

Juvenile Products and Toys M&A Update

Q1 2025

Stabilizing Economic Environment Provides Backdrop for Increased M&A Activity

Despite 2024 being characterized by high interest rates and political uncertainty, we saw the global M&A market gain continued momentum as the year came to a close, showing a 25%+ and 13%+ YoY jump in deal values and volume, respectively. We expect this momentum to accelerate into 2025, driven by pent-up demand from both strategic and private equity buyers. As a more stable economic backdrop looms, strategics are beginning to refocus efforts on driving growth through M&A. Additionally, growing urgency among private equity groups to put capital to work, driven by the large and aging dry powder overhang and an increasingly eager limited partner community, is driving demand for increased M&A in 2025. Lastly, while the Fed's rate path is uncertain, the consensus expectation is for rates to either stay flat or fall further through 2025 and thereafter, creating a more favorable rate environment for accelerated M&A activity. We expect the juvenile products and toys and games segments to be a beneficiary of these tailwinds as innovation and consolidation remain top-of-mind for investors and operators in the category.

Industry Drivers and Trends

- The integration of technology into toys and juvenile products is reshaping the industry landscape. As major players in the market continue to innovate, the market is expected to maintain robust growth. Additionally, there has been a notable shift towards educational toys that promote STEAM (Science, Technology, Engineering, Art and Mathematics) learning. Parents' demand for toys and products focused on holistic child development and learning is expected to continue to drive growth. Similarly, consumers' increased interest in green products that are eco-friendly and durable is driving growth in both the toys and juvenile products market. Parents are more willing to pay premium prices for safe and sustainable products, forcing companies to adapt to changing consumer preferences.
- Popular media and entertainment franchises, with licensed toys and games based on movies, TV shows and video games are becoming increasingly popular among consumers. This has led to an increase of toys directly related to movie franchises and pop culture, as toy manufacturers make efforts to create products that cater to a more diverse consumer base.
- Online retail channels have revolutionized the distribution of toys and juvenile products, offering consumers greater convenience and access to a wider range of products. This shift towards e-commerce will continue to prompt innovation and consolidation in the market as companies work to maintain competitiveness and stay ahead.

Key Takeaways

- 2024 closed out with increased YoY M&A activity with encouraging momentum going into 2025
- Pent up demand, particularly among the PE community, will drive increased activity in 2025 and beyond
- Strategics are returning to M&A to accelerate growth and quickly respond to shifting consumer preferences

Key Contacts



Sophea Chau
Senior Managing Director
617.603.8963
sophea.chau@griffinfinngroup.com



Max Dadagian
Senior Associate
617.603.8968
max.dadagian@griffinfinngroup.com

Juvenile Products – Q1 2025

Increasing Demand for Customizable, Tech-Enabled and Safe Products Continues to Fuel Growth in the Juvenile Products Market

Despite macro headwinds limiting M&A activity in 2024, recent trends across the juvenile products segment provide a favorable environment for increased activity in 2025 and beyond

Industry Drivers and Trends

- As safety remains the priority for customers and regulatory bodies, manufacturers are increasingly required to produce items that meet or exceed safety standards
- With growing awareness of environmental concerns, sustainability has become top-of-mind for consumers, prioritizing environmentally friendly materials and manufacturing processes
- As consumer lifestyles and demographics shift to smaller, urban spaces in increasingly often dual-income households, manufacturers are responding by developing more versatile products that better cater to the needs of modern families

Outlook

- The incorporation of technology into juvenile products remains paramount for market participants to keep pace with evolving consumer preferences, offering new avenues for advancement and expanding market outreach via e-commerce
- The shift towards e-commerce has prompted traditional brick-and-mortar retailers to adapt their strategies, developing their own digital capabilities and in some cases of significant scale, competing e-commerce platforms
- The ever-changing lifestyle needs of the juvenile products consumer base requires manufacturers to be mobile through increasing product customizability to remain competitive

M&A Activity

- Scaled players continue to seek strategic partnerships and acquisitions to strengthen their market positions and boost inorganic growth and innovation
- The pursuit of omni-channel capabilities is expected to drive M&A activity, with online businesses looking to better interact with their customers, while brick-and-mortar entities leverage digital capabilities to better understand consumer behavior

Recent Marquee Transactions



Leading global provider of ergonomically designed baby carriers



Leading European retailer of baby products under the Kinderkraft brand

Toys and Games – Q1 2025

The Toys and Games Sector Is Expected to Grow Significantly Over the Coming Years as Consumer Preferences Evolve and Drive Innovation

In 2024, the toys and games sector continued to be marked by a lower supply of high-quality businesses versus persistent demand from buyers – entrepreneurs, strategics and private equity bolt-on acquisitions

Industry Drivers and Trends

- U.S. toy sales saw a stabilization in 2024 as the industry “moved from a state of correction consistency,” per U.S. Toys Industry Advisor at Circana, Juli Lennett
- Strong market tailwinds such as the growing popularity of toys for adults drove sales growth in 2024 and helped to counteract headwinds such as higher grocery prices and rising consumer debt
- Manufacturers are increasingly looking for ways to enhance configurability of product offerings to cater to growing consumer demand for personalization, primarily amongst children

Outlook

- The U.S. toy market is poised to grow significantly in 2025, leveraging the growing momentum resulting from a stabilization of toy sales in 2024
- Near-term growth in the toy segment is primarily forecasted to come from a strong lineup of toy-friendly movie releases in 2025 and 2026 coupled with multiple popular television series across streaming platforms
- Licensing agreements with popular franchises and characters from movies, TV shows and books will continue to be a key strategy for toy manufacturers to leverage brand recognition and drive sales

M&A Activity

- The toys and games sector is dominated by a handful of scaled players (i.e., MGA Entertainment, LEGO, Mattel, Hasbro and Spin Master) who are looking to add new products, leading to consolidation in the space
- Several scaled private equity-backed players in the market are eager to continue inorganic growth strategies as they shift away from risk-off approaches driven by the economic uncertainty that came with 2023 and 2024

Recent Marquee Transactions



Manufacturer and marketer of toys and game products catering to e-commerce, mass and specialty retail segments



Manufacturer of toys and children's products intended for creating a fun learning experience

M&A and Trading Insights – Q1 2025

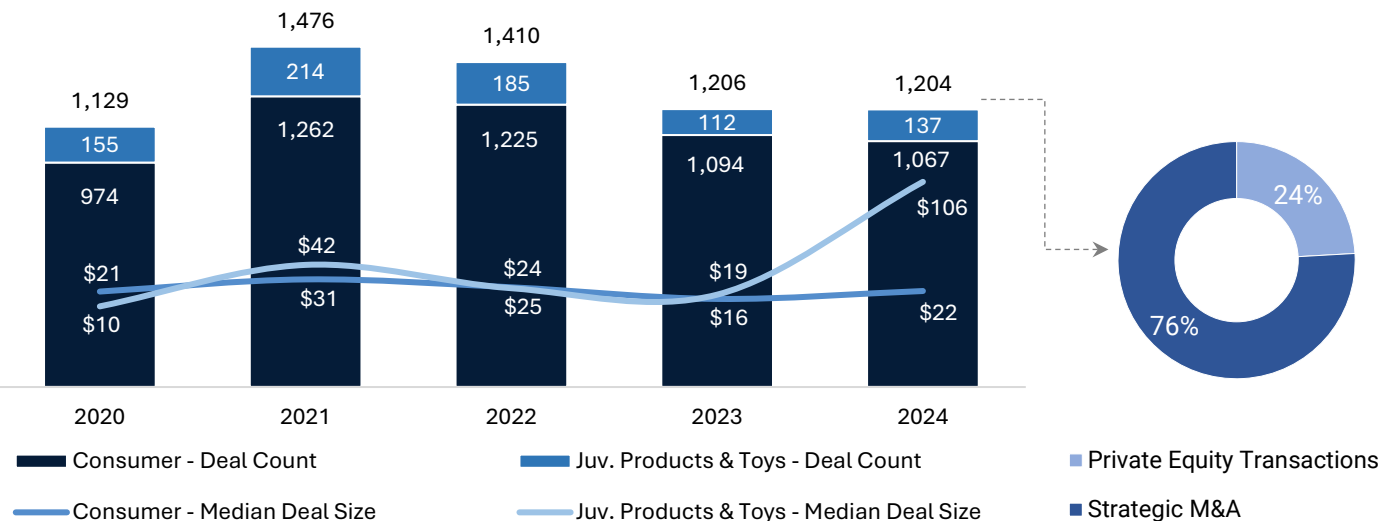
(\$ in millions, except per share data)

As of 12/31/2024

Juvenile Products	Stock Price	% 52 Week High	Market Cap (\$M)	Enterprise Value (\$M)	'23 – '24 Revenue Growth	FY2024 Gross Margin (%)	EBITDA Margin (%)	TEV / Revenue	TEV / EBITDA
Carter's, Inc.	\$53.81	61%	1,953	2,872	(4.3%)	47.6%	11.8%	1.0x	8.6x
Crown Crafts, Inc.	\$4.49	99%	47	80	16.8%	26.3%	9.9%	0.9x	9.2x
Dorel Industries Inc.	\$2.70	51%	87	445	1.2%	19.2%	3.6%	0.3x	8.9x
Goodbaby International	\$0.11	69%	191	384	11.0%	49.0%	9.0%	0.3x	3.8x
Newell Brands Inc.	\$10.32	88%	4,143	9,262	(6.5%)	33.8%	12.3%	1.2x	9.9x
Mean		73%			3.6%	35.2%	9.3%	0.8x	8.1x
Median		69%			1.2%	33.8%	9.9%	0.9x	8.9x

Toys and Games	Stock Price	% 52 Week High	Market Cap (\$M)	Enterprise Value (\$M)	'23 – '24 Revenue Growth	FY2024 Gross Margin (%)	EBITDA Margin (%)	TEV / Revenue	TEV / EBITDA
Funko, Inc.	\$13.89	95%	706	985	(4.9%)	40.5%	8.4%	0.9x	11.2x
Hasbro, Inc.	\$58.84	80%	7,800	10,632	(18.8%)	70.2%	25.2%	2.6x	10.4x
Mattel, Inc.	\$18.82	91%	5,973	7,887	(1.3%)	50.2%	18.7%	1.5x	7.8x
Spin Master Corp.	\$21.80	88%	2,410	2,831	18.8%	52.7%	21.4%	1.3x	5.8x
Vtech Holdings Limited	\$6.80	86%	1,720	1,725	(4.3%)	0.0%	10.8%	0.8x	7.5x
TOMY Company, Ltd.	\$29.04	97%	2,590	2,404	4.2%	39.6%	12.9%	1.7x	13.0x
Mean		89%			-1.1%	42.2%	16.2%	1.5x	9.3x
Median		90%			-2.8%	45.3%	15.8%	1.4x	9.1x

Global M&A Summary



Notable Recent Transactions: Juvenile Products and Toys

Date	Target	Acquirer	Target Business Description
Dec-24	Ergobaby	Highlander Partners	Manufacturer of baby carriers, wraps and strollers, sleep and nursing accessories designed to carry infants with ease
Dec-24	4Kraft	CVC Capital Partners, enterstore, Hartenberg Holding	Manufacturer of children's products designed to fulfill the needs of the parenting industry
Dec-24	Amvina	Wonderful Times Group (SAT: WTG)	Distributor and importer of baby, children, pregnancy and maternity products based in Sweden
Oct-24	Maclaren Services	Inglesina	Manufacturer of baby buggies, strollers and carriers intended for parents and caregivers
Sep-24	Sambro	HTI Toys	Designer and manufacturer of children's products intended to serve customers across Europe and Asia
Sep-24	US Toy Company	Windy City Novelties	Operator of an electronics commerce platform intended for children and educators
Jul-24	4moms	Seidler Equity Partners, UPPAbaby	Manufacturer of childcare products intended for primary children of younger age
Jun-24	Mary Meyer	AURORA WORLD, INC.	Manufacturer and distributor of stuffed animals, baby products, and soft toys
May-24	Coco Village	Mastermind Toys	Developer of home furnishing, and décor eCommerce brand intended to offer children's furniture and toys
Mar-24	Zulily	Beyond	Online retailer of personal care products intended for women and their children
Mar-24	Tara Toy	Just Play	Manufacturer of fun, creative toys, and activities that are based on current trends with top licenses
Feb-24	The Children's Place (NAS: PLCE)	Mithaq Capital	Children's Place Inc operate an omni-channel children's specialty portfolio of brands in North America
Jan-24	Mastermind Toys	Unity Acquisitions	Operator of specialty toys and children's bookstore based in Canda
Jan-24	Booginhead	Infantino	Manufacturer of accessories intended to offer affordable products for babies and children
Jan-24	Melissa & Doug	Spin Master (TSE: TOY)	Manufactures baby and toddler toys, puzzles, stuffed animals, arts and crafts and educational toys
Dec-23	WeCool Toys	IVEST Consumer Partners, Landon Capital, Paladone, Silverfern Group	Manufacturer of toys, crafts and compounds based in Point Pleasant, New Jersey
Oct-23	Peek-a-Boo Toys	KLH Capital, Plexus Capital	Manufacturer of plush toys intended for amusement parks, arcades, family fun centers, state-local carnivals, and vending machines
Aug-23	Green Sprouts	O2C Brands	Provides a full range of everyday baby essentials that foster natural health for whole child development
Aug-23	SRM Entertainment	Jupiter Wellness	Designs, manufactures, and sells toys to theme and amusement parks, and entertainment venues worldwide
Jun-23	Aden & Anais, Inc.	Transom Capital	A global designer and manufacturer of infant products which are sold under the brands HALO and aden + anais
Jun-23	Love All Little Things	Spin Master Ventures and Baby List, Inc.	Manufactures a play kit for kids for daily playing, learning, and creating. Its play kit includes chairs, strollers, and play table
Jun-23	A&A Global Industries	Acacia Partners	Provider of amusement products and toys intended for children

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

About Griffin Financial Group


M&A
Advisory

Private
Placement


Board
Advisory

- ◆ Griffin Financial Group is a leading investment bank focused on the needs of lower middle market companies
- ◆ We provide M&A advisory, capital advisory and strategic board advisory services to the consumer and retail, commercial and industrial, services, technology, financial institutions and private equity sectors
- ◆ We specialize in working with closely held private and small-cap public companies, with particular expertise regarding family-owned and owner-operated businesses
- ◆ Griffin is part of The Stevens & Lee Companies, a multidisciplinary professional services Platform of 250+ professionals providing financial, legal, tax and consulting services


Select Juvenile Products and Toys Transaction Experience




has divested



Principals of Griffin served as financial advisor



has recapitalized with




SUMMIT PARK
Principals of Griffin served as financial advisor




the safer way to sleep™


has been acquired by



Principals of Griffin served as financial advisor



has been acquired by



Principals of Griffin served as financial advisor



has been acquired by



Principals of Griffin served as financial advisor