CROSBIE
A SPECIALTY INVESTMENT BANKING FIRM

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CROSBIE & COMPANY CANADIAN M&A REPORT – Q3 2025

M&A up as Deal Makers Regain their Mo-Jo and Focus on Safer Areas

In Q3 2025, there were 662 Canadian M&A announcements, up 8% from the prior quarter and slightly above the trend line of the last several quarters. Total deal value climbed to a decade high of $145B driven by 20 mega deals, including three significant transactions that were all above $10B.

Despite a continuation of the cautious mood of the last few quarters, it seemed like M&A began to shift positively in Q3 with strong activity for larger, higher quality companies in tariff insensitive sectors. This started last quarter but there may also now be a shift in psychology underway with dealmakers adjusting to the realization that tariff and geopolitical uncertainties are unlikely to subside anytime soon. Accordingly, companies are increasingly realigning their M&A strategies to succeed in this new environment. It also didn't hurt to have the support of continued positive momentum in the equity markets and increasing expectations for interest rate reductions on both sides of the border.

"Since late 2024, some M&A was clearly put on hold as counterparties tried to better understand and wait-out some of the changes imposed on them," said Colin Walker, Managing Director at Crosbie & Company Inc. "But increasingly, companies and their principals are deciding that the uncertainty will continue to be with us for a while, so they better get on with their strategies." This has particularly been reflected of the larger end of the market where companies are announcing significant, strategic M&A deals. Walker also added "but we also are seeing a change in tone in other parts of the market. Principals are navigating thoughtfully to help them again use M&A as a cornerstone for both defensive and opportunistic strategies."

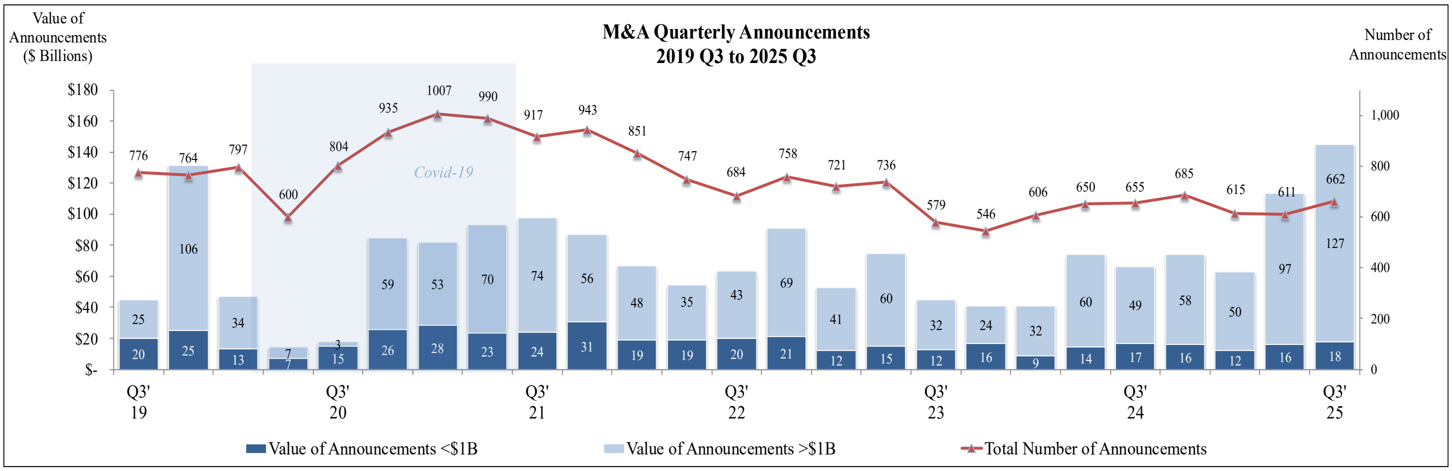
In the third quarter, mega-deals (deals valued above $1 billion) continued to dominate total deal value, with 20 transactions, just shy of the decade-high 21 in the previous quarter. Total aggregate deal value reached US$127 billion, a new quarterly high-water mark. Driving this surge were three transactions over US$10 billion: **Anglo American**'s $38.4B acquisition of **Teck Resources**, one of the largest mining deals in Canadian history; **Sempra**'s $26.9B sale of a 45% equity stake in **Sempra Infrastructure Partners** to **KKR & Co**. and the **Canada Pension Plan Investment Board**; and the $10.7B acquisition of **Techem GmbH** from **Macquarie Asset Management**, **Partners Group**, **Caisse de dépôt et placement du Québec**, and **Ontario Teachers' Pension Plan** by a consortium headed by **Partners Group**, **TPG Rise Climate**, and **GIC Private Limited**. It is notable that pension funds and private equity were involved in 7 out of the top 10 mega-deals.

The mid-market (transactions valued below $250M) stayed active in the third quarter, accounting for 85% of all announced deals with transaction values. Deal count fell 7% from the previous quarter but remained broadly consistent with historical levels.

From a sector perspective, deal count increases were seen in **Information Technology** (+27); **Materials** (+17); **Health Care** (+13); and **Utilities** (+11). The largest declines were seen across **Industrials** (-10); **Energy** (-9); and **Metals and Mining** (-8). **Metals and Mining** and **Utilities** posted the highest total deal values at $38.6B and $29.6B, reflecting the impact of the two $20B-plus transactions.

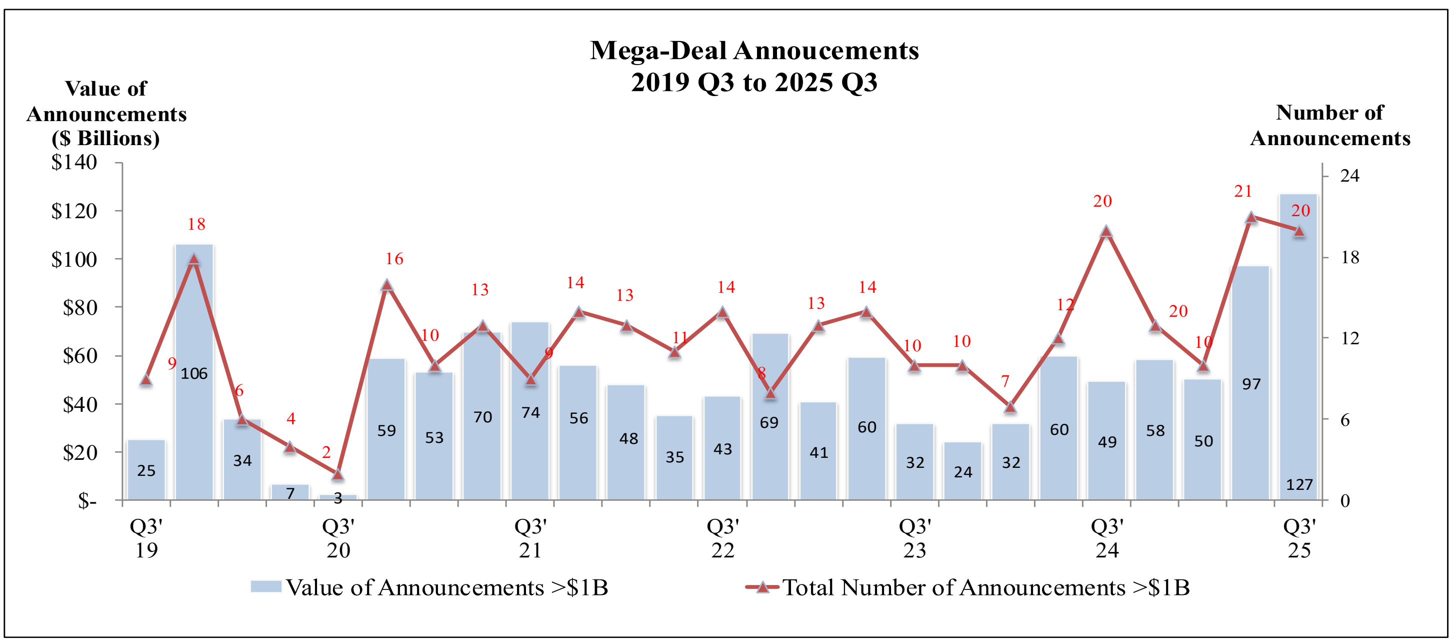
Cross-border M&A remained a major contributor to overall activity, representing 44% of total announcements and 73% of aggregate deal value. Outbound activity rose 242% from last quarter due to the previously mentioned large mega-deals. Despite persistent trade headlines, Canada–U.S. activity continued to lead, accounting for 65% of cross-border volume and 58% of total value, in line with historical averages.

The information contained above and within the "Crosbie & Company Canadian M&A Report" is a summary analysis of the quarter's M&A activity. For further information, please contact Colin Walker at 416.362.7016 or visit www.crosbieco.com.



Overview

- Deal activity in Q3 rose 8% from the previous quarter to 662 announced transactions, slightly above the average level of the past five quarters
- Activity is up 21% from the 2023 low and appears to be trending upward as deal makers move past interest rate, inflation and short-term trade concerns
- Q3 aggregate deal value hit a decade high at $145B, with $106B (73%) coming from cross-border transactions
- Mid-market deals accounted for 85% of announcements where deal values were disclosed



Mega-Deals

- There were 20 mega-deals announced in the third quarter of 2025, just below last quarter's 21 transactions which represented a decade high
- The largest deal this quarter was **Anglo American's** $38.4B acquisition of **Teck Resources** marking one of the largest mining deals in Canadian history

INDUSTRY GROUPS[1]	2025 Q2 # of Deals	2025 Q2 Value $Millions	2025 Q3 # of Deals	2025 Q3 Value $Millions
Information Technology	83	18,364	110	4,865
Industrials	109	8,266	99	11,436
Real Estate	45	9,689	51	7,345
Metals and Mining	83	5,135	75	38,640
Health Care	25	2,497	38	5,850
Financials	52	5,036	55	9,218
Precious Metals	52	4,185	52	8,067
Communication Services	29	11,808	30	4,593
Consumer Discretionary	52	1,039	47	8,903
Energy	41	43,893	32	12,116
Consumer Staples	12	391	16	42
Materials	25	165	42	2,892
Utilities	3	3,056	14	29,590
Other	0	-	1	1,360
TOTAL	611	113,525	662	144,918
Services	66	37,613	72	13,551

(1) Industry Groups track those used by the S&P 500

Industry Sector Activity

- **Information Technology** was the most active sector this quarter with 110 announced deals valued at $4.8B
- Notable increases in deal count were seen in **Information Technology** (+27), **Materials** (+17), and **Health Care** (+13); declines were more modest, with **Industrials** (-10) and **Energy** (-9) seeing the largest drops
- **Metals and Mining** and **Utilities** generated the largest aggregate deal volume at $38.6B and $29.6B respectively

Size	2025 Q2 # of Deals	%	2025 Q2 Value $ Millions	%	2025 Q3 # of Deals	%	2025 Q3 Value $ Millions	%
<$100m	204	33	2,345	2	189	29	3,193	2
$101m-$250m	26	4	4,318	4	25	4	4,168	3
$251m-$500m	12	2	4,352	4	11	2	4,224	3
$501m-$1b	9	1	5,706	5	8	1	6,300	4
>$1b	21	3	97,147	85	20	3	127,033	88
Undisclosed	339	55	0	0	409	62	0	0
	611		113,868		662		144,918	

Breakdown by Transaction Size

- Mid-market activity (deal value below $250M) accounted for 85% of deal count and 5% of deal value
- Despite strength in large deals, activity in the mid-market showed some softness, with deal count down 7% Q/Q to 214 transactions

	2025 Q2 # of Deals	2025 Q2 Value $ Millions	2025 Q3 # of Deals	2025 Q3 Value $ Millions
Canadian Targets				
With Canadian Buyers	293	22,614	312	19,279
With Foreign Buyers	99	34,395	127	59,373
Domestic M&A	392	57,009	439	78,652
Foreign Targets (Canadian Buyer)	175	13,657	167	46,657
Canadian Foreign Subsidiaries Sold to Foreign Buyers	44	43,202	56	19,609
Foreign M&A	219	56,859	223	66,266
	611	113,868	662	144,918

Canadian Domiciled versus Foreign M&A Targets

- Acquisitions involving Canadian targets rose 12% in Q3 2025 to 439, with 312 (71%) involving domestic buyers and 127 (29%) involving foreign acquirors
- Canadian firms made 479 acquisitions in the quarter, of which 312 (65%) involved domestic targets

	2025 Q2		2025 Q3	
	# of Deals	Value $Millions	# of Deals	Value $Millions
Outbound M&A (CDN Buyer/ Foreign Target)	175	13,657	167	46,657
Inbound M&A (Foreign Buyer/ CDN Target)	99	34,395	127	59,373
Total Cross Border	274	48,053	294	106,030
Outbound : Inbound Ratio	*1.77*	*0.40*	*1.31*	*0.79*
Cross Border as % of Total	*45%*	*42%*	*44%*	*73%*
Canada / US Activity				
US Target	88	7,999	98	43,670
US Buyer	70	29,421	92	17,701
Total Canada/US	158	37,419	190	61,371
Canada/ US as % of Cross Border	*58%*	*78%*	*65%*	*58%*
	611	113,868	662	144,918

Cross-Border Deals

- Cross-border deals made up 44% of overall deal activity and contributed to 73% of total deal value in Q3 2025
- Lower outbound activity combined with higher inbound activity pushed the outbound-to-inbound ratio below normal levels
- Canada–U.S. cross-border deals remained a strong driver of Canadian M&A despite political noise, accounting for 65% of transactions and 58% of total deal value

	2025 Q2				2025 Q3			
	# of Deals	%	Value $ Millions	%	# of Deals	%	Value $ Millions	%
Ontario	136	35	20,151	35	162	37	8,378	11
British Columbia	120	31	15,387	27	111	25	51,690	66
Quebec	52	13	748	1	63	14	4,064	5
Alberta	43	11	19,983	35	56	13	13,925	18
Saskatchewan	13	3	461	1	20	5	155	0
Newfoundland	4	1	14	0	6	1	34	0
New Brunswick	5	1	1	0	6	1	69	0
Manitoba	6	2	198	0	6	1	69	0
Nova Scotia	9	2	66	0	5	1	93	0
Prince Edward Island	-	-	-	0	-	-	-	0
Northwest Territories	1	0	-	0	1	0	-	0
Yukon Territory	2	1	1	0	1	0	159	0
Nunavut	1	0	0	0	2	0	17	0
	392		57,009		439		78,652	

Deals by Provincial Domicile

- Domestic aggregate deal value increased quarter-over-quarter, driven by multiple mega-deals between Canadian counterparties
- **British Columbia** took Ontario's usual spot for most deal value at $51.2B due to the $38.4B acquisition of **Teck Resources**

Largest Transactions in Q3 2025

Target Industry	Announced Date	Value ($ millions)	Target	Role	Transaction Status
Metals and Mining	8-Sep-25	$38,351	Teck Resources Limited	Target	Announced
			Anglo American plc	Acquiror	
			Sumitomo Metal Mining Co., Ltd.; Temagami Mining Company Limited	Vendor	
Utilities	23-Sep-25	$26,954	Sempra Infrastructure Partners, LP	Target	Announced
			KKR & Co. Inc.; Canada Pension Plan Investment Board	Acquiror	
			Sempra	Vendor	
Industrials	14-Jul-25	$10,712	Techem GmbH	Target	Closed
			TPG Capital, L.P.; GIC Private Limited; Partners Group Private Equity Limited; Partners Group Holding AG;	Acquiror	
			Caisse de dépôt et placement du Québec; Partners Group Private Equity Limited; Ontario Teachers' Pension Plan	Vendor	
Energy	22-Aug-25	$8,774	MEG Energy Corp.	Target	Announced
			EQT Private Capital Asia; Cpp Investment Board Private Holdings (4) Inc.; Rosa Investments Pte. Ltd	Acquiror	
			Strathcona Resources Ltd.	Vendor	
Consumer Discretionary	13-Aug-25	$6,533	Hanesbrands Inc.	Target	Announced
			Gildan Activewear Inc.	Acquiror	
			Loews Corporation; BlackRock, Inc.; The Vanguard Group, Inc.	Vendor	
Information Technology	28-Jul-25	$4,115	Governmentjobs.com, Inc.	Target	Announced
			Canada Pension Plan Investment Board; EQT AB (publ); EQT X	Acquiror	
			Warburg Pincus LLC; The Carlyle Group Inc.	Vendor	
Precious Metals	7-Jul-25	$5,074	Sandstorm Gold Ltd.	Target	Closed
			Royal Gold, Inc.	Acquiror	
			Orion Resource Partners (USA), L.P.; Orion Mine Finance Fund II LP; Orion Mine Finance Fund III Lp	Vendor	
Health Care	26-Sep-25	$3,633	dentalcorp Holdings Ltd.	Target	Announced
			L Catterton Management Limited; GTCR LLC; LC8 DCC Investment Borrower	Acquiror	
			L Catterton Management Limited; Imperial Capital Limited; Imperial Capital Acquisition Fund VI (International),	Vendor	
Financial Services	27-Jul-25	$2,878	First National Financial Corporation	Target	Closed
			Birch Hill Equity Partners Management Inc.; Brookfield Asset Management Ltd.	Acquiror	
Telecommunication Services	24-Sep-25	$2,677	Integral Ad Science Holding Corp.	Target	Announced
			Novacap Management Inc.	Acquiror	
			Vista Equity Partners Management, LLC; Vista Equity Partners Fund VI, L.P.	Vendor	
Utilities	12-Aug-25	$2,476	Electronics division of Ovivo Inc.	Target	Announced
			Ecolab Inc.	Acquiror	
			Ovivo Inc.	Vendor	
Energy	9-Sep-25	$1,798	WRB Refining LP	Target	Closed
			Phillips 66	Acquiror	
			Cenovus Energy Inc.	Vendor	
Financial Services	6-Aug-25	$1,752	Comvest Credit Partners	Target	Closed
			Manulife Financial Corporation	Acquiror	
			Affiliated Managers Group, Inc.; Comvest Private Equity	Vendor	
Financial Services	28-Aug-25	$1,670	Guardian Capital Group Limited	Target	Announced
			Minic Investments Limited; Desjardins Global Asset Management Inc.	Acquiror	
			Minic Investments Limited	Vendor	
Health Care	15-Jul-25	$1,593	Donte Group, S.L.	Target	Announced
			Ontario Teachers' Pension Plan Board	Acquiror	
			Advent International, L.P.	Vendor	