

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 4, 2020

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 4, 2020, Freshpet, Inc. ("Freshpet") issued a press release disclosing its financial results for the quarter ended March 31, 2020. 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 4, 2020 to discuss its financial results for the quarter ended March 31, 2020.

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 4, 2020, 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 4, 2020
99.2	Investor 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.

By: /s/ Richard Kassar

Name: Richard Kassar

Title: Chief Financial Officer

Date: May 4, 2020



Freshpet, Inc. Reports First Quarter 2020 Financial Results
Reiterates Full Year 2020 Net Sales Guidance: Updates Profit Outlook for COVID-19

SECAUCUS, N.J. – May 4, 2020 – Freshpet, Inc. (“Freshpet” or the “Company”) (NASDAQ: FRPT) today reported financial results for its first quarter ended March 31, 2020.

First Quarter 2020 Financial Highlights Compared to Prior Year Period

- Net sales of \$70.1 million, an increase of 27.9%
- Net loss of \$3.6 million, compared with prior year net loss of \$3.4 million
- Adjusted EBITDA of \$5.7 million, compared to \$2.8 million, an increase of 106.1%¹

“Amidst the challenges created by the COVID-19 health crisis and our capacity limitations, Freshpet’s Feed the Growth plan generated another quarter of strong, consistent growth – delivering more than 25% net sales growth for the eighth time in the last nine quarters and doubling the Adjusted EBITDA from the year ago,” commented Billy Cyr, Freshpet’s Chief Executive Officer. “At times like this, pets provide a source of comfort, companionship and happiness to pet parents, and Freshpet continues to be an important part of more and more of those loving and nurturing relationships. Our team has worked incredibly hard throughout this crisis to enable those relationships by helping to make pets’ and pet parents’ lives better, while also taking care of our team members, our families and the communities we serve.”

First Quarter 2020

First quarter of 2020 net sales increased 27.9% to \$70.1 million compared to \$54.8 million for the first quarter of 2019. Net sales for the first quarter of 2020 were driven by velocity, innovation, and distribution gains.

Gross profit was \$31.8 million, or 45.4% as a percentage of net sales, for the first quarter of 2020, compared to \$25.9 million, or 47.3% as a percentage of net sales, in the same period last year. For the first quarter 2020, Adjusted Gross Profit was \$34.7 million, or 49.5% as a percentage of net sales, compared to \$27.6 million, or 50.4% as a percentage of net sales, in the prior year period. The decrease in Gross Profit and Adjusted Gross Profit as a percentage of net sales was primarily due to increased production and processing costs, and the related costs of converting the Company’s fourth manufacturing line to a seven-day production, partially offset by higher sales price realization and a shift in sales mix. 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 \$34.7 million for the first quarter of 2020 compared to \$29.2 million in the prior year period. As a percentage of net sales, SG&A decreased to 49.5% for the first quarter of 2020 compared to 53.4% in the first quarter of 2019. Adjusted SG&A for the first quarter of 2020 was \$28.9 million, or 41.3% as a percentage of net sales, compared to \$24.9 million, or 45.4% as a percentage of net sales, in the prior year period. The decrease in SG&A and Adjusted SG&A as a percentage of net sales was a result of increased expense and media

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.

leverage on higher 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 \$3.6 million for the first quarter of 2020 compared to net loss of \$3.4 million for the prior year period. The slight increase in net loss was due to increased SG&A , offset by increased gross profit, which were driven by the factors discussed above.

Adjusted EBITDA was \$5.7 million, or 8.2% as a percentage of net sales, for the first quarter of 2020, compared to \$2.8 million, or 5.1% as a percentage of net sales, in the first quarter of 2019. The increase in adjusted EBITDA was a result of increased gross profit and increased leverage of SG&A, which were driven by the factors discussed above. 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.

Cash and Net Debt

As of March 31, 2020, the Company had cash and cash equivalents of \$149.5 million and short-term certificates of deposits of \$20.0 million. During the quarter the Company raised \$252.1 million in proceeds from common shares issued in a primary offering, net of issuance costs, and paid the outstanding balance of its credit facilities.

In April 2020, the Company amended and restated its credit facility, entering into a \$165.0 million senior credit facility (the “New Credit Facility”). This New Credit Facility includes a \$130.0 million delayed draw term loan facility and a \$35.0 million revolving loan facility that replaces the Company’s prior \$55.0 million delayed draw term loan facility and \$35.0 million revolving loan facility. The New Credit Facility will mature on April 17, 2025.

Outlook

For full year 2020, the Company reiterated its net sales guidance and updated its Adjusted EBITDA guidance to reflect approximately \$4.0 million of strategic activities that leverage Freshpet’s core strengths in the current operating environment including incremental second half of 2020 advertising designed to leverage Freshpet’s highly relevant message, increased pet adoptions and incremental capacity along with lower media rates; new e-commerce initiatives designed to capitalize on consumer’s increased purchasing behavior online; and strengthened retail coverage to help improve store conditions subsequent to the buying surge that occurred in March.

The Company also expects to incur additional costs related to COVID-19 which will be added back to the Company’s Net Income to Adjusted EBITDA reconciliation as removing these costs reflects how the Company views the business results on a consistent basis. These costs include but are not limited to costs incurred to protect the health and safety of its employees, temporary increased compensation to ensure continued operation during the pandemic, and costs related to potential supply chain disruptions.

As a result of the strategic initiatives the Company expects the following results compared to the prior year:

- To exceed net sales of \$310 million, an increase greater than 26% from 2019
- To exceed Adjusted EBITDA of \$44 million, an increase greater than 50% from 2019

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. Please visit the "Investors" section of Freshpet's website at www.freshpet.com to access the live webcast and presentation. The webcast will be available in listen-only mode and will be archived online through May 18, 2020.

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>

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

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

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

Forward Looking Statements

Certain statements in this release constitute "forward-looking" statements. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While Freshpet believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are 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 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 non-cash depreciation expense, plant start-up expense, COVID-19 expenses and non-cash share-based compensation.

Adjusted SG&A Expenses: Freshpet defines Adjusted SG&A as SG&A expenses before depreciation and amortization expense, non-cash share-based compensation, launch expense, fees related to equity offerings, loss on disposal of equipment and Enterprise Resource Planning (“ERP”) expense.

EBITDA and Adjusted EBITDA: EBITDA represents net loss plus interest expense, income tax expense and depreciation and amortization expense, and Adjusted EBITDA represents EBITDA plus loss on disposal of equipment, non-cash share-based compensation expense, launch expenses, fees related to equity offerings, plant start up expense, COVID-19 expenses and ERP expense.

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

CONTACT
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FRESHPET, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 149,486,159	\$ 9,471,676
Short-term investments	20,000,000	—
Accounts receivable, net of allowance for doubtful accounts	20,295,397	18,580,840
Inventories, net	16,005,370	12,542,269
Prepaid expenses	2,998,336	3,275,992
Other current assets	10,720,781	10,452,990
Total Current Assets	219,506,043	54,323,767
Property, plant and equipment, net	195,607,774	165,287,597
Deposits on equipment	4,298,520	3,600,931
Operating lease right of use assets	8,846,194	9,154,234
Other assets	3,708,158	3,759,058
Total Assets	\$ 431,966,689	\$ 236,125,587
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 20,420,592	\$ 18,667,729
Accrued expenses	20,440,468	22,132,928
Current operating lease liabilities	1,241,168	1,185,058
Total Current Liabilities	\$ 42,102,228	\$ 41,985,715
Long term debt	—	54,466,099
Long term operating lease liabilities	8,069,160	8,409,252
Total Liabilities	\$ 50,171,388	\$ 104,861,066
STOCKHOLDERS' EQUITY:		
Common stock	40,271	36,162
Additional paid-in capital	588,357,121	334,299,172
Accumulated deficit	(206,325,650)	(202,735,417)
Accumulated other comprehensive income	(20,215)	(79,170)
Treasury stock, at cost — 14,169 shares on March 31, 2020 and on December 31, 2019	(256,226)	(256,226)
Total Stockholders' Equity	381,795,301	131,264,521
Total Liabilities and Stockholders' Equity	\$ 431,966,689	\$ 236,125,587

FRESHPET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the Three Months Ended	
	March 31,	
	2020	2019
NET SALES	\$ 70,097,805	\$ 54,792,202
COST OF GOODS SOLD	38,308,179	28,877,221
GROSS PROFIT	31,789,626	25,914,981
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	34,675,943	29,232,250
LOSS FROM OPERATIONS	(2,886,317)	(3,317,269)
OTHER INCOME/(EXPENSES):		
Other Income/(Expenses), net	21,518	17,295
Interest Expense	(703,834)	(102,776)
	(682,316)	(85,481)
LOSS BEFORE INCOME TAXES	(3,568,633)	(3,402,750)
INCOME TAX EXPENSE	21,600	19,250
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (3,590,233)	\$ (3,422,000)
OTHER COMPREHENSIVE INCOME (LOSS):		
Change in foreign currency translation	\$ 58,955	91,047
TOTAL OTHER COMPREHENSIVE INCOME	58,955	91,047
TOTAL COMPREHENSIVE INCOME LOSS	\$ (3,531,278)	\$ (3,330,953)
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
-BASIC	\$ (0.10)	\$ (0.10)
-DILUTED	\$ (0.10)	\$ (0.10)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING USED IN COMPUTING NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS		
-BASIC	37,443,758	35,668,323
-DILUTED	37,443,758	35,668,323

FRESHPET, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Three Months Ended	
	March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,590,233)	\$ (3,422,000)
Adjustments to reconcile net loss to net cash flows provided by operating activities:		
Provision for loss/(gains) on accounts receivable	90,712	28,778
Loss on disposal of equipment	1,662	8,028
Share-based compensation	2,178,214	1,200,336
Inventory obsolescence	117,937	10,238
Depreciation and amortization	4,453,031	3,720,091
Amortization of deferred financing costs and loan discount	625,299	28,775
Changes in operating assets and liabilities:		
Accounts receivable	(1,805,269)	(5,010,252)
Inventories	(3,581,038)	(1,802,222)
Prepaid expenses and other current assets	9,865	(929,849)
Operating lease right of use	308,040	241,785
Other assets	11,786	(36,010)
Accounts payable	655,688	2,555,681
Accrued expenses	(1,692,460)	(832,986)
Other lease liabilities	(283,982)	(217,469)
Net cash flows used in operating activities	<u>(2,500,748)</u>	<u>(4,457,076)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short-term investments	(20,000,000)	—
Acquisitions of property, plant and equipment, software and deposits on equipment	(34,237,980)	(10,453,923)
Net cash flows used in investing activities	<u>(54,237,980)</u>	<u>(10,453,923)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from common shares issued in primary offering, net of issuance cost	252,062,254	—
Proceeds from exercise of options to purchase common stock	402,556	1,791,668
Tax withholdings related to net shares settlements of restricted stock units	(644,599)	(673,774)
Proceeds from borrowings under Credit Facilities	20,933,000	10,000,000
Repayment of borrowings under Credit Facilities	(76,000,000)	—
Net cash flows provided by financing activities	<u>196,753,211</u>	<u>11,117,894</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	140,014,483	(3,793,105)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,471,676	7,554,388
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 149,486,159	\$ 3,761,283

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

	Three Months Ended March 31,	
	2020	2019
	(Dollars in thousands)	
Gross Profit	\$ 31,790	\$ 25,915
Depreciation expense (a)	1,744	1,566
Plant start-up expense (b)	467	—
Non-cash share-based compensation (c)	449	148
COVID-19 expense (d)	217	—
Adjusted Gross Profit	\$ 34,667	\$ 27,629
Adjusted Gross Profit as a % of Net Sales	49.5%	50.4%

(a) Represents depreciation and amortization expense included in cost of goods sold.

(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 non-cash share-based compensation expense included in cost of goods sold.

(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.

FRESHPET, INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN SG&A EXPENSES AND ADJUSTED SG&A EXPENSES

	Three Months Ended March 31,	
	2020	2019
	(Dollars in thousands)	
SG&A expenses	\$ 34,676	\$ 29,232
Depreciation and amortization expense (a)	2,709	2,154
Non-cash share-based compensation (b)	1,729	1,052
Launch expense (c)	957	1,123
Loss on disposal of equipment	2	—
Equity offering expenses (d)	58	34
Enterprise Resource Planning (e)	273	—
Adjusted SG&A Expenses	\$ 28,948	\$ 24,869
Adjusted SG&A Expenses as a % of Net Sales	41.3%	45.4%

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

(b) Represents non-cash share-based compensation expense included in SG&A.

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

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

(e) Represents fees associated with due diligence of new Enterprise Resource Planning software.

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

	Three Months Ended March 31,	
	2020	2019
	(Dollars in thousands)	
Net loss	\$ (3,590)	\$ (3,422)
Depreciation and amortization	4,453	3,720
Interest expense	704	103
Income tax expense	22	19
EBITDA	\$ 1,589	\$ 420
Loss on disposal of equipment	2	8
Non-cash share-based compensation	2,178	1,200
Launch expense (a)	957	1,123
Plant start-up expenses (b)	467	—
Equity offering expenses (c)	58	34
Enterprise Resource Planning (d)	273	—
COVID-19 expense (e)	217	—
Adjusted EBITDA	\$ 5,741	\$ 2,785
Adjusted EBITDA as a % of Net Sales	8.2%	5.1%

- (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 fees associated with due diligence of new Enterprise Resource Planning software.
- (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.



First Quarter 2020 Earnings Update
May 4, 2020



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.

Protecting and Rewarding our team

#1 Priority:
protecting our team
and the communities
we serve while
delivering food to our
pet parents



Wellness check:
Third-party nurse



Deep cleaning:
Expert "deep cleaning" of Kitchens' break/
meeting areas



Social distancing:
Tripled size of break / meeting areas



Masks Required:
Required use by all team members



Air filtration:
Increased air filtration and system upgrades



Staggered Shifts:
To avoid a concentration of team members



Personal Sanitation:
At doors and in meeting room sanitation



Suspended absenteeism policy:
To encourage people to stay home if
needed



Quarantine with pay:
Followed or exceeded all CDC and FDA
guidelines



Quarterly incentive:
Quarterly incentive based on Q1
performance on quality, safety, productivity



Incremental Cash bonus:
\$500 after tax bonus for all Kitchens' team
members in April



Restaurant gift cards:
\$50 gift cards to local restaurants 2x month,
helping the community and our team



Gift baskets to teams families:
Game / movie night + stay safe initiatives +
masks for family + bulk food

COVID-19 impacts to Freshpet

Delivering strong results in the face of a challenging environment

Drew down trade inventory in Q1 due to surge buying:

- We estimate that \$4 million in net sales moved from Q1 to Q2.
- April shipments expected to be up ~33% y/y despite post-surge consumption trough

Retail disruptions:

- Retail partners slowed most new fridge installations and new product placements
- Pace has slowed and expect to return to normal pace in Q3

Pushed back April advertising:

- We pushed our April advertising spending back into May and August due to the lack of supply

Retail challenges in UK/Canada:

- The impact of the advertising investments we made was muted due to similar retail issues in Canada and the UK

Production efficiency:

- Focus on maximum output from our production lines vs labor efficiency; incremental staffing
- Lost some production capacity due to some days with 3 vs 4 lines

Construction delay:

- Short delay and then construction restarted, some issues with fully staffing
- Current plans call for Kitchens 2.0 start in October instead of September

Will catch up to bags demand in Q2

Kitchens South small bag line began producing in mid-Feb & second shift will be added by beginning of June

Q1 Bags Demand vs. Supply



March/June Bags Demand vs. Supply



- Began Q1 with low inventory due to stronger than anticipated Nov./Dec. '19 sales
- Buying surge in March overwhelmed supply despite increase from Kitchens South coming on-line in Feb.
- Post-surge consumption trough in April and second shift at Kitchens South by June will allow us to catch up to demand in Q2 and position us well for Q3
- In Q3, capacity on Fresh From the Kitchen will get tight and could result in shipments moving into Q4. All other bags will have adequate capacity.

Well-positioned for current environment

Freshpet has the ability to deliver strong results despite the current external challenges



Consumer Interest

- Increased interest in pets + pet adoptions
- Consistent demand and high loyalty

Growth Model

- 80% driven by advertising
- No trade promotion
- Less dependent on retailer activity

Healthy Financials

- “Essential business”
- Well capitalized

Dogs make shelter-in-place better

Pet adoptions and fostering increased significantly during COVID-19 crisis

During Quarantine Restrictions, Dogs Made It Better For Us Humans

% Dog HHs That Completely/Somewhat Agree During Stay-Home Restrictions...

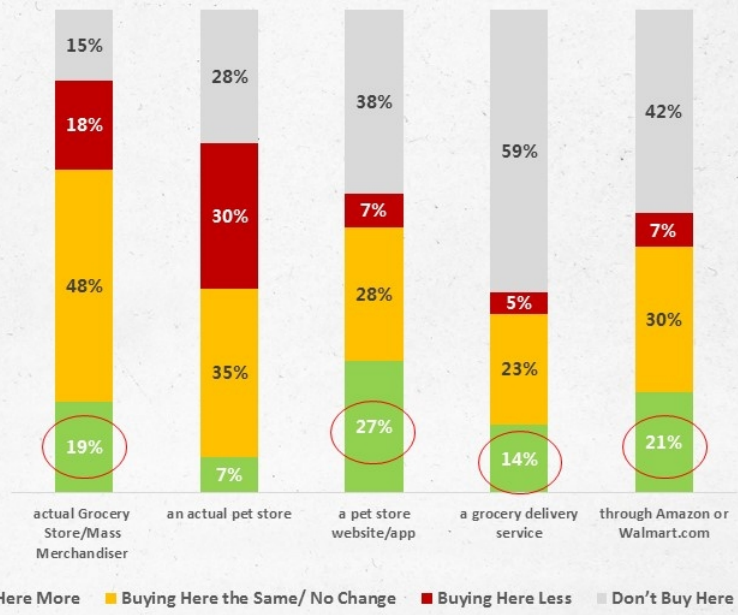
My dog(s) have given me companionship	88%
My dog(s) have made me feel less lonely	82%
My dog(s) have given me something to look forward to	81%
My dog(s) have given me activities/ things to do	80%
My dog(s) have made me happier	83%
My dog(s) have made it more fun	80%
My dog(s) have made me feel less stressed	78%

N=440 Dog Households, April 2020, COVID/Economic Tracker Omnibus

New opportunities in e-commerce

Curbside pick-up in pet specialty and grocery + pure e-commerce are growth opportunities

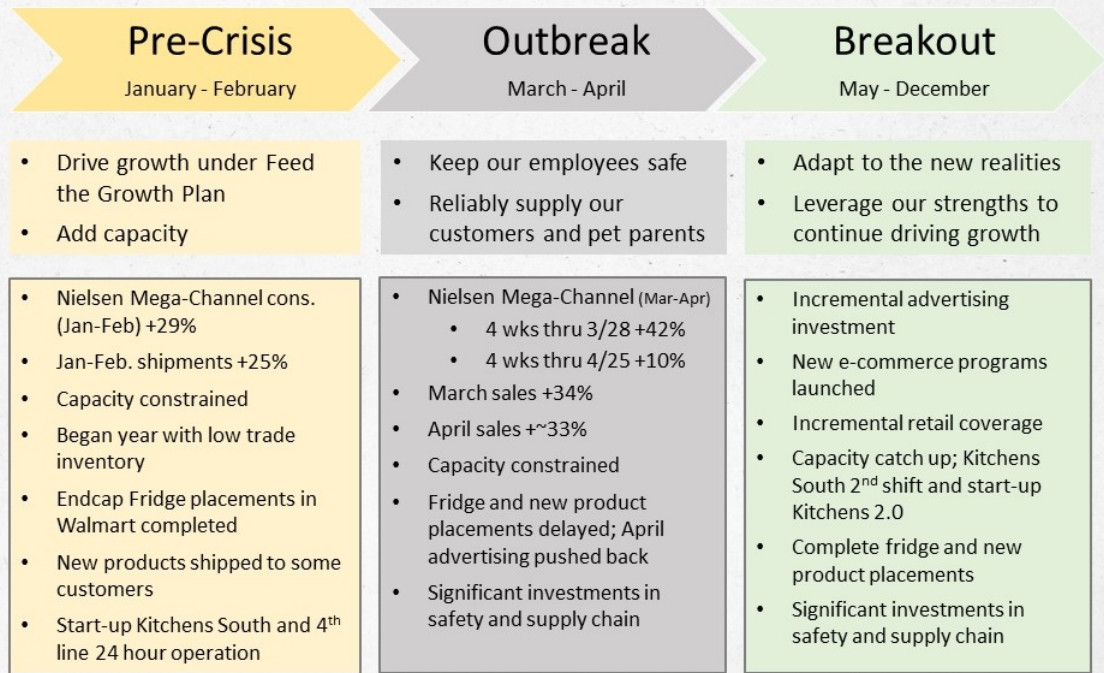
Freshpet User Claimed Buying Habits



Source: COVID Omnibus, COVID E-Commerce FP Panel Survey

Driving through the crisis by focusing on our strengths

Uniquely positioned
to grow in this
chaotic
environment



Leaning in to drive revenue in the midst of chaos

\$4 million investment to offset delays due to retail issues

May - Aug

Increasing media investment behind proven campaigns

- Low cost media
- Heavy viewership
- Highly effective message
- Pet parents caring more about their pets

May - Aug

Investing in e-commerce

- Media-driven "Order Online, Pick-Up In-store" partnerships
- SOS DTC Program to guarantee pet parents have access to Freshpet

May - Jun

Improve retail

- Placing double fridges in >1000 outlets
- Incremental retail coverage in grocery/mass to fix post-surge chaos

Reiterating Net Sales guidance; Updating profit outlook to reflect “Lean-in” initiatives

\$ in Millions	2019	2020	% Change
Net Sales	\$245.9	>\$310	+26%
Adjusted EBITDA	\$29.2	>\$44	+51%

See assumptions
on next page

Previous commentary/Update

- **Volume cadence:** Similar to previous years with potential for tight bag capacity in Q1 and Q3 causing shipments to move to Q2 and Q4
- **Advertising investment:** Skewed to the first half as in 2019 with the potential for a slight dip in Q2 to manage capacity. International advertising all in first half. April advertising moved to May and August. Incremental “Lean-in” investment.”
- **Gross margin:** Q1 will have significant ramp up costs at Kitchens South, fourth line 24/7, and less impact from pricing. ~~Gross margin should gradually improve as the year goes on.~~ Better than expected gross margin in Q1 due to mix shift to rolls. Continuing mix shift towards bags.
- **Add Backs:** COVID-19 related costs will impact Q2 and Q3 most significantly; anticipate \$4 million in total costs

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Reiterating 2020 net sales guidance and lowering Adj. EBITDA guidance to reflect incremental investment

Guidance assumptions

Our guidance considers the following factors. We believe we have made reasonable assumptions about each factor. However, the external environment is very dynamic so we want investors to understand the basis for our guidance:

- **Supply:** We do not encounter any significant supply interruptions – either upstream from us or in our facilities
- **Costs:** The costs that we incur to manage the COVID-19 crisis total \$4 million and are concentrated in Q2 and Q3
- **Media Effectiveness:** The effectiveness of our media investment is not adversely impacted by the changing consumer environment
- **Shopping Behavior:** The presence of significant restrictions on shopping in stores doesn't prevent reasonable consumption and replenishment patterns similar to what we have seen historically
- **Retailer Activity:** Retailers resume a significant portion of their fridge placements and new item distribution in Q3
- **Customer Credit:** We have no major customer credit issues as a result of the COVID-19 crisis

This is not an all-inclusive list. For that, please consult the Risks section of our latest SEC filings.

Committed to protecting our employees and continuing to nourish our pets

Current estimate of
COVID-19 related
cost:
\$4 million

- **Protecting our employees**

- 3rd party medical staff performing health checks on employees
- Increased deep cleanings
- Increased sanitizing and social distancing cost
- Providing employees with mandatory personal protective equipment



- **Increased COVID-19 related compensation cost**

- Additional direct compensation to employees
- Increased absenteeism and need for incremental staffing



- **Costs to protect supply chain**

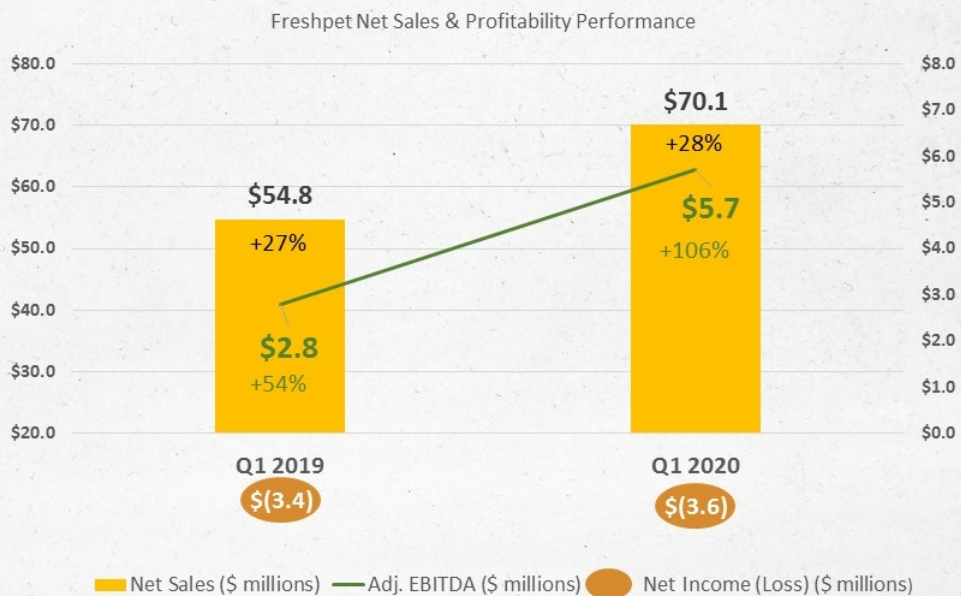
- Temporary cost of bringing on additional ingredient and packaging suppliers in case of disruption at current vendors



These cost are temporary in nature. These cost will be added back to the Company's Net Income to Adjusted EBITDA reconciliation.

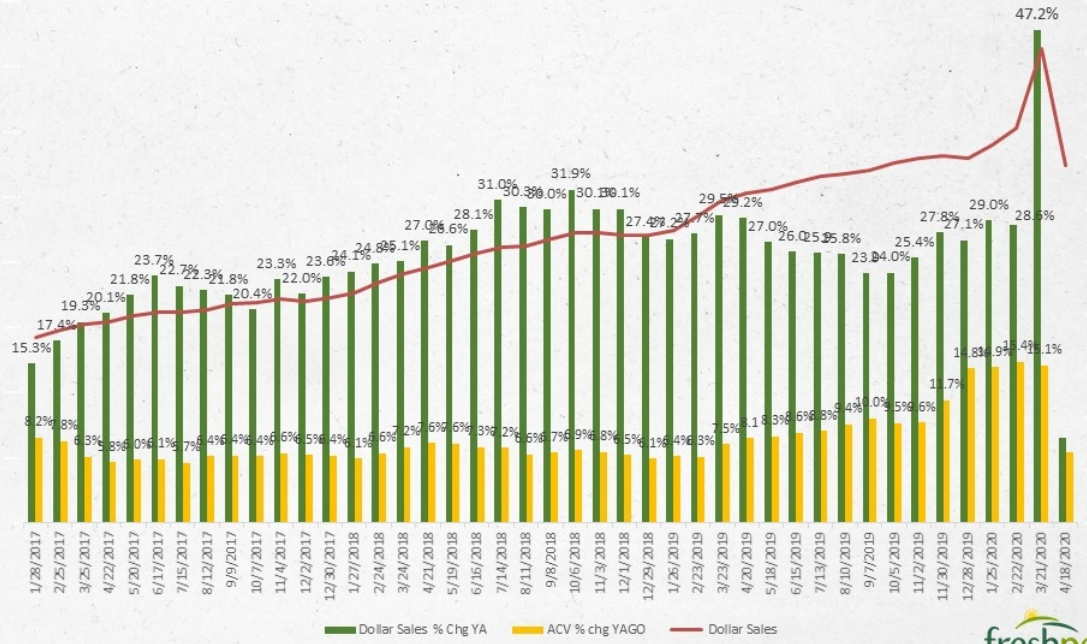
Q1 2020: Continued strong top line growth and accelerating bottom line

8 of last 9 quarters >25% growth



Strong, consistent growth prior to surge/trough related to COVID-19 crisis

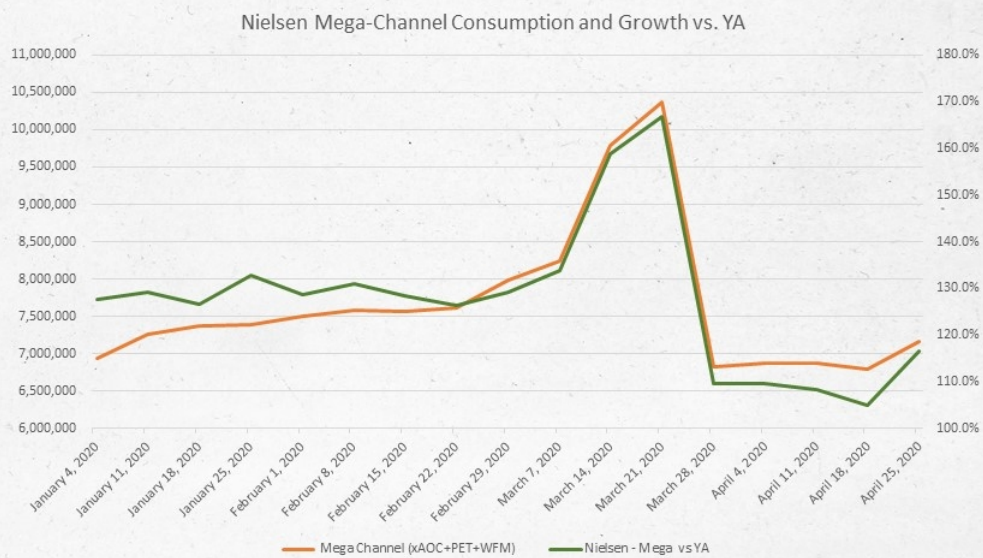
Averaged 28% growth during the surge/trough



Source: Nielsen Mega-Channel Data thru 4/18/20

Weekly data through April shows the post-surge buying trough is ending

Change in Easter timing makes April y/y comparisons more difficult



Source: Nielsen Mega-Channel Data thru 4/25/20

Building market share through the crisis

Despite slowdown in April consumption, Freshpet continued to build share in the post-surge trough

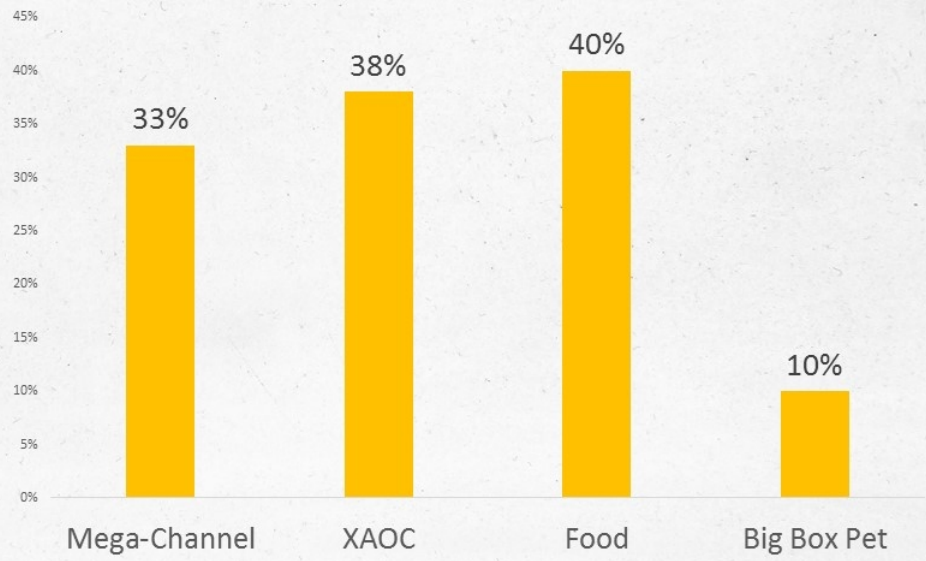
Period Ending 04/18/20	Freshpet Share of Wet + Dry Dog			
	4wk	13wk	26wk	52wk
Total xAOC+Pet+WFM	4.2	3.8	3.7	3.6
Total US xAOC	4.6	4.3	4.1	4.0
Total US Food	7.7	7.5	7.4	7.2

Source: Nielsen Mega-Channel Data thru 4/18/20

Q1 2020: Strong growth across channels

Two-year stacked growth of 61% in Nielsen Mega-Channel

Q1 2020 Nielsen Consumption Growth



Source: Nielsen Consumption Data thru 3/28/20

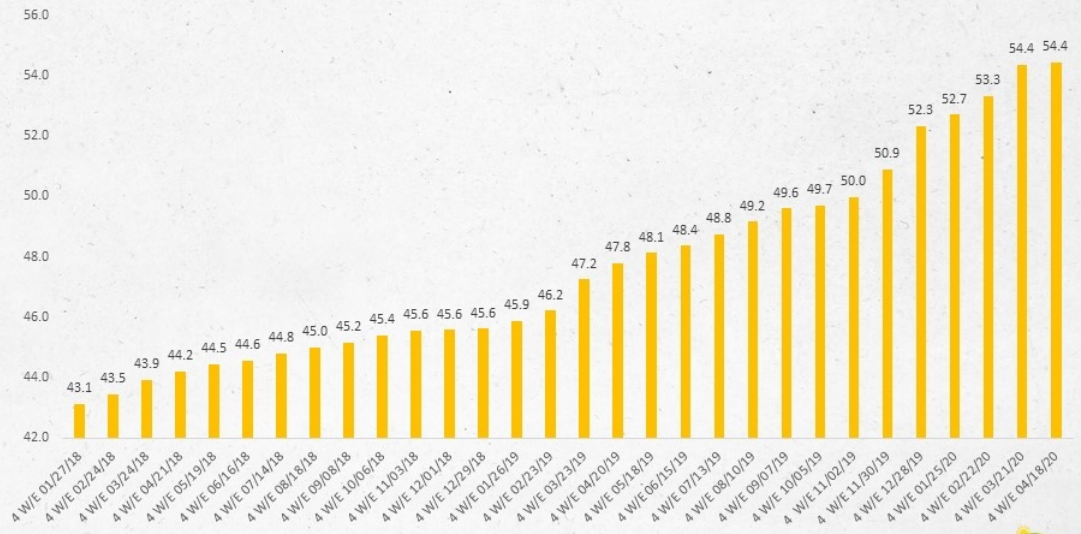
19



Strong distribution progress despite retailers refocusing on COVID-19 issues

15% increase in ACV in Q1 2020

Freshpet % ACV

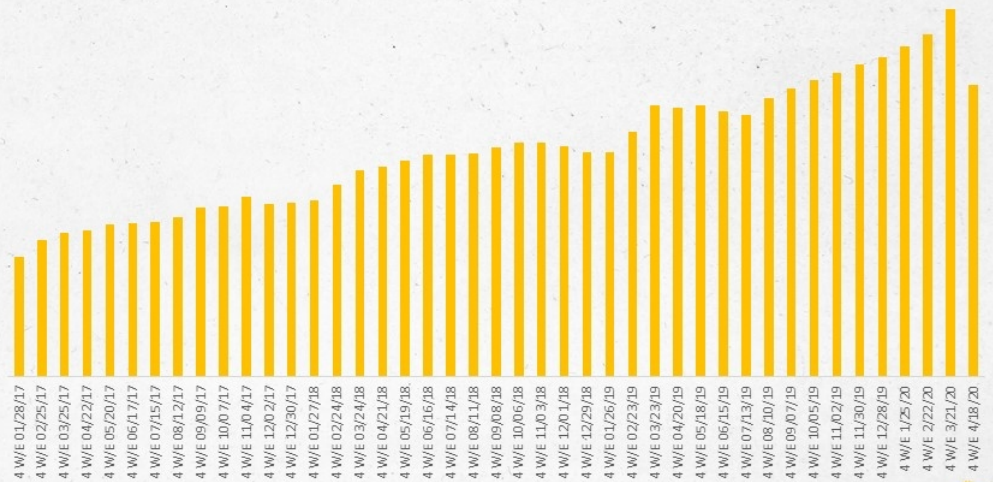


Source: Nielsen Meg-Channel Data thru 4/18/20

Increasing Total Distribution Points (TDP's)

Significant out-of-stocks during surge reduced SKU's in distribution

Freshpet Total Distribution Points (TDP)
Nielsen Mega-Channel



Source: Nielsen Mega-Channel Data thru 4/18/20

Large store fridges drove ACV & TDP gains

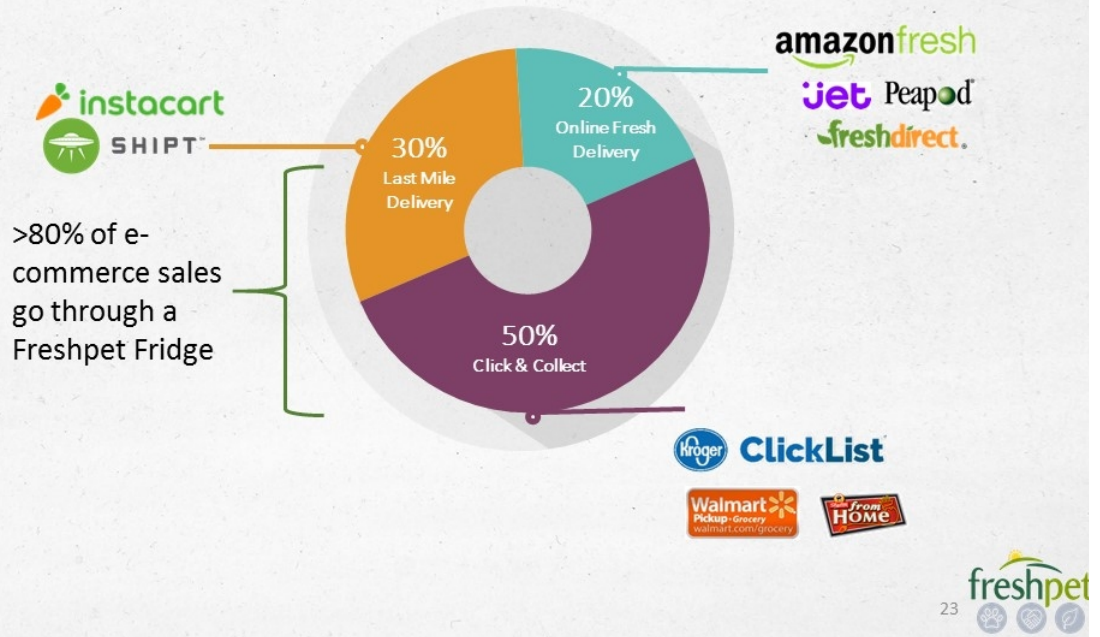
COVID-19 related in-store disruptions will slow fridge placements in Q2; expect placements to resume in Q3

Freshpet Distribution Gains		
	Q1 2019	Q1 2020
Store Count	20,053	21,867
<i>vs YA</i>	+10%	+9%
Upgraded Fridges (Cum.)	1,008	1,623
<i>YTD Increase</i>	-	32
2nd Fridges (Cum.)	341	822
<i>YTD Increase</i>	-	15
% ACV	47.4%	54.4%
<i>vs YA</i>	+8%	+15%
Total Distribution Points (Change vs YA)	+11%	+15%

- Installed full-size coolers on endcaps in Walmart stores before COVID-19
- Will add >1000 second coolers in balance of year

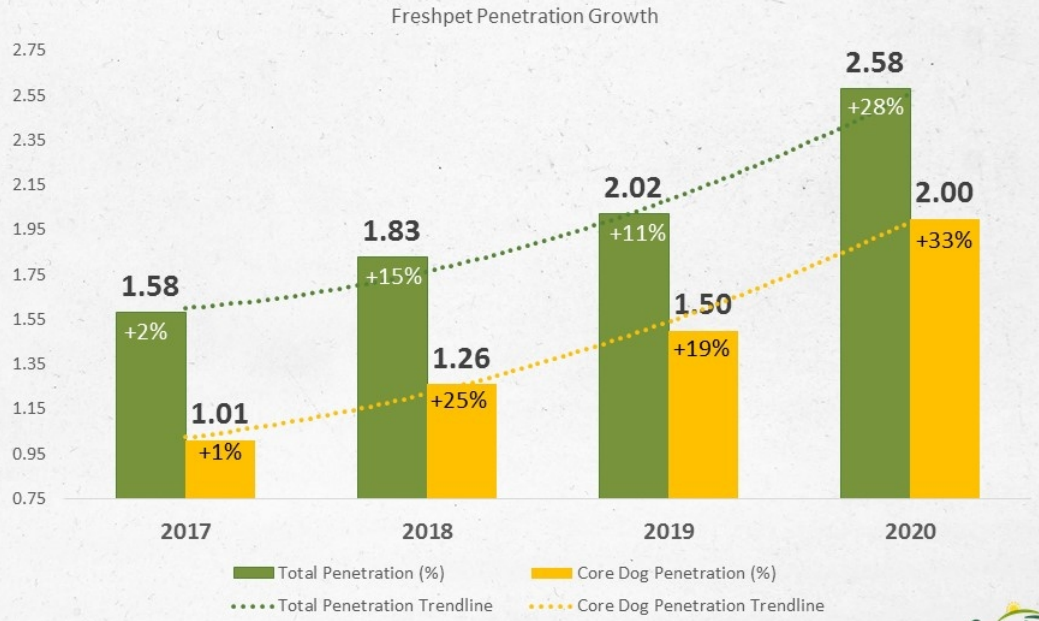
Q1 2020 e-commerce sales +98% vs. YA

3.3% of Freshpet sales in Q1 2020 were e-commerce



Accelerating penetration growth

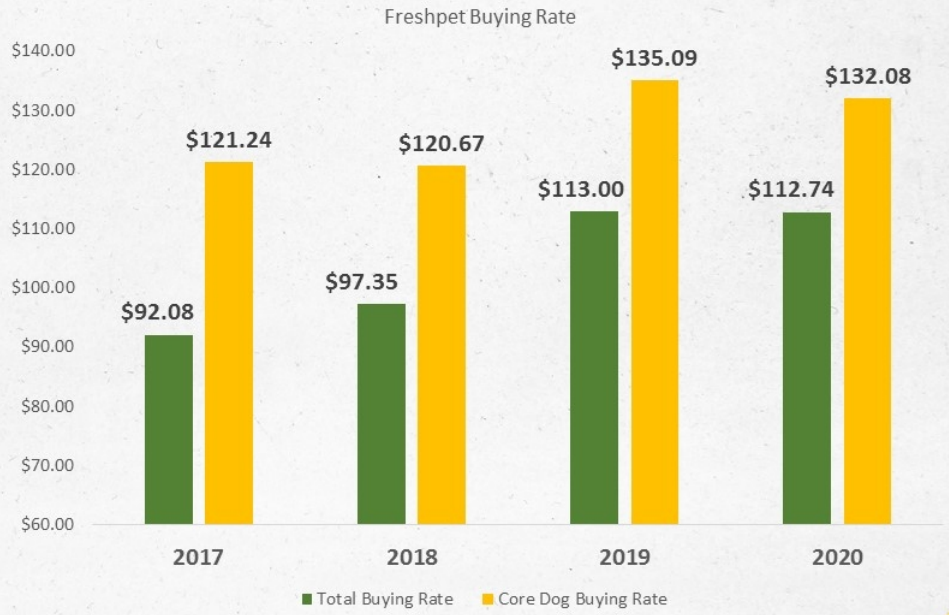
Almost Doubled
Core Dog HH
Penetration in
3 Years



Source: Nielsen HH Panel for the periods ending March 2017, 2018, 2019, 2020

Buying rate growth diluted by strong penetration growth

Stable buying rate despite adding 33% new Core Dog users



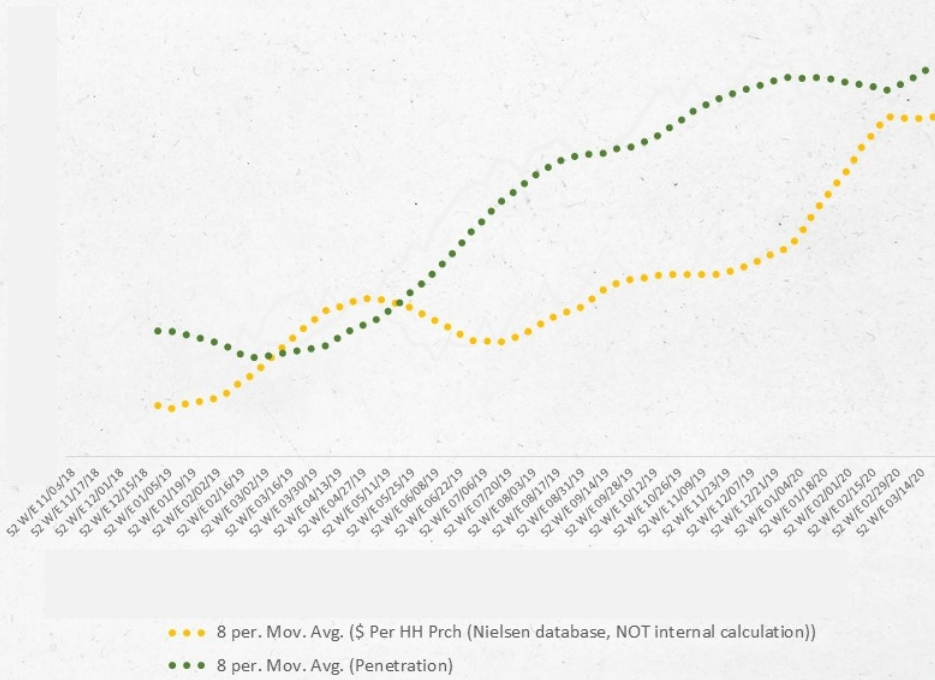
Source: Nielsen HH Panel for the period ending March 2017, 2018, 2019, 2020 and company internal data

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HH penetration and buying rate both grow over the long-term but impact each other in the short-term

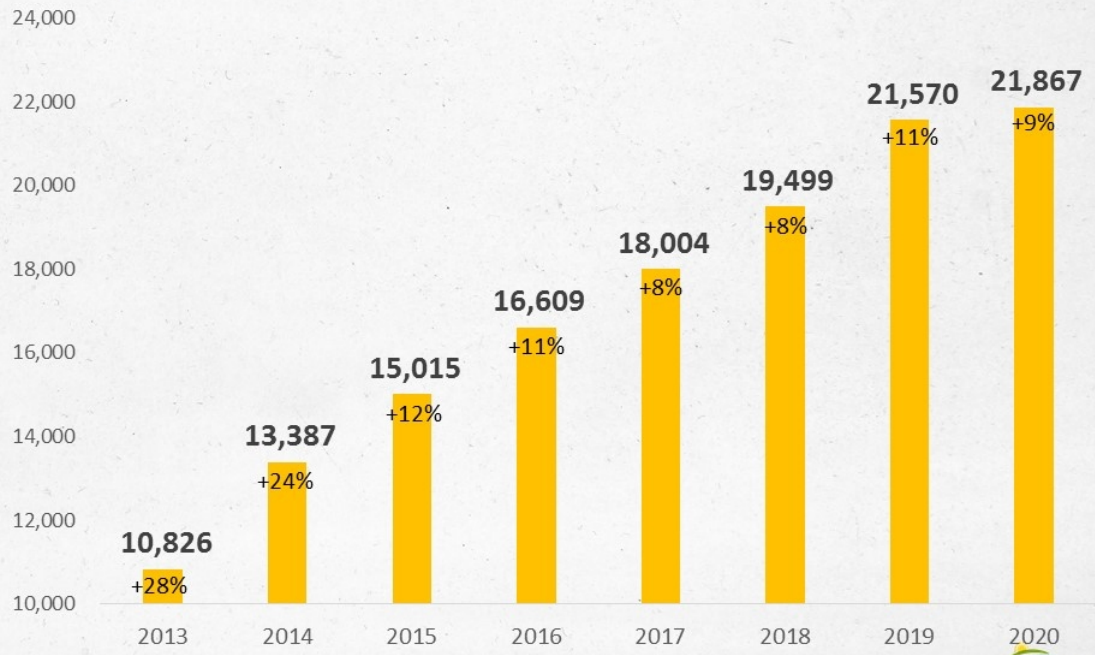
Strong HH penetration gains in most recent quarter stunted buying rate gains



Source: Nielsen HH Panel for the period ending March 21, 2020

Store count growth limited by COVID-19 related retail disruption

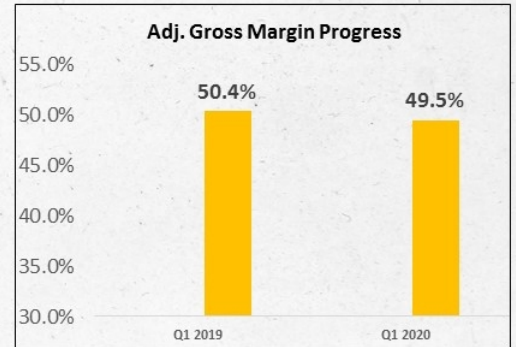
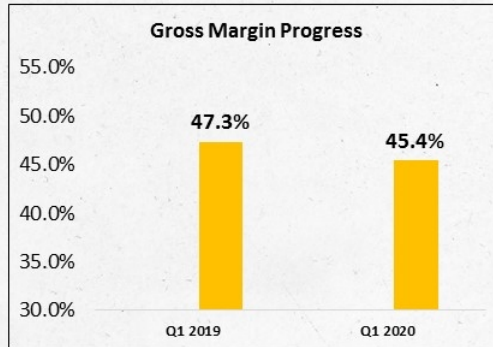
297 Net New Stores in Q1



Source: Internal company data; all periods are ending 12/31 except 2020 which is quarter end 3/20 compared to YA

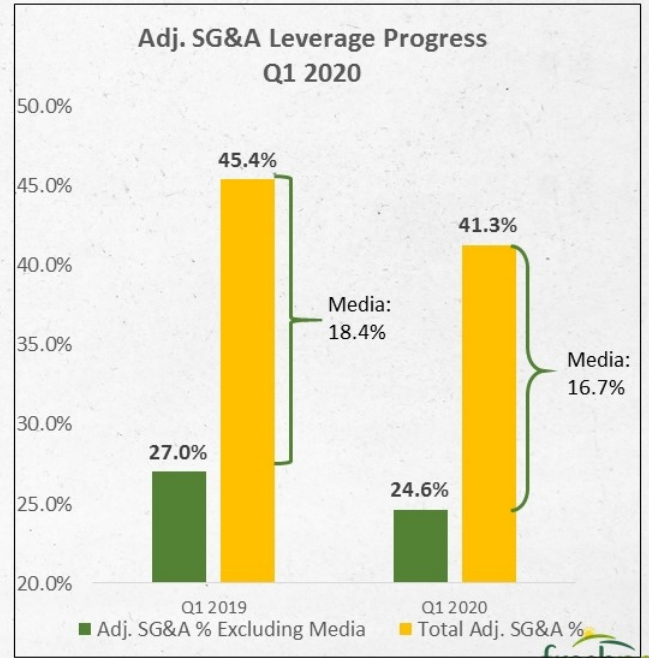
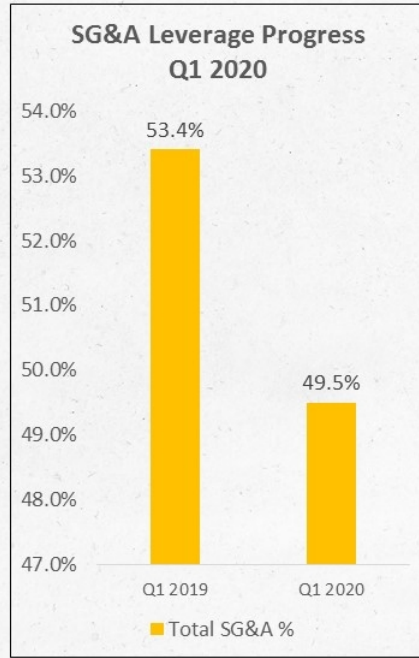
Q1 2020: Gross margin impacted by start-ups and COVID-19 related costs

Excluding COVID-19 related costs, on track for 49-50% adjusted gross margin target



Q1 2020: Continued gains in SG&A leverage

Invested \$1.7 million more in media in Q1 2020 vs. Q1 2019



We have ample liquidity

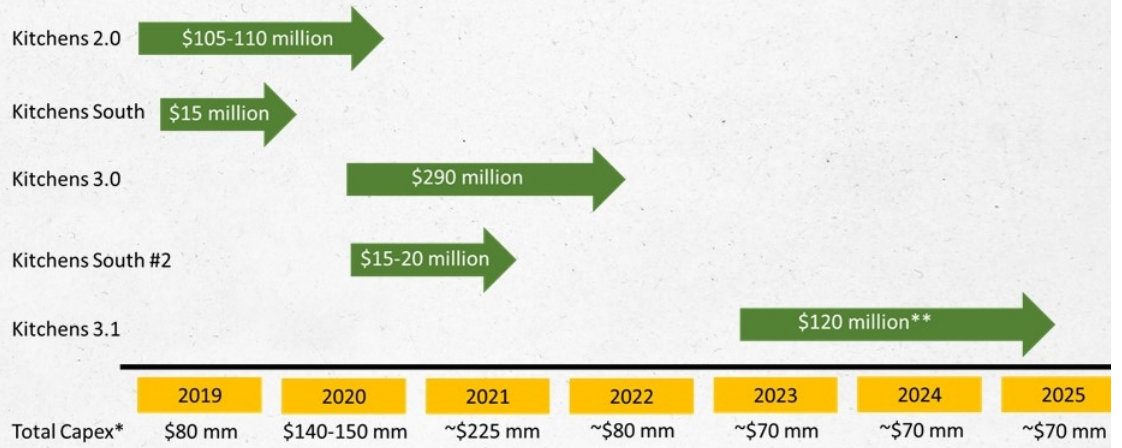
Completed \$252 million capital raise on March 2, 2020

<i>\$ amounts in Millions</i>	
Cash, cash equivalents, and CDs at March 31, 2020	\$169.5
Proforma Available Debt(1)	\$165.0
Debt outstanding at March 31, 2020	\$0.0
Available Liquidity	\$334.5

(1) – On April 20, 2020 Freshpet amended and restated its senior secured credit facility. This New Credit Facility includes a \$130 million delayed draw term loan facility and a \$35 million revolving loan facility that replaces the Company's prior \$55 million delayed draw term loan facility and \$35 million revolving loan facility.

Capital spending plan is on track

Modest increase in scope of Kitchens 2.0 to include more office space for expansion



*also includes maintenance capex, fridges and IT

** includes 3 production lines, taking total capacity to \$1.2 billion



“Feed the Growth” is working

Accelerated growth rate and capturing scale benefits





2025
BY

FEED THE GROWTH

Appendix



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

	Three Months Ended	
	March 31,	
	2020	2019
	(Dollars in thousands)	
Gross Profit	\$ 31,790	\$ 25,915
Depreciation expense (a)	1,744	1,566
Plant start-up expense (b)	467	—
Non-cash share-based compensation (c)	449	148
COVID-19 expense (d)	217	—
Adjusted Gross Profit	\$ 34,667	\$ 27,629
Adjusted Gross Profit as a % of Net Sales	49.5%	50.4%

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

FRESHPET, INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN SG&A EXPENSES AND ADJUSTED SG&A EXPENSES

	Three Months Ended	
	March 31,	
	2020	2019
	(Dollars in thousands)	
SG&A expenses	\$ 34,676	\$ 29,232
Depreciation and amortization expense (a)	2,709	2,154
Non-cash share-based compensation (b)	1,729	1,052
Launch expense (c)	957	1,123
Loss on disposal of equipment	2	—
Equity offering expenses (d)	58	34
Enterprise Resource Planning (e)	273	—
Adjusted SG&A Expenses	\$ 28,948	\$ 24,869
Adjusted SG&A Expenses as a % of Net Sales	41.3%	45.4%

- (a) Represents depreciation and amortization expense included in SG&A.
 (b) Represents non-cash share-based compensation expense included in SG&A.
 (c) Represents new store marketing allowance of \$1,000 for each store added to our distribution network, as well as the non-capitalized freight costs associated with Freshpet Fridge replacements. The expense enhances the overall marketing spend to support our growing distribution network.
 (d) Represents fees associated with the public offerings of our common stock.
 (e) Represents fees associated with due diligence of new Enterprise Resource Planning software.

RECONCILIATION BETWEEN NET LOSS AND ADJUSTED EBITDA

	Three Months Ended	
	March 31,	
	2020	2019
	(Dollars in thousands)	
Net loss	\$ (3,590)	\$ (3,422)
Depreciation and amortization	4,453	3,720
Interest expense	704	103
Income tax expense	22	19
EBITDA	\$ 1,589	\$ 420
Loss on disposal of equipment	2	8
Non-cash share-based compensation	2,178	1,200
Launch expense (a)	957	1,123
Plant start-up expenses (b)	467	—
Equity offering expenses (c)	58	34
Enterprise Resource Planning (d)	273	—
COVID-19 expense (e)	217	—
Adjusted EBITDA	\$ 5,741	\$ 2,785
Adjusted EBITDA as a % of Net Sales	8.2%	5.1%

(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 fees associated with due diligence of new Enterprise Resource Planning software.

(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.

