RWT CAPITAL CORP.

M&A Quarterly Update

Q4 2026



M&A | Buy-Side | Sell-Side | Advisory

M&A Market Update – Q4 2026

Canadian M&A and Market Update:

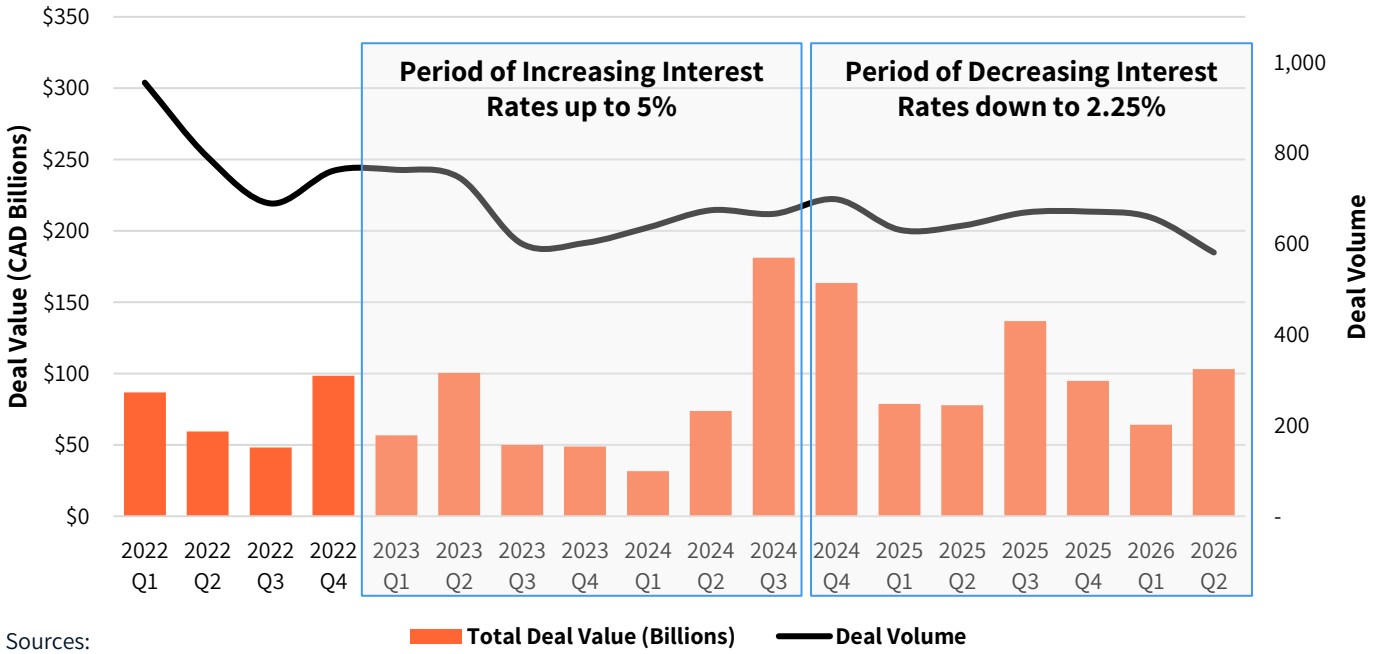
Big-ticket transactions carried the market through mid-2026: Q2 deal value climbed to roughly $103 billion from $64 billion in Q1, even as deal count slipped to about 581 from 658.[1] Buyers stayed active but put their capital to work in fewer, larger bets. Appetite hasn't faded, with one in three Canadian business leaders planning a major acquisition within 18 months.[2]

Spotlight: Productivity Mega Deduction[5]
Announced September 15, the deduction permanently lets businesses write off 100% of eligible new investments right away. Coverage expands from about 15% of asset classes to over 65%, including oil and gas pipelines, mining property, software, and R&D. Ottawa says the effective tax rate on new investment falls from roughly 13% to 6.4%, less than half the U.S. rate.[5] Capital-heavy sectors such as energy, mining, and infrastructure stand to benefit most.

For mid-market owners, succession is the bigger story: over 75% of Canadian small business owners plan to exit within a decade, yet fewer than 9% have a formal plan, fueling PE roll-ups in the $5–50 million range, with dual-use tech and commercial IT firms that are capturing defense dollars drawing particular attention.[3]

Canada–U.S. relations remain the wildcard. Washington's 50% tariff on $27.6 billion of Canadian goods took effect August 22, and Ottawa matched it on September 8, keeping pressure on steel, appliances, and pulp and paper.[4] For buyers, the deduction helps offset that risk by improving the after-tax math on capital-heavy targets. Owners with U.S. exposure should still expect buyers to dig deeper into customer mix, supply chains, and tariff sensitivity during diligence.

Canadian Deal Value and Volume by Quarter[1]



Sources:
1. PWC
2. KPMG
3. Osler
4. Canada.ca
5. PMO Canada

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M&A Insights

How Success Can Make It Hard To Sell A Business

This is going to sound counterintuitive, but success can make a business hard to sell.

Wait, what?

One would think that the more obvious proposition is that failure makes a business hard to sell – at least, at a price above an orderly liquidation value.

But a business that has been successful with its growth and profitability historically can face many unanticipated challenges when engaging the market to find a buyer.

Prior failures and setbacks in the enterprise have an interesting way of leading to preconditions for a successful business sale.

Clayton Christensen, the influential academic and business consultant, showed how capabilities developed under one set of conditions can become liabilities under another.

Yesterday's strengths might not be "bad," but they might be inappropriate for a business looking to its next stage of evolution. If you are successful, sometimes improvement seems unnecessary, but then future success becomes more brittle, tenuous.

Failures create urgency to solve problems and remove weaknesses. Success can lead to glossing over issues that need to be improved for long-term business health, because “it works well enough” or “profits are still strong.”

Failures have a way of making interventions to improve the business feel compulsory. Success has a way of making interventions seem unnecessary.

To sell a business at a high valuation, informal arrangements must become reliable systems. Personal influence must become corporate responsibility. Tools and methods previously seen as flexible and responsive and “entrepreneurial” become shackles impairing longer-term efficiency and value.

A business owner that seeks a high valuation in a sell side mandate may have strong financials, but it may have weak governance. It may lack overall management depth or systems that can empower new ownership for desired performance and growth without constant improvisation.

Many businesses are not “built to sell.” Owners must often consciously prepare for exiting the business with various interventions and these can take several years to complete. The first responsibility of the owner and his management team is diagnosing the weaknesses and then figuring out what intervention requires.

And they may find that the success that makes a business attractive can also make the changes required for the most lucrative exit hard to accept.

It’s easy for an organization to change faster than the people within them. New structures, systems, and responsibilities can be approved by the owners or the board. But letting go of what feels comfortable, established assumptions, and personal influences cannot.

That distinction is critical when preparing to sell a business. Past success gives people compelling reasons to trust the way things have always been done.

Yet the arrangements that helped build the business may be precisely the dependencies a buyer needs removed. The challenge is not simply to introduce better systems. It is to help people accept why change is necessary when the results appear to suggest otherwise.

Preparing a business for sale therefore requires more than technical improvements. It requires turning the sources of past success into capabilities that can endure under new ownership. The ultimate test is not whether the business has succeeded under its owner. It is whether that success can thrive after the owner’s departure.

Market News

Beyond the Headlines:
The M&A Hiding In Your Grocery Cart

The next time you're walking through the grocery store, take a closer look at what's in your cart. Behind many familiar brands is a story of mergers, acquisitions, and strategic growth.

In September 2025, Ferrero, the company behind Nutella and Kinder, completed its US$3.1 billion acquisition of WK Kellogg Co., adding household names like Froot Loops and Frosted Flakes to its portfolio.[1] Similarly, PepsiCo acquired Siete Foods for US$1.2 billion, expanding its presence in the better-for-you food category.[2

]While these billion-dollar transactions capture headlines, the strategy extends well beyond the world's largest corporations.

Why Build When You Can Buy?
For strategic buyers, acquisitions accelerate growth by gaining established customers, entering new markets, or expanding product and service offerings.

Rather than developing these capabilities organically, buyers can acquire businesses with established customer relationships, operational expertise, and brand recognition.

The value of an acquisition often extends beyond financial performance. An established reputation, experienced workforce, or specialized capability can be difficult to replicate, making acquisitions an attractive alternative to organic growth.

The Mid-Market Opportunity
These same principles are driving M&A activity among privately held, mid-market businesses.

Consider a regional manufacturer with specialized equipment and long-standing customer relationships.

[1] Ferrero — WK Kellogg Co. acquisition (2025)
[2] PepsiCo — Siete Foods acquisition (2025)

For a strategic buyer, acquiring that business could provide immediate access to new customers, additional production capacity, or a geographic market that would otherwise take years to develop.

Similarly, an industrial services company with experienced management and established contracts may offer a buyer an opportunity to expand its capabilities while benefiting from operational efficiencies.
For business owners, these transactions represent more than an exit. A strategic acquisition may provide liquidity, facilitate succession planning, or introduce a partner with resources to support the company's next phase of growth.

Importantly, buyers evaluate more than revenue and profitability. Customer diversification, recurring revenue, management depth, operational capabilities, and potential synergies can all influence a company's attractiveness and valuation.

At RWT Capital, these considerations are central to connecting mid-market business owners with buyers who recognize both the financial and strategic value of what they have built.

Ultimately, whether it's a household cereal brand or a privately owned industrial business, the rationale remains the same: sometimes the fastest path to growth is acquiring what another business has already built.



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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, open and more are coming soon. Want more information? Connect with us directly at ***admin@rwtcapital.com***

Active Transaction Listing

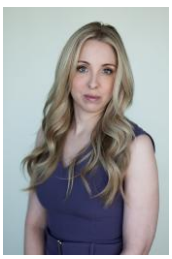
OCTOBER 2026

	PROJECT	OUR ROLE	LOCATION	EBITDA Range	STATUS
01	Specialty Construction - Infrastructure Repair	Representing Seller	Canada	$1m - $5m	Under LOI
02	Industrial Services - Insulation & Scaffolding	Representing Seller	Canada	$1m - $5m	Under LOI
03	Professional Services - Electrical, Mechanical, Structural Engineering	Representing Seller	Canada	$1m - $5m	Under LOI
04	Commercial and Environmental Maintenance	Representing Buyer	Canada	$1m - $5m	Under LOI
05	Professional Arborist - Utility & Pipeline ROW, Forest Fire Breaks, Land Development	Representing Seller	Canada	$1m - $5m	Open
06	Mining Workforce Management & Technical Services	Representing Seller	Canada	$1m - $5m	Open
07	Industrial Servicing and Turn-Around	Representing Buyer	Canada	$3m - $20m	Open
08	Reclamation and Remediation Work	Representing Buyer	Canada	$3m - $20m	Open
09	Corporate Travel Management Company - Work Force, Corporate and Team Services	Representing Seller	Canada	$1m - $5m	Open
10	Pipeline Construction Management and Inspection Services	Representing Seller	Canada	$1m - $5m	Open
11	Industrial Services - Steel Fabricator	Representing Seller	Canada	$1m - $5m	*Coming Soon
12	Construction - Plumbing Specialist	Representing Seller	Canada	$1m - $5m	*Coming Soon

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