

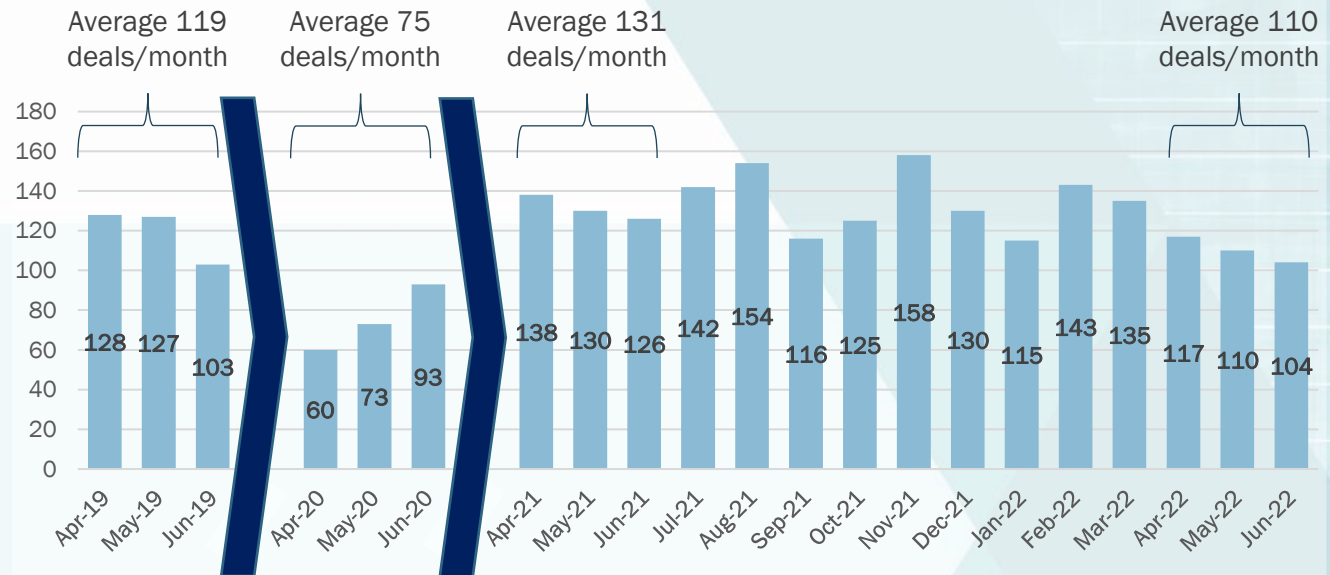


# Value & Market Insights

2022 | Q2

# Deal Volume

## Canadian Transaction Volume <sup>(1)</sup>



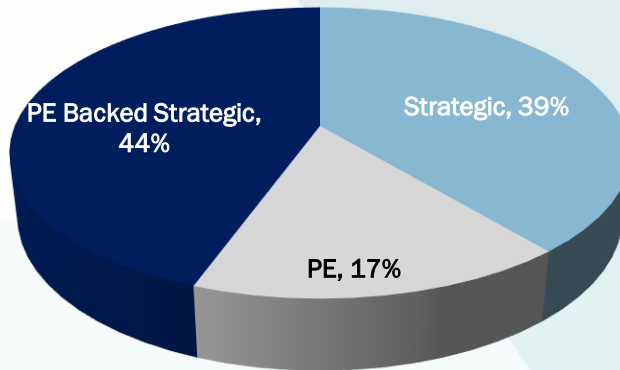
Canadian transaction volume continued the downward trend, which started in the back end of 2021. Although average deal volume for Q2 2022 is down 16% from Q2 2021, volume appears to be getting back to pre-COVID normal levels.

Bain & Company's Global Private Equity Report 2022 stated in 2021 private equity raised a record level of dry powder reaching \$3.4 trillion globally. This large volume of dry powder is expected to help sustain M&A activity for the remainder of 2022 and into 2023, especially with sectors and companies that have continued appetite to grow.

With inflation at an all-time high, the Bank of Canada responded by tightening the monetary policies and increasing interest rates 2% by July 2022, to 2.5%. At a higher cost of debt, buyers are faced to realize a higher cost of capital which results in an increased hurdle rate requirement on potential investments. Additional uncertainty surrounding the public markets and a suspected recession on the horizon have caused buyers to become increasingly cautious in selecting investment opportunities that are accretive.

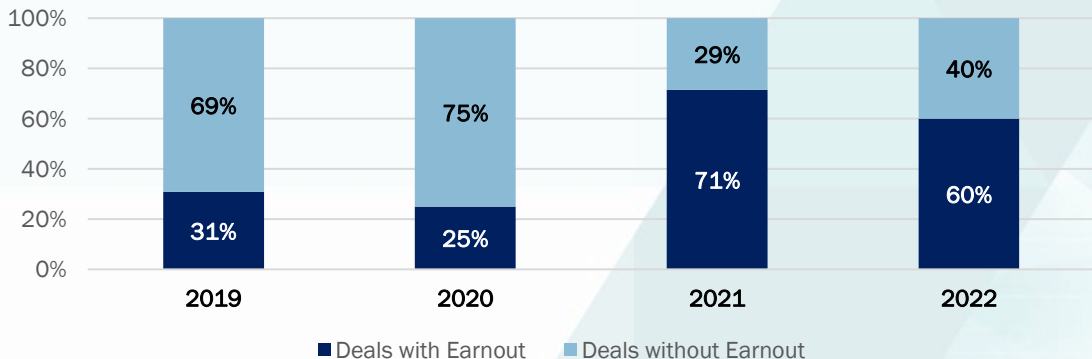
# Sequeira Stats

## Buyer Profile



From our proprietary data, Sequeira has seen a **+19% increase** in PE Backed strategic acquisitions over the last two years. This increase shows that financial buyers are heavily focusing on **synergies and integration**, rather than just cash generation.

## Deal Structure



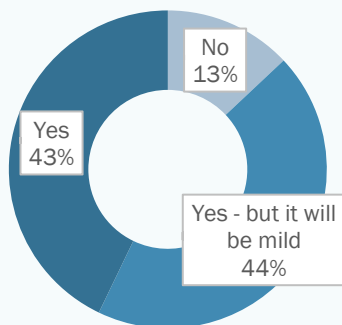
Aligned with the increase in PE backed strategic deals is an increase in post-deal earnout, which is a financial incentive based on future business performance.

# Survey Says...

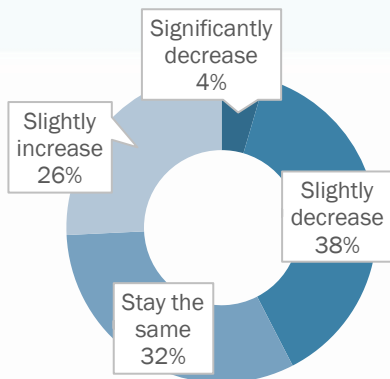
## Q2 2022 Survey Demographics & Results

In April & May 2022, Sequeira surveyed Mid-Market M&A professionals from all over the world through our AICA affiliate network, CBV community and various sell-side advisors. **68%** of respondents were North American, **20%** were European, and the remaining **12%** were from Africa, Australia, South America and Asia. Over **40%** respondents primarily work with industrial businesses, while roughly **15%** work with technology and software businesses. Majority of respondents typically advise on transactions of \$20M-\$100M.

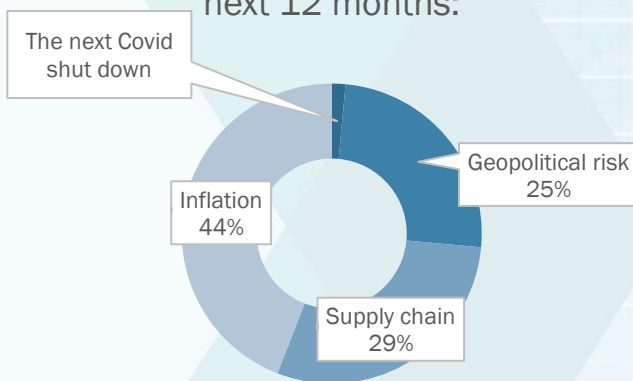
### Is a recession coming?



### In the next 12 months, I expect the number of deals to:



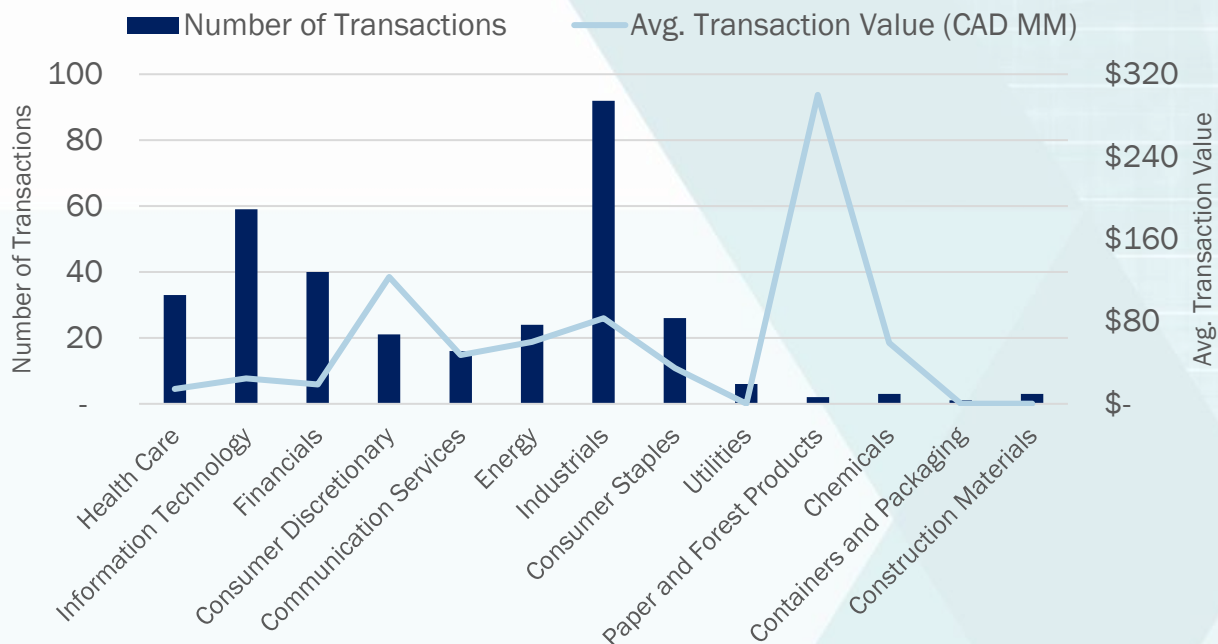
### My biggest concerns about the next 12 months:



Although **87%** of respondents agree a recession is coming, majority believe it will be mild and that deal count is only expected to **slightly decrease** over the next 12 months. Majority of respondents believe transaction multiples will **slightly decrease** as a result of the upcoming succession wave which will increase the market supply of transactions. Overall, **44%** of respondents expressed that their biggest concern over the next 12 months is inflation, while **29%** are most concerned about supply chain issues.

# Industry Overview

## Q2 2022 Canadian Transactions By Industry <sup>(1,2)</sup>



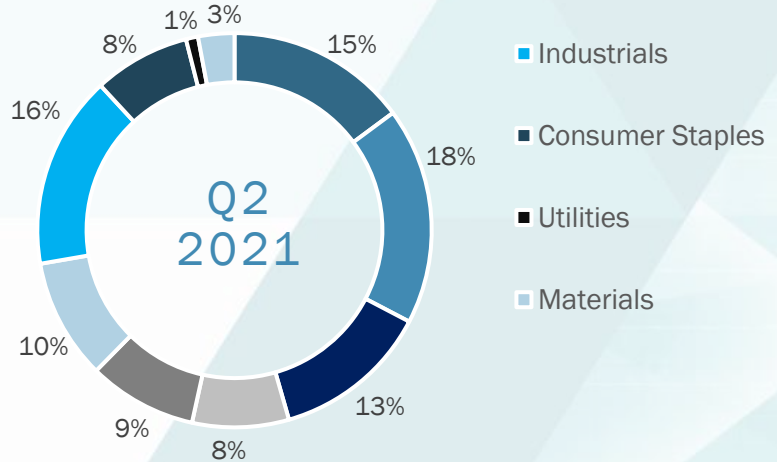
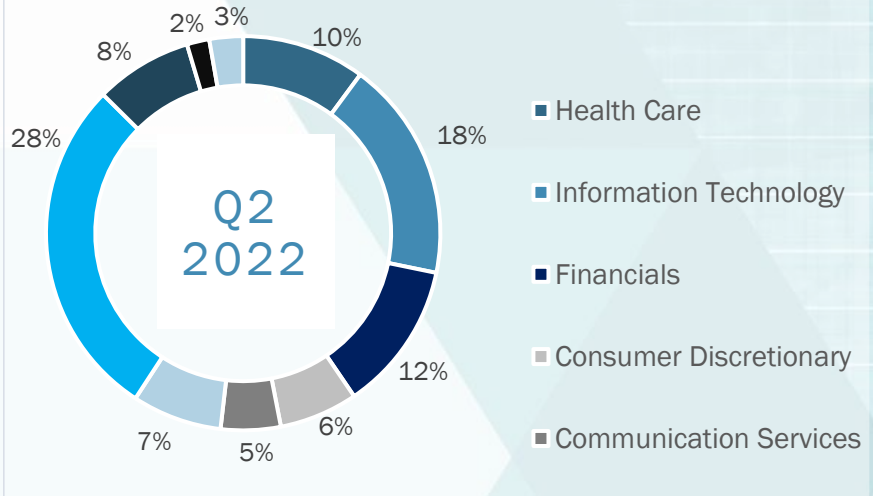
## Q2 2022's Most Active Industries <sup>(1,2)</sup>

Industry	2022 Transaction Volume		Average Transaction Value <sup>(2)</sup>
	Q2		
Industrials	92		<b>\$83.1M</b>
Information Technology	66		<b>\$24.4M</b>
Financials	40		<b>\$18.7M</b>
Health Care	33		<b>\$14.3M</b>
Consumer Staples	26		<b>\$34.4M</b>
Energy	36		<b>\$60.1M</b>

# Industry Overview

## Number of Canadian Q2 2022 Transactions By Industry <sup>(1)</sup>

Industrials saw an increase in number of transactions in Q2 2022 compared to Q2 2021 – an increase from 16% to 28% of total number of transactions. There has been steady growth in industrials throughout 2021, with a 47% increase in industrial transactions, as a percentage of total transactions, from Q1 2022 to Q2 2022. After booming during COVID, healthcare has continued to decrease as a percentage of transactions, moving from 19% in Q2 2020 to 15% in Q2 2021 to 10% in Q2 2022.



# Buyer Profile

## Canadian Transactions By Buyer Location <sup>(1)</sup>

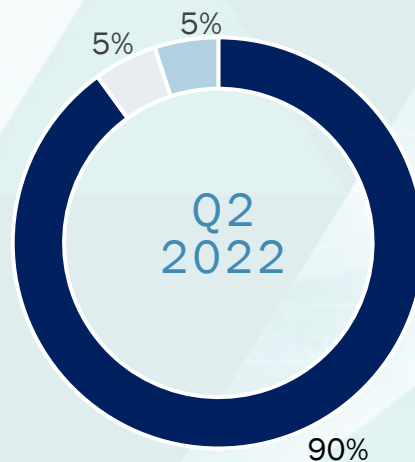
Buyer Location	Q2 2021 (Count)	Q2 2021 (%)	Q2 2022 (Count)	Q2 2022 (%)
Western Canada	112	29%	73	22%
Eastern Canada	137	36%	123	38%
USA	68	18%	75	23%
International	35	9%	36	11%
Not Disclosed	32	8%	19	6%
<b>Total</b>	<b>384</b>	<b>100%</b>	<b>326</b>	<b>100%</b>

The USA buyer market has shown relative increasing interest in the Canadian market, compared to the prior year. However, the domestic Canadian buyer's market continues to be the largest acquirer making up 60% of Canadian transactions in Q2 2022.

## Canadian Transaction By Buyer Type <sup>(1)</sup>

Strategic acquirors remained the dominant buyer type through Q2 2022, looking for synergistic opportunities, despite an increased interest rate cost environment.

Buyer Type	Q2 2021	Q2 2022
Strategic	88%	90%
Financial	8%	5%
Not Disclosed	4%	5%

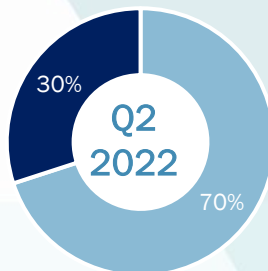
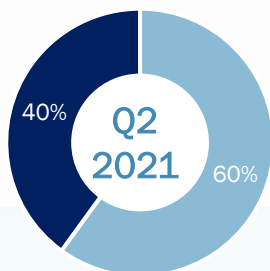


■ Strategic Buyer □ Financial Buyer ■ Not Disclosed



# Seller Profile

## Western Canada vs. Eastern Canada <sup>(1)(2)</sup>



■ Western Canada  
■ Eastern Canada

Eastern Canadian companies continue to make up the majority of sellers in Canada, making up 70% vs. Western Canada at 30%.

## Western Canadian Transactions By Location <sup>(1)(2)(3)</sup>

Seller Location	Q2 2021 (Count)	Q2 2021 (%)	Q2 2022 (Count)	Q2 2022 (%)
British Columbia	74	63%	42	53%
Alberta	38	32%	30	38%
Saskatchewan	4	3%	3	4%
Manitoba	2	2%	5	6%
<b>Total</b>	<b>142</b>	<b>100%</b>	<b>92</b>	<b>100%</b>
Notable Transactions <sup>(4)</sup>	\$26.6B acquisition of Shaw Communications Inc. (TSX:SJR.B) and Freedom Mobile by Rogers Communications Inc. (TSX:RCI.B)		\$2.92B acquisition of LifeWorks Inc. (TSX:LWRK) by Telus (TSX:T)	

Western Canada saw a decrease in transactions in Q2 of 2022 compared to Q2 of 2021. In particular, BC saw the largest decrease in the number of transactions. However, the number of transactions is still relatively high compared to pre-COVID years. The most notable acquisition throughout the quarter was LifeWorks, which Telus purchased, to continue its push towards providing adequate access to healthcare.



# Notable Canadian Transactions

Select Q2 2022 Industrial and Diversified Deals in Western Canada			
Date	Target	Target Prov.	Buyer
4/1/2022	Premium Truck and Trailer Inc.	BC	First Industries Corporation
4/4/2022	ComalaTechnology Solutions, Inc.	BC	Appfire Technologies, LLC
4/11/2022	Aquiform Distributors Ltd.	BC	Undisclosed Buyer
4/11/2022	ZLC Employee Benefits Solutions	BC	Synex Business Performance
4/18/2022	Flexible Solutions International, Inc. (NYSEAM:FSI)	AB	Lygos, Inc.
5/2/2022	JCA Industries Inc.	MB	AGCO Corporation (NYSE:AGCO)
5/5/2022	Avcorp Industries Inc. (TSX:AVP)	BC	Latécoère S.A. (ENXTPA:LAT)
5/25/2022	Kings Entertainment Group Inc. (CNSX:JKPT)	BC	Sports Venture Holdings Inc.
6/2/2022	EckRim Agencies Ltd.	AB	Westland Insurance Group Ltd.
6/2/2022	Wm. Anderson Agencies Ltd.	BC	Westland Insurance Group Ltd.
6/2/2022	SmogBuster Inc.	AB	The Mikisew Group of Companies Corporation
6/12/2022	The Canadian Trade House Ltd	AB	TEJA Food Group
6/23/2022	Finn AI	BC	Glia Technologies, Inc.
6/28/2022	Tality Kombucha Inc.	BC	Vegano Foods Inc. (CNSX:VAGN)



# Team Update



Building on the momentum of 2021 we continue to enhance the strength and depth of our team, adding a new member to Sequeira Partners in our Edmonton office. Welcome to the team Michelle!

**Michelle Zhou** Edmonton

## Our Partners

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## Recently Completed Transactions

**Advisor to**  
  
**on the sale to**  
  
June 2022  
  
Legal advice provided by  


**Advisor to**  
  
**on the sale to**  
**An Undisclosed  
Pool Co.**  


**Advisor to**  
  
**Employee Benefits division  
on its partnership with**  
  


## 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](http://www.sequeirapartners.com).

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