

Class VI

Pet Industry Report | Q3 2026

Where growth has concentrated, and what buyers are paying for

Prepared by Class VI Partners

The pet industry remains durable, but growth is not evenly distributed

Pet owners are among the most resilient consumers in retail. When money gets tight, these consumers skip meals out and take on extra work before they cut what they spend on their furry best friends. Pet ownership keeps expanding, and the youngest cohort is adding households faster than any before it.

What has changed is where the growth shows up. Category totals still rise, but the averages now hide more than they reveal. Cats are outpacing dogs on both households and spend. Veterinary and services are pricing well above inflation while food pricing appears flat. Private label is winning units while premium wins dollars, and the middle is getting squeezed. Across each segment, the businesses earning premium valuations are the ones with recurring revenue and unique, defensible claims, not the ones with the broadest shelf presence.

This update is built to tell those differences apart: what areas of the market are genuinely growing, what is only holding, and what buyers are paying up for right now.

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About Class VI Partners



Class VI exists to **Empower the Entrepreneurial Spirit**. We've built a full lifecycle offering to take business owners from **growth and scalability phases through a capital transaction** and on to whatever life holds next.

Our integrated services meet entrepreneurs where they are today and accelerate their journey into the future they envision.

Within the pet industry, we have advised on some of the **most well-known transactions** in recent years, and work with many of the industry's leading brands.

Read more about Class VI here

Transaction experience

(illustrative, not exhaustive)

myos · NaturVet · outward hound · BRUTUS BONE BROTH

*"Class VI **met my expectations on every front**. They represented MYOS with integrity, told our story with conviction, and **helped us achieve an outstanding outcome** for our shareholders. Just as importantly, they made what is often a stressful process enjoyable."*

- Joe Mannello, CEO of MYOS CORP



Executive Summary

Post-pandemic growth has slowed, but real structural tailwinds support a positive outlook for the broader pet category.

1

Growth has slowed but the base is durable

Category expenditure reached $158 billion in 2025 and is projected at $165 billion in 2026, while pet owning households moved only from 94 million to 95 million. Growth is coming from spend per household rather than from new owners and is concentrated in specific segments in the market.

2

The shelf is strongest online and at the clinic

While eCommerce continues to grow substantially, omnichannel shoppers (those buying across multiple channels) have proven the most valuable. Vet recommendations remain a key driver of brand selection, and subscriptions are the primary recurring revenue stream (Chewy Auto-ship orders reaching 84% of net sales in Q1 2026[3]).

3

Growth has concentrated, not spread

Cat products are outpacing dogs, with cat food and treat sales rising 5.1% to $18.1[2] billion. Fresh and frozen formats have gained traction, taking share among less price sensitive customers.

4

The M&A buyer set has rotated

While large strategics have been relatively quiet in recent periods, differentiated brands and recurring revenue models still command significant interest and premiums, particularly in the food & nutrition, supplements, and services segments.

KEY METRICS[1,2]

$165B

2026E category spend

+4.4% vs. 2025

95M

U.S. households with pets

Up from 94M in 2024

44%

Ecommerce share of pet retail

Supplies specifically are ~61% online, while food is ~35%

Sources: 1 | APPA; 2 | NielsenIQ; 3 | Chewy Q1 Earnings

INDUSTRY SNAPSHOT & TRENDS



Class VI

Five structural shifts reshaping the pet industry

ONE

Slower growth, but structurally sound

- The ~20% growth from the post-pandemic era is projected to slow to ~4% through 2030[1]
- Industry leaders expect resilience in consumer shopping, with nearly ~70% of pet owners saying they won't cut pet spending regardless of financial circumstances[2]

TWO

Cats lead in growth, dogs lead in scale

- With a lower total cost of ownership, cats are gaining in popularity, particularly with younger, cost-conscious consumers[1]
- While cats have grown in popularity, US households still predominantly own dogs: 53% of US homes have a dog versus 39% with a cat[2]

THREE

Vets & subscriptions are the premium channels

- Nearly half of pet owners report saying they'd switch brands based on a vet's recommendation
- Subscriptions command 48 – 50% of all online pet product purchases, trending higher at 60 – 67% for Millennial and Gen Z pet owners[5,6]

FOUR

Premiumization is bifurcated by segment

- Overall, consumers are expressing price sensitivity, with 22% of pet owners having spent less in 2025[2]
- Data points to low price elasticity in certain segments, namely those deemed necessities: health services, supplements, nutrition[3]

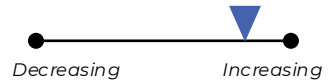
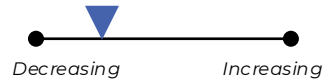
FIVE

Pet supplement regulation is on the horizon

- NASC is pushing the Animal Health Supplement Act and the FDA has recently sent warning letters to pet CBD / mushroom makers[7]
- Regulatory impacts may affect the ability to claim a product's effects and change what ingredients are used in common formulations

Sources: 1 | Morgan Stanley Mid-2026 Report; 2 | APPA; 3 | PitchBook Food & Beverage CPG Report; 4 | Morgan Stanley 2030 Outlook; 5 | EMI Insights; 6 | Packaged Facts via PetFoodIndustry; 7 | NASC

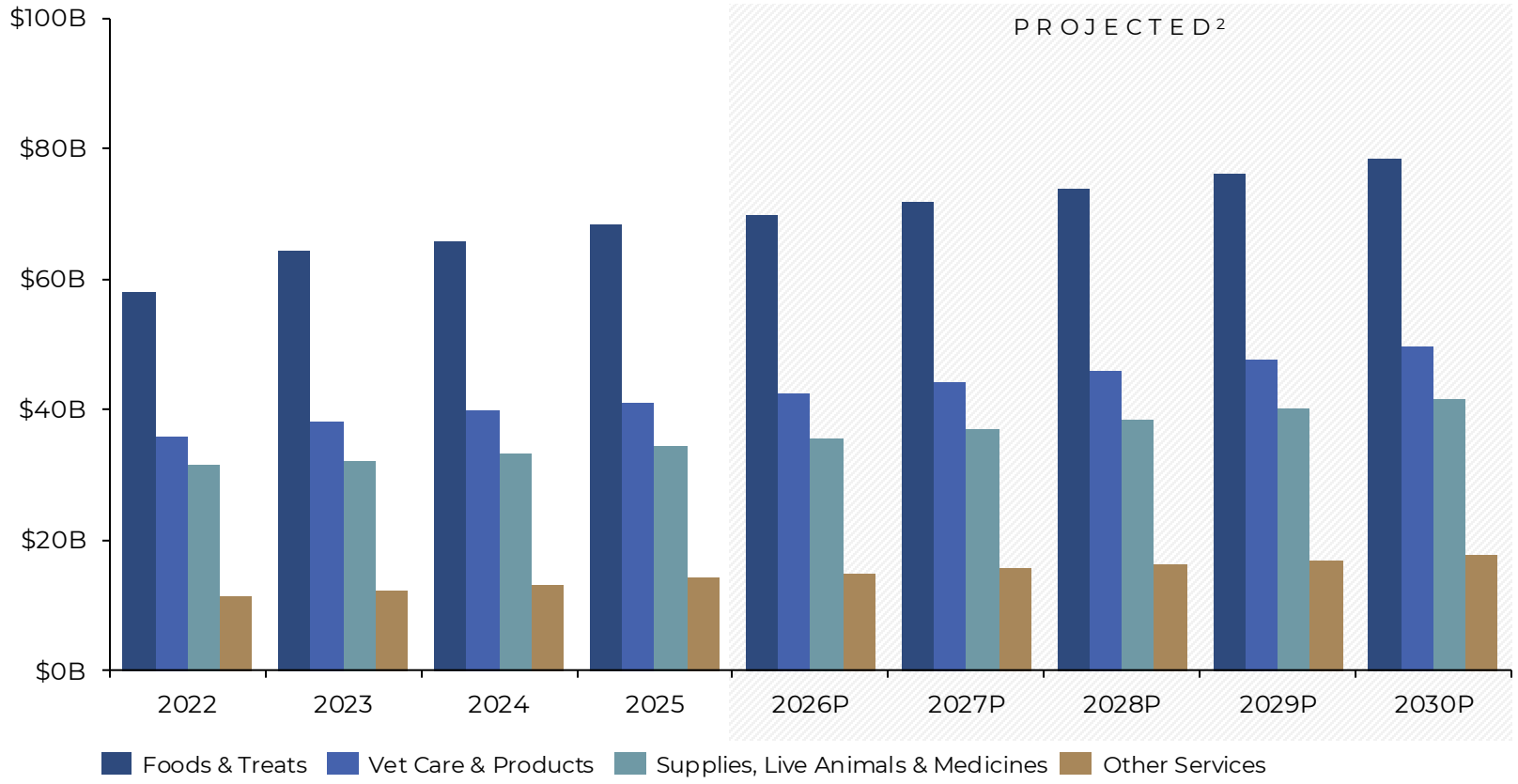
One set of trends with different deal environments across four Segments

Segments	*Current Outlook*	*Strategic Moves*	*Valuation Trajectory*
Food & Treats	▪ Premiumization and cat-led growth are keeping this the most active, but also most competitive category ▪ Sponsors and mid-market strategics are buying aggressively even as larger strategics stay selective ▪ Retailer private-label pressure is starting to cap price growth	▪ Prioritize cat-forward and health-positioned SKUs ▪ Focus on building vet or subscription distribution channels	
Animal Health	▪ Vet channel access and subscription stickiness support premium multiples ▪ The strategic buyer pool has remained shallow due to smaller average deal sizes ▪ NASC-driven regulatory push is adding real diligence friction	▪ Get ahead of labeling and claims compliance before the regulation lands ▪ Invest in building vet relationships to complement DTC or retail	
Durables	▪ Faces the most significant headwinds of the four segments covered – lack of repeat revenue weighs on valuations ▪ Tariff exposure and thin product differentiation have widened the gap between winners and laggards	▪ Attach consumables or subscription revenue to products ▪ Avoid standalone, commodity SKUs	
Services	▪ Segment is bifurcated: veterinary and health-adjacent services are experiencing strong growth ▪ Discretionary services (grooming, boarding, daycare) are garnering lower multiples due to fragmentation and labor constraints	▪ Anchor discretionary offerings to a health or vet-adjacent hub ▪ Consolidate fragmented operations to achieve cost or labor efficiencies	

Sources: Class VI Industry Analysis

Growth is decelerating, not disappearing

APPA Annual Industry Sales[1]



INSIGHTS

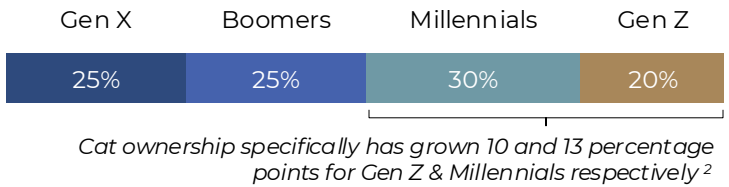
- The pet category overall is **projected to reach nearly $200B by 2030**, but the pace has cooled from double-digit post-pandemic growth to ~4% annually
- Food & Treats remain the anchor segment, though growth is the slowest at **under ~3% annually**
- All three other subcategories are poised to grow **~4% annually**, without a clear leading segment
- **APPA cut its 2030 forecast** from $250B to $192B in a single publishing cycle and revised it to $197.9B mid-year; swinging 20% over two years; long-range forecasts should be treated as directional estimates
- Other services carries the **widest volatility**: growth has swung from 20% in the 2022 reopening to ~3-4% in flatter years

Sources: 1 | Sales and 2030 forecast from APPA annual reports; 2 | projections interpolated based on APPA's most recent 2030 long-range forecast as updated in APPA's 2026 State of the Industry Report

Who owns pets is changing slowly, but how customers buy is changing fast

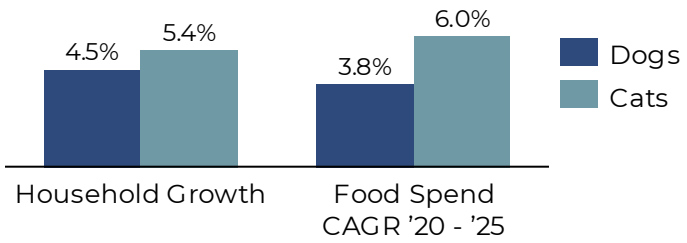
Ownership

Pet ownership is **spread evenly** across generations, with Millennials the largest block and Gen Z the smallest but fastest growing[1]

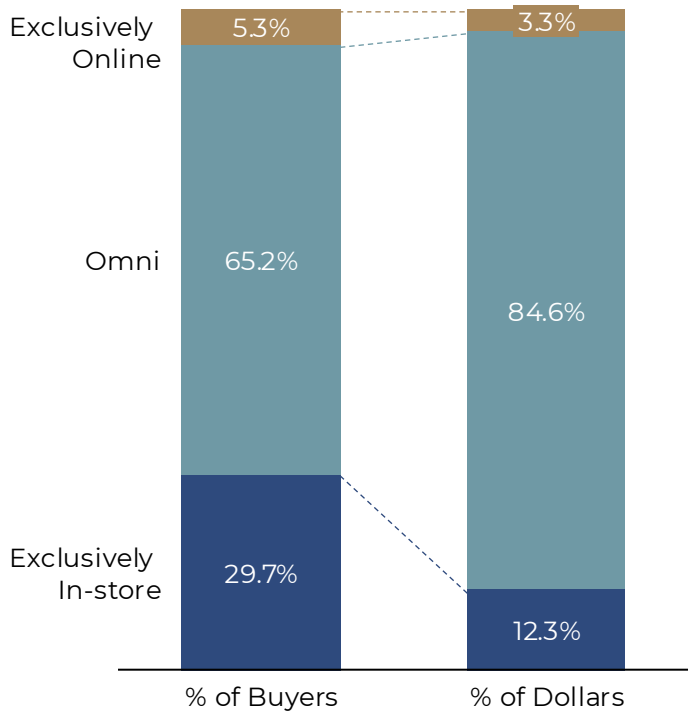


Cat ownership specifically has grown 10 and 13 percentage points for Gen Z & Millennials respectively [2]

Cat is **growing faster** than dog in both total households and spend, and the growth is concentrated in younger owners[1,3]



Shopping dynamics



About two thirds of buyers purchase **across both in-person and online channels** ("omnichannel") and account for nearly 85% of overall pet category dollars, according to recent NielsenIQ data[4]

Omnichannel buyers have **gained 6.6 points** year-over-year, while in-person exclusive fell 7 points

Subscriptions continue to drive substantial revenue, at nearly **40% of all dollars** spent, though industry trends point to an approaching subscription plateau[5]

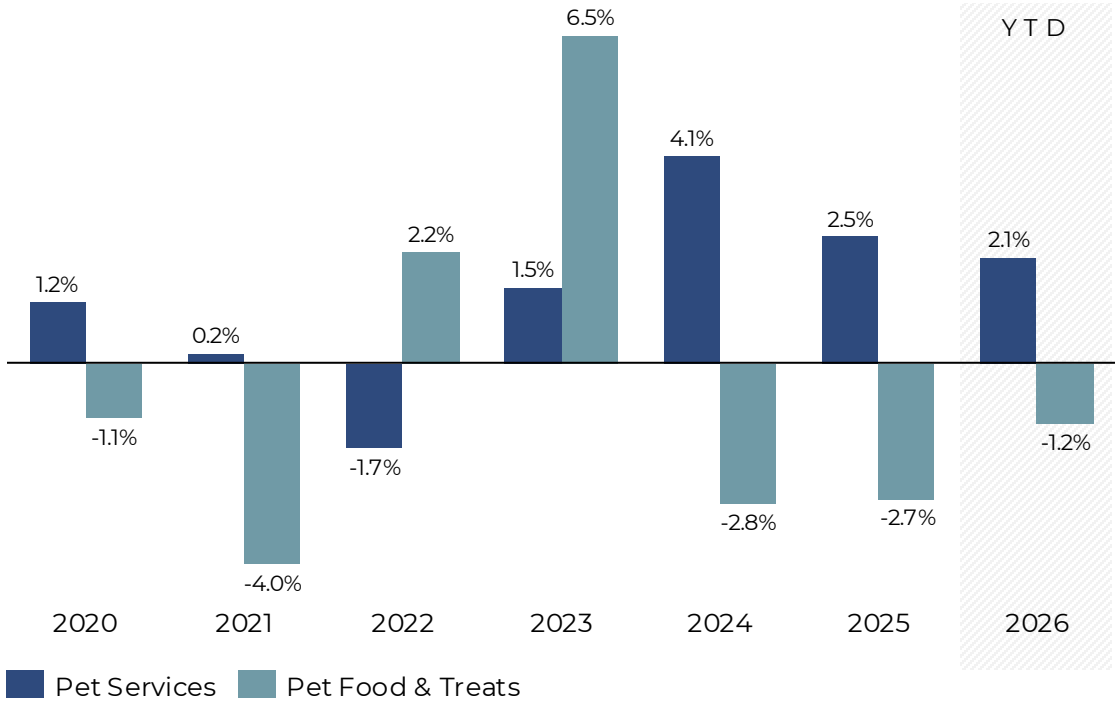
Subscriptions are significantly **more popular among Millennial and Gen Z pet owners** (over 60%) compared to under 50% for older pet owner generations[6]

Subscription growth has **expanded to categories beyond traditional food treats**, including toys, collars / harnesses, and grooming / bathing products

Sources: 1 | APPA National Pet Owners Survey; 2 | Morning Consult State of Pet Ownership in the US Report; 3 | Euromonitor; 4 | NielsenIQ; 5 | NielsenIQ; 6 | Packaged Facts

Price pressure has shifted to services, but owners are absorbing it

Price Change Relative to Headline CPI Inflation[1]



INSIGHTS

- Overall, pet category inflation is **running above headline CPI**: 4.3% year over year in March 2026 against national CPI of 3.3%, the highest "petflation" reading since December 2023[1]
- Pricing power has moved from the shelf to the clinic: **services** prices have been above headline CPI for the past 3 years
- Within food, the middle is getting squeezed:
  - **Private label products** reached 11% of the US pet food market, growing 7.1% YoY in units against 0.3% for national brands[2]
  - **Premium and super-premium cat food** tiers grew 6.4% to 10.3% YoY, while **dog food was a different story**: premium fell by 1.5% while super-premium grew by 1.6%[2]
- Owners are **hunting value** rather than trading down, and surveys point to individuals cutting their own spending before their pets:
  - 76% say pet ownership costs more than a year ago, yet **only 16% switched to cheaper brands** and 10% to store brands[2]

Source: 1 | US BLS; 2 | NielsenIQ

SEGMENT DEEP DIVE



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SEGMENTS

We examine the pet category by four segments where industry trends, deal activity and valuation dynamics differ meaningfully

	Approximate US market size[1]	Estimated 2025 YoY Growth[1]
Food and Treats *Dry, wet, fresh, frozen food & treats*	~$68B	~4%
Animal Health *Vitamins, nutrition supplements, joint and gut health chews, & pet medications (Rx + OTC)*	~$16B	~2%
Durables *Hard goods and consumables including bedding, crates, toys, litter, & grooming products*	~$34B	~3%
Services *Veterinary care alongside grooming, boarding, daycare, training, walking, & sitting*	~$55B *Includes veterinary*	~10% non-vet ~3% vet

Sources: 1 | Market sizes & growth rates are triangulated from various data sets including APPA, Packaged Facts, Grand View, Mordor Intelligence, and IBIS World

SEGMENTS

Food & Treats

Remains the largest and most stable segment, though growth is concentrated in narrow pockets

Key trends:

- Premium cat is outpacing premium dog
- Innovation is extending existing portfolios rather than creating new categories, and is blurring the lines between food and health products
- Vet recommendation drives choice
- Independent retail continues to shrink
- Subscription remains a key retention engine

Class VI Transaction Experience



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METRICS

~$68B	~4%	12	2
Est. US market size	YoY growth from '24 – '25	Transactions prior year[1]	Transactions prior quarter[1]

Premium keeps getting redefined

Natural, Transparent Ingredients

2002 – 2013

2003 *Ingredient transparency goes mainstream*

2006 *Refrigerated food enters grocery stores*

2010 *Clean-label natural pet food arrives*

Fresher Formats

2014 – 2017

2014 *Human grade fresh, sold DTC*

2014 *IPO validates fresh retail*

2015 *Personalized meals, shipped weekly*

2016 *Vet-formulated plans*

Broader Access & Options

2018 – 2026

2025 *Expanded its topper line, garnering PE interest*

2025 *In-House fresh line sold through Blue Buffalo*

2026 *Probiotic tier of food above Pro Plan*

2026 *Launching single protein dog food rolls*

Proven Function

2026 – ?

As functional and health claims layer onto existing formats, credibility will be tested and the vet channel may become the endorsement battleground.

Sources: 1 | Pitchbook filtered for brands, treats, co-manufacturers/ingredients, pet specialty retail 2 | Class VI Analysis

SEGMENTS

Animal Health

The best unit economics in the pet category, but aggregate growth has stalled as functional food competes with their own product claims

Key trends:

- Vet channel is the most defensible shelf
- At-home tests and diagnostics can turn one-time buyers into subscribers
- Functional food products are blurring boundaries, increasing competition
- Claims are likely to become a regulatory exposure

Class VI Transaction Experience

NaturVet has been acquired by SWEDENCARE
The undersigned acted as the exclusive financial advisor to NaturVet
Class VI Partners
February 2022

myos has been acquired by PETIQ
The undersigned acted as the exclusive financial advisor to MYOS CORP
Class VI Partners
July 2026

Class VI

METRICS

~$16B	~2%	10	1
Est. US market size	YoY growth from '24 – '25	Transactions prior year[1]	Transactions prior quarter[1]

Defending on two fronts

Clinical credibility is becoming a moat for the vet shelf



MYOS CORP

Paired vet endorsement with a multi-channel GTM strategy with clinical credibility as its core differentiation



ELANCO

Entered OTC supplements in Feb 2025 with Pet Protect, a vet-formulated line spanning skin, stress, hip and joint, and immune support



ZESTY PAWS

Launched its first vet-exclusive line in Jan 2026, including epiq Animal Health and Durvet

Food brands are encroaching on the supplement occasion

MILK-BONE

Launched a fully dedicated supplements line in 2022 including Hip & Joint and Daily Digestion chews



PURINA ONE

Relaunched One +Plus in 2020 reformulating around health benefits such as live probiotic formulations



GREENIES

Launched Smart Essentials in 2024, reformulated around six areas of health to be a full functional platform



Sources: 1 | Pitchbook filtered for pharma products, supplements, diagnostics, pet pharmacy, vet distribution 2 | Class VI Analysis

SEGMENTS

Durables

The most exposed segment on both cost and price, where value now comes from attaching revenue rather than defending margin

Key trends:

- Carry the highest tariff exposure
- Search comparison prevents premium prices from holding long-term
- Refills and hardware-plus-subscription models convert one-time purchases into repeat revenue
- Private label competes the hardest

Class VI Transaction Experience

Kyjen — Has been acquired by — Riverside
The undersigned acted as the exclusive financial advisor to Kyjen
Class VI Partners
September 2013

outward hound — Has been acquired by — PROSPECT HILL GROWTH PARTNERS
The undersigned acted as the exclusive financial advisor to Outward Hound
Class VI Partners
December 2017

outward hound — Has been acquired by — H.I.G. CAPITAL
The undersigned acted as the exclusive financial advisor to Outward Hound
Class VI Partners
July 2026

Class VI

METRICS

~$34B	~3%	5	1
Est. US market size	YoY growth from '24 – '25	Transactions prior year[1]	Transactions prior quarter[1]

Attach Strategies

REFILL ATTACH

woof

Legacy Durable	*Recurring Addition*
	
Pupsicle Dog Ball	**Pupsicle Treat Mix**

KONG

Legacy Durable	*Recurring Addition*
	
KONG Classic	**Easy Treat Pastes**

FUNCTIONAL CONSUMEABLES

BARK

Legacy Durable	*Recurring Addition*
	
Bark Box Toys	**BARK Bright Dental**

outward hound

Legacy Durable	*Recurring Addition*
	
Toys	**Wholesome Pride Lines**

HARDWARE + SUBSCRIPTION

PetSafe

Legacy Durable	*Recurring Addition*
	
Classic Fence	**Automatic Feeder**

whisker

Legacy Durable	*Recurring Addition*
	
Original Litter-Robot	**Auto-ship Litter**

Sources: 1 | Pitchbook filtered for toys, beds, crates/carriers, litter, grooming hard goods, pet tech hardware 2 | Class VIAnalysis

SEGMENTS

Services

While most dollars sit in veterinary services, nearly all of the growth comes from other services

Key trends:

- Non-vet services are growing three times faster than vet services, which is stagnating due to slowing fee increases (while patient volume remains strong)
- Bundling has replaced single-service offerings, combining services like boarding, daycare, and grooming
- Mobile and in-home delivery are emerging as a third channel (e.g., mobile grooming fleets, in-home caregivers, and on-demand marketplaces for at-home walking or sitting)

Class VI

METRICS

$55B
Est. US market size

10.0% (non-vet)
3.0% (vet)
YoY growth from '24 – '25

20
Transactions prior year (excl. vets)[1]

3
Transactions prior quarter (excl. vets)[1]

Endless options for services *(illustrative list, not exhaustive)*

Provider	*Revenue Model*	*Services Offered*					
		DAYCARE	BOARDING	HOME SITTING / WALKING	GROOMING	TRAINING	VET SERVICES
dogtopia	Paid subscription	✓	✓		✓	✓	
CAMP BOW WOW	Paid membership	✓	✓	✓	✓	✓	
PETSMART	Free loyalty program	✓	✓		✓	✓	
petco THE HEALTH + WELLNESS CO.	Free + paid loyalty program			*Partnership with Rover*	✓	✓	✓
zoomin groomin	Transactional				*At Home*		
woofie's	Transactional			✓	*At Home*		
scenthound	Paid membership				✓		
Rover	Marketplace / transactional	*At caregiver's home*	*At caregiver's home*	✓	✓	✓	

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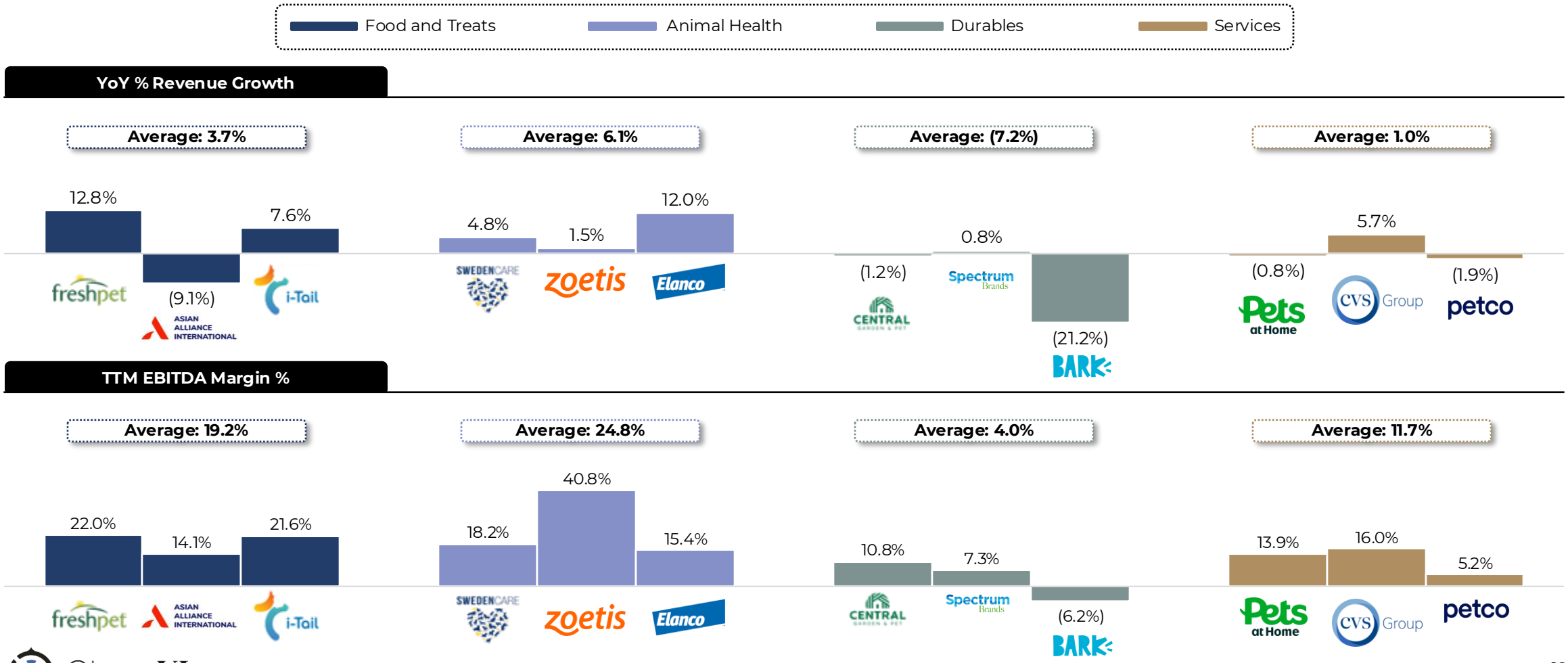
Sources: 1 | Pitchbook filtered for vet practices, grooming, daycare, training, pet insurance, other pet services 2 | Class VI Analysis

M&A LANDSCAPE



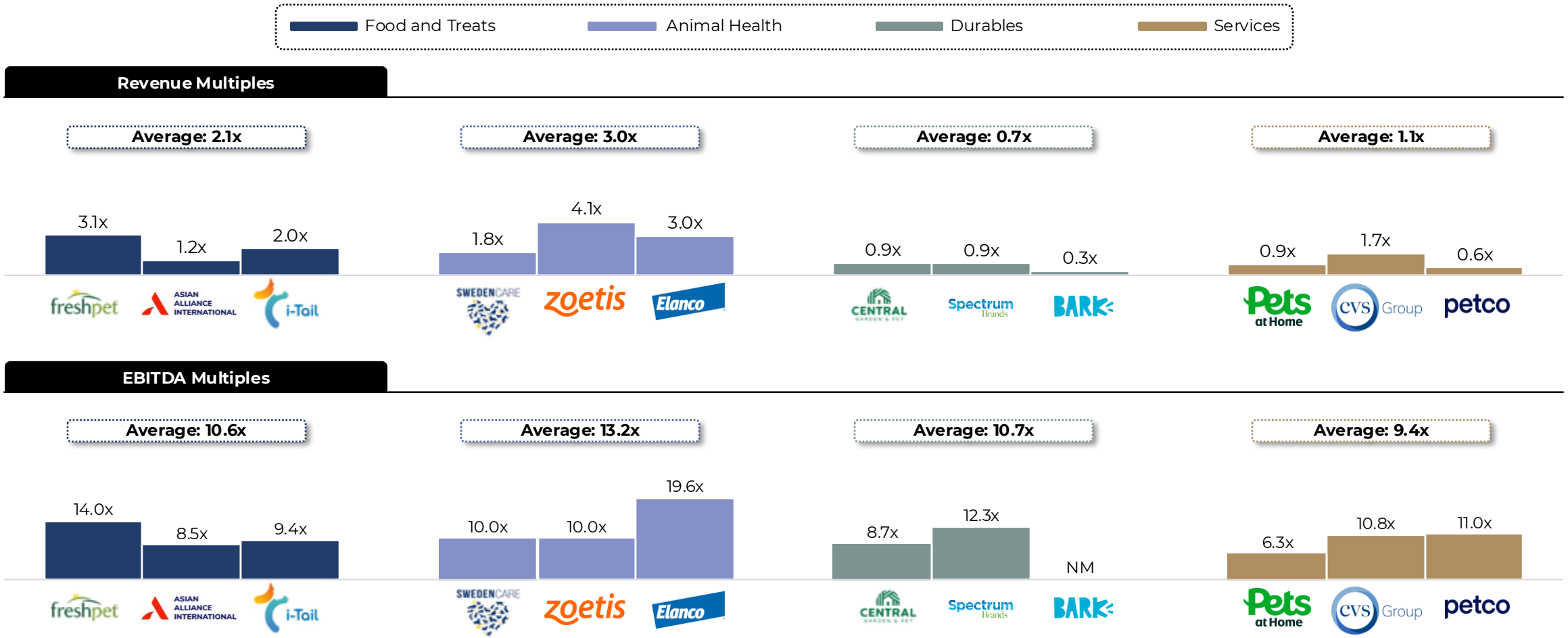
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Public companies benchmarking: growth & margin



Source: Pitchbook (8.14.2026)

Public companies benchmarking: multiples



Source: Pitchbook (8.14.2026)

While traditional conglomerates have slowed inorganic growth, the pet space remains active for strategic M&A

Date	Target	Acquirer	Type	Segment	Why It Matters
Aug 2026	woof	The Farmer's Dog	Strategic	Durables	A fresh food brand crosses into durables to own the refill products
Jul 2026	myos	PETIQ	Strategic	Supplements	Buyer paid a premium for clinical evidence and vet credibility
May 2026	Modern Animal	chewy	Strategic	Services	The largest online retailer expands into clinics where the recommendations are made
Feb 2026	PRIMAL	PureBites	Strategic	Food	Two freeze-dried players combined via a PE exit, with the combined brands achieving scale
Dec 2025	ZOO	THE nutriment COMPANY	Strategic	Food	The Nutrient Company's 10th deal in 2025 and first in a new European market, Poland
Aug 2025	Snif-Snax	FIRELIGHT	Financial	Food	PE interest remains for niche, premium products: Snif-Snax's smoked salmon and chicken treats
Jul 2025	BRIGHT PLANET	ARCHWAY	Strategic	Food	Building a differentiated value prop: climate-smart and alternative proteins (carp and crickets)
Jul 2025	Whistle	Tractive	Strategic	Durables	Mars exited after 9 years, focusing on pet food and treats vs durables
Feb 2025	PRIME100	COLGATE-PALMOLIVE	Strategic	Food	Colgate paid ~$500M, showing that large strategics will still pay when the product is right
Dec 2024	whitebridge pet brands	General Mills	Strategic	Food	The biggest strategic purchase in recent years, and was specifically for a Cat brand portfolio
Apr 2023	NUTRISH	Post	Strategic	Food	Smucker divested several brands, but retained Milk-Bone, leaning into snacks / supplements
Feb 2022	NaturVet	SWEDENCARE	Strategic	Supplements	Publicly traded platform acquired a pioneering supplement brand
Aug 2021	Zesty Paws	H&H Group inspiring wellness	Strategic	Supplements	Initially purchased for their Amazon channel, Zesty Paws is now pursuing the vet channel
Apr 2020	LILY'S KITCHEN PROPER FOOD FOR PETS	PURINA	Strategic	Food	Purina's last acquisition, nearly over six years ago

Class VI advised

Class VI advised

Class VI's pet transactions

*"The Class VI team provided **excellent advice and guidance** that took us to the next level and **skyrocketed the value of my company**. Class VI exceeded all my expectations and it's with great admiration that I sincerely thank them for taking us through a process that I **never could have done without their team**"*

- Scott Garmon, Founder of NaturVet

*"The Class VI team did an **outstanding job representing us**, from investing the time up front to position our story well, preparing our team to present to investors, **and getting the deal across the finish line**, we were really pleased with their focus and effort."*

- Kyle Hansen, Founder of Kyjen (Outward Hound)

Date	JULY 2026	JULY 2026	DEC 2025	FEB 2022	DEC 2017	SEPT 2013
Target	myos	outward hound	BRUTUS BONE BROTH	NaturVet	outward hound	Kyjen
	acquired by	*acquired by*	*recapitalized by*	*acquired by*	*acquired by*	*recapitalized by*
Acquirer	PETIQ	H.I.G. CAPITAL	ENCORE	SWEDENCARE	PROSPECT HILL GROWTH PARTNERS	Riverside
Target Description	Pet supplements built on patented Fortetropin®, a clinically studied egg-yolk compound supporting muscle health and mobility in aging dogs. Sold via vet clinics, eCom, and retail.	Began as Kyjen, a founder-led designer of dog toys and puzzles; grew into a multi-brand pet durables platform via six acquisitions across pet specialty, retail, and eCom.	Founder-led pet nutrition brand and category pioneer in functional bone broth for dogs and cats. Toppers and treats delivering hydration, palatability, and joint-health benefits.	A leading US pet supplement brand across joint, digestive, calming, and skin & coat categories, built by founder Scott Garmon over four decades in vet, specialty, and eCom.	Scaled multi-brand pet durables platform: dog toys, puzzles, feeding solutions, and gear. Post-2013 recap, accelerated growth via a management-led M&A integration model.	Predecessor to Outward Hound. Designer and marketer of innovative dog toys, puzzles, and outdoor gear, built into a recognized challenger in pet durables.
Deal Summary	Sold to PetIQ, a Bansk Group portfolio company. Paired MYOS's clinically differentiated portfolio with PetIQ's national distribution and veterinary channel reach.	Class VI advised the ownership transition to H.I.G. Capital as part of a comprehensive recapitalization, positioning the business with a well-capitalized partner.	Sold to Encore Consumer Capital, a consumer-focused PE firm with a track record in pet, pairing Brutus's retail footprint with Encore's operational resources.	Sold to Swedencare, the publicly traded global pet health platform. Class VI's relationship with the Garmon family began in 2014, seven years before the process launched.	Recapitalized by Prospect Hill Growth Partners, the second Class VI-advised ownership transition, validating the multi-brand platform and buyer positioning.	Acquired by The Riverside Company, giving founders liquidity and an institutional partner. Class VI ran a competitive process delivering a meaningful premium to the average bid.

Interested in a conversation?

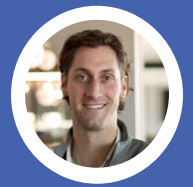
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Disclosures

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