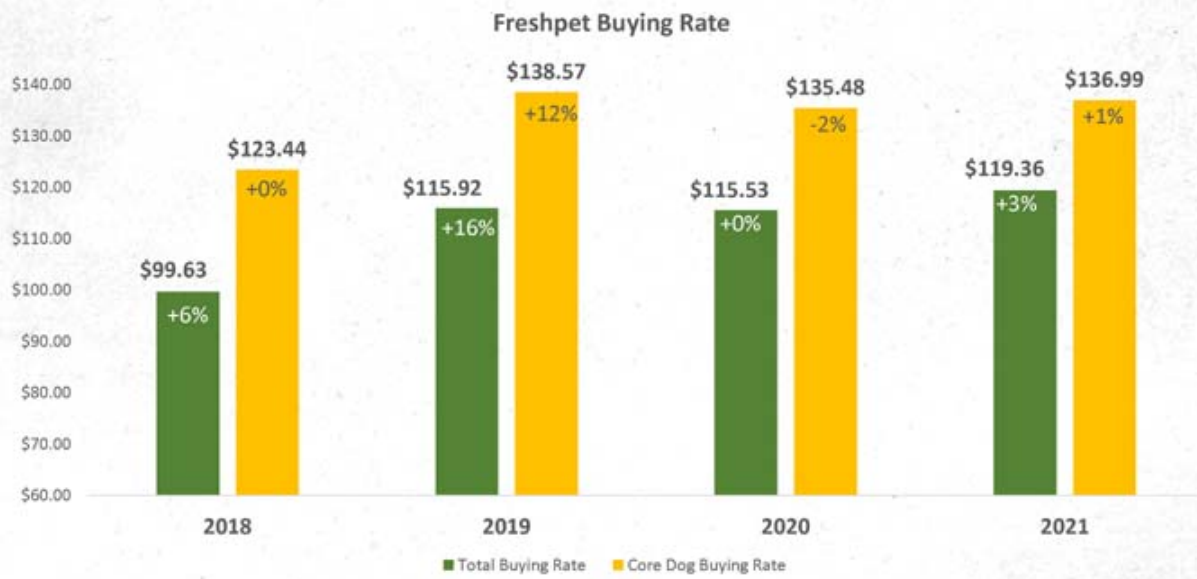
Exceeded 4 MM HH's for first time On our way to 11 MM HH goal

Progress Towards 2025 Household Penetration Goal



■ Current HH Penetration ■ 2025 Target HH Penetration

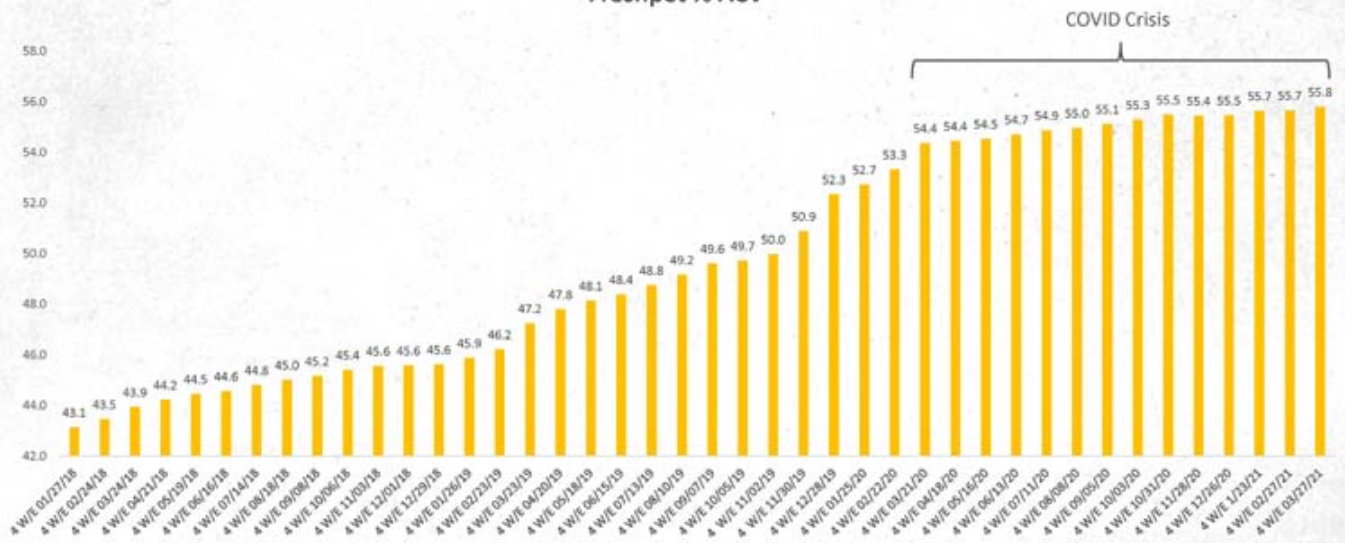
Buying rate continues to grow despite out-of-stocks



Source: Nielsen HH Panel for the period ending late March 2018, 2019, 2020, 2021 and company internal data

Distribution growth plateaued during COVID crisis and delayed due to out-of-stocks

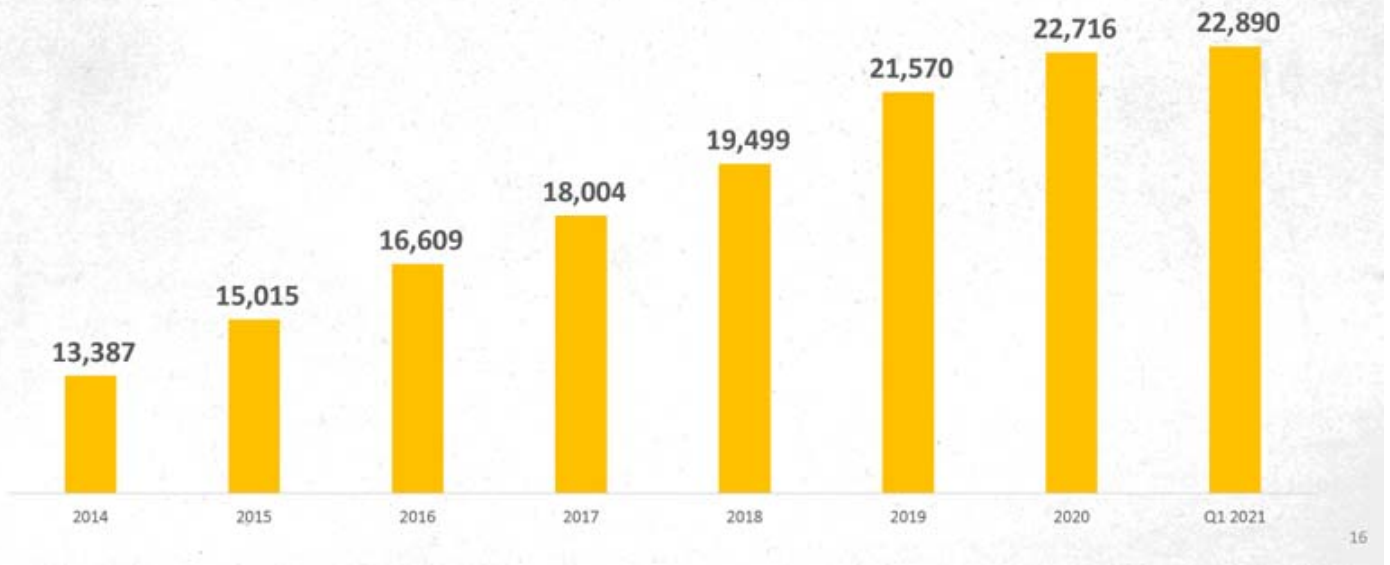
Freshpet % ACV



Source: Nielsen Mega-Channel Data thru 3/27/21

As expected, modest Q1 store growth due to out-of-stocks and COVID

Freshpet Store Count



Meaningful gains in retail visibility and availability despite short shipments



Source: Internal company data

Leading customers are leaning into second fridges

Customers With At Least 40 Stores With 2 or More Fridges

PETSMART

petco

Walmart

TARGET

H-E-B

Kroger

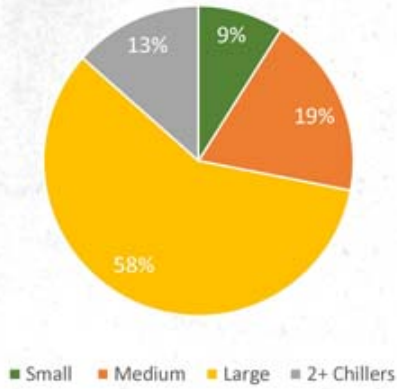
Albertsons

meijer

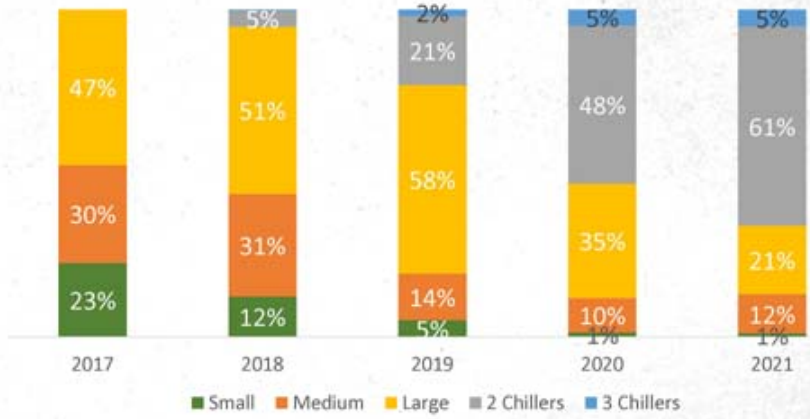


New fridge placements skew heavily to multi-fridge stores

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



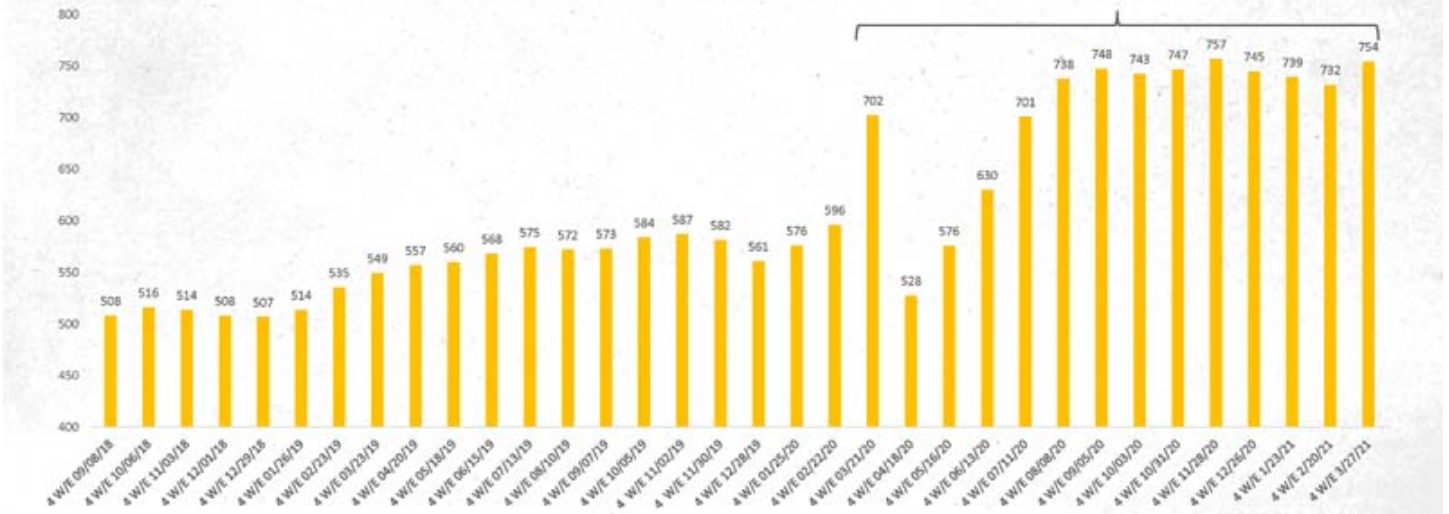
New Fridge Installations by Size
(US & Canada)



Continued strong velocity gains

Freshpet Velocity
\$/ \$MM ACV

COVID Crisis



Source: Nielsen Mega-Channel Data thru 3/27/21

\$/ \$ MM ACV = Nielsen Measured Mega-Channel sales / retail availability as measured in \$MM of All Commodity Volume (ACV)

Q1 2021 Freshpet E-Com grew +156% vs. YA



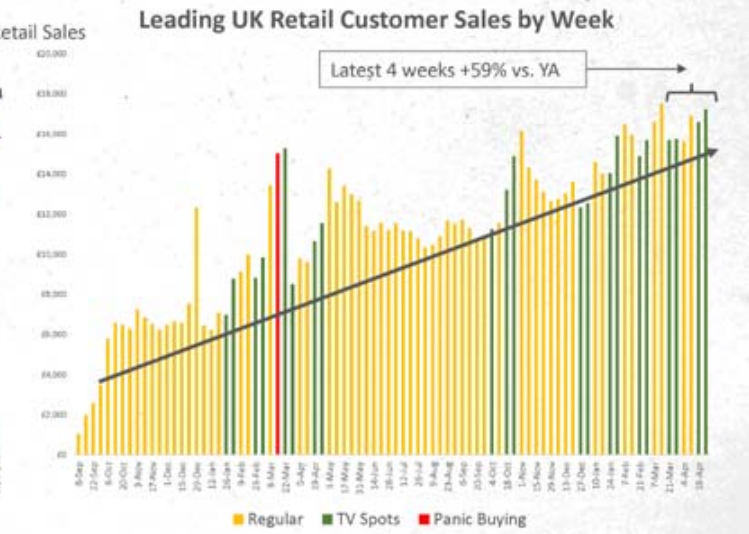
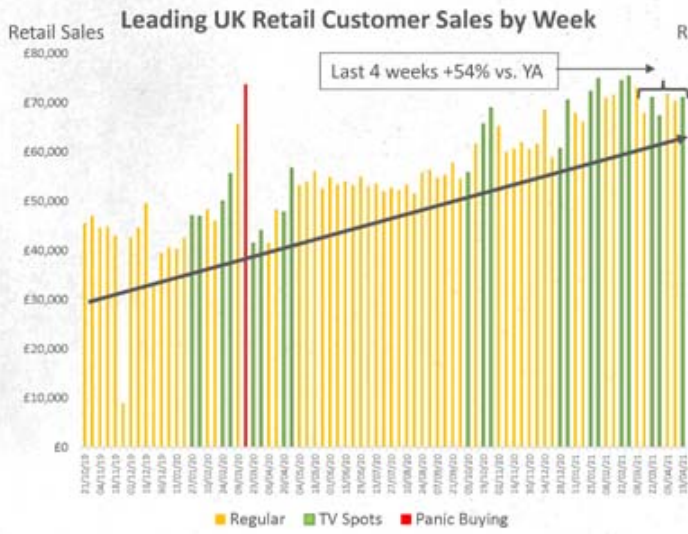
6.3%
1Q 21 mix of e-commerce sales

91% of Sales
Contribute to Brick & Mortar

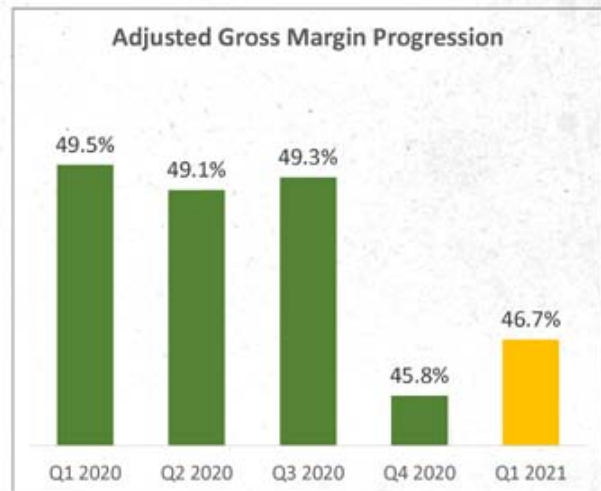
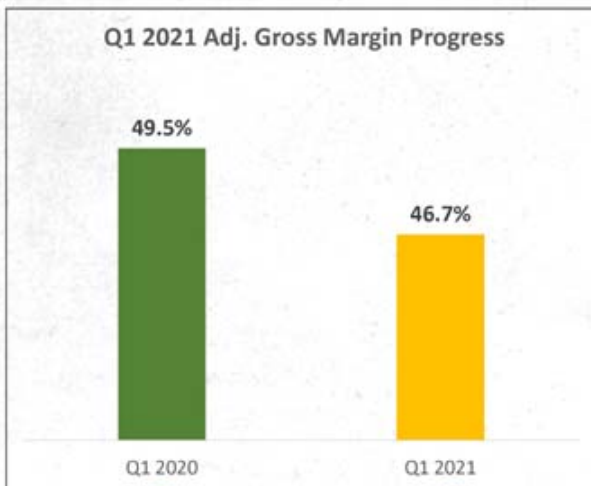
Canadian business accelerating behind advertising investment



Freshpet's advertising-driven model works in the UK



Adj. Gross Margin negatively impacted by lost production due to storms and higher beef costs

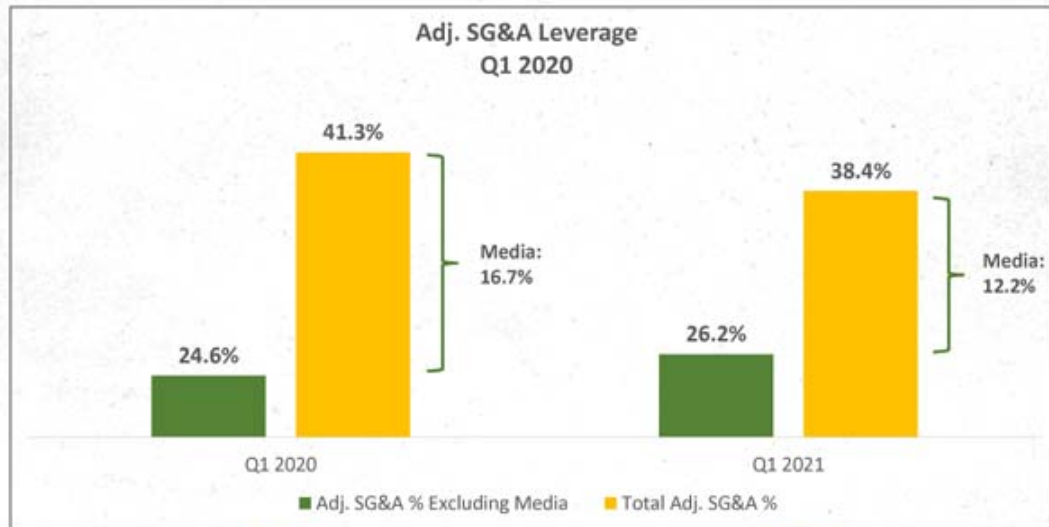


45.4%

38.9%

Gross Margin (GAAP)

Higher freight costs offset by lower media expense

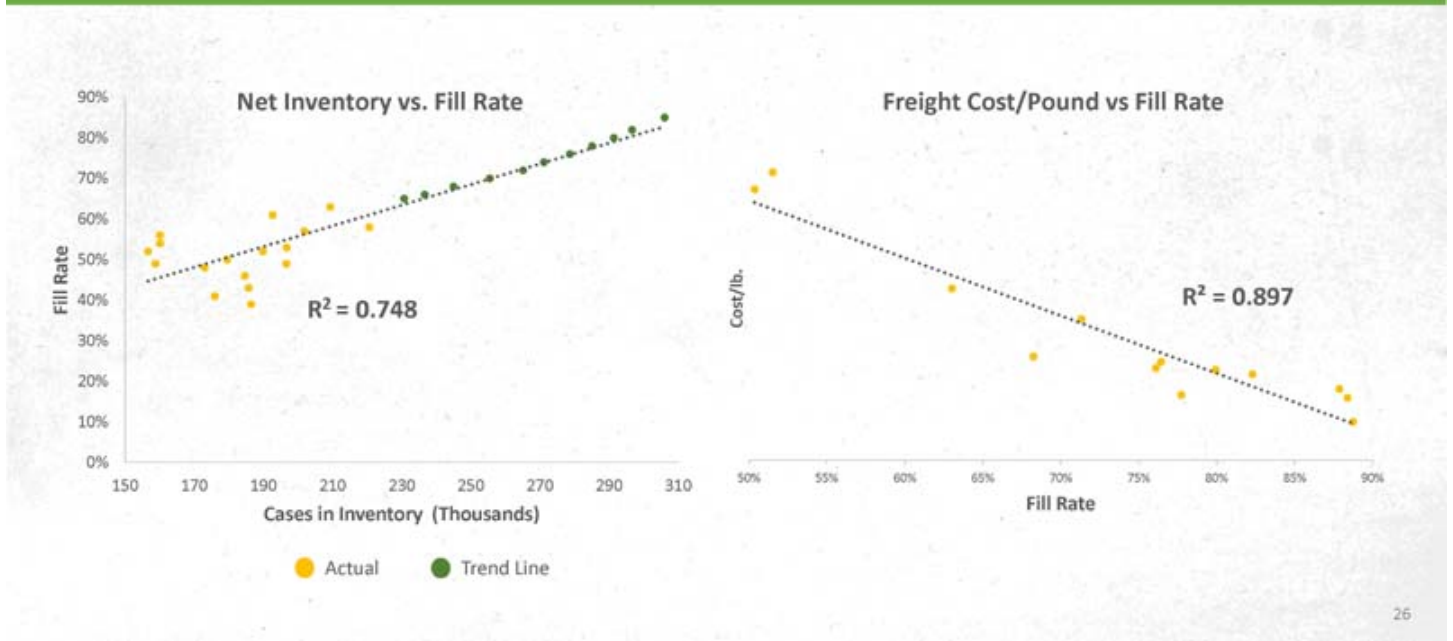


49.5%

49.3%

SG&A (GAAP)

As we rebuild inventory, fill rates go up and freight costs go down





Guidance

2021 Guidance Re-Affirmed

\$ in Millions	2020	2021	% Change
Net Sales	\$318.8	>\$430	+35%
Adjusted EBITDA	\$46.9	>\$61	+30%

- **ERP Conversion:** Tentatively targeted for 10/1/21
- **COVID Addback:** Anticipating \$2.0 million in COVID-related costs in 2021 until broadscale vaccination has occurred – currently projected to occur within Q3

On track for the cadence outlined in our guidance

Q1 Expectations

- ✓ Moderating consumption growth due to out-of-stocks
- ✓ Net sales in excess of consumption as we re-fill trade inventory – slight acceleration in growth rate from Q4
- ✓ Adj. gross margin in line with Q4 due to higher staffing levels to drive higher throughput, beef costs, lost production due to storms and mix shift to bags
- ✓ U. S. advertising investment delayed to allow for improved in-stocks– in line with previous year
- ✓ Low new store additions until trade inventory is replenished in April

Q2 Expectations

- Accelerating consumption growth behind improved retail conditions and strong advertising investment
- Shipment growth modestly in excess of consumption growth due to trade inventory re-fill
- Sequentially improving adjusted gross margin due to increased throughput and increased roll capacity improving mix
- Strong advertising investment
- Resumption of fridge placements as inventories are replenished

Q3 & Q4 Expectations

- Very strong consumption growth behind advertising investment and strong supply
- Shipment growth in excess of consumption growth due to short shipments in the YA
- Sequentially improving adjusted gross margin due to increased throughput
- Continued heavy advertising investment
- Meaningful store count growth

COVID Impact & Addback

Q1 Results

- Includes \$950K of COVID-related addbacks for supplemental wages to production team, incremental sanitation and health screening, and above normal absenteeism

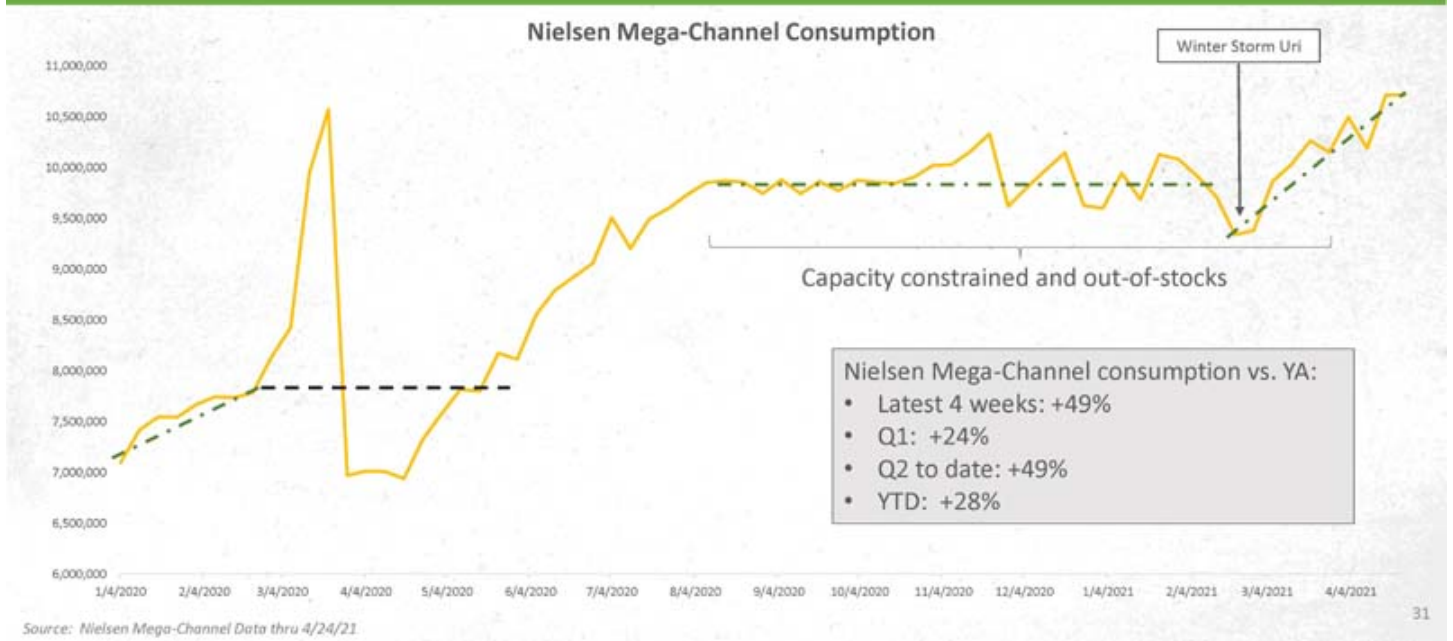
Q2 Expectations

- Team members became eligible for vaccines on March 31, 2021
- Offered team members an incentive to provide documentation that they have successfully been vaccinated
 - 2 days of paid time off if vaccinated by June 1; 1 day of paid time off if vaccinated between June 1 and August 1
 - \$25 gift card
 - Entered in drawing to win \$1500
- Continuing all safety protocols, supplemental wages, testing/quarantine costs

Q3 Expectations

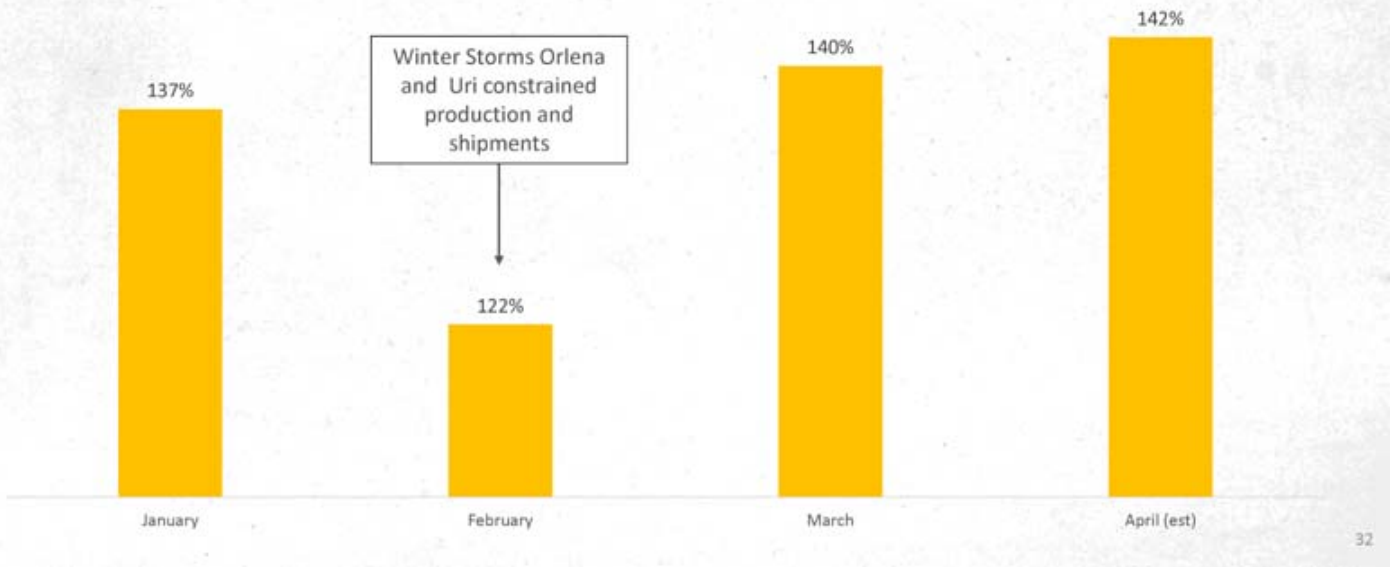
- Anticipated completion of COVID addback
- Final quarter of supplemental pay and compensation for testing/quarantine
- Likely to maintain screening and sanitation as an ongoing cost that we can absorb

Consumption trends are moving upward again behind improved retail conditions and return of advertising



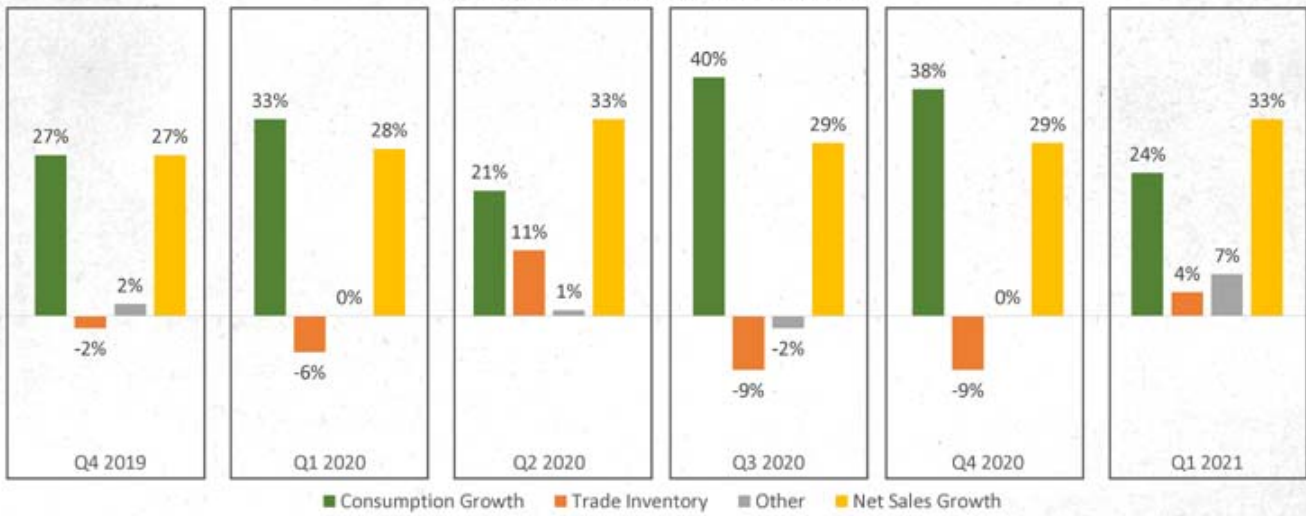
Estimated April net sales continue the strong performance

Freshpet Monthly Net Sales vs. YA



Still have ~\$12 million in trade inventory to restore in Q2

Consumption, Trade Inventory & Net Sales Progression
(Reported growth rates and key drivers by quarter)



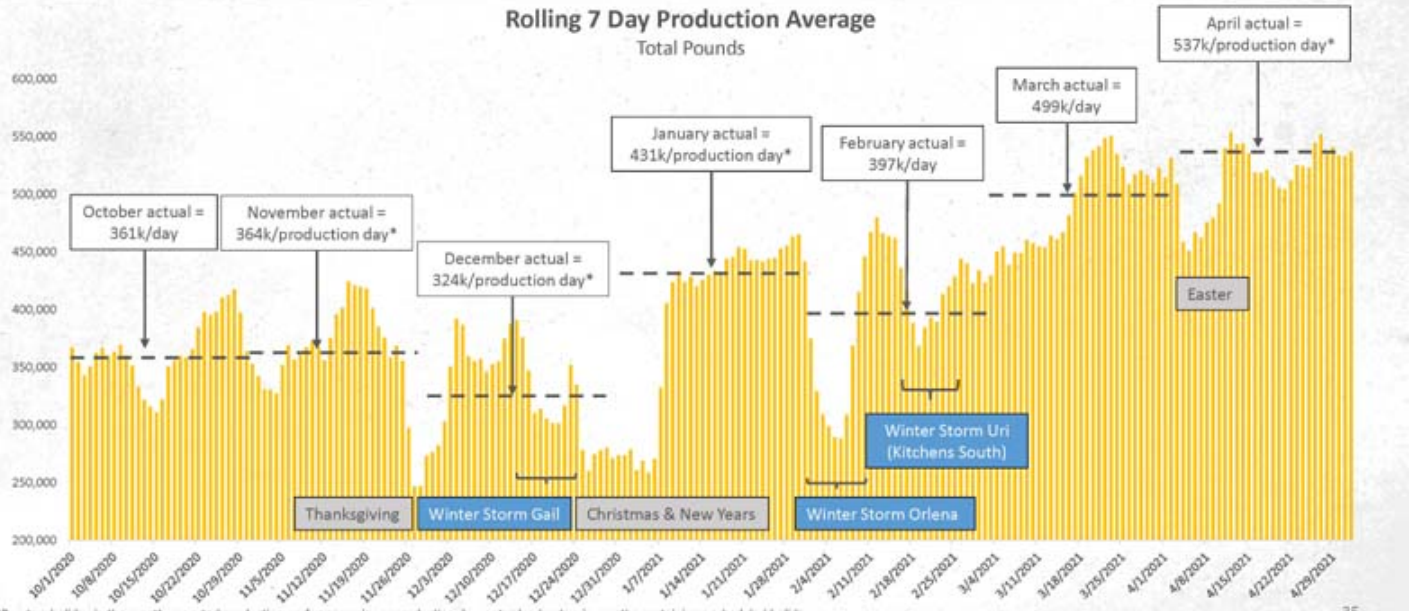
"Other" includes reductions in the spoils rate, trade inventory re-fill in the base year, and impact of the leap year



Progress Towards Improved Retail Conditions

YTD: Strong, steady improvement in production

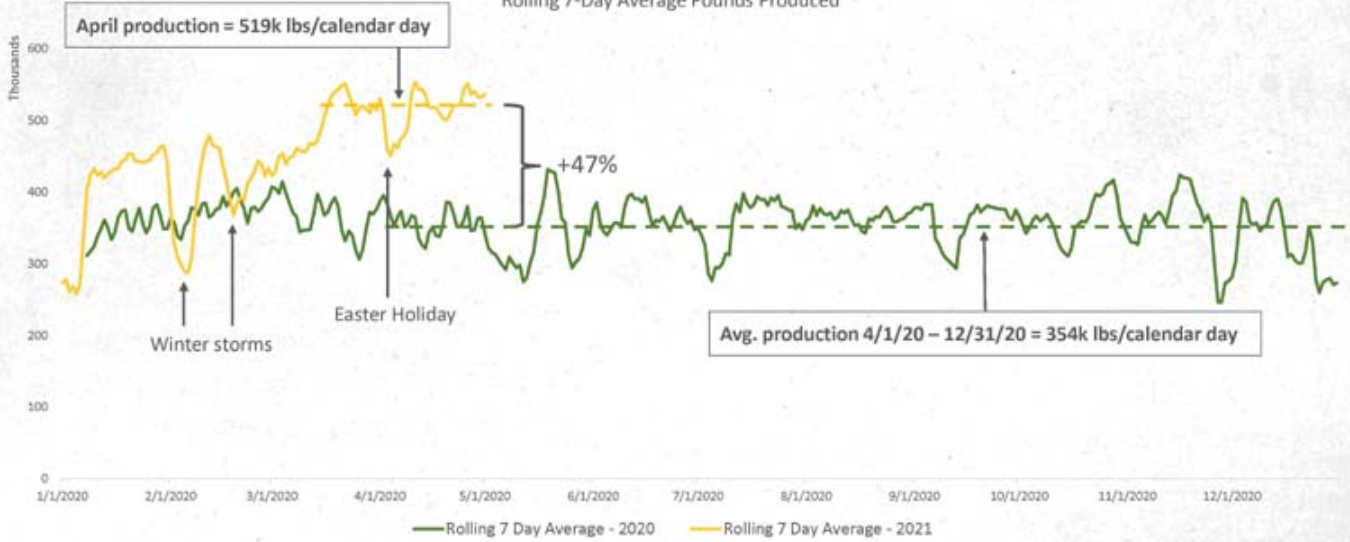
Rolling 7 Day Production Average
Total Pounds



*Due to a holiday in the month, reported production performance is per production day, not calendar day, in months containing a scheduled holiday

Production is running well ahead of YA

2021 vs. 2020 Production Performance Comparison
Rolling 7-Day Average Pounds Produced



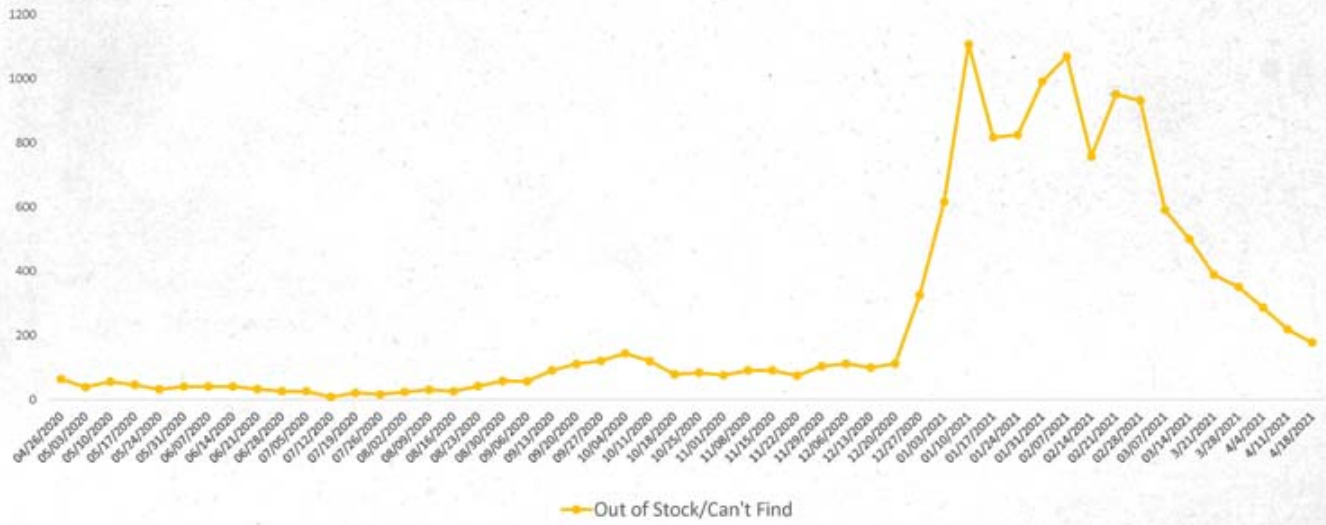
Source: Internal company data

Production is well in excess of consumption



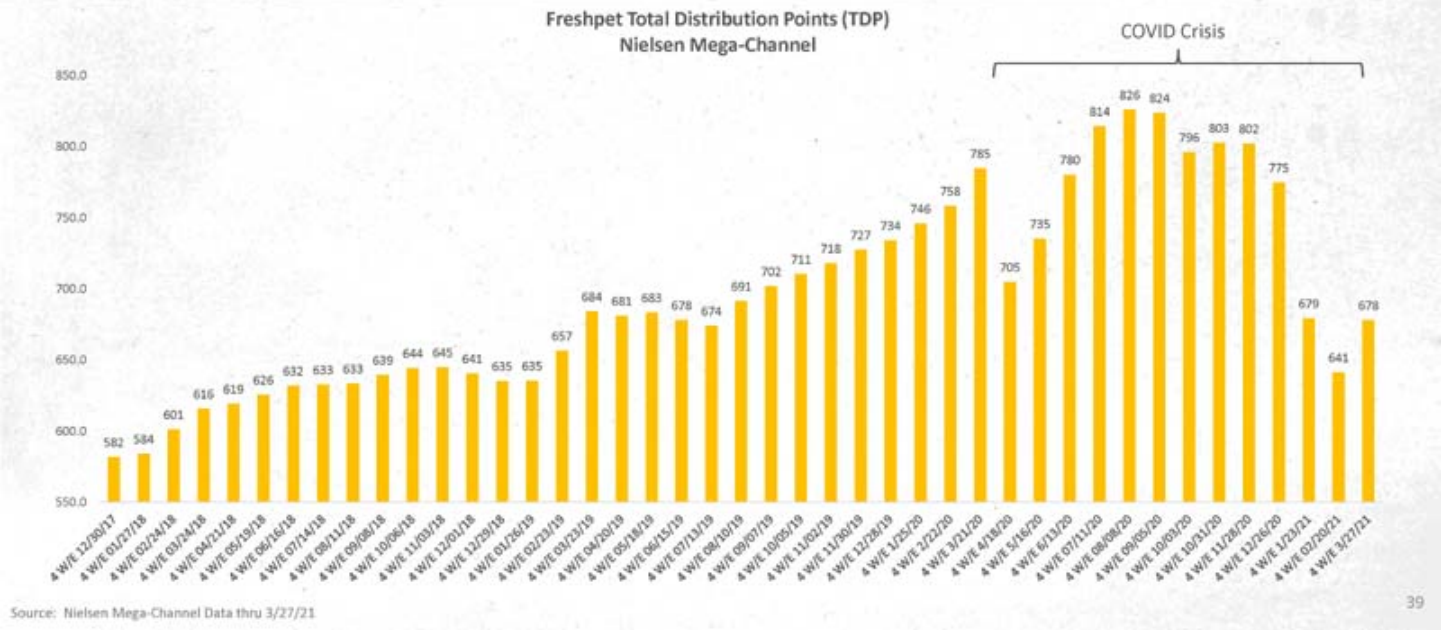
Out-of-stocks are improving

Freshpet Consumer Comments: Out-of-stock & Can't find



Source: Internal company data

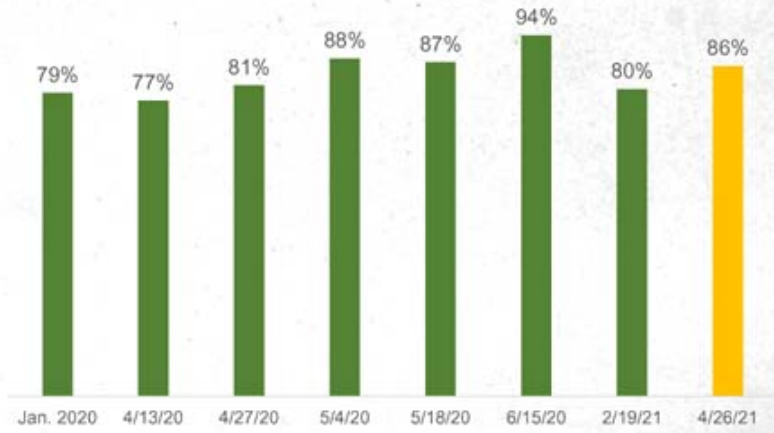
TDP's beginning to move up again; reflect better in-stocks



Actively communicating with consumers via social media to explain the out-of-stocks

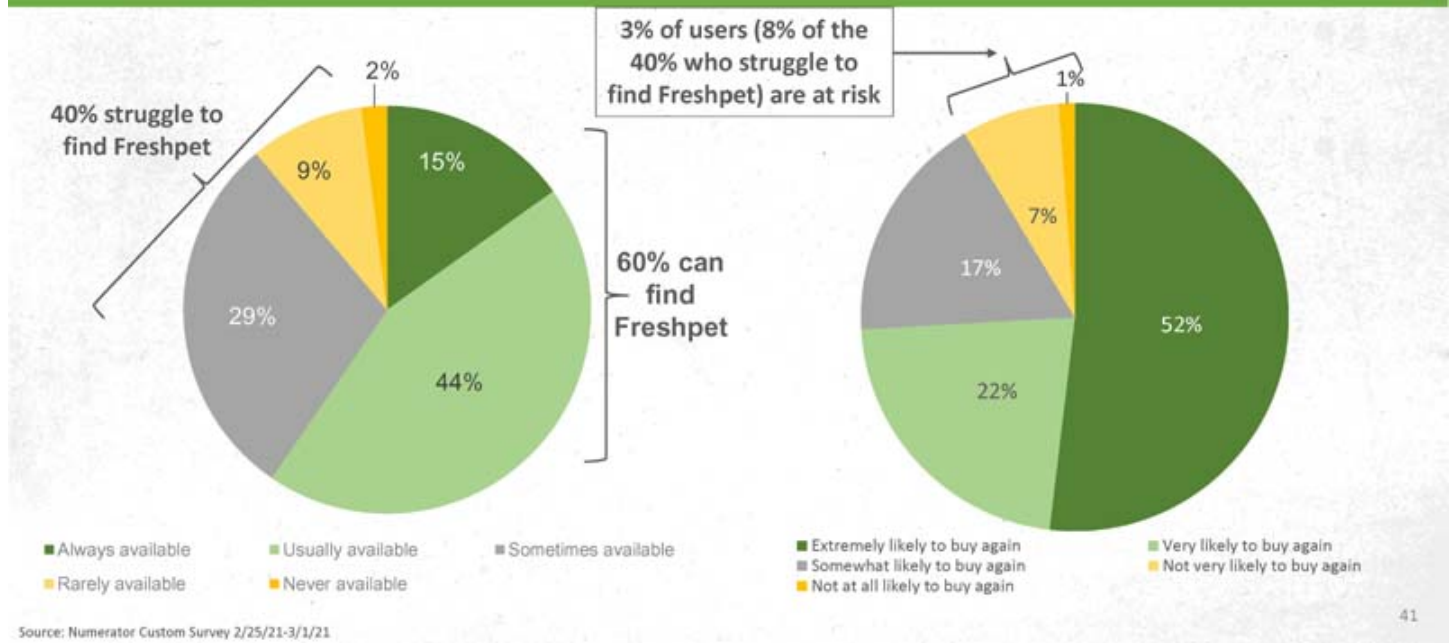


Freshpet Item Wanted Available On Last Shopping Trip



Source: FP Panel, n=389 FP Users

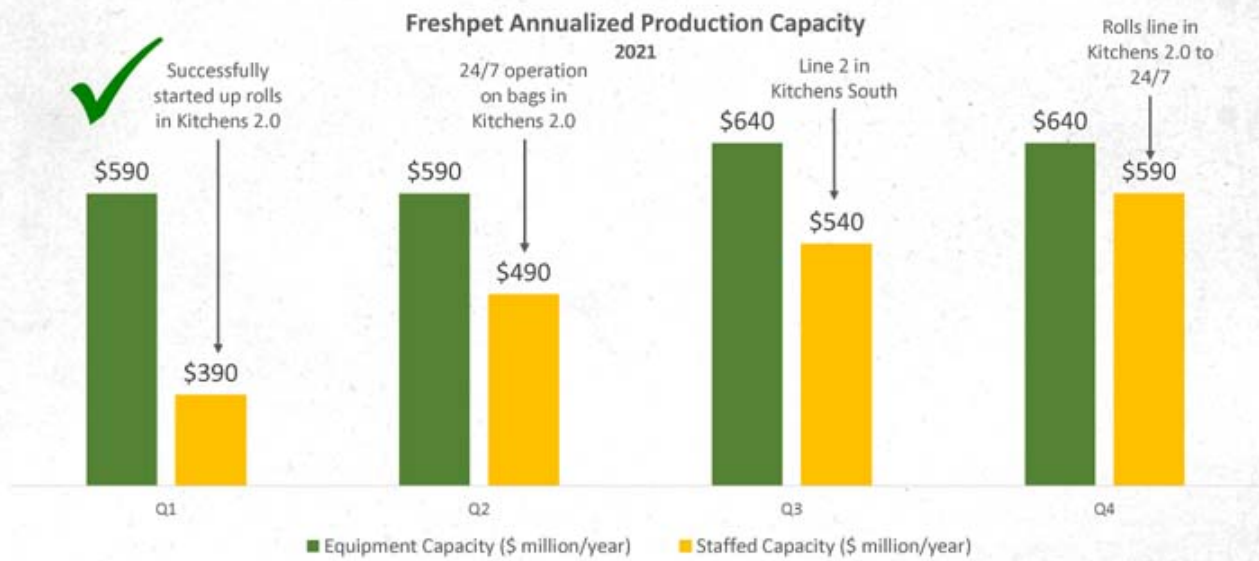
The vast majority of users are likely to remain with the brand despite out-of-stocks



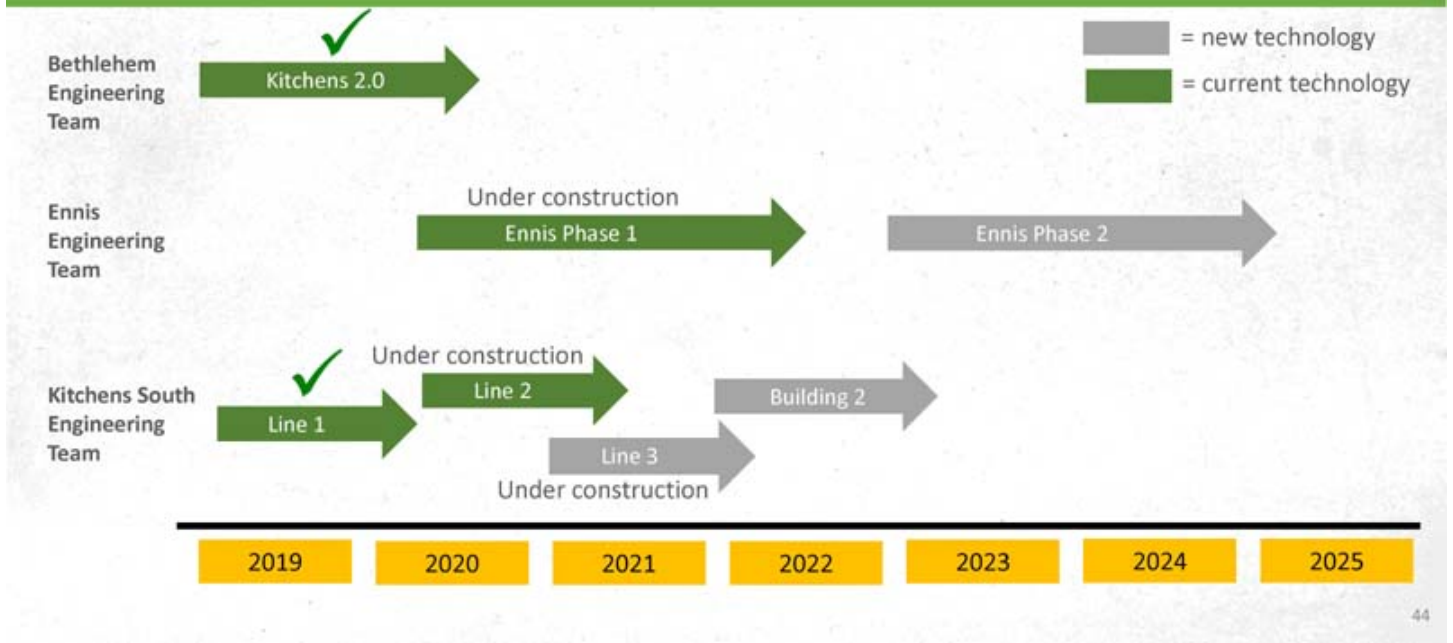


Projects to Increase Capacity

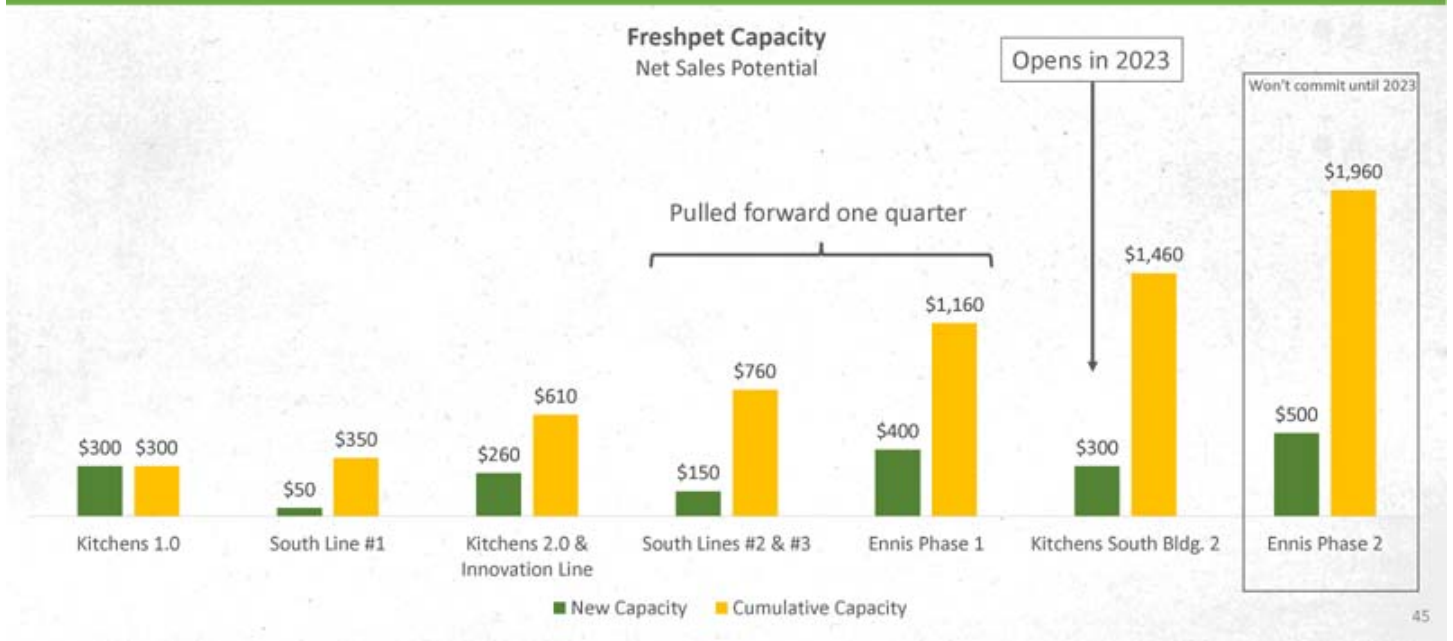
Steady increases in capacity throughout the year



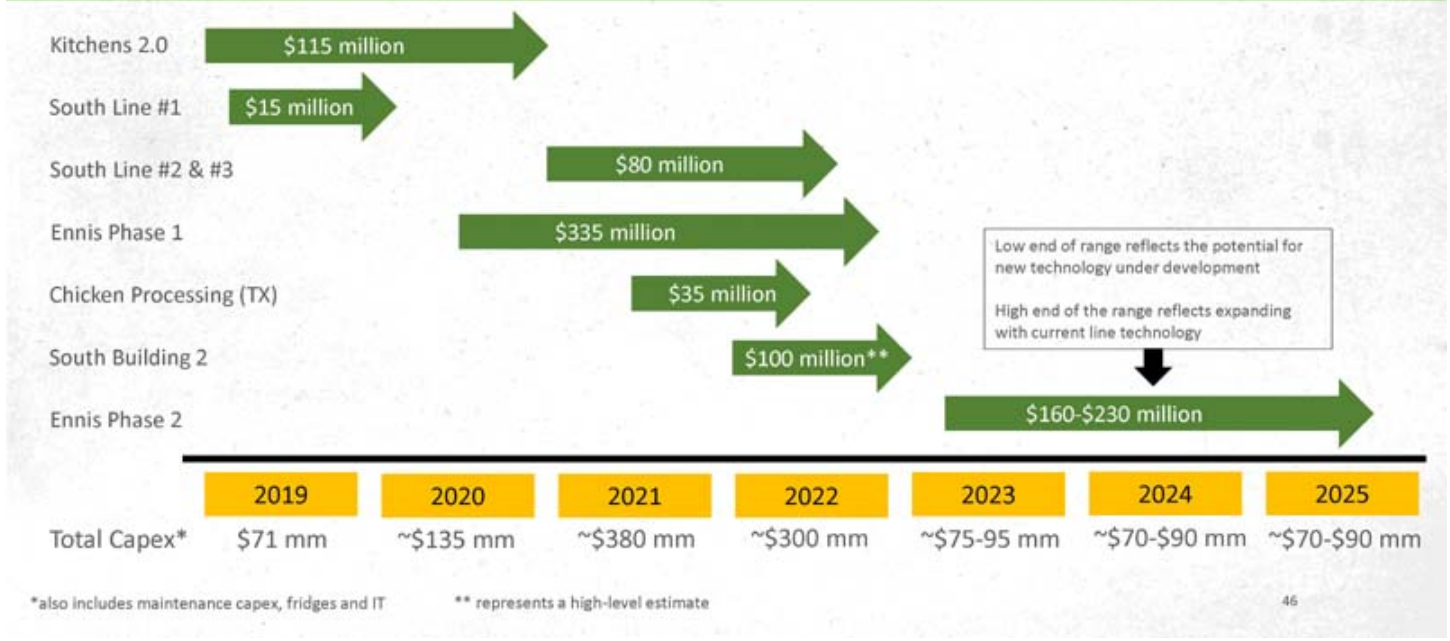
On track to deliver key projects



Almost \$2 billion in net sales production capacity by 2025



Capital spending plan supports up to ~\$2 billion in capacity



Kitchens 2.0: Expanding shifts in Q2



Kitchens 3.0 in Ennis, TX: Construction is on track for a Q2 2022 start-up



Kitchens 3.0 will include all the technical advances found in Kitchens 2.0 with additional improvements designed to increase throughput, improve quality and safety, and enhance the environmental sustainability of the facility



freshpet®

FEED THE GROWTH

11 MILLION HH BY 2025





Appendix

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

	Three Months Ended	
	March 31,	
	2021	2020
	(Dollars in thousands)	
Gross Profit	\$ 36,315	\$ 31,790
Depreciation expense	3,800	1,744
Plant start-up expense (a)	1,843	467
Non-cash share-based compensation	710	449
COVID-19 expense (b)	953	217
Adjusted Gross Profit	\$ 43,620	\$ 34,667
Adjusted Gross Profit as a % of Net Sales	46.7%	49.5%

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

(b) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigate potential supply chain disruptions during the pandemic, included in cost of goods sold.



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

	Three Months Ended	
	March 31,	
	2021	2020
	(Dollars in thousands)	
SG&A expenses	\$ 46,033	\$ 34,676
Depreciation and amortization expense	3,289	2,709
Non-cash share-based compensation	5,370	1,729
Launch expense (a)	731	957
Loss on disposal of equipment	60	2
Equity offering expenses (b)	125	58
Enterprise Resource Planning (c)	603	273
COVID-19 expense (d)	4	—
Adjusted SG&A Expenses	\$ 35,851	\$ 28,948
Adjusted SG&A Expenses as a % of Net Sales	38.4%	41.3%

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

(b) Represents fees associated with public offerings of our common stock.

(c) Represents implementation and other costs associated with the implementation of an ERP system.

(d) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigate potential supply chain disruptions during the pandemic, included in SG&A.



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

	Three Months Ended	
	March 31,	
	2021	2020
	(Dollars in thousands)	
Net (loss)	\$ (10,888)	\$ (3,590)
Depreciation and amortization	7,089	4,453
Interest expense	901	704
Income tax expense	16	22
EBITDA	\$ (2,882)	\$ 1,589
Loss on equity method investment	248	—
Loss on disposal of equipment	60	2
Non-cash share-based compensation	6,080	2,178
Launch expense (a)	731	957
Plant start-up expense (b)	1,843	467
Equity offering expenses (c)	125	58
Enterprise Resource Planning (d)	603	273
COVID-19 expense (e)	957	217
Adjusted EBITDA	\$ 7,765	\$ 5,741
Adjusted EBITDA as a % of Net Sales	8.3%	8.2%

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

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

(c) Represents fees associated with public offerings of our common stock.

(d) Represents implementation and other costs associated with the implementation of an ERP system.

(e) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigate potential supply chain disruptions during the pandemic.

