



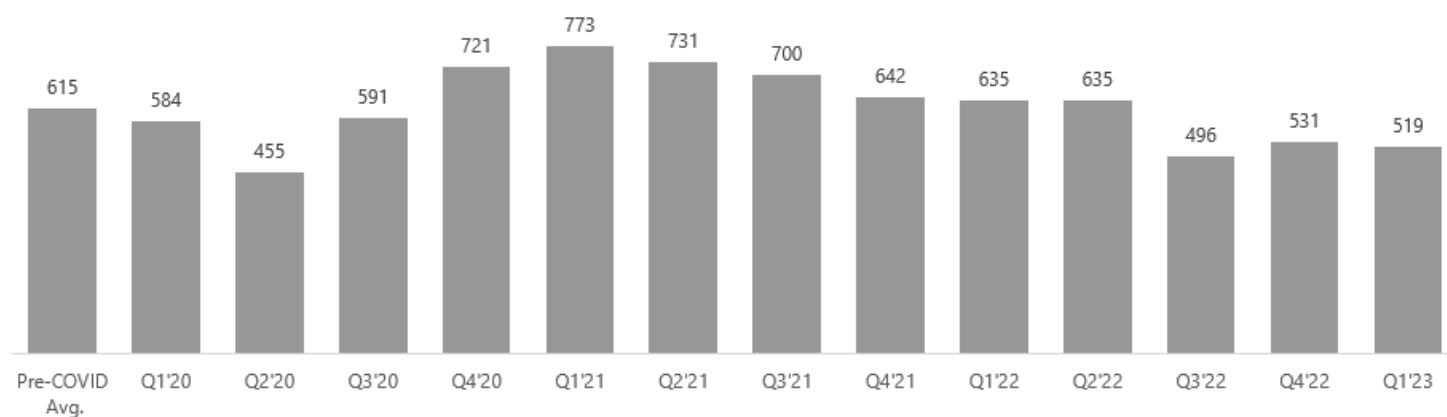
As we're heading into the summer, we take a look back at M&A activity over the first half of the year.

Market Update for Q2 2023

A key theme playing out in 2023 is that M&A valuation multiples are holding steady while deal activity remains somewhat lower than average. Within our own practice, we are in the later stages of a number of transactions and expect to remain busy with deal closings through the coming quarter.

Overall, the Canadian M&A market is seeing a slightly decreased level of companies being acquired, but activity is still within 15% of the pre-COVID long-term average. This seems to be a result of a few factors including coming off record transaction volume in 2021, lingering economic uncertainty in some sectors, and a slow-down in deal activity in certain industries such as technology and consumer discretionary. General M&A activity within industrial manufacturing, distribution, and most business services sectors remains robust.

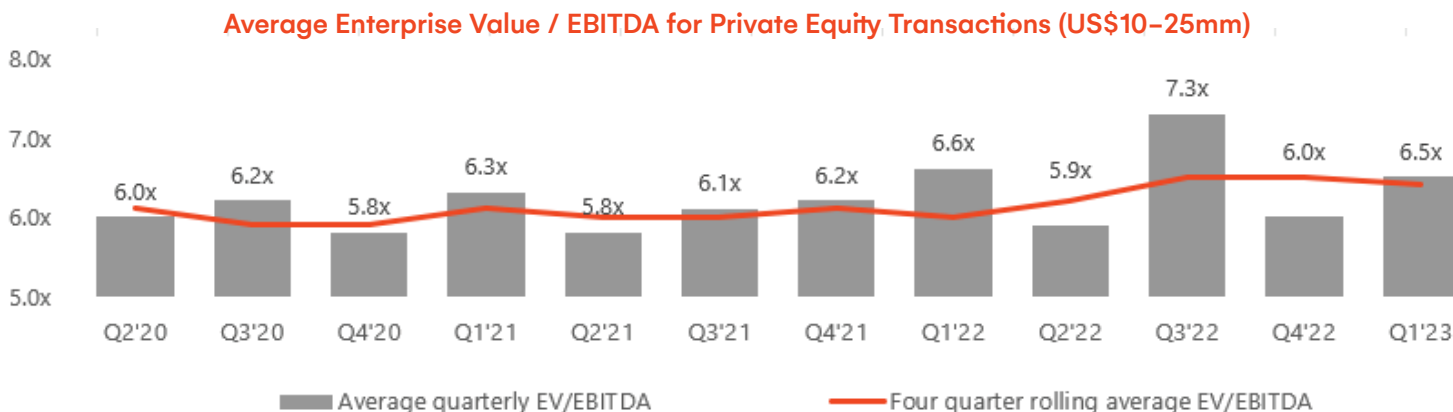
Canadian Private Company M&A Transactions by Quarter



Source: S&P Capital IQ

According to the Canadian Venture Capital & Private Equity Association, private equity investment activity in Canada also slowed in early 2023 (with 155 deals in Q1-23 vs 219 for the same period in previous year). It's notable that, despite the drop off, private equity activity remains above 2019 pre-COVID levels.

From a deal pricing perspective, M&A valuation multiples remain near all-time highs with North American stats showing quality transactions averaging Enterprise Value / EBITDA multiples of 6.5x for deals valued <US\$25 million. While highly situation specific, we continue to see transaction pricing in the 5–7x EBITDA range in our own deal flow in general.






Source: GF Data

In conversations with business owners, we're finding that many are focused on proving out a few years of post-COVID financial results while proactively addressing weak spots within their companies before starting a sale process.

Relay News & Recent Transactions

In April and May, Relay participated in the Business Transitions Forums in Calgary and Toronto and hosted our Exit Planning Essentials seminar in Victoria. The discussion amongst participants at these events revolved around long-term planning for, and timing of, sale transactions to realize optimal outcomes. Buyers continue to be active and are on the lookout to acquire or invest in quality companies.

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In the last quarter, Relay has advised on two closed transactions. We are pleased to have worked on the sale of Adanac Recovery to Lab One Capital, and the sale of Blue Chip Logistics to a family office.

In June, Relay was delighted to welcome Mitchell Sim to the team as a Summer Analyst.

About Relay

Relay Transition Partners is solely focused on serving owners and entrepreneurs in the sale of their small to medium sized businesses. Our dedication to the preparation and execution of the sale of these companies delivers exceptional results for our clients when passing a business to its next owners. Home to advisors who have decades of experience working with SMBs, Relay builds on the experience and infrastructure of Fort Capital Partners, an investment banking firm serving mid to large private and public clients.

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