

WINTAAI HOLDINGS LTD.

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

FINANCIAL HIGHLIGHTS (MARCH 2023)

In the first quarter of 2023, Stonetrust paid a dividend of \$10.04 million in USD (or \$13.59 million CAD), of which Wintai America received \$10 million in USD. Stonetrust's returns for the YTD and 1stQ have been adjusted for the dividends. Going forward, we will not publish Stonetrust's returns because it distorts them unless the numbers are adjusted for the dividends. As of March 31st, 2023, together with the dividends, the GAAP book value of Stonetrust Commercial Insurance Company ("Stonetrust") increased from \$181.04 million CAD on December 31st, 2022 to \$187.59 million CAD, a quarterly increase of 3.6%. In U.S. dollars, combined with the dividends, Stonetrust's book value increased from \$133.66 million USD to \$138.62 million USD, a quarterly increase of 3.7%. 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.

The adjusted book value per share of Wintai Holdings Ltd. ("Wintai") increased from \$33.92 CAD on December 31st, 2022 to \$35.09 CAD on March 31st, 2023, a quarterly increase of 3.4%. In US dollars, it increased from \$25.05 USD on December 31st, 2022 to \$25.93 USD on March 31st, 2023, a quarterly increase of 3.5%. For further details, please refer to the Wintai Q1 2023 quarterly financial statement and share price calculations prepared by Wintai's auditor McGovern Hurley.

Key Quarterly Figures

	Dec. 31, 2021	Mar. 31, 2022	June 30, 2022	Sept. 30, 2022	Dec. 31, 2022	Mar. 31, 2023	YTD % Change	Q1 % Change
Wintai Adjusted Book Value per Share (CAD)	\$33.50	\$32.32	\$31.05	\$32.72	\$33.92	\$35.09	3.4%	3.4%
Wintai Adjusted Book Value per Share (USD)	\$26.42	\$25.86	\$24.22	\$23.87	\$25.05	\$25.93	3.5%	3.5%
Stonetrust GAAP Book Value (CAD in Mils)	\$178.72	\$172.67	\$165.95	\$174.55	\$181.04	\$187.59	3.6%	3.6%
Stonetrust GAAP Book Value (USD in Mils)	\$140.97	\$138.18	\$129.48	\$127.35	\$133.66	\$138.62	3.7%	3.7%

Stonetrust Fixed Income Instruments

Below is a table highlighting the major investments in fixed income securities as of March 31st, 2023. All numbers are in USD.

Company	Maturity	Coupon	Par Value	Cost Base	Market Value	Unrealized gains/(losses)
Federal Farm Credit Banks Funding Corp	2023-11-09	5.05%	10,000,000	10,000,005	9,984,400	(15,605)
MBIA Global Funding LLC	2031-12-15	0.00%	13,200,000	5,250,196	5,676,000	425,804
Cleco Corporate Holdings LLC	2026-05-01	3.74%	5,000,000	4,726,000	4,746,850	20,850
Lamar Media Corp	2028-02-15	3.75%	4,925,000	4,932,958	4,544,298	(388,660)
Federal Home Loan Mortgage Group	2025-08-22	5.13%	4,000,000	4,000,005	3,987,520	(12,485)
B Riley Financial	2028-08-31	5.25%	207,816	5,163,111	3,372,854	(1,790,257)
Entergy Corporation	2026-09-01	2.95%	3,540,000	3,462,408	3,322,892	(139,517)
Rain CII Carbon LLC	2025-04-01	7.25%	2,365,000	2,461,877	2,289,935	(171,942)
Lumen Technologies Inc	2027-02-15	4.00%	3,300,000	2,382,385	2,178,000	(204,385)
Lamar Media Corp	2031-01-15	3.63%	2,000,000	2,000,005	1,720,000	(280,005)

With the exceptions of Federal Farm Credit Banks, Federal Home Loan Mortgage Group, and B. Riley Financial, the remaining fixed-income securities are domiciled in Louisiana. We need a certain percentage of investable assets invested in Louisianan securities to qualify for the premium tax credits.

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Stonetrust Equity Securities

Below is a table highlighting the major investments in equity securities as of March 31st, 2023. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Berkshire Hathaway Inc	25	\$ 7,901,245	\$ 11,640,000	\$ 3,738,755
Alphabet Inc	76,640	1,999,885	7,970,560	5,970,675
Stellantis	426,388	3,464,884	7,755,998	4,291,114
Exor N V	90,021	4,000,022	7,314,206	3,314,184
Apple Inc	44,000	1,862,693	7,255,600	5,392,907
Pool Corp	10,636	1,253,830	3,642,192	2,388,362
MBIA Inc	321,000	2,030,024	2,972,460	942,436
Hertz Global (Warrant)	329,049	2,694,384	2,921,955	227,571
EXCO Resources Inc	133,377	1,597,954	2,811,587	1,213,634
Moody's	5,899	583,551	1,805,212	1,221,661
Synchrony Financial	62,000	2,016,798	1,802,960	(213,838)
Navient Corp	107,950	2,002,576	1,726,121	(276,456)
Lumen Technologies Inc	610,000	7,161,626	1,616,500	(5,545,126)
Wells Fargo	40,000	1,027,529	1,495,200	467,671

In addition, we had no naked call option position as of March 31st, 2023.

Wintaai Holdings Securities

At Wintaai, we held Synchrony Financial as of March 31st, 2023. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Synchrony Financial	22,500	\$ 297,637	\$ 654,300	\$ 356,663

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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 31st, 2023 and 2022 and twelve month periods ending December 31st, 2022 and 2021 on a GAAP basis are as follows:

All figures in \$USD

	Unaudited 1st Quarter		Audited Twelve Months	
	2023	2022	2022	2021
Gross premiums written	\$ 15,680,417	\$ 14,524,993	\$ 52,541,708	\$ 47,433,025
Net premiums written	\$ 14,960,907	\$ 13,882,614	\$ 49,887,038	\$ 45,003,523
Net premiums earned	\$ 12,421,945	\$ 11,610,146	\$ 48,074,432	\$ 44,777,401
Underwriting profit	\$ 1,890,262	\$ 3,699,630	\$ 18,017,204	\$ 15,121,846
Net investment income	1,362,489	752,945	3,687,714	8,405,400
Operating income	3,252,751	4,452,575	21,704,918	23,527,246
Net gain (losses) on investments ⁽¹⁾	3,412,979	(5,133,065)	(25,634,483)	30,896,391
Interest expense, bad debt expense & other income	(103,628)	(81,072)	(133,153)	(242,209)
Pre-tax income (loss)	6,562,102	(761,562)	(4,062,718)	54,181,428
Income tax (expense) benefit	(1,395,888)	374,353	700,068	(11,750,287)
Net income (loss)	\$ 5,166,214	\$ (387,209)	\$ (3,362,650)	\$ 42,431,141
Underwriting profit:				
Loss & LAE - accident year	56.4%	59.6%	57.8%	60.0%
Underwriting expenses	41.7%	38.9%	40.2%	41.2%
Combined ratio - accident year ⁽²⁾	98.0%	98.4%	98.0%	101.2%
Net (favorable) adverse reserve development	-13.3%	-30.3%	-35.4%	-35.0%
Combined ratio - calendar year ⁽²⁾	84.8%	68.1%	62.5%	66.2%
Ending Stockholders' Equity	\$ 128,574,717	\$ 138,181,961	\$ 133,664,660	\$ 140,974,680

⁽¹⁾Net gains (losses) on investments includes 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 combined ratios shown in the exhibit above and discussion below are net of reinsurance.

The calendar year net combined ratios for the quarters ending March 31st, 2023 and 2022 were 84.8% and 68.1%, respectively. Net favorable loss development of \$1.65 million and \$3.52 million were recognized during these periods resulting in a reduction of the calendar year net combined ratios of 13.3% and 30.3%, respectively. The accident year net combined ratios for the quarters ending March 31st, 2023 and 2022 were 98.0% and 98.4%, respectively.

Underwriting profit of \$1,890,262 for the first quarter of 2023 decreased from \$3,699,630 in the first quarter of 2022 mainly due to the decrease in favorable loss development recognized in 2023 vs. 2022. A pre-tax net gain of \$6,562,102 was recognized during the first quarter of 2023 as compared to a pre-tax net loss of

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\$761,562 being recognized in the first quarter of 2022. Net written premiums of \$14,960,907 for the first quarter of 2023 increased 7.8% from \$13,882,614 for the first quarter of 2022.

Underwriting profit of \$1,890,262 for the three months ending March 31st, 2023 decreased from \$3,699,630 for the three months ending March 31st, 2022. Net income was \$5,166,214 for the three months ending March 31st, 2023 vs. a net loss of \$387,209 for the three months ending March 31st, 2022. The increase in net income was largely due to an increase in net investment income and gains recognized on the equity portfolio.

Loggerhead Reciprocal Interinsurance Exchange (LRIE)

The insurance terms are confusing, and you may ask:

WHAT IS A RECIPROCAL? *A reciprocal insurance exchange is one of the ways insurance organizations can be structured and capitalized. In a traditional “stock” insurance company, capital is provided by shareholders, who invest for a profit. A reciprocal has no shareholders. Instead, the insurer is owned and financed by its policyholders, also known as “Members.” As a Member, a portion of your annual payments are set aside as capital or “surplus” for the insurer. Apart from this, start-up capital was provided as debt in the form of surplus notes issued to third-parties. The reciprocal structure is common. Some well-known companies that organize themselves as reciprocals include USAA and Farmers.*

Stonetrust purchased a \$30 million 9% Surplus Note of LRIE. This is the initial capital that will allow LRIE to start writing business in Florida. The operation started on December 1st, 2022, and so far, they have met expectations. The Surplus Note was structured to qualify for Louisiana Premium Tax Credits.

Florida was hit by Hurricane Ian and, as a result, it created huge capacity constraints in the insurance industry. LRIE was created to take advantage of this situation. It was founded and led by experienced stalwarts, CEO Jim Santo and COO Todd Dixon. Jim and Todd’s great track record at AAA (pronounced as “Triple A”) starting in 2008 showed us what they could accomplish, and right away, we were sold on their idea. Usually, a start-up company fights to get premiums, but here, other insurance companies are approaching LRIE to get the insurance premiums off their books.

LRIE’s gross premium will come from three distinct sources: rollover from insurance companies, Citizens (Florida State Insurance Company) depopulation, and new business. This was how one rollover was executed. In 2022, Loggerhead Insurance entered into a quota share reinsurance agreement and replacement policy offer with an insurance company. The quota share reinsurance agreement began on December 1, 2022, and the replacement policies began on April 1, 2023, effective dates. The quota share reinsurance agreement produced \$20.1 million in gross written premiums in 2022 and \$9.4 million in gross written premiums by the end of April 2023 (year to date). For rollovers, the management team looks at two fundamental assumptions: the **assumed gross average premium** and the **assumed conversion rate**. The management team is confident in the gross average premium assumption while the conversion rate has more variability and is assumed between 40% and 80%. The management team expects to use the same template with other insurance companies on rollovers.

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LRIE's Financial and Operating Results

(\$ 000s, except for %)	Actual STAT	Actual STAT
Income Statement:	Dec 2022*	4M2023
<i>Gross Premium Written</i>	20,104	9,411
<i>Ceded Premium Written</i>	(310)	(1,089)
Net Premium Written	19,794	8,321
Net Premium Earned	2,667	2,602
Combined Ratio	76.7%	102.2%
<u>Policyholders Surplus:</u>		
Member Contributions	-	162
Surplus Notes	30,000	30,000
Deferred Tax Asset/(Liability)	(5,199)	-
All Other Surplus		(3,344)
Total Policyholders Surplus	24,801	26,818

*Note: GAAP adjustments - add \$5.7 million for deferred acquisition costs associated with rollover and \$0.6 million for prepaid reinsurance to Total Policyholders Surplus.

Although we are excited with how the operations are progressing with LRIE, it is still at an early stage, and as they say, "One swallow does not make a summer."

FDIC Insured on Cash Deposits

We hold large amounts of cash at Stonetrust and Loggerhead. We have reached an agreement with a bank that, in the aggregate, all the cash in the operating and investment accounts of Stonetrust and Loggerhead will be FDIC insured, up to \$150 million. The current interest rate on those accounts is just over 5%.

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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, 2022	\$32.32	\$25.86
June 30, 2022	\$31.05	\$24.22
Sept. 30, 2022	\$32.72	\$23.87
Dec. 31, 2022	\$33.92	\$25.05
Mar. 31, 2023	\$35.09	\$25.93