

The Westaim Corporation
Consolidated Statements of Financial Position
(unaudited)

(thousands of United States dollars)	September 30 2025	December 31 2024
ASSETS		
Cash and Cash Equivalents	\$ 412,971	\$ 301,907
Restricted Cash	16,869	-
Due from Brokers	5,271	-
Income taxes receivable	2,338	307
Receivables from related parties	1,526	-
Fee Receivable	561	-
Investments at Fair Value	262,485	176,965
Investment in associates	-	22,694
Other assets	11,442	2,183
Loan receivable	-	13,000
Goodwill	13,950	-
Intangible assets, net of accumulated amortization	56,649	-
Fixed assets, net of accumulated depreciation	732	-
Right-of-use assets, net of accumulated depreciation	7,128	-
Deferred tax asset	17,142	6,160
	\$ 809,064	\$ 523,216
LIABILITIES		
Due to Brokers	\$ 30,582	\$ -
Accounts payable and accrued liabilities	28,270	9,399
Accrued compensation liabilities	36,666	16,349
Profit share liability	8,517	-
Income taxes payable	-	57
Payable to related parties	5,371	-
Derivative liabilities	1,489	-
Lease Liabilities	7,537	-
Insurance Contract Liabilities	4,314	-
Other liabilities	40	-
Deferred Tax Liability	10,989	-
	\$ 133,775	\$ 25,805
SHAREHOLDERS' EQUITY		
Share capital	\$ 557,305	351,403
Treasury shares	(3,708)	-
Contributed surplus	2,215	11,427
Accumulated other comprehensive loss	(1,982)	(2,227)
Retained earnings	117,504	136,808
Equity Attributable to Controlling Interest	671,334	497,411
Non-controlling interest	3,955	-
	\$ 675,289	\$ 497,411
	\$ 809,064	\$ 523,216

The accompanying notes are an integral part of these consolidated financial statements.

The Westaim Corporation

 Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income
 (unaudited)

(thousands of United States dollars except share and per share data)	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Revenue				
Interest income	\$ 1,704	\$ 4,579	\$ 8,464	\$ 10,182
Dividend Income from investments	-	1,900	-	1,900
Asset servicing fees	2,578	-	4,908	-
Management fees	5,130	-	11,247	-
Incentive and Performance fees	3,171	-	815	-
Advisory fee income	309	113	928	338
Service fee income	311	-	695	-
Other Income	782	-	1,266	-
	13,985	6,592	28,323	12,420
Net results of investments				
Realized gain/(loss) on investments	4,532	52,075	29,939	163,304
Unrealized gain/(loss) on investments	(688)	(47,279)	(5,935)	(138,204)
Realized gain/(loss) on derivatives contracts	(649)	-	(3,701)	-
Unrealized gain/(loss) on derivatives contracts	1,218	-	149	-
	4,413	4,796	20,452	25,100
Net expenses				
Salaries and benefits	17,963	7,952	37,852	23,574
General and administrative	5,761	195	12,594	679
Professional fees	8,900	5,007	21,087	6,300
Share-based compensation expense (recovery)	(1,801)	(891)	(1,161)	2,139
Foreign exchange loss (gain)	(226)	230	491	(153)
Amortization of intangible assets	943	-	1,804	-
Depreciation expense on fixed assets	435	-	482	-
Depreciation expense on right-of-use assets	357	-	644	-
Interest expense	325	-	583	-
Other expenses	765	-	1,240	-
	33,422	12,493	75,616	32,539
(Loss) profit before income taxes	(15,024)	(1,105)	(26,841)	4,981
Income taxes recovery (expense) (note 12)	4,777	(64)	9,622	76
Net (loss) profit	(10,247)	(1,169)	(17,219)	5,057
Other Comprehensive Income				
Foreign currency translation adjustments	(18)	-	(16)	-
Insurance finance income (expenses)	7	-	7	-
Unrealized gains (losses) on investments	278	-	254	-
(Loss) profit and comprehensive (loss) income	\$ (9,980)	(1,169)	\$ (16,974)	5,057
Net (loss) profit attributable to:				
Controlling interests	(11,644)	(1,169)	(19,304)	5,057
Non-controlling interests	1,397	-	2,085	-
	(10,247)	(1,169)	(17,219)	5,057
Net (loss) profit and comprehensive (loss) income attributable to:				
Controlling interests	(11,377)	(1,169)	(19,059)	5,057
Non-controlling interests	1,397	-	2,085	-
	(9,980)	(1,169)	(16,974)	5,057
Earnings (loss) per share (note 15)				
Basic	\$ (0.35)	\$ (0.06)	\$ (0.65)	\$ 0.24
Diluted	\$ (0.35)	\$ (0.06)	\$ (0.65)	\$ 0.23
Weighted average common shares outstanding - basic	33,440,914	21,362,064	29,526,468	21,493,746
Weighted average common shares outstanding - diluted	33,440,914	21,362,064	29,526,468	21,755,064

The accompanying notes are an integral part of these consolidated financial statements.

The Westaim Corporation

Consolidated Statements of Changes in Equity
(unaudited)

Nine months ended September 30, 2025

(thousands of United States dollars)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Non- controlling interest	Treasury Shares	Total Equity
Balance at January 1, 2025	\$ 351,403	\$ 11,427	\$ (2,227)	\$ 136,808	\$ -	\$ -	497,411
Cancellation of common shares	(2,988)	-	-	-	-	-	(2,988)
Shares issued from exercise of stock options	38	-	-	-	-	-	38
Exercise and net exercise of stock options	-	-	-	-	-	-	-
Shares issued - Strategic Transaction	195,417	-	-	-	-	-	195,417
Warrants Issued - Strategic Transaction	24,043	-	-	-	-	-	24,043
New equity issuance costs	(4,231)	-	-	-	-	-	(4,231)
Profit share liability – Strategic Transaction	(6,377)	-	-	-	-	-	(6,377)
Strategic Transaction Consolidation	-	(9,212)	-	-	4,354	-	(4,858)
(Loss) profit and comprehensive (loss) income	-	-	245	(19,304)	2,085	-	(16,974)
Distributions	-	-	-	-	(2,484)	-	(2,484)
Treasury shares	-	-	-	-	-	(3,708)	(3,708)
Balance at September 30, 2025	\$ 557,305	\$ 2,215	\$ (1,982)	\$ 117,504	\$ 3,955	\$ (3,708)	\$ 675,289

Nine months ended September 30, 2024

(thousands of United States dollars)	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
Balance at January 1, 2024	\$ 353,843	\$ 13,745	\$ (2,227)	\$ 152,985	\$ 518,346
Cancellation of common shares (note 10)	(9,921)	-	-	-	(9,921)
Change in automatic stock purchase plan ("ASPP") liability	-	2,426	-	-	2,426
Change in stock option liability (note 6 and 10)	-	(4,744)	-	-	(4,744)
Shares issued from exercise of stock options (note 10)	-	-	-	-	-
Exercise and net exercise of stock options (note 10)	-	-	-	-	-
Profit and comprehensive income	-	-	-	5,057	5,057
Balance at September 30, 2024	\$ 343,922	\$ 11,427	\$ (2,227)	\$ 158,042	\$ 511,164

The accompanying notes are an integral part of these consolidated financial statements.

The Westaim Corporation
Consolidated Cash Flow Statements
(unaudited)

(thousands of United States dollars)	Nine Months Ended September 30	
	2025	2024
Operating activities		
Net (loss) profit	\$ (17,219)	\$ 5,057
Share-based compensation expense	(1,161)	2,139
Depreciation and amortization	2,930	103
Unrealized foreign exchange loss (gain)	6	(306)
Increase in value of investment in Skyward Specialty	-	(19,852)
Increase in due to related party	96	-
Decrease (increase) in value of investment in Arena FINCOs, less dividends	781	(3,182)
Share of loss (income) from investment in Arena prior to the Strategic Transaction	-	(1,957)
(Increase) in value of investment in ASOF LP prior to the Strategic Transaction	-	(109)
Net realized loss/(gain) on investments	(38,480)	-
Net realized loss/(gain) on derivative contracts	3,701	-
Net unrealized gain/(loss) on investments	13,412	-
Net unrealized gain/(loss) on derivative contracts	(149)	-
Change in income taxes receivable, payable and deferred	(10,185)	(3,612)
Net changes in other non-cash balances		
Change in other assets	5,699	(786)
Change in other accounts payable and accrued liabilities	1,959	(8,307)
Cash used in operating activities	(38,610)	(30,812)
Investing activities		
Purchase of capital assets	(3,515)	(8)
Investment in Arena prior to the Strategic Transaction	(18,600)	-
Acquisition of Arena, net of cash received	22,492	-
Proceeds from sale of Skyward Specialty common shares	-	256,322
Capital contribution to investment in Salem Group	(36,500)	-
Purchase of investment	(56,890)	-
Proceeds from disposal of investments	22,395	-
Purchase of derivative contracts	(8,668)	-
Proceeds from sale of derivative contracts	5,312	-
Change in investment broker receivables/payables	25,363	-
Distribution received from Arena	-	933
Cash (used in) provided by investing activities	(48,611)	257,247
Financing activities		
Issuance of Common Shares and Warrants	219,460	-
Repayment of CC Capital promissory note	(14,607)	-
Purchase and cancellation of Common Shares	(2,988)	(9,726)
Purchase of Common Shares held in Treasury	(3,708)	-
Shares issued from exercise of stock options	38	-
New equity issuance costs	(4,231)	-
Repayment of lease liability	(59)	-
Distributions to non-controlling interest	(2,484)	-
Cash (used in) provided by financing activities	191,421	(9,726)
Effect of exchange rate changes on cash & cash equivalents	(16)	-
Net increase (decrease) in cash	104,200	216,710
Cash, cash equivalents and restricted cash, beginning of period	301,907	135,032
Cash recorded upon initial consolidations as part of Strategic Transaction	23,749	-
Cash, cash equivalents and restricted cash, end of period	\$ 429,840	\$ 351,742
Supplemental disclosure of cash flow information:		
Non-cash investing activities - payment in kind interest earned	\$ 229	\$ -
Cash paid during the period for interest	\$ 748	\$ -
Cash paid during the period for income taxes	\$ 2,299	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

The Westaim Corporation
Notes to Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Currency amounts in thousands of United States dollars except per share data, unless otherwise indicated)

1 Nature of Operations

The Westaim Corporation (“Westaim” or “Company”) was incorporated on May 7, 1996 by articles of incorporation under the *Business Corporations Act* (Alberta) (“ABCA”) and on December 31, 2024, Westaim changed its jurisdiction of incorporation to the State of Delaware with its head office now located at 405 Lexington Avenue, 59th Floor, New York, New York, United States. These interim consolidated financial statements were authorized for issue by the Board of Directors of Westaim on November 13, 2025.

On October 9, 2024, the Company, Wembley Group Partners, LP (the “Investor”) (an affiliate of CC Capital Partners, LLC (“CC Capital”), Arena (as defined in note 4), Daniel Zwirn and Lawrence Cutler entered into an investment agreement (as amended on November 15, 2024) (the “Investment Agreement”). Pursuant to the Investment Agreement, among other things, the Investor agreed to make a \$250,000 investment, inclusive of deal-related expenses incurred by the Investor, in the Company via a private placement (the “Private Placement”) to acquire common shares of Westaim (the “Common Shares”) and warrants to purchase Common Shares. The transactions included in the Investment Agreement (the “Strategic Transaction”) closed on April 3, 2025, as described further below.

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

These interim consolidated financial statements as of and for the period ended September 30, 2024 included the accounts of Westaim and its wholly owned subsidiaries (collectively referred to as the “Company”), including Westaim HIIG GP Inc. (“HIIG GP”), Westaim Skyward Holdings ULC (“WSH”), Westaim Canada Services Corporation (“WCSC”), Arena Finance Company II Inc. (“AFCII”) and The Westaim Corporation of America (“WCA”). On October 4, 2024, AFCII was dissolved with Westaim assuming all the assets and liabilities of AFCII. On December 31, 2024, prior to Westaim’s continuance as a Delaware corporation, HIIG GP and WSH entered into conveyance agreements which resulted in all the assets and liabilities of HIIG GP and WSH being assumed by Westaim. On December 31, 2024, subsequent to Westaim’s continuance as a Delaware corporation, WCA was liquidated with Westaim assuming all the assets and liabilities of WCA.

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

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

Prior to the Closing Date of the Strategic Transaction, the Company was treated as an Investment Entity under IFRS 10 “*Consolidated Financial Statements*” (“IFRS 10”) and its investments into Westaim Origination Holdings Inc. (“WOH”), Arena Finance, LLC (“AF”, and WOH and AF collectively “Arena FINCOs”), Arena Special Opportunities Fund, LP (“ASOF LP”), and Salem Group were accounted for as investments at fair value through profit and loss (“FVTPL”). The Company’s 51% ownership of Arena Investors Group Holdings L.P. and its consolidated subsidiaries (“AIGH” or “Arena”) was accounted for using the equity method as an investment in associates in accordance with International Accounting Standard (“IAS”) 28 “*Investments in Associates and Joint Ventures*” (“IAS 28”). As a result of the Strategic Transaction, and the Company transforming to become an integrated insurance and alternative asset management operating company, the Arena FINCOs, Salem

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

1 Nature of Operations (continued)

Group, and AIGH are now consolidated into the Company's financial statements. ASOF LP is a minority interest investment in a fund sponsored by Arena and is still accounted for as a FVTPL investment. The Strategic Transaction is treated as a business combination under IFRS 10 and handled as a prospective change; therefore, the prior period comparative information is shown on the basis of the Company being treated as an investment entity and the current period information is shown on the basis of the Company being treated as an operating entity.

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

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

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

2 Summary of Material Accounting Policies

The material accounting policies used to prepare these interim consolidated financial statements are as follows:

(a) Basis of preparation

The accompanying interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB").

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

The Company follows the material accounting policies included under IAS 1 "Presentation of Financial Statements" ("IAS 1") which states, effective for annual reporting periods beginning on or after January 1, 2023, an entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in the Company's interim consolidated financial statements, it can reasonably be expected to influence decisions that the primary users of its financial statements make on the basis of those financial statements.

The financial statements of entities controlled by Westaim are consolidated. The financial results of these entities are included in the interim consolidated financial statements from the date that control commences until the date that control ceases. The Company controls an entity when the Company has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Assessment of control is based on the substance of the relationship between the Company and the entity and includes consideration of both existing voting rights and, if applicable, potential voting rights that are currently exercisable or convertible. Intercompany balances and transactions are eliminated upon consolidation.

Through April 2, 2025 and before the close of the Strategic Transaction, the Company qualified as an investment entity under IFRS 10. The Company reported its financial results in accordance with IFRS applicable to investment entities through April 2, 2025, and measured its investments in relevant entities at FVTPL, instead of consolidating those subsidiaries in its interim consolidated financial statements. Investments accounted for at FVTPL consist of the Arena FINCOs, ASOF LP, and Salem Group. See note 3 for investments' definitions.

Also through April 2, 2025 and before the close of the Strategic Transaction, investments in associates were accounted for using the equity method in accordance with IAS 28 and consists of investments in corporations or limited partnerships where the Company had significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The Company's investment in associates consisted of its investment in Arena and is reported under "Investment in associates" in the interim consolidated statements of financial position, with the Company's share of comprehensive (loss) income of Arena reported under "Net results of investments" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

On April 3, 2025 with the close of the Strategic Transaction, the Company reassessed whether it met the definition of an investment entity under IFRS 10 and determined that it did not. With the close of the Strategic Transaction, the Company transformed from an investment entity into an operating entity and for all reporting periods after April 3, 2025, the financial statements of the company will be reported on the basis of

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2 Summary of Material Accounting Policies (continued)

the company being an operating entity. Under IFRS 10, investments in subsidiaries are consolidated prospectively, with assets, liabilities, and profit or loss being recognized in the financial statements for the periods starting April 3, 2025. The Company's investments are carried under IFRS 9 "Financial Instruments" ("IFRS 9") with the fair value as the starting basis at the transaction date. Subsidiaries are consolidated prospectively from April 3, 2025 and prior comparative periods have not been restated.

The consolidated statement of financial position is shown in order of liquidity. Where applicable, the classification between current and non-current is set out in the notes.

(b) Basis of consolidation

These consolidated financial statements include the accounts of Westaim and consolidate its controlled subsidiaries or entities over which Westaim has control. Noncontrolling interest consists of equity that is not attributable directly or indirectly to the Company. All intercompany accounts and transactions have been eliminated in consolidation.

(c) Reclassification

During the current fiscal quarter, the Company has made certain reclassifications to statement lines for the consolidated statements of financial position and consolidated statements of (loss) profit and comprehensive (loss) income as a result of the Strategic Transaction. Certain amounts in the prior period financial statements have been reclassified to conform to classifications. These reclassifications were made to enhance the transparency of the financial statements and do not affect the application of the Company's accounting policies or the overall presentation required under IFRS. The reclassifications had no impact on net profit, total assets, total liabilities, or equity. On the consolidated statement of financial position, the comparative period for December 31, 2024 showed three investment line items for "Investments in Arena FINCOs", "Investments in Arena", and "Investments in ASOF LP", which are now aggregated into one line called Investments at Fair Value. Similarly in the Consolidated Statement of (Loss) Profit, the line items for individual investments have been aggregated into line items applicable to investments as a whole. Detailed disclosure on the comparative period Investments balance can be found in Note 3 to these financial statements. The Consolidated Statement of Financial Position also separates Accrued compensation liabilities from Accounts payable and accrued liabilities for the comparative period to provide investors with more detail on the Consolidated Statement of Financial Position for these balances. The reclassification does not affect the Company's financial position or net profit for historical periods and does not change the basis of accounting for current and comparative periods as described previously. The Company did not change existing accounting policies, rather new accounting policies were adopted as a result of the change in status for the Company from an investment entity to an operating entity.

(d) Functional and presentation currency

The US\$ is the functional and presentation currency of the Company. IAS 21 "The Effects of Changes in Foreign Exchange Rates" ("IAS 21") 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.

(e) Use of estimates

The preparation of interim consolidated financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the reporting period in which they are determined. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next fiscal year is included in the following notes:

- Note 4: Fair value of investments and classifications;
- Note 11: Fair value of share-based compensation;
- Note 14: Deferred tax assets and liabilities;
- Note 4: Impairment of financial assets, including determination of inputs into the expected credit losses measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information for assets not classified as FVTPL; and
- Note 19: Impairment of goodwill and intangible assets;
- Note 22: Business combinations.

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2 Summary of Material Accounting Policies (continued)

(f) Judgments made by management

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 2: determining that the Company met the definition of an investment entity under IFRS 10 for comparative periods, valuation techniques for fair value determination of investments classified as FVTPL, applying the equity method of accounting for associates;
- Note 2(b): determining that the Company's functional currency is the US\$; and
- Note 4: Classification of investments, including assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest on the principal amount outstanding.

(g) Foreign currency translation

Transactions in foreign currencies are translated into US\$ at rates of exchange prevailing at the time of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated into US\$ at rates of exchange in effect at the end of the reporting period. And any resulting foreign exchange gain or (loss) is included in the interim consolidated statements of loss (profit) and comprehensive (loss) income.

From time to time, the Company enters into foreign exchange forward contracts to manage currency exposures arising from transactions denominated in currencies other than US\$. Any resulting foreign exchange gain or loss arising from the foreign exchange forward contracts is included in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

The Company has subsidiaries in the United Kingdom, India, and New Zealand that operate in functional currencies other than the U.S. Dollar. Fluctuations in currency exchange rates create volatility in our reported results, as we are required to translate the results of these subsidiaries into U.S. Dollars for consolidated reporting. The translation of foreign subsidiaries' non-U.S. Dollar denominated balance sheets into U.S. Dollars for consolidated reporting results in a cumulative translation adjustment to Other components of equity within Shareholders' equity.

(h) Revenue recognition

Management fees, advisory fee income, service fee income, and asset servicing fees are recorded as fee income over time as these services are performed. Incentive and performance fees are recognized based upon the amount that would be due pursuant to the investment management agreements at each period end based on the amount earned. Incentive and performance fees are only recognized once it is highly probable that a significant reversal will not occur in future periods.

Insurance revenue represents the total of the changes in the liability for remaining coverage that relates to services for which the Company expects to receive consideration, and is comprised of the following items:

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

Significant judgments involved in determining the timing and amount of revenue recognized, including estimates of fair value and assessment of variable consideration, are disclosed in various notes of these financial statements as outlined in (e) and (f) of this Note 2.

(i) Cash and cash equivalents

Cash and cash equivalents may include cash on deposit, highly liquid short-term investments with original maturities of 90 days or less including treasury bills and commercial paper, and money market mutual fund investments with weighted average maturities less than 90 days.

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2 Summary of Material Accounting Policies (continued)

(j) Restricted Cash

Restricted cash includes cash held related to deposits held for pre-funded work fees from potential borrowers and prospective partners and prepaid deposits for interest and infrastructure reserves related to investments. Additionally, cash held as collateral for derivative contracts is restricted until such contracts mature or are settled per agreement of buyer and seller of each contract.

(k) Due from Brokers and Due to Brokers

Due from brokers consists of cash balances as well as amounts due from/to brokers for unsettled securities transactions. Amounts due from brokers may be restricted to the extent that they serve as collateral for securities sold short.

(l) Capital assets

The Company's capital assets are included in Fixed assets, net of accumulated depreciation and are reported at cost less accumulated depreciation. Depreciation is calculated based on the estimated useful life of the particular assets which ranges between 3 to 7 years for furniture and equipment. Leasehold improvements are depreciated using the straight-line method over the lesser of the term of the lease or the estimated useful life of the assets. At the end of each reporting period, management reviews the carrying amounts of capital assets for any indication of impairment. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use.

(m) Leases

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

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys a right to control the use of an identified asset, the Company assesses whether, i) the contract involves an identified asset, which is physically distinct and cannot be substituted by the supplier, ii) the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset during the period of use, and iii) the Company has the right to operate the identified asset or the Company designed the identified asset in a way that predetermines how and for what purpose the identified asset will be used.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any costs incurred to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is measured using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is initially measured at the present value of the future lease payments not paid at the commencement date and the lease payments are discounted using the interest rate implicit in the lease if the rate can be readily determined, or the lessee's incremental borrowing rate if the rate cannot be determined.

In accordance with IFRS 16 "Leases" ("IFRS 16"), the Company has elected not to recognize right-of-use assets and lease liabilities for short term leases of less than a term of 12 months and leases of low value. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

(n) Investments

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

Prior to the close of the Strategic Transaction, the Company's investments in Salem Group, Arena FINCOs, and ASOF LP were classified as FVTPL and were carried at fair value. At initial recognition, these investments were measured at cost, which was representative of fair value, and subsequently, at each reporting date, recorded at fair value with increases and decreases arising from changes in fair values including the impact of dividends and/or distributions being recorded in the consolidated statements of (loss) profit and comprehensive (loss) income for the period in which they arise. Transaction costs on the investments are expensed as incurred.

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2 Summary of Material Accounting Policies (continued)

Prior to the close of the Strategic Transaction, the Company's Investment in Arena was initially recorded at cost and subsequently adjusted to recognize the Company's share of comprehensive (loss) income of Arena, any dividends and/or distributions received from Arena, and the balance of the Company's revolving loan to Arena on the equity method in accordance with IAS 28.

Accounting for the Company's Investments following the closing of the Strategic Transaction

Following the closing of the Strategic transaction, the Company's investments in Salem Group, Arena FINCOs, and Arena are fully consolidated.

Investments in public securities are valued at unadjusted published quotes for identical investments exchanged in active markets. Investments in financial assets and instruments that are not traded in an active market, including private entities, are generally valued initially at the cost of acquisition on the basis that such cost is a reasonable estimate of fair value. Such investments are subsequently revalued using accepted industry valuation techniques. The Company considers a variety of methods and makes assumptions that are based on market conditions existing at each period end date. Valuation techniques used may include initial acquisition cost, net asset value, discounted cash flow analysis, comparable recent arm's length transactions, comparable publicly traded company metrics, reference to other instruments that are substantially the same, option pricing models and other valuation techniques commonly used by market participants. Any sale, size or other liquidity restrictions on the investment are also considered by management in its determination of fair value. 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 investments existed, and the differences could be material.

The Company may use internally developed models, which are based on valuation methods and techniques generally recognized as accepted within the industry. Valuation models are used primarily to value unlisted equity and debt securities for which no market quotes exist or where markets were or have been inactive during the financial period. Some of the inputs to these models may not be observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not be the same as those that may be used by a counterparty to value the same or similar assets. Valuations therefore may be adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

Interest from Investments at fair value through profit or loss is included in Net results of investments. Interest income from non-investment assets, primarily from cash and cash equivalents, is recognized in Interest income on a time-proportionate basis using the effective interest method.

Management is responsible for performing fair value measurements included in the Company's consolidated financial statements for each reporting period. The Company prepares a detailed valuation for each reporting period describing the valuation processes and procedures undertaken by management. Valuation results are reviewed with the audit committee as part of its review of the Company's interim consolidated financial statements.

The Company's investments include private investments, equity securities, private investment in public equity, private investment companies, investment in affiliates, corporate bonds, US treasury and equity securities, municipal bonds, trade claims, warrants, mortgages, and derivative contracts. Investments are generally either recognized at FVTPL or as fair value through other comprehensive income ("FVOCI"). For investments recognized at FVTPL, such as equity securities, net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognized in interim consolidated statements of (loss) profit. For investments recognized at FVOCI, net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognized in interim consolidated statements of comprehensive (loss) income. For a detailed description of the accounting and valuation of the Company's investments, see note 5.

(o) Derivative Contracts

The Company records derivative contracts at FVTPL. The Company generally records realized gains or losses on the termination, expiration or the settlement of a derivative contract. For a detailed description of the accounting and valuation of the Company's investments, see note 5.

(p) Goodwill and intangible assets

Goodwill arising on the acquisition of subsidiaries, which is deemed to have an indefinite life, is measured at cost, which is fair value at the date of acquisition, less accumulated impairment losses. Goodwill is not amortized.

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2 Summary of Material Accounting Policies (continued)

The Company recognizes intangible assets for the insurance licenses included in the acquisition of MAIC. These assets are deemed to have an indefinite life and are measured at cost, which is fair value at the date of acquisition, less any accumulated impairment losses. Insurance licenses are not amortized.

The Company recognizes intangible assets for internally developed software. Software is deemed to have a useful life of five years. Software is measured at cost less accumulated amortization and accumulated impairment losses.

Expenditure on internally developed software is recognized as an asset only if the Company can demonstrate the technical feasibility to complete the development of the software, its intention and the availability of resources to complete the development and to use the software, and its ability to use the software in a manner that will generate probable future economic benefits and to measure the expenditure reliably. Subsequent expenditure on internally developed software is capitalized when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred.

Costs incurred to develop software applications used in the Company's software platforms consist of certain direct costs of materials and services incurred in developing or obtaining internal-use computer software. These costs generally consist of internal labor during configuration, coding, and testing activities. Research and development costs incurred during the preliminary project stage or costs incurred for data conversion activities, training, maintenance and general and administrative or overhead costs are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the application is substantially complete and ready for its intended use. Qualified costs incurred during the operating stage of the Company's software applications relating to upgrades and enhancements are capitalized to the extent it is probable that they will result in added functionality, while costs incurred for maintenance of, and minor upgrades and enhancements to, internal-use software are expensed as incurred.

Amortization is calculated to write off the cost of software assets over their estimated useful lives and is recognized in profit or loss. None of the software assets are assumed to have a residual value. Amortization is calculated under the straight-line method from the date the software is available for use. The useful lives and amortization methods are reviewed at each reporting date and adjusted if appropriate.

The Company recognizes intangible assets for the Arena trade name. It is deemed to have a useful life of ten years. The intangible asset is measured at its fair value as of the acquisition date, less any accumulated impairment losses.

The Company recognizes an intangible asset related to investment management agreements between Arena and its Arena-sponsored funds. The useful lives of these intangible assets are between three and 13 years. The intangible asset is measured at its fair value as of the acquisition date and reflects the value of the contractual right to manage investment assets.

(g) Income taxes

Income tax expense is recognized in the interim consolidated statements of (loss) profit and comprehensive (loss) income. Current taxes, based on taxable income in jurisdictions where the Company operates, may differ from tax expense (recovery) included in (loss) profit and comprehensive (loss) income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Income taxes related to other comprehensive income (loss) is recognized within other comprehensive income (loss).

Deferred tax assets are generally recognized for all deductible temporary income tax differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets and liabilities are determined based on the enacted or substantively enacted tax laws and rates that are anticipated to apply in the year of realization. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of the related assets and liabilities. The carrying amount of the deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. A deferred tax liability has been recognized in relation to the indefinite-lived intangible asset which will be amortized the consolidated statements of (loss) profit and comprehensive (loss) income over their remaining useful lives. The liability reflects the tax consequences of any expected future taxable income resulting from sale or disposal, which requires deferred tax recognition even when the timing of reversal is uncertain.

Income tax assets and liabilities are offset when the Company intends to settle on a net basis and there is a legally enforceable right to do so.

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2 Summary of Material Accounting Policies (continued)

(r) Non-controlling Interest

Noncontrolling interest consists of equity that is not attributable directly or indirectly to the Company. To the extent that the Company's interest in a consolidated entity represents less than 100% of the equity, the Company recognizes a non-controlling interest in this entity. The Company

records any non-controlling interest at the proportionate share of the third party's ownership interest in the entity. Any change to the value of the non-controlling interest is recognized directly in equity.

(s) Share-based compensation

Share-based compensation awards are generally recognized as an expense over the associated vesting periods and in accordance with the vesting terms, which may have both time-based and performance-based vesting provisions. The value attributed to stock options at issuance was recognized in income as an expense over the period from the issue date to the end of the vesting date with a corresponding increase in contributed surplus. Following the approval of the amended and restated stock option plan on May 16, 2024, the value of the stock options with cash settlement features was recorded as a liability and a decrease to contributed surplus and subsequently the liabilities were remeasured as of each reporting period end date.

Obligations related to any share-based compensation that can or must be settled in cash, such as Deferred Share Units ("DSUs"), Restricted Share Units ("RSUs") with cash settlement features, Stock Appreciation Rights ("SARs"), stock options (which can now be settled for cash), and warrants with cash settlement features, are recorded as liabilities at fair value at each reporting date. DSUs and RSUs fair values are re-measured with reference to the fair value of the Company's stock price and the number of units that have vested. SARs, stock options, and warrants fair values are re-measured using the Black-Scholes method to determine fair value. When a change in value occurs for DSUs, RSUs, SARs, stock options, and warrants, it is recognized in share-based compensation expense or recovery and foreign exchange gain or loss in the applicable reporting period. Forfeitures or plan modifications will generally result in expense or recovery of expense when the forfeitures or plan modifications take effect.

(t) (Loss) earnings per share

Basic (loss) earnings per share is calculated by dividing Net (loss) profit attributable to controlling interests by the weighted average number of Common Shares outstanding during the reporting period. See note 15 for the calculation of the weighted average number of Common Shares outstanding and a reconciliation of the Common Shares used in calculating basic and diluted EPS.

Diluted (loss) earnings per share is calculated by dividing Net (loss) profit attributable to controlling interests by the weighted average number of shares outstanding during the reporting period after adjusting both amounts for the effects of all dilutive Common Shares, which consist of stock options, RSUs and warrants, if applicable. Unvested share-based compensation awards will generally be included as potential dilutive shares if the conditions for their issuance have been met or are reasonably expected to be met. In periods where there is a net loss, all potential ordinary shares are anti-dilutive and therefore excluded from the diluted EPS calculation. Anti-dilutive potential Common Shares are not included in the calculation of diluted (loss) earnings per share. For the purpose of calculating diluted (loss) earnings per share, the Company assumes the exercise of dilutive stock options and warrants. The assumed proceeds from these dilutive stock options and warrants shall be regarded as having been received from the issue of Common Shares at the average market price of the Common Shares during the period. The difference between the number of Common Shares issued and the number of Common Shares that would have been issued at the average market price of Common Shares during the period are treated as an issue of Common Shares for no consideration.

(u) Insurance contracts

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

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

2 Summary of Material Accounting Policies (continued)

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

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

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

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

Separating components:

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

Aggregation:

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

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

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

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

Insurance Acquisition Cashflows:

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

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

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company will recognize an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group. The Company will reverse any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

2 Summary of Material Accounting Policies (continued)

Contract Boundaries:

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

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

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

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

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

Initial Measurement:

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

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

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

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is applied to the FCF for the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment is intended to capture mortality, lapse, and expense risks. The target confidence level corresponding to the risk adjustment for non-financial risk is 80-90%.

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

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

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

2 Summary of Material Accounting Policies (continued)

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

Subsequent measurement:

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

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

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

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

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

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

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

Presentation:

Amounts recognized in the consolidated statement of comprehensive (loss) profit are disaggregated into: (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses, which comprises the effects of discounting. The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk that relate to current or past services are included in the insurance service result.

2 Summary of Material Accounting Policies (continued)

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

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

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

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

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

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognized in the year).

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

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

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

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2 Summary of Material Accounting Policies (continued)

(v) Accrued compensation liabilities

Accrued compensation liabilities represents obligations recognized for employee services received but not yet paid or settled as of the balance sheet date. This includes accrued wages, bonuses, payroll-related costs, incentive and performance-based compensation, and liabilities arising from share-based compensation arrangements.

(w) Salaries and benefits

Salaries and benefits can consist of (i) base salaries, discretionary and non-discretionary bonuses, employee benefits, severance, deferred bonus plan, and payroll related taxes, (ii) profit share arrangements, which primarily consists of a portion of net profit earned from certain business units and / or entities that are allocated to certain employees, and (iii) any required minimum distributions.

(x) Related party transactions

Receivables from and payables to related parties represent amounts due from or to non-consolidated affiliates. Such transactions relate to asset servicing fees, management fees and incentive fees from non-consolidated affiliates and separately managed accounts. Any balances and transactions related to consolidated entities are eliminated upon consolidation.

(y) Contributed surplus

When contributed surplus of the Company is repurchased by the Company, the amount by which the cost to repurchase the shares exceeds the average carrying value of the shares is included in contributed surplus. As awarded share-based compensation without cash settlement features vest, the associated amounts are recognized as compensation expense against an increase in contributed capital. To the extent vested awards become forfeited (generally due to termination for cause), compensation expense would be reduced against a decrease to contributed capital. The cost of stock options was recognized over the period from the issue date to the vesting date and recorded as contributed surplus. When the stock options were exercised, the value attributed to the exercised stock options decreased contributed surplus with an increase in share capital. The valuation of the stock options immediately prior to the approval of the amended and restated stock option plan on May 16, 2024, which now gives the option holder the right to receive a cash settlement for the in-the-money value of their stock options (a surrender for cash), was recorded as a liability and a decrease to contributed surplus. When the Company enters into an issuer automatic share purchase plan agreement ("ASPP") that is effective during the reporting period, the Company records an increase or decrease in contributed surplus for the change in value of the maximum amount that would be required to settle the ASPP at the end of each reporting period.

(z) Other components of equity

Other components of equity includes cumulative foreign currency translation adjustments and fixed maturity investments recognized at FVOCI. Interest income is calculated under the effective interest method and recognized as Interest income in the consolidated statements of (loss) profit, and other net gains and losses are recognized in other comprehensive income ("OCI") and accumulated in the fair value reserve.

(aa) Fee revenues (asset servicing, management, advisory, incentive fees, and performance allocations)

Fee revenues consist of management, asset servicing, advisory fees, incentive fees, and performance allocations.

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

The Company earns asset servicing fees to cover the personnel and overhead costs to service investments in lieu of hiring an unaffiliated third-party loan and asset service. The Company charges the asset servicing fee as described in fund governing documents which is typically based on asset type or a set percentage fee of the fair value of the illiquid portion of the loan portfolio. The fee is collected monthly or quarterly, as determined in the fund governing documents.

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2 Summary of Material Accounting Policies (continued)

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

The Company also earns contractual fees based on performance of certain funds and investment vehicles during the period, subject to the achievement of minimum return levels or high water marks ("incentive fees"), in accordance with the respective terms set out in each vehicle's governing agreements. Incentive fees are recognized based upon the amount that would be due pursuant to the investment management agreements at each period end based on the amount earned. Incentive fees are only recognized once it is highly probable that a significant reversal will not occur in future periods.

Advisory fees are primarily derived from the Quaestor Consulting Group for the provision of management consulting services for third party clients, and through the investment banking services provided by Quaestor Capital Markets for merger and acquisition advisory mandates, syndications of securities transactions, and private placements of investment opportunities.

The company earns service fee income for the provision of fund management, administrative, operational, and other support services.

(bb) Professional fees

Professional fees primarily consist of legal fees, audit fees, tax compliance, and third-party consultants. Professional fees are recognized on an accrual basis.

(cc) Adoption of new and amended accounting pronouncements

At September 30, 2025, there were no new pronouncements that had a material impact on adoption.

3 Prior Comparative Period Investments as an Investment Entity

Accounting for the Company's Investments prior to the Strategic Transaction including the 2024 Comparative Period

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

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

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

The Company's investments in Arena FINCOs, ASOF LP, and Salem Group are classified as FVTPL and are carried at fair value under investments in the interim consolidated statements of financial position. Changes in fair value are reported under "Net results of investments" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

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3 Prior Comparative Period Investments as an Investment Entity (continued)

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

December 31, 2024	Fair value	Level 1	Level 2	Level 3
- Arena FINCOs	\$ 173,852	\$ -	\$ -	\$ 173,852
- ASOF LP	3,113	-	-	3,113
	<u>\$ 176,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,965</u>

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the

asset or liability that are not based on observable market data (unobservable inputs). Inputs are considered observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

Investment in Skyward Specialty

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

Three months ended September 30, 2024						
	Opening Balance	Proceeds from sale of Skyward Specialty common shares	Realized gain in value of investment	Net change in unrealized gain in value of investment	Net increase (decrease) in value of investment	Ending Balance
Skyward Specialty common shares held directly by the Company	\$ 69,453	\$ (79,020)	\$ (52,562)	\$ (42,995)	\$ 9,567	\$ -

Nine months ended September 30, 2024						
	Opening Balance	Proceeds from sale of Skyward Specialty common shares	Realized gain in value of investment	Net change in unrealized gain in value of investment	Net increase (decrease) in value of investment	Ending Balance
Skyward Specialty common shares held directly by the Company	\$ 236,470	\$ (256,322)	\$ 160,122	\$ (140,270)	\$ 19,852	\$ -

At September 30, 2025 and December 31, 2024, the Company's \$nil valuation of its investment in Skyward Specialty was the result of holding nil Skyward Specialty common shares.

FVTPL

The investment in Skyward Specialty is classified at Level 1 of the fair value hierarchy and is accounted for at FVTPL. The fair value of the Company's investment in Skyward Specialty was determined to be \$nil at September 30, 2025 and \$nil at December 31, 2024.

At September 30, 2024, the Company held nil Skyward Specialty common shares. The Company recorded a net realized and unrealized increase in the value in its investment in Skyward Specialty of \$9,567 and \$19,852 in the three and nine months ended September 30, 2024, respectively, in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

Investment in the Arena FINCOs

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

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3 Prior Comparative Period Investments as an Investment Entity (continued)

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 and/or other third parties. The Company's investment in the Arena FINCOs is accounted for at FVTPL in the Company's interim consolidated financial statements.

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

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

	Three months ended September 30 2024	Nine months ended September 30 2024
Opening balance	\$153,466	\$ 147,234
(Decrease) increase in value before dividends	(1,150)	5,082
Dividends paid by the Arena FINCOs to the Company	(1,900)	(1,900)
Ending balance	\$150,416	\$ 150,416

FVTPL

The Company's investment in the Arena FINCOs is classified at Level 3 of the fair value hierarchy and is accounted for at FVTPL. The fair value of the Company's investment in the Arena FINCOs was determined to be \$173,852 at December 31, 2024.

Management used net asset value as the primary valuation technique and determined that 100% (or 1.0x) of the equity of the Arena FINCOs at December 31, 2024 in the amount of \$173,852 approximated the fair value of the Company's investment in the Arena FINCOs. Management determined that the net asset value valuation technique produced the best indicator of the fair value of the Arena FINCOs at December 31, 2024.

The significant unobservable inputs used in the valuation of the Arena FINCOs at December 31, 2024 were the aggregate equity of the Arena FINCOs at December 31, 2024 and the multiple applied. Management applied a multiple of 1.0x as the equity of each of the entities reflected

the net assets of the respective entity which were carried at fair value at December 31, 2024, as described below. The equity contained certain significant judgments and estimates made by management of the Arena FINCOs, including the determination of the fair value of their subsidiaries' investments as noted below.

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

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

3 Prior Comparative Period Investments as an Investment Entity (continued)

- Private loans and other private investments are valued using valuation methodologies for Level 3 investments. When valuing private loans, factors evaluated include the impact of changes in market yields, credit quality of the borrowers and estimated collateral values. If there is sufficient credit coverage, a yield analysis is performed by projecting cash flows for the instrument and discounting the cash flows to present value using a market-based, risk adjusted rate. On each valuation date, an analysis of market yields is also performed to determine if any adjustments to the fair values are necessary. Techniques used to value collateral, real estate, and other hard assets include discounted cash flows, with the discount rate being the primary unobservable input, recent transaction pricing and third-party appraisals. Private investments held through joint ventures are valued net of each respective joint venture waterfall and other joint venture assets and liabilities.
- Warrants that are actively traded on a securities exchange are valued based on quoted prices. Warrants that are traded over the counter or are privately issued are valued based on observable market inputs, if available. If these inputs are not observable or timely, the values of warrants are determined using valuation methodologies for Level 3 investments described below.
- Listed derivative instruments, such as listed options, that are actively traded on a national securities exchange are valued based on quoted prices from the applicable exchange. Derivative instruments that are not listed on an exchange are valued using pricing inputs observed from actively quoted markets. If the pricing inputs used are not observable and/or the market for the applicable derivative instruments is inactive, the values of the derivative instruments are determined using valuation methodologies for Level 3 investments described below.

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

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

The Company recorded a decrease in the value of its investment in the Arena FINCOs of \$1,150 and an increase of \$5,082 before dividends paid of \$1,900 in each of the three and nine months ended September 30, 2024, respectively, in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

Investment in Arena

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

On August 31, 2015, agreements were entered into between the Company and BP LLC in respect of Arena (the "Associate Agreements"). BP LLC's initial profit sharing percentage was 49%, and under the Associate Agreements, BP LLC had the right to earn-in up to 75% equity ownership percentage in Arena and share up to 75% of the profit of Arena based on achieving certain assets under management ("AUM") and cash flow (measured by the margin of trailing twelve months earnings before interest, income taxes, depreciation and amortization to trailing twelve month revenues) thresholds in accordance with the Associate Agreements. At September 30, 2024 and December 31, 2024, the Company's equity ownership of Arena and its profit sharing percentage was 51%. See note 1, Nature of Operations, for more information on the Strategic Transaction and the impact on the Company's ownership percentage of Arena.

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

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3 Prior Comparative Period Investments as an Investment Entity (continued)

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

	December 31, 2024	
Financial information of Arena:		
Assets		\$ 70,238
Liabilities		(69,900)
Net assets		338
Less: net assets attributable to non-controlling interests		3,068
Net liabilities attributable to Arena		\$ (2,730)
Company's share		\$ (1,306)
Arena Revolving Loans with the Company		24,000
Carrying amount of the Company's investment in Arena		\$ 22,694
	Three months ended September 30 2024	Nine months ended September 30 2024
Financial information of Arena:		
Revenue and other net investment gains (losses)	\$ 13,905	\$ 53,291
Operating expenses ¹	(16,821)	(45,908)
Net (loss) income and other comprehensive (loss) income	(2,916)	7,383
Comprehensive income attributable to non-controlling interests	441	3,546
Comprehensive (loss) income attributable to Arena	\$ (3,357)	\$ 3,837
Company's share of comprehensive (loss) income of Arena (51%)	\$ (1,712)	\$ 1,957

¹ Includes interest expense on the Arena's Revolving Loans granted by the Company of \$438 and \$1,303 in the three and six months ended September 30, 2024, respectively.

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

	Three months ended September 30 2024	Nine months ended September 30 2024
Carrying amount of investment in Arena:		
Opening balance	\$ 30,272	\$ 27,536
Additional investment for revolving loan	-	-
Company's share of comprehensive (loss) income of Arena (51%)	(1,712)	1,957
Company's share of cash and non-cash distributions from Arena to members	-	(933)
Ending balance	\$ 28,560	\$ 28,560

The Company had a revolving loan to Arena (the "Arena Revolving Loan 1") with a commitment of \$35,000 at December 31, 2024 in order to continue funding growth initiatives and working capital needs of Arena. Arena had \$24,000 drawn and outstanding at April 2, 2025 and December 31, 2024. The loan facility was secured by all the assets of Arena, pari passu to Arena Revolving Loan 2 (as defined in Note 13). The Company earned and received interest on the Arena Revolving Loan 1 of \$438 and \$1,303 for the three and nine months ended September 30, 2024 respectively, which was reported under "Interest income" in the interim consolidated statements of (loss) profit and comprehensive (loss) income. As part of the Strategic Transaction on April 3, 2025, the Arena Revolving Loan 1 facility was converted into equity of Arena in accordance with conversion rights included in the loan agreement. The carrying amount of the debt was reclassified to equity, with no gain or loss recorded upon conversion. Arena issued membership interests in exchange for the outstanding principal and interest balance.

Prior to the Strategic Transaction, the Company's 51% share of comprehensive (loss) income of Arena was \$(1,712) and \$1,957 in the three and nine months ended September 30, 2024, which was reported under "Share of (loss) income from investment in Arena" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

3 Prior Comparative Period Investments as an Investment Entity (continued)

Investment in ASOF LP

The Company's investment in ASOF LP, a fund managed by Arena Investors, is classified at Level 3 of the fair value hierarchy and measured at FVTPL. At December 31, 2024, the fair value of the Company's minority interest in ASOF LP was determined by Arena Investors to be \$3,113. The Company reported a decrease in the value of its investment in ASOF LP of \$9 and an increase of \$109 in the three and nine months ended September 30, 2024, respectively, which was reported under "Increase (Decrease) in value of investment in ASOF LP" in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

Investment in Salem Group

Prior to the Strategic Transaction, the Company's investment in Salem Group was classified at Level 3 of the fair value hierarchy and was accounted for at FVTPL. The fair value of the Company's investment in Salem Group was determined to be \$28,838 at March 31, 2025 and \$nil at December 31, 2024 as the investment was initially made on February 4, 2025. The Company's decrease in value on its investment in Salem Group was \$7,662 driven primarily by the non-capitalized operating costs of Salem Group incurred since the acquisition of MAIC for the continued development of Ceres operating capabilities in preparation for launch of the business.

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

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

With the close of the Strategic Transaction, Salem Group is now fully consolidated. The decrease in the value of Salem Group from December 31, 2024 through April 3, 2025, remains reported as part of unrealized gain (loss) on investments in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

4 Fair Value of Financial Instruments

Accounting for the Company's Investments following the Strategic Transaction

As a result of the Strategic Transaction, the Company transformed from an investment entity under IFRS 10 to an operating entity. As an operating entity, the Company now consolidates Salem Group, Arena, and the Arena FINCOs, and consolidated financial assets of the Company including those held by these subsidiaries are reported in the consolidated statement of financial position as "Investments at Fair Value".

Recognition and Initial Measurement

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

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

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

The Company capitalizes costs related to its borrowings. Deferred financing costs are amortized and included as a component of interest expense using the straight-line method, which approximates the effective yield method, over the life of the related debt obligation. Unamortized deferred financing costs are presented in the combined and consolidated statements of financial position as a direct adjustment to the debt obligation.

4 Fair Value of Financial Instruments (continued)

Subsequent Measurement

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses are recognized in profit or loss in net results of investments in the consolidated statement of (loss) profit and comprehensive (loss) income.

Financial assets at FVOCI are subsequently measured at fair value. Net gains and losses are recognized in other comprehensive income in the consolidated statement of (loss) profit and comprehensive (loss) income.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest income is recognized in net results of investments calculated using the effective interest method, foreign exchange gains and losses are recognized in net foreign exchange gain/loss, and impairment is recognized in impairment losses on financial instruments in the consolidated statement (loss) profit and comprehensive (loss) income. Any gain or loss on derecognition is also recognized in the consolidated statement of (loss) profit and comprehensive (loss) income.

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Fair Value Measurement

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

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

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

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable either directly or indirectly.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Amortized Cost Measurement

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

Derecognition

The Company derecognizes regular-way sales of financial assets using trade-date accounting. A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows in a

4 Fair Value of Financial Instruments (continued)

transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

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

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

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

Right of Offset and Netting

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

Classification of financial assets

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

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

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

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

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

4 Fair Value of Financial Instruments (continued)

All other financial assets of the Company are measured at FVTPL. These fair values are periodically assessed by management to ensure that they are reasonable.

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

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

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

Impairment

The Company recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost or FVOCI. ECL allowances are a probability-weighted estimate of credit losses.

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

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

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

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

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

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

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

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

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

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

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

4 Fair Value of Financial Instruments (continued)

Valuation Techniques for Specific Instruments

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

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

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

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

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

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

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

Bank Debt – Bank debt that is actively traded is valued based on broker or dealer quotations, and to the extent valuation adjustments are not applied to these investments, they are categorized as Level 2. Bank debt valued using recently executed transactions or other unobservable inputs is categorized as Level 3.

Security Receipts – Security receipts are valued based on broker or dealer quotations. To the extent these quotations are unadjusted, they are categorized as Level 2; otherwise, they are categorized as Level 3.

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4 Fair Value of Financial Instruments (continued)

Private Investment in Public Equity – Private Investment in Public Equity investments, including privately issued convertible bonds, loans, and warrants, issued by companies that are actively traded on a securities exchange, are valued using various inputs and techniques. Investments valued using dealer quotations or valuation models using publicly available inputs such as Black-Scholes or binomial lattice methodology, are categorized as Level 2 or Level 3 depending on the inputs. The Company's investments are carried at FVTPL and are carried at fair value under investments in the interim consolidated statements of financial position. Changes in fair value are reported in the interim consolidated statements of (loss) profit and comprehensive (loss) income.

Trade Claims – Trade claims are valued based on broker or dealer quotations. To the extent these quotations are unadjusted, they are categorized as Level 2; otherwise, they are categorized as Level 3.

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

Fair Value Hierarchy – Financial Instruments Measured at Fair Value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the combined and consolidated statement of financial position.

Consolidated					
September 30, 2025	Level 1	Level 2	Level 3	Total	
Cash	\$ 157,811	\$ -	\$ -	\$ 157,811	
Restricted Cash	16,869	-	-	16,869	
Financial assets fair value					
Private Investments	-	7,053	106,732	113,785	
Equity Securities	2,927	1,499	6,171	10,597	
Private Investment in Public Equity	-	264	3,008	3,272	
Private Investment Companies	-	-	14,593	14,593	
Investments in Affiliates	-	-	51,381	51,381	
Corporate Bonds	19,370	38,027	1,078	58,475	
US Treasury and Equity Securities	219,833	-	-	219,833	
Municipal Bonds	-	109	-	109	
Trade Claims	-	-	5,741	5,741	
Warrants	17	22	158	197	
Commercial paper	-	38,977	-	38,977	
Derivative Contracts					
Put Option Contracts Purchased	430	-	-	430	
Foreign Currency Forwards	-	237	-	237	
Total Return Swaps - Commodities	-	17	-	17	
Total assets, at fair value	\$ 417,257	\$ 86,205	\$ 188,862	\$ 692,324	
Financial liabilities fair value					
Equity Securities	\$ 10	\$ -	\$ -	\$ 10	
Derivative Contracts					
Foreign Currency Forwards	-	1,124	-	1,124	
Call Option Contracts Written	-	-	59	59	
Contracts for Differences	-	8	-	8	
Put Option Contracts Written	300	-	-	300	
Total liabilities, at fair value	\$ 310	\$ 1,132	\$ 59	\$ 1,501	

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4 Fair Value of Financial Instruments (continued)

Corporate

September 30, 2025	Level 1	Level 2	Level 3	Total
Cash	\$ 100,502	\$ -	\$ -	\$ 100,502
Financial assets fair value	-	-	-	-
Private Investments	-	-	105,212	105,212
Equity Securities	2,927	1,499	6,171	10,597
Private Investment in Public Equity	-	264	3,008	3,272
Private Investment Companies	-	-	14,593	14,593
Investments in Affiliates	-	-	6,509	6,509
Corporate Bonds	-	1,235	1,078	2,313
US Treasury and Equity Securities	8,993	-	-	8,993
Municipal Bonds	-	109	-	109
Trade Claims	-	-	5,741	5,741
Warrants	17	22	158	197
Derivative Contracts				
Put Option Contracts Purchased	430	-	-	430
Foreign Currency Forwards	-	116	-	116
Total Return Swaps - Commodities	-	17	-	17
Total assets, at fair value	\$ 112,869	\$ 3,262	\$ 142,470	\$ 258,601

Financial liabilities fair value

Equity Securities	\$ 10	\$ -	\$ -	\$ 10
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Derivative Contracts

Foreign Currency Forwards	-	1,124	-	1,124
Call Option Contracts Written	-	-	59	59
Contracts for Differences	-	8	-	8
Put Option Contracts Written	300	-	-	300

Total liabilities, at fair value	\$ 310	\$ 1,1312	\$ 59	\$ 1,501
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Asset Management

September 30, 2025	Level 1	Level 2	Level 3	Total
Cash	\$ 4,987	\$ -	\$ -	\$ 4,987
Restricted Cash	16,869	-	-	16,869
Financial assets fair value				
Investments in Affiliates	-	-	44,872	44,872
Derivative Contracts				
Foreign Currency Forwards	-	121	-	121
Total assets, at fair value	\$ 21,856	\$ 121	\$ 44,872	\$ 66,849

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4 Fair Value of Financial Instruments (continued)

Insurance

September 30, 2025	Level 1	Level 2	Level 3	Total
Cash	\$ 52,322	\$ -	\$ -	\$ 52,322
Financial assets fair value				
Private Investments	-	7,053	1,520	8,573
Corporate Bonds	19,370	36,792	-	56,162
US Treasury and Equity Securities	210,840	-	-	210,840
Mortgages and other	-	-	-	-
Commercial Paper	-	38,977	-	38,977
Total assets, at fair value	\$ 282,532	\$ 82,822	\$ 1,520	\$ 366,874

The following tables show a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy of the nine months ended September 30, 2025:

Consolidated

Financial assets at fair value	Private Investments	Equity Securities	Private Investment in Public Equity	Private Investment Companies	Corporate Bonds	Trade Claims	Warrants	Investments in Affiliates	Total
Balance as of January 1, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,658	\$ 199,658
Consolidation of subsidiaries as at April 3, 2025	121,476	1,007	4,789	14,275	4,776	6,576	1,394	(167,466)	(13,173)
Purchases	10,376	4,153	29	55	169	-	-	1,729	16,511
Sales/Paydowns	(10,076)	(483)	(1,879)	(521)	(3,793)	-	-	(8,523)	(25,275)
Transfer into Level 3	-	-	-	-	-	-	-	-	-
Transfer out of Level 3	-	-	-	-	-	-	-	-	-
Accretion	(260)	-	(2)	-	-	(310)	-	-	(572)
Net gains/(losses) included in earnings	(14,784)	1,494	71	784	(74)	(525)	(1,236)	25,983	11,713
RGL	761	165	208	113	248	-	-	20,409	21,904
UGL	(15,545)	1,329	(137)	671	(322)	(525)	(1,236)	5,574	(10,191)
Balance at September 30, 2025	\$ 106,732	\$ 6,171	\$ 3,008	\$ 14,593	\$ 1,078	\$ 5,741	\$ 158	\$ 51,381	\$ 188,862

Consolidated

Financial liabilities at fair value

	Equity Securities
Balance as of January 1, 2025	\$ -
Consolidation of subsidiaries as at April 3, 2025	64
Purchases	(131)
Sales/Paydowns	-
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	67
Realized gain (loss)	-
Unrealized gain (loss)	67
Balance as at September 30, 2025	\$ -

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4 Fair Value of Financial Instruments (continued)

Consolidated

	Call Option Contracts Written
Derivative contracts - liabilities	
Balance as of January 1, 2025	\$ -
Consolidation of subsidiaries as at April 3, 2025	(22)
Purchases	11
Sales/Paydowns	-
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	(48)
Realized gain (loss)	(11)
Unrealized gain (loss)	(37)
Balance as at September 30, 2025	\$ (59)

Corporate

	Private Investments	Equity Securities	Private Investment in Public Equity	Private Investment Companies	Corporate Bonds	Trade Claims	Warrants	Investments in Affiliates	Total
Financial assets at fair value									
Balance as of January 1, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,658	\$ 199,658
Consolidation of subsidiaries as at April 3, 2025	121,476	1,007	4,789	14,275	4,776	6,576	1,394	(213,181)	(58,888)
Purchases	8,792	4,153	29	55	169	-	-	-	13,198
Sales/Paydowns	(10,076)	(483)	(1,879)	(521)	(3,793)	-	-	(355)	(17,107)
Transfer into Level 3	-	-	-	-	-	-	-	-	-
Transfer out of Level 3	-	-	-	-	-	-	-	-	-
Accretion	(260)	-	(2)	-	-	(310)	-	-	(572)
Net gains/(losses) included in earnings	(14,720)	1,494	71	784	(74)	(525)	(1,236)	20,387	6,181
RGL	761	165	208	113	248	-	-	20,409	21,904
UGL	(15,481)	1,329	(137)	671	(322)	(525)	(1,236)	(22)	(15,723)
Balance at September 30, 2025	\$ 105,212	\$ 6,171	\$ 3,008	\$ 14,593	\$ 1,078	\$ 5,741	\$ 158	\$ 6,507	\$ 142,470

Corporate

	Equity Securities
Financial liabilities at fair value	
Balance as of January 1, 2025	\$ -
Consolidation of subsidiaries as at April 3, 2025	64
Purchases	(131)
Sales/Paydowns	-
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	67
Realized gain (loss)	-
Unrealized gain (loss)	67
Balance as at September 30, 2025	\$ -

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4 Fair Value of Financial Instruments (continued)

Corporate

	<u>Call Option Contracts Written</u>
Derivative contracts - liabilities	
Balance as of January 1, 2025	\$ -
Consolidation of subsidiaries as at April 3, 2025	(22)
Purchases	11
Sales/Paydowns	-
Transfer in	-
Transfer out	-
Accretion	-
Net gains/(losses) included in earnings	(48)
Realized gain (loss)	(11)
Unrealized gain (loss)	(37)
Balance as at September 30, 2025	<u>\$ (59)</u>

Asset Management

	<u>Investments in Affiliates</u>
Financial assets at fair value	
Balance as of January 1, 2025	\$ -
Consolidation of subsidiaries as at April 3, 2025	45,715
Purchases	1,729
Sales/Paydowns	(8,166)
Transfer into Level 3	-
Transfer out of Level 3	-
Accretion	-
Net gains/(losses) included in earnings	5,596
Realized gain (loss)	-
Unrealized gain (loss)	5,596
Balance as at September 30, 2025	<u>\$ 44,874</u>

Insurance

	<u>Private Investments</u>
Financial assets at fair value	
Balance as of January 1, 2025	\$ -
Consolidation of subsidiaries as at April 3, 2025	-
Purchases	1,584
Sales/Paydowns	-
Transfer into Level 3	-
Transfer out of Level 3	-
Accretion	-
Net gains/(losses) included in earnings	(64)
Realized gain (loss)	-
Unrealized gain (loss)	(64)
Balance as at September 30, 2025	<u>\$ 1,520</u>

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4 Fair Value of Financial Instruments (continued)

At September 30, 2025, the Company had no Level 3 financial instruments recorded in the Eliminations column.

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

Corporate							
	Fair Value at September 30, 2025	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Private Investments							
Corporate Private Investments	\$ 2,957	Binomial Lattice Methodology	Discount Rate	18.17% - 28.17% 23.17%	5% / -5%	148	(148)
	32,459	Discounted Cash Flows	Discount Rate	5.00% - 40.14% 18.65%	5% / -5%	1,622	(1,622)
	267	Black-Scholes Model	Volatility	35.00% - 120.00% 64.00%	5% / -5%	13	(13)
	321	Market Approach	EBITDA Multiple	6.40x - 8.40x 7.40x	5% / -5%	16	(16)
	772	Market Approach	Revenue Multiple	0.25x - 0.75x 0.50x	5% / -5%	39	(39)
	181	Black-Scholes Model	Discount Rate	5.00% - 15.00% 10.00%	5% / -5%	9	(9)
	85	Recovery Approach	Recovery Rate	40.00% - 60.00% 50.00%	5% / -5%	4	(4)
Real Estate & Real Estate Private Credit	42,292	Discounted Cash Flows	Discount Rate	5.00% - 49.64% 18.57%	5% / -5%	2,115	(2,115)
	-	Collateral Value	Price/Acre	\$5,000 - \$8,000 \$6,500	5% / -5%	-	-
Structured Finance	9,199	Discounted Cash Flows	Discount Rate	5.79% - 42.14% 18.17%	5% / -5%	460	(460)
	1,166	Market Approach	Book Value Multiple	1.05x - 1.55x 1.30x	5% / -5%	58	(58)
	-	Black-Scholes Model	Volatility	63.00% - 83.00% 73.00%	5% / -5%	-	-
Commercial & Industrial Assets	9,593	Discounted Cash Flows	Discount Rate	5.00% - 40.14% 17.91%	5% / -5%	480	(480)
	292	Expected Residual Value	Expected Residual Value	\$200,000 - \$600,000 \$400,000	5% / -5%	15	(15)
	267	Transaction Pricing	Recent Transaction Price	1.00x - 1.00x 1.00x	5% / -5%	13	(13)
Consumer Assets	6,873	Discounted Cash Flows	Discount Rate	4.00% - 39.41% 17.37%	5% / -5%	344	(344)
	8	Market Approach	Book Value Multiple	1.37x - 6.33x 3.85x	5% / -5%	-	-
Corporate Bonds	792	Binomial Lattice Methodology	Discount Rate	5.00% - 17.65% 11.33%	5% / -5%	40	(40)
	40	Recovery Approach	Discount Rate	25.79% - 35.79% 30.79%	5% / -5%	2	(2)

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4 Fair Value of Financial Instruments (continued)

	Fair Value at September 30, 2025	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Corporate Bonds	34	Single Broker Quote	Single Broker Quote	2.75x - 2.75x 2.75x	5% / -5%	2	(2)
	50	Discounted Cash Flows	Discount Rate	44.00% - 54.00% 49.00%	5% / -5%	3	(3)
	162	Recovery Approach	Recovery Rate	18.90% - 38.90% 28.90x	5% / -5%	8	(8)
Equity Securities	-	Binomial Lattice Methodology	Discount Rate	5.00% - 17.65% 11.33%	5% / -5%	-	-
	-	Market Approach	EBITDA Multiple	7.30x - 9.00x 8.15x	5% / -5%	-	-
	6,171	Discounted Cash Flows	Discount Rate	8.39% - 25.00% 16.47%	5% / -5%	309	(309)
Private Investment Companies	1,585	Waterfall Analysis	Stock Price	\$17.26 - \$17.26 \$17.26	5% / -5%	79	(79)
	13,008	Net asset value	Net asset value	N/A	5% / -5%	650	(650)
Private Investment in Public Equity	2,736	Binomial Lattice Methodology	Discount Rate	5.47% - 27.30% 17.21%	5% / -5%	137	(137)
	92	Discounted Cash Flows	Discount Rate	8.43% - 44.98% 28.92%	5% / -5%	5	(5)
	174	Recovery Approach	Discount Rate	19.62% - 29.62% 24.62%	5% / -5%	9	(9)
	6	Recovery Approach	Recovery Rate	0.00% - 0.00% 0.00%	5% / -5%	-	-
Trade Claims	5,741	Discounted Cash Flows	Discount Rate	8.08% - 47.45% 28.57%	5% / -5%	287	(287)
Warrants	8	Black-Scholes Model	Volatility	61.75% - 179.13% 100.88%	5% / -5%	-	-
	150	Binomial Lattice Methodology	Discount Rate	5.00% - 17.65% 11.33%	5% / -5%	8	(8)
	-	Discounted Cash Flows	Discount Rate	10.00% - 20.00% 15.00%	5% / -5%	-	-
	-	Market Approach	Book Value Multiple	0.12x - 1.12x 0.62x	5% / -5%	-	-
Investments in affiliates	6,509	Net asset value	Net asset value	N/A	5% / -5%	325	(325)
Call Option Contracts Written	(59)	Black-Scholes Model	Volatility	93% - 113% 103%	5% / -5%	(3)	3
	\$ 143,931						

Asset Management

	Fair Value at September 30, 2025	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Investments in affiliates	\$ 44,874	Net asset value	Net asset value	N/A	5% / -5%	2,244	(2,244)
	\$ 44,874						

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4 Fair Value of Financial Instruments (continued)

Insurance

	Fair Value at September 30, 2025	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)	Reasonable Shift	MV Shift w/ Inc	MV Shift w/ dec
Private Investments	\$ 1,520	Discounted Cash Flows	Discount Rate	11.49% - 12.55%	5% / -5%	76	(76)
	\$ 1,520						

5 Restricted Cash

At September 30, 2025, restricted cash included \$2,960 of cash held at Arena related to deposits held for pre-funded work fees from potential borrowers and prospective partners and 13,909 of cash held at ALSPV. Cash held at ALSPV includes prepaid deposits for interest and infrastructure reserves related to investments held through ALSPV. Pre-funded work fees and prepaid deposits are included in deposits received in advance in the consolidated statement of financial position.

6 Other Assets

Other assets consist of the following:

	As of September 30, 2025			
	Corporate	Asset Management	Insurance	Total
Accounts receivable and other	\$ 2,356	\$ -	\$ 844	\$ 3,200
Other assets	-	5,677	564	6,241
Interest receivable	717	-	-	717
Receivables for investments sold	891	-	-	891
Accrued investment income	-	-	393	393
	\$ 3,964	\$ 5,677	\$ 1,801	\$ 11,442

	As of December 31, 2024
Bank interest receivable	\$ 1,246
AOC Loan interest receivable	256
Accounts receivable and other	681
	\$ 2,183

7 Accounts Payable and Accrued Liabilities and Accrued Compensation Liabilities

As a result of the Redomiciliation, the Company is required to pay an emigration tax to the Canada Revenue Agency primarily based on the deemed disposition of the net assets that are leaving Canada. The Company reported an emigration tax expense of \$4,000 in the year ended December 31, 2024, which was reported under 'other expenses' in the interim consolidated statements of (loss) profit and comprehensive (loss) income. In June 2025, the amount of exit taxes was revised to \$3,473, and was remitted to the Canada Revenue Agency, less installments previously paid.

Beginning in the second quarter of 2025, the Company revised its presentation of certain accruals historically included in "Accounts payable and accrued liabilities". Under this new presentation, compensation related amounts such as share-based compensation and accrued compensation and benefits are now included in "Accrued compensation liabilities" on the interim consolidated statements of financial position. \$16,349 of the \$25,748 "Accounts payable and accrued liabilities" balance at December 31, 2024 is now reflected "Accrued compensation liabilities." A breakout of Accrued compensation and benefits is included in the table below:

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7 Accounts Payable and Accrued Liabilities and Accrued Compensation Liabilities

	As of September 30, 2025					
	Corporate	Asset Management	Insurance	Elimination		Total
DSUs (note 11)	\$ 4,914	\$ -	\$ -	\$ -		\$ 4,914
SARs (note 11)	4,717	-	-	-		4,717
Accrued compensation and benefits	1,420	23,938	1,677	-		27,035
Total Accrued compensation liabilities	\$ 11,051	\$ 23,938	\$ 1,677	\$ -		\$ 36,666

Of the \$23,938 of accrued compensation and benefits for the Asset Management segment, \$14,488 related to accrued compensation tied to accrued incentive fees and performance allocations. This compensation is typically paid to employees when the incentive fees and performance allocations are realized. Certain incentive fees are payable each fiscal year end and upon any crystallization events, such as sales of assets in funds or investor accounts at a profit.

	As of December 31, 2024	
DSUs (note 11)		\$ 4,520
SARs (note 11)		6,505
Stock options liability (note 11)		5,324
Total Accrued compensation liabilities		\$ 16,349

8 Commitments and Contingent Liabilities

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

Commitment to Salem Group Partners

Westaim is currently the sole limited partner of Salem Group Partners, LP ("SGP"). Pursuant to the Investment Agreement and in connection with the Private Placement, Salem Group Partners GP, LLC (the "Salem General Partner"), an affiliate of CC Capital, and Westaim entered into an amended and restated limited partnership agreement (the "Salem LPA") which governs the terms of the Salem Partnership. Pursuant and subject to the terms of the Salem LPA, Westaim made an initial capital commitment of \$100,000, which increased to \$620,000 on closing of the Private Placement. As of September 30, 2025, the Company had a remaining undrawn capital commitment of \$218,793.

Commitment to Insignia Transaction

On July 22, 2025, Westaim announced that it has agreed to provide approximately AUS\$154 million (US\$100 million) (the "Capital Commitment"), subject to reduction, to finance the proposed acquisition by CC Capital and One Investment Management (together, Daintree Bidco Pty Ltd ("Bidco")) of Insignia Financial Ltd ("Insignia") (ASX: IFL), Australia's leading diversified wealth management group with over AUS\$330 billion in funds under management and advice.

The Company has entered into a subscription agreement with Daintree Group Partners, LP (the "Daintree Partnership") and Daintree Group Partners GP, LLC, as the sole general partner of the Daintree Partnership (the "Daintree General Partner"), pursuant to which Westaim committed to acquire limited partnership interests of the Daintree Partnership (the "Securities") up to the amount of its commitment, subject to reduction. The Daintree General Partner is controlled by CC Capital, a control person and insider of Westaim and thus the Daintree General Partner is a "related party", or non-arm's length party, to the Company.

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

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8 Commitments and Contingent Liabilities

The Insignia Transaction is subject to customary regulatory and closing conditions (the "Insignia Closing Conditions"), including approvals from the Foreign Investment Review Board (FIRB), the UK's Financial Conduct Authority, the Australian Prudential Regulation Authority (APRA), the Court and Insignia shareholders. Insignia shareholders are expected to vote on the scheme of arrangement in the first half of 2026 with the transaction to close shortly thereafter.

The Capital Commitment will be paid in cash to the Daintree Partnership, subject to the satisfaction of certain closing conditions, including receipt by Westaim of the approval of the Capital Commitment from the TSX Venture Exchange (the "TSXV") and the Insignia Closing Conditions. As of September 30, 2025, the Company's full capital commitment is undrawn.

The Capital Commitment constitutes a "related party transaction" as defined in Multilateral Instrument 61-101- Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Capital Commitment is exempt from the: (i) formal valuation requirements of MI 61-101 as the Company's shares are not listed or quoted on a specified market; and (ii) minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of, nor the fair market value of the consideration to be paid for the Securities by Westaim, will exceed 25% of Westaim's market capitalization.

9 Leases

The Company records right-of-use ("ROU") assets and lease liabilities for its real estate operating leases. Leases with an initial term of twelve months or less are not recorded on the balance sheet. The following table presents the lease-related balances within the balance sheet:

	Asset Management		Insurance		Total	
	ROU asset	Lease liabilities	ROU asset	Lease liabilities	ROU asset	Lease liabilities
Cost						
At January 1, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consolidation of subsidiaries as at April 3, 2025	2,630	2,995	996	1,001	3,626	3,996
Additions and remeasurement of leases	(6)	(7)	4,148	4,148	4,142	4,141
Lease payments	-	(602)	-	(117)	-	(719)
Depreciation charge	(534)	-	(106)	-	(640)	-
Interest expense	-	57	-	62	-	119
At September 30, 2025	\$ 2,090	\$ 2,443	\$ 5,038	\$ 5,094	\$ 7,128	\$ 7,537
Lease liabilities						
Current	\$ 1,059	\$ 1,145	\$ 542	\$ 267	\$ 1,601	\$ 1,412
Non-Current	1,031	1,298	4,496	4,827	5,527	6,125
At September 30, 2025	\$ 2,090	\$ 2,443	\$ 5,038	\$ 5,094	\$ 7,128	\$ 7,537

At September 30, 2025, the Company had a total commitment of \$8,939 for future occupancy cost payments including payments due not later than one year of \$1,837. At December 31, 2024, the Company had a total commitment of \$240 for future occupancy cost payments including payments due not later than one year of \$240.

The future lease payments under lease contracts and the carrying amounts at September 30, by payment date are as follows:

	Contractual Lease Payments	Interest	Lease Liabilities
Less than 1 year	\$ 1,761	\$ 349	\$ 1,412
Between 1 and 5 years	5,555	896	4,659
5 years and later	1,547	81	1,466
Total	\$ 8,862	\$ 1,326	\$ 7,537

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10 Share Capital

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

At September 30, 2025, treasury shares held by the company were 169,404. At December 31, 2024, there were no treasury shares held by the Company. At September 30, 2025 and December 31, 2024, there were no Preferred Shares outstanding. At September 30, 2025 and December 31, 2024, there were no Class A preferred shares or Class B preferred shares (as contemplated by Westaim's articles prior to the Redomiciliation) outstanding).

On December 31, 2024, the Company completed the Share Consolidation of its Common Shares on the basis of one post-consolidation Common Share for every six pre-consolidation Common Shares. The interim consolidated financial statements and these notes to the financial statements reflect the impact of the Share Consolidation for all periods and references to the number of Common Shares, Stock Options, DSUs, RSUs, and SARs and any per share amounts, with respect to Westaim's securities.

At September 30, 2025, Westaim had 33,382,104 Common Shares issued and outstanding (December 31, 2024 – 21,706,501), with a stated capital of \$557,305 (December 31, 2024 - \$351,403). In the three and nine months ended September 30, 2025, Westaim acquired 169,404 and 305,864 Common Shares, respectively, at a cost of \$3,635 and \$6,565 for the three and nine months ended September 30, 2025, respectively. In the three and nine months ended September 30, 2025, Westaim canceled no shares and 136,460 Common Shares, respectively. In the year ended December 31, 2024, Westaim acquired and cancelled 597,735 Common Shares at a cost of \$9,731. In the year ended December 31, 2024, Westaim issued 194,393 Common Shares to stock option holders through the exercise and net exercise of 464,389 of the Company's stock options for proceeds of \$63 with an options liability fair value of \$4,077 which increased share capital and decreased stock options liability. In the year ended December 31, 2024, Westaim issued 150,295 Common Shares to RSU holders through the exercise of 150,295 RSUs with a fair value of \$3,199 which increased share capital and decreased RSUs liability. As a result of the net fair value of the Common Shares acquired and cancelled less Common Shares issued, the Company recorded a decrease in share capital of \$48 for the Canadian public company 2% net share buy-back Canadian federal tax. See note 11 for share-based compensation, stock options.

Normal Course Issuer Bid ("NCIB") and Automatic Share Purchase Program

On March 26, 2025, the Company announced that the TSX Venture Exchange (the "TSXV") accepted a notice filed by the Company of its intention to make a NCIB (the "2025 NCIB"). In connection with the 2025 NCIB, on March 28, 2025 the Company executed an ASPP agreement with a third-party broker, whereby Common Shares may be repurchased at the discretion of the third-party broker using commercially reasonable efforts and subject to the trading parameters set out in the ASPP. Shareholders can obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid submitted to the TSXV with respect to the 2025 NCIB, without charge, by contacting Westaim.

The NCIB provides that the Company may, during the 12-month period commencing April 1, 2025 and ending March 31, 2026, purchase, on an opportunistic basis, up to 1,840,654 Common Shares, representing approximately 10% of the public float and not more than 2% of its issued and outstanding Shares during any 30-day period, which as of the start of the 2025 NCIB represented approximately 434,129 Common Shares.

As of September 30, 2025, the Company repurchased 305,864 shares at a cost of C\$9,113 (or \$6,565 as converted) through the ASPP connected to the 2025 NCIB. Of the 305,864 repurchased shares, 136,460 were cancelled by the Company and 169,404 are held as treasury shares by the Company.

11 Share-based Compensation

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

The aggregate number of Common Shares which may be reserved for issuance upon exercise of all stock options under the Incentive Plan (and all other security based compensation arrangements, including the Legacy Option Plan) is limited to not more than 10% of the aggregate number of Common Shares outstanding at the time of grant or 3,355,150 at September 30, 2025 (December 31, 2024 – 2,170,650). Additionally, under the Incentive Plan, the aggregate number of Common Shares which may be reserved for issuance upon the exercise or redemption of all security based compensation awards, other than stock options, granted under the Incentive Plan (and all other security based compensation arrangements) shall not exceed 3,355,396 Common Shares. As the DSUs and SARs are settled solely in cash, they are not included in the limitations contemplated above.

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11 Share-based Compensation (continued)

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

	Nine months ended September 30, 2025		Nine months ended September 30, 2024	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Opening balance	615,000	C\$ 18.60	1,266,252	C\$ 18.30
Settled options	615,000	C\$ 18.60	-	n/a
Forfeited stock options	-	n/a	-	n/a
Ending balance	-	n/a	1,266,252	C\$ 18.30
Stock options vested at end of period	-	n/a	1,266,252	C\$ 18.30

December 31, 2024		Weighted Average Remaining Contractual Life (years)		Outstanding Weighted Average Exercise Price		Number of Vested stock options Vested Weighted Average Exercise Price	
Exercise prices	Number of stock options outstanding						
C\$ 18.60	615,000	0.05		C\$ 18.60	615,000	C\$ 18.60	

On January 18, 2018, 635,833 stock options were granted to certain officers and employees of Westaim (the "2018 Options"). Subject to the terms of the Option Plan, the 2018 Options have a term of seven years, vested in three equal installments on December 31, 2018, December 31, 2019 and December 31, 2020, and have an exercise price of C\$18.60. The fair value of the 2018 Options was C\$4.311 per option estimated using the Black-Scholes option pricing model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 1.92%, an average life of 4.0 years, a volatility of 25.35%, and a grant date share price of C\$18.60 converted to US\$ at an exchange rate of \$1.2429. In January 2023, 25,000 of the 2018 Options were forfeited by a prior employee. In December 2024, 16,666 of the 2018 Options were forfeited. In May 2025, the remaining 615,000 of the 2018 Options were cash surrendered or exercised. As a result, there were no options outstanding as of September 30, 2025.

During the year ended December 31, 2024, due to the approved change to the stock option plan in May 2024 which implemented the cash surrender feature, the original valuation of the remaining options of \$4,642 and the increase in value of the options immediately prior to the approved change of \$102 were reported as decreases in contributed surplus and increases in the stock options liability. Compensation expenses relating to stock options, including the impact of the change in the market value of the Common Shares, was an expense of \$nil and \$627 in the three and nine months ended September 30, 2025, which was reported under 'Share-based compensation expense' in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company also recorded an unrealized foreign exchange gain with respect to the stock option liability of \$nil and \$2 in the three and nine months ended September 30, 2025, respectively. The stock option expense was \$nil in the three and nine months ended September 30, 2024.

No stock options were granted or issued in the nine months ended September 30, 2025 or the year ended December 31, 2024.

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

Restricted Share Units - RSUs vest on specific dates and become payable when vested with either in cash or Common Shares, at the option of the holder. Additionally, RSUs include performance-based restricted stock units ("PSUs") that represent the right to receive shares of the Company's common stock at a specified date in the future based on pre-determined performance and service conditions.

Changes to the number of RSUs are as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Opening balance	673,727	575,866	-	575,866
Granted	-	-	673,727	-
Ending balance	673,727	575,866	673,727	575,866

On November 14, 2014, an aggregate of 395,833 RSUs were granted to certain officers, employees and consultants of Westaim and at January 1, 2024, 341,666 RSUs were outstanding. On April 1, 2016, an additional 154,200 RSUs were granted to certain officers and employees of Westaim. On January 23, 2023, an additional 80,000 RSUs were granted to certain officers and employees of Westaim. The RSUs had a term of fifteen years from date of issue and on December 31, 2024, all of these RSUs had vested.

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11 Share-based Compensation (continued)

In December 2024, 150,295 RSUs were exercised and the Company issued 150,295 Common Shares with a value of \$3,199. As part of the Plan of Arrangements on December 31, 2024, the remaining 425,571 RSUs were surrendered and the Company issued cash settlements of \$9,058 to the RSU holders. As a result, there were no RSUs outstanding at December 31, 2024.

Pursuant to a consulting agreement dated October 9, 2024 between the Company and Wembley Management, LLC (“Wembley Management”), an affiliate of the Investor and CC Capital, on the Closing Date, received a grant of 673,727 performance-based restricted stock units of the Company. These RSUs will vest if the Common Stock Price Target Condition, equal to C\$48.00 per share, is achieved prior to the fifth anniversary of the Closing Date and, once vested, will be settled on a one-for-one basis for an aggregate of 673,727 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as of the Closing Date. At September 30, 2025, none of these RSUs have vested and none have been exercised.

There were 673,727 RSUs outstanding at September 30, 2025 (December 31, 2024 - nil). In the three and nine months ended September 30, 2025, nil and 673,727 RSUs were granted, respectively, and no RSUs were granted in the three and nine months ended September 30, 2024. There were no RSUs settled in each of the three and nine months ended September 30, 2025 and 2024.

Compensation expenses relating to RSUs, including the impact of the change in the market value of the Common Shares, was a recovery of expenses of \$nil in the three and nine months ended September 30, 2025, respectively, and an expense of \$59 and \$891 in the three and nine months ended September 30, 2024, respectively, which was reported under ‘Share-based compensation expense’ in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company also recorded an unrealized foreign exchange gain with respect to the RSUs of \$nil in the three and nine months ended September 30, 2025, respectively, and an unrealized foreign exchange loss with respect to the RSUs of \$118 and an unrealized foreign exchange gain of \$185 in the three and nine months ended September 30, 2024, respectively, which was reported under ‘Foreign exchange gain (loss)’ in the interim consolidated statements of (loss) profit and comprehensive (loss) income. At September 30, 2025, a liability of \$nil (December 31, 2024 - \$nil) had been accrued by Westaim with respect to outstanding RSUs in the interim consolidated statements of financial position.

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

Changes to the number of DSUs are as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Opening balance	229,032	191,648	209,547	171,264
Granted	9,026	9,842	28,511	30,226
Ending balance	238,058	201,490	238,058	201,490

The Company issued 9,026 and 28,511 DSUs in the three and nine months ended September 30, 2025, in lieu of director fees of \$186 and \$619, respectively. The Company issued 9,842 and 30,226 DSUs in the three and nine months ended September 30, 2024, respectively, in lieu of director fees of \$173 and \$521, respectively.

Compensation expenses relating to DSUs, including the impact of the change in the market value of the Common Shares was a recovery of \$148 and an expense of \$234 in the three and nine months ended September 30, 2025, respectively, and \$114 and \$695 in the three and nine months ended September 30, 2024, respectively, which was reported under ‘Share-based compensation expense’ in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company also recorded an unrealized foreign exchange gain with respect to the DSUs of \$110 and an unrealized foreign exchange loss of \$159 in the three and nine months ended September 30, 2025, respectively, and an unrealized foreign exchange loss with respect to the DSUs of \$41 and an unrealized foreign exchange gain of \$56 in the three and nine months ended September 30, 2024 respectively, under foreign exchange gain (loss) in the interim consolidated statements of (loss) profit and comprehensive (loss) income. At September 30, 2025, a liability of \$4,914 (December 31, 2024 - \$4,520) had been accrued with respect to outstanding DSUs in the interim consolidated statements of financial position.

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

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11 Share-based Compensation (continued)

On December 28, 2023, 723,088 SARs were issued to certain employees of Westaim (the "2023 SARs"). At September 30, 2025, the 2023 SARs had a fair value of \$3,622 (December 31, 2024 - \$4,802) which were estimated using the Black-Scholes model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 2.4% (December 31, 2024 - 2.9%), volatility of 23.4% (December 31, 2024 - 18.0%), expected expiry on December 15, 2026, a closing price of C\$28.73 per Common Share (December 31, 2024 - C\$31.02 per Common Share) and a grant date strike price of C\$22.98 converted to US\$ at an exchange rate of 1.39195 (December 31, 2024 - 1.43815).

On December 31, 2024, 575,866 SARs were issued to certain employees of Westaim (the "2024 SARs"). At September 30, 2025, the 2024 SARs had a fair value of \$1,095 (December 31, 2024 - \$1,703) which were estimated using the Black-Scholes model assuming no dividends are paid on the Common Shares, a risk-free interest rate of 2.4% (December 31, 2024 - 2.9%), volatility of 19.8% (December 31, 2024 - 17.1%), with expected expiry dates of either December 31, 2026 or December 15, 2027, a closing price of C\$28.73 (December 31, 2024 - C\$31.02 per Common Share) and per Common Share and a grant date strike price of C\$31.38 converted to US\$ at an exchange rate of 1.39195 (December 31, 2024 - 1.43815).

Compensation expenses relating to SARs, including the impact of the change in the market value of the Common Shares was a recovery of \$1,653 and \$2,023 in the three and nine months ended September 30, 2025, respectively, and a recovery of \$535 and \$60 in the three and nine months ended September 30, 2024, respectively, which were reported under share-based compensation (recovery) expense in the interim consolidated statements of (loss) profit and comprehensive (loss) income. The Company also recorded an unrealized foreign exchange gain with respect to the SARs of \$138 and an unrealized foreign exchange loss of \$235 in the three and nine months ended September 30, 2025, respectively, and an unrealized foreign exchange loss with respect to the SARs of \$27 and an unrealized foreign exchange gain of \$33 in the three and nine months ended September 30, 2024, respectively, under foreign exchange gain (loss) in the interim consolidated statements of (loss) profit and comprehensive (loss) income. At September 30, 2025, a liability of \$4,717 (December 31, 2024 - \$6,505) had been accrued with respect to outstanding SARs in the interim consolidated statements of financial position.

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

12 Loan Receivable

On October 1, 2024, AOC and Westaim entered into a loan facility agreement (the "AOC Loan") of \$25,000, which had \$13,000 drawn and outstanding at December 31, 2024. The AOC Loan bears an interest rate of 7.25% per annum and interest is due at the end of each calendar quarter. See note 13, related party transactions.

Interest on the AOC Loan earned by the Company totaled \$232 for the period from January 1, 2025 through April 2, 2025 Transaction. As a result of the Strategic Transaction, the Company moved from reporting under an investment company framework to an operating company. As such, principal and interest on the AOC loan are now eliminated in the consolidated reporting of the Company and do not appear in the consolidated statements from the Closing Date through September 30, 2025. Interest on the AOC Loan earned by the Company totaled \$nil and \$nil for the three and nine months ended September 30, 2024, respectively, and would have been included in 'interest income' in the consolidated statements of (loss) profit and comprehensive (loss) income.

13 Related Party Transactions

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

Professional fees related to the Company's management included \$165 and \$495 for the services provided by the Company's Chief Strategy Officer, who is also an employee of CC Capital, for the three and nine months ended September 30, 2025, respectively, and \$nil and \$nil for the three and nine months ended September 30, 2024, respectively.

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13 Related Party Transactions (continued)

On the Closing Date, Wembley Group Partners, LP (the “Investor”) acquired, on a private placement basis (the “Private Placement”), the following securities of the Company for the Aggregate Gross Proceeds pursuant to an investment agreement dated October 9, 2024 between the Investor, the Company, and, solely for purposes of specific sections of the investment agreement, Arena, Mr. Zwirn and Mr. Cutler, as amended on November 15, 2024 (the “Investment Agreement”): (a) 11,979,825 common shares of Westaim (“Common Shares”) at an implied purchase price of C\$28.50 per share in cash; and (b) warrants to purchase 5,214,705 additional Common Shares (the “Warrants”), comprised of (i) Warrants to purchase 1,303,676 Common Shares having an exercise price of C\$24.12 per Common Share, which Warrants will vest in the event the volume-weighted average trading price of the Common Shares on the TSX Venture Exchange (the “TSXV”) or other stock exchange on which the Common Shares are listed for trading equals or exceeds C\$48.00 (subject to certain adjustments) for any 30 consecutive trading day period prior to the five-year anniversary of the Closing Date (the “Common Stock Price Target Condition”); and (ii) Warrants to purchase 3,911,029 Common Shares having an exercise price of C\$28.50 per Common Share. The Warrants are exercisable for a period of five years following the Closing Date and the number of Common Shares issuable pursuant to the Warrants and the exercise prices thereof are subject to certain adjustments.

Prior to entering into the Investment Agreement, CC Capital and its affiliates did not beneficially own or control, directly or indirectly, any of the issued and outstanding Common Shares. As of the Closing Date and at September 30, 2025, the Investor owned approximately 36% of the issued and outstanding Common Shares. If the Warrants were exercised in full and no other outstanding securities of Westaim were converted into Common Shares, as of the Closing Date and at September 30, 2025 the Investor would have owned approximately 45% of the issued and outstanding Common Shares.

On April 30, 2025, Salem Group issued a capital call notice to the Company for \$350,000 as a partial call against the aggregate commitment amount of \$620,000 made as part of the Strategic Transaction to support the capital requirements of Salem Group and Ceres. This capital call was satisfied by a cash wire transfer on May 9, 2025. On September 12, 2025, Salem Group issued a capital call notice to the Company for \$100 as a partial call against the aggregate commitment of \$620,000 made as part of the Strategic Transaction to support the capital requirements of Salem Group and Ceres. This capital call was satisfied by a cash transfer on September 18, 2025. Combined with the previous funding of \$36,500 on February 4, 2025 and the \$14,607 contributed on April 3, 2025 as part of the closing of the Strategic Transaction, \$401,207 has now been funded against the original commitment, with a remaining commitment of \$218,793. As Salem Group and Ceres are consolidated into the Company’s financial statements, these capital contributions are eliminated in consolidation, and the \$218,793 remaining commitment is a commitment to invest capital from Westaim to subsidiaries included in these consolidated financial statements.

The Company established Arena Limited SPV, LLC (“ALSPV”), along with other wholly-owned subsidiaries of Arena, as special purpose vehicles to act as agent and facilitate cash movements on behalf of the Arena Clients for recourse and non-recourse financing transactions.

In connection with ALSPV’s services provided to affiliates, ALSPV holds prepaid interest balances related to investments held by affiliates and separately managed accounts. As of September 30, 2025, ALSPV held restricted cash for prepaid interest and payments due to Arena Clients for principal paydowns and interest of \$13,909, of which \$9,766 related to deposits received in advance included in Accounts payable and accrued liabilities, and \$4,144 was included in payable to related parties on the consolidated statement of financial position.

Arena operates a deferred bonus plan whereby a portion of certain bonuses awarded in respect of the year are deferred. Deferred bonuses are subject to co-investment in ASOF LP with one third of the deferred award payable on the first, second and third anniversary, respectively. Bonuses are accrued over the related service period and included in accrued compensation and benefits on the consolidated statement of financial position. After the closing of the Strategic Transaction, the majority of the Asset Management segment’s interest in ASOF LP is for the benefit of certain employees as part of the Asset Management segment’s compensation and alignment plan. The Company treated the purchase and any related gains as part of compensation expense based on the vesting schedule for each year’s deferred plan. In accordance with the vesting and payout schedule to the employees, the Company subscribed an additional \$1,513 in Q2 2025 to settle future compensation liabilities.

Profit share arrangements exist for Quaestor Consulting Group LLC (“QCG”) and Questor Capital Markets (“QCM”), a division of Arena Financial Services LLC. The profit share arrangement entitles certain employees to 40% of the net profit of QCG and QCM. Should either of these businesses generate a loss, their loss must be offset by future profits before any additional compensation is payable. Inception to September 30, 2025 losses for QCG and QCM totaled \$1,428 and \$2,391, respectively. See Note 23, *Subsequent Events* for additional information on QCG.

Certain employees of Arena own non-controlling interests of certain subsidiaries of Arena. See Note 21, *Non-Controlling Interests*, for further disclosure.

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13 Related Party Transactions (continued)

During the three and nine months ended September 30, 2025, Ceres incurred investment expenses of \$747 and \$1,174, respectively to CC Capital for asset-management services. As of September 30, 2025, the Company recognized a liability of \$1,122 to CC Capital for asset management services and allowable expenses charged back at cost without additional margin in payable to related parties on the consolidated statements of financial position.

Related party transactions in comparative periods with now consolidated subsidiaries

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

The Company earned and received interest on the Arena Revolving Loan 1 of \$439 in the nine months ended September 30, 2025, related to the period prior to the closing of the Strategic Transaction from January 1, 2025 to April 2, 2025, and \$438 and \$1,303 in the three and nine months ended September 30, 2024, respectively.

The Company extended a second revolving loan to Arena (the "Arena Revolving Loan 2") on March 13, 2025 with a commitment of \$21,000 to continue funding growth initiatives and working capital needs of Arena. The loan facility matures on March 31, 2028 and bears an interest rate of 3 Month Term Secured Overnight Financing Rate ("SOFR"), as administered by the New York Federal Reserve Bank, plus 350 basis points per annum. Arena had \$18,600 drawn and outstanding at September 30, 2025, which is eliminated in consolidation for periods ending after April 3, 2025. The loan facility is secured by all the assets of Arena pari passu to Arena Revolving Loan 1. The Company earned and received interest on the Arena Revolving Loan 2 of \$76 in the nine months ended September 30, 2025, related to the period prior to the closing of the Strategic Transaction from the funding date of March 13, 2025 to April 2, 2025, and \$nil in the three and nine months ended September 30, 2024, respectively.

Prior to the Strategic Transaction, interest on the Arena Revolving Loans plus interest received from the Company's bank balance was included in interest income in the interim consolidated statements of (loss) profit and comprehensive (loss) income. Following the Strategic Transaction, interest on the Arena Revolving Loans is eliminated in the consolidated financial statements.

The Company earned advisory fees of \$50 and \$263 from Arena, respectively, in the three and nine months ended September 30, 2024.

14 Income Taxes

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income taxes expense included in the interim consolidated statements of (loss) profit and comprehensive (loss) income:

For the comparative period prior to the Strategic Transaction:

	Three months ended September 30 2024	Nine months ended September 30 2024
(Loss) profit before income taxes	\$ (1,105)	\$ 4,981
Statutory income tax rates	26.5%	26.5%
Income taxes (recovery) expense at statutory income tax rates	(293)	1,320
Variations due to:		
Non-taxable portion of (increase) decrease in value of Investment in Skyward Specialty	(845)	(1,758)
Non-taxable portion of (increase) decrease in value of Investment in Arena FINCOs	341	(994)
Net non-taxable and non-deductible items	828	1,100
Difference between statutory and foreign tax rates	6	6
Change in unrecognized tax losses and temporary differences	28	250
Income taxes (recovery) expense	\$ 64	\$ (76)

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14 Income Taxes (continued)

For the current fiscal period:

	Three months ended September 30 2025	Nine months ended September 30 2025
(Loss) profit before income taxes	\$ (15,023)	\$ (26,841)
Statutory income tax rates	25.0%	25.0%
Income taxes (recovery) expense at statutory income tax rates	(3,756)	(6,704)
Variations due to:		
Non-controlling Interest in Arena subsidiaries	(349)	(521)
Net non-taxable and non-deductible items	25	275
Income taxes (recovery) associated with pre-transaction income	-	(1,968)
Change in unrecognized tax losses and temporary differences	(697)	(697)
Income taxes (recovery) expense	\$ (4,777)	\$ (9,622)

At September 30, 2025, a current income taxes receivable of \$2,338 (December 31, 2024 - \$307), current and deferred income tax recovery of \$nil (December 31, 2024 - \$57), a current and deferred tax asset of \$17,142 (December 31, 2024 - \$6,160), and a current and deferred tax liability of \$10,989 (December 31, 2024 - \$nil) were reported in the interim consolidated statements of financial position.

15 (Loss) earnings per Share

Westaim had no stock options, no vested RSUs, and 3,911,029 warrants outstanding at September 30, 2025. At September 30, 2024, Westaim had 1,266,252 stock options and 575,866 RSUs outstanding. The stock options for the nine months ended September 30, 2024 were included in the calculation of diluted (loss) earnings per share as they were dilutive. The stock options for the three months ended September 30, 2024, were excluded in the calculation of diluted (loss) earnings per share as they were not dilutive. The RSUs for the three and nine months ended September 30, 2024, were excluded in the calculation of diluted (loss) earnings per share as they were not dilutive.

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

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Basic (loss) earnings per share:				
Net (loss) profit	\$ (10,247)	\$ (1,169)	\$ (17,219)	\$ 5,057
Net (loss) profit attributable to non-controlling interest	1,397	-	2,085	-
Net (loss) profit attributable to controlling interest	(11,644)	(1,169)	(19,304)	5,057
Weighted average number of Common Shares outstanding	33,440,914	21,362,064	29,526,468	21,493,746
Basic (loss) earnings per share	\$ (0.35)	\$ (0.05)	\$ (0.65)	\$ 0.24
Diluted (loss) earnings per share:				
Net (loss) profit attributed to controlling interests	\$ (11,643)	\$ (1,169)	\$ (19,304)	\$ 5,057
Dilutive RSU expense and related foreign exchange	-	-	-	-
Net (loss) profit attributable to controlling interest on a diluted basis	\$ (11,643)	\$ (1,169)	\$ (19,304)	\$ 5,057
Weighted average number of Common Shares outstanding	33,440,914	21,362,064	29,526,468	21,493,746
Potential dilutive impact of in-the-money stock options (treasury method)	-	297,311	-	261,318
Anti-dilutive impact of in-the-money stock options (treasury method)	-	(297,311)	-	-
Potential dilutive impact of RSUs	-	575,866	-	575,866
Anti-dilutive impact of RSUs	-	(575,866)	-	(575,866)
Potential dilutive impact of warrants	106,538	-	263,058	-
Anti-dilutive impact of warrants	(106,538)	-	(263,058)	-
Weighted average number of Common Shares outstanding on a dilutive basis	33,440,914	21,362,064	29,526,468	21,755,064
Diluted (loss) earnings per share	\$ (0.35)	\$ (0.05)	\$ (0.65)	\$ 0.23

Common Shares outstanding at September 30, 2025 was 33,382,104 (December 31, 2024 - 21,706,501).

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16 Segment Reporting

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

The Company defines operating segments by type of product and business line. The Chief Executive Officer analyzes the results of each reportable segment, which are based on their performance as defined by the Company's management structure. Each reportable segment is responsible for managing its operating results, developing products, defining strategies for services and distribution based on the profile and needs of its business and market.

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

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

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

The establishment of these segments occurred with the closing of the Strategic Transaction. The segment reporting results shown in this section for the three and nine months ended September 30, 2025 include results from the Closing Date for the Asset Management and Insurance segments. There are no comparative results to be disclosed.

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

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16 Segment Reporting (continued)

September 30, 2025 (thousands of United States dollars)	Asset Management	Insurance	Corporate	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	\$ 4,987	\$ 298,488	\$ 109,496	\$ -	\$ 412,971
Restricted Cash	16,869	-	-	-	16,869
Due from Brokers	-	-	5,271	-	5,271
Income taxes receivable	-	-	2,338	-	2,338
Receivables from related parties	1,577	-	242	(292)	1,526
Fee Receivable	385	-	-	177	561
Investments at Fair Value	44,993	68,386	149,106	-	262,485
Investment in associates	-	-	397,534	(397,534)	-
Other assets	5,677	1,801	3,964	-	11,442
Loan receivable	-	-	18,600	(18,600)	-
Goodwill	8,752	5,198	-	-	13,950
Intangible assets, net of accumulated amortization	27,496	29,153	-	-	56,649
Fixed assets, net of accumulated depreciation	320	413	-	-	732
Right-of-use assets, net of accumulated depreciation	2,090	5,038	-	-	7,128
Deferred tax asset	2,741	4,028	10,374	-	17,142
	\$ 115,885	\$ 412,505	\$ 696,924	\$ (416,249)	\$ 809,065
LIABILITIES					
Due to Brokers	\$ -	\$ 20,878	\$ 9,703	\$ -	\$ 30,582
Accounts payable and accrued liabilities	34,777	8,940	3,246	(18,693)	28,270
Accrued compensation liabilities	23,938	1,677	11,051	-	36,666
Profit share liability	8,517	-	-	-	8,517
Income taxes payable	-	-	-	-	-
Payable to related parties	5,303	-	91	(22)	5,371
Derivative liabilities	-	-	1,489	-	1,489
Lease Liabilities	2,443	5,094	-	-	7,537
Insurance Contract Liabilities	-	4,314	-	-	4,314
Other liabilities	-	31	10	-	40
Deferred Tax Liability	6,874	4,115	-	-	10,989
	\$ 81,853	\$ 45,049	\$ 25,590	\$ (18,715)	\$ 133,775
SHAREHOLDERS' EQUITY					
Share capital	\$ -	\$ 401,207	\$ 557,305	\$ (401,207)	\$ 557,305
Treasury shares	-	-	(3,708)	-	(3,708)
Contributed surplus	(6,388)	-	2,215	6,388	2,215
Accumulated other comprehensive (loss) income	(16)	386	(1,982)	(370)	(1,982)
Retained earnings	36,481	(34,137)	117,504	(2,344)	117,504
Equity Attributable to Controlling Interest	30,077	367,456	671,334	(397,533)	671,334
Non-controlling interest	3,955	-	-	-	3,955
Total shareholders' equity	\$ 34,033	\$ 367,456	\$ 671,334	\$ (397,533)	\$ 675,289
Total liabilities and shareholders' equity	\$ 115,885	\$ 412,505	\$ 696,924	\$ (416,248)	\$ 809,065

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16 Segment Reporting (continued)

Three Months Ended September 30, 2025

(thousands of United States dollars)	Asset Management	Insurance	Corporate	Eliminations	Consolidated
Revenue					
Interest income	\$ 59	\$ 513	\$ 1,499	\$ (367)	\$ 1,704
Asset servicing fees	2,730	-	(152)	-	2,578
Management fees	6,415	-	-	(1,285)	5,130
Incentive and Performance fees	3,061	-	-	110	3,171
Advisory fee income	309	-	-	-	309
Service fee income	311	-	-	-	311
Other Income	-	(3)	785	-	782
	<u>12,885</u>	<u>510</u>	<u>2,132</u>	<u>(1,542)</u>	<u>13,985</u>
Net results of investments					
Realized gain/(loss) on investments	-	3,229	1,303	-	4,532
Unrealized gain/(loss) on investments	1,555	-	(2,242)	-	(687)
Realized gain/(loss) on derivatives contracts	-	-	(649)	-	(649)
Unrealized gain/(loss) on derivatives contracts	(47)	-	1,265	-	1,218
	<u>1,508</u>	<u>3,229</u>	<u>(323)</u>	<u>-</u>	<u>4,414</u>
Net expenses					
Salaries and benefits	12,708	3,608	1,647	-	17,963
General and administrative	2,173	3,300	288	-	5,761
Professional fees	2,260	4,900	1,740	-	8,900
Share-based compensation expense (recovery)	-	-	(1,801)	-	(1,801)
Foreign exchange loss (gain)	12	-	(238)	-	(226)
Amortization of intangible assets	-	-	943	-	943
Depreciation expense on fixed assets	64	371	-	-	435
Depreciation expense on right-of-use assets	258	99	-	-	357
Insurance service expenses	-	-	-	-	-
Interest expense	-	-	325	-	325
Performance fees	-	-	-	-	-
Fund administration fees	-	-	-	-	-
Other expenses	455	1,359	493	(1,542)	765
	<u>17,930</u>	<u>13,637</u>	<u>3,397</u>	<u>(1,542)</u>	<u>33,422</u>
(Loss) profit before income taxes	(3,537)	(9,898)	(1,589)	-	(15,024)
Income taxes recovery (expense)	(1,390)	289	5,878	-	4,777
Net (loss) profit	(4,927)	(9,609)	4,289	-	(10,247)
Other Comprehensive Income					
Foreign currency translation adjustments	(18)	-	-	-	(18)
Insurance finance income (expenses)	-	7	-	-	7
Unrealized gains (losses) on investments	-	278	-	-	278
(Loss) profit and comprehensive (loss) income	\$ (4,944)	\$ (9,325)	\$ 4,291	\$ -	\$ (9,980)
Profit attributable to non-controlling interest	1,397	-	-	-	1,397
(Loss) profit and comprehensive (loss) income attributable to controlling interest	\$ (6,341)	\$ (9,325)	\$ 4,291	\$ -	\$ (11,377)

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16 Segment Reporting (continued)

Nine Months Ended September 30, 2025

(thousands of United States dollars)	Asset Management	Insurance	Corporate	Eliminations	Consolidated
Revenue					
Interest income	\$ 91	\$ 783	\$ 8,331	\$ (741)	\$ 8,464
Asset servicing fees	5,215	-	(307)	-	4,908
Management fees	12,974	-	-	(1,727)	11,247
Incentive and Performance fees	705	-	-	110	815
Advisory fee income	928	-	-	-	928
Service fee income	695	-	-	-	695
Other Income	-	3	1,263	-	1,266
	<u>20,608</u>	<u>786</u>	<u>9,287</u>	<u>(2,358)</u>	<u>28,323</u>
Net results of investments					
Realized gain/(loss) on investments	-	4,264	25,675	-	29,939
Unrealized gain/(loss) on investments	3,288	-	(9,223)	-	(5,935)
Realized gain/(loss) on derivatives contracts	-	-	(3,701)	-	(3,701)
Unrealized gain/(loss) on derivatives contracts	84	-	65	-	149
	<u>3,372</u>	<u>4,264</u>	<u>12,816</u>	<u>-</u>	<u>20,452</u>
Net expenses					
Salaries and benefits	23,106	6,017	8,729	-	37,852
General and administrative	4,335	7,048	1,211	-	12,594
Professional fees	5,297	10,330	5,460	-	21,087
Share-based compensation expense (recovery)	-	-	(1,161)	-	(1,161)
Foreign exchange loss (gain)	(69)	-	560	-	491
Amortization of intangible assets	-	-	1,804	-	1,804
Depreciation expense on fixed assets	140	342	-	-	482
Depreciation expense on right-of-use assets	534	110	-	-	644
Insurance service expenses	-	-	-	-	-
Interest expense	-	-	583	-	583
Performance fees	-	-	-	-	-
Fund administration fees	-	-	-	-	-
Other expenses	882	1,821	896	(2,358)	1,240
	<u>34,225</u>	<u>25,667</u>	<u>18,082</u>	<u>(2,358)</u>	<u>75,616</u>
(Loss) profit before income taxes	(10,245)	(20,617)	4,021	-	(26,841)
Income taxes recovery (expense)	209	3,397	6,016	-	9,622
Net (loss) profit	(10,036)	(17,220)	10,037	-	(17,219)
Other Comprehensive Income					
Foreign currency translation adjustments	(16)	-	-	-	(16)
Insurance finance income (expenses)	-	7	-	-	7
Unrealized gains (losses) on investments	-	254	-	-	254
(Loss) profit and comprehensive (loss) income	\$ (10,052)	\$ (16,959)	\$ 10,037	\$ -	\$ (16,974)
Profit attributable to non-controlling interest	2,085	-	-	-	2,085
(Loss) profit and comprehensive (loss) income attributable to controlling interest	\$ (12,137)	\$ (16,959)	\$ 10,037	\$ -	\$ (19,059)

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17 Capital Management

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

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

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

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

18 Financial Risk Management

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

Credit and counterparty risk

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

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

The Company's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the interim consolidated statements of financial position as of September 30, 2025.

The Insurance segment measures credit risk and ECLs on FVOCI and amortized cost investments using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At September 30, 2025, accrued interest receivable and cash are considered fully recoverable. As a result, no loss allowance has been recognized based on 12-month ECLs.

Liquidity risk

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

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

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18 Financial Risk Management (continued)

September 30, 2025	One year or less	One to five years	No specific date / later than five years	Total
Financial assets:				
Asset Management				
Cash and cash equivalents	\$ 4,987	\$ -	\$ -	\$ 4,987
Restricted cash	16,869	-	-	16,869
Receivables from related parties	1,577	-	-	1,577
Fee receivable	385	-	-	385
Investments at fair value	120	34,469	10,404	44,993
Other assets	5,526	151	-	5,677
Insurance				
Cash and cash equivalents	298,488	-	-	298,488
Investments at fair value	4,982	16,374	47,030	68,386
Other assets	1,237	-	564	1,801
Corporate				
Cash and cash equivalents	109,496	-	-	109,496
Due from brokers	5,271	-	-	5,271
Income taxes receivable	2,338	-	-	2,338
Receivables from related parties	-	242	-	242
Investments at fair value	42,141	9,401	97,564	149,106
Other assets	1,134	259	2,571	3,964
Total financial assets	\$ 494,551	\$ 60,896	\$ 158,133	\$ 713,580
Financial obligations:				
Asset Management				
Accounts payable and Accrued liabilities	\$ 15,304	\$ 19,473	\$ -	\$ 34,777
Accrued compensation liabilities	10,688	13,250	-	23,938
Profit share liability	-	-	8,517	8,517
Payable to related parties	5,303	-	-	5,303
Lease liabilities	1,145	1,298	-	2,443
Deferred tax liability	-	-	6,874	6,874
Insurance				
Due to brokers	20,878	-	-	20,878
Accounts payable and Accrued liabilities	8,940	-	-	8,940
Accrued compensation liabilities	-	-	1,677	1,677
Lease liabilities	267	3,361	1,466	5,094
Insurance contract liabilities	-	-	4,314	4,314
Other liabilities	-	-	31	31
Deferred tax liability	-	-	4,115	4,115
Corporate				
Due to brokers	9,703	-	-	9,703
Accounts payable and Accrued liabilities	2,010	-	1,236	3,246
Accrued compensation liabilities	1,420	9,631	-	11,051
Payable to related parties	-	91	-	91
Derivative liabilities	-	-	1,489	1,489
Other liabilities	-	-	10	10
Total financial obligations	\$ 75,658	\$ 47,104	\$ 29,729	\$ 152,491

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18 Financial Risk Management (continued)

Currency risk

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

The Company's C\$ denominated monetary liabilities exceed C\$ denominated monetary assets mainly related to share-based compensation liabilities tied to the C\$ denominated common stock of the company. From time to time, the Company may enter into C\$ to US\$ exchange forward contracts to manage its C\$ currency exposures which have been effective at reducing a significant portion of the risk associated with changes in the C\$ currency exchange on the Company's prior C\$ denominated liabilities. At September 30, 2025, it is estimated a 10% strengthening of the C\$ against the US\$ would have created an additional foreign exchange loss by approximately \$875 and \$1,974 in the nine months ended September 30, 2025 and September 30, 2024, respectively. A similar weakening of the C\$ would result in an opposite effect.

Interest rate risk

The Company held a substantial amount of interest earning cash on its balance sheet as of the reporting dates for these financial statements. If cash balances remained steady over the course of one year and interest rates increased by one percent (1%) on the day after the balance sheet date and stayed the same for the remainder of the year, interest revenues would increase by \$4,130 and \$3,019 for the year following September 30, 2025 and December 31, 2024, respectively. If cash balances remained steady over the course of one year and interest rates decreased by one percent (1%) on the day after the balance sheet date and stayed the same for the remainder of the year, interest revenues would decrease by \$4,130 and \$3,019 for the year following September 30, 2025 and December 31, 2024, respectively. The Company is also subject to interest rate risks as a result of its investments in Salem Group and the Arena FINCOs as certain underlying investments made by these entities are sensitive to interest rate movements.

Other price risk

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

Equity risk

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

Underwriting risk

Insurance contracts are subject to underwriting risk, including risks related to longevity, policyholder behavior, and associated expenses. As of September 30, 2025, the insurance activity and results are not material to the business. As a result, management does not consider its exposure to underwriting-related risks to be significant at this time.

19 Goodwill and Intangibles

Goodwill shown on the statement of financial position represents amounts allocated to businesses in respect of both asset management and insurance segments:

Goodwill

IFRS principles require the Company to assess at the end of each reporting period whether there is any indication that an asset may be impaired and to perform an impairment test on goodwill and indefinite life intangible assets at least annually or more frequently if events indicate

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19 Goodwill and Intangibles (continued)

that impairment may have occurred. Intangible assets that were previously impaired are reviewed at each reporting date for evidence of reversal. Finite life intangible assets are reviewed annually to determine if there are indications of impairment and assess whether the amortization periods and methods are appropriate. In the second quarter of 2025, the Company conducted impairment testing of goodwill and intangible assets based on June 30, 2025, asset balances. It was determined that the recoverable amounts of cash generating unit (CGU) groupings for goodwill and CGUs for intangible assets were more than their carrying values and there was no evidence of impairment. Recoverable amount is based on fair value less cost of disposal.

The Company's goodwill and intangible assets relate primarily to business acquisitions made by the Company. Goodwill was \$13,950 at September 30, 2025.

Other Intangibles

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

The following table presents the changes in carrying value of goodwill and intangible assets.

Cost	Asset Management		Insurance		Total	
	Goodwill	Intangible assets	Goodwill	Intangible assets	Goodwill	Intangible assets
Balance as of January 1, 2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consolidation of subsidiaries as at April 3, 2025	8,752	29,300	5,198	26,429	13,950	55,729
Additions	-	-	-	3,095	-	3,095
Disposals	-	-	-	-	-	-
Closing balance September 30, 2025	8,752	29,300	5,198	29,524	13,950	58,824
Accumulated amortization						
Balance as of January 1, 2025	-	-	-	-	-	-
Amortization charge	-	1,804	-	371	-	2,175
Closing balance September 30, 2025	-	1,804	-	371	-	2,175
Carrying amount September 30, 2025	\$ 8,752	\$ 27,496	\$ 5,198	\$ 29,153	\$ 13,950	\$ 56,649

20 Insurance service result and insurance contracts

Insurance Service Result

The following table shows an analysis of insurance revenue and insurance service expenses for the MYGA portfolio.

Quarter ended September 30, 2025	Amount
Insurance revenue	
Amounts relating to changes in the LRC	
- Expected incurred claims and other expenses after loss component allocation	-
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	-
- CSM recognized in profit or loss for the services provided	-
Insurance acquisition cash flows (IACF) recovery	3
Total insurance revenue	3
Insurance service expenses	
Incurring claims and other directly attributable expenses	-
Changes that relate to past service - adjustments to the LIC	-
Losses on onerous contracts and reversal of those losses	471
Insurance acquisition cash flows (IACF) amortization	3
Total insurance service expenses	474
Total insurance service result	(471)

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20 Insurance service result and insurance contracts (continued)

Net finance expenses from Insurance contracts

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

Net Financial Result	Value
Quarter ended September 30, 2025	
Finance (income) expenses from insurance contract issued	
Interest accreted	2
Effects of changes in interest rates and other financial assumptions	(7)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-
Finance (income) expenses from insurance contracts issued	(5)
Finance (income) expenses from reinsurance contracts held	
Interest accreted	-
Effects of changes in interest rates and other financial assumptions	-
Other	-
Finance (income) expenses from reinsurance contracts held	-

Insurance and reinsurance contracts

The following represents a roll forward of insurance contracts for the three months ended September 30, 2025

Analysis by remaining coverage and incurred claims: Multi-Year Guaranteed Annuity

	Quarter ended September 30, 2025			Total
	LRC (Liability for Remaining Coverage)		LIC (Liability for Incurred Claims)	
	Excluding Loss Component	Loss Component		
Multi-Year Guaranteed Annuity				
Opening insurance contract liabilities	-	-	-	-
Opening insurance contract assets	-	-	-	-
Net balance at beginning of year	-	-	-	-
Amounts relating to changes in the LRC	-	-	-	-
Expected incurred claims and other expenses after loss component allocation	-	-	-	-
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	-	-	-	-
CSM recognized in profit or loss for the services provided	-	-	-	-
Insurance acquisition cash flows recovery	3	-	-	3
Insurance revenue	3	-	-	3
Incurred claims and other directly attributable expenses	-	-	-	-
Changes that relate to past service – adjustments to the LIC	-	-	-	-
Losses on onerous contracts and reversals of those losses	-	471	-	471
Insurance acquisitions cash flows amortization	3	-	-	3
Insurance service expenses	3	471	-	474
Insurance service result	-	(471)	-	(471)
Finance (income) expenses from insurance contracts issued	(5)	-	-	(5)
Total amounts recognized in comprehensive (loss) income	5	(471)	-	(466)
Investment components	-	-	-	-
Other changes	-	-	-	-
Premiums received	3,982	-	-	3,982
Claims and other directly attributable expenses paid	-	-	-	-
Insurance acquisition cash flows	134	-	-	134
Total cash flows	3,848	-	-	3,848
Net Balance at September 30, 2025	3,843	471	-	4,314
Closing insurance contract liabilities	3,843	471	-	4,314
Closing insurance contract assets	-	-	-	-
Net Balance at September 30, 2025	3,843	471	-	4,314

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20 Insurance service result and insurance contracts (continued)

The following represents a roll forward of insurance contracts for the three months ended September 30, 2025, by measurement component.

Analysis is by measurement component: Multi-Year Guaranteed Annuity

Multi-Year Guaranteed Annuity	Quarter ended September 30, 2025			
	Present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
Opening insurance contract liabilities	-	-	-	-
Opening insurance contract assets	-	-	-	-
Net opening balance	-	-	-	-
CSM recognized in profit or loss for the services provided	-	-	-	-
Change in the risk adjustment for non-financial risk for the risk expired	-	-	-	-
Experience adjustments	-	-	-	-
Changes that relate to current service	-	-	-	-
Changes in estimates that adjust the CSM	-	-	-	-
Changes in estimates that result in onerous contract losses or reversal of losses	(3)	1	-	(3)
Contracts initially recognized in the period	(461)	(8)	-	(468)
Changes that relate to future service	(464)	(7)	-	(471)
Changes that relate to past service – adjustments to the LIC	-	-	-	-
Changes that relate to past service	-	-	-	-
Insurance service result	(464)	(7)	-	(471)
Finance (income) expenses from insurance contracts issued	(5)	-	-	(5)
Total changes in the statement of profit or loss and OCI	(459)	(7)	-	(466)
Cash flows				
Premiums received	3,982	-	-	3,982
Claims and other directly attributable expenses paid	-	-	-	-
Insurance acquisition cash flows	134	-	-	134
Total cash flows	3,848	-	-	3,848
Net closing balance	4,307	7	-	4,314
Closing insurance contract liabilities	(4,307)	(7)	-	(4,314)
Closing insurance contract assets	-	-	-	-
Net closing balance	4,307	7	-	4,314

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

MYGA	Quarter ended September 30, 2025		
	Non-onerous contracts originated	Onerous contracts originated	Total
Estimates of the present value of future cash outflows			
- Insurance acquisition cash flows	-	134	134
- Claims and other directly attributable expenses	-	4,308	4,308
Estimates of the present value of future cash outflows	-	4,442	4,442
Estimates of the present value of future cash inflows	-	(3,982)	(3,982)
Risk adjustment for non-financial risk	-	8	8
CSM	-	-	-
Losses recognized on initial recognition	-	468	468

Discount rate and risk-free rate

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

Discount rates	Q3'25									
	3 Months	6 Months	1 year	2 years	3 years	5 years	7 years	10 years	20 years	30 years
MYGA	4.38%	4.19%	4.04%	3.96%	3.97%	4.10%	4.29%	4.52%	5.07%	5.09%

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21 Non-controlling interests

Arena International Equity Management (UK) Limited (“AIEM”) holds a 40% equity stake in Arena Business Results, LLC (“ABR”), a subsidiary of the Company. AIEM is owned by a senior member of the Company’s staff. Through its minority share in ABR, AIEM has a non-controlling interest of \$2,104.

Certain employees hold a 37% equity stake in Arena SLS Employee Holdings LLC. Through their minority holdings, these employees have a non-controlling interest of \$1,852.

22 Business Combinations

In connection with the Strategic transaction, the Company completed two separate business combination transactions: 1) the MAIC acquisition and 2) the Arena Restructuring, as defined and discussed further in Note 1 of these financial statements. These acquisitions were accounted for as business combinations under IFRS 3, *Business Combinations*, with all identifiable tangible and intangible assets and liabilities of the two enterprises recognized at their fair value on the date of the acquisition, with the difference between the fair value of the enterprise and the fair value of the net identifiable assets and liabilities recognized as goodwill.

MAIC Acquisition

On February 4, 2025, the Company completed the acquisition of MAIC in connection with the Strategic Transaction. The Company made an initial capital contribution of \$36,500 into Salem Group, of which the Company owns 100% of the limited partnership interests of the partnership. Salem Group acquired Salem Holdco (Bermuda) Ltd. and its subsidiaries (including CUSA the direct acquiror of MAIC) from an affiliate of CC Capital in exchange for a \$14,607 promissory note back to the CC Capital affiliate. CUSA then completed its acquisition of 100% of the equity interests in MAIC for a total purchase price of \$29,180 paid in cash. MAIC was subsequently renamed to Ceres.

The Company assessed the balance sheet of MAIC and worked with Insurance segment management to identify all identifiable assets and liabilities of MAIC, including intangible assets of MAIC, and performed a valuation analysis utilizing the services of a third-party valuation specialist to recognize the fair value of all identifiable assets and liabilities at a fair value of \$23,982 (“MAIC Net Assets at Fair Value”). MAIC Net Assets at Fair Value included identified intangible assets at fair value of \$20,700 for insurance licenses acquired, which were determined to have indefinite useful lives and an associated deferred tax liability of \$4,100. The difference between the purchase price and MAIC Net Assets at Fair Value was recognized as goodwill. The Company views the MAIC entity as a scarce asset in the marketplace, ideally and uniquely situated for the Company’s de novo insurance strategy given its breadth of insurance licenses combined with its minimal level of legacy operations assumed. The scarce nature of this asset supports a transaction structure that results in goodwill being recognized.

The following table contains MAIC’s opening fair value balance sheet as of the MAIC Closing Date:

	Fair Value of MAIC at Business Combination	Post-Closing Adjustments	Adjusted Initial Balance Sheet of MAIC
Assets			
Cash and cash equivalents	\$ 1,659	\$ -	\$ 1,659
Investments	5,719	-	5,719
Other assets	4	-	4
Intangible assets	20,700	-	20,700
Goodwill	1,098	4,100	5,198
Total assets	29,180	4,100	33,280
Liabilities			
Deferred tax liabilities	-	4,100	4,100
	-	4,100	4,100
Shareholders’ equity	29,180	-	29,180
Total liabilities and shareholders’ equity	\$ 29,180	\$ 4,100	\$ 33,280

22 Business Combinations (continued)

Transaction-related expenses for the MAIC acquisition were incurred by Salem Group and its subsidiaries prior to the Strategic Transaction while the Company was still reporting as an investment entity. The impact of transaction expenses were reflected in the recognized fair value of the Company's investment in Salem Group, but were not reflected by the Company as either direct expenses or direct reductions of Contributed surplus for the Company.

Arena Restructuring

On April 3, 2025, the Company restructured its ownership of Arena through the Third Amended and Restated Limited Liability Company Agreement of Arena Investors Group Holdings, LLC (the "AIGH LLCA") to acquire from BP LLC the remaining 49% of the equity of Arena that it did not already own in exchange for removing BP LLC's responsibility for repayment of 49% of Arena's loan payable to the Company and the issuance of profit interests entitling the members of BP LLC and certain other front office investment management team members of Arena to receive distributions of 45% of the net profits of Arena on an ongoing basis, subject to continuing service by members of BP LLC to Arena (the "BP Consideration". The Investor is entitled to receive distributions of 6% of the net profits of Arena on an ongoing basis and the Company is entitled to the remaining 49%. As a result of the Arena Restructuring, the Company now owns 100% of the equity interests of Arena.

For the purposes of this next paragraph, all capitalized terms other than those previously defined separately in these financial statements are as defined in the publicly available documents including the AIGH LLCA. As specified in the AIGH LLCA, BP LLC members are entitled to their relevant shares of the BP Consideration including the BP Net Profit Share for as long as they remain employed by Arena. To the extent a BP Member has a BP Member Redemption Event, the member will be entitled to the BP Member Redemption Consideration if the member's employment with Arena was terminated without Cause, the member resigned for Good Reason, or the departure from the company was due to death, Disability, or Qualified Retirement. In the event a BP Member Redemption Event was the result of a termination for Cause or a voluntary resignation other than for Good Reason, the member will forfeit rights to BP Member Redemption Consideration.

The Net Profit Share granted to CC Capital is not considered contingent consideration in the business combination because CC Capital is not a selling shareholder of AIGH, and they do not have ongoing service requirements to maintain their profit sharing interests in AIGH. The profits interests were granted as additional consideration tied to the overall investment made by CC Capital through the Strategic Transaction, and thus are treated as additional costs for Westaim to raise equity. In accordance with guidance in IFRS 9 and IAS 32, the Company has determined that it has a contractual obligation to deliver cash to another entity and does not have the unconditional right to avoid delivering cash in settlement of that obligation, and therefore must recognize a liability of \$8,502 for the fair value of the profits interest liability to CC Capital at initial recognition ("CC Profits Interest Liability"). To recognize this liability, the Company treated this as an additional cost of the issuance of equity securities, and therefore reduced Share capital for the amount of the liability recognized. The company will recognize the amortized cost of this liability in accordance with IFRS 9.

The Company assessed the balance sheet of AIGH and worked with Asset Management segment management to identify all identifiable assets and liabilities of AIGH, including intangible assets of AIGH, and performed a valuation analysis utilizing the services of a third-party valuation specialist to recognize the fair value of all identifiable assets and liabilities ("AIGH Net Assets at Fair Value"). The Company identified intangible assets of \$29,300, including trade name value of \$3,600 and Investment Management Agreements of \$25,700, which will be amortized over their remaining useful lives. The company also performed an assessment of the fair value of the enterprise taken as a whole based on a discounted cash flow analysis of future earnings and profits ("AIGH Enterprise Value"). The difference between AIGH Enterprise Value and AIGH Net Assets at Fair Value was recognized as goodwill. The Company views Arena as strategically important to the Company's overall strategy which supports a transaction structure that results in goodwill being recognized.

The table below shows the fair value of AIGH at the business combination date in the first column. The post-closing adjustments in the second column include two items:

1. Record the CC Profits Interest Liability discussed above, including the recognition of a related deferred tax asset of \$2,125. These adjustments result in both a reduction of shareholders' equity for AIGH and a reduction of Contributed surplus for the Company as a whole as the CC Profits Interest Liability and as associated deferred tax asset survive on the Consolidated Statement of Financial Position at September 30, 2025.
2. Re-establish the intercompany lending relationship defined within these financial statements as Arena Revolving Loan 2 for \$18,600. This adjustment only results in a reduction of shareholders' equity for AIGH but does not impact Contributed surplus for the Company as a whole as Arena Revolving Loan 2 is eliminated in consolidation.

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22 Business Combinations (continued)

	Fair Value of AIGH at Business Combination	Post-Closing Adjustments	Adjusted Initial Balance Sheet of AIGH
Assets			
Cash and cash equivalents	\$ 12,513	\$ -	\$ 12,513
Restricted cash	9,980	-	9,980
Fee receivables	1,632	-	1,632
Receivables from related parties	1,577	-	1,577
Other assets	6,431	-	6,431
Investments	45,715	-	45,715
Deferred tax asset	745	2,125	2,870
Fixed and right of use assets, net of accumulated depreciation	3,008	-	3,008
Intangible assets, net of accumulated amortization	29,300	-	29,300
Goodwill	8,752	-	8,752
Total assets	119,653	2,125	121,778
Liabilities			
Accounts payable and accrued liabilities	7,755	-	7,755
Accrued compensation liabilities	17,036	-	17,036
Deposits received in advance	9,091	-	9,091
Payable to related parties	442	18,600	19,042
Other liabilities	1,589	-	1,589
Lease liabilities	2,995	-	2,995
Profit sharing liabilities	-	8,502	8,502
Deferred tax liabilities	7,325	-	7,325
	46,233	27,102	73,335
Shareholders' equity – controlling interests	69,066	(24,977)	44,089
Shareholders' equity – non-controlling interests	4,354	-	4,354
Total shareholders' equity	73,420	(24,977)	48,443
Total liabilities and shareholders' equity	\$ 119,653	\$ 2,125	\$ 121,778

The Company had a carrying value of its investment into AIGH of \$40,430 on acquisition date. The difference between the fair value of equity attributable to controlling interests of \$69,066 and the carrying value of its investment into AIGH of \$40,430 resulted in a gain of \$28,636 that was recorded as an unrealized gain on investments in the Consolidated Statements of (Loss) Profit and Comprehensive (Loss) Income for the nine months ended September 30, 2025.

Certain transaction-related expenses for the Arena Restructuring were incurred by AIGH prior to the Strategic Transaction while the Company was still reporting as an investment entity. The impact of any such transaction-related expenses were reflected in the recognized fair value of the Company's investment in Arena, but were not reflected by the Company as either direct expenses or direct reductions of Contributed surplus for the Company. For the three and nine months ended September 30, 2025, the expenses recognized by the Company and allocated to the Arena Restructuring totaled \$nil and \$2,753, respectively.

23 Subsequent Events

On November 13, 2025, the Board of Arena Investors Group Holdings LLC resolved to discontinue the operations of QCG resulting in annualized run rate savings of direct operating costs of approximately \$900.