

MARKET BRIEF

The recurring topic regarding the economic health of the U.S. revolves around the decision of the Fed with regards to interest rates. After raising the federal funds rate to 5-5.25% from near zero levels during the pandemic, the Fed has been trying to combat decades-high inflation in the U.S, however the economy was still surging as of June 2023. Further action from the Fed may be in store to slow down inflation; as a result, it is speculated that the U.S. may enter a recession in the next 6-12 months.

Unemployment Rate Declines in June

The unemployment rate declined in June to 3.6% or 6.0 million unemployed persons. The measure has stayed roughly the same since the beginning of 2022. The labor force participation rate remained at 62.6%, although this measure remains below pre-pandemic levels.

[Bureau of Labor Statistics](#)

Consumer Confidence Increases Slightly in June

The Conference Board Consumer Confidence Index® increased in June. The Index rose to 109.7 in June, from 102.5 in May. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—has reflected optimistic consumer views. Furthermore, the Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions- also increased from May to June. "Consumer confidence improved in June to its highest level since January 2022, reflecting improved current conditions and a pop in expectations," said Dana Peterson, Chief Economist at The Conference Board. "Greater confidence was most evident among consumers under age 35, and consumers earning incomes over \$35,000. Nonetheless, the expectations gauge continued to signal consumers anticipating a recession at some point over the next 6 to 12 months."

[The Conference Board](#)

The Case-Shiller Index Reports 1.3% Monthly Gain in April 2023

Before seasonal adjustment, the U.S. National Index posted a 1.3% month-over-month increase in April, while the 10-City and 20-City Composites both posted increases of 1.7%. "The U.S. housing market continued to strengthen in April 2023," says Craig J. Lazzara, Managing Director at S&P DJI. "Home prices peaked in June 2022, declined until January 2023, and then began to recover. The National Composite rose by 1.3% in April (repeating March's performance), and now stands only 2.4% below its June 2022 peak. Our 10- and 20-City Composites both gained 1.7% in April.

The Consumer Price Index Increased 0.2% in June

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.2 percent in June on a seasonally adjusted basis, after increasing 0.1 percent in May, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, all items index increased 3.0 percent before seasonal adjustment. The index for shelter was the largest contributor to the monthly all items increase, accounting for over 70 percent of the increase, with the index for motor vehicle insurance also contributing.

[U.S. Bureau of Labor Statistics](#)

PUBLIC MARKET

The U.S. public markets showed positive results in June, with a positive surge at the end of the month. The S&P 500 increased by 6.5% and the Dow Jones Industrial Average increased by 4.5% in June.

Public Trading Multiples

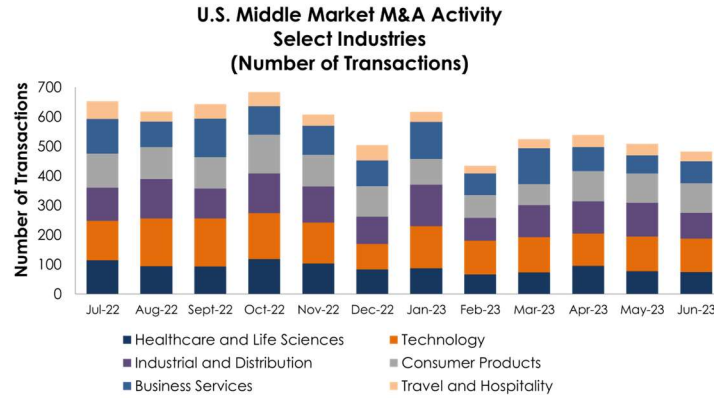
As of June 30, 2023

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	4.4x	25.5x	8.2%	8.4%	-2.5%	0.4%	4.7%
Healthcare Equipment and Supplies	4.5x	20.0x	-0.3%	7.3%	-18.9%	5.4%	19.7%
Healthcare Providers and Services	0.8x	11.0x	6.8%	8.7%	2.2%	7.3%	9.2%
Healthcare and Life Sciences Aggregate	3.2x	18.8x	4.9%	8.1%	-6.4%	4.4%	11.2%
Technology							
IT Services	2.2x	12.9x	4.6%	4.7%	1.2%	2.4%	13.8%
Software	7.4x	23.6x	8.7%	12.3%	4.7%	11.6%	5.6%
Computers and Other Electronic Equipment	1.8x	12.9x	-1.8%	6.7%	-13.3%	8.8%	16.6%
Technology Aggregate	3.8x	16.5x	3.8%	7.9%	-2.4%	7.6%	12.0%
Industrial and Distribution							
Aerospace and Defense	2.1x	16.0x	6.5%	-0.9%	3.5%	2.8%	10.0%
Building Products	1.5x	9.8x	4.3%	6.6%	-1.7%	9.3%	19.4%
Construction and Engineering	0.7x	9.0x	3.5%	8.4%	-0.3%	4.6%	8.5%
Machinery	1.6x	11.7x	5.5%	5.8%	12.7%	6.5%	6.5%
Distributors	0.8x	9.0x	6.0%	9.6%	16.3%	13.8%	4.9%
Industrial and Distribution Aggregate	1.3x	11.1x	5.2%	5.9%	6.1%	7.4%	9.8%
Consumer Products							
Food and Beverage	2.0x	12.6x	7.4%	8.3%	3.1%	5.0%	13.6%
Household and Personal Products	3.3x	17.1x	1.7%	2.4%	-5.9%	-2.0%	12.9%
Household Durables	1.0x	8.2x	-0.7%	5.8%	-6.9%	8.6%	8.4%
Textiles, Apparel, and Luxury Goods	2.3x	12.0x	7.2%	7.7%	3.1%	13.2%	10.0%
Consumer Products Aggregate	2.1x	12.5x	3.9%	6.1%	-1.6%	6.2%	11.2%
Business Services							
Human Resource and Employment Services	1.3x	13.0x	6.1%	4.3%	-0.3%	4.9%	9.6%
Research and Consulting Services	2.9x	17.0x	2.7%	4.5%	4.0%	5.6%	0.5%
Business Services Aggregate	2.1x	15.0x	4.4%	4.4%	1.9%	5.2%	5.1%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	3.9x	17.2x	49.1%	-2.5%	317.0%	-2.0%	11.0%
Restaurants	2.8x	15.9x	14.2%	7.5%	27.3%	5.1%	6.6%
Leisure Facilities	4.5x	16.6x	1.4%	3.4%	6.3%	-9.8%	38.9%
Travel and Hospitality Aggregate	3.7x	16.6x	21.5%	2.8%	116.9%	-2.2%	18.8%

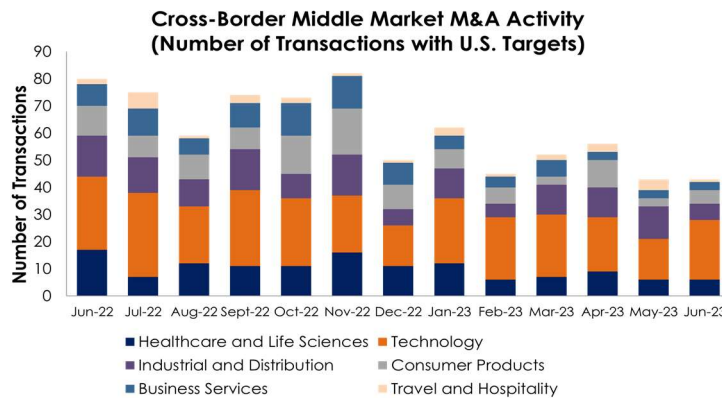
M&A MARKET

Middle market M&A activity was steady in June. The Technology and Consumer Products sector had the highest transaction volume, followed by Industrials & Distribution. According to PwC's 2023 midyear M&A outlook report, "Dealmakers are favoring smaller deals, with deal volume relatively strong compared to pre-COVID periods. While only about a third of deals have a reported value, disclosed deal value is hovering around pre-pandemic levels. Economic uncertainty and regulatory scrutiny have helped dampen big deals and a weak IPO market is helping to create opportunities for buyers with strong balance sheets."

[PwC](#)

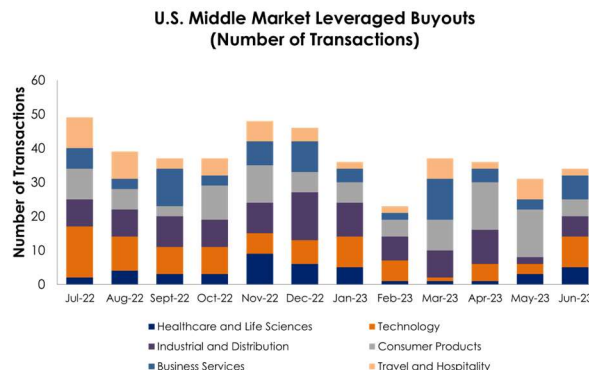


Cross-border middle market M&A activity stayed consistent in June compared to May 2023.



LBO transaction volume also increased in the month of June after a decrease in May. Global private equity dry powder sits around \$1.96 trillion from around the end of 2022. In 2022, 65% of North American buyouts involved multiple bidders or a formal auction process. With a dearth of appealing deals hitting the market, dry powder levels may remain high throughout 2023. As a result, PE firms are facing increasing pressure by LPs to put their dry powder to use in a timely manner while also making a profitable investment.

[S&P Global](#)
[Alvue](#)



SELECT MIDDLE MARKET M&A TRANSACTIONS – Healthcare & Life Sciences

GCX Mounting Solutions acquires Jaco

GCX Mounting Solutions, a Petaluma, CA-based provider of design and manufacturing of healthcare-focused mounting and mobility solutions, acquired Jaco, a Franklin, MA-based provider of IT workstation solutions for the healthcare markets. The amount of the deal was not disclosed. With the acquisition, GCX will augment its broad portfolio of medical-instrument and mounting solutions in the healthcare market. The deal also provides access to manufacturing with design, metal fabrication and electronics integration services to expand the combined company's OEM capabilities. Mirus Capital Advisors represented Jaco in the transaction.

Jaco is a manufacturer and integrator of computer carts and wall-arm workstations for Electronic Health Records (EHR). Manufacturing in the United States of America for over 50 years, the company has set the healthcare industry standard for infection control, ergonomic design, sustainable quality and unmatched capital equipment investment value. Jaco is an ISO 9001-2008 Registered Company. Led by CEO Del France, GCX has been providing medical device and IT mounting solutions for the healthcare industry since 1971, through direct sales and working with original equipment manufacturers (OEM). Major product lines include wall mounts, roll stands, countertop mounts, pole mounts, and a variety of mounting accessories. GCX mounting solutions feature space-saving, ergonomic designs to improve both equipment and patient access. GCX Mounting Solutions is a portfolio company of Audax Private Equity.

H.B. Fuller Company (NYSE:FUL) acquires Adhezion Biomedical, LLC

H.B. Fuller Company has acquired Adhezion Biomedical, a privately held U.S. medical adhesives business with customers in 40 countries, more than 35 global certifications and 105 patents. The acquisition of Adhezion, which manufactures and distributes advanced wound closure and infection prevention adhesives, builds a platform of scale for H.B. Fuller in the topical skin bonding market, adding to capabilities attained from its purchase of Tissue Seal in 2021 and providing vertically integrated adhesive manufacturing and packaging capability. The acquisition decisively positions the company for expansion in the medical adhesives industry and creates a solid, unique platform from which to scale and innovate in the highly profitable, \$8 billion

healthcare adhesives space. The purchase price was \$95.01 million. Adhezion Biomedical will operate within H.B. Fuller's Hygiene, Health, and Consumable Adhesives global business unit.

Simulations Plus, Inc. (NasdaqGS:SLP) acquires Immunetrics, Inc.

Simulations Plus, Inc. (Nasdaq: SLP) ("Simulations Plus"), a leading provider of modeling and simulation software and services for pharmaceutical safety and efficacy, today announced the acquisition of Immunetrics, Inc. ("Immunetrics"), a modeling and simulation company focused on accelerating drug development in oncology, immunology, and autoimmune diseases, areas that are among the fastest growing therapeutics.

Under the terms of the agreement, Simulations Plus agreed to pay the shareholders of Immunetrics cash consideration at closing in the amount of \$15.5 million, including a \$1.8 million hold-back, plus two future earn-out payments in the aggregate amount of up to \$8 million based on the revenue performance of Immunetrics through December 31, 2024. Following the close of the transaction, Immunetrics will be a wholly-owned subsidiary of Simulations Plus and will continue to operate under the Immunetrics name.

The acquisition strengthens the already-robust quantitative systems pharmacology ("QSP") expertise at Simulations Plus and expands the range of therapeutic areas addressed by its software and services. QSP is a rapidly growing field of biomedical research that aims to model the mechanisms behind disease progression and quantify the pharmacokinetics (movement of drugs through the body) and pharmacodynamics (the body's biological response to drugs) of pharmaceuticals using mathematical computer models. QSP models are highly sophisticated and cost-intensive to build. With this acquisition, Simulations Plus is augmenting its established QSP offerings in a highly attractive field with additional proven models that can be rapidly deployed.

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.

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:

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