



The Westaim Corporation Reports 2019 Fourth 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 – March 26, 2020 – The Westaim Corporation (“Westaim” or the “Company”) (TSXV: WED) today announced that it recorded a net loss of \$13.0 million or \$(0.09) per share on a diluted basis for the three months ended December 31, 2019, compared to a net profit of \$6.7 million or \$0.04 per share on a diluted basis for the three months ended December 31, 2018. For the year ended December 31, 2019, Westaim recorded a net profit of \$8.6 million or \$0.06 per share on a diluted basis compared to a net profit of \$16.9 million or \$0.11 per share on a diluted basis for the year ended December 31, 2018. The change in the derivative warrant had the impact of a loss of \$(0.01) per share for the three months ended December 31, 2019 (2018 – gain of \$0.03) and an impact of a \$nil per share for the year ended December 31, 2019 (2018 – gain of \$0.03).

Book value per share was \$2.48 (C\$3.22) at December 31, 2019, compared to \$2.42 (C\$3.30) at December 31, 2018.

Westaim’s principal investments consist of the Arena Group and HIIG, through the HIIG Partnership.

Westaim’s loss from HIIG was \$13.1 million and earnings were \$2.9 million in the three months and year ended December 31, 2019, respectively, (loss of \$0.7 million and earnings of \$5.0 million in the three months and year ended December 31, 2018, respectively). Westaim’s 2019 results from HIIG include a \$16.6 million charge relating to Westaim’s share of the estimated cost of a Loss Portfolio Transfer (“LPT”) transaction which is expected to close in the second quarter of 2020.

Westaim’s earnings from the Arena Group were \$2.5 million and \$12.0 million in the three months and year ended December 31, 2019, respectively, (\$3.1 million and \$11.5 million in the three months and year ended December 31, 2018, respectively).

At December 31, 2019, Westaim owned 100% of Arena FINCOs; and an approximate 62.0% interest in the HIIG Partnership, which represented an approximate 44.0% indirect ownership in HIIG. At December 31, 2019, the fair values of the Company’s investments in Arena FINCOs and the HIIG Partnership were \$205.8 million and \$165.0 million, respectively.

At December 31, 2019, Westaim’s consolidated shareholders’ equity was \$354.8 million and the Company had 143,186,718 common shares (“Common Shares”) outstanding.

“For the year ended December 31, 2019, Westaim’s book value increased 2.5%, from \$2.42 to \$2.48 per share” said J. Cameron MacDonald, President and Chief Executive Officer of Westaim.

“HIIG achieved solid results for the year ended December 31, 2019, which in part reflect hardening property and casualty insurance market conditions in both pricing and terms. As noted in our March 19, 2020 press release, HIIG has entered into a commitment letter for an LPT transaction, which we expect to mitigate the potential impact of adverse claims reserves development primarily related to 2017 and prior policy years, thereby better positioning HIIG for the future.”

“Arena Investors is an impressive organization that would be very difficult to replicate. Their team of experienced professionals continue to build and execute a global business with specialized skills and strong sourcing capabilities that all contribute to unique investment performance. It is terrific to see that their success is being recognized by an increase in committed assets under management and industry peer performance awards. Notwithstanding the economic volatility of Q1 2020, we have high confidence in Arena’s business model, execution and growth over the long term.”

Westaim’s audited consolidated financial statements for the years ended December 31, 2019 and 2018 and management’s discussion and analysis for the three months and years ended December 31, 2019 and 2018 were filed on SEDAR at www.sedar.com and will be posted to Westaim’s website at 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 audited consolidated financial statements for the years ended December 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 FINCOs and Arena Investors are defined in the notes to Westaim’s audited consolidated financial statements for the years ended December 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 December 31		Year ended December 31	
	2019	2018	2019	2018
Interest income	\$ 0.4	\$ 0.8	\$ 2.1	\$ 3.1
Dividend income from investment in private entities	3.8	-	4.7	-
Fee income	0.3	0.3	2.4	1.4
Net results of investments	(14.4)	2.4	10.2	16.5
Net recovery of expenses (expenses)	(2.2)	3.2	(9.9)	(4.1)
Income tax expense	(0.9)	-	(0.9)	-
Profit (loss) and comprehensive income (loss)	\$ (13.0)	\$ 6.7	\$ 8.6	\$ 16.9
Earnings per share - basic	\$ (0.09)	\$ 0.05	\$ 0.06	\$ 0.12
Earnings per share - diluted	\$ (0.09)	\$ 0.04	\$ 0.06	\$ 0.11
At December 31:				
Shareholders' equity	\$ 354.8	\$ 345.2	\$ 354.8	\$ 345.2
Number of common shares outstanding ¹	143,186,718	143,186,718	143,186,718	143,186,718
Book value per share - in US\$ ²	\$ 2.48	\$ 2.42	\$ 2.48	\$ 2.42
Book value per share - in C\$ ²	\$ 3.22	\$ 3.30	\$ 3.22	\$ 3.30

¹ At December 31, 2019, an aggregate of 3,034,261 RSUs, 10,428,337 stock options and 14,285,715 warrants were also outstanding. Details regarding these RSUs, stock options and warrants 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.

² 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: 1.29865 at December 31, 2019 and 1.36430 at December 31, 2018.

	December 31, 2019	December 31, 2018
Assets		
Cash	\$ 22.2	\$ 7.8
Income tax receivable	0.4	-
Loans receivable	-	14.7
Other assets	2.3	1.0
Investments	385.8	373.9
	\$ 410.7	\$ 397.4
Liabilities		
Accounts payable and accrued liabilities	\$ 10.7	\$ 9.6
Income tax payable	0.4	-
Preferred securities	38.5	36.6
Derivative warrant liability	1.9	2.4
Site restoration provision	4.1	3.6
Deferred tax liability	0.3	-
	55.9	52.2
Shareholders' equity	354.8	345.2
Total liabilities and shareholders' equity	\$ 410.7	\$ 397.4

For more information, contact:

J. Cameron MacDonald, President and Chief Executive Officer or
Robert T. Kittel, Chief Operating Officer
The Westaim Corporation
info@westaim.com
(416)969-3333

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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.