



Soft as a Delta Flight Landing: Canadian Insolvencies & Q1 Bank Earnings

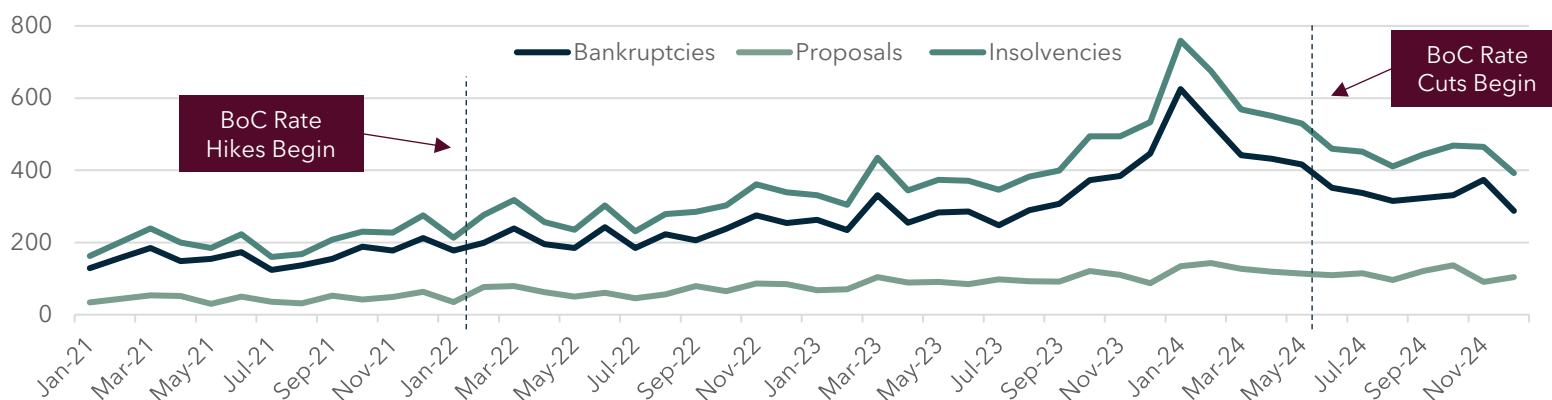
Insolvencies Rising as are Bad Loan Provisions

Canadian businesses faced continued macroeconomic pressures in 2024 as corporate insolvencies increased by a staggering 28% YoY. With the global volatility created by President Trump, we expect 2025 to be another robust year for insolvency professionals. Although banks continue to lend, a more worrying trend is gross impaired loans grew by 13% QoQ (+61%YoY) and credit loan losses were up 3.4% QoQ (+28% YoY). This combination of rising insolvencies and escalating impaired loans paints a picture of a more cautious and uncertain economic outlook going forward. Engaging an experienced advisor, such as DWA, can help you navigate this uncertainty and beat the odds!

Key Takeaways this Month:

- **Insolvency Data Continues To Be Scary:** Canadian businesses continued to be challenged in 2024 with corporate insolvencies increasing by 28% YoY. The trend is down from a peak in January, but we expect will remain robust through a volatile 2025.
- **No Industry Is Safe... Except One:** Industries, such as Healthcare (+67% YoY), IT (+44% YoY) and Environmental Services (+41% YoY) were most impacted while, Mining and Oil and Gas Extraction was the only industry to see a YoY decline in insolvencies (-33% YoY).
- **Canadian Bank Earnings Send Mixed Signals:** In Q1 2025, the Canadian Big 6 Banks reported a 2.7% QoQ increase in total commercial loans outstanding but a 13% QoQ increase in gross impaired loans and a 3.4% QoQ increase in credit loan loss provisions. Most concerning is the rise in gross impaired loans as a percentage of total commercial loans, which increased to 1.1% in Q1 2025 - this is a level not seen since COVID and should be cause for concern.

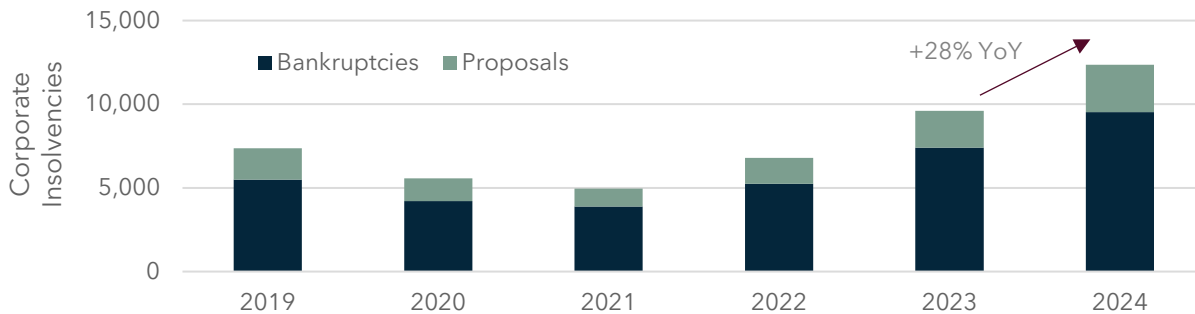
Canadian Corporate Insolvencies



Canadian Corporate Insolvencies increased by 28% in 2024 and global volatility in 2025 could continue this trend



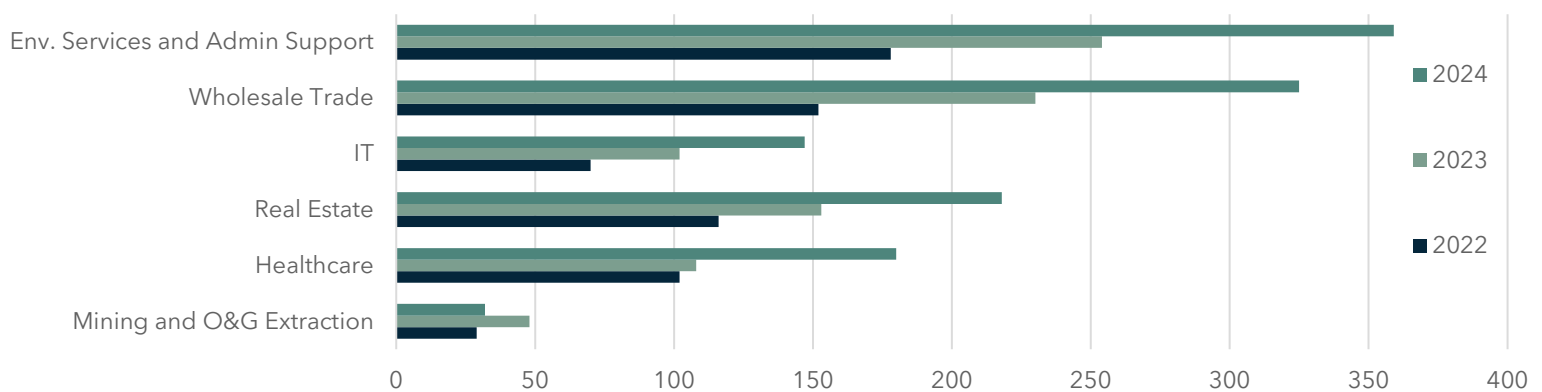
Canadian Corporate Insolvencies



Corporate bankruptcies increased 29% YoY while corporate bankruptcy proposals have increased by 27% YoY

Ongoing Challenges In 2024: Canadian businesses continued to struggle in 2024 against a macroeconomic backdrop that included heightened uncertainty and labor market challenges. Going forward, we have a high-level of conviction that continued economic uncertainty (specifically driven by US-Canadian tariffs) will continue to create a challenging environment for Canadian businesses.

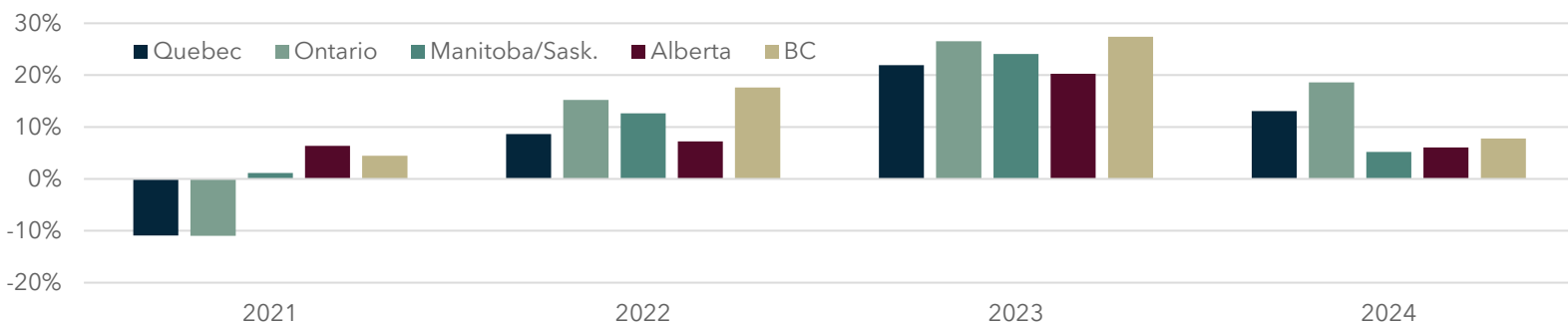
Select Industry Highlights: Corporate Insolvencies (2022-2024)



Except for Mining and Oil and Gas Extraction, every industry experienced an increase in insolvencies in 2024

Increased Insolvencies Across Industries: In 2024, substantially all Canadian industries saw a material increase in insolvencies. Some industries were more impacted compared to prior years, including Env. Services and Admin Support (+41% YoY), IT (+44% YoY) and, surprisingly, Healthcare (+67% YoY). Notably, Mining and O&G Extraction was the only industry to see a decline (-33% YoY) in 2024.

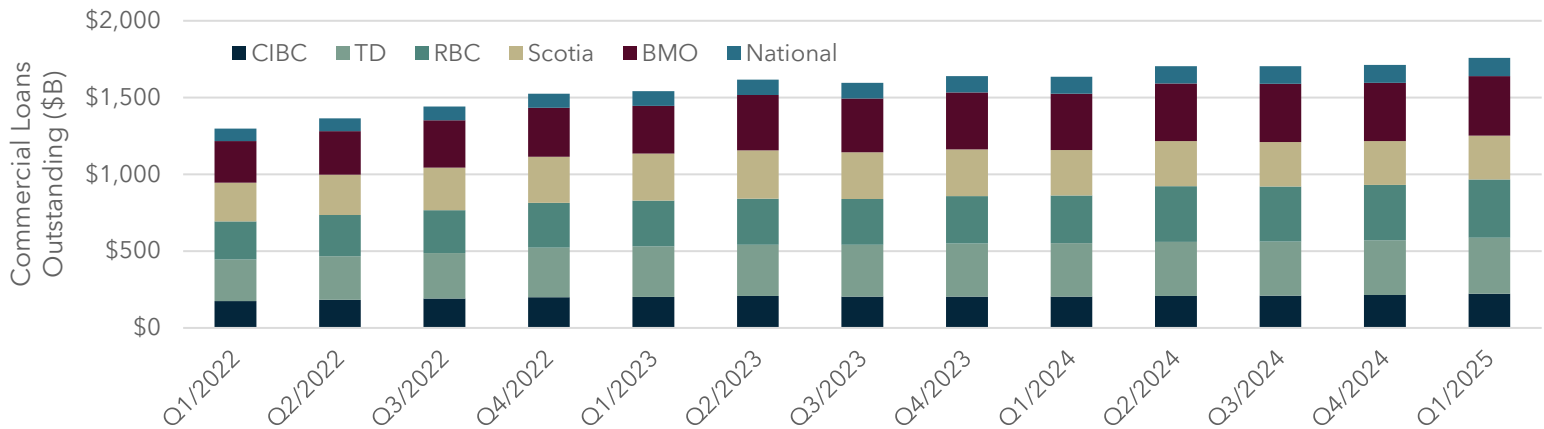
Provincial Highlights: YoY % Change in Corporate Insolvencies (2021-2024)



Unsurprisingly given sector trends, corporate insolvencies in BC, AB, and MB/SK grew by 8%, 6%, and 5% respectively, vs. Ontario and Quebec, up 19% and 13% YoY in 2024 respectively

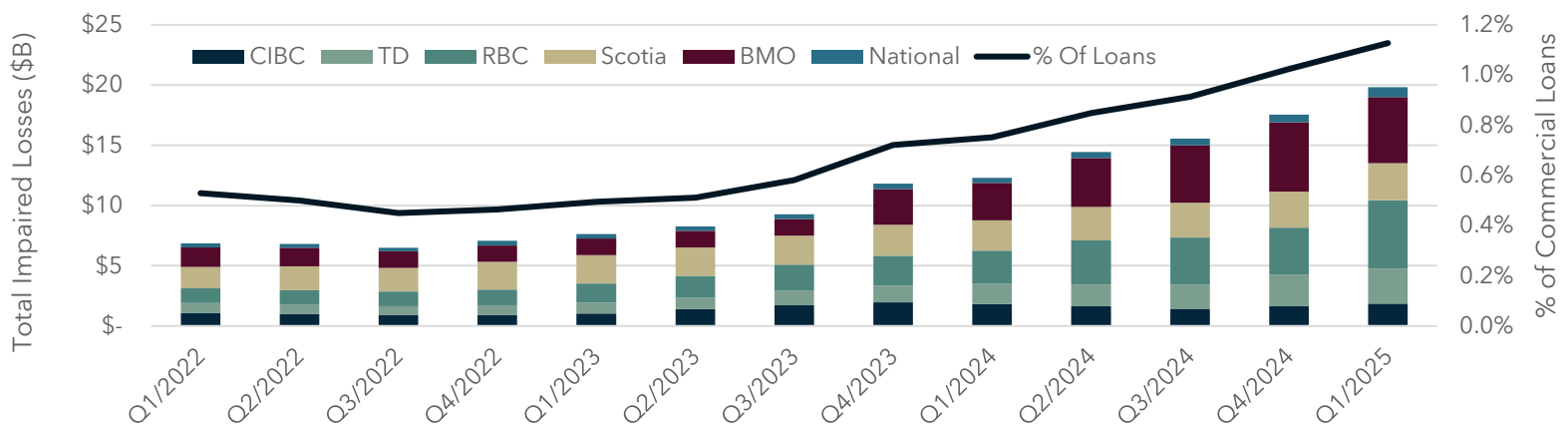


Big 6 Bank Earnings: Total Commercial Loans Outstanding



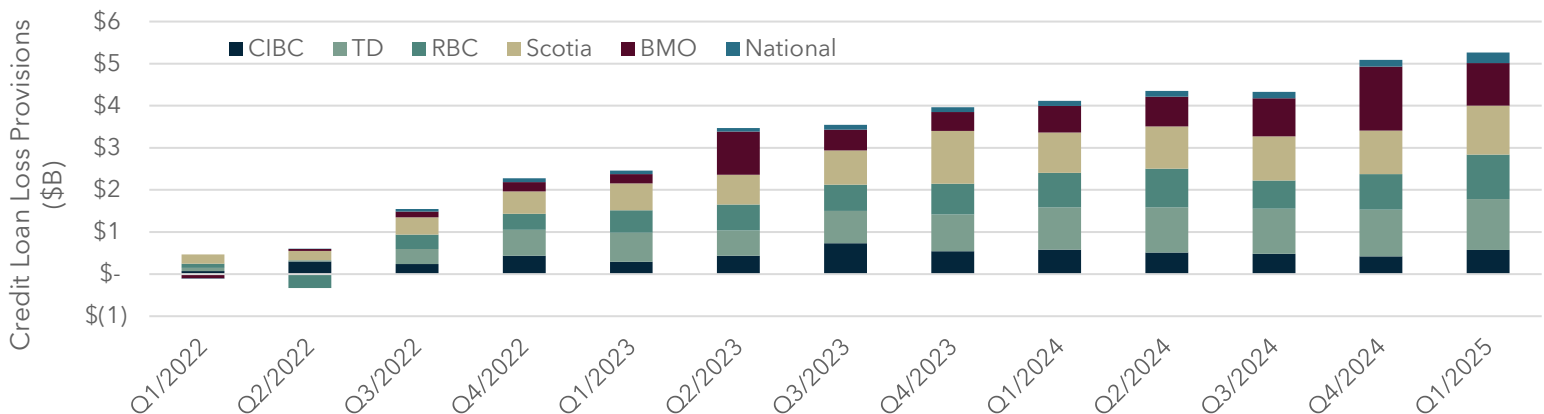
In aggregate, the Canadian Big 6 Banks reported commercial loan growth of 2.7% QoQ and 7.6% YoY

Big 6 Bank Earnings: Gross Impaired Loans



Gross impaired loans grew to \$20B and now represent 1.1% of total commercial loans outstanding, a level not seen since COVID

Big 6 Bank Earnings: Credit Loan Loss Provisions



Credit loan losses continue to grow at a slower rate in Q1 2025, up 3.4% QoQ



DWA is a premier financial advisory firm specializing in securing debt capital for businesses

Typical DWA Client Profile



Company size: **\$8+ million in revenue**



Financing size: **\$2+ million in debt**



Situation: growth, acquisition, turnarounds, optimization, niche industries and more



Profitable or clear path to profitability



Any sector and with a **Canadian presence**



Exclusions: DWA does not broker equity/securities and does not directly source mortgage-related debt instruments

Types of Loans Across All Industries

We secure debt financing for corporate borrowers and ensure our clients' businesses are positioned to obtain the most attractive debt capital available both now and in the future.

Our experience allows us to solve the most complex financial situations and we are committed to upholding the highest ethical standards in the industry.

- | | |
|------------------------------|-----------------------------------|
| ✓ Term loans | ✓ Trade financing |
| ✓ Acquisition financing | ✓ Factoring receivables |
| ✓ Operating lines | ✓ Equipment loans/leasing |
| ✓ Refinancing | ✓ Revolving acquisition lines |
| ✓ Bridge financing | ✓ Working capital/lines of credit |
| ✓ Asset-based lending | |
| ✓ PO financing/WIP financing | |

DWA Value Proposition



Network

- ✓ Vast lender network (~450)
- ✓ Network of trusted ancillary service providers



Accelerated Timeline

- ✓ Expedite timeline via professional process and deep lender relationships
- ✓ Create competitive tension and never get a "maybe"



Expertise & Execution

- ✓ Customized process and lender-focused materials (financial model, CIM, etc.)
- ✓ 65+ years combined experience in capital markets



Resource Allocation

- ✓ Allow business owners to focus on operations while delegating capital raising efforts



Aligned Structure

- ✓ Heavily weighted success fee creates strong alignment with the borrower
- ✓ Preference for clients with similar values of integrity, accountability, communication and execution