

**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 8, 2023

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 8, 2023, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended March 31, 2023. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

As previously announced, Freshpet will hold a conference call at 8:00 a.m., Eastern Time, on Monday, May 8, 2023 to discuss its financial results for the quarter ended March 31, 2023.

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 8, 2023, 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 8, 2023
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.

Date: May 8, 2023

FRESHPET, INC.

By: /s/ Todd Cunfer

Name: Todd Cunfer

Title: Chief Financial Officer



Freshpet, Inc. Reports First Quarter 2023 Financial Results

*Continued Strong Topline Growth
Strong operating performance drove Adjusted EBITDA improvement
Re-affirms net sales & Adjusted EBITDA guidance*

SECAUCUS, N.J. – May 8, 2023 – Freshpet, Inc. (“Freshpet” or the “Company”) (Nasdaq: FRPT) today reported financial results for its first quarter ended March 31, 2023.

First Quarter 2023 Financial Highlights Compared to Prior Year Period

- Net sales of \$167.5 million, an increase of 26.7%
- Net loss of \$24.8 million, compared with prior year net loss of \$17.5 million
- Adjusted EBITDA of \$3.0 million, compared to prior year of \$(0.3) million.¹

"We are off to a very strong start to 2023 behind our recently launched Fresh Future plan. That plan promised renewed focus on improving profitability while continuing to drive strong growth. And our first quarter results demonstrate meaningful progress against those goals – particularly in our focus areas of quality and logistics," commented Billy Cyr, Freshpet's Chief Executive Officer. "With our strengthened organization and the Ennis Kitchen on-line, we believe we can continue to improve on that performance and deliver the significant value creation that one would expect from a high-growth brand like Freshpet."

First Quarter 2023

Net sales increased 26.7% to \$167.5 million for the first quarter of 2023 compared to \$132.2 million for the first quarter of 2022. Net sales for the first quarter of 2023 were driven by both velocity gains, and pricing.

Gross profit was \$50.8 million, or 30.3% as a percentage of net sales, for the first quarter of 2023, compared to \$44.8 million, or 33.9% as a percentage of net sales, in the prior year period. The decrease in reported gross profit as a percentage of net sales was primarily due to increased depreciation expense from the expansion in capacity, increased share-based compensation, and unabsorbed plant cost from the Ennis Kitchen, partially offset by reduced input and quality cost as a percentage of net sales. For the first quarter of 2023, Adjusted Gross Profit was \$64.4 million, or 38.5% as a percentage of net sales, compared to \$50.6 million, or 38.3% as a percentage of net sales, in the prior year period. Adjusted Gross Profit is a non-GAAP financial measure defined under “Non-GAAP Measures” and is reconciled to gross profit in the financial tables that accompany this release.

Selling, general and administrative expenses (“SG&A”) were \$72.3 million for the first quarter of 2023 compared to \$60.6 million in the prior year period. As a percentage of net sales, SG&A decreased to 43.1% for the first quarter of 2023 compared to 45.9% in the prior year period. The decrease of 280 basis points in SG&A as a percentage of net sales was mainly a result of increased leverage on depreciation and option expense as the business scales, and reduced media and logistics cost as a percentage of net sales. Adjusted SG&A for the first quarter of 2023 was \$61.5 million, or 36.7% as a percentage of net sales, compared to \$51.2 million, or 38.7% as a percentage of net sales, in the prior year period. Adjusted SG&A is a non-GAAP financial measure defined under “Non-GAAP Measures” and is reconciled to SG&A in the financial tables that accompany this release.

Net loss was \$24.8 million for the first quarter of 2023 compared to net loss of \$17.5 million for the prior year period. The increase in net loss was due to increased SG&A, which includes increased media spend of \$4.4 million, higher depreciation and increased unabsorbed plant cost, partially offset by contribution profit from higher sales.

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.

Adjusted EBITDA was \$3.0 million for the first quarter of 2023, compared to a loss of \$(0.3) million in the prior year period. The increase in Adjusted EBITDA was a result of higher Adjusted Gross Profit due to sales growth and leverage on quality and input costs, partially offset by higher Adjusted SG&A expenses. Adjusted EBITDA is a non-GAAP financial measure defined under “Non-GAAP Measures” and is reconciled to net loss in the financial tables that accompany this release.

Balance Sheet

On March 20, 2023 we issued \$402.5 million Convertible Senior Notes at 3.0% interest rates due 2028. In connection with the pricing of the Convertible Senior Notes we used \$66.2 million of the net proceeds to enter into a privately negotiated capped call transaction. The capped call transaction results in an economic conversion price of \$120.23 per share on the Convertible Senior Notes, which represents a premium of 120% over the last reported sale price of our common stock of \$54.65 per share on March 15, 2023,

As of March 31, 2023, the Company had cash and cash equivalents and short-term investments of \$386.5 million with \$391.5 million of debt outstanding net of \$11.0 million of fees.

We will utilize our balance sheet to support our on-going capital needs and enable us to continue to execute our long-term capacity plan

Outlook

For full year 2023, the Company reiterates its full year underlying guidance on Net Sales and Adjusted EBITDA. The Company expects the following results:

- Net sales of ~\$750 million, an increase of ~26% from 2022.
- Adjusted EBITDA of at least \$50 million.
- Capital expenditures for 2023 of ~\$240 million.

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 components of net income and the respective reconciliations, including the timing of and amount of costs of goods sold and selling, general and administrative expenses. These items are not within the Company's control and may vary greatly between periods and could significantly impact future results.

Conference Call & Earnings Presentation Webcast Information

As previously announced, today, May 8, 2023, the Company will host a conference call beginning at 8:00 a.m. Eastern Time with members of its leadership team. The conference call webcast will be available live over the Internet through the "Investors" section of the Company's website at www.freshpet.com. To participate on the live call, listeners in North America may dial (877) 407-0792 and international listeners may dial (201) 689-8263.

A replay of the conference call will be archived on the Company's website and telephonic playback will be available from 12:00 p.m. Eastern Time today through May 22, 2023. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671; the passcode is 13737644

About Freshpet

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

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

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<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, including statements relating to our long-term capacity planning, net sales guidance and Adjusted EBITDA guidance. 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, including our updated guidance, 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 and non-cash share-based compensation.

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

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

Management believes that the non-GAAP financial measures are meaningful to investors because they provide a view of the Company with respect to ongoing operating results. The non-GAAP financial measures are shown as supplemental disclosures in this release because they are widely used by the investment community for analysis and comparative evaluation. They also provide additional metrics to evaluate the Company's operations and, when considered with both the Company's 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.

Investor Contact:

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

ASSETS	March 31, 2023	December 31, 2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 337,143	\$ 132,735
Short-term investments	49,326	—
Accounts receivable, net of allowance for doubtful accounts	49,513	57,572
Inventories, net	66,319	58,290
Prepaid expenses	7,751	9,778
Other current assets	3,092	3,590
Total Current Assets	513,144	261,965
Property, plant and equipment, net	826,152	800,586
Deposits on equipment	2,936	3,823
Operating lease right of use assets	4,808	5,165
Equity method investment	—	25,418
Long term investment in equity securities	24,438	—
Other assets	28,539	28,426
Total Assets	\$ 1,400,017	\$ 1,125,383
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 26,391	\$ 55,088
Accrued expenses	27,805	33,016
Current operating lease liabilities	1,543	1,510
Total Current Liabilities	\$ 55,739	\$ 89,614
Convertible senior notes	391,567	—
Long term operating lease liabilities	3,804	4,200
Total Liabilities	\$ 451,110	\$ 93,814
STOCKHOLDERS' EQUITY:		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 48,123 issued and 48,109 outstanding on March 31, 2023, and 48,051 issued and 48,037 outstanding on December 31, 2022	48	48
Additional paid-in capital	1,267,642	1,325,524
Accumulated deficit	(319,903)	(295,117)
Accumulated other comprehensive income	1,376	1,370
Treasury stock, at cost — 14 shares on March 31, 2023 and on December 31, 2022	(256)	(256)
Total Stockholders' Equity	948,907	1,031,569
Total Liabilities and Stockholders' Equity	\$ 1,400,017	\$ 1,125,383

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

	For the Three Months Ended	
	March 31,	
	2023	2022
NET SALES	\$ 167,522	\$ 132,171
COST OF GOODS SOLD	116,762	87,419
GROSS PROFIT	50,760	44,753
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	72,271	60,631
LOSS FROM OPERATIONS	(21,511)	(15,878)
OTHER (EXPENSES)/INCOME:		
Other Income, net	946	258
Interest Expense	(3,171)	(571)
	(2,225)	(313)
LOSS BEFORE INCOME TAXES	(23,736)	(16,191)
INCOME TAX EXPENSE	70	41
LOSS ON EQUITY METHOD INVESTMENT	980	1,310
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (24,786)	\$ (17,542)
OTHER COMPREHENSIVE (LOSS) INCOME:		
Change in foreign currency translation	\$ 6	(362)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	6	(362)
TOTAL COMPREHENSIVE LOSS	\$ (24,780)	\$ (17,904)
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
-BASIC	\$ (0.52)	\$ (0.40)
-DILUTED	\$ (0.52)	\$ (0.40)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING USED IN COMPUTING NET (LOSS) INCOME PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
-BASIC	48,047	43,437
-DILUTED	48,047	43,437

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

	For the Three Months Ended	
	March 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (24,786)	\$ (17,542)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Provision for loss (gains) on accounts receivable	(2)	(25)
Loss on disposal of equipment	268	43
Share-based compensation	8,415	6,295
Inventory obsolescence	(29)	(149)
Depreciation and amortization	14,492	8,007
Write-off and amortization of deferred financing costs and loan discount	2,478	132
Change in operating lease right of use asset	357	310
Loss on equity method investment	980	1,310
Changes in operating assets and liabilities:		
Accounts receivable	9,182	(26,653)
Inventories	(8,000)	(9,588)
Prepaid expenses and other current assets	2,525	717
Other assets	(3,664)	(990)
Accounts payable	(10,724)	5,449
Accrued expenses	(4,869)	(1,811)
Other lease liabilities	(363)	(290)
Net cash flows used in operating activities	<u>(13,740)</u>	<u>(34,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short-term investments	(49,326)	—
Investments in equity method investment	—	(3,294)
Acquisitions of property, plant and equipment, software and deposits on equipment	(58,039)	(55,888)
Net cash flows used in investing activities	<u>(107,365)</u>	<u>(59,182)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options to purchase common stock	834	232
Tax withholdings related to net shares settlements of restricted stock units	(602)	(323)
Proceeds from borrowings under Credit Facility	—	51,000
Purchase of capped call option	(66,211)	—
Proceeds from issuance of convertible senior notes	393,518	—
Debt issuance costs	(2,026)	—
Net cash flows provided by financing activities	<u>325,513</u>	<u>50,909</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	204,408	(43,058)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	132,735	72,788
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ <u>337,143</u>	\$ <u>29,730</u>

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

	Three Months Ended March 31,	
	2023	2022
	(Dollars in thousands)	
Gross profit	\$ 50,760	\$ 44,753
Depreciation expense	10,721	4,701
Non-cash share-based compensation	2,956	1,168
Adjusted Gross Profit	\$ 64,437	\$ 50,622
Adjusted Gross Profit as a % of Net Sales	38.5%	38.3%

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

	Three Months Ended March 31,	
	2023	2022
	(Dollars in thousands)	
SG&A expenses	\$ 72,271	\$ 60,631
Depreciation and amortization expense	3,771	3,285
Non-cash share-based compensation	5,459	5,127
Loss on disposal of equipment	268	43
Enterprise Resource Planning (a)	801	1,018
Capped Call Transactions fees (b)	113	—
Activism engagement (c)	389	—
Adjusted SG&A Expenses	\$ 61,470	\$ 51,158
Adjusted SG&A Expenses as a % of Net Sales	36.7%	38.7%

(a) Represents implementation, amortization of deferred implementation costs and other costs associated with the implementation of an ERP system.

(b) Represents fees associated with the Capped Call Transactions purchases.

(c) Represents advisory fees related to activism engagement.

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

	Three Months Ended March 31,	
	2023	2022
	(Dollars in thousands)	
Net loss	\$ (24,786)	\$ (17,542)
Depreciation and amortization	14,492	7,986
Interest expense, net of interest income	2,225	571
Income tax expense	70	41
EBITDA	\$ (7,999)	\$ (8,944)
Loss on equity method investment	980	1,310
Loss on disposal of equipment	268	43
Non-cash share-based compensation	8,415	6,295
Enterprise Resource Planning (a)	801	1,018
Capped Call Transactions fees (b)	113	—
Activism engagement (c)	389	—
Adjusted EBITDA	\$ 2,967	\$ (278)
Adjusted EBITDA as a % of Net Sales	1.8%	-0.2%

- (a) Represents implementation, amortization of deferred implementation costs and other costs associated with the implementation of an ERP system.
(b) Represents fees associated with the Capped Call Transactions purchases.
(c) Represents advisory fees related to activism engagement.



Q1 2023

EARNINGS

May 8, 2023



FORWARD LOOKING STATEMENTS & NON-GAAP MEASURES

Forward-Looking Statements

Certain statements in this presentation by Freshpet, Inc. (the "Company") constitute "forward-looking" statements, which include any statements related to the the Freshpet Kitchens Expansion, our long-term capacity planning, our net sales and Adjusted EBITDA guidance 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 our long-term capacity planning, and most prominently, the risks discussed under the heading "Risk Factors" in the Company's latest annual report on Form 10-K and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this presentation. Freshpet undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Non-GAAP Measures

Freshpet uses certain non-GAAP financial measures, including EBITDA, Adjusted EBITDA, Adjusted EBITDA as a % of net sales (Adjusted EBITDA Margin), Adjusted Gross Profit, Adjusted 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, non-cash share-based compensation, fees related to equity offerings of our common stock, implementation and other costs associated with the implementation of an ERP system, and other expenses, including loss on disposal of equipment, COVID-19 expenses and organization changes designed to support long-term growth objectives.

FORWARD LOOKING STATEMENTS & NON-GAAP MEASURES

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

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

Certain of these measures represent the Company's guidance for fiscal year 2023. The Company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable degree of certainty the type and impact of certain items, including the timing of and amount of costs of goods sold and selling, general and administrative expenses, that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. The unavailable information could significantly impact our financial results. These items are not within the Company's control and may vary greatly between periods. Based on the foregoing, the Company believes that providing estimates of the amounts that would be required to reconcile these forecasted non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.



FRESHPET STRENGTHENS THE BOND BETWEEN **PEOPLE** AND OUR **PETS** SO THAT WE BOTH LIVE LONGER, HEALTHIER AND HAPPIER LIVES WHILE BEING KIND TO THE **PLANET**.



PROGRESS REPORT



Q1 2023 RESULTS



STRONG START TO 2023 THAT DEMONSTRATES IMPROVED OPERATING PERFORMANCE AND STRONG GROWTH

FRESHPET Q1 2023 NET SALES
(\$ millions)

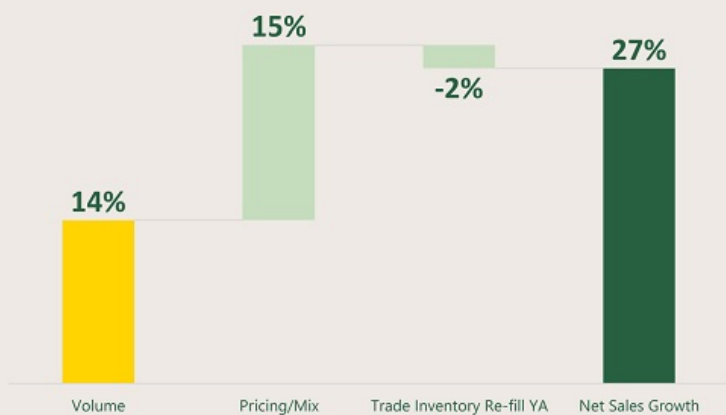


FRESHPET Q1 2023 ADJ. EBITDA
(\$ millions)



NET SALES GROWTH DRIVEN BY VOLUME, PRICING/MIX AND PARTIALLY OFFSET BY TRADE INVENTORY RE-FILL IN THE YA

Q1 2023 NET SALES BRIDGE



Q1 2023 NIELSEN CONSUMPTION GROWTH

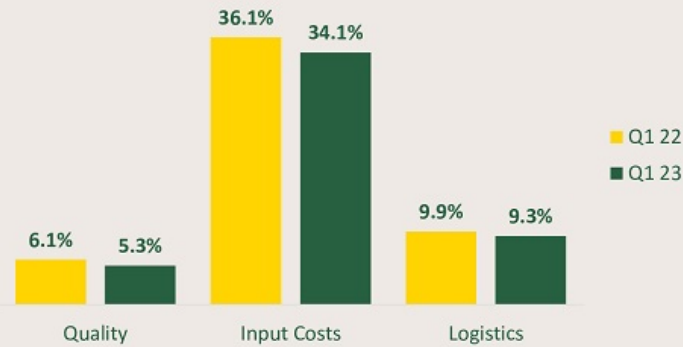


STRONG IMPROVEMENT ON INPUT COSTS/PRICING, QUALITY AND LOGISTICS OFFSET START-UP EXPENSES TO DELIVER IMPROVED ADJ. GROSS MARGIN AND ADJ. EBITDA

Q1 2023 ADJ. GROSS MARGIN



KEY OPERATING COSTS
(% of net sales)

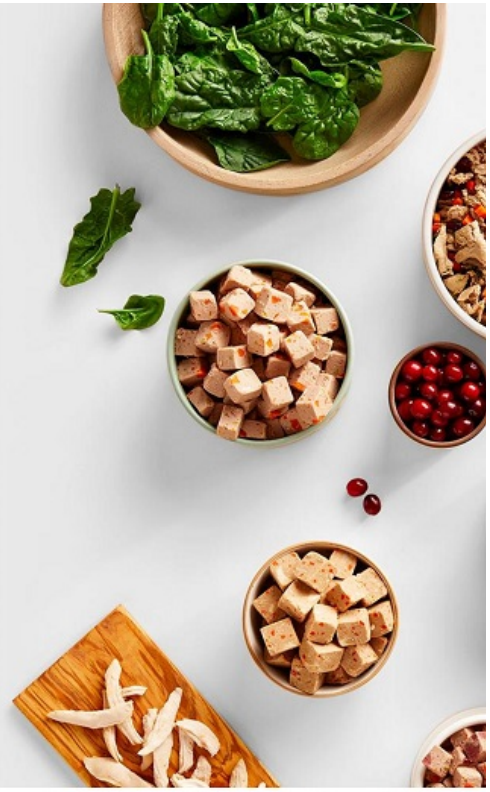


ENNIS KITCHEN: START-UP IS ON-TRACK

- ✔ 12 bags sku's qualified for production
- ✔ Bag line began shipping product in mid-April
- ✔ Chicken processing operation is on-track for start-up in Q2
- ✔ Roll line production now 24/7



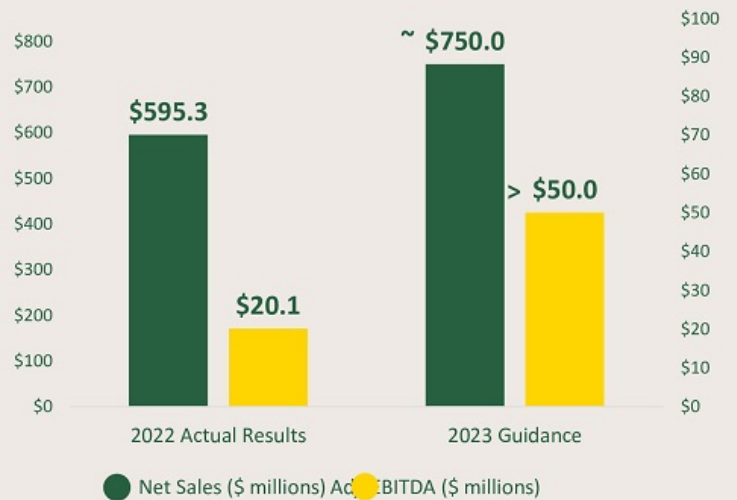
FY 2023 GUIDANCE



RE-AFFIRMING 2023 GUIDANCE: FOCUS ON IMPROVING PROFITABILITY WHILE DRIVING GROWTH

- **Volume cadence:** Shipment growth strongly tied to sequential consumption growth. Year-on-year growth trends skewed by trade inventory re-fill in 2022.
- **Advertising investment:** Investing >25% more in media. Front-loaded to jump start demand.
- **Adj. Gross Margin:** Anticipate further improvement in second half as pricing takes hold and temporary inefficiencies are eliminated. Near-term gains are expected to be offset by underutilized capacity in Ennis.
- **Logistics costs:** Once bag line starts up in Ennis and can produce all sku's, expect to see steady improvement in logistics.

FRESHPET FINANCIAL PROJECTIONS



2023 GUIDANCE: Q2 EXPECTATIONS

- ✔ **Volume cadence:** Q2 2023 is projected to have similar (mid-20's) net sales growth as Q1 2023.
- ✔ **Advertising investment:** Very heavy advertising investment to drive renewed engagement and offset impact of last two price increases.
- ✔ **Logistics costs:** Q2 2023 will include significant transitory costs of shipping bags from Bethlehem to Dallas to support West Coast shipments while the Ennis bag line ramps up.
- ✔ **Adj. Gross Margin:** Full benefit of February price increase and continued improvement in quality to be offset by underutilized capacity in Ennis. Net effect is Q2 2023 Adj. Gross Margin that is slightly below that of Q1 2023.
- ✔ **Adj. EBITDA \$:** Q2 2023 will be comparable to Q1 2023 due to under-utilization of Ennis bag line, heavy marketing spend, transitory logistics costs, and some catch-up in SG&A.

2023 PLAN: KEY GROWTH DRIVERS



STRONG ADVERTISING INVESTMENT



SIGNIFICANT INCREASE IN RETAIL PRESENCE



NEW PRODUCT LAUNCHES



2023 PLAN: OPERATIONAL IMPROVEMENTS



**Ample
capacity**



**More efficient
logistics**



**Improved
quality**



**Commodity costs
in line with pricing**

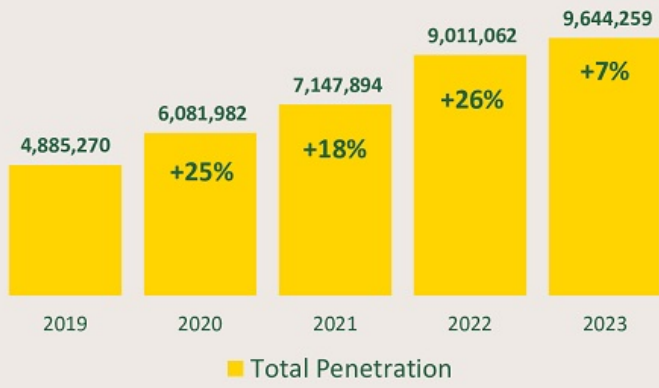
HOUSEHOLD PENETRATION & BUYING RATE



CONTINUED GROWTH IN CONSUMER FRANCHISE; APPROACHING 10MM HH'S WITH VERY STRONG BUYING RATE INCREASE

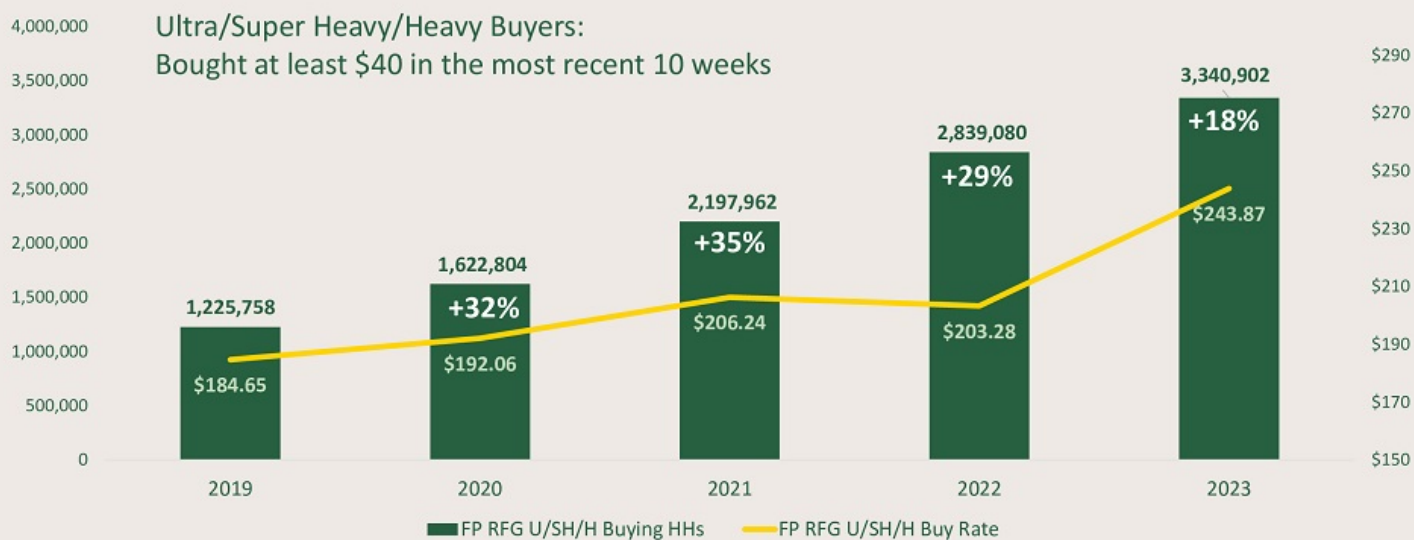
FRESHPET PENETRATION GROWTH

FRESHPET BUYING RATE



FRESHPET HEAVY/SUPER HEAVY BUYERS CONTINUE TO INCREASE

FRESHPET ULTRA/SUPER HEAVY/HEAVY BUYERS 5 YEAR TREND

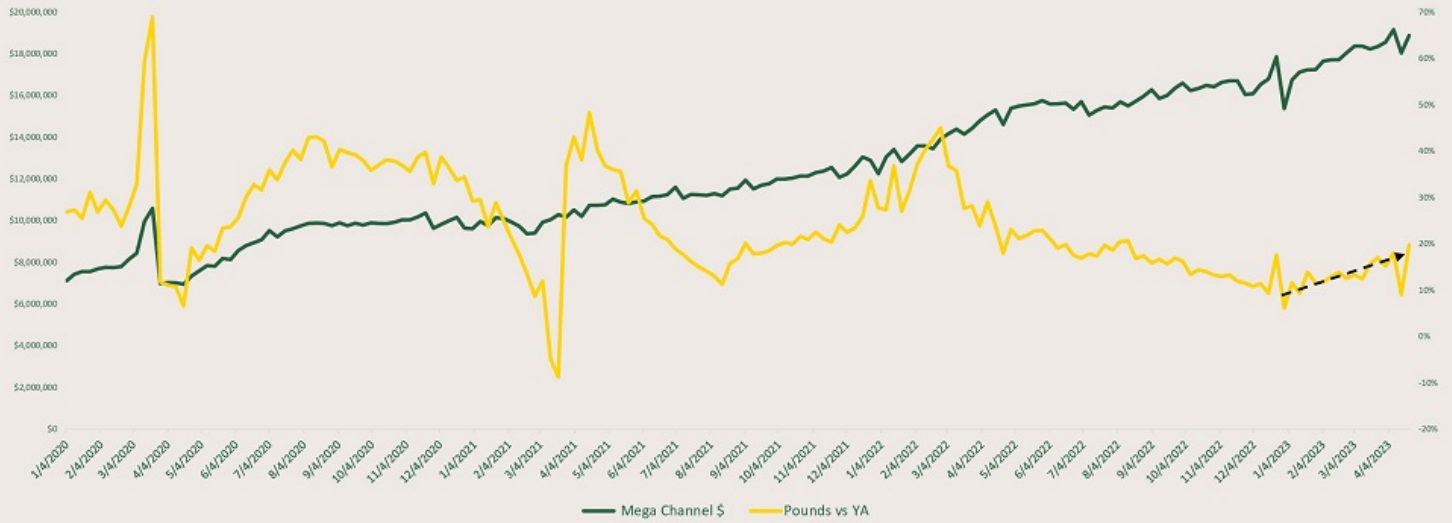


CURRENT CONSUMPTION TRENDS



VOLUME GROWTH IS BEGINNING TO DRIVE CONSUMPTION GROWTH AGAIN

FRESHPET NIELSEN MEGA-CHANNEL DOLLAR SALES AND POUNDS GROWTH RATE

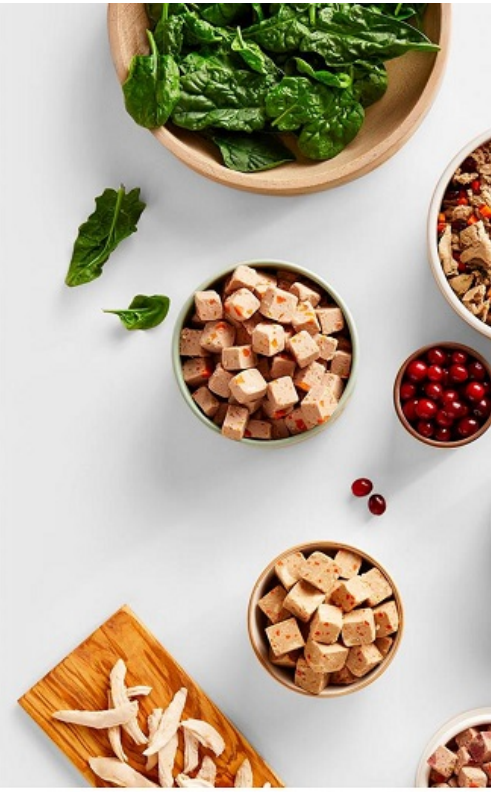


2-YEAR STACKED GROWTH REMAINS STRONG

NIELSEN MEGA-CHANNEL CONSUMPTION GROWTH 2-YEAR STACKED

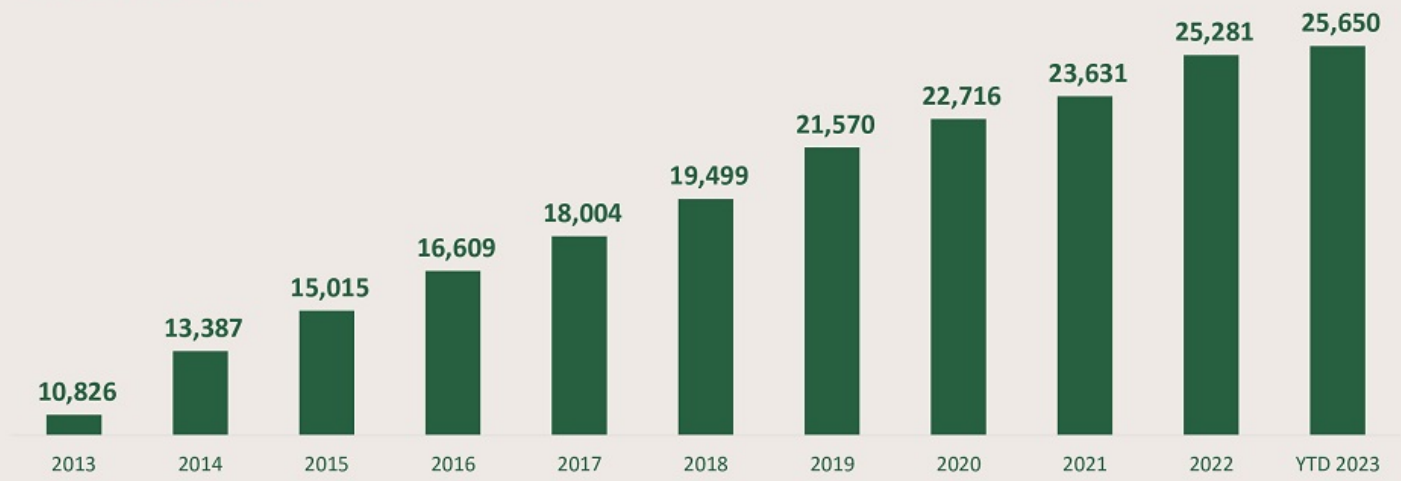


Q1 2023 VISIBILITY & AVAILABILITY



STORE COUNT CONTINUES TO GROW

FRESHPET STORE COUNT



RETAIL AVAILABILITY AT RECORD LEVELS

FRESHPET TOTAL DISTRIBUTION POINTS (TDP'S) NIELSEN MEGA-CHANNEL



APPENDIX



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

	Three Months Ended	
	March 31,	
	2023	2022
	(Dollars in thousands)	
Gross profit	\$ 50,829	\$ 44,753
Depreciation expense	10,721	4,701
Non-cash share-based compensation	2,956	1,168
Adjusted Gross Profit	\$ 64,506	\$ 50,622
Adjusted Gross Profit as a % of Net Sales	38.5%	38.3%

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

	Three Months Ended	
	March 31,	
	2023	2022
	(Dollars in thousands)	
SG&A expenses	\$ 72,271	\$ 60,631
Depreciation and amortization expense	3,771	3,285
Non-cash share-based compensation	5,459	5,127
Loss on disposal of equipment	268	43
Enterprise Resource Planning (a)	801	1,018
Capped Call Transactions fees (b)	113	—
Activism engagement (c)	389	—
Adjusted SG&A Expenses	\$ 61,470	\$ 51,158
Adjusted SG&A Expenses as a % of Net Sales	36.7%	38.7%

(a) Represents implementation, amortization of deferred implementation costs and other costs associated with the implementation of an ERP system.

(b) Represents fees associated with the Capped Call Transactions purchases.

(c) Represents advisory fees related to activism engagement.

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

	Three Months Ended	
	March 31,	
	2023	2022
	(Dollars in thousands)	
Net loss	\$ (24,786)	\$ (17,542)
Depreciation and amortization	14,492	7,986
Interest expense, net of interest income	2,225	571
Income tax expense	70	41
EBITDA	\$ (7,999)	\$ (8,944)
Loss on equity method investment	980	1,310
Loss on disposal of equipment	268	43
Non-cash share-based compensation	8,415	6,295
Enterprise Resource Planning (a)	801	1,018
Capped Call Transactions fees (b)	113	—
Activism engagement (c)	389	—
Adjusted EBITDA	\$ 2,967	\$ (278)
Adjusted EBITDA as a % of Net Sales	1.8%	-0.2%

(a) Represents implementation, amortization of deferred implementation costs and other costs associated with the implementation of an ERP system.

(b) Represents fees associated with the Capped Call Transactions purchases.

(c) Represents advisory fees related to activism engagement.

