

Middle Market M&A Update

Q3 2021



M&A Market Summary

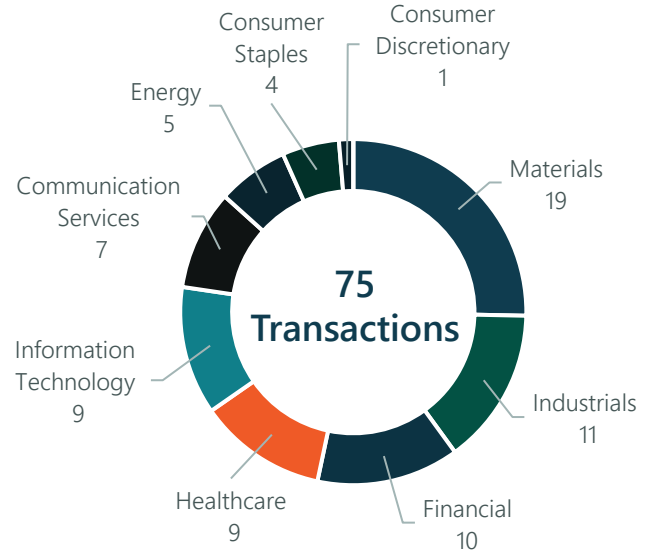
Canadian Mid-Market

Aggregate deal value increased from \$5.7 billion across 85 transactions in Q2 2021 to \$5.9 billion across 75 transactions in Q3 2021. Continued equity markets strength and low interest rates have increased investor sentiment and supported Mergers and Acquisitions (M&A) activity.

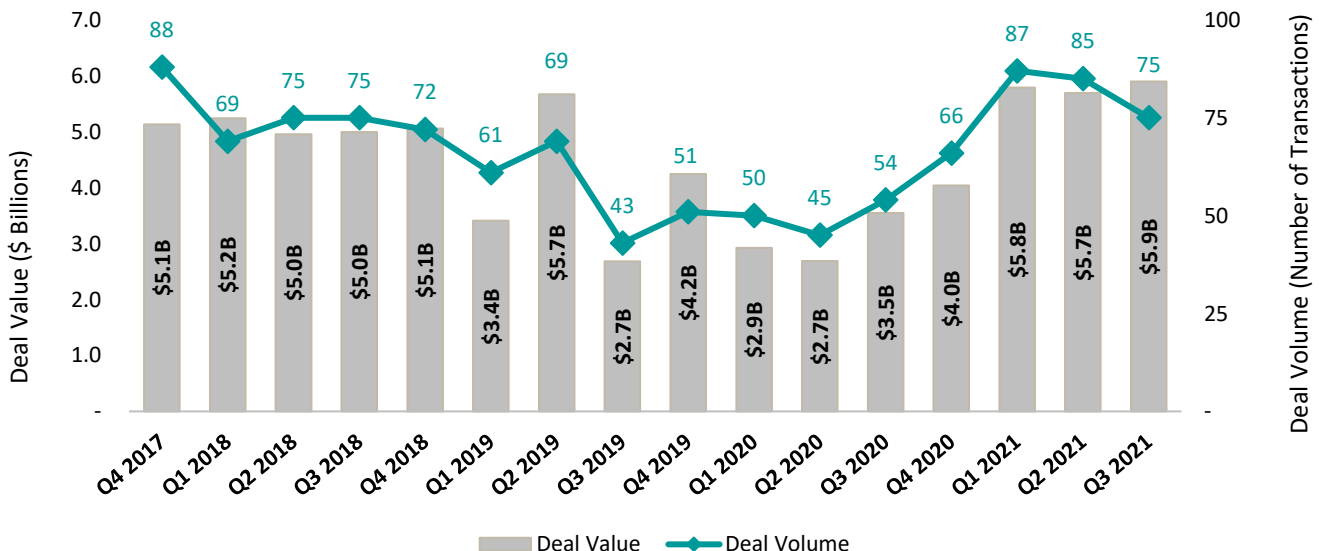
The adjacent chart summarizes the transaction volume per sector in Q3 2021. The distribution of transactions by sector compared to Q2 2021 indicates higher Q3 2021 activity in the materials, industrials, financial, and communication services sectors.

- The materials sector accounted for 25.3% of total deal volume with 19 deals made in Q3 2021, up from 21.2% in Q2 2021 with 18 deals made.
- The industrials sector accounted for 14.7% of total deal volume with 11 deals made in Q3 2021, up from 9.4% in Q2 2021 with eight deals made.
- The financial sector accounted for 13.3% of total deal volume with 10 deals made in Q3 2021, up from 5.9% in Q2 2021 with five deals made.
- The communication services sector accounted for 9.3% of total deal volume with seven deals made in Q3 2021, up from 5.9% in Q2 2021 with three deals made.

Q3 2021 - M&A Volume By Sector



Quarterly Deal Volume & Value*



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

M&A Market Summary

Select Recent M&A Transactions - Canada



acquired



| | |
|------------|-------------|
| Closed | Jul 2, 2021 |
| EV | \$390.3M |
| EV/EBITDA | 7.9x |
| EV/Revenue | 1.0x |

- Secure Energy Services Inc. (SES) provides treatment and disposal services to the Oil and Natural Gas industry. SES was founded in 2007 and is based in Calgary, Alberta.
- Tervita Corporation (Tervita), offers waste management services to energy, industrial, and corporate sectors. Tervita was founded in 1979 and is based in Calgary, Alberta.
- The transaction allowed SES to strengthen its midstream infrastructure and environmental solutions business with enhanced scale, utilization, and efficiencies.



acquired



| | |
|------------|---------------|
| Closed | Jul 2, 2021 |
| EV | \$165.0M |
| EV/EBITDA | Not Disclosed |
| EV/Revenue | Not Disclosed |

- TMX Group Limited. (TMX) operates exchanges, markets, and clearinghouses primarily for capital markets in Canada and internationally. TMX was founded in 2011 and is based in Toronto, Ontario.
- AST Investor Services Inc. (AST), is a tech-enabled, integrated professional services firm that offers transfer agent and registrar services, corporate governance, and advisory services. AST was founded in 2010 and is based in Toronto, Ontario.
- The transaction allowed TMX to add a complementary portfolio of transfer agency, equity plan solutions, corporate trust, structured finance, and proxy-related services.



acquired



| | |
|------------|---------------|
| Announced | Sep 13, 2021 |
| EV | \$35.3M |
| EV/EBITDA | Not Disclosed |
| EV/Revenue | Not Disclosed |

- Think Research Corporation (Think) gathers, develops, and delivers knowledge-based Software-as-a-Service solutions for the healthcare sector. Think was founded in 2014 and is based in Toronto, Ontario.
- BioPharma Services Inc. (BioPharma) is a research organization that conducts clinical research trials for pharmaceutical, biotechnology, and medical device companies. BioPharma was founded in 2006 and is based in Toronto, Ontario.
- The transaction allows Think to increase its presence in the United States, which is expected to facilitate growth across business lines.

M&A Market Summary

Equity Markets

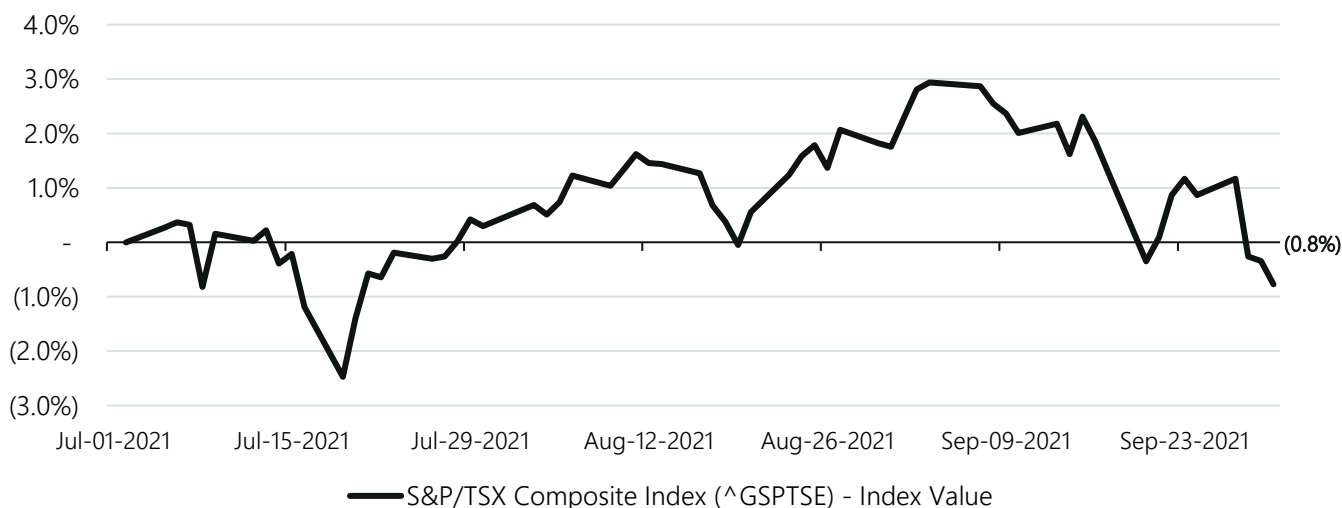
In Q3 2021, the TSX Composite posted a loss for the first time in five straight quarters, due to the larger losses in materials, consumer discretionary, and healthcare sectors outweighing the gains seen in other sectors. The energy, industrials, information technology, consumer staples, and financial sectors posted positive returns, which together averaged a modest 2.3% gain. Out of the 239 stocks in the TSX Composite, 106 recorded a gain in Q3 2021, with mid-cap companies outperforming large-cap companies, and small-cap companies lagging behind. The index as a whole returned -0.8% in Q3 2021.

- The energy sector returned 3.2%, outperforming the broader market in Q3 2021, with Tourmaline Oil (+25%) and Cenovus Energy (+8%) as the top two contributors in the sector. Oil prices continued to increase, driven by steady supply and strengthening demand as the global economy continues to recover from the COVID-19 pandemic.
- The industrials sector returned 2.8% in Q3 2021, with the biggest contributors being Canadian National Railway (+12%), Thomson Reuters (+14%), Waste Connections (+8%), and GFL Environmental (+19%).
- The healthcare sector continues to generate losses, posting a loss in Q3 2021 of -18.4%, as investor uncertainty grows in the cannabis industry. The loss was largely driven by a decline in cannabis stocks such as Canopy Growth Corp (-41%) and Tilray (-36%) given the uncertainty around the proposed United States legislation to legalize cannabis at the federal level.

Q3 2021 Sector Performance*

| Sector | TSX Composite |
|-------------------------|---------------|
| Energy | 3.2% |
| Industrials | 2.8% |
| Information Technology | 2.7% |
| Consumer Staples | 2.5% |
| Financial | 0.1% |
| Utilities | -0.2% |
| Communications Services | -1.9% |
| Materials | -6.4% |
| Consumer Discretionary | -6.4% |
| Healthcare | -18.4% |

Q3 2021 - North American Equity Indices



*Sector performance based on the price change of each corresponding S&P/TSX Composite Index for Q3 2021.

Sources: S&P Capital IQ, Linde Equity – TSX Quarterly Review and Raymond James – Quarterly Insights & Strategies.

M&A Market Summary

Treasury Yields - Canada

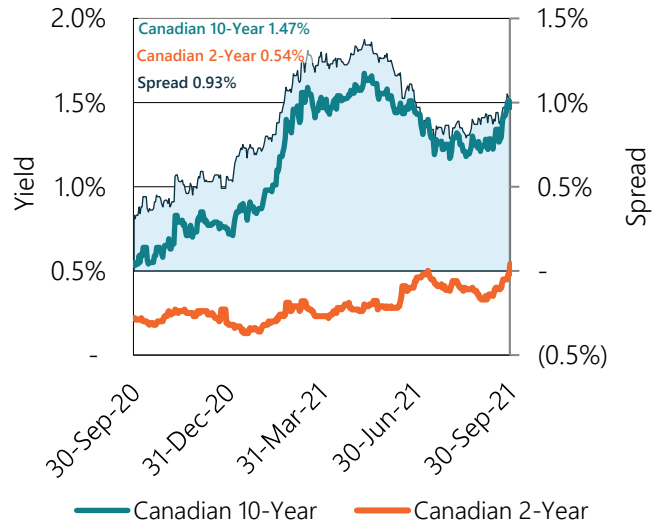
On September 8, 2021, the Bank of Canada (BoC or Bank) decided to hold its target for the overnight rate at the effective lower bound of 0.3%, maintaining the same overnight interest rate since March 2020. The Bank maintains a positive outlook for the second half of 2021, despite weaker than expected economic activity led by continued supply chain disruptions and rising cases of COVID-19. The Bank will also continue its quantitative easing ("QE") program by making large-scale asset purchases of Government of Canada bonds. However, on July 14, 2021, the target pace was reduced to \$2 billion per week, a reduction of \$1 billion from the prior quarters. Interest rates are expected to remain at this level until the target inflation rate of 2% is sustainably achieved, which the Bank expects to occur in the second half of 2022.

The economy is expected to strengthen in the second half of 2021, although higher COVID-19 cases and increased supply chain disruptions have delayed economic recovery during the fourth wave of the COVID-19 pandemic. Q3 2021 saw an improvement in the unemployment rate, from 8% in Q2 2021 to 6.9% in September 2021. CPI inflation rose 4.1% on a year-over-year basis, marking the highest rate since March 2003, with core measures of inflation having risen as well, but to a lesser degree.

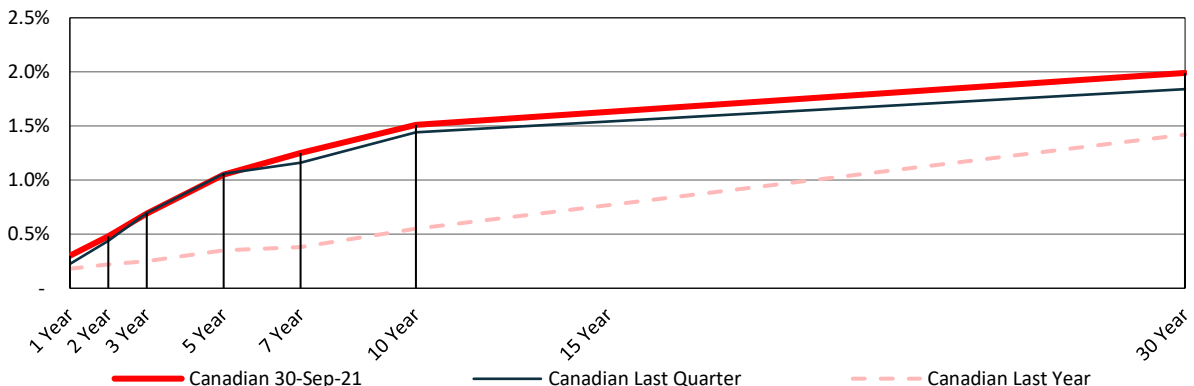
Since Q2 2021, the 10-year Canadian Government Bond Yield has remained stable at approximately 1.5%. The 2-year and 10-year spread has decreased from approximately 1% to 0.9%. These benchmarks have fallen slightly due to the social restrictions imposed to counter the fourth wave of the COVID-19 pandemic. As the Canadian economy recovers, the Government of Canada is targeting a stable inflation rate of 2%.

Although the economy is expected to recover going into Q4 2021 led by the continuation of vaccination rollout programs, the BoC anticipates considerable amount of excess capacity present in the economy, requiring continued monetary policy support. The BoC remains committed to keeping interest rates low and continuing the QE program to support recovery and achieve desired levels of inflation.

2 & 10-Year Canadian Gov't. Bond Yields



Canadian Government Bond Yield Curves



M&A Market Summary

Treasury Yields - United States

On September 22, 2021, the Federal Reserve (Fed or Committee) continued to hold interest rates near zero (0% to 0.3%). The target policy rate will remain unchanged until labour markets reach the Committee's target maximum employment and a sustainable inflation rate of 2%. In December 2020, the Committee stated it would continue to buy at least \$120 billion of bonds each month until inflation and employment rates further improve, however the committee mentioned if progress continues broadly as expected, that tapering of bond purchases may soon be warranted.

As of September 2021, the Fed's Dot Plot indicated that the majority of Fed Board members expect the interest rate to remain between 0% and 1.8% until 2024. All Fed Board members project an interest rate ranging between 2% and 3% over the long term.

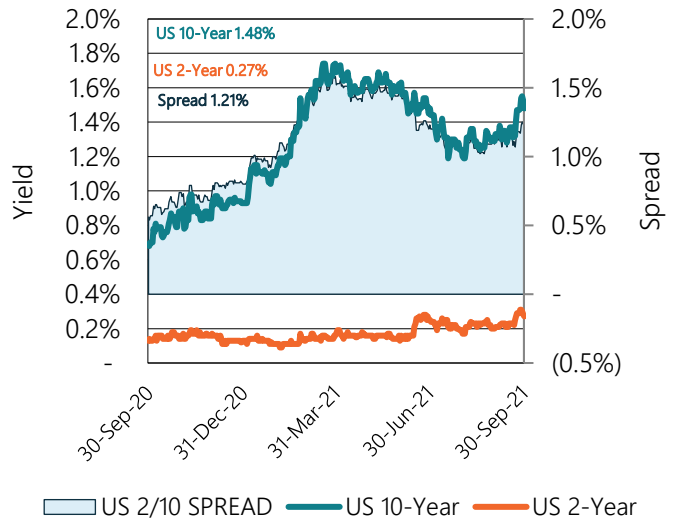
In Q3 2021, the Fed revised its projection in Real Gross Domestic Product (GDP) to 5.9% from 7%. The Fed also revised its 2022 and 2023 GDP forecast to 3.8% and 2.5%, respectively.

The 2021 median unemployment rate has been reported at 4.8%, reflecting an increase from the March projection of 4.5%. The Fed kept the 2022 and 2023 unemployment rate projections unchanged at 3.8% and 3.5%, respectively.

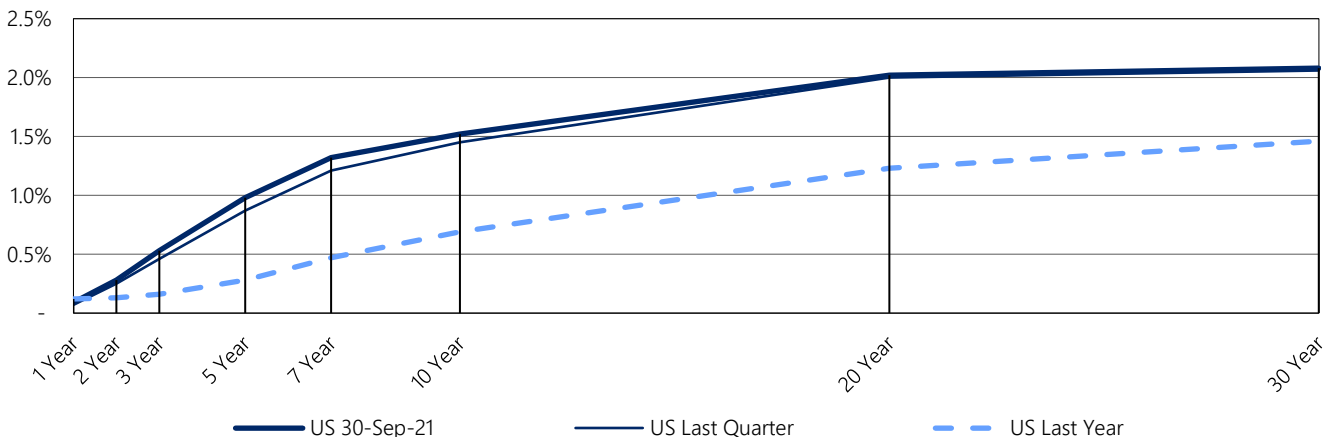
The 2-year and 10-year US Government Bond Yields have remained consistent to Q2 2021.

The Fed will continue to monitor incoming information regarding the economic outlook and global developments and act appropriately to support the economy. The Committee's assessments will take into account a wide range of information, including readings on public health, labour market conditions, inflation pressures and inflation expectations, and financial and international developments.

2 & 10-Year US Gov't. Bond Yields

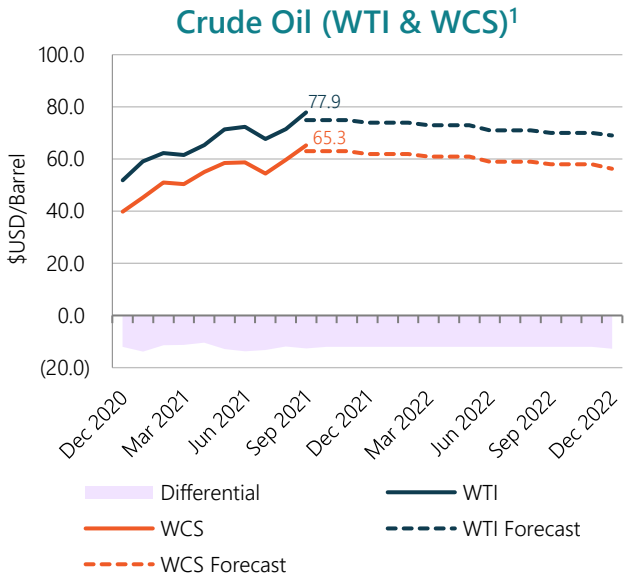


US Government Bond Yield Curves



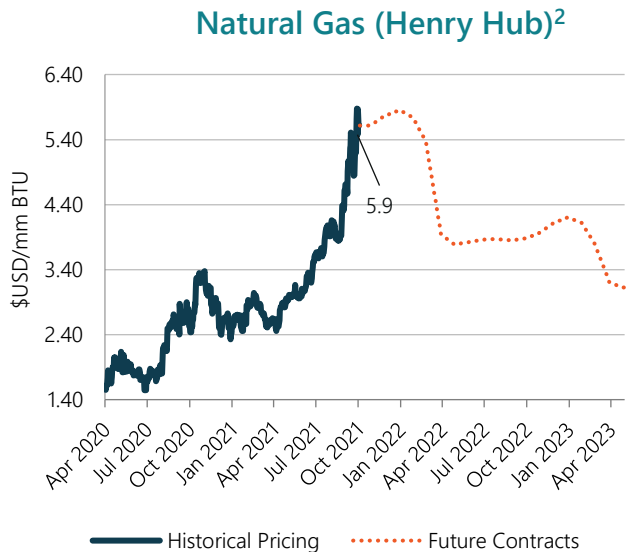
Crude Oil

- Q3 2021 crude oil price for Western Canadian Select (WCS) has risen by 44.3%, while West Texas Intermediate (WTI) has risen by 31.9%.
- Since their lows in September 2020, both WCS and WTI have recovered, with prices reaching a high of \$65.3/barrel and \$77.9/barrel, respectively.
- The price differential increased to \$12.6/barrel in Q3 2021 compared to \$8.4/barrel at the end of Q3 2020.
- Moving forward, prices for WCS and WTI are predicted to average \$62.7/barrel and \$74.7/barrel, respectively until the end of Q4 2021 after which they are expected to decrease to around \$60.6/barrel and \$73.7/barrel, respectively.



Natural Gas

- Since the start of 2021, natural gas prices have significantly increased with a total change of \$3.3/mm British Thermal Units (BTU) or 132%.
- Natural gas prices grew by 61.9% or \$2.2/mm BTU, since Q2 2021 to \$5.9/mm BTU in Q3 2021.
- A price decline of 5.4% is expected in Q4 2021 as supply constraints start to ease.



¹WTI and WCS are benchmark crude oils for the North American and Canadian market respectively.

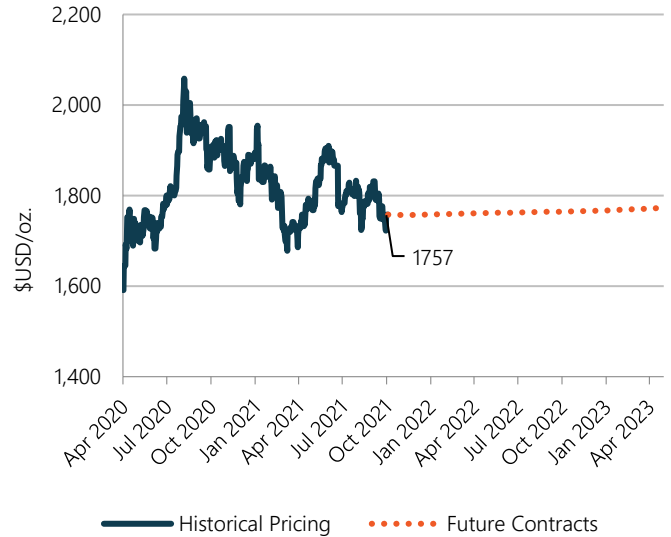
²Henry Hub is a distribution hub on natural gas pipeline system in Erath, Louisiana and the delivery point for Henry Hub Futures.

Source: S&P Capital IQ, Oil Sands Magazine, Alberta Government – Economic Dashboard, Reuters. All prices are in USD unless otherwise stated.

Gold

- Gold prices declined by 7.3% in Q3 2021 since the start of the year as prices dropped from \$1,895/oz. in January to \$1,757/oz. in September.
- Certainty surrounding the United States dollar (USD) and global markets as well as reduced quantitative easing measures has instilled greater confidence in the market.
- A strong USD tends to have an inverse relation with gold prices as gold is priced in USD and foreign investors shift money into more traditional value sources when the currency is appreciating.
- Gold prices are expected to remain stable at around \$1,755/oz on average through the rest of 2021, but continue to face pressures from rising inflation and Treasury Yields implemented by the Fed.

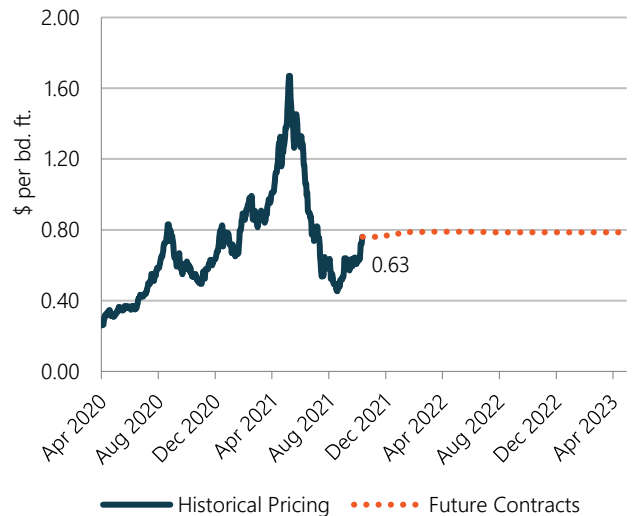
Gold (COMEX)²



Lumber

- Lumber prices continued to decline and decreased an additional 17.9% in Q3 2021 from the record high prices in Q1 2021.
- As the price for lumber decreased, demand started to grow and caused builder sentiment to rise in September 2021.
- Moving forward, lumber prices are expected to slightly increase to \$0.76/board foot in October at which point it is expected to stabilize between \$0.76/board foot and \$0.79/board foot.

Lumber (IOM)²



¹COMEX is the primary futures and options market for trading metals such as gold, silver, copper, and aluminum.

² Index and Option Market ("IOM") is a division of the Chicago Mercantile Exchange which is the largest futures exchange in the US for trading futures and options.

Source: S&P Capital IQ, and CNBC. All prices are in USD unless otherwise stated.

M&A Market Summary

Canadian Economic Update

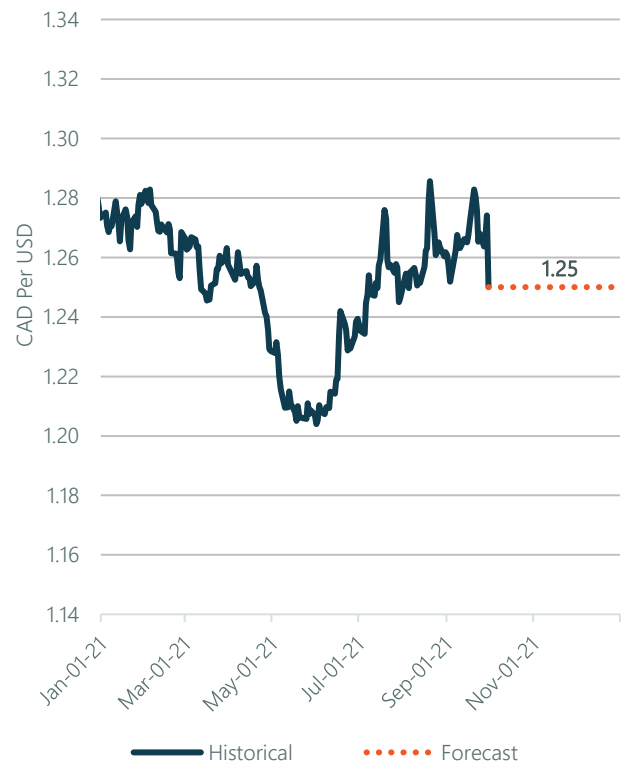
The Canadian dollar (CAD) ended at 1.25 USD/CAD in Q3 2021, appreciating roughly 1.8% since the end of December 2020. Strengthening global demand and decreased supply have continued to contribute to rising commodity prices, along with increasingly positive risk sentiment that supports the CAD performance.

Canadian Real GDP is forecasted to increase 4.5% in Q3 2021, a downgrade from earlier projections. A surge in COVID-19 cases from the Delta variant disrupted the progress made in the economic recovery as it impacted supply chains and consumer spending due to increased restrictions and lockdowns. Canada's economy is expected to recover from this setback as industries that suffered from the COVID-19 pandemic continue to open up with the continuation of vaccination rollouts.

Canada's housing market is expected to pull back in Q4 2021, as home sales are expected to slowly level off due to both a lack of available supply, and higher prices.

Canada's unemployment rate declined for the fourth straight month to 6.9% in September 2021, due to the recovery of labour markets, with sectors that were heavily impacted by the COVID-19 pandemic starting to re-open and hire as restrictions ease.

CAD/USD Exchange Rate ¹



Real GDP Growth (YoY % change)

| Year | Canada |
|----------|--------|
| 2020 | (5.4%) |
| Q1 2021 | 5.5% |
| Q2 2021 | (1.1%) |
| Q3 2021F | 4.5% |
| Q4 2021F | 6.0% |
| 2021F | 5.1% |
| 2022F | 4.3% |

Unemployment Rate (%)

| Year | Canada |
|----------|--------|
| 2020 | 9.6% |
| Q1 2021 | 8.4% |
| Q2 2021 | 8.0% |
| Q3 2021F | 6.9% |
| Q4 2021F | 6.7% |
| 2021F | 7.6% |
| 2022F | 6.2% |

Housing Starts ('000s)

| Year | Canada |
|----------|--------|
| 2020 | 217 |
| Q1 2021 | 306 |
| Q2 2021 | 280 |
| Q3 2021F | 274 |
| Q4 2021F | 255 |
| 2021F | 279 |
| 2022F | 219 |

Consumer Price Index (YoY % change)

| Year | Canada |
|----------|--------|
| 2020 | 0.7% |
| Q1 2021 | 1.4% |
| Q2 2021 | 3.3% |
| Q3 2021F | 4.0% |
| Q4 2021F | 3.9% |
| 2021F | 3.2% |
| 2022F | 2.5% |

¹Exchange rate data as of September 30, 2021. Forecast from RBC Financial Markets Monthly – September 2021.

Sources: S&P Capital IQ, RBC Capital Markets Economic Research, RBC Economics - Current Trends Update - Canada, TD – Canadian Quarterly Economic Forecast, National Bank of Canada – Economics and Strategy – FX Update – October 2021, www.tradingeconomics.com/canada/unemployment-rate.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

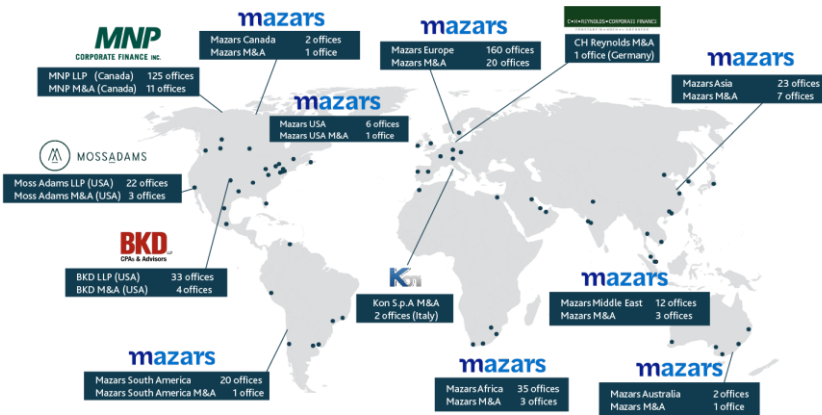
Our typical transactions range in value between \$3 million and \$300 million.

Local and 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. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxBorder - Global reach with local relationships
Our corporate finance team through CFxBorder consists of 250 plus M&A professionals in more than 30 countries



Services

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

Recently Closed Deals (National)

E360S has acquired **CHEM-ECOL**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

ACR ALL CHOICE RENTALS has acquired **DV RENTALS**

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

Ayrfit West Inc. has acquired **International Fitness Holdings Inc.**

MNP Corporate Finance Inc. was the exclusive financial advisor to International Fitness Holdings Inc. in structuring and negotiating this transaction.

E360S has acquired **RETIRE**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

Crestview has acquired a majority interest in **JMP Solutions**

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

LYNX equity limited has acquired **YELLOWHEAD FOOD PRODUCTS INC.**

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

FIREPOWER has invested in **wesbell**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Firepower Equity with Credit Market Equity and Trilogy Capital.

Confidential Buyer has acquired **SCG PROCESS**

MNP Corporate Finance Inc. provided vendor due diligence services to Smith Cameron Group.

Rhyno Equity Group has acquired **PermaCorp**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Rhyno Equity Group.

UNIVERSAL GROUP has acquired **Beacon Lite**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Universal Group.

About Us

Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past five years alone we have completed over 125 transactions worth over \$2 billion (not including due diligence engagements).

Industry Experience

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

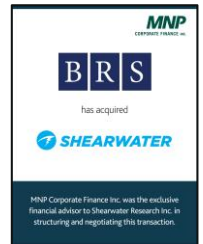
Hands-on Approach

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.

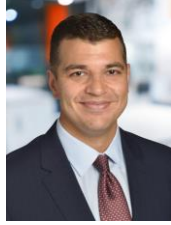
Recently Closed Deals (National)



Transaction Leadership



Brett Franklin
President
Brett.Franklin@mnp.ca
204.336.6190



Aleem Bandali
Managing Director
Aleem.Bandali@mnp.ca
778.374.2140



Mark Regehr
Managing Director
Mark.Regehr@mnp.ca
780.969.1404



Mike Reynolds
Managing Director
Mike.Reynolds@mnp.ca
587.702.5909



Erik St-Hilaire
Managing Director
Erik.St-Hilaire@mnp.ca
204.336.6200



Stephen Shaw
Managing Director
Stephen.Shaw@mnp.ca
416.515.3883



Dan Porter
Managing Director
Dan.Porter@mnp.ca
416.515.3877



Kevin Tremblay
Managing Director
Kevin.Tremblay@mnp.ca
647.943.4051



Jon Edgett
Managing Director
Jon.Edgett@mnp.ca
519.772.7460



Patrick Khouzam
Managing Director
Patrick.Khouzam@mnp.ca
514.228.7874



Jonathan Banford
Managing Director
Jonathan.Banford@mnp.ca
418.696.3924

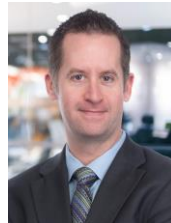


Éric Grondin
Managing Director
Éric.Grondin@mnp.ca
819.823.3290

Due Diligence Leadership



Jean-Raymond Lafond
Managing Director
Jean-Raymond.Lafond@mnp.ca
819.473.7251



Craig Maloney
Managing Director
Craig.Maloney@mnp.ca
902.493.5430



Johnny Earl
Managing Director
Johnny.Earl@mnp.ca
604.637.1514



John Caggianiello
Managing Director
John.Caggianiello@mnp.ca
416.513.4177