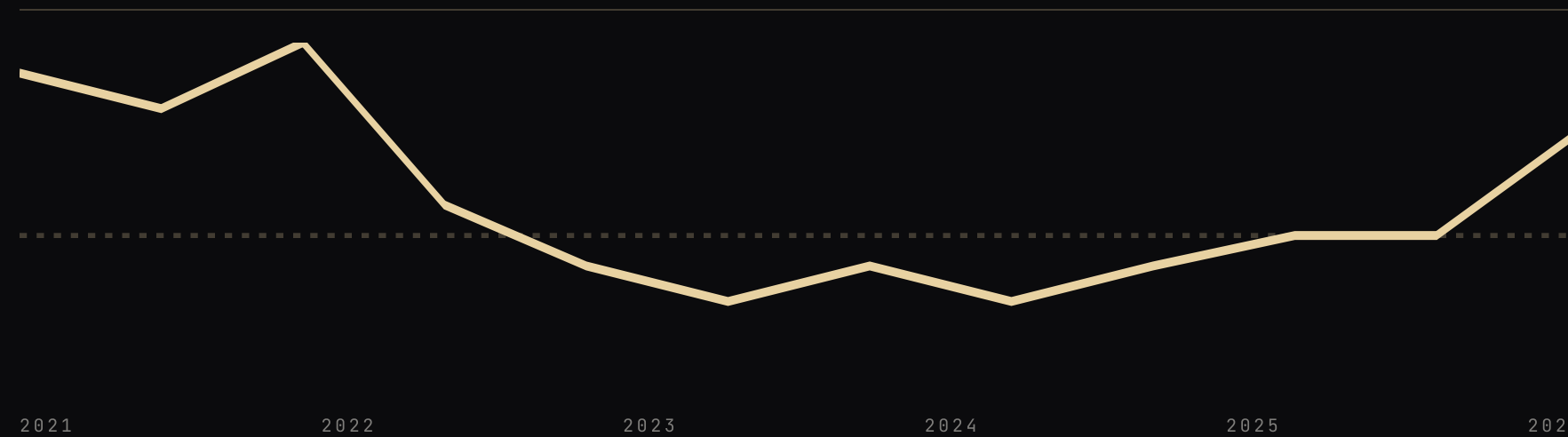


THE Q2 2026 ISSUE

Three things changed for Canadian shop owners *this* *quarter.*

A US tariff shock, the largest federal modernization push in years, and a different mix of buyers at the table — all in ninety days. What it means for the next twelve months.

MANUFACTURING ACTIVITY · CANADIAN MANUFACTURING PMI, 2021-2026



Above the dashed line means factories are expanding. April 2026 was the first reading above 50 since 2024 — and new orders are the strongest they've been in four years.

ii. — IN THIS ISSUE · SEVENTEEN PAGES

In this *issue.*

SECTION I

Canadian Insights

What changed at home this quarter — the macro numbers, the tariff shock, the federal response, and where Canada sits in the G7.

- 03 The quarter in numbers
- 04 The tariff shock
- 05 Three programs you may have missed
- 06 Canada and the G7

SECTION II

Sector intelligence

Three sectors we follow closely — what's moving in each, and what it means for owners working in them.

- 07 Food processing & packaging
- 08 Automation & digital integration
- 09 Precision & industrial

SECTIONS III & IV

The essay & the back of the book

One global signal worth noticing, the three forces shaping the quarter, the long-form read, and the back-of-book reference.

- 10 Europe's carbon tariff
- 11 The three forces this quarter
- 12 The Long Take
- 13 A note from the editors
- 14 When you're ready to talk
- 15 Sources & methodology
- 16 Deal sheet



The quarter in *numbers.*

MANUFACTURING ACTIVITY INDEX · APRIL 2026
LAST 12 MONTHS · 50-LINE SHOWN



53.3

↑ UP FROM 50.0 IN MARCH

Above 50 means factories are expanding. First reading above 50 since 2024 — and new orders are the strongest they've been in four years.

CANADIAN FACTORY SALES · MARCH 2026
LAST 6 MONTHS



\$73.6B

↑ +3.0% OVER FEBRUARY

Three straight months of growth. Food plants and metal shops are leading the way.

BANK OF CANADA INTEREST RATE · APRIL 29
PATH FROM 2024 HIGH (5.00%) TO TODAY



2.25%

→ HELD; NEXT DECISION JUN 10

The Bank's view is that this is the new normal, not a pause. Borrowing to invest in your shop is no longer the obstacle it was two years ago.

BIG-BUYER ACTIVITY IN CANADA · Q1 2026
LAST 6 QUARTERS · PE DEAL VALUE



\$18.2B

↑ ACROSS 141 ACQUISITIONS · CVCA

Established Canadian businesses are getting bought up at the fastest pace since 2022, even as money for startups has dried up. The capital is flowing toward proven operating companies.



The tariff *shock*.

US TARIFF ON METALS • APRIL 6, 2026

50%

On Canadian steel, aluminum, and copper.

On April 6, the US doubled their tariff on Canadian steel and aluminum from 25% to 50%, added copper to the list for the first time, and changed the math so the tariff applies to the whole shipment value — not just the metal content.

What this means for you: if your business depends heavily on selling metal products to the US, you're probably seeing softer offers if you're thinking about selling. Shops that can prove their supply chain stays in North America are getting better prices.

SOURCE • USTR PROCLAMATION • PWC CANADA

CANADA'S RESPONSE

JAN — MAY 2026



JAN 1

Provincial trade barriers came down.

Products approved in one province now sell in every other (food and alcohol excepted). Your Canadian market just got bigger.

CANADA.CA



MAY 4

BDC tariff support — \$1.5B.

\$1B for metals-heavy manufacturers, \$500M for regional development agencies. Patient money for reducing US dependence.

CANADA.CA



MAY 17

Canada-Alberta carbon deal — C\$130/t by 2040.

15-year price horizon for heavy emitters. Operations on the cleaner side come out ahead.

CANADA.CA



MAY

Strategic Response Fund — \$5B launched.

Ottawa's main fund for backing big factory upgrades. Tenaris in Sault Ste. Marie named as the first announced recipient.

ISED



Three programs you may have *missed*.

BDC LIFT

\$500M

For shops under 50 people who want to add automation.

Up to \$500,000 per business. Simpler paperwork than most government programs. If you've been putting off a robotics or AI investment because the application process scared you off — this one's easier.

LAUNCHED APR 24 · BDC

STRATEGIC RESPONSE FUND

\$5B

Ottawa's main fund for backing big factory upgrades.

Replaces the older SIF program. Tenaris in Sault Ste. Marie was named as the first announced recipient. Open to established Canadian manufacturers with a real plan for staying competitive against international rivals.

LAUNCHED Q2 · ISED

CANADA-ALBERTA CARBON DEAL

C\$130/t

Carbon price for industrial operators locked in to 2040.

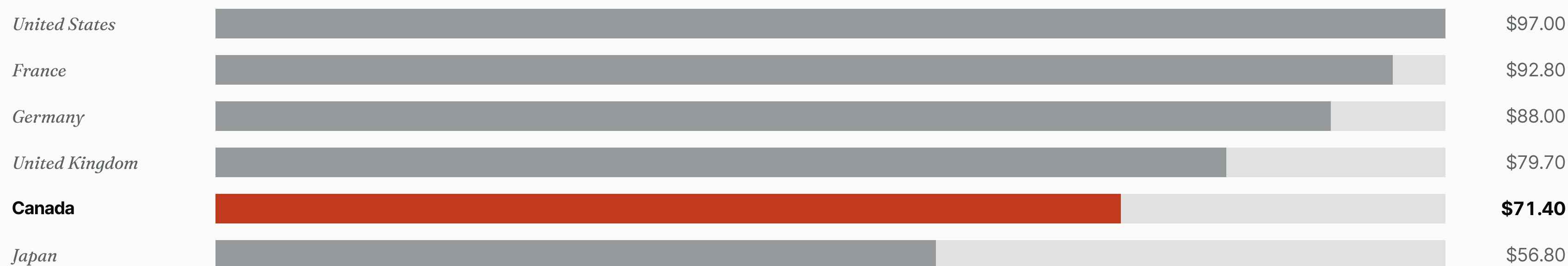
Ottawa and Alberta agreed on what carbon will cost heavy emitters all the way out to 2040. Fifteen years of planning visibility for any investment that affects your emissions. Operations on the cleaner side come out ahead.

ANNOUNCED MAY 17 · CANADA.CA

Three programs, all launched in the same thirty days. Together, the largest one-quarter push for Canadian manufacturers in recent memory. Most owners we talk to can't name two of the three.

Canada and *the G7.*


GDP PER HOUR WORKED, 2023 (USD, PPP)



For every hour worked, Canada produces about \$25 less in output than the United States. We trail France, Germany, and the UK too — Japan is the only G7 country behind us. Closing that gap is a decade-long project. The new federal programs (BDC LIFT, the SRF, the Canada–Alberta carbon deal) are aimed at exactly that.

vii. —  SECTOR INTELLIGENCE · FOOD PROCESSING & PACKAGING

Food processing & *packaging.*

viii. —  SECTOR INTELLIGENCE · AUTOMATION & DIGITAL INTEGRATION

Automation & *digital integration.*

ix. — 卐 SECTOR INTELLIGENCE · PRECISION & INDUSTRIAL MANUFACTURING

Precision & *industrial.*

x. — GLOBAL · ONE SIGNAL THAT MATTERS HERE

Europe is now charging a *carbon tariff*.

STARTED JANUARY 2026

Europe is now charging a carbon-based tariff on imported steel, aluminum, cement, fertilizer, electricity, and hydrogen. The dirtier your operation, the more you pay at their border.

For Canadian operators, this is the first time a major export market has charged you based on the carbon content of what you ship. If you can document low emissions (and that you're already paying Canadian carbon prices), Europe credits that against the tariff. If you can't document anything, you pay the full amount.

01 · THE
COST

For a tonne of Canadian aluminum with no emissions paperwork, the European tariff adds roughly \$90 to \$140 versus competitors who can show their numbers. "We'll measure it later" just got a price tag.

02 · THE
ADVANTAGE

Plants in Quebec, BC, and Manitoba running on hydro power are naturally on the cleaner side of the math. If that's you, expect more European buyer interest than you saw in 2024.

03 · THE
PAPERWORK

If you haven't started tracking your emissions yet, the next 18 months is when you have to. Not for ESG reports — for invoices. The Canadian carbon prices you're already paying count toward the European tariff if you can prove them.

04 · IT
SPREADS

The UK and Australia have said they'll do something similar by 2027. Europe set the template; others will copy it. The paperwork you build now serves more than one market.

SOURCES · EUROPEAN COMMISSION DG TAXUD ·
GOVERNMENT OF CANADA / ECCC · UK BEIS
CONSULTATION 2025

xi. — THE QUARTER IN THREE FORCES

Three things moved, *all at once.*

Tariffs went up. Federal money showed up. Borrowing got cheaper. Each on its own would be the news of the quarter. They all happened in ninety days.

FORCE 01 · THE TARIFF

US Section 232 on Canadian metals

25% → **50%**

The US tariff on Canadian steel, aluminum, and copper doubled on April 6 — and the math now applies to the full shipment value, not just metal content.

FORCE 02 · THE MONEY

New federal programs for manufacturers

\$0 → **\$6.5B**

Three programs in one quarter: BDC LIFT (\$500M), the BDC tariff response (\$1.5B), and the new Strategic Response Fund (\$5B). Largest one-quarter push in years.

FORCE 03 · THE COST OF MONEY

Bank of Canada policy rate

5.00% → **2.25%**

The Bank cut more than half from its 2024 peak. Capital is no longer the obstacle — for buyers acquiring shops, or owners investing in their own.

None of these forces moved last quarter. All three moved this one. The full read — including who's at the table when you sell — in the Long Take that follows.

xii. — THE LONG TAKE · QUARTER-DEFINING ESSAY

Three things moved. Most owners *haven't noticed.*

xiii. — A NOTE FROM THE EDITORS

A note from the *editors.*

This brief is written by Pioneera Ventures — a Canadian firm run by engineers, buying Canadian factories.

We buy established, owner-run Canadian manufacturers earning roughly \$1 to \$5 million a year in cash profit, and we join them together into a single national company. Our partners have run a manufacturing business from the inside — not just looked at the numbers. We write this brief because the research we do for our own decisions ought to be useful to the people running the shops themselves.

We don't write to sell you anything. Four times a year, we want to put a careful read of what's changing in Canadian manufacturing in front of the people doing the work. Subscribers get each issue in their inbox. Nothing more.

Sam Pirzadeh
Managing Partner

Tejas Kashyap
Director, Business Development

xiv. — WHEN YOU'RE READY · REACH OUT DIRECTLY

When you're ready *to talk.*

Most readers never reach out. Some do. Either way, the brief keeps coming.

MANAGING PARTNER

Sam Pirzadeh

sam@pioneeraventures.com

Happy to hear what you're building, or talk about what a conversation might look like when the timing feels right for you.

DIRECTOR, BUSINESS DEVELOPMENT

Tejas Kashyap

tejas@pioneeraventures.com

First person to write to for an introduction. Replies within one business day. What you share stays between us.

Everything you share stays confidential. There's no automated follow-up sequence and no booking calendar — if you write, you'll hear back from one of us personally. That's it.

xv. — SOURCES · EVERY NUMBER FOOTNOTED

Sources & *methodology.*

Every figure in this brief is drawn from primary sources. The full annotated bibliography is below. We do not editorialize our way around uncertainty — if a number has wide error bars, we say so in the text.

01

Government & national statistics.

Macro, sector and policy data, direct from the source.

Statistics Canada — MSM, ASM, capital expenditures

Bank of Canada — MPR April 29, key rate, speeches

ISED — SIF / SRF disclosures, Key Small Business Statistics

ECCC — industrial carbon-price benchmark, May 15

USTR / White House — Section 232 proclamation, April 6

European Commission DG TAXUD — CBAM definitive-period regs

OECD — Compendium of Productivity Indicators 2025

02

Industry research & capital benchmarks.

The numbers that anchor sector reads and the deal-flow narrative.

CFIB — succession survey, 2023 (most recent published)

BDC — LIFT program launch, tariff-response financing

CVCA — Q1 2026 Canadian Private Capital Outlook

Capstone Partners — 2025 Industrials M&A & Valuations Index

S&P Global PMI — Canada Manufacturing PMI April release

NGen — Q2 2026 advanced-manufacturing project disclosures

03

Live transactions & advisory.

What changed this quarter; refreshed each release.

Premium Brands · Stampede Culinary

ICL Group · Bartek Ingredients

GE Vernova · Robotech Automation

Tenaris (Sault Ste. Marie) — SRF early recipient, Min. Joly

Crosbie & Co., Torys, PwC Canada — M&A, trade, tax insights

Every figure in the brief is referenced above. If you would like a specific source PDF, the editors will share it on request — write to tejas@pioneeraventures.com.

xvi. — DEAL SHEET · FOR THE FILE

The quarter in *transactions.*

Every named deal, policy, and program referenced in this issue. Sorted by date. Clip and keep — or forward to your advisor.

DATE	WHAT HAPPENED	SECTOR	FIGURE
Jan 1 '26	Provincial trade barriers lifted <i>Free Trade & Labour Mobility Act in force</i>	ALL	—
Jan 2 '26	Premium Brands closes Stampede Culinary <i>Canadian processed-protein platform deal</i>	FOOD	US\$688M
Q1 '26	ICL Group closes Phase 1 of Bartek Ingredients <i>Strategic capital into specialty food chemistry</i>	FOOD · INGREDIENTS	~\$90M
Apr 6 '26	US Section 232 tariffs raised on Canadian metals <i>25%→50% on steel, aluminum, copper; duty base widened</i>	METALS	50%
Apr 20 '26	NGen announces 14 advanced-manufacturing projects <i>Hannover Messe disclosure · ~\$25M federal, ~\$38M industry</i>	AUTOMATION	\$62.7M
Apr 24 '26	BDC LIFT program launched <i>Up to \$500K per shop for AI/robotics/automation</i>	ALL · UNDER 50 PPL	\$500M
Apr 29 '26	Bank of Canada holds policy rate <i>Signalled as resting state; next decision Jun 10</i>	ALL	2.25%
May 4 '26	BDC tariff response financing <i>\$1B BDC loans + \$500M Regional Tariff Response</i>	METALS-HEAVY MFG	\$1.5B
May 17 '26	Canada–Alberta industrial carbon deal <i>15-year price horizon to 2040</i>	HEAVY EMITTERS	C\$130/t



End of *issue.*

The work doesn't stop because the quarter does.

We'll be back in October with what changed over the summer.

Until then, the briefs keep coming — and so does the work.