



# **Q1 2023 Investor Presentation**

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May 16, 2023

# Disclaimer

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Supplementary financial measures concerning Skyward Specialty contained in this presentation are unaudited and have been derived from the Skyward Specialty First Quarter 2023 Results 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 International Financial Reporting Standards ("IFRS") and so may not be comparable to the financial information of issuers that present their financial information in accordance with 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. For more information about Skyward Specialty, please see Skyward Specialty's unaudited financial statements for the quarter ended March 31, 2023 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, their accuracy, completeness or by reason of reliance by any person on any of them.

# 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 unaudited consolidated financial statements of Arena FINCOs and Arena Investors for the three months ended March 31, 2023 and 2022, 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.

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 Arena Supplementary Financial Measures, their accuracy, completeness or by reason of reliance by any person on any of them.

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 ended March 31, 2023 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 have been derived from the Skyward Specialty First Quarter 2023 Results 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 Appendix - Skyward Specialty Supplementary Financial Measures 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.

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.

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.

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 March 31, 2023. 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.

Fee Paying Assets Under Management ("FP AUM") refers to the AUM on which Arena Investors earns management fees and/or incentive income.

# Important Disclosures

## Arena Investors

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. Arena Investors 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 Arena Investors 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 Arena Investors operate, Arena Investors strategies, plans, objectives and goals, as well as, Arena Investors 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 37.0% 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. The Company operates through eight underwriting divisions - Accident & Health, Captives, Global Property & Agriculture, 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.

Skyward Specialty's subsidiary insurance companies consist of Houston Specialty Insurance Company, Imperium Insurance Company, Great Midwest Insurance Company, and Oklahoma Specialty Insurance Company. These insurance companies are rated A- (Excellent) by A.M. Best Company.

### 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 \$3.3 billion includes Westaim's proprietary capital of \$156 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 18.5%, combined with its direct ownership of the Skyward Specialty common shares of 18.5%, resulted in a 37.0% look-through interest in Skyward Specialty at March 31, 2023.

(2) The remaining 49.0% is Bernard Partners, LLC ("BP LLC") 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 March 31, 2023.

# Westaim Q1 2023 Quarterly Operating Highlights

## Public market support for Skyward Specialty lifts Q1 2023 earnings for Westaim Skyward Specialty listed on NASDAQ and Arena Investors continued to achieve solid investment returns

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

- **Skyward Specialty's Net Income (100%) was \$15.6 million in Q1 2023 compared to Net Income of \$16.3 million in Q1 2022; Skyward Specialty's Adjusted Operating Income<sup>(1)</sup> was \$15.5 million in Q1 2023 compared to \$19.8 million in Q1 2022;**
  - In January 2023, Skyward Specialty listed on the Nasdaq Global Select Market (the "NASDAQ") under the ticker symbol "SKWD"
  - Underwriting performance was strong with an adjusted combined ratio of 90.3% in Q1 2023 vs. 91.9% in Q1 2022; The loss and LAE ratio improved 0.7% to 62.8% in Q1 2023 from 63.5% in Q1 2022; catastrophe losses from wind and hail events, including tornadoes, added 1.8 points Q1 2023 loss ratio compared Q1 2022 loss ratio, which was not impacted by catastrophe losses. The non-cat loss and LAE ratio improved 2.4 points in Q1 2023 compared to Q1 2022 primarily driven by the continued run-off of exited business and the shift in the mix of business
  - Net investment income for the first quarter 2023 decreased \$10.5 million to \$4.6 million in Q1 2023 from \$15.1 million in Q1 2022 million; increased income from core fixed income portfolio and short-term and money market investments was offset by losses in opportunistic fixed income portfolio
  - Total stockholders' equity at March 31, 2023 increased to \$507.1 million from \$421.7 million at December 31, 2022
  - Q1 2023 Annualized Return-on-equity ("ROE") of 13.4% vs. 15.3% in Q1 2022; Q1 2023 Annualized Adjusted ROE of 13.3% in Q1 2023 vs. 18.5% in Q1 2022

### Arena Investors

- **Arena Investors' Q1 2023 Net Income (100%) was \$2.0 million compared to Q1 2022 Net Income of \$9.4 million**
  - Committed AUM was \$3.3 billion at March 31, 2023 and \$3.4 billion at April 1, 2023 as compared to \$3.5 billion at December 31, 2022 and \$3.5 billion at March 31, 2022
  - Fee-Paying AUM at March 31, 2023 was \$2.4 billion, as compared to \$2.6 billion at December 31, 2022 and \$2.6 billion at March 31, 2022
  - Total Recurring Revenue was \$10.8 million in Q1 2023 vs. \$10.0 million in Q1 2022
  - Since inception, Arena Investors has deployed approximately \$5.0 billion into 350+ privately negotiated transactions, which averages 50 transactions per year; approximately 198 positions have been exited, and have realized a 14.9% gross realized 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' Q1 2023 Net Loss was \$2.7 million (-1.7% net investment return) compared to Q1 2022 Net Income of \$2.6 million (1.5% net investment return)<sup>(2)</sup>**
  - At March 31, 2023, the fair value of Arena FINCOs was \$153.0 million compared to \$160.1 million at December 31, 2022
  - Westaim received a distribution of \$4.4 million from Arena FINCOs in Q1 2023, which had the effect of decreasing the carrying value of the investment

### Westaim

- **Westaim's Q1 2023 Net Profit was \$94.5 million compared to Q1 2022 Net Profit of \$3.5 million**
  - GAAP diluted earnings per share in Q1 2023 of \$0.66 compared to Q1 2022 diluted earnings per share of \$0.02
  - At March 31, 2023, Westaim's book value was \$457.7 million which was \$3.21 (C\$4.34) per fully diluted share compared to December 31, 2022 book value of \$363.2 million or \$2.56 (C\$3.46) per fully diluted 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 March 31	
	2023	2022
(Loss) income from investments in Arena FINCOs and ASOF <sup>(1)</sup>	(\$2.8)	\$2.8
Income (loss) from investment in Skyward Specialty	100.1	(1.2)
Income from investment in Arena Investors	1.0	4.8
<b>Income from investments</b>	<b>\$98.3</b>	<b>\$6.4</b>
Holding company operating expenses	(1.8)	(2.3)
Preferred securities interest expense	(0.5)	(0.5)
Interest and fee income	0.5	0.5
<b>Net holding company operating and interest expenses</b>	<b>(\$1.8)</b>	<b>(\$2.3)</b>
Share-based compensation (expense) recovery	(1.3)	0.3
Foreign exchange loss	(0.4)	-
Derivative warrants - change in fair value gain	-	0.1
<b>Total net holding company expenses</b>	<b>(\$3.5)</b>	<b>(\$1.9)</b>
Income tax expense	(0.3)	(1.0)
<b>GAAP profit and comprehensive income</b>	<b>\$94.5</b>	<b>\$3.5</b>
GAAP earnings per fully diluted share	\$0.66	\$0.02

- GAAP profit and comprehensive income in Q1 2023 was \$94.5 million (\$0.66 diluted earnings per share) compared to a GAAP profit and comprehensive income of \$3.5 million (\$0.02 diluted earnings per share) in Q1 2022
- Westaim's income from its investment in Skyward in Q1 2023 was \$100.1 million compared to a loss of \$1.2 million in Q1 2022; The valuation of Skyward Specialty at March 31, 2023 was \$319.0 million, consistent with the Skyward Specialty trading price at March 31, 2023 of \$21.87 per common share as compared to the December 31, 2022 valuation at \$15.00 per common share
- Arena FINCOs' and ASOF's diversified and uncorrelated portfolios produced a net loss of \$2.7 million in Q1 2023 with an -1.7% net investment return compared to 1.5% in Q1 2022
- Arena Investors fee-paying AUM was \$2.4 billion at March 31, 2023 vs. \$2.6 billion at March 31, 2022; fund performance resulted in a net incentive fee income of \$1.1 million vs net incentive fee income of \$8.2 million in the prior year

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



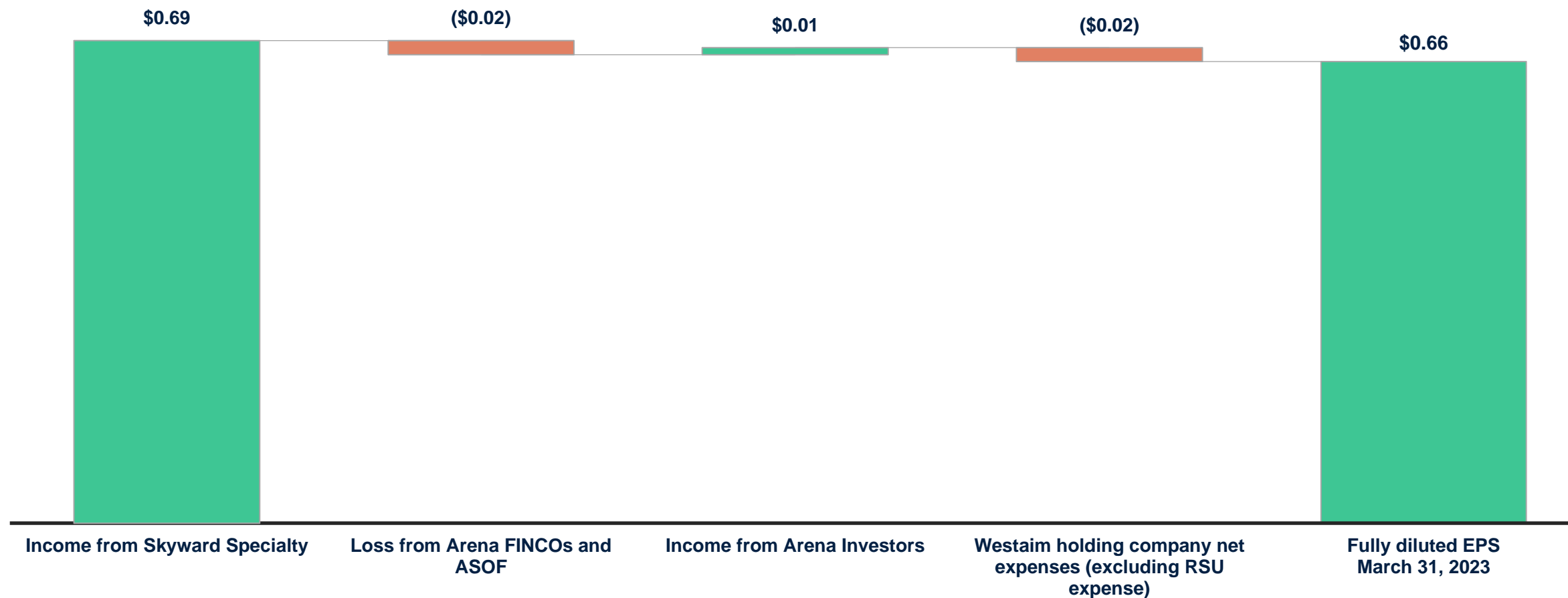
# Westaim Summary Statement of Financial Position

As at	March 31, 2023	December 31, 2022
(Amounts in millions of US\$ except per share data)		
<b>Assets</b>		
Cash	\$3.1	\$3.4
Other assets	0.8	0.8
Investment in Skyward Specialty	319.0	218.9
Investment in Arena FINCOs	153.0	160.1
Investment in Arena Investors	27.9	26.9
Investment in ASOF	3.1	3.2
<b>Total Assets</b>	<b>\$506.9</b>	<b>\$413.3</b>
<b>Liabilities</b>		
Accounts payable, income tax payable and accrued liabilities	\$12.2	\$13.1
Preferred securities	36.9	36.9
Derivative warrant liability	0.1	0.1
<b>Total Liabilities</b>	<b>\$49.2</b>	<b>\$50.1</b>
Shareholders' equity	457.7	363.2
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$506.9</b>	<b>\$413.3</b>
<b>Number of common shares outstanding</b>	<b>141,386,718</b>	<b>141,386,718</b>
<b>Fully diluted book value per share - in US\$</b>	<b>\$3.21</b>	<b>\$2.56</b>
<b>Fully diluted book value per share - in C\$<sup>1</sup></b>	<b>C\$4.34</b>	<b>C\$3.46</b>

- Book value per fully diluted share increased \$0.65 (25.4%) to \$3.21 at March 31, 2023 from \$2.56 at December 31, 2022; Book value per fully diluted share increased \$0.88 (25.4%) to C\$4.34 at March 31, 2023 from C\$3.46 at December 31, 2022
- In January 2023, Skyward Specialty listed on the Nasdaq Global Select Market under the ticker symbol "SKWD"
- Westaim's total look-through ownership interest in Skyward Specialty was 14,567,139 common shares (37.0% of the fully diluted common shares outstanding) as at March 31, 2023. As a result, Westaim valued Skyward Specialty at \$319.0 million using Skyward Specialty's March 31, 2023 closing trading price of \$21.87 per common share as compared to the December 31, 2022 valuation at \$15.00 per common share
- Westaim received a distribution of \$4.4 million from Arena FINCOs in Q1 2023, which had the effect of decreasing the carrying value of the investment

\* Period end exchange rates of USD to CDN: 1.35295 at March 31, 2023 and \$1.35360 at December 31, 2022.

# Westaim Diluted Earnings per Share (US\$): Three months ended March 31, 2023



## Westaim Book Value per Share (US\$): Three months ended March 31, 2023





# 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
- 459 employees as of March 31, 2023 across 15 offices

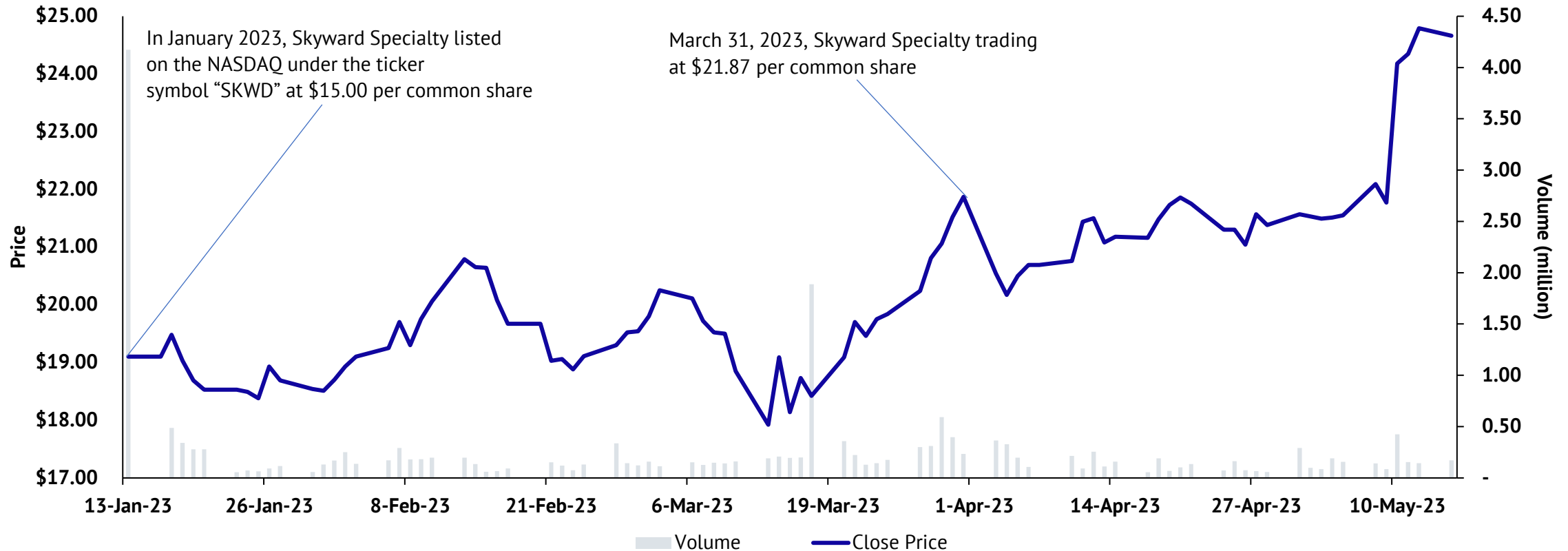
## Select Financial Metrics

(US\$ millions)	Q1 2023 <sup>(1)</sup>	FY 2022 <sup>(1)</sup>
<b>Select Income Statement Metrics</b>		
Gross written premium (GWP)	\$360	\$1,144
Net written premium (NWP)	202	676
Pre-tax income	20	50
<b>Adjusted combined ratio</b>	<b>90.3%</b>	<b>92.6%</b>
Cash and invested assets	\$1,396	\$1,207
Total assets	2,621	2,363
Total liabilities	2,114	1,942
Total stockholders' equity	507	422

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) Skyward Specialty uses US GAAP and non-GAAP measures to assess performance. Please refer Appendix for Skyward Specialty Supplementary Financial Measures.

# SKYWARD SPECIALTY TRADING PRICE AND VOLUME



- At December 31, 2022, Westaim's estimated fair value of Skyward Specialty's fully diluted common shares, using multiple valuation techniques, was determined to be \$15.00 per share
- At March 31, 2023, the Westaim's estimated fair value of Skyward Specialty common shares held (directly or indirectly) by the Company was supported by the "SKWD" closing trading price on the Nasdaq Global Select Market of \$21.87 on March 31, 2023

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



(Currency amounts in millions of US\$)		
As at	Three months ended March 31	
	2023	2022
<b>Revenues</b>		
Net earned premiums	\$182.8	\$141.7
Commission and fee income	1.5	0.2
Net investment income	4.6	15.1
Net investment gains (losses)	1.0	(4.3)
<b>Total revenues</b>	<b>\$189.9</b>	<b>\$152.7</b>
<b>Expenses</b>		
Losses and loss adjustment expense ("LAE")	\$114.9	\$90.0
Underwriting, acquisition and insurance expenses	51.7	40.5
Interest expense	2.2	1.2
Amortization expense	0.4	0.4
Other expenses	1.0	-
<b>Total expenses</b>	<b>\$170.2</b>	<b>\$132.1</b>
<b>Income before income taxes</b>	<b>\$19.7</b>	<b>\$20.6</b>
Income tax expense	4.1	4.3
<b>Net Income</b>	<b>\$15.6</b>	<b>\$16.3</b>
Comprehensive income (loss):		
Net income	\$15.6	\$16.3
Net change in unrealized gains (losses) on investments, net of tax	7.8	(16.7)
Reclassification adjustment for (losses) gains on securities no longer held, net of tax	(0.1)	0.3
<b>Total other comprehensive income (loss)</b>	<b>\$7.7</b>	<b>(\$16.4)</b>
<b>Comprehensive income (loss)</b>	<b>\$23.3</b>	<b>(\$0.1)</b>
<b>Basic earnings per share</b>	<b>\$0.43</b>	<b>\$0.52</b>
<b>Diluted earnings per share</b>	<b>\$0.42</b>	<b>\$0.50</b>
<b>Basic adjusted earnings per share</b>	<b>\$0.43</b>	<b>\$0.63</b>
<b>Diluted adjusted earnings per share</b>	<b>\$0.42</b>	<b>\$0.61</b>
<b>Annualized Return-on-Equity ("ROE")<sup>1</sup></b>	<b>13.4%</b>	<b>15.3%</b>
<b>Annualized adjusted ROE<sup>2</sup></b>	<b>13.3%</b>	<b>18.5%</b>
<b>Annualized ROTE<sup>2</sup></b>	<b>16.6%</b>	<b>19.4%</b>
<b>Annualized adjusted ROTE<sup>2</sup></b>	<b>16.5%</b>	<b>23.6%</b>
<b>Book value per share</b>	<b>\$13.65</b>	<b>\$25.82</b>
<b>Fully diluted book value per share</b>	<b>\$13.04</b>	<b>\$12.87</b>
<b>Fully diluted tangible book value per share</b>	<b>\$10.77</b>	<b>\$10.17</b>

## Written Premium Growth and Revenue

- GWP increased 27.5% to \$360.5 million in Q1 2023 vs. \$282.6 million in Q1 2022; GWP increase was primarily driven by (i) new business, (ii) rate increases, and (iii) the addition of new products and units in global property and agriculture, professional lines and captives
- NWP increased 49.3% to \$202.1 million in Q1 2023 vs. \$135.4 million in Q1 2022
- Total Revenue was \$189.9 million in Q1 2023 vs. \$152.7 million in Q1 2022

## Underwriting Profitability

- Underwriting income<sup>(2)</sup> was \$17.8 million in Q1 2023 vs. underwriting income of \$11.4 million in Q1 2022
- The adjusted combined ratio<sup>(2)</sup> of 90.3% in Q1 2023 improved vs. 91.9% in Q1 2022
- The loss and LAE ratio improved 0.7% to 62.8% in Q1 2023 from 63.5% in Q1 2022; catastrophe losses from wind and hail events, including tornadoes, added 1.8 points Q1 2023 loss ratio compared Q1 2022 loss ratio, which was not impacted by catastrophe losses. The non-cat loss and LAE ratio improved 2.4 points in Q1 2023 compared to Q1 2022 primarily driven by the continued run-off of exited business and the shift in the mix of business

## Investment Performance

- Net investment income for the first quarter 2023 decreased \$10.5 million to \$4.6 million in Q1 2023 from \$15.1 million in Q1 2022 million; increased income from core fixed income portfolio and short-term and money market investments was offset by losses in opportunistic fixed income portfolio
- The increase in income from Skyward Specialty's core fixed income portfolio was due to (i) a larger asset base continued to increase allocation to this part of Skyward Specialty's investment portfolio and (ii) higher net investment yields of 3.7% compared to 2.7% for the same 2022 period
- The increase in income from the cash and short-term investments portfolio was due to (i) a larger asset base driven by the addition of the net IPO proceeds and (ii) higher net investment yields of 3.5% in Q1 2023 compared to 0.0% in Q1 2022; The opportunistic fixed income portfolio was impacted by a decline in the fair value of certain limited partnership investments

## Operating Profitability

- Adjusted operating income<sup>(2)</sup> was \$15.5 million in Q1 2023 vs. \$19.8 million in Q1 2022
- Net Income was \$15.6 million in Q1 2023 vs. \$16.3 million in Q1 2022

(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) Skyward Specialty uses US GAAP and non-GAAP measures to assess performance. Please refer Appendix for Skyward Specialty Supplementary Financial Measures.

# SKYWARD SPECIALTY - SUMMARY BALANCE SHEETS



(Currency amounts in millions of US\$)		
As at	March 31, 2023	December 31, 2022
<b>Assets</b>		
Investments	\$1,290.3	\$1,082.4
Cash and cash equivalents	41.2	45.4
Restricted cash	64.0	79.6
Premiums receivable, net of allowance	179.0	139.2
Reinsurance recoverables	570.5	581.4
Ceded unearned premium	197.0	157.6
Deferred policy acquisition costs	80.1	68.9
Deferred income taxes	30.6	36.2
Goodwill and intangible assets, net	89.5	89.9
Other assets	79.1	82.8
<b>Total assets</b>	<b>\$2,621.3</b>	<b>\$2,363.4</b>
<b>Liabilities</b>		
Reserves for losses and loss adjustment expenses	\$1,173.2	\$1,141.8
Unearned premiums	501.2	442.5
Deferred ceding commission	40.8	29.8
Reinsurance and premium payables	185.7	113.7
Funds held for others	44.3	36.8
Accounts payable and accrued liabilities	40.4	48.5
Notes payable	50.0	50.0
Subordinated debt, net of debt issuance costs	78.6	78.6
<b>Total liabilities</b>	<b>\$2,114.2</b>	<b>\$1,941.7</b>
<b>Stockholders' equity</b>		
Stock and additional paid-in capital	\$641.7	\$577.5
Stock notes receivable	(6.7)	(6.9)
Accumulated other comprehensive (loss) income	(35.7)	(43.5)
Accumulated deficit	(92.2)	(105.4)
<b>Total stockholders' equity</b>	<b>\$507.1</b>	<b>\$421.7</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$2,621.3</b>	<b>\$2,363.4</b>
<b>Tangible stockholders' equity<sup>(1)</sup></b>	<b>\$417.6</b>	<b>\$331.8</b>

- Total stockholders' equity increased to \$507.1 million or 20.3% from Q4 2022; increase in stockholders' equity was primarily due to net IPO proceeds of \$62.4 million and net income
- Skyward Specialty's financial position remains strong, with a debt to capitalization of 20.2% as at March 31, 2023

(1) Please refer Appendix for Skyward Specialty Supplementary Financial Measures.





ARENA  
INVESTORS  
GROUP HOLDINGS

# Seeing What's Possible

Arena Investors Group Holdings, including its joint ventures and affiliates, is a global financial institution with over 150 people across 8 global offices and operating in over 20 countries

All data is as of **March 31, 2023**  
unless otherwise specified

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

**\$3.4B**  
AUM

**~\$180M**

of AUM is employee and  
related capital

Vast Global Origination and  
Servicing Network

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

**~\$5.0B**

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 the Firm to manage any 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 Arena Investors avoid any competition from similarly situated “mega-firms”.
- “Private Credit” investors are migrating to Arena’s world-view, given the post-crisis bull market is likely turning.

(1) The assets under management of Arena includes employee capital, co-invest, and capital committed but not yet deployed of \$949 million as of April 1, 2023.

(2) The Jacksonville, Dublin and Bengaluru offices are used by Arena 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

- ~\$5.0 billion deployed into 350+ privately negotiated transactions
- 198 exited privately negotiated transactions with 179 multi-strategy investments having a realized IRR of 14.9% gross<sup>(1)</sup>
- The portfolio has had positive results in 80 of the 90 months since inception<sup>(2)</sup>
- Consistent and uncorrelated performance; stable results through COVID-19

### Driving Third-Party AUM

- Arena Investors' AUM<sup>(3)</sup> have grown at a compound annual growth rate of ~46% from December 31, 2015 to April 1, 2023
- \$3.4 billion in AUM<sup>(3)</sup>

### 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's multi-strategy, 146 active positions have an underwritten IRR of 17.7% 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 03/31/2023. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

(2) Through March 31, 2023 and based on composite gross performance, see net performance and relevant disclosures on slide 22. Past performance is not indicative of future performance. Actual results may vary.

(3) AUM as of April 1, 2023 and includes undrawn commitments totaling \$949 million for closed-end, SMA, and Excess Capacity Funds (New Zealand Real Estate Credit).





	Three Months Ended March 31	
(dollars in millions)	2023	2022 <sup>1</sup>

### Recurring Income

Management Fees	\$ 7.8	\$ 7.5
Asset Servicing Fees	2.7	2.4
Other Income	0.3	0.1
<b>Recurring Revenue</b>	<b>\$ 10.8</b>	<b>\$ 10.0</b>
Operating Expenses	(9.5)	(8.5)
<b>Fee Related Earnings</b>	<b>\$ 1.3</b>	<b>\$ 1.5</b>

### Incentive Income

Incentive Fees	\$ 2.4	\$ 13.6
Incentive Fee Compensation <sup>2</sup>	(1.3)	(5.4)
<b>Net Incentive Fees</b>	<b>\$ 1.1</b>	<b>\$ 8.2</b>

### Net Income

<b>EBITDA</b>	<b>\$ 2.4</b>	<b>\$ 9.7</b>
Depreciation	(\$ 0.1)	-
Interest Expense	(0.3)	(0.3)
Taxes (Foreign)	-	-
<b>Net Income</b>	<b>\$ 2.0</b>	<b>\$ 9.4</b>

## Q1 2023 Results:

- Net income for Q1 2023 was \$2.0 million (Q1 2022: \$9.4 million)
- Management fees for Q1 2023 was \$7.8 million (Q1 2022: \$7.5 million)
- Asset service fees for Q1 2023 was \$2.7 million (Q1 2022: \$2.4 million)
- Net incentive fees income was \$1.1 million for Q1 2023 (Q1 2022: \$8.2 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 demonstrates Arena Investors' positioning for future growth given the overall platform has largely been built-out ahead of this growth.

(1) Restated to conform to the current presentation.

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



\$3.4B AUM<sup>(2)</sup>

ARENA FULLY DIVERSIFIED  
STRATEGY \$2.2B

### Permanent Capital (Arena FINCOs)

- Arena Finance LLC
- Arena Origination Co., LLC

### Open-ended Evergreen Funds

- Arena Special Opportunities Fund, LP
- Arena Special Opportunities Fund (Cayman), LP
- Arena Special Opportunities Fund (Cayman 2), LLC

### Closed-Ended Drawdown Funds

- Arena Special Opportunities Partners I, LP including Rated Feeder Fund for Insurance Company Investors
  - Arena Special Opportunities Partners (Cayman) I, LP
- Arena Special Opportunities Partners II, LP including Rated Feeder Fund for Insurance Company Investors
  - Arena Special Opportunities Partners (Cayman) II, LP

### Separately Managed Accounts

### EXCESS CAPACITY OPPORTUNITIES

\$0.9B

New Zealand  
Real Estate Credit

Separately Managed Accounts

### STABLE INCOME STRATEGIES

\$0.3B

Real Estate Credit

Structured Finance/ABS

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

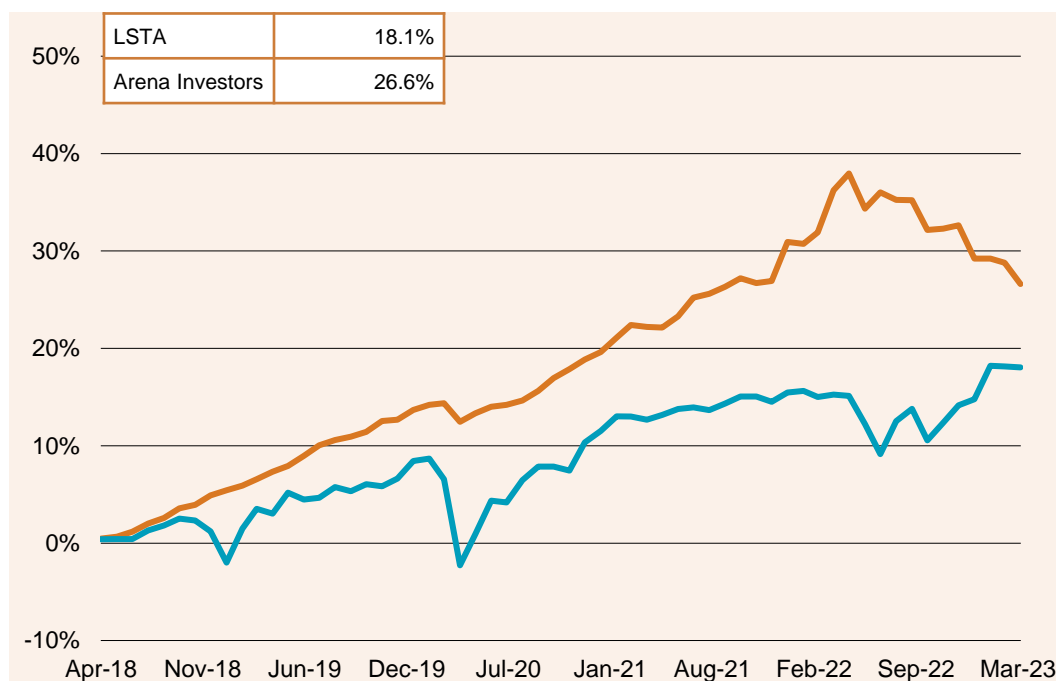
(2) The AUM includes employee capital, co-invest, and capital committed but not yet deployed totaling \$949 million (except where noted) as of April 1, 2023.



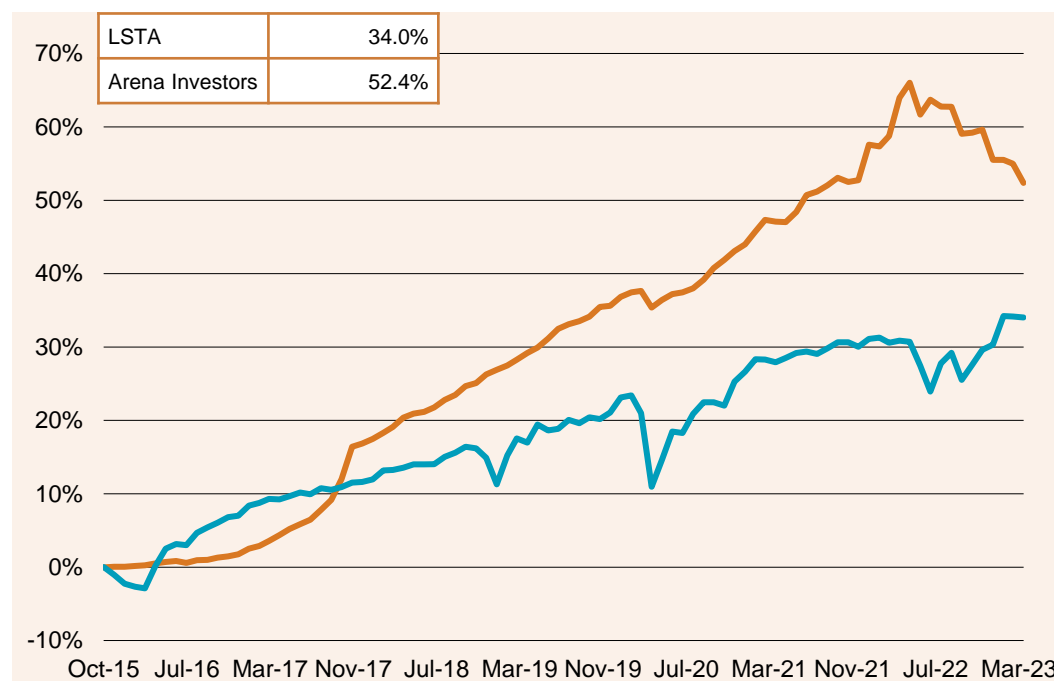
**ARENA**  
INVESTORS  
GROUP HOLDINGS

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

## 5 YEARS



## SINCE INCEPTION



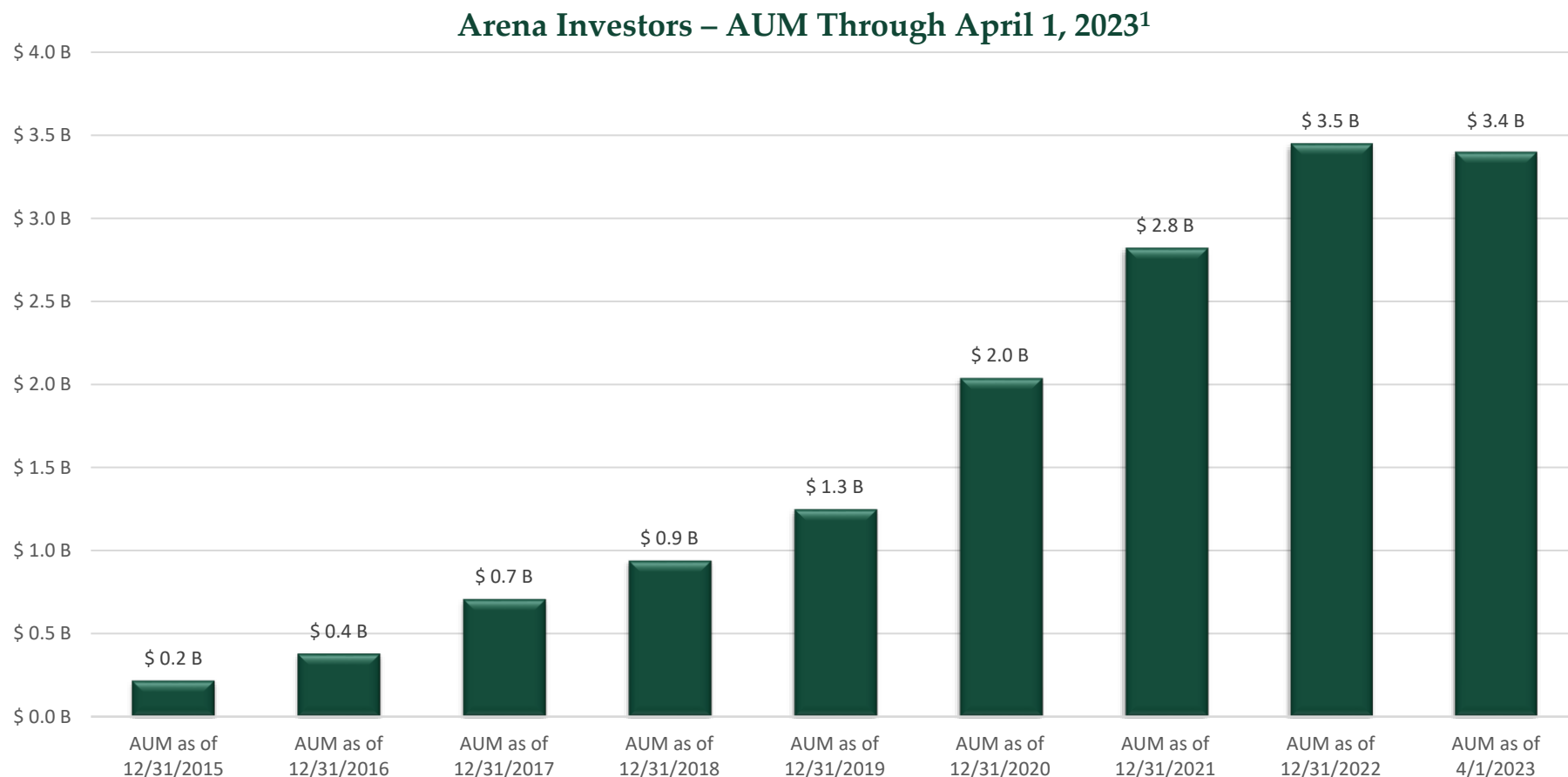
— Arena Composite — LSTA Leveraged Loan 100 Index

(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 2.42%, 20.79%, 18.05%, and 34.04% respectively. Past performance is not indicative of future performance. Actual results may vary.



**ARENA**  
INVESTORS  
GROUP HOLDINGS

Arena Investors' AUM (including undrawn commitments) were \$3.4B at April 1, 2023. From December 31, 2015, to April 1, 2023, AUM has grown at a compound annual growth rate of ~46%. In 2023, Arena Investors is contemplating new offerings across additional multi-strategy drawdown funds, additional access points to Arena Investors open-ended funds, and additional stable income and excess capacity offerings.



(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 Q1 2023 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 March 31, 2023

	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

	Three months ended March 31	
(Currency amounts in millions of US\$)	2023	2022
Investment (loss) income	(\$1.0)	\$1.3
Net gain on investments	0.7	3.9
Interest expense	(1.0)	(0.9)
<b>Net investment (loss) income</b>	<b>(\$1.3)</b>	<b>\$4.3</b>
Operating expenses:		
Management and asset servicing fees	(1.0)	(1.1)
Incentive fees expense	(0.1)	(0.3)
Other operating expenses	(0.3)	(0.3)
<b>Net performance of Arena FINCOs</b>	<b>(\$2.7)</b>	<b>\$2.6</b>
Advisory fees paid to the Company	-	-
<b>Net operating results of the Arena FINCOs</b>	<b>(\$2.7)</b>	<b>\$2.6</b>
 <b>Gross investment return</b>	 (0.8%)	 2.5%
<b>Net investment return*</b>	<b>(1.7%)</b>	<b>1.5%</b>

- Q1 2023 Net Loss was \$2.7 million (-1.7% net investment return) compared to Q1 2022 Net Income of \$2.6 million (1.5% net investment return)
- 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

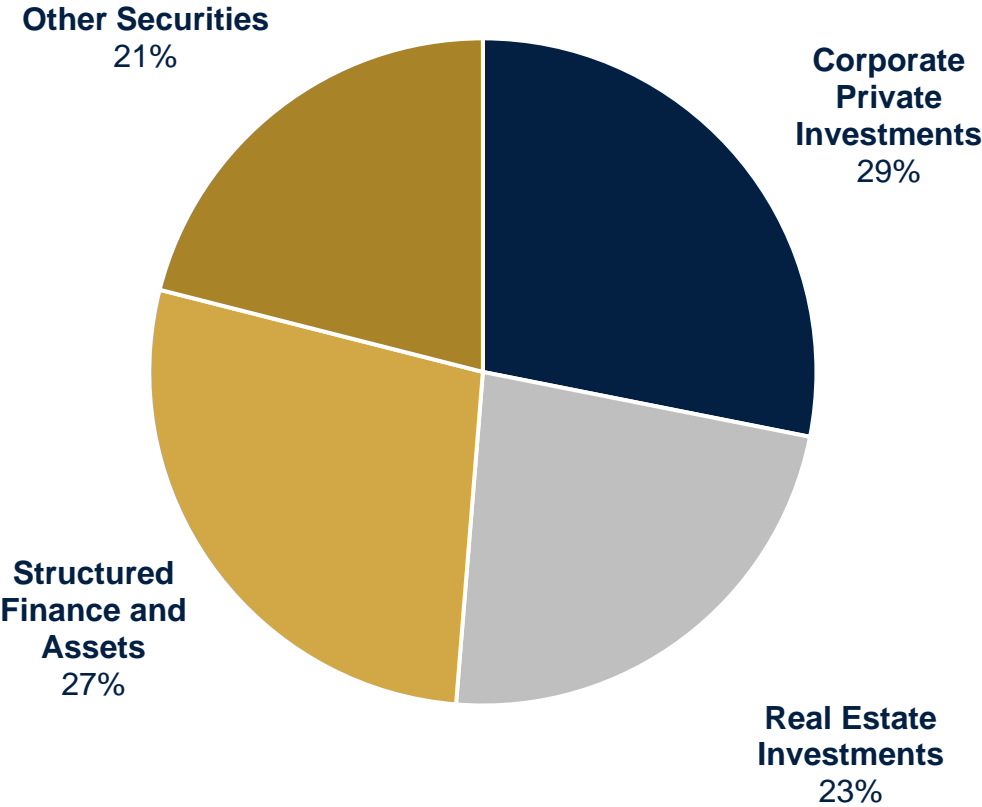
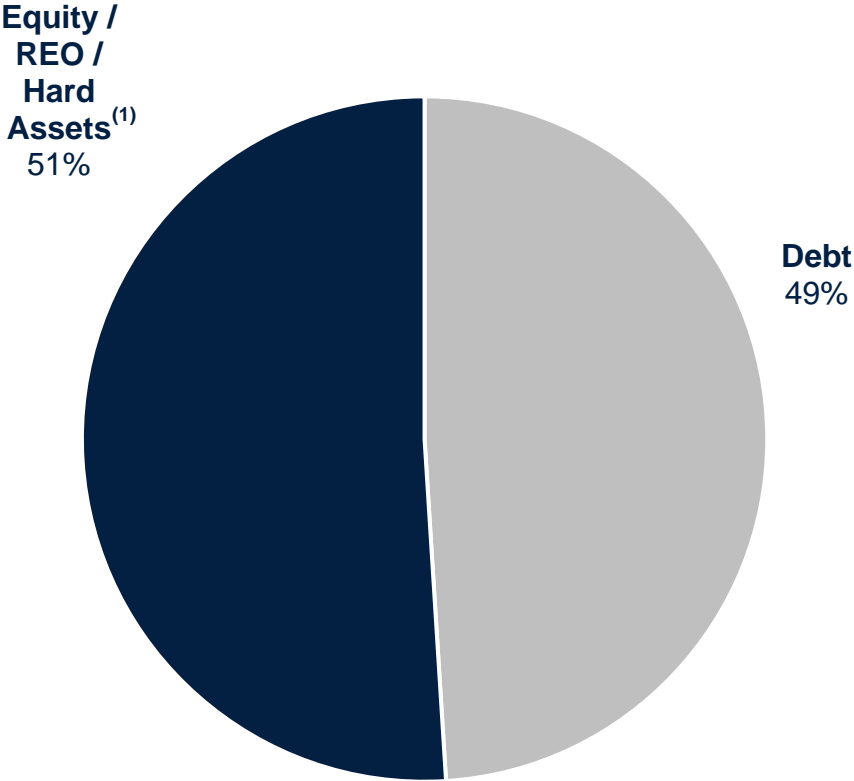
(Currency amounts in millions of US\$)

<b>Fair Value</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$20.4	\$16.7
<b>Investments:</b>		
Corporate Private Investments	56.8	60.2
Real Estate Investments	46.8	45.8
Structured Finance and Assets	53.6	55.2
Other Securities	42.5	37.8
<b>Total Investments</b>	<b>\$199.7</b>	<b>\$199.0</b>
Other net assets	\$5.6	\$7.9
Due to brokers, net	(15.0)	(17.0)
Senior secured notes payable	(44.1)	(43.9)
Revolving credit facility payable	(13.6)	(2.6)
<b>Net assets of the Arena FINCOs</b>	<b>\$153.0</b>	<b>\$160.1</b>
<b>Changes in Investment in Arena FINCOs</b>	<b>Q1 2023</b>	<b>FY 2022</b>
Opening balance	\$160.1	\$172.8
Return of capital to Westaim	(2.5)	(1.9)
Unrealized (loss) before dividends	(2.7)	(2.4)
Dividends paid to Westaim	(1.9)	(8.4)
<b>Ending balance</b>	<b>\$153.0</b>	<b>\$160.1</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 \$4.4 million from Arena FINCOs to Westaim in Q1 2023 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 March 31, 2023



***Arena FINCOs held 238 positions at March 31, 2023 compared to 297 positions at December 31, 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.



# APPENDIX

# APPENDIX – SKYWARD SPECIALTY SUPPLEMENTARY FINANCIAL MEASURES<sup>(1)</sup>



- **Adjusted operating income (loss)** – Skyward Specialty defines adjusted operating income (loss) as net income (loss) excluding the impact of certain items that may not be indicative of underlying business trends, operating results, or future outlook, net of tax impact. Skyward Specialty uses adjusted operating income as an internal performance measure in the management of Skyward Specialty operations because Skyward Specialty believes it gives management and other users of financial information useful insight into results of operations and underlying business performance. Adjusted operating income (loss) should not be viewed as a substitute for net income (loss) calculated in accordance with GAAP, and other companies may define adjusted operating income differently.

(Currency amounts in millions of US\$)	Three months ended March 31			
	2023		2022	
	Pre-tax	After-tax	Pre-tax	After-tax
Income as reported	\$19.7	\$15.6	\$20.6	\$16.3
Add:				
Other expenses	1.1	0.9	-	-
Less:				
Net impact of loss portfolio transfer	0.2	0.2	-	-
Net investment gains (losses)	1.0	0.8	(4.4)	(3.5)
<b>Adjusted operating income</b>	<b>\$19.6</b>	<b>\$15.5</b>	<b>\$25.0</b>	<b>\$19.8</b>

- **Underwriting income (loss)** – Skyward Specialty defines underwriting income (loss) as net income (loss) before income taxes excluding net investment income, net investment gains (losses), impairment charges, interest expense, amortization expense and other income and expenses. Underwriting income (loss) represents the pre-tax profitability of underwriting operations and allows Skyward Specialty to evaluate underwriting performance without regard to investment income. Skyward Specialty uses this metric as Skyward Specialty believe it gives management and other users of financial information useful insight into underlying business performance. Underwriting income (loss) should not be viewed as a substitute for pre-tax income (loss) calculated in accordance with GAAP, and other companies may define underwriting income (loss) differently.

(Currency amounts in millions of US\$)	Three months ended March 31	
	2023	2022
Income before federal income tax	\$19.7	\$20.6
Add:		
Interest expense	2.2	1.2
Amortization expense	0.4	0.4
Other expenses	1.1	-
Less:		
Net investment income	4.6	15.1
Net investment gains (losses)	1.0	(4.4)
<b>Underwriting income (loss)</b>	<b>\$17.8</b>	<b>\$11.4</b>

(1) Reconciliation from US GAAP financial measures to US non-GAAP financial measures.

# APPENDIX – SKYWARD SPECIALTY SUPPLEMENTARY FINANCIAL MEASURES<sup>(1)</sup>



- **Adjusted Loss Ratio / Adjusted Combined Ratio** – Skyward Specialty defines adjusted loss ratio and adjusted combined ratio as the corresponding ratio (calculated in accordance with GAAP), excluding losses and LAE related to the LPT and all development on reserves fully or partially covered by the LPT and amortization of deferred gains associated with recoveries of prior LPT reserve strengthening. Skyward Specialty use these adjusted ratios as internal performance measures in the management of operations because Skyward Specialty believes they give management and other users of financial information useful insight into results of operations and underlying business performance. Skyward Specialty's adjusted loss ratio and adjusted combined ratio should not be viewed as substitutes for loss ratio and combined ratio, respectively.

(Currency amounts in millions of US\$)	Three months ended March 31	
	2023	2022
Net earned premiums	\$182.8	\$141.7
Losses and LAE	114.9	90.0
Less: Pre-tax net impact of loss portfolio transfer	0.2	-
<b>Adjusted losses and LAE</b>	<b>\$115.1</b>	<b>\$90.0</b>
Loss ratio	62.8%	63.5%
Less: Net impact of LPT	(0.1)%	-
<b>Adjusted Loss Ratio</b>	<b>62.9%</b>	<b>63.5%</b>
Combined ratio	90.2%	91.9%
Less: Net impact of LPT	(0.1)%	-
<b>Adjusted Combined Ratio</b>	<b>90.3%</b>	<b>91.9%</b>

- **Tangible Stockholders' Equity** – Skyward Specialty defines tangible stockholders' equity as 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. Skyward Specialty uses tangible stockholders' equity internally to evaluate the strength of balance sheet and to compare returns relative to this measure.

(Currency amounts in millions of US\$)	Three months ended March 31	
	2023	2022
Stockholders' equity	\$507.1	\$428.6
Less: Goodwill and intangible assets	89.5	91.0
<b>Tangible stockholders' equity</b>	<b>\$417.6</b>	<b>\$337.6</b>

(1) Reconciliation from US GAAP financial measures to US non-GAAP financial measures.

# APPENDIX – SKYWARD SPECIALTY SUPPLEMENTARY FINANCIAL MEASURES<sup>(1)</sup>



- **Adjusted Return on Equity** - The following table provides a reconciliation of adjusted return on equity to return on equity for the periods ended March 31, 2023 and 2022:

	Three months ended March 31	
(Currency amounts in millions of US\$)	2023	2022
Numerator: adjusted operating income	\$15.5	\$19.8
Denominator: average stockholders' equity	467.9	427.4
<b>Adjusted return on equity</b>	<b>13.3%</b>	<b>18.5%</b>

- **Return on Tangible Equity** - Return on tangible equity for the periods ended March 31, 2023 and 2022 reconciles to return on equity as follows:

	Three months ended March 31	
(Currency amounts in millions of US\$)	2023	2022
Numerator: net income	\$15.6	\$16.3
Denominator: average tangible stockholders' equity	377.6	336.2
<b>Return on tangible equity</b>	<b>16.6%</b>	<b>19.4%</b>

- **Adjusted Return on Tangible Equity** - Adjusted return on tangible equity for the periods ended March 31, 2023 and 2022 reconciles to return on equity as follows:

	Three months ended March 31	
(Currency amounts in millions of US\$)	2023	2022
Numerator: adjusted operating income	\$15.5	\$19.8
Denominator: average tangible stockholders' equity	377.6	336.2
<b>Adjusted return on tangible equity</b>	<b>16.5%</b>	<b>23.6%</b>

(1) Reconciliation from US GAAP financial measures to US non-GAAP financial measures.





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