Osprey Capital Partners

Canadian H1 2026 M&A Mid-Year Report

Deals Closed. Maximum Value.

Osprey Capital Partners

Founded in 1998, Osprey Capital Partners is one of the largest independent investment banking firms in Canada.

Mid-Market Expertise

Proven Track Record

Proprietary Database

Dedicated Team

Optimized Process

Value Creation

Osprey Capital Partners Inc. is a Canadian Mid-Market Investment Bank Headquartered in Toronto.

Additional Offices are located in Winnipeg, Calgary and Halifax.

Our firm is led by a group of dedicated investment bankers who possess in-depth knowledge and expertise in a wide-range of industries and sectors.

Our strength is in:

- M&A transactions where we have a strong track record of successful outcomes for clients;
- Growth financings for companies already generating revenue and profit.

Osprey Capital's national platform is extended globally through membership in Globalscope, a leading international family of corporate finance and business advisors.

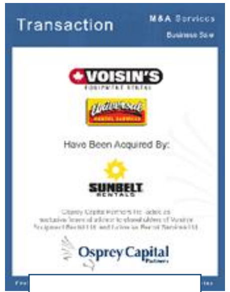
Manufacturing

Technology

Services

Distribution

Food and Beverage



Industrial

Healthcare

Introduction

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We are excited to present our Canada–focused M&A update and review of private market transactions for H1 2026.

The defining fact of H1 2026 is divergence. Public markets rallied; the S&P 500 returned +9.5% on a price return basis, while private dealmaking retrenched, with Canadian transaction count falling 19% year over year to 757 deals from 930. Technology (down 31%) and Transportation & Logistics (down 41%) fell hardest; Quebec was the only major market to post net growth.

That divergence matters. The rally was not narrow: Industrials, Transportation and Energy outpaced the index, repricing the sectors that fill private pipelines, yet dealmaking stalled. When a broad rally fails to pull M&A along, the constraint is price discovery, not capital. Two forces explain the freeze. First, the AI-driven repricing of software and technology-enabled business models has frozen underwriting in the mid market's most active vertical. Second, unclear CUSMA review timelines have sidelined cross border exposed buyers and sellers, extending processes and widening bid ask spreads.

Capital, meanwhile, concentrated at two poles. Foreign strategics and large private equity funds wrote the largest cheques and led the marquee transactions; domestic consolidators drove volume. Insurance brokerage roll ups led all acquirers, with BrokerLink (11) and Westland (7) driving 18 deals, and private equity backed building services platforms ran the same playbook. Fewer, bigger cheques at the top, programmatic consolidation below: a market pausing on price, not retreating on conviction.

The constraint resolves on a calendar. Osprey tracks roughly 1,670 private equity held businesses in Canada, a third of the industrial names held ten-plus years as exits stayed depressed since 2022. That backlog and a defined CUSMA outcome come due together; continuation vehicles can defer the first, LP patience will not. The Canadian mid market is being re platformed in plain sight.

KEY TAKEAWAYS

757 deals

H1 2026 announced Canadian transactions

-19%

Year over year decline H1 2026 Canadian transaction deal count

+9.5%

S&P 500 H1 2026 price return

$13.4 billion

H1 2026 largest transaction (Nova Chemicals, March 2026)

Public Markets

KEY TAKEAWAYS

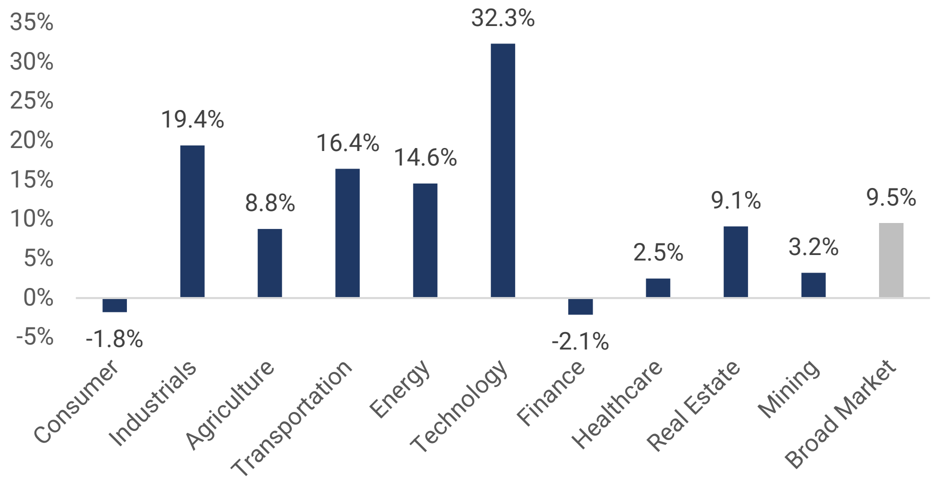
Rising public markets (S&P 500 +9.5%) typically pull deal activity up with them, so falling public equity deal volume in Canada against strong equity markets signals a bid-ask gap and confidence degradation rather than a shortage of capital.

Sector leadership points to where the next deal wave forms: Industrials, Transportation and Energy outperformance re-rates acquirer currencies in exactly the verticals dominated by Canadian mid-market targets, setting up a rotation toward economically sensitive sectors in H2.

Every quarter this divergence persists, the public-private valuation spread widens. This will grow the value a competitive process can capture but also raises the risk of owners anchoring prices to headline index strength their businesses do not command.

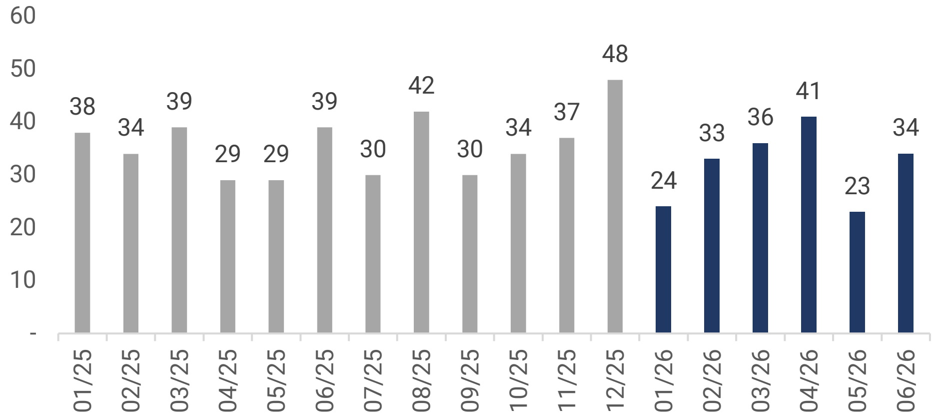
H1 2026 Price Returns by Sector

- Technology led all sectors in H1 2026 at +32.3%, more than triple the broad market, as AI sentiment bolstered emerging technology leaders.
- Gains broadened beneath the headline: Industrials (+19.4%), Transportation (+16.4%) and Energy (+14.6%) all outpaced the broad market; A coordinated pickup across economically sensitive sectors, and a sharper acceleration than Technology's when measured against H2 2025.
- Industrials (+19.4%) captured the AI buildout as it reached the physical economy. Data-center construction, grid investment and normalizing supply chains lifted industrial names, compounding an infrastructure spending cycle already underway.



Canadian M&A by Public Companies

- Public acquirer deal activity softened in H1 2026 at 191 deals, down ~8% from H1 2025 (208), with monthly averages slipping from 35 to 32 as buyers turned more selective.
- Volatility replaced consistency as the defining feature of 2026: the April rebound to 41 deals gave way to a series-low 23 in May (-44% month-over-month), evidence that acquirers are moving opportunistically in windows rather than executing programmatic M&A.
- June's recovery to 34 deals, in line with the 2025 monthly average, suggests the market is stabilizing rather than deteriorating; a base-building pattern consistent with buyers awaiting rate clarity before re-engaging at scale.



Deal Activity Year-over-Year & by Province

KEY TAKEAWAYS

On a like-for-like January–June basis, Canadian deal volume fell **19% year-over-year to 757 transactions from 930**, with every month of 2026 tracking below its 2025 counterpart.

Ontario was the largest single contributor to the decline, down 80 deals to 295, while **Quebec was the only major province to grow**, edging up to 164 deals from 161.

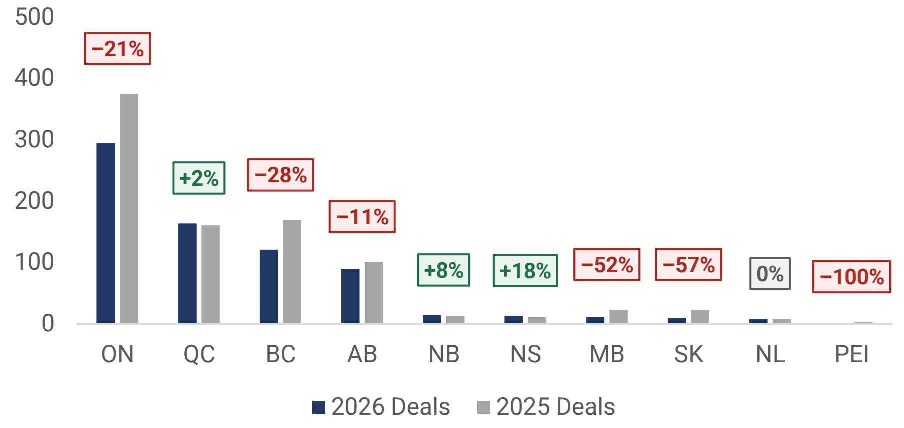
Activity is also concentrating geographically: Ontario, Quebec, British Columbia and Alberta together account for roughly 92% of national located volume, arguing for a wider, cross-border buyer net outside those markets.

Canadian M&A Deal Count by Month

- Volume down ~19% YoY: H1 2026 recorded 757 deals vs. 930 in H1 2025 (-173), a broad-based slowdown with every month posting fewer transactions than the prior year.
- January drove the bulk of the decline: The steepest drop came in January (135 vs. 206, -34%), suggesting deals that would typically close early in the year were either pulled forward into late 2025 or delayed amid macro/rate uncertainty.
- Activity has stabilized at a lower baseline: 2026 monthly volumes sit in a tight 109–135 band (vs. 137–206 in 2025), pointing to a consistent — if muted — pace rather than continued deterioration; May was the trough (109, -21% YoY).
- Gap is narrowing into mid-year: June's shortfall (-11% YoY) was one of the smallest of the half, a tentative signal that dealmaking momentum may be recovering heading into H2.

M&A Deal Count by Province

- Ontario drove the national decline: at 295 deals versus ~375 in 2025, Ontario accounts for the bulk of the aggregate drop.
- Quebec is the outlier, posting a modest gain (164 vs. 161) against a falling national tape. Seller appetite there is holding while competing supply thins elsewhere.
- BC (-28%) and the prairies (MB, SK roughly halved) show the sharpest relative pullbacks, consistent with buyers retreating to core markets and larger targets when selectivity rises.
- Geographic concentration intensified: ON, QC, BC and AB now represent 92% of national located activity. For vendors outside central Canada, that argues for casting a wider, cross-border buyer net rather than relying on regional acquirers.

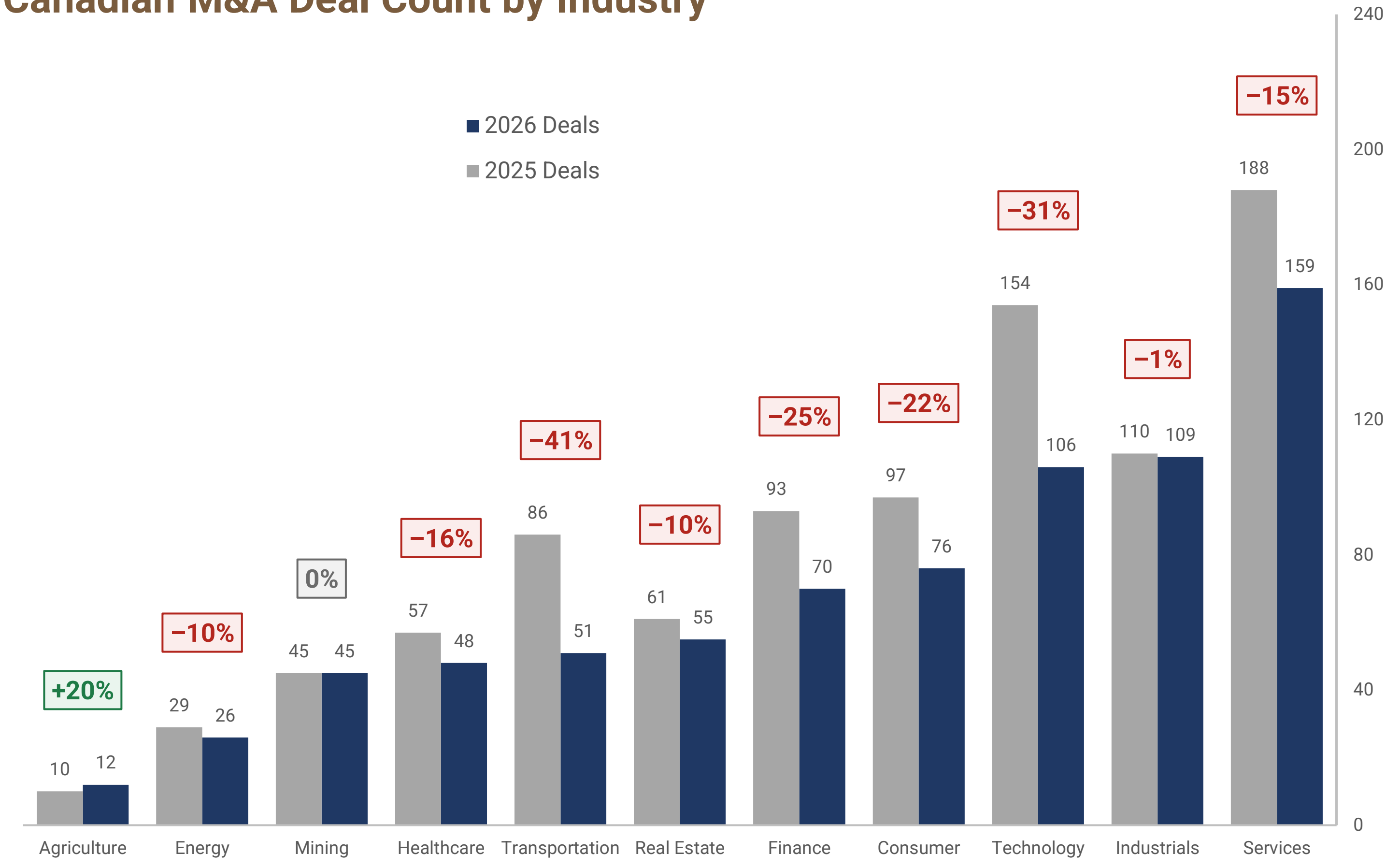


Deal Activity by Industry

KEY TAKEAWAYS

- Technology & Software recorded material contraction (-31%, 154→106) despite tech equities leading all sectors at +32.3%. This bifurcation is clear evidence of a bid-ask standoff, as public comparables reset seller expectations faster than acquirers are willing to underwrite, stalling volume precisely where sentiment is strongest. Technological threats have also made buyers wary as smaller technology companies who traditionally dominated niche markets are navigating new competitive threats.
- Transportation & Logistics reinforces the dynamic (-41%, 86→51, the sharpest decline of any sector). Equity strength is re-rating acquirer currencies without yet translating into completed transactions, as valuation expectations have not converged.
- Industrials & Manufacturing (110→109) and Mining & Metals (45→45) were essentially flat. The industrial economy is where buyer and seller expectations remain aligned, consistent with the physical AI/infrastructure buildout giving strategics conviction to transact at current prices.
- Business & Professional Services remains the deepest market (159 deals, ~1 in 5 nationally) even after a -15% decline. Recurring-revenue, asset-light service businesses remain the most liquid segment of the Canadian mid-market for owners contemplating exit timing.
- The decline is demand-rotation, not uniform retreat: Agriculture and defensive/asset-heavy sectors held, while high-multiple growth sectors fell hardest. Buyers haven't left the market; they've repriced their risk tolerance.

Canadian M&A Deal Count by Industry



Source: PitchBook extract M&A, private-equity and growth transactions (not including venture capital) with a Canadian target announced January 2025 – June 2025, and January 2026 –June 2026, Osprey Capital proprietary data

Transaction Activity

OSPREY CAPITAL PRIVATE EQUITY COVERAGE

+1,700 private equity firms covered

Active Acquirers in Canada H1 2026

BrokerLink Insurance	Westland Insurance	La Caisse	ARC financialcorp	Elevate Service Group	Audax Private Equity
11 Deals	**7 Deals**	**6 Deals**	**4 Deals**	**4 Deals**	**4 Deals**

Notable Canadian Transactions H1 2026

Osprey Capital — Eterna Equity	Birch Hill equity partners	Borouge International	ESAB	HIAB	Francisco Partners	Robinhood
Acquired	Take private $906M	Acquired $13,400M	Acquired $1,450M	Acquired $1,035M	Take private $572M	Acquired $170M
TerraGen Solar	GDI	NOVA Chemicals	Eddyfi Technologies	labrie	blacklinesafety	WonderFi
Mar 2026	Mar 2026	Mar 2026	Jun 2026	Jun 2026	Jun 2026	Jun 2026
Industrials	Industrials	Healthcare	Industrials	Industrials	Industrials	FinTech

Source: PitchBook extract M&A, private-equity and growth transactions (not including venture capital) with a Canadian target announced January 2025 – June 2025, and January 2026 –June 2026, Osprey Capital proprietary data

Please contact your Osprey Capital contact to learn more about Osprey Capital's private equity coverage

H1 2026 – Canadian Portfolios

KEY TAKEAWAYS

Osprey tracks ~1,670 PE-held businesses across Canada.

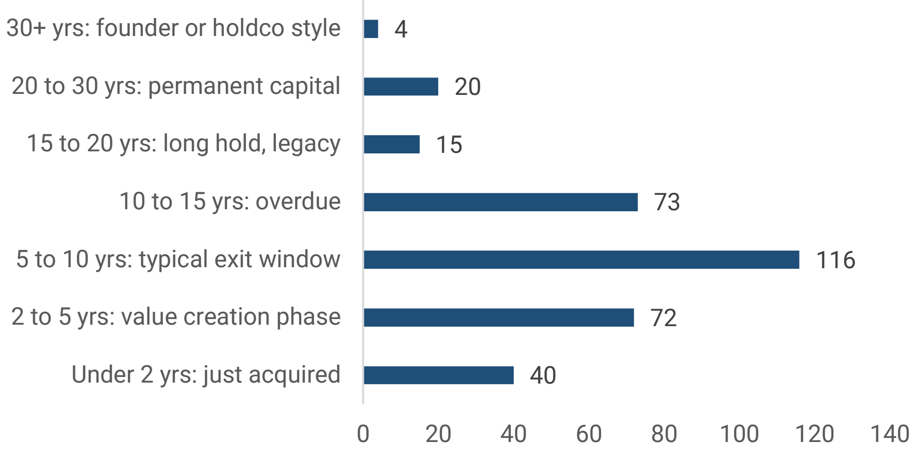
A third of industrial businesses have been held 10+ years. Exits have stayed depressed since 2022 while deployment continued; 86 acquisitions have closed since 2023 alone.

The 5–10 year cohort is the most actionable industrial opportunities over the next 24 months. Where a clean sale won't clear on price, continuation vehicles, GP-led secondaries, minority recaps and NAV financing belong in the opening conversation.

Exits are still clearing, albeit slower than sponsors would prefer. H1 2026 activity concentrated in business and industrial services, with software and technology sales freeing up cash in struggling assets.

Spotlight: PE Industrial Holding Periods

- 112 of 340 industrial companies (33%) with available data held 10+ years, including 39 past fifteen years and 24 past twenty. With fund lives running down and LPs pressing for distributions, the 5-to-10-year cohort is the most likely to seek liquidity within 24 months via sale, continuation vehicle or partial recapitalization.
- 86 acquisitions closed since 2023 and 40 companies (over 10% of the book) are under two years old. Money in has outpaced money out, which built the backlog; these assets remain in value creation and define the 2028+ pipeline, not this cycle.
- For the 112 long-tail holdings and founder-owners weighing partial liquidity, the widened toolkit (continuation vehicles, GP-led secondaries, minority recaps, NAV-based financing) releases cash without a full exit and is often the realistic path rather than the fallback.



Notable Private Equity Canadian Exits H1 2026

	CLAIRVEST	CPP Investments	WeShall Investments	BDG & partners	TRIWEST Capital Partners	OMERS
Divested	Divested	Divested	Divested	Divested	Divested	Divested
Averna	Acera Insurance	Cordelio Power	Titan Lift | Dig | Haul	Compass	Colter	TouchBistro
Jan 2026	Jun 2026	Feb 2026	Mar 2026	Apr 2026	May 2026	June 2026
Industrials	Finance	Energy	Industrials	Food	Industrials	Industrials

Source: PitchBook extract M&A, private-equity and growth transactions (not including venture capital) with a Canadian target announced January 2025 – June 2025, and January 2026 –June 2026, Osprey Capital proprietary data

Predictions for H2 2026

CUSMA and Trade Policy Clarity

- Trade uncertainty, not a shortage of capital, was the binding constraint in H1 for Canadian businesses with US tariff exposure. Unclear CUSMA review timelines kept cross-border-exposed buyers and sellers on the sidelines and extending due diligence timelines.
- Clarity should release the most trade-exposed backlog first. Transportation & Logistics (-41%) should expect to improve, while Industrials (110 vs. 109) and Mining & Metals (45 vs. 45) held flat where deal structures could handle the new risks.
- June's -11% year-over-year shortfall, representing a narrowing gap, is the early tell. We expect announced cross-border volume to inflect within two quarters of a defined review outcome, led by the foreign strategics that already wrote H1's largest cheques.

Consolidation in B2B Services

- Business & Professional Services remains the deepest market at 159 deals, roughly one in five nationally, even after a -15% decline. Recurring-revenue, asset-light service businesses are the most liquid segment of the Canadian mid-market.
- Volume is being set by domestic consolidators rather than one-off strategics. Building services business such as HVAC, electrical, plumbing and roofing continues to see interest from private-equity backed strategics, who bring financial and operational acumen to founder-led enterprises.
- We expect services to take a larger share of national deal count in H2 even if aggregate volume stays muted, opening a scarcity-value window for owners: fewer competing processes against buyers with standing acquisition mandates.

Vertical Software and the Burden of Proof

- Technology equities led all sectors at +32.3% while Technology & Software M&A fell 31% (154 to 106). That index gain is narrow, however: a select few mega-cap AI tickers are carrying it, and the median mid-market software business has seen no such re-rating. The burden of proof sits with sellers anchoring to headline strength their own comparables do not support.
- AI-driven repricing of software models is now the most common discussion point in investment committees. Niche vendors that once owned defensible verticals must evidence that the moat survives, and H1 saw software sales used to free cash in struggling assets.
- We expect bifurcation rather than broad recovery in H2. Processes will clear where workflow depth, proprietary data and switching costs are demonstrable, and stall elsewhere. Sellers should build the AI-durability case into the marketing materials, not defend it in diligence.

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