

QUARTERLY REPORT

Canadian M&A market

Q1 2026 quarterly report

January 1 to March 31, 2026

Prepared by The Shaughnessy Group | April 2026

For distribution to Canadian business owners

Version 1.0

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Quarter at a glance

Canadian M&A Market | Q1 2026 |

January to March 2026

Q1 2026: key numbers at a glance

US\$62.3B

Q1 2026 total deal value
(S&P Global / Bennett Jones)

730

Total transactions in Q1
(vs. 845 in Q4 2025)

-26%

Deal value vs. Q4 2025
(US\$86.6B in Q4 2025)

70%

Of value in top 10 deals
Highly concentrated quarter

Q1 2026 reflected a more selective approach to dealmaking after a strong 2025. Activity moderated in both deal value and transaction count, but the pullback appears tactical rather than structural. Canada remains viewed as a stable, predictable M&A market. Mining (gold) and energy led by value; local domestic deals continued to anchor overall activity.

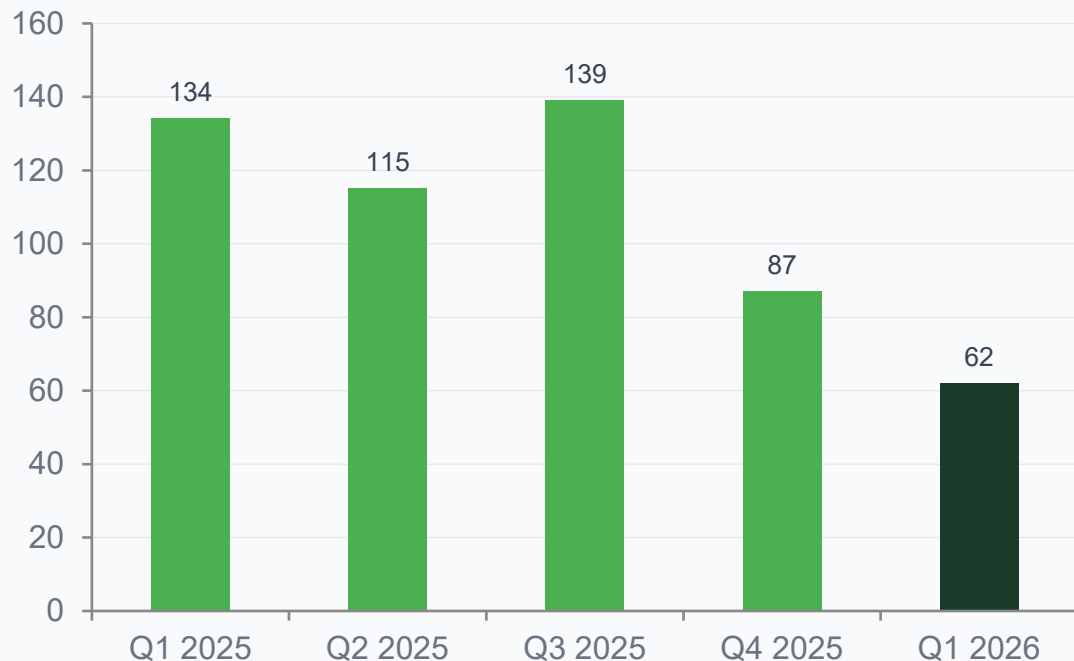
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Deal activity overview

Canadian M&A Market | Q1 2026 |

January to March 2026

Deal volume and value: Q1 2026 in context



Local deal share

~50%

Domestic buyers anchoring market
(PwC Canada 2026 Outlook)

Top 10 deal concentration

~70%

Of Q1 value in top 10 deals
(Bennett Jones, S&P Global)

Energy deal value

US\$14.8B

Ranked first by sector
across 31 transactions

Sources: Bennett Jones LLP, Canada's Q1 2026 M&A Landscape ([bennettjones.com](https://www.bennettjones.com)); S&P Global Market Intelligence as of March 31, 2026; PwC Canada 2026 M&A Outlook ([pwc.com/ca](https://www.pwc.com/ca)).

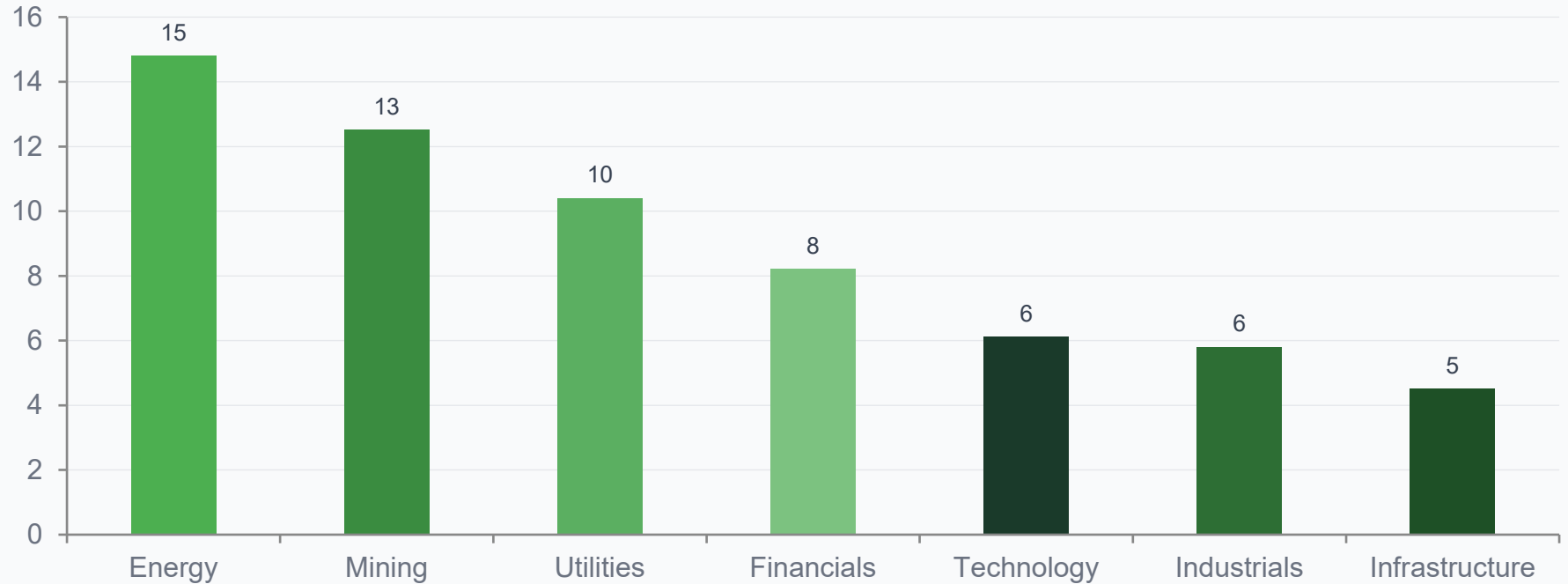
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Sector-by-sector analysis

Canadian M&A Market | Q1 2026 |

January to March 2026

Sector activity: Q1 2026 deal value by sector



Source: Bennett Jones LLP, Canada's Q1 2026 M&A Landscape (bennettjones.com). S&P Global Market Intelligence data as of March 31, 2026. Infrastructure value estimated from reported deal activity.

Q1 sector spotlight: mining, energy and infrastructure

Mining and gold

- Mining ranked second by value: US\$12.5B across 190 transactions
- Gold prices surged above US\$5,500/oz in January, ending Q1 at US\$4,554 — up nearly 50% YOY
- Nine Canadian gold M&A deals exceeded US\$1B since start of 2025
- BMO bull-case scenario targets gold at US\$8,650/oz by 2027
- Central banks purchasing 1,000+ tonnes annually since 2022; institutional portfolios underexposed
- Acquisition primary path to reserve growth for senior and mid-tier miners

Energy

- Energy ranked first by value: US\$14.8B across 31 transactions
- Montney basin remained a primary consolidation target
- Canada-China MOU (January 2026) commits both countries to LNG and LPG cooperation
- Canada-India strategic partnership (March 2026) includes LPG engagement
- Alberta Indigenous co-owned pipeline to west coast BC under development
- Potential Keystone XL revival under discussion

Infrastructure

- Utilities third by value: US\$10.4B across 6 transactions
- Boralex acquired by Brookfield and La Caisse at \$9.0B enterprise value (March 25, 2026)
- Federal Major Projects Office regulatory framework evolving
- Ontario Bill 5 and BC Infrastructure Projects Act streamlining approvals
- Nation-building agenda: \$115.2B over five years including \$54B for core public assets
- Infrastructure M&A expected to accelerate as approval pathways clarify

Sources: Bennett Jones LLP Q1 2026 M&A Landscape ([bennettjones.com](https://www.bennettjones.com)); Mondaq/Lexology, Canadian Oil and Gas M&A (April 2026); Globe Newswire, Boralex transaction announcement (March 25,

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Valuation and market conditions

Canadian M&A Market | Q1 2026 |

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Valuation and acquisition financing: Q1 2026

Valuation conditions

- Q1 2026 marked a more selective, quality-driven approach to valuation after 2025's record-setting pace
- Mid-market deals valued at \$100M to \$500M grew as a proportion of private deal activity (Torys LLP)
- Buyers increasingly focused on scale, quality and long-duration assets
- Earnouts and rollover equity arrangements used to bridge valuation gaps amid macro uncertainty (Lexpert)
- Tariff exposure discounts continued in affected sectors; non-tariff-exposed businesses commanded cleaner multiples
- Gold and critical minerals commanded highest value concentration — nine Canadian gold M&A deals over US\$1B since start of 2025

Acquisition financing

- Bank of Canada held overnight rate at 2.25% at both the January 28 and March 18, 2026 meetings — rate-cutting cycle on pause
- Rate has been cut 9 times from 5.00% (June 2024) to 2.25% (Oct. 2025), then held for two consecutive decisions in Q1 2026
- Canadian debt market strong: loan issuance \$1.13 trillion YTD Q1 2026, a 10% increase over Q1 2025 (MNP Q1 2026)
- Private credit remains a permanent feature — filling bank financing gaps with unitranche, NAV facilities and hybrid structures
- PE dry powder pressure persisting — 33% of business leaders surveyed plan a major acquisition in the next 18 months (KPMG)
- TD Economics and CIBC both forecast BoC rate held at 2.25% through end of 2026

Sources: Bank of Canada (bankofcanada.ca) Jan. 28 and March 18, 2026; MNP Q1 2026 Debt Markets report (mnp.ca); Bennett Jones Q1 2026 M&A Landscape; Lexpert, M&A in Canada 2026 (lexpert.ca);

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Private equity and VC activity

Canadian M&A Market | Q1 2026 |

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Private equity and venture capital: Q1 2026

33%

Of business leaders plan a major acquisition in next 18 months (KPMG)

36%

Of private/PE-backed firms planning an acquisition (KPMG)

65%+

PE buyout value growth full-year 2025 YOY (ABA Business Law Today)

\$1.13T

YTD loan issuance Q1 2026, +10% vs. Q1 2025 (MNP)

- PE activity: quality over quantity continued from 2025 — higher dollar volumes, more selective transactions
- Carve-outs, spin-offs and separations expected to increase as companies streamline portfolios and unlock hidden value (TD Securities)
- Continuation vehicles and structured exits increasingly used by sponsors to manage liquidity amid limited IPO market
- Mid-market deal proportion (\$100M to \$500M) grew in 2025 private deal activity — trend expected to carry into Q1 2026 (Torys LLP)
- Small and mid-cap buyers expected to become more aggressive participants in 2026 as financing conditions and strategic clarity improve (TD Securities)

Sources: KPMG Canada, *Nation-building to spur Canadian M&A in 2026* (kpmg.com/ca, Jan. 19, 2026); TD Securities *M&A Outlook 2026* (tdsecurities.com); Torys LLP *Q1 2026 M&A Outlook* (torys.com);

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Regulatory environment

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Regulatory and policy environment: Q1 2026

Investment Canada Act

- Economic security confirmed as distinct ICA national security factor — in force throughout Q1 2026
- Domestic transactions dominating as foreign buyers face longer timelines and elevated rejection risk (Dentons)
- Critical minerals, energy, digital infrastructure remain highest-scrutiny categories
- Trade agreement investor threshold: \$2.179B (2026); WTO investor threshold: \$1.452B
- Proactive pre-closing ICA notifications now market standard for deals involving foreign buyers

Competition Bureau

- Draft Merger Enforcement Guidelines published Nov. 2025 now shaping Q1 2026 deal structuring
- Structural presumption: deals at >30% market share presumptively anticompetitive
- Three-year post-closing look-back for non-notifiable transactions remains in force
- \$93M size-of-transaction threshold remains frozen — more deals captured annually
- Pre-signing competitive market analysis now essential for Competition Act exposure management

Tax policy (owner planning)

- LCGE: \$1.25M per owner for qualifying small business corporation shares — indexation resumes 2026
- Canadian Entrepreneurs' Incentive: additional \$2M at 33.33% inclusion rate for eligible founders
- CEI excludes finance, real estate, consulting and medicine — sector eligibility check required
- Three-year minimum voting share holding required for CEI qualification
- Bill C-208 enables family sale with same tax treatment as third-party sale

Sources: Bennett Jones Q1 2026 M&A Landscape ([bennettjones.com](https://www.bennettjones.com)); Dentons, Canadian M&A Outlook 2026 ([dentons.com](https://www.dentons.com)); Norton Rose Fulbright, ICA thresholds 2026 ([nortonrosefulbright.com](https://www.nortonrosefulbright.com)); BDC

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**Business succession and owner readiness
Canadian M&A Market | Q1 2026 |
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Canada's succession gap: what Q1 2026 means for owners

76%

of Canadian small-business owners plan to exit in the next decade

91%

of those planning to exit have NO formal succession plan

\$3T+

in expected wealth and business assets expected to change hands

33%

of business leaders plan a major acquisition in the next 18 months (KPMG)

Three actions for business owners now:

1

Q1 2026 confirmed that selective buyers reward prepared sellers. Quality of earnings, customer concentration and documented management depth are non-negotiable entry requirements for a competitive process.

2

With PE dry powder pressure high and 33% of business leaders planning acquisitions in the next 18 months, the buyer pipeline is building. Owners who are not sale-ready today risk being outpaced by the market when conditions align.

3

Review LCGE and CEI eligibility now — the \$1.25M + \$2M combined exemption requires advance planning on share structure, passive asset levels and minimum holding periods. Do not wait until a buyer approaches.

Sources: CEIB via The Logic (thelogic.ca); PwC Canada 2026 M&A Outlook (pwc.com/ca); KPMG Canada (kpmg.com/ca, Jan. 19, 2026); BDC (bdc.ca); MNP ExitSMART (mnp.ca).

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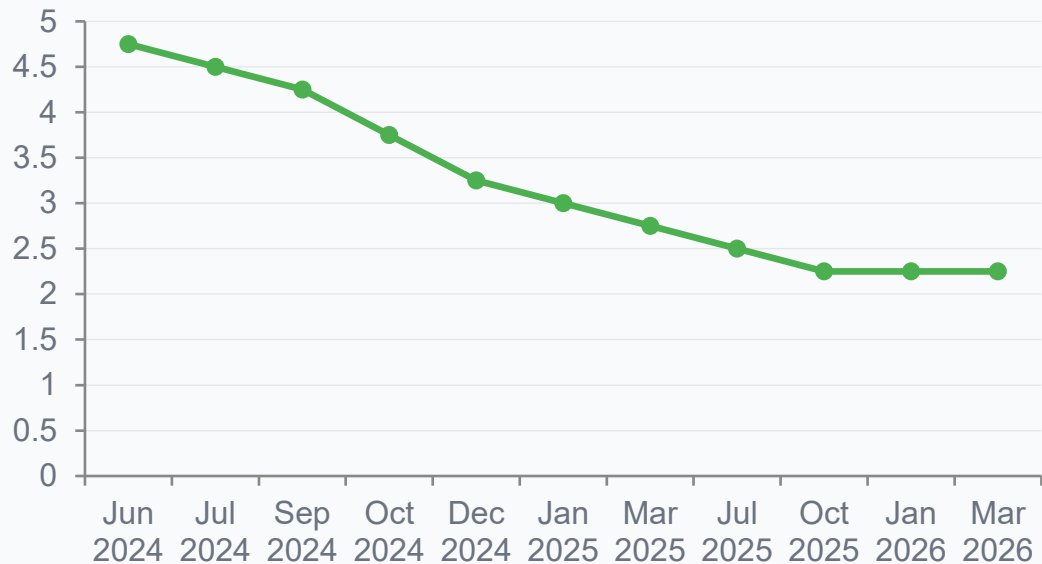
Macroeconomic context

Canadian M&A Market | Q1 2026 |

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Macroeconomic snapshot: Q1 2026

Bank of Canada overnight rate (%)



Q1 2026 macro context: GDP grew modestly in January with early signals of continued expansion in February. The Bank of Canada has held rates at 2.25% through both Q1 decisions as trade uncertainty and a new Middle East conflict introduced conflicting signals — weaker growth outlook offset by rising energy prices and near-term inflation risk.

+0.1%

Real GDP Jan. 2026
(month over month)
(RBC Economics)

1.8%

CPI Feb. 2026
Below BoC 2% target
(Statistics Canada)

6.7%

Unemployment
Feb. 2026
(Statistics Canada)

~\$0.72

CAD/USD Q1 2026
(approximate range)
(Bank of Canada)

Sources: Statistics Canada (statcan.gc.ca); Bank of Canada (bankofcanada.ca), Jan. 28 and March 18, 2026; RBC Economics, April 2026 (rbc.com); TD Economics, March 2026 (economics.td.com); Vanguard

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**Notable transactions of the quarter
Canadian M&A Market | Q1 2026 |
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Notable Canadian M&A transactions: Q1 2026

Target	Acquirer	Value	Sector
Borex Inc.	Brookfield Asset Mgmt. / La Caisse	\$9.0B EV (CA\$3.8B equity)	Renewable Energy / Infrastructure
Laurentian Bank of Canada (shareholder vote)	Fairstone Bank (shareholder approval Feb. 5, 2026)	CA\$1.9B	Financial Services / Banking
Various gold mining assets	Multiple strategic and financial acquirers	9 deals >US\$1B since 2025 start	Mining / Gold
Energy sector deals (31 Q1 transactions)	Strategic and PE buyers	US\$14.8B aggregate	Energy / Oil and Gas
Utilities / infrastructure deals (6 Q1 transactions)	Infrastructure funds	US\$10.4B aggregate	Utilities / Infrastructure
First National Financial Corp.	Birch Hill Equity Partners	Undisclosed	Financial Services / Mortgage

Sources: Globe Newswire, Borex transaction (March 25, 2026); Laurentian Bank (laurentianbank.ca, Feb. 5, 2026); Bennett Jones Q1 2026 M&A Landscape (bennettjones.com); Torys LLP Q1 2026 M&A Outlook (torys.com); Lexpert M&A Canada 2026 (lexpert.ca). Values in currency reported by source.

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Outlook for Q2 2026

Canadian M&A Market | Q1 2026 |

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Outlook for Q2 2026: pent-up demand building

Bennett Jones LLP

Nation-building initiatives, regulatory evolution and sustained access to long-term capital expected to support increased dealmaking, particularly in energy, mining, infrastructure and other strategically aligned sectors through Q2 and H2 2026.

Torys LLP

The Canadian M&A market continues its recovery, building on key trends from H2 2025. Both deal value and count showed significant growth in 2025 over the prior five years, surpassing 2021 record levels. This momentum is expected to continue building through 2026.

PwC Canada

Transaction volume expected to hold steady through H1 2026. Local deals — Canadian buyers in Canadian targets — will continue to anchor the market. Defence, sovereign AI and wealth management are the highest-activity sectors for the quarters ahead.

KPMG Canada

The government's nation-building agenda will be a catalyst for M&A activity in 2026, especially in the private mid-market. One-third of business leaders surveyed plan a major acquisition in the next 18 months, led by 36% of PE-backed firms.

Sources: Bennett Jones Q1 2026 M&A Landscape ([bennettjones.com](https://www.bennettjones.com)); Torys LLP Q1 2026 M&A Outlook ([torys.com](https://www.torys.com)); PwC Canada 2026 M&A Outlook ([pwc.com/ca](https://www.pwc.com/ca)); KPMG Canada ([kpmg.com/ca](https://www.kpmg.com/ca), Jan. 19,

Questions to bring to your advisors now

01

Q1 2026 confirmed that buyers are selective and concentrated on quality, scale and long-duration assets. Has my business been assessed for buyer-readiness with a quality of earnings review, customer concentration analysis and documented management depth — the three elements that consistently separate sellers who transact from those who do not?

02

With 33% of business leaders planning a major acquisition in the next 18 months and PE dry powder at record levels, the buyer pipeline is building. Am I positioned to attract both strategic and financial buyer interest, and what specific steps would most quickly improve my attractiveness to private equity?

03

Gold, energy and infrastructure commanded the highest transaction values in Q1 2026. If my business operates in or adjacent to these sectors, have I had an advisor assess my strategic value to a sector-consolidating buyer — and do I understand how that differs from a financial-buyer valuation based on my EBITDA alone?

The Shaughnessy Group

Boutique sell-side M&A advisory

For Canadian businesses with \$5M to \$50M in annual revenue

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Selling Your Canadian Business

A Step-by-Step Guide to Maximizing Value and Securing Your Legacy

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