

# INVESTOR PRESENTATION

June 2022

# WESTERN OVERVIEW

## PURPOSE

To create long-term wealth for shareholders by building and maintaining a diversified portfolio of strong, stable and profitable Western-based companies and helping them grow.



## STRATEGY

Acquire significant ownership positions in successful companies by:

1. Offering “Continuity Capital”
2. Provide oversight using “Pattison Principles” and “Rockefeller Habits”
3. Maximize return to shareholders through “Western Sensibility”



## FOUNDING GOALS

\$100 million in enterprise value investments by 2021 (achieved)

3 industry sectors by 2019 (achieved)

Dividend Ready by 2021 (achieved in 2022)

# WESTERN'S INVESTMENT CRITERIA

Investment Criteria	
Deep Verticals	<ul style="list-style-type: none"><li>1) Insurance / Financial Services</li><li>2) Retail/Distribution ("Dynamic Retailing")</li><li>3) Agriculture and Food</li><li>4) Health care, Long-Term Care</li><li>5) Special Situations</li></ul>
Acquisition Enterprise Value	\$10-100 million
Ownership	25%-100%
Geographic Region	Western Canada (BC, AB, Sask, MB)

# SIGNIFICANT INSIDER OWNERSHIP

Western Insider Ownership <sup>1</sup>		
Shareholder	Shares	Ownership
Scott Tannas (CEO)	1,452,500	4.79%
Shafeen Mawani (COO)	827,106	2.73%
Kabir Jivraj (Director)	692,000	2.28%
Willard Yuill (Director)	608,000	2.01%
James Dinning (Director)	607,000	2.00%
Jennie Moushos (Director)	64,000	0.21%
Other insiders	930,000	3.07%
<b>Total Insiders</b>	<b>5,180,606</b>	<b>17.10%</b>
Other shareholders	25,122,150	82.90%
<b>Total Shares Outstanding</b>	<b>30,302,756</b>	<b>100.00%</b>

<sup>1</sup> As of June 30, 2022. Non Diluted share ownership.

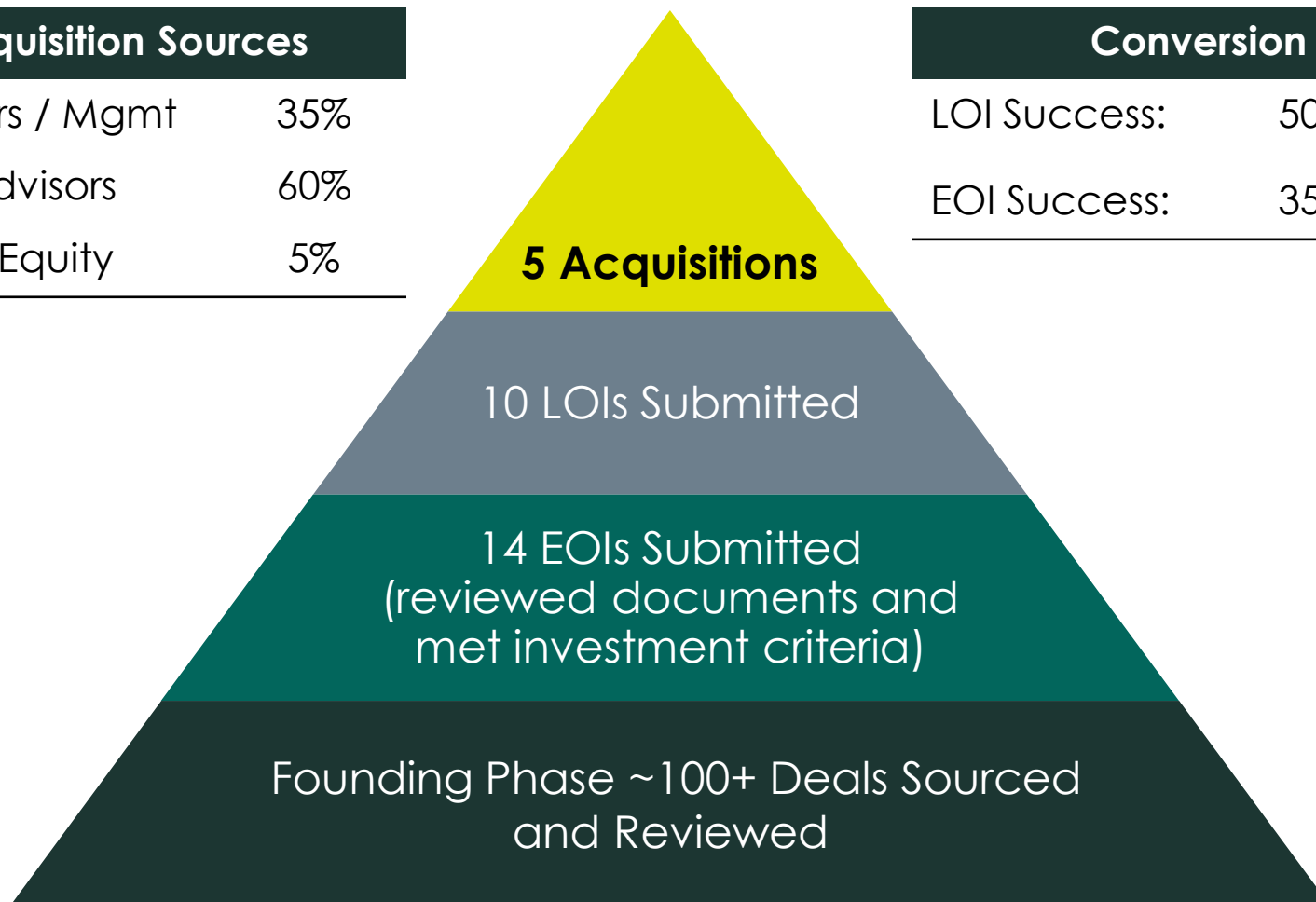
# ABILITY TO EXECUTE DEALS IN THE SME SPACE

## Acquisition Sources

Directors / Mgmt	35%
M&A Advisors	60%
Private Equity	5%

## Conversion %

LOI Success:	50% (5/10)
EOI Success:	35% (5/14)



Notes: Activity from January 2017 to June 2022

# UNIQUE OVERSIGHT PROGRAM FOR PORTFOLIO COMPANIES




## **Pattison Principles, Rockefeller Habits**

- Quarterly rhythms / meetings
- Industry analysis to support decisions of portfolio companies
- Critical number generation/monitoring (KPIs)
- One year planning with 10 year BHAG (“Big Hairy Audacious Goal”)
- Continuing mentoring and education for executives of portfolio companies
- Business focus – long-term vision

## **Western Management and Directors Experience**

- Prior history of building industry leading companies in Western Canada
- Industry expertise aligns with target verticals
- Active in the local community; strong ability to generate acquisition leads and connect with Western Canadian entrepreneurs
- Diversified skill set in operations, finance and sales
- Western can assume active management if needed

# OUR PORTFOLIO

		Ownership	# employees	Trailing 12 month sales <sup>1</sup>
<b>GlassMasters</b>	Leading automotive glass retailer/wholesaler	58% <sup>2</sup>	130	\$27.0
<i>Golden Health Care Inc</i>	Saskatchewan's largest private nursing home operator	30%	133	\$8.9
	Canada's largest demonstration sales organization	75%	30	\$16.7
	Western based maker of high quality butter and ice cream	50%	80	\$36.7
	Property and casualty insurance with a niche focus	50%	10	\$10.3 <sup>3</sup>
<b>Total</b>			<b>383</b>	<b>\$99.6</b>

1. As at June 30, 2022; In millions \$

2. At April 1, 2022 Western ownership decreased from 61% to 58%


3. Gross premiums written

# Net Asset Value

**Western completed a market value assessment of each portfolio company as at December 31, 2021**

- Using the inherent market value of our investments, our value per share is **\$0.82**. This is approximately double the market price of our shares
- Market value assessment shows an unrealized gain on our portfolio of \$11.3 million

## Summary of WICC Investments

	Date Acquired	Purchase Price <sup>1</sup> (\$mm)	Book Value Dec 31, 2022 (\$mm)	Est. Market Value (\$mm)	Unrealized Gain (\$mm)
<b>GlassMasters</b>	Dec 16, 2016	\$4.01	\$7.44	\$10.70	\$3.27
<i>Golden Health Care Inc</i>	Sept 1, 2017	\$4.74	\$4.92	\$6.45	\$1.53
 Ocean Sales	Jan 1, 2018	\$3.45	\$0.86	\$2.85	\$1.99
 Foothills Creamery	Mar 1, 2018	\$3.25	\$3.51	\$5.42	\$1.92
 <b>FORTRESS</b> INSURANCE COMPANY	May 6, 2019	\$1.69	\$1.96	\$4.52	\$2.56

1. Amount of equity funded by Western at closing of the transaction



# PORTFOLIO COMPANY – DEBT STRATEGY

- **Western has ownership in five portfolio companies, each with amortizing debt**
  - No parent company guarantee on portfolio company debt. No subsidiary cross guarantees
  - Debt capacity increasing substantially which can be used to pay dividends or reinvestment in high return growth projects
  - Principal debt payments below represent Western's proportionate ownership in the company

	2022	2023	2024	2025
<b>Annual Principle Debt Payments (000's)</b>				
GlassMasters	350	350	350	350
Golden Health	230	230	230	230
Ocean Sales	570	570	570	570
Foothills Creamery	440	440	440	440
<b>Total</b>	<b>1,590</b>	<b>1,590</b>	<b>1,590</b>	<b>1,590</b>

Fortress Insurance – “Debt free” per Insurance Act requirements

# CORNERSTONE ACQUISITION: FORTRESS INSURANCE



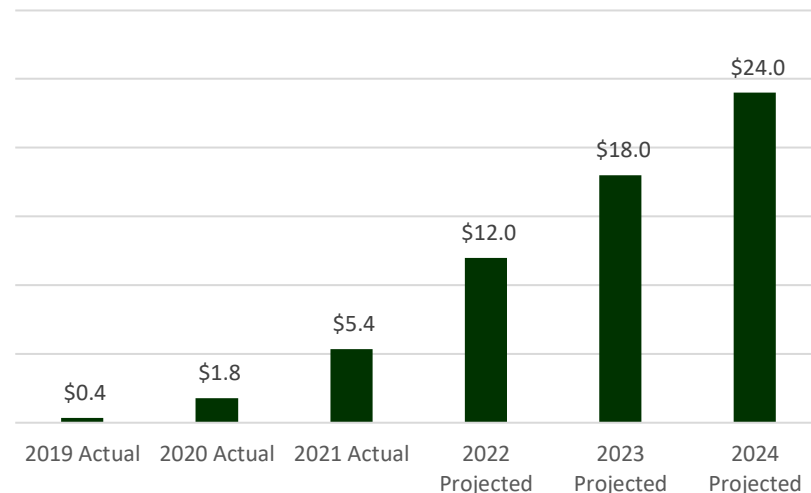
## Transaction Overview

- Fortress Insurance Company was an Alberta registered property and casualty insurer that exclusively provided automobile third party liability coverage in the rental car business
  - Western's goal is to transform Fortress into specialty and surplus insurance lines of business within the western Canadian insurance marketplace
  - Initial focus will be to underwrite subscription business with a focus on commercial property policies
  - Fortress is now engaged in expansion opportunities into niche insurance products that are profitable and overlooked by the larger insurers
  - Licensed to do business in Ontario and all western provinces

## Investment Rational

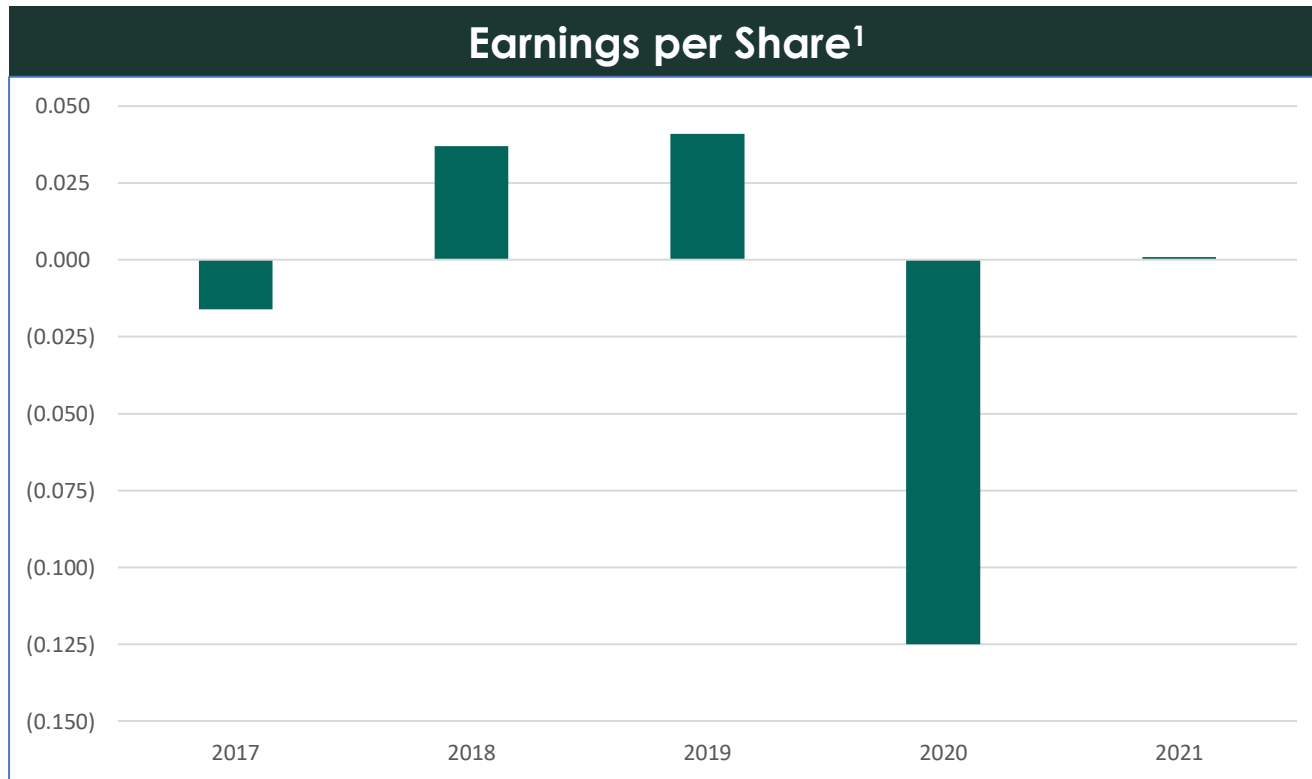
- ✓ Western's management and shareholder group possess deep knowledge and strong networks in insurance industry
- ✓ P&C Insurance market is tight in Canada leaving brokers with less capacity and resulting in higher premiums
- ✓ Receives support from medium and large sized insurance brokers who collectively place \$5+ billion in premiums annually
- ✓ High barriers of entry - highly regulated industry (2+ years to acquire a new insurance license)
- ✓ Organic growth story with the opportunity to increase the insurance company value significantly

## Gross Premiums Written Growth (\$mm)



# WESTERN EPS

- Below summarizes the contribution by year for Western
  - Poised for strong profit and cash flow in 2023
  - Focused on internal value creation through 2022



<sup>1</sup> Basic and diluted common shares

# COVID-19 RESPONSE

- ✓ Resilient performance demonstrated at all companies
- ✓ Clear transparent communication to stakeholders
- ✓ Western executives shoulder to shoulder with management at portfolio companies
- ✓ Year-to-date 2022 4 out of 5 associates have operating profits. The 5<sup>th</sup> is still digging out.
- ✓ Successful “trial by fire”

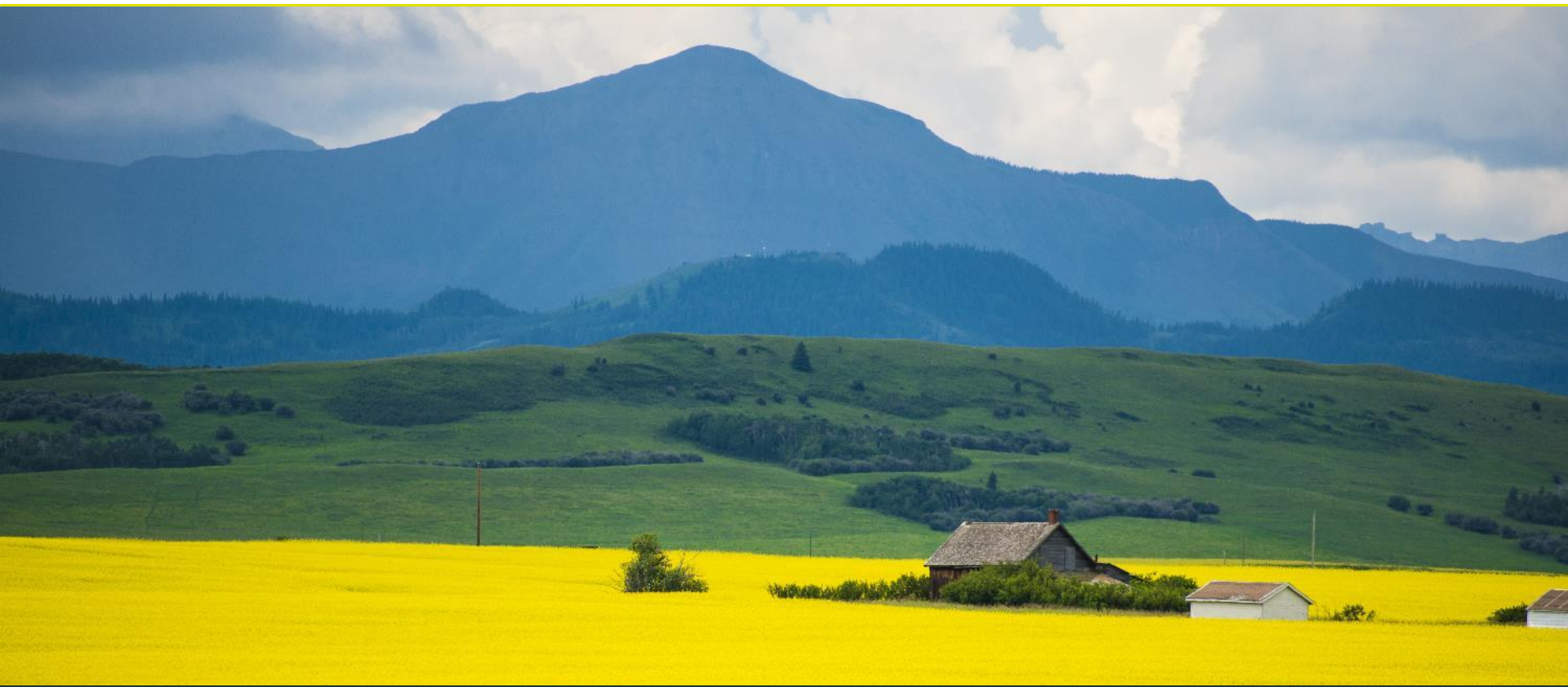
# SUMMARY

- ✓ Management oversight philosophy resonates with entrepreneurs - provides the opportunity to de-risk but maintain control of the company
- ✓ Board at Western provides a key differentiator for targeted companies
- ✓ Successful in finding and executing acquisitions in the marketplace
  - Five transactions in the 24 months “Founding Phase”
- ✓ Successful navigation of COVID-19 crisis including “hands on” execution

# WHY INVEST?

- ✓ Strong management and directors aligned with shareholders and with a history of creating exceptional long term value
- ✓ Initial phase complete – five investments including key insurance platform
- ✓ Entering growth phase with current portfolio companies, organic growth, and potential for additional acquisitions
- ✓ Shares are undervalued, tightly held
- ✓ First dividend paid in 2022

# APPENDIX A: PORTFOLIO COMPANIES



# INVESTMENT #5

## Company Overview

- An multi-province registered property and casualty insurer.
  - Western is transforming Fortress into specialty and surplus insurance lines of business within the Canadian marketplace
  - License to cover property, boiler & machinery, accident & sickness, personal and commercial liability, and Marine
  - Working exclusively with medium and large insurance brokers
  - Has a growing fee based agency business for foreign and non-registered insurers

## Financial Metrics

Purchase Price	\$1.69 mm
Purchase Date	May 6, 2019
Acquisition Multiple <sup>1</sup>	0.9x
WIC Investment /(Ownership %)	50.0%

<sup>1</sup> Purchase Price divided by book value of equity.



Property



Boiler & Machinery



Marine



Accident & Sickness



Automobile



Fronting Services

## Investment Thesis

- ✓ P&C insurance market is “tight” in Canada Leaving brokers with less capacity and raising premiums
- ✓ High barriers of entry – highly regulated industry
- ✓ Received letters of support from four insurance brokers who place \$1+ billion in premiums annually
- ✓ Organic growth story with the opportunity to increase the insurance company value significantly



# INVESTMENT #4

## Company Overview

- Producer of high quality butter and ice cream products in Western Canada
  - Headquartered in Calgary with two distribution facilities in Alberta and BC. Acquisition included \$15mm in real estate assets
  - Company has a long history of profitability pre-covid in a regulated market with high barriers of entry
  - Strong relationship with large grocery chains and food distributors / potential expansion to adjacent products

## Financial Metrics

Purchase Price (incl. real estate)	\$24.1mm
Purchase Date	Mar 2, 2018
Acquisition Multiple <sup>1</sup>	6.00x
WIC Investment /(Ownership %)	50.4%
Leverage <sup>2</sup>	64%

<sup>1</sup> Purchase Price divided by 2018E EBTIDA. EBITDA is a non-GAAP financial measure. See "Disclaimer".

<sup>2</sup> Defined as total debt divided by Purchase Price on the Purchase Date.



## Investment Thesis

- ✓ Well recognized brand in Western Canada
- ✓ History of consistent profitability in a highly regulated market
- ✓ Expansion opportunities for the company at existing facilities in addition to surplus processing capacity

# INVESTMENT #3



## Company Overview

- Ocean Sales markets high-quality, household products across North America
  - Founded 39 years ago; headquartered in Calgary with warehouses located in Eastern Canada and USA
  - Strong relationship with Costco Canada
  - Western owns 75% while current management owns 25%
  - Significant growth in on-line sales channels



## Financial Metrics

Purchase Price	\$9.5mm
Purchase Date	Jan 1, 2018
Acquisition Multiple <sup>1</sup>	5.0x
WIC Investment /(Ownership %)	75%
Leverage <sup>2</sup>	54%

## Investment Thesis

- ✓ Diversified product line with low fixed cost requirements
- ✓ Scalable business model without significant capital expenditure spend
- ✓ Expansion into the US presents growth opportunities for the company
- ✓ Attractive valuation results in strong expected returns with modest leverage

<sup>1</sup> Purchase Price divided by 2018E EBITDA. EBITDA is a non-GAAP financial measure. See "Disclaimer".

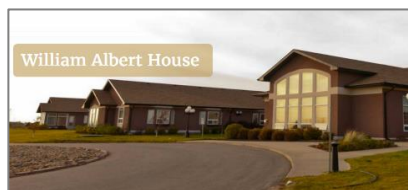
<sup>2</sup> Defined as total debt divided by Purchase Price on the Purchase Date.

# INVESTMENT #2

*Golden Health Care Inc*

## Company Overview

- Purchased 30% ownership in three retirement homes in Regina, Estevan and Prince Albert
  - Partners include management and a provincial Labour-sponsored Investment Fund who together own and operate 457 beds in eight communities
  - Operations date back to 2003
  - Full service; offers assisted living to dementia care within the same community



## Financial Metrics

Purchase Price	\$5mm
Purchase Date	Sept 1, 2017
Cap Rate	7.70%
WIC Investment / (Ownership %)	30%
Leverage <sup>2</sup>	42%

1 Western has a 25% ownership in Golden Health Care Management which collects management fees from seven retirement homes with 457 beds. Management fees are reviewed annually.

2 Defined as total debt divided by Purchase Price on the Purchase Date.

## Investment Thesis

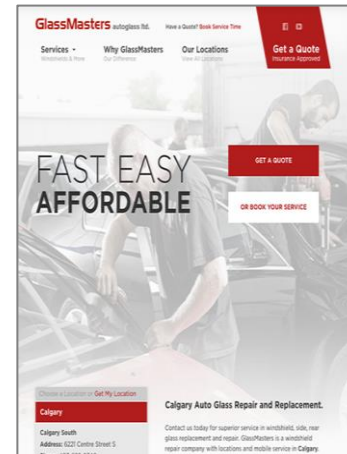
- ✓ Seasoned management team and largest full service retirement operator in Saskatchewan; under-levered assets
- ✓ Unique service model by offering "aging in place" care in the same community / facility
- ✓ Expectation of regulatory changes in the Saskatchewan marketplace will potentially boost expansion potential
- ✓ Expansion opportunities at sites with high occupancy

# INVESTMENT #1

**GlassMasters** autoglass

## Company Overview

- Founded in 2001, GlassMasters is one of the largest windshield replacement and repair companies in AB
- 10 retail locations in principal markets in Alberta and Saskatchewan and 4 warehouse locations
- Western owns 58.2%, Fort McKay 39.3% and management 2.5%
  - Expansions since acquisition include Lethbridge, Saskatoon and Regina



## Financial Metrics

Purchase Price	\$16.4mm
Purchase Date	Dec 16, 2016
Acquisition Multiple <sup>1</sup>	6.5x
WIC Investment (Ownership %)	50.1%
Leverage at Purchase Date <sup>2</sup>	54%

<sup>1</sup> Purchase Price divided by 2017 EBITDA. EBITDA is a non-GAAP financial measure. See "Disclaimer".

<sup>2</sup> Defined as total debt divided by Purchase Price on the Purchase Date.

## Investment Thesis

- ✓ Excellent management team, with a track record of double digit cash flow and revenue growth
- ✓ Resilient earnings even through the downturn in Alberta's economy
- ✓ Low capex investment required for growth
- ✓ Potential for continuing organic growth and tuck-in acquisitions in a fragmented market in Western Canada





# APPENDIX B: MANAGEMENT TEAM & BOARD OF DIRECTORS



# SCOTT TANNAS



**Chief Executive  
Officer, President,  
Secretary, Director**

- Scott Tannas is the Founder of Western Financial Group (“Western”), having served as its CEO from 1996 to 2014. Western was founded as a Junior Capital Pool in 1996. From its headquarters in High River, Alberta, Mr. Tannas oversaw the building of Western through more than one hundred acquisitions, and a number of strategic initiatives.
- Today, Western is a diversified financial services organization with more than \$1.7 Billion in annual sales. 2000+ employees provide nearly 1 million customers with insurance and investment products and services. The company’s network of more than 160 offices stretches across the West from Winnipeg to the Pacific coast.
- On April 15, 2011, after 15 years as a publicly traded company, Western was acquired by Quebec based Desjardins Group, in a \$440 million transaction. In the time between the IPO in 1996, and Western’s exit from the public market in 2011, the company’s stock price rose 1038%.
- Scott remains active as an advisor to the senior executive team at Western Financial Group.
- In addition to his business activities, Scott is active in public service. In a Province-wide election on April 23, 2012, Albertans elected Scott as a “Senator in Waiting”, and on March 25, 2013 Prime Minister Harper appointed him to the Senate of Canada.

# SHAFEEN MAWANI



**Chief Operating  
Officer**

- Shafeen has served as a strategic advisor to Western's Board of Directors since 2016. He was appointed Chief Operating Officer in 2017. In 2021 Shafeen became Chief Executive Officer at Fortress Insurance, where his key focus is now on growing our insurance company. Shafeen continues to act as an advisor for Western as needed and oversees all of our associates via his role on their boards.
- He has over ten years of experience advising clients in a variety of sectors including energy, infrastructure, power and utilities and P3 projects. Shafeen started his investment banking career in Toronto as an associate at CIBC World Markets and in Calgary at UBS Securities Canada as Director. In total, Shafeen has advised on over \$3.5 billion in acquisitions and executed over \$4 billion in debt and equity offerings in the Canadian and U.S. marketplace.
- Shafeen completed his MBA from the Ivey School of Business at the University of Western Ontario and a Bachelors in Actuarial Science from Simon Fraser University. He is a Chartered Financial Analyst Charterholder and an Associate from the Society of Actuaries.

# STACEY CROSS



**Chief Financial  
Officer**

- Stacey is a Chartered Professional Accountant with extensive experience in financial accounting and reporting, tax, auditing and management reporting. Prior to joining Western, Stacey worked in a number of financial accounting lead roles, including most recently with Western's first equity investment, GlassMasters Autoglass, guiding them through the acquisition phase of the business.
- Stacey obtained her CA designation at a national CA firm working in wide range of industries performing both financial and tax advisory work. Since that time, she has worked in various controller roles and at an business advisory firm where she prided herself in working with business owners helping them achieve their business goals.



# JAMES F. DINNING



## **Chairman of the Board**

- Jim Dinning is a corporate director. In addition to chairing the board of Western Investment Company he chairs Russel Metals Inc and serves on various other boards of private companies, foundations and trusts. He was chair of Western Financial Group Inc. from 2005 to 2017 when the company was acquired by Wawanesa. He is the past chair of Liquor Stores North America Ltd and Export Development Canada and a former director of Parkland Fuel Corp, Finning International Inc and Shaw Communications Inc. From 1997 to 2004, Mr. Dinning was a senior executive of TransAlta Corporation.
- Until 1997, Mr. Dinning held several key positions during his 11 years as a Member of the Legislative Assembly in Alberta, including Provincial Treasurer from 1992 to 1997.
- Mr. Dinning is a Member of the Order of Canada and a Fellow of the Institute of Corporate Directors. He is Chancellor Emeritus of the University of Calgary following his tenure as Chancellor from 2010 to 2014.

# WILLARD YUILL



**Director**

- Willard Yuill is the CEO of The Monarch Corporation, a Canadian private equity company and is a recent inductee into the Calgary Business Hall of Fame. He was previously Chairman and CEO of Monarch Communications Inc., the parent Company of Monarch Broadcasting Ltd. and Monarch Cablesystems Ltd.
- Mr. Yuill is a former Director of Shaw Communications Inc. (October 1999-2021) and former Chairman of their Human Resources and Compensation Committee. He on the Board of Governor of St. Andrew's College (2001) and a Governor of the Western Hockey League (1989). He served as a Director of Western Financial Group from 2004 to 2011.
- Mr. Yuill is Chairman of the Yuill Family Foundation, a past member of the Alberta Economic Development Authority, a past Director of the Medicine Hat Exhibition and Stampede and a past Chairman of the Medicine Hat College Foundation.
- Mr. Yuill received the Milner Fenerty Pinnacle Award in 1995, the Queen Elizabeth II Golden Jubilee Medal in 2003, Queen Elizabeth Diamond Jubilee Medal 2013. In 2006 he received an Honorary Doctor of Laws from the University of Lethbridge and the Alberta Order of Excellence Award in 2016. In 2017 he was inducted into the Calgary Business Hall of Fame.

# DR. KABIR JIVRAJ



**Director**

- Dr. Kabir Jivraj is co-founder of Age Care, a senior care home operator across Canada. Dr. Jivraj has acute understanding of health care and the seniors market and extensive business acumen and experience. He served as Senior Vice-President and Chief Medical Officer at Alberta Health Services - Calgary Health Region from 1999 to 2002. He also served as the Vice Dean of the University of Calgary, Faculty of Medicine from 2000 to 2002.
- Dr. Jivraj has been a Clinical Professor at the University of Calgary, Faculty of Medicine since 2001. He has taught undergraduate and graduate students since 1988. He received the Associations Medal of Distinguished Service in May 2000. He was honored in 2005 as one of the 100 Alberta Physicians of the Century by the Alberta Medical Association and the College of Physicians and Surgeons of Alberta. He is a Fellow of the Royal College of Physicians of Canada from the Royal Course of Physicians & Surgeons of Canada completed in 1985 and Institute of Corporate Directors with the ICD.D Corporate Governance College completed in 2006. Dr. Jivraj obtained his Bachelor of Medical and Surgery degree from the London University, UK, in 1981.

# JENNIE MOUSHOS



**Director**

- Jennie Moushos has spent the majority of her career in the financial and insurance sectors and has over 25 years' experience in the insurance industry. Jennie is currently serving as Executive Vice President and Business Development for the conservation association Ocean Wise. Prior to that she was Senior Vice President, Western Division, Intact Insurance Company, overseeing the operations of \$1.9 billion in written premiums with six branches and more than 1,000 employees across Western Canada. Starting her career with Zittler Siblin Stein Levine Inc. (now Ernst & Young) in Montreal, Jennie moved on to become Senior Examiner at the Office of the Superintendent of Financial Institutions, and subsequently held executive positions with AXA Assurances in Quebec and the AXA Pacific Insurance Company in Western Canada prior to its acquisition by Intact Insurance.
- Jennie is a Director at Optimum General Insurance, Insurance Corporation of British Columbia, Bridges to Community Canada and a past Director for the SOS Children's Villages where she chaired the Finance & Audit Committee.



For more information, please contact:

**Scott Tannas**

Chief Executive Officer, President, Secretary, Director

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**winv.ca**

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All subsequent forward-looking statements or information, whether written or oral, attributable to Western or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements or information are made as at the date of this Presentation and Western does not undertake any obligation to update, publicly or otherwise, or to revise any of the forward looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

## **Future-Oriented Financial Information**

This Presentation also contains future oriented financial information ("FOFI") within the meaning of applicable securities laws, including but not limited to estimated (i) yearly revenue, (ii) yearly general and administrative expenses (iii) yearly operating cash flow, and (iv) yearly free cash flow. The FOFI has been prepared by Western's management to provide an outlook of Western's activities and results including on the assumption of the completion of the Financing and the Fortress Acquisition. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The FOFI has been prepared based on the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and elsewhere specifically in this Presentation, as well as assumptions with respect to the costs and expenditures to be incurred by Western, operating costs, foreign exchange rates, taxation rates for Western, the financial benefits realized from the Fortress Acquisition, and general and administrative expenses. The actual results of operations of Western and the resulting financial results will likely vary from the amounts set forth in the analysis presented in this Presentation, and such variation may be material. Western and its management believe that the FOFI has been prepared on a reasonable basis, reflecting the best estimates and judgments, and represent, to the best of management's knowledge and opinion, Western's expected expenditures and results of operations. However, because this information is highly subjective and subject to numerous risks including the risks discussed above, it should not be relied on as necessarily indicative of future results. Readers are cautioned not to place undue reliance on the FOFI or financial outlook contained in this Presentation.

## **Non-GAAP Information**

Western uses accounting principles that are generally accepted in Canada ("GAAP"), which includes International Financial Reporting Standards ("IFRS"). Certain financial measures in this Presentation do not have any standardized meaning as prescribed by IFRS or by GAAP, including the non-IFRS measures NPIO and EBITDA. These non-IFRS financial measures do not have any standardized meanings and therefore may not be comparable to similarly titled measures presented by other companies. These measures are provided as additional information to complement GAAP and IFRS measures by providing a further understanding of operations from management's perspective. Readers are cautioned that these non-IFRS financial measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

As used herein, "Cap Rate" means the ratio of Net Operating Income from a specific property to the property's asset value."

NPIO removes from net income certain after-tax expenses incurred by Western and its associates that relate directly to the finding and executing of new acquisitions. Western is currently not taxable and as such no adjustment in tax is recorded to NPIO on expenditures directly incurred by Western until Western becomes profitable. Where one-time acquisition related expenses are incurred by Western's associates, those costs are adjusted for tax and Western's equity share of these expenses is added back to net income in determining NPIO.

NPIO EPS: Normalized Income from Portfolio Operations, excludes one time acquisition costs divided by the basic number of shares outstanding. This measure is used to reconcile the impact of one-time acquisition costs on basic earnings per share

Western defines EBITDA as earnings before interest, tax, depreciation, and amortization. Western considers EBITDA as a key metric in assessing business performance and considers EBITDA to be an important measure of operating performance and cash flow, providing useful information to investors and analysts.