

**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): February 26, 2024

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 February 26, 2024, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter and year ended December 31, 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, February 26, 2024 to discuss its financial results for the quarter and year ended December 31, 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 February 26, 2024, 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 February 26, 2024
99.2	Investor Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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

Date: February 26, 2024

FRESHPET, INC.

By: /s/ Todd Cunfer

Name: Todd Cunfer

Title: Chief Financial Officer



Freshpet, Inc. Reports Fourth Quarter and Full Year 2023 Financial Results
Full Year 2023 Net Sales and Adjusted EBITDA Exceed Company Guidance
Sixth Consecutive Year of >25% Net Sales Growth
Provides Full Year 2024 Outlook

SECAUCUS, N.J. – February 26, 2024 – Freshpet, Inc. (“Freshpet” or the “Company”) (Nasdaq: FRPT) today reported financial results for its fourth quarter and full year ended December 31, 2023.

Fourth Quarter 2023 Financial Highlights Compared to Prior Year Period

- Net sales of \$215.4 million, an increase of 29.9%
- Net income of \$15.3 million, compared to net loss of \$2.9 million
- Adjusted EBITDA of \$31.3 million, compared to \$18.8 million¹

2023 Financial Highlights Compared to Prior Year

- Net sales of \$766.9 million, an increase of 28.8%
- Net loss of \$33.6 million compared to net loss of \$59.5 million
- Adjusted EBITDA of \$66.6 million compared to \$20.1 million¹

“Our strong 2023 results demonstrate that Freshpet has reached an inflection point: The significant investments we have made to create scale and extend our first mover advantage have begun to generate improved profitability and significant operating cash flow. That is the promise of the Fresh Future plan we announced last year, and it is working,” commented Billy Cyr, Freshpet’s Chief Executive Officer. “In 2024, we intend to continue making strong margin improvement and demonstrate continued capital discipline, while sustaining the net sales growth that Freshpet has become known for —further driving profitability and creating significant shareholder value. We believe the future of pet food is fresh and Freshpet is well positioned to drive growth and deliver the profitability one would expect from our leadership position.”

Fourth Quarter 2023

Net sales increased 29.9% to \$215.4 million for the fourth quarter of 2023 compared to \$165.8 million for the fourth quarter of 2022. The increase in net sales was primarily driven by volume gains of 25%.

Gross profit was \$74.6 million, or 34.6% as a percentage of net sales, for the fourth quarter of 2023, compared to \$45.7 million, or 27.6% as a percentage of net sales, for the prior year period. The increase in reported gross profit as a percentage of net sales was primarily due to improved leverage on plant expenses and reduced quality costs, partially offset by depreciation expense associated with the Company’s capacity expansion and cost related to the disposal of equipment. For the fourth quarter of 2023, Adjusted Gross Profit was \$88.5 million, or 41.1% as a percentage of net sales, compared to \$54.8 million, or 33.0% 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 \$59.7 million for the fourth quarter of 2023 compared to \$47.8 million for the prior year period. As a percentage of net sales, SG&A decreased to 27.7% for the fourth quarter of 2023 compared to 28.8% for the prior year period. The decrease of 110 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, decreased cost related to the ERP implementation, and increased leverage on depreciation and share-based compensation as the business scales, partially offset by increased media spend and variable compensation accrual. Adjusted SG&A for the fourth quarter of 2023 was \$57.2 million, or 26.6% as a percentage of net sales, compared to \$37.2 million, or 22.4% as a percentage of net sales, for 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 income was \$15.3 million for the fourth quarter of 2023 compared to net loss of \$2.9 million for the prior year period. The improvement in net income was due to contribution from higher sales, increased gross margin, and reduced logistics costs as a percentage of net sales, partially offset by increased SG&A including increased media spend of \$10.4 million.

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

Adjusted EBITDA was \$31.3 million, or 14.5% as a percentage of net sales, for the fourth quarter of 2023, compared to \$18.8 million, or 11.3% as a percentage of net sales, for the prior year period. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit partially offset by higher Adjusted SG&A expense.

Full Year 2023

Net sales increased 28.8% to \$766.9 million for the full year ended December 31, 2023, compared to \$595.3 million for the prior year. The increase in net sales was primarily driven by volume gains of 20%.

Gross profit was \$250.9 million, or 32.7% as a percentage of net sales, for the full year ended December 31, 2023, compared to \$186.0 million, or 31.2% as a percentage of net sales, for the prior year. The increase in gross profit as a percentage of net sales was primarily due to improved leverage on plant expenses, reduced quality costs, and decreased input cost as a percentage of sales mainly due to an increase in net sales pricing, partially offset by increased depreciation expense associated with the Company's capacity expansion and cost related to the disposal of equipment. For the full year ended December 31, 2023, Adjusted Gross Profit was \$306.6 million, or 40.0% as a percentage of net sales, compared to \$214.1 million, or 36.0% as a percentage of net sales, for the prior year. 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 \$281.3 million, for the full year ended December 31, 2023, compared to \$238.0 million for the prior year. As a percentage of net sales, SG&A decreased to 36.7% for the full year ended December 31, 2023, compared to 40.0% for the prior year. The decrease of 330 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, decreased cost related to the ERP implementation, and increased leverage on depreciation and share-based compensation as the business scales, partially offset by activism engagement charges, increased media spend, and increased variable compensation accrual. Adjusted SG&A for the full year ended December 31, 2023, was \$240.1 million, or 31.3% as a percentage of net sales, compared to \$195.7 million, or 32.9% as a percentage of net sales, for the prior year.

Net loss was \$33.6 million for the full year ended December 31, 2023, compared to a net loss of \$59.5 million for the prior year. The decrease in net loss was due to contribution profit from higher sales, increased gross margins and reduced logistics cost as a percentage of net sales, partially offset by increased SG&A including increased media spend of \$23.1 million.

Adjusted EBITDA was \$66.6 million, or 8.7% as a percentage of net sales, for the full year ended December 31, 2023, compared to \$20.1 million, or 3.4% as a percentage of net sales, for the prior year. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit partially offset by higher Adjusted SG&A 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 December 31, 2023, the Company had cash and cash equivalents of \$296.9 million with \$393.1 million of debt outstanding net of \$9.4 million of unamortized debt issuance costs. For the full year ended December 31, 2023, cash from operations was \$75.9 million, a significant increase of \$119.1 million compared to the prior year, driven by improved profitability and more efficient working capital.

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 2024, the Company is providing the following guidance:

- Net sales of at least \$950 million, an increase of at least 24% from 2023,
- Adjusted EBITDA in the range of \$100 to \$110 million, and
- Capital expenditures of ~\$210 million.

The Company does not provide guidance for net income, the U.S. GAAP measure most directly comparable to Adjusted EBITDA, 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, February 26, 2024, 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 March 11, 2024. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671; the passcode is 13744252.

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

Connect with Freshpet:

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

<https://x.com/Freshpet>

<http://instagram.com/Freshpet>

<http://pinterest.com/Freshpet>

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

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

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

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

Forward Looking Statements

Certain statements in this release constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to our long-term prospects for growth, the future of pet food, profitability, capital discipline and guidance with respect to 2024 net sales, Adjusted EBITDA and capital expenditures. 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, involve certain risks and uncertainties which could cause actual results, performance, and achievements to differ materially from those stated or implied by such forward-looking statements 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 U.S. GAAP reported measures, should not be considered replacements for, or superior to, the U.S. 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 loss on disposal of manufacturing equipment.

Adjusted SG&A Expenses: Freshpet defines Adjusted SG&A as SG&A expenses before depreciation and amortization, non-cash share-based compensation, loss on disposal of equipment, implementation and other costs associated with the implementation of an enterprise resource planning ("ERP") system, fees related to the capped call options purchased, 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, loss on disposal of property, plant and equipment, non-cash share-based compensation expense, implementation and other costs associated with the implementation of an ERP system, fees related to the capped call option purchased, 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 U.S. GAAP results and the reconciliation to the most comparable U.S. 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 U.S. GAAP measures or any other figure calculated in accordance with U.S. 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 U.S. GAAP and should not be viewed as an alternative to U.S. GAAP measures of performance.

Investor Contact:

Rachel Ulsh
Rulsh@freshpet.com

Media Contact:

Press@freshpet.com

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

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 296,871	\$ 132,735
Accounts receivable, net of allowance for doubtful accounts	56,754	57,572
Inventories, net	63,238	58,290
Prepaid expenses	7,615	9,778
Other current assets	2,841	3,590
Total Current Assets	427,319	261,965
Property, plant and equipment, net	979,164	800,586
Deposits on equipment	1,895	3,823
Operating lease right of use assets	3,616	5,165
Equity method investment	—	25,418
Long term investment in equity securities	23,528	—
Other assets	28,899	28,426
Total Assets	\$ 1,464,421	\$ 1,125,383
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 36,096	\$ 55,088
Accrued expenses	49,816	33,016
Current operating lease liabilities	1,312	1,510
Current finance lease liabilities	1,998	—
Total Current Liabilities	\$ 89,222	\$ 89,614
Convertible senior notes	393,074	—
Long term operating lease liabilities	2,591	4,200
Long term finance lease liabilities	26,080	—
Total Liabilities	\$ 510,967	\$ 93,814
Commitments and contingencies	—	—
STOCKHOLDERS' EQUITY:		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 48,277 issued and 48,263 outstanding on December 31, 2023, and 48,051 issued and 48,037 outstanding on December 31, 2022	48	48
Additional paid-in capital	1,282,984	1,325,524
Accumulated deficit	(328,731)	(295,117)
Accumulated other comprehensive (loss) income	(591)	1,370
Treasury stock, at cost — 14 shares on December 31, 2023 and on December 31, 2022	(256)	(256)
Total Stockholders' Equity	953,454	1,031,569
Total Liabilities and Stockholders' Equity	\$ 1,464,421	\$ 1,125,383

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

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(Unaudited)			
NET SALES	\$ 215,420	\$ 165,833	\$ 766,895	\$ 595,344
COST OF GOODS SOLD	140,846	120,124	516,023	409,311
GROSS PROFIT	74,575	45,709	250,872	186,033
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	59,680	47,775	281,318	238,016
INCOME (LOSS) FROM OPERATIONS	14,895	(2,066)	(30,446)	(51,983)
OTHER EXPENSES:				
Interest and Other Income, net	3,843	1,217	13,029	1,710
Interest Expense	(3,449)	(1,148)	(14,097)	(5,208)
	394	70	(1,068)	(3,498)
INCOME (LOSS) BEFORE INCOME TAXES	15,289	(1,997)	(31,514)	(55,481)
INCOME TAX EXPENSE	-	159	210	282
LOSS ON EQUITY METHOD INVESTMENT	-	762	1,890	3,731
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u>\$ 15,289</u>	<u>\$ (2,918)</u>	<u>\$ (33,614)</u>	<u>\$ (59,494)</u>
OTHER COMPREHENSIVE INCOME (LOSS):				
Change in foreign currency translation	\$ 368	\$ 595	\$ (1,961)	\$ 1,490
Unrealized loss on available for sale investments	-	(271)	-	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	368	324	(1,961)	1,490
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 15,657</u>	<u>\$ (2,594)</u>	<u>\$ (35,575)</u>	<u>\$ (58,004)</u>
NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	<u>\$ 0.32</u>	<u>\$ (0.06)</u>	<u>\$ (0.70)</u>	<u>\$ (1.29)</u>
-DILUTED	<u>\$ 0.31</u>	<u>\$ (0.06)</u>	<u>\$ (0.70)</u>	<u>\$ (1.29)</u>
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING				
-BASIC	<u>48,244</u>	<u>48,011</u>	<u>48,163</u>	<u>46,191</u>
-DILUTED	<u>49,889</u>	<u>48,011</u>	<u>48,163</u>	<u>46,191</u>

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

	For the Year Ended December 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (33,614)	\$ (59,494)	\$ (29,699)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:			
Provision for (gains) loss on accounts receivable	(2)	(20)	29
Loss on disposal of property, plant and equipment	4,321	396	538
Share-based compensation	24,935	26,092	24,998
Inventory obsolescence	-	3,455	349
Depreciation and amortization	58,517	34,555	30,468
Write-off and amortization of deferred financing costs and loan discount	4,060	795	1,212
Change in operating lease right of use asset	1,549	1,372	1,329
Loss on equity method investment	1,890	3,731	2,005
Changes in operating assets and liabilities:			
Accounts receivable	820	(32,993)	(16,371)
Inventories	(1,207)	(26,171)	(16,804)
Prepaid expenses and other current assets	(2,249)	(435)	(2,891)
Other assets	(4,053)	(3,141)	(7,899)
Accounts payable	3,543	(3,063)	14,958
Accrued expenses	19,237	13,078	(273)
Operating lease liability	(1,807)	(1,384)	(1,302)
Net cash flows provided by (used in) operating activities	<u>75,940</u>	<u>(43,227)</u>	<u>647</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of short-term investments	(113,441)	(19,840)	—
Proceeds from maturities of short-term investments	113,441	19,840	—
Investments in equity method investment	—	(3,293)	—
Acquisitions of property, plant and equipment, software and deposits on equipment	(239,093)	(230,071)	(322,099)
Net cash flows used in investing activities	<u>(239,093)</u>	<u>(233,364)</u>	<u>(322,099)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
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	4,517	471	2,271
Tax withholdings related to net shares settlements of restricted stock units	(1,400)	(1,441)	(4,187)
Proceeds from borrowings under Credit Facility	—	78,000	—
Repayment of borrowings under Credit Facility	—	(78,000)	—
Purchase of capped call options	(66,211)	—	—
Proceeds from issuance of convertible senior notes	393,518	—	—
Principal payments under finance lease obligations	(1,109)	—	—
Debt issuance costs	(2,026)	—	—
Fees paid in connection with financing agreements	—	—	(3,263)
Net cash flows provided by financing activities	<u>327,289</u>	<u>336,538</u>	<u>326,993</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	164,136	59,947	5,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	132,735	72,788	67,247
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 296,871</u>	<u>\$ 132,735</u>	<u>\$ 72,788</u>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Gross profit	\$ 74,575	\$ 45,709	\$ 250,872	\$ 186,033
Depreciation expense	8,103	6,566	41,209	20,774
Non-cash share-based compensation	2,299	2,505	10,995	7,293
Loss on disposal of manufacturing equipment	3,547	—	3,547	—
Adjusted Gross Profit	\$ 88,524	\$ 54,780	\$ 306,623	\$ 214,100
Adjusted Gross Profit as a % of Net Sales	41.1%	33.0%	40.0%	36.0%

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(Dollars in thousands)			
SG&A expenses	\$ 59,680	\$ 47,775	\$ 281,318	\$ 238,016
Depreciation and amortization expense	4,248	3,565	15,849	13,781
Non-cash share-based compensation (a)	(2,315)	3,178	13,941	18,799
Loss on disposal of equipment	86	193	774	396
Enterprise Resource Planning (b)	465	3,613	2,457	8,558
Capped Call Transactions fees (c)	—	—	113	—
Activism engagement (d)	—	—	8,177	—
Organization changes (e)	—	—	(67)	734
Adjusted SG&A Expenses	\$ 57,196	\$ 37,227	\$ 240,074	\$ 195,748
Adjusted SG&A Expenses as a % of Net Sales	26.6%	22.4%	31.3%	32.9%

- (a) Includes the true-up of share-based compensation expense in the three months ended December 31, 2023. We have certain outstanding multi-year share-based awards, granted in FY 2020, with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA targets in FY 2024 as a condition to vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets set in 2020. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
- (b) Represents implementation, amortization of deferred implementation costs and other costs associated with the implementation of an ERP system.
- (c) Represents fees associated with the Capped Call Transactions.
- (d) Represents advisory fees related to activism engagement.
- (e) 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 INCOME (LOSS) AND ADJUSTED EBITDA

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Net Income (loss)	15,289	\$ (2,918)	\$ (33,614)	\$ (59,494)
Depreciation and amortization	12,351	10,131	57,058	34,555
Interest expense, net of interest income	(394)	1,148	1,069	5,208
Income tax expense	—	159	210	282
EBITDA	\$ 27,246	\$ 8,520	\$ 24,723	\$ (19,449)
Loss on equity method investment	\$ -	\$ 762	\$ 1,890	\$ 3,731
Loss on disposal of property, plant and equipment	3,633	193	4,321	396
Non-cash share-based compensation (a)	(16)	5,683	24,936	26,092
Enterprise Resource Planning (b)	465	3,613	2,457	8,558
Capped Call Transaction fees (c)	—	—	113	—
Activism engagement (d)	—	—	8,177	—
Organization changes (e)	—	—	(67)	734
Adjusted EBITDA	\$ 31,328	\$ 18,771	\$ 66,550	\$ 20,062
Adjusted EBITDA as a % of Net Sales	14.5%	11.3%	8.7%	3.4%

- (a) Includes the true-up of share-based compensation expense in the three months ended December 31, 2023. We have certain outstanding multi-year share-based awards, granted in FY 2020, with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA targets in FY 2024 as a condition to vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets set in 2020. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
- (b) Represents implementation, amortization of deferred implementation costs and other costs associated with the implementation of an ERP system.
- (c) Represents fees associated with the Capped Call Transactions.
- (d) Represents advisory fees related to activism engagement.
- (e) 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.



Q4 & FY 2023 EARNINGS

February 26, 2024



Forward Looking Statements & Non-GAAP Measures



FORWARD-LOOKING STATEMENTS

Certain statements in this presentation by Freshpet, Inc. (the "Company") constitute "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are based on our current expectations and assumptions. These forward-looking statements, which include any statements related to the timing of Freshpet Kitchens Expansion, our long-term strategy, focus and 2027 goals, our pace in achieving these goals, growth prospects, and FY 2024 guidance. Words such as "anticipate", "believe", "could", "estimate", "expect", "guidance", "intend", "may", "might", "outlook", "plan", "predict", "seek", "will", "would" and variations of such word and similar future or conditional expressions are intended to identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the forward-looking statements including difficulties in construction, third party data presented accompanying such statements, 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. 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 2024. 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

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.

3

Q4 2023 EARNINGS PRESENTATION  freshpet



4 *High profit pet owning households

Highlights



Q4 & FY 2023 SUMMARY:

Significant progress across nearly all metrics



FINANCIAL

All comparisons to prior year period

	Q4 2023	FY 2023
Net Sales Growth	+30%	+29%
Adjusted Gross Margin	+810 bps	+400 bps
Adjusted EBITDA Margin	+320 bps	+530 bps
Logistics Costs	-310 bps	-320 bps
Input Costs	+30 bps	-110 bps
Quality Costs	-110 bps	-130 bps
Operating Cash Flow	+\$26M	+\$119M

RETAIL

All comparisons to prior year period

	FY 2023
Household Penetration	+19%
Buy Rate	+6%
Cubic Feet	+18%
Store Count	+6%
Total Distribution Points	+22%

We continued our track record of strong growth

Freshpet Net Sales
(\$ millions)

6TH CONSECUTIVE YEAR WITH >25% GROWTH

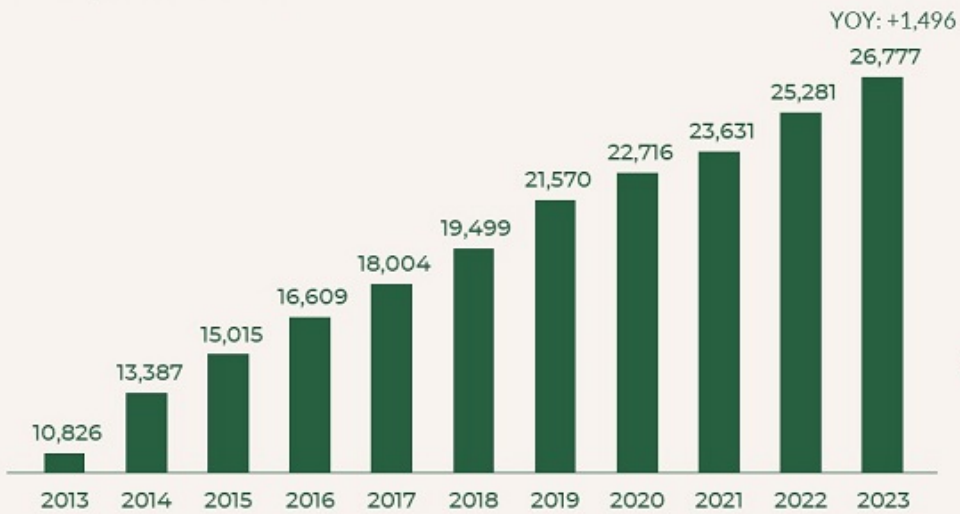


7 Source: Internal Data

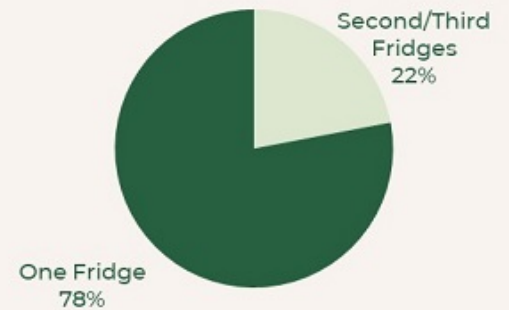
Q4 2023 EARNINGS PRESENTATION 

Store count continues to grow: 22% of all stores have multiple fridges, up from 15% in 2022

Freshpet Store Count



Number of Fridges per Store*



8 Source: Internal data for the period ending 12/31/23; *U.S. Fridges

Q4 2023 EARNINGS PRESENTATION 



Vast runway for growth in a **growing category**

\$52B

U.S. pet food category¹

\$36B

Dog food category¹

3%

Freshpet market share of dog food¹



Freshpet market share
of fresh/frozen in
measured channels²

9

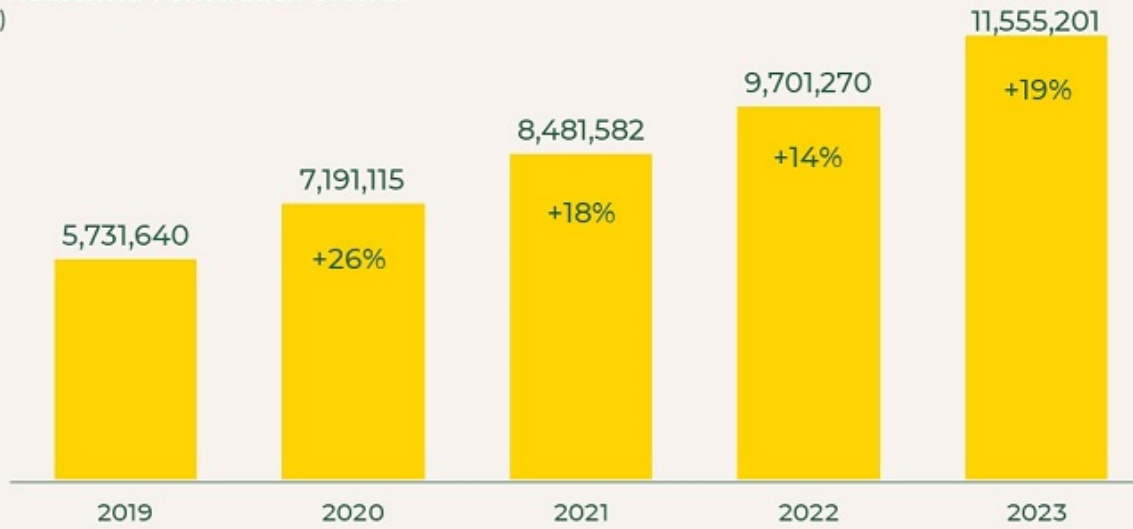
1. NielsenIQ Total US Pet Food \$ - OmniChannel by Category 52 Weeks Ended 12/30/23
2. Nielsen MegaChannel 52 Weeks Ended 12/30/23, Gently Cooked Refrigerated or Frozen Brands

Q4 2023 EARNINGS PRESENTATION 



Continued growth in consumer franchise; added 1.8m+ households

Freshpet Household Penetration Growth
(52 weeks)



10 Source: Numerator Panel data for the 52-week periods ending 1/5/2020, 1/3/2021, 1/2/2022, 1/1/2023, 12/31/2023

Q4 2023 EARNINGS PRESENTATION 



Freshpet sales are increasingly concentrated in our heaviest users (HIPPOHs*) and account for 89% of FY 2023 net sales

Freshpet Users who are Super Heavy/Heavy Buyers

● Super Heavy/Heavy HHP ● Super Heavy/Heavy Buy Rate



11 Source: Numerator data for 52-week periods ending 1/5/2020, 1/3/2021, 1/2/2022, 1/1/2023, 12/31/2023
*High profit pet owning households



Converting toppers into main meal users will continue to **increase buy rate**

Freshpet Buy Rate
(52 weeks)



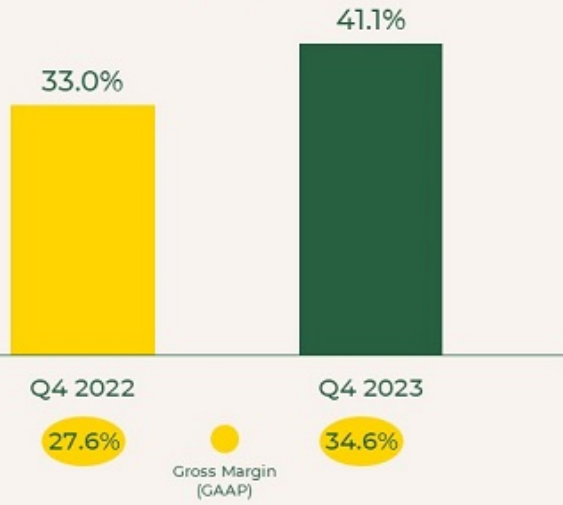
12 Source: Numerator Panel data for the 52-week periods ending 1/5/2020, 1/3/2021, 1/2/2022, 1/1/2023, 12/31/2023

Q4 2023 EARNINGS PRESENTATION 



Enhancing margins through improved operating performance and leveraging **scale and efficiency**

Q4 2023 Adj. Gross Margin



Q4 2023 Adj. EBITDA (\$m)
% of net sales



13 *Ennis plant start-up expenses included in adj. gross margin and gross margin. Source: Internal Data



Improved costs by 560 bps in FY 2023 across key focus areas

FOCUSSED ON
CAPACITY

✓

FOCUSSED ON
LOGISTICS

✓ **-320 bps**
FY 2023

FOCUSSED ON
QUALITY

✓ **-130 bps**
FY 2023

FOCUSSED ON
COMMODITY COST MANAGEMENT

✓ **-110 bps**
FY 2023

All comparisons to prior year period

Capacity Update

- ✓ December was a record production month across the system and then January topped that
- ✓ Ennis kitchen now producing ~25% of total Freshpet production from three lines in the Ennis Kitchen
- ✓ Phase II construction is on track or slightly ahead of schedule; expect roll line to begin production by the end of Q3 2024

Focused on:

- Maximizing output of existing lines
- Maximizing capacity of existing sites, adding more lines to each
- Developing new, more capital efficient technologies

15



Long-Term Strategy: Path to 2027



Q4 2023 Results

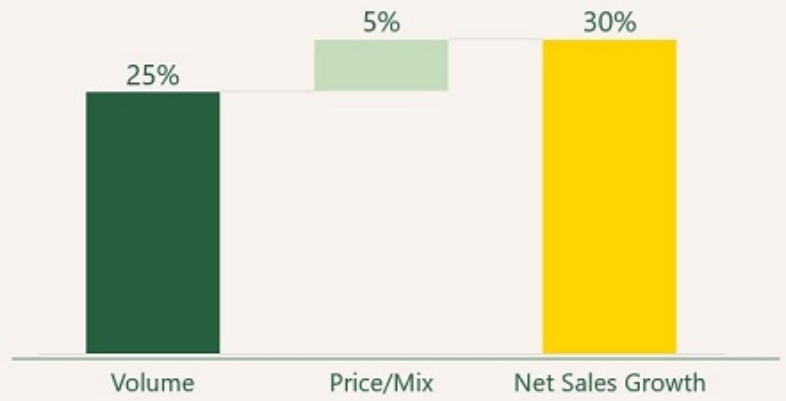


Strong Q4 results that demonstrate **strong momentum** driven by **volume growth**

Q4 2023 Net Sales (\$m)

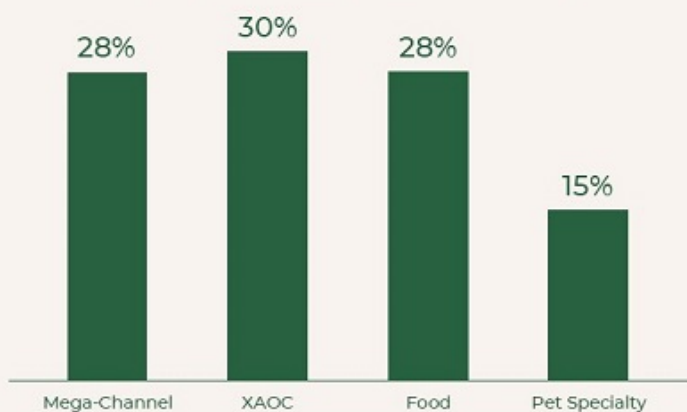


Q4 2023 Net Sales Bridge

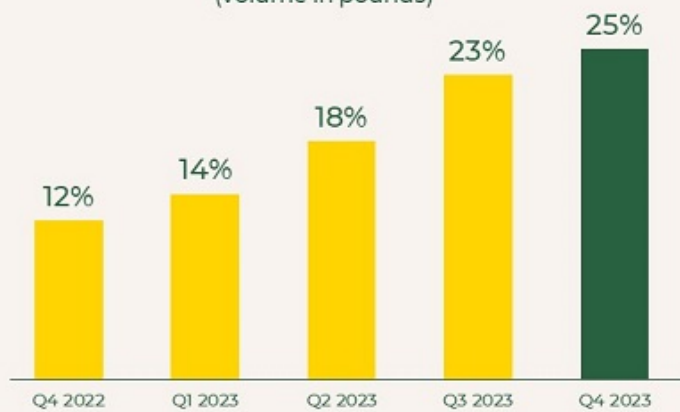


Consumption growth remains strong

Q4 2023 Consumption Growth (\$)

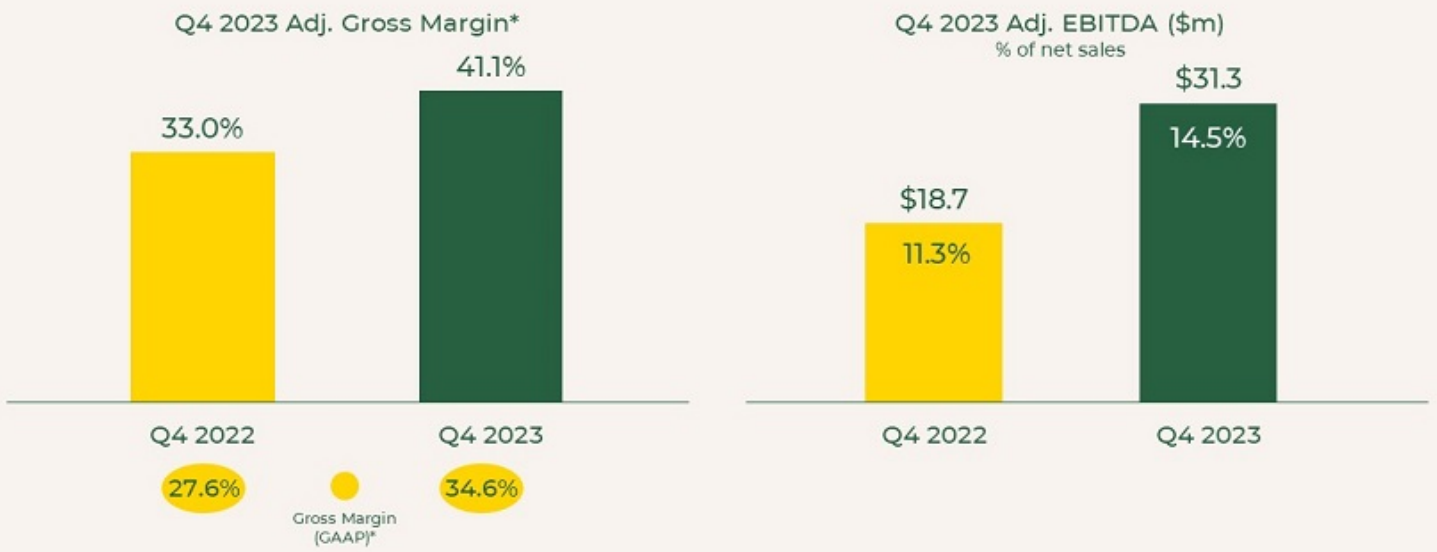


Consumption Growth Trends (volume in pounds)



PLUS >100% GROWTH IN UNMEASURED CHANNELS

Q4 2023 significant margin improvement

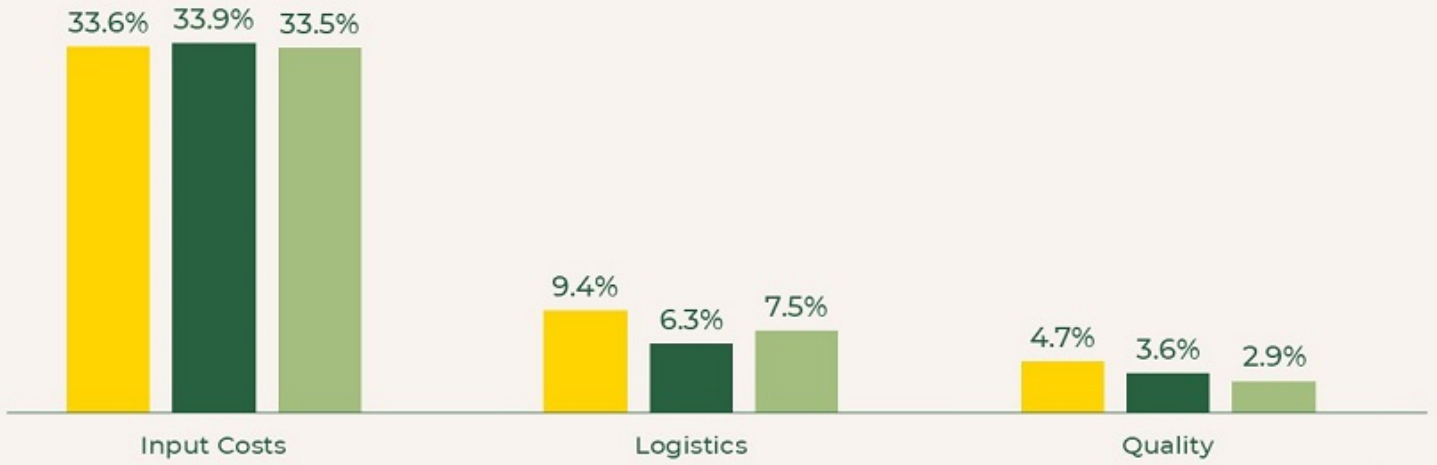


20 *Ennis plant start-up expenses included in adj. gross margin and gross margin. Source: Internal Data

390 basis point improvement in Q4 2023; ahead of pace to deliver the critical cost improvements embedded in our FY 2027 margin targets

Key Margin Improvement Targets & Progress

● Q4 2022 ● Q4 2023 ● 2027 Target

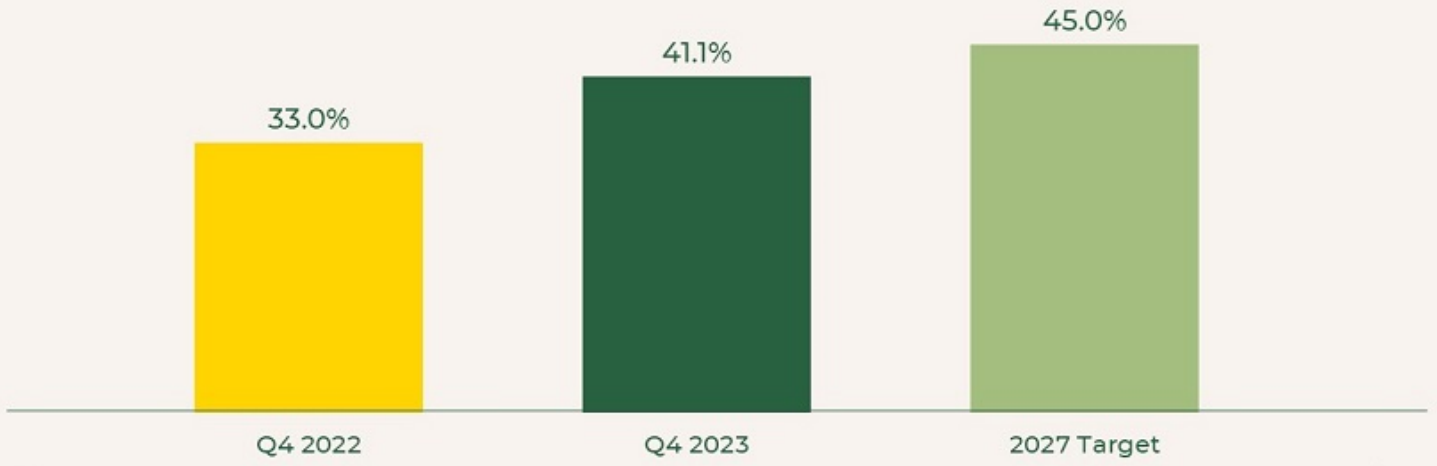


21 Source: Internal Data

Q4 2023 EARNINGS PRESENTATION freshpet

Strong progress on Adj. Gross Margin; **on track to achieve long-term goals**

Adj. Gross Margin Progress vs. 2027 Targets



22 Source: Internal Data

Q4 2023 EARNINGS PRESENTATION 

SG&A improvements also tracking to long-term target; **logistics is well ahead of plan** and G&A will follow as we add scale

Adj. SG&A Progress vs. Targets

● Q4 2022 ● Q4 2023 ● 2027 Target



23 *Includes 130 bps annual bonus true-up. Source: Internal Data

FY 2023 Results



Strong FY 2023 results that demonstrate **improved operating performance** and strong growth

FY 2023 Net Sales (\$m)



FY 2023 Net Sales Bridge



FY 2023 continued margin improvement

FY 2023 Adj. Gross Margin*



FY 2023 Adj. EBITDA (\$m)
% of net sales



26 *Emis plant start-up expenses included in adj. gross margin and gross margin. Source: Internal Data

Generated **560 basis point** improvement in 2023 vs. 2022 on key operating costs: input costs/pricing, logistics and quality

FY 2023 Key Operating Costs
(% of net sales)

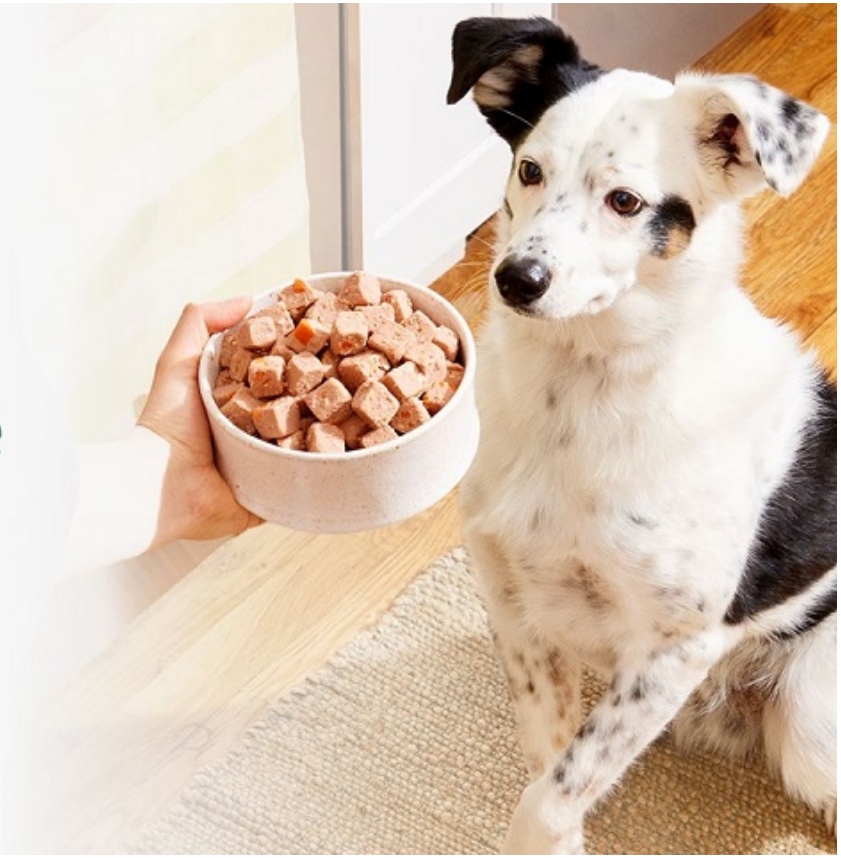
FY22 FY23 2027 Target



27 Source: Internal Data

Q4 2023 EARNINGS PRESENTATION 

FY 2024 Guidance



FY 2024 Guidance

Volume cadence: Expect Q1 to have the highest percent growth YoY then sequentially lower throughout the year to manage growth and cash as we ramp capacity

Advertising investment: Expect media to grow in-line with sales, and will pull back as necessary to control growth in-line with long-term algorithm

Adj. Gross Margin: Expect FY 2024 expansion of at least 100 basis points

Capital expenditures: ~\$210 million

Freshpet Financial Projections (\$m)



Capital Spending, Cash Flow & Liquidity



Significant improvement in operating cash flow

✓ Capital Spending:

- Key projects remain on track and on budget; estimated 2024 spending of ~\$210 million
- Once Ennis Phase II is completed next summer, we will have built adequate infrastructure/buildings to accommodate our next 5+ lines

✓ Cash flow:

- Generated \$76 million of operating cash flow in 2023, a YoY improvement of over \$119 million driven by:
 - Adj. EBITDA growth
 - Working capital position
- Interest income is offsetting interest expense

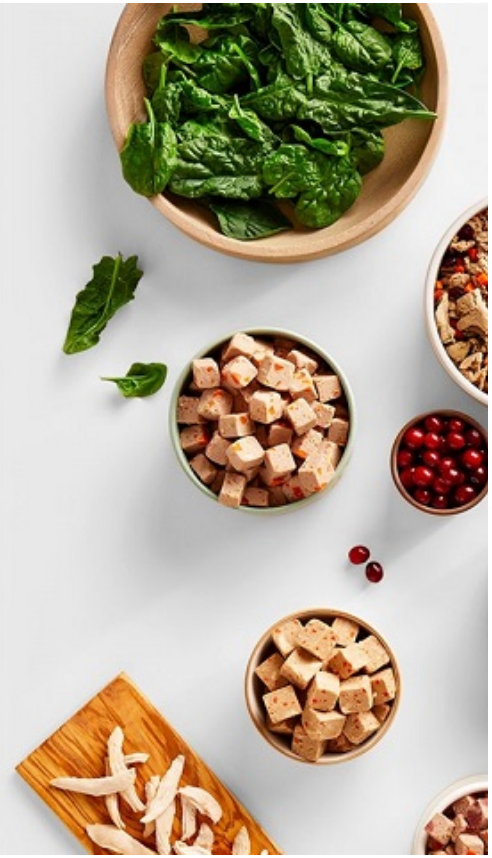
✓ Liquidity:

- \$297 million of cash-on-hand as of 12/31/23
- Generating meaningful Adj. EBITDA which could be leveraged to provide increased liquidity in 2025, if necessary

Operating Cash Flow (\$m)

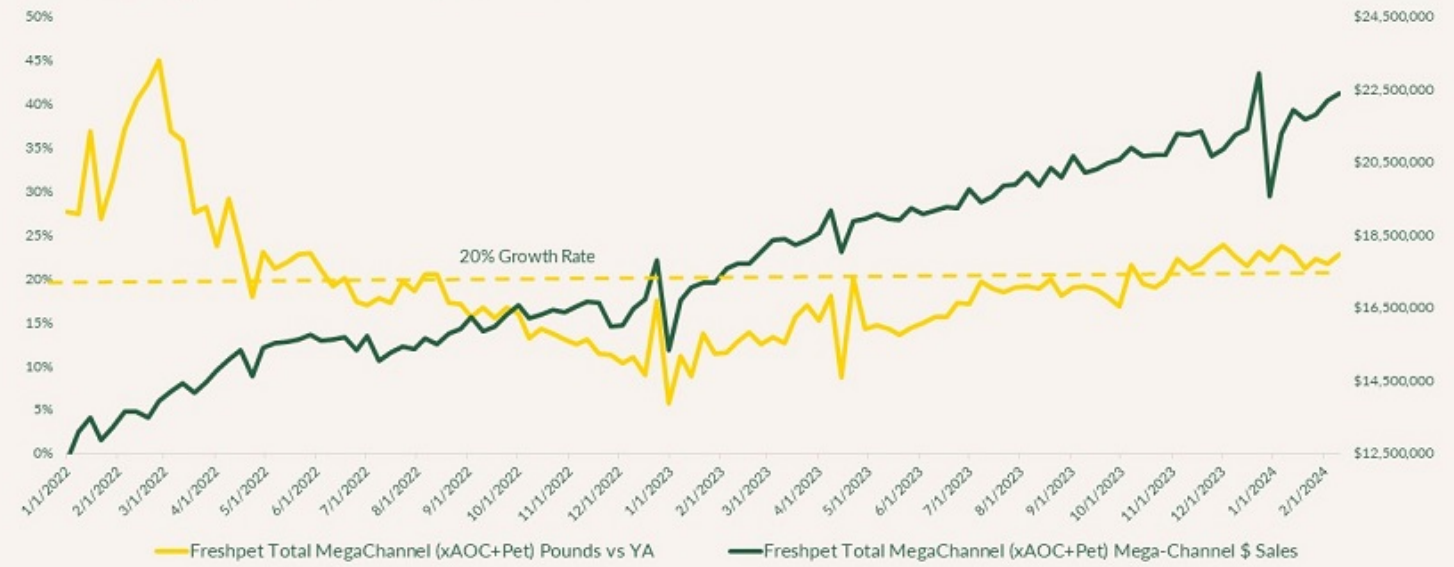


Appendix



Consistently strong volume growth trends

NielsenIQ MegaChannel Consumption Growth



33 Source: NielsenIQ MegaChannel Data thru 2/10/24

Q4 2023 EARNINGS PRESENTATION

Freshpet, Inc. and Subsidiaries Reconciliation between Gross Profit and Adjusted Gross Profit

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Gross Profit	\$ 74,575	\$ 45,709	\$ 250,872	\$ 186,033
Depreciation expense	8,103	6,566	41,209	20,774
Non-cash share-based compensation	2,299	2,505	10,995	7,293
Loss on disposal of manufacturing equipment	3,547	—	3,547	—
Adjusted Gross Profit	\$ 88,524	\$ 54,780	\$ 306,623	\$ 214,100
Adjusted Gross Profit as a % of Net Sales	41.1%	33.0%	40.0%	36.0%

Freshpet, Inc. and Subsidiaries Reconciliation between SG&A Expenses and Adjusted SG&A Expenses

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(Dollars in thousands)			
SG&A expenses	\$ 59,680	\$ 47,775	\$ 281,318	\$ 238,016
Depreciation and amortization expense	4,248	3,565	15,849	13,781
Non-cash share-based compensation (a)	(2,315)	3,178	13,941	18,799
Loss on disposal of equipment	86	193	774	396
Enterprise Resource Planning (b)	465	3,613	2,457	8,558
Capped Call Transactions fees (c)	—	—	113	—
Activism engagement (d)	—	—	8,177	—
Organization changes (e)	—	—	(67)	734
Adjusted SG&A Expenses	\$ 57,196	\$ 37,227	\$ 240,074	\$ 195,748
Adjusted SG&A Expenses as a % of Net Sales	26.6%	22.4%	31.3%	32.9%

(a) Includes the true-up of share-based compensation expense in the three months ended December 31, 2023. We have certain outstanding multi-year share-based awards, granted in FY 2020, with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA targets in FY 2024 as a condition to vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets set in 2020. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

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

(c) Represents fees associated with the Capped Call Transactions.

(d) Represents advisory fees related to activism engagement.

(e) 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 Income (loss) and Adjusted EBITDA

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Net Income (loss)	15,289	\$ (2,918)	\$ (33,614)	\$ (59,494)
Depreciation and amortization	12,351	10,131	57,058	34,555
Interest expense, net of interest income	(394)	1,148	1,069	5,208
Income tax expense	—	159	210	282
EBITDA	\$ 27,246	\$ 8,520	\$ 24,723	\$ (19,449)
Loss on equity method investment	\$ —	\$ 762	\$ 1,890	\$ 3,731
Loss on disposal of property, plant and equipment	3,633	193	4,321	396
Non-cash share-based compensation (a)	(16)	5,683	24,936	26,092
Enterprise Resource Planning (b)	465	3,613	2,457	8,558
Capped Call Transaction fees (c)	—	—	113	—
Activism engagement (d)	—	—	8,177	—
Organization changes (e)	—	—	(67)	734
Adjusted EBITDA	\$ 31,328	\$ 18,771	\$ 66,550	\$ 20,062
Adjusted EBITDA as a % of Net Sales	14.5%	11.3%	8.7%	3.4%

(a) Includes the true-up of share-based compensation expense in the three months ended December 31, 2023. We have certain outstanding multi-year share-based awards, granted in FY 2020, with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA targets in FY 2024 as a condition to vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets set in 2020. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

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

(c) Represents fees associated with the Capped Call Transactions.

(d) Represents advisory fees related to activism engagement.

(e) 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.



thank you!

