



COMMERCIAL & CONSUMER TECHNOLOGY

M&A Soundcheck – H1'22

M&A Opportunities Remain for Commercial & Consumer Technology Companies Amidst Wavering Economic Environment



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At the start of 2022, M&A activity continued to build off the record-breaking market we experienced in 2021. As the challenges of COVID-19 receded and a more “normal” world beyond the pandemic began to take shape, demand for commercial and consumer technology products was at all-time highs and many remained bullish about the market’s outlook. Intrepid saw a rise in deal flow and premium valuations as interest from investors and strategic acquirer with substantial capital at their disposal held strong. However, as the year progressed, rampant inflation precipitated interest rate hikes, consumers became more cautious, the war in Ukraine commenced (and continues), and recession talks gained momentum, all of which combined to create greater uncertainty in the market.

As a result of compounding market headwinds, some strategic buyers have put M&A efforts on hold to focus internally, and many financial sponsors have shifted to more conservative stances on valuation and transaction structure, resulting in fewer deals closing in Q2’2022. Nevertheless, we continue to maintain regular dialogue with strategic buyers and financial sponsors looking for opportunities to deploy capital to build out capabilities, acquire differentiated technologies, or expand market share.

As the market continues to adapt to the many opportunities and challenges associated with ongoing economic conditions, we remain bullish on our broader outlook across the spectrum of music technology, consumer electronics, professional A/V, residential technology, and security. If you are interested in learning more about the market or potential M&A or capital raising options for your business, please do not hesitate to reach out.

Gary Rabishaw

Managing Director

Head of Commercial & Consumer Technology

grabishaw@intrepidib.com

Consumer Technology

Adara Acquisition to Acquire Alliance Entertainment - June 2022

Adara Acquisition, a newly organized blank check company, announced plans to take Alliance Entertainment, a distributor of home entertainment products and consumer electronics, public through a SPAC merger valued at \$480 million. The capital from the transaction will be used to fuel Alliance Entertainment's ambitious acquisition strategy and accelerate future growth, while also supporting significant technological advancements as Alliance Entertainment expands into new consumer products.



AAMP Global Acquires AudioControl - April 2022

AAMP Global, a leading designer and manufacturer of vehicle solutions, acquired AudioControl, a provider of audio solutions for automotive, residential, and commercial markets. The acquisition will strengthen AAMP Global's position in the core audio market. Going forward, Alex Camara, AudioControl's CEO, will lead AAMP Global's audio growth strategy for the automotive and residential businesses.



Sonova Acquires Sennheiser (Consumer Electronics Business) - March 2022

Sonova, a leading provider of hearing care solutions, acquired the consumer electronics business of Sennheiser, a manufacturer of high-tech audio equipment, for \$241 million. The companies will operate under the Sennheiser brand name. In addition to adding consumer headphones and soundbars to Sonova's product portfolio, the acquisition provides Sonova with meaningful opportunities for synergies by combining its market-leading technology with the well-established distribution network and strong brand recognition of Sennheiser.



Hewlett-Packard (HP) to Acquire Poly - March 2022

HP, a leading technology company offering computers, printers, and supplies, announced that it will acquire Poly, a provider of premium audio and video products, for \$3.3 billion. Motivated by the rise of the hybrid office and the newfound need for having the highest quality audio and video equipment, the Poly acquisition adds to HP's growth-oriented product portfolio and strengthens its footprint in the hybrid work solutions and peripherals space. HP expects to see \$500 million of revenue synergies delivered by the combination by 2025.



Komplett Acquires NetOnNet - February 2022

Komplett, a Norwegian online retailer of a broad selection of consumer electronics products, acquired NetOnNet, a Swedish retailer of consumer electronics, for \$421 million. The combined company will be the second largest electronics retailer in the Nordic region, second only to Elkjøp. Both companies sell electronics and IT equipment primarily online, a market that is experiencing strong growth as consumers increasingly buy equipment on the web.



Alliance Consumer Group Acquires HALO - January 2022

Alliance Consumer Group, an outdoor and consumer lifestyle products company, acquired HALO, a leading provider of portable power products. As part of the transaction announcement, Alliance Consumer Group's leadership highlighted its belief that there is an unrealized opportunity for growth in the portable power market and that the company intends to become a market leader in the space through HALO.



Gaming Technology

Corsair Gaming Acquires iDisplay Technology - January 2022

Corsair Gaming, a leading manufacturer of high-performance gear for gamers and content creators, acquired iDisplay Technology, a leading provider of Advanced Human Machine display products. iDisplay has been a long-standing partner of Corsair's subsidiary Elgato, assisting in the development of several important products. The synergistic acquisition further builds on Corsair's comprehensive ecosystem of products and will help the company further differentiate its offerings by enabling it to integrate display-based, touchscreen technology into products.



Microsoft to Acquire Activision Blizzard - January 2022

Microsoft, a multi-national technology corporation and producer of computer software, consumer electronics, personal computers, and other related solutions, announced that it will acquire Activision Blizzard, a leading developer and distributor of interactive entertainment for console, mobile, and PC platforms. The acquisition will be the largest in Microsoft's history, valued at \$68.7 billion, and will support the company's long-term vision of being at the forefront of technologies and solutions related to the metaverse and gaming. Multiple countries are currently reviewing the deal, with Saudi Arabia being the first to approve of the transaction in August.



Music Technology

Korg Acquires Darkglass Electronics - May 2022

Korg, a distributor of instruments, amplifiers, production tools, and other audio accessories, acquired Darkglass Electronics, a manufacturer of an array of bass amps, pedals, and cabinets. Korg has been a distributor of Darkglass products in North America for many years. By bringing Darkglass in-house, Korg will strengthen its roster of respected brands to better serve its diverse base of musician consumers.

**Darkglass Electronics**

SoundCloud Acquires Musiio - May 2022

SoundCloud, an online audio distribution platform and music sharing website, acquired Musiio, a developer of AI music industry solutions, including B2B audio reference search, automated tagging, and playlisting tools. The acquisition will enhance SoundCloud's discovery of trends and top talent by amplifying its music intelligence capabilities and allowing it to leverage endless data points to assist in building the optimal platform.



Steinway & Sons to Launch IPO - April 2021

Steinway & Sons, a manufacturer of artisan-crafted pianos and other musical instruments, announced it will launch an IPO under the name Steinway Musical Instruments Holdings. Backed by hedge fund Paulson & Co. since 2013, the company will soon be listed on the New York Stock Exchange under the ticker symbol "STWY". Long known for its rich history of professional craftsmanship of pianos and other instruments, over the past decade, Steinway & Sons has focused on integrating modern technology into its products to enable features like streaming, editing, and recording.



STEINWAY & SONS

Cor-Tek Corporation Acquires Digitech / DOD Brand - April 2021

Cor-Tek Corporation, a manufacturer of guitars, acquired Digitech / DOD Brand, a developer of effects pedals. While Digitech / DOD Brand has faced some internal challenges in recent years, Cor-Tek Corporation hopes to bring structure to the brand through the acquisition and build upon some of their iconic guitar pedal models like the Whammy and Overdrive Preamp 250.



Music Technology (Cont'd)

Focusrite Acquires Linea Research - March 2022

Focusrite, a manufacturer of proprietary hardware and software audio products, acquired Linea Research, a developer of professional audio equipment focused on amplifiers. Focusrite's subsidiary, Martin Audio, has been a long-term customer of Linea Research, leveraging its technology to develop a successful amplifier series. The acquisition will strengthen Martin Audio's supply of amplifier modules and help Focusrite offer new products with high-end technology that complement its existing offerings.

Focusrite®

Apple Acquires AI Music - February 2022

Apple, a leading designer of a wide variety of technology solutions, acquired AI Music, an inventor of an AI song-shifting technology that uses royalty-free music to create entirely new variations of songs. AI Music technology shifts song genres based on data points such as a user's heart rate and the time of day. The acquisition will enable Apple to integrate the AI Music technology into Apple Fitness, Apple TV, and other services.



Gibson Brands Acquires GWW - January 2022

Gibson Brands, a manufacturer of guitars, other musical instruments, and audio equipment, acquired GWW, a family-owned business that makes quality cases for instruments. Gibson and GWW have been associated since 2002, and in 2021, Gibson became GWW's main customer. Since the onset of COVID-19, managing the impacted supply chain has become crucial for all businesses. The acquisition represents a logical strategic decision for Gibson to acquire a key historical partner and supplier, placing it in a safe and advantageous position compared to competitors, and expands its suite of high-quality musical instrument accessories.



Pro Audio/Visual

Peerless-AV Acquires ADF Visual Display Products - May 2022

Peerless-AV, a designer and manufacturer of audio/visual solutions, acquired ADF Visual Display Products, a provider of custom engineering and original equipment manufacturing services for the digital display market. ADF is a significant producer in the dvLED space, responsible for several high-profile display projects. Through the acquisition, Peerless-AV principally aims to expand its in-house capacity, which has been constrained more recently.



Crestron to Acquire 1 Beyond's Intelligent Video Technology - April 2022

Crestron, a provider of workplace automation and collaboration solutions, announced plans to acquire the intelligent video technology developed by 1 Beyond, a manufacturer of innovative automated solutions for recording, streaming, and video conferencing. The acquisition will support Crestron's plans of adding new automated camera tracking and intelligent video equipment product lines and is expected to deliver significant synergistic value to its current core hardware and software technologies.



Vivendum Acquires Audix - January 2022

Vivendum (formerly known as The Vitec Group), a designer and manufacturer of hardware and software solutions for the content creation market, acquired Audix, a microphone brand for studio and live performances. Audix's operations will be absorbed by Vivendum's, strengthening in-house microphone design and manufacturing for all Vivendum brands. The acquisition further expands the company's total addressable market to higher-end audio and increases the company's audio expertise and capabilities more broadly.



Residential Technology

simpleHome Acquires Creative Systems - June 2022

simpleHome, a Boston-area-based smart home advisory, integration, and servicing company for residential and commercial projects, acquired Creative Systems, a provider of audio/visual installation systems based in Natick, Massachusetts. The acquisition comes less than a year after Audio Video Design and Sounds Good merged to form simpleHome. The combination of the three companies puts the group in a better position to provide 24/7 reliable support services to homeowners and partners, an important differentiator in the space.



Highlander Partners Acquires The McIntosh Group - June 2022

Highlander Partners, a private investment firm based in Dallas, Texas, acquired The McIntosh Group, a leading manufacturer and distributor of amplifiers, speakers, and other audio products through several global brands. The McIntosh Group has experienced strong growth in recent years driven by consumer demand for greater residential audio integration and high-fidelity audio products. With the support of Highlander Partners, the company will pursue acquisitions of other luxury technology brands to further build out its product portfolio.



McIntosh Group

Masimo Acquires Sound United - April 2022

Masimo, a global medical technology company focused on monitoring solutions, acquired Sound United, a provider of high-performance audio products with home entertainment applications under multiple brands. The acquisition marks Masimo's first in the consumer electronics sector and supports its vision of transforming the consumer healthcare experience, both at the hospital and in the home. Sound United's audio and home automation technologies will be integrated into Masimo's advanced signal processing, photonics, and biosensing technologies, bringing solutions to patients around the globe.



Audio Video Excellence Acquires Huntsville's Audio Insight - April 2022

Audio Video Excellence, a provider of custom residential and commercial smart device solutions in the Southeastern US, acquired Audio Insight, a designer and installer of audio systems in Tennessee and Alabama. Coming after the passing of Audio Insight's founder in 2021, which left the future of the business in jeopardy, the acquisition is part of Audio Video Excellence's strategy to expand its residential and commercial businesses.



Sonos Acquires Mayht - April 2022

Sonos, a developer of multi-room wireless home audio systems, acquired Mayht, a developer of advanced audio technologies, for \$100 million. Mayht has developed a number of unique solutions over the years, including a new approach to audio transducers that makes them smaller and less heavy without sacrificing sound quality. Obtaining new intellectual property and staying at the forefront of technological advancements in the industry is an important part of Sonos' differentiation strategy. As such, the Mayht acquisition is a step forward for Sonos' product portfolio that further distinguishes the Sonos sound experience from that of its competitors.



Snap One Acquires Staub Electronics - January 2022

Snap One, a manufacturer of A/V, control, security, and networking products for professional integrators, acquired Staub Electronics, a leading Canadian distributor of technology solutions for residential and commercial A/V integrators. Staub has long served as Snap One's Canadian distribution partner. As a result of the acquisition, Snap One will strengthen its footprint and capabilities across North America. Through disciplined M&A initiatives, Snap One now totals 33 locations and is building a comprehensive network to offer on-demand products and solutions to its partners.



Security

ADT Security Services Acquires IOTAS - June 2022

ADT, a national provider of residential and commercial security services, acquired IOTAS, a Portland-based smart home technology provider for apartments. The acquisition combines ADT's existing offerings and national reach with IOTA's smart apartment technology solutions. The combined business will be better positioned to increase its presence in the growing and fragmented multi-family housing services market.



Johnson Controls Acquires Security Enhancement Systems - April 2022

Johnson Controls, a publicly traded global provider of smart building technologies, acquired Security Enhancement Systems, a provider of keyless access control solutions used for critical infrastructure. Security Enhancement Systems' mobile, cloud, and on-premise technologies complement Johnson Controls' existing security offerings. The combination of both companies' services will better position Johnson Controls to be a full-service provider of security solutions to its customers.



Resideo Acquires First Alert - February 2022

Resideo Technologies, a publicly traded provider of residential comfort and security solutions, acquired First Alert, a provider of home safety, detection, and suppression devices, for \$593 million in an all-cash transaction. The acquisition increases Resideo's residential sensor offerings and further augments its presence with contractors.



Midwich Acquires DVS Limited - January 2022

Midwich Group, a publicly traded business-to-business audio/visual, document, and IT solutions provider, acquired a majority stake in the parent company of DVS Limited, a multi-brand distributor of electronic surveillance products. DVS Limited offers closed-circuit televisions, sophisticated cameras, and other security products. The investment will give Midwich exposure to the rapidly growing security market, where it previously had little presence.



Select Transactions

<p>BCD International</p> <p>has received a growth investment from</p> <p> HIGH STREET CAPITAL <small>Founded in 1997</small></p> <p>Advisor to BCD International</p>	<p>newair.</p> <p>has completed a majority recapitalization with</p> <p> GUARDIAN CAPITAL PARTNERS</p> <p>Advisor to Newair</p>	<p></p> <p>has been acquired by</p> <p>NORITSU</p> <p>Noritsu Koki Co., Ltd. (TSE: 7744)</p> <p>Advisor to JLab Audio</p>	<p></p> <p>has received an investment from</p> <p></p> <p>Advisor to The Inception Company</p>
<p>KONTROLFREEK </p> <p>has been acquired by</p> <p> steelseries</p> <p>a portfolio company of</p> <p>-AXCEL</p> <p>Advisor to KontrolFreek, LLC</p>	<p> The Music People</p> <p>has been acquired by</p> <p>JAM</p> <p>a subsidiary of</p> <p>DCC</p> <p>Advisor to The Music People</p>	<p>Disruptive Products, Inc. parent company of</p> <p> TASTEMAKERS, LLC. <small>SERVING THE TREND.</small></p> <p>creator of</p> <p>ARCADE 1UP</p> <p>has received an investment from</p> <p> CENTRE PARTNERS</p> <p>Advisor to Disruptive Products</p>	<p></p> <p>has received structured growth capital from</p> <p>CORBEL CAPITAL PARTNERS</p> <p>Advisor to The Inception Company</p>
<p>Westone</p> <p>a portfolio company of</p> <p>HealthEdge INVESTMENT PARTNERS</p> <p>has sold its music division Westone Audio to</p> <p> Lucid <small>audio</small></p> <p>Advisor to Westone</p>	<p>SONANCE</p> <p>has acquired</p> <p> James LOUDSPEAKER</p> <p>Advisor to Sonance</p>	<p>9to5 seating</p> <p>has been acquired by</p> <p>Flol:</p> <p>a portfolio company of</p> <p>Triton</p> <p>Advisor to D3 Inc., dba 9to5 Seating</p>	<p> lowepro  JOBY</p> <p>assets of</p> <p>DAYMEN</p> <p>have been sold to</p> <p> VITEC GROUP (LSE:VTC)</p> <p>Advisor to DayMen Acquisition S.A.</p>

Select Transactions

 a portfolio company of  <i>Riverside</i> has been acquired by logitech (NASDAQ: LOGI) Advisor to Blue Microphones	 has received an investment from Family Office Consortium Advisor to Ember	 has been acquired by  REGIMEN PARTNERS in partnership with Mike Belitz Advisor to Radial Engineering	 a portfolio company of  has been acquired by  Advisor to VXi Corporation
 a portfolio company of BUNKER HILL CAPITAL has been acquired by  a portfolio company of  GENERAL ATLANTIC Advisor to SunBriteTV	 Microphones a portfolio company of Transom Capital Group has been acquired by  <i>Riverside</i> Advisor to Blue Microphones	 has completed a senior and subordinated debt financing led by  Advisor to PreSonus	 has been acquired by  Digital Products International Advisor to Amped Wireless
 has been acquired by  an affiliate of TRIVEST Advisor to Polk Holding Corp.*	 a portfolio company of KINSMAN CAPITAL, LLC has been acquired by Linear Corporation, a subsidiary of NORTEK Advisor to SpeakerCraft*	 a portfolio company of innovate partners, inc has been acquired by  Logitech Advisor to Ultimate Ears, LLC.*	 a portfolio company of  has been acquired by  Audax Group Advisor to AAMP*

*Transactions executed by principals of Intrepid while at prior firms.



Commercial & Consumer Technology Team



Gary Rabishaw
Managing Director
*Head of Commercial &
Consumer Technology*
grabishaw@intrepidib.com



Hayden Rosenthal
Associate
hrosenthal@intrepidib.com



Josh Albert
Associate
jalbert@intrepidib.com



Carter Mulroe
Analyst



John Kavanagh
Analyst

About Intrepid's Commercial & Consumer Technology Practice

Intrepid's **Commercial & Consumer Technology** team provides a unique blend of proven execution expertise, deep industry knowledge, and relationships cultivated over many years of dedicated coverage. Target sectors include: pro audio/visual technologies, musical products, and residential and consumer technology. By focusing exclusively on these sectors, our industry bankers have a deep understanding of prevailing trends and value drivers.

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