



## **The Westaim Corporation Reports 2019 First Quarter Results**

Note: All dollar amounts in this press release are expressed in U.S. dollars, except as otherwise noted.  
The financial results are reported under International Financial Reporting Standards, except as otherwise noted.

Toronto, Canada – May 8, 2019 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced that it recorded a net profit of \$10.1 million or \$0.07 per share on a diluted basis for the three months ended March 31, 2019, compared to a net profit of \$5.9 million or \$0.04 per share on a diluted basis for the three months ended March 31, 2018.

Book value per share was \$2.49 (C\$3.33) at March 31, 2019, compared to \$2.35 (C\$3.03) at March 31, 2018.

Westaim’s principal investments consist of the Arena Group and HIIG, through the HIIG Partnership. Westaim recorded net unrealized gains on investments of \$11.8 million (Arena Group: \$3.6 million and HIIG Partnership: \$8.2 million) in the three months ended March 31, 2019 and \$4.4 million (Arena Group: \$4.1 million and HIIG Partnership: \$0.3 million) in the three months ended March 31, 2018.

At March 31, 2019, Westaim owned 100% of Arena Finance and Arena Origination; and an approximate 58.5% interest in the HIIG Partnership, which represented an approximate 43.9% indirect interest in HIIG. At March 31, 2019, the fair values of the Company’s investments in Arena Finance, Arena Origination and the HIIG Partnership were \$166.2 million, \$36.0 million and \$170.3 million, respectively.

At March 31, 2019, Westaim’s consolidated shareholders’ equity was \$355.6 million and the Company had 143,186,718 common shares (“Common Shares”) outstanding.

The change in the derivative warrant had a favourable impact of \$nil per share and \$0.1 per share for the three months ended March 31, 2019 and 2018, respectively.

“Westaim reported a solid start to 2019 as reflected in our first quarter results with both Arena Group and HIIG achieving strong performances. HIIG financial results reflect growth, investment portfolio performance and operational profitability in an insurance market that is experiencing improved pricing. Arena continues to achieve solid investment performance and we would like to recognize and congratulate the Arena Group for being nominated at the Eureka Hedge Global Hedge Fund Awards (multi-strategy category). In addition, if you wanted to research the current state of the credit market, we recommend reading the whitepaper released by Dan Zwirn, CEO and CIO at Arena in conjunction with John Hopkins University Business School titled ‘This Time *Is* Different, but It Will End the Same Way: Unrecognized Secular Changes in the Bond Market since the 2008 Crisis That May Precipitate the Next Crisis’. We look forward to seeing to you at Westaim’s Annual General Meeting and Investor Day, May 30<sup>th</sup> (9:00 am).”

Westaim’s Annual and Special Meeting of Shareholders and Investor Day will be held in Toronto on Thursday May 30, 2019 at 9:00 am (Eastern time) at the Hockey Hall of Fame, 30 Yonge Street, Brookfield Place, Tim Hortons Theatre, Lower Level.

Westaim’s unaudited consolidated financial statements and management’s discussion and analysis for the three months ended March 31, 2019 and 2018 were filed on SEDAR at [www.sedar.com](http://www.sedar.com) and will be posted to Westaim’s website at [www.westaim.com](http://www.westaim.com).

### Non-GAAP Financial Measures

Westaim uses both International Financial Reporting Standards (“IFRS”) and non-generally accepted accounting principles (“non-GAAP”) measures to assess performance. The Company cautions readers about non-GAAP measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. Book value per share is a non-GAAP measure. Readers are urged to review Section 15 *Non-GAAP Measures* in Westaim’s Management’s Discussion and Analysis in respect of its unaudited consolidated financial statements for the three months ended March 31, 2019 and 2018 (the “MD&A”) for additional disclosure regarding these measures. The financial information relating to the Arena Group and HIIG contained in the MD&A is unaudited and has been derived from the financial statements of the related entities. Readers are cautioned that the HIIG financial information and certain Arena Group financial information, including any non-GAAP measures contained therein, has not been reconciled to IFRS and so may not be comparable to the financial information of issuers that present their financial information in accordance with IFRS.

## **About Westaim**

Westaim is a Canadian investment company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. The Company invests, directly and indirectly, through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation. Westaim's strategy is to pursue investment opportunities with a focus towards the financial services industry and grow shareholder value over the long term. Westaim's investments include significant interests in HIIG and the Arena Group. HIIG, the HIIG Partnership, Arena, the Arena Group, Arena Finance, Arena Origination and Arena Investors are defined in the notes to Westaim's unaudited consolidated financial statements for the three months ended March 31, 2019 and 2018 and the MD&A. Westaim's Common Shares are listed on the TSX Venture Exchange under the trading symbol WED.

### **The Westaim Corporation Financial Highlights**

(millions of U.S. dollars except share and per share data)

	Three months ended March 31	
	2019	2018
Revenue	\$ 1.4	\$ 1.1
Net results of investments	11.8	4.4
Net (expenses) recovery of expenses	(3.1)	0.4
Profit and comprehensive income	\$ 10.1	\$ 5.9
Earnings per share - basic and diluted	\$ 0.07	\$ 0.04
At March 31:		
Shareholders' equity	\$ 355.6	\$ 332.5
Number of common shares outstanding <sup>1</sup>	143,186,718	143,186,718
Book value per share - in US\$ <sup>2</sup>	\$ 2.49	\$ 2.35
Book value per share - in C\$ <sup>2</sup>	\$ 3.33	\$ 3.03

<sup>1</sup> At March 31, 2019, an aggregate of 3,034,261 RSUs and 10,428,337 stock options were outstanding. Details regarding these RSUs and options are disclosed in the Company's public filings including its quarterly and annual financial statements which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

<sup>2</sup> Non-GAAP measure. See Section 15, *Non-GAAP Measures* of the MD&A for a reconciliation to the most comparable IFRS figures. Period end exchange rates: 1.33540 at March 31, 2019 and 1.28925 at March 31, 2018.

	March 31, 2019	December 31, 2018
<b>Assets</b>		
Cash	\$ 6.3	\$ 7.8
Loans receivable	15.0	14.7
Other assets	3.2	3.5
Investments	383.2	371.4
	\$ 407.7	\$ 397.4
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 8.1	\$ 9.6
Preferred securities	37.4	36.6
Derivative warrant liability	2.2	2.4
Site restoration provision	4.4	3.6
	52.1	52.2
Shareholders' equity	355.6	345.2
Total liabilities and shareholders' equity	\$ 407.7	\$ 397.4

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Except for statements of historical fact contained herein, information in this press release may constitute “forward-looking information” within the meaning of Canadian securities laws. Other than statements of historical fact, all statements that involve various known and unknown risks, uncertainties and other factors are “forward-looking statements”. There can be no assurance that such statements will prove accurate. Results and future events could differ materially from those anticipated in such statements. Readers of this press release are cautioned not to place undue reliance on these “forward-looking statements”. Except as otherwise required by applicable law, Westaim expressly disclaims any intention or obligation to update publicly any forward-looking information, whether as a result of new information, future events or otherwise. The information provided herein does not constitute an offer or solicitation regarding any investment products offered by Arena Group.

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