



Value & Market Insights

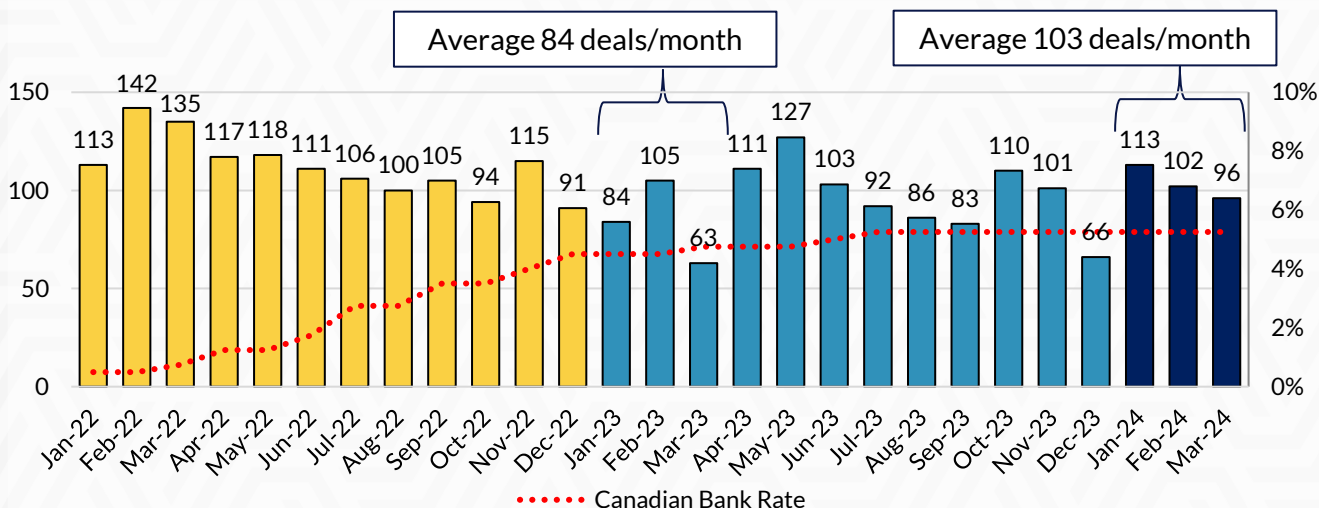
2024 | Q1



sequeira
PARTNERS

Deal Volume Trends – Positive 2024 outlook

Canadian Transaction Volume ⁽¹⁾



Q1 2024 showed a positive uptick with a 23% increase in deal volume year-over-year. This rise in activity is a result of a return to stability – June 2022 to July 2023 saw Central Bank interest rates go from 1% to 5% to address persistent inflation. This pace of change was unprecedented and drove potential purchasers to sit on the sideline. Purchasers appeared to halt their acquisition efforts, shifting their strategic focus towards internal operations management and optimization.

In Q1 2024, Sequeira saw re-engagement from purchasers that had previously put their acquisition strategies on hold. One encouraging trend in the market is the substantial amount of capital available for deals. Private equity dry powder has reached an all-time high, growing by 8% between 2022 and 2023, totaling \$2.6 trillion.

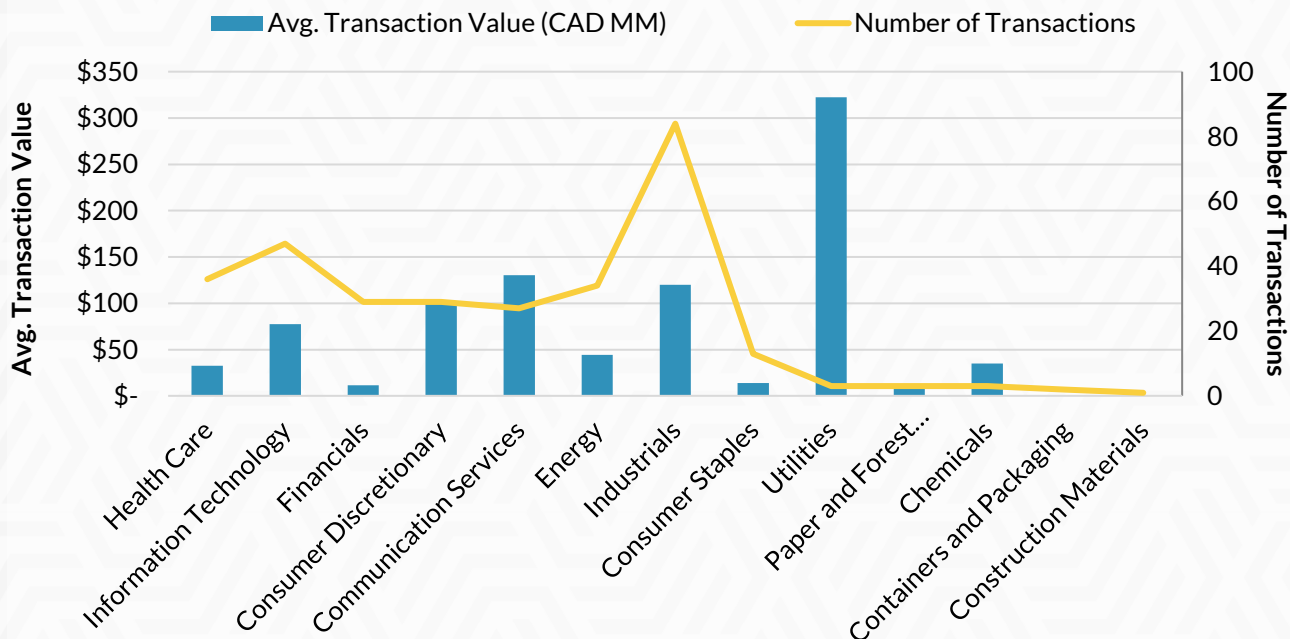
Deal Volumes	Q1 '24	Q1 '23	Change	%
January	113	84	29	35%
February	102	105	-3	0%
March	96	63	33	33%

Similarly, the cash balances of the S&P 500 companies have reached unprecedented levels. These funds will need to be deployed strategically to enhance shareholder wealth, possibly through acquisitions. While there are a number of positive trends, deal volumes still remain 20% below Q1 '22. We have not seen a 'return to normal' but remain cautiously optimistic about the outlook for 2024.

Industry Overview



Q1 2024 Canadian Transactions By Industry ^(1,2)



Q1 2024's Most Active Industries ^(1,2)

Industry	2024 Transaction Volume	
	Q1	Average Transaction Value ⁽²⁾
Industrials	84	\$119.9M
Information Technology	47	\$77.5M
Consumer Discretionary	29	\$100.1M
Financials	29	\$11.4M
Energy	34	\$44.2
Healthcare	36	\$32.7M

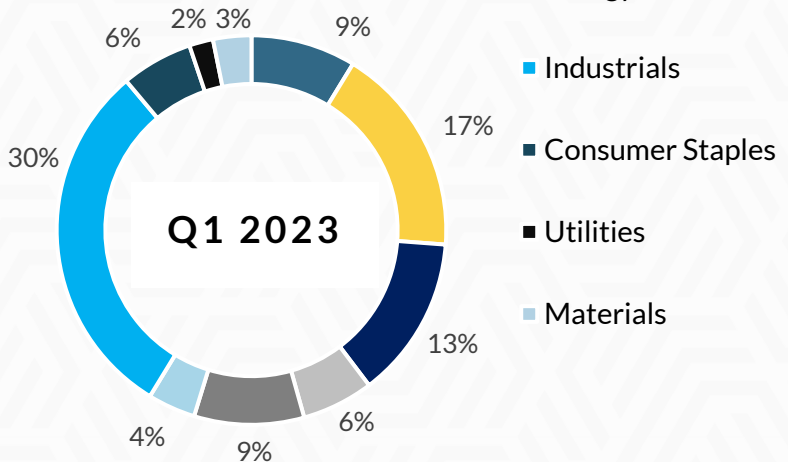
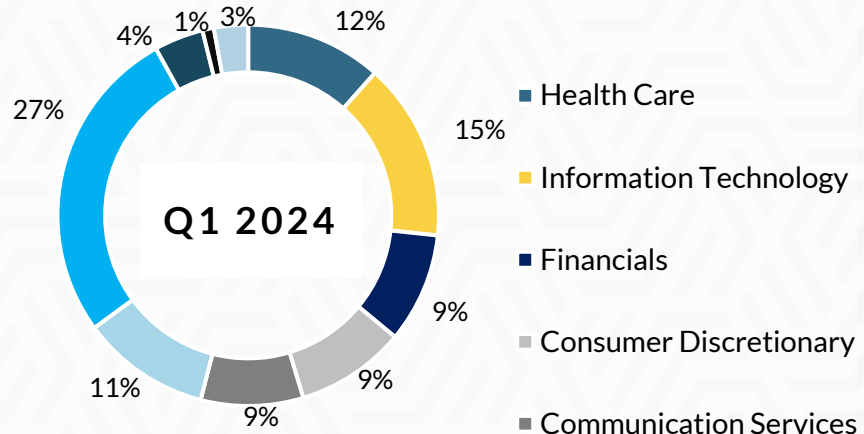
Industry Overview

Q1 2024 Canadian Transactions By Industry ⁽¹⁾

Although there were minor fluctuations in certain sectors, the general landscape between Q1 2024 and Q1 2023 remained largely steady during this timeframe.

In the industrial sector, while the percentage of total transactions declined, there was a slight uptick in the number of transactions, rising from 76 in Q1 2023 to 84 in Q1 2024.

The energy sector remains notably active, driven primarily by E&P consolidation, resulting in the most active Q1 for M&A in 7 years.



Buyer Profile

Canadian Transactions By Buyer Location⁽¹⁾

Buyer Location	Q1 2023 (Count)	Q1 2023 (%)	Q1 2024 (Count)	Q1 2024 (%)
Western Canada	59	23%	78	25%
Eastern Canada	88	35%	94	30%
USA	61	24%	74	24%
International	22	9%	33	11%
Not Disclosed	22	9%	32	10%
Total	252	100%	311	100%

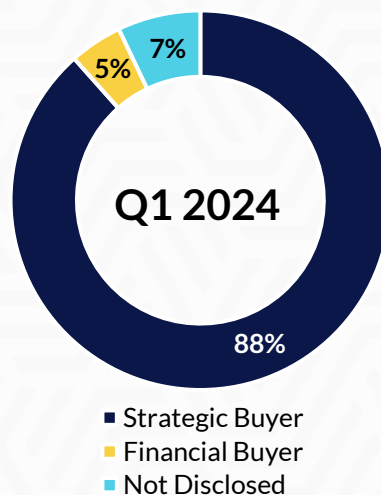
Domestic players continue to be the largest acquirers in Q1 2024 with 55% buying out Canadian-based businesses during the quarter. While we see a notable uptick in volume of closed deals compared to Q1 2023, the buyer profiles remain similar as a percentage of total transactions to what we have seen in quarters past.

Canadian Transaction By Buyer Type⁽¹⁾

Q1 2024 saw a similar mix of strategic and financial buyers compared to Q1 2023. The stabilization of interest rates is expected to drive increased financial buyer activity going forward.

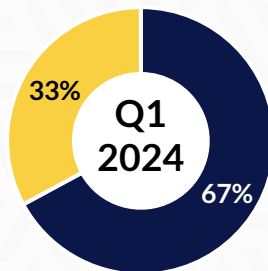
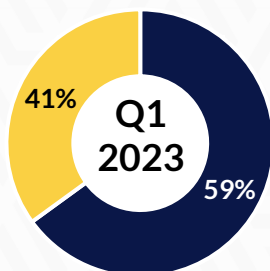
Financial buyers are developing structural alternatives to upfront cash payments in the form of equity consideration, earnout structures to incentive and align with the sellers of the business.

Buyer Type	Q1 2023	Q1 2024
Strategic	90%	88%
Financial	6%	5%
Not Disclosed	4%	7%



Seller Profile

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



■ Western Canada
■ Eastern Canada

Historically, Eastern Canadian companies made up the majority of the seller landscape in Canada and continue to do so in Q1 2024. Western Canadian businesses made up 33% of transactions in Q1 2024 compared to 41% in Q1 2023.

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

Seller Location	Q1 2023 (Count)	Q1 2023 (%)	Q1 2024 (Count)	Q1 2024 (%)
British Columbia	50	56%	42	57%
Alberta	26	29%	30	41%
Saskatchewan	7	8%	1	1%
Manitoba	6	7%	1	1%
Total	89	100%	74	100%
Notable Transactions ⁽⁴⁾	\$3.3B acquisition of Fusion Pharmaceuticals Inc. (NasdaqGS: FUSN) by AstraZeneca AB		\$5.4B acquisition of Enerplus Corporation (TSX:ERF) by Chord Energy Corporation (NasdaqGS:CHRD)	

Q1 2024 saw a notable increase in deal volume with 311 closed transactions compared to 252 in Q1 2023. However, Western Canada experienced a modest decrease in Q1 2024 compared to Q1 2023.

Notable Canadian Transactions



Select Q1 2024 Deals in Western Canada

Date	Target	Target Prov.	Buyer
3/27/2024	Summerland Energy Inc.	AB	Clear North Energy Corp
3/20/2024	Solar Flow-Through L.P.	BC	SolarBank Corporation (NEOE:SUNN)
3/7/2024	Cathedra Bitcoin Inc. (TSXV:CBIT)	BC	Kungsleden, Inc.
3/5/2024	Great West Equipment Ltd.	BC	Grupo Nors
3/4/2024	ARTMS, INC.	BC	Telix Pharmaceuticals Limited (ASX: TLX)
2/26/2024	Scott Springfield Mfg. Inc.	AB	Modine Manufacturing Company (NYSE:MOD)
2/1/2024	MHK Insurance Inc.	AB	McDougall Insurance Brokers Limited.
1/24/2024	MediaValet Inc.	BC	Symphony Technology Group, LLC
2/1/2024	Integrated Pest Supplies Ltd.	BC	ES OpCo USA LLC
1/24/2024	STN Video Incorporated	BC	Pro Sportority (Israel) Ltd.
1/17/2024	Containerworld Forwarding Services Inc.	AB	Mullen Group Ltd. (TSX:MTL)
1/5/2024	Blackspur Oil Corp.	AB	Astara Energy Corp.



Recent Transactions

Advisor to



MHK
INSURANCE

on the sale to



McDougall
INSURANCE & FINANCIAL

A subsidiary of



Sequeira Partners is proud to have acted as the exclusive financial advisor to MHK Insurance Inc. on their recent transaction with McDougall Insurance.

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.

About Us

Sequeira Partners is Western Canada's largest boutique advisory firm, specializing in sell-side deal advisory and corporate valuations. Having completed more than 175 national and cross-border transactions, and over 500 valuation mandates, we are proud of our diverse industry experience and credentials. At Sequeira Partners, we combine decades of experience and top-tier credentials to deliver client-centric service with a personalized, boutique approach.

Learn more at: www.sequeirapartners.com

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