



# Q1 2024 Investor Presentation

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May 14, 2024

# 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. 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.

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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 2024 Results 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 period ended March 31, 2024 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 (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 for the three months ended March 31, 2024 and 2023, 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. The Arena Supplementary Financial Measures, including any Arena FINCOs and Arena 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. 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 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 interim 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 14 of Westaim's MD&A for the three months ended March 31, 2024 for a discussion of 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's First Quarter 2024 Press Release 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

Arena FINCOs and Arena uses 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, 2024. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

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

Assets under management ("AUM"): AUM refers to the assets for which Arena Investors provides investment management, advisory or certain other investment-related services. AUM is generally based on the net asset value of the funds managed by Arena Investors plus any unfunded commitments. Arena Investors' calculation of AUM may differ from the calculations of other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers. Arena Investors' calculations of AUM are not based on any definition set forth in the governing documents of the investment funds and are not calculated pursuant to any regulatory definitions.

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

# Important Disclosures

## Arena

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

The information provided herein should not be considered a recommendation regarding a particular investment. The actual and potential investments discussed herein are meant to be examples of Arena's investment approach. It should not be assumed that any of the investments discussed herein will prove to be profitable, or that the investment recommendations or decisions made by Arena in the future will be profitable. The particular investments discussed herein are those that most closely represent the current average-sized Arena investment in a particular category (Corporate Private Investments, Real Estate Investments and Structured Finance and Assets). In addition, Arena makes investments in Corporate Securities, including liquid investments such as convertible structured investments, as well as other public and private investments within Arena's 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 believes there are no known directly comparable indices for the Arena Special Opportunities Strategies composite which is comprised of the Arena Special Opportunities Fund, LP and Arena Special Opportunities (Offshore) Master, LP (collectively, the "Fund"). The Fund's investments are not limited to the investments listed by the market indices. The Fund may invest in different securities and engage in different trading strategies from the indices. In addition, it should be noted that the sector, industry, stock and country exposures, volatility, risk characteristics and holdings of the Fund differ materially from those of the indices. The indices do not reflect fees and expenses associated with the active management of portfolios. The performance returns of the indices were obtained from Bloomberg and other third-party sources and include the reinvestment of earnings. Although Arena believes these sources to be reliable, it is not responsible for errors or omissions from these sources.

The statements contained herein contain certain forward-looking statements that are based on Arena's beliefs as well as assumptions made by and information currently available to Arena. 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 or Arena's 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 operate, Arena strategies, plans, objectives and goals, as well as Arena 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's 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 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 20% 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 17.5% ownership<sup>(1)</sup>

**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. Skyward Specialty 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

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

**Arena** is a global institutional asset manager that provides creative solutions for those seeking capital in special situations. Arena operates as two businesses, Arena Investors and AIS.<sup>(3)</sup>

As at March 31, 2024, Arena had over 180 professionals working for the company.<sup>(4)</sup>

Arena's committed AUM of approximately \$3.4 billion includes Westaim's proprietary capital of approximately \$151 million plus third party institutional and high net worth clients.<sup>(4)</sup>

### Arena FINCOs

#### Westaim's Proprietary Capital Invested with Arena 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 and the Arena FINCOs have participated as lead investor in several new product offerings.

(1) As at March 31, 2024, Westaim held its 17.5% interest in Skyward Specialty through one of Westaim's wholly-owned Canadian subsidiaries. Subsequent to March 31, 2024, Westaim sold part of its interest in Skyward Specialty and now holds a 4.8% interest. See note 17, subsequent events in the Notes to Financial Statements.

(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 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) AIGH is a private company, operating through its wholly-owned subsidiaries and subsidiaries which Arena has a controlling interest. Arena consists of two main business lines, Arena Investors and Arena Institutional Services. Arena Investors operates as a global investment manager offering third-party clients, including the Arena FINCOs, access to fundamentals-based, credit and asset-oriented investments that aim to deliver above-market returns with low volatility. Arena Investors provides investment services primarily to institutional third-party clients consisting of, but not limited to, insurance companies, endowments, foundations, pensions, sovereign funds and other pooled investment vehicles or private investment funds. AIS leverages certain intellectual property to offer third-party services to other entities to assist in the management of their investments.

(4) As at March 31, 2024, the number of professionals includes consultants who dedicate a significant amount of time to Arena, but does not include senior advisors or joint venture partners.

# Westaim Q1 2024 Operating Highlights

## Westaim's Q1 2024 earnings driven by gains from all three of its businesses

- |                                   |   |
|-----------------------------------|---|
| Arena                             | <ul style="list-style-type: none"> <li>• <b>Q1 2024 Net Income attributable to AIGH (100%) was \$1.2 million compared to Q1 2023 Net Income attributable to AIGH of \$2.0 million<sup>(1)</sup></b> <ul style="list-style-type: none"> <li>• Committed AUM was \$3.4 billion at March 31, 2024, as compared to \$3.2 billion at December 31, 2023 and \$3.3 billion at March 31, 2023</li> <li>• Fee-Paying AUM at March 31, 2024 was \$2.5 billion, as compared to \$2.5 billion at December 31, 2023 and \$2.4 billion at March 31, 2023</li> <li>• Since inception, Arena has deployed over \$5 billion into over 400 privately negotiated and structured private convertible transactions; over 200 exited privately negotiated transactions with approximately 200 multi-strategy investments having a realized IRR of 20.5% gross</li> <li>• Arena's 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)</li> <li>• AIGH EBITDA (100%) is \$1.8 million in Q1 2024 compared to an AIGH EBITDA (100%) of \$2.4 million in Q1 2023</li> </ul> </li> </ul> |
| Arena FINCOs                      | <ul style="list-style-type: none"> <li>• <b>Arena FINCOs' Q1 2024 Net Profit was \$1.3 million (0.9% Net Investment Return) compared to Q1 2023 Net Loss of \$2.7 million (-1.7% Net Investment Return)<sup>(1)</sup></b> <ul style="list-style-type: none"> <li>• At March 31, 2024, the fair value of Arena FINCOs was \$148.5 million compared to \$147.2 million at December 31, 2023</li> </ul> </li> </ul>  |
| Skyward Specialty Insurance Group | <ul style="list-style-type: none"> <li>• <b>Skyward Specialty's Net Income (100%) was \$36.8 million in Q1 2024 compared to Net Income (100%) of \$15.6 million in Q1 2023; Adjusted Operating Income<sup>(1)</sup> was \$31.0 million in Q1 2024 compared to \$15.5 million in Q1 2023</b> <ul style="list-style-type: none"> <li>• Underwriting performance remains strong with an adjusted combined ratio of 89.7% in Q1 2024 vs. 90.3% in Q1 2023</li> <li>• Net investment income was \$18.3 million in Q1 2024 vs. \$4.6 million in Q1 2023</li> <li>• Total stockholders' equity at March 31, 2024 increased to \$692.3 million from \$661.0 million at December 31, 2023</li> <li>• Q1 2024 Annualized Return-on-equity ("ROE") of 21.7% vs. 13.4% in Q1 2023; Q1 2024 Annualized Adjusted ROE of 18.3% vs. 13.3% in Q1 2023</li> </ul> </li> </ul>   |
| Westaim                           | <ul style="list-style-type: none"> <li>• <b>Westaim's Q1 2024 Net Profit was \$23.3 million compared to Q1 2023 Net Profit of \$94.5 million</b> <ul style="list-style-type: none"> <li>• Diluted earnings per share in Q1 2024 of \$0.17 compared to Q1 2023 diluted earnings per share of \$0.66</li> <li>• At March 31, 2024, Westaim's book value was \$531.9 million which was \$4.02 (C\$5.44) per fully diluted share compared to December 31, 2023 book value of \$518.3 million or \$3.83 (C\$5.08) per fully diluted share<sup>(1)</sup></li> <li>• Westaim ended Q1 2024 with a strong cash position of \$115.5 million</li> </ul> </li> </ul>   |

(1) For further details, please refer slide 4 for Non-GAAP measures.

## Westaim Summary Q1 2024 Operating Results

	Three months ended March 31	
	2024	2023
<small>(Amounts in millions of US\$ except per share data)</small>		
Income from investment in Skyward Specialty	\$24.6	\$100.1
Income from investment in Arena	0.6	1.0
Income (loss) from investments in Arena FINCOs and ASOF <sup>(1)</sup>	1.3	(2.8)
<b>Income from investments</b>	<b>\$26.5</b>	<b>\$98.3</b>
Holding company operating expenses	(2.2)	(1.8)
Preferred securities interest expense	-	(0.5)
Interest and fee income	2.3	0.5
<b>Net holding company operating income (expenses)</b>	<b>\$0.1</b>	<b>(\$1.8)</b>
Share-based compensation recovery (expense)	0.1	(1.3)
Foreign exchange gain (loss)	0.3	(0.4)
<b>Total net holding company income (expenses)</b>	<b>\$0.5</b>	<b>(\$3.5)</b>
Income tax expense	(3.7)	(0.3)
<b>Profit and comprehensive income</b>	<b>\$23.3</b>	<b>\$94.5</b>
Earnings per fully diluted share	\$0.17	\$0.66

- Westaim's profit and comprehensive income for Q1 2024 was \$23.3 million (\$0.17 diluted earnings per share) compared to a profit and comprehensive income of \$94.5 million (\$0.66 diluted earnings per share) in Q1 2023
- Westaim's income from its investment in Skyward Specialty in Q1 2024 was \$24.6 million compared to an income of \$100.1 million in Q1 2023; the valuation of its investment in Skyward Specialty at March 31, 2024 was \$261.1 million, and consisted of Westaim's 6,979,639 common shares valued at the March 31, 2024 trading price of \$37.41 per common share compared to the December 31, 2023 valuation of \$236.5 million or \$33.88 per common share
- Net performance of Arena FINCOs was a net profit of \$1.3 million in Q1 2024 (0.9% net investment return) compared to a net loss of \$2.7 million (-1.7% net investment return) in Q1 2023
- The increase in interest and fee income is from the interest earned on Westaim's cash balances

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



## Westaim Summary Statement of Financial Position

As at	March 31, 2024	December 31, 2023
<small>(Amounts in millions of US\$ except per share data)</small>		
<b>Assets</b>		
Cash	\$115.5	\$135.0
Other assets	1.4	1.5
Investment in Skyward Specialty	261.1	236.5
Investment in Arena	27.2	27.6
Investment in Arena FINCOs	148.5	147.2
Investment in ASOF	3.0	3.0
Deferred tax asset	1.1	1.0
<b>Total Assets</b>	<b>\$557.8</b>	<b>\$551.8</b>
<b>Liabilities</b>		
Accounts payable, income taxes payable and accrued liabilities	\$21.5	\$32.3
Deferred tax liability	4.4	1.2
<b>Total Liabilities</b>	<b>\$25.9</b>	<b>\$33.5</b>
Shareholders' equity	531.9	518.3
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$557.8</b>	<b>\$551.8</b>
<b>Number of common shares outstanding</b>	<b>129,181,585</b>	<b>131,757,285</b>
<b>Fully diluted book value per share - in US\$</b>	<b>\$4.02</b>	<b>\$3.83</b>
<b>Fully diluted book value per share - in C\$<sup>1</sup></b>	<b>C\$5.44</b>	<b>C\$5.08</b>

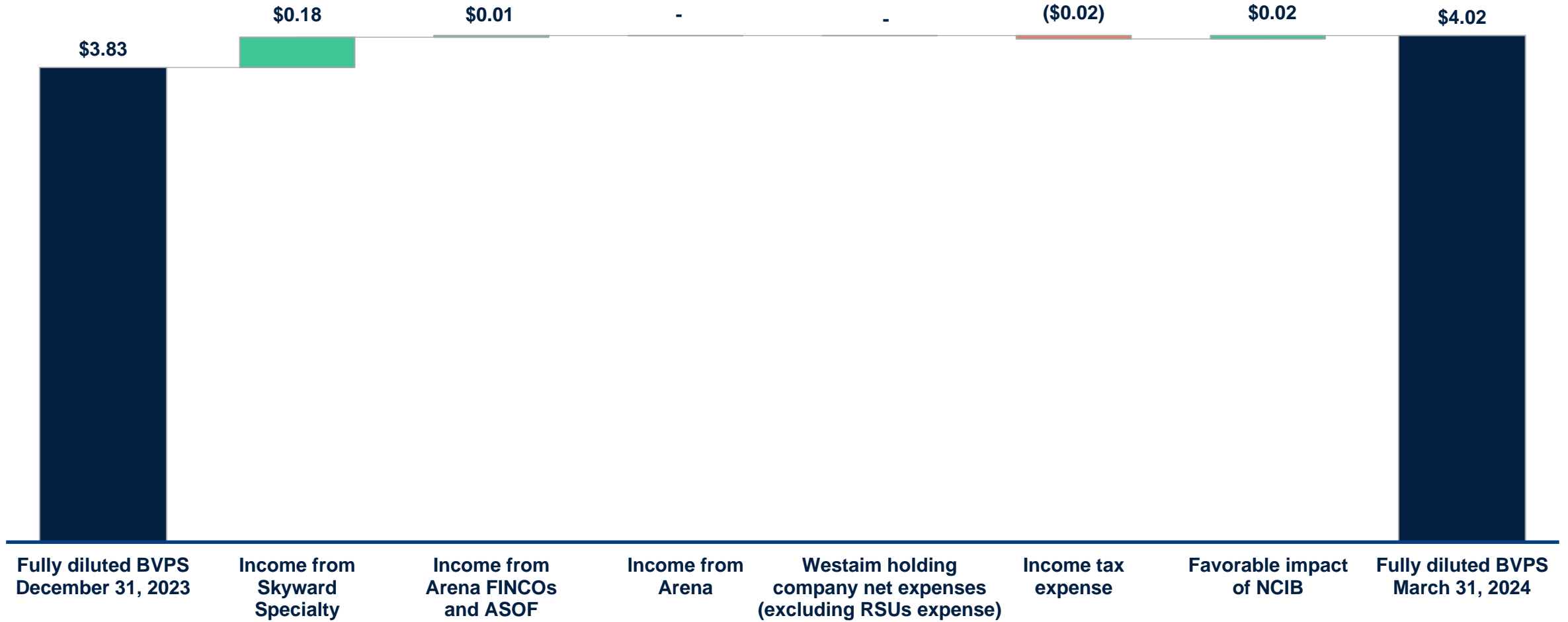
- Book value per fully diluted share increased \$0.19 (5.0%) to \$4.02 at March 31, 2024 from \$3.83 at December 31, 2023. Book value per fully diluted share increased C\$0.36 (7.1%) to C\$5.44 at March 31, 2024 from C\$5.08 at December 31, 2023
- Subsequent to the March 31, 2024, on May 10, 2024, Skyward Specialty closed a secondary offering where Westaim sold 5,060,000 Skyward Specialty common shares at a price to the public of \$36.50 per Skyward Specialty common share. The proceeds to Westaim, less underwriting commissions of 4.0%, were approximately \$177.3 million
- The Company was in a position to fund further share buy backs; in Q1 2024, Westaim acquired and canceled 2,575,700 common shares at a cost of \$7.1 million through its normal course issuer bid ("NCIB")
- Subsequent to March 31, 2024, through to the close of trading on May 13, 2024, Westaim acquired 1,009,200 Common Shares through the NCIB at a cost of \$2.8 million, and therefore as of May 14, 2024, Westaim has 128,172,385 outstanding Common Shares as a result of these share purchases

(1) Period end exchange rates of USD to CDN: \$1.35400 at March 31, 2024; \$1.32405 at December 31, 2023.

# Westaim Diluted Earnings per Share (US\$): Three months ended March 31, 2024



# Westaim Book Value per Share (US\$): Three months ended March 31, 2024





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

# Seeing What's Possible

AIGH, 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, 2024**  
unless otherwise specified

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

**\$3.4B**  
AUM

**~\$170M**

of AUM is employee and related capital

Vast Global Origination and Servicing Network

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

**~\$5.4B**

deployed into 380+ privately negotiated transactions since launch in 2015<sup>(3)</sup>

- 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 has aimed to avoid the overheated areas that have and could potentially suffer in today’s market environment.
  - Servicing infrastructure has allowed Arena 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 manage investments, giving Arena robust governance, transparency and a demonstrable edge.
- While Arena maintains this depth, breadth, global focus and infrastructure – average transaction sizes are <\$50 million such that Arena largely avoids 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 \$861 million as of March 31, 2024.

(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.

(3) Note: Dollars deployed metrics have been refined to move certain items to collected (i.e. expenses).



## Differentiated Approach

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

## Proven Performance

- Over \$5 billion deployed into over 400 privately negotiated and structured private convertible transactions
- Over 200 exited privately negotiated transactions with approximately 200 multi-strategy investments having a realized IRR of 20.5% gross<sup>(1)(2)</sup>
- The portfolio has had positive results in over 85% of months since inception<sup>(3)</sup>
- Consistent and uncorrelated performance; stable results through market disruptions such as COVID-19

## Driving Third-Party Assets Under Management

- Arena’s AUM<sup>(4)</sup> has grown at a compound annual growth rate of about 40% from December 31, 2015 to March 31, 2024
- \$3.4 billion in AUM<sup>(4)</sup>

## Well Positioned To Drive Operating Leverage

- Future growth is expected to 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, 154 active positions have an underwritten IRR of 16.2% and a current IRR of 11.8%. 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 3/31/2024. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

(2) In Q4 2023, methodology to calculate realized IRR was changed to weighted by dollar deployed.

(3) Through March 31, 2024 and based on composite gross performance, see net performance and relevant disclosures on slide 18 and slide 19. Past performance is not indicative of future performance. Actual results may vary.

(4) AUM as of March 31, 2024 and includes undrawn commitments totaling \$861 million for closed-end, SMA, and Excess Capacity Funds (New Zealand Real Estate Credit, Secondaries & Liquidity Solutions).



Three months ended March 31,  
2024 2023

(dollars in millions)

	2024	2023
<b>Arena Investors</b>		
Management fees	\$ 7.3	\$ 7.8
Asset servicing fees	2.9	2.7
Other income	1.3	0.2
<b>Total recurring revenue</b>	<b>11.5</b>	<b>10.7</b>
Other operating expenses allocated to recurring revenue	(10.7)	(9.2)
<b>Fee related earnings</b>	<b>\$ 0.8</b>	<b>\$ 1.5</b>
Incentive fees	1.7	2.8
Incentive fees compensation expense <sup>1</sup>	(1.4)	(1.4)
<b>Net incentive fees</b>	<b>\$ 0.3</b>	<b>\$ 1.4</b>
<b>Arena Investors EBITDA</b>	<b>\$ 1.1</b>	<b>\$ 2.9</b>
<b>Arena Institutional Services</b>		
AIS revenue	3.2	-
AIS operating expenses	(0.7)	(0.1)
Employee profit share	(1.1)	-
<b>AIS EBITDA</b>	<b>\$ 1.4</b>	<b>\$ (0.1)</b>
<b>Arena Investors Group Holdings</b>		
AIGH general and administrative costs	(0.2)	(0.2)
AIGH other income and expenses	(0.5)	(0.2)
<b>Total Arena EBITDA</b>	<b>\$ 1.8</b>	<b>\$ 2.4</b>
Depreciation	(0.1)	(0.1)
Revolving loan interest expense paid to Westaim	(0.4)	(0.3)
Taxes	(0.1)	-
<b>Net income attributable to Arena</b>	<b>\$ 1.2</b>	<b>\$ 2.0</b>
<b>Westaim's share of Arena's comprehensive income (51%)</b>	<b>\$ 0.6</b>	<b>\$ 1.0</b>

(1) Arena is under no contractual obligation (past or future) to pay Incentive Fees earned to employees. Amounts may reflect rounding adjustments and consequently totals may not appear to sum.

**Q1 2024 Results:**

- Net income for Q1 2024 was \$1.2 million (Q1 2023: \$2.0 million)
- Management fee revenue for Q1 2024 was \$7.3 million (Q1 2023: \$7.8 million)
- Service fee revenue for Q1 2024 was \$2.9 million (Q1 2023: \$2.7 million)
- Net incentive fees income was \$0.3 million for Q1 2024 (Q1 2023: \$1.4 million)
- AIS leverages certain intellectual property to offer third-party services to other entities to assist in the management of their investments
- Significant investment in the back and middle office functions over the course of 2023 means that Arena now has the requisite infrastructure for future growth of Fee Related Earnings.



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

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
- Arena Special Opportunities Partners III, LP including Rated Feeder Fund for Insurance Company Investors

Separately Managed Accounts

EXCESS CAPACITY OPPORTUNITIES \$1.0B

New Zealand Real Estate Credit

Individual Co-investments

Secondaries & Liquidity Solutions

STABLE INCOME STRATEGIES \$0.3B

Real Estate Credit

Structured Finance/ABS

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

(2) AUM as of March 31, 2024 and includes undrawn commitments totaling \$861 million for closed-end, SMA, and Excess Capacity Funds (New Zealand Real Estate Credit, Secondaries & Liquidity Solutions).





- The following table presents the performance data for the significant drawdown funds and accounts:

As of March 31, 2024

(\$ in millions)	Year of inception	AUM	Original Capital Commitments	Capital Invested to Date <sup>1</sup>	Realized Value	Unrealized Value	Total Value	MoIC <sup>2</sup> Gross Net	IRR <sup>3</sup> Gross Net	Primary Investment Strategy
<b>Multi-Strategy</b>										
<b>Fund Harvesting Investment</b>										
Arena Special Opportunities Partners I <sup>4,10</sup> <i>Ratio to Capital Invested</i>	2020	503	519	519	184 <i>DPI: 0.35x</i>	492 <i>RVPI: 0.95x</i>	676 <i>TVPI: 1.30x</i>	1.4x 1.3x	11.0% 8.9%	Multi-Strategy
<b>Funds Deploying Capital</b>										
Arena Special Opportunities Partners II <sup>4,11</sup> <i>Ratio to Capital Invested</i>	2021-22	774	631	592	0 <i>DPI: 0.00x</i>	721 <i>RVPI: 1.22x</i>	721 <i>TVPI: 1.22x</i>	1.3x 1.2x	12.9% 10.1%	Multi-Strategy
Arena Special Opportunities Partners III <sup>5</sup> <i>Ratio to Capital Invested</i>	Currently raising	70 <sup>15</sup>	35	35	0 <i>DPI: 0.00x</i>	36 <i>RVPI: 1.03x</i>	36 <i>TVPI: 1.03x</i>	1.0x 1.0x	12.0% <sup>12</sup> 8.4% <sup>12</sup>	Multi-Strategy
<b>Excess Capacity</b>										
<b>Fund Harvesting Investment</b>										
New Zealand Real Estate Credit I <sup>7,13</sup> <i>Ratio to Capital Invested</i>	2019-21	10	19	19	18 <i>DPI: 0.96x</i>	10 <i>RVPI: 0.51x</i>	28 <i>TVPI: 1.47x</i>	1.5x 1.5x	16.6% 16.1%	NZ Real Estate Credit
New Zealand Real Estate Credit II <sup>8</sup> <i>Ratio to Capital Invested</i>	2021-22	34	202	104	83 <i>DPI: 0.80x</i>	31 <i>RVPI: 0.30x</i>	114 <i>TVPI: 1.10x</i>	1.2x 1.2x	12.6% 11.3%	NZ Real Estate Credit
<b>Funds Deploying Capital</b>										
New Zealand Real Estate Credit III <sup>9</sup> <i>Ratio to Capital Invested</i>	2022-23	281	342	25	0 <i>DPI: 0.00x</i>	26 <i>RVPI: 1.04x</i>	26 <i>TVPI: 1.04x</i>	1.1x 1.0x	4.0% 2.6%	NZ Real Estate Credit
Backbook Co-investments SMA <sup>6</sup> <i>Ratio to Capital Invested</i>	2021	471	450	93	81 <i>DPI: 0.86x</i>	32 <i>RVPI: 0.34x</i>	112 <i>TVPI: 1.21x</i>	1.2x 1.2x	13.9% 13.9%	Multi-Strategy
SLS ECF 1-A <sup>14</sup> <i>Ratio to Capital Invested</i>	2024	175	175	140	0 <i>DPI: 0.00x</i>	140 <i>RVPI: 1.00x</i>	140 <i>TVPI: 1.00x</i>	1.0x 1.0x	0.0% 0.0%	Secondaries & Liquidity Solutions

(1) Capital Invested = Lesser of capital calls or total commitment. Capital reinvestments during investment period are netted with distributions.  
 (2) Multiple of Invested Capital ("MOIC") = Total Value / Capital Invested. MOICs in process of revision from peak outstanding to average outstanding.  
 (3) IRR = Internal Rate of Return.  
 (4) Fees are blended and range from 1.5-2% annual management fees and 10-20% carry over a 4% preferred return with GP Catchup. The returns are inclusive of a 0.5% asset servicing expense. All returns are based on the reinvestment of principal, interest and dividends received by the Fund.  
 (5) Fees are blended and range from 1.5-1.75% annual management fees and 17.5-20% carry over a 6% preferred return with GP Catchup. The returns are inclusive of a rate card asset servicing expense. All returns are based on the reinvestment of principal, interest and dividends received by the Fund.  
 (6) No management or incentive fees. The returns are inclusive of a rate card asset servicing expense. Gross return does not reflect asset servicing expense recapture. All returns are based on the reinvestment of principal, interest and dividends received by the Fund.  
 (7) Fees include upfront management fees and carry (capped at NZ\$300k). The returns are inclusive of a 0.75% asset servicing expense. All returns are based on the reinvestment of principal, interest and dividends received by the Fund.  
 (8) Fees are blended and include a 0.5% annual management fees and 10-18% carry over an 8% preferred return with GP Catchup. The returns are inclusive of a rate card asset servicing expense (0.75% or 1.50% by asset). All returns are based on the reinvestment of principal, interest and dividends received by the Fund.  
 (9) Fees include a 1.5% annual management fee and 20% carry over an 8% preferred return with GP Catchup. The returns are inclusive of a 0.5% asset servicing expense. All returns are based on the reinvestment of principal, interest and dividends received by the Fund. Excludes \$215 million of co-

investments aligned to the product.  
 (10) Excludes \$150MM of co-investment capital aligned to this product offering.  
 (11) Excludes \$300MM of co-investment capital aligned to this product offering.  
 (12) Fund currently in ramp-up.  
 (13) Arena managed a second discretionary vehicle for NZ REC I investments where one investment represents approximately 60% of the vehicle, based on that investor's sizing determination. Accordingly, we show the returns for the diversified SMA that held the Fund I positions, though which excluded that single investment. The returns for the aforementioned SMA through March 31, 2024 was a net IRR and MOIC of -1.5% and 0.94x respectively.  
 (14) No management or servicing fees. 0-15% carry.  
 (15) Through 4/1/2024.  
 DPI = Distribution to Paid-In Capital (DPI) ratio measures the cumulative proceeds returned to its investors by a fund relative to its paid-in capital. RVPI = Residual Value to Paid In (RVPI) ratio measures the current value of all remaining investments within a fund relative to its paid-in capital. TVPI = Total Value to Paid-In Capital (TVPI) ratio compares the distributions returned to investors by a fund and the residual value not yet realized relative to the contributed paid-in capital.



- The following table presents the performance data for the significant open-ended funds and Stable Income strategies:

As of March 31, 2024

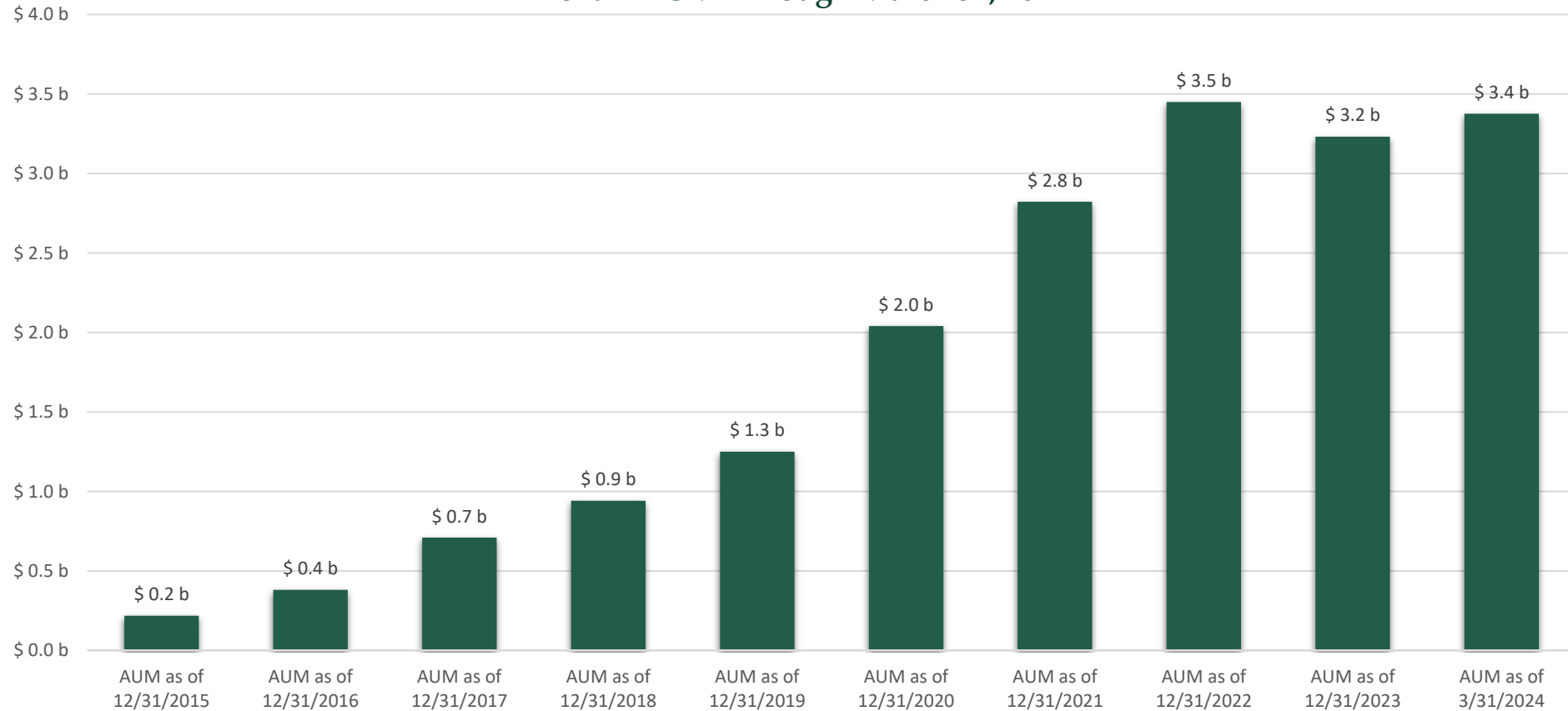
(\$ in millions)	Year of inception	AUM	Returns (%)						Primary Investment Strategy
			Quarter-to-date		Year-to-date		Since Inception (Annualized)		
			Gross	Net	Gross	Net	Gross	Net	
<b>Multi-Strategy</b>									
Arena Special Opportunities Fund <sup>1,2,3</sup>	2015	104	1.0%	0.5%	1.0%	0.5%	8.6%	5.0%	Multi-Strategy
<b>Stable Income</b>									
Stable Income ABS <sup>1,2,4</sup>	2021	51	0.3%	0.3%	0.3% <sup>7,8</sup>	0.3%	2.0%	1.6%	IG Asset-Backed Securities
SI-REC <sup>1,2,6</sup>	2017	177	2.2%	1.7%	2.2%	1.7%	7.2%	5.7%	US Real Estate Credit – First Mortgages

- Gross returns are net of deal and operating expenses (including asset servicing expenses of 0.5% for open-ended, FINCOs, SI-REC from January 1, 2019 onward) but gross of management fee and incentive fees. All returns are based on the reinvestment of principal, interest, and dividends received.
- Net returns are shown net of fees and net of deal and operating expenses (including asset servicing expenses of 0.5% for open-ended, FINCOs, SI-REC from January 1, 2019 onward). All returns are based on the reinvestment of principal, interest, and dividends received.
- Returns are calculated net of annual management fees of 2% and an incentive fee of 20%, which represent the highest standard fees charged to the Fund investors. The returns are inclusive of a 0.5% asset servicing expense charged to the investors beginning January 1, 2019. All returns are based on the reinvestment of principal, interest and dividends received by the Fund.
- Returns are calculated net of annual management fees of 0.35% and an incentive fee of 7.5% over a 1.5% hurdle with GP catchup, which represent the standard fees charged to the Fund investors. All returns are based on the reinvestment of principal, interest and dividends received by the Fund.
- Returns are calculated net of annual management fees of 1.0% and an incentive fee of 10% over a 3% hurdle with GP Catchup, which represent the standard fees charged to the Fund investors. The returns are inclusive of a 0.5% asset servicing expense charged to the investors beginning January 1, 2019. All returns are based on the reinvestment of principal, interest and dividends received by the Fund.
- Versus the ICE BofA AA-BBB US ABS index at 2.0% year-to-date through March 31, 2024.
- Versus the Bloomberg US CMBS Investment Grade index at 0.2% year-to-date through March 31, 2024.



- Arena’s AUM (including undrawn commitments) were \$3.4B at March 31, 2024. From December 31, 2015, to March 31, 2024, AUM has grown at a CAGR of ~39%. AUM temporarily decreased due to the return of capital from vehicles that are in their redemption periods relative to new money being invested into new launches.

Arena – AUM Through March 31, 2024<sup>1</sup>



(1) AUM as of March 31, 2024 and includes undrawn commitments totaling \$861 million for closed-end, SMA, and Excess Capacity Funds (New Zealand Real Estate Credit, Secondaries & Liquidity Solutions).



## Arena – Deal Structure Aligns Arena Management and Westaim

- Arena was founded by Dan Zwirn and Westaim in August 2015 under an arrangement designed to align Arena’s 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 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 to Westaim at Q1 2024 of \$24 million. This loan is to be repaid before the distribution of earnings of Arena to its members (i.e. Westaim and BP LLC, a holding company owned by members of Arena’s senior management team).
  - Ownership and Profit Participation:** A structure was developed by which BP LLC would effectively “Earn-In” to its ownership of Arena 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, 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, 2024

	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, 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 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

<b>(Currency amounts in millions of US\$)</b>	<b>Three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Investment income (loss)	\$2.0	(\$1.0)
Net gain on investments	1.7	0.7
Interest expense	(1.2)	(1.0)
<b>Net investment income (loss)</b>	<b>\$2.5</b>	<b>(\$1.3)</b>
Operating expenses:		
Management and asset servicing fees	(0.9)	(1.0)
Incentive fees expense	(0.1)	(0.1)
Other operating expenses	(0.2)	(0.3)
<b>Net performance of Arena FINCOs</b>	<b>\$1.3</b>	<b>(\$2.7)</b>
Advisory fees paid to the Company	-	-
<b>Net operating results of the Arena FINCOs</b>	<b>\$1.3</b>	<b>(\$2.7)</b>
<b>Gross investment return</b>	<b>1.7%</b>	<b>(0.8%)</b>
<b>Net investment return*</b>	<b>0.9%</b>	<b>(1.7%)</b>

- Q1 2024 Net Profit was \$1.3 million (0.9% net investment return) compared to Q1 2023 Net Loss of \$2.7 million (-1.7% net investment return)
- Due to this additional mandate, the portfolio profile of Arena FINCOs does not reflect Arena's 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

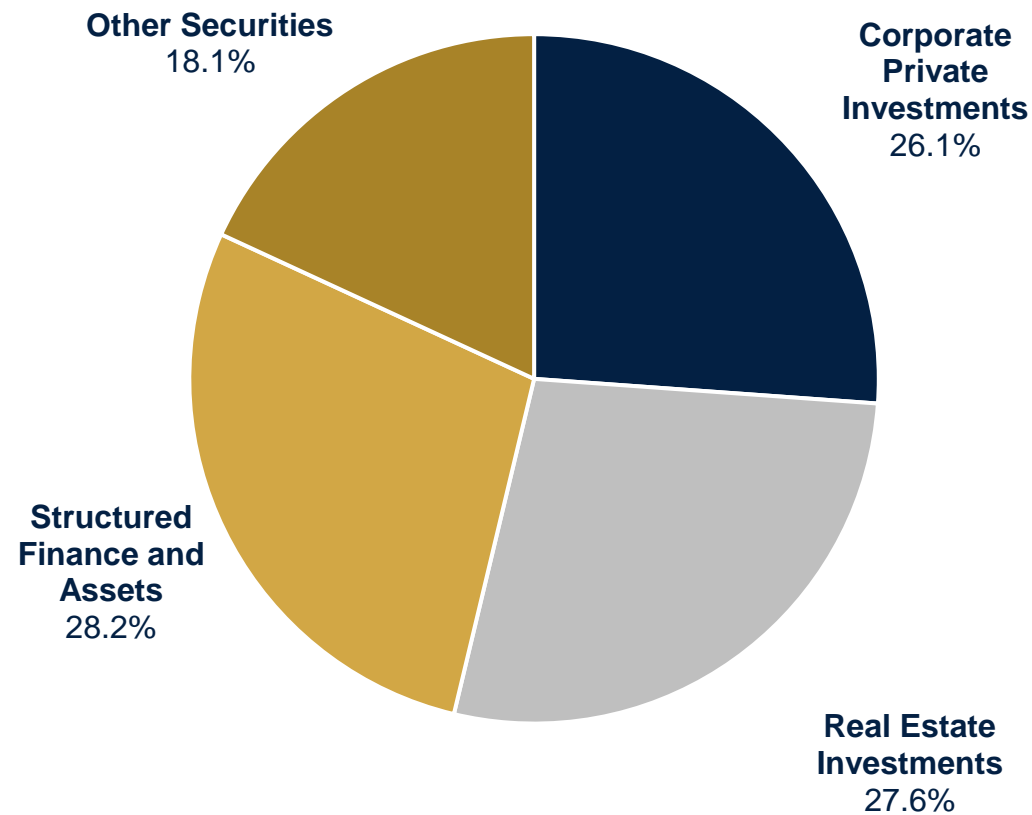
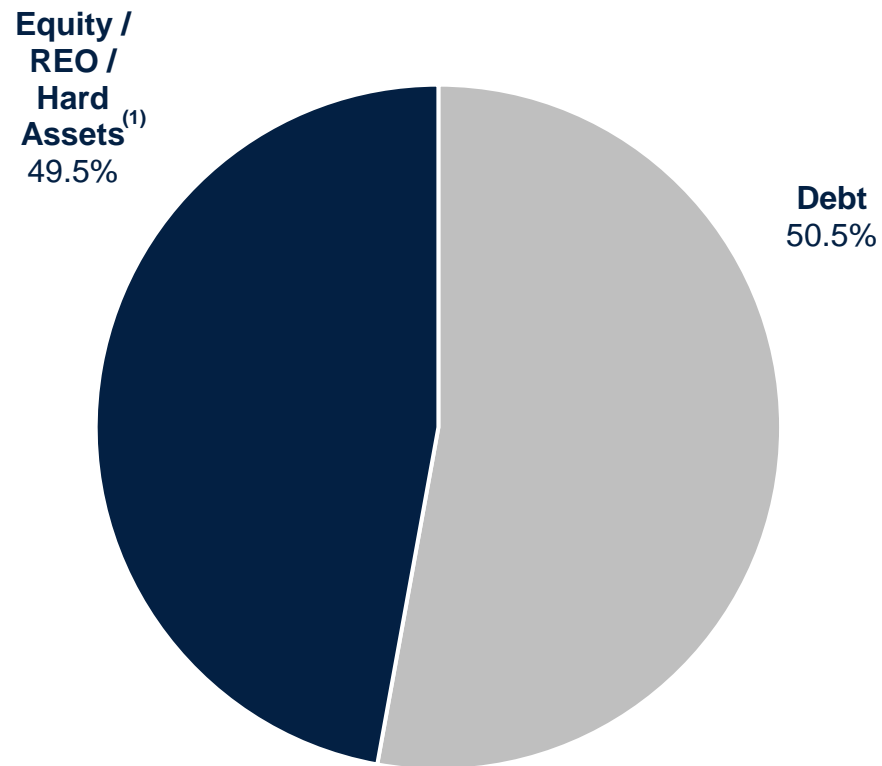
(Currency amounts in millions of US\$)

Fair Value	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$6.8	\$27.3
<b>Investments:</b>		
Corporate Private Investments	52.1	52.9
Real Estate Investments	55.0	53.3
Structured Finance and Assets	56.1	56.1
Other Securities	36.1	29.7
<b>Total Investments</b>	<b>\$199.3</b>	<b>\$192.0</b>
Other net assets	3.7	3.9
Due from (to) brokers, net	2.7	(12.1)
Senior secured notes payable	(44.5)	(44.4)
Revolving credit facility payable	(19.5)	(19.5)
<b>Net assets of the Arena FINCOs</b>	<b>\$148.5</b>	<b>\$147.2</b>
<b>Changes in Investment in Arena FINCOs</b>	<b>Q1 2024</b>	<b>FY 2023</b>
Opening balance	\$147.2	\$160.1
Return of capital to Westaim	-	(2.5)
Unrealized income (loss) before dividends	1.3	(6.0)
Dividends paid to Westaim	-	(4.4)
<b>Ending balance</b>	<b>\$148.5</b>	<b>\$147.2</b>

- 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 49.5% in equity/REO/hard assets<sup>(1)</sup>, contributes to fair market value volatility of these invested assets through unrealized net gains (losses)
- 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 as the lead or seed investor in Arena product offerings to help grow and build the business

(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, 2024



***Arena FINCOs held 225 positions at March 31, 2024 compared to 221 positions at December 31, 2023***

(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
- 523 employees as of March 31, 2024 across 9 offices

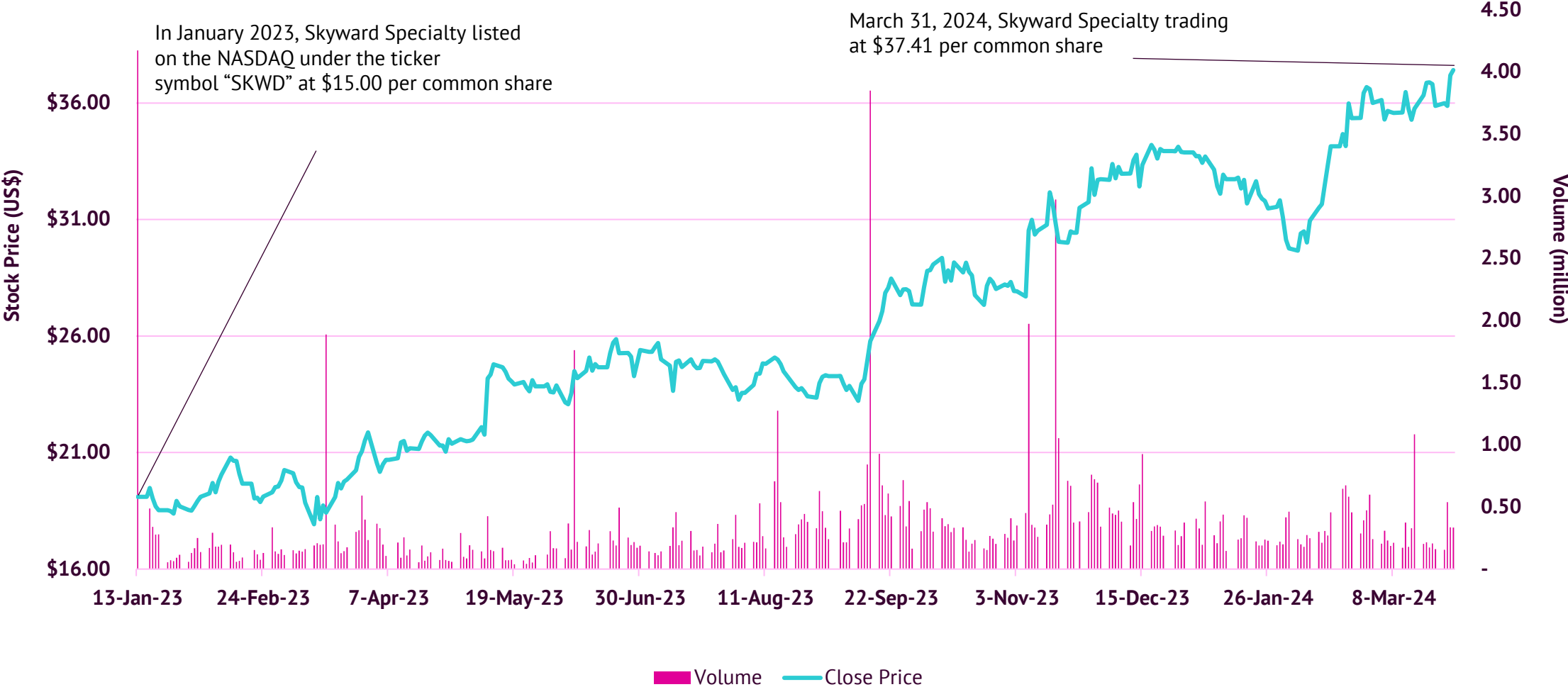
## Select Financial Metrics

(US\$ millions)	Q1 2024 <sup>(1)</sup>	FY 2023 <sup>(1)</sup>
<b>Select Income Statement Metrics</b>		
Gross written premium (GWP)	\$459	\$1,460
Net written premium (NWP)	287	911
Pre-tax income	47	110
<b>Adjusted combined ratio</b>	<b>89.7%</b>	<b>90.9%</b>
<b>Select Balance Sheet Metrics</b>		
Cash and invested assets	\$1,788	\$1,714
Total assets	3,187	2,953
Total liabilities	2,495	2,292
Total stockholders’ equity	692	661

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



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



(Currency amounts in millions of US\$) As at	Three months ended March 31	
	2024	2023
<b>Revenues</b>		
Net earned premiums	\$236.3	\$182.8
Commission and fee income	2.0	1.5
Net investment income	18.3	4.6
Net investment gains	8.4	1.0
<b>Total revenues</b>	<b>\$265.0</b>	<b>\$189.9</b>
<b>Expenses</b>		
Losses and loss adjustment expense ("LAE")	143.9	114.9
Underwriting, acquisition and insurance expenses	69.8	51.7
Interest expense	2.7	2.2
Amortization expense	0.4	0.4
Other expenses	1.2	1.0
<b>Total expenses</b>	<b>\$218.0</b>	<b>\$170.2</b>
<b>Income before income taxes</b>	<b>47.0</b>	<b>19.7</b>
Income tax expense	10.2	4.1
<b>Net Income</b>	<b>\$36.8</b>	<b>\$15.6</b>
Net income attributable to participating securities	-	1.3
Net income attributable to common stockholders	\$36.8	\$14.3
Comprehensive income (loss):		
Net income	36.8	15.6
Net change in unrealized gains (losses) on investments, net of tax	(5.4)	7.8
Reclassification adjustment for (losses) gains on securities no longer held, net of tax	(0.9)	(0.1)
<b>Total other comprehensive income (loss)</b>	<b>(\$6.3)</b>	<b>\$7.7</b>
<b>Comprehensive income (loss)</b>	<b>\$30.5</b>	<b>\$23.3</b>
<b>Basic earnings (loss) per share</b>	<b>\$0.94</b>	<b>\$0.43</b>
<b>Diluted earnings (loss) per share</b>	<b>\$0.90</b>	<b>\$0.42</b>
<b>Basic adjusted earnings per share</b>	<b>\$0.79</b>	<b>\$0.43</b>
<b>Diluted adjusted earnings per share</b>	<b>\$0.75</b>	<b>\$0.42</b>
<b>Annualized Return-on-Equity ("ROE")<sup>1</sup></b>	<b>21.7%</b>	<b>13.4%</b>
<b>Annualized adjusted ROE<sup>2</sup></b>	<b>18.3%</b>	<b>13.3%</b>
<b>Annualized ROTE<sup>2</sup></b>	<b>25.0%</b>	<b>16.6%</b>
<b>Annualized adjusted ROTE<sup>2</sup></b>	<b>21.1%</b>	<b>16.5%</b>
<b>Book value per share</b>	<b>\$17.44</b>	<b>\$16.72</b>
<b>Fully diluted book value per share</b>	<b>\$16.62</b>	<b>\$15.96</b>
<b>Fully diluted tangible book value per share</b>	<b>\$14.52</b>	<b>\$13.84</b>

## Written Premium Growth and Revenue

- GWP increased 27.2% to \$458.6 million in Q1 2024 vs. \$360.5 million in Q1 2023; Q1 2024 GWP was driven by double-digit premium growth primarily from captives, transactional E&S, surety, global property & agriculture and professional lines underwriting divisions
- NWP increased 42.0% to \$287.1 million in Q1 2024 vs. \$202.1 million in Q1 2023
- Total Revenue was \$265.0 million in Q1 2024 vs. \$189.9 million in Q1 2023

## Underwriting Profitability

- Underwriting income<sup>(2)</sup> was \$24.7 million in Q1 2024 vs. underwriting income of \$17.8 million in Q1 2023
- The adjusted combined ratio<sup>(2)</sup> of 89.7% in Q1 2024 vs. 90.3% in Q1 2023; the loss ratio for Q1 2024 improved 1.9 points when compared to Q1 2023. The Q1 2024 was minimally impacted by catastrophe losses, while Q1 2023 was impacted by wind and hail events, including tornadoes, which added 1.8 points to the 2023 loss ratio. The non-cat loss and LAE ratio improved 0.5 points when compared to Q1 2023, primarily driven by the shift in the mix of business
- Expense ratio for Q1 2024 increased 1.3 points when compared to Q1 2023 driven by the business mix shift

## Investment Performance

- Net investment income was \$18.3 million in Q1 2024 vs. \$4.6 million in Q1 2023
- Net investment income for the Q1 2024 increased \$13.7 million when compared to Q1 2023. The increase in income from fixed income portfolio for Q1 2024, when compared to Q1 2023, was due to (i) a larger asset base as Skyward Specialty continued to increase allocation to this part of investment portfolio and (ii) a higher book yield of 4.7% at March 31, 2024 compared to 4.0% at March 31, 2023. The increase in income from short-term investments and cash and cash equivalents for Q1 2024, when compared to Q1 2023 period, was due to higher investment yields and a larger asset base. The fair value of Skyward Specialty's alternative and strategic investments portfolio for the Q1 2024 increased when compared to Q1 2023, which was impacted by a decline in the fair value of limited partnership investments

## Operating Profitability

- Adjusted operating income<sup>(2)</sup> was \$31.0 million in Q1 2024 vs. \$15.5 million in Q1 2023
- Net Income was \$36.8 million in Q1 2024 vs. \$15.6 million in Q1 2023

(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, 2024	December 31, 2023
<b>Assets</b>		
Investments	\$1,673.2	\$1,613.7
Cash and cash equivalents	85.1	65.9
Restricted cash	30.2	34.4
Premiums receivable, net of allowance	273.4	179.2
Reinsurance recoverables, net	612.0	596.3
Ceded unearned premium	204.6	186.1
Deferred policy acquisition costs	104.7	92.0
Deferred income taxes	23.6	22.0
Goodwill and intangible assets, net	88.1	88.4
Other assets	92.2	75.4
<b>Total assets</b>	<b>\$3,187.1</b>	<b>\$2,953.4</b>
<b>Liabilities</b>		
Reserves for losses and loss adjustment expenses	\$1,376.9	\$1,314.5
Unearned premiums	621.8	552.5
Deferred ceding commission	41.1	37.1
Reinsurance and premium payables	193.8	150.2
Funds held for others	88.9	58.6
Accounts payable and accrued liabilities	53.4	50.8
Notes payable	100.0	50.0
Subordinated debt, net of debt issuance costs	18.9	78.7
<b>Total liabilities</b>	<b>\$2,494.8</b>	<b>\$2,292.4</b>
<b>Stockholders' equity</b>		
Common stock	\$0.4	\$0.4
additional paid-in capital	711.3	710.9
Stock notes receivable	(5.2)	(5.6)
Accumulated other comprehensive loss	(29.3)	(23.0)
Retained earnings (accumulated deficit)	15.1	(21.7)
<b>Total stockholders' equity</b>	<b>\$692.3</b>	<b>\$661.0</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$3,187.1</b>	<b>\$2,953.4</b>
<b>Tangible stockholders' equity<sup>(1)</sup></b>	<b>\$604.1</b>	<b>\$572.6</b>

- Total Skyward Specialty stockholders' equity increased to \$692.3 million or 4.7% from Q4 2023, primarily due to net income for the period
- Skyward Specialty's financial position remains strong, with a debt to capitalization of 14.7% as at March 31, 2024

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

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# APPENDIX

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



- Adjusted operating income** – 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 use adjusted operating income as an internal performance measure in the management of 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 thousands of US\$) (unaudited)	Three months ended March 31,					
	2024		2023			
	Pre-tax	After-tax	Pre-tax	After-tax		
Income (loss) as reported	\$46,977	\$36,784	\$19,722	\$15,556		
Less (Add):						
Net investment gains	8,303	6,559	961	759		
Net impact of loss portfolio transfer	241	190	242	191		
Other expenses	(1,188)	(939)	(1,114)	(880)		
<b>Adjusted operating income</b>	<b>\$39,621</b>	<b>\$30,974</b>	<b>\$19,633</b>	<b>\$15,486</b>		

- Underwriting income** – 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 believes 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 thousands of US\$) (unaudited)	Three months ended March 31,		
	2024	2023	
Income before federal income tax expense	\$46,977	\$19,722	
Add:			
Interest expense	2,727	2,152	
Amortization expense	388	387	
Other expenses	1,188	1,114	
Less:			
Net investment income	18,297	4,646	
Net investment gains	8,303	961	
<b>Underwriting income</b>	<b>\$24,680</b>	<b>\$17,768</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 adjusted loss ratio and adjusted combined ratio should not be viewed as substitutes for loss ratio and combined ratio, respectively.

(Currency amounts in thousands of US\$) (unaudited)	Three months ended March 31,	
	2024	2023
Net earned premiums	\$236,342	\$182,831
Losses and LAE	143,914	114,900
Add: pre-tax net impact of LPT	(241)	(242)
<b>Adjusted losses and LAE</b>	<b>\$144,155</b>	<b>\$115,142</b>
Loss ratio	60.9%	62.8%
Add: Net impact of LPT	(0.1%)	(0.1%)
<b>Adjusted Loss Ratio</b>	<b>61.0%</b>	<b>62.9%</b>
Combined ratio	89.6%	90.2%
Add: Net impact of LPT	(0.1%)	(0.1%)
<b>Adjusted Combined Ratio</b>	<b>89.7%</b>	<b>90.3%</b>

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

(Currency amounts in thousands of US\$) (unaudited)	March 31		December 31	
	2024	2023	2023	2023
Stockholders' equity	\$692,272	\$507,146	\$661,031	\$661,031
Less: Goodwill and intangible assets	88,137	89,503	88,435	88,435
<b>Tangible stockholders' equity</b>	<b>\$604,135</b>	<b>\$417,643</b>	<b>\$572,596</b>	<b>\$572,596</b>

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





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