



freshpet
pets. people. planet.

Q1 2022 Earnings Presentation
May 2, 2022



Forward Looking Statements & Non-GAAP Measures

Forward-Looking Statements

Certain statements in this presentation by Freshpet, Inc. (the “Company”) constitute “forward-looking” statements, which include any statements related to the novel coronavirus (“COVID-19”), the Freshpet Kitchens Expansion, our long-term capacity planning, our net sales and Adjusted EBITDA guidance and the Company's general operating and economic environment. These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements and events could differ materially from those stated, anticipated or implied by such forward-looking statements. While Freshpet believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein, including our long-term capacity planning, and most prominently, the risks discussed under the heading “Risk Factors” in the Company's latest annual report on Form 10-K and quarterly reports on Form 10-Q filed with the Securities and Exchange Commission. Such forward-looking statements are made only as of the date of this presentation. Freshpet undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

Non-GAAP Measures

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

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

Forward Looking Statements & Non-GAAP Measures (cont.)

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

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

Certain of these measures represent the Company's guidance for fiscal year 2022. The Company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable degree of certainty the type and impact of certain items, including the timing of and amount of costs of goods sold and selling, general and administrative expenses, that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. The unavailable information could significantly impact our financial results. These items are not within the Company's control and may vary greatly between periods. Based on the foregoing, the Company believes that providing estimates of the amounts that would be required to reconcile these forecasted non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.



Nourishing Pets, People and Planet

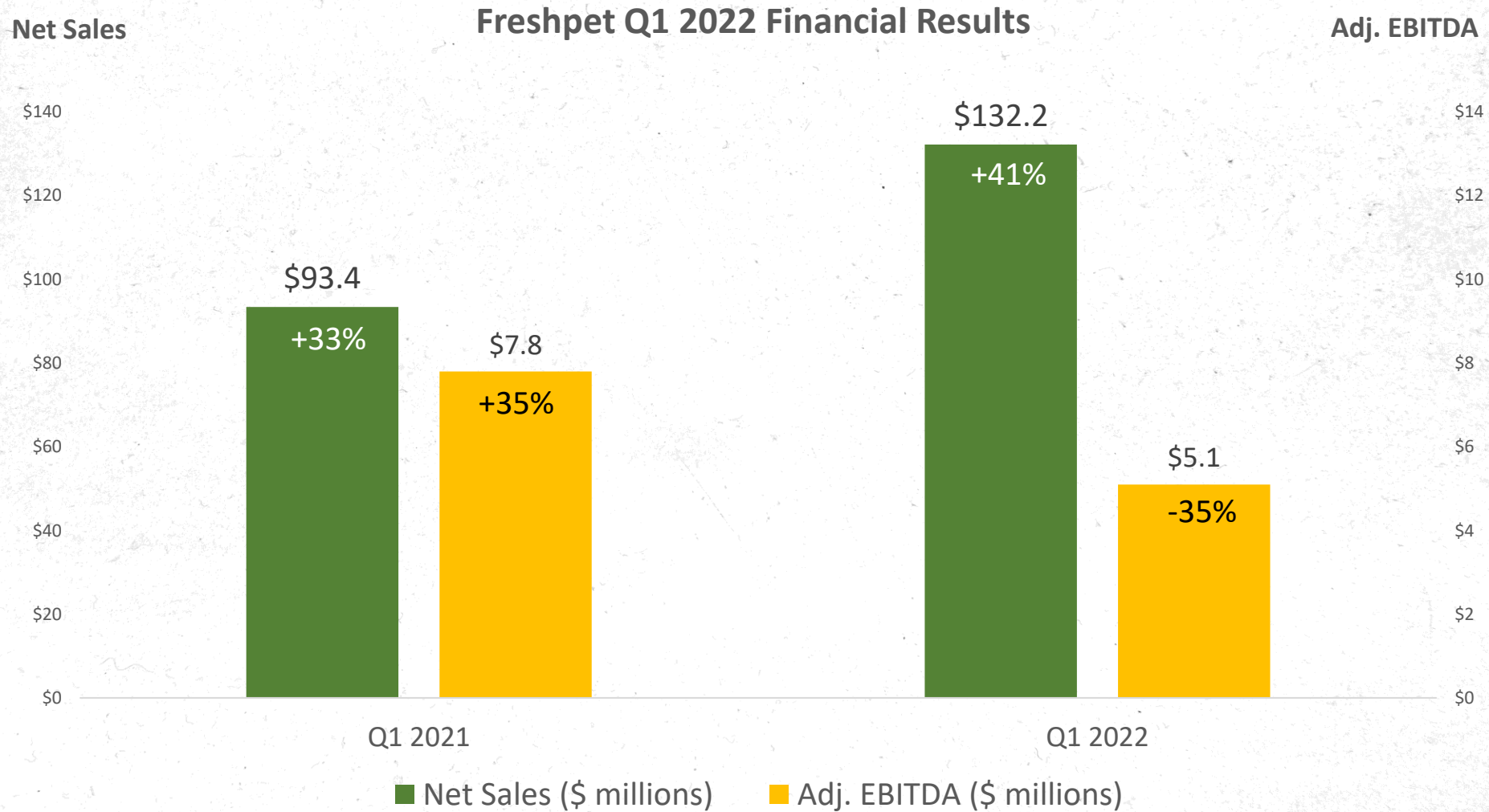
Freshpet strengthens the bond between **people** and our **pets** so that we both live longer, healthier and happier lives -- while being kind to the **planet**





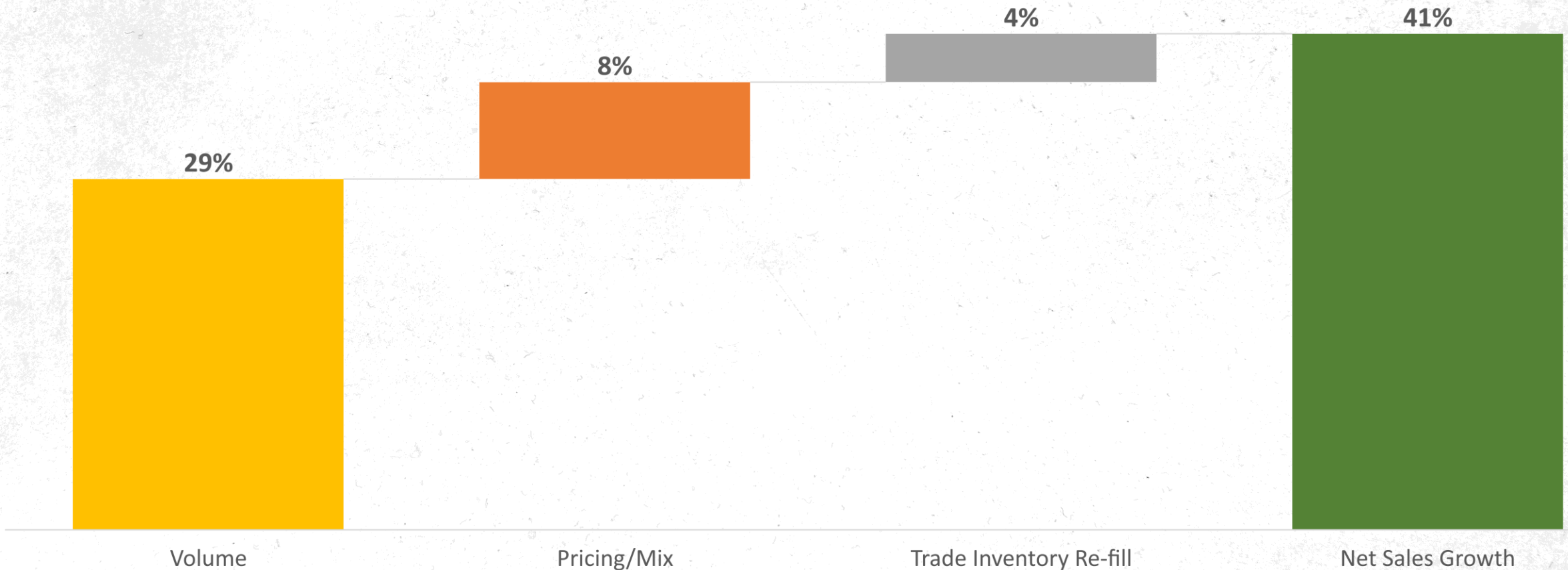
Q1 2022 Results

Strong start to 2022

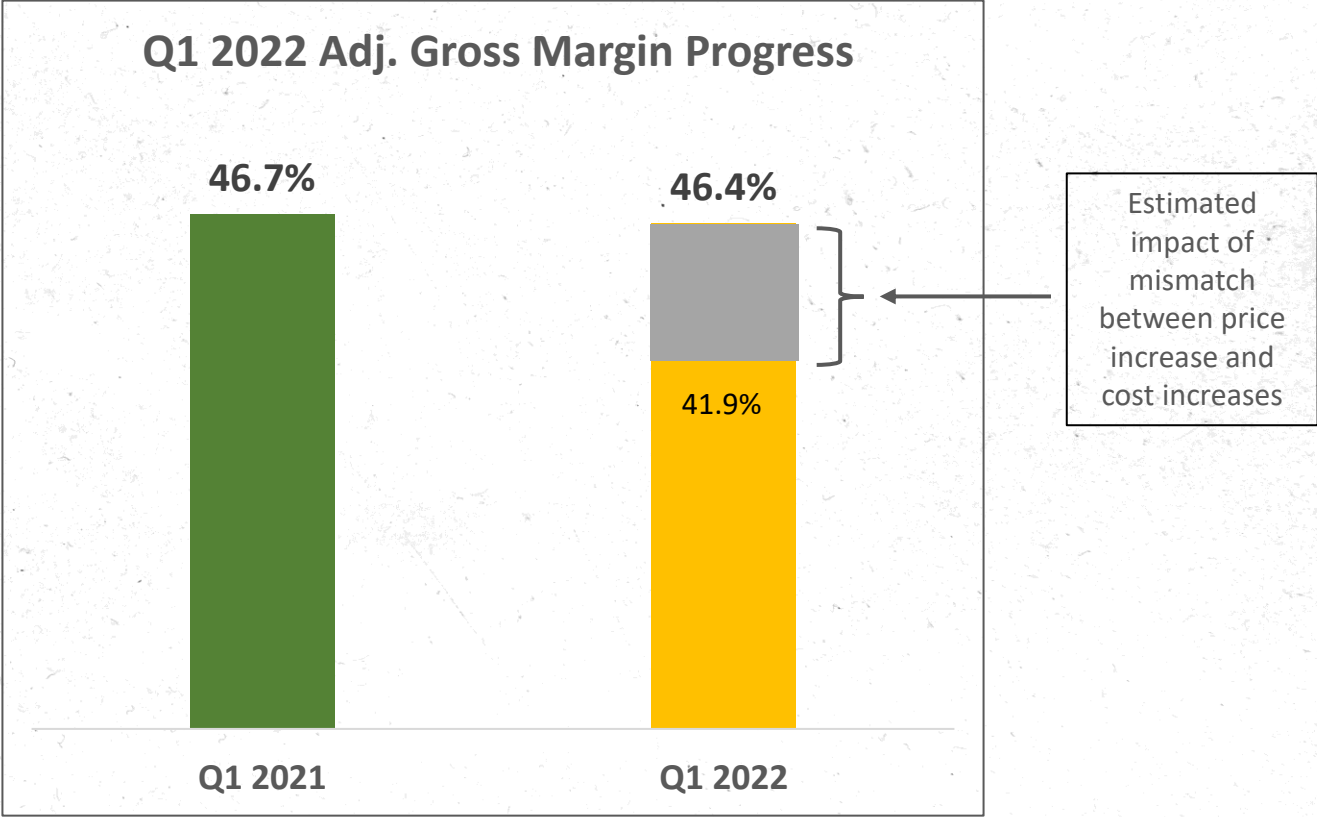


Net Sales growth driven by volume/mix, pricing and trade inventory re-fill

Q1 2022 Estimated Sales Growth Composition



Mismatch between timing of price increase and commodity cost increases temporarily depressed Adj. Gross Margin



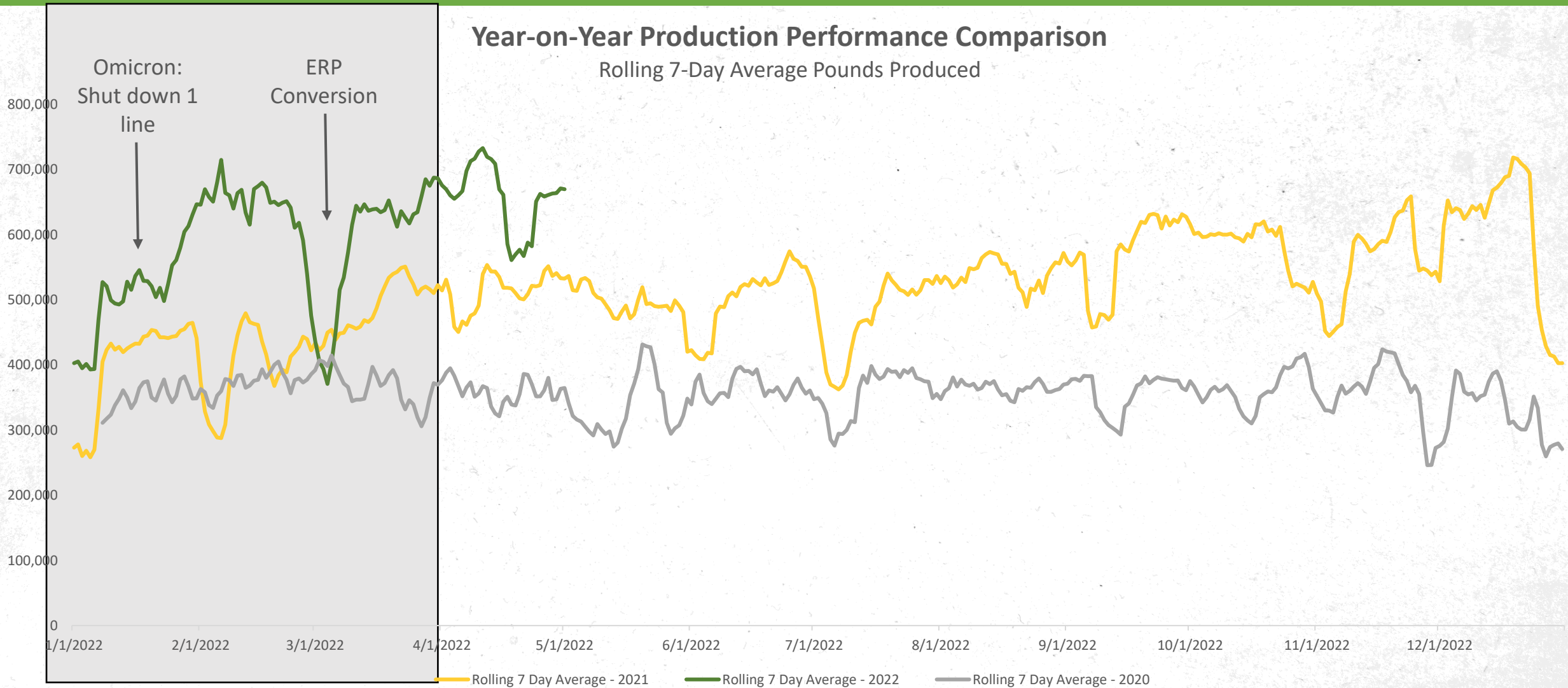
38.9%

33.9%

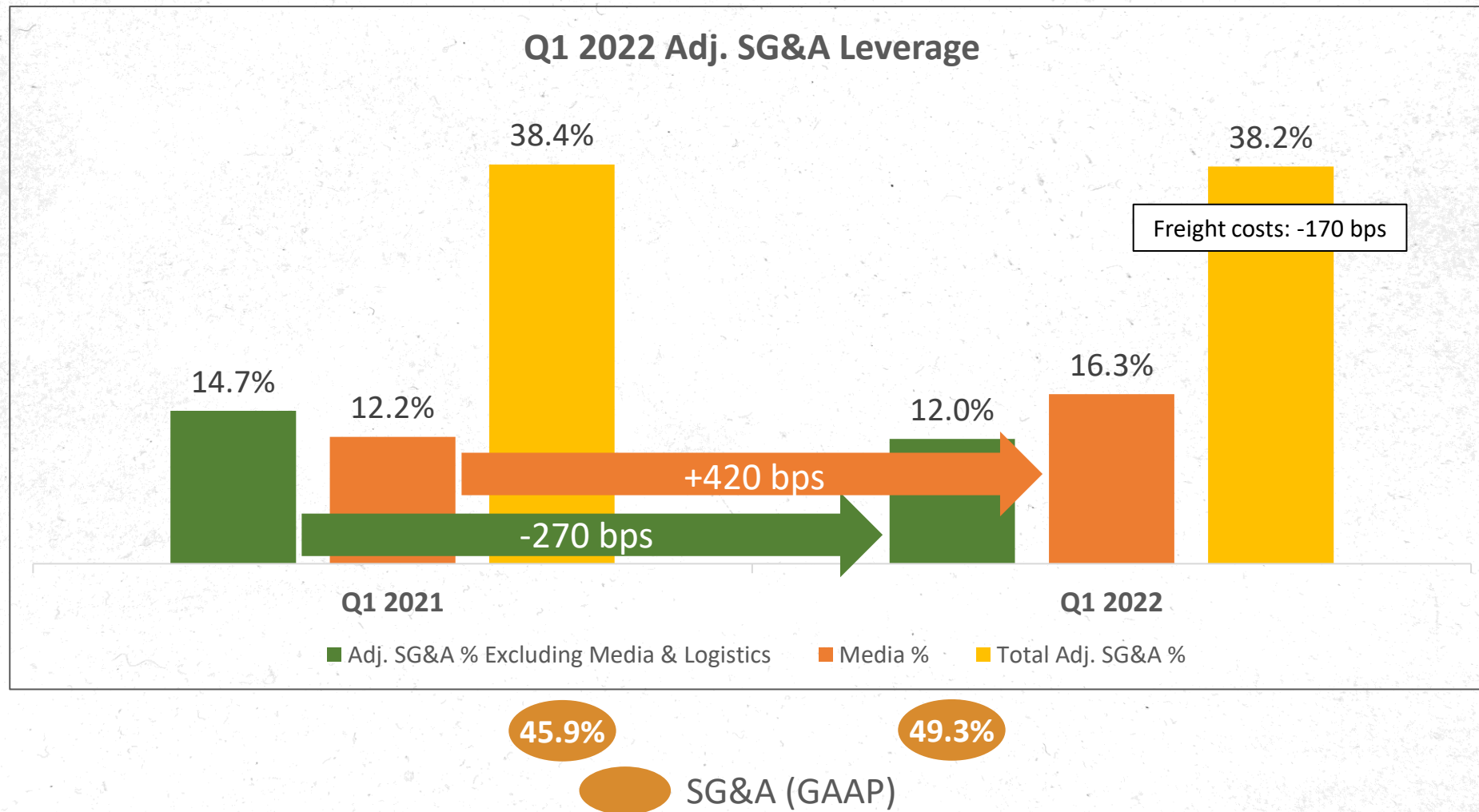
Gross Margin (GAAP)

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

Strong production performance post-ERP conversion enabled strong shipments

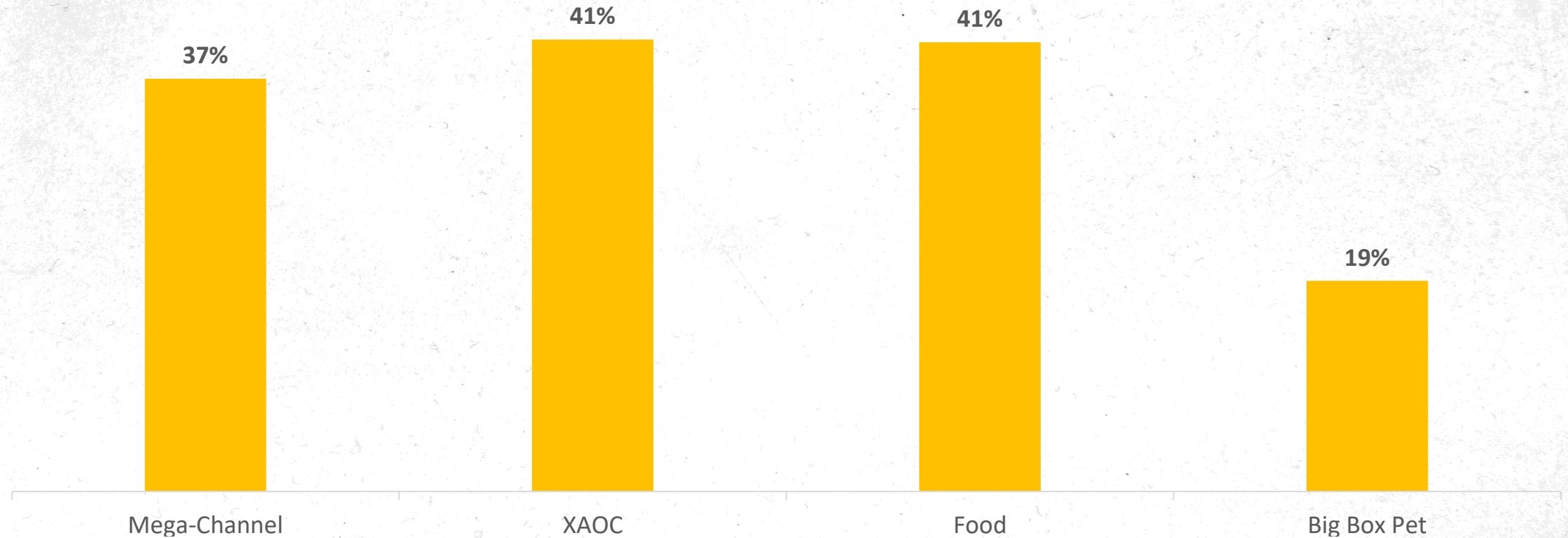


Reinvested in increased media investment to drive accelerated growth



Q1 2022 consumption: Strong growth in all channels

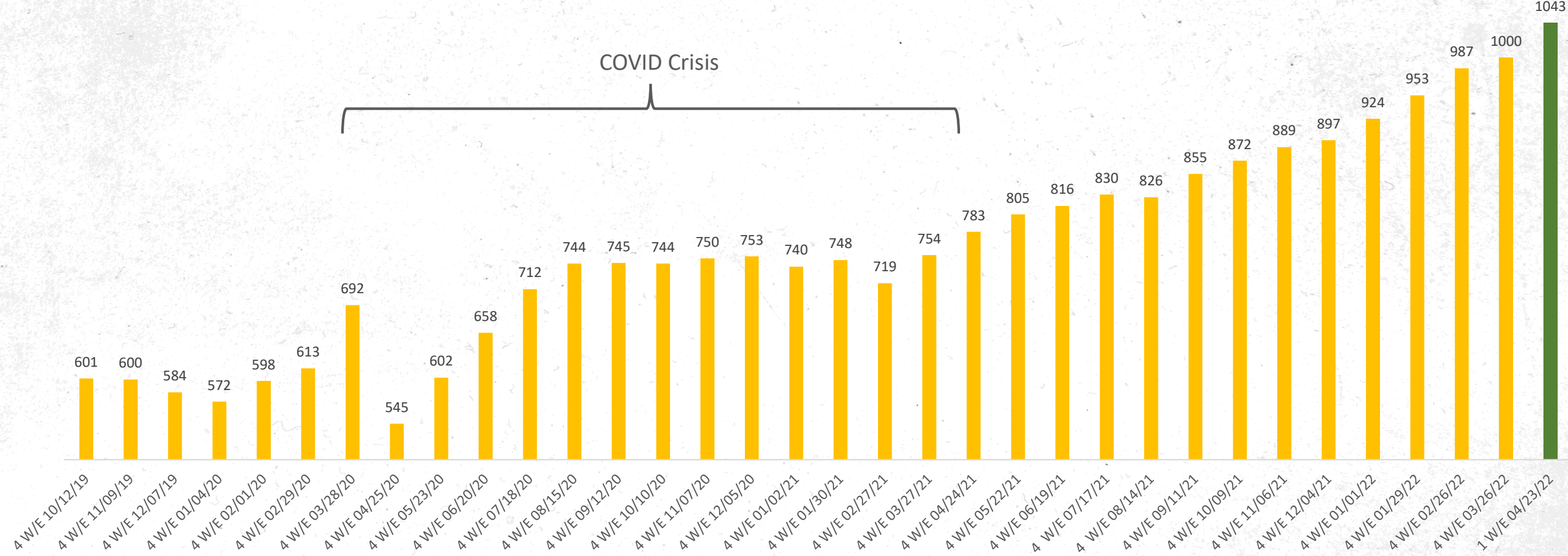
Latest 13wk Nielsen Consumption Growth



Continued strong velocity gains

Freshpet Velocity (\$/\$MM ACV)

Nielsen Mega-Channel

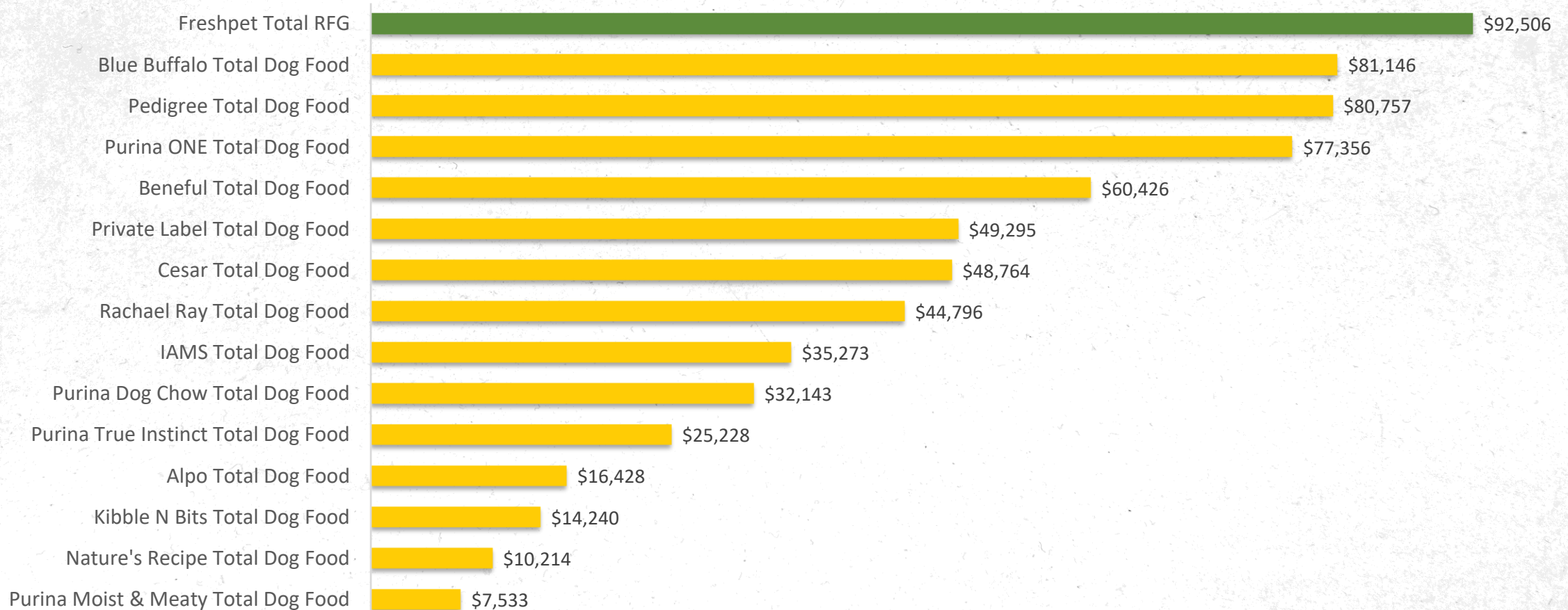


Source: Nielsen Mega-Channel Data thru 4/23/22

\$ / \$ MM ACV = Nielsen Measured Mega-Channel sales / retail availability as measured in \$MM of All Commodity Volume (ACV)

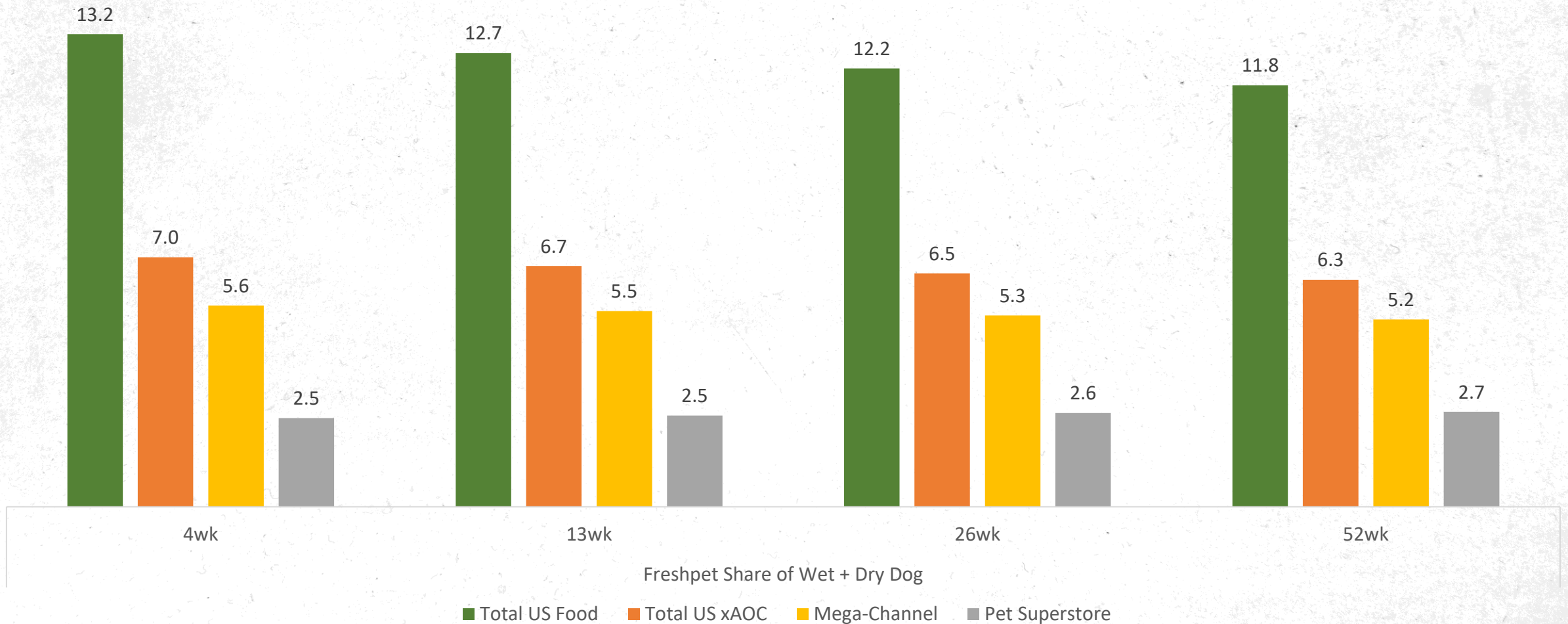
On a total brand dollar sales basis, Freshpet is now the leading brand in the grocery channel

Total Wet & Dry Dog Food Brands Dollar Sales: US Food
(Latest 13wks thru 3/26/22 -- \$M)

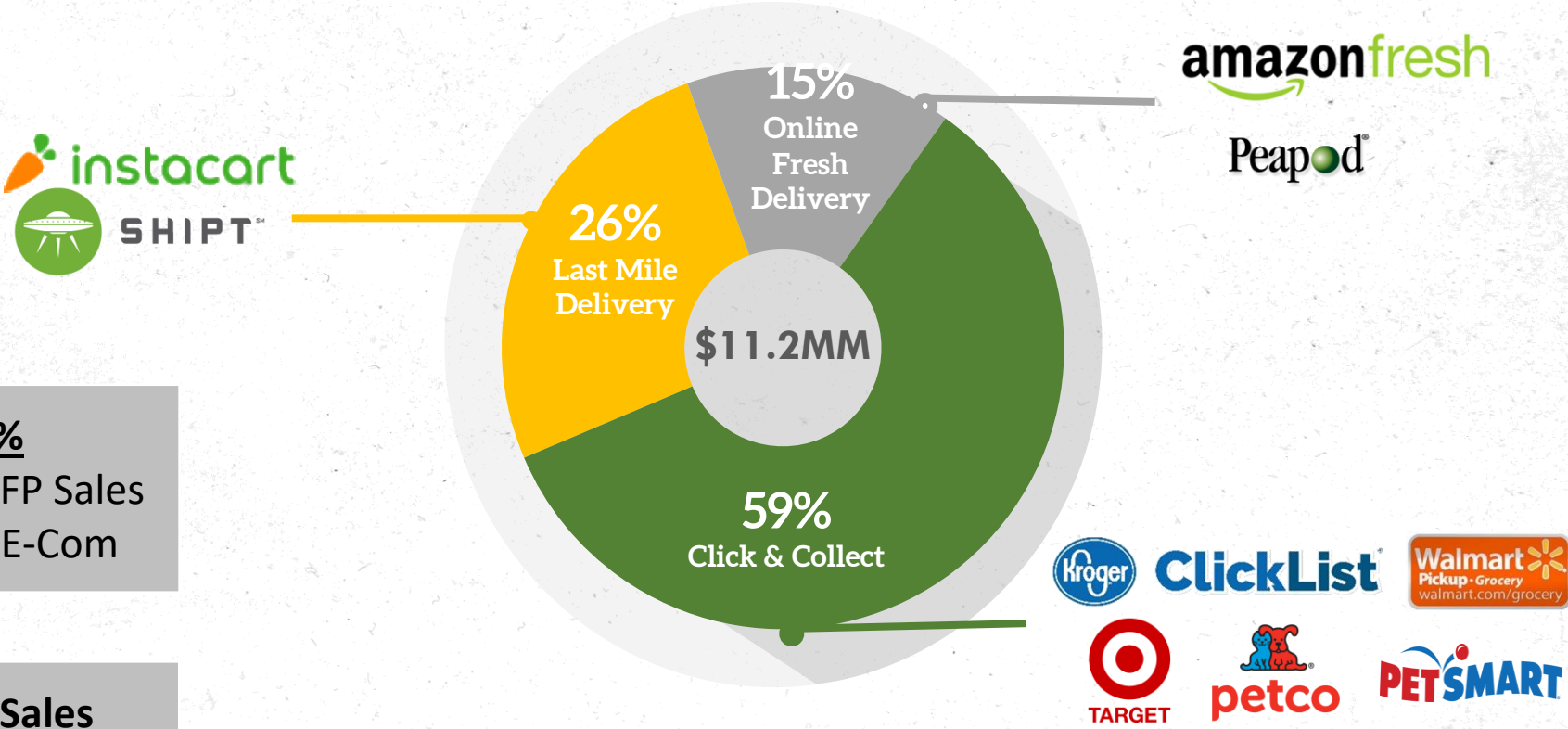


Freshpet: Building meaningful share of the category

Freshpet \$ Share of Wet & Dry Dog



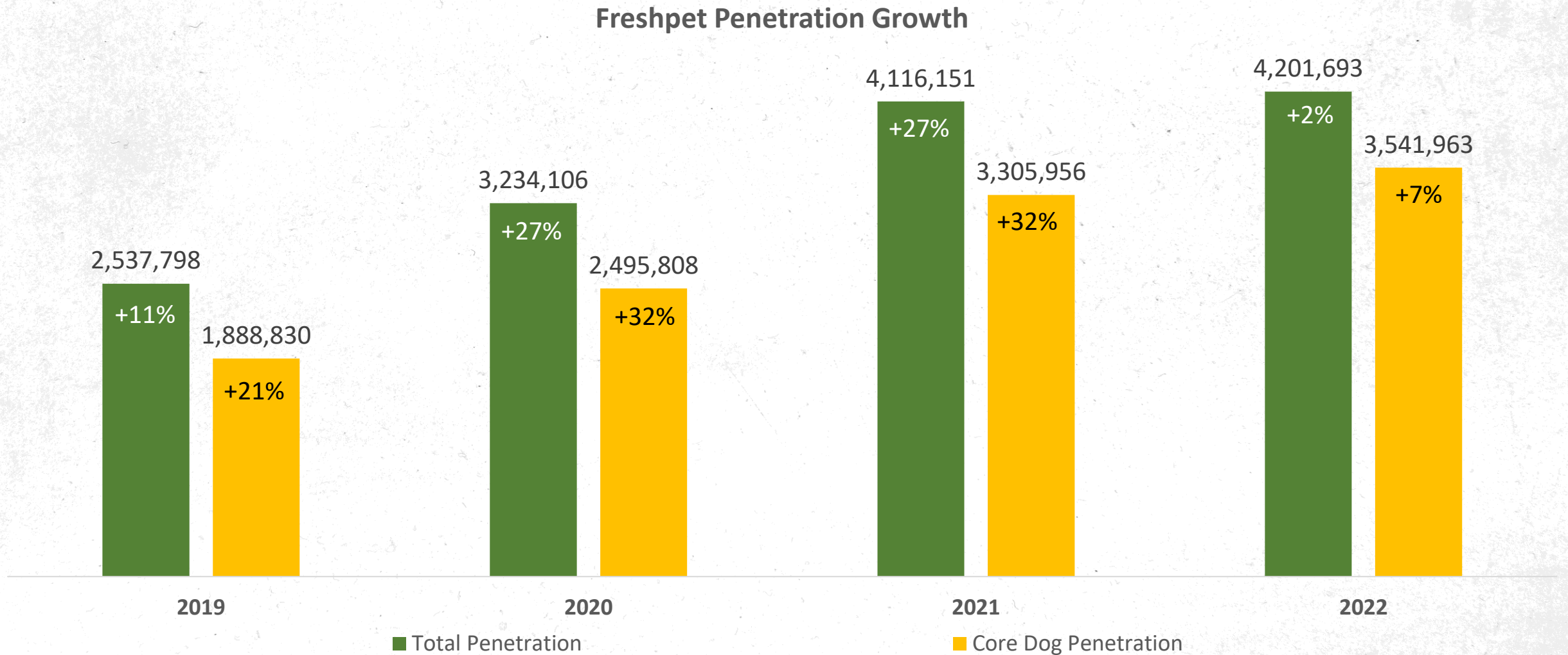
Q1 2022 Freshpet E-Com grew +79% vs. YA



8.0%
% of Total FP Sales
Through E-Com

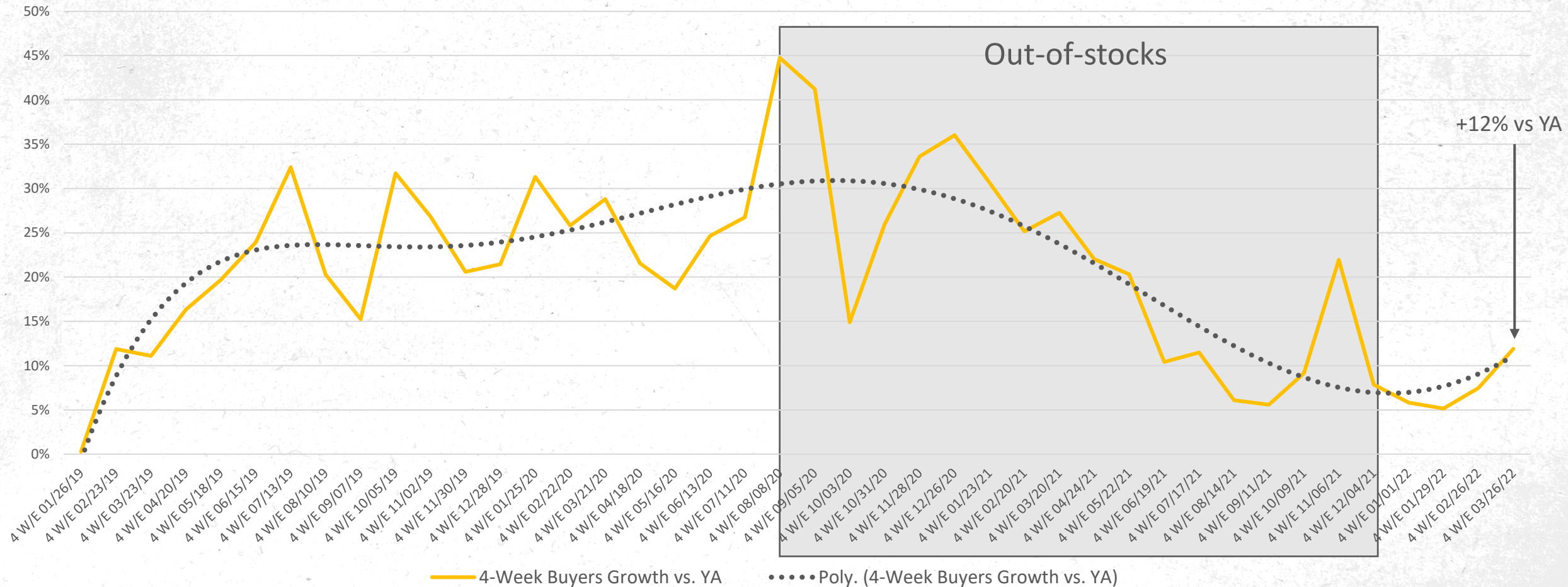
85% of Sales
Contribute to Brick
& Mortar

HH penetration growth expected to accelerate in 2022 following improved in-stocks and advertising support



4-week buying HH's growth rate is moving up again as in-stocks have improved

Freshpet 4-Week Buying HH's
Growth vs. YA



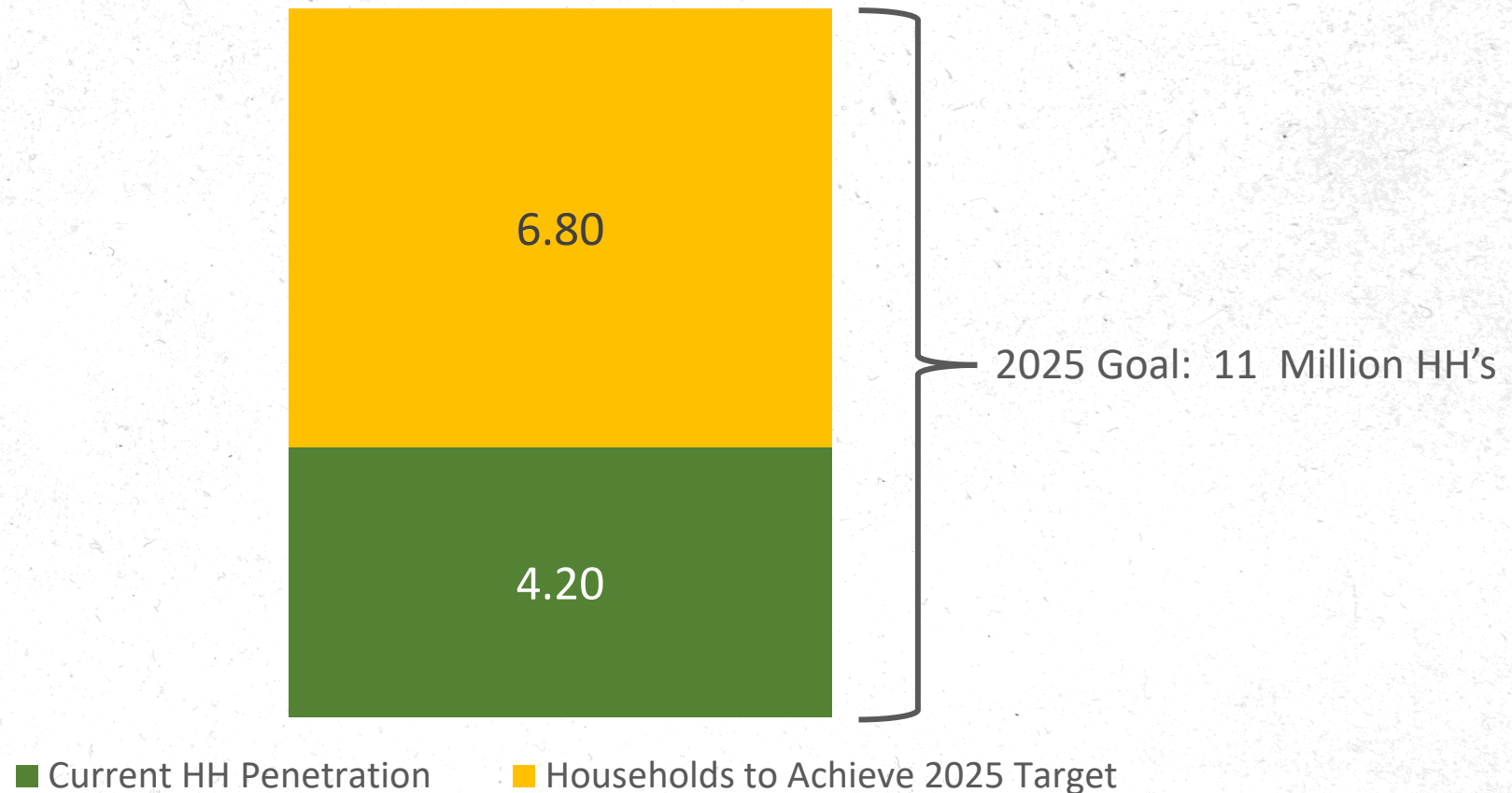
+12% vs YA

— 4-Week Buyers Growth vs. YA •••• Poly. (4-Week Buyers Growth vs. YA)

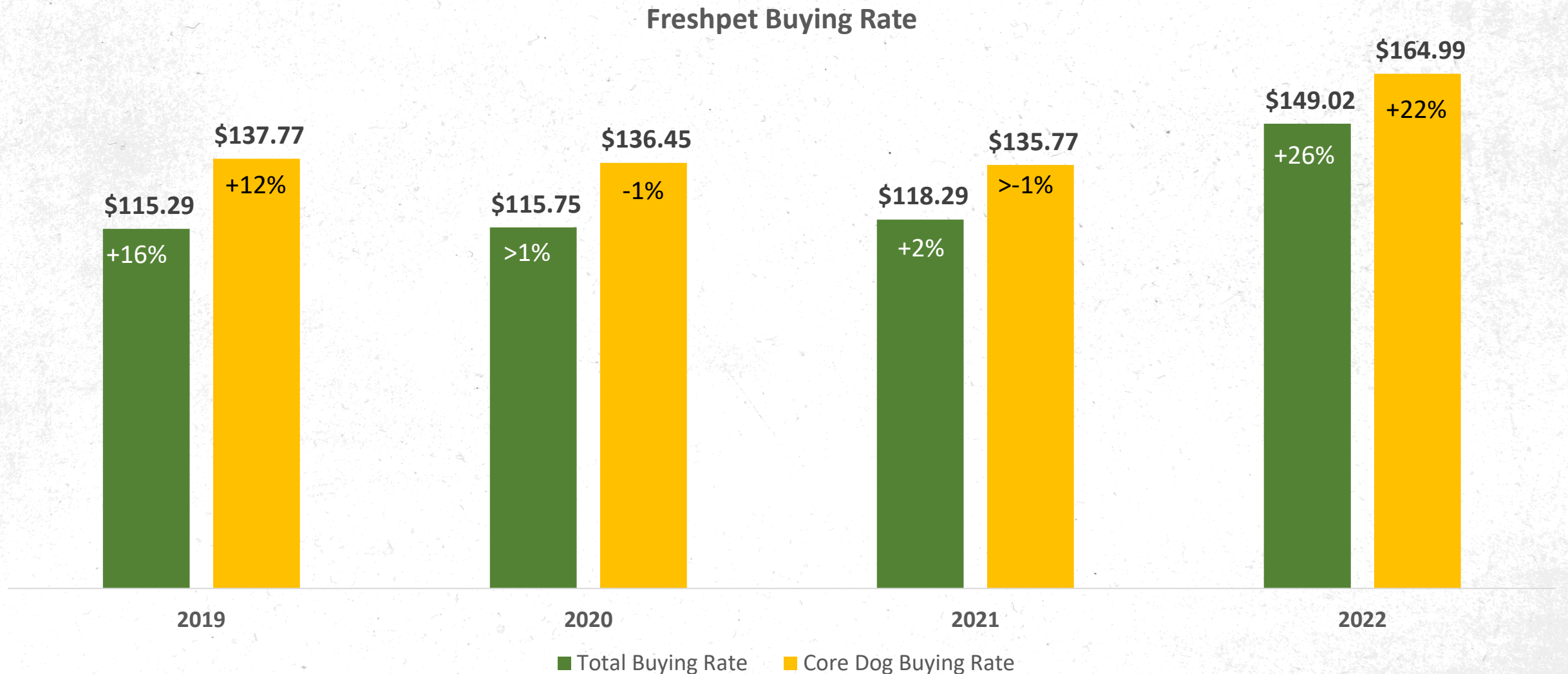
Source: Nielsen HH Panel for the period ending 3/26/22

Still on path to meet our 2025 HH penetration goal

Progress Towards 2025 Household Penetration Goal



Buying rate continues to grow strongly and is helped by price increases

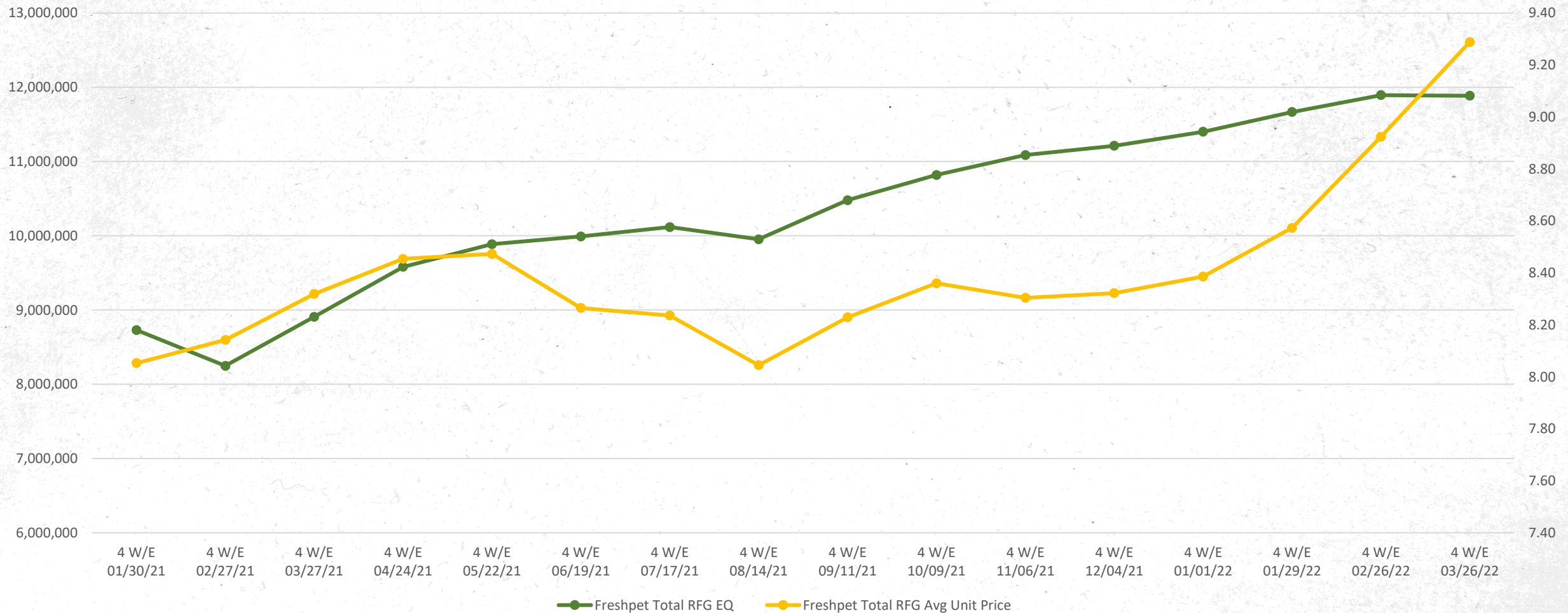




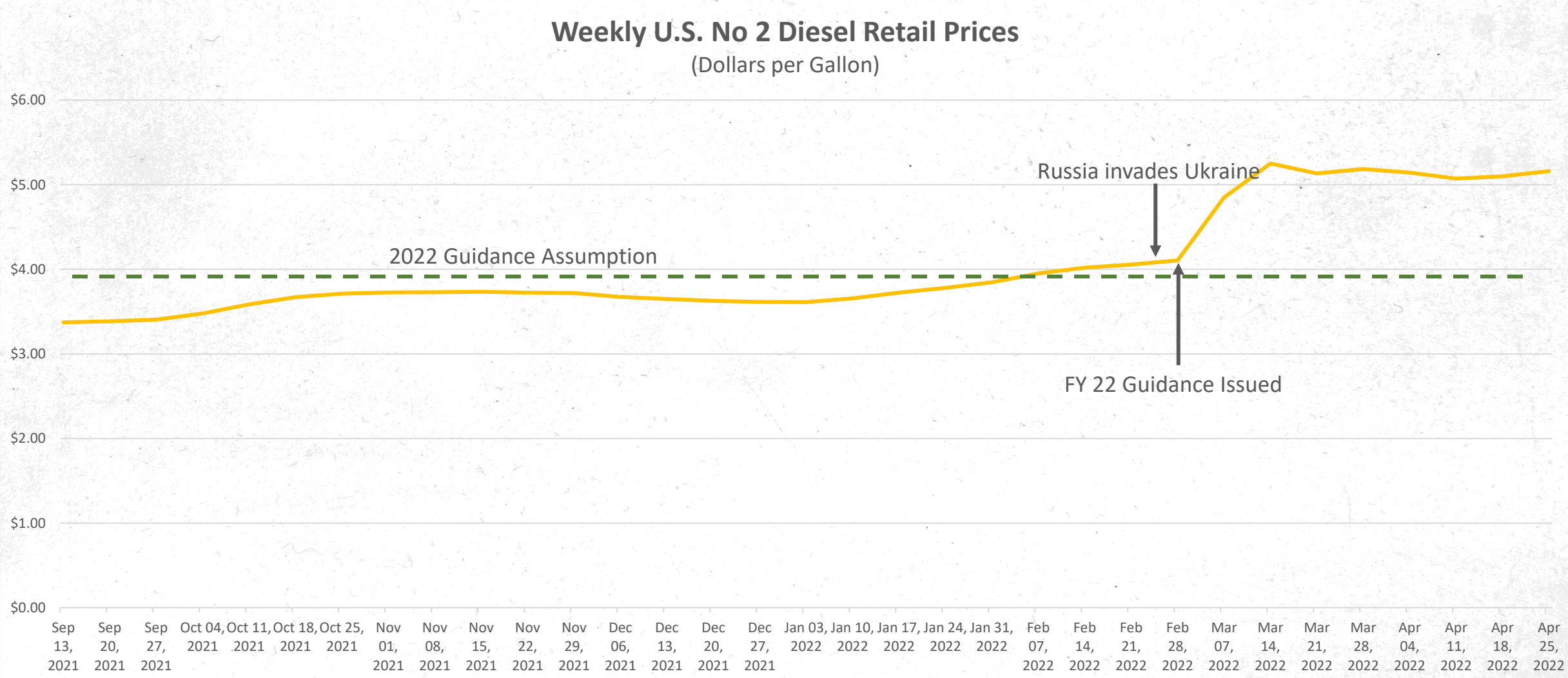
Pricing

Limited evidence of price sensitivity on the first price increase overall

Total Freshpet Price Sensitivity – Grocery & Mass



Diesel costs increased dramatically in the past 8 weeks

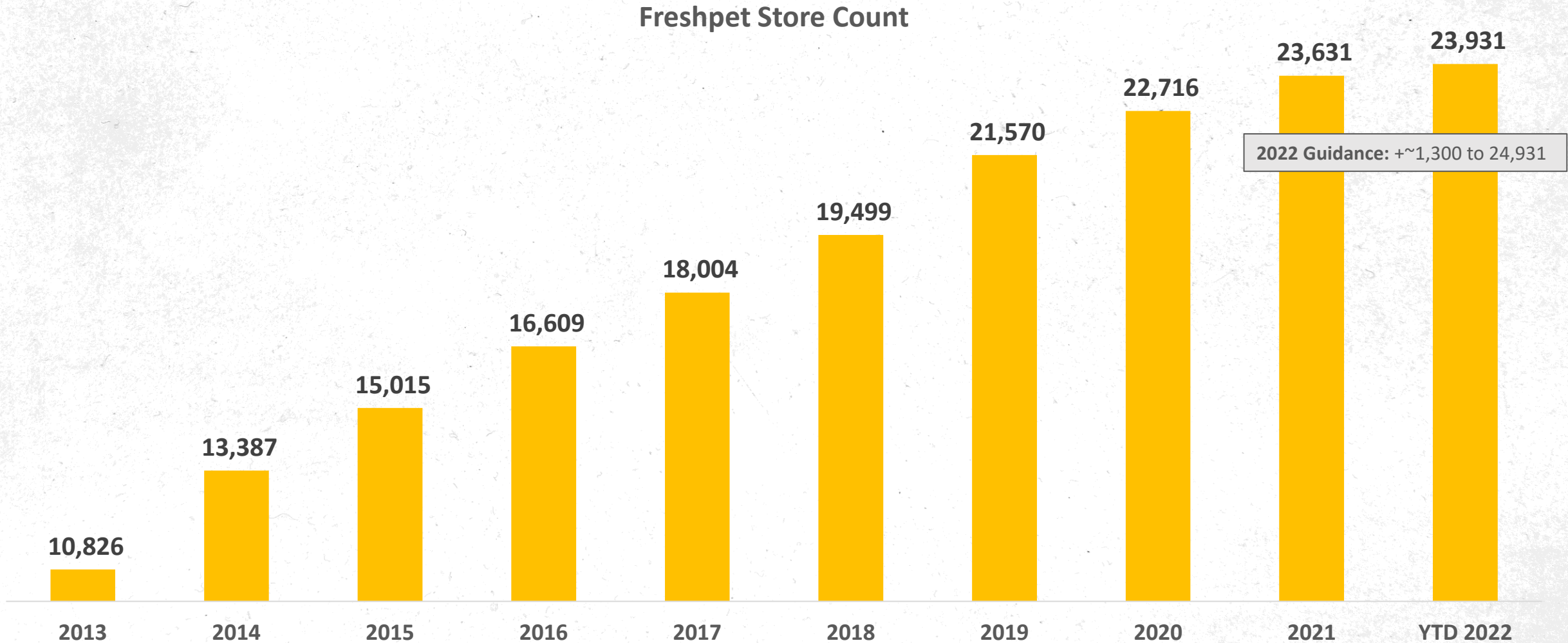


Source: US Energy Information Administration (EIA) On-Highway Diesel Prices

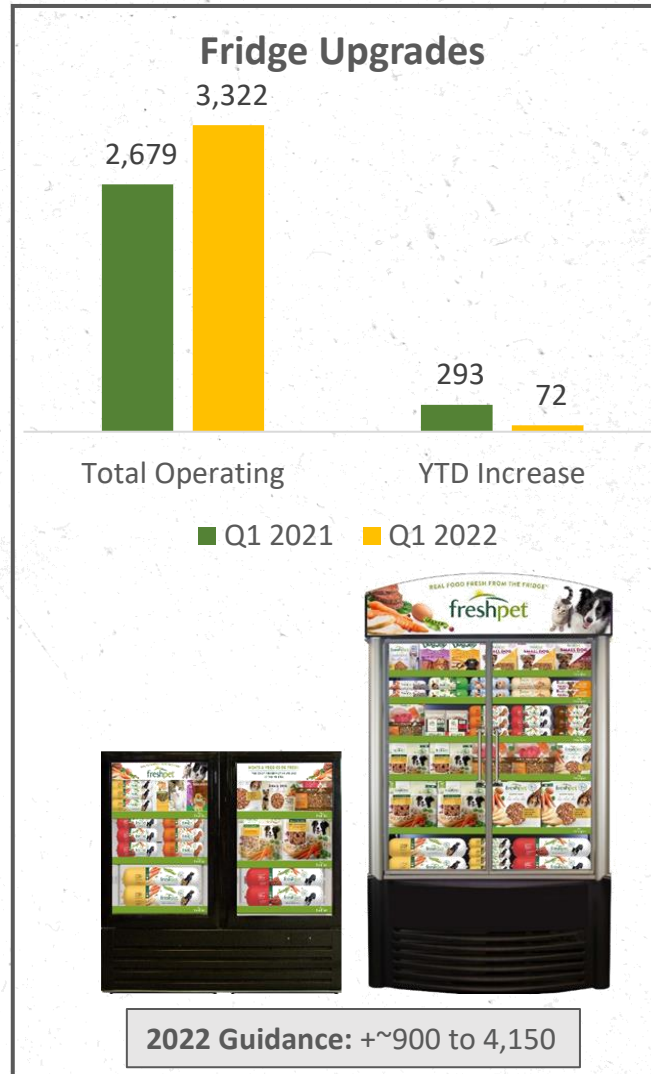
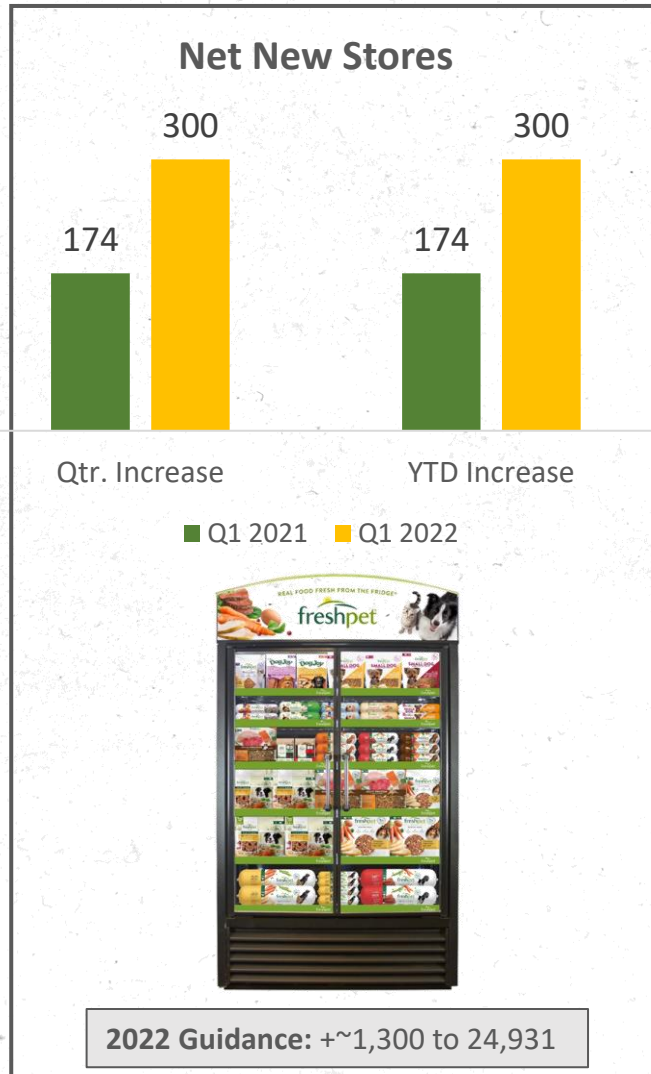
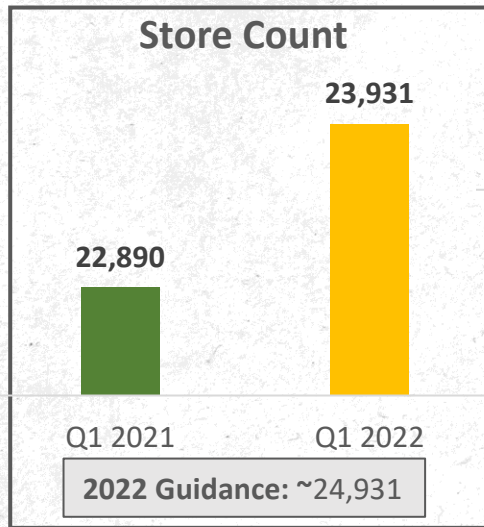


Q1 2022 Visibility & Availability

Store count continues to grow

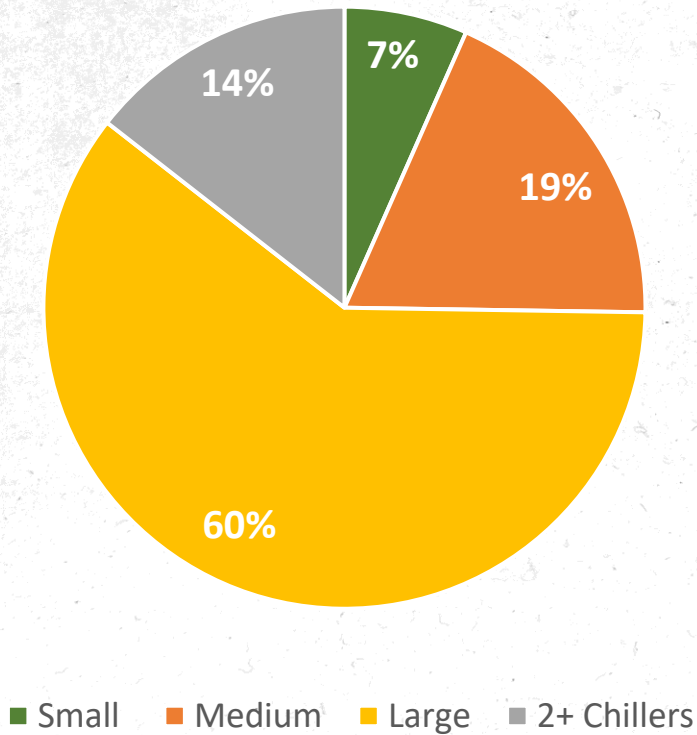


Q1 2022: Strong performance on Upgrades & 2nd Fridges

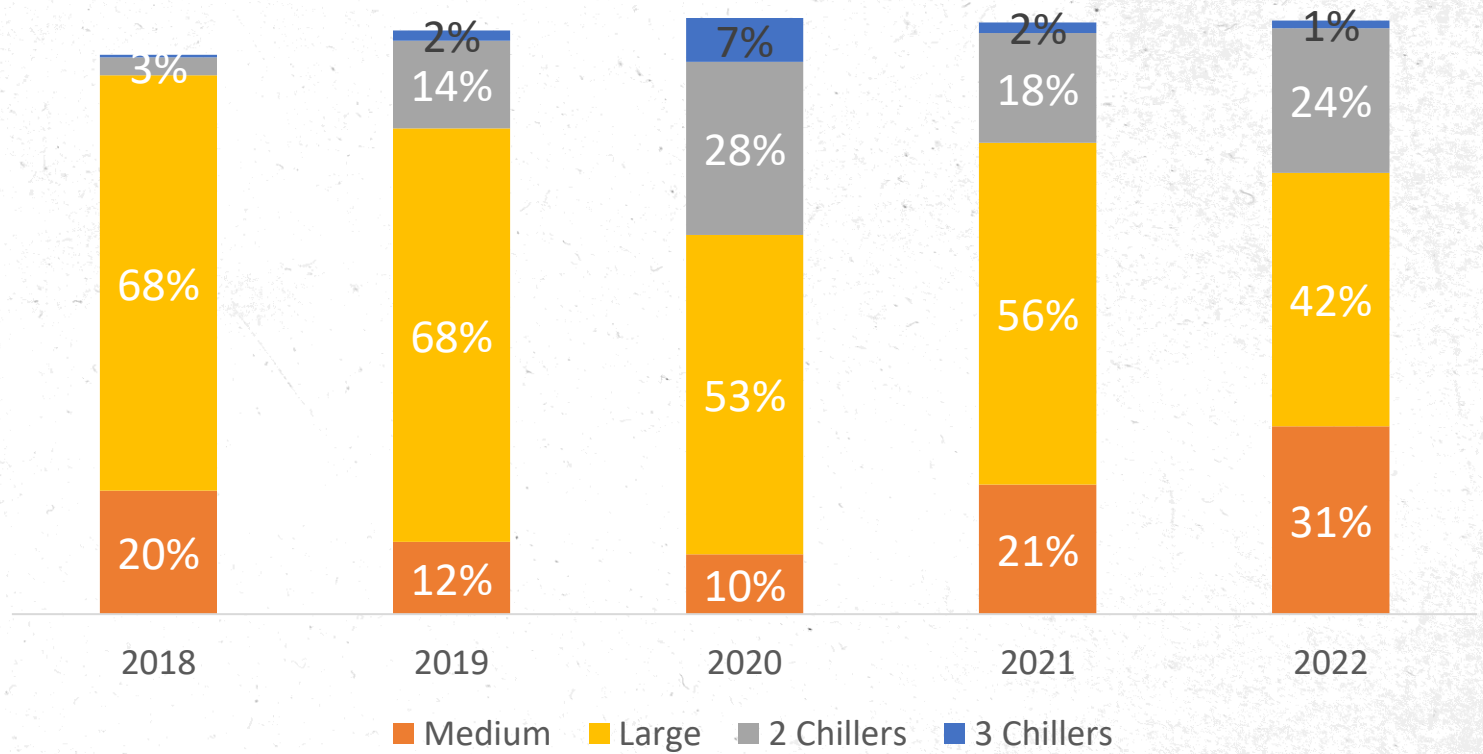


Q1 2022: Continued success with placements of large and multi-fridge stores

**Freshpet Fridge Fleet
Distribution by Size**
(US & Canada Stores)



Installed Fridges by Size and Year Installed
(US & Canada)

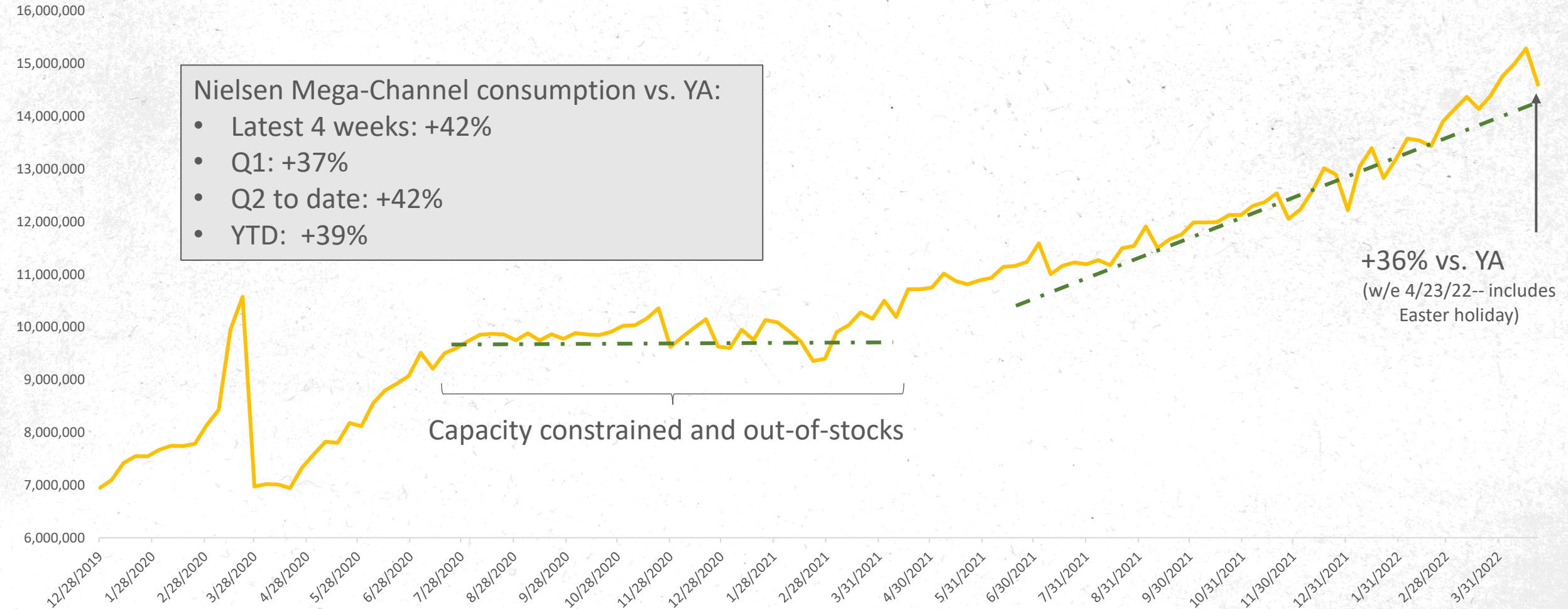




Current Business Trends

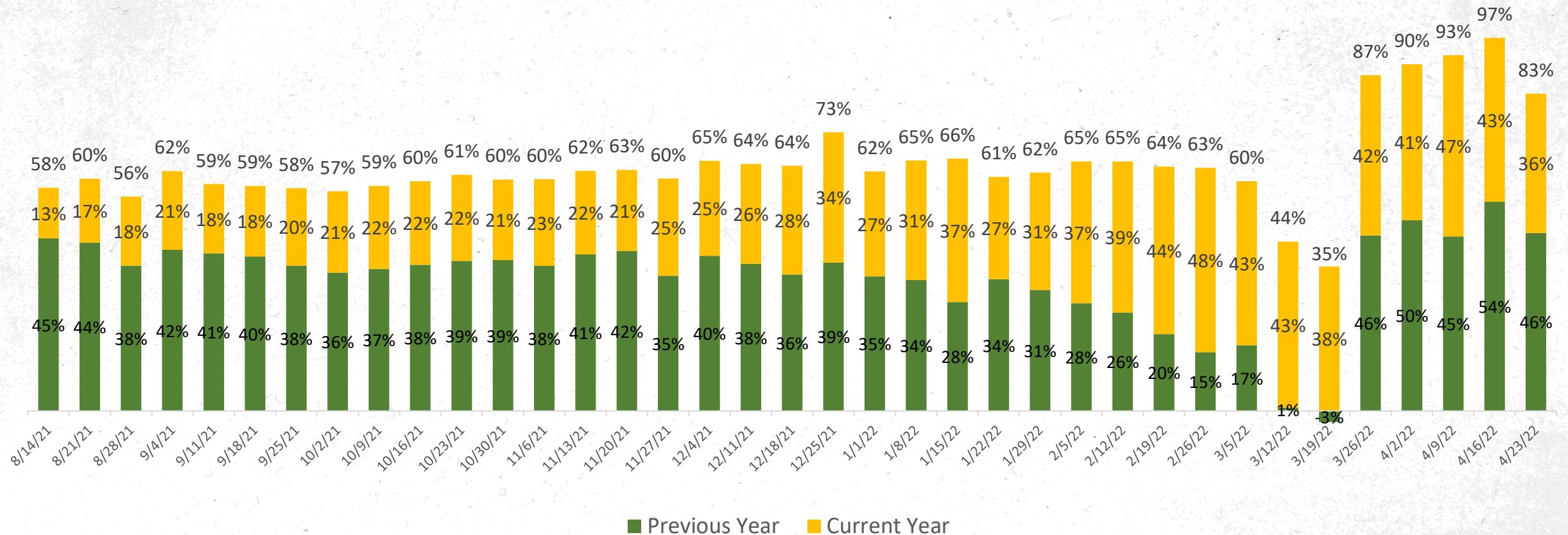
Strong, sustained growth

Nielsen Mega-Channel Consumption



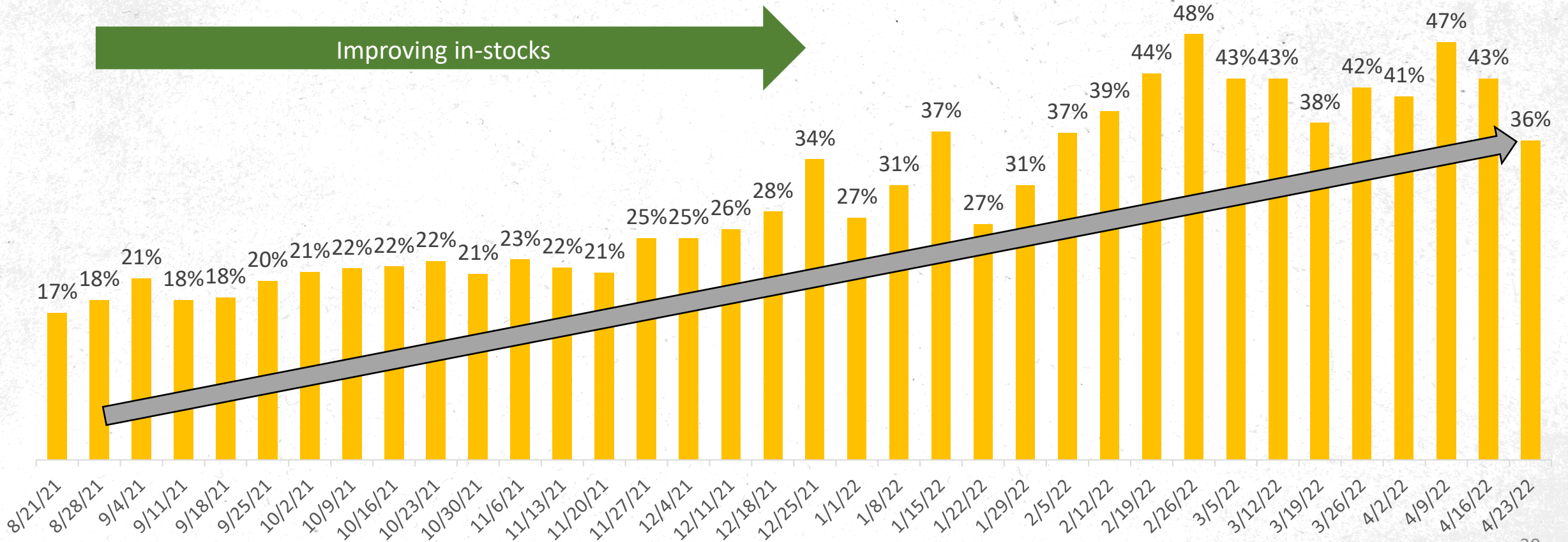
2-year stacked growth rate continues at a robust rate

Nielsen Mega-Channel Consumption Growth
(2 Year Stacked)



Consistent improvement in in-stock rates drives accelerated growth

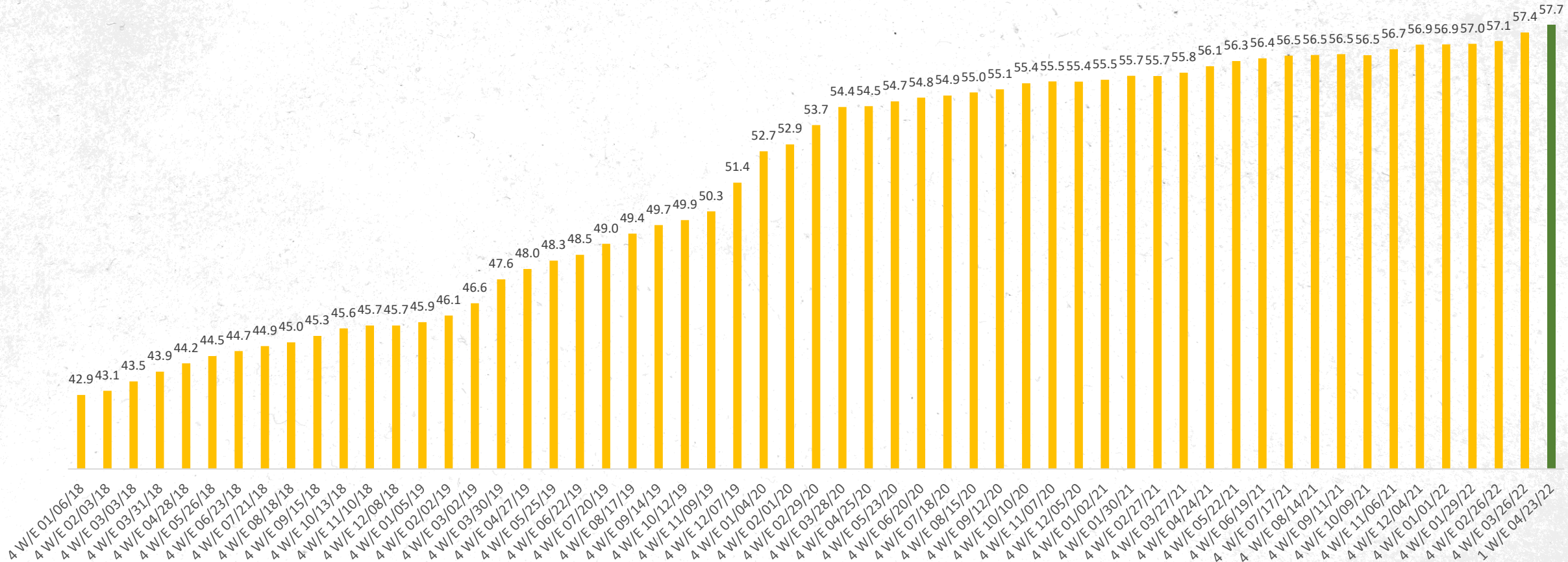
Freshpet Nielsen Mega-Channel Growth Rate



Distribution growth continues despite capacity limits

Freshpet Distribution (% ACV)

Nielsen Mega-Channel

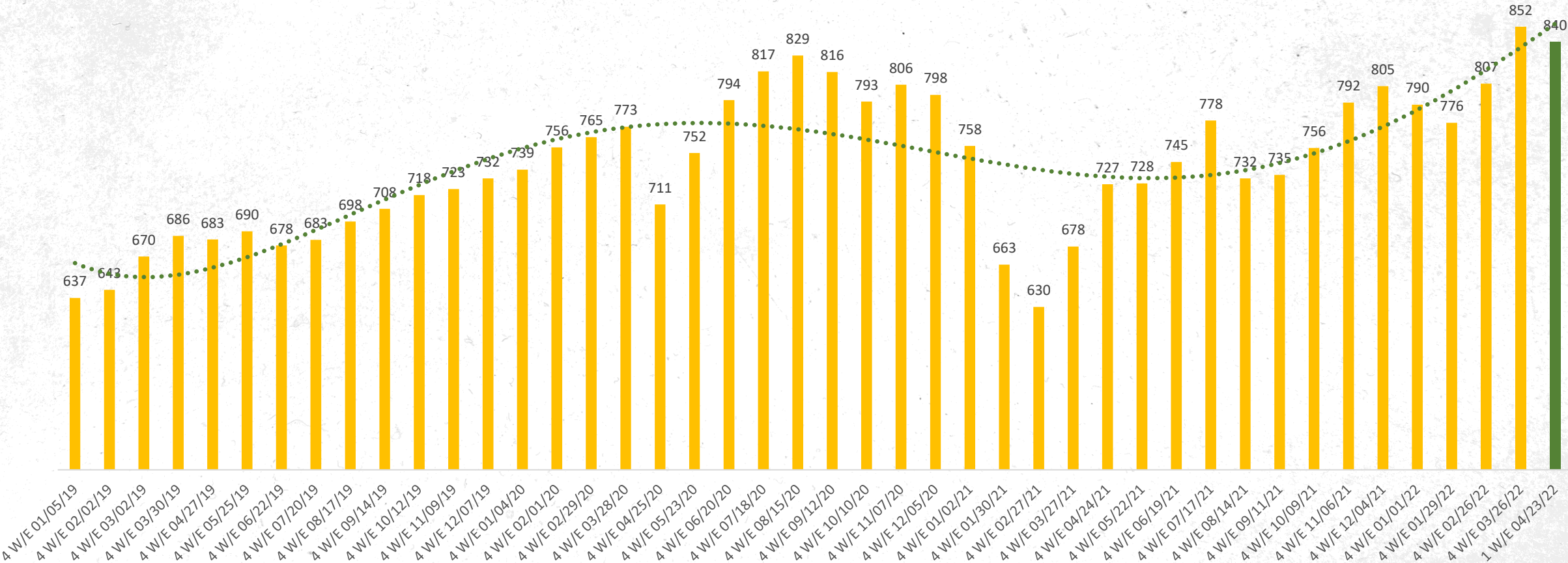


Source: Nielsen Mega-Channel Data thru 4/23/22

Retail availability continues at a high level

Freshpet Total Distribution Points (TDP's)

Nielsen Mega-Channel



Source: Nielsen Mega-Channel Data thru 4/23/22

Positive pet ownership and related sentiment trends remain intact post-COVID peaks

Table 1: How has your pet ownership been affected by COVID-19?

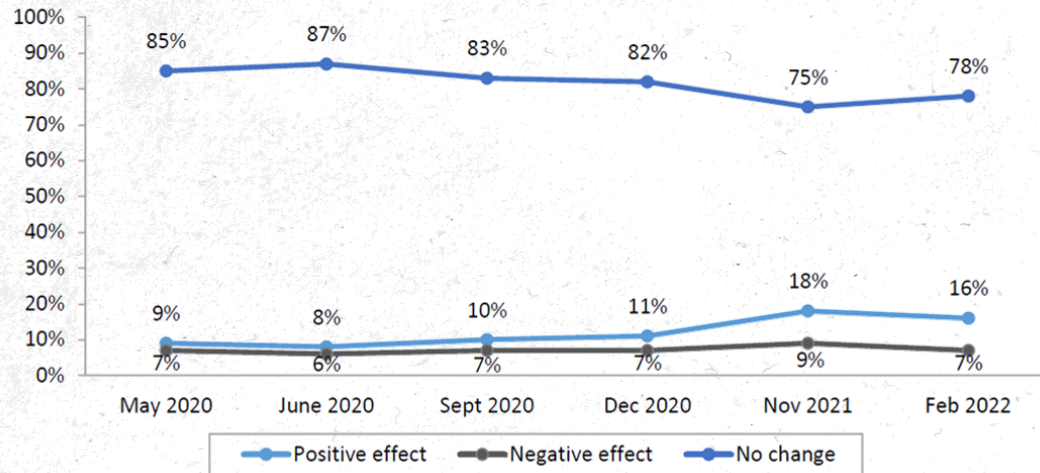
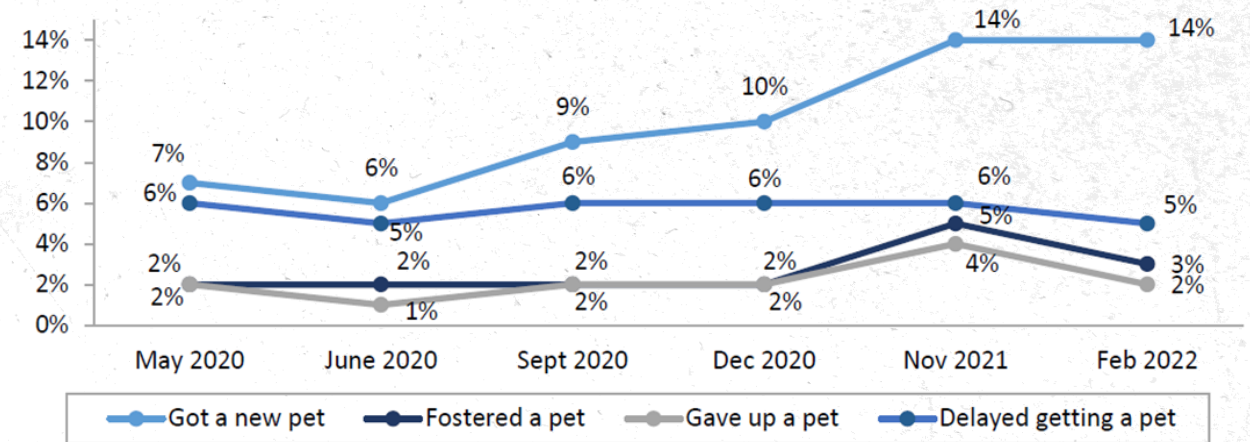


Table 2: How has your pet ownership been affected by COVID-19?



Pet ownership continues to grow amongst younger households

Table 3: Change in the Number of Pets Owned in the Past Three Months

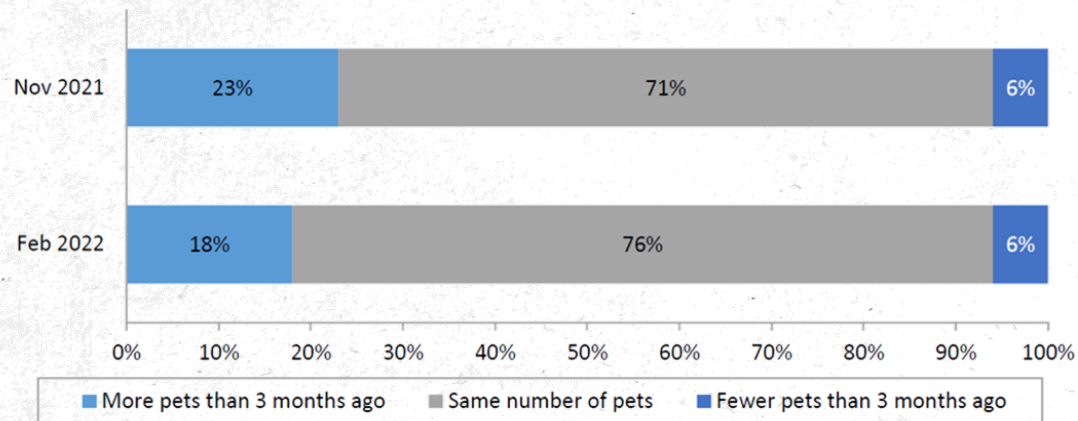
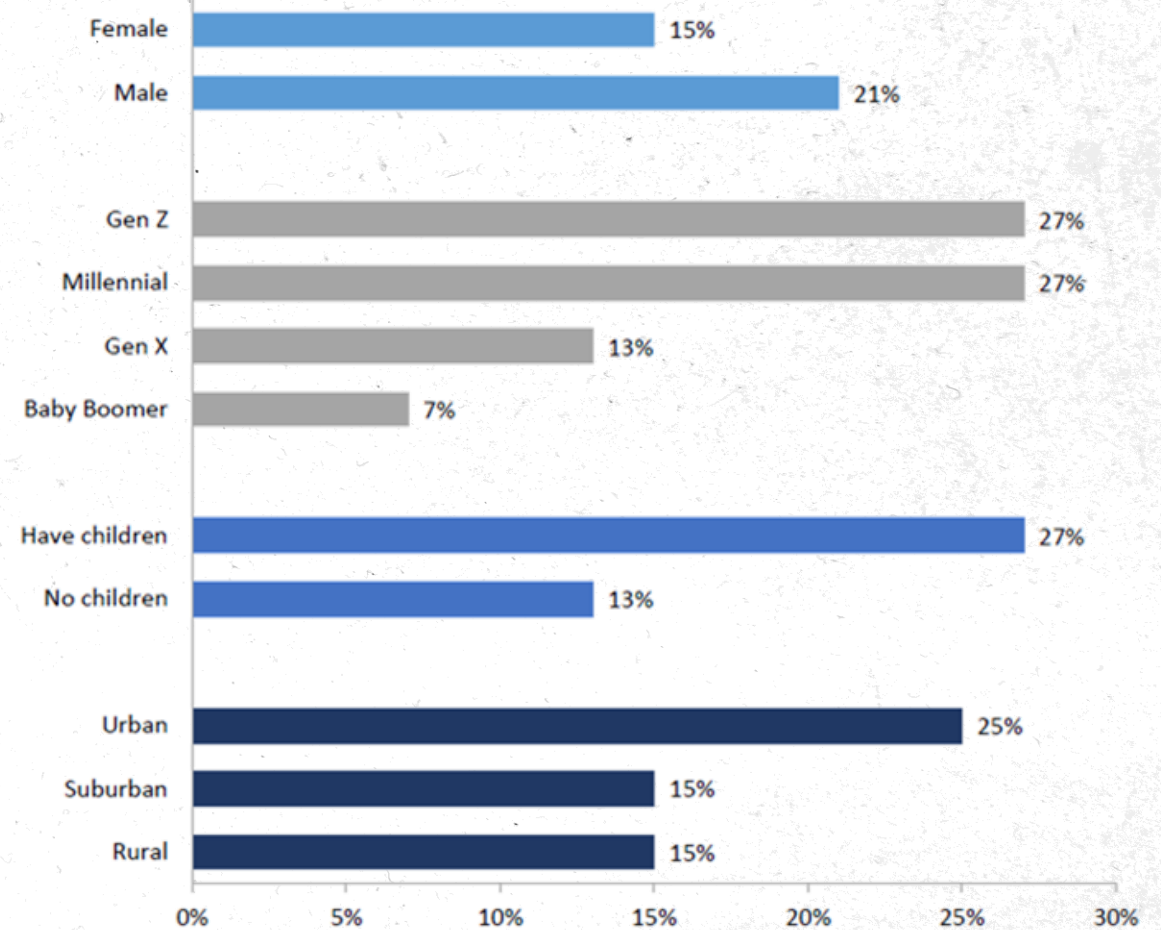


Table 4: Pet owners who have more pets now than 3 months ago*



*Wave 6 (February 2022) data.



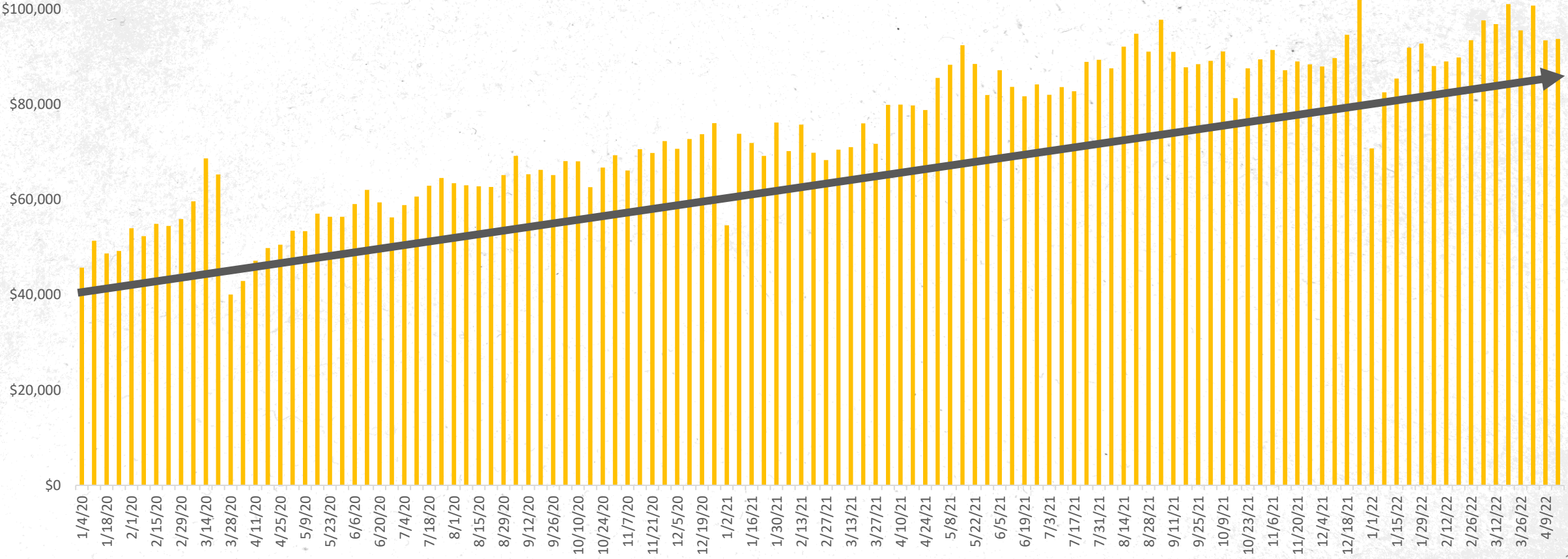
International Business

Canadian business accelerating behind advertising investment

Leading Canadian Freshpet Retailer

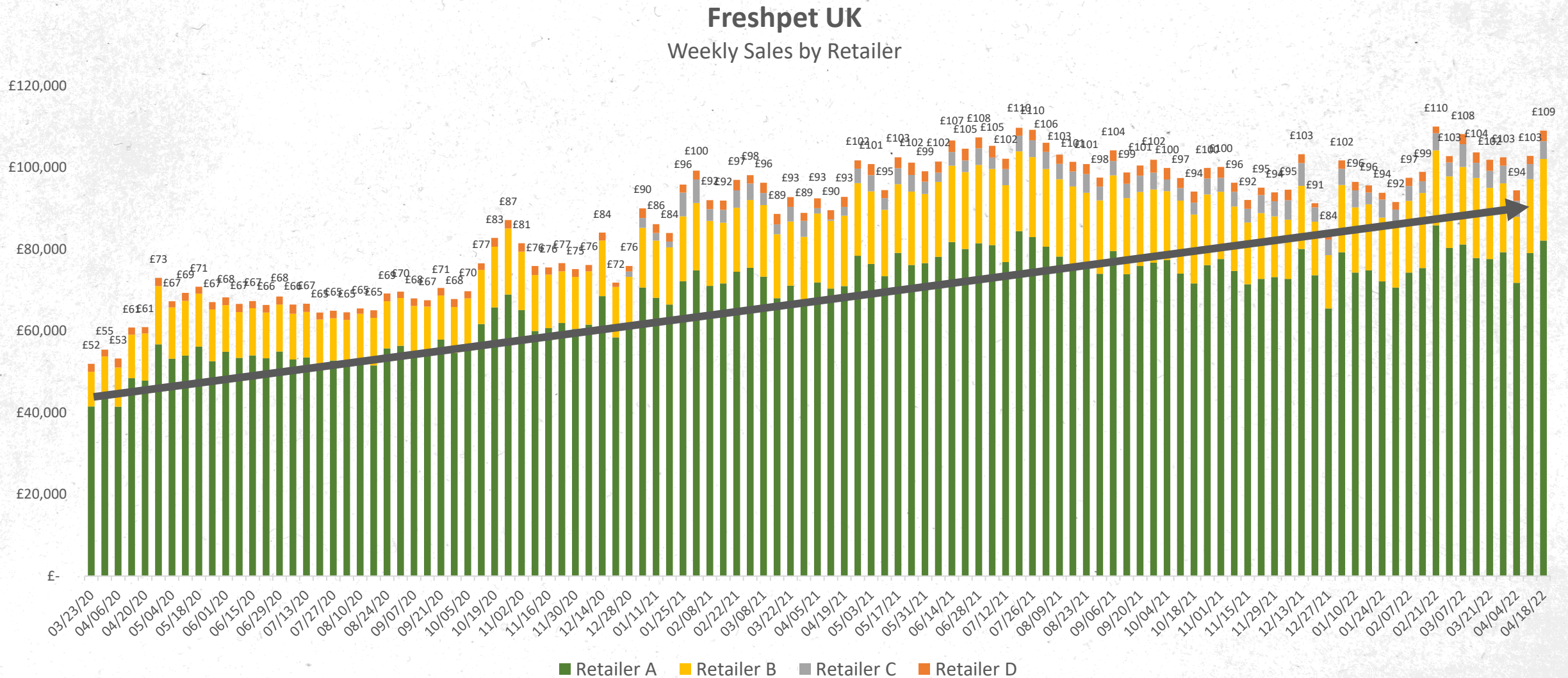
Weekly Sales

Last 4 weeks +23% vs. YA



Source: Internal company data through 4/16/22

Freshpet's advertising-driven model works in the UK





Long-Term Capacity Plan Update

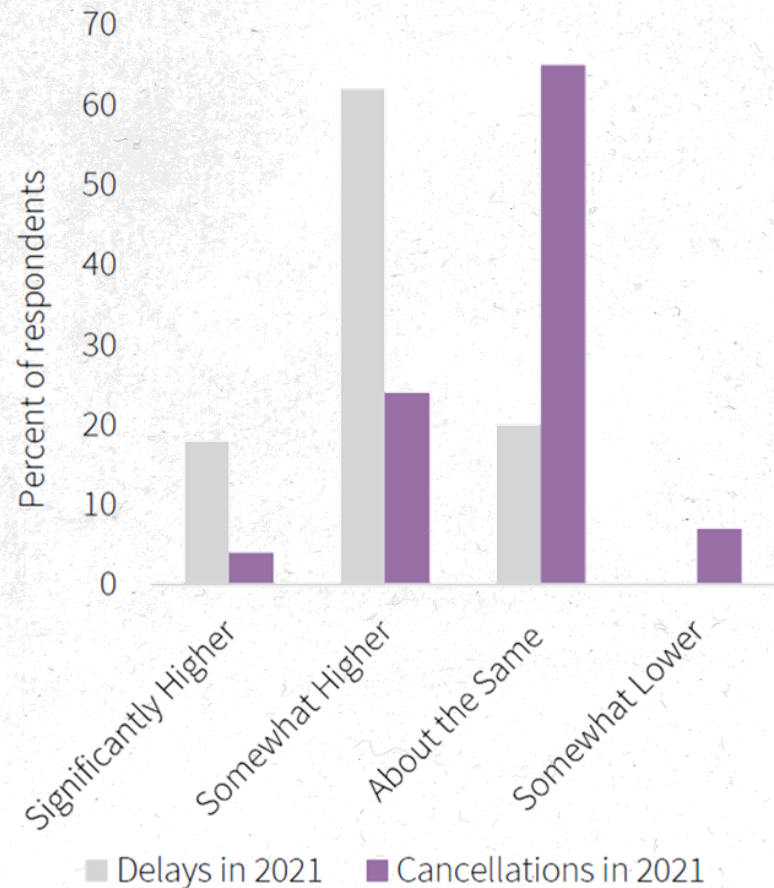
Revising the long-term capacity plan

Since we last established a long-term capacity plan, several things have changed:

- **Lead times:** Construction and equipment lead times have been extended
- **Costs:** Cost of construction has increased significantly
- **Operational expertise:** We have learned how to design facilities to operate more efficiently
- **Technology:** New production technology has been developed
- **Competition:** Rise of new, high-end fresh and frozen products necessitates continued investment in innovation to ensure we are always offering the best product at the best value

Construction projects are taking longer and cost more

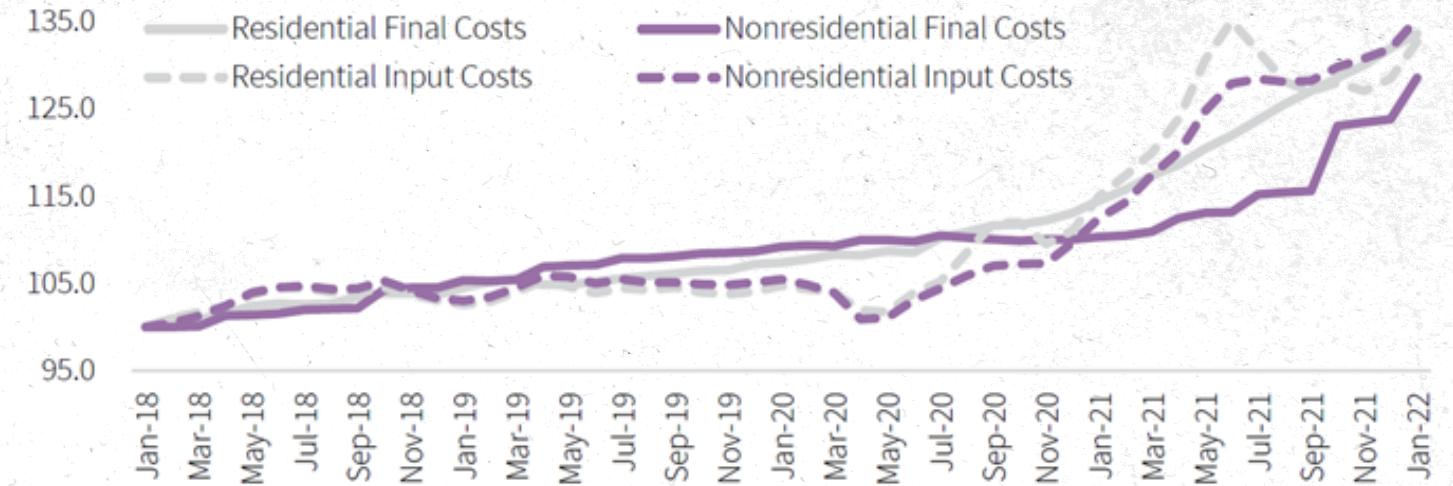
Frequency of delays and cancellations



Source: Construction Industry Round Table

Construction costs: Input vs. Final by building type

Construction cost index (index value 100 = Jan. 2018)



Sources: JLL Research, U.S. Bureau of Labor Statistics

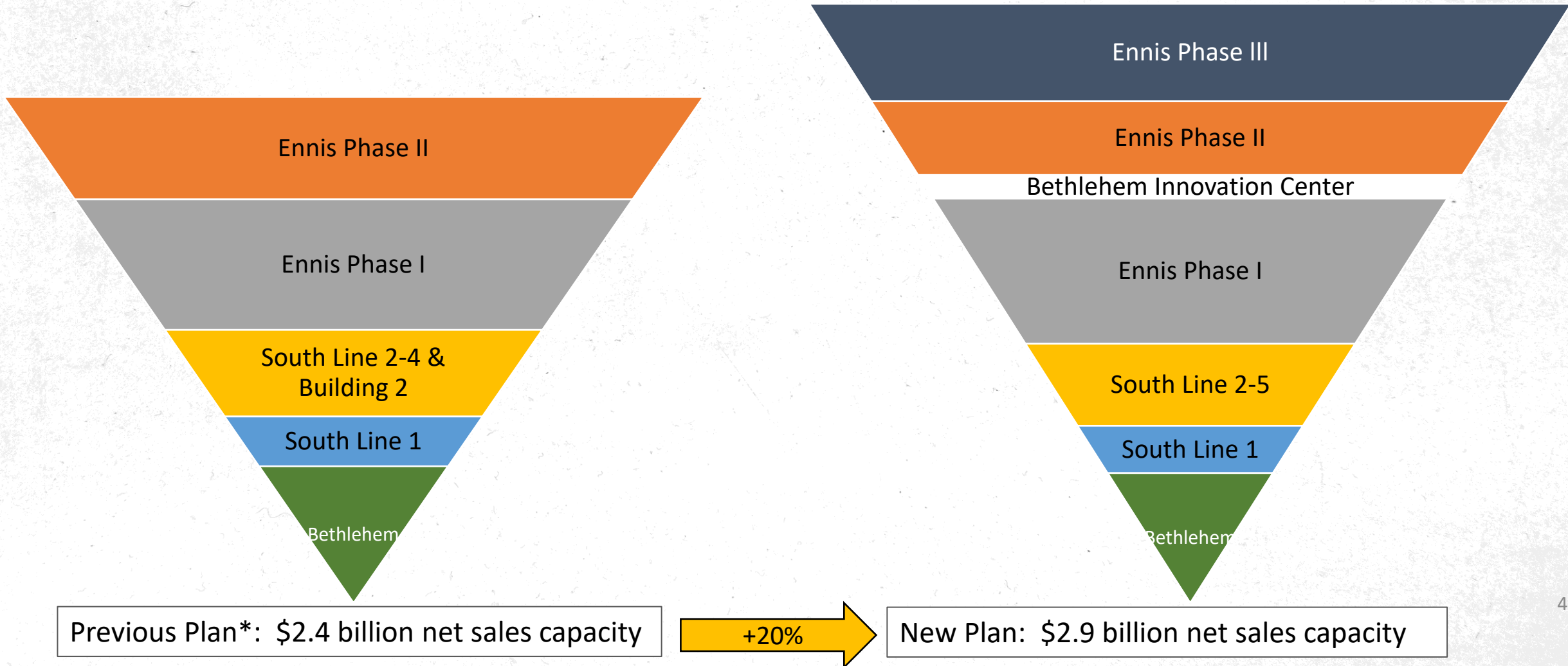
Key principles guiding our new long-term plan

- **Build where our talent is based** (Bethlehem, Ennis, Kitchens South) to maximize utilization of technical staff
- **Locate and group technology/equipment** in most cost-effective manner
 - Group roll lines together and bag lines together for optimal operating and maintenance efficiency
 - Retain all rolls production in Freshpet owned facilities for margin maximization
 - House innovative products in Bethlehem to connect with R&D staffing
- **Limit Freshpet capital investment** to assets of greatest strategic value (fewer buildings and more equipment and technology) to gain greatest leverage
- **Enable innovation** that ensures we never lose our product advantage
- **Provide the capacity** to grow faster if needed or insulate the business from delays in new capacity additions

Tactical adjustments tailored to drive capital efficiency and enhance capacity to meet demand

- **Splitting Ennis Phase II into two phases (rolls operation and bags operation) with the rolls phase constructed first**
 - Enables more rapid addition of needed rolls capacity and more rolls lines
 - Buys more time to validate new bags technology at Kitchens South
 - Phase II will open in Q4 2023
 - Phase III is slated to open in Q4 2024
- **Eliminating the new, second building at Kitchens South (rolls lines) and replacing it with an expanded set of bag lines in the existing building**
 - Will occupy the entire existing Kitchens South building
 - Will house 5 bag lines
- **Adding an innovation scale-up facility in Bethlehem**
 - 100K sq. ft. facility <1 mile from current Kitchens
 - Will house lines capable of scaling up our new product innovations
 - Leased facility with significant improvements made by Freshpet. Operated by Freshpet.

New plan adds capacity, capability and efficiency



*Net Sales potential of previous plan has been updated to account for recent price increases

Phases of Expansion to Reach \$2.9 Billion Revenue Total Capacity Goal



Phase 1:
Net Sales Capacity
\$465m

PA Kitchens 1.0*
Kitchens South Line 1*

Phase 2:
Net Sales Capacity
\$815m

PA Kitchens 2.0*
Kitchens South Line 2*& 4
Ennis Phase 1

Phase 3:
Net Sales Capacity
\$975m

Ennis Phase 2
Kitchens South Expansion
Jaindl Rd Innovation

Phase 4:
Net Sales Capacity
\$650m

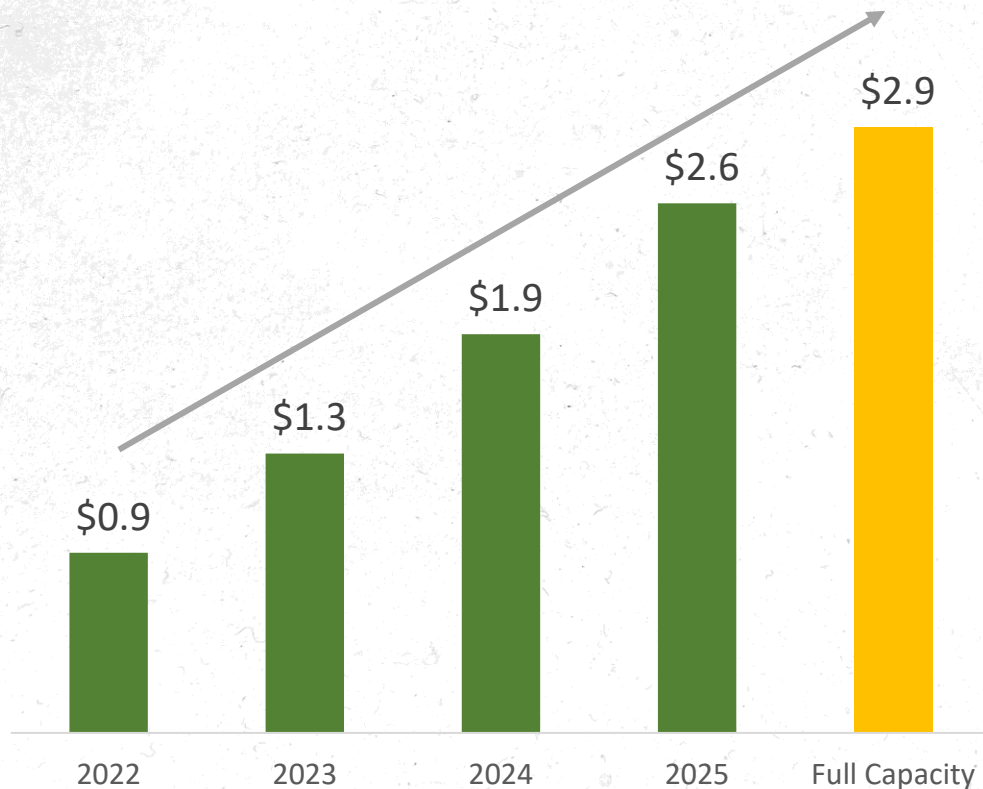
Ennis Phase 3

* In service as of Q1'2022

(*Net Sales Capacity defined as expected Net Sales production for our mix of products, before any inventory disposals and obsolescence or inventory build to support growth)

3x increase in capacity by the end of 2025

Targeted Annualized Net Sales Capacity
(in \$ billions)

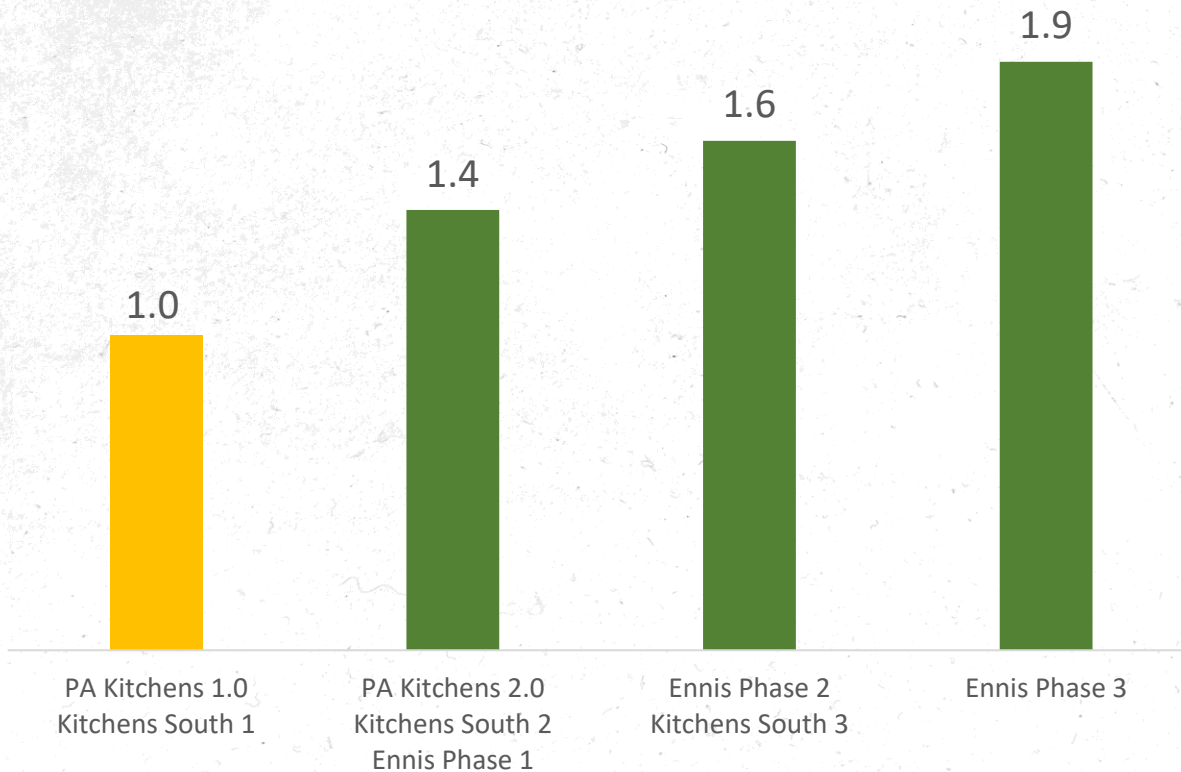


This capacity is comprised of:

- ✓ New technologies → increased speed
- ✓ New capabilities → new product forms
- ✓ Our existing footprint → leverages our existing and new facilities & teams

Technology advancement drives speed & efficiency

**Relative Net Sales Capacity per Production Line
vs Kitchens 1.0**
(core rolls & bags lines only)



Higher speed lines increase capacity for the full network by nearly 40% compared to our PA Kitchens 1.0 facility. This will provide:

- Ability to meet accelerating demand with our existing network
- Leverage of our operating costs, assuming today's cost structure

> \$1B investment will continue to deliver strong returns

| | Installed & Operating | Planned, Core Lines | Planned, Innovation | Total Capacity |
|--|--|---|--|-----------------------|
| | PA Kitchens 1.0 PA Kitchens 2.0 Kitchens South 1,2 | Ennis Phase 1 Ennis Phase 2 Kitchens South 3,5 Ennis Phase 3 | Kitchens South 4 Bethlehem Innovation | |
| Annual Net Sales Capacity, \$ billion | \$0.8 | \$1.7 | \$0.4 | \$2.9 |
| Capital Investment, \$ billion | \$0.3 | \$0.9 | \$0.2 | \$1.4 |
| Annual Net Sales per Capex Dollar | \$3.21 | \$1.84 | \$2.35 | \$2.06 |
| Avg. Adj. EBITDA % Margin during phase | 10% | 20% | 20% | 25% |
| Years to Recover Capital Investment | 3.2 | 2.7 | 2.2 | |

Definitions

Annual net sales capacity – when fully utilized

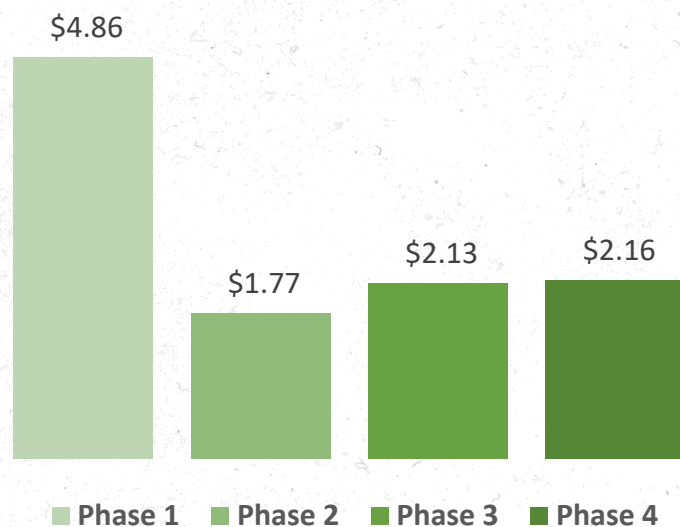
Capital investment – cumulative investment, a portion of spend has been incurred to date

Adjusted EBITDA as a % of Net Sales (Adjusted EBITDA Margin) – Installed & Committed lines applied at FY22 rate; Planned lines applied at average expected rate during period

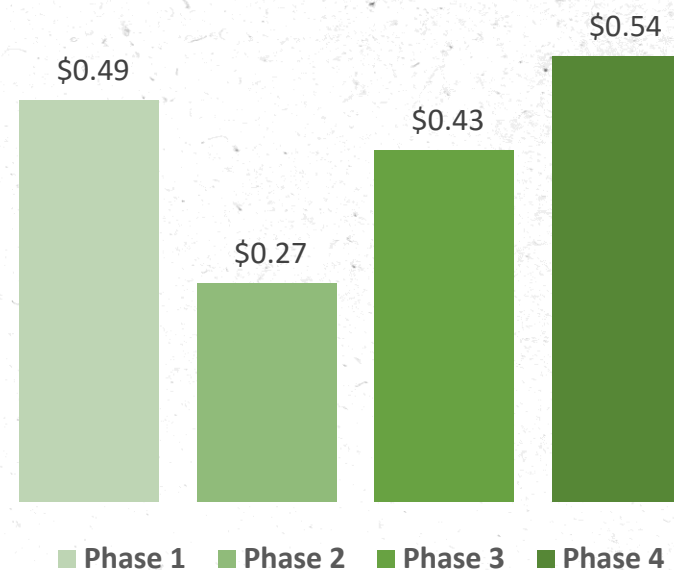
Time to Recover Capital Investment – measured from line operating at full utilization

Automation and quality improvement investments reduce cumulative net sales efficiency but scale drives profitability

Net Sales Efficiency per Cumulative Capex \$

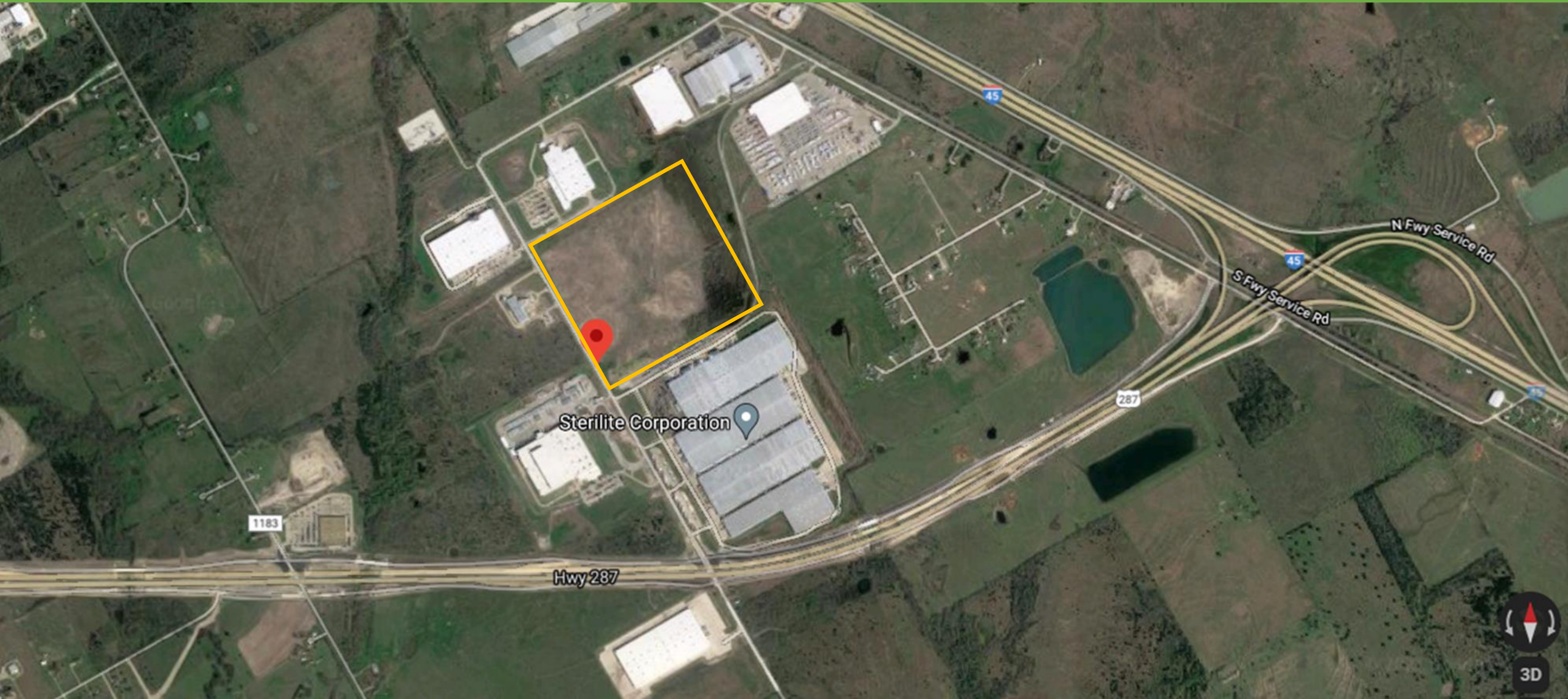


Adjusted EBITDA per Cumulative Capex \$

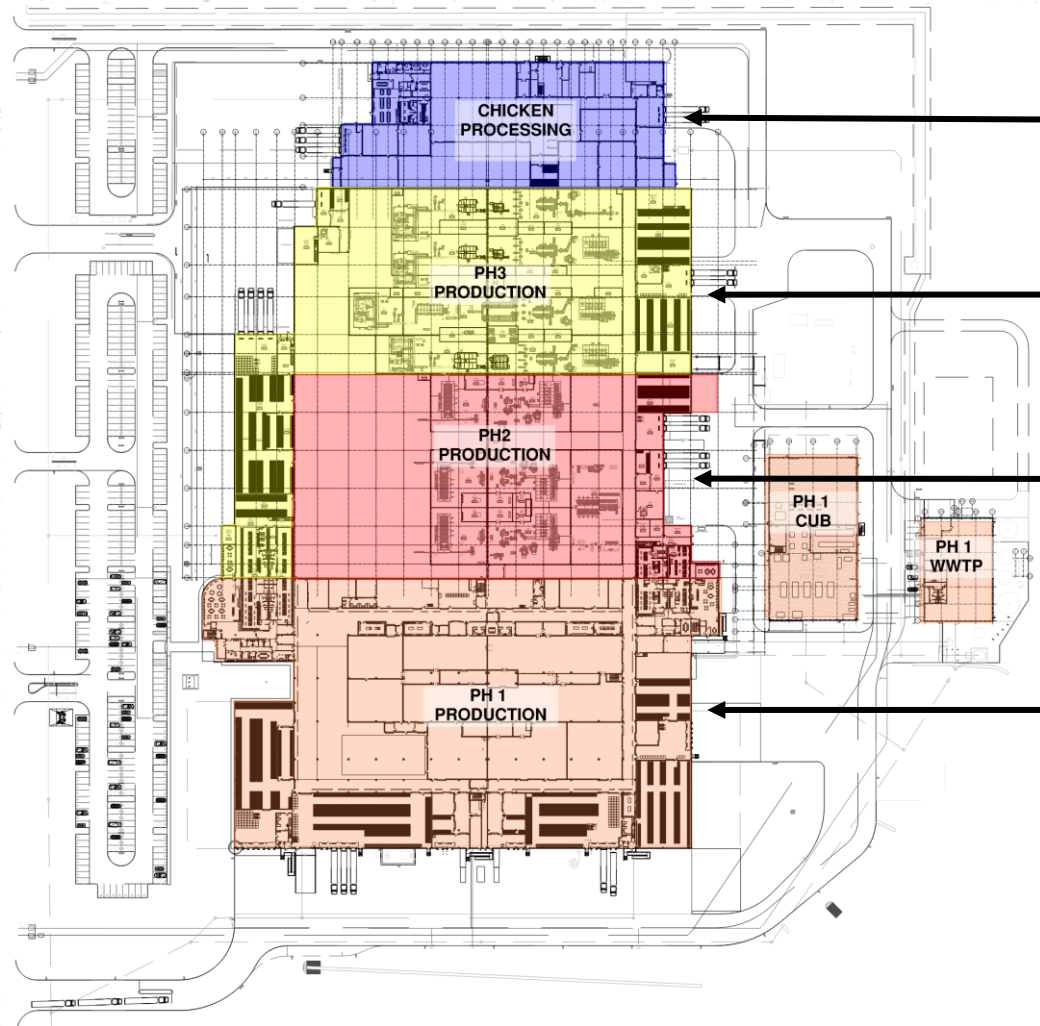


With each phase, assume additional leverage with scale towards our 25% Adjusted EBITDA Margin target in 2025

Site of Freshpet Kitchens 3.0: Ennis, TX



Expanding Ennis in 3 phases



Chicken processing 2022

Phase III:
• 2 rolls lines
• 4 bag lines 2024

Phase II:
• 3 rolls lines 2023

Phase I:
• 2 bag lines
• 1 roll line 2022

Ennis Kitchen

Phase I



Full Build Out

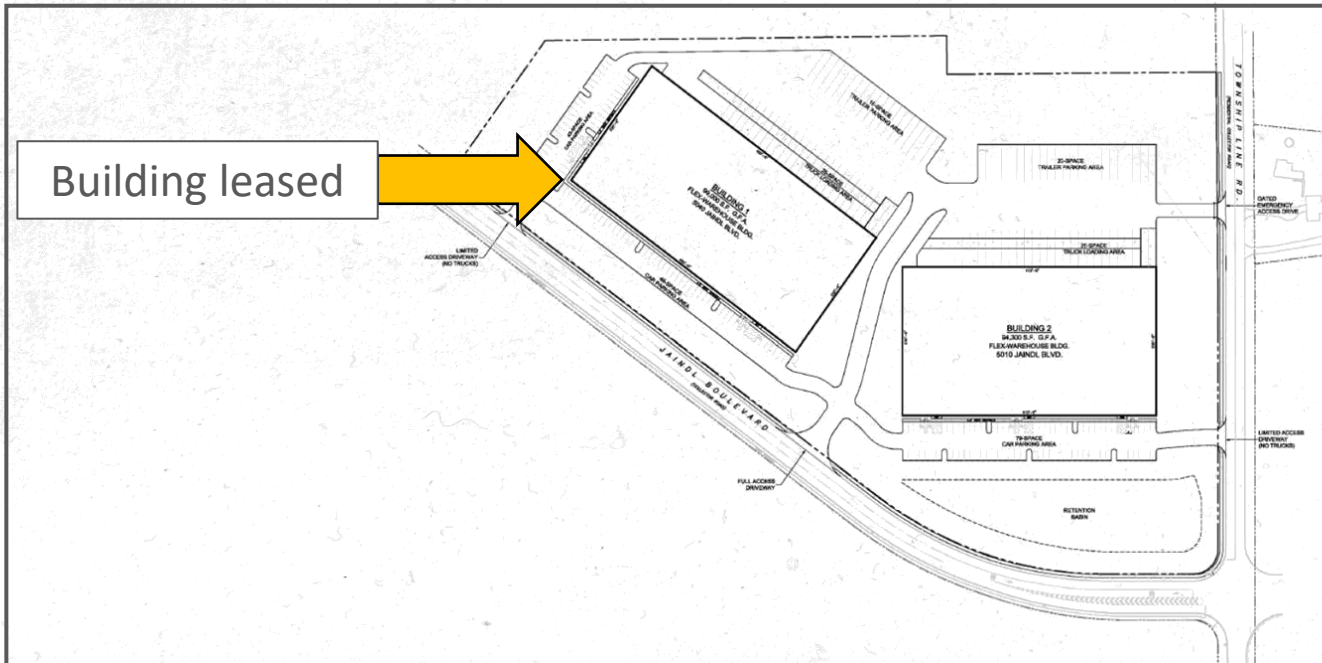


Phase I is on track to start up in late Q3 and site preparation work for Phase II has already begun



Leasing and equipping new facility to scale up innovative new products in Bethlehem, PA

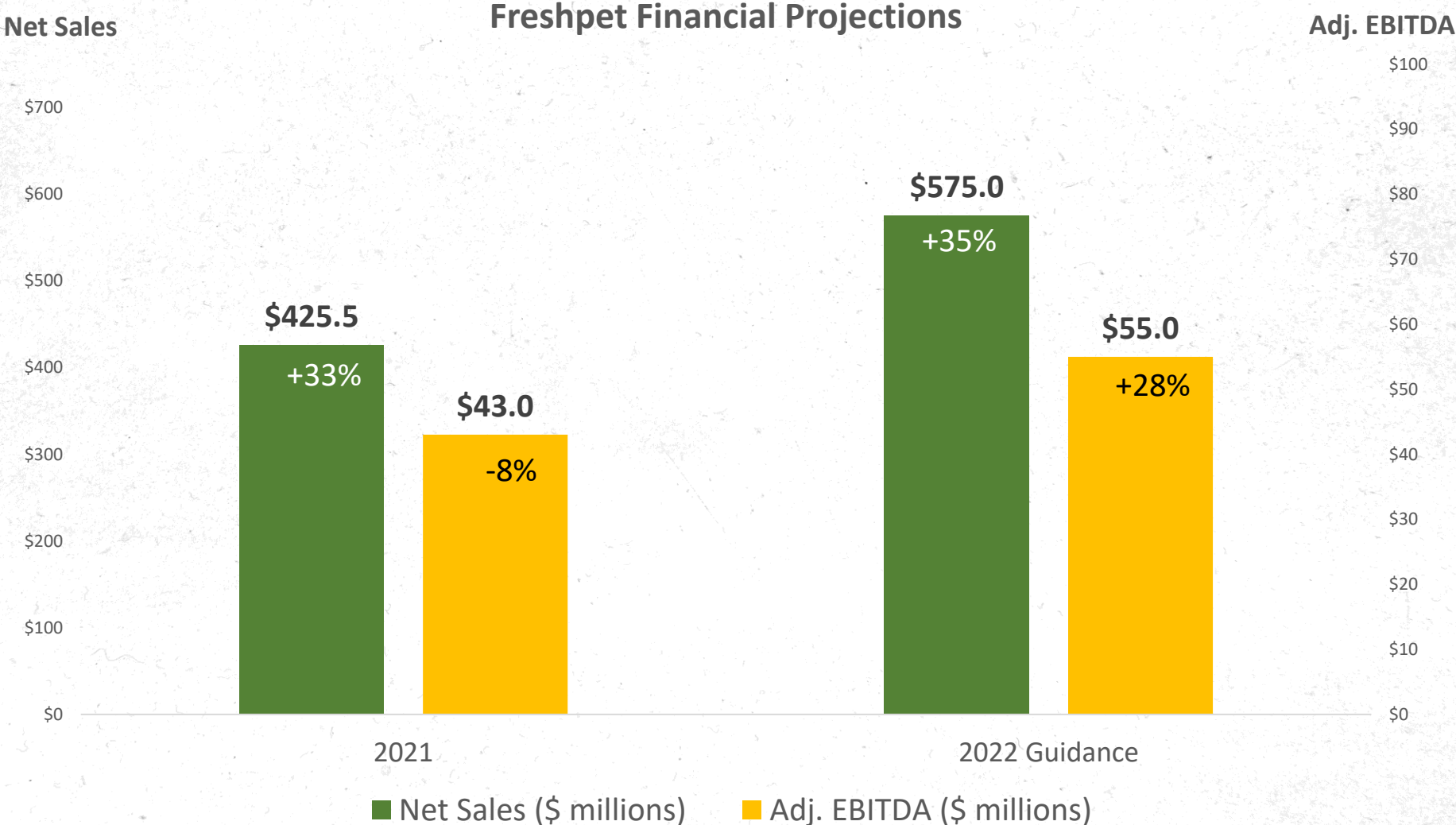
- **Purpose:** Quickly commercialize innovative new products while leveraging the talent and physical infrastructure available at the existing Bethlehem Campus
- **Location:** Less than 1 mile from existing campus
- **Timing:** Target to be in production Q3 2023
- **Products:** 3 lines capable of producing innovative new products
- **Expansion:** Right of first refusal for the second building for a limited time





2022 Guidance

Re-affirming Guidance



2022 Freshpet Guidance: Net Sales

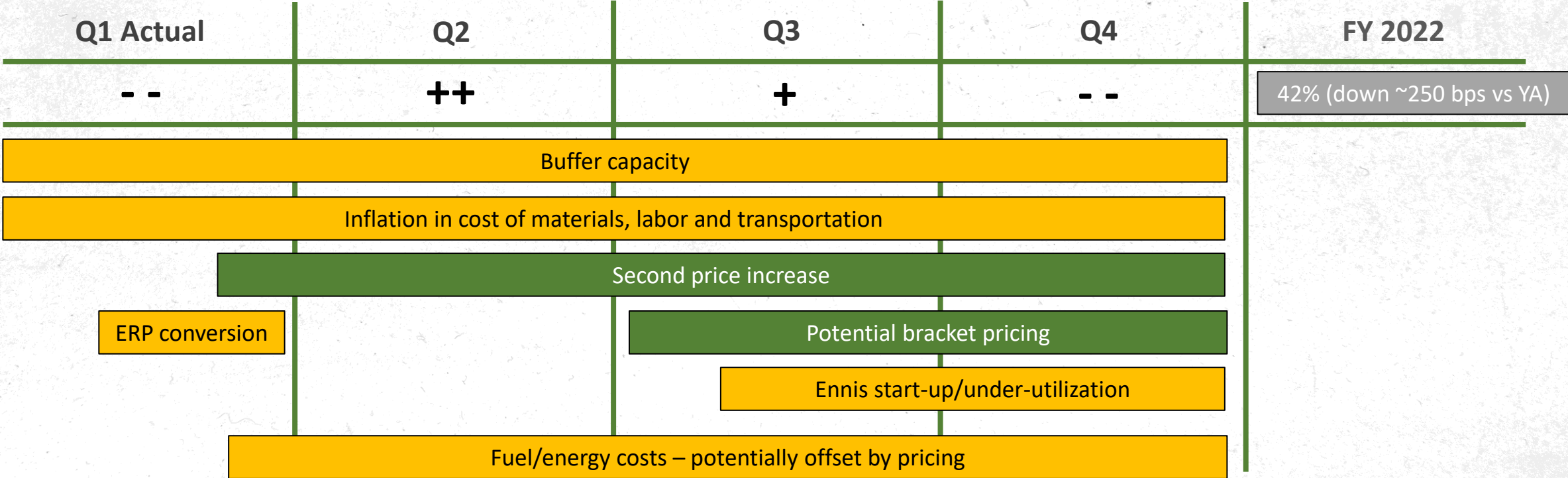
Key Drivers of Net Sales Cadence

| Q1 Actual | Q2 | Q3 | Q4 | FY 2022 |
|--|---------|---|----|-------------------|
| ++ | neutral | ++ | - | 35+% growth vs YA |
| Out-of-stocks and delayed marketing investment in YA | | Significant trade inventory re-fill in YA | | |
| Front loaded media investment (65/35) | | | | |
| Complete trade inventory refill on bags | | Warehouse issue in YA | | |
| ERP conversion | | | | |

+ / - = relative comparison to projected FY22 growth rate

2022 Freshpet Guidance: Adj. Gross Margin

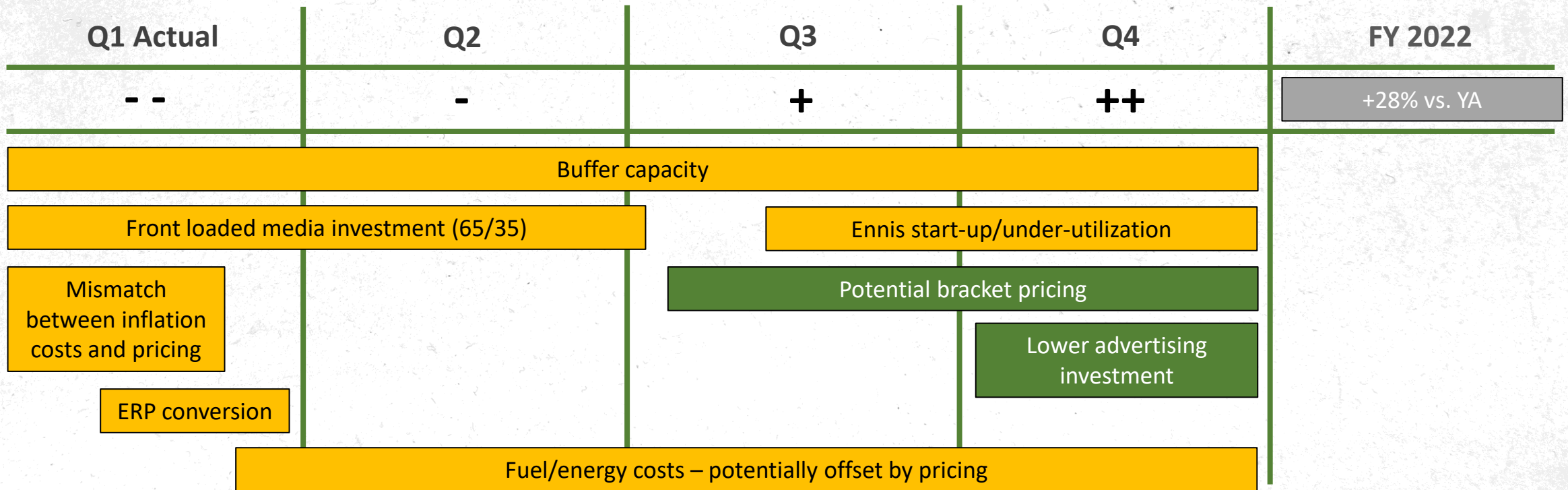
Key Drivers of Adj. Gross Margin Cadence



+ / - = relative comparison to forecasted FY22 Adj. Gross Margin

2022 Freshpet Guidance: Adj. EBITDA

Key Drivers of Adj. EBITDA Cadence



+ / - = relative comparison to forecasted FY22 EBITDA margin

“Feed the Growth” creates scale and leverage through accelerated growth rate





Appendix

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

| | Three Months Ended March 31, | |
|---|---------------------------------|------------------|
| | 2022 | 2021 |
| | (Dollars in thousands) | |
| Gross Profit | \$ 44,753 | \$ 36,315 |
| Depreciation expense | 4,701 | 3,800 |
| Plant start-up expense (a) | 4,748 | 1,843 |
| Non-cash share-based compensation | 1,168 | 710 |
| COVID-19 expense (b) | — | 953 |
| Adjusted Gross Profit | \$ 55,369 | \$ 43,621 |
| Adjusted Gross Profit as a % of Net Sales | 41.9% | 46.7% |

(a) Represents additional operating costs, inclusive of inventory disposal, incurred in connection with the start-up of our new manufacturing lines as part of the Freshpet Kitchens expansion projects.

(b) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigating potential supply chain disruptions during the pandemic, included in cost of goods sold. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

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

| | Three Months Ended | |
|--|-------------------------------|------------------|
| | March 31, | |
| | 2022 | 2021 |
| | (Dollars in thousands) | |
| SG&A expenses | \$ 60,631 | \$ 46,033 |
| Depreciation and amortization expense | 3,285 | 3,289 |
| Non-cash share-based compensation | 5,127 | 5,370 |
| Launch expense (a) | 632 | 731 |
| Loss on disposal of equipment | 43 | 60 |
| Equity offering expenses (b) | — | 125 |
| Enterprise Resource Planning (c) | 1,018 | 603 |
| COVID-19 expense (d) | — | 4 |
| Adjusted SG&A Expenses | \$ 50,526 | \$ 35,851 |
| Adjusted SG&A Expenses as a % of Net Sales | 38.2% | 38.4% |

- (a) Represents new store marketing allowance of \$1,000 for each store added to our distribution network, as well as the non-capitalized freight costs associated with Freshpet Fridge replacements. The expense enhances the overall marketing spend to support our growing distribution network.
- (b) Represents fees associated with public offerings of our common stock.
- (c) Represents implementation and other costs associated with the implementation of an ERP system.
- (d) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigating potential supply chain disruptions during the pandemic, included in SG&A. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.

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

| | Three Months Ended | |
|-------------------------------------|-------------------------------|-------------------|
| | March 31, | |
| | 2022 | 2021 |
| | (Dollars in thousands) | |
| Net loss | \$ (17,542) | \$ (10,888) |
| Depreciation and amortization | 7,986 | 7,089 |
| Interest expense | 571 | 901 |
| Income tax expense | 41 | 16 |
| EBITDA | \$ (8,944) | \$ (2,882) |
| Loss on equity method investment | \$ 1,310 | 248 |
| Loss on disposal of equipment | 43 | 60 |
| Non-cash share-based compensation | 6,295 | 6,080 |
| Launch expense (a) | 632 | 731 |
| Plant start-up expense (b) | 4,748 | 1,843 |
| Equity offering expenses (c) | — | 125 |
| Enterprise Resource Planning (d) | 1,018 | 603 |
| COVID-19 expense (e) | — | 957 |
| Adjusted EBITDA | \$ 5,102 | \$ 7,765 |
| Adjusted EBITDA as a % of Net Sales | 3.9% | 8.3% |

- (a) Represents new store marketing allowance of \$1,000 for each store added to our distribution network, as well as the non-capitalized freight costs associated with Freshpet Fridge replacements. The expense enhances the overall marketing spend to support our growing distribution network.
- (b) Represents additional operating costs, inclusive of inventory disposal, incurred in connection with the start-up of our new manufacturing lines as part of the Freshpet Kitchens expansion projects.
- (c) Represents fees associated with public offerings of our common stock.
- (d) Represents implementation and other costs associated with the implementation of an ERP system.
- (e) Represents COVID-19 expenses including (i) costs incurred to protect the health and safety of our employees during the COVID-19 pandemic, (ii) temporary increased compensation expense to ensure continued operations during the pandemic, and (iii) costs related to mitigating potential supply chain disruptions during the pandemic. As of the fourth quarter of 2021, all remaining COVID-19 related expenses are part of our operating performance.



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11 MILLION HH BY 2025

