

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 4, 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.)

1545 US-206, 1st Floor
Bedminster, New Jersey
(Address of Principal Executive Offices)

07921
(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 4, 2024, Freshpet, Inc. (“Freshpet”) issued a press release disclosing its financial results for the quarter ended September 30, 2024. 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, November 4, 2024, to discuss its financial results for the quarter ended September 30, 2024.

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

Item 7.01. Regulation FD Disclosure.

On November 4, 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 November 4, 2024
99.2	Investors Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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

FRESHPET, INC.

Date: November 4, 2024

By: /s/ Todd Cunfer
Name: Todd Cunfer
Title: Chief Financial Officer



Freshpet, Inc. Reports Third Quarter 2024 Financial Results

*25th Consecutive Quarter of >25% Year on Year Net Sales Growth
Strong Operating Performance Drove Significant Margin Expansion & Cash Generation
Company Raises 2024 Net Sales and Adjusted EBITDA Guidance*

Bedminster, N.J. – November 4, 2024 – Freshpet, Inc. (“Freshpet” or the “Company”) (Nasdaq: FRPT) today reported financial results for its third quarter ended September 30, 2024.

Third Quarter 2024 Financial Highlights Compared to Prior Year Period

- Net sales of \$253.4 million, an increase of 26.3%.
- Net income of \$11.9 million, compared to the prior year period net loss of \$7.2 million.
- Gross margin of 40.4%, compared to the prior year period of 33.0%.
- Adjusted Gross Margin of 46.5%, compared to the prior year period of 40.2%.¹
- Adjusted EBITDA of \$43.5 million, compared to the prior year period of \$23.2 million.¹
- For the first nine months of 2024, net cash provided by operating activities of \$103.9 million, compared to the prior year period of \$39.0 million.

"Our third quarter results demonstrate the strength and consistency of both net sales and profitability growth we have been striving to deliver. We delivered our 25th consecutive quarter of >25% year on year net sales growth and matched that with a very strong operating performance. This further strengthens our confidence in our ability to meet or exceed our 2027 goals," commented Billy Cyr, Freshpet's Chief Executive Officer. "We are raising our net sales and Adjusted EBITDA guidance for 2024 to reflect this continued strong performance and our confidence in our ability to finish the year strongly and, as a result, create significant shareholder value in a way that serves pets, people, and the planet."

Third Quarter 2024

Net sales increased 26.3% to \$253.4 million for the third quarter of 2024 compared to \$200.6 million for the prior year period. The increase in net sales was primarily driven by volume gains of 26.1%.

Gross profit was \$102.2 million, or 40.4% as a percentage of net sales, for the third quarter of 2024, compared to \$66.3 million, or 33.0% 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 lower input costs and reduced quality costs. For the third quarter of 2024, Adjusted Gross Profit was \$117.7 million, or 46.5% as a percentage of net sales, compared to \$80.6 million, or 40.2% as a percentage of net sales, for the prior year period.¹

Selling, general and administrative expenses ("SG&A") were \$90.3 million for the third quarter of 2024 compared to \$73.4 million for the prior year period. SG&A as a percentage of net sales decreased by 90 basis points to 35.7% for the third quarter of 2024 compared to 36.6% for the prior year period, primarily due to reduced logistics costs as a percentage of net sales and the non-recurring charges in the prior year, partially offset by increased media as a percentage of net sales, higher share-based compensation and increased variable compensation accrual. Adjusted SG&A for the third quarter of 2024 was \$74.2 million, or 29.3% as a percentage of net sales, compared to \$57.4 million, or 28.6% as a percentage of net sales, for the prior year period.¹

Net income was \$11.9 million for the third quarter of 2024 compared to net loss of \$7.2 million for the prior year period. The increase in net income was due to contribution from higher sales, improved gross margin, and reduced logistics costs as a percentage of net sales, partially offset by increased SG&A expenses.

¹ Adjusted Gross Margin, Adjusted Gross Profit, Adjusted SG&A and Adjusted EBITDA are non-GAAP financial measures. See "Non-GAAP Measures" for how the Company defines these measures and the financial tables that accompany this release for reconciliations of these measures to the closest comparable GAAP measures.

Adjusted EBITDA was \$43.5 million for the third quarter of 2024 compared to \$23.2 million for the prior year period.¹ The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit, partially offset by higher Adjusted SG&A expenses.

First Nine Months of 2024

Net sales increased 29.2% to \$712.5 million for the first nine months of 2024 compared to \$551.5 million for the prior year period. The increase in net sales was primarily driven by volume gains of 28.2%.

Gross profit was \$284.4 million, or 39.9% as a percentage of net sales, for the first nine months of 2024, compared to \$176.3 million, or 32.0% 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 lower input costs and reduced quality costs. For the first nine months of 2024, Adjusted Gross Profit was \$327.2 million, or 45.9% as a percentage of net sales, compared to \$218.1 million, or 39.5% as a percentage of net sales, for the prior year period.¹

Selling, general and administrative expenses (“SG&A”) were \$265.7 million for the first nine months of 2024 compared to \$221.6 million for the prior year period. SG&A as a percentage of net sales decreased by 290 basis points to 37.3% for the first nine months of 2024 compared to 40.2% for the prior year period, primarily due to reduced logistics costs and media as a percentage of net sales and the non-recurring charges in the prior year, partially offset by higher share-based compensation and increased variable compensation accrual. Adjusted SG&A for the first nine months of 2024 was \$218.0 million, or 30.6% as a percentage of net sales, compared to \$182.9 million, or 33.2% as a percentage of net sales, for the prior year period.¹

Net income was \$28.8 million for the first nine months of 2024 compared to a net loss of \$48.9 million for the prior year period. The improvement in net income was due to contribution from higher sales, improved gross margin, reduced logistics costs as a percentage of net sales, and gain on equity investment, partially offset by increased SG&A expenses.

Adjusted EBITDA was \$109.2 million for the first nine months of 2024, compared to \$35.2 million for the prior year period.¹ The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit partially offset by higher Adjusted SG&A expenses.

Balance Sheet

As of September 30, 2024, the Company had cash and cash equivalents of \$274.6 million with \$394.6 million of debt outstanding net of \$7.9 million of unamortized debt issuance costs. For the nine months ended September 30, 2024, cash from operations was \$103.9 million, an increase of \$65.0 million compared to the prior year period.

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

Outlook

For full year 2024, the Company is updating its guidance and now expects the following:

- Net sales of ~\$975 million, an increase of ~27% from 2023, compared to at least \$965 million in the previous guidance;
- Adjusted EBITDA of at least \$155 million, compared to at least \$140 million in the previous guidance; and
- Capital expenditures of ~\$180 million, compared to ~\$200 million in the previous guidance.

The Company does not provide guidance for net income (loss), 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 (loss) metrics without unreasonable effort due to the unavailability of reliable estimates for certain components of net income (loss) 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 4, 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 November 18, 2024. North American listeners may dial (844) 512-2921 and international listeners may dial (412) 317-6671; the passcode is 13749124.

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

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<https://www.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 ability to achieve our 2027 targets, create meaningful shareholder value, 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. 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 which could cause actual results, performance, and achievements to differ materially from those stated or implied by the forward-looking statements described 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 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 percentage of net sales (Adjusted Gross Margin)
- Adjusted SG&A Expenses
- Adjusted SG&A Expenses as a percentage of net sales
- EBITDA
- Adjusted EBITDA
- Adjusted EBITDA as a percentage 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 expense, non-cash share-based compensation, implementation and other costs associated with the implementation of an enterprise resource planning ("ERP") system, fees related to the capped call transactions, loss on disposal of equipment, and advisory fees related to shareholder activism defense 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, gain on equity investment, non-cash share-based compensation expense, implementation and other costs associated with the implementation of an ERP system, loss on disposal of property, plant and equipment, fees related to the capped call transactions, and advisory fees related to shareholder activism defense engagement.

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

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

ASSETS	September 30, 2024	December 31, 2023
CURRENT ASSETS:		
Cash and cash equivalents	\$ 274,594	\$ 296,871
Accounts receivable, net of allowance for doubtful accounts	65,015	56,754
Inventories, net	72,791	63,238
Prepaid expenses	5,768	7,615
Other current assets	3,126	2,841
Total Current Assets	<u>421,294</u>	<u>427,319</u>
Property, plant and equipment, net	1,039,980	979,164
Deposits on equipment	1,118	1,895
Operating lease right of use assets	3,671	3,616
Long term investment in equity securities	33,446	23,528
Other assets	32,189	28,899
Total Assets	<u>\$ 1,531,698</u>	<u>\$ 1,464,421</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 35,481	\$ 36,096
Accrued expenses	50,396	49,816
Current operating lease liabilities	1,290	1,312
Current finance lease liabilities	2,075	1,998
Total Current Liabilities	<u>\$ 89,242</u>	<u>\$ 89,222</u>
Convertible senior notes	394,633	393,074
Long term operating lease liabilities	2,556	2,591
Long term finance lease liabilities	23,820	26,080
Total Liabilities	<u>\$ 510,251</u>	<u>\$ 510,967</u>
Commitments and contingencies	—	—
STOCKHOLDERS' EQUITY:		
Common stock — voting, \$0.001 par value, 200,000 shares authorized, 48,551 issued and 48,537 outstanding on September 30, 2024, and 48,277 issued and 48,263 outstanding on December 31, 2023	48	48
Additional paid-in capital	1,321,767	1,282,984
Accumulated deficit	(299,928)	(328,731)
Accumulated other comprehensive loss	(184)	(591)
Treasury stock, at cost — 14 shares on September 30, 2024 and on December 31, 2023	(256)	(256)
Total Stockholders' Equity	<u>1,021,447</u>	<u>953,454</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,531,698</u>	<u>\$ 1,464,421</u>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
NET SALES	\$ 253,367	\$ 200,621	\$ 712,469	\$ 551,474
COST OF GOODS SOLD	151,120	134,328	428,112	375,177
GROSS PROFIT	102,247	66,293	284,357	176,297
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	90,338	73,371	265,734	221,638
INCOME (LOSS) FROM OPERATIONS	11,909	(7,078)	18,623	(45,341)
OTHER INCOME (EXPENSES):				
Interest and Other Income, net	2,963	4,130	9,158	9,185
Interest Expense	(2,923)	(4,148)	(8,734)	(10,648)
Gain on Equity Investment	—	—	9,918	—
	40	(18)	10,342	(1,463)
INCOME (LOSS) BEFORE INCOME TAXES	11,949	(7,096)	28,965	(46,804)
INCOME TAX EXPENSE	54	70	162	210
LOSS ON EQUITY METHOD INVESTMENT	—	—	—	1,890
INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 11,895	\$ (7,166)	\$ 28,803	\$ (48,904)
OTHER COMPREHENSIVE INCOME (LOSS):				
Change in foreign currency translation	\$ 604	\$ (296)	\$ 407	\$ (2,329)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	604	(296)	407	(2,329)
TOTAL COMPREHENSIVE INCOME (LOSS)	\$ 12,499	\$ (7,462)	\$ 29,210	\$ (51,233)
NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	\$ 0.25	\$ (0.15)	\$ 0.59	\$ (1.02)
-DILUTED	\$ 0.24	\$ (0.15)	\$ 0.57	\$ (1.02)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING				
-BASIC	48,509	48,194	48,436	48,123
-DILUTED	50,282	48,194	50,203	48,123

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

	For the Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 28,803	\$ (48,904)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Provision for loss on accounts receivable	15	9
Loss on disposal of property, plant and equipment	1,054	688
Share-based compensation	37,862	24,952
Inventory obsolescence	732	—
Depreciation and amortization	52,249	45,436
Write-off and amortization of deferred financing costs and loan discount	1,559	3,548
Change in operating lease right of use asset	1,045	1,175
Loss on equity method investment	—	1,890
Gain on equity investment	(9,918)	—
Changes in operating assets and liabilities:		
Accounts receivable	(8,294)	3,148
Inventories	(8,852)	(773)
Prepaid expenses and other current assets	(803)	(696)
Other assets	(1,540)	(3,495)
Accounts payable	8,839	2,300
Accrued expenses	2,355	11,109
Operating lease liability	(1,187)	(1,419)
Net cash flows provided by operating activities	<u>103,919</u>	<u>38,968</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short-term investments	—	(113,441)
Proceeds from maturities of short-term investments	—	113,441
Acquisitions of property, plant and equipment, software and deposits on equipment	(128,828)	(161,642)
Net cash flows used in investing activities	<u>(128,828)</u>	<u>(161,642)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options to purchase common stock	5,516	4,172
Tax withholdings related to net shares settlements of restricted stock units	(1,440)	(859)
Purchase of capped call options	—	(66,211)
Proceeds from issuance of convertible senior notes	—	393,518
Debt issuance costs	—	(2,026)
Principal payments under finance lease obligations	(1,444)	(548)
Net cash flows provided by financing activities	<u>2,632</u>	<u>328,046</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(22,277)</u>	<u>205,372</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>296,871</u>	<u>132,735</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 274,594</u>	<u>\$ 338,107</u>

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Gross profit	\$ 102,247	\$ 66,293	\$ 284,357	\$ 176,297
Depreciation expense	13,197	11,767	35,698	33,106
Non-cash share-based compensation	1,610	2,579	6,451	8,696
Loss on disposal of manufacturing equipment	639	—	692	—
Adjusted Gross Profit	\$ 117,693	\$ 80,639	\$ 327,198	\$ 218,099
Adjusted Gross Profit as a % of Net Sales	46.5 %	40.2 %	45.9 %	39.5 %

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
SG&A expenses	\$ 90,338	\$ 73,371	\$ 265,734	\$ 221,638
Depreciation and amortization expense	5,512	4,452	15,967	12,043
Non-cash share-based compensation (a)	10,498	5,511	31,411	16,256
Loss on disposal of equipment	129	226	362	688
Enterprise Resource Planning (b)	—	212	—	1,550
Capped Call Transactions fees (c)	—	—	—	113
Shareholder activism defense engagement (d)	—	5,548	—	8,177
Organization changes (e)	—	—	—	(67)
Adjusted SG&A Expenses	\$ 74,199	\$ 57,422	\$ 217,994	\$ 182,878
Adjusted SG&A Expenses as a % of Net Sales	29.3 %	28.6 %	30.6 %	33.2 %

- (a) Includes true-ups to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA and/or Net Sales targets as a condition of vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets. When the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
- (b) Represents costs associated with the implementation of an ERP system.
- (c) Represents fees associated with the Capped Call Transactions.
- (d) Represents advisory fees related to shareholder activism defense 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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Net income (loss)	\$ 11,895	\$ (7,166)	\$ 28,803	\$ (48,904)
Depreciation and amortization	18,709	16,219	51,665	45,149
Interest income, net of interest expense	(40)	18	(424)	1,463
Income tax expense	54	70	162	210
EBITDA	30,618	9,141	80,206	(2,082)
Loss on equity method investment	—	—	—	1,890
Gain on equity investment	—	—	(9,918)	—
Loss on disposal of property, plant and equipment	768	226	1,054	688
Non-cash share-based compensation (a)	12,108	8,090	37,862	24,952
Enterprise Resource Planning (b)	—	212	—	1,550
Capped Call Transactions fees (c)	—	—	—	113
Shareholder activism defense engagement (d)	—	5,548	—	8,177
Organization changes (e)	—	—	—	(67)
Adjusted EBITDA	\$ 43,494	\$ 23,217	\$ 109,204	\$ 35,221
Adjusted EBITDA as a % of Net Sales	17.2 %	11.6 %	15.3 %	6.4 %

- (a) Includes true-ups to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA and/or Net Sales targets as a condition of vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets. When the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
- (b) Represents costs associated with the implementation of an ERP system.
- (c) Represents fees associated with the Capped Call Transactions.
- (d) Represents advisory fees related to shareholder activism defense 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.



Q3 2024

Earnings

November 4, 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 and adequacy of new production capacity, our long-term strategy, focus, 2027 goals, our pace in achieving these goals, growth prospects, FY 2024 guidance and associated considerations. 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

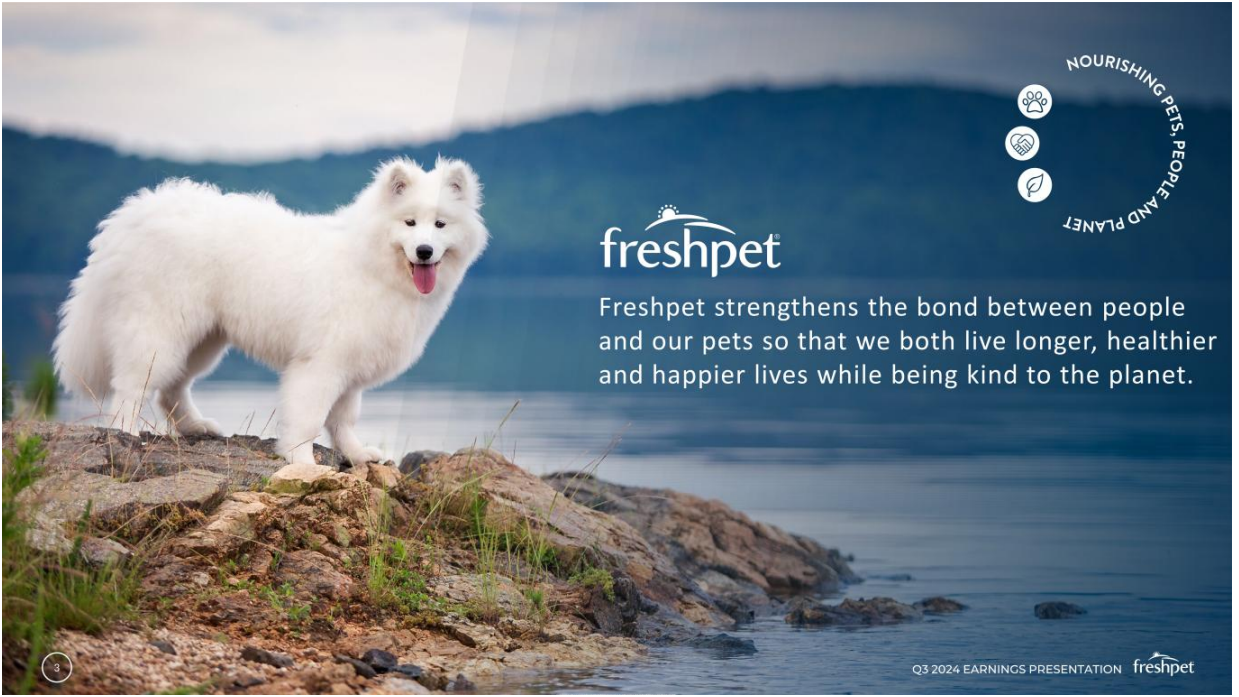
adjusted SG&A as a % of net sales. These non-GAAP financial measures should be considered as supplements to GAAP reported measures, should not be considered replacements for, or superior to, GAAP measures and may not be comparable to similarly named measures used by other companies.

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.



NOURISHING PETS, PEOPLE AND PLANET



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

Q3 2024 EARNINGS PRESENTATION **freshpet**



↑↑↑
MAINSTREAM
Expand the Freshpet consumer base

\$
MORE PROFITABLE
Create a sustainable business by improving our margin and increasing our capital efficiency

2027
freshpet
THE FUTURE IS FRESH
UNLEASHING GROWTH. SCALING PROFITS.

MAIN MEAL
Increase the percentage of consumers who are HIPPOHs*

4 *High profit pet owning households

Q3 2024 EARNINGS PRESENTATION

Highlights



“We delivered our 25th consecutive quarter of >25% year-on-year net sales growth and matched that with a very strong operating performance.”



Q3 2024: Robust growth and profitability improvement across each key metric



FINANCIAL			RETAIL	
	Q3 2024	YoY Change		YoY Change
Net Sales	\$253.4M	+26%	Household Penetration	+17%
Adjusted Gross Margin*	46.5%	+630 bps	Buy Rate	+6%
Adjusted EBITDA	\$43.5M	+\$20.2M	Cubic Feet	+9%
Adjusted EBITDA Margin*	17.2%	+560 bps	Store Count	+6%
Logistics Costs*	5.6%	-120 bps	Total Distribution Points	+22%
Input Costs*	29.6%	-450 bps		
Quality Costs*	2.1%	-220 bps		
Operating Cash Flow	\$56.1M	+\$16.9M		

*As a percent of net sales

7 Source: Internal Data

Q3 2024 EARNINGS PRESENTATION 

Strong performance driven by key fundamentals:

Strength of the Freshpet growth model

- 25th consecutive quarter of >25% year-on-year net sales growth
- Volume-based growth of 26%
- Household penetration growth of 17% and HIPPOH growth of 24%
- Media spend driving household penetration at favorable costs

Improved operational effectiveness

- 790 basis point improvement across quality, input, and logistics costs in Q3 2024
- Adjusted gross margin, input, quality and logistics costs all exceeded long-term targets in Q3 2024
- Focused training of production workforce instrumental in creating sustainable operating leverage

Operating discipline to balance capacity and demand at a high growth rate

- Expanding capacity on-budget and on-time while improving margins
- Strong fill rates (99% in Q3 2024) demonstrate effectiveness of disciplined growth strategy

8

Source: Internal data; Numerator Panel data for the 52-week periods ending 9/29/24

Q3 2024 EARNINGS PRESENTATION 

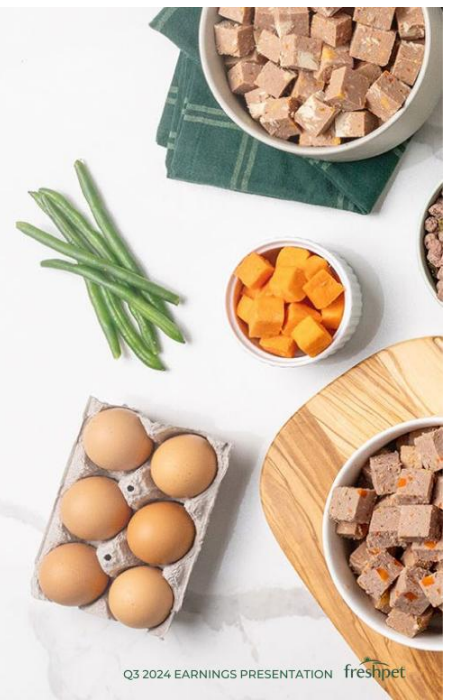
Long-term tailwinds supporting our growth:

Humanization of Pets

- Growing importance of pets in our lives
- Long-term trend we have seen for over a decade

Value

- Consumers recognize quality for the price, not just price
- Find value in a differentiated product
- Heaviest users growing faster than total households





Vast runway for growth in a growing category

\$54B

U.S. pet food category¹

\$37B

Dog food category¹

3.2%

Freshpet market share of dog food¹



Freshpet market share of fresh/frozen in measured channels²

10

1. NIQ Total US Pet Food \$ - OmniChannel by Category 52 Weeks Ended 9/28/24
2. NIQ Pet Retail Plus 52 Weeks Ended 9/28/24, Gently Cooked Fresh/Frozen Branded Dog Food

Q3 2024 EARNINGS PRESENTATION 



Continued growth in consumer franchise; added 1.9m+ households YoY

Freshpet Household Penetration Growth (in millions)
(52 weeks)



11 Source: Numerator Panel data for the 52-week periods ending 10/4/20, 10/3/21, 10/2/22, 10/1/23, and 9/29/24

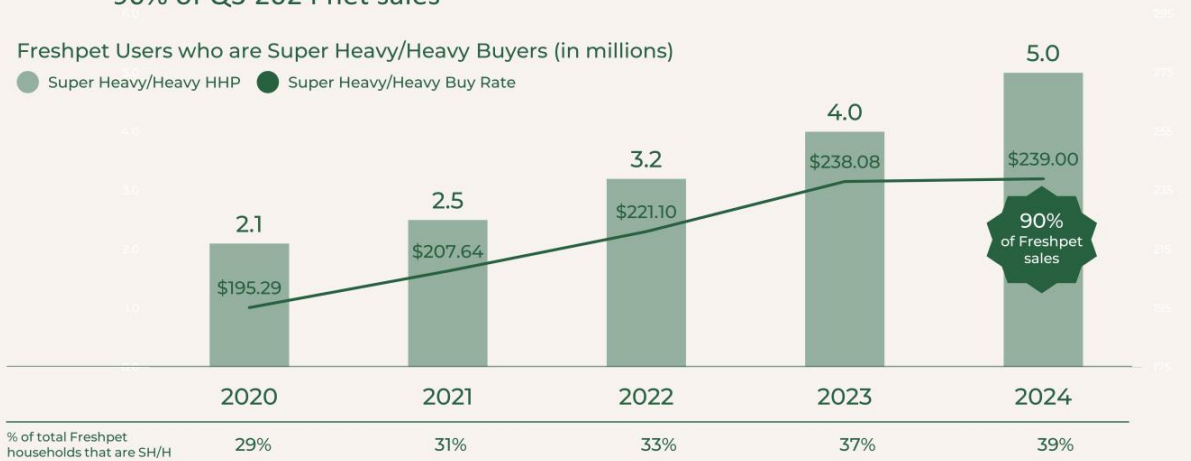
Q3 2024 EARNINGS PRESENTATION 



Freshpet sales are increasingly concentrated in our heaviest users (HIPPOHs*) and account for 90% of Q3 2024 net sales

Freshpet Users who are Super Heavy/Heavy Buyers (in millions)

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



12 Source: Numerator data for 52-week periods ending 10/4/20, 10/3/21, 10/2/22, 10/1/23, and 9/29/24
*High profit pet owning households

Q3 2024 EARNINGS PRESENTATION



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

Freshpet Buy Rate
(52 weeks)

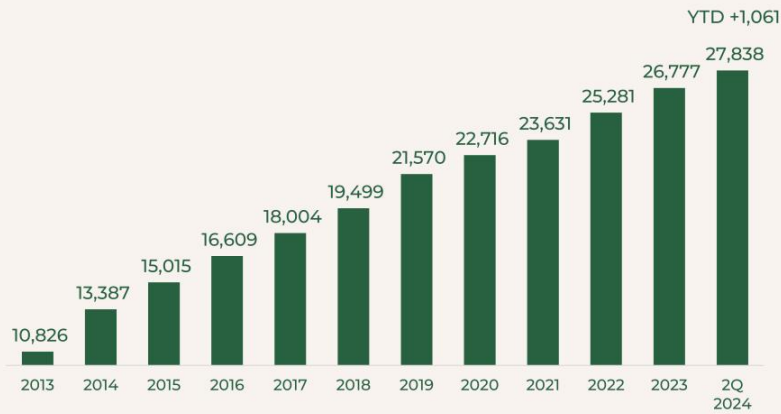


13 Source: Numerator Panel data for the 52-week periods ending 10/4/20, 10/3/21, 10/2/22, 10/1/23, and 9/29/24

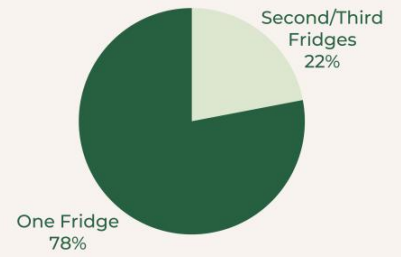
Q3 2024 EARNINGS PRESENTATION 

Expanding depth and breadth: 22% of all stores have multiple fridges

Freshpet Store Count



Number of Fridges per Store*



14 Source: Internal data for the period ending 9/27/24; *U.S. Fridges

Q3 2024 EARNINGS PRESENTATION freshpet



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



15 Source: Internal Data
1. Excluding a \$3.9 million true-up of non-cash share-based compensation based on multi-year share-based awards granted in fiscal year 2020, net income for Q3 2024 would have been \$15.8 million.



Improved costs by 790 bps in Q3 2024 across key focus areas

FOCUSED ON
CAPACITY

✓

FOCUSED ON
LOGISTICS

✓ -120 bps
Q3 2024

FOCUSED ON
QUALITY

✓ -220 bps
Q3 2024

FOCUSED ON
COMMODITY COST MANAGEMENT

✓ -450 bps
Q3 2024

16 All comparisons to prior year period

Capacity Update

Facility	# Lines Today	# Lines Projected
Bethlehem Kitchen	6	7
Kitchen South	3	5+
Ennis Kitchen	4	10+
Total	13	22+

- ✓ Fourth line in Ennis began production at the end of Q3 2024; Fifth line install underway (rolls) with commissioning in Q4 2024 – provides necessary roll capacity well into 2026
- ✓ Kitchen South bag line install underway, startup expected in 1Q 2025
- ✓ New production technology for bag product commencing in Bethlehem – to be commissioned in 2H 2025

17 Source: Internal Data

Q3 2024 EARNINGS PRESENTATION 



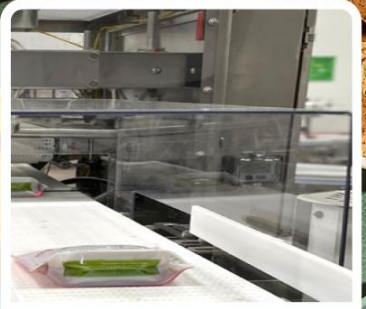
Capital Efficiency Framework



**MORE OUT OF
EXISTING LINES**



**MORE OUT OF
EXISTING SITES**



**DEVELOP & IMPLEMENT
NEW TECHNOLOGIES**

Long-Term Strategy: Path to 2027



Q3 2024 Results



Strong Q3 results demonstrate all **volume**-driven growth

Q3 2024 Net Sales (\$m)

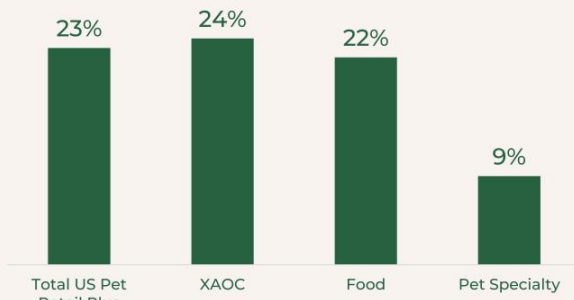


Q3 2024 Net Sales Bridge



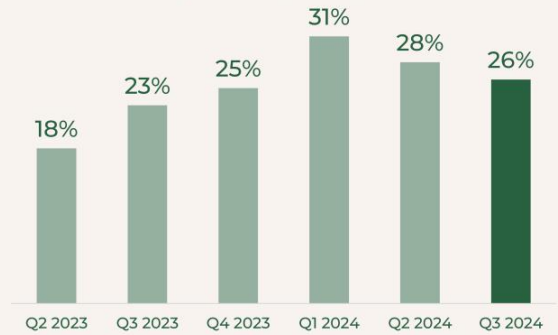
Consumption growth remains strong and has accelerated

Q3 2024 Consumption Growth (\$)



PLUS >70% GROWTH IN UNMEASURED CHANNELS

Consumption Growth Trends
(volume in pounds)



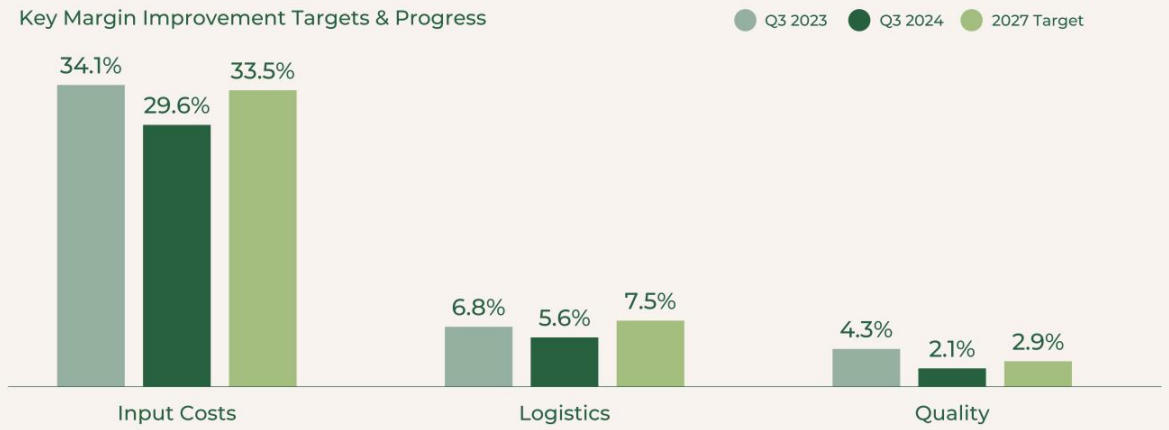
Q3 2024 delivered significant margin improvement



Source: Internal Data
1. Excluding a \$3.9 million true-up of non-cash share-based compensation based on multi-year share-based awards granted in fiscal year 2020, net income for Q3 2024 would have been \$15.8 million.

790 basis point improvement in Q3 2024; demonstrated our ability to deliver FY 2027 margin targets again

Key Margin Improvement Targets & Progress

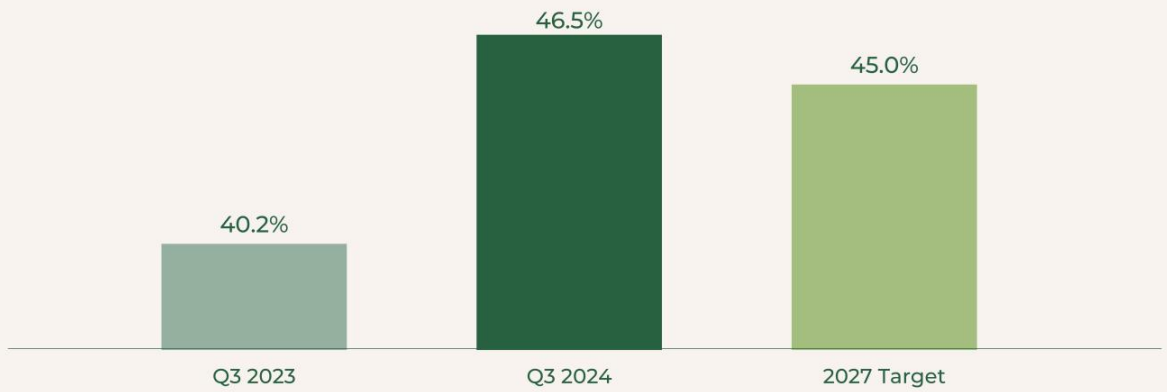


24 Source: Internal Data

Q3 2024 EARNINGS PRESENTATION freshpet

Significant Adj. Gross Margin improvement YOY; ahead of our long-term target and now focused on consistent performance

Adj. Gross Margin Progress vs. 2027 Targets



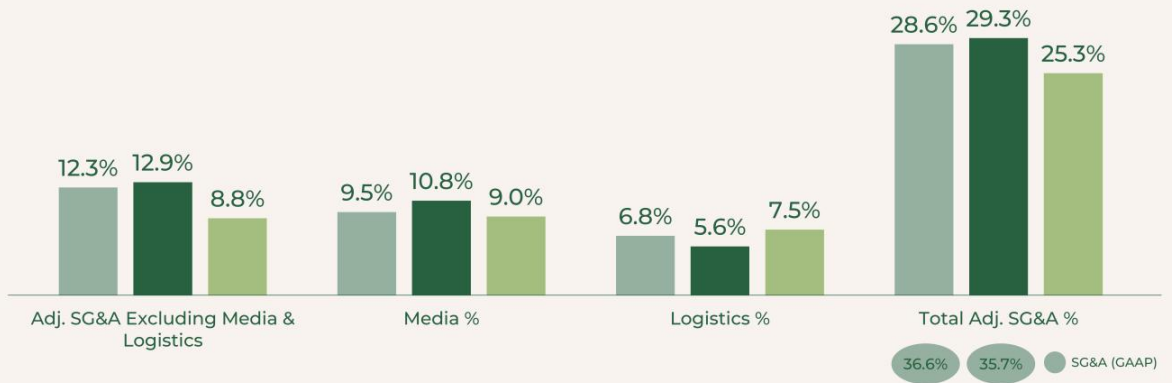
25 Source: Internal Data

Q3 2024 EARNINGS PRESENTATION freshpet

SG&A improvements 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

● Q3 2023 ● Q3 2024 ● 2027 Target



26 Source: Internal Data

FY 2024 Guidance

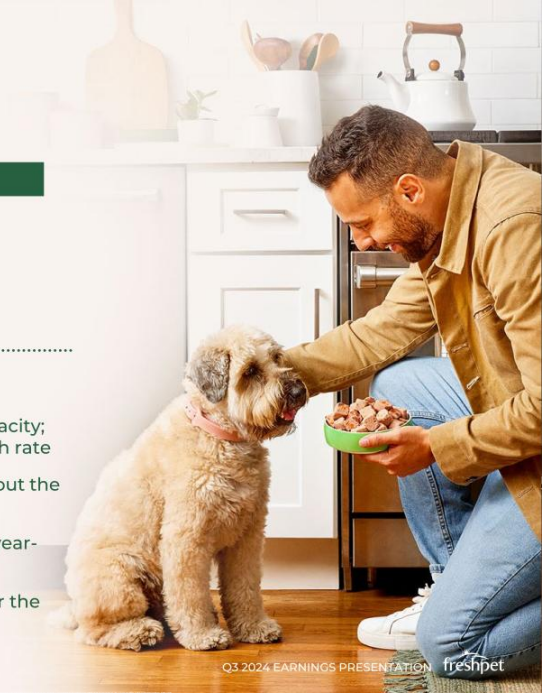


Updated FY 2024 Guidance

	Previous	Updated
Net Sales	>\$965M	~\$975M
Net Sales Growth YoY	>26%	~27%
Adjusted EBITDA	>\$140M	>\$155M
Capital Expenditures	~\$200M	~\$180M

Additional considerations:

- **Net Sales:** Raising guidance with improvements on production capacity; lower first half media investment will drive lower second half growth rate
- **Volume Cadence:** Expect volume to be sequentially lower throughout the year to manage growth and cash with capacity
- **Adjusted Gross Margin:** Expect improvement of +600 basis points year-over-year vs. +500 basis points previously
- **Advertising Investment:** Expect media to grow in-line with sales for the year with ~50% growth vs YA in second half



Capital Spending, Cash Flow & Liquidity

29



Q3 2024 EARNINGS PRESENTATION freshpet

Significant improvement in operating cash flow

✓ Capital Spending:

- Key projects remain on-track and on-budget; estimated 2024 spending of ~\$180 million
- Once Ennis Phase II is completed this fall, we will have built adequate infrastructure/buildings to accommodate our next 5+ lines

✓ Cash flow:

- Generated \$103.9 million of operating cash flow YTD 2024, a YoY improvement of \$64.9 million driven by:
 - Adj. EBITDA growth
 - Working capital position
- Interest income is offsetting interest expense

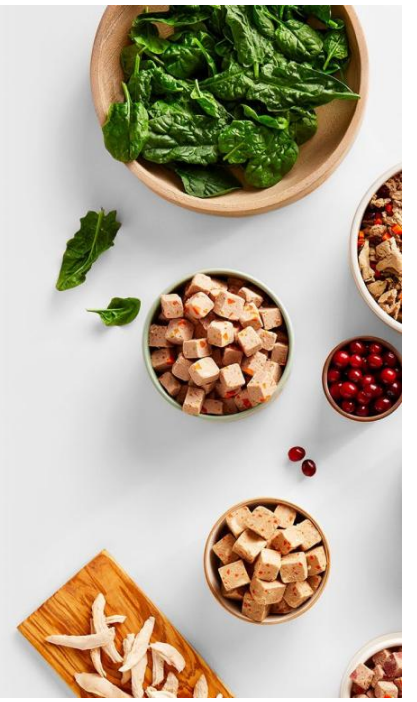
✓ Liquidity:

- \$274.6 million of cash-on-hand as of 9/30/24
- Generating meaningful Adj. EBITDA which could be leveraged to provide increased liquidity in 2025, if necessary

Operating Cash Flow (\$m)



Appendix



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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Gross profit	\$ 102,247	\$ 66,293	\$ 284,357	\$ 176,297
Depreciation expense	13,197	11,767	35,698	33,106
Non-cash share-based compensation	1,610	2,579	6,451	8,696
Loss on disposal of manufacturing equipment	639	—	692	—
Adjusted Gross Profit	\$ 117,693	\$ 80,639	\$ 327,198	\$ 218,099
Adjusted Gross Profit as a % of Net Sales	46.5%	40.2%	45.9%	39.5%

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
SG&A expenses	\$ 90,338	\$ 73,371	\$ 265,734	\$ 221,638
Depreciation and amortization expense	5,512	4,452	15,967	12,043
Non-cash share-based compensation (a)	10,498	5,511	31,411	16,256
Loss on disposal of equipment	129	226	362	688
Enterprise Resource Planning (b)	—	212	—	1,550
Capped Call Transactions fees (c)	—	—	—	113
Shareholder activism defense engagement (d)	—	5,548	—	8,177
Organization changes (e)	—	—	—	(67)
Adjusted SG&A Expenses	\$ 74,199	\$ 57,422	\$ 217,994	\$ 182,878
Adjusted SG&A Expenses as a % of Net Sales	29.3%	28.6%	30.6%	33.2%

1. Includes true-ups to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA and/or Net Sales targets as a condition of vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets. When the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
2. Represents costs associated with the implementation of an ERP system.
3. Represents fees associated with the Capped Call Transactions.
4. Represents advisory fees related to shareholder activism defense engagement.
5. 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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Net income (loss)	\$ 11,895	\$ (7,166)	\$ 28,803	\$ (48,904)
Depreciation and amortization	18,709	16,219	51,665	45,149
Interest income, net of interest expense	(40)	18	(424)	1,463
Income tax expense	54	70	162	210
EBITDA	30,618	9,141	80,206	(2,082)
Loss on equity method investment	—	—	—	1,890
Gain on equity investment	—	—	(9,918)	—
Loss on disposal of property, plant and equipment	768	226	1,054	688
Non-cash share-based compensation (a)	12,108	8,090	37,862	24,952
Enterprise Resource Planning (b)	—	212	—	1,550
Capped Call Transactions fees (c)	—	—	—	113
Shareholder activism defense engagement (d)	—	5,548	—	8,177
Organization changes (e)	—	—	—	(67)
Adjusted EBITDA	\$ 43,494	\$ 23,217	\$ 109,204	\$ 35,221
Adjusted EBITDA as a % of Net Sales	17.2 %	11.6 %	15.3 %	6.4 %

1. Includes true-ups to share-based compensation expense compared to prior periods. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA and/or Net Sales targets as a condition of vesting. At each reporting period, we reassess the probability of achieving the performance criteria and the performance period required to meet those targets. When the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

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4. Represents advisory fees related to shareholder activism defense engagement.

5. 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.

Convertible Share Dilution Calculations at Maturity

- We have run share dilution calculations to compare outcomes for the 2028 convertible notes
 - Freshpet has structured the convertible with Flexible Settlement, so we have the option to settle the convertible in shares, cash, or a combination at its option
 - We have run convertible dilution calculations once using the most dilutive physical settlement method (i.e. Freshpet delivers all underlying shares upon conversion if the convertible is in-the-money) and again using net share settlement method (i.e. Freshpet delivers the \$402.5mm principal amount in cash and any remaining in-the-money amount in shares under Treasury Stock method)

Stock Price at Maturity	Physical Settlement (mm shares) ^(1,2)		Net Share Settlement (mm shares)	
	Convert	Convert + Capped Call	Convert	Convert + Capped Call
\$80.00	5.8	5.0	0.7	0.0
\$90.00	5.8	4.5	1.3	0.0
\$100.00	5.8	4.0	1.8	0.0
\$110.00	5.8	3.7	2.1	0.0
\$120.00	5.8	3.4	2.4	0.0
\$130.00	5.8	3.5	2.7	0.4
\$140.00	5.8	3.7	2.9	0.8
\$150.00	5.8	3.8	3.1	1.1
\$160.00	5.8	4.0	3.3	1.4

35

Note: Based on Freshpet's \$402.5mm convertible offering, a \$54.65 stock price at issue, a 27.5% conversion premium, and an up 120% capped call.
 (1) If the convertible is in-the-money, Freshpet can deliver full underlying shares at its option since it has chosen a Flexible Settlement Structure.
 (2) At stock prices below the conversion price, the convertible is redeemed for cash without any equity dilution.



