

April 2, 2026

## VALUATION

Current Price	\$2.85
52 Week Range	\$2.00-6.08
Market Cap (\$-Mn)	45.5
Shares Out. (Mn)	15.97
Float	43.5%
Avg. 3-Month Vol. (Mn.)	0.01
NTM P/Sales	1.52x

Source: TIKR. NTM multiple based on midpoint of 2026 revenue guidance of \$28-\$32 million.

## FINANCIAL SUMMARY

2025 Sales (\$Mn)	14.2
2026E Sales (\$Mn)	30.0
2026E Adj. EBITDA (\$Mn)	3.5

Source: Company Filings. 2026E revenue based on midpoint of guidance of \$28-\$32 million. 2026E Adj. EBITDA based on midpoint of guidance of \$3.2-\$3.8 million.

## STOCK PRICE PERFORMANCE



Source: TIKR

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## Barfresh Food Group, Inc. (BRFH)

### Vertical Integration Unlocks Next Phase of Growth. Positioned for Accelerated Growth and Potential Re-Rating.

#### ■ Key Takeaways:

- Record 4Q25 revenue of \$5.4 million (+94% y/y) underscores structural inflection as vertical integration removes prior supply constraints. Arps acquisition drives ~90% in-house production, improving supply control.
- Customer recovery is accelerating, while the 7-year Nevada win reinforces momentum in the underpenetrated K-12 channel.
- 2026 guidance of \$28-32M revenue and \$3.2-3.8M EBITDA reflects transition year, with back-half weighted growth and margin recovery.
- At ~\$45 million market cap (~1.5x 2026E sales), valuation does not reflect capacity-driven growth, EBITDA inflection, or long-term \$200 million+ revenue potential, supporting rerating potential.

#### ■ Record quarter underscores structural inflection as BRFH transitions from a supply-constrained, outsourced model to a vertically integrated platform following the acquisition of Arps Dairy.

4Q25 results marked a step-change in growth for BRFH, with revenue increasing 94% y/y to \$5.4 million (vs. \$2.8 million in the prior year period), while 2025 revenue reached a record \$14.2 million (+33% y/y vs. \$10.7 million in 2024), driven primarily by the inclusion of ~\$2.9 million contribution from the recently acquired Arps Dairy business alongside improved supply availability into the back half of the year. This growth is expected to continue, with management guiding to 1Q26 revenue of \$5.0-5.2 million and 2026 revenue of \$28-32 million. Importantly, management noted that underlying legacy Barfresh growth remained constrained throughout 2025 due to prior co-manufacturing limitations, reinforcing that the reported growth step-up is not purely demand-driven but rather a function of supply normalization. Improved supply in the back half enabled customer reintroductions and reorder normalization, supporting a more sustained revenue ramp as constraints ease.

- **Profitability reflects the transitional nature of the model shift.** 4Q25 gross margin declined to ~3% (vs. 26% in 4Q24) and 2025 gross margin fell to ~22% (vs. 34% y/y), driven by startup costs, production transition, and the inclusion of lower-margin legacy dairy operations. Adjusted EBITDA was a loss of ~\$1.1 million in 4Q25 (vs. -\$0.6 million in the prior year) and ~\$2.1 million for 2025, reflecting integration costs and the initial ramp of internal manufacturing.
- **Operating expenses remained relatively controlled**, reflecting disciplined cost management despite ongoing scale-up. Selling, marketing and distribution expenses for 2025 came in at \$3.2 million (vs. \$3.1 million in 2024), while G&A expenses were \$3.2 million (vs. \$3.0 million). The modest increase across both cost lines suggests controlled overhead growth even as the company navigated integration efforts and prepared for capacity expansion. Net loss for 4Q25 improved to \$0.76 million (vs. \$0.85 million y/y), while 2025 net loss narrowed to \$2.7 million from \$2.8 million a year ago, indicating gradual progress toward profitability even as the company continues to invest in scaling operations.

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- **Arps Dairy acquisition enables ~90% in-house production, removing supply constraints and positioning BRFH for scale.** The acquisition of Arps Dairy represents a fundamental shift in BRFH's operating model, transitioning from a fragmented co-manufacturing structure to a vertically integrated platform with direct control over production, logistics, and capacity planning. This acquisition brought an operational 15,000 square foot processing facility, where production commenced immediately, along with a 44,000 square foot state-of-the-art manufacturing facility in Defiance, Ohio, significantly expanding the company's internal capacity footprint. Management highlighted that ~90% of revenue is now produced internally, enabling fulfillment of orders that were previously unattainable under third-party constraints. Operationally, this transition addresses the primary bottleneck that historically limited growth, namely inconsistent supply availability that constrained revenue conversion despite underlying demand. In 2025, supply disruptions led to lost customers, missed orders, and constrained channel expansion. By contrast, the current model enables both customer re-engagement and proactive pipeline expansion.
  - **Customer recovery and large district win reinforce demand visibility in core K-12 channel.** A central focus in 4Q25 was rebuilding relationships with previously lost customers following supply disruptions earlier in the year, resulting in meaningful reintroductions as supply reliability improved. Given prior product adoption and existing procurement relationships, these reactivated accounts represent high-probability revenue with lower acquisition friction. Alongside customer recovery, BRFH continues to demonstrate traction in new customer acquisition, highlighted by the successful securing of a 7-year contract win with the largest school district in Nevada (serving >300,000 students), representing one of the largest district wins in the company's history. This win validates both product-market fit and improved supply credibility, particularly given that large district procurement decisions are highly sensitive to reliability and execution consistency.
    - Despite wins at this scale, overall penetration in the education channel remains only ~5%, underscoring substantial runway for growth both within existing districts and across new opportunities. Expansion within currently served districts remains a key driver, supported by multi-site rollout and daypart expansion through products such as Pop & Go.
    - With manufacturing capacity now in place, the company is transitioning from a protect base business stance to a more proactive go-to-market approach, targeting both deeper penetration within K-12 and expansion into adjacent channels such as foodservice, retail, and petrol & convenience. While this shift reflects increased commercial activity, revenue contribution from newly acquired accounts is expected to build progressively, with a more meaningful impact on growth likely into FY27 as capacity constraints fully ease and pipeline conversion improves.
  - **Growth outlook is supported by structural drivers that position BRFH for scalable expansion, led by manufacturing control and significant capacity upside.** First, the acquisition of Arps Dairy provides direct control over production, improving operational efficiency, supply reliability, and enabling faster innovation and product scaling. Second, upon completion of the facility expansion, BRFH is expected to have capacity to support over \$200 million in annual revenue, representing a step-change in production capability. The enhanced infrastructure and optimized layout are expected to drive efficiencies, support margin expansion, and provide the foundation for sustained growth. Third, BRFH remains in the early stages of penetrating the K-12 channel, with recent large district wins signaling strengthening momentum and a long runway for growth. Finally, beyond core product lines, the expanded facility enables both internal product expansion and third-party co-manufacturing, creating incremental, diversified revenue streams.
    - **Manufacturing transition underpins near-term stability and long-term scalability, with capacity expansion central to the growth outlook.** Current operations are supported by an older facility which, while not optimal, is sufficient to meet near-term demand and maintain customer supply, reinforcing the importance of the Arps Dairy acquisition. Looking ahead, the new facility (expected online later in 2026) will provide fully built-out infrastructure, enabling incremental capacity on existing lines as well as flexibility to add new production lines over time. This positions BRFH to scale both its core product portfolio and new offerings while supporting a broader revenue mix. 2026 is expected to be a stabilization year, with growth driven by customer recovery and incremental wins, setting the stage for a more meaningful inflection in FY27 as operational efficiencies improve and capacity utilization ramps.
  - **2026 expected to be a transition year with hockey-stick growth (back-half weighted) and margin recovery.** Management updated FY26 guidance to \$28-32 million in revenue representing +97-125% y/y growth, reflecting a more conservative ramp due to extended facility completion timelines now expected by 4Q26. Quarterly cadence is

expected to be back-half weighted, with 1Q26 revenue guided to \$5.0-5.2 million, reflecting the updated equipment timeline.

- 2Q has historically been a weaker quarter for the legacy Barfresh business due to school seasonality; however, the inclusion of Arps introduces a counter-seasonal revenue stream through ice cream mix, supporting a higher-than-normal 2Q revenue base. This dynamic carries into 3Q, which remains the company’s strongest quarter, now benefiting from both peak Barfresh demand and continued contribution from Arps. As a result, the combined business mix provides improved revenue continuity and supports a more visible back-half ramp driven by seasonality and incremental contribution from new account wins.
- **EBITDA inflection expected in 2026, marking a transition to sustained profitability.** Adjusted EBITDA is guided to be in the \$3.2–3.8 million range in 2026, implying a material swing from 2025 losses and an EBITDA margin of ~11–12% at the midpoint, with expansion weighted to 2H26. The guidance also contemplates EBITDA breakeven at a quarterly level, reflecting underlying seasonality and the ongoing ramp of the business as it scales.

Chart 1: BRFH – Quarterly Revenue

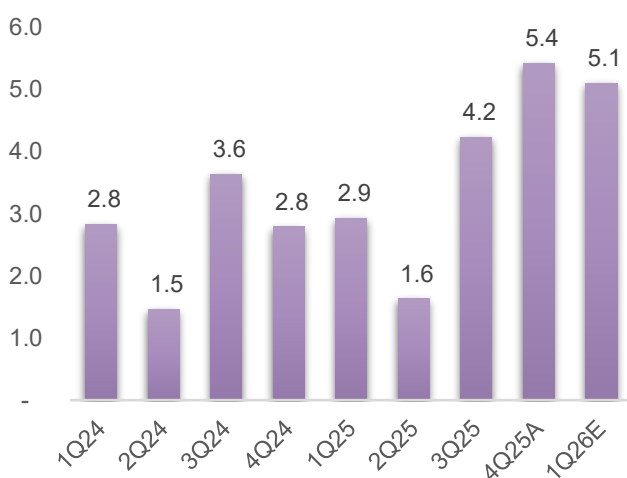
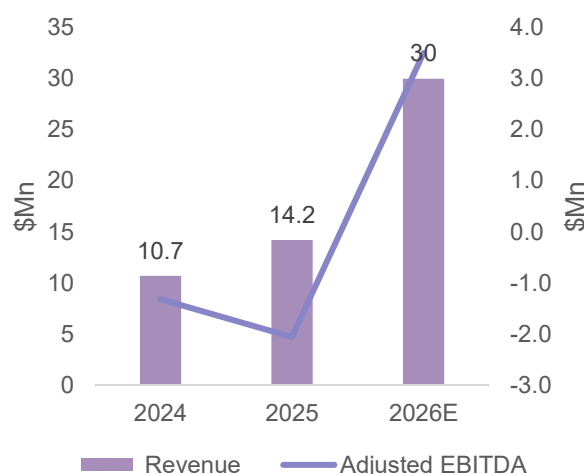


Chart 2: BRFH – Annual Revenue and EBITDA



Source: Exec Edge Research, Company Filings. 1Q26E based on midpoint of Management Guidance of \$5-\$5.2 million. 2026E annual revenue based on midpoint of Management Guidance of \$28-\$32 million. 2026E Adjusted EBITDA based on midpoint of Management Guidance of \$3.2-\$3.8 million.

- **Illustrative 2027 outlook highlights significant operating leverage potential, driven by new customer opportunities.** Based on illustrative figures presented in BRFH’s investor presentation (not to be interpreted as formal guidance), management outlined a potential pathway to ~\$70 million in revenue by 2027 (vs. ~\$28-32 million base in 2026), driven by ~\$40 million+ incremental contribution from new customer opportunities currently under discussion. This potential is contingent on conversion of current discussions and incremental capital deployment to support capacity expansion.
  - On profitability, illustrative adjusted EBITDA could scale to ~\$14.5-16.5 million in 2027 (vs. ~\$3.2-3.8 million base), supported by ~\$11 million in incremental EBITDA from these opportunities. These assumptions are underpinned by strong inbound interest from large, branded customers amid constrained U.S. dairy manufacturing capacity, as well as the company’s expanded production footprint, which could support up to ~\$250 million in long-term revenue capacity, highlighting substantial operating leverage as utilization ramps.
- **Financing and grant support enhance flexibility while accelerating manufacturing build-out and capacity expansion.** Working capital dynamics reflect the transition to a capacity-enabled model, with inventory increasing to ~\$1.7 million at year-end 2025 (vs. ~\$1.1 million in 3Q25), supporting improved service levels and seasonal demand fulfillment. Cash and receivables totaled ~\$2.3 million at year-end 2025. In March 2026, BRFH secured a \$7.5 million senior convertible note, enabling repayment of the mortgage on its Defiance facility and full ownership of the manufacturing plant. The financing also accelerates construction timelines, positioning the company to transition into the enhanced facility by end-2026. Additionally, a \$2.4 million government grant will support the installation of specialized equipment required for full-scale production, further enhancing capacity and scalability.

## Attractive Valuation with Scope for Re-Rating as Growth Accelerates

- **Our analysis shows that the BRFH stock has upside potential from current levels.** The following analysis is illustrative in nature and does not constitute a price target or investment recommendation. We assess valuation using a combination of absolute (time-series) and relative (peer-based) approaches to frame potential re-rating as growth and profitability improve.
- **BRFH currently trades at a discount to both its historical trading range and relevant peers, despite evidence of a profitability inflection and a step-change in revenue growth.** Based on management guidance, BRFH is positioned to deliver ~111% topline growth (at the midpoint of guidance) alongside a profitability inflection, with up to \$3.5 million of adjusted EBITDA expected in 2026E. This outlook is driven by improved supply reliability, reactivation of education accounts, and incremental daypart expansion – dynamics not reflected in the current multiple. At present, BRFH trades at 1.52x NTM P/S (based on 2026E sales of \$30.0 million), representing a ~36.7% discount to its one-year mean of 2.4x and well below its one-year peak multiple of 3.92x.
  - **Applying a 3.3x P/S multiple (conservative relative to the one-year peak) to BRFH's 2026E revenue estimate implies a meaningfully higher implied equity value (~\$6.2/share) versus the current share price.** Importantly, this does not require premium multiple expansion, only a reversion toward prior levels as revenue growth accelerates.
  - **Relative to peers, BRFH trades at 1.52x NTM P/Sales versus a peer average of 1.80x, despite a strong forward growth profile.** We believe this discount is increasingly difficult to justify as BRFH demonstrates sustained reorder cadence in education, benefits from SKU-level compliance dynamics that support retention, and establishes a clearer margin trajectory as Arps ramps and transition costs normalize.
- **We believe re-rating may be driven by execution consistency,** including consecutive quarters of revenue growth, stable gross margins through the manufacturing transition, positive adjusted EBITDA, and demonstrated consistency in supply and fulfillment as the company scales its integrated production model. As these milestones are met, we see scope for BRFH's valuation to converge toward historical and peer benchmarks.

### Chart 3: Valuation Analysis Based on P/Sales Multiple

P/S Analysis	
FY26E Sales (\$Mn)	30.0
P/S Multiple (x)	3.3
Market Cap (\$ Mn)	99.0
Shares Outstanding (Mn)	16.0
<b>Price/share (\$)</b>	<b>6.2</b>
Current Price (\$)	2.85
<b>Upside Potential</b>	<b>118%</b>

Source: Exec Edge Research. 2026E annual revenue based on midpoint of Management Guidance of \$28-\$32 million. Data as of 4/1/26 close.

### Chart 4: Trading Comps – BRFH vs. Peers

Ticker	Peer Companies	Mcap (\$Mn)	NTM P/S
<b>BRFH</b>	<b>Barfresh Food Group Inc</b>	<b>45.5</b>	<b>1.52</b>
KDP	Keurig Dr Pepper Inc	34,904.1	1.34
COKE	Coca-Cola Consolidated	13,380.1	2.24
PRMB	Primo Brands Corp	6,353.2	1.02
CELH	Celsius Holdings Inc	8,822.0	2.60
	<b>Average</b>	<b>15,864.8</b>	<b>1.80</b>
	<i>BRFH's Multiple vs. Peer Average</i>		-15.7%

Source: Exec Edge Research. BRFH's 2026E annual revenue based on midpoint of Management Guidance of \$28-\$32 million. Data as of 4/1/26 close.

## Chart 5: BRFH – Financial Snapshot

Income Statement (\$)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2023	2024	2025
<b>Revenue</b>	2,829,000	1,464,000	3,637,000	2,787,000	2,930,000	1,825,000	4,231,000	5,422,000	8,127,000	10,717,000	14,208,000
Cost of revenue	1,659,000	955,000	2,377,000	2,058,000	2,030,000	1,119,000	2,679,000	5,266,000	5,243,000	7,049,000	11,094,000
Gross profit	1,170,000	509,000	1,260,000	729,000	900,000	506,000	1,552,000	156,000	2,884,000	3,668,000	3,114,000
Operating expenses:											
Selling, marketing and distribution	694,000	583,000	990,000	872,000	824,000	634,000	941,000	801,000	2,614,000	3,139,000	3,200,000
General and administrative	855,000	865,000	705,000	618,000	747,000	673,000	844,000	922,000	2,686,000	3,043,000	3,186,000
Depreciation and amortization	67,000	66,000	65,000	85,000	74,000	75,000	36,000	70,000	400,000	283,000	255,000
<b>Total operating expenses</b>	<b>1,616,000</b>	<b>1,514,000</b>	<b>1,760,000</b>	<b>1,551,000</b>	<b>1,638,000</b>	<b>1,374,000</b>	<b>1,812,000</b>	<b>1,793,000</b>	<b>5,700,000</b>	<b>6,441,000</b>	<b>6,617,000</b>
<b>Loss from operations</b>	<b>(446,000)</b>	<b>(1,005,000)</b>	<b>(500,000)</b>	<b>(822,000)</b>	<b>(738,000)</b>	<b>(868,000)</b>	<b>(260,000)</b>	<b>(1,637,000)</b>	<b>(2,816,000)</b>	<b>(2,773,000)</b>	<b>(3,503,000)</b>
Interest expense	3,000	6,000	13,000	30,000	23,000	12,000	30,000	152,000	8,000	52,000	217,000
Income tax benefit	-	-	-	-	-	-	-	(285,000)	-	-	(285,000)
<b>Net loss</b>	<b>(449,000)</b>	<b>(1,011,000)</b>	<b>(513,000)</b>	<b>(852,000)</b>	<b>(761,000)</b>	<b>(880,000)</b>	<b>(290,000)</b>	<b>(763,000)</b>	<b>(2,824,000)</b>	<b>(2,825,000)</b>	<b>(2,694,000)</b>

Source: Exec Edge Research, Company Filings. Note: BRFH has published select financials as part of its 4Q25 earnings update. 10k/full year financial statements are currently expected to be filed by April 15, 2026.

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