

MARKET BRIEF

The economic recovery stalled in August as the U.S. battled an uptick in COVID-19 cases. The Consumer Confidence Index fell sharply from July while the Consumer Price Index rose in August by 0.3%. The unemployment rate continued to decrease, while remaining above pre-pandemic levels. The stock market saw continued growth in August.

Unemployment Rate Little Changed at 5.2% in August

The unemployment rate for August was at 5.2%, a slight decline from 5.4% in July. The total nonfarm payroll employment rose by 235,000 in August. Overall, there were notable increases in employment in professional and business services, transportation and warehousing, private education, manufacturing, and other services. The number of unemployed persons edged down to 8.4 million, following a large decrease in July. Both measures are down considerably from the peak of the pandemic, but still higher than pre-pandemic levels. In August, 5.6 million persons reported that they were not able to work because their employer closed or lost business due to the pandemic, up from 5.2 million in July. The labor force participation rate has remained relatively unchanged since June of 2020, at 61.7%. However, the number of persons marginally attached to the labor force has decreased, now at 1.6 million rather than the 1.9 million it was in July.

<https://www.bls.gov/news.release/pdf/empst.pdf>

Consumer Confidence Decreased in August

The *Consumer Confidence Index* declined in August, following a decrease in July. Currently, the Index stands at 113.8, down from 125.1 in July. The *Present Situation Index* – a measure of consumers' assessment of business and labor market conditions – fell to 147.3 from 157.2 last month. The *Expectations Index* – based on consumers' short-term outlook for income, business, and labor market conditions – fell to 91.4 from 103.8. "Consumer confidence retreated in August to its lowest level since February 2021," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Concerns about the Delta variant—and, to a lesser degree, rising gas and food prices—resulted in a less favorable view of current economic conditions and short-term growth prospects. Spending intentions for homes, autos, and major appliances all cooled somewhat; however, the percentage of consumers intending to take a vacation in the next six months continued to climb. While the resurgence of COVID-19 and inflation concerns have dampened confidence, it is too soon to conclude this decline will result in consumers significantly curtailing their spending in the months ahead."

<https://conference-board.org/data/consumerconfidence.cfm>

The Case-Shiller Index Reports 18.6% Annual Gain in June 2021

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index reported an 18.6% annual gain in June, up from 16.8% in the previous month. The 10-City Composite annual increase came in at 18.5%, up from 16.6% in the previous month. The cities reporting the highest year-over-year gains were Phoenix with a 29.3% increase, San Diego with a 27.1% increase, and Seattle with a 25.0% increase. According to Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P DJI, "June 2021 is the third consecutive month in which the growth rate of housing prices set a record, says Craig J. Lazzara, Managing Director and Global Head of Index Investment

Strategy at S&P DJI. "The National Composite Index marked its thirteenth consecutive month of accelerating prices with an 18.6% gain from year-ago levels, up from 16.8% in May and 14.8% in April. This acceleration is also reflected in the 10- and 20-City Composites (up 18.5% and 19.1%, respectively). The last several months have been extraordinary not only in the level of price gains, but in the consistency of gains across the country. In June, all 20 cities rose, and all 20 gained more in the 12 months ended in June than they had gained in the 12 months ended in May. Home prices in 19 of our 20 cities (all but Chicago) now stand at all-time highs, as do the National Composite and both the 10- and 20-City indices."

[\(https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-shows-annual-home-price-gain-topped-186-in-june/\)](https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-shows-annual-home-price-gain-topped-186-in-june/)

The Consumer Price Index Increased 0.3% in August

The Consumer Price Index for All Urban Consumers (CPI-U) increased by 0.3% in August, after rising 0.5% in July on a seasonally adjusted basis. Over the last 12 months, the all items index increased 5.3% before season adjustments, a smaller increase than the 5.4% rise for the period ending July.

<https://www.bls.gov/news.release/cpi.nr0.htm>

PUBLIC MARKET

The U.S. public markets have continued to rise in recent months as businesses reopen and the vaccine rollout continues. The S&P 500 was up 2.9% in August and the Nasdaq Composite Index was up 4.1%, while the Dow Jones Industrial Average gained 1.2% for the month.

Public Trading Multiples

As of August 31, 2021

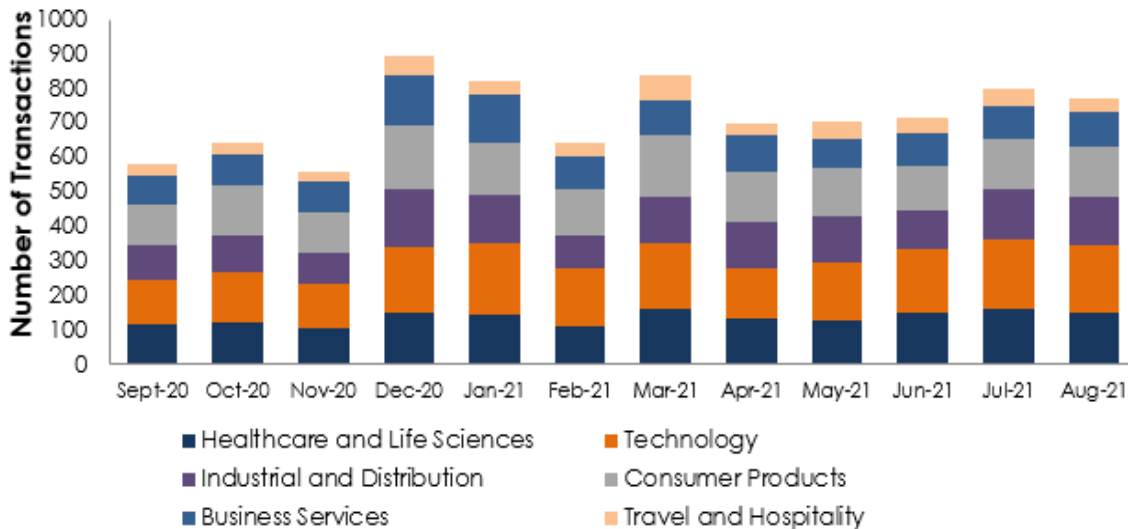
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	9.2x	37.7x	22.1%	10.2%	-13.5%	7.5%	14.8%
Healthcare Equipment and Supplies	6.1x	20.8x	21.8%	9.1%	57.1%	16.1%	29.1%
Healthcare Providers and Services	0.9x	12.0x	10.9%	10.8%	6.4%	9.6%	12.7%
Healthcare and Life Sciences Aggregate	5.4x	23.5x	18.3%	10.0%	16.7%	11.0%	18.9%
Technology							
IT Services	4.9x	21.7x	8.1%	6.1%	8.3%	6.2%	12.4%
Software	10.5x	29.5x	14.9%	12.7%	20.9%	17.5%	7.9%
Computers and Other Electronic Equipment	1.9x	13.7x	17.1%	6.3%	33.9%	7.6%	19.0%
Technology Aggregate	5.8x	21.6x	13.4%	8.4%	21.0%	10.4%	13.1%
Industrial and Distribution							
Aerospace and Defense	2.1x	14.1x	-4.1%	-0.3%	10.4%	-4.1%	9.9%
Building Products	2.0x	12.4x	12.2%	2.6%	33.6%	8.1%	16.3%
Construction and Engineering	0.6x	8.3x	15.6%	7.0%	10.5%	0.8%	6.8%
Machinery	1.9x	13.8x	11.5%	2.9%	20.9%	1.8%	5.5%
Distributors	0.8x	11.1x	14.2%	7.7%	17.8%	6.2%	4.2%
Industrial and Distribution Aggregate	1.5x	12.0x	9.9%	4.0%	18.6%	2.6%	8.5%
Consumer Products							
Food and Beverage	2.4x	13.6x	10.9%	4.3%	13.6%	5.3%	15.0%
Household and Personal Products	3.7x	17.5x	7.2%	2.2%	7.5%	2.4%	17.7%
Household Durables	1.2x	9.6x	17.7%	4.9%	41.2%	9.6%	10.1%
Textiles, Apparel, and Luxury Goods	3.2x	16.1x	12.4%	2.8%	43.6%	6.6%	9.9%
Consumer Products Aggregate	2.6x	14.2x	12.1%	3.6%	26.5%	6.0%	13.2%
Business Services							
Human Resource and Employment Services	1.2x	15.2x	3.0%	0.8%	7.7%	1.6%	11.0%
Research and Consulting Services	3.6x	16.3x	6.6%	4.4%	14.6%	5.0%	18.9%
Business Services Aggregate	2.4x	15.7x	4.8%	2.6%	11.2%	3.3%	14.9%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	7.4x	29.5x	-50.2%	-23.3%	0.0%	0.0%	-1.2%
Restaurants	3.6x	18.3x	-7.3%	-3.4%	0.9%	-7.0%	4.4%
Leisure Facilities	5.6x	16.1x	-1.0%	-1.4%	-27.3%	-15.1%	-4.0%
Travel and Hospitality Aggregate	5.5x	21.3x	-19.5%	-9.3%	-8.8%	-7.3%	-0.3%

M&A MARKET

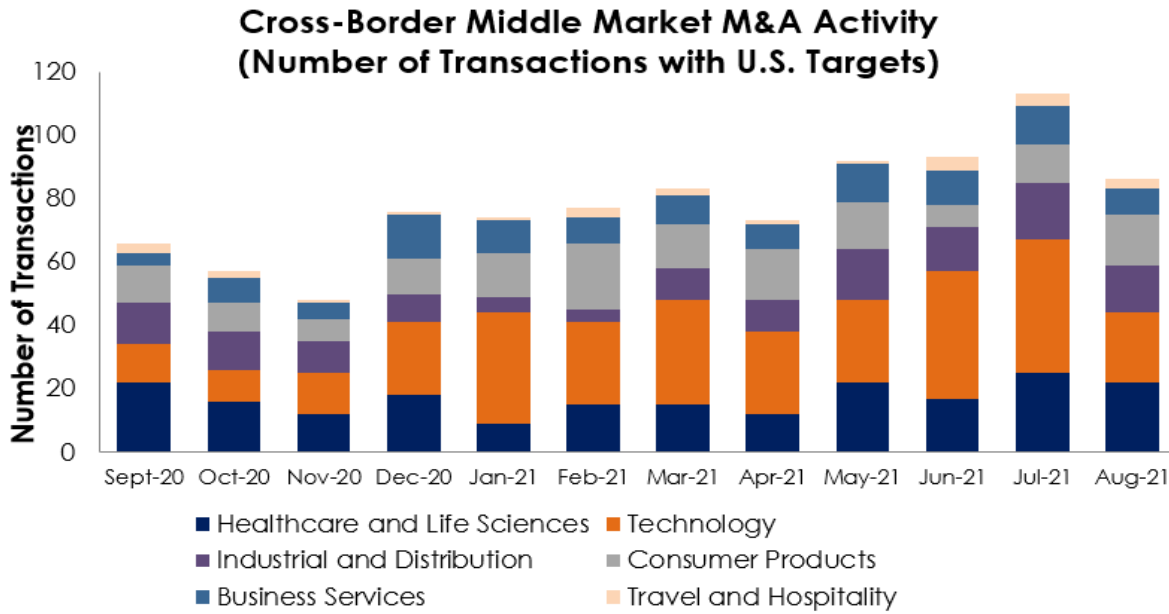
Middle market M&A activity was steady in August 2021, and the outlook for the remainder of the year remains positive. A recent SS&S report projects a strong end to 2021.

The report stated: “North America continues to experience a strong mergers and acquisitions (M&A) pipeline with record quarter-over-quarter growth as the momentum that started in the second half of 2020 doesn’t appear to be slowing down. Low interest rates, strategics (especially those that thrived in the pandemic) and private equity (PE) firms stocked with cash are the key factors driving deal flow. This, along with confidence that the economic rebound will continue, has led to a ‘perfect storm’ for deal making. Valuations are increasing globally — and continue to be high regardless of where the asset is located. Low interest rates and strong debt markets make the financing of these types of transactions more feasible.”

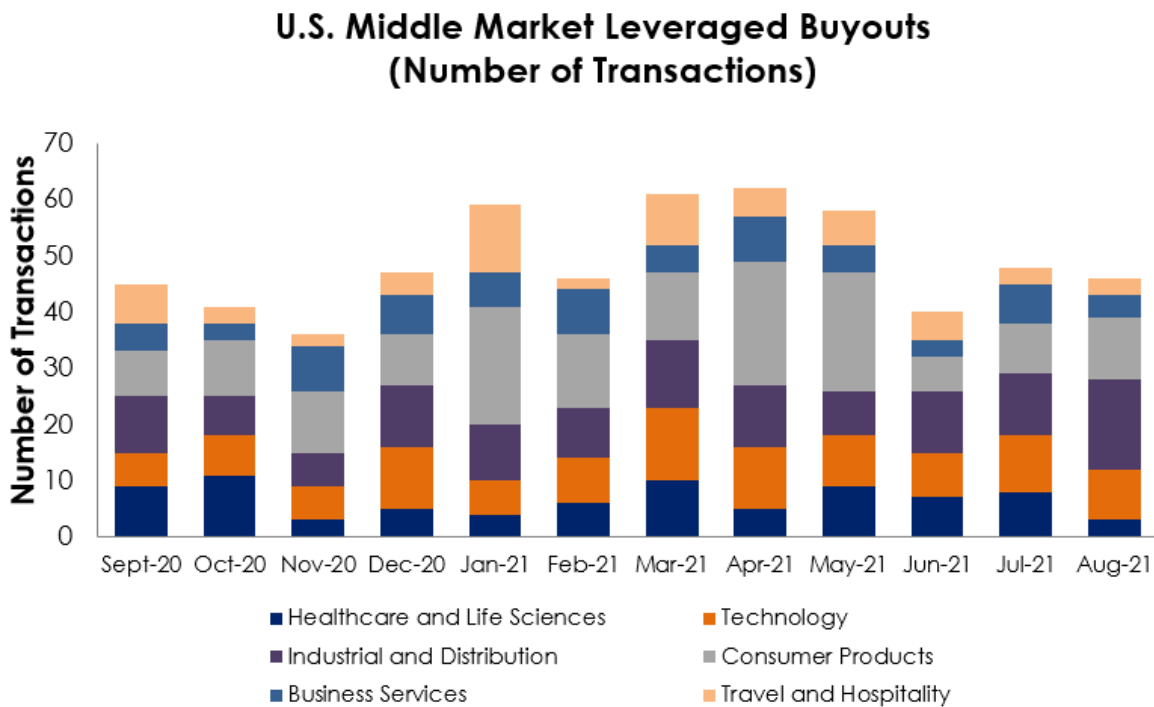
**U.S. Middle Market M&A Activity
 Select Industries
 (Number of Transactions)**



Middle market cross-border transaction volume saw a slight decline from deal volume in July. The largest number of deals were done in the technology and healthcare & life sciences sectors.



LBO transaction volume decreased in August compared to the previous months' transactions. The U.S. middle market is seeing a return to the deal volume seen in March, April, and May.



SELECT MIDDLE MARKET M&A TRANSACTIONS – CONSUMER PRODUCTS

Ayr Wellness Inc. to acquire Herbal Remedies Dispensaries, LLC

Ayr Wellness Inc. entered into a definitive agreement to acquire Herbal Remedies Dispensaries, LLC on July 20, 2021. Herbal Remedies Dispensaries, LLC is an operator of two licensed retail dispensaries in Illinois. Ayr Wellness Inc. is a vertically integrated cannabis multi-state operator (MSO). Ayr currently has a total of 58 open dispensaries, 550k+ total square footage of cultivation space, and 280+ licensed dispensaries with Ayr products throughout the United States.

"Today's announcement represents the next step in our goal to position Ayr as a leading MSO, with a strong presence in states that deliver meaningful revenue. Illinois will become the eighth state in our expanding footprint, which now reaches close to 85 million people. The total cannabis market in Illinois is already run-rating at \$1.8 billion in annual sales, despite adult-use launching only 18 months ago. The team at Herbal Remedies has done a tremendous job in Quincy, building a fantastic business and a strong reputation for excellent customer service and merchandising – exactly what we at Ayr Wellness look for in a partner when entering a new market."

Shutterfly has completed the acquisition of Spoonflower

On August 10th, Shutterfly, a pioneer in online photo sharing and leading digital retail and manufacturing platform for personalized products, announced that it has completed the acquisition of Spoonflower. Spoonflower is a global marketplace of custom fabric, wallpaper and home décor. Spoonflower supports more than 3.3 million unique artists, creators and businesses with an average of 4,000 new designs uploaded every day.

"We're thrilled to join the Shutterfly family because we found the perfect fit for our business, products, team and community as we work together to address the growing market opportunity," said Michael Jones, General Manager of Spoonflower. "We are excited about the opportunity to offer Shutterfly customers a wider assortment of custom-designed products like wallpaper, fabrics, linens and bedding and to connect them with Spoonflower's community of artists, while enabling our makers to scale their business as a direct result of Shutterfly's vast manufacturing capabilities and expertise."

Caduceus Corp. has completed the acquisition of McLovin's Pet Food

On August 9th, Caduceus Corp., a publicly traded holding company based in Wyoming, announced it has completed its acquisition of McLovin's Pet Food. Caduceus Corp's mission is to create shareholder value through strategic acquisitions in Consumer Goods businesses. The two companies initially reached an acquisition agreement in April 2021.

"Working with Caduceus and its dedicated team has already started reaping rewards before even the closing happened," said David Ji, chief executive officer of McLovin's. "I believe becoming part of Caduceus is the catalyst that will propel McLovin's higher. We are very fortunate to have been able to raise funds to expand our operational capacity with the help of the

Caduceus team and its backers. The demand for pet food, treats and accessories is very strong and shows continuous growth. We are well positioned to meet that demand with our higher quality products."

FURTHER INFORMATION

Successful business owners have turned to Mirus Capital Advisors for more than 30 years to help them realize their ultimate accomplishment – the sale of their business. As a mid-market investment bank focused on mergers and acquisitions, Mirus drives successful deals for companies in the industrial, consumer, business services, healthcare and technology industries. Mirus has proven time and again that its deep industry expertise, focus on relationships, thorough preparation and unwavering commitment to every deal lead to meaningful accomplishments for business owners. Our affiliate Mirus Securities, Inc. is a registered broker-dealer and FINRA member.

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