

MARKET BRIEF

Economic indicators continued to show a shifting economic picture in October. The unemployment rate increased by 3.7 percent, indicating a volatile labor market. The national median list price for homes weakened for the ninth month in a row as mortgage rates increased to 6.9%. Likely due to consistently increasing prices, consumer confidence decreased after back-to-back monthly gains. While inflation continues to increase, October inflation was more moderate than anticipated. The Federal Open Market Committee implemented another 75-basis point increase to interest rates, making it the fourth increase this year.

Unemployment Rate Increases Slightly in October

In October, unemployment increased by 0.2 percentage point to 3.7 percent, and the number of unemployed persons rose by 306,000 to 6.1 million. Similarly, total nonfarm payroll unemployment increased by 26,000 in October. The unemployment rate has been in a narrow range of 3.5 percent to 3.7 percent since March 2022. Notable job gains occurred in health care, professional and technical services, and manufacturing. (<https://www.bls.gov/news.release/pdf/empst.pdf>)

Consumer Confidence Declines in October

The Conference Board *Consumer Confidence Index*[®] decreased in October after back-to-back monthly gains. The Index now stands at 102.5 (1985=100), down from 107.8 in September. The *Present Situation Index*—based on consumers' assessment of current business and labor market conditions—declined sharply to 138.9 from 150.2 last month. The *Expectations Index*—based on consumers' short-term outlook for income, business, and labor market conditions—declined to 78.1 from 79.5. “Consumer confidence retreated in October, after advancing in August and September,” said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. “The Present Situation Index fell sharply, suggesting economic growth slowed to start Q4. Consumers' expectations regarding the short-term outlook remained dismal. The Expectations Index is still lingering below a reading of 80—a level associated with recession—suggesting recession risks appear to be rising.” (<https://www.conference-board.org/topics/consumer-confidence>)

The Case-Shiller Index Continued to Decelerate in August

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 13.0% annual gain in August, down from 15.6% in the previous month. The 10- City Composite annual increase came in at 12.1%, down from 14.9% in the previous month. The 20- City Composite posted a 13.1% year-over-year gain, down from 16.0% in the previous month. “The forceful deceleration in U.S. housing prices that we noted a month ago continued in our report for August 2022,” says Craig J. Lazzara, Managing Director at S&P DJI. “For example, the National Composite Index rose by 13.0% for the 12 months ended in August, down from its 15.6% year-over year growth in July. The -2.6% difference between those two monthly rates of

change is the largest deceleration in the history of the index (with July's deceleration now ranking as the second largest). We see similar patterns in our 10-City Composite (up 12.1% in August vs. 14.9% in July) and our 20-City Composite (up 13.1% in August vs. 16.0% in July). Further, price gains decelerated in every one of our 20 cities. This data shows clearly that the growth rate of housing prices peaked in the spring of 2022 and has been declining ever since.

(https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20221025-1457029/1457029_cshomeprice-release-1025.pdf)

The Consumer Price Index Rose 0.4 Percent in October

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.4 percent in October on a seasonally adjusted basis, the same increase as in September, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 7.7 percent before seasonal adjustment. The index for shelter contributed over half of the monthly all items increase, with the indexes for gasoline and food also increasing. The energy index increased 1.8 percent over the month as the gasoline index and the electricity index rose, but the natural gas index decreased. The food index increased 0.6 percent over the month with the food at home index rising 0.4 percent.

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

PUBLIC MARKET

The U.S. public markets remained turbulent in October with lower than anticipated inflation offset by another increase in interest rates and election uncertainty. The S&P 500 was up 8.0% in October, bringing its YTD loss to -18.8%. The Dow Jones Industrial Average gained 14.0% for the month and was down 9.9% YTD. October proved to be a positive one for the broader markets, with the Nasdaq-100 Index rising 4.0%, marking the best month for the tech-heavy index since July.

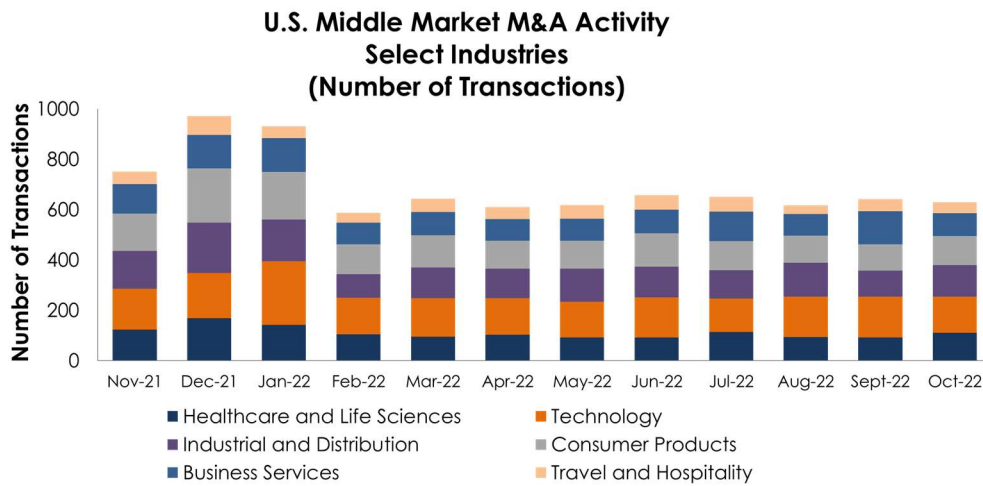
Public Trading Multiples

As of October 31, 2022

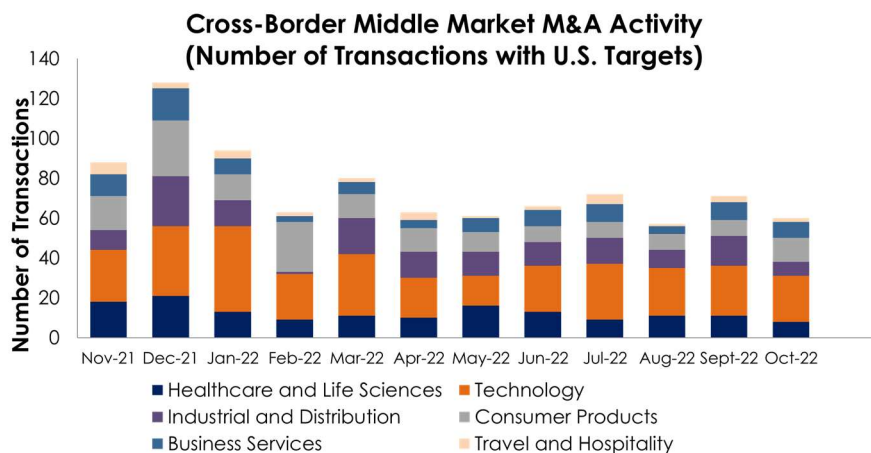
Category	EV / Revenue	EV / EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	4.5x	24.3x	9.1%	9.1%	2.1%	2.4%	5.4%
Healthcare Equipment and Supplies	4.1x	16.2x	0.5%	7.0%	-12.5%	8.5%	27.4%
Healthcare Providers and Services	0.8x	11.4x	7.2%	8.8%	0.6%	5.6%	10.8%
Healthcare and Life Sciences Aggregate	3.1x	17.3x	5.6%	8.3%	-3.3%	5.5%	14.5%
Technology							
IT Services	3.2x	15.2x	4.2%	5.9%	6.7%	5.7%	12.8%
Software	6.7x	21.1x	11.2%	12.6%	2.3%	12.0%	5.8%
Computers and Other Electronic Equipment	1.8x	11.2x	-0.5%	6.1%	-2.5%	11.1%	21.2%
Technology Aggregate	3.9x	15.9x	5.0%	8.2%	2.2%	9.6%	13.3%
Industrial and Distribution							
Aerospace and Defense	2.1x	14.2x	-2.4%	-3.2%	0.9%	-4.9%	9.4%
Building Products	1.4x	9.1x	3.2%	3.9%	-3.5%	8.8%	19.4%
Construction and Engineering	0.6x	8.5x	-2.8%	4.9%	-1.6%	2.5%	10.5%
Machinery	1.6x	12.4x	-3.5%	1.4%	-11.3%	-1.5%	4.8%
Distributors	0.8x	8.6x	5.5%	5.6%	30.9%	10.8%	4.3%
Industrial and Distribution Aggregate	1.3x	10.5x	0.0%	2.5%	3.1%	3.1%	9.8%
Consumer Products							
Food and Beverage	2.0x	12.0x	5.5%	5.7%	0.3%	4.6%	14.5%
Household and Personal Products	3.1x	16.2x	-2.5%	1.2%	-9.8%	-2.9%	15.9%
Household Durables	0.9x	6.6x	-4.3%	3.7%	-2.4%	10.0%	9.9%
Textiles, Apparel, and Luxury Goods	2.2x	10.8x	8.9%	5.0%	9.5%	10.4%	11.2%
Consumer Products Aggregate	2.1x	11.4x	1.9%	3.9%	-0.6%	5.5%	12.9%
Business Services							
Human Resource and Employment Services	0.7x	8.8x	3.7%	1.3%	12.5%	3.2%	9.4%
Research and Consulting Services	3.2x	17.2x	2.6%	4.9%	-0.3%	-20.0%	16.4%
Business Services Aggregate	2.0x	13.0x	3.1%	3.1%	6.1%	-8.4%	12.9%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	4.1x	16.5x	70.2%	-11.0%	0.0%	-26.7%	5.8%
Restaurants	3.0x	14.3x	10.6%	0.6%	10.9%	-0.8%	6.6%
Leisure Facilities	4.3x	17.4x	4.7%	0.3%	13.4%	-12.6%	29.3%
Travel and Hospitality Aggregate	3.8x	16.1x	28.5%	-3.4%	8.1%	-13.4%	13.9%

M&A MARKET

Middle-market M&A activity remained steady going into October. There was a slight increase within the Healthcare and Life Sciences, Industrial and Distribution, and Consumer Products sectors. As we approach 2023, the M&A market continues to be described as “slow” or “uncertain” and those trends are likely to consider. However, deal forecasts might not be as dreary as some predict. M&A activity in 2021 reached historic levels, and even if next year is slower than 2022, it could represent a return to normal in the M&A market.

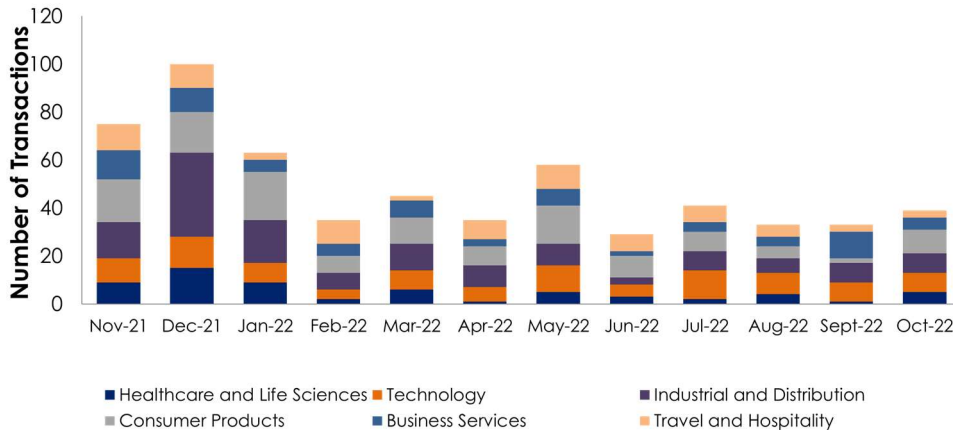


Cross-border middle-market M&A activity slightly decreased in October. While overall activity declined, the Consumer Products sector experienced an increase in transaction volume.



LBO transaction volume rose in October largely due to increased volume within the Consumer Products sector. Otherwise, overall, LBO transaction activity remained stable.

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



SELECT MIDDLE MARKET M&A TRANSACTIONS- Information Technology

DeWinter Acquires Syrx

CAMPBELL, Calif.–DeWinter Group (“DeWinter”), a Silicon Valley-based provider of finance & accounting and technology staffing and recruitment, has acquired Syrx Consulting (“Syrinx” or the “Company”), a greater Boston-based provider of high-end software development and technology staffing solutions. The acquisition of Syrx adds significant scale to DeWinter’s fast-growing technology line of business, Maris Consulting Group, and expands its skillset offering to its clients.

Syrinx is a leading provider of high-end software development and technology staffing solutions serving clients in the greater Boston area. The Company has built a strong reputation in the marketplace since its founding in 1998 through a relentless focus on sourcing high quality, hard-to-find candidates with specialized skillsets across programming languages, including .NET, Python, Java, and SQL. The Company also produces a podcast called “Underserved”, which hosts leaders and visionaries from across the technology industry. The combined business will be able to offer clients on the West and East Coast a full suite of staffing and recruitment services for specialized finance & accounting and technology talent demands.

DeWinter is backed by New Heritage Capital (“Heritage”), a Boston-based private equity firm focused on investing in and partnering with founder-led businesses. The DeWinter founder-owners partnered with Heritage in 2020 to accelerate growth through organic and M&A initiatives.

Sanborn Acquires AppGeo

The Sanborn Map Company, Inc. (Sanborn) a geospatial solution provider of analytics, imagery, lidar, photogrammetry, software applications, and related services to government and commercial clients, announced today that it has acquired Applied Geographics, Inc. (AppGeo). AppGeo has helped hundreds of governments and businesses develop the best GIS, location intelligence, and geospatial solutions for their needs. Sanborn was represented by The Environmental Financial Consulting Group, LLC (EFCG) and AppGeo was represented by Mirus Capital Advisors, Inc.

AppGeo will continue to operate under the AppGeo brand name as a wholly owned subsidiary of Sanborn, aligning its full range of products and services with the extensive capabilities of Sanborn.

Sanborn and AppGeo provide innovative, best-value, spatial solutions that help guide and support the decisions confronting governments, businesses, and organizations in the United States and around the world. Sanborn is a preeminent innovator in the modern geospatial industry, delivering state-of-the-art geospatial solutions to customers worldwide. The firm, which celebrated its 156th anniversary in 2022, embraces cutting-edge technology. AppGeo has a 31-year history dedicated to helping the public and private sectors realize the benefits of geospatial technologies, whether through data services, data products, application development, or organizational strategy. Together the firms provide an unprecedented selection of data and technical resources from one company, including strategic partnerships with the leading cloud services, geospatial platforms, and data providers such as Esri, Google, AWS, HERE, Hexagon, and Vexcel.

SchoolStatus Acquires School Innovations & Achievement

SchoolStatus, a leading provider of an education communications, data, and workflows platform, announced today the acquisition of School Innovations & Achievement (SI&A), a privately held, education software company that provides innovative software and solutions that help K-12 school administrators track and improve student attendance and mitigate risk by ensuring policy compliance on a local and state level. Financial terms were not disclosed.

SchoolStatus will acquire SI&A in its entirety, including SI&A's operations, technology, team of 73 employees, and its clients in over 400 districts and nine states. SI&A will operate independently but will be tightly integrated with the rest of the SchoolStatus portfolio products that provide school districts with unprecedented ways to spot trends in their most important datasets and act quickly with high-quality solutions. SchoolStatus will enhance SI&A's offerings to include all channels of communication, including email, two-way texting, and calling on top of SI&A's robust mail operation. SI&A's current customers will keep the same great products and services they're used to.

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.

For any questions about the Middle Market Monitor or Mirus Capital Advisors, please contact Mirus Capital Advisors at 781-418-5900 or visit <http://merger.com>. You can also contact our senior bankers directly:

[Alan Fullerton](#)
[Andy Crain](#)
[Brendan Kiernan](#)
[David Christopher](#)
[Kate Soto](#)
[Patrick West](#)
[Rudy Minar](#)
[Sean Sundstrom](#)
[Stuart Rose](#)

Sources: Capital IQ, Bloomberg, Forbes, Reuters, The New York Times, The Wall Street Journal, Bureau of Labor Statistics, Ernst & Young, JP Morgan, Financial Times, The Middle Market, other sources as referenced within, and Mirus analysis. Copyright 2022, Mirus Capital Advisors, Inc. All rights reserved. Mirus Capital Advisors does not assume any liability for errors or omissions.



Follow us on LinkedIn

To read more reports on the M&A markets, visit our website: www.merger.com