UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 4, 2026

FRESHPET, INC.
(Exact name of Registrant as Specified in Its Charter)

Delaware	**001-36729**	**20-1884894**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**
1450 US-206, Bedminster, New Jersey		**07921**
(Address of Principal Executive Offices)		**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (201) 520-4000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	FRPT	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On November 4, 2026, Freshpet, Inc. ("Freshpet") issued a press release disclosing its financial results for the quarter ended September 30, 2026. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

As previously announced, Freshpet held a conference call at 8:00 a.m., Eastern Time, on Wednesday, November 4, 2026, to discuss its financial results for the quarter ended September 30, 2026.

Freshpet references non-GAAP financial information in the press release and makes similar references in the transcript to the conference call. A reconciliation of these non-GAAP financial measures to the nearest comparable GAAP financial measures is contained in the attached Exhibit 99.1 press release.

Item 7.01. Regulation FD Disclosure.

On November 4, 2026, Freshpet published to the investor relations section of its website a presentation which will be used by Freshpet's management team in meetings with analysts and stockholders. A copy of the presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information furnished with Item 2.02 and this Item 7.01, including Exhibits 99.1 and 99.2, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("the Exchange Act") or incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Freshpet uses the "Investors" section of its website (*investors.freshpet.com*) as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	**Description**
99.1	Press Release, dated November 4, 2026
99.2	Investors Presentation
99.3	Earnings Call Transcript
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FRESHPET, INC.

Date: November 4, 2026

By: /s/ John G. O'Connor
Name: John G. O'Connor
Title: Chief Financial Officer

freshpet

Freshpet, Inc. Reports Third Quarter 2026 Financial Results

Delivers 10% Net Sales Growth
Achieves Gross Margin of 45% and Adjusted Gross Margin of 50%
Raises and Narrows 2026 Outlook

Bedminster, N.J. – November 4, 2026 – Freshpet, Inc. ("Freshpet" or the "Company") (Nasdaq: FRPT) today reported financial results for its third quarter and nine months ended September 30, 2026.

Third Quarter 2026 Financial Highlights Compared to Prior Year Period

- Net sales of $317.8 million, an increase of 10.0%.
- Gross margin of 44.5%, compared to the prior year period of 39.5%.
- Adjusted Gross Margin of 50.0%, compared to the prior year period of 46.0%.[1]
- Net income of $29.7 million, compared to the prior year period net income of $101.7 million, which included a discrete $77.9 million tax benefit as a result of sustained profitability.
- Adjusted EBITDA of $64.5 million, or 20.3% as a percentage of net sales, compared to the prior year period of $54.6 million, or 18.9% as a percentage of net sales.[1]

"Our third quarter results demonstrate the strength and durability of the Freshpet business model. In a challenging consumer and intense competitive environment, we delivered double-digit net sales growth, expanded margins and achieved our strongest Adjusted Gross Margin in more than seven years, while continuing to grow market share," commented Billy Cyr, Freshpet's Chief Executive Officer. "We are executing well against the priorities within our control and strengthening the competitive advantages that differentiate Freshpet, including the quality of our products, our manufacturing scale and expertise, our expanding omnichannel presence and our growing franchise of highly loyal pet parents. We believe these advantages provide a strong foundation to deliver sustainable, profitable growth, capture a meaningful share of the long-term opportunity in fresh pet food and fulfill our mission to help pets live longer, happier and healthier lives with the people who love them."

Third Quarter 2026

Net sales increased 10.0% to $317.8 million for the third quarter of 2026, compared to $288.8 million in the prior year period. The increase in net sales was primarily driven by volume gains of 10.0%.

Gross profit was $141.3 million, or 44.5% as a percentage of net sales, for the third quarter of 2026, compared to $114.2 million, or 39.5% as a percentage of net sales, in the prior year period. Gross profit as a percentage of net sales increased primarily due to improved leverage on plant expenses, reduced quality costs and lower input costs. For the third quarter of 2026, Adjusted Gross Profit was $158.8 million, or 50.0% as a percentage of net sales, compared to $132.8 million, or 46.0% as a percentage of net sales, in the prior year period.[1]

Selling, general and administrative expenses ("SG&A") were $106.2 million, or 33.4% as a percentage of net sales, for the third quarter of 2026, compared to $89.3 million, or 30.9% as a percentage of net sales, in the prior year period. SG&A as a percentage of net sales increased primarily due to increased logistics costs and variable compensation accrual, partially offset by decreased media spend as a percentage of net sales. Adjusted SG&A for the third quarter of 2026 was $94.2 million, or 29.6% as a percentage of net sales, compared to $78.2 million, or 27.1% as a percentage of net sales, in the prior year period.[1]

[1] Adjusted Gross Margin, Adjusted Gross Profit, Adjusted SG&A, Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. See "Non-GAAP Measures" for how the Company defines these measures and the financial tables that accompany this release for reconciliations of these measures to the closest comparable GAAP measures.

Net income was $29.7 million for the third quarter of 2026 compared to $101.7 million in the prior year period. The decrease in net income was due to the $77.9 million deferred income tax benefit recognized in the prior year period as a result of the release of the majority of the valuation allowance, compared to income tax expense in the current year period, and increases in SG&A, partially offset by contributions from higher sales.

Adjusted EBITDA was $64.5 million for the third quarter of 2026 compared to $54.6 million in the prior year period. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit, partially offset by higher Adjusted SG&A.

First Nine Months of 2026

Net sales increased 12.8% to $921.1 million for the first nine months of 2026, compared to $816.8 million in the prior year period. The increase in net sales was primarily driven by volume gains of 13.3%, partially offset by unfavorable price/mix of 0.5%.

Gross profit was $390.7 million, or 42.4% as a percentage of net sales, for the first nine months of 2026, compared to $326.2 million, or 39.9% as a percentage of net sales, in the prior year period. Gross profit as a percentage of net sales increased primarily due to improved leverage on plant expenses and lower input costs. For the first nine months of 2026, Adjusted Gross Profit was $446.8 million, or 48.5% as a percentage of net sales, compared to $377.1 million, or 46.2% as a percentage of net sales, in the prior year period.[1]

SG&A were $329.5 million, or 35.8% as a percentage of net sales, for the first nine months of 2026, compared to $295.0 million, or 36.1% as a percentage of net sales, in the prior year period. SG&A as a percentage of net sales decreased primarily due to a decrease in non-recurring charges compared to 2025, partially offset by increased logistics costs and variable compensation accrual. Adjusted SG&A for the first nine months of 2026 was $291.9 million, or 31.7% as a percentage of net sales, compared to $242.5 million, or 29.7% as a percentage of net sales, in the prior year period.

Net income was $97.7 million for the first nine months of 2026 compared to $105.3 million in the prior year period. The decrease in net income was due to the $77.9 million deferred income tax benefit recognized in the prior year period, compared to income tax expense in the current year period, and increased logistics costs and variable compensation accrual, partially offset by the $66.6 million gain on equity investment, contributions from higher sales, and decreased non-recurring SG&A charges.

Adjusted EBITDA was $154.6 million for the first nine months of 2026 compared to $134.5 million in the prior year period. The increase in Adjusted EBITDA was a result of increased Adjusted Gross Profit, partially offset by higher Adjusted SG&A.

Balance Sheet

As of September 30, 2026, the Company had cash and cash equivalents of $345.9 million with $399.0 million of debt outstanding, net of $3.5 million of unamortized debt issuance costs. Cash and cash equivalents increased $67.9 million compared to $278.0 million as of December 31, 2025, primarily as a result of the $100.0 million of cash proceeds received from the sale of our equity investment and $65.3 million of Free Cash Flow, partially offset by $102.3 million of share repurchases pursuant to the previously announced share repurchase program. For the nine months ended September 30, 2026, cash from operations was $145.5 million, an increase of $40.1 million compared to the prior year period.

Outlook

For full year 2026, the Company is updating its guidance and now expects the following:

- Net sales growth in the range of 12% to 13%, compared to growth of 10% to 12% in the previous guidance;
- Adjusted EBITDA in the range of $215 million to $220 million, compared to $210 million to $220 million in the previous guidance; and
- Positive Free Cash Flow with capital expenditures between $125 to $150 million, compared to ~$150 million in the previous guidance.

The Company is reiterating its long-term guidance. For full year 2027, the Company expects:

- Net sales well in excess of the category growth rate, unchanged;
- Adjusted Gross Margin of at least 49%, unchanged; and
- Adjusted EBITDA margin in the range of 20% to 22%, unchanged.

The Company does not provide guidance for net income, the U.S. GAAP measure most directly comparable to Adjusted EBITDA, and similarly cannot provide a reconciliation between its forecasted Adjusted EBITDA and net income metrics without unreasonable effort due to the unavailability of reliable estimates for certain components of net income and the respective reconciliations, including the timing of and amount of costs of goods sold and selling, general and administrative expenses. These items are not within the Company's control and may vary greatly between periods and could significantly impact future results.

Conference Call & Earnings Presentation Webcast Information
As previously announced, today, November 4, 2026, the Company will host a conference call beginning at 8:00 a.m. Eastern Time with members of its leadership team. The conference call webcast will be available live over the Internet through the "Investors" section of the Company's website at www.freshpet.com. To participate on the live call, listeners in North America may dial (833) 862-0560 and international listeners may dial (412) 634-6361; the passcode is 10212310.

About Freshpet
Freshpet's mission is to help dogs and cats live longer, happier, healthier lives with the people who love them. Developed by on-staff Veterinary Nutritionists, Veterinarians and Food Scientists, recipes are made from whole ingredients, like fresh meats, vegetables and fruits, and are cooked in small batches at lower temperatures to preserve their natural goodness and made at our Freshpet Kitchens. Freshpet foods and treats are kept refrigerated until they arrive at Freshpet Fridges in local markets or delivered directly to consumers.

Freshpet is available in select grocery, mass, digital, pet specialty, and club retailers across the United States, Canada and Europe, as well as online in the U.S. From the care they take to source their ingredients and make their food, to the moment it reaches your home, Freshpet's commitment to integrity, transparency and social responsibility is a point of pride.

Forward Looking Statements
Certain statements in this press release 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 include statements regarding our belief in executing against our priorities, full year 2026 guidance and 2027 financial targets. 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, but not limited to, those identified in connection with such statements, the implementation of our new technologies in the time frame, at the rate, at the cost, or with anticipated efficiencies and impact on product quality we expect, economic uncertainty, changes in rates of pet acquisition, the launch of competitive products at higher quality or less cost, impact of tariffs, fuel, energy and ingredient pricing, effectiveness of media campaigns, success rate of new chillers, organizational changes, our ability to attract and retain talent and most prominently, the risks discussed under the heading "Risk Factors" in the Company's latest annual report on Form 10-K and in 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 release. 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 Financial Measures

Freshpet uses the following non-GAAP financial measures in its financial communications. These non-GAAP financial measures should be considered as supplements to the U.S. GAAP reported measures, should not be considered replacements for, or superior to, the U.S. GAAP measures and may not be comparable to similarly named measures used by other companies. Such financial measures are not financial measures prepared in accordance with U.S. GAAP.

- Adjusted Gross Profit
- Adjusted Gross Profit as a percentage of net sales (Adjusted Gross Margin)
- Adjusted SG&A Expenses
- Adjusted SG&A Expenses as a percentage of net sales
- EBITDA
- Adjusted EBITDA

- Adjusted EBITDA as a percentage of net sales (Adjusted EBITDA Margin)
- Free Cash Flow

Adjusted Gross Profit: Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, non-cash share-based compensation and loss on disposal of manufacturing equipment.

Adjusted SG&A Expenses: Freshpet defines Adjusted SG&A as SG&A expenses before depreciation and amortization expense, non-cash share-based compensation, loss on disposal of equipment, distributor transition costs, legal obligation and international business charges.

EBITDA and Adjusted EBITDA: EBITDA represents net income plus depreciation and amortization expense, interest expense net of interest income and income tax expense (benefit), and Adjusted EBITDA represents EBITDA less gain on equity investment, plus non-cash share-based compensation expense, loss on disposal of property, plant and equipment, distributor transition costs, legal obligation, and international business charges.

Free Cash Flow: Freshpet defines Free Cash Flow as net cash flows provided by operating activities less capital expenditures.

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. The non-GAAP financial measures are shown as supplemental disclosures in this release 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 their most directly comparable U.S. GAAP measures, provide a more complete understanding of the Company's business than could be obtained absent this disclosure. The non-GAAP measures are not and should not be considered an alternative to the most directly comparable U.S. GAAP measures or any other figure calculated in accordance with U.S. 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 U.S. GAAP and should not be viewed as an alternative to U.S. GAAP measures of performance.

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FRESHPET, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except per share data)

	September 30, 2026	December 31, 2025
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 345,860	$ 277,975
Accounts receivable, net of allowance for doubtful accounts	68,561	63,762
Inventories, net	95,151	76,766
Prepaid expenses	9,875	9,807
Other current assets	7,473	7,404
Total Current Assets	526,920	435,714
Property, plant and equipment, net	1,141,357	1,138,671
Operating lease right of use assets	63,937	66,424
Long term investment in equity securities	—	33,446
Deferred tax assets, net	43,082	68,893
Other assets	37,553	34,627
Total Assets	$ 1,812,849	$ 1,777,775
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 37,366	$ 42,429
Accrued expenses	51,002	31,610
Current operating lease liabilities	2,032	2,241
Current finance lease liabilities	2,449	2,315
Total Current Liabilities	$ 92,849	$ 78,595
Convertible senior notes	399,007	397,330
Long term operating lease liabilities	63,619	65,023
Long term finance lease liabilities	26,090	28,075
Deferred tax liabilities, net	158	93
Total Liabilities	$ 581,723	$ 569,116
Commitments and contingencies	—	—
STOCKHOLDERS' EQUITY:		
Common stock — voting, $0.001 par value, 200,000 shares authorized, 50,188 issued and 48,329 outstanding on September 30, 2026, and 48,985 issued and 48,970 outstanding on December 31, 2025	50	49
Additional paid-in capital	1,379,549	1,351,201
Accumulated deficit	(44,961)	(142,669)
Accumulated other comprehensive (loss) income	(741)	334
Treasury stock, at cost, inclusive of excise tax and broker fees — 1,859 shares on September 30, 2026 and 14 shares on December 31, 2025	(102,771)	(256)
Total Stockholders' Equity	1,231,126	1,208,659
Total Liabilities and Stockholders' Equity	$ 1,812,849	$ 1,777,775

FRESHPET, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited, in thousands, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2026	2025	2026	2025
NET SALES	$ 317,840	$ 288,848	$ 921,070	$ 816,786
COST OF GOODS SOLD	176,533	174,656	530,396	490,616
GROSS PROFIT	141,307	114,192	390,674	326,170
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	106,177	89,291	329,504	294,961
INCOME FROM OPERATIONS	35,130	24,901	61,170	31,209
OTHER (EXPENSES) INCOME:				
Interest and Other Income, net	2,705	2,356	8,418	6,948
Interest Expense	(3,412)	(3,552)	(10,481)	(10,761)
Gain on Equity Investment	—	—	66,552	—
TOTAL OTHER (EXPENSES) INCOME	(707)	(1,196)	64,489	(3,813)
INCOME BEFORE INCOME TAXES	34,423	23,705	125,659	27,396
INCOME TAX EXPENSE (BENEFIT)	4,711	(77,958)	27,951	(77,926)
INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 29,712	$ 101,663	$ 97,708	$ 105,322
OTHER COMPREHENSIVE (LOSS) INCOME:				
Change in foreign currency translation	$ (35)	$ (86)	$ (1,075)	$ 365
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	(35)	(86)	(1,075)	365
TOTAL COMPREHENSIVE INCOME	$ 29,677	$ 101,577	$ 96,633	$ 105,687
NET INCOME PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS				
-BASIC	$ 0.61	$ 2.08	$ 2.00	$ 2.16
-DILUTED	$ 0.58	$ 1.86	$ 1.88	$ 2.00
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING				
-BASIC	48,426	48,787	48,889	48,766
-DILUTED	54,742	55,875	55,515	55,991

FRESHPET, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	For the Nine Months Ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 97,708	$ 105,322
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Provision for loss on accounts receivable	14	12,130
Loss on disposal of property, plant and equipment	664	1,355
Share-based compensation	21,402	20,256
Depreciation and amortization	73,745	66,798
Amortization of deferred financing costs	1,677	1,618
Change in operating lease right of use asset	2,487	1,529
Deferred income taxes	25,881	(77,919)
Gain on equity investment	(66,552)	—
Changes in operating assets and liabilities:		
Accounts receivable	(4,791)	(7,410)
Inventories	(17,671)	9,825
Prepaid expenses and other current assets	(688)	(3,992)
Other assets	(5,218)	80
Accounts payable	(1,101)	(7,097)
Accrued expenses	19,571	(15,874)
Operating lease liability	(1,612)	(1,166)
Net cash flows provided by operating activities	145,516	105,455
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equity investment	99,998	—
Acquisitions of property, plant and equipment, software and deposits on equipment	(80,259)	(95,134)
Net cash flows provided by (used in) investing activities	19,739	(95,134)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock, inclusive of broker fees	(102,304)	—
Proceeds from exercise of options to purchase common stock	11,736	264
Tax withholdings related to net shares settlements of restricted stock units	(4,663)	(3,054)
Principal payments under finance lease obligations	(2,139)	(1,573)
Net cash flows used in financing activities	(97,370)	(4,363)
NET CHANGE IN CASH AND CASH EQUIVALENTS	67,885	5,958
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	277,975	268,633
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 345,860	$ 274,591

FRESHPET, INC. AND SUBSIDIARIES
RECONCILIATION BETWEEN GROSS PROFIT AND ADJUSTED GROSS PROFIT

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in thousands)			
Gross profit	$ 141,307	$ 114,192	$ 390,674	$ 326,170
Depreciation expense	16,222	17,115	51,378	46,024
Non-cash share-based compensation	1,139	1,503	4,608	4,617
Loss on disposal of manufacturing equipment	118	32	130	287
Adjusted Gross Profit	**$ 158,786**	**$ 132,842**	**$ 446,790**	**$ 377,098**
Adjusted Gross Profit as a % of Net Sales	50.0 %	46.0 %	48.5 %	46.2 %

FRESHPET, INC. AND SUBSIDIARIES
RECONCILIATION BETWEEN SG&A EXPENSES AND ADJUSTED SG&A EXPENSES

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
	(Dollars in thousands)			
SG&A expenses	$ 106,177	$ 89,291	$ 329,504	$ 294,961
Depreciation and amortization expense	6,856	6,535	20,230	18,639
Non-cash share-based compensation (a)	4,747	3,716	16,794	15,639
Loss on disposal of equipment	392	94	534	486
Distributor transition costs (b)	—	—	—	10,680
Legal obligation (c)	—	716	—	5,703
International business charges (d)	—	—	—	1,273
Adjusted SG&A Expenses	**$ 94,182**	**$ 78,230**	**$ 291,946**	**$ 242,541**
Adjusted SG&A Expenses as a % of Net Sales	29.6 %	27.1 %	31.7 %	29.7 %

(a) Includes true-ups to share-based compensation expense. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA margins, 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 the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

(b) Represents a non-recurring loss as a result of an accounts receivable write-off in connection with the liquidation of one of our pet specialty distributors. Concurrent with its liquidation, we transitioned to a new distribution partner, who is a leading pet specialty distributor and who we anticipate will facilitate sales to pet specialty stores. Thus, despite the transitory impact during the first quarter of 2025, our ability to continue to generate sales is consistent with what we would expect to generate within the pet specialty channel.

(c) Represents the net settlement charges for all claims related to the litigation with Phillips.

(d) Represents termination costs due to a business change in our international go-to-market strategy.

FRESHPET, INC. AND SUBSIDIARIES
RECONCILIATION BETWEEN NET INCOME AND ADJUSTED EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in thousands)			
Net income	$ 29,712	$ 101,663	$ 97,708	$ 105,322
Depreciation and amortization	23,078	23,650	71,608	64,663
Interest expense, net of interest income	645	1,194	1,834	3,803
Income tax expense (benefit)	4,711	(77,958)	27,951	(77,926)
EBITDA	**58,146**	**48,549**	**199,101**	**95,862**
Non-cash share-based compensation (a)	5,886	5,219	21,402	20,256
Loss on disposal of property, plant and equipment	510	126	664	773
Gain on equity investment	—	—	(66,552)	—
Distributor transition costs (b)	—	—	—	10,680
Legal obligation (c)	—	716	—	5,703
International business charges (d)	—	—	—	1,273
Adjusted EBITDA	**$ 64,542**	**$ 54,610**	**$ 154,615**	**$ 134,547**
Adjusted EBITDA as a % of Net Sales	20.3 %	18.9 %	16.8 %	16.5 %

(a) Includes true-ups to share-based compensation expense. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA margins, 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 the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.

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(d) Represents termination costs due to a business change in our international go-to-market strategy.

FRESHPET, INC. AND SUBSIDIARIES
RECONCILIATION BETWEEN NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES AND FREE CASH FLOW

	Nine Months Ended September 30,	
	2026	**2025**
	(Dollars in thousands)	
Net cash flows provided by operating activities	$ 145,516	$ 105,455
less: capital expenditures[2]	(80,259)	(95,134)
Free Cash Flow	**$ 65,257**	**$ 10,321**
Free Cash Flow as a % of Net Sales	7.1 %	1.3 %

[2] Capital expenditures is equivalent to the amount included in "Acquisitions of property, plant and equipment, software and deposits on equipment" on our Consolidated Statements of Cash Flows for the reported period.

freshpet

Q3 2026

Earnings

November 4, 2026



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 include statements related to our opportunities and expected size of the category and our TAM, expected impact of new technology on adjusted gross margin, capex spending in 2026, capital efficiency framework and 2026 guidance and 2027 targets. Words such as "anticipate", "believe", "could", "estimate", "expect", "guidance", "intend", "may", "might", "outlook", "plan", "predict", "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 the implementation of our new technologies in the time frame, at the rate, at the cost, or with anticipated efficiencies and impact on formulation and product quality we expect, changes in consumer sentiment, economic uncertainty, changes in rates of pet acquisition, the launch of new competitive products, changes in management, impact of tariffs, fuel, energy and ingredient pricing, effectiveness of media campaigns, success rate of new chillers, failure of our marketing or new distribution channels to meet expectations, the 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, and Free Cash Flow. 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 plus depreciation and amortization expense, interest expense net of interest income and income tax (benefit) expense, and Adjusted EBITDA represents EBITDA less gain on equity investment, plus non-cash share-based compensation expense, loss on disposal of property, plant and equipment, distributor transition costs, legal obligation, and international business charges. Freshpet defines Adjusted Gross Profit as gross profit before depreciation expense, non-cash share-based compensation and loss on disposal of manufacturing equipment, Adjusted SG&A as SG&A expenses before depreciation and amortization expense, non-cash share-based compensation, loss on disposal of equipment, distributor transition costs, legal obligation and international business charges, and Free Cash Flow as net cash flows provided by operating activities less capital expenditures.

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.

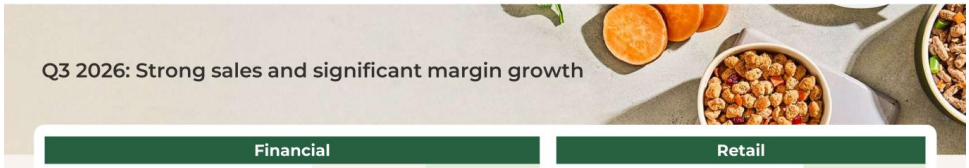
Certain of these measures represent the Company's guidance for fiscal year 2026. The Company is unable to reconcile these forward-looking non-GAAP financial measures to the most directly comparable GAAP measures without unreasonable efforts because the Company is currently unable to predict with a reasonable 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.


NOURISHING PETS, PEOPLE AND PLANET
Freshpet's mission is to help dogs and cats live longer, happier, healthier lives with the people who love them
3Q26 Earnings Presentation
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Highlights




We have built a structurally different business than many of our CPG peers, with multiple strategic competitive advantages that have grown and evolved over the last 20 years —and are now the foundation of an advantaged business that has sizeable upside potential.



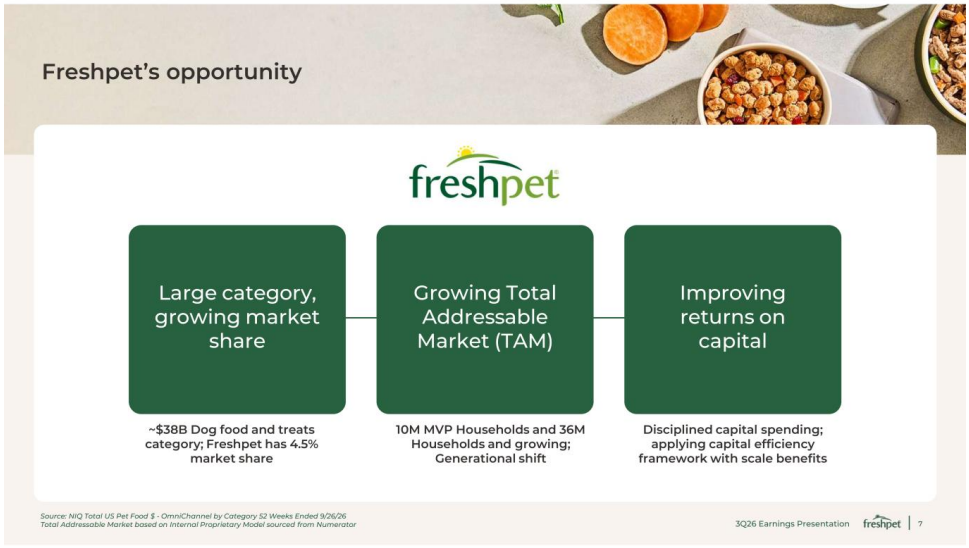
Q3 2026: Strong sales and significant margin growth

Financial	Q3 2026	YoY Change
Net Sales	**$317.8M**	**+10.0%**
Adjusted Gross Margin*	**50.0%**	**+400 bps**
Net Income	**$29.7M**	-$72.0M**
Adjusted EBITDA	**$64.5M**	**+$9.9M**
Adjusted EBITDA Margin*	**20.3%**	**+140 bps**
Logistics Costs*	**7.1%**	+170 bps
Input Costs*	**28.9%**	**-20 bps**
Quality Costs*	**1.6%**	**-50 bps**
Operating Cash Flow	**$60.8M**	-$6.0M
Free Cash Flow	**$37.8M**	**+$6.3M**

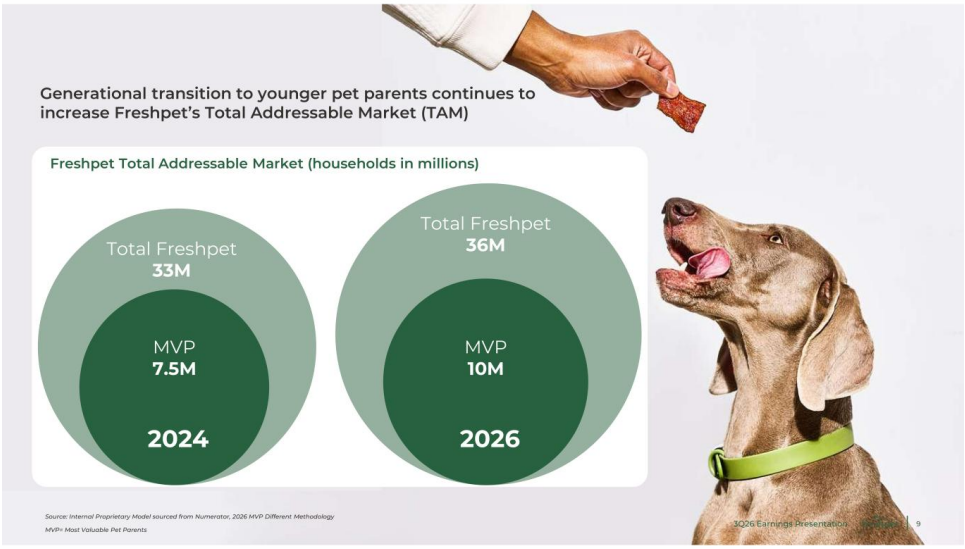
As a percent of net sales

Retail Comparisons to prior year period unless otherwise noted	Q3 2026
MVP Household Penetration	**+8%**
Total Buy Rate	**+9%**
Total Household Penetration	**+1%**
Fridge Growth	**+4%**
Cubic Feet of Fridges	**+5%**
Store Count	**+5%**
Total Distribution Points	**+14%**
Ecommerce[1] Share of Sales	**16.9%**
Market Share[2]	**4.5%**

Source: Internal Data, Numerator for 12 months ended 9/27/26, Nielsen for 52W ended 9/26/26
1 Ecommerce includes Click & Collect, Last Mile Delivery, Pure Play, and DTC
2 Market share of US dog food and treats from Nielsen Omnichannel
***The decrease in net income was primarily due to the $77.9 million deferred income tax benefit recognized in the prior year as a result of the release of the majority of the valuation allowance*

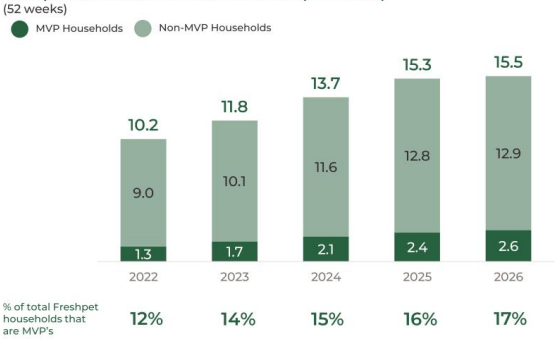

Freshpet's opportunity
freshpet
Large category, growing market share
Growing Total Addressable Market (TAM)
Improving returns on capital
~$38B Dog food and treats category; Freshpet has 4.5% market share
10M MVP Households and 36M Households and growing; Generational shift
Disciplined capital spending; applying capital efficiency framework with scale benefits
Source: NIQ Total US Pet Food $ - OmniChannel by Category 52 Weeks Ended 9/26/26
Total Addressable Market based on Internal Proprietary Model sourced from Numerator
3Q26 Earnings Presentation
freshpet
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Significant runway for growth in a large category
~$57B
U.S. pet food category
~$38B
Dog food and treats category
4.5%
Freshpet market share of dog food and treats
Source: NIQ Total US Pet Food $ - OmniChannel by Category 52 Weeks Ended 9/26/26


Generational transition to younger pet parents continues to increase Freshpet's Total Addressable Market (TAM)
Freshpet Total Addressable Market (households in millions)
Total Freshpet
33M
MVP
7.5M
2024
Total Freshpet
36M
MVP
10M
2026
Source: Internal Proprietary Model sourced from Numerator, 2026 MVP Different Methodology
MVP= Most Valuable Pet Parents
3Q26 Earnings Presentation
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Continued growth in consumer franchise with increased mix of MVP's

Freshpet Household Penetration Growth (in millions)
(52 weeks)

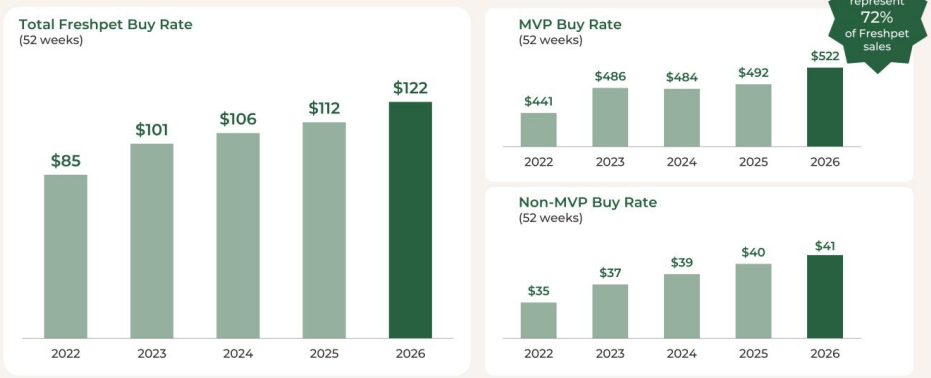


% of total Freshpet households that are MVP's	12%	14%	15%	16%	17%



Source: Numerator Panel data for the 12-month periods ending 10/2/22, 10/1/23, 9/29/24, 9/28/25, 9/27/26

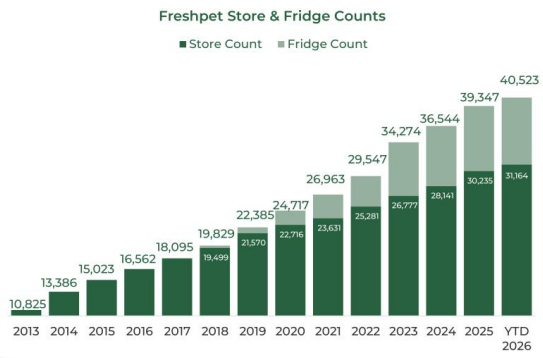
MVP* household mix and buy rate growth are driving total buy rate expansion

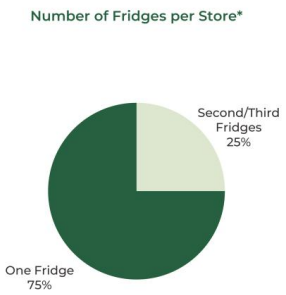


Source: Numerator Panel data for the 12-month periods ending 10/2/22, 10/1/23, 9/29/24, 9/28/25, 9/27/26

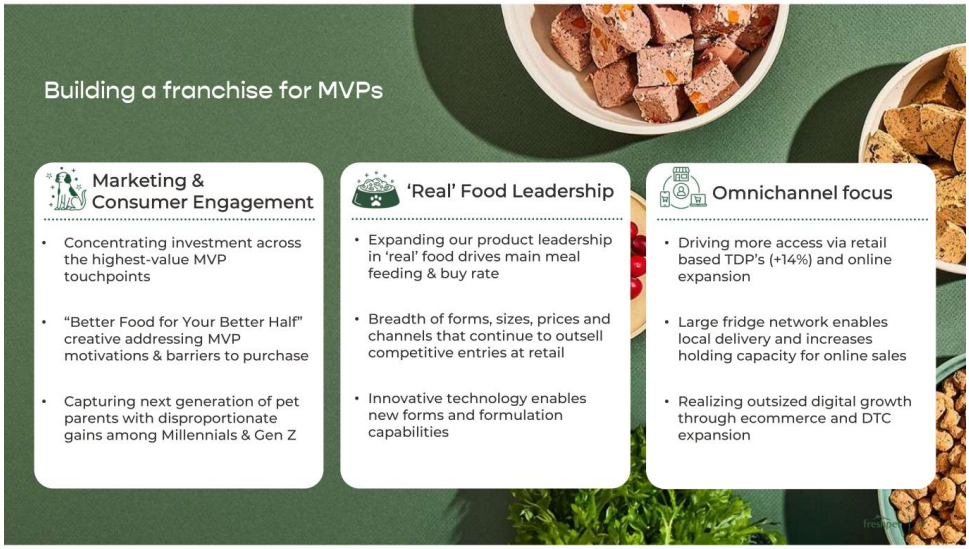
**Most Valuable Pet Parents*

Large retail footprint acts as micro fulfillment centers for omnichannel customers with 82% of our delivered sales through the fridge network



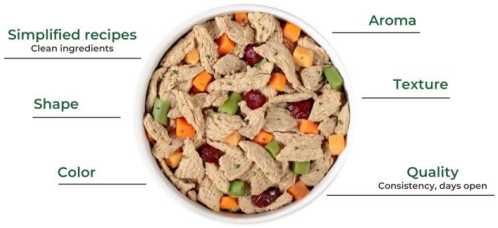


*Source: Internal data for the period ending 9/30/26; *U.S. and Canada Fridges*


Building a franchise for MVPs
Marketing & Consumer Engagement
• Concentrating investment across the highest-value MVP touchpoints
• "Better Food for Your Better Half" creative addressing MVP motivations & barriers to purchase
• Capturing next generation of pet parents with disproportionate gains among Millennials & Gen Z
'Real' Food Leadership
• Expanding our product leadership in 'real' food drives main meal feeding & buy rate
• Breadth of forms, sizes, prices and channels that continue to outsell competitive entries at retail
• Innovative technology enables new forms and formulation capabilities
Omnichannel focus
• Driving more access via retail based TDP's (+14%) and online expansion
• Large fridge network enables local delivery and increases holding capacity for online sales
• Realizing outsized digital growth through ecommerce and DTC expansion

New bag technology is a strategic enabler for better product quality, greater capacity, and new forms of innovation

Our New Technology



Unlocking Innovation Capabilities


First beef recipe for Homestyle Creations



New and improved Fresh From The Kitchen



New pack sizes and recipes with more inclusions



Upgraded recipe for Vital's shredded chicken

Expect new bag technology to deliver **~100 basis points*** of adjusted gross margin improvement on an annualized basis

When fully optimized, the new bag technology is expected to:

- Produce more product per day than a conventional line and drive greater ROIC
- Deliver a higher quality product with lower quality costs
- Enable more innovative product forms
- Drive higher yields



*Basis point improvement on total business on an annualized basis and based on lines we have installed by the end 2027

Manufacturing Capacity Update

- **Owning our manufacturing enables us to advance the technology of the fresh pet food category**
- Operating efficiencies this year have unlocked $100+ million (the equivalent of a new line) of additional capacity
- Three bag lines now utilizing new technology across the network (1 full, 2 lite)
- Expect to spend in the range of $125 - $150m in capex in 2026, primarily on capacity

Facility	# Lines Today	# Lines Projected
Bethlehem Kitchen	7	7
Kitchen South	4	7
Ennis Kitchen	5	10+
Total	**16**	**24+**



Source: Internal Data

Capital Efficiency Framework



More out of existing lines



More out of existing sites

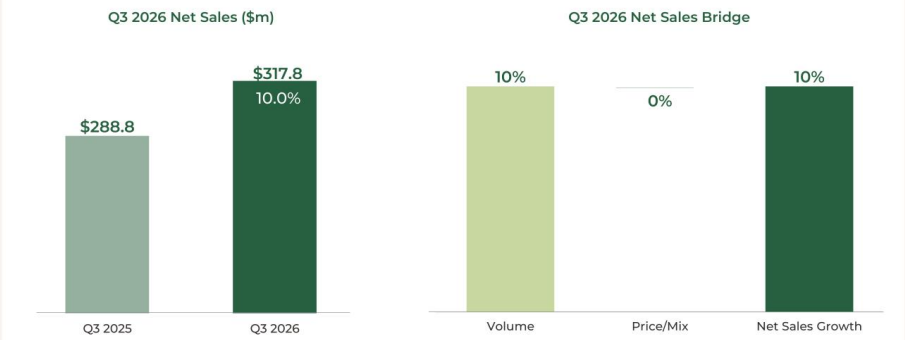


Develop & implement new technologies

Q3 2026 Results

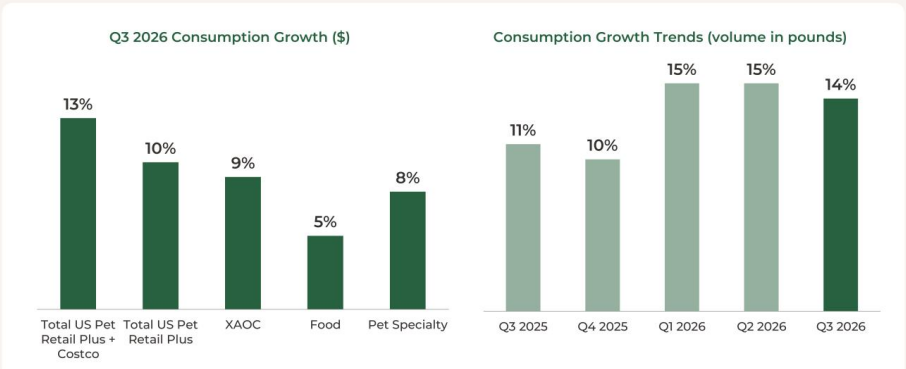


Q3 2026 Net sales primarily driven by volume



Source: Internal Data

Consumption growth across all channels



Source: NIQ consumption data, latest 13 weeks thru 9/26/26 and internal sales data

Q3 2026 delivered significant margin improvement



Source: Internal Data
*The decrease in net income was primarily due to the $77.9 million deferred income tax benefit recognized in the prior year as a result of the release of the majority of the valuation allowance

Guidance



FY 2026 Guidance

Additional considerations:

- **Net Sales:** Consistent revenue performance in an uncertain consumer environment
- **Adjusted Gross Margin:** Now expect ~150 bps* improvement year-over-year primarily driven by operational improvements
- **Inflation:** Anticipate higher costs in logistics, packaging, ingredients, etc.
- **Advertising Investment:** Expect media as a percent of sales to be in-line with 2025
- **Cash Flow:** Free cash flow expected to be greater than 2025

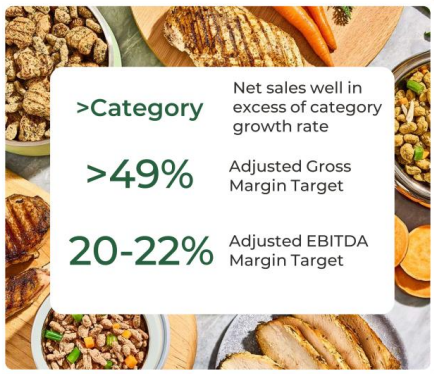
	Previous	Updated
Net Sales Growth YoY	10% - 12%	12% - 13%
Adjusted EBITDA	$210 - $220M	$215 - $220M
Capital Expenditures	~$150M	$125 - $150M



*At midpoint of the net sales guidance

2027 Targets





Capital Spending, Cash Flow & Liquidity



Strong financial position with growing cash flow

Liquidity:

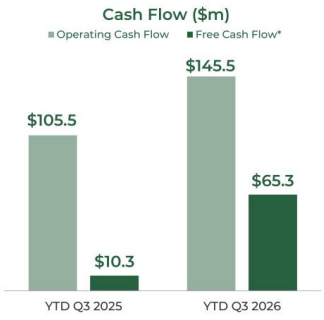
- $345.9 million of cash-on-hand as of 9/30/26
- Strong balance sheet provides ample financial flexibility

Capital Spending:

- YTD spend of $80.3 million
- Estimated 2026 spending in the range of $125 to $150 million
- First share repurchase authorization announced in May; executed $102.3 million and repurchased 1.8 million shares as of the end of September

Cash flow:

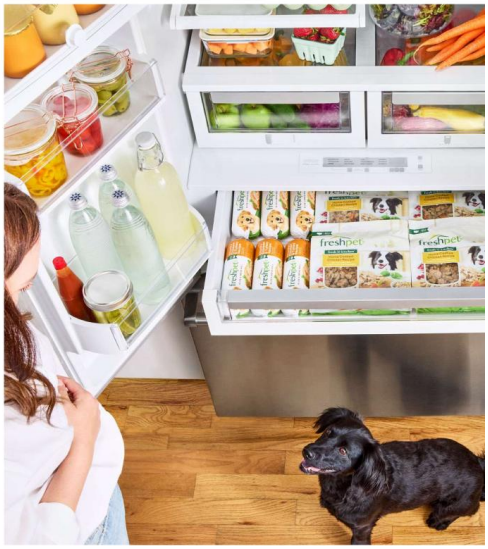
- Generated $145.5 million of operating cash flow YTD, a YoY increase of $40.1 million driven by higher sales and changes in deferred income taxes
- YTD Free cash flow* of $65.3 million



Source: Internal Data

*Free Cash Flow is defined as net cash flows provided by operating activities less capital expenditures.

Appendix



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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in thousands)			
Gross profit	$ 141,307	$ 114,192	$ 390,674	$ 326,170
Depreciation expense	16,222	17,115	51,378	46,024
Non-cash share-based compensation	1,139	1,503	4,608	4,617
Loss on disposal of manufacturing equipment	118	32	130	287
Adjusted Gross Profit	**$ 158,786**	**$ 132,842**	**$ 446,790**	**$ 377,098**
Adjusted Gross Profit as a % of Net Sales	50.0%	46.0%	48.5%	46.2%

Source: Internal Data

Freshpet, Inc. and Subsidiaries Reconciliation between Net Income and Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in thousands)			
Net income	$ 29,712	$ 101,663	$ 97,708	$ 105,322
Depreciation and amortization	23,078	23,650	71,608	64,663
Interest expense, net of interest income	645	1,194	1,834	3,803
Income tax expense (benefit)	4,711	(77,958)	27,951	(77,926)
EBITDA	**58,146**	**48,549**	**199,101**	**95,862**
Non-cash share-based compensation (a)	5,886	5,219	21,402	20,256
Loss on disposal of property, plant and equipment	510	126	664	773
Gain on equity investment	—	—	(66,552)	—
Distributor transition costs (b)	—	—	—	10,680
Legal obligation (c)	—	716	—	5,703
International business charges (d)	—	—	—	1,273
Adjusted EBITDA	**$ 64,542**	**$ 54,610**	**$ 154,615**	**$ 134,547**
Adjusted EBITDA as a % of Net Sales	20.3%	18.9%	16.8%	16.5%

a. Includes true-ups to share-based compensation expense. We have certain outstanding share-based awards with performance-based vesting conditions that require the achievement of certain Adjusted EBITDA margins, 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 the probability of achieving such performance conditions changes, the compensation cost previously recorded is adjusted as needed. When such performance conditions are deemed to be improbable of achievement, the compensation cost previously recorded is reversed.
b. Represents a non-recurring loss as a result of an accounts receivable write-off in connection with the liquidation of one of our pet specialty distributors. Concurrent with its liquidation, we transitioned to a new distribution partner, who is a leading pet specialty distributor and who we anticipate will facilitate sales to pet specialty stores. Thus, despite the transitory impact during the first quarter of 2025, our ability to continue to generate sales is consistent with what we would expect to generate within the pet specialty channel.
c. Represents the net settlement charges for all claims related to the litigation with Phillips.
d. Represents termination costs due to a business change in our international go-to-market strategy.

Source: Internal Data

Freshpet, Inc. and Subsidiaries Reconciliation between Net Cash Flows Provided by Operating Activities and Free Cash Flow

	Nine Months Ended September 30,	
	2026	2025
	(Dollars in thousands)	
Net cash flows provided by operating activities	$ 145,516	$ 105,455
less: capital expenditures	(80,259)	(95,134)
Free Cash Flow	**$ 65,257**	**$ 10,321**
Free Cash Flow as a % of Net Sales	7.1 %	1.3 %

[1] Capital expenditures is equivalent to the amount included in "Acquisitions of property, plant and equipment, software and deposits on equipment" on our Consolidated Statements of Cash Flows for the reported period.

Source: Internal Data

Convertible Share Dilution Calculations at Maturity

We have run share dilution calculations to compare outcomes for the 2028 convertible notes

- Freshpet has structured the convertible with Flexible Settlement, so we have the option to settle the convertible in shares, cash, or a combination at its option
- We have run convertible dilution calculations once using the most dilutive physical settlement method (i.e. Freshpet delivers all underlying shares upon conversion if the convertible is in-the-money) and again using net share settlement method (i.e. Freshpet delivers the $402.5mm principal amount in cash and any remaining in-the-money amount in shares under Treasury Stock method)

	Physical Settlement (mm shares)[1,2]		Net Share Settlement (mm shares)	
Stock Price at Maturity	Convert	Convert + Capped Call	Convert	Convert + Capped Call
$70.00	5.8	5.8	0.0	0.0
$80.00	5.8	5.0	0.7	0.0
$90.00	5.8	4.5	1.3	0.0
$100.00	5.8	4.0	1.8	0.0
$110.00	5.8	3.7	2.1	0.0
$120.00	5.8	3.4	2.4	0.0
$130.00	5.8	3.5	2.7	0.4
$140.00	5.8	3.7	2.9	0.8
$150.00	5.8	3.8	3.1	1.1
$160.00	5.8	4.0	3.3	1.4
$170.00	5.8	4.1	3.4	1.7

Note: *Based on Freshpet's $402.5mm convertible offering, a $54.65 stock price at issue, a 27.5% conversion premium, and an up 120% capped call.*

1. *If the convertible is in-the-money, Freshpet can deliver full underlying shares at its option since it has chosen a Flexible Settlement Structure.*
2. *At stock prices below the conversion price, the convertible is redeemed for cash without any equity dilution.*

Source: Internal Data

freshpet

Thank you



Exhibit 99.3

Freshpet Q3 2026 Earnings Call
November 4, 2026
8 a.m. ET

Company Participants

- **Billy Cyr**, Chief Executive Officer
- **John O'Connor**, Chief Financial Officer
- **Nicki Baty**, President & Chief Operating Officer
- **Rachel Ulsh**, Vice President, Investor Relations & Corporate Communications

Other Participants

- **Edward Lewis**, Analyst, Rothschild & Co Redburn
- **Eric Serotta**, Analyst, Morgan Stanley
- **Jacob Henry**, Analyst, TD Cowen
- **Jon Andersen**, Analyst, William Blair & Co.
- **Michael Lavery**, Analyst, Piper Sandler
- **Peter Benedict**, Analyst, Robert W. Baird & Co.
- **Rupesh Parikh**, Analyst, Oppenheimer & Co.
- **Thomas Palmer**, Analyst, JP Morgan
- **Todd Brooks**, Analyst, StoneX
- **Yasmine Deswandhy**, Analyst, Bank of America

Presentation

Operator

Good morning, and welcome to Freshpet's Third Quarter Earnings Conference Call. All participants will be in listen-only mode. (Operator Instructions). After today's presentation, there will be an opportunity to ask questions. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Rachel Ulsh, Vice President, Investor Relations. Please go ahead.

Rachel Ulsh

Good morning, and welcome to Freshpet's third quarter 2026 earnings call and webcast. On today's call are Billy Cyr, Chief Executive Officer and John O'Connor, Chief Financial Officer. Nicki Baty, President and Chief Operating Officer, will also be available for Q&A.

Before we begin, please remember that during the course of this call, management may make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements related to the size of the category and our TAM, our strategy and expectations for growth, the competitive advantage of our manufacturing on quality and cost, fridge expansion expectations, opportunities and capital efficiencies, expectations on margin improvement, capital spending, media spend, logistics costs, 2026 guidance and 2027 targets.

They involve risks and uncertainties that could cause actual results to differ materially from any forward-looking statements made today including those associated with these statements, and those discussed in our earnings press release and our most recent filings with the SEC, including our 2025 annual report on Form 10-K, which are all available on our website.

Please note that on today's call, management will refer to certain non-GAAP financial measures such as EBITDA and adjusted EBITDA among others. While the company believes these non-GAAP financial measures provide useful information for investors, the presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP.

Please refer to today's press release for how management defines such non-GAAP measures, why management believes such non-GAAP measures are useful, a reconciliation of the non-GAAP financial measures to the most comparable measures prepared in accordance with GAAP, and limitations associated with such non-GAAP measures.

Finally, the company has produced a presentation that contains many of the key metrics that will be discussed on this call. That presentation can be found on the company's investor website. Management's commentary will not specifically walk through the presentation on the call, rather it is a summary of the results and guidance they will discuss today.

With that, I would like to turn the call over to Billy Cyr, Chief Executive Officer.

Billy Cyr

Thank you, Rachel, and good morning, everyone.

The message I would like for you to take away from today's call is that our market performance and financial results continue to demonstrate the strength and durability of the Freshpet business model. We have built a structurally different business than many of our CPG peers, with multiple strategic competitive advantages that have grown and evolved over the last 20 years and are now the foundation of an advantaged business that has sizeable upside potential.

We continue to raise our product quality, advance the manufacturing of fresh pet food, and improve the access and distribution of our products. Our breadth of product forms, sizes, price points, and channels is unmatched. We believe our most significant competitive advantage is the product itself, i.e., our recipes are strongly preferred by dogs and pet parents due to taste, aroma, color, texture, inclusions, and overall quality. And our manufacturing scale and technical expertise are the foundation of why we believe our product quality is superior. Owning our kitchens enables us to continue to develop the highest quality products at the lowest cost to help pets live longer, happier, healthier lives.

We also continue to broaden our availability and access, particularly online, as we continue to grow our franchise of highly loyal consumers. The total addressable market of these loyal consumers who we refer to as Most Valuable Pet Parents, or MVP's is 10 million households and growing due to the generational shift of pet owning households. We are only at 2.6 million MVP households today, or approximately 26% into our current and still growing MVP TAM.

Our third quarter results demonstrate the strength and durability of our business. In a consumer environment that remains challenging, we are performing and operating well. We achieved double-digit sales growth and reported an adjusted gross margin of 50% in the third quarter. This was our best adjusted gross margin in over seven years since the first quarter of 2019 before we had opened

our second Kitchen in Bethlehem, our Ennis Kitchen, or Kitchen South, and when higher margin rolls made up a greater percentage of our sales.

Importantly, our gross margin this quarter included only a limited benefit from the new bag technology, with the adjusted gross margin increase primarily driven by our improved operating performance. I am incredibly proud of our team for their hard work and dedication in achieving this milestone, and we are very encouraged by our future margin potential.

Our sources of growth in the quarter were broad-based and the result of a wide range of strategic initiatives we have implemented. They include, one, advertising. We continue to invest heavily in advertising as the primary driver of our growth and have particularly targeted that to potential MVP's, our most valuable pet parents. As a result, we saw our MVP household penetration increase 8% and the combination of total household penetration gains and buying rate overall grow 10%.

First, advertising. A portion of our media spend is still aimed at growing total brand awareness, particularly on Linear TV, but we have evolved our strategy to super-serve MVPs to drive greater returns. As the category becomes more competitive, we're also increasingly focused on building awareness of Freshpet and our real food leadership, not just building awareness of the fresh category. Our marketing campaign launched in May, Better Food for Your Better Half, and new creative we launched in September, are designed to reinforce the qualities that make Freshpet unique, real ingredients you can see, freshly cooked, vet developed healthy recipes, a proposition that resonates with pet parents who treat their pets like family members.

Second, distribution. Our retail presence continues to strengthen, including a 5% increase in store count to more than 31,000 stores and a 14% increase in TDP's due to the increased presence of larger and double fridges. We continued to grow distribution significantly in a major rural lifestyle retailer, began testing new three-door fridges in a major club customer, added SKUs in two major club customers, and 25% of our stores have more than one fridge. We expect this figure to increase to enable both greater holding capacity and the broadest assortment to be available. Each of these increases is another indication of retailer confidence in the growth potential of Freshpet– even in the face of significant new competition. Retailers know that we are growing market share, and we remain the fastest growing brand in dog food in dollars, and the second most popular brand among new Gen Z and Millennial dog households.

Third, omnichannel access. We had outsized growth in ecommerce with sales up 35% year-over-year. Digital orders now account for 16.9% of our total business and our fridges in retail serve as micro-fulfillment points and support both online and in store sales. Approximately 82% of our digital order volume went through our fridge network via omni-retail or last mile delivery services, with the remainder of the volume from pure-play online retailers or direct-to-consumer.

Fourth, technology. Our Fresh from the Kitchen product line has been the major beneficiary of the product quality and margin improvement potential of our new bag production technology. Since we converted that product to the new technology, we have seen consumer feedback on quality improve significantly and volume trends have stepped up noticeably. The new technology is also enabling a broader range of new innovation, including new protein formulas, upgraded recipes, new pack sizes like our Healthy Mixers, and better-looking inclusions like carrots and green beans. All these technology-led innovations increase our product quality advantage and do it at attractive costs.

Fifth, new product innovation. In addition to the new products enabled by our new technology, our business model enables us to nurture significant new innovations much longer. For example, our most premium product line Homestyle Creations crossed the $100 million mark in annual retail sales during the quarter and is the fastest growing part of our business. And it accomplished that with just a handful of recipes.

We continue to believe that this wide array of strategies can drive strong and sustained top-line growth well in excess of the dog food category and deliver sizable market share gains. As the economic backdrop and competitive environment shift over time, each tool may play a larger or smaller role at any particular time, but the wide array of tools we have, the scale and technology we have built, our mastery of the fresh pet food category, and the strength of our team provide us with the ability to drive outsized growth over time.

The past year has provided solid evidence of that, as we are now projecting to grow 12% to 13% this year in the face of the most significant amount of new competition we have ever had and a tough economic backdrop, all while increasing margins and cash flow. As encouraging as that is, we are more encouraged by the long-term growth potential that remains in front of us.

First, large category and growing market share. We only have a 4.5% market share of the approximately $38 billion dog food and treats category, a significant whitespace opportunity to continue to take share from traditional dog food competitors.

Second, a large and expanding TAM. As I said earlier, we are only 26% into our MVP TAM and that TAM grows each year as more Millennial and Gen Z consumers form households and get dogs. The MVPs in our franchise represent 72% of our sales today and spend roughly $522 a year, which is nearly 13 times more than a non-MVP and they are likely to have a much higher lifetime value than an occasional user.

Third, expanding distribution with an omnichannel focus. We still have a long runway for growth both online and in-store. Ecommerce is the fastest growing part of our business and still has a significant runway for growth as over 35% of the dog food category sales are done online versus our 16.9% today. And 75% of stores only have one fridge, the same number of fridges that most of them had when Freshpet was one quarter of the size it is today. More fridges provide a broader assortment, more holding power to support an online business, and greater visibility. For retailers looking to lean into the growing part of the category, we believe we have one of the most attractive propositions. And with our products in over 31,000 stores today, we have a unique distribution advantage to reach consumers however they choose to shop our products.

And fourth, innovation. We believe we are just scratching the surface as we are still finding more and better ways to use technology for future strategic innovation that will enable us to serve a broader range of consumer needs over time and attract new MVPs to the brand and do it with attractive economics. The long-term growth potential is enabled by one of our most important competitive advantages, our manufacturing scale and expertise. It is the foundation for our product quality, which is noticeably different than competition.

We continue to improve the products and are increasingly bullish on our new bag technology potential. We have made significant progress on our operations and will continue to refine elements of those lines and ramp up volume throughout this year and next year. At fully optimized performance, we still expect over 100 basis points of adjusted gross margin improvement on the entire business from the

three lines we have already installed. We are still finding more and better ways to use technology for innovation as well as optimize performance to unlock greater capacity.

Within our existing asset base, we are driving better capital efficiency through our productivity and operational effectiveness initiatives. Our goal is to, one, optimize our existing lines to drive more volume primarily through OEE improvements. Two, get more out of existing sites whether that be optimizing our network or adding more lines or capabilities to our existing campuses. And three, develop and deploy new technologies to improve returns on capital investments. We have a long runway to further improve capital efficiency but are very pleased by the progress we have made to-date.

We have also made a strategic decision to transition from a third-party distribution center in Allentown, Pennsylvania, to our own new distribution center in Bethlehem, Pennsylvania that will open in early 2027. While this is a custom-built, dedicated facility, it is leased, so it requires very little capital spending on our part. Beyond adding capacity, it brings a critical piece of our cold-chain network closer to our Bethlehem Kitchen, giving us greater control over distribution, enhancing service levels, and creating a platform for longer term efficiency, automation, and scale as we continue to grow.

I hope you can see why we are very bullish on the long-term potential of Freshpet. Our core strategy remains intact, but we continue to adapt and evolve our strategies and are focused on the things we can control in a challenging operating environment. We are operating from a position of strength with a strong portfolio of products, a loyal and growing consumer franchise, expanding omnichannel access, and a proprietary manufacturing platform that we believe is difficult to replicate. The key areas we have chosen to focus on to maintain and expand our competitive advantages are resulting in more durable growth and improving financial performance. Our results continue to prove that fresh is the future of pet food, and we remain well positioned to capture a meaningful share of what we believe can become a $10 billion category over time.

Lastly, I want to highlight that in October we celebrated Freshpet's 20th anniversary. As we announced in June, upon this milestone, one of our co-founders, Scott Morris, transitioned to an advisory role, and Nicki Baty has assumed the role of President & COO. Freshpet is now entering its third decade with a strong leadership team, scaled operations, and significant opportunities for future growth.

With that, I'll turn it over to John to walk through more details of our financial results.

John O'Connor

Thank you, Billy, and good morning, everyone.

Our third quarter results reflected strong sales and margin growth despite a challenging economic environment. Net sales in the quarter were $317.8 million, up 10% year-over-year, which was entirely volume driven. We again had broad-based consumption growth across channels, with Nielsen measured dollar growth of 12.7% in Total US Pet Retail Plus with Costco, and strong contribution from the unmeasured channels with approximately 1 to 2 points of growth.

The delta between Nielsen growth of 12.7% and reported net sales of 10% was primarily driven by two factors. The first was the significant expansion in a large club customer and a shift in ordering around the 4th of July that we previously had said would impact this year's third quarter growth by a little more than 2 points. The second factor was a major customer growing sales faster than they grew their inventory. Normally, customers grow inventory at the same rate that they grow sales. This

provided a headwind of approximately 1 point to 2 points in the quarter when you compare consumption growth to net sales growth.

In the third quarter, we delivered adjusted gross margin of 50.0%, a significant improvement from 46% in the prior year period and 47.7% in the first half of the year. The 400-basis point increase versus the prior year was driven by strong leverage on plant expenses, reduced quality costs and lower input costs as a percent of revenue. This performance reflects our continued focus on operational improvements and demonstrates the meaningful progress we can achieve in this area, as well as some benefit from the new bag technology. For the year, we now expect approximately 35 basis points improvement from the technology, compared to approximately 25 basis points previously, and we are on pace to capture a substantial portion of the 100-basis point improvement in full year results for 2027.

Third quarter adjusted SG&A was 29.6% of net sales, compared to 27.1% in the prior year period. This increase was primarily due to elevated logistics costs and higher variable compensation. Logistics costs were 7.1% of net sales in the quarter, compared to 5.5% a year ago. This increase in logistics was primarily due to higher fuel costs and capacity pressures in the trucking market. Media spending was 10.8% of net sales in the quarter, down from 11.2% in the prior year period.

Third quarter net income was $27.9 million, compared to net income of $101.7 million in the prior year period. The decrease in net income was primarily due to the $77.9 million in deferred income tax benefit recognized in the prior year as a result of the release of the majority of a valuation allowance, compared to income tax expense in the current year period and increases in SG&A, partially offset by contributions from higher sales.

Third quarter adjusted EBITDA was $64.5 million compared to $54.6 million a year ago, an increase of approximately 18%. This growth was primarily driven by higher sales and gross profit, partially offset by higher adjusted SG&A expenses. Adjusted EBITDA margin was 20.3% in the third quarter, compared to 18.9% in the prior year period. The year-over-year increase was primarily driven by improvements in adjusted gross margin, the cadence of media investments, and was partially offset by higher logistics costs in the quarter.

Operating cash flow in the quarter was $60.8 million, compared to $66.8 million in the prior year period, while capital spending was $22.9 million representing free cash flow of $37.8 million compared to $31.6 million a year ago. As of the end of September, we had executed $102.3 million and repurchased 1.8 million shares as part of our $150 million share repurchase authorization, while ending the quarter with cash on hand of $345.9 million.

Now, turning to our updated guidance for 2026. We are very encouraged by our performance year-to-date, and we are again raising our guidance. We now expect net sales growth of 12% to 13%, compared to 10% to 12% previously. We now expect adjusted EBITDA to be in the range of $215 million to $220 million, an increase of 10% to 13% year-over-year, compared to $210 million to $220 million previously.

Media as a percent of sales for the year is still expected to be roughly in-line with 2025, at approximately 12.5% of net sales, which given the raised sales guidance, implies over $5 million of additional media investment than when we started the year. Media continues to be our primary lever to drive growth and we are proving that our MVP media strategy is delivering growth despite the challenging macroenvironment.

We expect logistics costs to remain elevated for the remainder of the year primarily due to higher fuel costs and line haul rates. Given where these costs are today, this updated guidance assumes an additional $10 million to $12 million versus our original expectations for this year.

We now anticipate adjusted gross margin to improve by approximately 150 basis points this year at the midpoint of our net sales guidance, compared to 100 basis points to 150 basis points previously, based on the increasing and sustained manufacturing performance improvements we've seen to-date. Our operating performance has exceeded our expectations and is now providing us with the opportunity to proactively plan downtime in the fourth quarter to invest in the reliability, durability, and productivity of our network.

With this planned downtime, as well as the addition of incremental staffing on our fast-growing Homestyle Creations line, we expect a step down in adjusted gross margin in the fourth quarter. From an inflation standpoint, it is evident that cost pressures for ingredients and packaging will be more structural in nature, and we are now planning to implement selective price increases for 2027.

Capital expenditures are now projected to be in the range of $125 million to $150 million in 2026, versus our previous guidance of approximately $150 million. Our operating performance year-to-date has exceeded expectations and based on our ability to sustain these gains we have unlocked over $100 million of incremental capacity from our existing manufacturing footprint, the equivalent of a new line allowing us to defer some of this year's originally planned investment.

Regarding our fiscal year 2027 targets, we are confident in our ability to deliver net sales growth well in excess of the US dog food category growth, and we are reiterating our margin targets. Our performance to-date gives us increased confidence in our ability to achieve at least 49% adjusted gross margin next year. As I mentioned earlier, looking ahead, the cost environment is more challenging than just a few months ago, so if we do not see a significant improvement in the inflation picture, we would expect to be in the lower half of our adjusted EBITDA margin range.

We have several drivers identified to ensure we can overcome these headwinds and achieve our goals including, capturing, sustaining, and annualizing the operating gains we have seen in 2026, building on our 2026 performance and continuing to drive gains in throughput, yield, and quality, capturing substantially all of the annualized 100 basis points of adjusted gross margin improvement we expect from our new bag technology, newly launched productivity initiatives centered around sourcing, product formulation, and G&A expenses and price increases that are targeted towards a small number of specific items in our product portfolio.

In summary, our ability to raise our outlook again for 2026 despite a challenging environment, and in the face of increased competitive entrants, demonstrates the power of our business model. Over the last 20 years, we have built strategic competitive advantages pioneering fresh manufacturing technology, building an unmatched distribution network, strong brand equity, and a superior quality product. And we believe we have multiple levers to drive growth and profitability going forward.

That concludes our overview. We will now be glad to answer your questions. As a reminder, we ask that you please focus your questions on the quarter, guidance, and the company's operations. Operator?

Questions And Answers

Operator

Thank you. We will now begin the question-and-answer session. (Operator Instructions) The first question comes from Jon Andersen with William Blair. Please go ahead.

Q - Jon Andersen

Yes, good morning and congratulations on a strong quarter. One quick clarification and then one main question. Clarification-wise, did the major customer that you referred to as ordering below sell-out in the third quarter, have they resumed normal ordering patterns in the fourth quarter? And then a bigger-picture question, you continue to put up double-digit top-line growth despite what we all know has been an increasingly competitive marketplace. I was just wondering if you could maybe try and isolate two or three things that you think are most responsible for your ability to do that? It looks like your MVP household penetration continues to move quite a bit higher. Maybe it's around the targeting around MVPs, but any help around that would be great too. Thanks.

A - Billy Cyr

Yeah. Let me start with the second question first. I would start with, all the competition we've had this year, I think reinforces the strength of the business models we said in the prepared remarks. First, the difference in the quality of our products is noticed, noticed by consumers, noticed by our customers. And so we think that's a very, very big driver for our long-term success.

The second part is the breadth of product offering that we have. So price points, channels, forms, it's very difficult for someone to compete with that range of alternatives that we have. Third is the first mover advantage we have. So the velocity, scale, the size of the consumer franchise that we've built also gives us an enormous headstart in offering consumers the best product quality, the best price variety, the best availability, the best assortment. And so all those advantages, I think are part of what has allowed us to do so well this year.

When you then look at how do we drive the growth this year is for the reasons we outlined. I mean, we are doing incredibly good job in our omnichannel business. Our customers continue to support us. We have good innovation that's working. Our advertising model is working. So all those things combined are contributing to driving the results that we see and we feel very good about their ability to do that going-forward.

In response to your first question, it's an interesting dynamic. It's basically a customer who has figured out how to operate more efficiently. So it's not like they took their inventory down. They're just selling more off of the same base of holding power -- holding inventory. So their terms are much faster. And over the long-haul, that will ultimately normalize and balance out. But in the short-term, they're just getting a much better return on their investment. And frankly, that's not a bad thing. It means the consumer is getting fresher product, which we like.

Operator

Thank you. The next question comes from Tom Palmer with JP Morgan. Please go ahead.

Q - Thomas Palmer

Good morning. Thanks for the question. I wanted to maybe clarify expectations as we move into 4Q around sales. The lower half of your organic sales growth outlook would allow for flat or down relative

to the dollar amount we saw in the third quarter. Is this something you think could occur in terms of consumption? Are there shipment timings we should be thinking about that might impact dollar sales? Thanks.

A - Billy Cyr

Yeah. If you look at our history, Q3 to Q4 is always universally up. It has to do with holidays, trade inventory, weather events, all kinds of things that happen in Q4. It doesn't mean that the consumption trends will go down. In fact, we generally see the consumption trends continue to move up. And if there is any reduction that might happen because of the weather, holidays, trade inventory, whatever else, it normally writes itself in the first quarter of next year. So it's a very normal pattern, and that's what we are projecting. It's a very normal pattern going forward. We're not seeing anything in the consumption data today that gives us any pause, in fact, we're very confident in the numbers that we put out this morning.

Q - Thomas Palmer

Great. Thanks for that. And then switching over to the inflation commentary. Obviously, this year, logistics have been a progressive call out. Where else are you seeing inflation and kind of any framing of the magnitude of both inflation and kind of pricing to address it next year? Thanks.

A - John O'Connor

Yeah, thanks for the question, Tom. So I would say one of the bigger areas outside of logistics would be on some of our ingredients. Beef is in a structural cycle here where we continue to see prices going up. They have been going up for some time, and they'll continue to go up. It remains a smaller portion of our protein complex internally in terms of our ingredient mix, but it is growing in volume as consumers and retailers are asking for those items. So it's becoming a bigger part of the mix on top of price going up.

And then there are a number of other, I would say, kind of secondary ingredients and then also packaging where we're starting to see that. But we're in the contracting season for a lot of these things and our team is hard at work on it. You heard in our remarks that we have initiatives from a productivity standpoint against sourcing. So we're working hard to offset what we can through that, but those would be the main areas where we're seeing some inflationary pressure.

Q - Thomas Palmer

And sorry, the pricing side?

A - John O'Connor

Sure. Yeah, pricing as well, and Nicki certainly jump in here. But as I said, we're taking some selective or price increases in certain parts of the portfolio either where we're seeing some of that more structural inflation on the ingredients side or where we just have some very strong performing products. But Nicki, please go ahead.

A - Nicki Baty

Thanks, John. So look, we've done a lot of analysis to understand the elasticities on our portfolio. So as John mentioned, we're really looking to take a more surgical approach to pricing to also make sure that we don't do anything that holds back the volume. So we've undertaken some work to look at those parts of the portfolio that we believe that we have pricing power and opportunities to move forward on.

And I think within that as well, it's worth highlighting that as we move more of the franchise to MVPs, this is a very durable loyal part of the franchise, which also gives us more confidence to take some pricing as we move into next year.

Q - Thomas Palmer

Understood. Thanks for all the details.

Operator

Thank you. The next question comes from Rupesh Parikh with Oppenheimer. Please go ahead.

Q - Rupesh Parikh

Good morning and thanks for taking my question. Also, congrats on a nice quarter. So just going back to your prepared comments, you guys discussed an increase in marketing spend for the year. So curious the rationale there. And then to the extent that you do see more upside in this quarter, do you expect -- is there flexibility to invest even more in the business? Thank you.

A - John O'Connor

Yeah, thanks for the question, Rupesh. So yeah, as we said, right, if we look at where we started the year in terms of our net sales guidance and where we are today, we are obviously guiding much higher. But we've also held the percent of revenue that we're putting into media constant throughout the year and that implies around a $5 million incremental investment that we have consistently been increasing throughout the year, and while we are in the midst of a -- certainly a concerted effort around margin for the next 12 months plus, we are very mindful of making sure we're driving long-term growth and investing in the health of our franchise. So that has been the main rationale in addition to the very strong results that we're seeing out-of-the investments that we're making and Nicki can comment on some of the things that are giving us that confidence.

A - Nicki Baty

Great. So look, the media is working well for us. The best proof is the double-digit growth that we've achieved really over the quarter. But I've been more focused to look at which households we're now bringing in from the media that we're putting out. So as you can see from the remarks Billy made earlier in the call, we've done a lot to really focus on those MVPs and each one of those MVP households is now worth $522 on average a year. So when we look at media, we're not just looking at the cost of acquisition to bring in those MVP households, we're also really looking at the lifetime value. And what gives me a lot more confidence is also the kind of households we're bringing in, which are much more millennial households really, which is what we said we would do at the start of the year. So we've got some confidence that the media is really building us a more durable business.

Q - Rupesh Parikh

And then my follow-up question, as we look towards CapEx for next year, so we saw the numbers come down this year. Just curious if you have any early thoughts towards next -- the next fiscal year?

A - John O'Connor

Yeah. Sure, Rupesh. So I would say, look, in general, we're seeing capital intensity trend down. I think you heard our remarks about the additional capacity that we've unlocked within our network. And we are currently working through a recast of what our CapEx will look like given the new capacity that we've been able to harvest from the footprint that we have in place. So we are pushing to continue to

drive the capital intensity of the business lower. As we've said, if we're growing in this kind of range, we generally think this $150 million or so CapEx number is a decent place for us to be. Again, we're continuing to look to drive that down. And then of course, there can be some timing variation depending on when we look at bringing certain types of equipment in, bulkier types of things or start on a new building that can drive some variability. But in terms of the trend, we are continuing to work to drive that capital intensity down.

Q - Rupesh Parikh

Great. Thank you.

Operator

Thank you. The next question comes from Peter Benedict with Baird. Please go ahead.

Q - Peter Benedict

Hey, guys. Good morning. Thanks for taking the question. So as you mentioned earlier, kind of the category is seeing a handful of new entrants here over the past year, I guess, Hill's being the latest. But can you give us a sense of maybe how your sales of your products are performing in stores where some of these new items are being introduced and maybe how these retail partners are adjusting your footage, if at all? Just any observations around that topic more broadly would be helpful.

A - Nicki Baty

Great. Thanks, Peter. So I think the first thing I'd highlight is we've managed to grow our distribution points despite the competition backdrop. So we've grown 14% overall. And I think this is a really strong signal that retailers are looking to prioritize adding incremental space for fresh and frozen. Now that space is coming from more legacy brands out there and you're seeing the pressure points coming in dry and wet products in particular within the category. So opening up that distribution space, we've been a big beneficiary, I believe, of that distribution space. It's allowing us to improve the number of multiple fridges out there across the estate and it's allowing us to get better holding capacity in too.

Now where the new entrants have come in, we've not seen any impact either on our sales line or on any retention, which is particularly pleasing for us. In places where we compete more head-to-head with some of those newer brands, we average somewhere between 6 times to 8 times more the sales velocity than any of those brands that are in play. So we very much see competition coming in as validating fresh overall and we think that our retailers are also seeing it in the same way.

Q - Peter Benedict

That's super-helpful, Nicki. Thank you. And then my follow-up would just be around the revenue growth versus kind of the consumption of the scanner data. It's obviously been wonky the last couple of quarters. How should we be thinking about that relationship in the fourth quarter and as we enter next year? And related to that, can you maybe help us understand kind of the timing. I think Costco was rolling out a bunch of large chillers over the last 12 months. Maybe how that cycling that might impact that revenue growth versus scanner growth dynamic? Thank you.

A - Billy Cyr

Yeah. Yeah, I'll take that, Peter. Over the long haul, the scanner data will have a very strong correlation what we produce for net sales. There will always be some things that might happen at the beginning or end of a quarter depending on where holidays fall and whatnot that could change the number by a

point or two as we've seen in the Q2, Q3 this year. There could also always be things that a retailer might do from a trade inventory perspective, either building inventory to support an expansion or doing something to tighten up their inventory and there can be some noise.

We also have this benefit that is an increasingly large benefit, which is the unmeasured, which is, think of that as our large lifestyle retailer, which is not in the measured channel as well as our D2C business is not there and each of those is obviously growing quite quickly. And as we said on the call, we think we got about 1 point to 2 points of added growth from those channels in this quarter. And while I won't say exactly what it will be on a going forward basis, you should expect that, that part of our business at least for the near term is going to be growing faster than the rest of the business. So we feel like it's going to be additive to the growth rate of the business.

There will always be some variability with things like where you talked about with Costco or with anybody else where when they are making a big expansion in fridges or doing some way in which they might add more stores or more fridges in the store, bigger fridges that it can create some variability. But for the most part, over the long haul, Nielsen plus unmeasured will be the best indicator of where our growth is.

Q - Peter Benedict

Thanks so much.

A - Billy Cyr

Thanks.

Operator

Thank you. The next question comes from Rob Moskow with TD Cowen. Please go ahead.

Q - Jacob Henry

Hey there. Thanks for the question. This is Jacob Henry on for Rob. My first question is just on the MVP buy rate, which is continuing to increase, which is good to see and it sounds like there's a lot of runway there. But I'm curious if you can help quantify what you view as the ceiling or opportunity on this metric over the long-term? If we do some simple math assuming it costs $4, $5 a day to feed your dog implies a lot of upside relative to where you are today, but just curious if that's how you view it or just kind of what you view as the true ceiling there?

A - Nicki Baty

Thanks, Jacob. So this is an area that we're very -- or we're very confident on for the future. So we're actually about 26% of the way through our TAM for MVPs. We do a lot of work each year to size up the MVP runway that we have. We would say that MVPs that are particularly interested in fresh that we also believe can afford and are most likely to purchase our product, there's a runway of about 10 million of them in the brand. So at 2.6 million, we think that there's still a terrific opportunity ahead.

We've learned that MVPs like a lot of access of our products. So this is where the omnichannel strategy is very important. And we've learned a lot about where to find MVPs in our media strategy, which is why we've started to really push more of our media through into streaming, digital and a more targeted approach. So as we go-forward, our strategy, whether it's media, whether it's innovation, whether it's distribution is really going to be centered on super-serving these MVPs because we believe this will help us create a much more durable franchise for the company.

Q - Jacob Henry

Okay. Thank you. And then my follow-up is about the EBITDA margin target for next year. Obviously, some extra color on that today. So I just want to revisit how you view your sales growth playing into that equation. Is high single-digit growth still required for the low end?

A - John O'Connor

Yeah, look, so that certainly helps to have that kind of growth, I think as we're honing-in on one year, right, we started talking about that kind of approach a while back where you would have multiple years of compounding on that. And so the absolute sales number starts to become less of a factor in terms of some of the other more concerted cost efforts and pricing actions that we laid out today. So certainly, more growth is helpful. We get more absorption on a number of items, whether it's in our manufacturing costs or items like G&A. But right now, we are more focused in terms of the items that will help us get into the range that are cost management, cost reduction, inflation management types of items.

Q - Jacob Henry

Understood. Thanks.

Operator

Thank you. The next question comes from Yasmine Deswandhy with Bank of America. Please go ahead.

Q - Yasmine Deswandhy

Hey, guys. Thank you for the question. I just wanted to dig in a little bit on the mention in your prepared remarks about your planned downtime in the fourth quarter. How long will that downtime be? Any color you can give us on that? What percentage of your network? And then do you anticipate the step-down in adjusted gross margin to be both on a year-over-year and a sequential basis or which metric would it be?

A - Billy Cyr

I'll talk about what we're going to do, what the operational side of it is and let John talk about the last part of that question, which is the margin part. But this is the kind of maintenance work that we do from time-to-time. It's things like repairing floors or replacing floors, replacing pieces of equipment that are outdated, need to be updated and whatnot. It's not anything that you would notice in terms of our customer service, in terms of our ability to supply the demand, but it does mean that for the labor hours that we scheduled for the utilities that we're paying for, we'll have less total output in the period, but it's very normal, it is very normal kinds of maintenance. It's just maintenance that does stop us from producing. And when it stops us from producing, you obviously have a step-down.

The other piece is going to happen in the quarter, there's obviously more holidays in the fourth quarter and we do treat our employees well and close for the holidays. And the nature of our business is that when you have to shut down and start up because we have to operate in a very clean and very sterile environment, shutdowns and start-ups take a little bit longer than they might take in other businesses. So you do lose a little bit of productivity as a result. So fourth quarter is always a little bit more of a challenge because of the number of holidays. John can talk about the margins though.

A - John O'Connor

Yeah. So we've obviously had a lot of success this year and we've built-up a lot of margin in the year. And as we said, that's giving us -- it's affording us the opportunity to make these investments. So yes, there'll be a step-down sequentially. It could be flat-to-down year-over-year, but again, that's because we're taking extra time than we normally would in the season. And we're also comparing to our -- a very strong quarter of gross margin last year at 48.4%. So I think we're less concerned ultimately about where it lands relative to last year. We see all of the signs from an operating standpoint and the proof points that we can resume the types of margins that we've been posting in the middle of the year.

Q - Yasmine Deswandhy

Okay. Thank you. That's helpful. And then, with ecommerce growing as much as it is, has it changed your view on the magnitude of fridge expansion going-forward, perhaps shifting some spend from fridge to online capabilities? Or are you -- or is it plan to keep fridge plans as-is and perhaps expand spend on online? And just a quick follow-up as well, how quickly can you convert retailers with only in-store presence to having online capabilities as well?

A - Billy Cyr

Yeah, I'll start that, and Nicky will follow. But I would start with, we are a plus or an end kind of thing where if retailers have a good case for putting something a fridge in a retail either to support the in-store activity or to support their online business, as long as we see a reasonable case for doing it, we will invest in it. It is not like we choose to invest in in-store or for the online. We view it as each one independently and collectively. So we aren't averse to continuing to invest in the retail presence because it is both important for retail and it's also important for the way it services our online business. So I don't view them as an either/or I think it's an end. Nicki, you can just talk a little bit more about the second part of that question?

A - Nicki Baty

Sure. Thanks, Billy. The first thing I'd say is fridges is actually helping us expand our online capabilities. So 82% of our online sales do come from the fridge, and a big part of that is improving holding power and breadth of assortment. So as retailers put more fridges in, they're actually able to compete even more effectively with online.

Now, when we look at online, we're really pleased that we're growing with traditional grocery food retailers very well. We're also growing with last mile providers, and we have very-high accelerated growth with pure-play retailers, and our D2C business. So for us, we're really looking to make sure that -- and we have built, put a lot of money into G&A to invest in the right capabilities internally to be able to manage that channel mix. So that does mean some changes to the media plan, which, as I said, is now a little bit more digitally focused so that we can drive that purchase through online, and it does mean making sure that we open up distribution in all of those channels.

Operator

Thank you. The next question comes from Edward Lewis with Rothschild & Company Redburn. Please go ahead.

Q - Edward Lewis

Thanks very much. Good afternoon, guys. Just a couple from me. Billy, just looking at the second fridge and plus percentage of the overall fridge count, and with around sort of 24% 25%. And I note

your comment around there's quite a stable of fridges are quite old. What's sort of holding you back increasing that number over of the overall base of fridges?

A - Billy Cyr

Yeah. I would just start with that we are adding fridges that operates. So it's both the numerator and the denominator have to move here or are moving. And as you've seen, particularly as we've added so many net-new stores particularly with a large lifestyle retailer we've added, the denominator gets bigger, so it makes a little bit harder to move that percentage. And so we're seeing that dynamic at play here.

I'd also say that over the long-haul, I mean, I've been with this business for 10 years. This is a little bit episodic, I've described it before as a game of leapfrog where a retailer makes a big move, puts in bigger fridges or they put fridges in end caps and the next guy comes along and does double fridges, the next guy comes along and does triple fridges or exercise fridges and open-air fridges. And it's not a regular cadence, but it happens very routinely and that the retailers realize that they've fallen behind and they make a jump forward to get caught up or even get ahead of where their competitors are.

Because at the end-of-the day, they recognize the fresh pet food is the future of this category, and they want to have a winning presence in this category. So when they realize that they've fallen behind, they then make the decision to make a big investment. You can see that with what happened in one of our club customers. They expanded the distribution, then they made a big push and put in very large fridges and that has given them a huge leg-up in this space and it's frankly given us a huge gain in our velocities as well. I expect to see that happen on a regular basis. It's just not a regular cadence, but it is very routine thing to have happen.

Q - Edward Lewis

Got it, understood. And then just looking at the commentary today around Homestyle Creations, I guess, 12 months, 18 months ago, you were talking about complete nutrition as an opportunity on the value end. Now you're talking about Homestyle Creations, obviously $100 million in sales. How much of an opportunity is sort of the premium innovation or innovation and potentially premium innovation around the MVPs, I mean, is that a big opportunity for you?

A - Billy Cyr

I'm going to have Nicki give you a little detail on this, but I want to start with a broad conceptual point. When you have a business where your highest priced most premium product is your fastest-growing product, it tells you about the value of the proposition, it tells you that you have room for pricing on the high-end and room for innovation on the high-end. And that's an incredibly healthy place to be. And so we feel very fortunate that we have the Homestyle Creations business that is growing so nicely.

You should also recognize what we all said in the prepared remarks, which is we've been nurturing this for several years. It took us a while to get it right and now we've got it working and it's working really well and it's delivering good margins and it's delivering good growth. And that doesn't happen overnight. And that's sort of the patience that we demonstrate with our innovation. But Nicki can talk a little bit more about what the role is of Homestyle Creations and the value for our MVPs.

A - Nicki Baty

Great. Thanks, Billy. I think we're just getting started with Homestyle Creations. The average distribution on that product or that small range is only around 30% in Nielsen terms. So at $100 million

of sales, there's an incredible runway to go just by improving distribution and by bringing new products to market under that area.

The new technology that we've touched on a little bit that obviously brings really improved economics also enables us over time to be producing different forms and different sensory experiences. So that's a big part of our pipeline for the coming years. As is, we believe an untapped opportunity and a little bit more of the health and wellness space. So you should expect us to come to market with more innovation that really does fulfill a broader collection of MVP needs than we have out there today.

Q - Edward Lewis

Thanks very much.

Operator

Thank you. The next question comes from Michael Lavery with Piper Sandler. Please go ahead.

Q - Michael Lavery

Hey, thank you. Good morning. I just want to come back to gross margins and maybe at least partly unpack some of the new technology piece of it and make sure I just have that clear. You've called out an annualized 100 basis points lift from the new bag technology. But is that the entirety of the increase for the outlook next year? I think when you talked to us last quarter, you weren't really factoring that in other than maybe a smidge that had been realized. And maybe just help us understand some of those puts and takes. And you had indicated you could pull-forward some of the implementation of retrofitting lines and sorry if I missed that, but any update on how you're thinking about that or is it just that you're running efficiently enough, it's not necessary just yet? Just help us maybe just understand that kind of runway.

A - John O'Connor

Sure. Thanks for the question, Michael. So I'll just start -- just make sure we level-set, right? So we've been working on the new technology for some time. But on the areas where we were going to get the margin improvement, we really only started to see product coming off that line in the third quarter. So we're really talking about for '26, a half -- getting that benefit for a half year. So the 35 basis points that we expect to get for the full-year is a pretty decent size impact in the second half.

As we said last quarter, right, when we get up to full-rate and iron out all the kinks on that production, we'd expect an annualized benefit of 100 basis points. We said our goal was to get there at some point in '27. Now we're saying with what we're seeing on those lines, we expect to capture substantially all of that 100 basis points year-over-year -- total margin improvement from the baseline in 2027. So we feel really good about where the production on the new technology is going, or how fast it's running, and the margin gains we're getting out of the products that are running on that.

In terms of the plans to retrofit, build more lines, as you said, right, obviously, the overall capacity picture needs to play into that and that is something we're looking at. But I'll give it back to Billy to cover any more of the conversion questions.

A - Billy Cyr

Yeah. Let me just -- let me talk about there's two dynamics that we've observed that are both really, really positive and favorable. One is we anticipated the benefit that we're getting on the products that we're -- that we have out there, Fresh from the Kitchen, I talked about in the prepared remarks. The

quality improvement is turning into the velocity. We expected to get that. You're seeing it show up in the margins and we will fully get the benefit of that.

One of the two new things that we're developing is, one is the amount of innovation that we can drive off this new technology is quite significant. And every day that goes by, we seem to find another way in which we can create something that is dramatically better and that will bring its own margin profile and consumer demand and consumer interest with it. But the idea to create really high-quality products very efficiently that nobody else can match is an incredible opportunity and that's what this technology is enabling. And you see in the presentation that we put out some pictures of some of the early stages of innovation that we're doing with this technology that make that work.

The second part that's really exciting to us is that whenever you start in the new technology, you find new opportunities much more readily than you might in a more mature technology. So when we originally created this technology, we told you about the full up version, then we developed what we call the light version and that is now what we're rolling out. We have two lines that are producing the light version. Our team has actually developed yet another generation of this technology that has the ability to be used on other lines beyond where we already are and to create innovation that we can't do on the existing technology.

And so, it's an opportunity for us to continue to develop this technology and find broader and broader impacts on more of our lines, more of our products and create more innovation. So we're really bullish on the potential for technology to create this big gap between us and where everybody else is. It's hard for us to then put that into a forecast and say exactly here's what we're going to get and when we're going to get it. All I can tell you is from a strategic perspective, it's an enormous win for us, an enormous win.

Q - Michael Lavery

No, that's helpful. And just a follow-up on some of the omnichannel and digital push. Obviously, you've made sure to have the execution availability with the in-store fridge as fulfillment centers and made more of a digital push to get to where the MVPs kind of live and learn. What's the headroom there? You've got that online piece up 35%, it's about 17% of sales. Do you have a sense of where that goes? And maybe what else you're just learning from this increased push and just how that's shaping your consumer insights and execution?

A - Nicki Baty

Yeah, I'll take that one. So in terms of one of the things that we're learning is we do believe that we have the opportunity to substantially increase penetration, is that all the way up to the 35%, that remains to be seen, but certainly somewhere around that area, I think is where we would like to be. A big part of what we're learning is the importance of subscription. So MVPs are shopping 27 times a year, and for fresh products, they do like the opportunity to get that delivered to home and they do like subscription. We have not only an under penetration in online availability, but we're also underpenetrated in offering subscription capability, which is key for that retention.

So a big area we're focused on is working clearly with partners that are able to offer that subscription, whether that's directly through retailers or whether that's in our own direct-to-consumer home delivery business. So that's where we would have our focus for the coming years. We grew ecommerce by 35% over the last quarter. That's on top of the last few quarters up over 40%. And we do believe that

that growth rate will continue as we go-forward. So it will become an increasing part of the overall growth composition of Freshpet for the coming years.

Q - Michael Lavery

Very helpful. Thanks.

Operator

Thank you. The next question comes from Eric Serotta with Morgan Stanley. Please go ahead.

Q - Eric Serotta

Great. Thanks for the questions. Billy or Nicki, can you give a little bit more granularity into 2027 distribution initiatives, whether it's by channel or retailer, doors, SKUs and sort of what you're expecting that to contribute on a percentage basis as you look out today, realizing it's early?

And then, John, if we could just turn back a follow-on for Tom's earlier question just in terms of the fourth quarter. It's a pretty wide range implied for the fourth quarter out there now of couple hundred basis points with less than two months left. So can you talk to some of the drivers that would cause top-line to be sort of at the upper or lower-end of that range that you put out there implied for the fourth quarter? Thank you.

A - Billy Cyr

Yeah, I'll take the first part, John will take the second part. As we think about next year, as I made -- as I said in the prepared remarks, the way in which our growth is driven is increasingly broad-based. A couple of years ago, we relied on purely retail, didn't have an omnichannel business. Advertising was the primary driver. We now have digital, social as part of the mix. And as we think about each year, at this point, we always queue-up in range of initiatives against each of those big drivers we have, whether it's product innovation, whether it's ecommerce plays, whether it's the advertising initiatives that we're going to do, any of those key elements. We push them all -- we push a range of things out into the market. How well each of them is going to work can vary from time-to-time. It's not quite clear at any given point in time, which are the key pieces that are going to be the biggest impacts. As you look at this year, we obviously had a huge gain from one of the big club retailers, which we thought might happen, but obviously was much bigger than what we expected. Some years, it's a bigger innovation.

So as I think about next year and what's going to be the drivers, we've got a good queue of innovation. We've got good advertising plans that are under development. I think the ecommerce business is going to continue to grow at a very rapid rate and we know some retailers who are already planning to do incremental activity. So it's hard to say exactly which ones are going to be and how big they're going to be, but the bottom-line is, we expect to have fairly sizable gains. So we will, of course, give you much more clarity on that when we get to February. By that point, some of the customers and retailers have made some decisions, some new items will have been launched. We'll have a lot more flexibility to talk about it, and we'll give that guidance in February. I'll give John to take the second part of the question.

A - John O'Connor

Sure. Thanks, Billy. Yeah, in terms of fourth quarter, it really comes down to Billy's comments earlier, right? I mean, there's nothing at this point that's clouding or changing our view in terms of the consumption trends. But we are entering into a part of the year that can just have more potential for

disruption. And our range, of course, needs to account for all sorts of things like weather, inventory management and those types of things. But in terms of the consumption, there isn't anything that we're alerting people to in terms of a lot of variability in that trend that we're seeing at this time.

Q - Eric Serotta

Great. And just lastly, MVP count sequentially, your MVP percentage of mix sequentially. I realize it's not going to be linear, there's -- there's lags, there's lumpiness, but any color around that sequential trend that we've seen over the past couple of quarters?

A - Nicki Baty

Yeah. I mean, this quarter, we moved up to MVPs being 72% of our sales. Previous quarter, it was 71%. When I look-back five years ago, it was 63%. So you are seeing a sequential improvement of the amount of MVPs that are coming into the franchise overall.

Q - Eric Serotta

Great. Thanks. Very helpful. I'll pass it on.

Operator

Thank you. The next question comes from Todd Brooks with StoneX. Please go ahead.

Q - Todd Brooks

Hey, thanks for squeezing me in and congrats on the results this quarter. Two quick ones, and I'll lump them both together. One, can we elaborate a little bit more on the Freshpet Direct initiative? And it seems like that's getting more play in your messaging to consumers and on the website. And Nicki, you talked about that subscription model being important to that millennial customer. So how's Freshpet Direct I'm kind of filling into that approach and how do retailers think about it, given that likely is disintermediating fulfilling the volume out of coolers? And then the quick one for John. As you're looking-forward at the distribution cost pressure, what percentage would you say is related to diesel cost versus just line haul rates? And expectation on the stickiness, especially on the line haul side? Thanks.

A - Nicki Baty

Yeah, thanks for the question. On the direct-to-consumer business, I would start by saying it's actually a very small part of our business overall. It's less than 2% of our business today. Everyone on it is an MVP and it's actually 70% of households are brand new to Freshpet. They've never discovered us before. So we see this as a very complementary additive channel for us versus the core grocery retail model. We are a core retail business and that's very much our intention to stay as such for the future. But we do see direct-to-consumer as an opportunity for us to test innovation and really build what we call our ultra-MVPs. So we're seeing annual buy rates of over 1,600 on those consumers that are on the direct-to-consumer platform. So it's a nice incremental part of our business today.

A - John O'Connor

Yeah, and so lastly, on the logistics piece. So when we look at the increase that we're seeing year-to-date, that breaks down about one-third of that increase as a percent of revenue is related to fuel and about two-thirds of that is related to line haul. The smaller portion, right, the fuel that probably has the potential to move around on a -- more on a shorter-term basis. The line haul is a little bit more

structural. It has to do with capacity in the trucking market, both trucks and drivers and that'll be a little bit of a slower mover, but that's the breakdown of the increases so far this year.

Q - Todd Brooks

Great. Thank you both.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Billy Cyr for any closing remarks.

A - Billy Cyr

Great. Thank you very much and thank you for your interest and attention. I'll close with a quote from the comedian Elayne Boosler. My fashion philosophy is, if you're not covered in dog hair, your life is empty, to which I would respond, fill your dog's stomach with Freshpet and their life will be full too. Thank you very much.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.