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Investment Bankers Since 1987

Consumer Sector Quarterly Update



Industry Insights & Market Data

RECENT CMG EVENTS

- CMG sponsored ACG New England Conference in Newport, RI in September 2026
- CMG attended SuperZoo in Las Vegas in August 2026
- CMG hosts SeaMG firm offsite in Montauk, NY in September 2026

CONSUMER Q3 '26 HIGHLIGHTS

- Consumer Market Overview
- Consumer Products News
- Consumer M&A Transaction Highlights
- Public Markets and Subsector Performance
- U.S. Key Economic Indicators

Consumer Market Overview

Consumer behavior and consumer *feelings* pulled even further apart this quarter — spending accelerated to its strongest pace in more than a year, while confidence surveys slid to some of their weakest readings of 2026.

Spending accelerated — but outran income

Real consumer spending rose just 0.1% in July before jumping 0.6% in August, the largest monthly gain since March 2025, with nominal personal spending up 0.9%. The catch: real disposable income was flat in August, and the personal saving rate fell to 4.1%, its lowest level since late 2022 — households spent more without earning more. Retail sales followed a similar arc: a 0.6% drop in July (largely because Amazon moved Prime Day into June), a 1.3% rebound in August, and a 0.2% gain in September. Bank of America card data showed September spending per household up 5.1% year over year, excluding gasoline.

(Continued)



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Consumer Market Overview

Sentiment Deteriorated Further

The Conference Board's Consumer Confidence Index fell 6.7 points to 81.9 in September, well below the consensus forecast of 89.2 and its third straight month of softening. Labor-market perceptions softened again, with 21.9% of consumers saying jobs are "hard to get," up from 20.3% in August. The University of Michigan's sentiment index told the same story, slipping to a four-month low of 48.1 in September and to 46.3 in October's preliminary reading, as year-ahead inflation expectations climbed to 4.7%.

The "K-shaped" consumer is narrowing — in spending, if not in mood

Q3 brought a notable shift in the income story. Bank of America Institute's August report, titled "The Great Convergence," found spending and wage growth had converged across income groups since May, and by September lower-income households' card spending was growing faster than every cohort except the top 5%. The exceptions matter, though: the wealthiest households keep pulling ahead on the back of stock-market gains, and lower-income consumers still report weaker sentiment than higher earners even as their spending recovers.

Gas prices and inflation crowded out discretionary categories

Renewed U.S. strikes against Iran in early July pushed gasoline prices higher through the quarter — gas station sales jumped 6.4% in September alone. Inflation stayed sticky, with the PCE price index up 3.4% year over year in August and core PCE at 3.0%. Discretionary retail categories absorbed the squeeze: in September, clothing store sales were flat, sporting goods fell 0.5%, and building materials fell 0.6%. In August, only 8% of Michigan survey respondents expected their incomes to grow faster than inflation.

The Bottom Line

The gap that defined Q2 widened in Q3: the spending data moved from "resilient" to genuinely strong, while the surveys moved from "worried" to gloomier. The weak point is the funding: August's spending gains came from a falling saving rate rather than income growth, inflation is running well above target, and 30-year mortgage rates climbed back above 7% in late September.

Consumer Products News

Pet Products

The pet category spent Q3 stabilizing rather than recovering. Chewy's fiscal second quarter (ended August 2) delivered net sales of $3.3 billion, up 7.3% (5.7% organic excluding SmartPak and Modern Animal), and the company raised its full-year outlook to $13.5–$13.6 billion while assuming no improvement in consumer conditions. Freshpet kept the premium/fresh story intact, with net sales up 15.5% on volume gains and roughly 800,000 net new households, but both companies said discretionary spending and trade-up behavior remained under pressure.

Inflation cooled. Petflation fell from a 4.3% peak in March to 2.2% in September, and pet food inflation ran just 1.3–1.6%, well below national CPI. Veterinary care was the only segment still rising in September, which supports Chewy's push into vet services: it closed its $400 million Modern Animal acquisition during the quarter.

Demand is steady and inflation is easing outside vet care, but growth at the category leaders is coming from acquisitions, services, and subscriptions rather than a stronger consumer. One-time tariff refunds flattered results, while the new Section 301 tariffs that took effect July 24 keep import costs elevated for hard goods heading into the holiday quarter.



Consumer Products News



Infant & Juvenile Products

Infant and juvenile gained clarity on the tariff process in Q3, but not on the outcome, while its demographic headwind held firm. The latest CDC data, released in June, showed the general fertility rate falling to 53 births per 1,000 women in Q1 2026 after a record-low 2025. Births are growing only among women 35 and older, which supports premium spending per child but not unit volumes.

On July 24, the expiring 10% Section 122 surcharge was replaced by Section 301 forced-labor tariffs of 10% or 12.5%, leaving the overall U.S. tariff rate roughly unchanged. After the late-September Trump–Xi summit, the U.S.–China Board of Trade published 77 tariff lines, concentrated in toys, electrical goods, and appliances, recommended for reduced tariffs, and the trade truce was extended to January 10, 2027. No rates or dates have been set. With roughly 97% of strollers and 87% of car seats made in China, whether juvenile product lines made the list is the biggest pricing swing factor for 2027.

U.S. demand stayed soft and promotional: Dorel Juvenile's second-quarter revenue fell 3.9% to $209.7 million, with growth coming only from international markets. IEEPA tariff refunds, along with a refund class action certified in October, offer importers a potential one-time cash benefit.

Sporting Goods

Q3 was the World Cup hangover quarter. The tournament ended July 19 with Spain beating Argentina, and Adidas reported record second-quarter revenue of €6.74 billion (up 14% currency-neutral), with football sales up 74% and about €1.5 billion in tournament-linked sales. Heavy marketing spend, however, held operating profit growth to 5%, and Adidas's raised guidance implies growth slowing to roughly 6% in the second half.

Beneath the World Cup halo, athletic footwear weakened. Dick's core business posted 4.9% comps, but the acquired Foot Locker business saw pro forma comps fall 3.6% on weak demand for legacy sneakers, prompting a lower outlook and 110 store closures. Nike's revenue fell 4% to $11.2 billion, with footwear down 6% and Converse down 28%; it expects a high-single-digit revenue decline for the year and announced a $2.5 billion cost-savings program. The July 24 tariff switch barely changed overall rates, while IEEPA refunds provided one-time margin relief.

The durable story is now a split within athletic: performance categories like football and running are growing, while lifestyle and retro sneakers struggle. Holiday results will hinge on whether footwear launches improve.



Consumer Products News

Apparel & Accessories



IEEPA tariff refunds inflated apparel margins in Q3, masking a brand-led versus value-tier split that carried over from Q2. Gap booked a $417 million net recovery (about 1,140 basis points of gross margin; excluding it, gross margin rose just 20 basis points), American Eagle a $161 million net operating benefit, and Abercrombie & Fitch about $100 million, with more refunds likely in Q4. Meanwhile, the new Section 301 tariffs landed at 10% for most major apparel sourcing countries, lighter than many companies had assumed.

Underlying results diverged by brand. Gap Inc.'s comps fell 1% as Old Navy (down 4%) and Athleta (down 12%) offset a 10% gain at the Gap brand. AEO's comps rose 6%, driven almost entirely by Aerie and OFFLINE (up 19%), while the core American Eagle brand fell 1%. Abercrombie & Fitch posted its 15th straight quarter of growth, with sales up 5%, and raised its outlook, though Hollister comps declined.

Bifurcation, not the tariff rate, remains the durable story. Culturally relevant brands like Gap, Aerie, and Abercrombie keep taking share while value and mid-market names lean on promotions, a split likely to define the holiday quarter.

Household Goods & Furnishings

Rising mortgage rates undercut hopes for a housing recovery in Q3. The 30-year fixed rate climbed from 6.54% in July to above 7% in late September and 7.40% in early October, its highest since November 2023. Existing-home sales ran at a 3.99 million annual pace in September, down 2.2% year over year, with August and September the slowest months of the year.

Home improvement held steady on smaller projects. Home Depot's comps rose 1.7%, its best since late 2022, on a higher average ticket, and it disclosed about $730 million in tariff refunds. Lowe's comps rose just 0.2% on Pro, online, and services strength, and it lowered its outlook to flat comps.



Wayfair said the U.S. home category was flat to slightly positive for the first time since 2021, though growth skewed toward higher-income shoppers. Furniture and cabinet tariffs held at 25%, but scheduled increases to 30% and 50% take effect January 1, 2027; Chinese household appliances appear on the Board of Trade's list for potential tariff cuts.

Q3 showed early signs of demand stabilization, but the late-quarter jump in mortgage rates puts that progress at risk. Tariff refunds are a one-time help, the January 2027 tariff step-up is a known headwind, and the category's direction remains tethered to mortgage rates.

Select Consumer M&A Transactions

Date	Acquirer	Target	Target Description
Pet Products			
Sep-26	The Farmer's Dog	woof	Pet wellness brand known for refillable enrichment products.
Aug-26	Burgess	bunny	German small-animal pet food nutrition and care brand.
Jul-26	H.I.G. CAPITAL	outward hound	US developer of branded pet toys, treats and accessories.
Sporting Goods			
Sep-26	Squared Up Holdings	marucci	Baseball and softball equipment manufacturer.
Sep-26	MVC GROUP	tailfin	Engineers high-performance cycling equipment.
Jul-26	VERSANT	FULL SWING	Golf and baseball simulator and training equipment manufacturer.
Apparel & Accessories			
Sep-26	WSG	NASTY GAL	Online fast-fashion retailer for young women.
Sep-26	RAA RANDA APPAREL & ACCESSORIES	UNTUCKit	Direct-to-consumer menswear brand.
Aug-26	MARQUEE BRANDS	Roots	Canadian premium lifestyle apparel retailer.
Aug-26	SPENCER'S | SPIRIT	HOT TOPIC	Specialty retailer of music- and pop culture-inspired apparel & accessories.
Home Furnishings & Household Goods			
Sep-26	PlanetART	THINGS REMEMBERED	E-commerce retailer of personalized gifts, keepsakes and home décor.
Jul-26	SleepCountry	sleep number	Mattress and bedding retailer specializing in adjustable smart beds.
Jul-26	ZRIKE BRANDS	CASKATA	Premium tabletop and home goods brand.

Select Public Company Data

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

	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
Company	$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Pet Care								
Central Garden & Pet Company	NA	2,572	$3,084	$338	-1.4%	11.0%	0.8x	7.6x
Chewy, Inc.	18.20	7,864	$13,069	$432	5.9%	3.3%	0.6x	18.2x
Elanco Animal Health Incorporated	$22.39	$14,890	$5,020	$1,007	9.3%	20.1%	3.0x	14.8x
Freshpet, Inc.	$57.56	$2,909	$1,177	$194	9.1%	16.5%	2.5x	15.0x
Petco Health and Wellness Company, Inc.	$2.27	$3,178	$5,965	$332	-1.3%	5.6%	0.5x	9.6x
Zoetis Inc.	$69.83	$36,434	$9,525	$4,066	1.4%	42.7%	3.8x	9.0x
Mean	**$34.05**	**$11,308**	**$6,307**	**$1,062**	**3.8%**	**16.5%**	**1.9x**	**12.4x**
Median	**$22.39**	**$5,521**	**$5,493**	**$385**	**3.7%**	**13.7%**	**1.7x**	**12.2x**
Infant & Juvenile								
Carter's, Inc.	31.31	1,681	$2,980	$343	5.2%	11.5%	0.6x	4.9x
Crown Crafts, Inc.	2.49	46	$84	$7	-2.6%	8.3%	0.6x	6.6x
Hasbro, Inc.	$87.68	$14,892	$5,181	$1,467	18.9%	28.3%	2.9x	10.2x
JAKKS Pacific, Inc.	$25.13	$275	$627	$34	9.2%	5.4%	0.4x	8.2x
Mattel, Inc.	$12.66	$5,839	$5,490	$653	5.0%	11.9%	1.1x	8.9x
Newell Brands Inc.	$5.28	$7,750	$7,246	$909	-0.1%	12.5%	1.1x	8.5x
Mean	**$27.43**	**$5,080**	**$3,601**	**$569**	**5.9%**	**13.0%**	**1.1x**	**7.9x**
Median	**$18.90**	**$3,760**	**$4,080**	**$498**	**5.1%**	**11.7%**	**0.8x**	**8.3x**
Sporting Goods								
adidas AG	165.00	34,170	$29,751	$3,044	2.7%	10.2%	1.1x	11.2x
DICK'S Sporting Goods, Inc.	134.29	18,991	$21,145	$2,083	53.5%	9.9%	0.9x	9.1x
lululemon athletica inc.	$96.19	$11,401	$11,094	$2,384	1.7%	21.5%	1.0x	4.8x
NIKE, Inc.	$35.40	$54,532	$45,891	$4,893	-1.2%	10.7%	1.2x	11.1x
On Holding AG	$29.61	$9,058	$3,986	$607	10.5%	15.2%	2.3x	14.9x
Mean	**$92.10**	**$25,630**	**$22,373**	**$2,602**	**13.4%**	**13.5%**	**1.3x**	**10.2x**
Median	**$96.19**	**$18,991**	**$21,145**	**$2,384**	**2.7%**	**10.7%**	**1.1x**	**11.1x**
Diversfied Apparel								
a.k.a. Brands Holding Corp.	10.88	315	$604	$10	1.4%	1.7%	0.5x	31.0x
Abercrombie & Fitch Co.	134.69	6,380	$5,341	$917	4.7%	17.2%	1.2x	7.0x
American Eagle Outfitters, Inc.	17.78	4,752	$5,750	$570	9.2%	9.9%	0.8x	8.3x
Gildan Activewear Inc.	42.71	12,452	$4,737	$1,109	40.9%	23.4%	2.6x	11.2x
Kontoor Brands, Inc.	63.03	4,659	$3,434	$604	39.2%	17.6%	1.4x	7.7x
Levi Strauss & Co.	$19.70	$8,899	$6,680	$938	6.6%	14.0%	1.3x	9.5x
The Gap, Inc.	$22.84	$11,258	$15,326	$1,468	1.1%	9.6%	0.7x	7.7x
Urban Outfitters, Inc.	$76.38	$6,835	$6,474	$776	11.0%	12.0%	1.1x	8.8x
Mean	**$48.50**	**$6,944**	**$6,043**	**$799**	**14.3%**	**13.2%**	**1.2x**	**11.4x**
Median	**$32.77**	**$6,608**	**$5,545**	**$846**	**7.9%**	**13.0%**	**1.1x**	**8.6x**

All data as of 09/30/26, $ 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

	Market Information		LTM Financials		Operating Metrics		TEV to LTM	
Company	$ / Share	TEV	Revenue	EBITDA	Growth	EBITDA%	Revenue	EBITDA
Accessories								
Burberry Group plc	$13.54	$5,990	$3,216	$361	-0.4%	11.2%	1.9x	16.6x
Capri Holdings Limited	$14.12	$2,888	$3,446	$195	-21.1%	5.7%	0.8x	14.8x
EssilorLuxottica Société anonyme	$165.34	$91,997	$33,457	$6,687	2.3%	20.0%	2.7x	13.8x
Movado Group, Inc.	$33.28	$401	$690	$55	5.2%	8.0%	0.6x	7.2x
Pandora A/S	$126.21	$11,283	$4,960	$1,353	-3.3%	27.3%	2.3x	8.3x
Tapestry, Inc.	$115.04	$25,632	$8,004	$2,024	11.0%	25.3%	3.2x	12.7x
The Swatch Group AG	$225.27	$10,351	$7,849	$613	-0.9%	7.8%	1.3x	16.9x
Vera Bradley, Inc.	$4.62	$169	$274	-$1	-1.7%	-0.5%	0.6x	nmf
Mean	**$87.18**	**$18,589**	**$7,737**	**$1,411**	**-1.1%**	**13.1%**	**1.7x**	**12.9x**
Median	**$74.16**	**$8,171**	**$4,203**	**$487**	**-0.6%**	**9.6%**	**1.6x**	**13.8x**
Home Furnishings								
Ethan Allen Interiors Inc.	20.91	514	$579	$61	-4.6%	10.6%	0.9x	8.4x
RH	121.75	6,288	$3,449	$430	3.3%	12.5%	1.8x	14.6x
Somnigroup International Inc.	$62.11	$19,374	$7,616	$1,274	11.7%	16.7%	2.5x	15.2x
The TJX Companies, Inc.	$132.31	$153,851	$62,363	$8,903	7.7%	14.3%	2.5x	17.3x
Williams-Sonoma, Inc.	$227.94	$27,346	$8,005	$1,660	2.2%	20.7%	3.4x	16.5x
Mean	**$113.00**	**$41,474**	**$16,403**	**$2,466**	**4.1%**	**15.0%**	**2.2x**	**14.4x**
Median	**$121.75**	**$19,374**	**$7,616**	**$1,274**	**3.3%**	**14.3%**	**2.5x**	**15.2x**
Household Goods								
Colgate-Palmolive Company	85.32	74,749	$21,047	$4,983	4.7%	23.7%	3.6x	15.0x
Kimberly-Clark Corporation	97.43	38,110	$16,582	$3,481	-15.9%	21.0%	2.3x	10.9x
The Procter & Gamble Company	$145.28	$363,507	$87,922	$24,821	3.5%	28.2%	4.1x	14.6x
Unilever PLC	$60.73	$163,932	$57,832	$12,425	5.1%	21.5%	2.8x	13.2x
Mean	**$97.19**	**$160,074**	**$45,846**	**$11,428**	**-0.7%**	**23.6%**	**3.2x**	**13.4x**
Median	**$91.38**	**$119,340**	**$39,439**	**$8,704**	**4.1%**	**22.6%**	**3.2x**	**13.9x**
Mean - All	**$69.13**	**$30,438**	**$13,023**	**$2,345**	**5.9%**	**14.9%**	**1.7x**	**11.7x**
Median - All	**$57.56**	**$8,979**	**$5,858**	**$913**	**4.1%**	**12.5%**	**1.3x**	**10.9x**

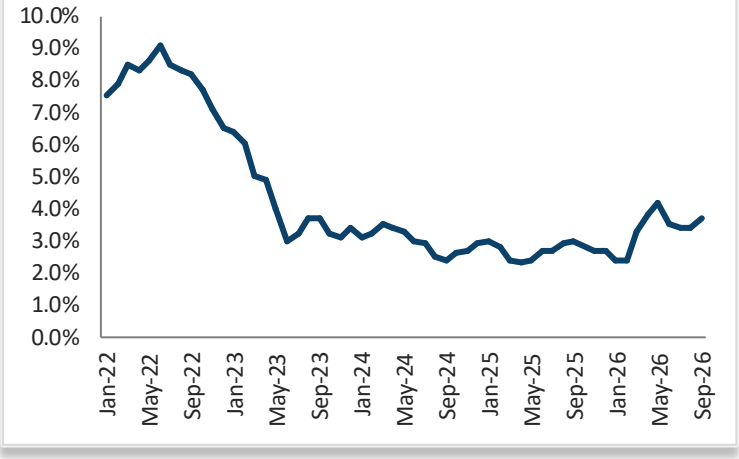
All data as of 09/30/26, $ in millions, TEV - Total Enterprise Value; LTM - Last Twelve Months

Source: Capital IQ

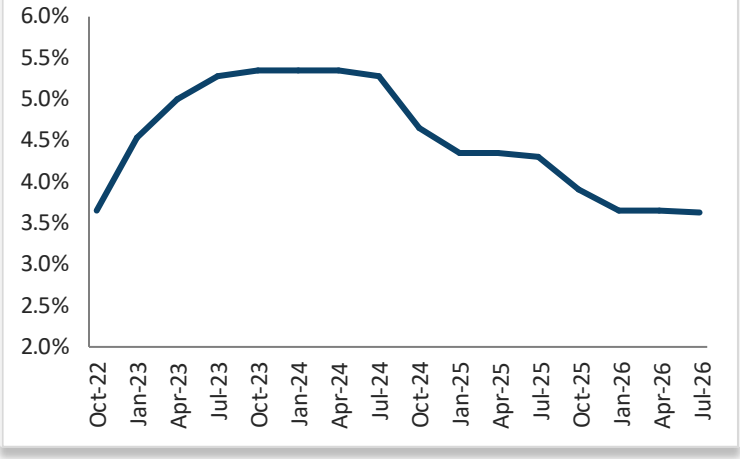
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Key Economic Indicators

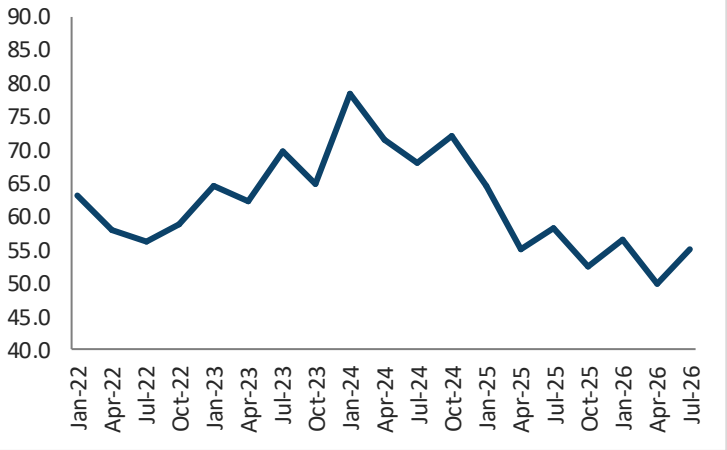
Consumer Price Index (12-month % change)



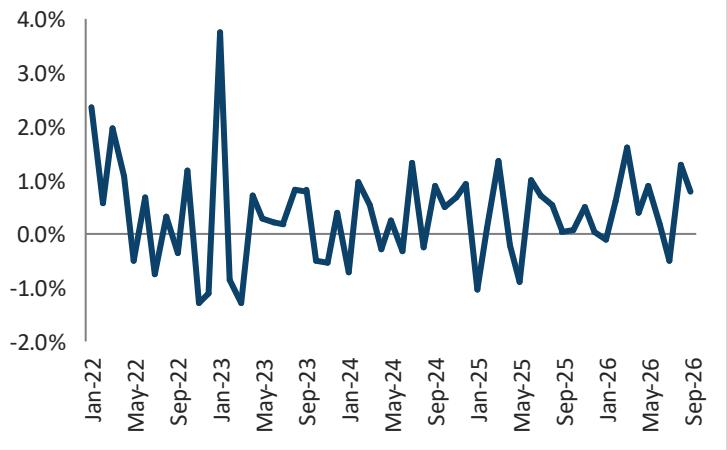
Fed Funds Rate



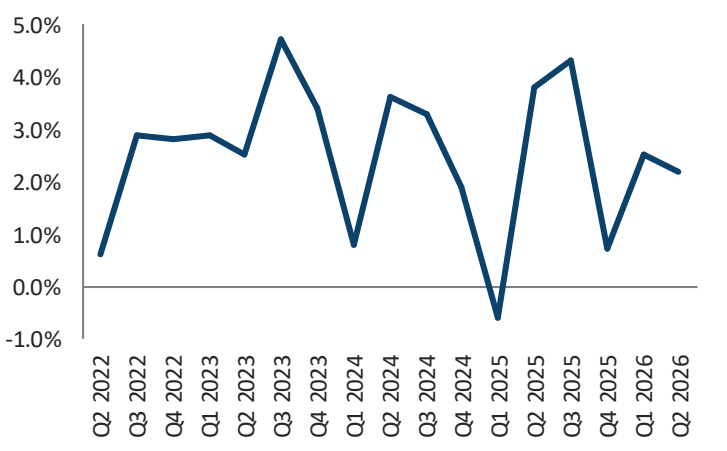
Consumer Sentiment Index by Quarter



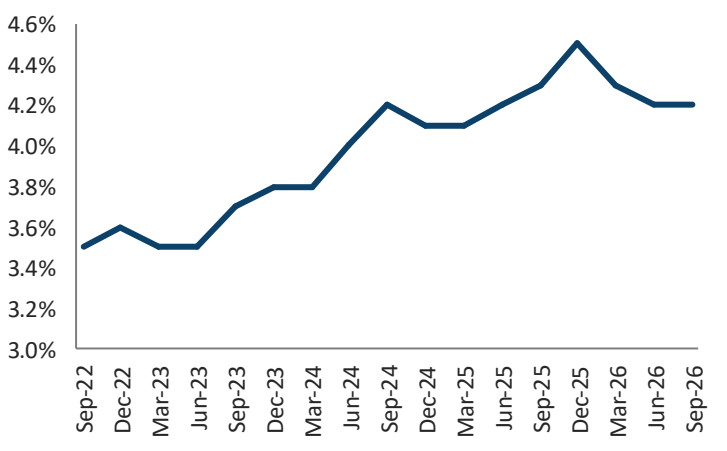
U.S. Retail Sales (Monthly % change)



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

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Investment Bankers Since 1987

M&A Expertise For Founders & Families



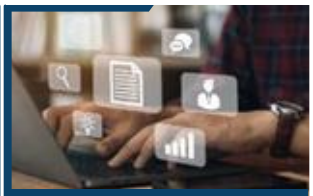
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CMG Industry Groups



Manufacturing

- Aerospace & Defense
- Tools & Equipment
- Diversified Industrial
- Niche Manufacturing



Services

- Diversified Services
- Facilities & Residential
- Industrial Services
- Distribution & Logistics



HVAC

- Manufacturing
- Distribution
- HVAC Services
- Building Automation



Consumer

- Pet Products
- Infant & Juvenile Products
- Sporting Goods
- Apparel & Accessories
- Household Goods



Food & Beverage

- Food
- Alcoholic Beverages
- Non-Alcoholic Beverages

1987
Founded

$5 Billion
Aggregate Transaction Values

450+
Client Engagements

1 Objective
Successful Client Outcomes

Select Consumer Transactions

* summer.

has been acquired by

kids2

* Knockaround

has been acquired by

KIDD & COMPANY

* LENOX

has been acquired by

ONEIDA
a portfolio company of
CENTRE LANE PARTNERS

* Hudson Valley Creamery

has been acquired by

TRIBALLAT
FROMAGES & DESSERTS

* WITH it
DESIGNED FOR YOU. BUILT FOR LIFE.

raised capital from

E. GLUCK CORPORATION

**A CMG principal was the exclusive financial advisor to the client.*



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