



Building the next generation of credit
default and yield enhancement securities

- **TSXv:** DELX
- **OTC:** DPXCF

Cautionary Notes

Forward-Looking Information

Certain information contained herein is forward-looking and relates to the DelphX Capital Markets Inc. (“DelphX” or the “Company”) business strategy, the launch of the DelphX platform, and future events and courses of action. Statements which are not purely historical are forward-looking statements and include any statements regarding beliefs, plans, outlook, expectations or intentions regarding the future, including words or phrases such as “anticipate,” “objective,” “may,” “will,” “might,” “should,” “could,” “can,” “intend,” “expect,” “believe,” “estimate,” “predict,” “potential,” “plan,” “is designed to” or similar expressions suggesting future outcomes. Forward-looking statements may include, among other things, statements about: our expectations regarding our expenses, sales and operations; our anticipated capital requirements; our plans for our products; our future growth strategy and growth rate; and anticipated trends and challenges in the markets in which we operate. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which DelphX will operate in the future, including the state of capital markets, the demand for our products, anticipated costs and our ability to achieve goals. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, you should not unduly rely on these forward-looking statements.

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The information contained herein includes market and industry data that has been obtained from third party sources, including industry publications. Although such data is believed to be reliable, there is no assurance as to the accuracy or completeness of this data, and DelphX has not independently verified any of the data from third party sources referred to in this presentation or ascertained the underlying economic assumptions relied upon by such sources.

About

Founded in 2012, DelphX is a technology and financial services company focused on bringing new and exciting debt management tools to the structured product and credit markets.

Through its special purpose vehicle Quantem and its broker-dealer DelphX Services Corp., DelphX enables fixed income dealers and qualified buy-side investors access to new private placement securities that optimally transfer and diffuse credit risk, while also enhancing yield – *two major, underserved needs in today's credit markets.*

LEGAL



LATHAM & WATKINS LLP



DENTONS

2021-2022 Stock Price Timeframe

1 YEAR



MARKET CAP

61,337,403

LISTED SHARES OUT

117,956,543

Vision

Develop Next Generation Credit Products and Technologies

FOR AN ESTIMATED

\$15.7 Trillion
Market

We are launching an industry-first structured products facility designed to solve the decades-old problems in the management of credit risk through the issuance of two new and proprietary private placement securities.

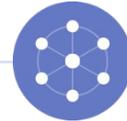
The end-result – higher yields and true secured price default protection.

Mission

Building a first of its kind product that allows transparent arbitrage of risk / price, allows counterparties transparency on underlying collateral, and democratizes a hedge that previously was only available to a narrow group of investors.



DelphX is committed to transforming credit markets by increasing access to efficient, transparent and cost effective hedging strategies and increased yields with no counterparty risks:



Provides a standardized facility to issue recognized and transparent securities fully collateralized by US Treasuries, **eliminating counterparty risk.**



Expanding access to those who do not participate in swaps and derivatives, while also giving existing participants who are seeking risk protection / speculation a cost-efficient alternative to CDS.



Provides an additional vehicle for yield enhancement with **improved underlying risk profiles** at lower costs of capitalization - without increasing derivatives exposure.

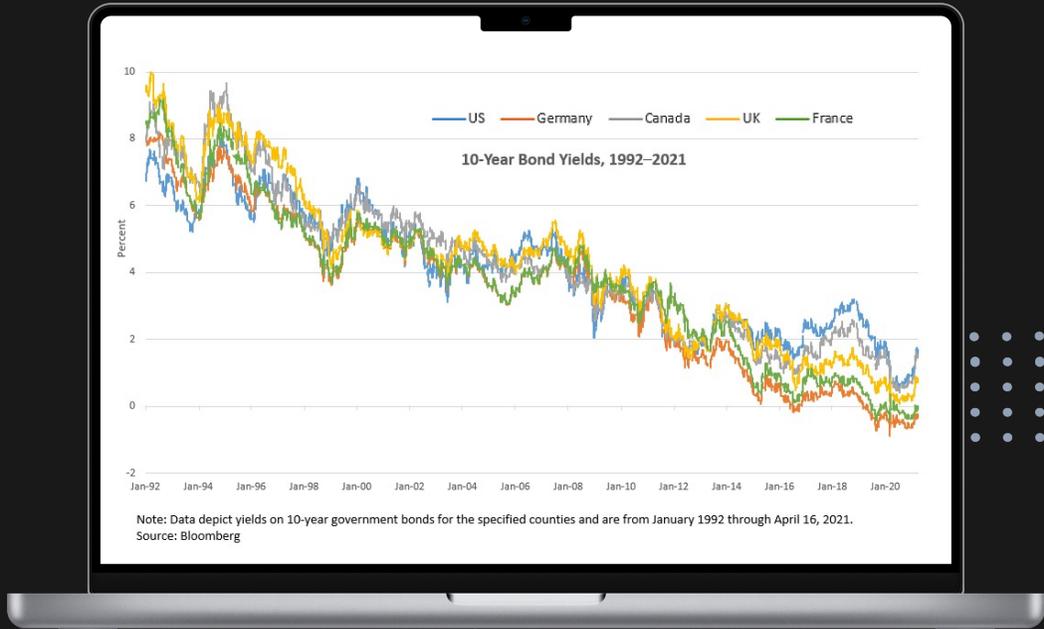


A novel and enhanced product that can be **used in conjunction with existing credit products** and strategies.

The Problem

A Global Challenge

For over a decade, credit investors have endured a prolonged decline in investment yields. **At the same time, the Credit Default Swap (CDS) market has shrunk materially:**



The environment has been particularly vexing for life insurers and pension funds holding liabilities that were priced using assumed investment returns that are higher than can be currently achieved



THIS NEED FOR HIGHER YIELD HAS, IN TURN, CAUSED MANY CREDIT INVESTORS TO ASSUME GREATER LOSS EXPOSURE - RESULTING IN INCREASINGLY HAZARDOUS RISK/YIELD RATIOS.

Our Solution



DelphX Advantage

SECURITIES AT ISSUANCE, NO COUNTERPARTY RISK

- New securities provide collateralized payment in the event of default of a referenced CUSIP...proprietary to DelphX
- Transparent collateral asset: US treasuries with same maturity as reference bond
- Dealer revenue share, Buyside capability
- Immediate settlement - no ISDA, physical or agreed recovery settlement
- Liquidity in tranching AND in potential arbitrage against CDS
- Legal work by Latham & Watkins
- BNY Mellon-Custodian

DelphX provides Dealers with the ability to provide their clients with a new product solution for either reducing credit exposure or enhancing yield.

DelphX creates measurable value for all participants

✓ C P O I N V E S T O R

Leverages a private placement security with transparent collateral and mitigating counterparty risk exposure through US Treasuries.

✓ C R N I N V E S T O R

Enjoys the benefits of a private placement security that can increase yields well above referenced bonds with pari-passu default risk.

✓ D E A L E R

Increases existing market participation by providing an improved alternative to CDS and CLN, and opening access to a securities-based product for those with exposure restrictions to derivatives and swaps.

The Simple Picture

Manager A

Needs Yield

Credit investor "A" can take on the default exposure of an underlying security in exchange for enhanced yield via Collateralized Reference Notes (CRNs).

Manager B

Needs Portfolio Protection

Credit investor "B" can gain secured default protection for underlying corporate, municipal and sovereign securities through Collateralized Put Options (CPOs).



DelphX issues the CRNs and CPOs that complete this "win-win" set of transactions between credit investors.

Financials

Net yield pickup and revenue result of a sample issuance:

ALLY BOND
YIELD _____ **2.136%**

CRN
YIELD _____ **2.578%**

PICKUP
OF _____ **0.401%**



DelphX Revenue of

\$1,356,000

per \$100,000,000

of issuance on this specific trade
with room to scale substantially more.

Market

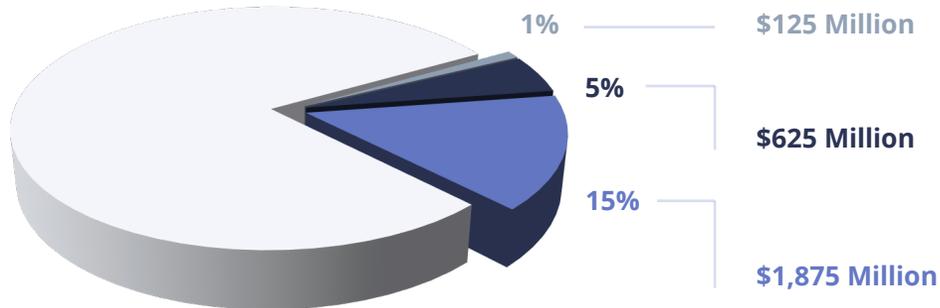
DelphX is looking to capture part of an

 **\$15.7 Trillion Market**

CDS

CPO / CRN % of US IG CDS Outstanding
\$ 5 TRILLION

ANNUAL REVENUE

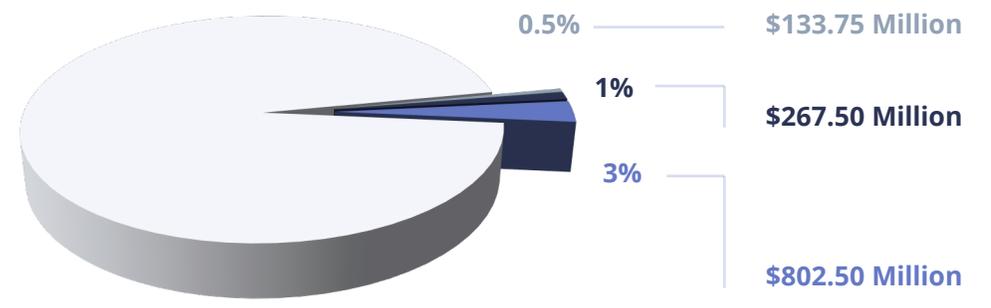


"Initial" and "Realistic" Revenue Scenarios as % of CDS Outstanding

US Investment Grade Corporate Bonds

CPO / CRN % of US Corporate Bond Outstanding
\$ 10.7 TRILLION

ANNUAL REVENUE



"Initial" and "Realistic" Revenue Scenarios as % of Corporate Bonds Outstanding

Roadmap



DelphX will build tomorrow's credit market through:

- Data
- Analytics-led innovations & platforms that transform participant experience
- Market efficiencies through "smart credit" products
- Real time price discovery, liquidity & automated execution through AI & blockchain



Marketing Partner



LPS Capital

Headquartered in New York City, LPS Capital is a full-service, boutique Broker Dealer that offers a wide range of research, sales and execution services in investment grade bonds, convertible bonds, high yield bonds, preferred stock, equities, post-bankruptcy reorganized equities, mortgages, bank loans, as well as distressed and special situation securities.

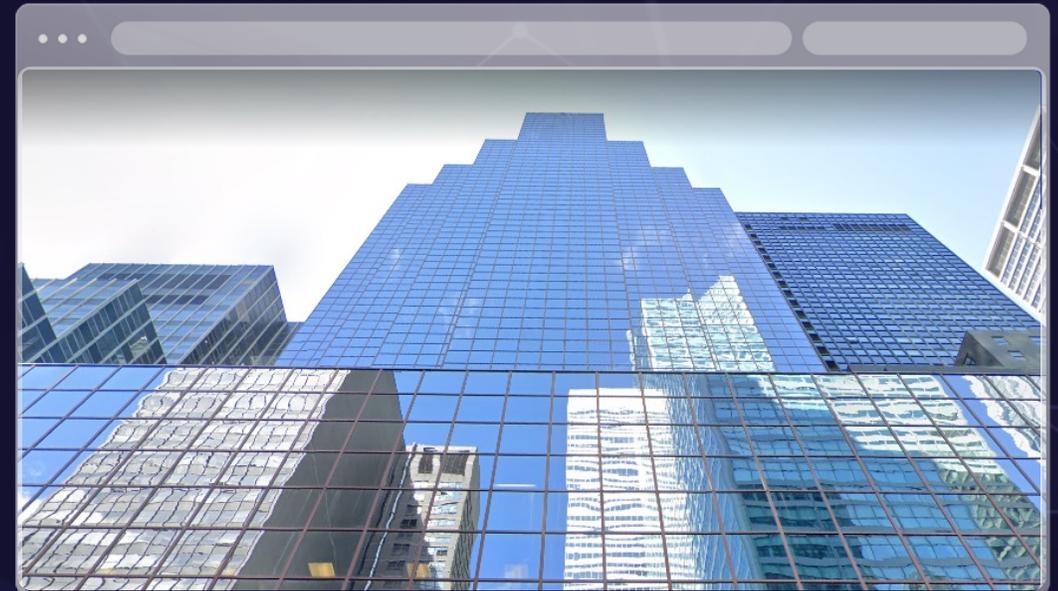
DelphX/LPS Partnership:

SALES & MARKETING AGREEMENT

With LPS working to advance the use of the proprietary DelphX Collateralized Put Options (CPOs) and Collateralized Reference Notes (CRNs) structured products.

EXPERIENCED SALES TEAM AT LAUNCH AND FASTER PATH TO MARKET

As LPS (member FINRA/SIPC/NFA) already works with a highly relevant list of clients, including banks, broker-dealers, trading firms, hedge funds, family offices, and insurance companies that are active in DelphX's target markets.



Technology Partner

HALO

DelphX/Halo Partnership:

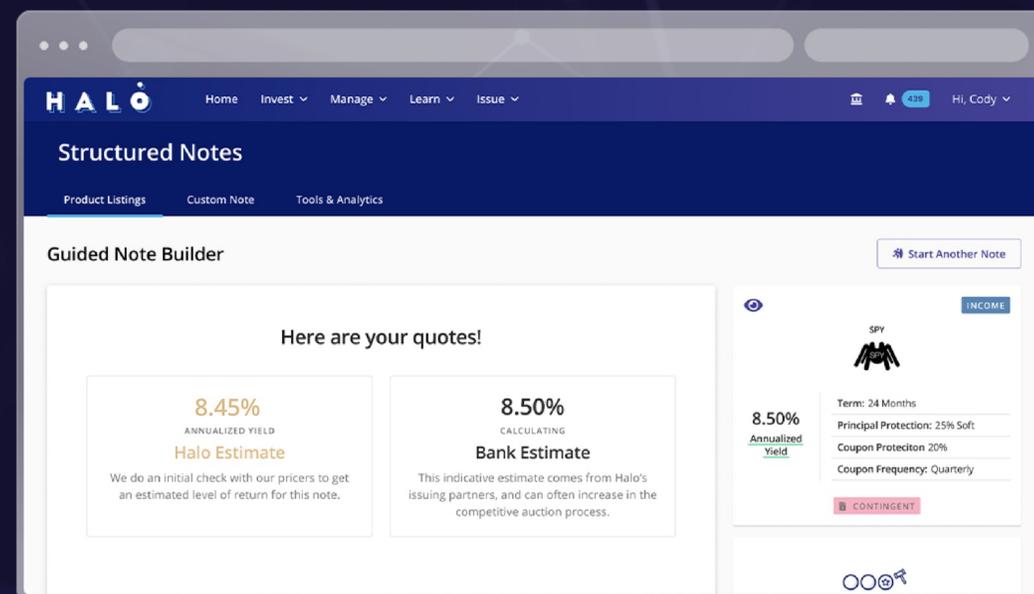
CO-DEVELOPMENT AND LICENSING AGREEMENT

Whereby Halo will construct for DelphX the industry-first automated platform that will allow both buy-side firms and dealers to negotiate and execute Collateralized Put Options (CPOs) and Collateralized Reference Notes (CRNs).

JV SALES GROUP

JV Sales Group to market and distribute these innovative products to institutional buy-side clients, with costs and net revenues from this collaborative sales group split equally between the two companies.

Currently ranked among Fintech's fastest growing companies, Halo Investing created the first multi-issuer technology platform that enables registered investment advisors, banks and investment professionals to access structured products and other protective investment solutions that were previously unavailable to most investors.





Leadership Team

Patrick Wood

CEO and President

Patrick is a successful capital markets veteran with industry experience spanning over 25 years in Canada and the United States. Pat's career has included fixed income asset management, structured product creation, and advisory roles at Canadian-owned broker-dealer Midland Walwyn, Vice President roles at both BMO Nesbitt Burns and CIBC World Markets, and Managing Director at Loewen Ondaatje McCutcheon. More recently Pat founded Tormont Group, a US and Canada-based Advisory and Merchant Bank. Since 2012 Tormont Group has provided capital and supported US and Canadian companies on IPOs, M&A, institutional investor development, and successful market penetration strategies. Patrick became President and CEO of DelphX in 2020 and has led the company's pre-launch product development and commercialization efforts.



Simon Selkrig

Chief Financial Officer

Simon has more than 20 years of experience in all aspects of corporate finance, including advanced financial modeling across a diverse set of industries, leveraged buyout due diligence, and long-range strategic planning. He joined DelphX from Strategize Financial Modelling Inc., where he had been President since 2017 and a Director since 2011. He has an extensive track record in various senior financial roles, including Senior Carbon Analyst at Origin Energy Ltd., Vice President, Consulting and Deals - Business Modeling at PriceWaterhouseCoopers (PWC), and regional financial analyst roles in Australia and the Asia Pacific region. Simon has particular expertise in complex modelling functions, where he has worked on a long list of corporate transactions ranging from a \$30M private equity raise to a \$US600 million plus acquisition.



Gordon Jardin

Chief Actuary & Risk Officer

Gordon is a Fellow and past board member of the Society of Actuaries, a Fellow of the Canadian Institute of Actuaries and a member of the American Academy of Actuaries. He has been Chief Executive Officer and Chief Operating Officer of reinsurance companies (Generali USA, PartnerRe Life / Winterthur Re), Vice President and General Manager, Reinsurance for Sun Life Canada and, more recently, the Chief Executive Officer of a residential mortgage acquisition and servicing company, Franklin Credit Management Corporation.

Gordon's extensive experience in developing and operating complex analytical systems is key to the development of the DelphX platform.



Non-Executive Directors

Steven Mannik

Non-Executive Director

Steven is a Fellow of the Society of Actuaries and of the Canadian Institute of Actuaries. He previously served as President and CEO of General Re Life Corporation, an affiliate of Berkshire Hathaway, where he headed the group's Decision Analytics (Big Data / Predictive Modelling) initiative. Steven was also the Executive Vice President and General Manager of Manulife Reinsurance with responsibility for all aspects of Manulife's reinsurance business worldwide. In 2001, he was key to Manulife's acquisition of 1.5 million in-force policies from Daihyaku Mutual of Japan and the significant expansion of Manulife's Japanese operations. Prior to joining Manulife, Steven was a Principal of Towers Perrin responsible for global client relationships and senior pension fund consulting.



Anne Connelly

Non-Executive Director

A passionate advocate for harnessing blockchain to transform society, Anne is Faculty at Singularity University in Silicon Valley and at Boston University's Questrom School of Business. She has been an active part of the global blockchain community since 2012 and is the co-author of "Bitcoin and the Future of Fundraising". She previously worked with Doctors Without Borders Canada in Central Africa and served on their board of directors. She has a Bachelor of Life Sciences from Queen's University, an MBA from McMaster University, and is certified in Disruptive Strategy from Harvard Business School. She was honoured as one of CBC's 12 Young Leaders Changing Canada and one of the Fifty Most Inspirational Women in Technology in Canada.



Salim Hasham

Non-Executive Director

Salim is currently a Director and Global Head of Business Transformation Partnerships at Google. A key part of his role at Google is to help couple the thinking of the world's best strategy firms with Google's engineering talent to transform visionary concepts into finished products and applications. Prior to Google, he had nearly 20 years of experience involved in a wide range of financial services projects, including nine years as a Partner at McKinsey & Company and PricewaterhouseCoopers. He is a leader in strategy, organizational design, operations and risk management, as well as a recognized authority on innovative disruption and accelerated growth.



Advisors



Keith Styracula

Keith has over two decades of experience in the structured investments and derivatives industry. He was the Founder and Head of the Structured Solutions Group in the Global Equities Division at JP Morgan which issued the first structured Unit Investment Trust. Keith has also held senior positions at Credit Suisse, UBS, Societe Generale and Scotiabank, where he structured investments linked to indexes, baskets, commodities, mutual funds, hedge funds and private equity for institutional grade family offices, money-center financial institutions and ultra-high net worth investors. Among his awards over the years, he was named by Structured Products Magazine as one of the “10 Most Influential Executives in the Global Structured Products Industry.” Keith is frequently quoted in financial media such as The Wall Street Journal, Barrons and Business Week and appears from time to time on CNBC, Bloomberg News and CNN to discuss global financial trends. He has also appeared before Congress to testify on the topic of the US derivatives industry. A graduate of Fordham Law School, he has pioneered numerous innovations in the derivatives, ETF, structured notes, and indexing businesses and is the Chairman and Founder of the Structured Products Association.



Joe Castelluccio

During his four decades in the bond markets, Joe has written extensively on fixed income topics, making him a familiar industry commentator and frequent keynote speaker at conferences and seminars. A published author, his book *The Investor's Survival Guide* is recommended reading for investors seeking to make informed investment decisions, with special emphasis on the value of fixed income in a model portfolio. His experience in the bond markets includes roles as a trader and manager of corporate bond trading desks and senior roles at CG Capital Markets, PrinceRidge, Maxim Group, ICAP Securities, and Prudential Securities.

He continues to be active in trading and creating Structured Products, specifically floating rate corporate bonds linked to equities, commodities, indices and the yield curve. He is a past president of the Corporate Bond Traders Club of N.Y. and a proud veteran of the United States Marine Corps.



Keys to the Story

✓ **DELPHX OFFERS INDUSTRY-FIRST TOOLS**

Our CPO and CRN products fix the deficiencies of prior derivative-based approaches to credit risk.

✓ **DEFAULT RISK IS PERVASIVE**

The problem we address ebbs and flows, but never goes away.

✓ **WE ARE A TECHNOLOGY COMPANY, NOT A TRADING FIRM**

While bond market conditions can affect the need for our platform, we have no exposure to underlying bond performance.

✓ **A HIGHLY SCALABLE PLATFORM**

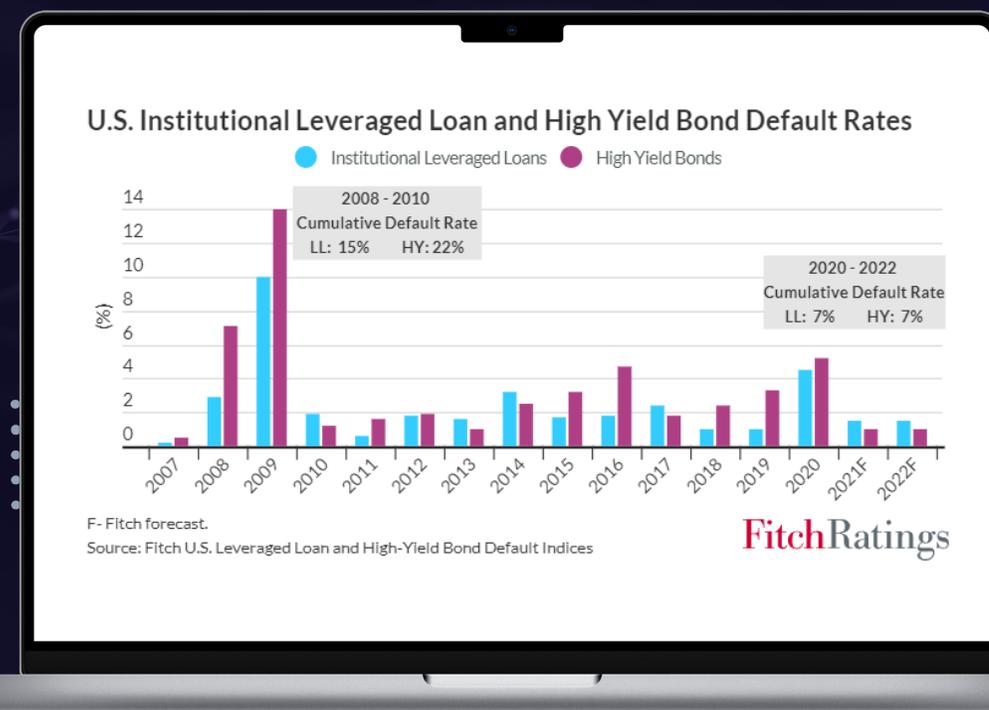
We expect to be profitable within months of launch and achieve industry leading margins.

✓ **OUR TARGET MARKET**

One of the largest in fintech

COLLABORATIVE EFFORT:

Our product development process was lengthy and included significant input from top legal entities and dealers, giving us high confidence in our solutions for this underserved market.



DelphX Acronyms Playbook & Terms

The following is a list of acronyms and terms that will be helpful while reading this presentation:



CPO

Collateralized Put Option - a fully-collateralized Private Placement security that provides protection against default of a referenced Bond.

CRN

Collateralized Reference Note - a Private Placement security that provides collateral for amount being covered in the CPO in return for a premium paid by the CPO.

CDS

Credit Default Swap - a derivative that provides protection against default of a referenced Bond or entity.

CUSIP

Committee on Uniform Security Identification Procedures - a nine-digit numeric or nine-character alphanumeric code that identifies a North American financial security.

ISDA

International Swaps and Derivatives Association - Determines whether a reference entity has defaulted on their debt obligations and sets an auction, which in turn dictates any recovery values.

Recovery Value

The amount of value in a Bond when the issuer of that Bond defaults.

SEC

Securities and Exchange Commission.



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