

THE WESTAIM CORPORATION

ANNUAL INFORMATION FORM

in respect of the year ended December 31, 2024

August 21, 2025

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INTERPRETATION

As used in this Annual Information Form (the “AIF”), unless the context indicates or requires otherwise, the term(s):

- (a) “**Company**” or “**Westaim**” refer to The Westaim Corporation (including, where applicable, its predecessor entities) and its subsidiaries;
- (b) “**Arena**” or “**AIGH**” refers to Arena Investors Group Holdings, LLC, which includes several subsidiaries (including, but not limited to Arena Investors, LP (“**AI LP**”), Arena Management Co., LLC (“**AMC**”), Arena Financial Services, LLC, Arena Investors UK Limited, Arena Investment Management (Singapore) Pte. Ltd., Arena Business Solutions, LLC, Quaestor Advisors, LLC and Quaestor Advisors India Private Limited) (which are collectively known as “**Arena Investors**”) as well as Arena Institutional Services LLC (“**AIS**”), which is also a subsidiary of AIGH.
- (c) “**Arena FINCOs**” refers collectively to Westaim Origination Holdings, Inc. (“**WOH**”) and Arena Finance, LLC (“**AF**”) and each of their respective subsidiaries;
- (d) “**Salem Partnership**” refers to Salem Group Partners, LP;
- (e) “**Salem Holdings**” refers to Salem Group Holdings, LLC, an indirect subsidiary of the Salem Partnership; and
- (f) “**Ceres Life**” refers to Ceres Life Insurance Company, a subsidiary of Salem Holdings.

Unless otherwise stated, the information contained in this AIF is as of August 21, 2025.

All dollar amounts herein are expressed in United States dollars unless otherwise indicated. Unless otherwise indicated, financial information in this AIF regarding the Company has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”), as issued by the International Accounting Standards Board. Arena maintains its accounts in United States dollars. The annual consolidated financial statements of Arena are prepared in accordance with either IFRS or United States generally accepted accounting principles (“**U.S. GAAP**”).

FORWARD-LOOKING STATEMENTS

This AIF contains certain “forward-looking statements” and “forward-looking 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; the business and operations of Arena and Ceres Life; the Company’s assets and liabilities; Ceres Life’s business plan and corporate strategy; market opportunities for Ceres Life; Ceres Life’s ability to identify, develop, and implement technology; Ceres Life’s plans with respect to financing and capital deployment; the Company’s ability to retain key employees; management’s belief that its estimates for determining the valuation of the Company’s assets and liabilities are appropriate; and the effect of changes to interpretations of tax legislation on income tax provisions in future periods. These statements are based on current expectations that are subject to risks, uncertainties and assumptions and Westaim 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; risk of volatile markets and market disruption risk; the Company’s potential exposure to legal disputes and possible litigation; liquidity, financing and cash flow risks; risks related to future investments by the Company; market turmoil, risk of volatile markets and market disruption risk; risks relating to the possibility that Arena’s risk management processes and systems are ineffective, which may affect

the Company's investments; risks relating to the creditworthiness of borrowers; the Company's investments are subject to the risk of default by and/or bankruptcy of a borrower; the risk that collateral securing loans may be inadequate; the Company may be required to undertake enforcement and/or liquidation procedures; fraud by a borrower; the Company may fail to realize profits on its investments; the Company's investments are in businesses that it does not control; valuation of the Company's investments may be based on significant subjectivity; loan concentration may increase investment risks; the Company's use of leverage; 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 assets under management ("**AUM**") on Arena; Arena's reliance on technology and consequential exposure to technology and cybersecurity-related risks; Arena's ability to mitigate operational and due diligence risks; 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 comply 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 or an inability to raise new funds; 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's loan concentration; the effect of epidemics, pandemics, outbreaks of disease and public health issues on Arena's business; the Company's lack of control over the Salem General Partner (as defined herein); risks relating to capital contributions under the Salem Partnership and the possibility of the Company defaulting under the Salem LPA (as defined herein); the Company's ownership in the Salem Partnership and Ceres Life may be diluted; the success of Ceres Life is subject to the risks inherent in the establishment of a new business venture and use of modern architecture; the competitiveness of the insurance industry; Ceres Life's ability to attract and retain distribution partners; changes in U.S. tax law; changes in interest rates and credit spreads; inflation; risks relating to deviations from the assumptions and estimates made by Ceres Life; risks which could diminish the value of Ceres Life's investments; Ceres Life's ability to execute a successful investment strategy; the illiquidity of some of Ceres Life's investments; concentration risk of Ceres Life's investment portfolio; Ceres Life's potential investments in securities of issuers based outside the U.S.; Ceres Life's valuation of securities and investments; Ceres Life's dependence on the IMA with the Investment Manager (as such terms are defined herein); Ceres Life's exposure to counterparty credit risk; Ceres Life's reliance on its third-party commercial relationships; risks associated with Ceres Life's potential requirement for additional capital; Ceres Life's failure to obtain or maintain licenses and/or other regulatory approvals; the risk of future regulatory changes; potential government intervention in the insurance industry and instability in the marketplace for insurance products; the risk of a downgrade in a financial strength rating for Ceres Life; market conditions may cause reinsurance to be more costly or unavailable; a decrease in the capital ratios of Ceres Life; failure to maintain the security of Ceres Life's information and technology systems; Ceres Life's failure to protect the confidentiality of information; compliance with laws and regulations governing the processing of personally identifiable information ("**PII**"); compliance with existing and emerging rules and regulations governing the use of artificial intelligence and generative artificial intelligence; risks associated with Ceres Life's inability to manage the use of artificial intelligence; Ceres Life's inability to protect its intellectual property; Ceres Life may be subject to negative publicity in the insurance industry; the ability of the Company to maintain a positive working relationship with CC Capital Partners LLC ("**CC Capital**"); the effects that CC Capital being a significant shareholder will have on the business of the Company, including effects on the liquidity of the shares of common stock of the Company (the "**Common Shares**") and the trading prices of the Common Shares, and; the Company's ability to realize certain anticipated benefits of the transactions with CC Capital.

Westaim 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. Although Westaim has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause unanticipated actions, events or results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The reader is cautioned not to place undue reliance on forward-looking statements.

CORPORATE STRUCTURE

Name and Incorporation

Westaim was incorporated under the *Business Corporations Act* (Alberta) (the “**ABCA**”) by Articles of Incorporation dated May 7, 1996 (the “**Articles**”). The Articles were amended effective June 26, 1996 to remove the private company restrictions on the transfer of securities, to create preferred share classes designated as Class A preferred shares and Class B preferred shares and to increase the maximum number of directors to fifteen. Restated Articles of Incorporation were issued under the ABCA on April 17, 2000 and the Articles were further amended on May 24, 2000 to permit meetings of shareholders to be held in certain specified cities outside of Alberta, or in any other city in Canada or the United States and to allow the board of directors of the Company (the “**Board**”) to appoint additional directors between annual meetings, subject to certain limitations. The Articles were amended again on February 8, 2010, February 26, 2010 and September 11, 2012 in connection with the creation of the Non-Voting Shares (as defined herein) and the removal of the conversion restrictions attaching thereto. On October 1, 2013, the Articles were further amended to effect a 50:1 consolidation of the Common Shares.

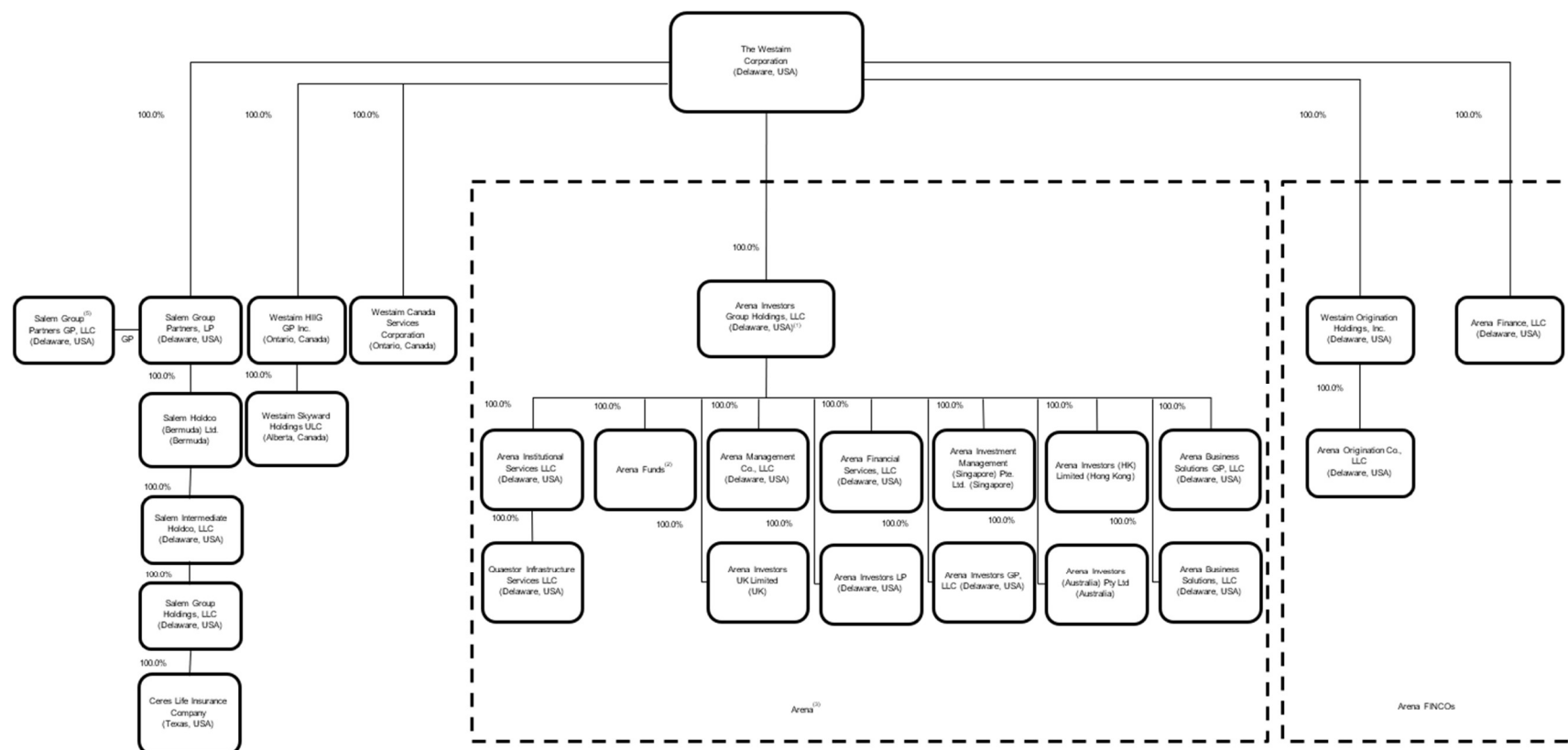
On December 31, 2024, pursuant to a statutory plan of arrangement under the ABCA, Westaim effected, *inter alia*, a 6:1 share consolidation of the Common Shares (the “**Consolidation**”) and changed its jurisdiction of incorporation from the Province of Alberta in Canada to the State of Delaware in the United States of America (the “**Redomiciliation**”).

Unless otherwise indicated, all numbers referenced herein are on a post-Consolidation basis.

Westaim’s registered office is located at 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808 and its principal executive office is located at 405 Lexington Avenue, 59th Floor, New York, New York, 10174.

Intercorporate Relationships

The following chart sets forth the current organizational structure of Westaim, including each of the material entities directly and indirectly owned and/or controlled by Westaim or in which it has a material interest.



Notes:

- (1) Subject to certain profit sharing arrangements as set out in the Third Amended and Restated AIGH LLCA (as defined herein). See “*Current Businesses – Arenia*”.
- (2) Arenia Funds include Arenia Special Opportunities Fund (Offshore) II GP, LP, Arenia Special Opportunities Fund (Offshore) GP, LLC, Arenia Special Opportunities Fund (Onshore) GP, LLC, Arenia Special Opportunities Partners (Offshore) GP, LLC, Arenia Special Opportunities Partners (Onshore) GP, LLC, Arenia Special Opportunities Partners (Onshore) II GP, LLC, Arenia Special Opportunities Partners (Offshore) GP II, LLC, Arenia New Zealand Real Estate Credit Fund III GP LLC, Arenia Fund III GP, LLC and Arenia SLS GP LLC..
- (3) Arenia operates as two businesses, Arenia Investors and AIS.
- (4) On October 4, 2024, the Company’s wholly-owned subsidiary Arenia Finance Holdings Co., LLC merged into The Westaim Corporation of America (“WCA”). WCA was subsequently dissolved on December 31, 2024.
- (5) Salem Group Partners GP, LLC is an entity controlled by CC Capital. The Company holds 100% of the pecuniary limited partnership interests in Salem Group Partners, LP.

BUSINESS OF THE COMPANY

General Development of the Business

The following is a summary of how the Company's business has developed over the last three completed financial years.

Skyward Specialty

On January 18, 2023, Skyward Specialty Insurance Group, Inc. (NASDAQ: SKWD) ("**Skyward Specialty**"), an entity in which Westaim held a significant interest, closed its upsized initial public offering (the "**Skyward IPO**") of 8,952,383 shares of Skyward Specialty's common stock ("**Skyward Shares**"), consisting of 4,750,000 Skyward Shares sold by Skyward Specialty and 4,202,383 Skyward Shares sold by selling stockholders, at the public offering price of \$15.00 per Skyward Share. The underwriters also exercised in full their option to purchase 1,342,857 additional Skyward Shares from the selling stockholders, at a price per share of \$15.00 per Skyward Share, less underwriting discounts and commissions. The Skyward Shares are listed on the Nasdaq Global Select Market under the ticker symbol "SKWD". A registration statement relating to these securities was filed with the U.S. Securities and Exchange Commission and was declared effective on January 12, 2023.

In connection with the Skyward IPO, the Company was not a selling stockholder, although \$44 million of Skyward Specialty convertible preferred shares held by the Company were automatically converted into 7,285,359 Skyward Shares.

On June 12, 2023, Skyward Specialty closed its underwritten secondary public offering (the "**June 2023 Skyward Offering**"). Under the June 2023 Skyward Offering, the Company sold 3,850,000 Skyward Shares at a price to the public of \$23.00 per Skyward Share (the "**June 2023 Offering Price**"). The underwriters also exercised in full their option to purchase an additional 577,500 Skyward Shares from the selling stockholders at the June 2023 Offering Price, of which 137,500 of such Skyward Shares were sold by Westaim. The proceeds to the Company from the 3,987,500 Skyward Shares it sold, less underwriting commissions, were approximately \$87.4 million.

On November 20, 2023, Skyward Specialty closed another underwritten secondary public offering (the "**November 2023 Skyward Offering**"). Under the November 2023 Skyward Offering, Skyward Specialty issued 2,150,000 new Skyward Shares and the Company sold 2,850,000 Skyward Shares at a price to the public of \$30.50 per Skyward Share (the "**November 2023 Offering Price**"). The underwriters exercised in full their option to purchase an additional 750,000 Skyward Shares from the Company, as the sole selling stockholder under the November 2023 Skyward Offering, at the November 2023 Offering Price. The proceeds to the Company from the 3,600,000 Skyward Shares it sold, less underwriting commissions, were approximately \$104.9 million.

On May 10, 2024, Skyward Specialty closed an additional underwritten secondary public offering (the "**May 2024 Skyward Offering**"). Under the May 2024 Skyward Offering, the Company sold 4,400,000 Skyward Shares at a price to the public of \$36.50 per Skyward Share (the "**May 2024 Offering Price**"). The underwriters also exercised in full their option to purchase an additional 660,000 Skyward Shares from the Company, as the sole selling stockholder under the May 2024 Skyward Offering, at the May 2024 Offering Price. The proceeds to the Company from the 5,060,000 Skyward Shares it sold, less underwriting commissions, were approximately \$177.3 million. Following the May 2024 Skyward Offering, the Company held a less than 5.0% interest in Skyward Specialty through its wholly-owned subsidiary, Westaim HIIG GP Inc. ("**HIIG GP**"). Those remaining 1,919,639 Skyward Shares were sold in September 2024 for net proceeds, less commissions, of approximately \$79.0 million.

Arena

On December 21, 2017, the Company, through The Westaim Corporation of America ("**WCA**"), a wholly-owned Delaware subsidiary of Westaim, granted a \$20 million revolving loan facility (the "**2017 Revolving Loan**") to Arena. On March 6, 2019, the Company amended the 2017 Revolving Loan limit of \$20 million to \$25 million which was subsequently further amended on December 22, 2020 to: (a) increase the limit to \$35 million; (b) amend the interest rate to 5.60%; and (c) extend the term to March 31, 2023. On March 22, 2023, the Company extended the term of the

2017 Revolving Loan from March 31, 2023 to March 31, 2025 and increased the interest rate from 5.60% to 7.25% per annum effective April 1, 2023. The loan facility was secured by all the assets of Arena. At December 31, 2024, AIGH had drawn \$24 million under the 2017 Revolving Loan and forms part of the Company's investment in its associates (Arena). On December 31, 2024, WCA was dissolved, and consequently the amounts owing under the Revolving Loan became owing to the Company. On March 13, 2025, the 2017 Revolving Loan was further amended to extend the maturity date to May 31, 2025.

As part of the Arena Reorganization (as defined herein), on April 3, 2025, Arena and the Company entered into a contribution and exchange agreement, pursuant to which the Company contributed and assigned to Arena the 2017 Revolving Loan in exchange for additional equity interests of Arena (see "*Current Businesses – Arena – Arena Investors*").

On March 13, 2025, the Company granted a \$21 million revolving loan facility (the "**2025 Revolving Loan**") to Arena. The 2025 Revolving Loan is secured by all the assets of Arena bearing interest at a rate equal to the three month term secured overnight financing rate plus 3.5% with a maturity date of March 31, 2028. As of the date hereof, Arena had drawn \$18.6 million under the 2025 Revolving Loan.

Westaim

Normal Course Issuer Bids

On September 27, 2022, the Company announced the commencement of another normal course issuer bid (the "**2022 NCIB**"). Pursuant to the 2022 NCIB, for a 12-month period from October 1, 2022 to September 30, 2023, the Company was permitted to purchase up to 1,834,249 Common Shares in total, representing approximately 10% of Westaim's public float of Common Shares as at the close of business on September 26, 2022 (the date immediately prior to the announcement of the 2022 NCIB). The Company purchased and cancelled 1,022,513 Common Shares at a weighted average purchase price of \$15.9228 (C\$21.4140) per Common Share, including commissions under the 2022 NCIB.

As a result of the expiry of the 2022 NCIB, on September 15, 2023, the Company announced the commencement of another normal course issuer bid (the "**2023 NCIB**"). Pursuant to the 2023 NCIB, for a 12-month period from October 1, 2023 to September 30, 2024, the Company was permitted to purchase up to 1,900,000 Common Shares in total, representing approximately 10% of Westaim's public float of Common Shares as at the close of business on September 14, 2023 (the date immediately prior to the announcement of the 2023 NCIB). The Company purchased and cancelled 1,224,333 Common Shares at a weighted average purchase price of \$16.1976 (C\$22.0452) per Common Share, including commissions under the 2023 NCIB.

On March 26, 2025, the Company announced the commencement of another normal course issuer bid (the "**2025 NCIB**"). Pursuant to the 2025 NCIB, for a 12-month period from April 1, 2025 to March 31, 2026, the Company may purchase up to 1,840,654 Common Shares in total, representing approximately 10% of Westaim's public float of Common Shares as the close of business on March 25, 2025 (the date immediately prior to the announcement of the 2025 NCIB). As of the date of this AIF, the Company purchased and cancelled 287,912 Common Shares at a weighted average purchase price of \$21.53 (C\$29.86) per Common Share, including commissions under the 2025 NCIB.

Dissolution of the HIIG Partnership and Redemption of HIIG Partnership Units

The Westaim HIIG Limited Partnership (the "**HIIG Partnership**") was governed by the terms of a limited partnership agreement dated March 12, 2014 between Westaim, as the initial limited partner, and HIIG GP, as general partner, as amended and restated as of June 27, 2014 between Westaim and HIIG GP (the "**LPA**"). Pursuant to the terms of the LPA, the HIIG Partnership would continue until July 31, 2019, subject to the discretion of HIIG GP to extend the term of the partnership for up to two additional two-year terms. On June 14, 2019, HIIG GP delivered notice of an extension to the term of the HIIG Partnership until July 31, 2021. On June 29, 2021, HIIG GP delivered a further notice to the limited partners of an extension to the term of the HIIG Partnership until July 31, 2023.

In anticipation of the dissolution of the HIIG Partnership and in connection with the Skyward IPO, on November 30, 2022, the HIIG Partnership redeemed all of the HIIG Partnership units held by non-Canadian limited partners and

distributed to such limited partners their pro rata portion of the Skyward Shares held by the HIIG Partnership (plus certain pro rata net cash entitlements).

The HIIG Partnership was dissolved on July 31, 2023 pursuant to the terms of the LPA and in connection therewith, all of the remaining Skyward Shares held by the HIIG Partnership (plus certain net cash entitlements) were distributed to the remaining limited partners, including Westaim (such Skyward Shares were subsequently transferred from Westaim to HIIG GP as described under “*Business of the Company – General Development of the Business – Skyward Specialty*”).

FX Contracts

The Company from time to time has entered into Canadian dollar currency forward contracts primarily to limit Canadian dollar currency fluctuations on the Company’s underlying Canadian dollar currency liabilities.

On September 28, 2021, the Company entered into a 365 day Canadian dollar currency forward contract to buy C\$50 million which subsequently settled in September of 2022. The Company then entered into a 188 day Canadian dollar currency forward contract to buy C\$50 million which subsequently settled on March 28, 2023. Coinciding with this settlement, the Company entered into a new 92 day Canadian dollar currency forward contract to buy C\$50 million that matured on June 28, 2023. No Canadian dollar currency forward contracts were in force as of December 31, 2024 or as of the date of this AIF.

Preferred Securities and Warrants

On June 2, 2017, the Company closed the sale to certain affiliates of Fairfax Financial Holdings Limited (collectively referred to as “**Fairfax**”) of 5% interest rate subordinate preferred securities of Westaim (the “**Preferred Securities**”) for aggregate subscription proceeds of C\$50 million. Pursuant to the terms of a certain transaction agreement dated as of June 12, 2023 between Westaim and Fairfax, on July 17, 2023, the Company redeemed and delisted all of the pre-Consolidation 5,000,000 Preferred Securities and paid C\$50 million, plus all accrued and unpaid interest thereon. In connection with the redemption: (a) the Company and Fairfax terminated the governance agreement dated June 2, 2017 between the parties; (b) Fairfax surrendered and disposed of, without any further consideration, all of the 14,285,715 warrants to purchase pre-Consolidation Common Shares held by Fairfax, which were immediately cancelled by the Company; and (c) Westaim paid a \$100,000 work fee to Fairfax.

CC Capital Transactions

On October 9, 2024, the Company, Wembley Group Partners, LP (“**Wembley**”) (an affiliate of CC Capital), Arena, Daniel Zwirn and Lawrence Cutler entered into an investment agreement (as amended on November 15, 2024 and as may be further amended, supplemented or otherwise modified from time to time, the “**Investment Agreement**”), pursuant to which Wembley agreed to make a \$250 million strategic investment in the Company via a private placement offering to acquire Common Shares and warrants to purchase additional Common Shares. Pursuant to the Investment Agreement, Wembley purchased (a) 11,979,825 Common Shares with an implied purchase price of C\$28.50 per share in cash and (b) warrants (the “**CC Warrants**”) to purchase 5,214,705 additional Common Shares (the “**CC Private Placement**”). The CC Private Placement was completed on April 3, 2025 (the “**Private Placement Closing**”).

Of the CC Warrants:

- (a) 1,303,676 CC Warrants have an exercise price of C\$24.12 per Common Share, which CC 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 April 3, 2030; and
- (b) 3,911,029 CC Warrants have an exercise price of C\$28.50 per Common Share (subject to certain adjustments).

The CC Warrants will be exercisable until April 3, 2030.

Director and Officer Changes

On October 31, 2024 Richard DiBlasi was appointed as the Company’s Chief Strategy Officer.

As a result of the Redomiciliation, for tax reasons, the Company made certain changes to its management team, effective December 31, 2024. Robert Kittel stepped down from his positions as Chief Operating Officer and Corporate Secretary of Westaim and Ian Delaney moved from Executive Chair of the Board to Chair of the Board. While stepping down from these officer roles, from January 1, 2025 to April 3, 2025, Mr. Kittel served as Chief Operating Officer of Westaim’s newly formed wholly-owned Canadian subsidiary, Westaim Canada Services Corporation (“WCSC”). J. Cameron MacDonald succeeded Mr. Kittel as Corporate Secretary of the Company, while continuing in his roles as President and Chief Executive Officer of the Company.

The Company made further changes to its Board and management team on closing of the transactions with CC Capital, effective April 3, 2025. Matthew Skurbe was appointed as its Chief Financial Officer (succeeding Glenn MacNeil) and Chief Risk Officer and Chinh Chu was appointed as Chair of the Board, with Ian Delaney moving to the position of Vice Chair of the Board. John Gildner and Lisa Mazzocco stepped down as Board members, and Wembley appointed the following five additional directors to the Board: Chinh Chu, Douglas Newton, Matthew Skurbe, Richard DiBlasi and Deanna Mulligan (the “**Wembley Nominees**”). Menes O. Chee was also appointed to the Board as an independent director. The Board is now comprised of a total of eleven directors. See “*Investor Rights Agreement*” for more information. Each of the Wembley Nominees and Mr. Chee were re-elected to the Board at the annual and special meeting of shareholders held on June 12, 2025.

Investor Rights Agreement

In connection with the CC Private Placement, on April 3, 2025 the Company and Wembley entered into an investor rights agreement (the “**IRA**”), pursuant to which Wembley is entitled to, among other things, certain board nomination rights at the Company. Pursuant to the IRA: (a) Chinh Chu is to serve as Executive Chair of the Board and Ian Delaney is to serve as Vice Chair; and (b) the Board is to consist of 11 directors, five of whom are nominated by Wembley and five of whom are nominated by the Company (one of whom is the Chief Executive Officer of the Company), along with an independent director, currently Menes O. Chee, who was nominated in coordination between Wembley and the Company. Wembley nominated Chinh Chu, Douglas Newton, Matthew Skurbe, Richard DiBlasi and Deanna Mulligan to the Board. Daniel Zwirn, the current Chief Executive Officer and Chief Investment Officer of various Arena-related entities, has observer rights on the Board, and will be appointed to the Board, as one of the Company’s five nominees, if the “Common Stock Price Target Condition” is achieved. In the event that the Common Stock Price Target Condition is met, Wembley will have the right to nominate an additional nominee to the 11-member Board. “**Common Stock Price Target Condition**” means that the 30 consecutive trading day volume-weighted average trading price of the Common Shares on the TSXV or such other primary stock exchange on which the Common Shares are listed for trading at such time equals or exceeds C\$48.00 (or its equivalent in other currencies, including United States dollars, based on the applicable daily average rate of exchange as reported by the Bank of Canada for the conversion of Canadian dollars into such other currency on the last business day prior to the applicable date) per Common Share at any time prior to April 3, 2030 as appropriately adjusted or reduced as further set out in the IRA.

The number of directors Wembley is entitled to nominate to the Board (excluding the additional nominee it will become entitled to nominate in the event the Common Stock Price Target Condition is achieved) will be subject to adjustment in the manner set forth in the table below.

Wembley Directors	Minimum Wembley Ownership Percentage ⁽¹⁾	Wembley Common Share Value ⁽²⁾
<i>Prior to Year 2⁽³⁾</i>		
Five Directors	100%	\$75,000,000
Three Directors	66.7%	n/a
One Director	25%	n/a
Zero	< 25%	n/a
<i>Year 2 – Year 5</i>		
Five Directors	66.7%	\$75,000,000

Wembley Directors	Minimum Wembley Ownership Percentage ⁽¹⁾	Wembley Common Share Value ⁽²⁾
Three Directors	50%	n/a
One Director	15%	n/a
Zero	< 15%	n/a
<i>Year 5 – Year 10</i>		
Five Directors	50%	\$75,000,000
Three Directors	25%	n/a
One Director	10%	n/a
None	< 10%	n/a
<i>After Year 10</i>		
Five Directors	25%	\$75,000,000
Three Directors	15%	n/a
One Director	5%	n/a
Zero	< 5%	n/a

Notes:

- (1) Determined by dividing the number of Common Shares beneficially owned by Wembley and its Affiliates (as defined in the IRA) at the relevant measurement time, by the number of Common Shares beneficially owned by Wembley and its Affiliates (but excluding any Common Shares for which the purchase price thereof is funded to Wembley by a person other than CC Capital or its Affiliates) immediately after the Private Placement Closing.
- (2) Represents the value of Common Shares beneficially owned by Wembley and its Affiliates at the relevant measurement time. For this determination, (a) if Wembley has not sold any Common Shares to an unaffiliated third party for cash, the value of a Common Share will be C\$28.50, and (b) if Wembley has sold Common Shares to an unaffiliated third party for cash, the value of a Common Share will be the last sale price.
- (3) Each “Year” commencing on the applicable annual anniversary date of the Private Placement Closing.

Participation Rights

In connection with certain issuances of securities by the Company (each, a “**Subsequent Offering**”), Wembley has the right to subscribe for and to be issued, on a private placement basis and substantially on the terms and conditions of such Subsequent Offering, securities that will result in Wembley owning the same percentage of Company shares, on a partially diluted basis, that it owned immediately prior to the completion of the Subsequent Offering.

Registration Rights

Wembley has the right, subject to certain limitations and to the extent permitted by applicable law, to require the Company to file a prospectus and/or a registration statement under applicable securities laws qualifying the Common Shares held by Wembley for distribution in Canada and/or the United States. In addition, Wembley may, in certain circumstances, require the Company to include shares held by Wembley in certain proposed distributions of shares in Canada and/or the United States by the Company for its own account.

Standstill and Transfer Restrictions

Until April 3, 2028, Wembley has agreed not to, and shall cause its affiliates not to, directly or indirectly, acquire or agree to acquire or make any proposal or offer to acquire any voting shares or convertible securities of the Company that would cause Wembley’s aggregate beneficial ownership to exceed 49% of the issued and outstanding Common Shares, other than pursuant to the exercise by Wembley or its affiliates of the Warrants. In addition, Wembley has agreed not to effect, seek, offer, or propose any Change of Control Transaction (as defined in the IRA), pursuant to which Wembley, together with its affiliates or any other persons acting in concert, becomes the beneficial owner of more than 50% of the then outstanding Company shares other than pursuant to the exercise by Wembley or its affiliates of the CC Warrants, subject to certain exceptions. Until April 3, 2027, Wembley is 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.

Voting Support

Until April 3, 2028, Wembley has agreed to vote its shares in favor of the election of each independent director nominated by the Company for election to the Board and to not vote any shares in favor of any shareholder nomination to the Board (other than Wembley's nominees) not approved by the Board or any proposal or resolution to remove any independent director serving on the Board (other than a Wembley nominee).

Approval Rights

Pursuant to, and as further set out in, the IRA, and subject to certain exceptions and, depending on the matter, the number of director nominees Wembley is entitled to nominate to the Board at a given time, the prior written consent of Wembley is required for certain actions.

Participation in Proposed Acquisition of Insignia Financial Ltd

On July 21, 2025, the Company entered into a subscription agreement with Daintree Group Partners, LP (the “**Daintree Partnership**”) and Daintree Group Partners GP, LLC, as the sole general partner of the Daintree Partnership (the “**Daintree GP**”), pursuant to which Westaim acquired limited partnership interests of the Partnership in exchange for its capital commitment of approximately AUS\$154 million (the “**Daintree Capital Commitment**”), subject to reduction. The Daintree GP is controlled by CC Capital.

The Daintree Partnership owns or will acquire an indirect interest in all or a portion of the shares of a vehicle to be used to acquire all of the ordinary share capital of Insignia Financial Ltd (“**Insignia**”) (ASX: IFL), an Australian diversified wealth management group with over AUS\$330 billion in funds under management and advice, by way of a scheme of arrangement and pursuant to a Scheme Implementation Deed (the “**Insignia Transaction**”).

The Insignia Transaction is subject to customary regulatory and closing conditions (the “**Insignia Closing Conditions**”), including approvals from the Foreign Investment Review Board (FIRB), the Australian Prudential Regulation Authority (APRA), the Court and Insignia shareholders.

The Daintree Capital Commitment will be paid in cash to the Daintree Partnership, subject to the satisfaction of certain closing conditions, including receipt by Westaim of the approval of the Capital Commitment from the TSXV and the Insignia Closing Conditions.

Summary Description of the Business

Overview

On April 3, 2025, in connection with the closing of the CC Private Placement, Westaim became an integrated insurance and alternative asset management company with two primary businesses: Arena and Ceres Life.

Founded in 2015, Arena is a global institutional asset manager with deep expertise in credit and asset-oriented investments, including the full spectrum of corporate, real estate and structured finance opportunities. With a team of over 180 employees in offices around the world, Arena provides creative solutions for those seeking competitive capital and flexibility to engage in custom transactions.

Ceres Life is a cloud-native, highly scalable, *de novo* annuity insurance company. Inspired by the belief that technology can reinvent the way insurance providers meet the needs of investors, Ceres Life is building a nimble, highly efficient, and risk-conscious insurance company that provides simple-to-understand and easily accessible annuity products to create better outcomes for policyholders. Ceres Life is led by Deanna Mulligan, former CEO and Chair of Guardian Life Insurance.

In addition to its primary businesses, Westaim is also: (i) the sole shareholder of the Arena FINCOs; and (ii) a limited partner in the Daintree Partnership.

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. For a description of the Daintree Partnership, see *“Business of the Company – General Development of the Business – Participation in Proposed Acquisition of Insignia Financial Ltd.”*

In connection with the Private Placement Closing, Westaim plans to monetize its interest in the Arena FINCOs to provide equity capital for Ceres Life and satisfy its Daintree Capital Commitment.

On September 25, 2013, the Board approved a business acquisition and investment policy for the Company (the **“Investment Policy”**), which policy was amended in August 2014, April 2015 and March 2019. Prior to the Private Placement Closing, as an investment company, the Investment Policy guided the Company’s investment strategy. Subsequent to the Private Placement Closing, the Investment Policy is intended to principally be used to manage the Company’s liquidity. The Company is in the process of updating the Investment Policy.

Financing

Westaim expects to raise capital from time to time through the public offering of its securities, by private placement, or through the incurrence of debt obligations.

On September 29, 2020, the Arena FINCOs secured a private placement from a third party of \$45 million of 6.75% senior secured notes (the **“Secured Notes”**) with a five year term to improve net returns by leveraging invested assets. The net proceeds received from these notes were used by Arena Finance II, LLC (**“AFII”**), a subsidiary of AF, in accordance with its investment objectives. On October 1, 2024, the Company, through various subsidiaries, subscribed for \$45,000,000 of additional units of AFII. The proceeds of this subscription were used by AFII to pay off the Secured Notes. Shortly thereafter, on December 13, 2024, AFII was dissolved.

Dividends

Westaim does not expect to declare dividends in the near future, as, other than as may be contemplated under potential issuer bids, it intends to reinvest cash flows and/or proceeds of investment sales in new opportunities in accordance with its strategy. See *“Dividends and Distributions”*.

Employees

As at December 31, 2024, Westaim (including Arena) had approximately 190 employees.

As of the date of this AIF, Westaim (including Arena and Ceres Life/Salem Holdings) has approximately 230 employees. Currently, Westaim (the parent company) and WCSC have seven full-time employees. In addition, management has an extensive network of relationships, and from time-to-time retains the services of consultants to perform services at the parent company level, including Richard DiBlasi, as Westaim’s Chief Strategy Officer, who provides the Company with specific expertise in certain niche areas.

Arena currently has a team of over 180 employees in offices around the world. The number of Arena employees includes consultants and affiliated entities who dedicate a significant amount of time to Arena, but does not include senior advisors or joint venture partners.

As of August 5, 2025, Salem Holdings currently has 45 employees, including executive management, dedicated to Ceres Life’s business and operations.

CURRENT BUSINESSES

Arena

Overview

Arena consists of two main business lines, namely: (a) Arena Investors, the investment manager subsidiary of AIGH along with several affiliated entities, primarily managing third-party investor capital to invest in fundamentals-based, credit and asset-oriented investments; and (b) AIS, which leverages certain intellectual property to offer primarily third-party services to other entities to assist in the management of their investments.

Arena is managed by a Management Committee consisting of Daniel B. Zwirn as Chief Executive Officer and Chief Investment Officer of Arena, Lawrence Cutler as Chief Operating Officer of Arena, Matthew Skurbe as Chief Financial Officer of Westaim and Arena, J. Cameron MacDonald as Chief Executive Officer of Westaim and Richard DiBlasi as Chief Strategy Officer of Westaim. The Management Committee of Arena was formed after the Private Placement Closing to serve as the strategic decision-making body for the asset management segment of Westaim's business. The committee convenes at least monthly to discuss and guide the strategic direction of the asset management business, and to ensure strategic cohesion with the insurance segment of Westaim's business.

Arena is headquartered in Purchase (New York) with offices in New York City (New York), Jacksonville (Florida), London (United Kingdom), Dublin (Ireland), Bengaluru (India), Auckland (New Zealand) and Singapore.

Below is a description of each of the Arena businesses.

Arena Investors

Arena Investors operates as a global investment manager offering third-party clients access to fundamentals-based, credit and asset-oriented investments that aim to deliver above-market returns with low volatility. Arena Investors provides investment services primarily to institutional third-party clients consisting of, but not limited to, insurance companies, endowments, foundations, pensions, sovereign funds and other pooled investment vehicles or private investment funds.

Arena Investors generates revenues primarily from Arena Management Fees, Incentive Fees and Asset Servicing Fees (as such terms are defined herein).

- **“Arena 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 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 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 fees earned in connection with the monitoring and servicing of the illiquid portion of clients' investment portfolios.

For its core investment strategy, Arena Investors has established U.S. onshore and offshore funds, which are either open-ended (identified by “Arena Special Opportunities Fund”) or closed-ended funds (identified by “Arena Special Opportunities Partners”). Arena Investors also establishes separately managed accounts or single investor funds (“SMAs”) for its clients. Arena Investors continues to be in discussions with potential clients for additional capital to invest in its various pools, in accordance with its business strategy, including additional commingled investment vehicles and SMAs.

AI, a subsidiary of AIGH, is a limited partnership established under the laws of Delaware. Arena Investors GP, LLC (“**AIGP**”), a limited liability company established under the laws of Delaware, is the general partner of AI LP. AIGH, a Delaware LLC, is the sole limited partner of AI LP and the sole member of AIGP.

Prior to the Private Placement Closing, the Company and Bernard Partners, LLC (“**BP LLC**”) were the only members of AIGH. BP LLC had certain rights to receive an equity ownership position in AIGH. The membership interests in AIGH included both an equity percentage, which represented a right to participate in distributions of the capital of AIGH (“**Equity Percentage**”) and a profit percentage, which represented a right to participate in distributions of the profits of AIGH (“**Profit Percentage**”). Effective April 1, 2022, BP LLC achieved the threshold to increase its equity ownership of Arena Investors from 0% to 49% and as a result, Westaim’s equity ownership decreased from 100% to 51%.

Under the legacy limited liability company agreement of AIGH dated as of August 31, 2015 among WCA and BP LLC, as amended and restated as of May 23, 2016, as further amended and restated as of November 27, 2019 (the “**Second Amended and Restated AIGH LLCA**”), BP LLC was provided with the right to “earn-in” to up to a 75% equity ownership position in AIGH based on meeting certain pre-established thresholds of Arena Investors’ AUM and profitability measured by TTM EBITDA Margin (as defined in the Second Amended and Restated AIGH LLCA). The initial earn-in entitlement of 49% of the equity ownership was achieved when Arena Investors’ AUM reached or exceeded \$1 billion and its TTM EBITDA Margin reached or exceeded 35% (the “**Initial Threshold**”) – which was achieved effective on April 1, 2022. Additional increases in AUM and TTM EBITDA Margin would result in additional earn-ins until the maximum earn-in ownership level of 75% was reached by Arena Investors’ AUM reaching or exceeding \$5 billion and its TTM EBITDA Margin reaching or exceeding 60%. As set out in the following paragraph, this structure is no longer in effect and was superseded by the Third Amended and Restated AIGH LLCA (as defined herein) upon the Private Placement Closing.

On December 19, 2024, in connection with the CC Private Placement (as further described under “*General Development of the Business – Transaction with CC Capital*”), shareholders of the Company voted in favour of an ordinary resolution approving the restructuring of the ownership of AIGH (the “**Arena Reorganization**”). As part of the Arena Reorganization, on April 3, 2025, the Second Amended and Restated AIGH LLCA was amended and restated (the “**Third Amended and Restated AIGH LLCA**”) pursuant to which: (a) the Company is entitled to receive 49% of the net profits from and appreciation in AIGH; (b) BP LLC and certain other front office investment team members of Arena are entitled to receive 45% of the net profits from and appreciation in Arena; and (c) CC Capital is entitled to receive 6% of the net profits from and appreciation in Arena (all subject to a minimal distribution of \$3,500,000 to BP LLC as further set out in the Third Amended and Restated AIGH LLCA). As part of the Arena Reorganization, on April 3, 2025, AIGH and the Company entered into a contribution and exchange agreement, pursuant to which the Company contributed and assigned to Arena the Revolving Loan in exchange for additional equity interests of AIGH. As of the completion of the Arena Reorganization, the Company owns 100% of the equity interests of AIGH.

AIS

AIS provides services and solutions for companies or assets seeking operational or capital structure improvement and efficiently priced capital. The primary businesses include: (i) Arena Business Solutions, providing capital structuring and transaction services to third parties; (ii) Quaestor Capital Markets, a division of Arena's broker-dealer providing independent investment banking advisory and capital raising services; and (iii) Quaestor Consulting Group, a portfolio operations team that maximizes value creation in businesses and real estate invested in or owned by middle market alternative investment firms such as hedge funds and PE firms.

Arena Strategy

Arena makes and manages fundamentals-based, credit, equity, and asset-oriented investments, including four general investment types (corporate, real estate, structured finance & assets, and corporate securities) sourced from eight business units (corporate private investments, real estate private investments, structured finance & assets, natural resources, secondaries and liquidity solutions, European private investments and Asia-Pacific private investments and corporate securities). Fundamentals-based, credit and asset-oriented investors generally 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 and covenant compliance of borrowers.

Management believes that Arena's core competitive advantage is its operating model, which allows it to originate unique credit-based and other investment opportunities in scale through the use of on-balance sheet employee teams and established relationships with other channels of special situations investment origination. Arena's model allows it to originate, create, and structure returns that are not able to be purchased "off-the-shelf" in credit and other markets. When looking for new opportunities, Arena typically seeks situations from which capital is retreating or is otherwise unavailable for non-market-based reasons, often providing liquidity in situations where there is scarcity of capital for reasons unrelated to Arena's assessment of value.

By utilizing both employee teams and third-party relationships to create a pipeline of opportunities, Arena expects to be able to choose suitable opportunities in accordance with its investment guidelines.

Arena has pursued and is expected to continue to pursue a complementary group of investment opportunities, all focused on situations where capital is scarce and opportunities are available in the market at a given point in time, in order to maximize returns in relation to Arena's assessment of risks. Arena provides liquidity to companies and owners of assets who require it in a timely manner and who Arena believes are underserved by conventional sources of capital.

Arena's strategy is comprised of multiple investment strategies, including, but not limited to the following types of investments:

- *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 centers, hotels, land, single family homes, multi-family apartments, condominium towers, hospitality providers, health care service providers, corporate campuses, leases and lease residuals.
- *Structured Finance & 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), 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.

The weighting of each of these strategies is based on management's assessment of the opportunity available in the area, in order to maximize the return in relation to the risk, and the investment guidelines of each fund, managed account or other capital pool available.

Allocation Methodology

In making allocation decisions with respect to limited investment opportunities that could reasonably be expected to fit the investment objectives of the pooled funds and other clients, or of another member of Arena, consideration is given to the following factors deemed relevant: the investment objectives and contractual restrictions of each party; any inclusion rights to investment opportunities that may have been granted to particular parties; the expected size of the investment in light of clients' investment objectives and policies (including diversification policies and the duration of each investment); the amount of available capital; the size of the investment opportunity; regulatory and tax considerations; the degree of risk arising from an investment; the expected investment return; relative liquidity; likelihood of current income or such other factors as deemed to be appropriate. Arena has put in place a defined and documented allocation methodology consistent with the foregoing.

Investment Process

Infrastructure and Processes

Arena's investment process seeks to take into consideration the material pitfalls and possible hidden costs of an investment, public or private. Arena typically gains comfort with potential investments through a bottom-up, thorough understanding of the fundamentals of a business and/or situation rather than through portfolio-level, top-down allocations. Arena's investment process for private assets is summarized below:

- *Evaluation and Initial Approval.* Investments are sourced by Arena personnel or through third-party relationships and proposed to the Chief Investment Officer through an introductory investment memorandum. The Chief Investment Officer reviews potential investment opportunities with Arena's applicable senior investment professionals on a regular basis, typically once per week. Once a potential investment has been identified, it is reviewed for possible risks such as operational, administrative, reputational, tax and other risks. A detailed investment memorandum is prepared and scrutinized by Arena's applicable senior investment professionals and the Chief Investment Officer for final conditional approval of the investment.
- *Risk and Funding Management.* The asset management team is responsible for monitoring and surveilling the portfolio of investments, and interfacing with the front and back-office employees. The asset management team determines the capability of the firm to monitor, service and review the investment going forward and assigns an asset manager(s) to monitor the investment independent of the applicable investment professional/team that originated the investment. Ongoing monitoring of an asset for risk management purposes and regulatory analysis is performed by Arena Investors. See "*Current Businesses – Arena– Risk Management*". The asset management team is generally not directly compensated based on the outcome of the investments. Allocations across Arena Investors' pooled funds and managed accounts are monitored to

ensure compliance with Arena's documented allocation methodology, and compliance with each respective pool's stated investment mandate. See "*Current Businesses – Arena – Strategy – Allocation Methodology*".

- *Final Funding.* Legal documentation related to the investment is reviewed by Arena's senior investment professionals and legal counsel for consistency across investments and tax analysis is also performed. Final sign-off for an investment is required from the Chief Investment Officer and senior Arena personnel responsible for operations, asset management, treasury, tax, legal and compliance before the investment is funded.

Because of the nature and timing of certain investment opportunities, not all steps of the above summarized process may be followed for each and every private investment.

In managing investment grade securities that typically include a combination of interest rate risk and credit risk, Arena takes both a top down and a bottom-up approach in evaluating sectors, sub sectors, issuers and specific issues in any issuer's capital structure prior to consideration for inclusion in the portfolio. Arena evaluates and considers various drivers of return including but not limited to, sector allocation, security selection, and duration and curve positioning. The implementation of specific decisions and the significance of each of these decisions vary depending on the client specific objectives and investment guidelines.

Arena's bottom-up analysis rigorously evaluates the underlying fundamentals and valuations of individual issuers. This includes a careful examination of issuer earnings, balance sheet strength and capital structure appropriateness, cash flow generation, and a view on the underlying quality of the issuer's management team. These assessments are a basis for identifying the credits best positioned for resilience over a full economic cycle and those that have potential for positive credit migration. Relative value is considered in comparison to issues within the capital structure of a given issuer and against other issuers within the industry and across issuers with similar characteristics and risk factors. Within structured finance investments, Arena's analysis goes into reviewing and stressing the structural features of a given instrument and assessing the quality and diversity of the underlying collateral.

Overall, while Arena monitors supply and demand dynamics to remain aware of liquidity and technical factors, these factors generally do not drive Arena's core investment decisions, which remain rooted in thorough bottom-up issuer analysis.

All positions held in the portfolio have an investment thesis that supports the inclusion of the credit in the portfolio. The issuers are monitored and reviewed on an ongoing basis to determine any changes in investment thesis or changes in underlying creditworthiness. The investment team maintains a sell discipline if there is a negative credit development and the valuation is deemed to be inconsistent with the underlying risk. The risk and compliance teams are also an integral part of the decision-making process ensuring risk control and adherence to client investment guidelines and objectives.

Valuation and Pricing

Arena has established a policy for the valuation of investments owned by Arena Investors' funds and clients. Arena prices or values all investments in accordance with such policy in a manner that it believes to be fair and reasonable. Arena's Valuation Committee oversees and implements Arena's valuation policy for all investments and securities and engages qualified outside third-party service providers as appropriate to assist with its pricing and valuation activities.

All investments managed by Arena Investors are priced or valued on a quarterly basis using principles consistent with U.S. GAAP. Arena Investors provides the monthly net asset value to its investors and clients determined through its valuation and pricing processes.

Arena utilizes such valuation techniques as it considers appropriate given the facts and circumstances of a particular investment. In some cases, a single valuation technique is considered to be appropriate. In other cases, multiple valuation techniques are utilized. If multiple valuation techniques are used, Arena evaluates and weighs the results, as determined appropriate, considering the reasonableness of the range indicated by those results, and doing so in consultation with the relevant third-party valuation agent for that investment.

Risk Management

Arena has established a risk management process, which involves both quantitative and qualitative assessments. Arena manages risk through diversification of investments, policies with respect to the use of leverage, position size limits, security construction and hedging. This multi-strategy approach is designed to allow Arena to shift capital to those types of investments that, in its assessment, offers attractive risk/reward characteristics. Arena seeks to diversify by industry, geography, asset class, strategy and sub-strategy.

Arena seeks to mitigate risk by structuring private transactions with characteristics that may include (a) investing at senior-secured levels in the capital structure of an investee company or asset or otherwise investing within a “margin of safety”; (b) investing in companies, properties or assets at debt to value or cash flow ratios it believes are attractive; (c) pricing perceived risk and lack of liquidity into investments; (d) including covenants in transactions that may ultimately create yield enhancement opportunities through amendments and other document changes; and/or (e) embedding robust surveillance and operational controls in Arena’s proprietary information technology systems. It further attempts to minimize overall portfolio risk both through employing a broad level of diversification and individual position and related-position limits, and, in certain cases, employing portfolio-level hedges to risks it deems otherwise undiversifiable.

Competition

The investment management industry is highly competitive with various pools of capital pursuing finite investment opportunities. The majority of market participants prior to the 2008 financial crisis have largely been regulated out of existence, severely hampered by legacy burdens, or retreated to pursue other investment opportunities. These include the proprietary special situation groups of the investment banking firms. Further, large-scale alternative asset management platforms typically focus on larger-scale, more competed investment opportunities, while business development companies (BDCs) and small business investment companies (SBICs), as regulated investment companies (RICs), have relatively limited investment mandates.

Arena believes its approach can provide accretive returns through its differentiated investments:

- Unique market position in pursuing smaller scale, more idiosyncratic investments that are off-the radar of comparable institutional managers.
- Specialty finance funds are often strategy-specific (e.g., a litigation finance fund), whereas Arena covers the breadth of special situations, and can pivot to the most compelling opportunities.
- Relative to the “asset class” of private credit (i.e., direct lending), Arena’s strategy is uncorrelated. Direct lending “market exposure” in private credit is often referred to as “core,” whereas Arena’s institutional client base utilizes the strategy as a diversifying and complementary “satellite.”

Arena’s three sources of edge to produce differentiated returns:¹

- **Mandate flexibility:** Arena believes its globally diversified investment platform allows Arena to find opportunities while avoiding areas that are overheated. Broad opportunity set across corporate, real estate, structured finance & assets, and securities globally enables Arena to avoid overpriced or crowded markets/assets. Broad diversification is sought to avoid concentration, maximize consistency, and minimize downside risk.
- **Proprietary sourcing:** Arena has a network of operating partners “on the ground” to create unique investment opportunities generally not available to others. Operating partners’ capital is meaningful and generally subordinated to Arena. Operating partners provide domain expertise and only profit when Arena’s investors profit. Arena has a longstanding reputation and relationships across niche markets and investors.
- **Servicing & systems:** Operating a special situations “nonbank” requires robust processes, infrastructure, and controls. Arena has asset-servicing personnel through Quaestor Advisors to monitor, assess, value, and manage investments. Arena’s end-to-end process is systematized, with a proprietary technology platform that

¹ The description of Arena’s investment and portfolio management process is intended to be representative, but the investment and portfolio management process may be changed from time to time by Arena, and Arena may not perform certain steps, or may perform additional steps, in its discretion.

has been built and improved over the years. Quaestor Strategic Advisors serves as an operational improvement entity to step in and add value to businesses and properties Arena takes ownership of.

The Salem Partnership and Ceres Life

The Salem Partnership is a Delaware limited partnership used as an investment vehicle of Westaim to purchase one or more insurance or insurance-related, annuities, reinsurance, corporate liability, distribution, asset & wealth management companies and/or related investments (“**Portfolio Investments**”), including Ceres Life. Westaim is currently the sole limited partner of the Salem Partnership.

Pursuant to the Investment Agreement and in connection with the CC Private Placement, Salem Group Partners GP, LLC (the “**Salem General Partner**”), an affiliate of CC Capital, and the Company entered into an amended and restated limited partnership agreement (the “**Salem LPA**”) which governs the terms of the Salem Partnership. Pursuant and subject to the terms of the Salem LPA, the Company agreed to an initial capital commitment of \$100 million, which increased to \$620 million on the date of the Private Placement Closing. Beginning at the end of the first calendar quarter during which the Common Stock Price Target Condition is satisfied and for each subsequent calendar quarter thereafter, the Company’s capital commitment will automatically increase by the amount of free cash flow generated by the Company and its controlled affiliates during each subsequent calendar quarter. Until the Common Stock Price Target Condition is satisfied, on each quarter end date on which the AUM Threshold (as defined in the Salem LPA) is satisfied, the Company’s capital commitment will automatically increase by the amount of such free cash flow for such calendar quarter.

On February 4, 2025, the Salem Partnership, through its wholly-owned subsidiary Salem Holdings, acquired Ceres Life (f/k/a ManhattanLife of America Insurance Company (“**MAIC**”). In March 2025, following the approval of the Texas Department of Insurance (“**TDI**”), Ceres Life changed its name from ManhattanLife of America Insurance Company to Ceres Life Insurance Company. The management of Ceres Life, led by its Chief Executive Officer Deanna Mulligan (former CEO and Chair of Guardian Life Insurance), is establishing at Ceres Life a cloud-native, highly scalable, *de novo* annuity platform. Inspired by the belief that technology can reinvent the way insurance providers meet the needs of investors, Ms. Mulligan and her team are seeking to build a nimble, highly efficient, and risk-conscious insurance company that provides simple-to-understand and easily accessible annuity products to create better outcomes for policyholders.

On April 30, 2025, the Salem Partnership issued a capital call notice to the Company for \$350 million (in addition to the approximate \$51 million in capital contributed by the Company prior to April 30, 2025). This \$350 million capital call was satisfied by the Company on May 9, 2025. As of the date hereof, 2025, \$320 million has been contributed from the Salem Partnership to Ceres Life, with the remainder being used by Salem Holdings to fund the development and operations of infrastructure supporting Ceres Life.

Ceres Life

Overview

Ceres Life is a life and annuities insurance company domiciled in Texas. Ceres Life currently holds insurance licenses in 45 states and the District of Columbia. As described above, Ceres Life became part of a new insurance holding company system effective February 4, 2025, when Salem Holdings acquired 100% of the issued and outstanding shares of common stock of Ceres Life (the “**Ceres Acquisition**”) following the approval of the acquisition by the TDI. Salem Holdings sought to acquire Ceres Life (i.e., a “shell” insurance company licensed in a significant number of states with minimal insurance liabilities) in connection with the establishment of a *de novo* annuity platform. Among other benefits, this *de novo* approach facilitates the use of modern technology, enabling differentiated system capabilities and customer experience unencumbered by legacy systems.

Ceres Life will initially offer multiyear guaranty annuities (“**MYGA**”) and fixed index annuities (“**FIA**”) products across a number of states where it is currently licensed. In addition, Ceres Life intends to seek licensure in additional states where it is not currently licensed and to offer MYGA and FIA products in such additional states, subject to receipt of required approvals. Since the closing of the Ceres Acquisition (the “**Ceres Acquisition Closing**”), Ceres

Life has continued to develop the infrastructure and management team for the marketing, sales, underwriting and administration of its annuity products (a process begun by Salem Holdings prior to the Ceres Acquisition Closing), which is expected to be substantially complete in 2025. Ceres Life launched its initial annuity product in June 2025.

Growth Strategy and Distribution

Ceres Life’s growth strategy as developed by CC Capital, Westaim and, following the Ceres Acquisition Closing, Ceres Life, has a long-term perspective and leverages CC Capital’s experience growing the businesses of Fidelity & Guaranty Life Insurance Company and Westaim’s experience growing the businesses of JEVCO Insurance Company and Skyward Specialty. Ceres Life differentiates its business across several attributes, including (a) attractive product and value proposition for customers; (b) experienced and responsible asset management; (c) best-in-class agent and distribution partner experience; (d) highly experienced management team; and (e) cloud-native technology and efficient operations unencumbered by legacy systems that are compatible with leading independent marketing organizations (“**IMOs**”).

Ceres Life will initially offer its products through distribution channels with IMOs and will continue to scale and grow organically by working with additional IMOs and financial institutions. Ceres Life has leveraged its relationship with its initial distribution partners in order to create products attuned to agent and customer preferences on a customized and user-friendly technology platform. Ceres Life intends to expand and diversify distribution over time, including through additional IMOs, financial institutions, and broker-dealers.

Executive Management and Employees

As of the Ceres Acquisition Closing, Ceres Life had no employees. Salem Holdings employs and has hired and continues to hire additional personnel to run and scale in-house operations across most business functions, including policyholder administration, servicing and claims management, actuarial, asset and liability management, risk management, legal and compliance, finance and accounting, risk management, data and information technology, cybersecurity and human resources. Such personnel work on behalf of Ceres Life, and while employed by Salem Holdings, the costs associated therewith are expected to be allocated to Ceres Life pursuant to an intercompany service agreement, which was approved by the TDI on June 23, 2025. As of August 5, 2025, Salem Holdings had 45 employees, including executive management, dedicated to Ceres Life’s business and operations.

Ceres Life’s executive management team consists of its President and Chief Executive Officer, Chief Financial Officer and Treasurer, Chief Investment Officer, Controller, Chief Legal Officer and Secretary and Chief Actuary, as listed below:

Name	Title
Deanna Mulligan	President and Chief Executive Officer
Carrie Marlatt	Chief Financial Officer and Treasurer
Peggy Huang	Chief Investment Officer
Matthew Birmingham	Controller
Erik Askelsen	Chief Legal Officer and Secretary
Qunying Guan	Chief Actuary

Ms. Mulligan, as President and Chief Executive Officer of Ceres Life, is responsible for day-to-day management and has been overseeing the development of the infrastructure and management team for Ceres Life’s annuity and operating platform. In furtherance thereof, Ms. Mulligan is continuing to build a team of experienced insurance executives to serve as officers of Ceres Life and to hire employees to perform various functions.

Technology and Cybersecurity

Ceres Life’s management team is currently stewarding implementation of the following technology platforms among others: (a) FAST as a policy administration, new business and agent acquisition system; (b) AWS and Snowflake as infrastructure and data management layers; (c) iLife as an integration and application programming interface (“**API**”)

layer; (d) Oracle and Clearwater accounting and investment accounting systems; and (e) a custom built e-application that will integrate with Ceres Life's IMO distributors. In Ceres Life's environment, the team continues to develop sales and operations platforms using both third party provided and AI co-developed systems. In doing so, all AI-generated output is verified by Ceres Life's human personnel. As indicated above, the use of modern technology unencumbered by legacy systems, will enable differentiated system capabilities and customer and distributor experience.

Ceres Life is building and currently operates its business in conformance with the NIST Cyber Security Framework 2.0 ("CSF") and leverages the Secure Controls Framework (SCF) to manage Governance, Risk and Compliance for the CSF, as well as map to all other applicable standard and statutory controls. Additionally, Ceres Life employs tools to protect and monitor cyber assets, including, but not limited to, Cloud/SaaS Security Posture Management, Zero Trust Network Access, Endpoint and Extended Detection & Response, Next Generation Firewalls and Threat Intelligence. In furtherance thereof, a new head of information security has been retained to lead these efforts.

Ceres Life continues to develop its cybersecurity plans which include: (a) policies regarding the acceptable use of email, confidential information and trade secrets, software, personal computers and storage devices, the prohibition of file-sharing software and violations and reporting regarding the same; (b) password policies; (c) mobile device management policies; (d) a security awareness campaign designed to train and raise the awareness of individuals with respect to cybersecurity; (e) log management policies; (f) data management policies; and (g) risk management policies. Such cybersecurity plans are also expected to include encryption policies and clean desk policies.

Ceres Life is building and currently operates its business in conformance with the NIST Cyber Security Framework 2.0 ("CSF") and leverages the Secure Controls Framework (SCF) to manage Governance, Risk and Compliance for the CSF, as well as map to all other applicable standard and statutory controls. Additionally, Ceres Life employs tools to protect and monitor cyber assets, including, but not limited to, Cloud/SaaS Security Posture Management, Zero Trust Network Access, Endpoint and Extended Detection & Response, Next Generation Firewalls and Threat Intelligence. In furtherance thereof, a new head of information security has been retained to lead these efforts.

Administration and Underwriting

Ceres Life intends to administer its products throughout their respective terms by utilizing a state-of-the-art platform for policy and claims administration. A head of operations and other personnel have been hired by Ceres Life to lead policy and claims administration functions, enabling Ceres Life to coordinate these processes entirely in-house without the assistance of third-party administrators, which is critical to effectively and efficiently providing a high standard of service to customers.

Ms. Guan was hired to serve as Chief Actuary of Ceres Life. All of Ceres Life's actuarial activities will be conducted by or at the direction of Ms. Guan and her team, comprised of full-time employees and contracted actuarial resources.

Reinsurance

Other than a small amount of legacy business ceded to a former affiliate in connection with the Ceres Acquisition, Ceres Life does not currently have any third-party reinsurance arrangements in place. Ceres Life may in the future enter into reinsurance transactions with, and assume annuity products from, unaffiliated insurance companies. As of the date hereof, there is no certainty that any reinsurance agreement to assume MYGA and/or FIA liabilities will be entered into.

Ceres Life may also seek to cede a portion of its business to other parties and explore reserve financing and related transactions for the purpose of obtaining capital relief, particularly with respect to FIA and guaranteed lifetime withdrawal benefit (GLWB) rider products. To the extent such reinsurance transactions are pursued, any such transactions will be made in compliance with applicable insurance regulatory requirements. As of the date hereof, there is no certainty that any reinsurance agreement to cede business, reserve financing or related transaction will be entered into.

Investment Management

Well-defined investment guidelines and a comprehensive set of investment risk limits provide a clear mandate for Ceres Life's investment manager and sub-investment managers. Ceres Life plans to maintain disciplined growth and capital deployment in all aspects of its business, including management of its investment profile. Coupled with prudent risk management over time, Ceres Life intends to prioritize its commitments made to its policyholders, managing risk and maintaining capital levels appropriate for its business and investment profile.

Following receipt of approval of TDI, at the closing of the Ceres Acquisition, a new investment management agreement (the "IMA") was put in place between Ceres Life (then MAIC) and CC Capital Insurance Advisors LLC, a Delaware limited liability company and an affiliate of Ceres Life and CC Capital (the "**Investment Manager**"). The Investment Manager is registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended. The IMA is subject to investment guidelines that are in compliance with investment laws applicable to domestic life insurance companies under Texas insurance law. Please see *Investment Management Agreement* for additional information regarding the terms of this agreement.

On the date of the Private Placement Closing, the Investment Manager entered into a sub-advisory agreement with AI LP, related to the management of certain investments in Ceres Life's portfolio. Please see *Sub-Advisory Agreement* for additional information regarding the terms of this sub-advisory agreement.

Competition

The insurance industry is highly regulated. As a result, it can be difficult for insurance companies to differentiate their products, which results in a highly competitive market based largely on price and the customer experience. Ceres Life's business faces competition from both well established players and other new entrants in the industry, including insurance and reinsurance companies, financial institutions and traditional and alternative asset managers.

In Ceres Life's annuity businesses, competition may come from both large international carriers and smaller regional carriers in the jurisdictions in which Ceres Life operates. Strong competition for customers from such firms will require Ceres Life to be able to differentiate itself from these competitors to attract distribution and customers, many of which have well-established national reputations and greater financial and marketing resources. These competitive pressures could result in increased pricing pressures on Ceres Life's products and services, particularly as competitors seek to win market share, and may limit Ceres Life's ability to gain market share and attract distribution and ultimately policyholders. In addition, Ceres Life – as a *de novo* annuity carrier – must seek to introduce itself, its strategy and brand to distributors and policyholders in a competitive annuity marketplace, which could take time, effort and resources to successfully accomplish.

There is also growing competition in the pursuit of inorganic growth through investments and/or strategic partnerships in insurers and reinsurers. Overall, Ceres Life faces competition from other well-capitalized insurance companies, financial institutions and alternative asset managers looking to grow through direct investment and platform acquisitions.

Salem LPA

Purpose

The Salem Partnership was formed, among other reasons, to afford the Company and other Partners (as defined in the Salem LPA) the possibility of gains from equity appreciation and other income by means of the Salem Partnership's ownership of Portfolio Investments in one or more insurance or insurance-related, annuities, reinsurance, corporate liability, distribution, asset & wealth management companies and/or related investments. The term of the Salem Partnership will be perpetual until the Salem Partnership is dissolved pursuant to the Delaware Revised Uniform Limited Partnership Act, as amended from time to time or as set forth in the Salem LPA.

Capital Contributions

Each limited partner of the Salem Partnership is required to make capital contributions to the Salem Partnership in an aggregate amount up to its capital commitment pursuant to a drawdown notice delivered by the Salem General Partner. For certainty, the Company is currently the sole limited partner of the Salem Partnership.

Capital contributions may only be called and used to pay (a) the purchase price for the acquisition of Ceres Life and for any other Portfolio Investment to be acquired imminently by the Partnership and (b) bona fide partnership expenses, including any transaction expenses to the extent not reimbursed by Ceres Life, any other Portfolio Company (as defined in the Salem LPA) or their respective subsidiaries.

No Partner is permitted to make any additional capital contributions to the Partnership without consent of the Salem General Partner.

Default

If a limited partner fails to make all or any portion of its required capital contribution within ten (10) business days following delivery of a drawdown notice, the limited partner will be subject to customary default remedies.

Additional Limited Partners

Additional limited partners may be admitted to the Salem Partnership, provided that if the proposed additional limited partner is not a controlled affiliate of the Company, the consent of a majority of the Company's independent directors (other than Wembley nominees (see "*Business of the Company – General Development of the Business – Investor Rights Agreement*") will be required.

Conflicts of Interest

During the term of the Salem Partnership, the Salem General Partner and CC Capital are required to offer any investment opportunities related to life insurance and annuity assets exclusively to the Salem Partnership. In making such offer (including in determining the amount of such opportunity to be offered to the Salem Partnership), the Salem General Partner is permitted to consider factors such as available capital, available cash at hand, investment objective, diversification criteria, expected pipeline, whether the investment is a follow-on investment to an existing Portfolio Company, and legal, tax and regulatory considerations. The foregoing exclusivity does not preclude co-investment by third parties, the Salem General Partner, CC Capital or any of their respective affiliates alongside investments made directly or indirectly by the Salem Partnership.

The Salem General Partner may have other business interests and may engage in other activities in addition to those relating to the Partnership. Except as otherwise provided above, each limited partner and the Salem General Partner have the right to take for its own account or to recommend to others, including affiliates of any Partner, any investment opportunity including investment opportunities that may be competitive with or involve the same line of business as that conducted by the Partnership. Each limited partner and the Salem General Partner are under no obligation to present any such investment opportunities to the Partnership.

Without the consent of a majority of the Company's independent directors (other than Wembley nominees), none of the Salem General Partner, CC Capital or any of their respective affiliates may co-invest with its own money directly or indirectly in any of the Salem Partnership's Portfolio Investments in excess of 19.9% of such Portfolio Investment. Any such co-investment must be on terms that are no more favorable than the terms applicable to such investment by the Salem Partnership.

The Salem Partnership may not invest in any person in which any of the Conflict Parties (as defined in the Salem LPA) possess material non-public information, unless the Salem General Partner discloses such conflict and a majority of the Company's independent directors (other than Wembley nominees) consent to such investment.

Without the consent of a majority of the Company's independent directors (other than Wembley nominees), no more than 10% of the investment assets of Ceres Life or such other allocation percentage permitted for common or preferred equity or equity-like investments by any other Portfolio Company, in each case as measured at the time such assets are allocated for management by CC Capital, may be managed directly by CC Capital.

Other conflicts of interest transactions that would require the consent of the independent directors under the IRA (as defined below) and are not expressly permitted under the Salem LPA must be presented to the Company and consented to by a majority of the Company's independent directors (other than Salem nominees).

The Salem General Partner agrees to operate the Salem Partnership in good faith, taking into account the conflicts of interest principles generally applicable to its Portfolio Companies.

Fees and Expenses

Each limited partner (with the Company currently being the sole limited partner) under the Salem LPA is responsible for its pro rata share of all costs, fees and expenses of the Salem Partnership, including:

- (a) transaction expenses;
- (b) costs and expenses of maintaining (i) qualification to do business of the Salem Partnership, (ii) the specified office at which records which are required to be maintained under applicable law are kept and (iii) the registered office in the State of Delaware;
- (c) the fees and expenses of third-party consultants, custodians, investment bankers, attorneys and accountants, the registered agent and other similar outside advisors incurred by the Salem Partnership in connection with the acquisition of any Portfolio Investment and the administration of the Salem Partnership;
- (d) out of pocket expenses incurred in connection with the Salem Partnership's acquisition and holding of any (i) Portfolio Investment or (ii) temporary investments (other than day-to-day expenses and overhead expenses of the Salem General Partner), including recordkeeping expenses, finders', placement, brokerage and other similar fees;
- (e) costs and expenses of reporting to, and tax preparation in respect of, the limited partners;
- (f) any taxes, fees or other charges levied by any governmental authority against the Salem Partnership or the Salem Partnership's subsidiaries;
- (g) upon independent director approval, all reasonable out of pocket costs of accounting services provided to the Salem Partnership by any affiliate of the Salem General Partner;
- (h) all costs, fees and expenses of any judicial, administrative or arbitral actions, suits, proceedings (public or private) or governmental proceedings or investigations, and the amount of any judgments or settlements paid in connection therewith, indemnification payments permitted under the Salem LPA and the costs of winding-up and liquidating the Salem Partnership;
- (i) the indemnification and exculpation obligations of the Salem Partnership, including any expenses of any insurance policies obtained with respect to such indemnification obligations thereunder;
- (j) the Salem Partnership's pro rata share (based on its ownership of the applicable Portfolio Investment) of fees, expenses, indemnification obligations, purchase price adjustment obligations and similar obligations in connection with the sale of the applicable Portfolio Investment not paid out of the proceeds thereof; and
- (k) the Salem Partnership's pro rata share (based on its ownership of the applicable Portfolio Investment) of expenses incurred for the benefit of the Salem Partnership.

The Salem General Partner is responsible for (a) its normal overhead expenses (such as salaries and benefits, rent, office furniture, fixtures and computer equipment) and (b) legal fees and expenses related to the organization and registration of the Salem General Partner. Salem Partnership expenses are payable, in the discretion of the Salem General Partner (i) from capital contributions of the limited partners, (ii) from Salem Partnership receipts and income and/or (iii) if necessary, in the discretion of the Salem General Partner, from the sale or liquidation of Salem Partnership assets and investments. No costs, fees or expenses incurred by any single limited partner as a result of its individual participation in the Salem Partnership are included in Partnership Expenses (as defined in the Salem LPA) for the purposes of the Salem LPA, nor would such costs be payable by the Salem Partnership.

The Salem General Partner is not entitled to receive or retain any management fee from the Partnership or any syndication, transaction, management, consulting, success, directors, topping, break-up, termination and/or similar fees incurred by any portfolio company, including any compensation received by the Salem General Partner in connection with its management of Ceres Life or any other portfolio company (including through a special limited partner, general partner or managing member of any such portfolio company). The Salem General Partner may not receive any fees with respect to any future M&A or other strategic transactions, whether in cash or otherwise.

Distributions to Partners

All cash of the Salem Partnership (other than capital contributions) and other property of the Salem Partnership will be distributed to the partners at such time or times if, as, and when determined by the Salem General Partner (except to the extent otherwise agreed between the Salem General Partner and a majority of the Company's independent directors (excluding any Wembley nominees), in order to fund the operations of the Company in the ordinary course of business and/or to pay for services provided by the Company on arms' length terms); provided that distributions of cash or other property of the Salem Partnership may be made only in amounts which exceed any reserves that the Salem General Partner from time to time determines are required or are reasonably appropriate to be retained to meet any accrued or foreseeable expenses, expenditures, liabilities, or other obligations of the Salem Partnership. Any such distributions will be made to the limited partners pro rata based on relative ownership percentages.

The Salem General Partner may in its reasonable discretion reserve an amount otherwise distributable to the limited partners for the payment of future partnership expenses and must disclose such reserved amounts in the periodic reports to the limited partners and upon a limited partner's written request.

The Salem General Partner is permitted to reinvest otherwise distributable proceeds received by the Salem Partnership into Portfolio Investments agreed to in writing by the Salem General Partner and the investment committee of the Company.

Cash-Out Distributions

The Salem General Partner may make, at any time and with the consent of a majority of the Company's independent directors (excluding any Wembley nominees), a distribution to a limited partner of all or any portion of such limited partner's pro rata share of one or more Portfolio Companies in exchange for such limited partner's interest in the Salem Partnership. Furthermore, the Salem General Partner may, at any time, elect to liquidate the partnership and thereafter distribute its interest in the Portfolio Companies to the Partners in accordance with the Salem LPA.

Board Observer Seat and Information Rights

For so long as the Company holds an interest in the Salem Partnership and is not a Defaulting Limited Partner (as defined in the Salem LPA), the Company has the non-assignable right to appoint one non-voting observer to attend all meetings of the board of managers of the entity holding 100% of the equity and voting interests in Ceres Life, subject to certain exceptions including preserving attorney-client, work product or other legal privilege or complying with the terms of any confidentiality agreement.

Exculpation and Indemnity

None of the Salem General Partner, CC Capital, any affiliate of the Salem General Partner or CC Capital, or any officer, director, employee, agent, member, shareholder, or partner of the Salem General Partner, CC Capital or any of their affiliates are liable to the Salem Partnership for losses arising from acts or omissions in connection with the operation of the Salem Partnership, except to the extent such act or omission is determined by a court of competent jurisdiction to have resulted from the gross negligence, willful misconduct, bad faith, intentional and material breach of the Salem LPA, material violation of any applicable securities laws or actual fraud of, the covered person claiming exculpation, or with respect to any criminal action or proceeding where such covered person had reasonable cause to believe that such covered person conduct was unlawful.

The Salem Partnership is obligated to indemnify any covered person (as set out in the Salem LPA) for any claim, loss, damage, liability, or expense (including reasonable attorneys' fees, court costs, and costs of investigation and appeal)

suffered or incurred by such covered person by reason of its acts or omissions in connection with the operation of the Salem Partnership, except to the extent such act or omission (a) is determined by a court of competent jurisdiction to have been primarily caused by the gross negligence, willful misconduct, bad faith, intentional and material breach of the Salem LPA, material violation of any applicable securities laws or actual fraud of, the covered person claiming indemnification or (b) such covered person had reasonable cause to believe that such covered person's conduct was unlawful. Actions, suits and/or proceedings by and among the Salem General Partner, CC Capital and/or any of their affiliates are not covered under the Salem LPA.

Transfer of Partners' Interests

No partner may (directly or indirectly) transfer all or any portion of such partner's interest (including through the grant of participation interests) in the Salem Partnership without the prior written consent of the Salem General Partner (which consent may be given or withheld in its sole discretion). Any transfer that violates the terms of the Salem LPA will be void and the purported transferee will have no interest in or rights to the Salem Partnership assets, profits, losses or distributions and neither the Salem General Partner nor the Salem Partnership will be required to recognize any such interest or rights.

Transfer of the Salem General Partners' Interest

Without the prior written approval of limited partners representing two-thirds of all partnership interests then outstanding, the Salem General Partner may not resign or withdraw as general partner of the Salem Partnership or assign its general partner interest in the Salem Partnership other than to an affiliate thereof. The consent of the Company may only be given by a majority of the Company's independent directors (other than any Wembley nominees).

Removal of the Salem General Partner

The Salem General Partner may be removed at any time upon receipt by the Salem General Partner of written notice of removal from at least 75% of all limited partners. The consent of the Company in connection with the exercise of the Salem General Partner removal right requires (a) approval of a majority of the Company's independent directors (other than any Wembley nominee) and (b) unanimous approval of the Company's directors who were Wembley nominees. The effective date of any such removal will not be earlier than 90 days after the date of notice to the Salem General Partner of such removal. Following delivery of such notice, without the consent of a majority in interest of the limited partners, the Salem General Partner will not cause the Salem Partnership to engage in any further business other than that which is permitted in its wind-up period.

Upon the Salem General Partner becoming aware of the occurrence of an event constituting cause (as contemplated in the Salem LPA), the Salem General Partner will notify the limited partners of such occurrence as soon as reasonably practicable thereafter, and within 180 days of the date of such notice, a majority in interest of the limited partners may vote to require the removal of the Salem General Partner from the Salem Partnership and the substitution of another person as general partner of the Salem Partnership in lieu thereof (which successor general partner will be approved by a majority in interest of the limited partners), which will result in the cancellation of the obligation and the right of the partners to make capital contributions for Portfolio Investments. The effective date of any such removal will not be earlier than 90 days after the date of notice to the Salem General Partner of such removal. Following delivery of such notice, without the consent of a majority in interest of the limited partners, the Salem General Partner will not make new Portfolio Investments. Such consent of the Company may only be given by a majority of the Company's independent directors (excluding any Wembley nominees).

Until October 9, 2029, upon the Salem General Partner undergoing a Change of Control (as contemplated in the Salem LPA), the Salem General Partner is required to notify the limited partners of such occurrence as soon as reasonably practicable thereafter, and within 30 days of the date of such notice, a majority in interest of the limited partners may vote to require the removal of the Salem General Partner from the Salem Partnership and the substitution of another person as general partner of the Salem Partnership in lieu thereof (which successor general partner will be approved by a majority in interest of the limited partners), which will result in the cancellation of the obligation and the right of the partners to make capital contributions for Portfolio Investments. The effective date of any such removal will not be earlier than 90 days after the date of notice to the Salem General Partner of such removal. Following delivery of

such notice, without the consent of a majority in interest of the limited partners, the Salem General Partner will not make new Portfolio Investments. Such consent of the Company may only be given by a majority of the Company's independent directors (excluding any Wembley nominees).

Amendments

The Salem General Partner may, without the consent or vote of any limited partner amend or waive any provision of the Salem LPA in a manner which (a) merely reflects the transfer of an interest in the Salem Partnership or the admission or withdrawal of one or more new or substituted limited partners or general partners in accordance with the terms of the Salem LPA, (b) does not adversely affect the limited partners or constitutes the general partner surrendering one of its rights, (c) changes Schedule I to the Salem LPA to reflect the names, addresses, capital contributions and ownership percentages of the Partners as from time to time amended in accordance with the Salem LPA or (d) enables the Salem Partnership to avoid violating any law which (in the absence of such amendment or waiver) would have, or would reasonably be expected to have, a material adverse effect on the Salem Partnership or any of its subsidiaries, or any of their respective operations, business, or affairs; provided, however, that any amendment that materially and adversely affects any limited partner in a manner materially disproportionate to how it affects the other limited partners will not be effective without the prior written consent of such limited partner.

The Salem General Partner may amend the Salem LPA with the consent of the majority of limited partners; provided, however, that any amendment that would materially and adversely affect a limited partner or certain limited partners in a manner that is materially disproportionate to the majority of limited partners may not be made without the consent of such limited partner or limited partners. The Salem General Partner shall, to this end, provide a written notice to the relevant limited partner or limited partners as far in advance as reasonably practicable under the circumstances.

No amendment to or waiver of any provision of the Salem LPA shall be effective against a given Partner without the consent or vote of such Partner if such amendment or waiver would (a) cause the partnership to fail to be treated as a limited partnership under the applicable law or cause a limited partner to become liable as a general partner of the Salem Partnership, (b) change the distribution and allocations provisions in the Salem LPA, (c) increase the liability of such Partner beyond that set forth in the Salem LPA or (d) change the percentage of Partners necessary for any consent or vote required to take any action specified in Article VIII of the Salem LPA.

Investment Management Agreement

Following receipt of approval of the TDI, at the closing of the Ceres Acquisition on February 4, 2025, Ceres Life (then MAIC) entered into the IMA with the Investment Manager, pursuant to which Ceres Life appointed the Investment Manager as investment manager with discretionary authority to manage the investment and reinvestment of the funds and assets in Ceres Life's general account and all other accounts or sub-accounts (the "**Portfolio**"), which also provides asset management support services and portfolio management support services. The Investment Manager is responsible for the investment and reinvestment of the funds and assets of the Portfolio and may engage in all such acts on behalf of Ceres Life as the Investment Manager may deem necessary or advisable in connection with providing such services.

The Investment Manager is required to manage the Portfolio in accordance with the investment guidelines set forth in the IMA.

(a) Management Fee

Ceres Life will pay to the Investment Manager a management fee in respect of each Account (as defined in the IMA) (such fee, an "**IMA Management Fee**"). The amount of the IMA Management Fee will be based on a percentage of the average net asset value of each asset class in an Account ("**Average Net Asset Value**"). Each Account will only be charged an IMA Management Fee with respect to amounts invested in such Account. Management fees will not be duplicative of any Sub-Manager Fees (as defined in the IMA). The Average Net Asset Value will be based on the simple average of the beginning and ending net asset value during each determination period as determined by the Investment Manager in accordance with U.S. GAAP, consistently applied. The IMA Management Fee will be calculated and payable quarterly and pro rata for any partial period.

(b) Services Fee

Ceres Life will pay to the Investment Manager the actual cost of performing the asset management support services and portfolio management support services without a profit factor.

Sub-Advisory Agreement

Concurrently with the Private Placement Closing, the Investment Manager and AI LP (in this capacity, the “**Sub-Adviser**”) entered into a sub-advisory agreement (the “**Sub-Advisory Agreement**”), pursuant to which Arena is expected to manage up to 90% of Ceres Life’s total investable assets.

Appointment of the Sub-Adviser

Pursuant to the IMA, the Investment Manager will furnish investment management and advisory services to Ceres Life. The IMA contemplates that the Investment Manager may sub-contract the provision of investment management services to a sub-manager, subject to Ceres Life’s prior approval.

On April 3, 2025 the Investment Manager appointed the Sub-Adviser as investment manager of assets of the Portfolio designated by the Investment Manager for the Sub-Account (as defined in the Sub-Advisory Agreement) with discretionary authority to manage the investment and reinvestment of the funds and assets of the Sub-Account.

Authority of the Sub-Adviser – Investment Management Services

The Sub-Adviser is responsible for the investment and reinvestment of the funds and assets of the Portfolio designated by the Investment Manager for the Sub-Account, and may engage in all such acts on behalf of Ceres Life as the Sub-Adviser may deem necessary or advisable in connection with providing such services.

Managed Assets

The Investment Manager will designate for management through the Sub-Account the managed assets of Ceres Life, which will include all investable assets of Ceres Life as determined by the Investment Manager, except for (a) any portion reserved by the Investment Manager in its sole discretion (but subject to the terms of the IMA) for investment in common or preferred equity or equity-like investments (including, but not limited to, private equity investments, structured product equity tranches and commercial real estate equity investments) and (b) any portion reserved by the Investment Manager in its sole discretion for management by one or more other asset managers, which portion cannot in the aggregate exceed 15% of the aggregate value of Ceres Life’s investable assets. The Investment Manager is required to allocate, in the aggregate, no less than 75% of the aggregate value of Ceres Life’s investable assets to be managed by the Sub-Adviser.

The Investment Manager may increase or decrease the scope of the managed assets from time to time with the prior written consent of the Sub-Adviser.

Investment Guidelines; Investment Activities of the Sub-Adviser

The Sub-Adviser must manage the Sub-Account in accordance with the Investment Guidelines (as defined in the Sub-Advisory Agreement). The management of the Portfolio at all times remains under the oversight of the Investment Manager. The Investment Manager and the Sub-Adviser will meet on a regular basis to review and discuss the Investment Guidelines (including any proposed changes thereto) and the Sub-Account. At least annually, the Sub-Manager will support the Investment Manager in its accurate and comprehensive review of the Investment Guidelines, the Sub-Account and the Sub-Adviser’s implementation of the Investment Guidelines.

Fees

Each Sub-Account is obligated to pay to the Sub-Adviser as compensation for services rendered by the Sub-Adviser under the Sub-Advisory Agreement a management fee (such fee, a “**Sub-Advisory Management Fee**”) based on a percentage of the average net asset value of each asset class in the Sub-Account (the “**Sub-Account Average Net**

Asset Value”), which may be adjusted by the mutual consent of the Investment Manager and the Sub-Adviser, except that the Sub-Adviser’s consent will not be required for any adjustment for purpose of ensuring that the fee rates in the IMA and the Sub-Advisory Agreement are the same. Each Sub-Account will only be charged a Sub-Advisory Management Fee with respect to amounts invested in such Sub-Account. The Sub-Account Average Net Asset Value will be based on the simple average of the beginning and ending net asset value during each determination period as determined by the Sub-Adviser in accordance with U.S. GAAP, consistently applied. The Sub-Advisor Management Fee will be calculated and payable quarterly and pro rata for any partial period.

Without the prior consent of the Investment Manager, the Sub-Adviser will not invest assets of the Portfolio in investment funds, pooled investment vehicles, separately managed accounts or structured products to the extent such investment would cause the Portfolio to incur additional fees and compensation obligations (including performance fees and carried interest) in addition to the fees charged under the Sub-Advisory Agreement.

Westaim Investments

In addition to Arena and Ceres Life, Westaim is: (i) a limited partner in the Daintree Partnership (see “*Business of the Company – General Development of the Business – Participation in Proposed Acquisition of Insignia Financial Ltd.*”); and (ii) the sole shareholder of the Arena FINCOs.

The Arena FINCOs are comprised of WOH and AF and each of their respective subsidiaries with Arena Investors serving as the investment manager. Investments held by the Arena FINCOs are derived from essentially the same pool of fundamentals-based, asset-oriented credit and other investment opportunities.

In connection with the Private Placement Closing Westaim, plans to monetize its interest in the Arena FINCOs to provide equity capital for Ceres Life and satisfy its Daintree Capital Commitment.

Arena has established a methodology to allocate investment opportunities between the respective entities in a manner consistent with each entity’s investment mandate. See “*Current Businesses – Arena – Strategy – Allocation Methodology*” for a summary overview of the allocation methodology.

- (a) *AF* – AF, a wholly-owned subsidiary of the Company, is a limited liability company formed under the laws of Delaware. AF acquires credit investments and other securities from Arena Origination Co., LLC (“**AOC**”) or other third parties at their fair market value. AF does not have a target range of investment; the size of the credit investments and other securities acquired from AOC or other third parties depends on, among other things, any diversification requirements which may be imposed by any lender as well as the investment policy of AF. In the absence of such requirements, AF will not be subject to concentration limitations but management of AF will instead use its best judgment as to what is prudent in the circumstances. Before acquiring any investment, AF reviews the nature of the investment, including the credit-worthiness of the borrower, the nature and extent of any collateral and the expected return on the investment. AF acquires investments based on its assessment of the fair market value of the investments at the time of purchase. If an investment is to be acquired from AOC, such acquisition is reviewed and approved by a person or committee that is independent of each of AOC and Westaim that has knowledge of fundamentals-based, asset-oriented credit investments. AF’s primary revenue consists of interest income, dividend income and/or fees earned on the investments that it acquires. The operating results of AF also include any gain (loss) on its investments.

As described under “*Summary Description of Business – Investment Policy – Financing*”:

- (i) on September 29, 2020, the Arena FINCOs secured a private placement of \$45 million of 6.75% senior secured notes to improve net returns by leveraging invested assets. The net proceeds received from these notes were used by AFII, a subsidiary of AF, in accordance with its investment objectives. These notes were paid off in October 2024 with the proceeds of a capital contribution from the Company; and
- (ii) on July 2, 2021, AFII secured a revolving credit facility to optimize the use of the private placement proceeds with third-party lenders with an initial commitment amount of \$13 million and an initial

termination date of September 30, 2023. Unpaid principal amounts under the revolving credit facility were charged interest at LIBOR plus 2.8%. On December 30, 2021, the revolving credit facility agreement was amended such that an additional commitment amount of \$8.5 million was secured with another third-party lender. On February 22, 2023, the revolving credit facility agreement was further amended to transition its interest rate benchmark from LIBOR to SOFR. Under the terms of the amendment, unpaid principal amounts under the revolving credit facility was charged interest at the three month SOFR plus 3.06161%, effective as of January 31, 2023. This credit facility was paid off in October 2024.

- (b) *AOC* – AOC is a limited liability company formed under the laws of Delaware. WOH, a wholly-owned Delaware subsidiary of the Company, is currently the only member of AOC. AOC currently has a three-member board of directors consisting of J. Cameron MacDonald, Daniel B. Zwirn, Chief Executive Officer and Chief Investment Officer of Arena, and Lawrence Cutler, Chief Operating Officer of Arena.

AOC uses the funds that it receives from Westaim to originate credit and other security investment opportunities, investigate such opportunities including conducting due diligence on the potential borrower, structuring and documenting the investment and ultimately, funding the investment using its own funds. Once it has a portfolio of credit and other security investments, AOC may look to dispose of all or a portion of such portfolio in order to provide it with the funds necessary to make additional investments. All or a portion of the portfolio may be disposed of by AOC to affiliated entities, including AF, certain investment funds or client accounts managed by Arena Investors, and/or other third parties. In addition, AOC may retain a portion of the investments for its own account, but this is not its primary investment strategy. Because AOC may offer and sell investments to AF and certain investment funds or client accounts managed by Arena Investors, procedures have been implemented to provide for the review of, and consent to, such transactions on behalf of AF and each related party. These procedures may include the review and approval of the transaction by a person or committee that is independent of each of Arena and Westaim that has knowledge of fundamentals-based, credit and asset-oriented investments.

The size of the investments originated by AOC depends on the funds available to AOC, any diversification requirements which may be imposed by any lender providing funding to AOC, and the investment policy of AOC. In the absence of such diversification requirements, AOC will not be subject to concentration limitations, but management will instead use its judgment as to what is prudent in the circumstances.

Before acquiring any investment, AOC reviews the nature of the investment, including the credit-worthiness of the borrower, the nature and extent of any collateral and the expected return on the investment. AOC receives fees in connection with originating or structuring the terms of an investment and receives dividend income, interest or principal payments until it disposes of an investment or a loan is repaid. The operating results of AOC also include any gain (loss) on its investments.

RISK FACTORS

Westaim is subject to a number of risks, including the risks described below. The risks and uncertainties described below are those believed to be material, but they may not be the only ones faced by Westaim. If any of these risks, or any other risks and uncertainties that have not yet been identified by Westaim or that Westaim currently considers not to be material, actually occur or become material risks, the business, prospects, financial condition, results of operations and cash flows of Westaim could be materially and adversely affected.

Risks Relating to Westaim

Risks inherent in acquisitions generally

The Company, through the Salem Partnership or otherwise, may pursue the acquisition of companies or businesses in Canada, the United States and/or internationally and may seek to acquire securities or other interests in other companies. Such acquisitions involve inherent risks including but not limited to (a) unanticipated costs; (b) potential

loss of key employees of the company or the business acquired; (c) unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and (d) decline in the value of the acquired business or assets. Any one or more of these factors could cause the Company to not realize the anticipated benefits of the acquisition in question. In addition, the Company may be required to use available cash, incur debt, issue securities, or a combination of these in order to complete an acquisition. This could affect the Company's future flexibility and ability to raise capital, operate or develop its business and could dilute its existing shareholders' holdings as well as decrease the trading price of its Common Shares. There is no assurance that when evaluating a possible acquisition, the Company or the Salem Partnership will correctly identify and manage the risks and costs inherent in the business or asset to be acquired.

Risk of volatile markets and market disruption risk

The performance of the Company and the price of the Common Shares may be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, unexpected and unpredictable events such as war and occupation, a widespread health crisis or global pandemic, terrorism and related geopolitical risks may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. A downturn in financial markets or other economic conditions, including, but not limited to, consumer spending, employment rates, business conditions, tariffs, inflation, the condition of financial markets, interest rates and tax rates may adversely affect the Company's growth and profitability and could adversely impact Westaim's operations and business results (including the operations of Arena and Ceres). Such impacts could also cause substantial market volatility, exchange trading suspensions and closures, affect Westaim's performance and significantly reduce the value of an investment in the Company's issued securities. The Company (including Arena and Ceres Life) is therefore exposed to some, and at times, a substantial degree of market risk. Westaim cannot predict the timing of future events which will likely trigger changes in the trading price of the Common Shares.

Westaim may become involved in legal disputes and possible litigation

Westaim may become involved in various legal disputes, investigations, and litigation, including but not limited to claims relating to employment matters, real estate and property matters, investment-related matters, tax-related matters, intellectual property matters, and other contract and commercial disputes. Westaim could be sued by various parties, including, but not limited to, its clients, investors, creditors, shareholders, employees and regulators. Westaim also may become involved in third-party litigation.

The final outcome with respect to outstanding, pending or future litigation cannot be predicted with certainty, and the resolution of such actions may have a material adverse effect on Westaim's financial position or results of operations, even if the underlying claims are without merit. Any litigation may consume significant amounts of management's time and attention, and the time and effort spent on litigation-related matters may, at times, be disproportionate to the amounts at stake in the litigation. Furthermore, Westaim could incur legal, settlement and other costs in an amount that exceeds the insurance coverage maintained by Westaim. Even if ultimately unsuccessful against Westaim, the costs arising from legal disputes or litigation could have a material adverse affect on Westaim's business, including by damaging Westaim's reputation.

Liquidity, financing and cash flow risks

Westaim's ability to fulfil its capital commitments under the Salem LPA will be largely reliant on access to capital markets for additional funding and its continued attractiveness to equity investors and third-party capital partners. Westaim may incur operating losses in order to: (a) provide capital support to Arena; and (b) fulfil its capital commitments under the Salem LPA as the Salem Partnership may expend funds to seek out, investigate and complete future acquisitions and capitalize existing investments (including Ceres Life). There is no guarantee that Arena, Ceres Life or other companies that Westaim acquires or invests in (directly or indirectly) will become or continue to be profitable or dividend amounts up to Westaim as general economic conditions, regulatory requirements and other factors affect their operations and future performance. Many of these factors are beyond Westaim's control. Furthermore, the Company has made and may make investments in private entities which do not typically have an

active market. Private investment transactions can be highly structured and the Company may not be able to liquidate such investments at the time it requires capital.

Accordingly, the Company may experience negative cash flow at the holding company level, which may render the Company unable to issue dividends to shareholders or find other means of obtaining additional capital. Should Westaim require additional capital to satisfy its operating expenses at Westaim or fulfil its capital commitments under the Salem LPA, Westaim may not be able to raise such additional capital on terms that are favourable to the Company or at all. The failure to raise such capital could restrict Westaim's activities, result in the Company going out of business or defaulting under Salem LPA. Additionally, if Westaim needs to fund any capital commitment by way of debt, the Company cannot assure investors that it will be able to: (a) obtain such debt on favourable terms, or at all; or (b) generate sufficient cash flow from its operating subsidiaries or current investments to pay the interest on any debt or that future working capital, borrowings or equity financing will be available to pay or refinance such debt.

Risks related to Daintree Capital Commitment and the Insignia Transaction

The Insignia Transaction is subject to the Insignia Closing Conditions. There is no guarantee that the Insignia Transaction will close on the terms currently contemplated or at all. Furthermore, there is no guarantee that if the Insignia Transaction closes that the Company will realize the benefits currently contemplated.

Subject to the limitations set out in the partnership agreement governing the Daintree Partnership (the “**Daintree Partnership Agreement**”), the Daintree GP may call up to AU\$154 million of capital from the Company on not less than 10 business days' notice (subject to reduction and the terms of the Daintree Partnership Agreement). In the event the Company defaults on its capital commitments under the Daintree Partnership Agreement, the Daintree GP may: (a) charge the Company interest on the defaulted amount, plus associated costs; (b) cause distributions otherwise entitled to be received by the Company to be used to be credited against the defaulted amount or be reallocated to other partners; (c) cause a forced transfer of the Company's interest in the Daintree Partnership to affiliates of the Daintree GP and/or to a third party for a price equal to at least seventy-five percent (75%) of the lesser of (i) the fair value of the Company's interest; and (ii) the Company's aggregate capital contribution to the Daintree Partnership; (d) cause immediately specific performance, including initiating a cause of action with respect to the default; and (e) exercise any other right, power, or remedy conferred upon the Daintree GP under the Daintree Partnership Agreement. While any default amount is outstanding, the Company would forfeit its right, if any, to participate in a vote on which the Company would otherwise be entitled to vote under the Daintree Partnership Agreement.

Difficult market conditions can adversely affect Westaim's investments

Significant disruptions and volatility in the global financial markets and economies could impair the performance of Westaim's investment portfolio. While Westaim seeks to generate consistent, positive, absolute returns across all market cycles from its investments, they may be materially affected by conditions in the global financial markets and economic conditions. The global market and economic climate may become increasingly uncertain due to numerous factors beyond the Company's control, including but not limited to, concerns related to unpredictable global market and economic factors, uncertainty in U.S. federal fiscal, tax, trade or regulatory policy and the fiscal, tax, trade or regulatory policy of foreign governments, rising interest rates, inflation or deflation, the availability of credit, performance of financial markets, terrorism or political uncertainty.

If Arena's risk management processes and systems are ineffective, Westaim's investments may be exposed to material unanticipated losses

Arena manages a significant portion of Westaim's overall investment portfolio, either directly for the Company or for Westaim's consolidated subsidiaries. Arena continues to refine and implement its risk management techniques, strategies and assessment methods. These methods, even if properly implemented, may not allow Arena Investors to fully mitigate the risk exposure of Westaim's investments in all economic or market environments, or against all types of risk, including risks that Arena Investors might fail to identify or anticipate. Because Arena's risk management processes cannot anticipate for every investment the economic and financial outcome or timing and other specifics of the outcome, Westaim's investments may, in the course of their activities, incur losses.

Westaim's investments depend on the creditworthiness of borrowers

Westaim's investments depend on the creditworthiness of borrowers and their ability to fulfill their obligations. Arena originates opportunities only with borrowers which it believes to be creditworthy, however there can be no assurance that borrowers will not default and that Westaim will not sustain a loss on its investments as a result. To the extent that Westaim is extending loans to borrowers, Westaim relies on representations made by borrowers in their loan documentation. However, there can be no assurance that such representations are accurate or that Westaim will have any recourse against the borrowers in the event a representation proves to be untrue.

Westaim's investments are subject to the risk of default by and/or bankruptcy of a borrower

A borrower's failure to satisfy its borrowing obligations, including any covenants imposed, could lead to defaults and the termination of the borrower's loans and enforcement against its assets. In order to protect and recover its investments, Westaim may be required to bear significant expenses (including legal, accounting, valuation and transaction expenses) to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting borrower. In certain circumstances, a borrower's default under one loan could also trigger cross-defaults under other agreements and jeopardize that borrower's ability to meet its obligations under a loan agreement it may have with Westaim. Should a borrower become insolvent, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale of all of a borrower's collateral will be sufficient to satisfy the loan obligations secured by the collateral, or that sufficient assets will remain after priority creditors have been repaid.

Collateral securing loans may be inadequate

While loans are generally secured by a lien on specified collateral of the borrower (particularly inventory, receivables and tangible fixed assets), there can be no assurance that such security will be properly obtained or perfected, or that the value of the collateral securing any particular loan will protect Westaim from suffering a partial or complete loss if the loan becomes non-performing and Westaim moves to enforce against the collateral. In such event, loan losses could be suffered which could materially adversely affect the business, financial condition and/or profitability of Westaim.

Westaim may be required to undertake enforcement and/or liquidation procedures

From time to time, Westaim may be required to take enforcement proceedings with respect to non-performing loans and/or to liquidate collateral. Enforcement and liquidation proceedings can be time-consuming and, if a sufficient number of loans require enforcement, the attention of the management Westaim and Arena may be diverted from day-to-day operations or from pursuing other investment opportunities and significant expenses may be incurred for which there may be no recovery.

Fraud by a borrower may cause losses

While Arena or any other investment manager may make every effort to verify the accuracy of information provided to it when making an investment decision, and have systems and controls to assist it in protecting itself against fraud, a borrower may fraudulently misrepresent information relating to its financial health, operations or compliance with the terms under which Westaim is prepared to advance funds or purchase loans. In cases of fraud, it will be difficult and more unlikely that Westaim will be able to collect amounts owing under a loan or realize value on collateral.

Westaim may fail to realize profits on its investments

Westaim invests in loans and securities that may not be publicly traded or that are otherwise illiquid, including complex structured products. There may be no readily available liquidity in these securities, particularly at times of market stress or where many participants may be seeking liquidity at the same time. In many cases, Westaim may be prohibited, whether by contract, by applicable securities laws or by the lack of a liquid market, from selling such securities for a period of time. Moreover, even if the securities are publicly traded, large holdings of securities can often be disposed of only over a substantial length of time, exposing the investment returns to risks of downward movement in market prices during the required holding period. Accordingly, under certain conditions, Westaim may

be forced to either sell securities at lower prices than they had expected to realize or defer, potentially for a considerable period of time, sales that had been planned to be made. Investment in illiquid assets involves considerable risk and Westaim may lose some or all of the principal amount of such investments.

Westaim's investments are in businesses that it does not control, exposing Westaim to the risk of decisions made by others

Westaim invests in debt or equity of businesses that it does not control. Such investments may be acquired through trading activities or through purchases of securities from the issuer. Those investments will be subject to the risk that the company, in which the investment is made, may make business, financial or management decisions contrary to our expectations, with which we do not agree. It is possible that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve Westaim's interests. In addition, Westaim may make investments in which it shares control over the investment with co-investors, which may make it more difficult for Arena Investors to implement its investment approach or exit the investment when it otherwise would. If any of the foregoing were to occur with respect to one or more significant investments, the values of such investments could decrease and results could suffer as a result.

Valuation of Westaim's investments may be based on significant subjectivity

Valuation methodologies for certain of Westaim's investments may be subject to significant subjectivity, and the value of assets or investments established pursuant to such methodologies may never be realized, which could result in significant losses for Westaim. There may be no readily-ascertainable market prices for the types of illiquid investments that Westaim may acquire. The fair value of certain investments is determined periodically by Arena, as investment manager, based on their valuation methodologies. These methodologies may be based on a number of factors, including the nature of the investment, the expected cash flows from the investment, bid or ask prices provided by third parties for the investment, the length of time the investment has been held, the trading price of securities (in the case of publicly traded securities), restrictions on transfer, industry comparable analysis, option valuation models, and other industry recognized valuation methodologies.

Loan concentration may increase investment risks

Arena Investors has invested in a variety of industries on behalf of Westaim. However, if industry segments in which Westaim has a concentration of investments experience adverse economic or business conditions, loan delinquencies, default rates or write-downs in those segments may increase and could materially adversely affect Westaim.

Westaim may use leverage, which could materially adversely affect the ability to achieve positive rates of return

Westaim may use leverage, either directly or through the use of derivative instruments, to enhance the yield on the overall accounts and may use leverage in certain of its investments. The use of leverage poses a significant degree of risk, most notably by significantly increasing the risk of loss associated with leveraged investments that decline in value and enhances the possibility of a significant loss in the value of the investments. Volatility in the credit markets increases the degree of risk associated with such leverage. Increases in interest rates could also decrease the value of fixed-rate debt investments made by Westaim. To the extent there is a significant increase in the use of leverage, any of the foregoing circumstances could have a material adverse effect on Westaim's results.

Westaim may be exposed to epidemics and/or pandemics

Westaim faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. Westaim's business (including the business of Arena and Ceres Life) could be adversely impacted by epidemics and/or pandemics, in ways that could be similar or more severe to how businesses were impacted by the COVID-19 pandemic. The near and long-term implications and consequences of epidemics and/or pandemics raise several unique challenges that may affect Westaim's business strategy. Unprecedented disruptions to daily life, businesses, supply chains, and to economic growth created challenges to our business ecosystem elevating risks to meeting objectives.

This uncertainty and the cross-accumulation of risks require that Westaim maintain its resilience and flexibility in order to manage the impacts of a pandemic. The global COVID-19 pandemic elevated disruption themes, amplifying existing financial, nonfinancial, and strategic risks, introducing new uncertainties, and highlighting interdependencies and accentuating risk correlations. Adverse changes and developments affecting the global economy, including significant global economic disruption, previous and potential future stock market decline and increased financial market volatility, individually and in the aggregate, could result in adverse consequences to the Company's overall investment portfolio or business operations. During the global COVID-19 pandemic, global equity markets experienced material and rapid declines and although price recovery across many sectors followed, markets experienced periods of heightened volatility.

Westaim and its businesses, employees, brokers and distribution partners, as well as the workforce of vendors, services providers and counterparties with which Westaim does business, may also be adversely affected by epidemics and/or pandemics. Certain pre-existing operational risks may be exacerbated, notably with respect to potential phishing or other cybersecurity-related attacks, privacy risk incidents, fraud, increased reliance on technology, operational resilience and risks related to the operations and resiliency of Westaim's vendors, third-party suppliers and counterparties.

Westaim is subject to the risk of employee error or misconduct

Employee errors or misconduct could result in regulatory sanctions or reputational harm, which could materially adversely affect the business, financial condition and/or profitability of Westaim. Misconduct by employees could include binding Westaim to transactions that exceed authorized limits or present unacceptable risks, or concealing from Westaim unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory enforcement proceedings, sanctions and serious reputational harm. Westaim is also susceptible to loss as a result of employee error. While management will proactively take measures to deter employee misconduct or prevent employee error, the precautions management takes to prevent and detect this activity may not be effective in all cases, which could materially adversely affect the business, financial condition and/or profitability of Westaim.

Cybersecurity risks

Westaim's computer systems may be subject to cybersecurity risks or other breaches of information technology security, noting the increasing frequency and severity of these kinds of incidents. Despite the implementation of security measures, the infrastructure supporting Westaim's computer systems may be vulnerable to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. Such breach of Westaim's cybersecurity could have a material adverse effect on Westaim's results of operations or financial condition.

Westaim will be characterized as a passive foreign investment company for fiscal 2024 and U.S. shareholders may suffer adverse tax consequences

In consultation with its U.S. tax advisors, Westaim was characterized as a PFIC under the U.S. Internal Revenue Code (the "Code") for its fiscal year ended December 31, 2024. U.S. shareholders who held Common Shares during fiscal 2024 may be able to mitigate certain tax consequences of Westaim's PFIC status by availing themselves of elections under the Code.

The U.S. federal income tax rules relating to PFICs are complex. U.S. shareholders are strongly urged to consult their tax advisors with respect to the impact of Westaim's PFIC status on owning and disposing of Common Shares, and about the advisability, procedure and timing of their making any of the available tax elections.

Certain tax information pertinent to U.S. shareholders can be found at: <https://westaim.com/investors/2024-tax-information-for-usa-shareholders/>.

In connection with the Redomiciliation, Westaim is no longer a PFIC as of January 1, 2025.

Risks Relating to Arena

Difficult global market, economic and geopolitical conditions

The success and growth of Arena's business is highly dependent upon conditions in the global financial markets and economic and geopolitical conditions throughout the world that are outside of Arena's control and difficult to predict. Factors such as equity prices, equity market volatility, asset or market correlations, interest rates, counterparty risks, availability of credit, credit spread rates, inflation rates, economic uncertainty, changes in laws or regulation (including laws relating to the financial markets generally or the taxation or regulation of the hedge fund industry), trade barriers and tariffs, disease, commodity prices, currency exchange rates and controls, and national and international political circumstances (including governmental instability or dysfunction, wars, terrorist acts or security operations) can have a material impact on the value of Arena's funds' portfolio investments or Arena's general ability to conduct business. Difficult market, economic and geopolitical conditions can negatively impact those valuations and Arena's ability to conduct business, which in turn would reduce or even eliminate Arena's revenues and profitability, thereby having a material adverse effect on Arena's business, financial condition or results of operations. As a global alternative asset manager, Arena seeks to generate consistent, positive, absolute returns across all market cycles for the investors in Arena's funds. Arena's ability to do this has been, and in the future may be, materially impacted by conditions in the global credit or equity financial markets and economic and geopolitical conditions worldwide.

Unpredictable or unstable market, economic or geopolitical conditions have resulted and may in the future result in reduced opportunities to find suitable risk-adjusted investments to deploy capital and make it more difficult to exit and realize value from existing investments, which could materially adversely affect Arena's ability to raise new funds and increase AUM and, therefore, may have a material adverse effect on Arena's business, financial condition or results of operations. In addition, during such periods, financing and other capital markets activity may be greatly reduced, making it harder and more competitive for asset managers to find suitable investment opportunities and to obtain funding for such opportunities. If Arena fails to react appropriately to difficult market, economic and geopolitical conditions, Arena's funds could incur material losses.

The highly variable nature of Arena Investors' revenues, results of operations and cash flows

Arena Investors' revenues are influenced by the combination of the amount of AUM, the investment performance of Arena Investors' funds and managed accounts, and the fees that may be charged relative to that AUM. Asset flows, whether inflows or outflows, can be highly variable. Furthermore, Arena Investors' investment performance, which affects the amount of AUM and the amount of incentive income Arena may earn in a given year, can be volatile due to, among other things, general market and economic conditions. Accordingly, Arena Investors' revenues, results of operations and cash flows are all highly variable. Arena Investors may also experience fluctuations in results due to a number of other factors, including changes in management fees resulting from changes in the management fee rates Arena Investors charges investors or due to changes in the values of investments, as well as capital inflows or outflows. Changes in Arena Investors' operating expenses, unexpected business developments and initiatives and general economic and market conditions may also cause fluctuations.

The amount of incentive income that may be generated is uncertain until it is actually crystallized. As a result, Arena Investors' interim results may not be indicative of results that may be expected for a full year.

In addition, Arena Investors' funds and managed accounts generally have "high-water marks". This means that if an investor experiences losses in a given year, Arena Investors will not be able to earn incentive income with respect to such investor's investment unless and until their investment performance surpasses the previous high-water mark. A failure to earn incentive income as a result of any high-water marks that do arise may adversely impact Arena Investors' business, financial condition or results of operations.

Arena has experienced and may again experience periods of rapid growth, and could experience significant declines in AUM

Rapid changes in AUM may impose substantial demands on Arena's legal, compliance, accounting, risk management, administrative and operational infrastructures. The complexity of these demands, and the time and expense required to address them, is a function not simply of the size of the increase or decrease, but also of the composition of such

growth, for example, an expansion in Arena's product offerings or entering into new lines of business places additional demands on Arena's infrastructure. Furthermore, Arena's future growth will depend on, among other things, Arena's ability to maintain and develop highly reliable operating platforms, management systems and financial reporting and compliance infrastructures that are also sufficiently flexible to promptly and appropriately address Arena's business needs, applicable legal and regulatory requirements and relevant market and other operating conditions, all of which can change rapidly.

Addressing the matters described above may require Arena to incur significant additional expenses and to commit additional senior management and operational resources, even if Arena is experiencing declines in AUM.

There can be no assurance that Arena will be able to manage operations effectively without incurring substantial additional expense or that Arena will be able to grow its business and AUM, and any failure to do so could materially adversely affect Arena's ability to generate revenues and control expenses.

Arena is reliant on technology to operate its business and is subject to technology and cybersecurity risks

Technology-related risks may disrupt Arena's businesses, result in losses or limit growth. Although Arena takes protective measures and endeavours to modify them as circumstances warrant, the security of Arena's computer systems, software and networks may be vulnerable to breaches, unauthorized access, misuse, computer viruses or other malicious code and other events that could have a security impact. Arena retains confidential information regarding its business dealings in its computer systems. Arena may be required to spend significant capital and other resources to protect against security breaches or to alleviate problems caused by such breaches. Despite the implementation of security measures, the infrastructure supporting Arena's computer systems may be vulnerable to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. In addition, Arena could be subject to liability if hackers were able to penetrate its network security or otherwise misappropriate confidential information.

Additionally, breaches of security may occur through intentional or unintentional acts by those having authorized or unauthorized access to confidential or other information of Arena or its clients or counterparties. The compromise of confidential information could result in remediation costs, legal liability, regulatory action and reputational harm, which could have a material adverse effect on Arena's results of operations or financial condition.

In addition, Arena operates in an industry that is highly dependent on its information systems and technology. There can be no assurance that Arena's information systems and technology will continue to be able to accommodate its operations, or that the cost of maintaining such systems will not increase from its current level. Such a failure to accommodate Arena's operations, or a material increase in costs related to such information systems, could have a material adverse effect on Arena.

Arena is subject to operational risks

Arena is subject to operational risks inherent in its business, including but not limited to employee errors, trading errors, reconciliation breaks, spreadsheet errors and inaccurate data. Despite implementing policies and procedures to mitigate these risks, such risks could occur, which could materially adversely affect the business, financial condition and/or profitability of Arena. Error by employees could result in unknown and unmanaged risks or losses, and could also result in regulatory sanctions or reputational harm. Management cannot guarantee that its internal controls will prevent or identify all operational risks, and any such failures could materially adversely affect the business, financial condition and/or profitability of Arena.

Due diligence risks

Before making investments, Arena conducts due diligence pursuant to which it may be required to evaluate important and complex business, financial, tax, accounting, environmental, legal and other issues for particular investments. Outside consultants, legal advisors, accountants and tax/other advisers may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigation that Arena carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, including, among other things, the existence of fraud or other illegal or

improper behaviour which could have a material negative impact on the performance of the investment. Moreover, such an investigation will not necessarily result in the investment being successful.

Change(s) in the investment management industry may impact Arena Investors

Change(s) in the investment management industry could result in a decline in Arena Investors' revenues. Arena Investors' ability to generate revenues in the investment management industry is significantly influenced by the growth of AUM generally experienced by the investment management industry, Arena Investors' relative performance within the investment management industry, and the fees that may be charged relative to that AUM. The historical growth of the investment management industry may not continue and adverse economic conditions and other factors, including a protracted or precipitous decline in the U.S., international or global financial markets or a change in the acceptance of fees typically charged by industry participants, could affect the popularity of Arena Investors' services or result in clients withdrawing from the markets or decreasing their level and/or rate of investment. A decline in the growth of the investment management industry or other changes to the industry that discourage investors could affect Arena Investors' ability to attract clients or could lead to redemptions of securities of its investment products for reasons that may be unrelated to their performance but would nonetheless result in a lower AUM and a corresponding decline in revenues. Accordingly, the foregoing could adversely affect the business, financial condition and/or profitability of Arena Investors.

Arena is subject to litigation-related and other legal-related risks

Arena may become involved in lawsuits or investigations that could result in significant liabilities and reputational harm, which could materially adversely affect its results of operations, financial condition and liquidity. Arena could be sued by many different parties, including, but not limited to, its clients or fund investors, creditors of its funds, shareholders of the companies in which it has invested, its employees and regulators. In addition, Arena may participate in transactions that involve litigation (including the enforcement of property rights) from time to time, and such transactions may expose Arena to increased risk from countersuits.

The cost of settling any such claims could adversely affect Arena's results of operations. Lawsuits or investigations in which Arena may become involved could be very expensive and highly damaging to its reputation, even if the underlying claims are without merit. Moreover, Arena could incur legal, settlement and other costs in an amount that exceeds the insurance coverage maintained by Arena or by its funds. Arena could also incur financial costs as a result of regulatory censures or other disciplinary action taken by regulatory authorities. Litigation or regulatory action may also adversely affect Arena's operations by resulting in the suspension or revocation of its licenses to operate. These costs arising out of litigation or investigations could have a material adverse effect on Arena's results of operations, financial condition and liquidity.

Arena may be subject to private litigation that could result in significant legal and other liabilities and reputational harm

Arena faces significant risks that may subject it to private litigation and legal liability. In general, Arena will be exposed to litigation risk in connection with any allegations of misconduct, negligence, dishonesty or bad faith arising from its management of any fund or managed account. Arena may also be subject to litigation arising from investor dissatisfaction with performance, including certain losses due to the failure of a particular investment strategy or improper trading activity, if Arena violates restrictions in relevant organizational documents or from allegations that it improperly exercised control or influence over companies in which Arena has investments. In addition, Arena is exposed to risks of litigation relating to claims that it has not properly addressed conflicts of interest. Any litigation arising in such circumstances is likely to be protracted, expensive and surrounded by circumstances that could be materially damaging to Arena's reputation and Arena's business, which could result in a significant decline in Arena Investors' AUM and revenues, even if the underlying claims are without merit. In addition, although Arena is indemnified by the funds and managed accounts, Arena's rights to indemnification may be challenged. If Arena is required to incur all or a portion of the costs arising out of any litigation or investigation as a result of inadequate insurance proceeds, if any, or fail to obtain indemnification from the funds or managed accounts, Arena's business, financial condition or results of operations could be materially adversely affected. While Arena maintains insurance, there can be no assurance that the insurance will prove to be adequate. If Arena is required to incur all or a portion of the costs arising out of litigation, Arena's business, financial condition or results of operations could be materially

adversely affected. In addition, Arena may participate in transactions that involve litigation (including the enforcement of property rights) from time to time, and such transactions may expose Arena to reputational risk and increased risk from countersuits.

Arena may experience a lack of suitable investment opportunities

A lack of suitable investment opportunities could adversely affect targeted performance of Arena's investment products. An important component of investment performance is the availability of appropriate investment opportunities for new client assets. If Arena Investors is not able to find sufficient investments for new client assets in a timely manner, investment performance could be materially adversely affected. Alternatively, if there are insufficient investment opportunities for new client assets, management may elect to limit Arena's growth and reduce the rate of intake of new client assets. As AUM increases, Arena Investors may not be able to exploit the investment opportunities that have previously been available to it or find sufficient investment opportunities for producing the returns targeted. If Arena Investors' investment managers are not able to identify sufficient appropriate investment opportunities for new client assets, Arena Investors' investment performance and management's decision to continue to grow may be materially adversely affected.

Arena is subject to significant regulatory oversight

The business of Arena is subject to risks relating to regulatory compliance of investment managers, investment advisers, broker dealers and the securities business generally. The ability of Arena to carry on its business is dependent upon compliance with and registration under securities legislation in the jurisdictions in which it carries on business. The securities business of Arena is subject to extensive regulation under securities laws in the U.S., the United Kingdom, Singapore and elsewhere. Compliance with many of the regulations applicable to Arena involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with an applicable regulation, securities regulators may institute administrative or judicial proceedings that may result in censures, fines, civil penalties, issuance of cease-and-desist orders, deregistration or suspension of the non-compliant broker dealer or investment adviser, suspension or disqualification of the broker dealer's or the investment adviser's officers or employees, or other adverse consequences. The imposition of any such penalties or orders on Arena regardless of duration or any subsequent appellate results could have a material adverse effect on Arena's business.

Additional regulation, changes in existing laws and rules, or changes in interpretations or enforcement of existing laws and rules often directly affect the method of operation and profitability of securities firms. It is not possible to predict with any certainty what effect any such changes might have on Arena's business. Furthermore, its business may be materially affected not only by regulations applicable to Arena Investors as a financial market intermediary, but also by regulations of general application. For example, returns on investments in a given time period could be affected by, among other things, existing and proposed tax legislation, competition policy and other governmental regulations and policies, including the interest rate policies of the Federal Reserve, the Bank of Canada or other global central banks and changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities or industry-specific legislation or regulations.

Arena may fail to deal appropriately with conflicts of interest

As Arena expands the scope of its business, it increasingly confronts potential conflicts of interest relating to Arena's funds' and managed account investment activities. Certain of Arena's funds and managed accounts have overlapping investment objectives and potential conflicts may arise with respect to its decisions regarding how to allocate investment opportunities (including but not limited to within the capital structure) among or even within those vehicles. Arena may invest into different parts of the capital structure for different investors or funds for particular investments (i.e. senior debt, mezzanine debt, preferred equity, common equity, etc.), and such investments could create conflicts of interests between different investors or groups of investors. In addition, investors may perceive conflicts of interest regarding investment decisions for vehicles in which Arena's employees, who have and may continue to make significant personal investments, are personally invested.

It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult and Arena's

reputation could be damaged if Arena fails, or appears to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest would have a material adverse effect on Arena's reputation, which would materially adversely affect Arena's business, financial condition or results of operations in a number of ways, including an inability to raise additional funds and a reluctance of counterparties to do business with Arena.

Arena Investors may experience poor investment performance

Poor investment performance could negatively impact Arena Investors. Poor investment performance by the funds and accounts managed by Arena Investors could lead to a loss of clients, lower AUM and a decline in revenues. Arena Investors' revenues are, in part, dependent upon the Arena Management Fees, Incentive Fees and Asset Servicing Fees earned by Arena Investors with respect to such funds and managed accounts, which are based, in part, on the value of the AUM of Arena Investors. Poor investment performance (relative to Arena Investors' competitors or otherwise) could impair revenues and growth as existing clients might withdraw funds in favour of better performing products and the ability of Arena Investors to attract funds from existing and new clients would be reduced. All of the foregoing could result in lower AUM and could impact Arena Investors' ability to earn fees. In addition, the ability to earn Incentive Fees is directly related to investment performance and therefore, poor investment performance may cause Arena Investors to earn lower Incentive Fees. There can be no assurance that Arena Investors will be able to achieve or maintain any particular level of AUM, which may have a material adverse effect on its ability to attract and retain clients, the Arena Management Fees and potential Incentive Fees earned, and overall profitability. Poor performance of the investments made by AOC or acquired by AF could result in losses and/or a write down of the carrying value of such investments.

Arena Investors may face a decrease in revenues as a result of significant redemptions in Arena Investors' funds or inability to raise new funds

Subject to any specific redemption provisions applicable to a fund or managed account, investors in Arena Investors' multi-strategy and opportunistic credit funds (excluding any vehicles with pre-defined harvest periods) may generally redeem their investments on an annual basis (subject to certain other provisions as applicable). In a declining market, during periods when the alternative asset management industry generally experiences outflows, or in response to specific events that occur at Arena Investors, Arena Investors could experience increased redemptions and as a consequence, a reduction in AUM. Furthermore, investors in Arena Investors' funds may also invest in funds managed by other alternative asset managers that have restricted or suspended redemptions or may in the future do so. Such investors may redeem capital from Arena Investors' funds, even if Arena Investors' performance is superior to such other alternative asset managers' performance if they are restricted or prevented from redeeming capital from those other managers. Arena Investors may experience elevated redemption levels if economic and market conditions remain uncertain or worsen. The decrease in revenues that would result from significant redemptions in Arena Investors' funds or managed accounts could have a material adverse effect on Arena Investors' business, financial condition or results of operations.

Arena Investors may face challenges relating to its illiquid investments

The investment strategies contemplated for clients of Arena Investors involve investments with limited or no liquidity which could make it challenging to raise investment capital from third-party investors, making Arena Investors a less profitable investment for Westaim. Illiquid investments might not be able to be disposed of at favourable prices or at all, which could lead to investment losses and lower fees.

Arena is exposed to risks relating to its risk management procedures

A failure in management's ability to manage risks in Arena's investment products could materially adversely affect the business, financial condition and/or profitability of Arena. Some of the methods of managing risk are based upon the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which may be significantly greater than the historical measures indicated. Other risk management methods may depend upon evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record

properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

Arena is dependent on key management and staff

Failure by Arena to retain and attract qualified staff could lead to a loss of key employees and clients and could lead to a decline in Arena's revenues. Arena's business is dependent on the highly skilled and often highly specialized individuals engaged by Arena. These employees have critical industry experience and relationships that is relied upon to implement the business plan of Arena. However, there can also be no assurance that their historical success can be replicated. The contribution of these individuals to the investment management, client service, sales, marketing and operational teams is important to attracting and retaining clients. While resources will be devoted to recruiting, training and compensating these individuals, the growth in total AUM in the investment management industry, the number of new firms entering the industry and the reliance on performance results to sell financial products have increased the demand for high quality professionals in all aspects of asset management.

Arena is subject to the risk of employee misconduct

There is a risk that Arena's employees, joint venture partners, consultants or agents could engage in misconduct that materially adversely affects its business. Arena is subject to a number of obligations and standards arising from the asset management business and Arena Investors' authority over the assets it manages, as well as Westaim's status as a public company. The violation of these obligations and standards by any of Arena's employees, joint venture partners, consultants or agents could materially adversely affect Arena's investors and Arena. In addition to these numerous and complex obligations, Arena business requires proper dealing with confidential matters of great significance to companies in which Arena may invest or otherwise do business with. If employees, joint venture partners, consultants or agents were improperly to use or disclose confidential information, Arena could be subject to litigation, regulatory investigations or sanctions and suffer serious harm to its reputation, financial position and current and future business relationships. Furthermore, there have been a number of recent highly publicized cases involving fraud or other misconduct by employees (including in the workplace via inappropriate or unlawful behavior or actions directed to other employees) in the financial services industry generally and there can be no assurance that Arena will not suffer from similar employee misconduct. It is not always possible to detect or deter employee misconduct, and the precautions Arena takes to detect and prevent this activity have not been and may not be effective in all cases. If one of Arena's employees, joint venture partners, consultants or agents were to engage in misconduct or were to be accused of such misconduct, even if such allegations were unsubstantiated, Arena's reputation and business, financial condition or results of operations could be materially adversely affected.

Arena Investors' business is subject to competitive pressures

The investment management industry is highly competitive. Competitive pressures could reduce Arena Investors' revenues. Some of Arena Investors' current competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, distribution and other resources. There can be no assurance that Arena Investors will be able to achieve or maintain any particular level of AUM or revenues in this competitive environment. Competition could have a material adverse effect on Arena Investors' profitability and there can be no assurance that Arena Investors will be able to compete effectively in this environment. In addition, the ability to grow Arena Management Fees and Incentive Fees is dependent on the ability to provide clients with products and services that are competitive. Investors have become more price and value conscious for a variety of reasons, including the current state of the capital markets, increased regulatory focus, investment performance and the availability of lower cost investment products. There can be no assurance that Arena Investors will be able to retain a given fee structure or, with such fee structure, retain clients in the future. A significant reduction in the Arena Management Fees or Incentive Fees would have a material adverse effect on the revenues of Arena Investors.

Arena is subject to certain conflicts of interest

Arena is subject to certain conflicts of interest in the management of assets on behalf of Arena Investors' clients and in respect to transactions involving other business of AIGH and the Arena FINCOs. These conflicts arise primarily from the involvement of AOC and other affiliates regarding: (a) the acquisition by an Arena investment vehicle and/or an Arena Investors' managed account client of loans originated by AOC; (b) an acquisition by AF of loans originated

by another Arena investment vehicle; (c) cross-trades among such entities or between an Arena investment vehicle and an Arena Investors' managed account client; (d) co-investments between one Arena investment vehicle and another; and (e) the provision of services to an Arena investment vehicle for compensation. Further, entities comprising Arena may engage in a broad spectrum of activities, including direct (or principal) investment activities for their own accounts and Arena Investors' investment advisory activities that, with respect to any particular client, are independent from, and may from time-to-time conflict with, overlap with or compete with, the investment activities of that client and/or of other clients.

In addition to the foregoing, bonuses or incentive compensation that may be paid to employees of Arena are determined by the board of directors of AIGH (the "**AIGH Board**"), subject to the terms of the Third Amended and Restated LLCA, whereunder BP LLC is entitled to nominate four of the nine members of the AIGH Board (see "*Current Businesses – Arena*").

Loan concentration may increase investment risks

Arena invests in a variety of industries. However, if industry segments in which Arena has a concentration of investments experience adverse economic or business conditions, loan delinquencies, default rates or write-downs in those segments may increase and could materially adversely affect Arena.

The risk of epidemics, pandemics, outbreaks of disease and public health issues

Arena's business activities and its operations and investments could be materially adversely affected by outbreaks of disease, pandemics, epidemics and public health issues in a manner similar to Westaim (see "*Westaim may be exposed to epidemics and/or pandemics*").

Risks Relating to the Salem Partnership and Ceres Life

Westaim's lack of control over the Salem General Partner

The Salem General Partner has broad discretion with respect to its management of the Salem Partnership. Subject to certain restrictions set out in the Salem LPA, the Salem General Partner may engage in acquisitions, dispositions or other strategic or corporate transactions without any oversight by the Company. Such acquisitions may require additional capital contributions which the Company would be required to fund or risk being in default.

Capital contributions under the Salem Partnership; default under the Salem LPA

Subject to the limitations set out in the Salem LPA, the Salem General Partner may call significant amounts of capital from the Company at any time and the Company has no control over how the Salem General Partner uses such capital contributions. In the event the Company defaults on its capital commitments under the Salem LPA, the Salem General Partner may: (a) charge the Company interest on the defaulted amount, plus associated costs; (b) cause distributions otherwise entitled to be received by the Company to be used to be credited against the defaulted amount; (c) cause a forced transfer of the Company's interest in the Salem Partnership to affiliates of the General Partner and/or to a third party for a price equal to at least seventy-five percent (75%) of the lesser of (i) the fair value of the Company's interest; and (ii) the Company's aggregate capital contribution to the Salem Partnership; (d) cause immediately specific performance, including initiating a cause of action with respect to the default; and (e) exercise any other right, power, or remedy conferred upon the General Partner under the Salem LPA. While any default amount is outstanding, the Company would forfeit its right, if any, to participate in a vote on which the Company would otherwise be entitled to vote under the Salem LPA.

Westaim's ownership in the Salem Partnership and Ceres Life may be diluted

Notwithstanding certain consent rights in favour of the Non-CC Capital Affiliated Directors (as defined in the Salem LPA), the Salem General Partner may accept additional capital from other investors into the Salem Partnership, which could dilute the Company's ownership interests in Ceres Life and any future investments of the Salem Partnership.

Furthermore, the Salem General Partner may cause Ceres Life to issue capital to third parties, which would also dilute the Salem Partnership's (and in turn the Company's) ownership interest in Ceres Life.

The success of Ceres Life is subject to the risks inherent in the establishment of a new business venture and use of modern architecture

Ceres Life was acquired in connection with the establishment of a *de novo* annuity platform. Among other benefits, this *de novo* approach facilitates the use of modern technology, enabling differentiated system capabilities and customer experience unencumbered by legacy systems. Ceres Life was purpose-built to operate on a cloud-native API driven technology stack that integrates policy administration, illustrations, data warehousing, call center support, and other modular systems. This modern architecture is intended to support flexibility, partner access, and continuous delivery. However, it also creates new categories of risk.

Because each component is developed, maintained, and upgraded independently, failure in any module, or incompatibility between components, can disrupt application processing, policy issue, servicing, or reporting. Even routine system updates or deployments carry risk if not carefully staged and tested. Additionally, integration across disparate systems (both internal and third-party) requires careful mapping of data, business rules, and authentication standards. Errors in configuration can lead to inconsistent case statuses, missing transactions, or regulatory gaps.

Ceres Life's commitment to continuous improvement practices demands strict adherence to change management protocols and error recovery procedures. Any weakness in release controls, test coverage, or incident response may result in unplanned outages or service degradation. Over time, the accumulation of technical debt – if not managed – can also erode platform responsiveness and increase maintenance burden.

In launching Ceres Life as a *de novo* annuity platform, Ceres Life will be subject to all of the risks inherent in the establishment of any business venture, including financial, operational, technological, regulatory and other risks that could potentially result in failure of a new venture. There can be no assurances with respect to the success of Ceres Life's business including its ability to originate annuities, achieve scale, or deliver profitable results of operations.

The insurance industry is highly competitive; competitive pressures may result in lower volumes of annuity policies written, lower annuity spread, increased expense for customer acquisition and retention and less favorable policy terms and conditions

Ceres Life's core annuity products are offered by numerous insurers across a range of financial strength ratings, market positions, and distribution models. Many of these competitors benefit from long-established brands, extensive capital reserves, large in-force blocks, and deep relationships with IMOs, broker-dealers, and institutional platforms. In addition to traditional insurers, Ceres Life competes with investment firms, fintech platforms, banks, and asset managers that provide income products, structured notes, and retirement-focused investment vehicles.

Customers may evaluate Ceres Life and its competitors on several factors, including product offerings and features, contract terms and conditions, crediting rates, customer service, expertise and reputation. Technological innovation, fee compression, and rising consumer expectations have intensified pressure on all carriers to deliver faster, more transparent, and digital-first customer experiences. Failure to meet or exceed these standards may result in diminished placement rates or reduced visibility on distributor platforms.

Further, as a relatively new annuity provider, Ceres Life may not initially qualify for inclusion in certain advisory platforms or retirement networks that maintain financial strength or tenure minimums. Even where Ceres Life's products are accessible, advisors may express hesitancy to recommend a new carrier without a track record. These

dynamics may force Ceres Life to offer more generous compensation, lower surrender charges, or higher crediting rates to gain market traction, which may place downward pressure on profitability in the early stages of its operations.

Because of the highly competitive nature of the insurance industry, there can be no assurance that Ceres Life will maintain or grow its market share or that competitive pressure will not have an adverse effect on Ceres Life's business, results of operations and/or financial condition.

Furthermore, participants in the insurance industry, including Ceres Life's competitors, have been consolidating. There has been a large amount of merger and acquisition activity in the insurance industry in recent years which may continue. Ceres Life may experience increased competition as a result of that consolidation, with larger entities having enhanced market power. Increased competition could result in lower premium rates and/or profitability, less favorable policy terms and conditions and greater costs of customer acquisition and retention.

Ceres Life competes with other companies to attract and retain talented key personnel and employees. The insurance industry relies on recruiting and developing individuals with specialized skills and knowledge in various areas, including actuarial science, underwriting, technology, investment management, and data and analytics. Any challenges in attracting and retaining employees with such specialized skills may adversely impact Ceres Life's operations.

If Ceres Life is unable to attract and retain distribution partners, sales of its annuity products may be adversely affected

Ceres Life distributes its annuity products primarily through IMOs. These relationships are essential to accessing financial advisors and reaching policyholders at scale. Ceres Life will continue to scale and grow organically by working with additional IMOs and financial institutions ("**Distributors**"). However, Ceres Life has limited control over the conduct, priorities, and operational practices of these third parties.

Each Distributor may carry multiple carriers' products and may prioritize relationships based on compensation, familiarity, financial ratings, or administrative convenience. As a new entrant, Ceres Life may be deprioritized or bypassed in favor of more established carriers unless it offers superior economics or integration. There can be no assurance that such relationships will be added or continued in the future. If Ceres Life is unable to attract and retain sufficient Distributors to sell its annuity products, Ceres Life's results of operations could be adversely affected.

Changes in U.S. tax law might adversely affect demand for Ceres Life's offerings

Under current federal tax law, individuals can defer paying income tax on the earnings that accumulate within certain retirement savings vehicles, such as annuity contracts, until withdrawals or distributions occur. This tax-deferral feature enhances the appeal of annuities for many consumers. However, future legislative changes, including those that alter the taxation of retirement savings or reduce the value of deferral, could diminish the relative attractiveness of Ceres Life's offerings. If Congress enacts tax reforms that adversely impact the treatment of annuities, it may lead to reduced demand for these products among prospective policyholders.

Changes in interest rates and credit spreads, which are out of Ceres Life's control, can adversely affect Ceres Life's financial condition and results of operations

Interest rates have a significant impact on Ceres Life's business in terms of consumer demand for its products, in the valuation of its assets and liabilities, and on its investment performance. Substantial and sustained increases or decreases in market interest rates could adversely affect Ceres Life's business, investment returns, financial condition, results of operations, liquidity and cash flows.

The interest rate environment affects estimated future profit projections, which could impact the estimates of policyholder liabilities within Ceres Life's insurance business. Significantly lower future estimated profits may require Ceres Life to establish additional policyholder liabilities, thereby reducing earnings.

Periods of rapidly rising interest rates could result in:

- Reduced persistency of Ceres Life's annuity products if contract holders shift assets into higher yielding products or investments;
- Higher surrenders by Ceres Life's annuity customers if competitors increase rates on other insurance or investment products; and
- Reduced results of operations should Ceres Life react to market conditions by increasing its crediting rates without a corresponding increase in returns of its investment portfolio.

During periods of prolonged low interest rates:

- Investment earnings may be dampened as a result of available opportunities for investing general account assets; and
- Ceres Life may be forced to reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, which will reduce results of operations.

An increase in market interest rates or credit spreads could also have an adverse effect on the value of Ceres Life's investment portfolio by decreasing the fair values of the fixed income securities in Ceres Life's investment portfolio.

A decline in market interest rates or credit spreads could have an adverse effect on Ceres Life's investment income as new investments may earn less than the portfolio's average yield. Although during such periods Ceres Life may seek to mitigate the impact of low interest rates through actions such as reducing the guaranteed minimum crediting rates on new annuity contracts, where permitted to do so, and there is no guarantee that such actions may completely offset the impact of the decline in market interest rates or credit spreads. Additionally, Ceres Life's sales volume may be negatively impacted as a result. Ceres Life's ability to decrease product crediting rates in response may be limited by market and competitive conditions and by regulatory or contractual minimum rate guarantees.

Fluctuations in credit spreads can also contribute to the insurance industry's cyclicity and may have an adverse effect on Ceres Life's investment performance, including investment income, or cause realized and unrealized losses. Ceres Life is subject to risks associated with potential declines in credit quality related to specific issuers or specific industries and a general weakening in the economy, which are typically reflected through credit spreads. Increases in credit spreads of issuers due to credit deterioration may result in higher levels of impairments. Widening credit spreads may cause unrealized losses in Ceres Life's investment portfolio. Conversely, tightening credit spreads may reduce Ceres Life's investment income and cause an increase in the reported value of certain insurance liabilities.

Inflation may adversely reduce the profitability of Ceres Life and results of operations

Ceres Life's business is impacted by inflationary pressures. The potential for increased tariffs and trade barriers, as well as increased geopolitical risks, adds uncertainty to the long-term outlook for inflation and interest rates. Interest rate increases or other government actions taken to reduce inflation could also result in recessionary pressures. Higher interest rates or elevated interest rates for a sustained period could also result in an economic slowdown. Price increases affect households and weigh on confidence and spending power. Economic contraction or further deceleration in the rate of growth in certain industries, sectors or geographies may contribute to poor financial results.

Rising inflation could adversely impact returns on Ceres Life's investment portfolio, investment income and results of operations. The effects of inflation can result in increased costs in servicing and maintaining annuity policies, as well as overhead costs. Failure to accurately factor in inflation in Ceres Life's pricing assumptions may result in mispricing of Ceres Life's products, which could adversely impact Ceres Life's results of operations.

Ceres Life makes assumptions and estimates with respect to the design of and rate-setting for its annuity products, as well as its estimation of insurance liabilities. Significant deviations from such assumptions and estimates could adversely affect Ceres Life's business, financial condition, results of operations, liquidity, and cash flows

Ceres Life relies on a variety of actuarial assumptions and business estimates in determining pricing, reserving, and product design parameters. These assumptions include, but are not limited to, premium persistency, policyholder behavior (such as lapses, withdrawals, and annuitizations), benefit utilization, mortality and longevity rates, credited interest performance, investment performance and expense levels. These parameters are also embedded into Ceres Life's actuarial models and financial projections, which require significant professional judgment.

If actual experience diverges materially from these assumptions, whether due to changes in economic conditions, customer behavior, or internal execution, then reserves or capital buffers may prove inadequate. This could require an immediate increase in reserves, negatively impacting Ceres Life's liquidity, results of operations and financial position. Additionally, changes in assumptions over time may create earnings volatility and reduce the comparability of results across periods.

If Ceres Life fails to assess accurately the risks of its annuity products or if events or circumstances cause its risk assessment to be incorrect, Ceres Life's insurance liabilities may prove to be inadequate to cover future claims and benefit payments. If Ceres Life concludes that its reserves are insufficient to cover actual or expected annuity contract benefits and payments as a result of changes in experience, assumptions or otherwise, Ceres Life may increase its reserves and require additional assets to meet the higher, earlier, or more frequent than expected payments. An increase in reserves due to revised assumptions would have an immediate impact on Ceres Life's results of operations and financial condition.

Ceres Life's investments are subject to credit risk, market risk, servicing risk, macroeconomic and geopolitical risk, regulatory risk loss from catastrophic events and other risks, which could diminish the value that Ceres Life obtains from such investments

Ceres Life's investments are impacted by various economic conditions and events outside of its control. Ceres Life's investments are subject to risks of changes in market values and credit defaults. Periods of macroeconomic weakness or recession, volatility or disruption in the financial and credit markets could increase these risks and could potentially result in impairment of assets in Ceres Life's investment portfolio. In addition, the impact of political developments, or changes in regulations could lead to disruption, instability and volatility in the global markets, which may have an impact on Ceres Life's investments across negatively impacted sectors or geographies.

Ceres Life is also subject to the risk that cash flows generated from the collateral underlying the structured products it owns may differ from its expectations in timing or amount. In addition, certain of Ceres Life's investments may produce investment income that fluctuates significantly from period to period. Any event reducing the estimated fair value of these securities, other than on a temporary basis, could have a material adverse effect on Ceres Life's business, results of operations, financial condition, liquidity and cash flows.

Ceres Life could suffer losses if its investment strategy is unsuccessful

Ceres Life's investment strategy is designed to support the expected liability profile of its annuity business. This involves aligning asset durations and cash flows to anticipated product outflows such as benefit payments, withdrawals, and maturities. If Ceres Life's investment strategy fails to accurately model or match liability behavior, it may be required to sell investments at an inopportune time, realize losses, or reinvest at lower-than-expected yields.

There can be no guarantee that Ceres Life will be able to achieve any return for its investment portfolio in the future. A failure to source attractive investment opportunities or to deploy assets in line with its investment strategy would have a significant and adverse effect on Ceres Life's investment returns, and in turn on its operations and financial performance.

Some assets may be inherently illiquid or subject to valuation uncertainty, including certain private placements or structured alternatives. Ceres Life may fail to properly value and may not be able to realize its full carrying value in, such instruments. In the event of unanticipated policyholder behavior – such as mass surrenders or increased

withdrawals – Ceres Life could face pressure to liquidate assets under adverse market conditions. Any inability to meet policyholder obligations in a timely and efficient manner may result in reputational harm and strain financial ratios used by regulators and rating agencies.

The success of any investment activity is affected by general economic conditions. General economic conditions may adversely affect the markets for investment securities, including, but not limited to corporate debt securities and structured securities such as commercial mortgage-backed or other asset-backed securities. Unexpected volatility or illiquidity in the markets in which Ceres Life directly or indirectly holds positions could adversely affect Ceres Life.

Before making investments, Ceres Life and its Investment Manager undertake a robust due diligence process. However, the due diligence process may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating an investment opportunity, and, as a result, the results of operations, financial condition and cash flows of Ceres Life may be adversely affected.

Some of Ceres Life's investments are illiquid, and Ceres Life may be required to dispose of such assets if there is a significant amount of unanticipated withdrawal, lapse or claim activity, or to meet other obligations

Ceres Life strives to maintain a sufficient level of liquidity to support the risk of withdrawal, lapse or claim activity under its insurance obligations. However, to achieve Ceres Life's strategic goals, a portion of Ceres Life's assets may be relatively illiquid, as certain of Ceres Life's investments may be in securities that are not publicly traded or that otherwise lack liquidity, such as privately placed fixed maturity securities, investments in mortgage loans and alternative investments. In addition, Ceres Life's liquid assets may experience reduced liquidity during periods of market volatility or disruption.

If there is a significant amount of unanticipated policyholder withdrawal, lapse or claim activity, Ceres Life may be required to dispose of illiquid assets. If Ceres Life was forced to sell certain of its assets, there can be no assurance that it would be able to sell them for the values at which such assets are recorded, and Ceres Life might be forced to sell them at significantly lower prices. In addition, in many cases Ceres Life may be prohibited by contract or applicable securities laws from selling certain securities for a period. It may be impossible or costly for Ceres Life to liquidate positions rapidly to meet unexpected withdrawal obligations. If Ceres Life is unable to liquidate assets to offset withdrawal or lapse activity, it could have an adverse effect on Ceres Life's financial position and results of operations, as well as Ceres Life's financial ratios, which could affect compliance with Ceres Life's credit instruments and rating agency capital adequacy measures.

Ceres Life's investment portfolio may be subject to concentration risk, which could threaten its financial condition

Concentration risk arises from exposure to significant asset defaults of a single issuer, industry or class of securities, based on economic conditions, geography or as a result of adverse regulatory or court decisions. When an investor's assets are concentrated and that particular asset or class of assets experiences significant defaults, the default of such assets could threaten the investor's financial condition, results of operations and cash flows. Although Ceres Life will seek to mitigate concentration risk through investment policies and guidelines, there is no assurance that such efforts will be successful in adequately managing this risk.

Ceres Life's investment portfolio may include investments in securities of issuers based outside the U.S., including emerging markets, which may be riskier than securities of U.S. issuers

Ceres Life may invest in securities of issuers organized or based outside the U.S. that may involve heightened risks in comparison to the risks of investing in U.S. securities, including unfavorable changes in currency rates and exchange control regulations, reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions, transfer taxes and custody fees, local economic or political instability and greater market risk in general. In particular, investing in securities of issuers located in emerging market countries involves additional risks, such as exposure to economic structures that are generally less diverse and mature than, and to political systems that can be expected to have less stability than, those of developed countries; national policies that restrict investment by foreigners in certain issuers or industries of that country; the absence of or inadequate legal structures governing foreign investment and private property; an increased

risk of foreclosure on or nationalization of collateral located in such countries; a lack of liquidity due to the small size of markets for securities of issuers located in emerging markets; and price volatility.

Ceres Life's valuation of securities and investments, as well as the determination of the amount of allowances and impairments taken on investments, are subjective and, if changed, could adversely affect its results of operations or financial condition

Valuations of investments are subject to determinations, judgments, projections and opinions, and third parties or investors may disagree with such valuations. During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may require significant management judgment to determine the fair value of certain securities, including fixed maturity and equity securities, as well as short-term investments that are reported at estimated fair value, if trading becomes less frequent and/or market data becomes less observable. In addition, in times of financial market disruption, the valuation process for certain asset classes that were in active markets with observable valuations may include inputs that are less observable and require more subjectivity and management judgment. Valuations may result in estimated fair values that vary significantly from the amount at which the investments may be sold. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of securities as reported within the Company's financial statements and the period-to-period changes in estimated fair value could vary significantly. Decreases in the estimated fair value of securities may have an adverse effect on Ceres Life's financial condition.

The determination of the amount of allowances and impairments varies by investment type and is based upon Ceres Life's periodic evaluation and assessment of known and inherent risks associated with the respective asset class. However, historical trends may not be indicative of future impairments or allowances, and any such future impairments or allowances could have an adverse effect on our earnings and financial position.

Ceres Life depends on the IMA with the Investment Manager and its business may experience an adverse impact should it lose any of the services provided thereunder

Ceres Life relies on the Investment Manager under an IMA (and Sub-Advisor under the Sub-Advisory Agreement). Each of the Investment Manager and Sub-Advisor is not required to maintain the employment of any of its professionals or to cause any professionals to provide services to Ceres Life or on behalf of Ceres Life. In addition, the employees of the Investment Manager and Sub-Advisor that provide services to Ceres Life are not required to have as their primary responsibility the provision of investment management services to Ceres Life or to act exclusively for Ceres Life. The Investment Manager and Sub-Advisor may provide similar services to other companies, including those who compete with Ceres Life. If Ceres Life were to lose the investment management services provided by the Investment Manager and Sub-Advisor, or if either the Investment Manager or Sub-Advisor fails to perform its obligations under the IMA or Sub-Advisory Agreement, as applicable adequately, Ceres Life may experience an adverse impact on its business operations.

Ceres Life is exposed to counterparty credit risk which, in turn, increases its exposure to liabilities

Ceres Life is exposed to counterparty credit risk, which is the uncertainty of whether a counterparty will honor its obligation under the terms of a security, loan, or contract. While Ceres Life and its Investment Manager undertake extensive diligence on all credit investments and creditworthiness of borrowers or investment counterparties, Ceres Life is exposed to the risks of missed payment, default loss or investment underperformance due to credit risk. Ceres Life also has counterparty credit risk through reinsurance. Credit risk may emerge in the event of default of a counterparty, either with respect to insufficient collateral that cannot be realized or is liquidated at prices not sufficient to recover the full amount of the related loan or derivative exposure, or in the case of default of unsecured debt instruments. Ceres Life's efforts to maintain quality and credit exposure concentration limits may be inadequate to mitigate this risk. Ceres Life may be unable to enforce its counterparties' obligations to post collateral to secure their

obligations to Ceres Life. Among other things, a downturn in the U.S. or other economies could increase any or all of these risks.

Ceres Life is reliant on its third party commercial relationships

Ceres Life requires is reliant on third parties, including Distributors, for the growth and success of its business. While Ceres Life selectively chooses the parties to which it conducts business, it cannot guarantee the performance of counterparties. Non-performance of third parties, including non-payment of premiums and other receivables, may have a material adverse effect on Ceres Life's business, financial condition and results of operations. Even if Ceres Life is able to obtain performance by such third-parties, the efforts to require such performance may onto themselves be costly and deviate the attention of Ceres Life personnel.

Ceres Life may require additional capital in the future, including to fund future growth, which may not be available or may only be available on unfavorable terms, including as a result of increasing barriers to free trade and the free flow of capital and fluctuations in the financial markets

Ceres Life's future capital requirements depend on many factors, including regulatory requirements, the nature of any future business written and the requirement to hold appropriate capital against liabilities, the amount of which is determined based on a variety of risks including credit risk, interest rate risk, insurance risk and operational risk, among others.

Any equity or debt financing, if available at all, is subject to market factors outside of the control of Ceres Life and may be transacted on unfavorable terms. Any disruption in the financial markets may limit Ceres Life's and significantly reduce its financial flexibility. If Ceres Life cannot obtain adequate capital on favorable terms or at all, the business of Ceres Life, its results of operations and financial condition could be adversely affected.

In addition, political initiatives to restrict free trade and the renegotiation and/or potential termination of existing bilateral and multilateral trade arrangements, could adversely affect the insurance industry and the business of Ceres Life. The insurance industry is disproportionately impacted by restraints on the free flow of capital and risk because the value it provides depends on the ability to globally diversify risk.

Given ongoing global economic uncertainties, evolving market conditions may affect the results of operations, financial position, and capital resources of Ceres Life. If there is deterioration or volatility in financial markets or general economic conditions, the results of operations, financial position, capital resources and competitive landscape of Ceres Life could be adversely affected.

Ceres Life is subject to extensive regulation. Ceres Life's failure to obtain or maintain licenses and/or other regulatory approvals as required for its operations may have an adverse effect on its business, financial condition, results of operations, liquidity, cash flows and profitability

Ceres Life operates within a highly regulated industry, where insurance laws are primarily designed to protect policyholders rather than shareholders or investors. Ceres Life must comply with the requirements of insurance departments in each state where it conducts business, including regulations related to capital adequacy, surplus maintenance, permitted investments, product approvals, affiliate transactions, solvency, and market conduct. Regulatory frameworks also govern operational matters such as dividend payments, reinsurance arrangements, and governance practices.

Among other things, the insurance laws and regulations applicable to Ceres Life:

- impose product-level regulation of form, pricing, and distribution practices;
- set solvency-based capital and liquidity requirements;
- require the maintenance of target capital levels, general and long-term business minimum solvency margins, enhanced capital requirements and a minimum liquidity ratio;
- require periodic examinations of Ceres Life's financial condition;
- restrict agreements with large revenue-producing agents;

- require Ceres Life to obtain licenses or authorizations;
- oversight of intercompany and affiliated transactions;
- constraints on dividend distributions and capital transfers;
- require periodic financial condition examinations and enterprise risk reviews;
- establish disclosure requirements related to solvency, risk, and governance;
- impose restrictions on the nature, quality, and concentration of investments;
- regulate the admissibility of assets and capital; and
- allow for the performance of certain periodic examinations of its financial condition.

Significant changes in these laws and regulations could limit Ceres Life's discretion or make it expensive to conduct for Ceres Life to conduct its business. State insurance regulators also conduct periodic examinations of the affairs of insurance companies and require the filing of annual and other reports relating to financial condition, holding company issues and other matters. These regulatory requirements may impose timing and expense constraints that could adversely affect Ceres Life's ability to achieve some or all of its business objectives. Further, changes in the level of regulation of the insurance industry or changes in laws or regulations themselves or interpretations by regulatory authorities could interfere with Ceres Life operations and require it to bear additional costs of compliance, which could adversely affect its ability to operate its business.

State insurance departments have broad authority to examine insurers, require filings, and impose corrective measures. These regulatory obligations may increase operational complexity, impose timing constraints, and generate additional compliance costs, potentially impacting Ceres Life's ability to execute its strategic initiatives. Regulatory developments, whether in the form of new rules, shifting interpretations, or enforcement priorities, could alter the business environment and limit Ceres Life's flexibility.

Each regulator retains the authority to license insurers in its jurisdiction, and an insurer generally may not operate in a jurisdiction in which it is not licensed. The licenses currently held by Ceres Life are limited in scope with respect to the products that may be sold within the respective jurisdictions. Currently, Ceres Life maintains licenses in 45 states and the District of Columbia. Ceres Life's ability to retain licenses depends on its ability to meet requirements established by applicable regulators. To the extent Ceres Life seeks to sell products for which it is currently not licensed, it would be required to become licensed in each of the respective jurisdictions in which such products are expected to be sold. There is no assurance that Ceres Life would be able to obtain the relevant licenses. State insurance regulators have broad discretion to deny or revoke licenses for various reasons, including the violation of regulations. If Ceres Life does not have the requisite licenses and approvals or does not comply with applicable regulatory requirements, state insurance regulators could preclude or temporarily suspend Ceres Life from carrying on some or all of its activities in their state or could otherwise penalize it. This could adversely affect Ceres Life's ability to operate its business.

Each annuity product that Ceres Life offers must undergo extensive internal review, actuarial modeling, form design, rate calibration, and state-by-state regulatory filing. The timing and outcome of regulatory approvals are inherently uncertain and vary across jurisdictions. The costs and complexity of navigating these shifts may be disproportionately high for newer carriers with limited infrastructure and fewer resources.

The impact of these regulations, including restriction on investments in affiliates or related parties, may have an adverse effect on Ceres Life's investment portfolio returns. As part of regular mandated risk assessments, regulators may take steps that have the effect of restricting Ceres Life's business activities, which may in turn have a material impact on Ceres Life's ability to achieve growth objectives and earnings targets. Any failure to meet applicable requirements or minimum statutory capital requirements could subject Ceres Life to examination or corrective action by regulators, including limitations on its writing additional business, supervision, receivership, or liquidation. In addition, Ceres Life is subject to restrictions on assets it may hold under relevant regulations and tax rules, and regulators may alter such restrictions, thus potentially affecting Ceres Life's investment policy and any associated projected income or growth return from investments. In addition, based on Ceres Life's perceived risk profile, regulators may require additional regulatory capital to be held by Ceres Life (including as part of guidance provided

by the regulator to us on a confidential basis), which, among other things, may affect the business Ceres Life can write and the amount of dividends Ceres Life is able to pay out.

Ceres Life's business could be adversely affected by changes in state laws, including those relating to asset and reserve valuation requirements, surplus requirements, limitations on investments and dividends, enterprise risk and risk-based capital requirements, and, at the federal level, by laws and regulations that may affect certain aspects of the insurance industry, including proposals for pre-emptive federal regulation or over the sale of annuities within qualified plans and retirement accounts. The U.S. federal government generally has not directly regulated the insurance industry. However, the federal government has undertaken initiatives or considered legislation in several areas that may affect the insurance industry, including tort reform, corporate governance and taxation.

Any future regulatory changes, including political, regulatory and industry initiatives by state and international authorities, could result in the imposition of significant restrictions on Ceres Life's ability to do business

The broader legal and regulatory landscape facing the insurance sector continues to evolve. Potential reforms at the state or federal level could alter the treatment of annuities in tax-deferred accounts, introduce new suitability or best-interest standards, or impose increased governance and transparency requirements. These developments may stem from state legislatures, federal agencies, or intergovernmental organizations such as the National Association of Insurance Commissioners ("NAIC"). Changes to the laws and regulations, and interpretations and enforcement of such laws and regulations, that govern the conduct of Ceres Life's business could adversely affect its operations and profitability. In addition, legislation and other regulatory initiatives taken, or which may be taken in response to conditions in the financial markets, U.S. and global supervision of insurance companies and other factors may lead to additional regulation of the insurance industry in the coming years. Such changes could increase Ceres Life's regulatory and compliance burden, resulting in increased costs, adversely affecting results of operations.

Changes in regulatory approval processes, rules and other dynamics in the regulatory process could adversely impact Ceres Life's ability to react to such changing conditions. Ceres Life cannot predict what proposals may be made, what legislation or regulations may be introduced or enacted, or what impact any future legislation or regulations may have on Ceres Life's business, results of operations and financial condition.

Further, as insurance industry practices and legal, judicial, social and other conditions outside of Ceres Life's control change, unexpected issues related to claims and coverage may emerge. These changes may include modifications to long-established business practices or policy interpretations, which may adversely affect Ceres Life by extending coverage beyond Ceres Life's underwriting intent or by increasing the type, number or size of claims. As a result of these regulatory efforts, there is a great deal of uncertainty whether traditional underwriting criteria will be restricted by new state laws or regulations. Such regulatory efforts may significantly hinder Ceres Life's use of technological and innovative advances to underwrite and price life insurance accurately.

Potential government intervention in the insurance industry and instability in the marketplace for insurance products could hinder Ceres Life's flexibility and negatively affect the business opportunities that may be available to it in the market

Government intervention in the insurance industry and the possibility of future government intervention have created uncertainty in the insurance markets. Governmental authorities worldwide have become increasingly interested in potential risks posed by the insurance industry to commercial and financial systems in general, and there could be increased regulatory intervention in the reinsurance and insurance industries in the future. Government regulators are generally concerned with the protection of policyholders to the exclusion of other constituencies, including direct or indirect shareholders of insurers. While Ceres Life cannot predict the exact nature, timing or scope of possible governmental initiatives, such proposals could adversely affect Ceres Life's business by further regulating the terms of insurance policies, including annuities. There can be no assurance as to the effect that any governmental or regulatory actions will have on Ceres Life's competitive position, business and financial condition.

The downgrade in a financial strength rating for Ceres Life could adversely affect Ceres Life's sales of annuity products and retention of customers

Financial strength ratings are an important competitive factor in the insurance industry. Financial strength ratings are directed toward policyholders and are based on a company's ability to pay its obligations. Financial strength ratings are not directed to holders of securities, are not directed toward the protection of investors and are not a recommendation to buy, sell or hold securities. Ratings organizations assign ratings based upon several factors, including historical experience, and while most of these factors relate to the underlying company, some of the factors relate to general economic conditions and circumstances outside the control of Ceres Life.

There is no assurance that Ceres Life will be able to maintain a rating. Ratings are subject to revision or withdrawal at any time by the assigning ratings organization. There can be no assurance that a financial strength rating assigned to Ceres Life will remain in effect for any given period or that the rating will not be withdrawn or revised by the rating agency at any time. Any deterioration in Ceres Life's financial performance, investment results, or regulatory standing, or any revision in rating agency methodologies, could result in a downgrade or withdrawal of its rating. A withdrawal or downgrade in any financial strength rating of Ceres Life could adversely affect its ability to sell products and retain existing business, and as a result Ceres Life's results of operations could be adversely affected.

If market conditions cause reinsurance to be more costly or unavailable, Ceres Life may be required to bear increased risks or reduce the level of its underwriting commitments

As part of Ceres Life's overall risk and capacity management strategy, it may choose to purchase reinsurance. Market conditions beyond Ceres Life's control determine the availability and cost of the reinsurance protection it may seek to purchase. In the event Ceres Life seeks reinsurance in the future, it may be unable to obtain reinsurance on terms acceptable to Ceres Life, which may affect its willingness to sell certain annuity products. Ceres Life may be forced to incur additional expenses for reinsurance, which may have an adverse impact on Ceres Life's results of operations. If Ceres Life were to lower crediting rates offered on new annuity products in response to this increased cost, it could adversely affect Ceres Life's ability to write future business.

A decrease in capital ratios of Ceres Life could result in increased scrutiny by insurance regulators and rating agencies and have an adverse effect on its results of operations and financial condition

In any particular year, Ceres Life's statutory surplus amounts and capital ratios may increase or decrease depending on a variety of factors, including the amount of statutory income or losses generated (which itself is sensitive to equity market and credit market conditions), recognition of write-downs or other losses on investments held in the investment portfolio, the amount of additional capital held to support business growth, changes in equity market levels, the value and credit ratings of certain fixed income and equity securities in its investment portfolio, and changes in interest rates, as well as changes to the applicable capital formulas and the interpretation of the regulator's instructions with respect to capital calculation methodologies. Ceres Life's financial strength and credit ratings may be significantly influenced by statutory surplus amounts and capital ratios. In addition, rating agencies may implement changes to their own internal models, which differ from the prescribed capital models in the United States, which have the effect of increasing or decreasing the amount of statutory capital Ceres Life holds relative to the rating agencies' expectations. To the extent that the capital ratios are deemed to be insufficient, Ceres Life may seek to take actions to increase capitalization or to reduce capitalization requirements. If Ceres Life were unable to accomplish such actions, the rating agencies may view this as a reason for a ratings downgrade. The failure to meet regulatory capital requirements or any other applicable minimum capital and surplus requirements could subject Ceres Life to examination or corrective action imposed by insurance regulators, including limitations on the ability to write additional business, supervision by regulators or seizure or liquidation. Any corrective action imposed could have an adverse effect on Ceres Life's business, results of operations and financial condition. A decline in capital, whether or not such decline results in a failure to meet the applicable capital requirement, may limit the ability of Ceres Life to make dividends or distributions, could result in a loss of new business, or could be a factor in causing ratings agencies to downgrade financial strength ratings, each of which could have an adverse effect on Ceres Life's business, results of operations and financial condition. Moreover, future revisions to capital calculations could result in a reduction in those capital ratios below certain prescribed levels, and in case of such a reduction Ceres Life may be required to hold additional capital.

Failure to maintain the security of Ceres Life's information and technology systems could have an adverse effect on its business

Ceres Life relies on the use of technology and information systems, some of which are controlled by third-party service providers, to monitor and process internal and customer-facing transactions, and to assist Ceres Life in other work, such as performing actuarial analyses and updating its financial statements. If any of these systems were to encounter an operational failure or glitch, it may adversely effect Ceres Life's business and results of operations. Additionally, Ceres Life's information systems and technology may not be able to accommodate Ceres Life's growth and may increase in cost. Its information systems and technology may also become subject to cyber-terrorism or other compromises and shutdowns, and any failures or interruptions of these systems could also adversely affect Ceres Life's business and results of operations. Any failure, misconfiguration, or outage in technology systems, whether due to technical issues, cyberattacks, or third-party disruptions, could impair operations, delay transactions, and negatively affect financial results. Ceres Life relies on its information technology systems to function as intended.

Ceres Life remains exposed to evolving cybersecurity threats, such as ransomware, phishing, and other malicious activity, some potentially enhanced by emerging technologies like artificial intelligence ("AI") or quantum computing. Additionally, cyber incidents involving third-party vendors may disrupt service or compromise shared data. Ceres Life's reliance on cloud-native architecture heightens sensitivity to such threats. Cyber-terrorism may be intended to obtain unauthorized access to its proprietary information, PII or to client or third-party data stored on its systems, destroy or disable its data, and/or that of its business partners, disclose confidential data in breach of data privacy legislation, destroy data or disable, degrade or sabotage Ceres Life's systems, through the introduction of computer viruses, cyber-attacks and other means. Such attacks could originate from a wide variety of sources, including internal actors or unknown third parties.

If any threat actors or hackers were to gain physical access to Ceres Life's facilities and infiltrate its information systems or attempt to gain access to information and data, or if they were to circumvent Ceres Life's existing security system measures and obtain access to its systems Ceres Life's operations may be negatively affected and its business may be at risk. Examples of cyber risks include, but are not limited to:

- Ability to view, alter, or delete information, including PII and proprietary business information by penetrating Ceres Life's security controls and causing system and operational disruptions or shutdown;
- Accessing, misappropriating, or otherwise compromising protected PII or proprietary or confidential information or that of third parties;
- Developing and deploying viruses, ransomware and other malware that can attack Ceres Life's systems; and
- Exploiting any security vulnerabilities and disrupt or shut down its systems and operations.

The sophistication of cybersecurity threats continues to evolve and grow, including the risk associated with the use of emerging technologies, such as AI and quantum computing, for nefarious purposes. Such risks are also extended to portable electronic devices, such as laptops, which are particularly vulnerable to loss and theft. Ceres Life cannot predict what effects such cyber-attacks or compromises or shutdowns may have on its business and on the privacy of the individuals or entities affected, and the consequences could be material.

Cyber incidents may also remain undetected for an extended period, which could exacerbate these consequences. Cyber incidents could result in significant remediation and other costs, fines, litigation and regulatory actions against Ceres Life by governments, various regulatory organizations or exchanges, or affected individuals. Cyber incidents could cause significant reputational harm and/or financial loss. It may not be possible to recover losses suffered from such incidents under Ceres Life's insurance policies, whether from denial of coverage or if such loss is not fully covered by insurance maintained. In addition, Ceres Life's insurance coverage with respect to cyber incidents may increase in cost or cease to be available on commercially reasonable terms, or at all, in the future.

A disaster, disruption or compromise in technology or infrastructure that supports Ceres Life's business, including a disruption involving electronic communications or other services, may have an adverse impact on Ceres Life's ability to continue to operate its business without interruption which could have an adverse effect on Ceres Life. Ceres Life's systems may also be at risk due to disruptions from various events beyond its control, including, but not limited to, war, acts of terrorism, natural disasters, epidemics, pandemics, telecommunication or electrical outages, computer viruses, a prolonged global failure of cloud services, and other coordinated cyber incidents. In addition, Ceres Life's operating equipment may not continue to perform as it has in the past, and there is a risk of equipment failure due to wear and tear, latent defect, design or operator errors or early obsolescence.

While Ceres Life maintains cybersecurity insurance and takes steps to mitigate these risks, coverage may be limited, and not all losses are recoverable. Extended system failures or undetected breaches could materially affect Ceres Life's business, operations, and stakeholder trust.

Failure to protect the confidentiality of information, including as the result of a cybersecurity attack, could adversely affect Ceres Life's reputation and have an adverse effect on its business, financial condition and results of operations

Ceres Life collects, stores and uses large amounts of sensitive information, including PII, through its information technology systems. While Ceres Life relies on internal controls to protect the confidentiality of this information, it is possible that an employee could, intentionally or unintentionally, disclose or misappropriate confidential information. It is also possible that Ceres Life systems could become compromised by third party actors who are motivated to steal or misappropriate PII of policyholders for monetary gain or other nefarious reasons. If Ceres Life fails to maintain adequate internal controls, or if Ceres Life's employees fail to comply with Ceres Life's policies, misappropriation or intentional or unintentional disclosure or misuse of PII could occur. Such internal control inadequacies or non-compliance could materially damage Ceres Life's reputation or lead to civil, regulatory or criminal penalties, which, in turn, could have an adverse effect on Ceres Life's business, financial condition and results of operations. Further, the failure or compromise of Ceres Life's systems because of any actions or errors made by its employees or agents that cause a significant interruption to Ceres Life's operations, may adversely impact its reputation and brand in the insurance industry, as well as its operations, financial reporting ability and business.

Many jurisdictions have enacted laws to safeguard the privacy and security of PII. Additionally, various government agencies have established rules protecting the privacy and security of such information. Ceres Life relies on internal controls to protect the confidentiality of this information. It is possible that Ceres Life's data could be the subject of a cybersecurity attack, or an employee could, intentionally or unintentionally, disclose or misappropriate confidential information. Cybersecurity attacks, internal control inadequacies or non-compliance could materially damage Ceres Life's reputation or lead to civil, regulatory or criminal penalties, which, in turn, could have an adverse effect on its business, financial condition and results of operations.

Compliance with laws and regulations governing the processing of PII and information may impede Ceres Life's services or result in increased costs, which could have other adverse consequences

The collection, storage, handling, disclosure, use, transfer and security of PII that occurs in connection with Ceres Life's business is subject to federal and state data privacy laws. These legal requirements are not uniform and continue to evolve, and regulatory scrutiny in this area is increasing. In many cases, these laws apply not only to third party transactions, but also to transfers of information within Ceres Life.

In addition, unauthorized disclosure or transfer of sensitive or confidential client or company data, whether through systems failure, employee negligence, fraud or misappropriation, by Ceres Life or other parties with whom it does business, could subject Ceres Life to significant litigation, monetary damages, regulatory enforcement actions, fines and criminal prosecution in one or more jurisdictions. Such events could also result in negative publicity.

Compliance with existing and emerging rules and regulations governing the use of AI and generative AI could result in increased compliance costs and/or lead to changes in business practices and policies, and challenges with properly managing the use of AI could result in reputational harm, competitive harm and legal liability for Ceres Life

Ceres Life integrates AI tools into aspects of its operations. Regulatory oversight of AI is expanding, with increased attention from both state and federal authorities. In August 2020, members of the NAIC unanimously adopted guiding principles on AI to inform and articulate general expectations for businesses, professionals and stakeholders across the insurance industry as they implement AI tools to facilitate operations. More recently, in December 2023, the NAIC adopted a model bulletin on the use of AI by insurers, which was intended to remind insurance carriers that decisions impacting consumers that are made or supported by advanced analytical and computational technologies, including AI, must comply with all applicable insurance laws and regulations, including unfair trade practices. The bulletin also sets forth state insurance regulators' expectations on how insurers should govern the use of such technologies by or on behalf of the insurer to make or support such decisions. Additionally, in October 2023, the White House issued an Executive Order on the Safe, Secure, and Trustworthy Development and Use of AI, which directs federal agencies and departments to create standards and regulations for the use or oversight of AI. Ceres Life cannot predict how

existing and emerging guidance, rules and regulations governing the use of AI will be interpreted or applied, or what, if any, actions may be taken regarding AI, but any applicable regulations and limitations could result in increased compliance costs and/or lead to changes in business practices and policies, which could have a material impact on Ceres Life's business, financial condition and results of operations.

Compliance with these evolving standards could increase operational complexity and may require adjustments to business practices, especially around pricing, underwriting, or automation. Missteps in AI deployment—by either Ceres Life or its vendors—could lead to ethical concerns, regulatory penalties, or reputational harm. In addition, AI systems may introduce cybersecurity vulnerabilities, particularly if they access or process PII. Any such cybersecurity incidents could adversely affect Ceres Life's reputation and business, financial condition and results of operations.

Ceres Life may be unable to protect its intellectual property and may face infringement claims

Ceres Life depends on proprietary systems and methodologies as part of its competitive strategy. Ceres Life may face challenges protecting its intellectual property rights from unauthorized use or disclosure by third parties. Enforcement of such rights can be costly and uncertain, and Ceres Life may be required to defend its ownership in court or through administrative proceedings.

In addition, Ceres Life may be subject to claims that it has infringed upon third-party intellectual property or violated software licensing terms. If a court were to find Ceres Life liable for infringement, Ceres Life could face injunctions, damages, or the need to pursue costly licenses or develop alternative solutions—all of which could materially impact operations and financial performance.

Ceres Life may be subject to negative publicity in the insurance industry

The insurance industry is periodically subject to investigations, litigation, and regulatory inquiries, including those targeting general industry practices rather than company-specific conduct. State insurance departments, attorneys general, and federal regulators may initiate broad-based reviews that affect multiple carriers. Ceres Life may receive requests or inquiries in connection with such reviews.

In parallel, advocacy groups and media coverage can amplify scrutiny. Allegations—regardless of merit—can trigger regulatory investigations, enforcement actions, or litigation. Even in the absence of wrongdoing, reputational damage may arise, leading to brand harm, employee morale issues, and increased customer attrition.

Ceres Life cannot predict the effect that investigations, litigation, regulatory activity or negative publicity from consumers or the media will have on the insurance industry or Ceres Life. Ceres Life could be adversely affected by negative publicity and the implementation of any new industry-wide regulations that may result from such publicity, which could increase the regulatory burdens under which Ceres Life operates. Adverse publicity can also have an adverse effect on Ceres Life's reputation, the morale and performance of employees, and on business retention, which could adversely affect Ceres Life's results of operations. If Ceres Life were to become involved in publicized disputes, it could incur significant legal and compliance costs and experience distraction at the executive level. Negative press or regulatory outcomes may also prompt new legislation or industry reforms, raising the baseline regulatory burden under which Ceres Life operates.

Risks Relating to the Company's Relationship with CC Capital

The Company's business strategy is dependent on its relationship with CC Capital

The Company's ability to operate its business and realize the benefits of its proposed strategy are highly dependent on a positive working relationship with CC Capital and the maintenance of its investment in the Company. The IRA contains certain transfer restrictions. In particular, until April 3, 2027, Wembley is restricted 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 Common Shares, subject to certain exceptions. However, such transfer restrictions are of limited duration and CC Capital may choose to dispose of its shareholdings if the anticipated benefits of the CC Private Placement (and related transactions) are not realized. Certain other protections in the IRA in favour of the Company, including standstill and voting support

obligations, are also of limited duration, and there can be no assurance as to the intentions of the Company and CC Capital upon the expiry of such provisions. Any change in the working relationship between CC Capital and the Company or CC Capital's intentions with respect to its investment in the Company may have adverse impacts on the Company's business and reputation.

CC Capital is a significant shareholder, with significant influence on the Company and its business

Wembley owns approximately 35.9% of the Common Shares, and up to approximately 45.5% factoring in the exercise of the CC Warrants and other convertible securities held by Wembley, making Wembley the Company's largest shareholder. Additionally, Wembley has the right to nominate five members to the Board. Upon achievement of the Common Stock Price Target Condition, Wembley is entitled to nominate an additional director, which may, along with its other nominees, constitute a majority of the Board. The IRA affords Wembley significant governance rights, including consent rights with respect to major corporate actions and the Salem General Partner is an affiliate of Wembley. As a result, Wembley has significant influence over the direction of the Company's business and significant decisions. The interests of Wembley in the Company's business, operations and financial condition from time to time may not be aligned with, or may conflict with, those of other shareholders. Wembley's voting interest in the Company allows it to significantly influence shareholder votes and may discourage future transactions involving the Company. Many of Wembley's rights under the IRA, the authority granted to the Salem General Partner under the Salem LPA, and the ability of Wembley to exert significant influence over the direction of the Company, will continue even if the Wembley's ownership percentage of the Common Shares significantly declines.

CC Capital's significant holdings may affect liquidity and trading prices of the Common Shares

The Common Shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where Wembley did not have the ability to significantly influence or determine matters affecting the Company. Additionally, Wembley's significant voting interest in the Company may discourage transactions involving a change of control of the Company, including transactions in which an investor, as a holder of Common Shares, might otherwise receive a premium for its Common Shares over the then-current market price. As the Company's largest shareholder, actions taken by Wembley could negatively affect the trading prices of the Common Shares. Wembley's sale of some or all of its Common Shares could have a material adverse impact on the trading price of the Common Shares and create incorrect market perception about the performance of the Company and the value of the Common Shares in turn incentivizing other shareholders to sell and create further downward pressure of the trading price of the Common Shares.

Anticipated benefits of the transaction with CC Capital may not materialize

The Company completed the CC Private Placement and related transactions to realize certain potential benefits, including, but not limited, the potential to create a powerful value creation flywheel business model, the opportunity to establish a strategic partnership with CC Capital and its experienced leadership team, an increase in the Company's capital resources and the potential for price appreciation in the Common Shares. Achieving those benefits depends on a number of assumptions and there can be no assurances that the anticipated benefits will materialize, and such transactions involve risks that could materially and adversely affect the Company's business. There can be no assurance that, to the extent the benefits of the transactions with CC Capital do materialize, there will be a commensurate impact on the market price of the Common Shares or that the market value of the Common Shares will accord with management's views concerning the appropriate valuation of the Common Shares.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of Westaim consists of 160,000,000 Common Shares, par value \$0.001 per share and 100,000,000 shares of preferred stock, par value \$0.001 per share ("**Preferred Shares**"). As of the date hereof, the Company had 33,400,056 Common Shares issued and outstanding. No Preferred Shares are outstanding.

Common Shares

Each Common Share carries one vote at all meetings of shareholders, is entitled to receive dividends as and when declared by the Board, and, subject to the prior rights of the holders of the Preferred Shares, is entitled to a pro rata share of the remaining property and assets of the Company distributable to the holders of the Common Shares and the Preferred Shares, upon any liquidation, dissolution or winding up of the Company.

Preferred Shares

The Board is authorized, subject to any limitations prescribed by the Delaware General Corporate Law, to provide, out of the unissued Preferred Shares, for one or more series of Preferred Shares and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the powers, preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Shares, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

Except as otherwise required by applicable law, holders of a series of Preferred Shares shall be entitled only to such voting rights, if any, as shall expressly be granted thereto under the Company's articles.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are currently listed and posted for trading on the TSXV under the symbol "WED". The following table sets forth the reported high and low prices and the aggregate volume of trading of the Common Shares on the TSXV for the periods indicated:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Aggregate Volume</u>
2024	(C\$)	(C\$)	
January	22.68	21.66	423,518
February	22.20	20.28	458,189
March	22.56	21.18	295,089
April	22.68	21.00	525,521
May	25.56	22.32	469,899
June	25.44	23.58	267,507
July	24.66	23.40	125,075
August	24.54	23.28	390,773
September	24.36	22.80	241,865
October	30.00	23.76	1,992,657
November	30.66	28.86	471,814
December.....	31.50	29.34	949,544

Prior Sales

During the fiscal year ended December 31, 2024, the Company issued the following securities that are not listed or quoted on a marketplace:

Deferred Share Units

Date of Issue	Type of Security Issued	Number of Securities Issued	Issuance / Exercise Price Per Security
March 31, 2024	Deferred Share Units	10,598	C\$22.20
June 30, 2024	Deferred Share Units	9,787	C\$24.30
September 30, 2024	Deferred Share Units	9,842	C\$23.88
December 31, 2024	Deferred Share Units	8,056	C\$31.02

The Company had a total of 209,547 deferred share units outstanding as of December 31, 2024.

SARs

On December 31, 2024, Westaim granted an aggregate of 575,866 stock appreciation rights (“SARs”) to certain officers and employees of the Company with an exercise price of C\$31.38, per SAR, each exercisable until December 15, 2027. The Company has a total of 1,298,954 SARs outstanding as of December 31, 2024.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of this AIF, the following securities of the Company are held in escrow or are subject to a contractual restriction on transfer.

Designation of the Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class
Common Shares	11,979,825 ⁽¹⁾	35.9%

Note:

- (1) Pursuant to the terms of the IRA, for a period ending April 3, 2027, Wembley 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.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared dividends or distributions for any of its three most recently completed fiscal years and does not expect to declare dividends or distributions in the foreseeable future. Subject to:

- (a) applicable limitations under the Delaware General Corporate Law;
- (b) the consent of Wembley, so long as Wembley has the right to nominate at least three members to the Board under the IRA, provided that the consent of Wembley is not required with respect to dividends or other distributions on the Common Shares made on a pro rata basis not to exceed \$1,000,000 in the aggregate in any twelve-month period or dividends or distributions on the Common Shares paid solely in Equity Securities that do not constitute Indebtedness (as such terms are defined in the IRA); and
- (c) the consent of: (i) the majority of members of the Board; and (ii) at least two directors on the Board who are not nominees of Wembley, for so long as Common Stock Price Target Condition has not been met,

there are no restrictions preventing the Company from declaring dividends on any classes of its shares, however, any future payment of dividends will be dependent upon the earnings and financial condition of the Company and other factors that the directors may deem appropriate at the time.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Residency and Principal Occupation

The following table sets forth the names, residency, principal occupation and position(s) with the Company of the current directors of Westaim and their period of service as a director. All directors hold office until the next annual meeting of shareholders of the Company or until the director resigns or a successor is duly elected or appointed.

Name and Residency	Principal Occupation at Present ⁽⁵⁾	Position(s) with the Company	Period of Service as a Director
Chinh Chu ⁽⁴⁾ New York, United States	Founder and Senior Managing Director of CC Capital (<i>an investment firm</i>)	Director and Chair of the Board	April 2025 to date
Ian W. Delaney ⁽³⁾ Ontario, Canada	Vice Chair of the Board	Director and Vice Chair of the Board	May 1996 to date
J. Cameron MacDonald Ontario, Canada	President and Chief Executive Officer of the Company	Director, President, Chief Executive Officer and Corporate Secretary	December 2008 to date
Matthew Skurbe New Jersey, United States	Chief Financial Officer and Chief Risk Officer of the Company	Director, Chief Financial Officer and Chief Risk Officer	April 2025 to date
Richard DiBlasi ⁽²⁾⁽⁴⁾ New York, United States	Senior Managing Director of CC Capital (<i>an investment firm</i>)	Director and Chief Strategy Officer	April 2025 to date
Kevin E. Parker ⁽¹⁾⁽²⁾ New York, United States	Managing Partner at Sustainable Insight Capital Management (“SICM”) (<i>an institutional investment firm</i>)	Director	May 2020 to date
Michael Siegel ⁽¹⁾⁽³⁾ New York, United States	Chief Executive Officer of Legeis Capital, LLC (<i>an advisory firm focused on the intersection of insurance and asset management</i>)	Director and Chair of the Audit Committee	September 2023 to date
Bruce V. Walter ⁽¹⁾⁽³⁾ Ontario, Canada	Chairman of Nunavut Iron Ore, Inc. (<i>a resource company</i>)	Director	1997 - 2012; May 2015 to date
Douglas Newton ⁽²⁾⁽⁴⁾ New York, United States	Senior Managing Director of CC Capital (<i>an investment firm</i>)	Director and Chair of the Human Resources and Compensation Committee	April 2025 to date
Deanna Mulligan New York, United States	Chief Executive Officer of Ceres Life and Chief Executive Officer of Purposeful (<i>a consulting firm</i>)	Director	April 2025 to date
Menes O. Chee ⁽³⁾ New York, United States	Senior Managing Director of Blackstone Inc. (<i>an investment firm</i>) until retirement in 2024	Director and Chair of the Corporate Governance Committee	April 2025 to date

Notes:

- (1) Member of the audit committee of the Board (the “**Audit Committee**”).
- (2) Member of the human resources and compensation committee of the Board (the “**Human Resources and Compensation Committee**”).
- (3) Member of the nominating and corporate governance committee of the Board (the “**Corporate Governance Committee**”).
- (4) Member of the investment committee of the Board (the “**Investment Committee**”).
- (5) Each of Messrs. Chu, MacDonald, Newton, Parker, Siegel and Walter have been engaged for more than five years in his present principal occupation. Mr. Delaney served as Executive Chair of the Board from January 1, 2013 to December 31, 2024 and Chair of the Board from January 1, 2025 to April 3, 2025. Mr. Skurbe served as Senior Managing Director, Chief Operating Officer and Chief Financial Officer of CC Capital (*an investment firm*) from July 2020 to April 2025, and as Treasurer at Blackstone Inc. (*an investment firm*) from February 2009 to June 2020. Mr. DiBlasi has served as Senior Managing Director of CC Capital (*an investment firm*) since 2016 and as Chief Strategy Officer of the Company since October 31, 2024. Ms. Mulligan served as President and Chief Executive Officer of Guardian Life Insurance (“**Guardian**”) (*an insurance company*) from July 2011 to December 2020, and as Chair of the Board of Directors of Guardian in 2020. Ms. Mulligan has served as Chief Executive Officer of Purposeful (*a consulting firm*) since January 2021 and as Chief Executive Officer of Ceres Life since the Private Placement Closing. Mr. Chee served as Senior Managing Director of Blackstone Inc. (*an investment firm*) until retirement in 2024.

The following table sets forth the names, residency and office of the executive officers of the Company:

Name and Residency	Office(s) with the Company	Principal Occupation During the Past Five Years
Chinh Chu New York, United States	Chair of the Board	Founder and Senior Managing Director of CC Capital (<i>an investment firm</i>)

Name and Residency	Office(s) with the Company	Principal Occupation During the Past Five Years
Ian W. Delaney Ontario, Canada	Vice Chair of the Board	Executive Chair of the Board until December 31, 2024 and Chair of the Board from January 1, 2025 to April 3, 2025
J. Cameron MacDonald Ontario, Canada	President, Chief Executive Officer and Corporate Secretary of the Company	President and Chief Executive Officer of the Company
Matthew Skurbe New Jersey, United States	Chief Financial Officer and Chief Risk Officer of the Company	Senior Managing Director, Chief Operating Officer and Chief Financial Officer of CC Capital (<i>an investment firm</i>) until April 3, 2025
Richard DiBlasi New York, United States	Chief Strategy Officer of the Company	Investment Professional of CC Capital (<i>an investment firm</i>) since 2016 and Chief Strategy Officer of the Company since October 31, 2024
Peggy Huang New York, United States	Chief Investment Officer of the Company	Chief Investment Officer – Insurance of CC Capital (<i>an investment firm</i>) since 2025, Group Chief Investment Officer of SiriusPoint (<i>an insurance and reinsurance underwriter</i>) from 2023 to 2025 and VP of Quantitative Investments with RenaissanceRe (<i>a global property and casualty reinsurer</i>) from 2020 to 2022

Shareholdings of Directors and Executive Officers

As at the date hereof, the directors and executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over 14,242,521 or approximately 42.6% of the number of issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company is, as at the date of this AIF, or was, within ten years before the date of this AIF, a director, Chief Executive Officer or Chief Financial Officer of any company (including Westaim) that:

- (a) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under Canadian securities legislation, that was in effect for a period of more than 30 consecutive days, (an “order”), that was issued while the director or executive officer was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

To the knowledge of the Company, except as set out below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including Westaim) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On January 30, 2017, CC Capital acquired a majority interest in Constellation Healthcare Technologies, Inc. (“CHT”). Upon closing of the transaction, Messrs. Chu and Newton were appointed as members of the board of directors of an intermediate holding company parent of CHT, a CC Capital portfolio company. On March 16, 2018, Orion Healthcorp,

4 Inc., CHT and other related entities filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation (specifically, see "*Risk Factors – CC Capital is a significant shareholder, with significant influence on the Company and its business*"). In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. Other than as set out herein, to the knowledge of the Company, there are no existing or potential material conflicts of interest between Westaim or any of its subsidiaries and any director or officer of Westaim or any of its subsidiaries.

AUDIT COMMITTEE

The Audit Committee's Charter

The responsibilities and duties of the Audit Committee are set out in the Audit Committee's charter, the text of which is set forth in Appendix "A" to this AIF.

Composition of the Audit Committee

The Audit Committee consists of three members: Michael Siegel (Chair), Kevin E. Parker and Bruce V. Walter. All members of the Audit Committee are "independent" and "financially literate" for the purposes of National Instrument 52-110 – *Audit Committees* ("NI 52-110").

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee:

Michael Siegel – Mr. Siegel is the Founder and CEO of Legeis Capital, LLC, an advisory firm focused on the intersection of insurance and asset management. Prior to forming Legeis Capital, LLC, Michael was a Managing Director at RBC Capital Markets and served as the President & CEO of RBC Alternative Asset Management, LLC. He previously held investment management roles at hedge fund advisors CR Intrinsic Investors and DKR Capital. Michael began his career as a corporate and securities attorney at Covington & Burling LLP. He received a law degree from Harvard Law School and received his undergraduate degree in policy analysis and economics from Cornell University.

Kevin E. Parker – Mr. Parker is currently the Managing Partner at SICM. He has over 35 years of investment experience. Prior to SICM, Kevin was a Member of the Management Board of Deutsche Bank for 10 years and the former Global Head of Deutsche Asset Management from 2004 to 2012. In this role, he was responsible for more than \$750 billion dollars invested across a broad range of assets including Equities, Fixed Income, Real Estate, Infrastructure, Private Equity, Hedge Funds, Sustainable Investments and other businesses. Also at Deutsche Bank, Mr. Parker served as the Global Head of Institutional Equities from 2000 until 2004 and from 1997 until 2000 was

responsible for building and developing Deutsche Bank’s Equity Derivatives, Prime Brokerage Services, Equity Trading and Equity Proprietary Trading Businesses. Prior to Deutsche Bank, Mr. Parker was a Managing Director at Morgan Stanley and served in a variety of positions, including Head of Asian Derivatives, Global Head of Equity Derivatives Trading and Chief Information Officer. Mr. Parker holds a Bachelor of Science in Finance from New York University.

Bruce V. Walter – Mr. Walter is currently Chair of Nunavut Iron Ore, Inc., a position he has held since 2011. From 2008 to 2023, he served as Vice Chair of Centerra Gold Inc. From 2002 until 2007, he was a director and officer of Dynatec Corporation, initially as Vice-Chair and from 2005 as President and Chief Executive Officer. Prior thereto Mr. Walter’s career included serving as President of Sherritt Inc., President and Chief Executive Officer of Plaintree Systems Inc., and Managing Director and Co-Head of the Media, Telecom & Technology investment and corporate banking group at BMO Nesbitt Burns. Mr. Walter also served as Vice-President of Horsham Corporation and was a partner in the predecessor law firm to Davies Ward Phillips & Vineberg LLP. Mr. Walter received his Juris. Doctor (J.D.) and Master of Business Administration degrees from York University in 1981. He received his PhD in law in 1985 from the University of Cape Town. Mr. Walter served as a member of the National Advisory Board of the Salvation Army from June 2011 to May 2023.

Pre-Approval of Audit and Non-Audit Services by Independent Auditors

The Audit Committee pre-approves all audit services provided to the Company by its independent auditors. The Audit Committee’s policy or practice regarding the pre-approval of non-audit services is that all such services shall be pre-approved by the Audit Committee as a whole or by the Chair of the Audit Committee, who must report all such pre-approvals to the Audit Committee at its next meeting following the granting thereof. Prior to the granting of any pre-approval, the Audit Committee or its Chair, as the case may be, must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors.

Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been accepted by the Board.

Audit Fees

The following table summarizes fees billed by the Company’s independent auditors, Deloitte LLP, for the years ended December 31, 2024 and December 31, 2023:

(in thousands of U.S. dollars)	2024	2023
Audit Fees ⁽¹⁾	\$318.4	\$261.9
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees ⁽²⁾	\$206.4	-
Total Fees	\$524.8	\$261.9

Notes:

(1) Includes reviews of quarterly consolidated financial statements.

(2) Represents additional fees billed for consulting services related to accounting matters in connection with the CC Private Placement.

Exemption

The Company is relying upon the exemption in Section 6.1 of NI 52-110 with respect to the reporting obligations of “venture issuers”.

PROMOTERS

No person or company has been, within the two most recently completed financial years, or during the current financial year, of the Company, a promoter of Westaim or of a subsidiary of Westaim.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not aware of any pending or threatened proceedings or claims for damages involving the Company. In the normal course of carrying on its business, Arena becomes the subject of claims and is involved in various legal proceedings. However, the Company is not aware of any pending or threatened proceedings or claims for damages involving Arena that are expected to have a material impact on Westaim.

Regulatory Actions

During the financial year ended December 31, 2024, there were no: (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority; (b) other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; and (c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management of the Company is not aware of any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company:

- (a) a director or executive officer of the Company;
- (b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc., located in Calgary, Alberta, Canada.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts: (a) entered into during the 12-month period ended December 31, 2024 which are material; or (b) entered into before the 12-month period ended December 31, 2024, but are still in effect, and which are required to be filed with the Canadian securities regulatory authorities are the following:

- (a) the Third Amended and Restated AIGH LLCA (entered into on April 3, 2025);
- (b) the IRA (entered into on April 3, 2025);
- (c) the Investment Agreement; and
- (d) the Salem LPA.

The Third Amended and Restated AIGH LLCA was filed on SEDAR+ on April 11, 2025. For further information on the Third Amended and Restated AIGH LLCA, see "*Current Businesses – Arena*".

The IRA was filed on SEDAR+ on April 11, 2025. For further information on the IRA, see "*Business of the Company – General Development of the Business – Westaim – Investor Rights Agreement*".

The original Investment Agreement was filed on SEDAR+ on October 21, 2024 and the amending agreement to the Investment Agreement was filed on SEDAR+ on November 20, 2024. For further information on the Investment Agreement, see *“Business of the Company – General Development of the Business – Westaim – CC Capital Transactions”*.

The Salem LPA was filed on SEDAR+ on October 21, 2024. For further information on the Salem LPA, see *“Business of the Company – General Development of the Business – Salem Partners”*.

INTERESTS OF EXPERTS

The Company’s auditors are Deloitte LLP, who have prepared the Auditor’s Report to Shareholders dated March 26, 2025. Deloitte LLP has confirmed that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. To the Company’s knowledge, Deloitte LLP has no registered or beneficial interest, direct or indirect, in any securities or other property of the Company.

In connection with the Redomiciliation, on June 30, 2025, Deloitte LLP resigned as auditor of the Company and immediately thereafter Deloitte & Touche LLP was appointed as auditor of the Company.

ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under the Company’s equity compensation plans, where applicable, is contained in the Company’s management information circular. Additional financial information relating to the Company is contained in the Company’s comparative financial statements and associated management’s discussion and analysis for its most recently completed fiscal year ended December 31, 2024.

All of these documents as well as additional information relating to the Company are available on SEDAR+ at www.sedarplus.ca.

APPENDIX “A”

THE WESTAIM CORPORATION

AUDIT COMMITTEE CHARTER

(Revised August 2025)

A. Overview and Mandate

The Audit Committee (the “**Committee**”) is responsible to the Board of Directors (the “**Board**”) of The Westaim Corporation (the “**Corporation**”). The Committee shall review the annual consolidated financial statements of the Corporation and shall report thereon to the Board before such annual consolidated financial statements are approved by the Board, and shall oversee the accounting and financial reporting processes of the Corporation and the audits of the financial statements of the Corporation. The Committee also shall perform the duties as described under “Duties and Responsibilities” below.

The Committee, in its capacity as a committee of the Board, shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including for the resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Corporation (the “**auditor**”), and each auditor must report directly to the Committee.

It is recognized that the Committee will be acting only within the terms of reference set out herein and it is not intended that the Committee shall usurp any of the powers or responsibilities of the Board as set out in the Delaware General Corporation Law and/or the By-laws of the Corporation.

The Committee may engage independent counsel or other advisors as it determines necessary to carry out its duties.

The Corporation shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of:

- a. compensation to any auditor;
- b. compensation to any independent counsel or adviser employed by the Committee pursuant to this charter; and
- c. ordinary administrative expenses of the Committee that are necessary or appropriate in respect of the performance by the Committee of its duties.

B. Membership and Attendance at Meetings

1. The members of the Committee shall consist of not fewer than three (3) members each of whom shall be a director of the Corporation. The membership of the Committee shall comply with the terms of that certain Investor Rights Agreement, dated as of April 2, 2025, by and between the Corporation, Arena Investors Group Holdings, LLC and Wembley Group Partners, LP (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “**Investor Rights Agreement**”), for so long as such agreement remains in effect.
2. A majority of members of the Committee shall satisfy the independence requirements applicable to members of audit committees under National Instrument 52-110 – *Audit Committees* of certain of the Canadian Securities Administrators and the requirements of any other applicable legislation or stock exchange rules, subject to any exemptions or relief that may be granted from such requirements (collectively, the “**Independence Requirements**”).

3. Each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.
4. The Chair of the Committee shall be appointed by the Board and shall be responsible for the overall operation of the Committee and shall satisfy the Independence Requirements. Notwithstanding the foregoing, the membership of the Committee shall comply with the terms of the Investor Rights Agreement for so long as such agreement remains in effect.
5. Members shall serve one-year terms and may serve consecutive terms.
6. The auditor of the Corporation is entitled to receive notice of every meeting of the Committee and be heard thereat.
7. In its discharge of its responsibilities and duties set out herein, the Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the relevant accounting books, records and systems of the Corporation and shall discuss with the officers of the Corporation such books, records, systems and other matters considered appropriate.

C. Duties and Responsibilities

The Committee shall fulfill the following duties arising from its mandate set out above:

1. Review and assess the adequacy of this charter on an annual basis, or more often if deemed appropriate.
2. Review and recommend for Board approval the annual consolidated financial statements of the Corporation, notes thereto, related management discussion and analysis (MD&A) and press release.
3. Review and recommend for Board approval the quarterly financial statements, notes thereto, related MD&A and press release.
4. Review and recommend for Board approval all public disclosure documents that contain the annual consolidated financial statements or quarterly financial statements of the Corporation (e.g. prospectuses, registration statements, annual information forms and/or press releases).
5. Review, and approve, all earnings guidance provided to the investment community, including analysts and rating agencies, as appropriate, (including any "pro forma" or "adjusted" non-GAAP information included therein).
6. Review, and approve, the planned scope of the examination of the annual and quarterly consolidated financial statements and all related audit activities by the auditor of the Corporation, including expected related audit fees.
7. Review the accounting principles and practices to be applied and followed by the Corporation during the fiscal year and any significant changes from those applied and followed during the previous year or quarter.
8. Review the adequacy of the systems of internal accounting and audit policies, practices and controls established by the Corporation, and discuss with the auditor the results of its reviews and reports.
9. Review all litigation and claims involving or against the Corporation which could materially adversely affect its financial position and which the auditor or any officer of the Corporation may refer to the Committee.
10. Ensure the auditor's ultimate accountability to the Board and the Committee as representatives of the shareholders and as such representatives, to evaluate the performance of the auditor and review and report to

the directors regarding the nomination and the remuneration and other material terms of the engagement of the auditor, and the performance by the auditor thereunder, and to recommend to the shareholders the reappointment or replacement of the auditor.

11. Ensure that the auditor submits on a periodic basis to the Committee, a formal written statement delineating all relationships between the auditor and the Corporation, consistent with Canadian auditor independence standards, and to review such statement and to actively engage in a dialogue with the auditor with respect to any disclosed or undisclosed relationships or services that may impact on the objectivity and independence of the auditor, and to review the statement and the dialogue with the Board and recommend to the Board appropriate action to ensure the independence of the auditor.
12. Provide a line of communication between the auditor and the Board, and communicate directly with the auditor and with any internal auditor of the Corporation.
13. Meet with the auditor at least once per quarter without management present to allow a candid discussion regarding any concerns the auditor may have and to resolve any disagreements between the auditor and management regarding the Corporation's financial reporting.
14. Review and pre-approve non-audit services provided by the auditor.
15. Review and approve hiring policies regarding partners, employees, and former partners and employees of the present and former external auditors of the Corporation.
16. Review any internal audit plan and review all reports arising from any such internal audit activity.
17. Approve the Corporation's Disclosure Policy, if any, and review and assess the adequacy of the policy on an annual basis, or more often if deemed appropriate.
18. Review and approve all "related party" transactions, as defined by the rules of the applicable regulatory authorities.
19. Review the status of taxation matters of the Corporation and its major subsidiaries.
20. Establish procedures for:
 - a. the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
21. Review regular reports from management and others with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements of the Corporation.
22. Review annually the Corporation's reserves, if any, with respect to environmental, health and safety matters.
23. Review quarterly, for reasonableness, the valuations of any derivatives held by the Corporation, in connection with the Corporation's financial reporting.
24. Review quarterly, for reasonableness, the valuations of the Corporation's investments in private and public companies, if and where applicable, in connection with the Corporation's financial reporting.
25. Conduct or undertake such other duties as may be required from time to time by any applicable regulatory authorities, including the TSX Venture Exchange or any other stock exchange.

26. At least annually, undertake a self assessment of the Committee's performance of its duties

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities.

D. Meetings

1. Meetings of the Committee are held as required and at least quarterly.
2. Committee meetings may be called by the Chair of the Committee or by a majority of the Committee members.
3. The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board. Notwithstanding such procedures, a meeting of the Committee may also be called by the external auditor.
4. A quorum for the transaction of business at any meeting of the Committee is a majority of appointed members.
5. The Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.
6. Meetings may be held by way of telephone conference call or videoconference.
7. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee is as valid as one passed at a Committee meeting.
8. The Corporate Secretary will ensure that minutes of the proceedings of all meetings of the Committee are maintained and available to the Board when requested.

E. Reporting

The Committee shall report on its review of the annual audited consolidated financial statements and quarterly unaudited consolidated financial statements of the Corporation to the Board prior to the approval of financial statements by the Board. In addition, the Chair of the Committee shall, when deemed necessary or when requested by the Chair of the Board, report to the Board from time to time on the activities of the Committee.