Pet Products and Services M&A

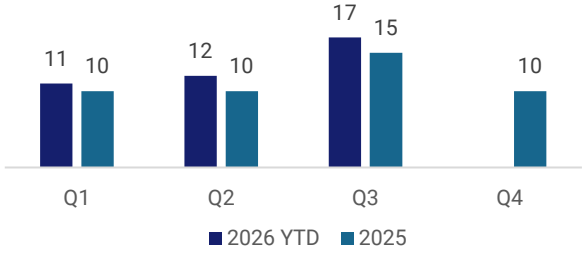
Q3 2026 – Pet Deal Activity Is on the Rebound

Pet is still growing. Buyers are more selective.

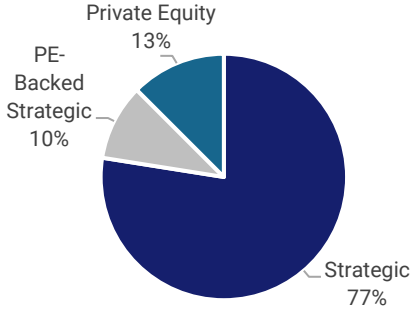
U.S. pet industry spending reached approximately $158 billion in 2025, up ~4% year-over-year, with food and treats at about $68 billion, veterinary care and services at $41 billion, supplies and medications at $34 billion, and other services (e.g., grooming, boarding, etc.) at $14 billion. For two decades, pet was treated as a safe, recession-proof category. Buyers now look much harder at what's underneath. Consumers are trading down selectively: discretionary toys, tech accessories and premium hard goods have softened, while consumables, health-linked products and non-deferrable services have held strong.

M&A volume slowed across 2024 and 2025 as high financing costs and tariff uncertainty collided with the elevated entry valuations of the 2020-22 surge. Activity is picking up in 2026, driven by portfolio maturity (a large cohort of sponsor-owned assets is well past normal hold periods), delayed deal closings from the previous year, and strategics buying their way into higher-frequency, health-adjacent revenue. Strategics and private equity-backed strategics accounted for nearly 90% of deals transacted in 2026 year-to-date. We expect the momentum to continue into 2027.

2025 and 2026 YTD Deal Volume in North America



2026 YTD Deal Volume by Buyer Type



Key Takeaways

- Deal activity is rebounding in 2026, and the momentum should continue into 2027
- Buyers are paying for recurring revenue, subscription retention and health-focused products
- Quality assets still clear at attractive valuations. That said, expect structured deals to help financial sponsors bridge the valuation gap
- Veterinary roll-ups have cooled from their 2020-22 peak as regulatory scrutiny rises

Key Contact



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Sources: S&P Capital IQ, Pitchbook, Griffin Financial Group Research; 2026 YTD through September 30

Industry Drivers and Trends

Health, Premium Food and Subscriptions Drive Pet Spend



Humanization Has Matured Into Medicalization

Owners treat pets like family members, and they spend most freely on their health: supplements, special diets, preventive care, diagnostics and insurance. Health spending is the last thing owners cut, so buyers see health-related businesses as safer bets.



Affordability Is Reshaping the Basket, Not shrinking It

With higher prices, tariffs and a softer job market, pet owners are choosing cheaper options within a category and putting off non-essentials. They are still spending on food and veterinary care.



Household Growth Continues, With a Changing Mix

Pet-owning households grew by ~15% from 82 million in 2023 to 94 million in 2025. Adoptions have normalized and the pandemic cohort is aging into higher-vet-spend life stages. Urbanization and single-person households are lifting demand for grooming, boarding, sitting and preventative care services.



Fresh, Freeze-dried and Specialty Foods Are Winning Customers

Fresh and human-grade food, freeze-dried raw food and cat-specific nutrition are the fastest-growing categories of pet food.



Subscriptions Are a Prized Asset

Customers who reorder food or supplements on a schedule give a business steady revenue, data on how long customers stay and direct customer relationships that traditional manufacturers lack. Online accounted for 34% of pet-food revenue in 2023 and continues to gain share; recent deals have targeted the customer relationship and data, not just sales volume.

Sources: S&P Capital IQ, Pitchbook, Statista, Griffin Financial Group Research

Segment Analysis: Pet Food

The safest assets and the fiercest bidding

Pet Food, Treats and Consumables — The Best Assets and the Most Competition to Buy Them

Trends

Food and treats are the biggest piece of U.S. pet spending, at about $68 billion, and the safest. Owners buy them every few weeks regardless of the economy. The next wave of investment is going to premium nutrition, fresh and human-grade food, functional supplements and cat-focused brands. Meanwhile, private label and value brands are taking share. That squeezes mid-priced brands with nothing to set them apart, but it helps co-manufacturers, who make products for other brands. Traceability, clean ingredients and strong quality controls no longer set a brand apart. Buyers now expect them.

What Buyers Pay For:

Customers Who Keep Coming Back
How often people reorder, how quickly they buy a second time and how much each household spends per year matter more than top-line growth.

Subscribers Who Stay
If most subscribers are still ordering after a year, buyers value the business much more than one where customers drop off quickly.

Your Own Production Capacity
Freeze-dried, fresh and specialized wet capacity is scarce and can justify a strategic premium.

The Ability to Raise Prices
If your margins held up through the 2022-25 inflation, buyers see that as the best proof of your brand strength.

Vet Backing and Health Benefits
Brands that vets recommend, or that have clinical evidence behind them, along with supplements, therapeutic diets and functional treats, earn higher margins and higher valuations than mass-channel equivalents.

Deal Activity

Strategics lead, targeting fresh and functional brands to diversify away from mature dry-kibble portfolios; European food groups have bought North American fresh and premium brands, and manufacturers have acquired small DTC subscription brands at large size differentials to gain customer data, often retaining founders. We expect the next wave of deals to come from private equity firms who bought back in 2020-22 and are approaching the end of their typical holding periods.

Segment Analysis: Pet Supplies

Health products hold up as extras get cut

Pet Supplies, Products and Retail — Hit Hardest by Owners Trading Down, With a Wide Gap Between Winners and Losers

Trends

Supplies and medications make up about $34 billion of U.S. pet spending, but they are moving in opposite directions. Owners are cutting back on extras like toys, tech gadgets and premium accessories. They are still buying medications, flea and tick treatments and over-the-counter health products. A few big online marketplaces control much of the selling, which squeezes margins for brands that look like everyone else. Brands that own their sales channel and their content tend to fare better.

What buyers pay for:

Defensible IP
Proprietary design, patents or a product that is truly differentiated is what attracts buyers.

Repeat Purchase Across Product Lines
A business whose customers come back to buy more of your products is worth noticeably more than one that relies on finding new customers every time.

Margin Structure and Scalability
Strong gross margins and an asset-light model support leverage capacity and bolt-on integration.

Channel Diversification
Concentration in a single marketplace or national retailer is risky from a buyer's perspective and invites a valuation discount.

Supply Chain Resilience
Hard goods are the most exposed to tariffs. Sourcing from more than one country or supplier can make a real difference to your price.

Deal Activity

Activity is weighted toward health-adjacent and supplement assets rather than general merchandise, and several deals have been driven by acquirers seeking manufacturing capability or supply security. Distressed opportunities are emerging among over-levered suppliers with retailer concentration.

Segment Analysis: Vet Care

Still the most active, but deals have slowed

Pet Services and Veterinary Care — Consolidation Continues at a Slower Pace, With Rising Regulatory Attention

Trends

Veterinary care and services (~$41 billion of U.S. spend) remain the most acquisitive sector of the pet economy, though slower than the 2020-22 peak, and platform deals and sponsor turnover have reshaped the buyer set over the past 18 months. Vet prices are rising much faster than overall inflation, and regulators have taken notice. Finding and keeping veterinarians, and paying them more, is the biggest day-to-day challenge for owners, and buyers factor it into what they'll pay. Pet services such as boarding, daycare, grooming and training are different. They are mostly small, owner-run businesses spread across many local markets, which makes them a good fit for private equity pursuing a roll-up strategy.

What Buyers Pay For:

Size

Large vet groups get the highest prices. Smaller groups, with $1-3 million in annual earnings (EBITDA), sell for noticeably less than they would have during the 2020-22 peak.

Vets Who Stay

Buyers often pay extra if the selling veterinarian agrees to stay on for at least a year, because patients and staff tend to follow the doctor.

Recurring Revenue

Wellness plans, preventive care subscriptions and pet insurance partnerships turn one-off visits into a reliable, recurring revenue stream which is a plus for valuation.

Deal Activity

The biggest vet deals, such as large groups merging or changing owners, get the headlines. Sales of single clinics and small groups have slowed. Some of the big buyers have cut back on borrowing to fund acquisitions, which gives sellers less room to push for a higher price. Grooming, boarding, daycare and similar businesses keep selling at a steady pace, mostly to private equity buyers combining several small companies. Animal health, diagnostics and vet technology companies draw strong interest from larger companies, and they usually sell for more than a typical services business.

Outlook

The Rest of 2026 and Into 2027

Outlook and What Buyers Want

We expect more pet deals through the end of 2026, and a bigger jump in 2027. Pet should remain among the most resilient consumer sectors through 2026-27, supported by pet humanization, rising spend on pet health, demand for premium products and new technology-based services. Owners are being cautious with their dollars. They protect spending on essentials, hunt for deals and buy in bulk, but they stay loyal to brands they trust. The strongest growth is in cat food and premium food.

What That Means For You

If you're thinking about selling in the next 12-18 months, the work starts now. Buyers will look past headline growth and ask harder questions: Do your customers come back? Do they stay subscribed? Did your margins hold through the inflation of the last few years? How much of your sales depend on one customer or one channel? Can you prove your adjusted profit figures? In services, can the business run without you? Businesses who have good answers will be selling into a market with plenty of buyer capital and not many strong businesses for sale. Owners who don't plan to sell soon should give themselves more time to fix the gaps. Either way, the best time to find out where you stand is before you go to market.

Sources: S&P Capital IQ, Pitchbook, Statista, Griffin Financial Group Research

Notable Recent Transactions

2026 Year-to-Date M&A Activity

Date	Target	Acquirer	Description
9/24/26	WellHaven PetHealth WA, LLC	GoodVets Group LLC	Owns and operates a network of veterinary hospitals and pet health care practices
9/1/26	Custom Veterinary Services, Inc.	Blue Sea Capital LLC	Manufactures nutritional supplements, including soft chews, powders, liquids, and tablets for dogs, cats and horses
8/6/26	Woof Pet, Inc.	The Farmer's Dog, Inc.	Manufactures dog enrichment toys and functional treats aimed at enhancing pet wellness
7/9/26	The Kyjen Company, LLC	H.I.G. Capital, LLC	Doing business as Outward Hound, operates as a distributor of pet supplies, including toys, treats and accessories
7/1/26	Pampered Pets Bed and Biscuit	Trivest Partners	Provides pet care services including lodging, daycare and light spa treatments
6/24/26	Jeffrey Animal Hospital, P.C.	Associated Veterinary Partners	Operates an animal hospital that provides veterinary services to pets of Farmington Hills, Livonia, Novi and other surrounding areas
6/5/26	ReadiVet Management	BlueSky At-Home Veterinary Care, Inc.	Offers mobile veterinary visits to clients' homes and urgent care services at a centrally located clinic
6/3/26	Red Dog Blue Kat	Actual Pet Foods Inc.	Manufactures pet food including foundations raw dog, everyday raw, deli dinners raw, foundations raw cat, frozen raw food and raw bones
5/29/26	Go Fly a Kite LLC	TAW Ventures	Manufactures and sells all-natural, limited-ingredient dog and cat treats including cod skins, crunchy treats, and soft and chewy treats
5/28/26	Community Veterinary Clinics, LLC	Tractor Supply Company	Doing business as VIP PETCARE, operates veterinary clinics
4/8/26	Modern Animal, Inc.	Chewy, Inc.	Provides veterinary care services for cats and dogs, including routine medical and surgical procedures, vaccinations and virtual consultations
3/17/26	Nacho Eats Corp.	Natpets, LLC	Produces and sells cat food including wet and dry food, treats and meal toppers
2/27/26	Formark LLC	Paw Acquisition I Corp.	Doing business as Blue-9 Pet Products, designs, manufactures and retails dog training accessories for canines
2/17/26	Taplow Ventures Ltd	Holding Babin SAS	Provides a variety of pet food products mainly for dogs and cats
2/17/26	Primal Pet Foods	Pure Treats	Produces minimally processed diet treats and supplements aimed at enhancing the health and well-being of pets
2/6/26	Ollie Pets Inc.	Agrolimen SA	Offers fresh and baked dog food, treats, supplements, personalized meal plans, and pet health tracking and screening services
1/30/26	Dog Waste Management	Scoop Soldiers	Provider of pet waste removal services intended to maintain clean and sanitary outdoor areas for properties with dogs
1/28/26	Meowtel Inc.	Rover Group, Inc.	Develops and operates cat sitting service platform that connects cat parents with vetted in-home cat sitters

Sources: S&P Capital IQ, Pitchbook, Statista, Griffin Financial Group Research

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About Griffin

- Griffin Financial Group is a boutique investment bank dedicated to serving owner-operated companies through pivotal moments — from growth and transition to sale
- We provide M&A advisory, capital raising and strategic consulting tailored to the unique dynamics of privately held and closely managed businesses, where ownership, legacy and long-term relationships matter as much as the numbers
- Our team has deep sector expertise across consumer, business services, health care, financial institutions, insurance and more
- Part of Stevens & Lee/Griffin, a multidisciplinary platform of 300+ professionals providing financial, legal, tax and consulting services

Select Consumer and Retail Transaction Experience

Crazy Aaron's has partnered with Goliath

The Parent Company of hidden still SPIRITS has received growth equity capital in a private placement

Catbird has recapitalized with VICTOR CAPITAL PARTNERS
Principals of Griffin served as financial advisor

SIEGEL EGG CO. has been acquired by Rotunda Capital Partners
Principals of Griffin served as financial advisor

ANDOVER has been acquired by Milliken
Principals of Griffin served as financial advisor

ROBBINS BROTHERS has been acquired by MAINST CAPITAL CORPORATION
Principals of Griffin served as financial advisor

Ruffle Butts has recapitalized with SUMMIT PARK
Principals of Griffin served as financial advisor

HALO the safer way to sleep® has been acquired by aden + anais SPC
Principals of Griffin served as financial advisor