



M&A Insights Q3 2021

AUTOMATIC IDENTIFICATION AND DATA CAPTURE INDUSTRY UPDATE

OVERVIEW

Industry Summary

2021 has been a year of rapid transition in the U.S. economy as companies continue to rebound from the pandemic. Businesses operating within the AIDC industry have experienced a strong Q3 2021, paving the way for a record 2021. This growth can be attributed to many factors but has been largely fueled by the continued acceptance of advanced technologies in the workplace, including barcodes, RFID, and biometrics, thereby increasing the demand for AIDC devices.

AIDC Industry M&A Update

M&A activity across the industry in Q3 2021 was strong, recording five transactions, up from Q3 2020 when the general M&A market was dormant. Private equity interest in the AIDC industry remains high towards companies who generate strong free cashflows and have a recurring nature in its business. It is anticipated that with continued industry growth over the next several years, M&A activity will hold steady as new private equity firms seek to enter the space and existing investors grow their platform companies through acquisition.

AIDC Industry Outlook

As previously reported in the Q2 2021 AIDC Industry Update, the AIDC industry remains on target with its growth trajectory and is expected to continue growing at a compound annual growth rate of 9.8% from 2020 to 2027, surpassing \$103 billion in market value. This growth can be largely attributed to increased consumer demand for AIDC technologies, technological advancements driving product refreshes, and COVID-19 tailwinds. Despite the positive industry growth outlook, operators should prepare for significant supply chain constraints in the near-to-short term, as the international supply chains suffer delays and inventory shortages caused by the pandemic. It is predicted that this supply chain disruption could last well into Q3 of 2022.

Key Takeaways

1. M&A remains extremely active as buyers seek to enter the market or pursue add-on acquisitions.
2. Companies with a strong technological differentiator are commanding elevated valuations.
3. Due to the robust M&A market currently, sellers considering a transaction should expect delays as buyers and advisors focus on closing active deals by year-end.

Sources: Pitchbook, CapIQ, and WallStreet Market Data.

Deal Spotlight



A life-cycle, mobile managed services and repair provider located in Texas

Has been acquired by



Charter principals served as exclusive M&A advisor to ISG Technologies.








ISG Technologies (ISG), is a Texas based premier provider of automatic identification and data capture (AIDC) and factory automation solutions to blue-chip customers across a variety of end markets including food and beverage distribution, retail, entertainment, warehousing and logistics.

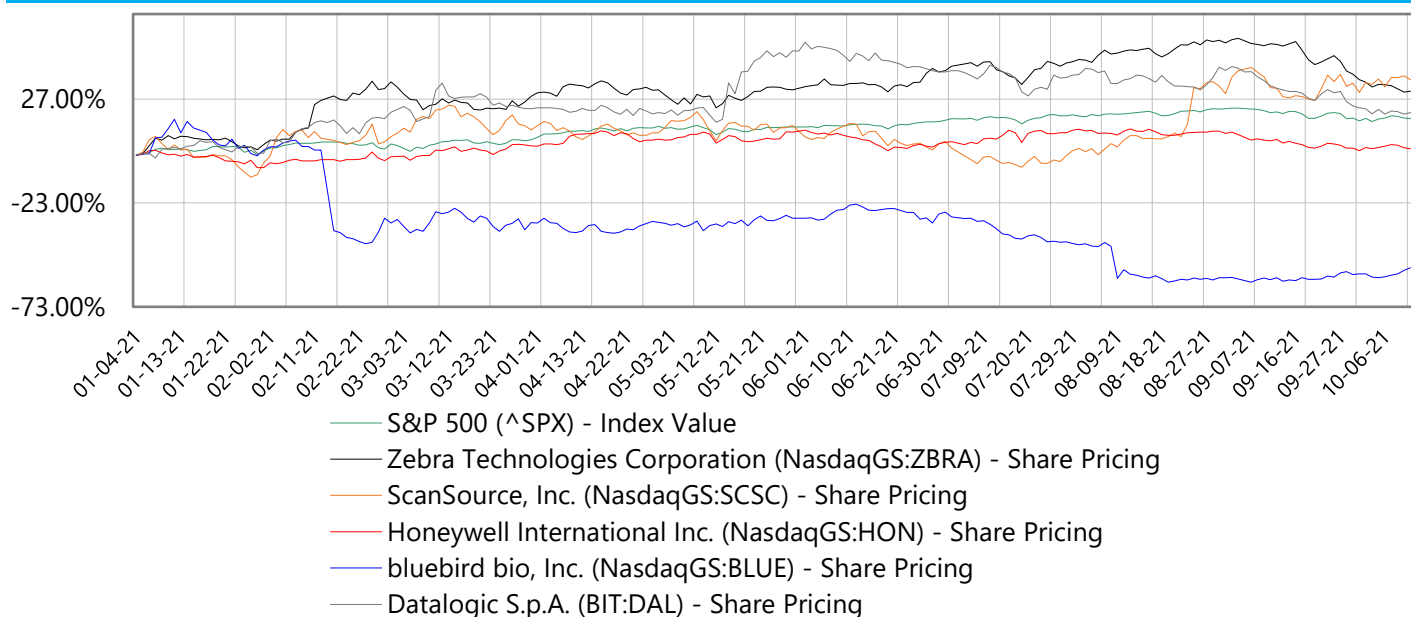
The acquisition of ISG by Supply Chain Services adds to its growing product line and expands its geographic reach into Texas. This is the fourth add-on transaction supported by Sole Source Capital since Supply Chain Services was acquired in May 2020, with previous acquisitions including Dasco Label, Miles Data, and Coridian.

Charter principals served as exclusive M&A advisor to ISG Technologies in their capacity as licensed investment agents of M&A Securities Group, Inc.

Q3 2021 NOTABLE TRANSACTIONS

Company Acquired	Deal Summary
Confidential Company	October 2021: Principals of Charter Capital Partners served as exclusive M&A advisor to a confidential company in its acquisition by a market leading process engineering and RFID solutions company.
	August 2021: Sole Source Capital announced that its portfolio company, Peak Technologies, an outsourced IT and hardware provider of barcoding and data collection solutions to customers across North America, has acquired DBK Concepts Inc ("DBK") a provider of end-to-end AIDC software solutions and repair services. Learn more
	August 2021: ASSA ABLOY, through its subsidiary HID has acquired Omni-ID, a leading manufacturer of RFID tags and industrial IoT hardware devices for passive and active tagging, tracking, monitoring and alerting applications, based in the US. Learn more
	July 2021: Sole Source Capital announced that its portfolio company, Supply Chain Services, a premier provider of AIDC and factory automation solutions to customers across North America, acquired ISG Technologies, adding to Supply Chain Services' product line and expanding its geographic reach into Texas. Learn more
	July 2021: SphereWMS, a fully hosted web-based solution for warehouse management, has been acquired by FOG Software Group ("FOG"), a division of Constellation Software, Inc., further expanding its portfolio of software solutions for the supply chain industry. Learn more
	July 2021: Volaris Group, announced that it has acquired EnvisionWare, a provider of technology solutions for public libraries based in Atlanta, Georgia. EnvisionWare has grown to be a leader in library RFID, circulation, and a broad range of self-service solutions. Learn more

Share Price Performance Compared to S&P 500



Sources: Pitchbook, CapIQ, and WallStreet Market Data.

KEY DEALS

Company Acquired	Deal Summary
 BAR CODE DIRECT [®]	<p>May 2021: Sole Source Capital announced that its portfolio company, Peak-Ryzex, a value-added reseller of barcoding and data collection solutions to customers across North America, has acquired Bar Code Direct. Learn more</p>
	<p>May 2021: Barcodes Inc. announced the acquisition of Carlton Technologies Inc., an IT hardware solutions, professional services, and repair services for a wide range of manufacturers across North America. Barcodes, headquartered in Chicago, is a leading provider of barcode, mobile computing, RFID, and retail solutions. Learn more</p>
	<p>May 2021: Sole Source Capital announced that its portfolio company, Peak-Ryzex, a value-added reseller of barcoding and data collection solutions to customers across North America, has acquired Inovity Inc. Headquartered in Atlanta, Inovity is a value-added reseller of AIDC labels, media and hardware for the healthcare, manufacturing, and industrial end-markets. Learn more</p>
	<p>April 2021: Sole Source Capital announced the acquisition of Peak-Ryzex from Keystone Capital. Peak-Ryzex delivers critical technology, enabling businesses to become more efficient and responsive. The company is a premier value-added reseller of barcoding, data collection, and factory automation equipment, delivering innovative digital supply chain and mobile workforce solutions across North America and Europe. Learn more</p>
	<p>April 2021: Sole Source Capital announced the acquisition of Optical Phusion, a founder-owned provider of AIDC hardware equipment and software solutions primarily to the grocery, pharmacy, and retail end markets. Headquartered in Littleton, MA, OPI helps customers manage the entire lifecycle of supply chain solutions. Learn more</p>
	<p>Dec 2020: Sole Source Capital announced that its portfolio company, Supply Chain Services, a premier provider of AIDC and factory automation solutions to customers across North America, has acquired Coridian Technologies, Inc., a leading provider of product identification and data collection solutions for the healthcare, manufacturing, and warehouse/distribution industries. Learn more</p>
	<p>Oct 2020: Sole Source Capital announced that its portfolio company, Supply Chain Services, a premier provider of AIDC and factory automation solutions to customers across North America, has acquired Miles Data Technologies, a leading provider of barcode, RFID, and mobility solutions. Learn more</p>
	<p>Aug 2020: Sole Source Capital announced that its portfolio company, Supply Chain Services, a premier provider of AIDC and factory automation solutions to customers across North America, acquired Dasco Label, a leading solutions provider of custom labels, imprinting, serialization, and barcoding services. Learn more</p>
	<p>May 2020: Sole Source Capital announced the acquisition of Supply Chain Services, a premier provider of AIDC and factory automation solutions to customers across North America. Founded in 2002, Supply Chain Services delivers innovative automated data collection solutions to nearly 2,000 customers. Learn more</p>

Source: Pitchbook

CHARTER TEAM INDUSTRY EXPERTISE

Charter is a leader in the Automatic Identification Data Capture (AIDC) M&A market. Our professionals are uniquely positioned with a combination of industry-specific knowledge and M&A market access to best advise your company through a sale transaction. During our 31 years in operation, the Charter team has completed several transactions in the AIDC industry as well as facilitated conversations with some of the industry's leading value-added resellers (VARs) and original equipment manufacturers (OEMs). As one of the few investment banking firms with a practice focused on AIDC, Charter has a compelling edge in guiding businesses through buy, sell, and capital raise transactions. We leverage our proven track record, knowledge of active buyers and sellers, and awareness of current AIDC market dynamics to help generate the best outcome for businesses operating in the industry.

Industry Practice Team



Mike Brown

*Partner and Managing Director
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Mike has 19 years of experience as a financial advisor to business owners, capital providers, and executive teams in a variety of M&A and financing transactions. He has advised both publicly and privately held businesses ranging in size from \$10 million to \$500 million of Enterprise Value. He leads Charter's AIDC practice.

Mike leads the M&A team at Charter. He has significant investment banking experience and has advised on transactions valued at \$3 billion in the aggregate. Previously, Mike worked for a bulge bracket Chicago investment bank for 10 years with a focus on large (>\$300 million revenue) privately held businesses. He earned a BS in Finance from the University of Colorado, Leeds School of Business, and an MBA with Honors, from the University of Chicago, Booth School of Business. He has attained FINRA securities registrations including the Series 7, 63, and 82.



Justin Pinto

*Associate
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Justin has been with Charter since 2016. He is responsible for managing and executing M&A client engagement projects and assists in leading Charter's AIDC practice. He is also responsible for developing deal analysis tools, including financial models and visualizations, comparable industry research, and valuation support.

Justin graduated from Hope College in 2018 with a BA in Business and a minor in Organizational Leadership with an emphasis in Finance and Entrepreneurship. While at Hope, Justin was involved in several extracurricular activities, including Founding Member of the Investments Club, Executive Member of the Round Table Society, and member of the Business Club. He is a member of ACG Western Michigan and the Van Andel Institute JBoard.

Select Transactions Advised by Charter Team Members

Confidential Company

Has been acquired by

A market leading process engineering and RFID solutions company.

Charter Principals served as exclusive M&A advisor to Company.

CHARTER

ISG technologies

A life-cycle, mobile managed services and repair provider located in Texas

Has been acquired by

SUPPLY CHAIN SERVICES

Charter principals served as exclusive M&A advisor to ISG Technologies.

CHARTER

opi

A self-service kiosk, enterprise mobility, and wireless technology integration solutions company headquartered in Littleton, Massachusetts

Has been acquired by

SSC

Charter principals served as exclusive M&A advisor to Optical Phusion, Inc.

CHARTER

SUPPLY CHAIN SERVICES

A leading provider of automatic identification and data capture technology headquartered in Oakdale, Minnesota

Has been acquired by

SSC

Charter Principals served as exclusive M&A advisor to Supply Chain Services.

CHARTER

INFORMS

A market leader in the automatic identification and data capture industry based in Holland, Michigan

Has been acquired by

Barcodes

A portfolio company of Odyssey Investment Partners, LLC

Charter Principals served as exclusive M&A advisor to Informis.

CHARTER

Charter principals served as M&A advisor in their capacity as licensed investment agents of M&A Securities Group, Inc.



About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including buy-side and sell-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

Advisory Services Snapshot

Type	Expertise
M&A Advisory	<ul style="list-style-type: none">Go-to-market sell-side advisoryBuy-side growth strategiesExit planningFairness opinions
Capital Raise	<ul style="list-style-type: none">Equity or debt capital raiseDividend recapitalizationSolvency opinionsMinority investors
Valuation Opinions	<ul style="list-style-type: none">Buy-sell agreementsGift, estate, and income tax mattersShareholder disputesPurchase price allocations
Capital Management	<ul style="list-style-type: none">Licensed Fund ManagementRegistered Investment Advisers

Charter Advisory Team

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