



## **Q4 2020 Investor Presentation**

---

March 25, 2021

# Disclaimer

## Safe Harbour Statement

This document and its contents are proprietary information and may not be reproduced or otherwise disseminated in whole or in part either directly or indirectly without the prior written consent of each of The Westaim Corporation (“Westaim” or the “Corporation” or the “Company”), Skyward Specialty Insurance Group, Inc. (“Skyward Specialty”), Arena FINCOs (as defined in the MD&A) and Arena Investors (as defined in the MD&A). The terms “Arena” or “Arena Investors” refer collectively to Arena Investors Group Holdings, LLC (“AIGH”) and its subsidiary entities.

This document is not and under no circumstances is it to be construed as, an advertisement or a solicitation for any investment or any investment product with respect to Westaim or any of the entities described herein. The information set forth herein does not purport to be complete and no obligation to update or otherwise revise such information is being assumed unless required by law. Where any opinion is expressed in this presentation, it is based on the assumptions and limitations mentioned herein and is an expression of present opinion only. No warranties or representations can be made as to the origin, validity, accuracy, completeness, currency or reliability of the information. In addition, certain of the information contained herein is preliminary and is subject to change. Unless otherwise stated, the information contained herein is current as of the date of this presentation. There is no guarantee that any of the goals, targets or objectives described herein will be achieved. This document is not intended to provide specific investment, financial, legal, accounting and/or tax advice.

This document contains certain historical results and performance data including, without limitation, relating to Skyward Specialty, Arena FINCOs and Arena Investors. Such historical results and performance data have been prepared and provided solely by the relevant party and have not been independently verified or audited. The historical results and performance data have been included in this document for illustrative purposes only. The historical results and performance data are in no way indicative of any future results, performance or returns by any of Westaim, Skyward Specialty, Arena FINCOs and Arena Investors.

Certain statements in this presentation are “forward-looking statements”. Any statements that express or involve discussions with respect to predictions, target yields and returns, internal rates of return, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always using words or phrases such as “expects”, “does not expect”, “is expected”, “seeks”, “endeavours”, “anticipates”, “does not anticipate”, “plans”, “estimates”, “believes”, “does not believe” or “intends”, “does not intend” or stating that certain actions, events or results may, could, would, might or will occur or be taken, or achieved) are not statements of historical fact and may be “forward-looking statements”. In particular, but without limiting the foregoing, this presentation contains forward-looking statements pertaining to: Skyward Specialty's growth strategy and potential expansion opportunities; opportunities available to Arena FINCOs and Arena Investors; Arena Investors’ pipeline; and opportunities for building value at Westaim. Forward-looking statements are based on expectations, estimates and projections as well as other relevant factors at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. These include, but are not limited to, the risk factors discussed in Westaim’s Annual Information Form for its fiscal year ended December 31, 2020. Except as required by law, Westaim does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission from any forward-looking statement or to update such forward-looking statement.

The information contained herein is based on publicly available information, internally developed data and other sources. Although Westaim believes such information to be accurate and reliable, it has not independently verified any of the data from third party sources cited or used. Westaim and each entity described herein disclaims and excludes all liability (to the extent permitted by law) for all losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the information, its accuracy, completeness or by reason of reliance by any person on it.

**All amounts herein are in United States million dollars unless otherwise indicated. 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.**

# Important Disclosures

## Non-GAAP Measures

### Westaim

Westaim uses both international financial reporting standards (as issued by the International Accounting Standards Board) ("IFRS") and non-GAAP measures to assess performance. Westaim 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 ("BVPS") is a non-GAAP measure – see section 15 of Westaim's MD&A for the quarter and year ended December 31, 2020 for a discussion of BVPS including a reconciliation to the Corporation's shareholders' equity as at December 31, 2020 determined under IFRS.

### Skyward Specialty

Skyward Specialty uses United States generally accepted accounting principles ("US GAAP") and non-GAAP measures to assess performance. Please refer to Westaim's MD&A for the quarter and year ended December 31, 2020 for Skyward Specialty's non-GAAP measures.

The adjusted stockholders' equity of Skyward Specialty as at December 31, 2020 reflects the Skyward Specialty stockholders' equity obtained from the audited financial statements of Skyward Specialty as at and for the year ended December 31, 2020 prepared in accordance with accounting principles generally accepted in the United States of America, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares.

### Arena FINCOs and Arena Investors

Arena FINCOs and Arena Investors uses both US GAAP, IFRS and non-GAAP measures to assess performance.

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.

Gross Return on the Arena FINCOs investment portfolios is the aggregate of investment income, net of gains (losses) on investments less interest expense divided by average carrying values for the Arena FINCOs, for the period.

Realized IRR: Realized calculations are presented net of investment level expenses and gross of fund level fees (e.g. management and incentive fees), which can impact returns significantly.

Current IRR reflects all investment activity, i.e. prior actual cash flows and future projected cash flows (which are discounted as of the reporting date), from the inception of each applicable investment through December 31, 2020. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

Underwritten IRRs: Investment-level gross underwritten IRR represents the internal rate of return prior to or at the time of making the initial investment as reflected in and supported by loan agreements, including, but not limited to, note purchase agreements and origination agreements. The underwritten IRR is one of many metrics considered by Arena prior to investment and is not typically updated after the initial funding date. The underwritten IRR may be presented as a single percentage or a range. Such gross IRRs are estimated and do not take into account any entity level management fees, incentive allocation and/or any other associated fees, all of which may significantly reduce the net return received attributable to any investment. These underwritten IRRs are not a proxy for investment performance for any strategy or fund. The underwritten IRRs disclosed herein are being presented for the purpose of providing insight into the investment objectives of Arena, detailing anticipated risk and reward characteristics in order to facilitate comparisons with other investments and for establishing a benchmark for future evaluation of Arena's strategy. The IRRs are also being presented because financially sophisticated investors may find this information useful in determining where Arena's strategies may fit within their investment portfolios. The IRRs included in this presentation are not intended, and must not be regarded, as a representation, warranty or prediction that any Arena vehicles will achieve any particular return with respect to any particular investment opportunity or for a particular time period, or that Arena and its investors will not incur losses. In evaluating these IRRs, it should be noted that (a) there can be no assurance that Arena will be able to source and consummate investments of the type it is seeking to make and (b) the assumptions underlying the IRRs may prove not to be accurate or not materialize. There can be no assurance that the objective of the investment shown can be met or that substantial losses will be avoided.

All amounts herein are in United States dollars unless otherwise indicated. 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.

# Important Disclosures

## Arena Investors

---

The following is being provided solely in relation to Arena Investors, LP, its funds, subsidiaries and affiliates:

Returns shown are unaudited. **Past performance is not indicative or a reliable indicator of future performance. Actual results may vary.**

The information set forth herein does not purport to be complete, is unaudited and subject to change. Arena has no obligation to update or revise such information. Unless otherwise stated, the information contained herein is current as of the date of the presentation.

This document does not constitute investment advice nor is it a recommendation or an offer of investment advisory services or products. No person in any jurisdiction may treat this document as a solicitation or offer of any advisory product or service. A prospective investor must rely solely on the terms and associated disclosures in any final offering memoranda, investment management agreement and associated subscription documents (if any), which would constitute the only basis upon which offerings of any product or service may be made.

Investments in Arena vehicles are speculative in nature and involve risk. There can be no assurance that investment objectives will be achieved and investment results may vary substantially over time. These investments are not intended to be a complete investment program for any investor. There is no secondary market for an investor's interest in Arena funds and none is expected to develop. Arena's funds are not registered under the Investment Company Act of 1940 and accordingly are not extensively regulated. Opportunities for redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed. Leverage may be employed in the funds, which can make investment performance volatile. Valuation of the investments may involve uncertainties and the exercise of judgment. An investor should not make an investment unless the investor is prepared to lose all or a substantial portion of its investment. The fees and expenses charged in connection with investments may be higher than the fees and expenses of other investment alternatives and may offset profits, and the performance-based compensation paid to Arena may create an incentive for Arena to make more speculative investments than would otherwise be the case. Arena has total authority and control over its funds and the use of a single advisor applying generally similar investment programs could mean a lack of diversification and, consequently, higher risk. For a comprehensive list of risk factors, an investor must review the risk factors as specified in the related confidential information memorandum for a specific fund or investment management agreement, which will be made available upon request.

The information provided herein should not be considered a recommendation regarding a particular investment. The actual and potential investments discussed herein are meant to be examples of Arena's investment approach. It should not be assumed that any of the investments discussed herein will prove to be profitable, or that the investment recommendations or decisions made by Arena in the future will be profitable. The particular investments discussed herein are those that most closely represent the current average-sized Arena investment in a particular category (Corporate Private Credit, Real Estate Private Credit, Commercial and Industrial Assets, Structured Finance and Consumer Assets).

In addition, performance of market indices is being provided for the purpose of making general market data available as a point of reference only. We believe there are no known directly comparable indices for the Arena Special Opportunities Strategies composite which is comprised of the Arena Special Opportunities Fund, LP and Arena Special Opportunities (Offshore) Master, LP (collectively the "Fund"). The Fund's investments are not limited to the investments listed by the market indices. The Fund may invest in different securities and engage in different trading strategies from the indices. In addition, it should be noted that the sector, industry, stock and country exposures, volatility, risk characteristics and holdings of the Fund differ materially from those of the indices. The indices do not reflect fees and expenses associated with the active management of portfolios. The performance returns of the indices were obtained from Bloomberg and other third-party sources and include the reinvestment of earnings. Although Arena believes these sources to be reliable, it is not responsible for errors or omissions from these sources.

Market indices used: The Standard & Poor's LSTA Leveraged Loan 100 Index is a capitalization-weighted syndicated loan index that seeks to mirror the performance of the 100 largest syndicated loans in the levered loan market. Leveraged loans are senior secured debt obligations rated below investment grade. The index information provided is for illustrative purposes only. The Fund's strategy does not track the index and can significantly vary than that of the performance on the indexes provided.

# The Westaim Corporation

## The Westaim Corporation

**Westaim** is a publicly listed (TSXV:WED) investment holding company specializing in providing long-term capital to businesses operating primarily within the global financial services industry. Our focus has been, and continues to be, to seek high quality investment opportunities that allow us to partner with businesses and aligned management teams that are well positioned to compound wealth and provide above average returns over the long-term for our shareholders.

### Skyward Specialty Insurance Group

#### Specialty Property and Casualty Insurance 44.5% look-through ownership<sup>(1)</sup>

**Skyward Specialty** is a US based specialty property and casualty insurance company with approximately \$1 billion in gross written premium and \$2 billion in assets. Skyward Specialty writes on both an admitted and non-admitted basis with a focus on defined business lines in high profit niche segments to deliver top quartile consistent returns. Rated A- by AM Best.

Skyward Specialty's highly experienced team of 357 are represented across 12 offices providing coverage in all 50 states and select international markets.

### Arena Investors

#### Alternative Investment Manager 51% ownership<sup>(2)</sup>

**Arena Investors** is a New York based global institutional money manager that originates and underwrites portfolios of asset-backed credit investments that are highly diversified and uncorrelated, delivering consistent returns for investors with a duration of approximately two years.

Arena Investors' committed AUM of \$2.2 billion includes Westaim's proprietary capital of \$0.2 billion plus third party fee paying institutional and high net worth clients.

A highly skilled and experienced team of 60+ across the globe are enabled by robust processes, proprietary infrastructure and access to a global origination network. In 2020, Arena Investors performance was recognized by their peers, with the firm winning four prestigious industry awards.

### Arena FINCOs

#### Westaim's Proprietary Capital Invested with Arena Investors 100% ownership

The **Arena FINCOs** are specialty finance companies that primarily purchase diversified asset-backed credit investments and in certain circumstances, facilitate the origination and creation of credit investments for their own account and third parties.

Arena FINCOs' capital has been and remains very strategic in the development of Arena Investors and the Arena FINCOs have participated as lead investors in several new product offerings.

(1) At December 31, 2020, Westaim owned approximately 62.0% of the Westaim HIIG Limited Partnership ("HIIG Partnership") which held Skyward Specialty common shares representing approximately 34.3% of the total fully diluted Skyward Specialty common shares outstanding. As a result, Westaim's look-through interest in common shares through the HIIG Partnership was 21.3%. The Company's interest in the HIIG Partnership, combined with its direct ownership of the Skyward Specialty preferred shares, which were convertible into Skyward Specialty common shares representing 23.2% of the fully diluted Skyward Specialty common shares outstanding, resulted in a 44.5% look-through interest in Skyward Specialty as at December 31, 2020.

(2) The remaining 49% is Bernard Partners, LLC's initial profit sharing percentage, and under the Associate Agreements, Bernard Partners, LLC has the right to earn-in up to 75% equity ownership percentage in the associates and to thereby share up to 75% of the profit of the associates based on achieving certain AUM and cash flow thresholds.

# Q4 2020 Quarterly Operating Highlights

**Q4 2020 completes a year of building and repositioning – setting Westaim up for growth, earnings and accelerating financial performance in 2021**

<b>Skyward Specialty Insurance Group</b>	<ul style="list-style-type: none"> <li>• <b>Skyward Specialty's Q4 Net Loss was \$30.8 million (Q4 2019 – Income of \$7.9 million); excluding unusual items Q4 Net Income was \$12.9 million (Q4 2019 – \$7.9 million)</b></li> <li>• Solid underwriting performance resulted in an adjusted combined ratio of 95.5% in Q4 compared to 96.3% in Q3 2020 and 96.9% in Q4 2019 primarily due to the re-underwriting of the portfolio, improved mix of business and price increases taken by Skyward Specialty</li> <li>• Investment portfolio of \$765 million remains conservatively positioned with a duration of 2 years and a tax equivalent yield at December 31, 2020 of approximately 2.7%</li> <li>• GAAP results for Q4 and full year 2020 were impacted by several unusual items, including the impact of the Loss Portfolio Transfer ("LPT"), goodwill impairment and other unusual items</li> <li>• Adjusted stockholders' equity at December 31, 2020 decreased to \$405.5 million from \$435.8 million at Q3 2020, primarily due to the impairment of goodwill in the quarter</li> <li>• Exiting 2020, Skyward Specialty is well positioned to take advantage of the hard insurance market and accelerate its profitable growth and return on equity</li> </ul>
<b>Arena Investors</b>	<ul style="list-style-type: none"> <li>• <b>Arena Investors' Q4 Net Income was \$2.8 million compared to a loss of \$0.5 million in Q4 2019 on growth in AUM and solid investment performance</b></li> <li>• Committed AUM at Q4 2020 was \$2.0 billion (\$2.2 billion at January 1, 2021) an increase from \$1.6 billion at Q3 2020 and \$1.3 billion at December 31, 2019</li> <li>• Fee-Paying AUM at December 31, 2020 was \$1.3 billion an increase from \$1.2 billion at Q3 2020 and \$1.0 billion at December 31, 2019</li> <li>• Revenue increased to \$10.2 million in Q4 versus \$7.8 in Q3 2020 and \$7.4 in Q4 2019, an increase of 38% over Q4 2019 on stronger incentive fee revenue</li> <li>• With the Arena Investors' platform largely built (product suite, geographies, IT systems, investment capability), its 60+ professionals are poised to deploy committed capital, continue to increase AUM and demonstrate operating leverage to grow earnings entering 2021</li> </ul>
<b>Arena FINCOs</b>	<ul style="list-style-type: none"> <li>• <b>Arena FINCOs' Q4 Net Income was \$1.5 million (+0.9% return) compared to \$2.7 million (+1.3% return) in Q4 2019</b></li> <li>• At December 31, 2020, the fair value of Arena FINCOs was \$163.0 million compared to \$205.8 million at December 31, 2019 due to distributions to Westaim of \$42.7 million during the year primarily used to support Westaim's investment in preferred shares of Skyward Specialty in Q2 2020</li> <li>• On September 29, 2020, Arena FINCOs completed a \$45 million private placement of 6.75% senior secure notes due September 30, 2025 which when fully deployed, will allow Arena FINCOs to benefit from financial leverage and enhance its return on equity moving forward</li> </ul>
<b>Westaim</b>	<ul style="list-style-type: none"> <li>• <b>Westaim's Q4 Net Loss was \$14.5 million (Q4 2019 – \$13.0 million); excluding unusual items Q4 Net Income was \$4.9 million (Q4 2019 – \$3.6 million)</b></li> <li>• GAAP earnings per share was a loss of \$0.10 per share in Q4 2020 compared to a loss \$0.09 per share in Q4 2019</li> <li>• At December 31, 2020, Westaim's book value was \$320.5 or \$2.24 (C\$2.85) per share compared to Q3 2020 book value of \$335.0 or \$2.33 (C\$ 3.10) per share, with C\$0.12 per share of the decline from operating results, and C\$0.13 per share from changes in the C\$ relative to the US\$</li> <li>• With the significant repositioning of Skyward Specialty and continued momentum building at Arena Investors, Westaim is poised for accelerating earnings in 2021</li> </ul>

# Westaim Summary Quarterly Operating Results

Operating results	Q4 2020	Q4 2019
Income from investment in Arena FINCOs and ASOF	\$1.6	\$2.7
Income from investment in Skyward Specialty excluding unusual items	5.9	3.5
Income (loss) from investment in Arena Investors	1.4	(0.2)
<b>Income from investments excluding Skyward Specialty unusual items</b>	<b>\$8.9</b>	<b>\$6.0</b>
Holding company operating expenses	(1.7)	(1.3)
Preferred securities interest expense	(0.5)	(0.5)
Interest and fee income	0.6	0.7
<b>Net holding company operating and interest expenses</b>	<b>(\$1.6)</b>	<b>(\$1.1)</b>
Share-based compensation (expense)	(0.7)	(0.8)
Foreign exchange (loss)	(0.9)	(0.6)
Site restoration (expense) recovery	(0.6)	1.4
Derivative warrants - change in fair value (loss) gain	(0.2)	(0.4)
<b>Total net holding company expenses</b>	<b>(\$4.0)</b>	<b>(\$1.5)</b>
Income tax (expense)	-	(0.9)
<b>Adjusted profit after income tax excluding Skyward Specialty usual items</b>	<b>\$4.9</b>	<b>\$3.6</b>
Westaim's share of Skyward Specialty unusual items*	(19.4)	(16.6)
<b>GAAP loss after income tax</b>	<b>(\$14.5)</b>	<b>(\$13.0)</b>
GAAP loss per share-diluted	(\$0.10)	(\$0.09)
Adjusted profit per share-diluted excluding Skyward Specialty unusual items	\$0.03	\$0.02

- Adjusted Q4 2020 profit after tax excluding unusual items\* was \$4.9 million or \$0.03 per share compared to \$3.6 million or \$0.02 per share in Q4 2019 an increase of 36%
- Westaim recorded adjusted Q4 2020 net income from investments of \$8.9 million vs. \$6.0 million in Q4 2019 primarily from strong operating results from Skyward Specialty excluding unusual items\* and Arena Investors
- Arena FINCOs' and ASOF's diversified and uncorrelated portfolios contributed \$1.6 million to Westaim's income in the quarter
- Skyward Specialty's improved income excluding unusual items\* over the prior year was due to a combination of a strong investment portfolio return and an improving combined ratio (excluding LPT) from the execution of underwriting actions to improve the specialty business mix and realize pure rate increases
- Arena Investors' AUM growth and consistent returns in the firm-wide managed funds resulted in improving income in Q4 2020 vs prior year

\* Refer to Westaim's MD&A section 3 INVESTMENTS for details of the unusual items.



# Westaim Summary Full Year Operating Results

Operating results	FY 2020	FY 2019
Income from investment in Arena FINCOs and ASOF	\$0.1	\$12.0
Income from investment in Skyward Specialty excluding unusual items	11.3	19.5
Income (loss) from investment in Arena Investors	(0.1)	-
<b>Income from investments excluding Skyward Specialty unusual items</b>	<b>\$11.3</b>	<b>\$31.5</b>
Holding company operating expenses	(5.9)	(5.7)
Preferred securities interest expense	(1.9)	(1.9)
Interest and fee income	2.2	4.5
<b>Net holding company operating and interest expenses</b>	<b>(\$5.6)</b>	<b>(\$3.1)</b>
Share-based compensation (expense)	(0.3)	(1.5)
Foreign exchange (loss)	(0.4)	(1.1)
Site restoration (expense) recovery	(0.7)	(0.3)
Derivative warrants - change in fair value (loss) gain	0.8	0.6
<b>Total net holding company expenses</b>	<b>(\$6.2)</b>	<b>(\$5.4)</b>
Income tax (expense)	(0.1)	(0.9)
<b>Adjusted profit after income tax excluding Skyward Specialty usual items</b>	<b>\$5.0</b>	<b>\$25.2</b>
Westaim's share of Skyward Specialty unusual items	(39.5)	(16.6)
<b>GAAP (loss) profit after income tax</b>	<b>(\$34.5)</b>	<b>\$8.6</b>
GAAP (loss) profit per share-diluted	(\$0.24)	\$0.06
Adjusted profit per share-diluted excluding Skyward Specialty unusual items	\$0.03	\$0.18

- Adjusted 2020 profit after tax excluding unusual items\* was \$5.0 million or \$0.03 per share compared to \$25.2 million or \$0.18 per share in Q4 2019
- Westaim recorded adjusted Q4 2020 net income from investments of \$11.3 million vs. \$31.5 million in Q4 2019, with the decline due to performance at Arena FINCOs and at Skyward Specialty excluding unusual items\*
- Skyward Specialty's decline in operating result excluding unusual items\* was due to a decline in investment income (2019 experienced a one-time gain on a strategic investment) partially offset by improved underwriting performance excluding LPT
- Arena FINCOs diversified and uncorrelated portfolios contributed \$0.1 million to Westaim's income in 2020 vs. \$12.0 million in 2019, impacted by a distribution of \$42.7 million and a significant cash balance, including the September 30, 2020 \$45 million private placement of 6.75% senior secured notes
- Arena Investors' results were primarily due to lower investment performance impacting incentive fee revenue partially offset by increased management and servicing fee revenue from higher fee-paying AUM levels for the year

\* Refer to Westaim's MD&A section 3 INVESTMENTS for details of the unusual items.



# Westaim Summary Statement of Financial Position

As at	December 31, 2019	September 30, 2020	December 31, 2020
<b>Assets</b>			
Cash	\$22.2	\$8.3	\$8.7
Income tax receivable	0.4	0.5	0.1
Other assets	2.3	1.5	1.6
Investment in Arena FINCOs	205.8	169.4	163.0
Investment in Skyward Specialty	165.0	194.3	180.8
Investment in Arena Investors	12.3	10.8	20.2
Investment in ASOF	2.7	2.8	2.9
<b>Total Assets</b>	<b>\$410.7</b>	<b>\$387.6</b>	<b>\$377.3</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$10.7	\$9.4	\$11.0
Income tax payable	0.4	0.3	0.3
Preferred securities	38.5	37.6	39.2
Derivative warrant liability	1.9	0.8	1.0
Site restoration provision	4.1	4.1	4.9
Deferred tax liability	0.3	0.4	0.4
<b>Total Liabilities</b>	<b>\$55.9</b>	<b>52.6</b>	<b>\$56.8</b>
Shareholders' equity	354.8	335.0	320.5
<b>Total liabilities and shareholders' equity</b>	<b>\$410.7</b>	<b>\$387.6</b>	<b>\$377.3</b>
<b>Number of common shares outstanding</b>	<b>143,186,718</b>	<b>143,186,718</b>	<b>143,186,718</b>
<b>Book value per share - in US\$<sup>1</sup></b>	<b>\$2.48</b>	<b>\$2.33</b>	<b>\$2.24</b>
<b>Book value per share - in C\$<sup>1</sup></b>	<b>C\$3.22</b>	<b>C\$3.10</b>	<b>C\$2.85</b>

- Book value per share decreased \$0.09 in Q4 2020 or 3.9%; in C\$ the decrease was C\$0.25 or 8.1%
- At the December 31, 2020 closing stock price of C\$2.49, Westaim (TSX-V:WED) traded at 0.9x book value per share
- In Q4 2020, the fair value of investments decreased \$10.5 million or 2.8% primarily driven by Skyward unusual items\* offset by strong operating performance of Skyward Specialty and Arena Investors

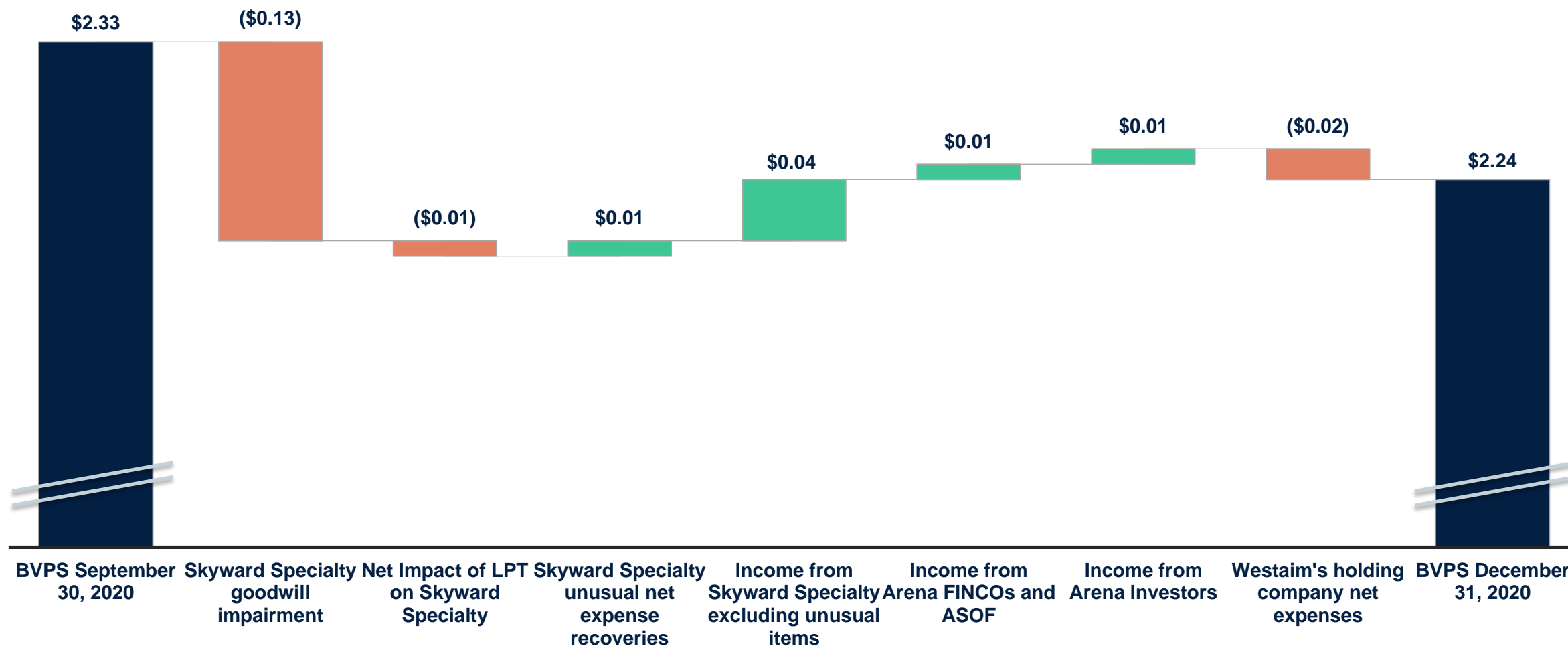
## Investment in Skyward:

- In Q1 2020, Westaim reduced the valuation multiple applied to Skyward Specialty from 1.1x to 1.0x adjusted book value due to an uncertain market environment
- In Q2 2020, Westaim contributed additional equity of \$44 million as part of a \$100 million rights offering
- This investment in Skyward Specialty was primarily funded by a dividend/capital distribution from Arena FINCOs of \$42.7 million in 2020
- In Q3 2020, Skyward Specialty's A- (stable) AM Best rating was affirmed

(1) Period end exchange rates: 1.27395 at December 31, 2020, 1.33125 at September 30, 2020 and 1.29865 at December 31, 2019.

\* Refer to Westaim's MD&A section 3 INVESTMENTS for details of the unusual items.

# Westaim Book Value per Share: Three months ended December 31, 2020



Any terms not defined in this document are defined in Westaim's December 31, 2020 MD&A.

# Westaim Book Value per Share: Year Ended December 31, 2020



Any terms not defined in this document are defined in Westaim's December 31, 2020 MD&A.



# COMPANY UPDATE

# SKYWARD SPECIALTY AT A GLANCE



## Business Overview

- A private, US-based specialty property and casualty insurer that writes on both an admitted and non-admitted basis
- Strategy focuses on building defensible positions in high profit niche segments to deliver top quartile consistent returns
- Top talent that drives disciplined and insightful underwriting, claims excellence, and efficient capital management is at the core of our strategy execution
- Operate in all 50 states and select international markets
- Rated A- by AM Best
- 357 employees as of December 31, 2020 across 12 offices

## Select Financial Metrics

(US\$ millions)	2020 Excl. LPT and unusual items <sup>(1)</sup>
<b>Select Income Statement Metrics (\$MM)</b>	
Gross written premium	874
Net written premium	413
Pre-tax income <sup>(1)</sup>	23
Net income <sup>(1)</sup>	18
<b>Combined ratio<sup>(1)</sup></b>	<b>96.2%</b>
<b>Select Balance Sheet Metrics (\$MM)</b>	
Cash and invested assets	877
Total assets	1,953
Total liabilities	1,558
Adjusted stockholders' equity	406 <sup>(2)</sup>

For more information about Skyward Specialty including its 'Rule your Niche' strategy described by Andrew Robinson, CEO of Skyward Specialty, visit [westaim.com/investments/skyward-specialty-insurance-group/](https://westaim.com/investments/skyward-specialty-insurance-group/) and follow on LinkedIn at [www.linkedin.com/company/skywardspecialty/](https://www.linkedin.com/company/skywardspecialty/)

(1) Does not include charges related to the Loss Portfolio Transfer ("LPT") transaction completed in Q2 2020, development subject to the LPT and other unusual items.

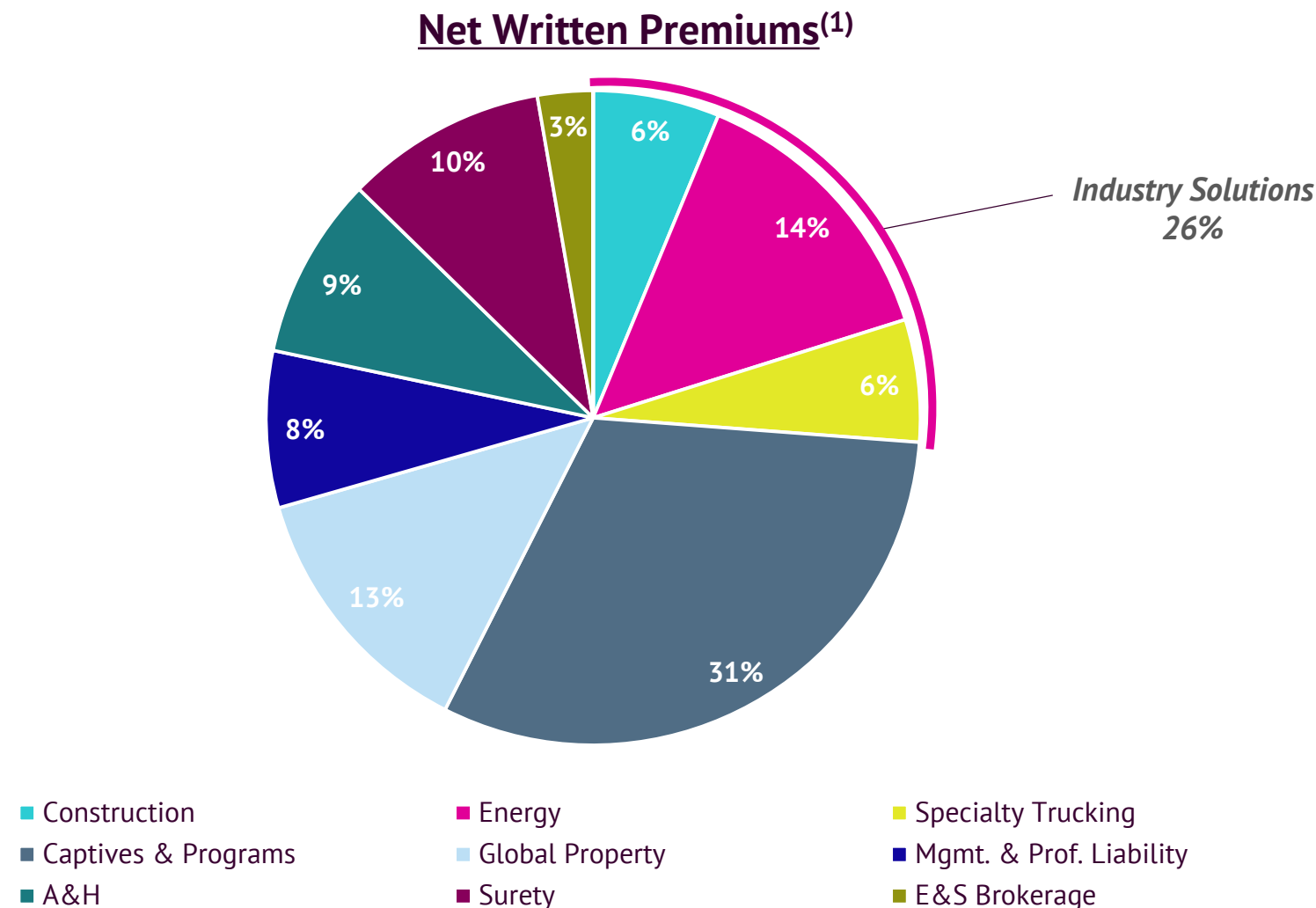
(2) The adjusted stockholders' equity of Skyward Specialty as at December 31, 2020 reflects the Skyward Specialty stockholders' equity obtained from the audited financial statements of Skyward Specialty as at and for the year ended December 31, 2020 prepared in accordance with accounting principles generally accepted in the United States of America, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares.

# Q4 2020 QUARTERLY RESULT HEADLINES



- Q4 Net Loss was \$30.8 million (Q4 2019 – Income of \$7.9 million); excluding unusual items Q4 Net Income was \$12.9 million (Q4 2019 – \$7.9 million)
- GAAP results were impacted by several unusual items totaling \$43.7 in Q4 2020 and \$89.6 in FY 2020 :
  - Impact of the LPT net of tax of \$3.6 million in Q4 2020 and \$47.2 million in FY 2020
  - Unusual net expense recovery net of tax of \$3.6 million in Q4 2020 and \$1.3 million in FY 2020
  - Goodwill impairment net of tax of \$43.7 million in both Q4 2020 and FY 2020
- Excluding unusual items, net income was \$12.9 million in Q4 2020 vs. \$7.9 million in Q4 2019
- The underwriting result excluding LPT has improved for four consecutive quarters resulting in a total combined ratio of 95.5% in Q4 2020 vs. 96.9% in Q4 2019
- Underwriting actions taken by new management contributed to gross written premium increasing 6.0% in Q4 2020 over the prior year as Skyward Specialty re-underwrote some existing businesses, and exited underperforming businesses including monoline workers' compensation and lawyers and insurance agent professional liability, while accelerating growth in other desirable segments of the business
- Skyward Specialty's growth strategy is focused on the remaining businesses and new opportunities where Skyward Specialty, with its intermediaries, have specialty expertise and/or key relationships with the target customer base

# GO TO MARKET WITH TEN SPECIALTIES<sup>(1)</sup>



(1) Net written premiums ("NWP") for the year ended December 31, 2020. Excludes lines of business that have been discontinued as of December 31, 2020, but includes an estimate of NWP for Aegis Surety for the first year post acquisition. Nine specialties are noted in the chart, which excludes Health Care Professional Liability as this division was recently started and generated no premium in the year ended December 31, 2020.



# SKYWARD SPECIALTY: SUMMARY STATEMENTS OF OPERATIONS



	Quarter-to-date		Year-to-date	
	Q4 2020	Q4 2019	YTD 2020	YTD 2019
<b>Gross written premium</b>	<b>\$196.4</b>	<b>\$185.3</b>	<b>\$873.6</b>	<b>\$878.3</b>
<b>Net written premium</b>	<b>102.6</b>	<b>90.3</b>	<b>413.3</b>	<b>421.7</b>
Net earned premium	\$101.6	\$111.6	\$396.3	\$385.1
Commission and fee income	1.2	1.1	6.4	5.1
Less: Losses and LAE	(67.8)	(82.0)	(276.6)	(281.1)
Less: Policy acquisition costs	(8.5)	(7.5)	(26.7)	(24.1)
Less: Other operating expenses	(21.9)	(19.8)	(84.6)	(78.9)
<b>Underwriting result excluding LPT<sup>(1)</sup></b>	<b>\$4.6</b>	<b>\$3.4</b>	<b>\$14.8</b>	<b>\$6.1</b>
Net investment income	4.3	5.1	14.8	20.2
Net realized and unrealized gains (losses)	9.0	3.3	-	22.2
<b>Investment income</b>	<b>\$13.3</b>	<b>\$8.4</b>	<b>\$14.8</b>	<b>\$42.4</b>
Interest expense	(1.2)	(2.1)	(5.5)	(6.8)
Amortization expense	(0.2)	(0.5)	(1.5)	(1.8)
<b>Income before taxes excluding unusual items</b>	<b>\$16.5</b>	<b>\$9.2</b>	<b>\$22.6</b>	<b>\$39.9</b>
Income tax expense	3.6	1.3	4.7	7.7
<b>Net income excluding unusual items</b>	<b>\$12.9</b>	<b>\$7.9</b>	<b>\$17.9</b>	<b>\$32.2</b>
Impact of LPT net of tax	(3.6)	-	(47.2)	-
Unusual items net expense recoveries net of tax	3.6	-	1.3	-
Goodwill impairment net of tax	(43.7)	-	(43.7)	-
<b>Net (loss) income</b>	<b>(\$30.8)</b>	<b>\$7.9</b>	<b>(\$71.7)</b>	<b>\$32.2</b>
Total other comprehensive income	0.4	(0.7)	7.0	8.0
<b>Comprehensive (loss) income</b>	<b>(\$30.4)</b>	<b>\$7.2</b>	<b>(\$64.7)</b>	<b>\$40.2</b>
<b>Other Select Financial Information</b>				
Loss ratio <sup>(1)</sup>	66.7%	73.4%	69.8%	73.0%
Expense ratio	28.8%	23.5%	26.4%	25.4%
<b>Combined ratio excluding LPT<sup>(1)</sup></b>	<b>95.5%</b>	<b>96.9%</b>	<b>96.2%</b>	<b>98.4%</b>

## Q4 2020 Written Premiums

- Gross Written Premium increased 6.0% in Q4 versus Q4 2019 with growth in targeted specialty businesses and rate increases offset by the continued run-off of monoline workers' compensation and lawyers and insurance agent professional liability which began in Q2 2020
- Net Written Premium increased 13.6% in Q4 versus Q4 2019 from the higher gross written premium and higher net retentions

## Underwriting Profitability

- Combined ratio excluding LPT<sup>(1)</sup> improved to 95.5% for Q4 versus 96.9% in Q4 2019
- Catastrophe losses from storms Laura, Sally, Delta, and Zeta impacted the loss ratio by 0.7% in Q4 and 1.1% for the full year. There was no impact from catastrophes in 2019
- In Q2 2020, all business units were reviewed to determine prospects for profitability, growth and returns on invested capital
- New talent acquisitions included E&S team to accelerate growth
- Market conditions continue to be favourable

## Investment Performance

- Q4 saw a return to investment income reversing primarily unrealized losses on the public equities portfolio earlier in the year
- High cash balances suppressed yields, but now provides opportunity to deploy and execute on investment strategy in 2021
- Investment income YTD 2019 included a one-time \$9.3 million pre-tax realized gain on a strategic investment

US\$ millions except share and per share amounts.

(1) Does not include charges related to the Loss Portfolio Transfer ("LPT") transaction completed in Q2 2020 or adverse development subject to the LPT.

# SKYWARD SPECIALTY: SUMMARY BALANCE SHEETS



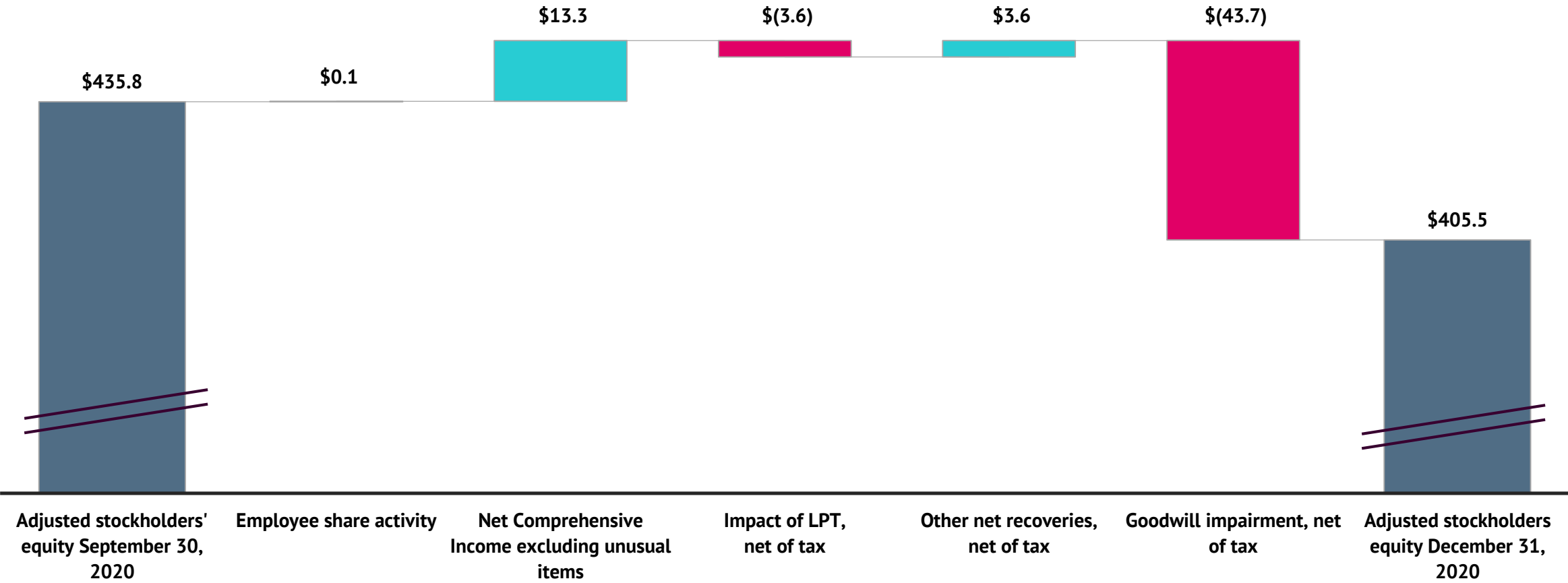
As at	December 31, 2019	September 30, 2020	December 31, 2020
Investments	\$711.7	\$679.5	\$764.8
Cash and restricted cash	86.0	92.9	112.0
Insurance related assets	812.0	1,025.2	949.1
Deferred tax asset	24.2	33.5	41.1
Goodwill and intangible assets	142.9	141.8	86.2
<b>Total assets</b>	<b>\$1,776.8</b>	<b>\$1,972.9</b>	<b>\$1,953.2</b>
Insurance related liabilities	\$1,244.4	\$1,419.5	\$1,430.1
Notes payable	83.8	50.0	50.0
Trust preferred securities	78.4	78.4	78.4
<b>Total liabilities</b>	<b>\$1,406.6</b>	<b>\$1,547.9</b>	<b>\$1,558.5</b>
Stockholders' equity	\$373.7	\$435.8	\$405.5
Stock notes receivable	(3.5)	(10.8)	(10.8)
<b>Total stockholders' equity</b>	<b>\$370.2</b>	<b>\$425.0</b>	<b>\$394.7</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,776.8</b>	<b>\$1,972.9</b>	<b>\$1,953.2</b>
<b>Tangible stockholders' equity<sup>(1)</sup></b>	<b>\$230.8</b>	<b>\$294.0</b>	<b>\$319.3</b>

- In Q2 2020, Skyward closed a Loss Portfolio Transfer transaction mitigating unfavourable development of prior period reserves, primarily from 2017 policy years and prior
- On April 24, 2020, Skyward completed a \$100 million rights offering of convertible preferred shares, of which Westaim participated for \$44 million to maintain its fully diluted ownership share
- On May 22, 2020, Andrew Robinson was appointed Chief Executive Officer of Skyward Specialty
- On August 19, 2020, AM Best revised the rating on Skyward Specialty from A- (negative) to A- (stable)
- In Q4 2020, Skyward recorded an impairment of Goodwill of \$43.7 million after tax on three lines of business from prior acquisitions
- These decisive actions position Skyward Specialty in a very strong position to grow profitably and accelerate its return on equity

US\$ millions except share and per share amounts.

(1) Tangible stockholders' equity is calculated as stockholders' equity, excluding the reduction for stock notes receivables less goodwill and intangible assets.

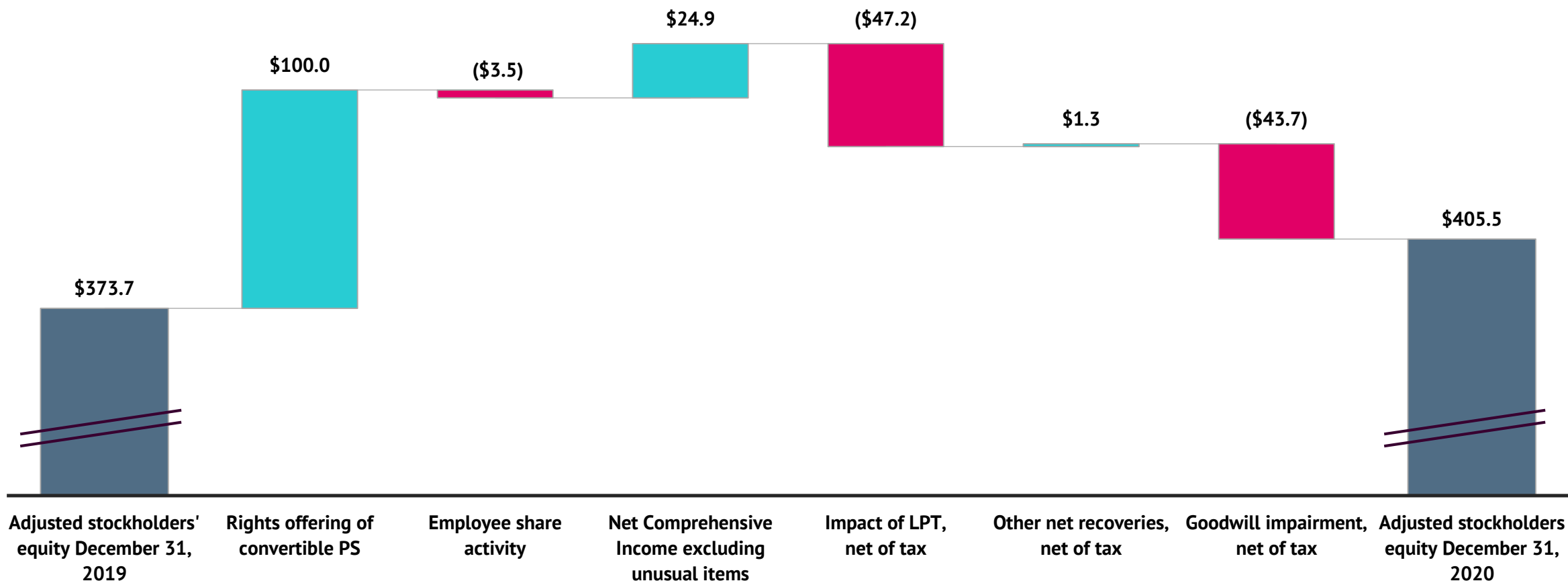
# STOCKHOLDERS' EQUITY: FOR THE THREE MONTHS ENDED DECEMBER 31, 2020<sup>(1)</sup>



Any terms not defined in this document are defined in Westaim's December 31, 2020 MD&A.

(1) The adjusted stockholders' equity of Skyward Specialty as at December 31, 2020 reflects the Skyward Specialty stockholders' equity obtained from the audited financial statements of Skyward Specialty as at and for the year ended December 31, 2020 prepared in accordance with accounting principles generally accepted in the United States of America, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares.

# STOCKHOLDERS' EQUITY: FOR THE YEAR ENDED DECEMBER 31, 2020<sup>(1)</sup>



Any terms not defined in this document are defined in Westaim's December 31, 2020 MD&A.

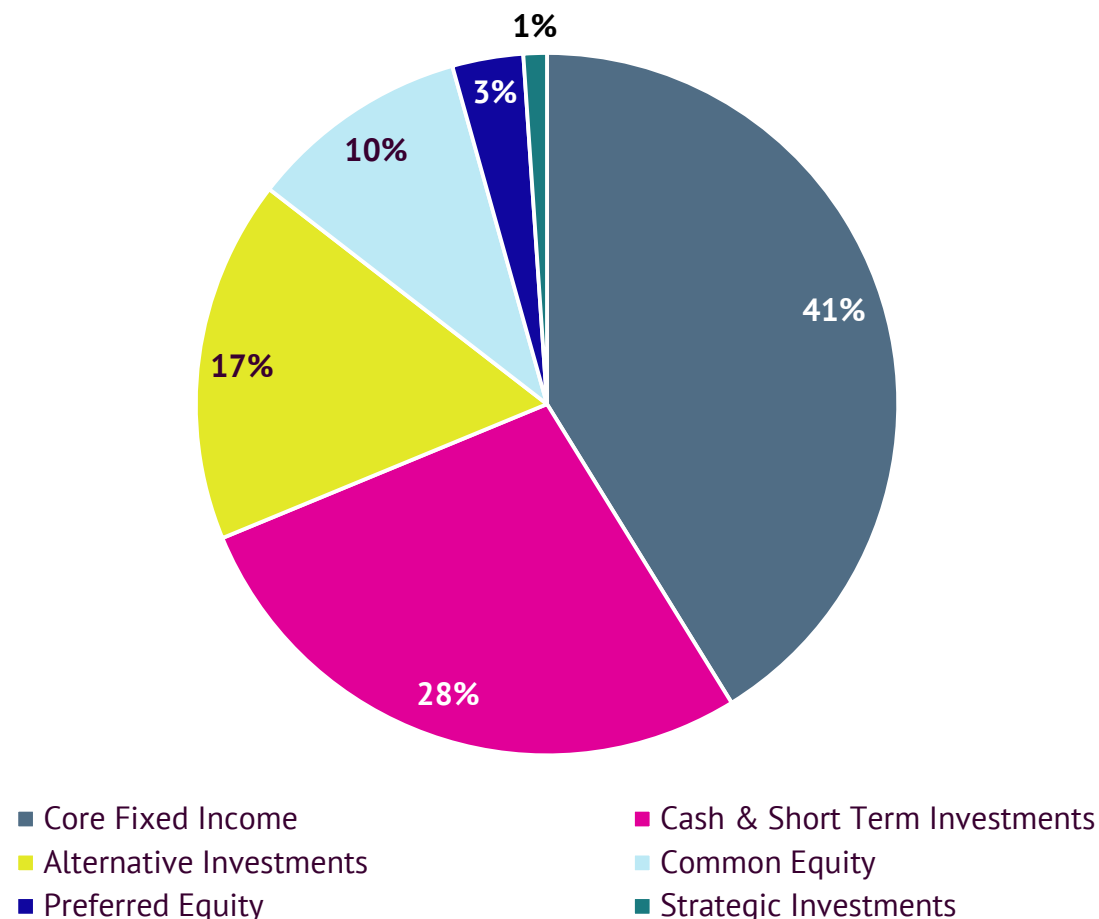
(1) The adjusted stockholders' equity of Skyward Specialty as at December 31, 2020 reflects the Skyward Specialty stockholders' equity obtained from the audited financial statements of Skyward Specialty as at and for the year ended December 31, 2020 prepared in accordance with accounting principles generally accepted in the United States of America, adjusted for a reclassification of a stock notes receivable from employees relating to their purchase of Skyward Specialty common and convertible preferred shares.

# CONSERVATIVELY POSITIONED INVESTMENT PORTFOLIO



- The \$765<sup>(1)</sup> million investment portfolio is conservatively positioned, comprised mainly of core fixed income assets (3.6 year duration), short-term investments and cash
- Total portfolio duration including alternatives is 1.98 years
- The tax equivalent yield for the investment portfolio was approximately 2.7% at December 31, 2020
- Weighted Average Credit Quality of AA for core fixed income portfolio
- Alternative assets are comprised primarily of alternative credit investments managed by Arena Investors, L.P.
- Equity portfolio is primarily large-cap value with a domestic bias
- Significant cash & equivalents to be deployed based on opportunity

**December 31, 2020<sup>(1)(2)</sup>**



(1) Investment portfolio is comprised of managed assets and excludes restricted cash and cash used in insurance operations.

(2) Preferred Equity was allocated but in cash as of December 31, 2020.



ARENA  
INVESTORS LP

December 31, 2020

# Seeing What's Possible



## ABOUT ARENA INVESTORS

**\$2.2B**

Assets Under Management<sup>(1)</sup>

**~\$194M**

of AUM is employee and  
related capital

Vast Global Origination and  
Servicing Network

Offices in New York, Jacksonville,  
San Francisco, Dublin, and  
London<sup>(2)</sup>

**\$2.5B**

deployed into 200+ transactions  
since launch in 2015

- Global originator and underwriter of proprietary investments seeking to produce consistent and uncorrelated returns
- Institutional scale and experience with transaction sizes between \$5 million – \$50 million, which avoids competition with global alternatives firms focusing on \$100m+ investments
- Deep and experienced team — Managing Directors average 20+ years of experience across the firm
- Global origination network built over 25+ years
- Robust process and proprietary infrastructure built over 15 years<sup>(3)</sup>
- High level of alignment with investors, partners, and other stakeholders
- Strong governance and full transparency

(1) The assets under management of Arena includes employee capital, co-invest, and capital committed but not yet deployed as of January 1, 2021.

(2) The Jacksonville and Dublin offices are used by an Arena affiliate, Quaestor Advisors, LLC, and Arena Investors EF Designated Activity Company.

(3) IT systems were developed and used at firms prior to the inception of Arena Investors, LP.



**ARENA**  
INVESTORS LP



## Now In Second Stage of Growth

- 60+ full-time employees globally
- Financing being put in place across entities

## Continued Strong Performance

- \$2.5B+ deployed into 200+ illiquid transactions
- 109 exited illiquid investments with a realized Gross IRR of 17.9%<sup>(1)</sup>
- The portfolio has had positive results in 60 of the 63 months since inception<sup>(2)</sup>
- Consistent and uncorrelated performance; stable results through COVID-19

## Driving Third-Party Assets Under Management

- Arena's assets under management have grown at a compound annual growth rate of 56.5% from December 2015 through December 2020
- \$2.2 billion in committed assets under management<sup>(3)</sup>

1. 107 active positions have a gross underwritten IRR of 17.5% and a current IRR of 10.1%. Current IRR reflects all investment activity, i.e., prior actual cash flows and future projected cash flows (which are discounted as of the reporting date), from the inception of each applicable investment through 12/31/2020. The current IRR may not be representative of the realized IRR upon exit of each investment, which may increase or decrease.

2. Through December 31, 2020 and based on composite performance, see slide 26 and Important Disclosures on slides 3 and 4. Past performance is not indicative of future performance. Actual results may vary.

3. The assets under management of Arena includes employee capital, co-invest, and capital committed but not yet deployed as of January 1, 2021.



(dollars in millions)                      Q4 2020                      Q4 2019                      FY 2020                      FY 2019

## Recurring Income

Management / Servicing Fees	\$5.9	\$4.9	\$20.7	\$18.7
Other Income	0.1	0.1	0.3	0.3
<b>Recurring Income</b>	<b>\$6.0</b>	<b>\$5.0</b>	<b>\$21.0</b>	<b>\$19.0</b>
Operating Expenses	(6.0)	(6.0)	(24.0)	(22.5)
<b>Fee Related Earnings (Loss)</b>	<b>(\$0.0)</b>	<b>(\$1.0)</b>	<b>(\$3.0)</b>	<b>(\$3.5)</b>

## Incentive Income

Incentive Fees	\$4.2	\$2.4	\$7.8	\$9.6
Incentive Fee Compensation <sup>1</sup>	(1.1)	(1.5)	(3.8)	(5.2)
<b>Net Incentive Fees</b>	<b>\$3.1</b>	<b>\$0.9</b>	<b>\$4.0</b>	<b>\$4.4</b>

## Net Income

<b>EBITDA</b>	<b>\$3.1</b>	<b>(\$0.1)</b>	<b>\$1.0</b>	<b>\$0.9</b>
Depreciation	(0.0)	(0.0)	(0.1)	(0.1)
Interest Expense	(0.3)	(0.3)	(1.1)	(1.0)
<b>Net Income (Loss)</b>	<b>\$2.8</b>	<b>(\$0.4)</b>	<b>(\$0.2)</b>	<b>(\$0.2)</b>

## Q4 2020 Results:

- Net profit was \$2.8 million for Q4 2020, compared to \$0.7 million loss in Q3 2020 and \$0.4 million loss in Q4 2019
- Management and Service Fee revenue was \$5.9 million for Q4 2020, compared to \$5.0 million in Q3 2020 and \$4.9 million in Q4 2019
- Net incentive income was \$3.1 million for Q4 2020, compared to \$1.1 million in Q3 2020 and \$0.9 million in Q4 2019
- Recurring revenue is growing. With recurring revenue approximately equal to operating expenses, Arena is now reaching a point where future growth is well positioned to drive significant operating leverage given the overall platform has largely been built-out ahead of this growth

1. Arena is under no contractual obligation (past or future) to pay Incentive Fees earned to employees.



**\$2.2B UNDER MANAGEMENT, \$1.3B DEPLOYED\***

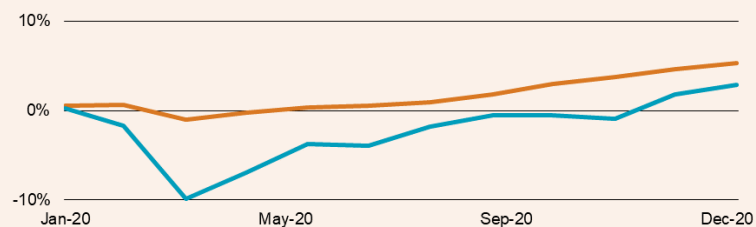


\* The assets under management includes employee capital, co-invest, and capital committed but not yet deployed (except where noted) as of January 1, 2021.

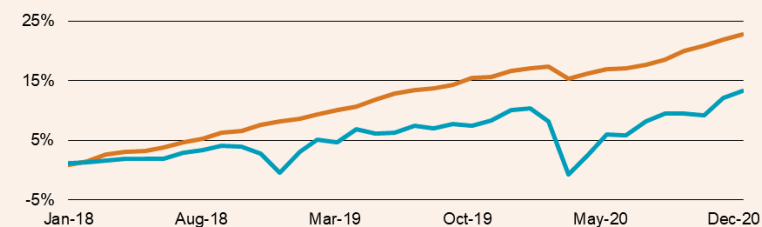


## Consistent and uncorrelated performance<sup>(1)</sup>; stable results through 2020

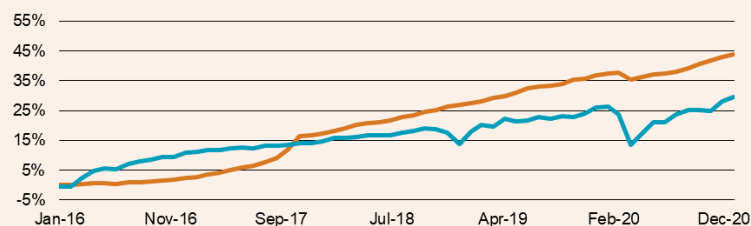
2 0 2 0



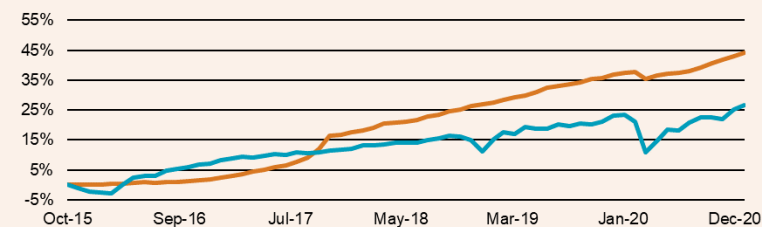
3 YEARS



5 YEARS



SINCE INCEPTION



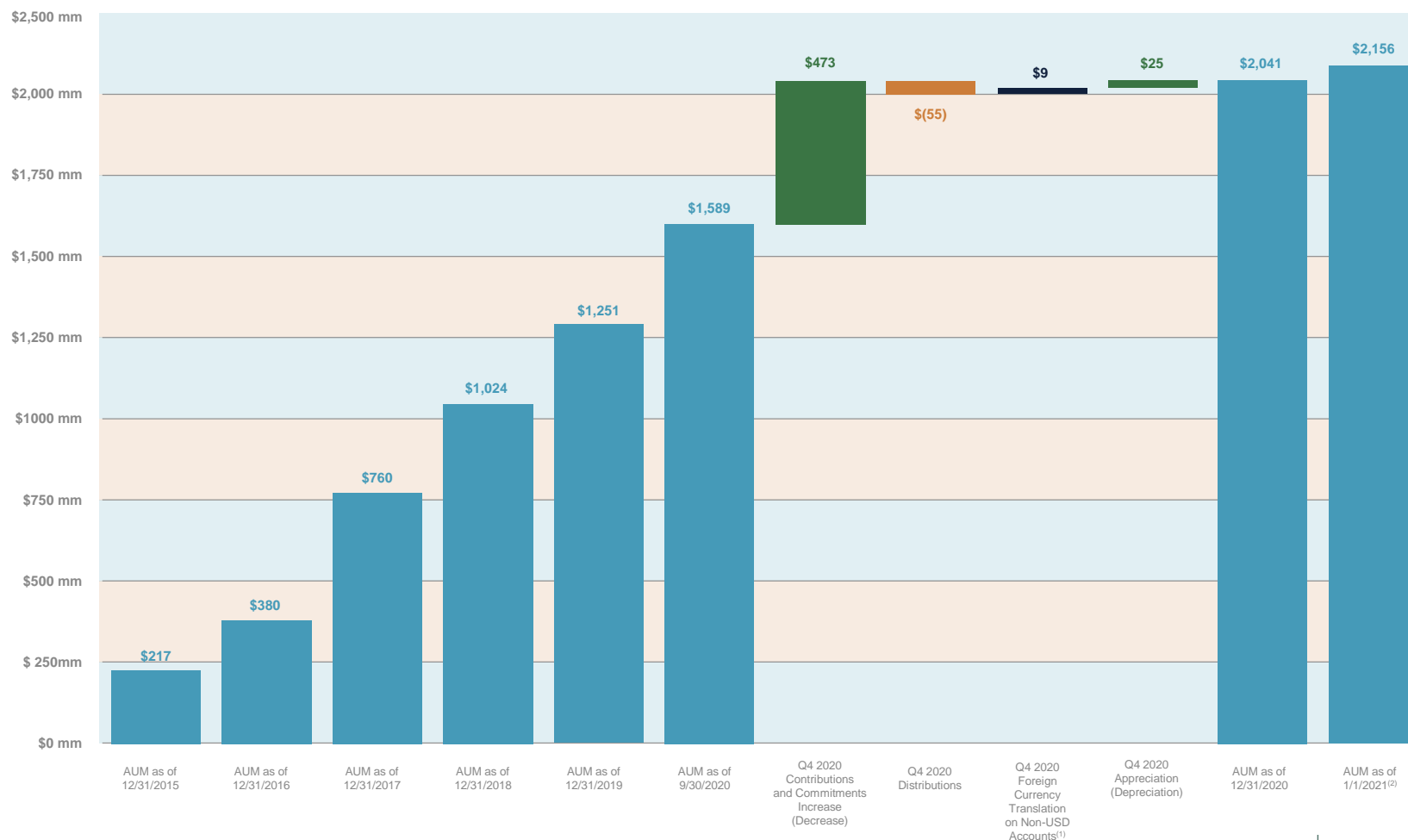
— Arena Composite — LSTA Leveraged Loan 100 Index

1. This composite is comprised of one onshore open-ended fund and one offshore open-ended fund, which commenced operations on October 1, 2015 and March 1, 2016, respectively. For the period from March 1, 2016 until September 30, 2018, the offshore fund received an expense subsidy for monthly expenses in excess of 0.10% of NAV. Time-weighted monthly returns are calculated net of annual management fees of 2%, 0.5% asset servicing expense and an incentive fee of 20%, which represent the standard fees charged to Fund investors. All returns are based on the reinvestment of principal, interest and dividends received by the composite. Cumulative returns are not annualized. The LSTA Leveraged Loan 100 Index are presented gross of any expenses or fees. Past performance is not indicative of future performance. Actual results may vary.



**ARENA**  
INVESTORS LP

Arena Group's assets under management (including undrawn commitments) grew by \$452 million in Q4 2020 to \$2.0 billion at year end and \$2.2 billion as of January 1, 2021. From December 31, 2015 to December 31, 2020 AUM has grown at a CAGR of 56.5%



1. Foreign currency fluctuations on NAV for accounts reported in currencies other than USD.  
 2. AUM includes undrawn commitment for closed-end, SMA, and New Zealand Real Estate Credit Partners I and II Funds.





ARENA

**Arena FINCOs**

# Arena Fincos: Summary of Operating Results

	Three months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Investment income	\$0.2	\$5.2	\$5.6	\$18.5
Net (losses) gains on investments	3.5	(0.6)	0.6	3.9
Interest expense	(0.9)	-	(0.9)	(0.7)
<b>Net investment income</b>	<b>2.8</b>	<b>4.6</b>	<b>5.3</b>	<b>21.7</b>
Operating expenses:				
Management and asset servicing fees	(1.0)	(1.3)	(4.2)	(5.0)
Incentive fees	(0.1)	(0.3)	(0.2)	(1.5)
Other operating expenses	(0.1)	(0.3)	(0.7)	(1.5)
<b>Net performance of Arena Fincos*</b>	<b>\$1.6</b>	<b>\$2.7</b>	<b>\$0.2</b>	<b>\$13.7</b>
Holding companies' expenses	(\$0.1)	\$-	(\$0.3)	(\$1.9)
<b>Net operating results of the Arena Fincos</b>	<b>\$1.5</b>	<b>\$2.7</b>	<b>(\$0.1)</b>	<b>\$11.8</b>
<b>Gross investment return</b>	1.7%	2.2%	3.0%	11.2%
<b>Net investment return*</b>	0.9%	1.3%	0.0%	7.0%

## Strategic Transactions

- In Q1 2020, \$34.8 million was returned to Westaim from Arena Fincos to primarily to provide capital for Westaim to participate in Westaim's pro-rata share (44.0%) of Skyward Specialty's \$100 million Rights Offering
- Also in Q1 2020, Arena Fincos elected to strategically participate in the launch of the Arena Special Opportunities Partners Fund I ("ASOP I"), Arena Investors' closed end, drawdown type fund:
  - Arena Fincos provided \$28 million of seed capital to this fund by transferring several of its existing positions to allow the fund to hit the ground running and immediately be in a position to generate investment returns for ASOP I investors, including Skyward Specialty
  - This participation was strategic to Westaim as it allowed Arena Investors to launch ASOP I raising \$519 million of additional AUM for the firm in 2020
- In addition on September 29, 2020, one of the Arena Fincos completed a private placement of \$45 million of 6.75% senior secured notes due September 30, 2025:
  - This "A" rated bond provides non-recourse leverage to the Arena Fincos' portfolio
  - This modest financial leverage is expected to accelerate Arena Investors' ability to provide attractive, consistent returns for Westaim
  - It is also expected to facilitate the ability of Arena Investors to access appropriate, intelligent leverage for other pools of capital in its portfolio, a key element of providing target performance to its investors

## Impact on Performance

- The strategic transactions noted above resulted in performance being lower than years past as Arena Fincos:
  - Credit flow was temporarily disrupted
  - Existing positions became slightly larger thereby creating enhanced volatility; and
  - At times, Arena Fincos carried a significant cash position generating minimal returns
- Following the private placement of \$45 million senior secured notes, Arena Fincos' investing allocation resumed to a steady state, and Westaim expects to be fully invested (including the Senior Note proceeds) in early 2021

\* Net investment return does not include certain corporate level advisory fees and interest paid to Westaim, and other corporate level expenses.  
US\$ millions except share and per share amounts.

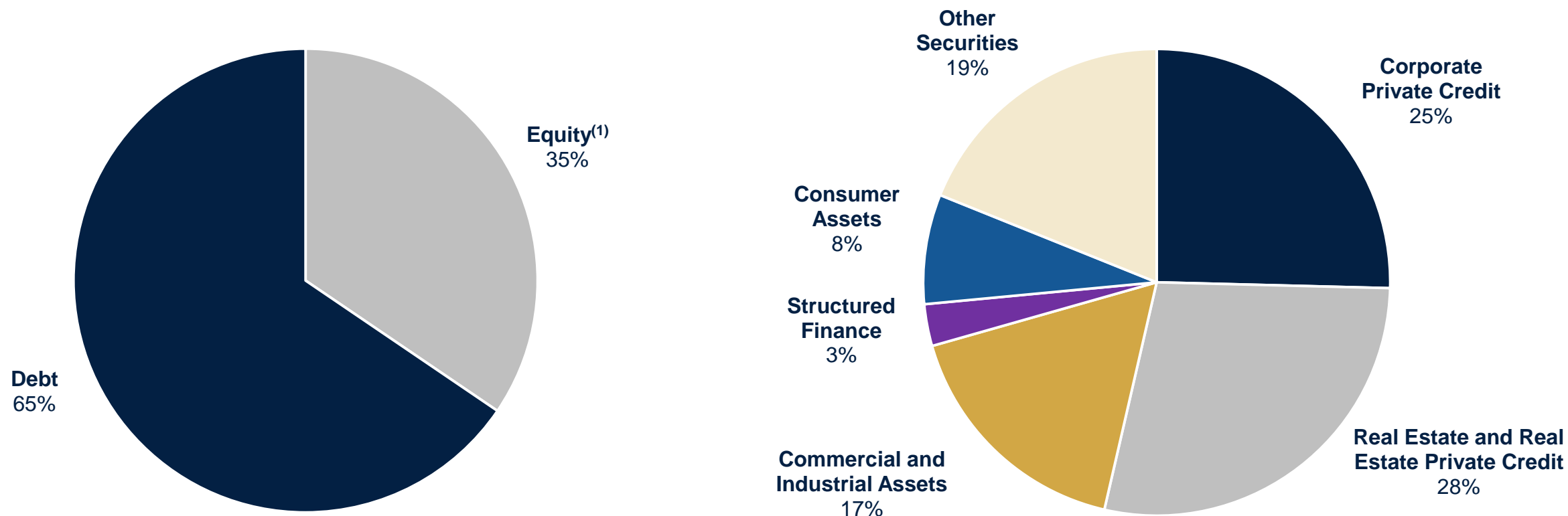


# Arena FINCOs: Summary of Net Assets

Fair Value	December 31, 2019	September 30, 2020	December 31, 2020
Cash and cash equivalents	\$8.6	\$55.9	\$21.4
Due from brokers, net	1.6	4.1	(5.5)
<b>Investments:</b>			
Corporate Private Credit	61.9	46.2	46.2
Real Estate Private Credit and Real Estate Assets	31.5	34.1	49.9
Commercial and Industrial Assets	47.3	30.0	30.8
Structured Finance	4.4	4.0	5.2
Consumer Assets	22.5	15.5	13.8
Other Securities	21.5	22.9	34.4
<b>Total Investments</b>	<b>\$189.1</b>	<b>\$152.7</b>	<b>\$180.3</b>
Senior secured notes payable	-	(43.3)	(43.4)
Other net assets	6.5	-	10.2
<b>Net assets of the Arena FINCOs</b>	<b>\$205.8</b>	<b>\$169.4</b>	<b>\$163.0</b>
<b>Changes in Investment in Arena FINCO</b>		<b>Q4 2020</b>	<b>FY 2020</b>
Opening balance		\$169.4	\$205.8
Return of capital to Westaim		(7.9)	(20.0)
Dividends paid to Westaim		-	(22.7)
Net operating results of the Arena FINCOs		1.5	(0.1)
<b>Ending balance</b>		<b>\$163.0</b>	<b>\$163.0</b>

- During 2020, the following key events impact the net assets of the Arena FINCOs:
  - \$42.7 million of capital in the Arena FINCOs was returned to Westaim through a dividend and a return of capital
  - In September 30, 2020, Arena FINCOs closed a \$45 million private placement of 6.75% senior secured notes which when deployed, are intended to improve net returns by providing financial leverage to the invested asset portfolio
  - Arena FINCOs began to deploy the cash received from the secured notes in Q4 2020, and expects to be fully deployed in Q1 2021

# Arena FINCOs: Portfolio breakdown as at December 31, 2020



***Arena FINCOs held 158 positions at December 31, 2020 compared to 154 positions at December 31, 2019***

(1) Equity reflects any hard asset ownership, in which Arena FINCO has direct ownership rights of the asset, including real estate owned investments (REO), private assets, and corporate entities.



The Westaim Corporation

70 York Street, Suite 1700  
Toronto, Ontario  
Canada M5J 1S9

[www.westaim.com](http://www.westaim.com)

[info@westaim.com](mailto:info@westaim.com)

---