



# Q4 2022 Investor Presentation

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March 30, 2023

# Disclaimer

## Safe Harbour Statement

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Supplementary financial measures concerning Skyward Specialty contained in this presentation are unaudited and have been derived the Skyward Specialty Fourth Quarter 2022 Results press release dated February 28, 2023 and the Skyward Specialty Form 10-K Annual Report for its fiscal year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission at [www.sec.gov/edgar](http://www.sec.gov/edgar). Such statements are the responsibility of the management of Skyward Specialty. The Skyward Specialty Supplementary Financial Measures, including any Skyward Specialty non-GAAP (as defined herein) measures contained therein, have 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 International Financial Reporting Standards (“IFRS”).

The Skyward Specialty Supplementary Financial Measures (the “Skyward Specialty Supplementary Financial Measures”) should be read in conjunction with the Company’s historical financial statements including the notes thereto and the related MD&A as well as the Company’s other public filings. For more information about Skyward Specialty, please see Skyward Specialty’s audited financial statements for the year ended December 31, 2022 available at [www.sec.gov/edgar](http://www.sec.gov/edgar).

The Skyward Specialty Supplementary Financial Measures have been provided solely by Skyward Specialty. Although Westaim has no knowledge that would indicate that any of the Skyward Specialty Supplementary Financial Measures contained herein are untrue or otherwise misleading, neither Westaim nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by Skyward Specialty to disclose to Westaim events or facts which may have occurred or which may affect the significance or accuracy of any such financial information but which are unknown to Westaim.

Westaim disclaims and excludes all liability (to the extent permitted by law), for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the Skyward Specialty Supplementary Financial Measures, its accuracy, completeness or by reason of reliance by any person on any of it.

# Disclaimer

## Safe Harbour Statement

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Supplementary financial measures concerning the Arena FINCOs and Arena Investors (the “Arena Supplementary Financial Measures”) contained in this presentation are unaudited and have been derived from the audited consolidated financial statements of the Arena FINCOs and Arena Investors for the years ended December 31, 2022 and 2021 and the unaudited consolidated financial statements of Arena FINCOs and Arena Investors for the three months ended December 31, 2022 and 2021, which have been prepared in accordance with either IFRS or US GAAP. Such statements are the responsibility of the management of the Arena FINCOs and Arena Investors. The Arena Supplementary Financial Measures, including any Arena FINCOs and Arena Investors non-GAAP measures contained therein, may not be reconciled to IFRS and so may not be comparable to the financial information of issuers that present their financial information in accordance with IFRS.

The Arena Supplementary Financial Measures should be read in conjunction with the Company’s historical financial statements including the notes thereto and the related MD&A as well as the Company’s other public filings.

The Arena Supplementary Financial Measures have been primarily provided by the management of the Arena FINCOs and Arena Investors. Although Westaim has no knowledge that would indicate that any of the Arena Supplementary Financial Measures contained herein are untrue or otherwise misleading, neither Westaim nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by the Arena FINCOs and Arena Investors to disclose to Westaim events or facts which may have occurred or which may affect the significance or accuracy of any such financial information but which are unknown to Westaim.

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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.

**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”) is a non-GAAP measure – see section 15 of Westaim’s MD&A for the quarter and year ended December 31, 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 Insurance Group, Inc. contained in this presentation are unaudited and have been derived the Skyward Specialty Fourth Quarter 2022 Results press release dated February 28, 2023 and the Skyward Specialty Form 10-K Annual Report for its fiscal year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission at [www.sec.gov/edgar](http://www.sec.gov/edgar).

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 and year ended December 31, 2022 available on [www.sedar.com](http://www.sedar.com) for Skyward Specialty’s non-GAAP measures.

### Arena FINCOs and Arena Investors

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

Net Return (a non-GAAP measure) 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 (a non-GAAP measure) 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.

Gross Underwritten IRR (a non-GAAP measure): 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.

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 December 31, 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 Investors, detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments and for establishing a benchmark for future evaluation of Arena Investors’ strategy. The IRRs are also being presented because financially sophisticated investors may find this information useful in determining where Arena Investors’ 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 Investors vehicles will achieve any particular return with respect to any particular investment opportunity or for a particular time period, or that Arena Investors and its investors will not incur losses. In evaluating these IRRs, it should be noted that (a) there can be no assurance that Arena Investors 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 Investors has no obligation to update or revise such information other than as may be required by applicable law. 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 Investors 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 Investors funds and none is expected to develop. Arena Investors' 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 Investors may create an incentive for Arena Investors to make more speculative investments than would otherwise be the case. Arena Investors 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 Investors' 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 Investors in the future will be profitable. The particular investments discussed herein are those that most closely represent the current average-sized Arena Investors investment in a particular category (Corporate Private Investments, Real Estate Investments and Structured Finance and 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 Investors 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** (NASDAQ: SKWD) is a rapidly growing and innovative specialty insurance company, delivering commercial property and casualty products and solutions on a non-admitted and admitted basis. Skyward Specialty operates through eight underwriting divisions -- Accident & Health, Captives, Global Property, Industry Solutions, Professional Lines, Programs, Surety and Transactional E&S. SKWD stock is traded on the Nasdaq Global Select Market, which represents the top fourth of all Nasdaq listed companies.

For the year ended December 31, 2022, Skyward Specialty had approximately \$1.1 billion in annual gross written premiums and approximately \$2.4 billion in assets.

Skyward Specialty's highly experienced team of 448 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 \$163 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 Partnership ("HIIG Partnership") of 21.9% (December 31, 2021 – 22.0%), combined with its direct ownership of the Skyward Specialty preferred shares, which were 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 December 31, 2022. At December 31, 2022, based on the Company's control of the HIIG Partnership, and its ownership of convertible preferred shares, the Company held a 44.1% 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, Bernard Partners, LLC ("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 December 31, 2022.

# Westaim Q4 2022 Quarterly Operating Highlights

## 2022 was a transformative and profitable year for Westaim

*Skyward Specialty listed on NASDAQ; Arena Investors and Arena FINCOs continued to achieve solid investment returns across all funds*

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

- **Skyward Specialty's Net Income (100%) was \$20.4 million in Q4 2022 compared to Net Income of \$1.3 million in Q4 2021; Net Income was \$39.4 million FY 2022 compared to \$38.3 million FY 2021; Skyward Specialty's Adjusted Operating Income<sup>(1)</sup> was \$11.6 million in Q4 2022 compared to \$7.6 million in Q4 2021; Adjusted Operating Income was \$58.6 million FY 2022 compared to \$36.1 million FY 2021**
  - In January 2023, Skyward Specialty listed on the Nasdaq Global Select Market (the "NASDAQ") under the ticker symbol "SKWD"
  - Underwriting performance was strong with a combined ratio of 92.4% in Q4 2022 vs. 106.8% in Q4 2021; and 94.0% for FY 2022 vs. 97.8% FY 2021
  - Net investment income was \$5.3 million compared to \$4.0 million in Q4 2021; Net Investment Income was \$36.9 million FY 2022 vs. \$24.6 million FY 2021; Net Investment Income in Q4 2022 and FY 2022 benefited from increased income in core fixed income portfolio, due to a larger asset base as we increase our allocation to this part of our investment portfolio and higher net investment yields in our core fixed income portfolio of 3.7% and 3.0%, respectively, compared to 2.2% and 2.3%, respectively, for the same 2021 periods
  - Total stockholders' equity at December 31, 2022 decreased to \$421.7 million from \$426.1 million at December 31, 2022
  - Q4 2022 Annualized Return-on-equity ("ROE") of 19.9% vs. 1.2% in Q4 2021; Q4 Annualized Adjusted ROE of 11.3% in Q4 2022 vs. 7.1% in Q4 2021; FY 2022 ROE of 9.3% vs. 9.4% in FY 2021; YTD 2022 Annualized Adjusted ROE of 13.8% vs. 8.8% in FY 2021

### Arena Investors

- **Arena Investors' Q4 2022 Net Income (100%) was \$0.3 million compared to Q4 2021 Net Income of \$11.3 million; FY 2022 Net Income was \$1.5 million compared to FY 2021 Net Income of \$19.6 million**
  - Committed AUM at December 31, 2022 was \$3.5 billion, an increase from \$2.8 billion at December 31, 2021
  - Fee-Paying AUM at December 31, 2022 was \$2.6 billion, an increase from \$2.4 billion at December 31, 2021
  - Total Recurring Revenue was \$11.9 million in Q4 2022 vs. \$9.5 million in Q4 2021; FY 2022 was \$43.7 million compared to \$31.5 million FY 2021
  - In Q4 2022, fund performance resulted in a net incentive fees of \$0.1 million vs net incentive fee income of \$9.1 million in the prior year; FY 2022 was net incentive fee expense of \$1.7 million compared to net incentive fee income of \$21.2 million in FY 2021
  - Since inception, Arena Investors has deployed approximately \$4.7 billion into 350+ privately negotiated transactions, which averages 50 transactions per year; approximately 190 positions have been exited, including 32 in 2022, and have realized a 16.7% gross realized internal rate-of-return (IRR)
  - 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); In 2023, Arena Investors expects to be active in six fundraising campaigns across three core strategies – Multi-strategy, Stable Income and Excess Capacity
  - Arena Investors is now reaching a point where future growth will have significant operating leverage as fee-paying AUM grows

### Arena FINCOs

- **Arena FINCOs' Q4 2022 Net Loss was \$6.1 million (-3.6% net investment return) compared to Q4 2021 Net Income of \$0.5 million (0.3% net investment return); Arena FINCOs' FY 2022 Net Loss was \$2.4 million (-1.6% net investment return) compared to FY 2021 Net Income of \$9.8 million (6.1% net investment return)<sup>(2)</sup>**
  - At December 31, 2022, the fair value of Arena FINCOs was \$160.1 million compared to \$172.8 million at December 31, 2021, the reduction included distributions from Arena FINCOs to Westaim of \$10.3 million in FY 2022

### Westaim

- **Westaim's Q4 2022 Net Profit was \$32.8 million compared to Q4 2021 Net Profit of \$6.7 million; FY 2022 Net Profit of \$18.0 million compared to FY 2021 Net Profit of \$28.3 million**
  - GAAP diluted earnings per share in Q4 2022 of \$0.23 compared to Q4 2021 diluted earnings per share of \$0.04; GAAP diluted profit per share in FY 2022 of \$0.12 compared to FY 2021 Net Profit of \$0.19
  - At December 31, 2022, Westaim's fully diluted book value was \$363.2 million or \$2.56 (C\$3.46) per share compared to December 31, 2021 fully diluted 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 4 for Non-GAAP measures.

## Westaim Summary Quarterly Operating Results

(Amounts in millions of US\$ except per share data)	Three months ended December 31		Year ended December 31	
	2022	2021	2022	2021
(Loss) income from investments in Arena FINCOs and ASOF <sup>(1)</sup>	(\$6.1)	\$0.6	(\$2.4)	\$10.1
Income (loss) from investment in Skyward Specialty	40.5	(0.2)	26.8	11.3
Income from investment in Arena Investors	0.1	5.8	0.7	10.0
<b>Income from investments</b>	<b>\$34.5</b>	<b>\$6.2</b>	<b>\$25.1</b>	<b>\$31.4</b>
Holding company operating expenses	(1.6)	(1.8)	(7.2)	(6.8)
Preferred securities interest expense	(0.5)	(0.5)	(1.9)	(2.0)
Interest and fee income	0.6	0.6	2.3	2.4
<b>Net holding company operating and interest expenses</b>	<b>(\$1.5)</b>	<b>(\$1.7)</b>	<b>(\$6.8)</b>	<b>(\$6.4)</b>
Share-based compensation expense	(0.2)	0.5	(0.9)	(0.5)
Foreign exchange (loss) gain	(0.2)	-	0.1	(0.9)
Site restoration recovery	-	1.5	-	4.1
Derivative warrants - change in fair value gain	-	0.4	0.1	0.8
<b>Total net holding company (expenses) recovery</b>	<b>(\$1.9)</b>	<b>\$0.7</b>	<b>(\$7.5)</b>	<b>(\$2.9)</b>
Income tax recovery (expense)	0.2	(0.2)	0.4	(0.2)
<b>GAAP profit and comprehensive income</b>	<b>\$32.8</b>	<b>\$6.7</b>	<b>\$18.0</b>	<b>\$28.3</b>
GAAP earnings per share-diluted	\$0.23	\$0.04	\$0.12	\$0.19

- GAAP profit and comprehensive income in Q4 2022 was \$32.8 million (\$0.23 diluted earnings per share) compared to a GAAP profit and comprehensive income of \$6.7 million (\$0.04 diluted earnings per share) in Q4 2021
- GAAP profit and comprehensive income in FY 2022 was \$18.0 million (\$0.12 diluted earnings per share) compared to a GAAP profit and comprehensive income of \$28.3 million (\$0.19 diluted earnings per share) in FY 2021
- Westaim's investment in Skyward Specialty in Q4 2022 was \$40.5 million compared to a loss of \$0.2 million in Q4 2021. The valuation of Skyward Specialty at December 31, 2022 was \$218.9 million, consistent with the offering price of Skyward Specialty's early January 2023 initial public offering
- Arena FINCOs' and ASOF's diversified and uncorrelated portfolios produced a net loss of \$2.4 million in FY 2022 with an -1.6% net investment return compared to 6.1% in FY 2021
- Arena Investors increased fee-paying AUM to \$2.6 billion at December 31, 2022 vs. \$2.4 billion at December 31, 2021 resulting in higher management and service fee revenue and fee related earnings

(1) Arena Special Opportunities Fund, LP ("ASOF").



## Westaim Summary Statement of Financial Position

As at	December 31, 2022	September 30, 2022	December 31, 2021
<small>(Amounts in millions of US\$ except per share data)</small>			
<b>Assets</b>			
Cash	\$3.4	\$2.2	\$6.6
Other assets	0.8	0.5	0.8
Investment in Skyward Specialty	218.9	178.4	192.1
Investment in Arena FINCOs	160.1	168.6	172.8
Investment in Arena Investors	26.9	26.8	26.2
Investment in ASOF	3.2	3.2	3.2
<b>Total Assets</b>	<b>\$413.3</b>	<b>\$379.7</b>	<b>\$401.7</b>
<b>Liabilities</b>			
Accounts payable, income tax payable and accrued liabilities	\$13.1	\$12.7	\$13.9
Preferred securities	36.9	36.2	39.5
Derivative warrant liability	0.1	0.1	0.2
Deferred tax liability	-	0.3	0.4
<b>Total Liabilities</b>	<b>\$50.1</b>	<b>\$49.3</b>	<b>\$54.0</b>
Shareholders' equity	363.2	330.4	347.7
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$413.3</b>	<b>\$379.7</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>\$2.56</b>	<b>\$2.33</b>	<b>\$2.43</b>
<b>Fully diluted book value per share - in C\$<sup>1</sup></b>	<b>C\$3.46</b>	<b>C\$3.22</b>	<b>C\$3.07</b>

• Book value per share increased \$0.13 (5.3%) to \$2.56 at December 31, 2022 from \$2.43 at December 31, 2021

• In January 2023, Skyward Specialty listed on the Nasdaq Global Select Market under the ticker symbol "SKWD"

• The upsized IPO of 8,952,383 shares of Skyward Specialty common stock, consisting of 4,750,000 Skyward Specialty common shares sold by Skyward Specialty and 4,202,383 Skyward Specialty common shares sold by selling stockholders, at the public offering price of \$15.00 per Skyward Specialty common share

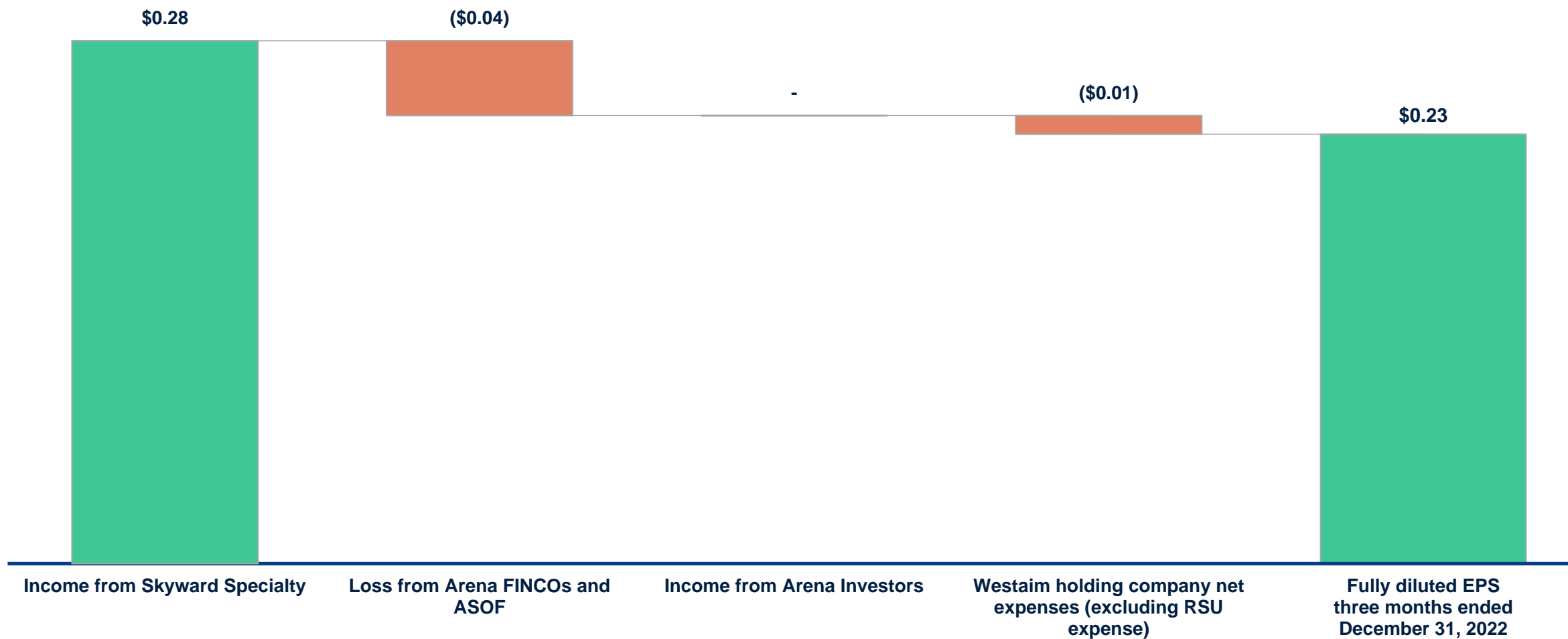
• The underwriters also exercised in full their option to purchase 1,342,857 additional Skyward Specialty common shares from the selling stockholders, at a price per share of \$15.00 per Skyward Specialty common share, less underwriting discounts and commissions

• Westaim received a distribution of \$10.3 million from Arena FINCOs in FY 2022

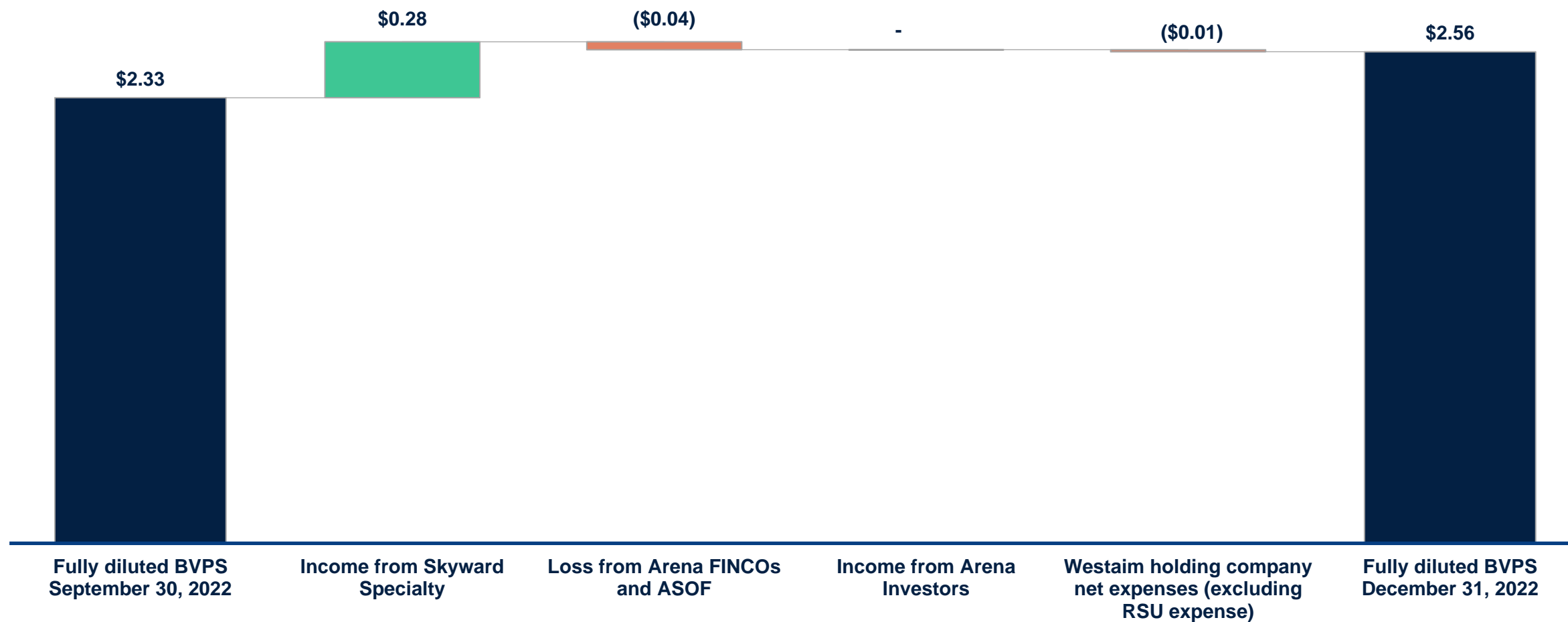
• Preferred securities liability reduction is due to the C\$50 million liability being revalued to US\$ at the current period FX rate

\* Period end exchange rates of USD to CDN: \$1.35360 at December 31, 2022, \$1.38135 at September 30, 2022 and \$1.26410 at December 31, 2021.

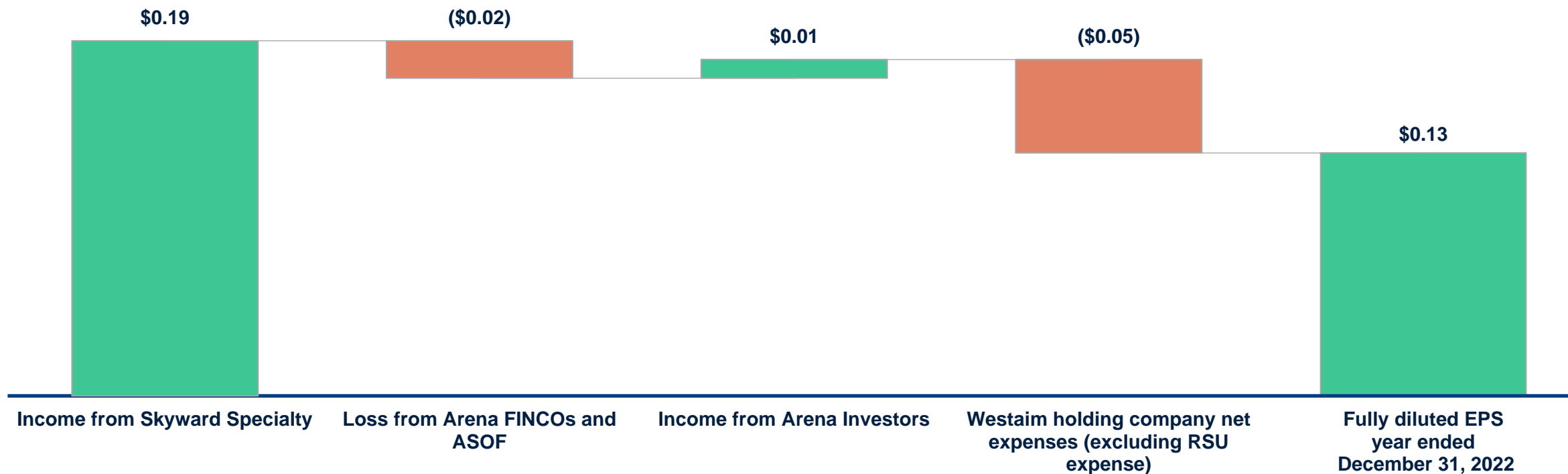
# Westaim Diluted Earnings per Share (US\$): Three months ended December 31, 2022



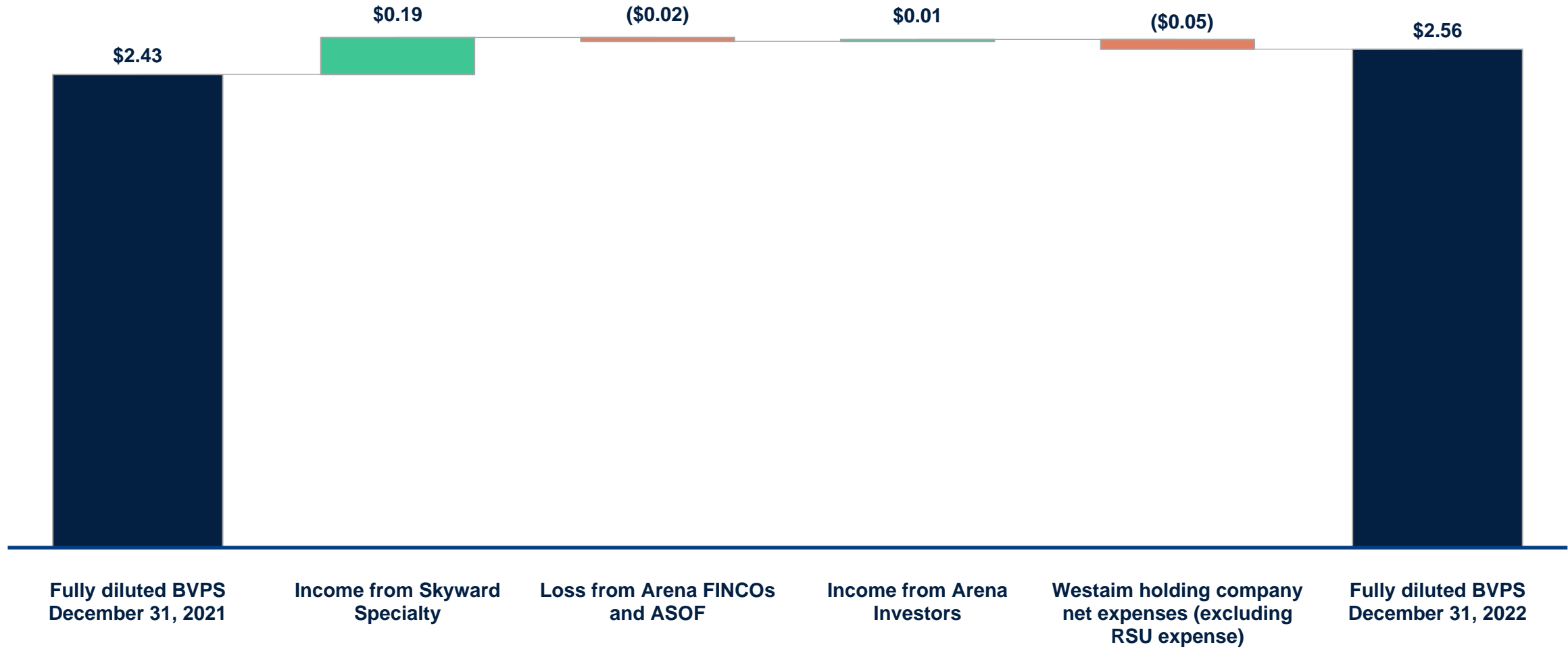
## Westaim Book Value per Share (US\$): Three months ended December 31, 2022



# Westaim Diluted Earnings per Share (US\$): Year ended December 31, 2022



# Westaim Book Value per Share (US\$): Year ended December 31, 2022





# COMPANY UPDATE

# SKYWARD SPECIALTY AT A GLANCE



## Business Overview

- A rapidly growing and innovative specialty insurance company, delivering commercial property and casualty products and solutions on a non-admitted and 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
- In January 2023, Skyward Specialty listed on the NASDAQ under the ticker symbol "SKWD"
- Operates in all 50 states and select international markets
- Rated A- by AM Best
- 448 employees as of December 31, 2022 across 11 offices

## Select Financial Metrics

(US\$ millions)	FY 2022 <sup>(1)</sup>	FY 2021 <sup>(1)</sup>
<b>Select Income Statement Metrics</b>		
Gross written premium (GWP)	\$1,144	\$940
Net written premium (NWP)	676	529
Pre-tax income	50	48
<b>Adjusted combined ratio</b>	<b>92.6%</b>	<b>94.6%</b>
<b>Select Balance Sheet Metrics</b>		
Cash and invested assets	\$1,207	\$1,057
Total assets	2,363	2,118
Total liabilities	1,942	1,692
Total stockholders' equity	422	426

For more information about Skyward Specialty including its 'Rule your Niche' strategy described by Andrew Robinson, CEO of Skyward Specialty, visit <https://www.skywardinsurance.com/> or <https://www.sec.gov/edgar>.

(1) Refer to Westaim's MD&A at December 31, 2022 and December 31, 2021 for further details.

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



(Currency amounts in millions of US\$) As at	Three months ended December 31		Year ended December 31	
	2022	2021	2022	2021
<b>Revenues</b>				
Net earned premiums	\$170.1	\$133.8	\$616.0	\$499.8
Commission and fee income	1.6	1.3	5.2	4.0
Net investment income	5.3	4.0	36.9	24.6
Net investment gains (losses)	10.4	7.1	(15.7)	17.1
Net realized gain on sale of business	-	-	-	5.1
Other income (loss)	-	1.1	-	(0.4)
<b>Total revenues</b>	<b>\$187.4</b>	<b>\$147.3</b>	<b>\$642.4</b>	<b>\$550.2</b>
<b>Expenses</b>				
Losses and loss adjustment expense ("LAE")	109.0	104.6	402.5	354.5
Underwriting, acquisition and insurance expenses	49.9	39.5	182.2	138.5
Impairment charges	-	-	-	2.8
Interest expense	2.1	1.2	6.4	4.6
Amortization expense	0.4	0.4	1.5	1.5
<b>Total expenses</b>	<b>\$161.4</b>	<b>\$145.7</b>	<b>\$592.6</b>	<b>\$501.9</b>
<b>Income before income taxes</b>	<b>\$26.0</b>	<b>\$1.6</b>	<b>\$49.8</b>	<b>\$48.3</b>
Income tax expense	5.6	0.3	10.4	10.0
<b>Net Income</b>	<b>\$20.4</b>	<b>\$1.3</b>	<b>\$39.4</b>	<b>\$38.3</b>
Comprehensive income (loss):				
Net income	20.4	1.3	39.4	38.3
Other comprehensive income (loss):				
Unrealized gains (losses) on investments:				
Net change in unrealized (losses) gains on investments, net of tax	0.7	(3.5)	(48.5)	(8.2)
Reclassification adjustment for gains on securities no longer held, net of tax	0.1	0.2	0.4	0.6
<b>Total other comprehensive income (loss)</b>	<b>\$0.8</b>	<b>(\$3.3)</b>	<b>(\$48.1)</b>	<b>(\$7.6)</b>
<b>Comprehensive income (loss)</b>	<b>\$21.2</b>	<b>(\$2.0)</b>	<b>(\$8.7)</b>	<b>\$30.7</b>
<b>Basic earnings per share</b>	<b>\$0.64</b>	<b>\$0.04</b>	<b>\$1.24</b>	<b>\$1.21</b>
<b>Diluted earnings per share</b>	<b>\$0.63</b>	<b>\$0.04</b>	<b>\$1.21</b>	<b>\$1.18</b>
<b>Basic adjusted earnings per share</b>	<b>\$0.37</b>	<b>\$0.24</b>	<b>\$1.84</b>	<b>\$1.14</b>
<b>Diluted adjusted earnings per share</b>	<b>\$0.36</b>	<b>\$0.23</b>	<b>\$1.79</b>	<b>\$1.11</b>
<b>Annualized Return-on-Equity ("ROE")<sup>1</sup></b>	<b>19.9%</b>	<b>1.2%</b>	<b>9.3%</b>	<b>9.4%</b>
<b>Annualized adjusted ROE<sup>2</sup></b>	<b>11.3%</b>	<b>7.1%</b>	<b>13.8%</b>	<b>8.8%</b>
<b>Annualized ROTE<sup>3</sup></b>	<b>25.5%</b>	<b>1.6%</b>	<b>11.8%</b>	<b>11.9%</b>
<b>Annualized adjusted ROTE<sup>4</sup></b>	<b>14.5%</b>	<b>9.0%</b>	<b>17.6%</b>	<b>11.2%</b>
<b>Book value per share</b>			<b>\$25.82</b>	<b>\$26.32</b>
<b>Fully diluted book value per share</b>			<b>\$12.87</b>	<b>\$13.15</b>
<b>Fully diluted tangible book value per share</b>			<b>\$10.17</b>	<b>\$10.39</b>

- (1) Annualized ROE is net income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period.  
(2) Annualized adjusted ROE is adjusted operating income expressed on an annualized basis as a percentage of average beginning and ending stockholders' equity during the period.  
(3) Annualized ROTE is net income expressed on an annualized basis as a percentage of average beginning and ending tangible stockholders' equity during the period.  
(4) Annualized adjusted ROTE is adjusted operating income expressed on an annualized basis as a percentage of average beginning and ending tangible stockholders' equity during the period.  
(5) For further details, please refer slide 4 for Non-GAAP measures.

## Written Premium Growth and Revenue

- GWP increased 18.1% to \$264.8 million in Q4 2022 vs. \$224.2 million in Q4 2021; GWP increased 21.7% to \$1,143.9 million in FY 2022 vs. \$939.8 million in FY 2021
- NWP increased 27.6% to \$180.0 million in Q4 2022 vs. \$141.0 million in Q4 2021; NWP increased 27.7% to \$675.5 million in FY 2022 vs. \$529.1 million in FY 2021
- The Q4 2022 increase in gross written premiums, when compared to Q4 2021 period, was primarily driven by double-digit premium growth in the Accident & Health, Captives, Professional Lines, Surety, and Transactional E&S underwriting divisions
- Total Revenue was \$187.4 million in Q4 2022 vs. \$147.3 million in Q4 2021; Total Revenue was \$642.4 million in FY 2022 vs. \$550.2 million in FY 2021

## Underwriting Profitability

- Underwriting income<sup>(5)</sup> was \$12.8 million in Q4 2022 vs. underwriting loss of \$9.0 million in Q4 2021; and underwriting income of \$36.5 million in FY 2022 vs. \$10.8 million in FY 2021
- The adjusted combined ratio<sup>(5)</sup> of 92.8% in Q4 2022 improved vs. 94.8% in Q4 2021; and 92.6% for FY 2022 vs. 94.6% FY 2021
- The improvements for Q4 2022 and FY 2022 were primarily driven by (i) a shift in the mix of business, (ii) continued run-off of exited business, and (iii) lower catastrophe losses

## Investment Performance

- Net investment income in Q4 2022 and FY 2022 benefited from increased income in core fixed income portfolio, due to a larger asset base as we increase our allocation to this part of our investment portfolio and higher net investment yields in our core fixed income portfolio of 3.7% and 3.0%, respectively, compared to 2.2% and 2.3%, respectively, for the same 2021 periods

## Operating Profitability

- Adjusted operating income<sup>(5)</sup> was strong at \$11.6 million in Q4 2022 vs. \$7.6 million in Q4 2021; Adjusted Operating Income was \$58.6 million in FY 2022 vs. \$36.1 million in FY 2021
- Net Income was \$20.4 million in Q4 2022 vs. \$1.3 million in Q4 2021; Net Income was \$39.4 million in FY 2022 vs. \$38.3 million in FY 2021

## Other Items

- Other comprehensive gain in Q4 2022 was \$0.8 million relating to the after-tax change in the carrying value of the core fixed income portfolio; Other comprehensive loss of \$48.1 million in FY 2022; credit quality of the portfolio remains very strong
- Q4 2022 ROE of 19.9% vs. 1.2% in Q4 2021; Q4 Annualized Adjusted ROE of 11.3% in Q4 2022 vs. 7.1% in Q4 2021
- FY 2022 ROE of 9.3% vs. 9.4% in FY 2021; YTD 2022 Annualized Adjusted ROE of 13.8% vs. 8.8% in FY 2021



# SKYWARD SPECIALTY - SUMMARY BALANCE SHEETS



(Currency amounts in millions of US\$)

As at	December 31, 2022	December 31, 2021
<b>Assets</b>		
Investments	\$1,082.4	\$949.3
Cash and cash equivalents	45.4	42.1
Restricted cash	79.6	65.2
Premiums receivable, net of allowance	139.2	112.1
Reinsurance recoverables	581.4	536.3
Ceded unearned premium	157.6	138.0
Deferred policy acquisition costs	68.9	59.4
Deferred income taxes	36.2	33.7
Goodwill and intangible assets, net	89.9	91.4
Other assets	82.8	90.7
<b>Total assets</b>	<b>\$2,363.4</b>	<b>\$2,118.2</b>
<b>Liabilities</b>		
Reserves for losses and loss adjustment expenses	\$1,141.8	\$979.5
Unearned premiums	442.5	363.3
Deferred ceding commission	29.8	30.5
Reinsurance and premium payables	113.7	119.9
Funds held for others	36.8	29.6
Accounts payable and accrued liabilities	48.5	40.8
Notes payable	50.0	50.0
Subordinated debt, net of debt issuance costs	78.6	78.5
<b>Total liabilities</b>	<b>\$1,941.7</b>	<b>\$1,692.1</b>
<b>Stockholders' equity</b>		
Stock and additional paid-in capital	\$577.5	\$575.4
Stock notes receivable	(6.9)	(9.1)
Accumulated other comprehensive (loss) income	(43.5)	4.6
Accumulated deficit	(105.4)	(144.8)
<b>Total stockholders' equity</b>	<b>\$421.7</b>	<b>\$426.1</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$2,363.4</b>	<b>\$2,118.2</b>
<b>Tangible stockholders' equity<sup>(1)</sup></b>	<b>\$331.8</b>	<b>\$334.7</b>

- Total stockholders' equity decreased to \$421.7 million or (-1.0%) from FY 2021 primarily reflecting net income of \$39.4 million primarily offset by \$48.1 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 23.4% as at December 31, 2022

(1) Tangible stockholders' equity is a non-GAAP measure calculated as the total stockholders' equity less goodwill and intangible assets. Skyward Specialty's definition of tangible stockholders' equity may not be comparable to that of other companies and should not be viewed as a substitute for stockholders' equity calculated in accordance with GAAP. Tangible stockholders' equity is used by Skyward Specialty management to evaluate the strength of Skyward Specialty's balance sheet and to compare returns relative to this measure.



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 8 global offices and operating in over 20 countries including its joint ventures and affiliates

All data is as of **December 31, 2022**  
unless otherwise specified

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

**\$3.5B**  
AUM

**~\$200M**

of AUM is employee and related capital

Vast Global Origination and Servicing Network

Offices in New York, Jacksonville, Purchase, Dublin, London, Singapore, Auckland and Bengaluru <sup>(2)</sup>

**~\$4.7B**

deployed into 350+ privately negotiated transactions since launch in 2015

- Credit-oriented, asset backed-orientated 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:
  - Arena Investors has aimed to avoid the overheated areas that have and could potentially suffer in today’s market environment.
  - Servicing infrastructure has allowed Arena Investors to manage situations that have not materialized as expected, and make more than initially expected, on average, in those situations.
  - 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 – Arena Investors average transaction sizes are <\$50 million such that we largely 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 now turning.

(1) The AUM of Arena Investors includes employee capital, co-invest, and capital committed but not yet deployed of \$907 million as of January 1, 2023.

(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.



## Differentiated Approach

- Arena Investors 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

- ~\$4.7 billion deployed into 350+ privately negotiated transactions
- 190 exited privately negotiated transactions with 174 multi-strategy investments having a realized IRR of 17.1% gross<sup>(1)</sup>
- The portfolio has had positive results in 79 of the 87 months since inception<sup>(2)</sup>
- Consistent and uncorrelated performance; stable results through COVID-19

## Driving Third-Party AUM

- AIGH's AUM<sup>(3)</sup> have grown at a compound annual growth rate ("CAGR") of ~48% from December 31, 2015 to January 1, 2023
- \$3.5 billion in AUM<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, 145 active positions have an underwritten IRR of 17.0% 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 12/31/2022. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

(2) Through December 31, 2022 and based on composite gross performance, see net performance and relevant disclosures on slide 23. Past performance is not indicative of future performance. Actual results may vary.

(3) AUM as of January 1, 2023 and includes undrawn commitments totaling \$907 million for closed-end, SMA, and Excess Capacity Funds (New Zealand Real Estate Credit).



(dollars in millions)

	Q4 2022	Q4 2021	FY 2022	FY 2021
<b>Recurring Income</b>				
Management Fees	\$ 8.2	\$ 7.2	\$ 31.9	\$ 24.0
Servicing Fees	2.4	2.1	10.6	7.0
Other Income	1.3	0.2	1.2	0.5
<b>Recurring Income</b>	<b>\$ 11.9</b>	<b>\$ 9.5</b>	<b>\$ 43.7</b>	<b>\$ 31.5</b>
Operating Expenses	(11.3)	(7.0)	(38.8)	(31.6)
<b>Fee Related Earnings (Loss)</b>	<b>\$ 0.6</b>	<b>\$ 2.5</b>	<b>\$ 4.9</b>	<b>(\$ 0.1)</b>

**Incentive Income**

Incentive Fees	(\$ 1.0)	\$ 15.4	\$ 4.5	\$ 34.3
Incentive Fee Compensation <sup>1</sup>	1.1	(6.3)	(6.2)	(13.1)
<b>Net Incentive Fees</b>	<b>\$ 0.1</b>	<b>\$ 9.1</b>	<b>(\$ 1.7)</b>	<b>\$ 21.2</b>

**Net Income**

<b>EBITDA</b>	<b>\$ 0.7</b>	<b>\$ 11.6</b>	<b>\$ 3.2</b>	<b>\$ 21.1</b>
Depreciation	(0.1)	(0.0)	(0.2)	(0.1)
Interest Expense	(0.3)	(0.3)	(1.3)	(1.4)
Taxes (Foreign)	(0.0)	(0.0)	(0.2)	(0.0)
<b>Net Income (Loss)</b>	<b>\$ 0.3</b>	<b>\$ 11.3</b>	<b>\$ 1.5</b>	<b>\$ 19.6</b>

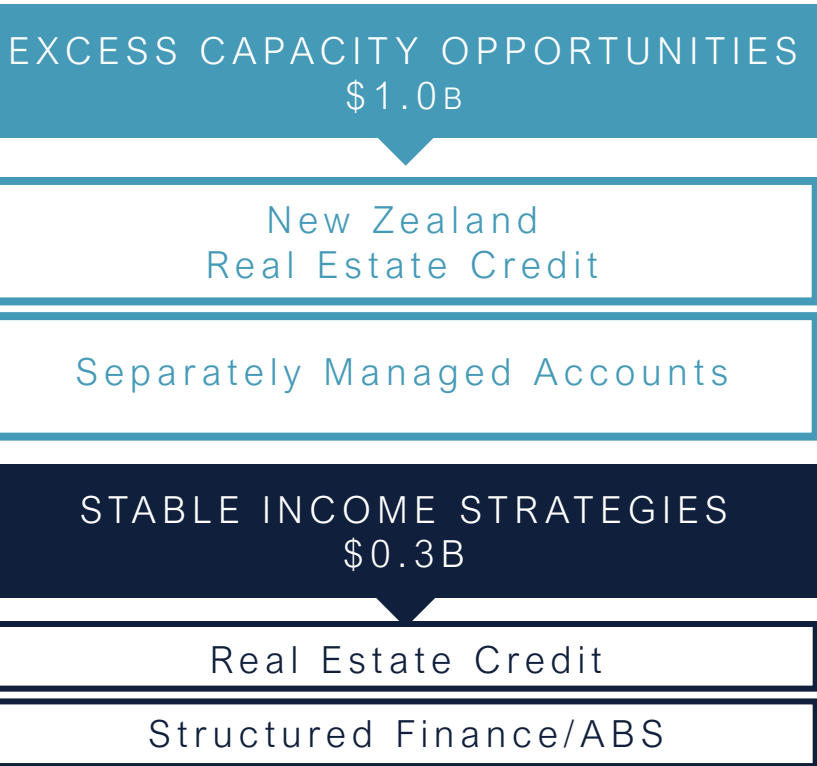
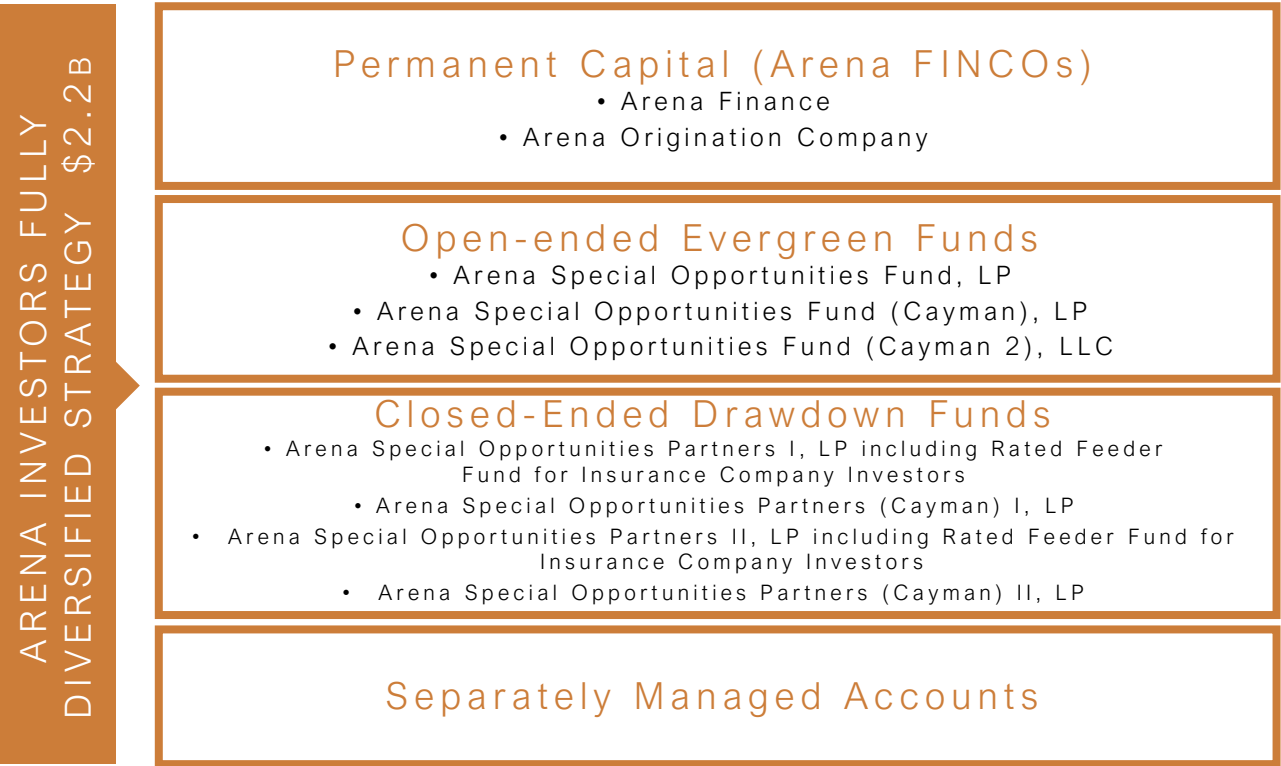
**Q4 2022 Results:**

- Net income for Q4 2022 was \$0.3 million (Q4 2021: \$11.3 million); net income for FY 2022 was \$1.5 million (FY 2021: \$19.6 million)
- Management fee revenue for Q4 2022 was \$8.2 million (Q4 2021: \$7.2 million); management fee revenue for FY 2022 was \$31.9 million (FY 2021: \$24.0 million)
- Service fee revenue for Q4 2022 was \$2.4 million (Q4 2021: \$2.1 million); service fee revenue for FY 2022 was \$10.6 million (FY 2021: \$7.0 million)
- Net incentive fees income was \$0.1 million for Q4 2022 (Q4 2021: \$9.1 million); net incentive fee expense for FY 2022 was \$1.7 million (FY 2021: \$21.2 million)
- Recurring revenue continues to grow. Fee related earnings reached a break-even point in FY 2021 growing to \$4.9 million for FY 2022. Growth in recurring revenue and year on year Fee Related Earnings ("FRE") demonstrates Arena Investors' positioning for future growth 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.

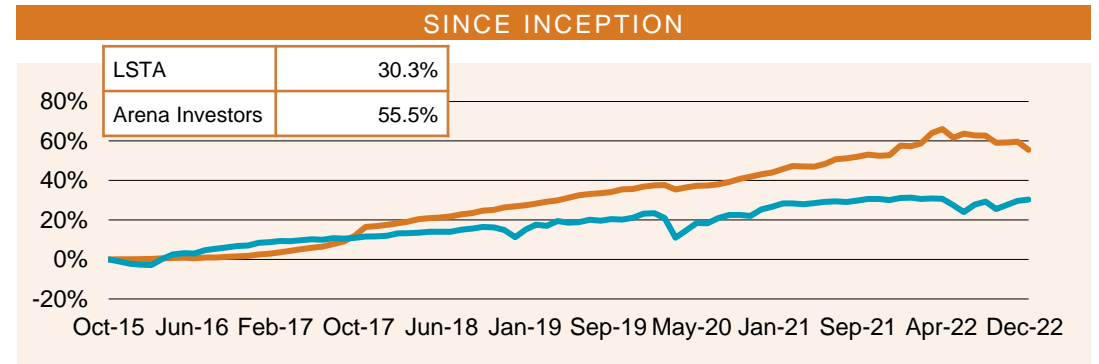
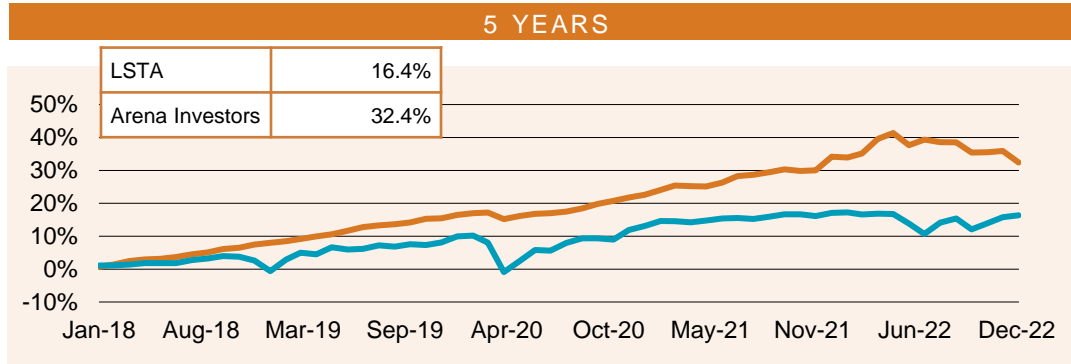
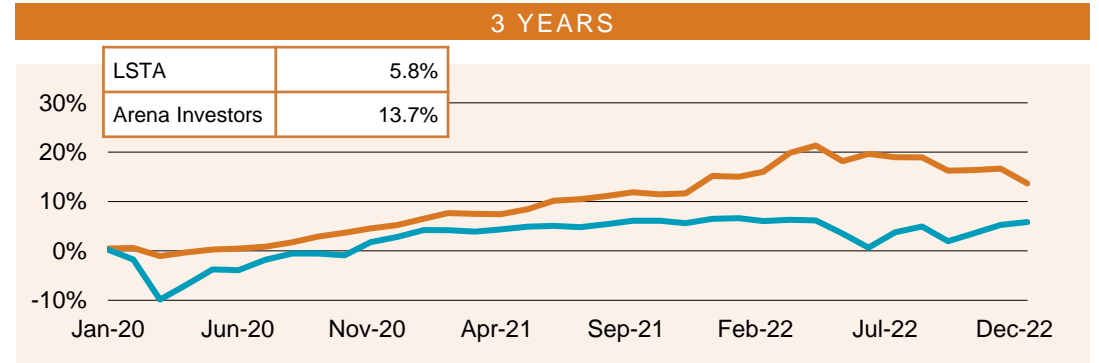
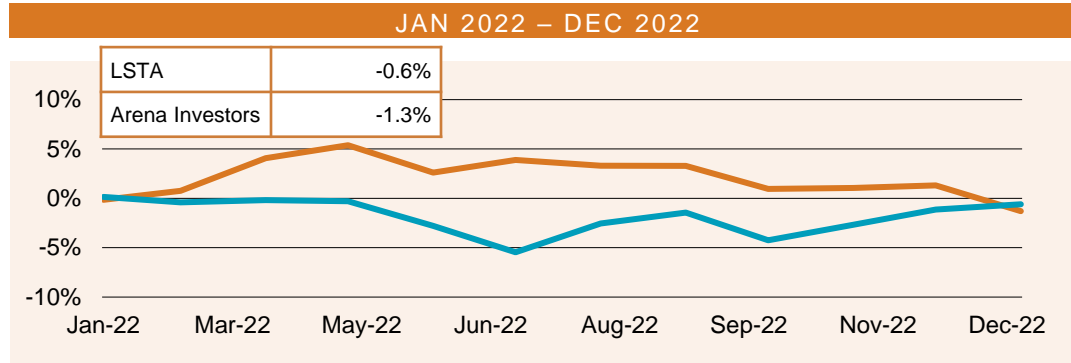


\$3.5B AUM<sup>(2)</sup>



(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 \$907 million (except where noted) as of January 1, 2023.

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 three-year, five-year and since inception track records have also outperformed the LSTA Leveraged Loan 100 index on a cumulative net return basis.



— Arena Composite    — LSTA Leveraged Loan 100 Index

(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. 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 (0.60)%, 5.83%, 16.38%, and 30.32% respectively. Past performance is not indicative of future performance. Actual results may vary.



AIGH’s AUM (including undrawn commitments) were \$3.5B at December 31, 2022. From December 31, 2015, to December 31, 2022, AUM has grown at a CAGR of ~48%. In 2023, Arena Investors is contemplating new offerings across additional multi-strategy drawdown funds, additional access points to our open-ended funds, and additional stable income and excess capacity offerings.

Arena Investors – AUM Through December 31, 2022<sup>1</sup>



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





## Arena Investors – Deal Structure Aligns Arena Investors 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 Q4 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 December 31, 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 December 31		Year ended December 31	
	2022	2021	2022	2021
Investment income	\$1.9	\$4.8	\$5.2	\$10.4
Net (losses) gain on investments	(5.5)	(2.1)	2.4	9.0
Interest expense	(1.1)	(0.9)	(4.1)	(3.5)
<b>Net investment (loss) income</b>	<b>(\$4.7)</b>	<b>\$1.8</b>	<b>\$3.5</b>	<b>\$15.9</b>
Operating expenses:				
Management and asset servicing fees	(1.0)	(1.1)	(4.3)	(4.2)
Incentive fees recovery (expense)	0.1	-	(0.4)	(0.9)
Other operating expenses	(0.4)	(0.1)	(1.0)	(0.8)
<b>Net performance of Arena FINCOs</b>	<b>(\$6.0)</b>	<b>\$0.6</b>	<b>(\$2.2)</b>	<b>\$10.0</b>
Advisory fees paid to the Company	(0.1)	(0.1)	(0.2)	(0.2)
<b>Net operating results of the Arena FINCOs</b>	<b>(\$6.1)</b>	<b>\$0.5</b>	<b>(\$2.4)</b>	<b>\$9.8</b>
<b>Gross investment return</b>	(2.8%)	1.1%	1.8%	9.8%
<b>Net investment return*</b>	(3.6%)	0.3%	(1.6%)	6.1%

- Q4 2022 Net Loss was \$6.1 million (-3.6% net investment return) compared to Q4 2021 Net Income of \$0.5 million (0.3% net investment return)
- FY 2022 Net Loss was \$2.4 million (-1.6% net investment return) compared to FY 2021 Net Income of \$9.8 million (6.1% net investment return)
- FY 2022 results follow a re-adjustment of strong FY 2021 results based on market moves on publicly-marked positions held
- Westaim has and will withdraw Arena FINCOs capital when compelling alternative opportunities arise to optimize returns; Due to this additional mandate, the portfolio profile of Arena FINCOs does not reflect Arena Investors' diversified multi-strategy funds, and will experience more concentration and volatility as a result

\* Net investment return does not include certain corporate level advisory fees and other corporate level expenses.

## Arena FINCOs: Summary of Net Assets

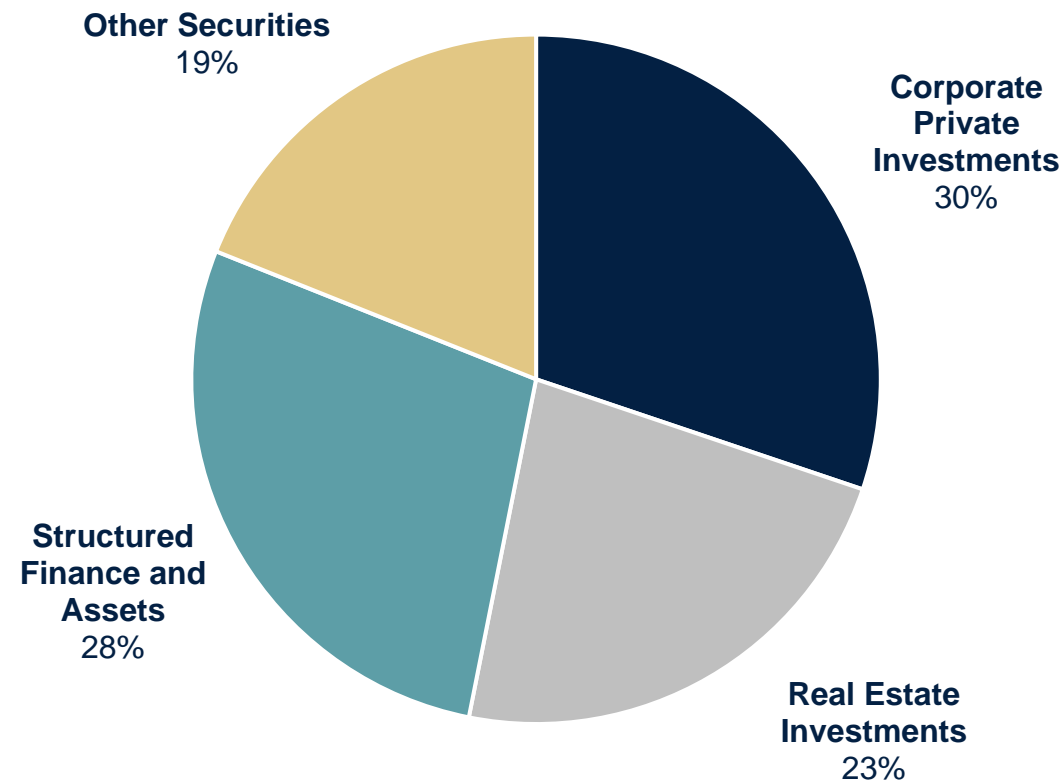
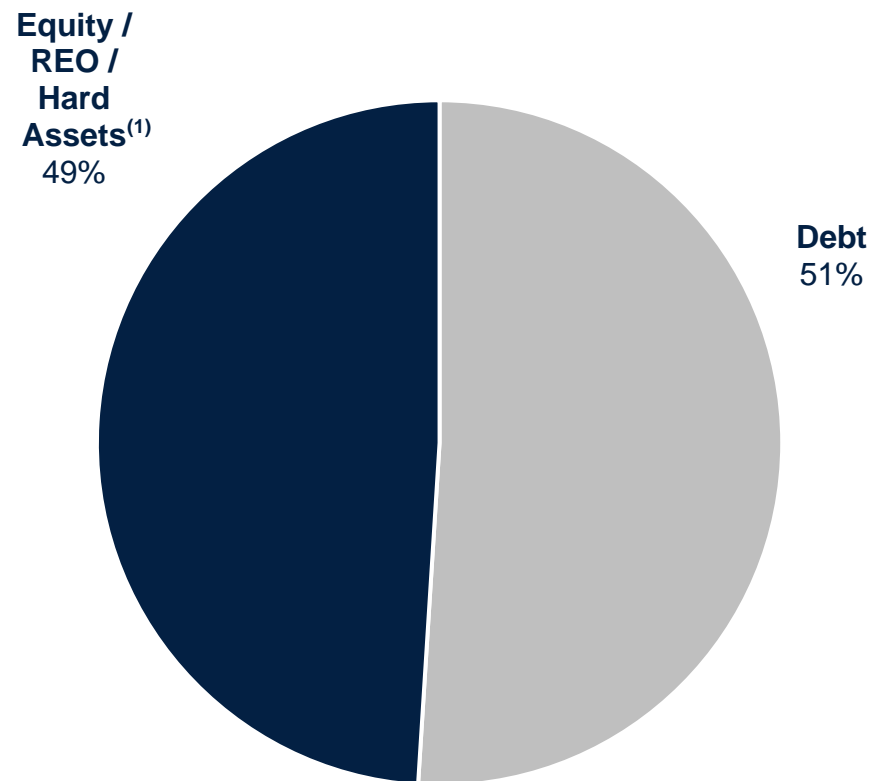
(Currency amounts in millions of US\$)

Fair Value	December 31, 2022	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$16.7	\$11.7	\$36.3
<b>Investments:</b>			
Corporate Private Investments	60.2	56.3	54.9
Real Estate Investments	45.8	43.2	29.1
Structured Finance and Assets	55.2	54.1	52.8
Other Securities	37.8	74.8	46.1
<b>Total Investments</b>	<b>\$199.0</b>	<b>\$228.4</b>	<b>\$182.9</b>
Other net assets	\$7.9	\$8.0	\$6.0
Due to brokers, net	(17.0)	(29.0)	(1.7)
Senior secured notes payable	(43.9)	(43.9)	(43.7)
Revolving credit facility payable	(2.6)	(6.6)	(7.0)
<b>Net assets of the Arena FINCOs</b>	<b>\$160.1</b>	<b>\$168.6</b>	<b>\$172.8</b>
<b>Changes in Investment in Arena FINCOs</b>	<b>FY 2022</b>		<b>FY 2021</b>
Opening balance	\$172.8		\$163.0
Return of capital to Westaim	(1.9)		-
Unrealized (loss) gain before dividends	(2.4)		9.8
Dividends paid to Westaim	(8.4)		-
<b>Ending balance</b>	<b>\$160.1</b>		<b>\$172.8</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 49% in equity/REO/hard assets<sup>(1)</sup>, contributes to fair market value volatility of these invested assets through unrealized net gains
- Arena FINCOs represents Westaim's proprietary capital, and invested in Arena Investors' core multi-strategy and, at times, provides for the strategic development of Arena Investors as the lead or seed investor in Arena Investors product offerings to help grow and build the business
- The reduction included distribution of \$2.4 million from Arena FINCOs to Westaim in Q4 2022 and \$10.3 million FY 2022

(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 December 31, 2022



***Arena FINCOs held 297 positions at December 31, 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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