

WINTAAI HOLDINGS LTD.

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

FINANCIAL HIGHLIGHTS (June 2022)

As of June 30, 2022, the GAAP book value of Stonetrust Commercial Insurance Company (“Stonetrust”) decreased from \$172.67 million CAD on March 31, 2022 to \$165.95 million CAD, a quarterly decrease of 3.9%. In U.S. dollars, Stonetrust’s book value decreased from \$138.18 million USD to \$129.48 million USD, a quarterly decrease of 6.3%. The difference in returns is due to the Canadian dollar depreciating against the U.S. dollar during the quarter, positively impacting the book value in CAD.

Similarly, the adjusted book value per share of Wintai Holdings Ltd. (“Wintai”) decreased from \$32.32 CAD on March 31, 2022 to \$31.05 CAD on June 30, 2022, a quarterly decrease of 3.9%. In US dollars, it decreased from \$25.86 USD on March 31, 2022 to \$24.22 USD on June 30, 2022, a quarterly decrease of 6.3%. For further details, please refer to the Wintai Q2 2022 quarterly financial statement and share price calculations prepared by Wintai’s auditor McGovern Hurley.

Key Quarterly Figures

	Mar. 31, 2021	June 30, 2021	Sept. 30, 2021	Dec. 31, 2021	Mar. 31, 2022	June 30, 2022	YTD % Change	Q2 % Change
Wintai Adjusted Book Value per Share (CAD)	\$27.42	\$29.44	\$31.23	\$33.50	\$32.32	\$31.05	-7.3%	-3.9%
Wintai Adjusted Book Value per Share (USD)	\$21.81	\$23.75	\$24.51	\$26.42	\$25.86	\$24.22	-8.3%	-6.3%
Stonetrust GAAP Book Value (CAD in Mils)	\$146.13	\$156.93	\$166.45	\$178.72	\$172.67	\$165.95	-7.1%	-3.9%
Stonetrust GAAP Book Value (USD in Mils)	\$116.21	\$126.62	\$130.64	\$140.97	\$138.18	\$129.48	-8.2%	-6.3%

Stonetrust Fixed Income Instruments

Below is a table highlighting the major investments in fixed income securities as of June 30, 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	4,903,367	(673,919)
Cleco Corporate Holdings LLC	2026-05-01	3.74%	5,000,000	4,726,000	4,829,050	103,050
Lamar Media Corp	2028-02-15	3.75%	4,925,000	4,932,958	4,324,643	(608,315)
CenturyLink Inc	2027-02-15	4.00%	5,000,000	5,012,500	4,234,400	(778,100)
Entergy Corporation	2026-09-01	2.95%	3,540,000	3,462,408	3,359,354	(103,055)
Bausch Health Companies Inc	2029-02-15	6.25%	5,270,000	2,999,928	2,826,301	(173,627)
Rain CII Carbon LLC	2025-04-01	7.25%	2,365,000	2,461,877	2,190,203	(271,674)
Century Telephone Enterprises Inc	2028-01-15	6.88%	2,000,000	1,913,755	1,752,500	(161,255)
Lamar Media Corp	2031-01-15	3.63%	2,000,000	2,000,005	1,636,840	(363,165)
Eagle Point Credit Company Inc	2029-01-31	5.38%	61,427	1,474,332	1,418,964	(55,369)

With the exceptions of B. Riley Financial, Eagle Point Credit Company, and Bausch Health Companies Inc, 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 June 30, 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	\$ 13,201,100	\$ (46,958)
Berkshire Hathaway Inc	25	7,901,245	10,223,750	2,322,505
Resolute Forest Products Inc	685,000	2,179,236	8,740,600	6,561,364
Alphabet Inc	3,832	1,999,885	8,382,308	6,382,424
Apple Inc	44,000	1,862,693	6,015,680	4,152,987
Exor N.V.	90,021	4,000,022	5,552,945	1,552,923
Stellantis N.V.	426,388	3,464,884	5,270,156	1,805,272
MBIA Inc	321,000	2,030,024	3,964,350	1,934,326
Pool Corp	10,636	1,253,830	3,735,682	2,481,852
EXCO Resources	133,377	1,597,954	3,096,347	1,498,393
Liberty Global Plc	142,500	3,444,220	2,999,625	(444,595)
Moodys	5,899	583,551	1,604,351	1,020,800
Wells Fargo	40,000	1,027,529	1,566,800	539,271
Bank of America	50,000	1,359,510	1,556,500	196,990

In addition, we also had the following call option positions as of June 30, 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	406,500	(87,920)
Bausch Health	5.00	Mar-23	2,000	933,505	830,000	(103,505)

WINTAAI Holdings Securities

At WINTAAI, we held Synchrony Financial as of June 30, 2022. All numbers are in USD.

Equity Holdings	Shares	Cost Base	Market Value	Unrealized gains/(losses)
Synchrony Financial	22,500	\$ 297,637	\$ 621,450	\$ 323,813

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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 and six-month periods ending June 30, 2022 and 2021 on a GAAP basis are as follows:

All figures in \$USD

	Unaudited Three Months		Unaudited Six Months	
	2022	2021	2022	2021
Gross premiums written	\$ 12,492,975	\$ 11,493,628	\$ 27,017,968	\$ 24,873,542
Net premiums written	\$ 11,847,987	\$ 10,733,262	\$ 25,730,601	\$ 23,674,754
Net premiums earned	\$ 11,720,161	\$ 11,139,117	\$ 23,330,307	\$ 22,105,522
Underwriting profit	\$ 3,371,435	\$ 3,155,207	\$ 7,071,065	\$ 5,137,557
Net investment income	944,035	2,983,967	1,696,980	5,456,382
Operating income	4,315,470	6,139,174	8,768,045	10,593,939
Net gain (losses) on investments ⁽¹⁾	(12,828,127)	6,700,274	(17,961,192)	21,469,333
Interest expense, bad debt expense & other income	(139,071)	(128,592)	(220,143)	(247,911)
Pre-tax income (loss)	(8,651,728)	12,710,856	(9,413,290)	31,815,361
Income tax (expense) benefit	1,916,429	(2,680,433)	2,290,782	(6,584,109)
Net income (loss)	\$ (6,735,299)	\$ 10,030,423	\$ (7,122,508)	\$ 25,231,252
Underwriting profit:				
Loss & LAE - accident year	56.6%	58.6%	58.1%	59.7%
Underwriting expenses	40.0%	41.6%	39.4%	41.2%
Combined ratio - accident year ⁽²⁾	96.5%	100.2%	97.5%	101.0%
Net (favorable) adverse reserve development	-25.3%	-28.5%	-27.8%	-24.2%
Combined ratio - calendar year ⁽²⁾	71.2%	71.7%	69.7%	76.8%
Ending Stockholders' Equity			\$ 129,479,354	\$ 126,615,684

⁽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 June 30, 2022 and 2021 were 71.2% and 71.7%, respectively, while the calendar year combined ratios for the six months ending June 30, 2022 and 2021 were 69.7% and 76.8%, respectively. Also, net favorable loss development ranging from 24.2% to 28.5% had been recognized during the aforementioned periods.

The accident year combined ratios for the quarters ending June 30, 2022 and 2021 were 96.5% and 100.2%, respectively, while the accident year combined ratios for the six months ending June 30, 2022 and 2021 were 97.5% and 101%, respectively.

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Underwriting profit of \$3,371,435 for the second quarter of 2022 increased from \$3,155,207 in the second quarter of 2021. A pre-tax net loss of (\$8,651,728) was recognized during the second quarter of 2022 as compared to pre-tax net income of \$12,710,856 being recognized in the second quarter of 2021 due to a decrease in net gains from investments of \$19,528,401. Net written premiums of \$11,847,987 for the second quarter of 2022 increased 10.4% from \$10,733,262 for the second quarter of 2021.

Underwriting profit of \$7,071,065 for the six months ending June 30, 2022 increased from \$5,137,557 for the six months ending June 30, 2021. A net loss of (\$7,122,508) was recognized for the six months ending June 30, 2022 vs. net income of \$25,231,252 for the six months ending June 30, 2021. The decrease in net income was mainly due to a decrease in net investment income and gains/(losses) recognized on equity investment securities. Additionally, net premiums written and earned for the six months ending June 30, 2022 as compared to the six months ending June 30, 2021 increased by 8.7% and 5.5%, respectively.

Given the market uncertainties, we have approximately \$91.7 million in cash and short-term instruments waiting to be deployed if we can find investments that are reasonably priced.

HISTORIC Moment – Stonetrust is rated A- (Excellent) by AM Best

Below is the announcement from AM Best in May 2022.

AM Best has upgraded the Financial Strength Rating (FSR) to A- (Excellent) from B++ (Good) and the Long-Term Issuer Credit Ratings (Long-Term ICR) to “a-” (Excellent) from “bbb+” (Good) of Stonetrust Commercial Insurance Company and its reinsured subsidiary, Stonetrust Premier Casualty Insurance Company. The outlook of these Credit Ratings (ratings) has been revised to stable from positive. The companies are domiciled in Omaha, NE, and are known collectively as Stonetrust Insurance Group.

The ratings reflect Stonetrust Insurance Group’s balance sheet strength, which AM Best assesses as very strong, as well as its adequate operating performance, limited business profile and appropriate enterprise risk management (ERM).

Mike Dileo, the CEO of Stonetrust, shared this message with Stonetrust’s agency partners. Please read his comments:

Stonetrust Commercial Insurance Company is now rated A- excellent by AM Best. We are extremely excited and proud to share this wonderful news with you. Although it has been quite a journey, we knew with your extraordinary commitment and loyalty that we would eventually achieve this goal. We appreciate your support and the trust that you have given us through the years. This is a benchmark milestone for our company and an accomplishment that we humbly share with all of you. Thank you for your commitment to our success. We believe the best is yet to come!

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As we approach our 29th anniversary, we are exceeding our annual plan projections and have continued our strong trend of operating performance. Working in partnership with you, we grew our overall premium writings by more than 5% last year. We also entered new markets in Alabama and Kansas, launched a new operating system, and grew Surplus from \$98 million to more than \$140 million. With your support and the great relationship that we enjoy with Francis Chou and Wintai Holdings, we have established a strong synergy that has expanded our financial structure and allowed us to broaden our vision for the future. 2021 is now considered the most successful year in Stonetrust history!

As you will see in this year's financial report, we achieved net premium income of \$44.8 million in 2021, which exceeded our target of \$42.9 million. Our Net Loss and LAE ratio was 25.1% and our calendar year combined ratio was a phenomenal 67.2%, which resulted in a net underwriting income of \$14.6 million. We also achieved policy retention of 85% and premium retention of 80%, which exceeded targets for both measures. Our net investment gain was \$15.4 million and overall net income was \$25.3 million. Last year, total assets for Stonetrust grew from \$208.1 million to \$254.1 million.

This past December, we launched a new operating system that improved our efficiency and provided you with more direct access to your Stonetrust account policy data. This new system will soon add more automation and analytics into our claims and underwriting processes and improve our responsiveness and ease of doing business. With the addition of Alabama and Kansas, we are now operating in ten states and are planning for entry into Iowa and Georgia this year. We are also extremely excited about the launch of Stonetrust Premier as a new competitive pricing option to help you write more Stonetrust business.

Stonetrust continues to perform exceptionally well, and we are looking forward to the opportunities created by our new A- rating. Our vision is to be the premier or "First Choice" workers' compensation carrier for all our agents and policyholders. Although the current market environment remains extremely competitive, we have built a solid reputation as a financially strong company that is easy to work with and committed to outperforming our peers. Because of the talented team that we have assembled at Stonetrust and the support that we receive from all of you, my expectation is that we will achieve another strong result in 2022!

Thank you for your loyalty and extraordinary commitment to our success. We are extremely proud to be your A- rated workers' compensation partner!

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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