

Debt Digest

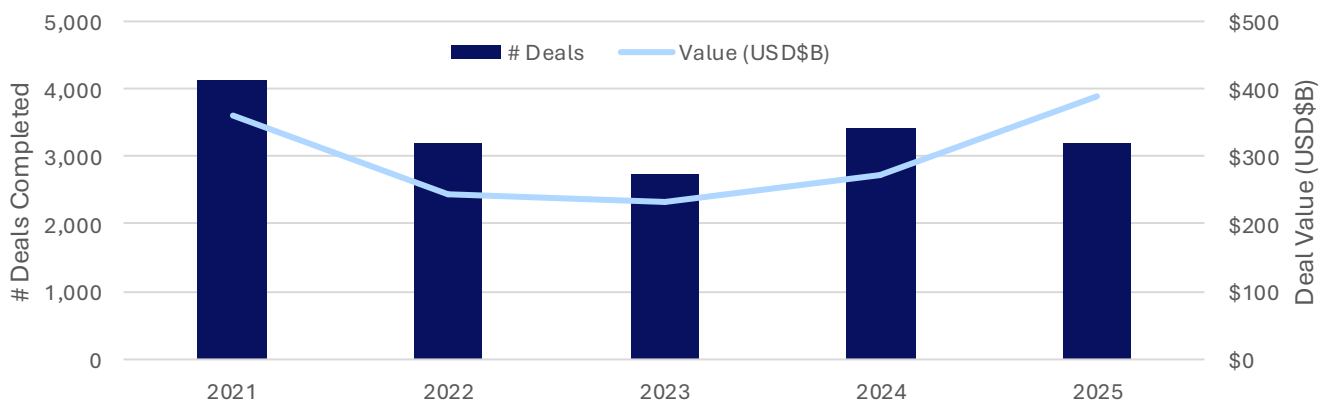
The Silver Tsunami - Canada Needs These Businesses to Transition

Grab a lifejacket as the tsunami of businesses for sale in Canada shows no signs of slowing. M&A deal values in Canada were up 43% YoY in 2025 despite the number of transactions being down 7% but still numbering over 3,000. Canada is built on small-to-mid- sized businesses and to build back Canada we need to find a way to transition these businesses to the next generation. This is a trend we do not expect to slow but AI is creating new risks and opportunities that our friends at IJW & Co join us to provide street level intel on this month. With 76% of business owners indicating plans to retire over the next decade, over \$2 trillion of businesses could transact.

Key Takeaways this Month:

- Canadian 2025 M&A Highlights:** Mining drove a quarter of Canada’s M&A in 2025, with 803 deals totaling US\$61.2 billion. While public valuations rose 18% YoY, private valuations stayed relatively flat and cash-at-close metrics fell to 72%, highlighting continued buyer caution and greater use of risk-sharing deal structures.
- Opportunities Are Coming:** With over 20% of Canadians aged 55 and over a large wave of small business owners are approaching retirement and are looking for succession-driven ownership transitions.
- AI’s Impact on Software Valuations and Transaction Activity:** AI is driving a reset in SaaS, with overall valuations compressing and a widening gap between AI-enabled/native and traditional. Deal activity remains active, but more selective, with buyers focused on more than just growth at any cost. While AI introduces new risks, it also handsomely rewards companies that embed AI into core workflows and align pricing outcomes.

CANADIAN M&A DEAL ACTIVITY

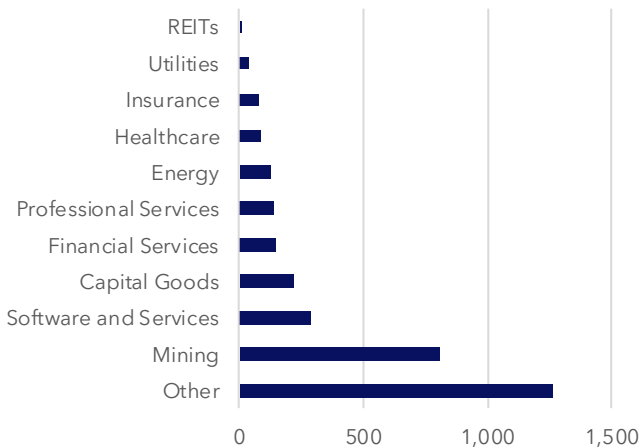


Canadian M&A activity reached USD\$390B in value across 3,184 deals in 2025 reflecting a 43% increase in value and a 7% decline in deal volume.

Source: S&P Global Market Intelligence

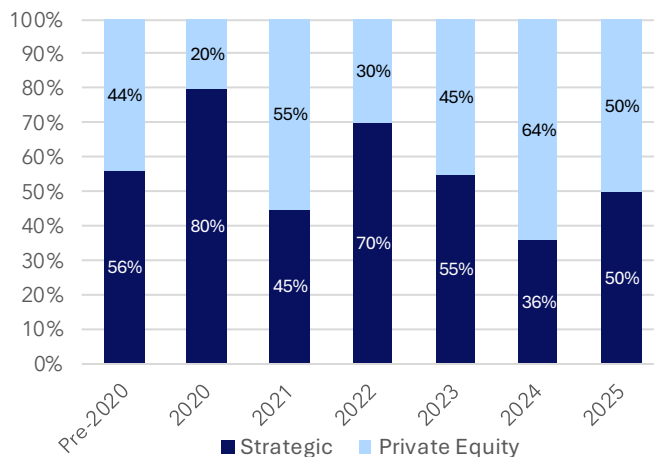
2025 M&A ACTIVITY BY INDUSTRY

M&A Deals (Count)



TRANSACTION BUYER PROFILE

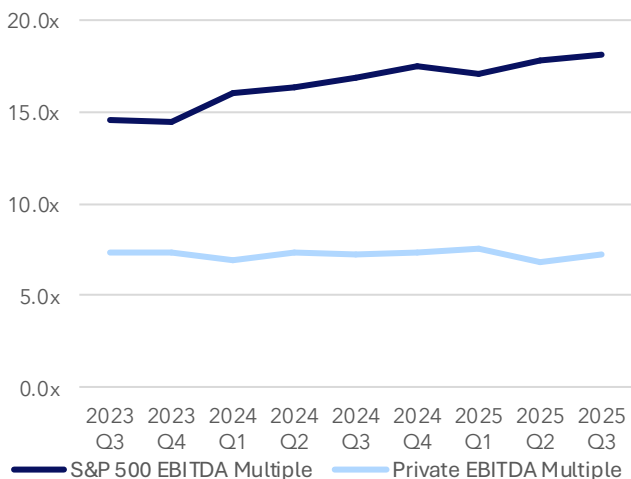
Percentage of Buyers (%)



Mining made up 25% of Canadian M&A in 2025, with 803 deals totaling USD\$61.2B. Buyer activity was balanced, with both PE and strategics deploying capital.

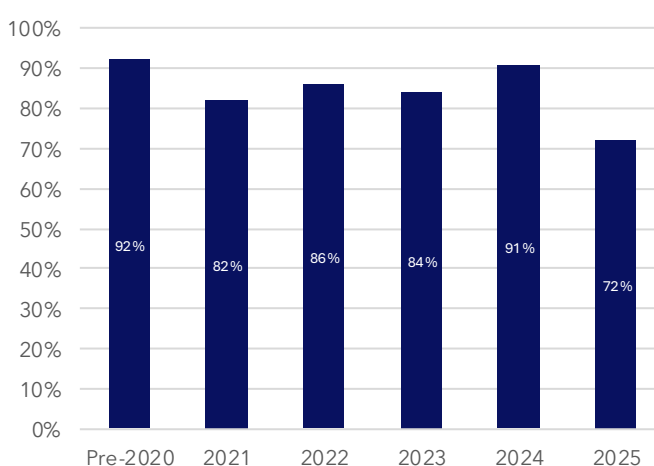
PUBLIC VS PRIVATE VALUATIONS

Multiple of EBITDA (x)



CASH AT CLOSE ON COMPLETED DEALS

Cash at Close (% of Enterprise Value)



While public valuations continue to climb (up 7% YoY), private valuations were flat YoY. Interestingly, cash-at-close declined to 72%, underscoring heightened risk mitigation priorities for buyers and an increase in the use of risk-sharing structures.

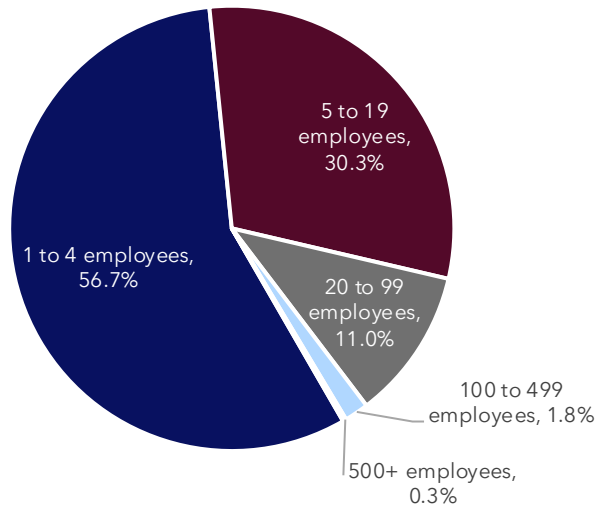
Street Intel From IJW & Co on AI's Impact on Software Valuations and Transaction

IJW & Co is an investment bank focused on software and consumer services businesses who have agreed to provide the below insights on the current impacts of AI in the software space.

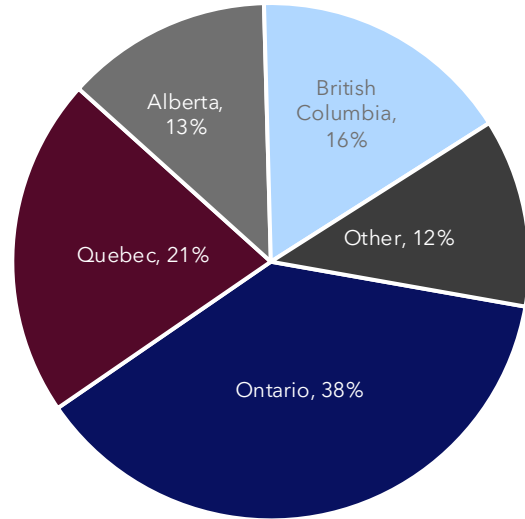
- **Valuations:** Valuations are compressed overall, but a clear divide is emerging between AI-enabled tech (commanding premiums) and traditional, seat-based SaaS businesses. While deal activity remains robust, buyers are placing greater emphasis on usage, defensibility, and margin durability.
- **New Risks:** Pricing model disruption (shift to usage-based), margin pressure from AI costs, and faster commoditization. These are all risks playing out in real-time, creating downward valuation pressure.
- **New Opportunities:** Companies that embrace outcome-based pricing, leverage proprietary data, and automate workflows are best positioned to drive growth and outperform in a more disciplined valuation environment.

Source: RBC, CapIQ, GF Data, Statistics Canada, Diamond Willow

CANADIAN ACTIVE BUSINESSES BY EMPLOYEE COUNT



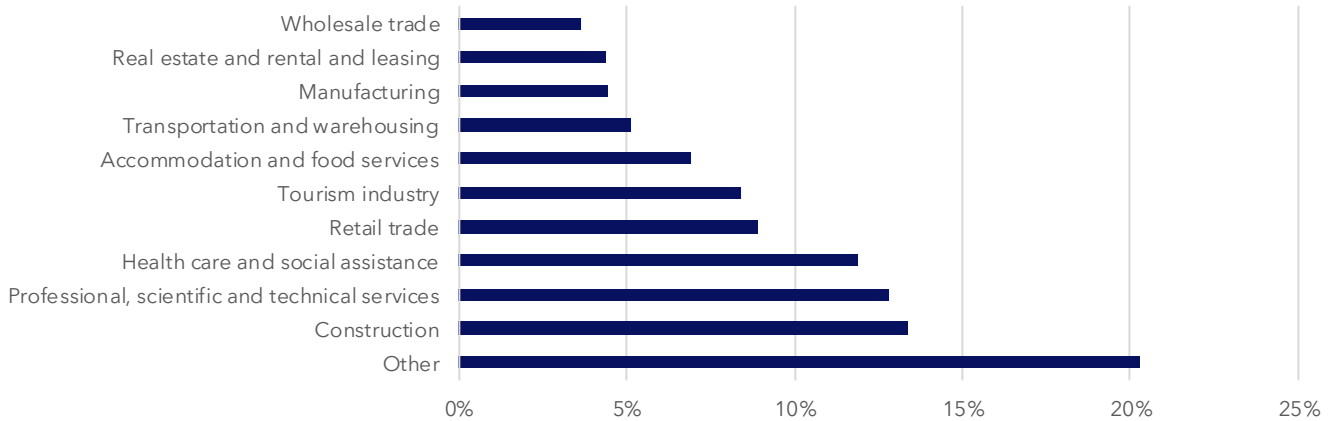
CANADIAN ACTIVE BUSINESSES BY PROVINCE



Approximately 98% of active businesses in Canada are between 1-99 employees, with AB, BC, ON and QB being key geographies for M&A as they hold 88% of all active businesses

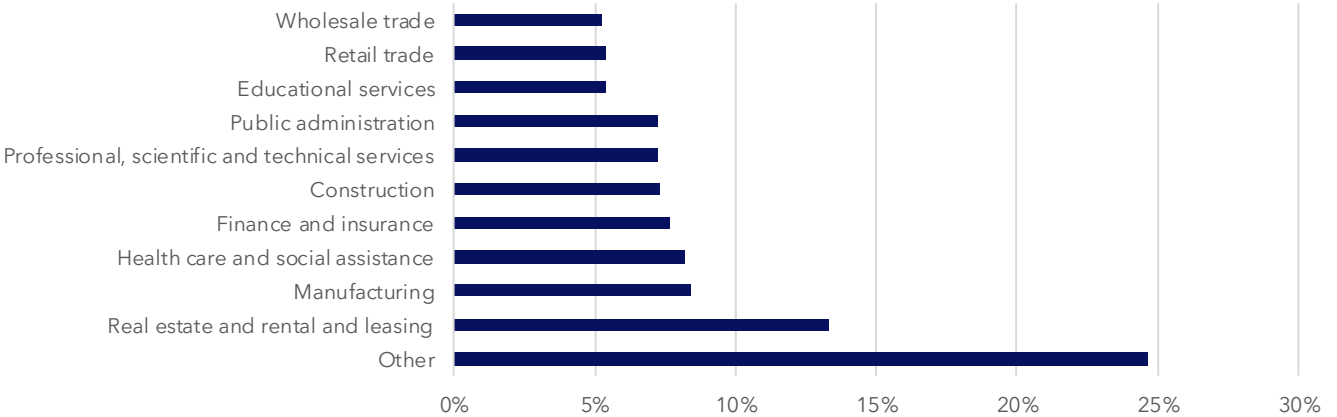
SHARE OF CANADIAN ACTIVE BUSINESSES BY INDUSTRY

Share of Active Businesses (%)



CONTRIBUTION TO GDP BY CANADIAN INDUSTRY

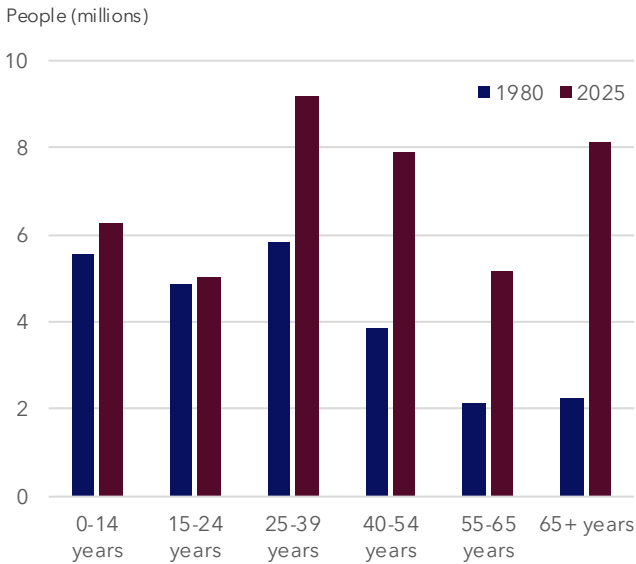
Contribution to GDP (%)



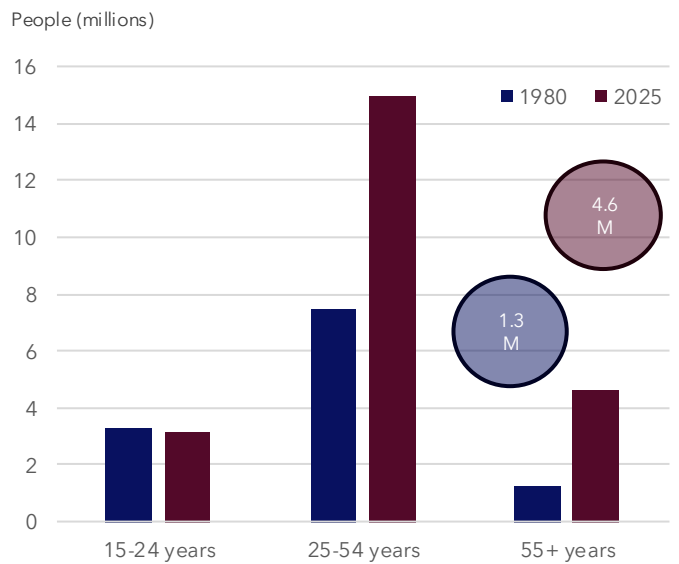
While construction, professional services and healthcare account for 38% of active businesses in Canada, the real estate, manufacturing and healthcare industries account for 30% of GDP.

Source: Statistics Canada, Diamond Willow

CANADIAN POPULATION BY AGE

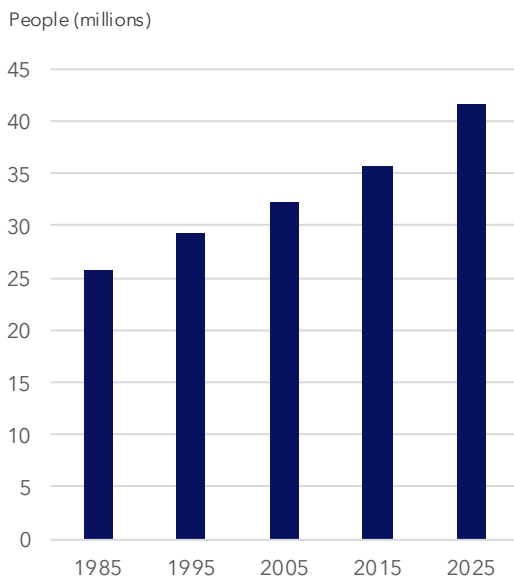


CANADIAN LABOUR FORCE

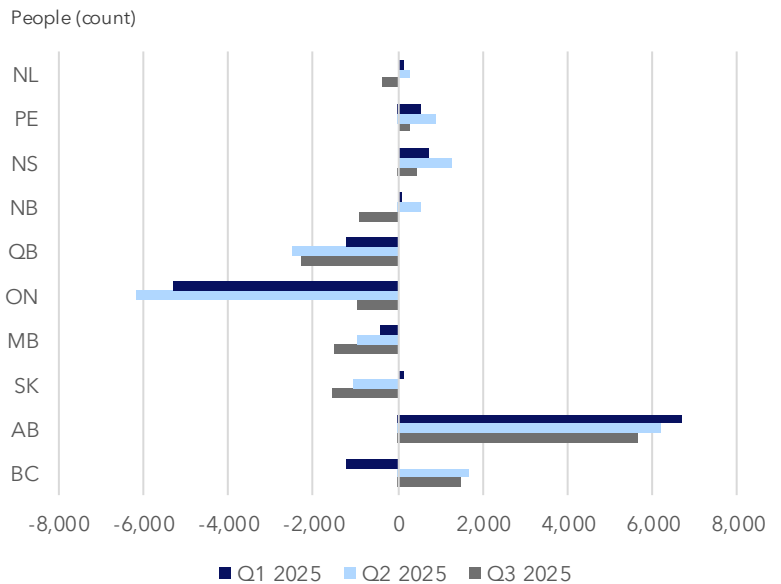


With over 20% of Canadians aged 55 and up, many small businesses are set for ownership transitions setting the stage for continued strength in the Canadian M&A market.

CANADIAN POPULATION



WHERE IS EVERYONE GOING: ALBERTA



Recent Government initiatives aim to slow the rapid population growth in Canada. Alberta continues to see the greatest growth, but service levels have been negatively impacted.

Additional Resources on M&A, Debt Financing, Software, & Consumer Products [Can Be Found Here](#)



[Visit our website here](#)



[Visit IJW's website here](#)

Source: RBC, CapIQ, GF Data, Statistics Canada, Diamond Willow

We help you finance the gap between Where you are and where you need to be.

Diamond Willow helps Canadian companies raise \$10-50 million in corporate debt from bank and non-bank lenders to execute turnarounds, fund acquisitions, and accelerate scaling.

**We don't
just find you
lenders—we
get deals done.**

We've secured hundreds of millions of dollars for Canadian entrepreneurs across the country, backed by an experienced team bringing capital markets discipline to mid-market debt.

We design capital structures that get funded with realistic terms you can manage.

→ Creative Capital Structures

We transform challenging situations into fundable transactions by aligning your business reality with lender requirements and structuring solutions that get financed.

→ Unparalleled Market Access

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→ Sophisticated Execution

Senior-led advisory and embedded support delivered with the rigor and sophistication typically reserved for investment banking and large-cap transactions.

WAYS TO WORK WITH US

01 End-to-end financing support

Whether navigating distress, fueling growth, or executing an acquisition, we bring the structure, pace, and disciplined process to close.

02 Targeted consulting services

We offer tailored support that aligns your capital plan with business priorities—backed by experienced advisors and our network of partners.

**The Research Desk at Diamond Willow loves hearing from you.
Please reach out to share your thoughts and questions.**



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