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SAPLING'S GREEN SHOOTS M&A INDEX (CANADA & U.S.)

Sapling's Green Shoots M&A Indexes for Canada and the U.S. are forward-looking indicators designed to assess expected merger and acquisition activity one month ahead, based on data available at each month-end. Both indexes are built using machine learning Random Forest models that integrate historical deal volumes with a tailored set of macroeconomic and market-related variables.

The Green Shoots M&A Index is a reference tool for investors, corporate strategists and advisory professionals offering an overview of sentiment trends based on historical and projected M&A deal data. The index can provide insights into how the market may respond in a rapidly evolving transaction landscape.

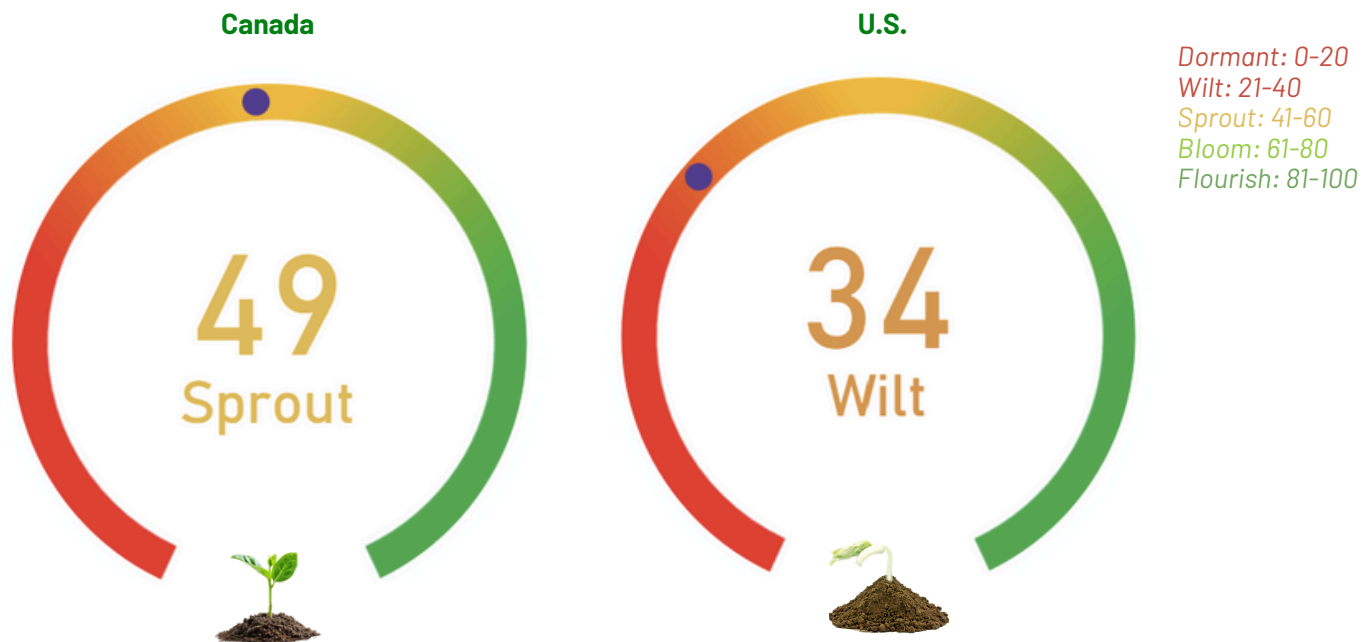
Canadian index: We tested 12 variables, including U.S. M&A deal activity, commodity prices, and market uncertainty, and selected the most highly correlated inputs. The index posted a value of 49 in October, suggesting a relatively stable environment with modest resilience in deal activity.

U.S. Index: We tested 15 indicators, such as corporate credit conditions, market liquidity, financial market volatility, and private equity dry powder, and selected those with the strongest correlations. The resulting index recorded a value of 34 in October, moving from the 'Sprout' to the 'Wilt' category. This reflects a faster-than-normal shift and signals a weaker M&A market..

Each index value is compared to the previous month to capture shifts in deal-making momentum. Together, these results reflect a cautiously optimistic sentiment in North American M&A markets, supported by improving credit conditions and a more favorable macroeconomic backdrop.



SAPLING'S GREEN SHOOTS M&A INDEX



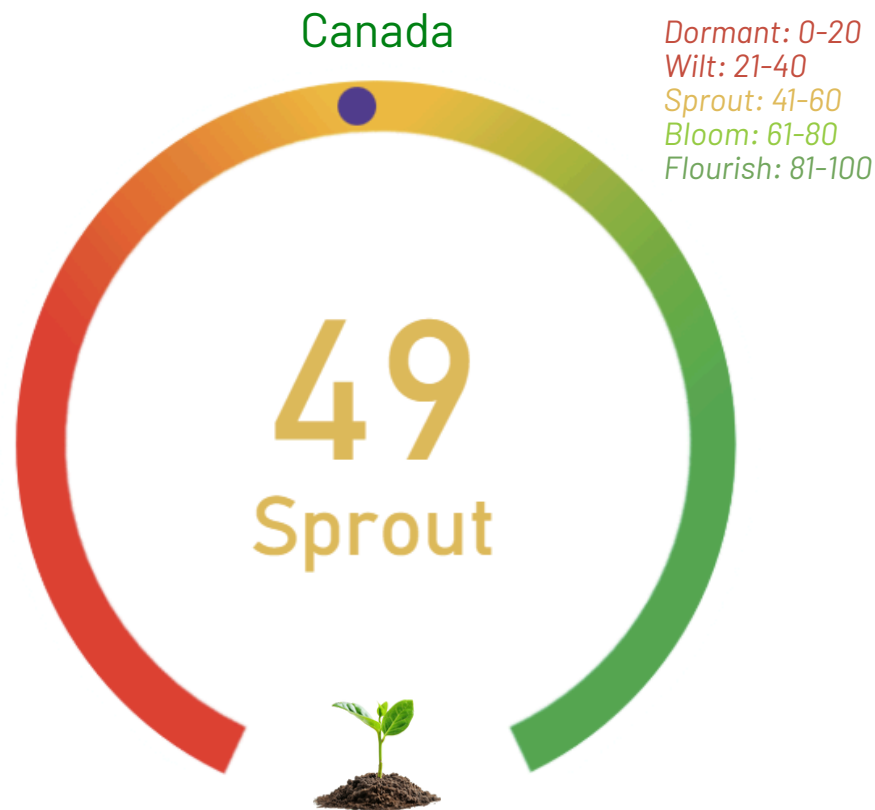
HOW TO READ?

To make the index easy to interpret, we normalized the monthly changes to a fixed scale of 0 to 100, using a Min-Max scaling method. Each stage reflects the prevailing level of M&A activity:

1. Dormant (0-20): Phones are quiet. Boardrooms are still. The market is on pause, and activity has all but vanished.
2. Wilt (21-40): Deals are inching forward, stuck in sluggish due diligence. Everyone's cautious—no one wants to make the first move.
3. Sprout (41-60): Pitch decks are floating around, conversations are picking up, but dealmakers are still hesitant to pull the trigger.
4. Bloom (61-80): Valuations are stabilizing, acquirers are active, and term sheets are coming out of hibernation.
5. Flourish (81-100): A surge in activity. Deals are closing fast, and the market is buzzing with momentum.



GREEN SHOOTS M&A INDEX (CANADA)



The Sapling's Green Shoots M&A Index (Canada) is a forward – looking indicator designed to capture the expected momentum in Canadian merger and acquisition activity over the next month, based on data available at each month-end. Built using a robust machine learning Random Forest model, the index combines historical M&A deal data with key. Each monthly value is compared with the previous month to capture momentum shifts in deal activity. It is updated monthly and is intended to provide insights into how the market could react, based on historical precedence and data.



We tested 12 macroeconomic and market-related variables, including U.S. M&A deal activity, corporate credit conditions, market uncertainty, market liquidity, and commodity prices. These inputs were chosen based on their economical and statistical relevance and validated through rigorous back testing and correlation analysis. One of the most influential drivers, for example, is U.S. M&A deal numbers, which shows strong predictive power over Canadian deal activity.



GREEN SHOOTS M&A INDEX (CANADA)

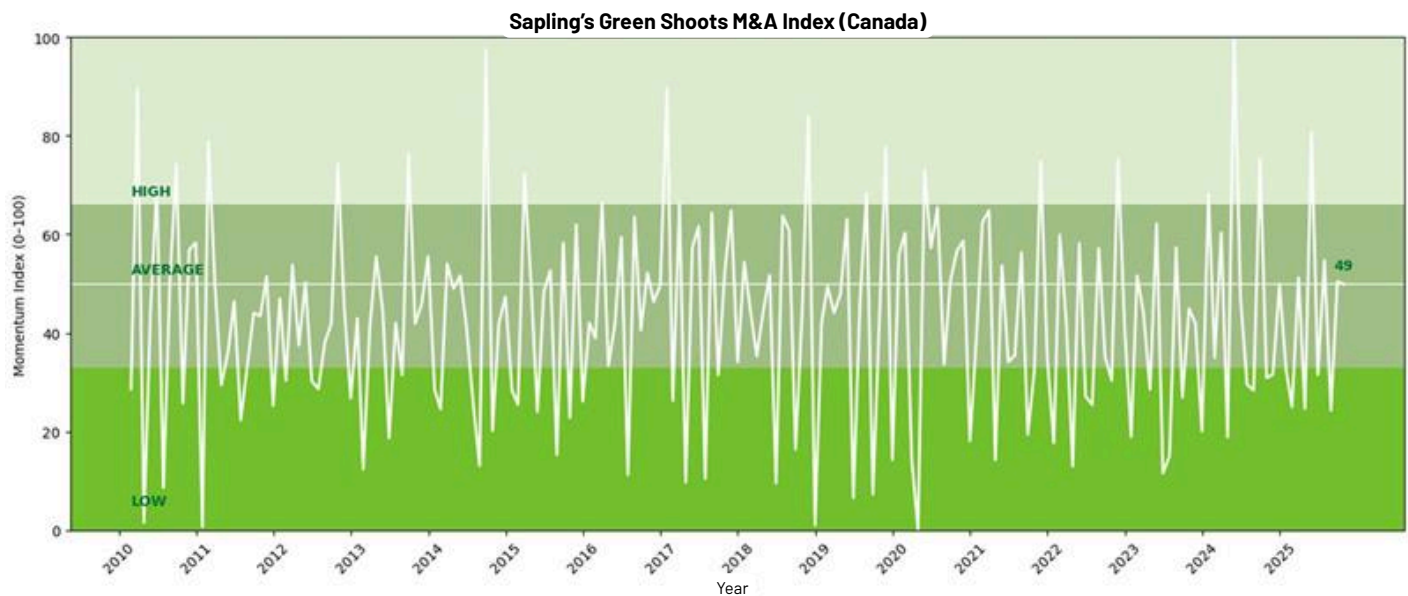


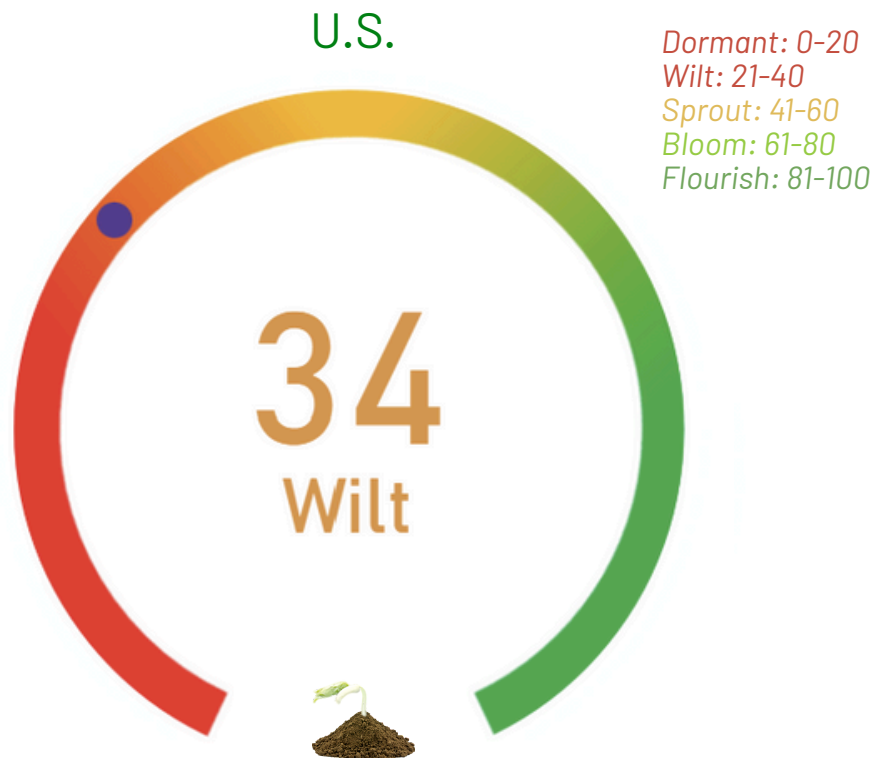
Exhibit 1: Based on the most recent data from September, the predicted Canada M&A index value is 49.

The M&A Index ranges from 1 to 100 and measures expected deal activity for the upcoming month relative to the previous month. Index values between 33 and 66 suggest market stability, with activity fluctuating within a normal range. Values above 66 indicate an accelerated rate of monthly change beyond the normal range, and vice versa for values below 33.

In October, the Index registered 49, reflecting a stable but improving outlook for Canadian M&A activity. In September, Canada recorded 229 M&A deals, closely aligning with our forecast of 227, suggesting steady market performance supported by improving credit conditions and growing business confidence.



GREEN SHOOTS M&A INDEX (U.S.)



The Sapling's Green Shoots M&A Index (U.S.) is a forward-looking indicator developed to assess the expected trajectory of merger and acquisition activity in the United States over the next month, based on data available at each month-end. The index was built using a machine learning Random Forest Model that integrates historical deal data with predictive variables to capture emerging trends. It is updated monthly and is intended to provide insights into how the market could react, based on historical precedence and data.

The index is based on historical U.S. M&A deal volumes and forecasts activity one month ahead using a random forest model trained on a comprehensive set of 15 macroeconomic and market-related indicators. Each monthly value is compared with the previous month to capture momentum shifts in deal activity. These include but not limited to corporate credit conditions, market liquidity, economic growth metrics, financial market volatility, and the availability of private equity dry powder.



GREEN SHOOTS M&A INDEX (U.S.)

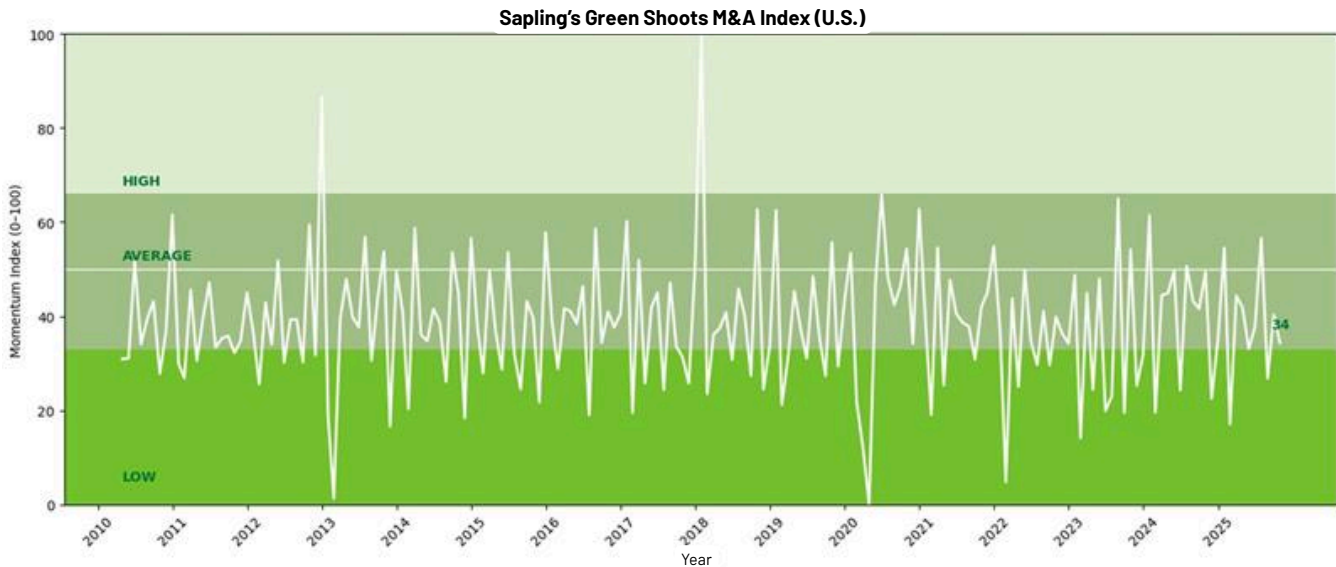


Exhibit 2: Based on the most recent data from September, the predicted U.S. M&A index value is 34.

The Sapling Green Shoots M&A Index, scaled from 1 to 100, measures expected deal activity for the upcoming month. Readings below 33 indicate a decelerated rate of monthly change, falling below the normal range. In October, the Index registered 34, indicating that the number of deals is expected to decline faster than normal, signaling a weaker M&A market and a 'wilted' market status. In September, the U.S. recorded 1,443 M&A deals, slightly above our forecast of 1,362, suggesting that overall market activity remains broadly in line with expectations.



Each input was selected based on its correlation and predictive strength, validated through rigorous back testing and out-of-sample performance testing. For example, we have tested tax policy uncertainty on deal activities, but it doesn't have a significant correlation and predictive power with M&A deal volumes. However, SP500 is a critical variable, which is a significant leading indicator to actual deal volumes due to the high correlation. A key feature of our methodology is testing predicted vs. actual deal volume, which allows us to confirm the accuracy of the model and adjust inputs as necessary.



DISCLAIMER

- The Sapling's Green Shoots M&A Index and all related materials ("the Content") have been developed by Sapling Financial Consultants Inc. It is intended to serve as a high-level reference tool, offering an overview of sentiment trends based on historical and projected M&A deal data. While built with care and methodological rigor, the Content is not a substitute for detailed financial modeling, advisory services, or any professional investment analysis.
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- Correlation is not causation



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