

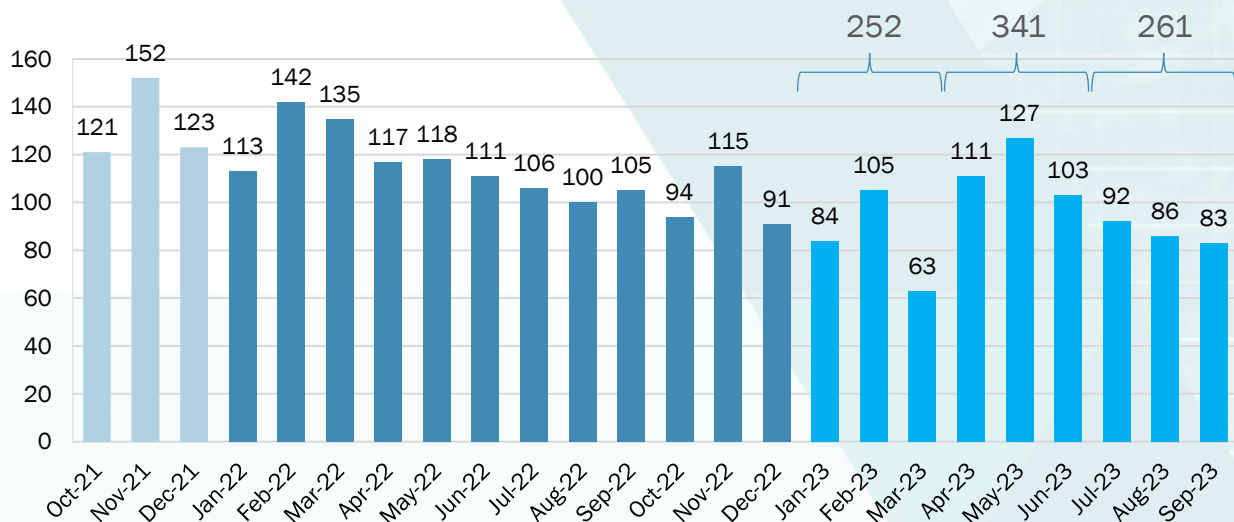


Value & Market Insights

2023 | Q3

Deal Volume

Canadian Transaction Volume ⁽¹⁾



The Q3 2023 Western Canadian M&A market shows a notable shift in transaction volumes further signalling the pullback from 2022. The preceding quarter, Q2 2023, showed resilience with a total transaction volume of 341 deals compared to 346 deals in Q2 2022, a 1% YOY decline. However, as the market transitioned into Q3 2023, economic pressures pushed transaction volume back to 261 deals compared to 311 deals in Q3 2022, a 16% decline.

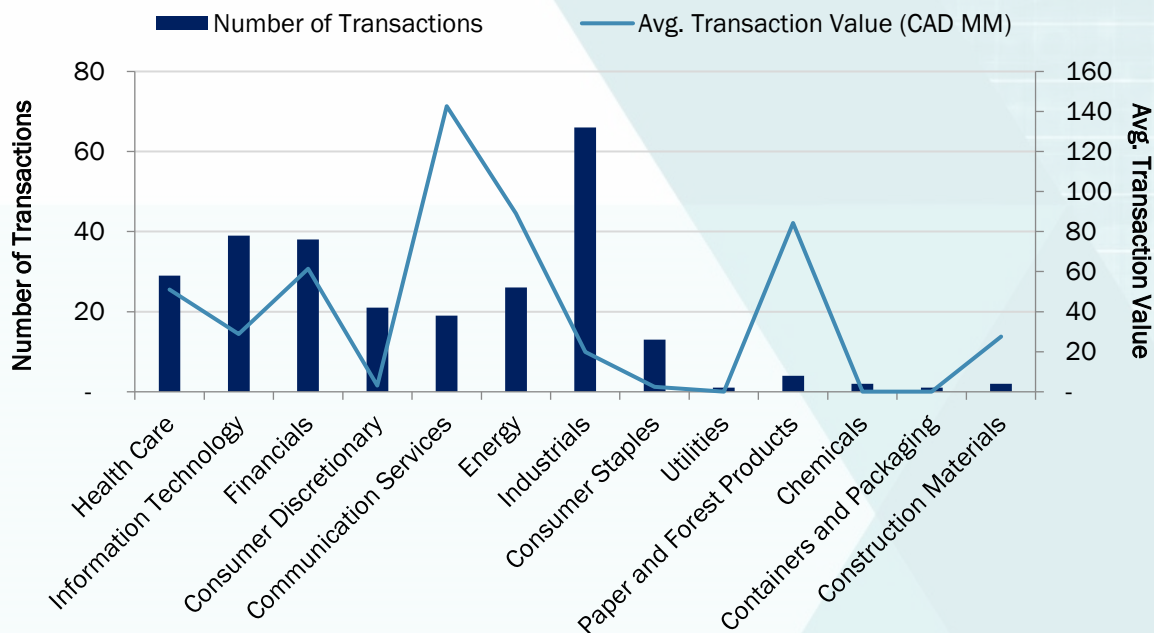
	FY23	FY22	Change	%
Q1	232	390	-138	-35%
Q2	341	346	-5	-1%
Q3	261	311	-50	-16%

Rising interest rates and economic uncertainty continue to put downward pressure on M&A volumes. A consequence of the shifting environment is longer transaction processes and more extensive due diligence requirements. Looking at the transactions in the quarter, strategic buyers have come out ahead of financial buyers in M&A activity. High interest rates have made financing for leveraged buyouts challenging for private equity firms.

	FY23	FY22	Change	%
January	84	113	-29	-26%
February	105	142	-37	-26%
March	63	135	-72	-53%
April	111	117	-6	-5%
May	127	118	9	8%
June	103	111	-8	-7%
July	92	106	-14	-13%
August	86	100	-14	-14%
September	83	105	-22	-21%

Industry Overview

Q3 2023 Canadian Transactions By Industry^(1,2)



Q3 2023's Most Active Industries^(1,2)

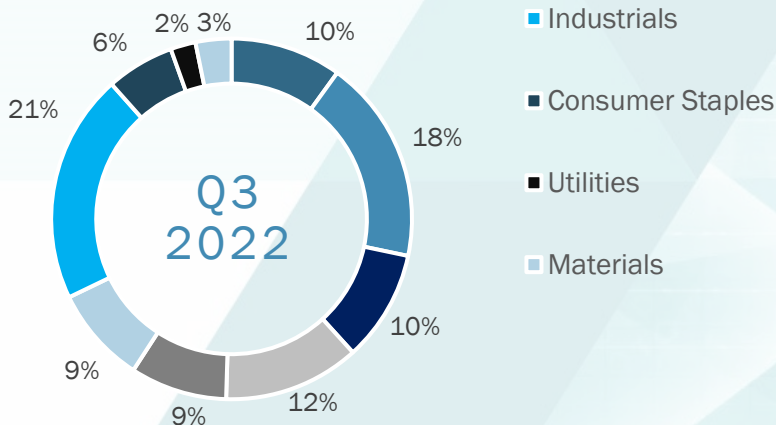
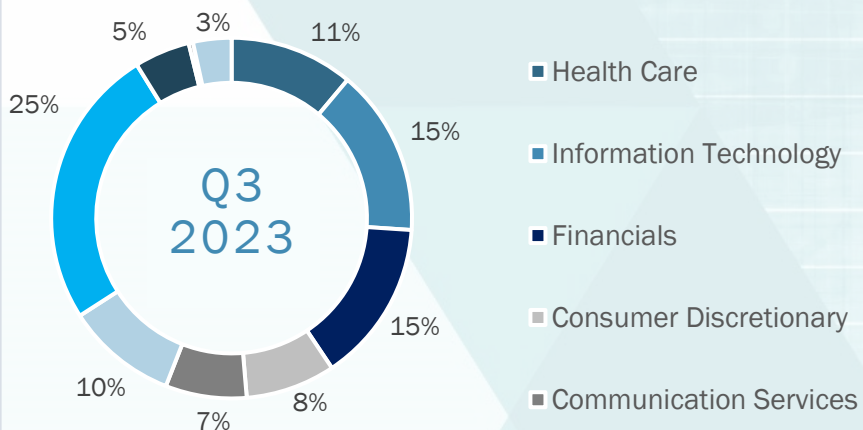
Industry	2023 Transaction Volume	Average Transaction Value ⁽²⁾
	Q3	
Industrials	66	\$19.8M
Information Technology	39	\$28.9M
Financials	38	\$61.5M
Healthcare	29	\$51.0M
Energy	26	\$89.0M
Consumer Discretionary	21	\$12.5M

Industry Overview

Canadian Q3 2023 Transactions By Industry⁽¹⁾

The Industrial sector saw a notable uptick in activity, climbing 4% year-over-year. However, this uptick also brought a lower average transaction size, which is indicative of potential industry consolidation.

The Information Technology (IT) sector experienced a minor dip, shifting from 18% to 15% year-over-year. The average transaction size, however, almost tripled from the previous year, showing a potential sector rebound.



Buyer Profile

Canadian Transactions By Buyer Location ⁽¹⁾

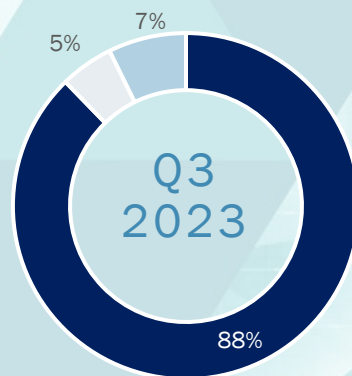
Buyer Location	Q3 2022 (Count)	Q3 2022 (%)	Q3 2023 (Count)	Q3 2023 (%)
Western Canada	79	28%	61	24%
Eastern Canada	81	28%	79	30%
USA	52	19%	61	23%
International	33	12%	29	11%
Not Disclosed	36	13%	31	12%
Total	281	100%	261	100%

In Q3 2023, domestic purchasers remained at the forefront of the market, with a collective transaction volume of 140 deals. Additionally, there was an increase from United States purchasers, attributed to the USD strengthening against the CAD over the last 3 months that signaled an increased appetite for cross-border investments.

Canadian Transaction By Buyer Type ⁽¹⁾

Strategic acquirers remained the dominant buyer type through Q3 2023. With the Bank of Canada (BoC) raising the target overnight rate to 5.0%, the quarter saw a slight decrease of financial buyer.

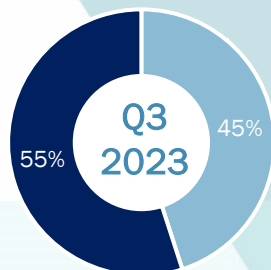
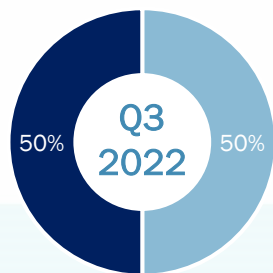
Buyer Type	Q3 2022	Q3 2023
Strategic	87%	88%
Financial	6%	5%
Not Disclosed	7%	7%



■ Strategic Buyer
 ■ Financial Buyer
 ■ Not Disclosed

Seller Profile

Western Canada vs. Eastern Canada⁽¹⁾⁽²⁾



■ Western Canada
■ Eastern Canada

Historically, Eastern Canadian companies make up the majority of sellers in Canada. Western Canadian sellers were more active during this period, making up 55% of deals overall compared to 50% last year.

Western Canadian Transactions By Location⁽¹⁾⁽²⁾⁽³⁾

Seller Location	Q3 2022 (Count)	Q3 2022 (%)	Q3 2023 (Count)	Q3 2023 (%)
British Columbia	52	57%	50	53%
Alberta	28	31%	39	41%
Saskatchewan	5	5%	2	2%
Manitoba	6	7%	4	4%
Total	91	100%	95	100%
Notable Transactions⁽⁴⁾	\$1.5B acquisition of Carbon Engineering Ltd., by Oxy Low Carbon Ventures.		\$147M transaction CWC Energy Services Corp. (TSXV: CWC) to Precision Drilling Corp. (TSX: PD)	

Q3 2023 showcased a notable slide in deal volume, with 261 transactions compared to 281 deals in Q3 2022. This decrease reflects purchasers remaining on the sidelines and taking a more cautious approach towards investments amid the uncertain economy. British Columbia and Alberta activity was up year-over-year and contributed 34% of total Canadian deals in Q3 2023.

Notable Western Canadian Transactions

Select Q3 2023 Deals in Western Canada

Date	Target	Target Prov.	Buyer
06/30/2023	Granville West Insurance	BC	People Corp.
07/05/2023	Kit and Ace	BC	Unity Brands
07/14/2023	Ruskin Construction	AB	Hillcore
07/20/2023	Solid Impact Investments Corp. (TSXV:SOLI.P)	BC	Allied Critical Metals Corp.
08/14/2023	Alberta Food Security Inc.	AB	TrustBIX Inc. (TSXV:TBIX)
08/15/2023	Carbon Engineering	BC	Oxy Low Carbon Ventures
08/25/2023	TerraZero Technologies Inc.	BC	BIGG Digital Assets Inc.
09/05/2023	The Vedder Transportation Group	BC	TFI International Inc. (TSX:TFII)
09/06/2023	Spray Lake Sawmills (1980) Ltd	AB	West Fraser Timber Co. Ltd. (TSX:WFG)
09/15/2023	Amplify Nutrition Inc.	BC	PlantFuel Life Inc. (CNSX:FUEL)
09/15/2023	Midlite Construction	AB	Hillcore
09/18/2023	HS GovTech Solutions Inc. (CNSX:HS)	BC	Banneker Partners, LLC

Recent Transactions



Province

British Columbia

Sector

Business Services,
Insurance

Contact

Erica McGuinness

Sequeira Partners was engaged by Granville West Group Benefits to assist with identifying the right partner to provide a best-fit solution for its shareholders and employees, and to provide a platform for the future growth and evolution of the business.

The Sequeira team provided advisory assistance throughout the transaction including marketing the business to potential partners, negotiating preliminary and final deal terms, advising on transaction structure and consideration, as well as assisting with due diligence and other pre-closing matters.

The sale to People Corporation will allow the Company to leverage the national resources of one of Canada's largest and fastest-growing group benefits providers. This move will strategically position the Company for continued growth through operational efficiencies whilst ensuring commitment to exceptional client service, a key driver of the Company's success to date.

About Us

Sequeira Partners is Western Canada's leading sell-side transaction advisor to private and public industrial, energy services, business services, manufacturing and insurance businesses.

From our offices in Vancouver, Edmonton and Calgary, the team at Sequeira Partners has completed more than 200 mid-market transactions in Canada, the United States, and countries around the world. www.sequeirapartners.com.

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