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The "Company" in this Management's Discussion and Analysis ("MD&A") refers to The Westaim Corporation ("Westaim") 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 and nine months ended September 30, 2024 and 2023 as set out on pages 31 to 54 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 and nine months ended September 30, 2024 and financial condition as at September 30, 2024. 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 November 12, 2024. Additional information relating to the Company is available on SEDAR+ at [www.sedarplus.ca](http://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 for Investment Entities

The Company qualifies as an investment entity under IFRS and uses fair value as the key measure to monitor and evaluate its primary investments. The Company reports its financial results in accordance with IFRS applicable to investment entities.

### 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-GAAP Measures

The Company uses both 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. 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 14, *Non-GAAP Measures* of this MD&A.

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**Cautionary Statement Regarding the Valuation of Investments in Private Entities**

In the absence of an active market for its investments in private entities, 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 and, 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.

**Cautionary Statement Regarding Financial Information of the Arena FINCOs and Arena**

Supplementary financial measures concerning the Arena FINCOs (as hereinafter defined) and Arena (as hereinafter defined) (the "Arena Supplementary Financial Measures") contained in this MD&A are unaudited and have been derived from the audited consolidated financial statements of the Arena FINCOs and Arena for the year ended December 31, 2023 and the unaudited consolidated financial statements of Arena FINCOs and Arena for the three and nine months ended September 30, 2024 and 2023, which have been prepared in accordance with either IFRS or US GAAP. Such statements are the responsibility of the management of the Arena FINCOs and Arena. The Arena Supplementary Financial Measures, including any Arena FINCOs and Arena non-GAAP measures contained therein, may not be reconciled to IFRS and so may not be comparable to the financial information of issuers that present their financial information in accordance with IFRS.

The Arena Supplementary Financial Measures should be read in conjunction with the Company's historical financial statements including the notes thereto and the related MD&A as well as the Company's other public filings.

The Arena Supplementary Financial Measures have been primarily provided by the management of the Arena FINCOs and Arena. Although Westaim has no knowledge that would indicate that any of the Arena Supplementary Financial Measures contained herein are untrue or otherwise misleading, neither Westaim nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information, or for any failure by the Arena FINCOs and Arena to disclose to Westaim events or facts which may have occurred or which may affect the significance or accuracy of any such financial information but which are unknown to Westaim.

Westaim disclaims and excludes all liability (to the extent permitted by law), for losses, claims, damages, demands, costs and expenses of whatever nature arising in any way out of or in connection with the Arena Supplementary Financial Measures, its accuracy, completeness or by reason of reliance by any person on any of it.

**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, 2023, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), as same may be modified or superseded by a subsequently filed Annual Information Form. Please refer to Section 15, *Cautionary Note Regarding Forward-Looking Information* of this MD&A.

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**1. THE COMPANY**

The Westaim Corporation (TSXV: WED) 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 global financial services industry and grow shareholder value over the long term.

The Company's principal investments consist of the Arena FINCOs and Arena. See discussion in Section 3, *Investments* of this MD&A for additional information on these investments. See Note 17, Subsequent Events in the Notes to the Financial Statements with respect to the proposed investments in connection with the transactions to be completed with CC Capital Partners, LLC (and its affiliates) (the "Proposed Transactions").

**2. OVERVIEW OF PERFORMANCE**

Highlights	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Revenue and net change in value of investments	\$ 11.4	\$ 24.8	\$ 37.5	\$ 159.5
Net expenses	(12.5)	(1.8)	(32.5)	(10.5)
Income taxes recovery (expense)	-	-	0.1	(0.2)
(Loss) profit and comprehensive (loss) income	\$ (1.1)	\$ 23.0	\$ 5.1	\$ 148.8
(Loss) earnings per share – basic	\$ (0.01)	\$ 0.17	\$ 0.04	\$ 1.06
(Loss) earnings per share – diluted	\$ (0.01)	\$ 0.16	\$ 0.04	\$ 1.05
At September 30:				
Shareholders' equity			\$ 511.2	\$ 495.7
Number of Common Shares outstanding <sup>1</sup>			128,172,385	135,491,943
Book value per fully diluted share – in US\$ <sup>2</sup>			\$ 3.90	\$ 3.56
Book value per fully diluted share – in C\$ <sup>3</sup>			\$ 5.28	\$ 4.82

<sup>1</sup> Westaim's common shares ("Common Shares") are listed and posted for trading on the TSX Venture Exchange ("TSXV") under the symbol "WED".

<sup>2</sup> See Section 14, *Non-GAAP Measures* of this MD&A.

<sup>3</sup> Period end exchange rates: 1.35265 at September 30, 2024 and 1.35535 at September 30, 2023.

Three months ended September 30, 2024 and 2023

The Company reported a (loss) profit and comprehensive (loss) income of \$(1.1) and \$23.0 for the three months ended September 30, 2024 and 2023, respectively.

Revenue and net change in value of investments was a net increase of \$11.4 for the three months ended September 30, 2024 (2023 – \$24.8), and consisted of interest income of \$4.6 (2023 - \$1.0), dividend income paid to the Company from the Arena FINCOs of \$1.9 (2023 - \$nil), advisory fees of \$0.1 (2023 - \$0.1), an increase of \$9.5 in the value of the investment in Skyward Specialty Insurance Group, Inc. ("Skyward Specialty") (2023 – \$20.7), a decrease of \$3.0 in the value of the investments in the Arena FINCOs, which was a decrease of \$1.1 before dividends paid of \$1.9 (2023 – increase of \$0.9), the Company's share of Arena's comprehensive loss of \$1.7 (2023 – share of Arena's comprehensive income of \$2.1) and a decrease in the value of the Company's investment in Arena Special Opportunities Fund, LP ("ASOF LP") of a nominal amount (2023 – increase of a nominal amount).

Net expenses for the three months ended September 30, 2024 of \$12.5 (2023 – \$1.8) consisted of salaries and benefits of \$8.0 (2023 - \$1.2), general, administrative and other expenses of \$0.2 (2023 - \$0.2), professional fees of \$5.0 (2023 - \$0.5), share-based compensation expense recovery \$0.9 (2023 – expense of \$0.1), a foreign exchange loss of \$0.2 (2023 – gain of \$0.3), and interest on preferred securities of \$nil (2023 - \$0.1).

The Company reported income taxes expense for the three months ended September 30, 2024 of a nominal amount (2023 – recovery of a nominal amount).

Nine months ended September 30, 2024 and 2023

The Company reported a profit and comprehensive income of \$5.1 and \$148.8 for the nine months ended September 30, 2024 and 2023, respectively.

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**2. OVERVIEW OF PERFORMANCE (continued)**

Revenue and net change in value of investments was a net increase of \$37.5 for the nine months ended September 30, 2024 (2023 – \$159.5), and consisted of interest income of \$10.2 (2023 - \$2.1), dividend income paid to the Company from the Arena FINCOs of \$1.9 (2023 - \$4.4), advisory fees of \$0.3 (2023 - \$0.3), an increase of \$19.8 in the value of the investment in Skyward Specialty (2023 – \$158.4), an increase of \$3.2 in the value of the investments in the Arena FINCOs, which was an increase of \$5.1 before dividends paid of \$1.9 (2023 – decrease of \$9.5, which was a decrease of \$5.1 before dividends paid of \$4.4), the Company's share of Arena's comprehensive income of \$2.0 (2023 – \$3.9) and an increase in the value of the Company's investment in ASOF LP of \$0.1 (2023 – decrease of \$0.1).

Net expenses for the nine months ended September 30, 2024 of \$32.5 (2023 – \$10.5) consisted of salaries and benefits of \$23.6 (2023 - \$3.8), general, administrative and other expenses of \$0.7 (2023 - \$0.7), professional fees of \$6.3 (2023 - \$1.0), share-based compensation expense \$2.1 (2023 – \$3.8), a foreign exchange gain of \$0.2 (2023 – loss of \$0.3), interest on preferred securities of \$nil (2023 - \$1.0) and an unrealized gain resulting from a change in the fair value of the vested Warrants (as hereinafter defined) of \$nil (2023 - \$0.1)

The Company reported income taxes expense recovery for the nine months ended September 30, 2024 of \$0.1 (2023 – expense of \$0.2).

**3. INVESTMENTS**

The Company's principal investments consist of its investments in Skyward Specialty, the Arena FINCOs and Arena.

	Place of establishment	Principal place of business	Ownership interest at September 30, 2024	Ownership interest at December 31, 2023
Skyward Specialty	Delaware, U.S.	Texas, U.S.	nil owned by the Company	17.5% owned by the Company
Arena FINCOs	Delaware, U.S.	New York, U.S.	100% owned by the Company	100% owned by the Company
Arena	Delaware, U.S.	New York, U.S.	51% owned the Company	51% owned the Company

For additional information on the Company's corporate structure, see the Company's Annual Information Form for its fiscal year ended December 31, 2023, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), as same may be modified or superseded by a subsequently filed Annual Information Form.

Skyward Specialty

The Company had an ownership interest in Skyward Specialty (NASDAQ: SKWD), a U.S. based publicly traded diversified specialty property & casualty insurance holding company that underwrites select property, casualty, surety, and accident and health insurance coverages through its insurance and reinsurance subsidiaries. The Company's investment in Skyward Specialty was recorded under investments in the Company's interim consolidated financial statements. For additional information on Skyward Specialty, see Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") filings at [www.sec.gov/edgar/search-and-access](http://www.sec.gov/edgar/search-and-access).

Arena FINCOs

The Arena FINCOs are private companies which include specialty finance companies that primarily purchase fundamentals-based, asset-oriented credit and other investments for their own account and a company that primarily facilitates the origination of fundamentals-based, asset-oriented credit investments for its own account and/or possible future sale to specialty finance companies, clients of Arena Investors and/or other third parties. 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 manage their risk and exposure by carefully assessing the value of the assets securing the loan or investment, receiving periodic and frequent reports on collateral value and the status of those assets, and tracking the financial performance of borrowers. The Company's investments in the Arena FINCOs are recorded under investments in the Company's interim consolidated financial statements. Arena FINCOs refers to WOH, AFHC (as each is defined hereinafter) and each of their respective subsidiaries.

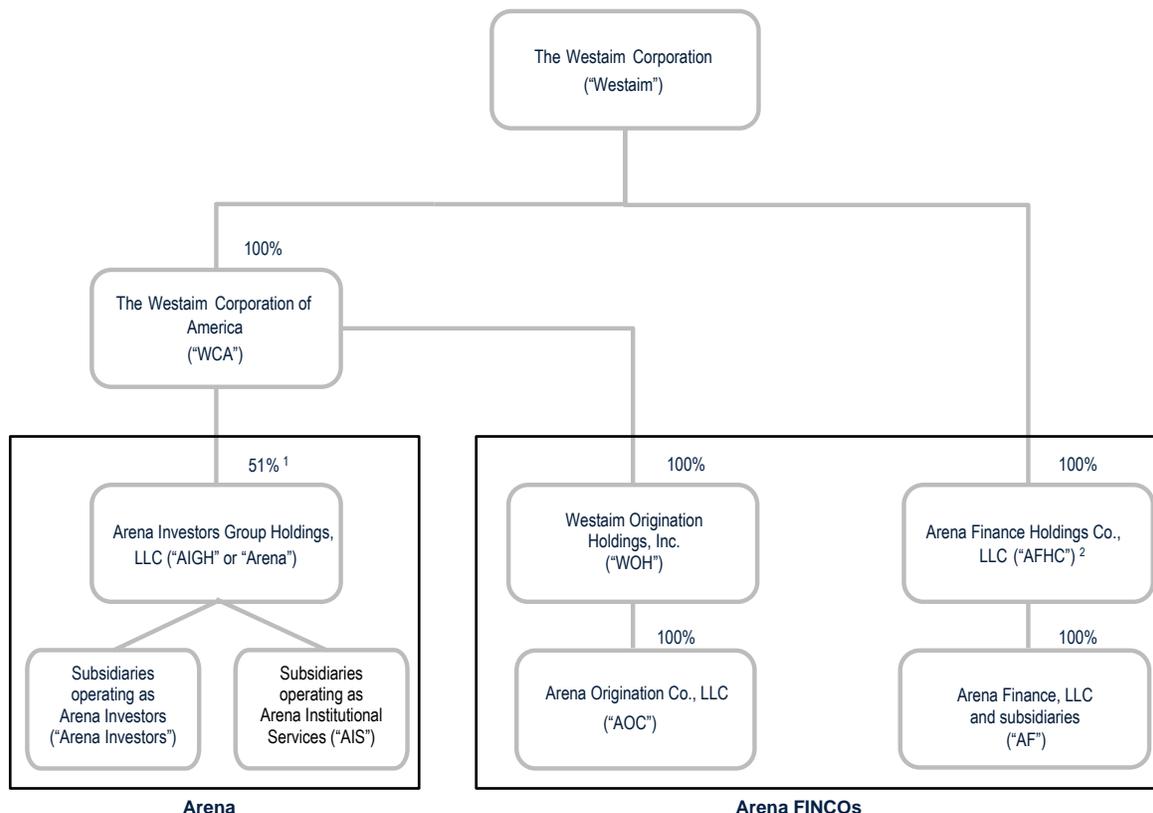
Arena

Arena Investors Group Holdings, LLC ("AIGH" or "Arena"), is a private company, through its wholly-owned subsidiaries and subsidiaries which Arena has a controlling interest. Arena consists of two main business lines, Arena Investors and Arena Institutional Services ("AIS"). Arena Investors operates as a global investment manager offering third-party clients, including the Arena FINCOs, 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.

**3. INVESTMENTS (continued)**

The Company's investment in Arena is accounted for using the equity method and consists of investments in corporations or limited partnerships where the Company has significant influence and is recorded under investments in the Company's interim consolidated financial statements.

The following chart illustrates a simplified organizational structure of Arena and the Arena FINCOs as of September 30, 2024:



<sup>1</sup> Legal equity ownership and profit percentage are 51%. Ownership and profit percentage are subject to change over time pursuant to the earn-in rights granted to BP LLC described under "Investment in Arena".

<sup>2</sup> On October 4, 2024, AFHC merged into WCA. See Note 17, Subsequent Events in the Notes to the Financial Statements.

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, 2023, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), as same may be modified or superseded by a subsequently filed Annual Information Form.

Accounting for the Company's Investments

The Company qualifies as an investment entity under IFRS and uses fair value as the key measure to monitor and evaluate its primary investments. Accordingly, the Company's investments in Skyward Specialty, the Arena FINCOs and ASOF LP are accounted for at fair value through profit or loss ("FVTPL"). The Company's investment in Arena is accounted for using the equity method since the Company does not exercise control but exercises significant influence over Arena. For a detailed description of the accounting and valuation of the Company's investments, see Note 4, *Investments* in the Notes to the Financial Statements.

Dividend income from investments in private entities are reported under "Revenue" in the interim consolidated statements of (loss) profit and comprehensive (loss) income. Changes in the fair value of the Company's investments in Skyward Specialty, the Arena FINCOs and ASOF LP and the Company's share of Arena's comprehensive (loss) income are reported under "Net results of investments" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

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**3. INVESTMENTS (continued)**

**A. INVESTMENT IN SKYWARD SPECIALTY**

The Company's investment in Skyward Specialty consists of the following:

	Three months ended September 30, 2024				
	Opening Balance	Skyward Specialty preferred shares converted to common shares	Proceeds from sale of Skyward Specialty common shares	Net increase in value of investment	Ending Balance
Skyward Specialty common shares held by the Company	\$ 69.5	\$ -	\$ (79.0)	\$ 9.5	\$ -

	Three months ended September 30, 2023					
	Opening Balance	Skyward Specialty preferred shares converted to common shares	Proceeds from sale of Skyward Specialty common shares	Net increase (decrease) in value of investment	Dissolution of HIIG Partnership	Ending Balance
HIIG Partnership-Company's share of Skyward Specialty common shares <sup>1</sup>	\$ 185.0	\$ -	\$ -	\$ (12.5)	\$ (172.5)	\$ -
HIIG Partnership-Company's share of other HIIG Partnership net assets	0.4	-	-	-	(0.4)	-
Skyward Specialty convertible preferred shares held by the Company	-	-	-	-	-	-
Skyward Specialty common shares held by the Company	83.8	-	-	33.2	172.5	289.5
	\$ 269.2	\$ -	\$ -	\$ 20.7	\$ (0.4)	\$ 289.5

	Nine months ended September 30, 2024				
	Opening Balance	Skyward Specialty preferred shares converted to common shares	Proceeds from sale of Skyward Specialty common shares	Net increase in value of investment	Ending Balance
Skyward Specialty common shares held by the Company	\$ 236.5	\$ -	\$ (256.3)	\$ 19.8	\$ -

	Nine months ended September 30, 2023					
	Opening Balance	Skyward Specialty preferred shares converted to common shares	Proceeds from sale of Skyward Specialty common shares	Net increase in value of investment	Dissolution of HIIG Partnership	Ending Balance
HIIG Partnership-Company's share of Skyward Specialty common shares <sup>1</sup>	\$ 109.2	\$ -	\$ -	\$ 63.3	\$ (172.5)	\$ -
HIIG Partnership-Company's share of other HIIG Partnership net assets	0.4	-	-	-	(0.4)	-
Skyward Specialty convertible preferred shares held by the Company	109.3	(109.3)	-	-	-	-
Skyward Specialty common shares held by the Company	-	109.3	(87.4)	95.1	172.5	289.5
	\$ 218.9	\$ -	\$ (87.4)	\$ 158.4	\$ (0.4)	\$ 289.5

<sup>1</sup> The Company's share of Skyward Specialty common shares held by the Westaim HIIG Limited Partnership (the "HIIG Partnership").

On January 18, 2023, Skyward Specialty closed its initial public offering (the "IPO"). In connection with the IPO, the Skyward Specialty common shares became listed on the Nasdaq Global Select Market under the ticker symbol "SKWD". Also in connection with the IPO, the Skyward Specialty convertible preferred shares automatically converted into Skyward Specialty common shares, including those owned by the Company which converted into 7,285,359 Skyward Specialty common shares.

On June 12, 2023, Westaim sold 3,987,500 Skyward Specialty common shares at a price to the public of \$23.00 per Skyward Specialty common share through a Skyward Specialty secondary offering. The proceeds to Westaim from the 3,987,500 Skyward Specialty common shares it sold, less underwriting commissions of 4.75%, were \$87.4.

On July 31, 2023, the HIIG Partnership expired pursuant to the terms of HIIG Partnership's limited partnership agreement, originally made as of March 12, 2014 and amended and restated as of June 27, 2014 and as further amended on November 10, 2022. Accordingly, on July 31, 2023, the HIIG Partnership was dissolved and distributed its net assets to its limited partners, resulting in the Company (in its capacity as a limited partner) receiving 7,281,780 Skyward Specialty common shares valued at \$172.5 (\$23.69 per Skyward Specialty common share on July 31, 2023) and \$0.4 in cash on the dissolution date.

On November 20, 2023, Westaim sold 3,600,000 Skyward Specialty common shares at a price to the public of \$30.50 per Skyward Specialty common share through a Skyward Specialty secondary offering. The proceeds to Westaim from the 3,600,000 Skyward Specialty common shares it sold, less underwriting commissions of 4.5%, were \$104.9.

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**3. INVESTMENTS (continued)**

On May 9, 2024, Westaim sold 5,060,000 Skyward Specialty common shares at a price to the public of \$36.50 per Skyward Specialty common share through a Skyward Specialty secondary offering. The proceeds to Westaim from the 5,060,000 Skyward Specialty common shares it sold, less underwriting commissions of 4.0%, were \$177.3.

In September, 2024, Westaim sold its remaining 1,919,639 Skyward Specialty common shares for proceeds, net of commissions, of \$79.0 at an average price of \$41.16 per Skyward Specialty common share.

Fair Value

At September 30, 2024, the Company no longer had an investment in Skyward Specialty (December 31, 2023 - \$236.5 which consisted of 6,979,639 Skyward Specialty common shares at \$33.88 per Skyward Specialty common share). See Note 4, *Investment in Skyward Specialty* in the Notes to the Financial Statements.

The Company recorded an increase in the value of its investment in Skyward Specialty of \$9.5 and \$19.8 in the three and nine months ended September 30, 2024, respectively, and an increase in the value on its investment in Skyward Specialty of \$20.7 and \$158.4 in the three and nine months ended September 30, 2023, respectively.

**B. INVESTMENT IN THE ARENA FINCOs**

The following table shows a continuity of the carrying value of the Company's investments in the Arena FINCOs included in the Company's investments in private entities.

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Opening balance	\$ 153.4	\$ 147.2	\$ 147.2	\$ 160.1
Return of capital to the Company	-	-	-	(2.5)
(Decrease) increase in value before dividends	(1.1)	0.9	5.1	(5.1)
Dividends paid to the Company	(1.9)	-	(1.9)	(4.4)
Ending balance	\$ 150.4	\$ 148.1	\$ 150.4	\$ 148.1

The Arena FINCOs invest 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. The Arena FINCOs do not have a target range of investment; the size of the loans and/or other credit investments acquired depends on, among other things, any diversity requirements which may be imposed by any lender as well as their own investment policy. In the absence of such requirements, the Arena FINCOs are not subject to concentration limitations but the management of the Arena FINCOs will use their best judgment as to what is prudent in the circumstances.

The Arena FINCOs seek 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 centres, hotels, land, single family homes, multi-family apartments, condominium towers, hospitality providers, health care service providers, and corporate campuses, leases and lease residuals.

### 3. INVESTMENTS (continued)

#### 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.

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

The Company's investment in the Arena FINCOs is 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 September 30, 2024, in the amount of \$150.4 approximated the fair value of the Company's investments in the Arena FINCOs. See Note 4, *Investments in the Arena FINCOs* in the Notes to the Financial Statements.

The fair value of the Company's investment in the Arena FINCOs was determined to be \$150.4 and \$147.2 at September 30, 2024 and December 31, 2023, respectively.

The Company recorded a decrease in the value of its investments in the Arena FINCOs of \$3.0, which was a decrease of \$1.1 before dividends paid of \$1.9 in the three months ended September 30, 2024, and an increase of \$3.2, which was an increase of \$5.1 before dividends paid of \$1.9 in the nine months ended September 30, 2024. The Company recorded an increase in the value of its investments in the Arena FINCOs of \$0.9 in the three months ended September 30, 2023, and a decrease of \$9.5, which was a decrease of \$5.1 before dividends paid to the Company of \$4.4 in the nine months ended September 30, 2023. In addition, the Arena FINCOs returned capital to the Company of \$nil and \$2.5 in the three and nine months ended September 30, 2023, respectively. There was no capital returned to the Company in the three and nine months ended September 30, 2024.

#### (ii) Arena FINCOs Supplementary Financial Measures for the three and nine months ended September 30, 2024 and 2023

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 and AFHC, the audited financial statements of AOC and the audited consolidated financial statements of AF and its subsidiaries for the year ended December 31, 2023, and the unaudited financial statements of WOH, AFHC, AOC, and consolidated AF and its subsidiaries for the three and nine months

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**3. INVESTMENTS (continued)**

ended September 30, 2024 and 2023, which have been prepared in accordance with IFRS or US GAAP. AOC financial statements and AF consolidated financial statements are the responsibility of the management of the Arena FINCOs. Readers are cautioned that the financial information 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.

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

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 6.9	\$ 27.3
Investments:		
Loans / private assets	142.4	162.3
Other securities	40.5	29.7
Total investments	182.9	192.0
Other net assets	3.5	3.9
Due from (to) brokers, net	1.7	(12.1)
Senior secured notes payable	(44.6)	(44.4)
Revolving credit facility payable	-	(19.5)
Net assets of the Arena FINCOs	\$ 150.4	\$ 147.2

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.

Arena Finance II LLC ("AFII"), one of the Arena FINCOs, has a private placement of \$45.0 of 6.75% senior secured notes payable to improve net returns by leveraging invested assets. AFII incurred issuance costs relating to the notes of \$1.7 which is recorded as a discount to the net proceeds received and is amortized over the life of the notes. The net proceeds received from these notes are being used by the Arena FINCOs in accordance with its investment objectives. See Note 17, Subsequent Events in the Notes to the Financial Statements with respect to the issuance of an aggregate of \$45.0 of units of AFHC to the Company and Arena Finance Company II Inc. (a wholly-owned subsidiary of the Company) on October 1, 2024, the proceeds of which were ultimately used by AFII to extinguish certain indebtedness.

AFII had a revolving credit facility with third-party lenders with a commitment amount of \$25.0 which expired on September 30, 2024. There was a draw of \$19.5 outstanding at December 31, 2023.

For additional information on the investments of the Arena FINCOs, see Section 13, *Additional Arena FINCOs Investment Schedules* of this MD&A.

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Net operating results of the Arena FINCOs:				
Investment income	\$ 7.5	\$ 0.9	\$ 11.0	\$ 0.6
Net (losses) gains on investments	(6.2)	2.3	1.5	1.6
Interest expense	(1.2)	(1.3)	(3.6)	(3.5)
Net investment income (loss)	0.1	1.9	8.9	(1.3)
Management and asset servicing fees	(0.9)	(1.0)	(2.8)	(2.9)
Incentive fees (expense) recovery	(0.1)	0.1	(0.2)	(0.1)
Other operating expenses	(0.2)	(0.1)	(0.7)	(0.7)
Net operating results before holding companies' expenses	(1.1)	0.9	5.2	(5.0)
Arena FINCOs holding companies' expenses:				
Advisory fees paid to the Company	-	-	(0.1)	(0.1)
Net operating results of the Arena FINCOs	\$ (1.1)	\$ 0.9	\$ 5.1	\$ (5.1)

The Net Return on the investment portfolios of the Arena FINCOs was -0.7% and +3.6% for the three and nine months ended September 30, 2024, respectively, and +0.6% and -3.2% for the three and nine months ended September 30, 2023, respectively. See Section 14, *Non-GAAP Measures* of this MD&A.

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**3. INVESTMENTS (continued)**

**C. INVESTMENT IN ARENA**

Changes in the Company's investment in associates are summarized as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Investment in Arena				
Opening balance	\$ 30.3	\$ 26.7	\$ 27.6	\$ 26.9
The Company's share Arena's comprehensive (loss) income	(1.7)	2.1	2.0	3.9
The Company's share of cash and non-cash distributions from Arena	-	-	(1.0)	(2.0)
Ending balance	\$ 28.6	\$ 28.8	\$ 28.6	\$ 28.8

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 September 30, 2024, Arena Investors had committed assets under management ("AUM") of approximately \$3.3 billion (December 31, 2023: \$3.2 billion). AUM refers to the assets for which Arena Investors provides investment management, advisory or certain other investment-related services. 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 and are not calculated pursuant to any regulatory definitions. At September 30, 2024, AUM included the net assets of the Arena FINCOs and the Company's investment in ASOF LP of approximately \$154 (December 31, 2023: \$150).

(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 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 (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 September 30, 2024 and 2023, the Company's equity ownership and profit sharing percentage of Arena was 51%.

(ii) Accounting for Arena

The Company has a revolving loan to Arena (the "Arena Revolving Loan") with a limit of \$35 at September 30, 2024 (December 31, 2023 - \$35) in order to continue funding growth initiatives and working capital needs of Arena. The loan facility matures on March 31, 2025 and bore an interest rate of 5.60% per annum through to March 31, 2023 and increased to 7.25% per annum on April 1, 2023. Arena had drawn down the loan facility by \$24 at September 30, 2024 (December 31, 2023 - \$24). The loan facility is secured by all the assets of Arena.

The Company's investment in Arena is accounted for using the equity method. The carrying amount of the Company's investment in Arena was \$28.6 and \$27.6 at September 30, 2024 and December 31, 2023, respectively. The Company's 51% share of Arena's comprehensive (loss) income amounted to \$(1.7) and \$2.0 for the three and nine months ended September 30, 2024, respectively, and \$2.1 and \$3.9 for the three and nine months ended September 30, 2023, respectively.

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**3. INVESTMENTS (continued)**

(iii) Arena Supplementary Financial Measures for the three and nine months ended September 30, 2024 and 2023

The Company considers 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 below is unaudited and has been derived from the audited financial statements of AIGH for the year ended December 31, 2023 and the unaudited financial statements of AIGH for the three and nine months ended September 30, 2024 and 2023, which have been prepared in accordance with US GAAP. Such statements are the responsibility of the management of Arena. 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

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 4.5	\$ 8.1
Restricted cash	13.1	16.7
Arena's Revolving Loan from the Company	(24.0)	(24.0)
Other net assets	22.4	10.4
Net assets	<u>16.0</u>	<u>11.2</u>
Less: net assets attributable to non-controlling interests	<u>7.2</u>	<u>4.5</u>
Net assets attributable to Arena	<u>\$ 8.8</u>	<u>\$ 6.7</u>
Company's share of Arena's net assets	\$ 4.6	\$ 3.6
Arena's Revolving Loan from the Company	24.0	24.0
Carrying amount of the Company's investment in Arena	<u>\$ 28.6</u>	<u>\$ 27.6</u>

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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
<b>Arena Investors</b>				
Management fees	\$ 7.1	\$ 7.7	\$ 21.5	\$ 23.2
Asset servicing fees	2.1	2.9	8.0	8.3
Other income	0.6	0.1	2.7	0.6
Total recurring revenue	<u>9.8</u>	<u>10.7</u>	<u>32.2</u>	<u>32.1</u>
Operating expenses allocated to recurring revenue	<u>(10.2)</u>	<u>(10.5)</u>	<u>(31.5)</u>	<u>(30.4)</u>
<b>Fee related earnings</b>	<b>(0.4)</b>	<b>0.2</b>	<b>0.7</b>	<b>1.7</b>
Incentive fees	2.3	1.5	10.8	5.7
Incentive fees compensation expense	<u>(1.8)</u>	<u>(1.1)</u>	<u>(6.2)</u>	<u>(3.9)</u>
<b>Net incentive fees</b>	<b>0.5</b>	<b>0.4</b>	<b>4.6</b>	<b>1.8</b>
<b>Arena Investors' EBITDA</b>	<b>0.1</b>	<b>0.6</b>	<b>5.3</b>	<b>3.5</b>
<b>Arena Institutional Services</b>				
AIS revenue	1.6	8.1	10.2	13.1
AIS operating expenses	(0.6)	(0.9)	(1.7)	(1.4)
Employee profit share	<u>(0.4)</u>	<u>(2.9)</u>	<u>(3.5)</u>	<u>(4.7)</u>
<b>AIS EBITDA</b>	<b>0.6</b>	<b>4.3</b>	<b>5.0</b>	<b>7.0</b>
AIGH general and administrative costs	(0.2)	(0.1)	(0.7)	(0.5)
AIGH other income, and expenses	(0.3)	(0.2)	(1.0)	(0.9)
AIGH costs for Proposed Transactions <sup>1</sup>	<u>(2.9)</u>	<u>-</u>	<u>(2.9)</u>	<u>-</u>
<b>Total Arena EBITDA</b>	<b>(2.7)</b>	<b>4.6</b>	<b>5.7</b>	<b>9.1</b>
Depreciation	(0.1)	(0.1)	(0.3)	(0.3)
Revolving loan interest expense paid to the Company	(0.4)	(0.4)	(1.3)	(1.2)
Taxes	<u>(0.2)</u>	<u>-</u>	<u>(0.3)</u>	<u>-</u>
<b>Net (loss) income attributable to Arena</b>	<b>\$ (3.4)</b>	<b>4.1</b>	<b>\$ 3.8</b>	<b>7.6</b>
Company's share of Arena's comprehensive (loss) income (51%)	<u>\$ (1.7)</u>	<u>\$ 2.1</u>	<u>\$ 2.0</u>	<u>\$ 3.9</u>

<sup>1</sup> See Note 17, Subsequent Events in the Notes to the Financial Statements with respect to the Proposed Transactions.

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**3. INVESTMENTS (continued)**

**D. INVESTMENT IN ASOF LP**

The Company's investment in ASOF LP, a fund managed by Arena Investors, with a fair value of \$3.1 and \$3.0 at September 30, 2024 and December 31, 2023, respectively, is included under investments in the interim consolidated statements of financial position. The Company's decrease in the value on its investment in ASOF LP was a nominal amount and an increase of \$0.1 in the three and nine months ended September 30, 2024, respectively, and an increase of a nominal amount and a decrease of \$0.1 in the three and nine months ended September 30, 2023, respectively.

**4. ANALYSIS OF FINANCIAL RESULTS**

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Revenue				
Interest income	\$ 4.6	\$ 1.0	\$ 10.2	\$ 2.1
Dividend income from investments in private entities	1.9	-	1.9	4.4
Advisory fees	0.1	0.1	0.3	0.3
	<u>6.6</u>	<u>1.1</u>	<u>12.4</u>	<u>6.8</u>
Net results of investments	4.8	23.7	25.1	152.7
Net expenses				
Salaries and benefits	(8.0)	(1.2)	(23.6)	(3.8)
General, administrative and other	(0.2)	(0.2)	(0.7)	(0.7)
Professional fees	(5.0)	(0.5)	(6.3)	(1.0)
Share-based compensation recovery (expense)	0.9	(0.1)	(2.1)	(3.8)
Foreign exchange (loss) gain	(0.2)	0.3	0.2	(0.3)
Interest on preferred securities	-	(0.1)	-	(1.0)
Derivative warrant gain	-	-	-	0.1
	<u>(12.5)</u>	<u>(1.8)</u>	<u>(32.5)</u>	<u>(10.5)</u>
(Loss) profit before income taxes	(1.1)	23.0	5.0	149.0
Income taxes recovery (expense)	-	-	0.1	(0.2)
(Loss) profit and comprehensive (loss) income	<u>\$ (1.1)</u>	<u>\$ 23.0</u>	<u>\$ 5.1</u>	<u>\$ 148.8</u>

**4.1 Revenue**

In the three months ended September 30, 2024, the Company earned interest on loans made to Arena of \$0.4 (2023 - \$0.4), earned interest on bank balances of \$4.2 (2023 - \$0.6), received dividends paid to the Company from the Arena FINCOs of \$1.9 (2023 - \$nil), and earned advisory fees from the Arena FINCOs and Arena of \$0.1 (2023 - \$0.1).

In the nine months ended September 30, 2024, the Company earned interest on loans made to Arena of \$1.3 (2023 - \$1.2), earned interest on bank balances of \$8.9 (2023 - \$0.9), received dividends paid to the Company from the Arena FINCOs of \$1.9 (2023 - \$4.4), and earned advisory fees from the Arena FINCOs and Arena of \$0.3 (2023 - \$0.3).

**4.2 Net Results of Investments**

In the three months ended September 30, 2024, the net results of investments of an increase of \$4.8 (2023 - \$23.7) consisted of an increase of \$9.5 in the value of the investment in Skyward Specialty (2023 - \$20.7), a decrease in the value of the investments in the Arena FINCOs of \$3.0, which was a decrease of \$1.1 before dividends paid of \$1.9 (2023 - increase of \$0.9), the Company's share of Arena's comprehensive loss of \$1.7 (2023 - comprehensive income of \$2.1) and a decrease in the value of the Company's investment in ASOF LP of a nominal amount (2023 - an increase of a nominal amount).

In the nine months ended September 30, 2024, the net results of investments of an increase of \$25.1 (2023 - \$152.7) consisted of an increase of \$19.8 in the value of the investment in Skyward Specialty (2023 - \$158.4), an increase in the value of the investments in the Arena FINCOs of \$3.2,

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**4. ANALYSIS OF FINANCIAL RESULTS (continued)**

which was an increase of \$5.1 before dividends paid of \$1.9 (2023 – decrease of \$9.5, which was a decrease of \$5.1 before dividends paid of \$4.4), the Company's share of Arena's comprehensive income of \$2.0 (2023 – \$3.9) and an increase in the value of the Company's investment in ASOF LP of \$0.1 (2023 – decrease of \$0.1).

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

**4.3 Expenses**

Salaries and benefits in the three and nine months ended September 30, 2024 were higher than the prior year primarily due to special bonus accruals and payments to employees related to realized gains in the Skyward Specialty investment of \$5.8 and \$18.0, respectively, and additional director's fees of \$0.3 and \$0.6, respectively, related to board members attendance at special committees.

General, administrative and other expenses in the three and nine months ended September 30, 2024 were comparable to the corresponding periods in the prior year.

Professional fees in the three and nine months ended September 30, 2024 were higher than the prior year primarily due to fees related to engagements with consultants as management considers transactions to accelerate Westaim's businesses and enhance shareholder value. See Note 17, Subsequent Events in the Notes to the Financial Statements with respect to the Proposed Transactions.

Share-based compensation expense includes the issuance of restricted share units ("RSUs") in 2023 to certain Westaim management which are expensed over the vesting period to September 30, 2025 and the issuance of deferred share units ("DSUs") to directors in lieu of director fees each reporting period. 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 RSUs, DSUs, SARs, and Options (which can be surrendered for cash). See Section 7, *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 and nine months ended September 30, 2024 and 2023:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Foreign exchange gains (losses) relating to:				
- Liabilities for RSUs, DSUs, SARs, Options	\$ (0.2)	\$ 0.3	\$ 0.3	\$ 0.1
- Preferred securities	-	(0.2)	-	(1.0)
- Canadian dollar currency forward contracts and cash balances	-	0.2	(0.1)	0.6
	\$ (0.2)	\$ 0.3	\$ 0.2	\$ (0.3)

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**5. ANALYSIS OF FINANCIAL POSITION**

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

	September 30, 2024	December 31, 2023
<b>Assets</b>		
Cash	\$ 351.7	\$ 135.0
Income taxes receivable	0.1	0.5
Other assets	1.7	1.0
Investments	182.1	414.3
Deferred tax asset	5.5	1.0
<b>Total assets</b>	<b>541.1</b>	<b>551.8</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	27.3	31.3
Income taxes payable	2.6	1.0
Deferred tax liability	-	1.2
	<b>29.9</b>	<b>33.5</b>
<b>Shareholders' equity</b>	<b>511.2</b>	<b>518.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 541.1</b>	<b>\$ 551.8</b>

**5.1 Cash**

At September 30, 2024, the Company had cash of \$351.7 (December 31, 2023 - \$135.0).

**5.2 Income taxes receivable**

At September 30, 2024, the Company had an income taxes receivable of \$0.1 (December 31, 2023 - \$0.5) for its United States federal and various states' current year income taxes.

**5.3 Other Assets**

At September 30, 2024, the Company had other assets of \$1.7 (December 31, 2023 - \$1.0), which consisted of interest receivable on bank balances of \$1.4 (December 31, 2023 - \$0.6), right of use asset of a nominal amount (December 31, 2023 - \$0.1), and other receivables of \$0.3 (December 31, 2023 - \$0.3). See Note 3, *Other Assets* in the Notes to the Financial Statements.

**5.4 Investments**

Investments were \$182.1 and \$414.3 at September 30, 2024 and December 31, 2023, respectively, and consisted of the investments in: Skyward Specialty, the Arena FINCOs, Arena, and ASOF LP.

The Company's investment in Skyward Specialty, which is accounted for at FVTPL, was determined to be \$nil and \$236.5 at September 30, 2024 and December 31, 2023, respectively. See discussion in Section 3, *Investment in Skyward Specialty* of this MD&A.

The Company's investment in the Arena FINCOs, which is accounted for at FVTPL, was determined to be \$150.4 and \$147.2 at September 30, 2024 and December 31, 2023, respectively. See discussion in Section 3, *Investment in the Arena FINCOs* of this MD&A.

The Company's investment in Arena, which is accounted for using the equity method, was determined to be \$28.6 and \$27.6 at September 30, 2024 and December 31, 2023, respectively. See discussion in Section 3, *Investment in Arena* of this MD&A.

The Company's investment in ASOF LP, which is accounted for at FVTPL, was determined to be \$3.1 and \$3.0 at September 30, 2024 and December 31, 2023, respectively. See discussion in Section 3, *Investment in ASOF LP* of this MD&A.

**5.5 Deferred Tax Asset**

At September 30, 2024, the Company reported a deferred tax asset of \$5.5 (December 31, 2023 - \$1.0) primarily related to net recognized temporary differences of taxable income and it is probable that taxable profits will be available against which those temporary differences can be utilized. See Note 2(k), *Summary of Material Accounting Policies Income Taxes* and Note 13, *Income Taxes* in the Notes to Financial Statements.

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**5. ANALYSIS OF FINANCIAL POSITION (continued)**

5.6 Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities were \$27.3 at September 30, 2024 (December 31, 2023 - \$31.3), which consisted of accrued employee bonuses of \$1.8 (December 31, 2023 - \$13.2), RSUs of \$10.0 (December 31, 2023 - \$9.3), DSUs of \$3.6 (December 31, 2023 - \$2.9), SARs of \$1.8 (December 31, 2023 - \$1.9), stock options liability of \$5.3 (December 31, 2023 - \$nil), lease liability of a nominal amount (December 31, 2023 - \$0.1), liability for automatic share purchase plan ("ASPP") under the NCIB of \$nil (December 31, 2023 - \$2.4) and other accrued liabilities of \$4.8 (December 31, 2023 - \$1.5). See Section 7, *Liquidity and Capital Resources* of this MD&A for additional information on the Company's share-based compensation plans.

5.7 Income Taxes Payable

At September 30, 2024, the Company had an income taxes payable of \$2.6 (December 31, 2023 - \$1.0) primarily for its Canadian current year income taxes.

5.8 Deferred Tax Liability

At September 30, 2024, the Company reported a deferred tax liability of \$nil (December 31, 2023 - \$1.2). See Note 13, *Income Taxes* in the Notes to Financial Statements.

5.9 Shareholders' Equity

The details of shareholders' equity are as follows:

	September 30, 2024	December 31, 2023
Share capital	\$ 343.9	\$ 353.8
Contributed surplus	11.4	13.7
Accumulated other comprehensive loss	(2.2)	(2.2)
Retained earnings	158.1	153.0
Shareholders' equity	<u>\$ 511.2</u>	<u>\$ 518.3</u>

5.10 Share Capital

Westaim had 128,172,385 Common Shares outstanding at September 30, 2024 and 131,757,285 Common Shares outstanding at December 31, 2023. In the three months ended September 30, 2024, Westaim acquired and canceled no Common Shares. In the nine months ended September 30, 2024, Westaim acquired and canceled 3,584,900 Common Shares that it had acquired through its normal course issuer bids ("NCIB") at a net cost of \$9.9, including a provision for the Canadian public company 2% net share buy-back tax for 2024. In the year ended December 31, 2023, Westaim acquired and cancelled 9,896,178 Common Shares that it had acquired at a cost of \$26.4 through its NCIBs. There were no options exercised during the three and nine months ended September 30, 2024. In the year ended December 31, 2023, the Company issued 266,745 Common Shares through the exercise and net exercise of 2,779,382 of the Company's stock options increasing share capital by \$1.7 and decreasing contributed surplus by \$1.6. See discussion in Section 7, *Liquidity and Capital Resources, Share-based Compensation Plans* of this MD&A and Note 10, *Share Capital* in the Notes to the Financial Statements.

5.11 Contributed Surplus

The Company had \$11.4 in contributed surplus at September 30, 2024 and \$13.7 at December 31, 2023. A decrease of \$2.3 in the nine months ended September 30, 2024 was the result of: a decrease of \$4.7 by establishing a stock options liability following approved changes to the stock option plan on May 16, 2024, which now gives option holders the right to receive a cash settlement of the in-the-money value of their options at the time of exercise (also referred to herein as a "surrender"); offset by an increase of \$2.4 from the change in value of the ASPP liability. See Note 5, *Accounts Payable and Other Accrued Liabilities* in the Notes to the Financial Statements.

5.12 Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss of \$2.2 at each of September 30, 2024 and December 31, 2023, was comprised of the cumulative exchange differences from currency translation as a result of a change in presentation currency from the C\$ to the US\$ on August 31, 2015.

## 5. ANALYSIS OF FINANCIAL POSITION (continued)

### 5.13 Retained Earnings

The increase in the retained earnings to \$158.1 at September 30, 2024 from \$153.0 at December 31, 2023 is the result of the profit and comprehensive income for the nine months ended September 30, 2024.

## 6. OUTLOOK

With the Arena platform largely built (product suite, geographies, IT systems, investment capability), its more than 180 people across seven global offices and operating in twenty countries are poised to deploy committed capital within Arena Investors and intellectual capital within Arena Institutional Services to grow Arena's earnings.

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. See Note 17, Subsequent Events in the Notes to the Financial Statements with respect to the Proposed Transactions.

## 7. 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

Westaim's authorized share capital consists of an unlimited number of Common Shares, Class A preferred shares and Class B preferred shares.

At September 30, 2024, Westaim had 128,172,385 Common Shares outstanding (December 31, 2023 – 131,757,285), with a stated capital of \$343.9 (December 31, 2023 - \$353.8).

There were no Class A or Class B preferred shares outstanding at September 30, 2024 or December 31, 2023. See Note 10, *Share Capital* in the Notes to the Financial Statements.

### Dividends

No dividends were paid by the Company in the nine months ended September 30, 2024 or year ended December 31, 2023.

### Share-based Compensation Plans

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 incentive stock option plan (the "Option Plan").

The Option Plan is a "rolling plan" which provides, subject to the terms of the Option Plan, the aggregate number of Common Shares which may be reserved for issuance thereunder is limited to not more than 10% of the aggregate number of Common Shares outstanding. However, each of the Incentive Plan and the Option Plan provide that, subject to the terms of the plan, the number of Common Shares issuable under such plan, together with RSUs outstanding, shall not exceed 10% of the aggregate number of Common Shares outstanding on the date of issuance. As the DSUs and SARs are settled solely in cash, they are not included in this 10% limitation.

Westaim had 7,597,513 stock options outstanding at September 30, 2024 at strike prices of C\$3.00 and C\$3.10 (December 31, 2023 – 7,597,513 stock options outstanding at strike prices of C\$3.00 and C\$3.10). During the three and nine months ended September 30, 2024, no stock options were exercised or forfeited. During the year ended December 31, 2023, 2,779,382 stock options were exercised or net exercised and the Company received \$0.1 and issued 266,745 Common Shares to the option holders. Also, during the year ended December 31, 2023, 51,442 stock options

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**7. LIQUIDITY AND CAPITAL RESOURCES (continued)**

were forfeited by a former employee. The stock options, at the election of the holder, can be exercised or net exercised for Common Shares or surrendered for cash, per the amended and restated option plan approved by shareholders on May 16, 2024.

Westaim had 3,455,198 RSUs outstanding at September 30, 2024 (December 31, 2023 – 3,455,198 RSUs). There were no RSUs issued in the three and nine months ended September 30, 2024. In the year ended December 31, 2023, 480,000 RSUs were issued to certain members of the Company's management. The RSUs, at the election of the holder, can be settled in Common Shares or cash based on the prevailing market price of the Common Shares on the settlement date. There were no RSUs settled in the three and nine months ended September 30, 2024 or year ended December 31, 2023.

At September 30, 2024, 1,208,944 DSUs were vested and outstanding (December 31, 2023 – 1,027,583 DSUs). 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 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 and nine months ended September 30, 2024, no DSUs were settled. In the year ended December 31, 2023, 485,787 DSUs were settled for \$1.2 in cash paid to a former director of the Company.

At September 30, 2024, 4,338,530 SARs were vested and outstanding (December 31, 2023 – 4,338,530 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 price of C\$3.83.

At September 30, 2024, accounts payable and accrued liabilities included amounts related to RSUs of \$10.0 (December 31, 2023 - \$9.3), DSUs of \$3.6 (December 31, 2023 - \$2.9) and SARs of \$1.8 (December 31, 2023 - \$1.9) and stock options liability of \$5.3 (December 31, 2023 - \$nil).

See Note 11, *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 including having access to liquidity from dividends from the Arena FINCOs. The Company has sufficient funds to meet its financial obligations. As part of pursuing one or more new opportunities, the Company may from time to time issue shares from treasury.

The following tables illustrate the duration of the financial assets of the Company compared to its financial obligations:

September 30, 2024	One year or less	One to five years	No specific date / later than five years	Total
<b>Financial assets:</b>				
Cash	\$ 351.7	\$ -	\$ -	\$ 351.7
Other assets (excluding capital, right-of-use and deferred tax assets)	1.8	-	-	1.8
Investments	-	24.0	158.1	182.1
<b>Total financial assets</b>	<b>353.5</b>	<b>24.0</b>	<b>158.1</b>	<b>535.6</b>
<b>Financial obligations:</b>				
Other liabilities (excluding lease and deferred tax liabilities)	24.5	1.8	3.6	29.9
<b>Total financial obligations</b>	<b>24.5</b>	<b>1.8</b>	<b>3.6</b>	<b>29.9</b>
<b>Net financial assets</b>	<b>\$ 329.0</b>	<b>\$ 22.2</b>	<b>\$ 154.5</b>	<b>\$ 505.7</b>

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**7. LIQUIDITY AND CAPITAL RESOURCES (continued)**

December 31, 2023	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Cash	\$ 135.0	\$ -	\$ -	\$ 135.0
Other assets (excluding capital, right-of-use and deferred tax assets)	1.4	-	-	1.4
Investments	-	24.0	390.3	414.3
Total financial assets	136.4	24.0	390.3	550.7
Financial obligations:				
Other liabilities (excluding lease, ASPP and deferred tax liabilities)	15.7	1.9	12.2	29.8
Total financial obligations	15.7	1.9	12.2	29.8
Net financial assets	\$ 120.7	\$ 22.1	\$ 378.1	\$ 520.9

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.

**8. 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.

See Note 12, *Related Party Transactions* in the Notes to the Financial Statements.

**9. MATERIAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

Preparation of the interim 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.

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 September 30, 2024. Management determined that this valuation technique produced the best indicator of the fair value of the Company's investments measured at FVTPL at September 30, 2024. The significant unobservable inputs used in the valuation of the Arena FINCOs at September 30, 2024 was the equity of the entities at September 30, 2024 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 4, *Investments* 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 11 and Note 13, respectively, to the Company's interim consolidated financial statements for the three and nine months ended September 30, 2024 and 2023.

**10. 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.

At September 30, 2024, there were no new pronouncements that had a material impact on adoption.

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**11. QUARTERLY FINANCIAL INFORMATION**

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	\$ 6.6	\$ 3.5	\$ 2.3	\$ 1.8	\$ 1.1	\$ 3.3	\$ 2.4	\$ 1.1
Increase (decrease) in value of investments, less dividends	4.8	(6.2)	26.5	51.5	23.7	32.6	96.4	34.0
Net expenses	(12.5)	(18.2)	(1.8)	(16.1)	(1.8)	(4.7)	(4.0)	(2.5)
Income taxes recovery (expense)	-	3.8	(3.7)	(2.1)	-	0.1	(0.3)	0.2
(Loss) profit and comprehensive (loss) income	\$ (1.1)	\$ (17.1)	\$ 23.3	\$ 35.1	\$ 23.0	\$ 31.3	\$ 94.5	\$ 32.8

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.

**12. 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 businesses of the Arena FINCOs and Arena. 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, 2023, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), as same may be modified or superseded by a subsequently filed Annual Information Form.

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**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES**

The investments of the Arena FINCOs shown by investment strategy is as follows:

<b>Investments by Strategy</b>						<b>September 30, 2024</b>	
	Number of positions	Cost	Fair value	Percentage of investments at fair value	% Debt investments	Equity, hard assets and real estate owned investments	
						%	
Corporate Private Investments	18	\$ 44.2	\$ 46.6	25.5%	2.7%	22.8%	
Real Estate Private Investments	40	50.7	53.2	29.1%	20.1%	9.0%	
Structured Finance and Assets	45	42.1	42.6	23.2%	19.2%	4.0%	
Other Securities	109	41.0	40.5	22.2%	4.4%	17.8%	
	212	\$ 178.0	\$ 182.9	100.0%	46.4%	53.6%	

<b>Investments by Strategy</b>						<b>December 31, 2023</b>	
	Number of positions	Cost	Fair value	Percentage of investments at fair value	% Debt investments	Equity, hard assets and real estate owned investments	
						%	
Corporate Private Investments	25	\$ 49.8	\$ 52.9	27.6%	6.3%	21.3%	
Real Estate Private Investments	40	50.8	53.3	27.8%	20.2%	7.6%	
Structured Finance and Assets	47	56.8	56.1	29.2%	22.5%	6.7%	
Other Securities	109	38.1	29.7	15.4%	6.4%	9.0%	
	221	\$ 195.5	\$ 192.0	100.0%	55.4%	44.6%	

Investments in Corporate Private Investments, Real Estate Private Investments, and Structured Finance relate to loans issued to privately held entities. Investments in Other Securities are net of short positions and comprise publicly traded corporate bonds, equity securities, bank debt, structured convertible notes and derivatives.

The investments of the Arena FINCOs shown by geographic breakdown is as follows:

<b>Investments by Geographic Breakdown</b>	<b>September 30, 2024</b>			<b>December 31, 2023</b>		
	Cost	Fair value	Percentage of investments at fair value	Cost	Fair value	Percentage of investments at fair value
<b>Loans / Private Assets</b>						
North America	\$ 84.4	\$ 84.6	46.3%	\$ 104.9	\$ 105.2	54.8%
Europe	35.8	43.6	23.8%	35.6	42.7	22.2%
Asia/Pacific	14.9	12.1	6.6%	14.7	12.0	6.3%
Latin America	1.9	2.1	1.1%	2.2	2.4	1.3%
	137.0	142.4	77.8%	157.4	162.3	84.6%
<b>Other Securities <sup>1</sup></b>						
North America	27.7	26.2	14.3%	25.6	21.0	10.9%
Europe	11.3	11.7	6.4%	9.9	7.0	3.6%
Asia/Pacific	2.0	2.5	1.4%	2.5	1.8	0.9%
Latin America	-	0.1	0.1%	0.1	(0.1)	0.0%
	41.0	40.5	22.2%	38.1	29.7	15.4%
	\$ 178.0	\$ 182.9	100.0%	\$ 195.5	\$ 192.0	100.0%

<sup>1</sup> Net of short positions.

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**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)**

The investments of the Arena FINCOs shown by industry is as follows:

Investments by Industry	September 30, 2024			December 31, 2023		
	Cost	Fair value	Percentage of investments at fair value	Cost	Fair value	Percentage of investments at fair value
<b>Loans / Private Assets</b>						
Corporate Private Investments						
Business Services	\$ 8.1	\$ 5.5	3.0%	\$ 9.4	\$ 6.8	3.6%
Consumer Products	2.4	3.2	1.8%	2.4	2.9	1.5%
Financial Services	1.5	1.0	0.5%	1.4	0.8	0.4%
Oil and Gas <sup>1</sup>	17.9	17.7	9.7%	20.2	22.3	11.6%
Other Assets	14.3	19.2	10.5%	14.2	17.6	9.2%
Retail	-	-	0.0%	2.2	2.5	1.3%
	<u>44.2</u>	<u>46.6</u>	<u>25.5%</u>	<u>49.8</u>	<u>52.9</u>	<u>27.6%</u>
Real Estate Private Investments						
Commercial	1.9	1.7	0.9%	2.6	2.8	1.4%
Hospitality	16.0	18.0	9.8%	17.4	19.9	10.4%
Land - Commercial Development	5.2	7.6	4.2%	5.9	7.5	3.9%
Land - Multi-Family Development	6.0	4.0	2.2%	5.6	3.6	1.9%
Land - Single-Family Development	4.6	3.3	1.8%	4.1	3.4	1.8%
Industrial	1.4	1.5	0.8%	-	-	0.0%
Retail	4.5	4.5	2.5%	5.1	5.1	2.6%
Residential	10.0	11.3	6.2%	9.8	10.7	5.6%
Multi-Family	1.1	1.3	0.7%	0.3	0.3	0.2%
	<u>50.7</u>	<u>53.2</u>	<u>29.1%</u>	<u>50.8</u>	<u>53.3</u>	<u>27.8%</u>
Structured Finance and Assets						
Lease/Equipment	0.5	0.9	0.5%	0.5	1.1	0.6%
Other Assets	25.9	28.7	15.6%	40.0	40.0	20.8%
Consumer Assets	15.7	13.0	7.1%	16.3	15.0	7.8%
	<u>42.1</u>	<u>42.6</u>	<u>23.2%</u>	<u>56.8</u>	<u>56.1</u>	<u>29.2%</u>
<b>Total Loans / Private Assets</b>	<u>137.0</u>	<u>142.4</u>	<u>77.8%</u>	<u>157.4</u>	<u>162.3</u>	<u>84.6%</u>
<b>Other Securities <sup>(2)</sup></b>						
Biotechnology	1.8	2.3	1.3%	1.5	2.2	1.2%
Business Services	3.2	4.0	2.2%	3.4	3.7	1.9%
Consumer Products	8.1	6.6	3.6%	9.2	5.7	2.9%
Diversified	0.3	0.1	0.1%	2.0	2.1	1.1%
Education	0.1	0.1	0.1%	-	-	0.0%
Energy	0.8	0.8	0.3%	-	-	0.0%
Financial Services	5.5	5.3	2.9%	2.7	2.6	1.4%
Foreign Exchange Forwards/Options	-	(1.2)	(0.6)%	-	(1.2)	(0.6)%
Fund Investment	2.9	3.8	2.1%	3.0	3.7	1.9%
Healthcare Services	1.5	1.9	1.1%	1.6	1.8	0.9%
Industrial	5.5	4.9	2.6%	4.8	4.3	2.2%
Information Technology	-	-	0.0%	0.3	-	0.0%
Interest Rate Derivatives	0.2	(0.1)	0.0%	0.4	0.1	0.1%
Media	0.1	0.2	0.1%	-	-	0.0%
Mining	0.3	0.3	0.2%	0.1	0.1	0.0%
Oil and Gas	7.3	7.4	4.1%	1.1	1.3	0.7%
Other Assets	-	-	0.0%	-	0.1	0.0%
Real Estate	1.1	1.5	0.8%	0.6	0.8	0.4%
Technology	1.9	2.1	1.1%	7.0	2.0	1.1%
Telecommunications	0.4	0.5	0.2%	0.4	0.4	0.2%
	<u>41.0</u>	<u>40.5</u>	<u>22.2%</u>	<u>38.1</u>	<u>29.7</u>	<u>15.4%</u>
	<u>\$ 178.0</u>	<u>\$ 182.9</u>	<u>100.0%</u>	<u>\$ 195.5</u>	<u>\$ 192.0</u>	<u>100.0%</u>

<sup>1</sup> 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.

<sup>2</sup> Net of short positions.

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**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)**

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions							September 30, 2024	
Ref. no.	Investments by industry	Principal <sup>(1)</sup>	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) <sup>(2)</sup>	LTV <sup>(3)</sup>
<b>Corporate Private Investments</b>								
CPC-2209	Other Assets	\$ 13.6	\$ 14.3	\$ 19.2	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-3222	Oil & Gas	15.2	16.8	16.9	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-3349	Business Services	3.9	6.5	3.5	Asia Pacific	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-7277	Consumer Products	2.0	2.0	2.7	Asia Pacific	1st Lien	6.49%	n/a <sup>(11)</sup>
CPC-7312	Business Services	0.7	0.5	1.0	North America	1st Lien	15.70%	75.6%
CPC-2397	Financial Services	1.1	1.1	0.6	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-2170	Oil & Gas	1.2	0.9	0.6	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-5889	Consumer Products	0.5	0.4	0.5	North America	1st Lien	16.00%	100%+
CPC-7677	Financial Services	0.4	0.4	0.4	North America	1st Lien	19.52%	100%+
CPC-7312EQY	Business Services	0.4	0.4	0.3	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-6374	Business Services	0.0	0.2	0.2	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-1010	Oil & Gas	0.2	0.2	0.2	North America	1st Lien	n/a <sup>(11)</sup>	43.0%
CPC-5830	Business Services	0.2	0.2	0.2	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-9140	Business Services	0.2	0.2	0.2	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-5914	Business Services	0.1	0.1	0.1	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-5834	Business Services	0.0	0.0	0.0	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-6373	Business Services	0.0	0.0	0.0	Europe	1st Lien	10.00%	0.0%
CPC-3083	Business Services	0.0	0.0	0.0	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-6677	Business Services	0.0	0.0	0.0	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
Subtotal / Weighted average %		\$ 39.7	\$ 44.2	\$ 46.6			10.80%	98.1%

Ref. no.	Investments by industry	Principal <sup>(1)</sup>	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) <sup>(2)</sup>	LTV <sup>(3)</sup>
<b>Real Estate Private Investments</b>								
RECP-6932	Hospitality	\$ 7.0	\$ 9.2	\$ 9.9	Europe	1st Mortgage	18.17%	100%+
RECP-2277	Land - Commercial Development	3.4	3.4	5.7	North America	1st Mortgage	24.00%	n/a <sup>(11)</sup>
RECP-8192	Retail	4.5	4.5	4.5	North America	1st Mortgage	10.85%	52.5%
RECP-8135	Hospitality	2.3	2.2	2.9	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-7488	Residential	0.0	2.0	2.8	Asia Pacific	1st Mortgage	13.40%	100%+
RECP-2683	Land - Multi-Family Development	4.5	4.5	2.7	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-4220	Residential	2.5	2.5	2.2	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-8825	Hospitality	4.3	2.0	2.2	North America	1st Mortgage	11.70%	50.0%
RECP-7586	Residential	1.7	1.8	2.0	Europe	1st Mortgage	12.50%	84.0%
RECP-8031	Commercial	1.2	1.4	1.5	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-9706	Industrial	2.5	1.4	1.5	North America	1st Mortgage	11.30%	69.2%
RECP-9232	Residential	1.1	1.2	1.4	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-6996	Land - Single-Family Development	0.0	1.0	1.3	Asia Pacific	1st Mortgage	18.00%	99.0%
RECP-8795	Land - Multi-Family Development	1.1	1.1	1.2	North America	1st Mortgage	25.00%	95.0%
RECP-5905	Land - Commercial Development	1.2	1.2	1.2	North America	1st Mortgage	10.03%	69.5%
RECP-6506TL1	Land - Single-Family Development	0.0	1.7	1.2	Asia Pacific	1st Mortgage	12.23%	100%+
RECP-7027	Hospitality	0.7	0.7	1.0	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-8433	Hospitality	0.5	0.5	1.0	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-8682	Residential	0.6	0.6	0.7	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-9227	Residential	0.6	0.6	0.7	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-2560	Hospitality	0.9	0.9	0.6	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-2592	Land - Commercial Development	0.4	0.4	0.6	North America	Legal Claim	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
RECP-9390	Residential	0.5	0.5	0.6	Europe	1st Mortgage	12.50%	73.0%
RECP-9563	Multi-Family	1.3	0.5	0.6	North America	1st Mortgage	11.15%	67.5%
RECP-9562	Multi-Family	1.3	0.3	0.4	North America	1st Mortgage	11.28%	48.2%
RECP-6242	Land - Single-Family Development	0.0	1.0	0.4	Asia Pacific	1st Mortgage	19.71%	100%+
RECP-6129	Hospitality	0.6	0.5	0.4	North America	Legal Claim	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
RECP-9006	Residential	0.3	0.3	0.4	Europe	1st Mortgage	17.00%	58.0%
RECP-7826	Multi-Family	0.2	0.3	0.3	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-7390	Residential	0.3	0.3	0.3	North America	1st Mortgage	20.00%	100%+
RECP-8040	Land - Single-Family Development	0.2	0.2	0.2	North America	1st Mortgage	24.00%	97.0%
RECP-9087	Residential	0.2	0.2	0.2	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-6505	Land - Single-Family Development	0.0	0.6	0.2	Asia Pacific	1st Mortgage	11.50%	100%+
RECP-6384EQ	Commercial	0.2	0.2	0.2	North America	Asset Pool	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
RECP-2560	Land - Multi-Family Development	0.4	0.4	0.1	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-8843	Commercial	0.1	0.1	0.1	Europe	1st Mortgage	21.60%	75.0%
RECP-1047	Land - Commercial Development	0.1	0.1	0.1	North America	1st Mortgage	15.00%	53.0%
RECP-1015	Land - Commercial Development	0.2	0.1	0.0	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECP-8118	Land - Single-Family Development	0.0	0.1	0.0	Asia Pacific	1st Mortgage	14.60%	100%+
RECP-7554	Commercial	0.2	0.2	(0.1)	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
Subtotal / Weighted average %		\$ 47.1	\$ 50.7	\$ 53.2			16.33%	97.0%

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**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)**

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions (continued)							September 30, 2024	
Ref. no.	Investments by industry	Principal <sup>(1)</sup>	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) <sup>(2)</sup>	LTV <sup>(3)</sup>
<b>Structured Finance and Assets</b>								
SF-2239	Other Assets	\$ 3.9	\$ 4.6	\$ 4.6	North America	1st Lien	n/a <sup>(7)</sup>	23.0%
CI-4898	Other Assets	4.0	4.0	4.0	North America	1st Lien	18.24%	40.0%
CA-7474	Consumer	2.4	2.4	3.4	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-8707	Other Assets	2.3	2.4	3.0	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
SF-8578	Other Assets	1.5	1.5	2.4	North America	1st Lien	18.33%	18.0%
CA-8621	Consumer	2.3	2.3	2.4	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CA-6444	Consumer	1.9	1.9	2.1	Latin America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CA-4946	Consumer	1.9	1.9	1.9	North America	1st Lien	20.33%	89.0%
CI-5177	Other Assets	0.8	0.8	1.6	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
SF-7254	Other Assets	2.7	1.6	1.6	North America	1st Lien	27.00%	90.0%
CI-3045	Other Assets	0.9	0.9	1.5	North America	Asset Pool	n/a <sup>(7)</sup>	48.0%
CI-5554A	Other Assets	1.3	1.3	1.4	North America	1st Lien	10.00%	79.4%
CI-2000	Other Assets	1.0	1.0	1.2	North America	Equity	n/a <sup>(9)</sup>	n/a <sup>(9)</sup>
CPC-7227EQY	Other Assets	1.3	1.3	1.2	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-7372	Consumer	1.0	1.0	1.0	North America	1st Lien	16.75%	89.8%
CI-2651	Other Assets	1.2	1.3	0.9	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-2201	Lease/Equipment	0.5	0.5	0.9	North America	Hard Asset	n/a <sup>(12)</sup>	n/a <sup>(12)</sup>
CI-6750	Other Assets	0.9	0.9	0.9	Europe	1st Lien	24.00%	100%+
CA-5596C	Consumer	0.8	0.8	0.8	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-6648TL	Other Assets	0.7	0.7	0.7	North America	1st Lien	16.20%	100.0%
CA-7092	Consumer	0.5	0.5	0.5	North America	1st Lien	9.00%	75.0%
CI-7442	Other Assets	0.4	0.4	0.5	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-6328	Other Assets	0.4	0.4	0.5	North America	1st Lien	12.00%	100.0%
SF-8411	Other Assets	0.5	0.5	0.5	North America	1st Lien	13.75%	51.0%
CI-2064	Other Assets	0.0	0.0	0.4	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-1520	Other Assets	0.2	0.2	0.4	North America	1st Lien	n/a <sup>(8)</sup>	n/a <sup>(8)</sup>
CA-6154	Consumer	0.3	0.3	0.4	Europe	1st Lien	19.00%	58.0%
CI-1035	Other Assets	0.4	0.4	0.3	North America	1st Lien	0.00%	100.0%
CA-6288	Consumer	0.2	0.2	0.2	North America	1st Lien	10.00%	34.0%
CI-8399	Other Assets	0.2	0.2	0.2	North America	1st Lien	13.34%	87.0%
CI-7985	Other Assets	0.2	0.2	0.2	North America	1st Lien	15.00%	100.0%
CI-1999EQ	Other Assets	0.5	0.5	0.2	North America	Equity	n/a <sup>(9)</sup>	n/a <sup>(9)</sup>
CI-7166	Other Assets	0.1	0.1	0.2	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-4967	Other Assets	0.1	0.1	0.1	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-4718	Consumer	0.2	0.2	0.1	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-8048	Other Assets	0.1	0.1	0.1	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-8720	Consumer	0.0	0.0	0.1	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-7492	Other Assets	0.0	0.0	0.1	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-2729	Consumer	0.1	0.1	0.1	North America	1st Lien	n/a <sup>(7)</sup>	100.0%
CI-10013	Lease/Equipment	0.0	0.0	0.0	North America	Hard Asset	n/a <sup>(12)</sup>	n/a <sup>(12)</sup>
CI-2686	Other Assets	0.5	0.5	0.0	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
SF-5396	Other Assets	0.0	0.0	0.0	North America	1st Lien	18.58%	79.0%
CA-7573	Consumer	0.0	0.0	0.0	Asia Pacific	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-7721	Other Assets	0.0	0.0	0.0	North America	1st Lien	12.88%	100%+
CA-1052F	Consumer	2.6	2.6	0.0	North America	1st Lien	15.00%	100.0%
CA-1052S	Consumer	1.5	1.5	0.0	North America	1st Lien	n/a <sup>(7)</sup>	100.0%
CI-1018	Other Assets	0.0	0.0	0.0	North America	1st Lien	0.00%	100.0%
Subtotal / Weighted average %		42.3	42.1	42.6			17.63%	56.0%
Total / Weighted average %		\$ 129.1	\$ 137.0	\$ 142.4			16.26%	80.5%

### 13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

- <sup>1</sup> Principal represents the total funding commitment of a loan which, if applicable, is inclusive of any unfunded portion of the commitment at the end of the reporting period. Where a loan is issued at a discount, the cost amount includes the accreted discount as of the end of the reporting period. A loan may also be acquired at a cost lower than the par value of the principal outstanding.
- <sup>2</sup> Some investments bear interest at a rate that may be determined by reference to SOFR or Prime which reset daily, monthly, quarterly, or semi-annually and may be subject to a floor. For each, the Company has provided the current contractual interest rate in effect at September 30, 2024. Interest rates listed are inclusive of payments in kind ("PIK"), where applicable. PIK is interest paid in kind through an increase in the principal amount of the loan. The internal rate of return for many investments is generally greater than or equal to the total coupon (additional yield resulting from original issue discounts and/or some form of profit sharing, e.g. warrants). In the event that the internal rate of return on the investment is less than the stated rate, the lower rate is noted.
- <sup>3</sup> Loan to value ("LTV") represents the value of the outstanding loan as a percentage of the estimated fair value of the underlying collateral as of September 30, 2024.
- <sup>4</sup> Investment is not a loan. Stated coupon and LTV are not applicable.
- <sup>5</sup> Interest not accrued on loans purchased as non-performing.
- <sup>6</sup> Investment represents owned real estate either purchased or acquired through a lender default. Metric is not available.
- <sup>7</sup> Investment represents an unsecured credit pool purchase with no stated interest rate and no LTV.
- <sup>8</sup> This investment represents a claim against proceeds subject to a litigation result whereby the FINCOs are not accruing interest.
- <sup>9</sup> Investment is an equity investment. Stated coupon and LTV are not applicable.
- <sup>10</sup> Investment is in maturity default where the Company and its partners acquired the borrower in bankruptcy. Metric is not applicable.
- <sup>11</sup> State coupon and/or LTV are not applicable.
- <sup>12</sup> Investment is an aircraft purchase and is not a loan.

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**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)**

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions							December 31, 2023	
Ref. no.	Investments by industry	Principal <sup>(1)</sup>	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) <sup>(2)</sup>	LTV <sup>(3)</sup>
<b>Corporate Private Investments</b>								
CPC-2209	Other Assets	\$ 13.8	\$ 14.2	\$ 17.6	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-3222	Oil & Gas	11.5	11.7	16.2	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-3349	Business Services	6.1	6.1	2.9	Asia Pacific	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-5143EQY	Oil & Gas	2.6	2.6	2.5	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-7277	Consumer Products	2.0	2.0	2.4	Asia Pacific	1st Lien	6.47%	n/a <sup>(11)</sup>
CPC-7871	Retail	2.1	1.4	1.7	North America	1st Lien	16.35%	49.3%
CPC-4985	Oil & Gas	1.3	1.3	1.7	North America	1st Lien	10.00%	76.5%
CPC-6859	Business Services	1.1	1.1	1.4	Asia Pacific	1st Lien	12.00%	22.7%
CPC-5325	Oil & Gas	3.2	3.2	1.0	North America	1st Lien	12.00%	40.9%
CPC-9129	Retail	0.8	0.8	0.8	Europe	1st Lien	14.50%	50.1%
CPC-7312	Business Services	0.9	0.6	0.8	North America	1st Lien	15.85%	37.7%
CPC-2170	Oil & Gas	1.7	1.2	0.7	North America	1st Lien	8.75%	45.7%
CPC-5889	Consumer Products	0.6	0.4	0.5	North America	1st Lien	14.00%	53.7%
CPC-2397	Financial Services	1.1	1.0	0.4	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-7677	Financial Services	0.4	0.4	0.4	North America	1st Lien	19.35%	100%+
CPC-6677	Business Services	0.3	0.3	0.3	Europe	1st Lien	10.00%	1.8%
CPC-7312EQY	Business Services	0.3	0.3	0.3	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-5914	Business Services	0.2	0.2	0.2	Europe	1st Lien	10.00%	0.3%
CPC-5913	Business Services	0.2	0.2	0.2	Europe	1st Lien	10.00%	0.9%
CPC-5830	Business Services	0.2	0.2	0.2	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-1010	Oil & Gas	0.2	0.2	0.2	North America	1st Lien	n/a <sup>(11)</sup>	43.0%
CPC-6374	Business Services	0.0	0.1	0.2	Europe	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-9140	Business Services	0.2	0.1	0.1	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CPC-6373	Business Services	0.1	0.1	0.1	Europe	1st Lien	10.00%	0.8%
CPC-5856	Business Services	0.1	0.1	0.1	Europe	1st Lien	12.00%	3.8%
CPC-3083	Business Services	0.0	0.0	0.0	North America	Equity	n/a <sup>(9)</sup>	n/a <sup>(9)</sup>
Subtotal / Weighted average %		\$ 51.0	\$ 49.8	\$ 52.9			11.64%	43.5%

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**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)**

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions (continued)							December 31, 2023	
Ref. no.	Investments by industry	Principal <sup>(1)</sup>	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) <sup>(2)</sup>	LTV <sup>(3)</sup>
<b>Real Estate Private Investments</b>								
RECPC-6932	Hospitality	\$ 5.4	\$ 6.4	\$ 8.1	Europe	1st Mortgage	18.49%	100%+
RECPC-9082	Hospitality	4.9	4.9	4.9	North America	1st Mortgage	12.10%	53.9%
RECPC-2277	Land - Commercial Development	3.3	3.3	4.9	North America	1st Mortgage	24.00%	100%+
RECPC-8192	Retail	4.5	4.5	4.5	North America	1st Mortgage	10.82%	52.5%
RECPC-7586	Residential	2.4	2.4	2.9	Europe	1st Mortgage	12.50%	88.2%
RECPC-8135	Hospitality	2.3	2.2	2.7	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-2683	Land - Multi-Family Development	4.5	4.5	2.5	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-7488	Residential	1.3	1.7	2.2	Asia Pacific	1st Mortgage	13.00%	81.7%
RECPC-4220	Residential	2.5	2.5	2.1	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-8031	Commercial	1.2	1.4	1.4	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-5905	Land - Commercial Development	1.2	1.2	1.2	North America	1st Mortgage	19.92%	67.6%
RECPC-9232	Residential	1.1	1.1	1.2	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-8795	Land - Multi-Family Development	1.1	1.1	1.1	North America	1st Mortgage	25.00%	42.5%
RECPC-6996	Land - Single-Family Development	1.0	0.9	1.1	Asia Pacific	1st Mortgage	19.80%	68.8%
RECPC-6592	Hospitality	0.9	0.9	1.1	North America	1st Mortgage	11.82%	30.1%
RECPC-2560	Hospitality	1.4	1.4	0.9	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-6506TL1	Land - Single-Family Development	1.2	1.2	0.9	Asia Pacific	1st Mortgage	8.00%	100%+
RECPC-6854	Residential	0.7	0.7	0.9	Europe	1st Mortgage	17.87%	60.4%
RECPC-7027	Hospitality	0.7	0.7	0.9	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-8888	Land - Commercial Development	0.8	0.8	0.8	North America	1st Mortgage	15.34%	34.5%
RECPC-7554	Commercial	0.6	0.7	0.8	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-8433	Hospitality	0.5	0.5	0.8	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-7654	Retail	0.6	0.6	0.6	North America	1st Mortgage	11.50%	12.1%
RECPC-9390	Residential	0.5	0.5	0.5	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-6995	Land - Single-Family Development	0.5	0.5	0.5	Asia Pacific	1st Mortgage	12.00%	51.4%
RECPC-6129	Hospitality	0.6	0.4	0.5	North America	1st Mortgage	14.00%	73.2%
RECPC-2592	Land - Commercial Development	0.4	0.4	0.5	North America	1st Mortgage	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-6384EQ	Commercial	0.3	0.3	0.4	North America	Asset Pool	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
RECPC-9006	Residential	0.3	0.3	0.3	Europe	1st Lien	16.55%	59.2%
RECPC-8040	Land - Single-Family Development	0.3	0.3	0.3	North America	1st Mortgage	16.31%	48.1%
RECPC-7826	Multi-Family	0.3	0.3	0.3	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-7390	Residential	0.3	0.3	0.3	North America	1st Mortgage	20.00%	100%+
RECPC-6505	Land - Single-Family Development	0.5	0.5	0.2	Asia Pacific	1st Mortgage	12.00%	51.4%
RECPC-6242	Land - Single-Family Development	0.5	0.5	0.2	Asia Pacific	1st Mortgage	13.63%	100%+
RECPC-8843	Commercial	0.2	0.2	0.2	Europe	1st Lien	18.90%	55.6%
RECPC-9087	Residential	0.2	0.2	0.2	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-8118	Land - Single-Family Development	0.2	0.2	0.2	Asia Pacific	1st Mortgage	15.12%	100%+
RECPC-8682	Residential	0.1	0.1	0.1	Europe	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-1047	Land - Commercial Development	0.1	0.1	0.1	North America	1st Mortgage	15.00%	53.0%
RECPC-1015	Land - Commercial Development	0.1	0.1	0.0	North America	Real Property	n/a <sup>(6)</sup>	n/a <sup>(6)</sup>
RECPC-8417	Residential	0.0	0.0	0.0	Asia Pacific	1st Mortgage	12.00%	51.4%
RECPC-9238	Land - Single-Family Development	0.0	0.0	0.0	Asia Pacific	1st Lien	n/a <sup>(11)</sup>	51.4%
RECPC-9372	Land - Single-Family Development	0.0	0.0	0.0	Asia Pacific	1st Lien	13.63%	100%+
Subtotal / Weighted average %		\$ 49.5	\$ 50.8	\$ 53.3			16.09%	78.2%

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**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)**

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

Details of Loan and Private Asset Positions (continued)							December 31, 2023	
Ref. no.	Investments by industry	Principal <sup>(1)</sup>	Investments at cost	Investments at fair value	Geographic location	Collateral	Total coupon (including PIK) <sup>(2)</sup>	LTV <sup>(3)</sup>
<b>Structured Finance and Assets</b>								
SF-2239	Other Assets	\$ 4.4	\$ 5.1	\$ 5.3	North America	1st Lien	n/a <sup>(11)</sup>	8.6%
CI-4898	Other Assets	4.0	4.0	4.1	North America	1st Lien	18.37%	41.5%
CI-8707	Other Assets	2.3	2.3	3.5	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CA-5898	Consumer	2.7	2.6	3.2	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-6785	Other Assets	3.3	3.0	3.0	North America	1st Lien	13.50%	70.1%
CI-2651	Other Assets	4.0	4.3	2.8	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-7474	Consumer	1.8	1.8	2.4	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CA-4946	Consumer	2.1	2.1	2.1	North America	1st Lien	20.39%	100%+
CA-6444	Consumer	1.9	1.9	2.1	Latin America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
SF-8578	Other Assets	1.6	1.5	2.1	North America	1st Lien	18.66%	17.6%
CI-3045	Other Assets	1.0	1.0	2.0	North America	Asset Pool	n/a <sup>(11)</sup>	63.3%
CI-5177	Other Assets	0.8	0.8	1.7	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-1999EQ	Other Assets	3.0	3.0	1.5	North America	Equity	n/a <sup>(14)</sup>	n/a <sup>(14)</sup>
CI-5554A	Other Assets	1.7	1.3	1.4	North America	1st Lien	10.00%	73.6%
CPC-7272EQY	Other Assets	1.3	1.3	1.4	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-8399	Other Assets	1.2	1.2	1.2	North America	1st Lien	13.85%	58.3%
SF-7254	Other Assets	1.1	1.1	1.1	North America	1st Lien	27.00%	82.2%
CA-5596C	Consumer	1.1	1.1	1.1	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-2201	Lease/Equipment	0.5	0.5	1.0	North America	Hard Asset	n/a <sup>(12)</sup>	n/a <sup>(12)</sup>
CI-6750	Other Assets	0.9	0.9	0.9	Europe	1st Lien	24.00%	62.2%
CI-3978	Other Assets	1.8	1.8	0.8	North America	Hard Asset	n/a <sup>(12)</sup>	n/a <sup>(12)</sup>
CA-6154	Consumer	0.8	0.8	0.8	Europe	1st Lien	18.50%	61.8%
CI-6648TL	Other Assets	0.8	0.8	0.8	North America	1st Lien	16.20%	62.2%
SF-7242	Other Assets	0.8	0.8	0.8	North America	1st Lien	17.38%	79.7%
CA-4718	Consumer	0.4	0.4	0.8	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-2000	Other Assets	1.0	1.0	0.7	North America	Equity	n/a <sup>(8)</sup>	n/a <sup>(8)</sup>
CI-7442	Other Assets	0.7	0.7	0.7	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-8104	Other Assets	0.6	0.6	0.7	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-7092	Consumer	0.6	0.6	0.7	North America	1st Lien	9.00%	73.4%
CI-6565	Other Assets	0.5	0.5	0.5	North America	1st Lien	18.00%	62.2%
CA-7491	Consumer	0.2	0.0	0.5	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-1520	Other Assets	0.2	0.2	0.4	North America	1st Lien	n/a <sup>(8)</sup>	47.8%
CI-1035	Other Assets	0.4	0.4	0.3	North America	1st Lien	0.00%	100.0%
CI-6004	Other Assets	0.3	0.3	0.3	Latin America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-5596	Consumer	0.3	0.3	0.3	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-4967	Other Assets	0.3	0.3	0.3	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-6288	Consumer	0.2	0.2	0.3	North America	1st Lien	10.00%	31.2%
CI-7166	Other Assets	0.2	0.2	0.3	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-7492	Other Assets	0.2	0.2	0.3	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-2064	Other Assets	0.0	0.0	0.3	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-8621	Consumer	0.2	0.2	0.2	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-6253	Other Assets	0.2	0.2	0.2	North America	1st Lien	7.88%	100%+
CI-7985	Other Assets	0.2	0.2	0.2	North America	1st Lien	15.00%	62.2%
SF-5396	Other Assets	0.2	0.2	0.2	North America	1st Lien	18.66%	87.0%
CA-6328	Other Assets	0.2	0.2	0.2	North America	1st Lien	12.00%	83.1%
CA-8720	Consumer	0.1	0.1	0.2	North America	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CA-4727	Consumer	0.1	0.0	0.2	North America	1st Lien	29.00%	66.0%
CA-2729	Consumer	0.1	0.1	0.1	North America	1st Lien	n/a <sup>(11)</sup>	100.0%
CI-6006	Lease/Equipment	0.0	0.0	0.1	North America	1st Lien	13.97%	91.1%
CA-1052F	Consumer	2.6	2.6	0.0	North America	1st Lien	15.00%	100.0%
CA-1052S	Consumer	1.5	1.5	0.0	North America	1st Lien	n/a <sup>(5)</sup>	100.0%
CI-2686	Other Assets	0.4	0.4	0.0	North America	Equity	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CI-1018	Other Assets	0.2	0.2	0.0	North America	1st Lien	0.00%	100.0%
CI-8048	Other Assets	0.0	0.0	0.0	North America	Hard Asset	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
CA-7573	Consumer	0.0	0.0	0.0	Asia Pacific	Asset Pool	n/a <sup>(7)</sup>	n/a <sup>(7)</sup>
CI-7721	Other Assets	0.0	0.0	0.0	North America	1st Lien	7.88%	100%+
CI-1999	Other Assets	0.0	0.0	0.0	North America	1st Lien	n/a <sup>(10)</sup>	n/a <sup>(10)</sup>
Subtotal / Weighted average %		57.0	56.8	56.1			16.91%	54.0%
Total / Weighted average %		\$ 157.5	\$ 157.4	\$ 162.3			15.57%	64.7%

**13. ADDITIONAL ARENA FINCOs' INVESTMENT SCHEDULES (continued)**

Details of the Loan and Private Asset positions of the Arena FINCOs are as follows:

- <sup>1</sup> Principal represents the total funding commitment of a loan which, if applicable, is inclusive of any unfunded portion of the commitment at the end of the reporting period. Where a loan is issued at a discount, the cost amount includes the accreted discount as of the end of the reporting period. A loan may also be acquired at a cost lower than the par value of the principal outstanding.
- <sup>2</sup> Some investments bear interest at a rate that may be determined by reference to SOFR or Prime which reset daily, monthly, quarterly, or semi-annually and may be subject to a floor. For each, the Company has provided the current contractual interest rate in effect at December 31, 2023. Interest rates listed are inclusive of PIK, where applicable. PIK is interest paid in kind through an increase in the principal amount of the loan. The internal rate of return for many investments is generally greater than or equal to the total coupon (additional yield resulting from original issue discounts and/or some form of profit sharing, e.g. warrants). In the event that the internal rate of return on the investment is less than the stated rate, the lower rate is noted.
- <sup>3</sup> Loan to value ("LTV") represents the value of the outstanding loan as a percentage of the estimated fair value of the underlying collateral as of December 31, 2023.
- <sup>4</sup> Investment is not a loan. Stated coupon and LTV are not applicable.
- <sup>5</sup> Interest not accrued on loans purchased as non-performing.
- <sup>6</sup> Investment represents owned real estate either purchased or acquired through a lender default. Metric is not available.
- <sup>7</sup> Investment represents an unsecured credit pool purchase with no stated interest rate and no LTV.
- <sup>8</sup> This investment represents a claim against proceeds subject to a litigation result whereby the FINCOs are not accruing interest.
- <sup>9</sup> Investment is an equity investment. Stated coupon and LTV are not applicable.
- <sup>10</sup> Investment is in maturity default where the Company and its partners acquired the borrower in bankruptcy. Metric is not applicable.
- <sup>11</sup> State coupon and/or LTV are not applicable.
- <sup>12</sup> Investment is an aircraft purchase and is not a loan.

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**14. NON-GAAP MEASURES**

(a) Book value per share

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:

	September 30, 2024	December 31, 2023	September 30, 2023
Book value:			
Shareholders' equity per IFRS	\$ 511.2	\$ 518.3	\$ 495.7
Adjustments:			
RSU liability <sup>1</sup>	10.0	9.3	8.3
ASPP liability <sup>2</sup>	-	2.4	-
Stock options liability <sup>3</sup>	5.3	-	-
Assumed proceeds of exercised in-the-money options <sup>3</sup>	17.1	17.5	17.2
	<u>\$ 543.6</u>	<u>\$ 547.5</u>	<u>\$ 521.2</u>
Number of Common Shares:			
Number of Common Shares outstanding	128,172,385	131,757,285	135,491,943
Adjustments for assumed exercise of:			
Outstanding RSUs <sup>1</sup>	3,455,198	3,455,198	3,455,198
In-the-money options <sup>3</sup>	7,597,513	7,597,513	7,623,955
Adjusted number of Common Shares	<u>139,225,096</u>	<u>142,809,996</u>	<u>146,571,096</u>
Book value per share - in US\$	\$ 3.90	\$ 3.83	\$ 3.56
Book value per share - in C\$ <sup>4</sup>	\$ 5.28	\$ 5.08	\$ 4.82
Westaim TSXV closing share price - in C\$	\$ 3.98	\$ 3.76	\$ 3.54

<sup>1</sup> See Note 11, *Share-based Compensation* in the Notes to the Financial Statements. Liability related to RSUs converted from C\$ to US\$ at period end exchange rates. RSUs are exercisable for Common Shares or cash at no cost to the holders. Adjustment made to reflect a reclassification of the RSU liability to shareholders' equity assuming all outstanding RSUs were exercised for Common Shares.

<sup>2</sup> See Note 5, *Accounts Payable and Other Accrued Liabilities* in the Notes to the Financial Statements. Shareholders' equity per IFRS was reduced by the liability required for the maximum amount that would be required to settle the ASPP.

<sup>3</sup> See Note 11, *Share-based Compensation* in the Notes to the Financial Statements. Adjustments were made for all of the options outstanding at September 30, 2024, December 31, 2023 and September 30, 2023, 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.

<sup>4</sup> Book value per share converted from US\$ to C\$ at period end exchange rates. Period end exchange rates: 1.35265 at September 30, 2024, 1.32405 at December 31, 2023, and 1.35535 at September 30, 2023.

(b) Net returns on the Arena FINCOs investment portfolios

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.

## 15. 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: strategies, alternatives and objectives to maximize value for shareholders; expectations and assumptions relating to the Company's business plan; expectations and assumptions relating to the business and operations of the Arena FINCOs and Arena; expectations regarding the Company's assets and liabilities; the Company using the proceeds of its investments to acquire Common Shares and the completions and effects of the Proposed Transactions.

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; regulatory requirements may delay or deter a change in control of the Company; the potential treatment of the Company as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes that may affect Westaim's U.S. shareholders; 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 the Arena FINCOs' investments; 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 mitigate private litigation risks; Arena's ability to manage conflicts of interest; the effects of a decrease in revenues as a result of significant redemptions in AUM on Arena Investor's business; the investment performance of Arena Investors; Arena Investors' investment in illiquid investments; Arena's ability to retain qualified management staff; Arena's ability to mitigate the risk of employee misconduct and employee error; the effect of epidemics, pandemics, outbreaks of disease and public health issues on Arena's business; effect of market conditions on the Arena FINCOs; Arena's ability to implement effective risk management systems; dependence by the Arena FINCOs on the creditworthiness of borrowers; the ability of the Arena FINCOs to mitigate the risk of default by and bankruptcy of a borrower; the ability of the Arena FINCOs to adequately obtain, perfect and secure loans; the ability of the Arena FINCOs to limit the need for enforcement or liquidation procedures; the ability of the Arena FINCOs to protect against fraud; the Arena FINCOs' ability to realize profits; the Arena FINCOs' investment in illiquid investments; 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; Arena FINCOs' use of leverage; the ability to complete the conditions precedent to the Proposed Transactions on the terms currently contemplated or at all, the investment agreement related to the Proposed Transactions may be terminated in accordance with its terms, the costs incurred by the Company in efforts to complete the Proposed Transactions; 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.