

**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): August 7, 2023

FRESHPET, INC.

(Exact name of Registrant as Specified in Its Charter)

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

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

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

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

**07094
(Zip Code)**

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

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

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FRPT	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On August 7, 2023, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended June 30, 2023. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

As previously announced, Freshpet will hold a conference call at 8:00 a.m., Eastern Time, on Monday, August 7, 2023, to discuss its financial results for the quarter ended June 30, 2023.

Freshpet references non-GAAP financial information in the press release and makes similar references in the transcript to the conference call. A reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures is contained in the attached Exhibit 99.1 press release.

Item 7.01. Regulation FD Disclosure.

On August 7, 2023, Freshpet published to the investor relations section of its website a presentation which will be used by Freshpet’s management team in meetings with analysts and stockholders. A copy of the presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

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

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press Release, dated August 7, 2023
99.2	Investors Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

FRESHPET, INC.

Date: August 7, 2023

By: /s/ Todd Cunfer

Name: Todd Cunfer

Title: Chief Financial Officer



Freshpet, Inc. Reports Second Quarter 2023 Financial Results

*Raises Adjusted EBITDA guidance; re-affirms net sales guidance
Volume growth is strong and accelerating
Strong operating performance on input costs, logistics and quality*

SECAUCUS, N.J. – August 7, 2023 – Freshpet, Inc. (“Freshpet” or the “Company”) (Nasdaq: FRPT) today reported financial results for its second quarter ended June 30, 2023.

Second Quarter 2023 Financial Highlights Compared to Prior Year Period

- Net sales of \$183.3 million, an increase of 25.6%
- Net loss of \$17.0 million, compared with prior year net loss of \$20.6 million
- Adjusted EBITDA of \$9.0 million, compared to prior year of \$(1.9) million.¹

"The Freshpet business has real momentum. In the second quarter, we delivered strong volume and net sales growth, and significant improvements in our operating performance – particularly in quality and logistics – which is the basis for increasing our 2023 adjusted EBITDA guidance today," commented Billy Cyr, Freshpet's Chief Executive Officer. "With a strengthened organization in place, accelerating household ("HH") penetration growth, record levels of new fridge placements, and a successful start-up of the Ennis Kitchen, we are well-positioned to fulfill the long-term potential of Freshpet and change the way people nourish their pets forever."

Second Quarter 2023

Net sales increased 25.6% to \$183.3 million for the second quarter of 2023 compared to \$146.0 million for the second quarter of 2022. Net sales for the second quarter of 2023 were driven by both velocity gains, and higher pricing.

Gross profit was \$59.2 million, or 32.3% as a percentage of net sales, for the second quarter of 2023, compared to \$51.1 million, or 35.0% as a percentage of net sales, in the prior year period. The decrease in reported gross profit as a percentage of net sales was primarily due to increased depreciation expense associated with the Company's capacity expansion, unabsorbed plant cost and increased share-based compensation, partially offset by reduced input and quality cost as a percentage of net sales. For the second quarter of 2023, Adjusted Gross Profit was \$73.0 million, or 39.8% as a percentage of net sales, compared to \$56.5 million, or 38.7% as a percentage of net sales, in the prior year period. Adjusted Gross Profit is a non-GAAP financial measure defined under "Non-GAAP Measures" and is reconciled to gross profit in the financial tables that accompany this release.

Selling, general and administrative expenses ("SG&A") were \$76.0 million for the second quarter of 2023 compared to \$69.2 million in the prior year period. As a percentage of net sales, SG&A decreased to 41.5% for the second quarter of 2023 compared to 47.4% in the prior year period. The decrease of 590 basis points in SG&A as a percentage of net sales was mainly a result of reduced logistics cost as a percentage of net sales, leverage on media spend, decreased cost related to the ERP implementation, and increased leverage on depreciation and option expense as the business scales. Adjusted SG&A for the second quarter of 2023 was \$64.0 million, or 34.9% as a percentage of net sales, compared to \$58.5 million, or 40.0% as a percentage of net sales, in the prior year period. Adjusted SG&A is a non-GAAP financial measure defined under "Non-GAAP Measures" and is reconciled to SG&A in the financial tables that accompany this release.

Net loss was \$17.0 million for the second quarter of 2023 compared to net loss of \$20.6 million for the prior year period. The decrease in net loss was due to contribution profit from higher sales, partially offset by increased SG&A including, increased media spend of \$3.2 million, higher depreciation and increased unabsorbed plant cost.

¹ Adjusted EBITDA, as well as certain other measures in this release, is a non-GAAP financial measure. See "Non-GAAP Measures" for how the Company defines these measures and the financial tables that accompany this release for reconciliations of these measures to the closest comparable GAAP measures.

Adjusted EBITDA was \$9.0 million for the second quarter of 2023, compared to a loss of \$(1.9) million in the prior year period. The increase in Adjusted EBITDA was a result of higher Adjusted Gross Profit due to sales growth and leverage on quality and input costs, partially offset by higher Adjusted SG&A expenses. Adjusted EBITDA is a non-GAAP financial measure defined under "Non-GAAP Measures" and is reconciled to net loss in the financial tables that accompany this release.

First Six Months of 2023

Net sales increased 26.1% to \$350.9 million for the first six months of 2023 compared to \$278.2 million for the first six months of 2022. Net sales for the first six months of 2023 were driven by both velocity gains, and higher pricing.

Gross profit was \$110.0 million, or 31.4% as a percentage of net sales, for the first six months of 2023, compared to \$95.8 million, or 34.5% as a percentage of net sales, in the prior year period. The decrease in reported gross profit as a percentage of net sales was primarily due to increased depreciation expense associated with the Company's capacity expansion, unabsorbed plant cost and increased share-based compensation, partially offset by reduced input and quality cost as a percentage of net sales. For the first six months of 2023, Adjusted Gross Profit was \$137.5 million, or 39.2% as a percentage of net sales, compared to \$107.2 million, or 38.5% as a percentage of net sales, in the prior year period. Adjusted Gross Profit is a non-GAAP financial measure defined under "Non-GAAP Measures" and is reconciled to gross profit in the financial tables that accompany this release.

Selling, general and administrative expenses ("SG&A") were \$148.3 million for the first six months of 2023 compared to \$129.8 million in the prior year period. As a percentage of net sales, SG&A decreased to 42.3% for the first six months of 2023 compared to 46.7% in the prior year period. The decrease of 440 basis points in SG&A as a percentage of net sales was mainly a result of reduced logistics cost as a percentage of net sales, leverage on media spend, decreased cost related to the ERP implementation, and increased leverage on depreciation and option expense as the business scales. Adjusted SG&A for the first six months of 2023 was \$125.5 million, or 35.8% as a percentage of net sales, compared to \$109.6 million, or 39.4% as a percentage of net sales, in the prior year period. Adjusted SG&A is a non-GAAP financial measure defined under "Non-GAAP Measures" and is reconciled to SG&A in the financial tables that accompany this release.

Net loss was \$41.7 million for the first six months of 2023 compared to net loss of \$38.1 million for the prior year period. The increase in net loss was due to increased SG&A including, increased media spend of \$7.4 million, higher depreciation and increased unabsorbed plant cost, partially offset by contribution profit from higher sales.

Adjusted EBITDA was \$12.0 million for the six months ended June 30, 2023, compared to a loss of \$2.2 million in the prior year period. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit partially offset by higher Adjusted SGA expense. Adjusted EBITDA is a non-GAAP financial measure defined under "Non-GAAP Measures" and is reconciled to net loss in the financial tables that accompany this release.

Balance Sheet

As of June 30, 2023, the Company had cash and cash equivalents and short-term investments of \$358.5 million with \$391.9 million of debt outstanding net of \$10.6 million of fees. For the three months ended June 30, 2023, the interest gained on our cash and short-term investments was able to fully offset the \$3.5 million of interest expense incurred.

The Company will utilize its balance sheet to support its on-going capital needs in connection with its long-term capacity plan.

Outlook

For full year 2023, the Company updates its full year Adjusted EBITDA guidance and reiterates its Net Sales and capital expenditure guidance as follows:

- Net sales of ~\$750 million, an increase of ~26% from 2022, unchanged from previous guidance.
- Adjusted EBITDA of at least \$55 million, from previous guidance of at least \$50 million.
- Capital expenditures for 2023 of ~\$240 million, unchanged from previous guidance.

The Company does not provide guidance for the most directly comparable GAAP measure, net income, and similarly cannot provide a reconciliation between its forecasted adjusted EBITDA and net income metrics without unreasonable effort due to the unavailability of reliable estimates for certain components of net income and the respective reconciliations, including the timing of and amount of costs of goods sold and selling, general and administrative expenses. These items are not within the Company's control and may vary greatly between periods and could significantly impact future results.

Conference Call & Earnings Presentation Webcast Information

As previously announced, today, August 7, 2023, the Company will host a conference call beginning at 8:00 a.m. Eastern Time with members of its leadership team. The conference call webcast will be available live over the Internet through the "Investors" section of the Company's website at www.freshpet.com. To participate on the live call, listeners in North America may dial (877) 407-0792 and international listeners may dial (201) 689-8263.

A replay of the conference call will be archived on the Company's website and telephonic playback will be available from 12:00 p.m. Eastern Time today through August 21, 2023. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671; the passcode is 13740259

About Freshpet

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

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

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

<https://twitter.com/Freshpet>

<http://instagram.com/Freshpet>

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<https://www.tiktok.com/@Freshpet>

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

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

Forward Looking Statements

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

Non-GAAP Financial Measures

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

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

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

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

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

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

Investor Contact:

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

	June 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 244,048	\$ 132,735
Short-term investments	114,437	—
Accounts receivable, net of allowance for doubtful accounts	51,889	57,572
Inventories, net	65,269	58,290
Prepaid expenses	8,182	9,778
Other current assets	3,315	3,590
Total Current Assets	487,140	261,965
Property, plant and equipment, net	865,237	800,586
Deposits on equipment	2,429	3,823
Operating lease right of use assets	4,358	5,165
Equity method investment	—	25,418
Long term investment in equity securities	23,528	—
Other assets	27,679	28,426
Total Assets	\$ 1,410,371	\$ 1,125,383
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 32,389	\$ 55,088
Accrued expenses	43,477	33,016
Current operating lease liabilities	1,576	1,510
Total Current Liabilities	\$ 77,442	\$ 89,614
Convertible senior notes	392,048	—
Long term operating lease liabilities	3,097	4,200
Total Liabilities	\$ 472,587	\$ 93,814
Commitments and contingencies	—	—
STOCKHOLDERS' EQUITY:		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 48,199 issued and 48,185 outstanding on June 30, 2023, and 48,051 issued and 48,037 outstanding on December 31, 2022	48	48
Additional paid-in capital	1,275,510	1,325,524
Accumulated deficit	(336,855)	(295,117)
Accumulated other comprehensive (loss) income	(663)	1,370
Treasury stock, at cost — 14 shares on June 30, 2023 and on December 31, 2022	(256)	(256)
Total Stockholders' Equity	937,784	1,031,569
Total Liabilities and Stockholders' Equity	\$ 1,410,371	\$ 1,125,383

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

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
NET SALES	\$ 183,331	\$ 146,007	\$ 350,853	\$ 278,179
COST OF GOODS SOLD	124,087	94,927	240,849	182,346
GROSS PROFIT	59,244	51,080	110,004	95,833
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	75,996	69,215	148,267	129,846
LOSS FROM OPERATIONS	(16,752)	(18,135)	(38,263)	(34,013)
OTHER INCOME (EXPENSES):				
Interest and Other Income (Expense), net	4,108	(21)	5,055	237
Interest Expense	(3,329)	(1,672)	(6,501)	(2,243)
	779	(1,693)	(1,446)	(2,006)
LOSS BEFORE INCOME TAXES	(15,972)	(19,828)	(39,708)	(36,019)
INCOME TAX EXPENSE	70	41	140	82
LOSS ON EQUITY METHOD INVESTMENT	910	717	1,890	2,027
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ (16,952)</u>	<u>\$ (20,586)</u>	<u>\$ (41,738)</u>	<u>\$ (38,128)</u>
OTHER COMPREHENSIVE (LOSS) INCOME:				
Change in foreign currency translation	\$ (2,039)	1,849	\$ (2,033)	\$ 1,487
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(2,039)	1,849	(2,033)	1,487
TOTAL COMPREHENSIVE LOSS	<u>\$ (18,991)</u>	<u>\$ (18,737)</u>	<u>\$ (43,771)</u>	<u>\$ (36,641)</u>
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	<u>\$ (0.35)</u>	<u>\$ (0.45)</u>	<u>\$ (0.87)</u>	<u>\$ (0.85)</u>
-DILUTED	<u>\$ (0.35)</u>	<u>\$ (0.45)</u>	<u>\$ (0.87)</u>	<u>\$ (0.85)</u>
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING				
-BASIC	<u>48,132</u>	<u>45,636</u>	<u>48,089</u>	<u>44,691</u>
-DILUTED	<u>48,132</u>	<u>45,636</u>	<u>48,089</u>	<u>44,691</u>

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

	For the Six Months Ended	
	June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (41,738)	\$ (38,128)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Provision for loss (gains) on accounts receivable	8	(14)
Loss on disposal of equipment	464	89
Share-based compensation	16,862	12,589
Inventory obsolescence	-	3,455
Depreciation and amortization	28,930	15,888
Write-off and amortization of deferred financing costs and loan discount	3,034	398
Change in operating lease right of use asset	807	675
Loss on equity method investment	1,890	2,027
Amortization of discount on short-term investments	(996)	—
Changes in operating assets and liabilities:		
Accounts receivable	5,675	(36,268)
Inventories	(6,979)	(28,560)
Prepaid expenses and other current assets	(430)	2,416
Other assets	(3,762)	(358)
Accounts payable	(7,488)	(421)
Accrued expenses	4,529	4,487
Operating lease liability	(1,037)	(677)
Net cash flows used in operating activities	(231)	(62,402)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short-term investments	(113,441)	(19,840)
Investments in equity method investment	—	(3,294)
Acquisitions of property, plant and equipment, software and deposits on equipment	(102,507)	(94,872)
Net cash flows used in investing activities	(215,948)	(118,006)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from common shares issued in primary offering, net of issuance cost	—	337,849
Proceeds from exercise of options to purchase common stock	3,061	329
Tax withholdings related to net shares settlements of restricted stock units	(850)	(1,213)
Proceeds from borrowings under Credit Facility	—	78,000
Purchase of capped call option	(66,211)	—
Proceeds from issuance of convertible senior notes	393,518	—
Debt issuance costs	(2,026)	—
Net cash flows provided by financing activities	327,492	414,965
NET CHANGE IN CASH AND CASH EQUIVALENTS	111,313	234,557
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	132,735	72,788
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 244,048	\$ 307,345

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Gross profit	\$ 59,244	\$ 51,080	\$ 110,004	\$ 95,833
Depreciation expense	10,618	4,295	21,339	8,996
Non-cash share-based compensation	3,161	1,170	6,117	2,339
Adjusted Gross Profit	\$ 73,023	\$ 56,545	\$ 137,460	\$ 107,168
Adjusted Gross Profit as a % of Net Sales	39.8%	38.7%	39.2%	38.5%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
SG&A expenses	\$ 75,996	\$ 69,215	\$ 148,267	\$ 129,846
Depreciation and amortization expense	3,820	3,585	7,591	6,871
Non-cash share-based compensation	5,286	5,124	10,745	10,250
Loss on disposal of equipment	196	48	464	91
Enterprise Resource Planning (a)	537	1,991	1,338	3,008
Capped Call Transactions fees (b)	—	—	113	—
Activism engagement (c)	2,241	—	2,630	—
Organization changes (d)	(67)	—	(67)	—
Adjusted SG&A Expenses	\$ 63,983	\$ 58,467	\$ 125,453	\$ 109,626
Adjusted SG&A Expenses as a % of Net Sales	34.9%	40.0%	35.8%	39.4%

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

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

(c) Represents advisory fees related to activism engagement.

(d) Represents a true up to transition costs related to the organization changes designed to support growth, including several changes in organizational structure designed to enhance capabilities and support long-term growth objectives.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Net loss	\$ (16,952)	\$ (20,586)	\$ (41,738)	\$ (38,128)
Depreciation and amortization	14,438	7,880	28,930	15,867
Interest expense, net of interest income	(779)	1,671	1,446	2,243
Income tax expense	70	41	140	82
EBITDA	\$ (3,223)	\$ (10,994)	\$ (11,222)	\$ (19,936)
Loss on equity method investment	910	717	\$ 1,890	2,027
Loss on disposal of equipment	196	48	464	91
Non-cash share-based compensation	8,447	6,294	16,862	12,589
Enterprise Resource Planning (a)	537	1,991	1,338	3,008
Capped Call Transactions fees (b)	—	—	113	—
Activism engagement (c)	2,240	—	2,629	—
Organization changes (d)	(67)	—	(67)	—
Adjusted EBITDA	\$ 9,040	\$ (1,944)	\$ 12,007	\$ (2,221)
Adjusted EBITDA as a % of Net Sales	4.9%	-1.3%	3.4%	-0.8%

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

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

(c) Represents advisory fees related to activism engagement.

(d) Represents a true up to transition costs related to the organization changes designed to support growth, including several changes in organizational structure designed to enhance capabilities and support long-term growth objectives.



Q2 2023

EARNINGS

August 7, 2023



FORWARD LOOKING STATEMENTS & NON-GAAP MEASURES

Forward-Looking Statements

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

Non-GAAP Measures

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

Freshpet defines EBITDA as net income (loss) plus interest expense, income tax expense and depreciation and amortization expense, and Adjusted EBITDA as EBITDA plus net income (loss) on equity method investment, non-cash share-based compensation, fees related to equity offerings of our common stock, implementation and other costs associated with the implementation of an ERP system, and other expenses, including loss on disposal of equipment, COVID-19 expenses and organization changes designed to support long-term growth objectives.

FORWARD LOOKING STATEMENTS & NON-GAAP MEASURES

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

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

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



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



PROGRESS REPORT

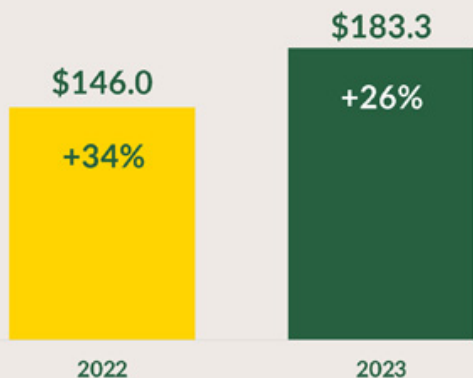


Q2 2023 RESULTS

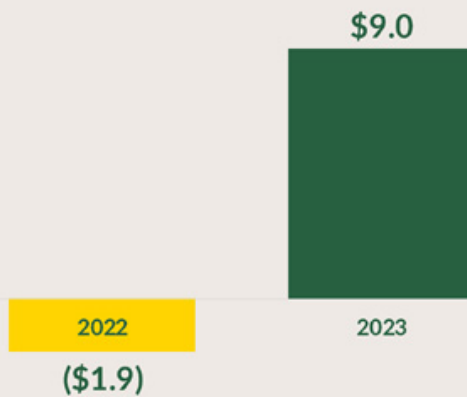


STRONG Q2 RESULTS THAT DEMONSTRATE IMPROVED OPERATING PERFORMANCE & 20th CONSECUTIVE QUARTER OF >25% GROWTH

FRESHPET Q2 2023 NET SALES
(\$ millions)

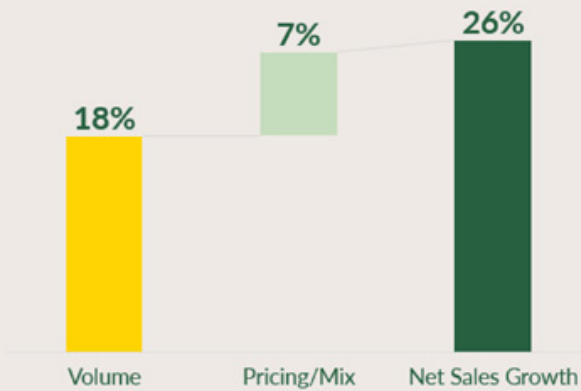


FRESHPET Q2 2023 ADJ. EBITDA
(\$ millions)

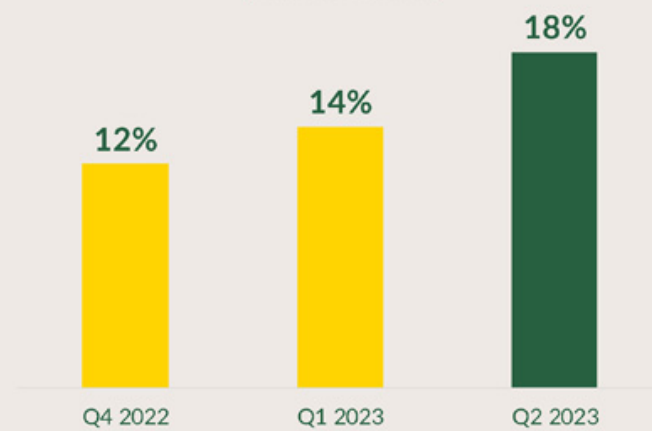


NET SALES GROWTH DRIVEN BY RENEWED VOLUME GROWTH AND THE IMPACT OF THE LAST TWO PRICE INCREASES

Q2 2023 NET SALES BRIDGE



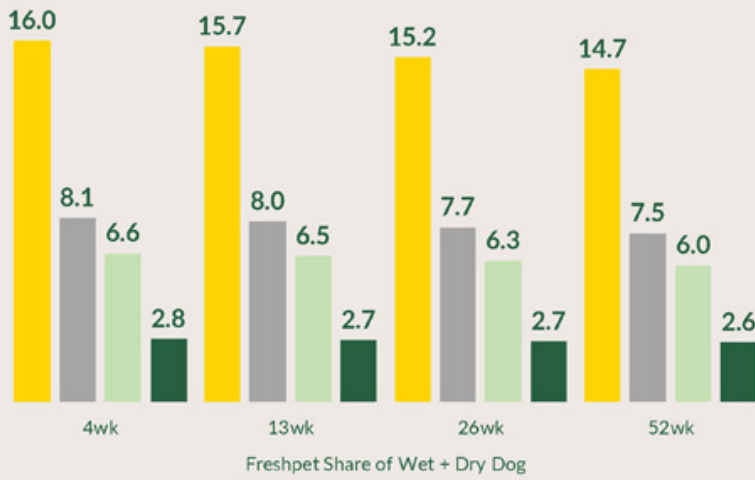
CONSUMPTION GROWTH TRENDS
(Volume in Pounds)



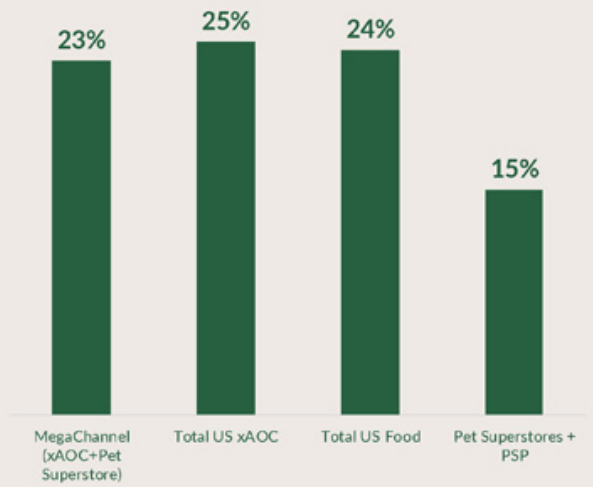
CONSUMPTION GROWTH IS STRONG ACROSS CHANNELS & OVER TIME

FRESHPET \$ SHARE OF WET & DRY DOG

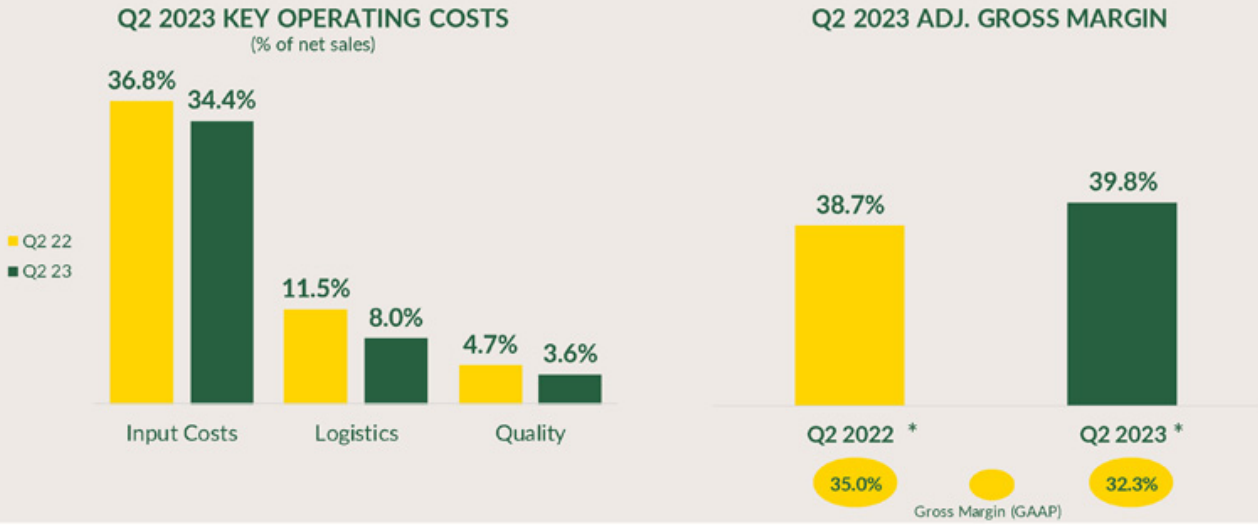
■ Total US Food ■ Total US xAOC ■ Mega-Channel ■ Pet Superstore



Q2 2023 CONSUMPTION GROWTH



GENERATED 700 BPS IMPROVEMENT YEAR-ON-YEAR ON KEY OPERATING COSTS: INPUT COSTS/PRICING, LOGISTICS AND QUALITY



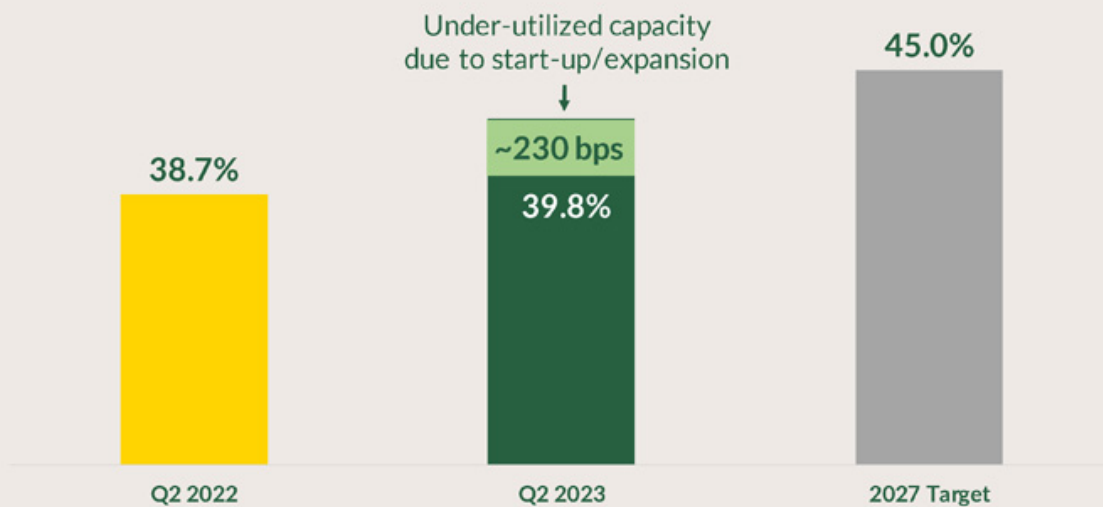
WE ARE AHEAD OF PACE TO DELIVER THE CRITICAL COST IMPROVEMENTS EMBEDDED IN OUR FY 2027 MARGIN TARGETS

KEY MARGIN IMPROVEMENT TARGETS & PROGRESS



WE ARE ON TRACK TO DELIVER OUR ADJ. GROSS MARGIN TARGET AS WE GROW INTO OUR MANUFACTURING SCALE AND DELIVER THE PLANNED IMPROVEMENTS ON INPUT COSTS, QUALITY AND OPERATING EFFICIENCY

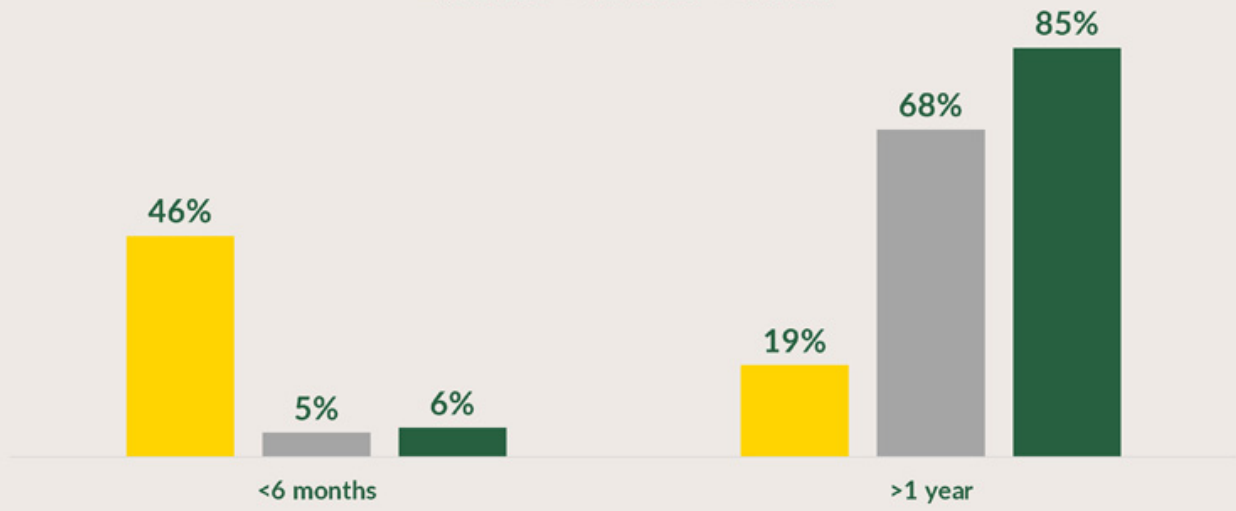
ADJ. GROSS MARGIN PROGRESS VS TARGETS



THE FRESHPET ACADEMY IS DRIVING IMPROVED RETENTION AND SKILL LEVELS THAT HAVE DRIVEN OPERATING IMPROVEMENTS

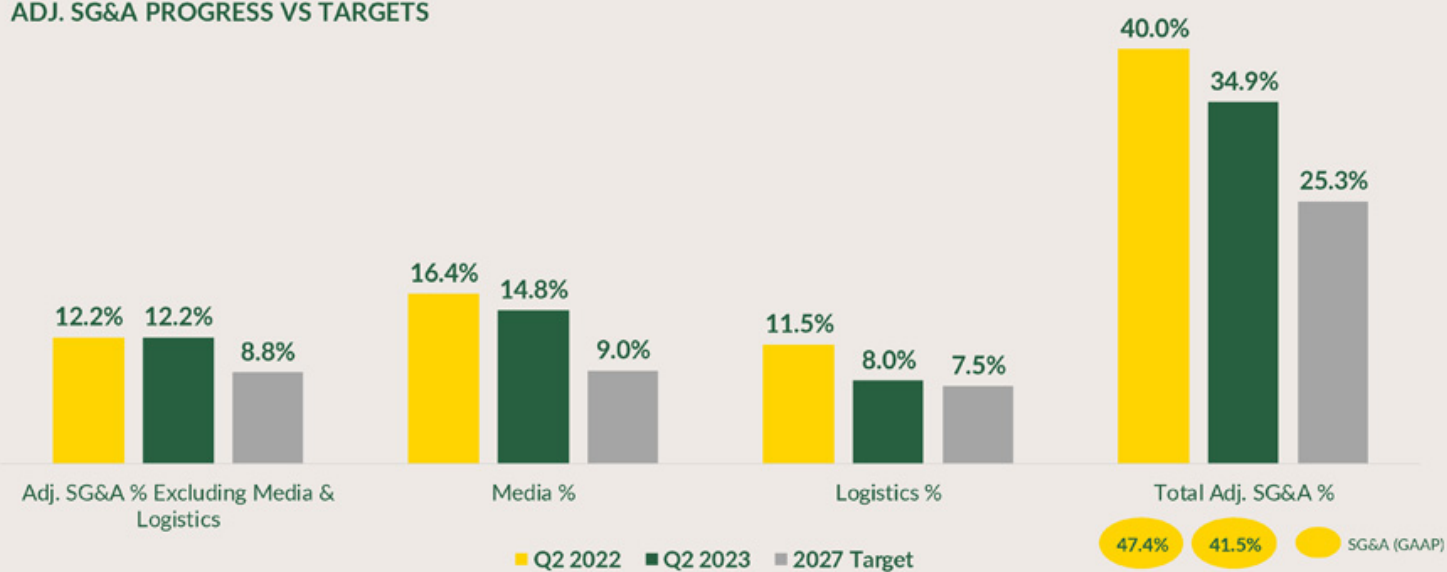
FRESHPET TEAM MEMBER TENURE

■ 7/23/2021 ■ 3/14/2023 ■ 7/1/2023



**WE ARE ON TRACK TO DELIVER THE SG&A IMPROVEMENTS IN OUR 2027 TARGET;
FUTURE GROWTH AND ADDED SCALE WILL UNLOCK LEVERAGE OF MEDIA AND G&A**

ADJ. SG&A PROGRESS VS TARGETS



ENNIS KITCHEN: NOW PRODUCING >20% OF TOTAL FRESHPET PRODUCTION FROM TWO LINES IN THE ENNIS KITCHEN

- ✔ Both bag line and roll line are operating 24/7
- ✔ Chicken processing operation is rapidly scaling up
- ✔ Second bag line will begin commissioning in Q4 2023
- ✔ Phase II is under construction; will start up in late Q3 2024

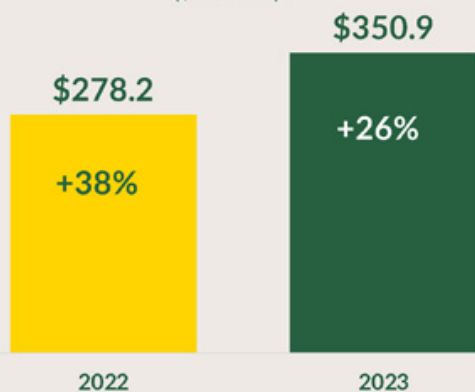


YTD 2023 RESULTS

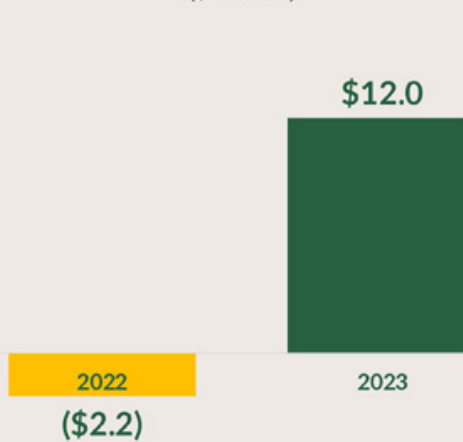


STRONG FYTD RESULTS THAT DEMONSTRATE IMPROVED OPERATING PERFORMANCE AND STRONG GROWTH

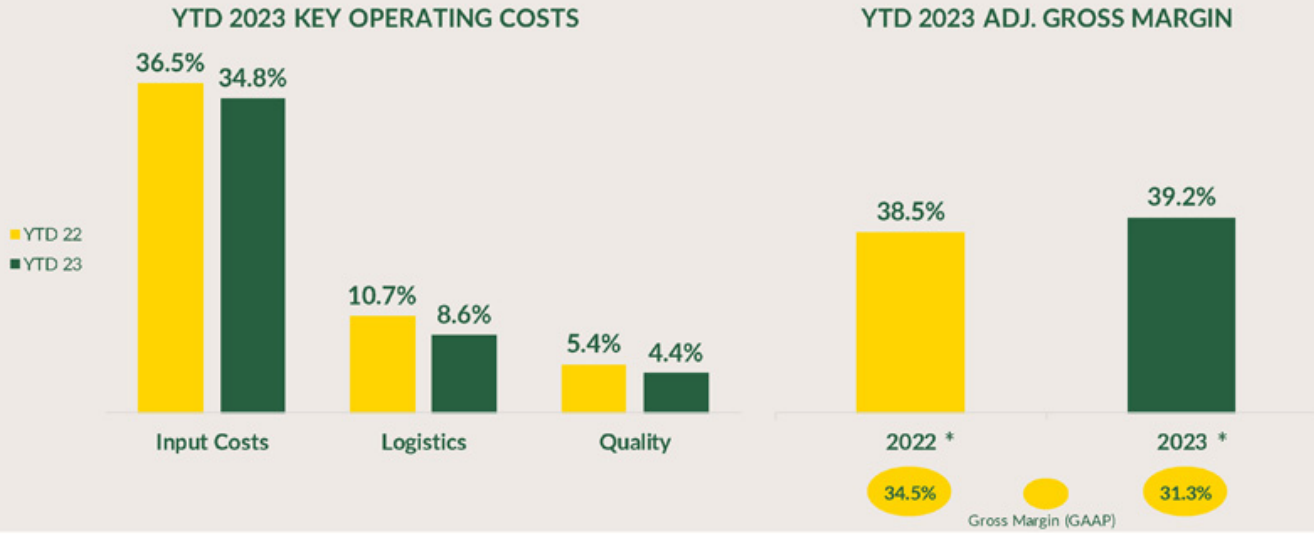
FRESHPET YTD 2023 NET SALES
(\$ millions)



FRESHPET YTD 2023 ADJ. EBITDA
(\$ millions)

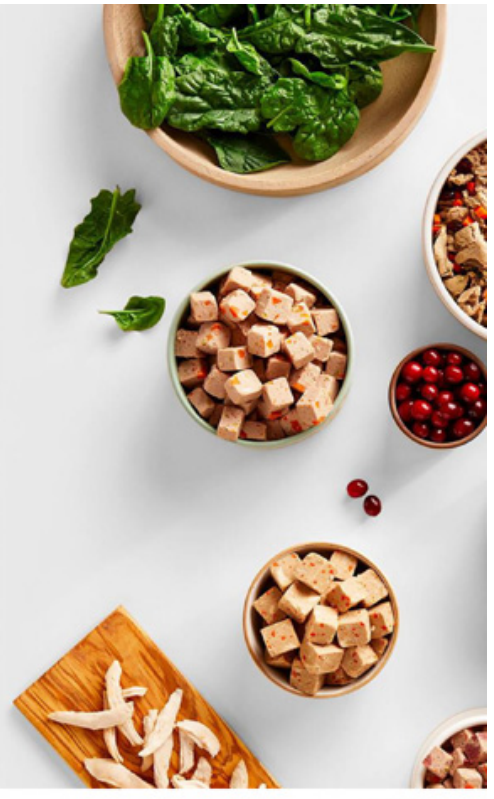


**GENERATED 480 BPS IMPROVEMENT YTD vs YA ON KEY OPERATING COSTS:
INPUT COSTS/PRICING, QUALITY AND LOGISTICS**



18 *Ennis plant start-up expenses included in Adj. Gross Margin and Gross Margin

FY 2023 GUIDANCE



RAISING 2023 ADJ. EBITDA GUIDANCE AND RE-AFFIRMING NET SALES GUIDANCE: FOCUS ON IMPROVING PROFITABILITY WHILE DRIVING GROWTH

- **Volume cadence:** Accelerating volume growth in Q3 and Q4; net sales growth rate stronger in Q3 vs Q4 due to lapping large trade inventory re-fill in Q4 (\$10-15 million)
- **Advertising investment:** Media split 65%/35% first half vs second half; 2nd half 2023 media investment ~\$15 million more than 2nd half 2022; more Q4 media vs YA
- **Adj. Gross Margin:** Adj. Gross Margin will begin to absorb costs of incremental staffing as we add staffing to support Q1 2024 shipments.
- **Logistics costs:** Continued strong performance based on expanding footprint of second DC and favorable lane rates/diesel

FRESHPET FINANCIAL PROJECTIONS



2023 GUIDANCE: Q3 EXPECTATIONS

- ✔ **Volume/Net Sales cadence:** Q3 2023 is projected to have stronger net sales growth rate than Q4 and Q2; volume growth rate will accelerate throughout Q3 and Q4
- ✔ **Advertising investment:** Continued investment in media in Q3 at levels above 2022 spending (\$)
- ✔ **Logistics costs:** Q3 2023 will include favorable lane rates and diesel costs along with expansion of the Dallas DC
- ✔ **Adj. Gross Margin:** Improving Adj. Gross Margin as we grow into the scale in Ennis and continue the operation improvement plan which will be offset by hiring incremental staffing to support incremental capacity for 2024. Expect 2H Adj. Gross Margin in the 38-39% range.
- ✔ **Adj. EBITDA \$:** Q3 2023 will benefit from lower media investment than Q2, increased scale in Ennis and increased sales volume. Approximately half of the full year Adj. EBITDA will occur in Q4.

2023 PLAN: KEY GROWTH DRIVERS



STRONG ADVERTISING INVESTMENT



SIGNIFICANT INCREASE IN RETAIL PRESENCE



NEW PRODUCT LAUNCHES



2023 PLAN: OPERATIONAL IMPROVEMENTS



**Ample
capacity**



**More efficient
logistics**



**Improved
quality**



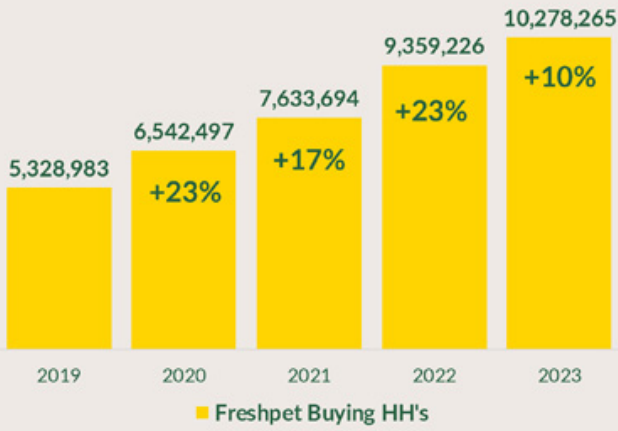
**Commodity costs
in line with pricing**

HOUSEHOLD PENETRATION & BUYING RATE

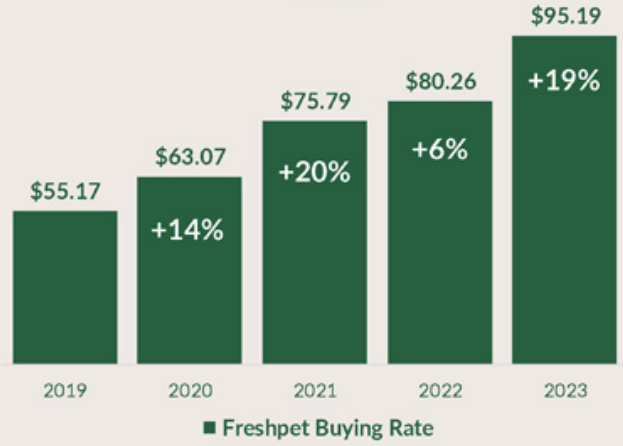


CONTINUED GROWTH IN CONSUMER FRANCHISE; EXCEEDING 10MM HH'S WITH VERY STRONG BUYING RATE INCREASE

FRESHPET PENETRATION GROWTH (52 weeks)



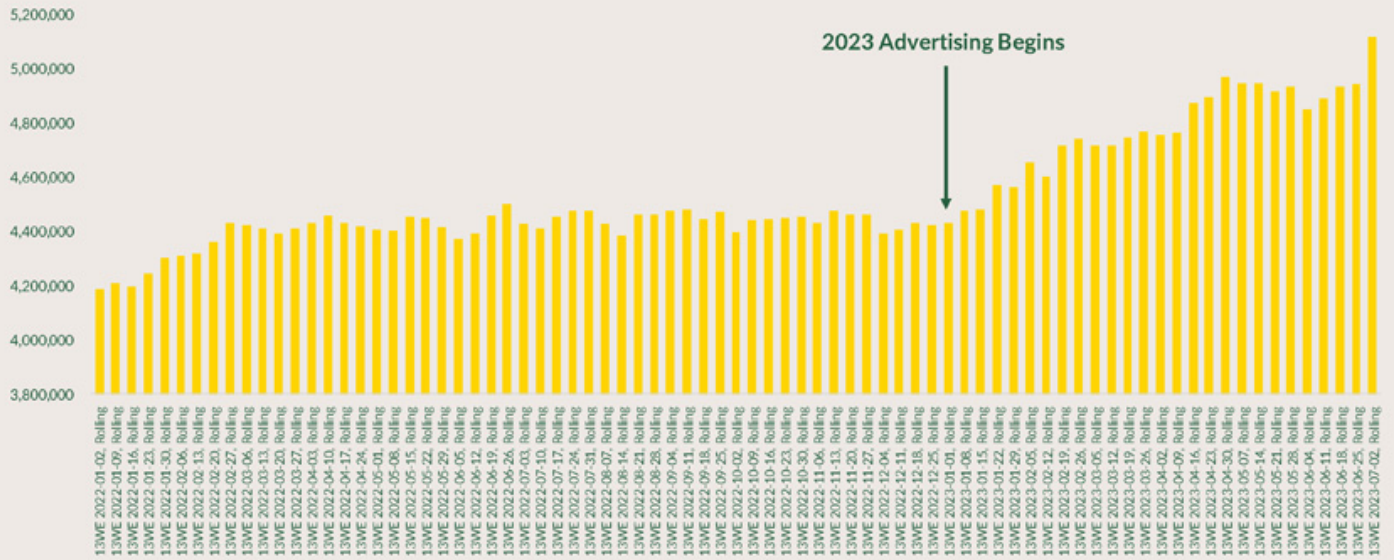
FRESHPET BUYING RATE (52 weeks)



25 Source: Numerator Panel data for the 52-week periods ending 7/2/23

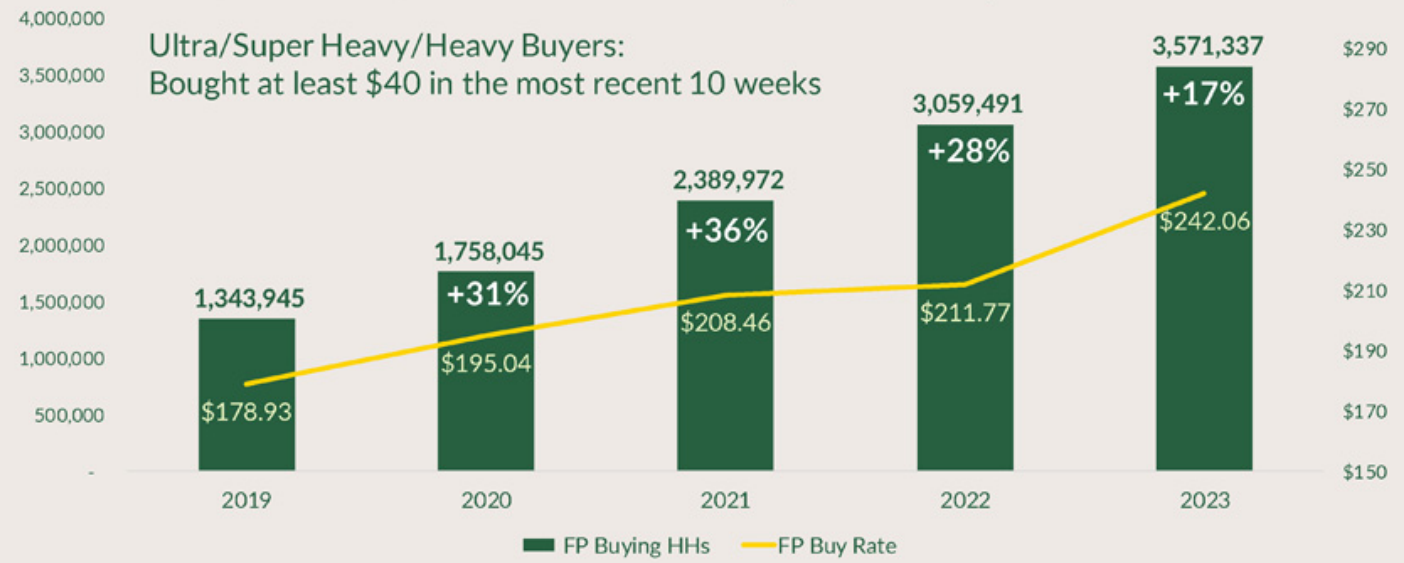
HH PENETRATION GROWTH RE-ACCELERATED IN 2023

FRESHPET BUYING HH'S: ROLLING 13 WEEKS



FRESHPET HEAVY/SUPER HEAVY BUYERS CONTINUE TO INCREASE

FRESHPET ULTRA/SUPER HEAVY/HEAVY BUYERS 5 YEAR TREND (PAST 52 WEEKS)

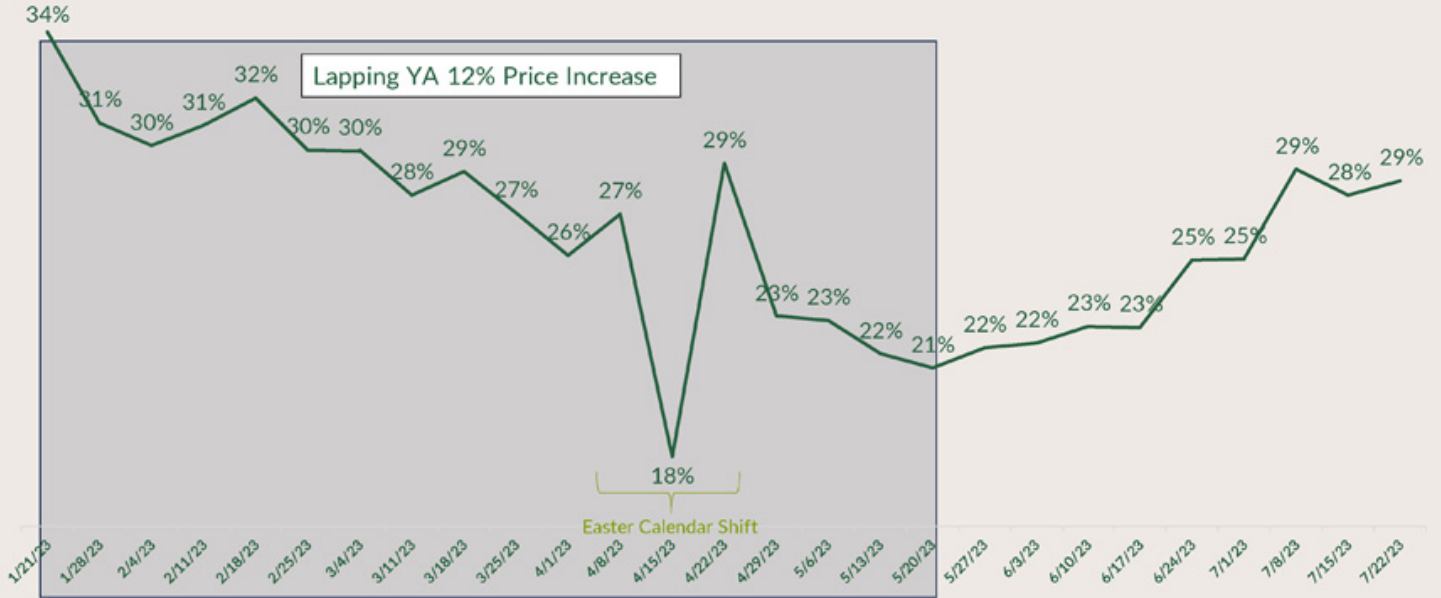


CURRENT CONSUMPTION TRENDS



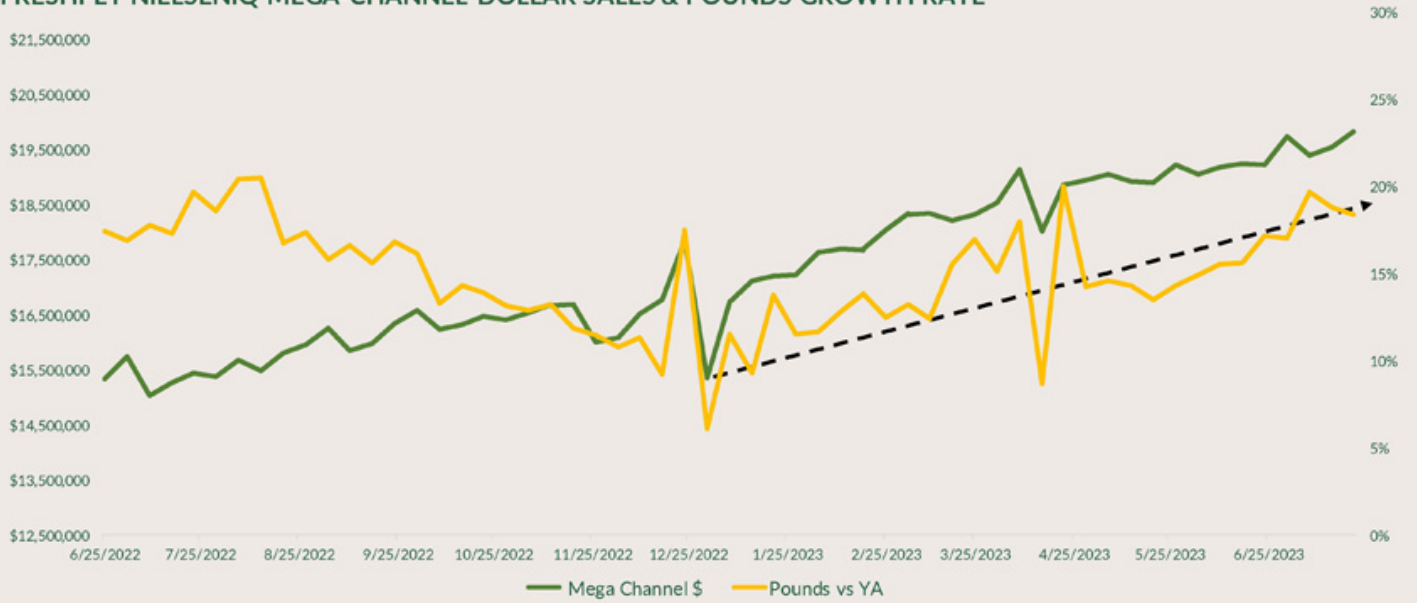
YEAR-ON-YEAR GROWTH RATE HAS REACHED AN INFLECTION POINT AND IS NOW TRENDING UP

NIELSENQ MEGA-CHANNEL CONSUMPTION (\$) GROWTH VS YA



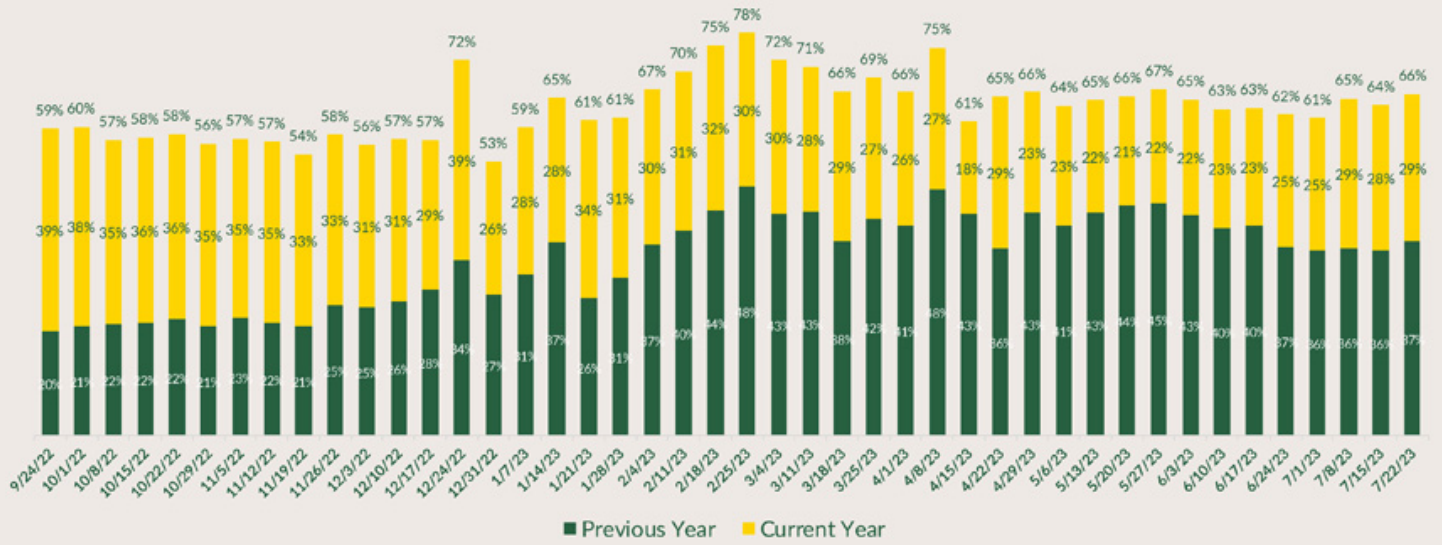
VOLUME GROWTH IS DRIVING CONSUMPTION GROWTH AGAIN

FRESHPET NIELSEN IQ MEGA-CHANNEL DOLLAR SALES & POUNDS GROWTH RATE

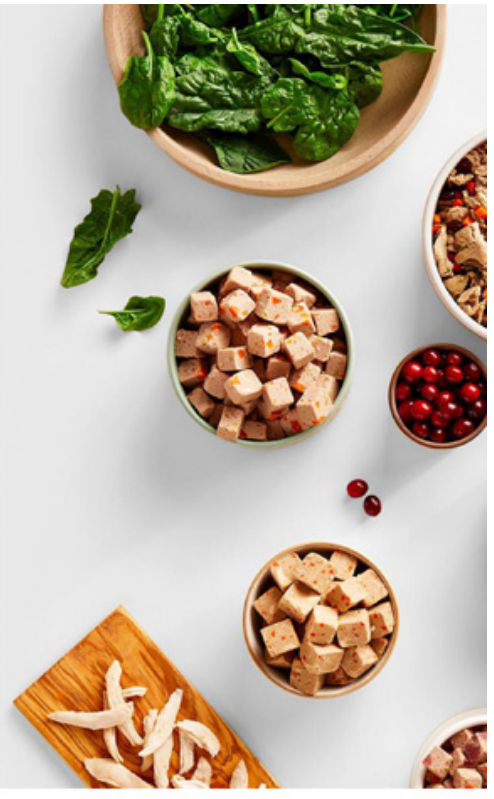


2-YEAR STACKED GROWTH REMAINS STRONG

NIELSENIQ MEGA-CHANNEL CONSUMPTION GROWTH 2-YEAR STACKED



CAPITAL SPENDING, CAPACITY & LIQUIDITY



WE ARE TAKING A FLEXIBLE APPROACH TO CAPITAL SPENDING AND CAPACITY EXPANSION **DESIGNED TO SUPPORT OUR GROWTH WITHIN OUR EXISTING RESOURCES**

GOAL: DELIVER OUR COMMITTED GROWTH PLAN WITHOUT ANY FURTHER DILUTION

KEY PRINCIPLES:

- **Always have adequate capacity to meet demand**
 - Short-shipping customers is very expensive and creates opportunities for competitors
- **Do not commit to more capacity than we will need or sooner than we need**
 - Avoid committing for capacity before we know it is needed
 - Identify options with shorter lead times on capital commitments
 - Leave open the opportunity to apply new technologies as soon as they are validated

WE EXPECT EACH CAPITAL INVESTMENT TO DELIVER AN AFTER-TAX MID-TEENS ROIC.

OUR CAPACITY EXPANSION PLAN IS CONSISTENT WITH THE PRINCIPLES **DESIGNED TO PREVENT THE NEED FOR ADDITIONAL EQUITY**

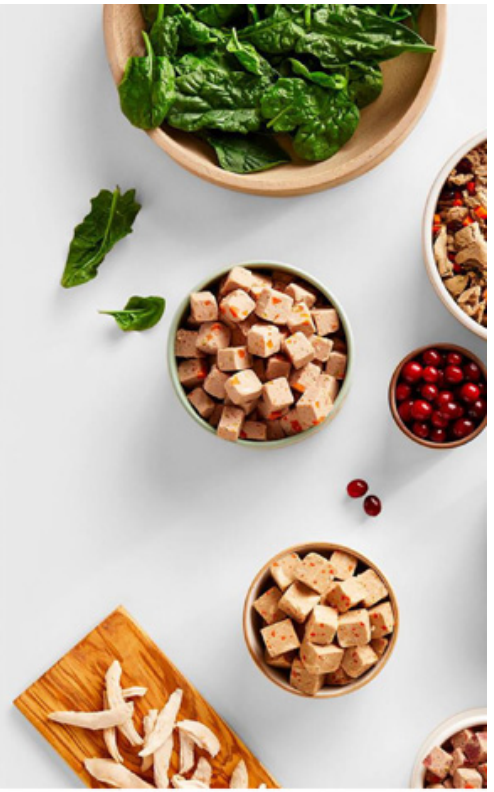
COMMITTED PROJECTS:

- First portion of Ennis Phase II (building for all of Phase II but only two out of four production lines)
- When completed, we will have ~\$1.5 billion of capacity

PROJECTS THAT WILL BE COMMITTED AS DEMAND REQUIRES:

- Second portion of Ennis Phase II (two lines)
- Ennis Phase III (building and 3 more lines)
- Kitchens South (two more lines)

Q2 2023 VISIBILITY & AVAILABILITY



STORE COUNT CONTINUES TO GROW

FRESHPET STORE COUNT



36 Source: Internal data for the period ending 6/30/23

RETAIL AVAILABILITY AT RECORD LEVELS

FRESHPET TOTAL DISTRIBUTION POINTS (TDP'S)

NIELSEN IQ MEGA-CHANNEL

1,200

1,100

1,000

900

800

700

600

500

1077



37

Source: NielsenIQ Mega-Channel Data thru 7/22/23

APPENDIX



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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Gross profit	\$ 59,244	\$ 51,080	\$ 110,004	\$ 95,833
Depreciation expense	10,618	4,295	21,339	8,996
Non-cash share-based compensation	3,161	1,170	6,117	2,339
Adjusted Gross Profit	\$ 73,023	\$ 56,545	\$ 137,460	\$ 107,168
Adjusted Gross Profit as a % of Net Sales	39.8%	38.7%	39.2%	38.5%

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
SG&A expenses	\$ 75,996	\$ 69,215	\$ 148,267	\$ 129,846
Depreciation and amortization expense	3,820	3,585	7,591	6,871
Non-cash share-based compensation	5,286	5,124	10,745	10,250
Loss on disposal of equipment	196	48	464	91
Enterprise Resource Planning (a)	537	1,991	1,338	3,008
Capped Call Transactions fees (b)	—	—	113	—
Activism engagement (c)	2,241	—	2,630	—
Organization changes (d)	(67)	—	(67)	—
Adjusted SG&A Expenses	\$ 63,983	\$ 58,467	\$ 125,453	\$ 109,626
Adjusted SG&A Expenses as a % of Net Sales	34.9%	40.0%	35.8%	39.4%

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

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

(c) Represents advisory fees related to activism engagement.

(d) Represents a true up to transition costs related to the organization changes designed to support growth, including several changes in organizational structure designed to enhance capabilities and support long-term growth objectives.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Net loss	\$ (16,952)	\$ (20,586)	\$ (41,738)	\$ (38,128)
Depreciation and amortization	14,438	7,880	28,930	15,867
Interest expense, net of interest income	(779)	1,671	1,446	2,243
Income tax expense	70	41	140	82
EBITDA	\$ (3,223)	\$ (10,994)	\$ (11,222)	\$ (19,936)
Loss on equity method investment	910	717	\$ 1,890	2,027
Loss on disposal of equipment	196	48	464	91
Non-cash share-based compensation	8,447	6,294	16,862	12,589
Enterprise Resource Planning (a)	537	1,991	1,338	3,008
Capped Call Transactions fees (b)	—	—	113	—
Activism engagement (c)	2,240	—	2,629	—
Organization changes (d)	(67)	—	(67)	—
Adjusted EBITDA	\$ 9,040	\$ (1,944)	\$ 12,007	\$ (2,221)
Adjusted EBITDA as a % of Net Sales	4.9%	-1.3%	3.4%	-0.8%

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

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

(c) Represents advisory fees related to activism engagement.

(d) Represents a true up to transition costs related to the organization changes designed to support growth, including several changes in organizational structure designed to enhance capabilities and support long-term growth objectives.

