

WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East
Suite 301 Box 18
Toronto ON, M2N 6Y8, Canada

FINANCIAL HIGHLIGHTS (MARCH 2022)

As of March 31, 2022, the GAAP book value of Stonetrust Commercial Insurance Company (“Stonetrust”) decreased from \$178.72 million CAD on December 31, 2021 to \$172.67 million CAD, a quarterly decrease of 3.4%. In U.S. dollars, Stonetrust’s book value decreased from \$140.97 million USD to \$138.18 million USD, a quarterly decrease of 2.0%. The difference in returns is due to the Canadian dollar appreciating against the U.S. dollar during the quarter, negatively impacting the book value in CAD.

Similarly, the adjusted book value per share of Wintai Holdings Ltd. (“Wintai”) decreased from \$33.50 CAD on December 31, 2021 to \$32.32 CAD on March 31, 2022, a quarterly decrease of 3.5%. In US dollars, it decreased from \$26.42 USD on December 31, 2021 to \$25.86 USD on March 31, 2022, a quarterly decrease of 2.1%. For further details, please refer to the Wintai Q1 2022 quarterly financial statement and share price calculations prepared by Wintai’s auditor McGovern Hurley.

Key Quarterly Figures

	Dec. 31, 2020	Mar. 31, 2021	June 30, 2021	Sept. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	YoY % Change	Q1 % Change
Wintai Adjusted Book Value per Share (CAD)	\$24.20	\$27.42	\$29.44	\$31.23	\$33.50	\$32.32	17.9%	-3.5%
Wintai Adjusted Book Value per Share (USD)	\$19.01	\$21.81	\$23.75	\$24.51	\$26.42	\$25.86	18.6%	-2.1%
Stonetrust GAAP Book Value (CAD in Mils)	\$129.03	\$146.13	\$156.93	\$166.45	\$178.72	\$172.67	18.2%	-3.4%
Stonetrust GAAP Book Value (USD in Mils)	\$101.34	\$116.21	\$126.62	\$130.64	\$140.97	\$138.18	18.9%	-2.0%

Stonetrust Fixed Income Instruments

Below is a table highlighting the major investments in fixed income securities as of March 31, 2022. All numbers are in USD.

Company	Maturity	Coupon	Par Value	Cost Base	Market Value	Unrealized gains/(losses)
B Riley Financial	2028-08-31	5.25%	224,616	5,577,286	5,386,292	(190,994)
Cleco Corporate Holdings LLC	2026-05-01	3.74%	5,000,000	4,726,000	5,072,300	346,300
Lamar Media Corp	2028-02-15	3.75%	4,925,000	4,932,958	4,676,534	(256,424)
CenturyLink Inc	2027-02-15	4.00%	5,000,000	5,012,500	4,662,500	(350,000)
Entergy Corporation	2026-09-01	2.95%	3,540,000	3,462,408	3,485,519	23,111
Rain CII Carbon LLC	2025-04-01	7.25%	2,365,000	2,461,877	2,305,875	(156,002)
Century Telephone Enterprises Inc	2028-01-15	6.88%	2,000,000	1,913,755	1,996,320	82,565
Lamar Media Corp	2031-01-15	3.63%	2,000,000	2,000,005	1,836,260	(163,745)
Eagle Point Credit Company Inc	2029-01-31	5.38%	61,427	1,474,332	1,470,562	(3,770)

With the exceptions of B. Riley Financial and Eagle Point Credit Company, the remaining fixed-income securities are domiciled in Louisiana. We need a certain percentage of investable assets invested in Louisiana securities to qualify for the investment tax credits.

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During the quarter, we sold the following fixed income holdings for a total consideration of \$17.3 million. As a result, as of quarter end, Stonetrust had close to \$95 million in cash and short-term investments.

Company	Maturity	Coupon	Par Value	Sold Price
Icahn Enterprises L.P.	2024-02-01	6.75%	2,826,000	100.0
MBIA Inc.	2028-10-01	6.63%	5,167,000	103.6
Seagate HDD	2024-03-01	4.88%	1,528,000	106.0
PIC AU Holdings	2024-12-31	10.00%	3,522,000	102.5
Peabody Energy Corp	2022-03-31	6.00%	3,892,000	100.0

Stonetrust Equity Securities

Below is a table highlighting the major investments in equity securities as of March 31, 2022. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Lumen Technologies Inc	1,210,000	\$ 13,248,058	\$ 13,636,700	\$ 388,642
Berkshire Hathaway Inc	25	7,901,245	13,223,025	5,321,780
Alphabet Inc	3,832	1,999,885	10,702,738	8,702,853
Resolute Forest Products Inc	685,000	2,179,236	8,843,350	6,664,114
Apple Inc	44,000	1,862,693	7,682,840	5,820,147
Exor N.V.	90,021	4,000,022	7,021,638	3,021,616
Stellantis N.V.	426,388	3,464,884	6,937,333	3,472,449
MBIA Inc	321,000	2,030,024	4,940,190	2,910,166
Pool Corp	10,636	1,253,830	4,497,433	3,243,602
Liberty Global Plc	142,500	3,444,220	3,635,175	190,955
Bank of America	50,000	1,359,510	2,061,000	701,490

In addition, we also had the following call option positions as of March 31, 2022. All numbers are in USD.

Company	Strike Price	Maturity	Contracts (in hundreds)	Average Cost Base	Market Value	Unrealized gains/(losses)
Alibaba Group Holding Limited	\$100.00	Jan-23	150	494,420	382,500	(111,920)

WINTAAI Holdings Securities

At WINTAAI, we held positions in two securities as of March 31, 2022. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Synchrony Financial	22,500	\$ 297,637	\$ 783,225	\$ 485,588
Bausch Health Companies	3,300	54,724	75,405	20,681

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Stonetrust's Financial and Operating Results – GAAP Basis

The consolidated results of the Stonetrust companies (Stonetrust Commercial Insurance Company and its wholly owned subsidiary, Stonetrust Premier Casualty Insurance Company) for the three-month periods ending March 31, 2022 and 2021 and the twelve month periods ending December 31, 2021 and 2020 on a GAAP basis are as follows:

All figures in \$USD

	Unaudited		Audited	
	1st Quarter		Twelve Months	
	2022	2021	2021	2020
Gross premiums written	\$ 14,524,993	\$ 13,379,914	\$ 47,433,025	\$ 44,852,045
Net premiums written	\$ 13,882,614	\$ 12,941,492	\$ 45,003,523	\$ 42,632,917
Net premiums earned	\$ 11,610,146	\$ 10,966,405	\$ 44,777,401	\$ 42,732,998
Underwriting profit	\$ 3,699,630	\$ 1,982,350	\$ 15,121,846	\$ 5,806,689
Net investment income	752,945	2,472,415	8,405,400	5,732,196
Operating income	4,452,575	4,454,765	23,527,246	11,538,885
Net gain (losses) on investments ⁽¹⁾	(5,133,065)	14,769,059	30,896,391	8,377,624
Interest expense, bad debt expense & other income	(81,072)	(119,319)	(242,209)	500,046
Pre-tax income (loss)	(761,562)	19,104,505	54,181,428	20,416,555
Income tax (expense) benefit	374,353	(3,903,676)	(11,750,287)	(4,137,088)
Net income (loss)	\$ (387,209)	\$ 15,200,829	\$ 42,431,141	\$ 16,279,467
Underwriting profit:				
Loss & LAE - accident year	59.6%	60.9%	60.0%	60.4%
Underwriting expenses	38.9%	40.9%	41.2%	42.5%
Combined ratio - accident year ⁽²⁾	98.4%	101.7%	101.2%	102.9%
Net (favorable) adverse reserve development	-30.3%	-19.8%	-35.0%	-16.5%
Combined ratio - calendar year ⁽²⁾	68.1%	81.9%	66.2%	86.4%
Ending Stockholders' Equity	\$ 138,181,961	\$ 116,206,155	\$ 140,974,680	\$ 101,342,270

⁽¹⁾Net gains (losses) on investments include realized gains (losses) on disposals and changes in the unrealized gains (losses) recognized on equity investments.

⁽²⁾The combined ratio is the traditional performance measure of underwriting results for property and casualty companies and is calculated by the company as the sum of the loss ratio (claims losses and loss adjustment expenses expressed as a percentage of net premiums earned) and the expense ratio (commissions, premium acquisition costs and other underwriting expenses expressed as a percentage of net premiums earned). The accident year loss ratio excludes the net favorable or adverse development of reserves established for claims that occurred in previous accident years. The calendar year loss ratio includes the accident year's loss ratio and the net favorable or adverse development of reserves established for claims that occurred in previous accident years.

The calendar year combined ratios for the quarters ending March 31, 2022 and 2021 were 68.1% and 81.9%, respectively, while the calendar year combined ratios for the years ending December 31, 2021 and 2020 were 66.2% and 86.4%, respectively. Also, net favorable loss development ranging from 16.5% to 35.0% had been recognized during the aforementioned periods.

The accident year combined ratios for the quarters ending March 31, 2022 and 2021 were 98.4% and 101.7%, respectively, while the accident year combined ratios for the years ending December 31, 2021 and 2020 were 101.2% and 102.9%, respectively.

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Underwriting profit of \$3,699,630 for the first quarter of 2022 increased from \$1,982,350 in the first quarter of 2021. A pre-tax net loss of (\$761,562) was recognized during the first quarter of 2022 as compared to pre-tax net income of \$19,104,505 being recognized in the first quarter of 2021 due to a decrease in net gains from investments of \$19,902,124. Net written premiums of \$13,882,614 for the first quarter of 2022 increased 7.3% from \$12,941,492 for the first quarter of 2021.

Underwriting profit of \$15,121,846 for the year ending December 31, 2021 increased from \$5,806,689 for the year ending December 31, 2020 while net income of \$42,431,141 for the year ending December 31, 2021 increased from \$16,279,467 for the year ending December 31, 2020 principally as a result of an increase in favorable development of prior accident years' loss and loss adjustment expense reserves, an increase in net investment income and an increase in net gains recognized on investment securities. Additionally, net premiums written and earned for the year ending December 31, 2021 as compared to the year ending December 31, 2020 increased by 5.6% and 4.8%, respectively.

Net investment income of \$752,945 during the first quarter of 2022 decreased from \$2,472,415 in the first quarter of 2021 due to a decrease in dividends received and a lower allocation of investable funds held in high yielding fixed income instruments.

Net investment income increased from \$5,732,196 to \$8,405,400 for the year ending December 31, 2021 as compared to the year ending December 31, 2020. This increase was largely due to an increase in the allocation of investable funds to higher yielding fixed income instruments during 2021.

A.M. Best Ratings Evaluation

We said in the 2021 year-end report: "A. M. Best has improved Stonetrust's outlook to Positive from Stable and affirmed our Financial Strength Rating of B ++ (Good). Best also increased the Financial Size Category (FSC) to VIII, acknowledging our surplus growth in excess of \$100 million. This represents the third time that A. M. Best has noted improvement in our Financial Strength Rating (FSR) since 2018. With this year's outlook improvement to Positive, we have now achieved all of the FSR requirements needed for A. M. Best to consider assigning Stonetrust an overall Financial Rating of A minus. We are very proud of this recognition and excited to know that we are now just one step away from achieving our goal of becoming an A rated workers' compensation company."

Initially, we expected A.M. Best to give its assessment by May 20th but that date has now been deferred to the week of June 6th. We are keeping our fingers crossed for an A- rating!!

A Word of Caution

Both the equity and the fixed income portfolios have performed exceptionally well for the past 18 months. However, both markets are fairly priced now and we don't expect to generate the same kinds of returns. We also have approximately \$95 million in cash and short-term instruments waiting to be deployed if we can find investments that are reasonably priced.

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Appendix

Date	Wintaai Holdings Adjusted Book Value per Share (CAD)	Wintaai Holdings Adjusted Book Value per Share (USD)
Dec. 31, 2018	\$14.98	\$10.98
Mar. 31, 2019	\$16.77	\$12.56
June 30, 2019	\$17.44	\$13.33
Sept. 30, 2019	\$18.04	\$13.62
Dec. 31, 2019	\$19.41	\$14.94
Mar. 31, 2020	\$15.70	\$11.16
June 30, 2020	\$20.60	\$15.13
Sept. 30, 2020	\$21.96	\$16.48
Dec. 31, 2020	\$24.20	\$19.01
Mar. 31, 2021	\$27.42	\$21.81
June 30, 2021	\$29.44	\$23.75
Sept. 30, 2021	\$31.23	\$24.51
Dec. 31, 2021	\$33.50	\$26.42
Mar. 31, 2021	\$32.32	\$25.86