



# ICR CONFERENCE

January 2023

NOURISHING PETS, PEOPLE AND PLANET



# 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, 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 and COVID-19 expenses.

Effective with Q3 2022 results, the definition of Adj. EBITDA has changed.

# FORWARD LOOKING STATEMENTS & NON-GAAP MEASURES

Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, plant start-up 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, 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 expense.

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.



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

TODD CUNFER



CFO | JOINED 2022

SCOTT MORRIS



CO-FOUNDER & COO | 2006



# TODAY'S AGENDA

BILLY



- Introduction to Freshpet & Our Track Record
- Strategic Advantages
- Increasing Operational Efficiency & Scale
- Organizational Capability Announcements

TODD



- Why I joined Freshpet
- Initial Observations
- My Focus Areas
- Affirming 2022 Guidance
- Communication Plan

SCOTT



- Growth Opportunity
- Freshpet Healthy Foodie HIPPOHs
- 2023 Retail Presence
- 2023 Innovations

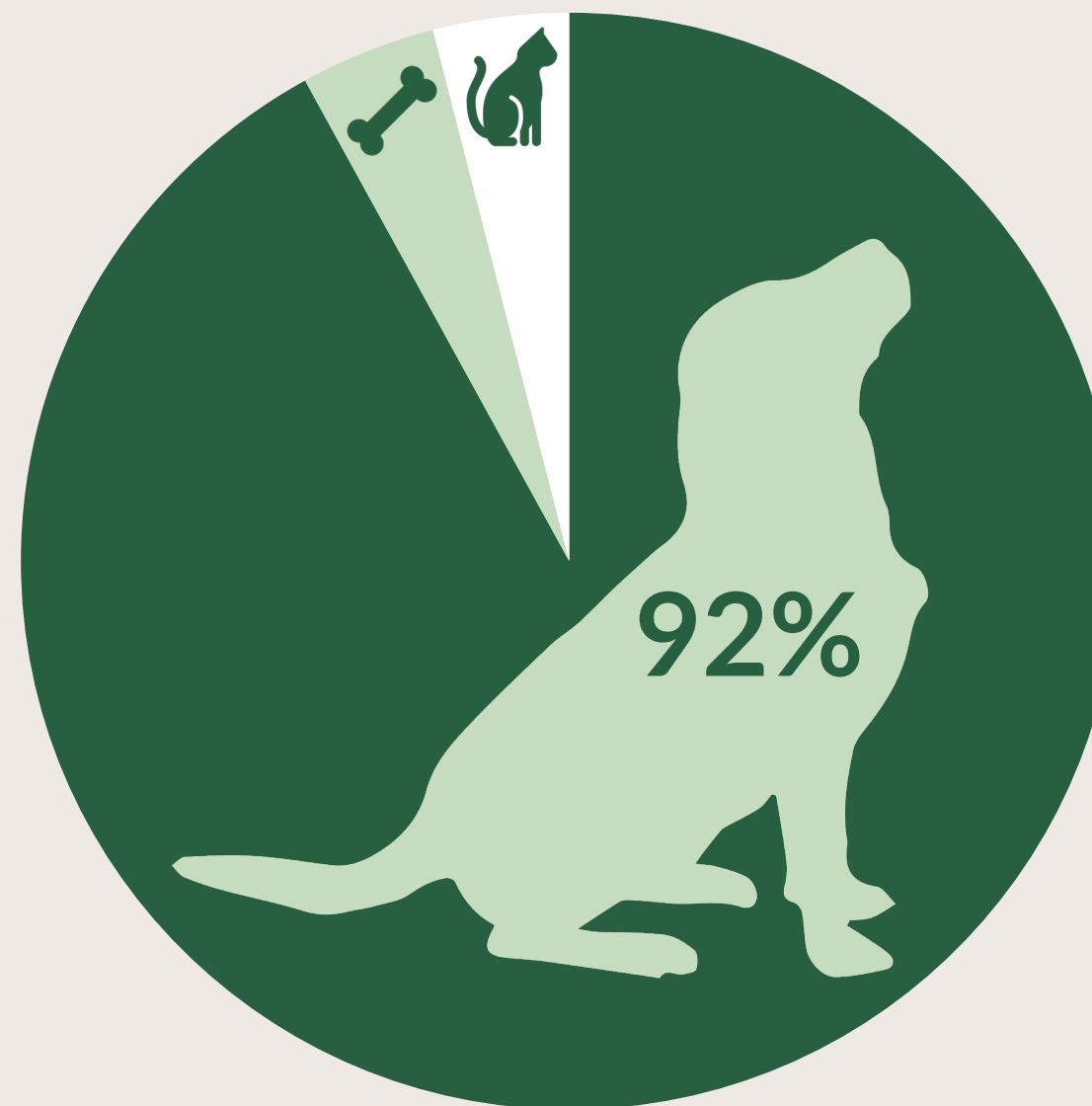
# freshpet<sup>®</sup> QUICK FACTS

**GLOBAL NET SALES**  
>\$575M Projected 2022



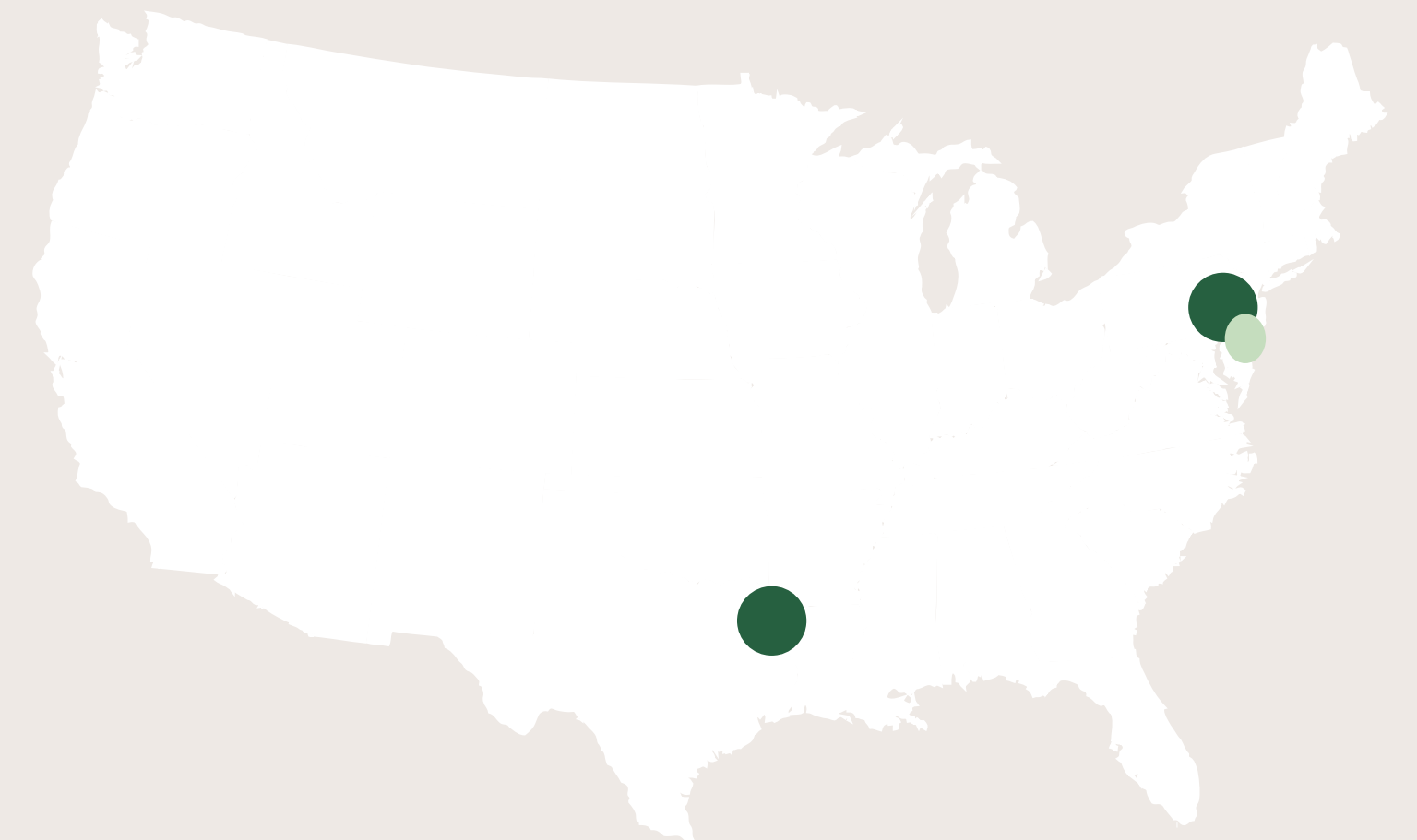
## CATEGORIES

92% Fresh Dog Food  
4% Fresh Treats  
4% Cat food



## FOOTPRINT

NJ HQs  
Owned Manufacturing (PA & TX)  
1000 Team Members



**FRESHPET LIVES AT THE INTERSECTION OF  
TWO VERY POWERFUL MACRO-TRENDS IN CPG**

HUMANIZATION  
OF PETS



FRESH, WHOLESOME,  
ALL-NATURAL FOODS







**\$40 BILLION INDUSTRY**  
stuck in 1950

## FIRST MAJOR INNOVATION SINCE DRY KIBBLE IN 1956



1956



2006

# 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**



**PATTIES**



REAL FOOD FRESH FROM THE FRIDGE®

freshpet

REAL FOOD FRESH FROM THE FRIDGE®

freshpet

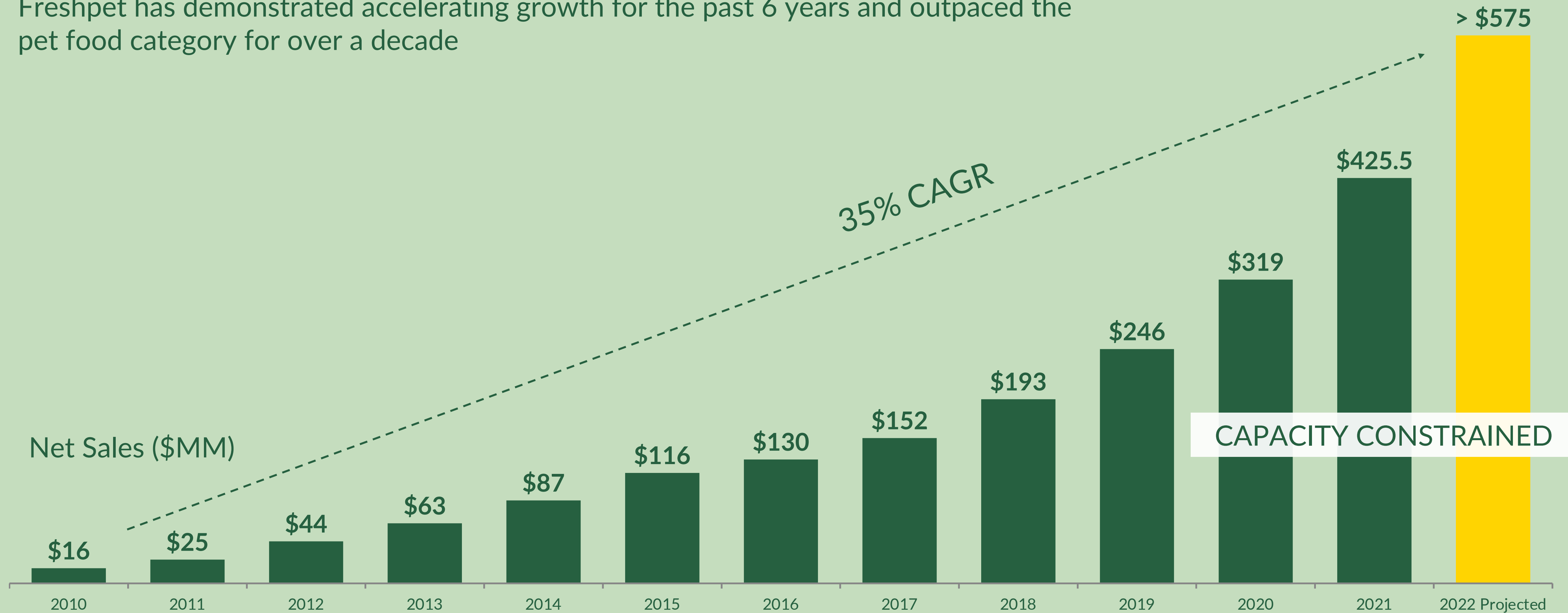
freshpet  
NATURE'S  
**Fresh**  
SUSTAINABLE PET FOOD

freshpet®

**IN 25,281 STORES**

# OUR MODEL CONTINUES TO DRIVE THE STRONG AND CONSISTENT TOP LINE GROWTH

Freshpet has demonstrated accelerating growth for the past 6 years and outpaced the pet food category for over a decade

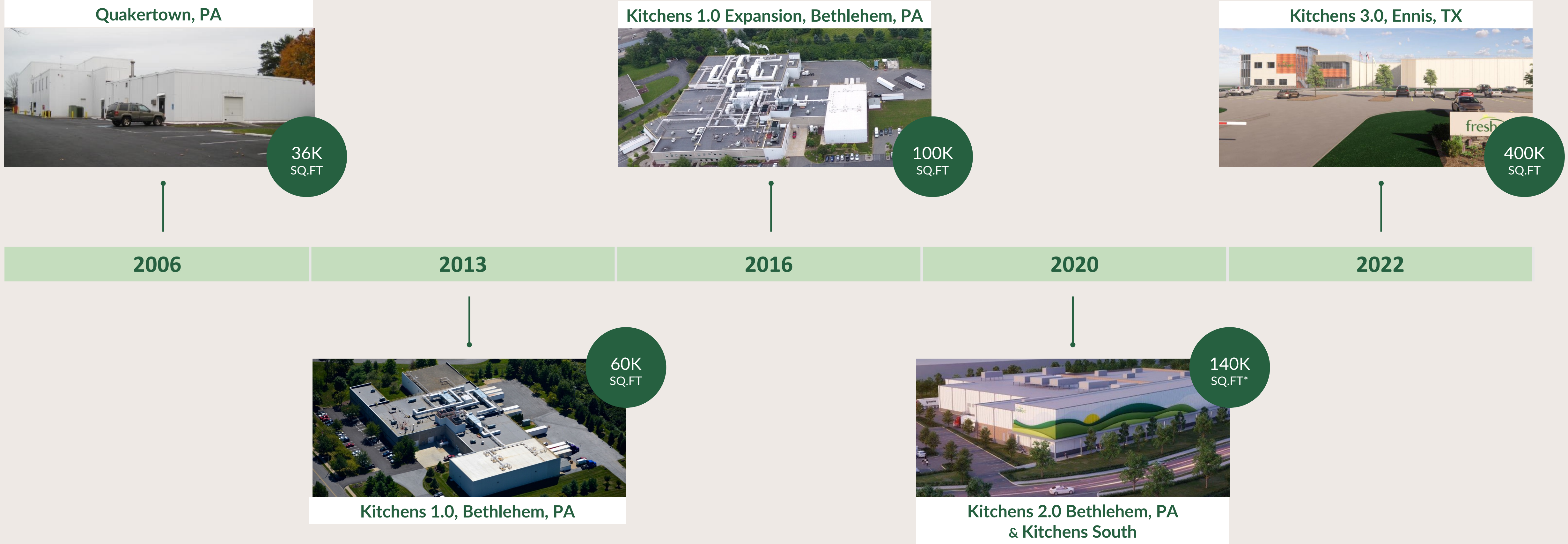




# INCREASING OPERATIONAL EFFICIENCY & SCALE



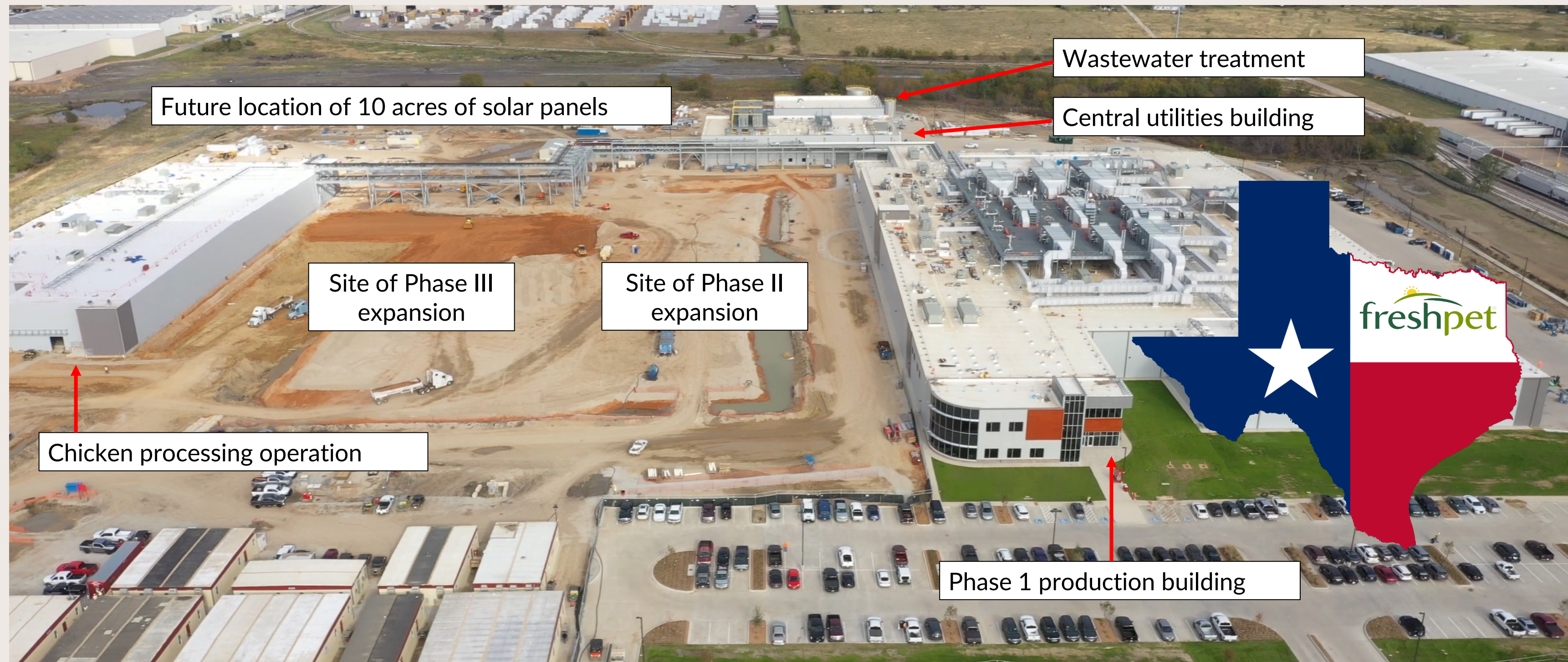
# OUR MANUFACTURING JOURNEY: BUILDING SCALE & EFFICIENCY EVERY STEP



\*Note: Does not include Kitchens South sq ft

# WE ARE BUILDING CAPACITY FOR EXTENDED GROWTH

**Ennis: 1 Million Square Feet  
of Manufacturing by 2025**

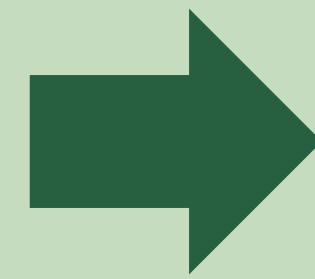




# OUR FOUNDATION BUILT OVER 10+ YEARS MAKES US A LOW-COST PRODUCER WITH SIGNIFICANT BENEFITS OF SCALE TO DRIVE PROFITABILITY OVER TIME

## OUR FOUNDATION 2022

- Manufacturing footprint producing ~\$800m revenues across 2 campuses
- ~29k company owned chillers in retail in 60% ACV
- Sole refrigerated pet food distribution network in NA



## WHAT WE ARE BUILDING

- Manufacturing footprint producing >\$2 billion in capacity across 3 campuses
- ~40k company owned chillers in ~75-80% ACV
- Sole refrigerated pet food distribution network in NA sourced from multiple DC's


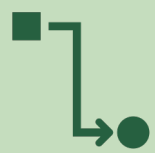



# ENNIS PHASE I IS ALREADY PRODUCING & SHIPPING VIRTUALLY THE ENTIRE ROLLS PRODUCT LINE-UP

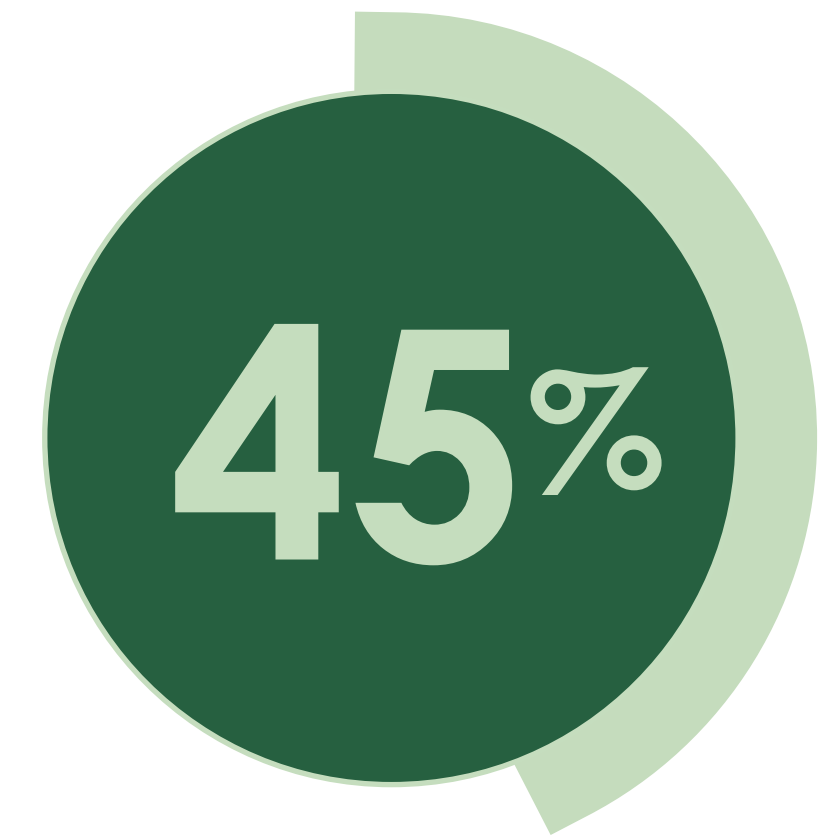
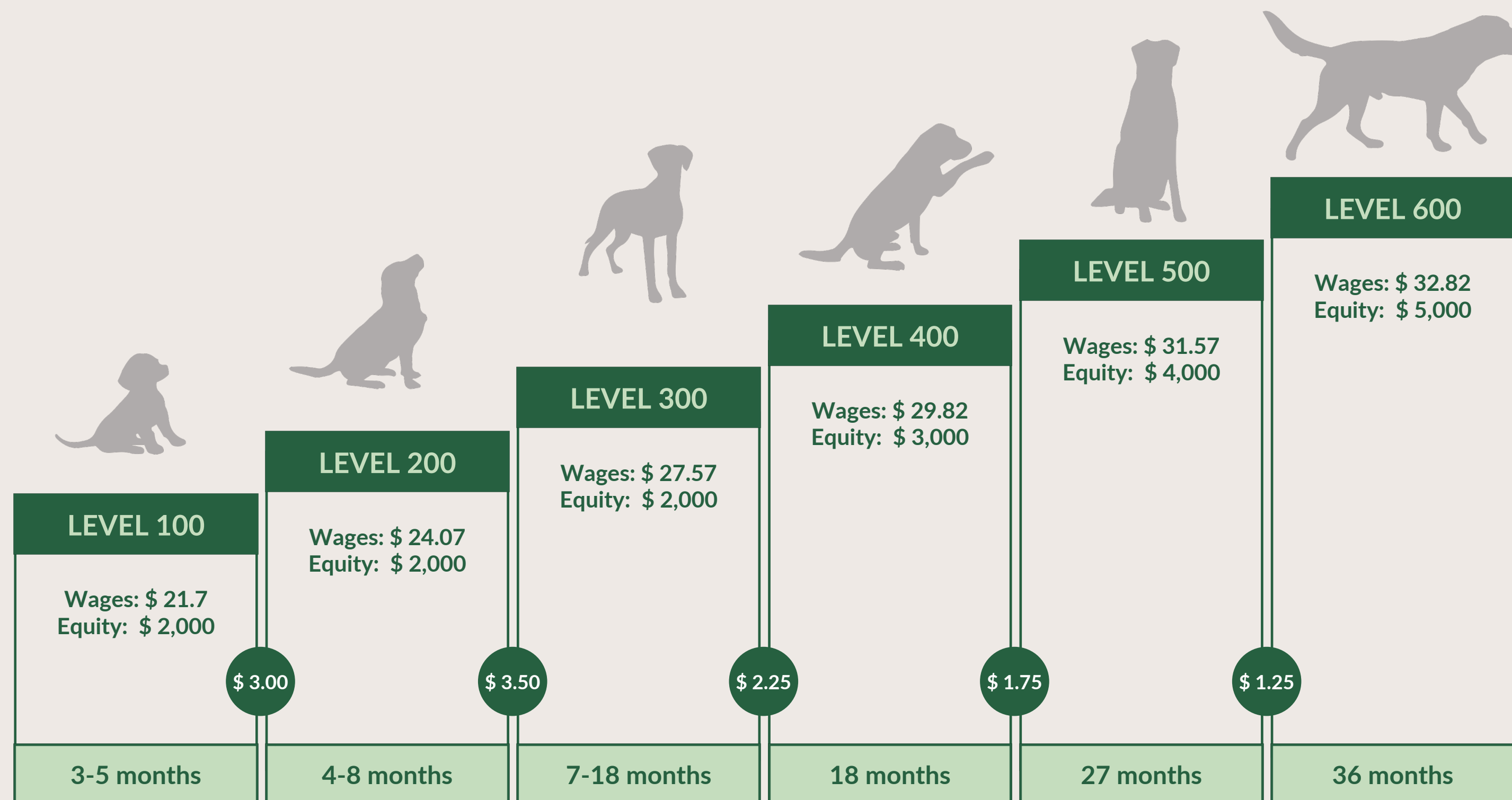
- ✔ Enables total Freshpet growth to >\$1 billion in net sales
- ✔ Bag line is on track to start up at end of Q1/beginning of Q2
- ✔ Enables lower cost logistics for part of US; Dallas DC begins shipping to West Coast on January 16, 2023
- ✔ Most efficient Freshpet Kitchen at scale
- ✔ Most environmentally sustainable Kitchen
- ✔ Enables significant quality improvements



# KEY OPERATIONAL IMPROVEMENTS from 2022 to 2023

	 <b>QUALITY</b>	 <b>LOGISTICS</b>	 <b>COMMODITY COST MANAGEMENT</b>
<b>ISSUE</b>	Disposals and secondary processing costs \$20 million greater than they should be	Logistics costs grew from 8% of net sales to 12% of net sales	Commodity costs grew faster than we took pricing costing \$19 million in 2022
<b>OPPORTUNITY</b>	<ul style="list-style-type: none"> <li>New technology has potential to prevent issues</li> <li>Improving existing technology can reduce size and frequency of issues</li> </ul>	<ul style="list-style-type: none"> <li>De-bottlenecking supply chain will improve fill rates &amp; reduce warehouse costs</li> <li>2<sup>nd</sup> DC will reduce miles.</li> <li>Bracket pricing will improve efficiency</li> </ul>	Match input costs and pricing more closely through: <ul style="list-style-type: none"> <li>More aggressive pricing</li> <li>Hedging/long term contracts</li> </ul>
<b>PROGRESS</b>	<ul style="list-style-type: none"> <li>New operating practices already shrinking the <u>size of quality issues</u></li> <li>New technologies being tested that can reduce <u>the incidence of issues</u></li> </ul>	<ul style="list-style-type: none"> <li>Q4 logistics costs will show improvement vs Q3 behind higher fill rates (&gt;90%)</li> <li>2<sup>nd</sup> DC expanding operations in Q1 2023</li> </ul>	<ul style="list-style-type: none"> <li>&gt;75% of 2023 input costs are locked</li> <li>2/6/23 price increase covers projected costs</li> </ul>

# WE'VE SOLVED THE LABOR PROBLEM WITH THE FRESHPET ACADEMY



REDUCED  
TURNOVER



# BOLSTERING CAPABILITIES WITH PROVEN LEADERSHIP ADDITIONS

FINANCE



**TODD CUNFER**  
CFO

LOGISTICS



**DIRK MARTIN**  
VP of Logistics

MANUFACTURING



**JAY DAHLGREN**  
EVP of Manufacturing,  
Technology  
& Supply Chain

# INTRODUCING OUR NEW CFO, TODD CUNFER

TODD CUNFER



CFO | JOINED 2022

## TODAY'S AGENDA

- Why I Joined Freshpet
- Initial Observations
- My Focus Areas





## WHY I JOINED FRESHPET

- Business model has the most potential I have seen in 25 years of CPG experience
- Growth opportunity is unparalleled
- I can add value



## INITIAL OBSERVATIONS



## WHAT I AM FOCUSED ON



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## INITIAL OBSERVATIONS

- The opportunity is as real as I had expected it to be
- The problems that need to be solved are solvable
- The focus areas outlined in the September announcement are the right operational focus areas
- We have lots of basic blocking & tackling to work on



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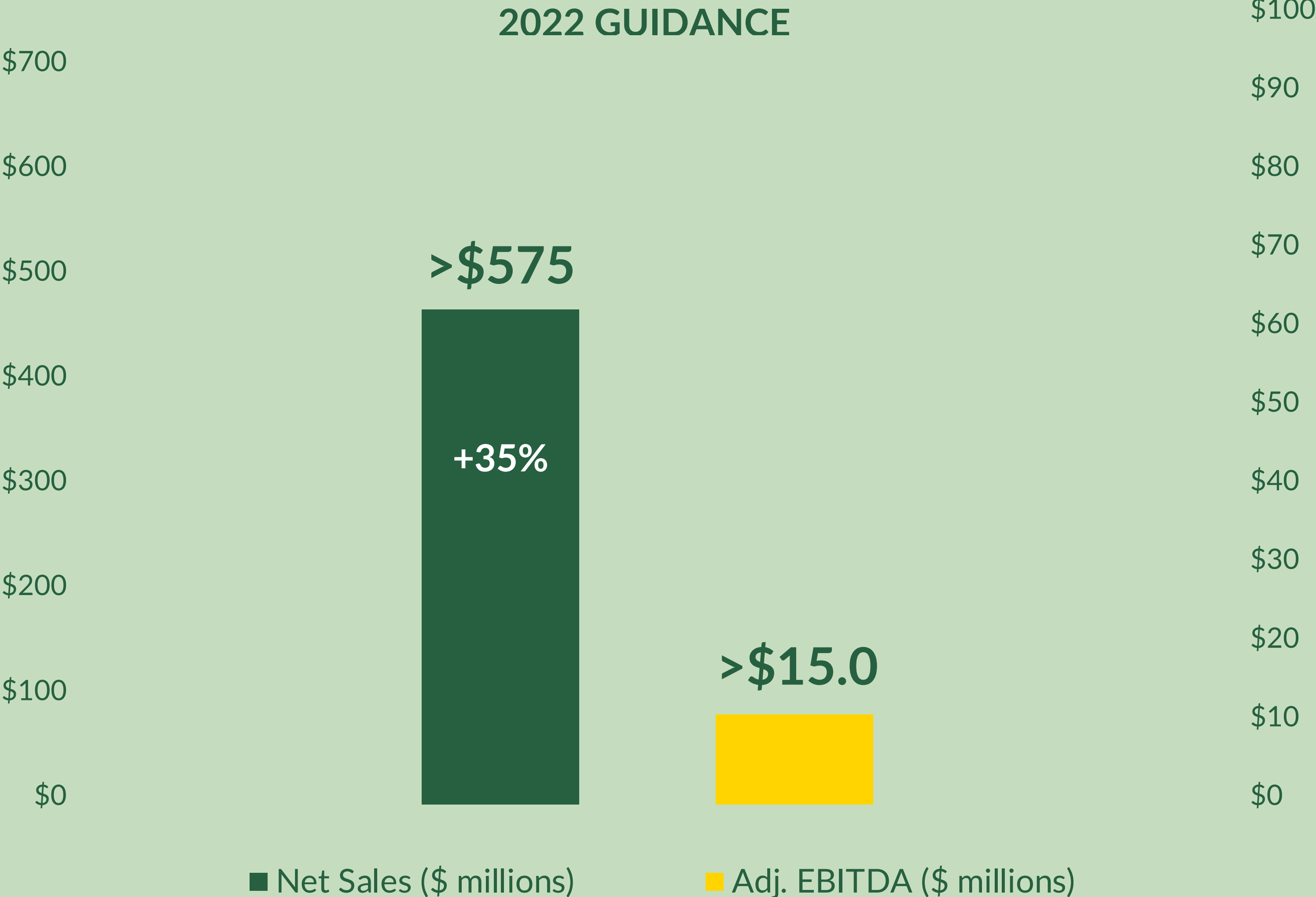
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## WHAT I AM FOCUSED ON

- Improving forecasting reliability
- What does this business look like at scale
- Ensuring liquidity to reach our goals
- Assessing capital spending and investment needs to be sure we have the right amount of capacity at the right time
- Deliver on our promises

# RE-AFFIRMING FULL YEAR 2022 GUIDANCE



# Q1 2023 COMMUNICATION PLAN

## ICR

- Organizational Capability Improvements
- Updated TAM
- 2023 Initiatives

January 9<sup>th</sup>

## CAGNY

- Long Term Goals Guidance (i.e., net sales, margins)
- Capital Utilization and Needs

February 22<sup>nd</sup>

## Q4 2022 EARNINGS CALL

- 2023 Guidance

February 27<sup>th</sup>



# CONSUMER OPPORTUNITY



# FRESH AND FROZEN COMPETITION IS LIMITED IN RETAIL

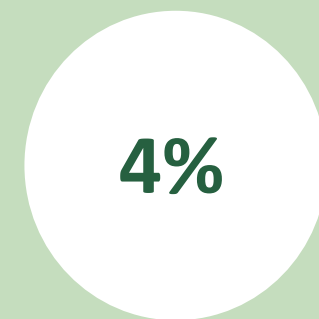
MEGACHANNEL DOLLAR SHARE  
52WK 12/03/22



Source: Nielsen MegaChannel L52W w/e 12/03/22, 2022 Dog Food Market Attitude & Usage Study

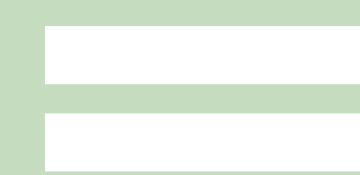
# FRESH AND FROZEN COMPETITION IS LIMITED IN RETAIL AND THE SIZE OF THE OPPORTUNITY IS \$5B

MEGACHANNEL DOLLAR SHARE  
52WK 12/03/22



All Other Fresh  
& Fresh/Frozen

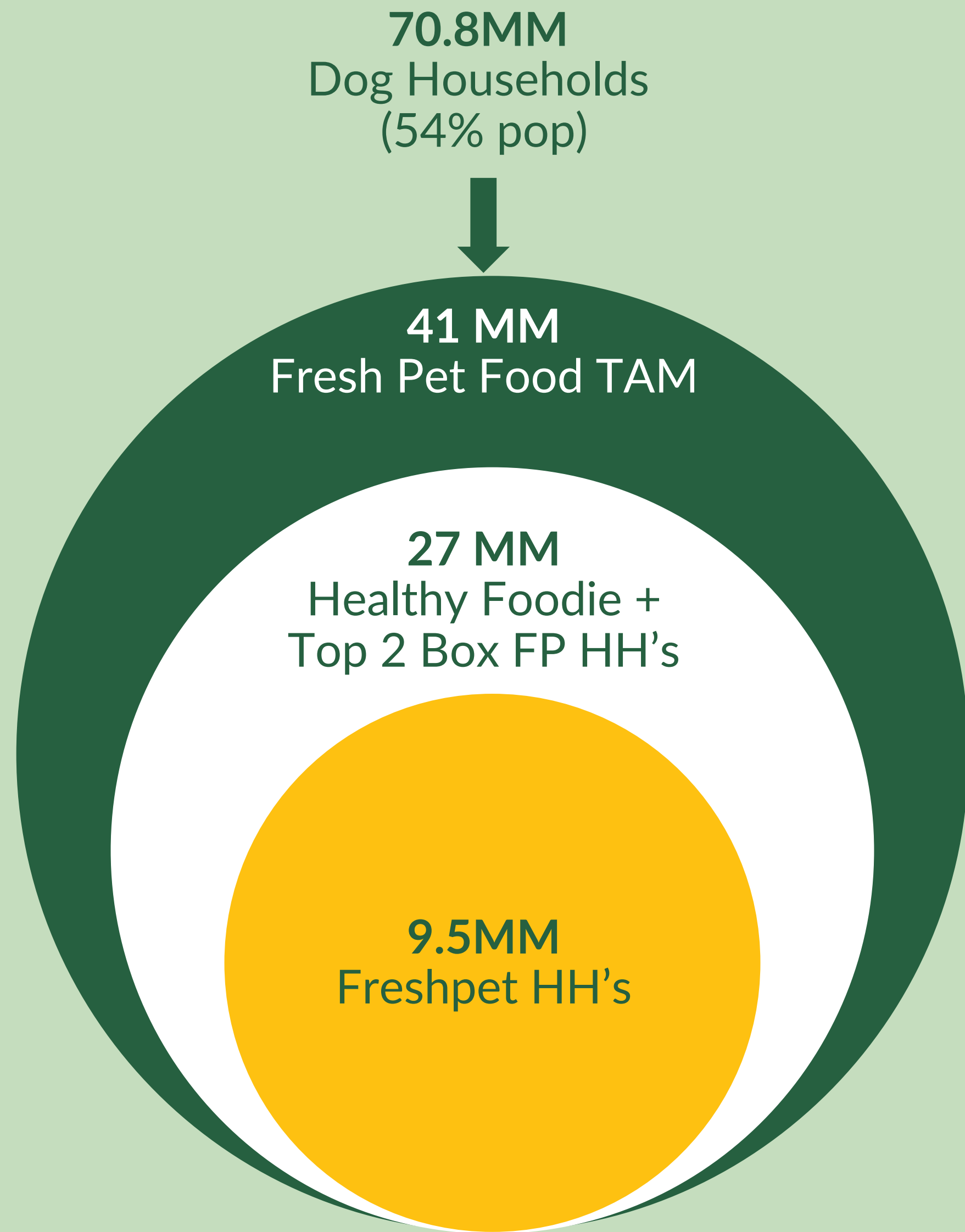
FRESH PET FOOD TOTAL ADDRESSABLE MARKET (TAM)  
2022 STUDY



>\$5B  
**Opportunity**  
(\$125 annual buy-rate)

Source: Nielsen MegaChannel L52W w/e 12/03/22, 2022 Dog Food Market Attitude & Usage Study

Source: 2022 Dog Food Market Attitude & Usage Study



**FRESH FOOD TAM CONTINUES  
TO GROW EVERY YEAR**

**FRESHPET IS DRIVING THAT CHANGE AND  
HAS >27MM CONSUMERS OPPORTUNITY**

**3X+ TODAY'S FRESHPET PENETRATION**

Source: 2022 Dog Food Market Attitude & Usage Study

# 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)



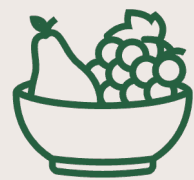
Pet partner, treat dog like a person



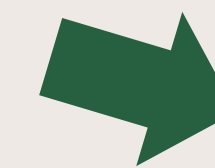
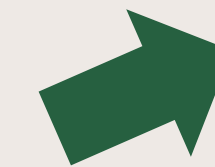
Dog top priority



Dog deserves the best

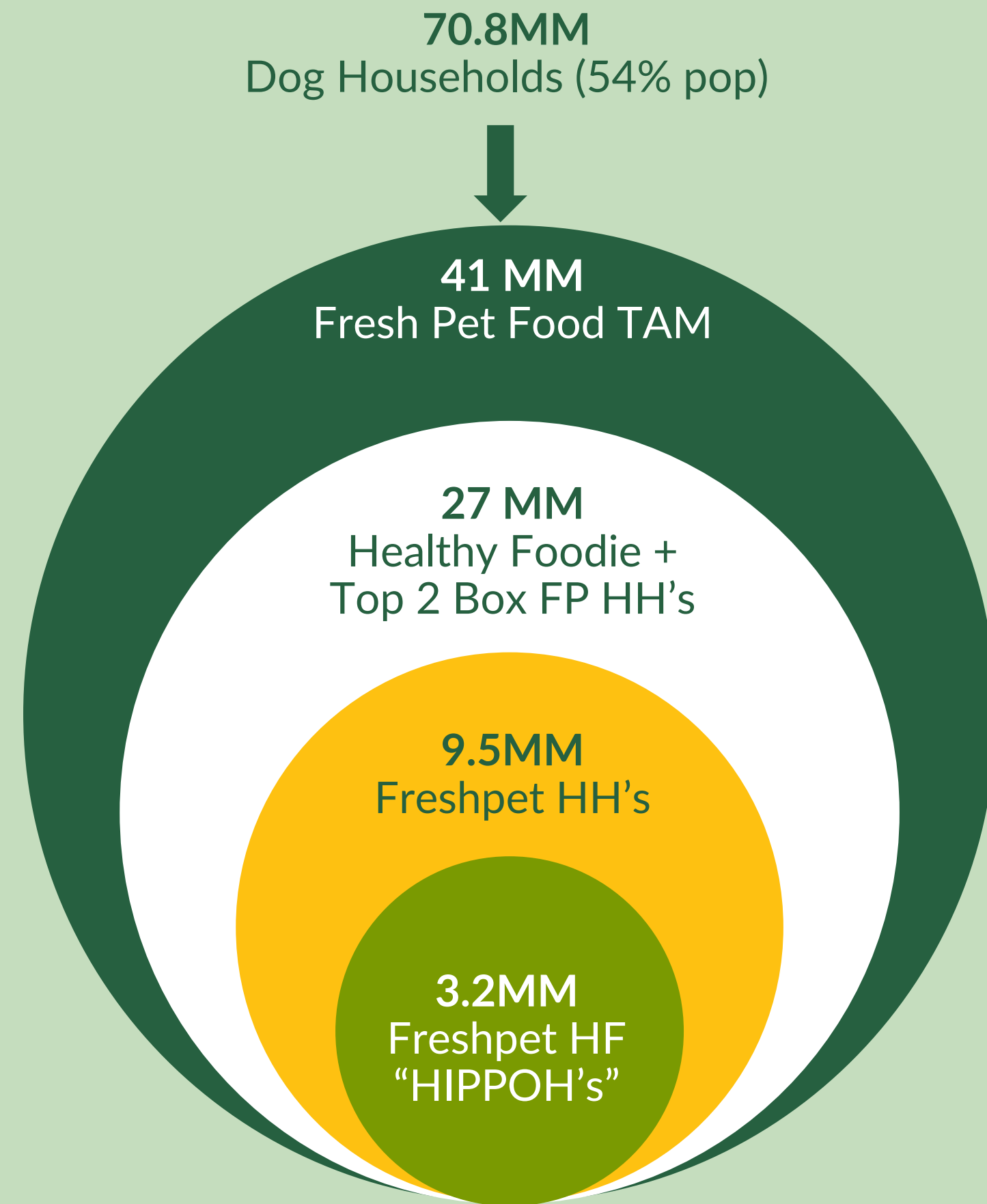


They eat fresh, food lover, appreciate the best. Same for pup: **Fresh, real, human quality food**





# FRESHPET HEALTHY FOODIE, CORE TARGET



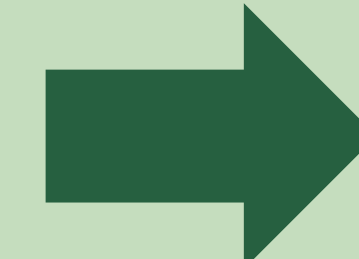
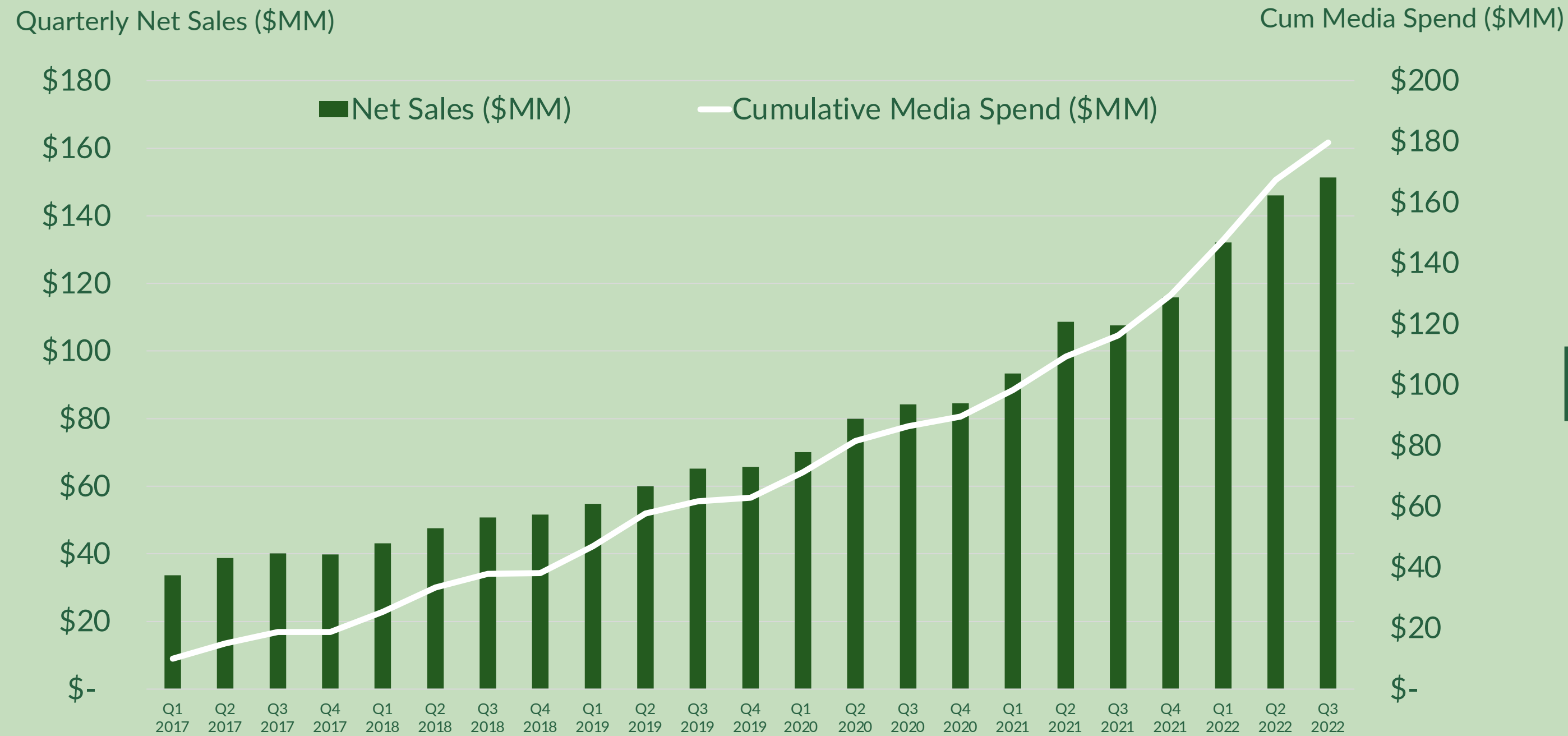
- ✔ These people are our **HIPPOH's**: high-profit pet owning households
- ✔ Representing **33% of current consumers** and **87% of sales**
- ✔ 2x buy rate of \$220+
- ✔ **HHI \$80K+**

Source: 2022 Dog Food Market Attitude & Usage Study

# 2023 WILL BE OUR BIGGEST MEDIA INVESTMENT SPEND

OUR MEDIA MODEL FUELS SALES AND PENETRATION GROWTH...

...LEADING TO LOYAL HOUSEHOLDS WHO HAVE A FRESH APPROACH TO PET FOOD



- Investment in penetration to capture our TAM
- >70% of growth comes from media

- Healthy foodies are abandoning dry food

Source: Nielsen w/e 12/03/22 category segments trends MegaChannel data

# THE PET FOOD AISLE IS STARTING TO LOOK VERY DIFFERENT

The fresh pet food category will follow human fresh food trends and shopping destinations.

2023 IS A BREAKOUT YEAR  
FOR FRIDGE EXPANSION: +~17%

Leading to 1.7M+ cu ft at retail by end of 2023

- ✔ +1200 New stores
- ✔ +3000 2<sup>nd</sup> and 3<sup>rd</sup> Fridges
- ✔ +1000 Upgrades



# WE WILL CONTINUE TO REDEFINE PET FOOD AND LEAD THE FRESH PET FOOD CATEGORY



## TAILORED NUTRITION

Healthy foodies seeking specific benefits

## REAL FOOD FOR MY "KIDS"

Healthy foodies motivated  
By visual & best quality

## ECOMM INNOVATION

Convenience of home delivery and customization

## QUALITY AND VALUE

Keeping our portfolio accessible

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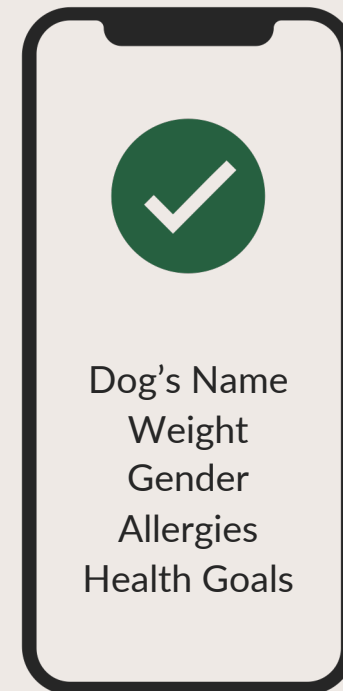
# REINVENTING ECOMMERCE FOR CONSUMERS

## Customized + Convenient

1. ORDER ONLINE



2. QUESTIONNAIRE



3. DELIVERY



4. FRESH MEALS



Personalized meal plan and specific feeding guidelines from 10 attributes specific to dogs' needs.



New proposition delivered to home.



All leveraging our brand equity, scale, portfolio, products and partners.

# OUR MODEL IS SIMPLE AND WE ARE LEVERAGING OUR SCALE FOR CONTINUED GROWTH



ADVERTISING  
+25% vs 2022



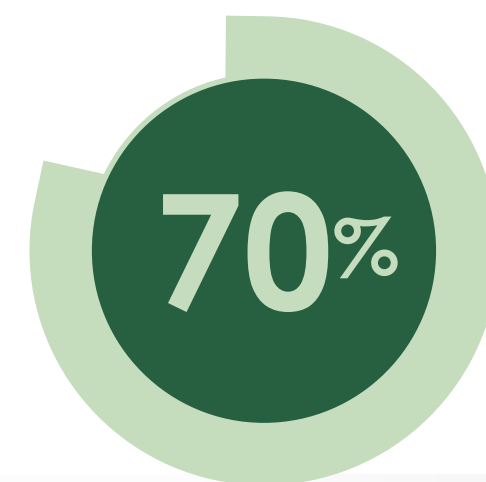
AVAILABILITY & VISIBILITY  
+17% vs 2022



INNOVATION  
MOST SIGNIFICANT IN 5+YRS



Product satisfaction:  
Extremely & very satisfied



Freshpet  
repeat rate

# WE KNOW WE HAVE TREMENDOUS OPPORTUNITY

41MM  
HH

=>  
>\$5B  
opportunity

Freshpet's TAM continues to grow, and we have a tighter focus on HIPPOHs



Consumers are thinking differently about how they nourish their pets



The pet aisle is evolving in retail to include more Freshpet fridges



Freshpet continues to push innovation to redefine pet food and lead the category

Sources: Nielsen MegaChannel Category growth % Change vs YAG L52W w/e 12/03/22, 2022 Dog Food Market Attitude & Usage Study



# OUR CONSUMER CENTRIC MODEL IS DIFFICULT TO REPLICATE: LEVERAGING KNOW-HOW, FIRST MOVER AND NOW SCALE BENEFITS

Our Fresh Food Ideology  
and Know-How

Our Broad Portfolio of  
Brands and Products

Our Innovation Continues  
to Serve New Pet Parents

Our Branded,  
Owned-Fridges

Our Scale Creates Long-  
Term Growth Benefits

Our \$1B Investment in  
Proprietary Technology,  
Processes and Infrastructure



## OPERATIONAL IMPROVEMENT PLAN

THANK YOU!

