

**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 1, 2022**

**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 November 1, 2022, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended September 30, 2022. 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 1, 2022 to discuss its financial results for the quarter ended September 30, 2022.

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 1, 2022, 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 1, 2022</a>
99.2	<a href="#">Investors Presentation</a>
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: November 1, 2022

By: /s/ Richard Kassar

Name: Richard Kassar

Title: Interim Chief Financial Officer



## Freshpet, Inc. Reports Third Quarter 2022 Financial Results

*Continued Strong Topline Growth*

*Freshpet Advances Operational Improvement Plan to Drive Margin Expansion*

*Reduces 2022/2023 Capital Spending Guidance by \$100 million*

*Reiterates Full Year Underlying Guidance and Updates Go-Forward Adjusted EBITDA Guidance Methodology*

SECAUCUS, N.J. – November 1, 2022 – Freshpet, Inc. (“Freshpet” or the “Company”) (Nasdaq: FRPT) today reported financial results for its third quarter ended September 30, 2022.

### Third Quarter 2022 Financial Highlights Compared to Prior Year Period

- Net sales of \$151.3 million, an increase of 40.7%
- Net loss of \$18.4 million, compared with prior year net loss of \$2.1 million
- Adjusted EBITDA of \$3.5 million, compared to prior year of \$13.5 million. As previously disclosed during its second quarter 2022 earnings announcement, beginning with these third quarter 2022 results, the Company is no longer excluding plant start-up and launch expenses in its calculation of Adjusted Gross Profit or Adjusted EBITDA. Plant start-up and launch expenses, were \$9.6 million in the current year period and \$1.2 million in the prior year period.<sup>1</sup>

"We delivered a strong, on-plan quarter," commented Billy Cyr, Freshpet's Chief Executive Officer. "More importantly, we are executing on our plan to address the cost challenges and improve margins. While it is still early, we are attracting the high-quality talent we need, taking the necessary remedial actions, and putting in place the systems needed to further improve our performance. The benefits of those efforts should become increasingly apparent in the quarters ahead."

### Third Quarter 2022

Net sales increased 40.7% to \$151.3 million for the third quarter of 2022 compared to \$107.6 million for the third quarter of 2021. Net sales for the third quarter of 2022 were driven by pricing, velocity, distribution gains and innovation.

Gross profit was \$44.5 million, or 29.4% as a percentage of net sales, for the third quarter of 2022, compared to \$41.5 million, or 38.6% as a percentage of net sales, in the prior year period. For the third quarter of 2022, Adjusted Gross Profit was \$52.2 million, or 34.5% as a percentage of net sales, compared to \$46.8 million, or 43.5% as a percentage of net sales, in the prior year period. The decrease in gross profit as a percentage of net sales and Adjusted Gross Profit as a percentage of net sales were primarily due to increased plant start-up cost, inflation of ingredient cost and labor, and quality issues, partially offset by increased pricing. Beginning with third quarter 2022, the Company is no longer adding back plant start-up expense in its calculation of Adjusted Gross Profit, which for the third quarter represented \$8.0 million. 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 \$60.4 million for the third quarter of 2022 compared to \$42.4 million in the prior year period. As a percentage of net sales, SG&A increased to 39.9% for the third quarter of 2022 compared to 39.4% in the prior year period. The increase in SG&A as a percentage of net sales was a result of increased media spend as a percentage of net sales of 290 basis points and increased logistics cost of 60 basis points, offset by increased selling, general and administrative expense leverage of 300 basis points due to higher net sales. Adjusted SG&A for the third quarter of 2022 was \$48.9 million, or 32.3% as a percentage of net sales, compared to \$33.3 million, or 31.0% as a percentage of net sales, in the prior year period. The increase in Adjusted SG&A as a percentage of net sales was mainly a result of increased media spend as a percentage of net sales of 290 basis points and increased logistics cost of 60 basis points, offset by adjusted selling, general and administrative expense leverage of 220 basis points. 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 \$18.4 million for the third quarter of 2022 compared to net loss of \$2.1 million for the prior year period. The increase in net loss was due to increased SG&A, which includes increased media spend of \$7.2 million and increased plant start-up cost of \$7.4 million, partially offset by contribution profit from higher sales.

<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.

Adjusted EBITDA was \$3.5 million, or 2.3% as a percentage of net sales, for the third quarter of 2022, compared to \$13.5 million, or 12.5% as a percentage of net sales, in the prior year period. The decrease in Adjusted EBITDA was a result of increased Adjusted SG&A expense partially offset by higher net sales and Adjusted Gross Profit. Beginning with third quarter 2022, the Company is no longer adding back plant start-up expense and launch expenses in its calculation of Adjusted EBITDA, which for the third quarter of 2022 represented \$8.0 million and \$1.5 million, respectively, compared to \$0.6 million and \$0.6 million, respectively, in the prior year period. Please see the supplemental schedule at the end of this release reconciling this change in methodology. 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 Nine Months of 2022**

Net sales increased 38.7% to \$429.5 million for the first nine months of 2022 compared to \$309.6 million for the first nine months of 2021. Net sales for the first nine months of 2022 were driven by pricing, velocity, distribution gains and innovation.

Gross profit was \$140.3 million, or 32.7% as a percentage of net sales, for the first nine months of 2022, compared to \$120.9 million, or 39.1% as a percentage of net sales, in the prior year period. For the first nine months of 2022, Adjusted Gross Profit was \$159.3 million, or 37.1% as a percentage of net sales, compared to \$137.6 million, or 44.4% as a percentage of net sales, in the prior year period. The decrease in gross profit as a percentage of net sales and Adjusted Gross Profit as a percentage of net sales was primarily due to plant start-up expense of \$18.1 million, inflation of ingredient cost and labor, and quality issues, partially offset by increased pricing. 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 \$190.2 million for the first nine months of 2022 compared to \$138.0 million in the prior year period. As a percentage of net sales, SG&A decreased to 44.3% for the first nine months of 2022 compared to 44.6% in the prior year period. The decrease in SG&A as a percentage of net sales was a result of increased selling, general and administrative expense leverage of 370 basis points due to higher net sales, partially offset by increased media as a percentage of net sales of 340 basis points. Adjusted SG&A for the first nine months of 2022 was \$158.5 million, or 36.9% as a percentage of net sales, compared to \$110.2 million, or 35.6% as a percentage of net sales, in the prior year period. The increase in Adjusted SG&A as a percentage of net sales was a result of increased media as a percentage of net sales of 340 basis points offset by increased selling, general and administrative expense leverage of 210 basis points due to 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 \$56.6 million for the first nine months of 2022 compared to net loss of \$20.4 million for the prior year period. The increase in net loss was due to increased SG&A, which includes increased media spend of \$27.2 million and increased plant start-up expense of \$14.4 million, partially offset by higher net sales and increased gross profit.

Adjusted EBITDA was \$1.3 million, or 0.3% as a percentage of net sales, for the first nine months of 2022, compared to \$27.4 million, or 8.8% as a percentage of net sales, in the prior year period. The decrease in Adjusted EBITDA was a result of increased Adjusted SG&A expense (including \$2.7 million of launch expense) partially offset by higher net sales and Adjusted Gross Profit (including \$18.1 million of plant start-up 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 September 30, 2022, the Company had cash and cash equivalents and short-term investments of \$260.2 million with \$75.2 million of debt outstanding.

## Outlook

For full year 2022, the Company reiterates its full year underlying guidance on Net Sales and Adjusted EBITDA. The Company expects the following results:

- Net sales of >\$575 million, an increase of ~35% from 2021
- Adjusted EBITDA of >\$15 million, which is changed from prior guidance only in that it does not add back approximately \$29.0 million in plant start-up and \$4.0 million of launch expenses for the full year that were added back under the former methodology of calculating Adjusted EBITDA; other than the altered calculation, there is no change in the underlying projected Adjusted EBITDA.
- Capital expenditures for 2022 is now anticipated to be approximately \$290 million, reflecting a reduction of \$30 million from prior forecast. The Company has also refined its 2023 capital expenditure outlook, which is now anticipated to be approximately \$230 million, reflecting a reduction of approximately \$70 million from prior forecast.

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, November 1, 2022, the Company will host a conference call beginning at 4:30 p.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](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. Eastern Time today through November 15, 2022. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671; the passcode is 13733031.

### **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](http://www.freshpet.com).

Connect with Freshpet:

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

<https://twitter.com/Freshpet>

<http://instagram.com/Freshpet>

<http://pinterest.com/Freshpet>

<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, non-cash share-based compensation and COVID-19 expenses.

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

EBITDA and Adjusted EBITDA: EBITDA represents net income (loss) plus interest expense, income tax expense and depreciation and amortization expense, and Adjusted EBITDA represents EBITDA plus loss on equity method investment, non-cash share-based compensation expense, fees related to equity offerings of our common stock, implementation and other costs associated with the implementation of an ERP system, loss on disposal of equipment, COVID-19 expenses, and organization changes designed to support long-term growth objectives. Beginning with the current period ended September 30, 2022, the Company is no longer adding back launch expenses and plant start-up expense in its calculation of Adjusted EBITDA. This change is part of a renewed focus on capital efficiency, that will provide greater clarity on our path toward generating positive net income as the business scales further following our planned capacity additions.

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:

ICR  
Jeff Sonnek  
646-277-1263  
Jeff.sonnek@icrinc.com

### Media Contact:

Freshpet@edelmansmithfield.com



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

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 240,310	\$ 72,788
Short-term investments	19,891	—
Accounts receivable, net of allowance for doubtful accounts	48,235	34,780
Inventories, net	64,334	35,574
Prepaid expenses	8,395	5,834
Other current assets	2,314	1,349
Total Current Assets	383,479	150,325
Property, plant and equipment, net	719,444	583,922
Deposits on equipment	3,821	4,100
Operating lease right of use assets	5,516	6,537
Equity method investment	26,180	25,856
Other assets	27,057	13,670
Total Assets	\$ 1,165,497	\$ 784,410
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 37,046	\$ 42,612
Accrued expenses	19,576	14,950
Current operating lease liabilities	1,478	1,384
Current portion of long-term debt	72,872	-
Total Current Liabilities	\$ 130,972	\$ 58,946
Long term operating lease liabilities	4,588	5,710
Total Liabilities	\$ 135,560	\$ 64,656
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 47,838 issued and 47,824 outstanding on September 30, 2022, and 43,449 issued and 43,435 outstanding on December 31, 2021	48	43
Additional paid-in capital	1,321,299	955,710
Accumulated deficit	(292,200)	(235,623)
Accumulated other comprehensive income (loss)	1,046	(120)
Treasury stock, at cost — 14 shares on September 30, 2022 and on December 31, 2021	(256)	(256)
Total Stockholders' Equity	1,029,937	719,754
Total Liabilities and Stockholders' Equity	\$ 1,165,497	\$ 784,410

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

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
NET SALES	\$ 151,333	\$ 107,590	\$ 429,511	\$ 309,620
COST OF GOODS SOLD	106,788	66,065	289,187	188,689
GROSS PROFIT	44,545	41,525	140,324	120,931
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	60,449	42,365	190,241	137,955
LOSS FROM OPERATIONS	(15,904)	(840)	(49,917)	(17,024)
OTHER (EXPENSES)/INCOME:				
Other (Expenses)/Income, net	256	2	492	(5)
Interest Expense	(1,817)	(677)	(4,060)	(2,232)
	(1,561)	(675)	(3,568)	(2,237)
LOSS BEFORE INCOME TAXES	(17,465)	(1,515)	(53,485)	(19,261)
INCOME TAX EXPENSE	41	16	123	48
LOSS ON EQUITY METHOD INVESTMENT	943	539	2,969	1,124
LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ (18,449)</u>	<u>\$ (2,070)</u>	<u>\$ (56,577)</u>	<u>\$ (20,433)</u>
OTHER COMPREHENSIVE (LOSS) INCOME:				
Change in foreign currency translation	\$ (592)	4	\$ 895	\$ 173
Unrealized gain on available for sale investments	\$ 271	—	\$ 271	\$ —
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(321)	4	1,166	173
TOTAL COMPREHENSIVE LOSS	<u>\$ (18,770)</u>	<u>\$ (2,066)</u>	<u>\$ (55,411)</u>	<u>\$ (20,260)</u>
NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	<u>\$ (0.39)</u>	<u>\$ (0.05)</u>	<u>\$ (1.24)</u>	<u>\$ (0.48)</u>
-DILUTED	<u>\$ (0.39)</u>	<u>\$ (0.05)</u>	<u>\$ (1.24)</u>	<u>\$ (0.48)</u>
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING USED IN COMPUTING NET (LOSS) INCOME PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	<u>47,856</u>	<u>43,373</u>	<u>45,545</u>	<u>42,774</u>
-DILUTED	<u>47,856</u>	<u>43,373</u>	<u>45,545</u>	<u>42,774</u>

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

	<b>For the Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (56,577)	\$ (20,433)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Provision for loss (gains) on accounts receivable	(23)	15
Loss on disposal of equipment	203	284
Share-based compensation	20,409	18,516
Inventory obsolescence	3,455	249
Depreciation and amortization	24,422	22,489
Amortization of deferred financing costs and loan discount	596	1,013
Change in operating lease right of use asset	1,021	992
Loss on equity method investment	2,969	1,124
Changes in operating assets and liabilities:		
Accounts receivable	(22,403)	(13,794)
Inventories	(32,215)	(10,435)
Prepaid expenses and other current assets	1,074	(1,140)
Other assets	(1,639)	(5,520)
Accounts payable	1,430	5,057
Accrued expenses	4,626	(781)
Other lease liabilities	(1,028)	(971)
Net cash flows used in operating activities	<u>(53,680)</u>	<u>(3,335)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of short-term investments	(19,840)	—
Investments in equity method investment	(3,293)	—
Acquisitions of property, plant and equipment, software and deposits on equipment	(167,437)	(220,835)
Net cash flows used in investing activities	<u>(190,570)</u>	<u>(220,835)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from common shares issued in primary offering, net of issuance cost	337,508	332,172
Proceeds from exercise of options to purchase common stock	329	2,048
Tax withholdings related to net shares settlements of restricted stock units	(1,279)	(3,198)
Proceeds from borrowings under Credit Facility	78,000	—
Repayment of borrowings under Credit Facility	(2,786)	—
Fees paid in connection with financing agreements	—	(3,263)
Net cash flows provided by financing activities	<u>411,772</u>	<u>327,759</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>167,522</b>	<b>103,589</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>72,788</b>	<b>67,247</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ <u>240,310</u></b>	<b>\$ <u>170,836</u></b>

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Dollars in thousands)</b>			
Gross profit	\$ 44,545	\$ 41,525	\$ 140,324	\$ 120,931
Depreciation expense	5,159	4,075	14,208	11,896
Non-cash share-based compensation	2,450	1,058	4,789	2,970
COVID-19 expense (a)	—	119	—	1,753
<b>Adjusted Gross Profit</b>	<b>\$ 52,154</b>	<b>\$ 46,777</b>	<b>\$ 159,321</b>	<b>\$ 137,550</b>
Adjusted Gross Profit as a % of Net Sales	34.5%	43.5%	37.1%	44.4%

(a) 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 mitigating potential supply chain disruptions during the pandemic, included in cost of goods sold. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

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

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Dollars in thousands)</b>			
SG&A expenses	\$ 60,449	\$ 42,365	\$ 190,241	\$ 137,955
Depreciation and amortization expense	3,387	3,671	10,216	10,593
Non-cash share-based compensation	5,371	4,688	15,620	15,546
Loss on disposal of equipment	124	412	203	518
Enterprise Resource Planning (a)	1,937	273	4,946	1,123
COVID-19 expense (b)	—	—	—	5
Organization changes (c)	734	—	734	—
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 48,896</b>	<b>\$ 33,321</b>	<b>\$ 158,522</b>	<b>\$ 110,170</b>
Adjusted SG&A Expenses as a % of Net Sales	32.3%	31.0%	36.9%	35.6%

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

(b) 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 mitigating potential supply chain disruptions during the pandemic, included in SG&A. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

(c) Represents 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**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>(Dollars in thousands)</b>			
Net loss	\$ (18,449)	\$ (2,070)	\$ (56,577)	\$ (20,433)
Depreciation and amortization	8,546	7,746	24,424	22,489
Interest expense	1,817	677	4,060	2,232
Income tax expense	41	16	123	48
<b>EBITDA</b>	<b>\$ (8,045)</b>	<b>\$ 6,369</b>	<b>\$ (27,970)</b>	<b>\$ 4,336</b>
Loss on equity method investment	943	539	\$ 2,969	1,124
Loss on disposal of equipment	124	412	203	518
Non-cash share-based compensation	7,821	5,746	20,409	18,516
Enterprise Resource Planning (a)	1,937	273	4,946	1,123
COVID-19 expense (b)	—	119	—	1,758
Organization changes (c)	734	—	734	—
Adjusted EBITDA	<b>\$ 3,514</b>	<b>\$ 13,458</b>	<b>\$ 1,291</b>	<b>\$ 27,375</b>
Adjusted EBITDA as a % of Net Sales	2.3%	12.5%	0.3%	8.8%

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

(b) 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 mitigating potential supply chain disruptions during the pandemic. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

(c) Represents 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.

Prior to September 30, 2022, the Company presented for the following items as adjustments to its non-GAAP metrics. Those details are provided again here for your convenience and for consideration in making comparisons to prior periods:

	<b>FY 2020</b>	<b>FY 2021</b>
	<b>(Dollars in thousands)</b>	
Plant start-up expense	\$ 5,962	\$ 4,868
Launch expense	3,421	3,130

	<b>Three Months Ended</b>						
	<b>3/31/2021</b>	<b>6/30/2021</b>	<b>9/30/2021</b>	<b>12/31/2021</b>	<b>3/31/2022</b>	<b>6/30/2022</b>	<b>9/30/2022</b>
	<b>(Dollars in thousands)</b>						
Plant start-up expense	\$ 1,843	\$ 1,130	\$ 588	\$ 1,306	\$ 4,748	\$ 5,293	\$ 8,015
Launch expense	731	1,018	562	819	632	504	1,542



Q3 2022

# EARNINGS PRESENTATION

November 1, 2022



## 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 novel coronavirus ("COVID-19"), 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 and COVID-19 expenses.

Effective with Q3 2022 results, the definition of Adj. EBITDA has changed



## FORWARD LOOKING STATEMENTS & NON-GAAP MEASURES

Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, plant start-up 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, launch expense, 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 and COVID-19 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. 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.

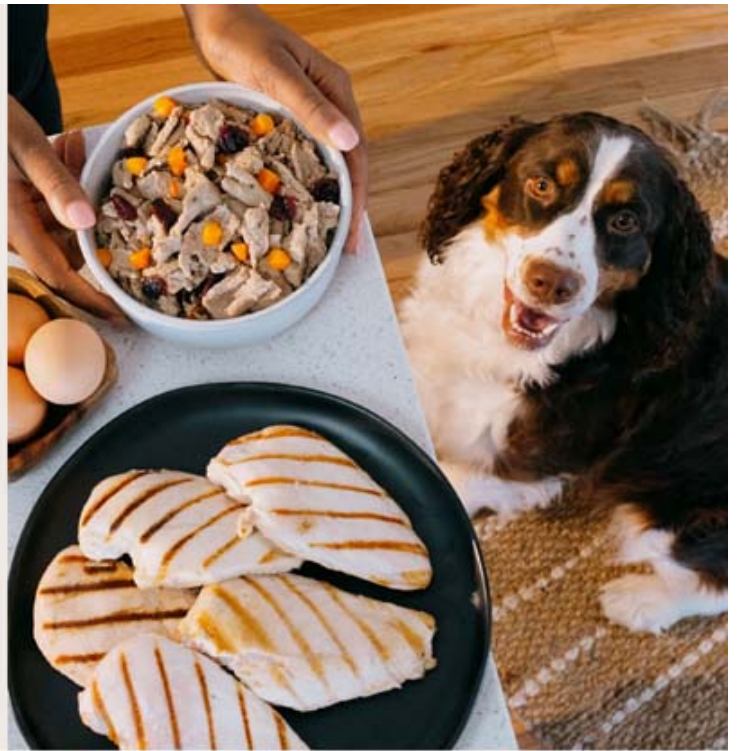
Certain of these measures represent the Company's guidance for fiscal year 2022. The Company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable 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.



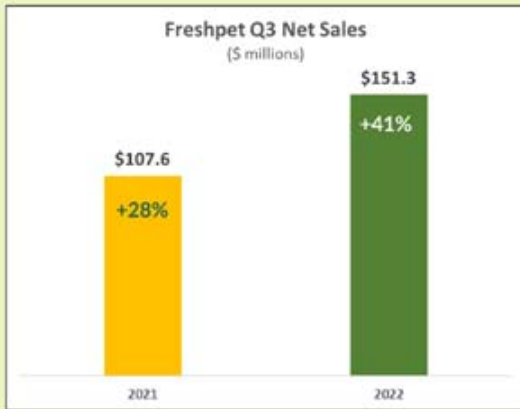
FRESHPET STRENGTHENS THE BOND BETWEEN **PEOPLE** AND OUR **PETS** SO THAT WE BOTH LIVE LONGER, HEALTHIER AND HAPPIER LIVES WHILE BEING KIND TO THE **PLANET.**



# PROGRESS REPORT



CONTINUING TO DRIVE THE STRONG AND CONSISTENT TOP LINE GROWTH THAT FRESHPET HAS DEMONSTRATED FOR 6 YEARS



Net sales ahead of pace to achieve our 2025 net sales goal of \$1.25 billion



Growth amongst heavy & super heavy users is even stronger

# EXECUTING ON OUR OPERATIONAL IMPROVEMENT PLAN TO DRIVE MARGIN EXPANSION



## MARGIN EXPANSION PLAN

SG&A		COGS		
LOGISTICS	G&A	INGREDIENTS	QUALITY	OPERATING EXCELLENCE & AUTOMATION
<ul style="list-style-type: none"> <li>• Ship from dual locations                             <ul style="list-style-type: none"> <li>- Less Miles</li> <li>- Operating Flexibility</li> </ul> </li> <li>• Increase fill rate                             <ul style="list-style-type: none"> <li>- Inventory allocation</li> </ul> </li> <li>• Drive customers to efficient ordering                             <ul style="list-style-type: none"> <li>- Bracket pricing</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Leverage from scale                             <ul style="list-style-type: none"> <li>- Grow sales faster than costs</li> <li>- Drive marketing efficiencies and productivity per person</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Price to recover margin</li> <li>• Increase cost certainty                             <ul style="list-style-type: none"> <li>- Hedging</li> <li>- Longer term contracts</li> <li>- Longer notice period on supplier increases</li> </ul> </li> <li>• Dual sourcing</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate, Mid and Long term initiatives</li> <li>• Deploy and develop improvements further establishing leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce labor per line shift by 25%</li> <li>• Reduce low value work</li> <li>• Implement Milliken operational excellence program</li> <li>• Freshpet Academy training</li> </ul>

## PROGRESS-TO-DATE

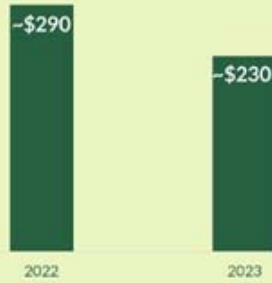
LOGISTICS	G&A	INGREDIENTS	QUALITY	OPERATIONS IMPROVEMENTS
<ul style="list-style-type: none"> <li>• Fill rate in upper 80's</li> <li>• Second DC operating</li> </ul>	<ul style="list-style-type: none"> <li>• 200 bps of G&amp;A leverage YTD</li> </ul>	<ul style="list-style-type: none"> <li>• 5% price increase</li> <li>• 25% of inputs locked</li> </ul>	<ul style="list-style-type: none"> <li>• Disposals reduced 50% vs Q2</li> </ul>	<ul style="list-style-type: none"> <li>• Kitchens 2 +-500bps vs K1</li> <li>• Ennis +-500bps vs Bethlehem</li> <li>• Throughput per man hour +7% YTD</li> </ul>

## ALIGNING LONG-TERM GROWTH WITH PRUDENT CAPITAL EXPENDITURES

PREVIOUS PROJECTED CAPITAL SPENDING (\$ MILLIONS)



UPDATED PROJECTED CAPITAL SPENDING (\$ MILLIONS)



✓ Reduced projected capital spending over 2022/2023 by a total of \$100 million.

Source: Company estimates

## UPGRADING AND ENHANCING FINANCE ORGANIZATION

TODD CUNFER



NEW CFO

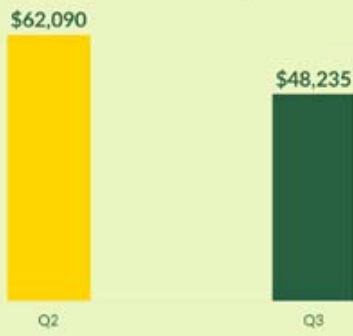
- Proven, public company CFO
- High growth company experience
- 25+ years of CPG experience
- 25+ years of food experience



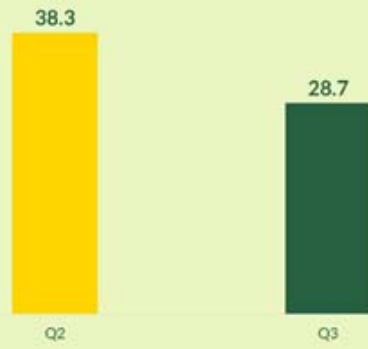
## ERP: STEADY IMPROVEMENT IN PERFORMANCE



2022 ACCOUNTS RECEIVABLE  
(MILLIONS)



2022 DAYS SALES OUTSTANDING





## ENNIS KITCHEN: EXPECT TO BE SHIPPING PRODUCT WITHIN 2 WEEKS

- 12 sku's qualified for production already
- Moved to 24/7 operation 6 months earlier than previous start-up
- Line is producing high quality product
- Final requirements to ship product: building security and processing system coding



## RE-AFFIRMING UNDERLYING GUIDANCE BUT UPDATING TO REFLECT NEW ACCOUNTING TREATMENT





## Q3 & YTD 2022 RESULTS

## STRONG NET SALES GROWTH CONTINUES



## NET SALES GROWTH DRIVEN BY VOLUME/MIX, PRICING AND TRADE INVENTORY RE-FILL

Q3 2022 NET SALES BRIDGE



Source: Nielsen consumption data thru 10/1/22 and internal sales data

# DECLINE IN ADJ. GROSS MARGIN DUE TO PLANT START-UP EXPENSES AND INFLATION

Q3 2022 ADJ. GROSS MARGIN PROGRESS

YTD ADJ. GROSS MARGIN PROGRESS



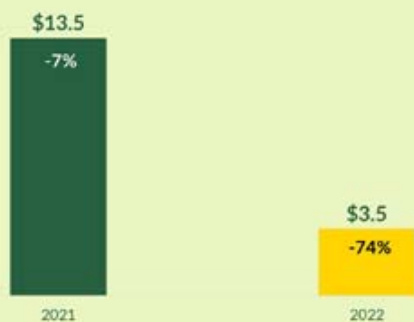
Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, non-cash share-based compensation and COVID-19 expenses

# DELIVERED SIGNIFICANT ADJ. SG&A LEVERAGE EXCLUDING MEDIA & LOGISTICS

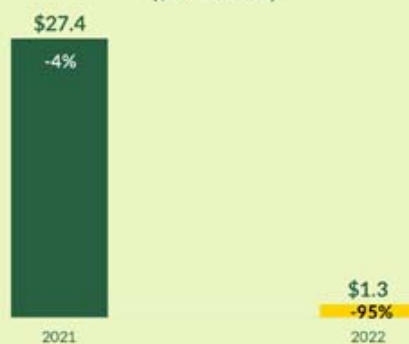


## SIGNIFICANT INVESTMENT IN PLANT START-UP AND NEW FRIDGE PLACEMENTS IMPACTED ADJ. EBITDA

FRESHPET Q3 ADJ. EBITDA  
(\$ MILLIONS)



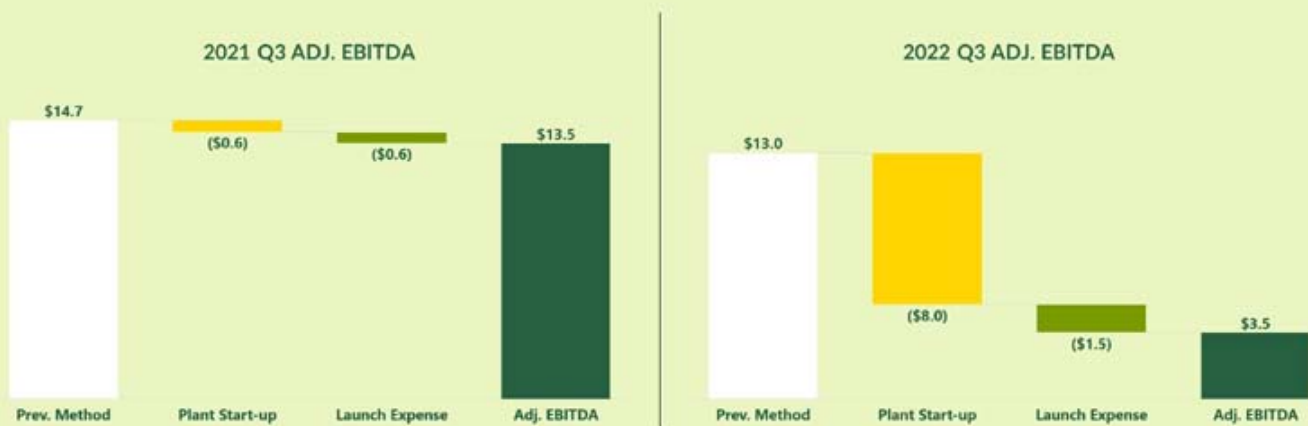
FRESHPET YTD ADJ. EBITDA (SEP. 30)  
(\$ MILLIONS)



New reporting method for Adj. EBITDA



### Q3: RECONCILIATION OF PREVIOUS REPORTING METHOD TO NEW ADJ. EBITDA DEFINITION



Reconciliation of Adj. EBITDA to previous reporting method.

## YTD: RECONCILIATION OF PREVIOUS REPORTING METHOD TO NEW ADJ. EBITDA DEFINITION



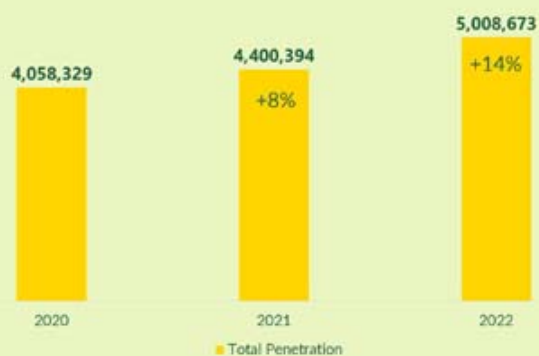
Reconciliation of Adj. EBITDA to previous reporting method.



## HOUSEHOLD PENETRATION & BUYING RATE

## CONTINUED GROWTH IN CONSUMER FRANCHISE; EXCEEDED 5 MILLION HH'S FOR THE FIRST TIME

FRESHPET PENETRATION GROWTH



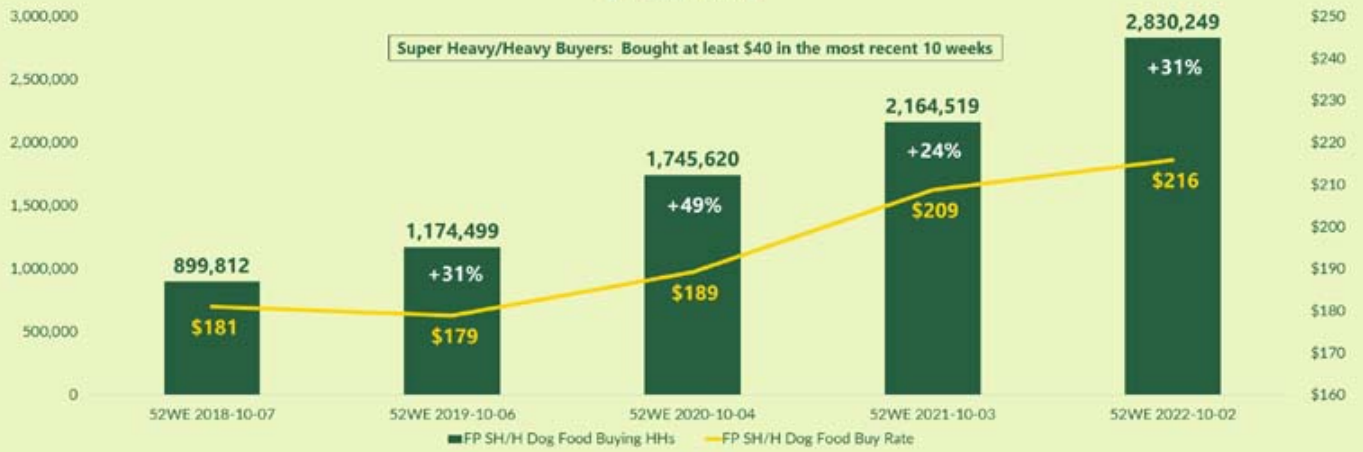
FRESHPET BUYING RATE



Note: Updated Nielsen projections only include the past 3 years of data, so year-on-year comparisons are not possible for 2020.

# FRESHPET HEAVY/SUPER HEAVY BUYERS CONTINUE TO INCREASE

Freshpet Super Heavy/Heavy Dog Food Buyers  
5 Year Trend



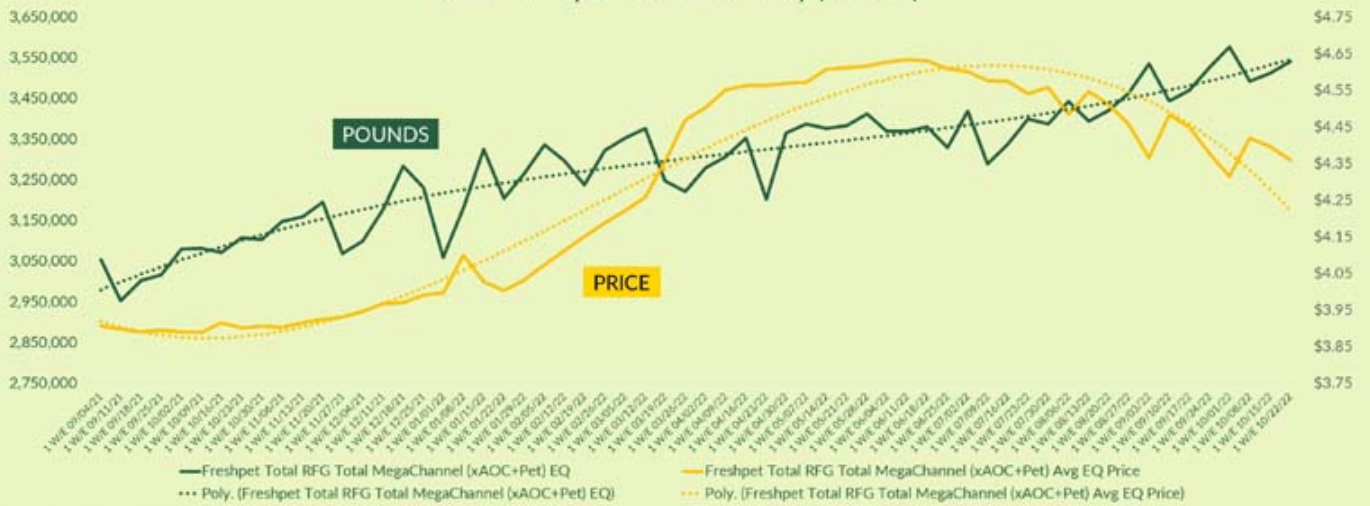
Source: Numerator Data thru 10/2/22



## PRICING IMPACT

# PRICING AND SENSITIVITY HAVE STABILIZED

## Total Freshpet Price Sensitivity (Pounds)



Source: Nielsen Mega-Channel Data thru 10/22/22



## CURRENT CONSUMPTION TRENDS



# STRONG, STEADY CONSUMPTION GROWTH

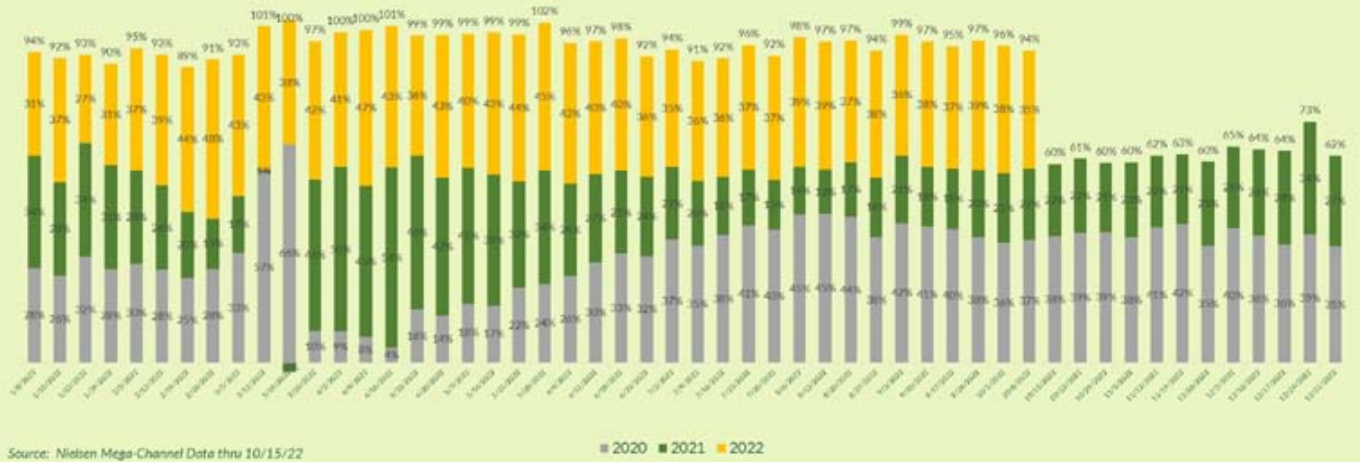
## Nielsen Mega-Channel Consumption



Source: Nielsen Mega-Channel Data thru 10/22/22

# 3-YEAR STACKED GROWTH IS REMARKABLY CONSISTENT

## NIELSEN MEGA-CHANNEL CONSUMPTION GROWTH 3-YEAR STACKED

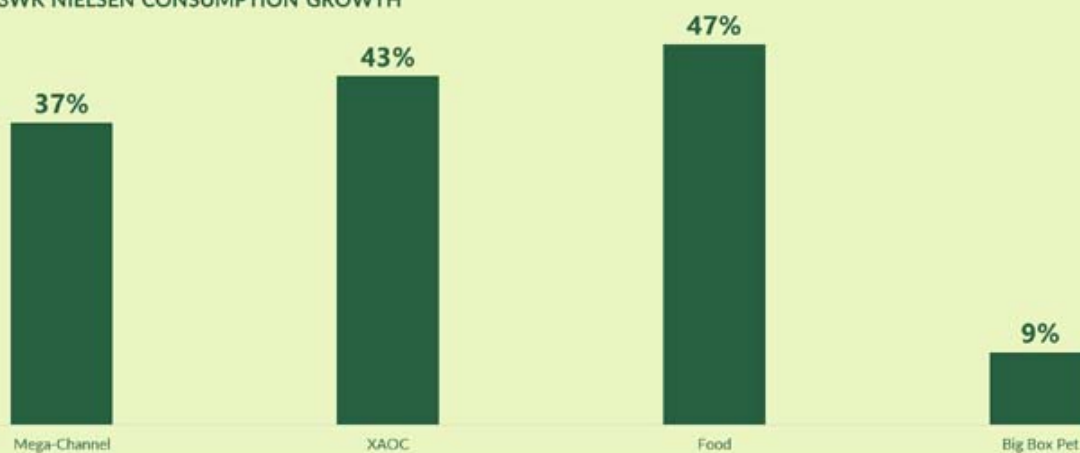


Source: Nielsen Mega-Channel Data thru 10/15/22

2020 2021 2022

## STRONG GROWTH IN GROCERY AND MASS; PET SPECIALTY BEGINNING TO REBOUND

LATEST 13WK NIELSEN CONSUMPTION GROWTH



Source: Nielsen consumption data thru 10/08/22

# FRESHPET DISTRIBUTION CONTINUES TO GROW

Freshpet % ACV  
Nielsen Mega-Channel



Source: Nielsen Mega-Channel Data thru 10/22/22

# RETAIL AVAILABILITY AT RECORD LEVELS

## Freshpet Total Distribution Points (TDP's) Nielsen Mega-Channel



Source: Nielsen Mega-Channel Data thru 10/22/22

## ON A TOTAL BRAND BASIS, FRESHPET IS NOW THE LEADING BRAND IN THE GROCERY CHANNEL

TOTAL WET & DRY DOG FOOD BRANDS DOLLAR SALES: US FOOD  
(LATEST 13WKS THRU 10/08/22 -- \$M )



Source: Nielsen Mega-Channel Data thru 10/08/22

## FRESHPET VELOCITY LEADS THE CATEGORY IN GROCERY

TOTAL WET & DRY DOG FOOD BRANDS DOLLAR VELOCITY: US FOOD  
(LATEST 13WKS \$/%ACV THRU 10/08/22 -- \$M)



Source: Nielsen Mega-Channel Data thru 10/08/22

# BUILDING MEANINGFUL SHARE OF THE CATEGORY

## FRESHPET \$ SHARE OF WET & DRY DOG



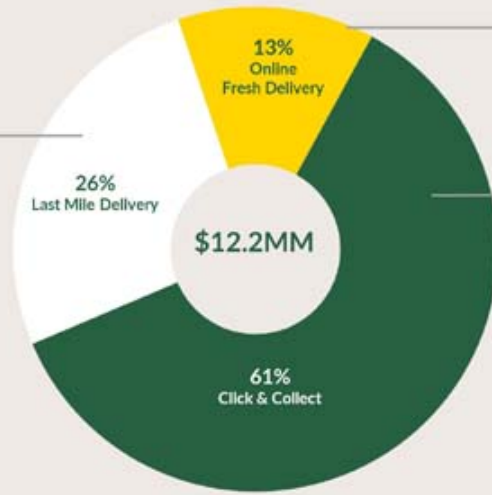
Source: Nielsen Mega-Channel Data thru 10/08/22



# Q3 2022 FRESHPET E-COM GREW 65% VS YA

**7.6%**  
% of Total FP Sales  
Through E-Com

**87% of Sales**  
Contribute to Brick &  
Mortar



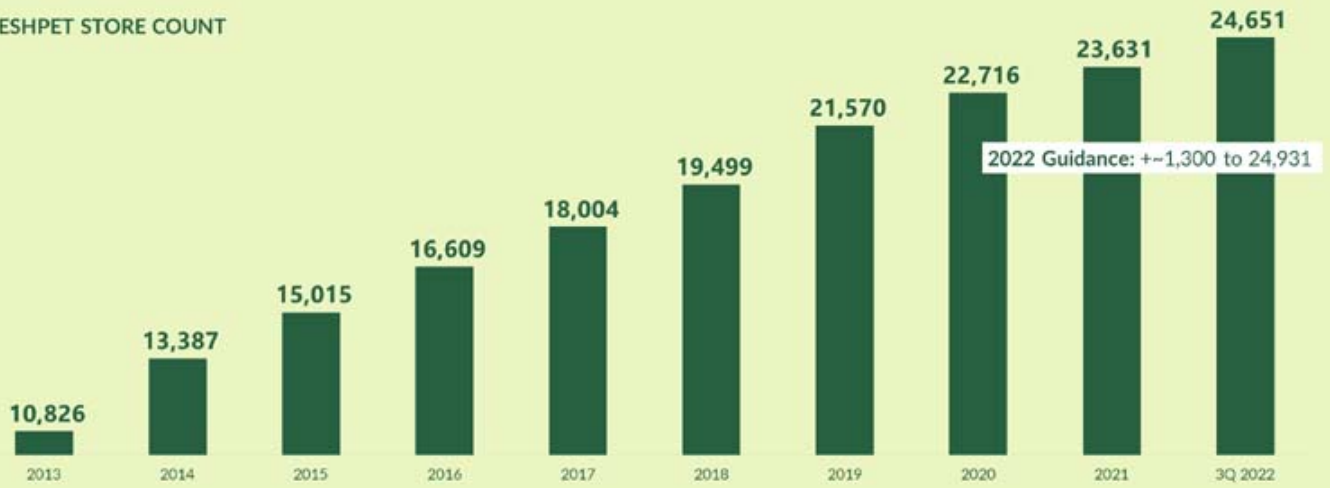
Source: Customer and internal data through 10/1/22



## Q3 2022 VISIBILITY & AVAILABILITY

## STORE COUNT CONTINUES TO GROW

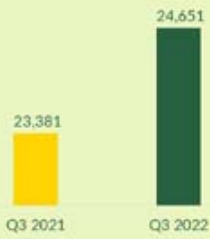
### FRESHPET STORE COUNT



Source: Internal data for the period ending 10/1/22

# Q3 2022: STRONG INCREASE IN NEW STORES

## STORE COUNT

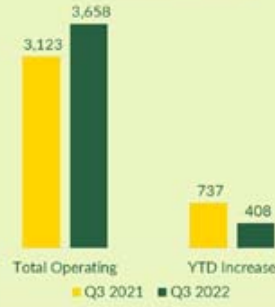


2022 Guidance: -24,931

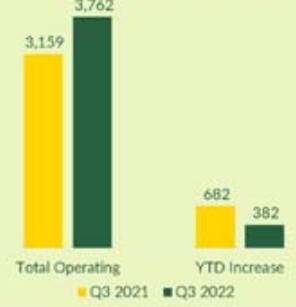
## NET NEW STORES



## FRIDGE UPGRADES



## SECOND/THIRD FRIDGES



2022 Guidance: +-1,400 to 25,031



Source: Internal company data through 10/1/22



## ENNIS KITCHEN UPDATE

## ENNIS PHASE I IS PRODUCING HIGH QUALITY PRODUCT THAT WE EXPECT TO BEGIN SHIPPING WITHIN 2 WEEKS



- Enables total Freshpet growth to >\$1 billion in net sales
- Most efficient Freshpet Kitchen
- Enables lower cost logistics for part of US
- Most environmentally sustainable Kitchen
- Enables significant quality improvements

## APPENDIX



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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in thousands)			
Gross profit	\$ 44,545	\$ 41,525	\$ 140,324	\$ 120,931
Depreciation expense	5,159	4,075	14,208	11,896
Non-cash share-based compensation	2,450	1,058	4,789	2,970
COVID-19 expense (a)	—	119	—	1,753
<b>Adjusted Gross Profit</b>	<b>\$ 52,154</b>	<b>\$ 46,777</b>	<b>\$ 159,321</b>	<b>\$ 137,550</b>
Adjusted Gross Profit as a % of Net Sales	34.5%	43.5%	37.1%	44.4%

(a) 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 mitigating potential supply chain disruptions during the pandemic, included in cost of goods sold. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.



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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in thousands)			
SG&A expenses	\$ 60,449	\$ 42,365	\$ 190,241	\$ 137,955
Depreciation and amortization expense	3,387	3,671	10,216	10,593
Non-cash share-based compensation	5,371	4,688	15,620	15,546
Loss on disposal of equipment	124	412	203	518
Enterprise Resource Planning (a)	1,937	273	4,946	1,123
COVID-19 expense (b)	—	—	—	5
Organization changes (c)	734	—	734	—
<b>Adjusted SG&amp;A Expenses</b>	<b>\$ 48,896</b>	<b>\$ 33,321</b>	<b>\$ 158,522</b>	<b>\$ 110,170</b>
Adjusted SG&A Expenses as a % of Net Sales	32.3%	31.0%	36.9%	35.6%

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

(b) 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 mitigating potential supply chain disruptions during the pandemic, included in SG&A. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

(c) Represents 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(Dollars in thousands)			
Net loss	\$ (18,449)	\$ (2,070)	\$ (56,577)	\$ (20,433)
Depreciation and amortization	8,546	7,746	24,424	22,489
Interest expense	1,817	677	4,060	2,232
Income tax expense	41	16	123	48
<b>EBITDA</b>	<b>\$ (8,045)</b>	<b>\$ 6,369</b>	<b>\$ (27,970)</b>	<b>\$ 4,336</b>
Loss on equity method investment	943	539	2,969	1,124
Loss on disposal of equipment	124	412	203	518
Non-cash share-based compensation	7,821	5,746	20,409	18,516
Enterprise Resource Planning (a)	1,937	273	4,946	1,123
COVID-19 expense (b)	—	119	—	1,758
Organization changes (c)	734	—	734	—
Adjusted EBITDA	<b>\$ 3,514</b>	<b>\$ 13,458</b>	<b>\$ 1,291</b>	<b>\$ 27,375</b>
Adjusted EBITDA as a % of Net Sales	2.3%	12.5%	0.3%	8.8%

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

(b) 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 mitigating potential supply chain disruptions during the pandemic. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

(c) Represents 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		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	(Dollars in thousands)			
Net loss	\$ (18,449)	\$ (2,070)	\$ (56,577)	\$ (20,433)
Depreciation and amortization	8,546	7,746	24,424	22,489
Interest expense	1,817	677	4,060	2,232
Income tax expense	41	16	123	48
<b>EBITDA</b>	<b>\$ (8,045)</b>	<b>\$ 6,369</b>	<b>\$ (27,970)</b>	<b>\$ 4,336</b>
Loss on equity method investment	943	539	2,969	1,124
Loss on disposal of equipment	124	412	203	518
Non-cash share-based compensation	7,821	5,746	20,409	18,516
Enterprise Resource Planning (a)	1,937	273	4,946	1,123
COVID-19 expense (b)	—	119	—	1,758
Organization changes (c)	734	—	734	—
Adjusted EBITDA	<b>\$ 3,514</b>	<b>\$ 13,458</b>	<b>\$ 1,291</b>	<b>\$ 27,375</b>
Adjusted EBITDA as a % of Net Sales	2.3%	12.5%	0.3%	8.8%

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

(b) 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 mitigating potential supply chain disruptions during the pandemic. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

(c) Represents 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.

Prior to September 30, 2022, the Company presented for the following items as adjustments to its non-GAAP metrics. Those details are provided again here for your convenience and for consideration in making comparisons to prior periods:

	FY 2020	FY 2021
	(Dollars in thousands)	
Plant start-up expense	\$ 5,962	\$ 4,868
Launch expense	3,421	3,130

	Three Months Ended						
	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022
	(Dollars in thousands)						
Plant start-up expense	\$ 1,843	\$ 1,130	\$ 588	\$ 1,306	\$ 4,748	\$ 5,293	\$ 8,015
Launch expense	731	1,018	562	819	632	504	1,542



**freshpet**<sup>®</sup>  
**FEED THE GROWTH**  
11 MILLION HH BY 2025