

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): January 13, 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.**

The information included under Item 7.01 of this Current Report, including Exhibit 99.1 and Exhibit 99.2, relating to Freshpet, Inc.'s (the "Company" or "Freshpet") preliminary estimates of certain financial information for the quarter and fiscal year ending December 31, 2020 with respect to its operational performance (the "Preliminary Information") is incorporated by reference into this Item 2.02.

**Item 7.01. Regulation FD Disclosure.**

On January 13, 2021, Freshpet issued a press release disclosing the Preliminary Information and published to the investor relations section of its website a presentation that contains the Preliminary Information and will be used by Freshpet's management team in meetings with analysts and stockholders. A copy of the press release and presentation is attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and is incorporated herein by reference.

The information set forth under Item 2.02 and this Item 7.01 of this Current Report, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended or the Exchange Act, except as shall be 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.

**Forward-Looking Statements**

Certain statements in this Current Report (including the exhibits hereto) 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 the Company 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, including the impact of the COVID-19 pandemic on the Company's business. There are a number of 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 each of the Company's Annual Report on Form 10-K for the year ended December 31, 2019 and Quarterly Report on Form 10-Q for the period ended September 30, 2020, as well as its consolidated financial statements, related notes, and other financial information appearing therein, and its other filings with the U.S. Securities and Exchange Commission.

Additionally, Exhibit 99.1 and 99.2 include certain preliminary financial estimates as of and for the periods ended December 31, 2020, for which consolidated financial statements are not yet available and for which the audit has not been completed. Such estimates are "forward-looking" statements. Our actual results remain subject to the completion of our quarter-end and year-end closing process, which includes review by management and our board of directors, including our audit committee. While carrying out such procedures, we may identify items that require us to make adjustments to such preliminary estimates. Our independent registered public accounting firm has also not audited, reviewed, compiled or performed any procedures on this preliminary financial information, and, accordingly, does not express an opinion or other form of assurance with respect thereto. Such estimated ranges are preliminary and may change. There can be no assurance that our final audited results of operations for such periods will not differ from these estimates, and any such changes could be material. Therefore, you should not place undue reliance on these preliminary estimates of our results.

Such forward-looking statements are made only as of the date of this Current Report. The Company expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or changes in events, conditions, or circumstances on which any such statement is based.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
<a href="#">99.1</a>	Press Release
<a href="#">99.2</a>	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: January 14, 2021

By:           /s/ Heather Pomerantz          

Name: Heather Pomerantz

Title: Chief Financial Officer

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## Freshpet, Inc. Provides Business Update

*Pre-Announces Net Sales and Updates EBITDA Guidance*

SECAUCUS, N.J. – January 13, 2021 – Freshpet, Inc. (“Freshpet” or the “Company”) (NASDAQ:FRPT) today announced preliminary fourth quarter net sales and updated adjusted EBITDA guidance in conjunction with the Company’s presentation at the ICR Conference. The presentation is available on the Company’s investor relations website.

Preliminary fourth quarter 2020 net sales are expected to be \$84.5 million, representing growth of 29% compared to the prior year period. The Company also updated its guidance for adjusted EBITDA, which is expected to approximate \$12 million for the fourth quarter. For the full year 2020, the Company expects net sales of approximately \$318.8 million and adjusted EBITDA of approximately \$46 million.

“We continued to experience strong demand in the fourth quarter, but supply constraints limited our sales opportunity. We are pleased with our preliminary fourth quarter results in light of the challenges we faced in the back half of the quarter due to COVID-related labor disruption and severe weather impacts to our distribution network,” commented Billy Cyr, Freshpet’s Chief Executive Officer. “We are extremely excited about the traction we are seeing with new and existing pet parents. The underlying buy rate we are realizing in the business is stronger than anticipated and has grown each of the past five years as our household penetration has grown at a rate in excess of 20% over the past two years. As a result, we are considering incremental investments in capacity expansion to ensure we meet the growing demand from families that are seeking a better-for-you alternative to feeding their pets.”

**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).

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<http://pinterest.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, COVID-19 expenses and non-cash share-based compensation.

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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 equity offerings of our common stock, loss on disposal of equipment, COVID-19 expenses and implementation and other costs associated with the implementation of an ERP system.

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 disposal of equipment, non-cash share-based compensation expense, launch expenses, fees related to equity offerings, plant start-up expenses, COVID-19 expenses and implementation and other costs associated with the implementation of an ERP system.

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

ICR

Jeff Sonnek

646-277-1263

Jeff.sonnek@icrinc.com

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freshpet  
pets. people. planet.  
ICR Investor Presentation  
January 13, 2021



# 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 gain (loss) on disposal of equipment, plant start-up expenses, non-cash share-based compensation, launch expense, fees related to equity offerings, COVID-19 expenses, and fees associated with due diligence of new enterprise resource planning (“ERP”) software.

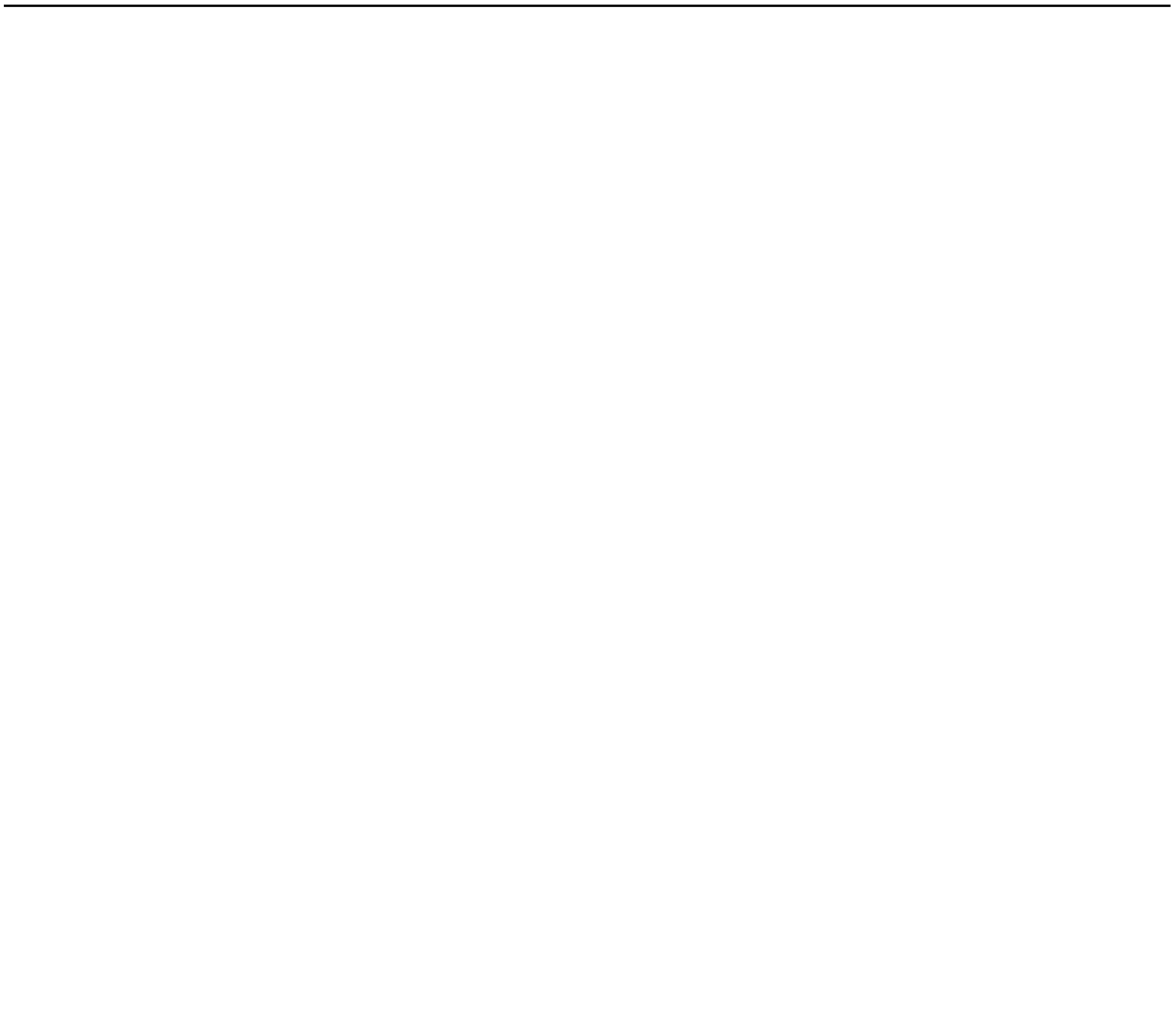


## Forward Looking Statements & Non-GAAP Measures (cont.)

Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, plant start-up costs, 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, and fees associated with due diligence of new ERP software..

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 2020, for which the Company has not yet completed its internal or external audit procedures. 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.



# Mission: Awaken the world to a better way of feeding pets









# Today's Objectives

## • Share Preliminary 2020 Results

- Actual Net Sales result and Adj. EBITDA guidance
- Strong consumption, distribution, HH penetration and buying rate results

## • Share New Cohort Buying Rate Data

- First detailed look at 5 years of buying rate data by cohort
- In conjunction with rapidly growing HH penetration, adds even greater support for long-term growth opportunity for Freshpet

## • Outline Capacity Plans

- Outline quarterly capacity for 2021
- Highlight opportunities/potential for increased and accelerated capacity expansion



## Preliminary 2020 Results

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# 2020 highlights

- **Strongest growth since 2015 and accelerating**

- 30% Net Sales growth for the year with 33% Nielsen Mega-Channel growth
- Consumption growth accelerated throughout the year – ending with 38% in Q4
- Strong growth occurred despite out-of-stocks and scaled back advertising investment due to capacity constraints

- **Both HH penetration and buying rate grew strongly**

- HH penetration grew +24% for the second year in a row and up from 17% in 2018
- Buying rate grew +7% -- up from 1% growth last year

- **Increasing scale delivered cost leverage**

- Adj. EBITDA guidance of ~+58% vs. YA

# 2020 challenges & opportunities

## Challenges

### COVID created significant chaos

- Need to rapidly implement numerous new protocols to keep employees safe
- Supply chain interruptions (e.g., ingredients and packaging, warehouse labor)
- Ingredient costs (i.e., beef prices)
- Absenteeism and labor supply issues reduced our production output
- One-month delay in construction of Kitchens 2.0 due to shelter-in-place orders impacted capacity

## Opportunities

### Consumers' focus on pets grew

- Super premium/ultra-premium pet foods grew rapidly
- Many younger consumers adopted pets for the first time

### Lower media costs reduced customer acquisition costs (CAC)

- Continued multi-year trend of continually declining CAC

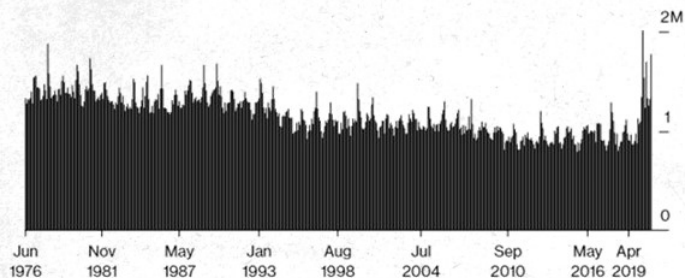
### Customers increased their commitment to multi-fridge programs

- 7 of top 10 customers have at least 40 of their stores with multi-fridge tests/expansions underway

# We are operating in a difficult labor market that has caused some supply challenges

## Sideline by Sickness

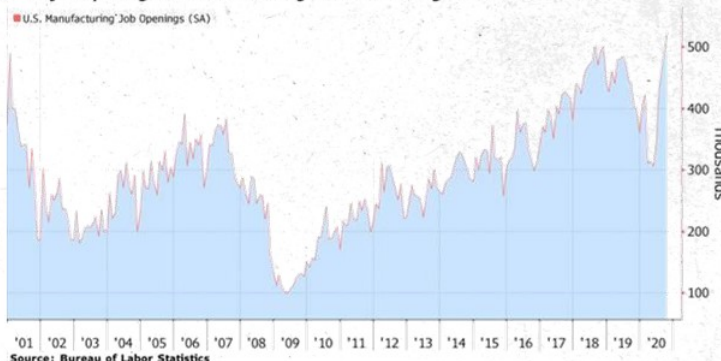
Record numbers of U.S. workers have been absent because of illness



Source: U.S. Labor Department  
With job but not at work because of illness, age 16+, not seasonally adjusted

## Labor Lacking

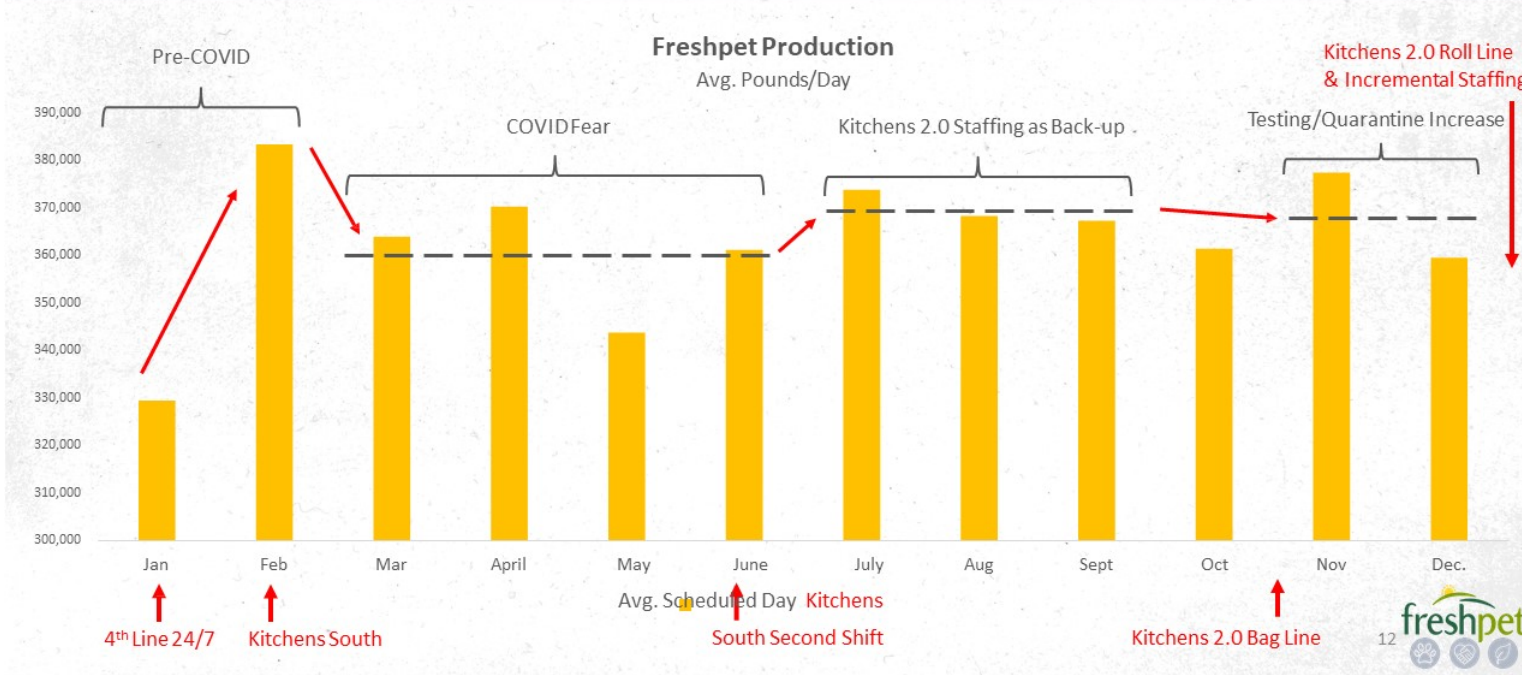
U.S. job openings in manufacturing are at their highest level on record



Source: Bureau of Labor Statistics

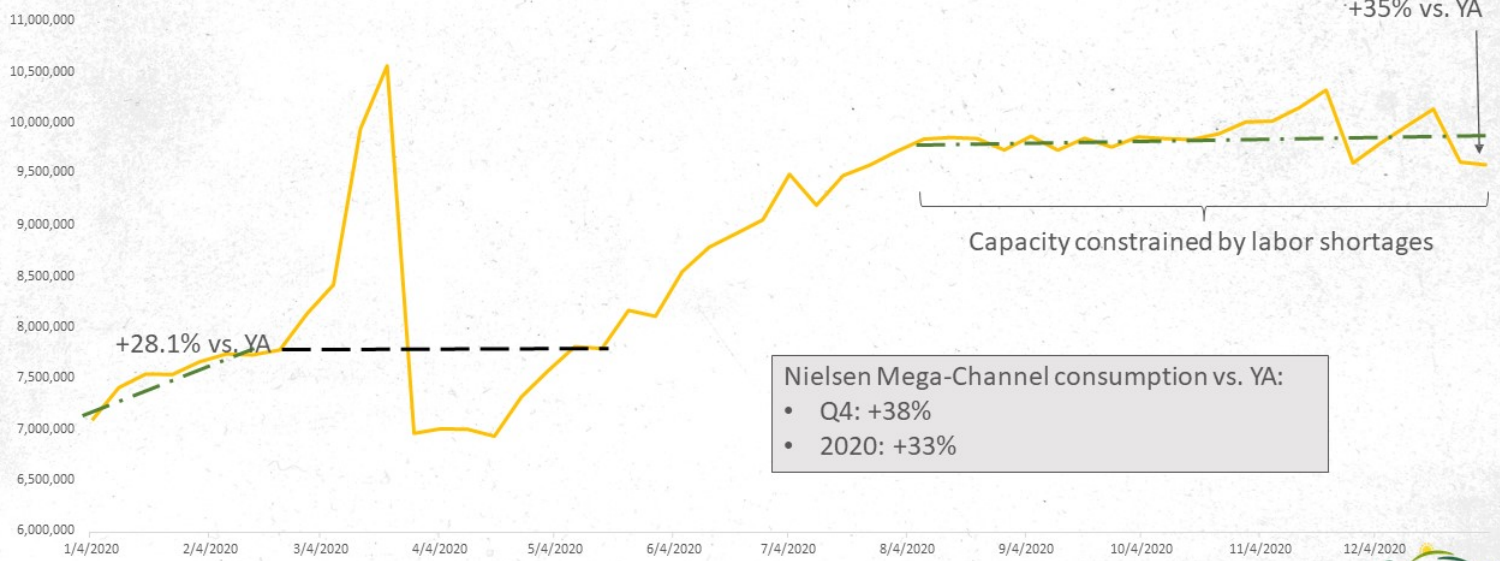


# Increases in production capacity offset by COVID issues



# Strong consumption growth vs. YA despite capacity constraints

## Nielsen Mega-Channel Consumption

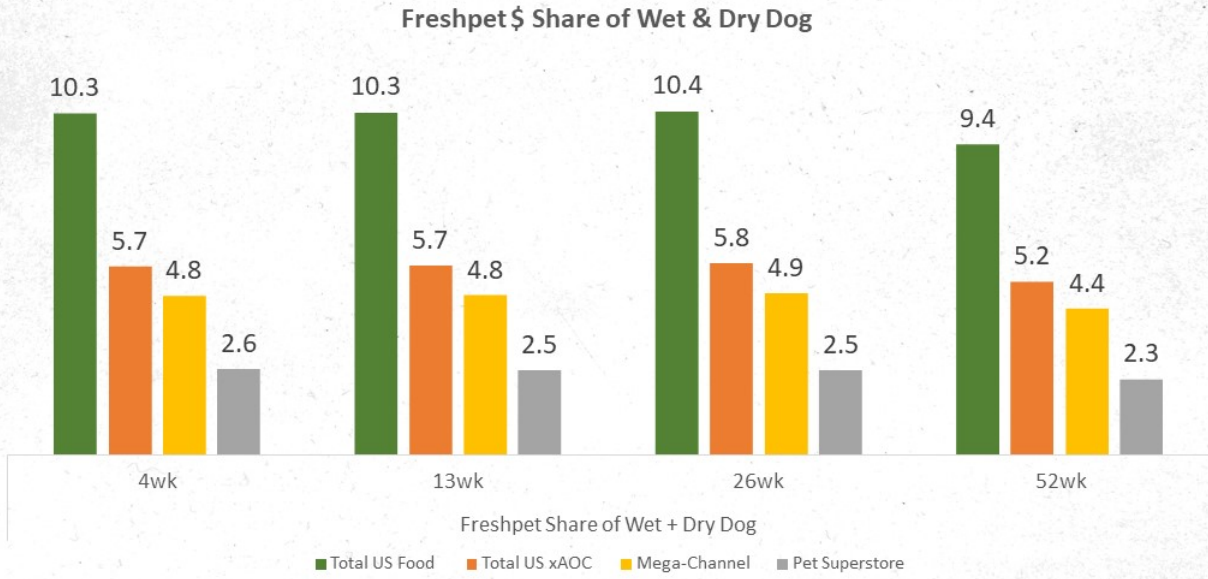


Nielsen Mega-Channel consumption vs. YA:

- Q4: +38%
- 2020: +33%

Source: Nielsen Mega-Channel Data thru 1/2/21

# Building meaningful share of the category



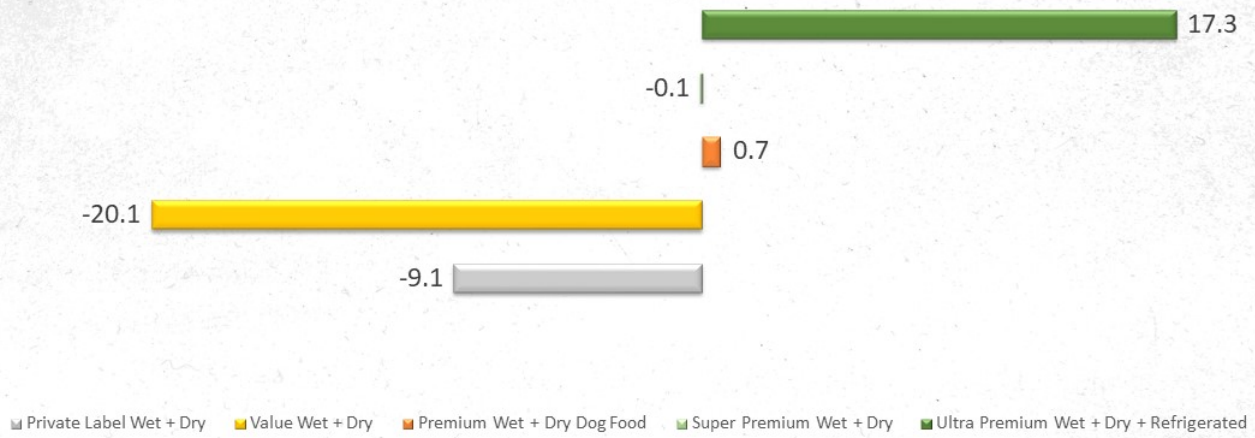
Source: Nielsen Mega-Channel Data thru 12/26/20



# Category growth skews heavily towards most premium brands

## Price Tier Growth: Wet + Dry + Fresh Dog Food

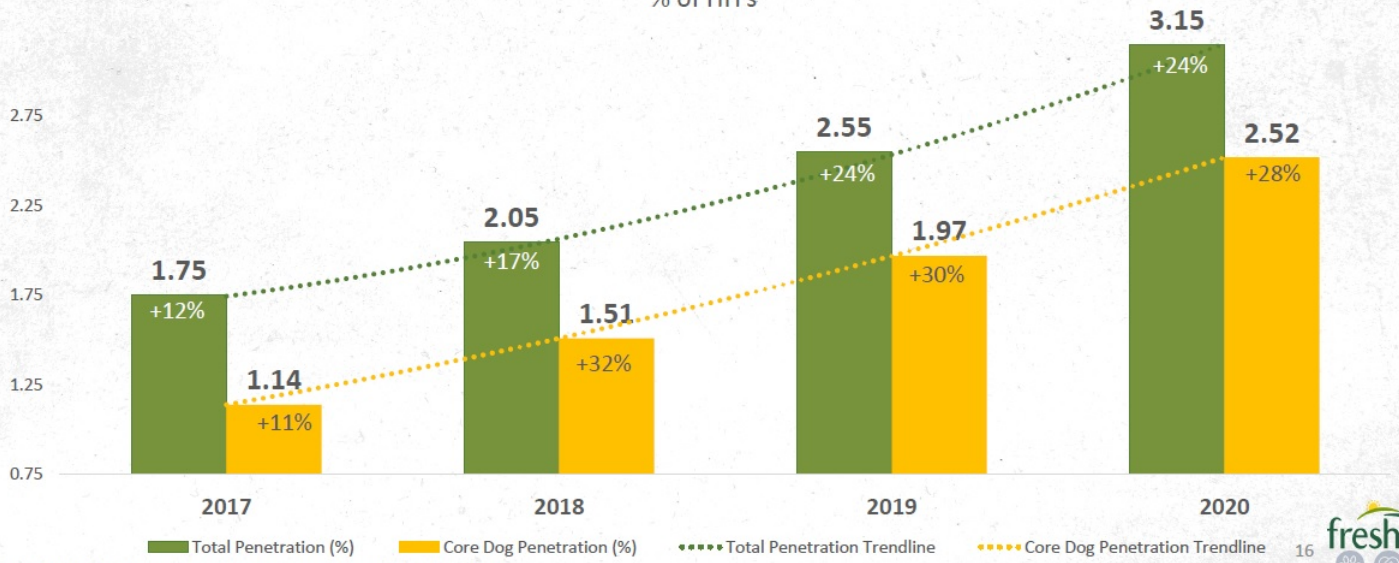
52 Weeks; Dollar % Change vs. YAG



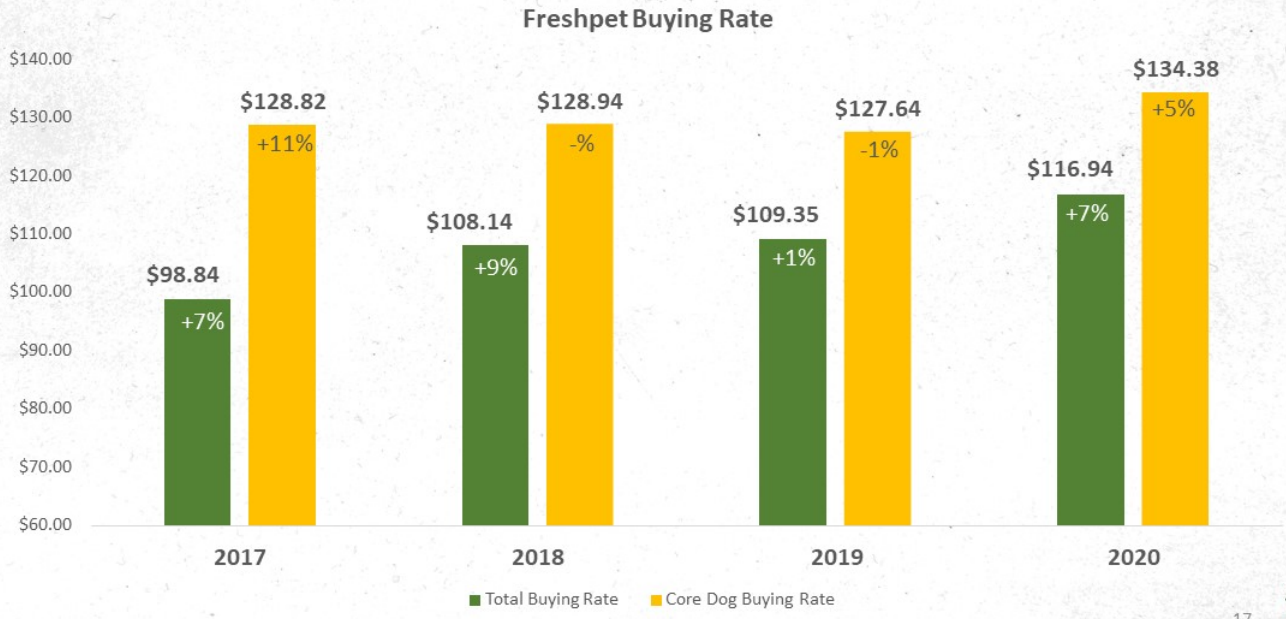
Source: Nielsen US XAOC Data thru 12/26/20

# Adding HH's quickly

Freshpet Penetration Growth  
% of HH's

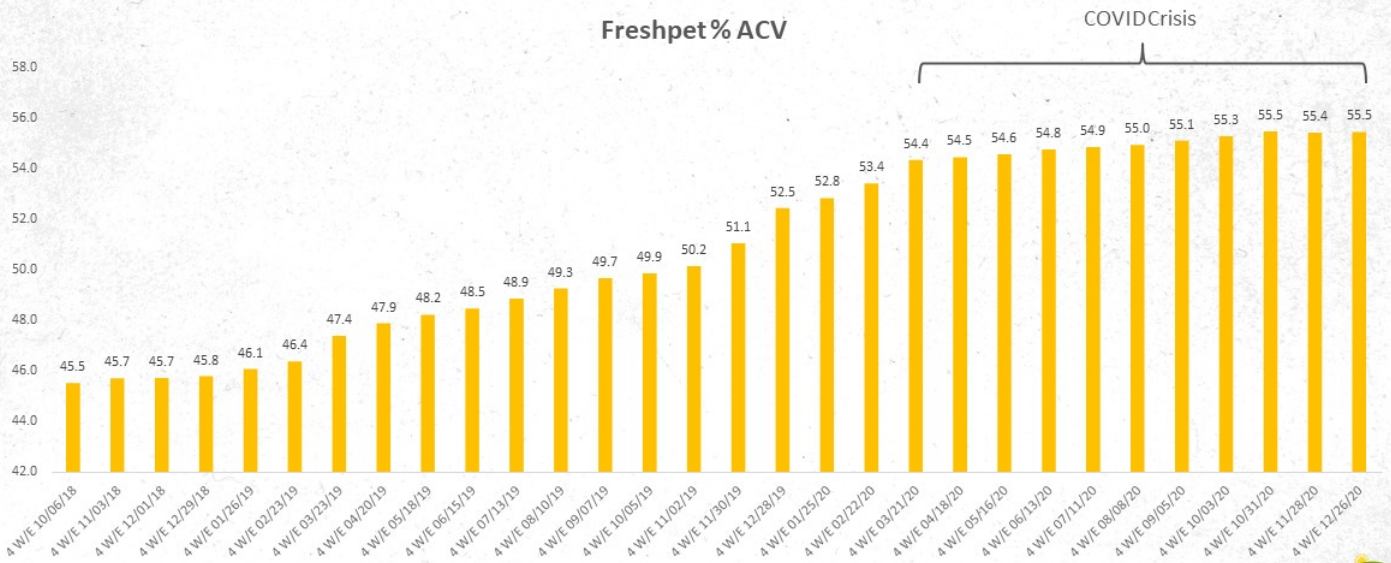


# Buying rate growth continues



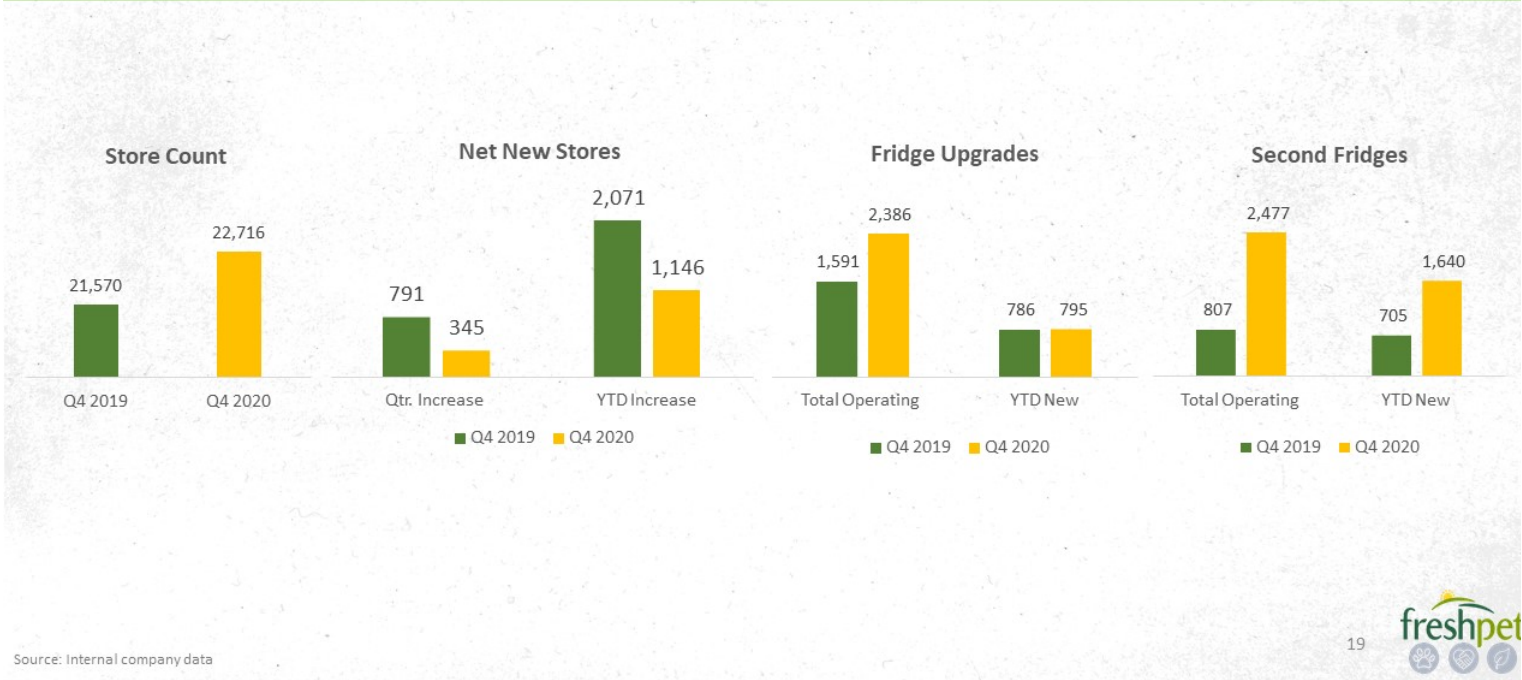
Source: Nielsen HH Panel for the period ending late December 2017, 2018, 2019, 2020 and company internal data

# Distribution growth plateaued during COVID crisis



Source: Nielsen Mega-Channel Data thru 12/26/20

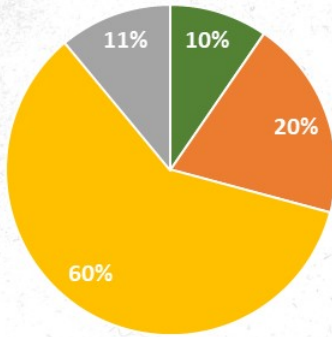
# Store count growth limited by COVID; 2<sup>nd</sup> Fridge growth accelerating





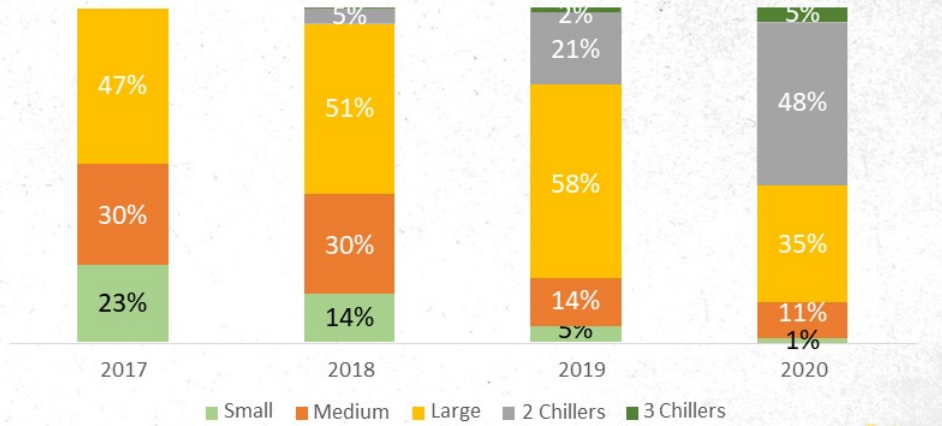
# New fridge placements skew heavily to second fridges

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



■ Small ■ Medium ■ Large ■ 2+ Chillers

### New Fridge Installations by Size (US & Canada)

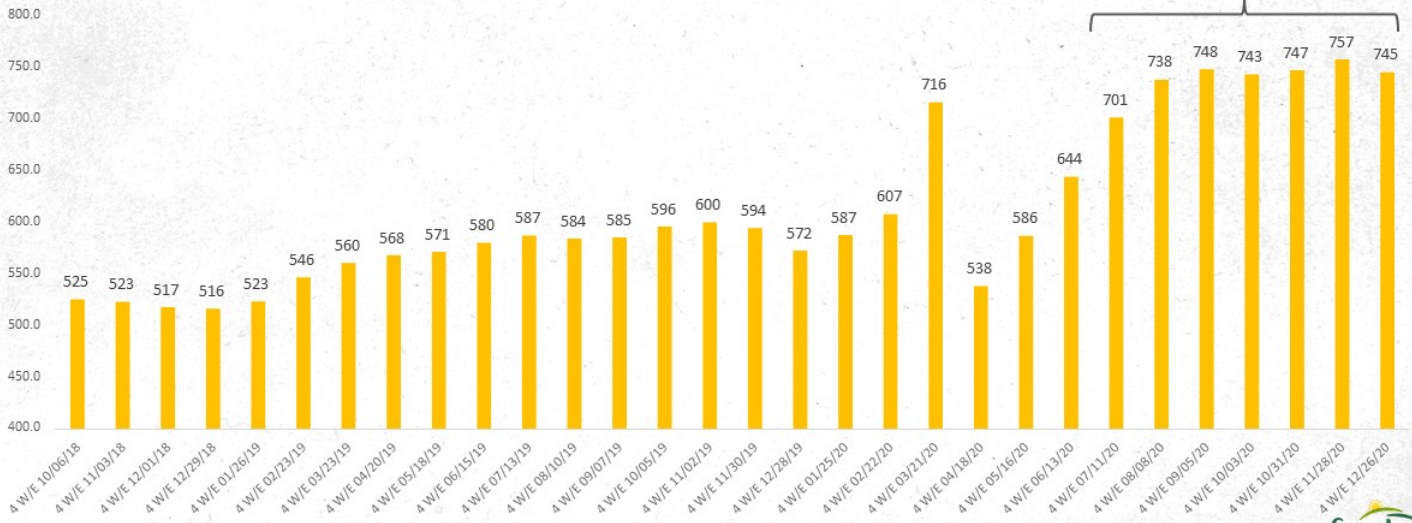


■ Small ■ Medium ■ Large ■ 2 Chillers ■ 3 Chillers

Source: Internal company data through December 2020

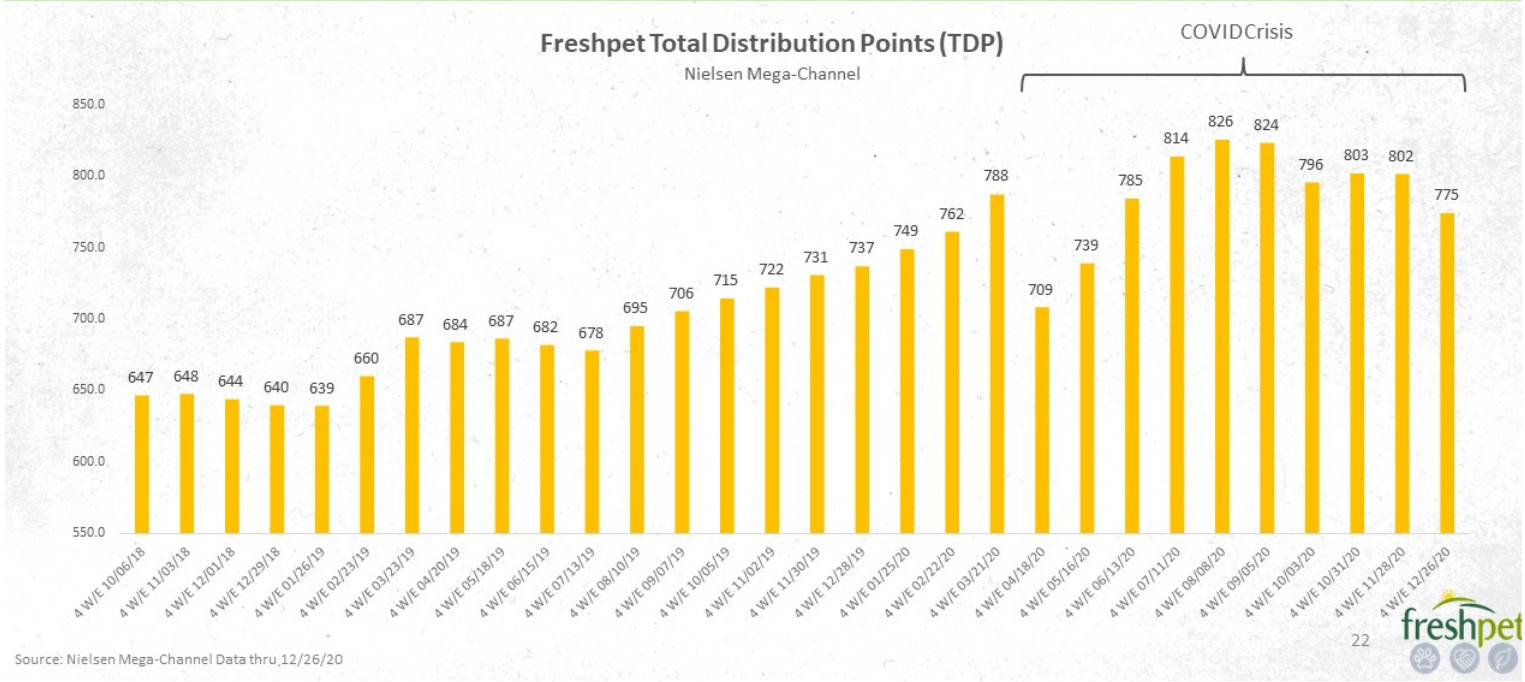
# Velocity growth has surged

Freshpet Velocity  
\$/ \$MM ACV



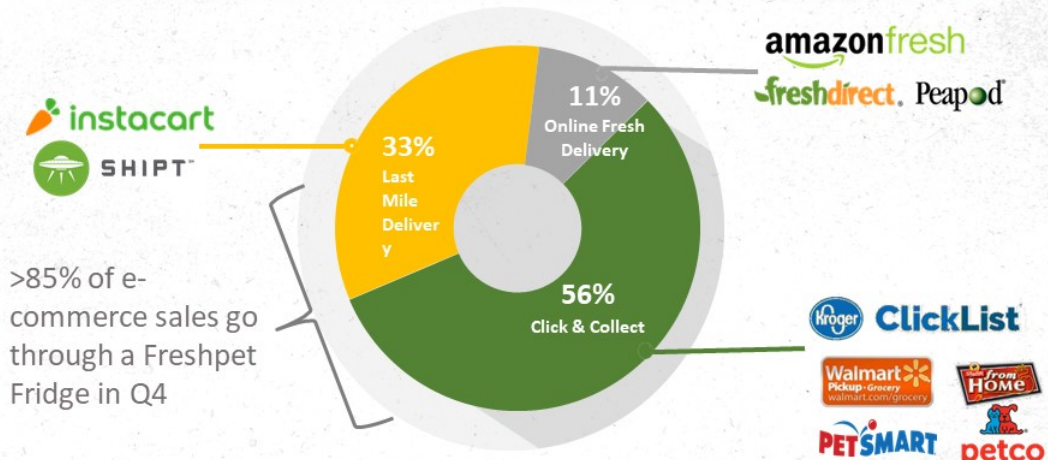
Source: Nielsen Mega-Channel Data thru 12/26/20

# Distribution is eroding behind out-of-stocks but 2<sup>nd</sup> Fridges adding TDP's vs. YA





# Continued strong growth in e-commerce

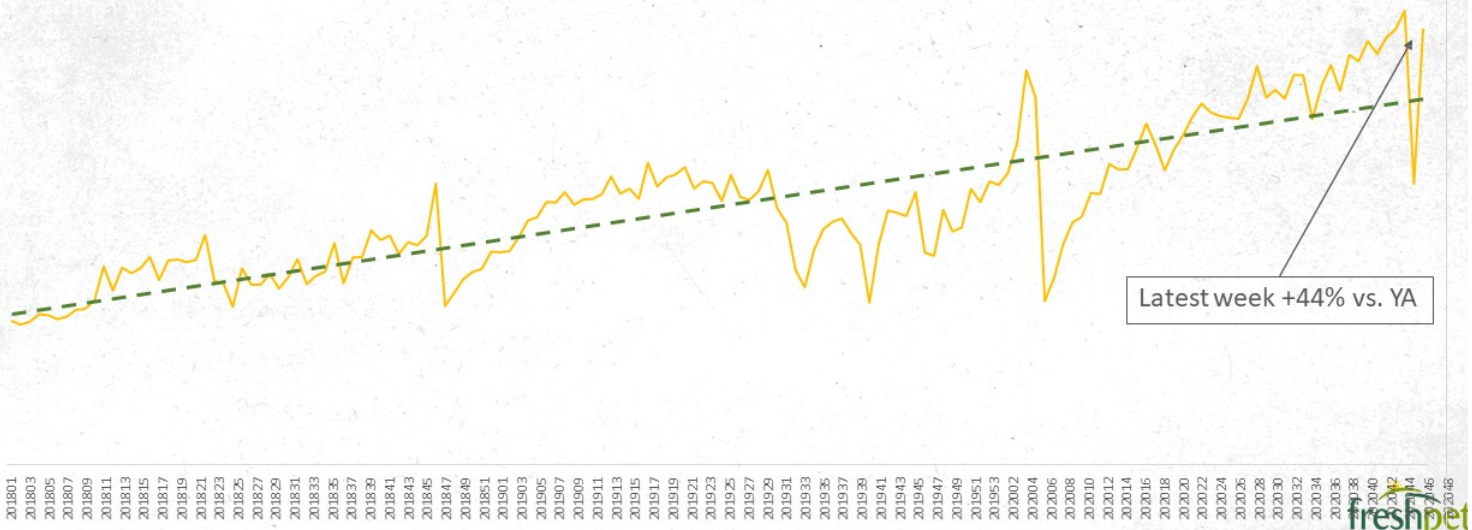


>85% of e-commerce sales go through a Freshpet Fridge in Q4

Q4 2020 e-commerce results: • Net sales +192% vs. YA • e-commerce = 6.1% of sales

# Canadian business accelerating post-COVID

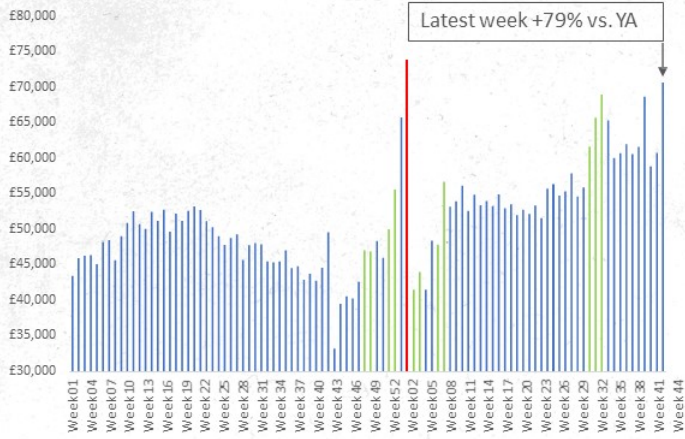
Leading Canadian Customer Total Weekly Sales



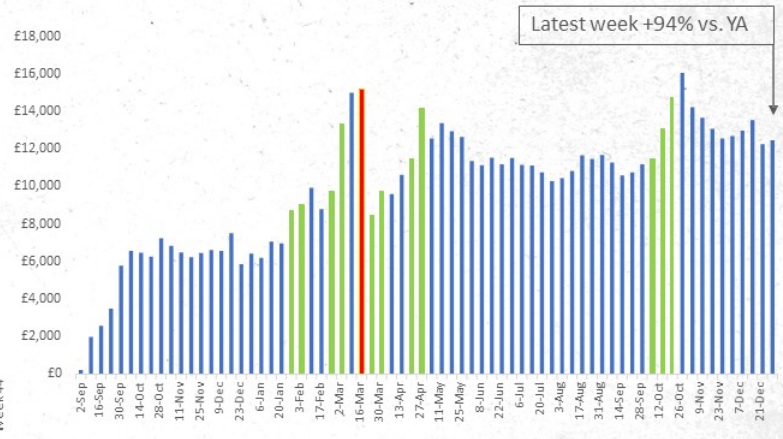
Latest week +44% vs. YA

# UK well ahead of YA

### Leading UK Customer Sales By Week



### Leading UK Customer Sales By Week



█ Panic Buying
 █ TV
 █ Regular Sales

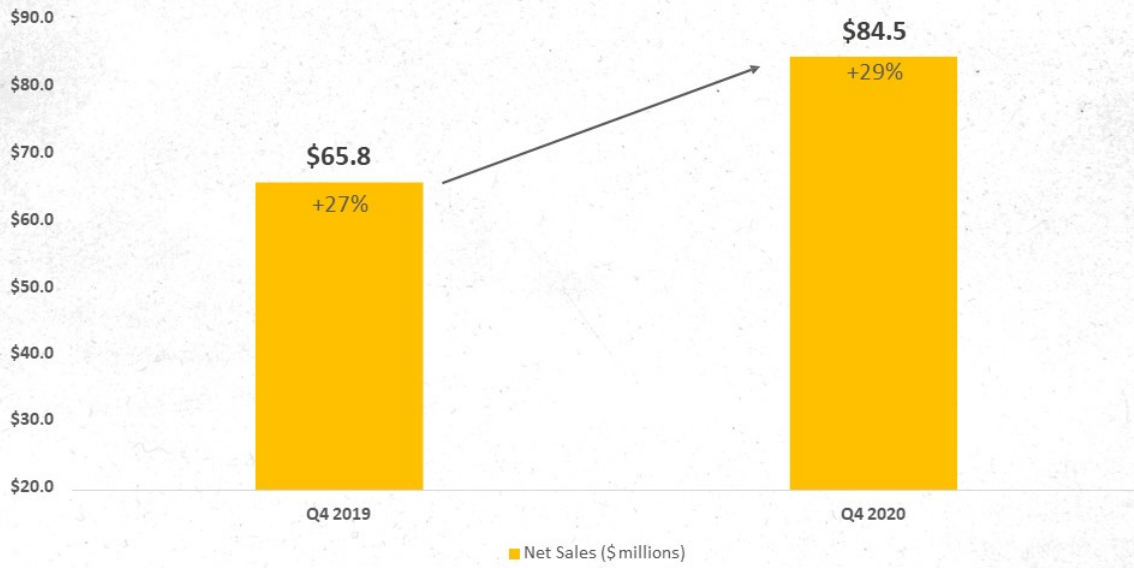


2020 Net Sales & Adj. EBITDA

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# Q4 2020 Net Sales: Strong growth constrained by supply limits

Freshpet Net Sales & Adj. EBITDA Performance

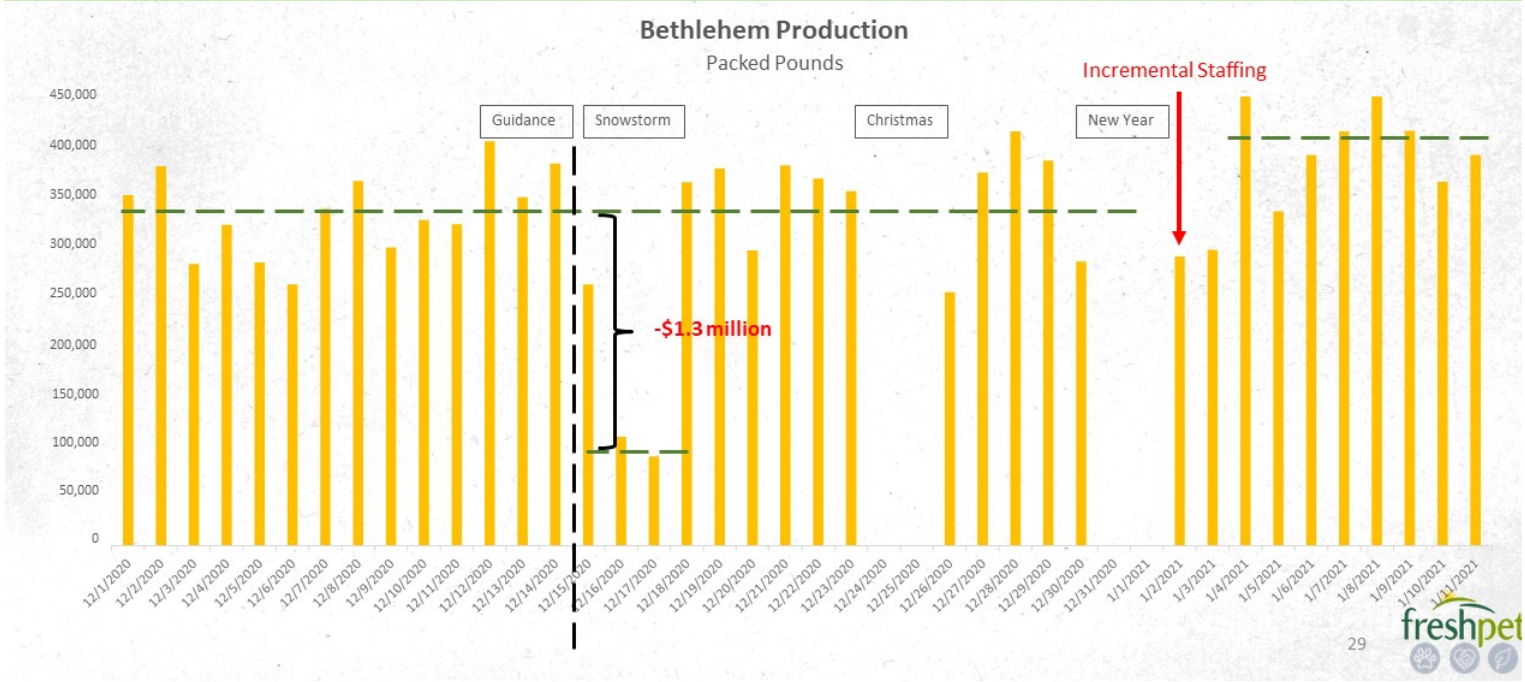




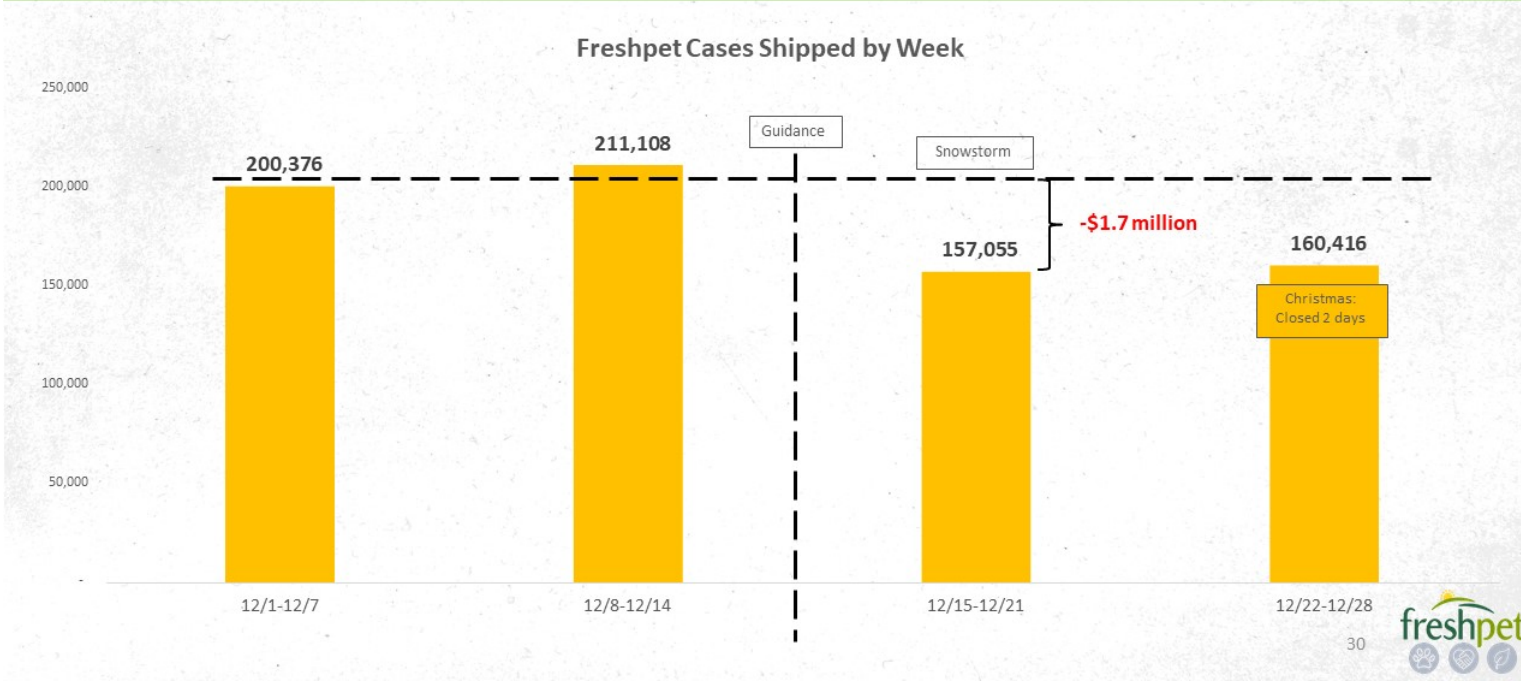
# Post-December guidance snowstorm impacted final net sales results



# Late December Nor'easter left no time to recover lost production



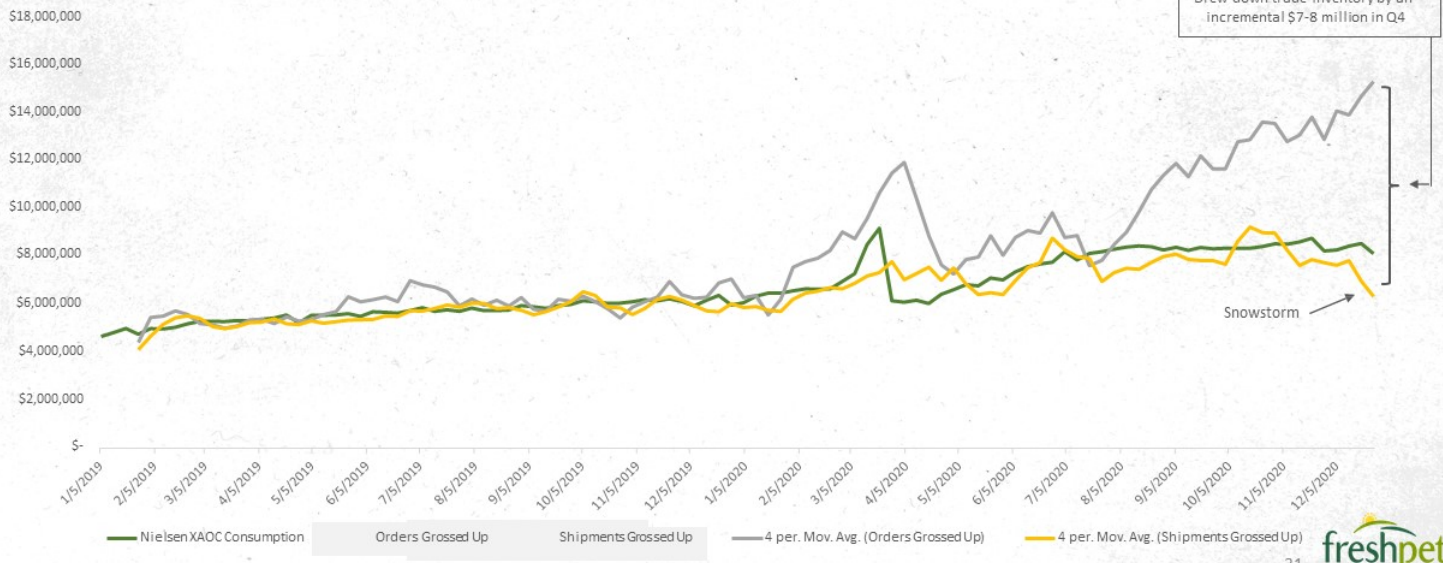
# Late December Nor'easter snarled roads and logistics system resulting in lost shipments





# Carrying a large backlog of orders into Q1 2021

Nielsen XAOC Orders, Shipments & Consumption



Source: Nielsen Mega-Channel Data thru 12/26/20 and internal company data

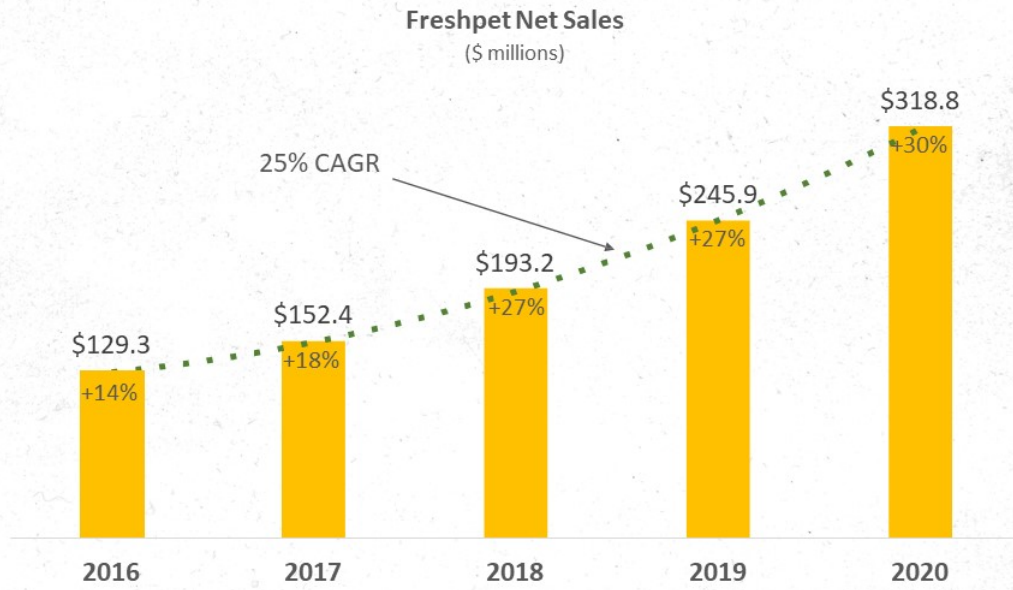
# Updated 2020 Net Sales & Adj. EBITDA guidance

\$ in Millions	Previous	Actual/Est.	Growth vs YA
<b>Net Sales (actual)</b>	<b>&gt;\$320</b>	<b>\$318.8</b>	<b>+30%</b>
<b>Adjusted EBITDA (est.)</b>	<b>&gt;\$46</b>	<b>~\$46</b>	<b>+58%</b>

## Updated Commentary:

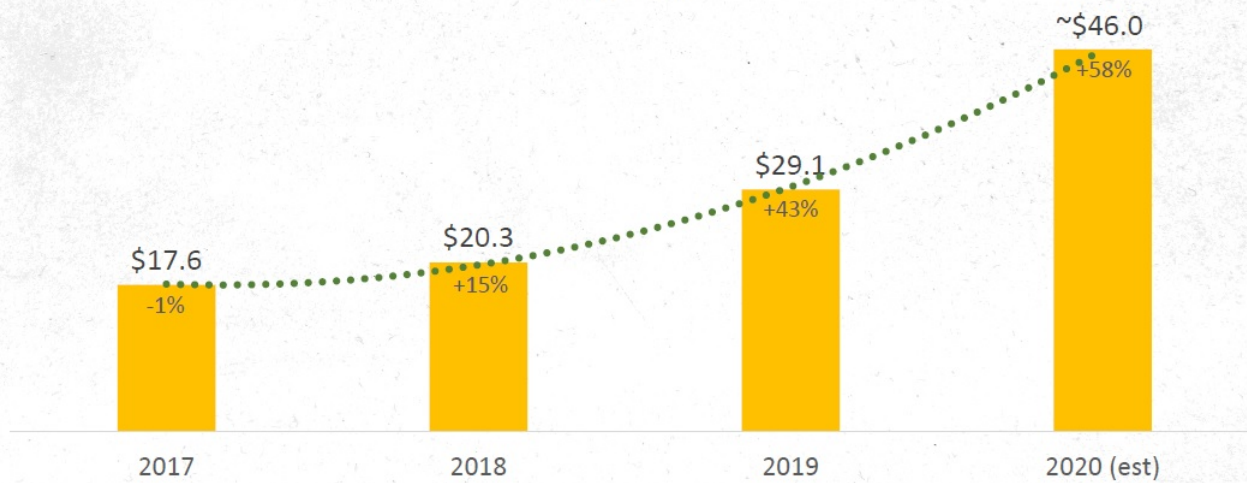
- Volume cadence:** Strong demand continues but supply was constrained in the back half of Q4 due to COVID testing/quarantines, holidays and weather
- Advertising investment:** Completed Q4 advertising investment in the US and UK with positive results. Delayed Q1 2021 advertising to begin at the end of January rather than beginning of January and begin at lighter weights.
- Gross margin:** Q4 adj. gross margin will be hurt by mix shift to bags, increased testing/quarantines that result in lost production, and continued higher cost of beef. Q4 adj. gross margin ~46% range.
- Add Backs:** COVID-19 related costs accelerated in Q4 due to testing and quarantines; anticipate ~\$4 million in total costs for the year.

# 2020: Accelerating growth rate continues



# Capturing scale benefits on bottom line

Freshpet Adjusted EBITDA  
(\$ millions)





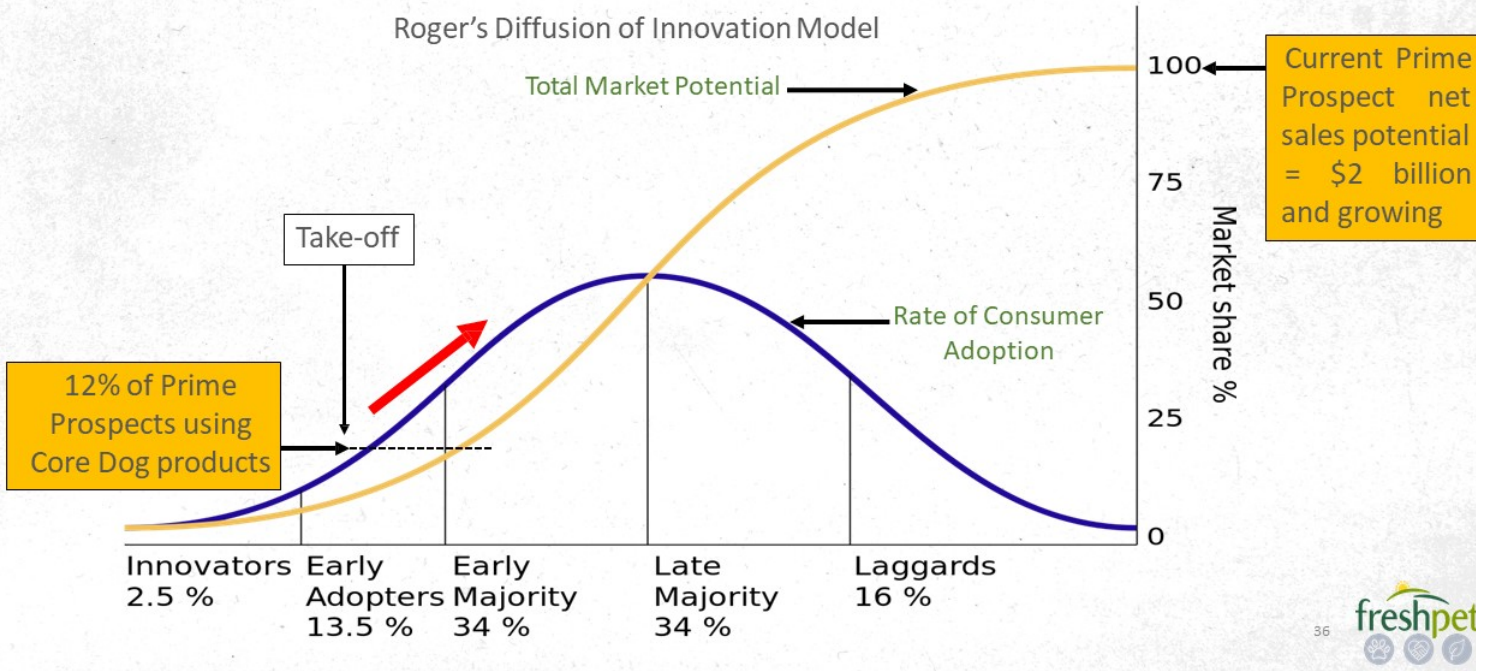
Growth Opportunity: Penetration and Buying Rate

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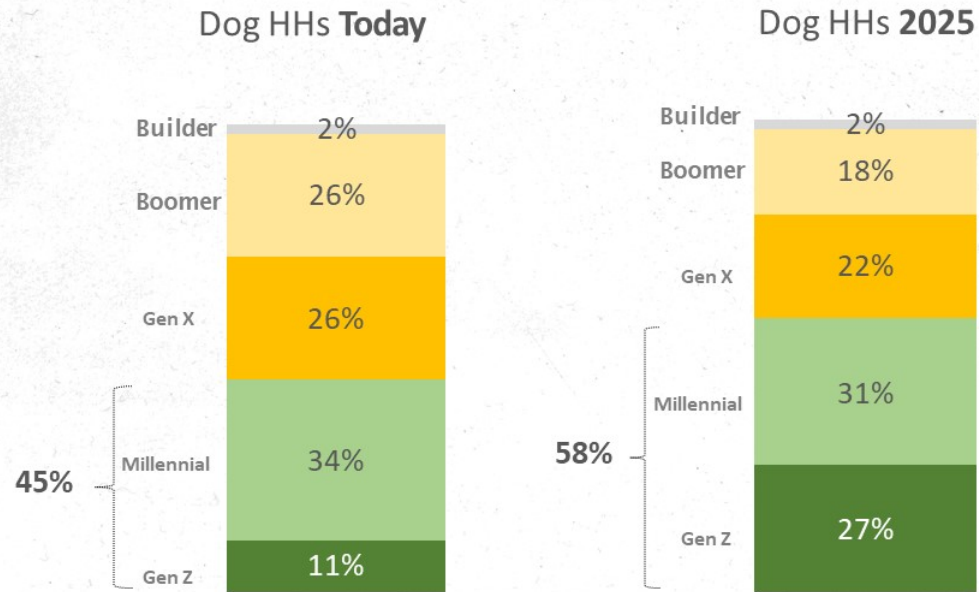


# In the early stages of accelerating consumer adoption

Roger's Diffusion of Innovation Model



# Demographic trends are working in our favor



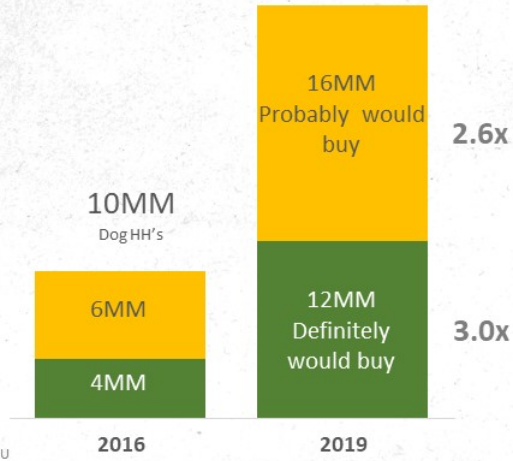
Source: IDEX, 2019 A&U, APPA

# Addressable market: >20 million HH's

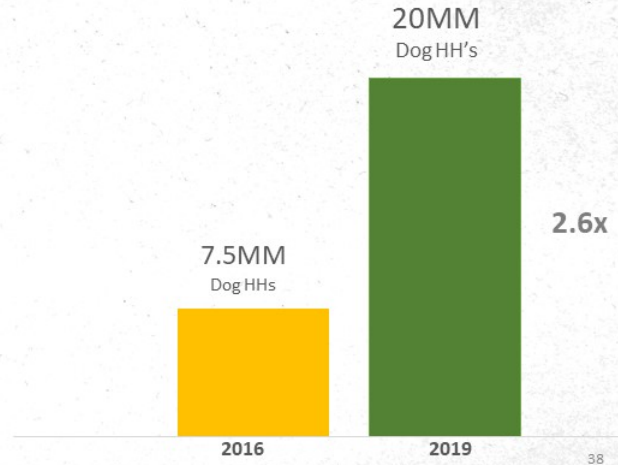
## Consumer Concept

Purchase Interest Among Never Users

Top 2 Box purchase  
interest  
28MM  
Dog HH's



## Prime Prospect Methodology



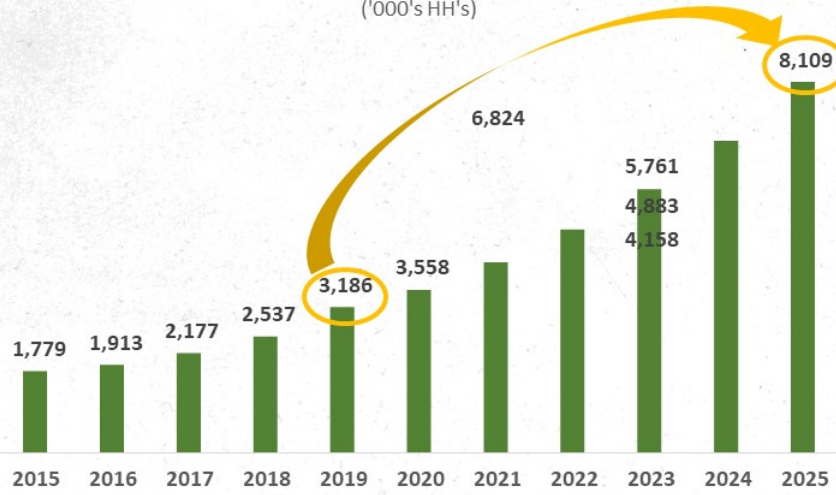
Source: 2019 A&U

38



# 5 million more HH's by 2025

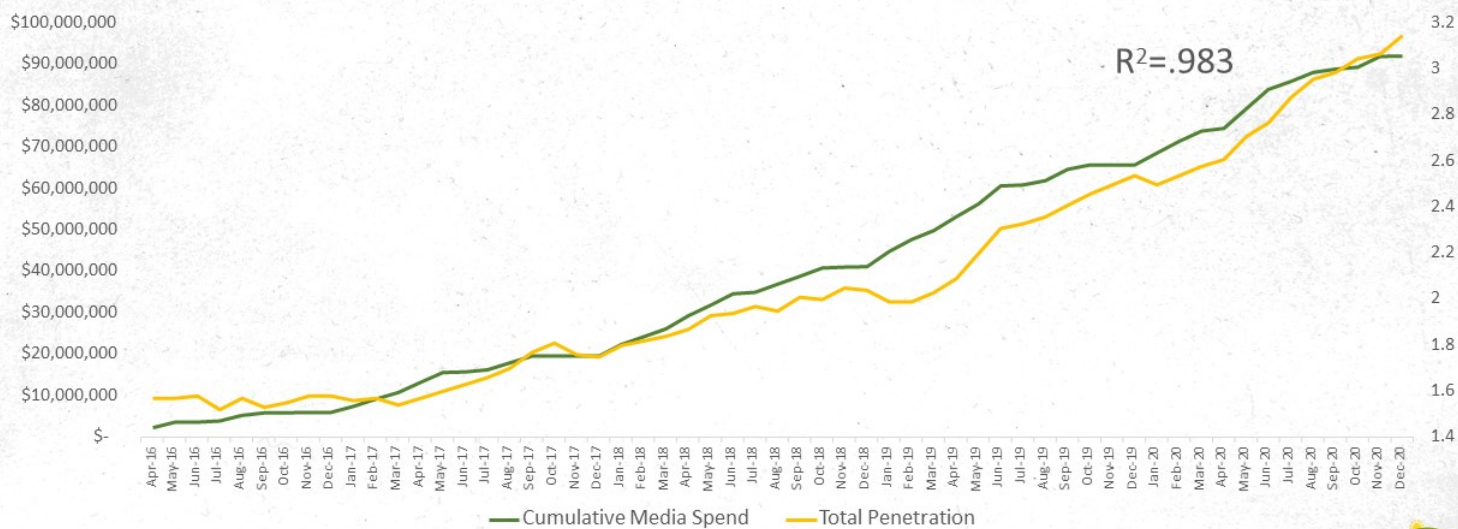
Freshpet HH Penetration  
('000's HH's)



freshpet  
**20 BY 25**  
FEED THE GROWTH

# Demonstrated track record of driving HH penetration gains via media investment

Freshpet HH Penetration & Media Spending

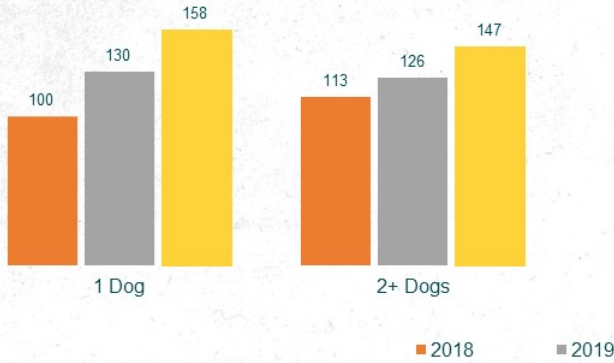


Source: Nielsen 52-week HH panel through 12/26/20 and internal data

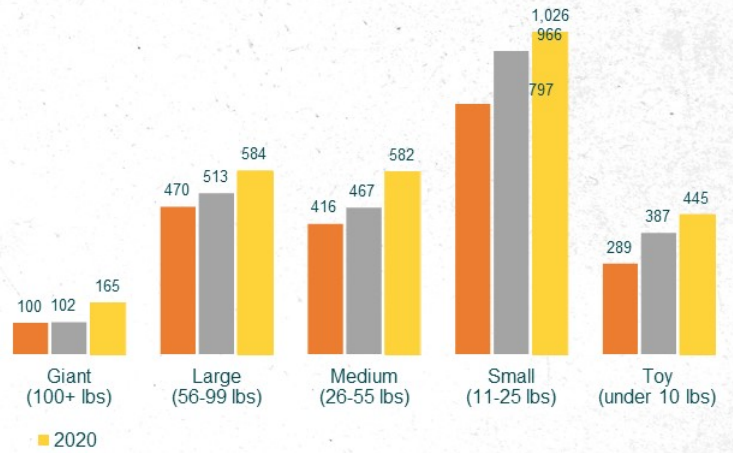


# Increasing penetration in all dog HH's regardless of the size of the dog or number of dogs in the HH

**Freshpet HH's by # of Dogs\***  
(Index vs 1 dog in 2018)



**Freshpet HH's by Size of Dog\***  
(Index vs Giant Dog in 2018)

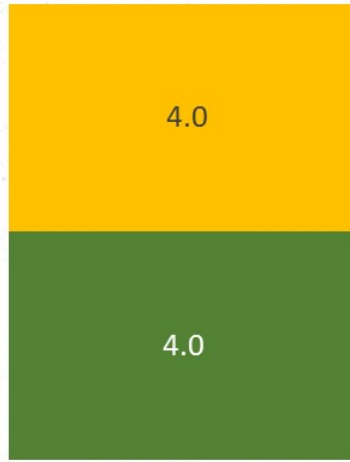


\*Source: Numerator Insights, Mini-America, Freshpet shoppers n=2,432 in 2020; Different source than Nielsen HH panel data typically reported thus totals are slightly different. To avoid confusion, we have converted actual numbers to indices to show trends.

\*Dog Size totals overlap due to multi-dog HHs; ;  
\*Sample size small on Giant dog group

# Halfway to our 2025 8 MM HH goal

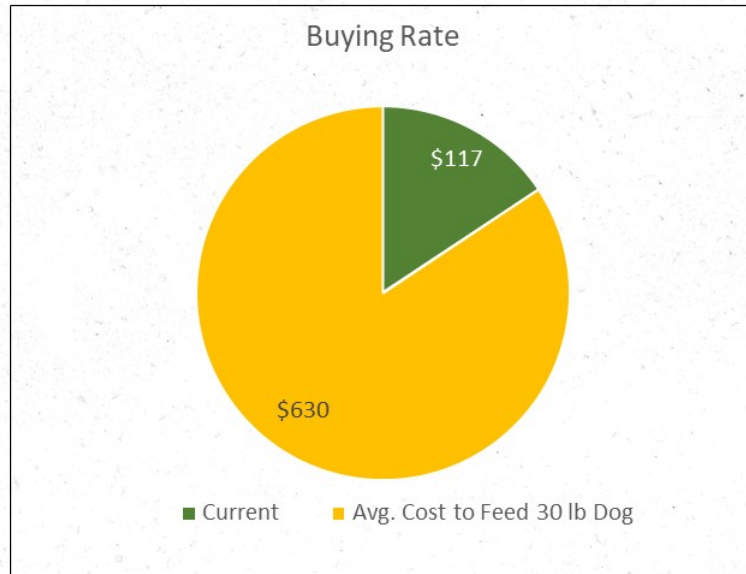
Progress Towards 2025 HH Penetration Goal



■ Current HH Penetration    ■ 2025 Target HH Penetration

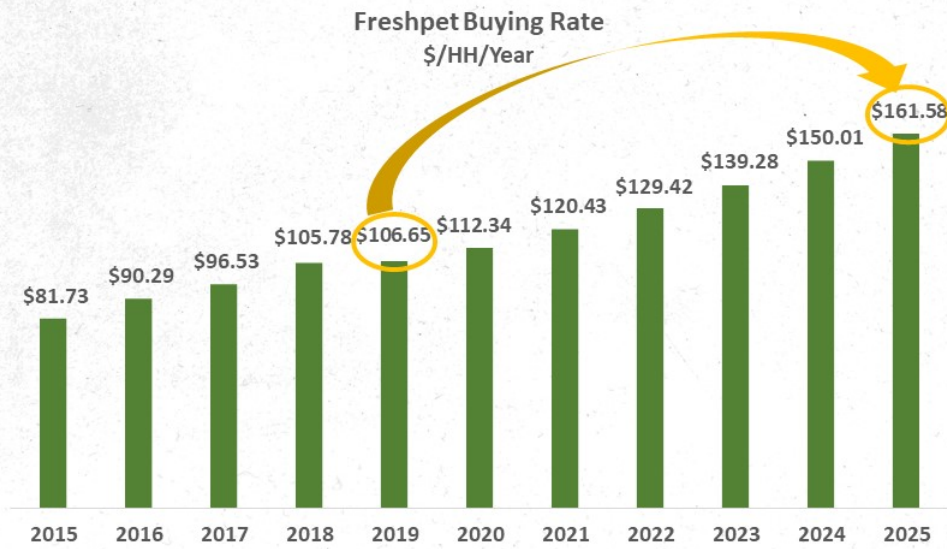
Source: Nielsen HH Panel for the period ending 12/26/20

# Opportunity to continue growing the buying rate



Source: Nielsen HH Panel Data through 12/26/20 and internal company calculations

# Quality & satisfaction drives increasing buying rate



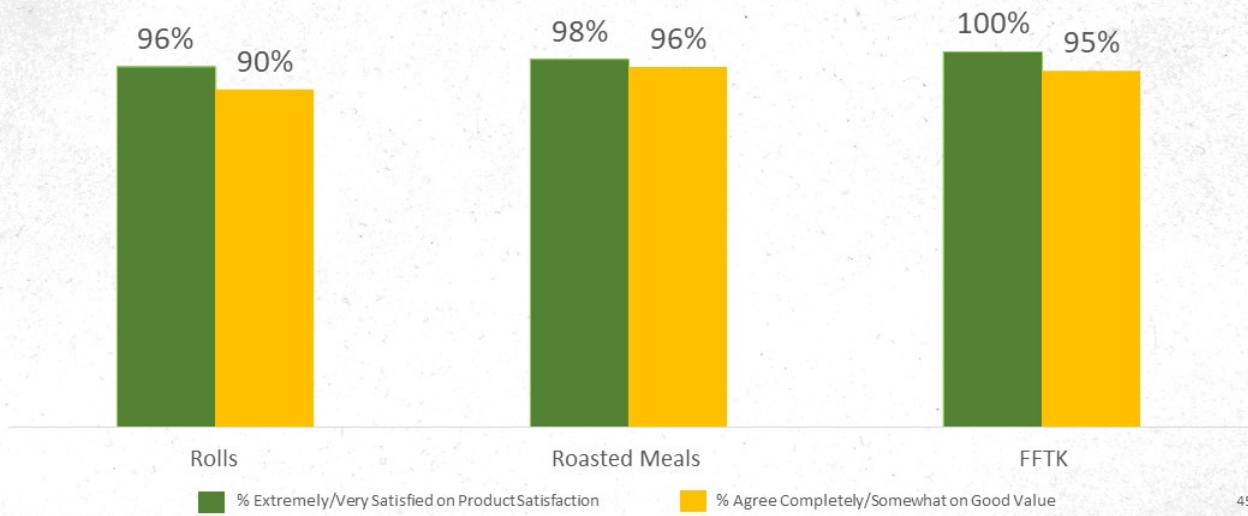
\$630 = cost to feed 30 lb. dog/year



# Very strong consumer satisfaction

## Freshpet Product Satisfaction

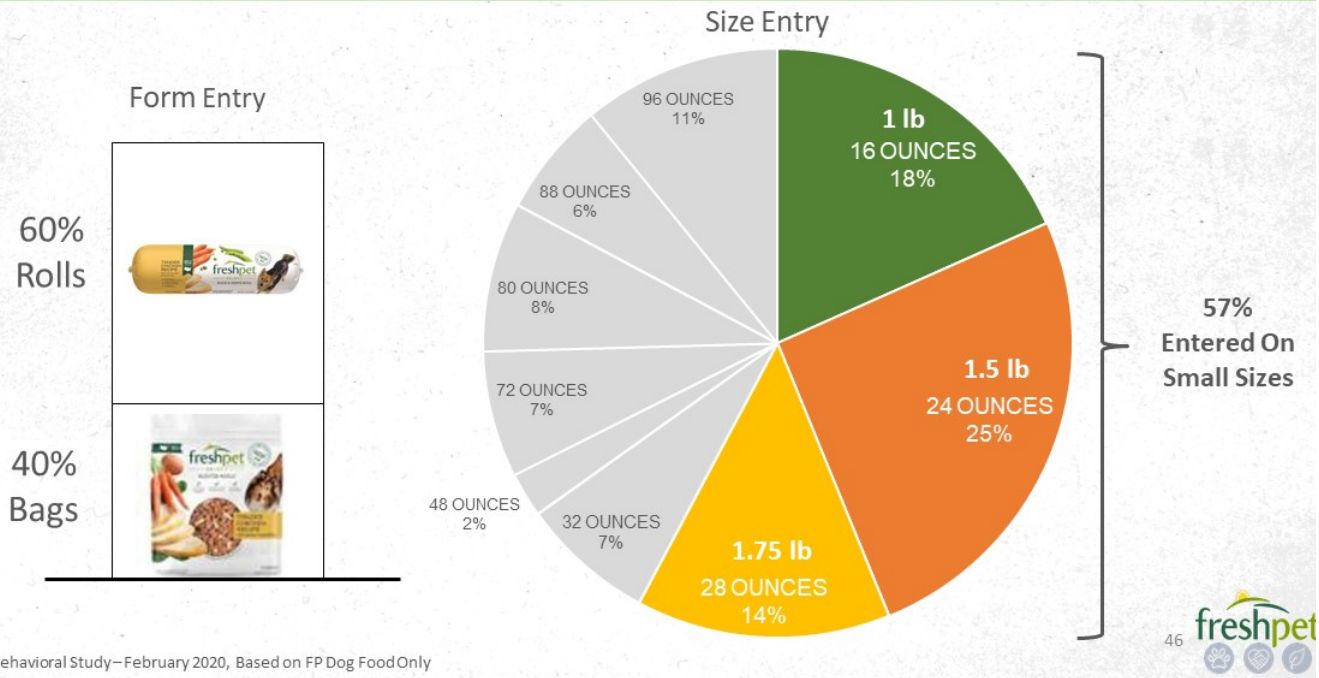
Top Two Box Percentages  
Among Regular FP Users



Source: Freshpet Quality and Satisfaction Study, July 2018



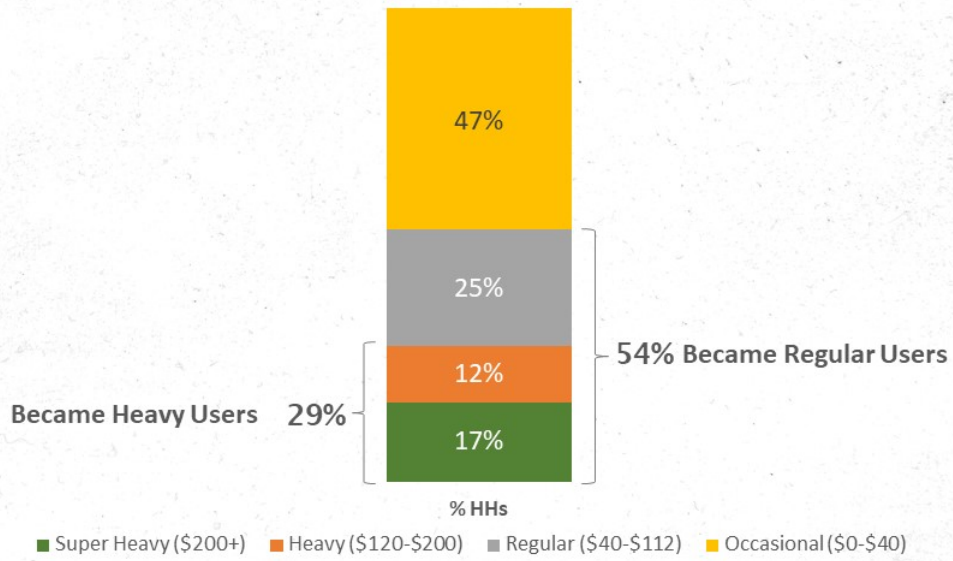
# The Freshpet journey begins tentatively – as you would expect with something so different and new



Source: Nielsen Freshpet Behavioral Study—February 2020, Based on FP Dog Food Only

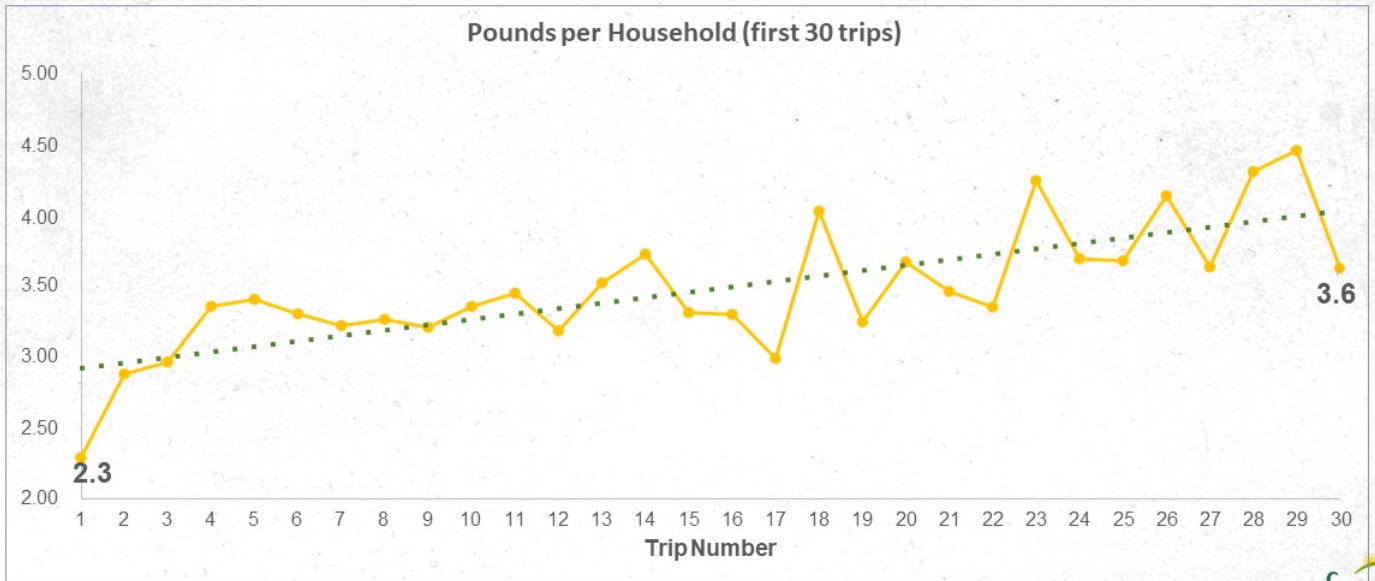
# More than half of new users become regular users

2019 Buying Habits of New Consumers Who Entered in 2018



Source: Nielsen Freshpet Behavioral Study Preview – February 2020

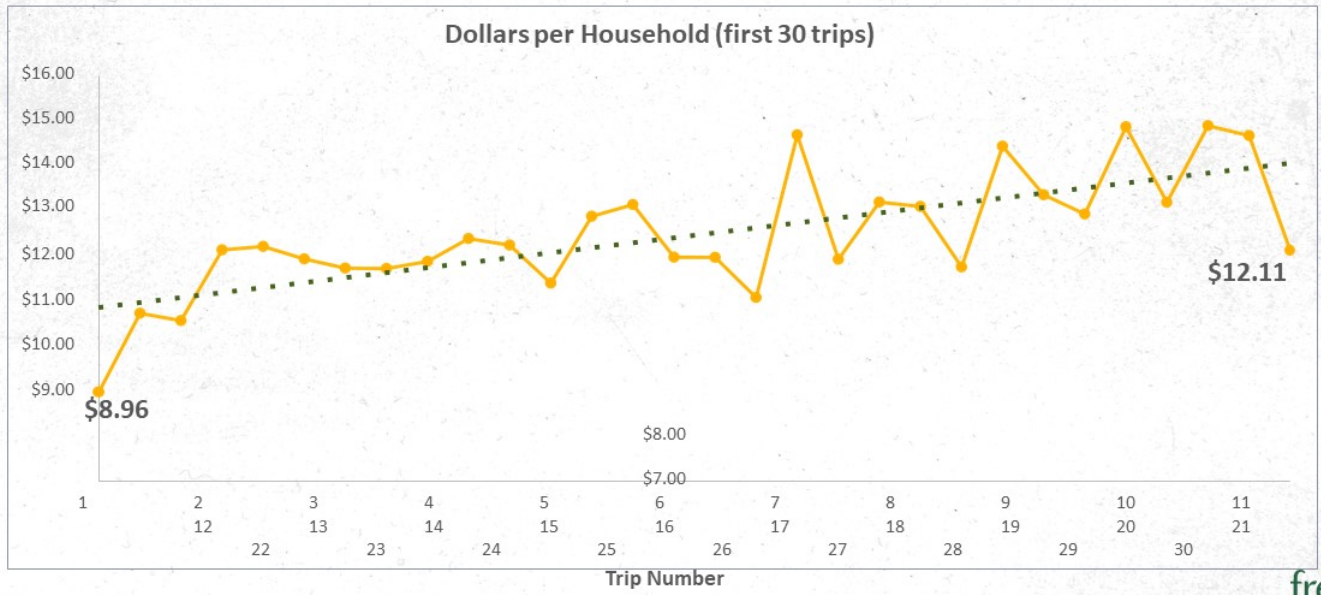
# Buying larger quantities per trip



# Moving into larger sizes and higher price points



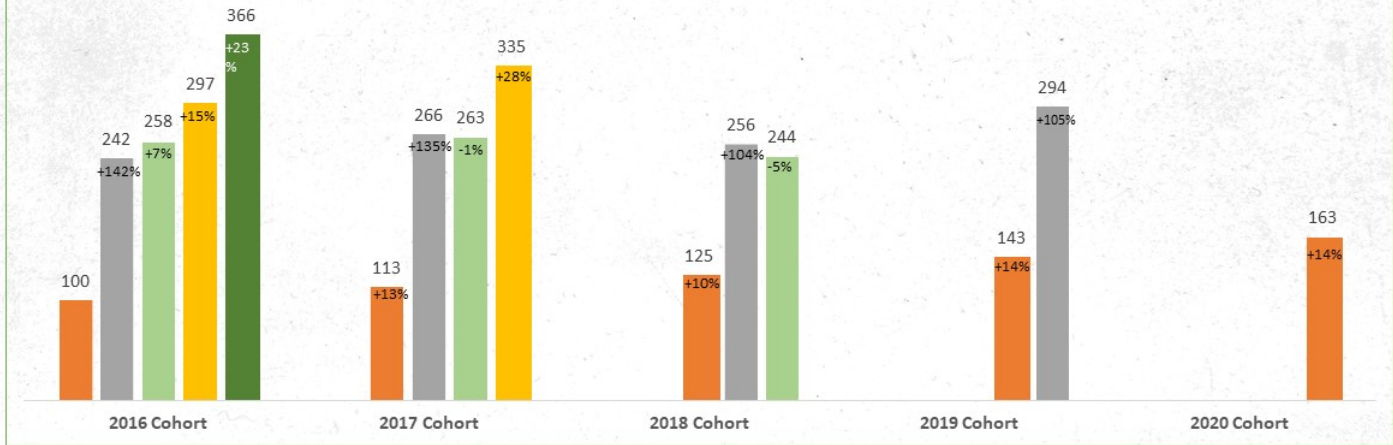
# Steady increase in dollars spent per trip





# Cohort buying rate data confirms significant multi-year growth potential of each new user

**Freshpet Core Dog New Buyers - Dollar Buy Rate Evolution**  
(Index vs. 2016 New Buyers)



■ Year 1 
 ■ Year 2 
 ■ Year 3 
 ■ Year 4 
 ■ Year 5

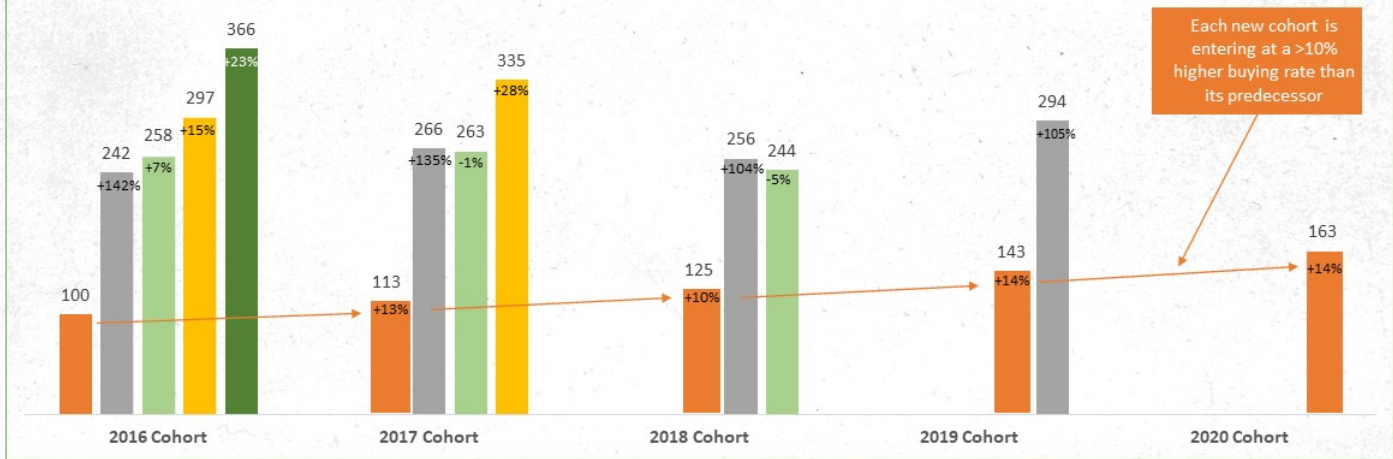
Year	Date Range
2016	11/8/15 - 11/5/16
2017	11/6/16 - 11/4/17
2018	11/5/17 - 11/3/18
2019	11/4/18 - 11/2/19
2020	11/3/19 - 10/31/20

Source: Nielsen New Buyer Analysis, 2020

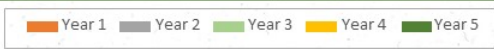


# Cohort buying rate data confirms significant multi-year growth potential of each new user

**Freshpet Core Dog New Buyers - Dollar Buy Rate Evolution**  
(Index vs. 2016 New Buyers)



Each new cohort is entering at a >10% higher buying rate than its predecessor

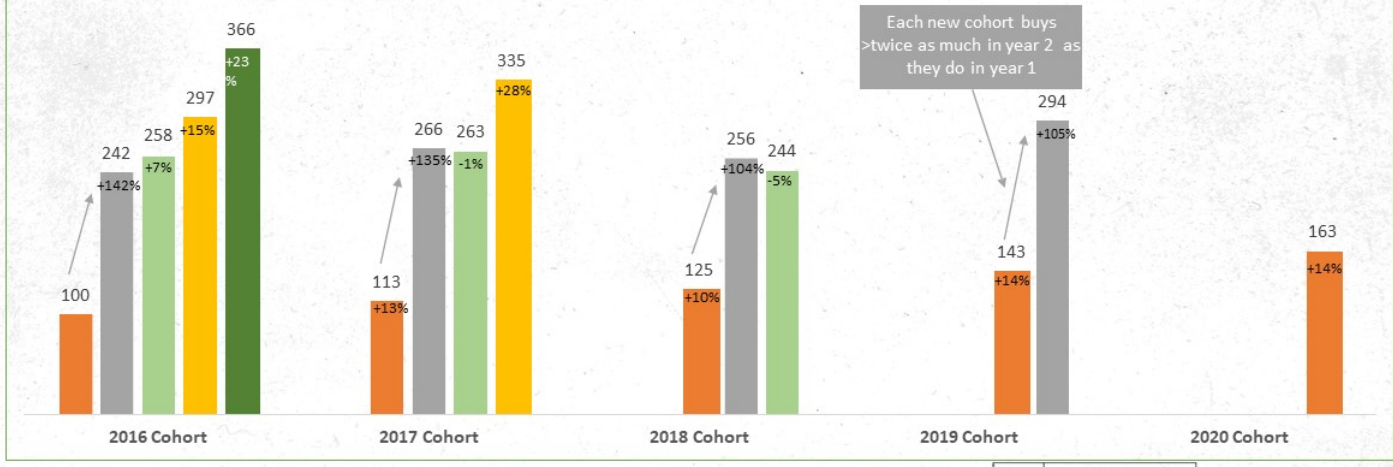


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2017	11/6/16 - 11/4/17
2018	11/5/17 - 11/3/18
2019	11/4/18 - 11/2/19
2020	11/3/19 - 10/31/20

Source: Nielsen New Buyer Analysis, 2020

# Cohort buying rate data confirms significant multi-year growth potential of each new user

**Freshpet Core Dog New Buyers - Dollar Buy Rate Evolution**  
(Index vs. 2016 New Buyers)



Each new cohort buys >twice as much in year 2 as they do in year 1

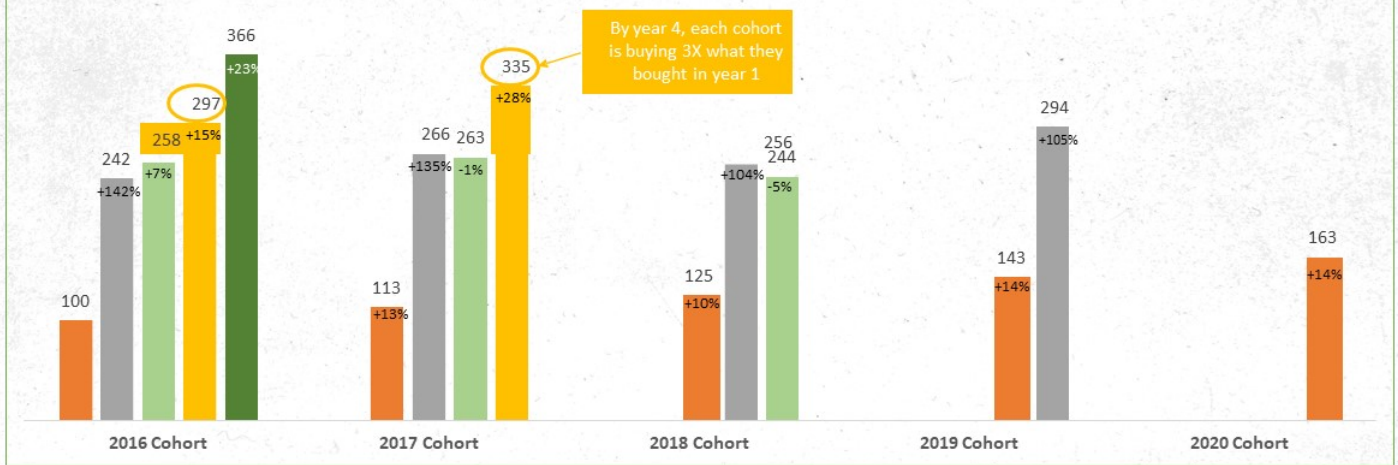
Year 1 Year 2 Year 3 Year 4 Year 5

Year	Date Range
2016	11/8/15 - 11/5/16
2017	11/6/16 - 11/4/17
2018	11/5/17 - 11/3/18
2019	11/4/18 - 11/2/19
2020	11/3/19 - 10/31/20

Source: Nielsen New Buyer Analysis, 2020

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■ Year 1 
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 ■ Year 5

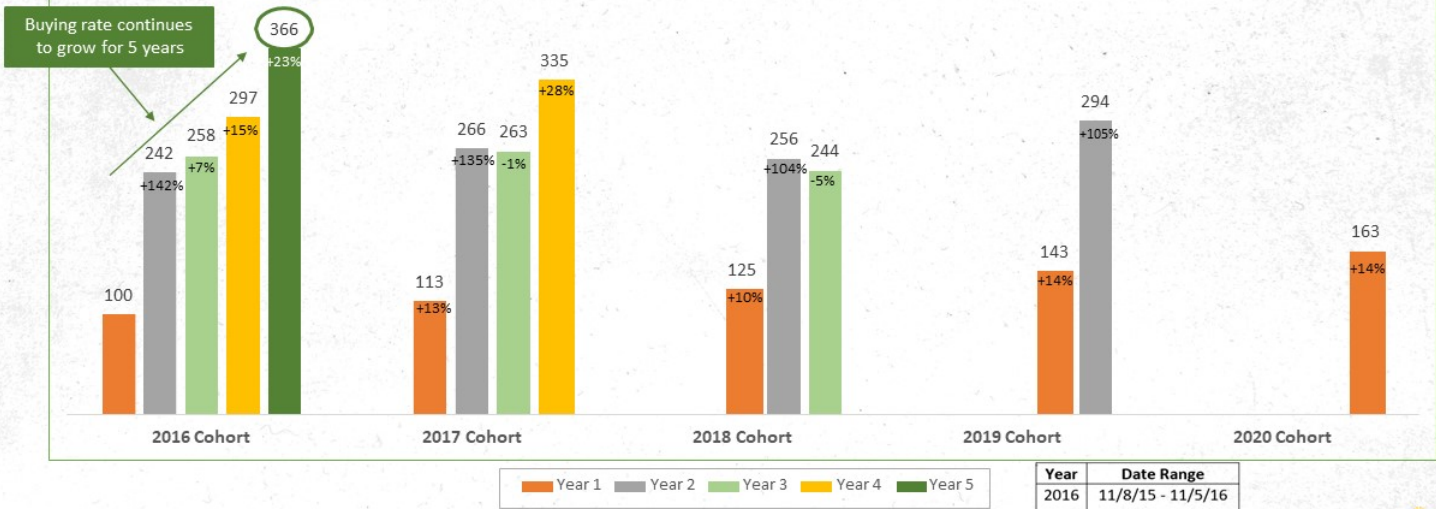
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2020	11/3/19 - 10/31/20

Source: Nielsen New Buyer Analysis, 2020



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**Freshpet Core Dog New Buyers - Dollar Buy Rate Evolution**  
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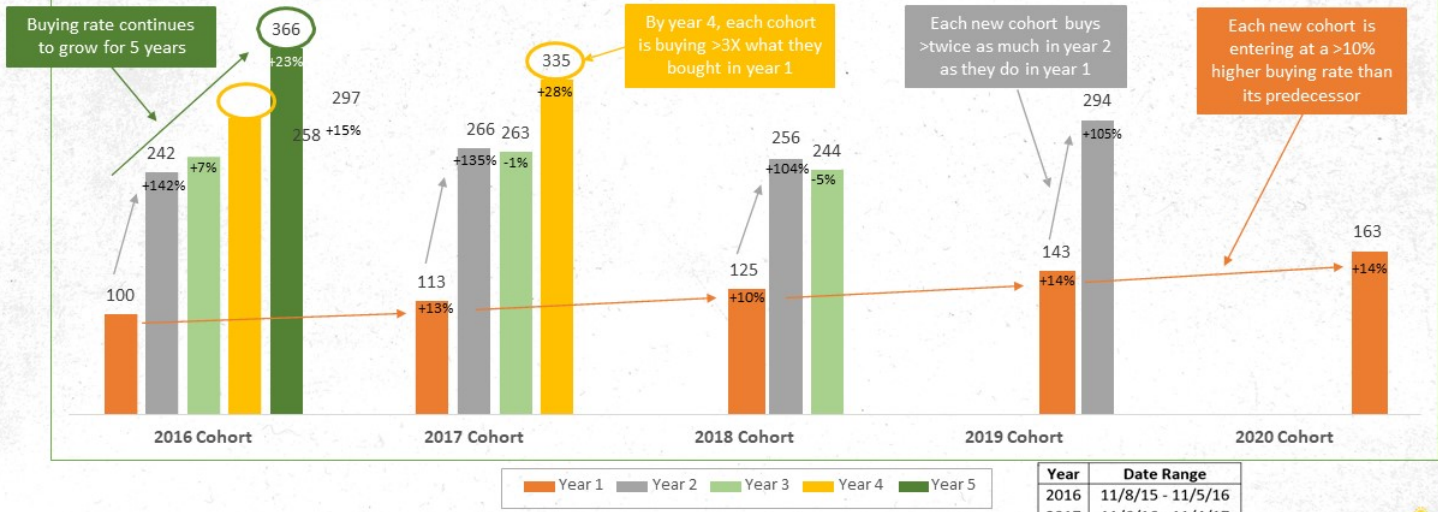
Source: Nielsen New Buyer Analysis, 2020





# Cohort buying rate data confirms significant multi-year growth potential of each new user

**Freshpet Core Dog New Buyers - Dollar Buy Rate Evolution**  
(Index vs. 2016 New Buyers)

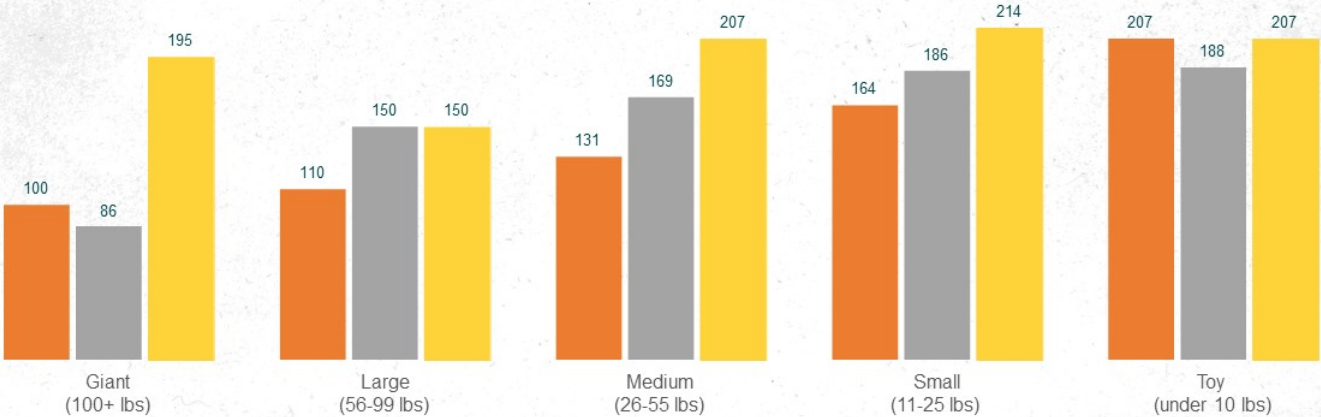


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2018	11/5/17 - 11/3/18
2019	11/4/18 - 11/2/19
2020	11/3/19 - 10/31/20

Source: Nielsen New Buyer Analysis, 2020

# Buying rate grows even in HH's with larger dogs

Freshpet Buying Rate by Size of Dog\*  
(Index vs Giant Dog in 2018)



\*Source: Numerator Insights, Mini-America, Freshpet shoppers n=2,432 in 2020; Different source than Nielsen HH panel data typically reported thus totals are slightly different. To avoid confusion, we have converted actual numbers to indices to show trends.

\*Dog Size totals overlap due to multi-dog HHs;

\*Sample size small on Giant dog group



# Conclusions

- **Strong and increasingly efficient ability to drive HH penetration**

- HH penetration growth accelerating into mid-20% range
- Penetration remains very low – with significant upside
- Media investment reduced to fit within capacity constraints; at 12% of sales, we expect stronger growth in penetration
- CAC has gone down each year for >5 consecutive years

- **Buying rate is growing strongly but is obscured by number of new buyers**

- Sustained mid-teen buying rate growth for existing users is well in excess of our long-term volume forecasts
- Buying rate gains continuing for 5 consecutive years is well in excess of our long-term volume forecasts

- **Combined, these two pieces of data suggest the long-term Freshpet opportunity is larger than previously projected**

- We are not revising 2025 target at this time but planning to protect the high side from a capacity perspective
- Building plans to deliver the high side if market opportunity is proven



Capacity

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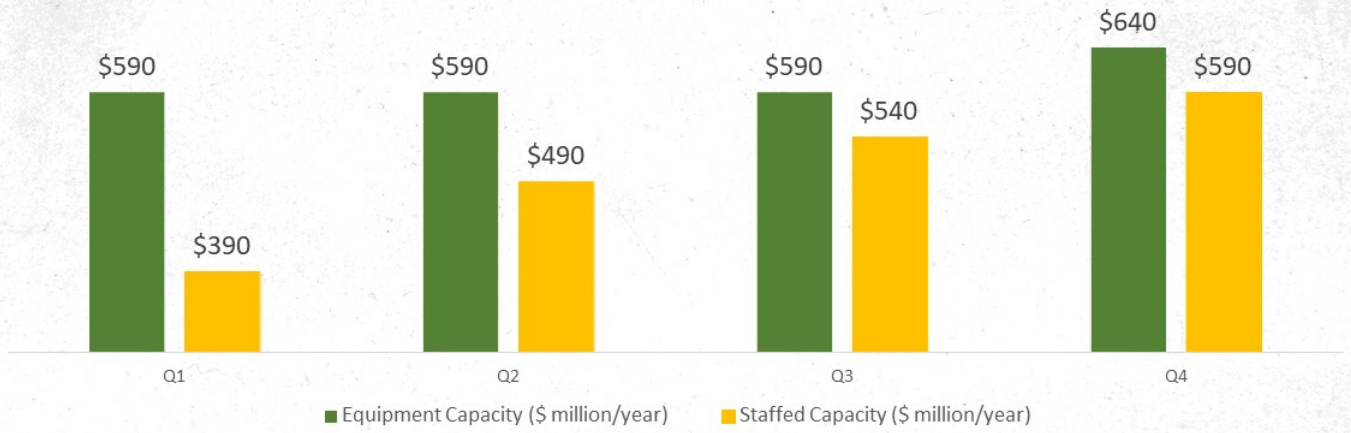
# New capacity: Kitchens 2.0 started up in Q3 2020





# Adding staffing to support increasing demand in 2021

Freshpet Production Capacity  
2021



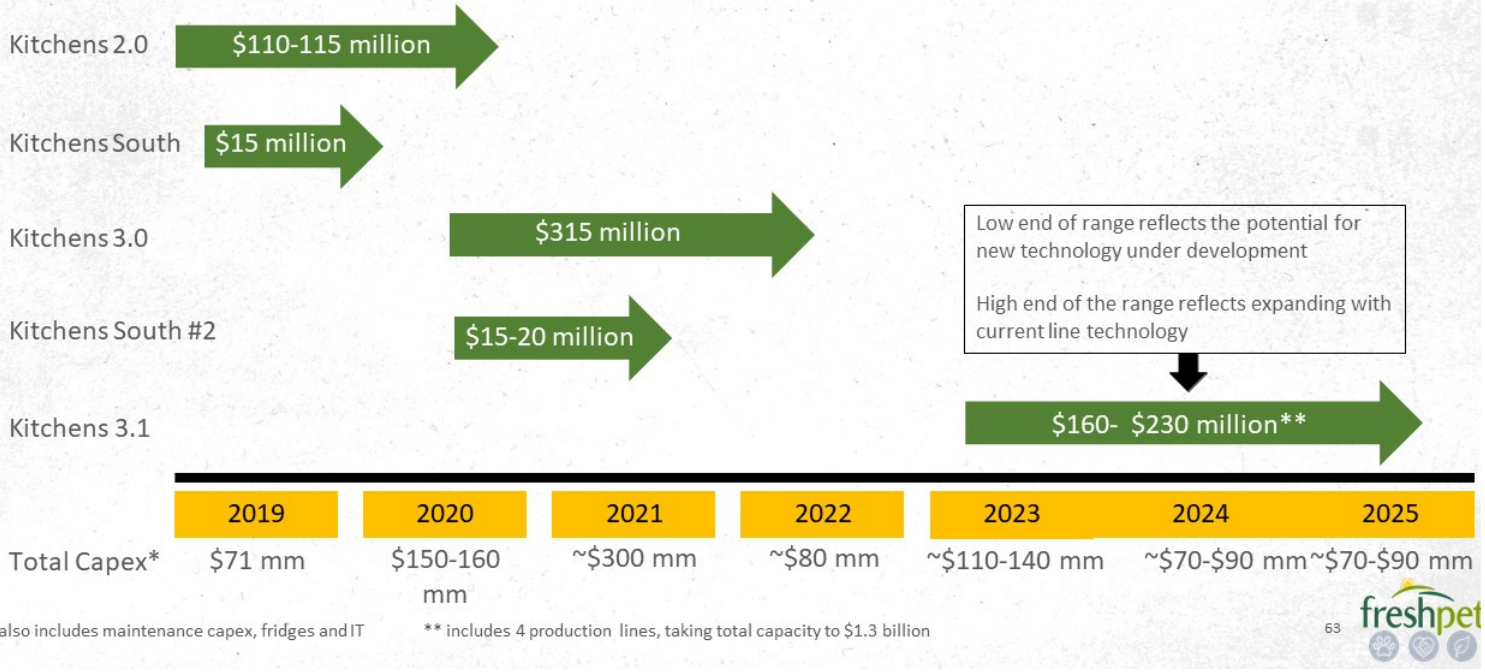
# Kitchens 3.0 in Ennis, TX is on track



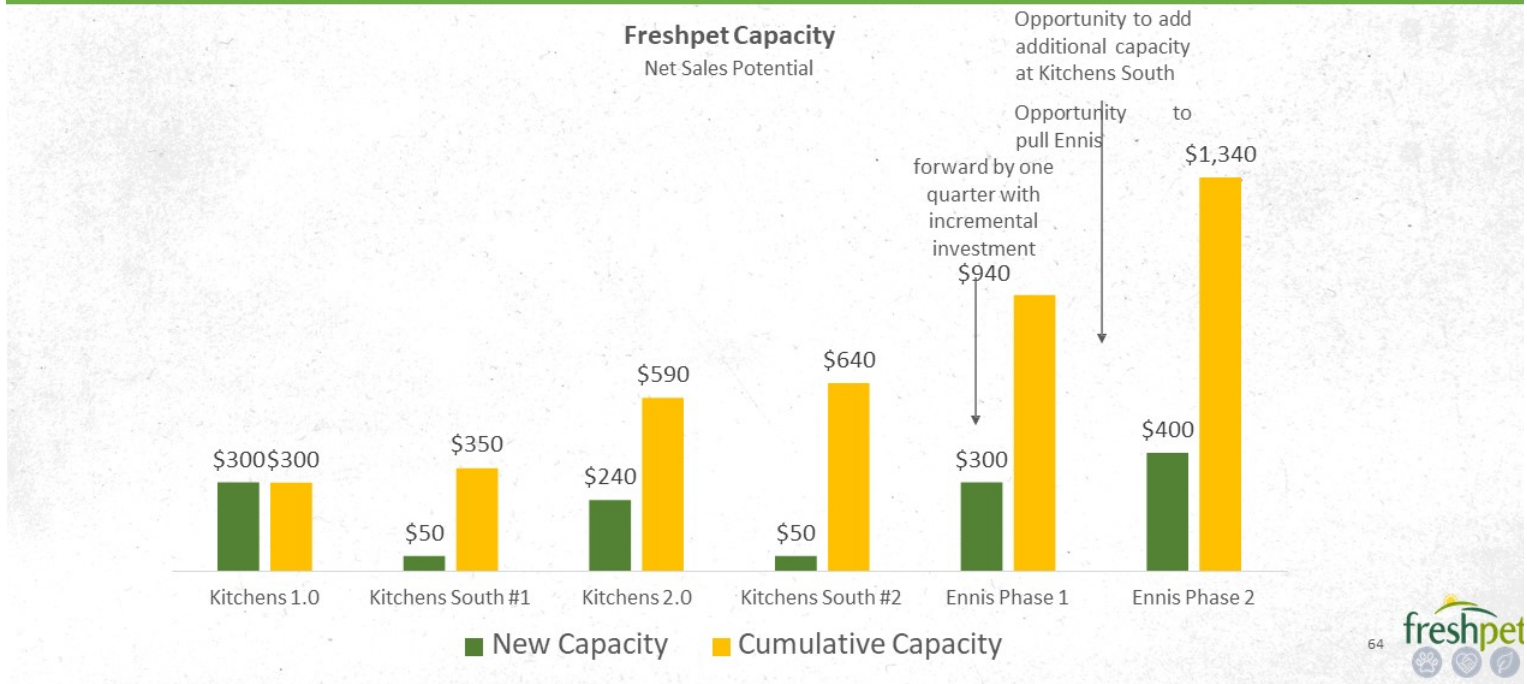
**Phase 1 scheduled to begin production in mid-2022\***

\*Could pull start-up forward by one quarter through increased investment to meet higher levels of demand

# Base plan has aggressive investment to deliver 2025 goals



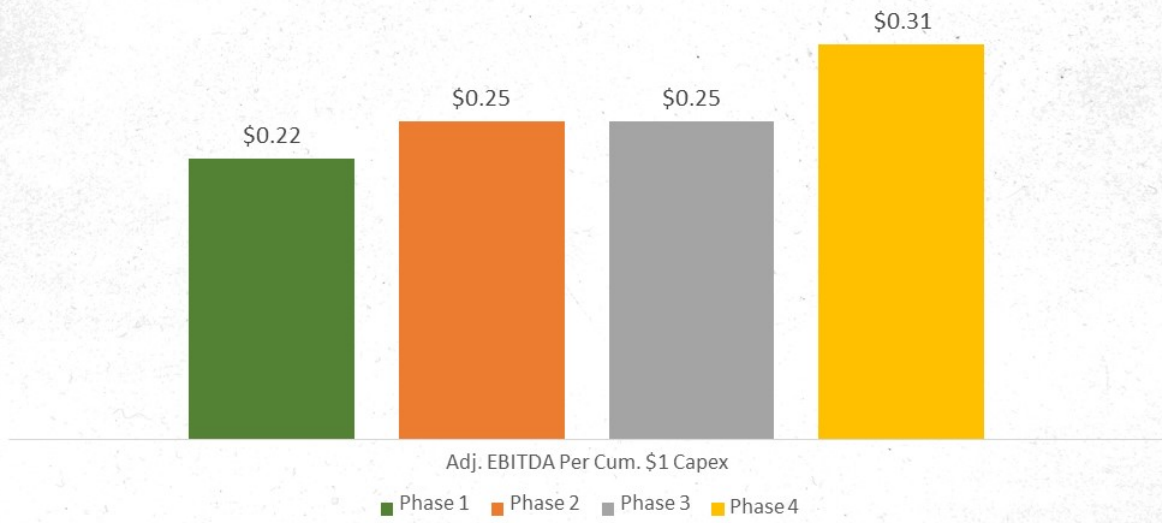
# Base plan adds significant capacity with options to both pull forward capacity and add additional capacity





# Capital investments will drive increased profitability

Adj. EBITDA per Cum. \$1 Capex





# Target: Hold debt to reasonable leverage and only use equity for accelerated growth opportunities beyond current plan



Maintaining a Strong Balance Sheet



Managing ST Debt Leverage



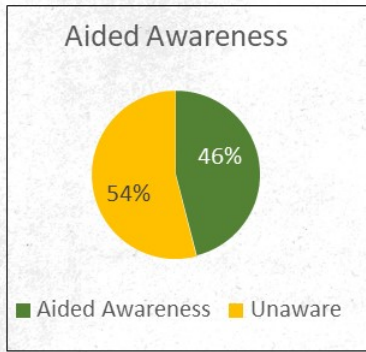
Treating Equity as "Gold" / Managing dilution



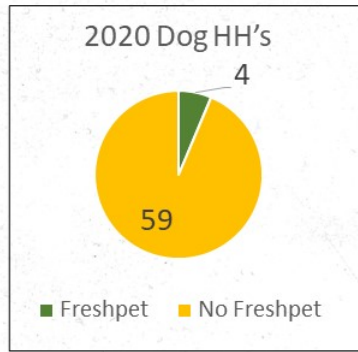
## Summary

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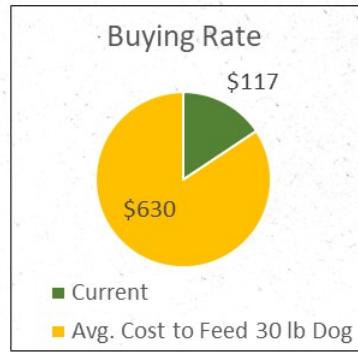
# Significant opportunities to grow



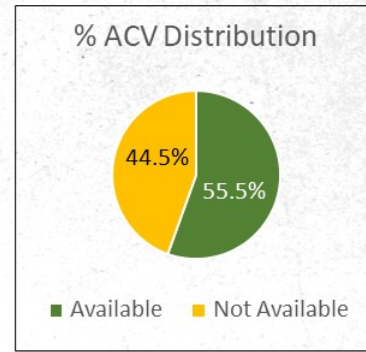
Drive Awareness



Increase Penetration



Increase Frequency of Use  
& Size of Dog



Expand Distribution

Source: Nielsen HH Panel data ending 12/26/20, Scanner data through 12/26/20, and Freshpet 2019 A&U

# 5 million new HH's leads to \$1 billion net sales by 2025



27.2% CAGR

# Fortified business model that provides strong competitive insulation





# Building the foundation for a business with the potential to be >\$2 billion in net sales



40,000 highly visible, branded, technology-enabled Fridges in 75-80% ACV

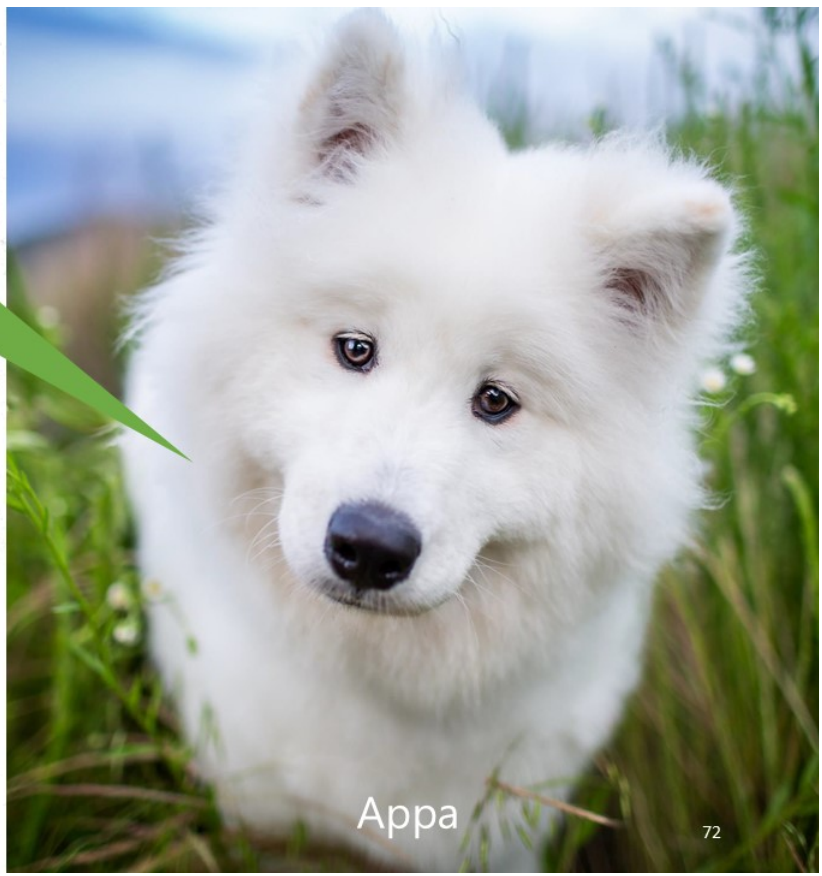


Manufacturing capacity to support at least \$1.3 billion of net sales and the organization capability to build more



R&D capability, infrastructure and systems capable of supporting a >\$2 billion business

Thank-you!



Appa



2025  
BY

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