



## The Westaim Corporation Reports Q1 2022 Results

Note: All dollar amounts in this press release are expressed in U.S. dollars, except as otherwise noted.  
The financial results are reported under International Financial Reporting Standards, except as otherwise noted.

Toronto, Canada – May 17, 2022 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced its unaudited financial results for the quarter ended March 31, 2022. Westaim recorded a GAAP net profit of \$3.5 million (\$0.02 earnings per diluted share) for Q1 2022 compared to \$9.1 million (\$0.06 earnings per diluted share) for Q1 2021.

At March 31, 2021, Westaim’s consolidated shareholders’ equity was \$351.2 million and the Company had 142,686,718 common shares (“Common Shares”) outstanding. Book value per fully diluted share was \$2.45 (C\$3.06) at March 31, 2022, compared to \$2.43 (C\$3.07) at December 31, 2021.

### Key Results for Q1 2022 include:

- **Skyward Specialty:** Skyward Specialty recorded net income for Q1 2022 of \$16.3 million compared to \$14.9 million in Q1 2021. Gross Written Premium (“GWP”) increased 18.8% compared to Q1 2021 and increased 39.9% excluding exited business lines. Each of their eight underwriting divisions contributed double-digit premium growth during the quarter. Net written premiums grew 18.0%, driven by the growth in gross written premium. The combined ratio was 91.9%, with a loss ratio of 63.5% and an expense ratio of 28.4%, compared to Q1 2021 95.0% combined ratio, 69.1% loss ratio and 25.9% expense ratio. Skyward Specialty’s net investment income of \$10.7 million compared to Q1 2021 net investment income of \$12.0 million.

Westaim’s share of Skyward Specialty’s net income was \$7.1 million in Q1 2022 compared to \$5.7 million in Q1 2021. Westaim’s share of Skyward Specialty’s other comprehensive loss, primarily relating to the revaluation of the fair value of its fixed income portfolio held to maturity, was \$7.2 million in Q1 2022 compared to \$1.9 million in Q1 2021. Additionally, there was a decrease in Westaim’s look-through interest in Skyward Specialty due to share compensation units that were issued in Q1 2022 under Skyward Specialty’s long term incentive plan. In total, Westaim recorded a decrease in its valuation of Skyward Specialty of \$1.2 million in Q1 2022 compared to an increase of \$3.6 million in Q1 2021.

Skyward Specialty’s US GAAP stockholders’ equity at March 31, 2022 was \$428.6 million, and adjusted stockholders’ equity was \$435.6 million. The carrying value of Westaim’s investment in Skyward Specialty at March 31, 2022 was \$190.9 million.

- **Arena FINCOs:** Net income from Arena FINCOs was \$2.6 million (+1.5% net return) for Q1 2022 compared to \$7.4 million (+4.5% net return) in Q1 2021. During Q1 2022, the Arena FINCOs were able to stay fully invested in attractive investments by utilizing available credit facilities. Arena FINCOs were able to distribute available accumulated earnings to Westaim in Q1 2022 of \$2.5 million.
- **Arena Investors:** Arena Investors’ net income at 100% was \$9.4 million in Q1 2022 compared to \$2.1 million in Q1 2021. Arena Investors’ revenue was \$23.6 million compared to \$12.2 million in Q1 2021. Committed assets under management (“AUM”) at March 31, 2022 was \$3.5 billion, increasing from \$2.8 billion at December 31, 2021 and from \$2.2 billion at March 31, 2021. Fee-paying AUM at March 31, 2022 was \$2.6 billion, increasing from \$2.4 billion at December 31, 2021 and from \$1.6 billion at March 31, 2021.

Westaim recorded its share of net income from Arena Investors of \$4.8 million for Q1 2022 compared to \$1.0 million in Q1 2021.

*“We are pleased with our strong quarterly earnings in Q1 2022 from the operating results of our businesses. Westaim’s management believes the first quarter supports that the company is transitioning to an earnings growth platform based on the operating results delivered from Skyward Specialty, Arena FINCOs and Arena Investors. Note that like many other property and casualty insurance companies, Westaim’s earnings were negatively impacted by \$0.05 per share due to the mark-to-market of the Skyward Specialty fixed income portfolio from rising interest rates in the quarter. Skyward Specialty’s fixed income portfolio is of very high credit quality (average AA credit rated) and of short duration. Further details for each of Skyward Specialty, Arena FINCOs and Arena Investors are included for Westaim’s shareholders’ review in the Q1 2022 Investor Presentation posted on our website.” said Cameron MacDonald, President and Chief Executive Officer of Westaim.*

This press release should be read in conjunction with Westaim’s unaudited consolidated financial statements and management’s discussion and analysis for the three months ended March 31, 2022 and 2021 which were filed on

SEDAR at [www.sedar.com](http://www.sedar.com). These documents and the Company's Q1 2022 Investor Presentation can be found and on the Company's website at [www.westaim.com](http://www.westaim.com).

#### Non-GAAP Financial Measures

Westaim reports its consolidated financial statements using generally accepted accounting principles ("GAAP") and accounting policies consistent with International Financial Reporting Standards ("IFRS"). Westaim uses both IFRS and non-generally accepted accounting principles ("non-GAAP") measures to assess performance. The Company cautions readers about non-GAAP measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. Book value per share, adjusted profit and comprehensive income excluding unusual items, and adjusted earnings per share – diluted are non-GAAP measures. Readers are urged to review Section 15 *Non-GAAP Measures* in Westaim's Management's Discussion and Analysis in respect of its unaudited consolidated financial statements for the three months ended March 31, 2022 and 2021 (the "MD&A") which discloses historical figures for book value per share, adjusted profit and comprehensive income excluding unusual items, and adjusted earnings per share – diluted in respect of the three months ended March 31, 2022 as well as additional disclosures regarding these measures. The financial information relating to Skyward Specialty, Arena Investors and Arena FINCOs contained in the MD&A is unaudited and has been derived from the financial statements of the related entities. Readers are cautioned that the Skyward Specialty financial information and certain Arena Investors and Arena FINCO financial information, including any non-GAAP measures contained therein, has not been reconciled to IFRS and so may not be comparable to the financial information of issuers that present their financial information in accordance with IFRS.

#### About Westaim

Westaim is a Canadian investment company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. The Company invests, directly and indirectly, through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation. Westaim's strategy is to pursue investment opportunities with a focus towards the financial services industry and grow shareholder value over the long term. Westaim's investments include significant interests in Skyward Specialty, Arena Investors and Arena FINCOs. Skyward Specialty, the HIIG Partnership, Arena FINCOs and Arena Investors are defined in the notes to Westaim's audited consolidated financial statements for the year ended December 31, 2021 and 2020 and the MD&A. Westaim's Common Shares are listed on the TSX Venture Exchange under the trading symbol WED.

For more information, contact:

J. Cameron MacDonald, President and Chief Executive Officer or  
Robert T. Kittel, Chief Operating Officer  
The Westaim Corporation  
[info@westaim.com](mailto:info@westaim.com)  
(416) 969-3333

**The Westaim Corporation**

**Financial Highlights**

(millions of U.S. dollars except share and per share data)

Highlights	Three months ended March 31	
	2022	2021
Revenue and net change in unrealized value of investments	\$ 6.9	\$ 12.7
Net expenses	(2.4)	(3.6)
Income tax expense	(1.0)	-
GAAP profit and comprehensive income	\$ 3.5	\$ 9.1
Adjusted profit and comprehensive income excluding unusual items <sup>1</sup>	\$ 3.5	\$ 9.1
GAAP earnings per share – basic and diluted	\$ 0.02	\$ 0.06
Adjusted earnings per share – diluted <sup>1</sup>	\$ 0.02	\$ 0.06
	March 31, 2022	December 31, 2021
<b>Assets</b>		
Cash	\$ 7.2	\$ 6.6
Income tax receivable	0.1	-
Other assets	0.6	0.8
Investments	398.2	394.3
	<b>\$ 406.1</b>	<b>\$ 401.7</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 13.2	\$ 13.7
Income tax payable	0.2	0.2
Preferred securities	40.0	39.5
Derivative warrant liability	0.1	0.2
Deferred tax liability	1.4	0.4
	<b>54.9</b>	<b>54.0</b>
Shareholders' equity	351.2	347.7
Total liabilities and shareholders' equity	<b>\$ 406.1</b>	<b>\$ 401.7</b>
Number of common shares outstanding <sup>2</sup>	142,686,718	142,686,718
Book value per fully diluted share - in US\$ <sup>1</sup>	\$ 2.45	\$ 2.43
Book value per fully diluted share - in C\$ <sup>1</sup>	\$ 3.06	\$ 3.07

<sup>1</sup> Non-GAAP measure. See Section 15, *Non-GAAP Measures* of the MD&A for a reconciliation to the most comparable IFRS figures.

<sup>2</sup> At March 31, 2022 and December 31, 2021, 10,428,337 stock options, 2,975,198 RSUs and 14,285,715 warrants were also outstanding. Details regarding these stock options, RSUs and warrants are disclosed in the Company's public filings including its annual financial statements which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Period end exchange rates of USD to CDN: 1.24820 at March 31, 2022 and 1.26410 at December 31, 2021.

The information provided herein does not constitute an offer or solicitation regarding any investment products offered by Arena Investors.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*