

MARKET BRIEF

Economic indicators continued to send mixed signals in September. The unemployment rate fell to 3.5%, a 29-month low, indicating a tight labor market. The national median list price for homes declined, as mortgage rates increased to over 6% for the first time since 2008. Likely due to lower gas costs, consumer confidence climbed slightly; nonetheless, the annual CPI is still above 8%. Given that inflation rate rose to its highest level since 1982, the Federal Open Market Committee implemented a 75-basis point increase to interest rates, marking the third increase this year.

September Unemployment Rate Ties 29-Month Low

The unemployment rate edged down to 3.5 percent in September, returning to its July level. The number of unemployed persons fell to 5.8 million in September. Total nonfarm payroll employment increased by 263,000 in September, notable job gains occurred in leisure and hospitality and in health care.

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

Consumer Confidence Rises for The Second Straight Month

The Conference Board Consumer Confidence Index® increased in September for the second consecutive month. The Index now stands at 108.0 (1985=100), up from 103.6 in August. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—rose to 149.6 from 145.3 last month. The Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—increased to 80.3 from 75.8. “Consumer confidence improved in September for the second consecutive month supported in particular by jobs, wages, and declining gas prices,” said Lynn Franco, Senior Director of Economic Indicators at The Conference Board.

<https://www.conference-board.org/topics/consumer-confidence>

The FED Raises Interest Rates by 75 Basis Points

The Board of Governors of the Federal Reserve System voted unanimously to raise the interest rate paid on reserve balances to 3.15 percent, effective September 22, 2022. In a related action, the Board of Governors of the Federal Reserve System voted unanimously to approve a 3/4 percentage point increase in the primary credit rate to 3.25 percent, effective September 22, 2022. In taking this action, the Board approved requests to establish that rate submitted by the Boards of Directors of the Federal Reserve Banks of Boston, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, and Dallas.

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20220921a1.htm>

The Consumer Price Index Rose 0.4 Percent in September

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.4 percent in September on a seasonally adjusted basis after rising 0.1 percent in August, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 8.2 percent before seasonal adjustment. Increases in the shelter, food, and medical care indexes were the largest of many contributors to the monthly seasonally adjusted all items increase. These increases were partly offset by a 4.9-percent decline in the gasoline index.

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

PUBLIC MARKET

The U.S. public markets remained turbulent in September, due to the 75-basis point increase and higher than expected inflation. The S&P 500 was down 9.3% in August, bringing its year-to-date return to -23.64%. The Dow Jones lost 8.8% for the month and was down 19.38% YTD. The Nasdaq Composite declined 10.5% in August, bringing its YTD return to -31.91%.

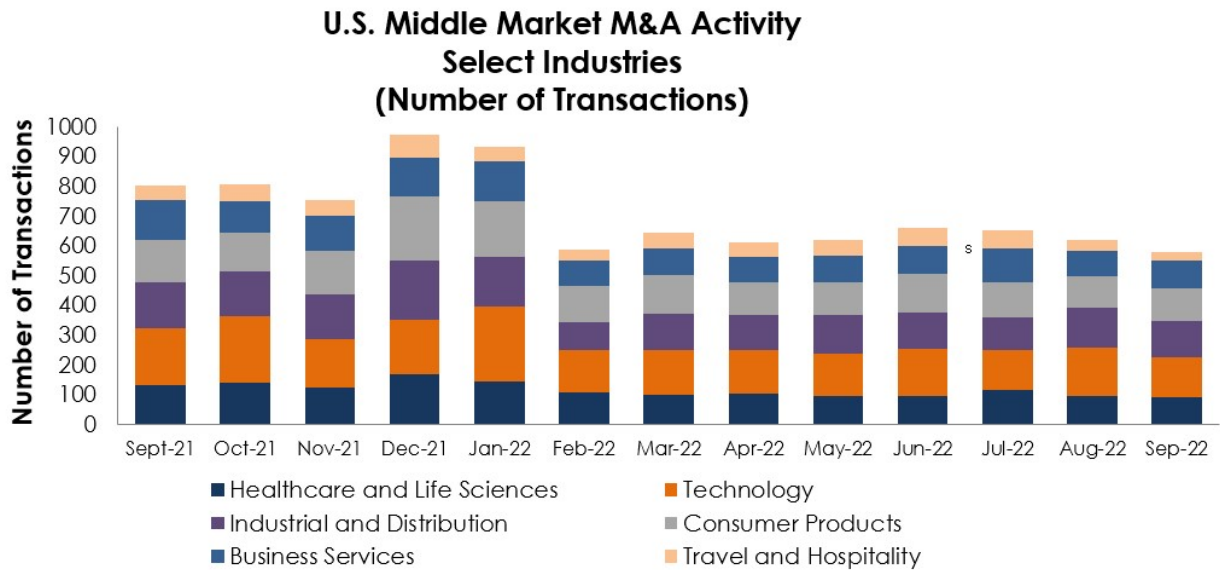
Public Trading Multiples

As of 9/31/2022

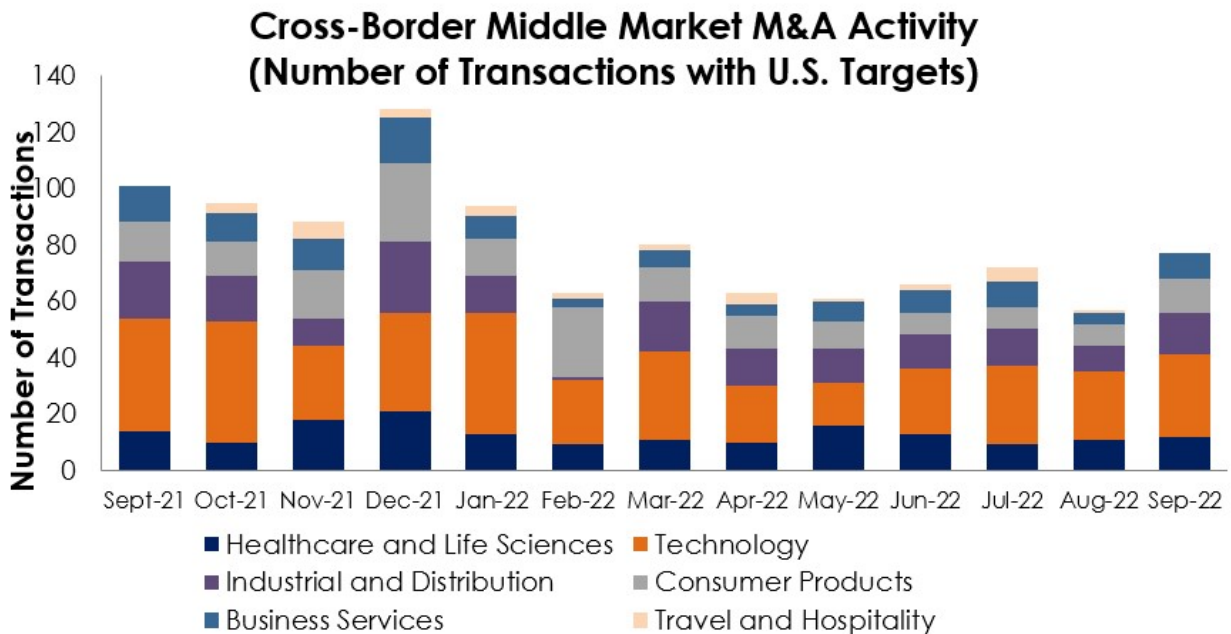
Category	EV / Revenue	EV/EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1Year	3Year	1Year	3Year	
Healthcare and Life Sciences							
Healthcare Technology	5.0x	25.0x	11.2%	7.6%	24.6%	6.7%	5.5%
Healthcare Equipment and Supplies	4.2x	16.3x	3.1%	7.4%	-7.8%	10.0%	28.2%
Healthcare Providers and Services	0.8x	11.2x	8.8%	9.7%	3.1%	7.2%	10.6%
Healthcare and Life Sciences Aggregate	3.4x	17.5x	7.7%	8.2%	6.7%	7.9%	14.8%
Technology							
IT Services	3.4x	15.9x	4.0%	5.2%	5.6%	5.5%	12.6%
Software	7.3x	22.4x	13.7%	12.6%	5.7%	13.5%	5.9%
Computers and Other Electronic Equipmen ¹	1.7x	11.4x	2.1%	6.3%	5.1%	10.8%	20.7%
Technology Aggregate	4.1x	16.5x	6.6%	8.0%	5.5%	9.9%	13.1%
Industrial and Distribution							
Aerospace and Defense	2.1x	15.5x	-1.9%	-3.4%	5.7%	-3.8%	9.5%
Building Products	1.5x	9.4x	5.8%	3.5%	2.9%	8.7%	19.9%
Construction and Engineering	0.7x	8.6x	0.3%	5.9%	0.3%	3.4%	9.9%
Machinery	1.6x	12.5x	-1.1%	1.2%	-8.0%	-1.5%	5.3%
Distributors	0.8x	8.6x	10.1%	5.3%	40.0%	10.6%	5.0%
Industrial and Distribution Aggregate	1.3x	10.9x	2.6%	2.5%	8.2%	3.5%	9.9%
Consumer Products							
Food and Beverage	2.1x	12.4x	6.6%	5.5%	-0.8%	4.2%	14.8%
Household and Personal Products	3.3x	16.9x	-1.7%	1.5%	-9.1%	-1.6%	16.4%
Household Durables	0.9x	7.1x	-0.6%	4.0%	0.7%	10.8%	9.9%
Textiles, Apparel, and Luxury Goods	2.2x	10.8x	9.9%	4.9%	13.3%	10.5%	10.1%
Consumer Products Aggregate	2.1x	11.8x	3.6%	4.0%	1.0%	5.9%	12.8%
Business Services							
Human Resource and Employment Service ¹	0.9x	10.1x	5.6%	1.3%	19.2%	4.6%	12.3%
Research and Consulting Services	3.2x	17.4x	3.8%	4.1%	2.5%	7.0%	16.9%
Business Services Aggregate	2.0x	13.8x	4.7%	2.7%	10.8%	5.8%	14.6%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	4.5x	18.8x	78.1%	-12.0%	0.0%	-29.0%	1.9%
Restaurants	2.8x	14.3x	13.6%	-0.3%	20.6%	-1.5%	6.1%
Leisure Facilities	4.3x	17.7x	22.5%	2.2%	39.3%	-10.5%	21.3%
Travel and Hospitality Aggregate	3.9x	16.9x	38.1%	-3.4%	20.0%	-13.7%	9.7%

M&A MARKET

Middle-market M&A activity remained steady in September. Transactions in Technology and Healthcare saw a decline over the month but were balanced by an uptick in the Business Services and Consumer sectors.

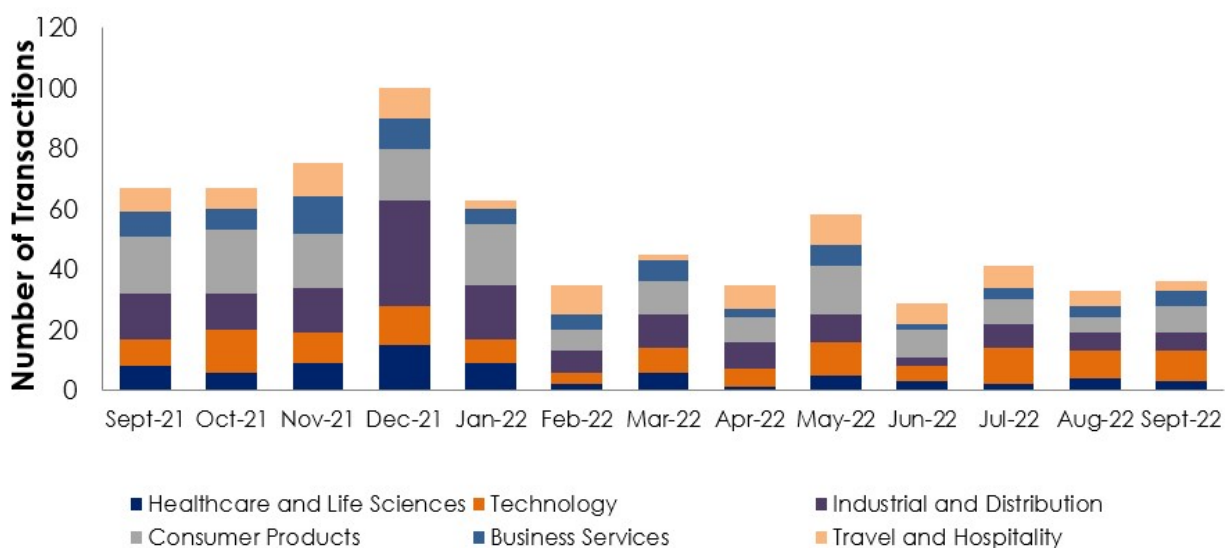


Cross-border middle-market M&A activity increased in September led by growth in the Technology, Industrial and Distribution, and Business Services industry.



LBO transaction volume rose slightly in September. Private equity dry powder still is substantial, however, compelling buyout firms to maintain deployment. This may well drive strong buyout activity for the rest of 2022 and beyond.

U.S. Middle Market Leveraged Buyouts (Number of Transactions)



SELECT MIDDLE MARKET M&A TRANSACTIONS – Industrial and Distribution

Spectris acquires Dytran Instruments

Spectris plc (SXS: LSE), an expert in providing insight through precision measurement, announced that it has signed a purchase agreement to acquire Dytran Instruments, Inc. ('Dytran') for \$82 million (£66 million), valuing the business at 15.8x EBITDA for the 12 months ending March 2022. The transaction is subject to regulatory approval and is anticipated to close in the fourth quarter.

Based in California, Dytran is a leading designer and manufacturer of piezo-electric and MEMS-based accelerometers and sensors for measuring dynamic force, pressure, and vibration, with its largest market in North America. Its products are used in a broad range of applications in the space, aerospace, industrial and automotive industries in both product development testing and embedded monitoring solutions.

Vertex Resource Group LTD. acquires Young EnergyServe Inc.

Vertex Resource Group Ltd. announced that it has acquired Young EnergyServe Inc. (Young), a privately held company providing turnkey turnaround solutions, cutting-edge robotic tank cleaning services, and various other industrial services throughout Canada, for a purchase price of \$13.8 million. Young currently has approximately 150 office and field staff with manpower reaching 500 employees during peak workloads.

Established in 1999, Young has been a leader in the industry by constantly investing, researching, and developing new technology. Young's zero-entry tank cleaning technology and robotics are industry leading, providing clients with enhanced safety and operational efficiencies. The acquisition allows Vertex to expand its customer base and industrial maintenance service offerings.

Astrobotic acquires Masten Space Systems

Astrobotic announced the acquisition of Masten Space Systems, a pioneering space technologies company with industry-unique suborbital payload testing services, which include a heritage of more than 600 vertical takeoff and landing (VTVL) rocket flights. The acquisition also includes Masten's portfolio of advanced space technology development programs advanced over 18 years of operations.

Astrobotic and Masten's combined workforce of more than 200 employees will continue operations in Pittsburgh, Pennsylvania and at the Mojave Air and Space Port in California. The combined company will maintain suborbital flight operations at Masten's test sites at Mojave, with plans to continue offering the space industry a key testing site for hot fire rocket tests.

"Masten's suborbital launch vehicles and propulsion test centers are national assets for the space industry. We are excited to operate and expand these services for companies, governments, and space agencies internationally," said Astrobotic CEO John Thornton.

"Bringing these services to Astrobotic is a natural fit for our mission to make space accessible to the world."

FURTHER INFORMATION

Successful business owners have turned to Mirus Capital Advisors for more than 35 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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