

# From Impact Benefits to Ownership: Indigenous M&A Strategies



Presenter by

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March 11, 2026





# Land Acknowledgment





## Agenda

- Why Indigenous Communities May Consider Investing in Operating Business
- Key Considerations When Investing in Operating Business
- Q&A



# RBC Origins, Our Commitment

First Nations, Inuit, and Métis Peoples in Canada have rich traditions of storytelling that serve multiple functions in communities. At the foundation of each story is often a lesson in relationship; whether relationship with others, self, or environment. RBC Origins was inspired by the storytelling principle of cultivating sustainable relationships for seven generations to come.

Canada's Truth and Reconciliation Commission published its final report with 94 Calls to Action. Call to Action #92 asks the corporate sector to work with Indigenous Peoples to;

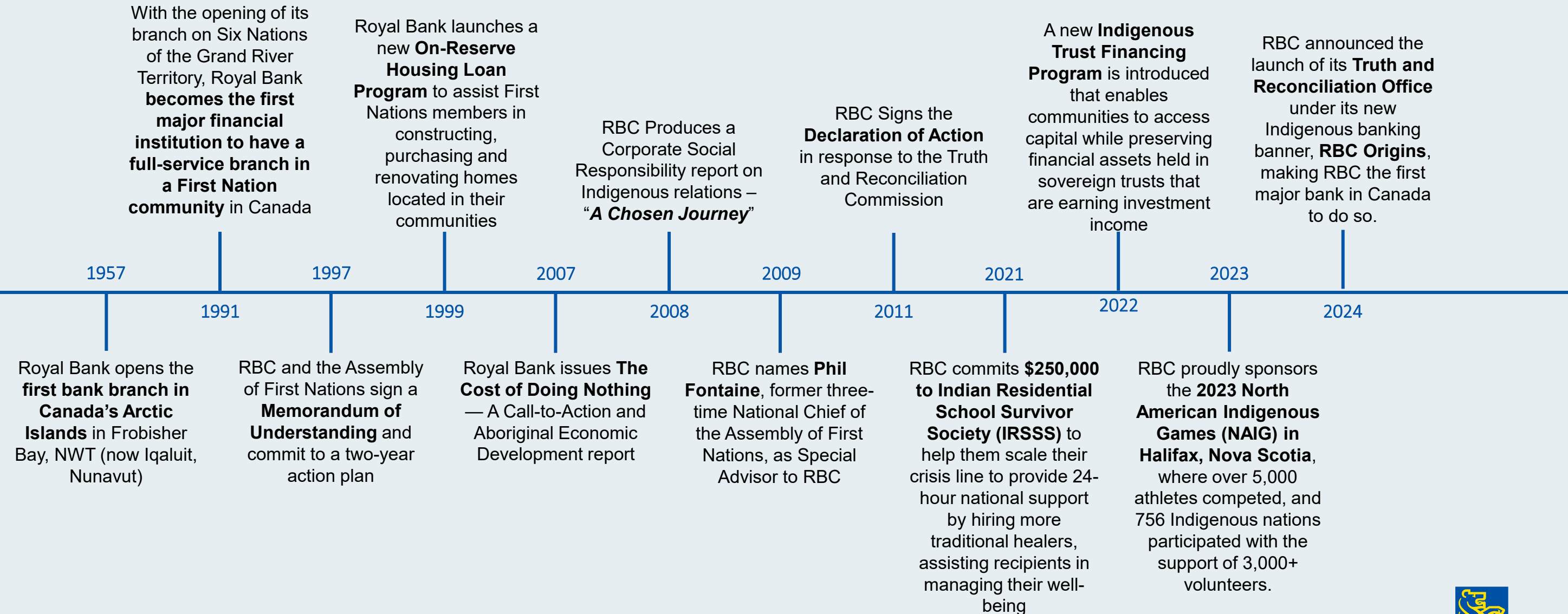
1. Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent (FPIC) of Indigenous Peoples before proceeding with economic development projects.
2. Ensure that Aboriginal Peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects
3. Provide education for executive management on the history of Aboriginal Peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal Rights, Indigenous law, and Aboriginal-Crown relations.

RBC Origins was launched opened the first Truth and Reconciliation office at a major bank in Canada on May 28, 2024, to accelerate reconciliation and human rights activities that make a difference for communities.





# Highlight Initiatives of RBC's History of Partnering with Indigenous People





## Why Indigenous Communities May Consider Investing in Operating

### **Economic Sovereignty & Self-Determination**

Ownership allows communities to control decision-making and align economic activity with cultural values and build long-term financial independence.

### **Long-Term Wealth Creation and predictable own-source revenue**

- Equity ownership in operating business generates recurring cashflow, asset appreciation and intergenerational wealth.
- It helps fund housing, education bursaries, healthcare services and cultural programs.





## Why Indigenous Communities May Consider Investing in Operating

### **Employment and skills development**

- It creates jobs for community members, build management and technical capacity and develop future leaders.
- When Indigenous communities are equity partners, they gain board representation, operational insights and greater influence over environmental and social outcomes.
- It helps build credibility with governments, private sector partners, and financial institutions.
- Strong governance and operational performance increase access to capital and partnership over time.



# RBC Mid-Market Mergers & Acquisitions

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Royal Bank



RBC Royal Bank®

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**John Drake**  
*Senior Director*

John Drake is a Senior Director in RBC's Mid-Market Mergers & Acquisitions practice. He is responsible for leading day-to-day transaction execution commitments for clients whose businesses are primarily headquartered in British Columbia. He joined RBC's growing Mid-Market M&A advisory business in 2021.

Prior to joining RBC, John worked for a global Mid-Market accounting firm where he was focused on providing M&A support to private company clients across various industries. Prior to this, he worked for a Big Four accounting firm in their transaction advisory practice with a focus on operational improvement and post-closing merger integration in both Toronto and Vancouver.

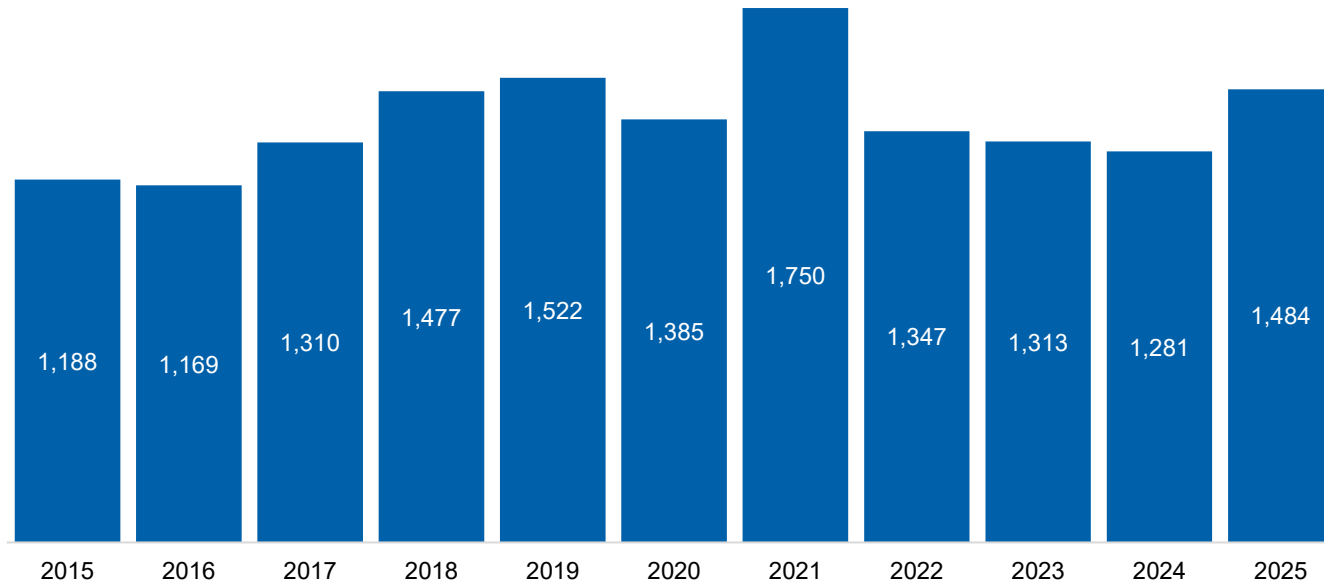
John obtained his Chartered Professional Accountant (CPA) certification in 2016 and his Chartered Business Valuator (CBV) designation in 2022. While qualifying for his CBV, John achieved the George Ovens Award as the gold medalist on the 2021 Membership Qualification Examination.

# I. Canada M&A Market Update



Royal Bank

## Annual Deal Volume



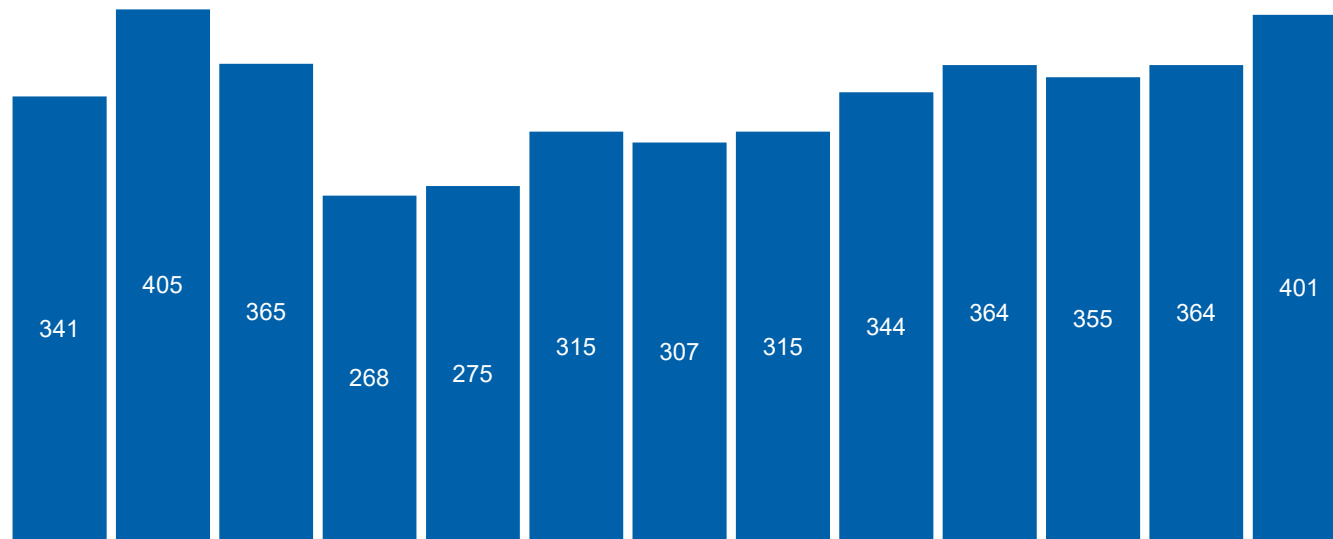
Number of Transactions: < \$250M

Ma  
sale

Canadian Mid-Market M&A activity in 2025 recovered meaningfully from subdued levels in 2023 & 2024.

Despite elevated trade uncertainty, deal volumes strengthened as market participants adapted to trade and geopolitical volatility

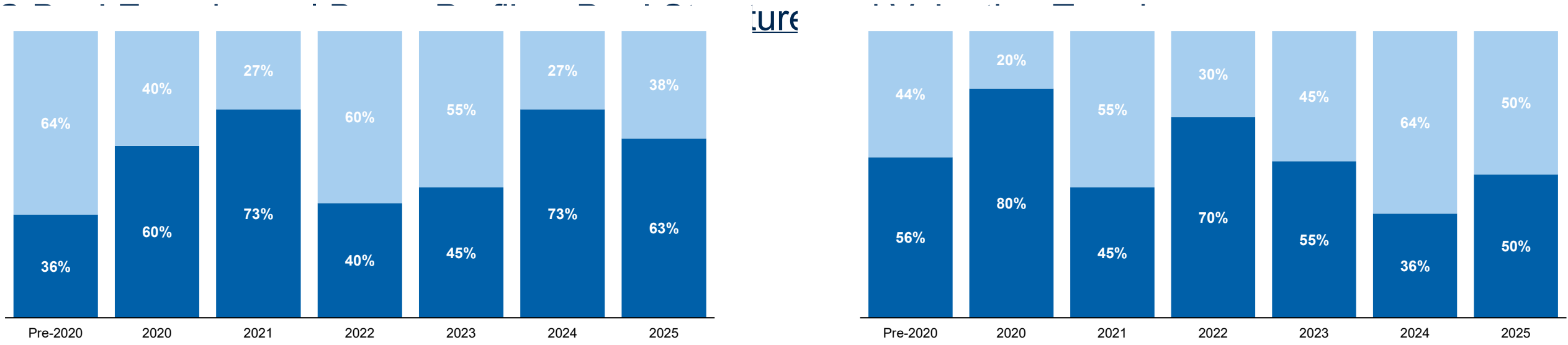
## Quarterly Deal Volume



Both strategic and financial buyers are actively deploying capital and are sitting on record levels of dry powder

While Canadian lenders are exercising some caution, leverage is available for quality transactions - capital supply and market resiliency should compensate for

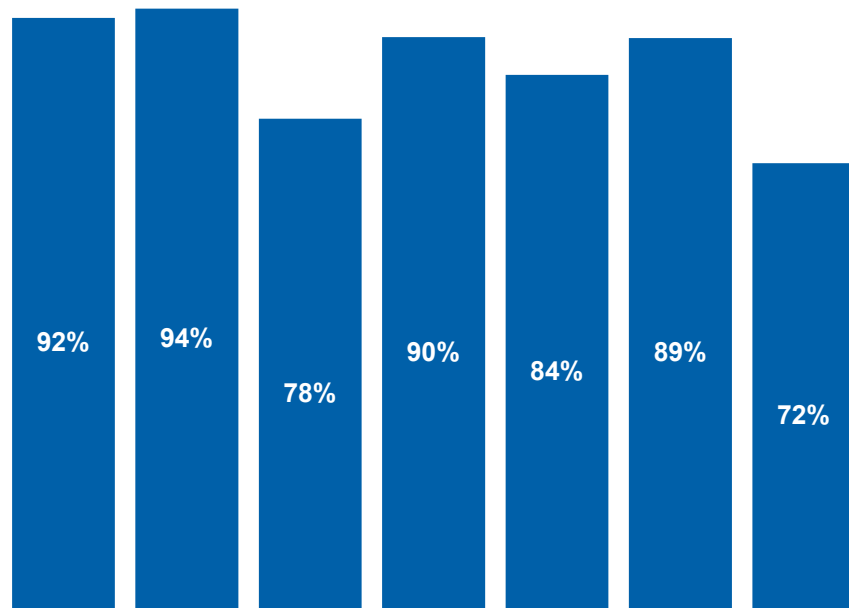
## Buyer Profiles



■ Canadian Buyers ■ International Buyers

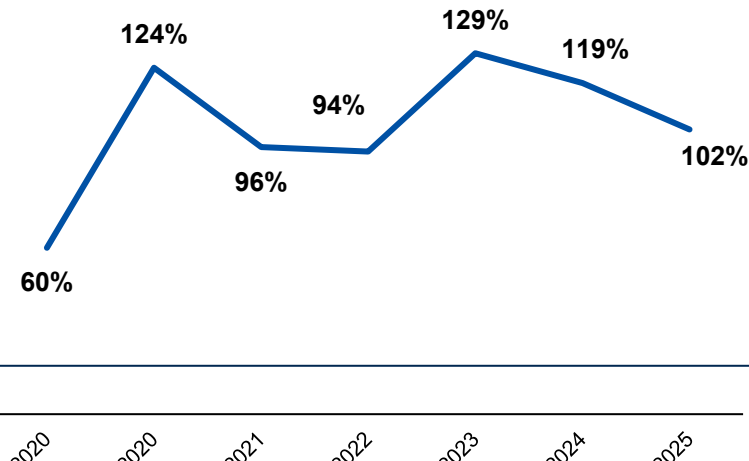
■ Strategic ■ Private Equity

## Average Cash on Close

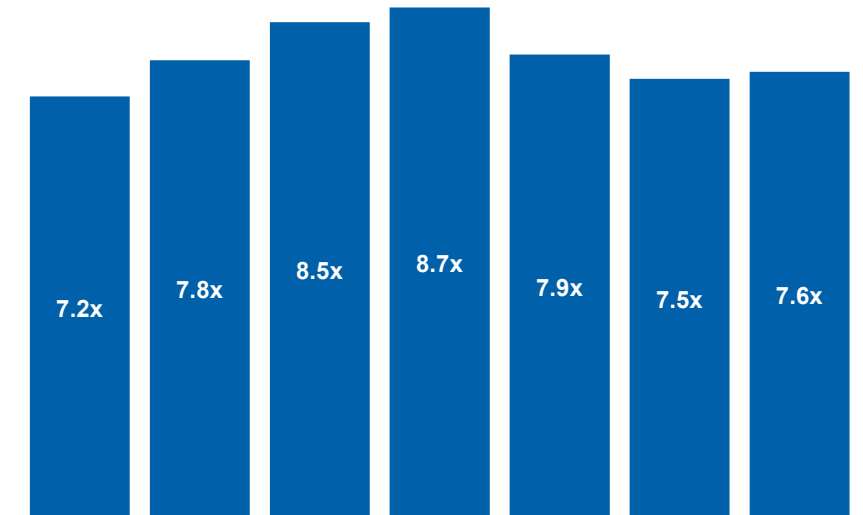


## Bid Results and Valuation

**Bid spreads** rose during the pandemic compared to the historical average level, and have since experienced volatility

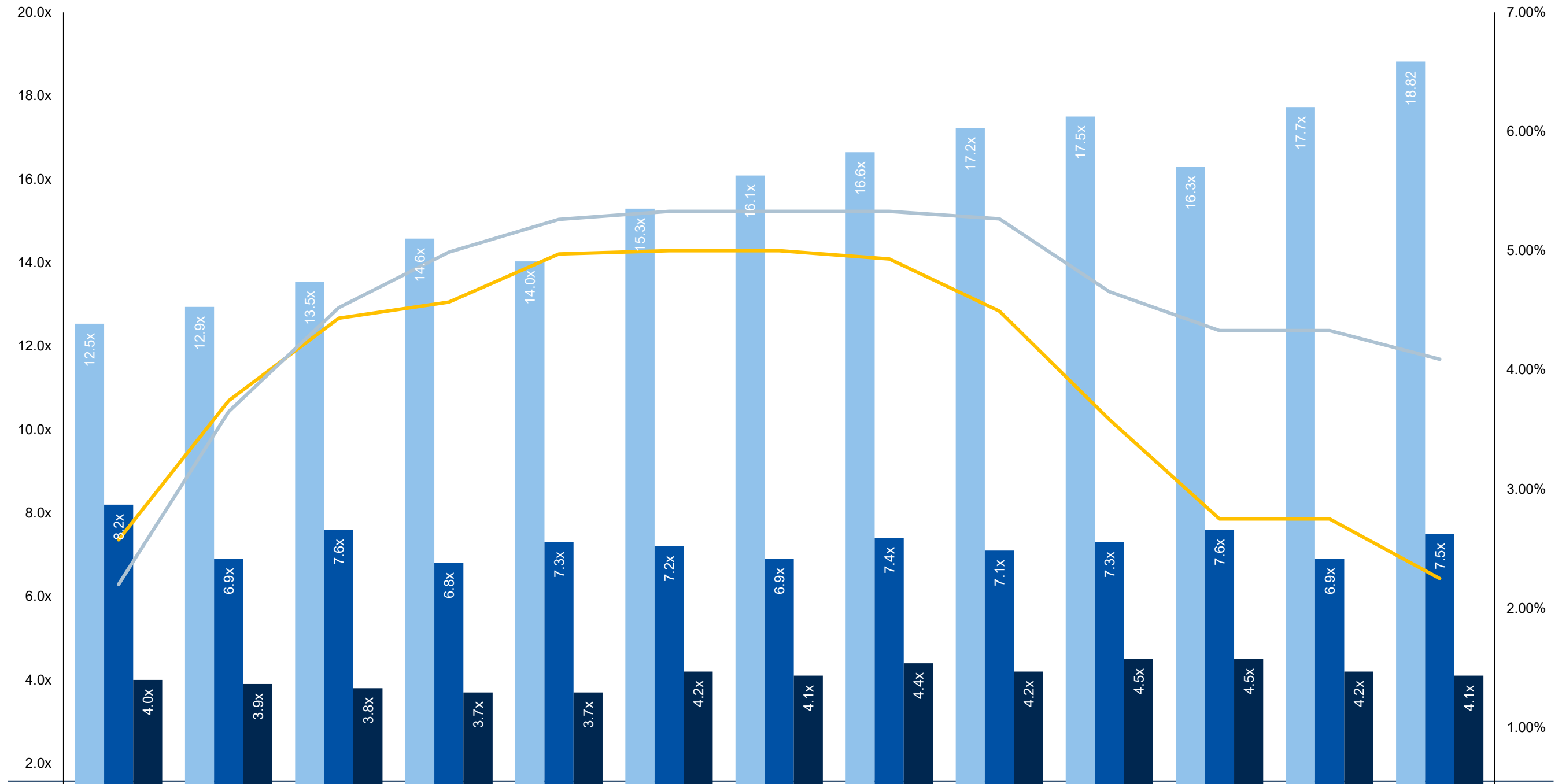


**EV / EBITDA Multiples** at close rose following the pandemic, but have since trended towards the historical average level



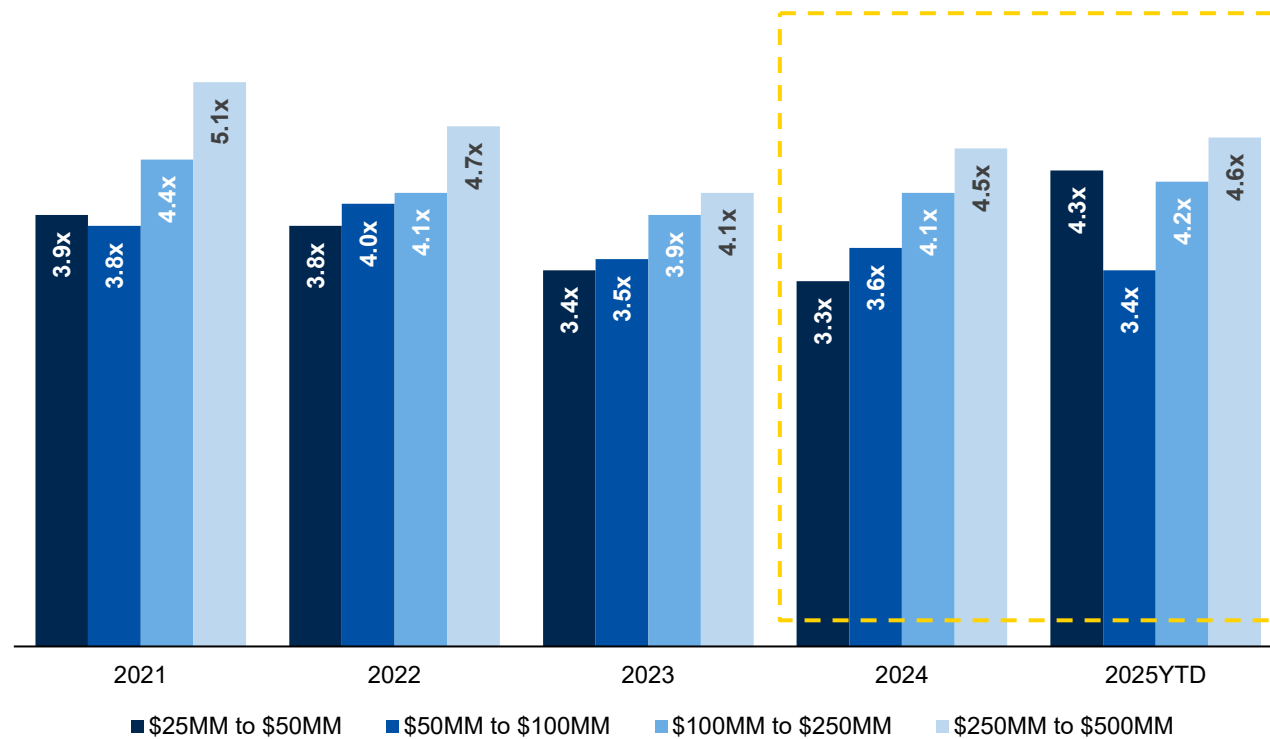
# Average Quarterly Data For the Last Three Years

## Valuation Trends | Public and Private Markets



## Total Debt / EBITDA – All Industries by Deal Size

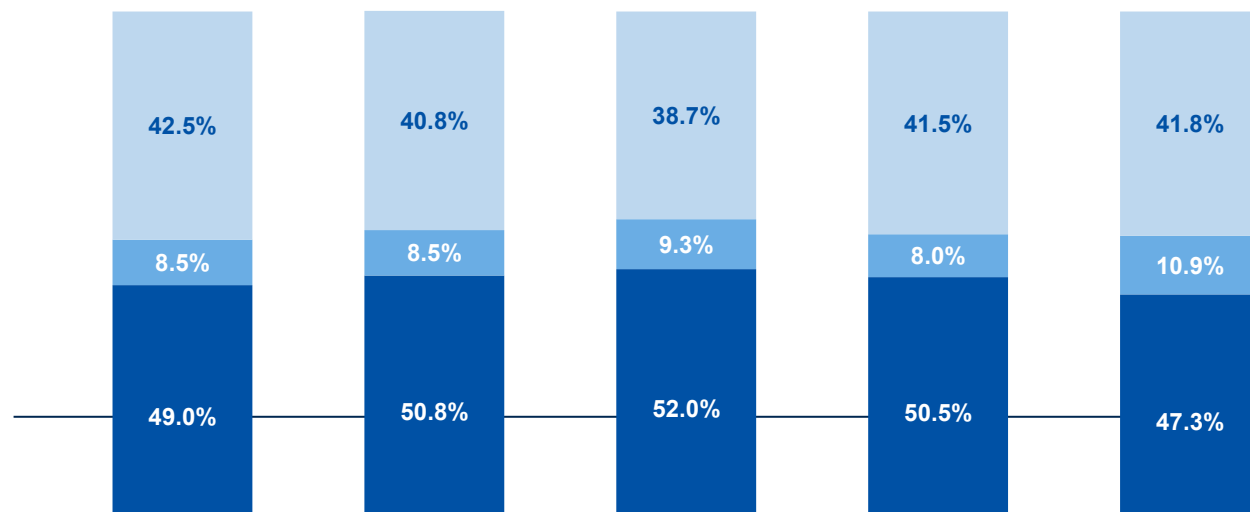
# Leverage Report | Total Debt & Capitalization Across All Industries



Total Debt/EBITDA for most deal sizes have seen declines from 2022 levels, reflecting a more cautious lending environment and increased equity contributions from buyers

The only decline between 2023 and 2024 was within the \$25MM – \$50MM deal size, declining from 3.3x to 3.2x

## Total Capitalization – All Industries



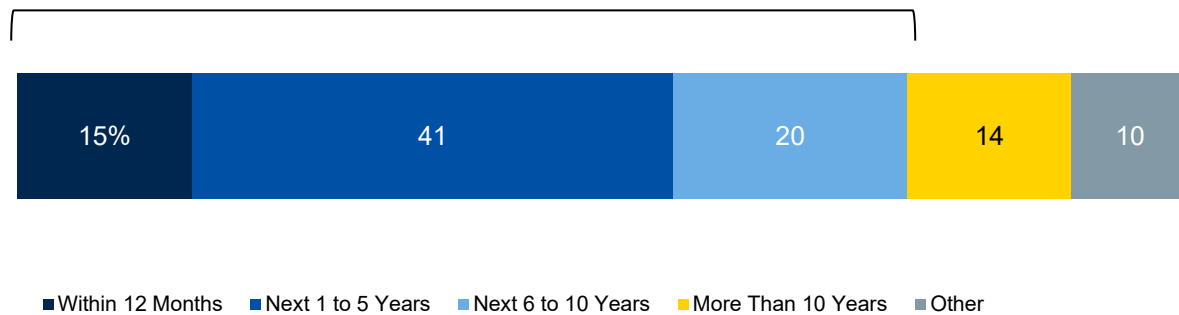
Average equity contribution across all deals in 2024 fell to 50.5% compared to an average of 52.0% for 2023

Senior Debt across all deal sizes increased to 41.3% in 2024 compared to an average of 38.7% for all of 2023

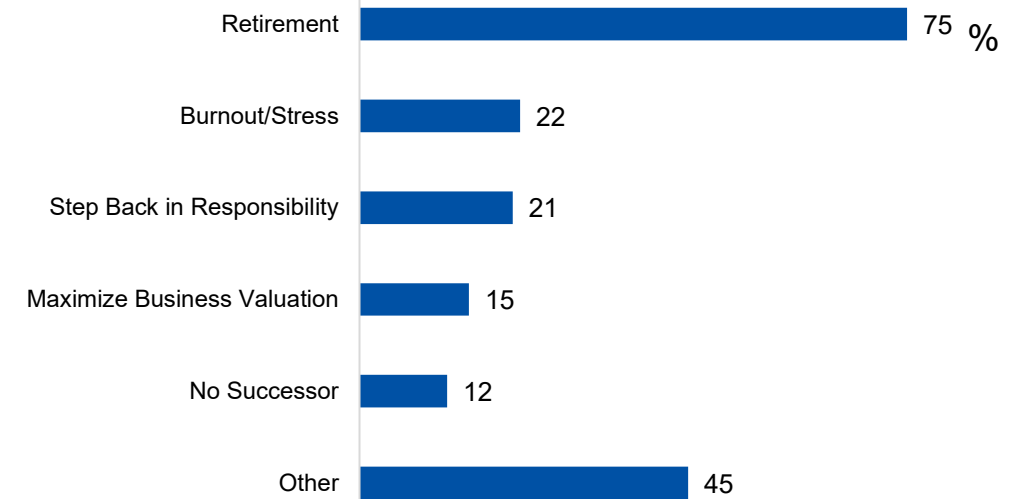
## Transition Timeline & Rationale

# Looking Ahead | Succession Tsunami Expected from Canadian Business Owners over Next Decade

**76% of Canadian Business Owners** expect to transition (exit) from their business within the **next ten years**



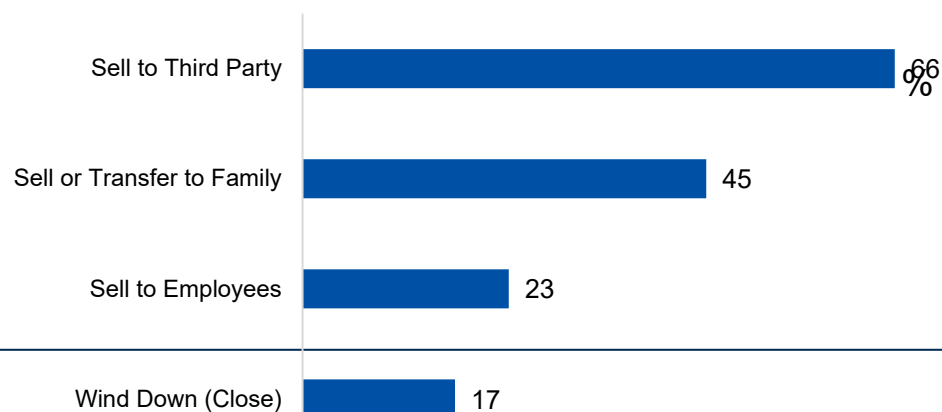
**Succession** is a key driver, while recent macro factors (e.g. Covid, tariffs, etc.) might have accelerated certain owner's timelines



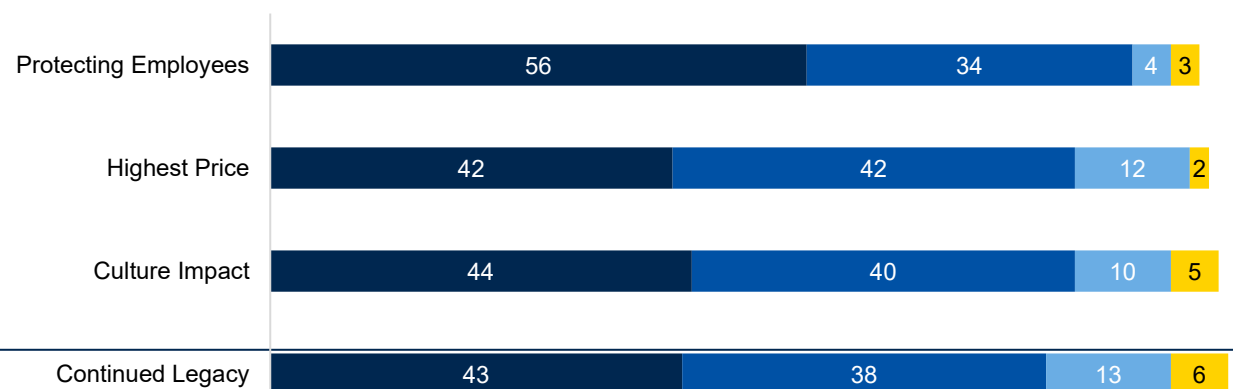
*Note: Does not total 100% as multiple options available for selection*

## Transaction Considerations

**Third Party, Family and Employees** are the primary focus for succession, influenced by the size of the business, liquidity goals of seller and family involvement/capability



**Protecting Employees, Legacy and Community** identified as key qualitative considerations in a transaction outside of commercial terms



# I. RBC Mid-Market M&A



Royal Bank

## Depth of Team Experience

### RBC Mid-Market Mergers & Acquisitions

- Focused on the sale of private businesses and corporate carve-outs
- Part of a global team of over 100 M&A professionals in Canada, the United States, Europe, and Australia
- RBC is consistently ranked amongst the top advisors by volume in North America on transactions under \$250MM<sup>(2)</sup>

- Dedicated Mid-Market Financial Sponsor Coverage Team with global connectivity to private equity, family office, and private investment firms

- Dedicated ESG Advisory Capability

- Significant experience executing domestic and cross-border transactions with strategic and financial buyers
- Ability to leverage RBC's full suite of Wealth Planning, Financing, Trust, and Advisory services to facilitate effective business owner succession strategies

## Market Coverage from Six Offices



## Global Transaction Reach



## Multiple Award Winning M&A Franchise



**FIT FOODS**  
  
 The business of Fit Foods Ltd. has been acquired by Fit Foods LP, a partnership between Fit Foods' founder, Westcap and management

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Consumer**


**Confidential**

A Canadian distributor of pumps and electric motors has been acquired by a Canadian financial sponsor

RBC Mid-Market M&A acted as exclusive financial advisor to the seller




**Industrials**

**GrantMatch**  


GrantMatch Corp. has been acquired by BDO Canada LLP

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Business Services**

**hûha**  


Huha Wear Inc. has received an investment from District Ventures Capital

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Consumer**

**PERREAUULT**  


Toiture Perreault Inc. has received an investment from Fengate Private Equity

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Industrials**


**LEIBEL**  
  
 INSURANCE GROUP

Leibel Insurance Group Corp. has been acquired by BrokerLink Inc.

RBC Mid-Market M&A acted as exclusive financial advisor to the seller




**Business Services**

**THE Langley GROUP**  
  
 CONCRETE

The business of Langley Concrete Group Inc. has been acquired by Lafarge Canada Inc. (a subsidiary of Holcim AG)

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Industrials**

**DREXEL**  


Drexel Industries' 3PL Business has been acquired by Kenco Group

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Business Services**

**TANKCON**  
  
 FRP

Tankcon FRP Inc. has been acquired by TerraVest Industries (TSX: TVK)

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Industrials**

**VAW systems**  


VAW Systems Ltd. has received an investment from PFM Capital Inc.

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Industrials**

**Trioinvest**

Trioinvest Inc. has been acquired by Colliers International

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**Business Services**

**CORIL Trioinvest**  


Coril Holdings Ltd. was advised on the review of its strategic options regarding its wholly-owned portfolio company, Trioinvest Inc.

RBC Mid-Market M&A acted as exclusive financial advisor to Coril




**Business Services**

**PE PharmEng Technology**  


PharmEng Technology Group of Companies has been acquired by Efor Group SAS


RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**PETRO-LINE PETROSLEEVE**  


Petro-Line Construction Ltd. & PETROSLEEVE Inc. have been acquired by T.D. Williamson, Inc.

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**B PRO**  


Les Entreprises P. Bonhomme Ltée (operating as Bytown Pro and Bonhomme Pro) has been acquired by Patrick Morin Inc.

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**SUNCO**  


Sunco Foods Inc. has received an investment from Fulcrum Capital Partners

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**NEWDORK**  
  
 St. John's Dockyard Limited

St. John's Dockyard Limited has been acquired by Membertou First Nation, Qalipu First Nation, and Horizon Naval Engineering<sup>1</sup>

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



**CORNER EDGE** Products Ltd.  
  
 "Giving you the protective edge where it really counts"

Corner-Edge Products Ltd. has been acquired by Enjay Converters Ltd.

RBC Mid-Market M&A acted as exclusive financial advisor to the seller



## Liquidity Options



- Dividend Recap**
  - Utilize credit capacity to pay shareholder dividend
  - May add additional risk to the business
  - Potential tax effects
- Management Buyout**
  - Sale of all or part of the business to management
  - May involve additional debt or outside equity
  - Seller may be required to provide financing
- Partial Sale**
  - Sale of a partial interest to a financial buyer
  - Degree of fit with financial partner is critical
  - Will involve additional leverage and governance
- Full Sale**
  - Sale of all the assets or shares to a third party
  - May be an industry player or a financial buyer
  - Will ultimately involve a full exit from the business

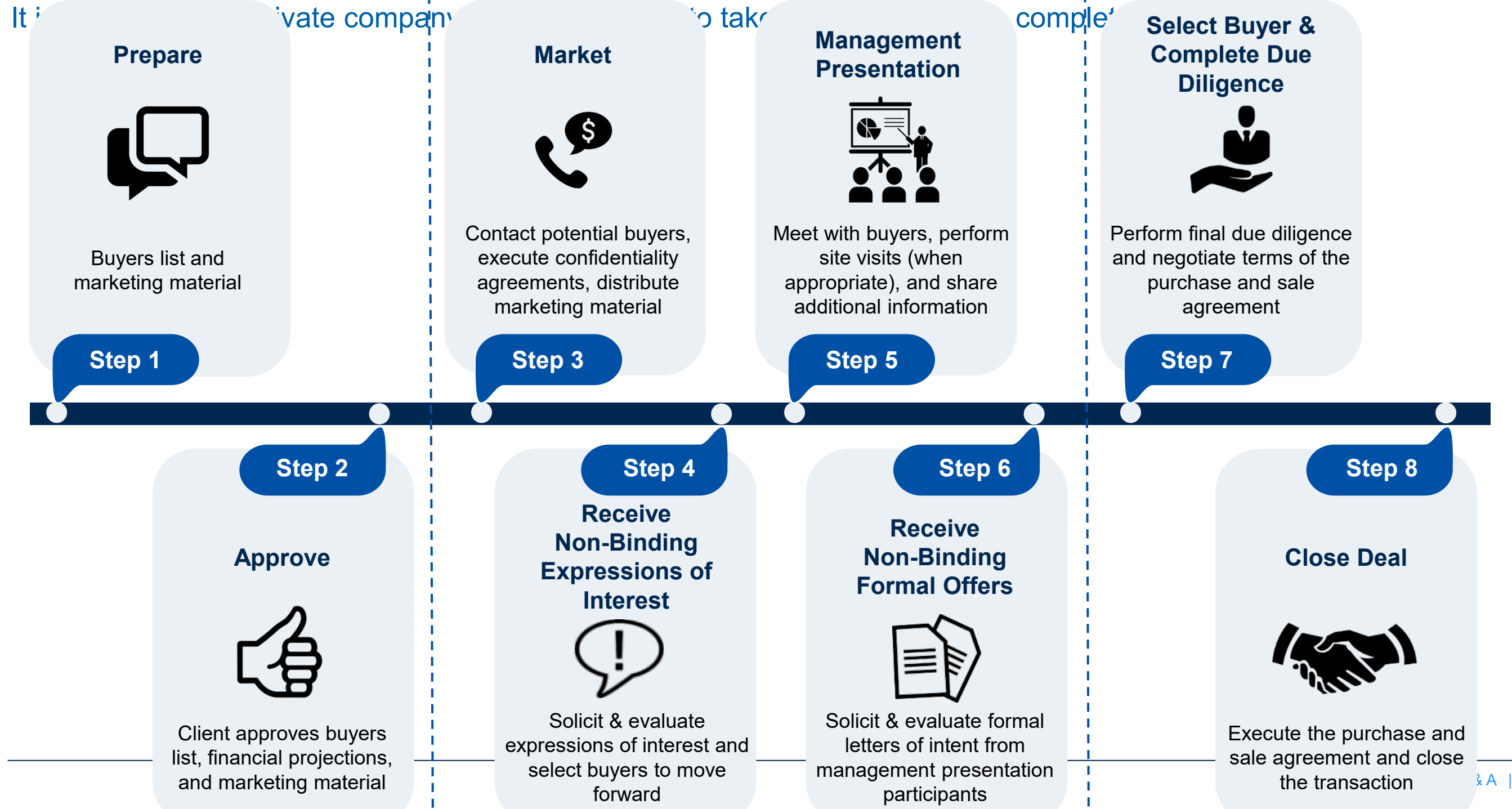
Trade-Offs	Cash on Closing	◐	◐	◐	●
	Maximizing Value	●	◐	◐	●
	Share Ownership & Influence	●	◐	◐	○
	Confidentiality	●	●	◐	○
	Company Leverage	◐	○	◐	●

**Phase I**  
Preparation

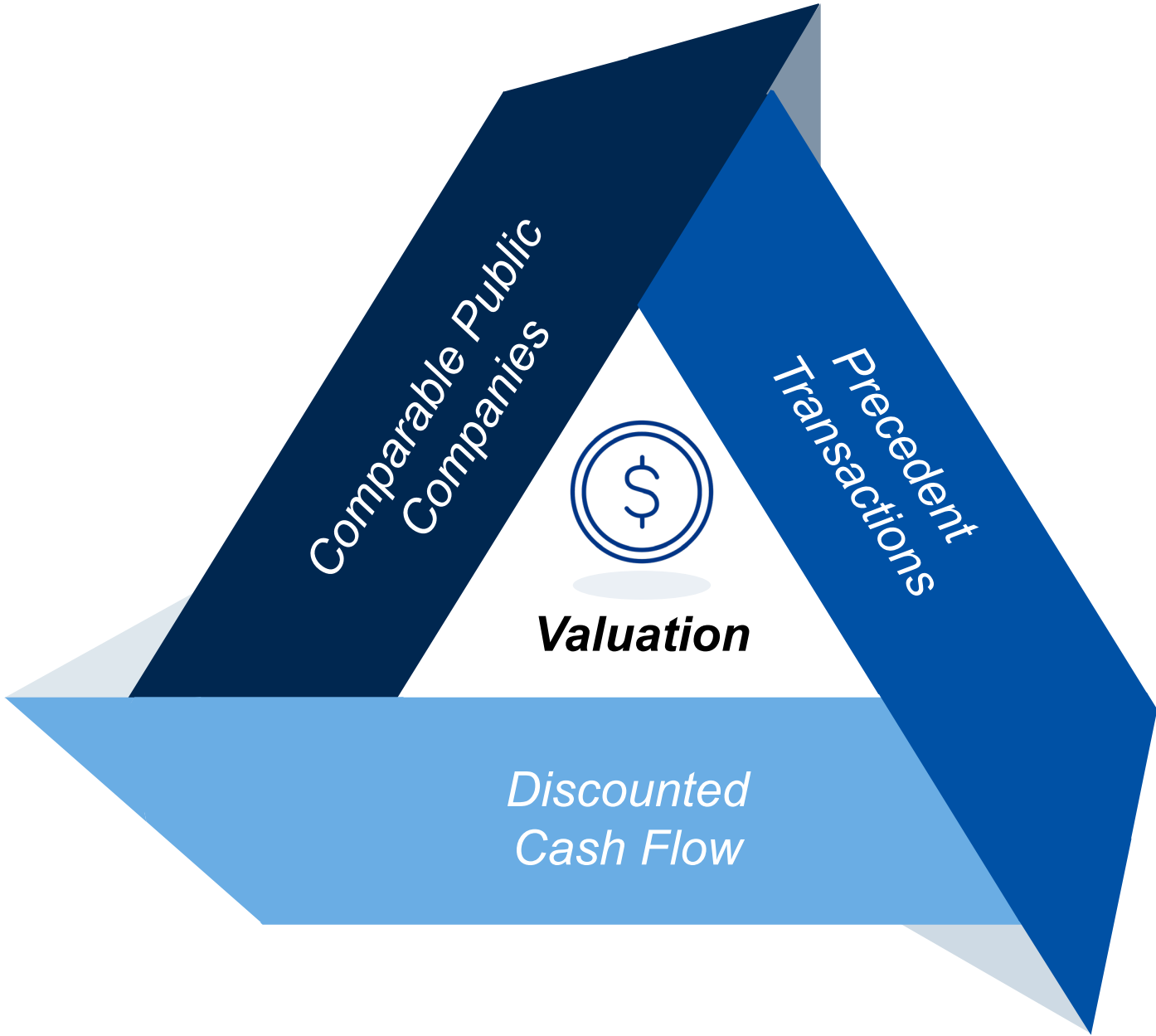
**Phase II**  
Marketing

**Phase III**  
Closing

Typical M&A Process for the Sale of a Private Company



# Approach to Valuation



## Comparable Public Companies

Analyzing trading multiples of comparable publicly traded companies and using those as indicators of value for companies in the industry

## Precedent Transactions

Analyzing M&A transaction multiples of comparable businesses which provide an indication of the en bloc value of the business

## Discounted Cash Flow

Analysis of the forecasted free cash flows for the Company together with an assessment of appropriate discount rates (weighted average cost of capital or, "WACC"), to determine the value of a business



Case Study | Manufacturing Company

Mid-Market M&A

Mid-Market Leverage Finance

- The Company is a manufacturer and distributor of a private label and branded consumer product good, sold in Canada, the United States and Internationally
- The owner was introduced to RBC Mid-Market M&A, wanting to pursue options for a potential sale of the Company

A Manufacturing Company has been acquired by a Private Equity Firm

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RBC Mid-Market M&A acted as exclusive financial advisor to the Seller

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RBC was the lead Arranger, Sole Bookrunner & Administrative Agent

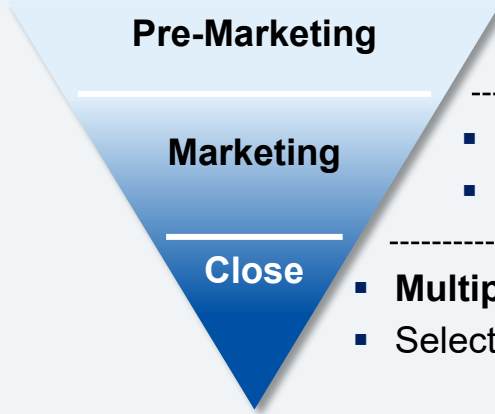
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Senior Credit Facilities

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**RBC MMM&A Led Process**



- Pre-Marketing**
  - Broad marketing effort
  - Multi-phased approach
- Marketing**
  - **Multiple** indicative offers
  - Strong Valuation Range
- Close**
  - **Multiple** final offers
  - Selected Private Equity Firm

**Shareholder Objectives**

- Gain Personal Time
- Diversify Family Interest
- Find Company Steward
- Maximize Confidentiality

**Maximized Price**  
In line with owner expectation

**Operational Succession**  
In place before close

**Retained Ownership**  
Liquidity with some control

Process Timeline



<b>Strong Growth, Under Macro Pressure</b>	<b>Broad Marketing Effort</b>	<b>Maintained active dialogue:</b> <ol style="list-style-type: none"> <li>1. Monthly Financials</li> <li>2. Valuation Guidance</li> <li>3. Sector M&amp;A Updates</li> <li>4. Developed Limited Auction</li> </ol>	<b>Significant Rebound in Performance</b>	<b>Limited Marketing Effort</b>
<b>Valuation Under Pressure</b>	<b>Contingent Consideration</b>		<b>20% Increase in Price</b>	<b>Zero Contingent Consideration</b>

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