

Canadian M&A market

Q4 2025 quarterly report

October 1 to December 31, 2025

Prepared by The Shaughnessy Group | March 2026

For distribution to Canadian business owners

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01

Quarter at a glance

Q4 2025: key numbers at a glance

239

Q4 transactions
(MNP Corporate Finance)

**US\$389.6
9B**

Full-year 2025 deal value
(S&P Global / Bennett Jones)

-12.5%

Q4 deal count vs. Q3 2025
(MNP Corporate Finance)

78

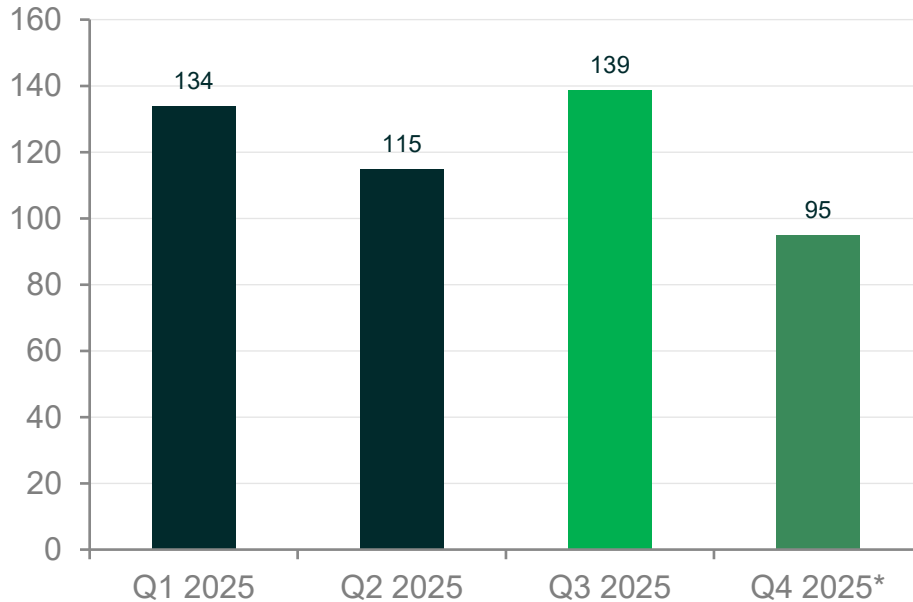
Billion-dollar deals
in 2025 (vs. 54 in 2024)

Canada's 2025 M&A market closed above the 2021 record on aggregate deal value, while Q4 volume declined as tariff uncertainty and inventory headwinds dampened deal-making momentum. The lower-middle-market tracked 239 transactions in Q4, its softest quarterly result of the year.

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Deal activity overview

Deal volume and value: 2025 full year



Inbound M&A

US\$98.45B deal value
(doubled vs. 2024)

Domestic deals

~50% of all activity
(PwC Canada, 2026 outlook)

Mid-market value

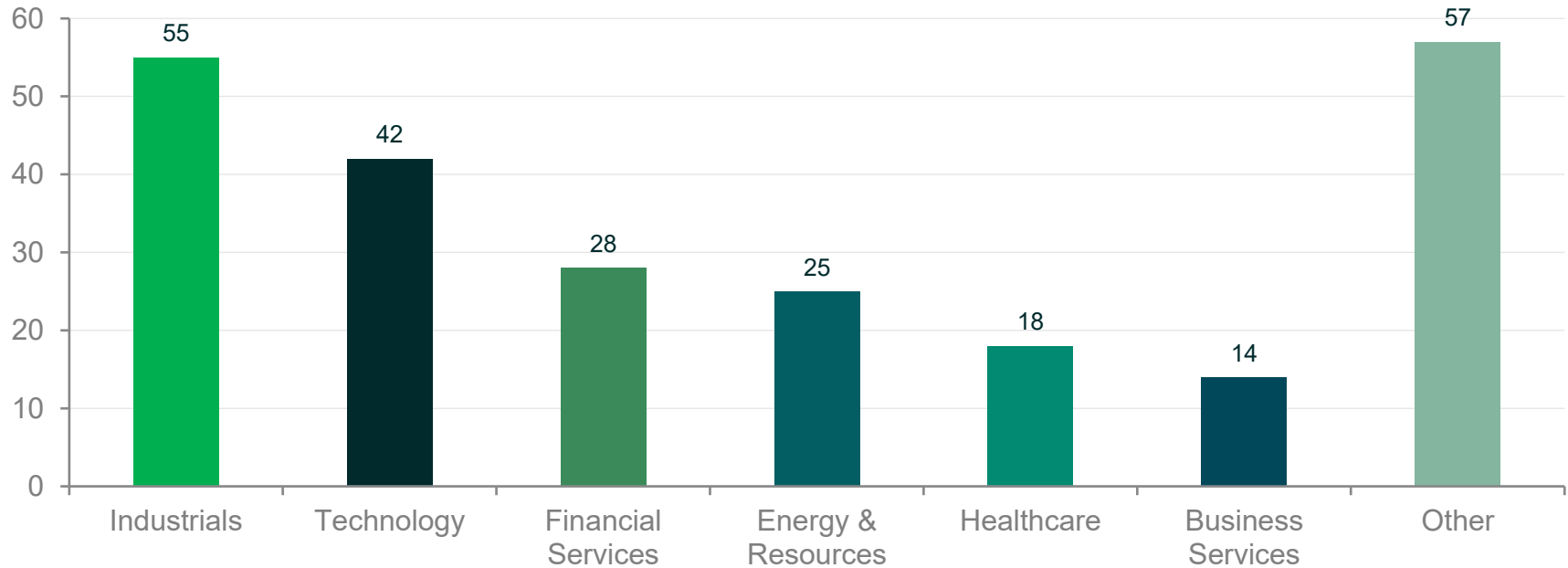
US\$41.56B in 2025
(up from US\$40.83B)

* Q4 mid-market tracker (MNP). Q1–Q3 PwC/CapitalIQ full-market data. Q4 full-market figure estimated.

03

Sector-by-sector analysis

Sector activity: Q4 2025 transaction count (lower-middle market)



Source: MNP Corporate Finance, Q4 2025 Middle Market M&A Update (mnp.ca). 'Other' represents all remaining sectors.

Sector spotlight: energy, mining and gold

257%

Energy sector deal value YOY growth

220%

Mining sector deal value YOY growth

82%

Utilities sector deal value YOY growth

8

Gold deals of US\$1B+ in 2025 (vs. 1 in 2024)

Key drivers:

- Energy transition and critical minerals investment driving strategic consolidation
- Strong corporate balance sheets funding efficiency-driven M&A
- Geopolitical uncertainty accelerating supply chain security acquisitions
- Federal Major Projects Office (launched Aug. 2025) unlocking infrastructure deal flow

Source: Bennett Jones LLP, Canada's Q4 2025 M&A Landscape (bennettjones.com). S&P Global Market Intelligence data as of Dec. 31, 2025.

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Valuation and market conditions

Valuation and acquisition financing

Valuation conditions

- Mid-market deal value (US\$20M–\$500M) rose to US\$41.56B in 2025 from US\$40.83B in 2024
- Buyers applied tariff-exposure discounts or demanded earnout structures in tariff-sensitive sectors
- Mining commanded highest mid-market multiples; financial services and software followed
- Q4-specific EBITDA multiple data for \$5M–\$50M revenue companies not yet publicly available (typical data lag)

Acquisition financing

- Bank of Canada held overnight rate at 2.25% on Dec. 10, 2025 — rate-cutting cycle concluded
- Rate reduced 7 times from 5.00% (June 2024) to 2.25% (Oct. 2025)
- Private credit now a permanent feature in Canadian mid-market M&A financing
- Hybrid structures common: bank senior debt + private credit junior/mezzanine
- U.S. direct lenders increasingly acting as sole financiers on inbound cross-border deals

Sources: Bank of Canada (bankofcanada.ca), Dec. 10, 2025; Bennett Jones LLP, Q4 2025 M&A Landscape (bennettjones.com).

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Private equity and VC activity

Venture capital: record Q4 on back of megadeals

\$3.8B

Q4 2025 VC deployed
(165 deals)

\$23M

Average Q4 deal size
(record since 2013)

\$1B

Waabi investment
(>25% of all Q4 VC)

\$8B

Full-year 2025 VC
(571 deals, -6% YOY)

- Venture debt reached a record in Q4: 19 transactions worth \$679M
- No IPOs recorded in 2025 — secondary transactions were the primary liquidity pathway (\$1.3B, +56% YOY)
- Early-stage (Series A and B) investment fell 28% year over year; later-stage and growth rounds rose 25–60%
- Private equity take-privates: 4 transactions totalling CAD \$23.5B year-to-date (42% of all PE investment)

Sources: CVCA Q3 2025 Market Overview (cvca.ca); The Logic, 'Canadian VC ended 2025 with its strongest fourth quarter on record' (thelogic.co, Feb. 2026).

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Regulatory environment

Regulatory and policy environment

Competition Bureau

- 185 merger reviews year-to-date (up from 172 in 2024)
- Average review length: 40 days (up from 38 in 2024)
- 247 pre-merger notification filings in 2024–2025: +31% over prior year
- Draft Merger Enforcement Guidelines published Nov. 2025
- New structural presumptions: deals at >30% market share are presumptively anticompetitive

Investment Canada Act

- 2026 threshold: trade agreement investors raised to \$2.179B (from \$2.079B)
- WTO investor threshold raised to \$1.452B (from \$1.386B)
- Competition Act threshold frozen at \$93M — more deals captured each year
- National security review risk remains elevated for energy, minerals and infrastructure deals
- New contractual deal protections for ICA risk became market standard in Q4

Tax policy

- LCGE: \$1.25M per owner for qualified small business corporation shares (2025)
- Canadian Entrepreneurs' Incentive (CEI): additional \$2M at 33.33% inclusion rate
- LCGE indexation resumes in 2026
- CEI excludes finance, real estate, consulting and medicine
- Bill C-208 enables family sale with same tax treatment as third-party sale

Sources: Blakes LLP, *Competitive Edge Nov. 2025* (blakes.com); Norton Rose Fulbright, *2026 ICA thresholds* (nortonrosefulbright.com); BDC succession planning guidance (bdc.ca).

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Business succession and owner readiness

Canada's succession tsunami: the numbers

76%

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

91%

of those planning to exit have NO formal succession plan

\$2T+

in Canadian business assets expected to change hands

25%

of SMEs estimated to shut down rather than sell (BDC)

Three actions for business owners:

1. Start exit preparation 3–5 years before intended sale date — not at retirement.
2. Review LCGE and CEI eligibility now — qualifying requires advance planning on share structure and passive assets.
3. Assess tariff exposure as part of any valuation exercise — buyers are applying discounts in affected sectors.

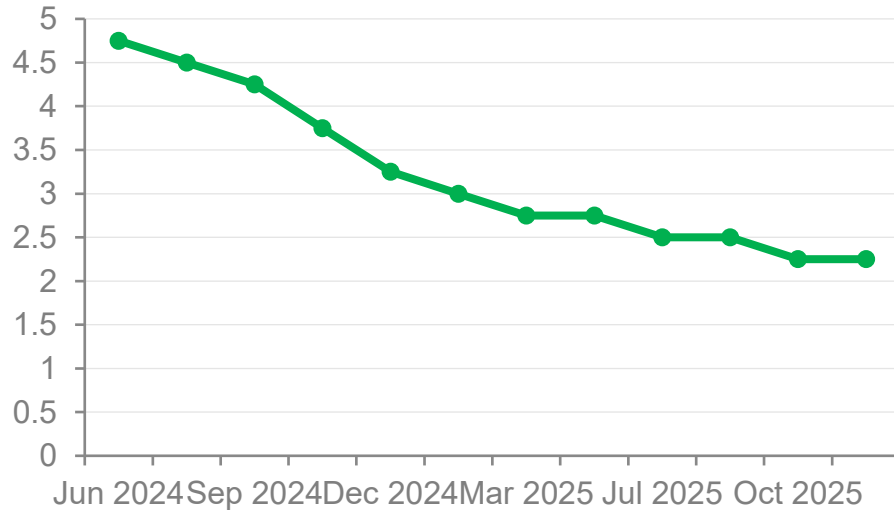
Sources: CFIB via *The Logic* (thelogic.co, Feb. 2025); MNP ExitSMART; BDC chief economist Pierre Cleroux; B.C. Chamber of Commerce report, Dec. 2025.

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Macroeconomic context

Macroeconomic snapshot: Q4 2025

Bank of Canada overnight rate (%)



-0.2%

GDP Q4 2025
Quarter over quarter
(Statistics Canada)

+1.7%

Full-year GDP 2025
Slowest annual growth
since 2020

6.5%

Unemployment Nov.
+54,000 jobs added
(Statistics Canada)

~\$0.73

CAD/USD (Dec. 2025)
Approx. 73 U.S. cents
(CBC News, Dec. 23, 2025)

Sources: Statistics Canada (statcan.gc.ca); Bank of Canada (bankofcanada.ca); CBC News, Dec. 2025; TD Economics, Feb. 2026.

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Notable transactions of the quarter

Notable Canadian M&A transactions: 2025

Target	Acquirer	Value	Sector
Teck Resources / Anglo American merger	Anglo American plc	US\$57B (proposed)	Mining / Critical Minerals
NuVista Energy Ltd.	Ovintiv Inc.	\$3.8B	Energy / Oil and Gas
Plains All American NGL Business	Keyera Corp.	US\$3.75B	Energy / Midstream
Richardson Wealth	iA Financial Group	Undisclosed	Financial Services / Wealth Mgmt.
BBGI Global Infrastructure S.A.	BCI (B.C. Pension)	£1.0B	Infrastructure (take-private)
CanadaOne Auto Group (65%)	Eagers Automotive (AUS)	AUD \$1.04B	Automotive Retail
Waabi (VC round)	Investment syndicate	\$1.0B (VC)	Technology / Autonomous Vehicles

Sources: Bennett Jones LLP (bennettjones.com); Torsys LLP (torsys.com); PwC Canada (pwc.com/ca); The Logic (thelogic.co); CVCA (cvca.ca); IMAA Institute.

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Outlook for Q1 2026

Outlook for Q1 2026: cautious optimism

PwC Canada

Analysts project transaction volume holding steady through H1 2026, with local (Canadian buyer, Canadian target) deals anchoring the market. Wealth management and digital infrastructure expected to remain active.

Bennett Jones LLP

Infrastructure and AI-driven sectors expected to be primary M&A drivers. Private credit continues to facilitate transactions that bank financing would not. Predictions for 2026 are positive but nuanced.

MNP Corporate Finance

M&A activity forecast to accelerate in 2026, supported by accretive acquisitions and mounting pressure on private equity firms to deploy substantial accumulated dry powder.

Osler LLP

For smaller and mid-market companies, the key question in 2026 is how long they can afford to stay on the sidelines. Once trade clarity improves, a release of pent-up deal activity is expected.

Sources: PwC Canada 2026 M&A Outlook ([pwc.com/ca](https://www.pwc.com/ca)); Bennett Jones Q4 2025 M&A Landscape; MNP M&A Update ([mnp.ca](https://www.mnp.ca)); Osler via Lexology ([lexology.com](https://www.lexology.com), Dec. 2025).

Questions to bring to your advisors now

01

Has my business been assessed for tariff exposure as part of any valuation or exit planning exercise, and how does that affect what a buyer would pay today?

02

Am I on track to qualify for the full benefit of both the LCGE (\$1.25M) and the Canadian Entrepreneurs' Incentive (\$2M additional), and do I meet the three-year holding period requirements?

03

Given that private equity firms are under growing pressure to deploy capital in 2026, am I positioned to attract institutional buyer interest, and what steps would most quickly improve my attractiveness to this buyer category?

The Shaughnessy Group

Boutique sell-side M&A advisory
For Canadian businesses with \$5M to \$50M in annual revenue

shaughnessy.group

Selling Your Canadian Business
A Step-by-Step Guide to Maximizing Value and Securing Your Legacy
Karl E. Sigerist, Jr., ICD.D | sellingyourcanadianbusiness.ca

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