

Q1

20

25

QUARTERLY UPDATE

Middle
Market M&A

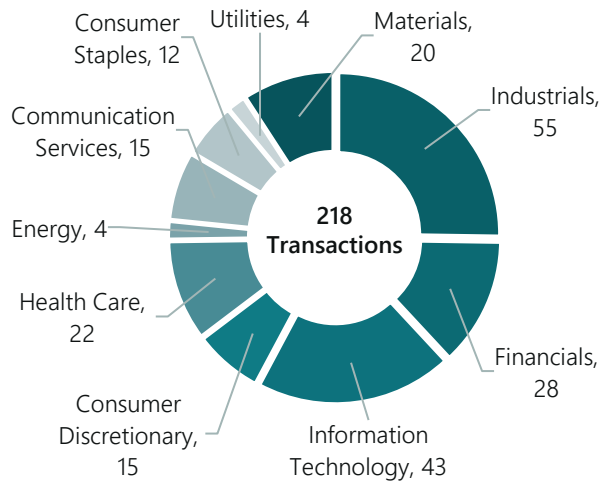
M&A Market Summary

Canadian Mid-Market

In Q1 2025, the Bank of Canada (BoC) implemented two interest rate cuts of 25 basis points (bps) each, reducing the overnight rate from 3.25% to 2.75%. The interest rate cuts occurred in January and March 2025 in response to easing inflation and slower-than-expected economic growth. Despite a more favourable interest rate environment, M&A activity noticeably declined in Q1 2025. This downturn was primarily attributable to uncertainty surrounding U.S. tariffs, trade policy shifts, and heightened regulatory scrutiny. This uncertainty has made buyers and sellers more cautious, which may delay deals in the short term. Consequently, many transactions that may have otherwise taken place during the quarter were deferred.

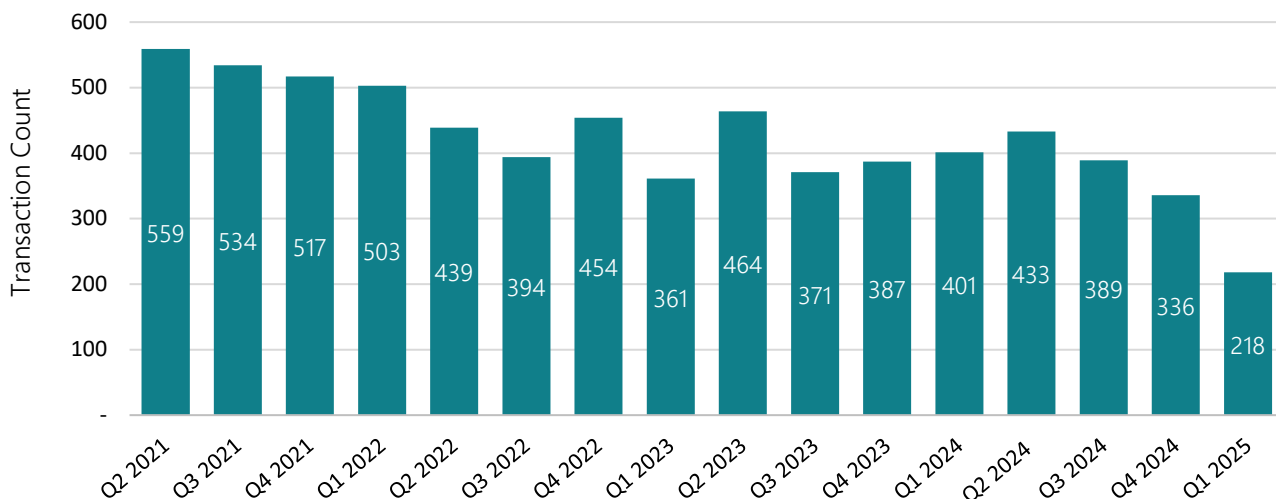
M&A activity declined by 35.1% quarter-over-quarter, with the number of transactions decreasing from 336 in Q4 2024 to 218 in Q1 2025. The adjacent chart summarizes transaction count by sector in Q1 2025. Corresponding sector highlights are noted below:

**Q1 2025
Transaction Count by Sector**



- The Industrials sector led the quarter with 55 transactions, accounting for 25.2% of the total transaction count in Q1 2025. A notable transaction within the Industrials sector was Exchange Income Corporation’s acquisition of Bradley Air Services Limited at an Enterprise Value (EV) of \$205 million.
- The Information Technology sector followed with 43 transactions, accounting for 19.7% of the total transaction count in Q1 2025. A notable transaction within the Information Technology sector was Siyata Mobile Inc.’s acquisition of Core Gaming, Inc. at an EV of \$160 million.
- The Energy sector saw the fewest transactions in Q1 2025, with only four deals, down from 21 in Q4 2024. The decline was mainly driven by uncertainty over the U.S. government's proposed 10% tariff on Canadian energy exports, which disrupted global trade partnerships and supply chains.

Quarterly Transaction Count¹



¹Transaction count data is based on all publicly disclosed Canadian transactions between April 1, 2021, and March 31, 2025. Sources: S&P Capital IQ, S&P Global, Bank of Canada. Currency in CAD.

Exchange Income Corporation (EIC) is a diversified, acquisition-oriented dividend company focused on opportunities in aerospace, aviation, and manufacturing. EIC's subsidiaries provide essential products and services to communities across Canada and globally. EIC was founded in 2002 and is based in Winnipeg, Manitoba.



is acquiring



Bradley Air Services Limited (doing business as Canadian North) is an airline company that connects people and delivers goods throughout Northern communities in Canada. Bradley Air Services operates First Air, Canada's largest Northern airline, and services 34 communities in Nunavut, Nunavik, and the Northwest Territories. Following the merger between First Air and Canadian North in 2019, the combined operations now operate as Canadian North. Bradley Air Services was founded in 1946 and is based in Kanata, Ontario.

The acquisition of Bradley Air Services provides EIC with a unique opportunity to acquire a Northern airline that operates in adjacent regions and on highly complementary routes to those serviced by EIC.

Announced Feb 24, 2025	EV \$205.0M	EV/EBITDA Not Disclosed	EV/Revenue Not Disclosed
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Siyata Mobile Inc. (Siyata) engages in the development and sale of cellular-based communications platforms in the US, Canada, Europe, Australia, the Middle East, and internationally. It designs, markets, and sells handheld push-to-talk cellular devices for first responders, businesses, construction workers, security personnel, government agencies, and other mobile professionals across multiple industries. Siyata was founded in 1986 and is based in Montreal, Quebec.



is merging with



Core Gaming, Inc. (Core Gaming) develops and publishes artificial intelligence (AI) mobile games worldwide. Core Gaming engages 40 million monthly active users, and has an extensive worldwide distribution platform, which has led to over 600 million downloads. Core Gaming was founded in 2024 and is based in Wilmington, Delaware.

The merger with Core Gaming represents Siyata's pivot into the fast-growing mobile gaming sector and unlock greater shareholder value, as the deal offers exposure to a higher-growth industry and a premium over Siyata's previous market valuation.

Announced Feb 26, 2025	EV \$160.0M	EV/EBITDA Not Disclosed	EV/Revenue Not Disclosed
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Cerrado Gold Inc. (Cerrado Gold) is a mining company specializing in the production, development, and exploration of gold and iron ore projects across the Americas. It holds 100% interest in three key projects: Minera Don Nicolás (333,400 hectares) in Argentina, Monte do Carmo (82,541 hectares) in Brazil, and Mont Sorcier (1,919 hectares) in Canada. Cerrado Gold was founded in 2017 and is based in Toronto, Ontario.



is acquiring



Ascendant Resources Inc. (Ascendant Resources) is a mining company specializing in the exploration and development of polymetallic mineral projects. Ascendant Resource's primary focus is the Lagoa Salgada project, located on the Iberian Pyrite Belt in Portugal, where a volcanogenic massive sulphide (VMS) deposit contains significant quantities of zinc, copper, lead, tin, silver, and gold. Ascendant Resources was founded in 2006 and is based in Toronto, Ontario.

The acquisition of Ascendant Resources strategically enhances Cerrado's portfolio with a high-margin, low-cost asset while increasing exposure to precious metals and critical minerals.

Announced Feb 3, 2025	EV \$46.8M	EV/EBITDA Not Disclosed	EV/Revenue Not Disclosed
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M&A Market Summary

Equity Markets

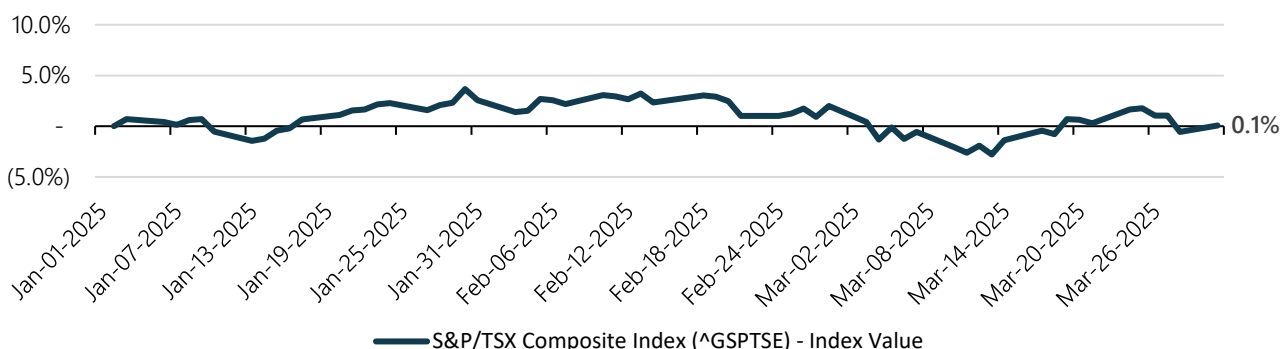
The S&P/TSX Composite Index gained 0.1% in Q1 2025, with 5 of 10 sectors and 97 of the 199 constituents (excluding real estate) experiencing positive returns.

- The Materials sector recorded a gain of 16.1% in Q1 2025, outperforming the broader market. G Mining Ventures Corp. led the sector with a 73.8% increase in share price, fueled by robust quarterly financial results, which included actual earnings per share (EPS) exceeding expectations by 131.5%, and the start of site preparation activities at the Oko West Gold Project in Guyana. Orla Mining Ltd.'s share price increased by 68.8% in Q1 after achieving record quarterly production with its Camino Rojo and Musselwhite mining sites. Sector gains were partially offset by a 44.5% decrease in Algoma Steel Group Inc.'s share price, driven by uncertainty in the steel industry following the introduction of tariffs.
- The Utilities sector saw a 3.5% return in Q1 2025, with 11 out of 15 constituents achieving share price appreciation. Innergex Renewable Energy Inc. led the sector with a 68.1% increase in share price after announcing a definitive agreement to be acquired by CDPQ for \$13.75 per share, an 80% premium over the 30-day volume-weighted average price. Alta Gas Ltd.'s (Alta Gas) share price increased by 17.9%, driven by the announcement of a long-term agreement with pipeline operator Keyera Corp. to export 12,500 barrels of liquified petroleum gas per day, over a 15-year term, for processing. TransAlta Corporation posted the largest decline in share price (33.9%), due to the company reporting lower-than-expected revenue, net income, and profit margin for FY24. Furthermore, TransAlta was penalized \$33 million for misrepresenting backup power supply from its Brazeau power plant, the largest hydroelectric dam in Alberta.
- The Consumer Staples sector recorded a 2.5% increase in Q1 2025. Performance varied across the sector, with 6 of 10 constituents posting gains. Sector growth was primarily driven by Maple Leaf Foods Inc., which saw a 23.3% rise in share price after reporting a year-over-year increase in net income and EPS.
- The Healthcare sector suffered the largest downturn in Q1 2025, declining by 16.7%. The decline was primarily driven by Tilray Brands, Inc.'s weaker-than-expected year-over-year revenues. Bausch Health Companies Inc. also experienced a steep decline, with its share price plummeting 19.7% after announcing a voluntary recall of intraocular lenses on its enVista platform. The recall was due to the reports of toxic anterior segment syndrome (TASS), a potential complication in cataract surgeries, raising short-term concerns about product safety and regulatory scrutiny.

Q1 2025 Sector Performance¹

Sector	Return
Materials	16.1%
Utilities	3.5%
Consumer Staples	2.5%
Energy	1.2%
Communication Services	0.8%
Financials	(1.9%)
Industrials	(2.4%)
Consumer Discretionary	(3.0%)
Information Technology	(8.6%)
Healthcare	(16.7%)

S&P/TSX Composite Index (^GSPTSE) - Index Value



¹Sector performance is based on the price change of each corresponding S&P/TSX Composite Index during Q1 2025. Sources: S&P Capital IQ, Linde Equity, Reuters, and Quarterly Reports.

M&A Market Summary

Canadian Economic Update

In Q1 2025, the Canadian Dollar (CAD) remained stable against the United States Dollar (USD), ending the quarter at 1.44 CAD/USD — the same rate as at the end of Q4 2024. Despite remaining stable at quarter-end, the CAD saw a rapid decline during the initial threat of tariffs in January 2025. Moreover, Canada and the U.S. are diverging in terms of interest rate policy. While the Federal Reserve has signalled a slower pace for rate cuts, the Bank of Canada is expected to continue easing rates. By Q2 2025, the CAD dollar is forecasted to strengthen to 1.39 CAD/USD.

The Canadian economy continued to grow in Q1 2025, with real Gross Domestic Product (GDP) estimated to have increased by 1.7% quarter-over-quarter. Growth decelerated from the 1.8% recorded in Q4 2024 and fell short of the Royal Bank of Canada's 1.8% forecast for the quarter. Business sentiment has deteriorated due to the trade conflict with the U.S., as fewer businesses than last quarter expect sales growth to improve over the coming year. Many businesses are delaying important decisions, such as those related to investment and hiring. Despite near-term uncertainty, real GDP growth is projected to reach 1.8% in 2025, up from an estimated 1.3% in 2024. This improved outlook is supported by resilient household spending, bolstered by interest rate cuts.

In the housing sector, Q1 2025 saw an estimated 237,000 housing starts, down 11,000 units from Q4 2024. Average annual housing starts are expected to decrease in 2025 due to rising construction costs, caution among developers due to trade-related uncertainty, and slower population growth following recent government measures to reduce immigration levels.

The Consumer Price Index (CPI) is forecasted to grow from 1.9% in Q4 2024 to 2.4% in Q1 2025. Reasons for the upswing in price growth from the previous quarter include less excess supply, stronger oil prices, and higher import prices resulting from the lower Canadian dollar and U.S. tariffs. A rise in import costs puts pricing pressure on Canadian businesses — especially those dependent on U.S. inputs.

Canada's unemployment rate remained steady from Q4 2024 to Q1 2025, decreasing from 6.7% to 6.6%. The labour force is forecasted to grind to a halt in the second half of 2025 due to slower immigration under Canada's recent policy shifts. Furthermore, consumer spending is forecasted to decline as higher prices erode purchasing power, resulting in reduced demand for labour and a slowdown in hiring. The unemployment rate is expected to peak at 6.9% in 2025.

CAD/USD Exchange Rate¹



Note: RBC forecasts a Q2'25 CAD/USD exchange rate of 1.39.

Overnight Rate ² (%)		Real GDP Growth ² (YoY % change)		Unemployment Rate ² (%)		Housing Stats ³ ('000s)		Consumer Price Index ² (YoY % change)	
Year	Canada	Year	Canada	Year	Canada	Year	Canada	Year	Canada
2024	3.25%	2024	1.3%	2024	6.4%	2024	245	2024	2.4%
Q2'24	4.75%	Q2'24	1.1%	Q2'24	6.3%	Q2'24	250	Q2'24	2.7%
Q3'24	4.25%	Q3'24	1.5%	Q3'24	6.6%	Q3'24	238	Q3'24	2.0%
Q4'24	3.25%	Q4'24	1.8%	Q4'24	6.7%	Q4'24	248	Q4'24	1.9%
Q1'25	2.75%	Q1'25F	1.7%	Q1'25	6.6%	Q1'25	237	Q1'25	2.4%
2025F	2.25%	2025F	1.8%	2025F	6.9%	2025F	227	2025F	2.2%

¹Exchange rate data as of March 31, 2025, from Bank of Canada. Forecast from RBC Financial Markets Monthly – January 2025.

²Data and forecast from RBC Economics Research and Bank of Canada.

³Data and forecast from TD Economics. Data represents total housing starts during the trailing twelve-month period ended each quarter.

Source: Bank of Canada, Canadian Home Builders' Association, Yahoo Finance, and Statistics Canada.

About Us

Helping clients prepare, plan & execute transactions



300+

Closed transactions
(last 10 years)*



\$5B+

Total enterprise value
(last 10 years)*



From Coast to Coast

MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A, capital markets, and due diligence 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 \$3 million and \$300 million.



Local & 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.



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.

Industry Experience

- Agriculture
- Automotive
- Construction
- Energy
- Financial Services
- Food & Beverage
- Healthcare
- Manufacturing
- Materials
- Oilfield Services
- Pharmaceutical
- Real Estate
- Retail & Distribution
- Software
- Technology
- Transportation

Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services



*Does not include due diligence engagements

MNP Corporate Finance

Recent Transactions

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to the BDI Group in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Crawler Mulching Industries Danri Inc. in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

has acquired

A Wheat Cleaning and Flour Milling Facility

MNP Corporate Finance Inc. acted as financial advisor to the Court appointed receiver in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Swift Messenger Delivery Systems Canada Ltd.

MNP
CORPORATE FINANCE INC.

provided growth capital to

MNP Corporate Finance Inc. provided financial due diligence services to BDC Capital Inc.

MNP
CORPORATE FINANCE INC.

has raised debt financing of

\$30,650,000

MNP Corporate Finance Inc. acted as exclusive financial advisors in arranging this private placement.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Technorm Inc. in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

LEADER GROUP

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to C.E.T. Fire Pumps in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Sanixel Inc. in structuring and negotiating this transaction.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided vendor due diligence services to Sear Seaplanes.

MNP
CORPORATE FINANCE INC.

has acquired

MNP Corporate Finance Inc. provided vendor due diligence services to All-Fab Group.

MNP
CORPORATE FINANCE INC.

KUZCO

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Kuzco Lighting.

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Close the deal with confidence

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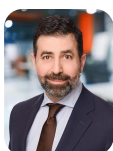
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