

Ontario M&A quarterly update Q2 2022

EDITORS



Zahra Jamani
Senior Vice President
M&A Advisory Services



Devon MacMurray
Vice President
M&A Advisory Services



Evan Uba
Associate
M&A Advisory Services

CONSOLIDATION IN THE HEALTH PROFESSION

Over the last several years, there has continued to be a strong trend of acquisitions of professional practices in the health care space, which includes veterinary clinics, dental practices, optometry clinics and pharmacies.

There have been a number of high-profile acquisitions in the space, which has highlighted the strategy of consolidating independent businesses in highly fragmented categories and implementing centralized administrative support, creating a “better together” outcome. The increased competition among consolidators has contributed to higher valuations. And by realizing efficiencies, there has been an improvement of profits when consolidated across several practices.

As this trend continues to capture practitioners’ attention, it allows for an opportunity to remove most of the administrative burden, as the consolidators provide the required support of software, marketing and staffing, which allows the practitioners to focus on the customer experience.

The share of corporate ownership in Canada is growing rapidly, but in some industries it’s still relatively low: ~5% of dental offices, ~25% of veterinary clinics and ~50% of pharmacies.

Regulatory differences across Canada add complexity, and an aging demographic and increased costs create a demand for the type of benefits consolidation can offer.

Future acquisitions in this space are expected to remain strong, as they create effective succession planning opportunities for practitioners who are seeking an exit in the coming years. They generally also offer higher valuations and immediate liquidity compared to a transaction where a younger practitioner acquires the practice, which may take multiple years to finance. We expect to see the consolidation trend continue, and we expect investors to continue to find new industries to consolidate, both in health care and outside of it.

¹ “Inside the corporate dash to buy up dentists’ offices, veterinary clinics and pharmacies,” [The Globe and Mail](#), June 4, 2022.

ONTARIO M&A MARKET ACTIVITY

From an overall M&A perspective, deal volume slowed in Q2 2022 to early pandemic levels; there were 260 completed transactions, with deal value less than the rolling 24-month average.

While the deal volume decreased by 12% in Q2 2022, the composition between financial and strategic buyers remained consistent, along with the makeup of the geographic participants for transactions.

The IT products and services sector remained a leading category in the Ontario market, contributing 20% of the transactions that occurred in the quarter. The composition among all other categories remains consistent with historical results.

In second place came the commercial and professional services category, comprising 14% of Q2’s transactions.

The data for this quarter signifies a slight decrease in activity and deal value, as the M&A market reacts to fluctuations in the market due to high inflation and increasing interest rates. This has contributed to hesitation among companies contemplating transactions, which will be key components to monitor in upcoming quarters.

EY transaction snapshot

EY* IS PLEASED TO ANNOUNCE WATERLOO BIOFILTER

TO LEARN MORE



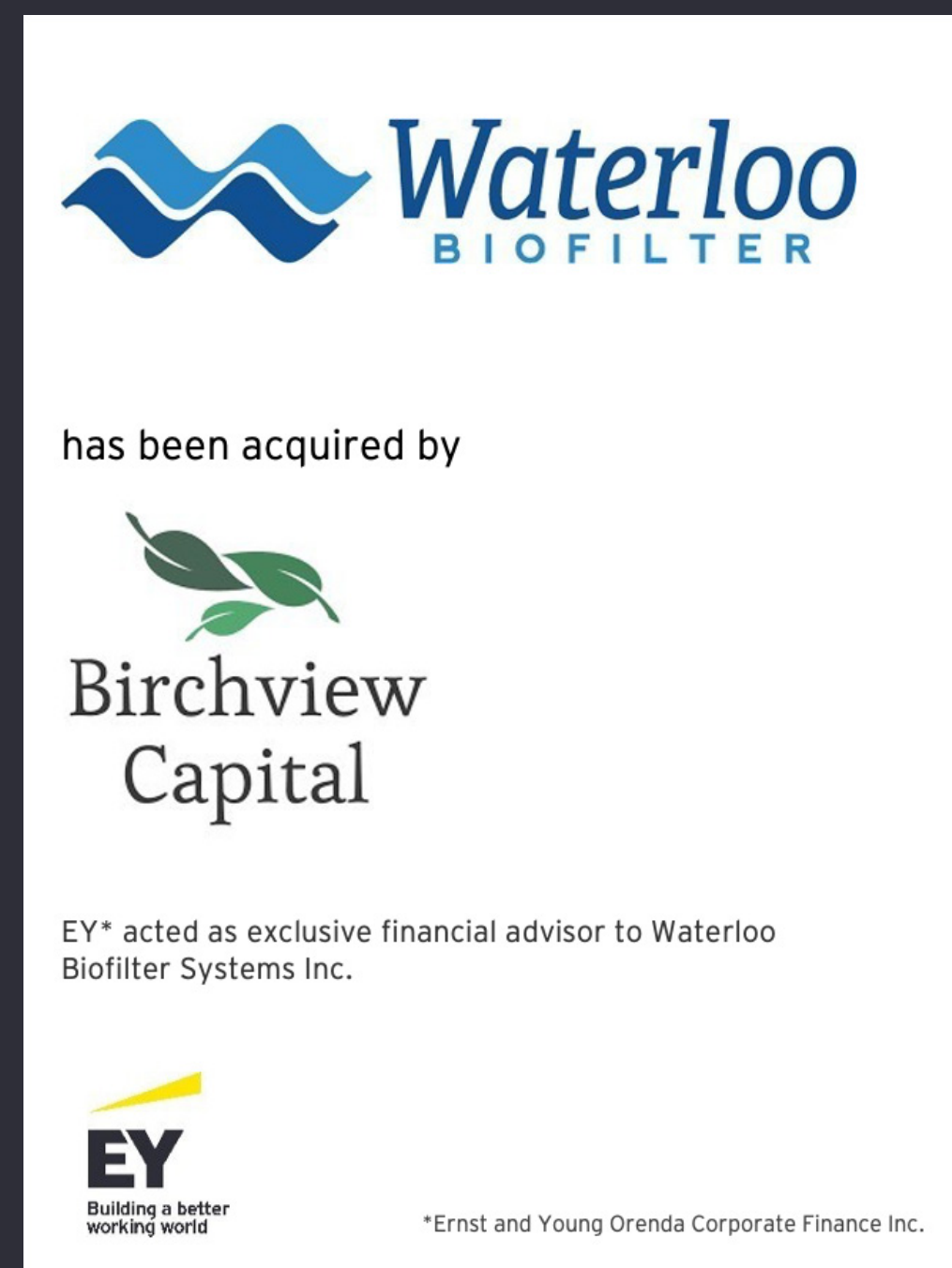
Kevin Casey
Senior Vice President
+1 519 571 3311
kevin.j.casey@ca.ey.com



John Barry
Vice President
+1 416 941 2968
john.barry@ca.ey.com



Jordan Hill
Associate
+1 519 571 3355
jordan.hill@ca.ey.com



About the Company

Founded in 1991, Waterloo Biofilter, is a manufacturer of advanced wastewater treatment systems committed to high-quality treatment, low electricity usage and system robustness. The Company provides residential and commercial biofilters, and nutrient removal systems. Additionally, the Company offers regular services for the systems to ensure that they are being used and are functioning as designed.

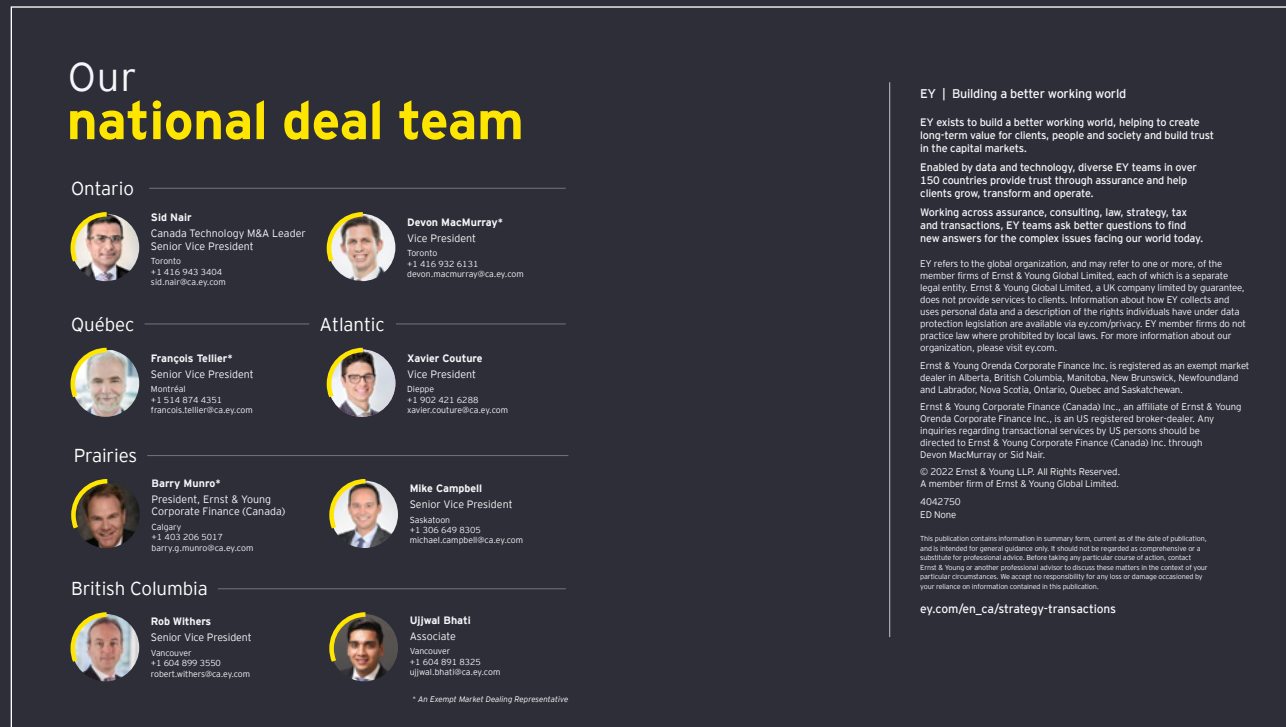
The Win-Win

EY advised Waterloo Biofilter on its sale to a private investor.

Waterloo Biofilter was seeking a partner who could help fuel future growth and succession planning purposes. EY led all portions of the divestiture process, including negotiation of key terms and structuring. The transaction enables the existing shareholders to meet their succession planning objectives. The investor will assume the role of CEO, building on the founder's success and intending to grow the business across North America by driving innovation into the industry.

**EACH QUARTER WE WILL FEATURE SELECT
SECTOR-FOCUSED RECAPS AND THOUGHT
LEADERSHIP THAT OUR TEAM PRODUCES.
THIS QUARTER, WE ARE HIGHLIGHTING OUR
IT SERVICES QUARTERLY RECAP.**

**INTERESTED IN RECEIVING THESE RECAPS
EACH QUARTER? REACH OUT TO US AT
DEVON.MACMURRAY@CA.EY.COM.**



Illustrative Ontario transactions

The following is a snapshot of transactions that occurred in Ontario during the quarter, with a focus on mid-market, private company transactions. Companies headquartered in Ontario are noted in yellow.

Apr 14, 2022: Halma plc (“Halma”) acquired Ontario-based **Deep Trekker Inc.**, a manufacturer of remote-controlled underwater robots used for inspection, surveying, analysis, and maintenance, for C\$60m. The acquisition will expand Halma’s market presence in environmental monitoring and add new capabilities in underwater inspection. The transaction implies a TEV/Revenue multiple of 3.0x.

Apr 18, 2022: Decisive Dividend Corporation (“Decisive”) acquired Ontario-based **Marketing Impact Limited**, a designer and manufacturer of retail merchandising and display products catering to grocery stores, convenience stores and pharmacies, for approximately C\$11.5m. The acquisition will provide Decisive with further product, industry, and geographic diversity. The transaction implies a TEV/Revenue multiple of 1.0x and TEV/EBITDA multiple of 7.2x.

Apr 22, 2022: Banyan Software, Inc. acquired Ontario-based **Camis Inc.** (“Camis”), a provider of reservation and facilities management solutions for government-operated parks and campgrounds. The acquisition will allow Camis to deliver market-leading products. Terms of the transaction were not disclosed.

Apr 27, 2022: Thoughtworks Holding, Inc. (“Thoughtworks”) acquired Ontario-based **Connected Lab Inc.**, an end-to-end product strategy and development services company. The acquisition will further strengthen Thoughtworks’ capabilities in customer experience & end-to-end product development while bolstering its presence in Canada. Terms of the transaction were not disclosed.

May 2, 2022: Nicoya Lifesciences Inc. (“Nicoya”) acquired Ontario-based **LSK Technologies Inc.**, a developer of a laboratory-grade diagnostic testing device that enables nucleic acid and protein testing of versatile samples with rapid results. The acquisition will allow Nicoya to expand its digital platform into molecular testing. Terms of the transaction were not disclosed.

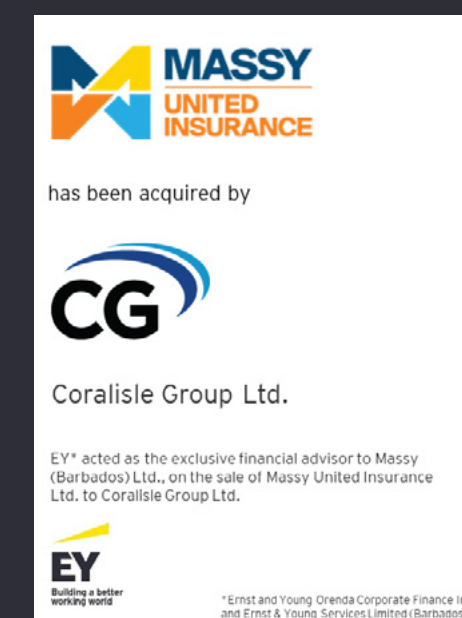
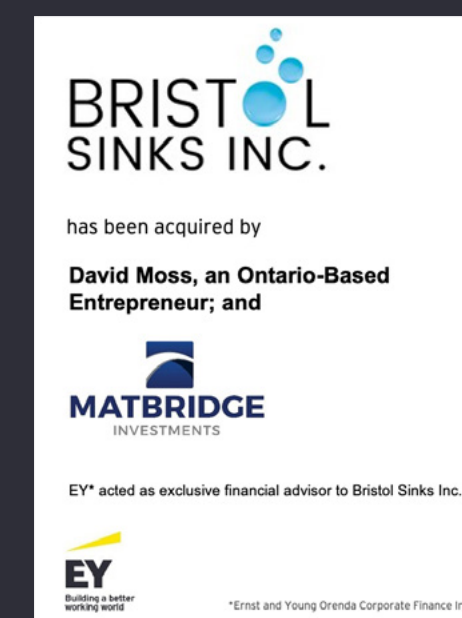
May 5, 2022: SASE Company, LLC (“SASE”) acquired Ontario-based **Bartell Global Inc.**, a manufacturer of concrete finishing equipment for a variety of industries. The acquisition will enable SASE to expand geographic presence and industry leadership in high-calibre products for commercial, residential, industrial and retail concrete flooring applications. Terms of the transaction were not disclosed.

May 11, 2022: Generate Capital, PBC (“Generate Capital”) acquired Ontario-based **StormFisher Environmental Ltd.**, a circular economy and decarbonization solutions developer. The acquisition will expand Generate Capital’s waste-to-energy and biogas development capabilities. Terms of the transaction were not disclosed.

May 19, 2022: VINCI Energies S.A. (“VINCI”) acquired Ontario-based **Summa Engineering Limited**, a provider of project management, engineering and integration services for the water/wastewater industry. The acquisition further expands VINCI’s service portfolio in the water sector in Canada. Terms of the transaction were not disclosed.

May 20, 2022: **Deveron Corp.** (“Deveron”) acquired 67% stake in Ontario-based **A&L Canada Laboratories Inc.**, an operator of an environmental laboratory providing agricultural research services, for approximately C\$50.3m. The acquisition will add 20,000 customers to Deveron’s customer base across key Canadian agriculture markets and over 435,000 annual soil samples. The transaction implies a TEV/Revenue multiple of 2.7x and TEV/EBITDA multiple of 6.3x.

EY ACTED AS FINANCIAL ADVISOR



May 24, 2022: Ship Hero, LLC (“ShipHero”) acquired Ontario-based **Delivery Net Inc.** (“Delivery Net”), a provider of distribution services such as parcel zone skipping, courier services, PDN parcel and others. The acquisition will provide Delivery Net to serve as the Canadian 3PL extension for ShipHero. Terms of the transaction were not disclosed.

May 26, 2022: Opti9 Technologies LLC (“Opti9”) acquired Ontario-based **HostedBizz Inc.**, a provider of premier cloud Infrastructure-as-a-Service (IaaS). The acquisition will expand Opti9’s coverage in North America along with an increased technology footprint. Terms of the transaction were not disclosed.

May 31, 2022: Foodtastic Inc. (“Foodtastic”) acquired a majority stake in Ontario-based **Shoeless Joe’s Limited**, an operator of a sports-themed restaurant and bar chain providing dining and food takeout. The acquisition complements the Foodtastic’s existing restaurant portfolio. Terms of the transaction were not disclosed.

May 31, 2022: Align Capital Partners, LP acquired Ontario-based **StenTech, Inc.** (“StenTech”), a provider of surface mount technology (SMT) stencils, pallets, tooling, and related components. The investment will enable StenTech to maintain the high levels of customer service. Terms of the transaction were not disclosed.

Jun 1, 2022: On Side Restoration Services Ltd. (“On Side”) acquired Ontario-based **Craft Restoration Services Inc.**, a provider of contracting services offering insurance carriers and their clients emergency mitigation and

restoration services. The acquisition will expand On Side’s service offerings throughout the Greater-Toronto Area. Terms of the transaction were not disclosed.

Jun 2, 2022: Audax Private Equity acquired Ontario-based **Thermogenics, Inc.** (“Thermogenics”), a provider of boiler service and maintenance, equipment sales and rentals. This investment will help Thermogenics to accelerate growth and expand its boiler product and service offerings to customers. Terms of the transaction were not disclosed.

Jun 9, 2022: Datametrex AI Limited (“Datametrex”) acquired Ontario-based **Electric Vehicle Solutions**, a provider of mobile charging units and proprietary mobile application, for C\$10.0m. The acquisition will allow Datametrex to enter emerging electric vehicle space.

Jun 9, 2022: Optimus SBR Inc. (“Optimus”) acquired Ontario-based **n-gen People Performance Inc.**, a provider of training and consulting services focusing on solutions for managing generational differences in the workplace. The acquisition will enable Optimus to offer its clients an enriched suite of training services. Terms of the transaction were not disclosed.

Jun 9, 2022: HSO International B.V. (“HSO”) acquired Ontario-based **SHEA Solutions Inc.**, a provider of Microsoft Dynamics 365 solutions for the manufacturing and retail industries. The acquisition positions HSO as a leading Microsoft Cloud partner for medium, corporate and enterprise clients with operations in Canada. Terms of the transaction were not disclosed.

Jun 13, 2022: Carflex Capital (“Carflex”) acquired Ontario-based **Rubberline Products Limited**, a distributor of fluid power and industrial products. The acquisition is in line with Carflex’s existing strategy of acquiring small and mid-market companies based in Ontario. Terms of the transaction were not disclosed.

Jun 15, 2022: Consolidated Fastfrate Inc. (“Fastfrate”) acquired a majority stake in Ontario-based **Challenger Motor Freight Inc.**, a provider of transportation, warehousing, and distribution services to customers from coast-to-coast. The acquisition will enhance Fastfrate’s cross-border trucking capabilities. Terms of the transaction were not disclosed.

Jun 17, 2022: InaBuggy, Inc. (“Buggy”) acquired Ontario-based **Caravel Robotics Inc.** d/b/a Ninja Delivery, a provider of delivery services offering everyday grocery items and essentials to customers within 10 minutes. The acquisition will allow Buggy to offer faster services enhancing the existing business. Terms of the transaction were not disclosed.

Jun 20, 2022: Switch Health Solutions Inc. (“Switch Health”) acquired Ontario-based **Bio-Test Laboratory Inc.**, a provider of diagnostic laboratory and radiology services. The acquisition will bolster Switch Health’s laboratory processing facilities, while adding radiology and enhanced general specimen collection and diagnostic services. Terms of the transaction were not disclosed.

Jun 22, 2022: Beyond Technologies Consulting Inc. (“BTC”) acquired Ontario-based **CACHE Computer Consulting Corp.** (“CACHE”), a provider of SAP expertise via independent subcontractors to the Canadian Federal Government. The acquisition will allow BTC to make CACHE its public sector delivery arm for SAP digital transformation projects across Canada. Terms of the transaction were not disclosed.

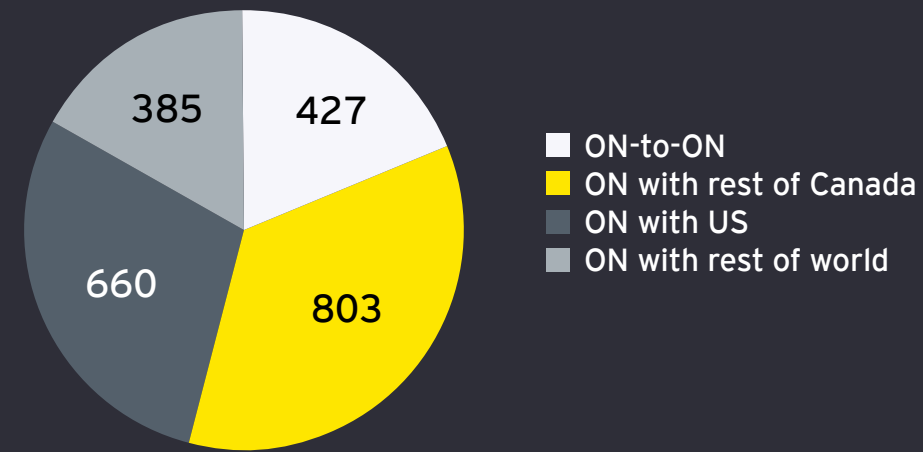
Jun 22, 2022: Axonify Inc. (“Axonify”) acquired Ontario-based **Nudge Corporation**, a developer of a digital communications platform to improve workforce productivity for organizations. The acquisition will enable Axonify to better address frontline turnover and labour shortage. Terms of the transaction were not disclosed.

Jun 22, 2022: Flipp Corporation (“Flipp”) acquired Ontario-based **Reebee Inc.**, a developer of digital advertising platform to provide consumers with content to make informed shopping decisions. The acquisition will allow Flipp to significantly increase its reach across the country, strengthening its position as Canada’s largest distributor of digital savings content. Terms of the transaction were not disclosed.

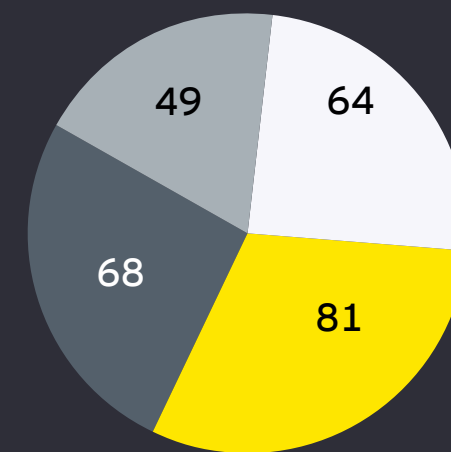
Jun 30, 2022: Plusgrade LP acquired Ontario-based **Points.com Inc.**, a provider of web-based solutions to the loyalty program industry, for C\$517.0m. The combination of both the companies will create a unique leadership position in ancillary revenue and loyalty commerce. The transaction implies a TEV/Revenue multiple of 0.6x.

Historical M&A activity

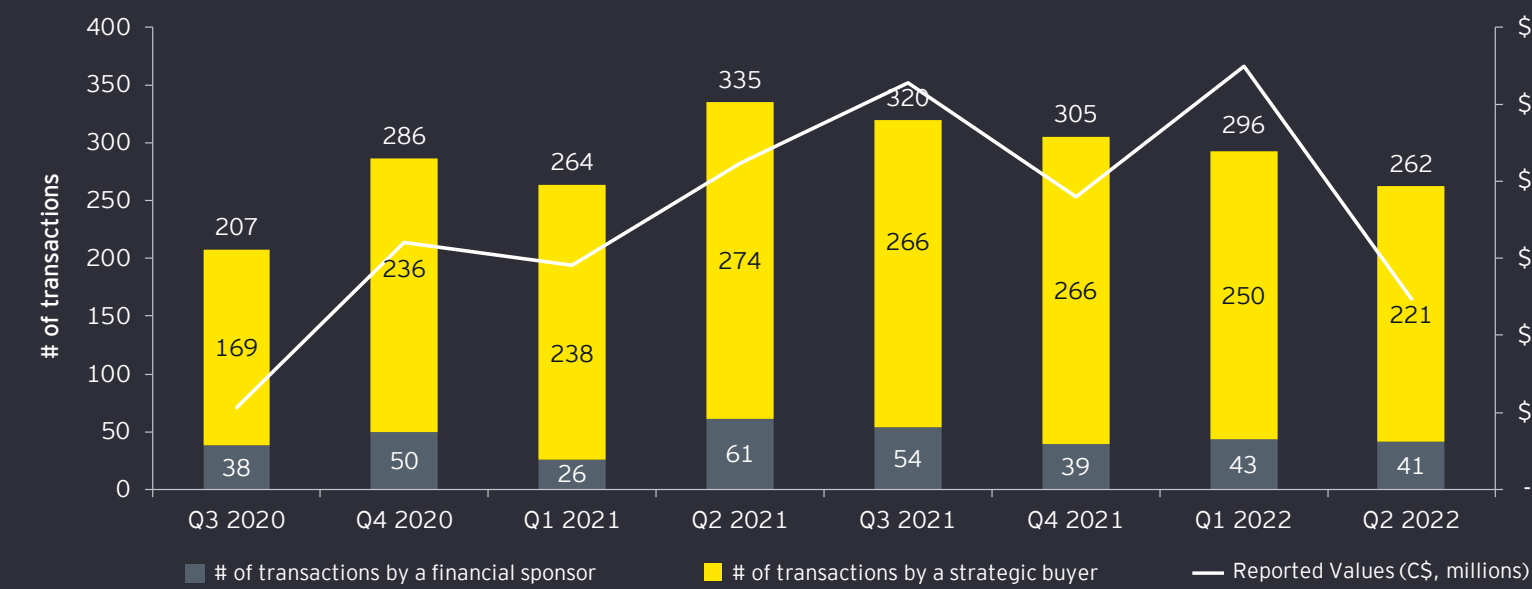
Counterparty mix over the last eight quarters



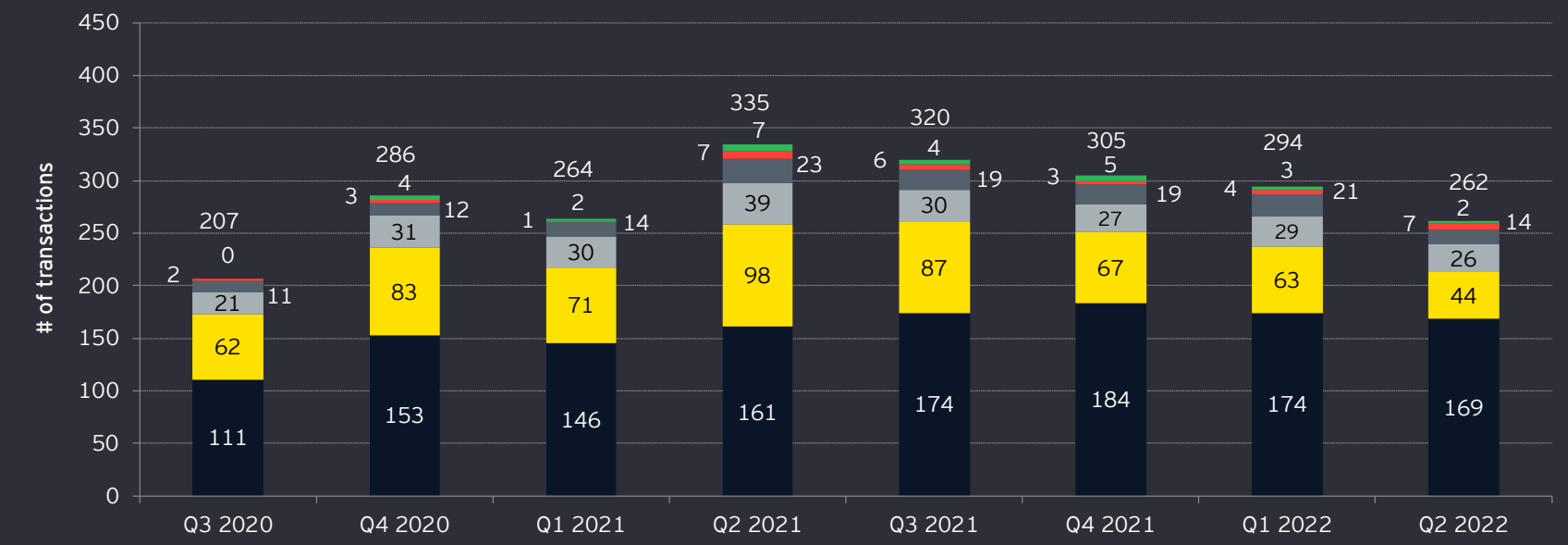
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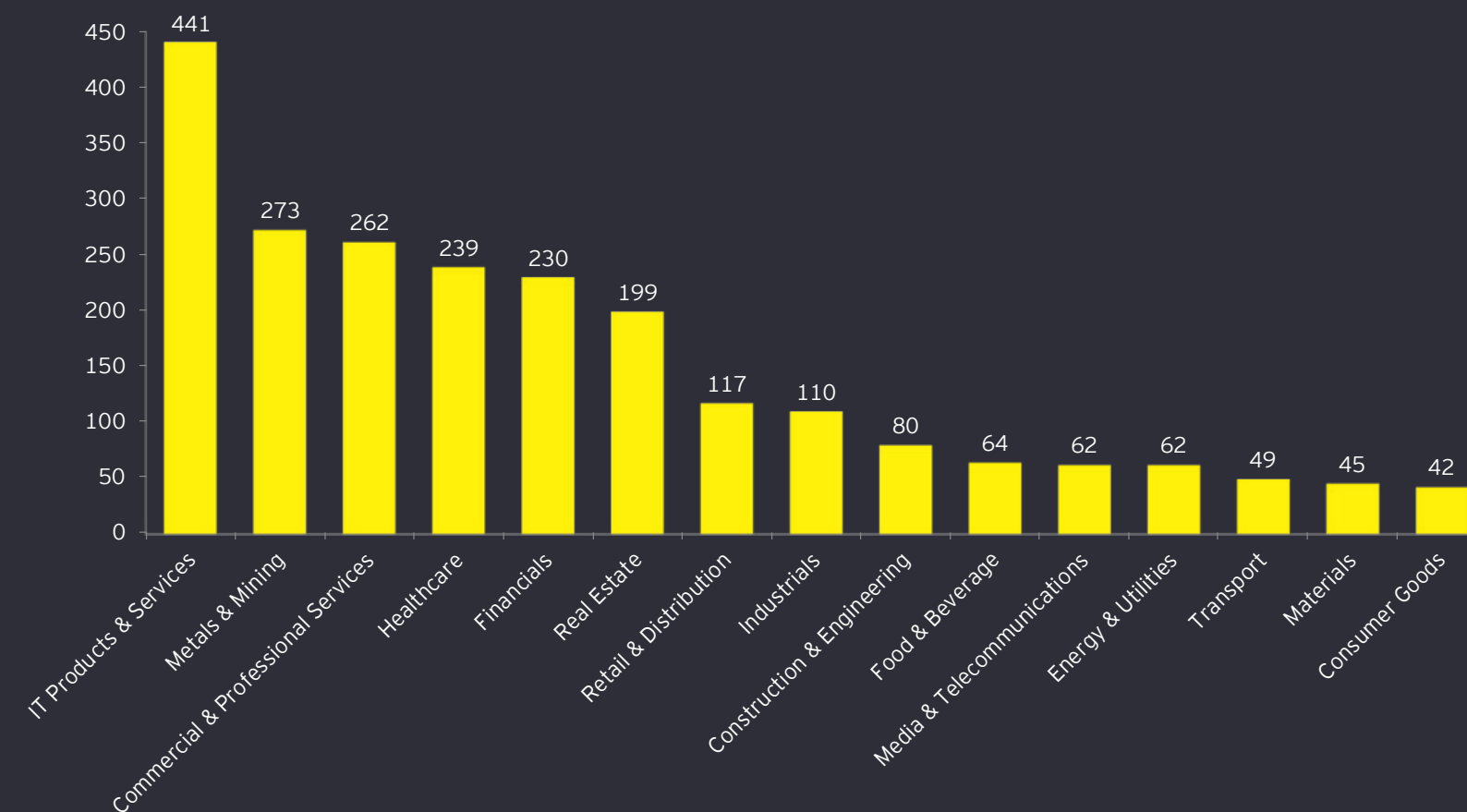
Transactions involving Ontario based companies over the last eight quarters



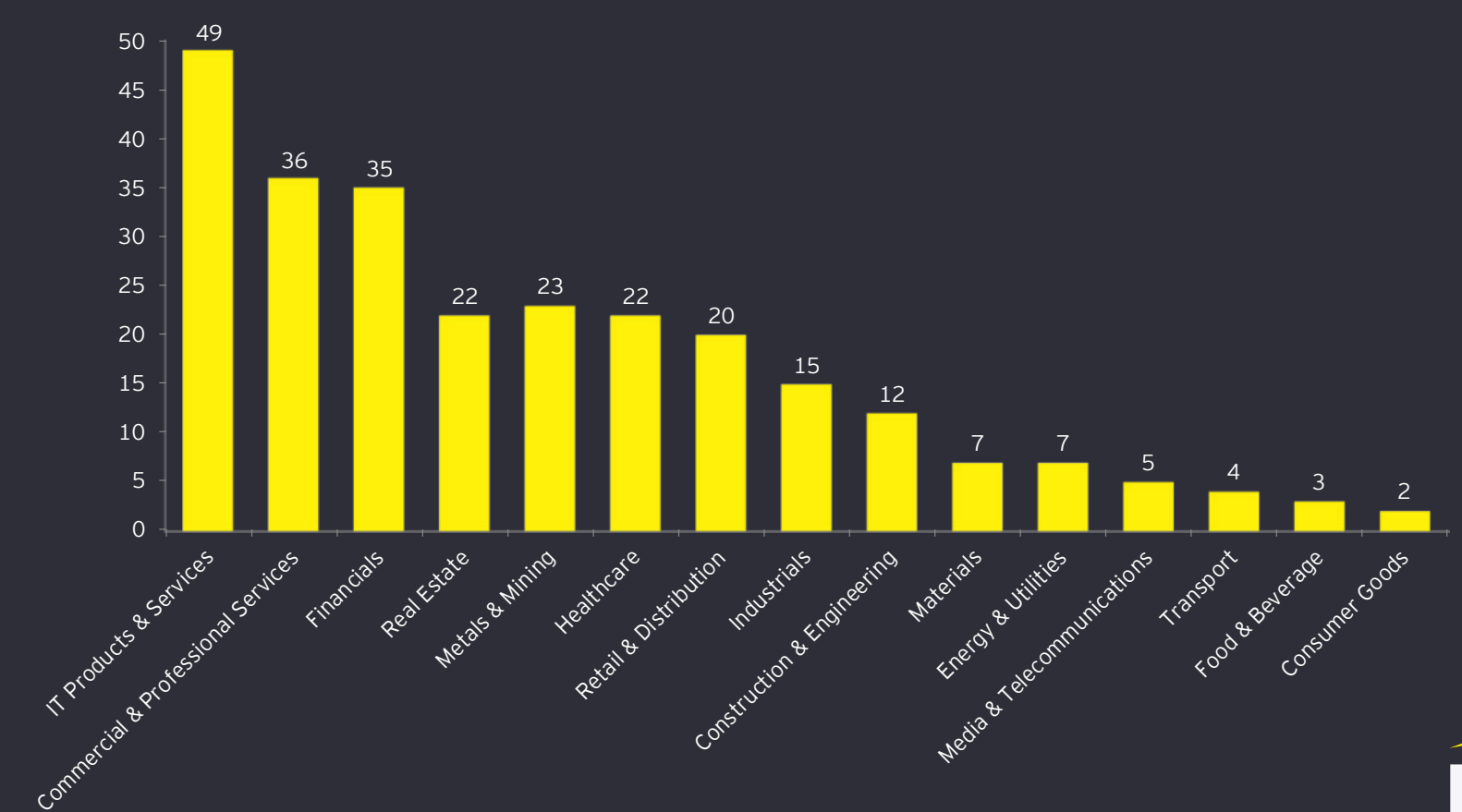
Transactions involving Ontario based companies over the last eight quarters by deal size (in C\$)



Number of Ontario transactions by industry over the last eight quarters



Number of Ontario transactions by industry over the last quarter



Our team

M&A Advisory Services | Ontario



Kevin Casey*
Senior Vice President
+1 519 571 3311
kevin.j.casey@ca.ey.com



Chris Hutchinson*
Senior Vice President
+1 416 932 6002
chris.hutchinson@ca.ey.com



Zahra Jamani*
Senior Vice President
+1 416 943 3683
zahra.jamani@ca.ey.com



Jason Marley*
Senior Vice President
+1 416 943 3088
jason.marley@ca.ey.com



Don McKinnon*
Senior Vice President
+1 519 571 7686
don.mckinnon@ca.ey.com



Sid Nair
Senior Vice President
+1 416 943 3404
sid.nair@ca.ey.com



Andrew Schaefer
Senior Vice President
+1 416 932 6244
andrew.schaefer@ca.ey.com



Jatinder Wadhwa
Senior Vice President
+1 416 943 3078
jatinder.wadhwa@ca.ey.com



Zamira Aliko*
Vice President
+1 416 943 5409
zamira.aliko@ca.ey.com



John Barry
Vice President
+1 416 941 2968
john.barry@ca.ey.com



Devon MacMurray*
Vice President
+1 416 932 6131
devon.macmurray@ca.ey.com



Gracie Gong
Associate
+1 416 943 2770
gracie.gong@ca.ey.com



Jordan Hill
Associate
+1 519 571 3355
jordan.hill@ca.ey.com



Lian Peters
Associate
+1 416 943 2450
lian.peters@ca.ey.com



Evan Uba
Associate
+1 519 646 5576
evan.uba@ca.ey.com



Cecilia Wang
Associate
+1 416 932 5348
cecilia.wang@parthenon.ey.com



Rhys Jones
Analyst
+1 416 932 4298
rhys.jones@ca.ey.com



Parker Lobban
Analyst
+1 416 932 4890
parker.lobban@ca.ey.com



Ryan Marinelli
Analyst
+1 416 932 4932
ryan.marinelli@ca.ey.com



Jack Quaglia
Analyst
+1 416 932 4495
jack.quaglia@ca.ey.com

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