First Quarter Report to Shareholders
for the quarter ended March 31, 2025

TABLE OF CONTENTS

The "Company" in this Management's Discussion and Analysis ("MD&A") refers to The Westaim Corporation ("Westaim") on a consolidated basis. This MD&A, which has been approved by the Board of Directors of Westaim, should be read in conjunction with the Company's unaudited interim consolidated financial statements including notes for the three months ended March 31, 2025 and 2024 as set out on pages 29 to 50 of this quarterly report ("Financial Statements"). Financial data in this MD&A has been derived from the Financial Statements and is intended to enable the reader to assess the Company's results of operations for the three months ended March 31, 2025 and financial condition as at March 31, 2025. The Company reports its consolidated Financial Statements using generally accepted accounting principles ("GAAP") and accounting policies consistent with International Financial Reporting Standards ("IFRS"). All currency amounts are in United States dollars ("US$"), the functional and presentation currency of the Company, unless otherwise indicated. Canadian dollars are referenced as C$. The following commentary is current as of May 14, 2025. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca. Certain comparative figures have been reclassified to conform to the presentation of the current year, and certain totals, subtotals and percentages may not reconcile due to rounding.

IFRS for Investment Entities
The Company qualifies as an investment entity under IFRS and uses fair value as the key measure to monitor and evaluate its primary investments. The Company reports its financial results in accordance with IFRS applicable to investment entities.

Functional and Presentation Currency
The US$ is the functional and presentation currency of the Company. International Accounting Standard 21 "*The Effects of Changes in Foreign Exchange Rates*" describes functional currency as the currency of the primary economic environment in which an entity operates. A significant majority of the Company's revenues and costs are earned and incurred in US$, respectively.

Non-GAAP Measures
The Company uses both IFRS and non-generally accepted accounting principles ("non-GAAP") measures to assess performance. The Company 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. Management believes these measures allow for a more complete understanding of the underlying business. These measures are used to monitor the Company's results and should not be viewed as a substitute for those determined in accordance with IFRS. Reconciliations of such measures to the most comparable IFRS figures are contained in Section 15, *Non-GAAP Measures* of this MD&A.

Cautionary Statement Regarding the Valuation of Investments in Private Entities
In the absence of an active market for its investments in private entities, fair values for these investments are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, net asset value, discounted cash flow analysis, comparable recent arm's length transactions, private market transaction multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the Company's investments in private entities could be disposed of may differ from the fair value assigned and the differences could be material.

Cautionary Statement Regarding Financial Information of the Arena FINCOs and Arena
Supplementary financial measures concerning the Arena FINCOs (as hereinafter defined) and Arena (as hereinafter defined) (the "Arena Supplementary Financial Measures") contained in this MD&A are unaudited and have been derived from the audited consolidated financial statements of the Arena FINCOs and Arena for the year ended December 31, 2024 and the unaudited consolidated financial statements of Arena FINCOs and Arena for the three months ended March 31, 2025 and 2024, 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, its accuracy, completeness or by reason of reliance by any person on any of it.

Forward-Looking Information
This MD&A may contain forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from these forward-looking statements as a result of various factors, including those discussed hereinafter, and in the Company's Annual Information Form for its fiscal year ended December 31, 2023, (as same may be modified or superseded by a subsequently filed Annual Information Form) and the Company's management information circular dated November 19, 2024, both of which are available on SEDAR+ at www.sedarplus.ca. Please refer to Section 16, *Cautionary Note Regarding Forward-Looking Information* of this MD&A.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

1. THE COMPANY

The Westaim Corporation (TSXV: WED) is a United States investment company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. The Company invests, directly and indirectly, through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation. Westaim's strategy is to pursue investment opportunities with a focus towards the global financial services industry and grow shareholder value over the long term.

On October 9, 2024, the Company, Wembley Group Partners, LP (the "Investor") (an affiliate of CC Capital Partners, LLC ("CC Capital")), Arena (as defined hereinafter), Daniel Zwirn and Lawrence Cutler entered into an investment agreement (as amended on November 15, 2024) (the "Investment Agreement"). Pursuant to the Investment Agreement, among other things, the Investor agreed to make a $250.0 investment in the Company via a private placement (the "Private Placement") to acquire common shares of the Company ("Common Shares") and warrants to purchase Common Shares. The proposed transactions included in the Investment Agreement (the "Proposed Transactions") had not closed as of March 31, 2025, but subsequently closed as disclosed in Note 15, Subsequent Events in the Notes to the Financial Statements.

On December 31, 2024, the Company completed a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the "Plan of Arrangement") pursuant to which, among other things, it has consolidated its Common Shares on the basis of one post-consolidation Common Share for every six pre-consolidation Common Shares and changed its jurisdiction of incorporation from the Province of Alberta in Canada to the State of Delaware in the United States (the "Redomiciliation"). Unless otherwise indicated all references to Common Shares herein are after giving effect to the Share Consolidation.

On February 4, 2025 (the "MAIC Closing Date"), the Company completed the acquisition of ManhattanLife of America Insurance Company ("MAIC") in connection with the Proposed Transactions. The Company made an initial capital contribution of $36.5 into Salem Group Partners, LP ("Salem Group" or the "Partnership") a partnership of which it holds 100% of the pecuniary limited partnership interests. Salem Group acquired Salem Holdco (Bermuda) Ltd. and its subsidiaries (including Salem Group Holdings, LLC, the direct acquiror of MAIC) from an affiliate of CC Capital in exchange for a $14.6 promissory note back to the CC Capital affiliate. Salem Group then completed its acquisition of MAIC for a total purchase price of $29.2. MAIC holds insurance licenses in 46 states including the District of Columbia. MAIC was subsequently renamed to Ceres Life Insurance Company ("Ceres"). This investment represents a key step in executing the Company's previously announced strategy to build an integrated insurance and asset management platform in partnership with CC Capital. See section 6, *Subsequent Event – Closing of the Proposed Transactions* of this MD&A and note 15 of the financial statements for further discussion on the closing of the Proposed Transactions.

The Company's principal investments consist of the Salem Group, Arena FINCOs and Arena. See discussion in Section 3, *Investments* of this MD&A for additional information on these investments.

2. OVERVIEW OF PERFORMANCE

Highlights	Three months ended March 31 2025	2024
Revenue and net change in value of investments	$ (4.7)	$ 28.8
Net expenses	(4.6)	(1.8)
Income taxes recovery (expense)	1.9	(3.7)
(Loss) profit and comprehensive (loss) income	$ (7.4)	$ 23.3
(Loss) earnings per share – basic	$ (0.34)	$ 1.07
(Loss) earnings per share – diluted	$ (0.34)	$ 1.02
At March 31:		
Shareholders' equity	$ 490.0	$ 531.9
Number of Common Shares outstanding [1]	21,706,501	21,530,264
Book value per fully diluted share – in US$ [2]	$ 22.56	$ 24.12
Book value per fully diluted share – in C$ [3]	$ 32.43	$ 32.64

[1] Westaim's common shares ("Common Shares") are listed and posted for trading on the TSX Venture Exchange ("TSXV") under the symbol "WED".
[2] See Section 15, *Non-GAAP Measures* of this MD&A.
[3] Period end exchange rates: 1.43755 at March 31, 2025 and 1.35400 at March 31, 2024.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

2. OVERVIEW OF PERFORMANCE (continued)

Three months ended March 31, 2025 and 2024

The Company reported a (loss) profit and comprehensive (loss) income of $(7.4) and $23.3 for the three months ended March 31, 2025 and 2024, respectively.

Revenue and net change in value of investments was a net decrease of $4.7 for the three months ended March 31, 2025 (2024 – an increase of $28.8), and consisted of interest income of $3.8 (2024 - $2.2), dividend income paid to the Company from the Arena FINCOs of $nil (2024 - $nil), advisory fees of $nil (2024 - $0.1), an increase of $nil in the value of the investment in Skyward Specialty Insurance Group, Inc. ("Skyward Specialty") (2024 – $24.6), a decrease of $0.1 in the value of the investments in the Arena FINCOs (2024 –increase of $1.3 in the value of the investments in the Arena FINCOs), the Company's share of Arena's comprehensive loss of $0.8 (2024 – share of Arena's comprehensive income of $0.6), an increase in the value of the Company's investment in Arena Special Opportunities Fund, LP ("ASOF LP") of a nominal amount (2024 – increase of a nominal amount) and decrease in the value of the Company's investment in Salem Group of $7.7 (2024 - $nil).

Net expenses for the three months ended March 31, 2025 of $4.6 (2024 – $1.8) consisted of salaries and benefits of $1.1 (2024 - $1.6), general, administrative and other expenses of $0.4 (2024 - $0.3), professional fees of $2.4 (2024 - $0.3), share-based compensation expense $0.7 (2024 – recovery of $0.1), and a foreign exchange loss of a nominal amount (2024 – gain of $0.3).

The Company reported income taxes recovery for the three months ended March 31, 2025 of $1.9 (2024 – income tax expense of $3.7).

3. INVESTMENTS

The Company's principal investments consist of its investments in Arena FINCOs, Arena, and Salem Group.

	Place of establishment	Principal place of business	Ownership interest at March 31, 2025	Ownership interest at December 31, 2024
Skyward Specialty	Delaware, U.S.	Texas, U.S.	nil% owned by the Company	nil% owned by the Company
Arena FINCOs	Delaware, U.S.	New York, U.S.	100% owned by the Company	100% owned by the Company
Arena	Delaware, U.S.	New York, U.S.	51% owned the Company	51% owned the Company
Salem Group	Delaware, U.S.	Texas, U.S.	100% owned by the Company[1]	nil% owned by the Company

[1] The Company is the sole holder of all of the pecuniary limited partnership interests in Salem Group.

Skyward Specialty

The Company had an ownership interest in Skyward Specialty (NASDAQ: SKWD), a U.S. based publicly traded diversified specialty property & casualty insurance holding company that underwrites select property, casualty, surety, and accident and health insurance coverages through its insurance and reinsurance subsidiaries. During the year ended December 31, 2024, the Company fully divested its remaining investment in Skyward Specialty which was recorded under investments in the Company's consolidated financial statements.

Arena FINCOs

The Arena FINCOs are private companies which include specialty finance companies that primarily purchase fundamentals-based, asset-oriented credit and other investments for their own account and a company that primarily facilitates the origination of fundamentals-based, asset-oriented credit investments for its own account and/or possible future sale to specialty finance companies, clients of Arena Investors and/or other third parties. Fundamentals-based, asset-oriented credit investments refer to loans or credit arrangements which are generally secured by assets. Fundamentals-based, asset-oriented lenders and investors manage their risk and exposure by carefully assessing the value of the assets securing the loan or investment, receiving periodic and frequent reports on collateral value and the status of those assets, and tracking the financial performance of borrowers. The Company's investments in the Arena FINCOs are recorded under investments in the Company's consolidated financial statements. Arena FINCOs refers to WOH, AF (as each is defined hereinafter) and each of their respective subsidiaries.

Arena

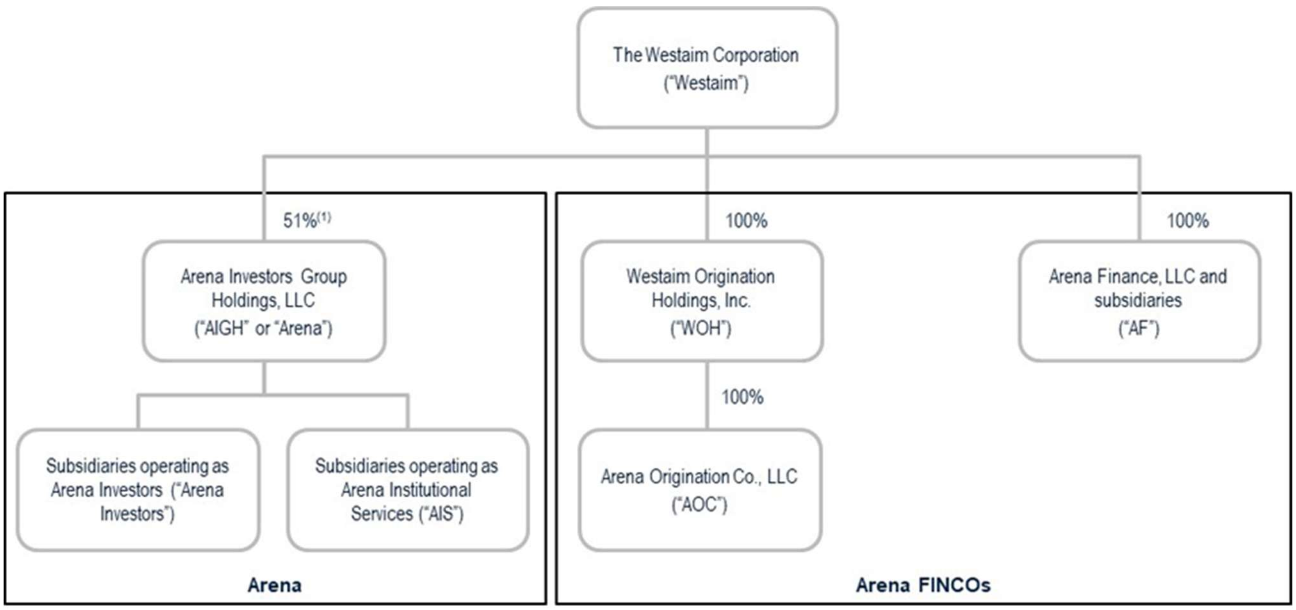
Arena Investors Group Holdings, LLC ("AIGH" or "Arena"), is a private company, through its wholly-owned subsidiaries and subsidiaries which Arena has a controlling interest. Arena consists of two main business lines, Arena Investors and Arena Institutional Services ("AIS"). Arena Investors operates as 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

3. INVESTMENTS (continued)

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.

The Company's investment in Arena is accounted for using the equity method and consists of investments in corporations or limited partnerships where the Company has significant influence and is recorded under investments in the Company's interim consolidated financial statements.

The following chart illustrates a simplified organizational structure of Arena and the Arena FINCOs as of March 31, 2025:



[1] Legal equity ownership and profit percentage are 51%. Ownership and profit percentage are subject to change over time pursuant to the earn-in rights granted to BP LLC described under "Investment in Arena".

On October 4, 2024, Arena Finance Holdings Co, LLC ("AFHC") merged into The Westaim Corporation of America ("WCA"). On December 31, 2024, after the Redomiciliation, WCA was liquidated with its assets and liabilities consumed into Westaim.

For a detailed discussion of the business of Arena and the Arena FINCOs, see the Company's Annual Information Form for its fiscal year ended December 31, 2023, which is available on SEDAR+ at www.sedarplus.ca, as same may be modified or superseded by a subsequently filed Annual Information Form.

Accounting for the Company's Investments

The Company qualifies as an investment entity under IFRS and uses fair value as the key measure to monitor and evaluate its primary investments. Accordingly, the Company's investments in Salem Group, Skyward Specialty, the Arena FINCOs and ASOF LP are accounted for at fair value through profit or loss ("FVTPL"). The Company's investment in Arena is accounted for using the equity method since the Company does not exercise control but exercises significant influence over Arena. For a detailed description of the accounting and valuation of the Company's investments, see Note 4, *Investments* in the Notes to the Financial Statements.

Dividend income from investments in private entities are reported under "Revenue" in the interim consolidated statements of (loss) profit and comprehensive (loss) income. Changes in the fair value of the Company's investments in Salem Group, Skyward Specialty, the Arena FINCOs and ASOF LP and the Company's share of Arena's comprehensive (loss) income are reported under "Net results of investments" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

Salem Group

The Company made an initial capital contribution of $36.5 million into Salem Group a partnership of which it holds 100% of the pecuniary limited partnership interests. Salem Group through a wholly-owned intermediary holding structure (including Salem Group Holdings, LLC, the direct acquiror of MAIC), then completed its acquisition of MAIC for a total purchase price of approximately $29.2 million. MAIC holds insurance licenses in 46 states including the District of Columbia. MAIC was subsequently renamed to Ceres.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

3. INVESTMENTS (continued)

A. INVESTMENT IN SKYWARD SPECIALTY

The Company's investment in Skyward Specialty had the following activity for the three months ended March 31, 2024:

	Three months ended March 31, 2024				
	Opening Balance	Skyward Specialty preferred shares converted to common shares	Proceeds from sale of Skyward Specialty common shares	Net increase in value of investment	Ending Balance
Skyward Specialty common shares held by the Company	$ 236.5	$ -	$ -	$ 24.6	$ 261.1

The Company recorded an increase in the value of its investment in Skyward Specialty of $24.6 in the three months ended March 31, 2024.

At December 31, 2024, the Company no longer held an investment in Skyward Specialty. See Note 4, *Investment in Skyward Specialty* in the Notes to the Financial Statements.

B. INVESTMENT IN THE ARENA FINCOS

The following table shows a continuity of the carrying value of the Company's investments in the Arena FINCOs included in the Company's investments in private entities.

	Three months ended March 31	
	2025	2024
Opening balance	$173.8	$ 147.2
(Decrease) increase in value before dividends	(0.1)	1.3
Ending balance	$173.7	$ 148.5

The Arena FINCOs invest in debt, equity, hard assets and real estate owned investments, with an emphasis on debt instruments comprised of multiple investment strategies including, but not limited to, corporate private investments, real estate private investments, commercial & industrial assets, structured finance investments, consumer assets, and other securities. The Arena FINCOs do not have a target range of investment; the size of the loans and/or other credit investments acquired depends on, among other things, any diversity requirements which may be imposed by any lender as well as their own investment policy. In the absence of such requirements, the Arena FINCOs are not subject to concentration limitations but the management of the Arena FINCOs will use their best judgment as to what is prudent in the circumstances.

As part of the Proposed Transactions, the Company has begun to monetize its interest in the Arena FINCOs to provide equity capital for an insurance business. See section 6, *Subsequent Event – Closing of the Proposed Transactions* of this MD&A and note 15, *Subsequent Events* in the notes of the Financial Statements for further information on the Company's investment in ManhattanLife of America Insurance Company on February 4, 2025, made in connection with the Proposed Transactions.

The Arena FINCOs mandate is to capitalize on opportunities in both private as well as public investments subject to approved investment policies. These investment strategies include:

Corporate Private Investments
Senior private corporate debt, bank debt, including, without limitation, secondary market bank debt, distressed debt such as senior secured bank debt before or during a Chapter 11 bankruptcy filing, corporate bonds, including, without limitation, bonds in liquidation or out-of-court exchange offers and trade claims of distressed companies in anticipation of a recapitalization, bridge loans/transition financing, debtor-in-possession ("DIP") financings, junior secured loans, junior capital to facilitate restructurings, equity co-investments or warrants alongside corporate loans.

Real Estate Private Investments
Real property, secured or unsecured mezzanine financings, DIP loans, "A-tranche" loans (senior secured loans) and "B-tranche" loans (junior secured loans) for real estate properties requiring near-term liquidity, structured letters of credit, real estate loans secured by office buildings, retail centres, hotels, land, single family homes, multi-family apartments, condominium towers, hospitality providers, health care service providers, and corporate campuses, leases and lease residuals.

3. INVESTMENTS (continued)

Structured Finance and Assets

Commercial receivables, investments in entities (including, without limitation, start-up businesses) engaged, or to be engaged, in activities or investments such as distressed commercial and industrial loans, commercial and industrial assets such as small-scale asset-based loans, trade claims and vendor puts, specialized or other types of equipment leases and machinery, non-performing loans globally, hard assets (including, without limitation, airplanes and components, industrial machinery), commodities (physical and synthetic), reinsurance and premium finance within life and property casualty insurance businesses, legal-related finance including, without limitation, law firm loans, settled and appellate judgments and probate finance, royalties, trust certificates, intellectual property and other financial instruments that provide for the contractual or conditional payment of an obligation. Thinly traded or less liquid loans and securities backed by mortgages (commercial and residential), other small loans including, without limitation, equipment leases, auto loans, commercial mortgage-backed securities, residential mortgage-backed securities, collateralized loan obligations, collateralized debt obligations, other structured credits and consumer-related assets, aviation and other leased asset securitizations, esoteric asset securitization, revenue interests, synthetics, and catastrophe bonds. Auto and title loans, credit cards, consumer installment loans, charged-off consumer obligations, consumer bills, consumer receivables, product-specific purchase finance, residential mortgages, tax liens, real estate owned homes, other consumer-related assets, retail purchase loans and unsecured consumer loans as well as distressed or charged-off obligations of all of these types, peer-to-peer originated loans of all types, manufactured housing, and municipal consumer obligations.

Corporate and Other Securities

Positions in asset-backed securities, collateralized debt obligations, collateralized loan obligations, residential mortgage backed securities, commercial mortgage backed securities, other securitized bonds or non-bond tranches and liquid positions including, hedged and unhedged investments in public securities (including, without limitation, public real estate and special purpose acquisition companies ("SPACs")), preferred stock, common stock, municipal bonds, senior public corporate debt, other industry relative value, merger arbitrage in transactions such as mergers, hedged investments in regulated utilities, integrated utilities, merchant energy providers, acquisitions, tender offers, spin-offs, recapitalizations and Dutch auctions, limited partnership interests, interests in fund start-ups and investment managers, event-driven relative value equity investments in transactions such as corporate restructurings, strategic block, other clearly defined events, high-yield bonds, credit arbitrage and convertible bond arbitrage, in/post-bankruptcy equities, demutualizations, liquidations and litigation claims, real estate securities, business development companies, master limited partnership interests, royalty trusts, publicly traded partnerships, options and other equity derivatives.

Before acquiring or originating any such loans or other investments, the Arena FINCOs review the nature of the loan, the creditworthiness of the borrower, the nature and extent of any collateral and the expected return on such loan or investment. The Arena FINCOs originate and/or acquire such loans or investments based on their assessment of the fair market value of the investment at the time of purchase.

The primary revenue of the Arena FINCOs consists of interest income, dividend income and investment-related fees earned on the investments that it originates or acquires. The operating results of the Arena FINCOs also include gains and losses on their investments.

(i) Accounting for the Arena FINCOs

The Company's investment in the Arena FINCOs is accounted for at FVTPL. Using net asset value as the primary valuation technique, management determined that 1.0x the book value, or 100% of the shareholder's equity of the Arena FINCOs at March 31, 2025, in the amount of $173.7 approximated the fair value of the Company's investments in the Arena FINCOs. See Note 4, *Investments in the Arena FINCOs* in the Notes to the Financial Statements.

The fair value of the Company's investment in the Arena FINCOs was determined to be $173.7 and $173.8 at March 31, 2025 and December 31, 2024, respectively.

The Company recorded a decrease in the value of its investments in the Arena FINCOs of $0.1 in the three months ended March 31, 2025, and an increase in the value of its investments in the Arena FINCOs of $1.3 in the three months ended March 31, 2024.

(ii) Arena FINCOs Supplementary Financial Measures for the three months ended March 31, 2025 and 2024

The Company considers certain financial results of the Arena FINCOs to be important measures in assessing the Company's financial position and performance, in particular, the net assets which can be invested to generate investment income, and operating expenses. Supplementary Financial Measures related to the Arena FINCOs set out below is unaudited and has been derived from the unaudited financial statements of Westaim Originations Holdings, Inc. ("WOH") and Arena Finance Holdings Co, LLC ("AFHC"), the audited financial statements of Arena Origination Co., LLC ("AOC") and the audited consolidated financial statements of Arena Finance, LLC ("AF") and its subsidiaries for the year ended December 31, 2024,

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

3. INVESTMENTS (continued)

and the unaudited financial statements of WOH, AFHC, AOC, and consolidated AF and its subsidiaries for the three months ended March 31, 2025 and 2025, which have been prepared in accordance with IFRS or US GAAP. AOC financial statements and AF consolidated financial statements are the responsibility of the management of the Arena FINCOs. Readers are cautioned that the financial information has not been reconciled to IFRS and so may not be comparable to the financial information of issuers that present their financial information in accordance with IFRS.

A summary of the net assets of the Arena FINCOs is as follows:

	March 31, 2025	December 31, 2024
Cash and cash equivalents	$ 16.0	$ 20.0
Investments:		
Loans / private assets	121.8	120.6
Other securities	47.0	48.7
Total investments	168.8	169.3
Other net assets	1.6	3.3
Due from (to) brokers, net	0.3	(5.8)
Loans payable	(13.0)	(13.0)
Net assets of the Arena FINCOs	$ 173.7	$ 173.8

Due from brokers consists of cash balances as well as net amounts due from brokers for unsettled securities transactions. Investment securities are net of short positions. In the normal course of the Arena FINCOs' operations, the Arena FINCOs enter into US$ currency hedges to reduce its non-US$ currency exposure.

In October 2024, the Arena FINCOs used the proceeds from the issuance of an aggregate of $45.0 of units to the Company to extinguish the private placement of $45.0 of 6.75% senior secured notes payable. The Arena FINCOs also had a revolving credit facility with third-party lenders with a commitment amount of $25.0 which expired and was repaid on September 30, 2024.

On October 1, 2024, AOC and Westaim entered into a loan facility agreement of $25.0 (the "AOC Loan", shown in Loans payable on the table above), which had $13.0 drawn and outstanding at December 31, 2024 and at March 31, 2025. The AOC Loan bears an interest rate of 7.25% per annum and interest is due at the end of each calendar quarter. See note 3, *Loan Receivable* and note 10, *Related Party Transactions* in the Notes to the Financial Statements.

For additional information on the investments of the Arena FINCOs, see Section 14, *Additional Arena FINCOs Investment Schedules* of this MD&A.

A summary of the operating results of the Arena FINCOs attributable to the Company is as follows:

	Three months ended March 31	
	2025	2024
Net operating results of the Arena FINCOs:		
Investment income	$ 1.4	$ 2.0
Net (losses) gains on investments	-	1.7
Interest expense	(0.2)	(1.2)
Net investment income (loss)	1.2	2.5
Management and asset servicing fees	(1.0)	(0.9)
Incentive fees (expense) recovery	(0.1)	(0.1)
Other operating expenses	(0.2)	(0.2)
Net operating results before holding companies' expenses	(0.1)	1.3
Arena FINCOs holding companies' expenses:		
Advisory fees paid to the Company	-	-
Net operating results of the Arena FINCOs	$ (0.1)	$ 1.3

The Net Return on the investment portfolios of the Arena FINCOs was -0.1% and +0.9% for the three months ended March 31, 2025 and 2024, respectively. See Section 15, *Non-GAAP Measures* of this MD&A.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

3. INVESTMENTS (continued)

C. Investment in Arena

Changes in the Company's investment in associates are summarized as follows:

	Three months ended March 31 2025	2024
Investment in Arena		
Opening balance	$ 22.7	$ 27.6
Additional investment for revolving loan	18.6	
The Company's share Arena's comprehensive (loss) income	(0.8)	0.6
The Company's share of cash and non-cash distributions from Arena	-	(1.0)
Ending balance	$ 40.5	$ 27.2

Arena Investors generates revenues primarily from Management Fees, Incentive Fees and Asset Servicing Fees. "Management Fees" are the fees generally calculated on Arena Investors' various segregated client accounts and private pooled investment vehicles, as a percentage of either committed investing capital inclusive of profits earned, or total assets inclusive of financing, and the fees generally calculated on the Arena FINCOs, as a percentage of committed investing capital inclusive of profits earned but excluding financing. "Incentive Fees" are the fees generally calculated as a percentage of net profits earned by clients of Arena Investors, including the Arena FINCOs, as of the end of each fiscal year or applicable withdrawal date related to client accounts subject to a "high water mark" and loss carryforward provisions for each measurement date. "Asset Servicing Fees" are the fees earned in connection with the management and servicing of the illiquid portion of clients' investment portfolios including the Arena FINCOs. AIS leverages its intellectual capital to provide non-investment advisory services primarily for third parties.

At March 31, 2025, Arena Investors had committed assets under management ("AUM") and programmatic capital of approximately $3.4 billion (December 31, 2024: $3.4 billion). Arena entered into an agreement with an institutional investor effective April 1, 2025 that increased programmatic capital by $0.7 billion, bringing AUM and programmatic capital to $4.1 billion as of April 1, 2025. AUM refers to the assets for which Arena Investors provides investment management, advisory or certain other investment-related services. Programmatic capital includes callable capital to discretionary and non-discretionary separately managed accounts. 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. At March 31, 2025, AUM included the net assets of the Arena FINCOs and the Company's investment in ASOF LP of approximately $177 (December 31, 2024: $177).

(i) Rights Granted to BP LLC

On August 31, 2015, agreements were entered into between the Company and Bernard Partners, LLC ("BP LLC") in respect of AIGH (the "Associate Agreements"). The Associate Agreements set forth the members' respective rights and obligations, as well as BP LLC's right to participate in distributions of the capital and profit of the associates. BP LLC's initial profit sharing percentage was 49%, 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 (measured by the margin of trailing twelve months earnings before interest, income taxes, depreciation and amortization ("EBITDA") to trailing twelve month revenues) thresholds in accordance with the Associate Agreements. At March 31, 2025 and 2024, the Company's equity ownership and profit sharing percentage of Arena was 51%. As part of the Proposed Transactions, the Company will own 100% of the equity interests of Arena after profit sharing distributions are made to BP LLC, CC Capital, and the Company. See Section 1, *The Company* of this MD&A and note 15, *Subsequent Events* in the Notes to the Financial Statements for further information on the Proposed Transactions.

(ii) Accounting for Arena

The Company extended a revolving loan to Arena (the "Arena Revolving Loan 1") with a commitment of $35.0 at March 31, 2025 (December 31, 2024 - $35.0) in order to continue funding growth initiatives and working capital needs of Arena. The loan facility matures on May 31, 2025 and bears an interest rate of 7.25%. Arena had drawn down the loan facility by $24.0 at March 31, 2025 (December 31, 2024 - $24.0). The loan facility is secured by all the assets of Arena. See note 15, *Subsequent Events* in the Notes to the Financial Statements for further discussion on Arena Revolving Loan 1.

The Company extended a second revolving loan to Arena (the "Arena Revolving Loan 2") on March 13, 2025 with a commitment of $21.0 to continue funding growth initiatives and working capital needs of Arena. The loan facility matures on March 31, 2028 and bears an interest rate of 3 Month Term Secured Overnight Financing Rate ("SOFR"), as administered by the New York Federal Reserve Bank, plus 350 basis points per annum. Arena had drawn down the loan facility by $18.6 at March 31, 2025. The loan facility is secured by all the assets of Arena.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

3. INVESTMENTS (continued)

The Company's investment in Arena is accounted for using the equity method. The carrying amount of the Company's investment in Arena was $40.5 and $22.7 at March 31, 2025 and December 31, 2024, respectively. The Company's 51% share of Arena's comprehensive (loss) income that amounted to $(0.8) and $0.6 for the three months ended March 31, 2025 and 2024, respectively, was reported under "Net results of investments" in the interim consolidated statements of profit and comprehensive income.

(iii) Arena Supplementary Financial Measures for the three months ended March 31, 2025 and 2024

The Company considers certain financial results of Arena to be important measures in assessing the Company's financial position and performance, in particular, revenues from the provision of investment management services, and operating expenses. Supplementary Financial Measures related to Arena set out below is unaudited and has been derived from the audited financial statements of AIGH for the year ended December 31, 2024 and the unaudited financial statements of AIGH for the three months ended March 31, 2025 and 2024, which have been prepared in accordance with US GAAP. Such statements are the responsibility of the management of Arena. Arena presents their performance results as Arena Investors' fee related earnings ("FRE"), Arena Investors' net incentive fees, and AIS EBITDA. Arena's Supplementary Financial Measures includes EBITDA which is a common measure for operating profitability. Management of the Company concluded that any reconciling items to IFRS are not material.

Supplementary Financial Measures from Arena's Statement of Financial Position

	March 31, 2025	December 31, 2024
Cash and cash equivalents	$ 12.5	$ 5.7
Restricted cash	10.0	9.6
Arena's Revolving Loans from the Company	(42.6)	(24.0)
Other net assets	20.2	9.0
Net assets	0.1	0.3
Less: net assets attributable to non-controlling interests	4.4	3.0
Net liabilities attributable to Arena	$ (4.3)	$ (2.7)
Company's share of Arena's net liabilities	$ (2.1)	$ (1.3)
Arena's Revolving Loans from the Company	42.6	24.0
Carrying amount of the Company's investment in Arena	$ 40.5	$ 22.7

Restricted cash includes deposits received in advance for pre-funded work fees and prepaid deposits primarily from investment loans.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

3. INVESTMENTS (continued)

Supplementary Financial Measures from Arena's Statement of Income and Other Comprehensive Income

	Three months ended March 31 2025	2024
Arena Investors		
Management fees	$ 6.5	$ 7.3
Asset servicing fees	2.3	2.9
Other income	0.8	1.3
Total recurring revenue	9.6	11.5
Operating expenses allocated to recurring revenue	(11.7)	(10.7)
Fee related earnings	**(2.1)**	**0.8**
Incentive fees	2.4	1.7
Incentive fees compensation expense	(2.3)	(1.4)
Net incentive fees	**0.1**	**0.3**
Arena Investors' EBITDA	**(2.0)**	**1.1**
Arena Institutional Services		
AIS revenue	3.8	3.2
AIS operating expenses	(0.8)	(0.7)
Employee profit share	(1.3)	(1.1)
AIS EBITDA	**1.7**	**1.4**
AIGH general and administrative costs	(0.2)	(0.2)
AIGH other income (expenses)	0.1	(0.5)
AIGH costs for Proposed Transactions [1]	(0.5)	-
Total Arena EBITDA	**(0.9)**	**1.8**
Depreciation	(0.1)	(0.1)
Revolving loan interest expense paid to the Company	(0.5)	(0.4)
Taxes	-	(0.1)
Net (loss) income attributable to Arena	**$ (1.5)**	**$ 1.2**
Company's share of Arena's comprehensive (loss) income (51%)	$ (0.8)	$ 0.6

[1] See Note 15, Subsequent Events in the Notes to the Financial Statements with respect to the Proposed Transactions.

D. INVESTMENT IN ASOF LP

The Company's investment in ASOF LP, a fund managed by Arena Investors, with a fair value of $3.1 and $3.1 at March 31, 2025 and December 31, 2024, respectively, is included under investments in the interim consolidated statements of financial position. The Company's increase in the value on its investment in ASOF LP was a nominal amount in the three months ended March 31, 2025, and 2024.

E. INVESTMENT IN SALEM GROUP

The Company made an initial capital contribution of $36.5 into Salem Group, a partnership of which it holds 100% of the pecuniary limited partnership interests. Salem Group through a wholly-owned intermediary holding structure (including Salem Group Holdings, LLC, the direct acquiror of MAIC), then completed its acquisition of MAIC for a total purchase price of approximately $29.2. MAIC holds insurance licenses in 46 states including the District of Columbia. MAIC was subsequently renamed to Ceres. The Company's decrease in value on its investment in Salem Group was $7.7 driven primarily by the non-capitalized operating costs of Salem Group incurred since the acquisition of MAIC for the continued development of Ceres operating capabilities in preparation for launch of the business.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

4. ANALYSIS OF FINANCIAL RESULTS

Details of the Company's operating results are as follows:

	Three months ended March 31 2025	2024
Revenue		
Interest income	$ 3.8	$ 2.2
Advisory fees	-	0.1
	3.8	2.3
Net results of investments	(8.5)	26.5
Net expenses		
Salaries and benefits	(1.1)	(1.6)
General, administrative and other	(0.4)	(0.3)
Professional fees	(2.4)	(0.3)
Share-based compensation (expense) recovery	(0.7)	0.1
Foreign exchange (loss) gain	-	0.3
	(4.6)	(1.8)
(Loss) profit before income taxes	(9.3)	27.0
Income taxes recovery (expense)	1.9	(3.7)
(Loss) profit and comprehensive (loss) income	$ (7.4)	$ 23.3

4.1 Revenue

In the three months ended March 31, 2025, the Company earned interest on loans made to Arena of $0.7 (2024 - $0.4), earned interest on bank balances of $3.1 (2024 – $1.8), and earned advisory fees from the Arena FINCOs and Arena of $nil (2024 - $0.1).

4.2 Net Results of Investments

In the three months ended March 31, 2025, the net results of investments were a decrease of $8.5 (2024 – increase of $26.5) consisted of an increase of $nil in the value of the investment in Skyward Specialty (2024 – $24.6), a decrease in the value of the investments in the Arena FINCOs of $0.1 (2024 – increase of $1.3), the Company's share of Arena's comprehensive loss of $0.8 (2024 – comprehensive income of $0.6), an increase in the value of the Company's investment in ASOF LP of a nominal amount (2024 – a nominal amount), and a decrease in the value of the Company's investment in Salem Group of $7.7 (2024 – $nil).

See discussion in Section 3, *Investments* of this MD&A.

4.3 *Expenses*

Salaries and benefits in the three months ended March 31, 2025 were lower than the prior year primarily due to 2024 including a special bonus related to realized gains on the sale of Skyward Specialty.

General, administrative and other expenses in the three months ended March 31, 2025 were comparable to the corresponding periods in the prior year.

Professional fees in the three months ended March 31, 2025 were higher than the prior year primarily due to fees related to engagements with consultants related to the Proposed Transactions. See Note 15, *Subsequent Events* in the Notes to the Financial Statements with respect to the Proposed Transactions.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

4. ANALYSIS OF FINANCIAL RESULTS (continued)

Share-based compensation expense includes the issuance of restricted share units ("RSUs") in 2023 to certain Westaim management which are expensed over the vesting period to December 31, 2024 and the issuance of deferred share units ("DSUs") to directors in lieu of director fees each reporting period. Changes in share-based compensation expense from period to period also result from movement in the Company's share price which affects the per unit valuation of outstanding RSUs, DSUs, SARs, and Options (which can be surrendered for cash). See Section 8, *Liquidity and Capital Resources* of this MD&A for additional information on the Company's share-based compensation plans.

The Company, from time to time, holds C$ denominated assets and liabilities and the Company's operating results include foreign exchange gains or losses arising from the revaluation of the Company's C$ denominated net liabilities and revaluation of C$ foreign exchange forward contracts into US$ at period end exchange rates. The following is a breakdown of the major components of the foreign exchange gain (loss) in the three months ended March 31, 2025 and 2024:

	Three months ended March 31	
	2025	2024
Foreign exchange gains (losses) relating to:		
- Liabilities for RSUs, DSUs, SARs, Options	$ -	$ 0.3
- Canadian dollar currency forward contracts and cash balances	-	-
	$ -	$ 0.3

5. ANALYSIS OF FINANCIAL POSITION

The Company's assets, liabilities and shareholders' equity as at the dates indicated below consisted of the following:

	March 31, 2025	December 31, 2024
Assets		
Cash	$ 240.8	$ 301.9
Loan receivable	13.0	13.0
Income taxes receivable	2.3	0.3
Other assets	2.1	2.2
Investments	246.2	199.7
Deferred tax asset	8.2	6.1
Total assets	512.6	523.2
Liabilities		
Accounts payable and accrued liabilities	22.4	25.7
Income taxes payable	0.2	0.1
	22.6	25.8
Shareholders' equity	490.0	497.4
Total liabilities and shareholders' equity	$ 512.6	$ 523.2

5.1 Cash

At March 31, 2025, the Company had cash of $240.8 (December 31, 2024 - $301.9).

5.2 Loan receivable

At March 31, 2025, the Company had a loan receivable from the AOC Loan of $13.0 (December 31, 2024 - $13.0). See note 15, *Subsequent Events* in the Notes to the Financial Statements for further discussion on the AOC Loan.

5.3 Income taxes receivable

At March 31, 2025, the Company had an income taxes receivable of $2.3 (December 31, 2024 - $0.3) for its Canadian income taxes.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

5. ANALYSIS OF FINANCIAL POSITION (continued)

5.4 Other Assets

At March 31, 2025, the Company had other assets of $2.1 (December 31, 2024 - $2.1), which consisted of interest receivable on bank balances of $1.0 (December 31, 2024 - $1.2), receivable from the Arena FINCOs of $nil (December 31, 2024 - $0.3), and other receivables of $1.1 (December 31, 2024 - $0.7). See Note 5, *Other Assets* in the Notes to the Financial Statements.

5.5 Investments

Investments were $246.2 and $199.7 at March 31, 2025 and December 31, 2024, respectively, and consisted of the investments in: the Arena FINCOs, Arena, ASOF LP, and Salem Group,.

The Company's investment in Salem Group, which is accounted for at FVTPL, was determined to be $28.8 and $nil at March 31, 2025 and December 31, 2024, respectively. See discussion in Section 3, *Investment in Salem Group* of this MD&A.

The Company's investment in the Arena FINCOs, which is accounted for at FVTPL, was determined to be $173.7 and $173.8 at March 31, 2025 and December 31, 2024, respectively. See discussion in Section 3, *Investment in the Arena FINCOs* of this MD&A.

The Company's investment in Arena, which is accounted for using the equity method, was determined to be $40.5 and $22.7 at March 31, 2025 and December 31, 2024, respectively. See discussion in Section 3, *Investment in Arena* of this MD&A.

The Company's investment in ASOF LP, which is accounted for at FVTPL, was determined to be $3.1 and $3.1 at March 31, 2025 and December 31, 2024, respectively. See discussion in Section 3, *Investment in ASOF LP* of this MD&A.

5.5 Deferred Tax Asset

At March 31, 2025, the Company reported a deferred tax asset of $8.2 (December 31, 2024 – $6.1) primarily related to net recognized temporary differences of taxable income and it is probable that taxable profits will be available against which those temporary differences can be utilized. See Note 2(k), *Summary of Material Accounting Policies Income Taxes* and Note 11, *Income Taxes* in the Notes to Financial Statements.

5.7 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities were $22.4 at March 31, 2025 (December 31, 2024 - $25.7), which consisted of accrued employee bonuses of $0.6 (December 31, 2024 - $0.3), RSUs of $nil (December 31, 2024 - $nil), DSUs of $4.8 (December 31, 2024 - $4.5), SARs of $6.7 (December 31, 2024 - $6.5), stock options liability of $5.5 (December 31, 2024 - $5.3), emigration tax payable of $4.0 (December 31, 2024 - $4.0) and other accrued liabilities of $0.8 (December 31, 2024 - $5.1). See Section 8, *Liquidity and Capital Resources* of this MD&A for additional information on the Company's share-based compensation plans.

5.8 Income Taxes Payable

At March 31, 2025, the Company had an income taxes payable of $0.2 (December 31, 2024 - $0.1) primarily for its United States current year income taxes.

5.9 Deferred Tax Liability

At March 31, 2025, the Company reported a deferred tax liability of $nil (December 31, 2024 – $nil). See Note 11, *Income Taxes* in the Notes to Financial Statements.

5.10 Shareholders' Equity

The details of shareholders' equity are as follows:

	March 31, 2025	December 31, 2024
Share capital	$ 351.4	$ 351.4
Contributed surplus	11.4	11.4
Accumulated other comprehensive loss	(2.2)	(2.2)
Retained earnings	129.4	136.8
Shareholders' equity	$ 490.0	$ 497.4

5. ANALYSIS OF FINANCIAL POSITION (continued)

5.11 Share Capital

Westaim had 21,706,501 Common Shares outstanding at March 31, 2025 and December 31, 2024. In the three months ended March 31, 2025, Westaim acquired and canceled no Common Shares. There were no options exercised during the three months ended March 31, 2025. In the year ended December 31, 2024, Westaim acquired and canceled 597,735 Common Shares, at a cost of $9.7. In the year ended December 31, 2024, Westaim issued 194,393 Common Shares to stock option holders through the exercise and net exercise of 464,389 of the Company's stock options for proceeds of $0.1 with an options liability fair value of $4.1 which increased share capital and decreased stock options liability. In the year ended December 31, 2024, Westaim issued 150,295 Common Shares to RSU holders through the exercise of 150,295 RSUs with a fair value of $3.2 which increased share capital and decreased RSUs liability. As a result of the net fair value of the Common Shares acquired and cancelled less Common Shares issued, the Company recorded a decrease in share capital of $0.1 for the Canadian public company 2% net share buy-back Canadian federal tax. See discussion in Section 8, *Liquidity and Capital Resources, Share-based Compensation Plans* of this MD&A and Note 8, *Share Capital* in the Notes to the Financial Statements.

5.12 Contributed Surplus

The Company had $11.4 in contributed surplus at March 31, 2025 and $11.4 at December 31, 2024.

5.13 Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss of $2.2 at each of March 31, 2025 and December 31, 2024, was comprised of the cumulative exchange differences from currency translation as a result of a change in presentation currency from the C$ to the US$ on August 31, 2015.

5.14 Retained Earnings

The decrease in the retained earnings to $129.4 at March 31, 2025 from $136.8 at December 31, 2024 is the result of the loss and comprehensive loss for the three months ended March 31, 2025.

6. SUBSEQUENT EVENT – CLOSING OF THE PROPOSED TRANSACTIONS

On April 3, 2025 (the "Closing Date"), CC Capital and the Company completed the Proposed Transactions whereby an affiliate of CC Capital invested US$250.0 (the "Aggregate Gross Proceeds"), inclusive of $30.5 of transaction related expenses and repayment of $14.6 promissory note made by Salem Group to CC Salem Holdings LLC related to the previous closing of the MAIC transaction, for net cash proceeds to the Company of $204.9 on the Closing Date. The $14.6 settlement of the promissory note was recorded as a capital contribution from the Company to Salem Group on the Closing Date so that Salem Group could settle its promissory note with the CC Capital affiliated entity. In connection with the transaction, the Company has restructured its ownership of Arena to acquire from BP LLC the remaining 49% of the equity of Arena that it did not already own in exchange for the conversion of Arena Revolving Loan 1 into an equity contribution to Arena and the issuance of profit interests entitling the members of BP LLC and certain other front office investment management team members of Arena to receive distributions of 45% of the net profits of Arena on an ongoing basis. CC Capital is entitled to receive distributions of 6% of the net profits of Arena on an ongoing basis and the Company is entitled to the remaining 49%. The transaction brings together Arena with the previously completed acquisition of MAIC (since renamed to Ceres Life Insurance Company) to transform the Company into an integrated insurance and asset management platform.

Pursuant to an investor rights agreement among the Company, Wembley Group Partners, LP (the "Investor"), an affiliate of CC Capital, and Arena dated April 3, 2025 (the "Investor Rights Agreement"), Chinh Chu has been appointed Executive Chair of the Company's Board and Ian Delaney has transitioned to Vice Chair of the Company's Board. In addition, pursuant to the Investor Rights Agreement, the size of the Company's Board has been increased to 11 with four additional CC Capital nominees having been appointed as directors of the Company, including Deanna Mulligan, Douglas Newton, Matthew Skurbe and Richard DiBlasi, as well as one director mutually selected by the Company and CC Capital having been appointed, being Menes Chee. Daniel Zwirn, current and continuing CEO for Arena, will also be an observer on the Company's Board. John Gildner and Lisa Mazzocco resigned from the Company's Board. Additionally, Cameron MacDonald, current CEO for the Company, is continuing on in the same role. Ms. Mulligan is serving as CEO of Ceres Life. Mr. Skurbe has been appointed as Chief Financial Officer and Chief Risk Officer of the Company. The current CFO, Glenn MacNeil, resigned as the CFO for the Company effective on the Closing Date, but is contracted to remain on with the company in a consulting capacity through June 30, 2025.

On the Closing Date, the Investor acquired, on a private placement basis (the "Private Placement"), the following securities of the Company for the Aggregate Gross Proceeds pursuant to an investment agreement dated October 9, 2024 between the Investor, the Company, and, solely for purposes of specific sections of the investment agreement, Arena, Mr. Zwirn and Mr. Cutler, as amended on November 15, 2024 (the "Investment Agreement"): (a) 11,979,825 common shares of Westaim ("Common Shares") at an implied purchase price of C$28.50 per share in cash; and (b) warrants to purchase 5,214,705 additional Common Shares (the "Warrants"), comprised of (i) Warrants to purchase 1,303,676 Common Shares

6. SUBSEQUENT EVENT – CLOSING OF THE PROPOSED TRANSACTIONS (continued)

having an exercise price of C$24.12 per Common Share, which Warrants will vest in the event the volume-weighted average trading price of the Common Shares on the TSX Venture Exchange (the "TSXV") or other stock exchange on which the Common Shares are listed for trading equals or exceeds C$48.00 (subject to certain adjustments) for any 30 consecutive trading day period prior to the five-year anniversary of the Closing Date (the "Common Stock Price Target Condition"); and (ii) Warrants to purchase 3,911,029 Common Shares having an exercise price of C$28.50 per Common Share. The Warrants are exercisable for a period of five years following the Closing Date and the number of Common Shares issuable pursuant to the Warrants and the exercise prices thereof are subject to certain adjustments.

Prior to entering into the Investment Agreement, CC Capital and its affiliates did not beneficially own or control, directly or indirectly, any of the issued and outstanding Common Shares. As of the Closing Date, the Investor owns approximately 36% of the issued and outstanding Common Shares. If the Warrants were exercised in full and no other outstanding securities of Westaim were converted into Common Shares, as of the Closing Date the Investor would own approximately 44% of the issued and outstanding Common Shares.

Pursuant to the Investment Agreement, Westaim has committed to use the proceeds from the Private Placement, additional capital from its balance sheet and capital from the monetization of certain existing assets to invest up to US$620.0 in Salem Group in exchange for 100% of the limited partnership interests of Salem Group. An affiliate of CC Capital serves as the general partner of Salem Group and controls Salem Group and its investments. Salem Group has acquired Ceres Life through a wholly owned intermediary holding company structure.

Pursuant to a consulting agreement dated October 9, 2024 between the Company and Wembley Management, LLC ("Wembley Management"), an affiliate of the Investor and CC Capital, on the Closing Date, received a grant of 673,727 performance-based restricted stock units ("PSUs") of the Company. The PSUs will vest if the Common Stock Price Target Condition is achieved prior to the fifth anniversary of the Closing Date and, once vested, will be settled on a one-for-one basis for an aggregate of 673,727 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as of the Closing Date.

Pursuant to the Investor Rights Agreement, the Investor received certain consent rights regarding the taking of certain specified actions by the Company or its subsidiaries as further outlined in the Investor Rights Agreement, as well as certain investor rights, including participation rights and registration rights and the right to nominate five out of eleven nominees to the Company's Board. In addition, the Company is entitled to appoint five members of the Board of Managers of Arena, all of whom will be nominated by the Investor. The Investor will also be entitled to select the Chairperson of the Arena Board and the Investor's consent will be required for the removal of any of the Investor's nominees on the Arena Board and certain other actions. Pursuant to the Investor Rights Agreement, for a period of 24 months following the Closing Date, the Investor will be prohibited from knowingly transferring any shares or convertible securities of the Company to any person that, following such transfer, would, either alone or together with persons acting jointly or in concert, beneficially own 10% or more of the shares of the Company, subject to certain exceptions. In addition, the Investor has agreed to certain standstill and acquisition restrictions and voting support requirements for a period of 36 months following the closing of the transaction.

The foregoing summary is qualified in its entirety by the provisions of the Investor Rights Agreement, a copy of which will be filed under Westaim's profile on SEDAR+ at www.sedarplus.ca.

On April 30, 2025, Salem Group issued a capital call notice to the Company for $350.0 as a partial call against the aggregate commitment amount of $620.0 made as part of the Proposed Transactions to support the capital requirements of Salem Group and Ceres. This capital call was satisfied by a cash wire transfer on May 9, 2025. Combined with the previous funding of $36.5, $386.5 has now been funded against the original commitment, with $233.5 remaining.

7. OUTLOOK

With the Arena platform largely built (product suite, geographies, IT systems, investment capability), its more than 180 people across seven global offices and operating in twenty countries are poised to deploy committed capital within Arena Investors and intellectual capital within Arena Institutional Services to grow Arena's earnings. Arena is also prepared to begin managing assets for Ceres once the Proposed Transactions close, Ceres is capitalized by investments from the Company, and Ceres funds the separately managed accounts established by Arena for this purpose.

Salem Group and Ceres have made substantial progress towards operational readiness and expects to launch its insurance operations by June 30, 2025.

The Company will continue to seek additional investment opportunities to create shareholder value through partnering with other aligned and experienced management teams to build profitable businesses that generate attractive returns to the Company's shareholders over the long term. See section 6, *Subsequent Event – Closing of the Proposed Transactions* of this MD&A and note 15, *Subsequent Events* of the financial statements for information regarding the closing of the Proposed Transactions.

8. LIQUIDITY AND CAPITAL RESOURCES

Capital Management Objectives

The Company's capital currently consists of common shareholders' equity.

The Company's guiding principles for capital management are to maintain the stability and safety of the Company's capital for its stakeholders through an appropriate capital mix and a strong balance sheet.

The Company monitors the mix and adequacy of its capital on a continuous basis. The Company employs internal metrics. The capital of the Company is not subject to any restrictions.

Share Capital

Westaim's authorized share capital consists of an unlimited number of Common Shares, Class A preferred shares and Class B preferred shares.

At March 31, 2025, Westaim had 21,706,501 Common Shares outstanding (December 31, 2024 – 21,706,501), with a stated capital of $351.4 (December 31, 2024 - $351.4). See section 6, *Subsequent Event – Closing of the Proposed Transactions* of this MD&A and note 15, *Subsequent Events* in the note to the Financial Statements for information regarding the closing of the Proposed Transactions.

There were no Class A or Class B preferred shares outstanding at March 31, 2025 or December 31, 2024. See Note 8, *Share Capital* in the Notes to the Financial Statements.

Dividends

No dividends were paid by the Company in the three months ended March 31, 2025 or year ended December 31, 2024.

Share-based Compensation Plans

Westaim's long-term equity incentive plan (the "Incentive Plan") provides for grants of RSUs, DSUs, SARs and other share-based awards. Westaim also has a stand-alone incentive stock option plan (the "Legacy Option Plan").

The aggregate number of Common Shares which may be reserved for issuance upon exercise of all stock option under the Incentive Plan (and all other security based compensation arrangements, including the Legacy Option Plan) is limited to not more than 10% of the aggregate number of Common Shares outstanding at the time of grant. Additionally, under the Incentive Plan, as of March 31, 2025, the aggregate number of Common Shares which may be reserved for issuance upon the exercise or redemption of all security based compensation awards, other than stock options, granted under the Incentive Plan (and all other security based compensation arrangements) shall not exceed 2,136,206 Common Shares – this number was increased to 3,334,189 Common Shares upon closing of the Proposed Transactions. As the DSUs and SARs are settled solely in cash, they are not included in the limitations contemplated above.

Westaim had 615,000 stock options outstanding at March 31, 2025 at a strike price of C$18.60 (December 31, 2024 – 615,000 stock options outstanding at a strike price of C$18.60). During the three months ended March 31, 2025, no stock options were exercised or forfeited. During the year ended December 31, 2024, 34,294 stock options were forfeited, 5,000 stock options were exercised and the Company received $0.1 and issued 5,000 Common Shares to the stock option holder, 459,389 stock options were net exercised and the Company issued 189,393 Common Shares to the stock option holders, and 152,569 stock options were cash surrendered and the Company paid $1.4 to the stock option holders. The stock options, at the election of the holder, can be exercised or net exercised for Common Shares or surrendered for cash, per the amended and restated option plan approved by shareholders on May 16, 2024.

Westaim had no RSUs outstanding at March 31, 2025 (December 31, 2024 – no RSUs). There were no RSUs issued and no RSUs settled in the three months ended March 31, 2025. In December 2024, 150,295 RSUs were exercised and the Company issued 150,295 Common Shares with a value of $3.2. As part of the Plan of Arrangements on December 31, 2024, the remaining 425,571 RSUs were surrendered and the Company issued cash settlements of $9.1 to the RSU holders. As a result, there were no RSUs outstanding at December 31, 2024. The RSUs, at the election of the holder, could have been settled in Common Shares or cash based on the prevailing market price of the Common Shares on the settlement date. See section 6, *Subsequent Event – Closing of the Proposed Transactions* of this MD&A and note 15 of the financial statements for information regarding the closing of the Proposed Transactions

At March 31, 2025, 220,785 DSUs were vested and outstanding (December 31, 2024 – 209,547 DSUs). DSUs are issued to certain directors in lieu of director fees, at their election, at the market value of Common Shares at the date of grant.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

8. LIQUIDITY AND CAPITAL RESOURCES (continued)

With respect to the DSUs that are outstanding, they are paid out solely in cash no later than the end of the calendar year following the year the participant ceases to be a director. In the three months ended March 31, 2025 and the year ended December 31, 2024, no DSUs were settled.

At March 31, 2025, 1,298,954 SARs were vested and outstanding (December 31, 2024 – 1,298,954 SARs). These SARs were issued to certain management of Westaim which vested immediately and will be paid out solely in cash for the amount that the Westaim trading price at the time of exercise, if any, is in excess of the SARs strike prices.

At March 31, 2025, accounts payable and accrued liabilities included amounts related to RSUs of $nil (December 31, 2024 - $nil), DSUs of $4.8 (December 31, 2024 - $4.5) and SARs of $6.7 (December 31, 2024 - $6.5) and stock options liability of $5.5 (December 31, 2024 - $5.3).

See Note 9, *Share-based Compensation* in the Notes to the Financial Statements.

Cash Flow Objectives

The Company manages its liquidity with a view to ensuring that there is sufficient cash to meet all financial commitments and obligations as they fall due including having access to liquidity from dividends from the Arena FINCOs. The Company has sufficient funds to meet its financial obligations. As part of pursuing one or more new opportunities, the Company may from time to time issue shares from treasury.

The following tables illustrate the duration of the financial assets of the Company compared to its financial obligations:

March 31, 2025	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Cash	$ 240.8	$ -	$ -	$ 240.8
AOC Loan	13.0	-	-	13.0
Other Assets	4.4	-	-	4.4
Investments	-	176.9	69.3	246.2
Total financial assets	258.2	176.9	69.3	504.4
Financial obligations:				
Other liabilities	16.2	4.8	1.7	22.7
Total financial obligations	16.2	4.8	1.7	22.7
Net financial assets	$ 242.0	$ 172.1	$ 67.6	$ 481.7

December 31, 2024	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Cash	$ 301.9	$ -	$ -	$ 301.9
AOC Loan	13.0	-	-	13.0
Other Assets	2.5	-	-	2.5
Investments	-	24.0	175.7	199.7
Total financial assets	317.4	24.0	175.7	517.1
Financial obligations:				
Other liabilities	14.8	6.5	4.5	25.8
Total financial obligations	14.8	6.5	4.5	25.8
Net financial assets	$ 302.6	$ 17.5	$ 171.2	$ 491.3

The Company's investment guidelines stress preservation of capital and market liquidity to support payment of liabilities. The matching of the duration of financial assets and liabilities is monitored with a view to ensuring that all obligations will be met.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

9. RELATED PARTY TRANSACTIONS

Related parties include key management personnel and directors, close family members of key management personnel and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel or their close family members. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include executive officers and directors of the Company.

See Note 10, *Related Party Transactions* in the Notes to the Financial Statements.

10. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparation of the interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions, some of which relate to matters that are uncertain. As more information becomes known, these estimates and assumptions could change and thus have a material impact on the Company's financial condition and results of operations in the future. The Company has established detailed policies and control procedures that are intended to ensure that management's judgments and estimates are well controlled, independently reviewed and consistently applied from period to period. Management believes that its estimates for determining the valuation of the Company's assets and liabilities are appropriate.

Management used the net asset value as the primary valuation technique in determining the fair value of the Company's investment in the Arena FINCOs and ASOF LP at March 31, 2025. Management determined that this valuation technique produced the best indicator of the fair value of the Company's investments measured at FVTPL at March 31, 2025. The significant unobservable inputs used in the valuation of the Arena FINCOs at March 31, 2025 was the equity of the entities at March 31, 2025 and the multiple applied to net assets of the Arena FINCOs. For a detailed description of the valuation of the Company's investments in private entities, see Note 4, *Investments* in the Notes to the Financial Statements. Due to the inherent uncertainty of valuation, management's estimated values may differ significantly from the values that would have been used had an active market for the investment existed, and the differences could be material.

Other key estimates include the Company's fair value of share-based compensation, deferred tax assets and deferred tax liabilities. Details of these items are disclosed in Note 9 and Note 11, respectively, to the Company's interim consolidated financial statements for the three months ended March 31, 2025 and 2024.

11. MATERIAL ACCOUNTING POLICIES AND RECENTLY ADOPTED AND PENDING ACCOUNTING PRONOUNCEMENTS

A description of the Company's accounting policies is disclosed in Note 2, *Summary of Material Accounting Policies* in the Notes to the Financial Statements.

At March 31, 2025, there were no new pronouncements that had a material impact on adoption.

12. QUARTERLY FINANCIAL INFORMATION

	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Revenue	$ 3.8	$ 4.6	$ 6.6	$ 3.5	$ 2.3	$ 1.8	$ 1.1	$ 3.3
(Decrease) increase in value of investments, less dividends	(8.5)	(3.5)	4.8	(6.2)	26.5	51.5	23.7	32.6
Net expenses	(4.6)	(25.6)	(12.5)	(18.2)	(1.8)	(16.1)	(1.8)	(4.7)
Income taxes recovery (expense)	1.9	3.2	-	3.8	(3.7)	(2.1)	-	0.1
(Loss) profit and comprehensive (loss) income	$ (7.4)	$ (21.3)	$ (1.1)	$ (17.1)	$ 23.3	$ 35.1	$ 23.0	$ 31.3

The Company's quarterly financial results do not follow any special trends and are not generally subject to seasonal variation but are instead impacted by general market and economic conditions, regulatory risks and foreign exchange fluctuations. In addition, share-based compensation is impacted by fluctuations in the trading price of the Company's shares, discount rates, and foreign exchange fluctuations.

13. RISKS

The Company is subject to a number of risks which could affect its business, prospects, financial condition, results of operations and cash flows, including risks relating to lack of significant revenues, regulatory risks, foreign exchange risks and risks relating to the businesses of the Ceres, Arena FINCOs and Arena. A detailed description of the risk factors associated with the Company and its business is contained in the Company's Annual Information Form for its fiscal year ended December 31, 2023 (as same may be modified or superseded by a subsequently filed Annual Information Form) and the Company's management information circular dated November 19, 2024, both of which are available on SEDAR+ at www.sedarplus.ca.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES

The investments of the Arena FINCOs shown by investment strategy is as follows:

Investments by Strategy						March 31, 2025
	Number of positions	Cost	Fair value	Percentage of investments at fair value	% Debt investments	% Equity, hard assets and real estate owned investments
Corporate Private Investments	18	$ 42.0	$ 38.7	22.9%	2.7%	20.2%
Real Estate Private Investments	37	46.6	47.0	27.9%	18.4%	9.5%
Structured Finance and Assets	40	37.0	36.1	21.3%	18.2%	3.1%
Other Securities	103	44.0	47.0	27.9%	5.9%	22.0%
	198	$ 169.6	$ 168.8	100.0%	45.2%	54.8%

Investments by Strategy						December 31, 2024
	Number of positions	Cost	Fair value	Percentage of investments at fair value	% Debt investments	% Equity, hard assets and real estate owned investments
Corporate Private Investments	19	$ 42.3	$ 38.8	22.9%	2.7%	20.2%
Real Estate Private Investments	38	45.0	46.2	27.3%	12.6%	14.7%
Structured Finance and Assets	40	35.0	35.6	21.0%	17.4%	3.6%
Other Securities	108	44.9	48.7	28.8%	6.5%	22.3%
	205	$ 167.2	$ 169.3	100.0%	39.2%	60.8%

Investments in Corporate Private Investments, Real Estate Private Investments, and Structured Finance relate to loans issued to privately held entities. Investments in Other Securities are net of short positions and comprise publicly traded corporate bonds, equity securities, bank debt, structured convertible notes and derivatives.

The investments of the Arena FINCOs shown by geographic breakdown is as follows:

Investments by Geographic Breakdown	March 31, 2025			December 31, 2024		
	Cost	Fair value	Percentage of investments at fair value	Cost	Fair value	Percentage of investments at fair value
Loans / Private Assets						
North America	$ 73.6	$ 71.0	42.1%	$ 71.4	$ 69.4	41.0%
Europe	35.6	40.4	23.9%	34.8	39.5	23.3%
Asia/Pacific	15.0	8.7	5.1%	14.5	9.9	5.8%
Latin America	1.4	1.7	1.0%	1.6	1.8	1.1%
	125.6	121.8	72.1%	122.3	120.6	71.2%
Other Securities [1]						
North America	28.8	30.0	17.8%	30.4	30.6	18.1%
Europe	13.2	14.3	8.5%	12.5	15.2	9.0%
Asia/Pacific	2.0	2.8	1.6%	2.0	2.9	1.7%
Latin America	-	(0.1)	0.0%	-	-	0.0%
	44.0	47.0	27.9%	44.9	48.7	28.8%
	$ 169.6	$ 168.8	100.0%	$ 167.2	$ 169.3	100.0%

[1] Net of short positions.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

The investments of the Arena FINCOs shown by industry is as follows:

Investments by Industry	**March 31, 2025**			**December 31, 2024**		
	Cost	Fair value	Percentage of investments at fair value	Cost	Fair value	Percentage of investments at fair value
Loans / Private Assets						
Corporate Private Investments						
Business Services	$ 9.0	$ 3.3	2.0%	$ 8.1	$ 4.8	2.8%
Consumer Products	2.6	3.1	1.8%	2.7	3.1	1.8%
Financial Services	0.5	0.4	0.2%	1.5	0.9	0.5%
Oil and Gas [1]	15.2	13.1	7.9%	15.1	12.1	7.2%
Other Assets	14.7	18.8	11.1%	14.4	179.	10.6%
Retail	-	-	0.0%	-	-	0.0%
	42.0	38.7	22.9%	42.3	38.8	22.9%
Real Estate Private Investments						
Commercial	1.1	1.2	0.7%	1.3	1.0	0.6%
Hospitality	16.7	16.8	10.0%	15.9	16.9	10.0%
Land - Commercial Development	5.4	7.2	4.3%	1.0	1.1	0.7%
Land - Multi-Family Development	1.1	1.2	0.7%	5.4	7.6	4.5%
Land - Single-Family Development	4.1	2.4	1.4%	1.2	1.2	0.7%
Mixed Use	0.5	0.4	0.2%	-	-	0.0%
Industrial	1.3	1.5	0.9%	4.1	2.5	1.5%
Retail	4.9	5.0	3.0%	3.3	2.9	0.7%
Residential	8.0	8.3	4.9%	4.8	4.8	2.8%
Multi-Family	3.5	3.0	1.8%	8.0	8.2	4.8%
	46.6	47.0	27.9%	45.0	46.2	27.3%
Structured Finance and Assets						
Lease/Equipment	0.4	0.7	0.4%	14.3	10.9	6.4%
Other Assets	23.4	25.2	14.9%	0.4	0.8	0.5%
Consumer Assets	13.2	10.2	6.0%	20.3	23.9	14.1%
	37.0	36.1	21.3%	35.0	35.6	21.0%
Total Loans / Private Assets	125.6	121.8	72.1%	122.3	120.6	71.2%
Other Securities [(2)]						
Biotechnology	2.9	3.5	2.1%	2.5	3.0	1.8%
Business Services	3.1	5.2	3.1%	3.1	4.6	2.7%
Consumer Products	8.0	6.1	3.6%	8.0	6.0	3.6%
Diversified	0.3	0.2	0.1%	0.2	0.2	0.1%
Education	0.1	0.1	0.1%	0.1	0.1	0.1%
Energy	0.9	1.5	0.9%	0.8	1.3	0.7%
Financial Services	5.5	5.9	3.5%	5.5	5.4	3.2%
Foreign Exchange Forwards/Options	-	(1.0)	(0.6)%	-	2.1	1.2%
Fund Investment	2.9	3.8	2.2%	2.9	3.8	2.2%
Healthcare Services	3.2	3.6	2.2%	4.2	4.6	2.7%
Industrial	3.6	2.0	1.2%	3.6	2.2	1.3%
Information Technology	-	-	0.0%	-	-	0.0%
Interest Rate Derivatives	-	-	0.0%	0.1	(0.1)	0.0%
Media	-	-	0.0%	0.1	0.1	0.1%
Mining	3.5	4.0	2.4%	3.4	4.1	2.4%
Oil and Gas	6.8	8.0	4.7%	7.1	7.5	4.4%
Other Assets	-	-	0.0%	-	-	0.0%
Real Estate	1.1	1.8	1.1%	1.1	1.6	0.9%
Technology	1.7	1.8	1.0%	1.8	1.9	1.1%
Telecommunications	0.4	0.5	0.3%	0.4	0.5	0.3%
	44.0	47.0	27.9%	44.9	48.7	28.8%
	$ 169.6	$ 168.8	100.0%	$ 167.2	$ 169.3	100.0%

1 The Arena FINCOs' exposure to commodity price risk in its private loans is generally mitigated as borrowers are typically required to hedge the commodity price risk by selling product forward and/or employing the use of other derivatives to substantially reduce all risk.

2 Net of short positions.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions — **March 31, 2025**

Ref. no.	Investments by industry	Principal [18]	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) [1]	LTV [4]
Corporate Private Investments								
CPC-2209	Other Assets	14.1	14.7	18.8	Europe	Equity	N/A[17]	N/A[17]
CPC-3222	Oil & Gas	0.1	14.1	12.3	North America	Equity	N/A[17]	N/A[17]
CPC-7277	Consumer Products	2.0	2.0	2.9	Asia Pacific	1st Lien	6.49%	N/A[15]
CPC-3349	Business Services	6.9	6.9	1.6	Asia Pacific	Equity	N/A[17]	N/A[17]
CPC-7312	Business Services	1.0	1.0	1.0	North America	1st Lien	14.82%	82.0%
CPC-2170	Oil & Gas	1.2	0.9	0.6	North America	Equity	N/A[17]	N/A[17]
CPC-7677	Financial Services	0.5	0.5	0.4	North America	1st Lien	18.32%	100%+
CPC-5889	Consumer Products	0.6	0.6	0.2	North America	1st Lien	14.00%	100%+
CPC-6374	Business Services	0.0	0.2	0.2	Europe	Equity	N/A[6]	N/A[6]
CPC-1010	Oil & Gas	0.2	0.2	0.2	North America	Legal Claim	N/A[17]	N/A[17]
CPC-9140	Business Services	0.2	0.2	0.2	North America	Equity	15.75%	N/A[17]
CPC-6677	Business Services	0.0	0.0	0.1	Europe	Equity	N/A[6]	N/A[6]
CPC-5830	Business Services	0.2	0.2	0.1	Europe	Equity	N/A[6]	N/A[6]
CPC-5914	Business Services	0.1	0.1	0.1	Europe	Equity	N/A[6]	N/A[6]
CPC-5834	Business Services	0.0	0.0	0.0	Europe	Equity	N/A[6]	N/A[6]
CPC-7312EQY	Business Services	0.4	0.4	0.0	North America	Equity	N/A[17]	N/A[17]
CPC-6373	Business Services	0.0	0.0	0.0	Europe	Equity	N/A[6]	N/A[6]
CPC-7018	Business Services	0.0	0.0	0.0	Europe	Equity	N/A[6]	N/A[6]
CPC-7167	Business Services	0.0	0.0	0.0	North America	Equity	N/A[17]	N/A[17]
Subtotal / Weighted average %		$ 27.5	$ 42.0	$ 38.7			10.01%	91.0%

Ref. no.	Investments by industry	Principal [18]	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) [1]	LTV [4]
Real Estate Private Investments								
RECPC-6932	Hospitality	7.0	9.4	9.3	Europe	Real Property	17.68%	N/A[9]
RECPC-2277	Land - Commercial Development	3.5	3.5	5.3	North America	1st Mortgage	24.00%	**83.0%**
RECPC-8192	Retail	4.5	4.5	4.5	North America	1st Mortgage	10.75%	52.5%
RECPC-8135	Hospitality	2.2	2.9	2.8	Europe	Real Property	N/A[9]	N/A[9]
RECPC-4220	Residential	2.5	2.5	2.2	North America	Real Property	N/A[9]	N/A[9]
RECPC-6735	Multi-Family	3.7	2.7	2.2	North America	Real Property	N/A[9]	N/A[9]
RECPC-8825	Hospitality	4.3	1.9	2.2	North America	1st Mortgage	11.00%	**81.8%**
RECPC-7488	Residential	2.6	2.0	1.8	Asia Pacific	1st Mortgage	13.00%	100%+
RECPC-9706	Industrial	2.5	1.3	1.5	North America	1st Mortgage	11.10%	**70.8%**
RECPC-9232	Residential	1.1	1.2	1.5	Europe	Real Property	N/A[9]	N/A[9]
RECPC-8795	Land - Multi-Family Development	1.1	1.1	1.2	North America	1st Mortgage	25.00%	**64.7%**
RECPC-5905	Land - Commercial Development	1.2	1.2	1.2	North America	1st Mortgage	9.38%	**74.9%**
RECPC-8031	Commercial	0.8	1.0	1.1	Europe	Real Property	N/A[9]	N/A[9]
RECPC-7027	Hospitality	0.7	1.0	1.1	Europe	Real Property	N/A[9]	N/A[9]
RECPC-8433	Hospitality	0.5	1.0	1.0	Europe	Real Property	N/A[9]	N/A[9]
RECPC-6506TL1	Land - Single-Family Development	2.8	1.7	1.0	Asia Pacific	1st Mortgage	10.75%	100%+
RECPC-6996	Land - Single-Family Development	1.6	1.0	0.8	Asia Pacific	1st Mortgage	18.00%	98.6%
RECPC-8682	Residential	0.5	0.6	0.8	Europe	Real Property	N/A[9]	N/A[9]
RECPC-9390	Residential	0.5	0.5	0.6	Europe	Real Property	N/A[9]	N/A[9]
RECPC-2592	Land - Commercial Development	0.5	0.5	0.6	North America	Legal Claim	N/A[9]	N/A[9]
RECPC-9563	Multi-Family	1.3	0.5	0.5	North America	1st Mortgage	10.52%	67.5%
RECPC-9809	Retail	1.2	0.4	0.5	North America	1st Mortgage	10.25%	**71.9%**
RECPC-6129	Hospitality	0.6	0.5	0.4	North America	Legal Claim	N/A[11]	N/A[11]
RECPC-8203	Mixed Use	0.5	0.5	0.4	Europe	Real Property	N/A[9]	N/A[9]
RECPC-6242	Land - Single-Family Development	1.8	1.1	0.4	Asia Pacific	1st Mortgage	24.17%	100%+
RECPC-9006	Residential	0.3	0.3	0.4	Europe	1st Mortgage	21.00%	80.0%
RECPC-9227	Residential	0.2	0.2	0.3	Europe	Real Property	5.10%	N/A[9]
RECPC-7826	Multi-Family	0.2	0.3	0.3	Europe	Real Property	N/A[9]	N/A[9]
RECPC-7390	Residential	0.3	0.3	0.3	North America	1st Mortgage	20.00%	100%+
RECPC-8040	Land - Single-Family Development	0.4	0.2	0.2	North America	Real Property	N/A[9]	N/A[9]
RECPC-9087	Residential	0.2	0.2	0.2	Europe	1st Mortgage	N/A[9]	N/A[9]
RECPC-10131EQ	Residential	0.3	0.2	0.2	Asia Pacific	Real Property	16.00%	5.0%
RECPC-8843	Commercial	0.1	0.1	0.1	Europe	1st Mortgage	21.50%	80.0%
RECPC-1047	Land - Commercial Development	0.1	0.1	0.1	North America	Real Property	N/A[9]	N/A[9]
RECPC-1015	Land - Commercial Development	0.2	0.1	0.0	North America	Real Property	N/A[9]	N/A[9]
RECPC-8118	Land - Single-Family Development	0.1	0.1	0.0	Asia Pacific	1st Mortgage	13.20%	100%+
RECPC-7586	Residential	0.0	0.0	0.0	Europe	Real Property	N/A[9]	N/A[9]
Subtotal / Weighted average %		51.9	46.6	47.0			16.27%	84.7%

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions (continued)								**March 31, 2025**
Ref. no.	Investments by industry	Principal [18]	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) [1]	LTV [4]
Structured Finance and Assets								
CI-8707	Other Assets	2.4	4.1	5.2	North America	Asset Pool	N/A[12]	N/A[12]
SF-2239	Other Assets	4.0	4.7	4.5	North America	1st Lien	N/A[12]	23.1%
CA-7474	Consumer	1.8	1.8	2.6	North America	Asset Pool	N/A[12]	N/A[12]
SF-8578	Other Assets	1.5	1.5	2.3	North America	1st Lien	17.31%	18.0%
CA-4946	Consumer	1.9	1.9	1.9	North America	1st Lien	19.31%	88.9%
CA-8621	Consumer	1.9	1.9	1.8	North America	Asset Pool	N/A[12]	N/A[12]
SF-7254	Other Assets	2.8	1.7	1.7	North America	1st Lien	25.00%	90.0%
CA-6444	Consumer	1.4	1.4	1.7	Latin America	Asset Pool	N/A[12]	N/A[12]
SF-8411	Other Assets	2.3	1.6	1.6	North America	1st Lien	13.57%	61.4%
CI-3045	Other Assets	0.9	0.9	1.4	North America	Asset Pool	N/A[19]	N/A[19]
CI-5177	Other Assets	0.9	0.9	1.4	North America	Hard Asset	N/A[17]	N/A[17]
CI-5554A	Other Assets	1.3	1.3	1.4	North America	1st Lien	10.00%	75.9%
CPC-7227EQY	Other Assets	1.2	1.2	1.1	North America	Equity	N/A[16]	N/A[16]
CA-7372	Consumer	0.9	0.9	0.9	North America	1st Lien	16.75%	91.1%
CI-6750	Other Assets	0.9	0.9	0.9	Europe	1st Lien	20.83%	100%+
CI-2651	Other Assets	1.2	1.3	0.8	North America	Hard Asset	N/A[17]	N/A[17]
CA-5596C	Consumer	0.7	0.7	0.7	North America	Asset Pool	N/A[20]	45.5%
CI-2201	Lease/Equipment	0.4	0.4	0.7	North America	Hard Asset	N/A[10]	N/A[10]
CI-6328	Other Assets	0.5	0.5	0.5	North America	1st Lien	N/A[12]	N/A[12]
CI-7442	Other Assets	0.4	0.4	0.4	North America	Hard Asset	N/A[17]	N/A[17]
CI-1520	Other Assets	0.1	0.1	0.4	North America	1st Lien	N/A[11]	N/A[11]
CI-8399	Other Assets	0.3	0.3	0.3	North America	1st Lien	12.82%	90.0%
CA-6154	Consumer	0.0	0.3	0.3	Europe	1st Lien	18.50%	58.0%
CI-1035	Other Assets	0.5	0.5	0.3	North America	Legal Claim	N/A[17]	N/A[17]
CA-6288	Consumer	0.2	0.2	0.2	North America	1st Lien	10.00%	34.0%
CI-7985	Other Assets	0.2	0.2	0.2	North America	1st Lien	20.83%	100.0%
CI-7166	Other Assets	0.1	0.1	0.2	North America	Hard Asset	N/A[17]	N/A[17]
CI-10470	Other Assets	0.2	0.2	0.2	North America	1st Lien	10.00%	90.3%
CI-4967	Other Assets	0.1	0.1	0.1	North America	Hard Asset	N/A[17]	N/A[17]
CA-4718	Consumer	0.2	0.2	0.1	North America	Asset Pool	N/A[12]	N/A[12]
CI-1999EQ	Other Assets	0.4	0.4	0.1	North America	Equity	N/A[6]	N/A[6]
CI-2064	Other Assets	0.0	0.0	0.1	North America	Equity	N/A[6]	N/A[6]
CI-7492	Other Assets	0.0	0.0	0.1	North America	Hard Asset	N/A[17]	N/A[17]
CI-8048	Other Assets	0.0	0.0	0.0	North America	Hard Asset	N/A[17]	N/A[17]
CA-8720	Consumer	0.0	0.0	0.0	North America	Asset Pool	N/A[17]	N/A[17]
CA-7092	Consumer	0.0	0.0	0.0	North America	Equity	N/A[6]	N/A[6]
CI-10013	Lease/Equipment	0.0	0.0	0.0	North America	Hard Asset	N/A[17]	N/A[17]
CI-2686	Other Assets	0.5	0.5	0.0	North America	Equity	N/A[17]	N/A[17]
CA-7573	Consumer	0.0	0.0	0.0	Asia Pacific	Asset Pool	N/A[12]	N/A[12]
CI-7721	Other Assets	0.0	0.0	0.0	North America	Legal Claim	N/A[11]	N/A[11]
CA-1052F	Consumer	2.5	2.5	0.0	North America	1st Lien	12.00%	N/A[12]
CA-1052S	Consumer	1.4	1.4	0.0	North America	1st Lien	12.00%	N/A[12]
Subtotal / Weighted average %		36.0	37.0	36.1			17.11%	56.6%
Total / Weighted average %		115.4	125.6	121.8			15.88%	73.2%

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

1 Some investments bear interest at a rate that may be determined by reference to London Interbank Offered Rate ("LIBOR" or "L") or Prime ("P") which reset daily, monthly, quarterly, or semiannually. For each, the Company has provided the current contractual interest rate in effect at the reporting date. Certain investments are subject to a LIBOR or Prime interest rate floor.

2 Underwritten IRR represents the expected internal rate of return prior to or at the time of making the initial investment (and is not typically updated after the Funding Date). It may be presented as a single number or as a range. Please note that these IRRs are merely an estimate that has been calculated on a gross basis and the IRRs are not a proxy for investment performance for any strategy or fund; the IRRs do not take into account management fees, performance fees, and any other fees associated with them. Underwritten IRRs for any investments that, at origination, were calculated to be in excess of 20%, are shown as 20%+ ("IRR Cap"), as applicable. Arena has determined that such IRR Cap is appropriate given (a) the number of assumptions involved in theses IRR calculations and (b) Arena's realized IRRs through the date of this presentation. The IRR Cap may change or be eliminated in Arena's sole discretion.

3 "Attachment Point" refers to Arena's first dollar at risk of loss as it relates to each investment's position in the respective borrower's capital structure. "Current LTV – Attachment Point" is calculated as Arena's first dollar at risk of loss divided by the fair value of each investment's underlying collateral. "Current LTV – Attachment Point" is calculated as Arena's first dollar at risk of loss divided by the fair value of each investment's underlying collateral.

4 LTV represents the value of the outstanding loan as a percentage of the estimated fair value of the underlying collateral as of the reporting date.

5 Denotes subordinate position within the structure.

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

[6] Not used.
[7] Investment is in default past its maturity date and has an uncertain holding period as of the reporting date.
[8] The Company does not accrue interest on loans purchased as non-performing.
[9] Investment represents owned real estate either purchased or acquired through lender default.
[10] This investment represents an aircraft purchase and is not a loan.
[11] This investment represents a claim against proceeds subject to a litigation result whereby the Company is not accruing interest.
[12] This investment represents an unsecured credit pool purchase with no stated interest rate and no LTV.
[13] The investment represents a right to collect a fixed cash flow stream. While not technically a loan, the contract is backed by assets valued at 3-4 times the total collection amount.
[14] Investment is in maturity default where the Company and its partners acquired the borrower in bankruptcy. Metric is not applicable.
[15] LTV not available.
[16] Investment is an equity investment.
[17] Investment is not a loan. Metric is not applicable.
[18] Principal balances for revolving loan facilities represent the total commitment of the facility.
[19] Not used.
[20] This investment represents an unsecured credit pool purchase with no stated interest rate.

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions — December 31, 2024

Ref. no.	Investments by industry	Principal [1]	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) [2]	LTV [3]
Corporate Private Investments								
CPC-2209	Other Assets	$ 13.2	$ 14.4	$ 17.9	Europe	Equity	n/a [4]	n/a [4]
CPC-3222	Oil & Gas	0.1	14.1	11.3	North America	Equity	n/a [4]	n/a [4]
CPC-3349	Business Services	6.5	6.5	2.9	Asia Pacific	Equity	n/a [4]	n/a [4]
CPC-7277	Consumer Products	2.0	2.0	2.7	Asia Pacific	1st Lien	6.49%	n/a [11]
CPC-7312	Business Services	1.0	1.0	1.0	North America	1st Lien	12.00%	82.0%
CPC-2170	Oil & Gas	1.1	0.8	0.6	North America	Equity	n/a [4]	n/a [4]
CPC-2397	Financial Services	1.2	1.1	0.5	North America	Equity	n/a [4]	n/a [4]
CPC-7677	Financial Services	0.4	0.4	0.4	North America	1st Lien	18.55%	90.0%
CPC-5889	Consumer Products	0.6	0.7	0.4	North America	1st Lien	14.00%	100%+
CPC-7312EQY	Business Services	0.4	0.4	0.2	North America	Equity	n/a [4]	n/a [4]
CPC-6374	Business Services	0.0	0.2	0.2	Europe	Equity	n/a [4]	n/a [4]
CPC-1010	Oil & Gas	0.2	0.2	0.2	North America	Legal Claim	n/a [4]	n/a [4]
CPC-5830	Business Services	0.2	0.2	0.2	Europe	Equity	n/a [4]	n/a [4]
CPC-9140	Business Services	0.2	0.2	0.2	North America	Equity	15.75%	n/a [4]
CPC-5914	Business Services	0.1	0.1	0.1	Europe	Equity	n/a [4]	n/a [4]
CPC-5834	Business Services	0.0	0.0	0.0	Europe	Equity	n/a [4]	n/a [4]
CPC-6373	Business Services	0.0	0.0	0.0	Europe	Equity	n/a [4]	n/a [4]
CPC-7018	Business Services	0.0	0.0	0.0	Europe	Equity	n/a [4]	n/a [4]
CPC-6677	Business Services	0.0	0.0	0.0	Europe	Equity	n/a [4]	n/a [4]
CPC-7167	Business Services	0.0	0.0	0.0	North America	Equity	n/a [4]	n/a [4]
Subtotal / Weighted average %		$ 27.2	$ 42.3	$ 38.8			9.81%	91.4%

Ref. no.	Investments by industry	Principal [1]	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) [2]	LTV [3]
Real Estate Private Investments								
RECPC-6932	Hospitality	$ 6.9	$ 9.2	$ 10.3	Europe	Real Property	n/a [6]	n/a [6]
RECPC-2277	Land - Commercial Development	3.5	3.5	5.8	North America	1st Mortgage	24.00%	91.0%
RECPC-8192	Retail	4.5	4.5	4.5	North America	1st Mortgage	10.75%	52.5%
RECPC-8135	Hospitality	2.2	2.8	2.6	Europe	Real Property	n/a [6]	n/a [6]
RECPC-4220	Residential	2.5	2.5	2.2	North America	Real Property	n/a [6]	n/a [6]
RECPC-6735	Multi-Family	3.6	2.7	2.2	North America	Real Property	n/a [6]	n/a [6]
RECPC-7488	Residential	0.0	2.0	1.9	Asia Pacific	1st Mortgage	13.00%	100%+
RECPC-8825	Hospitality	4.3	1.4	1.6	North America	1st Mortgage	11.05%	50.0%
RECPC-9232	Residential	1.1	1.2	1.4	Europe	Real Property	n/a [6]	n/a [6]
RECPC-8795	Land - Multi-Family Development	1.1	1.1	1.2	North America	1st Mortgage	25.00%	95.0%
RECPC-5905	Land - Commercial Development	1.2	1.2	1.1	North America	1st Mortgage	9.38%	70.2%
RECPC-9706	Industrial	2.5	1.0	1.1	North America	1st Mortgage	11.10%	69.2%
RECPC-7027	Hospitality	0.7	1.0	1.0	Europe	Real Property	n/a [6]	n/a [6]
RECPC-6506TL1	Land - Single-Family Development	0.0	1.7	1.0	Asia Pacific	1st Mortgage	11.35%	100%+
RECPC-8031	Commercial	1.0	1.2	0.9	Europe	Real Property	n/a [6]	n/a [6]
RECPC-8433	Hospitality	0.5	1.0	1.0	Europe	Real Property	n/a [6]	n/a [6]
RECPC-6996	Land - Single-Family Development	0.0	1.0	0.9	Asia Pacific	1st Mortgage	18.00%	98.6%
RECPC-8682	Residential	0.5	0.6	0.7	Europe	Real Property	n/a [6]	n/a [6]
RECPC-2592	Land - Commercial Development	0.5	0.5	0.6	North America	Legal Claim	n/a [4]	n/a [4]
RECPC-9390	Residential	0.5	0.5	0.6	Europe	Real Property	n/a [6]	n/a [6]
RECPC-6242	Land - Single-Family Development	1.2	1.1	0.4	Asia Pacific	1st Mortgage	24.84%	100%+
RECPC-9227	Residential	0.3	0.3	0.4	Europe	Real Property	n/a [6]	n/a [6]
RECPC-6129	Hospitality	0.6	0.5	0.4	North America	Legal Claim	n/a [4]	n/a [4]
RECPC-9563	Multi-Family	1.3	0.3	0.4	North America	1st Mortgage	10.52%	67.5%
RECPC-9006	Residential	0.3	0.3	0.4	Europe	1st Mortgage	21.00%	70.0%
RECPC-9809	Retail	1.2	0.3	0.3	North America	1st Mortgage	10.30%	70.9%
RECPC-7826	Multi-Family	0.2	0.3	0.3	Europe	Real Property	n/a [6]	n/a [6]
RECPC-7390	Residential	0.3	0.3	0.3	North America	1st Mortgage	20.00%	100%+
RECPC-8040	Land - Single-Family Development	0.2	0.2	0.2	North America	1st Mortgage	24.00%	96.7%
RECPC-9087	Residential	0.2	0.2	0.2	Europe	Real Property	n/a [6]	n/a [6]
RECPC-10131EQ	Residential	0.0	0.1	0.1	Asia Pacific	1st Mortgage	16.00%	80.0%
RECPC-8843	Commercial	0.1	0.1	0.1	Europe	1st Mortgage	20.88%	80.0%
RECPC-1047	Land - Commercial Development	0.1	0.1	0.1	North America	Real Property	n/a [6]	n/a [6]
RECPC-1015	Land - Commercial Development	0.2	0.1	0.0	North America	Real Property	n/a [6]	n/a [6]
RECPC-8118	Land - Single-Family Development	0.0	0.1	0.0	Asia Pacific	1st Mortgage	13.80%	100%+
RECPC-2560	Land - Multi-Family Development	0.1	0.1	0.0	North America	Real Property	n/a [6]	n/a [6]
RECPC-7586	Residential	0.0	0.0	0.0	Europe	Real Property	n/a [6]	n/a [6]
Subtotal / Weighted average %		$ 43.4	$ 45.0	$ 46.2			16.41%	86.5%

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions (continued) — **December 31, 2024**

Ref. no.	Investments by industry	Principal (1)	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) (2)	LTV (3)
Structured Finance and Assets								
SF-2239	Other Assets	$ 3.9	$ 4.6	$ 4.5	North America	1st Lien	n/a (7)	23.1%
CI-8707	Other Assets	2.4	2.4	4.1	North America	Asset Pool	n/a (7)	n/a (7)
CA-7474	Consumer	2.0	2.0	2.7	North America	Asset Pool	n/a (7)	n/a (7)
SF-8578	Other Assets	1.5	1.5	2.3	North America	1st Lien	17.59%	18.0%
CA-8621	Consumer	2.3	2.3	2.2	North America	Asset Pool	n/a (7)	n/a (7)
CA-4946	Consumer	1.9	1.9	1.9	North America	1st Lien	19.59%	88.9%
CA-6444	Consumer	1.6	1.6	1.8	Latin America	Asset Pool	n/a (7)	n/a (7)
CI-3045	Other Assets	0.9	0.9	1.6	North America	Asset Pool	n/a (7)	n/a (7)
SF-7254	Other Assets	2.7	1.6	1.6	North America	1st Lien	21.00%	90.0%
CI-5177	Other Assets	0.8	0.8	1.6	North America	Hard Asset	n/a (4)	n/a (4)
CI-5554A	Other Assets	1.3	1.3	1.3	North America	1st Lien	10.00%	75.9%
CPC-7227EQY	Other Assets	1.2	1.2	1.1	North America	Equity	n/a (4)	n/a (4)
CA-7372	Consumer	0.9	0.9	0.9	North America	1st Lien	16.75%	91.1%
CI-2651	Other Assets	1.2	1.3	0.9	North America	Hard Asset	n/a (4)	n/a (4)
CI-6750	Other Assets	1.0	0.9	0.9	Europe	1st Lien	18.80%	100%+
CA-5596C	Consumer	0.8	0.8	0.8	North America	Asset Pool	n/a (7)	45.5%
CI-2201	Lease/Equipment	0.4	0.4	0.8	North America	Hard Asset	n/a (12)	n/a (12)
CI-6328	Other Assets	0.5	0.5	0.5	North America	1st Lien	12.00%	100.0%
CI-7442	Other Assets	0.4	0.4	0.5	North America	Hard Asset	n/a (4)	n/a (4)
SF-8411	Other Assets	0.5	0.5	0.5	North America	1st Lien	13.75%	51.0%
CI-2064	Other Assets	0.0	0.0	0.4	North America	Equity	n/a (4)	n/a (4)
CI-1520	Other Assets	0.1	0.1	0.4	North America	1st Lien	n/a (8)	n/a (8)
CI-8399	Other Assets	0.3	0.3	0.3	North America	1st Lien	13.05%	90.0%
CA-6154	Consumer	0.0	0.3	0.3	Europe	1st Lien	18.50%	55.0%
CI-1035	Other Assets	0.4	0.4	0.3	North America	Legal Claim	n/a (4)	n/a (4)
CA-6288	Consumer	0.2	0.2	0.2	North America	1st Lien	10.00%	34.0%
CI-7985	Other Assets	0.2	0.2	0.2	North America	1st Lien	18.80%	100.0%
CI-7166	Other Assets	0.1	0.1	0.2	North America	Hard Asset	n/a (4)	n/a (4)
CI-1999EQ	Other Assets	0.4	0.4	0.2	North America	Equity	n/a (4)	n/a (4)
CI-10470	Other Assets	0.2	0.2	0.2	North America	1st Lien	10.00%	90.3%
CI-4967	Other Assets	0.1	0.1	0.1	North America	Hard Asset	n/a (4)	n/a (4)
CA-4718	Consumer	0.2	0.2	0.1	North America	Asset Pool	n/a (7)	n/a (7)
CI-8048	Other Assets	0.1	0.1	0.1	North America	Hard Asset	n/a (4)	n/a (4)
CI-7492	Other Assets	0.0	0.0	0.1	North America	Hard Asset	n/a (4)	n/a (4)
CA-8720	Consumer	0.0	0.0	0.0	North America	Asset Pool	n/a (7)	n/a (7)
CI-10013	Lease/Equipment	0.0	0.0	0.0	North America	Hard Asset	n/a (12)	n/a (12)
CI-2686	Other Assets	0.5	0.5	0.0	North America	Equity	n/a (4)	n/a (4)
CA-7092	Consumer	0.0	0.0	0.0	North America	Equity	n/a (4)	n/a (4)
CA-7573	Consumer	0.0	0.0	0.0	Asia Pacific	Asset Pool	n/a (7)	n/a (7)
CI-7721	Other Assets	0.0	0.0	0.0	North America	Legal Claim	n/a (4)	n/a (4)
CA-1052F	Consumer	2.6	2.6	0.0	North America	1st Lien	12.00%	n/a (7)
CA-1052S	Consumer	1.5	1.5	0.0	North America	1st Lien	12.00%	n/a (7)
Subtotal / Weighted average %		35.1	35.0	35.6			16.77%	56.9%
Total / Weighted average %		$ 105.7	$ 122.3	$ 120.6			15.67%	74.5%

(Currency amounts in millions of United States dollars except per share data, unless otherwise indicated)

14. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

[1] Principal represents the total funding commitment of a loan which, if applicable, is inclusive of any unfunded portion of the commitment at the end of the reporting period. Where a loan is issued at a discount, the cost amount includes the accreted discount as of the end of the reporting period. A loan may also be acquired at a cost lower than the par value of the principal outstanding.
[2] Some investments bear interest at a rate that may be determined by reference to SOFR or Prime which reset daily, monthly, quarterly, or semi-annually and may be subject to a floor. For each, the Company has provided the current contractual interest rate in effect at December 31, 2024. Interest rates listed are inclusive of payments in kind ("PIK"), where applicable. PIK is interest paid in kind through an increase in the principal amount of the loan. The internal rate of return for many investments is generally greater than or equal to the total coupon (additional yield resulting from original issue discounts and/or some form of profit sharing, e.g. warrants). In the event that the internal rate of return on the investment is less than the stated rate, the lower rate is noted.
[3] Loan to value ("LTV") represents the value of the outstanding loan as a percentage of the estimated fair value of the underlying collateral as of December 31, 2024.
[4] Investment is not a loan. Stated coupon and LTV are not applicable.
[5] Interest not accrued on loans purchased as non-performing.
[6] Investment represents owned real estate either purchased or acquired through a lender default. Metric is not available.
[7] Investment represents an unsecured credit pool purchase with no stated interest rate and no LTV.
[8] This investment represents a claim against proceeds subject to a litigation result whereby the FINCOs are not accruing interest.
[9] Investment is an equity investment. Stated coupon and LTV are not applicable.
[10] Investment is in maturity default where the Company and its partners acquired the borrower in bankruptcy. Metric is not applicable.
[11] State coupon and/or LTV are not applicable.
[12] Investment is an aircraft purchase and is not a loan.

15. NON-GAAP MEASURES

(a) Book value per share

Book value per share is computed as book value divided by the adjusted number of Common Shares. The table below provides the reconciliation of the Company's shareholders' equity at the end of the period, determined on an IFRS basis, to book value, and the number of Common Shares outstanding at the end of the period to the adjusted number of Common Shares:

	March 31, 2025	December 31, 2024	March 31, 2024
Book value:			
Shareholders' equity per IFRS	$ 490.0	$ 497.4	$ 531.9
Adjustments:			
RSU liability [1]	-	-	9.1
ASPP liability [2]	-	-	5.0
Stock options liability [3]	5.5	5.3	-
Assumed proceeds of exercised in-the-money options [3]	8.0	8.0	17.1
	$ 503.5	$ 510.7	$ 563.1
Number of Common Shares:			
Number of Common Shares outstanding	21,706,501	21,706,501	21,530,264
Adjustments for assumed exercise of:			
Outstanding RSUs [1]	-	-	575,866
In-the-money options [3]	615,000	615,000	1,266,252
Adjusted number of Common Shares	22,321,501	22,321,501	23,372,383
Book value per share - in US$	$ 22.56	$ 22.88	$24.12
Book value per share - in C$ [4]	$ 32.43	$ 32.90	$32.64
Westaim TSXV closing share price - in C$	$ 31.51	$ 31.02	$22.20

[1] See Note 9, *Share-based Compensation* in the Notes to the Financial Statements. Liability related to RSUs converted from C$ to US$ at period end exchange rates. RSUs are exercisable for Common Shares or cash at no cost to the holders. Adjustment made to reflect a reclassification of the RSU liability to shareholders' equity assuming all outstanding RSUs were exercised for Common Shares.

[2] See Note 6, *Accounts Payable* and Other Accrued Liabilities in the Notes to the Financial Statements. Shareholders' equity per IFRS was reduced by the liability required for the maximum amount that would be required to settle the ASPP.

[3] See Note 9, *Share-based Compensation* in the Notes to the Financial Statements. Adjustments were made for all of the options outstanding at March 31, 2025, December 31, 2024 and March 31, 2024, since they were in-the-money. The exercise of in-the-money options is assumed to have resulted in an infusion of capital to the Company and a reduction of the stock options liability to $nil.

[4] Book value per share converted from US$ to C$ at period end exchange rates. Period end exchange rates: 1.43755 at March 31, 2025, 1.43815 at December 31, 2024, and 1.35400 at March 31, 2024.

15. NON-GAAP MEASURES (continued)

(b) Net returns on the Arena FINCOs investment portfolios

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

16. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain portions of this MD&A, as well as other public statements by the Company, contain forward-looking statements information which reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. In particular, the words "strategy", "may", "will", "continue", "developed", "objective", "potential", "exploring", "could", "expect", "expected", "expects", "tends", "indicates", and words and expressions of similar import, are intended to identify forward-looking statements. Such forward-looking statements include but are not limited to statements concerning: strategies, alternatives and objectives to maximize value for shareholders; expectations and assumptions relating to the Company's business plan; expectations and assumptions relating to the business and operations of the Arena FINCOs and Arena; expectations regarding the Company's assets and liabilities; the effects of the Proposed Transactions; and the launch of Ceres.

These statements are based on current expectations that are subject to risks, uncertainties and assumptions and the Company can give no assurance that these expectations are correct.

The Company's actual results or financial position could differ materially from those anticipated by these forward-looking statements for various reasons generally beyond the Company's control, including, without limitation, the following factors: risks inherent in acquisitions generally; the Company's cash flow; liquidity and financing risks; the Company's ability to raise additional capital; market turmoil, risk of volatile markets and market disruption risk; exposure to epidemics and/or pandemics; Company employee error or misconduct; cybersecurity risks; Westaim being a passive foreign investment company ("PFIC") for the fiscal year ended December 31, 2024, the condition of the global financial markets and economic and geopolitical conditions affecting Arena's business; the variable nature of Arena Investors' revenues, results of operations and cash flows; the effect of rapid changes and growth in AUM on Arena; Arena's ability to mitigate operational and due diligence risks; the subjective nature of the valuation of the Arena FINCOs' investments; changes in the investment management industry; Arena's ability to mitigate litigation-related and other legal-related risks; Arena's ability to find appropriate investment opportunities; Arena's ability to successfully navigate and secure compliance with regulations applicable to it and its business; Arena's ability to manage conflicts of interest; the investment performance of Arena Investors; the effects of a decrease in revenues as a result of significant redemptions in AUM on Arena Investors' business; Arena Investors' investment in illiquid investments; Arena's ability to implement effective risk management systems; Arena's ability to retain qualified management staff; Arena's ability to mitigate the risk of employee misconduct and employee error; competitive pressures faced by Arena Investors; Arena Investors' conflicts of interest with Arena FINCOs; Arena's loan concentration; the effect of epidemics, pandemics, outbreaks of disease and public health issues on Arena's business; effect of market conditions on the Arena FINCOs; exposure to Arena's risk management processes and systems; dependence by the Arena FINCOs on the creditworthiness of borrowers; the ability of the Arena FINCOs to mitigate the risk of default by and bankruptcy of a borrower; the ability of the Arena FINCOs to adequately obtain, perfect and secure loans; the ability of the Arena FINCOs to limit the need for enforcement or liquidation procedures; the ability of the Arena FINCOs to protect against fraud; the Arena FINCOs' ability to realize profits; the Arena FINCOs' investment in illiquid investments; Arena FINCO investments in businesses it does not control; valuation of the Arena FINCO investments will be subject to significant subjectivity; Arena FINCO's loan concentration; operations of the Arena FINCOs are largely unregulated; changes to the regulation of the asset-based lending industry; United States tax law implications relating to the conduct of a U.S. trade or business; the Arena FINCOs' use of leverage; the ability of the Company to maintain a positive working relationship with CC Capital; the effect of the Company having a significant shareholder on its business, including effects on the liquidity of the Common Shares, the Company's ability to realize certain benefits of the transactions with CC Capital; Ceres' exposure to risks inherent in the establishment of a new venture and in the insurance and annuity market; the ability of the Company, Ceres and Arena to achieve anticipated synergies associated with the integration of insurance and asset management platforms; the ability to attract and retain key personnel to support the integration of the insurance and asset management platforms; Ceres' operating in a highlight regulated space and other risk factors set forth herein or in the Company's annual report or other public filings.

The Company disclaims any intention or obligation to revise forward-looking statements whether as a result of new information, future developments or otherwise except as required by law. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

The Westaim Corporation

Consolidated Statements of Financial Position

(unaudited)

(thousands of United States dollars)		March 31 2025		December 31 2024
ASSETS				
Cash	$	240,784	$	301,907
Loan receivable (note 3)		13,000		13,000
Income taxes receivable		2,273		307
Other assets (note 5)		2,081		2,183
Investments				
Investment in Arena FINCOs (note 4)		173,735		173,852
Investment in Arena (note 4)		40,513		22,694
Investment in ASOF LP (note 4)		3,136		3,113
Investment in Salem Group (note 4)		28,838		-
		246,222		199,659
Deferred tax asset (note 11)		8,262		6,160
	$	512,622	$	523,216
LIABILITIES				
Accounts payable and accrued liabilities (note 6)	$	22,388	$	25,748
Payable to related parties (note 10)		96		-
Income taxes payable (note 11)		155		57
		22,639		25,805
SHAREHOLDERS' EQUITY				
Share capital (note 8)		351,403		351,403
Contributed surplus (note 2l)		11,427		11,427
Accumulated other comprehensive loss (note 2m)		(2,227)		(2,227)
Retained earnings		129,380		136,808
		489,983		497,411
	$	512,622	$	523,216

The accompanying notes are an integral part of these consolidated financial statements.

The Westaim Corporation

Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income

(unaudited)

(thousands of United States dollars except share and per share data)	Three Months Ended March 31 2025	2024
Revenue		
Interest income (note 10)	$ 3,796	$ 2,202
Fee income (note 10)	-	113
	3,796	2,315
Net results of investments		
Increase in value of investment in Skyward Specialty (note 4)	-	24,638
(Decrease) increase in value of investment in Arena FINCOs, less dividends (note 4)	(116)	1,235
Share of (loss) income from investment in Arena (note 4)	(781)	587
Increase in value of investment in ASOF LP (note 4)	23	24
(Decrease) in value of investment in Salem Group (note 4)	(7,662)	-
	(8,536)	26,484
Net expenses		
Salaries and benefits	1,112	1,585
General and administrative	373	280
Professional fees	2,402	288
Share-based compensation expense (recovery) (note 9)	739	(69)
Foreign exchange loss (gain)	7	(270)
	4,633	1,814
(Loss) profit before income taxes	(9,373)	26,985
Income taxes recovery (expense) (note 11)	1,945	(3,708)
(Loss) profit and comprehensive (loss) income	$ (7,428)	$ 23,277
(Loss) earnings per share (note 12)		
Basic	$ (0.34)	$ 1.07
Diluted	$ (0.34)	$ 1.02
Weighted average common shares outstanding - basic	21,706,501	21,735,714
Weighted average common shares outstanding - diluted	21,706,501	22,517,381

The accompanying notes are an integral part of these consolidated financial statements.

The Westaim Corporation
Consolidated Statements of Changes in Equity
(unaudited)

Three months ended March 31, 2025 (thousands of United States dollars)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance at January 1, 2025	$ 351,403	$ 11,427	$ (2,227)	$ 136,808	$ 497,411
Loss and comprehensive loss	-	-	-	(7,428)	(7,428)
Balance at March 31, 2025	$ 351,403	$ 11,427	$ (2,227)	$ 129,380	$ 489,983

Three months ended March 31, 2024 (thousands of United States dollars)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance at January 1, 2024	$ 353,843	$ 13,745	$ (2,227)	$ 152,985	$ 518,346
Cancellation of common shares (note 9)	(7,155)	-	-	-	(7,155)
Change in automatic stock purchase plan ("ASPP") liability	-	(2,574)	-	-	(2,574)
Profit and comprehensive income	-	-	-	23,277	23,277
Balance at March 31, 2024	$ 346,688	$ 11,171	$ (2,227)	$ 176,262	$ 531,894

The accompanying notes are an integral part of these consolidated financial statements.

The Westaim Corporation

Consolidated Cash Flow Statements

(unaudited)

(thousands of United States dollars)	Three Months Ended March 31 2025	2024
Operating activities		
(Loss) profit	$ (7,428)	$ 23,277
Increase in value of investment in Skyward Specialty (note 4)	-	(24,638)
Decrease (increase) in value of investment in Arena FINCOs, less dividends (note 4)	116	(1,235)
Share of loss (income) from investment in Arena (note 4)	781	(587)
(Increase) in value of investment in ASOF LP (note 4)	(23)	(24)
Decrease in value of investment in Salem Group (note 4)	7,662	-
Increase in due to related party (note 10)	96	-
Share-based compensation expense (note 9)	739	(69)
Depreciation and amortization	-	35
Unrealized foreign exchange loss (gain)	6	(312)
Change in income taxes receivable, payable and deferred (note 11)	(3,970)	2,652
Net changes in other non-cash balances		
Change in other assets	102	96
Change in other accounts payable and accrued liabilities	(4,104)	(12,565)
Cash used in operating activities	(6,023)	(13,370)
Investing activities		
Loans made to subsidiaries (note 4)	(18,600)	-
Capital contribution to investment in Salem Group (note 4)	(36,500)	
Distribution received from Arena	-	933
Cash (used in) provided from investing activities	(55,100)	933
Financing activities		
Purchase and cancellation of Common Shares (note 8)	-	(7,014)
Cash used in financing activities	-	(7,014)
Net decrease in cash	(61,123)	(19,451)
Cash, beginning of year	301,907	135,032
Cash, end of period	$ 240,784	$ 115,581
Cash is composed of:		
Cash	$ 240,784	$ 115,581
Supplemental disclosure of cash flow information:		
Interest paid	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature of Operations

The Westaim Corporation ("Westaim" or "Company") was incorporated on May 7, 1996 by articles of incorporation under the *Business Corporations Act* (Alberta) ("ABCA") and on December 31, 2024, Westaim changed its jurisdiction of incorporation to the state of Delaware with its head office now located at 405 Lexington Avenue, 59th Floor, New York, New York, United States. These interim consolidated financial statements were authorized for issue by the Board of Directors of Westaim on May 14, 2025.

On October 9, 2024, the Company, Wembley Group Partners, LP (the "Investor") (an affiliate of CC Capital Partners, LLC ("CC Capital")), Arena (as defined in note 4), Daniel Zwirn and Lawrence Cutler entered into an investment agreement (as amended on November 15, 2024) (the "Investment Agreement"). Pursuant to the Investment Agreement, the Investor agreed to make a $250,000 investment, inclusive of deal-related expenses incurred by the Investor, in the Company via a private placement (the "Private Placement") to acquire common shares of Westaim (the "Common Shares") and warrants to purchase Common Shares. The proposed transactions included in the Investment Agreement (the "Proposed Transactions") had not closed as of March 31, 2025, but subsequently closed on April 3, 2025 as disclosed in note 15.

On December 31, 2024, the Company completed a statutory plan of arrangement under the ABCA (the "Plan of Arrangement") pursuant to which, among other things, it consolidated its Common Shares on the basis of one post-consolidation Common Share for every six pre-consolidation Common Shares (the "Share Consolidation") and changed its jurisdiction of incorporation from the Province of Alberta in Canada to the State of Delaware in the United States (the "Redomiciliation").

These interim consolidated financial statements as of and for the period ending March 31, 2024 included the accounts of Westaim and its wholly owned subsidiaries (collectively referred to as the "Company"), including Westaim HIIG GP Inc. ("HIIG GP"), Westaim Skyward Holdings ULC ("WSH"), Westaim Canada Services Corporation ("WCSC"), Arena Finance Company II Inc. ("AFCII") and The Westaim Corporation of America ("WCA"). On October 4, 2024, AFCII was dissolved with Westaim assuming all the assets and liabilities of AFCII. On December 31, 2024, prior to Westaim's continuance as a Delaware corporation, HIIG GP and WSH entered into conveyance agreements which resulted in all the assets and liabilities of HIIG GP and WSH being assumed by Westaim. On December 31, 2024, subsequent to Westaim's continuance as a Delaware corporation, WCA was liquidated with Westaim assuming all the assets and liabilities of WCA.

On February 4, 2025 (the "MAIC Closing Date"), the Company completed the acquisition of ManhattanLife of America Insurance Company ("MAIC") in connection with the Proposed Transactions. The Company made an initial capital contribution of $36,500 into Salem Group Partners, LP ("Salem Group" or the "Partnership") a partnership of which it holds 100% of the pecuniary limited partnership interests. Salem Group acquired Salem Holdco (Bermuda) Ltd. and its subsidiaries (including Salem Group Holdings, LLC, the direct acquiror of MAIC) from an affiliate of CC Capital in exchange for a $14,607 promissory note back to the CC Capital affiliate. Salem Group then completed its acquisition of MAIC for a total purchase price of $29,180. MAIC holds insurance licenses in 46 states including the District of Columbia. MAIC was subsequently renamed to Ceres Life Insurance Company ("Ceres"). This investment represents a key step in executing the Company's previously announced strategy to build an integrated insurance and asset management platform in partnership with CC Capital.

Westaim is a United States investment company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. The Company's principal investments consist of Arena FINCOs (as defined in note 4), Arena (as defined in note 4), and Salem Group. Westaim's Common Shares are listed and posted for trading on the TSX Venture Exchange (the "TSXV") under the symbol "WED".

All currency amounts are expressed in thousands of United States dollars ("US$"), the functional and presentation currency of the Company, except per share data, unless otherwise indicated.

2 Summary of Material Accounting Policies

The material accounting policies used to prepare these interim consolidated financial statements are as follows:

(a) Basis of preparation

These interim consolidated financial statements are prepared in compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The financial statements of entities controlled by Westaim which provide investment-related services are consolidated. The financial results of these entities are included in the interim consolidated financial statements from the date that control commences until the date that control ceases. The Company controls an entity when the Company has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Assessment of control is based on the substance of the relationship between the Company and the entity and includes consideration of both existing voting rights and, if applicable, potential voting rights that are currently exercisable or convertible. Intercompany balances and transactions are eliminated upon consolidation.

2 Summary of Material Accounting Policies (continued)

The Company follows the material accounting policies included under IAS 1 "*Presentation of Financial Statements*" which states, effective for annual reporting periods beginning on or after January 1, 2023, an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in the Company's interim consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of its financial statements make on the basis of those financial statements.

The Company meets the definition of an investment entity under IFRS 10 "*Consolidated Financial Statements*" ("IFRS 10") and measures its investments in relevant subsidiaries at fair value through profit or loss ("FVTPL"), instead of consolidating those subsidiaries in its interim consolidated financial statements. Investments accounted for at FVTPL consist of the Arena FINCOs, Arena Special Opportunities Fund, LP ("ASOF LP"), and Salem Group. See note 4 for investments' definitions.

Investment in associates are accounted for using the equity method in accordance with IAS 28 "*Investments in Associates and Joint Ventures*" ("IAS 28") and consists of investments in corporations or limited partnerships where the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The Company's investment in associates consist of its investment in Arena and is reported under "Investment in Arena" in the interim consolidated statements of financial position, with the Company's share of comprehensive (loss) income of Arena reported under "Net results of investments" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

(b) Functional and presentation currency

The US$ is the functional and presentation currency of the Company. IAS 21 "*The Effects of Changes in Foreign Exchange Rates*" describes functional currency as the currency of the primary economic environment in which an entity operates. A significant majority of the Company's revenues and costs are earned and incurred in US$, respectively.

(c) Use of estimates

The preparation of interim consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the reporting period in which they are determined. Key estimates include the fair value of investments classified as FVTPL, fair value of share-based compensation, and deferred tax assets and liabilities.

(d) Judgments made by management

Key areas where management has made difficult, complex or subjective judgments in the process of applying the Company's accounting policies, often as a result of matters that are inherently uncertain, include determining that the Company meets the definition of an investment entity under IFRS 10, valuation techniques for fair value determination of investments classified as FVTPL, applying the equity method of accounting for associates and determining that the Company's functional currency is the US$. For additional information on these judgments, see note 4 for investments and note 2(b) for functional currency.

(e) Foreign currency translation

Transactions in foreign currencies, including Canadian dollars ("C$"), are translated into US$ at rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities transacted in foreign currencies are translated into US$ at rates of exchange at the end of the reporting period. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was measured. Any resulting foreign exchange gain or (loss) is included in the interim consolidated statements of loss (profit) and comprehensive (loss) income.

From time to time, the Company may enter into C$ exchange forward contracts to manage C$ currency exposures arising from C$ denominated transactions. The Company has not designated any C$ exchange forward contracts as accounting hedges. Any resulting C$ exchange gain or loss arising from the C$ exchange forward contracts is included in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

(f) Revenue recognition

Interest income is recognized on an accrual basis and dividend income is recognized on the ex-dividend date. Advisory and management fees are recorded as fee income over time as these services are performed.

2 Summary of Material Accounting Policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents generally consist of cash on deposit and highly liquid short-term investments with original maturities of 90 days or less. At March 31, 2025 and December 31, 2024, the Company's cash consisted of cash on deposit in both C$ and US$ in Canada at Canadian Imperial Bank of Commerce and in the US at Citibank.

(h) Capital assets

The Company's capital assets are included in other assets and are reported at cost less accumulated depreciation. Depreciation is calculated based on the estimated useful life of the particular assets which is 3 to 10 years for furniture and equipment. Leasehold improvements are depreciated using the straight-line method over the lesser of the term of the lease or the estimated useful life of the assets. At the end of each reporting period, management reviews the carrying amounts of capital assets for any indication of impairment. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use.

(i) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys a right to control the use of an identified asset, the Company assesses whether, i) the contract involves an identified asset, which is physically distinct and cannot be substituted by the supplier, ii) the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset during the period of use, and iii) the Company has the right to operate the identified asset or the Company designed the identified asset in a way that predetermines how and for what purpose the identified asset will be used.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any costs incurred to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is measured using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is initially measured at the present value of the future lease payments not paid at the commencement date and the lease payments are discounted using the interest rate implicit in the lease if the rate can be readily determined, or the lessee's incremental borrowing rate if the rate cannot be determined.

In accordance with IFRS 16 "*Leases*" ("IFRS 16"), the Company has elected not to recognize right of use assets and lease liabilities for short term leases of less than a term of 12 months and leases of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

(j) Investments

The Company's investments in Salem Group, Arena FINCOs, and ASOF LP are classified as FVTPL and are carried at fair value. At initial recognition, these investments were measured at cost, which was representative of fair value, and subsequently, at each reporting date, recorded at fair value with increases and decreases arising from changes in fair values including the impact of dividends and/or distributions being recorded in the consolidated statements of (loss) profit and comprehensive (loss) income for the period in which they arise. Transaction costs on the investments are expensed as incurred.

Investment in Arena was initially recorded at cost and subsequently adjusted to recognize the Company's share of comprehensive (loss) income of Arena, any dividends and/or distributions received from Arena, and the balance of the Company's revolving loan to Arena.

Investments in public entities are valued at unadjusted published quotes for identical investments exchanged in active markets. Investments in financial assets and instruments that are not traded in an active market, including private entities, are generally valued initially at the cost of acquisition on the basis that such cost is a reasonable estimate of fair value. Such investments are subsequently revalued using accepted industry valuation techniques. The Company considers a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used may include initial acquisition cost, net asset value, discounted cash flow analysis, comparable recent arm's length transactions, comparable publicly traded company metrics, reference to other instruments that are substantially the same, option pricing models and other valuation techniques commonly used by market participants. Any sale, size or other liquidity

2 Summary of Material Accounting Policies (continued)

restrictions on the investment are also considered by management in its determination of fair value. Due to the inherent uncertainty of valuation, management's estimated values may differ significantly from the values that would have been used had an active market for the investments existed, and the differences could be material.

The Company may use internally developed models, which are usually based on valuation methods and techniques generally recognized as accepted within the industry. Valuation models are used primarily to value unlisted equity and debt securities for which no market quotes exist or where markets were or have been inactive during the financial period. Some of the inputs to these models may not be observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

Management is responsible for performing fair value measurements included in the Company's consolidated financial statements for each reporting period. The Company prepares a detailed valuation for each reporting period describing the valuation processes and procedures undertaken by management. The applicable valuation memoranda are provided to members of the Company's audit committee and all valuation results are reviewed with the audit committee as part of its review of the Company's interim consolidated financial statements.

(k) Income taxes

Income taxes expense is recognized in the interim consolidated statements of (loss) profit and comprehensive (loss) income. Current taxes, based on taxable income in countries where the Company operates, may differ from tax expense (recovery) included in (loss) profit and comprehensive (loss) income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax assets are generally recognized for all deductible temporary income tax differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets and liabilities are determined based on the enacted or substantively enacted tax laws and rates that are anticipated to apply in the year of realization. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of the related assets and liabilities. The carrying amount of the deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Income tax assets and liabilities are offset when the Company intends to settle on a net basis and there is a legally enforceable right to do so.

(l) Contributed surplus

When share capital of the Company is repurchased by the Company, the amount by which the cost to repurchase the shares exceeds the average carrying value of the shares is included in contributed surplus. The cost of stock options was recognized over the period from the issue date to the vesting date and recorded as contributed surplus. When the stock options were exercised, the value attributed to the exercised stock options decreased contributed surplus with an increase in share capital. The valuation of the stock options immediately prior to the approval of the amended and restated stock option plan on May 16, 2024, which now gives the option holder the right to receive a cash settlement for the in-the-money value of their stock options (a surrender for cash), was recorded as a liability and a decrease to contributed surplus. When the Company enters into an issuer automatic purchase plan agreement ("ASPP") that is effective during the reporting period, the Company records an increase or decrease in contributed surplus for the change in value of the maximum amount that would be required to settle the ASPP at the end of each reporting period.

(m) Accumulated other comprehensive loss

Accumulated other comprehensive loss consists of cumulative exchange differences from currency translation as a result of a change in presentation currency from C$ to US$ on August 31, 2015.

(n) Share-based compensation

The Company maintains share-based compensation plans, which are described in note 9. The value attributed to stock options at issuance was recognized in income as an expense over the period from the issue date to the end of the vesting date with a corresponding increase in contributed surplus. Following the approval of the amended and restated stock option plan on May 16, 2024, the value of the stock options was recorded as a liability and a decrease to contributed surplus.

Obligations related to Deferred Share Units ("DSUs"), Restricted Share Units ("RSUs"), Stock Appreciation Rights ("SARs") and stock options (which can now be settled for cash), are recorded as liabilities at fair value at each reporting date. DSUs and RSUs fair values are re-measured

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

2 Summary of Material Accounting Policies (continued)

with reference to the fair value of the Company's stock price and the number of units that have vested. SARs and stock options fair values are re-measured using the Black-Scholes Method to determine fair value. When a change in value occurs for DSUs, RSUs, SARs, and stock options, it is recognized in share-based compensation expense or recovery and foreign exchange gain or loss in the applicable reporting period.

(o) (Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing (loss) profit and comprehensive (loss) income by the weighted average number of Common Shares outstanding during the reporting period. See note 12 for the calculation of the weighted average number of Common Shares outstanding.

Diluted (loss) earnings per share is calculated by dividing (loss) profit and comprehensive (loss) income by the weighted average number of shares outstanding during the reporting period after adjusting both amounts for the effects of all dilutive Common Shares, which consist of stock options, RSUs and warrants, if applicable. Anti-dilutive potential Common Shares are not included in the calculation of diluted (loss) earnings per share. For the purpose of calculating diluted (loss) earnings per share, the Company assumes the exercise of dilutive stock options and warrants. The assumed proceeds from these dilutive stock options and warrants shall be regarded as having been received from the issue of Common Shares at the average market price of the Common Shares during the period. The difference between the number of Common Shares issued and the number of Common Shares that would have been issued at the average market price of Common Shares during the period are treated as an issue of Common Shares for no consideration.

(p) Adoption of new and amended accounting pronouncements

At March 31, 2025, there were no new pronouncements that had a material impact on adoption.

3 Loan Receivable

On October 1, 2024, AOC and Westaim entered into a loan facility agreement (the "AOC Loan") of $25,000, which had $13,000 drawn and outstanding at March 31, 2025 and at December 31, 2024. The AOC Loan bears an interest rate of 7.25% per annum and interest is due at the end of each calendar quarter. See note 10, related party transactions.

Interest on the AOC Loan earned by the Company totaled $232 and $nil for the 3 months ended March 31, 2025 and 2024, respectively, and was included in 'interest income' in the consolidated statements of (loss) profit and comprehensive (loss) income.

4 Investments

The Company's principal investments consist of its investment in Arena FINCOs, Arena, and Salem Group. Investments in Arena FINCOs and Salem Group are measured at FVTPL and the investment in Arena is accounted for using the equity method.

	Place of establishment	Principal place of business	Ownership interest at March 31, 2025	Ownership interest at December 31, 2024
Skyward Specialty	Delaware, U.S.	Texas, U.S.	nil% owned by the Company	nil% owned by the Company
Arena FINCOs	Delaware, U.S.	New York, U.S.	100% owned by the Company	100% owned by the Company
Arena	Delaware, U.S.	New York, U.S.	51% owned by the Company	51% owned by the Company
Salem Group	Delaware, U.S.	Texas, U.S.	100% owned by the Company [1]	nil% owned by the Company

[1] The Company is the sole holder of all of the pecuniary limited partnership interests in Salem Group.

The Company's investments in Arena FINCOs, ASOF LP, and Salem Group are classified as FVTPL and are carried at fair value under investments in the interim consolidated statements of financial position. Changes in fair value are reported under "Net results of investments" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

The Company's investments classified as FVTPL are as follows:

March 31, 2025	Fair value	Level 1	Level 2	Level 3
- Arena FINCOs	$ 173,735	$ -	-	$ 173,735
- ASOF LP	3,136	-	-	3,136
- Salem Group	28,838	-	-	28,838
	$ 205,709	$ -	$ -	$ 205,709

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

4 Investments (continued)

December 31, 2024	Fair value	Level 1	Level 2	Level 3
- Arena FINCOs	$ 173,852	-	-	$ 173,852
- ASOF LP	3,113	-	-	3,113
	$ 176,965	$ -	$ -	$ 176,965

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

During the three months ended March 31, 2025, there were no transfers among Levels 1, 2 and 3.

Investment in Skyward Specialty

The Company's investment in Skyward Specialty consisted of the following:

	Three months ended March 31, 2024					
	Opening Balance	Proceeds from sale of Skyward Specialty common shares	Realized gain in value of investment	Net change in unrealized gain in value of investment	Net increase in value of investment	Ending Balance
Skyward Specialty common shares held directly by the Company	$ 236,470	$ -	$ -	$ 24,638	$ 24,638	$ 261,108

At March 31, 2025 and December 31, 2024, the Company's $nil valuation of its investment in Skyward Specialty was the result of holding nil Skyward Specialty common shares.

FVTPL

The investment in Skyward Specialty is classified at Level 1 of the fair value hierarchy and is accounted for at FVTPL. The fair value of the Company's investment in Skyward Specialty was determined to be $nil at March 31, 2025 and $nil at December 31, 2024.

At March 31, 2024, the Company's investment in Skyward Specialty of $261,108 consisted of 6,979,639 Skyward Specialty common shares held directly by the Company at $37.41 per share, which was the closing trading price of the Skyward Specialty share on the last trading day of the period.

The Company recorded an unrealized gain in the value in its investment in Skyward Specialty of $24,638 in the three months ended March 31, 2024, in the interim consolidated statements of profit and comprehensive income.

Investment in the Arena FINCOs

The Company owns a 100% interest in the Arena FINCOs and exercises control over the businesses of the Arena FINCOs.

Arena FINCOs are private companies which include specialty finance companies that primarily purchase fundamentals-based, asset-oriented credit and other investments for their own account and a company that primarily facilitates the origination of fundamentals-based, asset-oriented credit investments for its own account and/or possible future sale to specialty finance companies, clients of Arena and/or other third parties. The Company's investment in the Arena FINCOs is accounted for at FVTPL in the Company's interim consolidated financial statements.

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

4 Investments (continued)

The Company's investment in the Arena FINCOs consists of the following:

	Three months ended March 31 2025	2024
Opening balance	$ 173,852	$ 147,234
(Decrease) increase in value before dividends	(117)	1,235
Ending balance	$ 173,735	$ 148,469

FVTPL

The Company's investment in the Arena FINCOs is classified at Level 3 of the fair value hierarchy and is accounted for at FVTPL. The fair value of the Company's investment in the Arena FINCOs was determined to be $173,735 at March 31, 2025 and $173,852 at December 31, 2024.

Management used net asset value as the primary valuation technique and determined that 100% (or 1.0x) of the equity of the Arena FINCOs at March 31, 2025 in the amount of $173,735 approximated the fair value of the Company's investment in the Arena FINCOs. Management determined that the net asset value valuation technique produced the best indicator of the fair value of the Arena FINCOs at March 31, 2025. This same valuation technique was used to determine the fair value of the Company's investment in the Arena FINCOs of $173,852 at December 31, 2024.

The significant unobservable inputs used in the valuation of the Arena FINCOs at March 31, 2025 were the aggregate equity of the Arena FINCOs at March 31, 2025 and the multiple applied. Management applied a multiple of 1.0x as the equity of each of the entities reflected the net assets of the respective entity which were carried at fair value at March 31, 2025, as described below (December 31, 2024 – 1.0x). The equity contained certain significant judgments and estimates made by management of the Arena FINCOs, including the determination of the fair value of their subsidiaries' investments as noted below.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, senior secured notes payable, revolving credit facility payable, accounts payable and accrued liabilities of the Arena FINCOs approximate their fair values due to the short maturity of these financial instruments. The Arena FINCOs also make investments in equity securities, corporate bonds, private loans and other private investments, warrants and derivative instruments. When an investment is acquired or originated, its fair value is generally the value of the consideration paid or received. Subsequent to initial recognition, the Arena FINCOs determine the fair value of the investments using the following valuation techniques and inputs:

- Equity securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange. Equity securities traded on inactive markets and certain foreign equity securities are valued using significant other observable inputs, if available, which include broker quotes or evaluated price quotes received from pricing services. If the inputs are not observable or available on a timely basis, the values of these securities are determined using valuation methodologies for Level 3 investments described below.

- Corporate bonds are valued using various inputs and techniques, which include third-party pricing services, dealer quotations, and recently executed transactions in securities of the issuer or comparable issuers. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. Values for high-yield bonds are based primarily on pricing services and dealer quotations from relevant market makers. The dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds, and sector-specific trends. If these inputs are not observable or timely, the values of corporate bonds and convertible bonds are determined using valuation methodologies for Level 3 investments described below.

- Private loans and other private investments are valued using valuation methodologies for Level 3 investments. When valuing private loans, factors evaluated include the impact of changes in market yields, credit quality of the borrowers and estimated collateral values. If there is sufficient credit coverage, a yield analysis is performed by projecting cash flows for the instrument and discounting the cash flows to present value using a market-based, risk adjusted rate. On each valuation date, an analysis of market yields is also performed to determine if any adjustments to the fair values are necessary. Techniques used to value collateral, real estate, and other hard assets include discounted cash flows, with the discount rate being the primary unobservable input, recent transaction pricing and third-party appraisals. Private investments held through joint ventures are valued net of each respective joint venture waterfall and other joint venture assets and liabilities.

- Warrants that are actively traded on a securities exchange are valued based on quoted prices. Warrants that are traded over the counter or are privately issued are valued based on observable market inputs, if available. If these inputs are not observable or timely, the values of warrants are determined using valuation methodologies for Level 3 investments described below.

4 Investments (continued)

- Listed derivative instruments, such as listed options, that are actively traded on a national securities exchange are valued based on quoted prices from the applicable exchange. Derivative instruments that are not listed on an exchange are valued using pricing inputs observed from actively quoted markets. If the pricing inputs used are not observable and/or the market for the applicable derivative instruments is inactive, the values of the derivative instruments are determined using valuation methodologies for Level 3 investments described below.

Where pricing inputs are unobservable and there is little, if any, market activity for Level 3 investments, fair values are determined by management of the Arena FINCOs using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value may require significant judgment by management of the Arena FINCOs. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

Management considers other secondary valuation methodologies as a way to ensure no significant contradictory evidence exists that would suggest an adjustment to the fair value as determined by the primary valuation methodology used. In order to do this, the Company may also consider valuation techniques including the review of comparable arm's length transactions involving other specialty finance companies and comparable publicly traded company valuations. For certainty, these secondary valuation techniques were not used to arrive at the fair values of the Company's investment in the Arena FINCOs at the end of each reporting period.

The Company recorded a decrease in the value of its investment in the Arena FINCOs of $117 in the three months ended March 31, 2025, in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company recorded an increase in the value of its investment in the Arena FINCOs of $1,235 before dividends paid of $nil in the three months ended March 31, 2024, in the interim consolidated statements of profit and comprehensive income.

For purposes of assessing the sensitivity of the equity of the Arena FINCOs on the valuation of the Company's investment in the Arena FINCOs, if the equity of the Arena FINCOs at March 31, 2025 was higher by $1,000, the fair value of the Company's investment in the Arena FINCOs at March 31, 2025 would have increased by $1,000 (December 31, 2024 - $1,000) and the change in the value of the investment in the Arena FINCOs for the three months ended March 31, 2025 would have increased by $1,000 (for the three months ended March 31, 2024 - $1,000). If the equity of the Arena FINCOs at March 31, 2025 was lower by $1,000, an opposite effect would have resulted.

Investment in Arena

Arena Investors Group Holdings, LLC ("AIGH" or "Arena"), a private company, operates two businesses, Arena Investors and Arena Institutional Services ("AIS"). Arena Investors is a US-based investment manager offering third-party clients access to primarily fundamentals-based, asset-oriented credit and other investments that aim to deliver attractive yields with low volatility. Arena Investors provides investment services to third-party clients consisting of but not limited to institutional clients, insurance companies, private investment funds, other pooled investment vehicles, and the Arena FINCOs. AIS provides non-investment advisory services for Arena and third parties.

On August 31, 2015, agreements were entered into between the Company and Bernard Partners, LLC ("BP LLC") in respect of Arena (the "Associate Agreements"). BP LLC's initial profit sharing percentage is 49%, and under the Associate Agreements, BP LLC has the right to earn-in up to 75% equity ownership percentage in Arena and share up to 75% of the profit of Arena based on achieving certain assets under management ("AUM") and cash flow (measured by the margin of trailing twelve months earnings before interest, income taxes, depreciation and amortization to trailing twelve month revenues) thresholds in accordance with the Associate Agreements. At March 31, 2025 and December 31, 2024, the Company's equity ownership of Arena and its profit sharing percentage was 51%. See note 15 related to the closing of the Proposed Transactions and the impact on the Company's ownership percentage of Arena.

The Company concluded that based on the contractual rights and obligations under the Associate Agreements, the Company does not exercise control but exercises significant influence over Arena. The Company's investment in Arena is therefore accounted for using the equity method in accordance with IAS 28.

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

4 Investments (continued)

The following summarized financial information represents amounts within the financial statements of Arena:

	March 31, 2025	December 31, 2024
Financial information of Arena:		
Assets	$ 81,601	$ 70,238
Liabilities	(81,508)	(69,900)
Net assets	93	338
Less: net assets attributable to non-controlling interests	4,354	3,068
Net liabilities attributable to Arena	$ (4,261)	$ (2,730)
Company's share	$ (2,087)	$ (1,306)
Arena Revolving Loans with the Company	42,600	24,000
Carrying amount of the Company's investment in Arena	$ 40,513	$ 22,694

	Three months ended March 31	
	2025	2024
Financial information of Arena:		
Revenue and other net investment gains (losses)	$ 15,938	$ 16,170
Operating expenses [1]	(16,032)	(13,949)
Net (loss) income and other comprehensive (loss) income	(94)	2,221
Comprehensive income attributable to non-controlling interests	1,437	1,069
Comprehensive (loss) income attributable to Arena	$ (1,531)	$ 1,152
Company's share of comprehensive (loss) income of Arena (51%)	$ (781)	$ 587

[1] Includes interest expense on the Arena's Revolving Loans granted by the Company of $505 and $433 in the three months ended March 31, 2025 and 2024, respectively.

The following table shows the continuity of the carrying amount of the Company's investment in Arena:

	Three months ended March 31	
	2025	2024
Carrying amount of investment in Arena:		
Opening balance	$ 22,694	$ 27,536
Additional investment for revolving loan	18,600	-
Company's share of comprehensive (loss) income of Arena (51%)	(781)	587
Company's share of cash and non-cash distributions from Arena to members	-	(933)
Ending balance	$ 40,513	$ 27,190

The Company has a revolving loan to Arena (the "Arena Revolving Loan 1") with a commitment of $35,000 at March 31, 2025 (December 31, 2024 - $35,000) in order to continue funding growth initiatives and working capital needs of Arena. The loan facility matures on May 31, 2025 and bears an interest rate of 7.25% per annum. Arena had $24,000 drawn and outstanding at March 31, 2025 and at December 31, 2024. The loan facility is secured by all the assets of Arena, pari passu to Arena Revolving Loan 2 (as defined below). The Company earned and received interest on the Arena Revolving Loan 1 of $429 and $433 for the three months ended March 31, 2025 and 2024, respectively, which was reported under "Interest income" in the interim consolidated statements of (loss) profit and comprehensive (loss) income. See note 15 related to the closing of the Proposed Transactions and the impact on Arena Revolving Loan 1.

The Company extended a second revolving loan to Arena (the "Arena Revolving Loan 2") on March 13, 2025 with a commitment of $21,000 to continue funding growth initiatives and working capital needs of Arena. The loan facility matures on March 31, 2028 and bears an interest rate of 3 Month Term Secured Overnight Financing Rate ("SOFR"), as administered by the New York Federal Reserve Bank, plus 350 basis points per annum. Arena had $18,600 drawn and outstanding at March 31, 2025. The loan facility is secured by all the assets of Arena pari passu to Arena Revolving Loan 1. The Company earned and received interest on the Arena Revolving Loan 2 of $76 and $nil for the three months ended March 31, 2025 and 2024, respectively, which was reported under "Interest income" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

4 Investments (continued)

The Company's 51% share of comprehensive (loss) income of Arena was $(781) and $587 in the three months ended March 31, 2025, and 2024, respectively, which was reported under "Share of (loss) income from investment in Arena" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

Investment in ASOF LP

The Company's investment in ASOF LP, a fund managed by Arena Investors, is classified at Level 3 of the fair value hierarchy and measured at FVTPL. At March 31, 2025 and December 31, 2024, the fair value of the Company's minority interest in ASOF LP was determined by Arena Investors to be $3,136 and $3,113, respectively. The Company reported an increase in the value of its investment in ASOF LP of $23 and of $24 in the three months ended March 31, 2025 and 2024, respectively, which was reported under "Increase (Decrease) in value of investment in ASOF LP" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

Investment in Salem Group

The Company's investment in Salem Group is classified at Level 3 of the fair value hierarchy and is accounted for at FVTPL. The fair value of the Company's investment in Salem Group was determined to be $28,838 at March 31, 2025 and $nil at December 31, 2024 as the investment was initially made on February 4, 2025. The Company's decrease in value on its investment in Salem Group was $7,662 driven primarily by the non-capitalized operating costs of Salem Group incurred since the acquisition of MAIC for the continued development of Ceres operating capabilities in preparation for launch of the business.

Management used net asset value as the primary valuation technique and determined that 100% (or 1.0x) of the equity of Salem Group at March 31, 2025 in the amount of $28,838 approximated the fair value of the Company's investment in Salem Group. Management determined that the net asset value valuation technique produced the best indicator of the fair value of Salem Group at March 31, 2025.

The significant unobservable inputs used in the valuation of Salem Group at March 31, 2025 were the aggregate equity of Salem Group at March 31, 2025 and the multiple applied. Management applied a multiple of 1.0x as the equity of Salem Group reflected the net assets of Salem Group.

5 Other Assets

Other assets consist of the following:

	March 31, 2025	December 31, 2024
Bank interest receivable	$ 971	$ 1,246
AOC Loan interest receivable	-	256
Accounts receivable and other	1,110	681
	$ 2,081	$ 2,183

6 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	March 31, 2025	December 31, 2024
DSUs (note 9)	$ 4,839	$ 4,520
SARs (note 9)	6,707	6,505
Stock options liability (note 9)	5,548	5,324
Emigration tax	4,000	4,000
Other accounts payable and accrued liabilities	1,294	5,399
Ending balance	$ 22,388	$ 25,748

As a result of the Redomiciliation, the Company is required to pay an emigration tax to the Canada Revenue Agency primarily based on the deemed disposition of the net assets that are leaving Canada. The Company reported an emigration tax expense of $4,000 in the year ended December 31, 2024, which was reported under 'other expenses' in the consolidated statements of (loss) profit and comprehensive (loss) income.

7 Commitments and Contingent Liabilities

Effective December 1, 2019, the Company entered into an operating lease for the office premises in Toronto, Ontario expiring on November 30, 2024, which was subsequently extended to November 30, 2025. At March 31, 2025, the Company had a total commitment of $171 for future occupancy cost payments including payments due not later than one year of $171 and payments due later than one year of $nil. At December 31, 2024, the Company had a total commitment of $240 for future occupancy cost payments including payments due not later than one year of $240 and payments due later than one year of $nil.

Pursuant to the Investment Agreement, the Company will pay the Investor up to $10,000 if the Investment Agreement is terminated under certain circumstances. See note 15 for information on the closing of the Proposed Transactions.

8 Share Capital

After giving effect to the Redomiciliation, Westaim's authorized capital consists of 160,000,000 Common Shares, par value $0.001 per share and 100,000,000 shares of preferred stock ("Preferred Shares"), par value $0.001 per share.

At March 31, 2025 and December 31, 2024, there were no shares of Westaim held by the Company. At March 31, 2025 and December 31, 2024, there were no Preferred Shares outstanding. At March 31, 2025 and December 31, 2024, there were no Class A preferred shares or Class B preferred shares (as contemplated by Westaim's articles prior to the Redomiciliation) outstanding.

On December 31, 2024, the Company completed the Share Consolidation of its Common Shares on the basis of one post-consolidation Common Share for every six pre-consolidation Common Shares. The consolidated financial statements and these notes to the financial statements reflect the impact of the Share Consolidation for all periods and references to the number of Common Shares, Stock Options, DSUs, RSUs, and SARs and any per share amounts, with respect to Westaim's securities.

At March 31, 2025, Westaim had 21,706,501 Common Shares issued and outstanding (December 31, 2024 – 21,706,501), with a stated capital of $474,634 (December 31, 2024 - $351,403). In the three months ended March 31, 2025, Westaim acquired and canceled nil Common Shares. In the year ended December 31, 2024, Westaim acquired and cancelled 597,735 Common Shares at a cost of $9,731. In the year ended December 31, 2024, Westaim issued 194,393 Common Shares to stock option holders through the exercise and net exercise of 464,389 of the Company's stock options for proceeds of $63 with an options liability fair value of $4,077 which increased share capital and decreased stock options liability. In the year ended December 31, 2024, Westaim issued 150,295 Common Shares to RSU holders through the exercise of 150,295 RSUs with a fair value of $3,199 which increased share capital and decreased RSUs liability. As a result of the net fair value of the Common Shares acquired and cancelled less Common Shares issued, the Company recorded a decrease in share capital of $48 for the Canadian public company 2% net share buy-back Canadian federal tax. See note 11 for share-based compensation, stock options.

<u>Normal Course Issuer Bid ("NCIB") and Automatic Share Purchase Program ("ASPP")</u>

On March 26, 2025, the Company announced that the TSXV accepted a notice filed by the Company of its intention to make a NCIB (the "2025 NCIB"). In connection with the 2025 NCIB, on March 28, 2025 the Company executed an ASPP agreement with a third-party broker, whereby Common Shares may be repurchased at the discretion of the third-party broker using commercially reasonable efforts and subject to the trading parameters set out in the ASPP.

The NCIB provides that the Company may, during the 12-month period commencing April 1, 2025 and ending March 31, 2026, purchase, on an opportunistic basis, up to 1,840,654 Common Shares, representing approximately 10% of the public float and not more than 2% of its issued and outstanding Shares during any 30-day period, which as of the start of the 2025 NCIB represented approximately 434,129 Common Shares.

As of March 31, 2025, the Company had not repurchased any shares through the 2025 NCIB or connected ASPP. See note 15 for repurchase activity that occurred subsequent to March 31, 2025.

Shareholders can obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid submitted to the TSXV with respect to the 2025 NCIB, without charge, by contacting Westaim.

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

9 Share-based Compensation

Westaim's long-term equity incentive plan (the "Incentive Plan") provides for grants of RSUs, DSUs, SARs and other share-based awards. Westaim also has a stand-alone legacy incentive stock option plan (the "Legacy Option Plan").

The aggregate number of Common Shares which may be reserved for issuance upon exercise of all stock options under the Incentive Plan (and all other security based compensation arrangements, including the Legacy Option Plan) is limited to not more than 10% of the aggregate number of Common Shares outstanding at the time of grant or 2,170,650 at March 31, 2025 (December 31, 2024 – 2,170,650). Additionally, under the Incentive Plan, the aggregate number of Common Shares which may be reserved for issuance upon the exercise or redemption of all security based compensation awards, other than stock options, granted under the Incentive Plan (and all other security based compensation arrangements) shall not exceed 2,136,206 Common Shares, increased to 3,334,189 Common Shares on closing of the Proposed Transactions. As the DSUs and SARs are settled solely in cash, they are not included in the limitations contemplated above.

Stock Options - Changes to the number of stock options are as follows:

	Three months ended March 31, 2025		Three months ended March 31, 2024	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Opening balance	615,000	C$ 18.60	1,266,252	C$ 18.30
Settled options	-	n/a	-	n/a
Forfeited stock options	-	n/a	-	n/a
Ending balance	615,000	C$ 18.60	1,266,252	C$ 18.30
Stock options vested at end of period	615,000	C$ 18.60	1,266,252	C$ 18.30

March 31, 2025 Exercise prices	Number of stock options outstanding	Weighted Average Remaining Contractual Life (years)	Outstanding Weighted Average Exercise Price	Number of stock options vested	Vested Weighted Average Exercise Price
C$ 18.60	615,000	0.00	C$ 18.60	615,000	C$ 18.60

December 31, 2024 Exercise prices	Number of stock options outstanding	Weighted Average Remaining Contractual Life (years)	Outstanding Weighted Average Exercise Price	Number of stock options vested	Vested Weighted Average Exercise Price
C$ 18.60	615,000	0.05	C$ 18.60	615,000	C$ 18.60

On January 18, 2018, 635,833 stock options were granted to certain officers and employees of Westaim (the "2018 Options"). Subject to the terms of the Option Plan, the 2018 Options have a term of seven years, vested in three equal installments on December 31, 2018, December 31, 2019 and December 31, 2020, and have an exercise price of C$18.60. The fair value of the 2018 Options was C$4.311 per option estimated using the Black-Scholes option pricing model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 1.92%, an average life of 4.0 years, a volatility of 25.35%, and a grant date share price of C$18.60 converted to US$ at an exchange rate of $1.2429. In January 2023, 25,000 of the 2018 Options were forfeited by a prior employee. In December 2024, 16,666 of the 2018 Options were forfeited. As a result, at March 31, 2025, there are 615,000 of the 2018 Options outstanding after they were automatically extended until an available open trading period, per the terms of the Legacy Option Plan, due to the Company's blackout trading period.

At March 31, 2025, a liability of $5,548 (December 31, 2024 - $5,324) had been accrued by Westaim with respect to the potential cash surrender of the outstanding stock options in the interim consolidated statements of financial position. During the year ending December 31, 2024, due to the approved change to the stock option plan in May 2024 which implemented the cash surrender feature, the original valuation of the remaining options of $4,642 and the increase in value of the options immediately prior to the approved change of $102 were reported as decreases in contributed surplus and increases in the stock options liability. Compensation expenses relating to stock options, including the impact of the change in the market value of the Common Shares, was an expense of $226 in the three months ended March 31, 2025, which was reported under 'Share-based compensation expense' in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company also recorded an unrealized foreign exchange gain with respect to the stock option liability of $2 in the three months ended March 31, 2025, respectively. The stock option expense was $nil in the three months ended March 31, 2024.

No stock options were granted or issued in the three months ended March 31, 2025 or the year ended December 31, 2024.

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

9 Share-based Compensation (continued)

The amounts computed according to the Black-Scholes pricing model may not be indicative of the actual values realized upon the exercise of stock options by the holders.

Restricted Share Units - RSUs vest on specific dates and become payable when vested with either cash or Common Shares, at the option of the holder.

Changes to the number of RSUs are as follows:

	Three months ended March 31	
	2025	2024
Opening balance	-	575,866
Granted	-	-
Ending balance	-	575,866

On November 14, 2014, an aggregate of 395,833 RSUs were granted to certain officers, employees and consultants of Westaim and at January 1, 2024, 341,666 RSUs were outstanding. On April 1, 2016, an additional 154,200 RSUs were granted to certain officers and employees of Westaim. On January 23, 2023, an additional 80,000 RSUs were granted to certain officers and employees of Westaim. The RSUs had a term of fifteen years from date of issue and on December 31, 2024, all of these RSUs had vested.

In December 2024, 150,295 RSUs were exercised and the Company issued 150,295 Common Shares with a value of $3,199. As part of the Plan of Arrangements on December 31, 2024, the remaining 425,571 RSUs were surrendered and the Company issued cash settlements of $9,058 to the RSU holders. As a result, there were no RSUs outstanding at December 31, 2024.

There were no RSUs outstanding at March 31, 2025 (December 31, 2024 - nil). In the three months ended March 31, 2025 and 2024, no RSUs were granted. There were no RSUs settled in each of the three months ended March 31, 2025 and 2024.

Compensation expenses relating to RSUs, including the impact of the change in the market value of the Common Shares, was a recovery of expenses of $nil and $12 in the three months ended March 31, 2025 and 2024, respectively, which was reported under 'Share-based compensation expense' in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company also recorded an unrealized foreign exchange gain with respect to the RSUs of $nil and $205 in the three months ended March 31, 2025 and 2024, respectively, which was reported under 'Foreign exchange gain (loss)' in the interim consolidated statements of (loss) profit and comprehensive (loss) income. At March 31, 2025, a liability of $nil (December 31, 2024 - $nil) had been accrued by Westaim with respect to outstanding RSUs in the interim consolidated statements of financial position.

Deferred Share Units - DSUs are issued to certain directors of Westaim in lieu of director fees, at their election, at the market value of the Common Shares at the date of grant and are paid out solely in cash no later than the end of the calendar year following the year the participant ceases to be a director.

Changes to the number of DSUs are as follows:

	Three months ended March 31	
	2025	2024
Opening balance	209,547	171,264
Granted	11,238	10,598
Ending balance	220,785	181,862

The Company issued 11,238 DSUs in the three months ended March 31, 2025, in lieu of director fees of $246, and issued 10,598 DSUs in the three months ended March 31, 2024 in lieu of director fees of $174.

Compensation expenses relating to DSUs, including the impact of the change in the market value of the Common Shares was an expense of $318 and $128 in the three months ended March 31, 2025 and 2024, respectively, which was reported under 'Share-based compensation expense' in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company also recorded an unrealized foreign exchange loss with respect to the DSUs of $2 in the three months ended March 31, 2025, and an unrealized foreign exchange gain with respect to the DSUs of $64 in the three months ended March 31, 2024, under foreign exchange gain (loss) in the interim consolidated statements of profit and comprehensive income. At March 31, 2025, a liability of $4,839 (December 31, 2024 - $4,520) had been accrued with respect to outstanding DSUs in the interim consolidated statements of financial position.

9 Share-based Compensation (continued)

Stock Appreciation Rights - SARs are issued to certain employees of Westaim which vest immediately and are paid out solely in cash for the amount that the trading price of the Common Shares at the time of exercise is in excess of the SARs strike price.

On December 28, 2023, 723,088 SARs were issued to certain employees of Westaim (the "2023 SARs"). At March 31, 2025, the 2023 SARs had a fair value of $4,899 (December 31, 2024 - $4,802) which were estimated using the Black-Scholes model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 2.5% (December 31, 2024 – 2.9%), volatility of 19.7% (December 31, 2024 – 18.0%), expected expiry on December 15, 2026, a closing price of C$31.51 per Common Share (December 31, 2024 – C$31.02 per Common Share) and a grant date strike price of C$22.98 converted to US$ at an exchange rate of 1.43755 (December 31, 2024 - 1.43815).

On December 31, 2024, 575,866 SARs were issued to certain employees of Westaim (the "2024 SARs"). At March 31, 2025, the 2024 SARs had a fair value of $1,808 (December 31, 2024 - $1,703) which were estimated using the Black-Scholes model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 2.5% (December 31, 2024 – 2.9%), volatility of 19.0% (December 31,2024 – 17.1%), with expected expiry dates of either December 31, 2026 or December 15, 2027, a closing price of C$31.51 (December 31, 2024 – C$31.02 per Common Share) and per Common Share and a grant date strike price of C$31.38 converted to US$ at an exchange rate of 1.43755 (December 31, 2024 - 1.43815).

Compensation expenses relating to SARs, including the impact of the change in the market value of the Common Shares was an expense of $199 and a recovery of $185 in the three months ended March 31, 2025 and 2024, respectively, recorded under share-based compensation (recovery) expense in the interim consolidated statements of profit and comprehensive income. The Company also recorded an unrealized foreign exchange gain (loss) with respect to the SARs of $3 in the three months ended March 31, 2025, and an unrealized foreign exchange gain with respect to the SARs of $42 in the three months ended March 31, 2024, under foreign exchange gain (loss) in the interim consolidated statements of profit and comprehensive income. At March 31, 2025, a liability of $6,707 (December 31, 2024 - $6,505) had been accrued with respect to outstanding SARs in the interim consolidated statements of financial position.

10 Related Party Transactions

Related parties include key management personnel, close family members of key management personnel and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel or their close family members. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include executive officers and current and former directors of the Company.

Professional fees related to the Company's management included $165 and $nil for the services provided by the Company's Chief Strategy Officer for the three months ended March 31, 2025 and 2024, respectively.

In the three months ended March 31, 2025, the AOC Loan did not have a draw of from the Company nor a partial repayment to the Company. The AOC Loan receivable balance was $13,000 and $nil at March 31, 2025 and December 31, 2024, respectively.

The Company earned and received interest on the Arena Revolving Loan 1 of $429 and $433 in the three months ended March 31, 2025 and 2024, respectively. The Company earned and received interest on the Arena Revolving Loan 2 of $76 and $nil in the three months ended March 31, 2025 and 2024, respectively. Interest on the Arena Revolving Loans plus interest received from the Company's bank balance are included in interest income in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

The Company earned advisory fees of $nil and $113 from the Arena FINCOs and Arena, respectively, in each of the three months ended March 31, 2025 and 2024. Advisory fees are included in fee income in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

11 Income Taxes

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income taxes expense included in the consolidated statements of (loss) profit and comprehensive (loss) income:

	Three months ended March 31 2025	2024
(Loss) profit before income taxes	$ (9,373)	$ 26,985
Statutory income tax rates	25.0%	26.5%
Income taxes (recovery) expense at statutory income tax rates	(2,343)	7,151
Variations due to:		
Non-taxable portion of (increase) decrease in value of Investment in Arena FINCOs	-	(3,446)
Net non-taxable and non-deductible items	410	-
Change in unrecognized tax losses and temporary differences	(12)	3
Income taxes (recovery) expense	$ (1,945)	$ 3,708

At March 31, 2025, a current income taxes receivable of $2,273 (December 31, 2024 - $307), current income taxes payable of $155 (December 31, 2024 - $57), and a deferred tax asset of $8,262 (December 31, 2024 – $6,160) were reported in the interim consolidated statements of financial position.

12 (Loss) earnings per Share

Westaim had 615,000 stock options and no RSUs outstanding at March 31, 2025. The stock options for the three months ended March 31, 2025, were excluded in the calculation of diluted (loss) earnings per share as they were not dilutive. At March 31, 2024, Westaim had 1,266,252 stock options and 575,866 RSUs outstanding. The stock options and RSUs for the three months ended March 31, 2024, were included in the calculation of diluted (loss) earnings per share as they were dilutive.

(Loss) earnings per share, basic and diluted, are as follows:

	Three months ended March 31 2025	2024
Basic (loss) earnings per share:		
(Loss) profit and comprehensive (loss) income	$ (7,428)	$ 23,277
Weighted average number of Common Shares outstanding	21,706,501	21,735,714
Basic (loss) earnings per share	$ (0.34)	$ 1.07
Diluted (loss) earnings per share:		
(Loss) profit and comprehensive (loss) income	$ (7,428)	$23,277
Dilutive RSU expense and related foreign exchange	-	(217)
(Loss) profit and comprehensive (loss) income on a diluted basis	$ (7,428)	$23,060
Weighted average number of Common Shares outstanding	21,706,501	21,735,714
Dilutive impact of in-the-money stock options (treasury method)	-	205,801
Dilutive impact of RSUs	-	575,866
Weighted average number of Common Shares outstanding on a dilutive basis	21,706,501	22,517,381
Diluted (loss) earnings per share	$ (0.34)	$1.02

Common Shares outstanding at March 31, 2025 was 21,706,501 (December 31, 2024 – 21,462,334).

13 Capital Management

Westaim's capital currently consists of the Preferred Securities and Common Shares.

The Company's guiding principles for capital management are to maintain the stability and safety of the Company's capital for its stakeholders through an appropriate capital mix and a strong balance sheet.

The Company monitors the mix and adequacy of its capital on a continuous basis. The Company employs internal metrics. The capital of the Company is not subject to any restrictions.

14 Financial Risk Management

The Company is exposed to a number of risks due to its business operations. The Company's interim consolidated statement of financial position at March 31, 2025 consists of short-term financial assets and financial liabilities with maturities of less than one year, and investments in Arena FINCOs, Arena, ASOF LP, and Salem Group. The most significant identified risks which arise from holding financial instruments include credit risk, liquidity risk, currency risk, interest rate risk and equity risk. The Company has a comprehensive risk management framework to monitor, evaluate and manage the risks assumed in conducting its business.

<u>Credit risk</u>

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's credit risk arises primarily from its cash and cash equivalents. The Company manages such risk by maintaining bank accounts with Schedule 1 banks in Canada and a major bank in the United States.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Company has made investments in level 3 investments classified as FVTPL and investments in associates which do not typically have an active market. Private investment transactions can be highly structured, and the Company takes measures, where possible, to create defined liquidity events and as part of its strategy, the Company has sought to create or accelerate such liquidity events. However, such liquidity events are rarely expected in the first two or three years of making an investment and may not be realized as expected.

At March 31, 2025, the Company's short-term financial liabilities amounted to $11,093 (December 31, 2024 - $14,780), and the Company has access to cash and other resources to meet these financial obligations.

<u>Currency risk</u>

The Company's C$ denominated monetary liabilities exceed C$ denominated monetary assets and most of its operating expenses are paid in C$. From time to time, the Company may enter into C$ to US$ exchange forward contracts to manage its C$ currency exposures which have been effective at reducing a significant portion of the risk associated with changes in the C$ currency exchange on the Company's prior C$ denominated liabilities. At March 31, 2025, it is estimated a 10% strengthening of the C$ against the US$ would have created an additional foreign exchange loss by approximately $2,011 and $1,002 in the three months ended March 31, 2025 and 2024, respectively. A similar weakening of the C$ would result in an opposite effect.

The Company has not designated any foreign exchange forward contracts as accounting hedges.

<u>Interest rate risk</u>

The Company held a substantial amount of interest earning cash on its balance sheet as of the reporting dates for these financial statements. If cash balances remained steady over the course of one year and interest rates increased by one percent (1%) on the day after the balance sheet date and stayed the same for the remainder of the year, interest revenues would increase by $2,408 and $3,019 for the year following March 31, 2025 and December 31, 2025, respectively. If cash balances remained steady over the course of one year and interest rates decreased by one percent (1%) on the day after the balance sheet date and stayed the same for the remainder of the year, interest revenues would decrease by $2,408 and $3,019 for the year following March 31, 2025 and December 31, 2025, respectively. The Company is also subject to interest rate risks indirectly as a result of its investments in Salem Group and the Arena FINCOs as certain underlying investments made by these entities are sensitive to interest rate movements.

14 Financial Risk Management (continued)

Equity risk

There is no active market for the Company's Level 3 investments. The Company holds its investments for strategic and not trading purposes. The fair values of these investments recorded in the Company's interim consolidated financial statements have been arrived at using industry accepted valuation techniques. Due to the inherent uncertainty of valuation, these fair values may not be indicative of the actual values which can be realized upon a liquidity event for these investments.

15 Subsequent Events

Closing of the Proposed Transactions

On April 3, 2025 (the "Closing Date"), CC Capital and the Company completed the transaction whereby an affiliate of CC Capital invested US$250,000 (the "Aggregate Gross Proceeds"), inclusive of $30,539 of transaction related expenses and repayment of $14,607 promissory note made by Salem Group to CC Salem Holdings LLC related to the previous closing of the MAIC transaction, for net cash proceeds to the Company of $204,854 on the Closing Date. The $14,607 settlement of the promissory note was recorded as a capital contribution from the Company to Salem Group on the Closing Date so that Salem Group could settle its promissory note with the CC Capital affiliated entity. In connection with the transaction, the Company has restructured its ownership of Arena to acquire from BP LLC the remaining 49% of the equity of Arena that it did not already own in exchange for the conversion of Arena Revolving Loan 1 into an equity contribution to Arena and the issuance of profit interests entitling the members of BP LLC and certain other front office investment management team members of Arena to receive distributions of 45% of the net profits of Arena on an ongoing basis. CC Capital is entitled to receive distributions of 6% of the net profits of Arena on an ongoing basis and the Company is entitled to the remaining 49%. The transaction brings together Arena with the previously completed acquisition of MAIC (since renamed to Ceres Life Insurance Company) to transform the Company into an integrated insurance and asset management platform.

On the Closing Date, the Investor acquired, on a private placement basis (the "Private Placement"), the following securities of the Company for the Aggregate Gross Proceeds pursuant to an investment agreement dated October 9, 2024 between the Investor, the Company, and, solely for purposes of specific sections of the investment agreement, Arena, Mr. Zwirn and Mr. Cutler, as amended on November 15, 2024 (the "Investment Agreement"): (a) 11,979,825 common shares of Westaim ("Common Shares") at an implied purchase price of C$28.50 per share in cash; and (b) warrants to purchase 5,214,705 additional Common Shares (the "Warrants"), comprised of (i) Warrants to purchase 1,303,676 Common Shares having an exercise price of C$24.12 per Common Share, which Warrants will vest in the event the volume-weighted average trading price of the Common Shares on the TSX Venture Exchange (the "TSXV") or other stock exchange on which the Common Shares are listed for trading equals or exceeds C$48.00 (subject to certain adjustments) for any 30 consecutive trading day period prior to the five-year anniversary of the Closing Date (the "Common Stock Price Target Condition"); and (ii) Warrants to purchase 3,911,029 Common Shares having an exercise price of C$28.50 per Common Share. The Warrants are exercisable for a period of five years following the Closing Date and the number of Common Shares issuable pursuant to the Warrants and the exercise prices thereof are subject to certain adjustments.

Prior to entering into the Investment Agreement, CC Capital and its affiliates did not beneficially own or control, directly or indirectly, any of the issued and outstanding Common Shares. As of the Closing Date, the Investor owns approximately 36% of the issued and outstanding Common Shares. If the Warrants were exercised in full and no other outstanding securities of Westaim were converted into Common Shares, as of the Closing Date the Investor would own approximately 44% of the issued and outstanding Common Shares.

Pursuant to a consulting agreement dated October 9, 2024 between the Company and Wembley Management, LLC ("Wembley Management"), an affiliate of the Investor and CC Capital, on the Closing Date, received a grant of 673,727 performance-based restricted stock units of the Company. These RSUs will vest if the Common Stock Price Target Condition is achieved prior to the fifth anniversary of the Closing Date and, once vested, will be settled on a one-for-one basis for an aggregate of 673,727 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as of the Closing Date.

Pursuant to the Investment Agreement, Westaim has committed to use the proceeds from the Private Placement, additional capital from its balance sheet and capital from the monetization of certain existing assets to invest up to US$620,000 in Salem Group in exchange for 100% of the limited partnership interests of Salem Group. An affiliate of CC Capital serves as the general partner of Salem Group and controls Salem Group and its investments. Salem Group has acquired Ceres through a wholly owned intermediary holding company structure.

On April 30, 2025, Salem Group issued a capital call notice to the Company for $350,000 as a partial call against the aggregate commitment amount of $620,000 made as part of the Proposed Transactions to support the capital requirements of Salem Group and Ceres. This capital call was satisfied by a cash wire transfer on May 9, 2025. Combined with the previous funding of $36,500, $386,500 has now been funded against the original commitment, with $233,500 remaining.

15 Subsequent Events (continued)

Normal Course Issuer Bid ("NCIB") and Automatic Share Purchase Program ("ASPP")

On March 26, 2025, the Company announced that the TSXV accepted a notice filed by the Company of its intention to make a NCIB (the "2025 NCIB"). In connection with the 2025 NCIB, the Company also entered into an ASPP agreement with a third-party broker on March 28, 2025, whereby beginning on April 1, 2025 Common Shares could be repurchased at the discretion of the third-party broker to the ASPP using commercially reasonable efforts and subject to the trading parameters set out in the ASPP. The initial set of trading parameters in effect for the blackout period that commenced on April 1, 2025 established a limit on purchases equal to C$5,000 during the blackout period.

The NCIB provides the Company may, during the 12-month period commencing April 1, 2025 and ending March 31, 2026, purchase, on an opportunistic basis, up to 1,840,654 Common Shares, representing approximately 10% of the public float and not more than 2% of its issued and outstanding Shares during any 30-day period, which as of the date of the start of the 2025 NCIB represented approximately 434,129 Common Shares.

Subsequent to March 31, 2025, through the close of trading on May 13, 2025, Westaim acquired 136,460 Common Shares at a cost of C$4,113 (or $2,930 as converted) through the ASPP connected to the 2025 NCIB. These acquired shares will be held as Treasury Shares by the Company. Westaim has 33,549,866 outstanding Common Shares as a result of these share purchases (and including the 11,979,825 shares issued through the closing of the Proposed Transactions).

Monetizations of Arena FINCOs

On April 21, 2025, AF distributed $6,130 to Westaim related to certain monetizations of its portfolio. Also on April 21, 2025, AOC repaid $3,140 of its outstanding loan from Westaim, reducing the outstanding loan balance to $9,860. On May 1, 2025, AOC repaid $4,960 of its outstanding loan from Westaim, further reducing the outstanding loan balance to $4,900.

THE WESTAIM CORPORATION

405 Lexington Avenue
59th Floor
New York, NY
10174

www.westaim.com
info@westaim.com