



Q2 2023 Investor Presentation

August 15, 2023

Disclaimer

Safe Harbour Statement

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This document contains certain historical results and performance data including, without limitation, relating to Skyward Specialty, Arena FINCOs and Arena Investors. Such historical results and performance data have been prepared and provided solely by the relevant party and have not been independently verified or audited. The historical results and performance data have been included in this document for illustrative purposes only. The historical results and performance data are in no way indicative of any future results, performance or returns by any of Westaim, Skyward Specialty, Arena FINCOs and Arena Investors.

Certain statements in this presentation are "forward-looking statements". Any statements that express or involve discussions with respect to predictions, target yields and returns, internal rates of return, expectations, beliefs, plans, projections, objectives, Arena Investors' operating leverage and AUM (as defined herein) growth, assumptions or future events or performance (often, but not always using words or phrases such as "expects", "does not expect", "is expected", "seeks", "endeavours", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", "does not intend" or stating that certain actions, events or results may, could, would, might or will occur or be taken, or achieved) are not statements of historical fact and may be "forward-looking statements". In particular, but without limiting the foregoing, this presentation contains forward-looking statements pertaining to: Skyward Specialty's growth strategy and potential expansion opportunities; Opportunities available to Arena FINCOs and Arena Investors; Arena Investors' pipeline, funding campaigns and core strategies; growth of fee paying AUM, Arena Investors' future focus and opportunities for building value at Westaim. Forward-looking statements are based on expectations, estimates and projections as well as other relevant factors at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. These include, but are not limited to, the risk factors discussed in Westaim's Annual Information Form for its fiscal year ended December 31, 2022, available on www.sedarplus.ca. Except as required by law, Westaim does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forward-looking statement or to update such forward-looking statement.

Supplementary financial measures concerning Skyward Specialty contained in this presentation are unaudited and have been derived from the Skyward Specialty Second 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. 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 June 30, 2023 available at 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

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 six months ended June 30, 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.

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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 ended June 30, 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 Second 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.

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 June 30, 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

With respect to the section on Arena Investors the information therein is being provided solely in relation to the management company and the investment manager, including their 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, Arena Investors makes investments in Corporate Securities, including liquid investments such as convertible structured investments, as well as other public and private investments within Arena Investors' stable income strategies which are not fully discussed herein. Further information is available upon request.

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 Arena Investors. When used herein, the words "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "modeled," "ought to," "plan," "project," "seek," "should," "will," "would," and similar expressions, as they relate to Arena Investors or Arena Investors' management are intended to identify forward-looking statements. 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. These forward-looking statements reflect Arena Investors' views at the time such statement were made with respect to future events and are not a guarantee of future performance or developments. You are strongly cautioned that reliance on any forward- looking statements involves known and unknown risks and uncertainties.

Net annualized returns inceptions to date are net of fees as disclosed in the fee schedule and net of deal and operating expenses (including asset servicing expenses of 0.5% for drawdown, open-ended, FINCOs, SI-REC and 0.75% for NZ REC). All returns are based on the reinvestment of principal, interest, and dividends received. Fee schedules for returns shown include management fees with a range of 0.35%-2%, incentive fees with a range of 7.5% incentive to 18% and preferred returns or hurdles applicable on specific vehicles.

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 26.8% look-through ownership⁽¹⁾

Skyward Specialty (NASDAQ: SKWD) is a rapidly growing and innovative US 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⁽²⁾

Arena Investors is a global institutional asset manager that provides creative solutions for those seeking capital in special situations. Arena Investors has more than 100 people across six global offices, operating in 20 countries.

Arena Investors' committed AUM of approximately \$3.3 billion includes Westaim's proprietary capital of approximately \$150 million plus third party institutional and high net worth clients.⁽³⁾

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 18.4%, combined with its direct ownership of the Skyward Specialty common shares of 8.4%, resulted in a 26.8% look-through interest in Skyward Specialty at June 30, 2023. Subsequent to June 30, 2023, the HIIG Partnership dissolved pursuant to the terms of its limited partnership agreement and consequently Westaim now holds all of its 26.8% interest in Skyward Specialty directly.

(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 June 30, 2023.

Westaim Q2 2023 Quarterly Operating Highlights

Westaim's Q2 2023 earnings continue to be driven by gains on its Skyward Specialty ownership

Arena Investors	<ul style="list-style-type: none"> Q2 2023 Net Income attributable to AIGH (100%) was \$1.5 million compared to Q2 2022 Net Income attributable to AIGH of \$0.1 million; YTD 2023 Net Income attributable to AIGH (100%) was \$3.5 million compared to YTD 2022 Net Income attributable to AIGH of \$9.4 million⁽¹⁾ <ul style="list-style-type: none"> Committed AUM was \$3.3 billion at June 30, 2023 as compared to \$3.5 billion at December 31, 2022 and \$3.5 billion at June 30, 2022 Fee-Paying AUM at June 30, 2023 was \$2.5 billion, as compared to \$2.6 billion at December 31, 2022 and \$2.7 billion at June 30, 2022 Total Recurring Revenue was \$10.8 million in Q2 2023 vs. \$11.0 million in Q2 2022; Total Recurring Revenue was \$21.5 million in YTD 2023 vs. \$21.0 million in YTD 2022⁽²⁾ Since inception, Arena Investors has deployed approximately \$5.2 billion into 360+ privately negotiated transactions, which averages 50 transactions per year; approximately 203 positions have been exited, and have realized a 15.3% gross 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	<ul style="list-style-type: none"> Arena FINCOs' Q2 2023 Net Loss was \$3.3 million (-2.1% net investment return) compared to Q2 2022 Net Income of \$3.7 million (2.2% net investment return) Arena FINCOs' YTD 2023 Net Loss was \$6.0 million (-3.8% net investment return) compared to YTD 2022 Net Income of \$6.3 million (3.8% net investment return)⁽¹⁾ <ul style="list-style-type: none"> At June 30, 2023, the fair value of Arena FINCOs was \$147.2 million compared to \$160.1 million at December 31, 2022 Westaim received a cash distribution of \$6.9 million from Arena FINCOs in YTD 2023, which had the effect of decreasing the carrying value of the investment
Skyward Specialty Insurance Group	<ul style="list-style-type: none"> Skyward Specialty's Net Income (100%) was \$19.5 million in Q2 2023 compared to Net Income of \$5.1 million in Q2 2022; Skyward Specialty's Net Income (100%) was \$35.0 million in YTD 2023 compared to Net Income of \$21.4 million in YTD 2022; adjusted operating income⁽¹⁾ was \$16.0 million in Q2 2023 compared to \$16.4 million in Q2 2022; adjusted operating income was \$31.5 million in YTD 2023 compared to \$36.2 million in YTD 2022 <ul style="list-style-type: none"> Underwriting performance remains strong with a combined ratio of 92.0% in Q2 2023 vs. 91.8% in Q2 2022; 91.1% in YTD 2023 vs. 91.9% in YTD 2022 Net investment income was \$8.6 million in Q2 2023 vs. \$10.5 million in Q2 2022; net investment income was \$13.3 million in YTD 2023 vs. \$25.7 million in YTD 2022; for Q1 2023 and Q2 2023, increased income from core fixed income and short-term and money market investments was offset by losses in opportunistic fixed income Total stockholders' book equity at June 30, 2023 increased to \$522.7 million from \$421.7 million at December 31, 2022 due to its initial public offering ("IPO") listing net proceeds of approximately \$62 million and YTD 2023 net income Q2 2023 Annualized Return-on-equity ("ROE") of 15.1% vs. 4.8% in Q2 2022; YTD 2023 Annualized Return-on-equity ("ROE") of 14.8% vs. 10.1% in YTD 2022; Q2 2023 Annualized Adjusted ROE of 12.4% vs. 15.5% in Q2 2022; Q2 2023 Annualized Adjusted ROE of 13.3% vs. 17.1% in YTD 2022
Westaim	<ul style="list-style-type: none"> Westaim's Q2 2023 Net Profit was \$31.3 million compared to Q2 2022 Net Loss of \$1.6 million; YTD 2023 Net Profit was \$125.8 million compared to YTD 2022 Net Profit of \$1.9 million <ul style="list-style-type: none"> Diluted earnings per share in Q2 2023 of \$0.22 compared to Q2 2022 diluted loss per share of \$0.01; Diluted earnings per share in YTD 2023 of \$0.89 compared to YTD 2022 diluted earnings per share of \$0.01 At June 30, 2023, Westaim's book value was \$473.5 million which was \$3.37 (C\$4.46) 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 refer slide 4 for Non-GAAP measures.

Westaim Summary Quarterly Operating Results

(Amounts in millions of US\$ except per share data)	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
(Loss) income from investments in Arena FINCOs and ASOF ⁽¹⁾	(\$3.3)	\$3.7	(\$6.1)	\$6.5
Income (loss) from investment in Skyward Specialty	37.6	(3.9)	137.7	(5.1)
Income from investment in Arena Investors	0.8	-	1.8	4.8
Income (loss) from investments	\$35.1	(\$0.2)	\$133.4	\$6.2
Holding company operating expenses	(1.8)	(1.7)	(3.6)	(4.0)
Preferred securities interest expense	(0.4)	(0.5)	(0.9)	(1.0)
Interest and fee income	0.8	0.7	1.3	1.2
Net holding company operating and interest expense	(\$1.4)	(\$1.5)	(\$3.2)	(\$3.8)
Share-based compensation (expense)	(2.4)	(0.3)	(3.7)	-
Foreign exchange (loss) gain	(0.2)	0.1	(0.6)	0.1
Derivative warrants - change in fair value gain	0.1	-	0.1	0.1
Total net holding company expense	(\$3.9)	(\$1.7)	(\$7.4)	(\$3.6)
Income tax recovery (expense)	0.1	0.3	(0.2)	(0.7)
Profit and comprehensive income (loss)	\$31.3	(\$1.6)	\$125.8	\$1.9
Earnings (loss) per fully diluted share	\$0.22	(\$0.01)	\$0.89	\$0.01

- Profit and comprehensive income for Q2 2023 was \$31.3 million (\$0.22 diluted earnings per share) compared to a profit and comprehensive loss of \$1.6 million (\$0.01 diluted loss per share) in Q2 2022
- Profit and comprehensive income in YTD 2023 was \$125.8 million (\$0.89 diluted earnings per share) compared to a profit and comprehensive income of \$1.9 million (\$0.01 diluted earnings per share) in YTD 2022
- Westaim's income from its investment in Skyward Specialty in Q2 2023 was \$37.6 million compared to a loss of \$3.9 million in Q2 2022; Westaim's income from its investment in Skyward Specialty in YTD 2023 was \$137.7 million compared to a loss of \$5.1 million in YTD 2022. The valuation of Skyward Specialty at June 30, 2023 was \$269.2 million, consistent with the Skyward Specialty trading price at June 30, 2023 of \$25.40 per common share as compared to the December 31, 2022 valuation at \$15.00 per common share
- Arena FINCOs' and ASOF's portfolios produced a net loss of \$3.3 million in Q2 2023 with an -2.1% net investment return compared to net income of \$3.7 million and net investment return of 2.2% in Q2 2022
- Arena Investors fee-paying AUM was \$2.5 billion at June 30, 2023 vs. \$2.7 billion at June 30, 2022

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

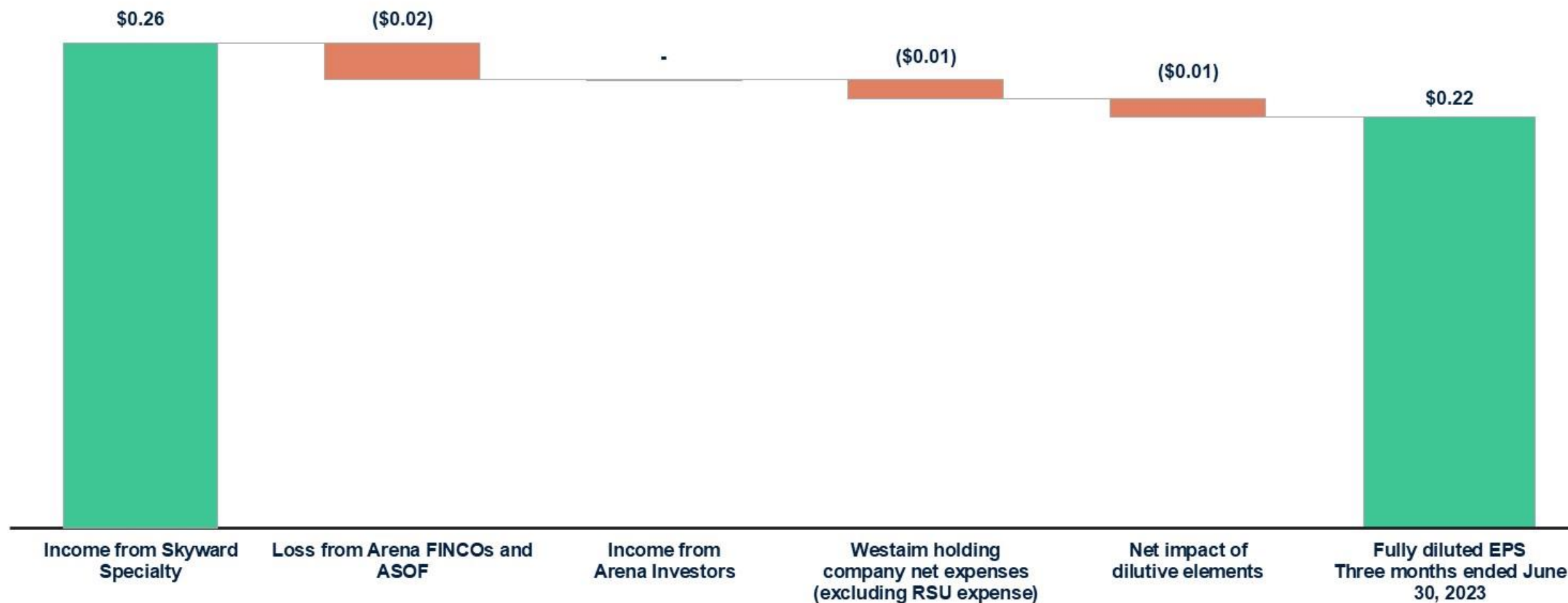
Westaim Summary Statement of Financial Position

As at	June 30, 2023	March 31, 2023	December 31, 2022
(Amounts in millions of US\$ except per share data)			
Assets			
Cash	\$86.8	\$3.1	\$3.4
Other assets	1.0	0.8	0.8
Investment in Skyward Specialty	269.2	319.0	218.9
Investment in Arena FINCOs	147.2	153.0	160.1
Investment in Arena Investors	26.7	27.9	26.9
Investment in ASOF	3.1	3.1	3.2
Total Assets	\$534.0	\$506.9	\$413.3
Liabilities			
Accounts payable, income tax payable and accrued liabilities	\$22.8	\$12.2	\$13.1
Preferred securities	37.7	36.9	36.9
Derivative warrant liability	-	0.1	0.1
Total Liabilities	\$60.5	\$49.2	\$50.1
Shareholders' equity	473.5	457.7	363.2
Total Liabilities and Shareholders' Equity	\$534.0	\$506.9	\$413.3
Number of common shares outstanding	138,992,118	141,386,718	141,386,718
Fully diluted book value per share - in US\$	\$3.37	\$3.21	\$2.56
Fully diluted book value per share - in C\$¹	C\$4.46	C\$4.34	C\$3.46

- Book value per fully diluted share increased \$0.81 (31.9%) to \$3.37 at June 30, 2023 from \$2.56 at December 31, 2022. Book value per fully diluted share increased C\$1.00 (28.9%) to C\$4.46 at June 30, 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". In June 2023, Skyward Specialty completed a Secondary Offering
- Westaim sold 3,987,500 Skyward Specialty common shares in Q2 2023; as a result, cash increased from the \$87.4 million sale proceeds and investment in Skyward Specialty reduced to \$269.2 million as at June 30, 2023 from \$319.0 as at March 31, 2023
- Westaim received a distribution of \$2.5 million from Arena FINCOs in Q2 2023 and \$6.9 million in YTD Q2 2023, which had the effect of decreasing the carrying value of the investment
- Westaim's strong cash position at June 30, 2023 enabled Westaim to settle its preferred securities liability subsequent to the quarter-end and put the company in a position to be able to fund further share buy backs
- During Q2 2023, Westaim acquired and cancelled 2,394,600 common shares at a cost of \$6.4 million through its normal course issuer bid
- During Q2 2023, Westaim also received a \$2.0 million cash distribution from Arena Investors

* Period end exchange rates of USD to CDN: \$1.32395 at June 30, 2023; 1.35295 at March 31, 2023 and \$1.35360 at December 31, 2022.

Westaim Diluted Earnings per Share (US\$): Three months ended June 30, 2023



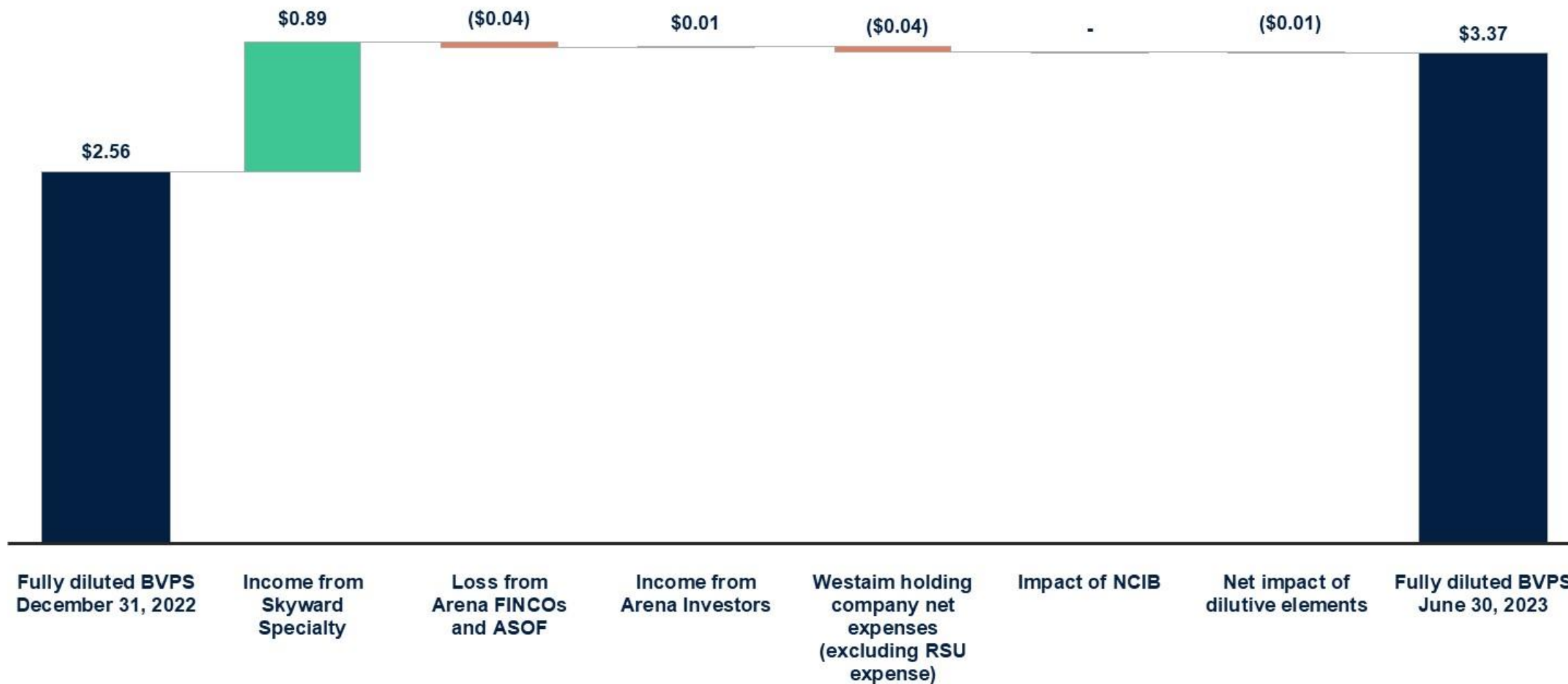
Westaim Book Value per Share (US\$): Three months ended June 30, 2023



Westaim Diluted Earnings per Share (US\$): Six months ended June 30, 2023



Westaim Book Value per Share (US\$): Six months ended June 30, 2023





ARENA
INVESTORS
GROUP HOLDINGS

Seeing What's Possible

Arena Investors Global 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 **June 30, 2023**
unless otherwise specified

ABOUT ARENA INVESTORS ⁽¹⁾

\$3.3B
AUM

~\$170M

of AUM is employee and
related capital

Vast Global Origination and
Servicing Network

Offices in New York, Jacksonville,
Purchase, Dublin, London,
Singapore and Bengaluru ⁽²⁾

~\$5.3B

deployed into 360+ 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 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 – average transaction sizes are <\$50 million such that Arena Investors largely avoids competition from similarly situated “mega-firms”.
- “Private Credit” investors are migrating to Arena Investors’ world-view, given the post-crisis bull market is likely turning.

(1) The AUM of Arena Investors includes employee capital, co-invest, and capital committed but not yet deployed of \$783 million as of June 30, 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 is 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

- ~\$5.2 billion deployed into 360+ privately negotiated transactions
- 203 exited privately negotiated transactions with 184 multi-strategy investments having a realized IRR of 15.3% gross⁽¹⁾
- The portfolio has had positive results in 82 of the 93 months since inception⁽²⁾
- Consistent and uncorrelated performance; stable results through COVID-19

Driving Third-Party AUM

- Arena Investors' AUM⁽³⁾ have grown at a compound annual growth rate of ~44% from December 31, 2015 to June 30, 2023
- \$3.3 billion in AUM⁽³⁾

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's multi-strategy investment vehicles as well as Stable Income – Real Estate Credit strategy investments. In addition to exited investments in Arena's multi-strategy, 149 active positions have an underwritten IRR of 17.7% and a current IRR of 8.1%. 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 06/30/2023. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

(2) Past performance is not indicative of future performance. Actual results may vary.

(3) AUM as of June 30, 2023 and includes undrawn commitments totaling \$783 million for closed-end, SMA, and Excess Capacity Funds (New Zealand Real Estate Credit).



	Three Months Ended June 30		Six Months Ended June 30	
(Currency amounts in millions of US\$)	2023	2022	2023	2022
Management fees	\$ 7.7	\$ 8.1	\$ 15.5	\$ 15.6
Asset servicing fees	2.7	2.9	5.4	5.3
Other income	0.4	-	0.6	0.1
Total recurring revenue	\$ 10.8	\$ 11.0	\$ 21.5	\$ 21.0
Operating expenses allocated to recurring revenue	(10.7)	(8.3)	(20.0)	(15.8)
Fee related earnings	\$ 0.1	\$ 2.7	\$ 1.5	\$ 5.2
Incentive fees	1.4	-	4.2	13.8
Incentive fees compensation expense ¹	(1.5)	(1.4)	(2.8)	(6.8)
Net incentive fees	(\$ 0.1)	(\$ 1.4)	\$ 1.4	\$ 7.0
Investment Advisor EBITDA	-	\$ 1.3	\$ 2.9	\$ 12.2
Arena Institutional Services ("AIS") revenue	\$ 5.0	-	\$ 5.0	-
AIS operating expenses	(0.5)	(0.1)	(0.5)	(0.3)
Employee profit share	(1.8)	-	(1.8)	-
AIS EBITDA	\$ 2.7	(\$ 0.1)	\$ 2.7	(\$ 0.3)
AIGH general and administrative costs	(\$ 0.2)	(\$ 0.2)	(\$ 0.4)	(\$ 0.4)
AIGH other income and expenses	(0.4)	(0.5)	(0.7)	(1.2)
Total EBITDA	\$ 2.1	\$ 0.5	\$ 4.5	\$ 10.3
Depreciation	(0.1)	-	(0.2)	(0.1)
Revolving loan interest expense paid to Westaim	(0.5)	(0.3)	(0.8)	(0.7)
Taxes	-	(0.1)	-	(0.1)
Net income attributable to AIGH	\$ 1.5	\$ 0.1	\$ 3.5	\$ 9.4
Westaim's share of income and comprehensive income of Arena Investors (51%)	\$ 0.8	-	\$ 1.8	\$ 4.8

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

(2) Arena Investors FRE + AIS EBITDA

(3) Adjusted to conform to the presentation of the current period financial statements.

Q2 2023 Results:

- Net income attributable to AIGH for Q2 2023 was \$1.5 million (Q2 2022: \$0.1 million)
- Management fee revenue for Q2 2023 was \$7.7 million (Q2 2022: \$8.1 million)
- Asset service fees for Q2 2023 was \$2.7 million (Q2 2022: \$2.9 million)
- Net incentive fees was (\$0.1) million for Q2 2023 (Q2 2022: (\$1.4) million)
- Arena Institutional Services performs non-advisory services for business units, monetizing our intellectual capital resulting in gross revenue of \$5.0 million for Q2 2023
- Recurring revenue continues to grow. Fee related earnings reached a break even point in FY 2021 growing to \$8.3 million for FY 2022.⁽³⁾ 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.



\$3.3B AUM⁽²⁾

ARENA FULLY DIVERSIFIED
STRATEGY \$2.1B

Permanent Capital (Arena FINCOs)

- Arena Finance
- Arena Origination Company

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 \$783 million (except where noted) as of June 30, 2023.



- Arena Investors’ strategies have consistently performed well on an outright and relative basis.
- The returns below cover a period which included the COVID-19 pandemic, a surge in global inflation, steep increases in interest rates and a period of negative returns across most asset classes.

As of 6/30/2023	Drawdown		Open-ended	FINCOs	NZ REC		SI-REC	SI-ABS
	ASOP I	ASOP II	ASOF		I	II		
Gross annualized return ITD ¹	17.0%	10.9%	9.1%	3.7%	6.1%	16.8%	7.1%	1.1%
Net annualized return ITD ²	12.7%	9.3%	6.7%	2.7%	5.6%	11.5%	5.6%	0.7% +2.9% vs ABS index ⁵ +6.2% vs BBB US Corp ⁶
Net MOIC ³	1.34x	1.13x	n.a.	n.a.	1.13x	1.10x	n.a.	n.a.

(1) Gross annualized returns inception to date are net of deal and operating expenses (including asset servicing expenses of 0.5% for drawdown, open-ended, FINCOs, SI-REC and 0.75% for NZ REC) but gross of management fee and incentive fees/carry. All returns are based on the reinvestment of principal, interest, and dividends received.

(2) Net annualized returns inceptions to date are shown net of fees as disclosed in the fee schedule and net of deal and operating expenses (including asset servicing expenses of 0.5% for drawdown, open-ended, FINCOs, SI-REC and 0.75% for NZ REC). All returns are based on the reinvestment of principal, interest, and dividends received.

(3) Net MOIC is multiple of the sum of net asset value and distributions divided by contributions.

(4) ICE BofA AA-BBB US ABS Index 6/1/21-06/30/23: (4.9%)

(5) ICE BofA BBB US Corporate Index 6/1/21-06/30/23: (9.2%)

- ASOPI – Arena Special Opportunities Partners I
- ASOPII – Arena Special Opportunities Partners II
- ASOF – Arena Special Opportunities Fund
- FINCOs = AOC – Arena Origination Company and AF – Arena Finance
- NZ REC – New Zealand Real Estate Credit
- SI-REC – Stable Income Real Estate Credit
- SI-ABS – Stable Income ABS

See additional notes on return calculations on page 5



Arena Investors' AUM (including undrawn commitments) were \$3.3B at June 30, 2023. From December 31, 2015 to June 30, 2023, AUM has grown at a CAGR of ~44%. In 2023, Arena is launching/has launched 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 June 30, 2023¹



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



Arena Investors – Deal Structure Aligns Arena 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 Q2 2023 of \$24 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 June 30, 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

(Currency amounts in millions of US\$)	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Investment income (loss)	\$0.7	\$2.8	(\$0.3)	\$4.1
Net (loss) gain on investments	(1.4)	3.7	(0.7)	7.6
Interest expense	(1.2)	(1.1)	(2.2)	(2.0)
Net investment (loss) income	(\$1.9)	\$5.4	(\$3.2)	\$9.7
Operating expenses:				
Management and asset servicing fees	(0.9)	(1.0)	(1.9)	(2.1)
Incentive fees expense	(0.1)	(0.4)	(0.2)	(0.7)
Other operating expenses	(0.3)	(0.2)	(0.6)	(0.5)
Net performance of Arena FINCOs	(\$3.2)	\$3.8	(\$5.9)	\$6.4
Advisory fees paid to the Company	(0.1)	(0.1)	(0.1)	(0.1)
Net operating results of the Arena FINCOs	(\$3.3)	\$3.7	(\$6.0)	\$6.3
Gross investment return	(1.2%)	3.2%	(2.1%)	5.7%
Net investment return*	(2.1%)	2.2%	(3.8%)	3.8%

- Q2 2023 Net Loss was \$3.3 million (-2.1% net investment return) compared to Q2 2022 Net Income of \$3.7 million (2.2% net investment return)
- YTD 2023 Net Loss was \$6.0 million (-3.8% net investment return) compared to YTD 2022 Net Income of \$6.3 million (3.8% 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\$)

Fair Value

	June 30, 2023	March 31, 2023	December 31, 2022
Cash and cash equivalents	\$15.4	\$20.4	\$16.7

Investments:

Corporate Private Investments	54.8	56.8	60.2
Real Estate Investments	52.1	46.8	45.8
Structured Finance and Assets	61.6	53.6	55.2
Other Securities	43.2	42.5	37.8
Total Investments	\$211.7	\$199.7	\$199.0

Other net assets	\$1.7	\$5.6	\$7.9
Due to brokers, net	(18.8)	(15.0)	(17.0)
Senior secured notes payable	(44.2)	(44.1)	(43.9)
Revolving credit facility payable	(18.6)	(13.6)	(2.6)
Net assets of the Arena FINCOs	\$147.2	\$153.0	\$160.1

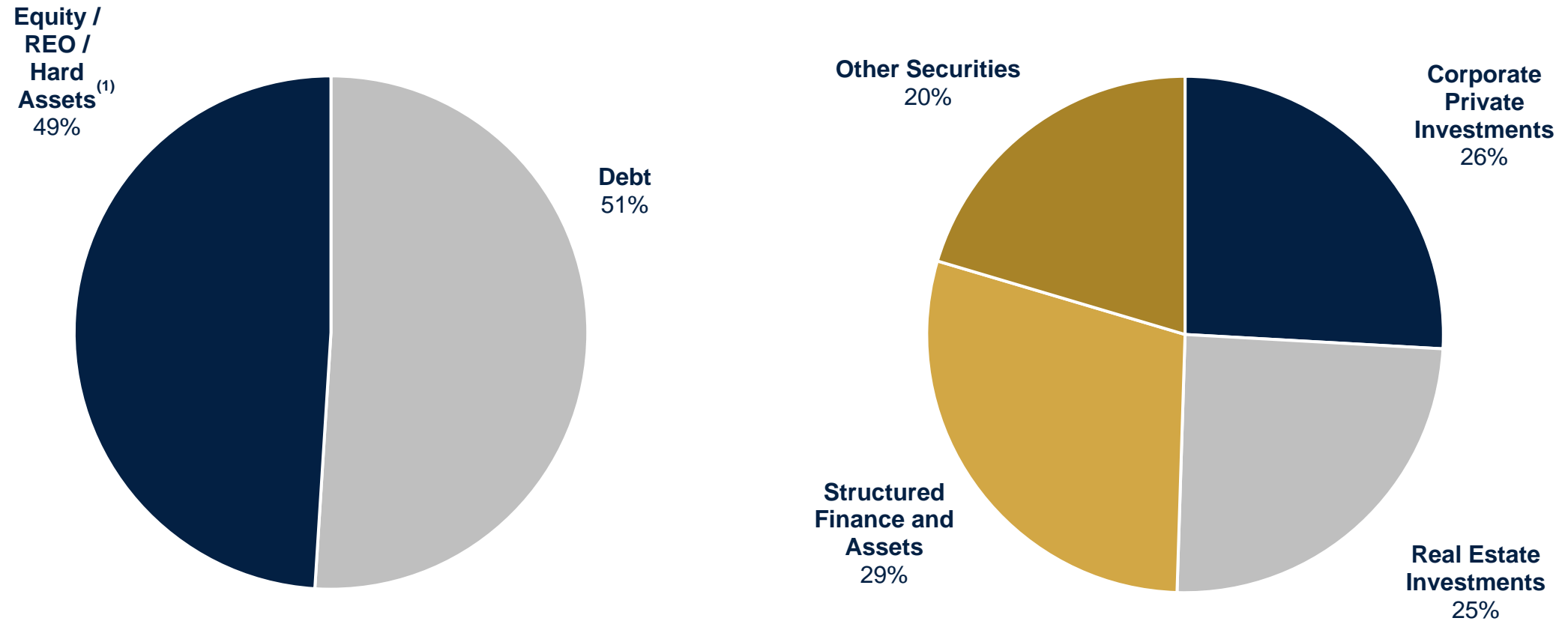
Changes in Investment in Arena FINCOs

	Q2 2023	Q1 2023	FY 2022
Opening balance	\$153.0	\$160.1	\$172.8
Return of capital to Westaim	-	(2.5)	(1.9)
Unrealized (loss) before dividends	(3.3)	(2.7)	(2.4)
Dividends paid to Westaim	(2.5)	(1.9)	(8.4)
Ending balance	\$147.2	\$153.0	\$160.1

- The combination of the secured notes and revolving credit facility are being utilized for efficient treasury management and limiting cash drag
- The composition of the portfolio, with 49% in equity/REO/hard assets⁽¹⁾, 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 \$6.9 million from Arena FINCOs to Westaim in YTD 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 June 30, 2023



Arena FINCOs held 237 positions at June 30, 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.



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
- 477 employees as of June 30, 2023 across 9 offices

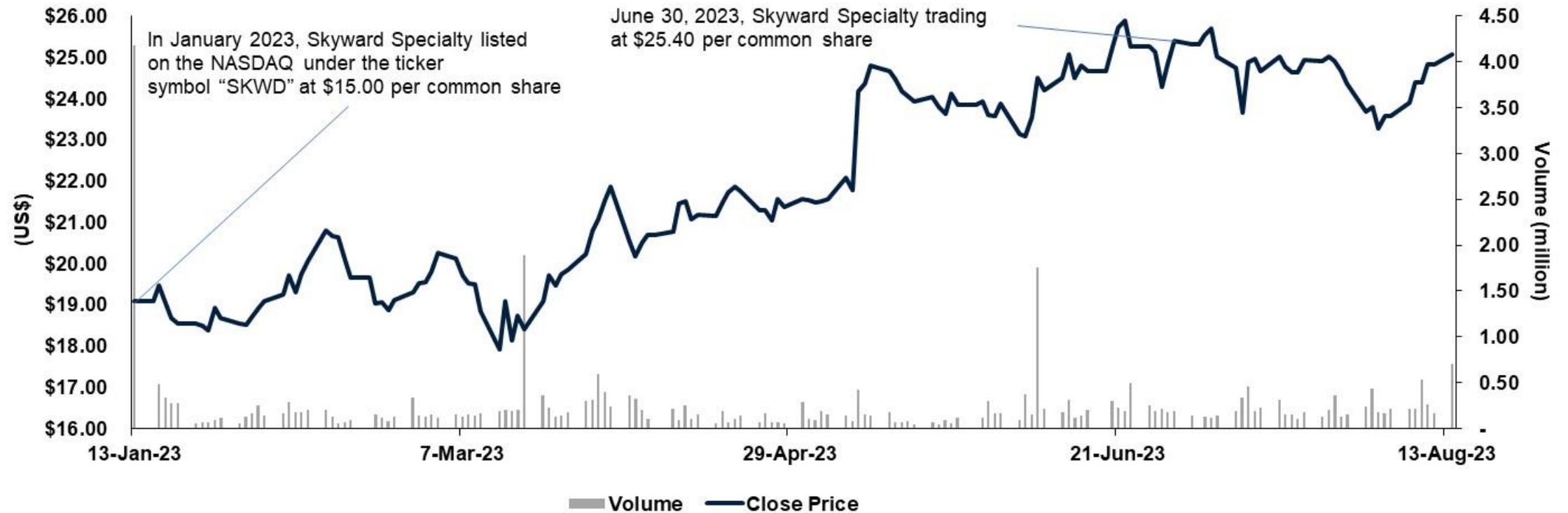
Select Financial Metrics

(US\$ millions)	YTD 2023 ⁽¹⁾	FY 2022 ⁽¹⁾
Select Income Statement Metrics		
Gross written premium (GWP)	\$783	\$1,144
Net written premium (NWP)	416	676
Pre-tax income	45	50
Adjusted combined ratio	91.3%	92.6%
Cash and invested assets	\$1,393	\$1,207
Total assets	2,807	2,363
Total liabilities	2,284	1,942
Total stockholders' equity	523	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 June 30, 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 \$25.40 on June 30, 2023

SKYWARD SPECIALTY - SUMMARY STATEMENTS OF OPERATIONS⁽¹⁾



(Currency amounts in millions of US\$) As at	Three months ended June 30 2023	2022	Six months ended June 30 2023	2022
Revenues				
Net earned premiums	\$194.3	\$146.1	\$377.2	\$287.8
Commission and fee income	2.2	2.1	3.7	2.3
Net investment income	8.6	10.5	13.3	25.7
Net investment gains (losses)	5.4	(14.4)	6.3	(18.8)
Total revenues	\$210.5	\$144.3	\$400.5	\$297.0
Expenses				
Losses and loss adjustment expense ("LAE")	\$124.4	\$91.8	\$239.3	\$181.8
Underwriting, acquisition and insurance expenses	56.7	44.3	108.3	84.9
Interest expense	2.5	1.4	4.6	2.5
Amortization expense	0.5	0.4	0.9	0.8
Other expenses	1.4	-	2.6	-
Total expenses	\$185.5	\$137.9	\$355.7	\$270.0
Income before income taxes	\$25.0	\$6.4	\$44.8	\$27.0
Income tax expense	5.5	1.3	9.8	5.6
Net Income	\$19.5	\$5.1	\$35.0	\$21.4
Net income attributable to participating securities	-	2.4	1.3	10.3
Net income attributable to common stockholders	\$19.5	\$2.7	\$33.7	\$11.1
Comprehensive income (loss):				
Net income	\$19.5	\$5.1	\$35.0	\$21.4
Net change in unrealized gains (losses) on investments, net of tax	(4.4)	(14.8)	3.4	(31.5)
Reclassification adjustment for (losses) gains on securities no longer held, net of tax	(1.2)	0	(1.2)	0.3
Total other comprehensive (loss) income	(\$5.5)	(\$14.8)	\$2.2	(\$31.2)
Comprehensive income (loss)	\$13.9	(\$9.7)	\$37.2	(\$9.8)
Basic earnings per share	\$0.53	\$0.16	\$0.97	\$0.67
Diluted earnings per share	\$0.51	\$0.16	\$0.93	\$0.66
Basic adjusted earnings per share	\$0.44	\$0.52	\$0.87	\$1.14
Diluted adjusted earnings per share	\$0.42	\$0.50	\$0.84	\$1.11
Annualized Return-on-Equity ("ROE")¹	15.1%	4.8%	14.8%	10.1%
Annualized adjusted ROE²	12.4%	15.5%	13.3%	17.1%
Annualized ROTE²	18.3%	6.1%	18.3%	12.9%
Annualized adjusted ROTE²	15.1%	19.7%	16.5%	21.8%

	June 30, 2023	December 31, 2022
Book value per share	\$14.05	\$25.82
Fully diluted book value per share	\$13.41	\$12.87
Fully diluted tangible book value per share	\$11.15	\$10.17

(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.

Written Premium Growth and Revenue

- GWP increased 29.4% to \$422.0 million in Q2 2023 vs. \$326.2 million in Q2 2022; GWP increased 28.5% to \$782.5 million in YTD 2023 vs. \$608.9 million in YTD 2022. The Q2 2023 and Q1 2023 increases in GWP, when compared to the same 2022 periods, were primarily driven by double-digit premium growth in transactional E&S, global property and agriculture, professional lines, surety and captives underwriting divisions
- NWP increased 13.2% to \$213.7 million in Q2 2023 vs. \$188.7 million in Q2 2022; NWP increased 28.3% to \$415.9 million in YTD 2023 vs. \$324.1 million in YTD 2022
- Total Revenue was \$210.5 million in Q2 2023 vs. \$144.3 million in Q2 2022; \$400.5 million in YTD 2023 vs. \$297.0 million in YTD 2022

Underwriting Profitability

- Underwriting income⁽²⁾ was \$15.5 million in Q2 2023 vs. underwriting income of \$12.0 million in Q2 2022; \$33.3 million in YTD 2023 vs. underwriting income of \$23.4 million in YTD 2022
- The combined ratio⁽²⁾ of 92.0% in Q2 2023 vs. 91.8% in Q2 2022; 91.1% in YTD 2023 vs. 91.9% in YTD 2022. The loss ratio for Q2 2023 increased 1.2 points to 64.0% vs. Q2 2022; catastrophe losses from convective storms added 3.5 points to Q2 2023 loss ratio compared Q2 2022, which was not impacted by catastrophe losses; non-cat loss and LAE ratio improved 2.1 points in Q2 2023 vs. Q2 2022 period primarily driven by the shift in the mix of business and continued run-off of exited business

Investment Performance

- Net investment income was \$8.6 million in Q2 2023 vs. \$10.5 million in Q2 2022; net investment income was \$13.3 million in YTD 2023 vs. \$25.7 million in YTD 2022; for Q2 2023 and YTD 2023, increased income from core fixed income and short-term and money market investments was offset by losses in opportunistic fixed income
- The increase in income from Skyward Specialty's core fixed income portfolio for Q2 2023 and YTD 2023 was due to (i) a larger asset base as Skyward Specialty continued to increase allocation to this part of investment portfolio and (ii) higher net investment book yields of 3.6%, respectively, compared to 2.7% and 2.6%, respectively, for the same 2022 periods; the increase in income from short-term and money market investments for the second quarter and first half of 2023 was due to higher investment yields of 5.3% and 6.4%, respectively, compared to 0.4% and 0.2%, respectively, for the same 2022 periods; the opportunistic fixed income portfolio was impacted by a decline in the fair value of limited partnership investments for Q2 2023 and YTD 2023 when compared to the same 2022 periods

Operating Profitability

- Adjusted operating income⁽²⁾ was \$16.0 million in Q2 2023 vs. \$16.4 million in Q2 2022; adjusted operating income⁽²⁾ was \$31.5 million in YTD 2023 vs. \$36.2 million in YTD 2022
- Net Income was \$19.5 million in Q2 2023 vs. \$5.1 million in Q2 2022; net Income was \$35.0 million in YTD 2023 vs. \$21.4 million in YTD 2022

SKYWARD SPECIALTY - SUMMARY BALANCE SHEETS



(Currency amounts in millions of US\$)				
As at	June 30, 2023	March 31, 2023	December 31, 2022	
Assets				
Investments	\$1,290.8	\$1,290.3	\$1,082.4	
Cash and cash equivalents	67.5	41.2	45.4	
Restricted cash	34.4	64.0	79.6	
Premiums receivable, net of allowance	266.3	179.0	139.2	
Reinsurance recoverables	582.9	570.5	581.4	
Ceded unearned premium	267.7	197.0	157.6	
Deferred policy acquisition costs	93.4	80.1	68.9	
Deferred income taxes	32.0	30.6	36.2	
Goodwill and intangible assets, net	89.2	89.5	89.9	
Other assets	83.0	79.1	82.8	
Total assets	\$2,807.2	\$2,621.3	\$2,363.4	
Liabilities				
Reserves for losses and loss adjustment expenses	\$1,224.1	\$1,173.2	\$1,141.8	
Unearned premiums	591.2	501.2	442.5	
Deferred ceding commission	54.2	40.8	29.8	
Reinsurance and premium payables	198.9	185.7	113.7	
Funds held for others	41.2	44.3	36.8	
Accounts payable and accrued liabilities	46.2	40.4	48.5	
Notes payable	50.0	50.0	50.0	
Subordinated debt, net of debt issuance costs	78.7	78.6	78.6	
Total liabilities	\$2,284.5	\$2,114.2	\$1,941.7	
Stockholders' equity				
Stock and additional paid-in capital	\$643.4	\$641.7	\$577.5	
Stock notes receivable	(6.7)	(6.7)	(6.9)	
Accumulated other comprehensive (loss) income	(41.3)	(35.7)	(43.5)	
Accumulated deficit	(72.7)	(92.2)	(105.4)	
Total stockholders' equity	\$522.7	\$507.1	\$421.7	
Total liabilities and stockholders' equity	\$2,807.2	\$2,621.3	\$2,363.4	
Tangible stockholders' equity⁽¹⁾	\$433.5	\$417.6	\$331.8	

- Total stockholders' equity increased to \$522.7 million or 24.0% from Q4 2022; increase in stockholders' equity was primarily due to net IPO proceeds of \$62.4 million and YTD 2023 net income
- Skyward Specialty's financial position remains strong, with a debt to capitalization of 19.8% as at June 30, 2023

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



APPENDIX

APPENDIX – SKYWARD SPECIALTY SUPPLEMENTARY FINANCIAL MEASURES⁽¹⁾



- **Adjusted operating income (loss)** – Skyward Specialty define 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. We use adjusted operating income as an internal performance measure in the management of our operations because we believe it gives our management and other users of our financial information useful insight into our results of operations and our 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 thousands of US\$) (unaudited)	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
	Pre-tax	After-tax	Pre-tax	After-tax	Pre-tax	After-tax	Pre-tax	After-tax
Income as reported	\$25,016	\$19,452	\$6,357	\$5,065	\$44,738	\$ 35,008	\$26,937	\$21,376
Add:								
Other expenses	1,465	1,157	—	—	2,579	2,037	—	—
Less:								
Net impact of loss portfolio transfer	462	365	—	—	704	556	—	—
Net investment gains (losses)	5,351	4,227	(14,374)	(11,355)	6,312	4,986	(18,812)	(14,861)
Adjusted operating income	\$20,668	\$16,017	\$20,731	\$16,420	\$40,301	\$ 31,503	\$45,749	\$36,237

- **Underwriting income (loss)** – define 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 our underwriting operations and allows us to evaluate our underwriting performance without regard to investment income. We use this metric as we believe it gives our management and other users of our financial information useful insight into our 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 thousands of US\$) (unaudited)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Income before federal income tax	\$25,016	\$6,357	\$44,738	\$26,937
Add:				
Interest expense	2,466	1,365	4,618	2,542
Amortization expense	486	386	873	773
Other expenses	1,465	—	2,579	—
Less:				
Net investment income	8,583	10,530	13,229	25,679
Net investment gains (losses)	5,351	(14,374)	6,312	(18,812)
Underwriting income	\$15,499	\$11,952	\$33,267	\$23,385

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

APPENDIX – SKYWARD SPECIALTY SUPPLEMENTARY FINANCIAL MEASURES⁽¹⁾



- Adjusted Loss Ratio / Adjusted Combined Ratio** – Skyward Specialty define 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. We use these adjusted ratios as internal performance measures in the management of our operations because we believe they give our management and other users of our financial information useful insight into our results of operations and our underlying business performance. Our adjusted loss ratio and adjusted combined ratio should not be viewed as substitutes for our loss ratio and combined ratio, respectively.

(Currency amounts in thousands of US\$) (unaudited)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net earned premiums	\$194,347	\$146,076	\$377,178	\$287,803
Losses and LAE	124,405	91,801	239,305	181,790
Less: Pre-tax net impact of loss portfolio transfer	(462)	—	(704)	—
Adjusted losses and LAE	\$124,867	\$91,801	\$240,009	\$181,790
Loss ratio	64.0%	62.8%	63.4%	63.2%
Less: Net impact of LPT	(0.2)%	—	(0.2)%	—
Adjusted Loss Ratio	64.2%	62.8%	63.6%	63.2%
Combined ratio	92.0%	91.8%	91.1%	91.9%
Less: Net impact of LPT	(0.2) %	—	(0.2)%	—
Adjusted Combined Ratio	92.2%	91.8%	91.3%	91.9%

- Tangible Stockholders' Equity** – Skyward Specialty define tangible stockholders' equity as stockholders' equity less goodwill and intangible assets. Our 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. We use tangible stockholders' equity internally to evaluate the strength of our balance sheet and to compare returns relative to this measure.

(Currency amounts in thousands of US\$) (unaudited)	June 30		December 31	
	2023	2022	2022	
Stockholders' equity	\$522,678	\$419,607	\$421,662	
Less: Goodwill and intangible assets	89,181	90,603	89,870	
Tangible stockholders' equity	\$433,497	\$329,004	\$331,792	

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



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