RWT CAPITAL CORP.

M&A MARKET AND ECONOMIC UPDATE

Q3 2026

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M&A Market Update – Q3 2026

Canadian M&A Update

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The Canadian M&A Market Half Way Through 2026:

Canadian M&A held roughly steady through H1 2026, though value softened. Q1 saw 658 deals, in line with 2025's quarterly average of 653, while PwC projected Q2 volume easing to around 581 as dealmakers digested the Iran conflict and higher energy prices.[1] Aggregate deal value came in at $64 billion in Q1, down from the $97 billion 2025 quarterly average, with average deal size dropping to about $98 million (vs. roughly $148 million in 2025, which had been inflated by a few large materials, energy, and financials transactions).[1]

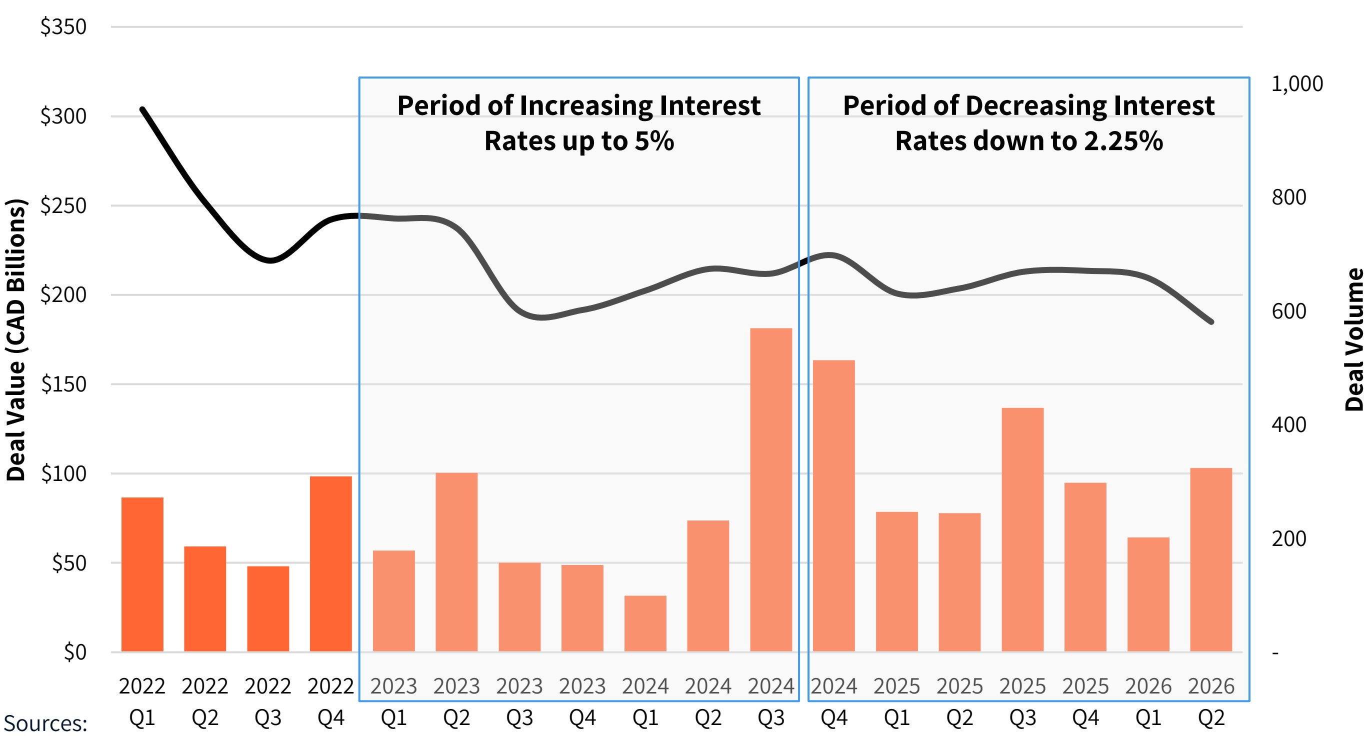
Notable transactions from H1[3] (CAD $):

- Anglo Teck merger — ~$80.7 billion
- Sunoco LP's acquisition of Parkland Corporation — ~$12.9 billion
- Fairstone Bank's acquisition of Laurentian Bank of Canada — $1.9 billion

Entering H2, Bennett Jones and Torys both describe a market that's more selective rather than slowing. Q1 deal value concentrated heavily in large transactions, led by energy, mining, and utilities, with gold M&A especially hot as prices hit record highs and central banks keep buying.[2]

Torys sees momentum building further in materials, industrials, defense, and tech, financial services staying resilient, and real estate turning a corner as rate cuts take hold.[3] Both firms flag potential Investment Canada Act scrutiny and evolving trade/regulatory frameworks as factors that could either slow or unlock a wave of infrastructure and resource deals later in the year.[2,3]

Canadian Deal Value and Volume by Quarter[1]



Sources:
1. PWC
2. Bennett Jones
3. Torys LLP

Should You Avoid Selling Your Business If The Economy Is Slow?

The word “recession” appeared in many Canadian economic headlines recently. While there were some arguments about whether it was some kind of “real” recession or merely a “technical” recession (and whether such a distinction is valid in the first place), the situation has prompted some important questions for business owners.

Many business owners preparing to exit their businesses are pondering whether it makes sense to seek an acquirer when economic headlines are negative. Will valuations for their businesses suffer? Will the pool of buyers dry up?

There are several considerations that are important for sellers in these situations.

Good mid-market businesses are often sellable because they are resistant to the effects of broader macroeconomic cycles. They may not grow as rapidly when the economy is booming, but they often do not crash as hard when the economy slows. This is a critical selling feature in mid-market M&A, where risk is high and so are required investment returns.

If your business is strong in part *because of* consistency through economic cycles, the selling process will be minimally affected by negative news. Buyers, whether they’re strategic acquirers, private equity, or family offices, want *consistency* and pay well for it. They want "recession-resistant" assets. This is why many of the best mid-market deals are for businesses that seem “boring” to uninformed outsiders.

In our experience, we’ve found that valuations for good mid-market businesses are not as highly correlated with the macro cycles as many of the attention-grabbing big deals we tend to hear about.

Valuations for solid performers have held relatively steady in this market segment, unlike high-profile large deals at the cycle’s peaks and valleys.
And remember the curse of time itself: *Selling a business can frequently take 6-12 months*. If you wait for a confirmed upswing, you might miss an important opportunity or face unexpected new challenges that disrupt your goals. Many highly successful exits happen in “below-average” or challenged economic environments because good businesses can always get good buyers.

Potential buyers may become more selective and demand deeper due diligence, but good buyers will still transact at any point in normal economic cycles and support strong valuations when a business offers clean financials, good management, and a compelling business narrative.

For a genuinely strong mid-market business, negative headlines are more noise than signal. Owners should not let short-term macro issues disrupt a solid exit plan. Their business fundamentals, personal goals, and the relative attractiveness of investment opportunities should not be disregarded when you see bad news.

Beyond the Headlines:
What SpaceX's IPO Can Teach Business Owners About Value

When **SpaceX** went public, the headlines focused on one number: its valuation. Behind that headline, however, was months of analysis by investors evaluating the company's financial performance, competitive position, growth prospects, and the risks associated with its future.

The IPO didn't provide a definitive answer to what SpaceX was "worth." Instead, it established the price that buyers and sellers were willing to agree upon at that point in time based on the information available and their expectations for the future.

The same principle applies in the private market.

Business owners often have a strong connection to their companies, built through years of hard work, investment, and dedication. Buyers, however, assess businesses through a different lens. They evaluate the sustainability of earnings, customer diversification, competitive advantages, management depth, operational scalability, and opportunities for future growth. Ultimately, value is established through the market, where qualified buyers weigh both the opportunities and the risks associated with the business.

This is why preparation is so important before bringing a company to market. Businesses with reliable financial reporting, resilient operations, and a clearly articulated growth strategy are generally better positioned to attract buyer interest and achieve stronger outcomes. Likewise, a structured and competitive sale process allows the market, not assumptions, to determine where a business falls within its valuation range by encouraging multiple qualified buyers to evaluate the opportunity.

Whether it's a global technology company like SpaceX or a privately owned business closer to home, the underlying principle remains the same: valuation is about more than historical performance. It reflects the market's assessment of future potential, balanced against risk and supported by informed buyers competing for the opportunity. Understanding this distinction helps business owners approach a sale with realistic expectations and position their businesses to achieve the best possible outcome.

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RWT Update

The Deal Pipeline is Active & Growing

We currently represent buyers and sellers on active mandates across essential Canadian industries, with EBITDA ranging from $1M–$20M. Several deals are under LOI, and more are coming soon. See our active project list below.

If any of these sectors align with your acquisition strategy or investment mandate, now is the time to have the conversation.

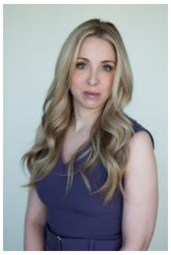
Connect with us directly at ***admin@rwtcapital.com***

Active Transaction Listing - August *2026*

Project #	Industry	Our Role	Location	EBITDA Range	Status
1	Oil & Gas Manufacturing	Representing Seller	Canada	$1m - $5m	Under LOI
2	Specialty Construction - Infrastructure Repair	Representing Seller	Canada	$1m - $5m	EOI
3	Industrial Services - Insulation & Scaffolding	Representing Seller	Canada	$1m - $5m	EOI
4	Professional Services - Electrical, Mechanical, Structural Engineering	Representing Seller	Canada	$1m - $5m	Under LOI
5	Commercial and Environmental Maintenance	Representing Buyer	Canada	$1m - $5m	Under LOI
6	Professional Services - Municipal Land Development & Water Management	Representing Seller	Canada	$1m - $5m	EOI
7	Professional Arborist - Utility & Pipeline ROW, Forest Fire Breaks, Land Development	Representing Seller	Canada	$1m - $5m	Open
8	Geological Consulting - Mining and Critical Mineral Exploration	Representing Seller	Canada	$1m - $5m	Coming soon
9	Industrial Servicing and Turn-Around	Representing Buyer	Canada	$2m - $20m	Coming soon
10	Reclamation and Remediation Work	Representing Buyer	Canada	$2m - $20m	Coming soon
11	Corporate Travel Management Company - Work Force, Corporate and Team Services	Representing Seller	Canada	$1m - $5m	Coming soon
12	Professional Services - O&G Pipeline and Facilities Construction Management	Representing Seller	Canada	$1m - $5m	Coming soon

AUTHORS

Ivan Yung
Senior Analyst
Kelowna, BC



Cayla Elzinga
Analyst
Calgary, AB

Clayton Reeder
Senior Associate
Calgary, AB

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www.rwtcapital.com **1 888 271 7772**

Kelowna: 915, 1499 St. Paul Street | **Calgary:** 904, 1333 8th Street SW