



Western Canada M&A Update

2025 Q1

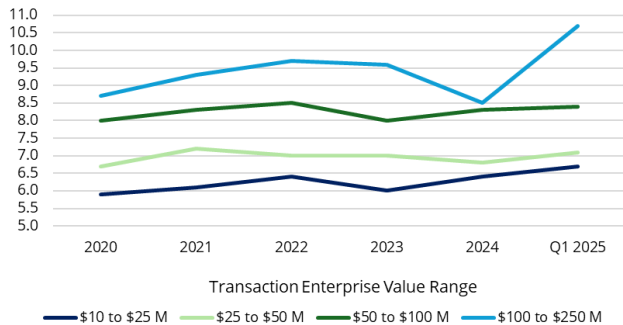


Commentary

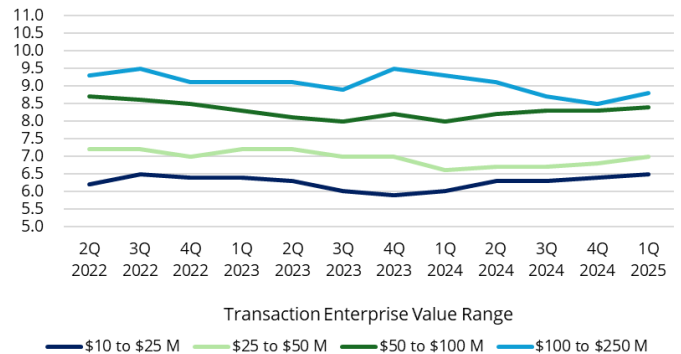
- Private equity firms and strategic acquirers remained well-capitalized, but many paused Q1 deals awaiting clarity on tariffs, rates, and GDP growth. It was not uncommon to see various parties defer transaction plans despite favorable long-term fundamentals. Deal professionals anticipate that once trade tensions subside and interest rate paths stabilize, the region could see a swift rebound in M&A activity—particularly in sectors benefiting from infrastructure expansion, industrial services, and cross-border buyer interest.
- Western Canada began 2025 under pressure from both external and domestic forces. The Bank of Canada continued to cut rates during Q1 adding to the five reductions through 2024 with the prime rate currently sitting at 4.95%. While inflation approached target levels (~2.0%), economic sentiment deteriorated. The Canadian Federation of Independent Business (CFIB) reported record-low small business confidence in March, largely attributed to uncertainty following U.S.-imposed tariffs on Canadian exports.
- Energy sector fundamentals presented a mixed picture. As of March 31, 2025 WTI crude prices stabilized near US\$71, while Western Canadian Select (WCS) remained strong at ~US\$60, aided by the operational launch of the Trans Mountain expansion, which slightly narrowed the WCS-WTI differential. To late May 2025 Oil prices have continued to fall by approximately another US\$10.

Private Equity Sponsored Transaction Multiples

Enterprise Value / EBITDA - Annual



Enterprise Value / EBITDA - 4 Quarter Rolling Average



Enterprise Value	Enterprise Value / EBITDA					
	2020	2021	2022	2023	2024	Q1 2025
\$10 to \$25 M	5.9	6.1	6.4	6.0	6.4	6.7
\$25 to \$50 M	6.7	7.2	7.0	7.0	6.8	7.1
\$50 to \$100 M	8.0	8.3	8.5	8.0	8.3	8.4
\$100 to \$250 M	8.7	9.3	9.7	9.6	8.5	10.7

Source: GF Data®

Enterprise Value	Enterprise Value / EBITDA - 4 Quarter Rolling Average							
	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
\$10 to \$25 M	6.3	6.0	5.9	6.0	6.3	6.3	6.4	6.5
\$25 to \$50 M	7.2	7.0	7.0	6.6	6.7	6.7	6.8	7.0
\$50 to \$100 M	8.1	8.0	8.2	8.0	8.2	8.3	8.3	8.4
\$100 to \$250 M	9.1	8.9	9.5	9.3	9.1	8.7	8.5	8.8

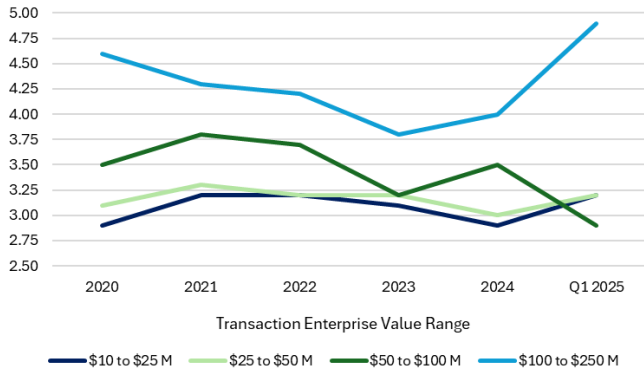
Source: GF Data®

- Despite a nearly 40% drop in reported Private Equity Sponsored middle-market deal volume, average valuation multiples rebounded in Q1 2025. Transactions in Q1 2025 had an average EV/EBITDA multiple of **7.6x**, up from **7.3x** in Q4 2024 and marking the highest quarterly average since mid-2022. The increase reflects strong competition for quality assets and higher appetite from buyers for resilient or strategically aligned businesses.
- Multiples rose across most deal size tiers. Notably, deals in the **\$100–250M** EV range averaged **10.7x**, significantly above Q4 levels and historical norms. Smaller deals, **\$10–25M** also posted gains, rising from **6.4x to 6.7x**. This trend suggests continued competition for lower-mid-market platforms, even as sponsors shift focus toward strategic add-ons.

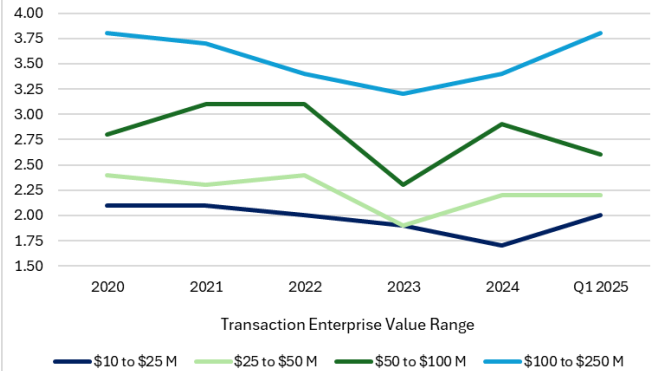


Private Equity Sponsored Leverage Multiples

Total Debt / EBITDA - Platform Investments



Senior Debt / EBITDA - Platform Investments



Total Debt / EBITDA - Platform Investments

Enterprise Value	2020	2021	2022	2023	2024	Q1 2025
\$10 to \$25 M	2.9	3.2	3.2	3.1	2.9	3.2
\$25 to \$50 M	3.1	3.3	3.2	3.2	3.0	3.2
\$50 to \$100 M	3.5	3.8	3.7	3.2	3.5	2.9
\$100 to \$250 M	4.6	4.3	4.2	3.8	4.0	4.9

Source: GF Data®

Senior Debt / EBITDA - Platform Investments

Enterprise Value	2020	2021	2022	2023	2024	Q1 2025
\$10 to \$25 M	2.1	2.1	2.0	1.9	1.7	2.0
\$25 to \$50 M	2.4	2.3	2.4	1.9	2.2	2.2
\$50 to \$100 M	2.8	3.1	3.1	2.3	2.9	2.6
\$100 to \$250 M	3.8	3.7	3.4	3.2	3.4	3.8

Source: GF Data®

- Across all platform deals, **total debt** averaged **3.3x** EBITDA in Q1, decreasing over the previous quarter but consistent with the overall 2024 average. Similarly **senior debt** averaged **2.6x** EBITDA in Q1 decreasing slightly over the previous quarter but consistent with the overall 2024 average, reflecting continued lender support amid lower deal flow and broader macro uncertainty.
- Leverage trends varied considerably by deal size: Larger deals (\$100–250M) saw senior debt expand to 3.8x EBITDA. Meanwhile, deals in the \$10–100M range experienced modest decreases in senior debt from 2024 averages, with banks showing more discipline in underwriting middle-tier credits.
- Platform investments (as opposed to add-on transactions) continue to be more conservatively financed, with average equity contribution rising to 59.7% in Q1 2025, and senior and sub debt falling to 32.6% and 7.7%, respectively. This underscores lenders continuing to favor add-on deals with existing facilities, while financing new platform investments more prudently by approximately 0.5x EBITDA less total debt.



Western Canadian Transactions Q1 2025

Date	Target	Sector	Target Location	Acquirers	Acquirer's Location	News Link
2025-03-25	Successware	Software	Columbia, Maryland	JDM Technology Group	Vancouver, BC	Link
2025-03-17	Sonic Strategy	Software	Vancouver, BC	Spetz	Toronto, ON	Link
2025-03-13	ShareDo	Internet Software and Services	Alderley Edge, United Kingdom	Clio	Burnaby, BC	Link
2025-03-11	Paved	Marketing	New York, New York	Redbrick	Victoria, BC	Link
2025-03-10	Cavern Solutions	Engineering	Houston, Texas	Subterra Engineering	Calgary, AB	Link
2025-03-06	Drayton Valley Insurance Agency	Insurance	Drayton Valley, AB	HUB International	Chicago, Illinois	Link
2025-03-06	Loewen Agencies	Insurance	Radville, SK	Westland Insurance	Surrey, BC	Link
2025-03-06	OHM Security	Safety/Security	Mississauga, ON	Scarlet Security & Risk Group	Calgary, AB	Link
2025-03-06	Ragnarok	Marketing	New York, New York	Apply Digital	Vancouver, BC	Link
2025-03-05	Airmaster	Manufacturing	Winnipeg, MB	Barricades	Sturgeon County, AB	Link
2025-03-05	CAC Industrial Equipment	Distribution	Victoria, BC	FloWorks	Pasadena, Texas	Link
2025-03-05	Delco Security	Information Technology	Saskatoon, SK	Convergint	Schaumburg, Illinois	Link
2025-03-04	PurposeMed	Healthcare Services	Calgary, AB	True North Co.	Mumbai	Link
2025-03-04	Wallace Perimeter Security	Manufacturing	Winnipeg, MB	ASSA ABLOY	Stockholm, Sweden	Link
2025-03-03	Orion Water Solutions	Environmental	Austin, Texas	Whitewater	Calgary, AB	Link
2025-02-28	Lake Country Modular	Construction	Kelowna, BC	Built Prefab	Kelowna, BC	Link
2025-02-24	Canadian North	Airlines	Kanata, ON	Exchange Income	Winnipeg, MB	Link
2025-02-24	Fuse Insurance	Insurance	Calgary, AB	Axis Insurance Managers	Vancouver, BC	Link
2025-02-20	SkyForest	Internet Software and Services	United States	EarthDaily Analytics	Vancouver, BC	Link
2025-02-19	Lion Gaming	Digital Media	Calgary, AB	Adventure Box Technology	Stockholm, Sweden	Link
2025-02-19	Obsidian Energy - Operated Pembina Assets	Oil/Gas Exploration	Calgary, AB	InPlay Oil	Calgary, AB	Link
2025-02-19	Synchena Consulting - IT division	Information Technology	St. Paul, MB	HUB Technology Solutions	Winnipeg, MB	Link
2025-02-18	Gateway Medical Pharmacy	Healthcare Services	Portland, Oregon	Medicure	Winnipeg, MB	Link
2025-02-18	Kobelt	Manufacturing	Surrey, BC	Twin Disc	Milwaukee, Wisconsin	Link
2025-02-11	Sunco	Food	Burnaby, BC	Fulcrum Capital Partners	Vancouver, BC	Link
2025-02-05	R.K. Batra Group	Oil/Gas Exploration	Noida, India	Rektron Group	Vancouver, BC	Link
2025-02-04	Palliser Insurance	Insurance	Saskatoon, SK	Farmers Mutual Hail Insurance	West Des Moines, Iowa	Link
2025-01-28	Fintracker	Internet Software and Services	Winnipeg, MB	First Canadian Title	Oakville, ON	Link
2025-01-27	ASQS	Software	Calgary, AB	Comply365	Beloit, Wisconsin	Link
2025-01-27	Rokstad Power	Utilities	Coquitlam, BC	Stellax Capital Management	New York, New York	Link
2025-01-21	SkyNorth Air	Airlines	Winnipeg, MB	Northway Aviation	Andrews, MB	Link
2025-01-15	3C Information Solutions	Communications	Edmonton, AB	Aliter Technologies	Toronto, ON	Link
2025-01-15	GHY International	Business Services	Winnipeg, MB	SeaFort Capital Inc.	Halifax, NS	Link
2025-01-15	Seair Seaplanes	Airlines	Vancouver, BC	Krystal Growth Partners	Vancouver, BC	Link
2025-01-15	Sparrow Connected	Software	Edmonton, AB	ThoughtExchange	Rossland, BC	Link
2025-01-14	Acuva Technologies	Manufacturing	Burnaby, BC	Watersprint	Lund, Sweden	Link
2025-01-13	Purecan	Distribution	Frankfurt, Germany	High Tide	Calgary, AB	Link
2025-01-08	Maskwa High Voltage	Utilities	Calgary, AB	ENTRUST Solutions	Warrenville, Illinois	Link
2025-01-07	Matic Insurance	Insurance	Columbus, Ohio	Vistara Growth	Vancouver, BC	Link
2025-01-07	Petrosight	Software	Calgary, AB	PakEnergy	Abilene, Texas	Link
2025-01-07	WebPurify	Internet Software and Services	Irvine, California	IntouchCX	Winnipeg, MB	Link
2025-01-06	MmHg	Software	Edmonton, AB	Myant	Mississauga, ON	Link

- M&A activity in Western Canada slowed in Q1 2025 as macro uncertainty weighed on deal volume with 42 noted transactions in comparison to 51 in Q4 2024. While US Private Equity sponsored deal counts dropped nearly 40% from Q4, the Western Canadian landscape saw continued—but cautious—activity across several core sectors.



Who We Are & Mission

- TrailWise Capital is an independent M&A advisory firm dedicated to serving clients across Alberta with exceptional experience and expertise. Specializing in divestitures and acquisition advisory, we cater to middle and lower middle market companies in various industries across the spectrum of the economy.
- With extensive transaction and industry experience, TrailWise provides sophisticated advisory services to meet client's unique needs. We pride ourselves on our ability to navigate the intricacies of M&A transactions, ensuring successful outcomes for our clients.
- We aim to empower our clients' success and growth by providing expert transaction and corporate finance solutions, driven by innovation, integrity, and a deep understanding of market dynamics. We strive to be a premier boutique firm, where our expertise and tailored approach enable businesses to thrive in an evolving economic environment.

Values

- Integrity and Accountability** We hold ourselves accountable in all our dealings
- Client-Centric Approach** Our clients are at the heart of everything we do.
- Innovation and Agility** We embrace innovation and adaptability as core principles
- Experience and Expertise** We have 25 years of M&A and corporate finance experience

Services

- TrailWise helps business owners and executives achieve their financial goals through strategic advisory and transaction services. We offer a personalized approach to exit planning, selling your business / corporate divestitures, acquisitions and financings - ensuring successful outcomes that align with your long-term vision.
- We have significant experience in various industries including Industrial and Energy Services, Alternative Energy, Building Products, Engineering and Construction, Distribution, Facility & Infrastructure Maintenance, Manufacturing, Business Services, Agriculture and Food, and Industrial Technology.
- Our tailored approach and sector expertise allow us to guide our clients through best-in-class transactions, driving growth and successful transactions in their respective industries.



Selling Your
Business



Acquisitions



Financings



Strategic
Advisory

Experience

- David is the founder and President of TrailWise Capital. David has been leading business owners, executive teams, investors, and family offices through divestitures, mergers & acquisitions, debt & equity financings and general financial advisory for over 25 years.
- Prior to the founding of TrailWise Capital, David was a Partner & Senior Managing Director with a national corporate finance firm and led the middle market corporate finance practice in Alberta, Canada.
- David led the creation of a significant Family Office, responsible for overall operations and the sourcing and execution of new investment transactions. Alongside his role at the Family Office, David was the SVP & CFO of the family's operating company, the largest privately held power line construction group in Canada.
- David holds an ICD.D designation from the Institute of Corporate Directors and has served as a board member of several significant private companies involved in waste management, construction and the manufacturing of oil & gas products. David also holds a CPA-CA Chartered Professional Accountant designation and a Chartered Business Valuator designation.