



Commercial &
Consumer Technology
M&A Soundcheck 1H 2024

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COMMERCIAL & CONSUMER TECHNOLOGY

Despite a Slow Start to 2024, Commercial & Consumer Technology Markets Begin to Show Signs of Life

Industry stakeholders across commercial and consumer technology verticals hoped to find relief in the first half of 2024 after a difficult 2023 that saw companies grappling with various economic and operational challenges. However, lackluster spending, sustained interest rate levels, geopolitical tensions, and broader market uncertainty have resulted in a slower-than-expected rebound. Amidst this backdrop, many independent and sponsor-backed companies took a “wait-and-see” approach to M&A processes, further depressing deal activity.

Despite slower M&A markets in the first half of 2024, demand remained strong for high-quality assets, and a scarcity of targets resulted in attractive valuations for those deals that did get done. This was demonstrated through several larger deals announced in the sector, including PAI Partners’ acquisition of Audiotonix, Resideo’s acquisition of Snap One, Walmart’s acquisition of VIZIO, and Turtle Beach’s acquisition of Performance Design Products.

There are reasons for optimism for the industry’s near-term outlook. Following a recent period of post-Covid normalization, many companies are now seeing improved top-line performance and enhanced profitability. At the same time, buyers and investors are increasingly conveying renewed interest in pursuing acquisitions, and more would be sellers are voicing a desire to transact. While market uncertainty remains, we believe the long-awaited rebound is beginning to take shape, and we are excited to see how it will continue to develop.

If you would like to learn more about trends and value drivers in consumer electronics, music technology, professional A/V, residential technology, or security technology, or about potential M&A or capital raising options for your business, we are always happy to connect and be a resource.

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Pro Audio / Visual

Assured Systems Acquires MediaVue Systems – March 2024

Assured Systems, a provider of digital signage solutions, acquired MediaVue Systems, a provider of digital signage hardware and software. The acquisition includes the SureVue-branded digital signage hardware suite, operating system, and Active Network Manager suite for remote device management. Assured Systems plans to invest in MediaVue's platform to provide new player and endpoint management technology. The transaction comes as Assured Systems expands its global presence, recently opening locations in Dubai and Cairo.



PAI Partners Acquires Majority Stake in Audiotonix – April 2024

PAI Partners, a private equity firm based in Paris, acquired a majority stake in Audiotonix, a provider of audio content creation tools under a family of brands, from Ardian, a private equity firm based in Paris. Ardian acquired Audiotonix in 2020 and grew the platform both organically and through a series of acquisitions that strengthened the company's product portfolio and software offerings. PAI's investment will bolster R&D efforts, brand synergies, and continue to support the company's M&A strategy. Audiotonix products are sold in over 90 countries through a network of over 400 distributors.



Image-Line Acquires MSXII Sound Design – April 2024

Image-Line, a developer of audio workstation plugins, acquired MSXII Sound Design, a provider of sample packs used in hip hop, trap, R&B, and soul music. MSXII's music library will now be accessible to FL Studio users through its FL Cloud product. MSXII founder Michael Simpson aims to support aspiring producers by joining forces with Image-Line to expand their reach and empower creators with high-quality audio.



LynTec Acquires Juice Goose – June 2024

LynTec, a subsidiary of Chauvet and manufacturer of electrical power control solutions for professional audio, video, and lighting systems, acquired Juice Goose, a manufacturer and distributor of electric power distribution, conditioning, and control equipment. The transaction enables LynTec to provide comprehensive power solutions to a broader audience, ranging from small conference rooms to large arenas. Founded in 1983, Juice Goose has emerged as a preferred provider of power control systems for houses of worship, theme parks, and other venues.



Resideo (NYSE: REZI) Acquires Snap One (Nasdaq: SNPO) – June 2024

Resideo, a manufacturer and distributor of technology-driven safety and security solutions, acquired Snap One, a distributor of smart-living technology for residential and commercial customers, for \$1.4 billion (7.4x Snap One's 2023 Adjusted EBITDA). The acquisition unlocks cost synergies and enhances Resideo's value proposition to integrators, combining the company's security products business, ADI, with Snap One's complementary smart technology. The transaction also advances ADI's exclusive brands strategy by adding Snap One's robust portfolio of proprietary products, which generated 66% of Snap One's sales in 2023.



Music Technology

GEWA Music Acquires Gretsch Drums Global License – January 2024

GEWA Music, a manufacturer of musical instruments and accessories, acquired the global license of Gretsch Drums from Drum Workshop and the Gretsch family. GEWA has distributed Gretsch Drums in Europe since 2015 and will now manufacture and market the drums worldwide. The transaction achieves GEWA's objective of becoming a developer and manufacturer in all of its segments. GEWA Music USA will manage the Gretsch Drums factory in South Carolina, with Hal Leonard continuing as its U.S. distribution partner for key products.



Danny Gomez Acquires Dirty Boy Guitar Pedals – April 2024

Danny Gomez, a musician and product designer based in Spain, acquired Dirty Boy Guitar Pedals, a boutique guitar pedal brand. Founded by Alex Saraceno, Dirty Boy Pedals is known for high-end guitar pedals, notably the Dirty Boy Afro Fuzz, which has been seen on the pedal boards of The Red Hot Chili Peppers and The Waterboys. Danny Gomez's background in product development includes working with major gear manufacturers such as Orange Amplifiers, OMEC, Fender, and PRS. Dirty Boy Pedals will now be manufactured in Spain.



Flexpoint Ford Makes Minority Investment in Create Music Group – June 2024

Flexpoint Ford, a private equity firm headquartered in Chicago, made a minority investment in Create Music Group, a tech-enabled music distribution platform, record label, and entertainment network. The investment, which totals \$165 million and values Create Music Group at ~\$1 billion, included funds from music industry entrepreneur and investor Charles Goldstruck. The investment will support Create's strategy of gaining scale through acquisitions and launching new service offerings. Founded in 2015, Create Music Group has achieved rapid growth by leveraging its owned IP around its media and technology platform.

FLEXPOINT  FORD


CREATE MUSIC GROUP

Gonher Music Center Acquires Sam Ash in Bankruptcy Court – June 2024

Gonher Music Center, a retailer of musical instruments and accessories based in Mexico, acquired Sam Ash, one of the largest American retailers of musical instruments and accessories, in a bankruptcy auction. The \$15.2 million deal includes substantially all of Sam Ash's assets, notably the ecommerce business, and excludes its retail store assets. Sam Ash filed for bankruptcy in May 2024 as the company struggled to maintain liquidity and failed to make vendor and rental payments. Sam Ash's management cited an industry shift to brands selling direct-to-consumer, increased competition from online retailers, and operational challenges exacerbated by the pandemic, as reasons for the company's financial decline.

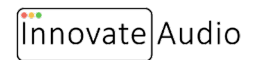
The logo for Gonher Music Center features a stylized red and white 'G' icon followed by the text "gonher" in a bold, lowercase sans-serif font, with "music center" in a smaller, lowercase sans-serif font below it.

The logo for Sam Ash Music Stores features the name "Sam Ash" in a large, stylized, cursive font, with "MUSIC STORES" in a smaller, uppercase sans-serif font below it.

Focusrite Group (AIM: TUNE) Acquires Innovate Audio – June 2024

Focusrite, a global leader in audio interfaces, synthesizers, and software, acquired Innovate Audio, the developer of the panLab platform. panLab is a suite of spatial audio solutions aimed at enhancing audio mixing and spatialization capabilities, with over 10,000 software downloads and use in prestigious venues such as the Sydney Opera House and the Australian National Theatre. The panLab team and their solutions will integrate into the TiMax brand, which Focusrite acquired last year. The addition of panLab enhances Focusrite's immersive audio solutions, which span basic panning software through advanced spatial processors.

Focusrite®

The logo for Innovate Audio features the word "innovate" in a lowercase sans-serif font inside a rounded rectangular box, followed by the word "Audio" in a lowercase sans-serif font.

Consumer Technology

Walmart (NYSE: WMT) to Acquire VIZIO (NYSE: VZIO) – February 2024

Walmart, a leading global retailer, announced it will acquire VIZIO, a manufacturer of TVs and smart entertainment systems, for ~\$2.3 billion. The acquisition of VIZIO and its SmartCast Operating System enables Walmart to connect with and serve its customers in new ways including innovative television and in-home entertainment and media experiences. Walmart paid \$11.50 per share, a 21% premium to VIZIO's share price before the deal was announced.



Turtle Beach Corporation (Nasdaq: HEAR) Acquires Performance Design Products – March 2024

Turtle Beach, a gaming accessories brand, acquired Performance Design Products (PDP), a designer and distributor of aftermarket video game accessories, for \$118 million. In addition to unlocking revenue and cost synergies, Turtle Beach was drawn to PDP's strength in the video controller market, which Turtle Beach only entered in 2021. The combined company expects to achieve total revenue of ~\$400 million delivered in the first full 12 months of ownership, up from ~\$260 million from the prior year.



ByteDance Acquires Oladance – May 2024

ByteDance, a Chinese technology company known for operating various social media and content platforms including TikTok, acquired Oladance, a Chinese earbud manufacturer, for ~\$50 million. The acquisition is ByteDance's latest step towards providing wearables that can host its technology. ByteDance plans to enhance their wearables with AI services to compete with rivals such as Snap Inc. Oladance will be joined by former Bose engineers brought in by ByteDance to develop innovative wearable technology solutions.



Atari (PAR: ALATA) Acquires Intellivision – May 2024

Atari, a provider of video games, consumer hardware, licensing, and blockchain solutions, announced it has acquired Intellivision, a video game system manufacturer. This transaction ends a 45-year console war between the two companies, representing a landmark resolution by bringing together two of the most influential brands from the early days of video gaming. Atari plans to rebrand Intellivision and continue its development and distribution of Amico game consoles. Atari will continue to distribute revamped versions of Intellivision video games on these consoles. The deal includes the Intellivision trademarks and rights to over 200 titles from Intellivision's portfolio.



Security

Motorola Solutions (NYSE: MSI) Acquires Silent Sentinel – February 2024

Motorola Solutions, a provider of tech-enabled security systems, acquired Silent Sentinel, a provider of specialized, long-range cameras. Silent Sentinel's cameras, built for harsh environments and able to detect anomalies from up to 20 miles away, are used in military, aviation, maritime, and critical infrastructure applications. This acquisition broadens Motorola's security solutions portfolio and enhances its value proposition for government and critical infrastructure customers.



Allegion (NYSE: ALLE) Acquires Dorcas – March 2024

Allegion, a global leader in commercial and residential security solutions, acquired Dorcas, a Spanish manufacturer of electro-mechanical access control solutions. The transaction strengthens Allegion's product portfolio with Dorcas' electric strikes and locks. Dorcas will join Allegion's international division, where Allegion will gain access to Dorcas' customers and channels across European markets.



Vitaprotech Group to Acquire Identiv's (Nasdaq: INVE) Physical Security Business – April 2024

Vitaprotech Group, a provider of electronic security solutions, announced it will acquire the physical security solutions business of Identiv, a provider of tech-enabled security systems, for \$145 million. Vitaprotech Group consists of 14 companies serving security end-markets. These companies design, manufacture, and distribute various access control and monitoring solutions. The acquisition expands Vitaprotech's international footprint, adding new customers and over 200 employees across North America, Germany, and India. The combined company is expected to generate over \$185 million in revenue with over 700 employees worldwide. The acquisition was supported by Vitaprotech's financial backers, Seven2 and BPI.



Axon (Nasdaq: AXON) to Acquire Dedrone – May 2024

Axon, a provider of electronic products and technology solutions for police forces, first responders, and security professionals, announced it will acquire Dedrone, a provider of airspace security and counter-drone technology, and drones as first responders (DFR) solutions. Axon's management believes DFR programs, which deploy drones to an emergency before first responders, will save lives by providing law enforcement with additional time and information before arriving at the scene. Dedrone's solutions have been used across several applications including federal governments, utilities and critical infrastructure, event venues, airports, and correctional facilities.



Allegion (NYSE: ALLE) Acquires Krieger Specialty Products – June 2024

Allegion, a global leader in commercial and residential security solutions, acquired Krieger Specialty Products, a California-based manufacturer of high-performance special purpose doors and windows. The transaction bolsters Allegion's product portfolio and scales its manufacturing operations in the U.S. Founded in 1936, Krieger's products are installed in broadcasting stations, recording studios, theaters, hospitals, museums, banks, and other facilities.



ASSA ABLOY (OM: ASSA B) Acquires Wesko Locks – June 2024

ASSA ABLOY, a global leader in access control solutions, acquired Wesko Locks, a Canadian manufacturer and supplier of electronic and specialty locks. With this transaction, ASSA ABLOY strengthens its position in the electronic security solutions market by acquiring product lines that are complementary to its core business. Founded in 1990, Wesko Locks has 70 employees and achieved \$17 million of revenue in 2023.





Consumer Electronics




Music & Pro A/V




Residential Technology



Commercial Technology



Drum Workshop
has been acquired by




(TSE: 7944)

Advisor to Drum Workshop


BCD International
has received a growth investment from



Advisor to BCD



has been acquired by



(TSE: 7744)

Advisor to JLab



has been acquired by



a portfolio company of



Advisor to KontrolFreek



has been acquired by



a subsidiary of



Advisor to TMP



a portfolio company of




has been acquired by



Advisor to Westone Audio

SONANCE
has acquired



Advisor to Sonance



a portfolio company of



has been acquired by



(NASDAQ: LOGI)

Advisor to Blue



has been acquired by



in partnership with Mike Belitz

Advisor to Radial



Microphones
a portfolio company of



has been acquired by



Advisor to Blue




a portfolio company of




has been acquired by




Advisor to VXI




has completed a senior and subordinated debt financing led by




Advisor to PreSonus




a portfolio company of




has been acquired by




Advisor to Ultimate Ears



has been acquired by



an affiliate of



Advisor to Polk Audio



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 global relationships cultivated over many years of dedicated coverage. Target sectors include professional and consumer audio/visual products and services, musical products, security, and commercial and residential technologies. By focusing on these sectors and maintaining an ongoing dialogue with relevant industry acquirors, our bankers understand prevailing trends and value drivers in these sectors, enabling us to credibly articulate our client's vision and story to buyers and investors.



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