

Consumer Quarterly Update



Industry Insights & Market Data

RECENT CMG EVENTS

- [Carter Morse & Goodrich Sponsors ACG New England Conference](#)
- [Senior Advisor Spotlight: Jeff Klaus](#)

CONSUMER Q3 '25 HIGHLIGHTS

- Consumer Products News
- SuperZoo 2025 Recap
- Leadership Spotlight: pawTree CEO and Founder Roger Morgan on Elevating Pet Wellness
- Consumer M&A Transaction Highlights
- Public Markets and Subsector Performance
- U.S. Key Economic Indicators

The consumer sector in Q3 2025 was marked by continued caution and volatility due to global supply chain pronouncements.

As a result, the M&A environment has prompted continued restraint within some consumer subsectors and newfound optimism and activity in others. Sellers that remain impacted by foreign tariffs are hesitant due to uncertainty (like the newly imposed tariffs on household goods).

Sellers in consumer businesses that are either U.S. based and are positively impacted by tariffs or aren't impacted as severely are seeing financial performance improve and become more consistent, which is driving an increase in M&A activity. Consumer businesses that are focused on resilience in non-discretionary or premium categories are better protected from broad economic swings. This stability is attracting significant investment and fueling strategic M&A focused on market expansion and gaining competitive share.

Please reach out to us using the contact information below if you would like to begin exploring strategic alternatives for your business



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Consumer Products News



Pet Products



Pet owners continue to remain passionate about their companion animals in the U.S., driving steady growth in spending on pet products, services, and consumables. Two of the larger pet products public companies, Chewy and Petco, announced their latest earnings and their growth has slowed somewhat but is still robust in ecommerce channel.

The latest quarterly earnings demonstrated Chewy's ability to grow in a competitive e-commerce landscape. Net sales reached \$3.1 billion, up 8.6% year over year, with Autoship sales growing 15% and representing 83% of total net sales. Adjusted EBITDA increased \$38.4 million to \$183.3 million, while adjusted net income rose \$36.4 million to \$141.1 million.

Likewise, the latest quarterly earnings for Petco reflected stability and progress. Net sales reached \$1.5 billion, down 2.3% year over year, while comparable sales decreased 1.4%. Gross profit margin expanded roughly 120 basis points to 39.3% and Adjusted EBITDA increased \$30.3 million to \$113.9 million.

Infant & Juvenile Products



The infant and juvenile products category saw a shake up recently as thousands of infant and kids' products sold on Amazon have been recalled for posing serious safety risks, including suffocation and battery ingestion.

The products were named in a series of recalls reported by Amazon and the Consumer Product Safety Commission on Sept. 18 and were sold online in both 2024 and 2025.

Some of these products include approximately 3,000 Youbeien-branded crib mobiles, approximately 360 LXDHSTRA-branded baby loungers and crib bumpers and approximately 1,780 YooxArmor multi-purpose kids' helmets.

All the impacted products were made in China but failed to meet U.S. safety standards and regulations. Each notice does include information about receiving a full refund.

Sporting Goods



In September 2025, there was a significant transaction in the sporting goods category, as Dick's Sporting Goods finalized its \$2.4 billion acquisition of Foot Locker. The deal gives Dick's a stronger foothold in the sneaker market with over 3,200 stores and an entry into international markets, while both companies battle for market share.

Dick's expects the transaction to add to its earnings per share in fiscal 2026, excluding transaction related and other one-time costs. The company in May said it expects to operate Foot Locker as a standalone business within its portfolio and maintain the sporting goods retailer's brands. We will continue to track Dick's quarterly and annual earnings announcements to see if the Company can execute its plan and realize the sought after synergies.

Consumer Products News



Apparel & Accessories



One subcategory within accessories that has seen meaningful growth is the luxury resale market. Luxury resale refers to the buying and selling of authenticated, previously owned high-end goods through specialized boutiques or online platforms. This practice promotes sustainability and offers consumers access to luxury items at reduced prices.

Luxury resale is used to purchase and sell pre-owned high-end fashion items, accessories, jewelry, and watches at lower prices, enabling consumers to enjoy luxury goods more affordably and sustainably. While the global market is forecasted at \$38 billion in 2025, it is expected to reach \$54.8 billion in 2029, a nearly 10% CAGR.

Household Goods & Furnishings



In late September, President Trump announced plans to stop the "flooding" of imports that threaten American manufacturers by imposing a 50% tariff on kitchen cabinets, bathroom vanities and related products, and a 30% tariff on upholstered furniture.

The new tariffs, which will take effect on October 1st, are a blow for the furniture retailers, because the companies tend to rely on cheaper imports from China, as well as Vietnam and other countries in Southeast Asia. Shares of RH, which operates the Restoration Hardware chain and Williams Sonoma, plummeted as these tariffs and disappointing earnings hit the luxury furniture retailer hard.



Upcoming Industry Events



Annual Private Label Trade Show

November 16 – 18, 2025
Chicago, IL

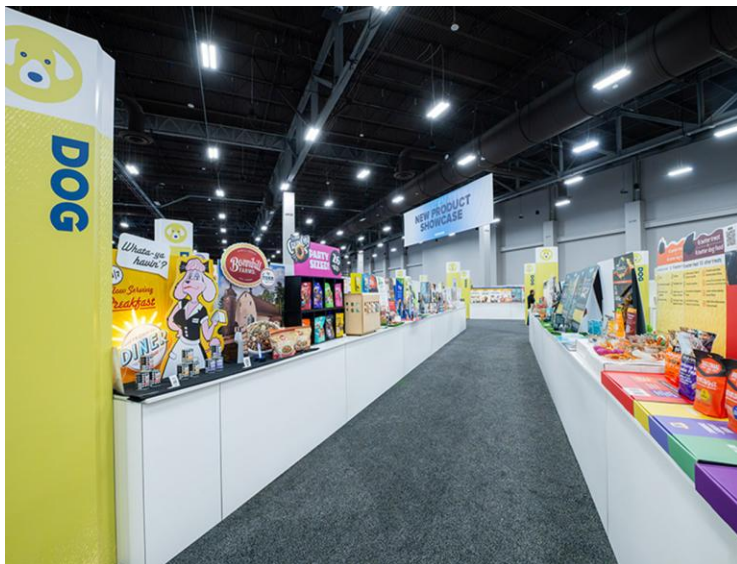
2025 SuperZoo Recap

From August 13-15, the CMG team attended the 75th year of the SuperZoo Expo in Las Vegas, NV. Hosted at the Mandalay Bay, SuperZoo is the premier event for the pet products industry, and it was great to re-connect with some old friends and see many new faces.

SuperZoo by the Numbers



- 22,000+ pet industry participants
- 1,200 exhibitors, showcasing the full spectrum of pet care, products and services
- 474 first-time exhibitors, including many emerging brands making their market debut
- 50% YoY growth in the Emerging Brands
- 1,100+ new products launched across the floor
- 350,000+ square feet of exhibit space



Our team had a chance to catch up with more than 100 pet products brands and throughout those conversations plus our time visiting many brand booths, we uncovered the several key trends in the pet industry.

The most prominent trends on display included:

- **Personalized health solutions** – Functional nutrition and supplements tailored for gut health, aging pets and mobility support

Tech-enabled Care – Wellness trackers, app-connected feeders, high-tech grooming tools and tools designed for diagnostics and convenience.

Mental Enrichment – Toys, treats and accessories aimed at reducing anxiety and encouraging stimulation across species

Sustainability – Products made with recyclable packaging, biodegradable formulas, alternative proteins and planet-conscious sourcing



We look forward to staying engaged with these pet brands and are already getting ready for next year's SuperZoo!

Leadership Spotlight: pawTree CEO and Founder Roger Morgan on Elevating Pet Wellness

pawTree is a Texas-based pet nutrition and wellness company that's redefining how pet parents care for their furry companions. Founded on the belief that pets deserve the same quality of nutrition and wellness as humans, pawTree offers veterinarian- and Ph.D.-formulated food, supplements, treats, and wellness products—all delivered directly to pet owners with personalized recommendations.

What sets pawTree apart is its community-driven model, where independent petPros provide trusted guidance, and its Paw Club loyalty program makes pet parenting easier and more rewarding.

Leadership Spotlight *(Continued from Page 4)*

The CMG team caught up with CEO and Founder Roger Morgan to learn how he and his team are shaping a purpose-driven brand in the pet wellness space, while adapting to the changing needs of today's pet parents and the broader consumer landscape.

CMG: How do you differentiate pawTree from other pet products (food, supplements, toys) providers?

RM: At pawTree, our differentiation begins with quality and personalization. Every product is developed with veterinarians and Ph.D. nutritionists, using premium ingredients you simply don't find in mass-market pet food. We don't believe in "one-size-fits-all." Instead, we provide customized nutrition plans tailored to each pet's unique needs—something no retail aisle can replicate.

Beyond products, we've built a community-driven model through our independent petPros, who serve as trusted guides for pet parents. This human connection—paired with high-quality, science-based products—creates trust and loyalty that goes far beyond a transaction.

CMG: Describe how you create an elevated customer experience. Please describe the petPros and Paw Club programs.

RM: Our customer experience is elevated by personalized support and community engagement. PetPros don't just sell; they educate and guide pet parents, building authentic relationships. Customers feel cared for because they're working with someone who is invested in their pet's health. We also designed Paw Club, our subscription program, to make life easier and more rewarding. It delivers pet parents' essentials on a flexible schedule with perks like free shipping, rewards points, exclusive promotions, and surprise gifts. The combination of personal service + convenience + rewards creates a best-in-class customer experience that feels both premium and personal.

CMG: How do global tariffs impact your business?

RM: As a U.S.-based company with primarily domestic production, pawTree is somewhat insulated compared to companies relying heavily on imports.

That said, tariffs still impact certain ingredients and packaging materials. We've managed this by diversifying suppliers, building stronger domestic relationships, and

strategically sourcing to keep costs as stable as possible.

CMG: How have you navigated pricing strategy during this period of supply chain uncertainty?

RM: We've focused on balancing value with sustainability. Like every company, we've faced cost pressures from raw materials, transportation, and labor. Instead of blanket price hikes, we've been thoughtful—absorbing some costs internally, introducing modest increases where necessary, and doubling down on customer value through loyalty programs and bundled savings.

Our philosophy is that customers will accept fair, transparent adjustments if they continue to feel the quality, personalization, and community support they receive with pawTree.

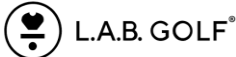
CMG: What are you most excited about with pawTree for 2026?

RM: 2026 will be a year of growth and global impact. We're excited about expanding internationally in the coming years and bringing pawTree's unique business model to more pet parents around the world. We'll also be building on the momentum of our science-backed innovations—like our new Plaque Control and our new 10-in-1 supplement—introducing additional products that support holistic pet wellness.

Equally exciting is the growth of our petPros community. We're empowering thousands of entrepreneurs to build businesses around something they love—pets. Seeing that community thrive while improving the lives of pets and pet parents is what inspires us most about pawTree's future.



Select Consumer M&A Transactions

Date	Acquirer	Target	Target Description
Pet Products			
Sep-25			Manufacturer of pet supplies
Aug-25			Producer of all-natural salmon-based pet treats
Jul-25			Producer of sustainable pet foods including plant-based and cruelty-free products
Infant and Juvenile			
Sep-25			Manufacturer of nursery and children's furniture
Aug-25			Manufacturer and retailer of eco-friendly diapers for baby care
Sporting Goods			
Sep-25			Manufacturer of commercial, recreational and leisure products
Sep-25			Provider of sports equipment designed for use in ice hockey and related sports activities
Jul-25			Manufacturer of golf putters designed to simplify putting
Jul-25			Manufacturer and distributor of tabletop games designed for entertainment and education
Apparel & Accessories			
Sep-25			Manufacturer and designer of sportswear
Sep-25			Operates as a footwear and apparel retailer selling athletically inspired shoes and apparel
Aug-25			Manufactures basic and athletic apparel under brands including Hanes, Playtex, Maidenform, Bali, Berlei, and Bonds
Jul-25			Manufacturer and designer of foam insoles

Select Consumer M&A Transactions

Date	Acquirer	Target	Target Description
Accessories			
Aug-25	 AMES WATSON		Manufacturer of jewelry and accessories for women, teens, tweens, and kids
Home Furnishings & Household Goods			
Sep-25			Manufacturer of seaweed-based skincare products
Sep-25			Manufacturer of gift wrap, gift bags, printed tissue, holiday cards, and gift boxes
Sep-25			Manufacturer of personal care products to support contract production needs
Aug-25			Manufacturer of health and wellness wipes
Aug-25			Manufacturer of handcrafted high-end furniture and decorative pieces serving luxury interior design market
Aug-25			Manufacturer of furniture, outdoor collections, and accessories

Select Public Company Data

Pet Products, Infant & Juvenile, Sporting Goods, Diversified Apparel

Company	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
	\$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Pet Care								
Central Garden & Pet Company	0.00	2,617	\$3,120	\$341	-4.9%	10.9%	0.8x	6.0x
Chewy, Inc.	40.45	16,716	\$12,345	\$243	9.2%	2.0%	1.4x	nmf
Elanco Animal Health Incorporated	\$20.14	\$13,676	\$4,484	\$842	-0.2%	18.8%	3.0x	15.2x
Freshpet, Inc.	\$55.11	\$2,940	\$1,044	\$138	19.3%	13.2%	2.8x	nmf
Petco Health and Wellness Company, Inc.	\$3.87	\$3,838	\$6,045	\$289	-2.8%	4.8%	0.6x	4.5x
Zoetis Inc.	\$146.32	\$70,212	\$9,385	\$3,946	5.3%	42.0%	7.5x	17.4x
Mean	\$44.32	\$18,333	\$6,071	\$966	4.3%	15.3%	2.7x	10.8x
Median	\$30.30	\$8,757	\$5,265	\$315	2.5%	12.1%	2.1x	10.6x
Infant & Juvenile								
Carter's, Inc.	28.22	1,794	\$2,833	\$277	-1.5%	9.8%	0.6x	3.5x
Crown Crafts, Inc.	2.91	57	\$87	\$5	-0.2%	6.2%	0.7x	5.7x
Hasbro, Inc.	\$75.85	\$13,467	\$4,251	\$1,014	-6.5%	23.9%	3.2x	13.3x
JAKKS Pacific, Inc.	\$18.73	\$227	\$685	\$57	1.3%	8.3%	0.3x	3.4x
Mattel, Inc.	\$16.83	\$7,234	\$5,336	\$895	-1.7%	16.8%	1.4x	6.8x
Newell Brands Inc.	\$5.24	\$7,898	\$7,397	\$824	-5.3%	11.1%	1.1x	7.9x
Mean	\$24.63	\$5,113	\$3,431	\$512	-2.3%	12.7%	1.2x	6.8x
Median	\$17.78	\$4,514	\$3,542	\$550	-1.6%	10.5%	0.9x	6.2x
Sporting Goods								
adidas AG	210.49	42,882	\$28,782	\$2,732	10.9%	9.5%	1.5x	12.3x
DICK'S Sporting Goods, Inc.	222.22	21,177	\$13,772	\$1,914	2.7%	13.9%	1.5x	7.8x
lululemon athletica inc.	\$177.93	\$21,707	\$10,904	\$2,977	9.2%	27.3%	2.0x	6.1x
NIKE, Inc.	\$69.73	\$105,470	\$46,440	\$4,205	-7.1%	9.1%	2.3x	19.9x
On Holding AG	\$42.35	\$13,353	\$3,418	\$424	35.7%	12.4%	3.9x	nmf
Mean	\$144.54	\$40,918	\$20,663	\$2,450	10.3%	14.4%	2.2x	11.5x
Median	\$177.93	\$21,707	\$13,772	\$2,732	9.2%	12.4%	2.0x	10.1x
Diversified Apparel								
a.k.a. Brands Holding Corp.	9.65	277	\$598	\$11	7.7%	1.9%	0.5x	9.3x
Abercrombie & Fitch Co.	85.55	4,538	\$5,100	\$866	9.3%	17.0%	0.9x	3.4x
American Eagle Outfitters, Inc.	17.11	4,768	\$5,267	\$524	-2.7%	10.0%	0.9x	4.6x
Gildan Activewear Inc.	57.72	10,384	\$3,343	\$839	4.1%	25.1%	3.2x	12.4x
Kontoor Brands, Inc.	79.77	5,854	\$2,651	\$436	3.4%	16.5%	2.2x	12.4x
Levi Strauss & Co.	\$23.30	\$10,727	\$6,489	\$966	8.3%	14.9%	1.7x	7.7x
The Gap, Inc.	\$21.39	\$11,097	\$15,166	\$1,698	0.0%	11.2%	0.7x	3.8x
Urban Outfitters, Inc.	\$71.43	\$6,618	\$5,832	\$680	9.6%	11.7%	1.1x	6.0x
Mean	\$45.74	\$6,783	\$5,556	\$753	5.0%	13.5%	1.4x	7.5x
Median	\$40.51	\$6,236	\$5,183	\$759	5.9%	13.3%	1.0x	6.8x

All data as of 9/30/25

\$ in millions

TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

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Select Public Company Data

Accessories, Home Furnishings and Household Goods

Company	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
	\$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Accessories								
Burberry Group plc	\$15.70	\$7,119	\$3,186	\$180	-17.1%	5.6%	2.2x	13.7x
Capri Holdings Limited	\$19.92	\$4,966	\$4,391	\$243	-8.3%	5.5%	1.1x	6.1x
EssilorLuxottica Société anonyme	\$323.83	\$163,232	\$31,993	\$6,607	5.5%	20.7%	5.1x	nmf
Movado Group, Inc.	\$18.97	\$329	\$656	\$29	0.8%	4.4%	0.5x	5.4x
Pandora A/S	\$130.14	\$12,267	\$5,116	\$1,431	8.3%	28.0%	2.4x	7.4x
Tapestry, Inc.	\$113.22	\$26,217	\$7,011	\$1,571	5.1%	22.4%	3.7x	12.2x
The Swatch Group AG	\$187.43	\$8,520	\$7,983	\$687	-13.2%	8.6%	1.1x	12.4x
Vera Bradley, Inc.	\$2.01	\$127	\$333	-\$31	-22.1%	-9.2%	0.4x	nmf
Mean	\$101.40	\$27,847	\$7,583	\$1,340	-5.1%	10.8%	2.1x	9.5x
Median	\$66.57	\$7,819	\$4,753	\$465	-3.8%	7.1%	1.6x	9.8x
Home Furnishings								
Ethan Allen Interiors Inc.	29.46	738	\$615	\$78	-4.9%	12.7%	1.2x	6.2x
RH	203.16	7,686	\$3,337	\$536	9.6%	16.1%	2.3x	11.0x
Somnigroup International Inc.	\$84.33	\$24,455	\$5,993	\$719	23.1%	12.0%	4.1x	nmf
The TJX Companies, Inc.	\$144.54	\$169,346	\$57,925	\$7,655	4.1%	13.2%	2.9x	14.9x
Williams-Sonoma, Inc.	\$195.45	\$24,212	\$7,830	\$1,688	3.3%	21.6%	3.1x	11.5x
Mean	\$131.39	\$45,287	\$15,140	\$2,135	7.0%	15.1%	2.7x	10.9x
Median	\$144.54	\$24,212	\$5,993	\$719	4.1%	13.2%	2.9x	11.2x
Household Goods								
Colgate-Palmolive Company	79.94	72,305	\$19,998	\$4,824	0.0%	24.1%	3.6x	14.4x
Kimberly-Clark Corporation	124.34	48,030	\$19,718	\$3,827	5.7%	19.4%	2.4x	11.1x
The Procter & Gamble Company	\$153.65	\$387,635	\$84,284	\$24,455	0.3%	29.0%	4.6x	15.6x
Unilever PLC	\$59.28	\$180,421	\$70,195	\$13,888	-0.9%	19.8%	2.6x	12.6x
Mean	\$104.30	\$172,098	\$48,549	\$11,749	1.3%	23.1%	3.3x	13.4x
Median	\$102.14	\$126,363	\$45,096	\$9,356	0.2%	22.0%	3.1x	13.5x
Mean - All	\$84.62	\$38,104	\$13,347	\$2,357	2.8%	13.9%	2.1x	9.6x
Median - All	\$64.51	\$10,912	\$5,191	\$779	3.0%	12.9%	2.1x	10.2x

All data as of 9/30/25

\$ in millions

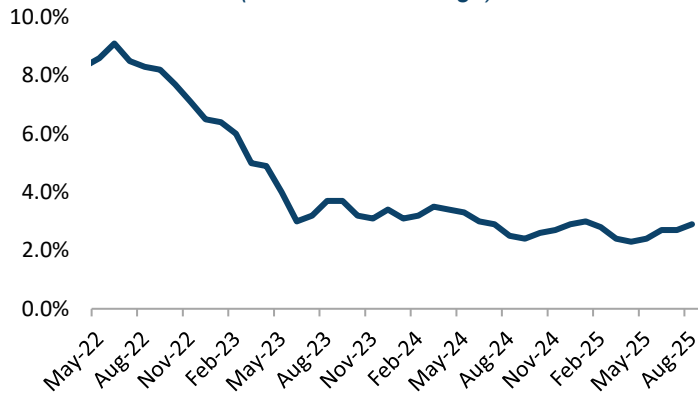
TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

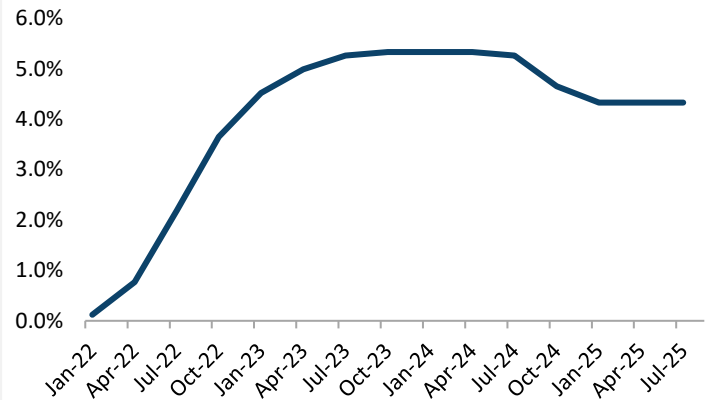
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Key Economic Indicators

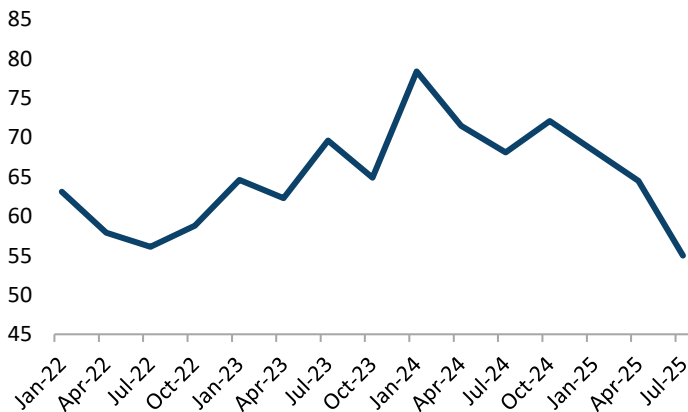
Consumer Price Index
(12-month % change)



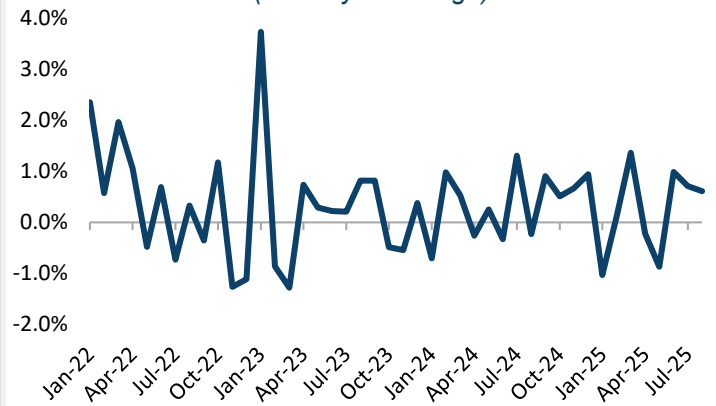
Fed Funds Rate



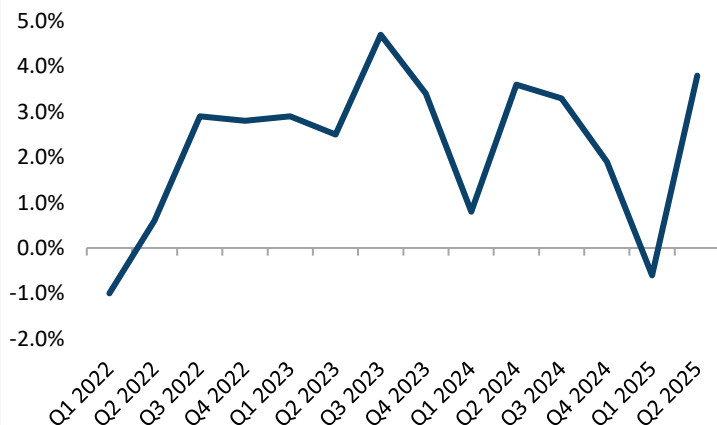
Consumer Sentiment Index by Quarter



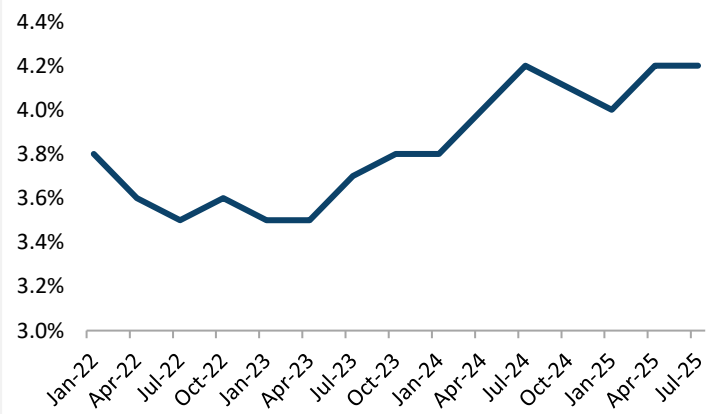
U.S. Retail Sales
(Monthly % change)



Quarterly Real GDP % Change



U.S. Unemployment Rates



Sources: U.S. Bureau of Labor Statistics, Federal Reserve Economic Data, US Census Bureau and Trading Economics

M&A Expertise For Founders & Families

Founded in 1987, Carter Morse & Goodrich is a boutique M&A advisory firm that specializes in representing founder-led and family-held businesses that are leaders in niche markets. We fully understand and appreciate the unique dynamics of these companies and the importance of owner legacies, which has enabled us to become a trusted advisor to hundreds of founders and families.

CMG Industry Groups

				
Manufacturing	Services	HVAC	Consumer	Food & Beverage
- Aerospace & Defense - Tools & Equipment - Diversified Industrial - Niche Manufacturing	- Diversified Services - Facilities & Residential - Industrial Services - Distribution & Logistics	- Manufacturing - Distribution - HVAC Services - Building Automation	- Pet Products - Infant & Juvenile Products - Sporting Goods - Apparel & Accessories - Household Goods	- Food - Alcoholic Beverages - Non-Alcoholic Beverages

1987
Founded

\$5 Billion
Aggregate Transaction
Values

450+
Client Engagements

1 Objective
Successful Client Outcomes

Select Consumer Transactions

 has been acquired by 	 has been acquired by 	 has been acquired by  a portfolio company of CENTRE LANE PARTNERS	 has been acquired by 	 raised capital from 
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*A CMG principal was the exclusive financial advisor to the client.



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