WESTAIM

First Quarter Report to Shareholders
for the quarter ended March 31, 2026

TABLE OF CONTENTS

The "Company" in this Management's Discussion and Analysis ("MD&A") refers to The Westaim Corporation ("Westaim", the "Company", "we" or "our") on a consolidated basis. This MD&A, which has been approved by the Board of Directors of Westaim, should be read in conjunction with the Company's unaudited interim consolidated financial statements including notes for the three months ended March 31, 2026 and 2025 as set out on pages 34 to 90 of this quarterly report ("Financial Statements"). Financial data in this MD&A has been derived from the Financial Statements and is intended to enable the reader to assess the Company's results of operations for the three months ended March 31, 2026 and financial condition as at March 31, 2026. The Company reports its consolidated Financial Statements using generally accepted accounting principles ("GAAP") and accounting policies consistent with International Financial Reporting Standards ("IFRS"). All currency amounts are in United States dollars ("US$"), the functional and presentation currency of the Company, unless otherwise indicated. Canadian dollars are referenced as C$. The following commentary is current as of May 14, 2026. Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca. Certain comparative figures have been reclassified to conform to the presentation of the current year, and certain totals, subtotals and percentages may not reconcile due to rounding.

IFRS Reporting Standards Applied to the Company

Through April 2, 2025, the Company qualified as an investment entity under IFRS 10 and used fair value as the key measure to monitor and evaluate its primary investments. The Company reported its financial results in accordance with IFRS applicable to investment entities through April 2, 2025. On April 3, 2025, CC Capital Partners, LLC ("CC Capital") and the Company completed its previously announced transaction whereby an affiliate of CC Capital made a significant investment into the Company as described further in this MD&A (the "Strategic Transaction"). As a result of the Strategic Transaction, the Company transformed from an investment entity into an operating entity and for all reporting periods after April 3, 2025, the financial statements of the Company will be reported on the basis of the Company being an operating entity.

For all reporting periods after April 3, 2025, the financial statements of the Company will be reported on the basis of the Company being an operating entity. This results in the consolidation of Arena, Salem Group Partners, LP ("Salem Group" or the "Partnership"), and Arena FINCOs (as defined herein) into the Company's financial statements for all reporting periods after April 3, 2025. The Company has concluded that under IFRS 10, the change in status from an investment entity to an operating entity should be treated as a business combination. Accordingly, the Company accounts for the change in its status prospectively from the date at which the change in status occurred, and prior periods have not been recast.

As a result of the Strategic Transaction and in accordance with IFRS 8, the Company now manages its operations and reports its financial results in two operating business segments: Asset Management and Insurance. Other activity for the Company outside of these two operating segments is reported in the Corporate column of our segment reporting. Information concerning these segments is included in Section 7, *Segment Reporting*, in this MD&A. We prepare our Consolidated Financial Statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Reported net (loss) profit refers to common shareholders' net (loss) profit determined in accordance with IFRS. Amounts in this document may be impacted by rounding.

Functional and Presentation Currency

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

Non-IFRS Measures

The Company discloses a number of financial measures in this Report that are calculated and presented using methodologies other than in accordance with IFRS Accounting Standards as issued by the IASB. The Company cautions readers about non-IFRS measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. Management believes these measures allow for a more complete understanding of the underlying business. These measures are used to monitor the Company's results and should not be viewed as a substitute for those determined in accordance with IFRS. Reconciliations of such measures to the most comparable IFRS figures are contained in Section 15, *Non-IFRS Measures* of this MD&A.

Cautionary Statement Regarding the Valuation of Investments in Private Entities and Securities

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

Forward-Looking Information

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

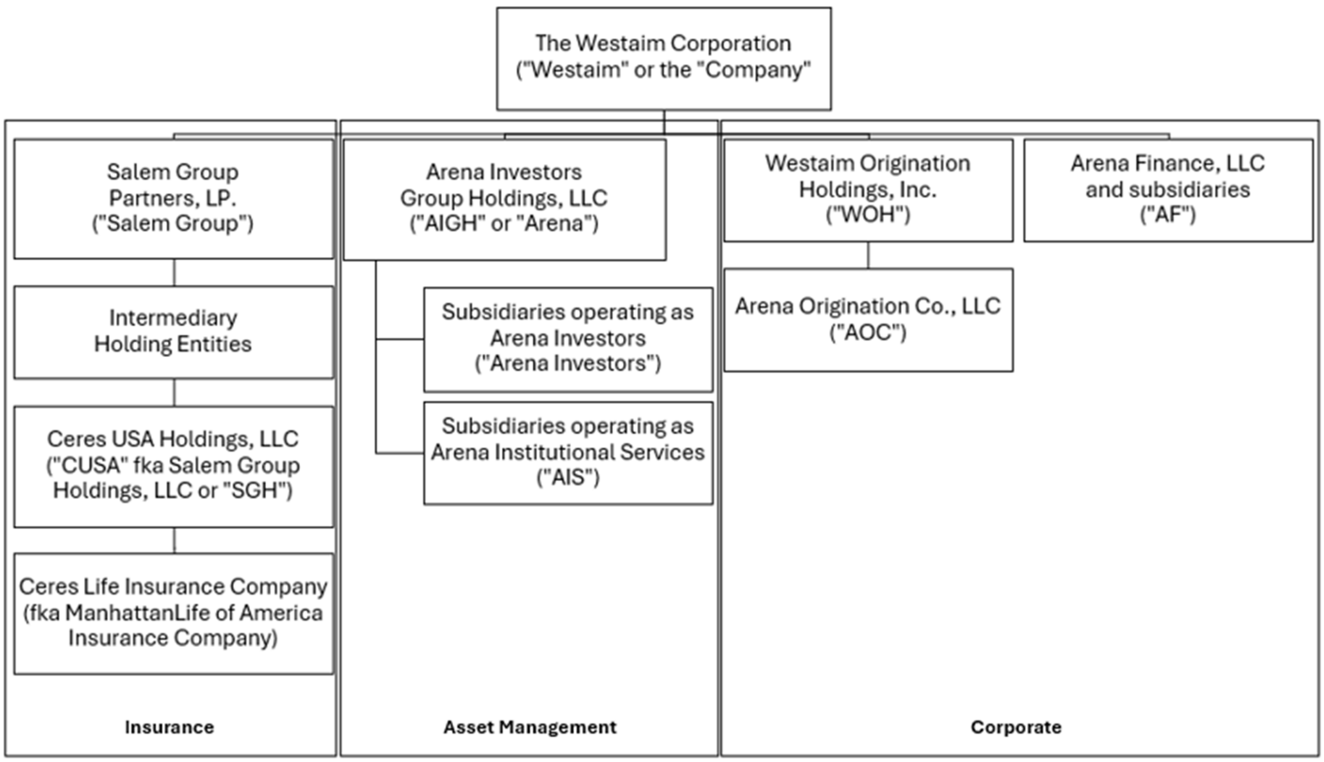
1. THE COMPANY

The Westaim Corporation (TSXV: WED) is domiciled in the United States and operates as an integrated insurance and asset management company with two primary operating segments: Insurance and Asset Management.

The Insurance segment, which primarily transacts its business through Ceres Life Insurance Company ("Ceres" or "Ceres Life"), is a cloud-native, de novo annuity insurance company. Inspired by the belief that technology can reinvent the way insurance providers meet the needs of customers, Ceres Life is building a nimble, efficient, and risk-conscious insurance company that provides simple-to-understand and easily accessible annuity products to create better outcomes for policyholders.

The Asset Management segment, which primarily operates through Arena Investors Group Holdings LLC ("AIGH") and other related entities (collectively, "Arena"), is a global institutional asset manager with deep expertise in credit and asset-oriented investments. Founded in 2015, Arena manages assets across a full spectrum of corporate, real estate and structured finance opportunities.

The following is a corporate organizational chart setting forth the material subsidiaries of the Company as at March 31, 2026.



<u>Insurance</u>

On January 30, 2025, the Company made an initial capital contribution of $36.5 into Salem Group, a partnership in which the Company holds 100% of the pecuniary limited partnership interests and an affiliate of CC Capital, Salem Group Partners GP, LLC ("Salem GP"), serves as the general partner. Salem Group holds the entities and businesses that comprise the Company's Insurance segment, through a wholly-owned intermediary holding structure (including CUSA formerly known as Salem Group Holdings, LLC or "SGH", the direct acquiror of Ceres (then "ManhattanLife of America Insurance Company" ("MAIC")). CUSA completed its acquisition of MAIC for a total purchase price of $29.2. MAIC was subsequently renamed Ceres Life Insurance Company, and Ceres holds insurance licenses in all states plus the District of Columbia, except for California, Idaho, Maine, Minnesota, and New York.

On October 1, 2025, Salem Group issued a capital call notice to the Company for $2.4 as a partial call against the aggregate commitment of $620.0 made as part of the Strategic Transaction to support the capital requirements of Salem Group and Ceres. This capital call was satisfied by a transfer of investment assets on October 1, 2025. Combined with the previous fundings of $401.2, $403.6 has now been funded against the original commitment, with a remaining commitment of $216.4 (subject to adjustment in accordance with the terms of the partnership agreement governing the Salem Group). As Salem Group and Ceres are now consolidated into the Company's financial statements,

1. THE COMPANY (continued)

these capital contributions are eliminated in consolidation, and the current $216.4 remaining commitment is a commitment to invest capital from Westaim to Salem Group, which is included in the Company's consolidated financial statements.

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.

The Insurance segment is led by Deanna Mulligan, former CEO and Chairperson of Guardian Life, where she led the company through more than a decade of substantial expansion and introduced forward-thinking initiatives, including a digital insurance marketplace. Ms. Mulligan is leveraging her deep industry relationships and regulatory expertise to build a modern, technology-focused life insurance company. Ceres launched its annuities business during the second quarter of 2025 and began issuing Multi-Year Guaranteed Annuity ("MYGA") policies and Forward Indexed Annuities ("FIA") policies through third party distributors during the third quarter of 2025 and first quarter of 2026, respectively. SGH, now known as CUSA, had been incubating the operations of Ceres since 2024, and the operating results of all entities owned by Salem Group (including both CUSA and Ceres) starting on the closing of the Strategic Transaction are consolidated into the Company's financial statements.

Asset Management

Arena consists of two main business lines, Arena Investors and Arena Institutional Services LLC ("AIS"). 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. AIS leverages certain intellectual property to offer third-party services to other entities to assist in the management of their investments. As of March 31, 2025, the Company owned 51% of the equity interests of Arena, and as of April 3, 2025 as a result of the Strategic Transaction, the Company now owns 100% of the equity interests of Arena. Pursuant to the terms of the third amended and restated AIGH limited liability company agreement (the "Third Amended and Restated AIGH LLCA") entered into at the time of the closing of the Strategic Transaction: (a) the Company is entitled to receive 49% of the net profits from and appreciation in Arena; (b) Bernard Partners, LLC ("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) an affiliate CC Capital is entitled to receive 6% of the net profits from and appreciation in Arena (all subject to a minimum distribution to BP LLC as further set out in the Third Amended and Restated AIGH LLCA).

With a mandate that is generally unconstrained by industry, product or geography, Arena manages approximately $4.3 billion of assets under management ("AUM") and programmatic capital as of March 31, 2026 with a team of more than 180 employees in offices globally. In its alternatives business, Arena provides creative solutions for those seeking capital across all corporate, real estate, and structured finance investment areas, at all levels of the capital structure, and across global developed markets, alongside operational capabilities to manage and improve the businesses and assets in which it invests.

Corporate

The Company holds cash equivalents and investments both directly on its balance sheet and through wholly-owned subsidiaries including WOH, AOC, and AF ("Arena FINCOs"). The Arena FINCOs are entities focused on specialty finance companies that primarily purchase fundamentals-based, asset-oriented credit and other investments for their own account, and an entity 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. Arena Investors is the investment manager for the Arena FINCOs. Fundamentals-based, asset-oriented credit investments refer to loans or credit arrangements which are generally secured by assets. Fundamentals-based, asset-oriented lenders and investors typically manage their risk and exposure by carefully assessing the value of assets securing the loan or investment, receiving periodic and frequent reports on collateral value and the status of those assets, and tracking the financial performance of borrowers.

Prior to the closing of the Strategic Transaction, the Company was treated as an Investment Entity under IFRS 10 and the investments into Arena FINCOs were accounted for as investments at fair value through profit and loss ("FVTPL"). As a result of the Strategic Transaction, the Company transformed to become an integrated insurance and alternative asset management operating company. The Arena FINCOs are now consolidated into the Company's financial statements as a result of the Strategic Transaction, and the investments held by the Arena FINCOs are now incorporated into the Company's financial statements for all reporting periods after April 2, 2025. The Strategic Transaction is treated as a business combination under IFRS 10 and handled as a prospective change; therefore, the prior period comparative information is shown on the basis of the Company being treated as an investment entity and the current period information is shown on the basis of the Company being treated as an operating entity.

For a detailed discussion of the business of Arena and the Arena FINCOs, see the Company's Annual Information Form for its fiscal year ended December 31, 2024, which is available on SEDAR+ at www.sedarplus.ca, as same may be modified or superseded by a subsequently filed Annual Information Form.

1. THE COMPANY (continued)

Strategic Transaction

On October 9, 2024, the Company, Wembley Group Partners, LP (the "Investor") (an affiliate of CC Capital), Arena (as defined hereinafter), Daniel Zwirn and Lawrence Cutler entered into an investment agreement (as amended on November 15, 2024) (the "Investment Agreement"). Pursuant to the Investment Agreement, among other things, the Investor agreed to make a $250.0 investment in the Company via a private placement (the "Private Placement") to acquire common shares of the Company ("Common Shares") and warrants to purchase Common Shares.

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

On February 4, 2025 (the "MAIC Closing Date"), the Company completed the acquisition of MAIC in connection with the Strategic Transaction. The Company made an initial capital contribution of $36.5 into Salem Group, a partnership of which it holds 100% of the pecuniary limited partnership interests. Salem Group acquired Salem Holdco (Bermuda) Ltd. and its subsidiaries (including SGH now known as CUSA, the direct acquiror of MAIC) from an affiliate of CC Capital in exchange for a $14.6 promissory note back to the CC Capital affiliate. Salem Group then completed its acquisition of MAIC for a total purchase price of $29.2. MAIC holds insurance licenses in 45 states and the District of Columbia. MAIC was subsequently renamed to "Ceres Life Insurance Company". This investment represented a key step in executing the Strategic Transaction to build an integrated insurance and asset management platform in partnership with CC Capital.

On April 3, 2025 (the "Closing Date"), CC Capital and the Company completed the Strategic Transaction whereby the Investor contributed $250.0 (the "Aggregate Gross Proceeds"), reduced for $30.5 of transaction-related expenses incurred by the Investor and repayment of the $14.6 promissory note made by Salem Group to CC Salem Holdings LLC ("CC Salem") related to the previous closing of the MAIC transaction, for net cash proceeds to the Company of $204.9 on the Closing Date. The $14.6 settlement of the promissory note was recorded as a capital contribution from the Company to Salem Group on the Closing Date so that Salem Group could settle its promissory note with CC Salem. In connection with the transaction, the Company restructured its ownership of Arena to acquire from BP LLC the remaining 49% of the equity of Arena that it did not already own in exchange for removing BP LLC's responsibility for repayment of 49% of Arena's loan payable to the Company and the issuance of profit interests entitling the members of BP LLC and certain other front office investment management team members of Arena to receive distributions of 45% of the net profits of Arena on an ongoing basis, subject to continuing service by members of BP LLC to Arena (the "Arena Restructuring"). The Investor is entitled to receive distributions of 6% of the net profits of Arena on an ongoing basis and the Company is entitled to the remaining 49%. The Strategic Transaction brought together Arena with the previously completed acquisition of Ceres, plus the strategic partnership with CC Capital, to transform the Company into an integrated insurance and asset management company.

Pursuant to an investor rights agreement among the Company, the Investor, and Arena dated April 3, 2025 (the "Investor Rights Agreement"), Chinh Chu was appointed Executive Chair of the Company's Board and Ian Delaney transitioned to Vice Chair of the Company's Board. In addition, pursuant to the Investor Rights Agreement, the size of the Company's Board was increased to 11 with four additional CC Capital nominees having been appointed as directors of the Company, including Deanna Mulligan, Douglas Newton, Matthew Skurbe and Richard DiBlasi, as well as one director mutually selected by the Company and CC Capital having been appointed, being Menes Chee. Daniel Zwirn, current and continuing CEO for Arena, will also be an observer on the Company's Board. John Gildner and Lisa Mazzocco resigned from the Company's Board, however Ms. Mazzocco is continuing as a board member and audit committee chairperson of Arena. Additionally, Cameron MacDonald, current CEO for the Company, is continuing in the same role. Ms. Mulligan is serving as CEO of Ceres Life. Mr. Skurbe was appointed as Chief Financial Officer ("CFO") and Chief Risk Officer of the Company, as well as the CFO of Arena.

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

Prior to entering into the Investment Agreement, CC Capital and its affiliates did not beneficially own or control, directly or indirectly, any of the issued and outstanding Common Shares. As of the Closing Date and as of March 31, 2026, the Investor owned approximately 36% of the issued and outstanding Common Shares. If the Warrants were exercised in full and no other outstanding securities of Westaim were converted into Common Shares, as of March 31, 2026 the Investor would own approximately 45% of the issued and outstanding Common Shares.

1. THE COMPANY (continued)

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

Pursuant to the Investor Rights Agreement, the Investor received certain consent rights regarding the taking of certain specified actions by the Company or its subsidiaries as further outlined in the Investor Rights Agreement, as well as certain investor rights, including participation rights and registration rights and the right to nominate five out of eleven nominees to the Company's Board. In addition, the Company is entitled to appoint five members of the Board of Managers of Arena, all of whom will be nominated by the Investor. The Investor will also be entitled to select the Chairperson of the Arena Board and the Investor's consent will be required for the removal of any of the Investor's nominees on the Arena Board and certain other actions. Pursuant to the Investor Rights Agreement, for a period of 24 months following the Closing Date, the Investor will be prohibited from knowingly transferring any shares or convertible securities of the Company to any person that, following such transfer, would, either alone or together with persons acting jointly or in concert, beneficially own 10% or more of the Common Shares, subject to certain exceptions. In addition, the Investor has agreed to certain standstill and acquisition restrictions and voting support requirements until April 3, 2028.

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

2. OVERVIEW OF PERFORMANCE

Highlights	Three months ended March 31 2026	2025
Management fee revenues	$ 5.1	$ -
Servicing fee revenue	2.2	-
Incentive fees and performance allocations	(2.0)	-
Net change in value of investments	0.6	(8.5)
Other income	8.2	3.8
Net insurance revenue (loss)	(11.1)	-
Net expenses	(37.0)	(4.6)
Income taxes recovery (expense)	0.6	1.9
Net (loss) profit	$ (33.4)	$ (7.4)
Net (loss) profit attributable to non-controlling interest	-	-
Net (loss) profit attributable to controlling interest	$ (33.4)	$ (7.4)
(Loss) earnings per share – basic	($1.00)	($0.34)
(Loss) earnings per share – diluted	($1.00)	($0.34)
As of:	March 31, 2026	March 31, 2025
Shareholders' equity attributable to controlling interests	$ 618.7	$ 490.0
Number of Common Shares outstanding [1]	33,261,235	21,706,501
Book value per fully diluted share – in US$ [2]	$ 18.60	$ 22.56
Book value per fully diluted share – in C$ [3]	C$ 25.92	C$ 32.43
Fee-earning AUM ($ in billions)	$ 2.5	$ 2.5
Total AUM and programmatic capital ($ in billions)	$ 4.3	$ 3.4

[1] Westaim's common shares ("Common Shares") are listed and posted for trading on the TSX Venture Exchange ("TSXV") under the symbol "WED".
[2] See Section 15, *Non-IFRS Measures* of this MD&A.
[3] Period end exchange rates: 1.39355 at March 31, 2026 and 1.43755 at March 31, 2025.

For all reporting periods after April 3, 2025, the financial statements of the Company will be reported on the basis of the Company being an operating entity. This results in the consolidation of Arena, Salem Group, and Arena FINCOs into the Company's financial statements for all reporting periods after April 3, 2025. The Company has concluded that under IFRS 10, the change in status from an investment entity to an operating entity should

2. OVERVIEW OF PERFORMANCE (continued)

be treated as a business combination. Accordingly, the Company accounts for the change in its status prospectively from the date at which the change in status occurred, and prior periods have not been recast. The following commentary on performance is based on the consolidation of Arena, Salem Group, and Arena FINCOs into the Company's financial statements beginning April 3, 2025 through the reporting date.

The Company has already undertaken substantial efforts to reorganize and focus its operations as an asset management and insurance focused operating entity. The Asset Management segment is being transformed to refocus the business on scalable opportunities more applicable to insurance-related capital, and to reduce or eliminate business activities that are determined to be less relevant, unprofitable, or unscalable. As part of this review we decided to close our office in Singapore, wind down the Quaestor Consulting Group ("QCG") business, and pursue other targeted restructuring of certain business activities and operations. The Company has also made significant changes in the management team for the Asset Management segment, including the additions of Andrew Rabinowitz as the President of Arena and Matthew Skurbe as the Chief Financial Officer of Arena (who shifted into the Chief Operating Officer role effective April 1, 2026), along with several other internal changes to the management structure. This new management team is driving a significant transformation of the Asset Management segment, which we expect to continue through 2026. The net loss includes severance related expenses of $3.1 for the three months ended March 31, 2026 related to these transformation and restructuring activities, which are expected to produce estimated annualized run-rate savings of approximately $9.0. We remain focused on bringing the Asset Management segment to consistent profitability in the near term.

At March 31, 2026, Asset Management had AUM and programmatic capital of approximately $4.3 billion (December 31, 2025: $4.5 billion). At March 31, 2026, Asset Management had fee-earning AUM of approximately $2.5 billion (December 31, 2025: $2.5 billion). Approximately $0.4 billion of total AUM and programmatic capital and fee-earning AUM at March 31, 2026 was from the Insurance segment (December 31, 2025: $0.3 billion). AUM is a non-IFRS measure and refers to the assets for which Arena Investors provides investment management, advisory or certain other investment-related services. Programmatic capital is a non-IFRS measure and includes callable capital to discretionary and non-discretionary separately managed accounts. AUM is generally based on the net asset value of the funds managed by Arena Investors plus any unfunded commitments. Arena Investors' calculation of AUM may differ from the calculations of other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers. Arena Investors' calculations of AUM are not based on any definition set forth in the governing documents of the investment funds.

The investments in the Arena FINCO portfolio, including entity-related expenses not eliminated in consolidation, contributed a gain of $0.4 to the consolidated group during the three months ended March 31, 2026. This gain is included within Corporate in our segment reporting. Additionally, the Asset Management segment incurred a loss of $2.0 in incentive fees and performance allocations during the three months ended March 31, 2026. Asset valuations can experience both general market volatility and idiosyncratic valuation adjustments that generally are considered by management to be non-recurring in nature.

The Asset Management segment had Adjusted EBITDA of ($7.3) for the three months ended March 31, 2026, inclusive of $5.9 of Management fees, $2.3 of servicing fees and a loss of $2.0 in incentive and performance fees. This excludes $3.1 for severance related expense allocations. We are continuing to evaluate certain reorganization and repositioning efforts for the Asset Management segment, which we expect will generate operational efficiencies and run-rate savings for the Company as we reposition the business to focus more on scalable opportunities for the Insurance segment, its existing client base, and future third party clients.

The Insurance segment had Adjusted EBITDA of ($20.1) for the three months ended March 31, 2026, inclusive of $1.3 of platform build-out related expenses. The investment in these platform build-out related expenses has allowed us to create a proprietary and differentiated policy administration platform that we believe provides the Company with a significant competitive advantage in the marketplace. The insurance segment is expected to generate operating losses until the annuity business increases in scale.

Please see Section 5, *Analysis of Financial Results*, Section 6, *Analysis of Financial Position*, Section 7, *Segment Reporting*, and Section 15, *Non-IFRS Measures*, for further discussion on current and comparative period performance.

3. INVESTMENTS

The composition of investments for the Company changed substantially as a result of the Strategic Transaction. With the closing of the Strategic Transaction, the Company now owns 100% of the equity interests of AIGH, and fully consolidates AIGH and its consolidated subsidiaries, Arena FINCOs, and Salem Group. Investments as of March 31, 2026 for the Company now represent the consolidation of investments held directly by the Company and its consolidated subsidiaries, including investments held by Arena FINCOs, and within the Insurance and Asset Management segments. The information contained in this section provides details on the composition of the investment portfolio for the Company and its consolidated subsidiaries on a look-through basis as of March 31, 2026. Given the substantial differences in composition between current period

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

3. INVESTMENTS (continued)

investments and the comparative period, information on comparative period investments is presented in Section 4, *Prior Comparative Period Investments as an Investment Entity*.

Total investments of $455.7 included $35.7 for the Asset Management segment, $294.3 for the Insurance segment, and $125.7 for Corporate (including historic Arena FINCO assets). The Insurance segment also held $17.4 of commercial paper and $81.5 of money market mutual funds at March 31, 2026 with maturities less than 90 days. Corporate held $6.0 of money market mutual funds invested in U.S. Treasury and Agency securities with similar maturities. These balances are included within the Cash and cash equivalents line item which are not included in the tables below. The Insurance segment continued deploying cash and cash equivalents into its strategic asset allocation strategy during the first quarter of 2026.

The Company is continuing to pursue its monetization strategy for the Arena FINCO portfolio generating net cash of $8.2 for the three months ended March 31, 2026. As liquidity is generated from the Arena FINCO portfolio, the Company plans to redeploy those proceeds into an investment strategy that more closely aligns with the investment strategy for the Insurance segment until the capital is further deployed into the operating segments.

The investments of the Company as of March 31, 2026 by investment strategy are as follows:

Investments by Strategy			**March 31, 2026**
	Cost	Fair value	Percentage of investments at fair value
Private Investment Companies	$ 51.7	$ 49.3	10.8%
Mortgages/Loans	119.5	114.4	25.1%
Private Equity	39.0	28.4	6.2%
Real Estate Owned	13.2	11.1	2.4%
Private Investment in Public Equity	7.5	9.4	2.1%
Debt Securities	11.8	10.9	2.4%
Equity Securities	3.8	3.9	0.9%
US Treasury Bonds	4.0	3.7	0.8%
Corporate Bonds	54.0	53.1	11.7%
Collateralized Mortgage Obligations	154.3	154.2	33.8%
Equity Derivatives	0.8	0.8	0.2%
Other Investments	16.8	16.5	3.6%
	$ 476.4	$ 455.7	100.0%

The investments of the Company as of March 31, 2026 shown by geographic breakdown are as follows:

Investments by Geographic Breakdown			**March 31, 2026**
	Cost	Fair value	Percentage of investments at fair value
Loans / Private Assets			
North America	$ 133.7	$ 121.7	26.7%
Europe	36.1	35.8	7.9%
Asia/Pacific	16.3	9.0	2.0%
Latin America	3.5	4.4	1.0%
	$ 189.6	$ 170.9	37.5%
Other Securities [1]			
North America	$ 274.1	$ 271.9	59.7%
Europe	10.2	11.6	2.5%
Asia/Pacific	2.5	1.3	0.3%
Latin America	-	-	0.0%
	$ 286.8	$ 284.8	62.5%
	$ 476.4	$ 455.7	100.0%

[1] Net of short positions.

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

3. INVESTMENTS (continued)

The investments of the Company as of March 31, 2026 shown by industry are as follows:

Investments by Industry [2]			March 31, 2026
	Cost	Fair value	Percentage of investments at fair value
Financial Services	$ 94.4	$ 90.7	19.9%
Real Estate & Hospitality	90.2	87.7	19.2%
Oil & Gas[1]	15.9	11.4	2.5%
Consumer	29.9	25.9	5.7%
Commercial and Industrial Assets	13.8	12.5	2.7%
Structured Finance	13.2	12.7	2.8%
Business Services	5.0	6.4	1.4%
US Government	4.5	4.0	0.9%
Other Investments	209.5	204.4	44.9%
	$ 476.4	$ 455.7	100.0%

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

INVESTMENT IN ASOF LP

The Company's investment in ASOF LP, a fund managed by Arena Investors, with a fair value of $2.9 and $3.0 at March 31, 2026, and December 31, 2025, respectively, is included under Investments in the condensed consolidated statements of financial position. The Company's change in the value of its investment in ASOF LP was a nominal amount in the three months ended March 31, 2026, and 2025.

4. INVESTMENT PERFORMANCE PRIOR TO THE STRATEGIC TRANSACTION

Accounting for the Company's Investments prior to the Strategic Transaction

Prior to the closing of the Strategic Transaction on April 3, 2025, the Company qualified as an investment entity under IFRS and used fair value as the key measure to monitor and evaluate its primary investments. Accordingly, the Company's investments in the Arena FINCOs, and Salem Group and ASOF LP were accounted for at FVTPL in the prior period comparative statements. The Company's investment in Arena was accounted for using the equity method since the Company did not exercise control but exercised significant influence over Arena. For a detailed description of the accounting and valuation of the Company's investments, see Note 3, *Prior Comparative Period Investments as an Investment Entity*, and Note 4, *Fair Value of Financial Instruments* in the Notes to the Financial Statements.

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

	Place of establishment	Principal place of business	Ownership interest at March 31, 2025
Arena FINCOs	Delaware, U.S.	New York, U.S.	100% owned by the Company
Arena	Delaware, U.S.	New York, U.S.	51% owned by the Company

A. INVESTMENT IN ARENA FINCOS

The following table shows the carrying value of the Company's investments in Arena FINCOs included in the Company's investments in private entities for prior comparative periods. For the period ended March 31, 2026, Arena FINCOs are now consolidated into the Company's financial statements as a result of the Strategic Transaction, and the investments held by Arena FINCOs are now incorporated into the Company's financial statements (See Section 3 of this MD&A, *Investments*, for further information on the Company's current investment balances and activities).

	Three Months Ended March 31, 2025
Opening balance	$ 173.8
(Decrease) increase in value before dividends	(0.1)
Ending balance	$ 173.7

4. INVESTMENT PERFORMANCE PRIOR TO THE STRATEGIC TRANSACTION (continued)

Arena FINCOs historically invested in debt, equity, hard assets and real estate owned investments, with an emphasis on debt instruments comprised of multiple investment strategies including, but not limited to, corporate private investments, real estate private investments, commercial & industrial assets, structured finance investments, consumer assets, and other securities. As announced previously as part of the Strategic Transaction, the Company has begun to monetize its interests in Arena FINCOs to provide liquidity to support the ongoing capital needs of the Insurance segment.

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

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

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

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

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

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

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

4. INVESTMENT PERFORMANCE PRIOR TO THE STRATEGIC TRANSACTION (continued)

The investments of the Arena FINCOs as of March 31, 2025 by investment strategy are as follows:

Investments by Strategy			March 31, 2025
	Cost	Fair value	Percentage of investments at fair value
Corporate Private Investments	$ 42.0	$ 38.7	22.9%
Real Estate Private Investments	46.6	47.0	27.9%
Structured Finance and Assets	37.0	36.1	21.3%
Other Securities	44.0	47.0	27.9%
	$ 169.6	$ 168.8	100.0%

The investments of the Arena FINCOs as of March 31, 2025 shown by geographic breakdown are as follows:

Investments by Geographic Breakdown			March 31, 2025
	Cost	Fair value	Percentage of investments at fair value
Loans / Private Assets			
North America	$ 73.6	$ 71.0	42.1%
Europe	35.6	40.4	23.9%
Asia/Pacific	15.0	8.7	5.1%
Latin America	1.4	1.7	1.0%
	125.6	121.8	72.1%
Other Securities [1]			
North America	28.8	30.0	17.8%
Europe	13.2	14.3	8.5%
Asia/Pacific	2.0	2.8	1.6%
Latin America	-	(0.1)	0.0%
	44.0	47.0	27.9%
	$ 169.6	$ 168.8	100.0%

[1] Net of short positions.

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

(i) Accounting for the Arena FINCOs

Prior to the closing of the Strategic Transaction on April 3, 2025, the Company's investment in the Arena FINCOs was accounted for at FVTPL. Using net asset value as the primary valuation technique, management determined that 1.0x the book value, or 100% of the shareholder's equity of the Arena FINCOs at March 31, 2025 in the amount of $173.7 approximated the fair value of the Company's investments in the Arena FINCOs. See Note 3, *Prior Comparative Period Investments as an Investment Entity*, in the Notes to the Financial Statements.

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

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

The Company considers certain financial results of the Arena FINCOs to be important measures in assessing the Company's financial position and performance, in particular, the net assets which can be invested to generate investment income, and operating expenses. Supplementary Financial Measures related to the Arena FINCOs set out below is unaudited and has been derived from the unaudited financial statements of WOH, Arena Finance Holdings Co, LLC ("AFHC"), AOC and consolidated AF and its subsidiaries for the period ended March 31, 2025, which have been prepared in accordance with IFRS or US GAAP.

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

4. INVESTMENT PERFORMANCE PRIOR TO THE STRATEGIC TRANSACTION (continued)

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

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

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

On October 1, 2024, AOC and Westaim entered into a loan facility agreement of $25.0 (the "AOC Loan", shown in Loans payable on the table above), which had $13.0 drawn and outstanding at March 31, 2025. The AOC Loan bears an interest rate of 7.25% per annum and interest is due at the end of each calendar quarter. As a result of the Strategic Transaction and the consolidation of the Arena FINCOs into the company's financial statements, the AOC loan is now eliminated in consolidation and does not survive on the consolidated balance sheet. See Note 13, *Loan Receivable* and Note 14, *Related Party Transactions* in the Notes to the Financial Statements for further information.

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

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

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

B. INVESTMENT IN ARENA

As a result of the Strategic Transaction, Arena is now consolidated into the Company in the Financial Statements. See Section 7, *Segment Reporting* of this MD&A for information on current period Asset Management segment reporting. Changes in the Company's investment in associates related to Arena for the three months ended March 31, 2025 are summarized as follows:

	Three Months Ended March 31, 2025
Investment in Arena	
Opening balance	$ 22.7
Additional investment for revolving loan	18.6
The Company's share Arena's comprehensive (loss) income	(0.8)
Ending balance	$ 40.5

4. INVESTMENT PERFORMANCE PRIOR TO THE STRATEGIC TRANSACTION (continued)

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

At March 31, 2026, Arena Investors had committed AUM and programmatic capital of approximately $4.3 billion (December 31, 2025: $4.5 billion). AUM refers to the assets for which Arena Investors provides investment management, advisory or certain other investment-related services. Programmatic capital includes callable capital to discretionary and non-discretionary separately managed accounts. AUM is generally based on the net asset value of the funds managed by Arena Investors plus any unfunded commitments. Arena Investors' calculation of AUM may differ from the calculations of other asset managers, and as a result, may not be comparable to similar measures presented by other asset managers. Arena Investors' calculations of AUM are not based on any definition set forth in the governing documents of the investment funds. At March 31, 2026, Arena Investors AUM included the net assets of the Arena FINCOs and the Company's investment in ASOF LP, totaling approximately $133.3 (December 31, 2025: $144.0).

(i) Rights Granted to BP LLC

On August 31, 2015, agreements were entered into between the Company and BP LLC in respect of AIGH (the "Associate Agreements"). The Associate Agreements set forth the members' respective rights and obligations, as well as BP LLC's right to participate in distributions of the capital and profit of the associates. BP LLC's initial profit sharing percentage was 49%, and under the Associate Agreements, BP LLC had the right to earn-in up to 75% equity ownership percentage in the associates and to thereby share up to 75% of the profit of the associates based on achieving certain AUM and cash flow (measured by the margin of trailing twelve months earnings before interest, income taxes, depreciation and amortization ("EBITDA") to trailing twelve month revenues) thresholds in accordance with the Associate Agreements. At March 31, 2025, the Company's equity ownership and profit sharing percentage of Arena was 51%.

At the closing of the Strategic Transaction, the Company restructured its ownership of Arena to acquire from BP LLC the remaining 49% of the equity of Arena that it did not already own in exchange for removing BP LLC's responsibility for repayment of 49% of Arena's loans payable to the Company and the issuance of profit interests entitling the members of BP LLC and certain other front office investment management team members of Arena to receive distributions of 45% of the net profits of Arena on an ongoing basis, subject to continuing service by members of BP LLC to Arena (the "Arena Restructuring"). In connection therewith, the Company, BP LLC and an affiliate of CC Capital entered into 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 Arena; (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) an affiliate of CC Capital is entitled to receive 6% of the net profits from and appreciation in Arena (all subject to a minimum distribution to BP LLC as further set out in the Third Amended and Restated AIGH LLCA). The Company now owns 100% of the equity interests of Arena after profit sharing distributions are made to BP LLC, CC Capital, and the Company. See Section 1, *The Company* of this MD&A for further information on the Strategic Transaction.

(ii) Accounting for Arena

The Company extended a revolving loan to Arena (the "Arena Revolving Loan 1") with a commitment of $35.0 at March 31, 2025 in order to continue funding growth initiatives and working capital needs of Arena. The loan facility was due to mature on May 31, 2025 and bore an interest rate of 7.25%. Arena had drawn down the loan facility by $24.0 at March 31, 2025. On the Closing Date in connection with the Strategic Transaction, the loan facility was converted into an equity investment by Westaim, which now eliminates in the consolidated financial statements.

Prior to the closing of the Strategic Transaction, the Company's investment in Arena was accounted for using the equity method. The carrying amount of the Company's investment in Arena was $40.5 at March 31, 2025. The Company's 51% share of Arena's comprehensive (loss) income amounted to $(0.8) for the three months ended March 31, 2025, and was reported under "Net results of investments" in the condensed consolidated statements of profit and comprehensive income.

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

Prior to the closing of the Strategic Transaction and before Arena was included in its consolidated financial statements, the Company considered certain financial results of Arena to be important measures in assessing the Company's financial position and performance, in particular, revenues from the provision of investment management services, and operating expenses. Supplementary Financial Measures related to Arena set out

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

4. INVESTMENT PERFORMANCE PRIOR TO THE STRATEGIC TRANSACTION (continued)

below is unaudited and has been derived from the audited financial statements of AIGH for the year ended December 31, 2025 and the unaudited financial statements of AIGH for the three months ended March 31, 2025, which were prepared in accordance with US GAAP. Arena presents their performance results as Arena Investors' fee related earnings ("FRE"), Arena Investors' net incentive fees, and AIS EBITDA. Arena's Supplementary Financial Measures includes EBITDA which is a common measure for operating profitability. Management of the Company concluded that any reconciling items to IFRS are not material.

Supplementary Financial Measures from Arena's Statement of Financial Position

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

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

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

	Three months ended March 31, 2025
Arena Investors	
Management fees	$ 6.5
Asset servicing fees	2.3
Other income	0.8
Total recurring revenue	9.6
Operating expenses allocated to recurring revenue	(11.7)
Fee related earnings	**(2.1)**
Incentive fees	2.4
Incentive fees compensation expense	(2.3)
Net incentive fees	**0.1**
Arena Investors' EBITDA	**(2.0)**
Arena Institutional Services	
AIS revenue	3.8
AIS operating expenses	(0.8)
Employee profit share	(1.3)
AIS EBITDA	**1.7**
AIGH general and administrative costs	(0.2)
AIGH other income (expenses)	0.1
AIGH costs for Strategic Transactions	(0.5)
Total Arena EBITDA	**(0.9)**
Depreciation	(0.1)
Revolving loan interest expense paid to the Company	(0.5)
Taxes	-
Net (loss) income attributable to Arena	**$ (1.5)**
Company's share of Arena's comprehensive (loss) income	$ (0.8)

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

5. ANALYSIS OF FINANCIAL RESULTS

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

	Three months ended March 31 2026	2025
Revenue		
Management fees	$ 5.1	$ -
Asset servicing fees	2.2	-
Interest income	6.7	3.8
Incentive fees and performance allocations	(2.0)	-
Advisory fees	1.2	-
Other income	0.3	-
	13.5	3.8
Net results of investments	0.6	(8.5)
Net insurance revenue (loss)	(11.1)	-
Net expenses		
Salaries and benefits	20.1	1.1
General, administrative and other	6.3	0.4
Professional fees	7.2	2.4
Share-based compensation expense (recovery)	(0.3)	0.7
Depreciation and amortization	2.1	-
Foreign exchange loss (gain)	(0.2)	-
Interest expense	0.6	-
Other expenses	1.1	-
	37.1	4.6
(Loss) profit before income taxes	(34.0)	(9.3)
Income taxes recovery (expense)	0.6	1.9
Net (loss) profit	(33.4)	(7.4)
Other comprehensive income		
Foreign currency translation adjustments	-	-
Insurance finance income (expenses)	0.5	-
Unrealized gains (losses) on investments	(1.0)	-
(Loss) profit and comprehensive (loss) income	$ (33.9)	$ (7.4)
Net (loss) profit and comprehensive (loss) income attributable to controlling interests	$ (33.9)	$ (7.4)
Net (loss) profit and comprehensive (loss) income attributable to non-controlling interests	$ -	$ -

For all reporting periods after April 3, 2025, the financial statements of the Company will be reported on the basis of the Company being an operating entity. This results in the consolidation of Arena, Salem Group, and Arena FINCOs into the Company's financial statements for all reporting periods after April 3, 2025. The Company has concluded that under IFRS 10, the change in status from an investment entity to an operating entity should be treated as a business combination. Accordingly, the Company accounts for the change in its status prospectively from the date at which the change in status occurred, and prior periods have not been recast. The following analysis of financial results is based on the consolidation of Arena, Salem Group, and Arena FINCOs into the Company's financial statements beginning April 3, 2025 through the reporting date. The Company did not have consolidated management fee revenue, servicing fee revenue, and incentive and performance fee revenue/(expense) prior to April 3, 2025, and therefore these revenue categories are $nil for the comparative periods.

5. ANALYSIS OF FINANCIAL RESULTS (continued)

5.1 Revenue

Management fees

The Company earns management fees through the investment management services provided to its clients. Management fees, as determined in the funds governing documents, are calculated on the Company's various segregated client accounts and private pooled investment vehicles as either a percentage of assets under management or a percentage of commitment drawn. Management fees for separately managed and proprietary accounts are pro-rated for mid-month contributions and may be based on a percentage of the fair value of invested capital for the account during the ramp-up phase pursuant to applicable side letters. Effective April 1, 2025, the Company calculates and collects all management fees on a quarterly basis. The Company earned $5.1 of management fee revenues for the three months ended March 31, 2026.

Asset servicing fees

The Company earns asset servicing fees in connection with the management and servicing of the illiquid portion of the investment portfolio. These fees are in addition to the management fee to compensate the personnel and overhead costs to manage loans in lieu of hiring unaffiliated third-party servicers. The Company charges the asset servicing fee as described in fund governing documents which is typically based on asset type or a set percentage fee of the fair value of the illiquid portion of the loan portfolio. Effective April 1, 2025, the Company calculates and collects asset servicing fees on a quarterly basis. The Company earned $2.2 of servicing fee revenues for the three months ended March 31, 2026.

Incentive fees and performance allocations

In certain fund structures, the Company through its subsidiaries, invests alongside its limited partners in a partnership and is entitled to its pro-rata share of the results of the fund vehicle (a "pro-rata allocation"). In addition to a pro-rata allocation, and assuming certain investment returns are achieved, the Company is also entitled to a disproportionate allocation of the income otherwise allocable to the limited partners, commonly referred to as carried interest ("Performance Allocations"). Performance Allocations are made to the general partner based either on cumulative fund performance to date, subject to a preferred return to limited partners or based on vehicle performance over a period of time, subject to a high water mark and preferred return to investors. Performance Allocations in carry fund structures are realized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of the preferred return or, in limited instances, after certain thresholds for return of capital are met. Performance Allocations in carry fund structures may be subject to reversal to the extent that the Performance Allocation recognized to date exceeds the amount due to the Company based on cumulative results.

The Company also earns contractual fees based on performance of certain funds and investment vehicles during the period, subject to the achievement of minimum return levels or high water marks ("incentive fees"), in accordance with the respective terms set out in each vehicle's governing agreements. Incentive fees are recognized based upon the amount that would be due pursuant to the investment management agreements at each period end based on the amount earned. Incentive fees are only recognized once it is highly probable that a significant reversal will not occur in future periods. Certain incentive fees are payable each fiscal year end and upon any crystallization events, such as withdrawals. The Company incurred a $2.0 loss of incentive fees and performance allocations for the three months ended March 31, 2026, reflecting the ASOP family's reversal of $3.7 in accrued performance allocations, partially offset by $1.6 of prior-period actual results related to SLS Excess Capacity funds recorded at a quarterly lag during the period.

Interest income

Interest income represents interest earned on interest bearing assets other than investments. Interest earned on investments is included in the Net Result of Investments. Interest income totaled $6.7 and $3.8 for the three months ended March 31, 2026 and 2025, respectively.

Fee and other income

The Company began recognizing Fee and other income as a result of the Strategic Transaction. The asset management segment earns advisory and other service fee revenue not connected to the management or servicing of assets. The Company earned $1.5 of advisory and other income for the three months ended March 31, 2026.

5.2 Net Results of Investments

The composition of investments for the Company changed substantially as a result of the Strategic Transaction. As of March 31, 2025, the Company held investments into 100% of the equity of the Arena FINCO entities, an investment into 51% of the equity in AIGH (accounted for as an equity method investment), and an investment into Arena Strategic Opportunities Fund, L.P ("ASOF LP").

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

5. ANALYSIS OF FINANCIAL RESULTS (continued)

With the closing of the Strategic Transaction, the Company now owns 100% of the equity interests of AIGH, and fully consolidates AIGH and its consolidated subsidiaries, Arena FINCOs, and Salem Group. The financial results as of March 31, 2026, reflect the consolidated activity of investments held directly by the Company and its consolidated subsidiaries, including investments held by the Arena FINCOs and within the Insurance and Asset Management segments.

For the three months ended March 31, 2026, the net change in value of investments was a net increase of $0.6, driven primarily by an increase of $0.6 on investments held in the Corporate segment, offset by nominal decreases on investments held in the Asset Management segment. For the three months ended March 31, 2025, the net change in value of investments was a net decrease of $8.5, driven primarily by a decrease in the value of the Company's investment in Salem Group of $7.7, a decrease in the Company's share of Arena's comprehensive loss of $0.8, a decrease in the value of the investments in the Arena FINCOs of $0.1, and an increase in the value of the Company's investment in ASOF LP of a nominal amount.

See discussion in Section 3, *Investments,* and Section 4, *Prior Comparative Period Investments as an Investment Entity*, of this MD&A for further information.

5.3 Net Insurance Revenue (Loss)

The Company did not recognize Net Insurance Revenue (Loss) prior to the Strategic Transaction. For the three months ended March 31, 2026, the net insurance loss of $11.1 was driven by a loss on annuity contracts issued during the quarter that were deemed onerous at the time of issuance. Under IFRS 17, an immediate recognition and creation of a loss component in the liability for remaining coverage is required to be recognized in the condensed consolidated statements of (loss) profit and comprehensive (loss) income if expected fulfilment cash flows of a newly issued insurance contract group exceeds the consideration (premiums). See Note 2(c) of the Financial Statements for further information on the accounting requirements for these insurance contracts.

5.4 Expenses

The composition of net expenses for the Company changed substantially as a result of the Strategic Transaction. The consolidation of AIGH, Arena FINCOs, and Salem Group resulted in the full expense bases of these operations to now be included in the consolidated results of the Company, whereas in prior comparable periods, these expense bases were embedded in the fair value of the Company's investments into those operations. It is therefore difficult to compare the current net expenses of the Company to its prior comparative results.

For the three months ended March 31, 2026, net expenses of the Company equaled $37.1, including $20.1 for salaries and benefits, $7.2 of professional fees, $2.1 for depreciation of property, plant, and equipment and right-of-use assets and amortization of intangible assets, share-based compensation expense (recovery) of ($0.3), $6.3 of general and administrative expenses, foreign exchange loss (gain) of ($0.2), interest expense of $0.6 and $1.1 of other expenses. Net expenses for the three months ended March 31, 2025 of $4.6 was driven primarily by professional fees of $2.4, salaries and benefits of $1.1, share-based compensation expense of $0.7, and general, administrative and other expenses of $0.4.

The Company reported income tax expense for the three months ended March 31, 2026 of $0.6 and income tax recovery of $1.9 for the three months ended March 31, 2025.

Share-based compensation expense (recovery) includes deferred share units ("DSUs") to directors in lieu of director fees each reporting period and the issuance of restricted share units ("RSUs") which are expensed over their respective multi-year vesting periods. Changes in share-based compensation expense from period to period also result from movement in the Company's share price which affects the per unit valuation of outstanding DSUs, stock appreciation rights ("SARs"), and certain options to acquire Common Shares (which can be surrendered for cash). See Section 9, *Liquidity and Capital Resources* of this MD&A for additional information on the Company's share-based compensation plans.

The Company, from time to time, holds C$ denominated assets and liabilities and the Company's operating results include foreign exchange gains or losses arising from the revaluation of the Company's C$ denominated net liabilities and revaluation of C$ foreign exchange forward contracts into US$ at period end exchange rates. The following is a breakdown of the major components of the foreign exchange gain (loss) in the three months ended March 31, 2026 and 2025, respectively:

	Three months ended March 31	
	2026	2025
Foreign exchange gains (losses) relating to:		
- Liabilities for DSUs, SARs, Options	$ 0.1	$ -
- Canadian dollar currency forward contracts and cash balances	0.1	-
	$ 0.2	$ -

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

6. ANALYSIS OF FINANCIAL POSITION

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

	March 31, 2026	December 31, 2025
Assets		
Cash and cash equivalents	$ 240.6	$ 283.1
Restricted cash	17.1	14.0
Due from brokers	4.7	7.6
Income taxes receivables	1.7	1.7
Receivables from related parties	4.4	0.8
Fee receivables	2.2	0.2
Investments	455.7	385.5
Other assets	14.5	16.3
Property, plant, and equipment and right of use assets, net of accumulated depreciation	8.3	7.7
Deferred tax asset	32.5	30.3
Intangible assets, net of accumulated amortizations	60.1	59.2
Goodwill	14.0	14.0
Total assets	$ 855.8	$ 820.4
Liabilities		
Due to brokers	$ 6.3	$ 11.1
Accounts payable and accrued liabilities	23.0	22.6
Accrued compensation liabilities	28.9	38.0
Payable to related parties	9.0	4.7
Management fees payable	0.1	-
Derivative liabilities	0.3	1.0
Lease liabilities	7.7	7.2
Profit share liability	8.6	8.6
Insurance contract liabilities	123.9	43.6
Other liabilities	2.1	0.2
Deferred tax liabilities	27.2	25.5
	237.1	162.5
Shareholders' equity	618.7	657.9
Total liabilities and shareholders' equity	$ 855.8	$ 820.4

6.1 Cash

The Company had cash and cash equivalents of $240.6 and $283.1 at March 31, 2026 and December 31, 2025, respectively. At March 31, 2026, $131.5 is held within the Insurance segment, $9.6 is held within the Asset Management segment, and the remaining $99.5 is held within Corporate. The decrease in cash at March 31, 2026 was primarily driven by the deployment of cash and cash equivalents into the strategic asset allocation strategy of the Insurance segment. The balances in cash and cash equivalents are generally held in banks with investment grade ratings, money market mutual funds backed by US government and agency securities with weighted average maturities of less than 90 days, or US government securities held directly with remaining maturities of less than 90 days. The Company is deploying cash held within the Insurance segment into its strategic asset allocation strategy and will continue to do so over the coming quarter.

6.2 Restricted Cash

Restricted cash of $17.1 as of March 31, 2026 (December 31, 2025 - $14.0), relates to the Asset Management segment for deposits held for pre-funded work fees from potential borrowers and prospective partners, and cash held for prepaid deposits for interest and infrastructure reserves related to investments.

6.3 Fee receivables

Management fees and asset servicing fees are recognized in the periods during which the related services are performed, and the amounts have been contractually earned. Incentive fees are recognized based upon the amount that would be due pursuant to the investment management agreements at each period end based on the amount earned. Incentive fees are only recognized once it is highly probable that a significant reversal will not occur in future periods. The balance in fee receivables represents fees that have been recognized as revenue but has not yet been collected.

6. ANALYSIS OF FINANCIAL POSITION (continued)

6.4 Current and deferred income taxes

At March 31, 2026, the Company had income tax receivable of $1.7 (December 31, 2025 - $1.7) related to Canadian income taxes for tax years 2024 and prior and income tax receivables for US federal and state taxes related to the redomiciliation.

At March 31. 2026, the Company had a deferred tax asset of $32.5 (December 31, 2025 – $30.3) primarily related to net recognized temporary differences of taxable income. It is probable that taxable profits will be available against which those temporary differences can be utilized. At March 31, 2026 the Company reported a deferred tax liability of $27.2 (December 31, 2025 – $25.5).

6.5 Other Assets

At March 31, 2026, the Company had other assets of $14.5 (December 31, 2025 - $16.3), which consisted of accounts receivable of $3.2 (December 31, 2025 - $4.7), prepaid expense and deposits of $4.8 (December 31, 2025 - $3.6), interest receivable of $0.6 (December 31, 2025 - $0.7), receivables for investments sold of $1.1 (December 31, 2025 - $1.4), accrued investment income of $2.4 (December 31, 2025 - $1.4), accrued revenue of $1.0 (December 31, 2025 - $1.1), and other receivables and assets of $1.5 (December 31, 2025 - $3.2). See Note 6, *Other Assets* in the Notes to the Financial Statements.

6.6 Investments

Investments were $455.7 and $385.5 at March 31, 2026 and December 31, 2025, respectively. See Section 3, *Investments*, of this MD&A for further information on investments held by the Company.

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

6.7 Due from and due to brokers

Due from/to brokers consists of cash balances as well as amounts due from/to brokers for unsettled securities transactions. Amounts due from brokers may be restricted to the extent that they serve as deposits for securities sold short. Additionally, cash held as collateral for derivative contracts is restricted until such contracts mature or are settled per agreement of buyer and seller of each contract. At March 31, 2026, the Company had a balance in Due from brokers of $4.7 and a balance in Due to brokers of $6.3. These balances have been netted down to the extent that an enforceable right of offset exists. At December 31, 2025, the Company had a balance in Due from brokers of $7.6 and a balance in Due to brokers of $11.1.

6.8 Property, plant, and equipment, net of accumulated depreciation

Property, Plant and Equipment provides the physical infrastructure to enable the Company to operate and primarily comprises computer hardware; computer software; furniture and fixtures; and leasehold improvements. Assets are recorded at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the assets' estimated useful lives; generally ranging from three to five years for computer hardware/ software, furniture and fixtures. Leasehold improvements are depreciated over the shorter of their remaining useful lives or the remaining term of the related lease.

Expenditures for repairs and maintenance are charged to expenses when incurred. Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company recognized property, plant, and equipment, net of accumulated depreciation, of $1.2 at March 31, 2026 (December 31, 2025 - $1.0).

6.9 Right-of-use assets, net of accumulated depreciation and associated lease liabilities

The Company's lease arrangements consist of leases relating to office space across the various jurisdictions in which it operates.

The Company initially records a lease liability in the Consolidated Statement of Financial Position reflecting the present value of the future contractual cash flows to be made over the lease term, discounted using the Company's incremental borrowing rate. A right-of-use ("ROU") asset is recorded at the value of the lease liability plus any directly related costs and is presented within Right-of-use assets, net of accumulated depreciation on the Consolidated Statement of Financial Position. Interest is accrued on the lease liability using the effective interest method to give a constant rate of return over the life of the lease while the balance is reduced as lease payments are made. The ROU asset is depreciated from commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term as the benefit of the asset is consumed. Increases or decreases that occur at contractually agreed market rent review dates are included in the lease liability once revised market rents have been agreed.

6. ANALYSIS OF FINANCIAL POSITION (continued)

The Company recognized right-of-use assets, net of accumulated depreciation of $7.1 and associated lease liabilities of $7.7 at March 31, 2026. The Company recognized right-of-use assets, net of accumulated depreciation of $6.7 and associated lease liabilities of $7.3 at December 31, 2025.

6.10 Intangible assets, net of accumulated amortizations

The Company recognized $20.7 of intangible assets related to the acquisition of insurance licenses in the MAIC acquisition, $6.7 of capitalized internal-use software, and $28.4 of intangible assets related to the fair value of investment management agreements and the trade name related to the acquisition of the remaining 49% of AIGH as part of the Strategic Transaction. During the three months ended March 31, 2026, the Insurance segment added $2.5 of additional capitalized internal-use software. Intangible assets with a defined useful economic life are amortized on a straight-line basis over their estimated life. At each reporting date, the Company applies judgment to determine whether there is any indication that an intangible asset may be impaired. Should any indication exist, an assessment is carried out to determine that the carrying value exceeds the estimated recoverable amount at that time. At March 31, 2026, the carrying value of intangible assets, net of accumulated amortizations of $5.3, was $60.1. The amortization expense on intangible assets was $1.6 for the three months ended March 31, 2026.

6.11 Goodwill

The Company recognized $5.2 of goodwill related to the MAIC acquisition and $8.8 of goodwill related to the acquisition of the remaining 49% of AIGH as part of the Strategic Transaction. The difference between the fair value of the consideration and the value of identifiable assets and liabilities, including intangible assets, is accounted for as goodwill. Goodwill is assessed for impairment on an annual basis. If the assessment determines that the carrying value exceeds the estimated recoverable amount at that time, the goodwill is written down to its recoverable amount. The recoverable amount of goodwill is determined using either a discounted cash flow model or market valuation approach. Any impairment is recognized in the Consolidated Statement of (Loss) Profit and cannot be reversed in future periods. For the purposes of impairment testing, goodwill is allocated the Company's cash-generating units (CGUs) that are expected to benefit from the acquisitions, which includes both the Insurance and Asset Management segments.

6.12 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities were $23.0 at March 31, 2026 including $49.8 for the Asset Management segment, of which $35.6 relates to an intercompany loan eliminated in consolidation, $5.7 for the Insurance segment, and $3.3 for Corporate, offset by an additional $0.2 eliminated upon consolidation. At December 31, 2025, accounts payable and accrued liabilities were $22.6, including $31.7 for the Asset Management segment, of which $18.6 relates to an intercompany loan eliminated in consolidation, $7.0 for the Insurance segment, and $2.5 for Corporate.

6.13 Accrued compensation liabilities

Accrued compensation liabilities consists of accrued but unpaid base salaries, discretionary and non-discretionary bonuses, share-based compensation, employee benefits, severance, deferred bonus plan, payroll related taxes, profit share arrangements, and BP LLC's minimum entitlements set out in the Third Amended and Restated AIGH LLCA.

The Asset Management segment operates a deferred bonus plan whereby a portion of certain bonuses awarded in respect of the year are deferred. Deferred bonuses are subject to co-investment in ASOF LP with one third of the deferred award payable on the first, second and third anniversary, respectively. Bonuses are accrued over the related service period and included in accrued compensation and benefits on the Consolidated Statement of Financial Position.

At March 31, 2026, the Company had $28.9 of accrued compensation liabilities, consisting of accrued cash-based compensation of $22.3, DSUs of $4.7, SARs of $2.0, and other deferred compensation of $10.0. At December 31, 2025, the Company had $38.0 of accrued compensation liabilities, consisting of accrued cash-based compensation of $20.5, DSUs of $4.6, SARs of $2.9, and other deferred compensation of $10.0. See Section 9, *Liquidity and Capital Resources* of this MD&A for additional information on the Company's share-based compensation plans.

In the current period, management identified that certain minority interests had been incorrectly classified as non-controlling interests within the Condensed Consolidated Statements of Changes in Equity as of December 31, 2025. Upon reassessment of the contractual terms, management concluded that these arrangements do not constitute a substantive class of equity under IFRS, and that the economic substance of each is a deferred compensation or profit-sharing arrangement. These deferred compensation and profit-sharing arrangements are presented within Accrued compensation liabilities in the interim Condensed Consolidated Statements of Financial Position.

6.14 Payable to related parties

Related parties include key management personnel, close family members of key management personnel and entities which are, directly or indirectly, controlled by, jointly controlled by or significantly influenced by key management personnel or their close family members. Key management

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

6. ANALYSIS OF FINANCIAL POSITION (continued)

personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include executive officers and current and former directors of the Company. At March 31, 2026, the Company had payables to related parties of $9.0 (December 31, 2025 – $4.7), primarily related to fund entities sponsored by Arena but not included in our condensed consolidated financial statements. See section 10 of this MD&A and note 14, *Related Party Transactions*, in the Notes to Financial Statements for further information.

6.15 Derivative liabilities

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed by using derivative instruments is foreign currency exchange rate risk. Forward contracts on various currencies can be entered into to manage foreign currency exchange risk associated with revenue earned in currencies other than USD. Other forward exchange contracts are entered into to manage risks associated with the Company's working capital requirements in currencies other than USD.

Forward currency contracts are valued by reference to the forward price at which a new forward foreign currency contract of the same size and maturity could be undertaken at the valuation date. The unrealized gain or loss on open forward currency contracts is calculated as the difference between the contract rate and the forward price and is recognized in the condensed consolidated statements of (loss) profit.

The Company recognizes forward contracts as an asset or a liability on the Consolidated Statement of Financial Position as they carry the obligation to buy or sell a certain currency at a certain price at a future value date. The Company recognized $0.3 of derivative liabilities as of March 31, 2026 (December 31, 2025 – $1.0)

6.16 Shareholders' equity

The details of shareholders' equity are as follows:

	March 31, 2026	December 31, 2025
Share capital	$ 533.3	$ 558.3
Treasury shares	(5.8)	(4.7)
Share premium	27.7	2.2
Other components of equity	(2.0)	(1.4)
Retained earnings	65.5	98.8
Equity attributable to controlling interest	618.7	653.2
Non-controlling interest	-	4.7
Total shareholders' equity	$ 618.7	$ 657.9

6.17 Share Capital

Westaim had 33,261,235 Common Shares outstanding at March 31, 2026 (December 31, 2025 - 33,331,704). In the three months ended March 31, 2026, Westaim acquired 70,469 Common Shares at a cost of $1.3 which are held as treasury shares. In the year ended December 31, 2025, 615,000 stock options were exercised at a strike price of C$18.60, of these 610,833 were net cash settled for $8.2, and 4,167 were exercised on a net exercise basis resulting in 1,642 Common Shares being delivered to option holders. As a result of the net fair value of the Common Shares acquired and cancelled less Common Shares issued, the Company recorded a decrease in share capital of $nil for the Canadian public company 2% net share buy-back Canadian federal tax. See discussion in Section 9, *Liquidity and Capital Resources, Share-based Compensation Plans* of this MD&A and Note 11, *Share Capital* in the Notes to the Financial Statements.

6.18 Non-controlling interest

Shareholders' equity - non-controlling interest totaled $nil at March 31, 2026 (December 31, 2025 - $4.7). See *Note 2(d), Summary of Material Accounting Policies, Change in accounting policy in* the Notes to the Financial Statements.

7. SEGMENT REPORTING

The Company operates as an integrated insurance and asset management company with two primary operating segments: Insurance and Asset Management. The remainder of the activity for the Company is captured under Corporate, which includes investment activities within the Arena FINCOs, other investment activities at the corporate level, share-based compensation, and other corporate level activities. The establishment of these segments occurred with the closing of the Strategic Transaction, and therefore the segment reporting results shown in this section are from the Closing Date through March 31, 2026 and there are no comparative results to be disclosed. This section includes a discussion and analysis of the Company's segment results.

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

7. SEGMENT REPORTING (continued)

FINANCIAL RESULTS BY SEGMENT

The following contains the financial results of the Company by segment for the three months ended March 31, 2026:

Three Months Ended March 31, 2026

	Asset Management	Insurance	Corporate	Eliminations	Consolidated
Revenue					
Management fees	$ 5.9	$ -	$ -	$ (0.8)	$ 5.1
Asset servicing fees	2.3	-	(0.1)	-	2.2
Interest income	0.1	5.1	1.9	(0.4)	6.7
Incentive fees and performance allocations	(2.0)	-	-	-	(2.0)
Advisory fees	1.2	-	-	-	1.2
Other income	-	-	0.3	-	0.3
	7.5	5.1	2.1	(1.2)	13.5
Net results of investments	-	-	0.6	-	0.6
Net insurance revenue (loss)	-	(11.1)	-	-	(11.1)
Net expenses					
Salaries and benefits	10.7	5.8	1.2	-	17.7
General, administrative and other	2.3	3.5	0.5	-	6.3
Professional fees	1.4	4.0	1.1	-	6.5
Share-based compensation expense (recovery)	-	-	(0.3)	-	(0.3)
Foreign exchange loss (gain)	-	-	(0.2)	-	(0.2)
Interest expense	0.4	-	0.6	(0.4)	0.6
Other expenses	-	0.8	1.2	(0.8)	1.2
	14.8	14.1	4.1	(1.2)	31.8
Earnings before depreciation, amortization, and income taxes ("Adjusted EBITDA")	(7.3)	(20.1)	(1.4)	-	(28.8)
Depreciation and amortization (expense)	(1.2)	(0.9)	-	-	(2.1)
Severance related expenses	(3.1)	-	-	-	(3.1)
(Loss) profit before income taxes	(11.6)	(21.0)	(1.4)	-	(34.0)
Income taxes recovery (expense) [1]	0.3	-	0.3	-	0.6
Net (loss) profit	(11.3)	(21.0)	(1.1)	-	(33.4)
Other comprehensive (loss) income	(0.1)	(0.4)	-	-	(0.5)
Net (loss) profit and comprehensive (loss) income	$ (11.4)	$ (21.4)	$ (1.1)	$ -	$ (33.9)
(Loss) profit and comprehensive (loss) income attributable to non-controlling interest	-	-	-	-	-
(Loss) profit and comprehensive (loss) income attributable to controlling interest	$ (11.4)	$ (21.4)	$ (1.1)	$ -	$ (33.9)

1 Income tax recovery (expense) for segment reporting includes taxes that are the direct responsibility of legal entities dedicated to the operating segment. To the extent the segment operates within pass-through entities where taxes on related earnings and profits are borne by the Corporate parent, such taxes will generally be included in the Corporate column and are not allocated back to the segments. Chief Operating Decision Makers generally use Adjusted EBITDA and (Loss) profit before income taxes to assess performance and allocate resources.

NOTE: Schedule subtotals and totals may be impacted by rounding

7. SEGMENT REPORTING (continued)

The Asset Management segment had Adjusted EBITDA of ($7.3) and (Loss) before income taxes of ($11.6) for the three months ended March 31, 2026, inclusive of $5.9 of Management fees and $2.3 of Asset servicing fees.

The Insurance segment had Adjusted EBITDA of ($20.1) and (Loss) before income taxes of ($21.0) for the three months ended March 31, 2026.

The Corporate column of our segment reporting comprises activities of the Company that reside outside of our two operating business segments and includes the investments within the Arena FINCOs, other cash and investments that are held outside of our operating segments, compensation (including share-based compensation) for employees and directors of the company that are not included in our operating segments, and other corporate overhead expenses. Corporate had Adjusted EBITDA of ($1.4) and (Loss) before income taxes of ($1.4). Adjusted EBITDA was driven by interest income of $1.9, gains on investments of $0.6, and other income of $0.2, offset by operating expenses of $4.1.

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

7. SEGMENT REPORTING (continued)

The following contains the financial position of the Company by segment as of March 31, 2026:

FINANCIAL POSITION BY SEGMENT

As of March 31, 2026	Asset Management	Insurance	Corporate	Eliminations	Consolidated
Assets					
Cash and cash equivalents	$ 9.6	$ 131.5	$ 99.5	$ -	$ 240.6
Restricted cash	17.1	-	-	-	17.1
Fee receivables	2.4	-	-	(0.2)	2.2
Income taxes receivable	-	-	1.7	-	1.7
Receivables from related parties	4.5	-	1.5	(1.6)	4.4
Other assets	4.6	5.6	4.3	-	14.5
Investments at fair value	35.7	294.3	125.7	-	455.7
Investments in Affiliates	-	-	353.5	(353.5)	-
Due from brokers	-	0.3	4.4	-	4.7
Deferred tax asset	3.0	5.0	24.5	-	32.5
Property, plant, and equipment and right of use assets, net of accumulated depreciation	1.7	6.6	-	-	8.3
Intangible assets, net of accumulated amortizations	25.7	34.4	-	-	60.1
Loan receivable	-	-	36.5	(36.5)	-
Goodwill	8.8	5.2	-	-	14.0
Total assets	113.1	482.9	651.6	(391.8)	855.8
Liabilities					
Accounts payable and accrued liabilities	49.8	5.7	3.3	(35.8)	23.0
Accrued compensation liabilities	20.7	1.2	7.2	(0.2)	28.9
Profit share liability	8.6	-	-	-	8.6
Due to brokers	-	0.4	5.9	-	6.3
Payable to related parties	7.4	1.4	1.0	(0.8)	9.0
Management fees payable	0.8	-	-	(0.7)	0.1
Derivative liabilities	-	-	0.3	-	0.3
Lease liabilities	1.8	5.9	-	-	7.7
Insurance contract liabilities	-	123.9	-	-	123.9
Other liabilities	-	2.1	-	-	2.1
Deferred tax liabilities	6.8	5.9	14.5	-	27.2
	95.9	146.5	32.2	(37.5)	237.1
Shareholders Equity					
Shareholders' equity – controlling interests	17.2	336.4	619.4	(354.3)	618.7
Shareholders' equity – non-controlling interests	-	-	-	-	-
Total shareholders' equity	17.2	336.4	619.4	(354.3)	618.7
Total liabilities and shareholders' equity	$ 113.1	$ 482.9	$ 651.6	$ (391.8)	$ 855.8

NOTE: Schedule subtotals and totals may be impacted by rounding

7. SEGMENT REPORTING (continued)

The Asset Management segment had total assets of $113.1 at March 31, 2026, and $78.6 of assets excluding intangibles and goodwill. The investment balance of $35.7 is primarily of investments into fund and investment-related vehicles sponsored by Arena. $35.6 of the accounts payable is a loan payable to Westaim (Corporate) which is eliminated in the Eliminations column. Within the $20.5 of Accrued compensation liabilities, $5.5 relates to deferred compensation accruals related to unrealized incentive fees and performance allocations.

The Insurance segment had total assets of $482.9 at March 31, 2026, and $443.3 of assets excluding intangibles and goodwill. Cash and cash equivalents, net of the Due to broker balance of $0.4 to settle purchases of cash and cash equivalent positions, was $131.1. The investment balance of $294.3 consists of assets purchased by the Insurance segment and primarily managed by the Asset Management segment in accordance with the Insurance segment's strategic asset allocation strategy (the "SAA"). The insurance business is continuing the process of deploying its assets in accordance with the SAA. The Insurance segment had total liabilities of $146.5 at March 31, 2026, including $123.9 of insurance contact liabilities, consistent with the increase in insurance contracts sold. The Insurance segment liabilities also included $5.7 of accounts payable, $1.2 of accrued compensation liabilities, $5.9 of lease liabilities, $5.9 of deferred tax liabilities, and $3.9 of other liabilities balances including due to broker, payable to related parties and other.

Corporate had cash and cash equivalents of $99.5, and investments of $125.7 primarily related to investments within Arena FINCO entities. The $4.4 of Due from brokers and $5.9 of Due to brokers is also primarily related to the Arena FINCO investment strategy. Accrued compensation liabilities includes $2.0 related to SARs, $4.5 related to DSUs, and $0.5 for cash-based compensation accruals. See Section 9, *Liquidity and Capital Resources* of this MD&A and Note 11, *Share Capital* in the Notes to the Financial Statements for further details on share-based compensation. Corporate had total liabilities of $32.0 at March 31, 2026, primarily composed of $14.5 of deferred tax liability, $7.2 of accrued compensation liabilities $3.3 of accounts payable and accrued liabilities, and $5.9 of cash due to brokers generated from activity at the FINCOs.

8. OUTLOOK

The Strategic Transaction closed on April 3, 2025, launching a new era for Westaim by transforming the Company into an asset management and insurance focused operating entity. Ceres launched its annuities business during the second quarter of 2025 and began issuing MYGA policies and FIA policies through third party distributors during the third quarter of 2025 and first quarter of 2026, respectively. The Insurance segment has generated $116 million in cumulative annuity premium through March 31, 2026 through its distribution relationships with independent marketing organization ("IMO") partners. As Ceres continues to gain recognition within its distribution channels, we expect agent onboarding and policy applications to continue to grow. As of March 31, 2026, the Company satisfied $403.6 of its commitment to capitalize the Insurance segment with $216.5 remaining on this commitment from Corporate to fund the Insurance segment within the consolidated group. In July 2025, AM Best assigned a Financial Strength Rating of B++ (Good) and a Long-Term Issuer Credit Rating of "bbb+" (Good) to Ceres with a stable outlook.

The Asset Management segment has been in the midst of a rapid transformation of Arena's business. As previously announced, Andrew Rabinowitz joined the team in December 2025 to serve as President of the segment, which has already had a profoundly positive impact on the business in the short few months since his arrival. Matthew Skurbe became Arena's Chief Operating Officer, effective April 1, 2026, in addition to his roles at Westaim. Timothy Newville, previously Arena's Chief Accounting Officer, replaced Mr. Skurbe as Chief Financial Officer of Arena. Vincent DeVito assumed the role of President of Quaestor Advisors, the asset servicer for the Asset Management segment. This team, in partnership with Mr. Zwirn, is leading a substantial transformation of the business, including the previously announced closure of the Singapore office which is now substantially complete, the winddown of the Quaestor Consulting Group business, a refocusing of the Quaestor Capital Markets business, expansion of the firm's real estate and structured products activities, and the development of a new CLO platform. Improvements in technology including deployment of artificial intelligence solutions will allow us to improve efficiency and the quality of operations and reporting as we continue to scale the business. With Ceres policy origination activity now gaining momentum and scale, Arena's AUM are beginning to scale in tandem. Beyond the development of the CLO platform, we are pursuing several other new product opportunities that we believe will add substantial new AUM as we progress through 2026. Arena continues to actively manage Ceres' asset base in accordance with the investment management agreement in place with an affiliate of CC Capital and the strategic asset allocation established by Ceres to guide its investment strategy. The Asset Management segment will continue to focus on growing the business by providing a high level of service to its existing clients, expanding the capabilities of the business through continued fundraising from third party investors, and managing the growing asset base of the Insurance segment.

As announced on July 22, 2025, the Company agreed to invest approximately $100.0, subject to reduction, into a partnership that would acquire an indirect interest in all of the shares of Daintree Bidco Pty Ltd ("Bidco"), and Bidco would acquire all of the ordinary share capital of Insignia Financial Ltd. ("Insignia", ASX: IFL), Australia's leading diversified wealth management group with over AU$342 billion in funds under management and advice as of December 31, 2025. The Company ultimately invested $25.0 under the transaction which closed during the second quarter of 2026. This investment helps to strengthen our long-standing relationship with a significant client of Arena and is viewed by management as strategically important for the Company. The Company will continue to seek additional investment opportunities to create shareholder value through partnering with other aligned and experienced management teams to build profitable businesses that generate attractive returns to the Company's shareholders over the long term.

9. LIQUIDITY AND CAPITAL RESOURCES

Capital Management Objectives

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

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

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

Share Capital

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.

At March 31, 2026, Westaim had 33,261,235 Common Shares outstanding (December 31, 2025 – 33,331,704), with a stated capital of $533.3 (December 31, 2025 - $558.3).

There were no Class A or Class B preferred shares outstanding at March 31, 2026 or December 31, 2025. See Note 11, *Share Capital* in the Notes to the Financial Statements.

Dividends

No dividends were paid by the Company in the three months ended March 31, 2026 or the year ended December 31, 2025.

Share-based Compensation Plans

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

The aggregate number of Common Shares which may be reserved for issuance upon exercise of all stock option under the Incentive Plan (and all other security-based compensation arrangements, including the Legacy Option Plan) is limited to not more than 10% of the aggregate number of Common Shares outstanding at the time of grant. Additionally, under the Incentive Plan, as of March 31, 2025, the aggregate number of Common Shares which may be reserved for issuance upon the exercise or redemption of all security based compensation awards, other than stock options, granted under the Incentive Plan (and all other security based compensation arrangements) shall not exceed 2,136,206 Common Shares – this number was later increased to 3,334,189 Common Shares upon closing of the Strategic Transaction (and shortly thereafter increased to 3,355,396 Common Shares at the Company's June 2025 annual shareholders' meeting). As the DSUs and SARs are settled solely in cash, they are not included in the limitations contemplated above.

During the three months ended March 31, 2026, there were no stock options outstanding or settled.

Westaim had 749,990 RSUs[1] outstanding at March 31, 2026 (December 31, 2025 – 749,990 RSUs). There were nil and nil RSUs granted during the three months ended March 31, 2026 and 2025, respectively. There were nil and nil RSUs settled in the three months ended March 31, 2026 and 2025, respectively. On the Closing Date, Wembley Management received a grant of 673,727 performance-based restricted stock units ("PSUs") of the Company. The PSUs will vest if the Common Stock Price Target Condition is achieved prior to the fifth anniversary of the Closing Date and, once vested, will be settled on a one-for-one basis for an aggregate of 673,727 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as of the Closing Date. The Company also granted an aggregate of 76,263 RSUs to an officer of Ceres Life, which RSUs vest in tranches over a multi-year period based on time-based service vesting. At March 31, 2026, none of these RSUs have vested and none have been exercised.

At March 31, 2026, 274,810 DSUs were vested and outstanding (December 31, 2025 – 255,338 DSUs). In the three months ended March 31, 2026, 19,472 DSUs were issued, compared to 11,238 in the three months ended March 31, 2025. DSUs are issued to certain directors in lieu of director fees, at their election, at the market value of Common Shares at the date of grant. With respect to the DSUs that are outstanding, they are paid out

[1] RSUs include performance-based restricted stock units ("PSUs" that represent the right to receive Common Shares at a specified future date upon satisfaction of pre-determined performance and service conditions.

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

9. LIQUIDITY AND CAPITAL RESOURCES (continued)

solely in cash no later than the end of the calendar year following the year the participant ceases to be a director. In the three months ended March 31, 2026 and the year ended December 31, 2025, no DSUs were settled.

At March 31, 2026, 1,298,954 SARs were vested and outstanding (December 31, 2025 – 1,298,954 SARs). These SARs were issued to certain management of Westaim which vested immediately and will be paid out solely in cash for the amount that the Westaim trading price at the time of exercise, if any, is in excess of the SARs strike prices.

At March 31, 2026, accrued compensation liabilities included amounts related to RSUs of $nil, DSUs of $4.7, SARs of $1.9 and stock options liability of $nil. At December 31, 2025, accounts payable and accrued liabilities included amounts related to RSUs of $nil, DSUs of $4.7, SARs of $2.9, and stock options liability of $nil.

See Note 12, *Share-based Compensation* in the Notes to the Financial Statements.

Cash Flow Objectives

The Company manages its liquidity with a view to ensuring that there is sufficient cash to meet all financial commitments and obligations as they fall due. At March 31, 2026 the Company maintained a strong level of liquidity with $240.6 of unrestricted cash and cash equivalents against total liabilities of $235.6. The Company has sufficient funds to meet its financial obligations. Cash and cash equivalents held within Ceres Life are held to satisfy the obligations of that entity and are not readily available to meet the needs of the Company or its other subsidiaries. As part of pursuing one or more new opportunities, the Company may from time-to-time issue shares from treasury.

March 31, 2026	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Cash & Cash Equivalents	$ 240.6	$ -	$ -	$ 240.6
Restricted cash	17.1	-	-	17.1
Due from brokers	4.7	-	-	4.7
Income taxes receivable	1.7	-	-	1.7
Receivables from related parties	3.7	0.7	-	4.4
Fee receivable	2.2	-	-	2.2
Investments at fair value	47.1	152.8	255.8	455.7
Other assets	10.8	0.7	3.0	14.5
Total financial assets	327.9	154.2	258.8	740.9
Financial obligations:				
Due to brokers	6.3	-	-	6.3
Accounts payable and accrued liabilities	20.3	0.7	2.0	23.0
Accrued compensation liabilities	13.7	13.8	1.4	28.9
Payable to related parties	8.3	0.7	-	9.0
Management fees payable	0.1	-	-	0.1
Derivative liabilities	-	-	0.3	0.3
Lease liabilities	1.7	4.4	1.6	7.7
Profit share liability	-	-	8.6	8.6
Insurance contract liabilities	-	-	123.9	123.9
Other liabilities	2.1	-	-	2.1
Deferred tax liability	-	-	27.2	27.2
Total financial obligations	$ 52.5	$ 19.6	$ 165.0	$ 237.1
Net financial assets	$ 275.4	$ 134.6	$ 93.8	$ 503.8

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

9. LIQUIDITY AND CAPITAL RESOURCES (continued)

December 31, 2025	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Cash and cash equivalents	$ 283.1	$ -	$ -	$ 283.1
Restricted cash	14	-	-	14
Due from brokers	7.6	-	-	7.6
Income tax receivable	1.7	-	-	1.7
Receivables from related parties	0.7	0.1	-	0.8
Fee receivable	0.2	-	-	0.2
Investments at fair value	60.3	101.5	223.7	385.5
Other assets	13.5	0.4	2.3	16.3
Total financial assets	381.1	102	226.1	709.2
Financial obligations:				
Due to brokers	11.1	-	-	11.1
Accounts payable and accrued liabilities	20.2	0.8	1.6	22.6
Accrued compensation liabilities	20.5	17.5	-	38
Payable to related parties	4.6	0.1	-	4.7
Derivative liabilities	-	-	1.0	1.0
Lease liabilities	1.6	4.4	1.3	7.3
Profit share liability	-	-	8.6	8.6
Insurance contract liabilities	-	-	43.6	43.6
Other liabilities	0.1	-	-	0.1
Deferred tax liability	-	-	25.5	25.5
Total financial obligations	$ 58.1	$ 22.8	$ 81.6	$ 162.5
Net financial assets	$ 323.2	$ 79.2	$ 144.5	$ 546.9

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

10. RELATED PARTY TRANSACTIONS

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

As a result of the Strategic Transaction and related agreements including the Investment Agreement, the Consulting Agreement, and the Investor Rights Agreement, CC Capital and certain of its affiliated entities (including the Investor, CC Salem, Salem GP, and Wembley Management) have become material related parties to the Company. Through the Investor Rights Agreement, CC Capital has the right to appoint 5 of the 11 members of the Company's Board, and holds a mutual approval right for a sixth independent board member. Chinh Chu, the co-founder of CC Capital, has also been appointed as the Executive Chair of the Company's Board. In addition, Salem GP, which is an entity controlled by CC Capital, has effective control of Salem Group, subject to certain limited general partner removal rights retained by the Company. In addition, the Company is entitled to appoint five members of the Board of Managers of Arena, all of whom will be nominated by the Investor. The Investor will also be entitled to select the Chairperson of the Arena Board and the Investor's consent will be required for the removal of any of the Investor's nominees on the Arena Board and certain other actions. See Section 1, *The Company*, of this MD&A for further information on the Strategic Transaction and elements of CC Capital's involvement with the Company including the Investment Agreement, the Consulting Agreement, and the Investor Rights Agreement.

During the three months ended March 31, 2026, the Insurance segment incurred investment expenses of $0.5 to CC Capital for asset management services. These transactions were determined to be on fair-market terms at arm's length rates. In the condensed consolidated statements of (loss) profit and comprehensive (loss) income, these fees are separately recorded as Investment expenses and Management fee revenue, respectively, and do not eliminate in consolidation as CC Capital is not a consolidated subsidiary of the Company. A payable to CC Capital of $1.3 remained at March 31, 2026 related to this arrangement.

At March 31, 2026, the Company had payables to related parties of $9.0 (December 31, 2025 - $4.6), primarily related to fund entities sponsored by Arena but not included in our consolidated financial statements. See Note 14, *Related Party Transactions* in the Notes to the Financial Statements.

11. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Through April 2, 2025, the Company qualified as an investment entity under IFRS 10 and used fair value as the key measure to monitor and evaluate its primary investments. The Company reported its financial results in accordance with IFRS applicable to investment entities for all reporting periods prior to April 3, 2025. On April 3, 2025, CC Capital and the Company completed the Strategic Transaction, and as a result the company transformed from an investment entity into an operating entity. For all reporting periods after April 3, 2025, the financial statements of the company will be reported on the basis of the Company being an operating entity. This results in the consolidation of Arena, Salem Group, and Arena FINCOs into the Company's financial statements for all reporting periods after April 3, 2025. The Company has concluded that under IFRS 10, the change in status from an investment entity to an operating entity should be treated as a business combination. Accordingly, the Company accounts for the change in its status prospectively from the date at which the change in status occurred, and prior periods have not been recast.

The preparation of consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the reporting period in which they are determined. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year is included in the following the interim Notes to Condensed Consolidated Financial Statements which should read in conjunction with the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2025:

- Note 4: Fair value of investments classified as FVTPL;
- Note 4: Impairment of financial assets, including determination of inputs into the expected credit losses measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;
- Note 4: Measurement of the fair value of financial instruments, investment properties and owner-occupied properties with significant unobservable inputs;
- Note 4: Information about assumptions made in measuring insurance contracts, including assumptions about future cash flows relating to mortality, morbidity, policyholder behavior, participation percentages and crediting rates, as well as assumptions about discount rates and risk adjustments for non-financial risk.
- Note 12: Fair value of share-based compensation;
- Note 15: Deferred tax assets and liabilities;
- Note 15: Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be used; and
- Note 20: Impairment of goodwill and intangible assets.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the condensed consolidated financial statements is included in the following Notes to Condensed Consolidated Financial Statements which should read in conjunction with the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2025:

- Note 2: determining that the Company met the definition of an investment entity under IFRS 10 for comparative periods, valuation techniques for fair value determination of investments classified as FVTPL, applying the equity method of accounting for associates;
- Note 2: determining that the Company's functional currency is the US$; and
- Note 4: Impairment of investments, including establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

Prior to the closing of the Strategic Transaction on April 3, 2025, the Company qualified as an investment entity under IFRS and used fair value as the key measure to monitor and evaluate its primary investments. Accordingly, the Company's investments Skyward Specialty, the Arena FINCOs and ASOF LP were accounted for at FVTPL in the prior period comparative statements. The Company's investment in Arena was accounted for using the equity method since the Company did not exercise control but exercised significant influence over Arena.

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

11. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Management used the net asset value as the primary valuation technique in determining the fair value of the Company's investment in the Arena FINCOs and ASOF LP at March 31, 2025. Management determined that this valuation technique produced the best indicator of the fair value of the Company's investments measured at FVTPL at March 31, 2025. The significant unobservable inputs used in the valuation of the Arena FINCOs at March 31, 2025 was the equity of the entities at March 31, 2025 and the multiple applied to net assets of the Arena FINCOs. For a detailed description of the valuation of the Company's investments in private entities, see Note 3, *Prior Comparative Period Investments as an Investment Entity* in the Notes to the Financial Statements. Due to the inherent uncertainty of valuation, management's estimated values may differ significantly from the values that would have been used had an active market for the investment existed, and the differences could be material.

Other key estimates include the Company's fair value of share-based compensation, deferred tax assets and deferred tax liabilities. Details of these items are disclosed in Note 12, *Share-based Compensation* and Note 15, *Income Taxes* respectively, in the Notes to the Financial Statements.

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

A description of the Company's accounting policies is disclosed in Note 2, *Summary of Material Accounting Policies* in the Notes to the Financial Statements. Certain disclosures included in the annual audited Consolidated Financial Statements have been condensed or omitted as they are not required for interim Condensed Consolidated Financial Statements. These interim Condensed Consolidated Financial Statements should be read in conjunction with the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2025.

Change in accounting policy - Non-controlling Interest:

In the previous period, non-controlling interest consisted of equity that is not attributable directly or indirectly to the Company. To the extent that the Company's interest in a consolidated entity represented less than 100% of the equity, the Company recognized a non-controlling interest in this entity. The Company recorded any non-controlling interest at the proportionate share of the third party's ownership interest in the entity, and any changes to the value of the non-controlling interest were recognized directly in equity. During the current period, the Company has reassessed the terms of certain arrangements with certain employees of a subsidiary and determined that the non-controlling interest represents a contractual obligation to deliver cash or another financial asset. As a result, Management concluded that the economic substance these arrangements is a deferred compensation or profit-sharing arrangement have been reclassified as financial liabilities, presented within Accrued compensation liabilities in the interim Condensed Consolidated Statements of Financial Position, in accordance with IAS 32 "Financial Instruments: Presentation".

Management has determined that these non-controlling interests were not material to the Company's previously issued financial statements. Additionally, certain non-IFRS measures utilized by management, including book value per share and Adjusted EBITDA, are based on the equity attributable to controlling interests. Accordingly, this change in classification would not have had a material impact on such measures. As a result of a reassessment of the underlying contractual terms, the Company has applied this change in classification prospectively, as permitted under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Comparative period information has not been restated.

13. QUARTERLY FINANCIAL INFORMATION

	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Revenue	$ 13.6	$ 20.8	$ 14.0	$ 10.5	$ 3.8	$ 4.6	$ 6.6	$ 3.5	$ 2.3
(Decrease) increase in value of investments, less dividends	0.7	(2.0)	4.4	24.6	(8.5)	(3.5)	4.8	(6.2)	26.5
Net insurance revenue (loss)	(11.1)	(4.2)	(0.4)	-	-	-	-	-	-
Net expenses	(37.1)	(31.7)	(33.1)	(37.6)	(4.6)	(25.6)	(12.5)	(18.2)	(1.8)
Income taxes recovery (expense)	0.6	(1.2)	4.8	2.9	1.9	3.2	-	3.8	(3.7)
Other comprehensive income (loss)	(0.5)	0.5	0.3	-	-	-	-	-	-
(Loss) profit and comprehensive (loss) income	$ (33.8)	$ (17.8)	$ (10.0)	$ 0.5	$ (7.4)	$ (21.3)	$ (1.1)	$ (17.1)	$ 23.3

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

13. QUARTERLY FINANCIAL INFORMATION (continued)

Through April 2, 2025, the Company qualified as an investment entity under IFRS 10 and used fair value as the key measure to monitor and evaluate its primary investments. The Company reported its financial results in accordance with IFRS applicable to investment entities for all reporting periods prior to April 3, 2025. On April 3, 2025, CC Capital and the Company completed the Strategic Transaction, and as a result the Company transformed from an investment entity into an operating entity. For all reporting periods after April 3, 2025, the financial statements of the Company will be reported on the basis of the Company being an operating entity. This results in the consolidation of Arena, Salem Group, and Arena FINCOs into the Company's financial statements for all reporting periods after April 3, 2025. The Company has concluded that under IFRS 10, the change in status from an investment entity to an operating entity should be treated as a business combination. Accordingly, the Company should account for the change in its status prospectively from the date at which the change in status occurred, and prior periods have not been recast. Therefore, the results for Q3 2025 are not comparable to prior periods due to the differences in accounting basis between the periods.

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

14. RISKS

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

15. NON-IFRS MEASURES

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

	March 31, 2026	December 31, 2025	March 31, 2025
Book value:			
Shareholders' equity to controlling interests per IFRS	$ 618.7	$ 653.2	$ 490.0
Shareholders' equity to non-controlling interests per IFRS	-	4.7	-
Adjustments:			
Stock options liability [1]	-	-	5.5
Assumed proceeds of exercised in-the-money options [2]	-	-	8.0
	$ 618.7	$ 657.9	$ 503.5
Number of Common Shares:			
Number of Common Shares outstanding	33,261,235	33,331,704	21,706,501
Adjustments for assumed exercise of:			
Outstanding RSUs [1]	-	-	-
In-the-money options [3]	-	-	615,000
Adjusted number of Common Shares	33,261,235	33,331,704	22,321,501
Book value per share for controlling interests - in US$	$ 18.60	$ 19.60	$ 22.56
Book value per share for controlling interests - in C$ [4]	$ 25.92	$ 26.89	$ 32.43
Westaim TSXV closing share price - in C$	$ 23.80	$ 25.50	$ 23.80

[1] See Note 12, *Share-based Compensation* in the Notes to the Financial Statements. Adjustments were made for all of the options outstanding at March,31 2025, since they were in-the-money. The exercise of in-the-money options is assumed to have resulted in an infusion of capital to the Company and a reduction of the stock options liability to $nil.

[2] Book value per share converted from US$ to C$ at period end exchange rates. Period end exchange rates: 1.39355 at March 31, 2026, 1.37205 at December 31, 2025 and 1.43755 at March 31, 2025.

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

15. NON-IFRS MEASURES (continued)

(b) Adjusted EBITDA

The Company utilizes Adjusted EBITDA as a non-IFRS measure to evaluate the performance of its operating segments. Adjusted EBITDA is defined by the Company as earnings before depreciation, amortization, taxes, interest on financing activities, as further adjusted for other items that are considered unusual or not representative of underlying trends of our business. Interest on investment activities is viewed as a core element of the business for both the Asset Management and Insurance segments, and therefore remains included in the Adjusted EBITDA metric. The following is a reconciliation of Adjusted EBITDA to Net Income for each of our segments:

For the three months ended March 31, 2026	Asset Management	Insurance	Corporate	Eliminations	Consolidated
Net (loss) profit	(11.3)	(21.0)	(1.1)	-	(33.4)
Depreciation and amortization expense	1.2	0.9	-	-	2.1
Income taxes (recovery) expense	(0.3)	-	(0.3)	-	(0.6)
Severance related expenses	3.1	-	-	-	3.1
Earnings before depreciation, amortization, and income taxes ("Adjusted EBITDA")	(7.3)	(20.1)	(1.4)	-	(28.8)

(c) Net returns on the Arena FINCOs investment portfolios

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

16. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain portions of this MD&A, as well as other public statements by the Company, contain forward-looking statements information which reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. In particular, the words "strategy", "may", "will", "continue", "developed", "objective", "potential", "exploring", "could", "expect", "expected", "expects", "tends", "indicates", and words and expressions of similar import, are intended to identify forward-looking statements. Such forward-looking statements include but are not limited to statements concerning: effects of any reorganization of the asset management segment, the insurance segment generating losses until the annuity business increases in scale, how technology (and improvements thereof) and processes underpinning the insurance segment operations will affect the business and the timing thereof, the redeployment of the proceeds from the Arena FINCO portfolio, growth of agent onboarding and policy applications, the pursuant of other new product opportunities and the affect thereof, focus of the Asset Management segment and continuing to seek additional investment opportunities.

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

The Company's actual results or financial position could differ materially from those anticipated by these forward-looking statements for various reasons generally beyond the Company's control, including, without limitation, the following factors: risks inherent in acquisitions generally; the Company's cash flow; liquidity and financing risks; the Company's ability to raise additional capital; market turmoil, risk of volatile markets and market disruption risk; exposure to epidemics and/or pandemics; Company employee error or misconduct; cybersecurity risks; the condition of the global financial markets and economic and geopolitical conditions affecting Arena's business; the variable nature of Arena Investors' revenues, results of operations and cash flows; the effect of rapid changes and growth in AUM on Arena; Arena's ability to mitigate operational and due diligence risks; the subjective nature of the valuation of Company's investments; changes in the investment management industry; Arena's ability to mitigate litigation-related and other legal-related risks; Arena's ability to find appropriate investment opportunities; Arena's ability to successfully navigate and secure compliance with regulations applicable to it and its business; Arena's ability to manage conflicts of interest; the investment performance of Arena Investors; the effects of a decrease in revenues as a result of significant redemptions in AUM on Arena Investors' business; Arena Investors' investment in illiquid investments; Arena's ability to implement effective risk management systems; Arena's ability to retain qualified management staff; Arena's ability to mitigate the risk of employee misconduct and employee error; competitive pressures faced by Arena Investors; Arena's loan concentration; the effect of epidemics, pandemics, outbreaks of disease and public health issues on Arena's business; effect of market conditions on the Company's investments; exposure to Arena's risk management processes and systems; dependence on the creditworthiness of borrowers; the ability of Arena to mitigate the risk of default by and bankruptcy of a borrower; the ability of Arena to adequately obtain, perfect and secure loans;

16. CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION (continued)

the ability of Arena to limit the need for enforcement or liquidation procedures; the ability of Arena to protect against fraud; Arena's ability to realize profits; the Company's investment in illiquid investments; the Company's investments in businesses it does not control; valuation of the Company's investments will be subject to significant subjectivity; the Company's loan concentration; changes to the regulation of the asset-based lending industry; United States tax law implications relating to the conduct of a U.S. trade or business; the ability of the Company to maintain a positive working relationship with CC Capital; the effect of the Company having a significant shareholder on its business, including effects on the liquidity of the Common Shares, the Company's ability to realize certain benefits of the transactions with CC Capital; Ceres' exposure to risks inherent in the establishment of a new venture and in the insurance and annuity market; the ability of the Company, Ceres and Arena to achieve anticipated synergies associated with the integration of insurance and asset management platforms; the ability to attract and retain key personnel to support the integration of the insurance and asset management platforms; Ceres' operating in a highly regulated space and other risk factors set forth herein or in the Company's annual report or other public filings.

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

The Westaim Corporation
Condensed Consolidated Statements of Financial Position

(thousands of United States dollars)		March 31 2026		December 31 2025
ASSETS				
Cash and cash equivalents	$	240,589	$	283,148
Restricted cash		17,124		14,008
Due from brokers		4,699		7,611
Income taxes receivable		1,704		1,704
Receivables from related parties		4,352		755
Fee receivable		2,183		231
Investments at fair value		455,711		385,484
Other assets		14,520		16,254
Property, plant, and equipment, net of accumulated depreciation		1,210		970
Right-of-use assets, net of accumulated depreciation		7,130		6,701
Deferred tax asset		32,527		30,349
Intangible assets, net of accumulated amortization		60,082		59,219
Goodwill		13,950		13,950
Total assets	$	855,781	$	820,384
LIABILITIES				
Due to brokers	$	6,277	$	11,145
Accounts payable and accrued liabilities		23,037		22,570
Accrued compensation liabilities		28,945		38,008
Payable to related parties		8,927		4,740
Management fees payable		139		-
Derivative liabilities		260		974
Lease liabilities		7,737		7,253
Profit share liability		8,628		8,596
Insurance contract liabilities		123,943		43,571
Other liabilities		2,069		150
Deferred tax liability		27,157		25,518
Total liabilities	$	237,119	$	162,525
SHAREHOLDERS' EQUITY				
Share capital	$	533,263	$	558,254
Treasury shares		(5,842)		(4,665)
Contributed surplus		27,765		2,214
Accumulated other comprehensive loss		(1,979)		(1,456)
Retained earnings		65,455		98,804
Equity attributable to controlling interests		618,662		653,151
Non-controlling interests (Note 2)		-		4,708
Total equity	$	618,662	$	657,859
Total liabilities and equity	$	855,781	$	820,384

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

The Westaim Corporation
Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income

(thousands of United States dollars except share and per share data)	Three Months Ended March 31 2026	2025
Revenue		
Interest income	$ 6,724	$ 3,796
Asset servicing fees	2,235	-
Management fees	5,154	-
Incentive and Performance fees	(2,046)	-
Advisory fee income	1,152	-
Other income	341	-
	13,560	3,796
Net results of investments		
Realized gain/(loss) on investments	2,859	(116)
Unrealized gain/(loss) on investments	(2,801)	(8,420)
Realized gain/(loss) on derivatives contracts	(538)	-
Unrealized gain/(loss) on derivatives contracts	1,145	-
	665	(8,536)
Net insurance revenue (loss)		
Insurance revenue	174	-
Insurance service expenses	(11,307)	-
	(11,133)	-
Net expenses		
Salaries and benefits	20,131	1,112
General and administrative	6,283	373
Professional fees	7,206	2,402
Share-based compensation expense (recovery)	(294)	739
Foreign exchange loss (gain)	(208)	7
Amortization of intangible assets	1,603	-
Depreciation expense on property, plant, and equipment	62	-
Depreciation expense on right-of-use assets	423	-
Interest expense	639	-
Other expenses	1,226	-
	37,071	4,633
(Loss) profit before income taxes	(33,979)	(9,373)
Income taxes recovery (expense) (Note 15)	630	1,945
Net (loss) profit	(33,349)	(7,428)
Other Comprehensive Income		
Foreign currency translation adjustments, net of tax[1]	(65)	-
Unrealized gains (losses) on investments, net of tax[1]	(988)	-
Insurance finance income (expenses), net of tax[2]	530	-
(Loss) profit and comprehensive (loss) income	$ (33,872)	$ (7,428)
Net (loss) profit attributable to:		
Controlling interests	(33,349)	(7,428)
Non-controlling interests (Note 2)	-	-
	(33,349)	(7,428)
Net (loss) profit and comprehensive (loss) income attributable to:		
Controlling interests	(33,872)	(7,428)
Non-controlling interests (Note 2)	-	-
	(33,872)	(7,428)
Earnings (loss) per share (Note 16)		
Basic	$ (1.00)	$ (0.34)
Diluted	$ (1.00)	$ (0.34)
Weighted average common shares outstanding - basic	33,291,836	21,706,501
Weighted average common shares outstanding - diluted	33,291,836	21,706,501

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

1 Items that will not be reclassified subsequently to profit or loss
2 Items that may be reclassified subsequently to profit or loss

The Westaim Corporation
Condensed Consolidated Statements of Changes in Equity

Three Months Ended March 31, 2026

(thousands of United States dollars)	Number of Voting Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Non-controlling interests	Treasury Shares	Total Equity
Balance at January 1, 2026	33,331,704	$ 558,254	$ 2,214	$ (1,456)	$ 98,804	$ 4,708	$ (4,665)	$ 657,859
Reclassification of non-controlling interests to financial liabilities (Note 2)		-	-	-	-	(4,708)	-	(4,708)
Balance at January 1, 2026, as revised	33,331,704	$ 558,254	$ 2,214	$ (1,456)	$ 98,804	$ -	$ (4,665)	$ 653,151
Warrants Issued – Strategic Transaction (Note 2)		(24,043)	24,043	-	-	-	-	-
2025 share-based compensation expense (Note 2)		(948)	948	-	-	-	-	-
Current period share-based compensation expense		-	560	-	-	-	-	560
(Loss) profit and comprehensive (loss) income		-	-	(523)	(33,349)	-	-	(33,872)
Treasury shares	(70,469)	-	-	-	-	-	(1,177)	(1,177)
Balance at March 31, 2026	33,261,235	$ 533,263	$ 27,765	$ (1,979)	$ 65,455	$ -	$ (5,842)	$ 618,662

Three Months Ended March 31, 2025

(thousands of United States dollars)	Number of Voting Common Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance at January 1, 2025	21,706,501	$ 351,403	$ 11,427	$ (2,227)	$ 136,808	$ 497,411
(Loss) profit and comprehensive (loss) income		-	-	-	(7,428)	(7,428)
Balance at March 31, 2025	21,706,501	$ 351,403	$ 11,427	$ (2,227)	$ 129,380	$ 489,983

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

The Westaim Corporation
Condensed Consolidated Cash Flow Statements

(thousands of United States dollars)		Three Months Ended March 31 2026		2025
Operating activities				
Net (loss) profit	$	(33,349)	$	(7,428)
Share-based compensation expense		(294)		739
Depreciation and amortization		2,088		-
Net amortization of premiums and accretion of discounts on investments		528		-
Unrealized foreign exchange loss (gain)		-		6
Provision for expected credit losses		411		-
Share of loss (income) from investment in Arena prior to the Strategic Transaction		-		781
Net realized (gain)/loss on investments		(2,136)		7,755
Net realized (gain)/loss on derivative contracts		538		-
Net unrealized (gain)/loss on investments		4,633		-
Net unrealized (gain)/loss on derivative contracts		(1,145)		-
Net changes in other non-cash balances				
Change in income taxes receivable, payable and deferred		(539)		(3,970)
Change in due to/due from related parties		591		96
Change in other assets		(184)		102
Change in other accounts payable and accrued liabilities		466		(4,104)
Change in accrued compensation liabilities		(12,917)		-
Change in other liabilities		2,089		-
Change in broker receivables/payables		(2,272)		-
Change in insurance contract liabilities		80,903		-
Cash (used in) provided by operating activities	$	39,411	$	(6,023)
Investing activities				
Purchase of capital assets		(2,768)		-
Investment in Arena prior to the Strategic Transaction		-		(18,600)
Capital contribution to investment in Salem Group		-		(36,500)
Purchase of investment		(114,321)		-
Proceeds from disposal of investments		39,878		-
Purchase of derivative contracts		(357)		-
Change in investment broker receivables/payables		315		-
Cash (used in) provided by investing activities	$	(77,253)		(55,100)
Financing activities				
Purchase of Common Shares held in Treasury		(1,176)		-
Repayment of lease liability		(360)		-
Cash (used in) provided by financing activities	$	(1,536)		-
Effect of exchange rate changes on cash & cash equivalents		(65)		-
Net increase (decrease) in cash		(39,378)		(61,123)
Cash, cash equivalents and restricted cash, beginning of period		297,156		301,907
Cash, cash equivalents and restricted cash, end of period	$	257,713	$	240,784
Cash and cash equivalents		240,589		240,784
Restricted cash		17,124		-
Total cash, cash equivalents and restricted cash	$	257,713	$	240,784
Supplemental disclosures of cash flow information:				
Cash received during the period for interest		4,908		5,037
Cash paid during the period for interest		1,158		-
Cash paid during the period for income taxes		53		2,075
Supplemental disclosures of non-cash activities:				
Reclassification of non-controlling interests to financial liabilities	$	4,708	$	-

The accompanying notes are an integral part of these interim Condensed Consolidated Financial Statements.

1 Nature of Operations

The Westaim Corporation ("Westaim" or "Company") was incorporated on May 7, 1996 by articles of incorporation under the *Business Corporations Act* (Alberta) ("ABCA") and on December 31, 2024, Westaim changed its jurisdiction of incorporation to the State of Delaware with its head office now located at 200 Park Avenue, 58th Floor, New York, New York, United States. These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of Westaim on May 14, 2026.

On October 9, 2024, the Company, Wembley Group Partners, LP (the "Investor") (an affiliate of CC Capital Partners, LLC ("CC Capital")), Arena (as defined below), Daniel Zwirn and Lawrence Cutler entered into an investment agreement (as amended on November 15, 2024) (the "Investment Agreement"). Pursuant to the Investment Agreement, among other things, the Investor agreed to make a $250,000 investment, inclusive of deal-related expenses incurred by the Investor, in the Company via a private placement (the "Private Placement") to acquire common shares of Westaim (the "Common Shares") and warrants to purchase Common Shares. The transactions included in the Investment Agreement (the "Strategic Transaction") closed on April 3, 2025, as described further below.

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

On February 4, 2025 (the "MAIC Closing Date"), the Company completed the acquisition of ManhattanLife of America Insurance Company ("MAIC") in connection with the Strategic Transaction. The Company made an initial capital contribution of $36,500 into Salem Group Partners, LP ("Salem Group" or the "Partnership") a partnership of which it holds 100% of the pecuniary limited partnership interests. Salem Group acquired Salem Holdco (Bermuda) Ltd. and its subsidiaries (including Ceres USA Holdings, LLC ("CUSA"), formerly known as Salem Group Holdings, LLC ("SGH"), the direct acquiror of MAIC) from CC Salem Holdings LLC ("CC Salem", an affiliate of CC Capital) in exchange for a $14,607 promissory note back to CC Salem. CUSA then completed its acquisition of MAIC for a total purchase price of $29,180. MAIC holds insurance licenses in 45 states and the District of Columbia. MAIC was subsequently renamed to Ceres Life Insurance Company ("Ceres" or "Ceres Life"). This investment represented a key step in executing the Strategic Transaction to build an integrated insurance and asset management platform in partnership with CC Capital.

On April 3, 2025 (the "Closing Date"), CC Capital and the Company completed the Strategic Transaction whereby an affiliate of CC Capital invested $250,000 (the "Aggregate Gross Proceeds"), as reduced for $30,539 of transaction-related expenses incurred by the Investor and repayment of the $14,607 promissory note made by Salem Group to CC Salem Holdings LLC related to the previous closing of the MAIC transaction, for net cash proceeds to the Company of $204,854 on the Closing Date. The $14,607 settlement of the promissory note was recorded as a capital contribution from the Company to Salem Group on the Closing Date so that Salem Group could settle its promissory note with CC Salem. In connection with the transaction, the Company restructured its ownership of Arena to acquire from Bernard Partners, LLC ("BP LLC") the remaining 49% of the equity of Arena that it did not already own in exchange for removing BP LLC's responsibility for repayment of 49% of Arena's loan payable to the Company and the issuance of profit interests entitling the members of BP LLC and certain other front office investment management team members of Arena to receive distributions of 45% of the net profits of Arena on an ongoing basis, subject to continuing service by members of BP LLC to Arena (the "Arena Restructuring"). The Investor is entitled to receive distributions of 6% of the net profits of Arena on an ongoing basis and the Company is entitled to the remaining 49%. The Strategic Transaction brought together Arena with the previously completed acquisition of Ceres and a strategic partnership with CC Capital to transform the Company into an asset management and insurance focused operating entity.

Prior to the Closing Date of the Strategic Transaction, the Company was treated as an Investment Entity under IFRS 10 *"Consolidated Financial Statements"* ("IFRS 10") and its investments into Westaim Origination Holdings Inc. ("WOH"), Arena Finance, LLC ("AF", and WOH and AF collectively "Arena FINCOs"), Arena Special Opportunities Fund, LP ("ASOF LP"), and Salem Group were accounted for as investments at fair value through profit and loss ("FVTPL"). The Company's 51% ownership of Arena Investors Group Holdings, LLC and its consolidated subsidiaries ("AIGH" or "Arena") was accounted for using the equity method as an investment in associates in accordance with International Accounting Standard ("IAS") 28 *"Investments in Associates and Joint Ventures"* ("IAS 28"). As a result of the Strategic Transaction, and the Company transforming to become an integrated insurance and alternative asset management operating company, the Arena FINCOs, Salem Group, and AIGH are now consolidated into the Company's financial statements. ASOF LP is a minority interest investment in a fund sponsored by Arena and is still accounted for as a FVTPL investment. The Strategic Transaction is treated as a business combination under IFRS 10 and handled as a prospective change; therefore, the prior period comparative information is shown on the basis of the Company being treated as an investment entity and the current period information is shown on the basis of the Company being treated as an operating entity.

As a result of the Strategic Transaction, Westaim now operates as an integrated insurance and alternative asset management company with two primary operating segments: Insurance and Asset Management.

The Insurance segment primarily transacts its business through Ceres, a cloud-native annuity insurance company.

1 Nature of Operations (continued)

The Asset Management segment, which primarily operates through Arena, is a global institutional asset manager with deep expertise in credit and asset-oriented investments. Founded in 2015, Arena manages assets across a full spectrum of corporate, real estate and structured finance investment opportunities.

2 Summary of Material Accounting Policies

(a) Basis of preparation

The accompanying unaudited interim condensed consolidated financial statements ("Condensed Consolidated Financial Statements") have been prepared in in compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". Certain disclosures included in the annual audited Consolidated Financial Statements for the year ended December 31, 2025 have been condensed or omitted as they are not required for interim Condensed Consolidated Financial Statements. The results for the interim period are not necessarily indicative of the results that may be expected for the full year. These interim Condensed Consolidated Financial Statements should be read in conjunction with the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2025. Except as otherwise described herein with respect to accounting policies adopted for new products and transactions entered into during the current period, the accounting policies applied in the preparation of these interim Condensed Consolidated Financial Statements are consistent with those applied in the annual audited Consolidated Financial Statements for the year ended December 31, 2025. For additional information on the Company's accounting policies, see Note 2, Summary of Material Accounting Policies, in the Company's annual audited Consolidated Financial Statements for the year ended December 31, 2025.

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

(b) Reclassification

During the year end December 31, 2025, the Company has made certain reclassifications to statement lines for the consolidated statements of financial position and consolidated statements of (loss) profit and comprehensive (loss) income as a result of the Strategic Transaction. Certain amounts in the prior period financial statements including for period ending March 31, 2025 have been reclassified to conform to classifications. These reclassifications were made to enhance the transparency of the financial statements and do not affect the application of the Company's accounting policies or the overall presentation required under IFRS. The Company did not change existing accounting policies, rather new accounting policies were adopted as a result of the change in status for the Company from an investment entity to an operating entity.

(c) Insurance contracts

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance risk arises when the Company agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder, with the possibility of paying (including variability in timing of payments) a significantly higher amount in a scenario where the insured event occurs than when it does not occur. Insurance and reinsurance contracts also expose the Company to financial risk. Currently, the Company does not accept risk from other insurers.

Insurance contracts may be issued, and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated, or acquired by the Company, unless otherwise stated.

Insurance contracts issued and reinsurance contracts initiated by the Company are recognized from the earliest of:

- the beginning of its coverage period (i.e., the period during which the insurer provides services in respect of any premiums within the boundary of the contract); and
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder.

An insurance contract or reinsurance contract acquired in a transfer of contracts or a business combination is recognized on the date of acquisition.

IFRS 17 *"Insurance Contracts"* ("IFRS 17") applies to all insurance contracts issued and reinsurance contracts held. Key elements of the application of IFRS 17 are as follows:

2 Summary of Material Accounting Policies (continued)

Separating components:

IFRS 17 requires the following components to be separated from insurance contracts: (i) embedded derivatives if they meet certain specified criteria; (ii) distinct investment components; and (iii) distinct performance obligations to provide non-insurance goods and services. Where relevant under IFRS 17, these components should be accounted for separately in accordance with the relevant standards. A contract has an investment component if there is an amount (which could be nil) that the contract requires the entity to repay to the policyholder in all circumstances that have commercial substance. The Company has not identified any such distinct components but does hold non-distinct investment components, which are not separated from the insurance contract. These non-distinct investment components are accounted for through the CSM (as defined hereintogether with the insurance component but receipts and payments from these investment components are excluded from insurance contract revenue and insurance service expenses presented in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

Aggregation:

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together. Currently, the Company's portfolio includes Multi-Year Guaranteed Annuity contracts ("MYGA"s), Fixed Indexed Annuities ("FIA"s) and Medicare Supplemental policies which have been fully reinsured back to a third party reinsurer.

The MYGA and FIA portfolios are each divided into annual cohorts (i.e., by calendar year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognized, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Contracts issued more than one year apart are not included in the same group. Once established at initial recognition, the composition of the groups is not subsequently reassessed.

Insurance Acquisition Cashflows:

Insurance acquisition cash flows are allocated to groups of insurance contracts under a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. If insurance acquisition cash flows are directly attributable to a group of contracts (e.g., non-refundable commissions paid on issuance of a contract), then they are allocated to that group.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio under a systematic and rational method. At each reporting date, the Company will revise the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Contract Boundaries:

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and any investment services). A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

For the MYGA products there are no substantive rights or options and as a result the contract boundary is equal to the term of the policy i.e. 3, 5 and 7 years. For FIA products there is a substantive option which provides the policyholder with a renewal option, therefore the contract boundary is extended beyond the contractual term to include expected renewals.

2 Summary of Material Accounting Policies (continued)

The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but excludes lapse and expense risks.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

Initial Measurement:

The General Measurement Model is used for the MYGA and FIA portfolios under IFRS 17. Upon initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash flows ("FCF"s), which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and (b) the contractual service margin (the "CSM").

The FCFs represent the expected cash flows attributable to groups of insurance contracts discounted to the present value. The relevant cash flows include amounts that the Company expects to collect from premiums and pay out for claims, benefits, and expenses, including acquisition expenses. The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

A discount rate is applied to the FCFs which reflects the time value of money, utilizing US Daily Treasury Rates as the benchmark interest rate. The discount rate reflects the yield curve for instruments that expose the holder to no or negligible credit risk, adjusted to reflect the liquidity characteristics of the group of insurance contracts. The method of deriving a liquid risk-free yield curve is based on references to traded instruments which contain negligible levels of credit risk, are highly liquid, with reliable prices, and cover a broad range of maturities. An illiquidity adjustment reflects the difference between the liquidity characteristics of the financial instruments that underlie the chosen curve and those of the insurance contract.

The risk adjustment for non-financial risk reflects the compensation the Company requires for bearing uncertainty in the amount and timing of cash flows arising from non-financial risk as it fulfils insurance contracts. The risk adjustment principally reflects mortality, lapse, and expense risk. The Company estimates the risk adjustment at a confidence level equivalent of 80% to 90%.

The risk adjustment for non-financial risk reflects the compensation the Company requires for bearing the uncertainty surrounding the amount and timing of the cash flows from non-financial risk as it fulfils insurance contracts.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognize as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date, (c) any amount arising from the derecognition of assets for insurance acquisition cash flows and (d) any amount arising from the derecognition of any assets or liabilities previously recognized for other cash flows related to the group is a net inflow, then the group is not onerous.

In the case that the group is not onerous, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition except in relation to assets for other cash flows referred to in (d). The Company recognizes insurance revenue and insurance service expenses for the amount of an asset for other cash flows that is derecognized on initial recognition of the related group of insurance contracts.

If the total of (a), (b), (c) and (d) is a net outflow, then the group is onerous. In this case, the net outflow is recognized as a loss in profit or loss in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are to be subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequent measurement:

Subsequent to initial recognition, the liability of a group of insurance contracts comprises the liability for remaining coverage ("LRC") and the liability for incurred claims ("LIC"). The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

2 Summary of Material Accounting Policies (continued)

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, indirect participating features, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognized as follows:

- Changes related to future service are adjusted against the CSM (or recognized in the insurance service result in profit or loss if the group is onerous);
- Changes related to past and current services are recognized in the insurance service result in profit or loss; and
- Effects of the time value of money and financial risk are recognized as insurance income or expenses.

The CSM of groups of insurance contracts is measured at the reporting date using the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that (a) any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and creates a loss component or (b) any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognized in profit or loss; and
- the amount recognized as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk, and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Presentation:

Amounts recognized in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income are disaggregated into: (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses, which comprises the effects of discounting.

The insurance revenue relating to services provided for the interim period represents the total of the changes in the liability for remaining coverage that relates to services for which the Company expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided, which are currently measured as account value;
- Changes in the risk adjustment for non-financial risk relating to current services; and
- Claims and other insurance service expenses incurred in the year, measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognized as insurance revenue and insurance service expenses at that date.

Additionally, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognizes the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognized as insurance revenue in each period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the period (before any allocation) equally to each coverage unit provided in the period and expected to be provided in future periods, and recognizing in profit or loss the amount of the CSM allocated to coverage units provided in the period. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date. Services provided by insurance contracts include insurance coverage. The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

2 Summary of Material Accounting Policies (continued)

The Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk.

Insurance service expenses arising from insurance contracts are recognized in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items:

- Claims incurred and other insurance service expenses;
- Amortization of insurance acquisition cash flows, which is equal to the amount of insurance revenue recognized in the year that relates to recovering insurance acquisition cash flows;
- Losses on onerous contracts and reversals of such losses;
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk, and changes therein; and
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk, and changes therein. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals). The Company has chosen to disaggregate insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation for insurance finance income or expenses arising from the estimates of future cash flows is determined using a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e., the effective yield). The systematic allocation for insurance finance income or expenses arising from the CSM, is determined using the discount rates set on initial recognition of the group of contracts. The balance of insurance finance income or expenses is included in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income, and amounts are accumulated in the insurance finance reserve.

(d) Adoption of new and amended accounting pronouncements

Amendments to IFRS 9 and IFRS 7—Amendments to the Classification and Measurement of Financial Instruments:

The amendments in Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are effective for annual reporting periods beginning on or after January 1, 2026.

The Company adopted the amendments in the current fiscal year, which did not have a material impact on the Condensed Consolidated Financial Statements and related disclosures.

The Company has elected to apply these amendments to all in-scope transactions, excluding cash flows governed by IFRS 17 Insurance Contracts, with no restatement to the comparative information. These amendments do not have a material impact on the Company's financial statements.

IFRS 18 Presentation and Disclosures in Financial Statements:

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

(e) Reclassification of non-controlling interests

In prior periods, non-controlling interests represented equity that is not attributable directly or indirectly to the Company. The Company recorded any non-controlling interests at the proportionate share of the third party's ownership interest in the entity, and any changes to the value of the non-controlling interests were recognized directly in equity. During the current period, the Company has reassessed the terms of certain arrangements with certain employees of a subsidiary and determined that the non-controlling interests represent a contractual obligation to deliver cash or another financial asset. As a result, these arrangements were reclassified from equity to financial liabilities presented within Accrued compensation liabilities in the interim Condensed Consolidated Statements of Financial Position, in accordance with IAS 32 "Financial Instruments: Presentation".

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

2 Summary of Material Accounting Policies (continued)

Management has determined that these non-controlling interests were not material to the Company's previously issued financial statements. As a result, the Company has applied this change in classification prospectively, as permitted under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Comparative period information has not been restated.

(f) Change in accounting policy

Share Capital:

During the current period, the Company revised the classification of certain equity amounts previously presented within Share Capital to Contributed Surplus. Management determined that both classifications are acceptable under the applicable accounting framework and that the revised classification is more appropriate in the circumstances. The change had no impact on total equity, net income, or cash flows.

3 Investment Performance Prior to the Strategic Transaction

Accounting for the Company's Investments prior to the Strategic Transaction

As a result of the Strategic Transaction, the Company transformed from an investment entity under IFRS 10 to an operating entity. The Company's subsidiaries are consolidated prospectively from April 3, 2025, and prior comparative periods are not restated. The prior comparative period shown here was prepared when the Company was accounted for as an investment entity and has not been changed or adjusted.

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

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

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

The Company's investments in Arena FINCOs, ASOF LP, and Salem Group are classified as FVTPL and are carried at fair value under investments in the interim Condensed Consolidated Statements of Financial Position. Changes in fair value are reported under "Net results of investments" in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

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

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

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

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

Investment in the Arena FINCOs

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

Arena FINCOs are private companies which include specialty finance companies that primarily purchase fundamentals-based, asset-oriented credit and other investments for their own account and a company that primarily facilitates the origination of fundamentals-based, asset-oriented

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

3 Investment Performance Prior to the Strategic Transaction (continued)

credit investments for its own account and/or possible future sale to specialty finance companies, clients of Arena and/or other third parties. The Company's investment in the Arena FINCOs is accounted for at FVTPL in the Company's interim Condensed Consolidated Financial Statements as of March 31, 2025.

As a result of the Strategic Transaction, the Company transformed from an investment entity under IFRS 10 to an operating entity. The Arena FINCOs are consolidated prospectively from April 3, 2025, and prior comparative periods are not restated.

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

	Three months ended March 31 2025
Opening balance	$ 173,852
(Decrease) increase in value before dividends	(117)
Ending balance	$ 173,735

FVTPL

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

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

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

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

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

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

- Private loans and other private investments are valued using valuation methodologies for Level 3 investments. When valuing private loans, factors evaluated include the impact of changes in market yields, credit quality of the borrowers and estimated collateral values. If there is sufficient credit coverage, a yield analysis is performed by projecting cash flows for the instrument and discounting the cash flows to present value using a market-based, risk adjusted rate. On each valuation date, an analysis of market yields is also performed to determine if any adjustments to the fair values are necessary. Techniques used to value collateral, real estate, and other hard assets

3 Investment Performance Prior to the Strategic Transaction (continued)

include discounted cash flows, with the discount rate being the primary unobservable input, recent transaction pricing and third-party appraisals. Private investments held through joint ventures are valued net of each respective joint venture waterfall and other joint venture assets and liabilities.

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

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

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

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

The Company recorded a decrease in the value of its investment in the Arena FINCOs of $117 in the three months ended March 31, 2025, in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

Investment in Arena

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

On August 31, 2015, agreements were entered into between the Company and BP LLC in respect of Arena (the "Associate Agreements"). BP LLC's initial profit sharing percentage was 49%, and under the Associate Agreements, BP LLC had the right to earn-in up to 75% equity ownership percentage in Arena and share up to 75% of the profit of Arena based on achieving certain assets under management ("AUM") and cash flow (measured by the margin of trailing twelve months earnings before interest, income taxes, depreciation and amortization to trailing twelve month revenues) thresholds in accordance with the Associate Agreements. At March 31, 2025, the Company's equity ownership of Arena and its profit sharing percentage was 51%. See note 1, Nature of Operations, for more information on the Strategic Transaction and the impact on the Company's ownership percentage of Arena.

Prior to the Strategic Transaction, the Company concluded that based on the contractual rights and obligations under the Associate Agreements, the Company did not exercise control but exercised significant influence over Arena. The Company's investment in Arena was therefore accounted for using the equity method in accordance with IAS 28.

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

3 Investment Performance Prior to the Strategic Transaction (continued)

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

	March 31, 2025
Financial information of Arena:	
Assets	$ 81,601
Liabilities	(81,508)
Net assets	93
Less: net assets attributable to non-controlling interests	4,354
Net liabilities attributable to Arena	$ (4,261)
Company's share	$ (2,087)
Arena Revolving Loans with the Company	42,600
Carrying amount of the Company's investment in Arena	$ 40,513

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

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

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

	Three months ended March 31 2025
Carrying amount of investment in Arena:	
Opening balance	$ 22,694
Additional investment for revolving loan	18,600
Company's share of comprehensive (loss) income of Arena (51%)	(781)
Ending balance	$ 40,513

The Company had a revolving loan to Arena (the "Arena Revolving Loan 1") with a commitment of $35,000 at March 31, 2025 in order to continue funding growth initiatives and working capital needs of Arena. Arena had $24,000 drawn and outstanding at March 31, 2025 and April 2, 2025. The loan facility was secured by all the assets of Arena, pari passu to Arena Revolving Loan 2 (as defined in Note 14). The Company earned and received interest on the Arena Revolving Loan 1 of $429 for the three months ended March 31, 2025, which was reported under "Interest income" in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. As part of the Strategic Transaction on April 3, 2025, the Arena Revolving Loan 1 facility was converted into equity of Arena in accordance with conversion rights included in the loan agreement. The carrying amount of the debt was reclassified to equity, with no gain or loss recorded upon conversion. Arena issued membership interests in exchange for the outstanding principal and interest balance.

Prior to the Strategic Transaction, the Company's 51% share of comprehensive (loss) income of Arena was $(781) in the three months ended March 31, 2025, which was reported under "Share of (loss) income from investment in Arena" in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

3 Investment Performance Prior to the Strategic Transaction (continued)

Investment in ASOF LP

The Company's investment in ASOF LP, a fund managed by Arena Investors, is classified at Level 3 of the fair value hierarchy and measured at FVTPL. At March 31, 2025, the fair value of the Company's minority interest in ASOF LP was determined by Arena Investors to be $3,136. The Company reported an increase in the value of its investment in ASOF LP of $23 in the three months ended March 31, 2025, which was reported under "Increase (Decrease) in value of investment in ASOF LP" in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

Investment in Salem Group

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

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

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

With the close of the Strategic Transaction, Salem Group is now fully consolidated. The decrease in the value of Salem Group from December 31, 2024 through April 3, 2025, remains reported as part of unrealized gain (loss) on investments in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

4 Fair Value of Financial Instruments

<u>Accounting for the Company's Investments following the Strategic Transaction</u>

As a result of the Strategic Transaction, the Company transformed from an investment entity under IFRS 10 to an operating entity. As an operating entity, the Company now consolidates Salem Group, Arena, and the Arena FINCOs, and consolidated financial assets of the Company including those held by these subsidiaries are reported in the interim Condensed Consolidated Statements of Financial Position as "Investments at fair value".

Recognition and Initial Measurement

The Company initially recognizes regular-way transactions in financial assets and financial liabilities at FVTPL or FVOCI on trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an instrument not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The majority of the Company's financial assets held outside the Insurance segment are classified at FVTPL. Generally, financial assets and liabilities held by the Insurance segment are measured at FVOCI or amortized cost.

The Company capitalizes costs related to its borrowings. Deferred financing costs are amortized and included as a component of interest expense using the effective interest method, over the life of the related debt obligation. Unamortized deferred financing costs are presented in the interim Condensed Consolidated Statements of Financial Position as a direct adjustment to the debt obligation.

4 Fair Value of Financial Instruments (continued)

Subsequent Measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses are recognized in profit or loss in net results of investments in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

In accordance with IFRS 13, the Company shall consider calibration, if the transaction price is fair value at initial recognition and a valuation technique that uses unobservable inputs will be used to measure fair value in subsequent periods. To the extent calibration is required, the valuation technique shall be calibrated so that at initial recognition the result of the valuation technique equals the transaction price.

Financial assets at FVOCI are subsequently measured at fair value and tested for impairment. Net gains and losses are recognized in other comprehensive income in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. These assets are subject to an annual impairment assessment, with any identified impairment losses recognized in profit (loss) in accordance with applicable accounting standards.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest income is recognized in net results of investments calculated using the effective interest method, foreign exchange gains and losses are recognized in net foreign exchange gain/loss, and impairment is recognized in net results of investments in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. Any gain or loss on derecognition is also recognized in net results of investments in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in recognized in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. The fair value of financial assets and financial liabilities that are held in active markets are based on prices obtained directly from an exchange on which the instruments are traded or obtained from a broker that provides an unadjusted quoted price from an active market for identical instruments. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
Level 2: Inputs other than quoted market prices included within Level 1 that are observable either directly or indirectly.
Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Amortized Cost Measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity and, for financial assets, adjusted for any loss allowance.

4 Fair Value of Financial Instruments (continued)

Derecognition

The Company derecognizes regular-way sales of financial assets using trade-date accounting. A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognized) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. For fixed maturity securities recognized at FVOCI, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

The Company enters into transactions whereby it transfers assets recognized on its interim Condensed Consolidated Statements of Financial Position but retains either all or substantially all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss. The Company derecognizes a derivative only when it meets the derecognition criteria for both financial assets and financial liabilities. Where the payment or receipt of variation margin represents settlement of a derivative, the derivative, or the settled portion, is derecognized.

Right of Offset and Netting

Financial assets and financial liabilities are offset and the net amount presented in the interim Condensed Consolidated Statements of Financial Position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Classification of financial assets

On initial recognition, an investment is classified as measured at FVTPL, FVOCI, or amortized cost. Investments are not reclassified after their initial recognition.

Generally, investments held by the Insurance segment are recognized at FVOCI, unless specifically designated as at FVTPL, as the objective of the segment’s business model is to fund insurance contract liabilities. The segment may undertake significant buying and selling activity on a regular basis to rebalance its portfolio of assets and to ensure that contractual cash flows from investments are sufficient to settle insurance contract liabilities. Both collecting contractual cash flows as they come due and selling financial assets to maintain the desired asset profile are integral to achieving the segment’s objectives.

Investments classified as FVOCI or amortized cost are initially measured at fair value plus transaction costs that are directly attributable to their acquisition or issue. For fixed maturity investments recognized at FVOCI, interest income is calculated under the effective interest method and other net gains and losses are recognized in OCI and accumulated in the fair value reserve. The effective interest rate is calculated on initial recognition of an investment and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset. The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. The gross carrying amount of an investment is its amortized cost before adjusting for any loss allowance. The amortized cost of an investment is the amount at which the investment is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization under the effective interest method of any difference between that initial amount and the maturity amount. The effective interest rate may be revised because of periodic re-estimation of cash flows of floating rate investments to reflect movements in market rates of interest. On derecognition of investments categorized as FVOCI, gains and losses accumulated in OCI are reclassified to profit or loss.

4 Fair Value of Financial Instruments (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions, is not designated as at FVTPL or FVOCI, or is not designed to fund insurance contract liabilities:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows and sales are expected to be insignificant or infrequent; and
- Its contractual terms give rise on a specified dates to cash flows that are solely payments of principal and interest ("SPPI").

SPPI payments are those which would typically be expected from basic lending arrangements, such as interest and basic lending returns, compensation for credit risk and the time value of money, costs associated with holding the financial asset for a period of time, and a profit margin. In making the SPPI assessment, we consider the contractual terms of the instrument, including assessment of whether the timing or amount of the contractual cash flows could change by a contractual term of the financial asset. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Where the contractual terms introduce exposure to risk or variability of the cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified as and measured at FVTPL. These fair values are periodically assessed by management to ensure that they are reasonable.

In assessing the objective of the business model in which a financial asset is held, the Company considers all relevant information about how the business is managed, including:

- The documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that the performance of the business model (and the financial asset held within that business model) and how those risks are managed;
- How management is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior period, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Impairment

The Company recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost or FVOCI. ECL allowances are a probability-weighted estimate of credit losses. Lifetime ECLs ("Lifetime ECLs") are the expected credit losses that result from all possible default events over the expected life of the financial instrument. 12-month ECLs ("12-month ECLs") are the portion of Lifetime ECLs that result from default events possible within 12 months after the reporting date

The Company measures loss allowances at an amount equal to Lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security; or
- The financial asset is more than 90 days past due.

4 Fair Value of Financial Instruments (continued)

The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of investment grade. The Company considers this to be BBB- (or equivalent) or higher by one or more Nationally Recognized Statistical Rating Organizations ("NRSRO").

Lifetime ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- A significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due; or
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

For investments recognized at amortized cost, the loss allowance is deducted from the gross carrying amount of the assets. For fixed maturity securities measured at FVOCI, the loss allowance does not reduce the carrying amount of the investment (which is measured at fair value) but gives rise to an equal and opposite gain (loss) in OCI.

Valuation Techniques for Specific Instruments

The following is a description of valuation inputs and techniques that the Company utilizes to determine the fair value of each major category of assets and liabilities in accordance with IFRS 13 *"Fair Value Measurements"* ("IFRS 13"):

Private Investments – Private investments, including corporate, real estate loans, leases, private equity investments, real estate assets, overriding residual interests, structured private investments/joint ventures, commercial/industrial assets, tangible assets and other private investments are categorized as Level 3 and fair valued based on the Company's pricing and valuation policy. The Company generally evaluates the impact of changes in market yields, credit quality of the borrowers, and estimated collateral values when valuing private investments. If there is sufficient credit coverage, a yield analysis is performed by projecting cash flows for the instrument and discounting the cash flows to present value using a market-based, risk adjusted rate. Additionally, on each valuation date, the Company performs an analysis of market yields to determine if any adjustments to the fair values are necessary. Techniques used to value collateral, real estate, and other hard assets include, but are not limited to, discounted cash flow models, recent transaction pricing, and third-party appraisals. For investments in operating companies and other equity, a market approach may be taken. For private investments held through joint ventures, the Company fair values these investments net of each respective joint venture waterfall and other joint venture assets and liabilities.

Private Investment Companies – Private investment companies are classified as Level 3 in the fair value hierarchy, as they are not quoted in active markets. The Company valued their investments in private investment companies using the net asset valuation technique if the underlying investments held by the private investment companies are privately held investments. If the underlying investments held by the private investment companies are publicly traded securities, the Company values these investments using a waterfall analysis.

Equity Securities – Equity securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange, and to the extent valuation adjustments are not applied to these securities, they are categorized as Level 1. Equity securities traded on inactive markets and certain foreign equity securities are valued using significant other observable inputs which include broker quotes or evaluated price quotes received from pricing services. To the extent that these inputs are observable and timely, the values of these securities are categorized as Level 2; otherwise, the values are categorized as Level 3.

Corporate and Municipal Bonds – Corporate and municipal bonds are valued using various inputs and techniques, which include third-party pricing services, dealer quotations, and recently executed transactions in securities of the issuer or comparable issuers. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. Values for high-yield bonds are based primarily on pricing services and dealer quotations from relevant market makers. The dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds, and sector-specific trends. To the extent that these inputs are observable and timely, the values of bonds and convertible bonds are categorized as Level 2; otherwise, the values are categorized as Level 3.

4 Fair Value of Financial Instruments (continued)

More specifically, there are convertible notes and bonds within corporate bonds and private investment in public equity which are valued using a binomial lattice model, which estimated fair value by simulating the evolution of the issuer's underlying equity price over the remaining contractual term. The model projects stock price paths based on expected equity volatility and other observable and unobservable market inputs and incorporates the contractual terms of the instrument within a risk-neutral framework. At each node in the lattice, the model assumes optimal decision-making by a market participant and reflects the maximization of economic

value available under the note's embedded features, including conversion, redemption, and/or prepayment options, as applicable. The fair value is determined through backward induction and captures both the debt and equity components of the instrument, consistent with the exit price notion of fair value under IFRS 13. The values of convertible notes/bonds are determined using valuation methodologies for Level 3 investments, specifically, the binomial lattice methodology, are categorized as Level 2 or Level 3 depending on the inputs.

Warrants – Warrants that are traded on an exchange in an active market are generally classified as Level 1. Warrants that are traded OTC or warrants that are privately issued are generally categorized as Level 2 if valuation inputs into the pricing model used observable market data. Otherwise, warrants are categorized as Level 3.

Derivative Instruments – Listed derivatives, such as listed options, that are actively traded on a national securities exchange are valued based on quoted prices from the applicable exchange and are categorized as Level 1. The derivative values for forward contracts are categorized as Level 2 if the pricing inputs are observed from actively quoted markets including observable forward exchange rates for contracts with similar terms. However, if the pricing inputs used are not observable and/or the market for the applicable derivative instruments is inactive, the values are categorized as Level 3.

Private Investment in Public Equity – Private Investment in Public Equity investments, including privately issued convertible bonds, loans, and warrants, issued by companies that are actively traded on a securities exchange, are valued using various inputs and techniques. Investments valued using dealer quotations or valuation models using publicly available inputs such as Black-Scholes or binomial lattice methodology, are categorized as Level 2 or Level 3 depending on the inputs. The Company's investments are carried at FVTPL and are carried at fair value under investments in the interim Condensed Consolidated Statements of Financial Position. Changes in fair value are reported in the net results of investments in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income.

Trade Claims – Trade claims are valued using an income-based approach, depending on the availability of observable market information. These are categorized as Level 2 if broker quotes are available; otherwise, these are categorized as Level 3. For certain trade claim positions, fair value is determined with reference to broker quotations, which are considered representative of market participant expectations at the measurement date. These quoted values are evaluated for reasonableness and reflect current market conditions, liquidity considerations, and transaction activity for similar claims. For trade claim positions where observable market quotations are limited or unavailable, fair value is estimated by forecasting expected cash inflows and applying an effective yield derived from the pricing of existing holdings and recent market transactions. At each measurement date, the reasonableness of the effective yield is corroborated by reference to market rates of return for instruments of comparable credit quality, duration, and risk profile. This valuation methodology incorporates market participant assumptions and is consistent with the exit-price notion of fair value under IFRS 13.

Commercial Paper - Commercial paper is valued using observable market inputs, including benchmark yield curves and credit spreads, and is classified within Level 2 of the fair value hierarchy.

Money Market Funds – Money market funds are valued using quoted prices in active markets and is classified within Level 1 of the fair value hierarchy.

Investments in affiliates - The Company's investments in affiliated entities are classified as Level 3 in the fair value hierarchy, as they are not quoted in active markets.

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

4 Fair Value of Financial Instruments (continued)

Fair Value Hierarchy – Financial Instruments Measured at Fair Value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized as of March 31, 2026. The amounts are based on the values recognized in the interim Condensed Consolidated Statements of Financial Position.

Consolidated				
March 31, 2026	Level 1	Level 2	Level 3	Total
Financial assets fair value				
Private Investments	$ -	$ 2,984	$ 167,846	$ 170,830
Equity Securities	3,496	1,440	5,936	10,872
Private Investment in Public Equity	-	-	1,347	1,347
Private Investment Companies	-	-	7,655	7,655
Investments in Affiliates	-	-	39,619	39,619
Corporate Bonds	656	200,506	12,834	213,996
US Treasury Securities	3,684	-	-	3,684
Municipal Bonds	-	30	-	30
Trade Claims	-	-	6,321	6,321
Warrants	26	-	74	100
Commercial paper	-	17,363	-	17,363
Money Market Funds	87,488	-	-	87,488
Derivative Contracts				
Equity Derivatives	-	768	-	768
Put Option Contracts Purchased	2	-	-	2
Foreign Currency Forwards	-	485	-	485
Total assets, at fair value	$ 95,352	$ 223,576	$ 241,632	$ 560,560
Derivative Contracts				
Foreign Currency Forwards	$ -	$ 240	$ -	$ 240
Contracts for Differences	-	20	-	20
Total liabilities, at fair value	$ -	$ 260	$ -	$ 260

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

4 Fair Value of Financial Instruments (continued)

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized as of December 31, 2025.

Consolidated				
December 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets fair value				
Private Investments	$ -	$ -	$ 126,933	$ 126,933
Equity Securities	2,448	1,443	6,041	9,932
Private Investment in Public Equity	2,027	9	1,792	3,828
Private Investment Companies	-	-	15,081	15,081
Investments in Affiliates	-	-	47,367	47,367
Corporate Bonds	665	167,714	4,199	172,578
US Treasury Securities	65,956	-	-	65,956
Municipal Bonds	-	109	-	109
Trade Claims	-	-	5,607	5,607
Warrants	16	-	111	127
Commercial paper	-	33,882	-	33,882
Derivative Contracts				
Put Option Contracts Purchased	129	-	-	129
Foreign Currency Forwards	-	109	-	109
Total assets, at fair value	$ 71,241	$ 203,266	$ 207,131	$ 481,638
Financial liabilities fair value				
Equity Securities	$ -	$ -	$ 43	$ 43
Derivative Contracts				
Foreign Currency Forwards	-	913	-	913
Call Option Contracts Written	-	-	53	53
Contracts for Differences	-	9	-	9
Total liabilities, at fair value	$ -	$ 922	$ 96	$ 1,018

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

4 Fair Value of Financial Instruments (continued)

The table below analyses financial instruments at the Corporate column measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized as of March 31, 2026.

Corporate				
March 31, 2026	Level 1	Level 2	Level 3	Total
Financial assets fair value through Profit and Loss				
Private Investments	$ -	$ -	$ 94,266	$ 94,266
Equity Securities	1,490	1,440	5,936	8,866
Private Investment in Public Equity	-	-	1,347	1,347
Private Investment Companies	-	-	7,655	7,655
Investments in Affiliates	-	-	5,935	5,935
Corporate Bonds	1	620	91	712
Municipal Bonds	-	30	-	30
Trade Claims	-	-	6,321	6,321
Warrants	26	-	74	100
Money Market Funds	5,995	-	-	5,995
Derivative Contract Assets				
Put Option Contracts Purchased	2	-	-	2
Foreign Currency Forwards	-	485	-	485
Total assets, at fair value	$ 7,514	$ 2,575	$ 121,625	$ 131,714
Derivative Contract Liabilities				
Foreign Currency Forwards	-	206	-	206
Contracts for Differences	-	20	-	20
Total liabilities, at fair value	$ -	$ 226	$ -	$ 226

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

4 Fair Value of Financial Instruments (continued)

The table below analyses financial instruments at the Corporate column measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized as of December 31, 2025.

Corporate								
December 31, 2025		Level 1		Level 2		Level 3		Total
Financial assets fair value through Profit and Loss								
Private Investments	$	-	$	-	$	98,497	$	98,497
Equity Securities		2,448		1,443		6,041		9,932
Private Investment in Public Equity		-		9		1,792		1,801
Private Investment Companies		-		-		15,081		15,081
Investments in Affiliates		-		-		6,325		6,325
Corporate Bonds		-		1,401		957		2,358
US Treasury Securities		2,989		-		-		2,989
Municipal Bonds		-		109		-		109
Trade Claims		-		-		5,607		5,607
Warrants		16		-		111		127
Derivative Contracts								
Put Option Contracts Purchased		129		-		-		129
Foreign Currency Forwards		-		109		-		109
Total assets, at fair value	$	5,582	$	3,071	$	134,411	$	143,064
Financial liabilities fair value								
Equity Securities	$	-	$	-	$	43	$	43
Derivative Contracts								
Foreign Currency Forwards		-		913		-		913
Call Option Contracts Written		-		-		53		53
Contracts for Differences		-		9		-		9
Total liabilities, at fair value	$	-	$	922	$	96	$	1,018

The table below analyses financial instruments at the Asset Management segment measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized as of March 31, 2026.

Asset Management								
March 31, 2026		Level 1		Level 2		Level 3		Total
Financial assets fair value through Profit and Loss								
Equity Securities	$	2,006	$	-	$	-	$	2,006
Investments in Affiliates		-		-		33,684		33,684
Total assets, at fair value	$	2,006	$	-	$	33,684	$	35,690

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

4 Fair Value of Financial Instruments (continued)

The table below analyses financial instruments at the Asset Management segment measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized as of December 31, 2025.

Asset Management				
December 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets fair value through Profit and Loss				
Private Investment in Public Equity	$ 2,027	$ -	$ -	$ 2,027
Investments in Affiliates	-	-	41,042	41,042
Total assets, at fair value	$ 2,027	$ -	$ 41,042	$ 43,069

The table below analyses financial instruments at the Insurance segment measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized as of the respective period.

Insurance				
March 31, 2026	Level 1	Level 2	Level 3	Total
Financial assets fair value through Other Comprehensive Income				
Private Investments	$ -	$ 2,984	$ 71,628	$ 74,612
Corporate Bonds	655	199,887	12,744	213,286
US Treasury Securities	3,684	-	-	3,684
Commercial Paper	-	17,363	-	17,363
Money Market Funds	81,492	-	-	81,492
Financial assets fair value through Profit & Loss				
Private Investments	-	-	1,953	1,953
Derivative Contract Assets				
Equity Derivatives	-	768	-	768
Total assets, at fair value	$ 85,831	$ 221,002	$ 86,325	$ 393,158

Insurance				
December 31, 2025	Level 1	Level 2	Level 3	Total
Financial assets fair value through Other Comprehensive Income				
Private Investments	$ -	$ -	$ 26,470	$ 26,470
Corporate Bonds	665	166,313	3,242	170,220
US Treasury Securities	62,967	-	-	62,967
Commercial Paper	-	33,882	-	33,882
Financial assets fair value through Profit & Loss				
Private Investments	-	-	1,966	1,966
Total assets, at fair value	$ 63,632	$ 200,195	$ 31,678	$ 295,505

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

4 Fair Value of Financial Instruments (continued)

The following tables show a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy for financial assets for the three months ended March 31, 2026 and year ended December 31, 2025:

Consolidated Financial assets fair value	Private Investments	Equity Securities	Private Investment in Public Equity	Private Investment Companies	Corporate Bonds	Trade Claims	Warrants	Investments in Affiliates	Total
Balance as of January 1, 2026	$ 126,934	$ 6,041	$ 1,792	$ 15,081	$ 4,199	$ 5,607	$ 111	$ 47,367	$ 207,128
Purchases	48,263	12	117	22	9,504	-	-	-	57,918
Sales/Paydowns	(5,964)	-	(570)	(8,607)	(828)	-	(38)	(5,359)	(21,366)
Transfer into Level 3	-	-	-	-	-	-	-	-	-
Transfer out of Level 3	-	-	-	-	-	-	-	-	-
Accretion	20	-	-	-	-	-	-	-	20
Net gains/(losses) included in earnings	(1,407)	(117)	8	1,159	(41)	714	1	(2,388)	(2,071)
Realized gain (loss)	1,154	-	4	3,146	129	-	-	4,320	8,753
Unrealized gain (loss)	(2,561)	(117)	4	(1,987)	(170)	714	1	(6,708)	(10,824)
Balance at March 31, 2026	$ 167,846	$ 5,936	$ 1,347	$ 7,655	$ 12,834	$ 6,321	$ 74	$ 39,620	$ 241,633

Consolidated Financial assets fair value	Private Investments	Equity Securities	Private Investment in Public Equity	Private Investment Companies	Corporate Bonds	Trade Claims	Warrants	Investments in Affiliates	Total
Balance as of January 1, 2025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 199,658	$ 199,658
Consolidation of subsidiaries as at April 3, 2025	121,476	1,968	1,462	14,275	4,776	6,576	1,337	(167,103)	(15,233)
Consolidation of subsidiaries previously considered investment entities under IFRS 10	-	-	-	-	-	-	-	(8,534)	(8,534)
Purchases	48,378	4,214	(85)	194	3,169	-	-	1,728	57,597
Sales/Paydowns	(21,369)	(1,574)	(204)	(896)	(3,972)	-	(21)	(4,834)	(32,872)
Transfer into Level 3	-	-	-	-	-	-	-	-	-
Transfer out of Level 3	-	-	-	-	-	-	-	-	-
Accretion	(220)	-	(2)	-	-	(57)	-	-	(279)
Net gains/(losses) included in earnings	(21,331)	1,433	621	1,508	226	(912)	(1,205)	26,452	6,791
Realized gain (loss)	(474)	(20)	134	154	338	-	(655)	20,070	19,548
Unrealized gain (loss)	(20,857)	1,453	488	1,354	(113)	(912)	(550)	6,381	(12,756)
Balance at December 31, 2025	$ 126,934	$ 6,041	$ 1,792	$ 15,081	$ 4,199	$ 5,607	$ 111	$ 47,367	$ 207,128

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

4 Fair Value of Financial Instruments (continued)

The following tables show a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy for financial liabilities for the three months ended March 31, 2026 and year ended December 31, 2025:

Consolidated	
Financial liabilities fair value	Equity Securities
Balance as of January 1, 2026	$ 43
Purchases	(156)
Sales/Paydowns	-
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	113
Realized gain (loss)	-
Unrealized gain (loss)	113
Balance at March 31, 2026	$ -

Consolidated	
Financial liabilities fair value	Equity Securities
Balance as of January 1, 2025	$ -
Consolidation of subsidiaries as at April 3, 2025	64
Purchases	(240)
Sales/Paydowns	242
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	(23)
Realized gain (loss)	(38)
Unrealized gain (loss)	15
Balance at December 31, 2025	$ 43

The following tables show a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy for derivative contracts for the three months ended March 31, 2026 and year ended December 31, 2025:

Consolidated	
Derivative contracts - liabilities	Call Option Contracts Written
Balance as of January 1, 2026	$ 53
Purchases	-
Sales/Paydowns	-
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	(53)
Realized gain (loss)	-
Unrealized gain (loss)	(53)
Balance at March 31, 2026	$ -

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

4 Fair Value of Financial Instruments (continued)

Consolidated	
Derivative contracts - liabilities	Call Option Contracts Written
Balance as of January 1, 2025	$ -
Consolidation of subsidiaries as at April 3, 2025	(14)
Purchases	(13)
Sales/Paydowns	-
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	80
Realized gain (loss)	13
Unrealized gain (loss)	67
Balance at December 31, 2025	$ 53

At March 31, 2026 and December 31, 2025, the Company had no Level 3 financial instruments recorded in the Eliminations column.

The table below summarizes those financial assets and liabilities classified as Level 3 for which a change in one or more of the unobservable inputs to reflect reasonably possible favorable and unfavorable alternative assumptions would change fair value significantly, and the estimated effect thereof. The table below does not represent the estimated effect of stress scenarios. Interdependencies between Level 1, 2 and 3 parameters have not been incorporated in the table. Furthermore, direct interrelationships between the Level 3 parameters discussed below are not a significant element of the valuation uncertainty.

Sensitivity data is estimated using a number of techniques, including the estimation of price dispersion among different market participants, variation in modeling approaches and reasonably possible changes to assumptions used within the fair value measurement process. The sensitivity ranges are not always symmetrical around the fair values, as the inputs used in valuations are not always precisely in the middle of the favorable and unfavorable range.

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

4 Fair Value of Financial Instruments (continued)

The valuation techniques and significant unobservable inputs used in Level 3 valuations were as follows:

Corporate							
	Fair Value at March 31, 2026	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Private Investments							
Corporate Private Investments	$ 3,255	Black-Scholes Model	Volatility	30.00% - 125.00% 42.41%	5% / -5%	163	(163)
	26,802	Discounted Cash Flows	Discount Rate	5.00% - 33.02% 17.82%	5% / -5%	1,340	(1,340)
	748	Market Approach	Revenue Multiple	0.75x - 0.78x 0.77x	5% / -5%	37	(37)
	212	Market Approach	EBITDA Multiple	4.03x - 5.50x 4.77x	5% / -5%	11	(11)
Real Estate & Real Estate Private Credit	40,474	Discounted Cash Flows	Discount Rate	5.00% - 41.67% 19.29%	5% / -5%	2,024	(2,024)
	96	Expected Residual Value	Expected Residual Value*	100.00 - 100.00 100.00	5% / -5%	5	(5)
	163	Expected Residual Value	Expected Residual Value Per Share	100.00 - 100.00 100.00	5% / -5%	8	(8)
Structured Finance	8,458	Discounted Cash Flows	Discount Rate	2.06% - 41.18% 20.20%	5% / -5%	423	(423)
	1,239	Market Approach	Book Value Multiple	1.09x - 1.70x 1.40x	5% / -5%	62	(62)
Commercial & Industrial Assets	8,059	Discounted Cash Flows	Discount Rate	6.25% - 48.79% 23.87%	5% / -5%	403	(403)
Consumer Assets	7	Black-Scholes Model	Volatility	0.00% - 55.00% 27.50%	5% / -5%	0	(0)
	4,752	Discounted Cash Flows	Discount Rate	6.97% - 38.56% 23.44%	5% / -5%	238	(238)
Corporate Bonds	91	Recovery Approach	Discount Rate	22.19% - 42.37% 31.12%	5% / -5%	5	(5)
Equity Securities	5,028	Market Approach	Book Value Multiple	1.00x - 1.00x 1.00x	5% / -5%	251	(251)
	909	Recovery Approach	Discount Rate	12.57% - 22.57% 17.57%	5% / -5%	45	(45)
Private Investment Companies	1,470	Waterfall Analysis	Stock Price	$24.37 - $24.37 $24.37	5% / -5%	74	(74)
	85	Discounted Cash Flows	Discount Rate	48.75% - 63.75% 56.25%	5% / -5%	4	(4)
	6,100	Net asset value	Net asset value	N/A	5% / -5%	305	(305)
Private Investment in Public Equity	269	Binomial Lattice Methodology	Discount Rate	18.06% - 28.06% 23.06%	5% / -5%	13	(13)
	684	Black-Scholes Model	Volatility	1.90% - 2.10% 2.00%	5% / -5%	34	(34)
	245	Recovery Approach	Discount Rate	22.28% - 42.58% 31.33%	5% / -5%	12	(12)
	149	Discounted Cash Flows	Discount Rate	30.06% - 42.21% 35.45%	5% / -5%	7	(7)
Trade Claims	6,321	Discounted Cash Flows	Discount Rate	6.60% - 34.66% 22.90%	5% / -5%	316	(316)
Warrants	74	Black-Scholes Model	Volatility	17.84% - 382.15% 143.67%	5% / -5%	4	(4)
Investments in affiliates	5,935	NAV Valuation Technique	Net asset value	N/A	5% / -5%	297	(297)
	$ 121,625						

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

4 Fair Value of Financial Instruments (continued)

Corporate

	Fair Value at December 31, 2025	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Private Investments							
Corporate Private Investments	$ 3,074	Binomial Lattice Methodology	Discount Rate	17.55% - 27.55% 22.55%	5% / -5%	154	(154)
	26,984	Discounted Cash Flows	Discount Rate	3.78% - 31.46% 16.84%	5% / -5%	1,349	(1,349)
	268	Black-Scholes Model	Volatility	30.00% - 285.00% 100.00%	5% / -5%	13	(13)
	810	Market Approach	Revenue Multiple	0.25x - 0.75x 0.50x	5% / -5%	40	(40)
	269	Market Approach	EBITDA Multiple	5.10x - 6.10x 5.60x	5% / -5%	13	(13)
	85	Recovery Approach	Recovery Rate	0.00% - 20.00% 10.00%	5% / -5%	4	(4)
Real Estate & Real Estate Private Credit	40,111	Discounted Cash Flows	Discount Rate	3.98% - 40.47% 18.04%	5% / -5%	2,006	(2,006)
	2,813	Transaction Pricing	Recent Transaction Price	100.00 - 100.00 100.00	5% / -5%	141	(141)
Structured Finance	9,397	Discounted Cash Flows	Discount Rate	2.06% - 41.18% 20.50%	5% / -5%	470	(470)
	1,195	Market Approach	Book Value Multiple	1.05x - 1.55x 1.30x	5% / -5%	60	(60)
Commercial & Industrial Assets	8,080	Discounted Cash Flows	Discount Rate	3.66% - 35.35% 20.56%	5% / -5%	404	(404)
	292	Expected Residual Value	Expected Residual Value*	$200,000 - $600,000 $400,000	5% / -5%	15	(15)
Consumer Assets	5,112	Discounted Cash Flows	Discount Rate	5.00% - 35.34% 19.77%	5% / -5%	256	(256)
	7	Black-Scholes Model	Volatility	55.00% - 65.00% 60.00%	5% / -5%	-	-
Corporate Bonds	77	Recovery Approach	Recovery Rate	7.53% - 17.53% 12.53%	5% / -5%	4	(4)
	772	Discounted Cash Flows	Discount Rate	29.70% - 39.70% 34.70%	5% / -5%	39	(39)
	108	Recovery Approach	Discount Rate	33.32% - 43.32% 35.99%	5% / -5%	5	(5)
Equity Securities	5,152	Market Approach	Book Value Multiple	1.00x - 1.00x 1.00x	5% / -5%	258	(258)
	888	Discounted Cash Flows	Discount Rate	15.00% - 25.00% 20.00%	5% / -5%	44	(44)
Private Investment Companies	1,766	Waterfall Analysis	Stock Price	$22.02 - $22.02 $22.02	5% / -5%	88	(88)
	202	Discounted Cash Flows	Discount Rate	52.07% - 62.07% 57.07%	5% / -5%	10	(10)
	13,112	NAV Valuation Technique	Net asset value	N/A	5% / -5%	656	(656)
Private Investment in Public Equity	1,523	Binomial Lattice Methodology	Discount Rate	6.40% - 26.53% 16.77%	5% / -5%	76	(76)
	231	Recovery Approach	Discount Rate	21.35% - 37.60% 29.48%	5% / -5%	12	(12)
	38	Discounted Cash Flows	Discount Rate	23.30% - 42.21% 32.75%	5% / -5%	2	(2)
Trade Claims	5,607	Discounted Cash Flows	Discount Rate	8.08% - 35.19% 23.15%	5% / -5%	280	(280)

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

4 Fair Value of Financial Instruments (continued)

Warrants	91	Discounted Cash Flows	Discount Rate	29.70% - 39.70% 34.70%	5% / -5%	5	(5)
	20	Black-Scholes Model	Volatility	17.28% - 1794.95% 869.13%	5% / -5%	1	(1)
	-	Market Approach	Book Value Multiple	0.12x - 1.12x 0.62x	5% / -5%	-	-
Investments in affiliates	6,325	NAV Valuation Technique	Net asset value	N/A	5% / -5%	316	(316)
Call Option Contracts Written	(53)	Black-Scholes Model	Volatility	93% - 113% 103%	5% / -5%	(3)	3
Equity Securities	(43)	Discounted Cash Flows	Discount Rate	29.70% - 39.70% 34.70%	5% / -5%	(2)	2
	$ **134,313**						

Asset Management

	Fair Value at March 31, 2026	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Investments in affiliates	$ 33,684	Net asset value	Net asset value	N/A	5% / -5%	1,684	(1,684)
	$ **33,684**						

Asset Management

	Fair Value at December 31, 2025	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Investments in affiliates	$ 41,043	Net asset value	Net asset value	N/A	5% / -5%	2,052	(2,052)
	$ **41,043**						

Insurance

	Fair Value at March 31, 2026	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Private Investments	$ 66,936	Discounted Cash Flows	Discount Rate	4.94% - 34.11% 10.47%	5% / -5%	3,347	(3,347)
	1,035	Market Approach	Book Value Multiple	0.59x – 1.41x 1.00x	5% / -5%	52	(52)
	5,609	Transaction Price	Recent Transaction Price	$100.00 - $100.00 $100.00	5% / -5%	280	(280)
Corporate Bonds	7,244	Discounted Cash Flows	Discount Rate	4.98% - 8.16% 7.09%	5% / -5%	362	(362)
	5,500	Transaction Pricing	Recent Transaction Price	$100.00 - $100.00 $100.00	5% / -5%	275	(275)
	$ **86,324**						

Insurance

	Fair Value at December 31, 2025	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Private Investments	$ 23,462	Discounted Cash Flows	Discount Rate	4.54% - 27.60% 10.11%	5% / -5%	1,173	(1,173)
	1,035	Market Approach	Book Value Multiple	1.0x – 1.5x 1.25x	5% / -5%	52	(52)
	3,938	Transaction Price	Recent Transaction Price	$100.00 - $100.00 $100.00	5% / -5%	197	(197)
Corporate Bonds	3,242	Discounted Cash Flows	Discount Rate	6.72% - 7.25% 6.98%	5% / -5%	162	(162)
	$ **31,677**						

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

5 Restricted Cash

At March 31, 2026 and December 31, 2025, restricted cash included $2,906 and $2,871, respectively, of cash held at Arena related to deposits held for pre-funded work fees from potential borrowers and prospective partners and $14,218 and $11,137, respectively, of cash held at Arena Limited SPV, LLC ("ALSPV"), a special purpose vehicle acting as agent and facilitates cash movements on behalf of the Arena clients for recourse and non-recourse financing transactions. Cash held at ALSPV includes prepaid deposits for interest and infrastructure reserves related to investments held through ALSPV. Pre-funded work fees and prepaid deposits are included in deposits received in advance in the interim Condensed Consolidated Statements of Financial Position.

6 Other Assets

Other assets consist of the following:

					As of March 31, 2026
	Corporate	Asset Management	Insurance	Elimination	Total
Accounts receivable and other	$ 2,209	$ 921	$ 30	$ -	$ 3,160
Prepaid expense and deposits	457	1,685	2,616	-	4,758
Other assets	-	965	559	-	1,524
Interest receivable	596	-	-	-	596
Receivables for investments sold	1,053	-	-	-	1,053
Accrued investment income	-	-	2,429	-	2,429
Accrued revenue	-	1,000	-	-	1,000
Total Other Assets	$ 4,315	$ 4,571	$ 5,634	$ -	$ 14,520

					As of December 31, 2025
	Corporate	Asset Management	Insurance	Elimination	Total
Accounts receivable and other	$ 2,021	$ 2,814	$ 22	$ (134)	$ 4,723
Prepaid expense and deposits	88	1,577	1,936	-	3,601
Other assets	-	2,587	661	-	3,248
Interest receivable	697	-	-	-	697
Receivables for investments sold	1,427	-	-	-	1,427
Accrued investment income	-	-	1,426	-	1,426
Accrued revenue	-	1,133	-	-	1,133
Total Other Assets	$ 4,233	$ 8,111	$ 4,045	$ (134)	$ 16,254

7 Accounts Payable and Accrued Liabilities and Accrued Compensation Liabilities

Beginning in the second quarter of 2025, the Company revised its presentation of certain accruals historically included in "Accounts payable and accrued liabilities". Under this new presentation, compensation related amounts such as share-based compensation and accrued compensation and benefits are now included in "Accrued compensation liabilities" on the interim Condensed Consolidated Statements of Financial Position. A breakout of Accrued compensation and benefits is included in the table below:

					As of March 31, 2026
	Corporate	Asset Management	Insurance	Elimination	Total
DSUs (note 12)	$ 4,693	$ 174	$ -	$ (174)	$ 4,693
SARs (note 12)	1,961	-	-	-	1,961
Accrued compensation and benefits	535	20,526	1,230	-	22,291
Total accrued compensation liabilities	$ 7,189	$ 20,700	$ 1,230	$ (174)	$ 28,945

					As of December 31, 2025
	Corporate	Asset Management	Insurance	Elimination	Total
DSUs (note 12)	$ 4,745	$ -	$ -	$ (134)	$ 4,611
SARs (note 12)	2,881	-	-	-	2,881
Accrued compensation and benefits	2,060	25,526	2,930	-	30,516
Total accrued compensation liabilities	$ 9,686	$ 25,526	$ 2,930	$ (134)	$ 38,008

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

7 Accounts Payable and Accrued Liabilities and Accrued Compensation Liabilities (continued)

Of the $20,526 and $25,526 of accrued compensation and benefits for the Asset Management segment as of March 31, 2026 and December 31, 2025, respectively, $5,492 and $10,087, respectively, relate to accrued compensation tied to accrued incentive fees and performance allocations. This compensation is typically paid to employees when the incentive fees and performance allocations are realized. Certain incentive fees are payable each fiscal year end and upon any crystallization events, such as sales of assets in funds or investor accounts at a profit. The accrued compensation and benefits for the Insurance segment and Corporate of $1,230 (December 31, 2025 - $2,930) and $534 (December 31, 2025 - $2,060), respectively, relate to cash-based compensation payable to employees at the end of the fiscal year.

In the current period, management identified that certain minority interests held by these employees had been incorrectly classified as non-controlling interests within the Condensed Consolidated Statements of Changes in Equity as of December 31, 2025. Upon reassessment of the contractual terms, anagement concluded that these arrangements do not constitute a substantive class of equity under IFRS, and that the economic substance of each is a deferred compensation or profit-sharing arrangement. These deferred compensation and profit-sharing arrangements are presented within Accrued compensation liabilities in the interim Condensed Consolidated Statements of Financial Position.

8 Due From and Due to Brokers

Amounts due from and due to brokers represent operational cash balances and unsettled trades that exist as of the respective reporting dates.

			As of March 31, 2026
	Corporate	Insurance	Total
Cash and cash equivalents	$ 4,422	$ -	$ 4,422
Investments at fair value	-	277	277
Total due from broker	$ 4,422	$ 277	$ 4,699
Cash and cash equivalents	$ 5,916	$ 5	$ 5,921
Investments at fair value	-	356	356
Total due to broker	$ 5,916	$ 361	$ 6,277

			As of December 31, 2025
	Corporate	Insurance	Total
Cash and cash equivalents	$ 7,370	$ -	$ 7,370
Investments at fair value	28	213	241
Total due from broker	$ 7,398	$ 213	$ 7,611
Cash and cash equivalents	$ 8,620	$ 2,520	$ 11,140
Investments at fair value	5	-	5
Total due to broker	$ 8,625	$ 2,520	$ 11,145

9 Commitments and Contingent Liabilities

The Company may be involved in legal matters that arise from time to time in the ordinary course of the Company's business. At this time, the Company is not aware of any legal matters of this type that are believed to be material to the Company's results of operations, liquidity or financial condition.

<u>Commitment to Salem Group Partners</u>

Westaim is currently the sole limited partner of Salem Group Partners, LP ("SGP"). Pursuant to the Investment Agreement and in connection with the Private Placement, Salem Group Partners GP, LLC (the "Salem General Partner"), an affiliate of CC Capital, and Westaim 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, Westaim made an initial capital commitment of $100,000, which increased to $620,000 on closing of the Private Placement. As of March 31, 2026, the Company had a remaining undrawn capital commitment of $216,378 (December 31, 2025 - $216,378).

9 Commitments and Contingent Liabilities (continued)

Commitment to Insignia Transaction

On July 22, 2025, Westaim announced that it has agreed to invest approximately AUS$154 million (US$100 million) (the “Capital Commitment”), subject to reduction, to finance the proposed acquisition by CC Capital and One Investment Management (together, Daintree Bidco Pty Ltd (“Bidco”)) of Insignia Financial Ltd (“Insignia”) (ASX: IFL), Australia’s leading diversified wealth management group with over AUS$342 billion in funds under management and advice as of December 31, 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 General Partner”), pursuant to which Westaim committed to acquire limited partnership interests of the Daintree Partnership (the “Securities”) in exchange for the Capital Commitment, subject to reduction. The Daintree General Partner is controlled by CC Capital, a control person and insider of Westaim and thus the Daintree General Partner is a “related party”, or non-arm’s length party, to the Company.

In connection with the acquisition of the Securities, the Company also entered into an Amended and Restated Exempted Limited Partnership Agreement of the Daintree Partnership by and among the Daintree General Partner and the limited partners of the Daintree Partnership. The Daintree Partnership owns or will acquire an indirect interest in all or a portion of the shares of Bidco, and Bidco will acquire all of the ordinary share capital of Insignia by way of a scheme of arrangement and pursuant to a Scheme Implementation Deed (the “Insignia Transaction”).

The Insignia Transaction was subject to customary regulatory and closing conditions (the “Insignia Closing Conditions”), including approvals from the Foreign Investment Review Board (FIRB), the UK’s Financial Conduct Authority, the Australian Prudential Regulation Authority (APRA), the Court and Insignia shareholders. Insignia shareholders voted on the scheme of arrangement in the first half of 2026 with the Insignia Transaction closing on April 28, 2026.

The Capital Commitment was 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 TSX Venture Exchange (the “TSXV”) and the Insignia Closing Conditions. As of March 31, 2026 and December 31, 2025, respectively, the Company’s full Capital Commitment is undrawn. See Note 22, Subsequent Events, for further disclosure.

Additional Commitments

In the normal course of business, the Insurance Segment may enter into commitments to fund investments, which are not reflected in the Consolidated Financial Statements. There were $17,843 in outstanding investment commitments as of March 31, 2026 (December 31, 2025 – $6,182). Of the $17,843 in outstanding investment commitments as of March 31, 2026, $3,000 are to a related party of the Company.

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

10 Leases

The Company records right-of-use ("ROU") assets and corresponding lease liabilities for its real estate leases within Right-of-use assets, net of accumulated depreciation and Lease liabilities on the interim Condensed Consolidated Statements of Financial Position. Leases with an initial term of twelve months or less are not recorded on the balance sheet. The following table presents the lease-related balances within the balance sheet:

	Asset Management		Insurance		Total	
	ROU asset	Lease liabilities	ROU asset	Lease liabilities	ROU asset	Lease liabilities
Cost						
At January 1, 2026	$ 1,798	$ 2,122	$ 4,903	$ 5,131	$ 6,701	$ 7,253
Additions and remeasurement of leases	-	-	852	845	852	845
Lease payments	-	(350)	-	(96)	-	(446)
Depreciation charge	(276)	-	(147)	-	(423)	-
Interest expense	-	22	-	63	-	85
At March 31, 2026	$ 1,522	$ 1,794	$ 5,608	$ 5,943	$ 7,130	$ 7,737
ROU asset and lease liabilities						
Current	$ -	$ 1,105	$ -	$ 617	$ -	$ 1,722
Non-Current	1,522	689	5,608	5,326	7,130	6,015
At March 31, 2026	$ 1,522	$ 1,794	$ 5,608	$ 5,943	$ 7,130	$ 7,737

	Asset Management		Insurance		Total	
	ROU asset	Lease liabilities	ROU asset	Lease liabilities	ROU asset	Lease liabilities
Cost						
At January 1, 2025	$ -	$ -	$ -	$ -	$ -	$ -
Consolidation of subsidiaries as at April 3, 2025	2,630	2,995	996	1,001	3,626	3,996
Additions and remeasurement of leases	(7)	(7)	4,148	4,148	4,141	4,141
Lease payments	-	(951)	-	(147)	-	(1,098)
Depreciation charge	(825)	-	(241)	-	(1,066)	-
Interest expense	-	85	-	129	-	214
At December 31, 2025	$ 1,798	$ 2,122	$ 4,903	$ 5,131	$ 6,701	$ 7,253
ROU asset and lease liabilities						
Current	$ -	$ 1,126	$ -	$ 449	$ -	$ 1,575
Non-Current	1,798	996	4,903	4,682	6,701	5,678
At December 31, 2025	$ 1,798	$ 2,122	$ 4,903	$ 5,131	$ 6,701	$ 7,253

At March 31, 2026, the Company had a total commitment of $9,161 for future occupancy cost payments including payments due not later than one year of $2,076. At December 31, 2025, the Company had a total commitment of $8,484 for future occupancy cost payments including payments due not later than one year of $1,905.

The future lease payments under lease contracts and the carrying amounts by payment date are as follows for the period:

			As of March 31, 2026
	Contractual Lease Payments	Interest	Lease Liabilities
Less than 1 year	$ 2,076	$ 354	$ 1,722
Between 1 and 5 years	5,418	957	4,462
5 years and later	1,667	114	1,553
Total future lease payments	$ 9,161	$ 1,425	$ 7,737

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

10 Leases (continued)

					As of December 31, 2025	
	Contractual Lease Payments		Interest		Lease Liabilities	
Less than 1 year	$	1,905	$	330	$	1,575
Between 1 and 5 years		5,257		839		4,418
5 years and later		1,322		62		1,260
Total future lease payments	$	8,484	$	1,231	$	7,253

11 Share Capital

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

At March 31, 2026 and December 31, 2025, treasury shares held by the Company were 290,273 and 219,804, respectively. At March 31, 2026 and December 31, 2025, there were no Preferred Shares outstanding. At March 31, 2026 and December 31, 2025, there were no Class A preferred shares or Class B preferred shares (as contemplated by Westaim's articles prior to the Redomiciliation) outstanding.

At March 31, 2026, Westaim had 33,261,235 Common Shares issued and outstanding (December 31, 2025 – 33,331,704), with a stated capital of $533,263 (December 31, 2025 - $558,254). In the three months ended March 31, 2026, Westaim acquired 70,469 Common Shares at a cost of $1,268. In the three months ended March 31, 2026, Westaim canceled zero Common Shares (as all acquired shares are being held as treasury shares). In the year ended December 31, 2025, Westaim acquired 356,264 Common Shares at a cost of $7,504. In the year ended December 31, 2025, Westaim canceled 136,460 Common Shares (with the balance of the acquired shares being held as treasury shares). In the year ended December 31, 2025, Westaim issued 11,979,825 Common Shares as part of the Strategic Transaction (see note 14, Related Party Transactions). In the year ended December 31, 2025, Westaim issued 1,642 Common Shares to stock option holders through the exercise and net exercise of 3,909 of the Company's stock options for proceeds of $3 with an options liability fair value of $38 which increased share capital and decreased accrued compensation liability. See note 12 for share-based compensation, stock options.

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

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

The 2025 NCIB provided that the Company may, during the 12-month period commencing April 1, 2025 and ending March 31, 2026, purchase, on an opportunistic basis, up to 1,840,654 Common Shares, representing approximately 10% of the public float and not more than 2% of its issued and outstanding Shares during any 30-day period, which as of the start of the 2025 NCIB represented approximately 434,129 Common Shares. The 2025 NCIB was terminated early on December 31, 2025 to allow for future normal course issuer bids to commence concurrent with the start of each calendar year.

During the year ended December 31, 2025, the Company repurchased 356,264 shares at a cost of C$10,411 (or $7,504 as converted) through the 2025 NCIB. Of the 356,264 repurchased shares, 136,460 were cancelled by the Company and 219,804 are held as treasury shares by the Company as of December 31, 2025.

On December 24, 2025, the Company announced that the TSXV accepted a notice filed by the Company of its intention to make a new NCIB program (the "2026 NCIB"). In connection with the 2026 NCIB, on December 24, 2025 the Company executed an ASPP agreement with a third-party broker, whereby Common Shares may be repurchased at the discretion of the third-party broker using commercially reasonable efforts and subject to the trading parameters set out in the ASPP.

The 2026 NCIB provided that the Company may, during the 12-month period commencing January 1, 2026 and ending December 31, 2026, purchase, on an opportunistic basis, up to 1,892,373 Common Shares, representing approximately 10% of the public float and not more than 2% of its issued and outstanding Shares during any 30-day period, which as of the start of the 2026 NCIB represented approximately 667,028 Common Shares. Pursuant to the requirements of the TSXV, and to ensure compliance with the purchase limits under the terminated 2025 NCIB, in the first three months of the 2026 NCIB, the Company could not purchase more than an aggregate of 1,504,090 Shares.

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

11 Share Capital (continued)

During the three months ended March 31, 2026, the Company repurchased 70,469 shares at a cost of C$1,739 (or $1,268 as converted) through the 2026 NCIB, which are held as treasury shared by the Company. As of March 31, 2026, the Company held 290,273 as treasury shares.

12 Share-based Compensation

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

The aggregate number of Common Shares which may be reserved for issuance upon exercise of all stock options under the Incentive Plan (and all other security based compensation arrangements, including the Legacy Option Plan) is limited to not more than 10% of the aggregate number of Common Shares outstanding at the time of grant or 3,326,124 at March 31, 2026 (December 31, 2025 – 3,333,170). Additionally, under the Incentive Plan, the aggregate number of Common Shares which may be reserved for issuance upon the exercise or redemption of all security-based compensation awards, other than stock options, granted under the Incentive Plan (security-based compensation arrangements) shall not exceed 3,355,396 Common Shares. As the DSUs and SARs are settled solely in cash, they are not included in the limitations contemplated above.

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

	Three months ended March 31, 2026		Three months ended March 31, 2025		
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	
Opening balance	-	n/a	615,000	C$	18.60
Granted	-	n/a	-		n/a
Settled options	-	n/a	-		n/a
Forfeited stock options	-	n/a	-		n/a
Ending balance	-	n/a	615,000		n/a
Stock options vested at end of period	-	n/a	615,000		n/a

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

On January 18, 2018, 635,833 stock options were granted to certain officers and employees of Westaim (the "2018 Options"). Subject to the terms of the Option Plan, the 2018 Options have a term of seven years, vested in three equal installments on December 31, 2018, December 31, 2019 and December 31, 2020, and have an exercise price of C$18.60. The fair value of the 2018 Options was C$4.311 per option estimated using the Black-Scholes option pricing model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 1.92%, an average life of 4.0 years, a volatility of 25.35%, and a grant date share price of C$18.60 converted to US$ at an exchange rate of $1.2429. In January 2023, 4,167 of the 2018 Options were forfeited by a prior employee. In December 2024, 16,666 of the 2018 Options were forfeited. As a result, at March 31, 2025, there were 615,000 of the 2018 Options outstanding after they were automatically extended until an available open trading period, per the terms of the Legacy Option Plan, due to the Company's blackout trading period.

At March 31, 2025, a liability of $5,548 had been accrued by Westaim with respect to the potential cash surrender of the outstanding stock options in the interim Condensed Consolidated Statements of Financial Position. Compensation expenses relating to stock options, including the impact of the change in the market value of the Common Shares, was an expense of $226 in the three months ended March 31, 2025, which was reported under 'Share-based compensation expense' in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. The Company also recorded an unrealized foreign exchange gain with respect to the stock option liability of $2 in the three months ended March 31, 2025, respectively.

On December 24, 2025, the Company announced its plan to issue 1,578,258 stock options to certain officers and employees of Westaim (the "Options") under the Company's long-term equity incentive plan (as amended and restated, the "LTIP"). A portion of these awards are expected to have vesting provisions that will be based on certain performance triggers that have not yet been fully defined and agreed as of March 31, 2026. For accounting and disclosure purposes, the stock options are not considered granted, and no fair value has been ascribed to these stock option awards as of the reporting date as the grant date (as defined in IFRS 2) had not been established. As a result, there were no options outstanding as of March 31, 2026.

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

12 Share-based Compensation (continued)

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

Restricted Share Units - RSUs vest on specific dates and become payable when vested. RSUs awarded may include different terms that may or may not include a cash settlement feature which may be exercised at the option of the holder. RSUs settle in Common Stock or cash for those RSUs that include a cash settlement feature. Additionally, RSUs include performance-based restricted stock units ("PSUs") that represent the right to receive shares of the Company's common stock at a specified date in the future based on pre-determined performance and service conditions.

Changes to the number of RSUs are as follows:

	Three months ended March 31	
	2026	2025
Opening balance	749,990	-
Granted	-	-
Exercised for Common Shares	-	-
Surrendered for cash settlement	-	-
Ending balance	749,990	-

Pursuant to a consulting agreement dated October 9, 2024 between the Company and Wembley Management, LLC ("Wembley Management"), an affiliate of the Investor and CC Capital, on the Closing Date, received a grant of 673,727 performance-based restricted stock units of the Company. These RSUs will vest if the Common Stock Price Target Condition, equal to C$48.00 per share, is achieved prior to the fifth anniversary of the Closing Date and, once vested, will be settled on a one-for-one basis for an aggregate of 673,727 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as of the Closing Date. At March 31, 2026 and 2025, none of these RSUs have vested and none have been exercised.

On December 24, 2025, the Company communicated its intent to grant 124,812 RSUs to an officer of Ceres Life (the "RSUs") under the Incentive Plan. On December 24, 2025, the Company granted an aggregate of 76,263 RSUs, which vest in tranches over a multi-year period based on time-based service vesting. At March 31, 2026, none of these RSUs have vested and none have been exercised. Compensation expense related to these awards was included as part of 'Share-based compensation expense' in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. The remaining 35,588 RSUs are expected to have vesting provisions that will be based on certain performance triggers that have not yet been fully defined and agreed as of March 31, 2026. For accounting and disclosure purposes no compensation expense was recorded in the period as the grant date (as defined in IFRS 2) had not been established as of the reporting date.

There were 749,990 RSUs outstanding at March 31, 2026 (December 31, 2025 – 749,990). In the three months ended March 31, 2026 and 2025, nil and nil RSUs were granted, respectively. There were no RSUs settled in the three months ended March 31, 2026 and 2025.

Compensation and consulting expenses relating to RSUs, was an expense of $560 and $nil in the three months ended March 31, 2026 and 2025, respectively, which was reported under 'Share-based compensation expense' in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. At March 31, 2026, a liability of $nil (December 31, 2025 - $nil) had been accrued by Westaim with respect to outstanding RSUs as the currently outstanding RSUs are reflected in Contributed Surplus in the interim Condensed Consolidated Statements of Financial Position.

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

Changes to the number of DSUs are as follows:

	Three months ended March 31	
	2026	2025
Opening balance	255,338	209,547
Granted	19,472	11,238
Ending balance	274,810	220,785

12 Share-based Compensation (continued)

The Company issued 19,472 DSUs in the three months ended March 31, 2026, in lieu of director fees of $236. The Company issued 11,238 DSUs in the three months ended March 31, 2025 in lieu of director fees of $246.

Compensation expenses relating to DSUs, including the impact of the change in the market value of the Common Shares was an expense of $21 and $318 in the three months ended March 31, 2026 and 2025, respectively, which was reported under 'Share-based compensation expense' in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income The Company also recorded an unrealized foreign exchange gain with respect to the DSUs of $73 and an unrealized foreign exchange loss with respect to DSUs of $2 in the three months ended March 31, 2026 and 2025, respectively, under foreign exchange gain (loss) in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. At March 31, 2026, a liability of $4,693 (December 31, 2025 - $4,745) had been accrued with respect to outstanding DSUs in the Interim Condensed Consolidated Statements of Financial Position.

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

On December 28, 2023, 723,088 SARs were issued to certain employees of Westaim (the "2023 SARs"). At March 31, 2026, the 2023 SARs had a fair value of $1,549 (December 31, 2025 - $2,336) which were estimated using the Black-Scholes model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 2.5% (December 31, 2025 – 2.4%), volatility of 29.9% (December 31, 2025 – 28.4%), expected expiry on December 15, 2026, a closing price of C$23.80 per Common Share (December 31, 2025 – C$25.50 per Common Share) and a grant date strike price of C$22.98 converted to US$ at an exchange rate of 1.39355 (December 31, 2025 – 1.37205).

On December 31, 2024, 575,866 SARs were issued to certain employees of Westaim (the "2024 SARs"). At March 31, 2026, the 2024 SARs had a fair value of $412 (December 31, 2025 - $545) which were estimated using the Black-Scholes model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 2.8% (December 31, 2025 – 2.4%), volatility of 26.0% (December 31,2025 – 22.9%), with expected expiry dates of either December 31, 2026 or December 15, 2027, a closing price of C$23.80 per Common Share (December 31, 2025 – C$25.50 per Common Share) and a grant date strike price of C$31.38 converted to US$ at an exchange rate of 1.39355 (December 31, 2024 - 1.37205).

Compensation expenses relating to SARs, including the impact of the change in the market value of the Common Shares was a recovery of $875 and a loss of $199 in the three months ended March 31, 2026 and 2025, respectively, which were reported under share-based compensation (recovery) expense in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. The Company also recorded an unrealized foreign exchange gain with respect to the SARs of $44 in the three months ended March 31, 2026, and an unrealized foreign exchange loss with respect to the SARs of $3 in the three months ended March 31, 2025, under foreign exchange gain (loss) in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. At March 31, 2026, a liability of $1,961 (December 31, 2025 - $2,881) had been accrued with respect to outstanding SARs in the interim Condensed Consolidated Statements of Financial Position.

Warrants - On the Closing Date of the Private Placement, the Investor acquired warrants to purchase 5,214,705 additional Common Shares (the "Warrants"), comprised of (i) Warrants to purchase 1,303,676 Common Shares having an exercise price of C$24.12 per Common Share, which Warrants will vest in the event the volume-weighted average trading price of the Common Shares on the TSXV or other stock exchange on which the Common Shares are listed for trading equals or exceeds C$48.00 (subject to certain adjustments) for any 30 consecutive trading day period prior to the five-year anniversary of the Closing Date (the "Common Stock Price Target Condition"); and (ii) Warrants to purchase 3,911,029 Common Shares having an exercise price of C$28.50 per Common Share. The Warrants are exercisable for a period of five years following the Closing Date and the number of Common Shares issuable pursuant to the Warrants and the exercise prices thereof are subject to certain adjustments.

13 Loan Receivable

Prior to the closing of the Strategic Transaction on April 3, 2025, the Company recognized an investment in the Arena FINCOs, including Arena Origination Co., LLC ("AOC"), FVTPL. On October 1, 2024, AOC and Westaim entered into a loan facility agreement (the "AOC Loan") of $25,000, which had $13,000 drawn and outstanding at March 31, 2025. The AOC Loan bears an interest rate of 7.25% per annum and interest is due at the end of each calendar quarter. See note 14, Related Party Transactions.

Interest on the AOC Loan earned by the Company totaled $232 for the period from January 1, 2025 through April 2, 2025. As a result of the Strategic Transaction, the Company moved from reporting under an investment company framework to an operating company. As such, principal and interest on the AOC loan are eliminated in the consolidated reporting of the Company and do not appear in the interim Condensed Consolidated Statements from the Closing Date through March 31, 2026.

14 Related Party Transactions

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

Professional fees related to the Company's management included $165 and $165 for the services provided by the Company's Chief Strategy Officer, who is also an employee of CC Capital, for the three months ended March 31, 2026 and 2025, respectively.

Pursuant to a consulting agreement dated October 9, 2024 between the Company and Wembley Management, an affiliate of the Investor and CC Capital, on the Closing Date, received a grant of 673,727 performance-based restricted stock units of the Company. These RSUs will vest if the Common Stock Price Target Condition, equal to C$48.00 per share, is achieved prior to the fifth anniversary of the Closing Date and, once vested, will be settled on a one-for-one basis for an aggregate of 673,727 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as of the Closing Date. At March 31, 2026 and 2025, none of these RSUs have vested and none have been exercised. A consulting expense of $307 and $nil was recognized in 'Share-based compensation expense' in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income for the three months ended March 31, 2026 and 2025, respectively.

On the Closing Date, the Investor acquired, the following securities of the Company for the Aggregate Gross Proceeds pursuant to the Investment Agreement: (a) 11,979,825 Common Shares at an implied purchase price of C$28.50 per share in cash; and (b) 5,214,705 Warrants, comprised of (i) Warrants to purchase 1,303,676 Common Shares having an exercise price of C$24.12 per Common Share, which Warrants will vest upon the satisfaction of the Common Stock Price Target Condition; and (ii) Warrants to purchase 3,911,029 Common Shares having an exercise price of C$28.50 per Common Share. The Warrants are exercisable for a period of five years following the Closing Date and the number of Common Shares issuable pursuant to the Warrants and the exercise prices thereof are subject to certain adjustments.

Prior to entering into the Investment Agreement, CC Capital and its affiliates did not beneficially own or control, directly or indirectly, any of the issued and outstanding Common Shares. As of the Closing Date and at March 31, 2026, the Investor owned approximately 36% of the issued and outstanding Common Shares. If the Warrants were exercised in full and no other outstanding securities of Westaim were converted into Common Shares, as of the Closing Date and at March 31, 2026 the Investor would have owned approximately 45% of the issued and outstanding Common Shares.

On April 30, 2025, Salem Group issued a capital call notice to the Company for $350,000 as a partial call against the aggregate commitment amount of $620,000 made as part of the Strategic Transaction to support the capital requirements of Salem Group and Ceres. This capital call was satisfied by a cash wire transfer on May 9, 2025. On September 12, 2025, Salem Group issued a capital call notice to the Company for $100 as a partial call against the aggregate commitment of $620,000 made as part of the Strategic Transaction to support the capital requirements of Salem Group and Ceres. This capital call was satisfied by a cash transfer on September 18, 2025. On October 1, 2025, Salem Group issued an additional capital call notice to the Company for $2,414. This capital call was satisfied by a securities transfer on October 1, 2025, which was further contributed by Salem Group through intermediary holding companies and ultimately into Ceres. As Ceres is consolidated into these financial statements, this capital call did not result in any change to the interim Condensed Consolidated Financial Statements of the Company, but did serve to further satisfy the Company's aggregate commitment to Salem Group. Combined with the previous funding of $36,500 on February 4, 2025 and the $14,607 contributed on April 3, 2025 as part of the closing of the Strategic Transaction, $403,622 has now been funded against the original commitment, with a remaining commitment of $216,378. As Salem Group and Ceres are consolidated into the Company's financial statements, these capital contributions are eliminated in consolidation, and the $216,378 remaining commitment is a commitment to invest capital from Westaim to subsidiaries included in these interim Condensed Consolidated Financial Statements.

The Company entered into a subscription agreement with the Daintree Partnership and the Daintree General Partner. The Daintree General Partner is controlled by CC Capital, a control person and insider of Westaim and thus the Daintree General Partner is a "related party", or non-arm's length party, to the Company. See Note 9, Commitments and Contingent Liabilities, and Note 22, Subsequent Events, for further disclosure.

The Company established ALSPV, along with other wholly-owned subsidiaries of Arena, as special purpose vehicles to act as agent and facilitate cash movements on behalf of the Arena clients for recourse and non-recourse financing transactions.

In connection with ALSPV's services provided to affiliates, ALSPV holds prepaid interest balances related to investments held by affiliates and separately managed accounts. As of March 31, 2026, ALSPV held restricted cash for prepaid interest and payments due to Arena clients for principal paydowns and interest of $14,218, of which the majority was comprised of $7,357 related to deposits received in advance included in Accounts payable and accrued liabilities, and $6,946 was included in payable to related parties on the interim Condensed Consolidated Statements of Financial Position.

14 Related Party Transactions (continued)

Arena operates a deferred bonus plan whereby a portion of certain bonuses awarded in respect of the year are deferred. Deferred bonuses are subject to co-investment in ASOF LP with one third of the deferred award payable on the first, second and third anniversary, respectively. Bonuses are accrued over the related service period and included in accrued compensation and benefits on the interim Condensed Consolidated Statements of Financial Position. After the closing of the Strategic Transaction, the majority of the Asset Management segment's interest in ASOF LP is for the benefit of certain employees as part of the Asset Management segment's compensation and alignment plan. The Company treated the purchase and any related gains as part of compensation expense based on the vesting schedule for each year's deferred plan. In accordance with the vesting and payout schedule to the employees, the Company subscribed an additional $1,513 in the second quarter of 2025 to settle future compensation liabilities.

During the three months ended March 31, 2026 and 2025, Ceres recognized investment expenses of $550 and $nil to CC Capital for asset-management services, respectively, within Other expenses on the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. As of March 31, 2026, the Company recognized a liability of $1,300 (December 31, 2025 - $750) to CC Capital for asset management services and allowable expenses charged back at cost without additional margin in Payable to related parties on the interim Condensed Consolidated Statements of Financial Position.

Related party transactions in comparative periods with now consolidated subsidiaries

The financial statements include certain consolidated subsidiaries that prior to the transaction closing date on April 3, 2025 were considered related parties. Due to the change in accounting basis from an investment entity to an operating entity that became effective on April 3, 2025, activity between the Company and these entities prior to April 3, 2025 is not eliminated from the consolidated results of the Company in comparative period reporting. This section describes the activities of now consolidated subsidiaries that survived the consolidated results of the Company in comparative periods prior to April 3, 2025.

The Company earned and received interest on the Arena Revolving Loan 1 of $439 in the three months ended March 31, 2025 related to the period prior to the closing of the Strategic Transaction from January 1, 2025 to March 31, 2025.

The Company extended a second revolving loan to Arena (the "Arena Revolving Loan 2") on March 13, 2025 with a commitment of $21,000 to continue funding growth initiatives and working capital needs of Arena. On March 10, 2026, the Company amended the loan facility commitment to $36,000. The loan facility matures on March 31, 2028 and bears an interest rate of 3 Month Term Secured Overnight Financing Rate ("SOFR"), as administered by the New York Federal Reserve Bank, plus 350 basis points per annum. Arena had $35,600 drawn and outstanding at March 31, 2026 (December 31, 2025 - $18,600), which is eliminated in consolidation for periods ending after April 3, 2025. The loan facility is secured by all the assets of Arena pari passu to Arena Revolving Loan 1. The Company earned and received interest on the Arena Revolving Loan 2 of $76 in the three months ended March 31, 2025, related to the period prior to the closing of the Strategic Transaction from the funding date of March 13, 2025 to April 2, 2025.

Prior to the Strategic Transaction, interest on the Arena Revolving Loans plus interest received from the Company's bank balance was included in interest income in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income. Following the Strategic Transaction, interest on the Arena Revolving Loans is eliminated in the interim Condensed Consolidated Financial Statements.

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

15 Income Taxes

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income taxes expense included in the interim Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income:

For the comparative period prior to the Strategic Transaction:

	Three months ended March 31 2025
(Loss) profit before income taxes	$ (9,373)
Statutory income tax rates	25.0%
Income taxes (recovery) expense at statutory income tax rates	(2,343)
Variations due to:	
Net non-taxable and non-deductible items	410
Change in unrecognized tax losses and temporary differences	(12)
Income taxes (recovery) expense	$ (1,945)

For the current fiscal period:

	Three months ended March 31 2026
(Loss) profit before income taxes	$ (33,977)
Statutory income tax rates	21.96%
Income taxes (recovery) expense at statutory income tax rates	(7,461)
Variations due to:	
Change in valuation allowance	4,425
Effect of state tax and appointment on Asset Management segment	2,377
Income attributable to certain Accrued compensation liabilities	(177)
Foreign taxes and NYC UBT	81
Meals and Entertainment and other permanent differences	(2)
Other	127
Income taxes (recovery) expense	$ (630)

At March 31, 2026, current income taxes receivable of $1,704 (December 31, 2025 - $1,704), current income taxes payable of $nil (December 31, 2025 - $nil), a deferred tax asset of $32,527 (December 31, 2025 – $30,349), and deferred tax liability of $27,157 (December 31, 2025 – $25,518) were reported in the interim Condensed Consolidated Statements of Financial Position.

The movement in net deferred tax assets for the years ended December 31, are as follows:

	Losses available for carry forward	Pension and other employee benefits	Unrealized gain (loss)	Insurance licenses	Other	Total
Balance at January 1, 2025	2,073	4,087	-	-	-	6,160
Acquisitions (disposals) through business combinations	619	-	102	(4,347)	(4,387)	(8,013)
Charged to Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income	9,508	(290)	(5,598)	-	3,064	6,684
Balance at December 31, 2025	$ 12,200	$ 3,797	$ (5,496)	$ (4,347)	$ (1,323)	$ 4,831
Charged to Condensed Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income	625	103	31	-	(129)	630
Other reconciling items	-	-	-	-	(91)	(91)
Balance at March 31, 2026	$ 12,825	$ 3,900	$ (5,465)	$ (4,347)	$ (1,543)	$ 5,370

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

16 (Loss) earnings per Share

Basic earnings per share is calculated by net (loss) profit attributable to controlling interest by the weighted average number of Common Shares outstanding during the period. Diluted earnings per share is calculated in the same manner, with further adjustments made to reflect the dilutive impact of instruments convertible into the Common Shares.

In periods when the Company is in a net loss position, potentially dilutive securities are excluded from the computation of diluted earnings per share because their inclusion would have an anti-dilutive effect. Thus, basic earnings per share is the same as diluted earnings per share when the company is in a net loss position.

Westaim had no stock options, no vested RSUs, and 3,911,029 Warrants outstanding at March 31, 2026. At March 31, 2025, Westaim had 615,000 stock options and no RSUs outstanding. The Warrants for the three months ended March 31, 2026, were excluded in the calculation of diluted (loss) earnings per share as they were not dilutive. The stock options for the three months ended March 31, 2025, were excluded in the calculation of diluted (loss) earnings per share as they were not dilutive.

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

	Three months ended March 31	
	2026	2025
Basic (loss) earnings per share:		
Net (loss) profit	$ (33,349)	$ (7,428)
Weighted average number of Common Shares outstanding	33,291,836	21,706,501
Basic (loss) earnings per share	$ (1.00)	$ (0.34)
Diluted (loss) earnings per share:		
Net (loss) profit	$ (33,349)	$(7,428)
Dilutive RSU expense and related foreign exchange	-	-
Net (loss) profit on a diluted basis	$ (33,349)	$(7,428)
Weighted average number of Common Shares outstanding	33,291,836	21,706,501
Weighted average number of Common Shares outstanding on a dilutive basis	33,291,836	21,706,501
Diluted (loss) earnings per share	$ (1.00)	$ (0.34)

Common Shares outstanding at March 31, 2026 were 33,261,235 (December 31, 2025 – 33,331,704).

17 Segment Reporting

The Company operates through two reportable segments: Asset Management and Insurance.

The Company defines operating segments by type of product and business line. Segment information is utilized by the Company's chief operating decision makers ("CODM") to assess performance and to allocate resources. The Company's senior management team comprised of Westaim officers is considered the CODM. Westaim's senior management team analyzes the results of each reportable segment, which are based on their performance as defined by the Company's management structure. Each reportable segment is responsible for managing its operating results, developing products, defining strategies for services and distribution based on the profile and needs of its business and market.

The Asset Management segment consists of management and other fees including incentive fees and performance allocations related to the performance of investments managed, and interest and dividend income and capital gains from investments.

The Insurance business is operated primarily through Ceres. Ceres consists of insurance service results on MYGA and FIA policies, as well as investment income generated from the Ceres investment portfolio.

Investments managed outside of the Asset Management and Insurance segments, share-based compensation, and other corporate overhead expenses that are not directly attributable to either the Asset Management or Insurance segments have been reflected within the "Corporate" column in the tables below. The "Eliminations" column eliminates relationships between the segments or between a segment and "Corporate".

17 Segment Reporting (continued)

The establishment of these segments occurred with the closing of the Strategic Transaction. The segment reporting results shown in this section for the three months ended March 31, 2026 include results from the Closing Date for the Asset Management and Insurance segments. There are no comparative results to be disclosed for the three months ended March 31, 2025.

Income tax recovery (expense) for segment reporting includes taxes that are the direct responsibility of legal entities dedicated to the operating segment. To the extent the segment operates within pass-through entities where taxes on related earnings and profits are borne by the Corporate parent, such taxes will generally be included in the Corporate column and are not allocated back to the segments. Chief Operating Decision Makers generally use Adjusted earnings before interest, income taxes, depreciation and amortization (“ Adjusted EBITDA”) and (Loss) profit before income taxes to assess performance and allocate resources. The definition and use of Adjusted EBITDA are provided in the Company’s management discussion for the three months ended March 31, 2026 (“MD&A”). Additionally, a reconciliation to (Loss) profit before income taxes, the most directly comparable IFRS measure, can be found in the MD&A.

The Company operates globally across various jurisdictions. Revenues from external customers are attributed to individual countries based on the location of the customer, and non-current assets are attributed based on their physical location. Substantially all revenues from external customers and non-current assets are attributed to the United States. For the three months ended March 31, 2026, the underlying information required by IFRS 8 regarding the specific geographical breakdown of revenues and non-current assets by individual country is not available, and the cost to develop the systems necessary to extract and verify this data would be excessive.

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

17 Segment Reporting (continued)

March 31, 2026 (thousands of United States dollars)	**Asset Management**	**Insurance**	**Corporate**	**Eliminations**	**Consolidated**
ASSETS					
Cash and cash equivalents	$ 9,560	$ 131,515	$ 99,514	$ -	$ 240,589
Restricted cash	17,124	-	-	-	17,124
Due from brokers	-	277	4,422	-	4,699
Income taxes receivable	-	-	1,704	-	1,704
Receivables from related parties	4,546	-	1,480	(1,674)	4,352
Fee receivable	2,385	-	-	(202)	2,183
Investments at fair value	35,690	294,302	125,719	-	455,711
Investment in associates	-	-	353,483	(353,483)	-
Other assets	4,571	5,634	4,315	-	14,520
Loan receivable	-	-	36,500	(36,500)	-
Property, plant and equipment, net of accumulated depreciation	226	984	-	-	1,210
Right-of-use assets, net of accumulated depreciation	1,522	5,608	-	-	7,130
Deferred tax asset	3,047	5,013	24,467	-	32,527
Intangible assets, net of accumulated amortization	25,692	34,390	-	-	60,082
Goodwill	8,752	5,198	-	-	13,950
	$ 113,115	$ 482,921	$ 651,604	$ (391,859)	$ 855,781
LIABILITIES					
Due to brokers	$ -	$ 361	$ 5,916	$ -	$ 6,277
Accounts payable and accrued liabilities	49,815	5,746	3,285	(35,809)	23,037
Accrued compensation liabilities	20,700	1,230	7,189	(174)	28,945
Payable to related parties	7,428	1,300	974	(775)	8,927
Management fee payable	882	-	-	(743)	139
Derivative liabilities	35	-	225	-	260
Lease liabilities	1,794	5,943	-	-	7,737
Profit share liability	8,628	-	-	-	8,628
Insurance contract liabilities	-	123,943	-	-	123,943
Other liabilities	-	2,069	-	-	2,069
Deferred tax liability	6,797	5,883	14,477	-	27,157
	$ 96,079	$ 146,475	$ 32,066	$ (37,501)	$ 237,119
SHAREHOLDERS' EQUITY					
Share capital	$ -	$ 403,622	$ 533,263	$ (403,622)	$ 533,263
Treasury shares	-	-	(5,842)	-	(5,842)
Contributed surplus	(6,377)	-	27,765	6,377	27,765
Accumulated other comprehensive (loss) income	(64)	437	(1,915)	(437)	(1,979)
Retained earnings	23,477	(67,613)	66,267	43,324	65,455
Equity attributable to controlling interest	17,036	336,446	619,538	(354,358)	618,662
Non-controlling interest	-	-	-	-	-
Total shareholders' equity	$ 17,036	$ 336,446	$ 619,538	$ (354,358)	$ 618,662
Total liabilities and shareholders' equity	$ 113,115	$ 482,921	$ 651,604	$ (391,859)	$ 855,781

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

17 Segment Reporting (continued)

December 31, 2025 (thousands of United States dollars)	**Asset Management**	**Insurance**	**Corporate**	**Eliminations**	**Consolidated**
ASSETS					
Cash and cash equivalents	$ 6,176	$ 169,909	$ 107,063	$ -	$ 283,148
Restricted cash	14,008	-	-	-	14,008
Due from brokers	-	213	7,398	-	7,611
Income taxes receivable	-	-	1,704	-	1,704
Receivables from related parties	717	-	138	(100)	755
Fee receivable	331	-	-	(100)	231
Investments at fair value	43,068	202,341	140,075	-	385,484
Investment in associates	-	-	386,279	(386,279)	-
Other assets	8,111	4,045	4,232	(134)	16,254
Loan receivable	-	-	18,600	(18,600)	-
Property, plant and equipment, net of accumulated depreciation	269	701	-	-	970
Right-of-use assets, net of accumulated depreciation	1,798	4,903	-	-	6,701
Deferred tax asset	3,067	4,995	22,287	-	30,349
Intangible assets, net of accumulated amortization	26,594	32,625	-	-	59,219
Goodwill	8,752	5,198	-	-	13,950
	$ 112,891	$ 424,930	$ 687,776	$ (405,213)	$ 820,384
LIABILITIES					
Due to brokers	$ -	$ 2,520	$ 8,625	$ -	$ 11,145
Accounts payable and accrued liabilities	31,697	6,934	2,540	(18,601)	22,570
Accrued compensation liabilities	25,526	2,930	9,686	(134)	38,008
Payable to related parties	4,782	-	157	(199)	4,740
Derivative liabilities	-	-	974	-	974
Lease liabilities	2,122	5,131	-	-	7,253
Profit share liability	8,596	-	-	-	8,596
Insurance contract liabilities	-	43,571	-	-	43,571
Other liabilities	-	107	43	-	150
Deferred tax liability	7,054	5,864	12,600	-	25,518
	$ 79,777	$ 67,057	$ 34,625	$ (18,934)	$ 162,525
SHAREHOLDERS' EQUITY					
Share capital	$ -	$ 403,622	$ 558,254	$ (403,622)	$ 558,254
Treasury shares	-	-	(4,665)	-	(4,665)
Contributed surplus	(6,377)	-	2,214	6,377	2,214
Accumulated other comprehensive (loss) income	1	895	(1,456)	(896)	(1,456)
Retained earnings	34,782	(46,644)	98,804	11,862	98,804
Equity attributable to controlling interest	28,406	357,873	653,151	(386,279)	653,151
Non-controlling interest	4,708	-	-	-	4,708
Total shareholders' equity	$ 33,114	$ 357,873	$ 653,151	$ (386,279)	$ 657,859
Total liabilities and shareholders' equity	$ 112,891	$ 424,930	$ 687,776	$ (405,213)	$ 820,384

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

17 Segment Reporting (continued)

Three months ended March 31, 2026 (thousands of United States dollars)	**Asset Management**	**Insurance**	**Corporate**	**Eliminations**	**Consolidated**
Revenue					
Interest income	$ 51	$ 5,145	$ 1,928	$ (400)	$ 6,724
Asset servicing fees	2,366	-	(131)	-	2,235
Management fees	6,042	-	-	(888)	5,154
Incentive and performance fees	(2,046)	-	-	-	(2,046)
Advisory fee income	1,152	-	-	-	1,152
Other income	-	-	341	-	341
	7,565	5,145	2,138	(1,288)	13,560
Net results of investments	(45)	(14)	724	-	665
Net insurance revenue (loss)	-	(11,133)	-	-	(11,133)
Net expenses					
Salaries and benefits	13,126	5,757	1,248	-	20,131
General and administrative	2,293	3,487	503	-	6,283
Professional fees	2,131	3,990	1,085	-	7,206
Share-based compensation expense (recovery)	41	-	(335)	-	(294)
Foreign exchange loss (gain)	(46)	-	(162)	-	(208)
Amortization of intangible assets	902	701	-	-	1,603
Depreciation expense on property, plant, and equipment	42	20	-	-	62
Depreciation expense on right-of-use assets	276	147	-	-	423
Interest expense	400	-	639	(400)	639
Other expenses	(10)	862	1,262	(888)	1,226
	19,155	14,964	4,240	(1,288)	37,071
(Loss) profit before income taxes	(11,634)	(20,966)	(1,376)	-	(33,979)

The establishment of these segments occurred with the closing of the Strategic Transaction. The segment reporting results shown in this section for the three months ended March 31, 2026 include results from the Closing Date for the Asset Management and Insurance segments. There are no comparative results to be disclosed for the three months ended March 31, 2025.

18 Capital Management

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

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

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

The Company uses regulatory capital ratios to monitor the capital base of the insurance business. Management's intent is to maintain prioritization of the commitments made to its policyholders and to prudently manage risk and maintain capital levels appropriate for its business and investment profile. The Company's regulatory capital is financed by shareholders' equity and measured on a U.S. statutory accounting basis. Ceres Life is a life and annuities insurance company domiciled in Texas and currently holds insurance licenses in 45 states and the District of Columbia.

19 Financial Risk Management

In the normal course of business, the Company is exposed to a variety of financial risks. The Company seeks to minimize the potential adverse effects of these risks to the Company's performance through management's professional experience in portfolio management and by monitoring the Company's investment positions and market events and periodically using derivatives to hedge certain risk exposures. To assist in managing risks, the Company maintains a governance structure that oversees the investment activities and monitors compliance with the Company's stated investment strategies, internal guidelines, and securities regulations.

Credit and counterparty risk

Credit and counterparty risk is the potential for loss due to the failure of a borrower or counterparty to repay a loan or honor another predetermined financial obligation. Credit risk arises predominantly with respect to loans and other credit instruments. The objective of credit risk management is to ensure that all material credit risks to which the Company is exposed are identified, measured, managed, monitored and reported. The Company manages its credit risk exposure by obtaining appropriate compensation for the relative risk of each of its credit exposures and by obtaining collateral through security on assets of the obligors.

All credit risk exposures are subject to regular monitoring. The frequency of review increases in accordance with the likelihood and size of potential credit losses. In addition, regular portfolio and sector reviews are carried out, including scenario analysis based on current, emerging or prospective risks.

The Company's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the interim Condensed Consolidated Statements of Financial Position as of March 31, 2026.

The Insurance segment measures credit risk and ECLs on FVOCI and amortized cost investments using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. At March 31, 2026, accrued interest receivable and cash are considered fully recoverable. As a result, no loss allowance has been recognized based on the 12-month ECLs.

Liquidity risk

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

The Company has made investments in Level 3 investments classified as FVTPL and investments in associates which do not typically have an active market. Private investment transactions can be highly structured, and the Company takes measures, where possible, to create defined liquidity events and as part of its strategy. However, such liquidity events are rarely expected in the first two or three years of making an investment and may not be realized as expected. The Company also has the ability to raise additional liquidity through the issuance of common shares, issuance of debt, and through the sale of its portfolio investments. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational and financing costs. Liquid assets, including high-quality assets that are marketable, can also be pledged as security for borrowings, and can be converted to cash in a time frame that meets liquidity and funding requirements.

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

19 Financial Risk Management (continued)

March 31, 2026	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Asset Management				
Cash and cash equivalents	$ 9,560	$ -	$ -	$ 9,560
Restricted cash	17,124	-	-	17,124
Receivables from related parties	4,546	-	-	4,546
Fee receivable	2,385	-	-	2,385
Investments at fair value	-	31,121	4,569	35,690
Other assets	4,022	549	-	4,571
Insurance				
Cash and cash equivalents	131,515	-	-	131,515
Investments at fair value	9,976	113,187	171,139	294,302
Due from broker	277	-	-	277
Other assets	5,634	-	-	5,634
Corporate				
Cash and cash equivalents	99,514	-	-	99,514
Due from brokers	4,422	-	-	4,422
Income taxes receivable	1,704	-	-	1,704
Receivables from related parties	620	860	-	1,480
Investments at fair value	37,152	8,492	80,075	125,719
Other assets	1,582	200	2,533	4,315
Total financial assets	$ 330,033	$ 154,409	$ 258,316	$ 742,758
Financial obligations:				
Asset Management				
Accounts payable and accrued liabilities	$ 13,505	$ 36,310	$ -	$ 49,815
Accrued compensation liabilities	13,188	7,338	174	20,700
Profit share liability	-	-	8,628	8,628
Payable to related parties	7,428	-	-	7,428
Management fees payable	882	-	-	882
Derivative liability	35	-	-	35
Lease liabilities	1,105	689	-	1,794
Deferred tax liability	-	-	6,797	6,797
Insurance				
Due to brokers	361	-	-	361
Accounts payable and Accrued liabilities	5,746	-	-	5,746
Accrued compensation liabilities	-	-	1,230	1,230
Payable to related parties	1,300	-	-	1,300
Lease liabilities	617	3,772	1,554	5,943
Insurance contract liabilities	-	-	123,943	123,943
Other liabilities	2,069	-	-	2,069
Deferred tax liability	-	-	5,883	5,883
Corporate				
Due to brokers	5,916	-	-	5,916
Accounts payable and accrued liabilities	1,308	-	1,977	3,285
Accrued compensation liabilities	534	6,655	-	7,189
Payable to related parties	36	938	-	974
Derivative liabilities	-	-	225	225
Other liabilities	-	-	-	-
Deferred tax liability	-	-	14,477	14,477
Total financial obligations	$ 54,030	$ 55,702	$ 164,888	$ 274,620

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

19 Financial Risk Management (continued)

December 31, 2025	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Asset Management				
Cash and cash equivalents	$ 6,176	$ -	$ -	$ 6,176
Restricted cash	14,008	-	-	14,008
Receivables from related parties	717	-	-	717
Fee receivable	331	-	-	331
Investments at fair value	-	38,412	4,656	43,068
Other assets	7,873	238	-	8,111
Insurance				
Cash and cash equivalents	169,909	-	-	169,909
Investments at fair value	21,277	53,640	127,424	202,341
Due from broker	213	-	-	213
Other assets	4,045	-	-	4,045
Corporate				
Cash and cash equivalents	107,063	-	-	107,063
Due from brokers	7,398	-	-	7,398
Income taxes receivable	1,704	-	-	1,704
Receivables from related parties	-	138	-	138
Investments at fair value	39,041	9,378	91,656	140,075
Other assets	1,718	192	2,322	4,232
Total financial assets	$ 381,473	$ 101,998	$ 226,058	$ 709,529
Financial obligations:				
Asset Management				
Accounts payable and accrued liabilities	$ 12,305	$ 19,392	$ -	$ 31,697
Accrued compensation liabilities	15,524	10,002	-	25,526
Profit share liability	-	-	8,596	8,596
Payable to related parties	4,782	-	-	4,782
Lease liabilities	1,126	996	-	2,122
Deferred tax liability	-	-	7,054	7,054
Insurance				
Due to brokers	2,520	-	-	2,520
Accounts payable and Accrued liabilities	6,934	-	-	6,934
Accrued compensation liabilities	2,930	-	-	2,930
Lease liabilities	449	3,423	1,259	5,131
Insurance contract liabilities	-	-	43,571	43,571
Other liabilities	107	-	-	107
Deferred tax liability	-	-	5,864	5,864
Corporate				
Due to brokers	8,625	-	-	8,625
Accounts payable and accrued liabilities	907	-	1,633	2,540
Accrued compensation liabilities	2,060	7,626	-	9,686
Payable to related parties	-	157	-	157
Derivative liabilities	-	-	974	974
Other liabilities	-	-	43	43
Deferred tax liability	-	-	12,600	12,600
Total financial obligations	$ 58,269	$ 41,596	$ 81,594	$ 181,459

19 Financial Risk Management (continued)

Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the Company’s functional currency, the United States dollar, will fluctuate due to changes in currency exchange rates and adversely impact the Company’s reported income, cash flows or fair values of its investment holdings. The Company may reduce its currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts.

The Company’s C$ denominated monetary liabilities exceed C$ denominated monetary assets mainly related to share-based compensation liabilities tied to the C$ denominated common stock of the Company. From time to time, the Company may enter into C$ to US$ exchange forward contracts to manage its C$ currency exposures which have been effective at reducing a significant portion of the risk associated with changes in the C$ currency exchange on the Company’s prior C$ denominated liabilities. At March 31, 2026, it is estimated a 10% strengthening of the C$ against the US$ would have created an additional foreign exchange loss by approximately $635 (December 31, 2025 - $740). A similar weakening of the C$ would result in an opposite effect.

Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments in the market or a market segment. Exposure to other price risk is through the Company’s portfolio of investments.

Equity risk

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

Geopolitical risk

Global geopolitical conditions—including armed conflicts, trade and investment restrictions, sanctions and countersanctions, cybersecurity incidents, political instability, and disruptions to energy, commodity, and credit markets—may adversely affect the Company's business, operations, and financial performance. Such conditions can reduce the availability and attractiveness of private credit deployment opportunities, impair the ability of portfolio companies to service their debt obligations, widen credit spreads, compress transaction volumes, and negatively impact the timing and magnitude of performance allocations.

Geopolitical instability may also affect management's ability to raise new capital thereby reducing the Company’s ability to issue new credit facilities. The extent of any impact on the Company's financial statements depends on future developments that are inherently uncertain and may be outside management's control, including the duration and severity of conflicts, the scope and enforcement of sanctions and export controls, and resulting changes in credit market conditions and the broader macroeconomic environment. As of the reporting date, management has considered information available in the preparation of these financial statements, including in the fair value measurement of its funds’ investment portfolios; however, actual results could differ materially from current estimates.

Risks specific to the Insurance segment

(a) Market Risk

Market risk is the risk of adverse impact on our financial strength or profitability due to changes in one or more of the following risk drivers: interest rates, credit spreads, equity prices, real estate values, foreign exchange, inflation, and their respective levels of volatility. We are exposed to market risks within our Insurance Segment, on both the asset and the liability sides of our balance sheet. These interactive asset-liability types of risk exposures are regularly monitored in accordance with the risk governance framework of Ceres Life.

Ceres Life manages its market risk exposure through a variety of risk mitigation activities embedded within its product design, product pricing, asset and liability management, hedging, and capital and liquidity management processes. Each of these processes has been established in accordance with guidelines established by the Ceres Life Board of Directors and are subject to oversight by its risk management function.

19 Financial Risk Management (continued)

(b) Product Design and Pricing Strategy

Ceres Life's product design focuses on offering annuity products that meet the needs of its customers, whether saving for retirement, generating income in retirement, or planning for efficient wealth transfer. The product design process considers the unique features of Ceres Life's products, including guarantees, as well as options that are available to policyholders within an annuity contract. Ceres Life's product design process is substantiated by robust actuarial projections and analysis, to ensure annuity offerings support Ceres Life's strategic objectives and align with its overall risk appetite. Ceres Life embeds risk mitigation features in its product design, which may include features such as market value adjustments and surrender charges, among others.

Certain of Ceres Life's annuity products include rate guarantees, which are set for a specified period of time upon policy issuance. Ceres Life considers market risks when setting guaranteed rates on new business and seeks to mitigate interest rate risk generated in the sale of these annuity products through its asset liability management program.

(c)Asset Liability Management Strategy

The primary objective of Ceres Life's asset liability management (ALM) strategy is to manage the Company's assets in a manner that will support its ability to honor commitments to annuity policyholders. Ceres Life's ALM program is intended to support Ceres Life's strategic objectives and is aligned with its overall risk appetite and regulatory guidelines. The ALM program at all times considers overall market and economic conditions.

Ceres Life invests its assets to closely match its insurance liabilities, thereby limiting its exposure to market risks. Investment portfolios are designed to produce investment returns that support payments to annuity policyholders over the life of a contract. Investments are managed to target durations that are aligned with the duration profile of annuity liabilities, with defined parameters for Ceres Life's duration gap tolerance.

Ceres Life has implemented interest rate and equity hedging programs designed to provide protection against movements in interest rates and equity prices. Ceres Life utilizes interest rate derivatives to reduce any gap between the duration of asset and liability cashflows. Additionally, Ceres Life utilizes equity derivatives to hedge exposure to equity markets inherent in its fixed indexed annuity products.

20 Goodwill and Intangibles

Goodwill shown on the interim Condensed Consolidated Statement of Financial Position represents amounts allocated to businesses in respect of both asset management and insurance segments:

Goodwill

IFRS principles require the Company to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to perform an impairment test on goodwill and indefinite-lived intangible assets at least annually or more frequently if events indicate that impairment may have occurred. Intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal. Finite life intangible assets are reviewed annually to determine if there are indications of impairment and assess whether the amortization periods and methods are appropriate. In the fourth quarter of 2025, the Company conducted impairment testing of goodwill and intangible assets based on December 31, 2025, asset balances. It was determined that the recoverable amounts of cash generating unit ("CGU") groupings for goodwill and CGUs for intangible assets were more than their carrying values and there was no evidence of impairment. Recoverable amount is based on fair value less cost of disposal.

The Company's goodwill and intangible assets relate primarily to business acquisitions made by the Company. Goodwill was $13,950 at March 31, 2026 (December 31, 2025 - $13,950).

Other Intangibles

Intangible assets with finite useful lives include capitalized software, the Arena trade name, and investment management agreements. Intangible assets with indefinite useful lives include acquired insurance licenses. The insurance licenses are not amortized but are subject to an annual impairment test which is performed more frequently if an indication that it is not recoverable arises. Software, trade name, and investment management agreement related intangible assets are amortized on a straight-line basis over their estimated useful lives of three to 13 years. Finite life intangible assets are assessed for indicators of impairment at each reporting period. If an indication of impairment arises, these assets are tested for impairment.

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

20 Goodwill and Intangibles (continued)

The following table presents the changes in carrying value of goodwill:

	Asset Management	Insurance	Total
Balance as of January 1, 2025	$ -	$ -	$ -
Consolidation of subsidiaries as at April 3, 2025	8,752	5,198	13,950
Additions	-	-	-
Disposals	-	-	-
Balance December 31, 2025	8,752	5,198	13,950
Additions	-	-	-
Disposals	-	-	-
Balance March 31, 2026	**8,752**	**5,198**	**13,950**

The following table presents the changes in carrying value of intangible assets:

	Asset Management	Insurance	Total
Gross carrying amount			
Balance as of January 1, 2025	$ -	$ -	$ -
Consolidation of subsidiaries as at April 3, 2025	29,300	26,429	55,729
Additions	-	7,206	7,206
Disposals	-	-	-
Balance December 31, 2025	29,300	33,635	62,935
Additions	-	2,466	2,466
Disposals	-	-	-
Balance March 31, 2026	**29,300**	**36,101**	**65,401**
Accumulated amortization and impairment losses			
Balance as of January 1, 2025	-	-	-
Amortization charge	2,706	1,010	3,716
Balance December 31, 2025	2,706	1,010	3,716
Amortization charge	902	701	1,603
Balance March 31, 2026	**3,608**	**1,711**	**5,319**
Net carrying amount December 31, 2025	$ 26,594	$ 32,625	$ 59,219
Net carrying amount March 31, 2026	**$ 25,692**	**$ 34,390**	**$ 60,082**

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

21 Insurance Service Result and Insurance Contracts

Insurance Service Result

The following table shows an analysis of insurance revenue and insurance service expenses for the Insurance Segment, which consists of MYGA and FIA products.

	Three months ended March 31 2026
Insurance revenue	
Amounts relating to changes in the LRC	
Expected incurred claims and other expenses after loss component allocation	36
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	(41)
CSM recognized in profit or loss for the services provided	-
Insurance acquisition cash flows (IACF) recovery	180
Total Insurance revenue	175
Insurance service expenses	
Incurred claims and other directly attributable expenses	-
Changes that relate to past service - adjustments to the LIC	-
Losses on onerous contracts and reversal of those losses	11,128
Insurance acquisition cash flows (IACF) amortization	180
Total Insurance service expenses	11,308
Total Insurance service result	(11,133)

Insurance service result for the three months ended March 31, 2025 was $nil.

Net finance expenses from Insurance contracts

The following table analyses the Group's net financial result in profit or loss and OCI.

Net Financial Result	Three months ended March 31 2026
Finance (income) expenses from insurance contract issued	
Interest accreted	452
Effects of changes in interest rates and other financial assumptions	(982)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-
Total Finance (income) expenses from insurance contracts issued	(530)
Finance (income) expenses from reinsurance contracts held	
Interest accreted	-
Effects of changes in interest rates and other financial assumptions	-
Other	-
Total Finance (income) expenses from reinsurance contracts held	-

Finance (income) from insurance and reinsurance contracts issued for the three months ended March 31, 2025 was $nil.

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

21 Insurance Service Result and Insurance Contracts (continued)

Insurance and reinsurance contracts

The following represents a roll forward of insurance contracts for the following periods:

Analysis by remaining coverage and incurred claims:				
				Three months ended March 31, 2026
	LRC (Liability for Remaining Coverage)		LIC (Liability for Incurred Claims)	
	Excluding Loss Component	Loss Component		Total
Opening insurance contract liabilities	39,081	4,490	-	43,571
Opening insurance contract assets	-	-	-	-
Net balance at beginning of year	39,081	4,490	-	43,571
Amounts relating to changes in the LRC				
Expected incurred claims and other expenses after loss component allocation	(36)	-	-	(36)
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	41	-	-	41
CSM recognized in profit or loss for the services provided	-	-	-	-
Insurance acquisition cash flows recovery	(180)	-	-	(180)
Insurance revenue	(175)	-	-	(175)
Incurred claims and other directly attributable expenses	-	-	-	-
Changes that relate to past service – adjustments to the LIC	-	-	-	-
Losses on onerous contracts and reversals of those losses	1	11,127	-	11,128
Insurance acquisitions cash flows amortization	180	-	-	180
Insurance service expenses	181	11,127	-	11,308
Insurance service result	6	11,127	-	11,133
Finance (income) expenses from insurance contracts issued	(577)	47	-	(530)
Total changes in income and OCI	(571)	11,174	-	10,603
Investment components				
Other changes	21	(21)	-	-
Premiums received	75,911	-	-	75,911
Claims and other directly attributable expenses paid	-	-	-	-
Insurance acquisition cash flows	(6,141)	-	-	(6,141)
Total cash flows	69,770	-	-	69,770
Net Balance at March 31, 2026	108,301	15,643	-	123,944
Closing insurance contract liabilities	108,301	15,643	-	123,944
Closing insurance contract assets	-	-	-	-
Net Balance at March 31, 2026	108,301	15,643	-	123,944

No comparative amounts have been presented as the Insurance Segment was not considered material to the business in the period.

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

21 Insurance Service Result and Insurance Contracts (continued)

The following represents a roll forward of net insurance contract liabilities by measurement component for the following periods:

Analysis is by measurement component:	Three months ended March 31, 2026			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract liabilities	43,442	129	-	43,571
Opening insurance contract assets	-	-	-	-
Net opening balance	43,442	129	-	43,571
CSM recognized in profit or loss for the services provided	-	-	-	-
Change in the risk adjustment for non-financial risk for the risk expired	-	46	-	46
Experience adjustments	(40)	-	-	(40)
Changes that relate to current service	(40)	46	-	6
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that result in onerous contract losses or reversal of losses	(96)	15	-	(81)
Contracts initially recognized in the period	9,704	1,504	-	11,208
Changes that relate to future service	9,608	1,519	-	11,127
Changes that relate to past service – adjustments to the LIC	-	-	-	-
Changes that relate to past service	-	-	-	-
Insurance service result	9,567	1,566	-	11,133
Finance (income) expenses from insurance contracts issued	(510)	(20)	-	(530)
Total changes in income and OCI	9,057	1,546	-	10,603
Cash flows				
Premiums received	75,911	-	-	75,911
Claims and other directly attributable expenses paid	-	-	-	-
Insurance acquisition cash flows	(6,141)	-	-	(6,141)
Total cash flows	69,770	-	-	69,770
Net closing balance	122,269	1,675	-	123,944
Closing insurance contract liabilities	122,269	1,675	-	123,944
Closing insurance contract assets	-	-	-	-
Net closing balance	122,269	1,675	-	123,944

No comparative amounts have been presented as the Insurance Segment was not considered material to the business in the period.

The following table presents the impact of insurance contracts initially recognized in the period.

	Three months ended March 31, 2026		
	Non-onerous contracts originated	Onerous contracts originated	Total
Estimates of the present value of future cash outflows			
Insurance acquisition cash flows	-	(6,141)	(6,141)
Claims and other directly attributable expenses	-	(79,474)	(79,474)
Estimates of the present value of future cash outflows	-	(85,615)	(85,615)
Estimates of the present value of future cash inflows	-	75,911	75,911
Risk adjustment for non-financial risk	-	(1,504)	(1,504)
CSM	-	-	-
(Losses) recognized on initial recognition	-	(11,208)	(11,208)

No comparative amounts have been presented as the Insurance Segment was not considered material to the business as of March 31, 2025.

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

21 Insurance Service Result and Insurance Contracts (continued)

Discount rate and risk-free rate

The top-down approach was used to derive the discount rate for insurance contracts. Under this approach, the discount rate is determined as the risk-free yield adjusted for constant illiquidity premium for a constant duration. Constant illiquidity premium is calculated by taking the difference between the average yield of AA-rated corporate bonds and the risk-free rates, excluding the credit risk. The average illiquidity premium for the 3/5/7-year durations has been used for MYGA. The illiquidity premium for FIA was set using the average duration of contracts inforce. The yield curves that were used to discount the estimates of future cash flows are as follows:

Discount rates	As of March 31, 2026									
	3 Months	6 Months	1 year	2 years	3 years	5 years	7 years	10 years	20 years	30 years
MYGA	3.94%	3.96%	3.92%	4.03%	4.05%	4.16%	4.35%	4.54%	5.12%	5.08%
FIA	4.24%	4.26%	4.22%	4.33%	4.35%	4.46%	4.65%	4.84%	5.42%	5.38%

Discount rates	As of December 31, 2025									
	3 Months	6 Months	1 year	2 years	3 years	5 years	7 years	10 years	20 years	30 years
MYGA	4.03%	3.95%	3.84%	3.83%	3.91%	4.09%	4.30%	4.54%	5.15%	5.20%

22 Subsequent Events

Insignia Transaction

On April 6, 2026, the Company agreed to reduce the Capital Commitment to the Daintree Partnership of AU$154 million (US$100 million) to US$25 million. The Company funded this Capital Commitment in full on April 17, 2026. The Insignia Closing Conditions were satisfied and the Insignia Transaction subsequently closed on April 28, 2026. As of April 29, 2026, Insignia's shares were formally de-listed from the Australian Securities Exchange. The Company does not have significant influence over this investment.

There have been no additional significant events since the reporting date, March 31, 2026, up to the date of authorization of these financial statements, May 14, 2026, that would require adjustment to or disclosure in the financial statements.

THE WESTAIM CORPORATION

200 Park Avenue
58th Floor
New York, NY 10166

www.westaim.com
info@westaim.com