

## 2022 Annual Utah Deal Review

The Annual Utah Deal Review is prepared as a courtesy to the business community based on our research and analysis of data from various sources on disclosed deals for Utah-based companies.

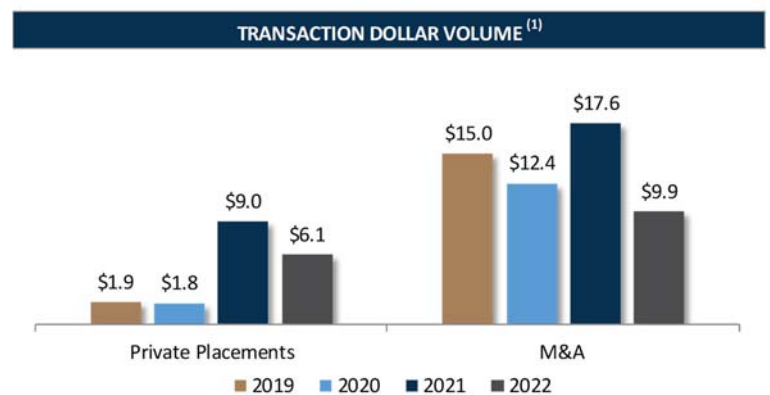
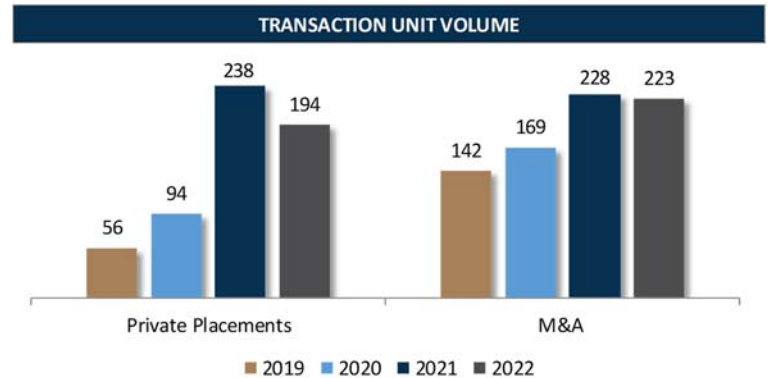
Utah transaction activity in 2022 exhibited an impressive mid-year decline from the market high of 2021 with declines in transaction dollar and unit volume. Early 2022 began with healthy momentum but ultimately gave way to March-April interest rate escalation, inflation, continued supply chain challenges, and an inconsistent softening of demand, resulting in a weak second half of 2022. The transaction outlook for 2023 is optimistic for sellers with predictable revenue and/or growth, but others may seek to wait. Expect greater due diligence scrutiny and a continuation of 2022's transaction mix shift from large platforms to smaller tuck-ins. The market will continue to benefit from the macro shift of deal-making from public markets to private markets.

Utah M&A transaction dollar volume in 2022 decreased an extraordinary 43.9% from \$17.6 billion to \$9.9 billion, largely due to reduced volume in technology. By unit volume, Utah saw a 2.2% decrease to 223 total M&A transactions. Technology and Consumer/Retail still represented the majority of the largest transactions in the state.

Utah maintained its #3 spot on the Forbes Best State for Business list in 2022 for the third year. Utah ended the year with a 2.4% unemployment rate, ranking #7 among U.S. states. The top 10 M&A transactions accounted for 92.9% of total M&A dollar volume, compared to 92.2% in 2021. The median M&A transaction value was \$55.4 million, comparable to the \$57.9 million in 2021.

Private placement dollar volume decreased 32.2% to approximately \$6.1 billion, while unit volume decreased 18.5%. The top ten 2022 private placement transactions accounted for 41.5% of total dollar volume, compared to 35.1% in 2021. The median private placement transaction value was \$16.4 million, down from \$20.0 million last year. Utah closed 194 private placement transactions in 2022, a very impressive performance but still down from last year's peak of 238. That value includes an impressive 19 placements of \$100 million or greater, though lower than the 28 in 2021.

Consumer/Retail led Utah transaction activity with 40.7% of total transaction dollar volume dominated by NRG Energy's acquisition of Vivint Smart Home. As usual, the Technology/Software/Services sector was active with 20.4% of volume, including the \$400 million raise for Uniphore Technologies. Other active categories include Energy, Healthcare, and Business Services. Of the 13 industry categories analyzed, 7 showed declines in combined M&A and private placement dollar volume. Eight categories had declines in unit volume. This may reflect CW's thesis that technology's recent up and down in the last two years makes the broader market, including basic industries, appear more volatile than it is. It may also reflect the difficulty of having a small sample size when analyzing regional markets.



(1) \$ in billions. Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements, reverse mergers, and transactions under \$5 million. Transaction dollar volume includes only disclosed transactions. Private Placements include Utah targets and Utah Investor transactions.



### TOP 10 2022 M&A DEALS <sup>(1)</sup>

(\$ millions)

1	Vivint Smart Home, Inc. (NYSE:VVNT)	\$5,540
2	MountainWest Pipeline, LLC	\$1,500
3	STORAGE Express Management, LLC	\$590
4	Fox Head, Inc.	\$590
5	Simms Fishing Products LLC	\$193
6	Martin Door Manufacturing, Inc.	\$188
7	Bargold Storage Systems, LLC	\$179
8	XPS Ship, LLC	\$136
9	Community Bancorp.	\$136
10	Gateway Genomics, LLC	\$108

### TOP 10 2022 PRIVATE PLACEMENTS <sup>(1)</sup>

(\$ millions)

1	Uniphore Technologies Inc.	\$400
2	Swedencare AB (OM:SECARE)	\$383
3	iFIT Health & Fitness Inc.	\$355
4	Avant, LLC	\$250
5	Transarent, Inc.	\$215
6	Arcadia Power, Inc.	\$200
7	Limit Break Inc.	\$200
8	Route App, Inc.	\$200
9	Harness, Inc.	\$175
10	Recursion Pharmaceuticals, Inc. (NasdaqGS:RXRX)	\$150

\* Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements.

(1) Only includes transactions with disclosed values.

Regional M&A in Utah followed negative national M&A trends, albeit unit volume held up better. Bank and corporate profits fell in 2022, and the commercial bank woes fueled by Silicon Valley Bank are causing that segment to de-risk, pushing financing to BDCs and other non-bank lenders. In the near-term acquirers are hoping to see the calming of any commercial bank ripples and the avoidance of self-inflicted policy mistakes regarding the debt ceiling and other issues.

Early 2023 is characterized by weak venture capital volume on one end and large cap transaction volume off about 50% on the other end, with lower middle market M&A merely subdued. PE investors are vocalizing a desire to invest, albeit with increased scrutiny, and the amount of private equity dry powder has actually increased from \$1.6 to \$1.8 trillion since 2020. Sellers complain about higher borrowing and labor costs consistently but show P&L recovery as supply chain challenges dissipate and customer purchasing normalizes.

We expect greater selectivity among private investors with preference towards revenue predictability, validated business models and proven growth. Utah is beholden to its vibrant tech community which will benefit from its higher quality business models (more enterprise software, less bitcoin and NFTs). Other key industries Healthcare, Health & Wellness and Business services are commonly less volatile, creating opportunities for the Beehive State.

### UTAH DEAL SUMMARY BY INDUSTRY

(\$ in millions)

	2022			2021			Variance		% Growth	
	\$ <sup>(1)</sup>	%	#	\$ <sup>(1)</sup>	%	#	\$	#	\$	#
Medical / Healthcare / Biotech	\$1,220	7.6%	45	\$1,359	5.1%	78	(\$140)	(33)	(10.3%)	(42.3%)
Consumer / Retail	6,495	40.7%	54	3,632	13.7%	39	2,863	15	78.8%	38.5%
Manufacturing	211	1.3%	22	1,162	4.4%	24	(951)	(2)	(81.9%)	(8.3%)
Business Services	1,250	7.8%	92	717	2.7%	70	533	22	74.2%	31.4%
Financial Services	705	4.4%	18	5,614	21.1%	34	(4,909)	(16)	(87.4%)	(47.1%)
Electronics / Semiconductors	342	2.1%	10	761	2.9%	14	(419)	(4)	(55.0%)	(28.6%)
Technology / Software / Services	3,255	20.4%	126	12,792	48.2%	149	(9,536)	(23)	(74.6%)	(15.4%)
Gaming / Leisure / Lodging	621	3.9%	11	52	0.2%	8	569	3	1096.0%	37.5%
Construction Service / Homebuilding	259	1.6%	21	52	0.2%	28	207	(7)	400.5%	(25.0%)
Energy / Utilities	1,500	9.4%	2	68	0.3%	5	1,432	(3)	2109.1%	(60.0%)
Telecom	49	0.3%	10	277	1.0%	8	(227)	2	(82.1%)	25.0%
Natural Resources	-	-	1	61	0.2%	5	(61)	(4)	(100.0%)	(80.0%)
Real Estate Services	44	0.3%	5	13	0.0%	4	31	1	240.8%	25.0%
<b>Totals</b>	<b>\$ 15,951</b>	<b>100.0%</b>	<b>417</b>	<b>\$ 26,559</b>	<b>100.0%</b>	<b>466</b>	<b>\$ (10,608)</b>	<b>(49)</b>	<b>(39.9%)</b>	<b>(10.5%)</b>

\* Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements, reverse mergers, and transactions smaller than \$5.0 million.

(1) Only includes transactions with disclosed values.

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