

Middle Market M&A Update

Q4 2021



M&A Market Summary

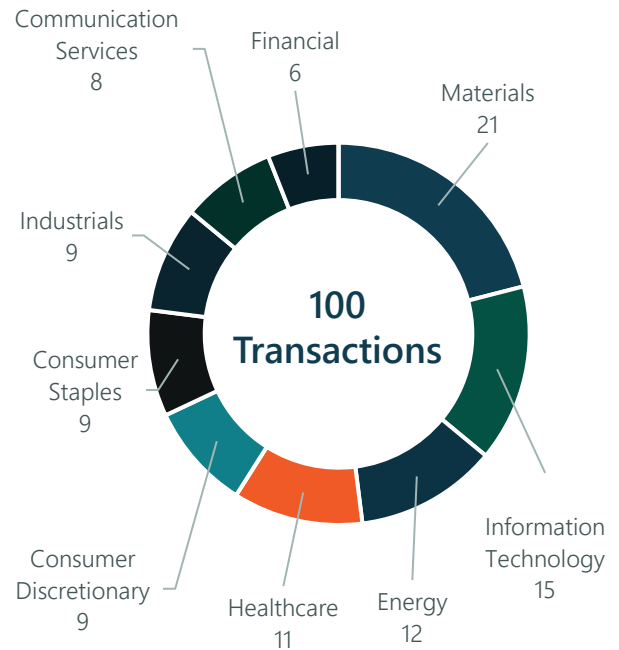
Canadian Mid-Market

Aggregate deal value increased from \$5.9 billion across 75 transactions in Q3 2021 to \$9.2 billion across 100 transactions in Q4 2021. Continued strength in equity markets and low interest rates have increased investor sentiment and supported M&A activity.

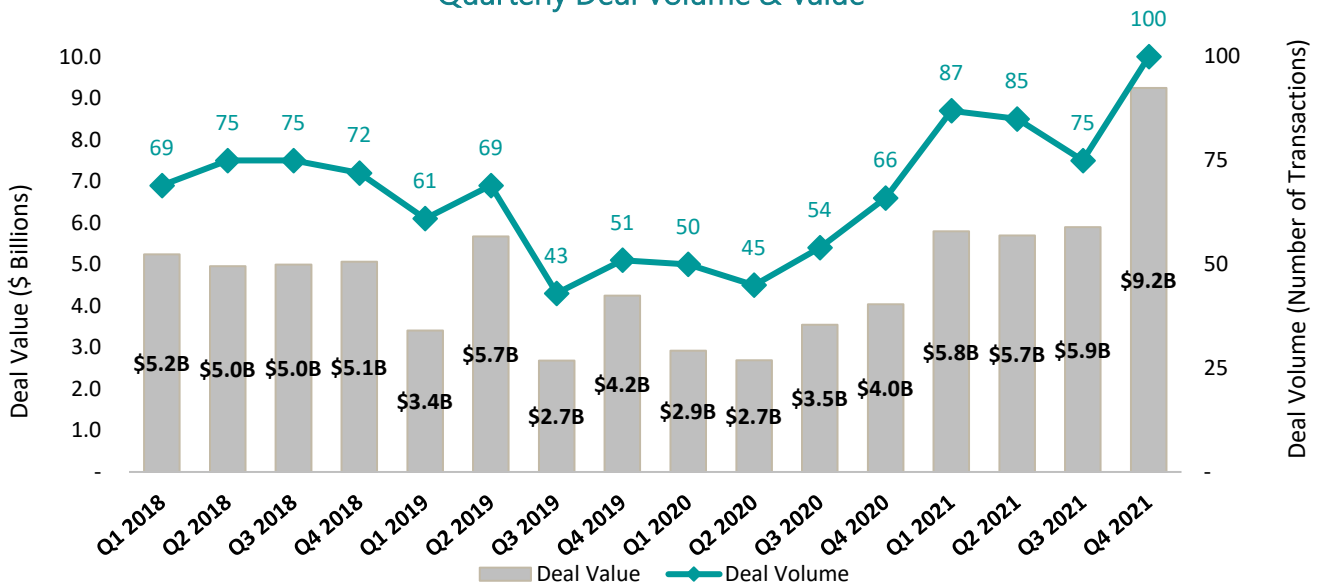
The adjacent chart summarizes the transaction volume by sector in Q4 2021. Below are sector highlights in transaction volumes:

- All but two sectors, Financials and Industrials, experienced an increase in transaction volume in Q4 2021 compared to the previous quarter.
- The Materials sector led all sectors with 21 transactions, accounting for 21.0% of total deal volume in Q4 2021.
- There were 15 transactions in the Information Technology sector, accounting for 15.0% of total deal volume in Q4 2021.
- The Energy sector contributed 12 transactions, accounting for 12.0% of total deal volume in Q4 2021.
- The Consumer Discretionary sector saw 9 transactions, accounting for 9.0% of total deal volume in Q4 2021.

Q4 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	Dec 6, 2021
EV	\$500M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Dye & Durham Limited** (“D&D”) provides cloud-based software and technology solutions for legal firms, financial service institutions, and government organizations in Canada, Australia, Ireland, and the United Kingdom. D&D was founded in 1874 and is headquartered in Toronto, Ontario.
- **Telus’ Financial Solutions Business** (“TFSB”) provides digital infrastructure and technology solutions to the financial community across Canada.
- The transaction will benefit D&D’s customers through expanded product capabilities, particularly in the real estate value chain.

LithiumAmericas

acquired



Announced	Nov 17, 2021
EV	\$479M
EV/EBITDA	Not Disclosed
EV/Revenue	Not Disclosed

- **Lithium Americas Corp.** (“LAC”) operates as a resource company in the United States (“US”), exploring for lithium deposits. LAC was incorporated in 2007 and is headquartered in Vancouver, British Columbia (“BC”).
- **Millennial Lithium Corp.** (“MLC”) engages in the acquisition, exploration, and development of lithium mineral properties. Its flagship project, the Pastos Grandes Lithium project, covers an area of approximately 12,619 hectares located in Salta Province, Argentina. MLC was incorporated in 2005 and is headquartered in Vancouver, BC.
- The acquisition bolsters LAC’s growth pipeline and allows the addition of a complementary lithium brine project while leveraging significant synergies.



acquired



Announced	Oct 27, 2021
EV	\$100M
EV/EBITDA	12.3x
EV/Revenue	1.3x

- **Genius Brands International Inc.** (“Genius Brands”) is a content and brand management company that creates and licenses multimedia content for toddlers to tweens worldwide. Genius Brands was founded in 2006 and is based in Beverly Hills, California.
- **WOW Unlimited Media Inc.** (“WOW”) is an animation-focused entertainment company, which produces and distributes animated content for film, television, and online distribution channels. WOW was incorporated in 2008 and is based in Vancouver, BC.
- The transaction will allow Genius Brands to leverage WOW’s production facilities and move animation production in-house while also expanding its audience demographics.

M&A Market Summary

Equity Markets

The S&P/TSX Composite posted positive gains in Q4 2021, fueled by continued economic recovery. Eight sectors saw positive returns, including Energy and Materials, which led the market with double-digit percentage gains in Q4 2021. Of the 260 companies listed on the S&P/TSX Composite, 178 recorded a gain in 2021. The index as a whole returned 5.32% in Q4 2021.

- The Energy sector returned 12.7%, outperforming the broader market in Q4 2021, with Canadian Natural Resources, Imperial Oil, and Enbridge as some of the top performers in the sector. The price of Crude Oil increased during much of 2021, driven by increased global oil demand as the economy continued to recover from the COVID-19 pandemic.
- The Materials sector returned 10.4% in Q4 2021 with Nutrien, Teck Resources, and First Quantum Minerals among the top performers in the quarter, benefitting from the increase in commodity prices.
- The Healthcare sector continued to struggle, posting a negative 20.6% return in Q4 2021, as investor uncertainty prevailed in the Cannabis industry. The loss was largely driven by a decline in Cannabis equities such as Canopy Growth Corp and Tilray.

Q4 2021 Sector Performance*

Sector	TSX Composite
Energy	12.7%
Materials	10.4%
Financials	7.6%
Consumer Staples	7.5%
Consumer Discretionary	6.3%
Utilities	4.6%
Industrials	3.7%
Communications Services	3.2%
Information Technology	-4.1%
Healthcare	-20.6%

S&P/TSX Composite Index Value – Q4 2021



*Sector performance based on the price change of each corresponding S&P/TSX Composite Index for Q4 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 December 8, 2021, the Bank of Canada (“BoC”) held its target for the overnight rate at the effective lower bound of 0.3%, maintaining the same overnight interest rate since March 2020. The BoC indicated that it is not ready to begin interest rate hikes and believes that inflation rates will begin to subside as supply chain problems and gas prices fueling the surge ease. However, the BoC did announce that it will be ending the Quantitative Easing (“QE”) program and moving into the reinvestment phase by keeping its holdings of Government of Canada bonds constant. Interest rates are expected to remain at current levels until the economic slack in the economy gets absorbed and the 2% inflation target is sustainably achieved.

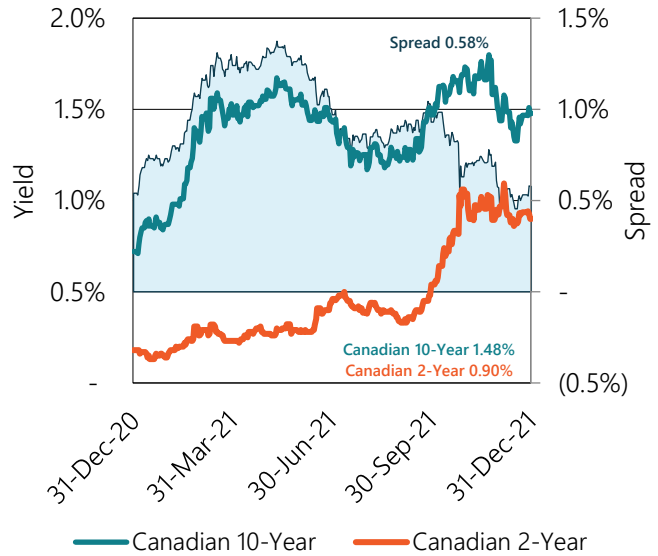
The economy had considerable momentum heading into the fourth quarter with strong employment and wage growth. However, the new Omicron variant could weaken growth in the near term with increased restrictions and additional global supply chain constraints.

Q4 2021 saw further improvement in the unemployment rate from 6.9% in Q3 2021 to 6.6% in Q4 2021. The Consumer Price Index (“CPI”) rose 4.6% on a year-over-year basis and the BoC expects inflation to remain high in the first half of 2022 before easing to 2% in the second half of the year.

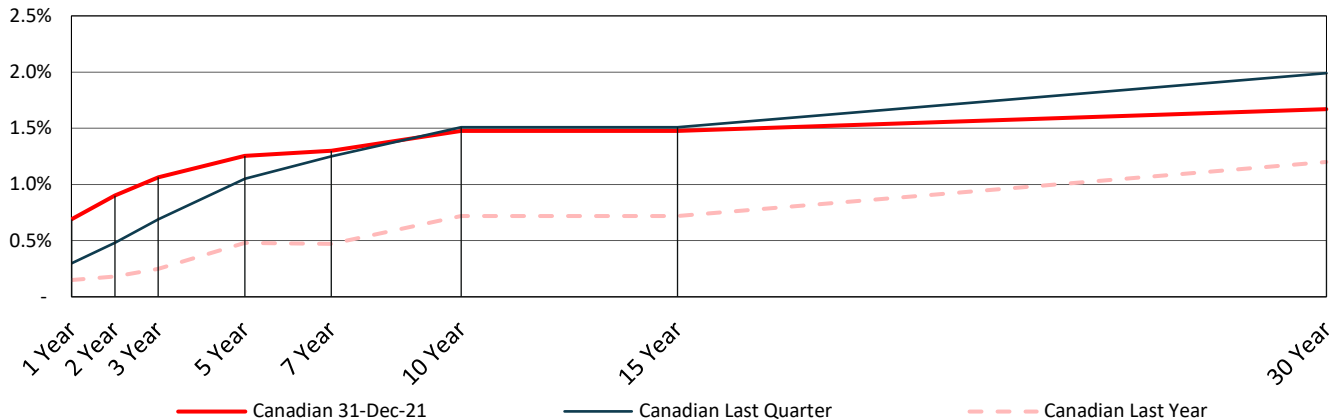
The 10-year Canadian Government Bond Yield had a slight increase to 1.48% for Q4 2021 from 1.47% in Q3 2021 while the 2-year bond yield increased to 0.90% in Q4 2021 from 0.48% in Q3 2021. The 2-year and 10-year spread has decreased from approximately 0.93% in the previous quarter to 0.58% for Q4 2021.

The economy continues to recover from the effects of COVID-19 driven by higher vaccination rates, strong labour markets and improvement in unemployment rates, despite the emergence of the new Omicron variant. The BoC anticipates the ongoing excess capacity present in the economy requires continued monetary policy support and the BoC remains committed to keeping interest rates low to support recovery and achieve target levels of inflation.

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



Canadian Government Bond Yield Curves



M&A Market Summary

Treasury Yields - US

On December 15, 2021, The US Federal Reserve (the "Fed") continued to hold interest rates near zero (0.0% to 0.3%). In light of the substantial progress the economy made towards the Fed's goals since December 2020, the Fed decided to reduce the monthly pace of its net asset purchases by \$20 billion for Treasury securities and \$10 billion for agency mortgage-backed securities.

As of December 2021, the Fed's Dot Plot indicated that the majority of Fed Board members expect the interest rate to remain between 0.0% and 2.25% until 2024. All the Fed board members project an interest rate ranging between 2.0% and 3.0% over the long term.

In Q4 2021, the Fed revised its projection in Real Gross Domestic Product ("GDP") to 5.5% from 5.9%. The Fed also revised its 2022 and 2023 GDP forecast to 4.0% and 2.2%, respectively.

The 2021 median unemployment rate has been reported at 4.3%, reflecting a decrease from the September projection of 4.8%. The Fed also revised the 2022 unemployment rate projection to 3.5% and left the 2023 projection unchanged at 3.5%.

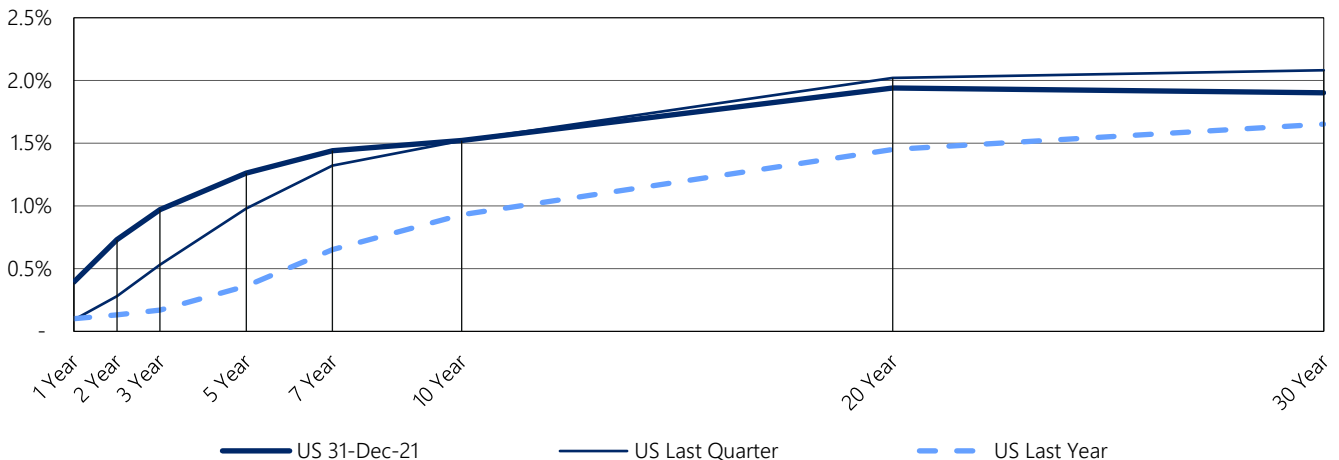
The 2-year and 10-year US Government Bond Yields ended the year at 0.73% and 1.52% respectively.

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



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

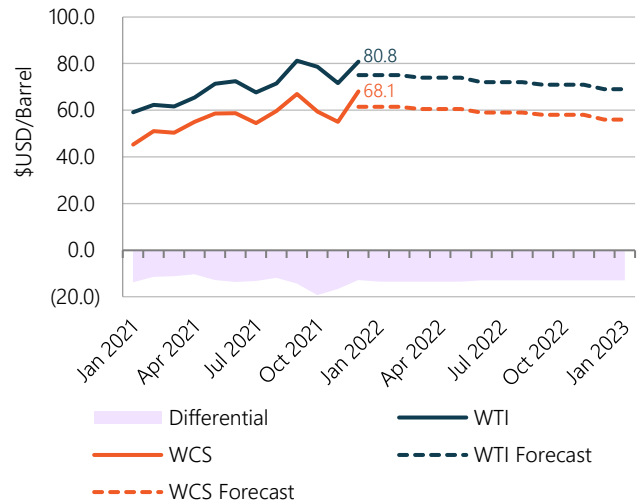
US Government Bond Yield Curves



Crude Oil

- Prices for Western Canadian Select ("WCS") and West Texas Intermediate ("WTI") increased by 14.7% and 2.7%, respectively, since the preceding quarter.
- Since their lows in September 2020, both WCS and WTI have recovered, with prices reaching a high of \$68.1/barrel and \$80.8/barrel, respectively in Q4 2021.
- The WCS/WTI price differential increased to \$12.7/barrel in Q4 2021 compared to approximately \$12.0/barrel at the end of Q4 2020.
- Moving forward, prices for WCS and WTI in 2022 are predicted to decrease to an average of \$59.0/barrel and \$72.2/barrel, respectively.

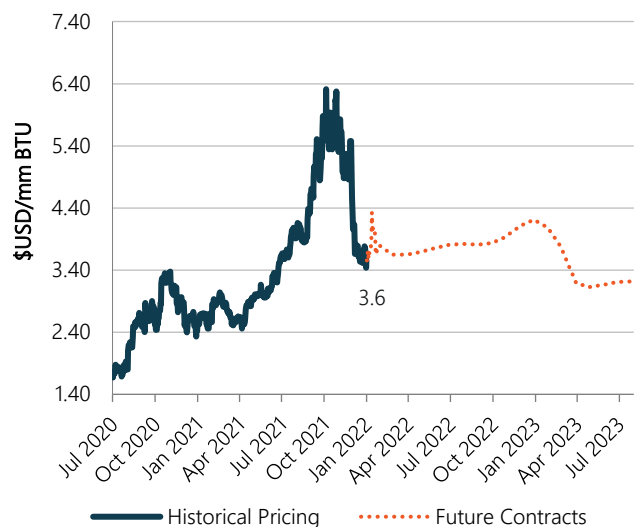
Crude Oil (WTI & WCS)¹



Natural Gas

- Since the start of 2021, natural gas prices have increased with a total change of \$1.03/mm British Thermal Units ("BTU") or 40.8% for the year.
- Natural gas prices soared to unprecedented highs of \$6.3/mm BTU during the first three quarters of 2021. Prices decreased to \$3.6/mm BTU in Q4 2021, representing a 39.4% decline over the previous quarter.
- Natural gas prices are predicted to average \$3.8/mm BTU in 2022.

Natural Gas (Henry Hub)²



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

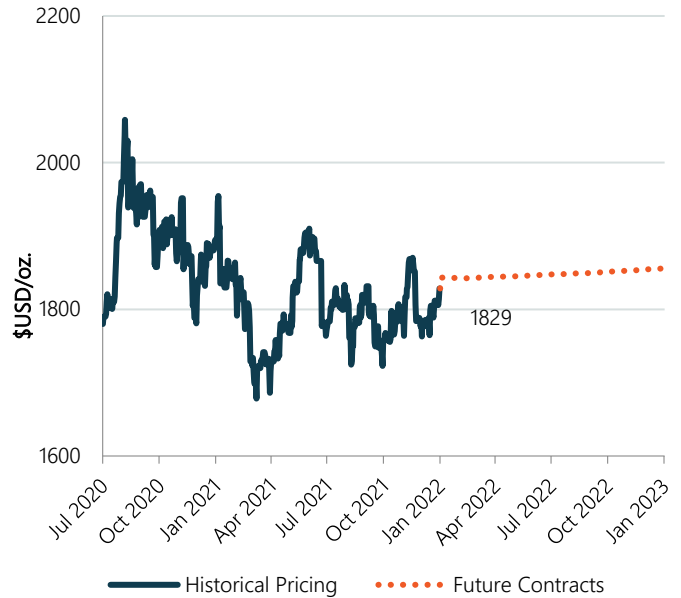
M&A Market Summary

Commodity Markets

Gold

- Gold prices fluctuated during 2021, ending the year at \$1,829/oz, an increase of 4.0% from the previous quarter.
- Increased stability surrounding the US dollar ("USD"), global markets, and reduction of QE measures has instilled greater confidence in the market.
- As gold is priced in USD, foreign investors tend to shift from gold to traditional value sources when the US currency is appreciating, leading to an inverse relationship between gold and USD.
- Gold prices are expected to moderately increase to an average of \$1,848/oz through 2022.

Gold (COMEX)¹



Lumber

- Lumber prices were extremely volatile throughout 2021. Q4 2021 saw an increase of \$1.14/board foot, an 82.8% increase over prices in the previous quarter.
- Strong demand amid multiple logistical and supply issues, in particular the significant flooding and infrastructure damage to transportation routes in southern BC, have driven prices higher in Q4 2021.
- Moving forward, lumber prices are expected to decrease to an average of \$1.08/board foot in 2022.

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 1.27 CAD/USD in Q4 2021. Strengthening global demand and decreased supply for domestic products 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 6.5% in Q4 2021, an upgrade from earlier projections. A recovery in the global economy is proceeding despite the ongoing bouts of COVID-19 infection spread and the emergence of the new Omicron variant. Canada’s economy is expected to recover from this setback as industries that suffered from the COVID-19 pandemic continue to open up with increased vaccination rates and a strong labour market.

2021 was a record year for Canada’s housing market, with home resales surpassing the annual all-time high set in 2020 by 114,000 units or 21.0%. The overall activity is expected to slow down in 2022 due to a lack of available supply, higher prices and expected increases to interest rates.

Canada’s unemployment rate continued to decline to 6.6% in December 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 Rate¹



Real GDP Growth (YoY % change)

Year	Canada
2020	(5.4%)
Q2 2021	(3.2%)
Q3 2021	5.5%
Q4 2021F	6.5%
Q1 2022F	4.0%
2021F	4.7%
2022F	4.3%

Unemployment Rate (%)

Year	Canada
2020	9.6%
Q2 2021	8.0%
Q3 2021	7.2%
Q4 2021F	6.6%
Q1 2022F	6.4%
2021F	7.5%
2022F	6.1%

Housing Starts ('000s)

Year	Canada
2020	217
Q2 2021	280
Q3 2021	262
Q4 2021F	259
Q1 2022F	251
2021F	277
2022F	236

Consumer Price Index (YoY % change)

Year	Canada
2020	0.7%
Q2 2021	3.4%
Q3 2021	4.1%
Q4 2021F	4.6%
Q1 2022F	4.2%
2021F	3.4%
2022F	3.3%

¹Exchange rate data as of December 31, 2021. Forecast from RBC Financial Markets Monthly – December 2021.

Sources: S&P Capital IQ, RBC Capital Markets Economic Research, RBC Economics - Current Trends Update - Canada, TD – Canadian Quarterly Economic Forecast, 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.

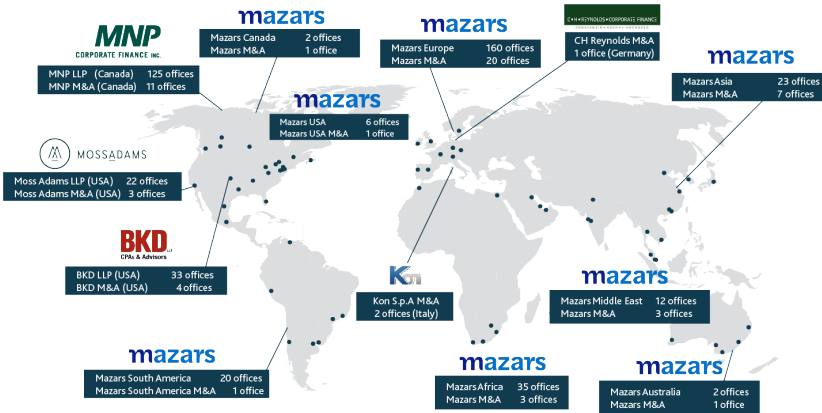
Our typical transactions range in value between \$3 million and \$300 million.

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.



CFxB CFxBorder - Global reach with local relationships
Our corporate finance team through CFxB 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)

creo-tech INDUSTRIAL GROUP INC. has acquired AXIAL GROUP OF COMPANIES™

MNP Corporate Finance Inc. provided financial and tax due diligence services to Creo-Tech Industrial Group.

WESTTOWER a subsidiary of Exchange Income Corporation has acquired RYKO

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

StoFORM has acquired Valley Group of Companies

MNP Corporate Finance Inc. was the exclusive financial advisor to Valley Group of Companies in structuring and negotiating this transaction.

ptm has invested in Bône & Biscuit

MNP Corporate Finance Inc. provided financial and tax due diligence services to PFM Capital Inc.

FULCRUM CAPITAL PARTNERS and BELVIKA has acquired Linsey

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

CAI CAPITAL PARTNERS has invested in ATS CANADA

MNP Corporate Finance Inc. provided financial and tax due diligence services to CAI Capital Partners.

GreyWolf has acquired TRUTINA

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

P3 VETERINARY PARTNERS has acquired TAHITI

MNP Corporate Finance Inc. acted as exclusive financial advisor to Timmins Animal Hospital in structuring and negotiating this transaction.

WESTTOWER a subsidiary of Exchange Income Corporation has acquired telcel/datvox network/cabling

MNP Corporate Finance Inc. acted as the exclusive financial advisor to Telcel Datvox Inc. in structuring and negotiating this transaction.

MEDSPA PARTNERS has acquired MD/cosmetic

MNP Corporate Finance Inc. was the exclusive financial advisor to MD Cosmetic & Laser Clinic in structuring and negotiating this transaction.

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 eight years alone we have completed over 200 transactions worth over \$3.5 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

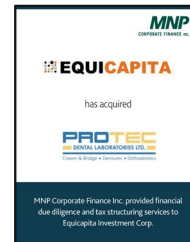
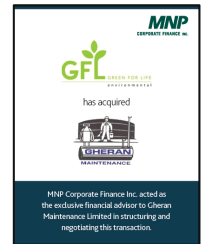
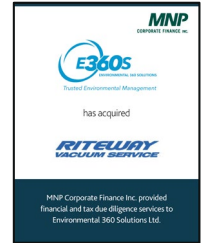
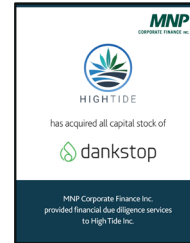
Hands-on Approach

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.

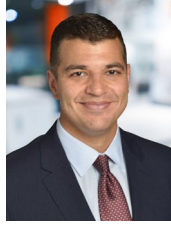
Recently Closed Deals (National)



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



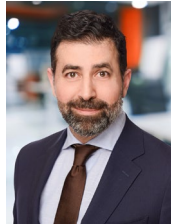
Dan Porter
Managing Director
Dan.Porter@mnp.ca
416.515.3877



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

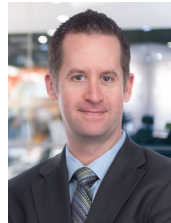


Éric Grondin
Managing Director
Éric.Grondin@mnp.ca
819.823.3290

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