MNP CORPORATE FINANCE INC.

MIDDLE MARKET M&A UPDATE

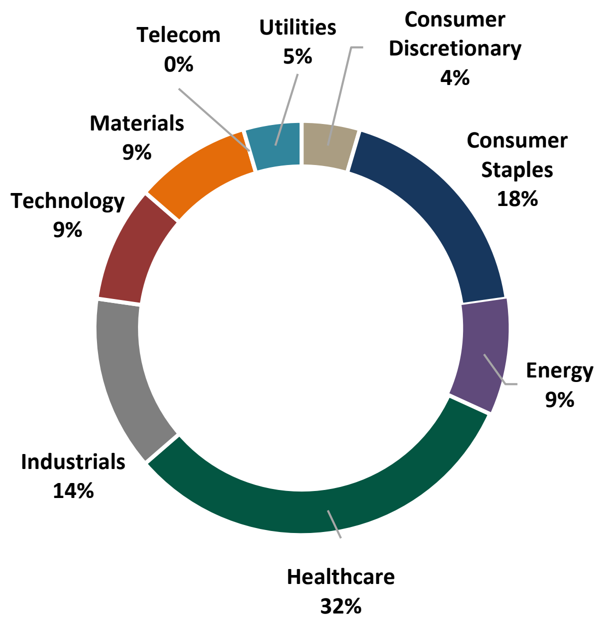
Q4 2018

M&A MARKET SUMMARY
CANADIAN MID-MARKET

Mid-market M&A activity in Canada declined considerably in the fourth quarter of 2018, with an aggregate deal value of $1.7 billion across 22 disclosed transactions, in comparison to $3.8 billion in aggregate deal value across 56 transactions in the preceding quarter. This is largely influenced by shaken investor confidence in light of geopolitical uncertainty, trade disputes, rising interest rates and global economic contraction. In addition, Chinese investments in Canada were further mitigated by capital controls implemented by the Chinese government in efforts to stabilize their currency by restricting capital outflow through overseas investments.

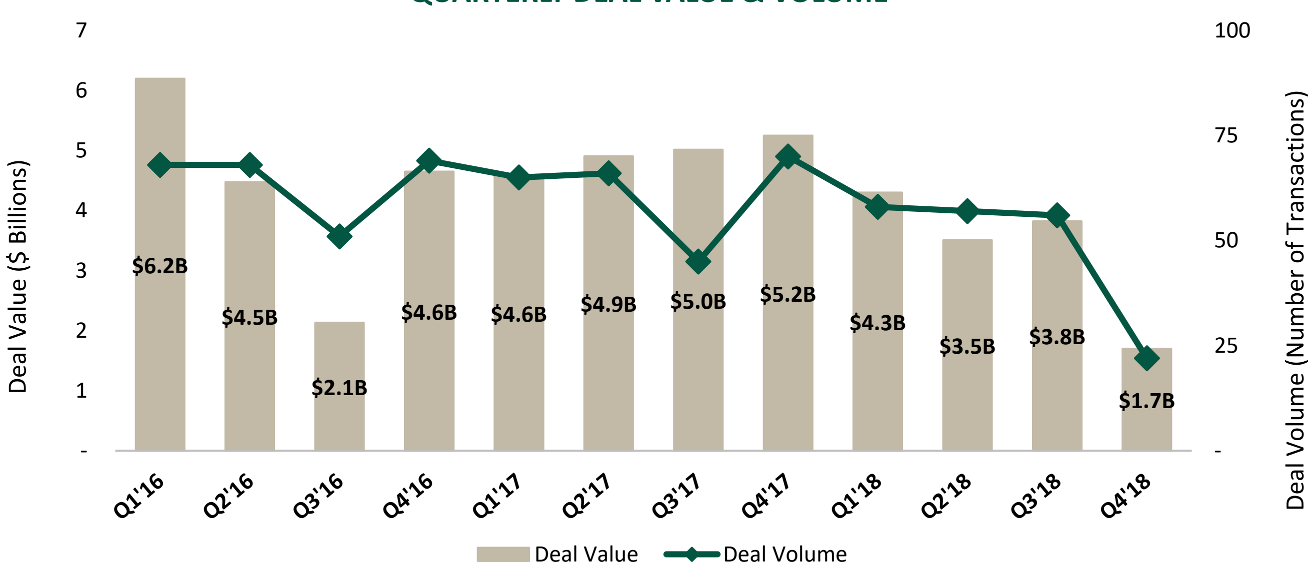
Overcoming some of these headwinds, the healthcare sector was the frontrunner in deal volume during the quarter, representing 32 percent of total transactions, followed by the consumer staples sector representing 18 percent of total transactions. Driving deal volume in both aforementioned sectors were large publicly traded cannabis companies that continued to be active in M&A markets, seeking accretive acquisition opportunities throughout the entire value chain. Notable industry transactions included iAnthus Capital Holdings Inc.'s acquisition of MPX Bioceutical Corp. for a reported $501 million and Aleafia Health Inc.'s acquisition of Emblem Corp. for a reported $169 million.

Q4'18 - M&A VOLUME BY SECTOR*



Despite the reduced M&A activity in the last quarter of 2018, industry sentiment remains optimistic heading into 2019. Private equity firms maintain approximately $1 trillion** in undeployed capital and face increasing pressure to seek viable investment opportunities. In addition, increased competition within highly fragmented industries such as healthcare, consumer staples and technology is expected to spur M&A activity through market consolidation.

QUARTERLY DEAL VALUE & VOLUME*



**Based on Canadian publicly disclosed transactions in the enterprise value range of $5 million to $500 million. Currency in USD. Source: S&P Capital IQ*
***Source: CFA Institute Blogs.*

EQUITY MARKETS

MNP CORPORATE FINANCE INC.

Both the TSX Composite and S&P 500 posted double-digit percentage declines in fourth quarter 2018. The TSX Composite declined by 11.1 percent in fourth quarter 2018, marking its worst quarter since the first quarter of 2011, while the S&P 500 underperformed even further with a decrease of 14.3 percent. Similar to its impact on M&A activity, poor performance in equity markets during the quarter was largely attributable to weakened investor confidence in light of geopolitical uncertainty, trade disputes, rising interest rates and global economic uncertainty.

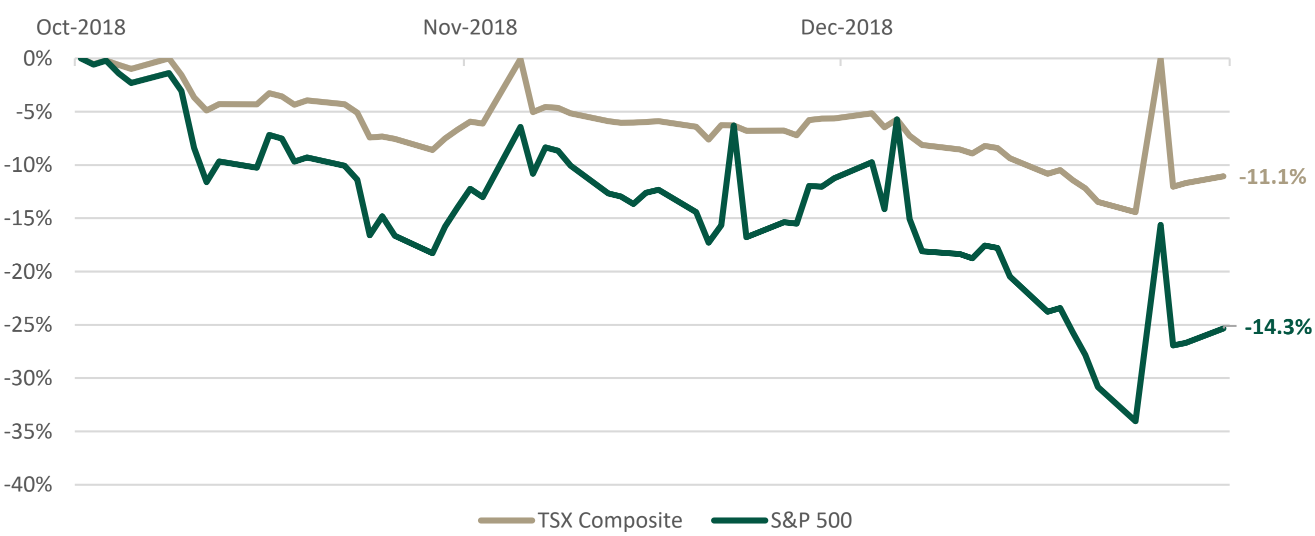
Seven out of ten core sectors in the TSX Composite returned losses in fourth quarter 2018, with only the consumer staples, information technology and telecommunication sectors posting positive returns. The poorest performer was the energy sector, declining 29.2 percent during the quarter, which was consistent with the 34 percent decline observed in the S&P GSCI Energy commodity price index in the same period. Poor performance in energy equities were heavily influenced by plummeting oil prices observed during the quarter, which was reflective of increasing concerns of global oversupply. Conversely, the information technology sector posted a return of 7 percent during fourth quarter 2018, which was primarily attributable to industry players such as Shopify and Tucows delivering earnings results during the quarter that beat analyst expectations.

The S&P 500 underperformed its Canadian counterpart, with nine out of ten core sectors returning losses in fourth quarter 2018. Similar to the TSX Composite, the energy sector was the hardest hit during the quarter, declining 25.5 percent.

Q4 2018 SECTOR PERFORMANCE*

Sector	TSX Composite	S&P 500
Consumer Discretionary	-18.5%	-16.5%
Consumer Staples	0.2%	-5.9%
Energy	-29.2%	-25.5%
Financials	-13.4%	-13.9%
Health Care	-12.8%	-9.6%
Industrials	-2.8%	-18.5%
Information Technology	7.0%	-18.1%
Materials	-12.1%	-13.7%
Telecommunication	2.2%	-6.6%
Utilities	-8.6%	0.8%

NORTH AMERICAN EQUITY INDICES - Q4 2018 PERFORMANCE**



*Sector performance based on the price change of each corresponding sector index over the quarter.
**Q4 performance as of December 31, 2018.
Source: S&P Capital IQ.

TREASURY YIELDS
CANADA

Bond yields in Canada fell in the fourth quarter 2018, despite the October 24, 2018 Bank of Canada (BoC) overnight rate increase from 1.50 percent to 1.75 percent.

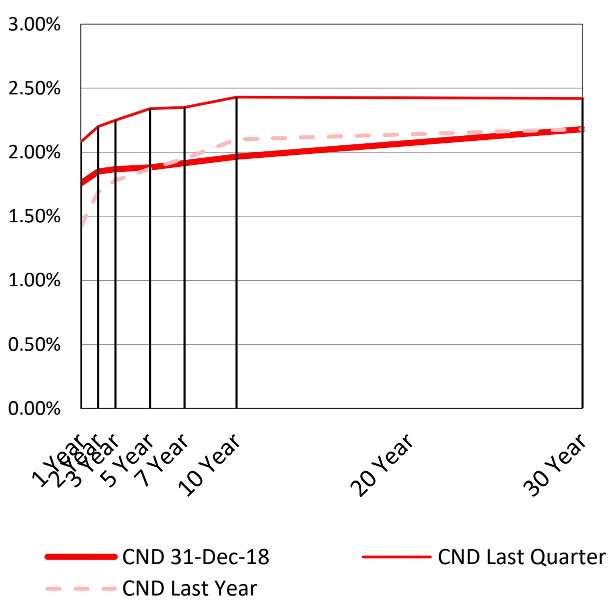
The December 5, 2018 announcement was far more telling of the BoC's position. They held the overnight rate at 1.75 percent and took a much more dovish tone with their announcement. The message was clear – they remain flexible, but for now, rate hikes are done. December 5, 2018 ended with a slight inversion of the yield curve, with 2-year Canadian notes yielding 2.13 percent and 10-year Canadian notes yielding 2.12 percent. The 2/10 spread recovered slightly averaging 9 basis points from December 6, 2018 though the end of the year. This is an extremely low level, indicating a yield curve that is very flat.

The dovish tone taken by the BoC on December 5, 2018 is likely further solidified by the December 19, 2018 announcement of November annualized inflation, which was down to 1.9 percent, based on the BoC's three core inflation measurements, Consumer Price Index (CPI) -trim; CPI-median; CPI-common. The total CPI basket came in lower at 1.7 percent, pulled down by falling gas prices (down 5.4 percent from November 2017) and weakness in the energy sector. It was the first time all three core inflation measures have been below the BoC's 2.0 percent target since June 2018.

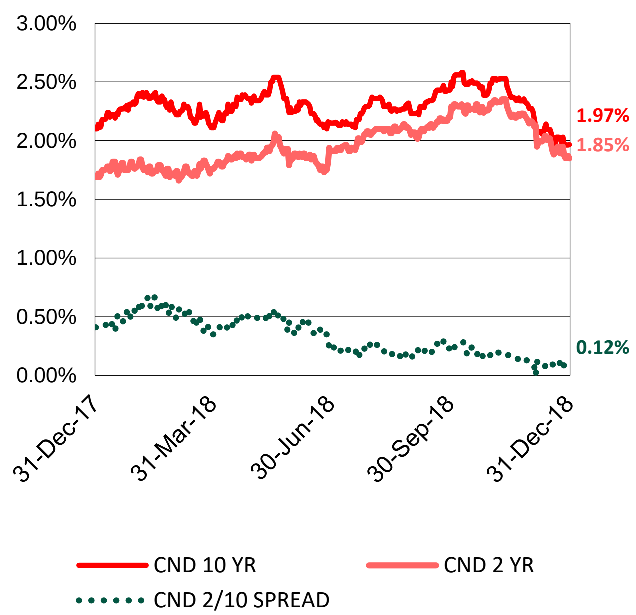
This market weakness was expected (as highlighted last quarter) but it was also exacerbated by the Trump-China trade wars and the arrest of one of Huawei's top executives in Vancouver, which has significantly tarnished Canada-China relations.

Governor of the BoC, Stephen Poloz, has reiterated that the BoC expects to move interest rates higher "eventually," however, many of the top analysts don't expect to hear from the BoC until spring 2019.

CANADIAN GOVERNMENT BOND YIELD CURVES



CANADIAN 2 & 10 YEAR GOVERNMENT BOND YIELDS



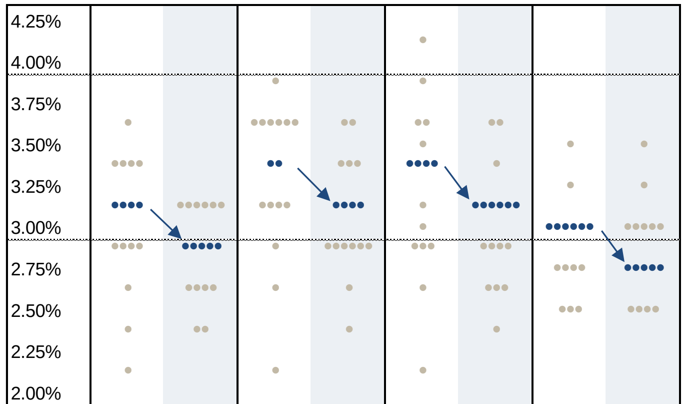
Source: Capital IQ, Bank of Canada, Federal Reserve

TREASURY YIELDS
UNITED STATES

In the U.S., the Federal Open Market Committee (FOMC) raised the Federal Funds Rate on December 19, 2018 for the fourth time in the year, to 2.25 - 2.50 percent. However, the FOMC also reduced their rate hike expectations from three hikes to two hikes for 2019, with longer term expectations also revised downward. This reduction is consistent with the decline in the median values in the Dot Plot from the September FOMC meeting to the December meeting.

The Federal Funds rate hike conflicts with the market response, with yields greater than 2 years falling from September 30, 2018 levels. However, with the 1-year yields holding, the yield curve ended the year with a slight inversion, usually a very bad sign for market performance.

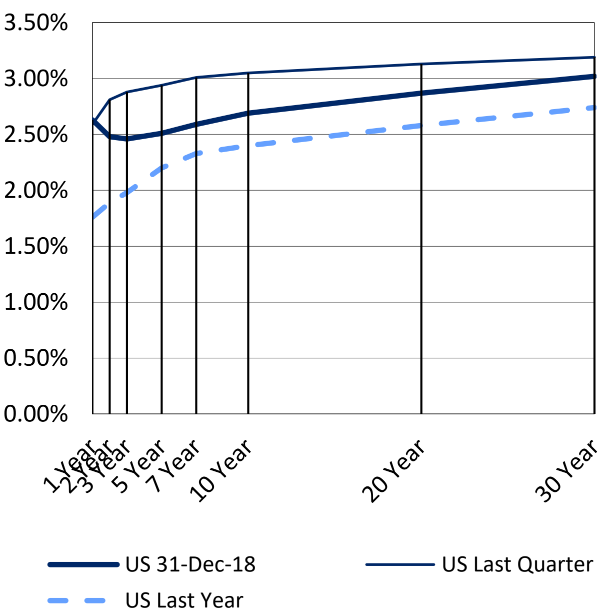
FOMC "DOT PLOT"



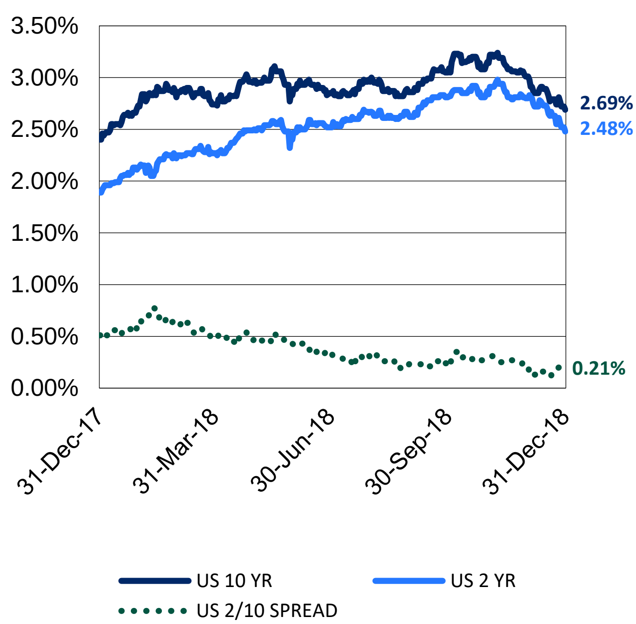
	2019		2020		2021		Long Term	
Meeting	*Sep-18*	*Dec-18*	*Sep-18*	*Dec-18*	*Sep-18*	*Dec-18*	*Sep-18*	*Dec-18*
Average	3.02%	2.85%	3.28%	3.07%	3.23%	3.01%	2.88%	2.84%
Median	3.13%	2.88%	3.38%	3.13%	3.38%	3.13%	3.00%	2.75%

● Median
● FOMC Member Expectation

U.S. GOVERNMENT BOND YIELD CURVES



U.S. 2 & 10 YEAR GOVERNMENT BOND YIELDS



Source: Capital IQ, Federal Reserve

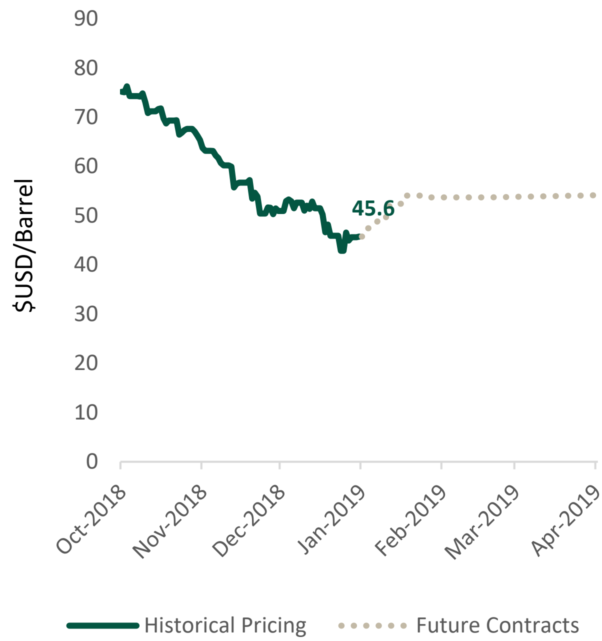
COMMODITY MARKETS

The crude oil market experienced a significant decline in fourth quarter 2018 with prices falling from US$73.1 per barrel West Texas Intermediate (WTI) to $45.6/bbl during the quarter. Crude oil futures also tumbled below $60 for the first time since October 2017. The falling oil prices were primarily attributable to the waivers granted to eight large Iranian oil importing countries by the U.S., despite previously announced sanctions against Iran in efforts to re-negotiate the Joint Comprehensive Plan of Action (JCPOA).

Natural gas prices at benchmark Henry Hub strengthened in the earlier part of fourth quarter 2018, rising to US$4.7/mmBTU in November before plummeting to $2.8/ mmBTU at the end of the quarter. Natural gas prices were initially driven up by the lower than normal natural gas stockpiles until favorable weather conditions boosted growth in natural gas production, consequently alleviating upward price pressure.

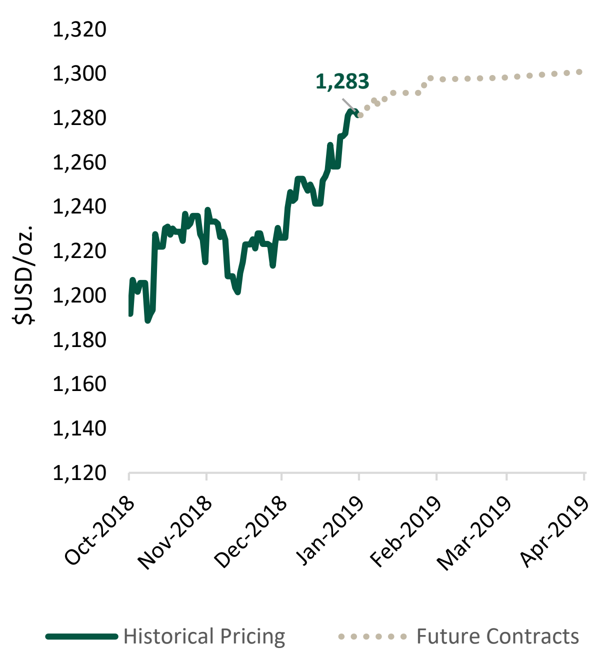
Gold prices rallied in fourth quarter 2018, reaching US$1,283/ per ounce at the end of the quarter, while gold futures increased to approximately $1,300/oz. Gold is generally viewed as a safe-haven asset at times of political uncertainty and economic contraction. As such, given the heightened tension from trade disputes and concerns around North America's economic growth, price appreciation of the commodity was consistent with expectations.

CRUDE OIL (WTI)*



NATURAL GAS (HENRY HUB)*

GOLD (COMEX)*



Source: Capital IQ

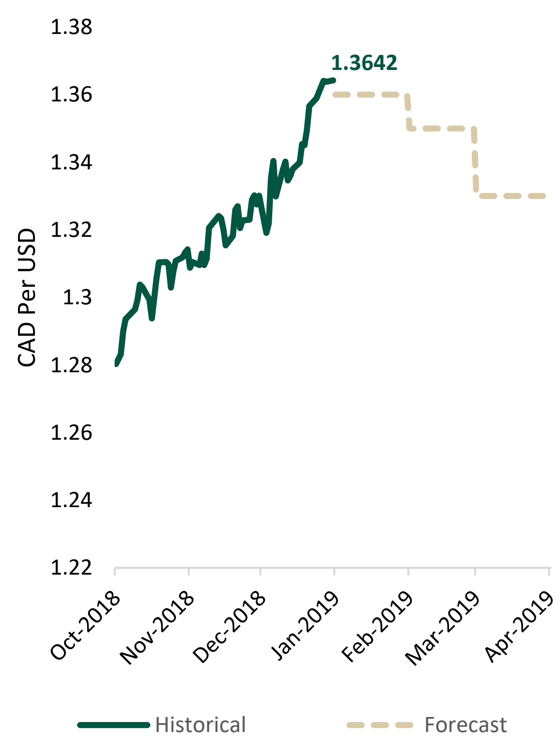
CANADIAN ECONOMIC UPDATE

The Canadian dollar weakened during the fourth quarter of 2018, decreasing by approximately 6 percent against the U.S. dollar. This was reflective of: declining oil prices, a key export for Canada; ongoing competitiveness issues, such as the lack of pipeline capacity; and heightened concerns of a global trade war, which has resulted in more tariffs on Canadian exports. Offsetting some of these downward pressures is the performance of non-energy exports which benefitted from increased U.S. demand driven by greater purchasing power. Non-energy exports are expected to taper downward momentum of the Canadian dollar in the forecast period.

Higher interest rates have shaken consumer confidence, which is reflected in lower consumer spending on durable goods and lower housing sales volumes. In 2018, housing sales were down by 10 percent from 2017 and prices, after posting double-digit increases for two years, are averaging a less than 3 percent increase. The cooldown of the housing market also slows down housing development resulting in a lower projected housing starts in 2019. However, as the CPI gets closer to the BoC target rate of 2 percent, interest rate hikes are expected to taper, which will mitigate some of these downward pressures.

The unemployment rate decreased to its lowest level in more than 40 years during the fourth quarter of 2018, ending the year at 5.8 percent. With the indicator of labour-market tightness, it is expected that wages will rise as employers compete for increasingly scarce labour. Increases in wages will allow Canadian households to meet higher debt-service costs in 2019 while boosting consumer spending.

USD/CAD EXCHANGE RATE*



Real GDP Growth (% change, chain-weighted)**

Year	Canada
2016	1.4%
2017	3.0%
2018F	2.0%
2019F	1.8%

Unemployment Rate (percent)**

Year	Canada
2016	7.0%
2017	6.3%
2018	5.8%
2019F	5.7%

Housing Starts (thousands)**

Year	Canada
2016	198
2017	220
2018	214
2019F	205

Consumer Price Index (YoY % change)**

Year	Canada
2016	1.4%
2017	1.6%
2018	2.3%
2019F	1.8%

**Exchange rate data as of December 31, 2018.*
***Provincial Economic Outlook, December 31, 2018, BMO Capital Markets Economics Research.*
Sources: S&P Capital IQ, BMO Capital Markets Economic Research.

ABOUT MNPCF

MNP Corporate Finance ("MNPCF") has a dedicated team of over 45 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

Our typical transactions range in value between $5 million and $300 million.

MNPCF LOCAL & GLOBAL REACH

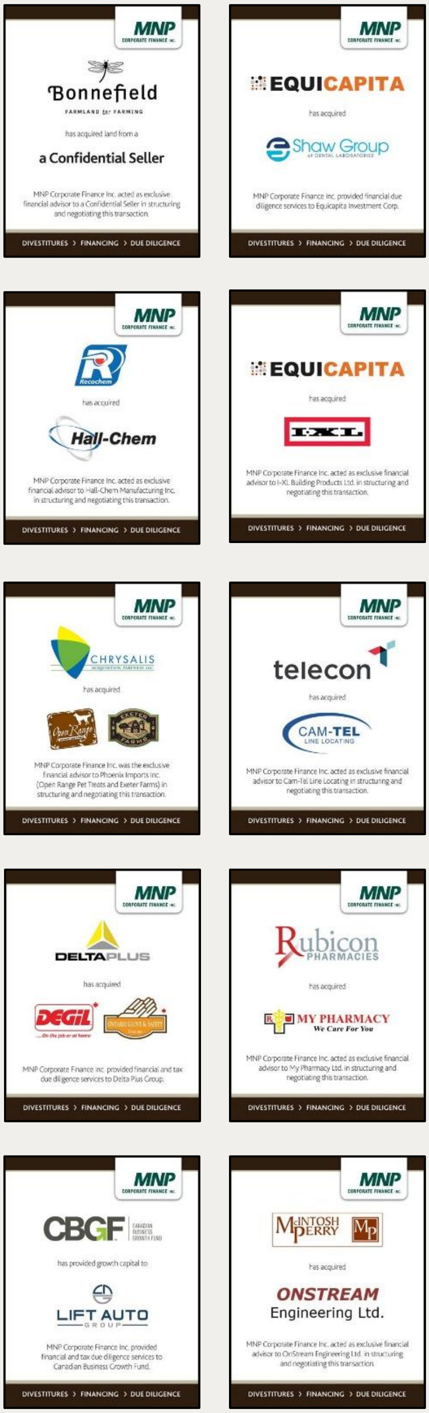
INDUSTRY EXPERIENCE

- Food & beverage
- Retail & Distribution
- Manufacturing
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

SERVICES

- Sell-side M&A Advisory
- Divestitures
- Strategic Planning
- Financing (debt and equity)
- Buy-side M&A Advisory
- Acquisitions
- Due Diligence

RECENT TRANSACTIONS



ABOUT MNPCF

DEAL EXPERIENCE

Over the past ten years we have completed in excess of 200 transactions. Our team has transaction experience in a wide range of industries with diverse enterprise values.

HANDS-ON APPROACH

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

INTEGRATED SERVICE OFFERING

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

INTERNATIONAL REACH

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide.

RECENT TRANSACTIONS

MNP CORPORATE FINANCE INC.
CAI CAPITAL PARTNERS
has acquired
ANSAN TRAFFIC GROUP
MNP Corporate Finance Inc. provided financial and tax due diligence services to CAI Capital Partners.
DIVESTITURES › FINANCING › DUE DILIGENCE

MNP CORPORATE FINANCE INC.
Redhead EQUIPMENT
has acquired
Norsask FARM EQUIPMENT LTD.
MNP Corporate Finance Inc. acted as exclusive financial advisor to Norsask Farm Equipment Ltd. in structuring and negotiating this transaction.
DIVESTITURES › FINANCING › DUE DILIGENCE

MNP CORPORATE FINANCE INC.
The Jim Pattison auto group
has acquired
CANYON CREEK TOYOTA
MNP Corporate Finance Inc. acted as exclusive financial advisor to Canyon Creek Toyota in structuring and negotiating this transaction.
DIVESTITURES › FINANCING › DUE DILIGENCE

MNP CORPORATE FINANCE INC.
SANGOMA TECHNOLOGIES
has acquired
digium
MNP Corporate Finance Inc. provided financial due diligence services to Sangoma Technologies Corporation.
DIVESTITURES › FINANCING › TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.
CO-OP
Westview
has acquired
Tri West
MNP Corporate Finance Inc. acted as exclusive financial advisor to Tri West Agro Ltd. in structuring and negotiating this transaction.
DIVESTITURES › FINANCING › TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.
LYNX equity limited
has acquired
Blind Bay Village Grocer
MNP Corporate Finance Inc. provided financial and tax due diligence services to Lynx Equity Limited.
DIVESTITURES › FINANCING › TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.
Dye & Durham
has acquired
ESILAW
MNP Corporate Finance Inc. provided financial and tax due diligence services to Dye & Durham Corporation.
DIVESTITURES › FINANCING › TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.
taiga building products
has acquired
EXTERIOR WOOD, INC.
MNP Corporate Finance Inc. provided financial and tax due diligence services to Taiga Building Products Ltd.
DIVESTITURES › FINANCING › TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.
Lazarus Bleau Incorporated
has acquired
HORIZON
and
ON the GO TORONTO
MNP Corporate Finance Inc. provided due diligence services to Lazarus Bleau Incorporated.
DIVESTITURES › FINANCING › TRANSACTION ADVISORS

MNP CORPORATE FINANCE INC.
CAI CAPITAL PARTNERS
has acquired
CustomAir The Difference is Service
MNP Corporate Finance Inc. provided financial and tax due diligence services to CAI Capital Partners.
DIVESTITURES › FINANCING › TRANSACTION ADVISORS

ABOUT MNPCF

MNP CORPORATE FINANCE INC.

President
MNP Corporate Finance

Brett Franklin

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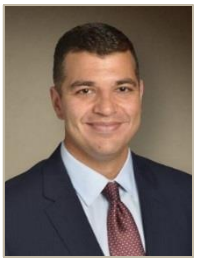
Based in Winnipeg, Brett develops and implements creative business strategies for clients in all industry sectors and in all stages of the business life cycle.

With a diverse background in financial services, including banking, private equity, hedge funds and structured investment products, Brett has the knowledge and ability to resolve challenging financial issues and develop practical solutions to even the most difficult problems.



Managing Director

Aleem Bandali

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Aleem has worked on transactions ranging between $3 million and $30 billion in Canada, the United States and internationally in a diverse range of industries.

Aleem has a Master of Business Administration (MBA) degree from the University of Oregon College of Business, a Juris Doctor (JD) degree from the University of Oregon School of Law and a Bachelor of Arts degree (BA) from the University of British Columbia. Aleem has also completed the Mergers and Acquisitions program at Harvard Business School.

Managing Director

Johnny Earl

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Johnny specializes in diligence and other transaction advisory requirements relating to acquisitions and divestitures. Johnny has worked on transactions ranging from deal values below $5 million up to over $1 billion, in North America, the U.K, Asia and Africa.

Johnny holds a Bachelor of Economics from Durham University in the U.K., and has a designation from the Institute of Chartered Accountants of England and Wales.

Managing Director

Dale Antonsen

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Based in Kelowna, Dale initiates and executes business strategies and transactions designed to help clients realize their goals in complex situations.

Dale's client base is involved in a range of industries, including oil and gas services, real estate capital markets and development, manufacturing and distribution, construction and contracting and casino gaming and entertainment.

ABOUT MNPCF

MNP CORPORATE FINANCE INC.

Managing Director

Mark Regehr

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Based in Edmonton, Mark assists mid-market clients preparing for succession, including the sale of their business or planning for growth through acquisitions, mergers and financing.

Mark has a proven track record of securing financing, finding buyers and assisting through the merger and acquisition process. He also offers expertise in the areas of business planning, financial structure and financial modeling.

Managing Director

Mike Reynolds

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Based in Calgary, Mike advises on mergers, acquisitions, divestitures, and financing options.

Mike has more than 18 years of industry experience in corporate finance, turnarounds and restructurings, private equity, and venture capital. He has worked on transactions in Canada, the United States and Europe, and has experience in numerous industries

Managing Director

Jason Burgess

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Based in St. Catharines, Jason helps private and public businesses navigate complex transactions so they can achieve their strategic and financial goals.

Jason draws on more than 25 years of experience in public practice and in the public sector to help clients with mergers and acquisitions, debt financing, performance improvement and due diligence.

Managing Director

Patrick Khouzam

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Based in Montreal, Patrick specializes in assisting mid-sized, privately owned businesses maximize their value through strategic planning and targeted initiatives.

Backed by almost two decades of experience working within the financial sector in Quebec, Patrick specializes in merger and acquisitions, raising capital, due diligence and general business transaction advice.

ABOUT MNPCF

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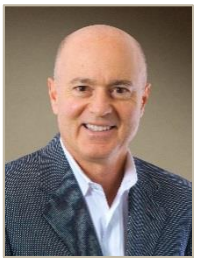

Managing Director

Dan Porter

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Based in Toronto, Dan has 30 years of experience helping public and private companies in a wide range of industries, including: aviation, railways, trucking, mining, leasing, printing and in manufacturing.

Working closely with his clients, Dan provides advice and develops innovative and creative financing solutions in many areas such as structured products, senior debt restructuring, raising new senior revolving or term debt, sourcing or restructuring mezzanine or subordinated debt and assisting with or structuring asset or business divestitures.

Managing Director

Stephen Shaw

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Based in Toronto, Stephen initiates and executes business strategies and transactions designed to realize clients' goals in complex situations.

His client base is involved in a range of industries, including aerospace and defense; manufacturing and distribution; transportation and logistics; industrial and consumer products; agri-food and automotive.

Managing Director

John Caggianiello

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Based in Toronto, John specializes in assisting mid sized entrepreneurial private and public companies and institutional investors with their due diligence and transaction advisory requirements.

Drawing on his investigative and advisory expertise working with private equity firms, alternative lenders, lawyers and bankers, John provides comprehensive due diligence solutions to help his clients accurately assess risks associated with their investment decisions.

Managing Director

Craig Maloney

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Based in Halifax, Craig specializes in helping family-owned businesses with mergers and acquisitions and corporate finance issues.

Craig's services include business valuation and pricing analysis, helping owners establish relationships with lenders and source capital, assisting with business planning and management structuring and creating financial models for budgeting and forecasting.