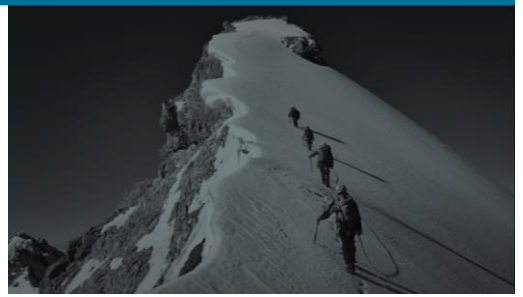


Q2 2025

DEALS WEST

WESTERN CANADA'S CORPORATE TRANSACTION QUARTERLY



Key Takeaways

- North American mid-market M&A volumes remained muted in Q2'25 due to economic uncertainty of U.S. tariffs, but valuations remain robust at 7.5x EBITDA
- BoC holds overnight lending rate at 2.75% in June 2025
- M&A activity showing signs of picking up in the second half of 2025, driven by pent-up acquirer demand and easing trade tensions
- AI has potential to be transformative for the M&A process, but cannot replace deal experience and market intelligence

IN THIS ISSUE

Q2 2025 Mid-Market M&A Update

AI's Growing Impact on M&A

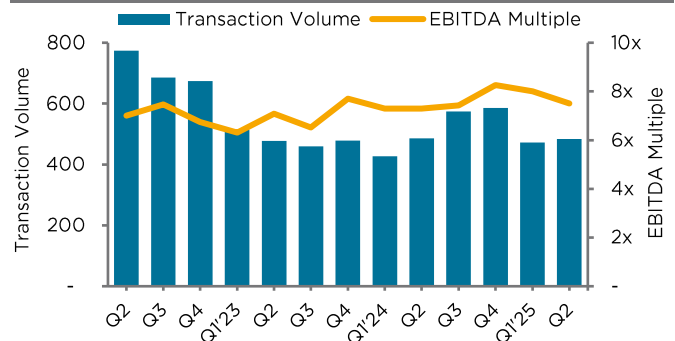
New Addition to Capital West

Q2 2025 Mid-Market M&A Update

MID-MARKET M&A IN NORTH AMERICA

- Average EBITDA multiples remain robust at 7.5x, down slightly from 8.0x in Q1'25, but in line with levels experienced in 2024
- Transaction volumes remained muted in Q2'25 with 484 deals, up 3% from Q1'25
- M&A activity projected to increase in the second half of 2025, driven by pent-up acquirer demand and easing trade tensions

DEAL VOLUME & VALUATION (C\$10 - C\$500M)

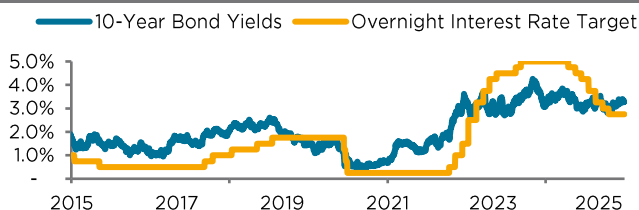


Source: Capital IQ

INTEREST RATES & INFLATION

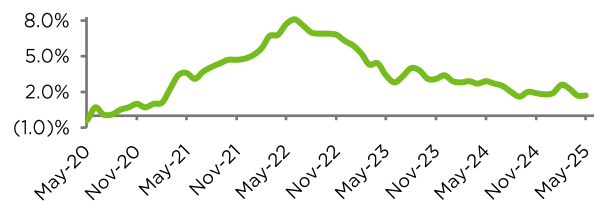
- Q2'25 CPI (headline inflation) decreased by 0.6% from Q1'25, reaching 1.7%, due to lower energy prices and slowing economic growth
- In June 2025, the Bank of Canada ("BoC") held its overnight borrowing rate at 2.75% due to economic uncertainties from U.S. tariffs and persistently sticky core inflation levels, but economists anticipate further rate cuts later this year
- Government of Canada 10-year bond yields increased by 0.31% to 3.28% during the quarter

GOVERNMENT OF CANADA 10-YEAR BOND YIELD & DAILY OVERNIGHT TARGET RATE



Source: Bank of Canada

CANADIAN CONSUMER PRICE INDEX 12-MONTH % CHANGE



Source: Bank of Canada

*Q2 2025 Mid-Market M&A Update (Continued)***TOP 10 M&A DEALS IN WESTERN CANADA**

Western Canadian M&A deals announced in Q2'25 were concentrated in commodity sectors, specifically Metals & Mining (comprising 4 of the 10 largest deals). Outside the commodity sectors, the largest announced transaction was TELUS acquiring the remaining 43% of TELUS Digital that it does not already own, driven by the desire to increase integration between the two businesses to “supercharge” AI and SaaS transformation across TELUS’ targeted customer segments. In addition, The Keg Royalties Income Fund (“KRIF”) announced its proposed sale to Fairfax, in a deal valued at \$325m (Capital West is advising KRIF).

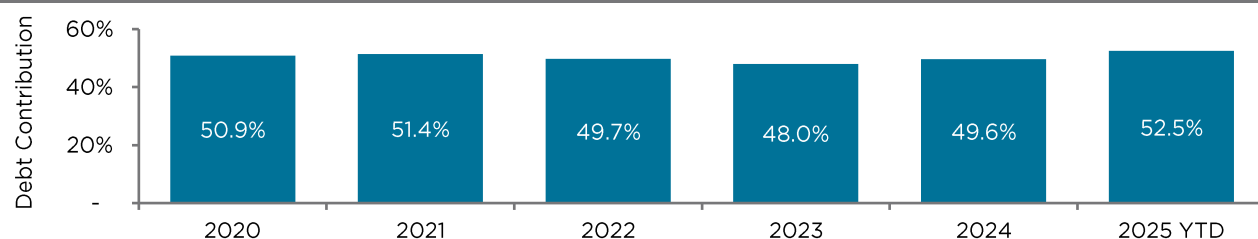
TOP 10 PUBLICLY ANNOUNCED WESTERN CANADIAN DEALS IN Q2 2025

Date	Industry	Target	Target HQ	Buyer	Value (C\$M)
May 5	Fuel Distribution	Parkland	Calgary, AB	Sunoco	13,881
Jun 17	Oil & Gas	Natural gas liquids business of Plains Midstream Canada	Calgary, AB	Keyera	5,150
Jun 12	Technology	TELUS Digital (43%)	Vancouver, BC	TELUS	3,245
May 11	Metals & Mining	MAG Silver	Vancouver, BC	Pan American Silver	2,792
Apr 21	Metals & Mining	Lumina Gold	Vancouver, BC	CMOC Group	557
May 8	Fuel Distribution	4Refuel Canada	Surrey, BC	H.I.G. Capital Partners	450
Apr 22	Metals & Mining	Orogen Royalties	Vancouver, BC	Triple Flag Precious Metals	337
May 5	Food & Beverage	The Keg Royalties Income Fund *	Vancouver, BC	Fairfax	325
Apr 14	Transportation	The Cole Group	Calgary, AB	Mullen Group	190
Jun 9	Metals & Mining	American Creek Resources	Cardston, AB	Tudor Gold	64

* Advising by Capital West

ACQUISITION FINANCING

Debt financing in mid-market transactions averaged 52.5% of total acquisition price so far in 2025 (up from 49.6% in 2024) as buyers secured more debt financing with interest rates declining.

DEBT FINANCING FOR NORTH AMERICAN M&A DEALS (\$10 - \$500M)

Source: GF Data

AI's Growing Influence on M&A

AI'S IMPACT ON M&A MARKET ACTIVITY

Artificial Intelligence ("AI") is rapidly transforming businesses by automating repetitive tasks, enhancing data insights, and fueling innovation. This technological shift is also reshaping M&A activity as companies increasingly pursue transactions to accelerate AI capabilities and leverage AI-driven growth opportunities.

Building in-house AI is often costly due to the substantial investment required in technology infrastructure and talent. Many historically successful mid-market companies struggle to make the necessary investments in AI to keep up with well-capitalized competitors, so they decide to explore transactions such as financings, mergers, or a sale of their business. Similarly, companies that have developed expertise in using AI within their sector represent highly attractive acquisition targets for larger companies that are less advanced in the use of AI, and / or can become acquirers, in order to leverage their AI expertise by adding further scale and breadth to their business.

Examples of recent M&A deals in Canada where AI expertise and opportunities were key drivers include:

Brainbox AI Acquired by Trane Technologies




In January 2025, Montreal-based BrainBox AI was acquired by Trane Technologies, a global leader in HVAC systems. BrainBox AI specializes in autonomous, AI-driven HVAC optimization solutions.

Prior to the acquisition, Trane lacked AI-driven HVAC optimization technology. The two companies had partnered for several years to selectively integrate BrainBox's AI capabilities into Trane's existing systems. This acquisition deepens that relationship, enabling Trane to fully integrate all of BrainBox AI's advanced technology to better meet rising demand for energy-efficient, autonomous building solutions.

Vantage Discovery Acquired by Shopify




In March 2025, Shopify acquired Vantage Discovery, an AI-powered search platform designed for retailers. The acquisition enhances Shopify's on-site search capabilities and supports its advertising initiatives by delivering more personalized and intent-driven experiences for shoppers.

This move aligns Shopify's strategy to expand the use of AI, following six similar acquisitions in 2024. Shopify has focused on acquiring specialized AI companies to gain faster access to cutting-edge technologies and top-tier talent, enabling quicker integration of advanced features for users.

Microbiome Insights Acquired by Mapmygenome




In May 2025, Mapmygenome, a leading AI-driven genomics business, acquired Vancouver-based Microbiome Insights. Microbiome Insights is a global leader in microbiome sequencing and bioinformatic analysis.

The acquisition allows Mapmygenome to leverage its AI expertise to enhance Microbiome Insights' service quality and accelerate growth, setting a new standard for advanced client solutions.

AI'S IMPACT ON EXECUTING M&A PROCESSES

AI is also being used by M&A advisors, acting for both sellers and buyers, to increase efficiency and effectiveness of M&A processes. Examples include:

Sell-Side Engagement

- Identifying and researching potential buyers
- Gathering info on industry data and trends quicker
- Preparing first drafts of marketing materials such as teasers and CIMs

Buy-Side Engagement

- Identifying and researching potential acquisition targets. Particularly useful for identifying less obvious potential targets
- Conducting initial review of CIMs and due diligence materials efficiently

AI's Impact on Executing M&A Processes (Continued)

In a recent Bain survey, the following areas were identified by dealmakers as key areas where they expect to see benefits from the use of AI:

- 50% expected an increase in potential acquisition targets identified (e.g., in acquisition searches)
- 48% expected a reduction in time required to understand key market data and trends in a particular industry

But, There Are Limitations ...

In preparing a list of buyers for a particular business, AI can produce a reasonable first draft of potential candidates. However, as a test of one of our recently completed deals where we received initial offers from 16 buyers, out of curiosity we went back after the deal closed and used AI to request a list of the top 30 potential buyers. The AI-generated list not only excluded the highest bidder (who ultimately acquired the business) but also excluded another six of the 16 groups that submitted expressions of interest. We are glad we did not simply rely on AI for the buyers list we produced on that deal!

The above example illustrates there is no substitute for market intelligence, deal experience, and hands-on, careful review by humans. In addition, AI is (at least currently) incapable of assessing each unique deal situation and providing advice on how to best structure and pursue an M&A process to achieve maximum value for the client – only experience can do that.

Capital West recognizes the significant growth and transformative potential of AI in the deal process. We are committed to staying at the forefront of this technology, ensuring we leverage AI strategically to enhance our processes and maximize value for our clients.

... just to confirm, this article was not written by AI!

New Addition to Capital West

We are excited to welcome [David Woodward](#) to the Capital West Team!

DAVID WOODWARD, SENIOR ADVISOR – CONSUMER PRODUCTS & SUPPLY CHAIN

David brings deep experience in consumer products and supply chain, with a strong track record of scaling mid-market businesses, both organically and through M&A. His expertise spans product development, sourcing, manufacturing, and sales, with a focus on retail, wholesale, and Amazon distribution channels.

In 2009, he founded R2P Pet, a designer and supplier of pet accessories, growing it into a global supplier before selling to Hyper Pet in 2018. He then served as Chief Procurement Officer and played a key role in the rebrand to Cosmic Pet and its subsequent sale to Pet Mate in 2021.

David also co-founded Mindsight, a designer of wellness products, and has served on the boards of Red Dog Deli, Cosmic Pet, and the P.A. Woodward Foundation.



Subscribe to Deals West at capwest.com 4