



# JEFFERIES CONFERENCE

June 2023



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

## Non-GAAP Measures

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

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

# FORWARD LOOKING STATEMENTS & NON-GAAP MEASURES

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 2023. The Company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable degree of certainty the type and impact of certain items, including the timing of and amount of costs of goods sold and selling, general and administrative expenses, that would be expected to impact GAAP measures for these periods but would not impact the non-GAAP measures. The unavailable information could significantly impact our financial results. These items are not within the Company's control and may vary greatly between periods. Based on the foregoing, the Company believes that providing estimates of the amounts that would be required to reconcile these forecasted non-GAAP measures to forecasted GAAP measures would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.



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

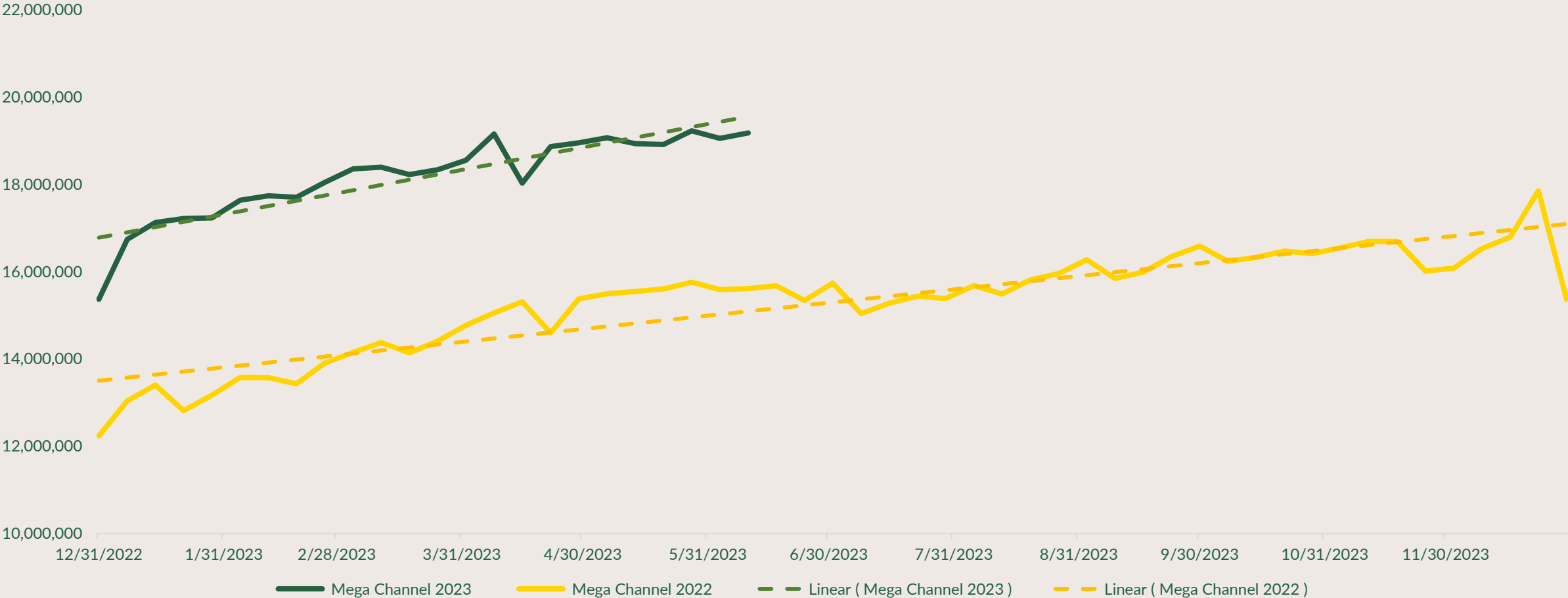




# CURRENT BUSINESS TRENDS

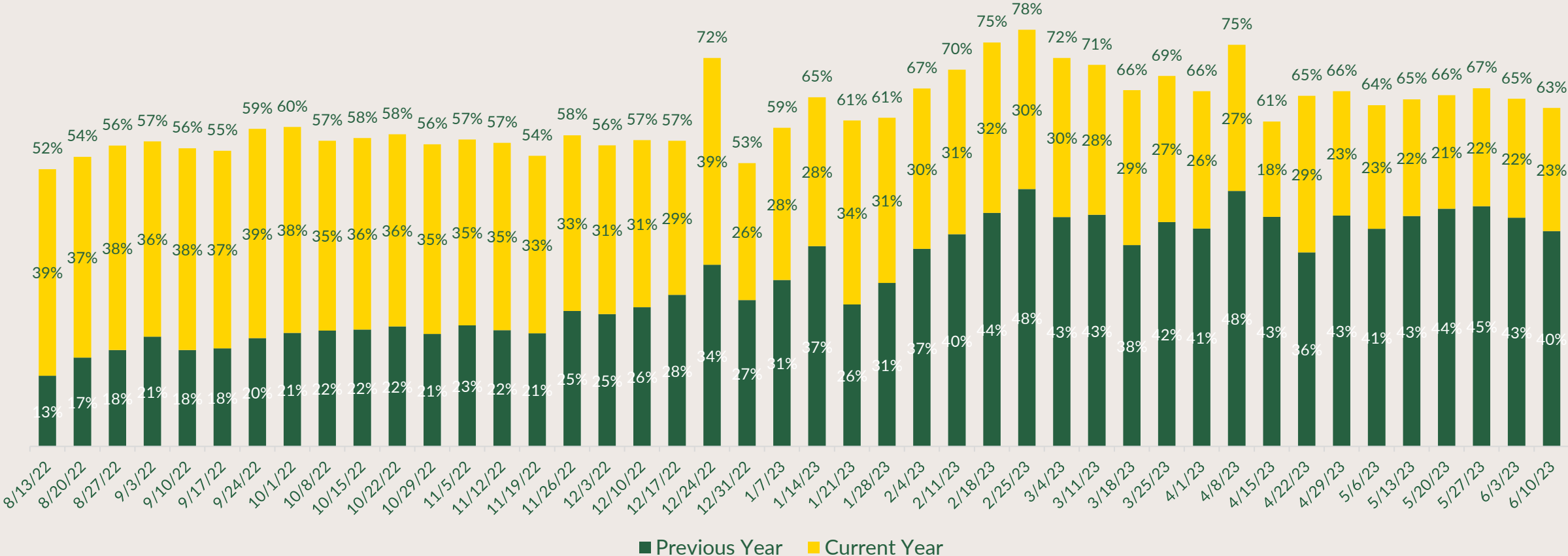
# CONSUMPTION GROWTH REMAINS STRONG & CONSISTENT

## NIELSEN IQ MEGA-CHANNEL WEEKLY DOLLAR SALES



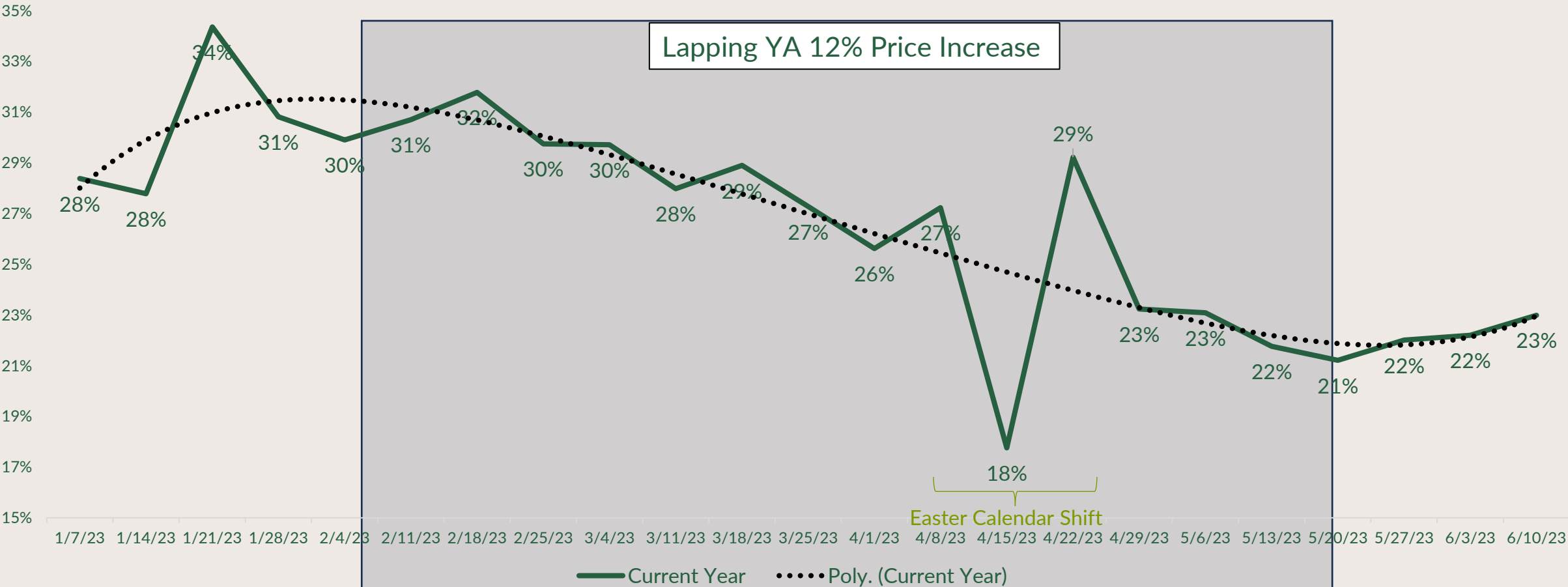
# 2-YEAR STACKED GROWTH REMAINS STRONG

## NIELSEN IQ MEGA-CHANNEL CONSUMPTION GROWTH 2-YEAR STACKED



# YEAR-ON-YEAR GROWTH RATE HAS REACHED AN INFLECTION POINT AND IS NOW TRENDING UP

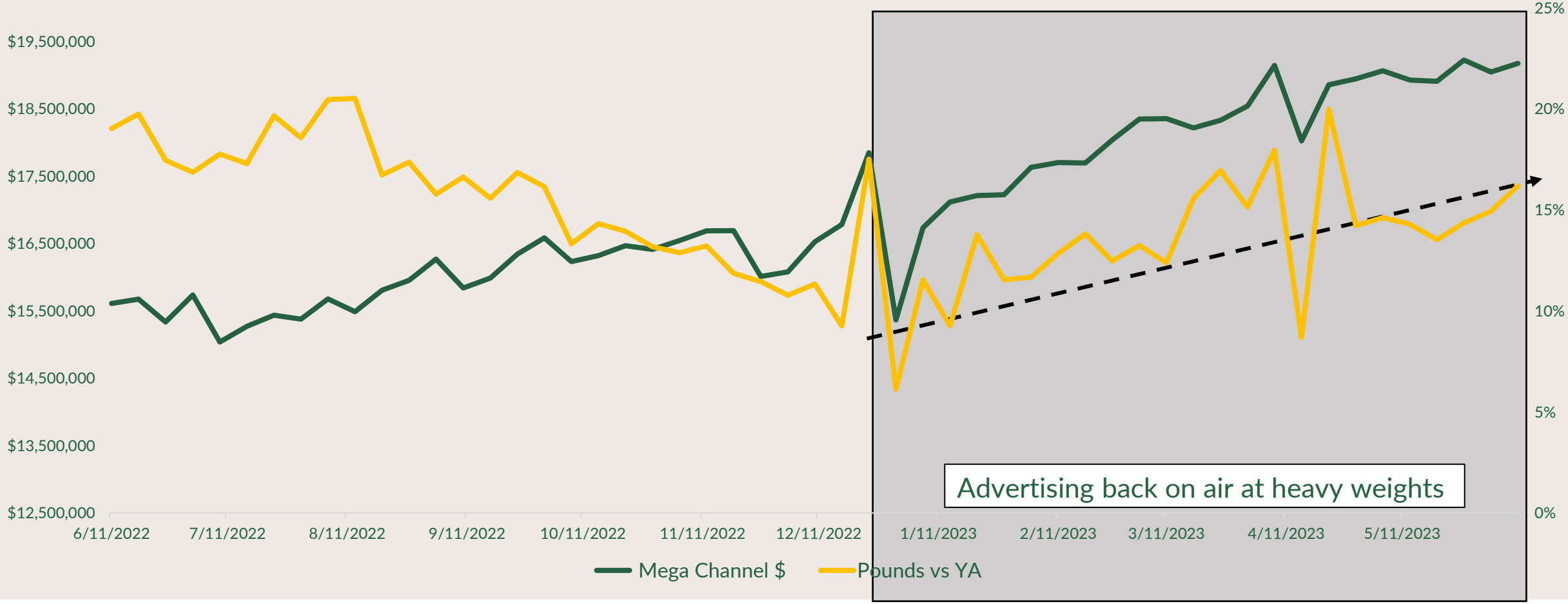
## NIELSEN IQ MEGA-CHANNEL CONSUMPTION GROWTH VS YA





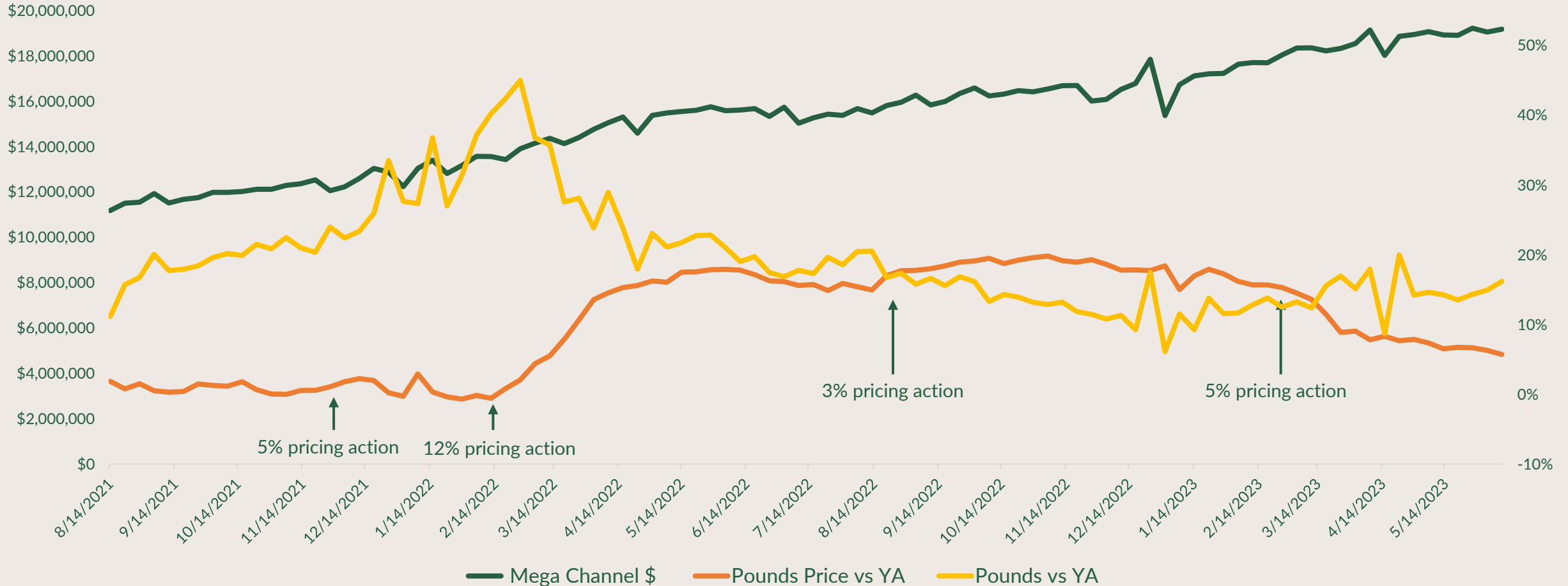
# VOLUME GROWTH IS DRIVING CONSUMPTION GROWTH AGAIN

## FRESHPET NIELSEN IQ MEGA-CHANNEL DOLLAR SALES & POUNDS GROWTH RATE



# CONSUMPTION GROWTH IS VERY STEADY DESPITE SIGNIFICANT PRICING OVER THE PAST YEAR

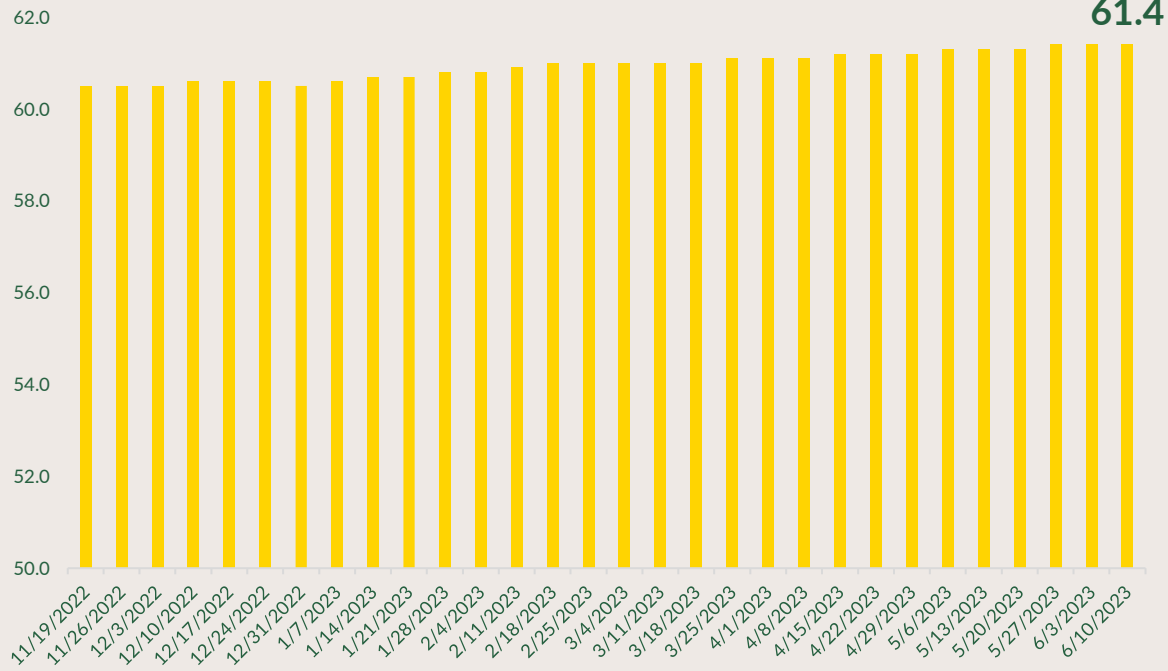
## FRESHPET NIELSEN IQ MEGA-CHANNEL DOLLAR SALES, POUNDS AND PRICE GROWTH RATES



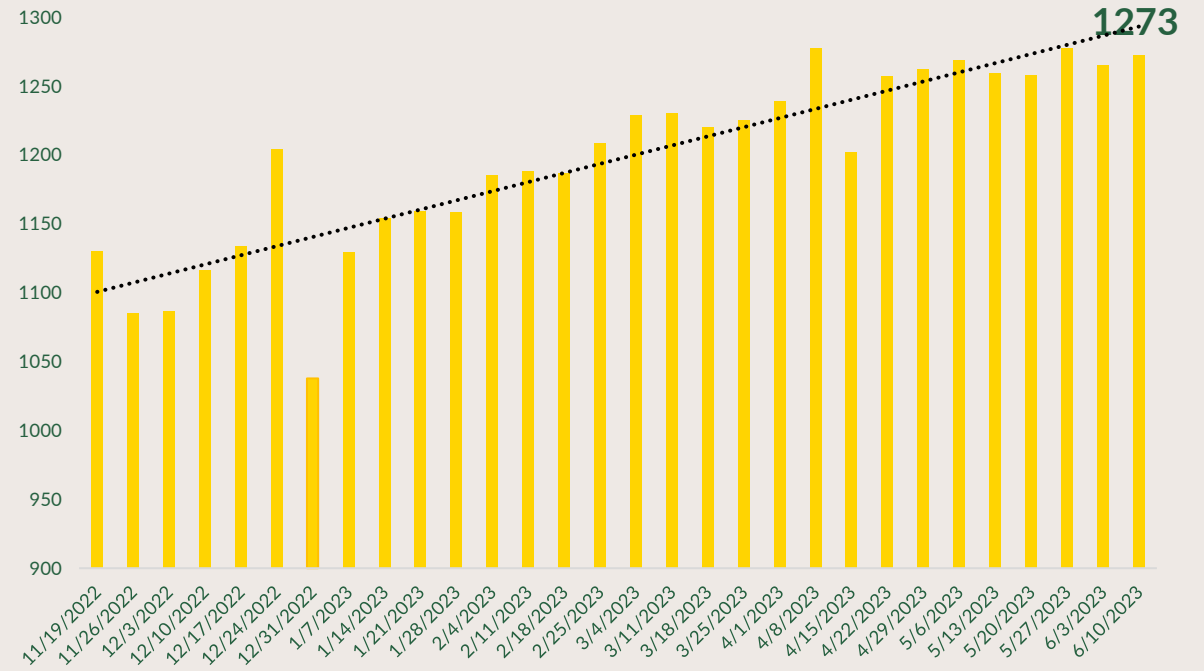
# DISTRIBUTION CONTINUES TO GROW, BUT VELOCITY IS GROWING FASTER

## FRESHPET NIELSEN IQ MEGA-CHANNEL ACV DISTRIBUTION & VELOCITY

Freshpet Distribution (% ACV)

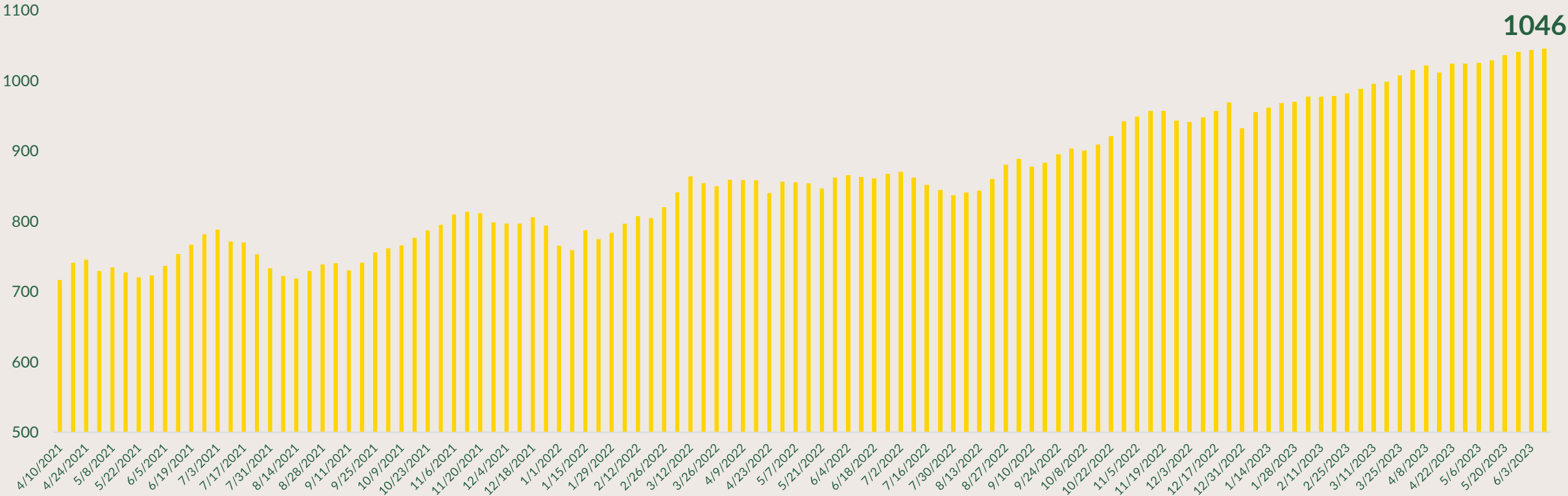


Freshpet Velocity (\$/\$MM ACV)



# STRONG FILL RATES AND INCREASING 2<sup>ND</sup> & 3<sup>RD</sup> FRIDGES ARE DRIVING HEALTHY IN-STOCK CONDITIONS

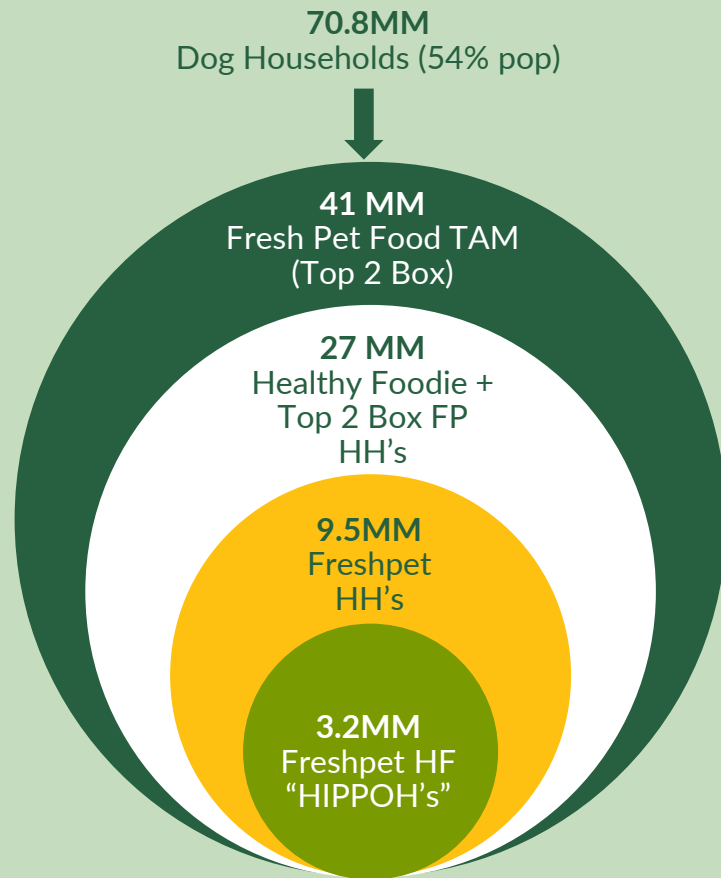
FRESHPET NIELSEN IQ MEGA-CHANNEL TOTAL DISTRIBUTION POINTS (TDP'S)



# HOUSEHOLD PENETRATION & BUYING RATE



# FRESHPET HEALTHY FOODIE, CORE TARGET



- ✔ These people are our **HIPPOH's**: high-profit pet owning households
- ✔ Representing **33% of current consumers** and **87% of sales**
- ✔ 2x buy rate of \$220+
- ✔ **HHI \$80K+**

# WE ARE BUILDING OUR BRAND AND COMMUNICATIONS FOR OUR CORE CONSUMER

Our pet parents want to feed their dogs something they would eat

FRESHPET CORE TARGET - HEALTHY FOODIE HIPPOH'S (HIGH PROFIT PET OWNING HOUSEHOLDS)



Pet partner, treat dog like a person



Dog top priority



Dog deserves the best

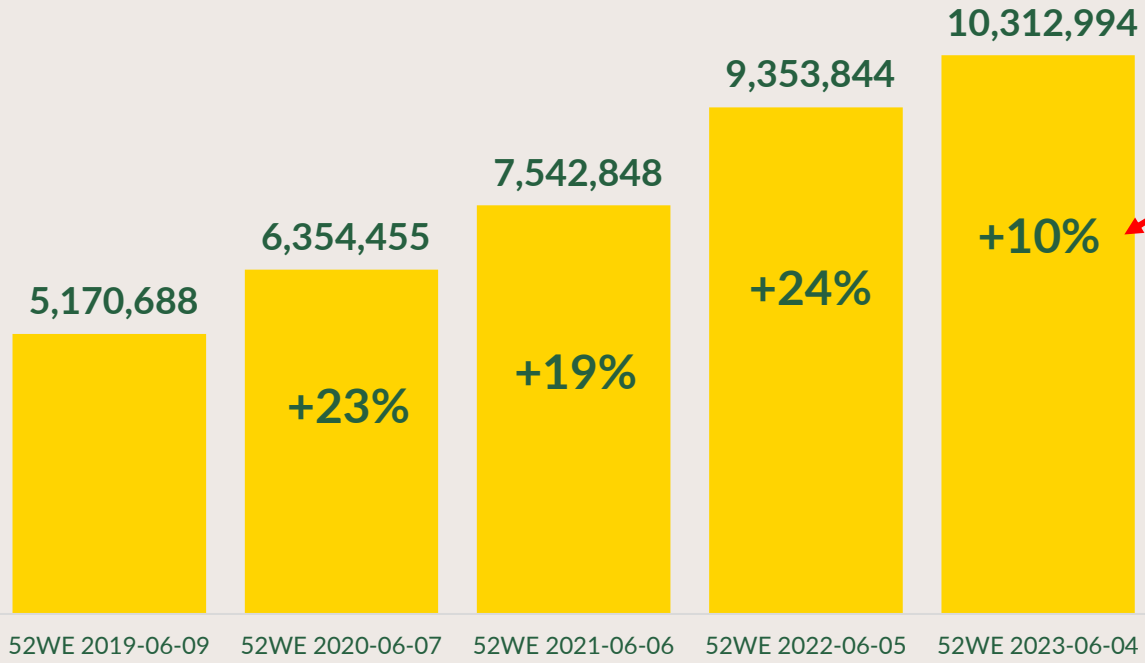


They eat fresh, food lover, appreciate the best. Same for pup: **Fresh, real, human quality food**



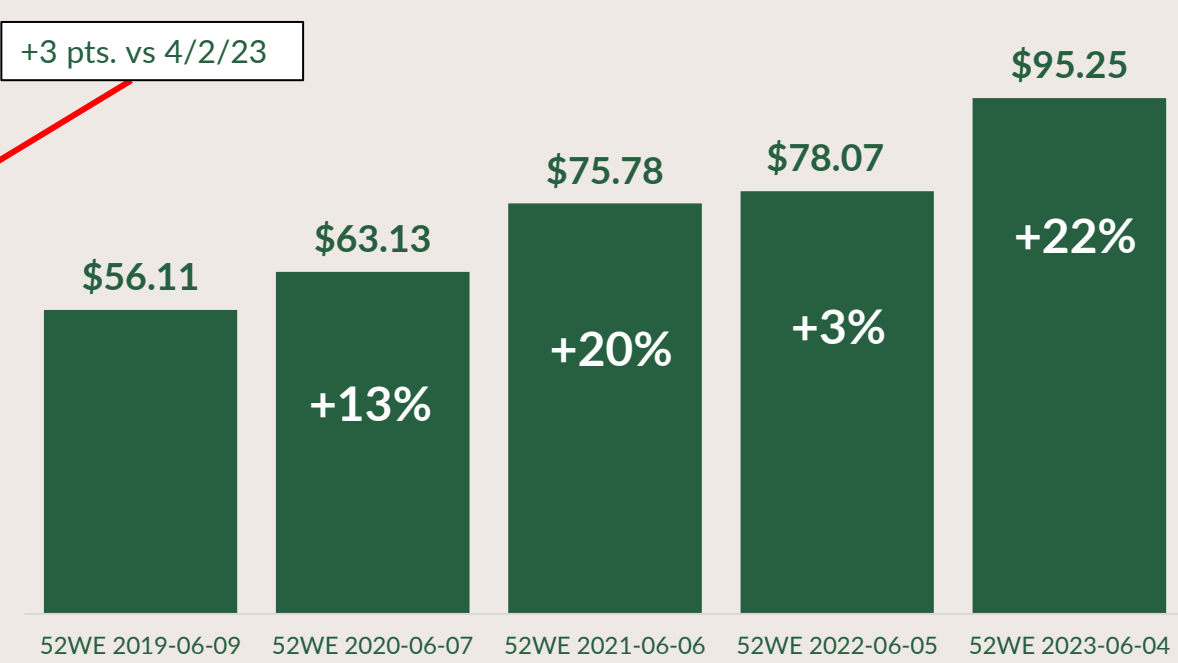
# HH PENETRATIONS GROWTH HAS ACCELERATED SINCE THE END OF Q1: SURPASSED 10MM HH'S WITH VERY STRONG BUYING RATE

FRESHPET PENETRATION GROWTH  
(52 Weeks)



■ Freshpet Buying HH's

FRESHPET BUYING RATE  
(52 Weeks)

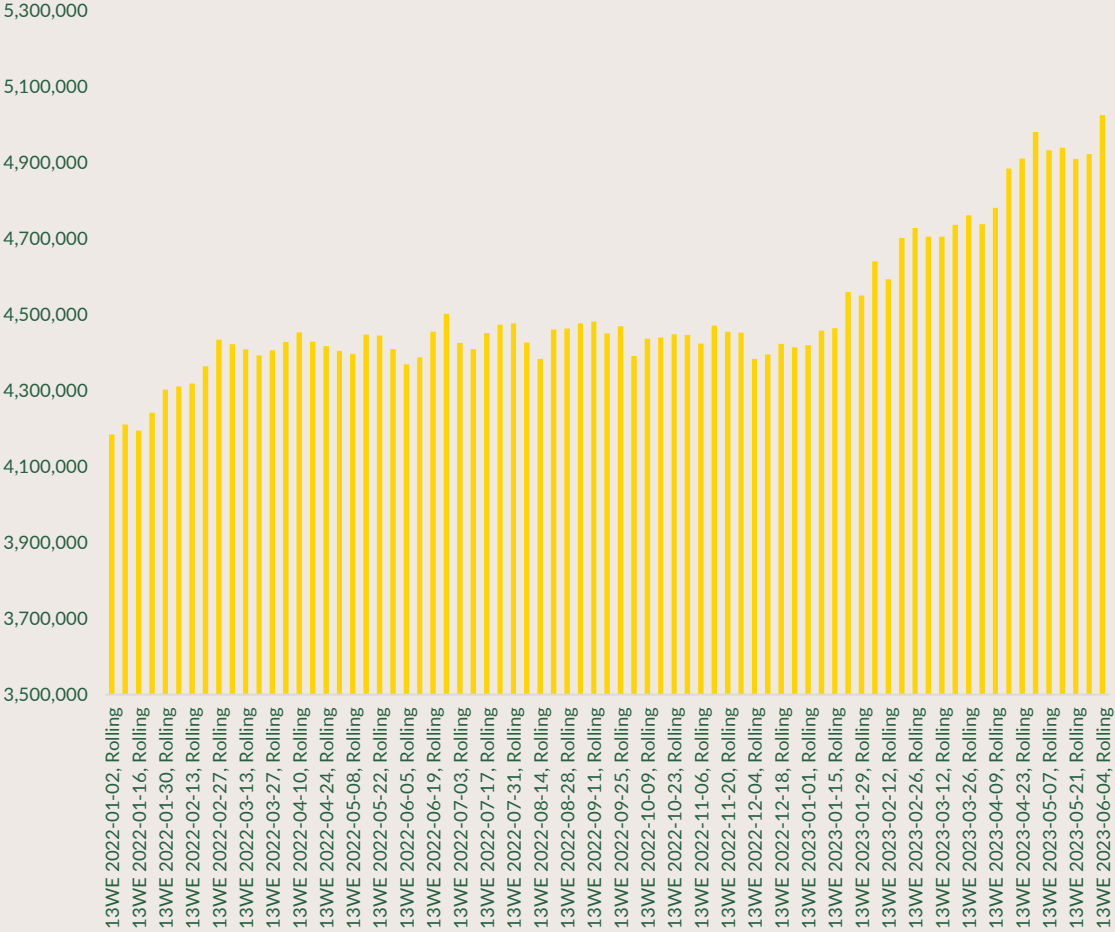


■ Freshpet Buy Rate



# HH PENETRATION GROWTH HAS RE-ACCELERATED: STRONG GROWTH IN UNITS MATCHES HH GROWTH

### Freshpet Rolling 13 Week Buying HHs

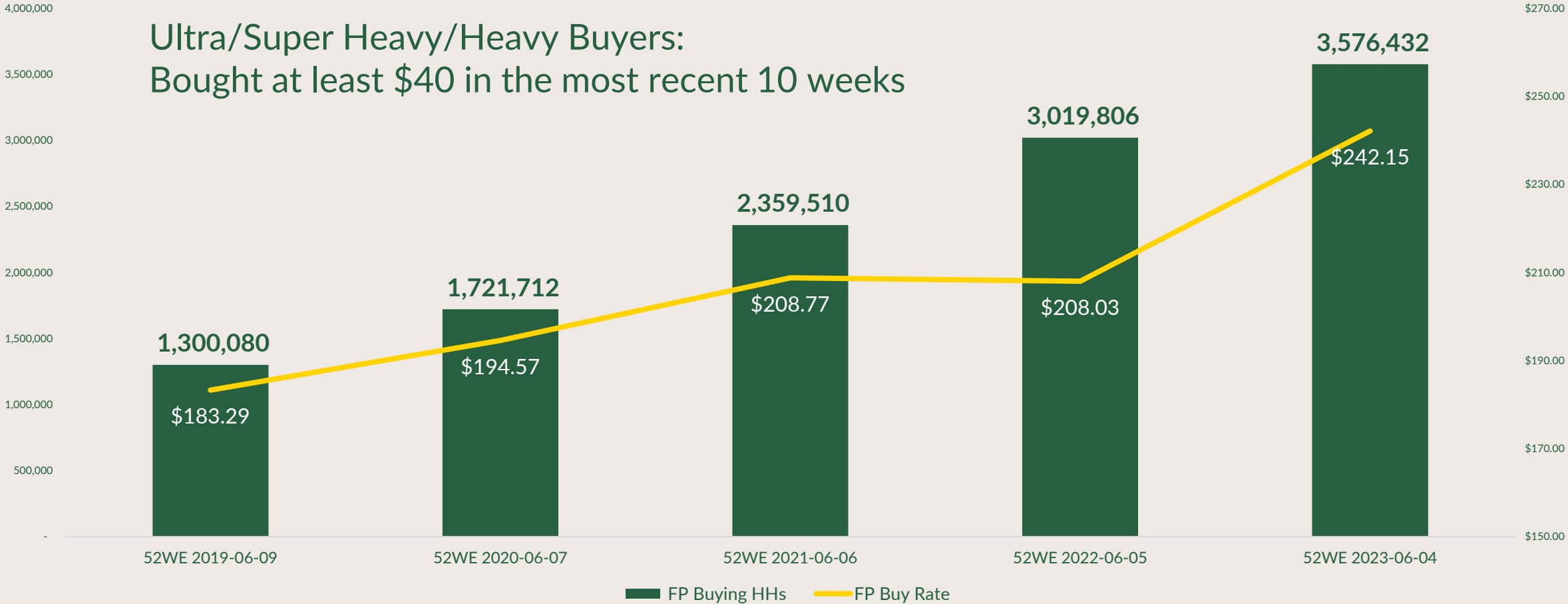


### Freshpet Rolling 13 Week Units



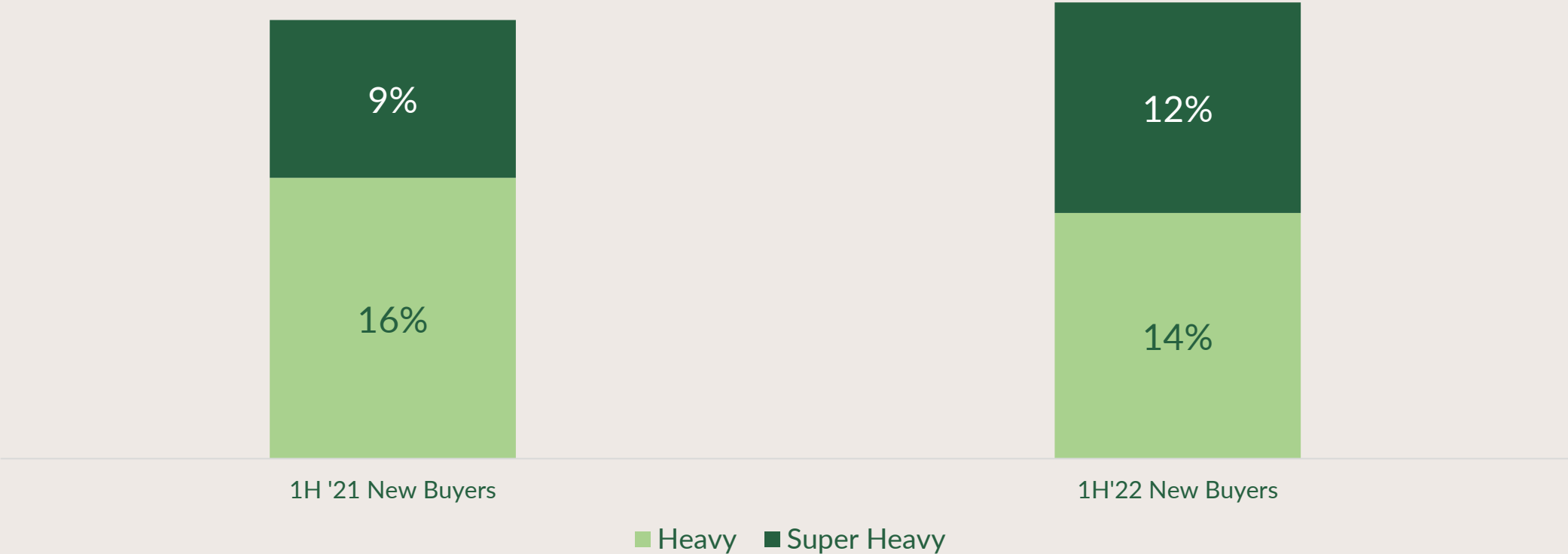
# FRESHPET HEAVY/SUPER HEAVY BUYERS CONTINUE TO INCREASE

## FRESHPET ULTRA/SUPER HEAVY/HEAVY BUYERS 5 YEAR TREND



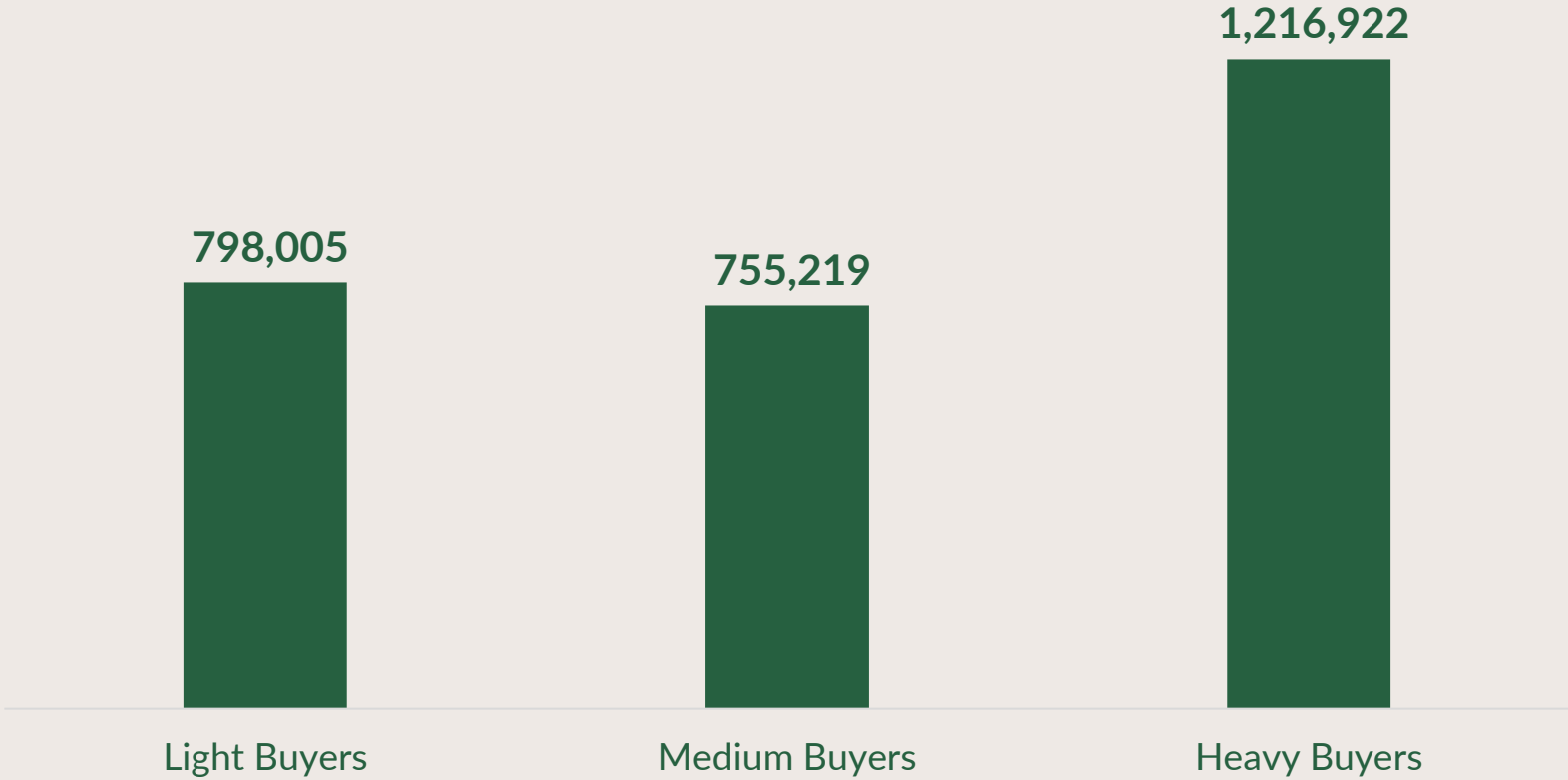
# NEW CONSUMERS BECOMING SUPER HEAVY/HEAVY USERS AT A STRONG RATE; SUPPORTS IDEA THAT FRESHPET IS INCREASINGLY CONSIDERED TO BE MAIN MEAL

% of HH New Buyers By Year That Became SH/H in The Following 9 Months



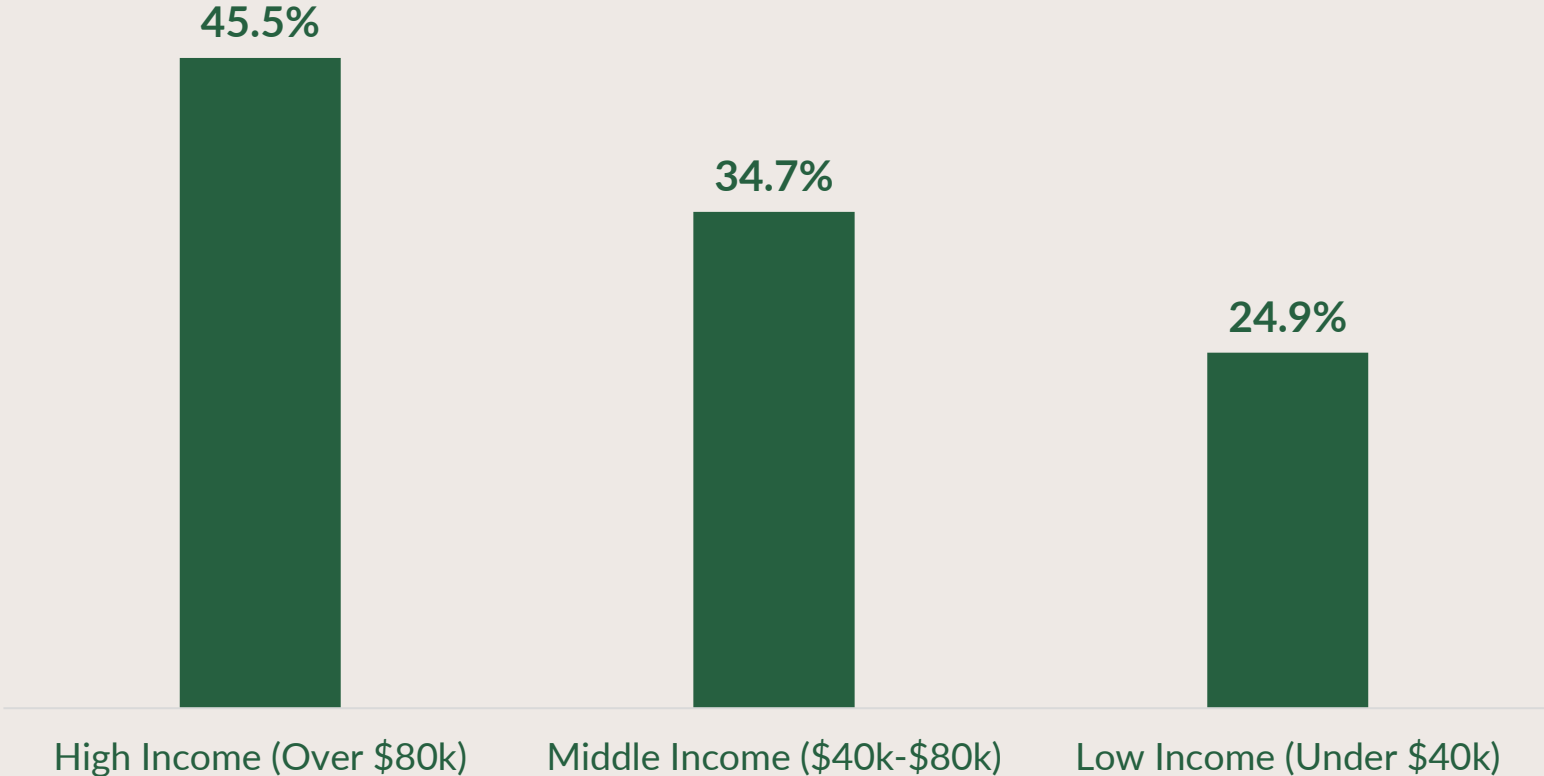
# FRESHPET FRANCHISE IS BECOMING INCREASINGLY MAIN MEAL; HEAVY BUYERS ARE GROWING FASTEST

PAST 2 YEAR HH PENETRATION GROWTH BY USAGE LEVEL



# FRESHPET IS BECOMING MAINSTREAM: STRONG GROWTH ACROSS ALL INCOME GROUPS

PAST 2 YEAR HH PENETRATION GROWTH RATE BY INCOME



# ENNIS START-UP PROGRESS





# FRESHPET ENNIS, TX KITCHEN SITE

Future location of 10 acres of solar panels

Wastewater treatment

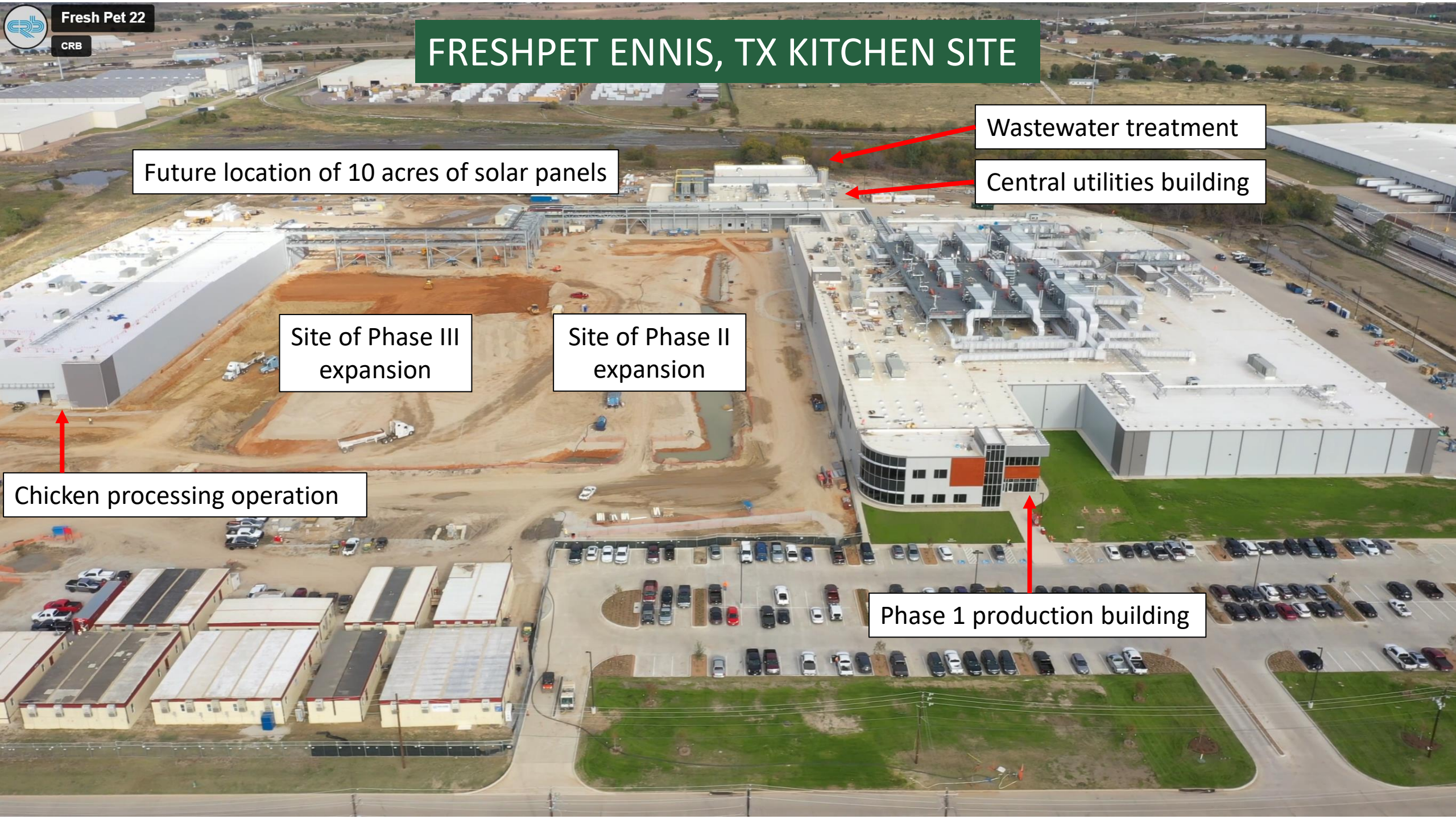
Central utilities building

Site of Phase III expansion

Site of Phase II expansion

Chicken processing operation

Phase 1 production building



# ENNIS KITCHEN: START-UP IS ON TRACK

## 2023 Milestones

Bag line will be operating 24/7

2023 Chicken Processing Start-Up

Bag line begins shipping saleable product

Rolls line operating 24/7

2022 DART Rate = 1.57

First SQF Audit = 99

2022

2023

2024-2027



## ENNIS KITCHEN: SUCCESSFULLY STARTED UP CHICKEN PROCESSING OPERATION IN JUNE



# FY 2023 GUIDANCE



# PROGRESS REPORT



# 2023 PLAN: OPERATIONAL IMPROVEMENTS



**Ample  
capacity**



**More efficient  
logistics**



**Improved  
quality**

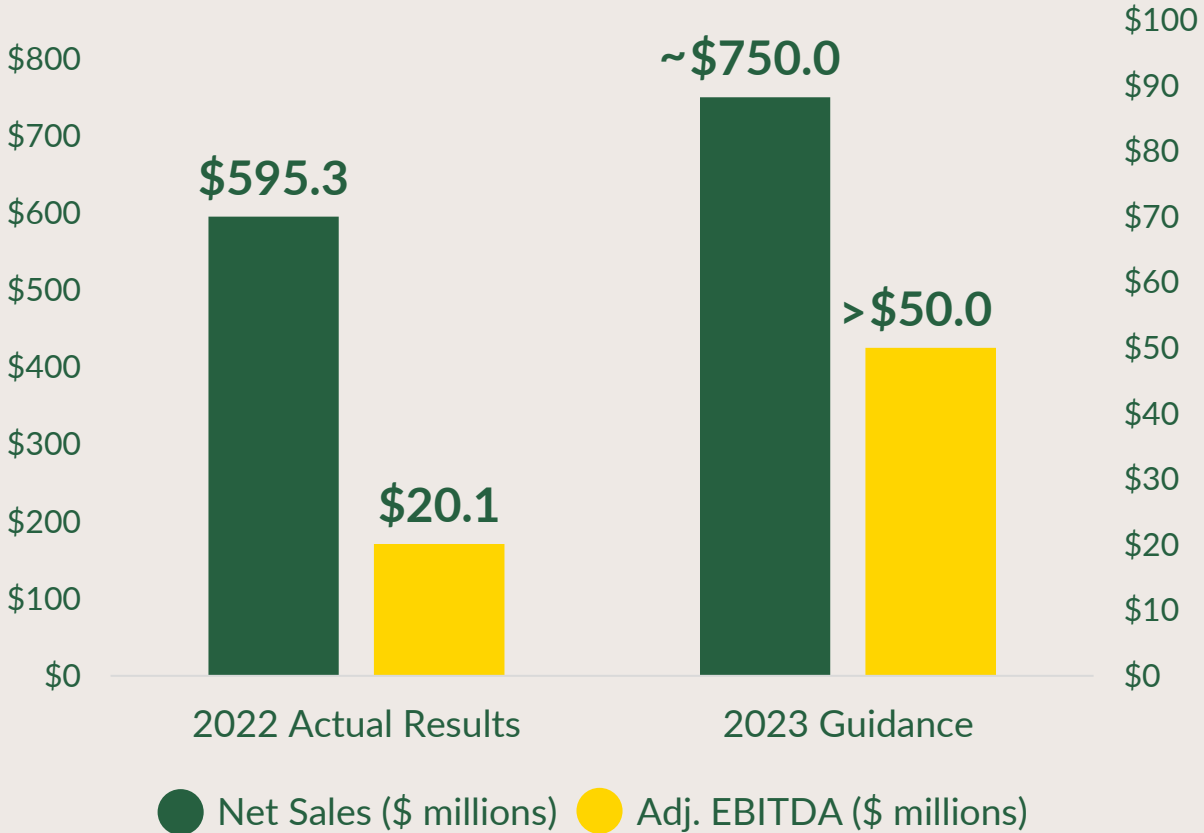


**Commodity costs  
in line with pricing**

# RE-AFFIRMING 2023 GUIDANCE: FOCUS ON IMPROVING PROFITABILITY WHILE DRIVING GROWTH

- **Volume cadence:** Shipment growth strongly tied to sequential consumption growth. Year-on-year growth trends skewed by trade inventory re-fill in 2022.
- **Advertising investment:** Investing >25% more in media. Front-loaded to jump start demand.
- **Adj. Gross Margin:** Anticipate further improvement in second half as pricing takes hold and temporary inefficiencies are eliminated. Near-term gains are expected to be offset by underutilized capacity in Ennis.
- **Logistics costs:** Once bag line starts up in Ennis and can produce all sku's, expect to see steady improvement in logistics.

FRESHPET FINANCIAL PROJECTIONS



## 2023 GUIDANCE: Q2 EXPECTATIONS

- ✔ **Volume cadence:** Q2 2023 is projected to have similar (mid-20's) net sales growth as Q1 2023.
- ✔ **Advertising investment:** Very heavy advertising investment to drive renewed engagement and offset impact of last two price increases.
- ✔ **Logistics costs:** Q2 2023 will include significant transitory costs of shipping bags from Bethlehem to Dallas to support West Coast shipments while the Ennis bag line ramps up.
- ✔ **Adj. Gross Margin:** Full benefit of February price increase and continued improvement in quality to be offset by underutilized capacity in Ennis. Net effect is Q2 2023 Adj. Gross Margin that is slightly below that of Q1 2023.
- ✔ **Adj. EBITDA \$:** Q2 2023 will be comparable to Q1 2023 due to under-utilization of Ennis bag line, heavy marketing spend, transitory logistics costs, and some catch-up in SG&A.



**2027**  
**freshpet**<sup>®</sup>  
**THE FUTURE IS FRESH**  
**UNLEASHING GROWTH. SCALING PROFITS.**

