

WINTAAI HOLDINGS LTD.

110 Sheppard Ave. East
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FINANCIAL HIGHLIGHTS (SEPTEMBER 2020)

As of September 30, 2020, the GAAP book value of Stonetrust Commercial Insurance Company (“Stonetrust”) increased from \$110.01 million CAD on June 30, 2020 to \$117.25 million CAD, a quarterly increase of 6.6%. In U.S. dollars, the Stonetrust book value increased from \$80.83 million USD to \$88.01 million USD, a quarterly increase of 8.9%. The difference in returns is because the Canadian dollar appreciated against the U.S. dollar during the quarter, negatively affecting the book value in CAD.

Similarly, the adjusted book value per share of Wintai Holdings Ltd. (“Wintai”) increased from \$20.60 CAD on June 30, 2020 to \$21.96 CAD on September 30, 2020. In terms of US currency, it was increased from \$15.13 USD on June 30, 2020 to \$16.48 USD as of Q3 2020, a quarterly increase of 8.9%. For further details, please refer to the Wintai Q3 2020 quarterly financial statement and share price calculations included in the email. They were prepared by Wintai’s auditor Cooper & Company.

Key Quarterly Figures

| | June 30, 2019 | Sept. 30, 2019 | Dec. 31, 2019 | Mar. 31, 2020 | June 30, 2020 | Sept. 30, 2020 | YTD % Change | Q3 % Change |
|--|------------------|-------------------|------------------|------------------|------------------|-------------------|-----------------|----------------|
| Wintai Adjusted Book Value per Share (CAD) | \$17.44 | \$18.04 | \$19.41 | \$15.70 | \$20.60 | \$21.96 | 13.1% | 6.6% |
| Wintai Adjusted Book Value per Share (USD) | \$13.33 | \$13.62 | \$14.94 | \$11.16 | \$15.13 | \$16.48 | 10.3% | 8.9% |
| Stonetrust GAAP Book Value (CAD in Mils) | \$100.2 | \$103.4 | \$110.1 | \$90.9 | \$110.0 | \$117.3 | 6.5% | 6.6% |
| Stonetrust GAAP Book Value (USD in Mils) | \$76.55 | \$78.08 | \$84.74 | \$64.62 | \$80.83 | \$88.01 | 3.9% | 8.9% |

Note: Stonetrust GAAP book value reflects the \$3 million USD dividend paid to Wintai in Q2 2020.

Fixed Income Instruments

In December 2019, Stonetrust had approximately \$35 million in short term treasury bills instead of stocks or bonds. In early 2020, a significant portion of that cash balance was deployed into the bonds of oil and gas companies, whose prices had been severely beaten down due to the oil price war between Russia and Saudi Arabia, as well as the COVID-19 pandemic. Many of those investments have worked out so far, with some of the bond prices up as much as over 90% since our purchase. Below is a table of all our purchases of the oil and gas companies and their prices as of September 30, 2020. Some of the bonds have been sold since then, when they were no longer undervalued.

| Company | Maturity | Coupon | Par Value | Average Cost Base | Bond Price* | Percentage Change |
|--|------------|--------|--------------|----------------------|----------------|----------------------|
| Antero Resources Corp (SOLD) | 01/06/2023 | 5.63% | \$ 4,000,000 | \$43.25 | \$67.38 | 55.8% |
| Continental Resources (SOLD) | 01/06/2024 | 3.80% | \$ 2,000,000 | \$50.50 | \$96.50 | 91.1% |
| Athabasca Oil Corp | 24/02/2022 | 9.88% | \$ 8,235,000 | \$22.04 | \$35.00 | 58.8% |
| Occidental Petroleum | 15/08/2022 | 2.70% | \$ 457,000 | \$75.50 | \$93.44 | 23.8% |
| SRC Energy Inc (formerly under PDC Energy Inc) | 01/12/2025 | 6.25% | \$ 1,453,000 | \$62.75 | \$93.00 | 48.2% |
| PDC Energy Inc | 15/05/2026 | 5.75% | \$ 2,323,000 | \$62.25 | \$92.86 | 49.2% |
| Range Resources | 15/05/2025 | 4.88% | \$ 2,000,000 | \$59.00 | \$90.26 | 53.0% |
| Southwestern Energy | 01/04/2026 | 7.50% | \$ 1,200,000 | \$75.75 | \$97.75 | 29.0% |

*Note: USD as of Sept. 30, 2020. For Antero Resources and Continental Resources bonds, it is their selling price.

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Stonetrust's Financial and Operating Results – GAAP Basis

The unaudited consolidated results of the Stonetrust companies (Stonetrust Commercial Insurance Company and its' wholly owned subsidiary, Stonetrust Premier Casualty Insurance Company) for the three month and nine month periods ending September 30, 2020 and 2019 on a GAAP basis are as follows:

All figures in \$USD

| | Unaudited Third Quarter | | Unaudited Nine Months | |
|--|----------------------------|---------------------|--------------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Gross premiums written | \$ 11,346,965 | \$ 10,970,239 | \$ 36,177,765 | \$ 35,824,939 |
| Net premiums written | \$ 11,227,972 | \$ 11,010,294 | \$ 34,920,427 | \$ 34,747,122 |
| Net premiums earned | \$ 10,706,500 | \$ 11,181,831 | \$ 32,602,136 | \$ 33,176,935 |
| Underwriting profit | \$ 2,388,194 | \$ 2,521,418 | \$ 4,405,178 | \$ 4,026,407 |
| Net investment income | 1,534,341 | 894,887 | 4,257,158 | 3,441,558 |
| Operating income | 3,922,535 | 3,416,305 | 8,662,336 | 7,467,965 |
| Net gain (losses) on investments ⁽¹⁾ | 5,086,582 | (475,297) | (4,306,539) | 5,336,803 |
| Interest expense & other | (72,795) | (109,870) | (348,272) | (200,780) |
| Pre-tax income | 8,936,322 | 2,831,138 | 4,007,525 | 12,603,988 |
| Income tax (expense) benefit | (1,872,289) | (618,916) | (817,748) | (2,261,581) |
| Net income | \$ 7,064,033 | \$ 2,212,222 | \$ 3,189,777 | \$ 10,342,407 |
| Underwriting profit: | | | | |
| Loss & LAE - accident year | 57.8% | 64.2% | 61.0% | 64.0% |
| Underwriting expenses | 41.1% | 22.3% | 40.3% | 32.1% |
| Combined ratio - accident year ⁽²⁾ | 98.9% | 86.5% | 101.3% | 96.1% |
| Net (favorable) adverse reserve development | -21.2% | -9.0% | -14.8% | -8.2% |
| Combined ratio - calendar year ⁽²⁾ | 77.7% | 77.5% | 86.5% | 87.9% |
| Ending Stockholders' Equity | | | \$ 88,014,584 | \$ 78,078,396 |

⁽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 calendar year combined ratios for the quarter ending September 30, 2020 and 2019 were 77.7% and 77.5%, respectively, while the calendar year combined ratios for the nine month period ending September 30, 2020 and 2019 were 86.5% and 87.9%, respectively. Net favorable loss development has been

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recognized in each of the aforementioned periods ranging from 8.2% to 21.2% of net earned premium for the respective period.

The accident year combined ratios for the quarter ending September 30, 2020 and 2019 were 98.9% and 86.5%, respectively, while the accident year combined ratios for the nine-month period ending September 30, 2020 and 2019 were 101.3% and 96.1%, respectively. During the third quarter of 2019, Stonetrust received refunds totaling approximately \$2.35 million from the Oklahoma Multiple Injury Trust Fund (MITF) for rebates of assessments paid in calendar years 2015 through 2018 which were originally filed for and erroneously denied by the MITF. Receipt of these funds reduced the expense ratio and corresponding calendar and accident year combined ratios by 21% and 7.1% for the quarter ending and nine months ending September 30, 2019, respectively.

Underwriting profit of \$2,388,194 in the third quarter of 2020 decreased slightly from \$2,521,418 in the third quarter of 2019 while net income of \$7,064,033 in the third quarter of 2020 increased from \$2,212,222 in the third quarter of 2019 principally as a result of an increase in net gains on equity investments of approximately \$5.6 million.

Underwriting profit of \$4,405,178 in the nine month period ending September 30, 2020 increased from \$4,026,407 for the same period in 2019 while net income of \$3,189,777 for the nine month period ending September 30, 2020 decreased from \$10,342,407 for the same period in 2019 principally as a result of a decrease in net gains on equity investments of approximately \$9.6 million.

Net premiums written and earned have remained consistent with no significant fluctuation during the third quarter of 2020 and the nine months ending September 30, 2020 as compared to the same periods in 2019.

Net investment income increased approximately 71% from \$894,887 to \$1,534,341 in the third quarter of 2020 as compared to the third quarter of 2019. Additionally, net investment income increased approximately 24% from \$3,441,558 to \$4,257,158 for the nine month period ending September 30, 2020 as compared to the nine month period ending September 30, 2019. These increases are principally due to an increase in the allocation of investable funds to higher yielding fixed income instruments.

Purchase Price Adjustment

As part of the Stock Purchase Agreement dated September 29, 2017, we had two contingent payments that were subject to adverse development on claims 2017 and earlier: 1) a \$2 million payment due on January 1, 2021, and 2) the final \$9.4 million due on January 1, 2022. The seller proposed to give a \$2 million discount on the \$11.4 million owing if the amount was fully paid by July 1, 2020. This represents the final payment with no further adjustments. We agreed to the terms of the deal.

The \$9.4 million was funded by a combination of:

- 1) Cash raised at Wintai through three rounds of financing;
- 2) Wintai invested approximately \$2.2 million in equities and fixed income securities in April 2020. That \$2.2 million rose to approximately \$2.8 million and some of the securities were sold to fund the payment; and
- 3) A one-time dividend of approximately \$3 million to Wintai from Stonetrust in June 2020.

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Appendix

| | Wintaai Adjusted Book Value per Share (CAD) | Wintaai 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 |