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CANADIAN
PRIVATE EQUITY
MARKET OVERVIEW

Q1 2022

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ABOUT CVCA

OUR VISION

A thriving Canadian economy driven by private capital

OUR MISSION

CVCA's mission is to help our members fuel the economy of the future by growing the businesses of today. We do this by supporting and connecting a vibrant private capital industry with advocacy, research, and education.

CVCA is also the nation's ultimate resource for data on Canadian private capital investments.

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MESSAGE FROM THE CEO

Q1 2022 is a tale of two cities: a record-breaking level of activity and a lower overall amount of capital deployed. The tale is not a Canadian one but a trend we see in both the United States and in Europe. The US PE market experienced both a decline in the number of deals and value in Q1. We also believe that changing macroeconomic conditions had some impact on Q1 and that the impact will be felt more strongly in the months to come. Inflation, valuation adjustments, the war in Ukraine, and geopolitical forces all influence investment decisions.

One consistent trend is the continued injection of private equity capital in Canada's small and medium size businesses. Out of the 212 deals that closed in Q1 2022, 92% of the deals with disclosed values were under \$25M. This means dollars flowing to communities across the country and solid succession planning for many family businesses.

The macroeconomic trends listed above, and the future of private equity investing are but two of many topics we will be exploring in a couple weeks at Invest Canada '22. The Canadian private capital industry will be gathering for CVCA's annual signature event from May 25-27 in Ottawa. For more information, visit the [Invest Canada website](#). I hope to see you there!

Finally, access to high-quality data, analysis, and tools are central to our members' and the industry's ability to operate in the dynamic private capital environment. We invite interested private capital organizations to join us in our efforts. If you would like to have your firm included in future reports, [please contact CVCA's Manager of Research and Product, David Kornacki](#).



KIM FURLONG
CEO

CANADIAN VENTURE CAPITAL &
PRIVATE EQUITY ASSOCIATION

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Q1 2022 HIGHLIGHTS

- ▶ **PE activity in Q1 2022 saw 212 deals closed with a combined value of \$1.4B, the second highest number of deals on record, on par with Q4 2021 (215)**

Canadian PE market remains very active with dealmaking in the first quarter of the year

- ▶ **Fewer large deals compared to previous quarters and the absence of mega-deals (\$500M+) contributed to the decline in total deal value reported in the first quarter of 2022**

Average deal size in Q1 was \$6.8M (70% Q-o-Q drop), an ongoing trend in recent years as Canadian PE continues to make critical investment into SMEs

- ▶ **Canadian PE Market trends in Q1 are broadly consistent with US and European PE markets over the same period**

US PE market experienced a 45% decline in deal count and a 32% decline in total deal value quarter-over-quarter

- ▶ **There were no PE IPOs in Q1 recorded (42 Exits overall), similar trends can be observed in European PE markets that experienced its worst quarter since Q4'20**

Drops in liquid markets, valuation adjustments, global uncertainty and a tighter policy environment all contributed to the slowdown in portfolio exits

- ▶ **The largest disclosed PE deal of the quarter was Ontario-based software company eSentire's \$414M financing backed by Georgian and CDPQ**

Other notable deals include Quebec-based financial company Synex Business Performance Group's \$100M transaction

- ▶ **Q1 saw a record-high number of quarterly PE exits via M&A, with 39 exits totalling \$435M**

Number of PE exits in the first quarter this year surpassed the total number of exits in all of 2021 (35) as well as 2020 (25), on par with pre-pandemic levels

- ▶ **Exits via a Secondary Buyout transaction remains steady, pacing to outperform previous years with 3 exits closing this quarter**

Signaling a lasting change across the industry from 2021

Q1 2022 PRIVATE EQUITY HEAT MAP

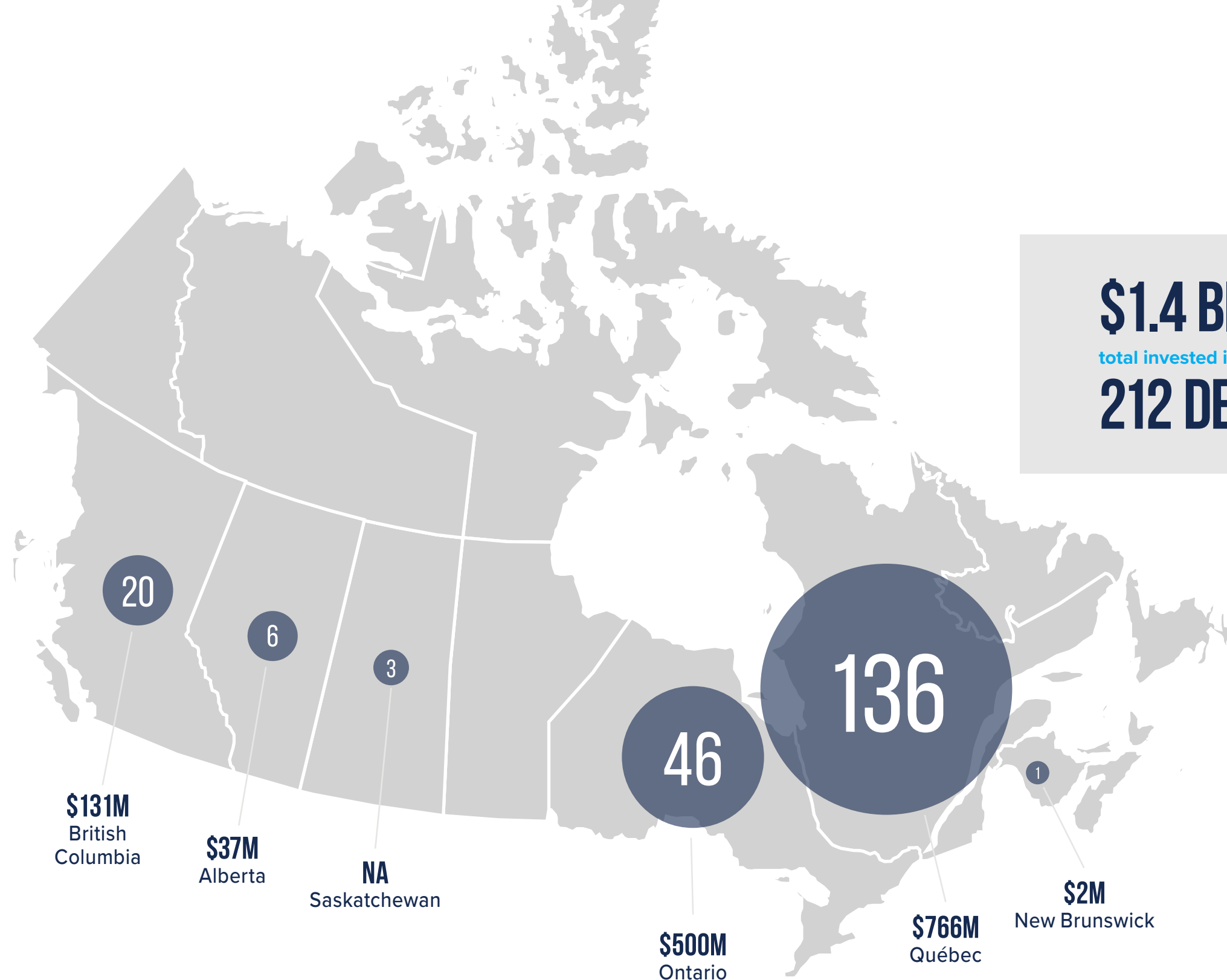
ALL PE DEALS

Q1 2022 saw only \$1.4B invested across 212 deals, a second highest level of deal count on record, while the absence of mega-deals (\$500M+) led to the lowest amount of dollars invested in a quarter.

\$1.4B was invested across 196 companies in Q1, with Quebec accounting for 64% of the total deal flow and over half of total dollars invested, including \$155M and 34 deals in Montreal. The top deal in the region was completed by insurance company Synex Business Performance Group which completed a minority investment by a U.S.-based corporate PE firm.

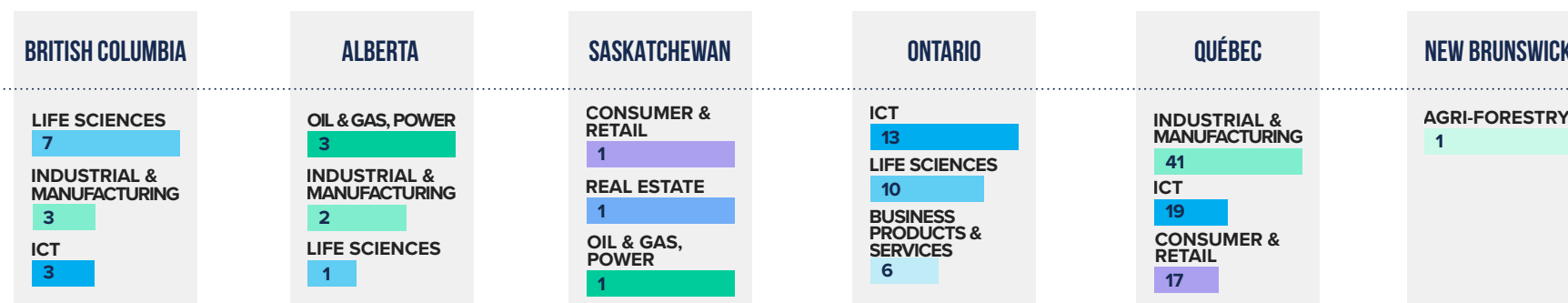
Ontario had the second highest amount of dollars invested by province with half a billion dollars invested across 46 deals.

\$1.4 BILLION
total invested into
212 DEALS



TOP SECTORS PER PROVINCE

BY NUMBER OF DEALS

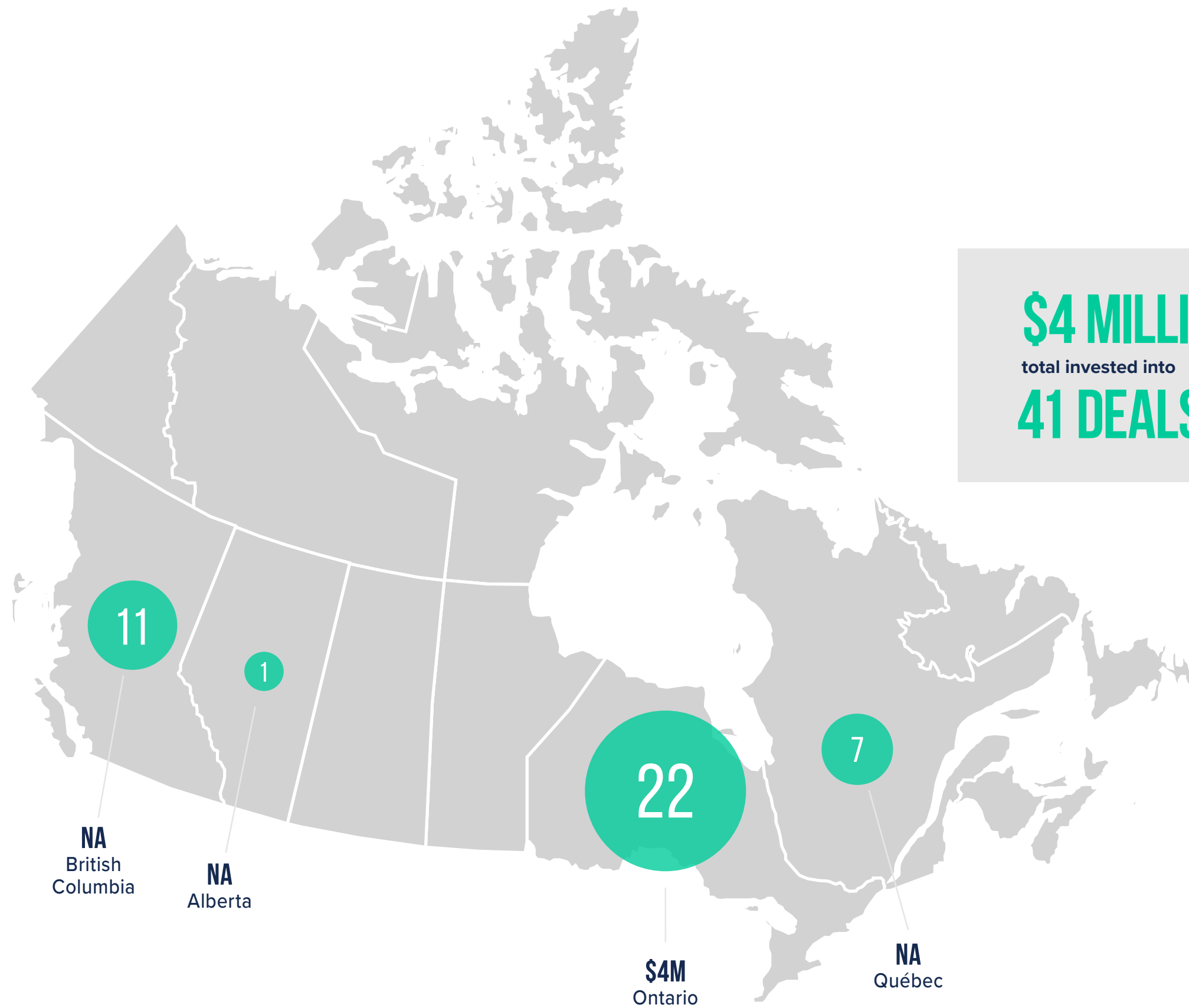


Q1 2022 PRIVATE EQUITY HEAT MAP

BUYOUT & ADD-ON DEALS

41 buyout and add-on investments accounted for 19% of deals across all deal types, with \$4M of total dollars invested.

Deal count in PE buyout & add-on is on par with previous quarters, with considerably lower total value reported, attributable to the large number of acquisitions completed with undisclosed financial terms (40 undisclosed deals).



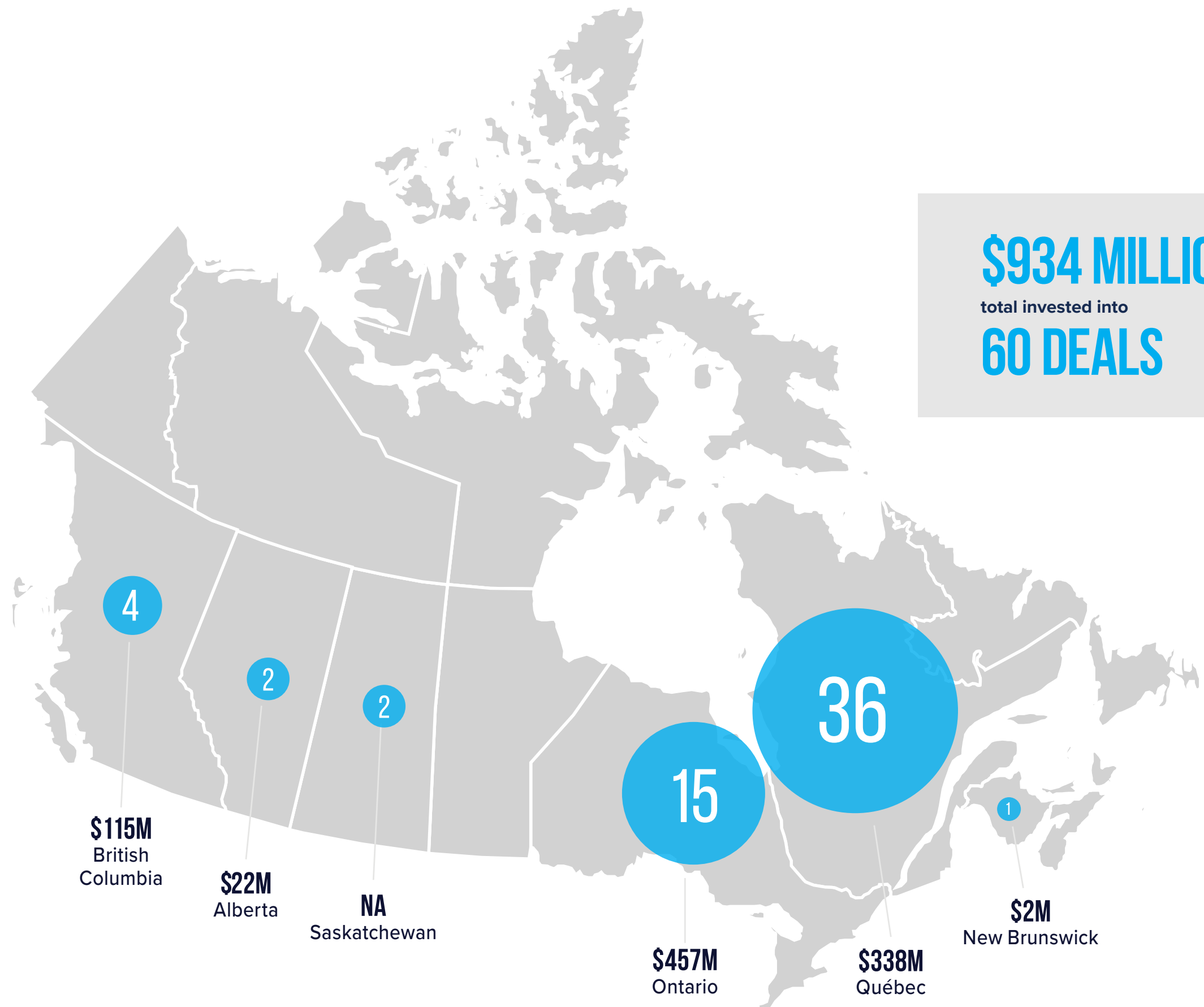
\$4 MILLION
total invested into
41 DEALS

Q1 2022 PRIVATE EQUITY HEAT MAP

PE MINORITY DEALS

Minority investments (including growth and follow-on deals) accounted for 65% of all PE dollars invested in Q1 and over 25% of total PE activity, with \$934M across 60 deals.

Q-o-Q deal count held steady while dollars invested decreased by 49% since Q4 2021.



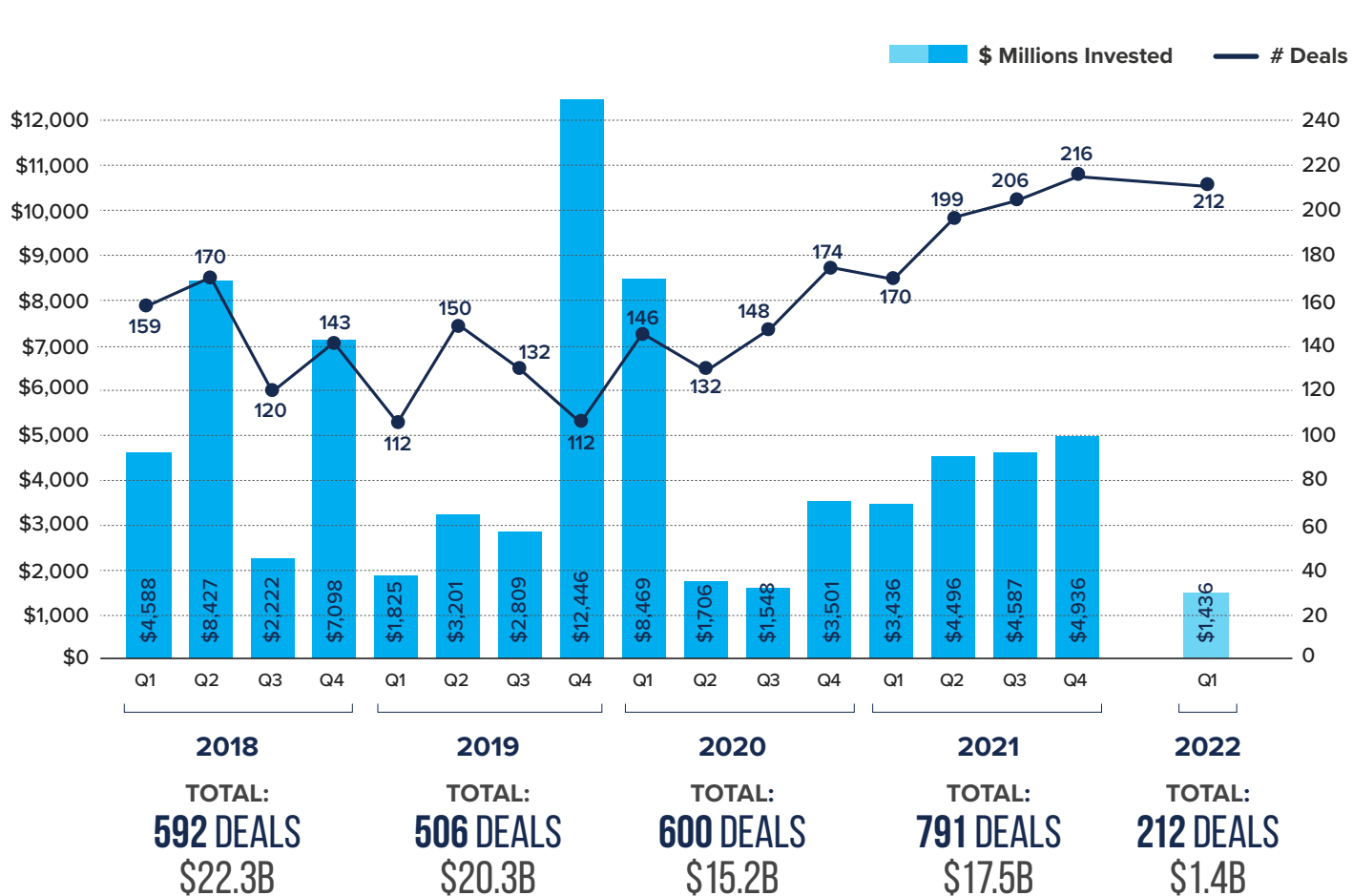
\$934 MILLION
total invested into
60 DEALS

PRIVATE EQUITY INVESTMENT ACTIVITY

ACTIVITY QUARTER-OVER-QUARTER

The Canadian PE market remains active with dealmaking in the first quarter of the year, as PE activity in Q1 2022 experienced the second highest level of quarterly activity (212 deals closed by 196 companies) with a combined value of \$1.4B, on par with the previous deal count record in Q4 2021 (215 deals).

The absence of mega-deals (\$500M+) coupled with a large number of deals with undisclosed values (38% deals in Q1 had undisclosed value vs the 5-year average 25%) led to Q1 reporting the lowest amount of dollars invested in a quarter.

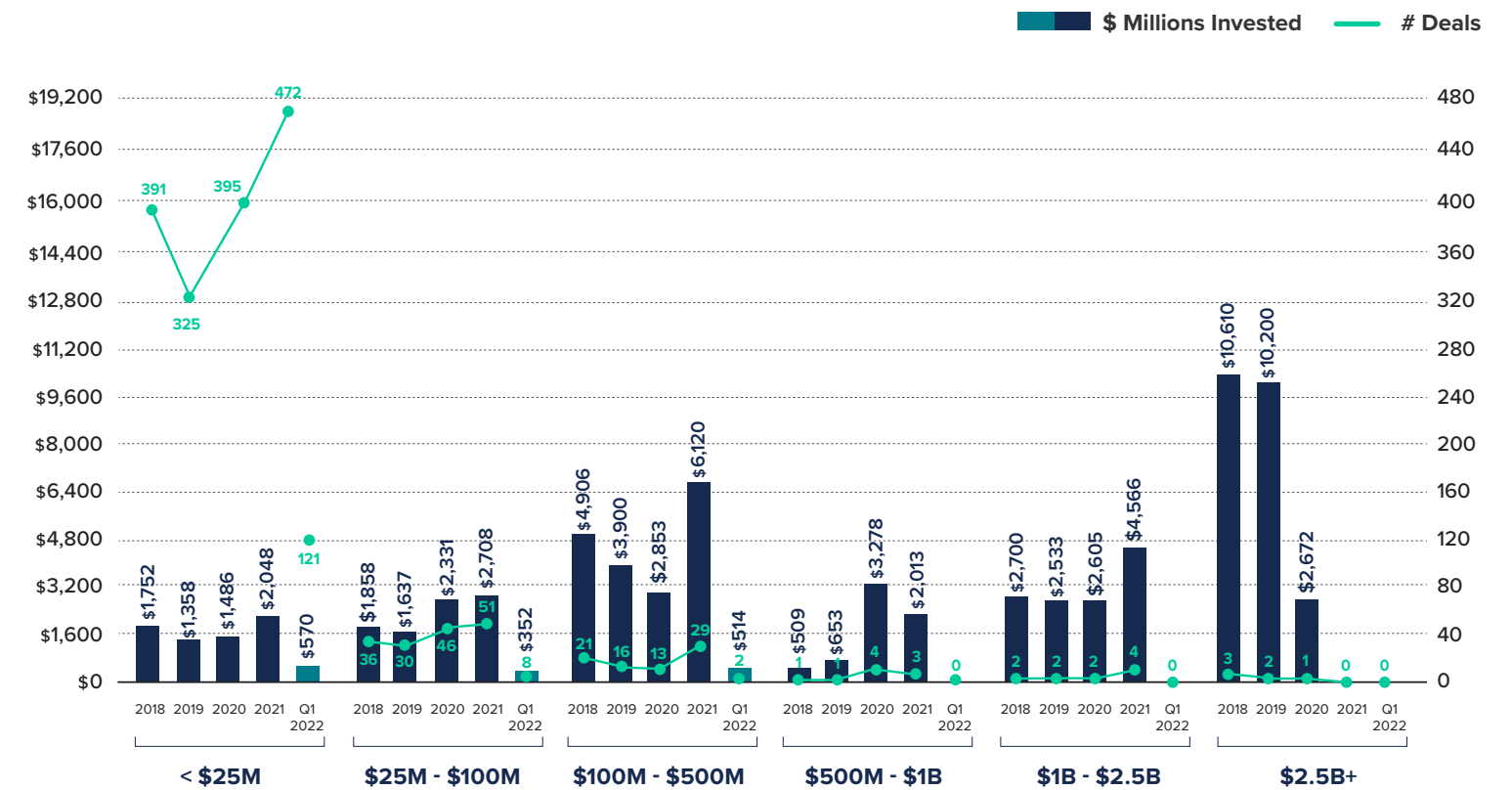


PRIVATE EQUITY INVESTMENT ACTIVITY

ACTIVITY BY DEAL SIZE

Out of the 212 deals that closed in Q1 2022, 92% of the deals (121) with disclosed values were under \$25M, while average deal size continues to decrease — an ongoing trend in recent years.

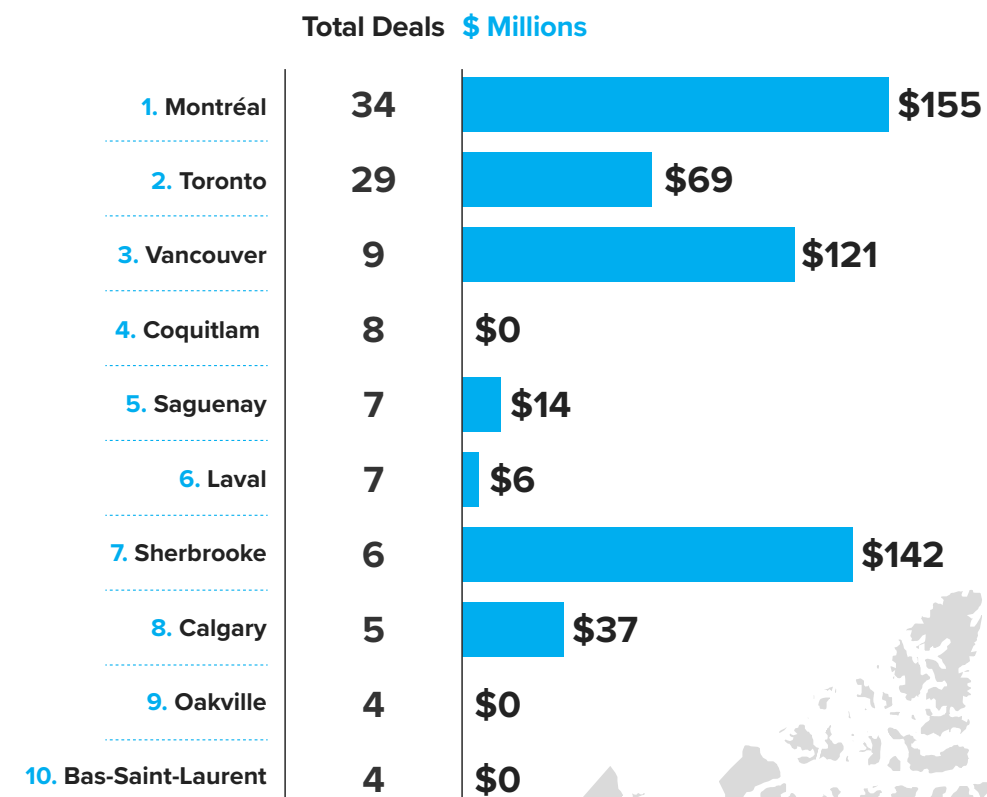
Deals <\$25M continue to make up the largest percentage of the Canadian PE market, underscoring the importance of Canadian PE investing into small and medium-sized businesses.



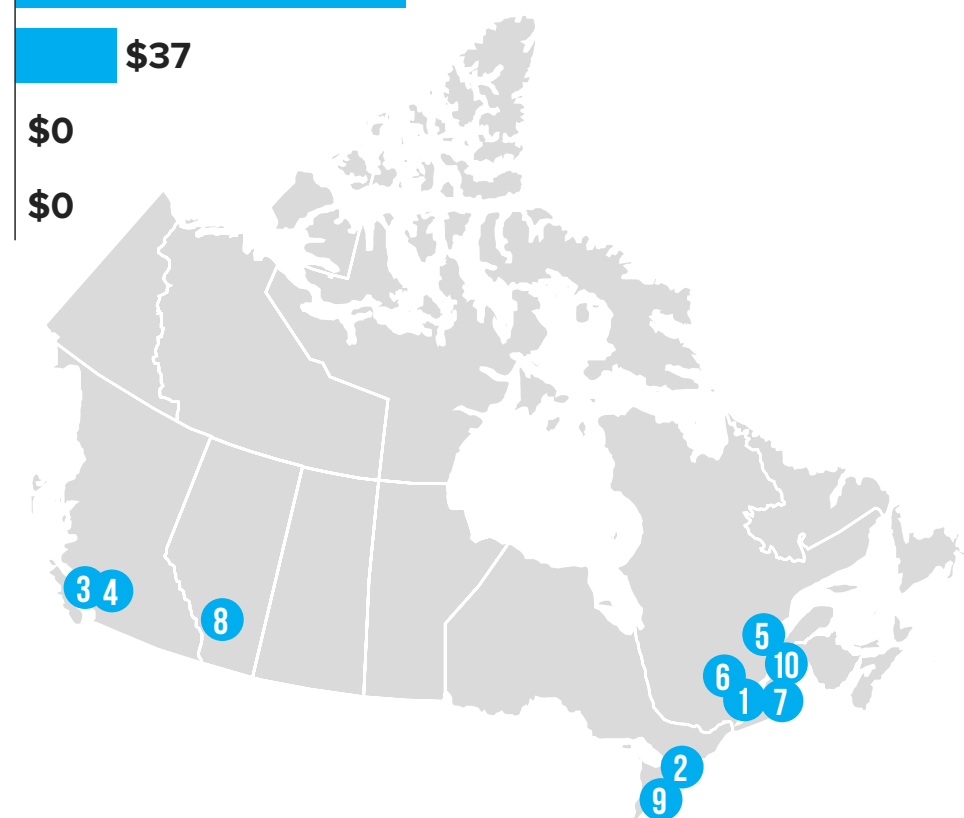
TOP DISCLOSED CANADIAN PE DEALS

COMPANY	PROVINCE	FIRMS INVOLVED IN TRANSACTION	SECTOR	\$ MIL
eSENTIRE, INC.	ONTARIO	GEORGIAN, CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (CDPQ)	INTERNET SOFTWARE & SERVICES	\$414
SYNEX BUSINESS PERFORMANCE GROUP	QUÉBEC	BBH CAPITAL PARTNERS	FINANCIAL	\$100
ELASTIC PATH SOFTWARE INC.	BRITISH COLUMBIA	BLACKROCK INC., SAGEVIEW CAPITAL LP	ECOMMERCE	\$60
KINOVA ROBOTICS	QUÉBEC	EXPORT DEVELOPMENT CANADA (EDC), GRAHAM PARTNERS, INC.	HEALTHCARE/ LIFE SCIENCES	\$40
ANDION GLOBAL INC.	BRITISH COLUMBIA	BUSINESS DEVELOPMENT BANK OF CANADA (BDC), EQUITIX INVESTMENT MANAGEMENT LIMITED, SPRING LANE CAPITAL, BDC CAPITAL INC.	ENVIRONMENTAL	\$30
LAPS	QUÉBEC	CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC (CDPQ)	ECOMMERCE	\$20

TOP CANADIAN CITIES/ ADMINISTRATIVE CENTRES



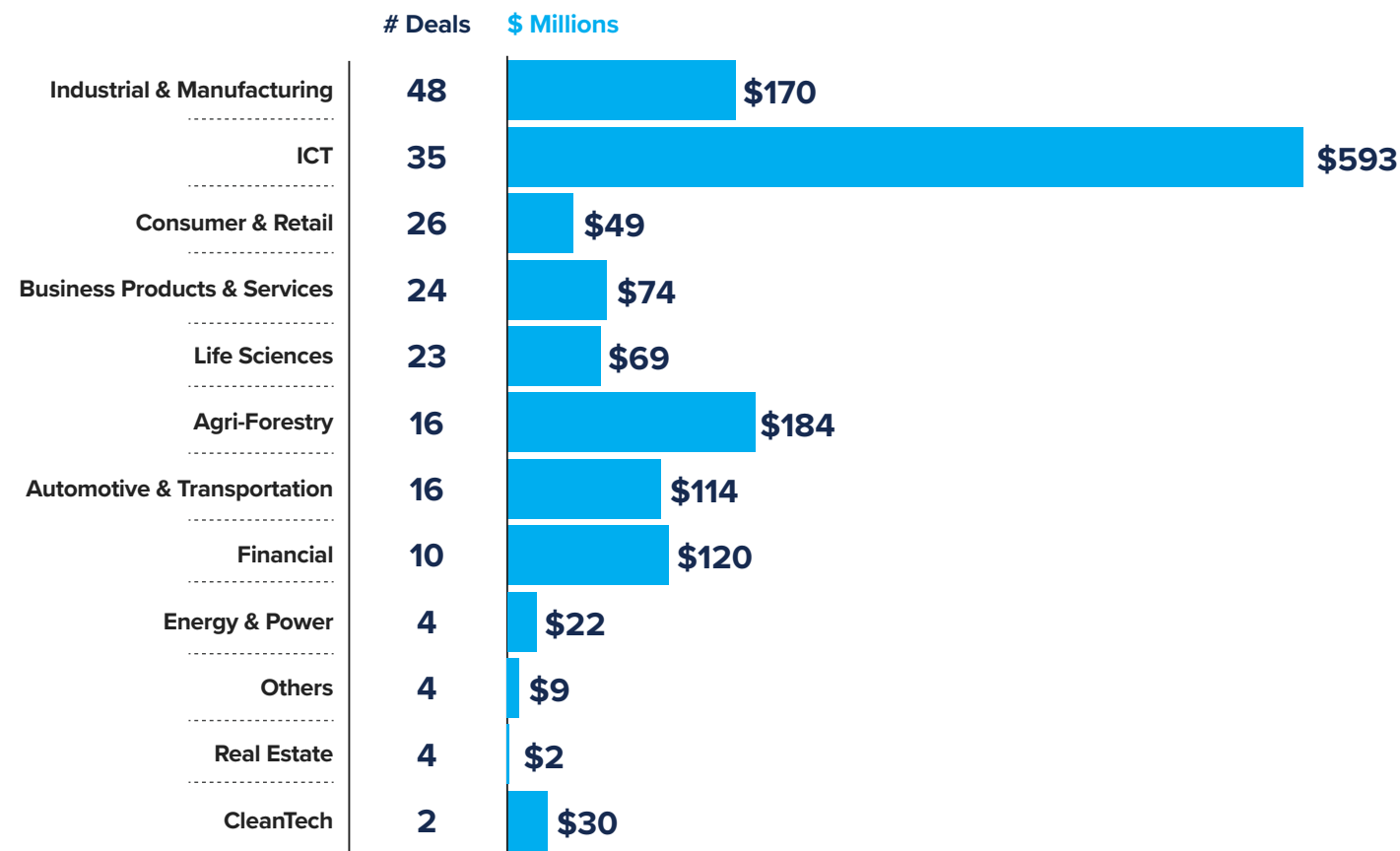
#1 MONTREAL
\$155M
34 DEALS



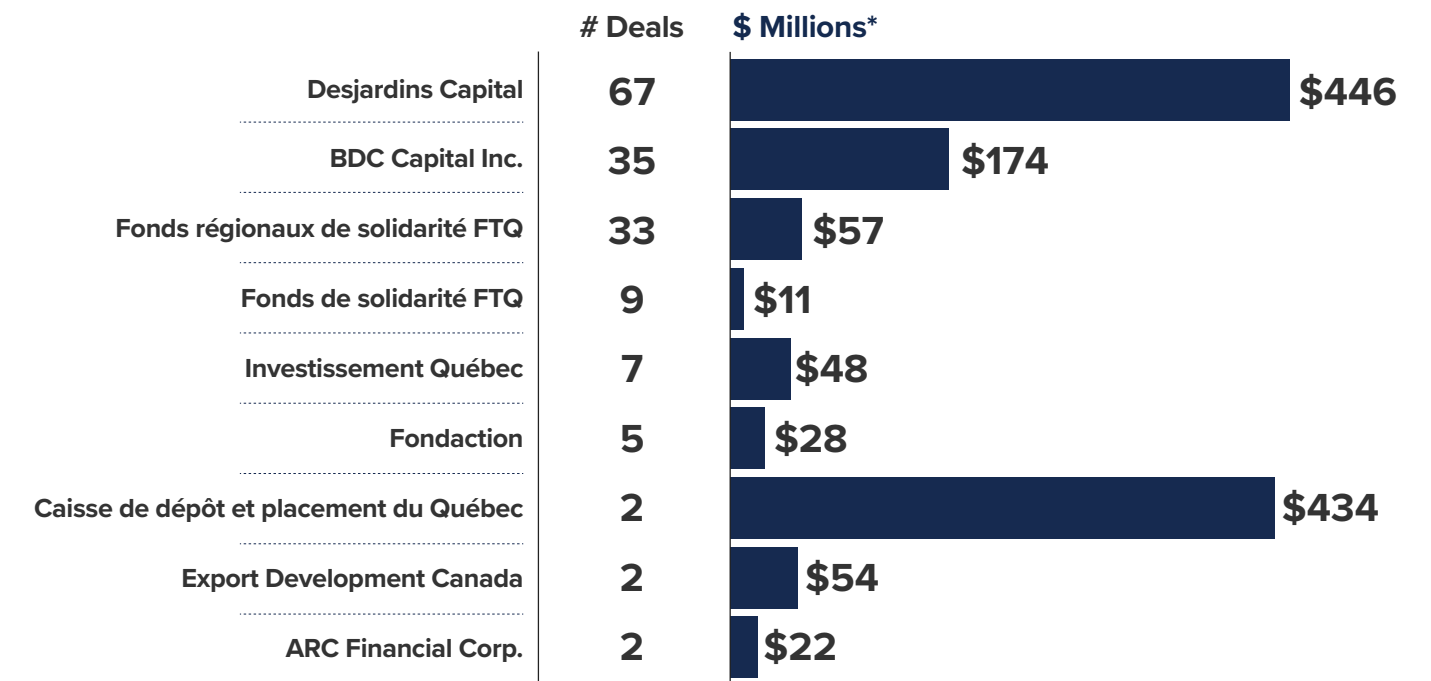
*There were 10 undisclosed deals totalling \$326M excluded from this table

PE SECTOR BREAKDOWN

- Most sectors saw Q-o-Q growth in activity. Industrial & Manufacturing led the quarter's investment activity with 48 deals, a record breaking amount for the sector in comparison to previous quarters. 14 manufacturing companies accounted for 35% (\$59M) of all dollars invested in the sector.
- The majority of dollars invested were deployed to the ICT sector this quarter, with the ICT sector accounting for 41% of total dollars. This is the largest share of total PE dollars invested in ICT in comparison with previous years (5-year average 20%).
- Life sciences held steady with 23 deals totalling \$69M closing in the first quarter of this year, on an annualized basis it's on pace to match 2021's record deal count with less total value.
- The Automotive & Transportation sector also saw a historic quarter with 16 deals closing in Q1 (previous record high was in Q3 2021 with 13 deals).
- The largest disclosed deal in the sector was also the largest deal of the quarter, Ontario-based software company eSentire's \$414M financing backed by Georgian and CDPQ.



MOST ACTIVE PRIVATE EQUITY INVESTORS



MOST ACTIVE:
DESJARDINS CAPITAL: 67 DEALS, \$446 MILLION

*Total deal values - includes all participating investors

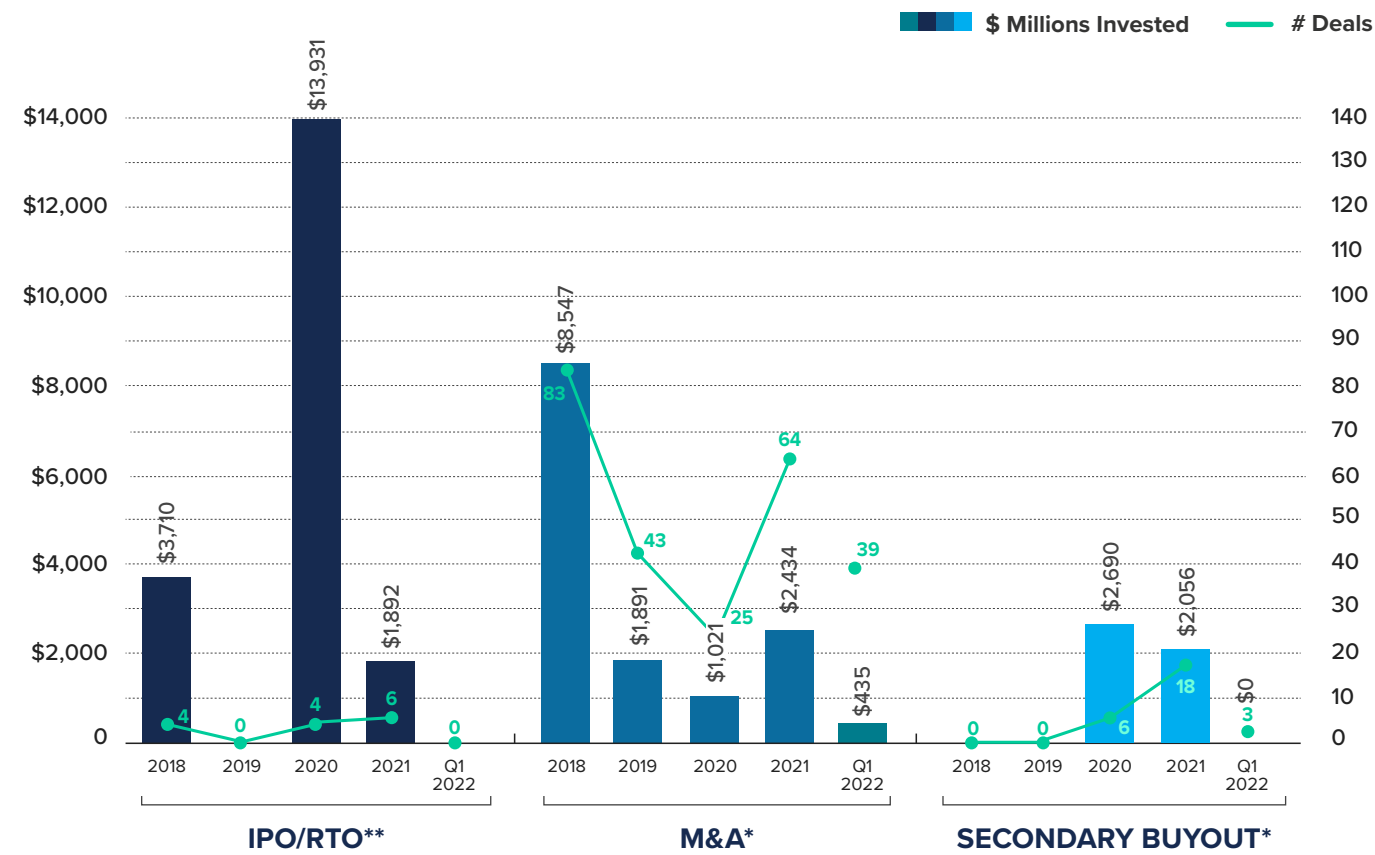
PE EXITS

- Q1 still saw a record amount of 42 exits in a given quarter, while no IPOs were reported in this quarter.
- On an annualized basis, 2022 is on pace to be another year with a record number of exits following the trend set in 2021.
- The majority of exit activity this quarter was driven by exits via an M&A transaction, with 39 deals totalling \$435M.

TOP DISCLOSED PE EXITS*

SELLER	COMPANY	ACQUIRER	\$ MIL
FONDS DE SOLIDARITÉ FTQ	MINES D'OR ELDORADO INC.	N/A	\$168
FONDS DE SOLIDARITÉ FTQ	LES INDUSTRIES SPECTRA PREMIUM INC.	N/A	\$16

*there were 2 additional undisclosed exits totalling \$239.1 excluded from this table



* includes transactions with undisclosed values ** IPO valuation

PARTICIPATING DATA CONTRIBUTORS

CVCA thanks the following firms who participated in its Q1 2022 survey.

VENTURE CAPITAL FIRMS

2150 Ventures	Clanton Capital	Partners	Sand Hill North
7 Gate Ventures	Climate Innovation Capital	inovia Capital	ScaleUP Ventures
Accelerate Fund	Conexus Venture Capital	KJSM Ventures Canada	StandUp Ventures
Active Impact Investments	CTI Life Sciences	Klass Capital	Tactico Inc.
Acton Capital Partners	Cycle Capital Management	Luge Capital	Tandem Expansion
Alate Partners Inc.	Differential Ventures	Lumira Ventures	TandemLaunch
AmorChem Fund	DigitalDx Ventures	MaRS Investment Accelerator Fund (IAF)	Techstars Ventures
Amplify Capital	Ecofuel / Fonds Ecofuel	Math Venture Partners	Telegraph Hill Capital
Anges Quebec	Emerald Technology Ventures	McRock Capital	TELUS Pollinator Fund for Good
Anzu Partners	Espresso Capital Ltd.	NAventures	TELUS Ventures
AQC Capital	Evok Innovations	New Brunswick Innovation Foundation	Texas Halo Fund
AVAC Ltd.	FACIT	OMERS Ventures	The51 Ventures Fund
Azure Capital Partners	First Ascent Ventures	Pangaea Ventures	Thin Air Labs
BCF Ventures	Fonds Innovexport	Pender Ventures	UCeed
BDC Cleantech Practice	Framework Ventures	Plank Ventures	Uncork Capital
BDC IP-Backed Financing	Freycinet Ventures	Proeza Ventures	Vanedge Capital Partners
Bioindustrial Innovation Canada	Golden Ventures	Quark Venture	Venbridge Ltd.
BKR Capital	Good News Ventures	Radical Ventures	Version One Ventures
Boreal Ventures	Grand Ventures	Real Ventures	Waterpoint Lane
Brightspark Ventures	GreenSky Capital Inc.	Relay Ventures	Wesley Clover International
Builders VC	GroundBreak Ventures	Renewal Funds	White Star Capital
CEMEX Ventures	H Ventures	Rhino Ventures	Yaletown Partners
CIBC Innovation Banking	Highline Beta	Roadmap Capital	
CIC Capital Ventures	Information Venture		

PRIVATE EQUITY & LSPEC FIRMS

AIP Private Capital	CIC Capital Canada	Mink Capital	Tricor Pacific Capital Ltd.
ARC Financial	Clairvest Group Inc.	Mosaic Capital Corporation	Upper Stage Ventures
Ardenton Capital Corporation	Clearspring Capital Partners	Novacap Management Inc.	VERTU Capital
ATB Private Equity	Fulcrum Capital Partners	Peloton Capital Management	Westcap Mgt. Ltd
BDC Growth & Transition Capital (BDC GTC)	Golden Triangle Angel Network (GTAN)	Persistence Capital Partners	Western Investment Company of Canada Limited
BDC Growth Equity	Highland West Capital	PFM Capital Inc	XPND Capital
Birch Hill Equity Partners	Instar Asset Management Inc.	Private Debt Partners	Yellow Point Equity Partners
BMO Capital Partners	Ironbridge Equity Partners	PRIVEQ Capital Funds	
Cachet Sustainability Inc.	Killick Capital Inc.	Rivemont Investments	
CAI Capital Partners	Krystal Growth Partners	Seafort Capital	
Canadian Business Growth Fund	m2s Capital	Searchlight Capital Partners	

LIMITED PARTNERS

Alberta Enterprise Corporation	Fondaction	Kensington Capital Partners Ltd.
BDC Venture Capital	Fonds de solidarite FTQ	Northleaf Capital Partners
Bluesky Equities Ltd.	Fonds de solidarite FTQ (Regional)	Ontario Teachers' Pension Plan (OTPP)
Dancap Private Equity Inc	HarbourVest Partners (Canada) Ltd	Teralys Capital
Desjardins Capital	Investissement Quebec	

If you would like to have your firm included in future reports, please [click here](#).

CVCA METHODOLOGY: PRIVATE EQUITY

PRIVATE EQUITY DATA:

Dataset includes only completed private equity deals (announced but yet to be completed deals are not included).

PE DEAL TYPE	
BUYOUT	INVESTMENT FOR THE CONTROL OF A PORTFOLIO COMPANY, INCLUDING PLATFORM CREATION, SECONDARY BUYOUT
GROWTH	SIGNIFICANT MINORITY INVESTMENT INTO A PORTFOLIO COMPANY, THROUGH NEW CAPITAL INFUSION AND RECAPITALIZATION
ADD-ON	CORPORATE ACQUISITIONS BY MAJORITY CONTROLLED PE BACKED PORTFOLIO COMPANIES
DEBT	DEBT INVESTMENT INTO PORTFOLIO COMPANIES
INFRASTRUCTURE	INVESTMENTS INTO DEVELOPMENT AND MANAGEMENT OF INFRASTRUCTURE ASSETS BUT PE DOES NOT OWN THE UNDERLYING ASSETS

PE SECTORS	
AGRI-FORESTRY	AGRICULTURE, FOODS AND FORESTRY
AUTOMOTIVE & TRANSPORTATION	TRANSPORTATION, LOGISTICS AND RELATED SERVICES
BUSINESS PRODUCTS & SERVICES	BUSINESS PRODUCTS AND SERVICES
CLEANTECH	ENERGY AND FUEL TECHNOLOGIES, EFFICIENCY AND CONSERVATION, RENEWAL ENERGY, ENVIRONMENTAL TECHNOLOGIES AND OTHER ENERGY AND ENVIRONMENTAL PRODUCTS AND SERVICES
CONSUMER & RETAIL	CONSUMER PRODUCTS AND SERVICES, BRICK AND MORTAR RETAIL
FINANCIAL	FINANCIAL SERVICES
ICT	COMPUTER HARDWARE/SOFTWARE & SERVICES, INTERNET SOFTWARE & SERVICES, ECOMMERCE, ELECTRONIC & SEMICONDUCTOR, MOBILE & TELECOM AND SERVICES
INDUSTRIAL & MANUFACTURING	EQUIPMENT AND MATERIAL MANUFACTURING
LIFE SCIENCES	BIOTECH, MEDICAL DEVICES, PHARMACEUTICALS, EHEALTH, HEALTHCARE PRODUCTS AND SERVICES, AND OTHER MEDICAL RELATED PRODUCTS AND SERVICES
MINING & RESOURCES	NON OIL AND GAS NATURAL RESOURCES
OIL & GAS, POWER	OIL & GAS, POWER AND UTILITIES
REAL ESTATE	PROPERTY DEVELOPMENT AND MANAGEMENT

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