



Q1 2025

NORTH AMERICAN M&A REPORT

A snapshot of the North American M&A landscape in Q1 2025 followed by a spotlight on the rise of take privates.

THIS QUARTER'S HIGHLIGHTS:

- ▶ Despite Q1 decline; M&A activity is recovering and an H2 2025 rebound expected
- ▶ Technology and industrials lead M&A, driven by AI and reshoring
- ▶ Take-private deals surge amid public market volatility and low valuations
- ▶ Private equity's \$2T dry powder fuels potential 2025 M&A rebound
- ▶ 2025 outlook positive but uncertain; economic, sector, geopolitical factors key

The current M&A environment is marked by persistent uncertainty, driven by factors like potential trade wars and recession risks, despite the conclusion of major elections in the US, Canada, and globally. Interest rates are stabilizing, and banks appear stable but remain cautious. Private capital is thriving, fueling a surge in M&A activity with 3-5 deals announced daily across private and public markets. Notably, private capital is increasingly dominating middle-market transactions, surpassing public markets, a trend that is growing.

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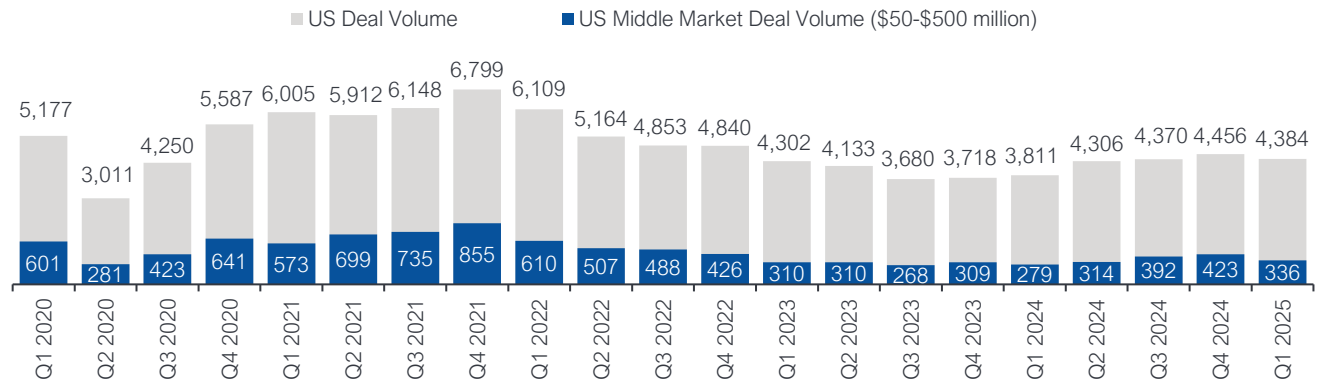
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US M&A ACTIVITY

In Q1 2025, the US M&A market experienced its first decline in deal activity since mid-2023, marking a pause in the recovery trajectory. Total US deal volumes increased 15% compared to Q1 2024 but fell 1.6% from Q4 2024. The middle market saw a more significant shift, with a 20% year-over-year improvement overshadowed by a 20% decline from Q4 2024. This pullback is largely attributable to heightened trade concerns and an apparent slowdown in the US economy, which have tempered dealmaker optimism. The stabilization of interest rates offers hope for a potential rebound in H2 2025.

TOTAL US DEAL VOLUME (Q1 2020–Q1 2025)

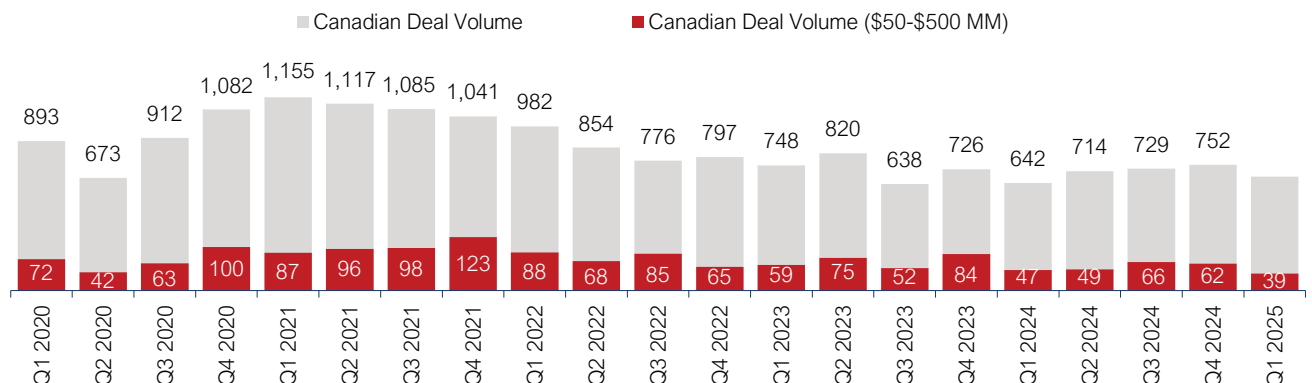


Source: S&P CapitalIQ.

CANADIAN M&A ACTIVITY

Canadian M&A activity exhibited higher levels of volatility in Q1 2025, with a sharp reversal in dealmaking momentum. Overall deal volumes rose 6.2% year-over-year but dropped 9.3% from Q4 2024, consistent with US trends. The Canadian middle market faced even steeper declines, dropping 17.0% year-over-year and a surprising 37.1% from Q4 2024. Election uncertainty, intensified by the surprise resurgence of the incumbent Liberal party, combined with US tariff concerns, prompting dealmakers to slow down in the quarter. With the election behind, the outlook for H2 2025 depends on the potential for a rebound if trade and political clarity emerges.

TOTAL CANADIAN DEAL VOLUME (Q1 2020–Q1 2025)

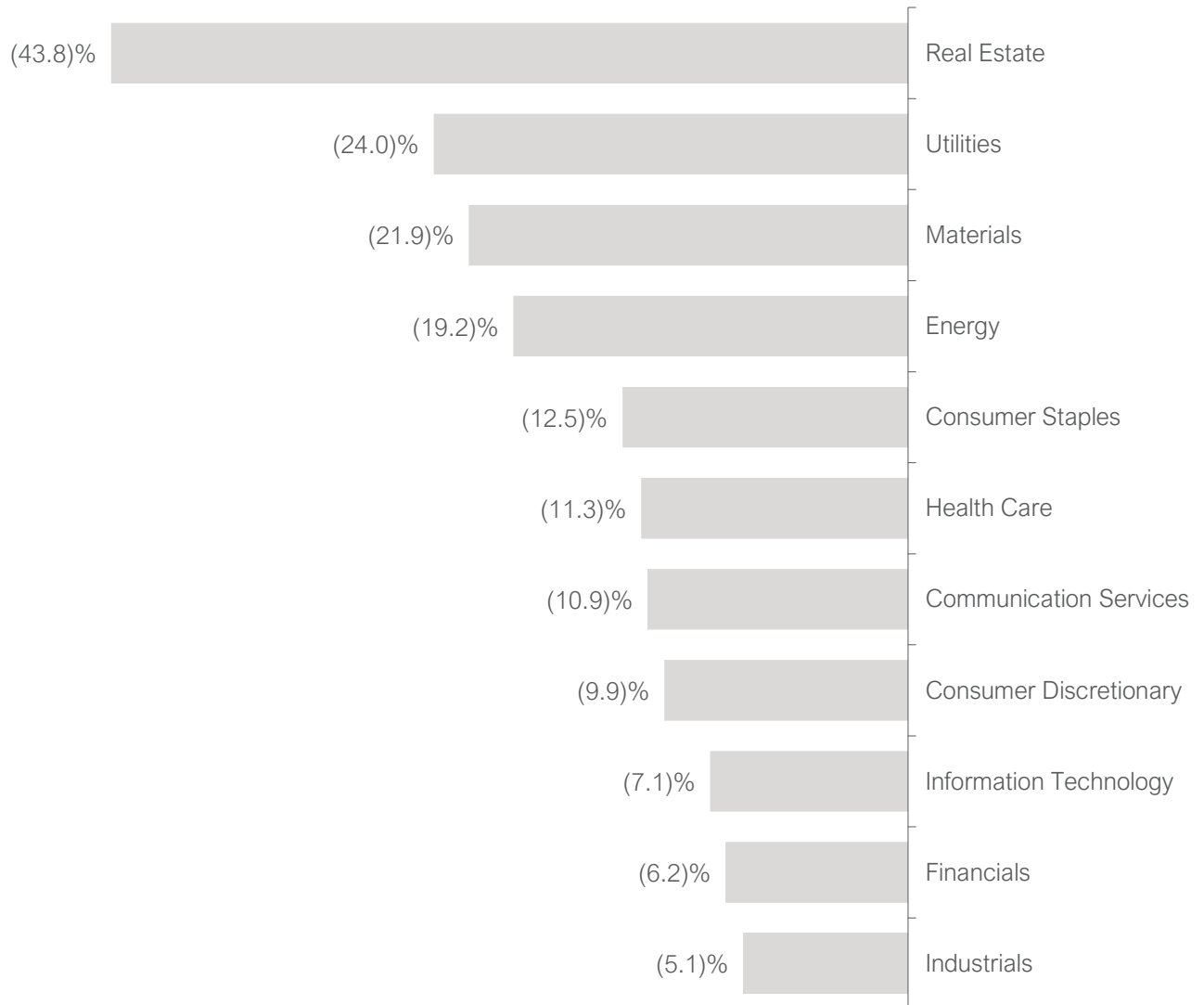


Source: S&P CapitalIQ.

Recent trends in the North American middle market include an increasing focus on technology which remains a frontrunner in sector activity, driven by AI-related investments and cybersecurity. High-tech accounted for significant deal value, with notable transactions.

Industrials remained resilient, driven by “reshoring” initiatives. Technology emerged as a key driver of activity due to AI-related opportunities. Real Estate and Utilities, sensitive to interest rates, may have seen some improvement with stable or slightly declining rates, though challenges persisted. Private equity activity is expected to increase in 2025, with firms under pressure to exit investments held since 2020.

NORTH AMERICAN SECTOR PERFORMANCE — Q1 2025



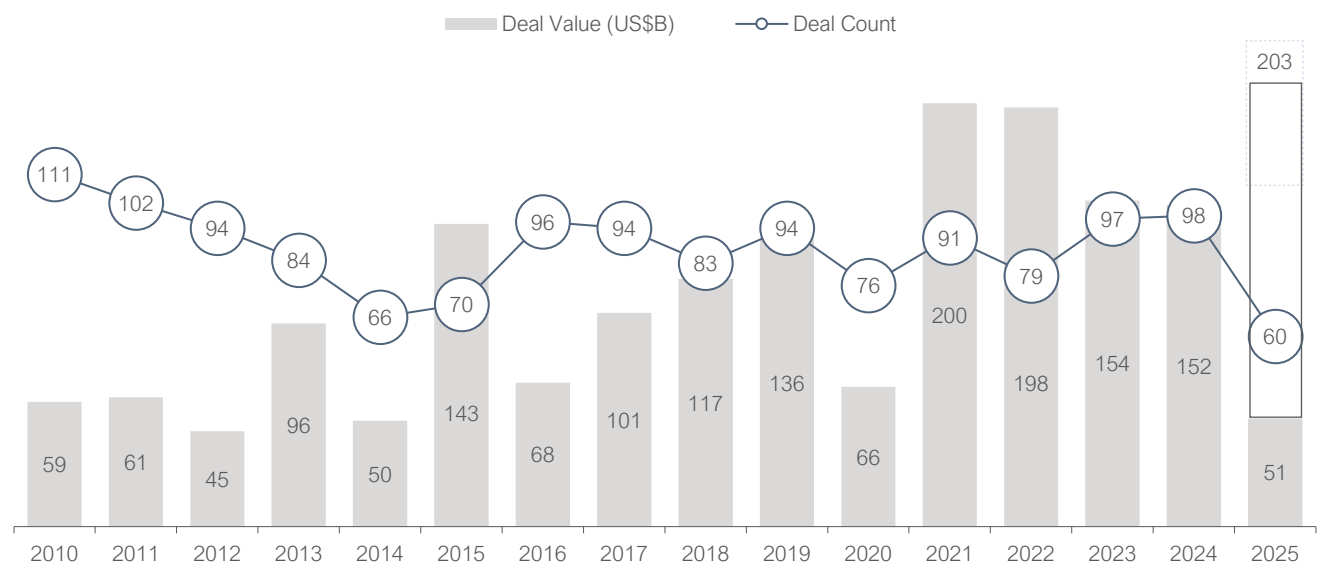
Source: CapitalIQ.

THE RISE OF THE TAKE-PRIVATE

Public market volatility and compressed valuations have created compelling entry points for private equity buyers, making take-private deals more appealing. PE firms are increasingly seeking opportunities where they can implement operational improvements away from public market pressures. After a relatively quiet period for M&A, PE firms are under pressure to deploy record levels of unspent capital, driving a more aggressive pursuit of take-privates.

In the current Canadian market, many public companies that went public during the 2018-2021 IPO boom are trading well below their initial offering prices, presenting attractive opportunities for buyers like private equity firms and insiders to pursue take-private transactions. The softening of capital markets has diminished the appeal of public exits for private equity-backed companies, further driving interest in take-privates. Despite high interest rates increasing the cost of debt financing, private equity firms with significant “dry powder” are still drawn to these deals due to reasonable valuations, the reduced costs and increased flexibility of private ownership, and the growing availability of capital in private markets. These dynamics make take-privates a strategic option for both buyers and sellers.

The graph below highlights a notable trend in take-private activity from 2010 to 2025. While the number of deals has fluctuated, the deal value has risen significantly, with 2025 expected to reach \$203 billion USD, one of the highest in the past decade. This aligns with the observation that, although the number of take-private deals in 2025 is lower than in previous years, the value of these transactions is substantially larger. Origin has capitalized on this trend, successfully advising and closing three take-private deals in the past four months, with more in the pipeline for Q2. Taking a company private enables private equity firms to restructure, refocus strategy, and prioritize long-term value creation without the pressure of quarterly earnings scrutiny.















2025 MARKET OUTLOOK

In Q1 2025, North American M&A activity stabilized, continuing the recovery from late 2024, supported by strong employment and lower capital costs. The market shows a mix of opportunities and challenges, with private equity (PE) firms poised to play a pivotal role. Below are a few trends we see shaping the landscape.

- ▶ **STABILIZATION OF M&A ACTIVITY:** North American M&A activity in Q1 2025 stabilized, building on the recovery from late 2024, driven by strong employment and reduced capital costs.
- ▶ **DOMINANCE OF LARGER DEALS:** High-growth sectors like Technology and Industrials led with larger deals, fueled by confidence from corporate and PE firms, reflecting AI and sustainability trends.
- ▶ **LAGGING MID-MARKET AND SMALLER DEALS:** Mid-market and smaller transactions remained cautious, hampered by tariff disruptions and financing challenges.
- ▶ **POTENTIAL IN REAL ESTATE AND UTILITIES:** These sectors showed signs of improvement, supported by stable interest rates.
- ▶ **KEY ROLE OF PRIVATE EQUITY:** PE firms, with over \$2 trillion in global “dry powder,” are set to drive 2025 M&A, despite a drop in their 2024 Americas volume to \$398 billion (22% of activity) from \$865 billion (28%) in 2021.
- ▶ **EXTENDED EXIT HOLD TIMES:** Average PE exit hold times hit a record 8.5 years in 2024, more than double the 4.1 years in 2007, signaling growing exit pressures.
- ▶ **POSITIVE BUT MIXED 2025 OUTLOOK:** Declining rates, economic growth, capital availability, and PE exit pressures suggest a rebound, with Technology and Energy as promising sectors, though geopolitical and trade policy factors may impact pace.

Origin Merchant Partners believes this environment offers a unique opportunity for strategic buyers and PE firms to target undervalued assets, especially in Technology and Energy, where innovation drives interest. We expect PE to leverage their capital for transformative deals amid exit pressures, while advising caution in the mid-market due to financing constraints and geopolitical uncertainties.

Despite numerous headwinds for M&A activity, Origin closed out Q1 with one of our best quarters yet, with 10 transactions across our practice. As we look at our strong pipeline into Q2 and beyond, Origin expects to keep this momentum up.

Transaction	Transaction Type	Sector	Geography
Converge	Technology	Opinion	Buyer: 
			Seller: 
Collectivfide	Financial Services	Sell-side	Buyer: 
			Seller: 
Quadshift	Technology	Financing	Investor: 
			Investee: 
Marcy Laboratories	Industrials	Sell-Side	Buyer: 
			Seller: 
Macro Enterprises	Industrials	Financing	Buyer: 
			Seller: 
Encore Insurance	Financial Services	Sell-side	Buyer: CAD subsidiary of US parent
			Seller: 
POSS Design Limited	Industrials	Sell-side	Buyer: 
			Seller: 
Mid-Range	Technology	Sell-side	Buyer: 
			Seller: 
GMCO Corporation	Diversified	Sell-side	Buyer: 
			Seller: 
Dustbusters Enterprise Inc.,	Diversified	Sell-side	Buyer: 
			Seller: 

AND FROM ORIGIN'S ADVISORY PRACTICE...



Has received a significant investment from



Exclusive Financial Advisor to



on its equity investment of \$60 million from




Farm Mutual Re
Collaborate. Empower. Succeed.





\$1.3 billion
Independent Financial Advisor to the Special Committee of Converge on its sale to




Exclusive Financial Advisor to



on its equity investment of us to \$23 million from

Has been acquired by




Has been acquired by



Arthur J. Gallagher & Co.



Secured Senior Credit facilities for succession transaction



Has been acquired by




Has been acquired by




Has been acquired by



Visit Origin's website for our full [transaction history](#).

As we start out the year our pipeline is full with sell-side, buy-side, and capital raising mandates in sectors including transportation & logistics, financial services, industrials, environmental & sustainability, food & ag, healthcare, technology, power & utilities, and education. Please contact any of our Managing Directors to enquire about any of our current mandates by industry.

Watch or our Q2/25 M&A review, coming this summer.

* Certain members of Origin Merchant Partners are registered representatives of and conduct securities transactions through StillPoint Capital, LLC, Tampa, FL. StillPoint Capital and Origin Merchant Partners are not affiliated.

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