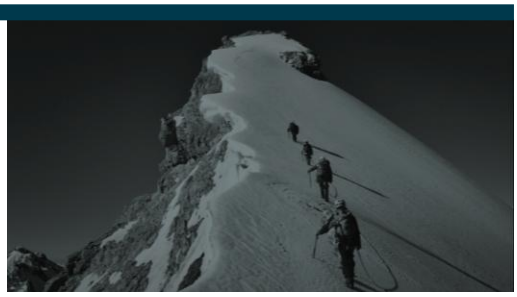
Q3 2026

DEALS WEST

QUARTERLY UPDATE ON MID-MARKET M&A



Key Takeaways

- Q3'26 marks the highest quarterly volume of mid-market M&A transactions in North America in the last three years
- Bank of Canada held overnight lending rate at 2.25%, balancing tariff uncertainty and rising inflation
- Inflation rose to 3.1% in September, driven by gasoline prices

IN THIS ISSUE

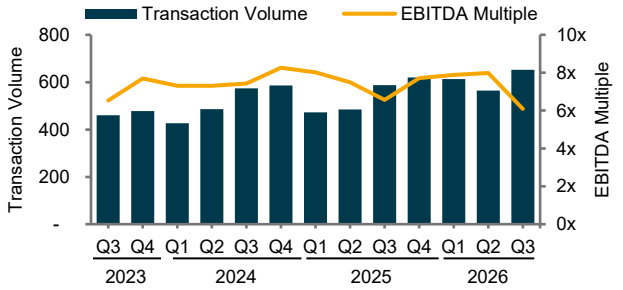
Q3 2026 Mid-Market M&A Update

Recent Trade Developments Present M&A Opportunities

Q3 2026 Mid-Market M&A Update

- Q3'26 transaction volumes increased 15% from Q2'26, reaching 652 transactions for the quarter
- Mid-market deal volumes are up 19% year-to-date, versus last year
- Average EBITDA multiples fell to 6.1x in Q3'26, below the prior two quarters and the 2025 average of 7.4x, driven primarily by more smaller deals (which attract lower multiples) and to a lesser extent increased borrowing costs

NORTH AMERICAN MID-MARKET DEALS (C$10 - C$500M)

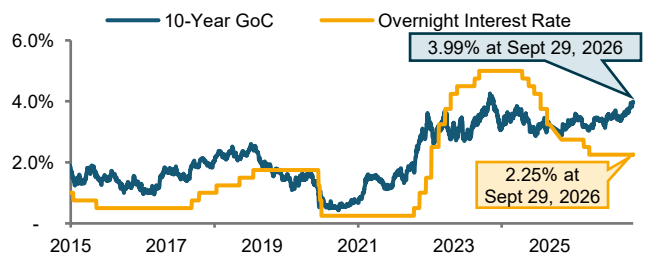


Source: Capital IQ

INTEREST RATES & INFLATION

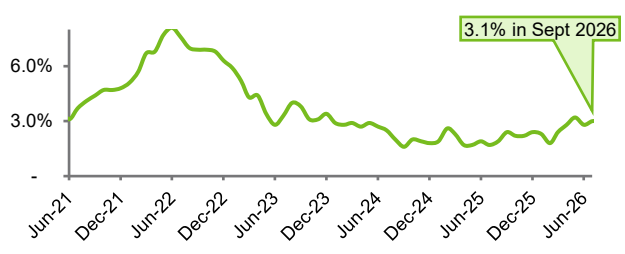
- Bank of Canada held its target for its overnight lending rate at 2.25%, unchanged since October 2025
- Canadian inflation, driven by higher gasoline prices, rose to 3.1% in September 2026, up from 2.8% in June 2026
- Government of Canada 10-year bond yields rose significantly to 3.99% at the end of Q3'26, up from 3.38% at the end of Q2'26, due to higher oil prices and increased borrowing in global bond markets

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

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Q3 2026 Mid-Market M&A Update (Continued)

TOP 10 MID-MARKET M&A DEALS IN CANADA

In the Canadian mid-market, excluding oil & gas and metals & mining, Q3'26 deal activity spread across a range of industries, from cannabis and consumer products to construction. Technology was the most active sector, accounting for five of the top ten deals.

TOP 10 ANNOUNCED MID-MARKET CANADIAN DEALS IN Q3 2026 (DEAL VALUE UP TO C$500M) *

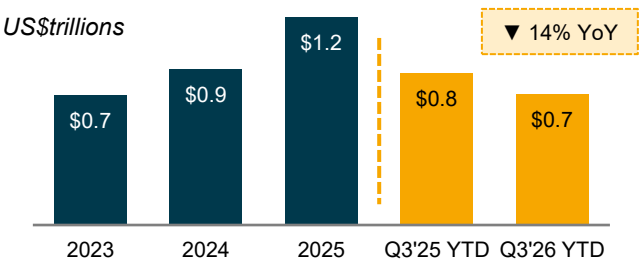
Date	Target Business	Target	Target HQ	Buyer	Value (C$M)
Aug 11	Medicinal & Consumer Cannabis	AURORA	Edmonton, AB	curaleaf	407
Sep 30	Telehealth	PurposeMed	Calgary, AB	Grindr	365
Sep 28	Enterprise Communications Provider	Sangoma	Markham, ON	BRC Group Holdings, Inc.	291
Aug 20	Consumer Apparel	Roots	Toronto, ON	MARQUEE BRANDS	271
Jul 15	Construction Safety Infrastructure	PROBEL	Ajax, ON	ALIMAK GROUP	200
Jul 21	Oilfield Services & Drilling	CITADEL DRILLING	Calgary, AB	ENSIGN	90
Aug 4	Mortgage & Lending Technology	FILOGIX	Mississauga, ON	Dominion Lending Centres	59
Jul 9	Digital Automation Software	octacom	Richmond Hill, ON	DATA Communications Management	56
Jul 9	Tobacco Free Consumer Products	STRYK	Toronto, ON	SKY	42
Sep 28	Cybersecurity & IT Solutions	Plurilock	Vancouver, BC	quantumemotion	35

** Excluding Oil & Gas and Metals & Mining*

NORTH AMERICAN PRIVATE EQUITY TRENDS

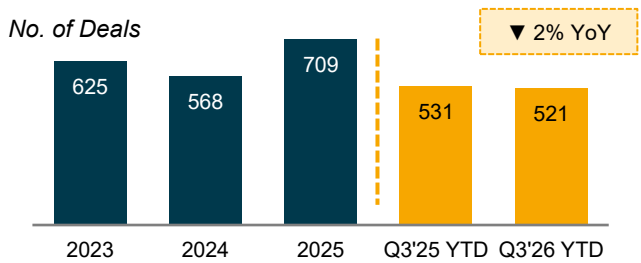
After a strong 2025, U.S. private equity deal value fell 14% to approximately US$730 billion through Q3'26, down from US$850 billion over the same period last year. North American exit volume held steady at 521 exits, down 2% from a year earlier. Full-year 2026 exit volume is on pace to finish broadly in line with 2025, while deal value is tracking lower. Fewer large take-private transactions and ongoing macroeconomic uncertainty continue to weigh on private equity.

US PRIVATE EQUITY DEAL VALUE



Source: PitchBook

NORTH AMERICAN PRIVATE EQUITY EXIT VOLUME



Source: Capital IQ

Recent Trade Developments Present M&A Opportunities

Q3 2026 brought Canadian business owners both headwinds and opportunities:

- Breakdown of Canada-U.S. trade negotiations led to additional tariffs and counter-tariffs
- Canada hosted its first Investment Summit, drawing nearly C$500 billion in pledged commitments
- European Union invited Canada to work towards becoming its first associate member

Overview:	*What it means for Canadian M&A:*
U.S. Tariffs	
In August, trade negotiations between Canada and the U.S. ended without a deal, resulting in new 50% U.S. tariffs on approximately C$28 billion of Canadian goods. Canada responded with dollar-for-dollar counter-tariffs of 15% to 50% on U.S. goods, with steel, apparel, pulp and paper, and dairy among the most targeted U.S. industries.	▪ Canadian and U.S. companies alike are looking for manufacturing facilities across the border to mitigate tariff exposure and better serve end markets. ▪ Growing Canadian consumer preference for products "Made in Canada" pushes domestic and foreign companies to add Canadian production capacity to align with market demands to serve Canadian markets.
Canada Investment Summit	
In September, the Canadian government held its first-ever Investment Summit, hosting investors from nearly 30 countries, ranging from global asset managers, such as BlackRock, to sovereign wealth funds. The Summit aimed to position Canada as a leading investment destination for energy, mining, infrastructure, digital technology, and manufacturing. It secured nearly C$500 billion in pledged commitments from Canada's largest banks, pension funds, and investment firms. More broadly, the Summit reflects a growing effort to diversify Canada's sources of foreign investment.	▪ As capital flows into major projects, businesses that supply and service them, such as engineering firms, equipment suppliers, construction contractors, and specialty service providers, stand to benefit from rising demand. These businesses will attract growing interest from acquirors seeking exposure to Canada's expanding major project pipeline.
Increasing Canada-EU Economic Initiatives	
In September, the EU invited Canada to work toward becoming its first associate member. Details regarding how the relationship would be structured remain largely unknown. But, the proposal shows how countries are moving to secure critical resources and reduce reliance on any single trading partner.	▪ A closer Canada-EU relationship would diversify the EU away from China and the U.S. in areas such as manufacturing, technology, critical minerals, and defence. EU acquirors are likely to increasingly view Canadian businesses in these sectors, along with the companies that supply and service them, as attractive acquisition targets.

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