

KEY TRENDS / VALUE DRIVERS IN MUSIC TECHNOLOGY

- **Growing Tech Enablement:** Increasing integration of smart features and software into traditional MI products is driving M&A multiples higher for innovators in the space that have greater product connectivity and recurring revenues
- **Sourcing Shifts:** Economic and political climates have caused a growing movement away from Chinese manufacturing, pushing businesses across industries to “nearshore” and benefitting companies that already do not rely on Chinese suppliers
- **Evolving Pandemic Effect:** The pandemic created a new generation of professionals, prosumers, and hobbyists driving demand and expanding addressable markets – while demand for higher-priced “base” products has softened in recent months due to tightening economic conditions, demand for many accessories has increased as individuals look to complement their recent purchases with affordable add-ons

FEATURED INTERVIEW: MARTIN SZPIRO, PRESIDENT & CEO OF EXERTIS NORTH AMERICA



Martin Szpiro
President & CEO
Exertis North America



What major trends are you monitoring in the music industry right now?

"Playing" music and "writing" music has been joined by creation. With software, interfaces, and various digital tools, today's music creators don't even need to know how to play an instrument. Certainly you need talent, but the toolset has changed and supporting those music creators and recorders requires different products and support.

What changes do you foresee in the industry and how is JAM preparing to adapt?

1) The move towards digital solutions is key. Hardware of all sorts needs to have new interfaces and the ability to communicate. However, some of these are solutions to problems that don't yet exist, and to some degree there is an analog push back. Additionally, the ability to supply products DTC and to sophisticated online platforms has become table stakes. 2) Growth will be driven by value add.

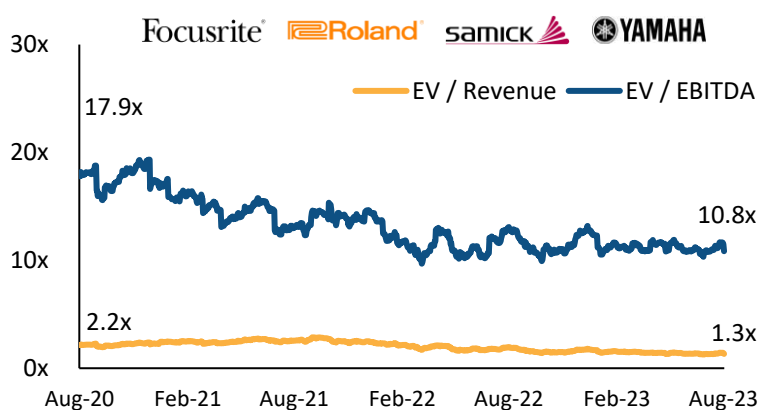
The supply chain is becoming commoditized. We need to have better local inventory, reverse logistics, product support and service, and better relationships with end-users who create demand through reviews. 3) Acquisitions are key. Certainly, organic is the cheapest growth, but the hardest. JAM looks to add abilities and tools we don't have but need through acquisitions, and we look to add scale. The talent in the business is very important, and in the best case adds to our succession planning.

NOTABLE RECENT TRANSACTIONS

Jun-2023		acquired by	
Apr-2023		acquired by	
Mar-2023		acquired by	
Feb-2023		acquired by	
Oct-2022		acquired by	

Intrepid served as exclusive advisor to Drum Workshop

INTREPID MUSIC TECHNOLOGY INDEX



Source: Capital IQ

INTREPID'S COMMERCIAL & CONSUMER TECHNOLOGY TEAM

Gary Rabishaw
Head of CCT
grabishaw@intrepidib.com

Hayden Rosenthal
Associate
hrosenthal@intrepidib.com

Josh Albert
Associate
jalbert@intrepidib.com

John Kavanagh
Analyst
jkavanagh@intrepidib.com