



# Deutsche Bank Global Consumer Conference

June 5, 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 our long-term strategy, focus and 2027 goals, our pace in achieving these goals, impact of advertising, growth prospects, white space opportunities, FY 2024 guidance and associated considerations. Words such as "anticipate", "believe", "could", "estimate", "expect", "guidance", "intend", "may", "might", "outlook", "plan", "projected", "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.



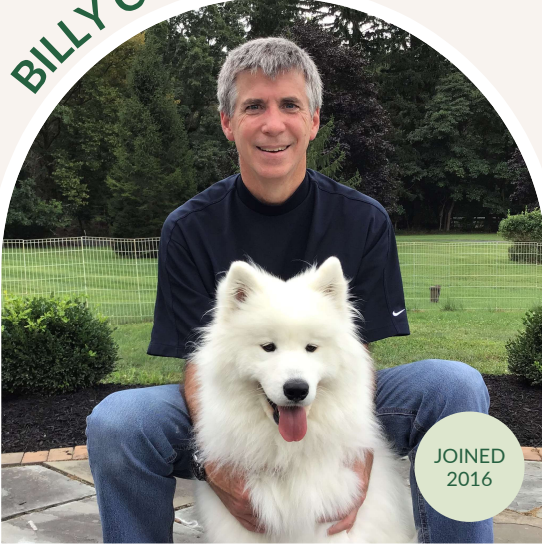
**freshpet**<sup>®</sup>

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.



## Today's presenters

BILLY CYR CEO



JOINED  
2016



SCOTT MORRIS CO-FOUNDER, PRESIDENT, & COO



JOINED  
2006



TODD CUNFER CFO



JOINED  
2022

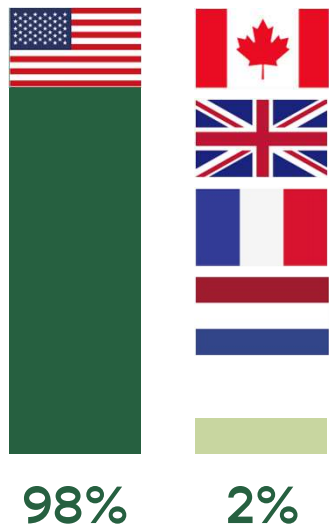


# freshpet Quick facts



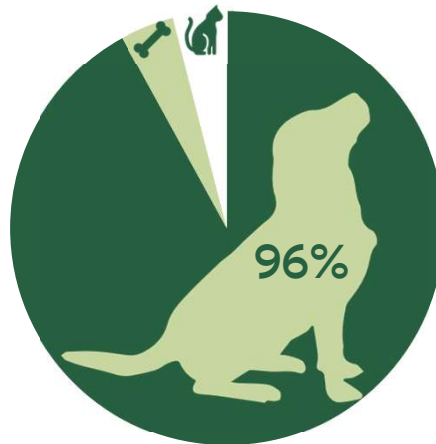
## GLOBAL NET SALES

>\$950M Projected 2024



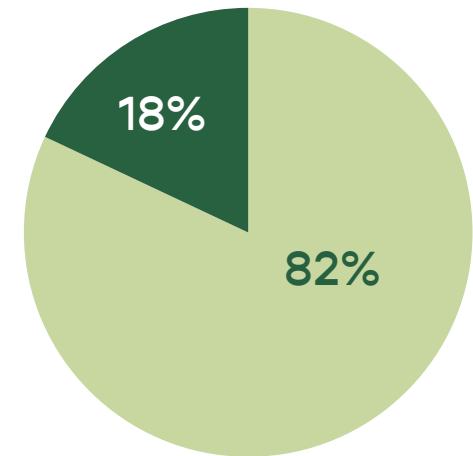
## CATEGORIES

**96%** Fresh Dog Food  
**3%** Fresh Treats  
**1%** Cat Food



## NET SALES BY CHANNEL

**82%** Grocery, Mass,  
International, and Digital  
**18%** Pet Specialty and Club





**1.7MM+**  
Cubic feet  
at retail

 IN  
**27,347**  
Stores

  
**34,800+**  
Fridges



6 Source: Internal Data

# Vast runway for growth in a growing category

**\$53B**

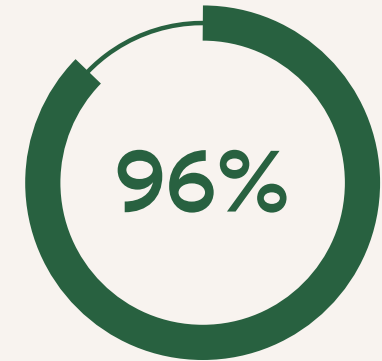
U.S. pet food category<sup>1</sup>

**\$37B**

Dog food category<sup>1</sup>

**3%**

Freshpet market share of dog food<sup>1</sup>



Freshpet market share of fresh/frozen in measured channels<sup>2</sup>

# The Freshpet recipe for success





# Disrupting the pet food industry



# Freshpet disrupted a ~\$53 billion category by reimagining pet food



1940



1950



1990



2000's



2010 & beyond



Pet food =  
What we eat



Dawn of commercial  
pet food



Birth of super  
premium



Ultra-premium



Simple real foods

Freshpet saw the intersection of two very powerful macro-trends

Humanization of pets

  
freshpet®

Fresh, wholesome,  
all-natural foods

## How we make our food

Our nutrient-packed recipes are meticulously crafted by our board-certified veterinary nutritionists.



Whole ingredients delivered daily to our Freshpet Kitchens



US-raised local chicken or beef is our #1 ingredient



Steam-cooked, according to FDA and USDA standards



Refrigerated to lock in vital nutrients

- ✓ no powdered meat
- ✓ no preservatives
- ✓ no fillers

# We are building a category

Our portfolio has multiple forms and brands that meet the **emotional and rational motivations of pet parents**



ROLLS WITH VISIBLE INCLUSIONS



ROASTED MEALS



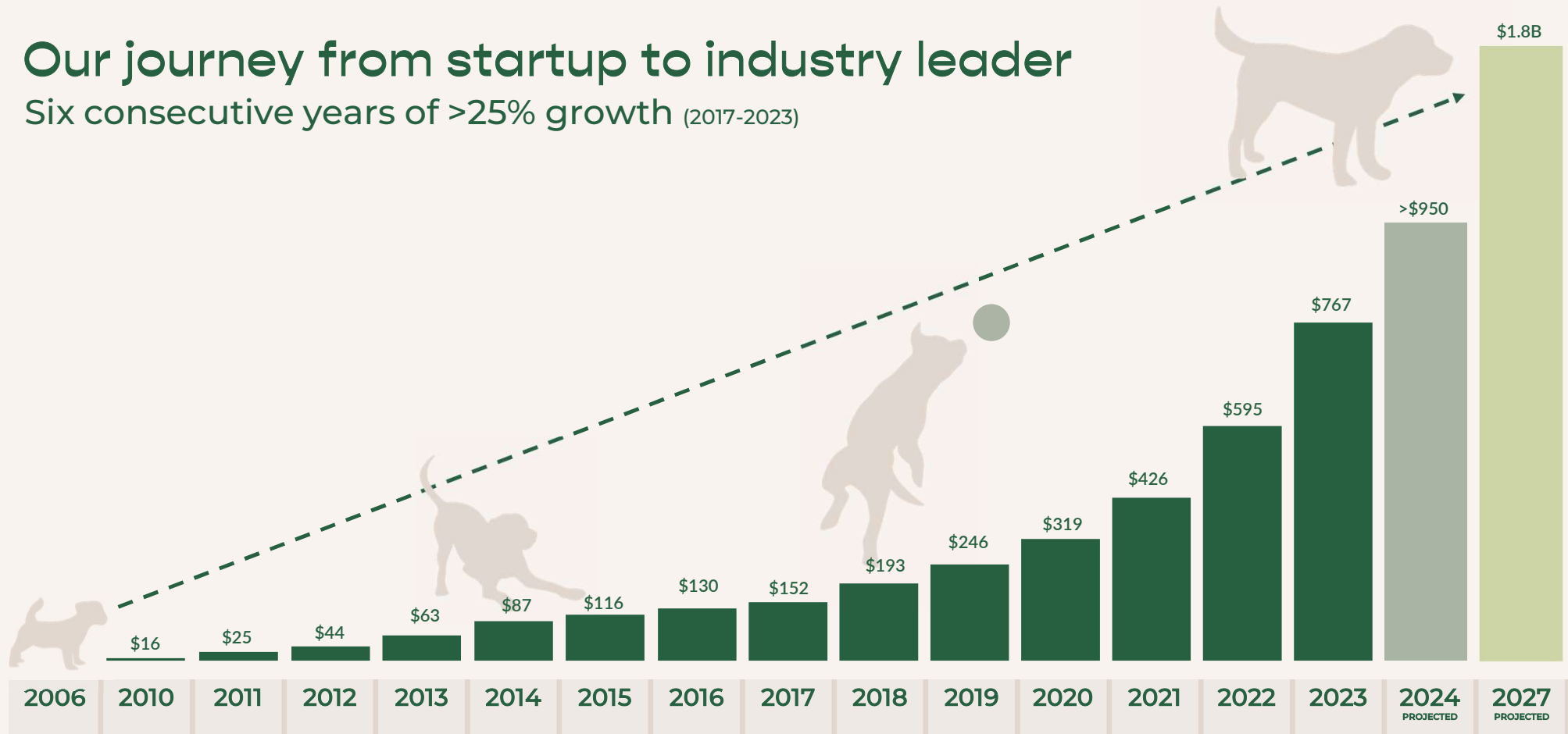
SHREDDED, HUMAN APPEAL



HOME COOKED MEALS

# Our journey from startup to industry leader

Six consecutive years of >25% growth (2017-2023)



NET SALES (MILLIONS)

# Our marketing model is simple and we are leveraging our scale for continued growth



## Marketing

Strong advertising investment



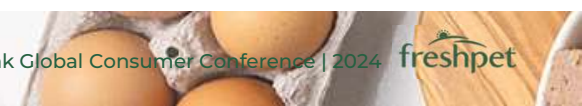
## Sales / Customers

Availability and visibility



## R&D & Operations

Innovation







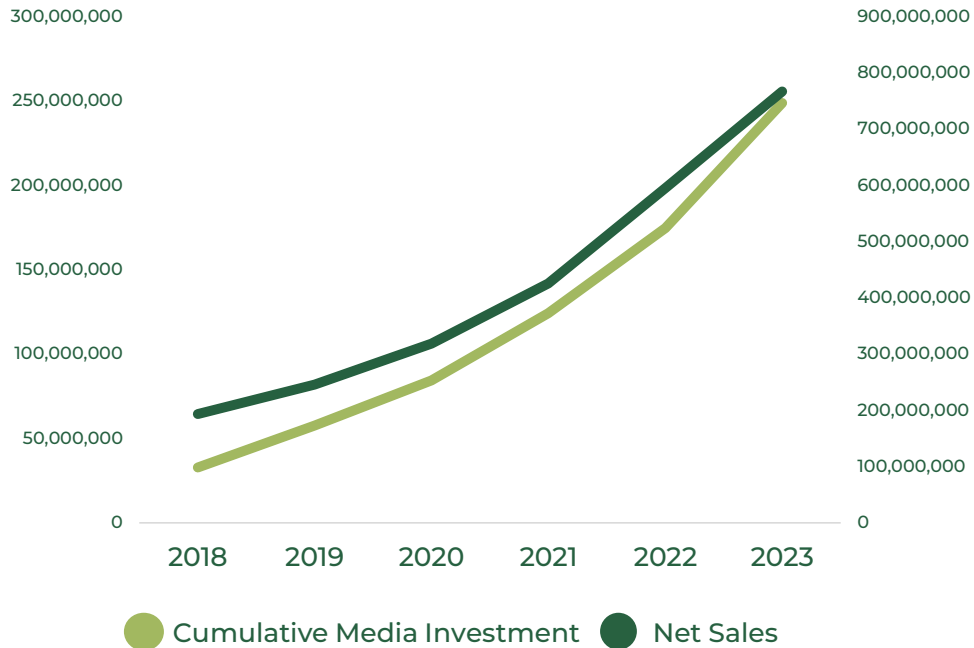


**Meghan Trainor**  
*"I'm a Dog Mom"*  
**Freshpet Records**  
**Directed by Lauren Dunn**

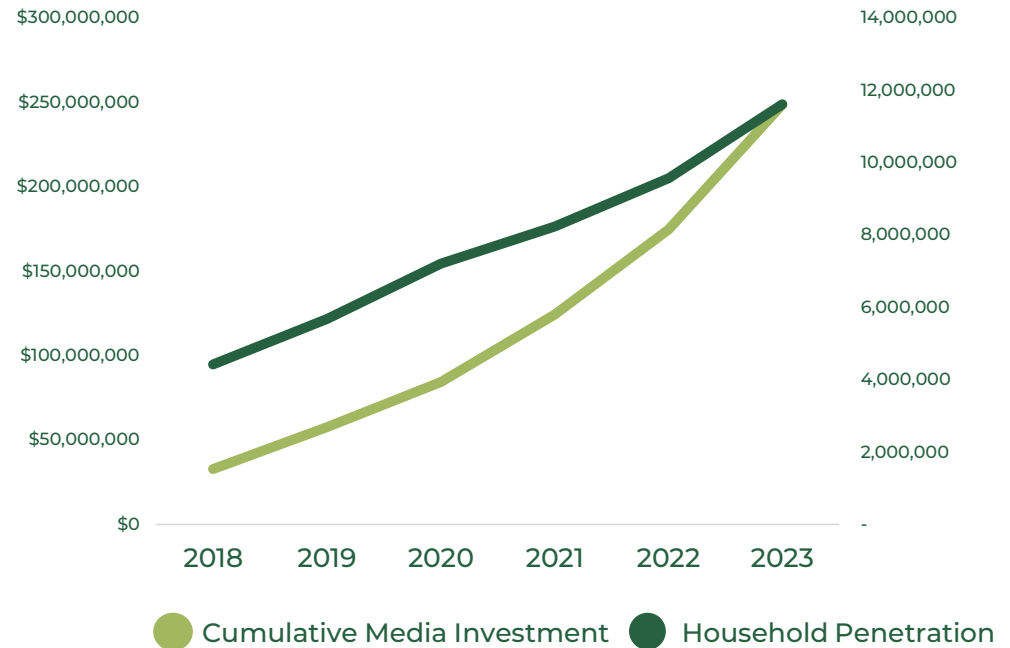
# Our growth rate has been and will be driven by advertising



Cumulative Media Investment vs. Net Sales

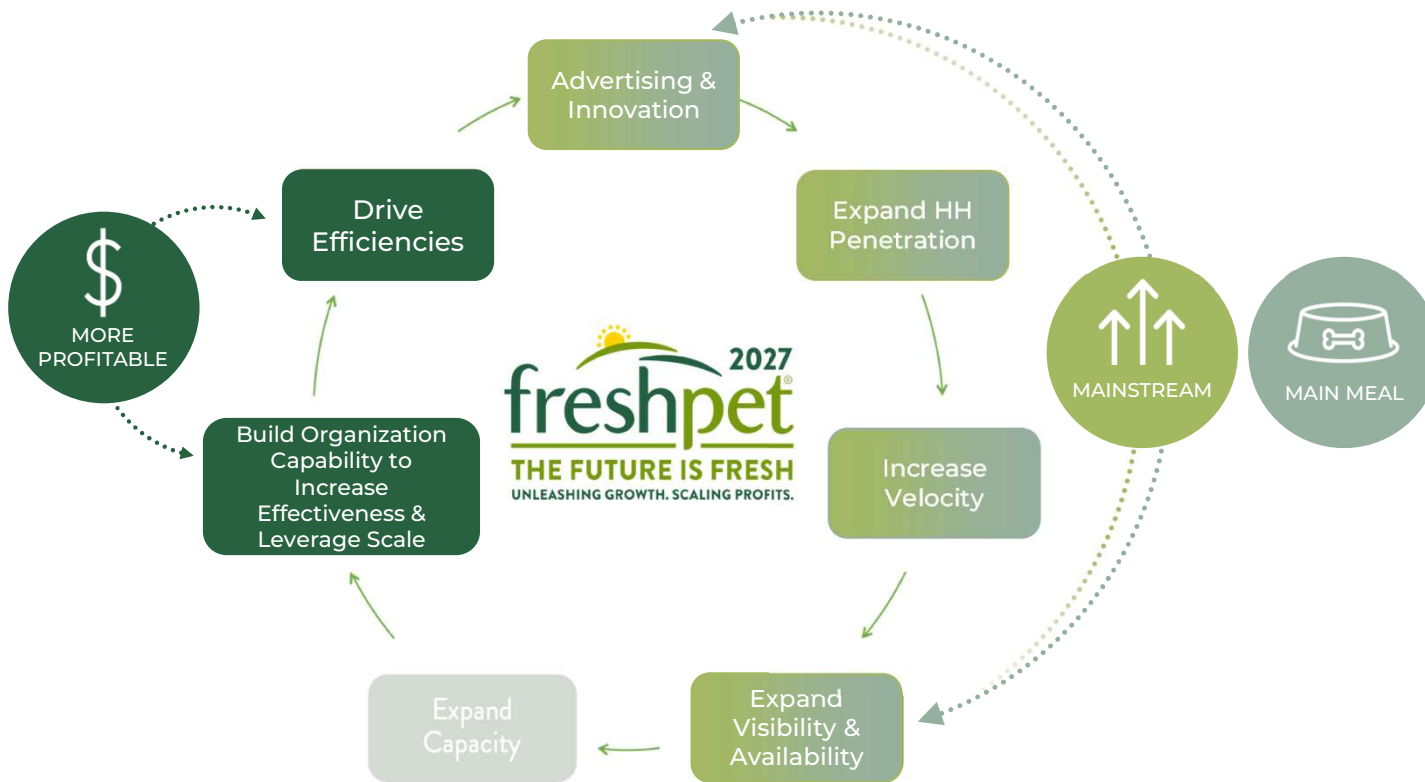


Cumulative Media Investment vs. Household Penetration





# Long-Term Plan



**\$1.8 billion**  
Net Sales (target)



**20 million**  
Freshpet Households by 2027  
(target)



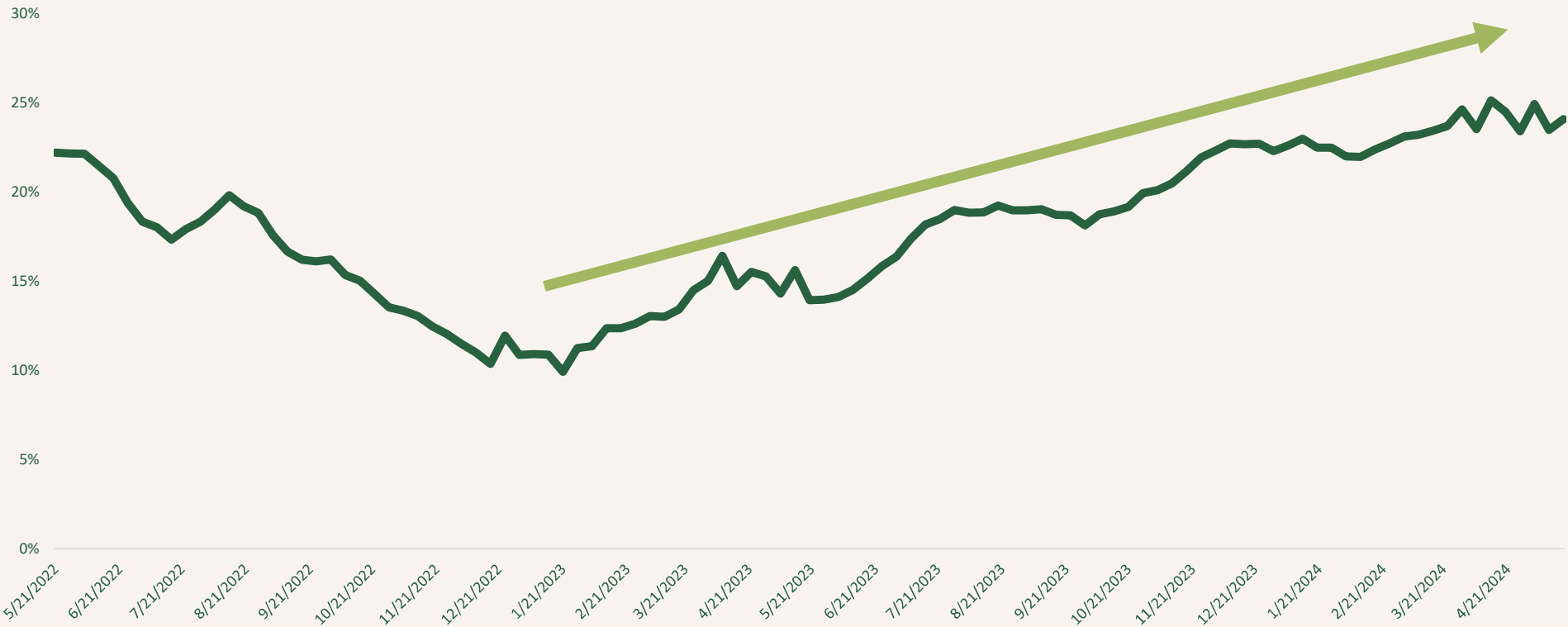
**~18%**  
Adjusted EBITDA Margin  
(target)

# Inflection Point



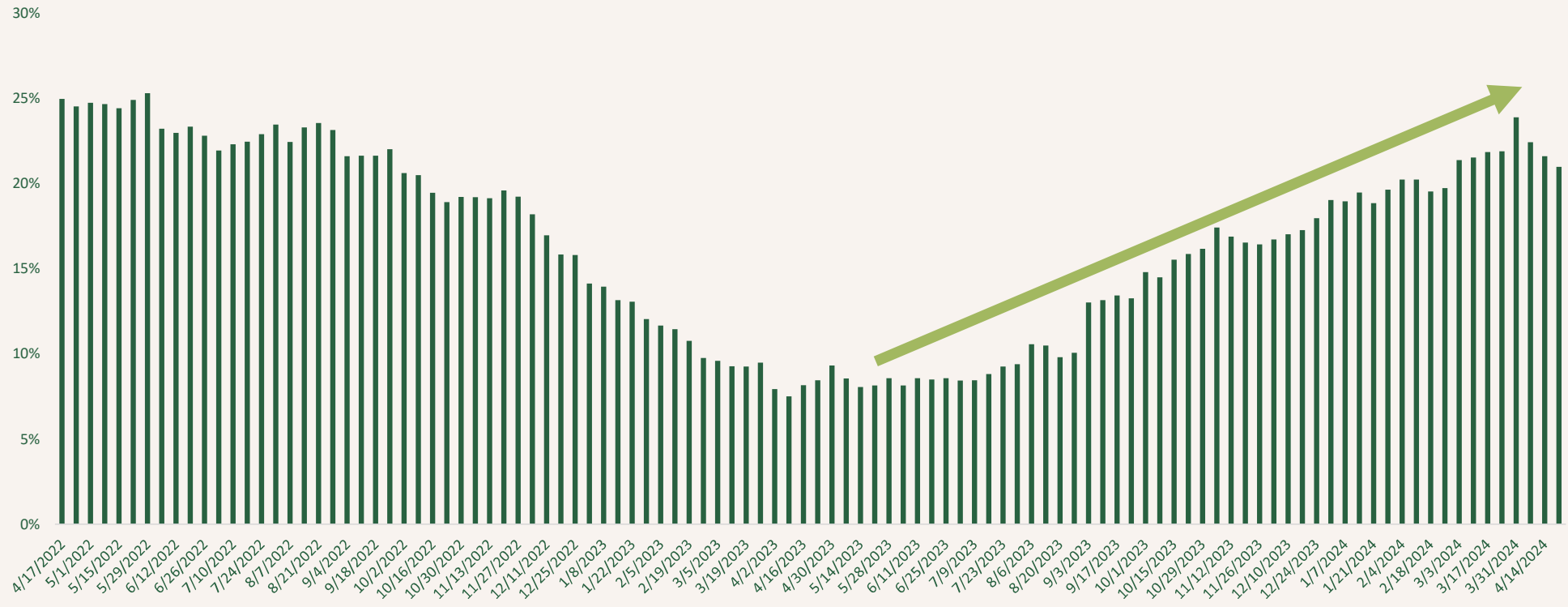
# We have absorbed significant pricing and returned to strong volume-based growth

NIQ Mega-Channel Weekly Pounds Sold % Growth Rate



# Household penetration growth is now at our long-term target rate (+20%)

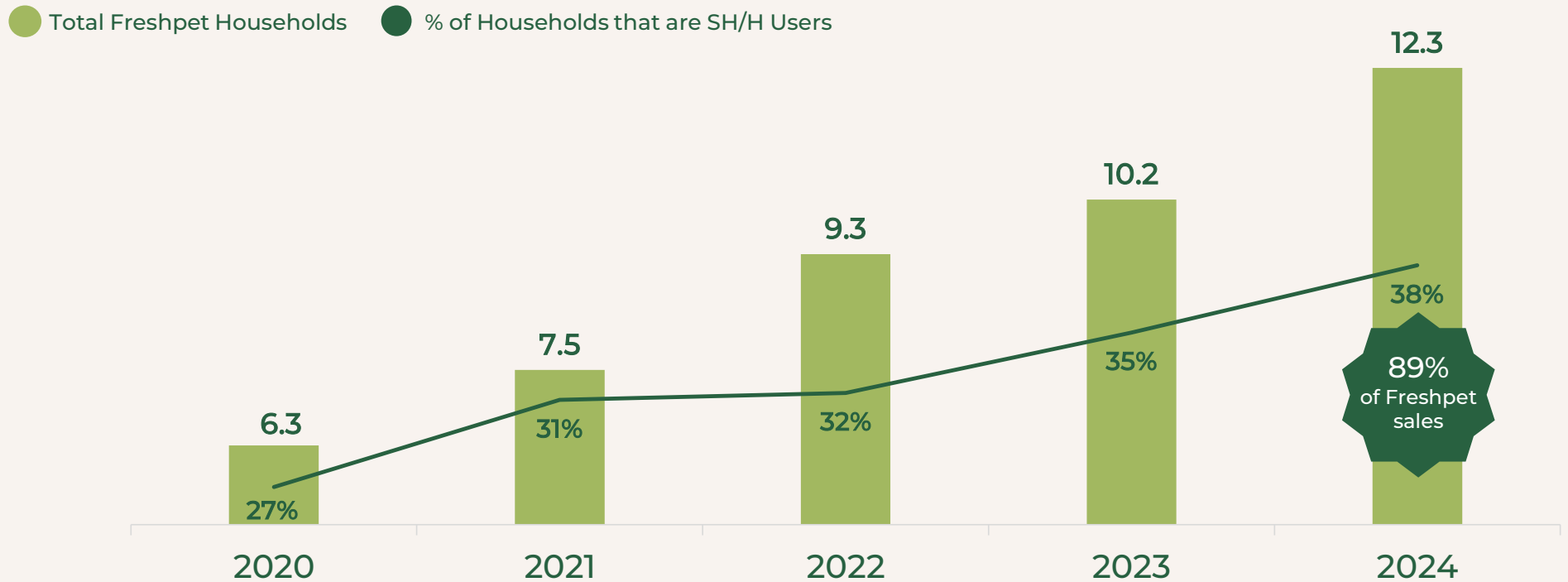
Freshpet Household Penetration Growth (%)



23 Source: Numerator Panel data for the 52-week periods ended 4/21/24

# We are growing our franchise and increasing the percent who are HIPPOH's\*

Total Freshpet Users & % who are Super Heavy/Heavy Buyers

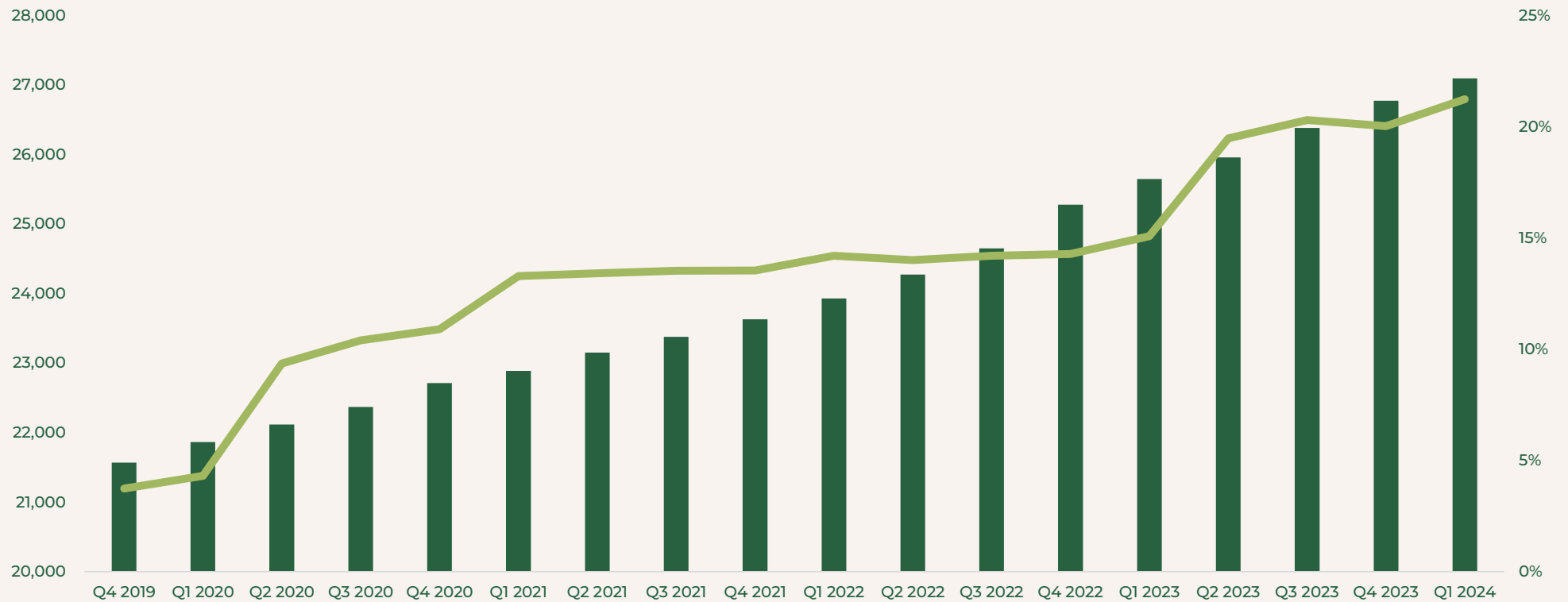




# Increasing presence of multi-fridge stores demonstrates retailer confidence and increases visibility and availability of Freshpet

Freshpet Store Count & Multi-Fridge Stores

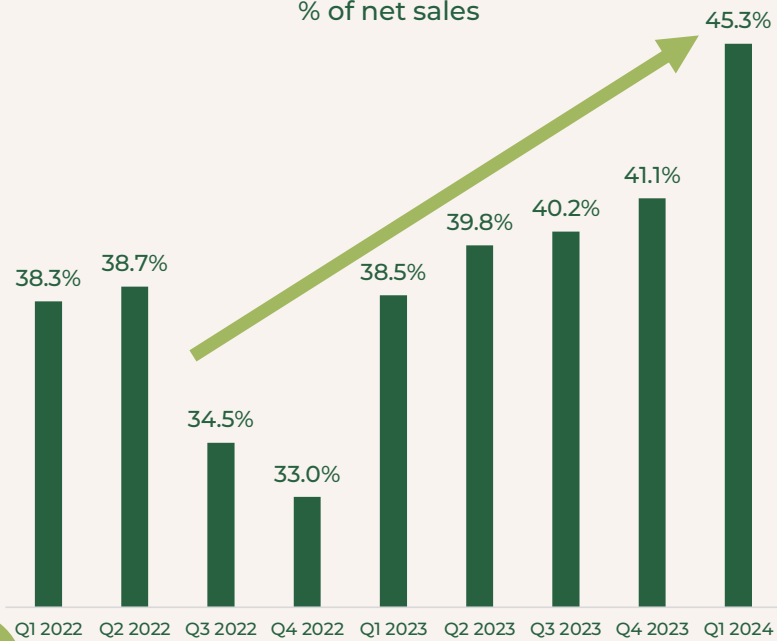
● Store Count ● % of Stores with 2+ Fridges



25 Source: Internal data for the period ending 3/31/24; \*U.S. Fridges

# Our margins and profitability reached an inflection point and are growing quickly

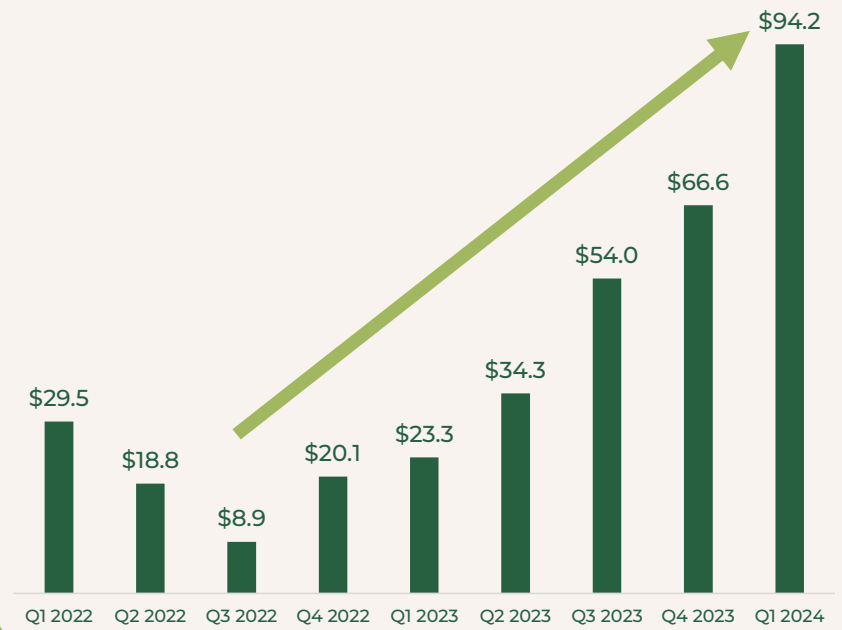
## Historical Adj. Gross Margin % of net sales



GAAP  
Gross  
Margin

33.9% 35.0% 29.4% 27.5% 30.3% 32.3% 33.0% 32.7% 39.4%

## Historical Trailing 12M Adj. EBITDA



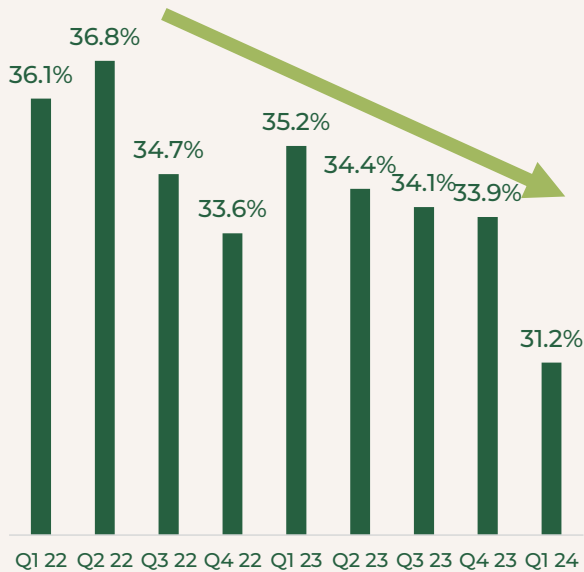
GAAP  
Net  
Income

\$(36.4)m \$(49.5)m \$(65.8)m \$(59.5)m \$(66.7)m \$(63.1)m \$(51.8)m \$(33.6)m \$9.8m

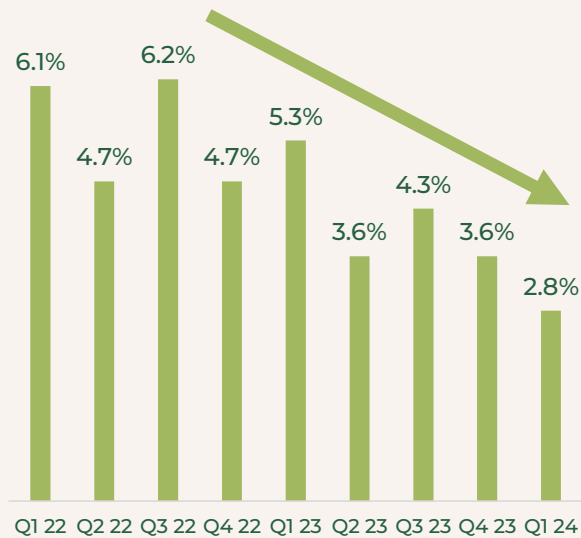
# Significant improvement against key operational targets is driving margin improvement

## Key Margin Improvement Targets & Progress

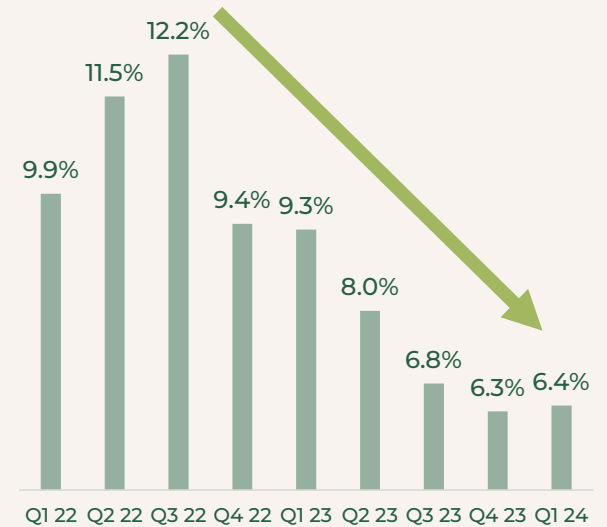
### Input Costs (% of net sales)



### Quality Costs (% of net sales)



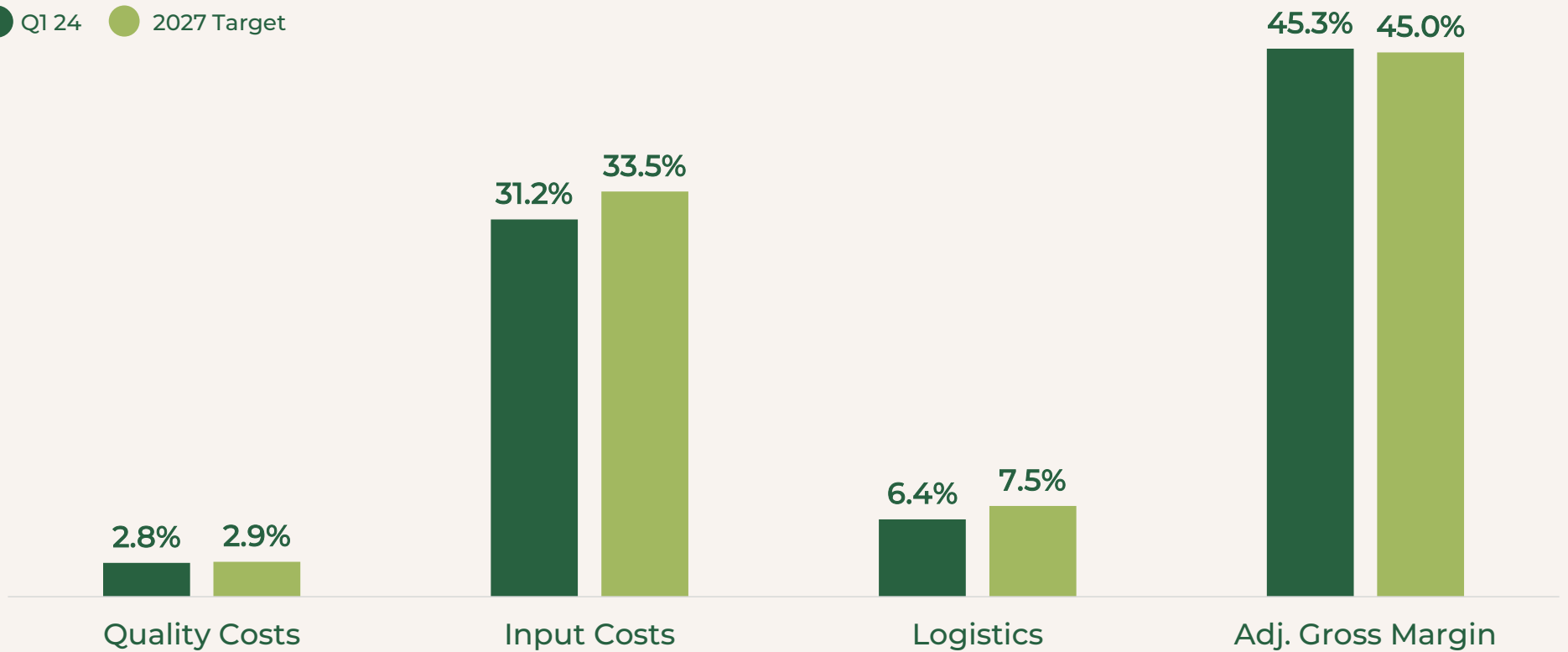
### Logistics Costs (% of net sales)



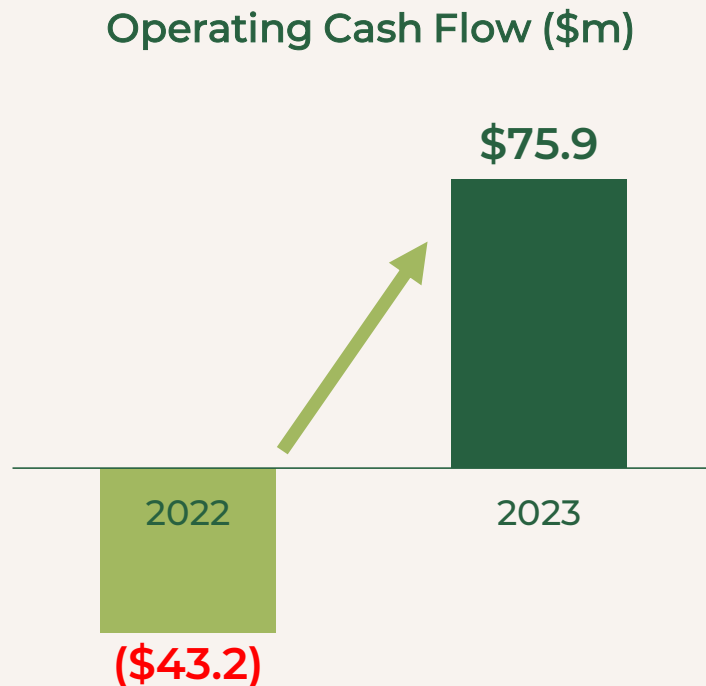
# All operating metrics are now ahead of 2027 targets

Key Margin Improvement Targets & Progress

● Q1 24 ● 2027 Target



## Significant improvement in operating cash flow

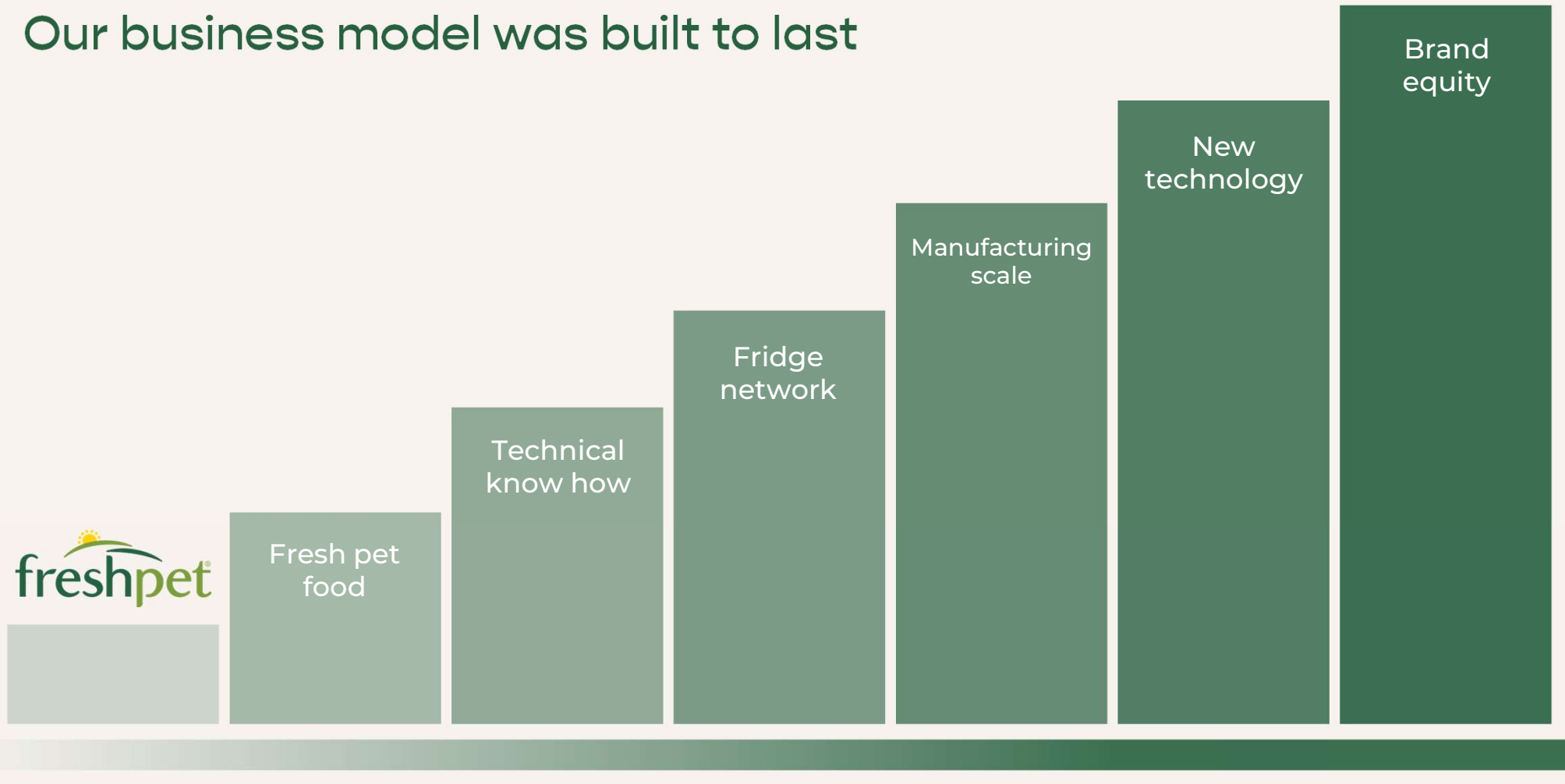


- Operating cash flow improvement driven by:
  - Adj. EBITDA growth
  - Working capital position
- Interest income is offsetting interest expense

# Durable Business Model



# Our business model was built to last





## Key Business Model Differentiators



Retail Availability



Consumer Franchise



Brand Equity



Product Assortment



Scale

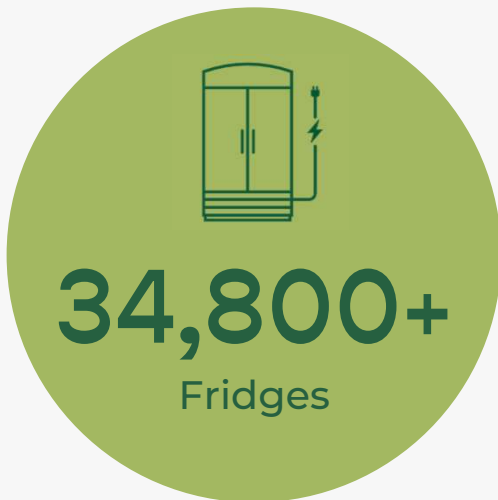


Technical Mastery



## Retail Availability

Large installed base of Freshpet-owned fridges provide retail visibility and availability advantages that would take a competitor years to match



Reaches



**90%+**  
U.S. population

## Consumer Franchise

Consumer franchise is built on products purchased at full price and results in a consumer franchise that is not prone to switching for price; no discounting



0%

Volume sold on promotion



## Brand Equity

Vast majority of growth is driven by our significant advertising investment that has created a strong brand equity



**\$320m+**

Cumulative media spend since 2016



# Product Assortment

Broad assortment of products to meet a wide range of consumer needs makes it hard for a competitor to pick off subgroups



# Scale

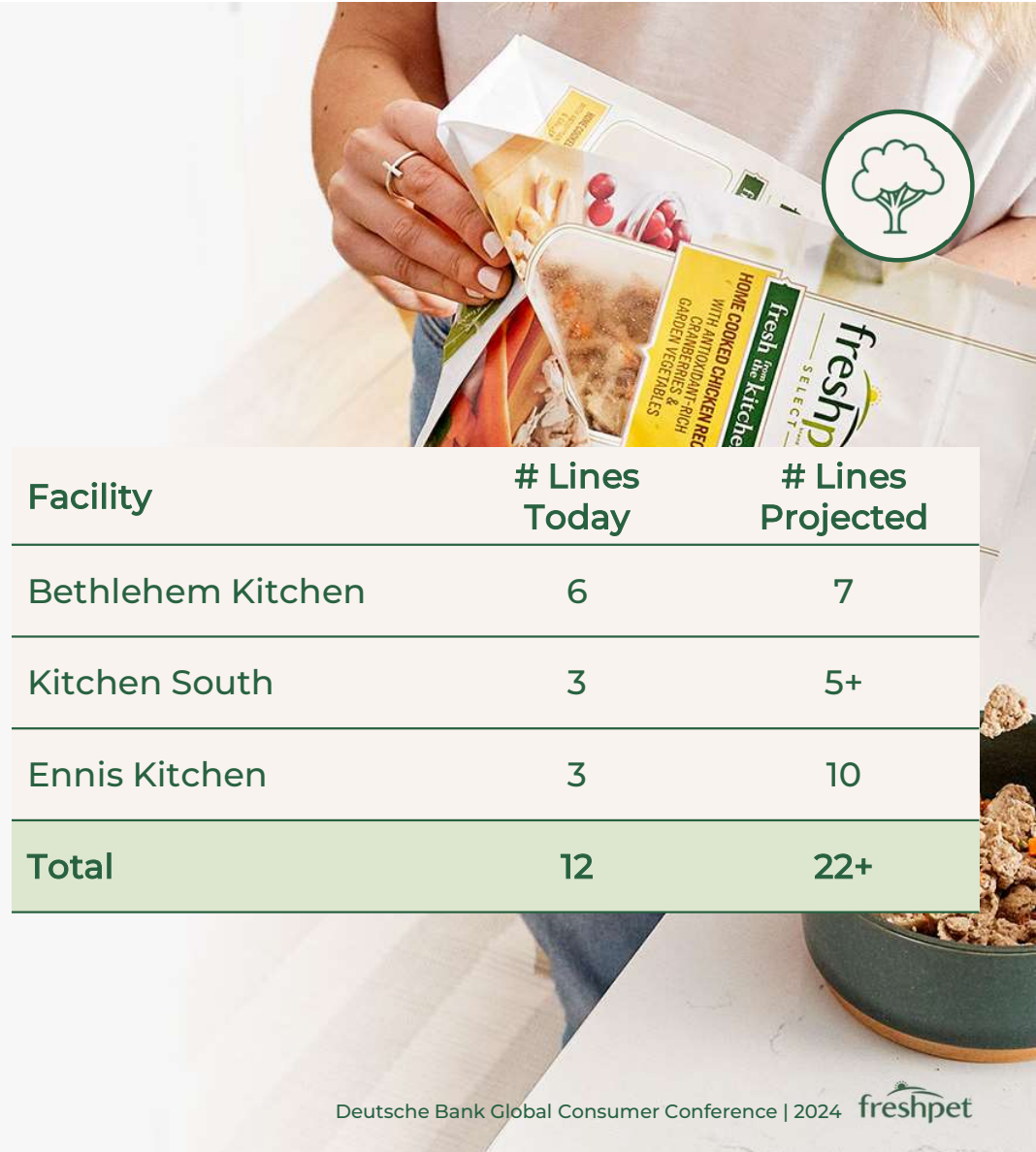
Increasing scale in manufacturing and distribution drives sizable cost advantages

**1,200**  
Employees

**800K sq. ft**  
Manufacturing footprint today

**2**  
Distribution centers

**~80%**  
Full truck loads



Facility	# Lines Today	# Lines Projected
Bethlehem Kitchen	6	7
Kitchen South	3	5+
Ennis Kitchen	3	10
<b>Total</b>	<b>12</b>	<b>22+</b>

# Technical Mastery

Continually expanding technical know-how on fresh pet food manufacturing to drive cost and quality advantages



Increasing automation



OEE improvements



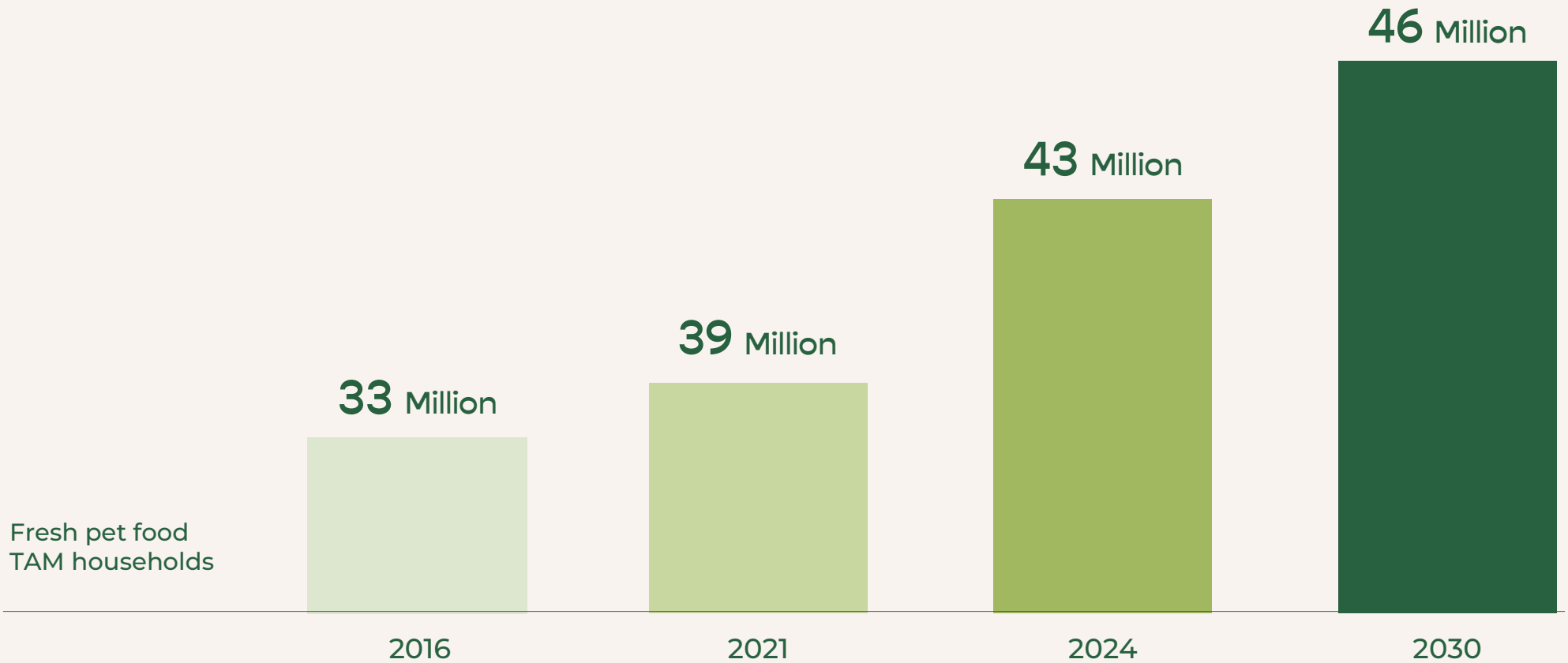
New technology





We are the  
#1 dog food  
brand in U.S.  
Grocery

Fresh pet food total addressable market will continue to expand and currently makes up over half of all pet food buyers



Fresh pet food  
TAM households



# By 2026, we believe fresh will overtake wet as the 2<sup>nd</sup> largest dog food segment in the grocery channel

Dog food dollar share in total food year over year

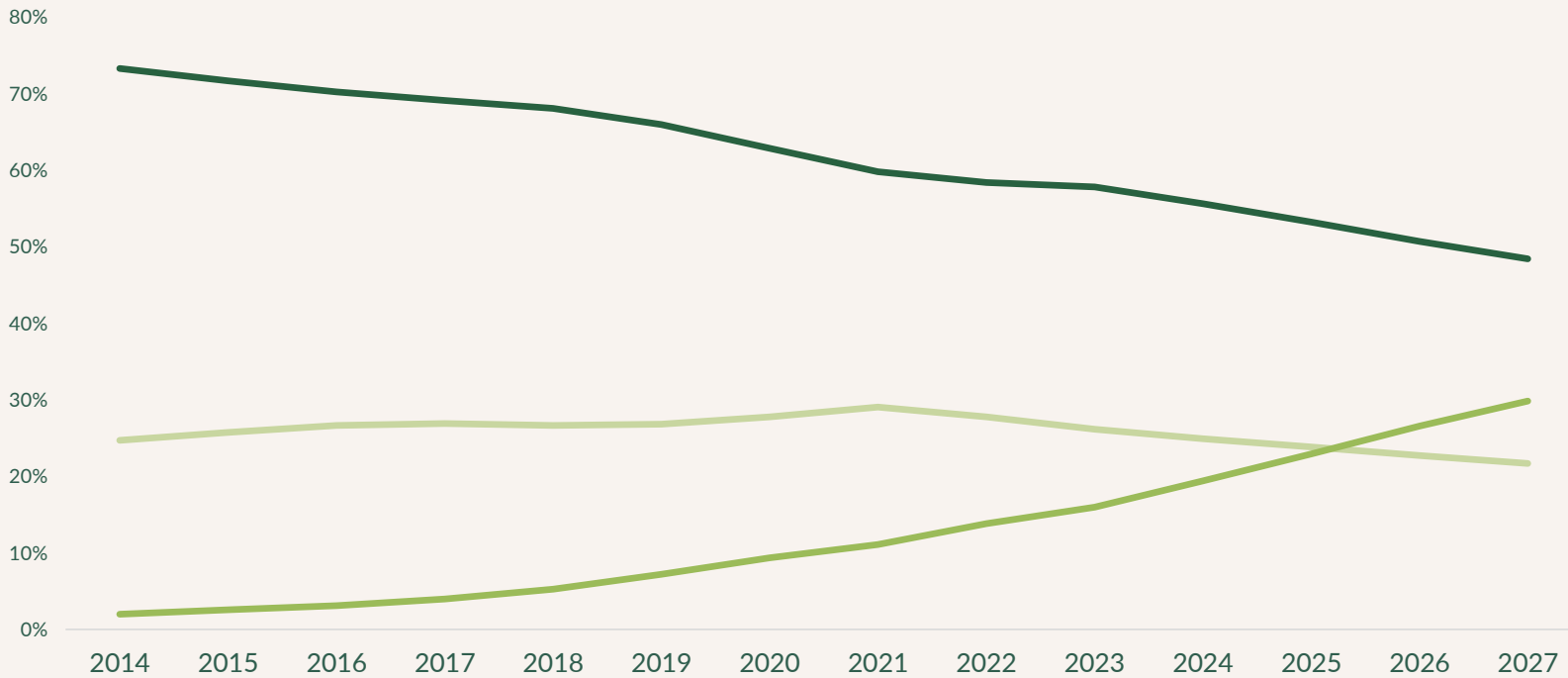
● Dry \$ Share ● Wet \$ Share ● Fresh \$ Share

2014 share

Dry  
73%

Wet  
25%

Fresh  
2%



Dry

Fresh

Wet

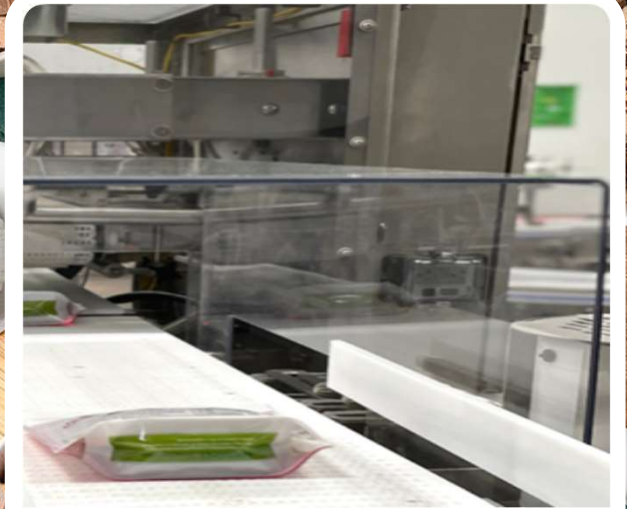
# Capital Efficiency Framework



**MORE OUT OF  
EXISTING LINES**

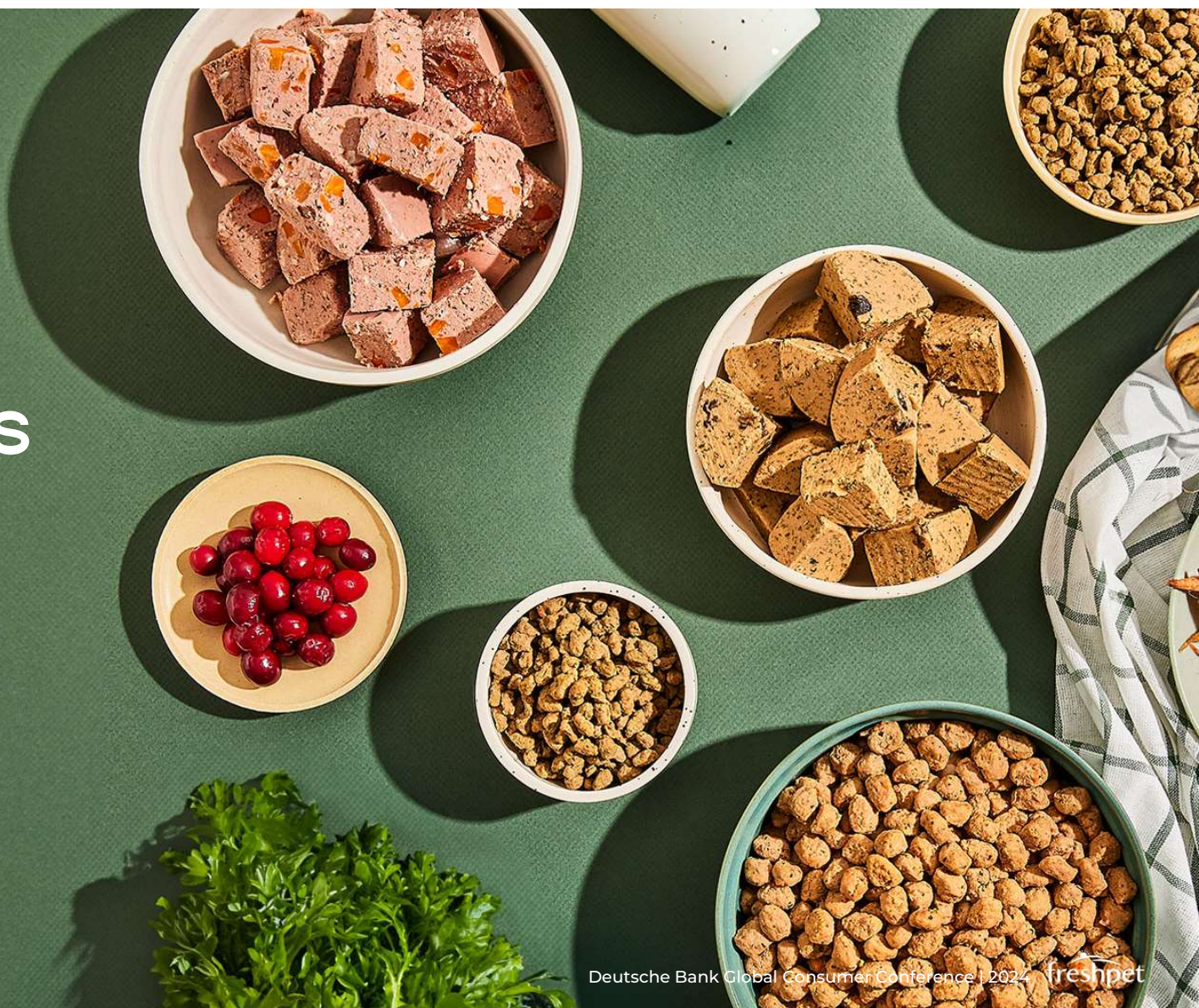


**MORE OUT OF  
EXISTING SITES**



**DEVELOP & IMPLEMENT  
NEW TECHNOLOGIES**

# Whitespace Opportunities



## Vast runway for growth in a growing category



**3%**

Freshpet market share of dog food

**\$53B**

U.S. pet food category

**\$37B**

Dog food category

# Long-Term Whitespace Opportunities

International  
Expansion

Portfolio

Treats

Cat

Distribution

We'll continue to evolve our portfolio to meet unmet needs



All Dog Sizes



Life Stages



Elevating Real Food



# Guidance and Capital Spending



## Reiterating FY 2024 Guidance

	FY 2024
Net Sales	>\$950M
Net Sales Growth YoY	>24%
Adjusted EBITDA	>\$120M
Capital Expenditures	~\$210M

### Additional considerations:

- **Net Sales:** Maintaining guidance until we have greater confidence that we have adequate rolls capacity to meet a higher level of demand
- **Volume Cadence:** Expect volume to be sequentially lower throughout the year to manage growth and cash as we ramp capacity
- **Adjusted Gross Margin:** Expect improvement of +300 basis points year-over-year; continue to expect modest deflation
- **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





## Capital Spending & Liquidity

### ✓ Capital Spending:

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

### ✓ Liquidity:

- \$258 million of cash-on-hand as of 3/31/24
- Generating meaningful Adj. EBITDA which could be leveraged to provide increased liquidity in 2025, if necessary



# thank you!



# Appendix



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

	Three Months Ended								
	<u>3/31/2024</u>	<u>12/31/2023</u>	<u>9/30/2023</u>	<u>6/30/2023</u>	<u>3/31/2023</u>	<u>12/31/2022</u>	<u>9/30/2022</u>	<u>6/30/2022</u>	<u>3/31/2022</u>
	(Dollars in thousands)								
Gross profit	\$ 88,158	\$ 74,575	\$ 66,293	\$ 59,244	\$ 50,760	\$ 45,709	\$ 44,491	\$ 51,080	\$ 44,753
Depreciation expense	10,675	8,103	11,767	10,618	10,721	6,566	5,212	4,295	4,701
Non-cash share-based compensation (a)	2,622	2,299	2,579	3,161	2,956	2,505	2,450	1,170	1,168
Loss on disposal of manufacturing equipment	21	3,547	—	—	—	—	—	—	—
<b>Adjusted Gross Profit</b>	<b>\$ 101,476</b>	<b>\$ 88,524</b>	<b>\$ 80,639</b>	<b>\$ 73,023</b>	<b>\$ 64,437</b>	<b>\$ 54,780</b>	<b>\$ 52,153</b>	<b>\$ 56,545</b>	<b>\$ 50,622</b>
Adjusted Gross Profit as a % of Net Sales	45.3%	41.1%	40.2%	39.8%	38.5%	33.0%	34.5%	38.7%	38.3%

(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.

# Freshpet, Inc. and Subsidiaries Reconciliation between Net Income (loss) and Adjusted EBITDA

	Three Months Ended								
	3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	3/31/2022
	(Dollars in thousands)								
Net income (loss)	18,602	15,289	\$ (7,166)	\$ (16,952)	\$ (24,786)	\$ (2,918)	\$ (18,448)	\$ (20,586)	\$ (17,542)
Depreciation and amortization	15,745	12,351	16,219	14,438	14,492	10,131	8,558	7,880	7,986
Interest expense, net of interest income	(275)	(394)	18	(779)	2,225	1,148	1,817	1,672	571
Income tax expense	54	—	70	70	70	159	41	41	41
<b>EBITDA</b>	<b>\$ 34,126</b>	<b>\$ 27,246</b>	<b>\$ 9,141</b>	<b>\$ (3,223)</b>	<b>\$ (7,999)</b>	<b>\$ 8,520</b>	<b>\$ (8,032)</b>	<b>\$ (10,993)</b>	<b>\$ (8,944)</b>
Loss on equity method investment	—	—	—	910	980	762	942	717	1,310
Gain on equity investment	(9,918)	—	—	—	—	—	—	—	—
Loss on disposal of equipment	150	3,633	226	196	268	193	112	48	43
Non-cash share-based compensation (a)	6,221	(16)	8,090	8,447	8,415	5,683	7,820	6,294	6,295
Enterprise Resource Planning (b)	—	465	212	537	801	3,613	1,937	1,990	1,018
Capped Call Transactions fees (c)	—	—	—	—	113	—	—	—	—
Activism engagement (d)	—	—	5,548	2,240	389	—	—	—	—
Organization changes (e)	—	—	—	(67)	—	—	734	—	—
<b>Adjusted EBITDA</b>	<b>\$ 30,579</b>	<b>\$ 31,328</b>	<b>\$ 23,217</b>	<b>\$ 9,040</b>	<b>\$ 2,967</b>	<b>\$ 18,771</b>	<b>\$ 3,513</b>	<b>\$ (1,944)</b>	<b>\$ (278)</b>
Adjusted EBITDA as a % of Net Sales	13.7%	14.5%	11.6%	4.9%	1.8%	11.3%	2.3%	-1.3%	-0.2%

(a) Includes true-ups, if required, 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 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 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.