

**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): November 4, 2019**

**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.

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

On November 4, 2019, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended September 30, 2019. 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, November 4, 2019 to discuss its financial results for the quarter ended September 30, 2019.

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 November 4, 2019, Freshpet published to the investor relations section of its website a presentation which will be used by Freshpet’s management team in meetings with analysts and stockholders. A copy of the presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information furnished with Item 2.02 and this Item 7.01, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“the Exchange Act”) or incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Freshpet uses the “Investors” section of its website (*investors.freshpet.com*) as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

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

(d) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated November 4, 2019</a>
99.2	<a href="#">Investor Presentation</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FRESHPET, INC.

Date: November 4, 2019

By: /s/ Richard Kassar

Name: Richard Kassar

Title: Chief Financial Officer



**Freshpet, Inc. Reports Third Quarter 2019 Financial Results**  
**Company Reports 8<sup>th</sup> Consecutive Quarter of Greater Than 20% Growth**  
**Reiterates Full Year 2019 Guidance**

SECAUCUS, N.J. – November 4, 2019 – Freshpet, Inc. (“Freshpet” or the “Company”) (NASDAQ: FRPT) today reported financial results for its third quarter and nine months ended September 30, 2019.

**Third Quarter 2019 Financial Highlights Compared to Prior Year Period**

- Net sales of \$65.3 million, an increase of 28.5%
- Net income of \$3.1 million compared to net loss of \$0.1 million
- Adjusted EBITDA of \$12.0 million, an increase of 78.5%<sup>1</sup>

“Our third quarter results demonstrate the remarkable strength and potential of the Freshpet business. We delivered our eighth consecutive quarter of net sales growth in excess of 20% and increased profitability even faster,” commented Billy Cyr, Freshpet’s Chief Executive Officer. “We continue to believe we are in the early stages of changing the way people feed their pets – with a very long runway of growth ahead of us. Our mission of providing more pets with fresh, all-natural foods that enrich their lives and the relationships with their pet parents is increasingly relevant to the growing number of households who choose to share their lives with a pet.”

**Third Quarter 2019**

Third quarter of 2019 net sales increased 28.5% to \$65.3 million compared to \$50.8 million for the third quarter of 2018. Growth in net sales for the third quarter of 2019 was driven by velocity, innovation, and distribution gains.

Gross profit was \$30.7 million, or 47.0% as a percentage of net sales, for the third quarter of 2019, compared to \$23.6 million, or 46.5% as a percentage of net sales, in the same period last year. The increase in gross profit was primarily driven by higher net sales. For the third quarter of 2019, Adjusted Gross Profit was \$32.5 million, or 49.8% as a percentage of net sales, compared to \$25.3 million, or 49.7% as a percentage of net sales, in the prior year period. The slight increase in Adjusted Gross Profit as a percentage of net sales was primarily due to higher sales price realization and a shift in sales mix to higher margin items, partially offset by higher ingredient and inbound freight cost. 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 \$27.2 million for the third quarter of 2019 compared to \$23.6 million in the prior year period. As a percentage of net sales, SG&A decreased to 41.6% for the third quarter of 2019 compared to 46.4% in the third quarter of 2018. Adjusted SG&A for the third quarter of 2019 was \$20.5 million, or 31.4% as a percentage of net sales, compared to \$18.6 million, or 36.5% as a percentage of net sales, in the prior year period. The decrease in Adjusted SG&A as a percentage of net sales was primarily a result of increased expense leverage on higher net sales including leverage on media spend which remained consistent with prior year period. Adjusted SG&A is a Non-

<sup>1</sup> Adjusted EBITDA, as well as certain other measures in this release, is a non-GAAP financial measure. See “Non-GAAP Measures” for how we define these measures and the financial tables that accompany this release for reconciliations of these measures to the closest comparable GAAP measures.

GAAP financial measure defined under “Non-GAAP Measures,” and is reconciled to SG&A in the financial tables that accompany this release.

Net income was \$3.1 million for the third quarter of 2019 compared to net loss of \$0.1 million for the prior year period. The increase in net income was a result of an increase in gross profit, partially offset by higher SG&A.

Adjusted EBITDA was \$12.0 million, or 18.4% as a percentage of net sales, for the third quarter of 2019, compared to \$6.7 million, or 13.2% as a percentage of net sales, in the third quarter of 2018. The increase in Adjusted EBITDA was a result of higher net sales and Adjusted Gross Profit, partially offset by higher Adjusted SG&A. Adjusted EBITDA, Adjusted Gross Profit and Adjusted SG&A are Non-GAAP financial measures defined under “Non-GAAP Measures,” and are reconciled to the closest comparable GAAP measures in the financial tables that accompany this release.

### **First Nine Months of 2019**

Net sales increased 27.2% to \$180.1 million compared to \$141.6 million for the first nine months of 2018. Growth in net sales for the first nine months of 2019 was driven by velocity, innovation, and distribution gains.

Gross profit was \$83.9 million, or 46.6% as a percentage of net sales, for the first nine months of 2019, compared to \$66.6 million, or 47.1% as a percentage of net sales, in the same period last year. The increase in gross profit was driven by higher net sales. For the first nine months of 2019, Adjusted Gross Profit was \$89.2 million, or 49.5% as a percentage of net sales, compared to \$71.4 million, or 50.4% as a percentage of net sales, in the prior year period. The decrease in Adjusted Gross Profit as a percentage of net sales was primarily due to increased production and processing cost, and higher ingredient and inbound freight cost, partially offset by higher sales price realization and a shift in sales mix to higher margin items.

SG&A was \$89.1 million for the first nine months of 2019 compared to \$73.4 million in the prior year period. As a percentage of net sales, SG&A decreased to 49.5% for the first nine months of 2019 compared to 51.8% in the prior year period. The first nine months of 2019 included a planned increase in media spend of \$8.0 million compared to the prior year period, or an additional 4.4% as a percentage of net sales. Adjusted SG&A for the first nine months of 2019 was \$73.2 million, or 40.7% as a percentage of net sales, compared to \$60.4 million, or 42.7% 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 primarily a result of increased expense leverage on higher net sales, partially offset by a planned increase in media spend.

Net loss was \$6.0 million for the first nine months of 2019 compared to net loss of \$7.1 million for the prior year period. The decrease in net loss was a result of an increase in net sales and gross profit, partially offset by higher SG&A.

Adjusted EBITDA was \$16.0 million, or 8.9% as a percentage of net sales, for the first nine months of 2019, compared to \$11.1 million, or 7.8% as a percentage of net sales, in the prior year period. The increase in Adjusted EBITDA was a result of higher net sales and Adjusted Gross Profit, partially offset by increased Adjusted SG&A.

### **Cash and Net Debt**

As of September 30, 2019, the Company had cash and cash equivalents of \$7.2 million. During the nine months ended September 30, 2019, the Company drew \$35.4 million on its credit facility in connection with the Kitchens 2.0 project, planned increased media investment, and funding of working capital. The Company expects to fund the \$100 million Kitchens 2.0 manufacturing expansion through its credit facility and cash from operations.

## Outlook

For full year 2019, the Company reiterated its guidance. The Company continues to expect the following results:

- To exceed net sales of \$244 million, an increase greater than 26% from 2018
- To exceed Adjusted EBITDA of \$29 million, an increase greater than 43% from 2018

The Company is unable to provide guidance for net income or a reconciliation of forecasted Adjusted EBITDA to net income because certain items that are excluded from Adjusted EBITDA are inherently uncertain and cannot be predicted without unreasonable effort due to the unavailability of reliable estimates.

## Conference Call and Webcast

The Company will host a conference call and webcast with the executive management team to discuss these results with additional comments and details today at 4:30 p.m. ET. The conference call webcast will be available live over the Internet through the “Investors” section of the Company’s website at [www.freshpet.com](http://www.freshpet.com). To participate on the live call listeners in North America may dial (877) 407-0792 and international listeners may dial (201) 689-8263.

A replay of the conference call will be archived on the Company’s website and telephonic playback will be available from 7:30 p.m. ET today through November 18, 2019. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671. The passcode is 13692609.

## About Freshpet

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

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

Connect with Freshpet:

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<https://twitter.com/Freshpet>

<http://instagram.com/Freshpet>

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

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

## **Forward Looking Statements**

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

## **Non-GAAP Financial Measures**

Freshpet uses the following non-GAAP financial measures in its financial communications. These non-GAAP financial measures should be considered as supplements to the GAAP reported measures, should not be considered replacements for, or superior to, the GAAP measures and may not be comparable to similarly named measures used by other companies.

- Adjusted Gross Profit
- Adjusted Gross Profit as a % of net sales (Adjusted Gross Margin)
- Adjusted SG&A
- Adjusted SG&A as a % of net sales
- EBITDA
- Adjusted EBITDA
- Adjusted EBITDA as a % of net sales

**Adjusted Gross Profit:** Freshpet defines Adjusted Gross Profit as gross profit before non-cash depreciation expense and non-cash share-based compensation.

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

**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 gain (loss) on disposal of equipment, non-cash share-based compensation expense, launch expenses, fees related to secondary offerings, and litigation expense.

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

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

CONTACT

ICR

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FRESHPET, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 7,205,735	\$ 7,554,388
Accounts receivable, net of allowance for doubtful accounts	19,500,754	12,326,703
Inventories, net	13,306,994	9,317,232
Prepaid expenses	1,653,217	1,078,232
Other current assets	10,756,779	681,550
Total Current Assets	<u>52,423,479</u>	<u>30,958,105</u>
Property, plant and equipment, net	136,688,547	102,094,248
Deposits on equipment	4,046,973	4,730,176
Operating lease right of use assets	9,460,364	—
Other assets	3,680,076	2,182,329
Total Assets	<u>\$ 206,299,439</u>	<u>\$ 139,964,858</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 17,839,951	\$ 9,166,412
Accrued expenses	19,447,055	9,050,551
Current operating lease liabilities	1,129,806	—
Total Current Liabilities	<u>\$ 38,416,812</u>	<u>\$ 18,216,963</u>
Long term debt	35,395,988	—
Long term operating lease liabilities	8,712,671	—
Other liabilities	—	273,420
Total Liabilities	<u>\$ 82,525,471</u>	<u>\$ 18,490,383</u>
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock	36,100	35,556
Additional paid-in capital	331,538,514	323,079,437
Accumulated deficit	(207,368,869)	(201,352,682)
Accumulated other comprehensive income	(175,551)	(31,610)
Treasury stock, at cost — 14,169 shares on September 30, 2019 and on December 31, 2018	(256,226)	(256,226)
Total Stockholders' Equity	<u>123,773,968</u>	<u>121,474,475</u>
Total Liabilities and Stockholders' Equity	<u>\$ 206,299,439</u>	<u>\$ 139,964,858</u>

FRESHPET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)  
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
NET SALES	\$ 65,265,901	\$ 50,799,601	\$ 180,110,282	\$ 141,594,158
COST OF GOODS SOLD	34,560,261	27,183,648	96,163,080	74,972,294
GROSS PROFIT	30,705,640	23,615,953	83,947,202	66,621,864
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	27,171,138	23,572,314	89,075,672	73,397,781
INCOME (LOSS) FROM OPERATIONS	3,534,502	43,639	(5,128,470)	(6,775,917)
OTHER INCOME/(EXPENSES):				
Other Income/(Expenses), net	(137,624)	(27,392)	(141,077)	(24,302)
Interest Expense	(310,465)	(94,381)	(688,890)	(261,307)
	(448,089)	(121,773)	(829,967)	(285,609)
INCOME (LOSS) BEFORE INCOME TAXES	3,086,413	(78,134)	(5,958,437)	(7,061,526)
INCOME TAX EXPENSE	19,250	19,032	57,750	57,096
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 3,067,163	\$ (97,166)	\$ (6,016,187)	\$ (7,118,622)
OTHER COMPREHENSIVE INCOME (LOSS):				
Change in foreign currency translation	\$ (81,667)	\$ (54,325)	\$ (143,941)	\$ (55,958)
TOTAL OTHER COMPREHENSIVE (LOSS)	(81,667)	(54,325)	(143,941)	(55,958)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 2,985,496	\$ (151,491)	\$ (6,160,128)	\$ (7,174,580)
NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	\$ 0.09	\$ (0.00)	\$ (0.17)	\$ (0.20)
-DILUTED	\$ 0.08	\$ (0.00)	\$ (0.17)	\$ (0.20)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING USED IN COMPUTING NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	36,079,935	35,396,550	35,894,377	35,259,365
-DILUTED	37,289,478	35,396,550	35,894,377	35,259,365

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

	<b>For the Nine Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (6,016,187)	\$ (7,118,622)
Adjustments to reconcile net loss to net cash flows provided by operating activities:		
Provision for loss/(gains) on accounts receivable	104,700	(15,300)
Loss on disposal of equipment	138,106	104,769
Share-based compensation	5,706,580	4,170,409
Inventory obsolescence	104,624	69,912
Depreciation and amortization	11,707,422	10,418,274
Amortization of deferred financing costs and loan discount	125,303	86,327
Changes in operating assets and liabilities:		
Accounts receivable	(7,278,751)	(393,394)
Inventories	(4,094,386)	1,339,371
Prepaid expenses and other current assets	(10,650,214)	(481,201)
Operating lease right of use	125,711	—
Other assets	(608,060)	(118,675)
Accounts payable	3,742,265	1,190,993
Accrued expenses	10,396,504	(697,873)
Other lease liabilities	(17,018)	(23,243)
Net cash flows provided by operating activities	<u>3,486,599</u>	<u>8,531,747</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of property, plant and equipment, software and deposits on equipment	(40,738,346)	(12,681,600)
Net cash flows used in investing activities	<u>(40,738,346)</u>	<u>(12,681,600)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from exercise of options to purchase common stock	3,841,918	3,071,883
Tax withholdings related to net shares settlements of restricted stock units	(1,252,953)	(256,226)
Proceeds from borrowings under Credit Facilities	50,620,988	6,000,000
Repayment of borrowings under Credit Facilities	(15,900,000)	(4,000,000)
Financing fees paid in connection with borrowings	(406,859)	—
Net cash flows provided by financing activities	<u>36,903,094</u>	<u>4,815,657</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(348,653)</b>	<b>665,804</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>7,554,388</b>	<b>2,184,259</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b><u>\$ 7,205,735</u></b>	<b><u>\$ 2,850,063</u></b>

FRESHPET, INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN GROSS PROFIT AND ADJUSTED GROSS PROFIT  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Dollars in thousands)		(Dollars in thousands)	
Gross Profit	\$ 30,706	\$ 23,616	\$ 83,948	\$ 66,622
Depreciation expense (a)	1,599	1,579	4,754	4,569
Non-cash share-based compensation (b)	174	71	508	224
<b>Adjusted Gross Profit</b>	<b>\$ 32,479</b>	<b>\$ 25,266</b>	<b>\$ 89,210</b>	<b>\$ 71,415</b>
Adjusted Gross Profit as a % of Net Sales	49.8%	49.7%	49.5%	50.4%

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

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

FRESHPET, INC. AND SUBSIDIARIES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Dollars in thousands)		(Dollars in thousands)	
SG&A expenses	\$ 27,171	\$ 23,572	\$ 89,075	\$ 73,398
Depreciation and amortization expense (a)	2,465	2,044	6,953	5,850
Non-cash share-based compensation (b)	2,902	1,706	5,198	3,947
Launch expense (c)	1,264	1,015	3,335	2,677
Secondary offering expenses (d)	50	137	349	137
Litigation expense (e)	—	120	—	348
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 20,490</b>	<b>\$ 18,550</b>	<b>\$ 73,240</b>	<b>\$ 60,437</b>
Adjusted SG&A Expenses as a % of Net Sales	31.4%	36.5%	40.7%	42.7%

- (a) Represents non-cash 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 secondary public offerings of our common stock.
- (e) Represents fees associated with two securities lawsuits.

FRESHPET, INC. AND SUBSIDIARIES

RECONCILIATION BETWEEN NET INCOME (LOSS) AND ADJUSTED EBITDA  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(Dollars in thousands)		(Dollars in thousands)	
Net income (loss)	\$ 3,067	\$ (97)	\$ (6,016)	\$ (7,119)
Depreciation and amortization	4,064	3,623	11,707	10,419
Interest expense	310	94	689	261
Income tax expense	19	19	57	57
<b>EBITDA</b>	<b>\$ 7,460</b>	<b>\$ 3,639</b>	<b>\$ 6,437</b>	<b>\$ 3,619</b>
(Gain) loss on disposal of equipment	137	29	138	105
Non-cash share-based compensation	3,076	1,776	5,706	4,170
Launch expense (a)	1,264	1,015	3,335	2,677
Secondary offering expenses (b)	50	137	349	137
Litigation expense (c)	—	120	—	348
<b>Adjusted EBITDA</b>	<b>\$ 11,987</b>	<b>\$ 6,716</b>	<b>\$ 15,965</b>	<b>\$ 11,056</b>
Adjusted EBITDA as a % of Net Sales	18.4%	13.2%	8.9%	7.8%

- (a) new store marketing allowance of \$1,000 for each store added to our distribution network, as well as the non-capitalized freight costs associated with Freshpet Fridge replacements. The expense enhances the overall marketing spend to support our growing distribution network.
- (b) Represents fees associated with secondary public offerings of our common stock.
- (c) Represents fees associated with two securities lawsuits.

## 2019 Q3 Results

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

Freshpet®

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

# Safe Harbor

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## Forward Looking Statements

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

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

## Non-GAAP Disclosure

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







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

## 2019 Results: Continued strong top line results driving bottom line gains

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Freshpet Q3 Financial Results		
	Q3 2018	Q3 2019
<b>Net Sales (\$ millions)</b>	<b>\$50.8</b>	<b>\$65.3</b>
vs YA	+27%	+28%
<b>Adj. EBITDA (\$ millions)</b>	<b>\$6.7</b>	<b>\$12.0</b>
vs YA	+20%	+78%

Freshpet YTD Financial Results (Sept 30)		
	2018	2019
<b>Net Sales (\$ millions)</b>	<b>\$141.6</b>	<b>\$180.1</b>
vs YA	+26%	+27%
<b>Adj. EBITDA (\$ millions)</b>	<b>\$11.1</b>	<b>\$15.9</b>
vs YA	+3%	+44%



## 2019 Guidance: Reiterating guidance provided in August

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<b>Freshpet Financial Performance</b>			
	<b>2017</b>	<b>2018</b>	<b>2019 Guidance*</b>
<b>Net Sales (\$ millions)</b>	<b>\$152.4</b>	<b>\$193.2</b>	<b>&gt;\$244</b>
vs YA	+17%	+27%	>+26%
<b>Adj. EBITDA (\$ millions)</b>	<b>\$17.6</b>	<b>\$20.3</b>	<b>&gt;\$29</b>
vs YA	-1%	+15%	>+43%

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



## Strong growth across all classes of trade

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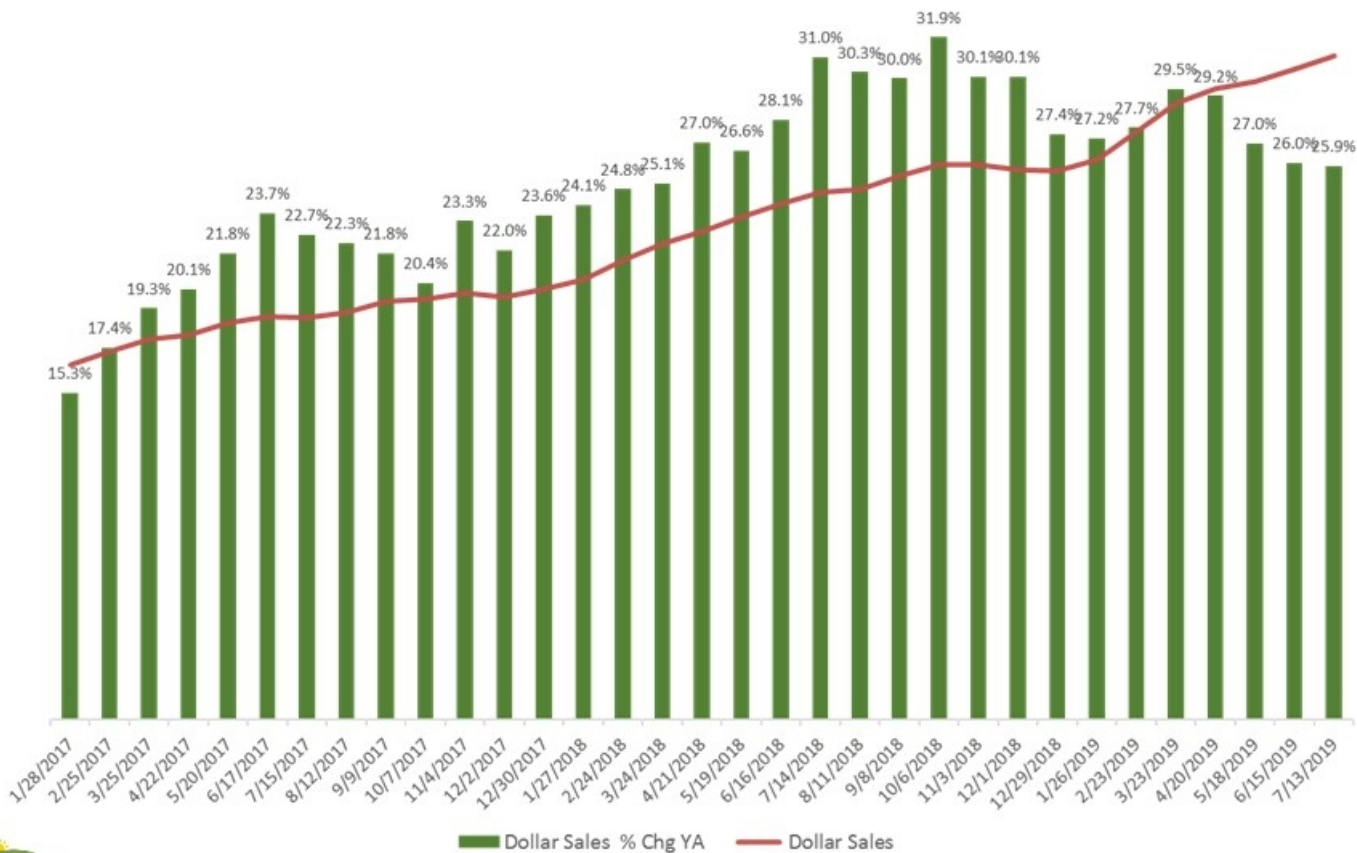
Freshpet Consumption Growth vs YA		
	Q3 2018	Q3 2019
Mega-Channel	+31%	+25%
XAOC	+33%	+29%
Food	+38%	+34%
Big Box Pet	+23%	+11%



Nielsen measured \$ consumption for 13 weeks ending 9/28/19 and 9/29/18 compared to the same period prior year

# Continued strong consumption growth

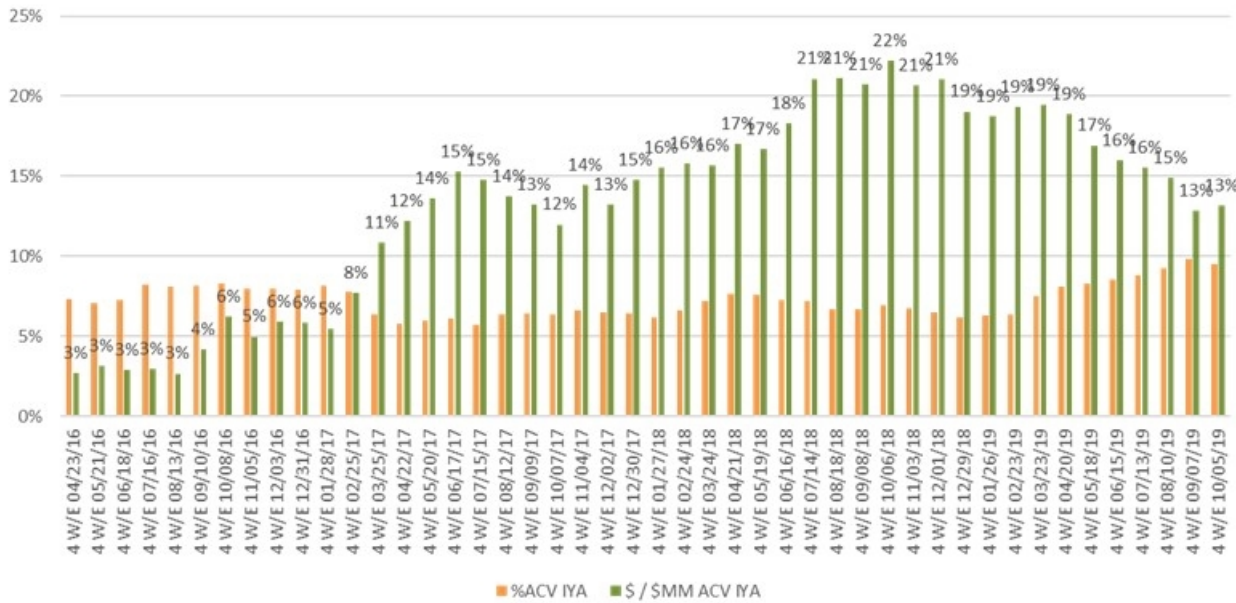
Nielsen Mega-Channel Consumption Growth



Nielsen measured \$ consumption for 4 week periods ending 7/13/19

# Strong velocity gains driving accelerating distribution gains

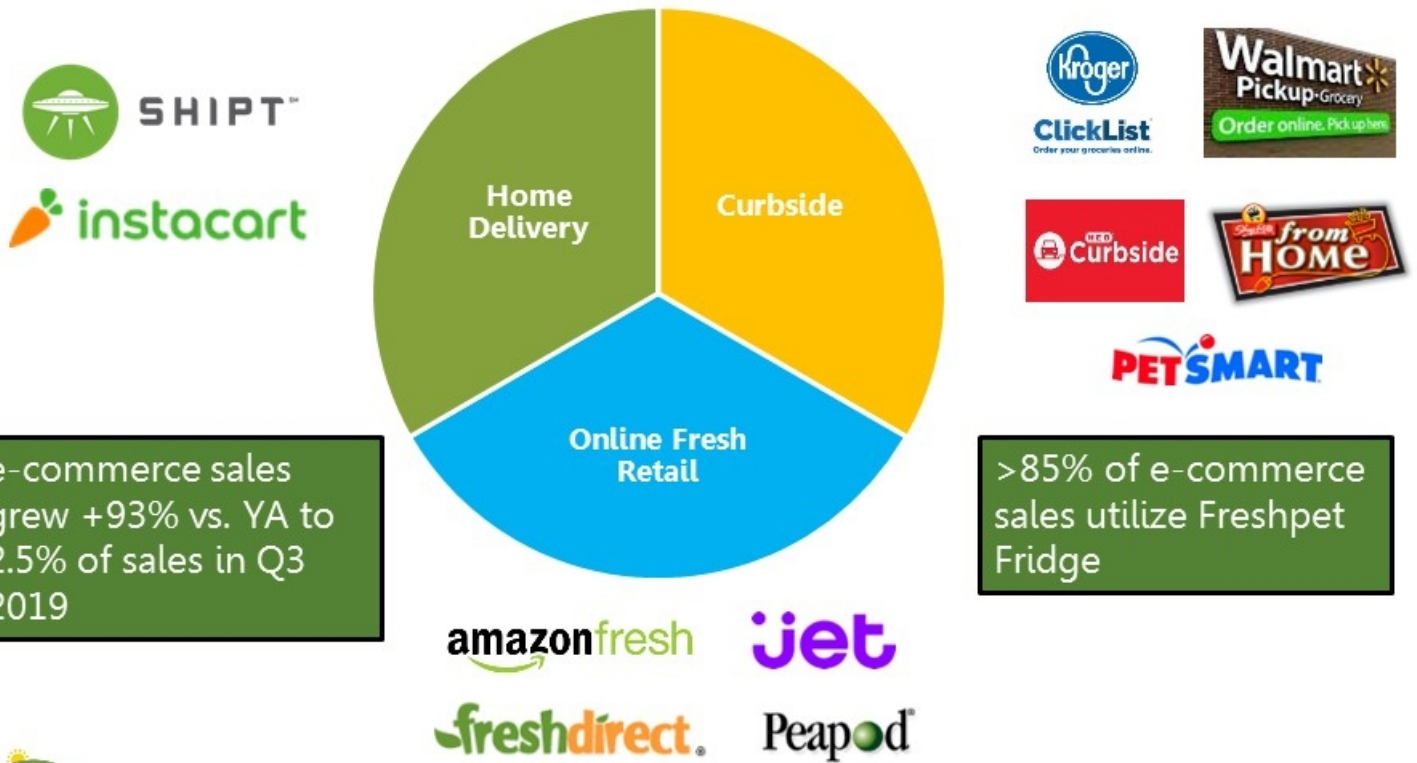
Freshpet Distribution and Velocity Growth  
(Growth vs. YA)



Nielsen Mega-Channel for 4 week periods 4/23/16 through 10/5/19

# Continued strong growth in fresh e-commerce

**Strategy:** Grow with winning players in fresh e-



e-commerce sales grew +93% vs. YA to 2.5% of sales in Q3 2019

>85% of e-commerce sales utilize Freshpet Fridge

freshpet





# Freshpet 2019 growth priorities

## 1. Expand the Freshpet consumer franchise

- Increase HH penetration
- Expand buying rate

## 2. Strengthen Freshpet's retail presence

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

## 3. Strengthen Gross Margin/Adjusted EBITDA Margin

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

## 4. Continue Measured Development in Canada and UK

- Modest investment to establish consumer foundation

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

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



21% growth in total Freshpet HH penetration vs. YA;  
4% increase in buying rate

### Total Freshpet Buying Rate, Penetration and Repeat Rate



Nielsen HH Panel Data for 52 Week Periods ending September 2019; Buying Rate is internal calculation based on company sales data

# 32% growth in Core Dog HH penetration vs YA; flat buying rate

Core Dog HH Penetration, Repeat Rate and Buying Rate



Penetration	0.93	1.01	1.15	1.44	1.89
Repeat	69	70	71	71	71



Nielsen HH Panel Data for 52 Week Periods ending September 2019; Buying Rate is internal calculation based on company sales data

# “Fresh First” is driving strong distribution gains

Freshpet Distribution Gains		
	Q3 2018	Q3 2019
<b>Store Count</b>	<b>19,107</b>	<b>20,779</b>
vs YA	+8%	+9%
<b>Upgraded Fridges (Cum.)</b>	<b>761</b>	<b>1,342</b>
YTD Increase	-	537
<b>2nd Fridges (Cum.)</b>	<b>NA</b>	<b>778</b>
<b>% ACV</b>	<b>45.1%</b>	<b>49.4%</b>
vs YA	+7%	+9%
<b>Total Distribution Points (Change vs YA)</b>	<b>+12%</b>	<b>+9%</b>



## Adjusted gross margin bounce backed from Q2 dip and on-track for 50% goal in 2019

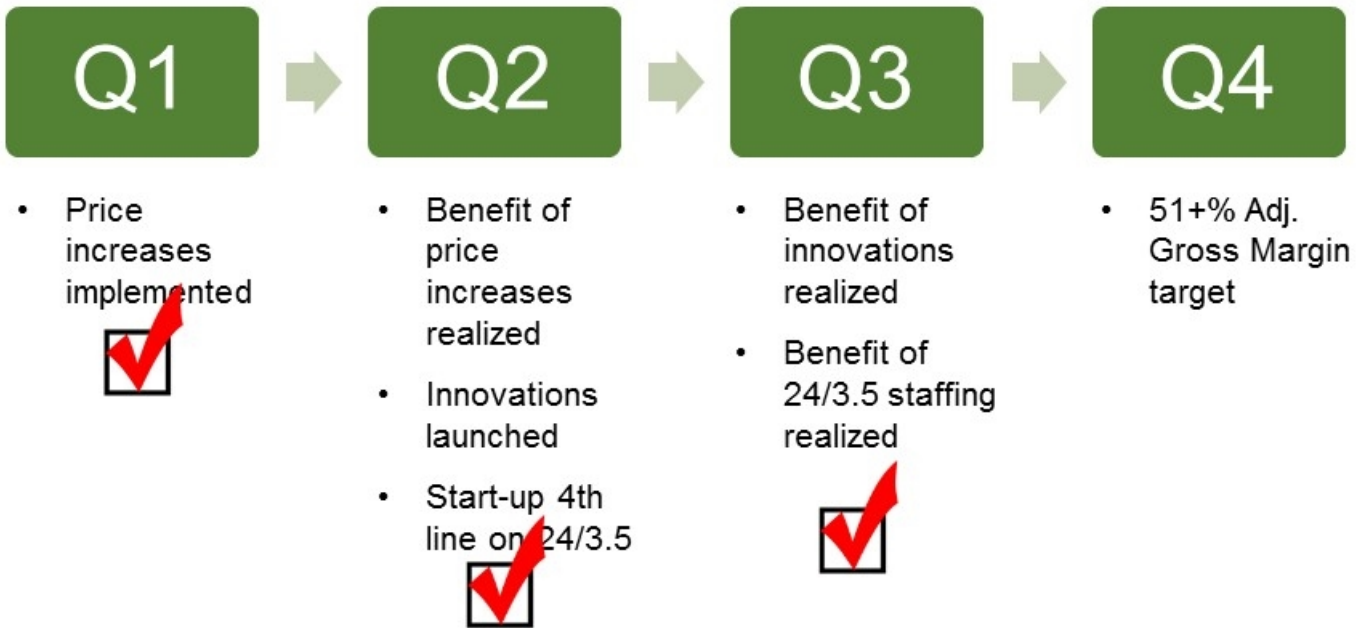
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Freshpet Q3 Adjusted Gross Margin Progress		
	Q3 2018	Q3 2019
Adj. Gross Margin	49.7%	49.8%

Freshpet Q3 Adjusted Gross Margin Progress				
	Q1 2019	Q2 2019	Q3 2019	YTD 2019
Adj. Gross Margin	50.4%	48.5%	49.8%	49.5%

# Fully implemented adjusted gross margin improvement plan

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## Delivering significant leverage from scale in SG&A

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Freshpet Q3 SG&A Leverage			
	Q3 2018	Q3 2019	Y-o-Y Change
Adj. SG&A % Excluding Media	27.8%	24.6%	+320 bps
Media %	8.7%	6.8%	+190 bps
<b>Total Adj. SG&amp;A %</b>	<b>36.5%</b>	<b>31.4%</b>	<b>+510 bps</b>

Freshpet YTD SG&A Leverage (Sept 30)			
	YTD 2018 Q3	YTD 2019 Q3	Y-o-Y Change
Adj. SG&A % Excluding Media	28.9%	25.3%	+360 bps
Media %	13.8%	15.3%	-150 bps
<b>Total Adj. SG&amp;A %</b>	<b>42.7%</b>	<b>40.7%</b>	<b>+200 bps</b>

## Kitchens 2.0 construction underway; on track for Q3 2020 start-up

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





Why haven't you  
bought any  
Freshpet yet????

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