



# Q3 2022 Investor Presentation

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November 10, 2022

# Disclaimer

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Certain statements in this presentation are “forward-looking statements”. Any statements that express or involve discussions with respect to predictions, target yields and returns, internal rates of return, expectations, beliefs, plans, projections, objectives, Arena Investors’ operating leverage and AUM (as defined herein) growth, assumptions or future events or performance (often, but not always using words or phrases such as “expects”, “does not expect”, “is expected”, “seeks”, “endeavours”, “anticipates”, “does not anticipate”, “plans”, “estimates”, “believes”, “does not believe” or “intends”, “does not intend” or stating that certain actions, events or results may, could, would, might or will occur or be taken, or achieved) are not statements of historical fact and may be “forward-looking statements”. In particular, but without limiting the foregoing, this presentation contains forward-looking statements pertaining to: Skyward Specialty’s growth strategy and potential expansion opportunities; Opportunities available to Arena FINCOs and Arena Investors; Arena Investors’ pipeline; and opportunities for building value at Westaim. Forward-looking statements are based on expectations, estimates and projections as well as other relevant factors at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. These include, but are not limited to, the risk factors discussed in Westaim’s Annual Information Form for its fiscal year ended December 31, 2021, available on [www.sedar.com](http://www.sedar.com). Except as required by law, Westaim does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forward-looking statement or to update such forward-looking statement.

Supplementary financial measures concerning the Arena FINCOs and Arena Investors contained in this presentation are audited and have been derived from the annual audited financial statements of the Arena FINCOs and Arena Investors for the year ended December 31, 2021 and the unaudited consolidated financial statements of Arena FINCOs and Arena Investors for the three and nine months ended September 30, 2022, which have been prepared in accordance with either International Financial Reporting Standards (“IFRS”) or US Generally Accepted Accounting Principles (“US GAAP”). Any terms not defined in this document are defined in MD&A.

The information contained herein is based on publicly available information, internally developed data and other sources. Although Westaim believes such information to be accurate and reliable, it has not independently verified any of the data from third party sources cited or used. Westaim and each entity described herein disclaims and excludes all liability (to the extent permitted by law) for all losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the information, its accuracy, completeness or by reason of reliance by any person on it.

**All amounts herein are in United States million dollars unless otherwise indicated. Certain comparative figures have been reclassified to conform to the presentation of the current period, and certain totals, subtotals and percentages may not reconcile due to rounding.**

# Important Disclosures

## Non-GAAP Measures

### Westaim

Westaim reports its consolidated financial statements using Generally Accepted Accounting Principles ("GAAP") and accounting policies consistent with IFRS. Westaim uses both IFRS and non-generally accepted accounting principles ("non-GAAP") measures to assess performance. Westaim 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 ("BVPS"), adjusted (loss) profit and comprehensive (loss) income, and adjusted (loss) earnings per share – diluted, excluding unusual items are non-GAAP measures – see section 15 of Westaim's MD&A for the quarter ended September 30, 2022 for a discussion of these non-GAAP measures including a reconciliation to Westaim's financial results determined under IFRS.

### Skyward Specialty

Supplementary financial measures concerning Skyward Specialty contained in this presentation are unaudited and has been derived from the unaudited financial statements of Skyward Specialty for the three months and nine months ended September 30, 2022 and 2021 and audited consolidated financial statements of Skyward Specialty for the year ended December 31, 2021.

Skyward Specialty uses US GAAP and non-GAAP measures to assess performance. Please refer to section 3.A.ii of Westaim's MD&A for the quarter ended September 30, 2022 available on [www.sedar.com](http://www.sedar.com) for Skyward Specialty's non-GAAP measures.

The adjusted stockholders' equity of Skyward Specialty as at September 30, 2022 reflects the Skyward Specialty stockholders' equity obtained from the unaudited financial statements of Skyward Specialty as at and for the quarter ended September 30, 2022 prepared in accordance with US GAAP, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares. The adjusted stockholders' equity of Skyward Specialty as at December 31, 2021 reflects the Skyward Specialty stockholders' equity obtained from the audited financial statements of Skyward Specialty as at and for the year ended December 31, 2021 prepared in accordance with US GAAP, adjusted for a reclassification of stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares.

### Arena FINCOs and Arena Investors

Arena FINCOs and Arena Investors uses both US GAAP, IFRS and non-GAAP measures to assess performance.

Net Return on the Arena FINCOs investment portfolios is the aggregate of investment income, net of gains (losses) on investments less interest expense, management, asset servicing and incentive fees, and other operating expenses of the Arena FINCOs divided by average carrying values for the Arena FINCOs, for the period.

Gross Return on the Arena FINCOs investment portfolios is the aggregate of investment income, net of gains (losses) on investments less interest expense divided by average carrying values for the Arena FINCOs, for the period.

Realized Internal Rate of Return ("IRR"): Realized calculations are presented net of investment level expenses and gross of fund level fees (e.g. management and incentive fees), which can impact returns significantly.

Current IRR reflects all investment activity, i.e. prior actual cash flows and future projected cash flows (which are discounted as of the reporting date), from the inception of each applicable investment through September 30, 2022. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

Underwritten IRRs: Investment-level gross underwritten IRR represents the internal rate of return prior to or at the time of making the initial investment as reflected in and supported by loan agreements, including, but not limited to, note purchase agreements and origination agreements. The underwritten IRR is one of many metrics considered by Arena prior to investment and is not typically updated after the initial funding date. The underwritten IRR may be presented as a single percentage or a range. Such gross IRRs are estimated and do not take into account any entity level management fees, incentive allocation and/or any other associated fees, all of which may significantly reduce the net return received attributable to any investment. These underwritten IRRs are not a proxy for investment performance for any strategy or fund. The underwritten IRRs disclosed herein are being presented for the purpose of providing insight into the investment objectives of Arena, detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments and for establishing a benchmark for future evaluation of Arena's strategy. The IRRs are also being presented because financially sophisticated investors may find this information useful in determining where Arena's strategies may fit within their investment portfolios. The IRRs included in this presentation are not intended, and must not be regarded, as a representation, warranty or prediction that any Arena vehicles will achieve any particular return with respect to any particular investment opportunity or for a particular time period, or that Arena and its investors will not incur losses. In evaluating these IRRs, it should be noted that (a) there can be no assurance that Arena will be able to source and consummate investments of the type it is seeking to make and (b) the assumptions underlying the IRRs may prove not to be accurate or not materialize. There can be no assurance that the objective of the investment shown can be met or that substantial losses will be avoided.

# Important Disclosures

## Arena Investors

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The following is being provided solely in relation to Arena Investors, LP, its funds, subsidiaries and affiliates:

Returns shown are unaudited. **Past performance is not indicative or a reliable indicator of future performance. Actual results may vary.**

The information set forth herein does not purport to be complete, is unaudited and subject to change. Arena has no obligation to update or revise such information. Unless otherwise stated, the information contained herein is current as of the date of the presentation.

This document does not constitute investment advice nor is it a recommendation or an offer of investment advisory services or products. No person in any jurisdiction may treat this document as a solicitation or offer of any advisory product or service. A prospective investor must rely solely on the terms and associated disclosures in any final offering memoranda, investment management agreement and associated subscription documents (if any), which would constitute the only basis upon which offerings of any product or service may be made.

Investments in Arena vehicles are speculative in nature and involve risk. There can be no assurance that investment objectives will be achieved and investment results may vary substantially over time. These investments are not intended to be a complete investment program for any investor. There is no secondary market for an investor's interest in Arena funds and none is expected to develop. Arena's funds are not registered under the Investment Company Act of 1940 and accordingly are not extensively regulated. Opportunities for redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed. Leverage may be employed in the funds, which can make investment performance volatile. Valuation of the investments may involve uncertainties and the exercise of judgment. An investor should not make an investment unless the investor is prepared to lose all or a substantial portion of its investment. The fees and expenses charged in connection with investments may be higher than the fees and expenses of other investment alternatives and may offset profits, and the performance-based compensation paid to Arena may create an incentive for Arena to make more speculative investments than would otherwise be the case. Arena has total authority and control over its funds and the use of a single advisor applying generally similar investment programs could mean a lack of diversification and, consequently, higher risk. For a comprehensive list of risk factors, an investor must review the risk factors as specified in the related confidential information memorandum for a specific fund or investment management agreement, which will be made available upon request.

The information provided herein should not be considered a recommendation regarding a particular investment. The actual and potential investments discussed herein are meant to be examples of Arena's investment approach. It should not be assumed that any of the investments discussed herein will prove to be profitable, or that the investment recommendations or decisions made by Arena in the future will be profitable. The particular investments discussed herein are those that most closely represent the current average-sized Arena investment in a particular category (Corporate Private Credit, Real Estate Private Credit, Commercial and Industrial Assets, Structured Finance and Consumer Assets).

In addition, performance of market indices is being provided for the purpose of making general market data available as a point of reference only. We believe there are no known directly comparable indices for the Arena Special Opportunities Strategies composite which is comprised of the Arena Special Opportunities Fund, LP and Arena Special Opportunities (Offshore) Master, LP (collectively the "Fund"). The Fund's investments are not limited to the investments listed by the market indices. The Fund may invest in different securities and engage in different trading strategies from the indices. In addition, it should be noted that the sector, industry, stock and country exposures, volatility, risk characteristics and holdings of the Fund differ materially from those of the indices. The indices do not reflect fees and expenses associated with the active management of portfolios. The performance returns of the indices were obtained from Bloomberg and other third-party sources and include the reinvestment of earnings. Although Arena believes these sources to be reliable, it is not responsible for errors or omissions from these sources.

Market indices used: The Standard & Poor's LSTA Leveraged Loan 100 Index is a capitalization-weighted syndicated loan index that seeks to mirror the performance of the 100 largest syndicated loans in the levered loan market. Leveraged loans are senior secured debt obligations rated below investment grade. The index information provided is for illustrative purposes only. The Fund's strategy does not track the index and can significantly vary from the performance on the indexes provided.

The statements contained herein contain certain forward-looking statements that are based on our beliefs as well as assumptions made by and information currently available to us. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to investments, business prospects, future developments, trends and conditions in the industry and geographical markets in which we operate, our strategies, plans, objectives and goals, as well as, our ability to control costs, statements relating to prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

# The Westaim Corporation

## The Westaim Corporation

**Westaim** is a publicly listed (TSXV:WED) Canadian investment holding company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. Our focus has been, and continues to be, to seek high quality investment opportunities that allow us to partner with businesses and aligned management teams that are well positioned to compound wealth and provide above average returns over the long-term for our shareholders.

### Skyward Specialty Insurance Group

#### Specialty Property and Casualty Insurance 43.8% look-through ownership<sup>(1)</sup>

**Skyward Specialty** is a US based specialty property and casualty insurance company with approximately \$1 billion in annual gross written premiums and over \$2.3 billion in assets. Skyward Specialty writes on both an admitted and non-admitted basis with a focus on defined business lines in high profit niche segments to deliver top quartile consistent returns. Rated A- by AM Best.

Skyward Specialty's highly experienced team of 441 are represented across 11 offices providing coverage in all 50 states and select international markets.

### Arena Investors

#### Alternative Investment Manager 51% ownership<sup>(2)</sup>

**Arena Investors** is a New York based global institutional money manager that originates and underwrites portfolios of asset-backed credit investments that are highly diversified and uncorrelated, delivering consistent returns for investors with a duration of approximately two years.

Arena Investors' committed Assets Under Management ("AUM") of \$3.5 billion includes Westaim's proprietary capital of \$172 million plus third party institutional and high net worth clients.<sup>(3)</sup>

A highly skilled and experienced team of 100+ professionals across the globe are enabled by robust processes, proprietary infrastructure and access to a global origination network. Arena Investors' has regularly been recognized for its performance, investment approach and operational controls.

### Arena FINCOs

#### Westaim's Proprietary Capital Invested with Arena Investors 100% ownership

The **Arena FINCOs** are specialty finance companies that primarily purchase diversified asset-backed credit and other investments and in certain circumstances, facilitate the origination and creation of credit investments for their own account and for third parties.

Arena FINCOs' capital has been and remains very strategic in the development of Arena Investors and the Arena FINCOs have participated as lead investor in several new product offerings.

(1) Westaim's look-through interest in the Westaim HIIG Limited Partnership ("HIIG Partnership") of 21.9% (December 31, 2021 – 22.0%), combined with its direct ownership of the Skyward Specialty preferred shares, which are convertible into Skyward Specialty common shares representing 21.9% (December 31, 2021 – 22.0%) of the fully diluted Skyward Specialty common shares outstanding, resulted in a 43.8% (December 31, 2021 – 44.0%) look-through interest in Skyward Specialty at September 30, 2022. At September 30, 2022, based on Westaim's control of the HIIG Partnership, and its ownership of convertible preferred shares, Westaim held a 57.2% voting interest in Skyward Specialty (December 31, 2021 – 57.5%).

(2) The remaining 49.0% is BP LLC's equity and profit sharing percentage, and under the Associate Agreements, BP LLC has the right to earn-in up to 75% equity ownership percentage in the associates and to thereby share up to 75% of the profit of the associates based on achieving certain AUM and cash flow thresholds. Effective April 1, 2022, BP LLC achieved the threshold to increase its equity ownership of Arena Investors from 0% to 49% and Westaim's equity ownership decreased from 100% to 51% to equal the share of profits that the Company has been entitled to in all prior periods.

(3) As at September 30, 2022.

# Westaim Q3 2022 Quarterly Operating Highlights

## Westaim reports strong underlying results from its businesses despite ongoing market volatility

### Skyward Specialty Insurance Group<sup>(1)</sup>

- **Skyward Specialty's Net Loss (100%) was \$2.4 million in Q3 2022 compared to Net Income of \$10.0 million in Q3 2021; Net Income was \$19.0 million YTD 2022 compared to \$37.0 million YTD 2021; Skyward Specialty's Adjusted Operating Income<sup>(1)</sup> was \$10.6 million in Q3 2022 compared to \$11.0 million in Q3 2021; Adjusted Operating Income was \$46.9 million YTD 2022 compared to \$28.5 million YTD 2021**
  - Underwriting performance was strong in Q3 2022, with a combined ratio excluding Loss Portfolio Transfer ("LPT") of 93.9% compared to 94.5% in Q3 2021; YTD Q3 2022 combined ratio excluding LPT was 92.6% compared to 94.6% in YTD Q3 2021
  - In Q3 2022, Skyward Specialty incurred a charge of \$7.3 million after tax relating to the LPT, bring Skyward Specialty's LPT reserve position to the top of the co-participation range; as a result of an additional \$36 million of 100% reinsurance protection remaining within the LPT, Westaim believes a further charge is highly unlikely to occur in the future
  - Net investment income was \$6.0 million compared to \$8.1 million in Q3 2021; Net Investment Income was \$31.7 million YTD Q3 2022 vs. \$20.6 million YTD Q3 2021; Negative performance in Q3 2022 and positive performance YTD vs. prior year was due to volatile pricing of profitable investments in an opportunistic fixed income portfolio which is reported within Net Investment Income, partially offset by higher investment on core fixed income portfolio
  - Adjusted stockholders' equity at September 30, 2022 decreased to \$406.7 million from \$435.2 million at December 31, 2021 primarily due to net unrealized losses on fixed income securities after tax of \$48.9 million partially offset by Net Income of \$19.0 million
  - Q3 2022 Annualized Return-on-equity ("ROE") of (2.3)% vs. 9.4% in Q3 2021; Q3 Annualized Adjusted ROE of 10.4% in Q3 2022 vs. 10.3% in Q3 2021; Q3 2022 Adjusted Annualized Return-on-Tangible-Equity ("ROTE") of 13.4% vs. 13.2% in Q3 2021
  - YTD 2022 Annualized Return-on-equity ("ROE") of 6.1% vs. 12.0% in YTD Q3 2021; YTD 2022 Annualized Adjusted ROE of 15.2% vs. 9.2% in YTD Q3 2021; YTD 2022 Adjusted Annualized ROTE of 19.4% vs. 11.8% in YTD Q3 2021

### Arena Investors

- **Arena Investors' Q3 2022 Net Loss (100%) was \$8.2 million compared to Q3 2021 Net Income of \$2.0 million; YTD Q3 2022 Net Income was \$1.2 million compared to YTD Q3 2021 Net Income of \$8.3 million**
  - Committed AUM at September 30, 2022 was \$3.5 billion, an increase from \$2.8 billion at December 31, 2021 and \$2.6 billion at September 30, 2021
  - Fee-Paying AUM at September 30, 2022 was \$2.6 billion, an increase from \$2.4 billion at December 31, 2021 and \$2.0 billion at September 30, 2021
  - Total Recurring Revenue was \$10.8 million in Q3 2022 vs. \$8.4 million in Q3 2021; YTD Q3 2022 was \$31.8 million compared to \$22.0 million YTD Q3 2021
  - In Q3 2022, fund performance resulted in a net incentive fee expense of \$9.1 million vs net incentive fee income of \$2.7 million in the prior year; YTD Q3 2022 was incentive fee expense of \$1.0 million compared to net incentive fee income of \$12.1 million in YTD Q3 2021
  - Arena Investors' AUM pipeline remains strong with several product offerings marketing to a well diversified base of sophisticated investors (insurance companies, pension funds, endowment funds, foundations and other investors)
  - Arena Investors is now reaching a point where future growth will have significant operating leverage as fee-paying AUM grows

### Arena FINCOs

- **Arena FINCOs' Q3 2022 Net Loss was \$2.6 million (-1.5% net investment return) compared to Q3 2021 Net Loss of \$0.8 million (-0.4% net investment return); YTD Q3 2022 Net Income was \$3.7 million (+2.2% net investment return) compared to YTD Q3 2021 Net Income of \$9.3 million (+5.8% net investment return)<sup>(2)</sup>**
  - At September 30, 2022, the fair value of Arena FINCOs was \$168.6 million compared to \$172.8 million at December 31, 2021, impacted by dividends paid to Westaim YTD
  - Westaim received a dividend of \$2.9 million from Arena FINCOs in Q3 2022 and \$7.9 million YTD Q3 2022

### Westaim

- **Westaim's Q3 2022 Net Loss was \$16.7 million compared to Q3 2021 Net Profit of \$1.6 million; YTD Q3 2022 Net Loss of \$14.8 million compared to YTD Q3 2021 Net Profit of \$21.6 million**
  - GAAP loss per share in Q3 2022 of \$0.12 compared to Q3 2021 earnings per share of \$0.01; GAAP loss per share in YTD Q3 2022 of \$0.10 compared to YTD Q3 2021 Net Profit of \$0.15
  - Q3 2022 Westaim earnings were impacted by \$0.07 per share (YTD Q3 2022 were impacted by \$0.22 per share) due to Westaim's share of unrealized losses on Skyward Specialty's investment portfolio due to equity market declines and mark-to-market losses on Skyward Specialty's core fixed income portfolio due to rising rates in the quarter and YTD; Q3 2022 Westaim earnings per share were negatively impacted \$0.02 per share (YTD Q3 2022 were impacted by \$0.02 per share) due to unusual items resulting from the impact of Skyward Specialty's Loss Portfolio Transfer ("LPT")
  - At September 30, 2022, Westaim's book value was \$330.4 million or \$2.33 (C\$3.22) per share compared to December 31, 2021 book value of \$347.7 million or \$2.43 (C\$3.07) per share

(1) For further details, please see slide 15.

(2) For further details, please refer slide 3 for Non-GAAP measures.

# Westaim Summary Quarterly Operating Results

(Amounts in millions of US\$ except per share data)	Three months ended		Nine months ended	
	September 30		September 30	
Operating result	2022	2021	2022	2021
(Loss) income from investments in Arena FINCOs and Arena Special Opportunities Fund, LP (“ASOF”)	(\$2.8)	(\$0.8)	\$3.7	\$9.5
(Loss) income from investment in Skyward Specialty excluding unusual items*	(5.4)	3.0	(10.5)	12.2
(Loss) income from investment in Arena Investors	(4.2)	1.0	0.6	4.2
<b>(Loss) income from investments excluding unusual items*</b>	<b>(\$12.4)</b>	<b>\$3.2</b>	<b>(\$6.2)</b>	<b>\$25.9</b>
Holding company operating expenses	(\$1.6)	(\$1.6)	(\$5.6)	(\$5.0)
Preferred securities interest expense	(0.4)	(0.5)	(1.4)	(1.5)
Interest and fee income	0.5	0.6	1.7	1.8
<b>Net holding company operating and interest expenses</b>	<b>(\$1.5)</b>	<b>(\$1.5)</b>	<b>(\$5.3)</b>	<b>(\$4.7)</b>
Share-based compensation expense	(0.7)	(0.2)	(0.7)	(1.0)
Foreign exchange gain (loss)	0.2	(0.2)	0.3	(0.9)
Site restoration recovery	-	-	-	2.6
Derivative warrants - change in fair value gain	-	0.3	0.1	0.4
<b>Total net holding company (expenses) recovery</b>	<b>(\$2.0)</b>	<b>(\$1.6)</b>	<b>(\$5.6)</b>	<b>(\$3.6)</b>
Income tax recovery (expense)	0.9	-	0.2	-
<b>Adjusted (loss) profit and comprehensive (loss) income excluding unusual items*</b>	<b>(\$13.5)</b>	<b>\$1.6</b>	<b>(\$11.6)</b>	<b>\$22.3</b>
Westaim's share of unusual items*	(3.2)	-	(3.2)	(0.7)
<b>GAAP (loss) profit and comprehensive (loss) income</b>	<b>(\$16.7)</b>	<b>\$1.6</b>	<b>(\$14.8)</b>	<b>\$21.6</b>
GAAP (loss) earnings per share-diluted	(\$0.12)	\$0.01	(\$0.10)	\$0.15
Adjusted (loss) earnings per share-diluted excluding unusual items*	(\$0.10)	\$0.01	(\$0.08)	\$0.16

GAAP loss and comprehensive loss in Q3 2022 was \$16.7 million (\$0.12 loss per share) compared to a GAAP profit and comprehensive income of \$1.6 million (\$0.01 earnings per share) in Q3 2021

GAAP loss and comprehensive loss in YTD Q3 2022 was \$14.8 million (\$0.10 loss per share) compared to a GAAP profit and comprehensive income of \$21.6 million (\$0.15 earnings per share) in YTD Q3 2021

In Q3 2022, Westaim's investment in Skyward Specialty was impacted by Westaim's share of the other comprehensive loss of \$17.8 million relating to the after-tax net change in the carrying value of its core fixed income securities and by net unrealized losses on equity securities after-tax of \$5.0 million in Q3 2022

Skyward Specialty reported strong underwriting income in Q3 2022 of \$9.5 million vs. \$7.3 million in Q3 2021 resulting in a combined ratio excluding LPT of 93.9% in Q3 2022 (Q3 2021 – 94.5%) and 92.6% YTD Q3 2022 (YTD Q3 2021 – 94.6%)

Arena FINCOs' and ASOF's diversified and uncorrelated portfolios produced a net loss of \$2.8 million in the quarter with an -1.5% net investment return compared to +2.2% in Q3 2021

Arena Investors increased fee-paying AUM to \$2.6 billion at September 30, 2022 vs. \$2.4 billion at December 31, 2021 resulting in higher management and service fee revenue and fee related earnings

\* Refer to Westaim's MD&A section 3 Investments at September 30, 2022 for details of unusual items.

# Westaim Summary Statement of Financial Position

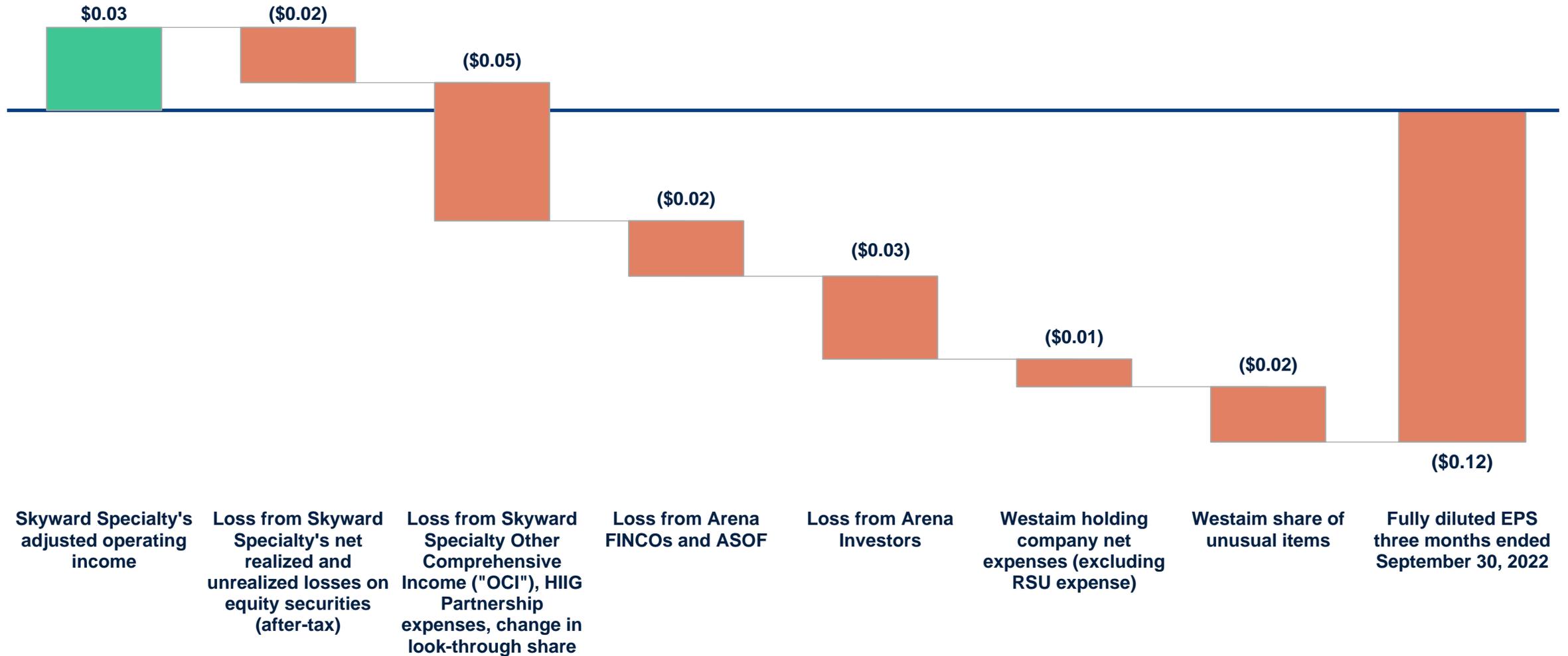
(Amounts in millions of US\$ except per share data)

As at	September 30, 2022	June 30, 2022	December 31, 2021
<b>Assets</b>			
Cash	\$2.2	\$3.1	\$6.6
Other assets	0.5	0.6	0.8
Investment in Skyward Specialty	178.4	187.0	192.1
Investment in Arena FINCOs	168.6	174.1	172.8
Investment in Arena Investors	26.8	31.0	26.2
Investment in ASOF	3.2	3.4	3.2
<b>Total Assets</b>	<b>\$379.7</b>	<b>\$399.2</b>	<b>\$401.7</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$12.7	\$12.0	\$13.9
Preferred securities	36.2	38.8	39.5
Derivative warrant liability	0.1	0.1	0.2
Deferred tax liability	0.3	1.2	0.4
<b>Total Liabilities</b>	<b>\$49.3</b>	<b>\$52.1</b>	<b>\$54.0</b>
Shareholders' equity	330.4	347.1	347.7
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$379.7</b>	<b>\$399.2</b>	<b>\$401.7</b>
<b>Number of common shares outstanding</b>	<b>141,386,718</b>	<b>141,386,718</b>	<b>142,686,718</b>
<b>Fully diluted book value per share - in US\$</b>	<b>\$2.33</b>	<b>\$2.44</b>	<b>\$2.43</b>
<b>Fully diluted book value per share - in C\$<sup>1</sup></b>	<b>C\$3.22</b>	<b>C\$3.14</b>	<b>C\$3.07</b>

- Book value per share decreased US\$0.10 (-4.1%) to \$2.33 at September 30, 2022 from \$2.43 at December 31, 2021
- Despite strong underlying earnings in Q3 2022 at Skyward Specialty, primarily the back up in interest rates impacted Skyward Specialty's adjusted book value and therefore the carrying value of Westaim's investment in Skyward Specialty
- Skyward Specialty credit quality of the core fixed income portfolio remains very strong
- The \$7.9 million of YTD dividends paid from the Arena FINCOs to Westaim has the impact of reducing the carrying value of the investment in Arena FINCOs
- Preferred securities liability reduction is due to the C\$50 million liability being revalued to US\$ at the current period FX rate
- Westaim's buy back and cancellation of its shares through NCIBs reduced outstanding common shares by 1,300,000 since December 31, 2021

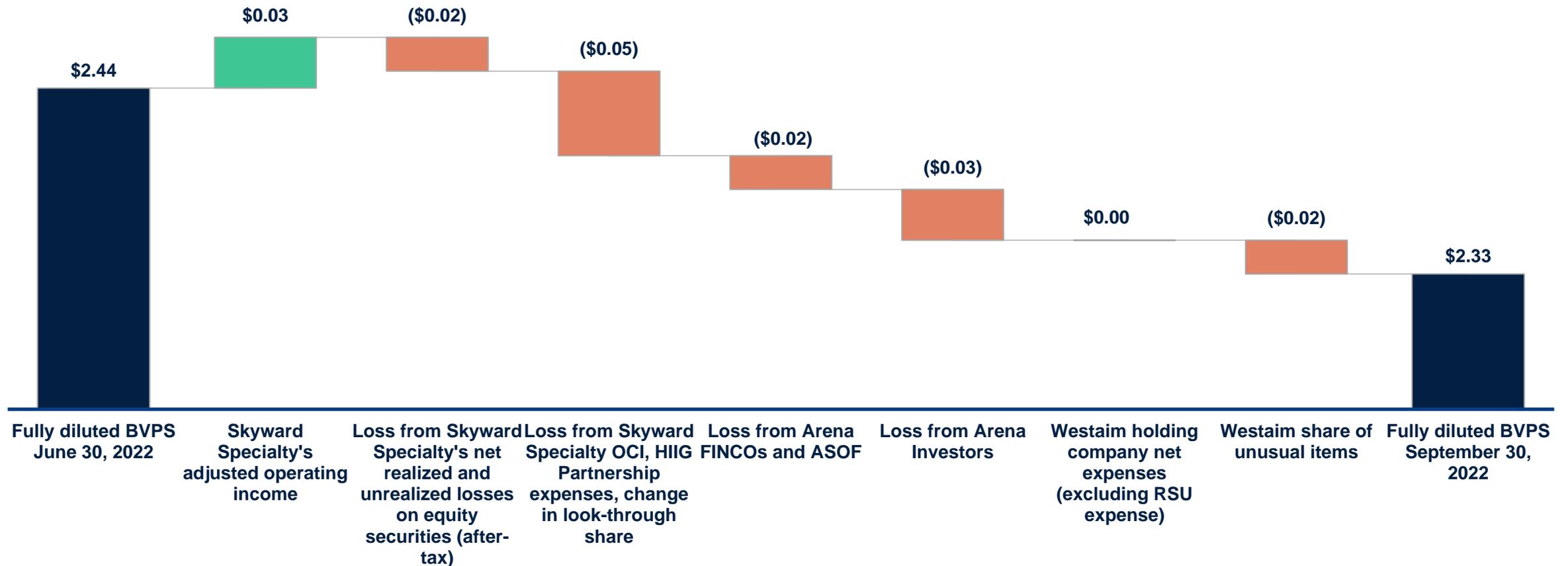
\* Period end exchange rates of USD to CDN: \$1.38135 at September 30, 2022, \$1.28710 at June 30, 2022 and \$1.26410 at December 31, 2021.

# Westaim Diluted Earnings per Share (US\$): Three months ended September 30, 2022



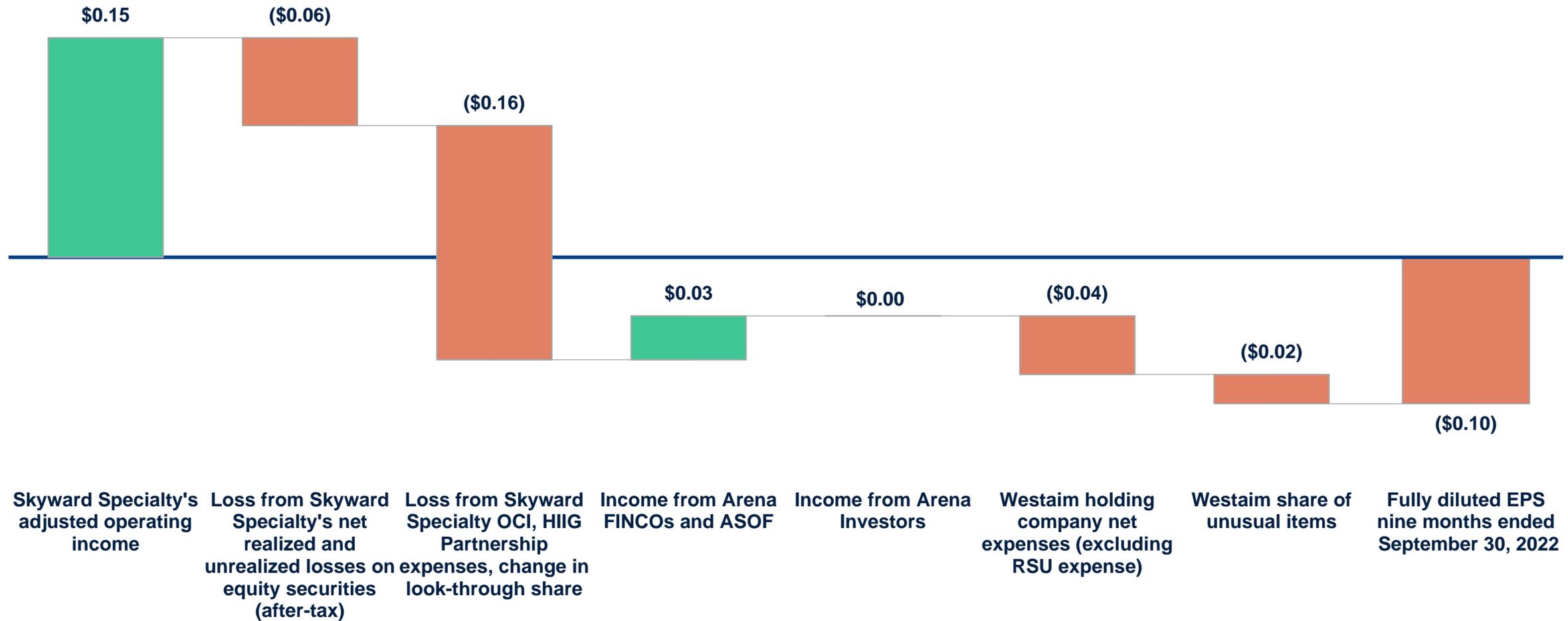
\* Any terms not defined in this document are defined in Westaim's September 30, 2022 MD&A and slide 3 and 17 of this presentation.

# Westaim Book Value per Share (US\$): Three months ended September 30, 2022



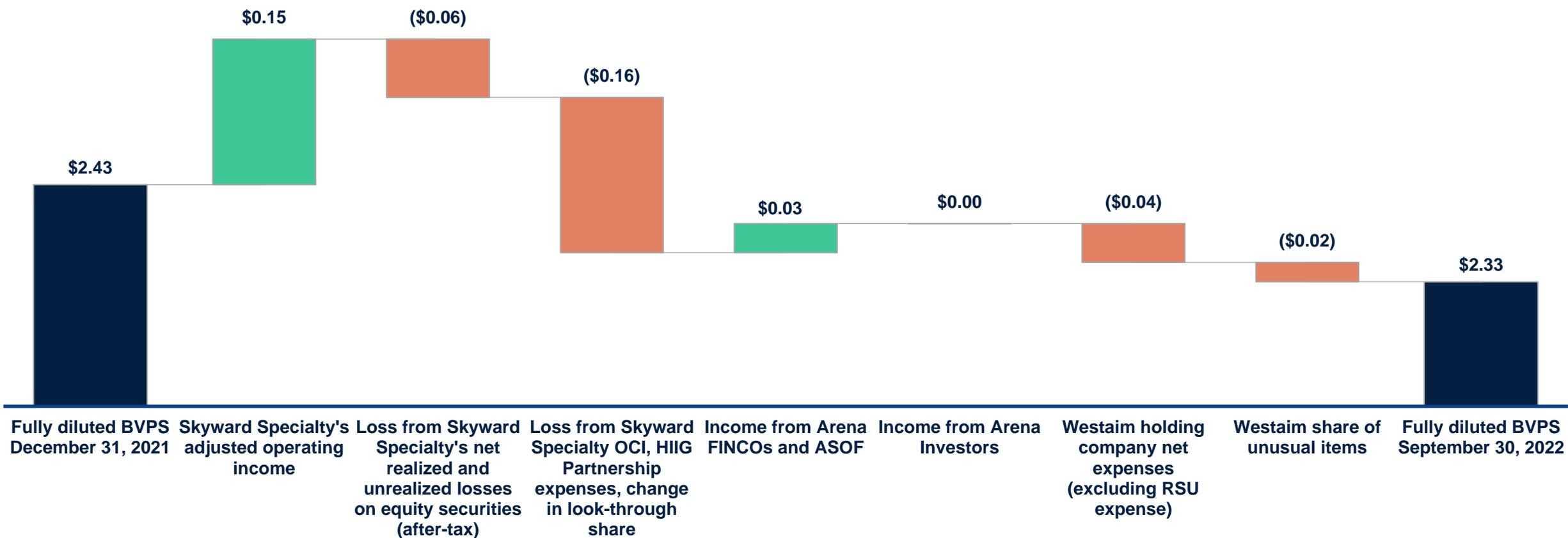
\* Any terms not defined in this document are defined in Westaim's September 30, 2022 MD&A and slide 3 and 17 of this presentation.

# Westaim Diluted Earnings per Share (US\$): Nine months ended September 30, 2022



\* Any terms not defined in this document are defined in Westaim's September 30, 2022 MD&A and slide 3 and 17 of this presentation.

# Westaim Book Value per Share (US\$): Nine months ended September 30, 2022



\* Any terms not defined in this document are defined in Westaim's September 30, 2022 MD&A and slide 3 and 17 of this presentation.



# COMPANY UPDATE

# SKYWARD SPECIALTY AT A GLANCE



## Business Overview

- A private, US-based specialty property and casualty insurer that writes on both an admitted and non-admitted basis
- Strategy focuses on building defensible positions in high profit niche segments to deliver consistent top quartile returns
- Top talent that drives disciplined and insightful underwriting, claims excellence, and efficient capital management is at the core of Skyward Specialty's strategy execution
- Operate in all 50 states and select international markets
- Rated A- by AM Best
- 441 employees as of September 30, 2022 across 11 offices

## Select Financial Metrics

(US\$ millions)	YTD Q3 2022 <sup>(1)</sup>	FY 2021 <sup>(1)</sup>
<b>Select Income Statement Metrics</b>		
Gross written premium (GWP)	\$879	\$940
Net written premium (NWP)	496	529
Pre-tax income	33	63
Net income excluding unusual items	26	50
<b>Combined ratio</b>	<b>92.6%</b>	<b>94.6%</b>
<b>Balance Sheet Metrics</b>		
Cash and invested assets	\$1,124	\$1,057
Total assets	2,308	2,118
Total liabilities	1,909	1,692
Adjusted stockholders' equity <sup>(2)</sup>	407	435

For more information about Skyward Specialty including its 'Rule your Niche' strategy described by Andrew Robinson, CEO of Skyward Specialty, visit [westaim.com/investments/skyward-specialty-insurance-group/](https://westaim.com/investments/skyward-specialty-insurance-group/) and follow on LinkedIn at [www.linkedin.com/company/skywardspecialty/](https://www.linkedin.com/company/skywardspecialty/).

(1) Does not include charges related to the Loss Portfolio Transfer ("LPT") transaction completed in Q1 2020, development subject to the LPT or other unusual items. Adjusted to conform to the presentation of the current year. Refer to Westaim's MD&A at September 30, 2022 and December 31, 2021 for further details.  
 (2) The adjusted stockholders' equity of Skyward Specialty reflects the Skyward Specialty stockholders' equity prepared in accordance with US GAAP adjusted for a reclassification of stock notes receivable. Refer to Westaim's MD&A at September 30, 2022 and December 31, 2021 for further details.

# SKYWARD SPECIALTY - SUMMARY STATEMENTS OF OPERATIONS<sup>(1)</sup>



(Currency amounts in millions of US\$)	Three months ended September 30		Nine months ended September 30	
	2022	2021 <sup>(4)</sup>	2022	2021 <sup>(4)</sup>
<b>Gross written premium</b>	\$270.2	\$215.1	\$879.1	\$715.7
<b>Net written premium</b>	171.5	130.8	495.6	388.2
Net earned premium	158.0	130.0	445.9	366.1
Commission and fee income	1.4	1.0	3.6	2.7
Less: Losses and LAE excluding LPT <sup>(2)</sup>	(102.5)	(89.7)	(284.3)	(249.8)
Less: Policy acquisition costs	(17.4)	(11.4)	(45.5)	(30.7)
Less: Operating expenses <sup>(2)</sup>	(30.0)	(22.6)	(86.7)	(68.3)
<b>Underwriting result excluding LPT<sup>(2)</sup></b>	<b>\$9.5</b>	<b>\$7.3</b>	<b>\$33.0</b>	<b>\$20.0</b>
Net investment income	6.0	8.1	31.7	20.6
Interest expense	(1.7)	(1.2)	(4.3)	(3.5)
Amortization expense	(0.4)	(0.4)	(1.2)	(1.2)
<b>Income excluding net realized gains (losses), net unrealized gains (losses) and unusual items before taxes</b>	<b>\$13.4</b>	<b>\$13.8</b>	<b>\$59.2</b>	<b>\$35.9</b>
Income tax expense	2.8	2.8	12.3	7.4
<b>Adjusted operating income<sup>(3)</sup></b>	<b>\$10.6</b>	<b>\$11.0</b>	<b>\$46.9</b>	<b>\$28.5</b>
Net realized gains (losses) net of tax	(0.7)	-	0.1	0.7
Net unrealized (losses) gains on equity securities, net of tax	(5.0)	(1.0)	(20.7)	7.2
Impact of LPT net of tax	(7.3)	-	(7.3)	-
Other income (expenses) net of tax	-	-	-	2.8
Goodwill and other intangible impairment net of tax	-	-	-	(2.2)
<b>Net (loss) income</b>	<b>(\$2.4)</b>	<b>\$10.0</b>	<b>\$19.0</b>	<b>\$37.0</b>
Net change in unrealized (losses) gains on fixed income securities net of tax	(17.8)	(1.7)	(49.3)	(4.7)
Reclassification adjustment for gains on fixed income securities no longer held net of tax	-	0.2	0.4	0.4
Total other comprehensive (loss) income	<b>\$(17.8)</b>	<b>\$(1.5)</b>	<b>(\$48.9)</b>	<b>(\$4.3)</b>
<b>Comprehensive (loss) income</b>	<b>\$(20.2)</b>	<b>\$8.5</b>	<b>(\$29.9)</b>	<b>\$32.7</b>
<b>Other Select Financial Information</b>				
Loss ratio excluding LPT <sup>(2)</sup>	64.8%	69.0%	63.8%	68.3%
Expense ratio	29.1%	25.5%	28.8%	26.3%
<b>Combined ratio excluding LPT<sup>(2)</sup></b>	<b>93.9%</b>	<b>94.5%</b>	<b>92.6%</b>	<b>94.6%</b>
Combined ratio excluding LPT and CAT <sup>(2)</sup>	91.9%	89.9%	91.6%	92.1%
Annualized ROE <sup>(4)</sup>	(2.3)%	9.4%	6.1%	12.0%
Annualized adjusted ROE <sup>(5)</sup>	10.4%	10.3%	15.2%	9.2%
Annualized adjusted ROTE <sup>(6)</sup>	13.4%	13.2%	19.4%	11.8%

- (1) Adjusted to conform to the presentation of the current period financial statements including restatement of comprehensive income of \$8.5 and \$32.7 compared to the previously reported comprehensive income of \$6.3 and \$29.3 for the three and nine months ended September 30, 2021, respectively. The unusual items disclosed above total \$nil and \$0.6 for the three and nine months ended September 30, 2021, respectively, are a restatement due to timing of the previously reported unusual items of \$nil and \$(1.5) in each of the three and nine months ended September 30, 2021, respectively.
- (2) Does not include charges related to the LPT transaction completed in Q1 2020, development subject to LPT or other unusual items. See Westaim's Q3 2022 MD&A for details.
- (3) Adjusted operating income (loss) is defined as net income (loss) excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook, such as realized gains (losses) on invested assets, unrealized gains (losses) on equity securities, goodwill impairment, other income (expenses), and net impact of certain reinsurance agreements, net of tax impact.
- (4) Annualized ROE is net income (loss) expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period. Annualized ROE is a non-GAAP measure.
- (5) Annualized adjusted ROE is adjusted operating income (loss) expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period. Annualized adjusted ROE is a non-GAAP measure.
- (6) Annualized adjusted ROTE is adjusted operating income (loss) expressed on an annualized basis as a percentage of average beginning and ending tangible stockholders' equity during the period. Tangible stockholders' equity is GAAP stockholders' equity less goodwill and intangible assets at the end of the respective periods. Annualized adjusted ROTE is a non-GAAP measure.

## Written Premium Growth

- GWP increased 25.6% in Q3 2022 vs. Q3 2021 and NWP increased 31.1% in Q3 2022 vs. Q3 2021; GWP increased 22.8% in YTD Q3 2022 vs. YTD Q3 2021 and NWP increased 27.7% in YTD Q3 2022 vs. YTD Q3 2021
- GWP increase for the continuing business, which excludes business exited by the company as its portfolio was repositioned over the past two years, was 30.2% in Q3 2022 vs Q3 2021; 34.5% in YTD Q3 2022 vs YTD Q3 2021

## Underwriting Profitability

- Underwriting result was \$9.5 million in Q3 2022 vs. \$7.3 million in Q3 2021; and \$33.0 million in YTD Q3 2022 vs. \$20.0 million in YTD Q3 2021
- The combined ratio excluding LPT of 93.9% in Q3 2022 improved vs. 94.5% in Q3 2021 due to a changing mix of business, including the continued run-off of exited business; and 92.6% for YTD Q3 2022 vs. 94.6% YTD Q3 2021
- The loss ratio for the YTD 2022 improved primarily driven by lower catastrophe losses and the impact of the continued run-off of exited business

## Investment Performance

- Net Investment Income - Negative performance in Q3 2022 and positive performance YTD vs. prior year was due to volatile pricing of profitable investments in its opportunistic fixed income portfolio which is reported within Net Investment Income, partially offset by higher interest income on its core fixed income portfolio
- Higher interest rates allow Skyward Specialty to invest and reinvest its cash and fixed income maturities at the highest yields in many years

## Operating Profitability

- Adjusted Operating Income was strong at \$10.6 million in Q3 2022 vs. \$11.0 million in Q3 2021; Adjusted Operating Income was \$46.9 million YTD 2022 vs. \$28.5 million YTD 2021

## Other Items

- Gains (Losses) on Equities - Unrealized losses on equity securities after tax of \$5.0 million in Q3 2022 and \$20.7 million YTD due to decline in equity markets during the periods
- Other comprehensive loss in Q3 2022 was \$17.8 million relating to the after-tax change in the carrying value of the core fixed income portfolio; Other comprehensive loss of \$48.9 in YTD Q3 2022; credit quality of the portfolio remains very strong

# SKYWARD SPECIALTY - SUMMARY BALANCE SHEETS



(Currency amounts in millions of US\$)

As at	September 30, 2022	June 30, 2022	December 31, 2021
Investments	\$1,017.9	\$989.4	\$949.4
Cash and restricted cash	106.1	97.8	107.3
Insurance related assets	1,052.3	1,105.2	936.5
Deferred tax asset	41.9	36.4	33.7
Goodwill and other intangible assets	90.2	90.6	91.3
<b>Total assets</b>	<b>\$2,308.4</b>	<b>\$2,319.4</b>	<b>\$2,118.2</b>
Insurance related liabilities	\$1,780.1	\$1,771.3	\$1,563.6
Notes payable	50.0	50.0	50.0
Trust preferred securities	78.5	78.5	78.5
<b>Total liabilities</b>	<b>\$1,908.6</b>	<b>\$1,899.8</b>	<b>\$1,692.1</b>
Stockholders' equity	\$451.0	\$453.0	\$430.5
Accumulated other comprehensive (loss) income	(44.3)	(26.5)	4.7
<b>Adjusted stockholders' equity</b>	<b>\$406.7</b>	<b>\$426.5</b>	<b>\$435.2</b>
Stock notes receivable	(6.9)	(6.9)	(9.1)
<b>Total stockholders' equity</b>	<b>\$399.8</b>	<b>\$419.6</b>	<b>\$426.1</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$2,308.4</b>	<b>\$2,319.4</b>	<b>\$2,118.2</b>

- Adjusted stockholders' equity decreased to \$406.7 million or (-6.5%) from Q4 2021 primarily reflecting net income of \$19.0 million primarily offset by \$48.9 million of unrealized losses after tax on the core fixed income portfolio
- Skyward Specialty's investment portfolio entered 2022 in a uniquely advantageous position. With cash balances kept deliberately high at the start of the year and cultivating new manager relationships allowed Skyward Specialty to be more nimble when traditional asset classes became more compelling as interest rates have increased
- Skyward Specialty's financial position remains strong, with a debt to capitalization of 24.3% as at September 30, 2022
- Skyward Specialty has confidentially filed a Form S-1 with the SEC in consideration of a possible initial public offering

# SKYWARD SPECIALTY - ADJUSTED STOCKHOLDERS' EQUITY: FOR THREE MONTHS ENDED SEPTEMBER 30, 2022<sup>(1)</sup>



Currency amounts in millions of US\$

Any terms not defined in this document are defined in Westaim's September 30, 2022 MD&A and slide 15 of this presentation.

(1) The adjusted stockholders' equity of Skyward Specialty as at June 30, 2022 and September 30, 2022 reflects the Skyward Specialty stockholders' equity obtained from the unaudited financial statements of Skyward Specialty as at and for the three months and nine months ended September 30, 2022 prepared in accordance with accounting principles generally accepted in the United States of America, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares.

# SKYWARD SPECIALTY - ADJUSTED STOCKHOLDERS' EQUITY: FOR NINE MONTHS ENDED SEPTEMBER 30, 2022<sup>(1)</sup>



Currency amounts in millions of US\$

Any terms not defined in this document are defined in Westaim's September 30, 2022 MD&A and slide 15 of this presentation.

(1) The adjusted stockholders' equity of Skyward Specialty as at September 30, 2022 reflects the Skyward Specialty stockholders' equity obtained from the unaudited financial statements of Skyward Specialty as at and for the three months and nine months ended September 30, 2022 prepared in accordance with accounting principles generally accepted in the United States of America, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares. The adjusted stockholders' equity of Skyward Specialty as at December 31, 2021 reflects the Skyward Specialty stockholders' equity obtained from the audited financial statements of Skyward Specialty as at and for the year ended December 31, 2021 prepared in accordance with accounting principles generally accepted in the United States of America, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares.

# SKYWARD SPECIALTY – HIGH QUALITY INVESTMENT PORTFOLIO



*Skyward Specialty has a well diversified portfolio designed to produce stable and predictable income augmented by attractive risk-adjusted returns*

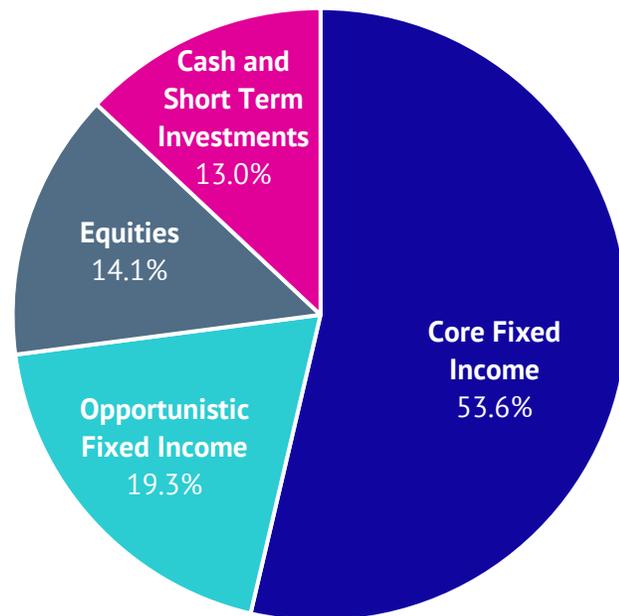
*Key tenets of our investment strategy include capital preservation, asset-liability duration matching, and a balanced risk-reward approach*

## Investment Portfolio as of September 30, 2022

Total Cash and  
Invested Assets:  
**\$1.1 Billion**

Duration<sup>(1)</sup>:  
**3.2 years**

Weighted Average  
Credit Quality<sup>(2)</sup>:  
**“AA”**



## Detail by Asset Class

- **Cash and Short Term Investments** – Cash, cash equivalents, money market funds and other highly liquid short-term investments
- **Core Fixed Income** – Investment grade fixed income securities that are highly-rated and liquid
- **Opportunistic Fixed Income** – Highly diversified and uncorrelated portfolio of predominantly short duration, floating rate, collateralized senior loans that produce attractive risk-adjusted returns
- **Equities** – Highly liquid portfolio of publicly-traded equities comprised of domestic and international common and preferred stock (74%), and select private equity investments (26%)

*Skyward Specialty expects to strategically increase its allocation to investment grade fixed income as interest rates increase*

(1) Duration shown for the Core Fixed Income and Opportunistic Fixed Income portfolios as of September 30, 2022.

(2) Weighted average credit quality of the Fixed Income portfolio using the NAIC methodology as it relates to NRSRO ratings, and excludes Cash and Short Term, Opportunistic Fixed Income and Equities.



ARENA  
I N V E S T O R S  
G R O U P H O L D I N G S

# Seeing What's Possible

Arena Investors is a global financial institution with over 120 people across 7 global offices and operating in over 20 countries including its joint ventures and affiliates

All data is as of **September 30, 2022**  
unless otherwise specified



## ABOUT ARENA INVESTORS <sup>(1)</sup>

**\$3.5B**

Assets Under Management (“AUM”)

**~\$200M**

of AUM is employee and related capital

Vast Global Origination and Servicing Network

Offices in New York, Jacksonville, San Francisco, Dublin, London (UK), Singapore and Bengaluru (India) <sup>(2)</sup>

**~\$4.4B**

deployed into 345+ privately negotiated transactions since launch in 2015

- Credit-oriented, asset backed investments, but not “traditional private credit”.
- Broad Platform – capabilities across Corporate, Real Estate, Structured Finance, and Corporate Securities allow the firm to find the most compelling opportunities across cycles and market environments.
- Global firm with a deep sourcing and servicing infrastructure, which also means:
  - The Firm seeks to avoid the overheated areas that have and could potentially suffer in today’s market environment.
  - Servicing infrastructure has allowed the Firm to manage any situations that have not materialized as expected, and make more than initially expected, on average, in those situations.<sup>(3)</sup>
  - End-to-end IT systems govern and managing investments, giving Arena Investors’ robust governance, transparency and a demonstrable edge.
- While Arena Investors maintains this depth, breadth, global focus and infrastructure – our average transaction sizes are <\$50 million such that we avoid any competition from similarly situated “mega-firms”.
- “Private Credit” investors are migrating to Arena Investors’ world-view, given the post-crisis bull market is likely turning.

(1) The AUM of Arena Investors includes employee capital, co-invest, and capital committed but not yet deployed of \$851 million as of October 1, 2022.

(2) The Jacksonville, Dublin and Bengaluru offices are used by Arena Investors affiliates: Quaestor Advisors, LLC, an Arena Investors EF Designated Activity Company. Singapore office used by Arena Investment Management (Singapore) Pte. Ltd. and Quaestor Advisors, LLC.

(3) For illustrative purposes only. There can be no guarantee results will be achieved. Actual results may vary.



## Differentiated Approach

- Arena is a growing global financial institution
  - Mandate flexibility and diversification contribute to consistency across cycles
  - Proprietary sourcing and global infrastructure with a focus on small size
  - Servicing and systems that govern process, protect invested capital and add considerable value
  - Intellectual property that can be leveraged for its investors as well as third parties

## Proven Performance

- ~\$4.4 billion deployed into 345+ privately negotiated transactions
- 181 exited privately negotiated transactions with 165 multi-strategy investments having a realized IRR of 17.7% gross<sup>(1)</sup>
- The portfolio has had positive results in 77 of the 84 months since inception<sup>(2)</sup>
- Consistent and uncorrelated performance; stable results through COVID-19

## Driving Third-Party Assets Under Management

- Arena Investors' AUM<sup>(3)</sup> have grown at a compound annual growth rate of ~51% from December 31, 2015 to October 1, 2022
- \$3.5 billion in assets under management<sup>(3)</sup> and growing

## Well Positioned To Drive Operating Leverage

- Now reaching a point where future growth will have significant operating leverage as fee-paying AUM grows
- Focused on driving valuable fee-related earnings and cash flow for distribution

(1) Number of total private investments inclusive of Arena Investors' multi-strategy investment vehicles as well as Stable Income – Real Estate Credit strategy investments. In addition to exited investments in Arena Investors' multi-strategy, 151 active positions have an underwritten IRR of 18.3% and a current IRR of 8.7%. Current IRR reflects all investment activity, i.e., prior actual cash flows and future projected cash flows (which are discounted as of the reporting date), from the inception of each applicable investment through 09/30/2022. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease. See net performance and relevant disclosures on slide 25. Past performance is not indicative of future performance. Actual results may vary. Performance of all vehicles is available upon request.

(2) Through September 30, 2022 and based on composite gross performance, see net performance and relevant disclosures on slide 25. Past performance is not indicative of future performance. Actual results may vary.

(3) AUM as of October 1, 2022 and includes undrawn commitments totaling \$851 million for closed-end, SMA, and Excess Capacity Funds (New Zealand Real Estate Credit).



(dollars in millions)

	Q3 2022	Q3 2021	YTD Q3 2022	YTD Q3 2021
<b>Recurring Revenue</b>				
Management Fees	\$ 8.1	\$ 6.4	\$ 23.6	\$ 16.8
Servicing Fees	2.9	1.9	8.3	4.9
Other Income	(0.2)	0.1	(0.1)	0.3
<b>Recurring Revenue</b>	<b>\$ 10.8</b>	<b>\$ 8.4</b>	<b>\$ 31.8</b>	<b>\$ 22.0</b>
Operating Expenses	(9.5)	(8.8)	(28.3)	(24.6)
<b>Fee Related Earnings (Loss)</b>	<b>\$ 1.3</b>	<b>\$ (0.4)</b>	<b>\$ 3.5</b>	<b>\$ (2.6)</b>

**Incentive Income**

Incentive Fees	\$ (8.9)	\$ 5.7	\$ 5.5	\$ 19.0
Incentive Fee Compensation <sup>1</sup>	(0.2)	(3.0)	(6.5)	(6.9)
<b>Net Incentive Fees</b>	<b>\$ (9.1)</b>	<b>\$ 2.7</b>	<b>\$ (1.0)</b>	<b>\$ 12.1</b>

**Net (Loss) Income**

<b>EBITDA</b>	<b>\$ (7.8)</b>	<b>\$ 2.3</b>	<b>\$ 2.5</b>	<b>\$ 9.5</b>
Depreciation	(0.1)	(0.0)	(0.2)	(0.1)
Interest Expense	(0.3)	(0.3)	(1.0)	(1.1)
Taxes (Foreign)	(0.0)	(0.0)	(0.1)	(0.0)
<b>Net (Loss) Income</b>	<b>\$ (8.2)</b>	<b>\$ 2.0</b>	<b>\$ 1.2</b>	<b>\$ 8.3</b>

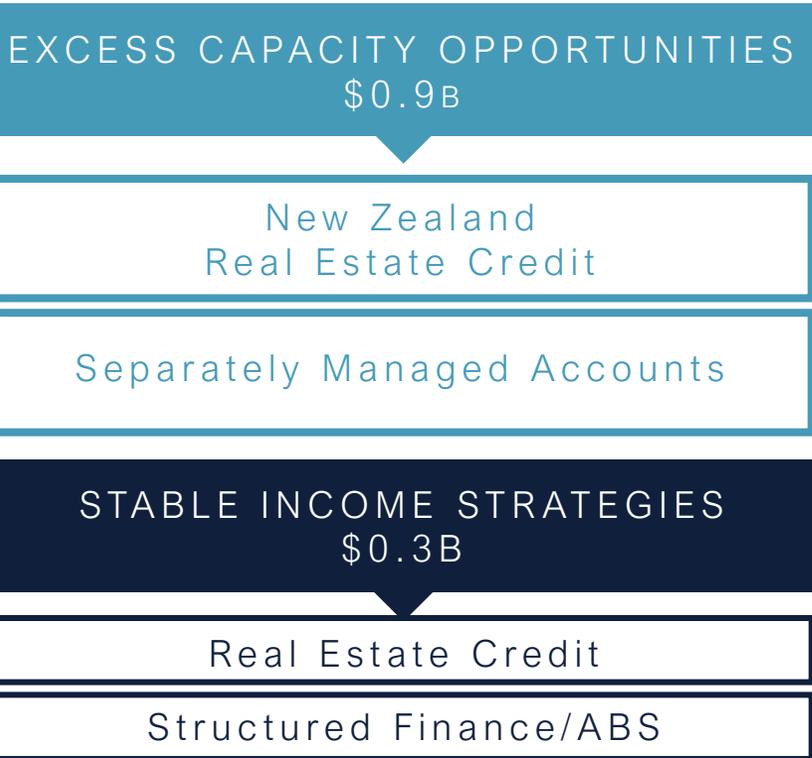
**Q3 2022 Results:**

- Net loss was \$8.2 million for Q3 2022, compared to \$2.0 million income in Q3 2021
- Management fee revenue was \$8.1 million for Q3 2022, compared to \$6.4 million in Q3 2021
- Service fee revenue was \$2.9 million for Q3 2022, compared to \$1.9 million in Q3 2021
- Net incentive income was (\$9.1) million for Q3 2022, and (\$1.0) million YTD Q3 2022, compared to \$2.7 million in Q3 2021 and \$12.1 million YTD 2021 driven by a volatile market environment in 2022 and a reduction in accrual incentive fees
- Recurring revenue continues to grow. Fee-related earnings continue to accumulate through Q3 2022. Arena Investors is now reaching a point where future growth is well positioned to drive significant operating leverage given the overall platform has largely been built-out ahead of this growth.

(1) Arena Investors is under no contractual obligation (past or future) to pay Incentive Fees earned to employees.



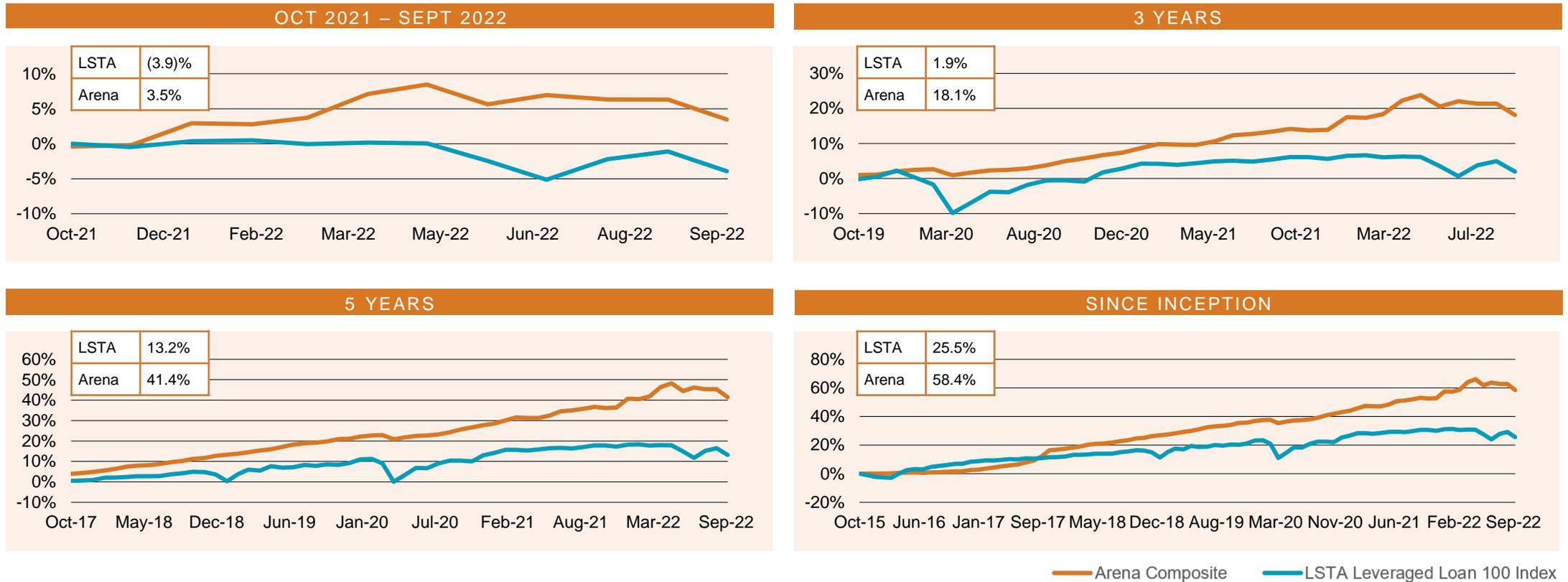
\$3.5B AUM<sup>(2)</sup>



(1) All vehicles are asset-liability matched with respect to redemptions.

(2) The AUM includes employee capital, co-invest, and capital committed but not yet deployed totaling \$851 million (except where noted) as of October 1, 2022.

Arena Investors’ core investment strategy seeks to build a highly diversified and uncorrelated portfolio of investments. Consistent performance including stable performance during COVID-19. Our one-year, three-year, five-year and since inception track records have also outperformed the Loan Syndications and Trading Association (“LSTA”) Leveraged Loan 100 index on a cumulative net return basis.



(1) This composite is comprised of one onshore open-ended fund and one offshore open-ended fund, which commenced operations on October 1, 2015 and March 1, 2016, respectively. For the period from March 1, 2016 until September 30, 2018, the offshore fund received an expense subsidy for monthly expenses in excess of 0.10% of NAV. Time-weighted monthly returns are calculated net of annual management fees of 2%, 0.5% asset servicing expense and an incentive fee of 20%, which represent the standard fees charged to Fund investors. Returns for the month of September 2022 are estimated and not yet finalized. All returns are based on the reinvestment of principal, interest and dividends received by the composite. Cumulative returns are not annualized. The LSTA Leveraged Loan 100 Index are presented gross of any expenses or fees. For the one-year, three-year, five-year, and since inception track records as indicated above, the LSTA Leveraged Loan 100 Index cumulative returns were (3.92)%, 1.95%, 13.17%, and 25.53% respectively. Past performance is not indicative of future performance. Actual results may vary.



Arena Investors’ AUM (including undrawn commitments) contracted \$50 mm in Q3 2022 largely due to fund performance. From December 31, 2015, to September 30, 2022, AUM has grown at a compounded annual growth rate of over 50%.

Arena Investors – AUM Through September 30, 2022<sup>1</sup>



(1) AUM includes undrawn commitment for closed-end, SMA, and New Zealand Real Estate Credit Partners I and II Funds.

# Arena Investors – Deal Structure Aligns Arena Management and Westaim

- Arena Investors was founded by Dan Zwirn and Westaim in August 2015 under an arrangement designed to align Arena Investors’ senior management interests very tightly with those of Westaim and its shareholders. The principal elements of the arrangement include:
  - **Funding:** Westaim would fund the start-up expenses and operating losses of Arena Investors until profitability in order to build out an institutional quality, front and back office platform that was positioned to scale as the business grows. In 2021, the build out of the platform was largely completed, with an outstanding loan payable from Arena Investors to Westaim at Q3 2022 of \$24.0 million. This loan is to be repaid before the distribution of earnings of Arena Investors to its members (i.e. Westaim and BP LLC, a holding company owned by members of Arena Investors’ senior management team).
  - **Ownership and Profit Participation:** A structure was developed by which BP LLC would effectively “Earn-In” to its ownership of Arena Investors over time as the business reached thresholds of: (i) AUM; and (ii) trailing twelve month EBITDA margin. A profit participation would entitle the party to participate in cash distributions from Arena Investors, while ownership would entitle the party to actual ownership of the enterprise. The following table details possible future changes to profit participation and ownership interest agreed between Westaim and BP LLC:

As at September 30, 2022

	Trailing Twelve Month Revenue (TTM) to EBITDA Margin	AUM Threshold	BP LLC		Westaim	
			Profit Percentage	Equity Ownership	Profit Percentage	Equity Ownership
(i)	<35%	< \$1 billion	49.0%	-	51.0%	100.0%
(ii)	>35%	>\$1 billion	49.0%	49.0%	51.0%	51.0%
(iii)	>50%	>\$2 billion	54.5%	54.5%	45.5%	45.5%
(iv)	>55%	>\$3 billion	60.0%	60.0%	40.0%	40.0%
(v)	>60%	>\$4 billion	67.5%	67.5%	32.5%	32.5%
(vi)	>60%	>\$5 billion	75.0%	75.0%	25.0%	25.0%

- **BP LLC Investment in Westaim Shares:** As a further alignment of interests, BP LLC committed to invest 25% of the first \$100 million of pre-tax distributions received from Arena Investors, and 12.5% thereafter to acquire Westaim common shares in the public market at the time, up to a 19.9% ownership of the outstanding Westaim common shares. Distributions are expected to commence once the outstanding loan to Westaim is repaid.
- Effective April 1, 2022, BP LLC achieved the threshold to increase its equity ownership of Arena Investors from 0% to 49%. As a result, Westaim’s equity ownership decreased from 100% to 51% to equal the share of profits.
- Once a TTM EBITDA Margin threshold is breached it is not reduced regardless of subsequent performance.



**ARENA**  
**Arena FINCOs**

# Arena FINCOs: Summary of Operating Results

(Currency amounts in millions of US\$)	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Investment (loss) income	(\$0.8)	\$2.6	\$3.3	\$5.6
Net gain on investments	0.3	(1.1)	7.9	11.1
Interest expense	(1.0)	(0.9)	(3.0)	(2.6)
<b>Net investment income</b>	<b>(\$1.5)</b>	<b>\$0.6</b>	<b>\$8.2</b>	<b>\$14.1</b>
Operating expenses:				
Management and asset servicing fees	(1.2)	(1.1)	(3.3)	(3.2)
Incentive fees recovery (expense)	0.2	0.1	(0.5)	(0.8)
Other operating expenses	(0.1)	(0.4)	(0.6)	(0.7)
<b>Net performance of Arena FINCOs*</b>	<b>(\$2.6)</b>	<b>(\$0.8)</b>	<b>\$3.8</b>	<b>\$9.4</b>
Advisory fees paid to the Company	-	-	(0.1)	(0.1)
<b>Net operating results of the Arena FINCOs</b>	<b>(\$2.6)</b>	<b>(\$0.8)</b>	<b>\$3.7</b>	<b>\$9.3</b>
<b>Gross investment return</b>	(1.0%)	0.4%	4.8%	8.7%
<b>Net investment return*</b>	(1.5%)	(0.4%)	2.2%	5.8%

- Q3 2022 Net Loss was \$2.6 million (-1.5% net investment return) compared to Q3 2021 Net Loss of \$0.8 million (-0.4% net investment return)
- Arena FINCOs were negatively impacted by mark to market valuations due to volatile markets of profitable investments

\* Net investment return does not include certain corporate level advisory fees and interest paid to Westaim, and other corporate level expenses.

# Arena FINCOs: Summary of Net Assets

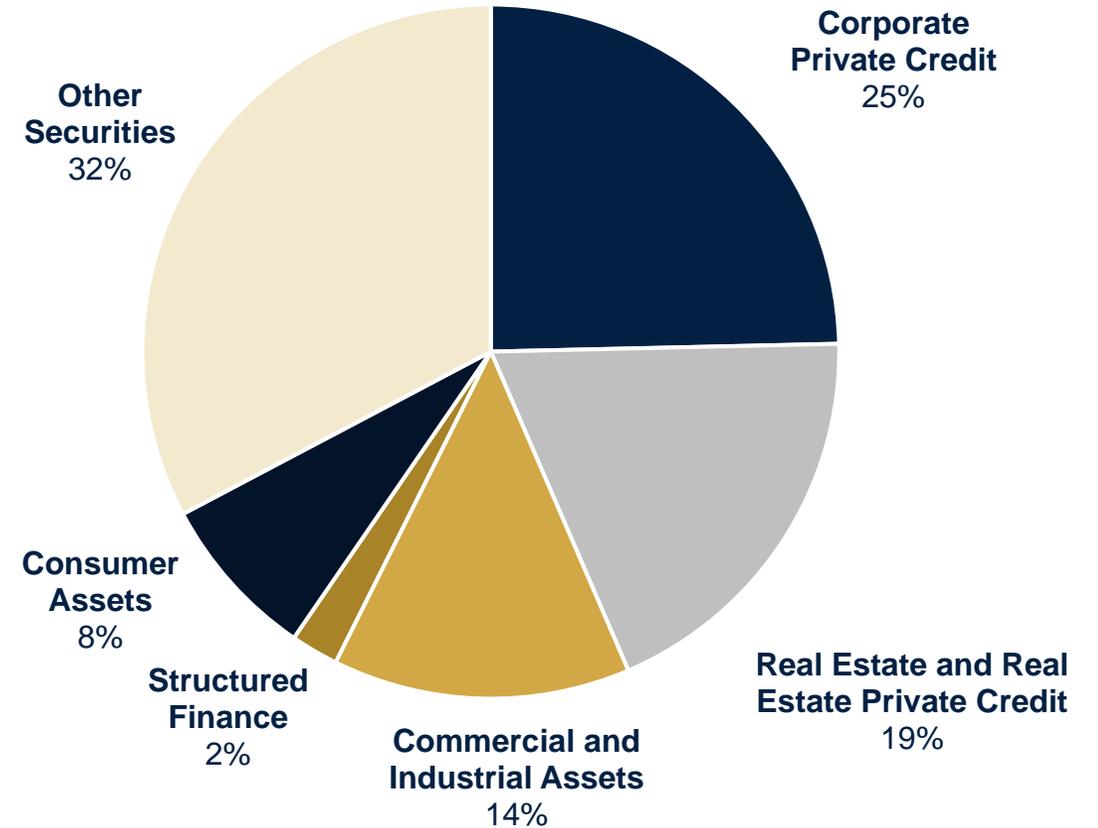
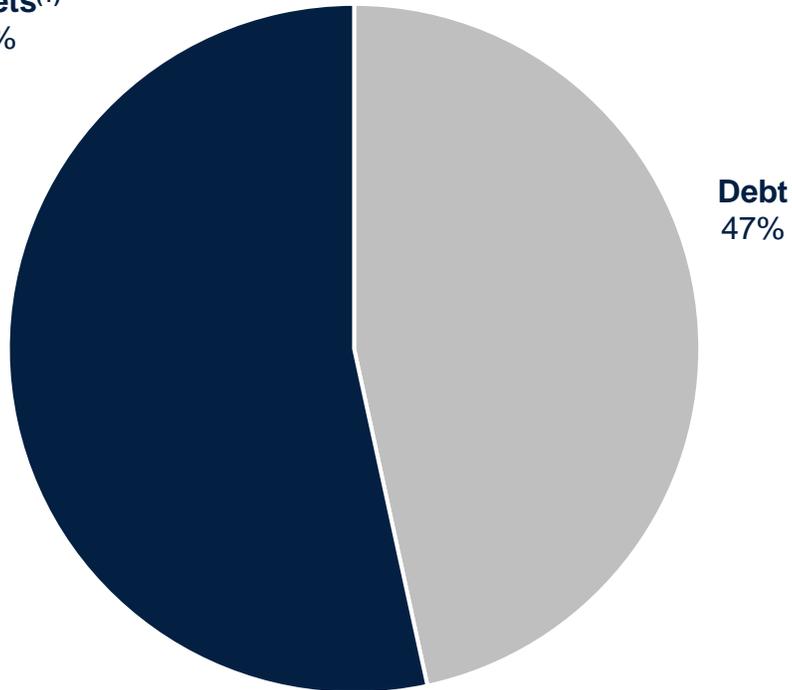
(Currency amounts in millions of US\$) Fair Value	September 30, 2022	June 30, 2022	December 31, 2021
Cash and cash equivalents	\$11.7	\$4.6	\$36.3
Due from brokers, net	(29.0)	(30.3)	(1.7)
<b>Investments:</b>			
Corporate Private Credit	56.3	63.4	54.9
Real Estate Private Credit and Real Estate Assets	43.2	52.1	29.1
Commercial and Industrial Assets	31.5	33.9	38.7
Structured Finance	5.0	3.9	3.7
Consumer Assets	17.6	15.7	10.4
Other Securities	74.8	81.7	46.1
<b>Total Investments</b>	<b>\$228.4</b>	<b>\$250.7</b>	<b>\$182.9</b>
Senior secured notes payable	(43.9)	(43.9)	(43.7)
Revolving credit facility payable	(6.6)	(16.5)	(7.0)
Other net assets	8.0	9.5	6.0
<b>Net assets of the Arena FINCOs</b>	<b>\$168.6</b>	<b>\$174.1</b>	<b>\$172.8</b>
<b>Changes in Investment in Arena FINCOs</b>	<b>Q3 2022</b>	<b>YTD Q3 2022</b>	
Opening balance	\$174.1	\$172.8	
Unrealized gain before dividends	(2.6)	3.7	
Dividends paid to Westaim	(2.9)	(7.9)	
<b>Ending balance</b>	<b>\$168.6</b>	<b>\$168.6</b>	

- The combination of the secured notes and revolving credit facility are being utilized for efficient treasury management, limiting cash drag, and enhancing returns
- The composition of the portfolio, with 53% in equity/REO/hard assets<sup>(1)</sup>, contributes to fair market value volatility of these invested assets through unrealized net gains

(1) Equity / REO / Hard Assets reflects any hard asset ownership, in which Arena FINCO has direct ownership rights of the asset, including real estate owned investments (REO), private assets, and corporate entities.

# Arena FINCOs: Portfolio breakdown as at September 30, 2022

**Equity /  
REO / Hard  
Assets<sup>(1)</sup>**  
53%



***Arena FINCOs held 284 positions at September 30, 2022 compared to 203 positions at December 31, 2021***

(1) Equity / REO / Hard Assets reflects any hard asset ownership, in which Arena FINCO has direct ownership rights of the asset, including real estate owned investments (REO), private assets, and corporate entities.



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