freshpet®

# GEN Z & ~~KIDS~~ PETS

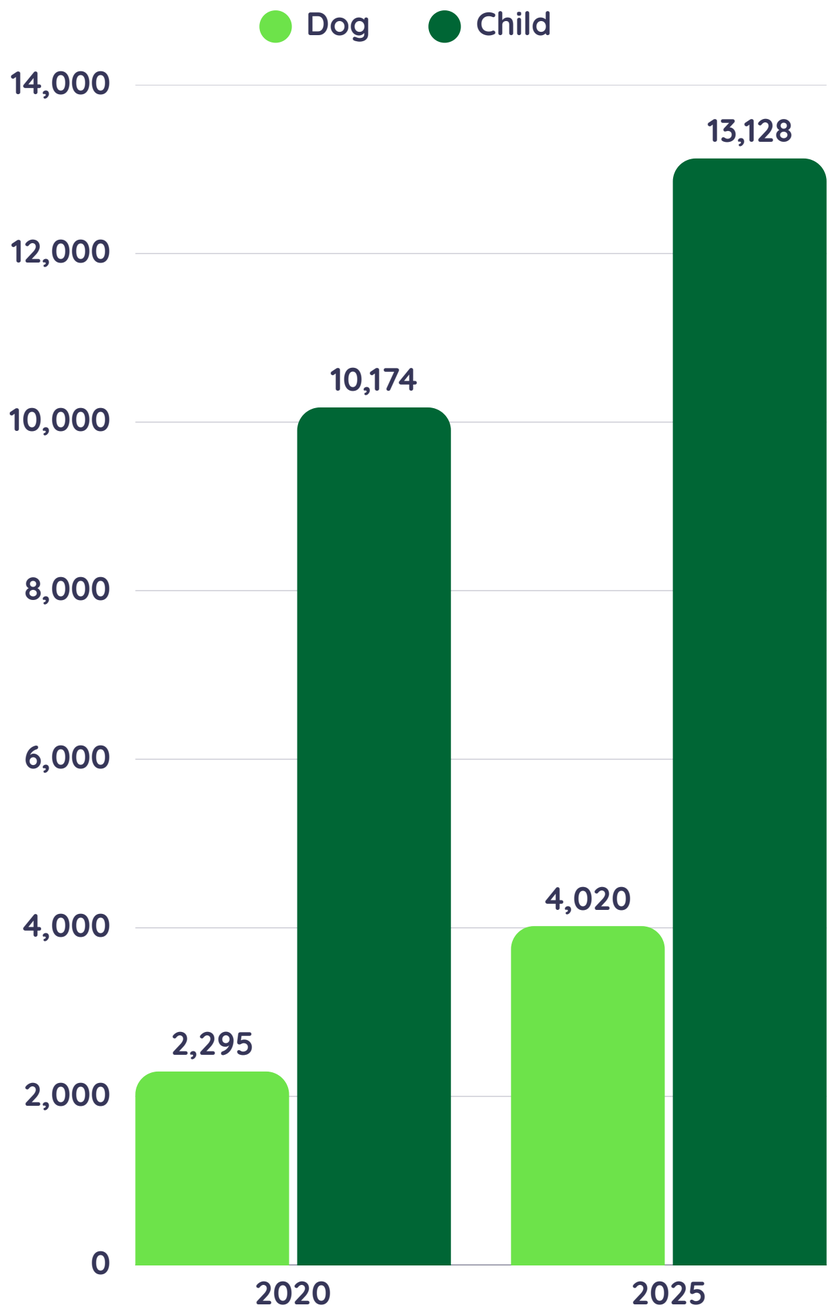


# SITUATION OVERVIEW

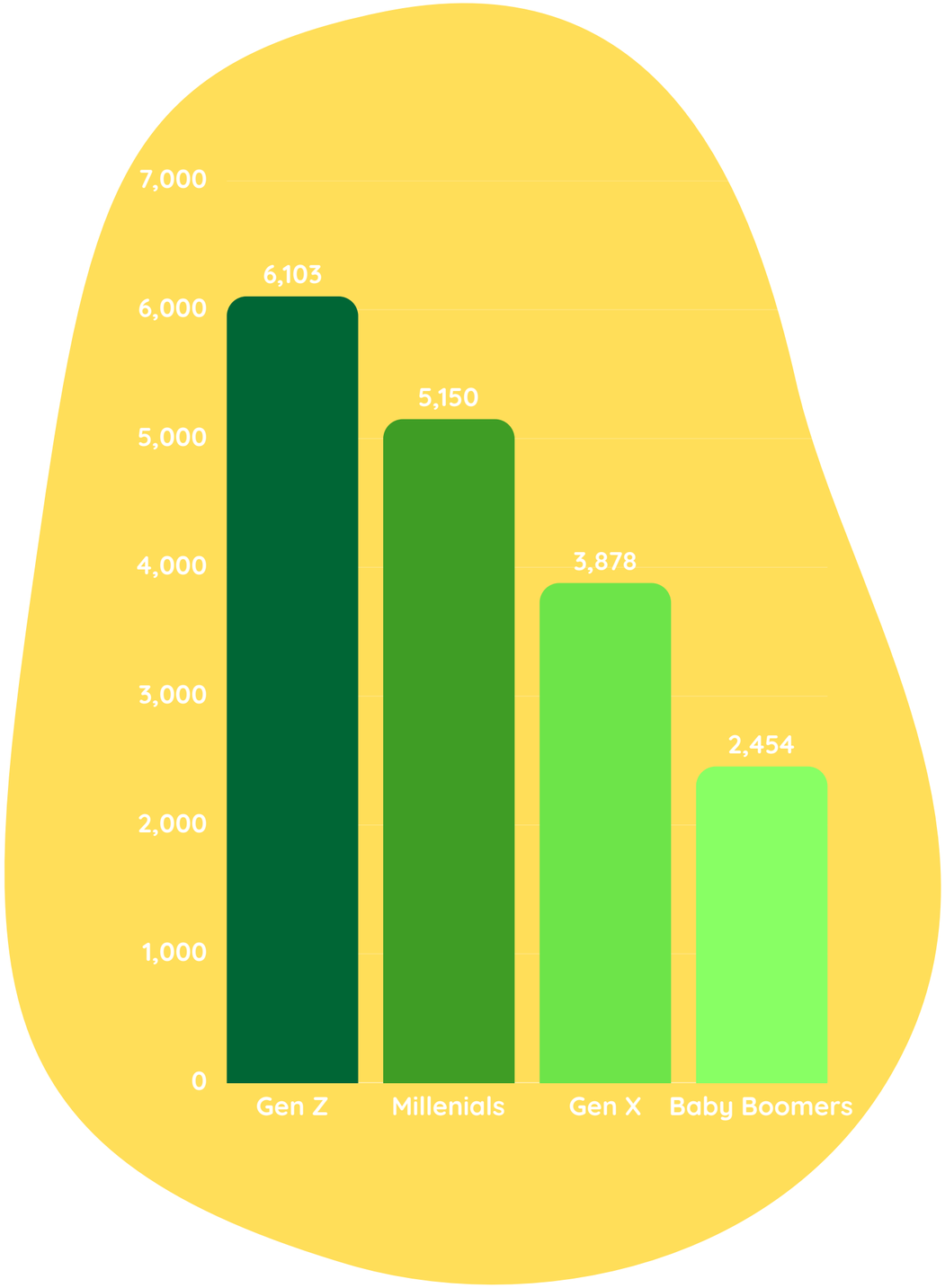
- Gen Z is redefining family by prioritizing pets as a more flexible, affordable, and emotionally fulfilling alternative.
- **7:10** Gen Z adults prefer pets over children.
- Since 2020, the U.S. pet industry has grown to **~$157B**
- About **71%** of US households own pets (**~94 million**)
- Most Gen Z consumers believe pets as **easier** to care for and **more affordable** than children.

# COST COMPARISON





# GENERATIONAL COMPARISON



# NOT ONLY ABOUT $$$



- Gen Z reports higher levels of loneliness than older generations
- **~80%** of pet owners say their pets **reduce stress and anxiety**
- **56%** of U.S. pet owners say pets improve their mental health

# PET INDUSTRY: GROWTH

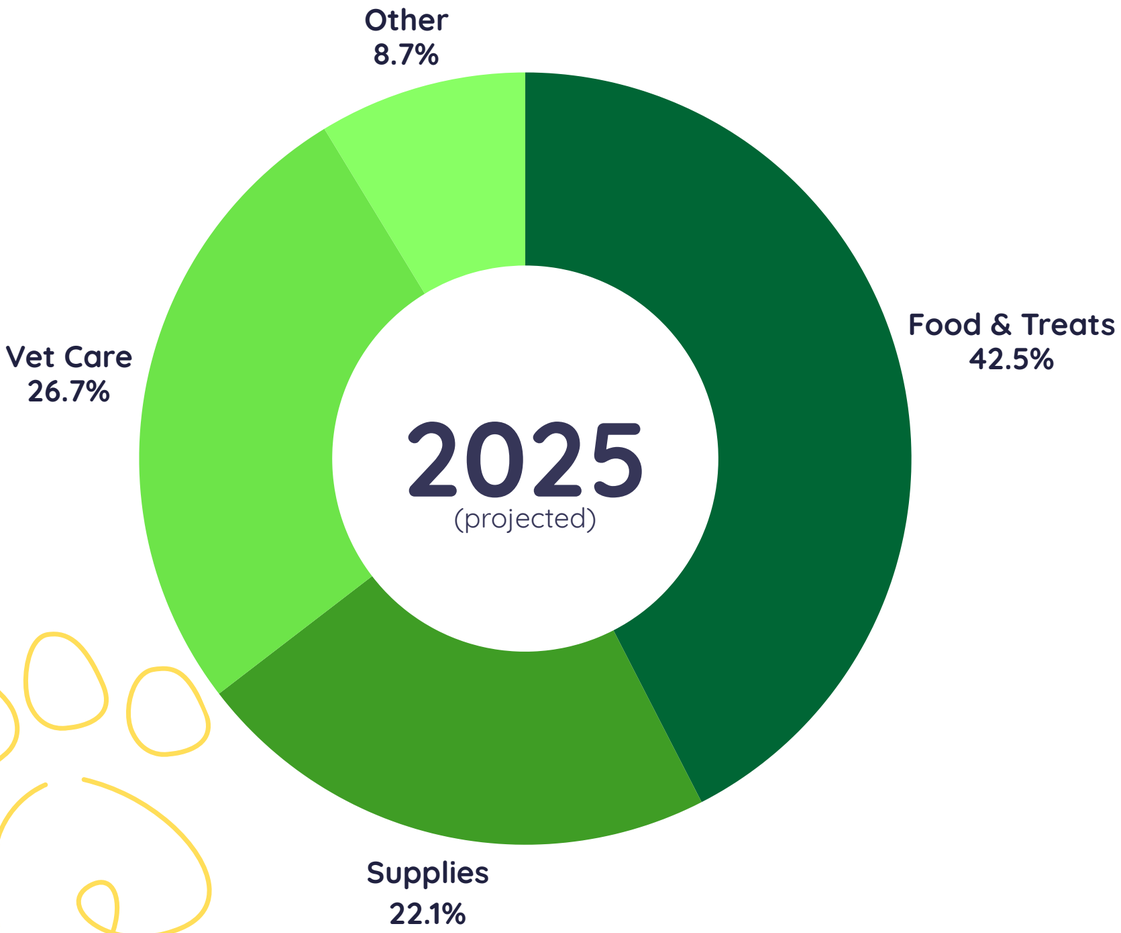
**$157B**
projected for 2025

**+51.6%**
from 2020-2025*

**≈8.6%**
average annual growth



# PET INDUSTRY: FOOD DEMAND




- Pet food is projected to account for **$67.8B** in 2025
- Growth is driven by **“pet humanization”**
- Shifting toward premium, fresh, and health-focused pet products
- Increased spending on wellness, services, and high-quality nutrition.

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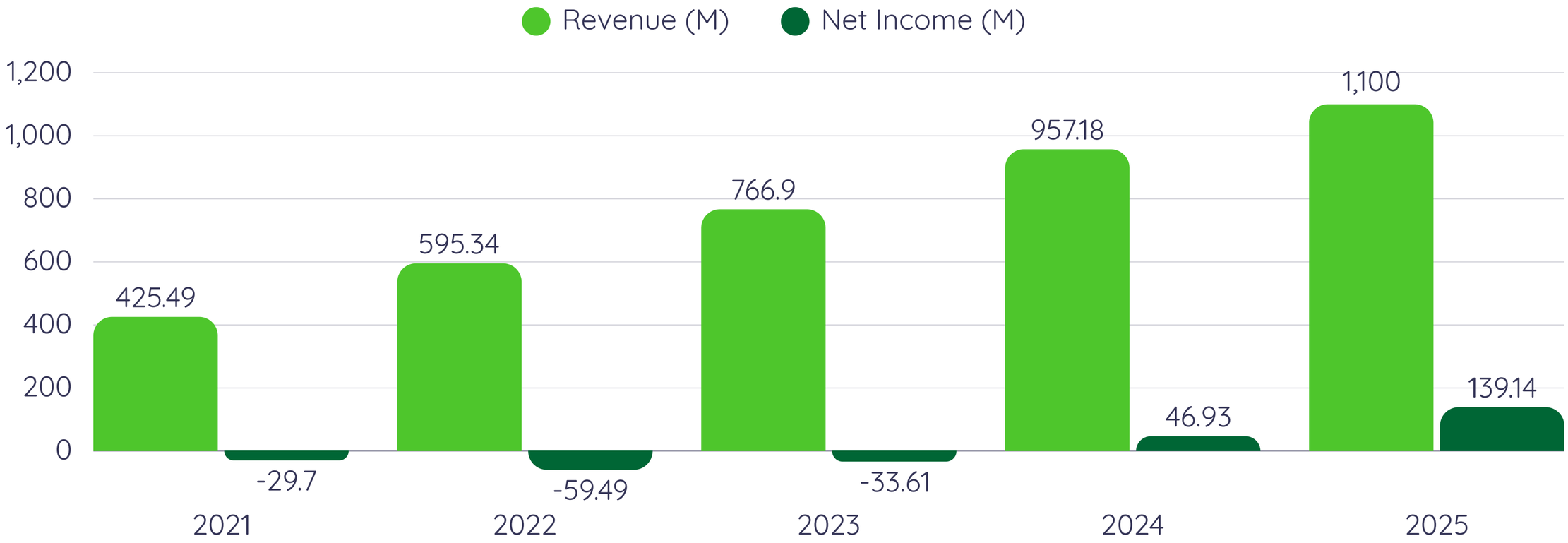

# freshpet®

**FRPT (NASDAQ)**

- Founded in 2006, Freshpet is a pet food company focused on fresh, refrigerated meals for dogs and cats.
- Positioned as a healthier alternative to traditional kibble
- Sold through branded refrigerators in +20,000 retail locations
- **Target Audience:** Premium, health-conscious pet owners who treat pets like family

# FINANCIALS

**Stock Price**: $64.54



# FINANCIALS

**$373.9 million**
total SG&A

**~34%**
of total revenue

**Marketing & advertising**
(TV, digital, social media)

**Distribution & logistics**

**Freshpet fridges**
(maintenance + depreciation

**R&D**

**+$29.2M**
increase media spending
2025

# FINANCIALS

- Growth slowdown signals **(mid-late 2025)**
- Profitability & cost concerns **(Q3-Q4 period)**
- Recent volatility **(early 2026)**



# COMPETITIVE ANALYSIS

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## FINANCIALS

- $1.1B **revenue**
- $139M **net income**
- ~40% **gross margin**
- 13% growth

## COST STRUCTURE

- Manufacturing + supply chain
- Retail distribution **(fridges)**
- **High SG&A**

## STRATEGY

- Focus on profitability
- Improving margins
- Leveraging retail presence

The Farmer's Dog

## FINANCIALS

- ~$1B+ **revenue** (est.)
- Not publicly profitable
- **High growth** (est.)
- Subscription-based model

## COST STRUCTURE

- High customer acquisition cost
- Digital marketing heavy
- Logistics + home delivery

## STRATEGY

- Focus on expansion
- Subscription revenue
- Prioritizing long-term value

# FINANCIAL COMMUNICATION

"our team demonstrated tremendous agility – delivering growth well in excess of the dog food category… our marketing model to drive household penetration growth and we are building momentum"




- Emphasizes **strong revenue growth** and **category expansion**
  - increasing household penetration
  - expansion of retail distribution
  - improving gross margins **(~40%)** and profitability
- Frames **high costs** as strategic investments for **long-term growth**
- Maintains a confident, long-term, growth-oriented tone



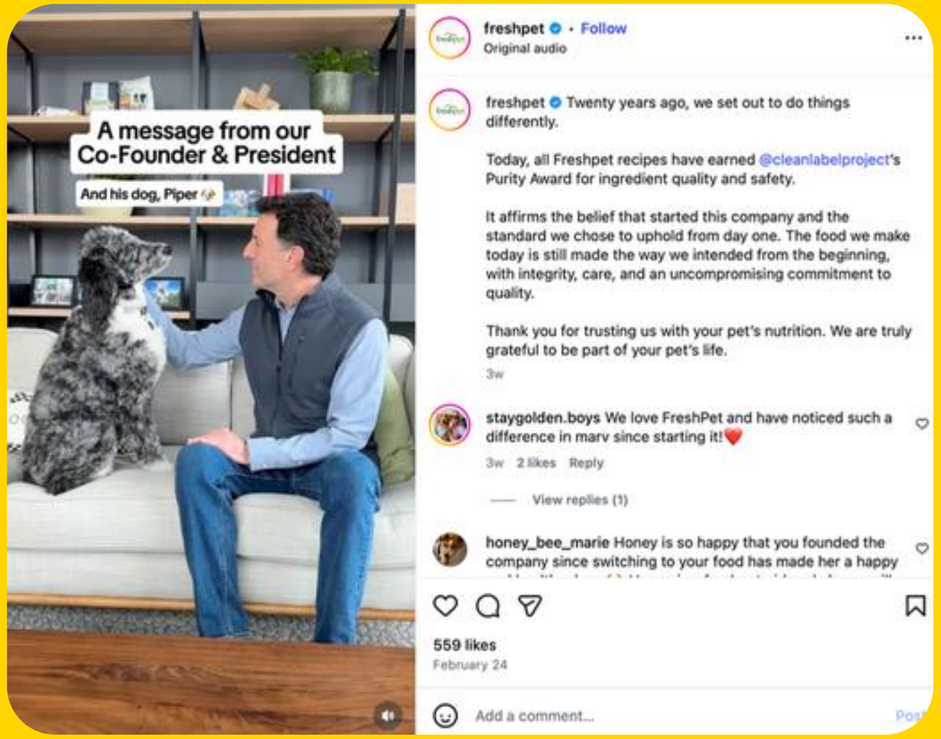

# WHAT THE MEDIA SAYS....

Shifting from excitement around Freshpet's growth to increased scrutiny of its ability to sustain profitability and compete in a more crowded market.

- **Growth deceleration (~27% → ~13%) is raising investor concerns**
- **Rising competition: big companies entering fresh category**
- **Analysts still see long-term growth potential in fresh pet food**

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# BRAND ACTION




education + visibility + premium positioning

**Product Line Extensions**

**Product Education Strategy**

**Increased Marketing Investment**

**30,000+ fridges installed in retail stores**

# RECOMMENDATIONS




- Combine emotional storytelling with clear product benefits
- Shift from **Awareness** to **Conversion**
- Leverage Social Media for Trust & Proof
- Increase presence in business media and industry publications